



Annual Report 2022

EIR FÖRSÄKRING AB – CORP. ID NO. 559166-0617

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Directors' Report

The Board of Directors and CEO of Eir Försäkring AB, Corp. ID No 559166-0617, hereby present the annual report for the period 1 January 2022 - 31 December 2022.

All amounts are in thousands of SEK (TSEK), unless stated otherwise.

Ownership

Eir Försäkring AB ("Eir" or "the Company") is a Swedish insurance company and a wholly owned subsidiary of the Parent Company, Eir Invest Holding AB, Corp. ID No. 559166-0625, which is an insurance holding company with Eir as its only subsidiary. The Company has its registered offices in Stockholm, Sweden.

Operations

Eir is licensed to insure risks within the following direct non-life insurance classes: accident, health, land vehicles, marine, cargo, fire and natural forces, other property damage, motor vehicle liability, marine liability, general property damage, other property damage, legal protection and assistance.

Eir also has a license to undertake cross-border operations in Norway, Denmark, Finland, Germany and Spain as regards the above-mentioned classes of insurance.

Eir's main business activity is to provide non-life insurance to private individuals and small and medium-sized companies. The distribution takes place, primarily, through Eir's partners who provide the services to the end users, with a focus on digital solutions. The Company has its own internal claims management department which handles incoming claims. Some of the claims handling also takes place via outsourcing to external suppliers.

Significant events during the year

During 2022, the Company continued to grow in Denmark and Norway, primarily at the beginning of the year, through its existing partners. Also in Sweden, the existing partners have shown a positive increase in volume and during the year the Company employed 7 new colleagues to expand its competencies, experience and capacity in order to handle the expected growth of the operations. The offering continues to be further developed in terms of future insurance products, market segments and geographical areas, with continued distribution via partnerships.

During the year, the Company was provided with additional capital, equivalent to TSEK 75,169, from existing and new shareholders in order to increase the amount of non-restricted capital and ensure a sufficient capital base for continued growth.

The war in Ukraine and the current macroeconomic premises impact the insurance industry through delayed deliveries, longer repair periods and increased costs, all of which risk incurring a negative

impact on the development of claims costs. In spite of these challenges, the Company has succeeded in keeping the claims ratio at a satisfactory level. In an ongoing dispute with a former distribution partner involving differing interpretations of business terms, regarding, amongst other things, the calculation of premiums, settlements, executed net payments and the obligation to renew the insurance portfolio, Eir Försäkring AB has an outstanding receivable of approximately MSEK 5.8. It has been decided that verbal negotiations will take place in May in 2023.

Risks and factors of uncertainty

The Company's operations are subject to a variety of risks. These risks, in themselves, and the manner in which they are to be managed, impact the Company's financial position, as well as its capacity to achieve its established goals. As a result, the Company addresses these risks on the basis of a risk management system incorporating strategies, processes and reporting routines. This risk management system comprises an integral part of the operations and the Company's framework for risk management combines the Company's strategic goals with its risk management on the basis of the Solvency II framework.

The Company has standardised processes for the manner in which risks are to be identified, assessed and reported. These processes are implemented in the operations as a stage in creating risk awareness and effective risk management.

Eir Försäkring AB's risks are defined according to the following risk categories: Insurance risk- Premium risk and technical provisions risk, Counterparty risk, Operative risk, Market risk and Other risks.

The Company is primarily exposed to Insurance risk and Counterparty risk. The risk management is described in more detail in Note 2.

Employees

Eir's organisation expanded during 2022 in order to create the premises for continued growth. During the year, the operations in Stockholm were moved to new office premises to bring together all of the employees to one location, ensuring that they can continue to work together with an even greater sense of belonging and company culture. Refer to "Note 16 Average number of employees and salaries and compensation".

All of the employees are provided with fixed monthly salaries or fixed hourly compensation, determined on an individual basis and with a clear connection to the work and performance of the employee in question. Employment terms and conditions are to be market-based and the compensation is to be on level with the industry norm for the markets in which the Company operates. From 2022, an annual salary reviews and performance interviews take place.

Liquidity and capital requirements

The Company's bank funds totalled TSEK 112,301 at the end of the period. The capital base at the same point in time totalled TSEK 94,753 and the minimum capital requirement (MCR) is TSEK 43, 604 which results in a solvency ratio of 217.3 percent. The solvency capital requirement (SCR) is

TSEK 37,351, which results in a solvency ratio in relation to the calculated capital requirement of 253.7 percent.

In order to ensure a continued positive capital base during expansion, the Company may need to obtain additional capital during 2023.

Results and economic position

The operations, product offering and organisation developed during 2022 in accordance with the established plans. Net sales were impacted by the run-off of the former largest partnership, and increased by only 10% in comparison with the previous year. Costs as a portion of premium income decreased and profit/loss after taxes totalled TSEK -27, 122. Total premiums amounted to TSEK 239,024 and premiums for reinsurance ceded totalled TSEK 155,000. Premium income after reinsurance ceded totalled TSEK 71,299. Claims costs after reinsurance ceded impacted results by TSEK-49,820.

Due to one-off costs associated with the Company's expansion and development costs for new products and partners, as well as due to high costs for non-proportional reinsurance, our technical result was negative for all insurance classes. The total technical result was TSEK -29,399 as at the end of 2022.

Future developments

The Company works to continue to grow in order to achieve synergies of scale and to increase its profitability through a well-balanced portfolio with proportionally low overheads. Increased sales are achieved through focusing on existing distribution partners' growth with existing and new products from the Company's product catalogue, in combination with new partnerships in existing and new geographical markets where cost-effective integration processes and short time-to-market conditions ensure that we are an attractive insurance supplier for our partners.

