SGLT Holding II LP

Interim Financial Report

Third quarter 2019

Contents

Financial highlights for the Group	Q3 2019	Q3 2018[1]	YTD 2019	YTD 2018[1]
Key figures (in USD thousands):				
Income statement (IFRS)				
Revenue	291,545	246,132	807,728	696,714
Gross profit	46,790	37,941	130,318	106,933
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	15,594	9,476	37,716	21,881
Earnings before Interest, Tax, Amortisation (EBITA) and special items	11,250	8,965	26,732	20,485
Operating profit (EBIT) before special items	8,920	6,465	19,643	13,716
Special items	-1,228	-1,592	-1,792	-2,143
Operating profit (EBIT)	7,692	4,873	17,851	11,573
Net financial expenses	-5,154	-4,994	-14,986	-13,294
Profit/loss before tax	2,538	-121	2,865	-1,721
Profit/loss for the period	1,504	-590	733	-2,628
Income statement (Business performance)[2]				
Adjusted EBITDA[3]	12,803	n/a	30,650	n/a
Cash flow				
Cash flows from operating activities before special items, interest and tax			6,141	18,900
Cash flows from operating activities			-9,608	3,532
Cash flows from investing activities			-17,319	-5,919
Free Cash flow			-26,926	-2,387
Cash flows from financing activities			-12,278	-2,360
Cash flow for the period			-39,205	-4,747
Financial position				
Total equity			152,001	148,333
Equity attributable to parent company			149,483	146,762
Net interest bearing debt (NIBD)			255,147	198,876
Total assets			551,022	492,280
Financial ratios in %				
Gross margin[4]	16.0	15.4	16.1	15.3
EBITDA margin[4]	5.3	3.9	4.7	3.1
EBIT margin[4]	3.1	2.6	2.4	2.0
Equity ratio			27.6	30.1

[1] The 2018 comparison figures are not adjusted to the new accounting standard IFRS 16

[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	:	Osvald Helmuths Vej 4, 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%
Scan Global Logistics AB		Sweden	SEK	100,000	100%
Crosseurope AB		Sweden	SEK	100,000	100%
Crosseurope GmbH		Germany	EUR	25,000	100%
Airlog Group Denmark A/S		Denmark	DKK	500,000	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	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	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.

Management's commentary

SGLT Holding II LP Group
SGLT Holding II LP 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.

SGL Group's and TransGroup's business model
The Groups' 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. Each Group 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 IFRS 16 accounting standard (leases) has been implemented as at 1 January 2019, which had a material impact on the financial statements and key ratios as most contracts previously classified as operating leases have now been capitalised. 2018 financial statements have not been restated.

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. Furthermore, 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, hence no impact to the income statement.

SGL Group continues its acquisition strategy to look at acquisition opportunities with a good strategic fit and available at the right price. Specifically, SGL Group has identified a great acquisition opportunity which will scale-up the business, increase profitability, and secure a downtrending leverage ratio. This acquisition opportunity may materialise during fourth quarter of 2019; however, a deal will only be announced when appropriate.

Results for the period
In the first nine months of 2019 revenue amounted to USD 808 million generating EBITDA before special items of USD 38 million.

Adjusted EBITDA (business performance) excluding the impact of IFRS 16 *Leases* amounts to USD 31m and represents the underlying financial performance of the Group in the first nine months 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.

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.

Management's commentary

Revenue

The consolidated Q3 2019 revenue was USD 292 million compared to USD 246 million in Q3 2018, equivalent to an increase of 18.5 percent. The increase in revenue was mainly driven by organic growth in combination with businesses acquired by the Group after Q3 2018 (IQS, BK Spedition and IC Group activities), which in total contributed approx. USD 17 million in revenue in the third quarter of 2019.

Air, Sea and Road segments from SGL Group were all strong drivers of 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. TransGroup experienced 13 percent revenue growth in Q3 2019 versus Q3 2018, driven by increased sales in domestic traffic including new customer wins as well as the businesses in Philadelphia acquired Q1 2019.

In the third quarter of 2019 the organic revenue growth for SGL Group (eliminating FX exchange rate translation impact) and TransGroup was 18% and 13%, respectively.

