Annual Report 2020

MOVESTIC LIVFÖRSÄKRING AB

movestic Liv&Pension

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Comments from the CEO

A YEAR LIKE NO OTHER

It is not as if we were not expecting a pandemic to strike. Scientists have long talked about 'the great pandemic', and a pandemic was one of a number of potential scenarios in the contingency plans for most insurance companies, even before we became aware of the Coronavirus, including at Movestic. We had planned for how to ensure the operation could remain open. We had planned for a situation where we had to close offices and instead work remotely. We had planned for a situation where key personnel became unwell, forcing others to take over. We also regularly perform simulations of the impacts of major changes on the financial markets, as well as on the Company and its customers. In 2020, several of these plans were put to use, and organisations were given the opportunity to test their contingency plans, in real time.

The plans worked; the business has navigated well through the pandemic. Movestic's financial position is strong, our solvency ratio remains favourable, and the operational side of the business proved to be very agile when, in mid-March, we switched to remote working within a day, without any disruptions in the service we offer our customers or partners. Remote working has worked very well for Movestic and I am proud of the speed with which our employees adapted to this new reality. The result from 2020 also demonstrates the stability of both the Company's financial position and its operation. Despite lower premium volumes, the profitability in the business was maintained.

The Covid-19 pandemic has affected us in many ways. Our thoughts are with those who have lost a friend, a family member, or a colleague. As an insurance company we have seen first-hand the impact the pandemic has had on our society, and the various effects it has had on our customers. Customers who have been sick and needed to make use of their sickness insurance, customers who have felt the need to add extra protection in the form of life insurance, and customers who have requested further information and guidance around saving for retirement.

According to the saying, every cloud has a silver lining, and this is true here as well. Some talk about a slower pace of life with more time to recuperate and care for themselves or their family, others about the rise of many new, mainly digital, services and ways of working. How the pandemic will change the way we live and work in the longer term remains to be seen, but there will probably be both positive and negative effects of increased social distancing, working from home, and isolation. Organisations are currently discussing how to offer staff more flexible working conditions, including greater opportunities for working remotely, even after the pandemic. A survey we carried out in collaboration with Novus showed that 4 in 10 Swedes would consider retiring later if they were able to work from home, fully or partly. In the longer term, the impact of the pandemic on retirement age may turn out to be much greater than any political reform, ever.

PERSONALISED WORK, PERSONALISED PENSION

In Sweden, the average retirement age has remained the same for a long time, despite the fact that we live longer. This means that the state pension we can expect, as a proportion of our final salary before retirement, keeps decreasing. At the same time, our working life is becoming increasingly personalised, and we are seeing much greater variation both in the age at which people retire, and in the size of their pension. Because of this, each person is required to take much more responsibility for saving for retirement, and for making sure they will receive a reasonable amount of money in the future. This is where access to advice regarding both savings and pension plans becomes very important. Our studies have shown that those who receive guidance from an adviser spread the risks in their long-term savings more and feel better prepared for retirement. This is why it is important to give more people access to advisory services, irrespective of whether these take the form of digital services, direct contact with an adviser, or a combination thereof.

DIGITALISATION, AUTOMATION

For the last three years, Movestic has worked systematically to fully digitalise and automate our operation, to enable us to offer personalised, but still simple, products and services to our customers and partners. As a result of these efforts, we were able to launch a number of new digital products and services in 2020. All our savings products can now be purchased online by our partners, direct via Movestic's Partner Web, and on movestic.se. Private customers have access to our new life insurance product, as well as a number of new digital services that assist with planning their savings, drawing their pension, and submitting insurance claims.

During the year, we also improved our offering to companies that choose to purchase their occupational pension solution directly from an insurance company. They are now able to contact Movestic directly, and either take out an occupational pension plan electronically on movestic.se or through one of our corporate advisers.

TURBULENT MARKETS

Despite the steep stock market declines in the first half of the year, the broader share indexes finished on plus, both in Sweden and globally. For most pension plan holders, this means a higher monthly income once they retire. 2020 ended up as a positive year for many savers, but it was also a year that brought lot of worry to many. When financial markets are volatile, it is increasingly important for individuals to have a clear and accurate overview over your savings. In the spring, we noted a clear increase in the activity levels of our customers. Many took the opportunity to make adjustments in their portfolios, but particularly noticeable was the growing numbers that logged on to Movestic's website in search of knowledge, and to take control of their savings.

A SUSTAINABLE, QUALITY-ASSURED RANGE OF FUNDS

To enable our customers to adapt their savings to their own, individual needs and preferences, irrespective of whether they are choosing independently, after discussion with an adviser, or using our fund selection robot, MAIA, we must offer a quality-assured and sufficiently broad range of funds to choose from. We work continuously with reviewing and developing our fund offering. All funds that are made available to Movestic's customers must meet strict quality criteria and pass thorough scrutiny. In 2020, 20 new funds achieved this. All these new funds have some form of sustainability profile, which means that 8 of 10 funds in our offering are now sustainable.

LIFE AFTER THE PANDEMIC

Although the 2020 pandemic has united us around a single challenge, the long-term trend is still towards people's needs becoming more and more individual. The ways in which we live and work are becoming increasingly diverse. Our work is more diversified, we change jobs more often, and the gig economy is gaining ground.

Most of us will one day want to retire, even though the variation in the age at which people choose to retire is increasing year on year. When the day comes, we all want a pension that is large enough that we can realise our plans and dreams. We are committed to keep designing products and services that provide individual customers with more knowledge, give them better control over their overall savings, and make them more financially secure both now and in the longer term.

The long-term effects of the pandemic on everything from birth rates to employment terms and retirement age remain to be seen, but we have already been given a reminder of the importance of being well-prepared and having appropriate insurance cover when the unexpected happens. And when it does, we will be there.

CEO, Movestic Liv & Pension

This is Movestic

Our offering

Movestic offers long-term savings and insurance cover, with particular focus on occupational pension and insurance related to life and health. We want our products and services to be as adaptable to our customers' individual preferences and situations as possible. Our main aim is to help our customers to achieve the best possible financial future for their own personal situation, not simply based on standardised collective solutions.

Our customers

Movestic's customers are individuals who are saving for retirement privately or in an occupational pension plan, as well as individuals looking for good insurance cover for their life and health. They are also employers wishing to help their employees to achieve a good pension and to provide them with extra security through insurance cover. Our customers are also self-employed who lack the protection that often comes with an employment and want to obtain financial security.

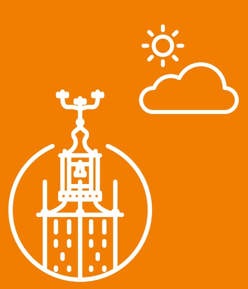
Our owners

Movestic is a wholly owned subsidiary of the British insurance group Chesnara plc. Chesnara is listed on the London Stock Exchange and owns insurance companies in several European countries. To Movestic, this means access to a financial strength and an international perspective that aids our efforts within innovation and development.

Quick facts about Movestic

120

► No of employees



► Offices in Stockholm & Norrköping

► Owner: Chesnara plc, listed on the London Stock Exchange

325 000

► No of policies

4,0 bn SEK

► Annual premium volume

41 bn SEK

► Assets under management

2000

► Founded

The year in brief

Q1

- The first fund from Movestic Kapital (Movestic's Swedish fund company) is launched
- Launch of Movestic's Uttagsplanerare decumulation service
- Movestic moves to remote working

Q2

- Movestic's rating from UNPRI, the UN Initiative for Responsible Investments, is reinforced. In all areas, Movestic receives a rating that is higher than, or equal to, the median rating for its peer group
- Movestic presents Sparplaneraren (the Savings Planner), a tool for customers on Movestic's website

Q3

- Movestic makes it possible for private individuals to purchase life insurance online
- Movestic Kapital launches its first equity fund

Q4

- Customers can submit claims online
- Insurance brokers can open custody accounts online via Movestic's Partner Web
- Insurance brokers can take out endowment insurance policies online via Movestic's Partner Web
- Insurance brokers can activate life insurance policies online via Movestic's Partner Web
- Six InsureSec-licensed advisers in the customer team

Movestic and the world around us – a connected, sustainable society

We leave behind us a year completely dominated by the COVID-19 pandemic. The spread of the Coronavirus, and the restrictions it forced authorities to implement, have affected individuals and societies all over the world. The digital transformation accelerated due to increasing demands for remote working practices and digital services. This all took place against the background of the long-term trends we had noted even before the pandemic, i.e. a greater focus on sustainability and more personalised lifestyles. Even in the longer term, the pandemic may leave behind new behaviours, which may have a significant impact on our everyday lives, work practices, and the pension market.

CLIMATE CHANGE STILL IN FOCUS

In the last five years, the companies that operate in the savings and pension markets have made significant progress. In the shadow of the pandemic, the insurance industry in 2020 put a lot of effort into the area of sustainability, as they worked to implement new EU regulations, which will come into force at the beginning of 2021, i.e. the new taxonomy, and the so called disclosure regulation. The aim of these new regulations is to set standards and provide clear definitions in the sustainability area, with climate matters as the main target area.

The greater focus on sustainability can also be noted in the fund market, where climate is the most prevalent focus area. The best performing fund of Movestic's offering in 2020, was a fund that invests in the green energy transition and had a return of 153 percent during the year.

Sustainability in general, and climate action in particular, were given new life at the end of the year, when Joe Biden was elected president of the United States and immediately declared that the country would re-join the Paris Agreement USA and the two degree target.

A SUSTAINABLE WORKING LIFE

The importance of a sustainable working life, with a good balance between work and leisure time, has long been high on the agenda. Since 2016, employers in Sweden are also legally responsible for the psychosocial work environment. During the pandemic, new perspectives emerged, including the increased risk of isolation as many people worked remotely, often at home. The issue of sustainability at work is important, not only to our wellbeing here and now, but also to our ability to remain part of the workforce for longer. With an ageing population comes the need to keep people working for longer; a matter that has often been discussed. Until now, it has been difficult to change the retirement age using policy instruments. Despite new rules and a higher target age, Swedes still retire at the age of 65. If the pandemic leads to more people working from home in the future, this may affect the age at which they retire. In a study by Novus on Movestic's behalf, 4 of 10 Swedes stated that they would be prepared to retire later if they were able to work from home.

PERSONALISED LIFESTYLE – PERSONALISED RETIREMENT

The ways in which we choose to live and work are more differentiated today than ever before. We change jobs more often, or at least we did before the pandemic, and the gig economy is gaining ground. As individuals, we have to make a lot of choices and take responsibility for our lives here and now. In the future, each person will also have a greater responsibility for ensuring they have sufficient savings to retire on. The compensation level, i.e. the state pension as a proportion of the final salary, is expected to decrease in the future, unless we work longer or save more. The companies operating in the pension market and the Government have a joint responsibility for making sure that each person receives the information they need to take action here and now. To ensure that everyone, throughout their lives and irrespective of employment form, has a savings plan designed to achieve a pension that is high enough to fund the way each person plans to live their life in retirement, and avoid negative surprises, requires each and every one of us to take responsibility for our own situation.

OPEN INSURANCE – FOR THE CUSTOMER

The insurance industry has access to large amounts of data. There is an ongoing discussion, often referred to as Open Insurance, about how this data can be used and shared, and many new stakeholders are keen to get involved. The ability to share data is crucial for the future of the industry, however it is also vital that this is done with genuine concern for the customers' perspective. As the industry moves forward, this must be handled in a customer-centric manner, and with the aim to strengthen the position of the individual. The pension market has long been dominated by large stakeholders, unions and employer associations that control the pension solutions available to the individual. In a world where the responsibility for our future increasingly rests with each and every one of us, it is only reasonable that each person is given more influence here and now.

Individually adapted

In the future, private savings and occupational pension will make up an increasing part of what we have to live off when retired. We want to help our customers make better plans for their financial future, so that their expectations on return from savings and future financial security are adapted to the customer's personal preferences, living conditions, work and family situation.

MOVESTIC OFFERS

- Occupational pension
- Sickness insurance "Movesti Må väl" including prehab and rehab
- Private pension plans
- Healthcare insurance
- Life insurance
- Serious illness insurance
- Accident insurance
- Premium waivers

Easy for you

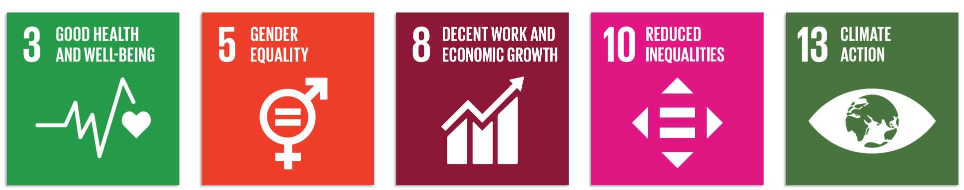
In the future, individuals will be forced to take more responsibility for their retirement savings and insurance protection, to ensure their pension reaches its full potential based on their own individual priorities and conditions. We make it easier for you to get involved in your pension planning, at the level that is right for you, and still feel safe in the knowledge that you will enjoy a good level of financial security, both in the short and long term.

MOVESTIC OFFERS

- Digital services that help you with personalized savings and pension withdrawals
- Independent advice from our digital adviser, MAIA
- Digital occupational pension for business owners
- A broad and carefully selected range of funds that includes funds from different well-known fund managers
- The ability to easily navigate between sustainable funds with different profiles
- Insurance cover which complements the savings through life

Sustainability report

The digital development enables new ways of working, greater transparency, more personalised products and services, and huge opportunities to build a more sustainable society. Our responsibility, as an insurance company focusing on pensions and insurance cover for life and health, is to contribute to a more sustainable development, both from a collective and individual perspective. The starting point for Movestic's sustainability efforts are five of the Sustainable Development Goals from the UN.



The pension industry is committed to fighting climate change by providing sustainable investment options. By investing in operations and industries that work towards a more sustainable future, we promote a development towards more sustainable solutions to the big, existential questions, like our future energy supply and food security.

To help our policyholders identify savings products that have the right level and approach to sustainability for them, we assess and rate all funds included in Movestic's offering on an ongoing basis. We are also working to broaden our fund offering by including funds that in novel ways contribute to a more sustainable society. At the end of 2020, 8 out of 10 funds in Movestic's offering were sustainable according to our traffic light model.

Movestic's sustainability efforts also focus on the individual person in a sustainable society, and on our customers' financial security, now and in the future. In an increasingly individualistic society, we as an insurance company have a responsibility for making sure that the insurance cover we provide becomes more and more tailored to the needs of the individual. We also have a responsibility to communicate in a simple and transparent way, to enable our customers to absorb the information and make well-informed decisions, to make advisory services generally available, and to make sure that more people get access to independent advice, free from conflicts of interest. It is also our responsibility to continuously monitor areas where conflicts of interest may arise.

Focus on the individual also involves focusing on our employees and on how we can create the conditions required for a long and sustainable working life, with focus on health, wellbeing, and work-life balance. We do this by offering health promotion, rehabilitation where needed, ongoing involvement in the development of the organisation, equality targets, and a focus on diversity. In 2020, the year of the pandemic, a lot of effort has been made to improve the working environment for employees working remotely, a practice which involves a number of new challenges. One example is the need to ensure that all employees feel included, and not isolated. We also do our best to ensure that our employees have the ability to adapt to new working practices for the longer term, by providing further training in emerging areas, such as new technology, thereby contributing to the long-term development not only of the individual, but of the company, industry, and society as a whole.

Movestic's sustainability work covers three areas:

1. **Responsible investments** with focus on the long-term sustainability of our society
2. **Financial security** for our customers, now and in the future
3. A long-term **sustainable working life** for our employees and for society as a whole

SUSTAINABILITY RISKS

Movestic operates in an industry based on confidence, where security and value-generation for our customers, both today and in the future, are vitally important. Everything we do has an impact on the trust of our customers and other stakeholders, which is why our efforts to apply a high level of integrity in both the implementation of regulatory frameworks and governance are given high priority. Our work to encourage responsible investments, a sustainable working life, and financially secure customers is governed by clear policies and guidelines, and we continuously work to adapt to new conditions in the world around us.

