Scan Bidco A/S

Kirstinehøj 7, 2770 Kastrup
CVR no. 37 52 10 43

Annual Report 2018

Approved at the annual general meeting of shareholders on 12 April 2019

Chairman of the annual general meeting:

Claes Brønsgaard Pedersen

Our world is logistics

Contents

Company details

Name	:	**Scan Bidco A/S**
Address, Postal code, Town	:	Kirstinehøj 7, 2770 Kastrup, Denmark
CVR no.	:	37 52 10 43
Registered office	:	Tårnby (Copenhagen)
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Board of Directors	:	Henrik von Sydow, Chairman Allan Dyrgaard Melgaard Claes Brønsgaard Pedersen Thomas Thellufsen Nørgaard Jørgen Agerbo Jessen
Executive Board	:	Claes Brønsgaard Pedersen
Parent Company of Scan Bidco A/S	:	Scan (UK) Midco Limited, 35 Great Helen's, London, England (100% ownership)
Ultimate owner	:	SGLT Holding I LP, c/o Maples Corporate Services Limited. P.O.Box 309, Ugland House, South Church Street, George Tower, KY1-1104, Cayman Islands (100% ownership)
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR no.	:	30 70 02 28

Legal entities in the Scan Bidco Group

31 December 2018

Company	Country	Currency	Nominal capital	Ownership interest
Scan Bidco A/S				
Scan Global Logistics Holding ApS*	Denmark	DKK	3.530.838	100%
Scan Global Logistics A/S	Denmark	DKK	1.901.649	100%
SGL Road ApS	Denmark	DKK	500.200	100%
SGL Road AB	Sweden	SEK	100.000	100%
Airlog Group Denmark A/S	Denmark	DKK	500.000	100%
ScanAm Global Logistics AB	Sweden	SEK	100.000	100%
Scan Global Logistics GmbH **	Germany	EUR	25.000	100%
Crosseurope AB	Sweden	SEK	100.000	100%
Crosseurope GmbH **	Germany	EUR	25.000	100%
Airlog Group Holding AB	Sweden	SEK	2.000.000	100%
Airlog Group Sweden AB	Sweden	SEK	2.000.000	100%
SGL Express AB	Sweden	SEK	1.000.000	100%
Airlog Group Fur OY	Finland	EUR	2.500	100%
Airlog Group AS	Norway	NOK	30.000	100%
Scan Global Logistics AS	Norway	NOK	150.000	100%
Scan Global Logistics (Finland) Oy	Finland	EUR	2.523	100%
Scan Global Logistics K.K.**	Japan	JPY	15.000.000	100%
Scan Global Logistics Ltd.	China	USD	1.650.000	100%
Scan Global Logistics (Wuxi) Ltd.	China	CNY	3.000.000	100%
Scan Global Logistics Ltd.	Hong Kong	HKD	500.000	100%
Scan Global Logistics (Shanghai) Limited	China	CNY	3.000.000	100%
Scan Global Logistics Ltd. (Branch)	Taiwan			100%
Scan Global Logistics Ltd.	Thailand	THB	5.000.000	100%
Scan Global Logistics Ltd.	Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.	Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.**	Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.** / ***	Philippines	PHP	4.000.000	40%
Scan Global Logistics Chile S.A.**	Chile	CLP	179.872.000	100%
Scan Global Logistics (Vietnam) Ltd.	Vietnam	USD	100.000	100%
Scan Global Logistics Ltd.**	Indonesia	IDR	252.015.000	100%
Scan Global Logistics Pte Ltd. (Singapore)**	Singapore	SGD	100.000	100%
Scan Global Logistics SA**	Mali	XOF	10.000.000	55%
Macca Logistics Sarl**	Senegal	XOF	1.000.000	100%
Macca Logistics Sarl**	Ivory Coast	XOF	1.000.000	100%

*Holding companies.

** Entities audited by other audit firms than Ernst & Young network member firms

*** The Company is consolidated 100% as a subsidiary as the parent company defacto controls the activity and financing of the Company

Scan Global Logistics A/S acquired 100% shares in the German based International Quality Service Group (IQS Group) and established the company SGL Express A/S, Denmark with a nominal capital of DKK 500,000 in January 2019.

Financial highlights for the Scan Bidco Group

Key figures (in DKK thousands):	2018	2017	2016 (5 months)
Income statement			
Revenue	3.520.600	3.391.185	1.250.824
Gross profit	**591.836**	**505.887**	**193.998**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**88.639**	**30.035**	**36.321**
Earnings Before Interest, Tax, Amortisation (EBITA) and special items	**77.012**	**21.139**	**31.786**
Operating profit (EBIT) before special items	**47.537**	**-8.229**	**20.986**
Special items, income	0	4.916	0
Special items, cost	-34.955	-21.822	-11.018
Operating profit (EBIT)	**12.582**	**-25.135**	**9.968**
Net financial expenses	-59.601	-50.677	-29.225
Profit/loss before tax	**-47.019**	**-75.812**	**-19.257**
Profit/loss for the year	**-55.386**	**-65.275**	**-20.625**
Cash flow			
Cash flows from operating activities	19.252	-73.306	-3.688
Cash flows from investing activities	-39.343	-193.256	-1.177.958
Free cash flow	-20.091	-266.562	-1.181.646
Cash flows from financing activities	129.920	136.603	1.347.150
Cash flow for the year	109.829	-129.959	165.504
Financial position			
Total equity	656.646	608.836	627.234
Total equity before impact of change in accounting policy, IFRS 9	0	609.917	0
Equity attributable to parent company	651.111	608.524	626.238
Net interest-bearing debt (NIBD)	607.219	685.126	472.969
Total assets	2.702.767	2.576.813	-
Total assets before impact of change in accounting policy, IFRS 9	-	2.577.894	2.426.872
Financial ratios in %			
Gross margin*	16,8	14,9	15,5
EBITDA margin*	2,5	0,9	2,9
EBIT margin*	1,4	-0,2	1,7
EBIT margin	0,4	-0,7	0,8
Return on assets*	0,5	-0,1	0,4
Equity ratio	24,3	23,6	25,8
Return on equity (ROE)	-8,8	-10,7	-3,3
*before special items			
Number of average full-time employees	952	866	733

For definition of financial ratios please see note 24 Accounting policies.

The above figures for 2016 comprise income and cash flow statement for the period 2 August - 31 December 2016 regarding the SGL Holding Group activities, which were acquired with effect from 2 August 2016.

Comparison figures for the year 2016 have not been restated according to IFRS 9 and 15.

Operating review

Ownership and Establishment of the Scan Bidco Group

Scan Bidco was established in 2016. Same year, on August 2nd, when SGL Group was sold to a fund sponsored by a private equity group, AEA Investors SBF LP, Scan Bidco became the Danish parent company of the Scan Global Logistic Group (SGL Group).

Scan Bidco is owned directly by Scan (UK) Midco Limited, and the ultimate owner is SGLT Holding I LP. The Scan Bidco Group includes the Scan Bidco A/S and all its subsidiary companies.

The Scan Bidco Group's business model

The Scan Bidco Group's activities focus on international freight-forwarding services, primarily by Air and Sea, with supporting IT, Logistics and Road Freight services. More than 80% of the revenue base originates from large customers contracted via corporate initiatives, primarily in the Nordic region. The Scan Bidco Group primarily provides services to its customers via the SGL Group network of offices supported by its affiliated company Transgroup, USA, and other partners worldwide.

The Scan Bidco Group's business review

The Scan Bidco Group's main focus is to create solutions for complex logistics challenges on an international basis. In order to accommodate and support this strategic focus, Scan Bidco is prepared to - in full or partially - acquire other companies in relevant markets.

Effective 2 July 2018, Scan Global Logistics Pty. Ltd. (Australia) acquired activities in the Australian based freight forwarder Kestrel Freight & Customs Pty Ltd.
Kestrel is an Australian full-service freight forwarder that provides logistics support to projects in industries such as mining, construction, oil & gas and telecommunication.

Under the terms of the agreement, the Kestrel activities were acquired for a total cash consideration of AUD 500 thousand. In addition, earn-out payments depending on future EBITDA were agreed upon. The earn-out will be paid after end of the financial year-end 2018 through 2023, if applicable. No significant assets have been acquired and no intangible assets other than customer relations have been identified.

Effective 2 July, Scan Global Logistics A/S also acquired 55% of Macca Logistics Sarl, Bamako, Mali – including operational offices in the ports of Dakar, Senegal and Abidjan, Ivory Coast.

Scan Global Logistics A/S and Macca Logistics Sarl have had a close partnership for many years and this acquisition strengthens SGL Group's presence in Western Africa serving the GO's and NGO's in the region as well as commercial customers.
Under the terms of the agreement, Macca Logistics Sarl was acquired for a total cash consideration of EUR 1 million.
Furthermore SGL Road ApS purchased the remaning 20% shares in SGL Road AB, Sweden from the minority shareholders.

Financial review, Scan Bidco Group

The 2018 consolidated financial statement describes the operating results of the Scan Bidco Group including the new ownership of Kestrel and Macca Logistics (6 months).

In 2018, the Scan Bidco Group generated revenues of DKK 3.5 billion, against DKK 3.4 billion the year before, and a loss before tax of DKK 47 million against a loss before tax of DKK 76 million the year before. The actual EBITDA result before special items of DKK 89 million for the year is according to previous communicated plan and expectations.

The consolidated 2018 revenue showed an increase by 4% compared to the 2017 results. Improved performance was primarily due to an increase in activities in Air, Sea and Road Transports in the Nordic countries and Greater China.

The acquired activities in Kestrel and Macca Logistics contributed with DKK 18 million to the total revenue in the second half of 2018.

Scan Bidco Group restructured its Solution activities in Denmark, all of which had a negative impact on the overall revenue level. The project activities in 2018 had a lower revenue level than last year however at a higher profit margin. Furthermore the low profit co-loading activities in Malaysia ceased in late 2017.

Gross profit margin was 16.8 % compared to 14.9% in 2017.

EBITDA before special items was realized at DKK 89 million compared to DKK 30 million in 2017 equal to an increased by 295%.

The EBITDA margin before special items of 2.5% is 1.6% points above 2017.

The total other external costs and staff costs of DKK 503 million in 2018 mainly comprised of salary related costs, travel and rent and is equal to an increase of DKK 27 million or 5.7% versus 2017. If excluding the 2018 acquisitions the increase is 4.5%.

The total salary costs were also affected by the acquisition of Kestrel and Macca Logistics. The salary costs increased by DKK 12 million or 3.4%. Excluding the acquisitions the increase was 2.3%. During 2018 the Scan Bidco Group observed a total staff increase of 86 employees compared to 2017 (or 10% end of year).

Special items of DKK 35 million include acquisition costs, settlement costs related to special projects as well as restructuring cost (redundancy cost for personnel etc.) primarily related to our Solution business in Denmark and reorganization in Sweden.

The Scan Bidco Group generated a cash flow of DKK 108 million from operating activities before special items, interest and tax in 2018 versus DKK 3 million in 2017. The increase is due to the higher EBITDA result and improvement in working capital.

The Scan Bidco Group continues to run several initiatives supporting long-term stability in structures and processes as well as financial control procedures through uniform operational practices, a joint operational system and uniform models for financial controlling while also maintaining strong central control of key financial matters.

The plan for 2019 assumes continued positive development in revenues, gradually improving Gross Margins. In addition to the organic growth, the management expects the recent acquisitions of IQS Group (please see page 6), Macca Logistics and Kestrel to have a positive impact.

Financial review, Scan Bidco Group (continued)

Following the improved results in 2018, the management has assessed that no impairment has been identified for intangible assets due to the continued improved positive outlook.

The financial items of the parent company are affected by the interest expenses on the Bond loans as well as the interest income of the intercompany loan to Transgroup Global Inc.

Financial review, SGLT Holding I LP

An update of the financial performance for 2018 of the combined group (Scan Bidco Group and Transgroup) will be of interest to the investors and consequently the proforma income statement (in USD) is summarized below.

Income statement SGLT Holding I LP	2018	2017
Proforma figures (in USD thousands):		
Revenue	955.266	814.196
Gross profit	145.695	119.734
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**31.110**	**19.933**
Earnings before Interest, Tax, Amortisation (EBITA) and special items	29.141	18.516
Operating profit (EBIT) before special items	20.165	9.274
Special items	-6.949	-3.354
Operating profit (EBIT)	**13.216**	**5.920**
Net financial expenses	-17.765	-15.084
Profit/loss before tax	**-4.549**	**-9.164**
Profit/loss for the period	**-7.913**	**-6.644**

Capital structure

On a regular basis, the Management assesses whether the Scan Bidco Group has an adequate capital structure, just as the Management regularly evaluates whether the Scan Bidco Group's capital structure is in line with the best interests of the Scan Bidco Group and its stakeholders.

It is the Management's assessment that the current capital structure is sufficient to support Scan Bidco Group. The ultimate owner will make the necessary capital available for possible future acquisitions.

During the fourth quarter (Q4) of 2018, Scan Bidco A/S has made the following changes in the capital structure:

A capital increase of DKK 104 million was made in December 2018 in order to finance the acquisition of IQS Group in January 2019.

Post balance sheet events

Effective of 2 January 2019 Scan Global Logistics A/S acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group). Please see note 16, page 38.

Outlook

Scan Bidco Group continues to monitor the macroeconomic and geopolitical factors involving the US, China and EU as global trade continues to grow thus affecting these markets as well as business within the EU.

Scan Bidco Group's two important markets, China and the US, show solid GDP (Gross Domestic Product) growth projections. Although lower than projected earlier by some analysts, the underlying trade still grows.

The risk of an escalating trade war between USA and China however is still present. The implications for Scan Bidco has to be taken into consideration but cannot be estimated at this point in time.

Scan Bidco's home markets are in the Nordic region, where a strong presence allow the group entities in both Denmark and Sweden to grow, both through M&A and organically.

The project sales within Aid, Development and Projects (ADP) saw an increased activity level through Q4 2018. Scan Bidco Group believes that ADP will generate long-term, sustainable growth.

