Annual Report 2018

SOS International A/S
Nitivej 6, 2000 Frederiksberg, Denmark
CVR No. 17 01 37 18
Period: 1 Jan – 31 Dec 2018

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PREFACE

Annual Report 2018

What type of society are we expected to service in the future? What are the needs of future customers and end-users and how do they think and act? These questions are the core of our Connected 2020 strategy and they have been the point of orientation in our work during 2018.

The technological development offers more options than the industry has ever had. SOS International has exploited this development to simplify and optimise administrative tasks and thereby leave more room for human touch where it is needed the most.

However, success is not a matter of simply digitalising already existing systems, but rather to understand the new generation and the changing behaviour of our customers. Although some types of assistance can be solved digitally, there is still a need for human hands. In SOS International, we have had, and will continue to have, a clear focus on balancing digital and personal assistance. Moreover, we have had a keen focus on simplification and standardisation meaning the right services, processes and systems to support the optimal customer journey.

During 2018, we have introduced several new digital services within all our business areas, especially within the roadside assistance business area. In the course of 2019, we are ready to introduce further digital services within all our business areas.

We have used these new digital services to gather valuable experience in order to properly merge digital solutions and the operational set-up in the most optimal way – with a clear focus on availability, quality and experienced value. Combined with a significant upgrade of our entire IT organisation and a change of technological platform, SOS International has futureproofed its business.

This goes hand in hand with our efforts to further develop cooperation with our customers. As part of this, we aim to system integrate with our customers which is a crucial element in our ambition to provide the best and most seamless customer journeys.

The above combined with our continued focus on reducing claims costs have been the hallmark of our efforts the past year. We elaborate further on all of this in the following articles, if you wish to read more about our activities.

This year’s result is characterised by a reasonable development in the top line and the result in 2018 of DKK 11.5 million before tax is satisfactory taking this year’s heavy investments in the build-up of our IT infrastructure, including the increased demands in terms of IT security and GDPR into account.

I hope you enjoy the report.

Best regards,

Niels Krag Printz

Travel

End-user satisfaction in focus

FOCUS

End-user satisfaction in focus

The medical and travel assistance business area is SOS International's largest business area with an annual revenue of DKK 1,874 million, and 2018 was a busy and productive year with more than 210,000 cases in total and almost 126,000 acute cases from Nordic travellers handled by the alarm centre. This represents an increase of close to 14 percent compared to the previous year.

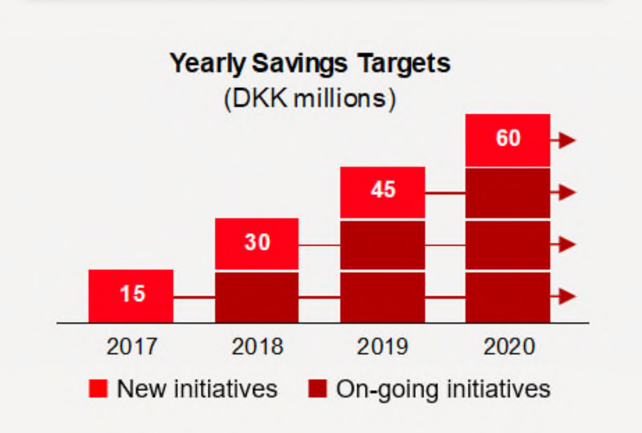
In combination with a high level of end-user satisfaction and significant claims cost savings SOS International looks back on a satisfactory year for its largest business area.

The competitive landscape remained strong during 2018 and as part of SOS International's Connected 2020 strategy several strategic steps were taken in the course of the past year in order to strengthen and uphold the competitiveness of the company.

MEDICAL CLAIMS COST SAVINGS PROGRAMME

One of the main focus areas is optimisation of claims costs. In an effort to continue to improve the level of claims costs for its customers, SOS International initiated the Medical Claims Cost Savings Programme back in 2017 which has performed satisfactorily in 2018.

The purpose of the claims cost programme was to identify and document ideas for claims cost savings initiatives and track the claims cost savings' effect of the initiatives.



SOS International has a constant focus on improving its claims cost performance and the ambition was, during the period 2017-2020, to implement claims cost savings initiatives reaching a yearly target of DKK 60 million in documented claims cost savings by the end of 2020 adding a target of DKK 15 million per year.

INITIATIVES AND RESULTS

SOS International's International Network Department has undertaken comprehensive analyses to identify suitable partners that were able to handle the future volume while retaining focus on quality, network, operational set-up and price.

A careful assessment of the suppliers based on all four parameters is decisive in ensuring the most optimal solutions for both customers and end-users. During 2018, the programme has performed above target and the documented savings have exceeded initial expectations.

The claims cost savings initiatives cover, among other things, an improved and expanded agreement on global air ambulance network which has resulted in a reduced average cost per air ambulance flight hour and the implementation of a new travel agency and travel policy which means that the average ticket price for both end-users and medical escorts has decreased significantly.

In addition to this programme, SOS International has developed a Claims Cost Savings model that measures the overall effect of the initiatives under the claims cost savings programme. Besides measuring the level of claims costs, this model takes travel patterns and foreign currency into account which means that it gives a very precise and comparable result. For a number of years, this model has shown several documented savings and 2018 was no exception to this.

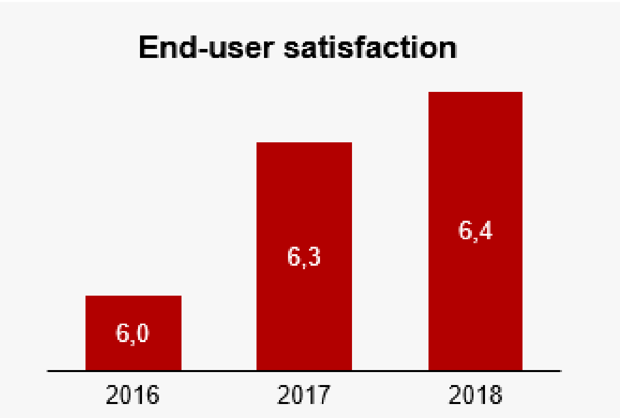
FOCUS

End-user satisfaction in focus

IMPROVED END-USER SATISFACTION

During 2018, SOS International has continued the work to optimise workflows and processes to improve the quality of the end-user journey. Availability, convenience and seamlessness have been, and continue to be, the key pointers for the development and innovation efforts.

