SGLT Holding II LP

Interim Financial Report

Fourth quarter 2019

Contents

Financial highlights

Key figures (in USD thousands):	Q4 2019	Q4 2018[1)]	YTD 2019	YTD 2018[1)]
Income statement (IFRS)				
Revenue	266,526	258,552	1,074,254	955,266
Gross profit	50,834	38,762	181,152	145,695
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	15,117	9,287	52,833	31,168
Operating profit (EBIT) before special items	7,707	6,507	27,350	20,223
Special items	-4,585	-4,806	-6,377	-6,949
Operating profit (EBIT)	3,122	1,701	20,973	13,274
Net financial expenses	-17,285	-4,471	-32,271	-17,765
Profit/loss before tax	-14,163	-2,770	-11,298	-4,491
Profit/loss for the period	-12,531	-5,227	-11,798	-7,856
Income statement (Business performance)[2)]				
Adjusted EBITDA[3)]	12,355	n/a	43,005	n/a
Cash flow				
Cash flows from operating activities before special items, interest and tax			33,960	28,549
Cash flows from operating activities			-5,535	4,162
Cash flows from investing activities			-24,744	-9,416
Free Cash flow			-30,279	-5,253
Cash flows from financing activities			37,633	13,790
Cash flow for the period			7,354	8,537
Financial position				
Total equity			143,487	159,117
Equity attributable to parent company			140,500	157,374
Net interest bearing debt (NIBD)			267,544	184,430
Total assets			580,018	510,878
Financial ratios in %				
Gross margin[4)]	19.1	15.0	16.9	15.3
EBITDA margin[4)]	5.7	3.6	4.9	3.3
Adjusted EBITDA (Business performance)[2) 3)]	4.6	n/a	4.0	n/a
EBIT margin[4)]	2.9	2.5	2.5	2.1
Equity ratio			24.7	31.1

1) IFRS 16, leases, was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

2) Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items. Apart from this, there is no difference between business performance and IFRS results.

3) Excluding the impact of IFRS 16 *Leases*

4) Before special items

Company details

Name	:	**SGLT Holding II LP**
Place of business and registered office	:	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Tower, KY 1-1104, Cayman Islands.
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Contact person	:	Claes Brønsgaard Pedersen, Group CFO
Telephone		(+45) 32 48 00 00
Directors of SGLT GP II ltd., its general partner	:	John Cozzi Alan Wilkinson Rachel Kumar Claes Brønsgaard Pedersen
Parent company of SGLT Holding II LP	:	SGLT Holding I LP, Cayman Islands
Ultimate owner	:	SGLT Holding I LP, Cayman Islands
Bankers	:	Jyske Bank A/S JP Morgan Chase & Co.
Group Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Dirch Passers Allé 36, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

Legal entities in the SGLT Holding II LP Group

Company name	Country/state	Currency	Nominal capital	Economic ownership interest
SGLT Holding II LP*	Cayman Islands	USD	0	100%
TGI US Topco Corp.* Please see page 4 for details	Delaware	USD	1	100%
Scan (Jersey) Topco Limited*	Jersey	GBP	1	100%
Scan (UK) Midco Limited*	United Kingdom	GBP	1	100%
SGL TransGroup International A/S	Denmark	DKK	500,700	100%
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%
Scan Global Logistics AB	Sweden	SEK	100,000	100%
Crosseurope AB	Sweden	SEK	100,000	100%
Crosseurope GmbH	Germany	EUR	25,000	100%
Scan Global Logistics GmbH**	Austria	EUR	35,000	100%
Scan Global Logistics N.V.	Belgium	EUR	61,500	100%
Scan Global Logistics Spain S.L	Spain	EUR	60,000	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 (Shanghai) Co. Ltd.	China	USD	1,650,000	100%
Scan Global Logstics (Wuxi) Ltd.	China	CNY	5,000,000	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	75%
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%

Legal entities in the SGLT Holding II LP Group Company name	Country/state	Currency	Nominal capital	Economic ownership interest
TGI US Topco Corp.*	Delaware, US	USD	1	100%
TransGroup Global Inc.	Delaware, US	USD	1	100%
TransLAX, LLC	California, US	USD		50%
ICO SFO, LLC	California, US	USD		50%
Transfair North America International Freight Services, LLC	Washington, US	USD		100%
ORD ICO, LLC	Illinois, US	USD		100%
TRANS BOS	Massachusetts, US	USD		100%
TRANS ICO, LLC	Washington, US	USD		50%
Trans MCO	Florida, US	USD		51%
TGLPHL, LLC	Pennsylvania, US	USD		100%
Transgroup Express, LLC	Washington, US	USD		100%
Transdomestic LAX, LLC	California, US	USD		100%
TRANS CLT, LLC	North Carolina, US	USD		100%
TRANS IAH, LLC	Texas, US	USD		100%
Translogic Technologies, LLC	Washington, US	USD		100%
TRANS-MIA, LLC	Florida, US	USD		61%
TRANS ATL, LLC	Georgia, US	USD		51%
Cargo Connections NC, LLC	North Carolina, US	USD		51%
CNA TRANS, LLC	Utah, US	USD		50%
Utah Specialized Transportation, LLC	Utah, US	USD		51%
Transgroup DFW	Texas, US	USD		100%
TGLNCL, LLC	Florida, US	USD		51%
New Bison, LLC	Washington, US	USD		60%
MDX Global Logistics, LLC	Washington, US	USD		100%
TransGroup Canada Logistics, Inc.	Canada	CAD		100%

*Holding companies.