Despite our high ambitions, there is a risk that we are unable to meet our customers' expectations, or our own high demands, in relation to the climate impact of our investment products, for example due to a lack of information, and this must always be taken into account. Other important risk areas for Movestic include compliance and corruption. This is why we work ceaselessly to ensure compliance with all legal requirements, and to prevent all instances of corruption. We also work proactively to identify any conflicts of interest. Compliance also involves a sustainability risk, which relates to the way in which we manage personal data. Secure and correct management of personal data will be a key issue for any operation handling large amounts of data, and is vital if we are to retain the trust of our customers. To safeguard the personal integrity of our customers by managing the data they have entrusted us with in a responsible way is a natural part of Movestic's administrative work, and something that will always be a priority.

SUSTAINABLE INVESTMENTS

The sustainability area is constantly changing. The requirements placed on us as a company, and the requirements we in turn place on the fund companies included in our offering, are constantly increasing.

Movestic's way of looking at sustainable investments is that a focus on sustainability issues, including the environment, ethics, human rights and good business ethics, bring long-term added value to savers. Sustainability is an integrated part of Movestic's investment analysis, and permeates our development of new products and services.

Sustainability matters are a standing item on the agenda when Movestic meets fund managers. We continuously monitor and try to

Responsible investments
Investments with focus on long-term sustainability for the individual and for society

Sustainable working life
A working life that is sustainable in the longer term for both employees and society as a whole

Financially secure customers
Genuine concern for our customers to provide financial security today and in the future

influence the funds included in our offering. We are actively trying to convince the fund companies to use their power to influence the companies in which they have invested, to:

- Ensure that the board of directors, management team, and the company as a whole are characterised by diversity,
- Be active at AGMs and use the vote their ownership entitles them to,
- Hold a proactive sustainability dialogue with the companies in which they invest,
- Follow international norms relating to environmental protection, human rights, working conditions, and anti-corruption,
- Sign the UN's Principles for Responsible Investments, UN PRI.

The field of sustainability is constantly evolving, both when it comes to which areas the term covers and what should be regarded as sustainable within each area. The financial industry keeps being subjected to new requirements to contribute towards a sustainable development. In 2021, new EU regulations on sustainable investments will come into force. The implementation of the taxonomy and disclosure regulation is aimed at increasing transparency. It will become easier for consumers to identify and compare environmentally sustainable investments. We have noted that some fund companies have already adapted in preparation for the new regulations, and look forward to following these developments.

MOVESTIC'S SUSTAINABILITY REVIEW

2020 became the fourth consecutive year of Movestic's review of the fund companies included on the Movestic fund platform. The results are published as an overview, aimed at making it easier for savers to make well-informed choices, and to enable them to combine saving for the future with having a positive impact on the environment and our society. During the year, the fund offering was extended to make it easier for our customers to create diversified savings portfolios. The fund offering includes equity funds, fixed-income funds, and hedge funds. Each category contains both actively and passively managed funds, with focus on different regions and sectors. In 2020, additional funds with a sustainability focus were added to the offering.

This year's overview covers the 117 funds included in Movestic's fund offering*.

*As per the 30 November 2020

CONTINUED POSITIVE TREND AND INNOVATION

In the four years we have published our sustainability overview, the quality of the sustainability work among the funds in Movestic's fund offering has kept improving, and is generally high. A large proportion of the funds choose not to invest in controversial industries and we are seeing improvements in their efforts to actively influence companies.

Another reason for the increased quality in our sustainability work is the fact that Movestic prioritises sustainability when new funds are selected. All funds added during the year meet our basic criteria for working with sustainability. They have integrated sustainability efforts in their investment analyses, and hold active dialogues to try to influence the companies in which they invest.

During the year, we discovered that a number of fund companies had made significant progress when it came to introducing and integrating sustainability in their investment process. As a result of this

positive trend, some funds have been awarded international prizes, as well as Swedish sustainability certifications.

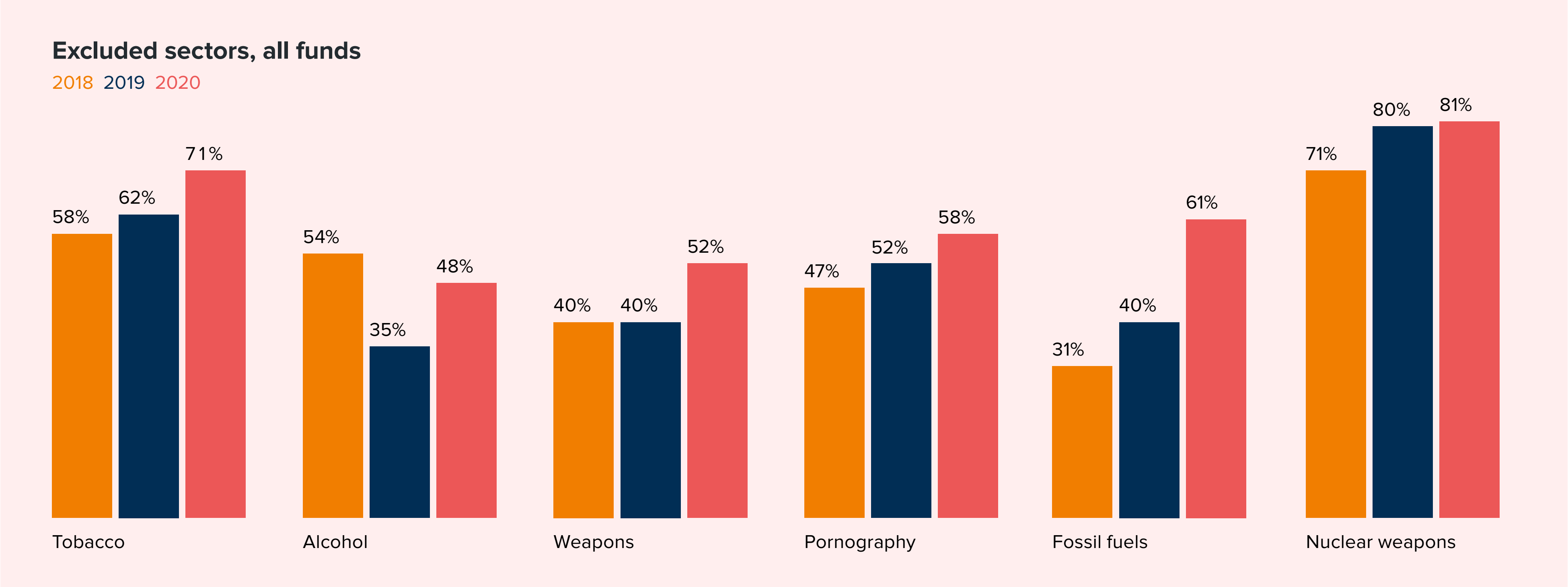
All fund companies represented in Movestic's fund offering have a sustainability policy in place, which in most cases is also implemented in the funds themselves, sometimes with specific applications at fund level. The view of sustainability has changed from simply being regarded as a risk, to also being seen as an opportunity to increase revenue.

Many fund managers work actively with both reactive and proactive influencing, and larger fund companies in particular have become better at reporting and measuring the outcomes of the dialogues they hold with the companies. This is a positive development, as it both puts pressure on the companies to act and improves transparency for the customers.

EXCLUSIONS STILL THE MOST COMMON APPROACH

The traditional borders between including, excluding, and influencing companies are gradually disappearing. The fund managers now take more overall responsibility and use a variety of different approaches. The most commonly used approach to achieve sustainable investment is still to exclude companies that operate in undesirable sectors when investments are made. This year's sustainability overview shows that more and more funds choose to exclude entire sectors from their investment universe.

A greater focus on climate-related matters means that the main difference from previous years is that many more funds are choosing to exclude fossil fuels. Fossil fuels also represent the biggest change when it comes to excluding a specific sector over a 3-year period. In 2018, 31 percent of the funds claimed to exclude fossil fuels, in 2020 this share was twice as big; 61 percent of the funds now stated that they do not invest in fossil fuels.



GREATER FOCUS ON THE CLIMATE

Movestic's sustainability efforts relate to four general areas: climate, health, ethics & governance, and social development, and have three different aims:

- Responsible investments, with focus on the long-term sustainability of our society
- A working life that is sustainable in the longer term, both for our employees and for society overall
- Financial security for our customers, now and in the future

To achieve these aims, the Company has chosen to focus on five of the UN's sustainable development goals, which relate to these areas. One of these is Climate Action, an area which is getting more and more media attention. A number of the funds in Movestic's offering have also chosen to commit to this issue. The proportion of funds that work to combat climate change has increased since last year's report, from 57 to 76 percent. We have also noted a greater interest in promotion of well-being, and in working towards more equality.

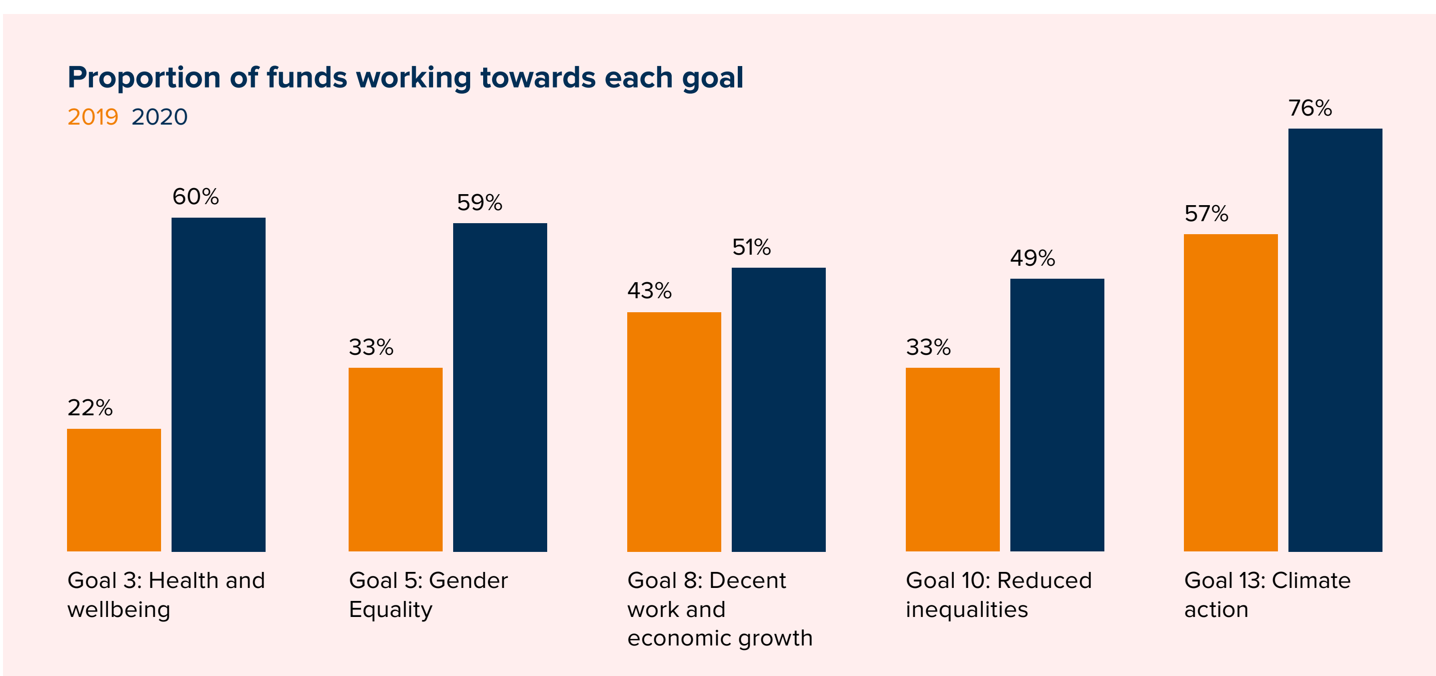
MEMBERSHIPS AND INFORMATION

In 2016, Movestic signed up to the UN Initiative for Responsible Investments, UNPRI. We use the six principles as a starting point, and aim to be transparent about the work we do to implement these principles. One of Movestic's basic requirements when we choose which fund companies to include on our platform is that they must have signed the UNPRI. 100 percent of the funds in Movestic's offering have now signed the UNPRI, thereby committing to following the six principles for responsible investments, and agreeing to being subjected to annual assessments.

As part of the UNPRI, Movestic is assessed on an annual basis. In 2019/2020, Movestic was awarded a higher rating in four of six modules.

MOVESTIC REPRESENTED IN INSURANCE SWEDEN'S REFERENCE GROUP

Since the spring of 2019, Movestic is represented on Insurance Sweden's reference group for sustainability. The group is preparing a proposal for how the insurance industry can remain an important societal stakeholder in the sustainability area.



Sustainability in numbers

49%

▶ Proportion female employees

▶ Proportion women on the board of directors: 20%

▶ Proportion women in management team: 60 %

▶ Proportion female managers: 52%

42

▶ Average age of employees

120

▶ Number of employees

22

▶ Employee Net Promoter Score

▶ 100 % Climate compensation for work-related travel

▶ Carbon footprint of the operation in 2019: 20 tonnes

100 %

Organic fruit and coffee Environmentally certified paper

▶ 131 907 kWh Energy consumption

▶ Sick leave: 1.21%

▶ Proportion of employees utilising the fitness vouchers.: 70%

Board of Directors' Report

The Board of Directors and the CEO of Movestic Livförsäkring AB, corp. ID 516401-6718, hereby submit the annual report for 2020, the company's twentieth financial year. Seat of the Board: Stockholm.

ORGANISATION AND OPERATION

Movestic provides a comprehensive range of savings and insurance products. Within the saving and pension segment, the Company offers unit-linked products, with focus on occupational pension plans, private and company-owned asset insurance, and private pension plans. The risk insurance segment includes life, accident and health insurance. Since July 2009, Movestic Livförsäkring AB (the Company) is a wholly owned subsidiary of the British firm Chesnara plc (Corp. ID 4947166), which has its registered office in Preston, England.

The Company has a wholly owned subsidiary, Movestic Kapitalförvaltning AB, which since 2019 operates under a fund operation license and is responsible for the management of five funds within Movestic's offering. Movestic has a second wholly owned subsidiary, Movestic Fund Management S.A, which was set up to take over the administrative management of the funds within a SICAV structure in Luxemburg. This structure was wound up in 2020, and all the funds it included were gradually terminated during the year. As a result of being wound up, Movestic Fund Management S.A. was put into liquidation and a liquidator has taken over the process which is expected to be completed early in 2021.

In 2019, Chairman of the Board Peter Mason resigned and David Brand took over the role of Chairman of the Board as of January 1, 2020. Furthermore, in April 2020, Board member Ingrid Bojner resigned. A remuneration recruitment and process for the election of a board member is in progress.

On 31 December 2020 Movestic had 120 (112) employees. Of these 49 (52) per cent were female, and women made up 52 (60) per cent of the managers. The average age of the employees was 42 (42). The proportion of women on the management team was 60 (56) per cent, and 20 (33) per cent of the board members were female.

IMPORTANT EVENTS DURING THE YEAR

TRENDS

The year was characterised by major events that affected both society as a whole and the investment markets. However events such as the trade war between China and the United States, Brexit, the oil price war between Saudi Arabia and Russia, and the US presidential election were overshadowed by the worldwide Covid-19 pandemic. The upturn observed on the global stock exchanges at the beginning of the year soon turned into a sharp downturn, both on the financial markets and in the overall economies of countries affected by the advancing pandemic. The negative trend came to a halt after a number of support measures were put in place, including intervention purchases of securities and lending to banks, while simultaneously an increasing number of countries managed to get the rate of infection under control. However, the second wave took hold in the autumn, and by October, the positive stock market trend that followed the recovery had been eradicated. For the stock markets, the year still ended on a positive note, after news of approved vaccines and the results of the US presidential election, and this was reflected in the returns on the policyholders' investment assets.

In 2020, Movestic Livförsäkring broadened its fund offering by adding 20 new funds with a clear focus on sustainability. The Company's way of looking at responsible investments is with a focus on sustainability issues, including the environment, ethics, human rights, and good business ethics, provides long-term added value to policyholders.