As part of the claims cost savings programme, an extensive tender process and market analysis resulted in new partners or partner agreements in two strategically important high-volume destinations – Thailand and Turkey. The new agreements will provide both SOS International's customers and end-users with a host of advantages which, besides the expected savings in claims costs, also will have a positive effect on the end-user satisfaction due to a new and improved local 24/7 operational set-up.



SOS International's focus has been to ensure coherence between all end-user contact points, whether digital or personal, and the efforts have had a positive effect on the end-user satisfaction. In 2018, a very satisfactory level of end-user satisfaction of 6.4 of 7 was reached which is an increase compared to 2017.

2019: CUSTOMER INTEGRATION AND NEW CHANNELS IN SCOPE

One of the focus areas in SOS International's Connected 2020 strategy is system integration with customers. System integration reduces time and resources spent on case processing and thus has clear advantages for SOS International's customers. The primary purpose is to reduce claims costs and provide better customer experiences and quality to end-users.

Moreover, during 2019 SOS International will introduce new communication channels for end-users to increase accessibility and convenience. Chat and video are in scope and based on several pilot projects during 2018, SOS International has gathered valuable data and information that is thoroughly analysed and evaluated and used in the development of new service channels.

Healthcare

Creating value through quality

FOCUS

Creating value through quality

In 2018, SOS International relaunched its healthcare business area with the establishment of a new Healthcare Division. Based on an assessment of great growth potential, SOS International decided to create this separate business area as an individual growth case.

Healthcare is SOS International's smallest business area with an annual revenue of DKK 51 million and in 2018, SOS International handled close to 14,000 cases related to healthcare services.

SOS International's ambition was, and continuous to be, to offer the best and most value-adding healthcare solutions to its customers. The key words are quality, availability and convenience and during 2018, a comprehensive effort to establish the position as an attractive full-service provider of healthcare services has taken place.

Throughout the year, the most optimal services within psychology, physiotherapy and medicine have been drawn up based on thorough market analyses. SOS International's healthcare services are characterised by a smooth digital end-user journey, a clear focus on the right level of care as well as cross functional treatment and professional case management encompassing efficient processes, transparent reporting and ongoing measurement.

DIGITAL USER EXPERIENCES

During 2018, SOS International has invested heavily in expanding its healthcare services by both including more areas of healthcare and bringing services and products into digital user experience.

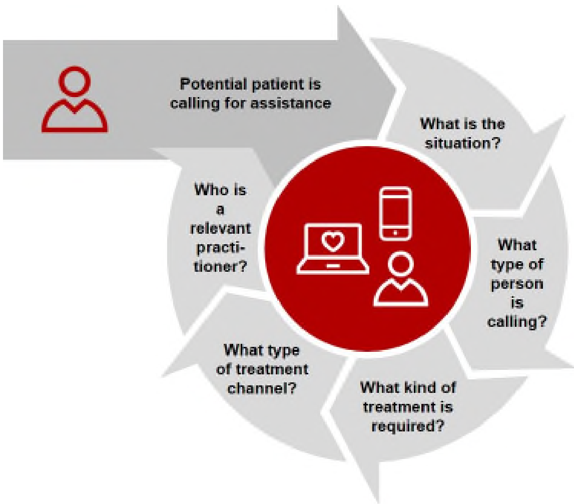
The great potential for new solutions in the healthcare market found the basis of SOS International's ambitious plans. The design of the services is rooted in the users' need for assistance and fits smoothly into the everyday life of the users.

The key is the ability to balance the need for personal contact with wants of digital convenience. It is the right combination of personal and digital assistance that ensures the right level of care and offers the users a seamless course of treatment. The deployment of new types of communication channels provide easy and more cost-efficient contact possibilities for the end-users.

THE RIGHT LEVEL OF CARE

During 2018, SOS International has built a cost-efficient product and service catalogue which enables a tailored and convenient course of treatment from both a quality and care perspective.

Based on the exact need, different types of treatment are offered and with the possibility of face to face treatment, telephone and video consultations and self-treatment programmes the level of accessibility is very high and this flexibility is what the users prefer.



2019: WHAT'S NEXT?

The ambition is an expansion of Healthcare in the coming year and SOS International has experienced a very positive response from the market to the vision and offerings within healthcare during 2018. For the coming year, a further development of digital services and tailored offerings with a clear focus on increased quality for the end users will take place.

SOS International believes it is possible to move Healthcare further in a digital direction and during 2019, new digital healthcare services will be introduced on the Nordic markets.

Roadside

Beyond assistance

FOCUS

Beyond assistance

Roadside is SOS International's second largest business area with an annual revenue of DKK 1,112 million. 2018 counts for 1.8 million calls to our roadside assistance alarm centres in Denmark, Sweden, Norway and Finland. Roadside assistance is characterised by considerable seasonal fluctuations, but traditionally the summer and winter months are the busiest months and 2018 was no exception.

A tough winter period generated a large amount of assistances. During January, February and March, the Nordic alarm centres answered more than 550,000 calls from drivers in distress which counts for close to 30 percent of the total amount of calls.

After a strategy period with focus on network optimisation and Nordic consolidation, the establishment of a solid and ambitious Nordic business development department marked the beginning of a new direction for this business area in 2018. By utilising digitisation, new technology and data, the ambition was, and continues to be, to make roadside assistance more automatic and convenient than ever before. With a clear focus on tailored proactive solutions, user-centric services that create value beyond assistance have been introduced.