**PNAR Holding T.Two GmbH changed name 13/2 2020 to Scan Global Logistics GmbH

Management's commentary

SGLT Holding II LP Group

SGLT Holding II LP ("the Group") was founded on 2 August 2016 in connection with the joint acquisition of the SGL Holding Group and TransGroup. SGLT Holding II LP is owned by SGLT I LP which is owned by AEA Investors Small Business Fund III LP, co-investors and the management of TransGroup and SGL Group.

SGLT Holding II LP is a holding company with no assets except the shares in Scan (Jersey) Topco Limited (comprising the SGL Group) and TGI US Topco Corp. (comprising the TransGroup), refer to page 3 for further details. It is controlled by SGLT GP II Ltd., its general partner.

The Group's business model

The Group's activities focus on international freight-forwarding services and US domestic services primarily by road, air and sea, with supporting IT, logistics and road freight services. Most of the revenue base originates from large customers contracted via corporate initiatives, primarily in the Nordic and North American region. Both SGL Group and TransGroup primarily provides services to its customers via their own network of offices supported by a close partnership with each other and with other key agents worldwide.

The Group's financial review

The figures contained in this report comprise the financial performance of SGL Group and TransGroup.
The Group has implemented IFRS 16 accounting standard (leases) effective 1 January 2019, which had an 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. IFRS 16, leases, was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

Results for the period

2019 consolidated financial statements include the operating results of SGL Group and TransGroup, 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), New Bison LLC (acquired 2 January 2019), BK Spedition GmbH (acquired 2 May 2019) and Scan Global Logistics Spain S.L. (acquired 25 November 2019).

Full year 2019 revenue amounted to USD 1,074 million, equivalent to an increase of 12% despite negative impact by USD 35 million due to FX translation, generating EBITDA before special items of USD 53 million. EBITDA before special items excluding the IFRS 16 adjustment showed an increase of USD 7 million (approx. 23% improvement compared to full year 2018).

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.

Adjusted EBITDA (business performance) excluding the impact of IFRS 16 Leases amounts to USD 43 million and represents the underlying financial performance of the Group for the full year 2019, as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items.

The total 2019 organic growth amounts to 5% in revenue and 5% in EBITDA (excluding IFRS 16) before special items in comparison to 2018. Air, Sea and Road segments were all strong drivers of the organic growth, mainly driven by the Nordic, North America and Greater China; however, partly offset by the Solution segment due to restructuring activities within the Danish Solutions business. Refer to further details below.

Management's commentary

Revenue

The consolidated revenue was USD 267 million in Q4 2019 compared to USD 259 million in Q4 2018, equivalent to an increase of 3%; however, revenue impacted negatively by USD 9 million due to exchange rate translation. The revenue within SGL Group increased 9% in Q4 2019 compared to Q4 2018. The increase is mainly driven by businesses acquired (IQS, BK Spedition, IC Group activities and SGL Spain). TransGroup experienced a 4% revenue growth in Q4 2019 versus Q4 2018, driven by increased activities in dometic traffic with existing customers as well as the Q1 2019 acquisitions of the Philadelphia station.

In the fourth quarter of 2019 the organic revenue growth year-over-year for SGL Group (eliminating exchange rate translation impact) and TransGroup was 1% and 2%, respectively.

Gross profit

In the fourth quarter of 2019, the gross profit amounted to USD 51 million, corresponding to a gross margin of 19.1% which is a 4.1 percentage points increase compared to the fourth quarter of 2018 (hereof 0.6 percentage points was a result of the change per IFRS 16). The gross margin increase is derived from increased US domestic activities together with increased Sea and Road activities in the Nordic region as well as by Road activities derived from acquired businesses relative to 2018.

SG&A cost

SG&A costs recognised in the income statement amounted to USD 36 million in the fourth quarter of 2019, equivalent to an increase of 21% compared to fourth quarter of 2019. The increase is mainly influenced by the Group acquisitions, comprising an increase of USD 4 million in SG&A cost compared to fourth quarter of 2018, and several TransGroup growth initiatives including new stations and business developments; however, the increase is partly offset by IFRS 16 as lease costs are now recognised as Right-of-use assets on the balance sheet and depreciated subsequently.

SG&A costs comprise approx. 13% of revenue in the fourth quarter of 2019, which compared to fourth quarter of 2018 is an increase as expected due to acquisitions and growth initiatives; however, for the full year 2019 the SG&A costs comprise approx. 12% of revenue, which is on par with full year 2018.

EBITDA before special items

EBITDA before special items amounted to USD 15 million in the fourth quarter of 2019, equivalent to an EBITDA margin of 5.7%; an increase of 2.1 percentage point primarily due to a mix of improved gross margins on existing business, acquisitions made in 2019, and accounting for IFRS 16.

Adjusted EBITDA (business performance) excluding the impact of IFRS 16 *Leases* amounts to USD 12 million and represents the underlying financial performance of the Group in the fourth quarter of 2019, as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items.

Depreciation and amortisation

Depreciation and amortisation amounted to USD 7 million in the fourth quarter of 2019, compared to USD 3 million in the fourth 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 fourth quarter of 2019 special items amounted to a cost of USD 4.6 million, which included restructuring activities within the Danish Solutions business, other restructuring costs (redundancy cost for personnel and closing of offices), start-up costs related to new businesses and acquisition costs.

Management's commentary

Financial items
Net financial expenses amounted to USD 17 million in the fourth quarter of 2019; mainly comprising interest expenses on the bond debt (both old and new bonds), including capitalised loan costs recognised in the income statement related to the redemption of the bonds, as well as an impact of IFRS 16 interest expenses.