CONTINUED FOCUS ON SUSTAINABILITY

Movestic's sustainability work can be divided into three focus areas: responsible investments for a sustainable society, a sustainable working life, both for the individual and for society as a whole, and financial security for our customers, today and in the future.

Movestic is putting more emphasis on sustainability in the selection process for new funds, and higher demands are placed on both new and existing fund companies. At the end of 2020, 8 of 10 funds in Movestic's offering were approved according to the Company's traffic light model. Most of the non-approved funds are index funds. All funds included in the Company's offering have signed up to the UNPRI – the UN's Principles for Responsible Investment – thereby committing to adhering to six principles for responsible investments, and to be subjected to annual reviews.

Movestic's sustainability efforts also focus on the individuals who live in a sustainable society, and on our customers' financial security, today and in the future. In a society where occupational pension plans are becoming increasingly important and more people are making individual life choices, it is our responsibility, as an insurance company, to ensure that the insurance cover we offer becomes more and more personalised. We also have a responsibility to communicate in a transparent and simple way, to ensure that our customers are able to understand the information and make well-informed decisions, to make advisory services readily available, and to make sure more people get access to well-grounded advice. It is also our responsibility to continuously monitor areas where conflicts of interest may arise.

Focus on the individual also involves focusing on our employees and on how we can create the conditions required for a long and sustainable working life, centred on health, wellbeing and a work-life balance. We do this by offering health promotion, rehabilitation where needed, ongoing involvement in the development of the organisation, equality targets, and a focus on diversity. We also work to ensure that our employees have the ability to adapt to new working practices, by providing further training in emerging areas, such as new technology, thereby contributing to the long-term development of both the individual, and of the company, industry, and society as a whole. The Chesnara group compensate it's co2 emissions and is carbon neutral. More information about our work with sustainability is available under the heading Sustainability Report on page 12.

RISKS AND RISK MANAGEMENT

During the year, Movestic kept working on its risk management system, to ensure that it remains aligned with the Company's business activities and situation at all times. To improve its handling and follow-up of incidents, risks, and control, the Company also kept developing its GRC (Governance, Risk Management and Compliance) tool.

When it comes to the spread of the Covid-19 virus, this difficult to predict pandemic has also affected Movestic. Risk management has been an important area for the Company in its efforts to, where required, adapt its operation to the effects of the pandemic. As the initial signs of the pandemic became obvious in Sweden, the Company activated its emergency plan and emergency management. One of the very first decisions made was to engage all departments within the Company in an extraordinary review of the Company's crisis and continuity plans, based on a number of potential scenarios. External suppliers and partners were also contacted at an early stage, to ensure that they were well prepared and had up-to-date crisis and continuity plans. These have since been followed up on an ongoing basis.

Ever since the start of the pandemic, Movestic has had a clear focus on the wellbeing of its employees. The crisis management group has continuously assessed both the current situation and potential future scenarios, to enable timely implementation of any changes relating to for example working from an office or at home.

The Company's risk management framework has provided a clear structure during the pandemic. It has also turned out to be dynamic and adaptable, and has been gradually updated to take into account new experiences and insights gained as a result of the pandemic.

The final responsibility for making sure the Company has an effective risk management system in place rests with its Board of Directors. Audit and Risk Committee helps the Board to review Movestic's financial reports, internal controls, and risk management system. The risk management system consists of policy documents, strategies, processes and routines for identifying, evaluating, monitoring, handling and reporting risks to which the company is or may become exposed.

To ensure effective risk management and internal control within the Company, an organisational structure based on three lines of defence has been put in place.

The first line of defence consists of the CEO, the business and operational managers, and their personnel. The first line of defence is responsible for the risks that arise, or could arise, within their departments or areas of responsibility.

The second line of defence consists of the independent control functions, i.e. the Risk Management, Compliance and Actuarial functions. Together they are responsible for continuously developing and improving the Company's risk management.

The third line of defence is the Internal Audit function, an independent function that reports direct to the Board of Directors. This function is responsible for reviewing and assessing the Company's governance system, risk management procedures and internal controls, and issuing recommendations about potential improvements

Movestic is also continuing its efforts to maintain and develop an effective risk management system for the coming financial year. Information about the risks to which the Company is exposed, and how these are managed, can be found in Note 3.

REGULATIONS

SOLVENCY II

On the 1st January 2016, the new solvency requirements for insurance companies within the EU, as set out in the Solvency II Directive, came into force. Movestic decided to apply the new regulations fully from the beginning, and to not take advantage of the interim regulations available to providers of occupational pension plans. The Company's capital requirements are determined according to the standard model.

Movestic reported in accordance with the quantitative reporting requirements in Pillar 3 during the year, and has worked to further incorporate the results of its Own Risk and Solvency Assessment in its business planning processes. The Company has also prepared a Solvency and Financial Condition Report (SCFR) and a Regular Supervisory Report (RSR).

The Company's Board of Directors was involved in the solvency work carried out during the year, by challenging both the overall risk management system, the calculations carried out as part of the solvency work, and the conclusions drawn from the Own Risk and Solvency Assessment.

IDD

Since the 1st October 2019, IDD (the Insurance Distribution Directive) applies fully to all pension plans. Movestic Livförsäkring has adapted its operation to implement this directive. In 2020, Movestic worked with matters relating to the IDD as part of its ongoing operation, and followed the industry developments resulting from this new directive.

ACCOUNTING

The insurance standard IFRS17-Insurance contract was published on the 18th May 2017. In June 2020, the International Accounting Standards Board (IASB) decided to make some changes to the standard. According to this decision, the amended standard will be applied from the 1st January 2023. The standard is expected to be adopted by the EU in 2021. However, the Swedish Financial Supervisory Authority has tentatively decided that IFRS17 will not be implemented in the legal entity for unlisted insurance companies as it contravenes the Annual account act. For Movestic, the implementation of IFRS 17 will take place at group level. Movestic continuously monitors the regulatory area. In 2020, it intensified its efforts to prepare for and evaluate the IFRS 17 and the impact it will have on the Company's group reporting.

SUSTAINABILITY REPORT

At the UN Summit in 2015, the agenda for 2030 was adopted, including the goals for a sustainable and fair world. To achieve these goals as well as reduce carbon dioxide emissions by 40%, requires capital flows to be redirected towards sustainable investments. An action plan has been prepared by the EU Commission, setting out overall targets aimed at achieving transparency and comparability, rerouting of capital flows, and the integration of sustainability in risk management, to meet the 2030 agenda.

The Non-Financial Reporting Directive (NFRD), which is already in force, includes the requirement that companies covered by the directive prepare a sustainability report (see page 12 for Movestic's sustainability report). The sustainability report describes the Company's work in relation to the sustainability factors ESG; Environmental, Social, and Governance. The EU intends to increase the reporting requirements in relation to sustainability, and has adopted two new directives, the Disclosure Directive and the Taxonomy Directive, which apply to stakeholders in the financial sector. Movestic monitors the developments in the regulatory area and preparations are underway as part of a cross-functional project.

EXPECTED FUTURE DEVELOPMENTS

The life insurance industry is going through a period of major change. Some trends have been accentuated due to the effects of the pandemic. As a result of increased customer demands for accessibility and information, Movestic will further intensify its efforts to improve internal efficiency, with the aim to provide the necessary foundations for a higher degree of digitalisation, and new services will be developed to improve efficiency and simplify the customer offering.
The regulatory frameworks keep evolving and Movestic will keep working with adaptation and implementation.

RESULT AND FINANCIAL POSITION

The volatile but favourable development of the investment markets had a positive effect on the performance of the assets under management, which on the closing day amounted to 40,705 MSEK (40,001). Income from investment agreements amounted to 498.8 MSEK (501.8).

The Company's risk operation continued to return a strong technical result, mainly as a result of the reduction in the technical reserves for earlier accident years and new reinsurance agreements with higher retention rates.

The consequences of Covid-19 have impacted the technical results to some degree, both as a result of claims directly attributable to the pandemic, and to higher levels of sick leave because other types of healthcare have been deprioritised. An additional IBNR provision has been put in place to cover potential future effects of the pandemic.

The Company has changed its method for assessing the need to depreciate pre-paid acquisition costs, adopting a more risk-based approach, see Accounting principles – prepaid acquisition costs. Assessments relating to prepaid acquisition costs led to a write down of 12 MSEK (0) for 2020, see note 26.

The gross premium income remains at a similar level to the previous year at 192.3 MSEK (221.6)

The Company's pre-tax result improved and amounted to 221.3 MSEK (147.8), of which 61.6 MSEK relates to liquidation and wind-up of associated companies and subsidiaries.

As per the end of the year, the capital base according to the Solvency II directive amounted to 2503 MSEK and the capital requirement amounted to 1,584 MSEK.

PROPOSED APPROPRIATION OF PROFITS

SEK	**2020**
At the disposal of the general meeting of shareholders:	
Profit brought forward	747 244 516
Profit for the year	218 437 892
Total	**965 682 408**
The Board of Directors propose to:	
Carry forward to new account	965 682 408

Financial reports

Five-year summary

Amount in MSEK	2020	2019	2018	2017	2016
Result					
Premiums written, net of reinsurance, non-life operation	17,3	19,3	42,5	49,8	49,9
Premiums written, net of reinsurance, life operation	99,2	88,6	118,9	120,4	122,9
	116,5	**107,9**	**161,4**	**170,2**	**172,9**
		5,0			
Income from investment agreements	498,9	501,8	496,5	466,9	392,8
Investment income, net in the insurance operation	-8,7	2,3	-14,5	-10,2	-5,1
Claims incurred, net of reinsurance, non-life operation	18,0	-13,6	-22,5	-33,5	-31,5
Claims incurred, net of reinsurance, life operation	-29,3	-20,8	-31,9	-26,4	-54,1
	-11,3	**-34,4**	**-54,4**	**-59,9**	**-85,6**
Technical result of the non-life insurance operation	21,8	-17,4	-1,2	-9,6	-3,0
Technical result of the life insurance operation	171,9	185,4	115,8	98,7	69,3
Profit/loss for the year	**218,4**	**141,7**	**108,4**	**114,2**	**105,4**
Financial position					
Investment assets, valued at actual value	465,3	876,6	602,3	556,9	457,7
Investment assets for which the policyholder bears the risk	40 705,3	40 000,6	31 825,4	32 033,2	27 707,9
Technical provisions, net of reinsurance	484,5	546,5	355,7	355,9	345,8
Technical provisions for which the policyholder bears the risk	40 704,6	39 985,2	32 036,5	32 235,3	27 851,8
Net asset value	1 073,1	930,7	822,0	745,1	660,9
Capital base for the Company[1]	2 503,3	2 844,2	2 367,2	2 524,4	2 113,6
--of which Tier 1 capital	2503,3	2 844,2	2 367,2	2 524,4	2 113,6
-of which Tier 2 capital	–	–	–	–	–
Minimum Own Funds requirement for the Company[1]	396,0	459,1	333,1	403,9	362,6
Solvency capital requirement for the Company[1]	1 584,0	1 836,0	1 332,3	1 615,6	1 450,6

[1] Calculated according to the rules under Solvency II. These came into force on the 01-01-2016.
[2] Direct return and total return were calculated in accordance with the regulations of the Swedish Financial Supervisory Authority.
[3] A negative combained ratio due to release in claimsreserves for prior years.

KEY RATIOS	2020	2019	2018	2017	2016
Non-life insurance operation					
Claims ratio, %	-104,0	70,5	53,0	67,2	63,0
Operating expenses ratio, %	78,0	119,6	49,8	55,9	44,7
Combined ratio, %[3]	-26,0	190,1	102,7	123,1	107,7
Life insurance operation					
Management cost ratio, %	0,9	1,1	1,4	1,5	1,5
Asset management					
Direct return, % [2]	0,0	0,0	0,0	0,0	0,0
Total return, % [2]	2,6	18,4	-5,6	8,0	7,5
Financial position					
Consolidation, %	920,7	862,2	509,4	437,7	382,3

Income Statement

Amounts in KSEK

TECHNICAL ACCOUNT OF THE NON-LIFE INSURANCE OPERATION	Note	2020	2019
Premiums written (net of reinsurance)			
Premiums written (gross)		17 287	22 362
Premiums for ceded reinsurance		992	-9 122
Changes in Provisions for unearned premiums and unexpired risks		150	9 369
Reinsurers' share of changes in Provisions for unearned premiums and unexpired risks		-1 112	-3 311
		17 316	**19 297**
Allocated investment returns transferred to technical account	7	–	–
Claims incurred (net of reinsurance)			
Claims incurred and paid			
Gross	8	-32 066	-36 809
Reinsurers' share		4 155	24 667
Changes in Provisions for claims outstanding			
Gross		57 588	25 261
Reinsurers' share		-11 666	-26 717
		18 012	**-13 598**
Operating expenses	9	-13 507	-23 078
Technical result of the non-life insurance operation		**21 821**	**-17 379**

TECHNICAL ACCOUNT OF THE LIFE INSURANCE OPERATION	Note	2020	2019
Premiums written (net of reinsurance)			
Premiums written (gross)	5	187 087	193 159
Premiumtax		-11 605	-11 264
Premiums for ceded reinsurance		-76 245	-93 251
		99 238	**88 644**
Investment income	10	506	3 101
Unrealised gains from investments	11	94	2 447
Income from investment contracts	6	498 877	501 803
Claims incurred (net of reinsurance)			
Claims incurred and paid	8		
Gross		-87 482	-80 500
Reinsurers' share		39 106	45 211
Changes in Provisions for claims outstanding			
Gross		33 931	51 770
Reinsurers' share		-14 807	-37 274
		-29 252	**-20 793**
Changes in other technical provisions			
(net of reinsurance)			
Technical provisions for life insurance			
Gross		-647	7 726
Reinsurers' share		-2 382	-3 054
		-3 028	**4 672**
Operating expenses	9	-380 578	-384 990
Other technical expenses (net of reinsurance)		-4 684	-6 253
Investments, costs	10	-9 001	-592
Unrealised losses from investments	11	-253	-2 631
Technical result of the life insurance operation		**171 919**	**185 408**

NON-TECHNICAL ACCOUNT	Note	2020	2019
Technical result of the non-life insurance operation		21 821	-17 379
Technical result of the life insurance operation		171 919	185 408
Investment income	10	45	3 423
Investments, costs	10	-33 427	-15 038
Unrealised losses from investments	11	-1 004	-3 396
Unrealised gains from investments	11	363	3 151
Allocated investment returns transferred to the non-life operation		–	–
Impairment subsidiaries	12	-9 441	-8 400
Dividend associated companies	10	71 021	0
Result before appropriations and tax		**221 296**	**147 769**
Result before tax		221 296	147 769
Tax on the year's result	13	-2 837	-6 148
Deferred tax	13	-21	67
Profit/loss for the year		**218 438**	**141 688**
Total reported result			
Profit/loss for the year, according to income statement		218 438	141 688
Total comprehensive income for the year		**218 438**	**141 688**

Performance Analysis Life insurance operation

		Direct insurance, Swedish risks						
Amounts in KSEK	**Total**	**Unit-linked**	**Fee-based traditional insurance**	**Health insurance**	**Premium exemption**	**Individual traditional insurance**	**Group life & TGL**	**Direct insurance of foreign risks**
Technical account for the life insurance operation								
Premiums earned (net of reinsurance), note 1	99 238	11 298	222	33 099	-1 681	15 407	40 863	29
Investment income	506	12	–	336	90	8	58	2
Unrealised gains from investments	94	2	–	63	17	1	11	0
Income from investment contracts	498 877	466 447	32 429	–	–	–	–	–
Claims incurred (net of reinsurance), note 2	-29 252	-1 401	23	8 029	1 187	- 6929	-31 494	1 333
Changes in other technical provisions	-3 028	–	–	247	48	-45	-3 278	–
(net of reinsurance)								
Operating expenses	-380 578	-333 065	-31 227	-6 279	-1 573	-4 546	-2 967	-921
Other technical expenses (net of reinsurance)	-4 684	-4 126	-413	-145	–	–	–	–
Investment charges	-9 001	-207	-1	-5 975	-1 605	-141	-1 035	-37
Unrealised losses from investments	-253	-6	–	-168	-45	-4	-29	-1
Technical result for the life insurance operation	**171 919**	**138 955**	**1 035**	**29 207**	**- 3 563**	**3 752**	**2 129**	**405**
Technical provisions, gross								
Life insurance provisions	25 095	–	–	8 494	1 256	9 185	6 160	–
Claims outstanding	424 567	4 669	45	295 440	91 696	5 553	23 729	3 434
	449 661	**4 669**	**45**	**303 934**	**92 951**	**14 739**	**29 889**	**3 434**
Technical provisions for life insurances for which the policyholder bears the risk, gross								
Conditional dividends	3 701 838	–	3 701 838	–	–	–	–	–
Unit-linked commitments	37 003 501	37 003 501	–	–	–	–	–	–
	40 705 339	**37 003 501**	**3 701 838**	**–**	**–**	**–**	**–**	**–**

Performance Analysis Life insurance operation (cont.)

