Annual Report 2017

SOS International A/S
Nitivej 6, 2000 Frederiksberg, Denmark
CVR No. 17 01 37 18
Period: 1 Jan – 31 Dec 2017

Contents

PREFACE

Annual Report 2017

2017 was yet another active and exciting year in SOS International. More than 2.5 million calls the past year across all business areas speak for itself. The assistance business is alive and pertinent.

However, SOS International operates in an industry that is changing quickly and in unpredictable ways. Competition and customer demands continue to increase and change. Not only price demands, but demands on end-user experiences and new digital services.

Despite the competitive landscape and high investments during the year, SOS International delivers a satisfying result in 2017 of DKK 33 million before tax, which is DKK 6 million less than 2016.

Almost all areas of the company have been through positive changes during 2017, which is reflected in the historical high level of customer satisfaction.

Moreover, optimisation of claims costs has reduced the total costs for our customers and this combined with improvement of supplier agreements, upgrade and consolidation of IT systems has led to a consistent high service level - all to the benefit and satisfaction of our customers.

I hope you enjoy the report.

Best regards,

Niels Krag Printz


Travel

FOCUS

Balancing digital and personal assistance

A total of more than 185,000 medical and travel cases were handled in 2017 – this includes all types of cases from lost luggage to repatriation with air ambulance.

More than 410,000 incoming calls were answered by the alarm centre in 2017. That is more than 1,100 calls every day, all year.

In 2017, SOS International carried out more than 500 air ambulance flights.

In 2017, SOS International completed close to 33,000 medical pre-assessments.

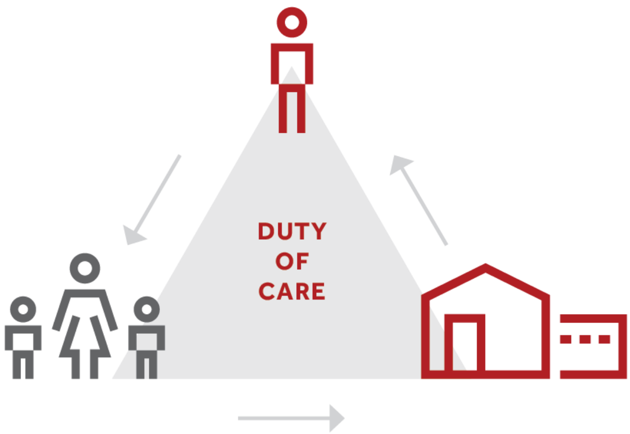
Travel and medical assistance is one of the core services of SOS International. Comprehensive travel assistance services are provided before, during and after a trip whether business or pleasure. SOS International offers customised services to the specific needs of the customers and balances its services between innovative digital solutions and the important personal touch.

Moreover, SOS International helps companies address their Duty of Care responsibilities. Duty of Care refers to the legal, ethical or moral responsibility or obligation of companies and organisations towards their employees to maintain their safety and well-being when travelling for business purpose. SOS International deals with security and crises situations immediately and anywhere in the world, home as well as abroad. SOS International has experienced an increased interest in the Crisis, Risk & Security services during 2017.

REDUCING CLAIMS COSTS

New technologies are disrupting old inefficient solutions and 2017 has been no exception to this. In the coming years, new exciting services and business models will see daylight as new emerging assistance markets grow out of the old ones. Worldwide trends such as Insurtech transformations, the development of the global population as well as new Healthtech players are influencing the travel assistance market.

SOS International has worked intensively on staying relevant in this development during 2017. Preventive services, digital entrances, self-service solutions, system integration with customers and 'follow my case' were in focus in 2017 and this work will continue during the coming year.



Moreover, SOS International initiated an extraordinary claims cost project in 2017 with the purpose of identifying possible savings as an addition to the ongoing focus on claims costs. The

FOCUS

Balancing digital and personal assistance

project succeeded in identifying a range of possible savings in the coming three years based on renegotiation of better supplier contracts, increase of joint procurement and further optimisation of internal processes.

Technology and a human touch

SOS International recognises that technology can and should replace people in parts of the travel and medical assistance market. However, it is not just about replacing people with technology.

The convenience brought on by new technology over the last decade has simultaneously created a growing need for human relations. So, when you are in distress, a calm, reassuring and competent voice at the end of the line is often what you need. And SOS International will stay at the end of this line while at once developing new digital services.

PART OF SOMETHING BIGGER

Mani Tancred has been part of SOS International's alarm centre for almost three years. He works as an assistance coordinator and represents that calm, reassuring and competent voice needed in a time of distress.

One case – one set of hands

The work as an assistance coordinator involves many different tasks and SOS International always strives to have as few hands as possible on a case to establish trust, comfort and security for people who contact the alarm centre and to increase the efficiency of the case handling. The phone system in SOS International supports this approach by recognising the number calling and thereby makes sure to transfer the call to the relevant assistance coordinator who is responsible for the specific case. This improves the customer experience for the policyholder while at the same time reducing the time spent of each case.

This also means that an assistance coordinator must be able to solve a case from A to Z where possible. Development of the staff's competences is a crucial part of the work in the alarm centre and all employees have completed the course "The good case processing" which is repeated on an ongoing basis.

"The first call is often chaos. Nobody knows what is going to happen. But in one simple call I can often calm the family and help them with the next steps and thereby, within a few minutes, turn a stressful, emotional and often frightening situation into a positive experience. To me this is extremely rewarding".

MANI TANCRED
Assistance Coordinator, Travel
Copenhagen

"SOS International was initially a short-term thing for me. I was a student and needed to find work aside from my studies. But I am very happy to work here. I have passionate and competent colleagues all around the Nordic countries and it feels as if the world is my workplace. During a work day, I might be in contact with the United States, Singapore and Sweden. This diversity is fantastic".

What time is it in Asia?

"The first thing I do when I start my workday is to check up on my cases. I prioritise each case according to the urgency and then I make sure to plan my case handling according to the time differences around the world".

Timing is a crucial element in the work. All information must reach the patients and other involved parties in due time. Sometimes the most frustrating thing for a policyholder can be to wait for a departure time, new hotel information or when a doctor will call. Mani makes sure that all details are in place.

"Information is the key to success. The people calling us need reassurance in the form of information and facts and that I will give them. It feels great to be able to help", Mani says.

Health

FOCUS

Providing full healthcare services

Through healthcare centres in Oslo, Gothenburg and Copenhagen, SOS International provides full healthcare assistance around the clock, all year round. The healthcare business area is a strategically important growth area for SOS International.

Absence from work due to mental or physical illness can be reduced if efficient healthcare services and support are offered to the company's employees. SOS International offers treatment, preventive and rehabilitating healthcare services through a large team of experienced healthcare staff.

SOS International focuses on both the quality and costs of treatment in the offered healthcare services. The main focus is to always make sure that the insured receives the necessary treatment and the right level of care to get well to the benefit of the insured as well as the company.

Multiple treatment channels increase end-user satisfaction
SOS International offers a combination of digital and personal healthcare services to the benefit and convenience of the insured. The ambition is to provide the optimal balance between personal and digital services and offer a customised and individual course of treatment for each client.

NEW ACTIVITIES AND GROWTH

2017 was a strategically important year for SOS International's healthcare business. The business area was revitalised and strengthened through several strategic initiatives that will prepare SOS International's healthcare services and products for the future.

The psychological counselling area was reinforced with the hire of a new chief psychologist whose responsibility is to consolidate and standardise the psychological counselling setup across the Nordic markets. Concurrently, a new Nordic network manager joined to further strengthen and manage the establishment of the Nordic network.

2017 was also a year of change in SOS International's customer portfolio and market position. New large customers signed agreements on healthcare services with SOS International in the end of 2017. This is why the psychological counselling centre in Copenhagen was expanded to accommodate the increased case volume to come.

Moreover, a common effect measurement was developed to ensure the quality of the treatment and services provided by SOS International. The purpose of this tool is to maintain focus on continuously quality development of SOS International's deliveries and measure whether the treatment provided has the desired effect. This will also contribute to the development of preventive services.

TO MAKE A DIFFERENCE

Hanne Ingeberg has been part of SOS International for almost three years and has more than 20 years of experience within her field. Hanne is educated nurse with further education within psychiatry and works as a duty nurse coordinator in SOS International – a varying job that entails both medical advice to families with children as well as ordinary and crisis psychological counselling.

"I like the diversity in my job. One moment I am helping a parent who needs a good advice on how to ease a sick child. The moment after, I try to determine, in cooperation with the patient, his or her need for counselling regarding some sort of difficulty the patient is experiencing in life. It is a very fulfilling job", tells Hanne.

FOCUS

Providing full healthcare services

Hanne is part of the 24/7 healthcare alarm centre in Oslo which includes several healthcare services; a children's line for basic medical advice, an ordinary psychological counselling line and a psychological crisis hotline.