For the past year, several new digital services have been introduced across the Nordic region.

CARCONNECT: PREDICT, PREVENT AND PROTECT

In 2018, SOS International launched a new roadside assistance service that uses the car's data stream to alert about otherwise unexpected and disturbing break downs. Through an app and an OBD dongle, the car owner receives the car's information as does the roadside assistance alarm centre, and if an error occurs, the alarm centre proactively contacts the car owner.

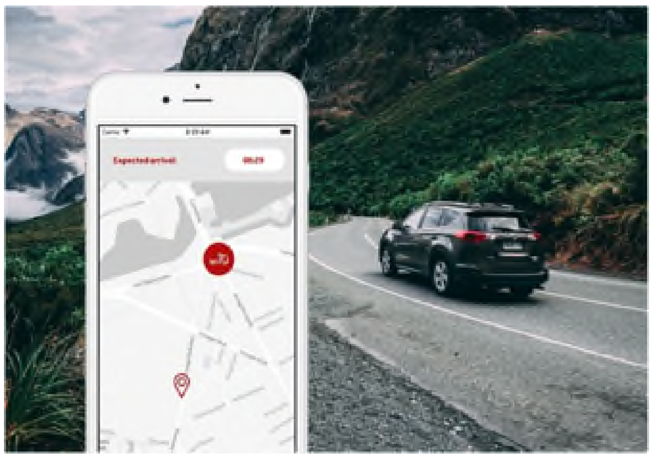
It thereby predicts, prevents and protects the customer's car from breaking down which creates the best possible assistance scenario where the customer ends up saving both time and money.

CarConnect was initially introduced on the Danish market to small and medium sized companies under the name Smart Vejhjælp in March 2018, but was later introduced and offered widely to mobility and insurance companies across the Nordic region.

FOLLOW MY TRUCK: SAFETY THROUGH ONGOING UPDATES

Follow my truck was another digital service launched in 2018. It is a new digital add-on service which is an integral part of the roadside assistance customer journey in SOS International.

It gives the driver a status of the distance between the roadside assistance vehicle and his or her own position. The driver does not have to download an app or login to a webpage. A text message with a link to a map, on which the driver can see exactly how far away the help is, is simply sent to the driver. This status very much helps to balance expectations, reduce the wait time experienced and provide a broad view of an often unexpected and frustrating situation.



FOCUS

Beyond assistance

This solution is an example of how SOS International adapts to prevailing technologies by focusing on the digital customer journey.

Utilising car connectivity is essential for developing future assistance products and services and preparing SOS International for a future where all cars will be connected from production.

Safety and convenience are key words in the service deliveries today and will be even more in the future.

SOS International has a targeted focus upon securing this in the development of its services.

All the experience and data gathered from projects both to the aftermarket and to cars that are connected from production will make SOS International ready for the future of roadside assistance.

MANAGEMENT'S REVIEW

Consolidated key figures and financial ratios

DKK'000	2018	2017	2016	2015	2014
KEY FIGURES					
Net revenue	3,036,503	2,953,214	2,954,628	2,864,136	2,893,001
Assistance costs	-2,154,816	-2,127,433	-2,130,345	-1,978,719	-2,020,933
Income from operating activities (EBIT)	14,840	35,698	32,617	24,738	8,597
Income from net financials	-1,800	-2,257	-2,459	1,871	2,671
PROFIT BEFORE TAX	11,501	33,441	39,367	26,088	11,276
Tax on income for the year	-6,504	-11,379	-13,193	-6,523	-11,017
Profit for the year	4,997	22,062	26,174	19,565	259
Balance sheet total	695,334	752,290	793,021	785,589	943,304
EQUITY	259,446	256,288	254,557	230,104	212,366
Cash flows from operating activities	-15,012	17,694	51,269	107,260	112,681
Cash flows from investment activities	-18,106	-5,026	2,168	-16,573	-74,496
of which invested in property, plant and equipment	-12,035	-5,259	-13,002	-16,642	-18,554
Cash flows from financing activities	-36,286	-7,510	-11,376	-113,466	59,168
CASH FLOWS, TOTAL	-69,404	5,158	42,061	-22,779	97,353
FINANCIAL RATIOS					
EBITDA margin	1.7	2.5	2.4	2.6	2.9
Net operating income margin	5.8	8.8	8.6	8.4	9.8
EBT margin	0.4	1.1	1.3	0.9	0.4
Profit margin	1.3	4.0	4.8	2.9	1.3
Return on capital employed	2.7	6.8	5.6	1.1	1.1
Liquidity ratio	185.7	138.4	130.0	114.9	106.7
Solvency ratio	37.3	34.1	32.1	29.3	22.5
Return on equity	1.9	8.6	10.8	8.8	0.1
AVERAGE NUMBER OF FULL-TIME EMPLOYEES	976	917	902	999	977

MANAGEMENT'S REVIEW

Financial review

MAIN ACTIVITIES

SOS International is one of the leading assistance organisations 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 and travel assistance as well as roadside assistance and 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.

SOS International has a comprehensive network of qualified suppliers and partners all over the world, and six strategic partner offices in high volume areas. Counting more than 1200 employees, SOS International represents 30 nationalities and combined the employees speak more than 37 different languages.

SOS International was established in 1961 and is now owned by 13 of the largest insurance companies in the Nordic countries.

INCOME STATEMENT

The total profit before tax for the group amounted to DKK 11.5 million for 2018 as opposed to DKK 33.4 million in 2017. The result is in line with the expectations for the year stated in the Annual Report for 2017, where SOS International anticipated the profit to be at a lower level than in 2017.

The total profit before tax for the parent company amounted to DKK 4.1 million for 2018 compared to DKK 27.9 million in 2017. The decrease is primarily impacted by higher external costs and staff costs.

