

# **Annual Report**

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

**559006-0496**

**for the financial year of**

**2023**

**English translation not audited**

The Board of Vector Nordic AB (publ) submits herewith the annual report for the year of 2023.

## **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 2023, the travel industry's turnover largely reached pre-pandemic levels. Sales almost reached the same level as in 2019, which historically was the best year to date. There were indeed delays in the recovery in Finland and Norway, where the restrictions had been stricter. Private travel is solely responsible for the increase, while business travel has not returned to previous levels. The use of digital meetings increased for obvious reasons during the pandemic and seems to have largely replaced many business trips and "unnecessary" travel. Private travel to long-distance destinations recovered and increased during the year. Fuel prices rose with consequent higher costs for airlines and bus companies. This, as well as increased mortgage rates and a weak Swedish krona, did not hamper travel after all, but has led to many trips being booked much shorter in advance than before. The Company was not affected by the few minor bankruptcies that occurred in the travel industry during the year. On the negative side, it should be mentioned that, as is usually said in the insurance industry, there is a lack of appetite among the international reinsurers to provide guarantees for the travel industry. This is a consequence of the large claims that were paid out in the years just before and during the pandemic. This limits the Company's ability to help large former customers as well as existing customers.

### **Results and financial position**

Net sales, which consist of commission income, decreased during the year despite gross premiums increasing by 26%. The reason for the lower commission income is a lower agreed brokerage commission for the Company. During the first half of 2023, the premiums increased sharply due to high premium rates but were later adjusted to lower levels when it were possible. Guarantee requirements have generally increased during the year, which has largely compensated for the previous income from the customers that the Company has lost.

## 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 2023 2022 2021 2020 2019 (kSEK)

Net sales	8 022	10 258	2 976	626	1 696
Result after financial items	5 827	7 890	679	-2 342	-1 438
Total assets	18 575	26 931	21 630	17 488	15 097
Number of employees	2.0	2.0	2.0	2.0	1.9
Solidity (%)	75	60	30	33	64

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	4 654 528	6 257 358	11 512 136
Decisions of the General Assembly				
- Appropriation of the result		6 257 358	-6 257 358	
Decisions of Extraordinary General Assembly				
- Distribution of dividends		-6 002 500		-6 002 500
Net profit for the year			4 621 402	4 621 402
<b>Ending capital</b>	<b>600 250</b>	<b>4 909 386</b>	<b>4 621 402</b>	<b>10 131 038</b>

## Proposal how to appropriate the result

The board and the managing director propose that the available retained earnings (SEK):

Retained earnings	4 909 386
Profit for the year	4 621 402
	<b>9 530 402</b>

are appropriated as follows:

To the shareholders shall be distributed	
7.50 SEK per share	4 501 875
The remaining earnings shall be carried forward	5 028 913

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>2023-01-01 -2023-12-31</b>	<b>2022-01-01 2022-12-31</b>
<b>Net sales</b>	2	<b>8 021 844</b>	<b>10 258 199</b>
<b>Operating expenses</b>			
External expenses	3	-777 477	-739 332
Staff costs	4	-1 849 862	-1 634 959
Depreciation	5	-12 243	-17 491
<b>Total operating expenses</b>		<b>-2 639 582</b>	<b>-2 391 782</b>
<b>Operating result</b>		<b>5 382 262</b>	<b>7 866 417</b>
<b>Financial items</b>			
Interest income and similar items		450 563	25 245
Interest expense and similar items		-5 405	-1 925
<b>Result after financial items</b>		<b>5 827 420</b>	<b>7 889 737</b>
<b>Result before tax</b>		<b>5 827 420</b>	<b>7 889 737</b>
Tax on the result of the year	6	-1 206 018	-1 632 379
<b>Result for the year</b>		<b>4 621 402</b>	<b>6 257 358</b>

<b>Balance Sheet</b>	<b>Note</b>	<b>2023-12-31</b>	<b>2022-12-31</b>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
Equipment	5	28 570	40 813
<b>Financial assets</b>			
Long-term receivables		31 160	28 380
<b>Total fixed financial assets</b>		<b>59 730</b>	<b>69 193</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Accounts receivable		10 937	889 032
Prepaid expenses		192 934	60 511
<b>Total current receivables</b>		<b>203 871</b>	<b>949 543</b>
<b>Cash and bank</b>			
Bank		13 311 462	18 673 282
Pledged accounts	7	5 000 000	7 238 544
<b>Total cash and bank</b>		<b>18 311 462</b>	<b>25 911 826</b>
<b>Total current assets</b>		<b>18 513 333</b>	<b>26 861 369</b>
<b>TOTAL ASSETS</b>		<b>18 575 063</b>	<b>26 930 562</b>

