SGLT Holding II LP

(Formation date 2 August 2016)

Interim Financial Report

First quarter 2019

Contents

Financial highlights for the Group	Q1 2019	Q1 2018 excl. IFRS 16
Key figures (in USD thousands):		
Income statement		
Revenue	253.645	217.909
Gross profit	**39.918**	**33.877**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**10.485**	**5.661**
Earnings before Interest, Tax, Amortisation (EBITA) and special items	**7.265**	**5.242**
Operating profit (EBIT) before special items	**4.873**	**3.101**
Special items	-131	-515
Operating profit (EBIT)	**4.742**	**2.586**
Net financial expenses	-3.833	-4.112
Profit/loss before tax	**909**	**-1.526**
Profit/loss for the period	**-94**	**-1.840**
Cash flow		
Cash flows from operating activities before special items, interest and tax	**-5.809**	**1.669**
Cash flows from operating activities	**-9.806**	**-2.583**
Cash flows from investing activities	**-13.903**	**-658**
Free Cash flow	**-23.709**	**-3.241**
Cash flows from financing activities	**-4.407**	**-618**
Cash flow for the period	**-28.116**	**-3.859**
Financial position		
Total equity	156.282	156.208
Equity attributable to parent company	154.653	155.941
Net interest bearing debt (NIBD)	242.337	206.049
Total assets	532.941	514.315
Financial ratios in %		
Gross margin*	15,7	15,5
EBITDA margin*	4,1	2,6
EBIT margin*	1,9	1,4
Equity ratio	29,3	30,4

*before special items

Note: The 2018 comparison figures are not adjusted to the new accounting standard IFRS 16

Company details

Name	:	**SGLT Holding II LP**
Place of business and registered office	:	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Tower, KY 1-1104, Cayman Islands.
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Contact person	:	Claes Brønsgaard Pedersen, Group CFO
Telephone		(+45) 32 48 00 00
Directors of SGLT GP II ltd., its general partner	:	John Cozzi Alan Wilkinson Rachel Kumar Claes Brønsgaard Pedersen
Parent company of SGLT Holding II LP	:	SGLT Holding I LP, Cayman Islands
Ultimate owner	:	SGLT Holding I LP, Cayman Islands
Bankers	:	Jyske Bank A/S JP Morgan Chase & Co.
Group Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

Legal entities in the SGLT Holding II LP Group

Company name		Country/state	Currency	Nominal capital	Economic ownership interest
SGLT Holding II LP*		Cayman Islands	USD	0	100%
TGI US Topco Corp.*	Please see page 4 for details	Delaware	USD	1	100%
Scan (Jersey) Topco Limited*		Jersey	GBP	1	100%
Scan (UK) Midco Limited*		United Kingdom	GBP	1	100%
Scan Bidco A/S		Denmark	DKK	500.600	100%
Scan Global Logistics Holding ApS*		Denmark	DKK	3.530.839	100%
Scan Global Logistics A/S		Denmark	DKK	1.901.650	100%
SGL Express A/S		Denmark	DKK	500.000	100%
SGL Road ApS		Denmark	DKK	500.200	100%
SGL Road AB		Sweden	SEK	100.000	100%
Scan Global Logistics GmbH		Germany	EUR	25.000	100%
ScanAm Global Logistics AB		Sweden	SEK	100.000	100%
Crosseurope AB		Sweden	SEK	100.000	100%
Crosseurope GmbH		Germany	EUR	25.000	100%
Airlog Group Denmark A/S		Denmark	DKK	500.000	100%
Airlog Group Holding AB*		Sweden	SEK	2.000.000	100%
Airlog Group Sweden AB		Sweden	SEK	2.000.000	100%
SGL Express AB		Sweden	SEK	1.000.000	100%
Airlog Group Fur OY		Finland	EUR	2.500	100%
Airlog Group AS		Norway	NOK	30.000	100%
Scan Global Logistics AS		Norway	NOK	150.000	100%
Scan Global Logistics (Finland) Oy		Finland	EUR	2.523	100%
Scan Global Logistics K.K.		Japan	JPY	15.000.000	100%
Scan Global Logistics Ltd.		China	USD	1.650.000	100%
Scan Global Logstics (Wuxi) Ltd.		China	CNY	3.000.000	100%
Scan Global Logistics Ltd.		Hong Kong	HKD	500.000	100%
Scan Global Logistics (Shanghai) Limited		China	CNY	3.000.000	100%
Scan Global Logistics Ltd. (Branch)		Taiwan			100%
Scan Global Logistics Ltd.		Thailand	THB	5.000.000	100%
Scan Global Logistics Ltd.		Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.		Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.		Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.		Philippines	PHP	4.000.000	40%
Scan Global Logistics Chile S.A.		Chile	CLP	179.872.000	100%
Scan Global Logistics (Vietnam) Ltd.		Vietnam	USD	100.000	100%
Scan Global Logistics Ltd.		Indonesia	IDR	252.015.000	100%
Scan Global Logistics Pte Ltd. (Singapore)		Singapore	SGD	100.000	100%
Scan Global Logistics SA		Mali	XOF	10.000.000	55%
Macca Logistics Sarl		Senegal	XOF	1.000.000	100%
Macca Logistics Sarl		Ivory Coast	XOF	1.000.000	100%
IQS Holding GmbH*		Germany	EUR	58.400	100%
IQS International Quality Service GmbH		Germany	EUR	26.100	100%
IQS Business Travel GmbH		Germany	EUR	25.000	100%
ENGINOX GmbH		Germany	EUR	25.000	100%
Aircargo Consulting GmbH		Germany	EUR	25.000	100%
IQS Logistic Consulting Corp.		USA	USD	100	100%
Global Automotive Testing Support GmbH		Germany	EUR	25.000	100%
Global Aviation Management Services FZE		Dubai	AED	1.000.000	100%

