Annual Report 2023

SOS International A/S
Nitivej 6, 2000 Frederiksberg, Danmark
CVR. NO. 17 01 37 18

SOS INTERNATIONAL

Contents

PREFACE

Annual Report 2023

STAYING AHEAD OF CHANGES

"The only constant in life is change". These words were said 2,500 years ago by the Greek philosopher, Heraclitus. The words are as true as ever, and the pace of changes seems to go even faster now than just a few decades ago. AI, chatbots and autonomous vehicles are a few examples of new technologies that create changes in society and affect our business. A growing awareness of sustainability, diversity and work flexibility are also causing notable movements that can't be ignored.

In an inconstant environment, a company's ability to transform itself and stay ahead of the changes become key to competitiveness. That is why a 5-year strategy to transform SOS International was formulated in 2022.

The transformation process is designed with a sure roothold in SOS International's strong purpose of helping people and it addresses the organisation's ability to meet the constant need for change as well as more tangible areas within e.g., efficiency, digitalisation and ESG. Areas that are important to target to stay a modern, competitive, and efficient assistance company.

A range of initiatives supporting the transformation were started up during 2023. These include activities to strengthen leadership capabilities. Leadership is a critical building block in the process to transform SOS International and is a key focus area - also in the coming years. Strong leadership capabilities are in addition one of our means to attract and retain engaged people in SOS International. We see the positive effects of our focus on leadership documented in the annual employee engagement measurement.

Furthermore, a new cross-organisation development set-up was launched in 2023. This set-up is founded on agile principles and is expected to contribute to a faster and more concise development process. Being cross-organisational, the set-up also supports an integration across business areas and promotes synergies and a better utilisation of competences.

Digitalisation and deployment of new technologies are important components to reach our strategic objective of staying a modern, competitive, and effective assistance company. The new case management system we have recently developed for the travel assistance business has been further developed during 2023 and it has proven to increase efficiency. A strong attention on supply chain management and how we organise the cooperation and development activities with our network partners and customers are additional means to improve operational efficiency and ultimately the services we provide.

Another important strategic theme we have given high attention in 2023 is ESG. The foundation for our ESG approach has been laid in 2023 with our first double materiality assessment. It determines which sustainability topics are material to SOS International and guide all future ESG activities. However, we expect it to be a growing area of attention as well as investment in the coming years. The outcome of the activities performed in 2023 within ESG is presented in our Sustainability report

Helping people whether their car is damaged during a hailstorm in Italy, their luggage is lost, or they need acute medical treatment is the cornerstone of what we do every day in SOS International. Having helped over 1.2 million people in 2023 and received over 2.6 million calls with a documented high customer and end-user satisfaction verifies the relevance of SOS International and the services we provide. Upholding this relevance and staying as our customers' first choice - whatever changes may come - is in short what we aim for in the transformation of SOS International.

Transforming SOS International requires large investments, and that is reflected in the financial result of 2023. Earnings before tax (EBT) amounted to a deficit of DKK 54 million. This is worse than expected. In addition to the strategic investments to transform the company, other extraordinary cost including an exit of Healthcare business from the Norwegian market and provision on onerous contracts are contributing to the deficit. Yet, the activity level within both the Travelcare Division and the Mobility Division has been higher in 2023 compared to 2022. An organic growth among the existing customers promotes a positive result in the core business areas Travelcare and Mobility.

Because of a focused effort on the liquidity streams, the cash position has improved by DKK 46 million. SOS international is

PREFACE

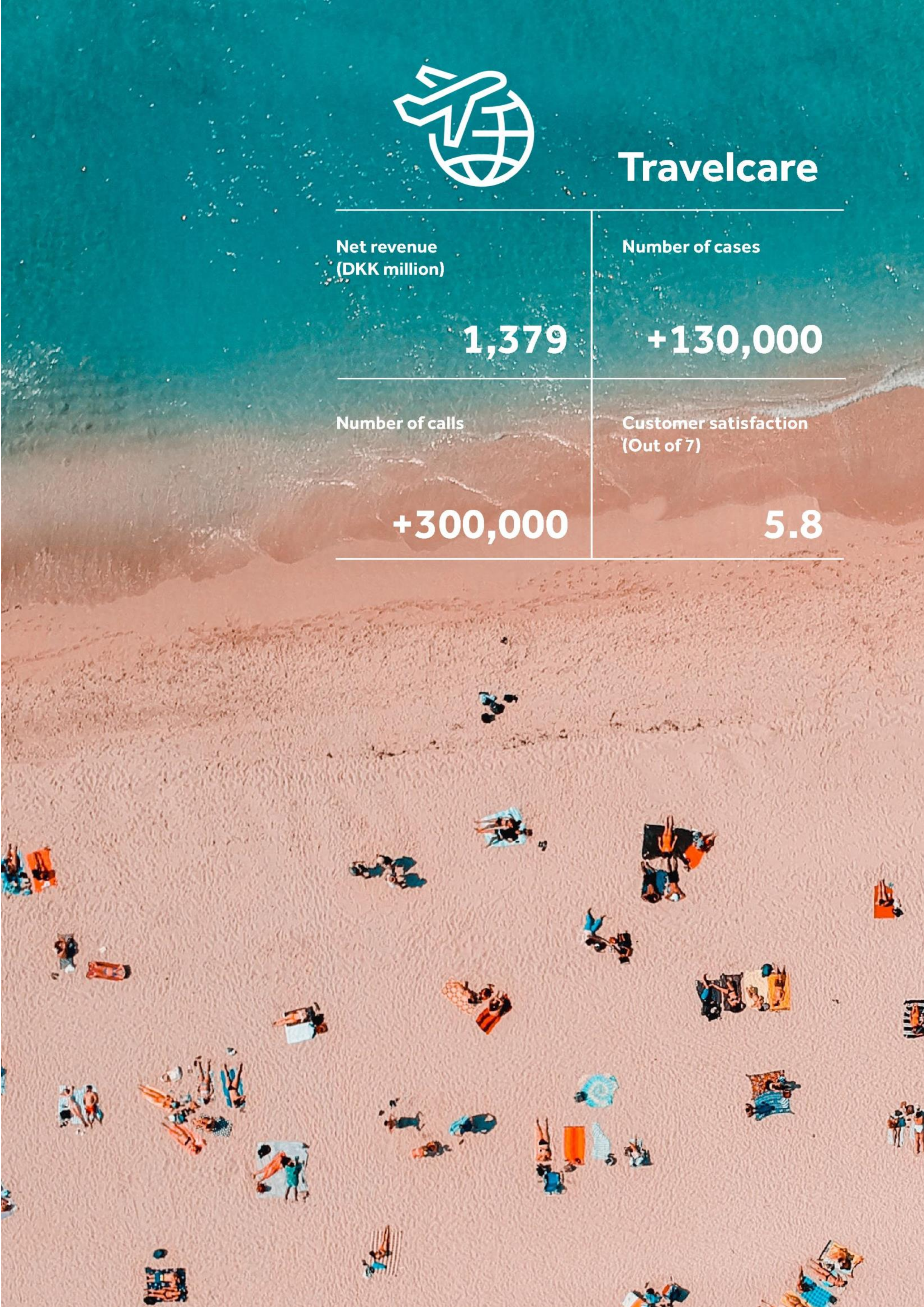
Annual Report 2023

financially a very solid company with an equity of DKK 277 million and a solvency ratio of 35,6%.

I hope you will enjoy reading our annual report.

Best regards,

Jan Sigurdur Christensen



Travelcare

Net revenue (DKK million)	Number of cases
1,379	+130,000
Number of calls	**Customer satisfaction (Out of 7)**
+300,000	5.8

FOCUS

Travel business is back to normal

At the end of 2022, after a long period in the shadow of Covid-19 many predicted a growing desire to travel again in 2023. Based on the number of travel assistance cases SOS International handled in 2023, it is reasonable to conclude that the travel activity is back to normal.

In other words, the Travelcare Division handled around 130,000 cases in 2023 and received more than 300,000 calls from Nordic travellers. Financially, the division generated a net revenue of DKK 1,379 million in 2023. This corresponds to an increase of 31 percent compared to 2022.

