

# Scan Bidco A/S

Kirstinehøj 7, 2770 Kastrup  
CVR no. 37 52 10 43  
(Formation date 4 March 2016)

## Interim Financial Report Second quarter 2019

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Financial highlights for the Scan Bidco Group	Q2 2019	Q2 2018 <sup>1)</sup>	YTD 2019	YTD 2018 <sup>1)</sup>
<b>Key figures (in DKK thousands):</b>				
<b>Income statement</b>				
Revenue	1,025,820	874,307	1,985,212	1,715,726
Gross profit	186,249	145,935	355,959	284,426
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	42,615	22,672	82,616	37,876
Earnings Before Interest, Tax, Amortisation (EBITA) and special items	25,317	19,864	49,465	32,593
Operating profit (EBIT) before special items	16,933	13,364	32,737	19,593
Special items	-2,755	-1,397	-3,369	-1,757
Operating profit (EBIT)	14,178	11,967	29,368	17,836
Net financial expenses	-23,632	-15,104	-33,238	-28,600
Profit/loss before tax	-9,454	-3,137	-3,870	-10,764
Profit/loss for the period	-13,569	-3,771	-9,731	-13,278
<b>Cash flow</b>				
Cash flows from operating activities before special items, interest & tax			3,117	40,323
Cash flows from operating activities			-34,291	5,308
Cash flows from investing activities			-87,623	-10,933
Free Cash flow			-121,914	-5,625
Cash flows from financing activities			-44,290	0
Cash flow for the period			-166,204	-5,625
<b>Financial position</b>				
Total equity			643,967	595,439
Equity attributable to parent company			637,793	594,327
Net interest bearing debt (NIBD)			923,965	693,551
Total assets			2,967,733	2,562,733
<b>Financial ratios in %</b>				
Gross margin	18.2	16.7	17.9	16.6
EBITDA margin before special items	4.2	2.6	4.2	2.2
EBIT margin before special items	1.7	1.5	1.6	1.1
Equity ratio			21.7	23.2
<b>Other</b>				
Number of full time employees at period end	1,108	923	1,108	923

<sup>1)</sup> The 2018 comparison figures are not adjusted to the new accounting standard IFRS 16 Leases

## Company details

Name	:	<b>Scan Bidco A/S</b>
Address, Postal code, Town	:	Kirstinehøj 7, 2770 Kastrup, Denmark
CVR No.	:	37 52 10 43
Registered office	:	Tårnby (Copenhagen)
Financial year	:	1 January - 31 December
Website	:	<a href="http://www.scangl.com">www.scangl.com</a>
E-mail	:	<a href="mailto:headoffice@scangl.com">headoffice@scangl.com</a>
Telephone	:	(+45) 32 48 00 00
Contact person	:	Claes Brønsgaard Pedersen, Group CFO
Telephone	:	(+45) 32 48 00 00
Board of Directors	:	Henrik von Sydow, Chairman Allan Dyrgaard Melgaard Claes Brønsgaard Pedersen Thomas Thellufsen Nørgaard Jørgen Agerbo Jessen
Executive Board	:	Claes Brønsgaard Pedersen
Parent company of Scan Bidco A/S	:	Scan (UK) Midco Limited
Ultimate owner	:	SGLT Holding I LP
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvold Helmutsheds Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

**Legal entities in the Scan Bidco Group**

Company name	Country	Currency	Nominal capital	Ownership interest
Scan Bidco A/S				
Scan Global Logistics Holding ApS*	Denmark	DKK	3,530,839	100%
Scan Global Logistics A/S	Denmark	DKK	1,901,650	100%
SGL Express A/S	Denmark	DKK	500,000	100%
SGL Road ApS	Denmark	DKK	500,200	100%
SGL Road AB	Sweden	SEK	100,000	100%
Scan Global Logistics GmbH	Germany	EUR	25,000	100%
SGL E-Commerce A/S	Denmark	DKK	500,000	100%
Airlog Group Denmark A/S	Denmark	DKK	500,000	100%
ScanAm Global Logistics AB	Sweden	SEK	100,000	100%
Crosseurope AB	Sweden	SEK	100,000	100%
Crosseurope GmbH	Germany	EUR	25,000	100%
Airlog Group Holding AB*	Sweden	SEK	2,000,000	100%
Airlog Group Sweden AB	Sweden	SEK	2,000,000	100%
SGL Express AB	Sweden	SEK	1,000,000	100%
Airlog Group Fur OY	Finland	EUR	2,500	100%
Airlog Group AS	Norway	NOK	30,000	100%
Scan Global Logistics AS	Norway	NOK	150,000	100%
Scan Global Logistics (Finland) Oy	Finland	EUR	2,523	100%
Scan Global Logistics K.K.	Japan	JPY	15,000,000	100%
Scan Global Logistics Ltd.	China	USD	1,650,000	100%
Scan Global Logistics (Wuxi) Ltd.	China	CNY	3,000,000	100%
Scan Global Logistics Ltd.	Hong Kong	HKD	500,000	100%
Scan Global Logistics (Shanghai) Limited	China	CNY	3,000,000	100%
Scan Global Logistics Ltd. (Branch)	Taiwan			100%
Scan Global Logistics Ltd.	Thailand	THB	5,000,000	100%
Scan Global Logistics Ltd.	Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.	Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.	Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.	Philippines	PHP	4,000,000	40%
Scan Global Logistics Chile S.A.	Chile	CLP	179,872,000	100%
Scan Global Logistics Peru S.A.C.	Peru	PEN	1,000	100%
Scan Global Logistics (Vietnam) Ltd.	Vietnam	USD	100,000	100%
Scan Global Logistics Ltd.	Indonesia	IDR	252,015,000	100%
Scan Global Logistics Pte Ltd. (Singapore)	Singapore	SGD	100,000	100%
Scan Global Logistics SA	Mali	XOF	10,000,000	55%
Macca Logistics Sarl	Senegal	XOF	1,000,000	100%
Macca Logistics Sarl	Ivory Coast	XOF	1,000,000	100%
IQS Holding GmbH*	Germany	EUR	58,400	100%
IQS International Quality Service GmbH	Germany	EUR	26,100	100%
IQS Business Travel GmbH	Germany	EUR	25,000	100%
ENGINOX GmbH	Germany	EUR	25,000	100%
Aircargo Consulting GmbH	Germany	EUR	25,000	100%
IQS Logistic Consulting Corp.	USA	USD	100	100%
Global Automotive Testing Support GmbH	Germany	EUR	25,000	100%
Global Aviation Management Services FZE	Dubai	AED	1,000,000	100%

