

Annual Report

Vector Nordic AB (publ)

559006-0496

for the financial year of

2019

English translation not audited

The Board of Vector Nordic AB (publ) submits herewith the annual report for the year of 2019.

Management Report

Information on the operations

The company was founded in 2015 by Svenska Resebyråföreningens Service AB, with the intention to provide travel agencies and tour operators with financial securities for the statutory travel guarantees as well as guarantees to IATA and SilverRail. The original idea was to conduct an own insurance business in Class 15: Guarantees and hence an application was submitted to Finansinspektionen (the Swedish FSA). The application was withdrawn when a co-operation with Gar-Bo Försäkring AB was agreed upon, with Gar-Bo acting as the insurer and Vector as the insurance broker.

The operations as insurance broker started in January 2017. During 2018 and 2019 the company has grown quickly and has now customers in all Nordic countries as well as in Estonia.

The Company's registered office is in Stockholm

Significant events during the year

By requiring collaterals only in exceptional cases, the company has made it easier for travel agencies to obtain financial securities for their travel guarantees. With the company's entrance into the market, premium levels have been pressed down significantly. During the past year, the company has digitalized its operations and invested in more efficient analyses linked to risk selection and premiums.

A new managing director was employed during the late summer, when the former managing director took over as chairman of the board. During the year, the company participated in travel trade fairs in Sweden, Denmark, Estonia, Finland and Norway.

Results and financial position

In 2019, net sales consisting of commission income increased by almost 40%. However, the business has suffered a major loss in Iceland which negatively affected commission income and thus net sales by SEK 5 million. According to the Company's mediation agreement with Gar-Bo, a final settlement is made after the first three years of operations. This has resulted in additional commission income after deduction for some of the damage that has occurred. The profit before the extraordinary event and before tax thus amounts to SEK 3.6 million.

Ownership structure

The shares of the company are dispersed among some seventy players in the Nordic travel industry. Major shareholders are Svenska Resebyråföreningens Service AB (18.3 %), Gar-Bo Försäkring AB (11.7%), two private individuals and two travel agents with 8.3 % each. Other shareholders are the Finnish and Estonian travel agents' associations and more than sixty travel agents and tour operators or individuals linked to these companies in Sweden, Denmark, Estonia and Finland.

Multi-annual summary (TSEK)	2019	2018	2017	2016	2015
Net sales	1 696	2 413	850	0	0
Result after financial items	-1 438	36	-901	-1 179	-279
Total assets	15 097	14 443	10 161	1 221	1 365
Average number of employees	1.9	1.8	1.3	0.0	0.0
Solidity (%)	44	54	82	79	93

For definitions of key ratios, see Note 1.

Change in Net worth (SEK)

	Share capital	Additional paid in capital	Retained Earnings	Profit/Loss for the year	Total
Opening capital	6 002 500	3 584 713	-1 840 306	23 311	7 770 218
Appropriation of result decided by the GA		-3 584 713	3 608 024	-23 311	0
Net profit/loss for the year				-1 152 856	-1 152 856
Ending capital	6 002 500	0	1 767 718	-1 152 856	6 617 362

Proposal how to appropriate the result

The Board of Directors propose that the result is appropriated as follows (SEK):

Retained earnings	1 767 718
Loss for the year	-1 152 856
	614 862

shall be carried forward 614 862

For other considerations regarding the company's results and financial position, please refer to the following Income statement, Balance sheet and accompanying note disclosure.