<b>Balance Sheet</b>	<b>Note</b>	<b>2023-12-31</b>	<b>2022-12-31</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		4 909 386	4 654 527
Result for the year		4 621 402	6 257 358
<b>Total non-restricted capital</b>		<b>9 530 788</b>	<b>10 911 885</b>
<b>Total shareholders' equity</b>		<b>10 131 038</b>	<b>11 512 135</b>
<b>Short-term liabilities</b>			
Accounts payable		35 467	42 803
Tax liabilities	6	1 207 038	451 509
Other liabilities	7	7 071 710	14 814 137
Accrued expenses and deferred income		129 810	109 978
<b>Total short-term liabilities</b>		<b>8 444 025</b>	<b>15 418 427</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18 575 063</b>	<b>26 930 562</b>

<b>Cash Flow Analysis</b>	<b>Note</b>	<b>2023-01-01</b> <b>-2023-12-31</b>	<b>2022-01-01</b> <b>2022-12-31</b>
<b>Operating activities</b>			
Result after financial items		5 827 420	7 889 737
Adjustments for items not included in cash flow		12 243	17 491
Current tax		-1 206 018	-451 513
<b>Cash flow from operating activities before change in working capital</b>		<b>4 633 645</b>	<b>7 455 715</b>
<b>Cash flow from change in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		742 892	-308 777
Decrease (-)/Increase (+) in operating liabilities		-4 735 857	-1 489 420
<b>Cash flow from operating activities</b>		<b>640 680</b>	<b>5 657 518</b>
<b>Investment activities</b>			
Purchase of equipment		-	-58 304
<b>Cash flow for the year</b>		<b>-5 361 820</b>	<b>5 599 214</b>
Cash at the beginning of the year		18 673 282	13 074 068
<b>Cash at the end of the year</b>	<b>7</b>	<b>13 211 462</b>	<b>18 673 282</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 22<sup>nd</sup> of March 2024.

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.

The invoicing of gross premiums during the year amounted to SEK 52.8 million (previous year SEK 41.8 million).

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

	<b>2023</b>	<b>2022</b>
Remuneration to the board of directors (incl. social charges)	199 211	196 324
Auditing services	45 000	42 000

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>2023</b>	<b>2022</b>
<b>Average number of employees</b>		
Women	2.0	2.0
<b>Salaries and other remunerations</b>		
Management director	766 969	688 638
Other employees	468 675	440 360
	<b>1 235 644</b>	<b>1 128 998</b>
<b>Social charges</b>		
Retirement costs for management director	83 308	81 390
Retirement costs for other employees	21 513	19 908
Other social charges according to law and agreements	409 471	385 944
	<b>514 292</b>	<b>487 242</b>
<b>Total salaries, remunerations, social charges and retirement costs</b>	<b>1 749 936</b>	<b>1 616 240</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. Notice period for the managing director is four months reciprocally.

## Note 5 Equipment

	2023	2022
<b>Acquisition costs</b>		
At the beginning of the year	58 304	-
Acquisitions	-	58 304
<b>Accumulated depreciation</b>		
At the beginning of the year	-17 491	-
Depreciation during the year	-12 243	-17 491
<b>Net value at the end of the year</b>	<b>28 570</b>	<b>40 813</b>

## Note 6 Current and deferred tax

	2023	2022
<b>Tax on the result of the year</b>		
Current tax	1 206 018	-451 513
Change of deferred tax due to temporary differences	-	-1 180 866
<b>Total tax shown</b>	<b>1 206 018</b>	<b>-1 632 379</b>

<b>Reconciliation of effective tax</b>	%		%	
Result before tax		5 827 420		7 889 737
Tax according to current tax rate	20.6	-1 200 448	20.6	-1 625 285
Non-deductible expense		-5 570		-7 094
<b>Effective tax shown</b>		<b>-1 206 018</b>		<b>-1 632 379</b>

## Note 7 Cash and cash equivalents/Other liabilities

	2023-12-31	2022-12-31
The items include customer funds at the company's pledged accounts	5 000 000	7 238 544

## 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 except for distribution of dividends.

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

As a result of the extensive bankruptcies in the travel industry during the pandemic years 2020-2022, reinsurance companies have become very restrictive in signing new travel guarantee insurance policies. This has limited the company's opportunities to mediate travel guarantees exceeding SEK 30 million, which in turn has implied that some of the company's large customers have been forced to turn to other actors to obtain financial collateral for the required travel guarantees. The proposal for a new travel guarantees law that was put forward in 2023 will, if adopted by the Swedish Parliament, mean that the tour operators must pay a major share of the travel guarantees into a fund. As a result, the proportion that must be covered by collateral in the form of bank guarantees and insurance companies will radically decrease, which will also affect the Company's operations in the long term.

Stockholm, 22 February 2024

Tomas G Olsson  
Chairman of the board

Anna Lind

Heli Mäki Fränti

Peter Stegarås

Jonas Thyberg

Didrik von Seth

Jaana Alenius  
Managing director

### **The Auditor's report**

was submitted on \_\_\_ March 2024

Leif Lüscher  
Certified public accountant