Gross profit

In the third quarter of 2019, the gross profit amounted to USD 47 million, corresponding to a gross margin of 16 percent which is an 0.6 percentage points increase compared to the third quarter of 2018. The gross margin increase is derived from activities within TransGroup compared to the third quarter of 2018 as SGL Group is delivering the same gross margin as third quarter of 2018, though impacted negatively by FX exchange rate translation.

This increase was primarily driven by the Sea and Road activities in the Nordic region and Road activities in the North American 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.

SG&A cost

SG&A costs recognised in the income statement amounted to USD 31 million in the third quarter of 2019, equivalent to an increase of 9.6 percent compared to third quarter of 2019. The increase is mainly influenced by the Group acquisitions, comprising an increase of USD 9 million in SG&A cost compared to third quarter of 2018, and several TransGroup growth initiatives including new stations and business developments, comprising an increase of USD 4 million compared to third quarter of 2018; however, the increase 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 10.7 percent of revenue in the third quarter of 2019; which is lower than the third quarter of 2018; however, excluding IFRS 16 the SG&A costs as a percentage of revenue have increased by 2.9 percentage points, as expected as a result of acquisitions and growth initiatives.

EBITDA before special items

EBITDA before special items amounted to USD 16 million in the third quarter of 2019, equivalent to an EBITDA margin of 5.3 percent; an increase of 1.4 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 13m and represents the underlying financial performance of the Group in the third 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 third quarter of 2019, compared to USD 3 million in the third 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.

Management's commentary

Special items
In the third quarter of 2019 special items amounted to a cost of USD 1.2 million, which included restructuring costs (redundancy cost for personnel and closing of offices) and acquisition costs.

Financial items
Net financial expenses amounted to USD 5 million in the third quarter of 2019, mainly comprised of interest expenses on the bond debt as well as an impact of IFRS 16 interest expenses.

Cash flows
For the first nine months of 2019 the accumulated cash flow from operating activities before special items, interests and tax was USD 6 million, driven by improved EBITDA but partly offset be negative working capital movement.

The company made PP&E investments of USD 3 million in Q3 2019, which mainly comprised 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 15 million. The property acquired as a part of the IQS Group transaction has since been sold with a net positive cash impact of USD 4 million.

Cash flow from financing activities mainly included dividend paid to non-controlling interests in TransGroup at a value of USD 1 million, redemption of the lease liabilities (IFRS 16) of USD 10 million, and redemption of debt taken over in acquisitions amounting to USD 1 million.

Capital structure
The total equity was USD 152 million with an equity ratio of 27.6 percent as at 30 September 2019. The equity ratio excluding the impact of IFRS 16 was 29.8 percent and declined by 0.3 percentage points compared to 30 September 2018, driven by additional assets coming from acquisitions.

Net interest bearing debt (NIBD)
Consolidated net interest bearing debt amounted to USD 255 million as at 30 September 2019; an increase of USD 56 milllion.

The increase is partly due to the financing of the acquisitions made related to Airlog Group and CrossEurope and partly due to USD 36 million in IFRS 16 lease liabilities. The total liquidity reserve was USD 9 million by end of September 2019. See note 1 for further information.

Events after the balance sheet date
SGL TransGroup International A/S, wholly owned subsidary within the SGL Group, 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. These bonds, ISIN NO0010768062 and NO0010768070 has been delisted 25 November 2019, refer to note 4 for further details. 4 November 2019 SGL TransGroup International A/S issued new EUR 215 million senior secured callable floating rate bonds due 4 November 2024.