Amounts in KSEK	Total	Direct insurance, Swedish risks: Unit-linked	Fee-based traditional insurance	Health insurance	Premium exemption	Individual traditional insurance	Group life & TGL	Direct insurance of foreign risks
Reinsurers' share of technical provisions								
Life insurance provisions	9 193	–	–	3 545	872	4 579	196	–
Claims outstanding	237 866	373	25	171 502	58 400	2 632	2 270	2 665
	247 059	**373**	**25**	**175 047**	**59 272**	**7 211**	**2 466**	**2 665**
Note 1 Premiums earned (net of reinsurance)								
Premiums written, gross	175 482	12 417	314	66 787	23 075	31 841	40 914	134
Premiums for ceded reinsurance	-76 245	-1 119	-92	-33 688	-24 756	-16 434	-51	-105
	99 238	**11 298**	**222**	**33 099**	**-1 681**	**15 407**	**40 863**	**29**
Note 2 Claims incurred (net of reinsurance)								
Claims incurred and paid								
Gross	-87 482	-3280	-234	-26 796	-8 065	-15 797	-33 216	-95
Reinsurers' share	39 106	1 829	119	16 474	5 119	8 169	7 394	2
Changes to claims outstanding								
Gross	33 931	750	180	16 333	11 807	1 063	-2 905	6 703
Reinsurers' share	-14 807	-701	-43	2 018	-7 674	-364	-2 767	-5 277
	-29 252	**-1 414**	**23**	**7 232**	**939**	**-6 286**	**-31 132**	**1 385**

Foreign risks relate entirely to Norway.

Performance Analysis Non-life insurance operation

	Direct insurance, Swedish risks
Amounts in KSEK	**Sickness and accident**
Technical account for the non-life insurance operation	
Premiums earned (net of reinsurance) note 1	17 316
Allocated investment returns transferred from the financial account	–
Claims incurred (net of reinsurance) note 2	18 012
Operating expenses	-13 507
Technical result of the non-life insurance operation	**21 821**
Technical provisions, gross	
Provisions for unearned premiums and unexpired risks	2 628
Provisions for claims outstanding	326 237
	328 865
Reinsurers' share of technical provisions	
Provisions for unearned premiums and unexpired risks	230
Provisions for claims outstanding	45 816
	46 045
Note 1 Premiums earned (net of reinsurance)	
Premiums written, gross	17 287
Premiums for ceded reinsurance	992
Changes in Provisions for unearned premiums and unexpired risks	150
Reinsurers' share of changes in Provisions for unearned premiums and unexpired risks	-1 112
	17 316
Note 2 Claims incurred (net of reinsurance)	
Claims incurred and paid	
Gross	-32 066
Reinsurers' share	4 155
Changes in Provisions for claims outstanding	
Gross	57 588
Reinsurers' share	-11 666
	18 012

Balance Sheet Assets

Amounts in KSEK	Note	2020-12-31	2019-12-31
Intangible assets			
Other intangible assets	14	94 408	68 277
		94 408	**68 277**
Investment assets			
Investments in group companies and associated companies			
Shares and participations in group companies	15	17 064	18 405
Shares and participations in associated companies		–	9 183
Interest-bearing loans to associated companies		–	8 177
Other financial investment assets			
Shares and participations	16	241	103 996
Bonds and other interest-bearing securities	17	443 630	732 292
Other financial investment assets	18	4 323	4 515
		465 258	**876 568**
Investments for the benefit of life policyholders, for which the policy-holder bears the risk	19		
Assets with conditional dividends		3 701 838	3 678 865
Unit-linked assets		37 003 501	36 321 757
		40 705 339	**40 000 622**
Reinsurers' share of technical provisions			
Provisions for unearned premiums and unexpired risks	20	230	1 342
Life insurance provisions	21	9 193	11 575
Life insurance provisions	22	282 987	310 155
		292 410	**323 072**
Receivables			
Receivables, direct insurance	23	81 679	73 411
Tax receivables	24	8 247	8 993
Deferred tax asset		387	408
Other receivables		35 356	41 562
		125 669	**124 374**
Other assets			
Other assets	25	3 217	3 488
Cash and bank		484 004	99 208
		487 221	**102 696**
Pre-paid expenses and accrued income			
Deferred acquisition costs	26	731 063	758 467
Other pre-paid expenses and accrued income	27	69 549	55 735
		800 612	**814 202**
TOTAL ASSETS		**42 970 918**	**42 309 811**

Balance Sheet Equity, provisions and liabilities

Amounts in KSEK	Note	2020-12-31	2019-12-31
Equity			
Share capital		13 000	13 000
Fund for development costs		94 408	83 491
Profit brought forward		747 245	692 473
Net profit for the year		218 438	141 688
		1 073 090	**930 652**
Technical provisions (gross)			
Unearned premiums and unexpired risks	20	2 628	2 778
Life insurance provisions	21	25 095	24 448
Claims outstanding	22	749 191	842 323
		776 914	**869 549**
Technical provisions for life insurances for which the policyholder bears the risk (gross)	**29**		
Conditional dividend		3 701 838	3 678 865
Unit-linked commitments		37 002 754	36 306 335
		40 704 592	**39 985 200**
Other provisions	**30**		
Provisions for pensions and similar commitments		5 611	5 841
Other provisions		840	149
		6 451	**5 990**
Liabilities			
Liabilities, direct insurance	31	39 018	37 680
Liabilities, reinsurance		10 084	14 088
Other liabilities	32	314 521	423 843
		363 622	**475 611**
Accrued expenses and deferred income			
Reinsurers' share of deferred acquisition costs		1 226	1 737
Other accrued expenses and deferred income	33	45 023	41 072
		46 248	**42 809**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**42 970 918**	**42 309 811**

Statement of changes in equity

	Restricted equity		Non-restricted equity		Total equity
Amounts in KSEK	**Share capital**	**Fund for development costs**	**Profit brought forward**	**Profit/loss for the year**	
Opening balance 01-01-2019	**13 000**	**40 469**	**660 148**	**108 423**	**822 040**
Distribution of profit	–	–	108 423	-108 423	–
-Dividends	–	–	-33 075	–	-33 075
Provision for the year	–	43 022	-43 022	–	–
Profit/loss for the year	–	–	–	141 688	141 688
Closing balance 31-12-2019	**13 000**	**83 491**	**692 474**	**141 688**	**930 652**
Opening balance 01-01-2020	**13 000**	**83 491**	**692 474**	**141 688**	**930 652**
Distribution of profit	–	–	141 688	-141 688	–
-Dividends	–	–	-76 000	–	-76 000
Provision for the year	–	10 917	-10 917	–	–
Profit/loss for the year	–	–	–	218 438	218 438
Closing balance 31-12-2020	**13 000**	**94 408**	**747 245**	**218 438**	**1 073 090**

As per the 31 December 2020, the number of shares in Movestic Livförsäkring AB was 13,000 (13 000), with a quota value of 1,000 SEK. All shares carry one vote.

Notes

All amounts in **KSEK** unless otherwise stated.

NOTE 1 – VALUATION AND ACCOUNTING PRINCIPLES GENERAL INFORMATION

The parent company for the group to which Movestic Livförsäkring AB (516401-6718) is a subsidiary and by whom the annual report for the group is prepared, is Chesnara plc, Preston, UK (Company No 4947166). Movestic Livförsäkring does not prepare an annual report for the group, in accordance with the Swedish Accounts Act for Insurance Companies, chapter 7 § 3.

This annual report was approved for publication by the Board of Directors on the 22:nd of March 2021.

BASIS OF THE PREPARATION OF THIS REPORT

This annual report has been prepared in accordance with the Swedish Accounts Act for Insurance Companies (ÅRFL) and regulations and general advice regarding annual reports for insurance companies and occupational pension providers from the Swedish Financial Supervisory Authority (FFFS 2019:23), as well as the Swedish Financial Reporting Board, RFR 2. Movestic Livförsäkring applies the so called 'IFRS limited by law', by which is meant the international accounting standard that has been approved for application in combination with those limitations specified in RFR 2. This means that all EU approved IFRS rules and statements are applied as far as is possible within the framework of Swedish law and with consideration to the connection between accounting and taxation.

Assets and liabilities are reported at their acquisition value, except in the case of financial assets and liabilities, which are reported at their actual value. As a rule, gross values of assets and liabilities are used in the report. However, net values are shown where there is a legal right to set off assets and liabilities, and these are to be wound up together or at the same time.

CHANGED ACCOUNTING PRINCIPLES

On December 1, 2020 the regulations and general advice regarding annual reports for insurance companies and occupational pension providers from the Swedish Financial Supervisory Authority (FFFS 2019:23) came into force. The new regulations replace the former rules from the Swedish Financial Supervisory Authority (FFFS 2015:12). The introduction of the new regulations has not resulted in any changes to the accounting principles from the previous year, however the requirement to prepare a cash flow analysis under chap. 2, § 3 for unlisted insurance undertakings and unlisted occupational pension undertakings has been removed. Movestic has decided not to prepare a cash flow analysis.

New and amended standards and interpretations that have come into force and new standards that have not yet come into force

IFRS 17, Insurance contracts
In May 2017, The International Accounting Standards Board, IASB, published a new standard for recognition of insurance contracts, IFRS 17. This standard will replace the current standard, IFRS 4, and is expected to come into force on the 1 January 2023, at EU level.

The aim of IFRS 17 is to establish a unified method for recognition of all types of insurance contracts, increase transparency about the earnings of insurance undertakings, and improve comparability between providers and countries. The definition of 'insurance contract' remains more or less unchanged from IFRS 4, whereas the rules for separation of investment and service components have changed.

There have been ongoing discussions about the effective date for this standard and its implementation, both nationally and internationally, resulting in a revised standard being introduced in June 2020. During the year, decisions have been made at the national level to tentatively remove the requirement for group reports relating to unlisted companies to apply international accounting standards, which led to the new regulations and general advice regarding annual reports for insurance companies and occupational pension providers from the Swedish Financial Supervisory Authority (FFFS 2019:23). This means that Movestic will not implement IFRS 17 as a legal entity, but this will instead be implemented by Chesnara. Movestic is monitoring developments within the regulatory area and has during the year intensified its efforts to prepare for and assess IFRS 17 and its impact on the Company's group reporting.

Current accounting principles
Reporting of insurance contracts
According to IFRS 4, the definition of an insurance contract is a 'contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.' In an assessment of whether or not a contract is an insurance contract, two criteria must be met. The first is that the contract must include an insurance risk, and the second that this risk must be significant.

All insurance contracts between Movestic Livförsäkring and customers that do not carry significant insurance risk are classified as investment agreements and reported as financial instruments in accordance with IAS 39: Financial Instruments: Recognition and measurement. This means, for example, that payments into and out of the customers' saved capital and any net changes in the value of the associated investment assets are shown directly on the balance sheet.

Contracts that carry a significant insurance risk are classified as insurance contracts in accordance with IFRS 4, and reported on the income statement. The insurance components of contracts relating to unit-linked products, such as survivor's benefit and repayment cover, are recognised separately from the financial component, and reported as insurance contracts to provide complete financial information. This method is known as 'unbundling'.

Intangible assets
Intangible assets are reported at their acquisition value, with deductions for accumulated write-downs and possible depreciation. Write-downs are based on acquisition costs for the equipment and individually estimated periods of usage. The remaining value and periods of usage for the assets are reassessed at each closing day and adjusted as needed. The usage period for existing computer programs and similar licence rights are deemed to be not more than 3 years for simpler standard programs, and not more than 5 years for other computer programs and licence rights. Depreciation begins once an asset is available for use and reported through the income statement according to the linear method. The costs for simpler development or maintenance of software are reported as they arise.

Costs closely connected to the production of identifiable and unique software products, controlled by the Company and with probable financial benefits lasting more than one year and outweighing the costs, are shown as intangible assets. Costs closely connected to the development of software include personnel costs for the program development.

The reported values of assets are reassessed at each closing day. If there is an indication that depreciation is required, the asset's recovery value is calculated. The recovery value is set to the highest of the asset's expected net sales value and its value in use. The latter is determined based on the asset's contribution to expected future cash flows. Depreciation is reported when an asset's reported value is less than its recovery value. The depreciation is reported through the income statement.

An amount corresponding to the activated self-developed intangible assets for the year is set aside into a special, tied fund, Fund for Development Costs. This fund is returned to unrestricted equity as self -developed intangible assets are depreciated or written-off.

Investments in group companies and associated companies
Shares in group companies and associated companies are measured at acquisition value. Should the actual value on the closing day be considered to be less than the acquisition value, the value is written down. This write-down is reported on the income statement. Should the value be deemed to be increasing again, the write-down is reversed on the income statement.

Financial assets and liabilities – Classification and reporting
Sales and acquisitions of financial instruments are reported on the day of the transaction. Financial instruments are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred together with more or less all risks and rights connected with the ownership.

In accordance with IAS 39, Financial Instruments: Recognition and Measurement, financial instruments have been divided into the following categories

Financial assets and liabilities valued at their actual value on the income statement
A financial asset or liability valued at its fair value on the income statement is an asset or liability that meets one of the following criteria: a) it is classified as being held for trading purposes, or b) it is designated on initial recognition as one to be measured at fair value. The Company's holdings of investment assets fall into this category.

The valuation is set to the fair value, recalculated through the income statement. Realised and unrealised gains and losses caused by changes in fair value are included in the income statement for the period in which they occur. The fair value of financial instruments traded on an active market is based on listed market prices on the balance day.

Loan receivables and customer receivables
This category includes financial assets with payments that are determined or possible to determine, and that are not listed on an active market, such as claims against policyholders and funds in the bank. The valuation is set as the amortised cost, which is determined based on the effective interest rate calculated at the time of the acquisition.

Loan and customer receivables are reported at the amounts the Company expects to receive, i.e. after the deduction of bad debts, and are a reasonable estimate of the actual value.

Other financial liabilities
This category includes all financial liabilities not included in the category 'Valued at fair value through the income statement'. Their value is set to the amortised cost and the reported value is a reasonable estimation of the actual value.

The classification of financial assets and liabilities is in line with the Company's internal reporting and monitoring systems.

An additional note to the note 'Categories of financial assets and liabilities and their actual values' provides information that simulates the categorisation used in IFRS 9, as the Company is applying the temporary exemption from implementation of IFRS 9 Financial Instruments.

Insurance providers can only apply the temporary exemption if the entity has not previously applied IFRS 9, with the exemption of certain specific requirements, and if the entity's predominant activity is insurance-related. For an entity to be classified as being predominantly insurance-related, as assessed at the end of 2016-12-31, two conditions must be met:
- firstly, the reported value of the liabilities arising from contracts within the scope of IFRS 4, including for example deposit components unbundled from insurance contracts, must be significant compared to value of the total reported liabilities.
- secondly, the part of the total reported value of liabilities related to insurance, including non-derivative investment contracts measured at fair value in the income statement, must amount to more than 90 percent of the value of the total liabilities reported, or a ratio of between 80 and 90 percent if the entity has no other significant activity unconnected with insurance.

The calculations carried out as per the closing date, i.e. the 31 December 2016, show that the relation between the total reported value of liabilities relating to insurance, i.e. the technical provisions, including technical provisions for which the policyholders carry the risk (28 848 477 KSEK) and the total liabilities (29 394 543 KSEK) amounted to approximately 98 percent, of which approximately 30 percent relates to liabilities arising from contracts within the scope of IFRS 4.