NET REVENUE

The group's net revenue constituted DKK 3,037 million in 2018, which is 84 million higher than in 2017, where net revenue amounted to DKK 2,953 million. The development is specified for the Travel, Roadside and Healthcare business below:

- The net revenue in the Travel assistance business is on a higher level than in 2017 and is positively impacted by a substantial increase in number of handled cases. 2018 is also affected by different case mix and change in the customer base.

- The net revenue in the Roadside assistance business is on a higher level in 2018 compared to 2017. The increase is mainly due to a tough winter in most of the Nordic countries, influx of new customers and a different mix of assistance cases compared to 2017.

- The Net revenue in the Healthcare business is in line with 2017. The activities are in 2018 affected by new customers within the public sector in Denmark.

ASSISTANCE COSTS

Assistance costs are on a higher level than in 2017. Assistance costs amounted to DKK 2,155 million in 2018 as opposed to DKK 2,127 million in 2017. The development is primarily affected by the increase in the number of cases in the Travel and Roadside business.

CONTRIBUTION MARGIN

The development in net revenue and assistance costs contribute to a higher contribution margin in 2018 compared to 2017. The contribution margin amounted to DKK 882 million in 2018 as opposed to DKK 826 million in 2017. The increase is a result of higher activities in the Travel and Roadside business.

OTHER OPERATING INCOME

Other operating income are in line with 2017 and amounted to DKK 1 million in 2018 as opposed to DKK 1 million in 2017.

EXTERNAL COSTS

The external expenses amounted to DKK 224 million in 2018 as opposed to DKK 193 million in 2017. The increase in external costs is a consequence of the high level of investments in the digital transformation and other projects.

STAFF COSTS

The total employee expenses amounted to DKK 607 million in 2018 as opposed to DKK 561 million in 2017, while the average number of employees increased from 917 to 976. The increase is mainly due to insourcing of IT-competences as a result of the focus on digital transformation. In addition, there has been an increase in the number of employees in Healthcare business due to the relaunch of Healthcare as a new business division in SOS International and the start-up of physiological treatment in Sweden from the beginning of 2019.

MANAGEMENT'S REVIEW

Financial review

DEPRECIATION AND AMORTISATION

The total depreciation and amortisation for the year amounted to DKK 36 million in 2018 as opposed to DKK 37 million in 2017.

FINANCIAL INCOME AND EXPENSES

The total financial income and expenses constituted a net cost of DKK 2 million in 2018 which is in line with 2017.

Exchange rate fluctuations are within the natural risk associated with the business lines. The currency risk is hedged on an ongoing basis.

TAX ON INCOME FOR THE YEAR

The tax calculated for the group amounted to DKK 7 million for 2018 as opposed to DKK 11 million in 2017.

STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

The carrying amount of intangible fixed assets constituted DKK 150 million at the end of 2018 as opposed to DKK 168 million at the end of 2017. The change can primarily be ascribed to influx of new assets for DKK 6 million and depreciation of DKK 24 million.

PROPERTY, PLANT AND EQUIPMENT

The total carrying amount of tangible fixed assets constituted DKK 17 million at the end of 2018, which is in line with 2017. The unchanged level of tangible assets covers access of new assets for DKK 12 million and depreciations of DKK 12 million.

RECEIVABLES

The carrying amount of receivables constituted DKK 416 million at the end of 2018 as opposed to DKK 384 million at the end of 2017. The increase is affected by the higher business activity.

EQUITY

Equity amounted to DKK 259 million at the end of 2018 compared to DKK 256 million at the end of 2017.

LIABILITIES

The total carrying amount of liabilities is decreased with DKK 62 million from the end of 2017 to the end of 2018.

LONG-TERM LIABILITIES

The carrying amount of long-term debt commitments constituted DKK 122 million at the end of 2018 as opposed to DKK 60 million at the end of 2017. The development is impacted by reception of deposit from a large customer.

SHORT-TERM LIABILITIES

The carrying amount of short-term debt commitments constituted DKK 285 million at the end of 2018 as opposed to DKK 409 million at the end of 2017. The decrease is mainly driven by change in prepayments from customers, credit institutions and trade payables.

CASH FLOW STATEMENT

Cash flows from operating activities amounted to negative DKK 15 million, which is a decrease compared to 2017 where cash flow from operating activities amounted to DKK 18 million.

Cash flows from investment activities amounted to DKK 18 million as opposed to DKK 5 million in 2017.

The cash flow from financing activities amounted to DKK 36 million driven by the change in credit institutions. In 2017 the cash flow was DKK 8 million, which was affected by the purchase of own shares of DKK 15 million.

At the end of 2018, the group's liquidity preparedness amounted to DKK 112 million, which is a decrease compared to the end of 2017, where the liquidity amounted to DKK 181 million. The change in liquidity is affected by higher costs due to higher business activity and change in credit institutions.

DIVIDEND

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

MANAGEMENT'S REVIEW

Expectations for 2019

In 2019, 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 profit before tax is expected to be at the same level as in 2018 despite general price pressure and investment in digitalisation etc.

EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

As of 1 January 2019, SOS International A/S, Swedish Branch has acquired the Healthcare activities of SOS International AB, Sweden.

The Board of Directors of SOS International A/S and SOS International AS, Norway have decided to complete a cross-national merger as of 1 January 2019, with SOS International A/S, Denmark as the continuing company. The activities of SOS International AS, Norway are planned to demerge into a Norwegian branch. The restructure is expected to be completed in the first half year of 2019.

MANAGEMENT'S REVIEW

Special risks

RISK MANAGEMENT

SOS International continually works with risk management through an integrated risk management approach, where individual managers are responsible for identifying, assessing and mitigating risks within their area of responsibility in a structured and written process. Risks are escalated half-yearly to Group Management, the Audit Committee and the Board of Directors.

In addition, the Group Compliance Board monitors risk caused by legal requirements, contractual requirements, IT security and cyber-crime risks. The Compliance Board sets and oversees the company's personal data protection, controlling procedures and governance structure. The Compliance Board also reports to Group Management and the Board's Audit Committee.

