



# Annual Report

# 2020

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**SOS**  
INTERNATIONAL

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## PREFACE

## Annual Report 2020

## AN UNUSUAL YEAR

2020 has indeed been an unusual year and it has turned out quite different than expected.

In the beginning of 2020, we received alarming news about a circulating virus in China. However, it did not really become real to most of us until the societies in the European countries suddenly closed in March and affected our way of life quite drastically.

The first months of 2020 started out very well. However, the closing of national borders caused an abrupt cease of all travel activities. This indeed affected the business of SOS International almost overnight. Our largest business area, Travelcare, has in 2020 experienced a significant decline in activity compared to the past years. To some extent the Mobility and Healthcare Divisions were also affected during the spring, however the activity level began to normalize during the summer – except for international roadside assistance. Hence, the limited business activity caused by Covid-19 forced us to reduce the cost base and reduce the number of employees.

Since the pandemic broke out, it has been impossible to predict when the pandemic would come to an end or turn into a “new normal”. Therefore, despite the need for cost reduction, we have been very careful in order to protect our core assets and retain a certain competence and resource level. By acting like this, we can scale up the operation as soon as the pandemic fades out and travel activity resumes to a normal level.

Furthermore, we have continued many of our digital development activities in order to secure a long-term position as the Nordic market leader within our industry. Within our Mobility division, we have introduced new service offerings as well as more automatic and efficient processes. The implementation of the new agile development method in 2019 has also proven its worth by increasing the speed of development during 2020.

The effort to establish a new Healthcare business area has also continued during 2020. This has resulted in both new customers and the launch of new services, especially in Sweden. The prospects for further business growth within this business area look very promising.

Overall, despite the situation caused by Covid-19, SOS International has grown its customer portfolio and managed to gain new customers.

This commercial achievement is a clear testimony of SOS International's value proposition – to secure the value chain on behalf of our customers as a trusted partner, and to provide the optimal end-user experiences while taking the total costs into account.

The sustained high satisfaction among our end-users is another indication that SOS International provides high-quality services which meet the expectations of those, who use the services we provide.

The quality characterizing our services is, however, not necessarily entirely apparent to those who use the services. In 2020, SOS International renewed its current ISO certificates; and in addition to these, we also achieved a new ISO certificate; ISO27701 (Privacy Information) – as the first Nordic company.

Financially, the result in 2020 reflects the lower activity caused by Covid-19. Nevertheless, SOS International is still in a very strong financial position in order to develop and strengthen the market position in the coming years. For this purpose, the owners of SOS International have supported SOS International and shown their strong commitment to SOS International through a capital increase of DKK 199 million.

## GOING TOWARDS 2025

The end of 2020 marks the end of our current strategy Connected 2020. Therefore, a new strategy towards 2025 has been formulated. Maintaining the position as Nordic market leader remains to be our overall strategic ambition – also for 2025.

Optimal end-user journey, strong partnership, relevant services, operational excellence and engaged employees continue to be some of the key components in the pursuit to meet our ambition. Investing in solutions that can improve the company's competitiveness and efficiency are also in the scope in the coming years.



## PREFACE

# Annual Report 2020

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In pace with the increasing focus on sustainability in the society, SOS International will take part in the sustainability agenda during the coming years. Our focus will comprise different areas – from external environment to different aspects of work

environment. Inspired by this year's high degree of "working from home", new working concepts will be explored and introduced in the coming year. For more information on our sustainability approach, reach out to our separate sustainability report.



I hope you will enjoy the report.

Best regards,

Niels Krag Printz



## FOCUS

# A year marked by Covid-19

## COVID-19 TURNED AROUND OUR BUSINESS

In 2020, the activity level and thus the financial result has been affected by the Covid-19 pandemic to a very high extent. Since the pandemic broke out in March and travelling decreased substantially, the business activity in the Travelcare Division has on average accounted for only 5-15% of normal activity. The two other business areas, Mobility and Healthcare, were affected for a short time too, but to a much lesser degree.

To reduce the negative impact of Covid-19, different actions have been initiated. Firstly, the daily operations had to be secured by minimizing the risk of infection among the staff and then by setting up processes and technology that made it possible for the employees to work from home.

Following this, the operation was scaled down, and attention was placed on reducing cost in pace with the revenue decline. Even though it was necessary to cut cost, it was also paramount to retain a certain level of competencies. Otherwise, SOS International would not be able to scale up operation within a short time in case travelling was to resume – and perhaps as sudden as it had stopped.

More than 100 employees were dismissed during spring and early summer – mainly at the alarm center in Copenhagen, but also in other functional areas of business. Other spending was also reduced or cancelled in order to minimize the deficit in the forecasted financial statements.

## A CAPITAL INCREASE HAS IMPROVED THE FINANCIAL SITUATION

Due to the forecasted deficits and the uncertainties as to when the pandemic would fade out and the business activities could resume, the owners of SOS International decided to make a capital increase of 199 million DKK. This was completed in December 2020.

## COVID-19 ALSO PROVIDED NEW OPPORTUNITIES

Despite the huge attention on Covid-19 related activities and the necessary cost level adjustments, SOS International has not lost its long-term perspective. The ambition is to retain a strong position at the Nordic markets within the business areas we operate in today. In the future, we expect assistance services to be more digital and demanding different solutions. To be prepared, we have continued our development activities throughout 2020.

While Covid-19 caused a drop in the regular business of the Travelcare Division, yet an opportunity emerged from the Covid-19 pandemic. In the second half of 2020, SOS International established test centers in Denmark to perform Covid-19 antigen and antibody tests.







## FOCUS

# Covid-19 ceased the need for travel assistance

2020 has been a very unusual year for the travel assistance business. In 2020, the Travelcare division, which represents the largest business area of SOS International, generated an annual revenue of DKK 934 million and handled more than 84.000 travel assistance cases. The Covid-19 outbreak, however, has impacted the revenue level significantly during 2020. Compared to 2019, the number of cases handled by the Travelcare division in 2020 has decreased by 56%.

The first quarter of 2020 took off well, and the recent years' initiatives to improve the business materialized in, among others, high end-user satisfaction, improved operational and claims cost level and increased employee satisfaction. Without the Covid-19 pandemic, the result for 2020 would most likely have remained at least at the same level as in 2019 or better.

In pace with the closing of national borders in March 2020, the business activities quickly dropped to a historically low level. In some months, the activities only accounted for approximately 5% of normal activity level.

With the low activity level taking off in the spring, the operation had to be adjusted to match the actual - and anticipated - activity level. Layoffs were carried out twice during 2020 – mainly at the alarm center and other operational departments but also in staff functions. In total, more than 100 employees were laid off in 2020. Other efforts to reduce cost were also initiated. For example, agreements with medical staff were renegotiated and most education and social activities were ceased.

Even though it was important to ensure a reduced cost level, it was at the same time necessary to maintain an operational level that could recommence to a high level of activity as soon as travelling would resume. Due to the outbreak of Covid-19, it was impossible to determine when the pandemic would come to an end, and, thus, when tourist and business travelers would begin to travel again. Likewise, it was also impossible to predict at what speed any travelling would resume. For that reason, cost reductions, manning and the operational planning in general had to be conducted under a very high uncertainty during the most of 2020.

## NEW OPPORTUNITY IN THE SHADE OF COVID-19

Although the Covid-19 pandemic had a significantly negative impact on the revenue in 2020, it also provided a new business opportunity. From September 2020, SOS International began to offer Covid-19 antigen tests. SOS International established test centers in Copenhagen, Aarhus and several Danish airports.



## FOCUS

# Covid-19 ceased the need for travel assistance

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## KEEPING A STRONG MARKET POSITION – ALSO IN THE FUTURE

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Despite the impact of Covid-19, most of the development activities were continued to the greatest extent possible. This included building a new and state-of-the-art case management platform for the travel assistance business. The system development started up in the beginning of 2019 and has continued according to plan throughout 2020. The first launch of the system took place in January 2021. Several additional releases will follow throughout 2021.

The platform will also serve as a steppingstone for the launch of new and more digital services in the Nordic market in the coming

years. Once the impact of Covid-19 has lessened, it will be SOS International's ambition to make the most out of this system investment.