Investment assets for which the life insurance holder carries the investment risk
This category consist of investment assets for which the policyholders carry the investment risk, and assets are reported on the lines 'assets for conditional dividends' (custody accounts) and 'unit-linked assets'. The assets are reported at their fair value. The fair values are based on listed market prices on the balance day, which are set to the latest price paid. Any change in value that occurs is reported at its net value in the Income statement, as these changes in value belong wholly to the policyholders.

Liquid assets
Liquid assets consist of cash and bank balance.

Tangible assets
Equipment and inventories are reported at their historical acquisition values with deductions for write-downs made according to the estimated periods of usage. The remaining value and period of use for the assets are reassessed on each closing day and adjusted when required. For the calculation of depreciation times, the assets are divided into the following groups, based on estimated period of use:
- Computers and similar equipment, 3 years
- Other machines and inventories, 3–5 years

The acquisition value includes, apart from the purchasing price, also expenses directly connected to the purchase. From 2019, costs related to development work on other part's property have been reported as tangible assets with depreciation starting in 2020.

Deferred acquisition costs
Expenditure for acquisitions of both insurance and investment contracts are activated through the balance sheet. The depreciation time for products with ongoing deposits within private

pension and endowment insurance is 10–14 years, depending on the type of product and year of purchase, whilst products with one-off deposits have a depreciation time of 5 years. For policies taken out in 2011 or later, a flat depreciation period of 10 years is applied for private pension plans and endowment insurance. For occupational pension plans, the depreciation period is 17 years. The reported value of the deferred acquisition costs is reassessed on each balance day, based on expected future cash flows. As of 2020, the annual impairment test analyses of deferred acquisition cost has been developed using a risk based approach. A write off is necessary when the impairment test analyses shows that the margin for future profits is not reassuring for the portfolio as a whole or to align future profit levels for all product types and underwriting years.
The depreciation is recognised through the income statement.

Group contributions
Group contributions are reported in accordance with RFR2, which means that group contributions received from subsidiaries are reported as financial income. Outgoing group contributions from the parent company to subsidiaries are reported as an increase in the number of participations held in group companies.

Dividends
All dividends from subsidiaries are reported as income in this year's profit/loss.

Technical provisions
Technical provisions are made up of Provisions for unearned premiums and unexpired risks, Provisions for outstanding claims, and Life insurance provisions, and correspond to the Company's obligations according to existing insurance contracts.

The provisions for unearned premiums are intended to cover the expected claims and operating costs for the remaining lifetime of insurance contracts already entered into. The provisions for unearned premiums and unexpired risks for direct insurance are calculated based on the actual allocation of premiums written (pro rata temporis)

The provision for outstanding claims has been calculated based on all available facts relating to individual claims and claims development. The provision for outstanding claims includes expected claims payments and claims handling costs for all reported claims and for claims which have not yet been reported, so called IBNR-provision. The provision is calculated using statistical methods and individual estimates of specific claims, often through a combination of both. The calculation is based on a conservative analysis of the known but outstanding claims, as well as on an estimation of size, number and time of the not yet reported claims. This estimation is based on historic reporting patterns.

Liability adequacy test
On each closing date, the company carries out a liability adequacy test in accordance with IFRS 4. A test is carried out on whether or not the reported insurance contract obligations are adequate. This is done by estimating future cash flows relating to accepted insurance contracts. The future cash flows are discounted and compared to the reported value of the provisions, reduced by associated pre-paid acquisition costs and intangible assets. Any deficits are reported through the income statement.

Technical provisions for life insurance contracts for which the policyholder carries the risk
Provisions for which the policyholders carry the investment risk in the unit-linked operation consist of the sum of the real value of units allocated to existing policies and monies which have been paid in, but not yet invested in fund units. Provisions for life insurance contracts for which the policyholders carry the investment risk where the assets have been invested in a custody account consist of the sum of the actual value of the assets. The actual values are based on listed market prices on the balance day, which are set to the latest price paid. Provisions for custody accounts are classified as 'assets with conditional dividends'.

Effects of transactions in foreign currencies
The functional currency is SEK. All accounting transactions in foreign currencies are converted at the exchange rate that applied on the day of the transaction. Assets and liabilities in foreign currencies are reported at closing day rate. Exchange rate gains and losses which occur when monetary assets and liabilities are converted are reported in the income statement, net, under the items Investment income and Investment costs.

Premiums written
A premium is the payment an insurance company receives from the policyholder to accept the transfer of the insurance risk. For non-life insurance, the premiums written are reported at the point in time when the first of the following events occur: the first premium is due, or the insurance policy comes into force. For life insurance, the premiums written are reported according to the cash principle, i.e. when they are paid.

Premiums earned
Premiums earned for non-life insurance is that part of the premiums written which applies to the reporting period. The portion of the premiums written from insurance contracts that apply to time periods after the closing day is allocated to the premium reserve on the balance sheet.

Income from investment contracts
Income from investment contracts is reported in accordance with IFRS 15, Revenue from contracts with customers, and reported as and when the contracted commitments are performed according to a five-step model, and the services are provided to the contract holders, which takes place at regular intervals during the lifetime of the agreements.

The Company reports the following revenue in accordance with IFRS 15:
- Fees related to unit-link insurance and custody accounts
- Fund rebates

In the unit-linked operation, fees are deducted from the customers' investment contracts to cover the costs of administration, claims handling, asset management, etc. Fees deducted as a result of Movestic Livförsäkring meeting its commitments are debited on a monthly basis and consist of both fixed and variable fees, both based on the value of the managed assets. Other fees, including transfer fees and fees relating to lapses, are recognised as the services are provided. Payments are debited through redemption of units.

Movestic Livförsäkring receives fund rebates from the fund companies, based on the value of the managed assets. These fund rebates are recognised and adjusted monthly after determination of the basis of the calculations. The fees are recognised and adjusted on an ongoing basis, as Movestic Livförsäkring meets its commitments. As per the closing day, there are no outstanding receivables or liabilities related to these fees.

Insurance claims
The total claims paid for the period include both those claims paid during the period and changes to provisions for outstanding claims. Insurance claims include, apart from payments made, also costs for claims handling.

Investment income from the insurance operation
The total investment income for non-life insurance is reported in the non-technical result. Part of the investment income is transferred from the result of the asset management to the technical result for the non-life insurance operation. The non-life insurance operation is allocated an investment income amounting to the average of the incoming and outgoing technical provisions for the non-

life operation, net of reinsurance. The interest rate is equivalent to a risk-free interest rate, which is set at the rate of a 90-day treasury bill. Since 2018 investment income from the result of the asset management is not transferred to the technical result for the non-life insurance operation if the interest on state debt is negative.

Operating expenses
The costs of investment and insurance agreements are reported as expenses when they arise, except in respect to commission for new premiums written, increases in agreed premiums, and commissions on premiums. These are activated and reported as pre-paid acquisition costs. The amortisation of these acquisition costs should correspond to the future income from the agreements concerned.
The costs of claims handling are reported under the item Paid insurance claims.

Operational leasing
All leasing agreements are classified as operational and reported in accordance with the rules for operational leasing. Costs related to operational leasing agreements are reported in the income statement for the year, on a straight-line basis over the period of lease.
IFRS 16 Leases replaced IAS 17 Leases from 2019. The Company has decided not to apply IFRS 16 as a legal entity, in accordance with the exemption rules in RFR2.

Remunerations to employees
The Company secures pension benefits for employees in accordance with laws and agreements.

Charges relating to fee-based pension plans, for which the Company's commitment is limited to the charges the Company has agreed to pay, are reported as a cost in the income statement for the period to which they relate.

Commitments regarding retirement and family pensions for employees born in 1971 or earlier are safeguarded through insurance with FPK, unless otherwise agreed. This is a benefit-based scheme that includes a number of employers. As the Swedish Pension Obligations Vesting Act must be applied for the cost to be tax deductible, the rules about benefit-based schemes in IAS 19 do not have to be applied for a legal entity. Instead a simplified rule can be applied, which states that companies should report benefit-based schemes as fee-based schemes, where a pension premium has been paid to an insurance undertaking, friendly society, or similar. The scheme is therefore reported as a cost and charged to the result for the period to which it relates.

Taxes
The Company's operation is subject to yield tax and income tax.

Income tax
The total tax shown in this year's result consists of actual tax and deferred tax. Taxes are reported on the income statement, except when the underlying transaction is shown directly against the equity, when the corresponding tax effect is reported under equity. Actual tax includes tax which should be paid or received for the current year as well as adjustments of actual tax for previous periods. Deferred tax is calculated according to the balance-method, based on temporary differences between reported and taxable values of assets and liabilities. The amounts are calculated based on how temporary variations are expected to even out through the application of tax rates and taxation rules which have been decided or announced as per the closing day. Deferred tax claims for deductible temporary variations and deductions for losses are only shown if it is probable that they will lead to reduced tax payments in the future.

Yield tax
The yield tax is based on standard calculations of the yield from net assets being managed on behalf of policyholders. The basis of the yield tax is calculated based on the capital base, and using the different tax rates that apply to each product. Pension plans are taxed at 15 percent and calculated based on the value of the assets under management on behalf of the policyholders at the beginning of the fiscal year. Capital life insurance is taxed at 30 percent and calculated based on the opening value of the assets under management on behalf of policyholders and 100 percent of premiums paid in the first six months, as well as 50 percent of premiums paid in the second half of the year. The cost is calculated each year, and reported as an operating expense within the life insurance operation.

Tax charges deducted from policies to cover the yield tax are reported under the heading Income from investment agreements.

NOTE 2 - IMPORTANT ASSUMPTIONS AND JUDGEMENTS THAT AFFECT THE ACCOUNTING

When financial reports are prepared it is assumed that the board of directors and company management make assumptions and judgements that affect the application of the accounting principles and the reported values of assets, liabilities, revenue, and costs. These judgements and assumptions are based on, among other things, historical experiences and knowledge about the insurance industry. Those assumptions that have had a major impact on the financial reports for the financial year 2019 are commented on below.

Technical provisions
The technical provision for outstanding claims should cover expected future payments for all claims, RBNS, including claims not yet reported to Movestic Livförsäkring so called IBNR provisions. The provision for outstanding claims is calculated using recognised statistical and actuarial methods, as well as individual assessments of specific claims. The calculations are based on financial assumptions about interest rates and inflation, as well as actuarial assumptions relating to e.g. expected mortality and morbidity. Any differences between the estimated and actual future claims payments will result in a run-off profit/loss, which will be reported in the following year. See note 22 for information about 2020s outstanding claims.

Pre-paid acquisition costs
Pre-paid acquisition costs are amortised based on the expected lifetime of the contracts. Should the assumptions about expected lifetimes be adjusted or the depreciation schedule change, this may have an impact on the result.

NOTE 3 – RISKS AND RISK MANAGEMENT

Risk management is a natural part of running any insurance operation. Movestic is, as a result of its activities within risk insurance, unit-linked and custody account products with focus on occupational pensions, private and company-owned endowment policies, and private pension plans, mainly exposed to financial risks, insurance risks, operational risks and business risks.

To ensure effective risk management and internal control within the Company, an organisational structure based on three lines of defence has been put in place.

The first line of defence consists of the CEO, the business and operational managers, and their personnel. The first line of defence is responsible for the risks that arise, or could arise, within their departments or areas of responsibility. They are also responsible for the actions put in place to manage these risks. The first line of defence is also responsible for reporting any incidents to the second line of defence.

The second line of defence consists of the independent control functions, i.e. the Risk Management, Compliance and Actuarial functions. The second line of defence is responsible for monitoring, checking, reviewing and following up the risk management work of the first line of defence. It also supports the CEO and the Board of Directors in their responsibility to ensure that the Company has in place an effective risk management system.

The third line of defence is the Internal Audit function, an independent function that reports direct to the Board of Directors.

Risk Management organisation

The final responsibility for making sure the Company has an effective risk management system in place rests with its Board of Directors. The Board has appointed a Audit and Risk Committee, tasked with helping the Board to review Movestic's financial reports, internal controls, and risk management system. The risk management system consists of policy documents, strategies, processes and routines for identifying, evaluating, monitoring, handling and reporting risks to which the company is or may become exposed. An Own Risk and Solvency Assessment is carried out annually and whenever the Company's risk profile alters significantly. The Board decides, based on current regulations, a framework for Movestic's risk management activities, via internal rules set out in different steering documents. The Company's CEO is responsible for making sure that all steering documents are implemented in the operation and for providing more detailed instructions. The steering documents are updated and adopted on an annual basis.

The role of the *Risk Management function* is to assist the Board, CEO and other employees and departments in their efforts to maintain an effective risk management system and this function is responsible for updating and improving the Company's risk management system on an ongoing basis. The Risk Management function monitors the Company's risk profile and acts to prevent excessive risk taking. This function reports direct to the CEO, and informs both the Board of Directors and the CEO on the status of the Company's risk management system and risk situation. The function also issues recommendations to the Board and the CEO in relation to any changes or improvements required to ensure compliance with all laws and regulations related to the Company's handling of risks.

The role of the *Compliance function* is to help the Company to follow legislation, regulations, good business practice or standards, as well as all internal rules relating to the licenced operation. This function shall also help the operation to identify and evaluate significant risks of non-compliance. The Compliance Function is independent of, and objective in relation to, the business operation, and therefore reports direct to the CEO. Reports to the CEO are submitted on a regular basis and a Compliance Report is prepared for each board meeting. The Compliance Officer also leads the work to ensure that the Company's internal rules are designed to comply with all legal requirements and other regulations.

The role of the *Actuarial function* is to contribute to the Company's risk management system, in particular by ensuring that the handling and calculation of technical provisions and capital requirements comply with both internal and external rules and regulations. This also covers the capital requirements calculated as part of the Own Risk and Solvency Assessment (ORSA). The Actuarial function is outsourced and regulated through a service contract.

The *Internal Audit function* is an independent auditing function that reports direct to Movestic's Board of Directors. Its task is to review and assess the Company's systems for governance, risk management and internal control, and to recommend improvements within these areas. The Internal Audit function is outsourced and regulated through a service contract.

Financial risks

Financial risks include market, liquidity, concentration, credit and opposite party risks. The Board of Directors of Movestic Livförsäkring annually adopts a *Policy for the management of investment risks*, which sets out the direction and targets for the investments, limits per instrument, and decision-making rights for investment activities. In addition to the abovementioned policy, Movestic has in 2020 set up an Investment Committee, as a subcommittee of the Board of Directors. This committee is tasked with recommending to the board decisions regarding the Company's own financial assets.

Market risk

Market risk is the risk that changes to interest rates, exchange rates or share prices have a negative effect on the market value of the Company's assets.

Below is a sensitivity analysis for market risk:

Sensitivity analysis, MSEK	Exposure	Risk parameter	Change	Effect on result	Effect on equity
Interest-bearing assets	443,6	Changed interest rates	1%	13,5	10,6
Shares and participations	2,4	Changed share prices	10%	0,0	0,0
Currencies	51,0	Changed exchange rates	10%	5,1	4,9

The impacts of the exposure to market risks have been calculated as the change in the actual values of the exposed assets in case of a change in the underlying market risk components. Current tax has been taken into account in the assessment of impact on the operational result and own assets.

The Company invests mainly in liquid assets, with debt covering assets invested in other interest-bearing assets. The exposure to interest and credit risk is limited, as the assets are mainly short-term and only relate to instruments with high ratings, to reduce the risk of default.

For the unit-linked operation, the future earnings from fees from the management of customers' assets are important. Movestic Livförsäkring is exposed to the risk that future earnings decrease as a result of interest rate fluctuations or a general downturn on the stock or currency market.

Liquidity risk
Liquidity risk is the risk that Movestic Livförsäkring is unable to fulfil its payment commitments by the due dates, without a significant increase in the costs for obtaining funds.

Movestic Livförsäkring's exposure to liquidity risk is limited, as insurance premiums are collected in advance, and major claim payments are usually known long before they become due. To reduce the remaining liquidity risk, the Company's cash flows are analysed on an ongoing basis, and the Risk Management function regularly checks how quickly the Company's assets could be realised. The majority of the Company's assets are invested in securities that can be sold on a second hand market at short notice, without any effect on the price. Investments are made in listed securities with good liquidity levels, why the liquidity risk is deemed to be limited.