\*Holding companies.

## Management's commentary

### **Scan Bidco Group's business model**

Scan Bidco Group's (the group) activities focus on international freight-forwarding services, primarily by air and sea, with supporting IT, logistics and road freight services. More than 80% of revenue originates from large customers contracted via corporate initiatives, primarily in the Nordic region. The group primarily provides services to its customers via the Scan Global Logistics Group network of offices supported by its close partner and affiliated company Transgroup Global Logistics and other key agents worldwide.

### **Scan Bidco Group's business review**

The group has implemented the IFRS 16 accounting standard (leases) effective 1 January 2019, which had a material impact on the financial statements and key ratios, as most contracts on leased equipment and locations previously classified as operating leases have now been capitalised. 2018 comparative figures have not been restated.

### ***Profit for the period***

The first six months of 2019 consolidated financial statements include the operating results of the Scan Global Logistics A/S Group, including the results of Kestrel and Macca Logistics Sarl, both of which were acquired in Q3 2018 as well as IQS Group (acquired 2 January 2019) and BK Spedition GmbH (acquired 2 May 2019).

A rapidly growing and profitable Parcel and Express Division is adding to growth this year. Combined with the newly acquired unit IC Logistics from IC Company (acquired 30 June 2019), this will establish a strong platform for E-commerce fulfilment services within the Group.

In the first six months of 2019 revenue amounted to DKK 1,985 million generating EBITDA before special items of DKK 83 million. EBITDA excluding the IFRS 16 adjustment showed an increase of DKK 15 million (a 39 percent improvement compared to H1 2018). Refer to further details below.

### ***Revenue***

The consolidated Q2 2019 revenue was DKK 1,026 million compared to DKK 874 million in Q2 2018, equivalent to an increase of 17.4 percent. The increase in revenue was mainly driven by businesses acquired after Q2 2018 (Kestrel, Macca, IQS, and BK Spedition), which in total contributed DKK 102 million in revenue in the second quarter of 2019; resulting in organic growth of 5.7% compared to the Q2 2018 results.

Air, Sea and Road segments were all strong drivers of the organic growth, mainly driven by the Nordic, Hong Kong, China and South East Asia region; however, partly offset by the Solution segment due to restructuring activities within the Danish Solutions business.

### ***Gross profit***

In the second quarter of 2019, the gross profit amounted to DKK 186 million, corresponding to a gross margin of 18.2 percent which is a 1.5 percentage points increase compared to the second quarter of 2018 (hereof 0.8 percentage points was a result of the change per IFRS 16). This increase was primarily driven by the Sea and Road activities in the Nordic region as well as by Road activities derived from acquired businesses relative to 2018. Furthermore, a strong development within several departments at ADP has added to the profitability.

## Management's commentary

### *SG&A cost*

SG&A costs amounted to DKK 144 million in the second quarter of 2019, equivalent to an increase of 17 percent compared to second quarter of 2018. The increase is mainly influenced by the acquisitions of Kestrel, Macca, IQS and BK Spedition, comprising an increase of DKK 15 million in SG&A cost; however, positively impacted by IFRS 16 as the majority of lease contracts are now recognised as Right-of-use assets on the balance sheet and depreciated subsequently.

SG&A costs comprise 14.0 percent of revenue in the second quarter of 2019; same level as the second quarter of 2018. However, excluding IFRS 16 the SG&A costs comprise 14.7 percent of revenue, which is an increase driven by continued investment in the business to capture and establish the infrastructure to serve continued growth.