Other applications and system integrations have also been adjusted and developed in 2020, and the efforts to improve leadership skills have continued as this is seen as a requisite for an engaged and well-performing organization.

All in all, the Travelcare division has, despite a year marked by Covid-19, kept a firm focus on activities that prepare the business for the future, and ensure that SOS International will maintain its market leading position within travel assistance business in the Nordics.





## FOCUS

# Healthcare business in growth

The Healthcare division was established in 2018, and since then, the business area has experienced a significant growth. 2020 was no exception to this. The growth is reflected in the generated net revenue which amounted to DKK 135 million in 2020. This is an increase of 78% compared to 2019. The number of cases handled in 2020 has also grown from around 30.000 cases in 2019 to around 37.000 cases in 2020.

New customers have been onboarded during 2020 and new Healthcare services have been launched. SOS International is now a full health insurance assistance provider in Sweden. In other words, the service portfolio consists of services within psychology, physiology and medical offered to – mainly - the Nordic insurance industry. Psychological and physiological treatments are not only provided through a large network of treatment providers, but also in our own in-house facilities, where both face-to-face treatments and distance sessions on video and on phone are offered.

The services are continuously subject to fine-tuning based on learnings and customer feedback, and by that, we continuously aim to improve our services and make them as attractive to the customers as possible.

Moreover, our services are founded on strong processes, professional competency and a large network of treatment providers. The Network has been built up during the past years, and it is constantly subject to adjustments in order to ensure it matches the marked requirements as to coverage, capacity, competences, price etc.

Delivering high service quality also comprises a certain standard in terms of governance. The nature of the service provided by SOS International calls for special attention to observe, among others, healthcare regulations as well as personal data regulations. To improve the governance structure further, a compliance program was completed during 2020. One of the purposes of the program was to ensure a structure where learnings are obtained and applied in the effort to continually improve patient safety and treatment quality.

## TOWARDS MORE DIGITAL SERVICES

In general, 2020 has been highly marked by Covid-19. The Healthcare business area witnessed a decline in the number of daily cases when the virus hit the Nordics in the spring. Especially the closing of the Danish and Norwegian societies had a noticeable impact on the activity level in the division. In contrast to the Travelcare business area, the Healthcare business, however, went back to an almost normal activity level after a short while and was not particularly affected when the second wave of virus emerged in the autumn.

In fact, the Healthcare business has witnessed an increased demand for psychological treatment in the second half of 2020. The high public attention on virus transmission and the many months of limited social intercourse prompted by Covid-19 has led to loneliness and anxiety – and, thus, a need for more psychological counselling. This trend is expected to continue in 2021.

While the possibilities for face-to-face treatments have been limited during the Covid-19 pandemic, the circumstances have, on the other hand, provided opportunities for distance treatment through video, phone and other applications. Many have gotten used to video conference meetings and distance work during 2020, and this may be a tipping point to digital adaption. In other words, our aim to become a strong provider of - not only physical treatments - but also digital healthcare services have been fuelled during 2020, and we expect to be able to build on this foundation in the coming years, where new digital services will be launched.

In addition to this, some of the strategic focal points for the coming years will be improving profitability through growth and to increase digital service offerings. The core operational platform will be strengthened, as an efficient platform is a prerequisite for a profitable operation and as such a profitable business. Moreover, a better utilization of our in-house treatment facilities, a high employee satisfaction and a good work environment will also be among the themes to be addressed the coming year. As the offices in Gothenburg will relocate to new and larger facilities in the city centre in beginning of 2021, it is anticipated that this will contribute positively to the work environment and employee satisfaction. At the same time, it will also support business growth in Sweden.





**Mobility**





## FOCUS

# A year with a snowless winter and Covid-19

One of the core business areas of SOS International is the Mobility service. This service mainly includes roadside assistance and is provided in Denmark, Finland, Norway and Sweden. In 2020, the Mobility division handled over 1.670.000 inbound and outbound calls across the Nordics. The division generated a net revenue of a total DKK 928 million in 2020. This is a decrease of DKK 90 million compared to 2019.

The weather conditions are one of the deciding factors in the activity level within roadside assistance. As the year 2020 took off with the most snowless winter seen in 40 years, this had a significant effect on the revenue generated in the beginning of 2020.

The snowless winter was followed by the Covid-19 outbreak, which especially in the beginning of the pandemic, had a huge impact on the business. The restrictions in the Nordic societies significantly reduced the general need for driving by car and, thus, also any need for roadside assistance. During early summer, domestic driving began to increase and did reach the normal activity level during summer. For some periods, the activity even exceeded normal level. However, this only applied to domestic roadside assistance. The closing of national borders significantly reduced travelling by car across the borders, and the amount of international roadside assistance cases was very low compared to 2019.

Throughout the year, the operation was continually adjusted to match the activity level, although most of the year, this was quite unforeseeable. Among others, it was necessary to cut cost and reduce the number of employees to ensure the cost base was in line with the expected revenue level.

The Covid-19 related restrictions imposed by societies also affected the organization of the operation. Staff had to work from home, recruitments and training had to take place at a distance, and in general it was necessary to manage both the alarm center operation and other activities under quite new conditions. This, however, also contributed to new insights that can be brought into the future profitably. This includes, as an example, how to organize alarm center operation in a new way.

Even though Covid-19 clearly marks the year of 2020, the year also brought with it several new customers, and SOS International continues to hold a market leading position within roadside assistance in the Nordics.

## NEW AND SUCCESSFUL APPROACH TO DEVELOPMENT

At the end of 2019, new development methods based on an agile approach were introduced, through which development activities were organized and performed by dedicated product teams. This new way of working in the area of business development has paid off. The speed of development has increased – both in relation to market-oriented solutions and in relation to optimizing the operational platform and related applications.

To stay relevant and keep a market leading position in the Nordics, development of new services and solutions that support the new services are vital. Therefore, the development activities that were planned to take place in 2020 have mostly been performed according to the plans.

## PREPARING FOR CHANGES IN THE INDUSTRY

The roadside assistance business is currently undergoing many changes. The future will offer connected and self-driving vehicles and in general, data from the cars will begin to play a more central role within roadside assistance. This will gradually change our business and the services we provide. As an example, a certain part of the assistance is currently handled remotely by phone, and the share of it is expected to increase in the coming years. This trend is not only contributing to a faster service but also to a more sustainable service that is in line with our ambition to reduce the carbon footprint of SOS International.

New technology will play a central role in the industry in the coming years. SOS International will have to select relevant technology and deploy it in a manner that ensures we can make most use of the available data and provide a service that is both operationally efficient and at the same time satisfying to the customers and the end-users.

## FOCUS

# A year with a snowless winter and Covid-19

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The new technology within the car industry has already led to market changes. This is illustrated, among others, in company mergers, in a changed competitive situation and in the way, services are put out to tenders.

As a response to these changes, SOS International organizes its activities in order to be ready to face the expected changes at the right time and in pace with the occurrence of the changes. This

does not only apply to business and technological development, but also to training of staff, commercial approach and network organization. In other words, SOS International takes a 360-degree approach when it comes to securing our future position within the Nordic Mobility business.