Parallel with our activities within sales, the Company is optimising its pricing and product offering through data-driven portfolio insights. The claims settlement processes will continue to be made more efficient in order to offer a correct, as well as time and cost effective, handling of claims for the customers.

A continued focus area is the on-going investment in our IT platform to achieve an increased automation of processes and an increased possibility of self-service for the customers. The Company is to actively work with sustainability in its operations. In close cooperation with our partners, Eir will present new offerings to simplify the customer's everyday experience of the insurance products.

Events after balance sheet date

The business model is geographically unrestricted and during the beginning of 2023 the cross-border distribution of insurance in Spain has been approved by that country's authorities. During the first half year 2023, new offerings were launched in both Spain and Germany. As a part of the Company's intention to develop and expand its product offering on an ongoing basis, commercial insurance was launched as a new product at the end of 2022.

Proposed treatment of losses:

At the disposal of the annual general meeting of shareholders:

Retained earnings **SEK - 61 118 462**

Loss for the year **SEK - 27 122 291**

The Board of Directors proposes that the loss be treated in the following manner:

To be carried forward **SEK - 88 240 753**

Five-year summary

Results	2022	2021	2020	2019
Premiums earned (after reinsurance ceded)	71 299	40 586	7 040	-343
Premium income	239 024	216 342	75 550	2 127
Claims incurred (after reinsurance ceded)	-49 820	-34 323	-7 094	-33
Operating expenses	-50 879	-39 687	-19 931	-8 923
Technical results of non-life insurance operations	-29 399	-33 424	-19 985	-9 299
Net return on capital	463	10	-73	-79
Other income	1 814	1 728	3	
Profit/loss before appropriations and tax	-27 122	-31 686	-20 055	-9 378
Taxes	0	0	0	0
Profit/loss for the year	-27 122	-31 686	-20 055	9 378
FINANCIAL POSITION				
Investments	112 301	87 219	105 234	120 273
Technical reserves (after reinsurance ceded)	75 557	52 625	18 774	-1 510
Solvency capital	114 428	66 382	98 067	118 122
of which deferred tax	0	0	0	0
Capital ratio				
Capital base	94 753	52 600	81 414	113 162
of which Tier 1 capital	94 753	52 600	81 414	113 162
of which ancillary own funds	0	0	0	0
Capital base, Group	97 184	55 834	84 710	116 701
Minimum capital requirement	43 604	36 766	38 351	39 777
Solvency capital requirement	37 351	33 881	22 169	16 691
Solvency capital requirement, Group	43 604	34 907	22 494	n/a
KEY PERFORMANCE INDICATORS				
Technical results of non-life insurance operations (after reinsurance ceded)				
Claims ratio	70%	85%	101%	10%
Operating costs ratio	71%	98%	283%	2601%
Total cost ratio	141%	182%	384%	2611%
Financial position				
Combined ratio	136%	110%	487%	1458%

Income statement

	Note	2022	2021
Technical reporting of non-life insurance operations			
Premium income (after reinsurance ceded)			
Premium income (before reinsurance ceded)	3	239 024	216 342
Premiums, reinsurance ceded		-155 009	-155 910
Change in provision for unearned premiums and unexpired risks (before reinsurance ceded)		-11 975	-69 331
Reinsurers' share of change in provisions for unearned premiums and unexpired risks		-742	49 485
Premium income (after reinsurance ceded)		71 299	40 586
Claims incurred (after reinsurance ceded)			
Claims paid before reinsurance ceded	4	-124 824	-58 914
Claims paid, reinsurers' share		87 066	39 972
Change in the provisions for claims outstanding, before reinsurance ceded		-21 815	-50 704
Change in the provisions for claims outstanding, reinsurers' share		9 754	35 323
Claims incurred, after reinsurance ceded		-49 820	-34 323
Operating expenses	5	-50 879	-39 687
Technical results of non-life insurance operations		-29 399	-33 424
NON-TECHNICAL REPORTING			
Return on capital			
Return on capital, expenses	6	463	10
Other income		1 814	1 728
Profit/loss before tax		-27 122	-31 686
Tax on the year's results		0	0
Profit/loss for the year (equal to total profit/loss)		-27 122	-31 686

Performance analysis

Technical results per insurance class and geographic market, 2022

Eir's written premiums within Sweden, Denmark and Norway during 2022.

Tkr	Total	Health and accident	Road traffic	Other motor insurance	Fire and property	Total insured Swedish risks	Total direct insurance of risks outside Sweden
Premiums earned (after reinsurance ceded)	71 299	4 003	6 528	16 190	3 726	30 447	40 852
Claims incurred, after reinsurance ceded	-49 820	-674	-4 324	-17 366	-2 599	-24 962	-24 857
Operating costs	-50 878	-3 327	-4 794	-12 414	-2 444	-22 979	-27 900
Technical results for non-life operations, 2022	-29 399	3	-2 590	-13 590	-1 317	-17 494	-11 905
Results of run-off business	4 441	308	511	- 11	1 431	2 239	2 202
Technical provisions							
Provisions for unearned premiums and unexpired risks	128 118	6 240	9 030	28 651	489	44 409	83 709
Provisions for claims outstanding	86 532	14 788	12 850	12 900	7 436	47 975	38 557
Total technical provisions before reinsurance ceded	214 651	21 028	21 880	41 550	7 925	92 384	122 266
Reninsurers' share of technical provisions							
Provisions for unearned premiums and unexpired risks	- 82 680	- 2 766	- 6 387	- 18 526	- 1 111	- 28 791	- 53 888
Provisions for claims outstanding	- 56 414	- 12 297	- 7 364	- 10 325	- 4 130	- 34 115	- 22 299
Total reinsurers' share of technical provisions	- 139 094	- 15 063	- 13 751	- 28 851	- 5 241	- 62 907	- 76 187

