

# **Annual Report**

## **Vector Nordic AB (publ)**

**559006-0496**

**for the financial year of**

**2022**

**English translation not audited**

The Board of Vector Nordic AB (publ) submits herewith the annual report for the year of 2022.

## **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**

In 2022, travel has resumed and the travel industry has recovered from the restrictions of the pandemic during the years of 2020 – 2021. However, travel to China and the Far East is still at a significantly lower level than before the pandemic, due to the prolonged lockdown of China and the tragic war in Ukraine. Indirectly, the Company's operations have been affected by the slight increase in the travel guarantees to be provided by customer companies, even though they have not yet returned to the high level before the outbreak of the pandemic. In 2020 and 2021, around thirty of the Company's customers filed for bankruptcy, while 2022 initially appeared to be considerably calmer in this respect. In the autumn, however, the tour operator Detur, also a customer of the company, suspended payments. The bankruptcy is the largest to date among Swedish tour operators. The bankruptcy has not had an immediate effect on the company's results in 2022, but rather on the possibility of providing travel guarantees in the coming years.

### **Results and financial position**

Despite the lingering negative effects of the pandemic, the net turnover from commissions continued to increase during the year through the influx of new customers, mainly due to the exit of a market player from the Nordic travel guarantee market, and generally higher premium rates. The total gross premiums increased by 72% in 2022, which can be explained primarily by the need for customers to provide higher guarantees when travel resumed, but also by premium increases and new customers.

## 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 2022 2021 2020 2019 2018

### (kSEK)

Net sales	10 258	2 976	626	1 696	2 413
Result after financial items	7 890	679	-2 342	-1 438	36
Total assets	26 931	21 630	17 488	15 097	14 443
Number of employees	2.0	2.0	2.0	1.9	1.8
Solidity (%)	60	30	33	64	75

For definitions of key ratios, see Note 1

## Change in Net worth (SEK)

	Share capital	Retained earnings	Profit of the year	Total
Opening capital	600 250	4 120 082	534 445	5 254 777
Decisions of the General Assembly				
- Appropriation of the result		534 445	-534 445	
Net profit for the year			6 257 358	6 257 358
<b>Ending capital</b>	<b>600 250</b>	<b>4 654 527</b>	<b>6 257 358</b>	<b>11 512 135</b>

## Proposal how to appropriate the result

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

Retained earnings	4 654 527
Profit for the year	6 257 358
	<b>10 911 885</b>
shall be carried forward	10 911 885

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

<b>Income Statement</b>	<b>Note</b>	<b>2022-01-01 -2022-12-31</b>	<b>2021-01-01 2021-12-31</b>
<b>Net sales</b>	2	10 258 199	2 976 255
<b>Operating expenses</b>			
External expenses	3	-739 332	-702 432
Staff costs	4	-1 634 959	-1 592 521
Depreciation	5	-17 491	-
<b>Total operating expenses</b>		<b>-2 391 782</b>	<b>-2 294 953</b>
<b>Operating result</b>		<b>7 866 417</b>	<b>681 302</b>
<b>Financial items</b>			
Interest income and similar items		25 245	3 016
Interest expense and similar items		-1 925	-5 435
<b>Result after financial items</b>		<b>7 889 737</b>	<b>678 883</b>
<b>Result before tax</b>		<b>7 889 737</b>	<b>678 883</b>
Tax on the result of the year	6	-1 632 379	-144 438
<b>Result for the year</b>		<b>6 257 358</b>	<b>534 445</b>

<b>Balance Sheet</b>	<b>Note</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Equipment	5	40 813	-
<b>Financial assets</b>			
Deferred tax	6	-	1 180 866
Long-term receivables		28 380	-
<b>Total fixed financial assets</b>		<b>69 193</b>	<b>1 180 866</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable		889 032	602 182
Prepaid expenses		60 511	66 964
<b>Total current receivables</b>		<b>949 543</b>	<b>669 146</b>
<b>Cash and bank</b>			
Bank		18 673 282	13 074 068
Pledged accounts	7	7 238 544	6 705 480
<b>Total cash and bank</b>		<b>25 911 826</b>	<b>19 779 548</b>
<b>Total current assets</b>		<b>26 861 369</b>	<b>20 448 694</b>
<b>TOTAL ASSETS</b>		<b>26 930 562</b>	<b>21 629 560</b>

<b>Balance Sheet</b>	<b>Note</b>	<b>2022-12-31</b>	<b>2021-12-31</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted equity</b>			
Share capital (600 250 shares)		600 250	600 250
<b>Non-restricted capital</b>			
Retained earnings		4 654 527	4 120 082
Result for the year		6 257 358	534 445
<b>Total non-restricted capital</b>		<b>10 911 885</b>	<b>4 654 527</b>
<b>Total shareholders' equity</b>		<b>11 512 135</b>	<b>5 254 777</b>
<b>Short-term liabilities</b>			
Accounts payable		42 803	60 594
Tax liabilities		451 509	-
Other liabilities	7	14 814 137	11 181 380
Accrued expenses and deferred income		109 978	5 132 809
<b>Total short-term liabilities</b>		<b>15 418 427</b>	<b>16 374 783</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26 930 562</b>	<b>21 629 560</b>