## MANAGEMENT'S REVIEW

## Consolidated key figures and financial ratios

| DKK*000  | 2020            | 2019           | 2018           | 2017           | 2016           |
|--|-----------------|----------------|----------------|----------------|----------------|
| <b>KEY FIGURES</b>                                 |                 |                |                |                |                |
| Net revenue  | 1.996.462       | 2.831.410      | 3.036.503      | 2.953.214      | 2.954.628      |
| Assistance costs                                   | -1.408.486      | -1.996.018     | -2.154.816     | -2.127.433     | -2.130.345     |
| Income from operating activities (EBIT)            | -101.394        | 4.895          | 14.840         | 35.698         | 32.617         |
| Income from net financials                         | -6.467          | -1.202         | -1.800         | -2.257         | -2.459         |
| <b>PROFIT BEFORE TAX</b>                           | <b>-107.045</b> | <b>3.693</b>   | <b>11.501</b>  | <b>33.441</b>  | <b>39.367</b>  |
| Tax on income for the year                         | 28.140          | -1.639         | -6.504         | -11.379        | -13.193        |
| Profit for the year                                | -78.905         | 2.054          | 4.997          | 22.062         | 26.174         |
| Balance sheet total                                | 848.084         | 693.164        | 695.334        | 752.290        | 793.021        |
| <b>EQUITY</b>                                      | <b>377.915</b>  | <b>261.747</b> | <b>259.446</b> | <b>256.288</b> | <b>254.557</b> |
| Cash flows from operating activities               | 130.417         | 52.984         | -15.012        | 17.694         | 51.269         |
| Cash flows from investment activities              | -39.817         | -56.326        | -18.106        | -5.026         | 2.168          |
| of which invested in property, plant and equipment | -1.368          | -16.843        | -12.035        | -5.259         | -13.002        |
| Cash flows from financing activities               | 194.518         | -2.270         | -36.286        | -7.510         | -11.376        |
| <b>CASH FLOWS, TOTAL</b>                           | <b>285.118</b>  | <b>-5.612</b>  | <b>-69.404</b> | <b>5.158</b>   | <b>42.061</b>  |
| <b>FINANCIAL RATIOS</b>                            |                 |                |                |                |                |
| EBITDA margin                                      | -2,9            | 1,4            | 1,7            | 2,5            | 2,4            |
| Net operating income margin                        | -9,8            | 4,7            | 5,8            | 8,8            | 8,6            |
| EBT margin   | -5,4            | 0,1            | 0,4            | 1,1            | 1,3            |
| Profit margin                                      | -18,2           | 0,4            | 1,3            | 4,0            | 4,8            |
| Return on capital employed                         | -22,8           | 0,9            | 2,7            | 6,8            | 5,6            |
| Liquidity ratio                                    | 203,1           | 179,5          | 185,7          | 138,4          | 130,0          |
| Solvency ratio                                     | 44,6            | 37,8           | 37,3           | 34,1           | 32,1           |
| Return on equity                                   | -24,7           | 0,8            | 1,9            | 8,6            | 10,8           |
| <b>AVERAGE NUMBER OF FULL-TIME EMPLOYEES</b>       | <b>928</b>      | <b>1.010</b>   | <b>976</b>     | <b>917</b>     | <b>902</b>     |

## 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 mobility 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 900 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 a deficit of DKK 107 million for 2020 as opposed to a profit of DKK 3.7 million in 2019. In the annual report for 2019, it was stated that there was no financial forecast for 2020.

The total profit before tax for the parent company amounted to a deficit of DKK 112 million for 2020 compared to a profit of DKK 2.6 million in 2019. The decrease is primarily impacted by lower activity in the Travelcare business due to travel restrictions caused by the Covid-19 pandemic.

### NET REVENUE

The group's net revenue constituted DKK 1,996 million in 2020, which is 835 million lower than in 2019, where net revenue amounted to DKK 2,831 million. The development is specified for the Travelcare, Mobility and Healthcare division below:

- The net revenue in Travelcare has decreased by 46% and amounted to DKK 934 million in 2020 compared to DKK 1,737 million in 2019. The decrease is mainly affected by lower activity caused by Covid-19.
- The net revenue in Mobility constituted at DKK 928 million which amounts to a decrease of DKK 90 million compared to 2019. The development in net revenue is affected by a warm winter and to some extent by Covid-19, especially related to a decline in international assistances as a result of border closures.
- The net revenue in Healthcare has increased by DKK 59 million equalling to a growth of 78% compared to 2019. The net revenue in Healthcare amounted to DKK 135 million in 2020 and is impacted by influx of new customers across the Scandinavian countries.

### ASSISTANCE COSTS

Assistance costs amounted to DKK 1,408 million in 2020 as opposed to DKK 1,996 million in 2019. The development in assistance costs is driven by significantly lower assistance cost in the Travelcare and Mobility business as an outcome of the Covid-19 pandemic. The Healthcare business has on the other hand higher assistance cost due to an increase of handled cases in 2020 compared to 2019.

### CONTRIBUTION MARGIN

The development in net revenue contributes to a lower contribution margin in 2020 compared to 2019. The contribution margin amounted to DKK 588 million in 2020 as opposed to DKK 835 million in 2019. The decrease is primarily a result of lower activities in the Travelcare business.

### WORK PERFORMED BY THE ENTITY AND CAPITALISED

In 2020 "Work performed by the entity and capitalised" amounted to DKK 7 million. The capitalised costs are related to the use of internal resources mainly to develop the new case management system in Travelcare. The amount is capitalised under "Intangible assets under development".

## MANAGEMENT'S REVIEW

## Financial review

**OTHER INCOME**

Other income amounted to DKK 15 million compared to DKK 1 million in 2019. In 2020, the offices in Aarhus and Frederiksberg have received salary compensation from the Danish authorities, as it was possible to send employees home on salary compensation.

**EXTERNAL COSTS**

The external expenses amounted to DKK 146 million in 2020 as opposed to DKK 176 million in 2019. In 2020, there has been a focus on reducing costs to minimize the deficit. Among other things, this has led to lower costs for external consultants. In addition, there are lower travel costs, and costs to meetings and entertainment as a result of the Covid-19 restrictions during 2020.

**STAFF COSTS**

The total employee expenses amounted to DKK 521 million in 2020 as opposed to DKK 626 million in 2019, while the average number of full-time employees decreased from 1010 to 928. The decrease is primarily due to the adjustment of the organization in relation to the lower business activity in Travelcare and Mobility.

**DEPRECIATION AND AMORTISATION**

The total depreciation and amortisation for the year amounted to DKK 44 million in 2020 as opposed to DKK 35 million in 2019. In 2020, intangible fixed assets have been written down, as these are no longer used, or the useful lifetime has been significantly shortened.

**FINANCIAL INCOME AND EXPENSES**

The total financial income and expenses constituted a net cost of DKK 6 million in 2020.

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 a tax income of DKK 28 million for 2020 as opposed to a tax expense of DKK 2 million in 2019. The tax for 2020 is affected by the deficit of DKK 107 million compared to a profit of DKK 4 million in 2019.

**STATEMENT OF FINANCIAL POSITION****INTANGIBLE ASSETS**

The carrying amount of intangible fixed assets constituted DKK 174 million at the end of 2020 as opposed to DKK 165 million at the end of 2019. The change is driven by capitalization of the development of a new case management system in Travelcare in intangible assets under development and is partly offset by write-down of completed development project.

Intangible assets are also affected by influx of new assets in software and completed development projects which amounts to DKK 5 million and depreciation of DKK 28 million.

**PROPERTY, PLANT AND EQUIPMENT**

The total carrying amount of tangible fixed assets constituted DKK 14 million at the end of 2020, compared to DKK 24 million at the end of 2019. The depreciations amount to DKK 10 million opposed to DKK 9 million in 2019.

**RECEIVABLES**

The carrying amount of receivables constituted DKK 261 million at the end of 2020 as opposed to DKK 398 million at the end of 2019. The decrease is affected by the lower business activity caused by Covid-19, which has had a large effect on work in progress and receivables.

**EQUITY**

Equity amounted to DKK 378 million at the end of 2020 compared to DKK 262 million at the end of 2019. The development is impacted by a capital increase of DKK 199 million.

**LIABILITIES**

The total carrying amount of liabilities is increased by DKK 46 million from the end of 2019 to the end of 2020.

**LONG-TERM LIABILITIES**

The carrying amount of long-term debt commitments constituted DKK 125 million at the end of 2020 as opposed to DKK 121 million at the end of 2019.



## MANAGEMENT'S REVIEW

## Financial review

**SHORT-TERM LIABILITIES**

The carrying amount of short-term debt commitments constituted DKK 323 million at the end of 2020 as opposed to DKK 281 million at the end of 2019. The development is driven by the indebtedness of payment of employee taxes, which the Danish authorities have launched in relation to Covid-19.

**CASH FLOW STATEMENT**

Cash flows from operating activities amounted to DKK 130 million, which is an increase compared to 2019 where cash flow from operating activities amounted to DKK 53 million. The cash flow from activities is affected by the overall lower business activity which also settles into lower work in progress and trade receivables, but also higher customer prepayments and other debts have influenced the high level in 2020.

Cash flows from investment activities amounted to negative DKK 40 million as opposed to negative DKK 56 million in 2019. The development is affected by the capitalizing of new case management system in Travelcare and write-down of completed development project.