While the customer portfolio was generally stable in 2023, one of SOS International's largest customers decided to insource their travel assistance service with effect from mid-2023. This had a noticeable impact on the case volume and revenue in the Travelcare Division. However, adjusted for this loss the volume was in fact slightly higher in 2023 than before the pandemic, and this is emphasising the conclusion that business is back to normal.

With the renewed business activity SOS International has reestablished the claims cost reduction program that was paused during the pandemic. In 2023, SOS International managed to save more than DKK 250 million in claims cost.

END-USER SATISFACTION AND PERFORMANCE ARE BACK AT HIGH LEVELS

In 2022, the travel assistance operation had to be re-build after it was downsized during the pandemic. In that process it was difficult to keep the usual performance and quality level, and both the customer and end-user satisfaction dropped in 2022. This drop was reversed in 2023 and the travel assistance business documented high customer and end-user satisfaction again in 2023.

The increase in satisfaction came along with an efficiency improvement in the operation. The case management platform (SECCA), implemented in the Travelcare Division in 2021 and further developed since then is a key contributor to the ongoing efficiency improvement.

With the SECCA platform many processes have been simplified or automated. Moreover, the platform has made it possible to offer new digital self-service tools, among others, making the end-users able to create their own case. All in all, the new platform has proven to be an advantage in terms of a smoother and more convenient customer journey for the end-users, as well as it reduces the average case processing time in the operation.

Aside from a smoother and more efficient customer journey, the case management platform and its digital applications also aim at making the operation more tolerant against changes in travel patterns. In line with the growing concern about climate changes and more extreme weather conditions the travel patterns might change.

DATA AND TECHNOLOGIES DERIVE NEW OPPORTUNITIES

To adopt the business to the expected changing – or even unstable - travel patterns, digitalisation and insights from data becomes useful.

The many cases the Travelcare Division handles on a yearly basis produce a large amount of data. And when new technologies like AI are deployed as well, it raises a lot of new opportunities to improve case handling and develop new preventive services. In 2023, the Travelcare Division started to investigate how the business can benefit from new tools and the large amount of data already at disposal. This will continue in the coming years.

FOCUS

Travel business is back to normal

GOING FORWARD

Launching new digital services that are complementary to the traditional travel assistance services will indeed be on the agenda in the coming years. In this connection AI and other tools will play a significant role. AI and utilisation of data are expected to be drivers of new preventive services in the years to come.

Moreover, new technologies can without doubt improve the case handling process in many aspects. Hence, it is a key focus area to examine and deploy these new technologies in the operation over the coming years. To succeed it is important to integrate digital and classic solutions and ensure the operation have the needed capabilities to do so. Therefore, a transformation of the operation will happen in parallel with the introduction of digitalisation.

Mobility

Net revenue (DKK million)	Number of cases
1,356	1,1 mil
Number of calls	**Customer satisfaction (Out of 7)**
2 mil	6.1

FOCUS

Mobility: Weather was the order of the year

When looking back at 2023, the hailstorm in Northern Italy appears as the year's most significant event – at least from a roadside assistance perspective.

The hailstorm came suddenly on a summer evening in July, and it lasted for about 15 minutes. Despite the short time, the hailstorm destroyed thousands of cars, of which many belonged to Scandinavians on holiday in the region around Lake Garda.

Over 1,100 cars were repaired on spot or transported back home by SOS International - and even more people were helped. That is quite a lot of international assistances over just a few weeks' time.

In addition to the hailstorm, 2023 also offered a cold and snowy month of March and a winter season beginning already in November. This resulted in an increased number of cars that needed to be pulled out of snowdrifts, jump started or towed to a garage. In years with extreme weather conditions and longer winter seasons the mobility case volume grows, and in 2023 the Mobility Division handled about 1.1 million cases. This is 10 percent more cases than the year before.

The increase in number of cases is also reflected in the net revenue amounted to DKK 1,355 million. Compared to 2022 this is an increase of DKK 140 million corresponding to 12 percent. Besides organic growth, a large new customer contributed notably to the volume and net revenue in 2023.

So far, the case volume does not support the prediction in the industry that the break down rate would go down in line with the growing number of electric cars on the roads.

MAKING THE OPERATION MORE RESILIENT TO PEAKS

Extreme and unpredictable weather conditions seem to occur more frequently. However, sudden peaks and fluctuations in number of cases which is often the consequence of a change in weather makes it difficult to forecast and plan the operation.

One of the means to handle unpredicted fluctuations is digitalisation. Through digitalisation and automation of processes the operation becomes more independent of manpower to handle the cases – at least the simple and recurring tasks handled in the alarm center. In 2023, SOS International succeeded in dispatching the first cases automatically. This is a step in the right direction.

UTILISING DATA TO IMPROVE CUSTOMER EXPERIENCE

In line with the growing digitalisation of cars, it is possible to retrieve more and more real-time data from the cars. The use of data can facilitate an integration of the assistance value chain, and personalised preventive and digital services become possible.

"Help on phone" and "Repair on the spot" are just some examples of SOS International's existing services made possible by use of data from the cars. In the recent years the share of cases where the car was fixed without towing the car to a garage has grown. In 2023, SOS International handled around 45 percent of the cases without towing the car. This is an increase of 14 percent compared to the year before. By experience with OEM customers (car producers) that give full access to data it is possible to handle up to 20 percent of cases on phone.

Helping on phone or repairing on the spot reduces the time the driver must be without car. In other words, the services facilitate a far better customer experience. At the same time, these services also reduce the carbon footprint. In an industry contributing with a substantial greenhouse gas emission, such services are important steps toward a more sustainable Mobility business.

FOCUS

Mobility: Weather was the order of the year

GOING FORWARD

Improving the Mobility services through digitalisation and an increasing use of data is on top of the agenda. SOS International will continue developing digital solutions that improve the mobility assistance service or even prevent the need for classical roadside assistance. Such preventive services go hand in hand with our ambition to move towards a more sustainable business.

Data and digitisation also create a potential for exchanging real-time data across the value chain. This can lead to increased integration between SOS International and its customers and thus a closer partnership.

Reaching the ambitions calls for a transformation of the operational platform and the related capabilities. Therefore, a range of strategic initiatives that aim at transforming the Mobility Division have been defined in SOS Internationals 5-year transformation plan. These initiatives will be executed in the coming years, and they will be founded on the overall objective to remain the preferred partner among our customers.

Healthcare

Net revenue (DKK million)	Number of cases
194	+52,000

Number of calls

+180,000

FOCUS

The Healthcare Business Strategy is being revised

SOS International has for several years been an active healthcare assistance provider on the Scandinavian market. Especially in Sweden SOS International has grown its healthcare business to become a full-service provider to the Swedish healthcare insurance industry. However, building up a healthcare business and staying relevant within an industry that gets increasingly digital, requires significant focus and investments. To direct more focus and investments towards the traditional core business of SOS International i.e., the travel assistance and mobility services a process to revise the healthcare business strategy has been initiated.

In line with the aim to simplify the business it was thus, in 2023, decided to concentrate the healthcare business on the Swedish operation and market. Consequently, it was also decided to close the operation in Norway and integrate the Danish healthcare operation into the Travelcare Division. These decisions were implemented during 2023 and agreements with the Norwegian customers were terminated while agreements with the Danish customers are kept as is. SOS International continues to have an obligation to support the Norwegian customers until all ongoing cases are closed.

Despite the change in the Healthcare business strategy the Healthcare Division generated a net revenue of DKK 194 million in 2023. Compared to 2022 this is a decrease of 3 percent. Yet, the Healthcare Division handled approximately 52,000 cases which is slightly more cases compared to 2022. As a result of the implemented strategy, the majority of the cases were connected to the Swedish market.

GOING FORWARD

Based on market trends and dialogues with customers, the process of revising the Healthcare business strategy will continue in 2024, and ongoing changes are to be expected within this business area. Plans as well as targets related to any changes will be drawn up once the strategy review is completed.