Scan Bidco Group stays focused on delivering superior logistics solutions to demanding customers, driven by our strong belief in our employees' ability to constantly design the required solution. Scan Bidco Group continues to enhance the IT system support for operations, sales, management and financial support and the groups long-term ambitions remain the same as in previous years:

1) Outperform market growth

2) Improve all relevant KPIs with focus on:
- Operating margin
- Conversion rate (Gross profit to EBITDA)
- Cash generation

Scan Bidco Group expects to continue improving and growing the underlying business. However, financial KPIs are expected to be influenced by the macroeconomic development and challenges in 2019.

The Group´s long-term goal remains unchanged where the group entities expect to generate an average EBITDA margin of 4-4.5% over an economic cycle. Scan Bidco Group, after group function costs, will generate 3.5-4% over such period.

The outlook for 2019 sees a positive influence by the acquisition of IQS Group, Macca Logistics and Kestrel as well as the development within our traditional markets.

The estimated EBITDA before special items level is expected to be well above the level of 2018 and above the DKK 120 million mark excluding the impact of IFRS 16, which is expected to improve EBITDA by DKK 47 to DKK 63 million. Please see the table on page 60.

Management and Board of Directors

Alan Walter Wilkinson and John Francis Cozzi resigned from the Board of Directors during 2018.

Allan Dyrgaard Melgaard, Claes Brønsgaard Pedersen, Thomas Thellufsen Nørgaard and Jørgen Agerbo Jessen joined the Board of Directors during 2018.

Operating review (continued)

Risk factors

Commercial risks

The fluctuations in freight rates caused by a change in supply/demand on key trade lanes like Asia to Europe could represent the most significant short-term operating risk, as carrier cost is the largest single cost item for Scan Bidco Group. As a result contracts with carriers constantly need to be balanced against customer contracts. The industry is characterized by short-term agreements, eliminating a large part of the risk. Furthermore, longer-term contracts normally enables the possibility to agree back-to-back with the carriers, further balancing the risk.

Other major risks are clerical errors such as wrongful release of cargo (against instructions from customers), accepting liability outside of normal scope or standard trading conditions.

Global economic conditions

A lengthy economic downturn, a decline in the gross domestic product growth rate and world import and export levels, as well as other geopolitical events, could adversely affect the global transportation industry and trigger a decrease in demand for Scan Bidco Group's services.

Risks related to IT infrastructure

Scan Bidco Group depends on information technology to manage critical business processes, including administrative and financial functions. Scan Bidco Group uses IT systems for internal purposes - and externally in relation to its customers and suppliers. Extensive downtime of network servers, attacks by IT viruses or other disruptions or failure of information technology systems are possible and could have a negative effect on Scan Bidco Group’s operations.

Risks relating to the Scan Bidco Group's operations in emerging markets

Scan Bidco Group Aid, Development and Project (ADP) departments have operations and customers worldwide, including a number of emerging markets. These markets are subject to greater political, economic and social uncertainties and the risk of loss resulting from changes in law, economic or social upheaval and other factors may be substantial. Among the more significant risks of operating and investing in emerging markets, are those arising from the introduction of trade restrictions, enforcement of foreign exchange restrictions and changes in tax laws and enforcement mechanisms. SGL constantly monitor and follow all and any development in order to mitigate any possible risks.

Scan Bidco Group has taken out liability insurance to meet any loss resulting from damage on customer’s goods, errors and omissions.

Internal control and risk management systems in relation to financial reporting
The Board of Directors and the Executive Board have the overall responsibility for risk management and internal controls in relation to financial reporting. In addition, the Board of Directors have established an Audit Committee with four members to support the oversight function regarding risk management, financial reporting and compliance.

The organizational structure and the internal guidelines form the control environment together with laws and other rules applicable to Scan Bidco Group.

The Management regularly assesses Scan Bidco Group's organizational structure and staffing as well as, establish and approve overall policies, procedures and controls in relation to financial reporting.

In relation to the financial reporting, the Management has special focus on procedures and internal controls within the following areas and accounting items, which ensures that the reporting is made on a reassuring basis:

- Revenue recognition of service contracts and projects.
- Assessment of work in progress.
- Trade receivables – management of credit.
- Assessment of recognition of business combinations/purchase price allocation.
- Assessment of impairment of intangible assets.

Scan Bidco Group has established a formal group reporting process, which includes monthly reporting, with budget control, assessment of performance and fulfilment of agreed targets etc.

Internal control and risk management systems in relation to business risks
The Management assesses business risks in connection with the annual revision and approval of the strategic plan.

In connection with the risk assessment, the Management (if needed) also considers the policies approved by the Board of Directors regarding finance, hedging and insurance policies for Scan Bidco Group.

Scan Bidco Group's risk management, including internal controls in relation to the financial reporting, is designed to effectively minimize the risk of errors and lack of information.

Corporate Social Responsibility (CSR)

Scan Bidco is committed to sustainability and social responsibility, reduction of environmental impact, the well-being of our employees, and ethical behavior. We operate as an asset-light freight forwarder and base our business model on providing value to customers by providing advanced supply chain solutions.

We rely on sub-contractors to provide the physical transport and have limited impact on primary transport methods such as aircrafts and vessels. Thus, our focus is to engage actively with customers and suppliers in decreasing the environmental footprint by taking actions within our sphere of influence.

We integrate the focus areas in our daily business; we apply them in how we manage risks and opportunities; and how we meet the ever-changing environment in which we operate.

Our strategic focus is built around following framework:

* Reduction of environmental impact
* People
* Ethical behavior

Reduction of environmental impact

Policy

* We care deeply for the environment and always strive to reduce the environmental impact of our operations
* We work closely with our partners to aim to ship the vast majority of our goods by sea to reduce our carbon footprint
* By collaborating with partners on the correct management and transport, we help our customers protect the environment

Objectives

* We will actively reduce emission to the extent it is possible
* We will foster environmental responsibility by increasing employee awareness of the environmental control system and objectives, and ensure commitment to environmental work through education and training
* We will make environmental demands on suppliers through dialogue and cooperation
* We will ensure that our efforts will result in continuous and measurable environmental improvements
* We will proactively inform our clients on environmental issues
* We conduct environmental assessments of major investments and changes
* We have an open dialogue with authorities, customers and other stakeholders, and provide information regarding the company's environmental conditions
* We comply with applicable laws and regulatory environment
* We will select the best available techniques considering both environment and economy
* We will encourage our employees to make continuous improvement proposals that may affect the environmental areas in a positive direction
* We will continuously work to reduce consumption of electricity, water and heat in the organization
* We will continuously reduce resource consumption for transport of goods by making the most of available capacity
* We will continuously improve sorting, storage, recycling and disposal of all waste products which are the result of company activities and services

Operating review (continued)

Objectives (continued)

* We pledge to continuously guard against and prevent negative environmental impact
* We will prioritize road transport with Euro norm 5 + 6 vehicles
* We have purchased CO2 quotas and thus the SGL website is CO2 neutral

Risks

Scan Bidco has identified several environmental risks related to its transportation activities:

* Combustible waste
* Increased CO2 emissions
* Impact of waste products

Report on achievements - environmental impact

2018 targets	2018 Achievements
Obtain ISO 14001 certification in Finland and Norway	ISO 14001 certification achieved in Finland and Norway
Use sub-contractors that operate trucks with engines that meet the Euro norm 5 or 6	Mote than 90% of the trucks used met the norm
Reduce electrical consumption per employee by 5% in 3 years *)	8%
Reduce paper consumption per employee by 5% every year *)	4% reduction per employee
Reduce combustible waste to become max. 20% of total *)	Improved but at 32% level in 2018. Action plan to improve the results in 2019.
Obtain OHSAS 18001 / ISO 45001 in Sweden	Achieved OHSAS 18801 / ISO 45001 in Sweden
Establish multiple site certification in Denmark and Sweden	Achieved multiple site certification covering all sites in Denmark and Sweden

** Reported for Danish entities only*

People and culture

Policy

At Scan Bidco, we believe our employees are our greatest attest and our success depends on the competences of our staff. We believe in conducting our business in a manner that makes us an attractive employer and we believe in creating opportunities for our staff.

Due to Scan Bidco Group's highly customer-focused approach, it is essential to secure a high level of continuity with respect to customer-specific knowhow through retention of key staff and training of new employees

* Scan Bidco respects human rights and we conduct our business in a manner that makes us an attractive employer.
* We are clearly committed to the elimination of all forms of forced or compulsory labor
* We do not engage in human trafficking.
* Our employees are free to join or not to join a union/employee representation of their choice, free from threat or intimidation.
* We do not discriminate and provide equal opportunity for all.
* We comply with European Union regulations as well as national or local safety regulations (national law and the binding regulations of our mandatory accident insurance).

Operating review (continued)

Risks

* Loss of customers due to lack of continuity and competences in staff
* Increased number of sick days
* Staff leaving for lack of opportunities and training

Report on achievements - People

2018 targets	2018 Achievements
New employees are assigned 6-10 mandatory general e-learning courses introducing the company	957 registered e-learning users with an average of 9 assigned introduction courses. The general pass rate was 76% .
Improve the retention level of staff	In line with 2017 due to reorganisation in the Nordic companies, however sligtly better than the freight industry
Lower the number of sick days by 10% compared to previous year	33% lower sickdays per employee compared to 2017

Note: Retention of staff and number of sick days are reported for Danish entities only

Development in staff in the financial year 2018:	Denmark	Rest of world	Total
Employees at the beginning of the year	382	543	925
Net change	-16	91	75
Employees at year-end	**366**	**634**	**1.000**

The average number of employees in 2018 in Scan Bidco Group was 952 compared to 866 in 2017.

The increase of employees in the rest of the world is mainly due to the acquisitions of Macca Logistics and Kestrel as well as increasing activities in China.

Ethical behavior

Policy

Scan Bidco established its Code of Conduct in 2013 and it applies to all regions of Scan Bidco. The Code of Conduct lays down guidelines for day-to-day workplace conduct for our workforce of some 800 employees. The Code of Conduct also sets out our commitment to the health and well-being of our employees, as well as our understanding of equal opportunity and diversity. The Code of Conduct is supported by additional Group policies such as the Anti-Corruption Policy, which provides clear instructions on how to handle gifts, benefits and offers of hospitality. The Competition Compliance Policy prohibits agreements with competitors.

* It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to act professionally, fairly and with integrity in all our business dealings and relationships, wherever we operate.
* We act with integrity and are accountable to stakeholders for our actions and relationships.
* We do not promise or provide bribes or any other inducement or reward in order to gain any commercial, contractual, regulatory or personal advantage.

Policy (continued)

* We do not accept gifts or hospitality from a sub-contractor or third party where there is an expectation that a business advantage will be provided by us in return.
* We do not make, and will not accept, facilitation payments or "kickbacks" of any kind.
* We have an established sub-contractor management policy and undertake due diligence of our business partners. Sub-contractors are continuously screened in accordance with our policy and UN Global Compact's ten principles.

Risks

* Some countries in which we operate have a poor record on corruption.
* Being unable to offer equal opportunities and diversity.
* Loss of clients.
* Financial penalties.

Report on achievements - Ethical behavior

2018 targets	2018 Achievements
Implement mandatory Code of Conduct training for employees	74% of all employees passed the training in 2018 (passing score >80%)

Account of the gender composition of management

As freight forwarding and logistics has traditionally been a male-dominated trade, the Management in Scan Bidco Group does not consider it realistic that Scan Bidco Group can ensure a completely equal distribution of women and men in executive positions. Scan Bidco Group strives to ensure that at least 25% of all candidates for managerial positions are female.

The total ratio of women among Scan Bidco Group's employees was 45% at year-end. The Management has chosen to use 35% as a minimum target for the number of female executives and aims to have at least one female board member by the end of 2021 in Scan Bidco Group. As for the year 2018 the Group did not find any candidates with the right qualifications for the Board of Directors. The Board of Directors comprise of 5 persons, all male. However, 38% of the managers within the Group are female.

Geographically, the ratio of female executives in Scan Bidco Group is higher in the Asian entities.

It is the intention of the Management to increase the number of women in managerial positions. Scan Bidco Group acknowledge the value of diversity in management and will focus on attracting women to vacant management positions.

While no concrete actions were taken to increase the number of women in managerial positions in 2018, Scan Bidco Group have made a commitment to establish a diversity policy in 2020. The policy will state specific action points with focus on developing and retaining female employees and, through network and training, provide opportunity for a more diverse mixture of staff.

Ownership and Corporate Governance

Scan Bidco A/S is owned directly by Scan (UK) Midco Limited, and the ultimate owner is SGLT Holding I LP.

The Board of Directors consists of the following members:

- Chairman Henrik von Sydow
- Allan Dyrgaard Melgaard
- Claes Brønsgaard Pedersen
- Thomas Thellufsen Nørgaard
- Jørgen Agerbo Jessen

The main responsibilities of the Board of Directors are outlined below:

1) Provide direction for the organization. The Board has a strategic function in providing the vision, mission and goals of the organization. These are determined in cooperation with the Executive Management of Scan Global Logistics Group.

2) Develop a governance and approval system. The governance and approval system includes the interaction between the Board and the Executive Management and clearly outlines the authorities given to the CEO.

Periodically, the Board of Directors interacts with the Executive Management at board meetings, which typically take place 4 times per year. In between board meetings, the Board of Directors is updated through e-mails and phone conferences as required.

3) Monitor and control. The Board of Directors has a monitoring and control function and receives a monthly report outlining the financial results and current state of affairs of Scan Bidco Group.

An audit committee has been established and comprises of 4 members; Matthew Bates (Chairman), Henrik von Sydow, Tom Gartland and Rachel Kumar.

The Audit committee primarily assists the Board of Directors in relation to internal accounting and financial control systems, the integrity of the company's financial reports and engagements with external auditors. The Audit Committee also carries out ongoing assessments of the company's financial and business risks.