The cash flow from financing activities amounted to DKK 195 compared to negative DKK 2 million in 2019. The cashflow from financing activities is primarily affected by the capital increase of DKK 199 million in 2020.

At the end of 2020, the group's liquidity preparedness amounted to DKK 391 million, which is an increase of DKK 285 million compared to the end of 2019, where the liquidity amounted to DKK 106 million.

**DIVIDEND**

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

**EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE**

In January 2021, SOS International together with a sub supplier won a public tender in four out of five Danish regions regarding public Covid-19 quick test. The delivery started February 1 and was supposed to run for three months. Due to a very high media attention on the sub supplier, the four regions and SOS International agreed to terminate the contracts with a months' notice given certain conditions. In the Capital region, SOS International should continue to partly deliver quick tests without the sub supplier until end of March or later, and in the other three regions, SOS International should stop delivering quick tests as of February 14. Due to contractual obligations of replacement purchase the financial result in 2021 could be significantly negative impacted by this obligation.

## MANAGEMENT'S REVIEW

# Expectations for 2021

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The Covid-19 pandemic is expected to have a severe effect on the activity level in the Travelcare division in 2021 and it is impossible to forecast when there will be a stable "new

normal". Due to this and the uncertainty related to the contractional obligations related to the exit from the Covid-19 quick test, SOS International has no forecast for 2021.

## 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 the Board's Audit Committee.

As a trusted partner, SOS International is attentive to 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, ISO 27001 Information Security and ISO 27701 (Privacy Information).

## 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 and Privacy Security Code of Conduct and the Personal Data Policy to mitigate the risk of non-compliance.



## MANAGEMENT'S REVIEW

# Special risks

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### **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

# Sustainability

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 our societal responsibility seriously. We want to be recognised as a socially, environmentally and ethically sound company.

SOS International is participating in the UN Global Compact, and the 10 universal principles from the UN Global Compact are an integrated part of our three sustainability signature areas:

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

Furthermore, SOS International supports the UN Sustainable Development Goals and uses our six identified goals as a guiding

framework. In our Sustainability Report, SOS accounts 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 2020, our Sustainability Report has been prepared in accordance with article 99a and 99b of the Danish Financial Statements Act.

The report can be downloaded here

- <http://www.sos.eu/csr/sustainabilityreport2020>



## MANAGEMENT'S REVIEW

# Company information

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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](http://www.sos.eu)  
**E-mail:** [sos@sos.eu](mailto: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*)  
Gunnel Birgitta Karlsson  
Odd Magnus Barstad  
Camilla Amstrup  
Therese Rønneberg-Østrem  
Johan Rudén  
Harri Aho  
Gustaf Sjöström (*Employee representative*)  
Lazaros Kourtparasidis (*Employee representative*)  
Helle Bladmose (*Employee representative*)  
Mads Bergholt Andersen (*Employee representative*)

## THE EXECUTIVE BOARD

Niels Krag Printz

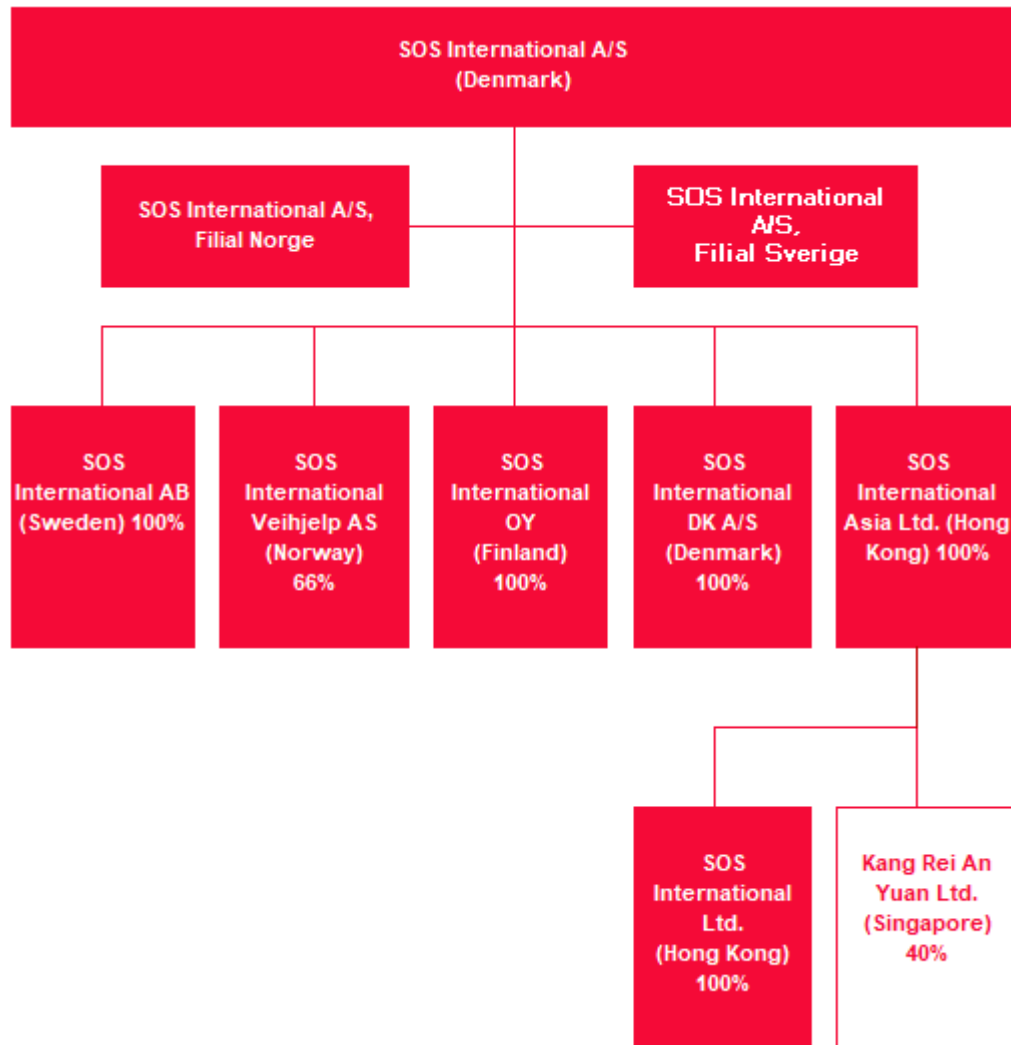
## AUDIT

EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
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 2020.

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 2020 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 2020.

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, 18 March 2021

Niels Krag Printz  
CEO

Ole Joachim Jensen  
CFO

## THE BOARD OF DIRECTORS

Amund Skarholt  
Chairman

Jesper Mørch Sørensen  
Vice Chairman

Gunnel Karlsson

Odd Magnus Barstad

Camilla Amstrup

Therese Rønneberg-Østrem

Johan Rudén

Harri Aho

Gustaf Sjöström

Lazaros Kourtparaidis

Helle Bladmose

Mads Bergholt Andersen

## 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 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and 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 2020 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 2020 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, 18 March 2021