MANAGEMENT'S REVIEW

Consolidated key figures and financial ratios

DKK'000	2023	2022	2021	2020	2019
KEY FIGURES					
Net revenue	2,927,624	2,466,019	1,727,524	1,996,462	2,831,410
Assistance costs	-2,082,835	-1,735,725	-1,213,706	-1,408,486	-1,996,018
Income from ordinary activities	-55,636	-65,175	-175,950	-122,784	-864
Income from operating activities (EBIT)	-55,005	-44,488	-135,707	-101,394	4,895
Income from net financials	591	-2,202	-3,060	-6,467	-1,202
PROFIT BEFORE TAX	-54,414	-46,690	-138,767	-107,045	3,693
Tax on income for the year	-12,213	12,151	29,909	28,140	-1,639
Profit for the year	-66,627	-34,539	-108,858	-78,905	2,054
Balance sheet total	778,482	742,556	716,514	848,084	693,164
of which invested in property, plant and equipment	801	2,014	11,022	1,368	16,843
EQUITY	277,057	347,607	386,916	377,915	261,747
Cash flows from operating activities	46,575	-82,689	-309,225	130,417	52,984
Cash flows from investment activities	-729	-3,459	-34,092	-39,817	-56,326
Cash flows from financing activities	0	0	114,560	194,518	-2,270
CASH FLOWS, TOTAL	45,846	-86,148	-228,757	285,118	-5,612
FINANCIAL RATIOS					
EBITDA margin	-0.8	-0.4	-5.9	-2.9	1.4
Net operating income margin	-2.6	-1.2	-19.8	-9.8	4.7
EBT margin	-1.9	-1.9	-8.0	-5.4	0.1
Profit margin	-6.4	-6.4	-27.0	-18.2	0.4
Return on capital employed	-8.8	-6.9	-25.6	-22.8	0.9
Liquidity ratio	210.4	227.5	227.4	203.1	179.5
Solvency ratio	35.6	46.8	54.0	44.6	37.8
Return on equity	-21.3	-9.4	-28.5	-24.7	0.8
AVERAGE NUMBER OF FULL-TIME EMPLOYEES	990	948	876	928	1,010

MANAGEMENT'S REVIEW

Financial review

MAIN ACTIVITIES

Founded in 1961 by the Royal Danish Automobile Club and the Zone Rescue Team, SOS International has a global presence with strong Nordic roots.

From alarm centres in Denmark, Sweden, Norway, and Finland, SOS International provides assistance 24/7/365 within the three operating Divisions: Mobility, Travelcare and Healthcare.

SOS International consists of 1,200 colleagues who together speak 30 different languages. In addition, SOS International has an extensive worldwide network of more than 16,500 qualified suppliers, providers and partners that enable SOS International to help people around the globe within the areas of travel assistance, roadside assistance and healthcare.

SOS International is owned by some of the largest insurance companies in the Nordic region, and customers include insurance companies and car manufacturers.

INCOME STATEMENT

The Group incurred a loss before tax of DKK 54.4 million for 2023 compared to a loss of DKK 46.7 million in 2022. Due to a provision for onerous contracts (see note 2, Special Items), the result is lower than stated as expectations for 2023 in the annual report for 2022.

The parent company incurred a loss before tax of DKK 63.3 million for 2023 compared to a loss of DKK 50.4 million in 2022. Adjusted for the mentioned provision for onerous contracts, the improvement was driven by increased activity in the Travelcare Division and Mobility Division.

The parent company includes a branch in Sweden and a branch in Norway. Their main activities consist of services related to healthcare. The Norway branch was profitable, and the Swedish branch incurred a loss in 2023.

NET REVENUE

The Group's net revenue amounted to DKK 2,928 million in 2023, which was DKK 461 million more than in 2022, when net revenue amounted to DKK 2,466 million. The development is specified for the Travelcare, Mobility and Healthcare Divisions below:

- The net revenue in Travelcare Division has increased by 31% and amounted to DKK 1,379 million in 2023 compared to DKK 1,050 million in 2022. The increase is mainly affected by higher activity, but partly offset by the loss of a big customer in mid-2023.

- Net revenue in Mobility Division amounted to DKK 1,355 million for an increase of DKK 140 million compared to 2022. The increase in net revenue was affected by higher organic activity, challenging weather conditions and inflow of a new customer which contributed notably to the volume and net revenue in 2023.

- Net revenue in Healthcare Division decreased by DKK 7 million, or by -3%, compared to 2022. Net revenue in Healthcare amounted to DKK 194 million in 2022 and was impacted by lower activity in Sweden due to losing a part of a customer agreement.

ASSISTANCE COSTS

Assistance costs amounted to DKK 2,083 million in 2023, up from DKK 1,736 million in 2022. The increase in assistance costs was driven by significantly higher assistance costs in the Travelcare Division due to increasing activity levels.

CONTRIBUTION MARGIN

The contribution margin amounted to DKK 845 million in 2023 compared with DKK 730 million in 2022. The increase was primarily a result of the higher activity level in Travelcare Division. The Mobility Division contributed also to the higher contribution margin in 2023 as an effect of higher activity.

MANAGEMENT'S REVIEW

Financial review

OTHER INCOME

Other income amounted to DKK 1 million compared to DKK 21 million in 2022. In 2022, Other income was affected by cost compensation from the Danish authorities related to Covid-19.

EXTERNAL COSTS

External costs amounted to DKK 222 million in 2023 as opposed to DKK 181 million in 2022. In 2023, external costs were affected by cost related to the decided strategy, including investments in digitalization, efficiency and IT infrastructure. External costs in 2023 are also affected by provision for onerous contracts.

STAFF COSTS

Total employee costs amounted to DKK 646 million in 2023 as opposed to DKK 579 million in 2022, while the average number of full-time employees increased from 948 to 990. The increase was mainly due to an increase in the number of employees at the alarm centre in the Travelcare Division and Mobility Division handling the increased activity. Staff costs in 2023 is also affected by provision for onerous contracts.

DEPRECIATION AND AMORTISATION

Total depreciation and amortisation for the year amounted to DKK 33 million in 2023 as opposed to DKK 35 million in 2022.

FINANCIAL INCOME AND EXPENSES

Total financial income and expenses constituted a net income of DKK 1 million in 2023.

Exchange rate fluctuations are within the natural risks associated with the business lines. The currency risk is hedged on an ongoing basis and thus has not affected the result significantly.

TAX ON INCOME FOR THE YEAR

The tax calculated for the Group amounted to a tax cost of DKK 12 million for 2023 compared to a tax income of DKK 12 million in 2022. The tax on income for the year is affected by a change in the taxable income from previous years and thereby the deficit to be carried forward as a result of a review by the tax authorities.

The tax calculated for the Group is affected by the reversal of the tax assets in the branches in Sweden and Norway. The reversal is made as it is considered uncertain whether they can be utilized in foreseeable future. Furthermore, a provision for onerous contracts has been made. Due to the nature of the provision, it is uncertain whether it can be considered tax deductible. Based on this tax is not deducted on the provision.

STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

The carrying amount of intangible assets constituted DKK 116 million at the end of 2023 as opposed to DKK 143 million at the end of 2022.

Intangible assets were affected by depreciation of DKK 27 million in 2023.

PROPERTY, PLANT AND EQUIPMENT

The total carrying amount of property, plant and equipment was DKK 10 million at the end of 2023, compared to DKK 15 million at the end of 2022. Depreciations amounted to DKK 6 million which is in line with 2022.

RECEIVABLES

The carrying amount of receivables was DKK 529 million at the end of 2023 as opposed to DKK 506 million at the end of 2022. The increase was due to an increase in overall business activity, which had a major impact on receivables.

EQUITY

Equity amounted to DKK 277 million at the end of 2023 compared to DKK 348 million at the end of 2022. The change was due to the loss recorded for 2023.

LIABILITIES

The total carrying amount of liabilities increased by DKK 77 million from the end of 2022 to the end of 2023.

LONG-TERM LIABILITIES

The carrying amount of long-term debt commitments constituted DKK 147 million at the end of 2023 as opposed to DKK 123 million at the end of 2022. Customer deposits increased due to the continuing increased level of activity in the Travelcare Division.

SHORT-TERM LIABILITIES

The carrying amount of short-term debt commitments constituted DKK 309 million at the end of 2023 as opposed to DKK 256 million at the end of 2022. The development was driven by higher trade payables a result from the increased level of activity in the Travelcare Division and Mobility Division.