As a trusted partner, SOS International is attentive of the Solvency II regime when managing risk, since our customers are subject to these requirements. Risk management is the cornerstone of the three certifications that SOS International has achieved within ISO 9001 Quality Management, ISO 14001 Environmental Performance and the ISO 27001 Information Security.

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, THB 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 ongoing 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.

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

At SOS International, our vision is to be perceived as the most trusted assistance partner. Being a trusted assistance partner entails commitment to the highest ethical standards of business conduct, and that is why we take Corporate Social Responsibility (CSR) seriously. We want to be recognised as a socially and environmentally sound company.

We are participating in the UN Global Compact, and the 10 universal principles from the UN Global Compact are an integrated part of our three CSR signature areas:

- People & Health
- Climate & Environment
- Ethics & Security

In our Communication on Progress (COP), we account for actions on continuous improvement of our social environment and employee engagement, our carbon footprint and impact on the environment as well as our work on information security and anti-corruption.

The 2018 UN Global Compact COP 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/cop2018

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:	3 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
Camilla Amstrup
Rikard Livman *(Employee representative)*
Alexander Barren *(Employee representative)*
Markku Reinikainen *(Employee representative)*

THE EXECUTIVE BOARD

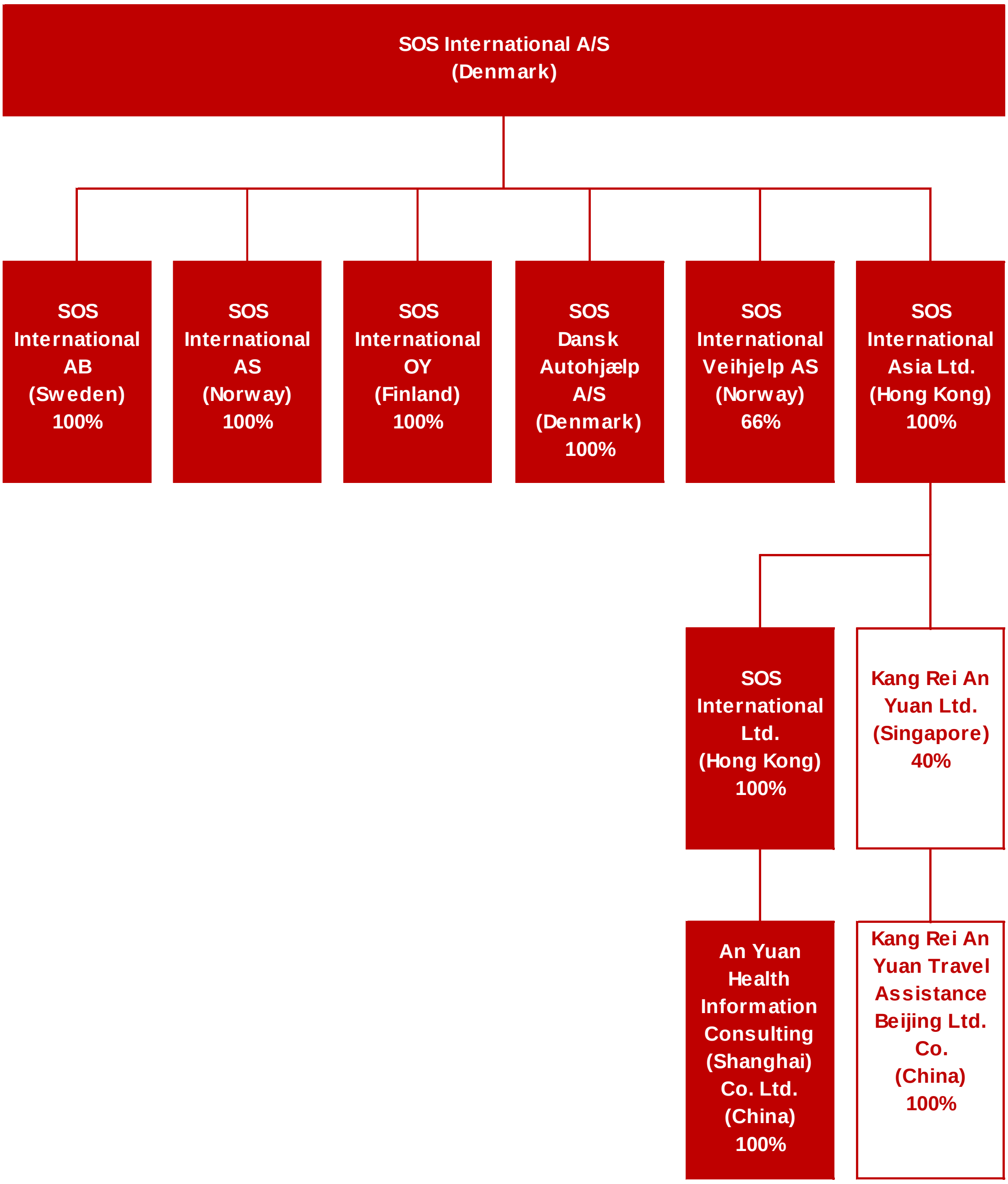
Niels Krag Printz

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 2018.

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 2018 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 2018.

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, 21 March 2019

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
Camilla Amstrup	Rikard Livman	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 2018, which comprise income statement, statement of financial position, 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 2018 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 2018 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.

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, 21 March 2019

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 2018

Accounting policies

The 2018 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 statement of financial position 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 statement of financial position 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 statement of financial position 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 has 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 2018

Accounting policies

Goodwill from acquired companies can be adjusted until 12 months 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 statement of financial position date. The difference between the rate on the statement of financial position 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 statement of financial position items are translated to the exchange rates on the statement of financial position 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 statement of financial position date, as well as with translation of the income statements from average exchange rates, at the exchange rates on the statement of financial position 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 statement of financial position 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 2018

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.