Ownership and Corporate Governance (continued)

Other board positions of the members of the Board of Directors are:

Henrik von Sydow
- SGL Road ApS, Chairman
- Scan Global Logistics A/S, Chairman
- Scan Global Logistics Holding ApS, Chairman
- SGL Express A/S, Chairman
- My Dentist AB
- Burt AB
- New to World Sweden AB

Allan Dyrgaard Melgaard
- SGL Road ApS, Chairman
- Scan Global Logistics A/S, CEO
- Scan Global Logistics Holding ApS, CEO
- SGL Express A/S
- Airlog Group Denmark A/S, Chairman
- LMT ApS, Managing director
- MMG ApS, Director
- WB Invest ApS
- Ejendomsselskabet Langenbach ApS, Chairman

Claes Brønsgaard Pedersen
- SGL Road ApS
- Scan Global Logistics A/S, CFO
- Scan Global Logistics Holding ApS
- SGL Express A/S
- HSK Pro ApS, Chairman
- JAFC Holding ApS

Thomas Tellufsen Nørgaard
- SGL Road ApS, Managing director
- Scan Global Logistics A/S
- Scan Global Logistics Holding ApS
- SGL Express A/S
- Airlog Group Denmark A/S
- Thell Con ApS, Director
- Ejendomsselskabet Langenbach ApS

Jørgen Agerbo Jessen
- Scan Global Logistics A/S
- Scan Global Logistics Holding ApS
- SGL Express A/S
- Airlog Group Denmark A/S
- Ejendomsselskabet Langenbach ApS, Director
- CPC ApS, Managing director
- MMG ApS, Director
- Danske Luftfragtspeditørers Forening
- Danske Speditører
- Guldægget ApS
- Flair Invest ApS, Director
- Saack Invest ApS, Director
- PS Invest ApS, Director
- C. Jessen Invest ApS, Director

1 January - 31 December

Consolidated income statement

(DKKt) Notes	Consolidated income statement	Group 2018	Group 2017
1	Revenue	3.520.600	3.391.185
1	Cost of operation	-2.928.764	-2.885.298
	Gross profit	**591.836**	**505.887**
2	Other external expenses	-124.956	-110.073
3	Staff costs	-378.241	-365.779
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**88.639**	**30.035**
9 + 10	Depreciation of software and property, plant and equipment	-11.627	-8.896
	Earnings before Interest, Tax, Amortisation (EBITA) and special items	**77.012**	**21.139**
9	Amortisation of customer relations and trademarks	-29.475	-29.368
	Operating profit (EBIT) before special items	**47.537**	**-8.229**
4	Special items, income	0	4.916
5	Special items, expenses	-34.955	-21.822
	Operating profit (EBIT)	**12.582**	**-25.135**
6	Financial income	78.924	133.386
7	Financial expenses	-138.525	-184.063
	Profit/loss before tax	**-47.019**	**-75.812**
8	Income tax for the year	-8.367	10.537
	Profit/loss for the year	**-55.386**	**-65.275**
	Total income for the year attributable to		
	Owners of the Parent Company	-55.593	-66.150
	Non-controlling interests	207	875
	Total	**-55.386**	**-65.275**

Consolidated statement of comprehensive income

(DKKt)	Consolidated statement of comprehensive income	Group 2018	Group 2017
	Profit/loss for the year	-55.386	-65.275
	Items that will be reclassified to income statement when certain conditions are met:		
	Exchange rate adjustment	-5.861	-19.185
	Other comprehensive income, net of tax	-5.861	-19.185
	Total comprehensive income for the period	-61.247	-84.460
	Total comprehensive income for the year attributable to		
	Owners of the Parent Company	-61.744	-85.292
	Non-controlling interests	497	832
	Total	**-61.247**	**-84.460**

scan GLOBAL LOGISTICS

(DKKt) Notes	Consolidated balance sheet	Group 31 Dec 2018	Group 31 Dec 2017
	ASSETS		
	Goodwill	951.425	953.620
	Customer relations	234.079	257.601
	Trademarks	41.377	46.885
	Software	23.398	12.071
9	**Intangible assets**	**1.250.279**	**1.270.177**
	Land and buildings	3.395	1.768
	Plant and machinery	4.981	1.870
	Fixtures, tools, fittings and equipment	15.816	12.090
10	**Property, plant and equipment**	**24.192**	**15.728**
11	Receivable from Transgroup Global Inc.	637.944	607.392
	Other receivables	7.936	8.135
12	Deferred tax asset	4.757	5.203
	Financial assets	**650.637**	**620.730**
	Total non-current assets	**1.925.108**	**1.906.635**
13	Trade receivables	505.662	559.320
23	Receivables from Group entities	5.420	3.050
	Income taxes receivable	3.073	1.817
	Other receivables	24.320	22.442
	Prepayments	13.968	9.930
19	Cash	225.216	73.619
	Total current assets	**777.659**	**670.178**
	Total assets	**2.702.767**	**2.576.813**

scan GLOBAL LOGISTICS

(DKKt) Notes	Consolidated balance sheet	Group 31 Dec 2018	Group 31 Dec 2017
	EQUITY AND LIABILITIES		
14	Share capital	501	500
	Share premium	830.764	726.434
	Currency translation reserve	-25.936	-19.785
	Retained earnings	-154.218	-98.625
	Equity attributable to the Parent Company	**651.111**	**608.524**
	Non-controlling interests	5.535	312
	Total equity	**656.646**	**608.836**
15	Bond debt	1.264.236	1.229.436
18	Earn-out provision	1.678	2.825
12	Deferred tax liability	46.807	53.112
	Total non-current liabilities	**1.312.721**	**1.285.373**
19	Bank debt	79.342	37.574
18	Earn-out provision	5.674	5.888
	Trade payables	425.569	446.224
18	Payables to Transgroup Global Inc.	114.097	83.874
	Deferred income	6.136	19.530
	Corporation tax	17.707	13.271
	Other payables	84.875	76.243
	Total current liabilities	**733.400**	**682.604**
	Total liabilities	**2.046.121**	**1.967.977**
	Total equity and liabilities	**2.702.767**	**2.576.813**

1 January - 31 December

Consolidated cash flow statement

(DKKt) Notes	Consolidated cash flow statement	Group 2018	Group 2017
	Operating profit (EBIT) before special items	47.537	-8.229
9 + 10	Depreciation and amortisation	41.102	38.264
	Exchange rate adjustments	-5.840	-2.538
17	Change in working capital	25.318	-24.051
	Cash flows from operating activities before special items, interest and tax	**108.117**	**3.446**
	Special items paid	-29.478	-19.822
	Interest received	50.959	48.915
	Interest paid	-99.282	-97.599
	Tax paid	-11.064	-8.246
	Cash flows from operating activities	**19.252**	**-73.306**
9	Purchase of software	-15.781	-5.946
10	Purchase of property, plant and equipment	-10.964	-10.164
16	Investments in group entities and activities	-7.625	-175.146
16	Special items, transactions cost acquitions	-1.360	-2.000
	Earn-out paid	-3.613	0
	Cash flows from investing activities	**-39.343**	**-193.256**
	Free cash flow	**-20.091**	**-266.562**
	Capital increase	104.331	79.218
	Purchase of non-controlling interest	-2.047	-12.075
18	Loan from Transgroup Global Inc.	27.636	81.561
	Redemption of other acquisition debt	0	-12.101
	Cash flows from financing activities	**129.920**	**136.603**
	Change in cash and cash equivalents	**109.829**	**-129.959**
	Cash and cash equivalents		
	Cash and cash equivalents at 1 January	36.045	166.004
	Change in cash and cash equivalents	109.829	-129.959
19	**Cash and cash equivalents at 31 December**	**145.874**	**36.045**

scan GLOBAL LOGISTICS

(DKKt) Consolidated statement of changes in equity	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
Equity at 1 January 2018	**500**	**726.434**	**-19.785**	**-97.544**	**609.605**	**312**	**609.917**
Effect of changes in accounting policies, IFRS 9	**0**	**0**	**0**	**-1.081**	**-1.081**	**0**	**-1.081**
Adjusted Equity at 1 January 2018	**500**	**726.434**	**-19.785**	**-98.625**	**608.524**	**312**	**608.836**
Profit/loss for the year	**0**	**0**	**0**	**-55.593**	**-55.593**	**207**	**-55.386**
Currency exchange adjustment	0	0	-6.151	0	**-6.151**	290	**-5.861**
Other comprehensive income, net of tax	**0**	**0**	**-6.151**	**0**	**-6.151**	**290**	**-5.861**
Total comprehensive income for the	**0**	**0**	**-6.151**	**-55.593**	**-61.744**	**497**	**-61.247**
Purchase of non-controlling interests	0	0	0	0	**0**	4.726	**4.726**
Capital increase by cash payment*	1	104.330	0	0	**104.331**	0	**104.331**
Total transactions with owners	**1**	**104.330**	**0**	**0**	**104.331**	**4.726**	**109.057**
Equity at 31 December 2018	**501**	**830.764**	**-25.936**	**-154.218**	**651.111**	**5.535**	**656.646**

*Capital increase by issuance of 2 shares of nominally DKK 100 per share.

Equity at 1 January 2017	**500**	**647.216**	**-643**	**-20.835**	**626.238**	**996**	**627.234**
Profit/loss for the year	**0**	**0**	**0**	**-66.150**	**-66.150**	**875**	**-65.275**
Currency exchange adjustment	0	0	-19.142	0	**-19.142**	-43	**-19.185**
Other comprehensive income, net of tax	**0**	**0**	**-19.142**	**0**	**-19.142**	**-43**	**-19.185**
Total comprehensive income for the year	**0**	**0**	**-19.142**	**-66.150**	**-85.292**	**832**	**-84.460**
Purchase of non-controlling interests	0	0	0	-10.559	**-10.559**	-1.516	**-12.075**
Capital increase by cash payment*	0	79.218	0	0	**79.218**	0	**79.218**
Total transactions with owners	**0**	**79.218**	**0**	**-10.559**	**68.659**	**-1.516**	**67.143**
Equity at 31 December 2017	**500**	**726.434**	**-19.785**	**-97.544**	**609.605**	**312**	**609.917**

*Capital increase by issuance of 2 shares of nominally DKK 100 per share.

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Notes to the Scan Bidco Group

Notes to the Parent Company Scan Bidco A/S

Notes to the income statement

Note 1	Segment information Condensed gross profit	Air	Sea	Road	Solution	Total
2018	Revenue (services)	1.658.386	1.750.464	580.194	120.762	**4.109.806**
	Intercompany revenue	-316.998	-226.819	-43.610	-1.779	**-589.206**
	Net revenue (services)	1.341.388	1.523.645	536.584	118.983	**3.520.600**
	Cost of operation	-1.106.399	-1.275.264	-440.193	-106.908	**-2.928.764**
	Gross profit	234.989	248.381	96.391	12.075	**591.836**
2017	Revenue (services)	1.486.124	1.697.006	549.112	129.923	**3.862.165**
	Intercompany revenue	-272.137	-147.862	-48.606	-2.375	**-470.980**
	Net revenue (services)	1.213.987	1.549.144	500.506	127.548	**3.391.185**
	Cost of operation	-1.015.937	-1.339.372	-414.034	-115.955	**-2.885.298**
	Gross profit	198.050	209.772	86.472	11.593	**505.887**

Net revenue from freight forwarding services are recognised following the over-time recognition principle. Most freight forwarding services and related services are characterised by short delivery time, except for sea services, which usually take longer due to the nature of the tranport service. The project business of the Scan Bidco Group is included in the Air and Sea segments as the projects includes Air and Sea transport in one service, e.g. delivery of first aid. Therefore, delivery time for project sales is longer.

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

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

	Goodwill, customer relations and trademarks	Air	Sea	Road	Solution	Total
2018	Balance at 1 January	546.317	657.291	50.210	4.288	1.258.106
	Exchange rate adjustments	-5.467	-1.564	-1.666	-2	-8.699
	Additions 2018	0	4.990	1.959	0	6.949
	Amortisation during the year	-11.872	-15.936	-1.562	-105	-29.475
	Balance at 31 December	528.978	644.781	48.941	4.181	**1.226.881**
2017	Balance at 1 January	432.929	649.394	10.568	4.432	1.097.323
	Exchange rate adjustments	-8.020	-6.714	-366	-39	-15.139
	Additions 2017	133.282	30.366	41.642	0	205.290
	Amortisation during the year	-11.874	-15.755	-1.634	-105	-29.368
	Balance at 31 December	546.317	657.291	50.210	4.288	**1.258.106**

Notes to the income statement

Note (DKKt)

1 **Segment information (continued)**

Goodwill, customer relations and trademarks

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

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

	Geographical information	Denmark	Other Nordics	Greater China	Other countries	Total
2018	Net revenue (services)	1.973.718	962.263	337.746	246.873	**3.520.600**
	Non-current assets less tax assets	1.899.011	2.038	5.754	13.550	**1.920.353**
2017	Net revenue (services)	1.983.851	853.359	359.384	194.591	**3.391.185**
	Non-current assets less tax assets	1.886.825	7.482	5.063	3.143	**1.902.513**

The revenue information is based on the locations of the seller.
Other Nordics comprise: Sweden, Norway and Finland.
Greater China comprise: China, Hong Kong and Taiwan.
Other countries comprise: Japan, Vietnam, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Australia, Mali, Germany and Chile.

No single customer accounts for more than 10 percent of consolidated revenues.

Note	(DKKt)	Group 2018	Group 2017
2	**Fee to the auditors**		
	Fee to the auditors appointed at the annual general meeting:		
	EY		
	Fee for the statutory audit	2.261	2.260
	Fee for tax and VAT services	59	145
	Fee for other services	891	1.666
	Total fees to auditors appointed at the general meeting	**3.211**	**4.071**
	Fee to other auditors for tax and other services	730	523
	Total fees to the auditors	**3.941**	**4.594**

Note		2018	2017
3	**Staff costs**		
	Wages and salaries	374.454	378.994
	Pensions	30.351	28.276
	Other social security costs	29.677	24.565
	Total gross staff costs	**434.482**	**431.835**
	Transferred to cost of operation	-45.461	-47.378
	Transferred to special items	-10.780	-18.678
	Total staff costs	**378.241**	**365.779**
	Remuneration to key personnel:		
	Wages	9.102	11.744
	Pension	1.022	1.000
	Other social security costs	9	11
	Severance pay including payments to the former CEO and CFO	0	9.128
	Key management personnel (short-term employee benefits)	**10.134**	**21.883**

Members of the Executive Board and Board of Directors did not receive remuneration in 2017 and 2018 except one board member, who received a fee of DKK 60 thousand in 2017. The key personnel of Scan Global Logistics Group comprise of 5 persons.

Management fee to AEA Investors SBF LP, New York	**5.836**	**5.943**

The fee to AEA covers fee for management services for the Scan Bidco Group. The fee cannot be split into the seperate services.

	Number	Number
Average number of full-time employees	952	866

Notes to the income statement

1 January - 31 December

Note	(DKKt)	Group 2018	Group 2017
4	**Special items, income**		
	Adjustment earn-out business combination	0	4.916
	Total special items, income	**0**	**4.916**

If recognised the special items would have been recorded as other income.