EY Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

Jesper Jørn Pedersen  
*State Authorised Public Accountant*  
mne21326

Allan Lunde Pedersen  
*State Authorised Public Accountant*  
mne34495



## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Statement of income

| DKK'000  | NOTE     | GROUP      |            | PARENT COMPANY |            |
|--|----------|------------|------------|----------------|------------|
|  |          | 2020       | 2019       | 2020           | 2019       |
| <b>NET REVENUE</b>   | <b>1</b> | 1.996.462  | 2.831.410  | 1.068.804      | 1.813.224  |
| Assistance costs   |          | -1.408.486 | -1.996.018 | -780.287       | -1.303.274 |
| <b>CONTRIBUTION MARGIN</b>   |          | 587.976    | 835.392    | 288.517        | 509.950    |
| Work performed by the entity and capitalised                       |          | 6.610      | 4.613      | 6.610          | 4.613      |
| Other income   |          | 14.780     | 1.146      | 24.153         | 10.603     |
| External costs   | <b>2</b> | -146.088   | -176.137   | -91.423        | -99.504    |
| <b>GROSS PROFIT</b>  |          | 463.278    | 665.014    | 227.857        | 425.662    |
| Staff costs  | <b>3</b> | -520.871   | -625.595   | -334.948       | -416.029   |
| Depreciation and amortisation<br>on tangible and intangible assets | <b>4</b> | -43.801    | -34.524    | -13.308        | -6.062     |
| <b>INCOME FROM OPERATING ACTIVITIES</b>                            |          | -101.394   | 4.895      | -120.399       | 3.571      |
| Income from subsidiaries after tax                                 | <b>5</b> | 0          | 0          | 13.356         | -1.322     |
| Income from associates after tax                                   |          | 816        | 0          | 0              | 0          |
| Financial income   | <b>6</b> | 16.186     | 15.400     | 15.881         | 13.962     |
| Financial expenses   | <b>7</b> | -22.653    | -16.602    | -20.844        | -13.576    |
| <b>PROFIT BEFORE TAX</b>   |          | -107.045   | 3.693      | -112.006       | 2.635      |
| Tax on income for the year   | <b>8</b> | 28.140     | -1.639     | 33.101         | -581       |
| <b>PROFIT FOR THE YEAR</b>   |          | -78.905    | 2.054      | -78.905        | 2.054      |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Statement of financial position

|  |      | GROUP   |         | PARENT COMPANY |         |
|--|------|---------|---------|----------------|---------|
| DKK'000                                    | NOTE | 2020    | 2019    | 2020           | 2019    |
| ASSETS                                     |      |         |         |                |         |
| INTANGIBLE ASSETS                          | 9    |         |         |                |         |
| Goodwill                                   |      | 64.824  | 77.568  | 0              | 0       |
| Software                                   |      | 5.945   | 4.960   | 5.945          | 4.960   |
| Customer-related assets                    |      | 23.428  | 30.404  | 721            | 1.395   |
| Trademarks                                 |      | 11.451  | 13.169  | 0              | 0       |
| Intangible assets under development        |      | 66.438  | 26.944  | 66.438         | 26.944  |
| Completed development projects             |      | 2.054   | 11.600  | 435            | 4.144   |
|  |      | 174.140 | 164.645 | 73.539         | 37.443  |
| PROPERTY, PLANT AND EQUIPMENT              | 10   |         |         |                |         |
| Leasehold improvements                     |      | 5.367   | 6.826   | 155            | 0       |
| Fixtures and fittings, tools and equipment |      | 9.029   | 17.026  | 1.535          | 6.102   |
|  |      | 14.396  | 23.852  | 1.690          | 6.102   |
| FINANCIAL ASSETS                           |      |         |         |                |         |
| Investments in group enterprises           | 11   | 0       | 0       | 213.845        | 208.566 |
| Investments in associates                  | 12   | 807     | 0       | 0              | 0       |
| Deposits                                   |      | 2.026   | 0       | 0              | 0       |
|  |      | 2.833   | 0       | 213.845        | 208.566 |
| NON-CURRENT ASSETS, TOTAL                  |      | 191.369 | 188.497 | 289.074        | 252.111 |
| INVENTORIES                                |      |         |         |                |         |
| Manufactured goods and goods for resale    |      | 4.119   | 402     | 3.845          | 0       |
|  |      | 4.119   | 402     | 3.845          | 0       |
| RECEIVABLES                                |      |         |         |                |         |
| Trade debtors                              |      | 172.950 | 211.125 | 59.836         | 76.169  |
| Work in progress                           |      | 31.049  | 129.738 | 31.049         | 129.357 |
| Prepayments to business partners           |      | 2.093   | 2.289   | 2.093          | 2.289   |
| Receivables from group enterprises         |      | 0       | 0       | 4.939          | 28.282  |
| Deferred tax assets                        | 13   | 22.257  | 3.719   | 19.282         | 2.749   |
| Corporate tax receivables                  | 14   | 990     | 13.881  | 7.077          | 10.130  |
| Other receivables                          |      | 10.617  | 18.194  | 5.059          | 3.755   |
| Prepayments                                | 15   | 21.327  | 19.144  | 12.503         | 16.565  |
|  |      | 261.283 | 398.090 | 141.838        | 269.296 |
| SECURITIES                                 |      | 242     | 222     | 242            | 222     |
| CASH AND CASH EQUIVALENTS                  |      | 391.071 | 105.953 | 390.107        | 105.293 |
| CURRENT ASSETS, TOTAL                      |      | 656.715 | 504.667 | 536.032        | 374.811 |
| ASSETS, TOTAL                              |      | 848.084 | 693.164 | 825.106        | 626.922 |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Statement of financial position

|   |      | GROUP   |         | PARENT COMPANY |         |
|---|------|---------|---------|----------------|---------|
| DKK'000   | NOTE | 2020    | 2019    | 2020           | 2019    |
| EQUITY AND LIABILITIES                            |      |         |         |                |         |
| EQUITY  |      |         |         |                |         |
| Share capital                                     | 16   | 28.487  | 20.960  | 28.487         | 20.960  |
| Reserves for development projects                 |      | 0       | 0       | 52.160         | 24.248  |
| Statutory reserve for currency adjustments        |      | 0       | 0       | 0              | 0       |
| Retained income                                   |      | 349.428 | 240.787 | 297.268        | 216.539 |
| EQUITY, TOTAL                                     |      | 377.915 | 261.747 | 377.915        | 261.747 |
| PROVISIONS  |      |         |         |                |         |
| Deferred tax                                      | 13   | 12.067  | 23.634  | 0              | 9.377   |
| Other provisions                                  |      | 10.060  | 6.000   | 10.060         | 6.000   |
| PROVISIONS, TOTAL                                 |      | 22.127  | 29.634  | 10.060         | 15.377  |
| LIABILITIES OTHER THAN PROVISIONS                 |      |         |         |                |         |
| LONG-TERM LIABILITIES                             |      |         |         |                |         |
| Customer deposits                                 | 17   | 99.842  | 94.601  | 99.842         | 94.601  |
| Other long-term liabilities                       |      | 24.822  | 26.042  | 24.822         | 26.042  |
| LONG-TERM LIABILITIES, TOTAL                      |      | 124.664 | 120.643 | 124.664        | 120.643 |
| SHORT-TERM LIABILITIES                            |      |         |         |                |         |
| Credit institutions                               |      | 0       | 4.441   | 0              | 4.441   |
| Trade payables                                    |      | 25.114  | 54.224  | 17.467         | 31.825  |
| Amounts owed to group enterprises                 |      | 0       | 0       | 150.870        | 76.291  |
| Prepayments from customers                        |      | 125.768 | 88.150  | 45.789         | 44.495  |
| Corporation tax                                   | 14   | 4.457   | 2.085   | 0              | 0       |
| Other short-term liabilities                      |      | 168.039 | 132.240 | 98.341         | 72.103  |
| SHORT-TERM LIABILITIES, TOTAL                     |      | 323.378 | 281.140 | 312.467        | 229.155 |
| LIABILITIES OTHER THAN PROVISIONS, TOTAL          |      | 448.042 | 401.783 | 437.131        | 349.798 |
| EQUITY AND LIABILITIES, TOTAL                     |      | 848.084 | 693.164 | 825.106        | 626.922 |
| CONTINGENT LIABILITIES                            | 18   |         |         |                |         |
| DISTRIBUTION OF PROFIT FOR THE YEAR               | 19   |         |         |                |         |
| RELATED PARTIES                                   | 22   |         |         |                |         |
| EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE | 23   |         |         |                |         |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Statement of changes in equity

| GROUP                                       |               |                 |                    |                |
|---|---------------|-----------------|--------------------|----------------|
|   | Share capital | Retained income | Proposed dividends | Total          |
| DKK*000                                     |               |                 |                    |                |
| Equity at 1 Jan 2019                        | 20.960        | 238.486         | 0                  | 259.446        |
| Dividends distributed                       | 0             | 0               | 0                  | 0              |
| Distribution of profit for the year         | 0             | 2.054           | 0                  | 2.054          |
| Exchange rate adjustment, branches          |               | -25             | 0                  | -25            |
| Exchange rate adjustment, group enterprises | 0             | 272             | 0                  | 272            |
| Equity at 31 Dec 2019                       | 20.960        | 240.787         | 0                  | 261.747        |
| Equity at 1 Jan 2020                        | 20.960        | 240.787         | 0                  | 261.747        |
| Capital increase Dec 2020                   | 7.527         | 191.432         | 0                  | 198.959        |
| Dividends distributed                       | 0             | 0               | 0                  | 0              |
| Distribution of profit for the year         | 0             | -78.905         | 0                  | -78.905        |
| Exchange rate adjustment, branches          | 0             | 191             | 0                  | 191            |
| Exchange rate adjustment, group enterprises | 0             | -4.077          | 0                  | -4.077         |
| <b>Equity at 31 Dec 2020</b>                | <b>28.487</b> | <b>349.428</b>  | <b>0</b>           | <b>377.915</b> |