Cash flows
For the full year 2019 the accumulated cash flow from operating activities before special items, interests and tax was positive USD 34 million, driven by improved EBITDA, however negatively influenced by working movements and adjustments for non-cash transactions. 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.

The redemption of the old bond debt led to additional financial costs paid.

CAPEX for the full year amounts to USD 10 million and comprised mainly developments and investments in software and IT equipment. Investments in software are partially driven by IT system upgrades which will help ensure the company has the appropriate infrastructure to position the business for continued long-term growth.

Cash outflow from acquisitions including transaction costs amounted to USD 18 million. The property acquired as a part of the IQS Group transaction has since been sold on a sale and leaseback transaction with a net positive cash impact of USD 4 million.

Cash flow from financing activities mainly included redemption of bonds and issue of bonds; refer to further information below. Furthermore, cash flow from financing activities included dividend paid to non-controlling interests in TransGroup at a value of USD 2 million, redemption of the lease liabilities (IFRS 16) of USD 14 million, and redemption of debt taken over in acquisitions amounting to USD 1 million.

Capital structure
The total equity was USD 143 million with an equity ratio of 24.7% as at 31 December 2019. The equity ratio excluding the impact of IFRS 16 was 26.6% and declined by 4.5 percentage points compared to 31 December 2018, driven by higher financial expenses as part of the refinancing of the bond and additional assets coming from acquisitions.

The Group’s issued bonds, ISIN NO0010768062 and NO0010768070, in an aggregate amount of approximately USD 191 million, were delisted 25 November 2019. 4 November 2019 SGL TransGroup International A/S issued new EUR 215 million senior secured callable floating rate bonds due 4 November 2024. Refer to note 2 for further information.

The Group has successfully carried out a subsequent issue of bonds in an amount of EUR 8 million under the framework of its outstanding bond loan (ISIN: SE0013101219). The subsequent bond issue was priced at 100% of the nominal amount. Following the subsequent issue, the total amount outstanding under the Group’s bond loan is EUR 223 million. The total bond loan is listed on Nasdaq Stockholm and Frankfurt Stock Exchange Open Market respectively. Refer to note 2 for further information.

Net interest bearing debt (NIBD)
Consolidated net interest bearing debt amounted to USD 268 million as at 31 December 2019. Hereof USD 37 million has been added in lease liabilities according to IFRS 16. The debt is mainly due to refinancing of the bond, subsequent bond issue, and acquisitions made. The total liquidity reserve was USD 71 million by end of December 2019 (2018: USD 42 million); driven by repayment of bank debt from the issue of new bonds together with increased credit facilities. See note 1 for further information.

Management's commentary

Acquisitions in 2019

Effective as at 2 January 2019 SGL 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 2 January 2019, TransGroup acquired 60% ownership of New Bison LLC, in Philadelphia, PA. This company previously operated as an independent TransGroup contract station.

Effective as at 2 May 2019 SGL Group acquired the German road transport company BK Spedition GmbH. The acquisition of BK Spedition was financed by available cash.

SGL 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.

Effective 25 November 2019 the Group acquired 100% ownership of Scan Global Logistics Spain S.L. The acquisition strengthens the Group's position in the fashion industry.

The revenue included in the consolidated income statement since 2 January 2019 contributed by acquired businesses was USD 76 million, and the acquired businesses also contributed a profit after tax of USD 3 million over the same period. Refer to note 3 for further information.

Events after the balance sheet date

The Group continues its acquisition strategy to look at acquisition opportunities with a good strategic fit and available at the right price, and target great acquisition opportunity which will scale-up the business, increase profitability, and secure a downtrending leverage ratio.

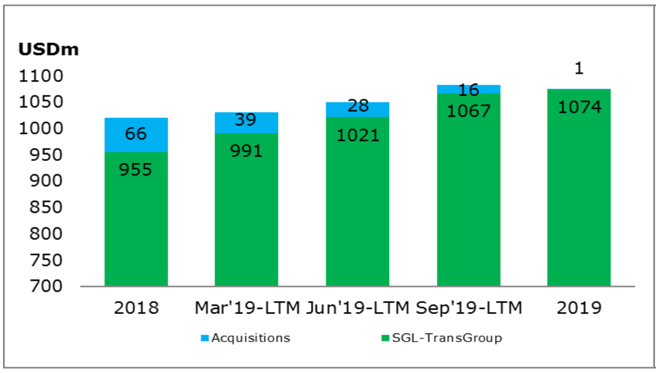
Effective 1 January 2020, the Group acquired activities in the Cambodian based freight forwarder Scan Global Logistics Co., Ltd. (Cambodia). Previously the Cambodian company has acted as an agent for the Group.

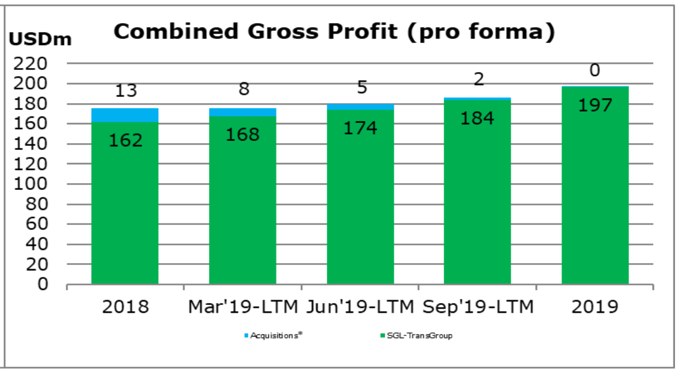
On the 15 January 2020 the Group acquired 100% of the shares in the Australian freight-forwarding company Pioneer. The acquisition, including full effect from identified synergies, is estimated to have a positive EBITDA contribution of approximately AUD 2.7 million annually. The acquisition has been partly financed by the proceeds from the subsequent bond issue and partly by a reinvestment of existing shareholders of Pioneer.

