ANNUAL REPORT
and
CONSOLIDATED ACCOUNTS

1 January 2020–31 December 2020

STRONGHOLD INVEST AB

556713-9067

ANNUAL REPORT AND CONSOLIDATED ACCOUNTS FOR STRONGHOLD INVEST AB

The Board of Directors and the CEO of Stronghold Invest AB (“Stronghold Invest”), Corporate Registration Number 556713-9067, with its registered office in Stockholm hereby submit the Annual Report and consolidated accounts for the financial year from 1 January 2020–31 December 2020.

ADMINISTRATION REPORT

Information about the business

Group

The Stronghold Group (the “Group”) offers professional and comprehensive property-related advisory services, property management and fund management. Customers mainly comprise real estate investors, property owners and premises users. The Group has gradually advanced its positions and developed into the market leader within property asset management and advisory in Northern Europe. At year-end, the Group had approximately 2,400 employees across Northern Europe. The Parent Company Stronghold Invest AB has its registered office in Stockholm.

Operations are conducted from approximately 40 offices in eight countries throughout Northern Europe – including Stockholm, Gothenburg, Malmö, Helsinki, Tampere, Oslo, Trondheim, Copenhagen, Aarhus, Lyngby, Næstved, Vilnius, Tallinn and Riga. The needs of the Group’s international customers are met in cooperation with a business partner, BNP Paribas Real Estate, which is a leading operator in Europe.

Stronghold is primarily active through the Newsec and Niam brands.

The subsidiaries are governed using the key figures of growth, profitability, satisfied employees (ESI) and satisfied customers (CSI).

Parent Company

Stronghold Invest is an active owner company that invests in and develops property-related knowledge-based companies in Northern Europe. Stronghold Invest adds value by providing expertise, market contacts and capital and is responsible for overall operational management and strategy issues.

Stronghold Invest is built on an entrepreneurial organisation and strives for decentralised decision-making, which encourages quick action and execution of new business opportunities. As an active owner, Stronghold Invest is continuously seeking out new innovations and concepts under the framework of the company’s investment philosophy and through its incubator activities offers entrepreneurs and employees support in the development of new business ideas.

Back in 2015, Stronghold Invest set up the Proptech business area to manage the challenges and leverage opportunities in the ongoing digital transition, thereby ensuring that the Group is at the forefront of digital technology in the property sector. Part of the strategy involves investments in start-ups in the tech sector relating to commercial real estate.

In 2020, Stronghold Invest joined with Vincero to establish a long-term collaboration and initiative in the smart buildings of the future under the Buildroid name. In a first stage, the venture aims to create standards for infrastructure and processes to connect buildings so as to more securely and efficiently incorporate value-generating applications and services. The aim is to provide standardised infrastructure and open ecosystem of digital solutions that contribute to efficient and sustainable management throughout the industry. Significant operational and financial resources will be allocated to the joint venture. This includes an investment of SEK 100 million in the publicly listed Netmore Group, in which Buildroid is now the largest shareholder. The company develops communication infrastructure for IoT solutions in properties and cities.

Newsec – the full-service property house in Northern Europe

Newsec offers real estate owners, investors and tenants a full range of services within the areas of Property Asset Management and Advisory.

Newsec was founded in 1994 and has some 2,300 employees in seven markets in the Nordic and Baltic regions. Newsec has approximately SEK 650 billion under management, annually signs leases of about 1,600,000 square meters, manages transactions of some SEK 75 billion and conducts real estate valuations of underlying property worth about SEK 1,850 billion.

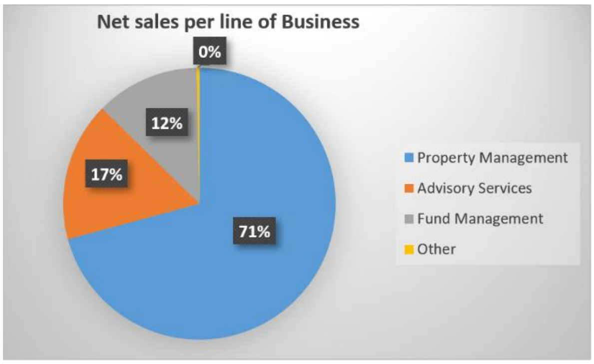
Due to large volumes, local presence and breadth and deep understanding of various operations, Newsec has a unique position in the real estate market in Northern Europe.

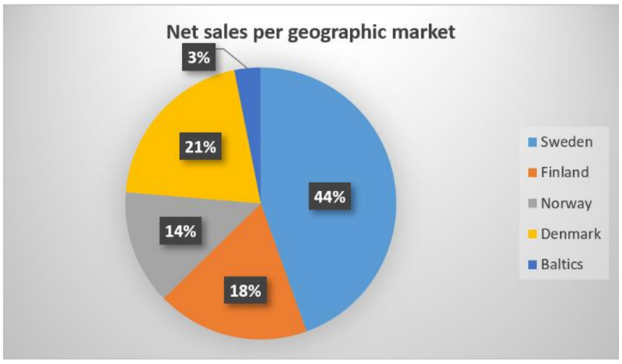
Niam

Niam is one of the leading real estate private equity firms in Northern Europe and provides financial investors an opportunity to invest in the Nordic market through their funds. Niam was established in 1998 and has invested in property valued at more than EUR 11 billion since it was founded. Niam currently manages three active opportunistic funds and two core-plus funds that manage property valued at a total of some EUR 3.9 billion. Niam has realised about 24 percent gross IRR in its opportunistic funds since these began, with a gross return multiple of 1.9. The company's top management possesses an average of 24 years of experience from the real estate industry. The cumulative knowledge within Niam makes the company a natural choice for anyone who wants to develop their property. Niam has offices in Stockholm, Helsinki, Oslo, Copenhagen and Luxembourg.

Sales per segment and market

The diagram below shows the Group's net sales on 31 December 2020, distributed across the Group's four segments by country.





Significant events during the financial year

In light of the outbreak of the novel coronavirus and COVID-19, the Group is closely monitoring events and taking action to minimise or eliminate the impact on the company's operations.

The Group is following the guidelines issued by the Public Health Agency of Sweden, the World Health Organization (WHO) and the European Centre for Disease Prevention and Control (ECDC). To date, the Group has noted changes in conditions in the market resulting from the coronavirus pandemic, leading the

Group to adjust business plans and review staffing levels in certain operations. Some operations were relatively unaffected by COVID-19.

During the pandemic, the Group received some government aid in the form of furlough support and reorientation support. The furlough support amounted to SEK 1.3 million, of which SEK 0.8 million may be repaid to authorities in Sweden. Consequently, only SEK 0.5 million of the furlough support was recognised as other income in profit or loss. Reorientation support received amounted to SEK 1.3 million. The support was mainly received from government authorities in Sweden, Denmark and Finland. In 2020, the Swedish parliament also agreed on a temporary reduction in employer's contributions. Similar decisions were made in some countries where the Group has foreign subsidiaries. Reduced employer's contributions for the Group amounted to a total of about SEK 11 million. During the year, the Group was not affected by any material impairment losses caused by the pandemic. However, a reassessment took place of the likelihood for future defaults regarding accounts receivable. For more information, refer to Note 23.

In May, Newsec Advisory Sweden AB acquired 51 percent of votes in Capital Markets Mid Cap AB. The acquisition is in line with plans to continue the establishment of advisory services in Sweden. The purchase consideration paid was SEK 5 million.

In May, Stronghold Invest acquired 50 percent of votes in Buildroid AB for SEK 55 million. The company is a joint venture together with Vincero AB and the collaboration aims to establish a company that works to create smart buildings.

During the year, internal restructuring took place whereby Newsec Technical Services AB was acquired by Newsec Property Asset Management Sweden AB in order to consolidate the offering and capitalise on synergies. In early November, Newsec Property Asset Management Sweden AB also acquired Riba AB – a leading player in technical management and projects in the Stockholm area. The company has annual sales of almost SEK 200 million and some fifty employees. The purchase consideration paid was SEK 67 million.

Comments on operations, earnings and financial position

Sales and earnings

The Group's net sales increased 3 percent during the year to SEK 3,001 (2,918) million. Sales are primarily from property management, which reported income of SEK 2,124 (1,830) million, while fund management accounted for SEK 369 (317) million, property operations SEK – (152) million, property advisory services SEK 503 (478) million, licences SEK – (97) million and other operations SEK 5 (44) million. As of 2020, property operations is part of the Property Management segment.

The financial year was successful for all of the Group's business areas. The sales increase was mainly the result of strong marketing efforts and an expanded mandate from existing customers in property management, though also in part from the acquisition of companies at the end of 2020. The Nordic transaction market remains strong, which generated new sales and valuation assignments and led to stable and increasing sales from property advisory services.

Other operating income amounted to SEK 1 (577) million. Other income in 2020 comprises solely of government reorientation support as a result of the COVID-19 pandemic. During 2019, Datscha AB was divested and other income then largely comprised the earnings that arose in the Group from the sale.

Personnel costs amounted to SEK 1,911 (1,830) million, of which variable remuneration of employees, including social security costs, of SEK 155 (158) million. Other external expenses declined to SEK 698 (702) million and mainly comprise costs for consultants, rent, marketing and IT. Some consultancy costs were transferred to employees which resulted in a reduction in other external expenses and higher personnel costs.

Operating profit before depreciation and amortisation (EBITDA) amounted to SEK 388 (962) million. The EBITDA margin was lower than in 2019, due primarily to earnings from the sale of Datscha AB in 2019.

Depreciation for the year was SEK 146 (153) million and impairment SEK 25 (151) million. Impairment for the year primarily referred to the brand identified in conjunction with the acquisition of Riba AB. In 2019, major impairment losses were reported primarily in customer relationships in Denmark and the impairment of time spent on an intra-Group project.

Operating profit amounted to SEK 217 (658) million.

Profit after financial items amounted to SEK 191 (635) million. The company applies IFRS 9 and uses the mark-to-market method for certain assets and liabilities. The Group's other financial shareholdings are measured at fair value through profit or loss and in 2020 this resulted in financial income of SEK 1 (3) million. The part of the Group's currency and interest rate-related derivatives, which are not subject to hedge accounting, are also measured at fair value through profit or loss and during the year this resulted in financial income of SEK 9 (11) million, see Note 4 for more detail.

Financial position
At year-end, the Group's cash and cash equivalents amounted to SEK 662 million, compared with SEK 799 million at beginning of the year. On 31 December, equity amounted to SEK 1,037 million, compared with SEK 1,190 million at beginning of the year. The Group's equity/assets ratio was 32 (36) percent on the balance sheet date.

Investments
Investment in tangible and intangible assets amounted to SEK 64 (61) million. The Group is continuing to invest in operations and most of the investments concern various customer-related systems. In addition to this, intangible assets arose in the form of customer relationships valued at SEK 71 (56) million and brands valued at SEK 15 (–) million as a result of acquisitions completed during the year. The largest items in 2020 pertain to the acquisition of customer relationships and brands in conjunction with the acquisitions of Riba AB and Newsec Mid Cap Capital Markets AB. The largest items in 2019 related to customer relationships arising from the acquisitions of Tjuvholmen Drift AS and Newsec Advisory A/S.

Cash flow
The Group's operating cash flow, cash flow from operating activities after investments and changes in working capital, amounted to SEK 230 (805) million. The change compared with the year-earlier period in respect of cash flow from operating activities, SEK 423 (369) million, was mainly attributable to strong earnings for the year and to the suspension of VAT payments for a number of subsidiaries in the Group due to the COVID-19 pandemic. Cash flow from investment activities amounted to SEK -193 (436) million. The major difference between the years is due to the divestment of Datscha by the Group in 2019, which had an impact of SEK 551 million on cash flow from investment activities. During the year, more and larger acquisitions took place of subsidiaries and joint ventures compared with 2019.

The negative cash flow from financing activities was mainly attributable to IFRS 16, where the amortisation of lease liabilities had an impact of SEK -102 (-99) million. Financing activities were also influenced by dividend payments to majority and minority shareholders of SEK -280 (-87) million. In addition to this, the negative cash flow is due to the amortisation of loans by the Group.

During the year, a dividend of SEK 250 (60) per share was paid, totalling SEK 250 million. The decision was made at the Annual General Meeting on 14 May 2020.

Significant events after the end of the financial year

In January, ownership in Niam was restructured and a number of key senior executives acquired shares in the company. In March, Stronghold sold some of its holding in Tessin Nordic AB and now owns approximately 11 percent of the company.

No other significant events have taken place after the balance-sheet date.

Material risks and uncertainties

All business operations are associated with risks that the Board and management must take into account and act accordingly. The Stronghold Group's geographic distribution and diversification of services helps to reduce risk exposure. The risks identified in the Group relate to three areas: general market risk, risks linked to specific customer relationships and loss of key employees.

Market risk
The global economy noted a significant slowdown in the first half of 2020, with rising uncertainty for the future development of the global economy due to the global pandemic, which led to large declines in GDP around the world. The global recovery is expected to start in 2021. The success of the vaccination production will lead to the gradual lifting of restrictions. The expansionary economic policies in the Nordic region and the world will help in the recovery, though this is expected to be fairly protracted.

However, Stronghold expects a relatively favourable climate for real estate investments in the future. The macroeconomic situation, with low interest rates makes real estate an attractive investment alternative compared with the equities and interest rate markets or other investment alternatives.

The Stronghold Group offers services within strategic real estate, purchasing and sales advisory services, property valuations, asset management and fund management indirect property investments. All of these services are affected differently by changes to the business cycle. The companies in the Group, which has a relatively high share of recurring income and diversified customer base, proactively use action plans to maintain a high level of preparedness and to offset market risk.

Customer risk
Risk related to customers is primarily the risk that a customer chooses to end their collaboration with the Stronghold Group, or that a customer is unable to fulfil their commitments. The customer base for the Group as a whole is diversified and certain subsidiaries have long-term agreements that create a stable foundation. However, some of the Group's subsidiaries include individual customers that account for a significant portion of the company's sales. The companies strive to actively manage customer relationships in the best possible manner.

Loss of key employees
The Stronghold Group conducts a number of knowledge-intensive activities and capitalises to a high degree on the expertise of employees. The Group's values – "Passion for colleagues and clients" – acknowledges the strategic approach to employees. To create the best possible conditions and stimulating work for employees, also provides better opportunities for satisfied customers, continued economic growth and profitability for the Group. The Group's ambition is to attract and recruit the best possible employees for the business.

Financial instruments and risk management

The Group's and Parent Company's business risks and risk management as well as the management of financial risks are described in Note 4.

Personnel

During the year, the Group had an average 2,096 (1,941) employees, of whom 1,057 (951) were women. The increase was mainly the result of organic growth but also to a certain degree through acquisitions in Sweden during the year.

Non-financial disclosures

Environmental issues
In line with the Group's values, there is a constant effort to strive to achieve a safe and stimulating work environment. The Group also strives to reduce its impact on the environment to the extent that this is technically, economically and practically possible. In order to meet the growing demand for an environmental perspective, Newsec Property Asset Management, which represents a significant portion of the Group and is one of Sweden's leading property managers, has chosen to environmentally certify its operations in accordance with ISO 14001:2004 and thereby take responsibility to reduce climate impact and contribute towards long-term sustainable development for people and the environment. The company is also certified in accordance with ISO 9001:2008. Furthermore, Newsec Property Asset Management works to support its customers in efforts to reduce the climate impact of their property portfolio and contributes towards efficient resource allocation. Since 2009, Niam AB is certified in accordance with ISO 9001:2008 with respect to quality and ISO 14001:2004 with respect to the environment.

Sustainability report
A sustainability report is prepared by companies subject to a legal requirement. In the Stronghold Group, this concerns Newsec Property Asset Management AB and Niam AB.

Personnel issues
A group such as the Stronghold Group, whose business is based on knowledge-intensive advisory services, is always heavily dependent on its employees. The Group pursues an active and long-term approach to performance management and leadership development and conducts annual employee surveys at the company. Newsec is one of the best workplaces in the Nordic region for the tenth consecutive year. According to Great Place to Work, Newsec is ranked third in a list of the best workplaces in large organisations.

Social issues
The Group's overarching objective is to work with a high level of professional integrity. This means priority is always given to the interests of the customer rather than the Group's in ongoing assignments. Assignments are declined if it is apparent that they may violate the Group's ethics or damage the group. The Stronghold Group works under the shared value of "Passion for colleagues and clients" and strive for Excellence, Integrity and Innovation. Passion for colleagues and clients entails great responsibility for our employees to uphold our values and this is why we choose not to work with anyone who does not share these values – regardless of whether these are colleagues or customers. Customer and market surveys are conducted on an annual basis.

Development of operations, financial position and earnings (Group)

Amounts in SEK thousand	2020	2019	2018	2017	2016
Sales and earnings					
Income	3,001,419	2,918,216	2,648,828	2,050,033	1,339,635
Operating profit before depreciation/amortisation	387,684	962,209	211,398	224,806	182,168
Operating profit (EBIT)	217,133	658,281	168,793	162,430	78,630
Profit after financial items	191,258	635,302	172,490	157,724	509,024
Profit for the year	142,712	620,718	140,208	116,980	497,612
Change in sales	2.9%	10.1%	29.2%	53.0%	13.2%
Operating margin	12.9%	33.0%	8.0%	11.0%	13.6%
Profit margin	6.4%	21.4%	6.5%	7.7%	38.0%
Capital structure					
Non-current assets	1,961,849	1,815,627	1,566,347	1,394,135	722,613
Current receivables	661,725	665,903	680,837	554,629	424,641
Cash and bank balances	661,520	799,216	197,011	361,058	422,472
Total assets	3,428,212	3,437,407	2,444,195	2,309,822	1,569,726
Equity, Parent Company owners	1,037,279	1,189,763	680,876	626,010	639,052
Non-controlling interests	86,095	73,506	58,401	63,784	76,469
Provisions/non-current liabilities	1,173,171	1,099,796	844,722	757,032	196,267
Current liabilities	988,549	917,681	860,196	862,996	657,938
Total equity and liabilities	3,428,212	3,437,407	2,444,195	2,309,822	1,569,726
Equity/assets ratio	31.6%	36.3%	27.9%	27.1%	40.7%
Capital employed	2,408,606	2,509,075	1,585,789	1,552,510	931,633
Profitability					
Return on capital employed	9.5%	27.2%	14.2%	12.0%	77.0%
Return on total capital	7.0%	20.8%	9.2%	8.1%	36.1%
Return on equity	13.8%	52.2%	20.6%	18.7%	77.9%
Personnel					
Average number of employees	2,096	1,941	1,743	1,616	908
Sales per employee	1,432	1,503	1,520	1,269	1,475
Profit before tax per employee	91	359	99	98	561

Return on equity: Profit for the year as a percentage of equity attributable to Parent Company shareholders
Return on capital employed: Profit before tax plus financial expenses as a percentage of capital employed
Return on total capital: Profit before tax plus financial expenses as a percentage of total assets
EBITDA: Operating profit before depreciation/amortisation
EBIT: Operating profit after depreciation/amortisation
Operating margin: Operating profit before depreciation/amortisation as a percentage of sales
Profit margin: Profit before tax as a percentage of sales
Total assets: Total assets excluding client deposits
Total liabilities/total assets: Total liabilities excluding client deposits
Equity/assets ratio: Equity as a percentage of total assets excluding client deposits
Capital employed: Total assets less non-interest-bearing liabilities and deferred tax liabilities
Change in sales: Sales for the year relative to the previous year’s sales
Sales per employee: Sales divided by the average number of employees
Pre-tax profit per employee: Profit before tax divided by the average number of employees

Parent Company

The company's net sales amounted to SEK 45 (48) million for the year and profit after net financial items to SEK 40 (649) million. Profit for the year amounted to SEK 60 (673) million. At the end of 2019, shares were divested in the subsidiary Datscha AB, which generated a capital gain of SEK 581 million. During the year, the company received dividends from subsidiaries of SEK 60 (82) million.

Income in the Parent Company comprises royalties for the Niam and Newsec brands and Group-wide costs that are re-invoiced. The company's costs largely pertain to costs for personnel, consultancy services, administration and premises.

Expected future development

The combination of an established low-interest scenario and increased allocation towards the Nordic property sector has created a highly attractive market climate for the capital-intensive property market in the Nordic region. During 2020, the Nordic property market reported a new historical peak in transaction volumes when the Nordic transaction volume accounted for almost 20 percent of the European transaction volume for the year.

Stronghold expects the Nordic property market will remain a relatively attractive investment option and asset class for domestic and international players. The global pandemic will naturally influence Stronghold's operations in both the short and long term, due to factors including the significant economic slowdown in several sectors. It is not possible at the present time to predict the duration or extent and thus the quantitative effects for the Group. At the same time as the Group's operations largely concern services with a very high level of recurring income, and a diversified customer portfolio that reduces the risk level and provides more stable earnings. Overall, the Board and management have a positive outlook for the Group's future development and underlying earnings over time.

Proposed appropriation of profit

At the disposal of the Annual General Meeting:

Parent Company

The following profits are at the disposal of the Annual General Meeting (SEK)

Retained earnings	996,606,625
Profit for the year	59,778,054
	1,056,384,679

The Board of Directors proposes that funds be distributed as follows

For distribution to shareholders	175,000,000
To be carried forward	881,384,679
	1,056,384,679

The Board of Directors' statement on the proposed dividend

The Board of Directors believes that the proposed dividend will not prevent the company and Group from fulfilling its obligations in the long or short term, nor from making necessary investments. Therefore, the proposed dividend can be justified in accordance with what is stated in Chapter 17, Section 3, Paragraphs 2–3 of the Swedish Companies Act (the prudence rule).

With reference to the Parent Company's and Group's earnings and financial position in general, refer to the following financial statements. All amounts are given in thousands of Swedish kronor unless otherwise indicated.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK thousand	Note	2020	2019
Income	5, 6, 48	3,001,419	2,918,216
Other income	7, 48	1,300	576,757
		3,002,719	**3,494,973**
Operating expenses			
Other external expenses	8, 9, 48	-697,674	-702,066
Personnel costs	10, 48	-1,910,760	-1,830,262
Depreciation/amortisation and impairment of tangible and intangible assets	16, 17, 18	-170,551	-303,928
Other operating expenses		-213	-423
Share of profits of associated companies	20	-6,388	-13
		-2,785,586	**-2,836,692**
Operating profit		**217,133**	**658,281**
Financial items			
Share of profits of associated companies	20	-3,771	3,476
Financial income	11	16,337	19,980
Financial expenses	12	-38,441	-46,435
		-25,875	**-22,979**
Profit before tax		**191,258**	**635,302**
Income tax	14, 48	-48,546	-14,584
Profit for the year		**142,712**	**620,718**
Attributable to:			
Parent Company shareholders		104,414	572,439
Non-controlling interests		38,298	48,279

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	Note	2020	2019
Profit for the year		**142,712**	**620,718**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Translation differences on translation of foreign subsidiaries		-37,804	17,265
Hedge accounting		27,911	-14,458
Total items that may be reclassified to profit or loss		-9,893	2,807
Total comprehensive income		**132,819**	**623,525**
Attributable to:			
Parent Company shareholders		98,334	574,214
Non-controlling interests		34,485	49,311

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	15, 48	980,124	1,017,738
Other intangible assets	16	295,276	221,173
		1,275,400	**1,238,911**
Tangible assets			
Equipment	17	40,482	49,949
Right-of-use assets	18	394,682	328,039
		435,164	**377,988**
Financial assets			
Participations in associated companies	20	67,492	15,064
Derivatives	4, 21	5,307	5,451
Other non-current receivables	4, 22	148,431	146,812
		221,230	**167,327**
Other non-current assets			
Deferred tax assets	37, 48	30,055	31,401
		30,055	**31,401**
Total non-current assets		**1,961,849**	**1,815,627**
Current assets			
Derivatives	4, 21	21,664	1,778
Accounts receivable	23	366,927	340,044
Contract assets	25	99,577	162,204
Receivables from associated companies		5,559	418
Current tax assets	48	27,933	17,652
Prepaid expenses and accrued income	26	39,749	52,110
Other current receivables	27	100,316	91,697
Cash and cash equivalents	28	661,520	799,216
Client deposits	28	143,118	156,661
		1,466,363	**1,621,780**
TOTAL ASSETS		**3,428,212**	**3,437,407**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONT.