MANAGEMENT'S REVIEW

Financial review

CASH FLOW STATEMENT

Cash flows from operating activities were an inflow of DKK 47 million, which was an increase from an outflow of DKK 83 million in 2022. The cash flow from operating activities was affected by increased focus on working capital in 2023, which decreased work-in-progress and increased the customer prepayments. This is partly offset by an increase in trade receivables due to a higher activity level in Travelcare Division and Mobility Division.

Cash flows from investing activities amounted to an outflow of DKK 1 million as opposed to an outflow of DKK 3 million in 2022.

At the end of 2023, the Group's cash resources amounted to DKK 122 million, an increase of DKK 46 million compared to the end of 2022, when cash resources amounted to DKK 76 million.

UNCERTAINTY IN RECOGNITION AND MEASUREMENT

A provision regards onerous contracts is made in the annual report for 2023. The provision is subject to uncertainty in recognition and measurement. See note 26 for more detailed information.

DIVIDEND

The Board of directors' recommendation to the annual general meetings on dividend for the year 2023 is DKK 0.

EVENTS AFTER THE BALANCE SHEET DATE

To this date, no event has occurred in 2023 that will change this view.

MANAGEMENT'S REVIEW

Expectations for 2024

After Covid-19, Travelcare is back in a more stable and predictable environment, but still with uncertainty related to inflation level, and the risk of recessions in some of the Nordic countries.

The Mobility market is a stable market with some dependency to the weather conditions, which provides some uncertainty too.

Healthcare is focused on the Swedish market, but with an ongoing process of revising the Healthcare business strategy. It means changes are to be expected.

Due to this, SOS International expects an EBT for 2024 between DKK 0 and DKK 25 million.

MANAGEMENT'S REVIEW

Special risks

RISK MANAGEMENT

SOS International continuously works with risk management through an integrated risk management approach, where individual managers are responsible for identifying, assessing and mitigating risks within their individual areas of responsibility. Risks are escalated on a quarterly basis to Risk & Compliance Board with representation from the entire Group Management. In addition, risks are escalated to the Audit Committee and the Board of Directors.

The Risk & Compliance Board monitors identified risks coming from e.g. non-compliance with legal requirements, contractual requirements, IT security and/ or cyber-crime. The Risk & Compliance Board sets and oversees the company's compliance within areas such as personal data protection, control measures and governance structure. The Risk & Compliance Board reports to the Audit Committee.

In general, risk management is the cornerstone of the four 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 four main groups: currency, credit, liquidity, and funding 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 annually by Group Management and the Board of Directors. A significant part of the paid assistance costs are in foreign currencies, whereas the re-invoicing is done in Danish (DKK), Norwegian (NOK) and Swedish kroner (SEK), as well as Euro. 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 assessed to be low, since some of the major debtors and major customers make prepayments and since most customers 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, SOS International employs its finance policy to establish continuous monitoring of the cash flow in the organisation and determine a minimum disposable liquidity.

FUNDING RISK

Funding risk is the risk of not being able to obtain funding to make needed investments or acquisitions or being able to refinance loans. First of all, it is important for SOS International to provide good financial performance to get the opportunity of getting loans from banks or similar to invest in the future. In addition, SOS International has strong owners, who may have the financial strength to make capital injections in SOS International.

OPERATIONAL RISKS

Operational risks typically stem from inadequate or failed internal processes, from staff or systems or from external events. SOS International is always open, that is 365 days a year, and this requires focus on the operational aspects of the company. Operational risks include non-conformance 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 of operational risks and to ensure ongoing learning across the organisation.

COMPLIANCE RISK

Compliance with legal and contractual requirements as well as national standards is embedded in the business model of SOS International.

MANAGEMENT'S REVIEW

Special risks

SOS International has issued a number of corporate policies regarding these matters, including the Company and Supplier Code of Conduct, the Information Security Policy and the Personal Data Policy to set the overall requirements within the respective areas.

IT SECURITY & CYBER SECURITY RISKS
SOS International works with IT Security and Cyber Security as part of our daily business from our Information Security Department. They continuously identify, assess, and mitigate the risks in collaboration with other stakeholders in SOS IT and the business. Risks are escalated to the Information Security Board, to Risk & Compliance Board and the Audit Committee where relevant. In general, SOS is committed to the work with IT Security and Cyber Security as a high prioritized focus area with a number of corporate policies within this area and with high awareness towards the employees.

COMPENTENCY RISK
Competency risk is the risk of not being able to attract and retain employees with the right competencies and capabilities to operate SOS International effectively and to execute on the defined strategy.

SOS International delivers specialised and personalised services to its customers. Hence it is important to have experienced employees and leaders with the necessary skills and knowledge to perform their roles effectively and meet the needs of the individual customer thereby ensuring the day-to-day operations, customer satisfaction and customer loyalty.

Furthermore, SOS International's business is subject to peak seasons that requires adjustments in the number of employees during the year and therefor the ability to recruit relevant competences when needed is essential.

To mitigate the risk, SOS International has a strong focus on leadership development, fostering a culture of continuous learning and knowledge sharing, succession planning and employee satisfaction. SOS International is also working with employer branding and employer advocacy to enhance the organisation's competitiveness in the marketplace and attract the competencies needed both in general and in peak seasons.

BRAND AND REPUTATION RISKS
Brand and reputation risks is the risk of suffering damage to SOS International's brand or reputation as a result of any action or inaction by SOS International or our employees or other associated parties, which negatively affect our stakeholders' trust in us. The risk management process takes into consideration the brand and reputation risks, which is also supported by our codes of conduct and processes for quality management and internal audits. We also have a whistleblowing scheme, where employees and other stakeholders can report concerns about actual or suspected misconduct that can affect SOS International and our brand and reputation.

SURROUNDING WORLD RISK
Surrounding world risk is the risk of a major global crisis or events affecting the level of activity. It includes e.g. conflicts, wars, and pandemics. SOS International has a financial buffer to absorb short-term fluctuations in revenue. In addition, SOS International is focusing on pricing structure and other contractual conditions to become more income resilient to declines in activity levels. Furthermore, the ability to scale operations up and down as needed is also an area of attention, and the increasing degree of digital processes is one of the means to ensure such scalability.

Volcanic eruptions, terrorism and the like can also have a short-term effect on day-to-day operations, but they typically do not significantly affect revenue in a negative direction.

OTHER RISKS
Other risks include geographical and technological development risks. Within recent years, SOS International has increased the business areas especially within roadside assistance, and thus mitigated 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.

There are also a range of other risks as an example the potentially decreasing business activity due to further digitalization and self-service solutions in all business areas.

MANAGEMENT'S REVIEW

Sustainability and Data Ethics

SUSTAINABILITY

Doing ethical business that makes a positive impact on society and helps people is something that has always been at the core of SOS International's DNA. In terms of sustainability, 2023 was a pivotal year.

To elevate the sustainability strategy, understand which sustainability topics are material to SOS International, and prepare for new reporting requirements, the first double materiality assessment has been conducted.

Through the double materiality assessment, the following 10 sustainability topics has been identified as material for SOS International:

- Greenhouse gas
- Climate change adaption
- Employee working conditions
- Employee diversity, equity, and inclusion
- End-User experience
- Privacy and data security
- Prevention and early intervention
- Supplier behavior
- Anti-corruption and fair competition

Following this year's double materiality assessment, SOS International have also established a full greenhouse gas inventory. Within this field, SOS International can now better identify reduction levers, prioritise the efforts and investment needs, set targets, and, ultimately, take on more environmental responsibility.

To ensure that SOS International continuously consider the impacts as well as the financial risks and opportunities being faced, the double materiality assessment will be conducted annually, making sure that changes in the business or surroundings are reflected in the way sustainability is being approach.

SOS International is participating in the UN Global Compact and supports the UN Sustainable Development Goals. In the Sustainability Report, SOS International account for actions and continuous improvement of the social environment and employee engagement, greenhouse gas emissions, as well as the work on information security, anti-corruption, and due diligence processes.

The Sustainability Report has been prepared in accordance with article 99a of the Danish Financial Statements Act. The report can be downloaded here.

DATA ETHICS (§ 99 D)

SOS International is strongly committed to handling data in an ethical manner to ensure that individuals and business relations are not harmed, and that privileged information is kept confidential. This is reflected in ISO certifications, various policies and internal instructions. In continuation of this work, and pursuant to article 99d of the Danish Financial Statements Act, SOS International developed a Data Ethics Policy adopted by the Audit Committee in 2021.