The financial liabilities are met by the Company's financial assets, and by the reinsurers' share of the technical liabilities, which can all be turned into liquid assets at short notice.

Financial liabilities, MSEK	**< 1 year**	**> 1 years**
Provisions for policies for which the policyholders carry the investment risk	873	39 832
Technical provisions	151	598
Liabilities, direct insurance	39	–
Liabilities, reinsurance	10	–
Other liabilities	116	198
	1 190	**40 628**

Concentration risk
The concentration risk is the risk that a lack of diversification in the asset portfolio, or significant exposure to an individual issuer or group of affiliated issuers of securities. The Company assesses its exposure on a regular basis, and monitor the limits. The Company's exposure to concentration risk is deemed to be limited.

Credit and counterparty risk
Credit and counterparty risk is the risk that an counterparty is unable to fulfil its commitments to Movestic Livförsäkring.

The main exposure is towards financial institutions and relate to assets held in deposit accounts with banks. The credit risk for these financial assets is deemed to be low.

Claims against policyholders carry a limited credit risk, as non-payment leads to cancellation of the insurance policy and the Company's responsibility towards the customer therefore ends.

The greatest exposure to credit risk relates to reinsurers, both through reinsurance claims and through reinsurers' share of outstanding claims. The Company's Reinsurance Policy states that agreements can only be entered into with external reinsurers with a credit rating of A or higher from Standard & Poor's. The creditworthiness of the reinsurers is reviewed regularly to ensure that the desired reinsurance cover is maintained.

A risk of credit loss also exists in relation to insurance brokers. This could happen in situations where the Company has an outstanding cancellation debt or legal cancellation liability and an intermediary goes bankrupt.

The table below shows the credit and market risks to which Movestic Livförsäkring is exposed, allocated per credit rating from Standard & Poor's.

Credit exposure , MSEK	**2020**	**2019**
Investments		
Interest-bearing loans to associated companies	–	8,2
Bonds and other interest-bearing securities[1]	443,6	732,3
Receivables, direct insurance		
Intermediaries	0,3	0,8
Receivables reinsurers (including reinsurer´s share of technical provisions)		
Reinsurers, credit rating AA-	292,4	323,1
Cash and bank		
Counterparty with credit rating AA-	484,0	99,2

[1] Pertains to holdings in investment fund

Insurance risk
Life insurance risks are risks that arise as a result of undertakings to insure the life and health of individual persons. Examples of such risks are the risk of sickness and disability, mortality risk, risks relating to operating expenses, cancellation risks, underwriting risks, and risks relating to the establishment of a reserve.

- *Mortality risks* are the risks that the survival times of the Company's policyholders do not meet its expectations.
- *The risks of sickness* and disability refers to the risk that the rate of disability and sickness among the policyholders is greater than expected.
- *The risk related to operating expenses* is the risk that the Company's assumptions for operating costs do not cover its actual costs for running the operation in the longer term.
- *The lapse risk* is the risk that terminations, lapses or outgoing transfers have a negative effect on the Company's earnings. To reduce the financial impact of lapse, the Company has taken out reinsurance.
- *Underwriting risk* is the risk of losses due to incorrect pricing, risk concentration, incorrect reinsurance cover or irregular variations in the frequency and/or size of insurance claims.
- *The reserve-related risk* is the risk that the Company does not have sufficient reserves to cover the payments of claims made.

Within the risk insurance operation, the Company is mainly exposed to the risk of increased mortality, disability or sickness from the insurance policies provided to groups and individuals. These risks are managed partly through reinsurance, by analysing the results per insurance segment and settlement outcomes, and by ensuring the correct pricing of risks. In 2020 the Company had reinsurance cover for insurance risks in the shape of a quota share agreement, with retention of on average 54%, as well as a catastrophe reinsurance agreement. The reinsurance program also includes financial reinsurance, which also covers commissions for the unit-linked operation until 2019.

Within the unit-linked and custody account operation, the main insurance risks relate to unfavourable movements within the customer portfolio, such as lapses and transfers of policies, and the risk that customers stop paying the premiums relating to their contracts. To some extent, this risk is reduced by charges taken from customers who lapse or transfer their assets, and from distributors that terminate contracts prematurely. The lapse risk is mitigated to some extent by reinsurance.

Concentration risk in the insurance portfolio
The concentration risk within the portfolio is the risk that the Company's risk exposure is not sufficiently diversified, and may arise in a situation where the risk exposure is concentrated to for example a small number of policyholders or a single contractual area. The concentration risk in the portfolio as a whole is deemed to be limited, as the Company's portfolio is well diversified. The Company uses reinsurance to further reduce the concentration risk.

Concentration of insurance risk

Benefits assured tkr	Before reassurance	After reassurance
0-250	13%	10%
250-500	41%	53%
500-750	5%	5%
750-1000	13%	13%
over 1 000	28%	19%
Total	100%	100%

The table illustrates how the capital at risk varies for different amounts.

Sensitivity analysis for insurance risk
The claims costs provided in the table relate to changes in the provisions for outstanding claims and claims reserve. Higher claims costs have a direct impact on the Company's result and may occur as a result of unfavourable changes in parameters affecting the portfolio, as illustrated in the table below. The technical provisions are also exposed to the risk of changes in the discount rate, mainly in relation to the sickness and premium waiver components. The table shows the impact on the Company's results of changes in the discount rate. Reinsurance is used to reduce the impact on the results.

Sensitivity analysis, KSEK	Pre-tax profit	Shareholders equity
5% increase in loss ratio	-36 114	-21 960
1% decrease in discount rate	-20 772	-13 580

Claims cost trend
The tables below show, per claims year, how the estimated claims costs changed as our knowledge about the claims increased. For each year in the period shown, i.e. 2015-2020, the claims cost developed positively compared to our initial estimates.

Claims cost development	2015	2016	2017	2018	2019	2020
Gross in MSEK per claims year						
Estimated final claims cost						
At the close of the claims year	320,5	384,6	357,9	327,7	218,2	183,7
One year later	244,3	280,8	265,6	214,6	156,7	
Two years later	217,3	245,7	258,4	210,0		
Three years later	186,6	237,7	229,0			
Four years later	181,8	207,2				
Five years later	170,4					
Current estimate of total claims cost	170,4	207,2	229,0	210,0	156,7	183,7
Cumulative payments	-119,8	-144,3	-139,0	-106,5	-87,9	-40,1
Current provisions	50,6	63,0	90,1	103,5	68,9	143,7
Provisions for previous claims years						229,6
Total provisions						749,2

Net in MSEK per claims year	2015	2016	2017	2018	2019	2020
Estimated final claims cost						
At the close of the claims year	122,7	123,3	126,4	107,7	107,4	118,7
One year later	66,4	77,1	22,9	117,0	60,2	
Two years later	57,4	65,1	124,1	112,2		
Three years later	49,4	115,0	108,1			
Four years later	83,5	90,4				
Five years later	74,0					
Current estimate of total claims cost	74,0	90,4	108,1	112,2	60,2	118,7
Cumulative payments	-40,4	-51,9	-49,9	-43,4	-33,3	-28,6
Current provisions	33,6	38,5	58,2	68,9	26,9	90,1
Provisions for previous claims years						150,0
Total provisions						466,2

Operational risks
Operational risk is defined as the risk of losses due to non-productive or failed internal processes, human error or failing systems. Reputational risks and legal risks, which could be caused by inadequate processes or employee neglect are also included in operational risks. The operation is responsible for handling operational risks and the Risk Management function is responsible for continuous monitoring, evaluation and reporting of operational risks. The assessment and monitoring of operational risks take the form of self-assessments, carried out in cooperation with managers and co-workers. Assessments are carried out at least once a year, with follow-ups as needed. Risks that are felt to be particularly high are discussed and challenged on a quarterly basis, initially by the management team of the respective departments, thereafter by Movestic's leadership team and the Risk Management function.

Operational risks are evaluated by estimation of the probability that an adverse event occurs as a result of a specific risk, and the impact that such an event would have on the day-to-day operation. Any identified risks can then be managed with supportive measures from the Risk Management function, which can assist with the introduction of improved routines, processes and collaborations.

The overall risk exposure is reported to the Company's CEO and Board of Directors on a regular basis.

Business risks
Business risks relate to large-scale, structural risk factors. Business risks are divided into the following sub-categories:
Strategic risk is the risk of losses due to the Company's general business strategy, business decisions, or a failure to act when there are changes in society or the industry.

Political risk is the risk of losses due to political or societal changes, such as changes to legislation or other external regulations.

Other business risks are risks that do not fit into either of the above categories, such as the risk of losses because of competition from other companies, or price pressures on a competitive or politically regulated market, which cannot be accommodated by reducing costs.

The Risk Management function assesses the business risks to which the Company is exposed on a regular basis, together with relevant business and operational managers. Business risks are measured, monitored and reported according to similar processes and principles as those used for operational risks, however, using an approach specially adapted to this particular risk category. Business risks are re-evaluated at least once a year, and follow-ups are carried out as required. Risks that are felt to be particularly high are discussed and challenged by Movestic's leadership and the Risk Management function on a quarterly basis.

Solvency risk
Solvency risk is the risk that the Company does not meet its solvency requirements, which include both regulatory requirements and other adopted target levels. The Company's solvency situation is monitored continuously, and all known risks relating to solvency are documented and communicated to the Board. Previous forecasts of the Company's solvency situation are used to identify potential future solvency risks, so that appropriate action can be taken as needed.

NOTE 4 MERGER

On 27 February 2020, Movestic received permission to carry out a merger of the subsidiary Sparplatsen Sverige AB (559021-6247), which means that Movestic Livförsäkring AB absorbs Sparplatsen Sverige AB.

Sparplatsen Sverige AB's assets and liabilities are presented until the merger date (shown in the table below).

Assets	2020-02-27
Receivables	499,8
- of which receivables from group companies	497,8
Cash and Bank	46,1
Total Assets	545,9
Equity and Liabilities	
Equity	545,9
Liabilities	–
Total Equity and Liabilities	545,9

NOTE 5 - PREMIUMS EARNED

Total	2020	2019
Direct insurance, Sweden	204 240	215 382
Direct insurance, rest of the EEA	134	139
	204 374	**215 521**

Life insurance operation	2020	2019
Individual insurance	134 568	149 935
Group insurance	52 519	43 225
	187 087	**193 159**

All premiums related to risk insurance and are paid in installments.

NOTE 6 -REVENUE FROM CONTRACTS WITH CUSTOMER

	2020	2019
Policy based fees		
Administration fee	148 767	154 644
Transfer fee	19 517	26 231
Fundrebate	281 454	275 065
	449 738	**455 940**

NOTE 7 - ALLOCATED INVESTMENT RETURNS TRANSFERRED FROM THE FINANCE OPERATION TO THE NON-LIFE OPERATION

	2020	2019
Transferred investment income	–	–
Interest rate	-0,32%	-0,32%

The transferred investment income has been calculated based on the average of the non-life insurance operation's in and outgoing technical provisions for own account. The interest is set to the average annual value of 90-day treasury bills.

NOTE 8 - CLAIMS INCURRED

	2020			2019		
Claims incurred, non-life insurance operation	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Claims paid	-29 806	4 155	-25 651	-33 704	24 130	-9 574
Cost of claims handling	-2 260	–	-2 260	-3 105	537	-2 568
	-32 066	**4 155**	**-27 910**	**-36 809**	**24 667**	**-12 142**

	2020			2019		
Claims incurred, life insurance operation	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Claims paid	-82 482	39 106	-43 375	-75 430	45 188	-30 242
Cost of claims handling	-5 001	–	-5 001	-5 070	23	-5 047
	-87 482	**39 106**	**-48 376**	**-80 500**	**45 211**	**-35 289**

NOTE 9 - OPERATING EXPENSES

Non-life insurance operation	2020	2019
Acquisition costs	-7 867	-13 254
Administrative costs	-9 232	-11 972
Commission and profit share from ceded reinsurance	3 592	2 148
	-13 507	**-23 078**

Life insurance operation		
Acquisition costs	-222 041	-259 812
Changes in Pre-paid acquisition costs	-27 310	1 714
Administrative costs	-169 194	-174 156
Commission and profit share from ceded reinsurance	48 966	47 264
	-380 578	**-384 990**
Claims handling costs [1]	-6 450	-7 111
Total operating expenses	**-400 535**	**-415 179**

Total cost per type of expense	2020	2019
Personnel costs	-133 741	-128 463
Costs of premises	-7 221	-9 398
Depreciations	-11 493	-27 640
Capital yield tax [2]	-49 144	-45 000
Other [3]	-198 936	-204 678
	-400 535	**-415 179**

Fees and remunerations to auditors	2020	2019
Ernst and Young AB		
Auditing fees	-1 311	-1 281
	-1 311	**-1 281**

Auditing contract' relates to the auditor's remuneration for carrying out the auditing tasks required by law. This includes reviewing the annual report and financial reporting, the management of the Board of Directors and the CEO, and fees for auditing advice given in relation to the auditing contract. Auditing tasks outside the auditing contract relates to other types of quality assurance services.

1) Claims handling costs are included in Claims paid on the Income Statement, see note 8
2) Taxation fees charged to the policy to cover the capital yields tax are reported under the heading Income from investment contracts.
3) 'Other' includes commission costs, commissions and profit shares from reinsurers, auditing fees and other

NOTE 10 - INVESTMENT INCOME, LIFE INSURANCE OPERATION

Income	2020	2019
Interest income	56	190
Dividend	71 021	–
Realised gains	–	–
Mixed funds	–	1 019
Bonds and other interest-bearing securities	–	4 866
Shares and participations	495	–
Exchange-rate gains	–	450
	71 572	**6 524**

Costs		
Interest costs	-13 699	-15 040
Realised losses	–	–
Bonds and other interest-bearing securities	-20 714	–
Shares and participations	-3 981	-590
Exchange-rate losses	-4 033	–
	-42 428	**-15 630**

Investment income not related to income from assets covered by the policyholders' beneficiary rights are included in the non-technical report.

NOTE 11 - UNREALISED GAINS AND LOSSES FROM INVESTMENTS

	2020	2019
Value increases		
Shares and participations	3	5
Bonds and other interest-bearing securities	454	5 593
	457	**5 598**
Value decreases		
Shares and participations	-1 257	-6 028
	-1 257	**-6 028**

NOTE 12- IMPAIRMENT SUBSIDIARIES

	2020	2019
Impairment of Subsidaries [1]	-9 441	-8 400

[1] As the functionality in Sparplatsen is not further developed, the value of the subsidiary has been written down to its net asset value in 2019. In 2020, a write-down was made to net asset value in connection with the subsidiary Movestic Fund Management being put into liquidation.