Note		2018	2017
5	**Special items, expenses**		
	Restructuring cost (Redundancy cost for personel and closing of offices), etc.	16.407	19.822
	Transaction costs in connection with acquisitions	1.360	2.000
	Settlement costs related to special projects	17.188	0
	Total special items, expenses	**34.955**	**21.822**

If recognised the special items would have been expensed under other external costs and staff costs.

Notes to the income statement

1 January - 31 December

Note	(DKKt)	Group 2018	Group 2017
6	**Financial income**		
	Financial income from Transgroup Global Inc.	47.872	49.196
	Other financial income	3.143	841
	Exchange rate gain from FX contracts	147	3.353
	Exchange rate gain	27.762	79.996
	Total financial income	**78.924**	**133.386**

Other financial income relates to the financial items measured at amortized income.

Note		2018	2017
7	**Financial expenses**		
	Interest expenses	13.313	0
	Bond interest expense	87.706	93.100
	Amortization of capitalised loan costs	3.630	3.630
	Exchange rate losses from FX contracts	285	0
	Exchange rate losses	33.591	87.333
	Total financial expenses	**138.525**	**184.063**

Note		2018	2017
8	**Tax for the year**		
	Tax for the year is disaggregated as follows:		
	Tax on profit for the year	8.367	-10.537
	Total tax for the year	**8.367**	**-10.537**
	Reconcilliation of tax rate (%)		
	Danish corporation tax rate (22%)	-10.344	-16.679
	Difference between tax rate for subsidiaries outside Denmark and Danish tax rate	-54	-343
	Unrecognised tax assets	1.396	2.458
	Write down of tax assets from prior years	2.370	0
	Non-taxable income and non-deductible expenses (net)	7.610	6.672
	Other	7.389	-2.645
	Total tax for the year	**8.367**	**-10.537**

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Notes to the balance sheet

Note 9	Intangible assets Group (DKKt)	Goodwill	Customer relations	Trade-marks	Software	Total
2018	Cost at 1 January 2018	953.620	290.344	54.310	18.356	1.316.630
	Currency exchange adjustment	-7.020	-1.643	-179	-5	-8.847
	Additions from acquisitions	4.825	2.124	0	13	6.962
	Additions	0	0	0	15.781	15.781
	Cost at 31 December 2018	**951.425**	**290.825**	**54.131**	**34.145**	**1.330.526**
	Amortisation at 1 January 2018	0	32.743	7.425	6.285	46.453
	Currency exchange adjustment	0	-127	-16	-10	-153
	Additions from acquisitions	0	177	0	0	177
	Amortisation	0	23.953	5.345	4.472	33.770
	Amortisation at 31 December 2018	**0**	**56.746**	**12.754**	**10.747**	**80.247**
	Carrying amount at 31 December 2018	**951.425**	**234.079**	**41.377**	**23.398**	**1.250.279**
2017	Cost at 1 January 2017	806.123	252.000	50.000	12.413	1.120.536
	Currency exchange adjustment	-14.094	-933	-111	-3	-15.141
	Additions from acquisitions	161.591	39.277	4.421	0	205.289
	Additions	0	0	0	5.946	5.946
	Cost at 31 December 2017	**953.620**	**290.344**	**54.310**	**18.356**	**1.316.630**
	Amortisation at 1 January 2017	0	8.700	2.100	2.667	13.467
	Amortisation	0	24.043	5.325	3.618	32.986
	Amortisation at 31 December 2017	**0**	**32.743**	**7.425**	**6.285**	**46.453**
	Carrying amount at 31 December 2017	**953.620**	**257.601**	**46.885**	**12.071**	**1.270.177**

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

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

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

Notes to the balance sheet

Note 9 Intangible assets (continued)
Group (DKKt)

A discounted cash flow model (DCF) has been used to determine the recoverable amount per business segment on a value in use basis.

Please see note 1 for the allocation of goodwill to each business segment.

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

In 2018, the management estimated that likely changes to the basic assumptions will not result in the carrying amount of goodwill exceeding the recoverable amount.

The most significant assumptions for this are:
- In the calculation a WACC of 9.3% after tax (11.3% before tax) has been applied.
- The basis for the calculation is a 3 year projection; "Scan Global Logistics Vision 2021".
- A subsequent terminal period is applied.
- An expectation has been applied in which the Scan Global Logistics A/S Group is expected to grow with the expected annual market growth of 2% from 2021 and onward.

For impairment purpose other cost below segment result (Gross Profit) is allocated to the reportable segment based on their relative share of the profit contribution in the Group.

			Total Company	Air	Sea	Road	Solutions
Carrying amount of Goodwill, Customer relations & Tradema		mDKK	1,227	529	645	49	4
Plan period	Average annual Gross Profit growth rate		10%	10%	10%	10%	10%
Terminal period	Growth rate		2%	2%	2%	2%	2%
	Pre tax discount rate		11.3%	11.3%	11.3%	11.3%	11.3%
Sensitivity analysis							
Growth in plan period allowed decline %			19%	20%	8%	>50%	>50%
Discount rate allowed increase %			22%	22%	8%	>100%	>100%

Reasonably possible changes in key assumption on which management has based it determination of the Air and Sea segments recoverable amount would cause the Air and Sea segments carrying amounts for intangible assets to exceed the segments recoverable amounts. The Air and Sea segments recoverable amounts exceed its recoverable amount with DKK 155 million and DKK 67 million, respectively.

Notes to the balance sheet

Note 10	Property, plant and equipment Group (DKKt)	Land and buildings	Plant and machinery	Fixtures, tools, fittings and equipment	Total
2018	Cost at 1 January 2018	2.509	2.643	17.063	22.215
	Exchange rate adjustment	-219	-672	-249	-1.140
	Additions	2.743	1.940	6.281	10.964
	Additions from acquisitions	616	3.306	741	4.663
	Disposals	0	48	-48	0
	Cost at 31 December 2018	**5.649**	**7.264**	**23.788**	**36.701**
	Depreciation at 1 January 2018	741	773	4.973	6.487
	Exchange rate adjustments	-217	-212	-704	-1.133
	Depreciation	1.730	1.707	3.718	7.155
	Depreciation and impairment of disposals	0	16	-16	0
	Depreciation at 31 December 2018	**2.254**	**2.283**	**7.972**	**12.509**
	Carrying amount at 31 December 2018	**3.395**	**4.981**	**15.816**	**24.192**
2017	Cost at 1 January 2017	2.492	2.881	8.404	13.777
	Exchange rate adjustment	-342	-99	-501	-942
	Additions	233	755	9.176	10.164
	Additions from acquisitions	126	0	244	370
	Disposals	0	-894	-260	-1.154
	Cost at 31 December 2017	**2.509**	**2.643**	**17.063**	**22.215**
	Depreciation at 1 January 2017	304	231	1.225	1.760
	Exchange rate adjustments	-176	1	-165	-340
	Depreciation	613	541	4.124	5.278
	Depreciation and impairment of disposals	0	0	-211	-211
	Depreciation at 31 December 2017	**741**	**773**	**4.973**	**6.487**
	Carrying amount at 31 December 2017	**1.768**	**1.870**	**12.090**	**15.728**

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Notes to the balance sheet

11 Receivable from Transgroup Global Inc.

	31 Dec 2018	31 Dec 2017
Principal, USD 98,019 thousand, fixed interest rate 7.70% p.a.	639.025	608.473
Effect of changes in accounting policies, IFRS 9 (Stage 1)	-1.081	-1.081
Total receivable from Transgroup Global Inc.	**637.944**	**607.392**

	Cash flow*	Cash flow*
Receivable falling due between 1 and 5 years (2022)	811.938	772.456
Total non-current receivable from Transgroup Global Inc.	**811.938**	**772.456**
Total current receivable from Transgroup Global Inc.	**49.205**	**46.852**

* Total cash flows including interest.

In connection with TGI US Bidco's (name changed to Transgroup Global Inc.) acquisition of TransGroup with acquisition effect from 1 October 2016, TGI US Bidco borrowed USD 98 million from Scan Bidco A/S.
Interest of 7.70% p.a. is paid quarterly and repayments are voluntary but the receivable has to be repaid in June 2022 at the latest.
If no repayments occour before June 2022 the cash flow will evolve as stated in the above note.

After implementing IFRS 9 the receivable from Transgroup has been restated. The impact of the change in accounting policies is shown below.

Total receivable from Transgroup Global Inc., 31 December 2017	608.473
Effect of changes in accounting policies, IFRS 9	-1.081
Total receivable from Transgroup Global Inc. 1 Janaury 2018	**607.392**

Notes to the balance sheet

Note	(DKKt)	Group	Group
12	**Deferred tax assets and liabilities**	31 Dec 2018	31 Dec 2017
	Deferred tax 1 January	-47.909	-56.496
	Additions from acquisitions	0	-9.613
	Deferred tax for the year	5.458	17.940
	Exchange rate adjustments	401	260
	Deferred tax at 31 December	**-42.050**	**-47.909**
	Specification of deferred tax in the balance sheet:		
	Deferred tax asset	4.757	5.203
	Deferred tax liability	-46.807	-53.112
	Deferred tax at 31 December	**-42.050**	**-47.909**

2018

Deferred tax assets/liabilities arise from the following	Intangibles*	Other**	Tax loss carry-forwards	Total
Deferred tax at 1 January	-67.957	5.363	14.685	-47.909
Exchange rate adjustments	361	-18	56	399
Recognised in the income statement	6.444	-647	-337	5.460
Deferred tax at 31 December	**-61.152**	**4.698**	**14.404**	**-42.050**

* Intangibles temporary differences, comprise customer relations and trademarks.

** Other temporary differences, comprise other intangible assets + property, plant and equipment.

2017

Deferred tax assets/liabilities arise from the following	Intangibles*	Other**	Tax loss carry-forwards	Total
Deferred tax at 1 January	-64.064	5.103	2.465	-56.496
Exchange rate adjustments	0	260	0	260
Additions from acquisitions	-9.613	0	0	-9.613
Recognised in the income statement	5.720	0	12.220	17.940
Deferred tax at 31 December	**-67.957**	**5.363**	**14.685**	**-47.909**

* Intangibles temporary differences, comprise customer relations and trademarks.

** Other temporary differences, comprise other intangible assets + property, plant and equipment.

Deferred tax assets not recognised in the balance sheet (tax loss carry-forwards)	31 Dec 2018	31 Dec 2017
Unrecognised at 1 January	10.414	7.956
Additions	1.396	2.458
Unrecognised tax assets at 31 December	**11.810**	**10.414**

Notes to the balance sheet

At 31 December

Note	(DKKt)	Group	Group
13	**Trade receivables**	31 Dec 2018	31 Dec 2017
	Trade receivables before impairment at 31 December	518.215	570.098
	Provision for bad debts	-12.553	-10.778
	Trade receivables at 31 December	505.662	559.320
	Trade receivables not due	186.732	432.438
	Overdue trade receivables not written down	**318.930**	**126.882**
	Overdue trade receivables not written down break down as follows:		
	Overdue 1-30 days	222.081	75.934
	Overdue 31-60 days	42.178	20.632
	Overdue 61-90 days	18.545	8.527
	Overdue for more than 90 days	36.126	21.789
	Overdue trade receivables not written down	**318.930**	**126.882**
	Impairment losses for the year relating to doubtful trade receivables break down as follows:		
	Impairment at 1 January	10.778	6.258
	Currency exchange adjustment	-112	-217
	Additions from acquisitions	13	420
	Reversal of impairments	-1.485	0
	Impairment losses recognised for receivables	-405	4.317
	Impairment for the year	3.764	0
	Impairment at 31 December	**12.553**	**10.778**

Note			
14	**Share capital**	31 Dec 2018	31 Dec 2017
	The Parent Company's share capital of DKK 500 thousand comprises:		
	5,000 shares of DKK 100 each on formation	501	500
	Total share capital at 31 December	**501**	**500**

Notes to the balance sheet

Note	(DKKt)	Group	Group
15	**Financial liabilities and financial risks**	31 Dec 2018	31 Dec 2017
	Bond debt		
	Issued bonds, DKK tranche, fixed interest rate 6.80% p.a.	625.000	625.000
	Issued bonds, USD tranche USD 100 million, fixed interest rate 7.70% p.a.	651.940	620.770
		1.276.940	**1.245.770**
	Capitalised loan costs	-12.704	-16.334
	Total bond debt	**1.264.236**	**1.229.436**

	Cash flow*	Cash flow*
Bond debt falling due between 1 and 5 years	1.604.735	1.561.818
Total non-current financial liabilities	**1.604.735**	**1.561.818**
Current portion of financial liabilities	**92.699**	**90.299**

* Total cash flows including interest.

In 2016, Scan Bidco A/S issued senior secured callable bonds of DKK 625 million with an interest rate of 6.80% p.a. and USD 100 million with an interest rate of 7.70% p.a. Borrowing costs of DKK 21 million were paid in 2016 and amortised 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 incurrance test.

The company bonds was listed on the Nasdaq Stock Exchange in Stockholm in June 2017.

Please see note 20 for a description of pledges.

Capital structure and liquidity risk

On a regular basis, the Excecutive Board assesses whether the Scan Bidco Group has an adequate capital structure, just as the Board of Directors regularly evaluates whether the Scan Bidco Group’s capital structure is in line with the best interests of the Scan Bidco Group and its stakeholders.

It is the Management’s assessment that the current capital structure is sufficient to support the Scan Bidco Group's strategy plans.

Loan facilities and undrawn bank credit facilities are disclosed in note 19.

Note	(DKKt)	Group
15	**Financial liabilities and financial risks (Continued)**	2018

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Scan Bidco Group's exposure to the risk of changes in market interest rates are limited as the Scan Bidco Group's has no long-term debt obligations with floating interest rates.

The interest rate on the bond debt is fixed until the year 2022 as well as the receivable against Transgroup Global Inc.

Thereby the Scan Bidco Group has no interest rate exposure on the long-term debt until the year 2022.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions (to the extend the balance is in surplus of the Group), loan to Transgroup Global Inc., foreign exchange transactions and other financial instruments.

The Group has established procedures for handling of credit risk and actively monitores and limits risks and losses on receivables. Historically, losses on receivables are at a low level. We refer to note 13 regarding credit quality and impairment losses on trade receivables.