Following the rapid development of artificial intelligence, this year, SOS International supplemented the policy with a set of Artificial Intelligence Guidelines that address how employees can use artificial intelligence whilst ensuring that data are protected, e.g., personal data and intellectual property.

.

MANAGEMENT'S REVIEW

Sustainability and Data Ethics

GENDER COMPOSITION IN MANAGEMENT (§ 99 B)

SOS International emphasizes the importance of employing the best-qualified person regardless of gender or any other individual characteristic, such as age, nationality, sexual orientation, religious beliefs. Pursuant to article 99b of the Danish Financial Statements Act, an overview of the status towards reaching the gender equality targets and an account for how SOS International work with gender composition of the Boards and Management levels, can be found below.

Working with diversity, and particularly with achieving equal gender representation on all management levels, is closely linked with the daily HR-activities. Therefore, SOS International strive to make career opportunities visible for all employees and ensure that the Corporate Recruitment Policy contains gender targets that must be considered when recruiting, whether it be a specialist, manager, or board member position.

In accordance with the Corporate Recruitment Policy, applicable to all entities within SOS Group, there is a strong focus on ensuring that all genders are amongst the final candidates when recruiting for management positions. These considerations include internal promotions as well as external recruitment processes.

		2023	2022	2021	2020	2019
Board of Directors	Number	6	-	-	-	-
	Underrepresented gender (%)	50	-	-	-	-
	Target (%)	40				
Other management levels	Number	50	-	-	-	-
	Underrepresented gender (%)	42	-	-	-	-
	Target (%)	40	-	-	-	-

BOARD OF DIRECTORS

The highest management level within SOS International is the Board of Directors. The members of the Board are appointed by the owners of SOS International. Staff representatives are not included.

The Board of Directors consist of 6 members. The underrepresented gender composition for Board of Directors amounted to 50 percent in 2023, which is an equal distribution between the genders. The target is 40 percent, which was achieved in 2023.

OTHER MANANGEMENT LEVELS

The Other management levels consists of SOS International's Group Management and other managers with staff responsibility.

The Other management levels consist of 50 members. The underrepresented gender composition for Other management levels amounted to 42 percent in 2023, which is an equal distribution between the genders. The target is 40 percent, which was achieved in 2023.

MANAGEMENT'S REVIEW

Company information

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

Telephone:	+45 70 10 50 55
Telefax:	+45 70 10 50 56
Website:	www.sos.eu
E-mail:	sos@sos.eu
CVR No.:	17 01 37 18
Founded:	3 May 1961
Municipality of domicile:	Frederiksberg
Financial year:	1 January - 31 December

THE BOARD OF DIRECTORS

Jon Anders Risfelt *(Chairman)*
Camilla Amstrup *(Vice Chairman)*
Britt Ann-Kristin Wuopio Mogestedt
Gunnel Birgitta Karlsson
Vesa-Matti Kultanen
Rune Hoff
Mads Bergholt Andersen *(Employee representative)*
Helene Korsgaard Christiansen *(Employee representative)*
Gustaf Johan Sjöström *(Employee representative)*

THE EXECUTIVE BOARD

Jan Sigurdur Christensen

OWNERS

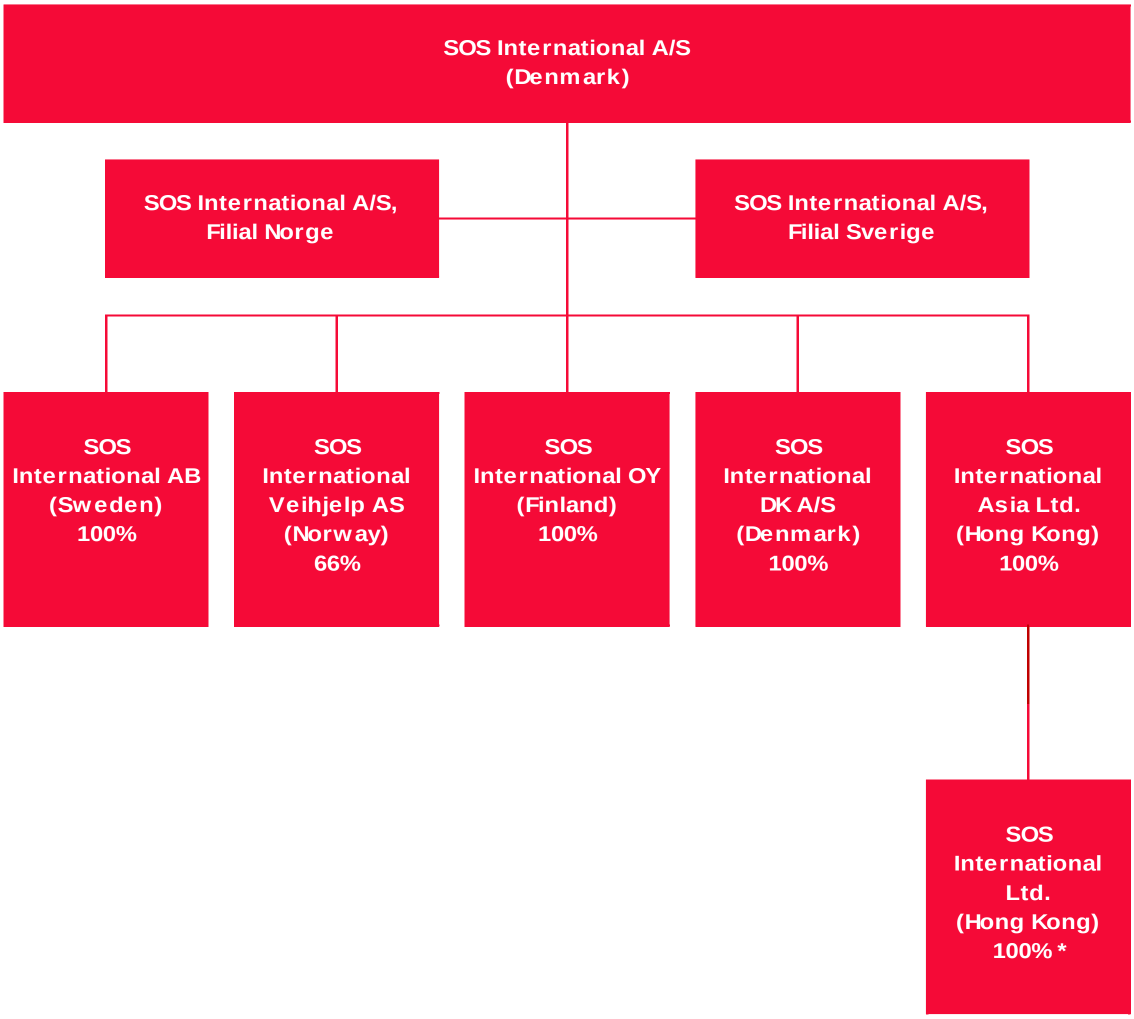
Alm. Brand Group (more than 10 %)
Folksam (more than 10 %)
Fremtind (more than 10 %)
Länsförsäkringar (more than 10 %)
Lähitapiola
Topdanmark
GF Forsikring
LB Forsikring
Turva
Dina Försäkring
Popermo

AUDIT

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
P.O. Box 250
DK-2000 Frederiksberg

MANAGEMENT’S REVIEW

Group overview



*Pending liquidation

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 2023.

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's financial statements give a true and fair view of the Group's and the parent company's financial position on 31 December 2023 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 2023.