Premiums earned

	Total	Health and accident	Road traffic	Other motor insurance	Fire and property	Total insured Swedish risks	Total direct insurance of risks outside Sweden
Premium income	239 024	11 898	15 329	49 426	2 052	78 705	160 319
Premiums for reinsurance ceded	- 155 009	- 6 085	- 10 800	- 36 322	- 1 635	- 54 843	- 100 166
Change in provisions for unearned premiums and unexpired risks	- 11 975	10 200	6 443	12 245	11 011	39 898	51 873
Reinsurers' share of change in provisions for unearned premiums and unexpired risks	- 742	- 12 010	- 4 443	- 9 158	- 7 701	- 33 313	32 572
Total premiums earned, after reinsurance ceded	71 299	4 003	6 528	16 190	3 726	30 447	40 852

Claims incurred, after reinsurance ceded
Paid claims

Before reinsurance ceded	- 124 824	- 6 133	- 11 430	- 56 158	- 10 471	- 84 192	- 40 632
Reinsurers' share	87 066	5 520	7 996	39 462	7 436	60 413	26 653
Total paid claims incurred, after reinsurance ceded	- 37 758	613	3 434	16 697	3 035	23 779	13 979

Balance sheet

ASSETS	Note	31 Dec. 2022	31 Dec. 2021
Reinsurers share of technical provisions			
Provisions for unearned premiums and unexpired risks	7	82 680	83 327
Provisions for claims outstanding	8	56 414	46 661
		139 094	129 988
Receivables			
Receivables referring to intermediaries	9	144 697	125 931
Accounts receivable- trade		563	93
Other receivables		79	67
		145 338	126 091
Other assets			
Cash and bank balances		112 301	87 219
Tangible fixed assets	10	355	55
		112 656	87 274
Prepaid expenses and accrued income			
Prepaid acquisition costs	11	25 585	25 469
Other prepaid expenses and deferred income	12	10 137	7 854
		35 721	33 323
TOTAL ASSETS		432 810	376 676

EQUITY AND LIABILITIES	Not	2022-12-31	2021-12-31
Equity			
Restricted equity			
Share capital		124 000	124 000
Accumulated losses			
Retained earnings		17 550	-25 932
Profit/loss for the year		-27 122	-31 686
		114 428	66 382
Technical provisions (before reinsurance ceded)			
Provisions for unearned premiums and unexpired risks	7	128 118	116 144
Provisions for claims outstanding	8	86 532	66 469
		214 651	182 613
Liabilities			
Liabilities referring to intermediaries	13	4 814	23 925
Liabilities referring to reinsurance		89 822	96 909
Other liabilities	14	7 438	6 006
		102 074	126 840
Accrued expenses and deferred income			
Other accrued expenses and deferred income	15	1 658	841
		1 658	841
TOTAL EQUITY, PROVISIONS AND LIABILITIES		432 810	376 676
LIABILITIES			

Statement of changes in equity

	Restricted equity	Accumulated losses		Total equity
	Share capital	Retained earnings	Profit/loss for the year	Total equity
Share capital	124 000			124 000
Shareholders contributions received	-	3 500	-	3 500
Profit/loss for the year (equal to total comprehensive income)	-	-29 433	-31 686	-61 118
Equity, opening balance, 1 Jan. 2022	124 000	-25 933	-31 686	66 382
Reversal of previous year's profit/loss		-31 686	31 686	
Shareholders contribution received	-	75 169		75 169
Profit/loss for the year (equal to total comprehensive income)	-		-27 122	-27 122
Equity, closing balance, 31 Dec. 2022	124 000	17 550	-27 122	114 428

The share capital is comprised of 124,000,000 shares at a nominal value of SEK 1 per share.

Notes to the Company's financial statements

Note 1 Accounting principles

The annual report refers to the reporting period ending 31 December 2022 and to Eir Försäkring AB. The address of the head offices is Norrlandsgatan 12, Stockholm and the Corp. ID No. is 559166-0617. The report refers to financial year 2022. These financial statements will be subject to adoption by the annual meeting of shareholders to be held on 30 June 2023.

The annual report has been prepared in accordance with the Act on Annual Accounts for Insurance Companies (ÅRFL) and according to Finansinspektionen's regulations and general guidelines, FFFS 2019:23, regarding annual reports in insurance companies. The basis of the reporting and agreement with standards and statutory requirements is as follows: The insurance company applies the so-called IFRS statutory requirements and by this is meant the international accounting standards adopted for application, with the limitations applying on the basis of RFR 2 and FFFS 2019:23. This implies that all of the EU approved IFRS standards have been applied to the degree they do not conflict with Swedish law and with regard to the relationship between accounting and taxation.

Significant assessments and estimations applied in preparing the financial statements

In preparing the financial statements in accordance with IFRS, there is a requirement that the Company's management undertake assessments and assumptions impacting the application of the accounting principles and the reported amounts of assets, liabilities, income and costs. These assessments and assumptions are based on, amongst other things, historical experience and knowledge of the insurance industry.