| PARENT COMPANY                              |               |                                  |                 |                    |                |
|---|---------------|----------------------------------|-----------------|--------------------|----------------|
|   | Share capital | Reserve for development projects | Retained income | Proposed dividends | Total          |
| DKK*000                                     |               |                                  |                 |                    |                |
| Equity at 1 Jan 2019                        | 20.960        | 0                                | 238.486         | 0                  | 259.446        |
| Dividends distributed                       | 0             | 0                                | 0               | 0                  | 0              |
| Transfers                                   | 0             | 24.248                           | -24.248         | 0                  | 0              |
| Distribution of profit for the year         | 0             | 0                                | 2.054           | 0                  | 2.054          |
| Exchange rate adjustment, branches          | 0             | 0                                | -25             | 0                  | -25            |
| Exchange rate adjustment, group enterprises | 0             | 0                                | 272             | 0                  | 272            |
| Equity at 31 Dec 2019                       | 20.960        | 24.248                           | 216.539         | 0                  | 261.747        |
| Equity at 1 Jan 2020                        | 20.960        | 24.248                           | 216.539         | 0                  | 261.747        |
| Capital increase Dec 2020                   | 7.527         | 0                                | 191.432         | 0                  | 198.959        |
| Dividends distributed                       | 0             | 0                                | 0               | 0                  | 0              |
| Transfers                                   | 0             | 27.912                           | -27.912         | 0                  | 0              |
| Distribution of profit for the year         | 0             | 0                                | -78.905         | 0                  | -78.905        |
| Exchange rate adjustment, branches          | 0             | 0                                | 191             | 0                  | 191            |
| Exchange rate adjustment, group enterprises | 0             | 0                                | -4.077          | 0                  | -4.077         |
| <b>Equity at 31 Dec 2020</b>                | <b>28.487</b> | <b>52.160</b>                    | <b>297.268</b>  | <b>0</b>           | <b>377.915</b> |



## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Statement of cash flow

| DKK'000  | NOTE      | GROUP          |                |
|--|-----------|----------------|----------------|
|  |           | 2020           | 2019           |
| Operating cash flows before changes in working capital | <b>20</b> | -63.391        | 39.424         |
| Change in working capital                              | <b>21</b> | 187.536        | 17.146         |
| Operating cash flows                                   |           | 124.145        | 56.570         |
| Interest income, paid                                  |           | 16.186         | 15.400         |
| Interest costs, paid                                   |           | -22.653        | -16.602        |
| Cash flows from ordinary activities                    |           | 117.678        | 55.368         |
| Corporation tax, paid                                  |           | 12.739         | -2.384         |
| <b>Cash flows from operating activities</b>            |           | <b>130.417</b> | <b>52.984</b>  |
| Acquisition of intangible fixed assets                 |           | -44.926        | -39.948        |
| Acquisition of property, plant and equipment           |           | -1.368         | -16.843        |
| Disposal of Intangible, fixed assets                   |           | 5.719          | 0              |
| Disposal of property, plant and equipment              |           | 758            | 465            |
| <b>Cash flows from investment activities</b>           |           | <b>-39.817</b> | <b>-56.326</b> |
| Change in debt to credit institutions                  |           | -4.441         | -2.270         |
| Capital increase                                       |           | 198.959        | 0              |
| <b>Cash flows from financing activities</b>            |           | <b>194.518</b> | <b>-2.270</b>  |
| Cash flows, 1 Jan – 31 Dec                             |           | 285.118        | -5.612         |
| Cash and cash equivalents, 1 Jan                       |           | 105.953        | 111.565        |
| <b>Cash and cash equivalents, 31 Dec</b>               |           | <b>391.071</b> | <b>105.953</b> |

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

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

|   | GROUP      |            | PARENT COMPANY |            |
|---|------------|------------|----------------|------------|
| DKK'000   | 2020       | 2019       | 2020           | 2019       |
| <b>NOTE 1 NET REVENUE</b>                                     |            |            |                |            |
| Gross revenue   | 1.996.462  | 2.831.410  | 1.068.804      | 1.813.224  |
| Assistance costs  | -1.408.486 | -1.996.018 | -780.287       | -1.303.274 |
|   | 587.976    | 835.392    | 288.517        | 509.950    |
| <b>Segment information by activity</b>                        |            |            |                |            |
| Travelcare  | 934.060    | 1.737.404  | 934.072        | 1.737.605  |
| Mobility  | 927.673    | 1.018.313  | 3              | 116        |
| Healthcare  | 134.729    | 75.693     | 134.729        | 75.503     |
|   | 1.996.462  | 2.831.410  | 1.068.804      | 1.813.224  |
| <b>Segment information by geography</b>                       |            |            |                |            |
| Denmark   | 725.232    | 825.021    | 300.096        | 398.651    |
| Sweden  | 576.927    | 956.375    | 400.761        | 732.157    |
| Norway  | 386.068    | 578.404    | 155.825        | 331.418    |
| Finland   | 225.724    | 317.500    | 132.031        | 208.976    |
| Other countries   | 82.511     | 154.110    | 80.091         | 142.022    |
|   | 1.996.462  | 2.831.410  | 1.068.804      | 1.813.224  |
| <b>NOTE 2 EXTERNAL COSTS</b>                                  |            |            |                |            |
| Rent, etc.  | 36.442     | 34.009     | 21.694         | 19.061     |
| Consultant fee, etc.  | 30.712     | 48.242     | 21.240         | 27.670     |
| IT service, software licenses, etc.                           | 37.823     | 36.509     | 27.251         | 25.906     |
| Other external costs  | 41.112     | 57.377     | 21.237         | 26.868     |
|   | 146.089    | 176.137    | 91.422         | 99.504     |
| <b>Fees for auditor elected by the annual general meeting</b> |            |            |                |            |
| Statutory audit   | 1.557      | 1.354      | 894            | 842        |
| Other assurance services with security                        | 237        | 33         | 84             | 33         |
| Tax and VAT advisory services                                 | 266        | 134        | 250            | 103        |
| Other services  | 1.264      | 189        | 1.260          | 146        |
|   | 3.324      | 1.710      | 2.488          | 1.124      |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

|   | GROUP   |         | PARENT COMPANY |         |
|---|---------|---------|----------------|---------|
| DKK'000   | 2020    | 2019    | 2020           | 2019    |
| <b>NOTE 3 STAFF COSTS</b>   |         |         |                |         |
| Wages and salaries  | 428.884 | 512.022 | 277.716        | 344.693 |
| Pensions  | 52.375  | 56.225  | 39.974         | 42.545  |
| Other social security costs   | 29.364  | 36.211  | 11.166         | 15.719  |
| Other staff costs   | 10.248  | 21.137  | 6.092          | 13.072  |
|   | 520.871 | 625.595 | 334.948        | 416.029 |
| Average number of full-time employees   | 928     | 1.010   | 496            | 544     |
| Staff costs include wages and salaries accrued by Executive Management and the Supervisory Board in the amount DKK'000 4,142 (2019: DKK'000 4,293). |         |         |                |         |
| <b>NOTE 4 DEPRECIATION AND AMORTISATION</b>   |         |         |                |         |
| Depreciation Tangible assets  | 9.665   | 9.381   | 4.023          | 4.428   |
| Amortisation Intangible assets  | 28.338  | 25.148  | 3.127          | 1.634   |
| Gain / loss fixed assets  | 5.798   | -5      | 6.158          | 0       |
|   | 43.801  | 34.524  | 13.308         | 6.062   |
| <b>NOTE 5 INCOME FROM SUBSIDIARIES AFTER TAX</b>  |         |         |                |         |
| Profit/loss in subsidiaries after tax   | 0       | 0       | 26.472         | 13.152  |
| Goodwill amortisation   | 0       | 0       | -13.116        | -14.474 |
|   | 0       | 0       | 13.356         | -1.322  |
| <b>NOTE 6 FINANCIAL INCOME</b>  |         |         |                |         |
| Interest income from subsidiaries   | 0       | 0       | 324            | 282     |
| Currency gains  | 15.920  | 14.732  | 15.379         | 13.091  |
| Other financial income  | 266     | 668     | 178            | 589     |
|   | 16.186  | 15.400  | 15.881         | 13.962  |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