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity			
Share capital (1,000,000 shares, quotient value of SEK 10)	29	10,000	10,000
Translation reserve	30	24,899	58,890
Currency hedging reserve		13,453	-14,458
Retained earnings including profit for the year		988,927	1,135,331
Equity attributable to Parent Company shareholders	48	**1,037,279**	**1,189,763**
Non-controlling interests	35	**86,095**	**73,506**
		1,123,374	**1,263,269**
Non-current liabilities			
Liabilities to credit institutions		708,545	727,598
Derivatives	4, 21	5,319	1,327
Lease liabilities	34	300,721	232,891
Other non-current liabilities	33, 48	33,973	30,172
Deferred tax liabilities	37	70,566	57,003
Other provisions	38, 48	54,047	50,805
		1,173,171	**1,099,796**
Current liabilities			
Liabilities to credit institutions	32	54,595	50,293
Derivatives	4, 21	–	5,868
Lease liabilities	34	84,835	89,969
Accounts payable		116,499	118,205
Contract liabilities	39	77,417	80,385
Current tax liabilities		43,197	37,450
Other current liabilities	48	155,037	110,446
Accrued expenses and deferred income	40	456,969	425,065
Client deposits	28	143,118	156,661
		1,131,667	**1,074,342**
TOTAL EQUITY AND LIABILITIES		**3,428,212**	**3,437,407**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Share capital	Translation reserve	Currency hedging reserve**	Retained earnings including profit for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance, 1 January 2019	**10,000**	**29,472**		**641,404**	**680,876**	**58,401**	**739,277**
Correction for previous year*		13,185		-13,185	**0**		**0**
Adjusted opening balance, 1 January 2019	**10,000**	**42,657**		**628,219**	**680,876**	**58,401**	**739,277**
Comprehensive income							
Profit for the year				572,439	**572,439**	48,279	**620,718**
Other comprehensive income:							
Translation differences		16,233			**16,233**	1,032	**17,265**
Hedge accounting			-14,458		**-14,458**		**-14,458**
Total other comprehensive income	0	16,233	-14,458	0	**1,775**	1,032	**2,807**
Total comprehensive income	**0**	**16,233**	**-14,458**	**572,439**	**574,214**	**49,311**	**623,525**
Transactions with shareholders:							
Warrants repurchased				-267	**-267**		**-267**
Dividend				-60,000	**-60,000**	-27,282	**-87,282**
Acquisition of own shares				-1,959	**-1,959**	-2,784	**-4,743**
Minority's withdrawal/contribution in limited partnerships during the year					**0**	2,847	**2,847**
Transactions with non-controlling interests				-3,101	**-3,101**	-6,987	**-10,088**
Total transactions with shareholders	**0**	**0**	**0**	**-65,327**	**-65,327**	**-34,206**	**-99,533**
Closing balance, 31 December 2019	**10,000**	**58,890**	**-14,458**	**1,135,331**	**1,189,763**	**73,506**	**1,263,269**
Opening balance, 1 January 2020	**10,000**	**58,890**	**-14,458**	**1,135,331**	**1,189,763**	**73,506**	**1,263,269**
Comprehensive income							
Profit for the year				104,414	**104,414**	38,298	**142,712**
Other comprehensive income:							
Translation differences		-33,991			**-33,991**	-3,813	**-37,804**
Hedge accounting			27,911		**27,911**		**27,911**
Total other comprehensive income	0	-33,991	27,911		**-6,080**	-3,813	**-9,893**
Total comprehensive income	**0**	**-33,991**	**27,911**	**104,414**	**98,334**	**34,485**	**132,819**
Transactions with shareholders:							
Dividend				-250,000	**-250,000**	-29,569	**-279,569**
Shareholders' contributions paid/received minority					**0**	3,838	**3,838**
Sale of own shares				2,158	**2,158**	3,946	**6,104**
Minority's withdrawal/contribution in limited partnerships during the year					**0**	671	**671**
Transactions with non-controlling interests				-2,976	**-2,976**	-782	**-3,758**
Total transactions with shareholders	**0**	**0**	**0**	**-250,818**	**-250,818**	**-21,896**	**-272,714**
Closing balance, 31 December 2020	**10,000**	**24,899**	**13,453**	**988,927**	**1,037,279**	**86,095**	**1,123,374**

* In 2019, a correction pertaining to 2018 affected opening equity and required a reclassification between the translation reserve and retained earnings.
** The Group began with hedge accounting in 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand	Note	2020	2019
Cash flows from operating activities			
Operating profit		217,133	658,281
Adjustments for non-cash items			
Depreciation	16, 17, 18	145,595	152,952
Impairment	16, 17, 18	24,956	150,976
Share of profits of associated companies	20	6,388	13
Acquisition-related items		1,287	–
Capital gain/loss on divestment of non-current assets	7	–	-216
Gain/loss from sale of Group companies		–	-576,541
Bonus provisions		8,116	8,445
Discount provision according to contract funds		2,468	46,421
Other		410	2,126
Interest received		5,945	3,269
Interest paid		-18,301	-30,768
Income tax paid		-54,426	-51,318
		339,571	**363,640**
Decrease (+)/increase (-) accounts receivable		-5,377	-16,297
Decrease (+)/increase (-) receivables		69,191	-4,204
Decrease (-)/increase (+) accounts payable		-17,995	14,278
Decrease (-)/increase (+) current liabilities		37,753	11,622
Cash flows from operating activities		**423,143**	**369,039**
Investment activities			
Acquisition of intangible assets	16	-47,884	-36,061
Sale of intangible assets	16	559	706
Acquisition of equipment	17	-15,693	-24,669
Sale of equipment	17	440	794
Investment in/lending to funds		-2,168	-2,450
Repayment from funds		8,942	3,001
Acquisition of shares and participations	22	-13,108	-12,999
Acquisition of associated companies	20	-54,896	-686
Divestment of associated companies	20	–	1,875
Shareholders’ contributions paid to associated companies	20	-7,750	–
Sale of own shares		6,119	–
Acquisition of own shares		–	-4,743
Acquisition of Group companies	43, 45	-69,621	-40,266
Divestment of Group companies	46, 47	1,908	551,233
Cash flows from investment activities		**-193,152**	**435,735**
Financing activities	44		
Contributed capital from non-controlling interests		9,440	2,924
Withdrawn capital from non-controlling interests		-4,931	-79
Amortisation of liability/repayment of loans		-49,852	-91,513
Borrowings		60,000	75,334
Amortisation of lease liabilities’ principal amount		-101,798	-98,866
Dividend to non-controlling interests		-29,569	-27,282
Dividend		-250,000	-60,000
Options repurchased		–	-267
Cash flows from financing activities		**-366,710**	**-199,749**
Cash flow for the year		**-136,719**	**605,025**
Opening cash and cash equivalents		799,216	197,011
Conversion effect cash and cash equivalents		-977	-2,820
Closing cash and cash equivalents		**661,520**	**799,216**

PARENT COMPANY'S INCOME STATEMENT

Amounts in SEK thousand	**Note**	**2020**	**2019**
Income	6	44,868	47,541
		44,868	**47,541**
Operating expenses			
Other external expenses	8, 9	-22,956	-40,397
Personnel costs	10	-33,171	-29,825
Depreciation/amortisation of tangible and intangible assets	16, 17	-653	-653
Other operating expenses		-452	-30
		-57,232	**-70,905**
Operating profit		**-12,364**	**-23,364**
Financial items			
Financial income	11	92,925	705,505
Financial expenses	12	-40,760	-33,177
		52,165	**672,328**
Profit before tax		**39,801**	**648,964**
Appropriations	13	24,724	25,514
Tax	14	-4,746	-1,946
Profit for the year		**59,779**	**672,532**

The Parent Company has no items recognised in other comprehensive income and accordingly does not present a statement of comprehensive income.

PARENT COMPANY'S BALANCE SHEET

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Tangible assets			
Equipment	17	839	1,492
		839	**1,492**
Financial assets			
Participations in Group companies	19	507,319	497,408
Participations in associated companies	20	69,635	6,989
Receivables from Group companies	24	1,104,028	1,053,551
Other non-current receivables	22	39,489	36,857
		1,720,471	**1,594,805**
Total non-current assets		**1,721,310**	**1,596,297**
Current assets			
Current receivables			
Accounts receivable		5,096	71
Receivables from Group companies	24	166,725	299,749
Prepaid expenses and accrued income	26	567	1,858
Other current receivables	27	1,218	1,061
		173,606	**302,739**
Cash and cash equivalents	28	82	159,632
		173,688	**462,371**
TOTAL ASSETS		**1,894,998**	**2,058,668**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (1,000,000 shares, quotient value of SEK 10)	29	10,000	10,000
		10,000	**10,000**
Unrestricted equity			
Retained earnings		996,606	574,076
Profit for the year		59,779	672,532
		1,056,385	**1,246,608**
Total equity		**1,066,385**	**1,256,608**
Untaxed reserves	31		
Accumulated excess depreciation		2,220	682
		2,220	**682**
Non-current liabilities			
Liabilities to credit institutions	32	708,397	727,444
Liabilities to Group companies	36	–	–
		708,397	**727,444**
Current liabilities			
Liabilities to credit institutions	32	54,595	44,789
Accounts payable		2,110	7,548
Liabilities to Group companies	36	46,261	58
Other current liabilities		4,018	2,286
Accrued expenses and deferred income	40	11,012	19,253
		117,996	**73,934**
TOTAL EQUITY AND LIABILITIES		**1,894,998**	**2,058,668**

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Restricted equity	Unrestricted equity		Total equity
	Share capital	Retained earnings	Profit for the year	
Opening balance, 1 January 2019	**10,000**	**507,475**	**126,601**	**644,076**
Transfer of previous years' profit		126,601	-126,601	**0**
Comprehensive income				
Profit for the year			672,532	**672,532**
Total comprehensive income	**0**	**0**	**672,532**	**672,532**
Transactions with shareholders				
Dividend		-60,000		**-60,000**
Total transactions with shareholders	**0**	**-60,000**	**0**	**-60,000**
Closing balance, 31 December 2019	**10,000**	**574,076**	**672,532**	**1,256,608**
Opening balance, 1 January 2020	**10,000**	**574,076**	**672,532**	**1,256,608**
Transfer of previous years' profit		672,532	-672,532	**0**
Comprehensive income				
Profit for the year			59,779	**59,779**
Total comprehensive income	**0**	**0**	**59,779**	**59,779**
Transactions with shareholders				
Dividend		-250,000		**-250,000**
Total transactions with shareholders	**0**	**-250,000**	**0**	**-250,000**
Closing balance, 31 December 2020	**10,000**	**996,608**	**59,779**	**1,066,387**

PARENT COMPANY'S STATEMENT OF CASH FLOWS

Amounts in SEK thousand	Note	2020	2019
Cash flows from operating activities			
Operating profit		-12,364	-23,366
Adjustments for non-cash items			
Depreciation	16,17	653	653
Interest received		32,502	32,945
Interest paid		-17,050	-30,641
Income tax paid/received		-3,474	-3,104
		267	**-23,513**
Decrease (+)/increase (-) receivables		91,888	-174,814
Decrease (-)/increase (+) accounts payable		-5,438	4,952
Decrease (-)/increase (+) current liabilities		45,107	-247,195
Cash flows from operating activities		**131,824**	**-440,570**
Investment activities			
Acquisition of equipment	17	–	-642
Acquisition of subsidiaries		-25	–
Divestment of subsidiaries	47	–	607,549
Shareholders' contributions paid to subsidiaries		-30,500	–
Acquisition of associated companies	20	-54,896	–
Shareholders' contributions paid to associated companies	20	-7,750	–
Divestment of associated companies	20	–	1,875
Acquisition of other shares and participations		-3,176	-10,198
Distribution received from limited partnerships		4,151	86
New non-current intra-Group loans		-80,768	-92,449
Repayments received on intra-Group loans		29,153	20,700
Cash flows from investment activities		**-143,811**	**526,921**
Financing activities			
Bank loans		60,000	75,335
Amortisation/repayment bank loans		-43,173	-41,513
Group contributions received/paid		25,818	-5,565
Loans paid		–	-50,000
Repayment of intra-Group long-term loans		–	-33,000
Dividends received		59,793	185,883
Dividends paid		-250,000	-60,000
Cash flows from financing activities		**-147,562**	**71,140**
Cash flow for the year		**-159,549**	**157,491**
Opening cash and cash equivalents		159,632	2,142
Closing cash and cash equivalents		**82**	**159,632**

NOTES

1. General information

STRONGHOLD INVEST AB (“Stronghold Invest”), Corporate Registration Number 556713-9067, is a limited liability company with registered office in Stockholm, Sweden. The address of the head office is Stureplan 3, SE-103 96 Stockholm.

The operations of the company and its subsidiaries (the “Group”) encompass property-related advisory services, asset management and fund management.

The Parent Company of the Group is Stronghold Invest AB, Corporate Registration Number 556713-9067, with registered office in Stockholm. The company is a subsidiary of Pejoni AB, Corporate Registration Number 556716-2705.

2. Significant accounting policies

The consolidated accounts for Stronghold have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU, as well as interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. In accordance with the exception rules for unquoted companies, Stronghold has chosen not to adopt IAS 33 Earnings Per Share.

In addition, the Group applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for Groups.

In the consolidated accounts, items have been measured at cost, except in the case of certain financial instruments measured at fair value. The significant accounting policies applied are described below.

New and amended standards adopted by the Group

Amendments to IFRS 9, IAS 39 and IFRS 7: IBOR reform Phase 1
The amendment is an effect of the reform of reference rates that includes the upcoming replacement of commonly used reference rates (such as STIBOR, EURIBOR, LIBOR) with alternative, risk-free reference rates. The IASB has provided reliefs to criteria for hedge accounting so that companies that apply hedge accounting can assume that the reference rate used to hedge the cash flow and cash flow from the hedging instrument do not change due to uncertainties in the IBOR reform.

The amendment is to be applied to hedging relationship directly affected by the IBOR reform and the amendment primarily offers easing in the following main areas:
– Risk components “highly probable” criteria
– Forward-looking effectiveness
– Retrospective effectiveness test
– Reversal of cash flow hedge.

In the opinion of executive management, the practical expedient will be utilised, but the amendment will have no material impact on the financial statements.

Amendments to IFRS 3 Business Combinations: Definition of a business
The purpose of the amendment is to clarify the definition of a business combination to make it easier for companies to analyse whether an acquisition constitutes a business or a group of assets. The amendment clarifies that businesses normally have the ability to produce outputs but that an output is not a requirement to categorise an integrated set of activities and assets as a business combination. Consideration must be

given to whether an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.
The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This optional test means that if substantially all the fair value of the gross assets acquired is concentrated to a single asset or group of similar identifiable assets, the acquisition is not considered a business combination, rather an asset acquisition.

The amendments are applicable to all business and asset acquisitions with an acquisition date during or after the financial year beginning on or after 1 January 2020. The amendments have not had any material impact on the financial statements.

Amendments to IAS 1 and IAS 8: Definition of material
The amendment aims to clarify the type of information that is considered material when preparing the financial statements and the wording of IAS 1 and IAS 8 have therefore been adapted to this:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

Amendments to IFRS 16: COVID-19-Related Rent Concessions
The amendment concerns rent concessions that are directly related to COVID-19 and entails an optional exemption from rules concerning lease modifications in IFRS 16. This exemption applies solely to lessees and does not impact reporting by lessors. The EU adopted this amendment on 12 October 2020.

The amendment can be used if lease payments are substantially unchanged or lower than before the amendment, discounts apply only to lease payments originally due on or before 30 June 2021 and that no substantial changes take place in other conditions in the lease. The application of the exemption rule is optional.

If the lessee chooses to apply the exemption rule a rent concession that fulfils the criteria shall be recognised in the same period as the discount and reported as a negative variable lease payment. A corresponding adjustment of the lease liability shall be made, meaning the negative variable fee attributable to the COVID-19-related rent concessions.

The Group has not received any COVID-19-related rent concessions.

New and amended standards not yet in force

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: IBOR reform Phase 2
Amendments to the IBOR reform Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to changes in financial assets, financial liabilities and lease liabilities, specific requirements on hedge accounting, and disclosure requirements in IFRS 7 to follow the amendments to modifications and hedge accounting.

– Modification of financial assets, financial liabilities and lease liabilities: The IASB has introduced a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.
– Hedge accounting requirements Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk.

– Disclosures: In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks, the amendments require that an entity discloses information about this.

In the opinion of executive management, the amendment to IFRS 9 will have no material effects on the Group.

Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
The amendment to IFRS 3 means it refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendment also adds to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. Lastly the addition to IFRS 3 of an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 16 Property, Plant and Equipment
The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. In the opinion of executive management, the amendment to IAS 16 will have no material effects on the Group.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
The amendment covers the costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). In the opinion of executive management, the amendment to IAS 37 will have no material effects on the Group.

Improvements to IFRSs 2018–2020
Improvements to IFRSs 2018–2020 – the cycle is an amendment package of improvements to various standards:
• IFRS 1 First-time adoption of IFRS: The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRSs.
• IFRS 9 Financial Instruments and fees in the 10 per cent test: The amendment clarifies which fees an entity includes when it applies the 10 percent test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
• IFRS 16 Leases: The amendment to Illustrative Example 13 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
• IAS 41 Agriculture: The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment is intended to adapt the requirement in the standard. This will ensure consistency with the requirements in IFRS 13.

In the opinion of executive management, the Improvements to IFRSs 2018–2020 will have no material effects on the Group.

Amendments to IFRS 1: Classification of Liabilities as Current or Non-current
Amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendment entails the following:
• clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
• clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
• make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

In the opinion of executive management, the amendment to IAS 1 will have no material effects on the Group.

Consolidated accounts

The consolidated accounts encompass the Parent Company Stronghold Invest AB and the companies over which the Parent Company has controlling interests (subsidiaries).

Controlling interest over an investee is achieved when the company has:
• Power over the investee through existing rights that give the company the ability to direct the relevant activities of the investee,
• exposure, exposure, or rights, to variable returns from its involvement with the investee, and
• the ability to use its power over the investee to affect the amount of the investor's returns.

The company considers all relevant facts and circumstances when assessing whether the company's voting rights in an investee are sufficient to give power, including the size of its holding of voting rights relative to the size and dispersion of voting rights held by other vote holders, potential voting rights held by the investor, other investors or other parties, rights from other contractual arrangements and additional facts and circumstances that indicate that the investor has, or does not have, the current ability to direct the relevant activities when decisions need to be made, including voting patterns at previous general meetings.

The company assesses whether it has a controlling interest over the investee if facts and circumstances indicate that a change has taken place in one or more of the criteria that entails control.

Subsidiaries are included in the consolidated accounts from the date of acquisition until the date when control is relinquished.

The Group's earnings and components in other comprehensive income are attributable to the Parent Company shareholders and to non-controlling interests even if this leads to a negative value for the non-controlling interests.

The accounting policies in subsidiaries have been adjusted as required to align with the Group accounting policies. All intra-Group transactions, balances and unrealised gains and losses relating to intra-Group transactions were eliminated in preparing the consolidated accounts.

Business combinations

Business combinations are recognised using the acquisition method.

The purchase consideration for a business combination is initially measured at fair value on the date of acquisition, which is calculated as the sum of the fair values at the date of acquisition for received assets plus liabilities incurred or assumed as well as issued equity participations in exchange for control over the acquired business. Acquisition-related expenses are recognised in profit or loss when they arise.

The identifiable acquired assets and assumed liabilities as well as contingent assets are recognised at fair value at the date of acquisition with the following exceptions:

• Deferred tax assets or liabilities and liabilities or assets attributable to the acquired entity's contract concerning remuneration of employees is recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

Contingent liabilities assumed in a business combination are recognised as existing liabilities originating from events that have occurred and whose fair value can be reliably calculated.

For business combinations where the sum of the purchase consideration, any non-controlling interest and fair value on the acquisition date of previous shareholdings exceed the fair value on the acquisition date of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, it is recognised as a gain from a bargain purchase directly in profit or loss following reassessment of the difference.

For each business combination, the previous non-controlling interests in the acquired entity are measured either at fair value or the value of the proportion of the non-controlling interest in the acquired entity's identifiable net assets.

When the transferred consideration in a business combination includes assets and liabilities resulting from contingent considerations, the conditional purchase consideration is measured at its fair value at the date of acquisition and is included in the transferred consideration in the business combination. Changes in fair value of a contingent consideration that qualifies as an adjustment during the valuation period, are adjusted retroactively with a corresponding adjustment of the acquisition cost.

Subsequent changes in fair value of a contingent consideration that do not qualify as an adjustment during the valuation period, are recognised differently depending on the classification of the contingent consideration. A contingent consideration classified as equity is not remeasured in subsequent periods and subsequent settlement is recognised in equity. Contingent considerations classified as an asset or liability are remeasured in accordance with IAS 39 or IAS 37 Provisions Contingent Liabilities and Contingent Assets, depending on the applicable standard, and the corresponding gains or losses are recognised in profit or loss.

For step acquisitions, the Group's previous holding is remeasured at fair value at the date of acquisition (meaning the date when the Group obtains controlling interest) and any gains or losses are recognised in profit or loss. Amounts previously recognised in other comprehensive income related to holdings in the acquired entity prior to the date of acquisition, shall be reclassified to profit or loss on the same basis as required if these participations had been divested.

Transactions with non-controlling interests
For step acquisitions/sales that result in changes to the Parent Company's participating interest in a subsidiary that does not result in a loss of controlling interest, the transactions are recognised as an item in equity. Any difference between the amount recognised for the non-controlling interests and the fair value of the purchase consideration paid or received is recognised directly in equity and distributed between the Parent Company owners.

Loss of controlling interests
For step acquisitions when the Parent Company loses controlling interest over a subsidiary, the result of the transaction is determined upon divestment as the difference between:

i) the sum of fair value for the payment received and the fair value of any remaining retained interest and
ii) the previous carrying amounts of the subsidiary's assets (including goodwill) and liabilities and any non-controlling interests.