The actual outcome can deviate from these assessments. Provisions for claims outstanding are to cover the expected future payment of all incurred claims, including incurred but not reported claims, the so-called IBNR reserve. This reserve is calculated with the help of statistical methods or through the individual assessment of individual claims. These reserves for unsettled claims are not discounted. These reserves are significant in the assessment of the Company's reported results and financial position as a deviation from actual future payments gives rise to a run-off result reported in subsequent years. The reserve for unearned premiums and unexpired risks is to cover the expected claims and operating expenses during the remaining terms of the binding insurance contracts. The reserve is calculated for the majority of the products on a strict pro-rata basis. If the premium level is deemed to be insufficient to cover expected future claims and operating expenses, the premium is increased through additional premiums for the unexpired risks. This assessment includes, amongst other things, estimations of future claim frequency and other factors impacting the requirement of such additional premiums.

Additional information regarding the Company's insurance risk and assessment of this risk is found in Note 2 Risk Disclosures

Changed accounting principles

A number of new IFRS standards will first come into effect during forthcoming financial years and have not been applied in advance in the preparation of this annual report.

IFRS 4 ceased to be in effect from January 2023 and has been replaced by IFRS 17. This standard applies to listed groups and can be voluntarily applied by non-listed groups. The Company can, therefore, choose not to apply IFRS 17. In conjunction with IFRS 4 no longer being in effect, the exemption for IFRS 9 can no longer be applied; rather, the Company will apply IFRS 9 from 2023. Based on the analysis which has been undertaken, the transition to IFRS 9 has a limited effect on the financial statements.

Other new IFRS

In addition to IFRS 9 and IFRS 17, it is deemed that other forthcoming, new IFRS standards will not have a significant effect on the Company's financial statements.

Valuation basis applied in preparing the Company's financial statements

Assets and liabilities are reported at acquisition cost. The financial statements and Notes are presented in thousands of Swedish krona (TSEK) unless stated otherwise. As a result, the totals can differ due to the fact that the individual amounts are rounded up to the nearest krona.

The annual report is reported in Swedish krona, the Company's reporting currency. The income statement is translated to the reporting currency as at balance sheet date. All gains and losses resulting from the currency translation of monetary items are reported net in the income statement as exchange rate gains/losses in the item Return on capital, expenses. Assets and liabilities in a functional currency other than Swedish krona are translated to the reporting currency on the basis of the exchange rate as at balance sheet date.

Principles applied in the reporting of items in the Balance Sheet

Receivables

Receivables are reported in the amount in which they are expected to be received. Provisions for doubtful debts are reported based on an individual valuation of the receivable.

Cash and bank balances

Cash and bank balances as at bookclosing date was comprised of bank balances in the insurance operations.

Prepaid acquisition costs for insurance contracts

Sales costs having a direct relationship with subscribed insurance contracts deemed to generate a margin which, as a minimum, covers acquisition costs, have been capitalised. Acquisition costs include provisions to intermediaries. Acquisition costs are written off over a period of 12 months.

Premium income and premiums earned

Premiums earned are equivalent to that portion of the premium income which was earned during the reporting period in question.

Reinsurance

Costs for reinsurance are reported in the income statement under the item Premiums, reinsurance ceded. That portion of the risk for which the reinsurance has been subscribed is reported in the balance sheet as Reinsurers' share of technical results provisions. Controls to determine any possible impairment requirement regarding this item are executed on an ongoing basis and as at balance sheet date. An impairment requirement exists when it is deemed probable that the reinsurer will not meet its obligations according to the reinsurance contract.

Return on capital, expenses

Interest expenses are reported under Return on capital, expenses

Claims incurred

Claims incurred is equal to the claims incurred for the accounting period in question regardless of whether the claims in question have been notified to the Company. Total claims incurred during the period includes paid out claims and changes in reserves for claims outstanding. Claims incurred also includes certain costs for claims adjustment. Recourse, that is, claims recovery, is reported as a reduction of claims incurred.

Operating expenses

Operating expenses are reported in the income statement according to their function. Operating expenses include the Company's rent for premises, which is reported on a straight-line basis over the contractual terms of the lease. Operating expenses for claims adjustment are not reported under claims incurred. Remaining operating costs are reported as Operating expenses in the insurance operations.

Taxes

Income tax is comprised of current tax and deferred tax. Current tax is the tax to be paid or received for the current year with application of the determined tax rates or those rates which have, in practice, been determined as at balance sheet date.

Deferred tax is calculated according to the balance sheet method with the starting point being the temporary differences between the reported and fiscal values of the assets and liabilities. The valuation of deferred tax is based on the manner in which the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the enacted tax rates and tax regulations or those which have been, in practice, enacted as at balance sheet date.

Compensation to employees

Short-term compensation to employees is reported as a cost at the point in time at which the related services are delivered. The Company's employees have been covered by occupational pension plans from and beginning 2020.

Principles for calculating technical provisions*Technical provisions*

Technical provisions are comprised of reserves for unearned premiums and unexpired risks and reserves for claims outstanding, for both incurred and reported, as well as incurred and not reported claims, and are equivalent to the obligations stipulated in the established insurance contracts. All changes in technical provisions are reported in the income statement in Technical results of non-life insurance operation.

Reserve for claims outstanding

The reserve for claims outstanding is to cover the expected future payment of all incurred claims, including those claims which are yet to be reported to the Company, the so-called IBNR reserve. This reserve also includes costs for claims adjustment and any costs that can be expected to increase. Individual claims reserves are determined by claims adjusters. The grounds for determining the IBNR reserve is actuarial methods based on historical and expected claims development. The most significant assumption in these methods refers to the assessment of whether future claims development will follow historical and expected claims development patterns.