Income Statement

	Note	2019-01-01 -2019-12-31	2018-01-01 -2018-12-31
Net sales		1 696 250 1 696 250	2 413 150 2 413 150
Operating expenses			
External costs	2	-1 376 509	-959 939
Staff costs	3	-1 760 396	-1 417 412
		-3 136 905	-2 377 351
Operating result		-1 440 655	35 799
Financial items			
Financial items		4 321	0
Financial costs		-1 339	-72
		2 982	-72
Result after financial items		-1 437 673	35 727
Result before tax		-1 437 673	35 727
Tax on result of the year	4	284 817	-12 418
Loss/Profit for the year		-1 152 856	23 310

Balance Sheet

	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Deferred tax	4	880 443	595 626
		880 443	595 626
Total fixed financial assets		880 443	595 626
Current assets			
<i>Current receivables</i>			
Accounts receivable		1 038 475	866 065
Other receivables		5 962	0
Prepaid expenses		137 129	95 560
		1 181 566	961 625
<i>Cash and bank</i>			
Bank		7 804 672	8 609 357
Pledged accounts	5	5 230 480	4 276 347
		13 035 152	12 885 704
Total current assets		14 216 718	13 847 329
TOTAL ASSETS		15 097 161	14 442 955

Balance Sheet

	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital (600 250 shares)		6 002 500	6 002 500
		6 002 500	6 002 500
<i>Non-restricted capital</i>			
Share premium		0	3 584 713
Retained earnings		1 767 718	-1 840 306
Result for the year		-1 152 856	23 310
		614 862	1 767 717
Total Shareholders' equity		6 617 362	7 770 217
Short-term liabilities			
Accounts payable		113 351	92 247
Other liabilities	5	6 444 742	6 377 490
Accrued expenses and deferred income		1 921 706	203 001
Total short-term liabilities		8 479 799	6 672 738
TOTAL EQUITY AND LIABILITIES		15 097 161	14 442 955

Cash Flow Analysis

	Note	2019-01-01 -2019-12-31	2018-01-01 -2018-12-31
Operating activities			
Result before tax		-1 437 673	35 728
Cash flow from operating activities before change in working capital		-1 437 673	35 728
Cash flow from change in working capital			
Increase (-)/Decrease (+) in receivables		-219 941	1 688 876
Increase (+)/Decrease (-) in liabilities		852 930	1 781 970
Cash flow from operating activities		-804 684	3 506 574
Financing activities			
Shareholder's loan repaid		0	-600 000
Cash flow from financing activities		0	-600 000
Cash flow for the year		-804 684	2 906 574
Cash at the beginning of the year	5		
Cash at the beginning of the year		8 609 356	5 702 782
Cash at the end of the year		7 804 672	8 609 356

*Regarded as cash is the Company's own cash
at bank except cash held as pledged assets.*

Notes

Note 1 Accounting principles

General Accounting Policies

The Annual Report has been prepared in accordance with the Annual Accounts Act and The Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual report and Group accounting (K3).

The annual report has been approved for issuing by the Board of Directors on March 2nd 2020. The company's financial statements are to be adopted by the Annual General Meeting on 16th of June 2020.

The accounting principles are unchanged since last year.

Functional and reporting currency

Items included in Vector's financial reports are valued in the currency used in the economic environments in which the company is mainly expected to operate (functional currency). The Annual Report is presented in Swedish kronor (SEK) which is the company's functional and reporting currency.

Revenues

Revenues are reported at the fair value of what has been received or will be received in exchange for services carried out in the company's ongoing operations. Revenues are recognized when the amount can be satisfactorily measured and when it is likely that they will accrue to the economic benefit of the company in the future.

Leases

Leasing contract includes renting of premises and office equipment. In general, all leasing agreements are classified as operational leases since the risks and economic benefits normally associated with ownership remains with the leaser. Leasing costs are accrued straight-line over the leasing period.

The company has not had any leasing expenses during the year and has no leasing contracts on the balance sheet date.

Income taxes

Income tax regarding this years' result includes tax to be paid or to be received for the current year, adjustments of taxes from previous years, and changes in deferred taxes. All tax liabilities and assets are reported at its nominal value in accordance with current tax regulation and tax rates. The tax effects of items in the income statement are thus accounted for.

Deferred tax is calculated in accordance with the liability method for all temporary differences between reported and fiscal values on assets and liabilities. Deferred tax assets regarding deductions for deficits or other future fiscal deductions are reported to the extent it is likely that they can be deducted from a surplus in future taxation.

Deferred taxes are reported as financial assets in the balance sheet.