Due to the nature of customers in ADP (Aid, Development and Projects) customers have complex approval procedures which can delay payments and therefore overdue trade receivables for more than 90 days can arise, but credit risks are generally assessed as low.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, primarily from USD. The Scan Bidco Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Scan Bidco Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Scan Bidco Group's net investments in foreign subsidiaries. The main currencies for invoicing and cost are USD, EUR, DKK and SEK.

The Scan Bidco Group manages its foreign currency risk for business purposes by hedging the net position of foreign operating & financial assets and liabilities according to the balance sheet at an ongoing basis. Net foreign positions are hedged by financial instruments.

No hedge accounting is recognised. All changes in financial instruments are recognised as financial income or financial expenses in the income statement.

The USD 100 million tranche bond loan has no significant currency exchange exposure, because this is covered by the USD 98 million receivable from Transgroup Global Inc.

Notes to the balance sheet

Note 15 **Financial liabilities and financial risks (Continued)** — Group 31 Dec 2018

The Scan Bidco Group's foreign currency risk mainly relates to USD, EUR and SEK and the exposure towards these currencies is described below.

	In DKK millions					
Main currency exposures	**DKK/DKK**	**USD/DKK**	**EUR/DKK**	**SEK/DKK**	**Other**	**Total**
Receivable from Transgroup Global Inc.	0	638	0	0	0	638
Trade receivables	114	174	69	86	63	506
Other receivables	18	0	1	4	1	24
Cash	26	124	39	21	15	225
Cash and receivables	**158**	**936**	**109**	**111**	**79**	**1.393**
Bond debt, excl. cap. loan costs	625	652	0	0	0	1.277
Credit institutions	79	0	0	0	0	79
Earn-out	0	0	0	5	2	7
Trade payables	128	93	69	55	81	426
Payables to Group entities	55	59	0	0	0	114
Other payables	54	0	1	21	9	85
Financial liabilities	**941**	**804**	**70**	**81**	**92**	**1.988**
Net position before FX contracts		**132**	**39**	**30**	**-13**	**188**
Fx contracts		-91	108	0	19	**36**
Net position		**41**	**147**	**30**	**6**	**224**
Exchange rate fluctuation		6%	0%	-4%	10%	
Impact on profit/loss		2	0	-1	1	2
Impact on other comprehensive income		0	0	0	0	0

Note 15 **Financial liabilities and financial risks (Continued)** — Group 31 Dec 2017

The Scan Bidco Group's foreign currency risk mainly relates to USD, EUR and SEK and the exposure towards these currencies is described below.

Main currency exposures	DKK/DKK	USD/DKK	EUR/DKK	SEK/DKK	Other	Total
	In DKK millions					
Receivable from Transgroup Global Inc.	0	608	0	0	0	608
Trade receivables	162	123	79	60	135	559
Other receivables	7	0	0	5	11	23
Cash	59	5	0	8	2	74
Cash and receivables	**228**	**736**	**79**	**73**	**148**	**1.264**
Bond debt, excl. cap. loan costs	625	621	0	0	0	1.246
Credit institutions	38	0	0	0	0	38
Earn-out	0	0	0	9	0	9
Trade payables	136	91	38	34	147	446
Other payables	48	0	12	3	13	76
Financial liabilities	**847**	**712**	**50**	**46**	**160**	**1.815**
Net position before FX contracts		**24**	**29**	**27**	**-12**	**68**
Fx contracts		-6	-5	7	4	**0**
Net position		**18**	**24**	**34**	**-8**	**68**
Exchange rate fluctuation		13%	0%	3%	10%	
Impact on profit/loss		2	0	1	-1	3
Impact on other comprehensive income		0	0	0	0	0

Notes to the cash flow statement

1 January - 31 December

Note	(DKKt)	Group 2018	Group 2017
16	**Investments in group entities**		
	Fair value at date of acquisition:		
	ASSETS		
	Property, plant and equipment	4.676	370
	Trade receivables	4.868	68.977
	Income taxes receivable	0	1.097
	Other receivables	337	3.750
	Prepayments	433	4.837
	Cash	2.190	17.097
	Total assets	**12.504**	**96.127**
	LIABILITIES		
	Trade payables	609	38.725
	Corporation tax	240	8.061
	Other payables	1.846	39.145
	Total liabilities	**2.696**	**85.931**
	Non-controlling interests' share of acquired net assets	4.690	0
	Acquired net assets before identification of intangible assets and goodwill	**5.118**	**10.197**
	Goodwill	4.825	161.592
	Customer relations	2.124	39.277
	Trademarks	0	4.421
	Deferred tax on customer relations and trademarks	0	-9.614
	Fair value of total consideration	**12.067**	**205.873**
	Earn-out provision	2.252	13.629
	Cash consideration	**9.815**	**192.244**
	Adjustment for cash taken over	-2.190	-17.097
	Cash consideration for the acquisitions	**7.625**	**175.146**
	Transaction costs for acquisitions	1.360	2.000
	Investments in group entities (cash outflow)	**8.985**	**177.146**

Notes to the cash flow statement

Note | Group

16 Investments in group entities (continued)

Purchase of activities from Kestrel Freight & Customs Pty Ltd.

Effective July 2nd 2018, Scan Global Logistics Pty. Ltd. (Australia) acquired activities from Australian based freight forwarder Kestrel Freight & Customs Pty Ltd. Kestrel is an Australian full-service freight forwarder that provides logistics support to projects in industries such as mining, construction, oil & gas and telecommunication.

Under the terms of the agreement, the Kestrel activities was acquired for a total cash consideration of AUD 500 thousand. In addition, earn-out payments depending on future EBITDA were agreed upon. The provision of the earn-out has been determined at year end 2018 and based on the prognosis of the 5 year period after the effective date. After year-end of 2018 no earn-out payment has to be paid. The main assets acquired relates to tangible assets and customer relations have been identified.

Transaction costs amounted to DKK 674 thousand, which have been expensed and recognized as special items in 2018.

Purchase of shares in Macca Logisitics Sarl

Effective July 2nd, Scan Global Logistics A/S has acquired 55% of Macca Logistics Sarl, Bamako, Mali – including operational offices in the ports of Dakar, Senegal and Abidjan, Cote d’Ivoire. Scan Global Logistics and Macca have had a close partnership in many years and this acquisition strengthens SGL Group's presence in Western Africa serving the GO's and NGO's in the region.

Under the terms of the agreement, Macca Logistics Sarl was acquired for a total cash consideration of EUR 1 million, EUR 500 thousand paid at closing date and EUR 500 thousand which was paid in January 2019. Except for tangibles assets, no significant assets have been acquired and no significant intangible assets have been identified.

Transaction costs amounted to DKK 686 thousand, which have been expensed and recognized as special items in 2018.

In 2017 the Macca Logistics Sarl generated sales of DKK 67,613 thousand and profit after tax of DKK 3,131 thousand.

Event after the balance sheet date: Purchase of shares in IQS Group

Effective as of 2 January 2019 Scan Global Logistics A/S acquired 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, the US and Dubai. The company was founded in 1998 and has built a strong reputation for themselves ever since.

The capital increase of DKK 104 million was made in December 2018 to finance the acquisition of IQS Group in January 2019. The main assets acquired relates to tangible assets and customer relations, trademarks and intellectual development have been identified.

Note | Group

16 **Investments in group entities** (continued)

Acquisition of Airlog Group AB

Scan Global Logistics A/S acquired 100% of the shares in Swedish based freight forwarder Airlog Group AB on the 6th of March 2017 .

The acquisition was made in order to strengthen Scan Global Logistic Group position especially in the air segment.

Airlog was a full-service freight forwarder with offices in Sweden and Denmark focusing on small to mid-sized customers. Airlog had established a solid position in air and ocean freight in Denmark and Sweden by leveraging its extensive network of global partners.

In 2016, Airlog generated sales of DKK 360 million (SEK 451 million) and a profit after tax of DKK 3 million (SEK 4 million).

After the acquisition the Swedish and Danish Airlog traditional freight forwarding activity has been fully integrated in the Scan Global Logistic freight forwarding activity. Therefore, it was not possible to disclose financial information regarding the specific Airlog activity after the acquisition, including information regarding the Airlog performance recognized in the Scan Global Logistic consolidation after acquisition.

Under the terms of the agreement, the Airlog Group was acquired for a total cash consideration of SEK 200 million. In addition, an earn-out with a maximum of SEK 15 million was agreed. At the date of the transaction it was expected that the earn-out would be paid 100%. Total consideration amounted to DKK 168 million.

Transaction cost amounted to DKK 4.4 million, which was expensed and recognized as special items amounting to DKK 4.2 million in 2016 and DKK 0.2 million in 2017.

The earn out was paid based on certain conditions regarding targets for gross profit for the acquired Airlog agent business. Final calculation and payment of the earn out will be paid after end of the financial year 2018.

The earn-out measurement was provided in Q4 2017. This measurement resulted in a reduced contingent liability and recognition of a special item (income) amounting to DKK 4.9 million.

Acquired net assets before identification of intangible assets including goodwill amounted to DKK 10.1 million. The Airlog carrying amount on the date of acquisition did not deviate materially from the fair market value.

Intangible assets of trademark and customer relations was identified. A royalty cash flow model was used for calculating a fair market value of trademark. A customer attrition model was used for calculation of the fair market value of customer relations. The purchase price allocation was finalized in Q4 2017. The expected lifetime of the customer relations was 10-12 year and for the trademark 10 years.

After recognition of identified assets and liabilities at fair value, goodwill was recognized at an amount of DKK 136.7 million. Goodwill represented the values of the expected significant cost synergies and other synergies from combining the two businesses including value of the Airlog Group employees and related knowhow. Goodwill are non-deductible for tax purposes.

Note		Group
16	**Investments in group entities (continued)**	

Acquisition of Crosseurope Aktiebolag

Scan Global Logistics A/S on 29 of June 2017 acquired 100% of the shares in the Swedish based freight forwarder Crosseurope AB.

The acquisition was made in order to strengthen Scan Global Logistic Group's position especially in the road segment.
Crosseurope AB is a freight forwarder based in Trelleborg, Sweden focusing on small to mid-size customers. Crosseurope has since 1993 established a solid position in the road freight business in Sweden.

In 2016, Crosseurope generated sales of DKK 77 million (SEK 98 million) and a profit after tax of DKK 5.6 million (SEK 7 million).

Under the terms of the agreement, Crosseurope was acquired for a total cash consideration of SEK 47.5 million. In addition, an earn-out agreement with a maximum of SEK 2.5 million was agreed. At the date of acquisition, it was expected that the earn out will be paid 100%. Total amounts hereafter amounted to DKK 38 million.

The earn out was calculated based on conditions that certain Crosseurope AB customers will meet specified sales targets and will be paid in 2019.

Transaction cost amounted to DKK 1.9 million, which was expensed and recognized as special items in 2017.

Acquired net assets before identification of intangible assets including goodwill amounted to DKK 0.1 million. The Crosseurope carrying amount at the date of acquisition did not deviate materially from the fair market value.

Intangible assets of trademark and customer relations was identified. A royalty cash flow model was used for calculating a fair market value of trademark. A customer relation attrition model was used for calculation of the fair market value of customer relations. The expected lifetime of the customer relations was 12 year and for the trademark 10 years.

The purchase price allocation was finalized in Q4 2017.

After recognition of identified assets and liabilities at fair value, goodwill was recognized at an amount of DKK 24.9 million. Goodwill represented the values of the expected cost synergies and other synergies from combining the two businesses including takeover of the Crosseurope employees and related knowhow. Goodwill is non-deductible for tax purposes.

Note	(DKKt)	Group 2018	Group 2017
17	**Change in working capital**		
	Changes in receivables	53.579	-76.550
	Changes in trade payables, etc.	-27.872	52.499
	Debt relating to acquisitions	3.728	0
	Special items	-4.117	0
	Total change in working capital	**25.318**	**-24.051**

18 Financial liabilities and financing activities

(DKKt)	2017	Cash flow	Non-cash change: Business combina-tions	Non-cash change: Foreign exchange movement	Non-cash change: Fair value change	2018
Bond debt	1.229.436	0	0	34.800	0	1.264.236
Financial debt in business combinations	8.713	-3.564	2.252	0	-49	7.352
Payables to Group entities	83.874	27.636	0	2.587	0	114.097
Total liabilities from financing activities	**1.322.023**	**24.072**	**2.252**	**37.387**	**-49**	**1.385.685**
Bank debt	37.574	41.768	0	0	0	79.342
Total other financial liabilities	**37.574**	**41.768**	**0**	**0**	**0**	**79.342**
Financial liabilities at 31 December	**1.359.597**	**65.840**	**2.252**	**37.387**	**-49**	**1.465.027**

(DKKt)	2016	Cash flow	Non-cash change: Business combina-tions	Non-cash change: Foreign exchange movement	Non-cash change: Fair value change	2017
Bond debt	1.310.317	0	0	-80.881	0	1.229.436
Financial debt in business combinations	0	-12.101	25.730	0	-4.916	8.713
Payables to Group entities	0	81.561	0	2.313	0	83.874
Total liabilities from financing activities	**1.310.317**	**69.460**	**25.730**	**-78.568**	**-4.916**	**1.322.023**
Bank debt	10.807	26.767	0	0	0	37.574
Total other financial liabilities	**10.807**	**26.767**	**0**	**0**	**0**	**37.574**
Financial liabilities at 31 December	**1.321.124**	**96.227**	**25.730**	**-78.568**	**-4.916**	**1.359.597**

Notes to the cash flow statement

Note	(DKKt)	1 January - 31 December Group 31 Dec 2018	Group 31 Dec 2017
19	**Cash and liquidity**		
	Cash	225.216	73.619
	Credit institutions	-79.342	-37.574
	Net cash	145.874	36.045
	Credit facilities	148.515	148.476
	Liquidity reserve	294.389	184.521

The Scan Bidco Group holds net positive bank liquidity of DKK 145,874 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregate to DKK 294,389 thousand.

A capital increase of DKK 104 million was made in December 2018 in order to finance the acquisition of IQS Group in January 2019.