Management's commentary

Business development
Pro forma figures

On a pro forma basis, if the acquisitions had been effective for the last twelve months (LTM), we would have seen the following development in the total operating group (excl. the holding companies). Pro forma adjustments include all acquisitions made.

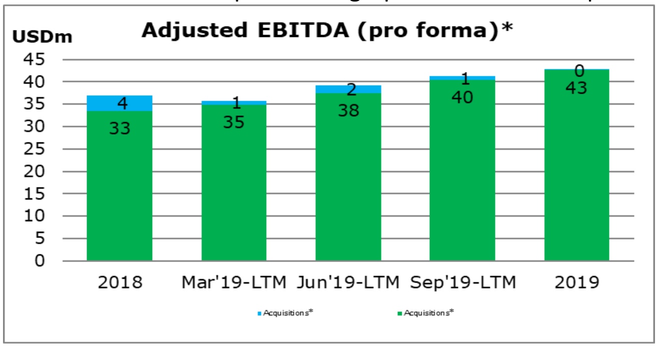




Note: The combined revenue is adjusted to show the net consolidated revenue.

On a pro forma basis, the combined Group has had positive development in revenue and gross profit over the last twelve months.

Please note that the pro forma graphs exclude the impact of IFRS 16.



* Before special intems

On a pro forma basis, the net interest bearing debt / Adjusted EBITDA including acquisitions calculated over a 12 months period was 5.4x excl. IFRS 16 Lease liabilities.

Reconciliaiton of Adjusted EBITDA and Adjusted EBITDA (pro forma)

USDm	2019
EBITDA before special items	53
- IFRS 16 effect	-14
+ Adjustments*	4
Adjusted EBITDA	**43**
+ Pro forma (for acquisitions)	0
Adjusted EBITDA (pro forma)	**43**

*Adjustments for extraordinary items which are not in line with the ordinary course of business and other non-recurring items.

Consolidated income statement

(USDt) Notes		Q4 2019	Q4 2018	YTD 2019	YTD 2018
	Revenue	266,526	258,552	1,074,254	955,266
	Cost of operation	-215,692	-219,790	-893,102	-809,571
	Gross profit	**50,834**	**38,762**	**181,152**	**145,695**
	Other external expenses	-8,538	-7,799	-26,235	-28,811
	Staff costs	-27,179	-21,676	-102,084	-85,716
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**15,117**	**9,287**	**52,833**	**31,168**
	Depreciation of tangible assets	-3,832	-573	-14,816	-1,969
	Amortisation of intangibles	-3,578	-2,207	-10,667	-8,976
	Operating profit (EBIT) before special items	**7,707**	**6,507**	**27,350**	**20,223**
	Special items	-4,585	-4,806	-6,377	-6,949
	Operating profit (EBIT)	**3,122**	**1,701**	**20,973**	**13,274**
	Financial income	2,526	696	2,568	318
	Financial expenses	-19,811	-5,167	-34,839	-18,083
	Result before tax	**-14,163**	**-2,770**	**-11,298**	**-4,491**
	Tax on profit for the period	1,632	-2,457	-501	-3,365
	Result for the period	**-12,531**	**-5,227**	**-11,798**	**-7,856**
	Total income for the year attributable to				
	Owners of the parent	-12,709	-5,286	-14,075	-9,379
	Non-controlling interests	178	58	2,277	1,523
	Total	**-12,531**	**-5,227**	**-11,798**	**-7,856**

Consolidated statement of comprehensive income

(USDt)		Q4 2019	Q4 2018	YTD 2019	YTD 2018
	Profit for the period	-12,531	-5,227	-11,798	-7,856
	Items that will be reclassified to income statement when certain conditions are met:				
	Exchange rate adjustment	3,732	-3	-3,226	-4,463
	Other comprehensive income, net of tax	3,732	-3	-3,226	-4,463
	Total comprehensive income for the period	-8,799	-5,230	-15,024	-12,319
	Total comprehensive income for the year attributable to				
	Owners of the parent	-8,977	-5,288	-17,296	-13,842
	Non-controlling interests	178	58	2,272	1,523
	Total	**-8,799**	**-5,230**	**-15,024**	**-12,319**

(USDt) Notes	Consolidated balance sheet	31 Dec 2019	31 Dec 2018
	ASSETS		
	Goodwill	230,597	225,448
	Customer relations	71,395	67,377
	Trademarks	16,819	17,597
	Other acquired intangible assets	994	782
	Software	10,563	6,532
	Intangible assets	**330,368**	**317,736**
	Right of use assets	35,470	0
	Property, plant and equipment	10,298	5,226
	Property, plant and equipment	**45,768**	**5,226**
	Other receivables	1,912	1,506
	Deferred tax asset	1,263	738
	Financial assets	**3,175**	**2,244**
	Total non-current assets	**379,311**	**325,206**
	Trade receivables	159,910	142,509
	Income taxes receivable	476	471
	Receivables from Group entities	916	631
	Other receivables	4,223	4,935
	Prepayments	2,853	2,580
1	Cash and cash equivalents	32,329	34,546
	Total current assets	**200,707**	**185,672**
	Total assets	**580,018**	**510,878**