### *EBITDA before special items*

EBITDA before special items amounted to DKK 43 million in the second quarter of 2019, equivalent to an EBITDA margin of 4.2 percent; an increase of 1.6 percentage point primarily due to improved gross margins and the recent acquisitions as well as accounting for IFRS 16.

### *Depreciation and amortisation*

Depreciation and amortisation amounted to DKK 26 million in the second quarter of 2019, compared to DKK 9 million in the second quarter of 2018. This increase is explained by IFRS 16 depreciations combined with increased amortisation of the identifiable assets (trademarks, customer relations and other intangible assets) from acquired businesses.

### *Special items*

In the second quarter of 2019 special items amounted to a cost of DKK 2.8 million, which mainly included restructuring costs (redundancy cost for personnel and closing of offices) and acquisition costs.

### *Financial items*

Net financial expenses amounted to DKK 24 million in the second quarter of 2019, mainly comprised of interest expenses on the bond debt as well as an impact of IFRS 16 interest expenses (DKK 3 million) offset by the interest income from the intercompany loan to Transgroup Global Inc. (the parent company of Transgroup). Please refer to note 4 and 5 for further information.

### **Cash Flows**

For the first six months of 2019 the accumulated cash flow from operating activities before special items, interests and tax was DKK 3 million, driven by improved EBITDA but partly offset by negative working capital movement. The negative working capital movement is a result of a combined increase in receivables (higher activities), creditor payments including special project payments as well as the impact of the acquisitions and payment of accrued costs booked in 2018.

Excluding acquisitions, the investments and release of earn-out payments during the first six months of 2019 of DKK 21 million were comprised mainly of software and IT equipment.

The cash out-flow from acquisitions including the transactions costs amounted to DKK 91 million. The property acquired as a part of the IQS transaction has then been sold with a net positive cash impact of DKK 25 million.

## Management's commentary

### **Capital structure**

The total equity was DKK 644 million with an equity ratio of 21.7 percent as at 30 June 2019. The equity ratio excluding the impact of IFRS 16 was 22.8 percent and declined by 0.4 percentage points compared to 30 June 2018, driven by additional assets coming from acquisitions.

Total equity includes a capital increase of DKK 104 million made in December 2018 prior to the acquisition of IQS Group in January 2019.

### **Net interest bearing debt (NIBD)**

Consolidated net interest bearing debt amounted to DKK 924 million as at 30 June 2019. Hereof DKK 158 million has been added in lease liabilities according to IFRS 16. The debt is mainly due to the acquisitions of SGL Group, Airlog Group and Crosseurope. The net interest bearing debt increased DKK 317 million during the first six months of 2019, partly due to the financing of the acquisitions made and partly due to working capital increase. The total liquidity reserve was DKK 158 million by end of June 2019. See note 6 for further information.

### **Acquisitions in 2019**

Effective as at 2 January 2019 the group acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group). The acquisition was financed partly by a capital increase of DKK 104 million and partly by the present capital resources.

Effective as at 2 May 2019 the group acquired the German road transport company BK Spedition GmbH. The acquisition of BK Spedition was financed by available cash. Refer to note 9 for further information.

The revenue included in the consolidated income statement since 2 January 2019 contributed by acquired businesses was DKK 174 million, and the acquired businesses also contributed a profit after tax of DKK 6 million over the same period. Refer to note 9 for further information.

Scan Bidco Group has launched SGL E-commerce, which offers a global fulfillment solution allowing SGL customers to integrate with top online marketplaces and web shops worldwide through a cloud-based platform. These activities are managed through a new subsidiary company, SGL E-Commerce A/S, which has acquired one of Scandinavian leading fashion fulfillment operations, the Denmark based, IC Logistics (part of IC Group A/S). Final close was 30 June 2019, hence no impact to the income statement for the period 1 January to 30 June 2019.

### **Outlook 2019**

The Scan Bidco Group maintains its full-year outlook for 2019 previously announced in the Annual report 2018.

Scan Bidco A/S has issued bonds, ISIN NO0010768062 and NO0010768070, in an aggregate amount of approximately USD 193 million and with final redemption date on 27 June 2022.

The Group is currently reviewing the possibility to refinance these bonds by way of new senior secured bond issue, and has for this purpose mandated Pareto Securities AB to act as lead manager and sole bookrunner for the potential bond issue.

The refinancing process is currently under review and a final decision is expected to be made in the coming months.