Supplementary notes

Note	(DKKt)	Group 31 Dec 2018	Group 31 Dec 2017
20	**Security for loans**		
	As security for debt to credit institutions, for undrawn credit facilities and payment warranties, the Group has pledged assets as collateral		
	Chattel mortgages	11.500	11.500
	Company charge	213.300	213.300
	Total security	**224.800**	**224.800**

The above-mentioned securities relate to assets in the company Scan Global Logistics A/S. Carrying amount of total assets in Scan Global Logistics A/S is as of 31 December 2018 DKK 912 million (2017: DKK 707 million) of which DKK 3 million (2017: DKK 2 million) relates to fixed assets.

As at 31 December 2018 the total credit facility including warranties with the credit institution amounts to DKK 170 million (2017: DKK 202 million) regarding Scan Global Logistics A/S.

	31 Dec 2018	31 Dec 2017
As security for bond debt the Parent Company has pledged assets as collateral		
Bond debt at par	1.276.940	1.245.770
The following assets are pledged as collateral:		
Bond proceeds on escrow account for the acquisition of the Airlog Group	0	0
Intercompany loan to Scan Global Logistics Holding ApS	297.931	297.931
Intercompany loan to Scan Global Logistics A/S	129.933	102.298
Intercompany loan to Transgroup Global Inc.	639.025	608.473
The following shares:		
Shares in Scan Global Logistics Holding ApS	1.035.311	963.830
Shares in Airlog Group Holding AB	165.914	171.429
Shares in Airlog Group Denmark A/S	28.456	28.689
Shares in Crosseurope AB	50.497	46.061

Note	(DKKt)	Group	Group
20	**Security for loans (Continued)**	31 Dec 2018	31 Dec 2017

As security for bond debt the Group has pledged assets as collateral

The following assets are pledged as collateral:		
Intercompany loan from Scan Global Logistics Holding ApS to Scan Global Logistics A/S	80.000	80.000
Shares in Scan Global Logistics A/S, carrying amount in Scan Global Logistics Holding ApS	871.842	767.511

Note	(DKKt)	Group	Group
21	**Contingent liabilities and other financial obligations**	31 Dec 2018	31 Dec 2017

Rent obligations for leased premises	82.244	61.529
Operating leases for cars etc.	36.603	24.772
Total rent and lease obligations	**118.847**	**86.301**
Maturity analysis:		
Falling due before 1 year	65.694	46.997
Falling due between 1 and 5 years	53.123	39.304
Falling due after more than 5 years	30	0
Total rent and lease obligations	**118.847**	**86.301**
Total rent and lease expenses during the year	**72.290**	**56.981**
Warranties for payments, issued by bank	21.252	21.010
Warranties for payments, issued by group entities	3.980	13.120
Warranties for payments	**25.232**	**34.130**

Claims and legal disputes:

In the current financial year, there have only been few claims against the company due to various transports worldwide.
These claims are considered insignificant and are expected to be covered economically by the company’s global liability insurance program.
The company has two cases, which are not covered by the company’s global liability insurance program. The management has on the basis of the precautionary principle made a provision to cover these risks.

Supplementary notes

Note	(DKKt)	Group	Group
22	**Financial instruments by category**	31 Dec 2018	31 Dec 2017

The carrying amount of financial assets, trade payables and payables to credit institutions corresponds to the estimated fair value.
The fair values of the issued bonds were DKK 604 million for the DKK trance and USD 92 million, corresponding to 601 million DKK, totalling 1,205 DKK (2017: 1,087 million), based on quoted bond rates at 31 December 2018 of 96,63 and 92,25 at Nasdaq, Stockholm at 31 December 2018.

	31 Dec 2018	31 Dec 2017
Financial instruments by category, carrying amount		
Financial assets (measured at amortised cost)**:**		
Trade receivables	505.662	559.320
Other receivables	32.256	30.577
Receivables from group entities	643.364	610.442
Cash	225.216	73.619
Financial assets measured at amortised cost	**1.406.498**	**1.273.958**
Financial liabilities (measured at fair value at IFRS level 2)**:**		
Currency derivatives	-108	-172
Financial liabilities (measured at amortised cost)**:**		
Issued bonds	1.264.236	1.229.436
Credit institutions	79.342	37.574
Earn-out provision	7.352	8.713
Trade payables	425.569	446.224
Financial liabilities measured at amortised cost	**1.776.499**	**1.721.947**

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Supplementary notes

Note 23	(DKKt) Related parties	Group 31 Dec 2018
	Information about related parties with a controlling interest and significant influence:	
	Related Party	**Domicile**
	Owners of Scan Bidco A/S:	
	Scan (UK) Midco Limited (controlling interest of 100%)	United Kingdom
	Ultimate owner with controlling interest:	
	SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
	Owners of SGLT Holding I LP:	
	AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands
	No consolidated financial statements are prepared by either the parent company Scan (UK) Midco Limited nor by the ultimate parent company.	
	Receivables from related parties	
	Outlay for expenses incurred in Scan (UK) Midco Limited	50
	Outlay for expenses incurred in Scan (Jersey) Topco Limited	116
	Outlay for expenses incurred in Transgroup Global Inc.	6.857
	Outlay for expenses incurred in AEA Investors Small Business Fund III LP	821
	Outlay for expenses incurred in SGLT Holding II LP	88
	Outlay for expenses incurred in SGLT Holding I LP	-2.512
	Total current receivables from group entities	**5.420**
	Loan to Transgroup Global Inc. (net)	524.929
	Total receivables from group entities	**530.349**
	Management fee to AEA Investors SBF LP, New York (part of AEA Group)	**5.836**

The fee to AEA Investors SBF LP covers fee for management services for the Scan Bidco Group.

No members of the Board of Directors or the Executive Board had in 2018 any direct or indirect transactions with the Group other than the above mentioned and the benefits described in note 3 staff costs.

For purchases and sales between Group companies, the same pricing principles are applied as to transactions with external partners. Please see note 1 regarding intercompany revenue and note 6-7 for financial income and expenses.

Note	(DKKt)	Group
23	**Related parties (continued)**	**31 Dec 2017**

Information about related parties with a controlling interest and significant influence:

Related Party	**Domicile**
Owners of Scan Bidco A/S:	
Scan (UK) Midco Limited (controlling interest of 100%)	United Kingdom
Ultimate owner with controlling interest:	
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
Owners of AEA SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands

No consolidated financial statements are prepared by either the parent company Scan (UK) Midco Limited nor by the ultimate parent company.

Receivables from related parties	
Outlay for expenses incurred in Scan (UK) Midco Limited	97
Outlay for expenses incurred in Scan (Jersey) Topco Limited	244
Outlay for expenses incurred in AEA SGLT Holding II LP	141
Outlay for expenses incurred in AEA SGLT Holding I LP	2.568
Total current receivables from group entities	**3.050**
Loan to Transgroup Global Inc.	524.599
Total receivables from group entities	**527.649**
Management fee to AEA Investors SBF LP, New York (part of AEA Group)	**5.943**

The fee to AEA Investors SBF LP covers fee for the management services for the Scan Bidco Group.

No members of the Board of Directors or the Executive Board had in 2017 any direct or indirect transactions with the Group other than the above mentioned.

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners.

Please see note 6 regarding intercompany interest income.

Note 24 **Accounting policies**

Basis of preparation

The 2018 Annual Report of Scan Bidco A/S has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements in the Danish Financial Statements Act. The Annual Report of Scan Bidco A/S comprises the consolidated financial statements of Scan Bidco A/S and its subsidiaries.

Scan Bidco has implemented those standards and interpretations, which will enter into force in EU for 2018. None of these standards and interpretations has had any effect on recognition and measurement in 2018 or are expected to have any effect in the future.

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 Danish kroner (DKK) and all values are rounded to the nearest thousand, except when otherwise indicated.

New accounting regulation

The Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2018 as adopted by the European Union. Implementation of the standards and amendments have not had any material impact on the Group’s Financial Statements and are likewise not expected to have any significant future impact. Of the new standards and amendments implemented the most significant are as follows:

IFRS 9 Financial instruments

The standard introduces several changes to IAS 39 – including a new impairment framework, new rules for hedge accounting and new requirements and guidance on classifications and measurement of financial assets and liabilities.

The standard has resulted in only minor changes to existing accounting practices, mainly affecting credit loss and impairment models applied. The most significant change has been applied to impairment assessments of trade receivables as these are now considered based on IFRS 9’s expected credit-loss model where previously an incurred-loss model was applied. Except for a minor provision for loss on loan to Transgroup Global Inc. this revised approach has not resulted in any different impairment assessment of trade receivables compared to prior practices. Additionally, the new standard has not carried any significant changes to classifications of financial assets or financial liabilities.

IFRS 9 has been applied following the standard retrospective approach, with the practical expedients permitted under the standard and with no restatement of the comparison period.

Note 24 **Accounting policies** (Continued)

IFRS 15 Revenue from contracts with customers

IFRS 15 has effect from 1 January 2018. The standard introduces a new framework for revenue recognition and measurement.

IFRS 15 has been applied following the modified retrospective approach with any cumulative effects recognized in retained earnings as of 1 January 2018 and with no restatement of the comparison period.

Implementation of the standard has resulted in only minor changes to existing accounting practices, mainly relating to extended external disclosure requirements. The implementation has not resulted in any changes to existing revenue recognition practices applied by the Group and accordingly no retrospective adjustment to equity has been made.

Consolidation

The consolidated financial statements comprise the parent, Scan Bidco A/S, and entities controlled by the parent. Control is presumed to exist when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

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 Company'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 acquisition 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.

Note 24 **Accounting policies** (Continued)

Consolidation (Continued)

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's 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 changes 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 divestment in 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.

Functional currency

The Group’s consolidated financial statements are presented in Danish kroner (DKK), 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.

Note 24 **Accounting policies** (Continued)

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, the Management considers 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 Group's results 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 24 **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.

Cost of operations

Cost of operations comprises costs incurred to generate the net turnover for the year. The cost of operations includes 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 24 **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, 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
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 items improve 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.

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 there is evidence of impairment, or at least once a year.

Customer relations

Customer relations arising from business combinations are recognised at fair value at acquisition.
When evidence of impairment is identified, customer relations are tested for impairment.
Customer relations arising from acquisitions are amortised over 10-12 years.

Trademarks

Trademarks arising from business combinations is recognised at fair value at acquisition.
When evidence of impairment is identified, trademarks are tested for impairment.
Trademarks arising from the acquisition are amortised over 10 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.

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

Note
24 **Accounting policies (Continued)**

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.
allocated to the Groups activity, it follows the structure of the segment information in note 1.
relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is

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 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.
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.

Receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30-90 days and are therefore all classified as current. 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.

Note 24

Accounting policies (Continued)

Receivables (continued)

In prior year provisions were made for bad debts on the basis of objective evidence that a receivable or a group of receivables were impaired. Provisions were made to the lower of the net realisable value and the carrying amount.

In current year the group applies the IFRS 9 simplified approach to 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

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 income statement 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 at 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.

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.

Note 24 **Accounting policies (Continued)**

Deferred tax (continued)

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.

Contingent liabilities

Contingent liabilities comprise of a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

Note 24 **Accounting policies** (Continued)

Segment information
The segment information is based on the internal applicable management reporting to the Management of the Scan Bidco Group, as they are deemed to be the Chief Operating Decision Maker of the Group.

Business segments
The operations are organised into four reportable segments (Air, Sea, Road and Solution) that form the segmental reporting.

Measurement of earnings by segment
The business segment is measured by gross profit. Segment performance is measured consistently with the profit or loss in the consolidated income statement.

Geografical segments
The Group has operations in 16 countries worldwide. The operations are divided into the four geographical locations below:
Denmark
Other Nordics
Greater China
Other countries
The revenue information is based on the locations of the seller.

Financial ratios
Financial ratios are calculated in accordance to the following definitions:

Gross margin*:
Gross profit / Revenue * 100

EBITDA margin*:
EBITDA before special items / Revenue * 100

EBIT margin*:
Operating profit (EBIT) before special items / Revenue * 100

EBIT margin:
Operating profit (EBIT) / Revenue * 100

Return on assets*:
Operating profit (EBIT) before special items / Average total assets * 100

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

Return on equity:
Profit/loss for the year attributable to owners of the parent / Average equity excluding non-controlling interests * 100

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

**before special items*

Note (DKKt)

25 Recognition and measurement uncertainties

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, and the accompanying disclosures, and the disclosure of contingent 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.

The accounting estimates and judgements deemed by the Management to be material for the preparation and understanding of the consolidated financial statements are listed below:

Revenue, significant accounting estimates

Revenue from service is recognised with reference to the stage of completion determined as the time elapsed at the reporting date and the total expected time to render the service contract. Consequently, recognition of revenue contains judgements, estimates and assumptions made by the Management based on information available at the reporting date. Although the Management believes the assumptions made for the purpose of measuring revenue and work-in-progress, possible unforeseeable changes in these assumptions may result in changes to revenue and work-in-progress in subsequent periods.

Deferred tax asset, significant accounting estimates

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.
Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.
Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax asset, recognition and measurement uncertainties

	2018	2017
Deferred tax asset at 31 December	**4.757**	**5.203**

The recognition is due subject to the facts that the tax losses can be utilised against future earnings within a period of 3-5 years. The uncertainty about recognition and measurement of the deferred tax asset therefore depends on whether the future earnings can be realised.
The Management expects that the Danish part of the Group will be able to generate sufficient profits to utilise the Danish tax loss carry forwards within 3-5 years and therefore the deferred tax asset relating to the Danish part of the Group has been recognised at full value in the financial statements.

The majority of deferred tax assets related to tax losses for foreign entities has not been recognised, refer to note 12.

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Basis for preparation

Note (DKKt)

25 **Recognition and measurement uncertainties** (Continued)

Business combinations

Upon acquisition of companies, the acquired company's identifiable assets, liabilities and contingent liabilities must be recognised using the acquisition method at fair value. The most important assets are usually goodwill, customer relations, trademarks, other intangible assets and receivables.

For a large part of the assets and liabilities taken over, there are no effective markets that can be used to determine the fair value. This applies in particular to acquired intangible assets. The typical methods used are based on the present value of future cash flows, based, for example, on royalties or other expected net cash flows related to the asset, or the cost price method, based, for example, on the replacement cost. The Management therefore makes estimates in connection with the determination of the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the type of asset/liability, the calculation of the fair value may be subject to uncertainty and may be subject to subsequent adjustment.