NOTE 13 - TAX ON THE YEAR'S RESULT

Yield tax	2020	2019
Yield tax for the year	-49 144	-45 000

Tax on profit/loss for the year		
Current tax		
Tax cost for the period	-2 837	-6 222
Skatt hänförlig till tidigare perioder	–	74
	-2 837	**-6 148**
Deferred tax		
Deferred tax relating to temporary variations	-21	67
	-21	**67**

The effective tax on the company's result before tax differs from the its nominal tax rate due to the following entries:

	2020	2019
Profit/loss for the year before tax	221 296	147 769
- of which business subjected to yield tax	154 273	-128 323
- of which business subjected to income tax	67 022	19 446
Profit/loss for income tax purposes	67 022	19 446
Tax based on a nominal tax rate	-14 343	-4 161
Non-taxable income	68	89
Non-tax deductible costs	-377	-351
Liquidation associated companies	15 199	
Impairment, subsidiary	-2 020	-1 799
Adjustment net interest deduction	-1 363	
Tax relating to previous periods	–	74
Deferred tax	-21	67
Reported tax cost	**-2 858**	**-6 081**

Reported tax assets and liabilities	2020	2019
Current tax assets	387	408
All changes in deferred tax assets for the year have been reported on the income statement		

Applied tax rates		
Tax rates for calculation of income tax	21,4%	21,4%
Yield tax on pension funds, pension plans	15,0%	15,0%
Yield tax on pension funds, asset insurance	30,0%	30,0%
Average government borrowing rate for tax purposes, pension plans	0,5%	0,5%
Government borrowing rate for tax purposes, asset insurance	1,51%	1,51%

NOTE 14 - OTHER INTANGIBLE ASSETS

	2020	2019
Accumulated acquisition value		
Opening acquisition value	303 638	266 249
Purchases	36 721	37 389
Disposals	-32 019	–
Closing acquisition value	**308 341**	**303 638**
Accumulated amortization according to plan		
Opening amortizations	-235 361	-208 676
Depreciation	-10 591	-14 836
Write downs	–	-11 849
Disposals	32 019	–
Closing accumulated amortizations and depreciations	**-213 933**	**-235 361**
Closing net value	**94 408**	**68 277**

NOTE 15 - INVESTMENTS IN GROUP COMPANIES AND ASSOCIATED COMPANIES

	Corp.ID	Seat of the board	Number	Share of equity, %	2020 Book value	2019 Book value
Shares in group companies						
Movestic Kapitalförvaltning AB	556760-8780	Stockholm	1 400	100	12 100	12 100
Movestic Fund Management S.A.	B 213 292	Luxemburg	1 000	100	4 964	5 706
Sparplatsen Sverige AB	559021-6247	Stockholm	–	–	–	600
Aktier i intresseföretag						
Modernac S.A.	332319-2520	Luxemburg	–	–	–	9 183
					17 064	**27 589**

NOTE 16 - SHARES AND PARTICIPATIONS

	2020-12-31		2019-12-31	
	Acquisition value	Actual value	Acquisition value	Actual value
Shares and participations				
Sweden	66	66	102 615	103 892
Europé	135	175	92	104
	201	**241**	**102 707**	**103 996**
-of which listed	**201**	**241**	102 707	103 996

NOTE 17 - BONDS AND OTHER INTEREST-BEARING SECURITIES

	2020-12-31		2019-12-31	
	Acquisition value	Actual value	Acquisition value	Actual value
Securities issued by:				
The Swedish Government	431 357	443 625	466 933	477 538
Other issuers	4	5	253 833	254 754
	431 362	**443 630**	**720 766**	**732 292**

The item 'bonds and other interest-bearing securities' includes assets in interest-bearing securities and holdings in investment funds, where more than 50% of the holding consists of interest-bearing assets.

NOTE 18 - OTHER FINANCIAL INVESTMENT ASSETS

	2020-12-31		2019-12-31	
	Acquisition value	Actual value	Acquisition value	Actual value
Company-owned endowment policies	3 043	4 323	3 343	4 515
	3 043	**4 323**	**3 343**	**4 515**

Company-owned endowment policies to cover our direct pension commitments.

NOTE 19 - ASSETS COVERED BY THE POLICYHOLDERS' BENEFICIARY RIGHTS

	2020-12-31	2019-12-31
Interest-bearing securities [1]	412 712	444 879
Investment assets for which the policyholders bear the investment risk [2]	40 705 339	40 000 622
	41 118 051	**40 445 501**

[1] Assets corresponding to the sum of best estimation of future cash flows according to FRL 2010:2043 incl SFS 2015:700, 5 chapter §§6,7 and 9-12, and a risk margin in accordance with §13.
[2] Assets corresponding to participations in such funds that are associated with the policy, and which the policyholder or the person insured selects from time to time.

NOTE 20 - PROVISIONS FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS

	2020-12-31			2019-12-31		
	Gross	Ceded	Net	Gross	Ceded	Net
Opening balance	2 778	-1 343	1 435	12 147	-4 654	7 493
Change to provisions	-150	1 112	962	-9 369	3 311	-6 058
Closing balance	**2 628**	**-230**	**2 397**	**2 778**	**-1 343**	**1 435**

NOTE 21 - LIFE INSURANCE PROVISIONS

	2020-12-31			2019-12-31		
	Gross	Ceded	Net	Gross	Ceded	Net
Opening balance	24 448	-11 575	12 873	32 176	-14 630	17 546
Exchange rate changes	–	–	–	-2	–	-2
Change to provisions	647	2 382	3 029	-7 726	3 054	-4 672
Closing balance	**25 095**	**-9 193**	**15 902**	**24 448**	**-11 575**	**12 873**

NOTE 22 - OUTSTANDING CLAIMS

	2020-12-31			2019-12-31		
	Gross	Ceded	Net	Gross	Ceded	Net
Opening balance	842 323	-310 155	532 168	919 108	-588 452	330 656
Exchange rate changes	-1 613	694	-919	246	-328	-82
Commutation Modernac	–	–	–		214 634	214 634
Change to provisions	-91 519	26 473	-65 047	-77 031	63 991	-13 040
Closing balance	**749 191**	**-282 987**	**466 203**	**842 323**	**-310 155**	**532 168**
Specification, closing balance						
Non-life insurance operation						
Occurred and reported claims	180 404	-27 852	152 552	216 655	112 271	328 926
Occurred but unreported claims (IBNR)	145 833	-17 963	127 869	167 171	52 030	219 201
Commutation Modernac	–	–	–	–	-221 783	-221 783
	326 237	**-45 816**	**280 421**	**383 826**	**-57 482**	**326 344**
Life insurance operation						
Provision for confirmed claims	278 859	-162 073	116 787	323 822	-181 264	142 558
Provision for unconfirmed claims	144 094	-75 099	68 995	134 675	-70 239	64 436
Commutation Modernac	–	–	–	–	-1 170	-1 170
	422 953	**-237 172**	**185 782**	**458 497**	**-252 673**	**205 824**
Total outstanding claims	**749 191**	**-282 987**	**466 203**	**842 323**	**-310 155**	**532 168**

NOTE 23 - RECEIVABLES, DIRECT INSURANCE

	2020-12-31	2019-12-31
Receivables, policyholders	81 378	74 172
Receivables, intermediaries	301	-761
Closing balance	**81 679**	**73 411**

NOTE 24 - OTHER RECEIVABLES

	2020-12-31	2019-12-31
Receivables, group companies	23 056	32 074
Deferred tax assets	8 634	9 400
Other receivables	12 301	9 488
Closing balance	**43 990**	**50 962**

NOTE 25 - TANGIBLE FIXED ASSETS

	2020-12-31	2019-12-31
Accumulated acquisition value		
Opening acquisition value	16 335	23 352
Purchases	1 047	3 151
Disposals	–	-10 168
Closing acquisition value	**17 382**	**16 335**
Accumulated depreciation according to plan		
Opening depreciation	-12 847	-22 059
Depreciation for the year	-1 318	-956
Disposals	–	10 168
Closing depreciation according to plan	**-14 165**	**-12 847**
Closing net value	**3 217**	**3 488**

NOTE 26 - DEFERRED ACQUISITION COSTS

Deferred acquisition costs, investment contracts

	2020-12-31	2019-12-31
Opening acquisition cost	1 711 236	1 586 142
Activation for the year	107 891	125 094
Closing acquisition cost	**1 819 127**	**1 711 236**
Opening amortization	-955 363	-831 981
Amortization for the year	-123 173	-123 155
Depreciation for the year [1]	-12 028	-227
Closing amortization and depreciation	**-1 090 563**	**-955 363**
Closing net value, investment contracts	**728 564**	**755 874**

Amortization of deferred acquisition costs for products within the private pension and endowment segments are done over 10-14 years, depending on product type and year of purchase, whilst products with one-off deposits have adepreciation time of 5 years. For policies taken out in 2011 or later, a common amortization period of 10 years applies to both private pension products and endowment policies. The amortization period for occupational pension products is 17 years.

[1] The Impairment test for 2020 shows an reassuring margin on total level. However, the analysis of the DAC per product, underwritting year and type of policy resulted in a write down of DAC for the single premium occupational policies underwritten in 2012,2013,2016 and 2017 which amounted to TSEK 12 028

Deferred acquisition costs, insurance operation

	2020-12-31	2019-12-31
Closing net value, insurance operation	2 500	2 593
Total closing net value	**731 063**	**758 467**

NOTE 27 - OTHER DEFERRED COSTS AND ACCRUED INCOME

	2020-12-31	2019-12-31
Accrued income from investment contracts	60 853	48 019
Other deferred costs	8 696	7 716
Closing balance	**69 549**	**55 735**

NOTE 28 - APPROPRIATION OF PROFIT

SEK 965 682 408 is at the disposal of the general meeting of shareholders. The Board of Directors proposes that SEK 965 682 408 is carried forward to new account.

NOTE 29 - TECHNICAL PROVISIONS FOR LIFE INSURANCE POLICIES FOR WHICH THE POLICYHOLDERS BEAR THE RISK, GROSS

Conditional dividends

	2020-12-31	2019-12-31
Opening balance	3 678 865	2 969 716
Payments received	475 311	749 530
Payments made	-585 052	-337 017
Value change, including dividends	170 535	459 120
Other changes	-37 821	-162 484
Closing balance	**3 701 838**	**3 678 865**

The conditional dividends relate to custody account commitments.

Unit-linked

	2020-12-31	2019-12-31
Opening balance	36 306 335	29 066 754
Payments received	3 262 857	3 667 994
Payments made	-3 278 887	-2 632 538
Value change, including dividends	903 416	6 339 465
Other changes	-190 966	-135 340
Closing balance	**37 002 754**	**36 306 335**

Of the total number of unit-linked contracts and contracts with conditional dividends, 153 343 (151 663) KSEK was uninvested as per the 31-12-2020. These have been reduced by management and risk fees amounting to 223 673 (229 553) KSEK.

NOTE 30 - OTHER PROVISIONS

Provisions for pensions and similar commitments

	2020-12-31	2019-12-31
Endowment policies [1]	4 323	4 516
Special payroll tax [1]	1 288	1 325
Other provisions	840	149
Closing balance	**6 452**	**5 990**

[1] This provision relates to company-owned endowment insurance, intended to guarantee direct pension commitments.

NOTE 31 - LIABILITIES, DIRECT INSURANCE

	2020-12-31	2019-12-31
Liabilities, policyholders	28 615	26 555
Liabilities, intermediaries	10 404	11 125
	39 018	**37 680**

NOTE 32 - OTHER LIABILITIES

	2020-12-31	2019-12-31
Liabilities, VAT	390	248
Debts to suppliers	14 215	3 551
Employees' taxes (PAYE)	11 054	10 277
Liabilities, group companies	–	498
Other interest-bearing liabilities	283 307	404 863
Premium taxes	3 315	2 491
Other liabilities	2 239	1 915
	314 521	**423 843**

Other interest-bearing liabilities, 283 307 (404 863) KSEK, consist entirely of liabilities to reinsurers. The Company has taken out a quota share reinsurance agreement to cover its unit-linked operation, which includes a financial reinsurance section. This section states that the reinsurer pays its share of the up-front commission, which is then repaid over a period of five to eight years. This liability is adjusted on a quarterly basis, with repayment, including interest. The interest is calculated according to an agreed model based on market interest rates.

NOTE 33 - OTHER ACCRUED COSTS AND DEFERRED INCOME

	2020-12-31	2019-12-31
Accrued interest costs	–	3
Accrued personnel costs	32 779	31 276
Accrued commission costs	9 001	4 143
Other accrued costs	3 243	5 650
	45 023	**41 072**

NOTE 34 - CONTINGENT LIABILITIES

Contingent liabilities for costs associated with the liquidation of funds in the Sicav managed by the subsidiary Movestic Fund Management. The Company has accepted liability for payment of any costs associated with the discontinuation of funds included in the Sicav when the subsidiary Movestic Fund Management is wound up.

NOTE 35 - AVERAGE NUMBER OF EMPLOYEES, SALARIES AND REMUNERATIONS

		2020			2019	
Average number of employees	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Sweden	59	57	116	51	61	112

		2020			2019	
Gender distribution of the Company management	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Board of Directors	4	1	5	4	2	6
Other leading positions	5	5	10	4	5	9
Total	**9**	**6**	**15**	**8**	**7**	**15**

Salaries, other remunerations and social security contributions	**2020**	**2019**
Board of Directors and CEO	6 723	5 572
Other employees	73 898	73 800
Total	**80 621**	**79 372**
Social security contributions	49 110	48 429
of which pension contributions	17 854	17 289

Information about salaries, remunerations and other benefits

Salaries and remuneration
No remuneration for being a member of the Board is paid to Company employees. The remuneration to the CEO and persons in other leading positions consists of a basic salary, variable remuneration, other benefits and pension.

Variable remuneration
Variable remuneration is paid as salary.

Pensions
The CEO has a pension entitlement corresponding to 30 percent of pensionable salary. Other persons in the Company management have pension entitlements according to current collective agreements. Commitments regarding retirement and family pensions for employees born in 1971 or earlier are safeguarded through a policy with FPK. This is a benefit-based scheme that includes a number of employers. As the Swedish Pension Obligations Vesting Act must be applied for the cost to be tax deductible, the rules about benefit-based schemes in IAS 19 do not have to be applied for a legal person. Instead a simplified rule can be applied, which states that companies should report benefit-based schemes as fee-based schemes, where a pension premium has been paid to an insurance undertaking, friendly society, or similar. All the employers involved are jointly responsible for financing the scheme in its entirety. This means that they all also share the tangible risk associated with the scheme. The latest available information from the FPK comes from the published part-year report for the first half of 2020. According to this, the collective level of consolidation amounted to 114 percent (118), calculated based on distributable assets relative to commitments to policyholders. Assets under management amounted to 16,3 billion SEK (16,0 billion SEK). The number of employers included was 108 and the number of insured persons was 26,000 as per December 2019.

The fees paid by the Company for this scheme for 2020 amounted to 4 337 KSEK (5 402 KSEK). The fees for 2021 are expected to be in line with the fees for 2020.
No information is available about potential future surpluses or deficits within this scheme, or whether these may have an impact on the fees for future years.

Final payment
The CEO is entitled to salary during notice period of 6 months if the Company terminates the employment. Additionally, the CEO has a serverance pay of 12 months after the notice period.

Remuneration policy
The Board of Directors has adopted a Remuneration Policy. The policy states that the Board determines the remuneration to the CEO and sets targets and levels of variable remunerations for persons in leading positions. The Board also determines whether the targets set in relation to the variable remuneration have been met. The board member responsible for preparing decisions about variable remuneration is the CEO of Chesnara. Where required, matters can be referred to the remuneration committee of the parent company, Chesnara plc. The Board can decide that no variable remuneration should be paid.

There are two different models for variable remuneration:

1. The CEO and some holders of leading positions have a long-term incentive program, made up of two parts. The first part is the development of the Company's EcV (Economic Value), and awards variable remuneration of 0.125 - 0.5 percent of the increase in the EcV in the year of remuneration. The underlying amount is adjusted for any capital injections and is limited to certain maximum amounts, set for each position-holder concerned.

The result is measured as the change in the Company's EcV during the year, and the calculation model considers the fact that the result is affected by the main risks to which the operation is exposed.

The second part is based on target-related performance at company, department or individual level, where both financial and non-financial criteria are considered.

Variable remuneration based on target related performance results in no more than four months' salary. The total variable remuneration can amount to no more than 60 percent of the fixed annual salary.

2. The category 'other holders of leading positions' includes some persons without any variable remuneration, and others that are covered by an incentive program based on achieved targets. These persons can receive a maximum of 50% of their fixed salary for the year in which the variable remuneration was earned. The intention is that the targets should be designed in such a way that they lead to long-term improvement in the Company's performance.

For these members of the leadership team, target-achievement is assessed based on set criteria after the end of the year.

For specially regulated personnel with variable remunerations in excess of 100 KSEK, payment of 60 percent of the variable remuneration set by the Board should be deferred for a period of three years. The deferred portion can be paid pro rata once a year during the period of deferral, starting no earlier than one year after the variable remuneration was agreed.

Risk assessment
The risk assessment is based on the premise that the remuneration system should promote sound and effective risk management within the Company, and not encourage excessive risk taking or counteract the Company's long-term interests. The Company must strive to ensure that the total remunerations do not jeopardize its ability to return a positive consolidated result over an economic cycle. The Company's remuneration policy is based on long-term thinking and limited risk-taking. Considering the criteria set in the remuneration policy, as well as the routines and control activities implemented by the Company, the current assessment is that the design of the renumeration system does not result in any material risks.