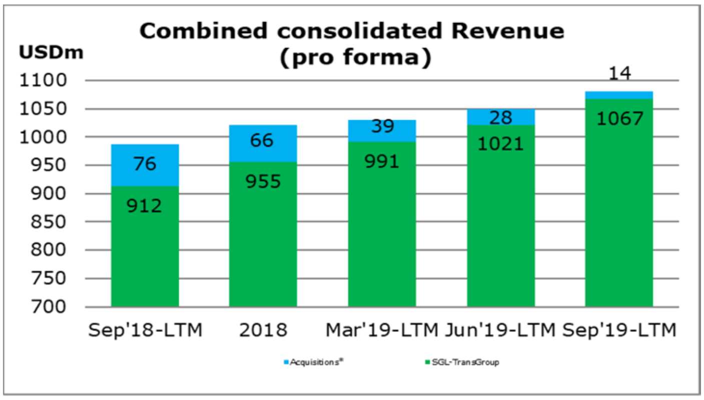
Outlook 2019
Revenue is expected to range between USD 1bn and 1.2bn. The Group expects to achieve an Adjusted EBITDA* in the range between USD 41 and 44m.
*Before non-recurring, non-operational and special items, excluding the impact of IFRS 16 leases

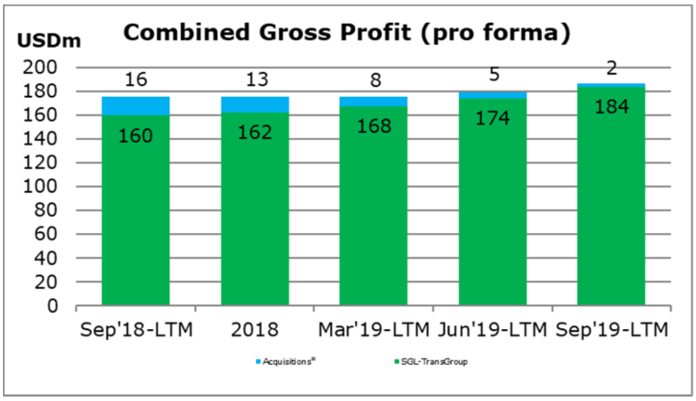
Management's commentary

Business development

Pro forma figures

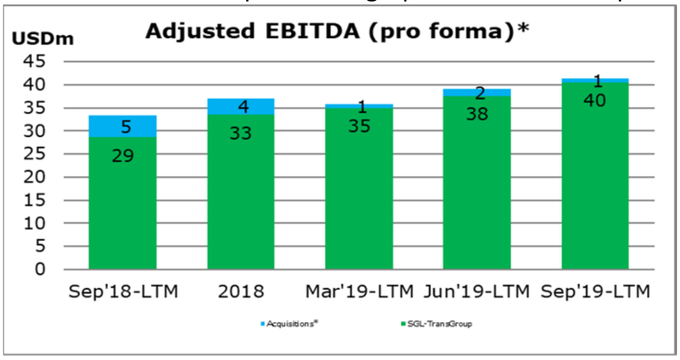
On a pro forma basis, if the acquisitions had been effective for the last twelve months (LTM), we would have seen the following development in the total operating group (excl. the holding companies). Pro forma adjustments include all acquisitions made.





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. TransGroup has experienced some pressure on gross margin in 2018 and beginning of 2019, but we have seen improvement in gross margins during Q3 2019.
Please note that the pro forma graphs exclude the impact of IFRS 16.



* Before special intems

The 2018 acquisitions, TransGroup Canada Logistics, Inc. and Scan Global Logistics SA (Mali), as well as the 2019 acquisitions, IQS Group, BK Spedition and New Bison LLC, improved relative to the financial results included in Q3 2019 and are included in the consolidated results.

On a pro forma basis, the net interest bearing debt / Adjusted EBITDA including acquisitions calculated over a 12 months period was 5.3x excl. IFRS 16 Lease liabilities

Reconciliaiton of Adjusted EBITDA and Adjusted EBITDA (pro forma)

USDm	Q3 2019	YTD 2019	LTM 2019
EBITDA before special items	16	38	47
- IFRS 16 effect	-4	-11	-11
+ Adjustments*	1	3	4
Adjusted EBITDA	**13**	**30**	**40**
+ Pro forma (for acquisitions)			1
Adjusted EBITDA (pro forma)	**13**	**30**	**41**