Gain or loss arising is recognised in profit or loss. Any changes in the value of the previous equity participations that prior to the date of acquisition were recognised in other comprehensive income are reclassified to profit or loss on the same basis as required if these participations had been divested.

Goodwill

Goodwill arising from the acquisition of subsidiaries represents the amount at which the sum of the purchase consideration, any non-controlling interest and fair value on the acquisition date of previous shareholdings exceed the fair value on the acquisition date of identifiable acquired net assets. Goodwill arising from the acquisition of subsidiaries is recognised at cost less any accumulated impairment losses.

When impairment testing, goodwill is allocated to the cash-generating units that are expected to benefit synergies resulting from the acquisition. Goodwill shall be tested annually for impairment, or more often whenever there is an indication that the carrying amount may not be recoverable. If the recoverable amount of a cash-generating unit has a lower value than the carrying amount, the impairment amount is allocated. Firstly, the carrying amount of goodwill assigned to the cash-generating unit is reduced and then the carrying amount of goodwill attributable to other assets in a unit. Recognised impairment losses on goodwill are not reversed in a subsequent period.

When a subsidiary is sold, the remaining carrying amount on goodwill is included in capital gain/loss.

Segment reporting

An operating segment is part of a company that conducts business operations from which it generates income and incurs costs and whose operating profit is regularly followed up by the company's chief operating decision maker and for which independent financial information is available. The company's reporting of operating segments concurs with the internal reports. The chief operating decision maker is the function that assesses the operating segments' results and decides on the allocation of resources. The company considers the Board of Directors to be the chief operating decision maker.

Income

The Group's income arises from property and fund management, consultancy services, granting licences and interest and dividend income. Income is recognised to the extent that it is probably that the financial benefits will accrue to the Group and if this can be reliably calculated.

IFRS 15 introduced a new model to recognise income (five-step model) arising from contracts with customers. The fundamental principle of IFRS 15 uses a control approach, meaning companies are to recognise income to depict the transfer of the promised goods and services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for these goods or services. The five-step model means the Group's income shall be assessed using five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise income when (or as) the entity satisfies a performance obligation

The Group has the following significant income streams and these have been analysed using the five-step model. The criteria for a customer contract are deemed to have been satisfied with respect to the Group's contract. There are no incremental costs of obtaining a contract.

Fixed-price contracts
In the Property Management segment, the Group primarily engages in technical management and financial management at fixed fees. The agreements typically run for several years and also include an option for additional services, such as leasing, renegotiations and project services. These income streams are described separately below.

In the Property Operations segment, the Group engages in property management through fixed staffing and/or production cost agreements. The agreements often run for several years and require the Group to provide operation and maintenance services to properties specified in the agreement. The agreements often include an option for additional services and re-invoicing. As of 2020, Property Operations is part of the Property Management segment.

In the Advisory Services segment, the Group provides services relating to valuations, strategic analysis and strategic advisory services. Most of the assignments are conducted at fixed prices.

A common thread in the description above is that the promise of providing services continuously during the contact period is considered a performance obligation (meaning a series of distinct services that are substantially the same and have the same pattern of transfer to the customer). These contracts include a performance obligation and the transaction price is fixed, which means an allocation of the transaction price does not apply (each provision of services should be regarded as a single performance obligation). The customer obtains the benefits of the company's performance when the company satisfies an obligation. The services are routine and recurring services in which it is possible to identify when the customer simultaneously receives and consumes all of the benefits provided by the company as the company performs. The pattern of services to customers, as well as the company's endeavours to fulfil the contract, will probably not vary much between months and the income is recognised straight-line over the contract term. Income is therefore recognised over time. Some fixed-price assignment in Advisory Services are different in nature and are recognised as income following final delivery to the customer.

Management fees
In the Fund Management segment, fund fees received for pledged or managed assets in funds are invoiced in accordance with the investor agreement. According to the investor agreement, the Group is to manage the funds throughout the fund's duration, which is considered a performance obligation (meaning a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer). The customer obtains the benefits of the Group's performance when the Group satisfies an obligation. The services are routine and recurring services in which it is possible to identify when the customer simultaneously receives and consumes all of the benefits provided by the company as the company performs. Income from fund management is recognised as the services are performed over time. The price is variable in that a fixed percentage is used throughout the fund's lifecycle, which is calculated using a base that changes over time. The price is initially calculated using pledged capital, but later in the fund's lifecycle invested capital is used as the base for calculating the management fee. Since there is great uncertainty surrounding the future value of invested capital, this is not taken into consideration in income recognition but rather income for the period is calculated using the base that prevails at that time.

Additional services
Income from sales of additional services are billed on a time and materials basis. An hourly fee is then agreed for the service (which is negotiated individually by contract). As there is only one performance obligation, an allocation of the transaction price is not applicable. Most of this type of income is found in the Property Management segment. One such additional project could, for example, be project management of office conversions. The company's performance obligation is then to create and/or refine an asset that the customer controls throughout the project. The performance is conducted on a continuous basis during the contracted period as work is carried out. Most projects are recognised over time.

Renegotiations and leasing
Income from Renegotiations and Leasing is included in the Property Management and Advisory Services segments. Many of the Group's customers are property owners and the Group's service range includes assisting customers in leasing their premises and renegotiating rental contracts with their customers. The price is often a percentage of annual rent as regulated in the contract. The performance obligation is to help customers to lease/renegotiate their premises and the customer obtains the benefits of the Group's performance when leasing is achieved. Income is therefore recognised when the lease is signed on behalf of the customer, meaning at a point in time.

Incentives
Incentive-based income is mainly found in the Advisory Services segment and involves assignments when the Group on an exclusive basis is to act as advisor to the customer in the divestment of the customer's property. The Group's fee is a percentage of the property's purchase consideration and is thus variable payment. It is a success-based fee, which means the Group receives no payment if the transaction is not completed. The agreement has only one performance obligation, and the transaction price is a percent rate of the purchase consideration, which means an allocation of the transaction price does not apply. The Group serves as advisor throughout the property sale, but the transaction is considered completed only when the buyer takes possession and pays the full purchase consideration for the property. The performance obligation is therefore to "sell the property". The customer obtains the benefits of the company's performance when the property is sold, and at this time the consumption of the benefits of the company's performance can be identified. Income is therefore recognised when the transaction is completed and the sales contract signed. At this point, it is also considered highly probable that the income will not need to be reclassified in the future.

Other income related to the incentive is recognised when it can be confirmed that the Group's obligation in the underlying contract is satisfied and other conditions for payment have been met.

Promote
The company may receive excess returns attributable to investments in the funds, known as the promote, which is paid when the fund is closed. Income is recognised when the amount can be determined with reasonable assurance and it is probable that payment will take place.

Materials and additional services
The Group purchases materials and services from subcontractors in order to carry out services on the properties to comply with agreements. These purchases are re-invoiced to customers with a certain mark-up. The Group's re-invoicing is recognised gross, meaning costs are reported separately and income as sales, as contracts with customers clearly state that the Group has a commitment to purchase materials and services to carry out a service on behalf of the Group's customers and bears the risk. The promise to provide materials/services required to carry out the services on the properties covered by the agreement is considered a performance obligation. The customer obtains the benefits of the company's performance when the Group provides the required material/service to the property, which in turn allows the Group to carry out its service in accordance with the agreement. The commitment is therefore very closely linked to the commitment described in Fixed-price contracts and is reported in a similar manner over time. The income for re-invoicing is recognised in the period when the cost of the material/service arises.

In addition to that described, the Group has not identified any variable benefits, material financing components, non-cash benefits or other benefits paid to customers. Nor are there any material opening charges to fulfil the contract.

Dividend income is recognised when the shareholder's right to receive a dividend has been established.

Interest income is recognised on a time-proportion basis using the effective interest method. The effective interest rate is the rate that means the present value of all future incoming and outgoing payments during the fixed-interest period is equal to the carrying amount of the receivable.

Leases

Stronghold has conducted a detailed review and analysis of the Group's leases, after which the lease of premises and vehicles was identified as the material agreements that meet the requirements to be reported under IFRS 16. The Group also has leases for items such as office equipment, all of which are considered as low value. Stronghold has chosen to apply practical expedients related to short-term leases (12 months or less) and low-value leases. These are not recognised in the statement of financial position, but instead in operating profit in the same manner as the former operating leases.

The Group assesses whether an agreement is or contains a lease at the start of the contract. The Group recognises a right-of-use asset and a corresponding lease liability for all leases in which the Group is lessee with the exception of agreements falling under the expedients described above.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease. If this interest rate cannot easily be established, the Group uses the incremental borrowing rate. The incremental borrowing rate is the rate a lessee would have paid for loan financing over the same period, and with similar security, for the right-of-use of an asset in a similar economic environment.

Options are only included in the lease term when it is reasonably certain that it will exercise an extension option or when it is reasonably certain that a termination option will not be exercised. To reduce uncertainty for options that lie far in the future, only the first option period in a contract is included in the assessment. Executive management considers all available information that provides an economic inventive to exercise an extension or termination option, for example the opportunity to find suitable replacement premises, moving costs, current leasehold improvements or negotiation costs for entering a new lease. For termination options when both the lessee and lessor can exercise the option, executive management is of the opinion that significant penalties exist based on the lease's economic substance that are not entirely due to the form of the contract.

Lease payments included in the measurement of the lease liability comprise:
* fixed lease payments (including in-substance fixed payments), less any lease incentives,
* variable lease payments that are based on an index or a price, initially valued using an index or price at the commencement date,
* amounts expected to be paid by the lessee under residual value guarantees,
* the exercise price under a purchase option that the lessee is reasonably certain to exercise, and
* payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease liability is presented on a separate line in the consolidated statement of financial position. After initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (by using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the associate right-of-use asset) if:

* the lease term changes or if there is a change in the assessment of an option to purchase the underlying asset. In such cases, the lease liability is revalued by discounting the amended lease payments using an amended discount rate,

* lease payments change due to amendments to an index or price or changes to an amount expected to be paid under a residual value guarantee. In such cases, the lease liability is revalued by discounting the

amended lease payments using the initial discount rate (unless the changes in lease payments are due to changes to floating interest rates, when an amended discount rate is instead used, or

* a lease is changed and the change is not recognised as a separate lease. In such cases, the lease liability is remeasured by discounting the amended lease payments using an amended discount rate.

On the acquisition date, right-of-use assets are recognised at the value of the corresponding lease liability, lease payments made on or before the commencement date and any initial directly related costs. In subsequent periods, these are recognised at cost less accumulated depreciation and impairment. If the Group incurs an obligation for dismantling and removal of a leased asset, the restoration of the site or restoring the underlying asset to the condition stipulated in the terms of the lease, a provision is recognised in accordance with IAS 37. Such provisions are reported as part of the cost of the right-of-use asset, unless these costs arise in conjunction with the production of goods.

Right-of-use assets are depreciated over their estimated useful lives or over the agreed lease term, if this is shorter. If a lease transfers ownership rights to the underlying asset at the end of the lease term or if the cost of the right-of-use asset reflects an expectation by the Group that it will exercise a purchase option, the underlying asset is depreciated over its useful life. Depreciation begins on the commencement date of the lease.

Right-of-use assets are presented on a separate line in the consolidated statement of financial position. The Group applies IAS 36 Impairment of Assets to decide whether an impairment requirement exists for the right-of-use asset and in the same manner as that described in the principles for property, plant and equipment

Variable lease payments that are not based on an index or price are not included in the measurement of the lease liability and right-of-use asset. Such lease payments are recognised as an expense in the period in which they arise and included on the Other external expenses line in the consolidated income statement.

Foreign currency

Items that are included in the financial statements from the various units in the Group are recognised in the currency used in the primary economic environment where the respective unit operates (functional currency). In preparing the consolidated accounts, assets and liabilities in foreign subsidiaries are translated into SEK, which is the Parent Company’s functional currency and reporting currency, at the closing-day rate. Items of income and expenditure are translated using the average exchange rate for the period, unless the exchange rate fluctuated substantially during the period when the exchange rate on the transaction date is instead used. Any translation differences arising are recognised in other comprehensive income and accumulated in translation reserve in equity. On the disposal of a foreign subsidiary, such translation differences are recognised in profit or loss as part of capital gain/loss.

Transactions in foreign currency are translated to the functional currency in the Parent Company at the exchange rates prevailing on the transaction date. Monetary items in foreign currencies are translated at the closing-day rate on each balance sheet date Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated.

Currency differences are recognised in profit or loss for the period in which they arise with the exception of items when hedge accounting is applied.

Borrowing costs

Borrowing costs that are directly related to purchases, development or production of an asset that necessarily takes a substantial period of time to complete for its intended use or sale, are included in the asset’s cost, until the asset is completed for its intended use or sale. Interest income from the temporary investment of borrowed funds for the asset described above are deducted from the borrowing costs that may not be included in the asset's cost.

Other borrowing costs are recognised in profit or loss in the period in which they arise.

Government grants

Government grants are financial grants from government or supranational bodies received in exchange for the fulfilment of certain specified conditions by the Group. The financial grants are recognised in the financial statements when there is reasonable assurance that the conditions will be met and the grants received. Due to the COVID-19 pandemic, Stronghold has received reorientation support and furlough support. The reorientation support received is recognised as other income in profit or loss. The furlough support received is recognised in profit or loss as a reduction in related personnel costs.

Employee benefits

Remuneration of employees, in the form of salaries, bonuses, paid holiday, paid sick leave and pensions is recognised as it is earned. Pensions and other post-employment benefits are classified as defined-contribution or defined-benefit pension plans. The Group has a defined-benefit pension plan consisting of the ITP plan. The ITP plan is a plan covering several employers and ensured by insurance in Alecta. Since Alecta cannot provide sufficient information to allow the Group to report this as defined-benefit, it is reported as defined-contribution.

Defined-contribution pension plans
In the case of defined-contribution plans the company pays a fixed fee to a separate, independent legal entity and is not obligated to pay further fees. The Group's earnings are charged for the costs as the benefits are earned, which usually coincides with the time when premiums are paid.

Severance pay
Severance pay is paid when employment is terminated before the normal age of retirement or when the employee accepts voluntary redundancy in exchange for such remuneration. The Group recognises severance pay when it is demonstrably obligated either to terminate employment according to a detailed formal plan without any option for recall or to provide compensation in a case of termination of employment as a result of an offer made to encourage voluntary resignation from employment. Benefits that are due more than 12 months from the balance sheet date are discounted to current value.

Related party transactions
Related party relates to both legal and natural persons:
– all companies in the Stronghold Group
– Board members and executive management
– close family members of Board members and executive management
– companies controlled by Board members or executive management
– shareholders who control more than 10 percent of shares or votes

Taxes

The tax expense comprises the total of current and deferred tax.

Current tax
Current tax is calculated on taxable profit for the period. Taxable profit differs from recognised profit in profit or loss as this has been adjusted for non-taxable income and non-deductible expenses and for income and costs that are taxable or tax deductible in other periods. The Group's current tax liability is calculated according to tax rates decided or announced at the balance sheet date.

Deferred tax
Deferred tax is reported on all temporary differences between the carrying amount of assets and liabilities in the financial statements and the taxable value used in calculating taxable earnings. Deferred tax is reported using the balance sheet method. Deferred tax liabilities are reported in principle for all taxable temporary differences, and deferred tax assets are essentially reported for all deductible temporary differences to the extent it is likely that the amount can be utilised against future taxable surplus. Deferred tax liabilities and tax assets are not recognised when the temporary difference is due to goodwill or if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither recognised profit nor taxable profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences related to investments in subsidiaries, except in cases when the Group can control the timing of the reversal of the temporary difference and it is considered probable that such a reversal will not be made in the foreseeable future. Deferred tax assets attributable to deductible temporary differences pertaining to such investments are recognised only to the extent it is likely that the amount can be utilised against future taxable surplus and it is probable that such utilisation will be made in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at every balance sheet date and reduced to the extent that which it is no longer likely that sufficient taxable surpluses will be available to be used, partially or entirely, to offset the deferred tax asset.

Deferred tax is calculated in accordance with the tax rates expected to apply for the period when the asset is recovered or the liabilities are settled, based on the tax rates (and tax laws) adopted or announced at the balance sheet date.

Deferred tax assets and tax liabilities are offset when they relate to income tax charged by the same public authority and when the Group intends to settle the tax in a net amount.

Current and deferred tax for the period
Current and deferred tax are reported as an expense or income in profit or loss, except when the tax is attributable to transactions that are recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity. For current and deferred tax arising from the recognition of business combinations, the tax effect is reported in the acquisition analysis.

Tangible assets

Tangible assets are recognised at cost less accumulated depreciation and any impairment.

Cost comprises the purchase price, expenditure that is directly attributable to the asset to bring it to its place of use and prepare it for use as well as estimated expenditure for dismantling and removal of the asset and restoration of the site. Subsequent costs are only included in the asset or recognised as a separate asset, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably calculated. All other costs for repairs and maintenance and subsequent costs are recognised in profit or loss for the period in which they arise.

Depreciation of tangible assets is expensed so the value of the asset, less estimated residual values at the end of the useful life, are depreciated straight-line over their estimated useful life which are estimated at:

Equipment	5 years
Leasehold improvements	3 years
Assets held according to finance leases	3 years

Equipment of lesser value is expensed immediately at the time of purchase, as are computers, which are considered to have limited service lives. Estimated total useful lives, residual values and depreciation methods are reviewed not later than the end of each financial period, the effect of any changes in judgements are recognised prospectively.

The carrying amount of a tangible asset is derecognised from the statement of financial position when it is disposed of or divested, or when no future financial benefits are expected from the use or disposal/divestment of the asset. The profit or loss that arises when the asset is disposed of or divested, comprises the different between any proceeds from the divestment and its carrying amount, is recognised in profit or loss in the period in which the asset is derecognised from the statement of financial position.

Intangible assets

Separately acquired intangible assets

Intangible assets with determinable useful lives acquired separately are recognised at cost less accumulated depreciation and any accumulated impairment. Assets are amortised on a straight-line basis over their estimated useful lives. Intangible assets consist mainly of customer relationships that are amortised over 2–20 years and software that is amortised over 3–5 years. Estimated total useful lives and amortisation methods are reviewed not later than the end of each financial year, the effect of any changes in judgements are recognised prospectively.

Internally accrued intangible assets: capitalised expenditure for product development

Internally accrued intangible assets arising from the Group's product development are only recognised if the following conditions are met:

- It is technically feasible to complete the intangible asset and utilise or sell it,
- The company intends to complete the intangible asset and utilise or sell it,
- There are prerequisites in place to utilise or sell the intangible asset,
- The company can demonstrate that the intangible asset will generate probable, future economic benefits,
- There is adequate technical, economic and other resources are available to complete the development and to utilise or sell the intangible asset and
- The expenditure associated with the intangible asset during its development can be calculated in a reliable manner.

If it is not possible to report an internally created intangible asset the costs for development are recorded as expenses in the period in which they occur. After initial recognition, internally accrued intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment.

The carrying amount of an intangible asset is derecognised from the statement of financial position when it is disposed of or divested, or when no future financial benefits are expected from the use or disposal/divestment of the asset. The profit or loss that arises when the asset is disposed of or divested is recognised in profit or loss in the period in which the asset is derecognised from the statement of financial position.

Impairment of tangible and intangible assets excluding goodwill

On every balance sheet date, the Group analyses the carrying amount of tangible and intangible assets to determine whether there are any indications that the value of these items has declined. Where this is the case, the asset's recoverable amount is calculated to establish the value of any impairment. When it is not possible to measure the recoverable amount for an individual asset, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment annually or when there is an indication of a decline in value.

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating the value in use, the estimated future cash flow is discounted to present value using a discount rate that is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is set to a lower value that the carrying amount, the carrying amount of the asset (or the cash-generating unit) is impaired to the recoverable amount. Impairment is immediately expensed in profit or loss.

When impairment is reversed, the asset's (the cash-generating unit's) carrying amount increases to the remeasured recoverable amount, but the increased carrying amount may not exceed the carrying amount that would have been determined if no impairment had taken place of the asset (or the cash-generating unit) in previous years. The reversal of an impairment is recognised directly in profit or loss.

Financial instruments IFRS 9

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the instrument's contractual terms. A financial asset or portion of a financial asset is derecognised from the balance sheet when the rights in the agreement are realised, expire or the company loses control over it. A financial liability or portion of a financial liability is derecognised from the balance sheet when the contractual obligation is discharged or otherwise extinguished.

Classification and measurement
On each balance sheet date, expected credit losses on a financial asset or group of financial assets are calculated.

Financial assets are classified based on the business model used to manage the asset and the asset's cash flow characteristics. If the financial asset is being held as part of a business model, the goal of which is to collect contractual cash flows (hold to collect) and the contracted terms for the financial asset give rise at fixed points in time to cash flows that comprise solely payments of principal and interest on the principal outstanding, the asset is recognised at amortised cost.

If the business model's goal is instead achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell) and the contracted terms for the financial asset give rise at fixed points in time to cash flows that comprise solely payments of principal and interest on the principal outstanding, the asset is measured at fair value through other comprehensive income.

All other business models (other) when the aim is speculation, held for trading or where the cash flow characteristic excludes other business models, are measured at fair value through profit or loss.

Financial assets and financial liabilities that in subsequent reporting are not measured at fair value through profit or loss, are initially measured at fair value with added or deducted transaction costs. Financial assets and financial liabilities that in subsequent reporting are measured at fair value through profit or loss, are initially measured at fair value. In subsequent, financial instruments are recognised at their amortised cost or fair value depending on the initial classification under IFRS 9.

On initial recognition, a financial asset or financial liability is classified in one of the following categories in accordance with IFRS 9:

Financial assets
– Amortised cost
– Fair value through other comprehensive income
– Fair value through profit or loss

Financial liabilities
– Fair value through profit or loss
– Amortised cost

Fair value of financial instruments
The fair value of financial assets and financial liabilities is decided as follows:

• The fair value of financial assets and liabilities is determined on the basis of valuation models that use other observable data for the asset or liability, such as listed prices for similar assets and liabilities and other data that may be used as a basis for price assessment, such as market rate and yield curves.

• The fair value of financial assets and liabilities is determined on the basis of valuation models when significant inputs are based on unobservable data.

The carrying amounts for all financial assets and liabilities are considered reasonable approximations of their fair value, unless otherwise specified in subsequent notes.

Amortised cost
Amortised cost relates to the initial amount of the asset or liability less repayments, additions or deductions for accumulated allocations in accordance with the effective interest method of the initial difference between received/paid amounts and the amount to pay/receive on the due date and less impairment.

The effective interest rate is the rate used when discounting all expected cash flow over the expected duration to result in the initial carrying amount of the financial asset or the financial liability.