NOTE 35 - AVERAGE NUMBER OF EMPLOYEES, SALARIES AND REMUNERATION (CONT.)

Remuneration to holders of leading positions 2020

	CEO [1]	Other holders of leading positions	Other board members	Total
Salaries/director's fees	3 927	10 764	405	15 096
Variable remuneration	2 269	2 382	–	4 651
- of which provisions for variable renumera-tion 2020	2 269	3 748	–	6 017
Benefits	122	358	–	480
Pension contributions	1 151	3 911	–	5 062
Social contributions	2 226	5 064	–	7 290
	9 695	**22 479**	**405**	**32 579**

Remuneration to holders of leading positions 2019

	CEO	Other holders of leading positions	Other board members	Total
Salaries/director's fees	3 954	9 095	500	13 549
Variable remuneration	1 004	2 152	–	3 156
- of which provisions for variable renumeration 2019	2 225	3 780	–	6 005
Benefits	115	304	–	419
Pension contributions	1 166	2 771	–	3 937
Social contributions	2 224	4 206	–	6 430
	8 463	**18 528**	**500**	**27 491**

[1] To the former CEO, Lars Nordstrand, who held the post of CEO until the 31 March 2017, variable remuneration of 570 KSEK were paid during the year.

Remunerations and benefits relating to 2020 and 2019, distributed between the categories persons in leading positions, employees who could affect the Company's risk level, and other employees are detailed below.

Registered remunerations 2020

	Average no of employees	Salaries/ director's fees	Variable remu-neration [1]	Benefits	Pension contri-butions	Social contri-butions	Total
Holders of leading positions	8	15 096	4 651	480	5 062	7 290	32 579
Employees who could affect the Company's risk level [2]	2	1 967	–	32	423	720	3 142
Other employees	106	55 569	1 283	1 543	12 369	23 245	94 009
Total	**116**	**72 632**	**5 934**	**2 055**	**17 854**	**31 255**	**129 730**

Registered remunerations 2019

	Average no of employees	Salaries/ director's fees	Variable remu-neration [1]	Benefits	Pension contri-butions	Social contri-butions	Total
Holders of leading positions	7	13 549	3 156	419	3 937	6 430	27 491
Employees who could affect the Company's risk level [2]	3	2 359	–	38	654	900	3 950
Other employees	103	56 602	1 644	1 605	12 698	23 810	96 360
Total	**112**	**72 510**	**4 800**	**2 062**	**17 289**	**31 140**	**127 801**

[1] The variable remuneration consists entirely of variable remuneration paid in cash.
[2] Employees who could affect the Company's risk level relates to persons employed in positions with the potential to affect the Company's risk levels in the course of their duties.

Changes to liabilities for variable remuneration

	2020	2019
Opening balance	14 881	15 579
Remuneration earned during the year	9 732	10 675
Paid remunerations, earned in previous years	-6 255	-5 499
Adjusted unpaid earned remunerations	-3 892	-5 874
Closing balance	**14 466**	**14 881**
-of which deferred remunerations	4 734	4 205

NOTE 36 - CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AND THEIR ACTUAL VALUES

					Temporary exception from IFRS 9 Financial instrument, actual value [1]	
Financial assets per the 2020-12-31	**Financial assets reported at actual value in the income statement**	**Loans and customer re-ceivables**	**Reported value**	**Actual value**	**Financial assets with contractual cashflows SPPI [2]**	**Other financial assets [3]**
Interest-bearing loans to associated companies	–	–	–	–	–	
Shares and participations	241	–	241	241	–	241
Bonds and other interest-bearing securities	443 630	–	443 630	443 630	–	443 630
Assets for conditional dividends	3 701 838	–	3 701 838	3 701 838	–	3 701 838
Unit-linked assets	37 003 501	–	37 003 501	37 003 501	–	37 003 501
Other financial investment assets	4 323	–	4 323	4 323	–	4 323
Receivables, direct insurance	–	81 679	81 679	81 679	81 679	–
Other receivables	–	35 356	35 356	35 356	35 356	–
Cash and bank	–	484 004	484 004	484 004	484 004	–
Accrued income	–	60 397	60 397	60 397	60 397	–
Total	**41 153 531**	**661 436**	**41 814 968**	**41 814 968**	**661 436**	**41 153 531**

					Temporary exception from IFRS 9 Financial instrument, actual value [1]	
Financial assets as per the 31-12-2019	**Financial assets reported at actual value in the income statement**	**Loans and customer re-ceivables**	**Reported value**	**Actual value**	**Financial assets with contractual cashflows SPPI [2]**	**Other financial assets [3]**
Interest-bearing loans to associated companies	–	8 177	8 177	8 177	8 177	–
Shares and participations	103 996	–	103 996	103 996	–	103 996
Bonds and other interest-bearing securities	732 292	–	732 292	732 292	–	732 292
Assets for conditional dividends	3 678 865	–	3 678 865	3 678 865	–	3 678 865
Unit-linked assets	36 321 757	–	36 321 757	36 321 757	–	36 321 757
Other financial investment assets	4 515	–	4 515	4 515	–	4 515
Receivables, direct insurance	–	73 411	73 411	73 411	73 411	–
Other receivables	–	41 562	41 562	41 562	41 562	–
Cash and bank	–	99 208	99 208	99 208	99 208	–
Accrued income	–	48 019	48 019	48 019	48 019	–
Total	**40 841 425**	**270 377**	**41 111 802**	**41 111 802**	**270 377**	**40 841 425**

Financial assets per the 2020-12-31	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares and participations	241	–	–	241
Bonds and other interest-bearing securities	443 630	–	–	443 630
Assets for conditional dividends	3 701 838	–	–	3 701 838
Unit-linked assets	37 003 501	–	–	37 003 501
Other financial investment assets	4 323	–	–	4 323
Total	**41 153 531**	**–**	**–**	**41 153 531**

Financial assets as per the 31-12-2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares and participations	103 996	–	–	103 996
Bonds and other interest-bearing securities	732 292	–	–	732 292
Assets for conditional dividends	3 678 865	–	–	3 678 865
Unit-linked assets	36 321 757	–	–	36 321 757
Other financial investment assets	4 515	–	–	4 515
Total	**40 841 425**	**–**	**–**	**40 841 425**

[1] Information is given to simulate the categorisation used in IFRS 9, as the Company is applying the temporary exemption from implementation of IFRS 9 Financial Instruments

[2] Concerns financial assets included in a business model aimed at collecting contractual cash flows and contractual terms that on set dates result in cash flows only relating to payment of interests and principal on principal amounts outstanding. Valued at amortised cost.

[3] Other financial assets, not included in the category financial assets with contractual cash flows. These assets are reported at actual value in the income statement.

NOTE 36 - CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AND THEIR ACTUAL VALUES (CONT.)

Financial liabilities as per the 31-12-2020	Financial liabilities reported at actual value in the income statement	Other financial liabilities	Reported value	Actual value
Conditional dividends	3 701 838	–	3 701 838	3 701 838
Unit-linked contracts	37 002 754	–	37 002 754	37 002 754
Liabilities, direct insurance	–	39 018	39 018	39 018
Liabilities, reinsurance	–	10 084	10 084	10 084
Other liabilities	–	314 521	314 521	314 521
Accrued costs	–	45 023	45 023	45 023
Total	**40 704 591**	**408 645**	**41 113 237**	**41 113 237**

Financial liabilities as per the 31-12-2019	Financial liabilities reported at actual value in the income statement	Other financial liabilities	Reported value	Actual value
Conditional dividends	3 678 865	–	3 678 865	3 678 865
Unit-linked contracts	36 306 335	–	36 306 335	36 306 335
Liabilities, direct insurance	–	37 680	37 680	37 680
Liabilities, reinsurance	–	14 088	14 088	14 088
Other liabilities	–	423 843	423 843	423 843
Accrued costs	–	41 072	41 072	41 072
Total	**39 985 200**	**516 683**	**40 501 883**	**40 501 883**

Financial liabilities as per the 31-12-2020	Nivå 1	Nivå 2	Nivå 3	Summa
Conditional dividends	3 701 838	–	–	3 701 838
Unit-linked contracts	37 002 754	–	–	37 002 754
Total	**40 704 591**	**–**	**–**	**40 704 592**

Financial liabilities as per the 31-12-2019	Nivå 1	Nivå 2	Nivå 3	Summa
Conditional dividends	3 678 865	–	–	3 678 865
Unit-linked contracts	36 306 335	–	–	36 306 335
Total	**39 985 200**	**–**	**–**	**39 985 200**

Financial assets and liabilities - valuation
For valuation purposes, each holding is classified as one of three valuation levels.

Level 1
Valued at listed rates on an active market.

Level 2
Values are calculated using valuation methods. All important input data required for the valuation are based on observable market information.

Level 3
Values are calculated based on assumptions and assessments. Some important input data required for the valuation are not based on observable market information.

Movestic Livförsäkring AB has not entered into any derivative contracts.

NOTE 37 - LEASING

	2020	2019
Current leasing agreements		
within one year	9 842	9 316
more than one year, but within five years	31 778	1 786
more than five years	1 697	–

The total leasing cost for the year amounted to 43 317 (11 103) KSEK.

NOTE 38 - INFORMATION ON AFFILIATED COMPANIES

Affiliated companies
Affiliated companies are defined as all companies within the Chesnara Group and key personnel in leading positions within the Company. Associated companies are also defined as affiliates.

Internal pricing
The pricing methods used for transactions involving affiliated companies are based on actual cost or market price. The prices of services sold to or purchased from the subsidiary Movestic Kapitalförvaltning AB are based on actual cost.

Transactions between Movestic Livförsäkring AB and affiliated companies
Service purchases of 6.6 (6.8) MSEK relate to an annual management fee payable to the parent company. The Company has entered into agreements with its subsidiary, Movestic Kapitalförvaltning AB, concerning rental of office premises and sales of administrative services, 2.7 (3.9) MSEK in 2020. No group contributions were paid from Movestic Kapitalförvaltning AB to the parent company Movestic Livförsäkring AB in 2020.

During the year, the subsidiary Movestic Fund Management in Luxembourg was put into liquidation and sales of administrative services were only invoiced for the first quarter of 2020 SEK 0.5 (2.3) million in 2020. Movestic Fund Management received a shareholder contribution of 8,6 (0) in April. In conjunction with the liquidation of Movestic Fund Management, funds in Movestic Sicav have been closed down and the capital moved to new funds in Sweden. Fund receipts received from Movestic Sicav decreased during the year to SEK 23 million (SEK 124 million). Associate Modernac S.A. has been liquidated and final liquidation with a net result of SEK 71 million has been obtained.

No other transactions involving key persons in leading positions occurred than those specified in Note 32.

Overview of transactions with affiliated companies

	Year	Sales of services to affiliated companies	Purchases of services from affiliated companies	Group contribu-tions	Income from invest-ment contract	Other	Claims on affiliates as per December 31	Debts to affiliates as per December 31
Parent company								
Chesnara plc	2019	–	6 770	–	–	–	–	–
Chesnara plc	2020	–	6 557	–	–	–	–	–
Subsidiaries								
Movestic Kapitalförvaltning AB	2019	3 971	–	–	–	–	31 623	–
Movestic Kapitalförvaltning AB	2020	2 657	–	–	–	–	23 056	–
Movestic Fund Management	2019	2 288	–	–	–	–	451	–
Movestic Fund Management	2020	563	–	8 646	–	–	0	–
Movestic SICAV	2019	–	–	124 030	–	–	–	–
Movestic SICAV	2020	–	–	23 202	–	–	–	–
Sparplatsen	2019		–				-498	
Sparplatsen	2020		–				–	
Associated companies								
Modernac S.A.	2019	–	–	–	–	24 833	8 177	–
Modernac S.A.	2020	–	–	–	–	71 021	–	–

NOTE 39 - EVENTS AFTER THE CLOSING DAY

No important events after the closing day.

STOCKHOLM, THE 22 ND OF MARCH

David Brand
Chairman of the board

John Deane

David Rimmington

Linnéa Ecorcheville
CEO

Anders Larsson

Our Auditor's Report was submitted on the
Ernst & Young AB
(Signature on the Swedish original)

Daniel Eriksson
Authorised public account

Auditor's report

To the general meeting of the shareholders of Movestic Livförsäkring AB, corporate identity number 516401-6718

REPORT ON THE ANNUAL ACCOUNTS

OPINIONS

We have audited the annual accounts of Movestic Livförsäkring AB for the year 2020. The annual accounts of the company are included on pages 18-52 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the company as of December 31, 2020, and its financial performance for the year then ended in accordance with the Annual Accounts Act for Insurance Companies.

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

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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 company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

MEASUREMENT OF TECHNICAL PROVISIONS

Disclosures on technical provisions are presented in note 1 Valuation and accounting principles, note 2 Important assumptions and judgements that affect the accounting, note 3 Risks and risk management and note 22 Outstanding claims.

DESCRIPTION

As of December 31, 2020, technical provisions amounted to 749 191 KSEK. Technical provisions are to cover the expected future payments for all incurred claim, including claims not yet reported to the company, called provision for IBNR. The technical provisions are calculated using statistical methods and through individual assessment of specific claims. The provision for the future commitments is calculated using actuarial methods. Measurement of technical provisions has been considered a key audit matter due to the size of the balance sheet item and as the valuation requires management to make estimate and assumptions.

HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

As part of our audit we have assessed the company's governance and internal control related to the provisioning process. Moreover, we have assessed the appropriateness in methods and assumptions used and have made an independent analysis of the technical provisions. Our review has included assessing the additional IBNR provision made as a result of Covid-19. We have performed our audit procedures on technical provisions with the support of our internal actuaries.

Furthermore, we have reviewed the disclosures on technical provisions and management's assessments presented in the financial reports.

MEASUREMENT OF DEFERRED ACQUISITION COSTS

Disclosures on deferred acquisition costs are presented in note 1 Valuation and accounting principles, note 2 Important assumptions and judgements that affect the accounting and note 26 Deferred acquisition costs.

DESCRIPTION

As of December 31, 2020, deferred acquisition costs amounted to 731 063 KSEK. The balance sheet item consists of capitalized expenditures related to insurance- and investment contracts. The expenditures are to be depreciated over the period estimated to generate a profit margin which at least covers the acquisition costs. The depreciation schedule should take expected annulments into consideration. An impairment test is performed annually on homogeneous insurance contracts to assess whether the conditions for capitalization are met. Measurement of deferred acquisition costs has been considered a key audit matter due to the size of the balance sheet item and as the valuation requires management to make estimate and assumptions.

HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

As part of our audit we have assessed the company's plan for how capitalized acquisition costs will be covered by future profits and the impairment test that has been performed.

The review has consisted of an assessment of the appropriateness of the methods and assumptions that has been used. We have performed our audit procedures on deferred acquisition costs with the support of our internal actuaries. We have checked that allowed costs in accordance with the Annual Accounts Act for Insurance Companies have been capitalized.

Furthermore, we have reviewed the disclosures on deferred acquisition costs and management's assessments presented in the financial reports.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS

This document also contains other information than the annual accounts and is found on pages 3-17. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies. 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 that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company'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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual 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.

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

- Identify and assess the risks of material misstatement of the annual 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. 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 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 or, if such disclosures are inadequate, to modify our opinion about the annual 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

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

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company'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 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. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Insurance Business Act, the Annual Accounts Act for Insurance Companies 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 skepticism 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 assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Jakobsbergsgatan 24, 111 44 Stockholm, was appointed auditor of Movestic Livförsäkring AB by the general meeting of the shareholders on the May 27, 2020 and has been the company's auditor since the May 8, 2019.

Stockholm
Ernst & Young AB

Daniel Eriksson
Authorized Public Accountant

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Movestic Livförsäkring AB, corporate identity number 516401-6718

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 12–17 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS

A statutory sustainability statement has been prepared.

Stockholm
Ernst & Young AB

Daniel Eriksson
Authorized Public Accountant

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