Legal entities in the SGLT Holding II LP Group

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

*Holding companies.

Management's commentary

SGLT Holding I LP

SGLT Holding I LP was founded on 2 August 2016 in connection with the joint acquisition of the SGL Holding Group and TransGroup.

SGLT Holding I LP is owned by AEA Investors Small Business Fund III LP, co-investors and the management of TransGroup and SGL Group.

SGLT Holding II LP is a holding company with no assets except the shares in Scan (Jersey) Topco Limited (Scan Global Logistics Group) and TGI US Topco Corp. (TransGroup). It is controlled by SGLT GP II Ltd., its general partner.

Scan Global Logistics (SGL) Group's and TransGroup's business model

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

SGLT Holding II LP's financial review

The figures contained in this report are comprised of the financial performance of Scan Bidco Group and TransGroup. Scan Bidco Group includes Scan Bidco A/S and all of its Scan Global Logistics subsidiary companies.

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

Effective of 2 January 2019 Scan Global Logistics A/S has acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group ("IQS Group"). Effective 2 January 2019 TransGroup Global Inc has acquired 60% ownership of New Bison LLC, in Philadelphia, PA. This company previously operated as a TransGroup independent contract station.

Total revenue in the first quarter (Q1) 2019 was USD 253.6 million, which is an increase of 16% as compared to Q1 2018.

Overall, TransGroup experienced 26% revenue growth in Q1 2019 versus Q1 2018, driven by increased sales in domestic traffic including new customer wins as well as the businesses in Canada and Philadelphia acquired in Q2 2018 and Q1 2019, respectively. Organic revenue growth in Q1 2019 was 19%.

TransGroup gross profits improved by 27% in Q1 versus Q1 2018. Total gross margin was in line with Q1 2018, but decreased 1 percentage point on an organic basis due to larger customers with tighter margins and increased transportation costs. Furthermore, several growth initiatives including new stations and business development impacted SG&A overhead costs, which increased USD 3 million compared to Q1 2018. Hereof the Canada and PHL acquisitions did have an impact of USD -1.3 million, but were offset by the impact of the new acccounting policy IFRS 16 by USD 1.2 million.

Scan Bidco Group's revenue in Q1 2019 was USD 147 million and increased by 6% as compared to Q1 2018. However, revenue growth was negatively impacted by the increasing USD/DKK exchange rate. Organic revenue grew by 14% excluding the impact of the change in the USD/DKK exchange rate. Q1 revenue for the businesses acquired by Scan Bidco after Q1 2018 (Kestrel, Macca and IQS) was USD 15 million; the underlying growth was 2.5% compared to the Q1 2018 results. The Nordic Road and Parcel/Express, Hong Kong, China and South East Asia business were strong drivers of the company's organic growth. The restructuring activities in 2018 within the Denmark Solutions business resulted in a decreased 2018 revenue level relative to the 2018 levels. The Project activities in Q1 2019 produced increased gross profit despite a slight decrease in gross revenue.

Scan Bidco's gross profit increased by 12% relative to last year and the gross margin increased 1.2 percentage points relative to last year, primarily driven by the Sea and Road activities in the Nordic region as well as Project sales. The aquired businesses did not have any impact on the business' gross margin percentage in Q1 2019.

Management's commentary

Scan Bidco Group SG&A costs in Q1 2019 were USD 0.5 million lower than in Q1 2018. The costs increased by USD 1.7 million due to the acquisitions of Kestrel activities, Macca Logistics Sarl and IQS Group, and were also influenced by a positive adjustment from the capitalized leases of USD 2 million and the change in the USD/DKK exchange rate of USD 1.7 million. The overhead costs including the salaries of the acquired businesses amounted to USD 1.6 million in Q1 2019. Consequently, the underlying growth in the SG&A costs was 7% as compared to the first quarter of 2018.

Total SG&A costs were USD 29.4 million in Q1 2019 and mainly were comprised of salary related costs and travel costs.