Offsetting financial assets and liabilities
Financial assets and liabilities are offset and recognised at a net amount in the balance sheet when there is a legally enforceable right to offset and when there is an intention to settle the items on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents
Cash and cash equivalents include cash funds and bank balances as well as other current liquid investments that can easily be converted into cash and are subject to an insignificant risk of change in value. To qualify for classification as cash and cash equivalents, the duration may not exceed three months from the date of acquisition. Cash funds and bank balances are classified as financial assets measured at amortised cost. Since bank deposits are payable on demand, amortised cost corresponds to the nominal value. Current investments are classified as “fair value through profit or loss” and measured at fair value with changes in value through profit or loss. The Group invests its surplus liquidity periodically in fixed-interest accounts with a maturity period of three months. The investment is in line with the financial policy adopted by the Board.

It was not considered of material importance to report a loss allowance for expected credit losses regarding cash and cash equivalents.

Accounts receivable
Accounts receivable are measured at amortised cost. Since the expected maturity of an account receivable is short, a nominal value without discounting is recognised. Deduction is made for bad debts arising from an individual assessment of the receivable. In addition, a collective assessment is carried out of the expected credit risk based on further impairment losses. Impairment of accounts receivable is recognised in operating expenses.

Impairment of accounts receivable
Definition of default:
Based on historical experience, the Group presumes the following events indicate that an account receivable will not be paid:

* when the customer contravenes financial covenants
* when either internal information or information from external sources indicates that it is very likely that the customer will be unable to pay their debts.
* when the receivable is older than 90 days.

Basis for collective assessment:
When documentation is not yet available for an assessment of the credit risk at an individual level, the accounts receivables are grouped together based on the remaining maturities. The Group's customers all operate in the property sector, and it is therefore not considered relevant to make further divisions.

Category	Description	Impairment related to credit risk, %
Very low risk	The counterparty has no amounts due. There are no indications of reduced payment capacity.	0.12
Low risk	The counterparty has amounts up to 30 days past due. There are no indications of reduced payment capacity.	1.2
Medium risk	The counterparty has amounts more than 30 days past due or with an indication of increased credit risk.	2.4
High risk	The counterparty has amounts more than 60 days past due or there is evidence of increased credit risk.	7.1
Write-off	The counterparty has amounts more than 90 days past due or there is clear evidence and events indicating that the counterparty has serious financial problems and the Group therefore has no realistic possibility of receiving payment.	100

To reduce the risk of credit losses, the Group regularly monitors the maturity structure and risk rating.

No credit risk provision has been calculated on contract assets as these are deemed immaterial since none are past due and there are no indications of a reduced payment capacity. These are therefore included in the Very low risk category.

Risk management process for accounts receivable:
The average payment terms on sale of services is 30 days.

The Group uses the modified retrospective approach with a matrix for accounts receivable when calculating expected credit losses. The matrix is created based on historical credit losses whereby the historical probability of default is calculated on the basis of the number of days of delayed payment and thereafter adjusted to current conditions and forward-looking factors. The adjustment for future expectations has been assessed based on asset-specific and current factors among the Group's customers. Accounts receivable more than 90 days past due are written down in full.

There has been a slight increase in the risk of default due to the COVID-19 pandemic. Refer to Note 23 for further information on this. No other changes in respect of significant assumptions related to credit assessments and impairment took place during the current reporting period.

The Group writes down accounts receivable on an individual basis when there is information that indicates that the counterparty has serious financial problems and there is no realistic possibility of receiving payment, such as when the counterparty is under liquidation or has initiated bankruptcy proceedings. An estimate of expected credit losses is conducted on all accounts receivable in accordance with the description above.

When a new customer is accepted, an assessment is carried out of the customer's payment capacity, which is continuously monitored. In conjunction with the monthly closing, an individual review is conducted on all accounts receivables due, and also the payment capacity of these customers, to ensure that impairment takes place as needed. The Group's senior executives believe this reduces the Group's credit risk.

The Group’s accounts receivable comprise a large number of customers spread across various geographic areas where the Group operates. The vast majority of customers are active in the property sector in one way or another. Of the accounts receivable at year-end, SEK 5 million pertains to the Group’s two largest customers. In addition to this, the Group has no significant credit risk exposure to any specific counterparty or group of related counterparties, meaning members of the same group. The concentration of credit risk to the Group’s two largest companies does not exceed 3 percent of the Group’s liquid assets at any time during the year. The Group’s credit risk is limited as it has a large number of customers that are independent in relation to each other.

Accounts payable
Accounts payable are measured at amortised cost. Since the expected maturity of an account payable is short, the liability is reported as a nominal value without discounting.

Liabilities to credit institutions and other borrowings
Interest-bearing bank loans, overdraft facilities and other loans are measured at amortised cost. Any difference between the loan amount received (net after transaction costs) and the loan’s repayment amount is allocated across the term of the loan using the effective interest method and recognised in profit or loss as an interest expense.

Derivatives
An interest-rate derivative consists of a financial asset or liability measured at fair value together with changes in value through profit or loss. To manage exposure to fluctuations in the market interest rate in accordance with the established financial policy, Stronghold has entered into interest-rate derivatives. When using interest-rate derivatives, changes in value arise depending primarily on changes in the market interest rate. The interest-rate derivative is initially recognised in the balance sheet at cost on the transaction date and valued thereafter at fair value together with changes in value through profit or loss.

Stronghold utilises currency derivatives as a currency hedge for net investments in Norway, Finland and the Baltic region, which is achieved by raising credits in the functional currency of the foreign company. The Group also has currency hedges to hedge substantial flows in EUR and DKK. The Group has chosen to hedge certain currency derivatives. Hedge accounting occurs for the currency derivatives used to hedge net investments for currency hedges used to hedge major future cash flows related to promote that will be received in EUR. The currency hedges mature in December 2021. These are initially recognised in the balance sheet at cost on the transaction date, and thereafter at fair value when the effective portion of the exchange rate change related to the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised as a change in value through profit or loss. The closing-day rate is used to determine fair value. On the date on which the hedge was entered into, hedging documentation describes the hedge and the company’s strategy and risk management and describes the hedge’s effectiveness and how it is measured and followed up. The hedges are considered highly effective based on the criteria below. An economic links exists between the hedged item and the hedging instrument. The effect of the credit risk does not dominate the changes pursuant to the economic relationship. The hedge ratio for the hedging relationship is the same as the quantity of the hedged item that the company is actually hedging and the quantity of the hedging instrument that the company is actually using to hedge the amount of hedged items. If a hedge ceases to be effective for reasons related to the hedge ratio but nothing is changed in the risk strategy, the company will rebalance the hedge. The Group discontinues hedge accounting only when the hedge no longer fulfils the qualification criteria, such as when the hedging instrument is divested or redeemed or when a hedge forecast no longer fulfils the requirement of highly probable.

The Group’s hedge accounting pertaining to the hedge of net investments had an impact of SEK 15 million on comprehensive income. Hedge accounting pertaining to currency hedges (cash flow hedge) had an impact of SEK 12 million on comprehensive income.

Other currency derivatives are measured at fair value together with changes in value through profit or loss.

Provisions

A provision is recognised in the balance sheet when the Group has an existing obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The size of the provision is the most reliable estimate of the amount required to settle the existing commitment on the balance sheet date, taking into account risks and collateral associated with the obligation. When a provision is calculated by using an estimate of the expenditure required to settle the obligation, this corresponds to the present value of these payments.

When part or all of the amount required to settle an obligation is expected to be reimbursed by a third party, the compensation is recognised as a separate item as an asset in the statement of financial position when it is essentially certain that it will be paid if the company settles the obligation and the amount can be reliably calculated.

Accounting policies for the Parent Company

The Parent Company applies the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. The application of RFR 2 requires that the Parent Company shall as far as possible apply all IFRS adopted by the EU within the framework of the Annual Accounts Act and with consideration of the relationship between accounting and taxation. Differences between the Parent Company's and Group's accounting policies are presented below.

Changes in accounting policies
For 2020, the Swedish Financial Reporting Board resolved not to introduce any changes or amendments to:
– Amendments to IFRS 9, IAS 39 and IFRS 7: IBOR reform (Phase 1)
– Amendments to IFRS 3 Business Combinations: Definition of a business
– Amendments to IAS 1 and IAS 8: Definition of material
– Amendments to IFRS 16 – Covid-19 related rent concessions

Approved changes to RFR 2 not yet applied
The Swedish Financial Reporting Board resolved not to introduce any changes or amendments to:
– Amendments to IFRS 9, IAS 39 and IFRS 7: IBOR reform (Phase 2)
– Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework
– Amendments to IAS 16 Property, Plant and Equipment
– Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
– Improvements to IFRSs 2018–2020
– Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The Board has resolved on the following updates to RFR 2 not yet entered into the recommendations:
– IFRS 14 Regulatory Deferral Accounts: IFRS 14 is an interim standard pending the conclusion of IASB's Rate-regulated Activities project. The standard will mean that companies that transition to IFRS may apply the previous accounting policy for assets and liabilities. The Board believes the requirements of IFRS 14 are contrary to the requirements of presentation format under the Swedish Annual Accounts Act and therefore has introduced an exemption with respect to the presentation of these items.

Proposed changes to RFR 2 not yet applied
The Swedish Financial Reporting Board has not proposed any changes that are not yet applied.

Presentation format for financial statements
Stronghold Invest AB's income statement and balance sheet are presented in accordance with the stipulations of the Swedish Annual Accounts Act. The difference compared with IAS 1 Presentation of

Financial Statements, which is applied in the presentation of the Group's financial statements, is primarily that the Parent Company's financial statements do not include a statement of comprehensive income.

Dividend
Dividends to the Parent Company shareholders are recognised as a liability in the consolidated financial statements in the period when the dividend is approved by the Parent Company's shareholders and payment has not yet taken place. Dividend income is recognised when the right to receive payment has been established.

Participations in subsidiaries

Participations in subsidiaries are recognised at cost less potential impairment losses. Acquisition-related costs for subsidiaries, which are expensed in the consolidated accounts, are included as part of the acquisition value of participations in subsidiaries.

Participations in associated companies
Participations in associated companies are recognised in the Parent Company using the cost method. Dividends received are recognised as income in profit or loss only on the condition that these arise from profit earned after the acquisition. Dividends that exceed this earned profit are regarded as a repayment of the investment and reduce the carrying amount of the participation in the balance sheet.

Group contributions and shareholders' contributions received
Group contributions received and paid are recognised in profit or loss as appropriations.

Shareholders' contributions paid are recognised by the donor as an increase in the item participations in Group companies, after which impairment testing is conducted on the value of the participations. Shareholders' contributions received are recognised by the recipient directly against unrestricted equity.

Pensions
The Parent Company has only pension plans that are classified as defined-contribution pension plans.

Leases
The Parent Company recognises all lease payments from leases as other operating expenses.

Untaxed reserves
In the Parent Company, untaxed reserves including deferred tax liabilities are recognised. However, in the consolidated accounts, untaxed reserves are divided into deferred tax liabilities and equity.

Financial assets and liabilities
The Parent Company applies the exemption provided for in RFR 2 from applying IFRS 9 in a legal entity. The Parent Company applies a method based on cost in accordance with the Swedish Annual Accounts Act. The impairment requirements under IFRS 9 are applied despite the Parent Company's decision to apply the exemption in RFR 2.

3. Significant judgements and assumptions

The preparation of financial statements in accordance with IFRS requires that executive management makes judgements and assumptions that affect the amounts recognised for assets, liabilities, income and expenses. These judgements are based on historical experience and on various factors considered reasonable under the prevailing conditions. Actual outcomes may differ from these judgements if other assumptions are made or other circumstances are in place. Judgements and assumptions are regularly reviewed. Changes in judgements are recognised in the period in which the change is made if the change only affects that period, or the period in which the change is made and future periods if the change affects both the period in question and future periods.

Impairment testing
A number of significant assumptions and judgements must be made when value in use is measured based on the expected future discounted cash flows associated with the asset, for example pertaining to factors such as discount rate, growth and working capital requirements. Forecasts of future cash flows are based on the best possible judgements of future income and operating expenses, using historical developments, general market conditions, development and forecasts for the industry and other available information. Refer to Note 15 for a more detailed description of assumptions made.

Controlling and significant interest
According to IFRS 10, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the wholly owned subsidiary Niam AB, the Group's conducts the management of property funds where financial investors are offered to invest in the Nordic markets through the Group's funds. Niam takes care of the day-to-day management and control of the funds, which is regulated in investor agreements between Niam and the investors. However, the investor agreements entail substantial limitations for Niam to exercise any influence as all investor interests must be taken into account. The returns received by Niam are a combination of fixed payments and variable payments, which means they are exposed to variable returns. The variable returns to which Niam is exposed are however limited, since the holding in the funds is less than 1 percent. In light of the limitations included in the agreement, which means the interests of other investors must be taken into account, executive management is of the opinion that the Group does not have a controlling interest but instead acts as an agent for other investors in terms of management and control of the funds. The holding in the funds is therefore not consolidated.

4. Financial risk management and financial instruments

Through its operations, the Group is exposed to various types of financial risks, such as credit, liquidity, currency and price risks. The company's Board is ultimately responsible for exposure, management and follow-up of the Group's financial risks. The framework that applies to exposure, management and follow-up of the financial risks is established by the Board in a financial policy, which is revised every year. Within the framework of this policy, the Group strives to achieve a low risk profile. The Board can decide to make temporary derogations from the established financial policy. The Board has delegated the daily management of risks to the CFO, who reports to the Board every quarter. Risk reporting and policy compliance is included in the report, as is decision data for any modifications to the financial policy.

Credit risks
Investments of cash and cash equivalents may only be made in high-quality interest-bearing investments that is guaranteed by means of the counterparty's rating. Investments in addition to the amounts in bank accounts are made in short-term interest-bearing investments (three months) with major banks. Derivatives may only be used for the purpose of risk management.

The Group's credit risk relating to customers is considered minor as customers mainly comprise mid-sized and large companies and Groups that operate professional and long-term businesses under strong brands. Bad debt losses have historically been small. Any credit assessments of the Group's customers that have been conducted by independent appraisers are used. If there are none, a risk assessment of the customer's credit ratings is performed, taking into account the customer's financial position, past experience and other factors. Exposure corresponds to the carrying amount of accounts receivable as well as cash funds and financial investments.

Liquidity risk
To ensure short- and long-term supply of capital, the Group has established regular liquidity budgets and liquidity forecasts and guarantees the short-term access to funds by maintaining a liquidity reserve in the form of cash and cash equivalents and unutilised committed credits. Liquidity risk is minimised in the long

term by guaranteeing long-term financing in the form of committed loan facilities and risk-bearing capital. Available cash and cash equivalents amounted to SEK 662 (799) million on 31 December 2020. The Group has an unutilised overdraft facility of SEK 84 (78.5) million. The Group is not exposed to any material liquidity risk due to lease liabilities. Lease liabilities are monitored by the Group's treasury function.

The Group's liabilities have maturities as below:

Group 31 Dec 2020	Within 3 months	3–12 months	1–5 years	Over 5 years	Total carrying amount
Liabilities to credit institutions	13,673	41,006	708,461	–	763,140
Lease liabilities	–	84,835	249,115	51,606	385,556
Liabilities, derivatives	–	–	5,319	–	5,319
Other non-current liabilities	–	–	33,973	–	33,973
Other provisions	–	–	54,047	–	54,047
Accounts payable	116,499	–	–	–	116,499
Other current liabilities	388,678	343,942	–	–	732,620
Total	**518,850**	**469,783**	**1,050,915**	**51,606**	**2,091,154**

Group 31 Dec 2019	Within 3 months	3–12 months	1–5 years	Over 5 years	Total carrying amount
Liabilities to credit institutions	11,197	39,096	727,598	–	777,891
Lease liabilities	–	89,969	190,097	42,794	322,860
Liabilities, derivatives	–	5,868	1,327	–	7,195
Other non-current liabilities	–	–	21,148	9,024	30,172
Other provisions	–	–	50,805	–	50,805
Accounts payable	118,205	–	–	–	118,205
Other current liabilities	362,529	290,817	–	–	653,346
Total	**491,931**	**425,750**	**990,975**	**51,818**	**1,960,474**

Parent Company 31 Dec 2020	Within 3 months	3–12 months	1–5 years	Over 5 years	Total
Liabilities to credit institutions	13,673	40,925	708,394	–	762,992
Accounts payable	2,110	–	–	–	2,110
Other current liabilities	61,291	–	–	–	61,291
Total	**77,074**	**40,925**	**708,394**	**–**	**826,393**

Parent Company 31 Dec 2019	Within 3 months	3–12 months	1–5 years	Over 5 years	Total
Liabilities to credit institutions	11,197	33,592	727,444	–	772,233
Accounts payable	7,548	–	–	–	7,548
Other current liabilities	21,597	–	–	–	21,597
Total	**40,342**	**33,592**	**727,444**	**–**	**801,378**

A large share of the Group's and Parent Company's liabilities fall due within 1–5 years. Such risks are managed through continuous discussions with the counterparty.

The nominal value is a reasonable approximation of fair value for all balance-sheet items. With regard to the bank loans, interest is variable and the credit margin is unchanged on the balance sheet date, and fair value is therefore not essentially different from nominal value.

Currency risk
The Group has two types of currency risk, transaction exposure and translation effects. Currency risk in the form of transaction exposure is limited by invoicing and costs primarily arise in each Group company's local currency. Major transactions are hedged whenever necessary.

The Group hedges expected future cash flows and on 31 December the hedged amount was EUR 52 (81) million and DKK 48 (48) million with a maximum maturity of just over 1.5 years.

Translation effects arise when translating the balance sheets and income statements of foreign subsidiaries. On 31 December, the Group had exposure to EUR, NOK, DKK, GBP and USD. The net exposure to EUR, in the form of receivables and liabilities, was SEK 27 million on 31 December. The net exposure to the remaining currencies was as follows: DKK 302 million, NOK 109 million, GBP 3 million and USD 7 million.
Interest-rate risk

The Group is a net borrower and a change in interest rates impacts the Group's net financial items mainly through the valuation effect but also to a lesser extent through net interest income. To minimise interest-rate risk, the Group has swapped floating interest rates in bank financing to fixed for 90 (61) percent of the Group's total external financing.

Price risk
Price risk is the risk that the fair value or future cash flow from a financial instrument is influenced by changes to the instrument's market price. To limit price risk, the Stronghold Group only invests in instruments with a liquid market, unless the investment is long-term and strategic. Derivatives may only be used for the purpose of risk management.

Sensitivity analysis (transaction risk, interest-rate risk)

Group	**31 Dec 2020**		**31 Dec 2019**	
	Earnings	**Equity**	**Earnings**	**Equity**
Transaction exposure, %				
EUR +5	2,575	1,368	2,413	435
EUR -5	-2,575	-1,368	-2,413	-435
NOK +5	492	5,466	611	5,943
NOK -5	-492	-5,466	-611	-5,943
DKK +5	161	15,112	1,870	14,100
DKK -5	-161	-15,112	-1,870	-14,100
Interest				
Impact on future net financial items +1 percentage point	-7,417	-7,417	-7,553	-7,553
Impact on future net financial items -1 percentage point	7,417	7,417	7,553	7,553

Parent Company	**31 Dec 2020**		**31 Dec 2019**	
	Earnings	**Equity**	**Earnings**	**Equity**
Transaction exposure, %				
EUR +5	-6,479	-6,479	-5,967	-5,967
EUR -5	6,479	6,479	5,967	5,967
NOK +5	-3,776	-3,776	9,145	9,145
NOK -5	3,776	3,776	-9,145	-9,145
DKK +5	5,161	5,161	18,548	18,548
DKK -5	-5,161	-5,161	-18,548	-18,548
Interest				
Impact on future net financial items +1 percentage point	3,750	3,750	2,813	2,813
Impact on future net financial items -1 percentage point	-3,750	-3,750	-2,813	-2,813

Transaction exposure shown is before taking into account the Group's currency derivatives. Interest-rate exposure shown is before taking into account the Group's interest-rate swaps and hedge accounting of the net exposure to NOK and EUR.

Categorisation of financial instruments
The carrying amounts for financial assets and liabilities are allocated by valuation category pursuant to IFRS 9 and presented in the table below.

	Group		Parent Company	
	31 Dec 2020	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
Financial assets				
Fair value through profit or loss				
Derivatives held for trading	22,007	7,229	–	–
Shareholdings	123,439	115,676	–	–
Fair value through comprehensive income				
Derivatives for hedge accounting	4,964	–	–	–
Amortised cost	1,240,875	1,413,276	1,277,149	1,514,865
Total financial assets	**1,391,285**	**1,536,181**	**1,277,149**	**1,514,865**
Financial liabilities				
Fair value through profit or loss				
Derivatives held for trading	5,319	2,116	–	–
Fair value through comprehensive income				
Derivatives for hedge accounting	–	5,079	–	–
Amortised cost	1,543,029	1,441,136	816,499	782,658
Total financial liabilities	**1,548,348**	**1,448,331**	**816,499**	**782,658**

No reclassifications have taken place between the valuation categories above in 2019 and 2020.

Net gains and losses for financial assets and liabilities are allocated by fair value hierarchy pursuant to IFRS 9 and presented in the table below. Disclosures are provided solely for the Group as the Parent Company has no assets/liabilities measured at fair value through profit or loss.

	Group	
	2020	**2019**
Derivatives		
Currency-related	15,059	5,868
Interest rate-related	-5,942	4,853
Shareholdings	1,228	3,098
Net profit/loss	**10,345**	**13,819**

Of the TSEK 10,721 pertaining to earnings impact related to derivatives for 2019, TSEK 3,287 was due to the early settlement of interest-rate swaps during the year. In profit or loss, this income was classified as reduced interest expense and the figure above therefore does not correspond to the figure in Note 11 Financial income.

Calculation of fair value
Financial assets and financial liabilities measured at fair value in the balance sheet are classified at one of three levels based on the information used to determine fair value. The tables below present the Group's and Parent Company's classification of financial assets and liabilities measured at fair value. During the periods, no material transfers took place between the levels.

Level 1 – Financial instruments where fair value is determined on the basis of observable (unadjusted) quoted prices in active markets for identical assets or liabilities. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service or regulatory authority are easily and regularly available, and these prices represent actual and regularly occurring arm's length market transactions.

Level 2 – Financial instruments where fair value is determined on the basis of valuation models when inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as price listings) or indirectly (i.e. derived from price listings).
Examples of observable data in level 2 include:
• Listed prices for similar assets or liabilities.
• data that may be used as a basis for price assessment, such as market rate and yield curves.

Level 3 – Financial instruments where the fair value is determined on the basis of valuation models when significant inputs are based on unobservable data. A large portion of the assets measured at fair value in Level 3 are holdings in property funds, whose fair value was measured on the basis of the value of the minority share in the fund.

The Group holds assets related to currency derivatives and interest-rate swaps, which are measured at fair value through profit or loss and at fair value through comprehensive income. The value of these assets was SEK 27 (7) million at 31 December 2020. The Group also holds liabilities related to currency derivatives and interest-rate swaps, which are measured at fair value through profit or loss and at fair value through comprehensive income. The value of these liabilities was SEK 5 (7) million at 31 December 2020. The derivatives measured at fair value in comprehensive income are derivatives which are subject to hedge accounting.