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

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

Copenhagen, 21 March 2024

Jan Sigurdur Christensen
CEO

Henrik Schjødt-Bruhn
CFO

THE BOARD OF DIRECTORS

Jon Anders Risfelt
Chairman

Camilla Amstrup
Vice Chairman

Britt Ann-kristin Woupio Mogestedt

Gunnel Birgitta Karlsson

Vesa-Matti Kultanen

Rune Hoff

Mads Bergholt Andersen

Helene Korsgaard Christiansen

Gustaf Johan Sjöström

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 2023, 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 2023 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 2023 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

REVIEWS

Independent auditor's report

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

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

STATEMENT ON MANAGEMENT'S REVIEW
Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 21 March 2024

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

Statement of income

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2023	2022	2023	2022
NET REVENUE	1	2,927,624	2,466,019	1,573,100	1,251,248
Assistance costs		-2,082,835	-1,735,725	-1,078,989	-854,344
CONTRIBUTION MARGIN		844,789	730,294	494,111	396,904
Other income		631	20,687	5,866	30,279
External costs	3	-221,628	-180,809	-146,327	-110,494
GROSS PROFIT		623,792	570,172	353,650	316,689
Staff costs	4	-646,079	-579,232	-434,133	-367,497
Depreciation and amortisation on tangible and intangible assets	5	-32,718	-35,428	-9,501	-10,098
INCOME FROM OPERATING ACTIVITIES		-55,005	-44,488	-89,984	-60,906
Income from subsidiaries after tax	6	0	0	28,020	12,007
Income from associates after tax		0	0	0	0
Financial income	7	42,926	26,134	41,063	25,271
Financial expenses	8	-42,335	-28,336	-42,368	-26,779
PROFIT BEFORE TAX		-54,414	-46,690	-63,269	-50,407
Tax on income for the year	9	-12,213	12,151	-3,358	15,868
PROFIT FOR THE YEAR		-66,627	-34,539	-66,627	-34,539

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Statement of financial position

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2023	2022	2023	2022
ASSETS					
INTANGIBLE ASSETS	**10**				
Goodwill		26,856	40,047	0	0
Software		0	1,195	0	1,195
Customer-related assets		7,394	12,350	0	0
Trademarks		6,298	8,016	0	0
Completed development projects		75,202	81,432	75,202	81,432
		115,750	143,040	75,202	82,627
PROPERTY, PLANT AND EQUIPMENT	**11**				
Leasehold improvements		959	2,225	54	81
Fixtures and fittings, tools and equipment		8,735	12,472	4,716	6,347
		9,694	14,697	4,770	6,428
FINANCIAL ASSETS					
Investments in group enterprises	**12**	0	0	209,373	198,251
Deposits		2,324	2,137	0	0
		2,324	2,137	209,373	198,251
NON-CURRENT ASSETS, TOTAL		127,768	159,874	289,345	287,306
INVENTORIES					
Manufactured goods and goods for resale		179	157	0	0
		179	157	0	0
RECEIVABLES					
Trade debtors		320,595	262,947	61,361	85,103
Work in progress		110,000	139,282	110,000	139,282
Prepayments to business partners		1,168	350	1,168	350
Receivables from group enterprises		0	0	60,505	27,381
Deferred tax assets	**13**	60,636	61,736	53,985	57,032
Corporate tax receivables	**14**	4,371	6,540	2,582	4,759
Other receivables		18,034	16,561	3,189	3,561
Prepayments	**15**	13,418	18,676	10,171	11,789
		528,222	506,092	302,961	329,257
SECURITIES	**16**	301	267	301	267
CASH AND CASH EQUIVALENTS	**17**	122,012	76,166	120,933	74,942
CURRENT ASSETS, TOTAL		650,714	582,682	424,195	404,466
ASSETS, TOTAL		778,482	742,556	713,540	691,772

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Statement of financial position

		GROUP		PARENT COMPANY	
DKK'000	NOTE	2023	2022	2023	2022
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	34,304	34,304	34,304	34,304
Reserves for development projects		0	0	58,658	61,124
Statutory reserve for currency adjustments		0	0	0	0
Retained income		242,753	313,303	184,095	252,179
EQUITY, TOTAL		277,057	347,607	277,057	347,607
PROVISIONS					
Deferred tax	13	6,926	6,744	0	0
Other provisions	19	37,686	8,722	37,686	8,722
PROVISIONS, TOTAL		44,612	15,466	37,686	8,722
LIABILITIES OTHER THAN PROVISIONS					
LONG-TERM LIABILITIES	20				
Customer deposits		122,242	97,680	122,242	97,680
Other long-term liabilities		25,224	25,641	25,224	25,641
LONG-TERM LIABILITIES, TOTAL		147,466	123,321	147,466	123,321
SHORT-TERM LIABILITIES					
Trade payables		92,726	84,093	52,732	36,414
Amounts owned to group enterprises		0	0	91,217	107,814
Prepayments from customers		82,028	77,421	39,542	33,038
Corporation tax	14	12,061	8,437	0	0
Other short-term liabilities		122,532	86,211	67,840	34,856
SHORT-TERM LIABILITIES, TOTAL		309,347	256,162	251,331	212,122
LIABILITIES OTHER THAN PROVISIONS, TOTAL		456,813	379,483	398,797	335,443
EQUITY AND LIABILITIES, TOTAL		778,482	742,556	713,540	691,772

SPECIAL ITEMS	2
CONTINGENT LIABILITIES	21
DISTRIBUTION OF PROFIT FOR THE YEAR	22
RELATED PARTIES	25
UNCERTAINTY IN ROGNITION AND MEASUREMENT	26
EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE	27

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Statement of changes in equity

GROUP

DKK'000	Share capital	Statetory reserve for exchange adjustments	Retained income	Proposed dividends	Total
Equity at 1 Jan 2022	34,304	0	352,612	0	386,916
Dividends distributed	0	0	0	0	0
Distribution of profit for the year	0	0	-34,539	0	-34,539
Exchange rate adjustment, branches	0	0	519	0	519
Exchange rate adjustment, group enterprises	0	0	-5,289	0	-5,289
Equity at 31 Dec 2022	34,304	0	313,303	0	347,607
Equity at 1 Jan 2023	34,304	0	313,303	0	347,607
Dividends distributed	0	0	0	0	0
Distribution of profit for the year	0	0	-66,627	0	-66,627
Exchange rate adjustment, branches	0	0	-1,461	0	-1,461
Exchange rate adjustment, group enterprises	0	0	-2,462	0	-2,462
Equity at 31 Dec 2023	**34,304**	**0**	**242,753**	**0**	**277,057**

PARENT COMPANY

DKK'000	Share capital	Reserve for development projects	Statutory reserve for currency adjustments	Retained income	Proposed dividends	Total
Equity at 1 Jan 2022	34,304	65,075	0	287,537	0	386,916
Dividends distributed	0	0	0	0	0	0
Transfers	0	-3,951	0	3,951	0	0
Distribution of profit for the year	0	0	0	-34,539	0	-34,539
Exchange rate adjustment, branches	0	0	0	519	0	519
Exchange rate adjustment, group enterprises	0	0	0	-5,289	0	-5,289
Equity at 31 Dec 2022	34,304	61,124	0	252,179	0	347,607
Equity at 1 Jan 2023	34,304	61,124	0	252,179	0	347,607
Dividends distributed	0	0	0	0	0	0
Transfers	0	-2,466	0	2,466	0	0
Distribution of profit for the year	0	0	0	-66,627	0	-66,627
Exchange rate adjustment, branches	0	0	0	-1,461	0	-1,461
Exchange rate adjustment, group enterprises	0	0	0	-2,462	0	-2,462
Equity at 31 Dec 2023	**34,304**	**58,658**	**0**	**184,095**	**0**	**277,057**

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Statement of cash flow

		GROUP	
DKK'000	NOTE	2023	2022
Operating cash flows before changes in working capital	**23**	-22,246	-8,711
Change in working capital	**24**	74,202	-67,908
Operating cash flows		51,956	-76,619
Interest income, received		42,926	26,134
Interest costs, paid		-42,335	-28,336
Cash flows from ordinary activities		52,547	-78,821
Corporation tax, paid		-5,972	-3,868
Cash flows from operating activities		46,575	-82,689
Acquisition of property, plant and equipment		-801	-2,014
Disposal of property, plant and equipment		72	-1,445
Cash flows from investment activities		-729	-3,459
Change in debt to credit institutions		0	0
Cash flows from financing activities		0	0
Cash flows, 1 Jan – 31 Dec		45,846	-86,148
Cash and cash equivalents, 1 Jan		76,166	162,314
Cash and cash equivalents, 31 Dec		**122,012**	**76,166**

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

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

	GROUP		PARENT COMPANY	
DKK'000	2023	2022	2023	2022
NOTE 1 NET REVENUE				
Gross revenue	2,927,624	2,466,019	1,573,100	1,251,248
Assistance costs	-2,082,835	-1,735,725	-1,078,989	-854,344
	844,789	730,294	494,111	396,904
Segment information by activity				
Travelcare	1,378,755	1,049,819	1,378,753	1,049,817
Mobility	1,354,522	1,214,769	0	0
Healthcare	194,347	201,431	194,347	201,431
	2,927,624	2,466,019	1,573,100	1,251,248
Segment information by geography				
Denmark	956,170	790,924	334,133	280,745
Sweden	949,845	784,318	666,678	536,262
Norway	659,621	559,548	343,355	251,392
Finland	299,292	240,590	183,397	128,861
Other countries	62,696	90,639	45,537	53,988
	2,927,624	2,466,019	1,573,100	1,251,248

NOTE 2 SPECIAL ITEMS

The special items in the 2023 financial statement, is comprised of significant cost, which is of special nature, compared to the company's usual core activity, such as restructuring or income/loss from transitory items, which in the opinion of the company's management, are not to be considered part of core operating activities.

