

Annual Report

Vector Nordic AB (publ)

559006-0496

for the financial year of

2020

English translation not audited

The Board of Vector Nordic AB (publ) submits herewith the annual report for the year of 2020.

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 company has signed a co-operation agreement with Gar-Bo Försäkring AB with Gar-Bo acting as the insurer and Vector as the tied insurance broker.

The insurance broker services started in January 2017. The activities of the company are directed to customers in all Nordic countries as well as in Estonia.

The Company's registered office is in Stockholm.

Significant events during the year

The Corona pandemic that struck with full force at the end of February has seriously affected the travel industry and indirectly the Company's operations. About twenty of the Company's customers have been declared bankrupt and have negatively affected the premium income and thus the Company's commission income. Since the pandemic put an end to almost all travel, the travel guarantees that the customer companies must lodge have decreased in scope. This has taken place gradually during the year and has had a negative effect on the premium income. Increased premium rates have to some extent offset the negative impact that the reduced scope of travel guarantees has had on the operations.

Jaana Alenius took over as the new CEO on April 1, 2020.

The Company has not received any government grants following the pandemic.

Results and financial position

Despite the negative effects of the pandemic, net sales consisting of commission income increased during the year through the influx of new customers and generally higher premium rates. However, the extensive claims amounts caused by the bankruptcies in the travel industry have had a negative effect on the Company's commission income by a total of SEK 5 million. Had these claims costs been avoided, profit before tax would have amounted to SEK 2.7 million instead of the now reported loss of just over SEK 2.3 million.

Following a decision by the Annual General Meeting, the share capital has been reduced from SEK 6,002,500 to SEK 600,250 by a reduction of the nominal value of the shares from SEK 10 to SEK 1 per share. The difference has been transferred to the unrestricted equity.

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 2020 2019 2018 2017 2016

(kSEK)

Net sales	626	1 696	2 413	850	0
Result after financial items	-2 342	-1 438	36	-901	-1 179
Total assets	17 488	15 097	14 443	10 161	1 221
Number of employees	2,0	1,9	1,8	1,3	0,0
Solidity (%)	33	64	75	93	71

For definitions of key ratios, see Note 1

Change in Net worth (SEK)

	Share capital	Retained earnings	Profit/Loss of the year	Total
Opening capital	6 002 500	1 767 718	-1 152 856	6 617 362
Decisions of the General Assembly				
- Appropriation of the result		-1 152 856	1 152 856	0
- Reduction of share capital	-5 402 250	5 402 250		
Net profit/loss for the year			-1 897 030	-1 897 030
Ending capital	600 250	6 017 112	-1 897 030	4 720 332

Proposal how to appropriate the result

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

Retained earnings	6 017 112
Loss for the year	-1 897 030
	4 120 082
shall be carried forward	4 120 082

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	2020-01-01 -2020-12-31	2019-01-01 2019-12-31
Net sales	2	626 484	1 696 250
Operating expenses			
External expenses	3	-953 191	-1 376 509
Staff costs	4	-2 023 634	-1 760 396
Total operating expenses		-2 976 825	-3 136 905
Operating result		-2 350 341	-1 440 655
Financial items			
Interest income and similar items		9 443	4 321
Interest expense and similar items		-993	-1 339
Result after financial items		-2 341 891	-1 437 673
Result before tax		-2 341 891	-1 437 673
Tax on the result of the year	5	444 861	284 817
Result for the year		-1 897 030	-1 152 856

Balance Sheet	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Financial assets			
Deferred tax	5	1 325 304	880 443
Total fixed financial assets		1 325 304	880 443
Current assets			
Current receivables			
Accounts receivable		918 537	1 038 475
Other receivables		0	5 962
Prepaid expenses		166 429	137 129
Total current receivables		1 084 966	1 181 566
Cash and bank			
Bank		9 200 609	7 804 672
Pledged accounts	6	5 877 632	5 230 480
Total cash and bank		15 078 241	13 035 152
Total current assets		16 163 207	14 216 718
TOTAL ASSETS		17 488 511	15 097 161

Balance Sheet	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital (600 250 shares)		600 250	6 002 500
Non-restricted capital			
Retained earnings		6 017 112	1 767 718
Result for the year		-1 897 030	-1 152 856
Total shareholders' equity		4 720 332	6 617 362
Short-term liabilities			
Accounts payable		206 511	113 351
Other liabilities	6	9 216 838	6 444 742
Accrued expenses and deferred income		3 344 830	1 921 706
Total short-term liabilities		12 768 179	8 479 799
TOTAL EQUITY AND LIABILITIES		17 488 551	15 097 161