The Group also has shareholdings measured at fair value through profit or loss. The value of these was SEK 123 (116) million at 31 December 2020. No other items are measured at fair value. For derivatives in level 2, fair value is calculated by discounting expected cash flow based on market data.

Group	**31 Dec 2020**			**31 Dec 2019**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets:						
Shareholdings	–	–	123,439	–	–	115,676
Derivatives						
Currency-related	–	26,971	–	–	5,586	–
Interest rate-related	–	–	–	–	1,643	–
Total financial assets	**–**	**26,971**	**123,439**	**–**	**7,229**	**115,676**
Financial liabilities:						
Derivatives						
Currency-related	–	–	–	–	7,195	–
Interest rate-related	–	5,319	–	–	–	–
Total financial liabilities	**–**	**5,319**	**–**	**–**	**7,195**	**–**

For the Group's other financial assets and liabilities, the carrying amounts are considered a reasonable approximation of fair values. A calculation of fair value based on discounted future cash flows, where a discount rate that reflects the counterparty's credit risk provides the most material input data, is not expected to produce a material difference compared with the carrying amount.

5. Segment information

The information reported to the chief operating decision maker, as a basis for the distribution of resources and assessment of the segments' results, comprises the Group's business areas: Property Management, Fund Management and Advisory Services. The business areas represent the Group's reportable operating segments. A change took place in 2020 for how information is reported to the chief operating decision maker. Property Operations is no longer a separate segment but is part of Property Management. In 2019, Newsec Competence AB was part of segment Other, but is monitored as part of the Advisory Services segment as of 2020. Comparative figures were restated.

Operating segments

• Property Management: Income from Property Management comprises fees for technical and financial management on behalf of property owners. The segment also includes income from leasing and property development on behalf of the Group's property management customers.

• Fund Management: Income from Fund Management comprises fund fees received for pledged or managed assets in funds.

• Advisory Services: Income from Advisory Services is received from consultant fees for property valuation and analysis, fees for purchasing and sales advisory services and property brokerage services.

• Licences: Income from Licences consists of fees received for granting licences in the Datscha program. At the end of 2019, the Datscha Group was divested after which there was no activity in this segment in 2020.

• Other: comprises Group-wide costs and other minor companies in the Group.

Segment income and earnings
An analysis of the Group's income and earnings for each reportable segment is shown below:

Group 2020	**Property Management**	**Fund Management**	**Advisory Services**	**Other**	**Elimination**	**Group**
External sales	2,124,685	369,430	502,575	4,729	–	3,001,419
Internal sales	239,156	96,043	59,910	99,451	-494,560	–
Total income	**2,363,841**	**465,473**	**562,485**	**104,180**	**-494,560**	**3,001,419**
Operating profit	**71,311**	**78,864**	**86,547**	**-19,589**	**–**	**217,133**
Financial income						16,337
Financial expenses						-42,212
Profit before tax						**191,258**
Tax						-48,546
Profit for the year						**142,712**

Group 2019	**Property Management**	**Fund Managemen t**	**Advisory Services**	**Licences**	**Other**	**Elimination**	**Group**
External sales	1,982,329	317,435	515,855	96,782	5,815	–	2,918,216
Internal sales	204,974	76,692	67,130	10,250	99,927	-458,973	–
Total income	**2,187,303**	**394,127**	**582,985**	**107,032**	**105,742**	**-458,973**	**2,918,216**
Operating profit	**-84,056**	**82,692**	**97,422**	**4,315**	**557,908**	**–**	**658,281**
Financial income							23,456
Financial expenses							-46,435
Profit before tax							**635,302**
Tax							-14,584
Profit for the year							**620,718**

The Other operating segment includes Stronghold Invest AB and Cikoria Partners AB.

The accounting policies for reportable segments are consistent with the Group's accounting policies, which are described in notes 1–4. The segments' earnings correspond to the earnings for each segment, financial expenses and income tax. This is an earnings measure reported to the chief operating decision maker, as a basis for the distribution of resources and assessment of the segments' earnings.

Other segment information

	Depreciation/amortisation		Impairment	
	2020	**2019**	**2020**	**2019**
Property Management	-112,403	-117,034	-22,526	-133,858
Fund Management	-9,118	-9,171	–	–
Advisory Services	-23,281	-17,099	-2,430	-17,118
Licences	–	-7,627	–	–
Other	-793	-2,021	–	–
Total	**-145,595**	**-152,952**	**-24,956**	**-150,976**

	Company's share of profit in associated companies	
	2020	**2019**
Other	-10,159	3,436
Total	**-10,159**	**3,436**

Information on geographic areas
The Group conducts operations in five main geographic areas – Sweden (the company's registered office), Finland, Norway, Denmark and the Baltic region. Operations were also conducted in the UK in 2019.

The Group's income from sales to external customers based on the physical location of operations and non-current assets is specified below:

	Income from external customers		Non-current assets*	
	2020	**2019**	**2020**	**2019**
Sweden (the company's registered office)	1,336,698	1,313,470	928,737	690,517
Finland	544,789	506,718	51,045	62,790
Norway	408,793	436,295	232,590	266,789
Denmark	616,716	554,770	696,889	747,889
Baltic region	94,423	95,384	22,533	16,241
UK	–	11,579	–	–
Total	**3,001,419**	**2,918,216**	**1,931,794**	**1,784,226**

* Non-current assets excluding deferred tax assets.

Information regarding the major customers
The Group has two customers that are responsible for 5.7 (11.5) percent and 4.0 (7.3) percent respectively of the Group's income in 2020. Income from the customers amounts to SEK 172 million and SEK 119 million respectively and is in the Fund Management and Property Management segments.

The segments' assets and liabilities
No information is disclosed about assets and liabilities by segment as this is not part of internal reporting to the chief operating decision maker. For the same reason, no information is disclosed about investments in non-current assets.

6. Income

Information about purchasing and sales within the same Group

	Parent Company	
	2020	**2019**
Sales	91%	96%
Purchasing	13%	8%

Significant income streams in the Group

The Group's significant income streams (external sales), which are identified in accordance with IFRS 15, are allocated as follows in the Group segment. There is also a table below showing the date of income recognition.

Group 2020	Property Management	Fund Management	Advisory Services	Other	Total
Fixed-price contracts	1,322,330	–	261,631	–	1,583,961
Management fees	–	344,338	–	–	344,338
Additional services	447,735	–	51,594	1,050	500,379
Renegotiations and leasing	129,198	–	37,197	–	166,395
Incentives	7,462	–	148,728	–	156,190
Materials and additional services	203,684	–	1,332	–	205,016
Other income	14,276	25,092	2,093	3,679	45,140
Total income	**2,124,685**	**369,430**	**502,575**	**4,729**	**3,001,419**

Group 2019	Property Management	Fund Management	Advisory Services	Licences	Other	Total
Fixed-price contracts	1,205,272	–	244,589	–	258	1,450,119
Management fees	–	296,642	–	–	–	296,642
Additional services	418,884	–	64,118	–	–	483,002
Renegotiations and leasing	126,596	–	41,017	–	–	167,613
Licence fees	–	–	–	96,782	–	96,782
Incentives	9,142	–	155,600	–	–	164,742
Materials and additional services	208,705	–	10,521	–	–	219,226
Other income	13,730	20,793	10	–	5,557	40,090
Total income	**1,982,329**	**317,435**	**585,855**	**96,782**	**5,815**	**2,918,216**

Group 2020	Property Management	Fund Managemen t	Advisory Services	Other	Total
Over time:					
Fixed-price contracts	1,322,330	–	174,063	–	1,496,393
Management fees	–	344,338	–	–	344,338
Additional services	447,735	–	51,594	1,050	500,379
Renegotiations and leasing	–	–	–	–	–
Incentives	–	–	–	–	–
Materials and additional services	203,684	–	1,332	–	205,016
Other income	14,276	–	2,093	3,679	20,048
	1,988,025	**344,338**	**229,082**	**4,729**	**2,566,174**
At a point in time:					
Fixed-price contracts	–	–	87,568	–	87,568
Management fees	–	–	–	–	–
Additional services	–	–	–	–	–
Renegotiations and leasing	129,198	–	37,197	–	166,395
Incentives	7,462	–	148,728	–	156,190
Materials and additional services	–	–	–	–	–
Other income	–	25,092	–	–	25,092
Total	**136,660**	**25,092**	**273,493**	**–**	**435,245**
	2,124,685	**369,430**	**502,575**	**4,729**	**3,001,419**

Group 2019	Property Management	Fund Management	Advisory Services	Licences	Other	Total
Over time:						
Fixed-price contracts	1,204,785	–	126,274	–	–	1,331,059
Management fees	–	296,642	–	–	–	296,642
Additional services	418,885	–	50,214	–	–	469,099
Renegotiations and leasing	–	–	–	–	–	–
Licence fees	–	–	–	96,782	–	96,782
Incentives	–	–	–	–	–	–
Materials and additional services	208,705	–	10,521	–	–	219,266
Other income	13,730	20,793	10	–	5,557	40,090
	1,846,105	**317,435**	**187,019**	**96,782**	**5,557**	**2,452,899**
At a point in time:						
Fixed-price contracts	487	–	118,315	–	258	119,059
Management fees	–	–	–	–	–	–
Additional services	–	–	13,903	–	–	13,903
Renegotiations and leasing	126,596	–	41,017	–	–	167,613
Licence fees	–	–	–	–	–	–
Incentives	9,141	–	155,601	–	–	164,742
Materials and additional services	–	–	–	–	–	–
Other income	–	–	–	–	–	–
Total	**136,224**	**–**	**323,836**	**–**	**258**	**465,318**
	1,982,329	**317,435**	**515,855**	**96,782**	**5,815**	**2,918,216**

7. Other income

	Group	
	2020	**2019**
Capital gains on divestment of non-current assets	–	216
Government reorientation support	1,300	–
Gain from sale of subsidiaries*	–	576,541
Total	**1,300**	**576,757**

* Capital gains from the sale of subsidiaries is classified in the Group as other operating income. In the Parent Company, these are classified as financial income.

8. Information about fees and remuneration of auditors

	Group		Parent Company	
	2020	2019	2020	2019
Deloitte				
audit assignment	3,908	3,359	404	605
audit-related services	508	267	224	150
tax advice	62	70	–	–
other services	2,912	4,343	2,662	4,045
PricewaterhouseCoopers				
audit assignment	–	34	–	–
audit-related services	–	–	–	–
tax advice	–	–	–	–
other services	–	–	–	–
EY				
audit assignment	377	370	–	–
audit-related services	–	–	–	–
tax advice	126	–	–	–
other services	–	–	–	–
Other auditors				
audit assignment	141	1,182	–	–
audit-related services	–	–	–	–
tax advice	–	–	–	–
other services	–	–	–	–
Total	**8,034**	**9,625**	**3,290**	**4,800**

Audit assignment refers to the auditor's fee for the statutory audit. The work includes the audit of the annual accounts as well as accounting records, the management of the Board of Directors and the CEO as well as fees for audit advice provided in connection with the audit assignment.

Audit services in addition to the audit assignment concern such services that are not part of the statutory audit.

Other services refer to services in addition to the aforementioned categories.

9. Leases

The disclosures below for 2020 are in accordance with IFRS 16 for the Group and the Swedish Annual Accounts Act and RFR 2 for the Parent Company, which has chosen not to apply IFRS 16.

Leases – lessee, Group

	Group	
	2020	2019
Depreciation of right-of-use assets	91,129	97,297
Interest expense on lease liabilities	6,720	7,416
Expense relating to short-term leases	1,426	2,501
Expense relating to low-value leases	7,045	5,781

Rent payments for most commercial contracts increase every year in accordance with an index linked to the CPI and include no variable components. Nor do lease payments for vehicles include variable components.

At 31 December 2020, the Group had obligations for short-term leases of TSEK 561 (2,082) for the years ahead. Obligations for the Group regarding low-value leases over the next five years amounted to TSEK 12,843 (7,211).

The total cash outflow for lease payments was SEK 102 (99) million.

Operating leases – lessee, Parent Company

Cost for operating leases for the year in the Parent Company amounted to SEK 3 (2) million.

On the balance sheet date, the Parent Company had obligations outstanding in the form of minimum leasing fees under non-cancellable operating leases, with maturity dates as follows:

	Parent Company	
	2020	2019
Within 1 year	2,575	2,508
Between 1 and 5 years	11,229	2,650
More than 5 years	5,012	–
Total	**18,816**	**5,158**

Operating leases primarily pertain to the commercial lease for the headquarters, leasing vehicles and office equipment. During the year, the commercial lease was renewed by a further five years with a slight rent increase.

The lease term for operating vehicle leases is three years and for various office equipment this varies between three and five years.

10. Number of employees, salaries, other benefits and social security costs

Average number of employees	2020		2019	
	No. of employees	Of whom men	No. of Employees	Of whom men
Parent Company				
Sweden	13	54%	13	54%
Total, Parent Company	**13**	**54%**	**13**	**54%**
Subsidiaries				
Sweden	716	52%	696	53%
Finland	521	40%	413	43%
Norway	277	77%	275	77%
Denmark	478	41%	430	40%
Baltic region	91	41%	101	39%
UK	–	–	13	77%
Total, subsidiaries	**2,083**	**50%**	**1,928**	**51%**
Total, Group	**2,096**	**50%**	**1,941**	**51%**

Breakdown of senior executives on the balance sheet date	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Women:				
Board members	19	13	1	0
other executives, incl. CEO	11	13	3	3
Men:				
Board members	50	45	7	7
other executives, incl. CEO	35	38	4	4
Total	**115**	**112**	**15**	**14**

Salaries, other remuneration, etc.	2020		2019	
	Salaries and other remuneration	Social security costs (of which pension costs)	Salaries and other remuneration	Social security costs (of which pension costs)
Parent Company	21,975	9,405	19,378	7,963
		(2,430)		(2,195)
Subsidiaries	1,415,926	356,530	1,294,410	365,274
		(153,103)		(166,303)
Total Group	**1,437,901**	**365,935**	**1,313,788**	**373,237**

Salaries and other compensation distributed between Board members, etc. and employees	2020		2019	
	Board and CEO (of which bonuses, etc.)	Other Employees (of which bonuses, etc.)	Board and CEO (of which bonuses, etc.)	Other Employees (of which bonuses, etc.)
Parent Company	6,317	15,658	5,568	13,810
	(–)	(1,733)	(–)	(1,441)
Subsidiaries in Sweden	36,155	454,255	35,424	414,683
	(7,939)	(61,343)	(8,712)	(45,348)
Subsidiaries, abroad				
Finland	8,009	313,324	8,978	261,067
	(2,632)	(22,482)	(2,614)	(27,139)
Norway	11,864	179,014	11,793	195,275
	(2,836)	(13,418)	(3,293)	(17,603)
Denmark	11,877	366,458	9,910	314,376
	(4,698)	(2,298)	(2,736)	(5,846)
Baltic region	5,536	29,434	4,481	27,033
	(1,982)	(4,747)	(699)	(5,109)
UK	(–)	(–)	(–)	11,390
	(–)	(–)	(–)	(374)
Total Group	**79,758**	**1,358,143**	**76,154**	**1,237,634**
	(20,087)	(106,021)	(18,054)	(102,860)

Pensions

The Group’s expense for defined-contribution pension plans amounted to TSEK 155,533 (168,498). The Parent Company expense for defined-contribution plans amounted to TSEK 2,430 (2,195).

For salaried employees in Sweden, defined-benefit pension obligations for retirement and family pensions (or alternately family pensions) under the ITP 2 plan are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Classification of ITP Plans Funded through Insurance with Alecta, this is a multi-employer defined-benefit plan. For the 2020 and 2019 financial years, the company did not have access to information that would enable it to account for its proportionate share of the plan's obligations, plan assets and expenses. It has therefore not been possible to recognise the plan as a defined-benefit plan. Accordingly, the ITP 2 Pension Plan secured via insurance with Alecta was recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously earned pension entitlement and estimated remaining period of employment. The expected fees for the next reporting period for ITP2 insurance signed with Alecta total SEK 16 (17) million. The Group's share of the total contributions for the plan, and the Group's share of the total number of active members in the plan, amount to 0.04079 percent and 0.04825 percent, respectively (2019: 0.08234 percent and 0.04575 percent, respectively).

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 percent and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, action is to be taken to create the conditions for returning the consolidation level to within the normal range. In the case of low consolidation, one step can be to increase the price of new, and extending existing, benefits. In the case of high consolidation, one alternative can be to reduce premiums. At year-end 2020, Alecta's surpluses in the form of the collective consolidation level was 148 percent (2019: 148 percent).

Remuneration of senior executives

No fees are payable to the Chairman and members of the Board in accordance with a decision of the Annual General Meeting.

2020	Basic salary/ Fees	Variable remuneration	Other benefits	Pension costs	Total
CEO	6,312	–	5	–	**6,317**
Deputy CEO	2,400	480	147	426	**3,453**
Other senior executives (3 persons)	3,809	107	113	873	**4,902**
Total	**12,521**	**587**	**265**	**1,299**	**14,672**
2019	**Basic salary/ Fees**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Total**
CEO	5,568	–	6	–	**5,574**
Deputy CEO	1,920	408	111	410	**2,849**
Other senior executives (3 persons)	3,670	54	115	829	**4,668**
Total	**11,158**	**462**	**232**	**1,239**	**13,091**

Two of the seven senior executives in 2020 and 2019 were insourced as consultants. Their remuneration totalled TSEK 1,362 (1,462) and is included in other external expenses.

Pensions

The retirement age for the President, who is also Stronghold Invest AB's CEO, is 60. For the other senior executives, the retirement age is 65. The pension premium follows a plan similar to the ITP plan, but is a defined-contribution plan.

Severance pay

The company and the CEO have a reciprocal notice period of six months. If employment if terminated by the company, the CEO is to receive severance pay corresponding to an annual salary when the employment contract ends. In the case of other senior executives, employment is subject to a mutual notice of termination of three to six months.

11. Financial income

	Group		Parent Company	
	2020	2019	2020	2019
Dividends from Group companies	–	–	59,793	81,904
Share of profit from other financial investments	533	576	–	–
Interest income, Group companies	–	–	33,090	33,719
Exchange-rate differences	–	–	–	5,473
Interest income, external	2,509	3,846	–	–
Gains on instruments at fair value	10,345	10,532	–	–
Gain from sale of subsidiaries*	–	–	–	580,702
Gain from sale of associated companies	–	1,428	–	1,664
Other	2,950	3,598	42	2,043
Total financial income	**16,337**	**19,980**	**92,925**	**705,505**

* Capital gains from the sale of subsidiaries is classified in the Group as other operating income. In the Parent Company, these are classified as financial income.

12. Financial expenses

	Group		Parent Company	
	2020	2019	2020	2019
Interest expense, leases	-6,720	-7,416	–	–
Interest expenses, external	-19,966	-27,325	-18,084	-31,810
Impairment of financial receivables/shareholdings	-1,490	-804	–	–
Impairment of shares in subsidiaries	–	–	-11,313	–
Exchange-rate differences	-8,613	-5,194	-10,303	–
Fair value of step acquisitions of associated companies	–	-3,847	–	–
Other	-1,652	-1,849	-1,060	-1,367
Total financial expenses	**-38,441**	**-46,435**	**-40,760**	**-33,177**

13. Appropriations

	Parent Company	
	2020	2019
Group contributions received	26,262	25,818
Provision to tax allocation reserve	-1,524	–
Excess depreciation	-14	-304
Total	**24,724**	**25,514**

14. Tax

Current tax	Group		Parent Company	
	2020	2019	2020	2019
Current tax on profit for the year	-52,935	-53,696	-3,976	-1,992
Adjustments recognised in the current year	193	-816	-770	46
Total	**-52,742**	**-54,512**	**-4,746**	**-1,946**
Deferred tax	Group		Parent Company	
	2020	2019	2020	2019
Deferred tax on temporary differences	4,196	39,928	–	–
Total	**4,196**	**39,928**	**–**	**–**
Total tax	**-48,546**	**-14,584**	**-4,746**	**-1,946**

Income tax in Sweden is calculated using 21.4 (21.4) percent of taxable profit for the year. Tax in other jurisdictions is calculated using the tax rate applicable in each jurisdiction. Below is a reconciliation between recognised profit and tax expense for the year:

Reconciliation of tax expense for the year:

Reconciliation of tax expense for the year	Group		Parent Company	
	2020	2019	2020	2019
Profit before tax	191,258	635,302	64,525	674,476
Tax expense for the year	-48,546	-14,584	-4,746	-1,946
Tax according to Swedish tax rate	-40,929	-135,955	-13,808	-144,338
Difference in tax rate between Parent Company and foreign subsidiaries	675	-448	–	–
Tax attributable to previous years	193	-816	-770	-46
Restatements of deferred tax as a result of amended tax rate*	-161	283	–	–
Tax effect of non-deductible expenses	-6,845	-4,144	-2,964	-153
Tax effects of non-taxable income	1,313	125,726	12,796	142,591
Profit/loss associated companies included in pre-tax profit**	-2,174	741	–	–
Loss carryforwards utilised (not recognised in year-earlier balance)	-443	–	–	–
Deficit on which deferred tax was not recognised	-211	–	–	–
Other	36	29	–	–
Total	**-48,546**	**-14,584**	**-4,746**	**-1,946**
Tax expense recognised for the year	**-48,546**	**-14,584**	**-4,746**	**-1,946**

* In 2020, the tax rate in Sweden was amended for future years, which impacted deferred taxes. However, these amounts are immaterial for the Group.

** The Group's profit before tax includes profit from associated companies that already includes a tax effect. Associated companies are not tax subjects in the Group and are therefore not included in the Group's tax expense.

New legislation on tax relief for interest expenses and reduction of corporation tax
On 1 January 2019, new tax legislation entered force, which includes limits to tax relief for interest expenses – all in accordance with the EU Directive. The legislation essentially means the maximum deduction of net interest income of 30 percent of taxable EBITDA. Furthermore, corporation tax was reduced in two stages: 21.4 percent from 2019 and 20.6 percent as of 2021. Despite the new limits on tax relief for interest expenses in 2019 and 2020, Stronghold can claim deductions for the Group's total interest expense.

15. Goodwill

	Group	
	31 Dec 2020	31 Dec 2019
Cost	1,017,738	1,026,980
Acquisition of subsidiaries	–	6,114
Divestment of subsidiaries	–	-26,687
Impairment	-7,078	–
Exchange rate differences	-30,536	11,331
Closing carrying amount	**980,124**	**1,017,738**
	Group	
	31 Dec 2020	**31 Dec 2019**
Property Management	744,895	750,603
Property Operations	–	31,670
Advisory Services	120,276	120,512
Fund Management	114,953	114,953
Closing carrying amount	**980,124**	**1,017,738**

As of 2020, Property Operations is part of the Property Management segment.

In 2020, impairment losses on goodwill related to liquidated subsidiaries were written down. Datscha AB was sold in 2019. Goodwill related to Datscha Group amounted to TSEK 26,687.