Cash Flow Analysis

The cash flow analysis is prepared according to indirect method. The reported cash flow only covers transactions that have resulted in payments or disbursements.

Definition of key ratios

Net Sales

Operating revenues, invoiced costs, side revenues and revenue corrections.

Result after financial items

Profit after financial income and expenses but before appropriations and taxes.

Total assets

The company's total assets

Number of employees

Average number of employees during the financial year.

Equity ratio (%)

Adjusted equity (shareholders' equity and untaxed reserves less deferred tax) as a percentage of total assets.

Estimates and assumptions

The preparation of the annual report in compliance with the K3 regulations requires the management to make estimates and assumptions that affect accounting principles and reported amounts of assets and liabilities as well as revenues and expenses. Actual outcome may vary from these estimates. An overview of estimates and underlying assumptions is performed on a regular basis. Changes in the principles used in estimates/assumptions are reported in the actual or future periods depending on which period they are related to.

The company's variable, not yet reported, revenues from mediated insurance are dependent on actual damages reported to Gar-Bo.

Risk exposure and risk management

In its collaboration with Gar-Bo Försäkring AB, the company has established a risk selection and escalation process to continuously monitor the customers' financial strength and endurance.

Note 2 Fees and remuneration to auditors and the Board of Directors

Audit assignment means review of the annual report and accounts and the administration of the Board and the managing director, other duties that it is incumbent upon the company's auditor to perform, and advice or other assistance caused by observations in such an audit or the performance of such other duties.

	2019	2018
Auditing services	37 500	36 000
Other auditing services	0	9 375
Remuneration to the Board of Directors (except social charges)	136 500	70 000

Note 3 Employees and personnel costs

	2019	2018
Average number of employees		
Women	1.2	0.8
Men	0.7	1.0
	1.9	1.8
Salaries and other remuneration		
Salaries Managing Directors	806 500	679 500
Other employees	553 960	454 280
	1 360 460	1 133 780
Social charges		
Retirement costs for managing directors	40 248	0
Retirement costs for other employees	17 930	24 482
Other social charges according to law and agreements	341 757	259 150
	399 935	283 632
Total salaries, remunerations, social charges and retirement costs	1 760 395	1 417 412

No key personnel receive variable remuneration in form of bonuses based on the profitability of the company.

No pension obligations are in place for board members or employees.

No severance pay agreements, except for ordinary pay during the notice period, are in place for anyone in the management.

Note 4 Current and deferred tax

	2019	2018
Tax on the result of the year		
Current tax	0	0
Change of deferred tax due to temporary differences	284 817	-12 418
Total tax shown	284 817	-12 418

Reconciliation of effective tax

	2019		2018	
	%	Amount	%	Amount
Result before tax		-1 437 673		35 729
Tax according to current tax rate	21,40	307 662	22,00	-7 860
Non-deductible expense		-6 492		-4 558
Outcome of changed income tax rate		-16 353		
Effective tax shown	19,81	284 817	34,76	-12 418

Note 5 Cash and cash equivalents/Other liabilities

	2019-12-31	2018-12-31
The items include funds at the company's pledged accounts	5 230 480	4 276 347

Note 6 Contingent liabilities and other commitments

	2019-12-31	2018-12-31
Provisions	0	0
Contingent liabilities	0	0
Contingent assets	0	0
	0	0

Note 7 Transactions with related parties

Remunerations of the Board are disclosed in Note 2. There have been no transactions with any shareholders during the year.

Note 8 Essential events after the balance sheet day and outlook

The growth opportunities are perceived as good. The company expects an increased customer influx. However, the recent Corona virus pandemic may have some negative impact on the operations in 2020.

Stockholm, 2 March 2020

Tomas G Olsson
Chairman of the Board

Erik Landén

Anders Lindén

Peter Stegarås

Mikael Tahkola

Jonas Thyberg

Amira Roula
Managing Director

The Auditor's report
was submitted on March 23, 2020

Leif Lüscher

Authorized accountant