(USDt) Notes	Consolidated balance sheet	31 Dec 2019	31 Dec 2018
	EQUITY AND LIABILITIES		
	Partnership interest	186,174	185,752
	Currency translation reserve	-2,411	810
	Retained earnings	-43,263	-29,188
	Equity attributable to parent company	**140,500**	**157,374**
	Non-controlling interests	2,987	1,743
	Total Equity	**143,487**	**159,117**
2	Bond debt	242,939	192,366
	Lease liabilities	22,168	0
	Earn-out provision	915	0
	Deferred rent	0	461
	Deferred tax liability	10,387	9,829
	Total non-current liabilities	**276,409**	**202,656**
1	Bank debt	13,183	23,108
	Lease liabilities	15,006	0
	Earn-out provision	544	257
	Trade payables	99,107	101,062
	Deferred income	6,301	941
	Corporation tax	4,067	3,889
	Other payables	21,914	19,848
	Total current liabilities	**160,122**	**149,105**
	Total liabilities	**436,531**	**351,761**
	Total equity and liabilities	**580,018**	**510,878**

Notes (USDt)	Consolidated cash flow statement	YTD 2019	YTD 2018
	Operating profit (EBIT) before special items	27,350	20,223
	Depreciation, amortisation and impairment	25,483	10,945
	Non-cash transactions	-4,534	0
	Exchange rate adjustments	1,973	-830
	Change in working capital	-16,312	-1,509
	Cash flows from operating activities before special items, interest & tax	**33,960**	**28,829**
	Special items	-3,236	-5,212
	Interest received	876	318
	Interest paid	-34,839	-17,396
	Tax paid	-2,296	-2,097
	Cash flows from operating activities	**-5,535**	**4,442**
	Purchase of software	-5,124	-2,421
	Purchase of property, plant and equipment	-4,608	-2,595
	Sale of property, plant and equipment	3,794	0
	Payment of earn-out related to acquisitions	-751	-554
	Special items, transactions cost acquisitions	-252	-1,106
3	Investments in Group entities and activities excluding transaction costs	-17,803	-2,740
	Cash flows from investing activities	**-24,744**	**-9,416**
	Free cash flow	**-30,279**	**-4,973**
	Distributions to non-controlling interests	-1,600	-1,233
	Capital increase	422	15,948
	Purchase of non-controlling interest	0	-1,205
	Proceeds from issuing of bonds	249,564	0
	Redemption of bond loan	-195,527	0
	Redemption of lease liabilities	-14,013	0
	Redemption of acquisition debt	-1,213	0
	Cash flows from financing activities	**37,633**	**13,510**
	Change in cash and cash equivalents	**7,354**	**8,537**
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	11,438	2,325
	Exchange rate adjustment of cash and cash equivalents	354	576
	Change in cash and cash equivalents	7,354	8,537
1	**Net Cash and cash equivalents at 31 December**	**19,146**	**11,438**

(USDt) Note	Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
	Equity at 1 January 2019	**185,752**	**810**	**-29,188**	**157,374**	**1,743**	**159,117**
	Result for the period	**0**	**0**	**-14,075**	**-14,075**	**2,277**	**-11,798**
	Currency exchange adjustment	0	-3,221	0	**-3,221**	-5	**-3,226**
	Other comprehensive income, net of tax	**0**	**-3,221**	**0**	**-3,221**	**-5**	**-3,226**
	Total comprehensive income for the period	**0**	**-3,221**	**-14,075**	**-17,296**	**2,272**	**-15,024**
	Purchase of non-controlling interests	0	0	0	**0**	573	**573**
	Dividend distributed	0	0	0	**0**	-1,600	**-1,601**
	Capital increase by cash payment	422	0	0	**422**	0	**422**
	Total transactions with owners	**422**	**0**	**0**	**422**	**-1,027**	**-606**
	Equity at 31 December 2019	**186,174**	**-2,411**	**-43,263**	**140,500**	**2,987**	**143,487**

(USDt)	Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
	Equity at 1 January 2018	**169,804**	**5,316**	**-19,062**	**156,058**	**-61**	**155,997**
	Result for the period	**0**	**0**	**-9,379**	**-9,379**	**1,523**	**-7,856**
	Currency exchange adjustment	0	-4,506	0	**-4,506**	42	**-4,464**
	Other comprehensive income, net of tax	**0**	**-4,506**	**0**	**-4,506**	**42**	**-4,464**
	Total comprehensive income for the period	**0**	**-4,506**	**-9,379**	**-13,885**	**1,565**	**-12,320**
	Purchase of non-controlling interests	0	0	-747	**-747**	1,472	**725**
	Dividend distributed	15,948	0	0	**15,948**	-1,233	**14,715**
	Total transactions with owners	**15,948**	**0**	**-747**	**15,201**	**239**	**15,440**
	Equity at 31 December 2018	**185,752**	**810**	**-29,188**	**157,374**	**1,743**	**159,117**

Note	(USDt)		
1	**Cash and Liquidity**	**31.12.2019**	**31.12.2018**
	Cash and cash equivalents	32,329	34,546
	Bank debt	-13,183	-23,108
	Cash and cash equivalents less bank debt	**19,146**	**11,438**
	Credit facilities	52,040	30,497
	Liquidity reserve	**71,186**	**41,935**

Note	(USDt)			
2	**Bond debt**		**31.12.2019**	**31.12.2018**
	Issued bonds, DKK tranche DKK 625 million, interest rate 6.80%		0	95,868
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%		0	100,000
	Issued bonds, EUR 223 million, interest rate 6.75%		249,516	0
			249,516	**195,868**
	Capitalised loan costs		-6,577	-3,502
	Total bond debt		**242,939**	**192,366**
		Cash flow*	**Carrying amount**	**Carrying amount**
	Bond debt falling due between 1 and 5 years (2022)	332,324	249,516	195,868
	Total non-current financial liabilities	**332,324**	**249,516**	**195,868**
	Total current financial liabilities	**16,842**	**0**	**0**

* Total cash flows including interest.