The fair values of the identifiable assets, liabilities and contingent liabilities are stated in note 17, Investments in group entities, which also reflects the methods for calculating fair value of acquisitions made in 2017 and 2018.

Goodwill, significant accounting estimates

In connection with the impairment tests the Management estimates, e.g., revenue development, gross profit, operating margin, WACC and growth rate in the terminal period. The estimates are made per business segment and are determined based on historical experience and assumptions about the future development within each segment, including the expected long-term average market growth rates.

Significant factors relevant for the future net cash flow for the segments:

Air

The air segment operates globally which means that the global economic and world trade have an impact of the future cash flow. The gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

Sea

The sea segment operates globally which means that the global economic and world trade have an impact of the future cash flow. The gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

Road

The road segment mainly operates in Denmark and Sweden, which means that the future cash flow is mainly affected by the growth rates in those two countries. The gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

Solutions

The solution segment mainly operates in Denmark, which means that the future cash flow is mainly affected by the growth rates in this country. The development in lease cost and other related cost of warehousing gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity will also affect the cash flow.

Note 26

New accounting regulation

New accounting regulation not yet adopted

The IASB has issued new standards and amendments not yet in effect of the 2018 consolidated financial statements. The most significant of these is IFRS 16 described below.

IFRS 16 Leases

The group will apply the standard from its mandatory adoption date of 1 January 2019. IFRS 16 will be implemented using the simple modified retrospective approach with the cumulative effect of applying the standard recognised in the opening balance of retained earnings.

On implementation of IFRS 16, the Group will recognise a lease liability and a corresponding right-of-use asset measured at the net present value of future lease payments discounted using an applicable incremental borrowing rate at the date of initial application. Comparative figures are not restated.

The standard broadens the criteria for recognition of lease assets and liabilities and will have a material impact on SGL's financial statements, as off-balance operating leases will be capitalized and accounted for similar to the current finance lease accounting policies. Reported operating profit will increase, as operating lease expenses will be replaced by depreciation and interest expenses. The impact on profit for the year will be neutral over time, but a timing effect will occur due to frontloading of interest expenses. Reported cash flow from operating activities will increase but be offset by an increase cash outflow from financing activities, and, accordingly, there will be no change in the underlying cash flow for the year.

Major accounting policy choices made in implementing the standard includes:
• 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.

Assuming that the 2018 year-end lease portfolio remains unchanged for 2019, implementation of the standard is estimated to impact the 2019 opening balance and fullyear income statement as outlined below (based on exchange rates as of 31 December 2018).

IFRS 16 - 2019 opening balance and estimated full-year effect (DKK million)	31-dec 2018	Increase + Decrease -	Change
Balance sheet - 2019 opening balance effect:	*0*	+	*125 - 160*
Earnings before Interest, Tax, Depreciation, Amortisation and special items (EBITDA)	*0*	+	*47 - 63*

1 January - 31 December

(DKKt) Notes	Income statement	Parent 2018	Parent 2017
	Revenue	0	0
	Cost of operation	0	0
	Gross profit	**0**	**0**
1	Other external expenses	-2.123	-2.286
2	Staff costs	0	0
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**-2.123**	**-2.286**
	Amortisation and depreciation of intangible assets and property, plant and equipment	0	0
	Operating profit before special items	**-2.123**	**-2.286**
3	Special items	0	-918
	Operating profit (EBIT)	**-2.123**	**-3.204**
7	Income from investments in group entities	-26.699	-41.656
4	Financial income	99.107	155.247
5	Financial expenses	-127.559	-179.654
	Profit/loss before tax	**-57.274**	**-69.267**
6	Income tax for the year	1.681	3.117
	Profit/loss for the year	**-55.593**	**-66.150**

(DKKt)	Statement of comprehensive income	Parent 2018	Parent 2017
	Profit/loss for the year	-55.593	-66.150
	Items that will be reclassified to income statement when certain conditions are met:		
	Exchange rate adjustment	-6.151	-19.142
	Other comprehensive income, net of tax	-6.151	-19.142
	Total comprehensive income for the period	-61.744	-85.292

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(DKKt) Notes	Balance sheet	Parent 31 Dec 2018	Parent 31 Dec 2017
	ASSETS		
7	Investments in Group entities	1.045.870	974.389
8	Receivable from Group entities	426.201	398.566
9	Receivable from Transgroup Global Inc.	637.944	607.392
6	Deferred tax asset	4.602	3.117
	Financial assets	**2.114.617**	**1.983.464**
	Total non-current assets	**2.114.617**	**1.983.464**
18	Receivables from group entities	5.420	5.622
	Other receivables	605	911
14	Cash	151	237
	Total current assets	**6.176**	**6.770**
	Total assets	**2.120.793**	**1.990.234**
	EQUITY AND LIABILITIES		
10	Share capital	501	500
	Share premium	830.764	726.434
	Currency translation reserve	-25.936	-19.785
	Reserve for net revaluation according to the equity method	0	10.559
	Retained earnings	-138.532	-93.498
	Total equity	**666.797**	**624.210**
11	Bond debt	1.264.236	1.229.437
	Total non-current liabilities	**1.264.236**	**1.229.437**
	Corporation tax	38	0
18	Payables to Transgroup Global Inc.	114.097	83.874
18	Payables to Scan Global Logistics Holding ApS	74.327	51.739
	Other payables	1.298	974
	Total current liabilities	**189.760**	**136.587**
	Total liabilities	**1.453.996**	**1.366.024**
	Total equity and liabilities	**2.120.793**	**1.990.234**

1 January - 31 December

(DKKt) Notes	Cash flow statement	Parent 2018	Parent 2017
	Operating profit (EBIT) before special items	-2.123	-2.286
	Exchange rate adjustments	2.613	2.662
12	Change in working capital	630	-775
	Cash flows from operating activities before special items and interest	**1.120**	**-399**
3	Special items paid	0	-918
4	Interest received	71.142	70.413
5	Interest paid	-97.960	-93.189
	Tax received	234	-246
	Cash flows from operating activities	**-25.464**	**-24.339**
7	Capital increase in subsidiaries	-104.331	-127.523
8	Loan to group entity, principal	-27.635	-102.298
	Repayments to/from group entities	22.791	-28.057
	Cash flows from investing activities	**-109.175**	**-257.878**
	Free cash flow	**-134.639**	**-282.217**
	Capital increase	104.331	79.218
13	Loan/repayment to/from Transgroup Global Inc.	30.222	81.561
	Cash flows from financing activities	**134.553**	**160.779**
	Change in cash and cash equivalents	**-86**	**-121.438**
	Cash and cash equivalents		
	Cash and cash equivalents at 1 January	237	121.675
	Change in cash and cash equivalents	-86	-121.438
14	**Cash and cash equivalents at 31 December**	**151**	**237**

(DKKt)

Statement of changes in equity

	Share capital	Share premium	Currency translation reserve	Reserve equity method	Retained earnings	Total equity
Equity at 1 January 2018	**500**	**726.434**	**-19.785**	**10.559**	**-90.754**	**626.954**
Effect of changes in accounting policies, IFRS 9	**0**	**0**	**0**	**0**	**-2.744**	**-2.744**
Adjusted equity at 1 January 2018	**500**	**726.434**	**-19.785**	**10.559**	**-93.498**	**624.210**
Profit/loss for the year	**0**	**0**	**0**	**-26.699**	**-28.894**	**-55.593**
Currency exchange adjustment	0	0	-6.151	0	0	**-6.151**
Other comprehensive income, net of tax	**0**	**0**	**-6.151**	**0**	**0**	**-6.151**
Total comprehensive income for the year	**0**	**0**	**-6.151**	**-26.699**	**-28.894**	**-61.744**
Capital increase by cash payment*	1	104.330	0	0	0	**104.331**
Total transactions with owners	**1**	**104.330**	**0**	**0**	**0**	**104.331**
Transfer to retained earnings	**0**	**0**	**0**	**16.140**	**-16.140**	**0**
Equity at 31 December 2018	**501**	**830.764**	**-25.936**	**0**	**-138.532**	**666.797**

*Capital increase by issuance of 2 shares of nominally DKK 100 per share.

	Share capital	Share premium	Currency translation reserve	Reserve equity method	Retained earnings	Total equity
Equity at 1 January 2017	**500**	**647.216**	**-643**	**2.734**	**-16.779**	**633.028**
Profit/loss for the year	**0**	**0**	**0**	**-41.656**	**-24.494**	**-66.150**
Currency exchange adjustment	0	0	-19.142	0	0	**-19.142**
Other comprehensive income, net of tax	**0**	**0**	**-19.142**	**0**	**0**	**-19.142**
Total comprehensive income for the year	**0**	**0**	**-19.142**	**-41.656**	**-24.494**	**-85.292**
Capital increase by cash payment*	0	79.218	0	0	0	**79.218**
Total transactions with owners	**0**	**79.218**	**0**	**49.481**	**-49.481**	**79.218**
Equity at 31 December 2017	**500**	**726.434**	**-19.785**	**10.559**	**-90.754**	**626.954**

*Capital increase by issuance of 2 shares of nominally DKK 100 per share.

Notes to the income statement

1 January - 31 December

Note	(DKKt)	Parent 2018	Parent 2017
1	**Fee to the auditors**		
	Fee to the auditors appointed at the annual general meeting:		
	EY		
	Fee for the statutory audit	170	165
	Fee for other services	0	730
	Total fees to auditors appointed at the general meeting	**170**	**895**
	Fee to other auditors for tax and other services	174	93
	Total fee to the auditors	**344**	**988**

Note		2018	2017
2	**Staff costs**		
	Total staff costs	**0**	**0**

Members of the Executive Board and the Board of Directors in Scan Bidco A/S did not receive any remuneration in 2017.
Please refer to note 23 for the Group for management fee to related parties.

	Number	Number
Average number of full-time employees	0	0

Note		2018	2017
3	**Special items**		
	Transaction costs in connection with acquisitions	0	918
	Total special items	**0**	**918**

Notes to the income statement

1 January - 31 December

Note	(DKKt)	Parent 2018	Parent 2017
4	**Financial income**		
	Financial income from Group entities	71.142	70.413
	Exchange gains	27.965	84.834
	Total financial income	**99.107**	**155.247**

		2018	2017
5	**Financial expenses**		
	Interest expenses	94.330	93.187
	Capitalised loan costs	3.630	3.630
	Exchange losses	29.599	82.837
	Total financial expenses	**127.559**	**179.654**

		2018	2017
6	**Tax for the year**		
	Tax on loss for the year is calculated as follows:		
	Current tax on loss for the year (tax refund)	-196	0
	Change in deferred tax for the year	-1.485	-3.117
	Total tax on loss for the year (tax refund)	**-1.681**	**-3.117**
	Reconcilliation of tax rate (%)		
	Danish corporation tax rate (22%)	-12.600	-15.238
	Non-taxable income from investments in group entities	5.874	9.164
	Non-deductible expenses	5.046	2.957
	Total tax on loss for the year (tax refund)	**-1.681**	**-3.117**

Deferred tax for the financial year 2017 and 2018 relates to tax loss carry forward.

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Notes to the balance sheet

Note	(DKKt)	Parent 2018	Parent 2017
7	**Investments in Group entities**		
	Cost at 1 January	1.033.122	905.599
	Additions	104.331	127.523
	Cost at 31 December	**1.137.453**	**1.033.122**
	Changes at 1 January	-58.733	2.091
	Currency exchange adjustment	-6.151	-19.168
	Share of result in subsidiaries after tax	-6.419	-21.376
	Amortisation of group intangibles	-26.000	-26.000
	Tax on amortisation of group intangibles	5.720	5.720
	Changes at 31 December	**-91.583**	**-58.733**
	Carrying amount at 31 December	**1.045.870**	**974.389**

Income from investments accounted for using the equity method recognised in the income statement:

Share of profit in subsidiaries after tax	-6.419	-21.376
Amortisation of group intangibles	-26.000	-26.000
Tax on amortisation of group intangibles	5.720	5.720
Total Income from investments in Group entities	**-26.699**	**-41.656**

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Notes to the balance sheet

Note	(DKKt)	Parent	Parent
8	**Receivable from Group entities**	31 Dec 2018	31 Dec 2017
	Receivable from Scan Global Logistics A/S, interest rate 7.70% p.a. (Stage 1)	129.933	102.298
	Receivable from Scan Global Logistics Holding ApS, interest rate 7.70% p.a. (Stage 1)	297.931	297.931
	Total receivable from group entities before impairment	**427.864**	**400.229**
	Expected loss, calculated	**-1.663**	**-1.663**
	Total receivable from group entities	**426.201**	**398.566**
		Cash flow*	**Cash flow***
	Receivable falling due between 1 and 5 years	547.566	554.317
	Total non-current receivable	**547.566**	**554.317**
	Total current receivable	**32.946**	**30.817**

* Total cash flows including interest.

In connection with Scan Global Logistics A/S' acquisition of Airlog Group AB with acquisition effect from 6 March 2017, Scan Bidco A/S lend DKK 103 million to Scan Global Logistics A/S.

In connection with Scan Bidco's acquisition of Scan Global Logistics Holding ApS with acquisition effect from 2 August 2016, Scan Bidco redeemed the bond debt in Scan Global Logistics Holding ApS. Thereby the receivable of DKK 298 million arose.

For both receivables an interest of 7.70% p.a. is paid quarterly, and repayments are voluntary, but the receivable must be repaid in July 2022 at the latest.

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

Please see note 15 for a description of pledges.

After implementing IFRS 9 the receivable from Transgroup has been restated. The impact of the change in accouting policies is shown below.

Total receivable from Group entities, 31 December 2017	400.229
Effect of changes in accounting policies, IFRS 9	-1.663
Total receivable from Group entities 1 Janaury 2018	**398.566**

scan GLOBAL LOGISTICS

Notes to the balance sheet

9 Receivable from Transgroup Global Inc.

	31 Dec 2018	31 Dec 2017
Principal, USD 98,019 thousand, fixed interest rate 7.70% p.a.	639.025	608.473
Expected loss, calculated	-1.081	-1.081
Total receivable from Transgroup Global Inc.	**637.944**	**607.392**
	Cash flow*	**Cash flow***
Receivable falling due between 1 and 5 years	811.938	772.456
Total non-current receivable from Transgroup Global Inc.	**811.938**	**772.456**
Total current receivable from Transgroup Global Inc.	**49.205**	**46.852**

* Total cash flows including interest.