Special items for the year is specified in the table below, in relation to the affected item.

	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Costs				
Onerous contracts	30,764	0	30,764	0
	30,764	0	30,764	0
Special items are included in the following lines in the Financial Statement				
Staff costs	17,810	0	17,810	0
Other external costs	12,954	0	12,954	0
	30,764	0	30,764	0

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

	GROUP		PARENT COMPANY	
DKK'000	2023	2022	2023	2022
NOTE 3 EXTERNAL COSTS				
Rent, etc.	43,250	35,875	27,208	20,242
Consultant fee, etc.	73,217	58,971	57,753	45,673
IT service, software licenses, etc.	48,831	41,105	30,245	24,719
Other external costs	56,330	44,858	31,121	19,861
	221,628	180,809	146,327	110,495
Fees for auditor elected by the annual general meeting				
Statutory audit	1,777	1,463	1,138	873
Other assurance services with security	223	46	223	31
Tax and VAT advisory services	128	213	29	135
Other services	333	180	302	111
	2,461	1,902	1,692	1,150
NOTE 4 STAFF COSTS				
Wages and salaries	516,101	474,153	343,483	302,866
Pensions	55,972	51,402	41,708	37,905
Other social security costs	38,662	35,920	19,557	16,048
Other staff costs	35,344	17,757	29,385	10,678
	646,079	579,232	434,133	367,497
Average number of full-time employees	990	948	524	489

Staff costs include wages and salaries accrued by Executive Management and the Supervisory Board in the amount DKK'000 5,949 (Executive Management in 2022: DKK'000 4,576. Supevisory Board in 2022: DKK'000 1,182).

With reference to section 98b(3)(i) of the Danish Financial Statements Act, remuneration paid to the Executive Board and Supervisory Board is presented as a total amount.

	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
NOTE 5 DEPRECIATION AND AMORTISATION				
Depreciation Tangible assets	5,597	6,458	2,077	1,635
Amortisation Intangible assets	27,162	29,319	7,424	8,464
Gain / loss fixed assets	-41	-349	0	0
	32,718	35,428	9,501	10,099
NOTE 6 INCOME FROM SUBSIDIARIES AFTER TAX				
Profit/loss in subsidiaries after tax	0	0	41,136	25,123
Goodwill amortisation	0	0	-13,116	-13,116
	0	0	28,020	12,007

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

	GROUP		PARENT COMPANY	
DKK'000	2023	2022	2023	2022
NOTE 7 FINANCIAL INCOME				
Interest income from subsidiaries	0	0	48	240
Currency gains	38,927	24,723	37,284	23,768
Other financial income	3,999	1,411	3,731	1,264
	42,926	26,134	41,063	25,272
NOTE 8 FINANCIAL EXPENSES				
Interest expenses to subsidiaries	0	0	3,062	642
Exchange losses	36,755	24,261	34,710	22,989
Bank fees	2,662	2,136	1,876	1,389
Interest expenses	2,918	1,939	2,720	1,759
	42,335	28,336	42,368	26,779
NOTE 9 TAX ON INCOME FOR THE YEAR				
Current tax	8,586	2,791	-2,582	-4,759
Adjustment of tax from previous years	3,074	27	3,067	0
Adjustment of deferred tax for the year	553	-14,969	2,873	-11,109
	12,213	-12,151	3,358	-15,868

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

NOTE 10 INTANGIBLE ASSETS

GROUP

DKK'000	Goodwill	Software	Customer-related assets	Trademarks	Intangible assets under development	Completed development projects	Total
Cost price, 1 Jan 2023	155,224	31,114	91,353	25,765	0	99,282	402,738
Exchange rate adjustments	-2,140	0	-1,064	0	0	0	-3,204
Additions	0	0	0	0	0	0	0
Disposals	0	-4,286	0	0	0	0	-4,286
Cost price, 31 Dec 2023	153,084	26,828	90,289	25,765	0	99,282	395,248
Amortisation, 1 Jan 2023	-115,177	-29,919	-79,003	-17,749	0	-17,850	-259,698
Exchange rate adjustments	2,324	0	753	0	0	0	3,077
Disposals	0	4,286	0	0	0	0	4,286
Amortisation	-13,375	-1,195	-4,645	-1,718	0	-6,230	-27,163
Amortisation, 31 Dec 2023	-126,228	-26,828	-82,895	-19,467	0	-24,080	-279,498
CARRYING AMOUNT, 31 DEC 2023	26,856	0	7,394	6,298	0	75,202	115,750

PARENT COMPANY

DKK'000	Software	Customer-related assets	Intangible assets under development	Completed development projects	Total
Cost price, 1 Jan 2023	13,733	1,955	0	90,088	105,776
Exchange rate adjustments	0	9	0	0	9
Additions	0	0	0	0	0
Disposals	-3,721	0	0	0	-3,721
Cost price, 31 Dec 2023	10,012	1,964	0	90,088	102,064
Amortisation, 1 Jan 2023	-12,538	-1,955	0	-8,656	-23,149
Exchange rate adjustments	0	-9	0	0	-9
Disposals	3,721	0	0	0	3,721
Amortisation	-1,195	0	0	-6,230	-7,425
Amortisation, 31 Dec 2023	-10,012	-1,964	0	-14,886	-26,862
CARRYING AMOUNT, 31 DEC 2023	0	0	0	75,202	75,202

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

	GROUP		
DKK'000	Leasehold improvements	Fixtures and fittings, tools and equipment	Total
Cost price, 1 Jan 2023	13,627	78,914	92,541
Exchange rate adjustments	-91	-672	-763
Additions	211	590	801
Disposals	0	-11,108	-11,108
Cost price, 31 Dec 2023	13,747	67,724	81,471
Amortisation, 1 Jan 2023	-11,402	-66,442	-77,844
Exchange rate adjustments	58	569	627
Disposals	0	11,036	11,036
Depreciation	-1,444	-4,152	-5,596
Amortisation, 31 Dec 2023	-12,788	-58,989	-71,777
CARRYING AMOUNT, 31 DEC 2023	959	8,735	9,694

	PARENT COMPANY		
DKK'000	Leasehold improvements	Fixtures and fittings, tools and equipment	Total
Cost price, 1 Jan 2023	6,574	48,067	54,641
Exchange rate adjustments	0	4	4
Additions	0	425	425
Disposals	0	-6,310	-6,310
Cost price, 31 Dec 2023	6,574	42,186	48,760
Amortisation, 1 Jan 2023	-6,493	-41,720	-48,213
Exchange rate adjustments	0	-10	-10
Disposals	0	6,310	6,310
Depreciation	-27	-2,050	-2,077
Amortisation, 31 Dec 2023	-6,520	-37,470	-43,990
CARRYING AMOUNT, 31 DEC 2023	54	4,716	4,770

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

	PARENT COMPANY	
DKK'000	2023	2022
NOTE 12 INVESTMENTS IN GROUP ENTERPRISES		
Cost price, 1 Jan	324,623	324,623
Cost price, 31 Dec	324,623	324,623
Value adjustments, 1 Jan	-126,372	-114,854
Exchange rate adjustments	-2,898	-5,525
Goodwill amortisation	-13,116	-13,116
Distribution of dividends	-14,000	-18,000
Income for the year	41,136	25,123
Value adjustments, 31 Dec	-115,250	-126,372
CARRYING AMOUNT, 31 DEC	209,373	198,251

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

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

	GROUP		PARENT COMPANY	
DKK'000	2023	2022	2023	2022
NOTE 13 DEFERRED TAX				
Deferred tax, 1 Jan	54,992	40,815	57,032	46,377
Exchange rate adjustment	-1	-791	1	-454
Adjustments for previous years	-728	0	-175	0
Adjustment of deferred tax for the year	-553	14,968	-2,873	11,109
CARRYING AMOUNT, 31 DEC	53,710	54,992	53,985	57,032
Recognised in the Statement of Financial Position as:				
Deferred tax assets	60,636	61,736	53,985	57,032
Provision for deferred tax	-6,926	-6,744	0	0
CARRYING AMOUNT, 31 DEC	53,710	54,992	53,985	57,032

At 31 December 2023, the Group recognised a tax asset totalling DKK 60.6 million. The tax asset consists of tax loss carryforwards totalling DKK 54.4 million and unutilised tax deductions in the form of timing differences totalling DKK 6.2 million. Based on the budgets until 2030, Management considers it likely that there will be future taxable income against which unutilised tax losses and tax deductions can be offset.