Redemption of bond debt in advance

22 October 2019 SGL TransGroup International A/S announced that the Bonds will be redeemed in advance. The redemption date was executed 25 November 2019.

The redemption amount for each Tranche 1 Bond was 103.85% and for each Tranche 2 Bond was 103.40% of the outstanding nominal amount, plus accrued but unpaid Interest.

The group's obligation to redeem the Bonds on the redemption date was conditional upon the group, prior to the redemption date, fulfilling the conditions precedent for disbursement of the net proceeds from the up to EUR 315,000,000 senior secured floating rate bonds 2019/2024 (ISIN: SE0013101219), which are to be applied towards, inter alia, financing the redemption of the Bonds.

The Bonds were de-listed from the corporate bond list of Nasdaq Stockholm in connection with the redemption date and the last day of trade date was 20 November 2019.

Issue new bond loan

The Group has through it wholly owned subsidiary, SGL TransGroup International A/S, issued a senior secured floating rate due bond loan of EUR 215,000,000 on 4 November 2019, within a total framework amount of EUR 315,000,000 with ISIN SE0013101219 (the "Bonds").

Subsequntly, 17 December 2019 the Group successfully carried out a subsequent issue of bonds in an amount of EUR 8 million under the framework of its outstanding bond loan (ISIN: SE0013101219). The subsequent bond issue was priced at 100.00 per cent of the nominal amount. Following the subsequent issue, the total amount outstanding under the group’s bond loan is EUR 223 million.

Certain terms and conditions apply for the issued bonds regarding negative pledge, redemption, change of control and incurrence test. Interest is paid quarterly and the bond debt has to be repaid in 2024.

The bond loan and subsequent bond are listed on Nasdaq Stockholm and on the Frankfurt Stock Exchange Open Market respectively.

Note	(USDt)	YTD 2019
3	**Investments in Group entities**	Total
	Provisional fair value at date of acquisition:	
	ASSETS	
	Right of use asset	3,742
	Software	29
	Property, plant and equipment	6,422
	Trade receivables	3,806
	Other receivables	508
	Prepayments	177
	Cash and cash equivalents	6,961
	Total assets	**21,645**
	LIABILITIES	
	Lease liabilities	-3,742
	Finance liabilities	-1,241
	Trade payables	-5,159
	Deferred tax	-152
	Corporation tax	-302
	Other payables	-3,600
	Total liabilities	**-14,196**
	Non-controlling interests' share of acquired net assets	-573
	Acquired net assets	**6,876**
	Goodwill, trademarks and customer relations	22,787
	Deferred tax	-3,222
	Fair value of total consideration	**26,441**
	Earn-out provision acquisition debt	-1,677
	Cash consideration	**24,764**
	Adjustment for cash and cash equivalents taken over	-6,961
	Cash consideration for acquisitions	**17,803**
	Transaction costs for acquisitions	1,171
	Investments in Group entities	**18,974**

Note 3 (USDt)

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, and was founded in 1998 and has built a strong reputation in the specialty automotive market.

Under the terms of the agreement, IQS Group was acquired for a total cash consideration of EUR 17 million. In addition, earn-out payments of 10% of future EBITDA provided a minimum EBITDA threshold of EUR 1.5 million is met in each of the years 2019, 2020 and 2021. The provision of the earn-out has been determined 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 development.

Purchase of New Bison, LLC

Effective as of 2 January 2019 the Group, through its wholly owner subsidiary TransGroup Global Inc., has acquired 60% ownership of New Bison LLC, in Philadelphia, PA with contingent buy-up option of additional 10% of the shares. This company previously operated as a TransGroup independent contract station.

Under the terms of the agreement, New Bison LLC was acquired for a total cash consideration of USD 1.5 million and no earn-out payments have been agreed.

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 3.5 million. In addition, an amount of DKK 1.5 million shall be payable at 30 June 2021 if certain criteria is met.

Note (USDt)
3 Investments in Group entities

Purchase of activities from BK-International Speditions GmbH

Effective as of 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 paid 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 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.

Purchase of shares in the Scan Global Logistics Spain S.L.

On 25 November 2019 the Group acquired, through its wholly owned subsidiary Scan Global Logistics A/S, 100% ownership of Scan Global Logistics Spain S.L. The acquisition strengthens the Group's positioning in the Garmin business market.

Under the terms of the agreement, the SGL Spain was acquired for a total cash consideration of EUR 1,000 thousand. In addition, an unconditional additional acquisition price amounting to EUR 1,400 thousand shall be payable January 2021. 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. The main assets is related to customer relationships.

Note (USDt)
4 Events after the balance sheet date

Acquisition of activities in Scan Global logistics Co. Ltd. (Cambodia)

Effective 1 January 2020, the group acquired activities in the Cambodian based freight forwarder Scan Global Logistics Co., Ltd. (Cambodia). Previously the Cambodian company has acted as an agent for the group.