Liability adequacy test

The technical provisions are subject to a liability adequacy test in conjunction with the annual bookclosing to assess the sufficiency of the provisions.

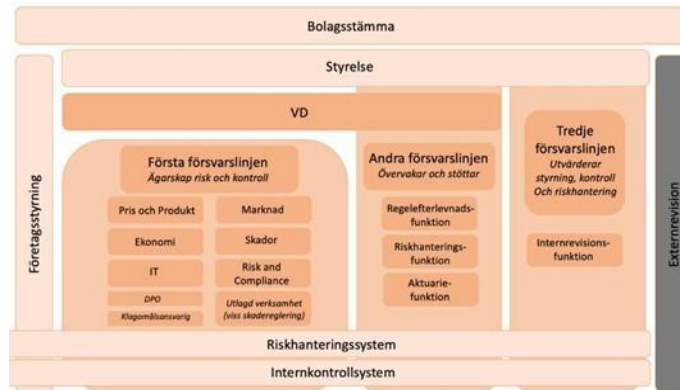
Note 2 Risk disclosures

The Company has a system for risk management incorporating the strategies, processes and reporting routines required for it to be able to identify, measure, monitor, manage and report risks on an ongoing basis. The risk management policy prepared by the CEO and adopted by the Board of Directors ensures that the work with risk management is appropriate for its purposes and is undertaken on a systematic basis. The policy stipulates the Company's risk appetite and tolerance levels. The policy is adopted annually by the Board of Directors. The individuals responsible for the respective processes are responsible for identifying the risks associated with their process.

The overall risk appetite level of the Company is that the capital base should exceed 170 percent of the solvency capital requirement according to the standard formula (solvency ratio). The risk tolerance level for the solvency ratio has been determined at 140 percent.

The policy for Internal Governance and Control describes, amongst other things, the working methods for managing risks in the first line of defence and the Instruction for Internal Governance and Control describes this work in greater detail. The process of managing incidents is described in the Policy for Incident Management and Reporting of Significant Events.

The Board of Directors approves of the individuals employed or contracted to execute the work in key functions prior to their employment/contracting being finalised or, if they are already employed, they are appointed by the CEO for the functions in question. The Board of Directors also approves of the Risk Owners for the central functions. The following image illustrates the organisation and the three lines of defence.



Central function	Risk Owner			Provider's	
	Name	Title	Company	Corp. ID No.	Responsible
Risk function	Torgrim Lien	CEO	Transcendent Group Sverige AB	556612-8939	Finn-Erik Langegegn
Statutory compliance function	Monica Örtenblad	Board Member	Helene Holm AB	559184-4617	Helene Holm
Actuarial function	Ola Hestnes	Board Chairman	Expert Opinion Advisory AB	559273-2191	Totte Pikanen
Internal audit	Fredrik Solberg	Board Chairman	Moneo Business Integration AB	556554-3534	Agneta Bremander

Insurance risk

Insurance risk refers to the risk of losses or negative changes in the value of insurance commitments as a result of incorrect premium calculations and assumptions regarding provisions. This risk arises due to variations in both the point in time, frequency and degree of severity of the insured events, such as the point in time and the amounts of the claims to be paid, as well as the uncertainty in the pricing and provision assumptions.

Premium risk

Premium risk refers to insurance risks where claims take place after the balance sheet date.

Premium risk is managed on the basis of the Company's Guidelines for subscription of insurance which controls the risk exposure through, amongst other things, risk selection rules, subscription limits and principles for procurement of reinsurance programs. The purpose is to ensure that the Company has control over the risks subscribed to and that these risks comply with the risk appetite rules adopted by the Board of Directors.

Within the management of premium risk, the Company executes ongoing analyses of loss outcomes and market prices in order to update its pricing. The loss outcome is analysed on an ongoing basis by actuaries, in conjunction with the individuals responsible for the various products, in order to be able to implement measures to ensure that the established profitability

Reserve calculation risk

Reserve calculation risks refer to insurance risks where the claims have taken place prior to the balance sheet date.

The control and handling of the reserve calculation risk is managed on the basis of the Company's instructions for reserve calculations and the technical insurance guidelines approved by the Company's Board of Directors. The individuals responsible for compliance with these instructions addressing actuarial methods and assumptions and the Claims Manager, are responsible for compliance with the guidelines in executing individual reserve calculations.

Cancellation risk

Cancellation risk is defined as the risk that the insurance cover is terminated in advance.

Catastrophe risk

Catastrophe risk is the risk of deteriorated loss experience due to major claims or claims events such as fires in buildings, storms or forest fires, as well as larger traffic accidents. The Company has a reinsurance program to limit its catastrophe risk where the maximum retention per risk is MSEK 3.

Eir is to focus on standardised insurance solutions for private individuals and smaller companies with a limited individual risk, except for traffic liability cover and personal injury claims risk.

The policy for the risks the Company can assume and retain is adopted by the Company' Board of Directors with consideration of the limitations applying in terms of the Company's MCR/SCR in relation to its available capital. The Company's Board of Directors shall ensure that the Company has satisfactory reinsurance to cover the risks incurred. In selecting reinsurers, the reinsurer's financial strength (security) is evaluated. External reinsurers shall have, as a minimum, an A rating according to Standard & Poors (or an equivalent rating according to another rating institute). In addition, the Company can accept a rating of BBB if the reinsurance in question comprises a small portion of the reinsurance and after the specific approval of the Board of Directors.