(DKKt)		Q2 2019	Q2 2018	YTD 2019	YTD 2018
Notes	<b>Consolidated income statement</b>				
1	Revenue	1,025,820	874,307	1,985,212	1,715,726
1	Cost of operation	-839,571	-728,372	-1,629,253	-1,431,300
	<b>Gross profit</b>	<b>186,249</b>	<b>145,935</b>	<b>355,959</b>	<b>284,426</b>
	Other external expenses	-31,324	-29,428	-54,053	-59,641
	Staff costs	-112,311	-93,834	-219,290	-186,909
	<b>Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items</b>	<b>42,615</b>	<b>22,672</b>	<b>82,616</b>	<b>37,876</b>
	Depreciation of software and tangible assets	-17,298	-2,808	-33,151	-5,283
	<b>Earnings before Interest, Tax, Amortisation and special items</b>	<b>25,317</b>	<b>19,864</b>	<b>49,465</b>	<b>32,593</b>
	Amortisation of customer relations, trademarks and other intangible assets	-8,384	-6,500	-16,728	-13,000
	<b>Operating profit before (EBIT) special items</b>	<b>16,933</b>	<b>13,364</b>	<b>32,737</b>	<b>19,593</b>
3	Special items, net	-2,755	-1,397	-3,369	-1,757
	<b>Operating profit (EBIT)</b>	<b>14,178</b>	<b>11,967</b>	<b>29,368</b>	<b>17,836</b>
4	Financial income	4,002	13,733	28,508	45,155
5	Financial expenses	-27,634	-28,837	-61,746	-73,755
	<b>Loss before tax</b>	<b>-9,454</b>	<b>-3,137</b>	<b>-3,870</b>	<b>-10,764</b>
	Tax on profit for the period	-4,115	-634	-5,861	-2,514
	<b>Loss for the period</b>	<b>-13,569</b>	<b>-3,771</b>	<b>-9,731</b>	<b>-13,278</b>
	<b>Total income for the year attributable to</b>				
	Owners of the parent	-13,492	-4,277	-10,239	-14,110
	Non-controlling interests	-77	506	508	832
	<b>Total</b>	<b>-13,569</b>	<b>-3,771</b>	<b>-9,731</b>	<b>-13,278</b>

(DKKt)		Q2 2019	Q2 2018	YTD 2019	YTD 2018
	<b>Consolidated statement of comprehensive income</b>				
	<b>Loss for the period</b>	<b>-13,569</b>	<b>-3,771</b>	<b>-9,731</b>	<b>-13,278</b>
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment	-6,127	3,145	-5,726	-119
	<b>Other comprehensive income, net of tax</b>	<b>-6,127</b>	<b>3,145</b>	<b>-5,726</b>	<b>-119</b>
	<b>Total comprehensive income for the period</b>	<b>-19,696</b>	<b>-626</b>	<b>-15,457</b>	<b>-13,397</b>
	<b>Total comprehensive income for the period attributable to</b>				
	Owners of the parent	-19,786	-1,135	-16,096	-14,197
	Non-controlling interests	90	509	639	800
	<b>Total</b>	<b>-19,696</b>	<b>-626</b>	<b>-15,457</b>	<b>-13,397</b>

(DKKt)				
Notes	Consolidated balance sheet	30.06.2019	30.06.2018	31.12.2018
<b>ASSETS</b>				
2	Goodwill	1,005,589	953,620	951,425
2	Customer relations	265,834	247,221	234,079
2	Trademarks	44,133	44,385	41,377
2	Other intangible assets	2,045	0	0
	Software	33,215	10,922	23,398
	<b>Intangible assets</b>	<b>1,350,816</b>	<b>1,256,148</b>	<b>1,250,279</b>
	Right of use assets	154,875	0	0
	Property, plant and equipment	39,354	18,843	24,192
	<b>Tangible fixed assets</b>	<b>194,229</b>	<b>18,843</b>	<b>24,192</b>
7	Receivable from Transgroup Global Inc.	641,777	625,515	637,944
	Other receivables	11,520	8,141	7,936
	Deferred tax asset	3,378	2,933	4,757
	<b>Financial assets</b>	<b>656,675</b>	<b>636,589</b>	<b>650,637</b>
	<b>Total non-current assets</b>	<b>2,201,720</b>	<b>1,911,580</b>	<b>1,925,108</b>
	Trade receivables	568,264	531,848	505,662
	Receivables from group entities	6,154	6,425	5,420
	Income taxes receivable	3,494	3,060	3,073
	Other receivables	23,565	12,734	24,320
	Prepayments	36,493	12,869	13,968
6	Cash and cash equivalents	128,043	84,217	225,216
	<b>Total current assets</b>	<b>766,013</b>	<b>651,153</b>	<b>777,659</b>
	<b>Total assets</b>	<b>2,967,733</b>	<b>2,562,733</b>	<b>2,702,767</b>

(DKKt)				
Notes	Consolidated balance sheet	30.06.2019	30.06.2018	31.12.2018
<b>EQUITY AND LIABILITIES</b>				
	Share capital	501	500	501
	Share premium	833,542	726,434	830,764
	Currency translation reserve	-31,793	-19,872	-25,936
	Retained earnings	-164,457	-112,735	-154,218
	<b>Equity attributable to parent company</b>	<b>637,793</b>	<b>594,327</b>	<b>651,111</b>
	Non-controlling interests	6,174	1,112	5,535
	<b>Total Equity</b>	<b>643,967</b>	<b>595,439</b>	<b>656,646</b>
8	Bond debt	1,269,961	1,249,741	1,264,236
	Lease Liabilities	88,224	0	0
	Earn-out provision	8,193	0	1,678
	Deferred tax liability	58,334	50,252	46,807
	<b>Total non-current liabilities</b>	<b>1,424,712</b>	<b>1,299,993</b>	<b>1,312,721</b>
6	Bank overdraft	148,373	53,797	79,342
	Lease liabilities	69,427	0	0
	Earn-out provision	1,998	5,149	5,674
	Trade payables	434,600	397,159	425,569
	Payables to group entities	106,910	86,307	114,097
	Deferred income	19,257	9,345	6,136
	Corporation tax	22,959	11,720	17,707
	Other payables	95,530	103,824	84,875
	<b>Total current liabilities</b>	<b>899,054</b>	<b>667,301</b>	<b>733,400</b>
	<b>Total liabilities</b>	<b>2,323,766</b>	<b>1,967,294</b>	<b>2,046,121</b>
	<b>Total equity and liabilities</b>	<b>2,967,733</b>	<b>2,562,733</b>	<b>2,702,767</b>