*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		Q3 2019	Q3 2018	YTD 2019	YTD 2018
	Revenue	291,545	246,132	807,728	696,714
	Cost of operation	-244,755	-208,191	-677,410	-589,781
	Gross profit	**46,790**	**37,941**	**130,318**	**106,933**
	Other external expenses	-5,663	-6,741	-17,697	-21,012
	Staff costs	-25,533	-21,724	-74,905	-64,040
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**15,594**	**9,476**	**37,716**	**21,881**
	Depreciation of tangible assets	-4,344	-511	-10,984	-1,396
	Earnings before Interest, Tax, Amortisation and special items	**11,250**	**8,965**	**26,732**	**20,485**
	Amortisation of intangibles	-2,330	-2,500	-7,089	-6,769
	Operating profit before special items	**8,920**	**6,465**	**19,643**	**13,716**
	Special items	-1,228	-1,592	-1,792	-2,143
	Operating profit (EBIT)	**7,692**	**4,873**	**17,851**	**11,573**
	Financial income	-509	0	42	26
	Financial expenses	-4,645	-4,994	-15,028	-13,320
	Profit before tax	**2,538**	**-121**	**2,865**	**-1,721**
	Tax on profit for the period	-1,034	-469	-2,132	-907
	Profit for the period	**1,504**	**-590**	**733**	**-2,628**
	Total income for the year attributable to				
	Owners of the parent	511	-1,064	-1,366	-4,093
	Non-controlling interests	993	474	2,099	1,465
	Total	**1,504**	**-590**	**733**	**-2,628**

Consolidated statement of comprehensive income

(USDt)		Q3 2019	Q3 2018	YTD 2019	YTD 2018
	Profit for the period	1,504	-590	733	-2,628
	Items that will be reclassified to income statement when certain conditions are met:				
	Exchange rate adjustment	-4,602	1,762	-6,958	-4,460
	Other comprehensive income, net of tax	-4,602	1,762	-6,958	-4,460
	Total comprehensive income for the period	-3,098	1,172	-6,225	-7,088
	Total comprehensive income for the year attributable to				
	Owners of the parent	-4,080	698	-8,313	-8,553
	Non-controlling interests	982	474	2,088	1,465
	Total	**-3,098**	**1,172**	**-6,225**	**-7,088**

(USDt) Notes	Consolidated balance sheet	30 Sep 2019	30 Sep 2018	31 Dec 2018
	ASSETS			
	Goodwill	226,664	220,386	225,448
	Customer relations	67,920	68,611	67,377
	Trademarks	17,013	18,030	17,597
	Other acquired intangible assets	1,010	815	782
	Software	8,229	5,118	6,532
	Intangible assets	**320,836**	**312,960**	**317,736**
	Right of use assets	34,952	0	0
	Property, plant and equipment	8,317	4,673	5,226
	Property, plant and equipment	**43,269**	**4,673**	**5,226**
	Other receivables	1,997	1,534	1,506
	Deferred tax asset	552	7,355	738
	Financial assets	**2,549**	**8,889**	**2,244**
	Total non-current assets	**366,654**	**326,522**	**325,206**
	Trade receivables	170,992	144,250	142,509
	Income taxes receivable	494	425	471
	Receivables from Group entities	803	859	631
	Other receivables	5,470	5,901	4,935
	Prepayments	5,520	3,279	2,580
1	Cash and cash equivalents	1,089	11,044	34,546
	Total current assets	**184,368**	**165,758**	**185,672**
	Total assets	**551,022**	**492,280**	**510,878**

(USDt) Notes	Consolidated balance sheet	30 Sep 2019	30 Sep 2018	31 Dec 2018
	EQUITY AND LIABILITIES			
	Partnership interest	186,174	169,804	185,752
	Currency translation reserve	-6,137	860	810
	Retained earnings	-30,554	-23,902	-29,188
	Equity attributable to parent company	**149,483**	**146,762**	**157,374**
	Non-controlling interests	2,518	1,571	1,743
	Total Equity	**152,001**	**148,333**	**159,117**
2	Bond debt	188,473	193,253	192,366
	Lease liabilities	22,031	0	0
	Earn-out provision	891	0	0
	Deferred rent	0	484	461
	Deferred tax liability	11,042	9,488	9,829
	Total non-current liabilities	**222,437**	**203,225**	**202,656**
1	Bank debt	28,765	12,890	23,108
	Lease liabilities	14,287	0	0
	Earn-out provision	745	799	257
	Trade payables	103,433	98,161	101,062
	Deferred income	2,038	2,712	941
	Corporation tax	3,965	1,754	3,889
	Other payables	23,351	24,406	19,848
	Total current liabilities	**176,584**	**140,722**	**149,105**
	Total liabilities	**399,021**	**343,947**	**351,761**
	Total equity and liabilities	**551,022**	**492,280**	**510,878**