Cash Flow Analysis	Note	2020-01-01 -2020-12-31	2019-01-01 2019-12-31
Operating activities			
Result after financial items		-2 341 891	-1 437 673
Cash flow from operating activities before change in working capital		-2 341 891	-1 437 673
Cash flow from change in working capital			
Decrease (+)/Increase (-) in operating receivables		96 600	-219 941
Increase in operating liabilities		3 641 228	852 930
Cash flow from operating activities		1 395 937	-804 684
Cash flow for the year		1 395 937	-804 684
Cash at the beginning of the year		7 804 672	8 609 356
Cash at the end of the year	6	9 200 609	7 804 672

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

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 February 4th, 2021. The company's financial statements are to be adopted by the Annual General Meeting on 25 of March 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. The costs for leasing and rental agreements are accrued on a straight-line basis over the leasing period. The premises lease runs for one year at a time.

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 the 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

Result 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 - Solidity (%)

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

During the financial year, due to the very special situation, the finances and prospects of the customer companies have been analyzed particularly carefully. In this context, special emphasis has been placed on obtaining information on remaining customer advances.

Note 2 Net sales

The commission income that the Company receives from the insurer, Gar-Bo, after deductions for part of claims expenses incurred during the year is reported as net sales. During a three-year period, of which 2020 is the first year, the Company's part of the claims costs amounts to a maximum of SEK 5 million. As the maximum amount has already occurred during the first year, the result for the following two years will not be charged with claims costs.

The invoicing of gross premiums during the year amounted to SEK 18.9 million (previous year SEK 16.7 million).

Note 3 Fees and remuneration to auditors and directors of the board

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.

	2020	2019
Auditing services	39 000	37 500
Remuneration to the board of directors (incl. social charges)	164 850	136 500

Note 4 Employees and personnel costs

	2020	2019
Average number of employees		
Women	2.0	1.2
Men	0.0	0.7
Salaries and other remunerations		
Management director	951 116	806 500
Other employees	491 564	553 960
	1 442 680	1 360 460
Social charges		
Retirement costs for management director	100 250	40 248
Retirement costs for other employees	15 653	17 930
Other social charges according to law and agreements	415 702	341 757
	531 605	399 935
Total salaries, remunerations, social charges and retirement costs	1 974 285	1 760 395

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 5 Current and deferred tax

		2020		2019
Tax on the result of the year				
Current tax		0		0
Change of deferred tax due to temporary differences		444 861		284 817
Total tax shown		444 861		284 817
Reconciliation of effective tax				
	%		%	
Result before tax		-2 341 891		-1 437 673
Tax according to current tax rate	21.4	501 165	21.4	307 662
Non-deductible expense		-4 831		-6 492
Outcome of changed income tax rate	20.6	-51 473		-16 353
Effective tax shown		444 861		284 817

Note 6 Cash and cash equivalents/Other liabilities

	2020-12-31	2019-12-31
The items include customer funds at the company's pledged accounts	5 877 632	5 230 480

Note 7 Contingent liabilities and other commitments

Provisions	None	None
Contingent liabilities	None	None
Contingent assets	None	None

Note 8 Transactions with related parties

Remunerations to the board of directors are disclosed in Note 3. In addition, two board members have received remuneration for consulting work on market terms. There have been no transactions with any other shareholders during the year.

Note 9 Essential events after the balance sheet day and outlook

The growth opportunities are still considered good, not least as a result of an insurance guarantor having left the Nordic market. The negative impact that the Corona epidemic has had on the scope of travel guarantees and thus the Company's revenues is expected to decrease towards the middle-end of 2021, when travel is expected to pick up speed again. Sharply increased premium rates in the insurance market in general have also led to and are expected to contribute to the premium income being able to be maintained at at least the same level.

Stockholm, 4 February 2021

Tomas G Olsson
Chairman of the board

Erik Landén

Heli Mäki Fränti

Peter Stegarås

Jonas Thyberg

Didrik von Seth

Jaana Alenius
Managing director

The Auditor's report

was submitted 10th of February 2021

Leif Lüscher
Certified public accountant