Acquisition of Pioneer International Logistics

The Group has through its wholle owned subsidiary, Scan Global Logistics PTY (a subsidiary of Scan Global Logistics A/S), entered into an agreement for the acquisitions of Pioneer International Logistics, an Australian freight forwarding company. With the acquisition will the Group be able to serve the Australian and Pacific customers even better, and the existing customers of Pioneer International Logistics gain access to a full-fledged international solution including added expertise, technology, network, and e-commerce platform.

The acquisition price for Pioneer International Logistics is AUD 12.7 million, financed through subsequent bond issue.

Closing was 15 January 2020, from which date Pioneer International Logistics is consolidated in the Group's financials.

Note

5 Accounting policies

Basis of preparation

The Interim Financial Report, which has not been audited or reviewed by the Company auditor, has been prepared in accordance with the relevant IFRS standards and interpretations for recognition and measurement and on the basis set out below and has been prepared according to requirements of the Bond Terms, which includes requirement of management commentary.

Changes in accounting policies

SGLT Holding II LP 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%.

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.

The right-of use assets mainly relate 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

Note
5 **Accounting policies** (Continued)

Changes in accounting policies (continued)

IFRS 16 Leases

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 32.1 million USD. Impact on equity is 0 USD thousand. Comparative figures are not restated.

New accounting regulation (not yet adopted)

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 SGLT Holding II LP Group Financial Statements when implemented.

Basis of measurement

The financial statements have been prepared on a historical cost basis unless otherwise specifically indicated, such as derivative financial instruments and acquisition opening balances, which are measured at fair value.

Reporting currency

The financial statements are presented in US dollar and all values are rounded to the nearest thousand, except when otherwise indicated.

Significant accounting estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Consolidation

The consolidated financial statements comprise the parent, SGLT Holding II LP, and entities controlled by the parent and SGLT Holding II GP. Control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting rights of an entity. Control may also exist by virtue of an agreement or articles of association or when the parent otherwise has a controlling interest in the subsidiary or actually exercises controlling influence over it.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

Note
5 **Accounting policies** (Continued)

Consolidation (continued)

The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items.

Intra-group income, expenses, gains, losses, investments, dividends and balances are eliminated.

Investments in consolidated entities are set off by the parent's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The purchase method of accounting is applied to the acquisition of subsidiaries.
The purchase price is made up at the net present value of the consideration agreed.
Conditional payments are recognised at the amount expected to be paid.
Directly attributable aquisition expenses are expensed in the income statement.
Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition.
Allowance is made for the tax effect of revaluations of assets and liabilities.
Any residual difference between the purchase price and the Group’s share of the fair value of the identifiable assets and liabilities is recognised as goodwill.

If the purchase price is less than the fair value of the acquired subsidiary's assets, the residual difference (negative goodwill) is recognised directly in the income statement.

For each acquisition, the Group determines whether any non-controlling interest in the acquired business is accounted at fair value (so-called full goodwill) or to the proportional share of the acquired business' net assets.

Entities over which the Group exercises significant influence are considered associates. Significant influence is presumed to exist when the Group directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Non-controlling interests

Accounting items attributable to Group entities are recognised in full in the consolidated financial statements. Non-controlling interests' share of Group entities' profit or loss for the year and equity is recognised as separate items in the income statement and the statement of change in equity.

If an investment in Group entities is considered to be a transaction with non-controlling interests, the difference between the consideration and the net assets taken over is recognised under equity.

If a divestiture of Group entities is considered to be a transaction with non-controlling interests the difference between the sales price and the net assets divested is recognised under equity.

Note

5 Accounting policies (Continued)

Functional currency

The Group's consolidated financial statements are presented in US dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date.
Realised and unrealised exchange gains and losses are recognised in the income statement as financial income and expenses.

Foreign Group entities

As regards integral foreign Group entities, the items in their financial statements are translated using the following principles:

· Balance sheet items are translated at the closing rate.

· Items in the income statement are translated at the rate at the date of the transaction.

· Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

· Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Materiality in financial reporting

When preparing the financial statements, Management consider how to best present the financial statements and its commentary to ensure that the content is relevant and focus is kept on what is material to the user. This is pursued by aggregating immaterial items in the financial statements and only including relevant descriptions in the Management commentary and only including descriptions on risks, mitigating thereof etc. that may have or had material impact on the achievement of the Groups result and targets. The notes to the financial statements are prepared with focus on ensuring that the content is relevant and that the presentation is clear. All judgements are made with due consideration of legislation, international accounting standards and guidelines and of the financial statements as a whole is presented fair and truly.

Note
5 Accounting policies (Continued)

Income statement

Revenue

Revenue comprises freight forwarding services, contract logistics and other related services delivered in the financial year.

Revenue from services delivered is recognised in accordance with the over-time recognition principle following the satisfaction of various milestones as the performance obligation is fulfilled towards the customer. The main services comprise air, sea, road and solutions services as described in the following.

Air services

Air services comprise air freight logistics facilitating transportation of goods across the globe. Air services are characterised by short delivery times as most air transports are completed within a few days.

Sea services

Sea services comprise sea freight logistics facilitating transportation of goods across the globe. Sea services are reported within the Air & Sea reporting segment. Sea services are characterised by longer delivery times averaging one month depending on destination.

Road services

Road services comprise road freight logistics facilitating transportation of goods by road networks mainly within Europe, the US and South Africa. Road services are reported within the Road reporting segment. Road services are characterised by short delivery times as most road transports are completed within a few days.