(USDt) Notes	Consolidated cash flow statement	YTD 2019	YTD 2018
	Operating profit (EBIT) before special items	19,643	13,716
	Depreciation, amortisation and impairment	18,073	8,165
	Other non-cash transactions	-880	
	Exchange rate adjustments	-70	-1,092
	Change in working capital	-30,625	-1,890
	Cash flows from operating activities before special items, interest & tax	**6,141**	**18,900**
	Special items	-1,027	-1,463
	Interest received	3,441	26
	Interest paid	-15,131	-12,205
	Tax paid	-3,033	-1,725
	Cash flows from operating activities	**-9,608**	**3,532**
	Purchase of software	-2,761	-645
	Purchase of property, plant and equipment	-2,934	-1,750
	Sale of property, plant and equipment	3,817	0
	Release of earn-out	-553	-553
	Special items, transactions cost acquisitions	-188	-680
	Investments in Group entities	-14,700	-2,291
	Cash flows from investing activities	**-17,319**	**-5,919**
	Free cash flow	**-26,926**	**-2,387**
	Dividend paid to non-controlling interests	-1,361	-1,340
	Capital increase	422	0
	Purchase of non-controlling interest	0	-1,200
	Long-term loan	-221	180
	Repayment of loan from related parties	5	0
	Redemption of lease liabilities	-9,910	0
	Redemption of other acquisition debt	-1,213	0
	Cash flows from financing activities	**-12,278**	**-2,360**
	Change in cash and cash equivalents	**-39,205**	**-4,747**
	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	91	576
	Change in cash and cash equivalents	-39,205	-4,747
1	**Net Cash and cash equivalents at 30 June**	**-27,676**	**-1,846**

Note	(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 2019	**185,752**	**810**	**-29,188**	**157,374**	**1,743**	**159,117**
	Profit for the period	**0**	**0**	**-1,366**	**-1,366**	**2,099**	**733**
	Currency exchange adjustment	0	-6,947	0	**-6,947**	-11	**-6,958**
	Other comprehensive income, net of tax	**0**	**-6,947**	**0**	**-6,947**	**-11**	**-6,958**
	Total comprehensive income for the period	**0**	**-6,947**	**-1,366**	**-8,313**	**2,088**	**-6,225**
	Purchase of non-controlling interests	0	0	0	**0**	48	**48**
	Dividend distributed	0	0	0	**0**	-1,361	**-1,361**
	Capital increase by cash payment	422	0	0	**422**	0	**422**
	Total transactions with owners	**422**	**0**	**0**	**422**	**-1,313**	**-891**
	Equity at 30 June 2019	**186,174**	**-6,137**	**-30,554**	**149,483**	**2,518**	**152,001**

(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**
Profit for the period	**0**	**0**	**-4,093**	**-4,093**	**1,465**	**-2,628**
Currency exchange adjustment	0	-4,456	0	**-4,456**	-4	**-4,460**
Other comprehensive income, net of tax	**0**	**-4,456**	**0**	**-4,456**	**-4**	**-4,460**
Total comprehensive income for the period	**0**	**-4,456**	**-4,093**	**-8,549**	**1,461**	**-7,088**
Purchase of non-controlling interests	0	0	-747	**-747**	1,511	**764**
Dividend distributed	0	0	0	**0**	-1,340	**-1,340**
Total transactions with owners	**0**	**0**	**-747**	**-747**	**171**	**-576**
Equity at 30 September 2018	**169,804**	**860**	**-23,902**	**146,762**	**1,571**	**148,333**