"Just being a fellow human being is a great part of my work and I get to use a lot of myself in my work. It is enormously rewarding to feel that today I made a difference for someone. I like that"

HANNE INGEBERG
Duty Nurse, Health
Oslo

The alarm centre receives around 8,000 calls a year, and the staff performs an assessment of all incoming calls to determine the next step; is an immediate phone counselling adequate, should the patient be referred to further phone counselling or to face to face counselling with a psychologist or is it a crisis that needs to be acted upon immediately?

"The geographical distance in Norway can often be an obstacle for the people calling our psychological counselling line and it can be difficult to find psychological counsellors in very remote locations. This is why it is so important that we are able to offer various types of counselling. It feels good to be able to provide immediate help over the phone".

Highly trained staff

A typical workday for Hanne is very diverse and in some situations, all other things must be set aside.

Serious cases tend to stay in the minds of the staff. Even though they are professional and trained, dealing with human crises is a heavy task that demands the right competences and a high level of empathy, professionalism and compassion.

SOS International's healthcare staff is highly trained and up to date within their field. The variety of professionals working in the healthcare alarm centres ensures that SOS International is always able to provide the treatment needed in each case. Moreover, the cross functional composition of staff is very useful as they can share their expertise across.


Roadside

FOCUS

A strengthened position within roadside

SOS International is Nordic market leader within roadside assistance and offers the strongest nationwide roadside assistance network in the Nordic region with a comprehensive coverage on all Nordic markets.

24/7 alarm centres in both Denmark, Norway, Sweden and Finland provide world class customer support to those in need of vehicle assistance.

A STRONGER FOUNDATION

The past year has been a year of consolidation and SOS International leaves behind 2017 with a strengthened position within the roadside assistance business area. The foundation has grown stronger and more solid and several strategic projects have been finalised and implemented to the benefit of SOS International's customers and end-users.

The assistance business is object to many changes as traditional roadside assistance is disrupted by new technologies and business models. New cars are becoming more reliable and rarely experience breakdowns. At the same time, cars become more advanced, so it often requires expertise and specialised equipment to handle the assistance on the road.

SOS International stays on board this development.

A year of strategic achievements

A common telephony platform has been implemented across all the Nordic locations which ensures a smoother process and more streamlined customer experience for our end-users. This achievement is part of SOS International's overall strategy Connected 2020 in which flexible and agile systems is a crucial element.

A new IT platform in Finland as well as an updated roadside assistance smartphone application in Denmark can be added to the list of achievements the past year in terms of digital development. On the Danish market, a new network structure was implemented with the purpose of streamlining the roadside assistance services to the benefit of the end-users and to reduce claims costs for SOS International's customers.

But this do not stand alone. A comprehensive focus on good leadership has been on the agenda throughout 2017. Good leadership is a key factor for strategy implementation and thereby a successful development of the business. Moreover, the expertise and training of the alarm centre staff has been and will continue to be a crucial factor for SOS International to deliver the best end-user experiences.

THE BEST USER EXPERIENCES

Tobias Andrén works as an assistance coordinator in the roadside assistance alarm centre in Stockholm and answers calls from drivers who need assistance on the road, home as well as abroad. Tobias has been part of SOS International for almost a year and feels that he has found his right place.

Besides assisting drivers with the more traditional technical problems on the road, Tobias is also part of the specialised crisis team that handles eCalls.

eCall is an automated car alarm system, which means that a device mounted in the car will automatically call the alarm centre in case of an accident in which one or more of the car's airbags have been triggered. The nature of the call means that the alarm centre is activated at an early stage in an accident and that speed and availability thus become crucial when assessing the need to request police and ambulance.

FOCUS

A strengthened position within roadside

"SOS International is a great working place and I really feel that I have the opportunity to develop my professional and personal skills here. Even though I have only worked for the company for a year, there have been several development possibilities for me and I find that very motivating".

TOBIAS ANDRÉN
Assistance Coordinator, Roadside
Stockholm

Training and competence development

Training the employees to handle this type of call is an important focus area. Being the first point of contact for what may be a serious traffic accident, it is crucial that the employees who receive the call have the necessary skills to handle the situation, professionally as well as personally.

"I am really motivated by the work in the eCall team. This is where I feel we really make a difference for those in need. It can of course be tough to handle these calls, but at the same it is very rewarding to make a difference in a serious situation".

The procedure is to stay on the line with the injured person until rescue services arrive to the location of the accident. Here it is extremely important to have the right competences to help and calm the persons involved – something that requires empathy, overview and professionalism.

"It is impossible not be affected by serious situations. I once responded to an eCall where the driver was alone in the car, had no phone and was injured pretty bad. Without this eCall function in the car and the quick response from our alarm centre, this could have been a fatal situation".

Besides internal training sessions, all alarm centre staff is trained by healthcare professionals in how the body reacts psychically and mentally when exposed to an accident. It is important to understand the various stages and reaction patterns when exposed to serious traumas.

SOS International also has a major focus on taking care of the staff after serious incidents. Debriefing sessions is an important tool that can be taken into use and all employees are trained in debriefing each other and helping each other after a serious call.

"I am very happy to work in SOS International. The environment in the alarm centre is unique and motivating. And who would not find it rewarding to help people and make a difference for someone in a difficult situation. I sure think so", Tobias finishes.

SOS International's ambition is to professionalise and expand the IT setup through the attraction of innovative, competent and forward-looking employees.

FOCUS

Connected 2020

In 2020 we are a solid company connected to our customers, end-users, partners and employees providing dedicated advice and help as the preferred Nordic partner.

These were the words of ambition in the end of 2016 with the launch of SOS International's revised strategy Connected 2020.

Connected 2020 was launched as a response to the changes currently ongoing in the assistance business gradually going from traditional assistance services and business models to a new connected assistance approach.

During 2017, SOS International has launched several pilot projects and new services which substantiates the changing nature of the assistance business.

- Increased use of digital channels (apps, video, web and SMS)
- Further system and process integration with customers
- New tracking and monitoring services

The ambitious approach of SOS International is to develop the business based on a strong and innovative technology platform. IT innovation, business knowledge, economy of scale and attracting the most competent employees are key components to succeed in the assistance business going forward.

As part of the strategy, internal processes and systems are undergoing a radical change to support a more digital, efficient and agile platform for the company's future development. During the past year, SOS International's IT-systems have been consolidated, and in addition to this, a new agile and integrated IT suite was established to support the future business.

SOS International successfully started this process in 2017 and the work continues with increased intensity towards 2020 adding new visionary competences and new innovative tools to the company.

DATA PROTECTION

The new EU regulation on Data Protection, the General Data Protection Regulation (GDPR), will come into effect in May 2018. The new regulation entails an increase of requirements within several areas. SOS International has prepared thoroughly for this during 2017. A dedicated project team has identified, mapped and assessed all areas of the business such as IT systems and security, contracts and documentation to make sure the new requirements are met.

Personal data is important and companies are obliged to protect it. SOS International works comprehensively with compliance, and quality. Information security and data protection comprise some of the most important parameters for the success of the business.

SOS International has been ISO-certified since 2013
Accreditations and certifications such as ISO 9001 (Quality Management), ISO 27001 (Information Security) and ISO 14001 (Environmental Management in the Technical Division) underline the proactive and continuous work with quality, the environment and information security.

MANAGEMENT'S REVIEW

Consolidated key figures and financial ratios

DKK'000	2017	2016	2015	2014	2013
KEY FIGURES					
Net revenue	2,953,214	2,954,628	2,864,136	2,893,001	2,820,747
Assistance costs	-2,127,433	-2,130,345	-1,978,719	-2,020,933	-1,987,875
Income from operating activities (EBIT)	35,698	32,617	24,738	8,597	50,670
Income from net financials	-2,257	-2,459	1,871	2,671	-13,648
PROFIT BEFORE TAX	33,441	39,367	26,088	11,276	37,029
Tax on income for the year	-11,379	-13,193	-6,523	-11,017	-11,811
Profit for the year	22,062	26,174	19,565	259	25,218
Balance sheet total	752,290	793,021	785,589	943,304	863,814
EQUITY	256,288	254,557	230,104	212,366	221,722
Cash flows from operating activities	17,694	51,269	107,260	112,681	46,417
Cash flows from investment activities	-5,026	2,168	-16,573	-74,496	-48,025
of which invested in property, plant and equipment	-5,259	-13,002	-16,642	-18,554	-19,838
Cash flows from financing activities	-7,510	-11,376	-113,466	59,168	7,875
CASH FLOWS, TOTAL	5,158	42,061	-22,779	97,353	6,267
FINANCIAL RATIOS					
EBITDA margin	2.5	2.4	2.6	2.9	4.1
Net operating income margin	8.8	8.6	8.4	9.8	13.7
EBT margin	1.1	1.3	0.9	0.4	1.3
Profit margin	4.0	4.8	2.9	1.3	4.4
Return on capital employed	6.8	5.6	1.1	1.1	6.5
Liquidity ratio	138.4	130.0	114.9	106.7	114.4
Solvency ratio	34.1	32.1	29.3	22.5	25.7
Return on equity	8.6	10.8	8.8	0.1	12.0
AVERAGE NUMBER OF FULL-TIME EMPLOYEES	917	902	999	977	789

MANAGEMENT'S REVIEW

Financial review

MAIN ACTIVITIES

SOS International is the leading assistance organisation in the Nordic region. From alarm centres in Denmark, Sweden, Norway and Finland, SOS International provides acute assistance all over the world, night and day, all year round.