Solution services

Rent income from the Solutions activity mainly comprise warehousing. Solutions services are reported within the Solution reporting segment. Solutions services are characterised by very short delivery times, happening almost instantaneously as agreed actions under the customer contract are carried out.

Revenue is measured at fair value net of VAT, all types of discounts/rebates granted, as well as net of other indirect taxes charged on behalf of third parties.

Costs of operations

Costs of operations comprise costs incurred to generate the net turnover for the year. The costs of operations include settlement of shipping companies, airlines and haulage contractors, etc. Also including wages and salaries relating to own staff used to fulfil the contracts with customers.

Cost related to operating leases is recognised on a straight line basis over the term of the lease.

Based on assessments of the individual lease arrangement a judgement is made to whether the lease is an operating or financial lease.

Note
5 **Accounting policies** (Continued)

Other external expenses

Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debt provisions, payments under operating leases, etc.

Staff costs

Staff costs comprise costs such as salaries, wages, social, pensions and social security costs except staff costs recognised under costs of operation and special items. Staff costs are recognised in the year in which the Group's employees have performed the related work.

The item is net of refunds made by public authorities.

Special items

Net special items is recognised in connection with presenting the consolidated income statement for the year to separate items there by its nature are not related to the Group's ordinary business activity and a separation of these costs improves the understanding of the performance for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period.
The items comprise interest income and expenses, also from Group entities and associates, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year consists of current tax and changes in deferred tax for the year, including adjustments to previous years. The tax for the year is recognised in the income statement, unless the tax relates directly to items included in other comprehensive income or equity.

Current income tax receivable and payable is measured at the amount expected to be recovered from or paid to the taxation authorities.

Note
5 **Accounting policies** (Continued)

Balance sheet
Goodwill
Goodwill arising from business combinations is recognised and is stated as the difference between the consideration paid and the fair value of the identified net assets. Goodwill is not amortised but tested for impairment if indication of impairment or at least once a year.

Customer relations
Customer relations arising from business combinaitons is recognised at fair value at acquisition.
When an indication of impairment is identified customer relations is tested for impairment.
Customer relations arising from the acquisition of TransGroup is amortised over 13 years.
Customer relations arising from the acquisition of SGL Group is amortised over 10-12 years.

Trademarks
Trademarks arising from business combinations is recognised at fair value at acquisition.
Trademarks arising from acquisition is amortised over 10 - 21 years.

Software
Software includes acquired intangible rights.
Software acquired separately or developed for internal use is measured at the lower of cost less any accumulated amortisation and impairment losses and the recoverable amount.

Costs related to development of software is calculated as, external costs, staff costs, amortisation and depreciation directly or indirectly attributable to the development of the software. After commissioning, software is amortised on a straight-line basis over the expected useful life.
The amortisation period is 3 years.
Software acquired has an expected useful life time of 3 years and is amortised over the full economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Note
5 Accounting policies (Continued)

Depreciation
Depreciation is provided on a straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost.
The expected useful lives of the assets are as follows:
Leasehold improvements & Other tools and equipment 3 to 10 years
Plant and machinery 3 to 5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Accounting estimates
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment testing of non-current assets
Goodwill
The carrying amount of goodwill is tested for impairment at least once a year together with the other non-current assets of the Group.

The tests are conducted for each cash generating unit "CGU" to which the goodwill is allocated to. Goodwill is allocated to the Groups activity thus it follows the structure of the segment information.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset including geographical location and financial risks.

Other non-current intangible assets, property, plant and equipment
The carrying amount of other non-current assets is tested for impairment at least once a year in connection with the impairment test of goodwill or when an indication of impairment is identified. Impairment is determined by assessing the recoverable amount of each CGU. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

The recoverable amount is the higher of the fair value of the assets less the expected costs of sale and the value in use.

Value in use is the net present value of estimated future cash flows from the asset or the CGU of which the asset form parts.

Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets proportionally.

Note

5 **Accounting policies** (Continued)

Receivables
Trade receivables are recognised initially at the amount of consideration that is unconditional. Trade receivables are recognised as services delivered are invoiced to the customer and are not adjusted for any financing components as credit terms are short and the financing component therefore insignificant. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Where services delivered have yet to be invoiced and invoices on services received from hauliers have still to be received, contract assets and accrued cost of services are recognised at the reporting date.
Revenue allocated to remaining performance obligations are not disclosed following the practical expedient of IFRS 15.

Provisions for bad debts are booked by measuring expected credit losses which uses a 12-months expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

Prepayments
Prepayments recognised under ‘Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents
Cash comprises cash balances and bank balances.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc.

Corporation tax
Income taxes payable

Current tax payable and receivable is recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Note

5 **Accounting policies** (Continued)

Deferred tax

Deferred tax is measured using the balance sheet liability method on temporary differences between the carrying amount and the tax base of assets and liabilities at the reporting date.

However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes and on other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is adjusted for elimination of unrealised intercompany gains and losses.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred.
Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method.
Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.
Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises open files, which will not be recognised as revenue until the subsequent financial year once the recognition criteria are satisfied.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as the operating profit, adjusted for non-cash operating items, changes in working capital, paid net financials and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Note
5 **Accounting policies** (Continued)

Financial ratios

Definition of financial ratios:

Gross margin:
Gross profit / Revenue * 100

EBITDA margin:
EBITDA / Revenue * 100

EBIT margin:
Operating profit / Revenue * 100

Equity ratio:
Equity at year end / Total assets * 100

Net interest bearing debt
Interest bearing debt less of interest bearing assets.