Note	(USDt)		
1	**Cash and Liquidity**	30.09.2019	30.09.2018
	Cash and cash equivalents	1,089	11,044
	Bank debt	-28,765	-12,890
	Cash and cash equivalents less bank debt	**-27,676**	**-1,846**
	Credit facilities	51,066	37,056
	Liquidity reserve	**23,390**	**35,210**

Note	(USDt)		
2	**Bond debt**	30.09.2019	30.09.2018
	Issued bonds, DKK tranche DKK 625 million, interest rate 6.80%	91,153	97,030
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%	100,000	100,000
		191,153	**197,030**
	Capitalised loan costs	-2,680	-3,777
	Total bond debt	**188,473**	**193,253**

	Cash flow*	Carrying amount	Carrying amount
Bond debt falling due between 1 and 5 years (2022)	229,760	191,153	197,030
Total non-current financial liabilities	**229,760**	**191,153**	**197,030**
Total current financial liabilities	**13,898**	**14,771**	**14,298**

* Total cash flows including interest.

In 2016, SGL TransGroup International A/S issued senior secured callable bonds of DKK 625 million with an interest rate of 6.80% and USD 100 million with an interest rate of 7.70%. Borrowing costs of USD 5.7 million were paid in 2016 and amortized until 2022.

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

For the issued bond certain terms and conditions apply 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.

After the reporting date it has been decided that the Bonds will be redeemed in advance. The redemption date will be 25 November 2019, please refer to note 10 for furhter details.

Note	(USDt)	YTD 2019
3	**Investments in Group entities**	Total
	Provisional fair value at date of acquisition:	
	ASSETS	
	Right of use asset	3,714
	Software	29
	Property, plant and equipment	5,584
	Non-current receivables	379
	Trade receivables	3,371
	Other receivables	504
	Prepayments	108
	Cash and cash equivalents	6,860
	Total assets	**20,550**
	LIABILITIES	
	Lease liabilities	3,714
	Finance liabilities	1,237
	Trade payables	4,784
	Deferred tax	152
	Corporation tax	271
	Other payables	2,901
	Total liabilities	**13,059**
	Non-controlling interests' share of acquired net assets	48
	Acquired net assets	**7,443**
	Goodwill, trademarks and customer relations	18,878
	Deferred tax	-2,493
	Fair value of total consideration	**23,828**
	Earn-out provision acquisition debt	2,267
	Cash consideration	**21,561**
	Adjustment for cash and cash equivalents taken over	-6,860
	Cash consideration for acquisitions	**14,700**
	Transaction costs for acquisitions	1,105
	Investments in Group entities	**15,805**

Note (USDt)

3 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 Scan Global Logistics 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 in the specialty automotive market.

Under the terms of the agreement, IQS Group was acquired for a total cash consideration of EUR 17.0 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 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 development.

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

Purchase of New Bison, LLC

Effective as of 2 January 2019 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.

The purchase price allocation will be finalized during 2019.

Purchase of logsitic 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.

Scan Bidco Group as well as SGL E-Commerce A/S see this acquisition as a natural strategic step forward in the ongoing growth and development of Scan Bidco 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.

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

Note 3 (USDt) Investments in Group entities

Purchase of activities from BK-International Speditions GmbH

Effective as of 2 May 2019 Scan Global Logistics GmbH acquired activities from the German based logistic company BK-International Speditions GmbH. The acquisition strengthens the Company´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.

Note 4 (USDt) Events after the balance sheet date

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 will be 25 November 2019.

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

The Company's obligation to redeem the Bonds on the redemption date is conditional upon the Company, 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 intended to be applied towards, inter alia, financing the redemption of the Bonds.

The Bonds will be de-listed from the corporate bond list of Nasdaq Stockholm in connection with the redemption date and the last day of trade will be the date falling on or about 20 November 2019.

The early redemption of bond debt is a non-adjusting event why note 2 has not been adjusted as at 30 September 2019.

In October 2019 SGL TransGroup International A/S listed EUR 215,000,000 senior secured floating rate bonds 2019/2024 (ISIN: SE0013101219) on the Börse Frankfurt. The bond debt has to be repaid in November 2024.

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 Groups 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.