STATEMENT OF FINANCIAL POSITION

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.

DEVELOPMENT PROJECTS

Development projects relate to software that supports the case management. Development projects that are clearly defined and identifiable are recognised as intangible assets if it is probable that the development project will generate future economic benefits to the group and the development costs of the individual asset can be measured reliably. Other development costs are recognised as costs in the statement of income as they are incurred.

Development projects are initially measured at cost price. The cost price of development projects comprises costs that can be attributed directly or indirectly to the development projects, and which are necessary to complete the project, counting from the time when the development project first meets the criteria for recognition as an asset.

Completed development projects are amortised on a straight-line basis over the estimated life, which is estimated to be 3-5 years. Development projects are written down to a possible lower recoverable amount, cf. the section on impairment of assets below.

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Accounting policies

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.

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.

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

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Accounting policies

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 statement of financial position date.

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 statement of financial position 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 statement of financial position 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 statement of financial position as "Payable corporate tax" or "Corporate tax."

Deferred tax is measured according to the statement of financial position 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.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Accounting policies

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.

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 covers 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 comprises 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 2018

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 2018

Statement of income

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2018	2017	2018	2017
NET REVENUE	1	3,036,503	2,953,214	1,889,466	1,885,059
Assistance costs		-2,154,816	-2,127,433	-1,366,965	-1,385,366
CONTRIBUTION MARGIN		881,687	825,781	522,501	499,693
Other operating income		742	978	3,023	8,636
External costs	2	-224,264	-193,023	-150,182	-121,729
GROSS PROFIT		658,165	633,736	375,342	386,600
Staff costs	3	-607,186	-560,857	-377,670	-350,717
Depreciation and amortisation on tangible and intangible assets	4	-36,139	-37,181	-7,712	-8,352
INCOME FROM OPERATING ACTIVITIES		14,840	35,698	-10,040	27,531
Income from subsidiaries after tax	5	0	0	14,256	1,077
Income from associates after tax		-1,539	0	0	0
Financial income	6	16,753	17,805	15,384	17,503
Financial expenses	7	-18,553	-20,062	-15,494	-18,195
PROFIT BEFORE TAX		11,501	33,441	4,106	27,916
Tax on income for the year	8	-6,504	-11,379	891	-5,854
PROFIT FOR THE YEAR		4,997	22,062	4,997	22,062

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Statement of financial position

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2018	2017	2018	2017
ASSETS					
INTANGIBLE ASSETS	**9**				
Goodwill		89,760	102,247	0	0
Software		304	1,129	83	500
Customer-related assets		38,476	47,699	0	0
Trademarks		14,886	16,604	0	0
Intangible assets under construction		6,156	0	0	0
		149,582	167,679	83	500
PROPERTY, PLANT AND EQUIPMENT	**10**				
Leasehold improvements		494	285	0	0
Fixtures and fittings, tools and equipment		16,458	16,907	7,234	8,657
		16,952	17,192	7,234	8,657
FINANCIAL ASSETS					
Investments in group enterprises	**11**	0	0	231,779	233,221
Investments in associates	**12**	0	1,642	0	185
		0	1,642	231,779	233,406
NON-CURRENT ASSETS, TOTAL		166,534	186,513	239,096	242,563
INVENTORIES					
Manufactured goods and goods for resale		553	496	0	0
		553	496	0	0
RECEIVABLES					
Trade debtors		207,153	196,053	70,682	66,209
Work in progress		129,228	123,167	126,288	99,119
Prepayments to business partners		15,233	27,328	15,233	27,328
Receivables from group enterprises		0	0	29,195	19,849
Deferred tax assets	**16**	1,600	2,795	0	0
Corporate tax receivables	**13**	11,952	1,241	10,471	361
Other receivables		34,076	14,238	3,570	7,311
Prepayments	**14**	17,224	19,418	12,790	14,804
		416,466	384,240	268,229	234,981
SECURITIES		216	72	216	18
CASH AND CASH EQUIVALENTS		111,565	180,969	110,460	180,598
CURRENT ASSETS, TOTAL		528,800	565,777	378,905	415,597
ASSETS, TOTAL		695,334	752,290	618,001	658,160

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Statement of financial position

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2018	2017	2018	2017
EQUITY AND LIABILITIES					
EQUITY					
Share capital	**15**	20,960	20,960	20,960	20,960
Retained income		238,486	235,328	238,486	235,328
Proposed dividends		0	0	0	0
EQUITY, TOTAL		259,446	256,288	259,446	256,288
PROVISIONS					
Deferred tax	**16**	21,801	21,851	4,793	3,891
Other provisions		7,000	5,000	7,000	5,000
PROVISIONS, TOTAL		28,801	26,851	11,793	8,891
LIABILITIES OTHER THAN PROVISIONS					
LONG-TERM LIABILITIES	**17**				
Customer deposits		97,308	35,680	46,118	35,565
Other long-term liabilities		25,074	24,723	25,074	24,723
LONG-TERM LIABILITIES, TOTAL		122,382	60,403	71,192	60,288
SHORT-TERM LIABILITIES					
Credit institutions		6,711	42,997	6,711	42,997
Trade payables		58,038	89,430	38,736	53,768
Amounts owed to group enterprises		0	0	117,711	134,843
Prepayments from customers		95,140	161,325	51,058	46,189
Corporation tax	**13**	827	1,252	0	0
Other short-term liabilities		123,989	113,744	61,354	54,896
SHORT-TERM LIABILITIES, TOTAL		284,705	408,748	275,570	332,693
LIABILITIES OTHER THAN PROVISIONS, TOTAL		407,087	469,151	346,762	392,981
EQUITY AND LIABILITIES, TOTAL		695,334	752,290	618,001	658,160
CONTINGENT LIABILITIES	**18**				
RELATED PARTIES	**22**				

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Statement of changes in equity