|  | GROUP   |        | PARENT COMPANY |        |
|--|---------|--------|----------------|--------|
| DKK'000                                  | 2020    | 2019   | 2020           | 2019   |
| <b>NOTE 7 FINANCIAL EXPENSES</b>         |         |        |                |        |
| Interest expenses to subsidiaries        | 0       | 0      | 78             | 223    |
| Exchange losses                          | 17.389  | 14.120 | 16.330         | 10.316 |
| Bank fees                                | 3.395   | 3.003  | 2.682          | 1.834  |
| Interest expenses                        | 1.869   | 1.430  | 1.754          | 1.203  |
|  | 22.653  | 18.553 | 20.844         | 13.576 |
| <b>NOTE 8 TAX ON INCOME FOR THE YEAR</b> |         |        |                |        |
| Current tax                              | 3.252   | 1.420  | -7.077         | -1.228 |
| Adjustment of tax from previous years    | -5.568  | -341   | -5.588         | -345   |
| Adjustment of deferred tax for the year  | -25.823 | 560    | -20.436        | 2.153  |
|  | -28.140 | 1.639  | -33.101        | 580    |



## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

## NOTE 9 INTANGIBLE ASSETS

## GROUP

| DKK'000                      | Goodwill | Software | Customer-related assets | Trademarks | Intangible assets under development | Completed development projects | Total    |
|------------------------------|----------|----------|-------------------------|------------|-------------------------------------|--------------------------------|----------|
| Cost price, 1 Jan 2020       | 158.132  | 34.750   | 92.734                  | 25.765     | 26.944                              | 13.570                         | 351.895  |
| Exchange rate adjustments    | -2.581   | -1       | -1.222                  | 0          | 0                                   | 0                              | -3.804   |
| Additions                    | 0        | 5.432    | 0                       | 0          | 39.494                              | 0                              | 44.926   |
| Disposals                    | 0        | -3.028   | 0                       | 0          | 0                                   | -3.506                         | -6.534   |
| Transfers                    | 0        | 0        | 0                       | 0          | 0                                   | 0                              | 0        |
| Cost price, 31 Dec 2020      | 155.551  | 37.153   | 91.512                  | 25.765     | 66.438                              | 10.064                         | 386.483  |
| Amortisation, 1 Jan 2020     | -80.564  | -29.790  | -62.330                 | -12.596    | 0                                   | -1.970                         | -187.250 |
| Exchange rate adjustments    | 1.816    | 0        | 614                     | 0          | 0                                   | 0                              | 2.430    |
| subsidiaries                 | 0        | 0        | 0                       | 0          | 0                                   | 0                              | 0        |
| Disposals                    | 0        | 377      | 0                       | 0          | 0                                   | 438                            | 815      |
| Impairment losses            | 0        | 0        | 0                       | 0          | 0                                   | 0                              | 0        |
| Amortisation                 | -11.979  | -1.795   | -6.368                  | -1.718     | 0                                   | -6.478                         | -28.338  |
| Amortisation, 31 Dec 2020    | -90.727  | -31.208  | -68.084                 | -14.314    | 0                                   | -8.010                         | -212.343 |
| CARRYING AMOUNT, 31 DEC 2020 | 64.824   | 5.945    | 23.428                  | 11.451     | 66.438                              | 2.054                          | 174.140  |

## PARENT COMPANY

| DKK'000                      | Software | Customer-related assets | Intangible assets under development | Completed development projects | Total   |
|------------------------------|----------|-------------------------|-------------------------------------|--------------------------------|---------|
| Cost price, 1 Jan 2020       | 15.097   | 2.091                   | 26.944                              | 4.377                          | 48.509  |
| Exchange rate adjustments    | 0        | 71                      | 0                                   | 0                              | 71      |
| Additions                    | 5.432    | 0                       | 39.494                              | 0                              | 44.926  |
| Disposals                    | -3.028   | 0                       | 0                                   | -3.506                         | -6.534  |
| Cost price, 31 Dec 2020      | 17.501   | 2.162                   | 66.438                              | 871                            | 86.972  |
| Amortisation, 1 Jan 2020     | -10.137  | -696                    | 0                                   | -233                           | -11.066 |
| Exchange rate adjustments    | -2       | -53                     | 0                                   | 0                              | -55     |
| Disposals                    | 377      | 0                       | 0                                   | 438                            | 815     |
| Amortisation                 | -1.794   | -692                    | 0                                   | -641                           | -3.127  |
| Amortisation, 31 Dec 2020    | -11.556  | -1.441                  | 0                                   | -436                           | -13.433 |
| CARRYING AMOUNT, 31 DEC 2020 | 5.945    | 721                     | 66.438                              | 435                            | 73.539  |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

## NOTE 10 PROPERTY, PLANT AND EQUIPMENT

## GROUP

| DKK'000                             | Leasehold improvements | Fixtures and fittings, tools and equipment | Total         |
|-------------------------------------|------------------------|--|---------------|
| Cost price, 1 Jan 2020              | 15.160                 | 75.285                                     | 90.445        |
| Exchange rate adjustments           | -55                    | -683                                       | -738          |
| Additions                           | 155                    | 1.213                                      | 1.368         |
| Disposals                           | 0                      | -3.936                                     | -3.936        |
| Cost price, 31 Dec 2020             | 15.260                 | 71.879                                     | 87.139        |
| Amortisation, 1 Jan 2020            | -8.334                 | -58.259                                    | -66.593       |
| Exchange rate adjustments           | -38                    | 375  | 337           |
| Disposals                           | 0                      | 3.178                                      | 3.178         |
| Depreciation                        | -1.521                 | -8.144                                     | -9.665        |
| Amortisation, 31 Dec 2020           | -9.893                 | -62.850                                    | -72.743       |
| <b>CARRYING AMOUNT, 31 DEC 2020</b> | <b>5.367</b>           | <b>9.029</b>                               | <b>14.396</b> |

## PARENT COMPANY

| DKK'000                             | Leasehold improvements | Fixtures and fittings, tools and equipment | Total        |
|-------------------------------------|------------------------|--|--------------|
| Cost price, 1 Jan 2020              | 6.439                  | 45.769                                     | 52.208       |
| Exchange rate adjustments           | 0                      | 10   | 10           |
| Additions                           | 155                    | 0  | 155          |
| Disposals                           | 0                      | -3.630                                     | -3.630       |
| Cost price, 31 Dec 2020             | 6.594                  | 42.149                                     | 48.743       |
| Amortisation, 1 Jan 2020            | -6.439                 | -39.667                                    | -46.106      |
| Exchange rate adjustments           | 0                      | -5   | -5           |
| Disposals                           | 0                      | 3.081                                      | 3.081        |
| Depreciation                        | 0                      | -4.023                                     | -4.023       |
| Amortisation, 31 Dec 2020           | -6.439                 | -40.614                                    | -47.053      |
| <b>CARRYING AMOUNT, 31 DEC 2020</b> | <b>155</b>             | <b>1.535</b>                               | <b>1.690</b> |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

## PARENT COMPANY

| DKK'000   | 2020           | 2019           |
|---|----------------|----------------|
| <b>NOTE 11 INVESTMENTS IN GROUP ENTERPRISES</b> |                |                |
| Cost price, 1 Jan                               | 324.623        | 345.929        |
| Additions                                       | 0              | 0              |
| Capital increase                                | 0              | 0              |
| Disposals                                       | 0              | -21.306        |
| Cost price, 31 Dec                              | 324.623        | 324.623        |
| Value adjustments, 1 Jan                        | -116.057       | -114.150       |
| Disposals                                       | 0              | 24.041         |
| Exchange rate adjustments                       | -4.077         | 272            |
| Goodwill amortisation                           | -13.116        | -14.474        |
| Distribution of dividends                       | -4.000         | -24.898        |
| Income for the year                             | 26.472         | 13.152         |
| Value adjustments, 31 Dec                       | -110.778       | -116.057       |
| <b>CARRYING AMOUNT, 31 DEC</b>                  | <b>213.845</b> | <b>208.566</b> |