Development of estimated claims for damages, gross

Development year	Accumulated claim s paid per occurrence year				Totalt
	2019	2020	2021	2022	
At the end of the occurrence year	0	6 977	52 716	91 164	
1 year after the occurrence year	0	13 189	84 382		
2 years after the occurrence year	15	15 180			
3 years after the occurrence year	20				
Total paid out	20	15 180	84 382	91 164	190 745
Provision for outstanding claims at the end of 2022	2	1 993	13 419	71 119	86 532

The Company's technical provisions specified per currency

	Currency		
	SEK	DKK	NOK
Technical provisions, gross (TSEK)	92 384	49 579	72 688
Reinsurers' portion of technical provisions (TSEK)	62 907	26 743	49 444
	Claims outstanding		
	SEK	DKK	NOK
Gross	47 975	16 767	21 790
Reinsurers' portion	34 115	8 257	14 042
	Premium reserve		
	SEK	DKK	NOK
Gross	44 409	32 811	50 898
Reinsurers' portion	28 791	18 486	35 402

The table below shows the Company's sensitivity to changes in provisions for claims outstanding and to changes in the Company's claim claims level.

Technical insurance provisions	Change in assumption	Effect on provisions, gross	Effect on provisions, net
Average claims cost	10%	8 653	3 012
Average number of claims	10%	14 664	4 982
Increased inflation	1%	865	301

Reinsurance per type of claim, retention ratio from and beginning
1 June 2020.

	Quota Share	Excess of Loss (XL)
<i>Health and accident insurance</i>	10%	Not included
<i>Road traffic insurance</i>	30%	MSEK 10
<i>Other motor insurance</i>	30%	MSEK 10
<i>Fire and property insurance</i>	30%	MSEK 5
<i>Insurance against economic losses in a variety of forms</i>	Not included	Note included

Counter-party risk

Counter-party risk is the risk that an obligation fails to be fulfilled by a counter-party and, as a result, there is an unexpected loss. Eir is to have a large portion of quote share contracts with reinsurers and is to maintain a high proportion of funds in deposits in banks and, in this manner, incurs counter-party risk.

Market risk

Market risk is the risk of losses arising due to changes in the market value of financial assets and liabilities. Market risk can be specified according to interest rate risk, share price risk, currency risk, real estate risk, spread risk and concentration risk, in accordance with the solvency framework's risk definitions. In its operations in Norway, Denmark and countries with the Euro, currency risk arises. This risk is to be reduced by Eir through the Company having assets and liabilities invested, to the greatest degree possible, in the local currencies. However, the Company is not exposed to market risk via fluctuations in share prices, bonds and fund investments within its funds management operations as all of its capital is deposited in bank accounts.

	Portion of receivables and liabilities in foreign currencies		
	SEK	DKK	NOK
Receivables referring to intermediaries	53 091	33 186	58 419
Accounts receivable-trade	563	0	0
Other receivables	79	0	0
Total receivables	53 733	33 186	58 419

Operational risk

Operational risk is the risk that losses arising due to internal processes and routines failing to function properly are incorrect or are inappropriate for the purposes at hand. Operational risk also refers to human error, fraud, systems error (such as IT, telecom), deficient regulatory compliance, reputational risk or external events (such as storms, terrorism, epidemics, pandemics, etc.) which can impact the operations. An operational risk is a potential event which can lead to damage for the business operations. Eir has an internal control environment with internal policies, instructions and processes which are to prevent operational risks from materialising or which are to reduce the consequences of such risks for Eir should they materialise.

Eir implements an annual process reviewing all of the Company's risks and this process includes, amongst other things, an identification of the operational risks to which the Company is exposed. As regards significant risks where deficiencies have been identified, action plans are prepared. These action plans are to be followed up on an ongoing basis by the management and Board of Directors.

During the first phase of the Company's development, the operational risk level will be higher, and the Company must monitor, manage and follow-up all work processes, systems and policies. Eir has a high portion of variable costs which contributes to limiting the risk of business disruption. The risk of systems error and deficient regulatory compliance can result in major consequences for the Company and must be controlled and minimised. The risk management function is to determine the operational risks the Company is, or can be expected to be, exposed to, as well as to determine the manner in which these risks can be reduced. The management of the operational risks is controlled primarily through the policies regarding outsourced operations, conflicts of interest, the central functions and as regards reporting to Finansinspektionen and the quality control of the information provided.

Other risks

Liquidity risk is the risk of failing to honour payment obligations as they fall due. The Company's operations are limited to non-life operations with, primarily, short-term commitments, which is the reason the liquidity risk is deemed to be limited. The premiums are paid in advance and larger claim payments are often known well in advance of their maturity date, both of which limit liquidity risk. All of the funds over which Eir has disposal are held in bank accounts, which also reduces the liquidity risk.

The Company is to ensure that liquid funds exist for ongoing payments, making it possible for it to fulfil its commitments without needing to realise other assets at a point in time at which this would be disadvantageous. The Company has a low risk tolerance level as regards liquidity risk.

Financial liabilities and assets are deemed to mature within one year.

Regulatory risk implies that the Company risks failing to reach its goals due to measures taken by supervisory authorities. This applies to both current and future regulatory frameworks. Serious observations regarding central functions are addressed within three months.

Reputational risk is very sensitive for newly established operations. This risk refers to the risk that income and capital can be negatively impacted as a result of a deteriorated reputation with customers and interested parties. The risk of systems error and deficient regulatory compliance can result in major consequences for the Company and must be controlled and minimised. Eir's strategy, with a step-by-step launching of products and channels, aims at reducing this risk. A low risk tolerance level as regards regulatory risk also aims at reducing the risk of negative effects on the Company's reputation.