SOS International offers a wide range of solutions in the form of worldwide medical, travel and roadside assistance as well as healthcare solutions. SOS International secures the value chain on behalf of the customers as a trusted partner and aims to provide the optimal end-user experience while taking the total cost for the customers into account. As a trusted partner quality and compliance are also key parameters.

The worldwide travel, health and medical assistance is conducted in close cooperation with SOS International's global network of clinics, hospitals and assistance companies as well as SOS International partner offices. The network also includes exclusive service offices in high volume areas such as Spain, Thailand and Greece. In the Nordic region, SOS International provides a range of health-related services in cooperation with local networks.

Roadside assistance covers all kinds of assistance related to car breakdown in the Nordic region and in the rest of Europe. In the Nordics, roadside assistance is carried out locally by SOS International's subsidiaries in Denmark, Finland, Norway and Sweden.

SOS International was founded in 1957 and is now owned by 15 of the largest insurance companies in the Nordic. SOS International has a case volume that places the company as one of the largest assistance organisations in the Nordic region.

INCOME STATEMENT

The total profit before tax for the group amounted to DKK 33.4 million for 2017 as opposed to DKK 39.4 million in 2016. The result is in line with the expectations for the year in the Annual Report for 2016, where SOS International anticipated the profit to be at a lower level than in 2016.

NET REVENUE

The group's net turnover constituted DKK 2,953 million in 2017, which is in line with 2016, where net revenue amounted to DKK 2,955 million. Thus, net revenue has been maintained at the same level despite continued price pressure, due to higher case activities.

ASSISTANCE COSTS

Assistance costs are in line with 2016 even though there has been a higher level of activity in 2017. Assistance costs amounted to DKK 2,127 million in 2017 as opposed to DKK 2,130 million in 2016.

CONTRIBUTION MARGIN

Developments in net revenue and assistance costs contribute to a slightly higher contribution margin in 2017 compared with 2016. Contribution margin amounted to DKK 826 million in 2017 as opposed to DKK 824 million in 2016.

OTHER OPERATING INCOME

Other operating income is on a lower level and amounted to DKK 1 million in 2017 as opposed to DKK 4 million in 2016.

EXTERNAL COSTS

The external expenses amounted to DKK 193 million in 2017 as opposed to DKK 180 million in 2016. The higher cost level was expected and is a consequence of a higher level of investments in digitalisation and product development.

STAFF COSTS

The total employee expenses amounted to DKK 561 million in 2017 as opposed to DKK 578 million in 2016. The main reason for the lower staff costs is a very high focus on cost awareness.

DEPRECIATION AND AMORTISATION

The total depreciation and amortisation for the year amounted to DKK 37 million in 2017 as opposed to DKK 38 million in 2016.

On the immaterial fixed assets, the total amortisation amounted to DKK 25 million in 2017. For material fixed assets the total depreciation amounted to DKK 12 million in 2017.

MANAGEMENT'S REVIEW

Financial review

FINANCIAL INCOME AND EXPENSES

The total financial income and expenses constituted a net cost of DKK 2 million in 2017 as in 2016. The net cost of DKK 2 million is primarily related to bank fees. For 2017 exchange rate adjustments show a positive net profit of DKK 1.5 million, offset by net interest expenses of DKK 1.5 million. The interest expense is due to the excess liquidity being placed at a negative rate.

Exchange rate fluctuations are within the natural risk associated with the business lines.

TAX ON INCOME FOR THE YEAR

The tax calculated for the group amounted to DKK 11 million for 2017 as opposed to DKK 13 million in 2016.

BALANCE SHEET

INTANGIBLE ASSETS

The carrying amount of intangible fixed assets constituted DKK 168 million at the end of 2017 as opposed to DKK 196 million at the end of 2016. The change can primarily be attributed to amortisation of DKK 25 million, while exchange rate regulation represents the remaining part.

PROPERTY, PLANT AND EQUIPMENT

The total carrying amount of tangible fixed assets constituted DKK 17 million at the end of 2017 as opposed to DKK 25 million at the end of 2016. The change is composed of depreciation of DKK 12 million and access of new assets for DKK 5 million.

RECEIVABLES

The carrying amount of receivables constituted DKK 384 million at the end of 2017 as opposed to DKK 394 million at the end of 2016 as part of the ordinary business activity.

EQUITY

Equity amounted to DKK 256 million at the end of 2017 compared to DKK 255 million at the end of 2016.

The change in equity of DKK 1 million is composed of profit after tax of DKK 22 million, a capital reduction of DKK 15 million and a negative exchange rate adjustment of subsidiaries of DKK 5 million.

LIABILITIES

The total carrying amount of liabilities is decreased with DKK 39 million from the end of 2016 to the end of 2017. The change can primarily be attributed to a decrease in prepayment from customers.

LONG-TERM LIABILITIES

The carrying amount of long-term debt commitments constituted DKK 60 million at the end of 2017 as opposed to DKK 69 million at the end of 2016.

The long-term customer deposit has decreased by DKK 7 million in 2017.

SHORT-TERM LIABILITIES

The carrying amount of short-term debt commitments constituted DKK 409 million at the end of 2017 as opposed to DKK 439 million at the end of 2016.

The change can primarily be attributed to prepayments from customers, which has decreased by DKK 74 million in 2017. Conversely, trade payables have increased by DKK 28 million in 2017.

DIVIDEND

The Board of Directors' recommendation to the company's general meeting is to transfer the year's profit to equity.

CASH FLOW STATEMENT

Cash flows from operating activities amounted to DKK 18 million, which is a decrease compared to 2016 where cash flow from operating activities amounted to DKK 51 million.

Cash flows from investment activities were negative in 2017 and amounted to DKK 5 million as opposed to plus DKK 2 million in 2016. In 2016, the cash flow was positively affected by the sale of Trygghetssentralen.

The cash flow from financing activities amounted to minus DKK 8 million. The cash flow is affected by the purchase of own shares of DKK 15 million. In 2016 the cash flow was negative DKK 11 million.

At the end of 2017, the group's liquidity preparedness amounted to DKK 181 million, which is an increase compared to the end of 2016, where the liquidity amounted to DKK 176 million.

MANAGEMENT'S REVIEW

Expectations for 2018

In 2018, SOS International will continue its significant investments and implementation of the strategy "Connected 2020" to further strengthen the competitiveness and digitalisation of the company. The continual price pressure and the expected high level of investment in digitalisation and product development etc. is forecasted to affect profit before tax negatively compared to 2017. The profit before tax is therefore expected to be positive, but at a lower level than in 2017.

To this date, no event has occurred in 2018 that will change this view.

MANAGEMENT'S REVIEW

Special risks

RISK MANAGEMENT

SOS International continually works with risk management. The Group Compliance Board is responsible for monitoring all types of risks including risks caused by legal and contractual requirements, IT security and cyber-crime risks. In addition, the Compliance Board sets and oversees the company's personal data protection, controlling procedures and governance structure. The Compliance Board reports to Group Management and the Board's Audit Committee. Risks are presented to Group Management on a regular basis and twice a year to the Audit Committee as well as the Board of Directors. Any security incidents are reported and escalated through a structured and written process.

As a trusted partner, SOS International is mindful of the Solvency II regime when managing risk since our customers are subject to these requirements. Risk management is performed in SOS International's total quality management system in which risks are identified, addressed and mitigated when appropriate. SOS International has achieved the ISO 9001, ISO 14001 and the ISO 27001 certifications regarding quality management, environment and information security in which risk assessment pose an integral part.

FINANCIAL RISKS

SOS International is exposed to financial risks which can be divided into the following three main groups: Currency, credit and liquidity risks.

CURRENCY RISK

Currency risk is the risk of suffering a loss caused by change in exchange rates of foreign currencies against the functional currency. SOS International has adopted a finance policy which lays down the framework for identifying, hedging and reporting this risk. The policy contains the basic principle that SOS International does not wish to speculate in foreign currencies. The policy is approved by Group Management and the Board of Directors annually. A significant part of the paid assistance costs is in foreign currencies whereas the re-invoicing in most cases is done in Danish Kroner (DKK). SOS International is primarily exposed to foreign exchange risks from EUR, NOK, SEK and USD. Currency risks are typically managed by matching the timing of the income and costs in each foreign currency.