(DKKt)			
Notes	Consolidated cash flow statement 1 January - 30 June	YTD 2019	YTD 2018
	Operating profit (EBIT) before special items	32,737	19,593
	Depreciation, amortisation and impairment	49,879	18,283
	Exchange rate adjustments	-6,237	-119
	Change in working capital	-73,262	2,566
	<b>Cash flows from operating activities before special items, interest &amp; tax</b>	<b>3,117</b>	<b>40,323</b>
	Special items	-2,463	-1,757
	Interest received	25,008	26,090
	Interest paid	-54,206	-53,450
	Tax paid	-5,747	-5,898
	<b>Cash flows from operating activities</b>	<b>-34,291</b>	<b>5,308</b>
	Purchase of software	-11,008	-1,089
	Purchase of property, plant and equipment	-6,787	-6,280
	Sale of property, plant and equipment	25,368	0
9	Investments in group entities and activities	-90,615	0
	Special items, transactions cost acquisitions	-906	0
	Earn-out paid	-3,675	0
	Release of earn-out	0	-3,564
	<b>Cash flows from investing activities</b>	<b>-87,623</b>	<b>-10,933</b>
	<b>Free cash flow</b>	<b>-121,914</b>	<b>-5,625</b>
	Capital increase	2,778	0
	Loan to/from Transgroup Global Inc.	-8,365	0
	Payments to/from group entities	-734	0
	Redemption of lease liabilities	-29,906	0
	Redemption of other acquisition debt	-8,063	0
	<b>Cash flows from financing activities</b>	<b>-44,290</b>	<b>0</b>
	<b>Change in cash and cash equivalents</b>	<b>-166,204</b>	<b>-5,625</b>
	<b>Cash and cash equivalents</b>		
	Cash and cash equivalents at the beginning of the period	145,874	36,045
	Change in cash and cash equivalents	-166,204	-5,625
6	<b>Net cash and cash equivalents at 30 June</b>	<b>-20,330</b>	<b>30,420</b>

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
<b>Equity at 1 January 2019</b>	501	830,764	-25,936	-154,218	651,111	5,535	656,646
<b>Profit for the period</b>	0	0	0	-10,239	-10,239	508	-9,731
Currency exchange adjustment	0	0	-5,857	0	-5,857	131	-5,726
<b>Other comprehensive income, net of tax</b>	0	0	-5,857	0	-5,857	131	-5,726
<b>Total comprehensive income for the period</b>	0	0	-5,857	-10,239	-16,096	639	-15,457
Capital increase by cash payment	0	2,778	0	0	2,778	0	2,778
<b>Total transactions with owners</b>	0	2,778	0	0	2,778	0	2,778
<b>Equity at 30 June 2019</b>	501	833,542	-31,793	-164,457	637,793	6,174	643,967

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
<b>Equity at 1 January 2018</b>	500	726,434	-19,785	-97,544	609,605	312	609,917
Effect of changes in accounting policies, IFRS 9	0	0	0	-1,081	-1,081	0	-1,081
<b>Adjusted equity at 1 January 2018</b>	500	726,434	-19,785	-98,625	608,524	312	608,836
<b>Profit for the period</b>	0	0	0	-14,110	-14,110	832	-13,278
Currency exchange adjustment	0	0	-87	0	-87	-32	-119
<b>Other comprehensive income, net of tax</b>	0	0	-87	0	-87	-32	-119
<b>Total comprehensive income for the period</b>	0	0	-87	-14,110	-14,197	800	-13,397
<b>Equity at 30 June 2018</b>	500	726,434	-19,872	-112,735	594,327	1,112	595,439

Note (DKKt)

**1 Segment information**

YTD 2019

	Air		Sea		Road		Solution		Total	
	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Revenue (services)	985,759	769,381	880,670	861,477	342,736	284,071	53,175	84,739	2,262,340	1,999,668
Intercompany revenue	-132,216	-136,681	-116,996	-118,851	-26,819	-27,231	-1,097	-1,179	-277,128	-283,942
Net revenue (services)	853,543	632,700	763,674	742,626	315,917	256,840	52,078	83,560	1,985,212	1,715,726
Cost of operation	-700,311	-526,015	-633,257	-621,717	-249,915	-212,150	-45,770	-71,418	-1,629,253	-1,431,300
<b>Gross profit</b>	<b>153,232</b>	<b>106,685</b>	<b>130,417</b>	<b>120,909</b>	<b>66,002</b>	<b>44,690</b>	<b>6,308</b>	<b>12,142</b>	<b>355,959</b>	<b>284,426</b>

Segments are monitored at gross profit level. The four segments are all using the Group's capacity, including headquarter costs.