Eir's strategic risks include the Board of Director's and management's capacity to plan, organise and control the operations. The risk tolerance level for strategic risks is low and risk-reducing measures are documented in Eir's risk register.

The Company ensures an effective capital management and sound risk management through continually maintaining a sufficient level of capital. The requirement of future capital contributions is a central part of the Company's financial planning processes. The Parent Company is continually advised of the Company's plans and forecasts as regarding future financial years. The Company has as a goal that its capital base shall not be less than 170% of the solvency capital requirement with a tolerance interval for the solvency ratio at a minimum of 140% and with no maximum amount. This implies that the solvency capital requirement should never be less than 140% and in the case the capital base is less than 170% of the solvency capital requirement, the Board of Directors is to be informed and there shall be an investigation as to whether these circumstances are temporary or permanent. Should the Board of Directors find that this is a permanent situation, the Company is to immediately take measures to ensure a long-term solvency ratio in excess of the risk tolerance level. The Company's solvency ratio is reported quarterly to the Board of Directors. In conjunction with major business decisions or larger changes in the investment portfolio, the effects of such decisions or changes on the solvency ratio are evaluated.

Note 3 Premium income

	2022	2021
Direct non-life insurance in Sweden	78 705	156 859
Direct non-life insurance, EEA	160 319	59 483
Total premium income	239 024	216 342

Note 4 Claims incurred

1 Jan. 2022-31 Dec. 2022	Gross	Reinsurers' share	Net
Claims expenses referring to the year's operations			
Paid claims	-91 164	62 677	-28 486
Change in provisions for incurred and reported claims	-33 625	24 460	-9 165
Change in provisions for incurred but not reported claims (IBNR)	-34 271	20 281	-13 990
Total claims expenses referring to the year's operations	-159 060	107 418	-51 641
Claims expenses referring to previous year's operations			
Paid claims	-33 662	24 389	-9 273
Change in provisions for incurred and reported claims	15 855	-13 510	2 345
Change in provisions for incurred but not reported claims (IBNR)	32 847	-21 477	11 369
Total claims expenses referring to previous years' operations	15 040	-10 599	4 441
Total paid claims incurred			
Paid claims	-124 826	87 066	-37 760
Claims adjustment expenses	-2 620	0	-2 620
Change in provisions for incurred and reported claims	-17 770	10 950	-6 820
Change in provisions for incurred and but not reported claims (IBNR)	-1 424	-1 196	-2 620
Total paid claims incurred	-146 640	96 820	-49 820

Note 5 Operating expenses

	2022	2021
Total operating expenses by expense classification		
Personnel costs	-31 103	-21 532
Costs for premises	-1 824	-1 326
Depreciation	-50	-9
Commission to partners	-38 226	-46 486
Change in prepaid acquisition costs	116	14 479
Other costs	20 208	15 187
Total operating expenses by expense classification	-50 879	-39 687
Operating expenses		
Acquisition costs	-38 110	-32 006
Administration costs	-54 115	-37 653
Commission for reinsurance ceded	41 347	29 972
Total operating expenses	-50 879	-39 687
Operating expenses including claims adjustment		
Total operating expenses	-50 879	-39 687
Claims adjustment expenses	-2 620	-3 338
Total operating expenses including claims adjustment expenses	-53 498	-43 025

Note 6 Return on capital, expenses

	2022	2021
Other interest income	85	-77
Exchange rate gains	378	87
Total interest expenses	463	10

Note 7 Provisions for unearned premiums and unexpired risks

31 Dec. 2022	Gross	Reinsurers' share	Net
Opening balance, 1 Jan. 2022	-116 144	83 327	-32 817
Insurance subscriptions during the period	-239 024	155 009	-84 015
Premiums earned during the period	227 049	-155 657	71 393
Closing balance	-128 118	82 680	-45 439

31 Dec. 2021	Gross	Reinsurers' share	Net
Opening balance, 1 Jan. 2021	-46 812	33 470	-13 342
Insurance subscriptions during the period	-216 342	153 917	-62 425
Premiums earned during the period	147 011	-104 060	42 951
Closing balance	-116 144	83 327	-32 817

Note 8 Provisions for claims outstanding

31 Dec. 2022	Gross	Reinsurers' share	Net
Opening balance, 1 Jan. 2022			
Incurring and reported claims	23 519	17 681	5 838
Incurring but not reported claims (IBNR)	39 785	28 979	10 805
Claims adjustment expenses	3 165	0	3 165
Total opening balance (=provisions for the period)	66 469	46 660	19 809
Incurring and reported claims	17 770	10 950	6 820
Incurring but not reported claims (IBNR)	1 424	-1 196	2 620
Claims adjustment expenses	869	0	869
Total closing balance (=provisions for the period)	86 532	56 414	10 309

Note 9 Receivables referring to insurance intermediaries

	2022	2021
Receivables from insurance intermediaries	144 697	125 931
Total receivables from insurance intermediaries	144 697	125 931

Note 10 Tangible fixed assets

	2022	2021
Accumulated acquisition value		
Acquisition value at the beginning of the year	128	230
Purchases for the year	350	0
Disposals during the year	0	-102
Acquisition value at year-end	478	128
Accumulated depreciation		
Depreciation at the beginning of the year	-73	-64
Depreciation according to plan for the year	-50	-43
Disposals during the year	0	34
Depreciation at year-end	-123	-73
Carrying value at year-end	355	55

Note 11 Prepaid acquisition costs

	2022	2021
Gross acquisition costs	25 469	10 989
Change for the year	116	14 479
Closing balance	25 585	25 469