CREDIT RISK

Credit risk is the risk of incurring a loss in case SOS International's customers or other collaboration partners cannot meet their obligations. The credit risk in SOS International is evaluated to be low since some of the major debtors and major customers make prepayments and since most costumers have a very high credit rating. Accordingly, credit risks are significantly mitigated.

LIQUIDITY RISK

Liquidity risk is the risk of not being able to meet present or future financial obligations on time. To ensure the financial resources necessary to perform its tasks, the finance policy establishes continuous monitoring of the cash flow in the organisation and a minimum disposable liquidity is determined.

OPERATIONAL RISKS

Operational risks typically stem from inadequate or failed internal processes, from personnel or systems or from external events. SOS International is always on 365 days a year and this requires focus on the operational aspects of the company. Operational risks include non-conformances with procedures and IT disruption. By continually documenting, reviewing and improving corporate policies, processes and instructions, operational risks relating to procedures are mitigated. Business continuity plans for telephone and IT systems limit the operational risk by ensuring responsiveness and quality in case of business disruption. Findings from quality management are documented and communicated to raise awareness about operational risks and ensure on-going learning across the organisation.

COMPLIANCE

Compliance with legal and contractual requirements as well as national standards and conventions is embedded in the business model of SOS International. SOS International is very attentive to the rules concerning the protection of personal data and protection of confidential information. SOS International has issued numerous corporate policies on the matter including the Company Code of Conduct, the Information Security Code of Conduct and the Personal Data Policy to mitigate the risk of non-compliance

.

MANAGEMENT'S REVIEW

Special risks

OTHER RISKS

Other risks include geographical and technological development risks. Within recent years, SOS International has increased the business areas especially within Roadside assistance thus mitigating the geographical risk. The technological development within communications, medical and healthcare solutions and roadside assistance requires SOS International to be able to advance still more rapidly. The quality management system enables SOS International to swiftly identify, commence and implement changes caused by such development.

MANAGEMENT'S REVIEW

Corporate Social Responsibility

In SOS International we take our Corporate Social Responsibility (CSR) seriously.

Working with sustainability and CSR has always been part of SOS International when assisting end-users in acute arisen situations all over the world. Therefore, it has only been natural for the SOS organisation to join the UN Global Compact in 2017.

The ten universal principles from the UN Global Compact are an integrated part of all our activities related to our employees, customers, suppliers and the society in general. We want to be recognised as a socially and environmentally sound company in our industry.

Founded in our business areas Travel, Roadside and Health we have defined our own CSR signature areas:

- Climate
- People and Health
- Ethics and Security

We have a corporate CSR committee with representatives from each of our Nordic locations who work to implement and continuously improve our CSR strategy. A central element for the committee is to communicate and ensure employee engagement regarding our CSR initiatives. Stakeholder analysis and stakeholder engagement provide the basis for our CSR strategy.

Our first Communication on Progress (COP) for the UN Global Compact includes SOS International's mandatory CSR report in accordance with article 99a and 99b of the Danish Financial Statements Act.

You can read the report here

- www.sos.eu/csr/cop2017

MANAGEMENT'S REVIEW

Company information

SOS International A/S — Nitivej 6 — DK-2000 Frederiksberg

Telephone:	+45 70 10 50 55
Telefax:	+45 70 10 50 56
Website:	www.sos.eu
E-mail:	sos@sos.eu
CVR No.	17 01 37 18
Founded:	03 May 1961
Municipality of domicile:	Frederiksberg
Financial year:	1 January - 31 December

THE BOARD OF DIRECTORS

Amund Skarholt *(Chairman)*
Jesper Mørch Sørensen *(Vice Chairman)*
Sigurd Ivar Austin
Ann Sommer
Dag Rehme
Ann-Kristin Wuopio Mogestedt
Timo Olavi Ahvonen
Camilla Amstrup
Rikard Livman *(Employee representative)*
Rune Sixtus Glæser *(Employee representative)*
Alexander Barren *(Employee representative)*
Markku Reinikainen *(Employee representative)*

THE EXECUTIVE BOARD

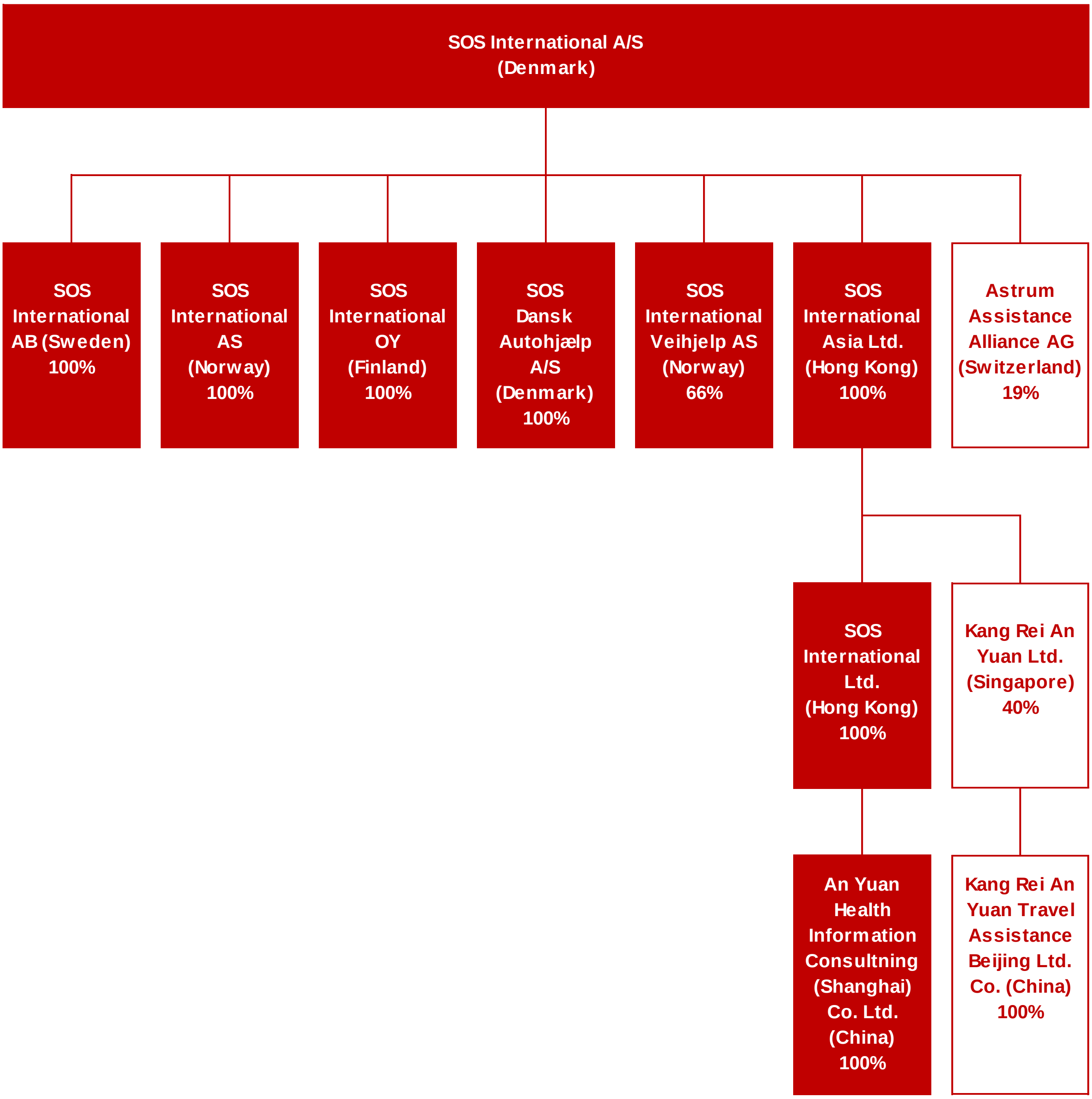
Niels Krag Printz

AUDIT

Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
P.O. Box 250
DK-2000 Frederiksberg

MANAGEMENT'S REVIEW

Group overview



REVIEWS

Management’s statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of SOS International A/S for the financial year 1 January - 31 December 2017.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2017 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters and the results of the Group's and the parent company's operations and financial position.

The Annual Report will be submitted for approval at the annual general meeting.