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners (the arm's length principle).

Note (DKKt)

**2 Goodwill, customer relations, trademarks and other intangible assets**

30.06.2019

	Air	Sea	Road	Solution	Total
Balance at 31 December 2018	528,978	644,781	48,941	4,181	1,226,881
Exchange rate adjustment	-3,084	-683	-943	0	-4,710
Additions 2019	104,912	0	7,246	0	112,158
Amortisation during the year	-7,924	-7,977	-774	-53	-16,728
<b>Balance at 30 June 2019</b>	<b>622,882</b>	<b>636,121</b>	<b>54,470</b>	<b>4,128</b>	<b>1,317,601</b>

It is not possible to allocate assets (excluding goodwill, trademarks and customer relations) and liabilities to the four segments identified, as these assets and liabilities serve all segments.

The core business of the Group is within the Air and Sea segments, whereas the Road and Solutions business units are relatively small in a group context and are primarily within a limited geographical area (Denmark & Sweden). The project business of the Group is also within the Air and Sea segments. Consequently, goodwill, customer relations and trademarks are primarily allocated to the Air and Sea segments.

Goodwill, customer relations and trademarks were tested for impairment at 31 December 2018.

The basis for the calculation is a 3 year projection with targets for year 2021; "Scan Global Logistics Vision 2021".

The 3 year plan is covering each focus area bringing loss making units into profitable businesses, plan for the organic growth and the project business. Furthermore new and potential contract wins have been factored into the plan and have impacted several business segments and companies within the Group.

The test did not result in any impairment of the carrying amount of goodwill allocated to each business segment. In that connection, a sensitivity analysis was performed to assess whether changes in the cash flow would have led to any impairment losses being recognised. The analysis showed that probable changes in the future cash flow would not indicate a need for an impairment of goodwill.

Note (DKKt)		YTD 2019	YTD 2018
3	<b>Special items</b>		
	Restructuring cost	-2,463	-1,757
	Transaction costs in connection with acquisitions	-906	0
	<b>Total special items</b>	<b>-3,369</b>	<b>-1,757</b>

Note (DKKt)		YTD 2019	YTD 2018
4	<b>Financial income</b>		
	Interest income from Transgroup Global Inc.	24,930	23,527
	Other financial income	3,578	21,628
	<b>Total financial income</b>	<b>28,508</b>	<b>45,155</b>

Note (DKKt)		YTD 2019	YTD 2018
5	<b>Financial expenses</b>		
	Interest expenses	-57,206	-52,116
	Capitalised loan costs	-1,815	-1,815
	Other financial expenses	-2,725	-19,824
	<b>Total financial expenses</b>	<b>-61,746</b>	<b>-73,755</b>

Note (DKKt)		30.06.2019		
6	<b>Cash &amp; Liquidity</b>			
		Net Cash (+ = deposit)	Credit facilities	Liquidity reserve
	<b>Scan Bidco Group</b>	-20,330	178,593	158,263

Scan Bidco Group holds net bank liquidity of DKK -20,330 thousands. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 158,263 thousands.

		30.06.2018		
	<b>Cash &amp; Liquidity</b>			
		Net Cash (+ = deposit)	Credit facilities	Liquidity reserve
	<b>Scan Bidco Group</b>	30,420	145,944	176,364

The Group holds net bank liquidity of DKK 30,420 thousands. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 176,364 thousands.

Note (DKKt)		30.06.2019	30.06.2018
<b>7</b>	<b>Receivable from Transgroup Global Inc.</b>		
	Principal, USD 98,019 thousand, interest rate 7.70%	642,858	626,596
	Expected loss, IFRS 9	-1,081	-1,081
	<b>Total receivable from Transgroup Global Inc.</b>	<b>641,777</b>	<b>625,515</b>
		<b>Cash flow*</b>	<b>Carrying amount</b>
	Receivable falling due between 1 and 5 years (2022)	791,927	641,777
	<b>Total non-current receivable from Transgroup Global Inc.</b>	<b>791,927</b>	<b>641,777</b>
	<b>Current portion of the receivable</b>	<b>49,500</b>	<b>0</b>

\* Total cash flows including interest.

In connection with TGI US Bidco's (name changed to Transgroup Global Inc.) acquisition of TransGroup effective from 1 October 2016, TGI US Bidco has borrowed USD 98 million from Scan Bidco A/S.

Interest of 7.70% is paid quarterly and repayments are voluntary but the receivable has to be repaid in June 2022 at the latest.

If no repayments occur before June 2022 the cash flow will evolve as stated in the above note.