The Group's goodwill is tested annually for impairment and when there are indications that a write-down may be necessary. Goodwill arising in conjunction with business combinations was allocated at the time of acquisition to the cash-generating unit in the Group that are expected to benefit from the acquisition. An external valuation conducted by a well-known assessor is used as a basis for impairment testing of goodwill pertaining to opening balance. The recoverable amount of a cash-generating unit is determined based on calculations of value in use. The calculations are based on estimated future cash flows using financial forecasts approved by management covering a five-year period. The calculation of future cash flows includes assumptions on, primarily, sales growth, operating margin and discount rate. The estimated growth rate during the five-year period is based on forecasts and is expected to amount to 3–6 (4–5) percent with a growth rate up to 12 (15) percent for individual years and even negative growth in certain years and for some cash-generating units. The discount rate, which is between 8.7–10.25 percent depending on the cash-generating unit (between 8.0–11.2 percent), is a pre-tax rate and reflects specific risks associated with the asset. The forecast operating margin is based on past performance and management's expectations of the market. Growth during periods beyond the five-year period is estimated to reach 3 (3) percent, which is corresponds to the Group's long-term assumption for inflation and the market's long-term growth.

Based on the assumptions presented above the value in use exceeds the recognised goodwill value. Reasonable changes in the assumptions above would not entail any impairment requirement relating to goodwill.

16. Other intangible assets

	Group	
	31 Dec 2020	**31 Dec 2019**
Opening cost	577,128	489,320
Acquisitions*	86,726	56,393
Divestment of subsidiaries	–	-19,818
Purchasing	47,884	36,061
Reclassifications from current receivable	–	17,081
Sales/disposals	-12,038	-5,820
Exchange rate differences	-17,958	3,911
Closing accumulated cost	**681,742**	**577,128**
Opening amortisation	-86,158	-68,039
Divestment of subsidiaries	–	11,126
Sales/disposals	11,479	5,061
Amortisation for the year	-32,701	-34,026
Exchange rate differences	4,250	-280
Closing accumulated amortisation	**-103,130**	**-86,158**
Opening impairment	-269,797	-124,518
Impairment for the year**	-17,878	-147,230
Exchange rate differences	4,339	1,951
Closing accumulated impairment	**-283,336**	**-269,797**
Closing carrying amount	**295,276**	**221,173**

* A number of acquisitions were finalised in 2020. The largest acquisition was of Riba AB, which took place at the end of October. In conjunction with the acquisition, a customer stock was identified and allocated a value of SEK 59 million and a brand that was allocated a value of SEK 15 million. The brand was written down directly after the transaction since it is not expected to generate any financial benefits in the future. Customer relationships related to the Riba acquisition will be amortised over a seven-year period. Within the Advisory Services segment in Sweden, shares were acquired in the company Newsec Capital Markets Mid Cap AB. The acquisition included a customer stock that was allocated a value of SEK 9 million. Amortisation will take place over two years. Two minor acquisitions took place in Norway, that led to increased customer relationships totalling SEK 1 million. These customer relationships will be amortised over seven years. In addition to this, an adjustment took place during the year of customer relationships that arose in 2019 in conjunction with the acquisition of Newsec Advisory A/S. The adjustment generated an increased customer relationship of SEK 2 million which was however fully impaired during the year.

Two acquisitions took place in 2019. Tjuvholmen Drift AS was acquired in Norway. The acquisition included a customer stock that was allocated a value of SEK 22 million. Amortisation will take place over seven years. Additional shares were acquired in the associated company Newsec Advisory A/S in Denmark, which meant the company became a subsidiary of the Group. In conjunction with this acquisition, a customer stock was identified that was allocated a value of SEK 35 million. In 2019, portions of this customer stock were written down by SEK 17 million. The customer relationships not impaired will be amortised over five years.

** In 2020, the brand identified in conjunction with the acquisition of Riba AB was written down. Moreover, an adjustment of a customer relationship in Newsec Advisory A/S described above was also written down. In 2019, customer relationships relating to Newsec Property Asset Management Denmark A/S and Newsec Advisory A/S were written down by a total SEK 128 million. In addition to this, various types of intangible assets that are no longer considered to offer financial benefits in the future were written down in the Group's subsidiaries.

17. Equipment

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening cost	186,405	164,113	2,567	1,925
Acquisition of companies	1,164	1,260	–	–
Purchasing	15,693	24,669	–	642
Divestment of subsidiaries	–	-3,106	–	–
Sales/disposals	-5,300	-3,633	–	–
Exchange rate differences	-11,432	3,102	–	–
Closing accumulated cost	**186,530**	**186,405**	**2,567**	**2,567**
Opening depreciation	-132,737	-113,497	-1,075	-422
Divestment of subsidiaries	–	1,224	–	–
Sales/disposals	4,860	3,055	–	–
Depreciation for the year	-21,765	-21,656	-653	-653
Exchange rate differences	7,310	-1,863	–	–
Closing accumulated depreciation	**-142,332**	**-132,737**	**-1,728**	**-1,075**
Opening impairment	-3,719	–	–	–
Impairment for the year	–	-3,719	–	–
Exchange rate differences	3	–	–	–
Closing accumulated impairment	**-3,716**	**-3,719**	**–**	**–**
Closing carrying amount	**40,482**	**49,949**	**839**	**1,492**

18. Right-of-use assets

The Group leases a number of assets, such as buildings and vehicles. Leases are normally signed for fixed periods of three to five years. The average lease term is five years. The Group recognises lease payments for short-term leases and where the underlying asset has a low value in accordance with the exemption rule in IFRS 16, item 6.

The lease for commercial premises is negotiated separately and locally for each contract and contains a wide range of different terms and conditions. The Group has no call options nor does it guarantee residual values. The lease includes no special conditions, covenants or restrictions that would allow the contracts to be cancelled, but the leased assets may not be sold or pledged or used as collateral for a loan.

With regard to leases for commercial premises, the Group must maintain the properties in good condition and restore the premises to an acceptable condition when the lease ends. Furthermore, the Group must perform and pay for necessary maintenance as set out in the rental contract.

Extension options are included in a number of commercial property leases across the Group to increase flexibility in operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the Group will extend (or not terminate) the lease. On 31 December 2020, there were both extension periods included in the lease term and extension options that are not deemed reasonably certain and therefore not included in the lease liability.

Lease payments are predominantly fixed payments. A number of leases include future lease payments based on a consumer price index and are not included in the lease liability/value of the right-of-use asset unless there is a change in the consumer price index or variable interest rate. Costs for property tax is considered a variable lease payment and are therefore not included in the lease liability.

The transition effect to IFRS 16 in 2019 for vehicles amounted to TSEK 5,457 and for buildings to TSEK 389,860.

Vehicles	**Group**	
	31 Dec 2020	**31 Dec 2019**
Cost		
At 1 January	23,931	21,077
Adjustment of additional right-of-use assets	7,256	5,570
Adjustment of terminated right-of-use assets	-4,039	-2,716
Exchange rate differences	-343	43
Closing accumulated cost	**26,805**	**23,931**
Accumulated depreciation		
At 1 January	-14,744	-8,385
Adjustment of terminated right-of-use assets	3,827	1,351
Depreciation for the year	-6,877	-7,744
Exchange rate differences	457	34
Closing accumulated Depreciation	**-17,337**	**-14,744**
Closing carrying amount	**9,468**	**9,187**

Buildings	**31 Dec 2020**	**31 Dec 2019**
Cost		
At 1 January	400,087	389,860
Adjustment of additional right-of-use assets	161,493	38,606
Adjustment of terminated right-of-use assets	-19,838	-3,053
Divestment of subsidiaries	–	-29,522
Exchange rate differences	-14,327	4,196
Closing accumulated cost	**527,415**	**400,087**
Accumulated depreciation		
At 1 January	-81,235	–
Adjustment of terminated right-of-use assets	19,551	3,053
Divestment of subsidiaries	–	3,757
Depreciation for the year	-84,252	-89,553
Exchange rate differences	3,735	1,508
Closing accumulated Depreciation	**-142,201**	**-81,235**
Closing carrying amount	**385,214**	**318,852**

An estimated fifth of vehicle leases expire during the current financial year. The expired leases will be replaced by new leases for the underlying assets. The remaining increase of SEK 3 million is due to an increase in the number of employees in the Group. The proportion of building leases that expire during the current year is low and the additional right-of-use assets during the year largely pertain to new premises as operations have grown, but also contract extensions for existing premises.

19. Participations in Group companies

	Parent Company	
	31 Dec 2020	**31 Dec 2019**
Opening cost	497,408	522,239
Acquisition of subsidiaries	25	–
Shareholders' contributions repaid	-4,084	–
Shareholders' contributions paid	25,350	5,150
Divestment of subsidiaries	–	-29,957
Share of profits of limited partnerships	-58	162
Distribution from limited partnerships	-67	-86
Liquidation of subsidiaries	–	-100
Impairment	-11,255	–
Closing cost	**507,319**	**497,408**

In 2020, the Parent Company has written down its shares in Niam V Co-Investment AB so the carrying amount corresponds to the value of the subsidiary's equity. In December 2019, the Parent Company sold its shares in Datscha AB. In 2019, the subsidiary Orjol AB was also liquidated.

Company, Corporate Registration Number	Registered office	31 Dec 2020 Share of equity, %*	31 Dec 2019 Share of equity, %*	31 Dec 2020 Carrying amount	31 Dec 2019 Carrying amount
Stronghold Group AB, 556947-5329	Stockholm	100	100	65	65
Newsec AB, 556644-2348	Stockholm	100	100	251,820	251,820
Newsec Infra AB, 556652-7148	Stockholm	51	51		
Newsec Infra High Coast AB, 559263-2599, 1)	Stockholm	50.2	–		
Newsec Advisory A/S, 32271316	Copenhagen	50.16	50.16		
Newsec Technical Services AB, 556670-4358, 2)	Stockholm	–	100		
Newsec Advisory Sweden AB, 556695-7592	Stockholm	51	51		
Newsec Advice AB, 556305-7008	Stockholm	100	100		
Newsec Capital Markets AB, 556339-0797	Stockholm	100	100		
Newsec Capital Markets Mid Cap AB, 556699-3563, 5)	Gothenburg	51	–		
Newsec Competence AB, 556557-8555, 3)	Stockholm	100	95		
Newsec Property Asset Management AB, 556899-7489	Stockholm	100	100		
Newsec Holding Denmark ApS, 38802224	Copenhagen	100	100		
Newsec Property Asset Management Denmark A/S, 25326296	Copenhagen	100	100		
Newsec Property Asset Management Finland OY, 0726489-3	Helsinki	100	100		
Newsec Property Asset Management Sweden AB, 556348-0283	Gothenburg	100	100		
Newsec Technical Services AB, 556670-4358, 2)	Stockholm	100	–		
Riba AB, 559001-7538, 5)	Stockholm	100	–		
Newsec Asset Management AS, 991 211 241, 9)	Oslo	–	100		
Newsec Basale AS, 959 718 482	Trondheim	100	100		
Newsec Project AS, 984 500 106	Trondheim	100	100		
Newsec Fornebu AS, 920 216 641	Trondheim	100	100		
Newsec Basale Naeringsmegling AS, 866 323 372	Trondheim	100	100		
Newsec Drift AS, 993 276 863	Trondheim	100	100		
Newsec Sör AS, 816 226 202	Trondheim	51	51		
Agder Vaktmester AS, 821 191 912, 5)	Kristianstad	67	–		
Sameiedrift AS, 998 314 712	Trondheim	100	100		
Sameiedrift 2 AS, 912 494 462	Trondheim	100	100		
Fellesservice AS, 914 827 507	Trondheim	100	100		
OCCI Drift AS, 915 439 241	Trondheim	100	100		
Galleriet Drift AS, 917 312 087	Trondheim	100	100		
Tjuvholmen Drift AS, 991 060 014	Oslo	100	100		
Tryggvason Drift AS, 994 250 752, 5)	Trondheim	100	–		
Newsec AS, 986 033 033	Oslo	51	51		
Newsec Advisory Finland Oy, 2259752-2	Helsinki	51	51		
UAB Resolution Holdings, 302310538, 6)	Vilnius	53.83	59.16		
UAB Newsec Valuations, 126212869	Vilnius	100	100		
UAB Newsec Property Management, 300050216	Vilnius	100	100		

Sia Newsec Valuations LV, 40103216919	Riga	100	100		
Sia Resolution Property Management LV, 40103216783	Riga	100	100		
OU Newsec Advisers EE, 11388266	Tallinn	100	100		
OU Newsec Valuations EE, 11930446	Tallinn	100	100		
OU Newsec Property Management EE, 11266439	Tallinn	100	100		
NWC Valuations LT UAB, 302310552	Vilnius	100	100		
Newsec Advisers LT UAB, 302504219	Vilnius	100	100		
Newsec LV SIA, 40103379173 4)	Riga	90	70		
UAB Newsec Finance LT, 302819916	Vilnius	100	100		
UAB Newsec Project Management, 304910019	Vilnius	100	100		
UAB Resolution LT, 300631876	Vilnius	100	100		
Niam AB, 556339-0789	Stockholm	100	100	253,000	227,700
Niam Lux Management S.á.r.l	Luxembourg	100	100		
Niam Core Plus II Luxemburg S.á.r.l	Luxembourg	100	100		
Niam Lux Management III S.á.r.l, 10)	Luxembourg	100	–		
Niam AS, 991 478 361	Oslo	100	100		
Niam OY, 2129219-6	Helsinki	100	100		
Niam Project Development AB, 556783-9922	Stockholm	100	100		
Niam VI Investment KB, 969773-9291, 7)	Stockholm	64,155	58,155		
Niam VII Investment KB 969787-1151, 7)	Stockholm	53.25	54.17		
Niam Core Plus II Investment KB, 969778-3224, 7)	Stockholm	60,155	57,155		
Niam VI Co-Investment AB, 556865-2837	Stockholm	100	100		
Niam Fund Accounting, 556987-0966	Stockholm	100	100		
Niam Danmark A/S, 33495137	Copenhagen	100	100		
Niam Core Plus Investment KB, 969715-3907	Stockholm	55.15	55.15	324	449
Niam IV Co-Investment AB, 556740-4297	Stockholm	100	100	59	59
Niam V Co-Investment AB, 556833-1192	Stockholm	78	78	1,876	17,215
Westpartner AB, 556730-2731	Stockholm	100	100	150	100
Cikoria Partners AB, 559008-4900	Stockholm	100	100	–	–
Quietus Advice K & W nr 1418 AB, 559258-3644, 8)	Stockholm	100	–	25	–
				507,319	**497,408**

* Also share of voting power

1) During the year, Newsec Infra AB acquired 50.2 percent of a newly formed company called Newsec Infra High Coast AB.
2) In 2020, Newsec AB sold shares in Newsec Technical Services to Newsec Property Asset Management Sweden AB.
3) In 2020, Newsec AB acquired 5 percent from minority shareholders in Newsec Competence AB so that the company was wholly owned in the annual accounts. However, the operations of Newsec Competence AB were transferred to Newsec Advice AB in October.
4) In 2020, UAB Resolution Holding acquired additional shares from the minority shareholders in Newsec LV SIA and now owns 90 percent of the company.
5) In addition to those described in the items above, the following companies were acquired in 2020: Newsec Capital Markets Mid Cap AB (which was considered an “other shareholding” in the Group in the preceding year with an ownership of 10 percent), Agder Vaktmester AS, Tryggvason Drift AS and Riba AB.
6) During the year, the Baltic Parent Company sold own shares, which affects the participating interest.
7) During the year, Niam AB acquired participations from employees and sold participations to employees in some of the limited partnerships, which affects the participating interest.
8) During the year, Stronghold Invest AB acquired shares in a shelf company called Quietus Advice K & W nr 1418 AB.
9) In 2020, the Norwegian company Newsec Asset Management AS was liquidated.
10) During the year, a new company was established called Niam Lux Management III S.á.r.l.

20. Participations in associated companies

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening cost	15,064	32,970	6,989	7,200
Share of profit, operating	-6,388	-13	–	–
Share of profit, financial	-3,771	3,476	–	–
Sales	–	-447	–	-211
Impairment associated companies step acquisitions	–	-3,847	–	–
Reversal of additional purchase consideration	–	-1,777	–	–
Reclassification to subsidiaries	–	-15,863	–	–
Acquisitions	54,896	686	54,896	–
Shareholders' contributions paid	7,750	–	7,750	–
Exchange rate differences	-59	-121	–	–
Closing cost	**67,492**	**15,064**	**69,635**	**6,989**

Associated companies and joint ventures, Corporate Registration Number	Registered office	31 Dec 2020	31 Dec 2019
		Share of equity, %*	Share of equity, %*
Tessin Nordic AB, 556965-9187	Stockholm	28.46	28.46
Buildroid AB, 559221-4257	Stockholm	50	–
UAB Trecia Diena, 304211859	Vilnius	47.5	47.5
NAS Näringsmedling AS, 922183155	Stavanger	45.4	45.4

* Also share of voting power

2020

On 18 May 2020, Stronghold Invest AB acquired 50 percent of votes in a company called Buildroid AB. This company is a joint venture.

2019

On 1 August 2019, Newsec AB acquired additional shares in Newsec Advisory A/S. The participating interest then amounted to 50.16 percent and the company changed from being an associated company to a subsidiary. In conjunction with the step acquisition, the value of the associated company's participation was measured at fair value based on the acquisition price of the new participations and the effect was recognised through profit or loss. The revaluation effect was a cost of TSEK 3,847.

During the spring of 2019, 45.4 percent of shares were also acquired in the Norwegian company NAS Näringsmedling AS for TSEK 686.

Tessin Nordic AB also carried out a new share issue in 2019. Stronghold did not take part in the new share issue after which its ownership was diluted from 31.92 percent to 29.33 percent. The new share issue was implemented at a premium, which increased Tessin Nordic AB's equity and thereby also enriched Stronghold. The value of Tessin Nordic AB was adjusted by the Group's participating interest in the change of the company's net assets following the new share issue and was recognised as profit from associated companies. Stronghold Invest AB subsequently also sold participations in Tessin Nordic AB and had a participating interest of 28.46 percent on 31 December 2019. Capital gain in the Group amounted to TSEK 1,428 and in the Parent Company to TSEK 1,664.

The information below applies to all associated companies and joint ventures in the Group.

Condensed financial information for associated companies and joint ventures	31 Dec 2020	31 Dec 2019
Total assets	159,030	65,569
Total liabilities	-22,880	-29,461
Total net assets	136,150	36,108
Group's share in net assets from associated companies	**62,774**	**10,378**
Total income	38,781	31,931
Total profit for the year	-25,544	-15,697
Group's share in profits of associated companies	**-10,159**	**3,463**
Impairment	**–**	**3,947**
Group's share of other comprehensive income in associated companies	**–**	**–**

21. Derivatives

Group	31 Dec 2020		31 Dec 2019	
	Assets	Liabilities	Assets	Liabilities
Currency futures	26,971	–	5,586	7,195
Interest-rate swaps	–	–	1,643	–
Total	**26,971**	**–**	**7,229**	**7,195**
Of which, non-current portion	5,307	5,319	5,451	1,327
Of which, current portion	21,664	–	1,778	5,868
Total	**26,971**	**5,319**	**7,229**	**7,195**

Derivatives are only used for the purpose of risk management. All derivatives in the Group have terms that match the underlying transactions.

Derivatives held for sale are classified as financial assets/current assets or non-current liabilities/current liabilities depending on when they when they fall due.

The Group has no netted items in the balance sheet. For derivative counterparties, netting agreements exist under certain conditions. The effect of these is shown in the table below.

	Value of derivatives	Set-off amount	Net
Derivatives with a positive value	26,971	-5,319	21,652
Derivatives with a negative value	-5,319	5,319	–

22. Other non-current receivables

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Securities held as non-current assets	123,439	115,676	39,489	36,857
Other non-current receivables	24,992	31,136	–	–
Total	**148,431**	**146,812**	**39,489**	**36,857**

Securities held as non-current assets refer to shares in the companies, Niam V Holding AB and Niam VI Holding AB as well as a number of minor shareholdings in various companies. During the year, a subsidiary of the Group acquired a shareholding for SEK 10 million in a company where the ownership amounts to 8.9 percent. The increase in the Parent Company is due to additional investment and the contributions paid in existing holdings. The shareholding is measured at fair value through profit or loss.

Other non-current receivables in the Group mainly comprise receivables from Niam V Holding AB and Niam VI Holding AB.

23. Accounts receivable

	Group	
	31 Dec 2020	31 Dec 2019
Accounts receivable, gross	374,425	352,435
Expected credit losses, general assessment	-5,305	-7,430
Expected credit losses, individual assessment	-2,193	-4,961
Total accounts receivable, net after provision for expected credit losses	**366,927**	**340,044**

Management is of the opinion that the carrying amount for accounts receivable, net after expected credit losses, is a reasonable approximation of the receivables' fair value.

Group Age analysis of accounts receivable	31 Dec 2020		
	Accounts receivable, gross	Provision expected credit losses, individual	Accounts receivable, net
Not due	314,964	–	314,964
30 days past due	40,491	–	40,491
31–60 days past due	9,896	-67	9,829
61–90 days past due	4,348	-14	4,334
90–120 days past due	28	–	28
> 120 days past due	4,698	-2,112	2,586
Total	**374,425**	**-2,193**	**372,232**

Group Age analysis of accounts receivable	31 Dec 2019		
	Accounts receivable, gross	Provision expected credit losses, individual	Accounts receivable, net
Not due	241,999	–	241,999
30 days past due	78,574	–	78,574
31–60 days past due	14,316	–	14,316
61–90 days past due	6,320	-53	6,267
90–120 days past due	3,410	-184	3,226
> 120 days past due	7,816	-4,724	3,092
Total	**352,435**	**-4,961**	**347,474**

General expected credit losses 2020	Share defaulted, %	Adjustment for expectations, %	Likelihood of defaulting, %
Not due	0	0.12	0.12
30 days past due	0	1.2	1.2
31–60 days past due	0	2.4	2.4
61–90 days past due	4.1	3.0	7.1
> 90 days past due	–	–	100
General expected credit losses 2019	**Share defaulted, %**	**Adjustment for expectations, %**	**Likelihood of defaulting, %**
Not due	0	0.10	0.10
30 days past due	0	1.0	1.0
31–60 days past due	0	2.0	2.0
61–90 days past due	4.1	2.0	6.1
> 90 days past due	–	–	100

The likelihood of defaulting increased slightly compared with 2019, primarily due to the COVID-19 pandemic.

	31 Dec 2020		
	Accounts receivable, net	Adjustments*	Expected credit losses, general
Not due	314,964	–	-377
30 days past due	40,491	-2,221	-462
31–60 days past due	9,829	-1,964	-191
61–90 days past due	4,334	–	-308
> 90 days past due	2,614	1,353	-3,967
Total	**372,232**	**-2,832**	**-5,305**

	31 Dec 2019		
	Accounts receivable, net	Adjustments*	Expected credit losses, general
Not due	241,999	–	-243
30 days past due	78,574	-5,131	-734
31–60 days past due	14,316	-937	-268
61–90 days past due	6,267	–	-379
> 90 days past due	6,318	-512	-5,806
Total	**347,474**	**-6,580**	**-7,430**

* An adjustment is made when calculating general expected credit losses. The adjustment pertains to receivables where there is deemed to be no risk since these are receivables from Niam's funds. Historically, there have been no bad debt losses related to these receivables and the business structure stipulates that payment occurs when the funds begin to generate a given return. Even though these receivables are older than 90 days, they are included in the category that is written down by 0.1 percent. In 2020, an adjustment was also made relating to credit notes in an amount of TSEK 1,353 that are older than 90 days as these should not reduce the impairment of receivables that are older than 90 days.