Copenhagen, 22 March 2018

Niels Krag Printz
CEO

Ole Joachim Jensen
CFO

THE BOARD OF DIRECTORS

Amund Skarholt
Chairman

Jesper Mørch Sørensen
Vice Chairman

Sigurd Ivar Austin

Ann Sommer

Dag Rehme

Ann-Kristin Wuopio Mogestedt

Timo Olavi Ahvonen

Camilla Amstrup

Rikard Livman

Rune Sixtus Glæser

Alexander Barren

Markku Reinikainen

REVIEWS

Independent auditor's report

TO THE SHAREHOLDERS OF
SOS INTERNATIONAL A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of SOS International A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

REVIEWS

Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 March 2018

Ernst & Young
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Jesper Jørn Pedersen
State Authorised Public Accountant
MNE-no.: mne21326

Allan Lunde Pedersen
State Authorised Public Accountant
MNE-no.: mne34495

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Accounting policies

The 2017 Annual Report of SOS International has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the income statement are consistent with those of last year.

RECOGNITION AND MEASUREMENT

The financial statements are prepared in accordance with the historical cost convention.

Revenue is recognised in the income statement as it is earned. Value adjustments of financial assets and liabilities are measured at fair value or amortised cost. The same applies to all expenses incurred to achieve earnings, including depreciations, impairment losses/gains, accruals and reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below:

Certain financial assets and liabilities are measured at amortised cost to achieve a constant effective interest rate over the life of the asset or liability. Amortised cost is stated as the original cost less any repayments plus or minus the cumulative amortisation of any difference between cost and nominal amount. In this way, capital losses and gains are amortised over the life of the asset or liability.

Recognition and measurement take into consideration anticipated losses and risks that arise before the time of presentation of the annual report and which confirm or invalidate affairs and conditions existing at the balance sheet date.

The parent company uses Danish Kroner (DKK) as its functional currency. All other currencies are considered as foreign currency.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company SOS International A/S, as well as the subsidiaries of which SOS International A/S directly or indirectly holds more than 50 % of the voting rights or have a deciding influence in another way. Companies of which the Group holds between 20 % and 50 % of the voting rights and in addition to considerable but not deciding influence, are considered as associated companies, see the Group overview.

For the consolidated companies, elimination is carried out of intra-group income and expenses, shareholdings, internal debts and dividends as well as realised and unrealised profits and losses for transactions between the consolidated companies.

Investments in subsidiaries are offset with the proportionate share of the subsidiaries' fair value of net assets and liabilities on the acquisition date.

COMPANY MERGERS

Newly acquired or newly established companies are recognised in the consolidated financial statements from the acquisition date. Sold or discontinued companies are recognised in the consolidated income statement up to the divestment date. Comparative figures are not adjusted for newly acquired or discontinued companies.

Profit or loss in the event of divestment of subsidiaries and associated companies is calculated as the difference between the divestment sum and the carrying amount of net assets on the date of sale including goodwill that is not depreciated and the expected costs for the sale or discontinuation.

For the acquisition of new companies, the acquisition method is used after which the newly acquired companies' identified assets and liabilities are measured at fair value on the date of acquisition. Accruals to cover the costs of decided and published restructuring in the acquired company are recognised in connection with the acquisition. Consideration is taken of the tax effect of the conducted revaluations.

Positive differential amounts (goodwill) between cost price and fair value of the identified assets and liabilities taken over, including accruals for restructuring, are recognised under intangible fixed assets and are amortised systematically over the income statement after an individual evaluation of the financial service life, however, maximum 15 years.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Accounting policies

Goodwill from acquired companies can be adjusted until 12 month after an acquisition.

INTRA-GROUP COMPANY MERGERS

The book value method is used for company consolidations such as the purchase and sale of investments, mergers, de-mergers, injection of assets and exchange of shares, etc. in the event of participation by companies under the parent company's control. The differences between the agreed payment and the acquired company's carrying amount are recognised in the equity. Furthermore, adjustment of the comparative figures for earlier financial years is carried out.

TRANSLATION OF FOREIGN CURRENCY

Transactions in foreign currency are translated on the first recognition at the rate on the date of transaction. Foreign currency differences that arise between the rate on the date of transaction and the rate on the date of payment are recognised in the income statement as a financial item.

Receivables, debt and other monetary items in foreign currency are translated at the exchange rate on the balance sheet date. The difference between the rate on the balance sheet date and the rate on the date of the occurrence of the receivable or debt are recognised in the income statement under financial income and expenses.

Foreign subsidiaries are considered as being independent units. The income statements are translated to an average exchange rate for the month and the balance sheet items are translated to the exchange rates on the balance sheet date. Exchange rate differences that have arisen with the translation of the foreign subsidiaries' equity at the beginning of the year, at the exchange rates on the balance sheet date, as well as with translation of the income statements from average exchange rates, at the exchange rates on the balance sheet date, are recognised directly in equity.

Exchange rate adjustments of debts with independent foreign subsidiaries that are considered as part of the total investment in the subsidiary are recognised directly in equity. Similarly, exchange rate gains and losses on loans to foreign subsidiaries are recognised in equity.

INCOME STATEMENT

NET REVENUE

The net revenue for the sale of services is recognised in the income statement if delivery and risk transfer to the buyer has taken place before the end of the year. The net revenue is recognised excluding VAT and tax charges on behalf of a third party, as well as with the deduction of discounts in connection with the sale.

Net revenue is recognised in line with the processing of the projects by which the net revenue corresponds to the sale value of the year's performed work. Net revenue is recognised when the total revenue, costs of the contract and degree of completion on the balance sheet date can be reliably calculated, and it is probable that the economic benefits, including payments, will be received by the company.

ASSISTANCE COSTS

Assistance costs regard disbursements on projects that are re-invoiced to SOS International's customers.

OTHER OPERATING INCOME

Other operating income contains accounting items of secondary character in relation to the companies' activities.

EXTERNAL COSTS

External costs include costs for distribution, sale, advertising, administration, facilities, loss on debtors, operational leases, etc.

STAFF COSTS

Staff costs include payrolls, pensions, other costs for social security as well as other employee costs.

Staff costs furthermore include payments of medical consultants.

RESULTS OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

The proportionate share of the individual subsidiaries' results after tax, after full elimination of internal profits/loss, is recognised in the parent company's income statement.

The proportionate share of the associated companies' results after tax, after elimination of proportionate share of internal profits/loss, is recognised in the income statements of both the Group and parent company.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Accounting policies

FINANCIAL INCOME AND EXPENSES

Financial income and expenses contain interest, exchange gains and losses related to debt and transactions in foreign currencies, as well as supplements and allowances under the tax pre-payment scheme, etc.

TAX ON INCOME FOR THE YEAR

The parent company is covered by the Danish rules on compulsory joint taxation of SOS International A/S Group's Danish subsidiaries. Subsidiaries are covered by joint taxation as of the date they are included in the consolidation in the Consolidated Financial Statement, prior to this they are not part of consolidation.

The parent company is the administrative company for the joint taxation and, as a result of this, settles all payments of corporate taxes with the Danish tax authorities.

The applicable Danish corporate tax is allocated by settling joint taxation contributions among the jointly taxed companies, in relation to their taxable incomes. In this connection, companies with tax losses, receive joint taxation contributions from companies that have been able to apply this loss to reduce their own tax profit.

Tax for the year, consisting of the year's current corporate tax, the year's joint taxation contribution and changes in deferred tax rates, is recognised in the statement of income, with the portion that can be attributed to the income for the year, and directly to equity, with the portion that can be directly attributed to equity.

BALANCE SHEET

INTANGIBLE ASSETS

GOODWILL

Acquired goodwill is measured at cost price with deductions of accumulated depreciation. Goodwill is amortised over its estimated economic life, which is determined based on management's experience within the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period which is between 5-15 years and will be longest for strategically acquired companies with strong market positions and long-term earnings profiles.

The Company's investment in the subsidiary SOS Dansk Autohjælp A/S in 2012 is considered to be strategically important to the Company and thus the economic life of goodwill has been set at 15 years.

All other goodwill in the Company is amortised over 5-10 years.

SOFTWARE

Software is measured at cost less accumulated amortisation and impairments. Amortisation is performed on a straight-line basis over the estimated service life. The amortisation period is usually 3-5 years.

The cost price includes the purchase price as well as costs directly associated to the purchase, until the time where the asset is ready to be used.

CUSTOMER-RELATED ASSETS AND TRADEMARKS

Acquired customer related assets and trademarks are measured at cost price with deductions of accumulated depreciation. Customer-related assets and trademarks are amortised over their estimated economic life, which is determined based on management's experience within the individual business areas. Customer-related assets and trademarks are depreciated or amortised on a straight-line basis over the depreciation or amortisation period between 3-15 years.

PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements as well as fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost includes the purchase price as well as costs directly associated to the purchase until the time where the asset is ready to be used.

Depreciation is performed on a straight-line basis over the estimated service life, based on the following assessment of the remaining service life of the assets:

- Leasehold improvements 5 years
- Other fixtures and fittings, tools and equipment 3-5 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Accounting policies

Gains or losses on the divestment of property, plant and equipment are recognised as the difference between the sales price, less sales costs, and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under depreciation.