Note 12 Other prepaid expenses and deferred income

	2022	2021
Receivables from partners	7 696	4 462
Prepaid expenses	2 441	3 392
Total other prepaid expenses and deferred income	10 137	7 854

Note 13 Liabilities to insurance intermediaries

	2022	2021
Liabilities to insurance intermediaries	4 814	23 925
Total liabilities to insurance intermediaries	4 814	23 925

Note 14 Other liabilities

	2022	2021
Liabilities to suppliers	3 114	1 956
Other liabilities	4 324	4 050
Total other liabilities	7 438	6 006

Note 15 Other accrued expenses and deferred income

	2022	2021
Liabilities to partners	0	0
Other accrued expenses	1 658	841
Total other accrued expenses and deferred income	1 658	841

Note 16 Average number of employees, benefits and other compensation

	2022	2021
Men	23	10
Women	9	11
Total number of employees	32	21
Gender specification, senior management	2022	2021
Board Members		
Men	3	2
Women	2	3

Salaries and other compensation, as well as social security contributions to senior members of management and other personnel

2022	Basic salary/fees	Pension costs	Social security contributions	Total 2022
Fredrik Solberg, Chairman	-242	0	-76	-318
Mikkel Orheim, Board Member	-101	0	-19	-120
Ola Hestnes, Board Member	-97	0	-30	-127
Annja Karlsson, Board Member(employed in Eir)	-1 539	-374	-592	-2 505
Susanne Wahlström, Board Member	-97	0	-30	-127
Monica Örtenblad, Board Member	-97	0	-30	-127
Torgrim Lien, CEO	-2 367	0	-452	-2 819
Other personnel	-17 254	-1 911	-5 420	-24 585
Total	-21 793	-2 285	-6 650	-30 728

2021	Basic salary/fees	Pension costs	Social security contributions	Total 2021
Mikkel Orheim, Chairman	-95	0	-19	-114
Ola Hestnes, Board Member	-95	0	-30	-124
Annja Karlsson, Board Member (employed in Eir)	-1 020	-190	-312	-1 522
Susanne Wahlström, Board Member	-95	0	-30	-124
Monica Örtenblad, Board Member	-95	0	-30	-124
Torgrim Lien, CEO	-2 228	0	-425	-2 653
Other personnel	-11 843	-1 485	-3 433	-16 761
Total	-15 470	-1 675	-4 278	-21 422

Compensation to the CEO and senior management

During 2022, compensation to the CEO totalled TSEK 2,367. No severance pay applies to the CEO. Pension provisions for the CEO are made according to the same principles applying to the other employees. As regards the CEO, there is a mutual termination of employment period of three months. The Company's Board of Directors decides on compensation guidelines and compensation and other employment terms and conditions for the CEO and employees whose work duties have a significant impact on the Company's risk profile. During 2022, no employee, except for the CEO, had an independent significant impact on the Company's risk profile.

Compensation to Board Members

Fees to the Board Members are determined by the annual meeting of shareholders. Board Members who are employed in Eir receive no compensation in addition to the salary paid for their services. The Chairman of the Board decides on the compensation to be paid to the CEO.

Pensions

The Company has an occupational pension program for its employees in Sweden with SEB Pension och Försäkring.

Note 17 Fees and cost compensation to auditors

	2022	2021
KPMG AB, audit assignment	1 156	684
Total fees and cost compensation to auditors	1 156	684

By audit assignment is meant the examination of the annual report and bookkeeping, as well as of the administration of the Board of Directors and CEO, other work duties required in executing the audit, and advisory services or other assistance required arising from the observations made during the audit and in executing such other work duties.

Not 18 Taxes

No income tax is reported for the period. Unutilised tax loss carryforwards from previous years totalled TSEK 61,118. The Company has not capitalised deferred tax on tax losses carried forward.

Note 19 Transactions with related parties

Eir Försäkring AB is a wholly owned subsidiary of Eir Invest Holding AB. The CEO, COO and CTO are partowners of Eir Invest Holding AB and, therefore, are considered to comprise related parties.

No transactions took place with related parties during 2021 or 2022.

Note 20 Operating lease contracts

Capitalised lease fees	2022	2021
Rented premises	-1 744	-1 326

During the year, an agreement was entered into with Vasakronan AB regarding the leasing of office premises at Norrlandsgatan 12, Stockholm. The agreement is in effect from 31 Dec. 2022 for a period of 36 months.

Right-of-use assets	Real estate
Depreciation during the year	163 702
Closing balance, 31 Dec. 2022	5 840 392

Note 21 Pledged assets and contingent liabilities

Assets covered by the policyholders' beneficiary rights: TSEK 112,301 .

Note 22 Treatment of the Company's losses

Equity amounts to TSEK 114,428 . According to the balance sheet, unrestricted equity TSEK -9,9572.

Note 23 Significant events after the balance sheet date

The Company's quota share reinsurance will be increased on renewal on 1 April 2023 to 80% of earned premiums in order to achieve a more effective capital utilisation.

Note 24 Additional information on income statement items per insurance class

2022	Total	Health and accident	Road traffic	Motor	Fire and property
Premiums earned, gross	227 050	26 494	46 521	118 771	35 264
Claims incurred, gross	-146 640	-6 988	-33 820	-82 671	-23 161
Operating expenses, gross	-50 878	-6 956	-9 700	-23 449	-10 773
Results from reinsurance ceded	-58 931	-14 808	-9 435	-27 170	-7 518
Results from reinsurance ceded	-29 399	-2 258	-6 433	-14 520	-6 188
Premium income, gross	239 024	21 587	52 130	129 459	35 848