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

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

|  | GROUP                |          | PARENT COMPANY                    |          |
|--|----------------------|----------|-----------------------------------|----------|
| DKK'000                                  | 2020                 | 2019     | 2020                              | 2019     |
| <b>NOTE 12 INVESTMENTS IN ASSOCIATES</b> |                      |          |                                   |          |
| Cost price, 1 Jan                        | 2.187                | 2.187    | 0                                 | 0        |
| Disposals                                | 0                    | 0        | 0                                 | 0        |
| Cost price, 31 Dec                       | 2.187                | 2.187    | 0                                 | 0        |
| Value adjustments, 1 Jan                 | -2.187               | -2.187   | 0                                 | 0        |
| Exchange rate adjustments                | 0                    | 0        | 0                                 | 0        |
| Income for the year                      | 807                  | 0        | 0                                 | 0        |
| Disposals                                | 0                    | 0        | 0                                 | 0        |
| Value adjustments, 31 Dec                | -1.380               | -2.187   | 0                                 | 0        |
| <b>CARRYING AMOUNT, 31 DEC</b>           | <b>807</b>           | <b>0</b> | <b>0</b>                          | <b>0</b> |
|  |                      |          |                                   |          |
| <b>Name</b>                              | <b>Registered in</b> |          | <b>Voting and ownership share</b> |          |
| Kang Rei An Yuan Ltd.                    | Singapore            |          | 50 % / 40 %                       |          |



## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

|  | GROUP   |         | PARENT COMPANY |        |
|--|---------|---------|----------------|--------|
| DKK'000  | 2020    | 2019    | 2020           | 2019   |
| <b>NOTE 13 DEFERRED TAX</b>                                  |         |         |                |        |
| Deferred tax, 1 Jan  | -19.915 | -20.201 | -6.628         | -4.793 |
| Exchange rate adjustment                                     | -552    | 233     | -104           | -27    |
| Adjustments for previous years                               | 4.834   | 613     | 5.578          | 345    |
| Adjustment of deferred tax for the year                      | 25.823  | -560    | 20.436         | -2.153 |
| CARRYING AMOUNT, 31 DEC                                      | 10.190  | -19.915 | 19.282         | -6.628 |
| <i>Recognised in the Statement of Financial Position as:</i> |         |         |                |        |
| Deferred tax assets  | 22.257  | 3.719   | 19.282         | 2.749  |
| Provision for deferred tax                                   | -12.067 | -23.634 | 0              | -9.377 |
| CARRYING AMOUNT, 31 DEC                                      | 10.190  | -19.915 | 19.282         | -6.628 |
| <b>NOTE 14 CORPORATION TAX</b>                               |         |         |                |        |
| Corporation tax payable, 1 Jan                               | 11.796  | 11.125  | 10.130         | 10.471 |
| Exchange rate adjustment                                     | -6      | -5      | 0              | 2      |
| Adjustments for previous years                               | 734     | -272    | 10             | 37     |
| Current tax for the year                                     | -3.252  | -1.436  | 7.077          | 1.228  |
| Corporation tax for the year, paid                           | -12.739 | 2.384   | -10.140        | -1.608 |
| CARRYING AMOUNT, 31 DEC                                      | -3.467  | 11.796  | 7.077          | 10.130 |
| <i>Recognised in the Statement of Financial Position as:</i> |         |         |                |        |
| Corporate tax receivables                                    | 990     | 13.881  | 7.077          | 10.130 |
| Corporation tax  | -4.457  | -2.085  | 0              | 0      |
| CARRYING AMOUNT, 31 DEC                                      | -3.467  | 11.796  | 7.077          | 10.130 |
| <b>NOTE 15 PREPAYMENTS</b>                                   |         |         |                |        |
| Prepaid expenses   | 21.327  | 19.144  | 12.503         | 16.565 |
| CARRYING AMOUNT, 31 DEC                                      | 21.327  | 19.144  | 12.503         | 16.565 |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

|                              | GROUP |      | PARENT COMPANY |               |
|------------------------------|-------|------|----------------|---------------|
| DKK'000                      | 2020  | 2019 | 2020           | 2019          |
| <b>NOTE 16 SHARE CAPITAL</b> |       |      |                |               |
| Unlisted share capital:      |       |      |                |               |
| Nominal value at 1 Jan 2016  |       |      | 21.388         | 21.388        |
| Capital reduction Feb 2017   |       |      | -428           | -428          |
| Capital increase Dec 2020    |       |      | 7.527          | 0             |
| <b>NOMINAL VALUE, 31 DEC</b> |       |      | <b>28.487</b>  | <b>20.960</b> |

The share capital consists of 2,848,745 shares of DKK 10 nominal value and is paid up in full. No shares have special rights.

**NOTE 17 LONG-TERM LIABILITIES**

Long-term liabilities comprises contract deposits and similar liabilities, which is renewed on an ongoing basis and expected to be due later than 5 years from the balance sheet date.

**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 2020.

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.

|   |        |        |       |       |
|---|--------|--------|-------|-------|
| Operating lease commitments due within five years | 5.410  | 3.663  | 916   | 987   |
| Rent commitments due within five years            | 57.077 | 54.012 | 8.154 | 8.193 |

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

Proposed profit appropriation:

|                 |  |  |                |              |
|-----------------|--|--|----------------|--------------|
| Retained income |  |  | -78.905        | 2.054        |
|                 |  |  | <b>-78.905</b> | <b>2.054</b> |

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

## Notes

|   | GROUP    |        | PARENT COMPANY |      |
|---|----------|--------|----------------|------|
| DKK'000   | 2020     | 2019   | 2020           | 2019 |
| <b>NOTE 20 OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL</b> |          |        |                |      |
| Operating income  | -101.394 | 4.895  |                |      |
| Adjustments for non-cash operating items, etc.                        |          |        |                |      |
| Depreciations   | 43.801   | 34.524 |                |      |
| Losses/gains from the sale of fixed assets                            | -5.798   | 4      |                |      |
|   | -63.391  | 39.423 |                |      |
| <b>NOTE 21 CHANGE IN WORKING CAPITAL</b>                              |          |        |                |      |
| Changes in inventories  | -3.717   | 151    |                |      |
| Changes in trade receivables  | 38.175   | -3.972 |                |      |
| Changes in work in progress   | 98.689   | -510   |                |      |
| Changes in other receivables, including prepayments, etc.             | 3.564    | 26.906 |                |      |
| Changes in trade payables   | -29.110  | -3.814 |                |      |
| Changes in customer prepayments                                       | 42.859   | -9.697 |                |      |
| Changes in other debts  | 37.076   | 8.082  |                |      |
|   | 187.536  | 17.146 |                |      |

**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.

**NOTE 23 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE**

In January 2021, SOS International together with a sub supplier won a public tender in four out of five Danish regions regarding public Covid-19 quick test. The delivery started February 1 and was supposed to run for three months. Due to a very high media attention on the sub supplier, the four regions and SOS International agreed to terminate the contracts with a months' notice given certain conditions. Due to contractual obligations of replacement purchase the financial result in 2021 could be significantly negative impacted by this obligation.

## CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS 2020

# Accounting policies

The 2020 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 2020

# 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 2020

# 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

#### 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 3-10 years. Development projects are written down to a possible lower recoverable amount, cf. the section on impairment of assets below.

#### 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 International DK 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.

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## 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

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# 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 PROJECTS**

The reserve for development projects 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 projects are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

If the recognised development projects are written down, part of the reserve for development projects must be reversed. The reversed portion corresponds to the write-down of the development projects. If a write-down of the development projects is subsequently reversed, the reserve for development

projects must be re-established. The reserve for development projects 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 projects.

## **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.

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## 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 2020

# 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:

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

Net operating income margin:

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

EBT Margin:

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

Profit margin:

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

Return on capital employed:

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

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:

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

Solvency ratio:

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

Return on equity:

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



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