<b>Cash Flow Analysis</b>	<b>Note</b>	<b>2022-01-01</b> <b>-2022-12-31</b>	<b>2021-01-01</b> <b>2021-12-31</b>
<b>Operating activities</b>			
Result after financial items		7 889 737	678 883
Adjustments for items not included in cash flow		17 491	-
Current tax		-451 513	-
<b>Cash flow from operating activities before change in working capital</b>		<b>7 455 715</b>	<b>678 883</b>
<b>Cash flow from change in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		-308 777	415 820
Decrease (-)/Increase (+) in operating liabilities		-1 489 420	2 778 756
<b>Cash flow from operating activities</b>		<b>5 657 518</b>	<b>3 873 459</b>
<b>Investment activities</b>			
Purchase of equipment		-58 304	-
<b>Cash flow for the year</b>		<b>5 599 214</b>	<b>3 873 459</b>
Cash at the beginning of the year		13 074 068	9 200 609
<b>Cash at the end of the year</b>	<b>7</b>	<b>18 673 282</b>	<b>13 074 068</b>

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 January 25<sup>th</sup>, 2023. The company's financial statements are to be adopted by the Annual General Meeting on 9<sup>th</sup> of May 2023.

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**

Total tax is made up of current tax and deferred tax. Taxes are accounted for in the income statement except where the underlying transaction is accounted for directly in the equity, and the associated tax benefits are accounted for in the equity.

### **Current tax**

Current tax refers to income tax for the current financial year as well as the part of income tax for previous financial years that has not yet been accounted for. Current tax is calculated based on the tax rate applicable on the balance sheet date.

### **Deferred tax**

Deferred taxation is income taxation relating to future financial years as a result of past



events. Accounting is carried out in accordance with the BSI Method. Under this method, deferred tax liabilities and deferred tax assets are accounted for based on temporary differences arising from the carrying amounts of assets and liabilities and other tax deductions or deficits.

Deferred tax assets shall be net of deferred tax liabilities only if they can be paid with a net amount. Deferred tax is calculated based on the tax rate applicable on the balance sheet date. The effects of changes in the applicable tax rates are recorded in the period before the change was legislated. Deferred tax assets are accounted for as financial assets and deferred tax liabilities as provisions.

Deferred tax assets relating to deficit reductions or other future tax deductions are accounted for to the extent that the deductions are likely to be offset against future tax surpluses.

### **Tangible fixed assets**

Tangible fixed assets are reported at acquisition value less accumulated depreciation according to plan.

The following depreciation period is applied:                      5 years

### **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 costs incurred during the year due to travel guarantees having had to be utilized is reported as net sales. During each three-year period, the Company risks having to pay for damages up to a maximum of SEK 5 million. As this maximum amount was already achieved during the first year of the current three-year period (2020-2022), the results during 2021 - 2022 will not be charged with any additional claims costs.

The invoicing of gross premiums during the year amounted to SEK 41.8 million (previous year SEK 24.3 million).

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

	<b>2022</b>	<b>2021</b>
Remuneration to the board of directors (incl. social charges)	196 324	201 372
Auditing services	42 000	42 500

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.

## **Note 4 Employees and personnel costs**

	<b>2022</b>	<b>2021</b>
<b>Average number of employees</b>		
Women	2.0	2.0
<b>Salaries and other remunerations</b>		
Management director	688 638	684 772
Other employees	440 360	421 575
	<b>1 128 998</b>	<b>1 106 347</b>
<b>Social charges</b>		
Retirement costs for management director	81 390	78 168
Retirement costs for other employees	19 908	18 477
Other social charges according to law and agreements	385 944	363 145
	<b>487 242</b>	<b>461 793</b>
<b>Total salaries, remunerations, social charges and retirement costs</b>	<b>1 616 240</b>	<b>1 568 140</b>

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 Equipment

	2022	2021
<b>Acquisition costs</b>		
At the beginning of the year	-	-
Acquisitions	58 304	-
<b>Accumulated depreciation</b>		
At the beginning of the year	-	-
Depreciation during the year	-17 491	-
<b>Net value at the end of the year</b>	<b>40 813</b>	-

## Note 6 Current and deferred tax

	2022	2021
<b>Tax on the result of the year</b>		
Current tax	-451 513	-
Change of deferred tax due to temporary differences	-1 180 866	-144 438
<b>Total tax shown</b>	<b>-1 632 379</b>	<b>-144 438</b>
<b>Reconciliation of effective tax</b>	<b>%</b>	<b>%</b>
Result before tax	7 889 737	678 883
Tax according to current tax rate	20.6 -1 625 285	20.6 -139 849
Non-deductible expense	-7 094	-4 589
<b>Effective tax shown</b>	<b>-1 632 379</b>	<b>144 438</b>

## Note 7 Cash and cash equivalents/Other liabilities

	2022-12-31	2021-12-31
The items include customer funds at the company's pledged accounts	7 238 544	6 705 480

## Note 8 Contingent liabilities and other commitments

Provisions	None	None
Contingent liabilities	None	None
Contingent assets	None	None

## **Note 9 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 10 Essential events after the balance sheet day and outlook**

The historically high amounts paid out from travel guarantees in the years 2020 - 2022 as a result of the bankruptcy of many tour operators have led to a highly restrictive reinsurance market for issuance of travel guarantees. The reduction in the supply of guarantees is therefore expected to lead to significantly higher premium rates and difficulties in providing higher guarantee amounts.

Stockholm, 25 January 2023

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 on 28 March 2023

Leif Lüscher  
Certified public accountant