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

Interest of 7.70% p.a. is paid quarterly, and repayments are voluntary, but the receivable must be repaid in June 2022 at the latest.

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

Please see note 15 for a description of pledges.

After implementing IFRS 9 the receivable from Transgroup has been restated. The impact of the change in accouting policies is shown below.

Total receivable from Transgroup lobal Inc., 31 December 2017	608.473
Effect of changes in accounting policies, IFRS 9	-1.081
Total receivable from Transgroup Global Inc. 1 Janaury 2018	**607.392**

Notes to the balance sheet

Note	(DKKt)	Parent	Parent
10	**Share capital**	31 Dec 2018	31 Dec 2017
	The Parent Company's share capital of DKK 500 thousand comprises:		
	5,006 shares of DKK 100 each on formation	501	500
	3 shares of DKK 100 each in share capital increase by cash payment and contribution in kind	0	0
	2 shares of DKK 100 each in share capital increase by cash payment and contribution in kind	0	0
	Total share capital at 31 December 2017	**501**	**500**

11	**Financial liabilities and financial risks**	31 Dec 2018	31 Dec 2017
	Issued bonds, DKK tranche, fixed interest rate 6.80%	625.000	625.000
	Issued bonds, USD tranche USD 100 million, fixed interest rate 7.70%	651.940	620.770
		1.276.940	**1.245.770**
	Capitalised loan costs	-12.704	-16.334
	Total bond debt	**1.264.236**	**1.229.436**

	Cash flow*	Cash flow*
Bond debt falling due between 1 and 5 years (2021)	1.604.735	1.561.818
Total non-current financial liabilities	**1.604.735**	**1.561.818**
Current portion of financial liabilities	**92.699**	**90.299**

* Total cash flows including interest.

In 2016, Scan Bidco A/S issued senior secured callable bonds of DKK 625 million with an fixed interest rate of 6.80% and USD 100 million with an fixed interest rate of 7.70% until the year 2022. Borrowing costs of DKK 21 million were paid in 2016 and are amortised until 2022. Amortisation of capitalised loan costs for 2018 was 3.6 million (2017: DKK 3.6 million).

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

The proceeds were used for the acquisition of the SGL Group and TransGroup and repayment of SGL Holding ApS' bond debt.

For the issued bonds, certain terms and conditions apply regarding negative pledge, redemption, change of control and incurrance test.

Please see note 20 for the Group for a description of pledges.

The company bonds are listed on the Nasdaq Stock Exchange in Stockholm.

Notes to the Balance sheet

Note	(DKKt)	Parent
11	**Financial liabilities and financial risks** (Continued)	31 Dec

Please see note 15 for the Group for a description of the Scan Bidco Group's financial risks.

The Parent Company's foreign currency risk only regards USD and the exposure towards the currency is described below.

2018

Main currency exposures (DKK millions)	DKK/DKK	USD/DKK
Receivable from Group entities	432	638
Other receivables	1	0
Cash	0	0
Cash and receivables	**433**	**638**
Bond debt	625	652
Payables to Group entities	74	114
Other payables	1	0
Financial liabilities	**701**	**766**
Net position		**-128**
Exchange rate fluctuation		6%
Impact on profit/loss		-7
Impact on other comprehensive income		0

2017

Main currency exposures (DKK millions)	DKK/DKK	USD/DKK
Receivables from group entities	403	608
Other receivables	1	0
Cash	0	0
Cash and receivables	**404**	**608**
Bond debt	625	621
Payables to Group entities	52	84
Other payables	1	0
Financial liabilities	**53**	**84**
Net position		**524**
Exchange rate fluctuation		13%
Impact on profit/loss		68
Impact on other comprehensive income		0

12 Change in working capital

	2018	2017
Changes in receivables	306	-464
Changes in trade payables, etc.	324	-311
Total change in working capital	**630**	**-775**

13 Financial liabilities and financing activities

			Non-cash change			
(DKKt)	2017	Cash flow	Business combina-tions	Foreign exchange movement	Fair value change	2018
Bond debt	1.229.436	0	0	34.800	0	1.264.236
Payables to Group entities	83.874	27.636	0	2.587	0	114.097
Total liabilities from financing activities	**1.313.310**	**27.636**	**0**	**37.387**	**0**	**1.378.333**

			Non-cash change			
(DKKt)	2016	Cash flow	Business combina-tions	Foreign exchange movement	Fair value change	2017
Bond debt	1.310.317	0	0	-80.881	0	1.229.436
Payables to Group entities	0	81.561	0	2.313	0	83.874
Total liabilities from	**1.310.317**	**81.561**	**0**	**-78.568**	**0**	**1.313.310**

14 Cash and liquidity

	31 Dec 2018	31 Dec 2017
Cash	151	237
Liquidity reserve	151	237

Supplementary notes

Note	(DKKt)	Parent	Parent
15	**Security for loans**	31 Dec 2018	31 Dec 2017
	As security for bond debt, the Parent Company has pledged assets as collateral.		
	Bond debt at par	1.276.940	1.245.770
	The following assets are pledged as collateral:		
	Intercompany loan to Scan Global Logistics Holding ApS	297.931	297.931
	Intercompany loan to Scan Global Logistics A/S	129.933	102.298
	Intercompany loan to Transgroup Global Inc.	639.025	608.473
	The following shares:		
	Shares in Scan Global Logistics Holding ApS	1.045.870	974.389
	Total carrying amount	**2.112.759**	**1.983.091**

Please se note 20 for the Group for a description of securities in the Group.

16 Contingent liabilities and other financial obligations — 31 Dec 2018

Joint taxation

Scan Bidco A/S, company reg. no 37 52 10 43 being the administration company, is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Supplementary notes

Note	(DKKt)	Parent	Parent
17	**Financial instruments by category**	31 Dec 2018	31 Dec 2017

The carrying amount of financial assets, trade payables and payables to credit institutions corresponds to the estimated fair value.
The fair values of the issued bonds were DKK 604 million for the DKK trance and USD 92 million, corresponding to 601 million DKK, totalling 1,205 DKK (2017: 1,246 million), based on quoted bond rates at 31 December 2018 of 96,63 and 92,25 at Nasdaq, Stockholm at 31 December 2018.

Financial instruments by category, carrying amount

	Parent 31 Dec 2018	Parent 31 Dec 2017
Financial assets (measured at amortised cost)**:**		
Other receivables	605	911
Receivables from group entities	1.069.565	1.011.580
Cash	151	237
Financial assets measured at amortised cost	**1.070.321**	**1.012.728**
Financial liabilities (measured at amortised cost)**:**		
Payables to group entities	188.424	135.613
Issued bonds measured at amortised cost	1.264.236	1.229.437
Financial liabilities measured at amortised cost	**1.452.660**	**1.365.050**

Supplementary notes

Note	(DKKt)	Parent
18	**Related parties**	**31 Dec 2018**

Information about related parties with a controlling interest and significant influence:

Related party	**Domicile**
Owners of Scan Bidco A/S:	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
Ultimate owner with controlling interest:	
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
Owners of AEA SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands
Receivables from related parties	
Outlay for expenses incurred in Scan (UK) Midco Limited	49
Outlay for expenses incurred in Scan (Jersey) Topco Limited	116
Outlay for expenses incurred in Transgroup Global Inc.	6.857
Outlay for expenses incurred in AEA Investors Small Business Fund III LP	821
Outlay for expenses incurred in AEA SGLT Holding II LP	89
Outlay for expenses incurred in AEA SGLT Holding I LP	-2.512
Total current receivables from group entities	**5.420**
Payables to Scan Global Logistics Holding ApS	-74.327
Payables to Transgroup Global Inc.	-114.097
Loan to Scan Global Logistics A/S, described in note 8	129.933
Loan to Scan Global Logistics Holding ApS, described in note 8	296.268
Loan to Transgroup Global Inc., described in note 9	637.944
Total receivables from group entities	**881.141**

No members of the Board of Directors or the Executive Board had in 2018 any direct or indirect transactions with the Group other than the benefits described in note 23 for the Group, "Related parties".

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners.

Please see note 4 regarding intercompany interest income.

Supplementary notes

Note	(DKKt)	Parent
18	**Related parties**	**31 Dec 2017**

Information about related parties with a controlling interest and significant influence:

Related party	Domicile
Owners of Scan Bidco A/S:	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
Ultimate owner with controlling interest:	
AEA SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
Owners of AEA SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands

Receivables from related parties	
Outlay for expenses incurred in TTGR Holding ApS	2.572
Outlay for expenses incurred in Scan (UK) Midco Limited	97
Outlay for expenses incurred in Scan (Jersey) Topco Limited	244
Outlay for expenses incurred in AEA SGLT Holding II LP	141
Outlay for expenses incurred in AEA SGLT Holding I LP	2.568
Total current receivables from group entities	**5.622**
Payables to Scan Global Logistics Holding ApS	-51.739
Payables to Transgroup Global Inc.	-83.874
Loan to Scan Global Logistics A/S, described in note 8	102.298
Loan to Scan Global Logistics Holding ApS, described in note 8	296.268
Loan to Transgroup Global Inc., described in note 9	607.392
Total receivables from group entities	**875.967**

No members of the Board of Directors or the Executive Board had in 2017 any direct or indirect transactions with the Group other than the benefits described in note 23 for the Group, "Related parties".

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners.

Please see note 4 regarding intercompany interest income.

Note
19 Accounting policies

The accounting policies applied by the Parent Company are consistent with those of the Group.
Further comments are:

Income statement

Income from investments in group entities
The item comprises the Parent Company's proportionate share of such entities' profit after tax.
Further, it comprises amortisation (less tax) of intangible assets identified on acquisition of the group entity.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to ”Reserve for net revaluation under the equity method” under equity.

Balance sheet

Investments in group entities
Investments in subsidiaries are measured, using the equity method, at the Parent Company's proportionate share of such entities' equity plus goodwill, customer relations and trademarks on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any.

On acquisition of subsidiaries, the difference between cost of acquisition and net asset value of the entity acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value and allowing for the recognition of any restructuring provisions relating to the entity acquired. Any remaining positive differences in connection with the acquisition of subsidiaries are included in the item ”Investments in group entities”.

Negative investments:
Investments in entities whose net asset value is negative are measured at DKK 0, with the effect that the entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable.
Amounts in excess thereof are recognised under "Provisions" in so far as the parent has a legal or constructive obligation to cover the deficit.

Newly acquired and sold investments are recognised in the financial statements from the time of acquisition or until the time of sale, respectively.
The acquisition method of accounting is applied to corporate takeovers as described under "Consolidation" in the accounting policies for the Group.

Note		Parent
20	**Recognition and measurement uncertainties**	2018

The Parent Company Scan Bidco uses the equity method for valuation of investments in group entities.

Therefore, the same recognition and measurement uncertainties apply to the Parent Company as those for the Group.
Please see note 25 for the Group for further information.

21 New accounting regulation not yet adopted

Please see note 26 for the Group where new accounting regulation not yet adopted is described.

Statement by the Board

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Scan Bidco A/S for the financial year 1 January - 31 December 2018.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2018 and of the results and cash flows of the Group's and the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's operations and financial conditions, the results for the year, cash flow and financial position as well as a description of the significant risks and uncertainty factors that the Parent Company and the Group face.

We recommend the adoption of the annual report at the annual general meeting.

Kastrup, 12 April 2019

Executive Board:

Claes Brønsgaard Pedersen

Board of Directors:

Henrik von Sydow Chairman	Allan Dyrgaard Melgaard	Claes Brønsgaard Pedersen
Jørgen Agerbro Jessen	Thomas Thellufsen Nørgaard	

Independent auditor's report

To the shareholders of Scan Bidco A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Scan Bidco A/S for the financial year 1 January – 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

Scan Bidco A/S has issued bonds, which was listed on the NASDAQ Stockholm Stock Exchange in June 2017. We were initially appointed as auditor of Scan Bidco A/S on 15 September 2016 for the financial year 2016. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 years up until the financial year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2018. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition

The Group generates revenue from three principal freight forwarding services being Air, Sea and Road in addition to the Solutions services. For the financial year IFRS 15, Revenue from Customer Contracts has to be implemented. Revenue from freight forwarding services is recognised over time, which is measured as time elapsed of total expected time to render the service to the customer or another service provider. Given the significance of revenue and significant management judgements in respect of estimating revenue from services delivered over time, we considered this of most significance in our audit. Accordingly, we considered revenue recognition to be a key audit matter for the consolidated financial statements.

As part of our audit, we have evaluated the Group’s implementation of IFRS 15 and we have obtained an understanding of the process for how revenue from services delivered over time is estimated and risk evaluated. We evaluated the design and tested the operating effectiveness of selected controls in this area. We further, for a sample containing large ongoing services and a sample of other ongoing services at year-end, evaluated the judgments made by management regarding revenue from services delivered over time and assumptions made in assessment of claims. We evaluated on a sample basis changes in estimated total time to render the service to the customer to supporting underlying documentation, and discussed these with shipping agents and group management. For those balances subject to claims, we made inquiries of external legal counsel. We also assessed whether policies and processes for making these estimates have been applied consistently to all services of a similar nature.

The accounting principles and disclosures about revenue recognition are included in note 24 and note 25 to the consolidated financial statements.

Impairment of goodwill and other intangible assets

An impairment test of goodwill and other intangible assets is carried out annually by the Group by assessing the value in use of the Group’s cash generating units (CGUs) which requires significant assumptions about future developments. The assumptions used in the impairment test represent management’s best estimate for the period under consideration. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, we considered impairment of goodwill and other intangible assets to be a key audit matter for the consolidated financial statements.

Independent auditor's report (continued)

As part of our audit, we obtained an understanding of the impairment assessment process. Our work included test and comparison of inputs with supporting documentation including evaluation of key assumptions used in the valuation including projected future income and earnings and testing the allocation of the goodwill and other intangible assets. We further assessed the sensitivities applied by Group Management. We also assessed whether the Group’s disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of goodwill and other intangible assets.

The accounting principles and disclosures about goodwill and other intangible assets are included in note 9, note 16, note 24 and note 25 to the consolidated financial statements.

Statement on the Management's review

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

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

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

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

Management's responsibilities for the financial statements

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

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

Independent auditor's report (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent auditor's report (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 12 April 2019

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Godkendt Revisionspartnerselskab
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