	GROUP AND PARENT COMPANY			
DKK'000	Share capital	Retained income	Proposed dividends	Total
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
Equity at 1 Jan 2018	20,960	235,328	0	256,288
Dividends distributed	0	0	0	0
Distribution of profit for the year	0	4,997	0	4,997
Exchange rate adjustment, group enterprises	0	-1,839	0	-1,839
Equity at 31 Dec 2018	**20,960**	**238,486**	**0**	**259,446**

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

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Statement of cash flow

		GROUP	
DKK'000	NOTE	2018	2017
Operating cash flows before changes in working capital	**20**	50,983	72,993
Change in working capital	**21**	-47,856	-44,089
Operating cash flows		3,127	28,904
Interest income, paid		16,753	17,805
Interest costs, paid		-18,553	-20,062
Cash flows from ordinary activities		1,327	26,647
Corporation tax, paid		-16,339	-8,953
Cash flows from operating activities		-15,012	17,694
Acquisition of intangible fixed assets		-6,156	-116
Acquisition of property, plant and equipment		-12,035	-5,259
Disposal of property, plant and equipment		85	349
Cash flows from investment activities		-18,106	-5,026
Change in debt to credit institutions		-36,286	7,490
Purchase of own shares		0	-15,000
Cash flows from financing activities		-36,286	-7,510
Cash flows, 1 Jan – 31 Dec		-69,404	5,158
Cash and cash equivalents, 1 Jan		180,969	175,811
Cash and cash equivalents, 31 Dec		**111,565**	**180,969**

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

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Notes

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 1 NET REVENUE				
Segment information by activity				
Travel	1,873,802	1,853,725	1,873,292	1,852,496
Roadside	1,111,953	1,051,800	1,152	24,555
Healthcare	50,748	47,689	15,022	8,008
	3,036,503	2,953,214	1,889,466	1,885,059
Segment information by geography				
Denmark	834,537	855,737	410,436	423,245
Sweden	1,023,603	959,620	686,293	696,263
Norway	656,967	579,396	390,914	388,714
Finland	320,935	289,880	211,146	200,368
Other countries	200,461	268,581	190,677	176,469
	3,036,503	2,953,214	1,889,466	1,885,059
NOTE 2 OTHER EXTERNAL COSTS				
Rent, etc.	30,329	28,921	17,748	16,048
Consultant fee, etc.	93,362	79,169	68,317	48,856
IT service, software licenses, etc.	36,569	32,521	26,385	23,443
Other external costs	64,004	52,412	37,732	33,382
	224,264	193,023	150,182	121,729
Fees for auditor elected by the annual general meeting				
Statutory audit	1,383	1,345	698	722
Other assurance services with security	5	138	0	22
Tax and VAT advisory services	187	294	75	185
Other services	127	217	56	100
	1,702	1,994	829	1,029

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Notes

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 3 STAFF COSTS				
Wages and salaries	497,459	456,645	315,152	291,830
Pensions	52,558	49,091	38,365	36,139
Other social security costs	38,343	36,082	13,405	11,570
Other staff costs	18,826	19,039	10,748	11,178
	607,186	560,857	377,670	350,717
Average number of full-time employees	976	917	476	449

Staff costs include wages and salaries accrued by Executive Management and the Supervisory Board in the amount DKK'000 4,293 (2017: DKK'000 4,124).

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 4 DEPRECIATION AND AMORTISATION				
Depreciation Leasehold improvements	269	330	0	46
Depreciation Fixtures and fittings, tools and equipment	11,800	12,025	7,295	7,902
Amortisation Intangible assets	24,074	24,940	417	404
Gain / loss fixed assets	-4	-114	0	0
	36,139	37,181	7,712	8,352
NOTE 5 INCOME FROM SUBSIDIARIES AFTER TAX				
Profit/loss in subsidiaries after tax	0	0	29,410	16,745
Goodwill amortisation	0	0	-15,154	-15,668
	0	0	14,256	1,077
NOTE 6 FINANCIAL INCOME				
Interest income from subsidiaries	0	0	705	417
Currency gains	16,310	17,611	14,420	16,995
Other financial income	443	194	259	91
	16,753	17,805	15,384	17,503

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Notes

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 7 FINANCIAL EXPENSES				
Interest expenses to subsidiaries	0	0	214	15
Exchange losses	14,120	16,098	12,312	15,196
Bank fees	3,003	2,396	1,596	1,467
Interest expenses	1,430	1,568	1,372	1,517
	18,553	20,062	15,494	18,195
NOTE 8 TAX OF INCOME FOR THE YEAR				
Current tax	4,105	12,679	-2,889	4,901
Adjustment of tax from previous years	1,095	6	1,096	0
Adjustment of deferred tax for the year	1,304	-1,306	902	953
	6,504	11,379	-891	5,854

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Notes

NOTE 9 INTANGIBLE ASSETS

GROUP

DKK'000	Goodwill	Software	Customer-related assets	Trademarks	Intangible assets under development	Total
Cost price, 1 Jan 2018	158,029	31,859	92,643	25,765	0	308,296
Exchange rate adjustments	-380	-5	-191	0	0	-576
Additions	0	0	0	0	6,156	6,156
Cost price, 31 Dec 2018	157,649	31,854	92,452	25,765	6,156	313,876
Amortisation, 1 Jan 2018	-55,782	-30,730	-44,944	-9,161	0	-140,617
Exchange rate adjustments	262	5	130	0	0	397
Amortisation	-12,369	-825	-9,162	-1,718	0	-24,074
Amortisation, 31 Dec 2018	-67,889	-31,550	-53,976	-10,879	0	-164,294
CARRYING AMOUNT, 31 DEC 2018	89,760	304	38,476	14,886	6,156	149,582

PARENT COMPANY

DKK'000	Software	Intangible assets under development	Total
Cost price, 1 Jan 2018	9,943	0	9,943
Cost price, 31 Dec 2018	9,943	0	9,943
Amortisation, 1 Jan 2018	-9,443	0	-9,443
Amortisation	-417	0	-417
Amortisation, 31 Dec 2018	-9,860	0	-9,860
CARRYING AMOUNT, 31 DEC 2018	83	0	83