<b>8</b>	<b>Bond debt</b>	30.06.2019	30.06.2018
	Issued bonds, DKK tranche, interest rate 6.80%	625,000	625,000
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%	655,850	639,260
		<b>1,280,850</b>	<b>1,264,260</b>
	Capitalized loan costs	-10,889	-14,519
	<b>Total bond debt</b>	<b>1,269,961</b>	<b>1,249,741</b>
		<b>Cash flow*</b>	<b>Carrying amount</b>
	Bond debt falling due between 1 and 5 years (2022)	1,562,951	1,280,850
	<b>Total non-current financial liabilities</b>	<b>1,562,951</b>	<b>1,264,260</b>
	<b>Current portion of financial liabilities</b>	<b>93,000</b>	<b>0</b>

\* Total cash flows including interest.

Interest is paid quarterly and the bond debt has to be repaid in June 2022.

Certain terms and conditions apply for the issued bonds regarding negative pledge, redemption, change of control and incurrence test.

The company's Bonds were listed on the Nasdaq Stock Exchange in Stockholm in June 2017.

The fair values of the issued bonds were DKK 622 million for the DKK tranche and USD 96 million, corresponding to DKK 630 million, totalling DKK 1,251 million, based on quoted bond rates of 99,50 and 96,00 at Nasdaq, Stockholm at 30 June 2019.



Note (DKKt)

## 9 Investments in group entities

Others IQS Group 30.06.2019 30.06.2019

**Provisional fair value at date of acquisition:****ASSETS**

Right of use assets	21,224	3,123	24,347	0
Software	90	104	194	0
Property, plant and equipment	6,645	29,308	35,953	0
Non-current receivables	2,487	0	2,487	0
Trade receivables	0	21,979	21,979	0
Other receivables	600	1,596	2,196	0
Prepayments	0	702	702	0
Cash and cash equivalents	0	44,522	44,522	0
<b>Total assets</b>	<b>31,046</b>	<b>101,334</b>	<b>132,380</b>	<b>0</b>

**LIABILITIES**

Lease liabilities	21,224	3,123	24,347	0
Finance liabilities	0	8,064	8,064	0
Trade payables	0	31,864	31,864	0
Corporation tax	0	1,371	1,371	0
Other payables	4,600	11,897	16,497	0
<b>Total liabilities</b>	<b>25,824</b>	<b>56,319</b>	<b>82,143</b>	<b>0</b>

**Acquired net assets**

Goodwill, customer relations, trademarks and other intangible assets	7,246	104,912	112,158	0
Deferred tax	0	-16,252	-16,252	0
<b>Fair value of total consideration</b>	<b>12,468</b>	<b>133,675</b>	<b>146,143</b>	<b>0</b>
Earn-out provision	4,487	6,519	11,006	0
<b>Cash consideration</b>	<b>7,981</b>	<b>127,156</b>	<b>135,137</b>	<b>0</b>
Adjustment for cash and cash equivalents taken over	0	-44,522	-44,522	0
<b>Cash consideration for the acquisitions</b>	<b>7,981</b>	<b>82,634</b>	<b>90,615</b>	<b>0</b>
Transaction costs for acquisitions	906	5,634	6,540	0
<b>Investments in Group entities</b>	<b>8,887</b>	<b>88,268</b>	<b>97,155</b>	<b>0</b>

## 9 Investments in group entities

### Purchase of shares in the IQS Group

On 2 January 2019 the Group acquired, through its wholly owned subsidiary Scan Global Logistics A/S, 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group).

The acquisition provides the Group with an extended service platform within the automotive industry, now taking a leading role in Germany as well as internationally.

IQS Group currently operates 5 offices in Germany, 1 in the US and 1 in Dubai. The company was founded in 1998 and has built a strong reputation for themselves ever since.

Under the terms of the agreement, the IQS Group was acquired for a total cash consideration of EUR 17,027 thousand. In addition, earn-out payments of 10% of future EBITDA provided a minimum EBITDA of EUR 1.5 million were agreed upon for the years 2019, 2020 and 2021. The provision of the earn-out has been determined at the end of Q1 based on the prognosis of the 3 year period after the effective date. The main assets acquired relate to tangible assets, customer relations, trademarks and other intangible assets.

The fair value of the acquired identifiable net asset is provisional pending final valuation of those assets.

### Purchase of activities from BK-International Speditions GmbH

On 2 May 2019 the Group, through its wholly owned subsidiary Scan Global Logistics GmbH, acquired activities from the German based logistic company BK-International Speditions GmbH. The acquisition strengthens the Group's positioning in the Road business market.

Under the terms of the agreement, the activities were acquired for a total cash consideration of EUR 600 thousand, EUR 500 thousand paid at closing and EUR 100 thousand falling due in October 2019. In addition, earn-out payments of maximum EUR 400 thousands depending on future revenue in 2019 and 2020. The provision of the earn-out has been determined at the end of Q2 based on the prognosis of the 2 year period after the effective date. The goodwill arising from the acquisitions is attributable to synergies expected from combining the operations of the Group and the acquired companies.

The fair value of the acquired identifiable net asset is provisional pending final valuation of those assets.