24. Receivables from Group companies

	Parent Company	
Non-current	**31 Dec 2020**	**31 Dec 2019**
Opening cost	1,053,551	966,911
Additional receivables	80,768	92,449
Currency translations	-37,138	14,891
Reclassifications from current receivable	36,000	–
Settled receivables	-29,153	-20,700
Closing accumulated cost	**1,104,028**	**1,053,551**
	Parent Company	
Current	**31 Dec 2020**	**31 Dec 2019**
Opening cost	299,749	201,128
Additional receivables	166,725	299,749
Reclassification to non-current receivables	-36,000	–
Settled receivables	-263,749	-201,128
Closing accumulated cost	**166,725**	**299,749**

25. Contract assets

	Group	
	31 Dec 2020	31 Dec 2019
Accrued fund management fees	12,200	4,169
Accrued fee income	87,377	158,035
Total	**99,577**	**162,204**

In all material respects, the contract assets present in 2019 were invoiced to customers in 2020.

A significant proportion of the accrued fee income was in the Advisory Services segment. Given the nature of activities in this segment, prepaid fees are an item that fluctuates substantially as it is dependent on when contracts are closed and invoiced. For example, in the case of property transactions income recognition takes place when the sales contract has been signed while invoicing does not take place until the property is transferred to the new purchaser. In Property Management, monthly fees are invoiced in arrears to certain customers.

Accrued fund management fees fluctuate depending on the funds ongoing and the invoicing terms for each fund. There is no major difference in the item compared with 2019.

26. Prepaid expenses and accrued income

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Prepaid rental charges	–	1,933	–	–
Prepaid insurance	1,939	1,298	–	–
Prepaid salary-related expenses	6,538	7,379	–	–
Other prepaid expenses	25,079	34,817	507	1,804
Other accrued income	6,193	6,683	60	54
Total	**39,749**	**52,110**	**567**	**1,858**

Most of the Group’s accrued income pertains to accrued interest income.

27. Other current receivables

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Tax account	18,016	11,450	1,218	1,061
Recoverable VAT	3,413	3,073	–	–
Receivable Niam Nordic Inv. Fund VI, VII and Core Plus	30,581	26,662	–	–
Other current receivables	48,306	50,512	–	–
Total	**100,316**	**91,697**	**1,218**	**1,061**

28. Cash and cash equivalents and client deposits

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Cash and bank balances	661,520	799,216	82	159,632
Client deposits	143,118	156,661	–	–
Total	**804,638**	**955,877**	**82**	**159,632**

The approved bank overdraft facility is SEK 84 (84) million. The bank overdraft facility was not utilised at the balance sheet date 2020. At December 2019, approximately SEK 6 million was utilised by a newly acquired Danish subsidiary.

Client deposits

Cash and cash equivalents are managed in the subsidiaries Newsec Asset Management Sweden AB, Newsec AS, Newsec Basale AS, Newsec Property Asset Management Denmark A/S, Newsec Property Asset Management Finland OY and Newsec Capital Markets Mid Cap AB on behalf of customers. The funds are managed under management agreements, which normally run for three years. Client deposits on the liabilities side pertain to liabilities on behalf of customers and correspond to an equivalent amount on the assets side. The funds do not belong to the Group and are not included in the Group’s pool of assets when calculating key metrics. Nor are client deposits included in the Group’s cash flow statement.

29. Share capital

At the start of the 2020 and 2019 financial years, the registered share capital amounted to 1,000,000 shares at a quotient value of SEK 10.

30. Translation reserve

The foreign currency translation reserve includes the exchange rate differences that occur when converting financial statements from foreign operations that have been prepared in a currency other than that used in the presentation of the Group's financial statements. Financial statements for the Parent Company and Group are presented in Swedish kronor.

31. Untaxed reserves

	Parent Company	
	31 Dec 2020	31 Dec 2019
Provision to tax allocation reserve	1,524	–
Excess depreciation	696	682
Total	**2,220**	**682**

32. Liabilities to credit institutions

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Liabilities to credit institutions	763,140	777,891	762,992	772,233
Total	**763,140**	**777,891**	**762,992**	**772,233**

As per 31 December 2020, SEK 55 million was classified as current liabilities in the Parent Company and Group. As per 31 December 2019, SEK 45 million was classified as current liabilities in the Parent Company and the remainder of the current liabilities in the Group was due to a Danish subsidiary, which had utilised SEK 6 million of its bank overdraft facility.

In addition to the bank loans and the utilised bank overdraft facility in one of the Group's newly acquired companies, there is an unutilised overdraft facility of SEK 84 (79) million. There is also a revolving credit facility of SEK 150 (150) million. In 2019, SEK 50 million of this credit facility was utilised and repaid. No credit facilities were utilised in 2020.

The Group's financing means the banks follow up two different covenants, which are reported every quarter.

In 2020, these covenants were as follows. Net Debt/EBITDA which means the Group's debt level in relation to EBITDA must not exceed 3.5. In addition to this, the interest coverage ratio is monitored, which shows that the Group's current earnings cover the payment of interest. The ratio must not fall below 5. The Group was not in breach of any covenants on 31 December 2020.

In 2019, these covenants were as follows. Net Debt/EBITDA meant the Group's debt level in relation to EBITDA must not exceed 3.5. In addition to this, the cash coverage ratio was monitored, which shows that the Group's current earnings cover the payment of interest, repayments and investments. The ratio was not permitted to exceed 1. The Group was not in breach of any covenants on 31 December 2019.

The tables below present the loans' maturity structure and interest maturity structure for interest-bearing liabilities to credit institutions.

Maturity structure of loan agreements	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
2020	–	5,658	–	–
2023	763,140	772,233	762,992	772,233
Total	**763,140**	**777,891**	**762,992**	**772,233**

The Group's bank loans totalled SEK 763 million in 2020. Of the bank loans, SEK 393 (405) million is in interest-only loans.

Interest maturity structure
All external loans, aside from the bank overdraft facility referred to above for 2019, are in the Parent Company and the interest maturity structure for the Parent Company and Group basically correspond to each other.

In 2020, SEK 76 million of the Group's loans are hedged with interest-rate swaps. These carry interest at a variable rate plus a contracted margin. The equivalent figure in 2019 was SEK 303 million. The interest-rate swap falls due between December 2024 and January 2026 and have an average fixed-interest period of 4.04 years.

Interest maturity	**Group**		**Parent Company**	
	31 Dec 2020	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
2023	30,350	51,023	30,350	51,023
Total	**30,350**	**51,023**	**30,350**	**51,023**

33. Other non-current liabilities

	Group	
	31 Dec 2020	**31 Dec 2019**
Shareholder loans	8,325	9,023
Non-current bonus liabilities	22,978	18,373
Other	2,670	2,776
Total	**33,973**	**30,172**

Other non-current liabilities mainly comprise non-current liabilities pertaining to bonuses. In addition, there is also a non-current shareholder loan to minority shareholders in the Danish company Newsec Advisory A/S.

34. Leases

The Group as lessee has financial and operating leases relating to passenger cars and premises for which liabilities are entered in the consolidated statement of financial position. A maturity analysis of the lease liabilities is presented in Note 4. The non-current part of the liability amounted to TSEK 300,721 (232,891) and the current part of the liability to TSEK 84,835 (89,969).

35. Non-controlling interests

The Stronghold Group has a number of non-wholly owned subsidiaries and sub-groups, of which two sub-groups are considered to have significant non-controlling interests.

Baltic group
The Baltic sub-group, with UAB Resolution Holdings (302310538) as Parent, has a minority holding of 46.17 (40.84) percent of shares and voting rights in the company. During 2020, the Baltic Parent Company sold shares in itself which means the minority has increased year-on-year. During the financial year, profit attributable to the minority amounted to TSEK 5,449 (7,687) and the accumulated minority interest amounted to TSEK 8,499 (4,107) at 31 December 2020. A summary of financial information for the Baltic sub-group is presented below:

Income statement summary	**2020**	**2019**
Net sales	94,423	95,502
Operating profit	15,674	19,246
After-tax profit for the period before minority	13,492	15,706
Other comprehensive income	163	381

Balance sheet summary	**31 Dec 2020**	**31 Dec 2019**
Non-current assets	23,395	17,464
Current assets	31,003	23,748
Total assets	**54,398**	**41,212**
Non-current liabilities	11,416	3,627
Current liabilities	20,408	20,679
Total liabilities	**31,824**	**24,306**
Equity attributable to Parent Company shareholders	14,075	12,799
Non-controlling interests	8,499	4,107

Newsec Sweden group

The Newsec Sweden group, with Newsec Sweden AB (556695-7592) as Parent, includes the Swedish advisory services companies. The minority holding amounts to 49 (49) percent of shares and voting rights in the company on 31 December 2020. During the financial year, profit attributable to the minority amounted to TSEK 23,085 (9,271) and the accumulated minority interest amounted to TSEK 20,319 (6,049) at 31 December 2020. A summary of financial information for the sub-group is presented below:

Income statement summary	**2020**	**2019**
Net sales	205,523	151,874
Operating profit	56,756	24,159
After-tax profit for the period before minority	44,284	18,920
Other comprehensive income	–	–

Balance sheet summary	**31 Dec 2020**	**31 Dec 2019**
Non-current assets	53,203	14,390
Current assets	93,555	56,022
Total assets	**146,758**	**70,412**
Non-current liabilities	46,721	16,595
Current liabilities	61,626	41,649
Total assets	**108,347**	**58,244**
Equity attributable to Parent Company shareholders	18,092	6,119
Non-controlling interests	20,319	6,049

Niam Core Plus Investment KB, Niam VI KB, Niam Core Plus II Investments KB and Niam VII KB

The minority holding in Niam Core Plus Investment KB amounts to 44.85 (44.85) percent of shares and voting rights in the company. During the financial year, loss attributable to the minority amounted to TSEK -48 (profit: 145) and the accumulated minority interest amounted to TSEK -2,104 (-2,003) at 31 December 2020.

The minority holding in Niam VI KB amounts to 35.85 (41.85) percent of shares and voting rights in the company. During the financial year, loss attributable to the minority amounted to TSEK -373 (profit: 363) and the accumulated minority interest amounted to TSEK 4,734 (9,721) at 31 December 2020.

The minority holding in Niam Core Plus II Investment KB amounts to 39.85 (42.85) percent of shares and voting rights in the company. During the financial year, loss attributable to the minority amounted to TSEK -22 (profit: 68) and the accumulated minority interest amounted to TSEK 2,247 (2,237) at 31 December 2020.

The minority holding in Niam VII KB amounts to 46.75 (45.83) percent of shares and voting rights in the company. The company was established in 2019. During the financial year, loss attributable to the minority amounted to TSEK -304 (loss: -27) and the accumulated minority interest amounted to TSEK 4,569 (930) at 31 December 2020.

The personnel in these companies invest in Niam's funds. Profit is allocated in accordance with agreements. Each company's operations and balance sheet are considered immaterial and the companies have no impact on the Group's cash flow until promote is paid from the fund. Consequently, no information is provided about the companies' balance sheet and income statement.

36. Liabilities to Group companies

Current	**Parent Company**	
	31 Dec 2020	**31 Dec 2019**
Opening cost	58	258,940
Additional expenses	46,262	58
Settled receivables	-58	-258,940
Closing accumulated cost	**46,262**	**58**

Non-current	**Parent Company**	
	31 Dec 2020	**31 Dec 2019**
Opening cost	–	33,000
Settled receivables	–	-33,000
Closing accumulated cost	**–**	–

37. Deferred tax

Temporary differences exist where the recognised and tax value of the assets or liabilities differ. The Group's and Parent Company's temporary differences resulted in deferred tax liabilities and deferred tax assets regarding the following items:

	Group	
	31 Dec 2020	**31 Dec 2019**
Deferred tax assets		
Temporary differences attributable to derivatives	3,199	3
Loss carry-forwards	9,405	14,782
Temporary differences attributable to credit losses account receivables	1,094	1,590
Other**	16,357	15,026
Total deferred tax assets	**30,055**	**31,401**
Deferred tax liabilities		
Untaxed reserves	11,441	7,297
Derivatives	5,556	–
Acquisitions*	38,660	32,451
Temporary differences attributable to other assets at fair value	9,456	9,203
Other	5,453	8,052
Total deferred tax liabilities	**70,566**	**57,003**
Total deferred tax assets and tax liabilities, net	**-40,511**	**-25,602**

* Acquisitions refer to deferred tax arising on temporary differences in connection with acquired customer relationships.

** This item includes deferred tax on the provision made pertaining to contractual discounts in one of the funds. For a more detailed description, refer to Note 48.

The Group and Parent Company recognise deferred tax assets if it is probable that the carry-forwards can be offset by a surplus when taxed in the future. The Parent Company had no deferred tax assets and tax liabilities on 31 December 2019 and 2020.

Most of the deferred tax assets in respect of deficits relate to SEK 9 (14) million in Denmark. This is no time limit on the utilisation of recognised loss carry-forwards. The deficits expected to be utilised within the foreseeable future based on the companies' budget and future forecasts.

The Group has not recognised deferred tax assets attributable to loss carry-forwards of SEK 0.2 (0.4) million. This is no time limit on the utilisation of the temporary differences not recognised.

Changes to the deferred tax assets and tax liabilities during the year are presented below:

Group Change in deferred tax assets	Loss carry-forwards	Temporary differences accounts receivable	Derivatives	Other	Total
At 1 January 2019	13,557	1,694	1,012	2,086	18,349
Recognised in profit or loss	1,225	-104	-1,009	12,940	13,052
At 31 December 2019	**14,782**	**1,590**	**3**	**15,026**	**31,401**
At 1 January 2020	14,782	1,590	3	15,026	31,401
Recognised in profit or loss	-5,377	-496	3,196	1,331	-1,346
At 31 December 2020	**9,405**	**1,094**	**3,199**	**16,357**	**30,055**

Group Change in deferred tax liabilities	Temporary differences attributable to other assets at fair value	Acquisitions	Untaxed reserves	Derivatives	Other	Total
At 1 January 2019	-7,409	-48,769	-8,285	–	-2,001	-66,464
Acquisitions	–	-17,415	–	–	–	-17,415
Recognised in profit or loss	-1794	33,733	988	–	-6,051	26,876
At 31 December 2019	**-9,203**	**-32,451**	**-7,297**	**–**	**-8,052**	**-57,003**
At 1 January 2020	-9,203	-32,451	-7,297	–	-8,052	-57,003
Acquisitions	–	-16,651	–	–	–	-16,651
Hedge accounting	–	–	–	-2,454	–	-2,454
Recognised in profit or loss	-253	10,442	-4,144	-3,102	2,599	5,542
At 31 December 2020	**-9,456**	**-38,660**	**-11,441**	**-5,556**	**-5,453**	**-70,566**

In 2019, major impairment losses were reported in intangible assets in the form of customer relationships, which also decreased deferred tax liabilities attributable to these and generated substantial deferred tax income.

38. Other provisions

	Group	
	31 Dec 2020	**31 Dec 2019**
Opening cost	50,805	2,387
Warranty provisions settled	-4,384	-2,387
Provisions for warranties	5,158	4,384
Discount provision according to fund contracts	2,468	46,421
Closing accumulated cost	**54,047**	**50,805**

In the Fund Management segment, a provision was made related to a contractual discount that is to be paid to investors when a specific fund is closed. For more information, refer to Note 48.

39. Contract liabilities

	Group	
	31 Dec 2020	**31 Dec 2019**
Prepaid fund management fees	37,527	34,977
Prepaid fee income	39,890	45,408
Total	**77,417**	**80,385**

No significant income was recognised in 2020 that is attributable to performance obligations in prior periods. Prepaid invoicing concerns short periods and is usually recognised within one or two months of when the work is performed.

40. Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Personnel-related expenses	395,842	366,965	6,164	2,273
Accrued interest expenses	4,964	6,948	3,157	4,701
Rent compensation*	12,472	17,276	–	–
Final purchase consideration for Riba AB, not yet invoiced	6,600	–	–	–
Other accrued costs	37,091	33,876	1,691	12,279
Total	**456,969**	**425,065**	**11,012**	**19,253**

* In 2018, one of the Group's Norwegian companies took over a rental contract with a rent that was significantly higher than market rents. To compensate for this, the company received a one-off payment of NOK 22 million. The rent compensation was settled over time as a reduction in rental expenses paid.

41. Pledged assets and contingent liabilities

Pledged assets

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
For lease liabilities				
Vehicles, non-current assets	9,468	9,187	None	None
For loan liabilities and bank overdraft facility				
Office furniture and accounts receivable*	1,909	2,116	–	–
Shares in subsidiaries**	756,435	746,537	504,820	479,520
Total	**767,812**	**757,840**	**504,820**	**479,520**

* In one of the Group's Danish subsidiaries, office furniture and accounts receivable are pledged as collateral for bank overdraft facilities.

** Shares in Niam AB, Newsec AB, Newsec Property Asset Management AB, Newsec Property Asset Management Sweden AB, Newsec Basale AS, Newsec Property Asset Management Finland OY and Newsec Holding Denmark ApS are pledged as collateral for the bank loan. The subsidiary's net assets are used as collateral value in the Group. During the year, the subsidiary Newsec Property Asset Management Sweden AB was added as collateral for a bank loan raised. The Parent Company also issued a Parent Company guarantee as collateral for Niam's ISDAs.

Contingent liabilities

	Group		Parent Company	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Contingent liabilities Fastigo	5,359	5,117	None	None
Lease guarantee	5,909	3,230	None	None
Total	**11,268**	**8,347**	**None**	**None**

42. Related party transactions

Transactions between the company and its subsidiaries, which are related to the company, were eliminated upon consolidation and disclosures regarding these transactions are therefore not presented in this note. Disclosures regarding transactions between the Group and other related parties are presented below.

Sale of goods and services	Parent Company	
	2020	**2019**
Subsidiaries in the Group	40,350	45,386
Total	**40,350**	**45,386**
Purchase of goods and services	**Parent Company**	
	2020	**2019**
Subsidiaries in the Group	7,149	5,559
Total	**7,149**	**5,559**

Receivables and liabilities at year end

Receivables	Parent Company	
	31 Dec 2020	**31 Dec 2019**
Subsidiaries in the Group	1,270,753	1,353,300
Total	**1,270,753**	**1,353,300**
Liabilities	**Parent Company**	
	31 Dec 2020	**31 Dec 2019**
Subsidiaries in the Group	46,261	58
Total	**46,261**	**58**

Other related party transactions

The President's net investment in Niam Nordic Investment Fund Core-Plus via the subsidiary Niam Core-Plus Investment KB amounts to SEK 0.1 (0.1) million. In the Group, this is classified as a liability to the minority.

The President's ownership in Stronghold Invest AB is via an owner company. The Group has provided this company with various administrative services and re-invoiced office space amounting to SEK 0.5 (0.7) million.

Remuneration of senior executives

Information regarding remuneration of senior executives is presented in Note 10.

43. Business combinations

2020

Riba AB

On 2 November 2020, Newsec Asset Property Management Sweden AB acquired all of the shares in a company called Riba AB. The acquisition is in line with the Group's goal to be the leading property manager in Northern Europe. The acquisition complements existing operations in Newsec Asset Property Management AB and in the Nordic region in terms of service range, shared customers and expertise.

Transferred consideration	
Amounts in SEK thousand	
Total transferred consideration	66,985

Acquisition-related costs connected to the acquisition totalled TSEK 1,287 and were expensed in the Group.

Carrying amount at the date of acquisition for acquired net assets	
Amounts in SEK thousand	
Assets	
Tangible assets	634
Accounts receivable	28,093
Other receivables	8,496
Cash and cash equivalents	2,454
Liabilities	
Current liabilities	-19,658
Accounts payable	-14,517
Identifiable assets and liabilities, net	**5,502**
Transferred consideration	66,985
Customer relationships	58,872
Brands	15,276
Deferred tax liabilities	-12,665

In conjunction with the acquisition, TSEK 15,276 was allocated to the brand. During the year, the brand was written down in full since it will not be possible to utilise it in the future. The remainder of the acquisition price was allocated to customer relationships. Amortisation will take place over seven years.

Net cash flow in business combinations	
Amounts in SEK thousand	
Cash consideration paid including acquisition costs	68,272
Less: Acquired cash and cash equivalents	-2,454
Net cash flow	65,818

Net cash flow of TSEK 65,818 is classified in cash flow as acquisition of subsidiary.

Impact of acquisition Group's earnings

Of the Group's income, TSEK 31,192 is attributable to the acquisition of Riba AB, which contributed TSEK 1,359 to the Group's earnings (profit after financial items). If the acquisition had taken place on 1 January 2020, the Group's income would have amounted to TSEK 3,160,253 and the Group's earnings to TSEK 207,762 (profit after financial items).

Newsec Capital Markets Mid Cap AB

On 4 May 2020, Newsec Advisory Sweden AB acquired part of a company called Newsec Capital Markets Mid Cap AB. Newsec Advisory Sweden AB had owned shares in the company since 2019, but the company did not become a subsidiary of the Group until 2020. The acquisition is in line with plans to continue the establishment of advisory services in Sweden. The acquisition complements existing operations in Advisory Services in the Nordic region in terms of service range, shared customers and expertise.

Transferred consideration	
Amounts in SEK thousand	
Total transferred consideration	7,767

Of this TSEK 7,767, TSEK 4,967 pertains to the acquisition of participations in 2020 which meant the company became a subsidiary in the Group. The remaining TSEK 2,800 pertains to investments from previous years. The acquisition analysis was based on 51 percent ownership, which was the final percentage following both transactions.

Carrying amount at the date of acquisition for acquired net assets	
Amounts in SEK thousand	
Assets	
Tangible assets	382
Accounts receivable	38
Other receivables	835
Cash and cash equivalents	6,949
Liabilities	
Current liabilities	-6,928
Accounts payable	-1,127
Identifiable assets and liabilities, net	**149**
Minority shares of identifiable assets and liabilities, net	**73**
Transferred consideration	7,767
Customer relationships	9,275
Deferred tax liabilities	-1,584

In conjunction with the acquisition, the entire acquisition price was allocated to customer relationships in accordance with the Group's policy for acquisitions of this size. Amortisation will take place over two years.

Net cash flow in business combinations	
Amounts in SEK thousand	
Cash consideration paid	7,767
Less: Purchase consideration acquisitions prior to 2020	-2,800
Less: Acquired cash and cash equivalents	-6,949
Net cash flow	-1,982

Net cash flow of TSEK -1,982 is classified as acquisition of subsidiary.