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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 2018	10,442	85,939	0	96,381
Exchange rate adjustments	-61	-428	0	-489
Additions	488	11,547	0	12,035
Disposals	-2,423	-5,958	0	-8,381
Cost price, 31 Dec 2018	8,446	91,100	0	99,546
Amortisation, 1 Jan 2018	-10,157	-69,032	0	-79,189
Exchange rate adjustments	51	317	0	368
Disposals	2,423	5,873	0	8,296
Depreciation	-269	-11,800	0	-12,069
Amortisation, 31 Dec 2018	-7,952	-74,642	0	-82,594
CARRYING AMOUNT, 31 DEC 2018	494	16,458	0	16,952

PARENT COMPANY

DKK'000	Leasehold improvements	Fixtures and fittings, tools and equipment	Property, plant & equipment under construction	Total
Cost price, 1 Jan 2018	8,862	60,672	0	69,534
Additions	0	5,872	0	5,872
Disposals	-2,423	-3,798	0	-6,221
Cost price, 31 Dec 2018	6,439	62,746	0	69,185
Amortisation, 1 Jan 2018	-8,862	-52,015	0	-60,877
Disposals	2,423	3,798	0	6,221
Depreciation	0	-7,295	0	-7,295
Amortisation, 31 Dec 2018	-6,439	-55,512	0	-61,951
CARRYING AMOUNT, 31 DEC 2018	0	7,234	0	7,234

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Notes

	PARENT	COMPANY
DKK'000	2018	2017
NOTE 11 INVESTMENTS IN GROUP ENTERPRISES		
Cost price, 1 Jan	341,842	330,595
Capital increase	4,087	11,247
Cost price, 31 Dec	345,929	341,842
Value adjustments, 1 Jan	-108,621	-67,881
Exchange rate adjustments	-1,839	-5,331
Goodwill amortisation	-15,154	-15,668
Distribution of dividends	-17,946	-36,486
Income for the year	29,410	16,745
Value adjustments, 31 Dec	-114,150	-108,621
CARRYING AMOUNT, 31 DEC	231,779	233,221

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 2018

Notes

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 12 INVESTMENTS IN ASSOCIATES				
Cost price, 1 Jan	2,279	2,279	92	92
Disposals	-92	0	-92	0
Cost price, 31 Dec	2,187	2,279	0	92
Value adjustments, 1 Jan	-637	-409	93	110
Exchange rate adjustments	82	-228	0	-17
Income for the year	-1,539	0	0	0
Disposals	-93	0	-93	0
Value adjustments, 31 Dec	-2,187	-637	0	93
CARRYING AMOUNT, 31 DEC	0	1,642	0	185

Name	Registered in	Voting and ownership share
Kang Rei An Yuan Ltd.	Singapore	50 % / 40 %

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Notes

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 13 CORPORATION TAX				
Corporation tax payable, 1 Jan	-11	3,762	361	2,595
Exchange rate adjustment	-3	-41	0	0
Adjustments for previous years	-1,095	-6	-1,096	0
Current tax for the year	-4,105	-12,679	2,889	-4,901
Corporation tax for the year, paid	16,339	8,953	8,317	2,667
CARRYING AMOUNT, 31 DEC	11,125	-11	10,471	361
Recognised in the Statement of Financial Position as:				
Corporate tax receivables	11,952	1,241	10,471	361
Corporation tax	-827	-1,252	0	0
CARRYING AMOUNT, 31 DEC	11,125	-11	10,471	361
NOTE 14 PREPAYMENTS				
Prepaid expenses	17,224	19,418	12,790	14,804
CARRYING AMOUNT, 31 DEC	17,224	19,418	12,790	14,804
NOTE 15 SHARE CAPITAL				
Unlisted share capital:				
Nominal value at 1 January 2014	21,388	21,388	21,388	21,388
Capital reduction February 2017	-428	-428	-428	-428
NOMINAL VALUE, YEAR-END	20,960	20,960	20,960	20,960

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.

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Notes

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 16 DEFFERRED TAX				
Deferred tax, 1 Jan	19,056	20,243	3,891	2,938
Exchange rate adjustment	-159	119	0	0
Adjustment of deferred tax for the year	1,304	-1,306	902	953
CARRYING AMOUNT, 31 DEC	20,201	19,056	4,793	3,891
Recognised in the Statement of financial position as:				
Deferred tax assets	-1,600	-2,795	0	0
Provision for deferred tax	21,801	21,851	4,793	3,891
CARRYING AMOUNT, 31 DEC	20,201	19,056	4,793	3,891

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 2018.

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.

Operating lease commitments due within five years	4,382	3,492	2,226	2,453
Rent commitments due within five years	39,715	21,122	7,875	7,875

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2018

Notes

	GROUP		PARENT COMPANY	
DKK'000	2018	2017	2018	2017
NOTE 19 DISTRIBUTION OF PROFIT FOR THE YEAR				
Proposed profit appropriation:				
Retained income			4,997	22,062
Proposed dividends			0	0
			4,997	22,062
NOTE 20 OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL				
Operating income	14,840	35,698		
Adjustments for non-cash operating items, etc.				
Depreciations	36,139	37,181		
Losses/gains from the sale of fixed assets	4	114		
	50,983	72,993		
NOTE 21 CHANGE IN WORKING CAPITAL				
Changes in inventories	-57	87		
Changes in trade receivables	-11,100	-6,765		
Changes in work in progress	-6,061	32,839		
Changes in other receivables, including prepayments, etc.	-5,549	-19,066		
Changes in trade payables	-31,392	28,218		
Changes in customer prepayments	-4,557	-80,131		
Changes in other debts	10,860	729		
	-47,856	-44,089		

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.

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