	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
NOTE 14 CORPORATION TAX				
Corporation tax payable, 1 Jan	-1,897	-3,275	4,759	6,157
Exchange rate adjustment	-105	328	0	0
Adjustments for previous years	-3,074	-27	-3,067	0
Current tax for the year	-8,586	-2,791	2,582	4,759
Corporation tax for the year, paid	5,972	3,868	-1,692	-6,157
CARRYING AMOUNT, 31 DEC	-7,690	-1,897	2,582	4,759
Recognised in the Statement of Financial Position as:				
Corporate tax receivables	4,371	6,540	2,582	4,759
Corporation tax	-12,061	-8,437	0	0
CARRYING AMOUNT, 31 DEC	-7,690	-1,897	2,582	4,759
NOTE 15 PREPAYMENTS				
Prepaid expenses	13,418	18,676	10,171	11,789
CARRYING AMOUNT, 31 DEC	13,418	18,676	10,171	11,789

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

NOTE 16 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE INFORMATION

Fair value information

The group has the following assets and liabilities, which are measured at fair value:

	GROUP
DKK'000	Other securities and capital shares
Fair value, 31 Dec 2023	301
Value adjustments in the income statement	34
Fair value level	1

	PARENT COMPANY
DKK'000	Other securities and capital shares
Fair value, 31 Dec 2023	301
Value adjustments in the income statement	34
Fair value level	1

	GROUP		PARENT COMPANY	
DKK'000	2023	2022	2023	2022

NOTE 17 CASH AND CASH EQUIVALENTS

The parent company (SOS International A/S) is the cash pool manager in an overall cash pool arrangement entered into between the parent company, the subsidiaries and Nordea.

At 31 December 2023, the parent company's share of cash and cash equivalents amounts to DKK 59.9 million (2022: debt of DKK 32.8 million) and the subsidiaries' share amounts to DKK 60.5 million (2022: DKK 107.8 million).

NOTE 18 SHARE CAPITAL

	GROUP 2023	GROUP 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Unlisted share capital:				
Nominal value at 1 Jan 2019			20,960	20,960
Capital increase Dec 2020			7,527	7,527
Capital increase Dec 2021			5,817	5,817
NOMINAL VALUE, 31 DEC			34,304	34,304

The share capital consists of 3,430,475 shares of DKK 10 nominal value and is paid up in full. No shares have special rights.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

NOTE 19 OTHER PROVISIONS

	GROUP		
DKK'000	Onerous contracts	Other obligations	Total
Carrying amount, 1 Jan 2023	0	8,722	8,722
Exchange rate adjustments	0	0	0
Additions	30,764	0	30,764
Disposals	0	-1,800	-1,800
CARRYING AMOUNT, 31 DEC 2023	30,764	6,922	37,686
The due dates for other provisions are expected to be:			
0-1 year	10,925	6,922	17,847
> 1 year	19,839	0	19,839
	30,764	6,922	37,686

	PARENT COMPANY		
DKK'000	Onerous contracts	Other obligations	Total
Carrying amount, 1 Jan 2023	0	8,722	8,722
Exchange rate adjustments	0	0	0
Additions	30,764	0	30,764
Disposals	0	-1,800	-1,800
CARRYING AMOUNT, 31 DEC 2023	30,764	6,922	37,686
The due dates for other provisions are expected to be:			
0-1 year	10,925	6,922	17,847
> 1 year	19,839	0	19,839
	30,764	6,922	37,686

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

	GROUP		PARENT COMPANY	
DKK'000	2023	2022	2023	2022
NOTE 20 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 21 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 2023.				
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	6,873	7,357	2,264	2,135
Rent commitments due within five years	20,407	49,188	0	8,389
NOTE 22 DISTRIBUTION OF PROFIT FOR THE YEAR				
Proposed profit appropriation:				
Retained income			-66,627	-34,539
			-66,627	-34,539
NOTE 23 OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL				
Operating income	-55,005	-44,488		
Adjustments for non-cash operating items, etc.				
Depreciations	32,718	35,428		
Losses/gains from the sale of fixed assets	41	349		
	-22,246	-8,711		

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Notes

	GROUP	
DKK'000	2023	2022
NOTE 24 CHANGE IN WORKING CAPITAL		
Changes in inventories	-22	-8
Changes in trade receivables	-57,648	-64,440
Changes in work in progress	29,282	-61,908
Changes in other receivables, including prepayment	2,780	-1,817
Changes in trade payables	8,633	47,612
Changes in customer prepayments	29,169	29,509
Changes in other debts	62,008	-16,856
	74,202	-67,908

NOTE 25 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 26 UNCERTAINLY IN RECOGNITION AND MEASUREMENT

A provision for DKK 30.8 million has been made in the annual report for 2023. The provision regards onerous contracts in one of the divisions and are expected to be realised in 2024 and 2025. The provision is subject to uncertainty in recognition and measurement. The provision has been calculated based on the budget for 2024 approved by the board as well as the managements estimates for 2025.

Management believes that the provision made represents an adequate measure and additional negative impacts are not expected in this regard.

NOTE 27 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

To this date, no event has occurred in 2024 that will change this view.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Accounting policies

The 2023 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

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 company has chosen IAS 11 as an interpretation contribution for the recognition of 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

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Accounting policies

profits/loss, is recognised in the income statements of both the Group and parent company.

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 3-15 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

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Accounting policies

trademarks are depreciated or amortised on a straight-line basis over the depreciation or amortisation period between 3-15 years.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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.

INVENTORY

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower that cost, inventories are written down to this lower value. The net realisable value of inventories is determined as the selling price less any discounts, costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs and other costs directly related to the purchase.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Accounting policies

RECEIVABLES

The Company has chosen IAS 39 Financial instruments as interpretation for impairment write-down of financial receivables: Recognition and measurement. Receivables are measured at amortised cost.

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

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

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

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

WORK IN PROGRESS

The Company has chosen IAS 11 Construction contracts as interpretation for 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.

CASH AND CASH EQUIVALENTS

The company participates in the group's cash pool arrangement as an account owner. Cash and cash equivalents include the group's excess liquidity from the cash pool arrangement and deposited funds, which are available for conversion into cash funds, and which are subject to only an insignificant risk of changes in value.

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

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Accounting policies

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.

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 other provisions and a cost in the income statement.

LIABILITIES

The Company has chosen IAS 39 Financial instruments: Recognition and measurement as interpretation for recognition and measurement of 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.

FAIR VALUE

Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability.

Alle assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

- Level 1: Value based on the fair value of similar assets/liabilities in an active market.
- Level 2: Value based on generally accepted valuation methods on the basis of observable market information.
- Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

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.

CONSOLIDATED AND ANNUAL FINANCIAL STATEMENTS

Accounting policies

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.

KEY FIGURES

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

EBITDA margin:

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

Net operating income margin:

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

EBT Margin:

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

Profit margin:

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

Return on capital employed:

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

Operating assets:

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

Liquidity ratio:

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

Solvency ratio:

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

Return on equity:

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

SOS
INTERNATIONAL

www.sos.eu