FINANCIAL ASSETS

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries and associates are measured at the proportional share of the companies' equity value measured according to the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus the residual value of positive or negative goodwill measured according to the acquisition method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0 and any receivables from these companies will be impaired to the extent the receivable is deemed non-collectable. To the extent the parent company has a legal or actual obligation to cover a negative balance that exceeds the receivable; the balance will be recognised under accruals. If SOS International has a legal or actual obligation to the company's deficit, an allocated commitment will be included to this.

Net revaluation of investments in subsidiaries and associates are shown as a reserve for net revaluation according to the equity method in equity to the extent the carrying amount exceeds the cost price. Dividends from subsidiaries expected to be approved before the approval of the annual report for SOS International A/S are not bound on the revaluation reserve. For company acquisitions, the acquisition method is used; cf. description above under the Consolidated Financial Statement.

For company acquisitions, the acquisition method is used; cf. description above under the Consolidated Financial Statement.

IMPAIRMENT TEST OF ASSETS

The carrying amount of intangible assets and property, plant and equipment are measured annually for indications of value impairments other than the decrease in value reflected by amortisation or depreciation.

If there are indications of value impairment, impairment is performed on each individual asset, respectively, group of assets. Write-down is made to the asset's recoverable amount, if this is lower than the carrying amount.

The recoverable amount that is used will be the highest value of the net selling price and intrinsic value. The intrinsic value is measured as the current value of the estimated net income from the use of the asset or asset group.

RECEIVABLES

Receivables are measured at amortised cost.

Impairments for potential losses are made where it is estimated that there is objective indication that a receivable or a portfolio of receivables are impaired. If there is objective indication that an individual receivable is impaired, impairment is made at individual level.

Receivables for which there is no objective indication of impairment at individual level, objective indication for impairment is assessed at portfolio level.

The portfolios are primarily based on the domicile of the debtors and a credit assessment in accordance with the Company's and the Group's credit risk management policy. The objective indicators used for portfolios are established based on historical records of losses.

Impairments are calculated as the difference between the carrying amount of receivables and the present value of anticipated cash flows, including the realisable value of any accepted collaterals. The effective interest rate is used as the discount rate for the individual receivable or portfolio.

WORK IN PROGRESS

Work in progress consists of incurred costs for projects measured at the market value. The market value is measured based on the rate of completion at the reporting date and the total anticipated income from work in progress.

PREPAYMENTS

Prepayments recognised under current assets cover costs incurred relating to the following financial year.

SECURITIES

Listed securities recognised under current assets are measured at the fair value at the balance sheet date.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Accounting policies

EQUITY

RESERVE FOR NET REVALUATION ACCORDING TO THE EQUITY METHOD

Reserve for net revaluation applying the equity method covers net revaluations of equity investments in subsidiaries in relation to cost.

The reserve can be eliminated in case of losses, if investments are realised or changes are made to accounting estimates.

The reserve may not be recognised at a negative amount.

RESERVE FOR DEVELOPMENT COSTS

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

If the recognised development costs are written down, part of the reserve for development costs must be reversed. The reversed portion corresponds to the write-down of the development costs. If a write-down of the development costs is subsequently reversed, the reserve for development costs must be re-established. The reserve for development costs is also reduced by amortisation charges. In doing so, the equity reserve will not exceed the amount recognised in the balance sheet as development costs.

DIVIDEND

Proposed dividends are recognised as a liability at the time of adoption by the Annual General Meeting (the time of declaration). Dividends expected to be declared for the year are shown as a separate item under equity.

CORPORATE TAX AND DEFERRED TAX

As the administrative company, SOS International A/S assumes liability for the subsidiaries' corporate taxes to the Danish tax authorities concurrently with the subsidiaries' payment of joint-taxation contributions.

Current tax payable and receivable is recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for previous years' taxable income and taxes paid on account. Payable or receivable joint taxation contributions are recognised in the balance sheet as "Payable corporate tax" or "Corporate tax."

Deferred tax is measured according to the balance sheet liability method on all temporary differences between accounting and tax values of assets and liabilities. However, deferred tax on temporary differences related to taxable non-deductible goodwill, as well as other items where temporary differences – except for acquisitions of companies – have arisen at the time of acquisition without having an effect on the income or taxable income, is not recognised. In cases where the determination of the tax value can be performed under various taxation rules, deferred tax is measured based on management's planned use of the asset, respectively, settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised at the value at which they are expected to be used, either by elimination in the tax of future earnings, or by offsets in deferred tax payables in companies within the same legal tax entity or jurisdiction.

Adjustment of deferred tax is made concerning performed elimination of unrealized payable intra-group profits and losses. Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation, at the reporting date, when the deferred tax is expected to be crystalized as current tax.

PROVISIONS

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, etc. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

If it is likely that total costs will exceed total income from a construction contract, a provision is made for the total loss anticipated on the contract. The provision is recognised in assistance costs.

LIABILITIES

Financial liabilities are recognised upon raising the loan at the proceeds received, less incurred transaction costs. For subsequent periods, financial liabilities are measured at amortised cost.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Accounting policies

PREPAYMENTS

Prepayments recognised under liabilities include received payments regarding revenue in the following financial year.

CASH FLOW STATEMENT

The cash flow statement shows consolidated cash flow distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents for the year, as well as cash and cash equivalents at the beginning and end of the year.

The effect on cash flow from the acquisition of companies is shown separately under cash flow from investment activities. Cash flow from acquired companies from the date of the acquisition is recognised in the cash flow statement.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities is measured as income for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

CASH FLOW FROM INVESTMENT ACTIVITIES

Cash flow from investing activities cover payments made related to the purchase and divestment of companies and activities, and the purchase and divestment of property, plant and equipment, intangible assets and other financial assets.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities comprise changes in the size or structure of the company's share capital and incidental costs, as well as loans, repayments of principals of interest-bearing debt and payment of dividends to shareholders.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise holdings of short-term securities that can readily be converted to cash or cash equivalents and for which there is only insignificant risk of changes in value.

SEGMENT INFORMATION

Disclosures include information related to business segments and geographic markets. The segment information follows the Group's accounting policies and internal financial management.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Accounting policies

KEY FIGURES

The ratios and key figures shown in the statement of financial highlights and key figures are calculated as follows:

EBITDA margin:

$$\frac{\text{Profit before interest, taxes, depreciation and amortisation (EBITDA) x 100}}{\text{Net revenue}}$$

Net operating income margin:

$$\frac{\text{Profit before interest, taxes, depreciation and amortisation (EBITDA) x 100}}{\text{Contribution margin}}$$

EBT Margin:

$$\frac{\text{Profit before tax x 100}}{\text{Net revenue}}$$

Profit margin:

$$\frac{\text{Profit before tax x 100}}{\text{Contribution margin}}$$

Return on capital employed:

$$\frac{\text{Profit from ordinary operating activities (EBIT) x 100}}{\text{Average operating assets}}$$

Operating assets:

Operating assets are total assets less cash and cash equivalents, other interest-bearing assets (incl. shares) as well as investments in associated companies.

Liquidity ratio:

$$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$$

Solvency ratio:

$$\frac{\text{Equity, end of year x 100}}{\text{Liabilities, total, end of year}}$$

Return on equity:

$$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$$

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Statement of income

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2017	2016	2017	2016
NET REVENUE	1	2,953,214	2,954,628	1,885,059	2,018,169
Assistance costs		-2,127,433	-2,130,345	-1,385,366	-1,494,376
CONTRIBUTION MARGIN		825,781	824,283	499,693	523,793
Other operating income		978	4,053	8,636	3,942
External costs	2	-193,023	-179,862	-121,729	-133,714
GROSS PROFIT		633,736	648,474	386,600	394,021
Staff costs	3	-560,857	-577,566	-350,717	-365,320
Depreciation and amortisation on tangible and intangible assets	4	-37,181	-38,291	-8,352	-10,234
INCOME FROM OPERATING ACTIVITIES		35,698	32,617	27,531	18,467
Income from subsidiaries after tax	5	0	9,184	1,077	12,258
Income from associates after tax		0	25	0	25
Financial income	6	17,805	13,897	17,503	14,007
Financial expenses	7	-20,062	-16,356	-18,195	-14,700
PROFIT BEFORE TAX		33,441	39,367	27,916	30,057
Tax on income for the year	8	-11,379	-13,193	-5,854	-3,883
PROFIT FOR THE YEAR		22,062	26,174	22,062	26,174

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Statement of financial position