Impact of acquisition Group's earnings
Of the Group's income, TSEK 16,534 was attributable to the acquisition of Newsec Capital Markets Mid Cap AB, which contributed TSEK 3,913 to the Group's earnings (profit after financial items). If the acquisition had taken place on 1 January 2020, the Group's income would have amounted to TSEK 3,010,986 and the Group's earnings to TSEK 193,215 (profit after financial items).

Tryggvason Drift AS

On 5 May 2020, Newsec Basale AS acquired 60 percent of shares in a company called Tryggvason Drift AS. The acquisition is in line with the Group's goal to be the leading property manager in Northern Europe. The acquisition complements existing operations in Newsec Basale and in the Nordic region in terms of service range, shared customers and expertise.

Transferred consideration	
Amounts in SEK thousand	
Total transferred consideration	970

There were no acquisition-related costs connected to the acquisition.

Carrying amount at the date of acquisition for acquired net assets	
Amounts in SEK thousand	
Assets	
Tangible assets	67
Accounts receivable	139
Other receivables	591
Cash and cash equivalents	669
Liabilities	
Current liabilities	-523
Accounts payable	-338
Identifiable assets and liabilities, net	**605**
Minority shares of identifiable assets and liabilities, net	**242**
Transferred consideration	970
Customer relationships	740
Deferred tax liabilities	-133

In conjunction with the acquisition, the entire acquisition price was allocated to customer relationships in accordance with the Group's policy for acquisitions of this size. Amortisation will take place over seven years.

Net cash flow in business combinations	
Amounts in SEK thousand	
Cash consideration paid	970
Less: Acquired cash and cash equivalents	-669
Net cash flow	301

Net cash flow of TSEK 301 is classified in cash flow as acquisition of subsidiary.

Impact of acquisition Group's earnings

Of the Group's income, TSEK 4,041 is attributable to the acquisition of Tryggvason Drift AS, which contributed TSEK 45 to the Group's earnings (profit after financial items). If the acquisition had taken place on 1 January 2020, the Group's income would have amounted to TSEK 3,004,740 and the Group's earnings to TSEK 191,281 (profit after financial items).

Agder Vaktmester AS

On 31 October 2020, Newsec Sör AS acquired 67 percent of shares in a company called Agder Vaktmester AS. The acquisition is in line with the Group's goal to be the leading property manager in Northern Europe. The acquisition complements existing operations in Newsec Norway and in the Nordic region in terms of service range, shared customers and expertise.

Transferred consideration	
Amounts in SEK thousand	
Total transferred consideration	187

There were no acquisition-related costs connected to the acquisition.

Carrying amount at the date of acquisition for acquired net assets	
Amounts in SEK thousand	
Assets	
Tangible assets	81
Accounts receivable	13
Other receivables	161
Cash and cash equivalents	139
Liabilities	
Current liabilities	-246
Accounts payable	-32
Identifiable assets and liabilities, net	**116**
Minority shares of identifiable assets and liabilities, net	**38**
Transferred consideration	187
Customer relationships	133
Deferred tax liabilities	-24

In conjunction with the acquisition, the entire acquisition price was allocated to customer relationships in accordance with the Group's policy for acquisitions of this size. Amortisation will take place over seven years.

Net cash flow in business combinations	
Amounts in SEK thousand	
Cash consideration paid	187
Less: Acquired cash and cash equivalents	-139
Net cash flow	48

Net cash flow of TSEK 48 is classified in cash flow as acquisition of subsidiary.

Impact of acquisition Group's earnings

Of the Group's income, TSEK 299 is attributable to the acquisition of Agder Vaktmester AS, which contributed TSEK -14 to the Group's earnings (profit after financial items). If the acquisition had taken place on 1 January 2020, the Group's income would have amounted to TSEK 3,004,214 and the Group's earnings to TSEK 191,188 (profit after financial items).

2019

Newsec Advisory Denmark A/S

At the start of 2019, Newsec AB held 33.34 percent of shares in Newsec Advisory A/S. In the 2018 Annual Report, the holding was therefore classified as an associated company's participation. On 1 August 2019, an additional 16.82 percent was acquired in the company and Newsec AB's holding is now 50.16 percent. In conjunction with the step acquisition, the previous equity participations were valued at their fair value at the date of acquisition, which resulted in a loss of TSEK 3,847 that was recognised in financial expenses in the consolidated income statement for 2019.

The acquisition was in line with the Group's goal to set up advisory services in Denmark. The acquisition complemented existing operations in Advisory Services in the Nordic region in terms of service range, shared customers and expertise.

The table below shows the acquisition of 50.16 percent. The total consideration presented is the consideration that should have been paid if 50.16 percent had been acquired on the date when the 16.82 percent holding was acquired.

Transferred consideration	
Amounts in SEK thousand	
Total transferred consideration	**23,865**

There were no acquisition-related costs connected to the acquisition.

Carrying amount at the date of acquisition for acquired net assets	
Amounts in SEK thousand	
Assets	
Tangible assets	834
Financial assets	986
Accounts receivable	17,981
Cash and cash equivalents (bank overdraft facility utilised)	-5,434
Liabilities	
Non-current liabilities	-8,606
Deferred tax liabilities	-6,382
Current liabilities	-3,780
Accounts payable and other payables	-4,525
Identifiable assets and liabilities, net	**-8,926**
Minority shares of identifiable assets and liabilities, net	**-4,449**
Transferred consideration	23,865
Customer relationships	34,577
Deferred tax liabilities	-6,234

In conjunction with the acquisition, the entire acquisition price was allocated to customer relationships. Amortisation will take place over five years.

Net cash flow in business combinations	
Amounts in SEK thousand	
Cash consideration paid	23,865
Less: Acquired cash and cash equivalents	–
Reclassification from associated companies to subsidiaries	-15,863
Net cash flow	**8,002**

The net cash flow of TSEK 8,002 is the amount paid for the acquired 16.82 percent. It is classified in cash flow as acquisition of subsidiary.

Impact of acquisition Group's earnings

Of the Group's income in 2019, TSEK 22,202 was attributable to the acquisition of Newsec Advisory A/S, which contributed TSEK 1,326 to the Group's earnings (profit after financial items). If the acquisition had taken place on 1 January 2019, the Group's income would have amounted to TSEK 2,988,006 and the Group's earnings to TSEK 695,227 (profit after financial items).

Tjuvholmen Drift AS

On 2 July 2019, Newsec Basale AS acquired a company called Tjuvholmen Drift AS. The acquisition was in line with the Group's goal to be the leading property manager in Northern Europe. The acquisition complemented existing operations in Newsec Basale and in the Nordic region in terms of service range, shared customers and expertise.

Transferred consideration	
Amounts in SEK thousand	
Total transferred consideration	**26,267**

There were no acquisition-related costs connected to the acquisition.

Carrying amount at the date of acquisition for acquired net assets	
Amounts in SEK thousand	
Assets	
Tangible assets	438
Accounts receivable	3,064
Other receivables	126
Cash and cash equivalents	4,429
Liabilities	
Current liabilities	-3,066
Accounts payable and other payables	-539
Identifiable assets and liabilities, net	**4,452**
Transferred consideration	26,267
Customer relationships	21,815
Deferred tax liabilities	-4,799
Goodwill	4,799

In conjunction with the acquisition, most of the acquisition price was allocated to customer relationships in accordance with the Group's policy for acquisitions of this size. Amortisation will take place over seven years. The identified goodwill is attributable to the expertise of the workforce and to synergies. None of the goodwill arising from the acquisition is expected to be deductible for tax purposes.

Net cash flow in business combinations	
Amounts in SEK thousand	
Cash consideration paid	26,267
Less: Acquired cash and cash equivalents	-4,429
Net cash flow	**21,838**

Net cash flow of TSEK 21,838 is classified in cash flow as acquisition of subsidiary.

Impact of acquisition Group's earnings
Of the Group's income in 2019, TSEK 12,103 was attributable to the acquisition of Tjuvholmen Drift AS, which contributed TSEK 1,669 to the Group's earnings (profit after financial items). If the acquisition had taken place on 1 January 2019, the Group's income would have amounted to TSEK 2,977,550 and the Group's earnings to TSEK 698,648 (profit after financial items).

UAB Resolution LT
On 29 January 2019, UAB Resolution Holding acquired a company called Luminor Bustas UAB, which later changed named to UAB Resolution LT.

Transferred consideration	
Amounts in SEK thousand	
Total transferred consideration	**6,319**

There were no acquisition-related costs connected to the acquisition.

Carrying amount at the date of acquisition for acquired net assets	
Amounts in SEK thousand	
Assets	
Intangible assets	21
Tangible assets	42
Financial assets	63
Accounts receivable	537
Other receivables	4,051
Cash and cash equivalents	1,547
Liabilities	
Current liabilities	1,189
Accounts payable and other payables	68
Identifiable assets and liabilities, net	**5,004**
Transferred consideration	6,319
Goodwill	1,315

The identified goodwill is attributable to the expertise of the workforce and to synergies. None of the goodwill arising from the acquisition is expected to be deductible for tax purposes.

Net cash flow in business combinations	
Amounts in SEK thousand	
Cash consideration paid	6,319
Less: Acquired cash and cash equivalents	-1,547
Net cash flow	**4,772**

Net cash flow of TSEK 4,772 is classified in cash flow as acquisition of subsidiary.

Impact of acquisition Group's earnings
Of the Group's income in 2019, TSEK 5,506 was attributable to the acquisition of UAB Resolution, which contributed TSEK -959 to the Group's earnings (profit after financial items). If the acquisition had taken place on 1 January 2019, the Group's income would have amounted to TSEK 2,964,637 and the Group's earnings to TSEK 697,579 (profit after financial items).

44. Financing activities

Group 31 Dec 2020	Opening balance	Loans	Loan repayments	Repayment	Change in fair value	Change in exchange rates	Reclassification	Interest expenses IFRS 16	Closing balance
Other non-current financial liabilities 1)	11,798	522	-1,220	–	–	-105	–	–	10,995
Non-current liabilities	727,598	48,000	–	–	1,060	-24,940	-43,173	–	708,545
Financial lease liabilities 2)	322,860	168,245	-101,798	–	–	-10,471	–	6,720	385,556
Current financial liabilities	50,293	12,000	-43,173	-5,459	–	-2,239	43,173	–	54,595

1) The non-current liability pertaining to bonuses was not included in this note disclosure.

Group 31 Dec 2019	Opening balance	Loans	Loan repayments	Acquisitions	Repayment	Change in fair value	Change in exchange rates	Sales	Reclassification	Transition IFRS 16	Interest expenses IFRS 16	Closing balance
Other non-current financial liabilities 1)	5,847	–	–	8,458	–	–	603	-3,110	–	–	–	11,798
Non-current liabilities	739,148	70,267	–	–	-50,000	-1,193	10,889	–	-41,513	–	–	727,598
Financial lease liabilities 2)	6,529	43,779	-98,866	–	–	–	5,486	-26,640	–	385,156	7,416	322,860
Current financial liabilities	39,550	5,067	-41,513	–	–	–	5,676	–	41,513	–	–	50,293

1) The change during the year pertains to a stock option liability present in the Parent Company at the start of the year but that was settled in conjunction with the divestment of Datscha AB. In conjunction with acquisitions during the year, additional non-current loans of TSEK 8,458 were added. The non-current liability pertaining to bonuses was not included in this note disclosure.

2) Following the divestment of Datscha, lease liabilities decreased by TSEK 26,640.

45. Transactions with non-controlling interests – acquisitions of additional participations in subsidiaries

2020

In 2020, the Group acquired additional participations in Newsec Competence AB for TSEK 260, after which the Group owns 100 percent of the company. At the acquisition date, non-controlling interests decreased by TSEK 66 and equity attributable to Parent Company shareholders was impacted by TSEK 194.

In 2020, the Baltic Parent Company acquired addition participations in Newsec LV SIA for TSEK 6, after which the Baltic Parent Company owns 90 percent of the company. At the acquisition date, non-controlling interests increased by TSEK 306 as the acquired company had negative equity and equity attributable to Parent Company shareholders was impacted by TSEK 312.

In 2020, the Group acquired additional participations in Niam VI Investment KB for TSEK 884, after which the Group owns 64.155 percent of the company. The participations were acquired from employees who held participations in the limited partnership and left during the year. The acquisition price corresponds to the value of the acquired equity. At the acquisition date, non-controlling interests decreased by TSEK 884 and equity attributable to Parent Company shareholders was impacted by TSEK 884.

During 2020, the Group acquired additional participations in Niam Core-Plus II Investments KB for TSEK 175, after which the Group owns 53.25 percent of the company. The participations were acquired from employees who held participations in the limited partnership and left during the year. The acquisition price corresponds to the value of the acquired equity. At the acquisition date, non-controlling interests decreased by TSEK 175 and equity attributable to Parent Company shareholders was impacted by TSEK 175.

In 2020, the Group acquired additional participations in Niam VII Investment KB for TSEK 4,111, after which (and the sale described in Note 46 below) the Group owns 60.155 percent of the company. The participations were acquired from employees who held participations in the limited partnership and left during the year. At the acquisition date, non-controlling interests decreased by TSEK 967 and equity attributable to Parent Company shareholders was impacted by TSEK 3,144.

2019

In 2019, the Group acquired additional participations in Niam VI Investment KB for TSEK 3,234, after which the Group owns 58.155 percent of the limited partnership. The participations were acquired from employees who held participations in the limited partnerships and left during the year. At the acquisition date, non-controlling interests decreased by TSEK 1,381 and equity attributable to Parent Company shareholders was impacted by TSEK 1,853.

In 2019, the Group acquired an additional 3.72 percent of the share capital of UAB Resolution Holding for TSEK 2,420. Prior to that, UAB Resolution Holding also purchased treasury shares that mean the Group after these two transactions owns 59.16 percent of the share capital. At the acquisition date, non-controlling interests decreased by TSEK 958 and equity attributable to Parent Company shareholders was impacted by TSEK 1,463.

Impact on equity	**31 Dec 2020**	**31 Dec 2019**
Carrying amount of acquired portion of non-controlling interests	-1,786	-2,339
Purchase consideration paid to non-controlling interests	5,436	5,654
Purchase consideration paid exceeding carrying amount, recognised in equity	**3,650**	**3,315**

46. Transactions with non-controlling interests – divestment of participations in subsidiaries

2020
During the year, the Group sold participations in the company Niam VII Investment KB. The sales price was TSEK 1,908.

2019
Newsec AB has sold 5 percent of shares in Newsec Competence AB. The sales price was TSEK 260.

47. Sales of operations

2020
No subsidiaries were divested in 2020.

2019
Newsec Communication AB
At 6 March, Newsec AB sold its participations in Newsec Communication AB. The sales price was TSEK 105. Capital gain in the Group amounted to TSEK 0.

Datscha AB
On 11 December 2019, Stronghold Invest AB divested its entire holding in Datscha AB, including subsidiaries. This should be viewed as the sale of an operating segment but as the Datscha Group was not a major part of the Stronghold Group's total sales and earnings, no information is disclosed in accordance with IFRS 5. In conjunction with the sale, all call options issued were repurchased and the issued subscription warrants were sold as part of the sale. The cost of this was included in the transferred consideration.

Consideration received	
Amounts in SEK thousand	
Total consideration received	623,381
Transaction costs	-3,676

Parts of the consideration received pertain to a directed share issue in Datscha AB amounting to TSEK 12,156. The directed share issue was conducted as part of the overall sales transaction.

Carrying amount at the date of sale for net assets sold	
Amounts in SEK thousand	
Assets	
Intangible assets	35,379
Tangible assets	1,882
Financial assets	2,138
Accounts receivable	30,197
Other receivables	11,278
Cash and cash equivalents	68,837
Liabilities	
Current liabilities	-4,270
Accounts payable and other payables	-99,164
Identifiable assets and liabilities, net	**46,277**
Consideration received	623,381
Transaction costs	-3,676
Settlement of stock option liabilities recognised in Stronghold Invest AB	3,113
Net assets sold	-46,277
Group capital gain	**576,541**

The Parent Company's capital gain was TSEK 580,702.

Net cash flow in sale of operations	
Amounts in SEK thousand	
Cash consideration received	619,705
Less: Divested cash and cash equivalents	-68,837
Net cash flow	550,868

Net cash flow of TSEK 550,868 is classified in cash flow as divestment of subsidiaries.

48. Adjustment of income statement and balance sheet for 2019 – correction of error

After signing the 2019 Annual report, two material misstatements for the Group were identified. The figures for the 2019 income statement and balance sheet presented in the 2020 Annual Report have therefore been restated and differ from the figures presented in the 2019 Annual Report. This Note details the misstatements and the effect they had on the Group's income statement and balance sheet.

Effects on the Group's assets and liabilities	Ref.	Recognised balance-sheet items, 31 December 2019	Correction of error	Restated balance-sheet items, 31 December 2019
Assets				
Goodwill	**A**	1,044,425	-26,687	1,017,738
Other intangible assets		221,173	–	221,173
Equipment		49,949	–	49,949
Right-of-use assets		328,039	–	328,039
Participations in associated companies		15,064	–	15,064
Derivatives		5,451	–	5,451
Other non-current receivables		146,812	–	146,812
Deferred tax assets	**B**	21,467	9,934	31,401
Current assets	**B**	668,583	-2,680	665,903
Cash and cash equivalents		799,216	–	799,216
Client deposits		156,661	–	156,661
Total assets		**3,456,840**	**-19,433**	**3,437,407**
Equity attributable to Parent Company shareholders	**A, B**	1,244,873	-55,110	1,189,763
Non-controlling interests		73,506	–	73,506
Non-current liabilities				
Liabilities to credit institutions		727,598	–	727,598
Derivatives		1,327	–	1,327
Lease liabilities		232,891	–	232,891
Other non-current liabilities	**B**	42,555	-12,383	30,172
Deferred tax liabilities		57,003	–	57,003
Other provisions	**B**	4,384	46,421	50,805
Current liabilities				
Liabilities to credit institutions		50,293	–	50,293
Derivatives		5,868	–	5,868
Lease liabilities		89,969	–	89,969
Accounts payable		118,205	–	118,205
Contract liabilities		80,385	–	80,385
Current tax liabilities		37,450	–	37,450
Other current liabilities	**B**	108,807	1,639	110,446
Accrued expenses and deferred income		425,065	–	425,065
Client deposits		156,661	–	156,661
Total liabilities and equity		**3,456,840**	**-19,433**	**3,437,407**

Effects on consolidated income statement		**Recognised income statement at 31 December 2019**	**Correction of error**	**Restated income statement at 31 December 2019**
Income	**B**	2,964,637	-46,421	2,918,216
Other income	**A**	603,444	-26,687	576,757
		3,568,081	**-73,108**	3,494,973
Operating expenses				
Other external expenses	**B**	-700,427	-1,639	-702,066
Personnel costs	**B**	-1,842,645	12,383	-1,830,262
Depreciation/amortisation and impairment of tangible and intangible assets		-303,928	–	-303,928
Other operating expenses		-423	–	-423
Share of profits of associated companies		-13	–	-13
		-2,847,436	**10,744**	**-2,836,692**
Operating profit	**A, B**	720,645	-62,364	658,281
Financial items				
Share of profits of associated companies		3,476	–	3,476
Financial income		19,980	–	19,980
Financial expenses		-46,435	–	-46,435
		-22,979	**–**	**-22,979**
Profit before tax		**697,666**	**-62,364**	**635,302**
Income tax	**B**	-21,838	7,254	-14,584
Profit for the year	**A, B**	**675,828**	**-55,110**	**620,718**
Attributable to:				
Parent Company shareholders	**A, B**	627,549	-55,110	572,439
Non-controlling interests		48,279	–	48,279

A. The Group has historically had an unallocated goodwill, which on 31 December 2019 amounted to TSEK 375,506. In 2020, work was performed to allocate this goodwill to each cash-generating unit. In connection with this work, a value of TSEK 26,687 of this unallocated goodwill was identified as relating to the Datscha Group. Consequently, this goodwill should have been included as part of the Group's calculation of capital gain in 2019. When this has been taken into consideration, the consolidated value of the Datscha Group was higher than that used in the preceding year's annual report and the capital gain was TSEK 26,687 lower. The value of goodwill in the Group decreased by a corresponding amount when the Datscha Group was sold.

B. An amendment has been made in the Fund Management segment related to an investor discount. According to the investor agreement, a discount is to be paid if certain conditions are met and is paid when the fund is closed. The provision for the investor discount was estimated at TSEK 46,421, which was recognised as decreased sales. The reduced sales also led to a lower non-current bonus reserve and thereby lower costs for personnel. The adjustment also entailed an increase in non-deductible VAT, which increased other current liabilities and other external expenses. These adjustments subsequently also had tax effects on both deferred and current tax. These effects are shown in the table above. The net earnings impact after tax was TSEK -28,423.

49. Events after the balance sheet date

In January, ownership in Niam was restructured and a number of key senior executives acquired shares in the company. In March, Stronghold sold some of its holding in Tessin Nordic AB and now owns approximately 11 percent of the company.

No other significant events have taken place after the balance-sheet date.

50. Dividend

The dividends adopted by the Annual General Meeting and paid in 2020 and 2019 amounted to TSEK 250,000 (SEK 250 per share) and TSEK 60,000 (SEK 60 per share) respectively.

At the Annual General Meeting on 20 May 2021, a dividend of SEK 175 per share will be proposed for 2020.

51. Proposed distribution of profit

Proposed appropriation of profit
The following amounts are at the disposal of the Annual General Meeting:

Parent Company
The following profits are at the disposal of the Annual General Meeting (SEK)

Retained earnings	996,606,625
Profit for the year	59,778,054
Dividend	-175,000,000
	881,384,679
The Board of Directors proposes that funds be distributed as follows	
to be carried forward	881,384,679
	1,056,384,679

52. Approval of financial statements

The annual accounts have been adopted by the Board of Directors and approved for publication on 16 April 2021.

The Board of Directors and the CEO hereby certify that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities and provide a true and fair account of the company's financial position and earnings, and that the administration report provides a true and fair account of the company's operations, financial position and earnings and describes the material risks and uncertainties faced by the company. The Board of Directors and the CEO hereby certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair account of the Group's financial position and earnings, and that the administration report for the Group provides a true and fair account of the Group's operations, financial position and earnings and describes the material risks and uncertainties faced by the companies that form the Group.

Stockholm, 16 April 2021

Anders Lönnqvist Chairman of the Board	Johan Edenström Board member
Anders Böös Board member	Risto Silander Board member
Mikael Lövgren Board member	Håkan Johansson Board member
Petra Scharin Board member	Urban Edenström CEO

Our Auditor's Report was submitted on 16 April 2021

Deloitte AB

Jonas Ståhlberg
Authorised Public Accountant

Deloitte.

AUDITOR'S REPORT

To the general meeting of the shareholders of Stronghold Invest AB corporate identity number 556713-9067

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Stronghold Invest AB for the financial year 2020-01-01 - 2020-12-31.

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

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a

conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Stronghold Invest AB for the financial year 2020-01-01 - 2020-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group´s financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm April 16, 2021

Deloitte AB

Signature on Swedish original

Jonas Ståhlberg

Authorized Public Accountant