### Purchase of logistic activities from IC Group A/S

Effective as at 30 June 2019 the Group acquired, through its wholly owned subsidiary SGL E-Commerce A/S, the logistic activity in IC Group A/S, one of the leading Scandinavian fashion fulfillment operations. The main assets acquired relates to machines used in a 16,000 Sqm fashion warehouse in Brøndby, Denmark and SGL E-Commerce A/S also takes over the responsibilities of the 47 highly skilled people, who are working in this specialised warehouse function.

The Group sees this acquisition as a natural strategic step forward in the ongoing growth and development of the Group's focus in the e-commerce and fashion industry.

Under the terms of the agreement, the IC logistic activity was acquired for a total cash consideration of DKK 3,500 thousand. In addition, an amount of DKK 1,500 thousand shall be payable at 30 June 2021 if certain criteria is met.

The fair value of the acquired identifiable net asset is provisional pending final valuation of those assets.

**Basis of preparation**

The interim financial report, comprising the consolidated financial statement, has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union and Swedish disclosure requirements for interim reports of listed companies.

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2018 Annual Report. The 2018 Annual Report provides a full description of Group accounting policies.

**Changes in accounting policies**

The Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2019 as adopted by the European Union.

Of the standards and amendments implemented only IFRS 16 Leases has had material impact on the Group’s Financial Statements.

***IFRS 16 Leases***

The group applied the standard from its mandatory adoption date of 1 January 2019. IFRS 16 has been implemented using the simple modified retrospective approach with the cumulative effect of applying the standard recognised in the opening balances of assets and liabilities.

Lease liabilities and right-of-use assets are measured at the net present value of future lease payments discounted using an applicable incremental borrowing rate at the date of initial application.

The average incremental borrowing rate applied at 1 January 2019 was 7.72%.

10 Accounting policies (continued)

**Changes in accounting policies (continued)**

**IFRS 16 Leases**

The right-of use assets mainly relates to buildings, cars, trucks and other assets used for freight forwarding services.

The right of use assets are depreciated along the following schedule:

Buildings	2-10 years
Cars	3-4 years
Other	2-6 years

Major accounting policy choices made in implementing the standard includes:

- To apply a portfolio approach in determining an alternative borrowing rate for assets of a similar nature;
- Only to apply IFRS 16 to contracts previously identified as containing a lease;
- Not to recognise right-of-use assets and lease liabilities for leases with a lease term of 12 months or less;
- Not to recognise right-of-use assets and lease liabilities for low-value lease assets;
- Not to include non-lease components – e.g. service elements – as part of the right-of-use assets and lease liabilities recognised (these are accounted for separately);
- Not to recognise right-of-use assets and lease liabilities for long-term lease contracts where the lease term ends within 12 months from 1 January 2019.

**Impact on the financial statements as of 1 January 2019**

On implementation of IFRS 16, the Group has recognised a lease liability and a corresponding right-of-use asset (operating leases as of 31 December 2018) of DKK 139 million. Impact on equity is DKK 0 thousand. Comparative figures are not restated.

Differences between the operating lease commitments at 31 December 2018 disclosed in the 2018 Annual Report and lease liabilities recognised in the opening balance at 1 January 2019 in accordance with IFRS 16 specify as follows:

Operating lease obligation as at 31 December 2018 (IAS 17)	118,849
Discounted alternative borrowing rate	-837
Service elements included in leasing agreements	-1,293
Discounted lease payments covered by extension options that the Group is reasonably certain to exercise	34,335
<i>Accounting policy choices made in implementing the</i>	
Short-term leases	-10,808
Low-value leases	-940
<b>Lease liability as at 1 January 2019 (IFRS 16)</b>	<b>139,306</b>

Note

10 Accounting policies (continued)

**Material accounting estimates**

In connection with the preparation of the interim report, the management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of the group's assets and liabilities for accounting purposes. Except for judgements in determining the lease term as described below, there are no significant changes in the material estimates or assessments presented in the annual report for 2018.

*Significant judgement in determining the lease term of contracts with renewal options (IFRS 16)*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

**New accounting regulation**

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2019 Interim Financial Statements.

None of these are currently expected to carry any significant impact on the Group's Financial Statements when implemented.

## Management's statement

The Board of Directors and Executive Management have today considered and approved the interim financial report of Scan Bidco A/S for the period 1 January to 30 June 2019.

The interim financial report has been prepared in accordance with IAS 34 interim financial reporting as adopted by the European Union and Swedish disclosure requirements for interim financial reports of listed companies. The interim financial report has not been reviewed or audited by the company auditor.

In our opinion the interim financial report gives a true and fair view of the Group's assets and liabilities and financial position at 30 June 2019 and operations and cash flow for the period 1 January - 30 June 2019.

Further, in our opinion we find that the management commentary contains a true and fair statement of the development in the Group's activities and financial situation, the result for the period and financial position and that the Management's commentary describes the significant risks and uncertainties faced by the Group.

Kastrup, 26 August 2019

### **Executive Management:**

Claes Brønsgaard Pedersen

### **Board of Directors:**

Henrik von Sydow  
*Chairman*

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbo Jessen