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2017	2016	2017	2016
ASSETS					
INTANGIBLE ASSETS	**9**				
Goodwill		102,247	116,799	0	0
Software		1,129	2,550	500	787
Customer-related assets		47,699	57,957	0	0
Trademarks		16,604	18,321	0	0
		167,679	195,627	500	787
PROPERTY, PLANT AND EQUIPMENT	**10**				
Leasehold improvements		285	585	0	46
Fixtures and fittings, tools and equipment		16,907	24,409	8,657	13,295
		17,192	24,994	8,657	13,341
FINANCIAL ASSETS					
Investments in group enterprises	**11**	0	0	233,221	262,714
Investments in associates	**12**	1,642	1,870	185	202
		1,642	1,870	233,406	262,916
NON-CURRENT ASSETS, TOTAL		186,513	222,491	242,563	277,044
INVENTORIES					
Manufactured goods and goods for resale		496	583	0	0
		496	583	0	0
RECEIVABLES					
Trade debtors		196,053	189,288	66,209	63,644
Work in progress		123,167	156,006	99,119	144,747
Prepayments to business partners		27,328	25,145	27,328	25,145
Receivables from group enterprises		0	0	19,849	22,013
Deferred tax assets	**16**	2,795	3,088	0	0
Corporate tax receivables	**13**	1,241	3,762	361	2,595
Other receivables		14,238	4,351	7,311	49
Prepayments	**14**	19,418	12,422	14,804	6,900
		384,240	394,062	234,981	265,093
SECURITIES		72	74	18	18
CASH AND CASH EQUIVALENTS		180,969	175,811	180,598	157,513
CURRENT ASSETS, TOTAL		565,777	570,530	415,597	422,624
ASSETS, TOTAL		752,290	793,021	658,160	699,668

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Statement of financial position

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2017	2016	2017	2016
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	20,960	21,388	20,960	21,388
Retained income		235,328	233,169	235,328	233,169
Proposed dividends		0	0	0	0
EQUITY, TOTAL		256,288	254,557	256,288	254,557
PROVISIONS					
Deferred tax	16	21,851	23,331	3,891	2,938
Other provisions		5,000	7,325	5,000	7,085
PROVISIONS, TOTAL		26,851	30,656	8,891	10,023
LIABILITIES OTHER THAN PROVISIONS					
LONG-TERM LIABILITIES	17				
Customer deposits		35,680	42,630	35,565	42,503
Other long-term liabilities		24,723	26,239	24,723	26,085
		60,403	68,869	60,288	68,588
SHORT-TERM LIABILITIES					
Credit institutions		42,997	35,507	42,997	35,507
Trade payables		89,430	61,212	53,768	23,794
Amounts owed to group enterprises		0	0	134,843	67,676
Prepayments from customers		161,325	234,506	46,189	178,828
Corporation tax	13	1,252	0	0	0
Other short-term liabilities		113,744	107,714	54,896	60,695
		408,748	438,939	332,693	366,500
LIABILITIES OTHER THAN PROVISIONS, TOTAL		469,151	507,808	392,981	435,088
EQUITY AND LIABILITIES, TOTAL		752,290	793,021	658,160	699,668
CONTINGENT LIABILITIES	18				
RELATED PARTIES	22				

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Statement of changes in equity

	GROUP AND PARENT COMPANY			
DKK'000	Share capital	Retained income	Proposed dividends	Total
Equity at 1 Jan 2016	21,388	208,716	0	230,104
Dividends distributed	0	0	0	0
Distribution of profit for the year	0	26,174	0	26,174
Exchange rate adjustment, group enterprises	0	-1,721	0	-1,721
Equity at 31 Dec 2016	21,388	233,169	0	254,557
Equity at 1 Jan 2017	21,388	233,169	0	254,557
Capital reduction	-428	-14,572	0	-15,000
Dividends distributed	0	0	0	0
Distribution of profit for the year	0	22,062	0	22,062
Exchange rate adjustment, group enterprises	0	-5,331	0	-5,331
Equity at 31 Dec 2017	**20,960**	**235,328**	**0**	**256,288**

	NOTE
DISTRIBUTION OF PROFIT FOR THE YEAR	**19**

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Statement of cash flow

		GROUP	
DKK'000	NOTE	2017	2016
Operating cash flows before changes in working capital	**20**	72,993	72,333
Change in working capital	**21**	-44,089	890
Operating cash flows		28,904	73,223
Interest income, paid		17,805	13,897
Interest costs, paid		-20,062	-16,356
Cash flows from ordinary activities		26,647	70,764
Corporation tax, paid		-8,953	-19,495
Cash flows from operating activities		17,694	51,269
Sale of subsidiaries		0	16,447
Acquisition of intangible fixed assets		-116	-2,541
Acquisition of property, plant and equipment		-5,259	-13,002
Disposal of property, plant and equipment		349	1,264
Cash flows from investment activities		-5,026	2,168
Change in debt to credit institutions		7,490	-11,376
Purchase of own shares		-15,000	0
Cash flows from financing activities		-7,510	-11,376
Cash flows, 1 Jan – 31 Dec		5,158	42,061
Cash and cash equivalents, 1 Jan		175,811	133,750
Cash and cash equivalents, 31 Dec		**180,969**	**175,811**

The Statement of cash flows cannot be derived directly from the other components of the Consolidated Financial Statement.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 1 NET REVENUE				
Segment information by activity				
Travel	1,853,725	1,911,901	1,852,496	1,907,581
Roadside	1,051,800	999,742	24,555	103,265
Health	47,689	42,985	8,008	7,323
	2,953,214	2,954,628	1,885,059	2,018,169
Segment information by geography				
Denmark	855,737	840,630	423,245	504,975
Sweden	959,620	921,673	696,263	677,248
Norway	579,396	649,071	388,714	465,335
Finland	289,880	295,810	200,368	218,437
Other countries	268,581	247,444	176,469	152,174
	2,953,214	2,954,628	1,885,059	2,018,169
NOTE 2 OTHER EXTERNAL COSTS				
Rent, etc.	28,921	28,752	16,048	15,093
Consultant fee, etc.	79,169	64,488	48,856	45,842
IT service, software licenses, etc.	32,521	31,245	23,443	20,305
Other external costs	52,412	55,377	33,382	52,474
	193,023	179,862	121,729	133,714
Fees for auditor elected by the annual general meeting				
Statutory audit	1,210	1,349	587	550
Other assurance services with security	138	21	22	5
Tax and VAT advisory services	294	806	185	609
Other services	352	347	235	130
	1,994	2,523	1,029	1,294

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 3 STAFF COSTS				
Wages and salaries	456,645	476,463	291,830	307,359
Pensions	49,091	51,437	36,139	38,678
Other social security costs	36,082	34,752	11,570	11,549
Other staff costs	19,039	14,914	11,178	7,734
	560,857	577,566	350,717	365,320
Average number of full-time employees	917	902	449	460

Staff costs include wages and salaries accrued by Executive Management and the Supervisory Board in the amount DKK'000 4,124 (2016: DKK'000 4,164).

	2017	2016	2017	2016
NOTE 4 DEPRECIATION AND AMORTISATION				
Depreciation Leasehold improvements	330	592	46	111
Depreciation Fixtures and fittings, tools and equipment	12,025	13,516	7,902	9,540
Amortisation Intangible assets	24,940	25,608	404	583
Gain / loss fixed assets	-114	-1,425	0	0
	37,181	38,291	8,352	10,234
NOTE 5 INCOME FROM SUBSIDIARIES AFTER TAX				
Profit/loss in subsidiaries after tax	0	0	16,745	19,000
Goodwill amortisation	0	0	-15,668	-15,926
Profit/loss sale of subsidiaries	0	9,184	0	9,184
	0	9,184	1,077	12,258
NOTE 6 FINANCIAL INCOME				
Interest income from subsidiaries	0	0	417	508
Currency gains	17,611	13,674	16,995	13,428
Other financial income	194	223	91	71
	17,805	13,897	17,503	14,007

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 7 FINANCIAL EXPENSES				
Interest expenses to subsidiaries	0	0	15	1
Exchange losses	16,098	12,440	15,196	11,828
Bank fees	2,396	3,014	1,467	2,093
Interest expenses	1,568	902	1,517	778
	20,062	16,356	18,195	14,700
NOTE 8 TAX OF INCOME FOR THE YEAR				
Current tax	12,679	12,095	4,901	4,639
Adjustment of tax from previous years	6	63	0	62
Adjustment of deferred tax for the year	-1,306	1,035	953	-818
	11,379	13,193	5,854	3,883

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

NOTE 9 INTANGIBLE ASSETS

GROUP

DKK'000	Goodwill	Software	Customer-related assets	Trademarks	Intangible assets under construction	Total
Cost price, 1 Jan 2017	161,004	32,422	94,135	25,765	0	313,326
Exchange rate adjustments	-2,975	-96	-1,492	0	0	-4,563
Additions	0	116	0	0	0	116
Disposals	0	-583	0	0	0	-583
Cost price, 31 Dec 2017	158,029	31,859	92,643	25,765	0	308,296
Amortisation, 1 Jan 2017	-44,205	-29,872	-36,178	-7,444	0	-117,699
Exchange rate adjustments	894	96	449	0	0	1,439
Disposals	0	583	0	0	0	583
Amortisation	-12,471	-1,537	-9,215	-1,717	0	-24,940
Amortisation, 31 Dec 2017	-55,782	-30,730	-44,944	-9,161	0	-140,617
CARRYING AMOUNT, 31 DEC 2017	102,247	1,129	47,699	16,604	0	167,679

PARENT COMPANY

DKK'000	Software	Intangible assets under construction	Total
Cost price, 1 Jan 2017	9,826	0	9,826
Additions	117	0	117
Cost price, 31 Dec 2017	9,943	0	9,943
Amortisation, 1 Jan 2017	-9,039	0	-9,039
Amortisation	-404	0	-404
Amortisation, 31 Dec 2017	-9,443	0	-9,443
CARRYING AMOUNT, 31 DEC 2017	500	0	500

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

GROUP

DKK'000	Leasehold improvements	Fixtures and fittings, tools and equipment	Property, plant & equipment under construction	Total
Cost price, 1 Jan 2017	10,639	92,887	0	103,526
Exchange rate adjustments	-44	-1,640	0	-1,684
Additions	39	5,220	0	5,259
Disposals	-192	-10,528	0	-10,720
Cost price, 31 Dec 2017	10,442	85,939	0	96,381
Amortisation, 1 Jan 2017	-10,054	-68,477	0	-78,531
Exchange rate adjustments	35	1,291	0	1,326
Disposals	192	10,179	0	10,371
Depreciation	-330	-12,025	0	-12,355
Amortisation, 31 Dec 2017	-10,157	-69,032	0	-79,189
CARRYING AMOUNT, 31 DEC 2017	285	16,907	0	17,192

PARENT COMPANY

DKK'000	Leasehold improvements	Fixtures and fittings, tools and equipment	Property, plant & equipment under construction	Total
Cost price, 1 Jan 2017	9,054	58,294	0	67,348
Additions	0	3,264	0	3,264
Disposals	-192	-886	0	-1,078
Cost price, 31 Dec 2017	8,862	60,672	0	69,534
Amortisation, 1 Jan 2017	-9,008	-44,999	0	-54,007
Disposals	192	886	0	1,078
Depreciation	-46	-7,902	0	-7,948
Amortisation, 31 Dec 2017	-8,862	-52,015	0	-60,877
CARRYING AMOUNT, 31 DEC 2017	0	8,657	0	8,657

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 11 INVESTMENTS IN GROUP ENTERPRISES				
Cost price, 1 Jan	-	-	330,595	388,497
Capital increase	-	-	11,247	16,367
Disposals	-	-	0	-74,269
Cost price, 31 Dec	-	-	341,842	330,595
Value adjustments, 1 Jan	-	-	-67,881	-105,815
Disposals	-	-	0	66,878
Exchange rate adjustments	-	-	-5,331	-1,721
Goodwill amortisation	-	-	-15,668	-15,926
Distribution of dividends	-	-	-36,486	-30,424
Income for the year	-	-	16,745	19,127
Value adjustments, 31 Dec	-	-	-108,621	-67,881
CARRYING AMOUNT, 31 DEC	-	-	233,221	262,714

Name	Registered in	Voting and ownership share
SOS Dansk Autohjælp A/S	Aarhus, Denmark	100 %
SOS International AB	Stockholm, Sweden	100 %
SOS International AS	Oslo, Norway	100 %
SOS Veihjelp AS	Oslo, Norway	66 %
SOS International OY	Helsinki, Finland	100 %
SOS International Asia Ltd.	Hong Kong, China	100 %

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 12 INVESTMENTS IN ASSOCIATES				
Cost price, 1 Jan	2,279	1,911	92	121
Additions	0	397	0	0
Disposals	0	-29	0	-29
Cost price, 31 Dec	2,279	2,279	92	92
Value adjustments, 1 Jan	-409	-417	110	102
Exchange rate adjustments	-228	32	-17	32
Income for the year	0	16	0	16
Disposals	0	-40	0	-40
Value adjustments, 31 Dec	-637	-409	93	110
CARRYING AMOUNT, 31 DEC	1,642	1,870	185	202

Name	Registered in	Voting and ownership share
Astrum Assistance Alliance AG	Switzerland	19 %
Kang Rei An Yuan Ltd.	Singapore	50 % / 40 %

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 13 CORPORATION TAX				
Corporation tax payable, 1 Jan	3,762	-3,507	2,595	-3,276
Exchange rate adjustment	-41	-64	0	0
Adjustments for previous years	-6	-67	0	-62
Current tax for the year	-12,679	-12,095	-4,901	-4,639
Corporation tax for the year, paid	8,953	19,495	2,667	10,572
CARRYING AMOUNT, 31 DEC	-11	3,762	361	2,595
Recognised in the Statement of Financial Position as:				
Corporate tax receivables	1,241	3,762	361	2,595
Corporation tax	-1,252	0	0	0
CARRYING AMOUNT, 31 DEC	-11	3,762	361	2,595
NOTE 14 PREPAYMENTS				
Prepaid expenses	19,418	12,422	14,804	6,900
CARRYING AMOUNT, 31 DEC	19,418	12,422	14,804	6,900
NOTE 15 SHARE CAPITAL				
Unlisted share capital:				
Nominal value at 1 January 2012	20,960	20,960	20,960	20,960
Capital increase August 2012	428	428	428	428
Capital reduction February 2017	-428	0	-428	0
NOMINAL VALUE, YEAR-END	20,960	21,388	20,960	21,388

The share capital consists of 2,096,000 shares of DKK 10 nominal value and is paid up in full. No shares have special rights.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 16 DEFFERRED TAX				
Deferred tax, 1 Jan	20,243	19,246	2,938	3,756
Exchange rate adjustment	119	422	0	0
Adjustments for previous years	0	-460	0	0
Adjustment of deferred tax for the year	-1,306	1,035	953	-818
CARRYING AMOUNT, 31 DEC	19,056	20,243	3,891	2,938
Recognised in the Statement of Financial Position as:				
Deferred tax assets	-2,795	-3,088	0	0
Provision for deferred tax	21,851	23,331	3,891	2,938
CARRYING AMOUNT, 31 DEC	19,056	20,243	3,891	2,938

NOTE 17 LONG-TERM LIABILITIES

Long-term liabilities are due within five years from the closing of the financial year.

NOTE 18 CONTINGENT LIABILITIES

SOS International is a part in individual ongoing legal disputes. It is the opinion of the management that the outcome of these legal disputes will not affect the financial situation beyond the receivables and liabilities that have been factored in the balance as of 31 December 2017.

The parent company participates in joint taxation with its Danish subsidiary. The companies bear unlimited joint and several liability for Danish corporation tax and tax at source on dividends, interest and royalties within the joint taxation scheme. Any subsequent adjustment of the income subject to joint taxation or tax at source on dividend etc. could result in an increase of the companies' liability. The group as a whole is not liable for others.

The parent company has provided a warranty to support the subsidiary SOS International AS Norway.

	GROUP 2017	GROUP 2016	PARENT COMPANY 2017	PARENT COMPANY 2016
Operating lease commitments due within five years	3,492	5,882	2,453	1,128
Rent commitments due within five years	21,122	23,880	7,875	7,457

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2017

Notes

	GROUP		PARENT COMPANY	
DKK'000	2017	2016	2017	2016
NOTE 19 DISTRIBUTION OF PROFIT FOR THE YEAR				
Proposed profit appropriation:				
Retained income			22,062	26,174
Proposed dividends			0	0
			22,062	26,174
NOTE 20 OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL				
Operating income	35,698	32,617		
Adjustments for non-cash operating items, etc.				
Depreciations	37,181	38,291		
Losses/gains from the sale of fixed assets	114	1,425		
	72,993	72,333		
NOTE 21 CHANGE IN WORKING CAPITAL				
Changes in inventories	87	1,473		
Changes in trade receivables	-6,765	-18,848		
Changes in work in progress	32,839	3,604		
Changes in other receivables, including prepayments, etc.	-19,066	14,224		
Changes in trade payables	28,218	-25,291		
Changes in customer prepayments	-80,131	47,407		
Changes in other debts	729	-21,679		
	-44,089	890		

NOTE 22 RELATED PARTIES

SOS International A/S has no related parties with controlling influence. According to section 98(3) of the Danish Financial Statements Act, transactions with wholly-owned subsidiaries are not disclosed. Wages and salaries accrued by Executive Management and the Supervisory Board is disclosed in note 3.

www.sos.eu

SOS INTERNATIONAL