Q1 EBITDA of USD 10 million (as compared to USD 5.7 million in Q1 2018) primarily increased over Q1 2018 due to the underlying revenue growth, the incremental earnings from recent acquisitions, and the IFRS 16 adjustment of USD 3.5 million. The adjusted EBITDA realized in Q1 2019 at USD 7.7 million excluding the impact of the IFRS 16 and ordinary costs related to the ownership.

The development in the USD/DKK vs Q1 2018 had an USD -0.3 million impact on the EBITDA.

The increase in the the depreciation cost is primarily due the to IFRS 16 adjustment of USD 2.7 million.

Amortisation of intangibles identified at acquisition was USD 2.4 million in Q1.

Special items of USD -0.1 million include acquisition costs and settlement costs related to special projects.

Net financial expenses amounted to USD 3.8 million in Q1 and were mainly comprised of interest on the bond debt and the impact of IFRS 16 (USD -0.6 million).

Cash Flows

Cash outflows from operating activities before special items, interest & tax in Q1 were USD 5.8 million.

Working capital increased by USD 16.2 million since December 2018, as a result of a combined increase in receivables (higher activities), creditor payments including special project payments as well as the impact of the IQS Group acquisition and payment of accrued costs booked in 2018.

The company made PP&E investments of USD 2.1 million in Q1 2019 which mainly comprise of software and IT equipment.

Cash outflow from acquisitions including transaction costs amounted to USD 15 million. The property acquired as a part of the IQS Group transaction has since been sold with a net positive cash impact of USD 3.8 million.

Cash flow from financing activities included dividend paid to non controlling interests in TransGroup at a value of USD 0.5 million. Further redemption of the leasing debt (IFRS 16) and redemption of debt taken over in acquisitions amounted to USD 4.2 million.

Capital structure

The equity attributable to the Parent company was USD 155 million. The total equity ratio was 29.3% as per 31 March 2019. By the end of March 2019 the total liquidity reserve was equal to USD 13.6 million.

Net interest bearing debt (NIBD)

Consolidated net interest bearing debt amounted to USD 212 million excluding the lease liabilities (IFRS 16). The main part of the debt was raised for the acquisition of TransGroup, SGL Holding Group, the Airlog Group and Crosseurope in 2016 and 2017. The net interest bearing debt amounted to USD 244 million including the lease liabilities.

Business development

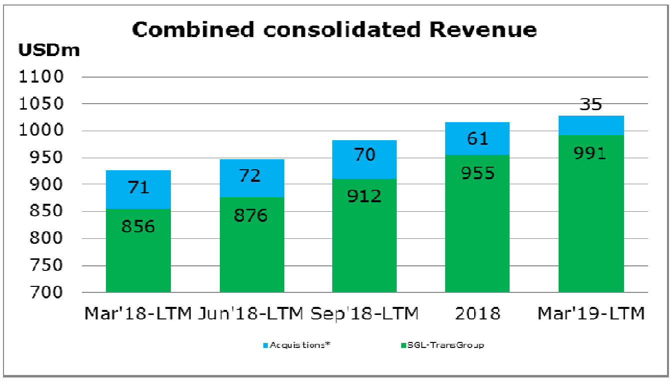
Pro forma figures

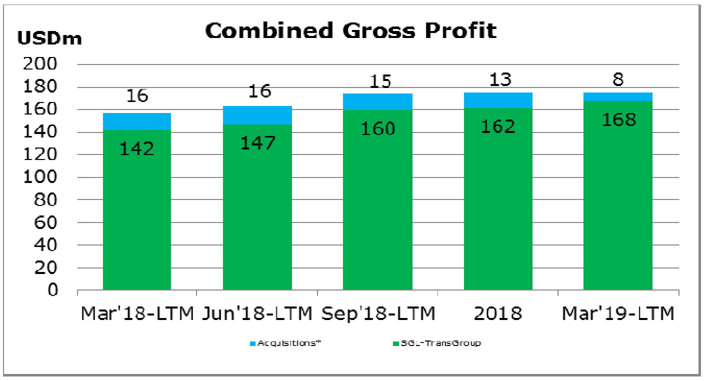
On a pro forma basis, if the acquisitions had been effective as of 1 July 2016, we would have seen the following development in the total operating group (excl. the holding companies). Pro forma adjustments include the acquisition of the Airlog Group and Crosseurope in 2017. The graph "Acquisitions" includes activities in CommFirst, acquired in Q2 2018 (now TransGroup Canada Logistics, Inc.), Macca Logistics SA (now Scan Global Logistics SA), Mali, acquired in Q3 2018, and IQS Group and New Bison, LLC acquired in Q1 2019.

Management's commentary

Business development (Cont'd)

The LTM financials reported since June 2017 include contributions from Airlog and Crosseurope as the two businesses were fully integrated with the other activities within the SGL Group.





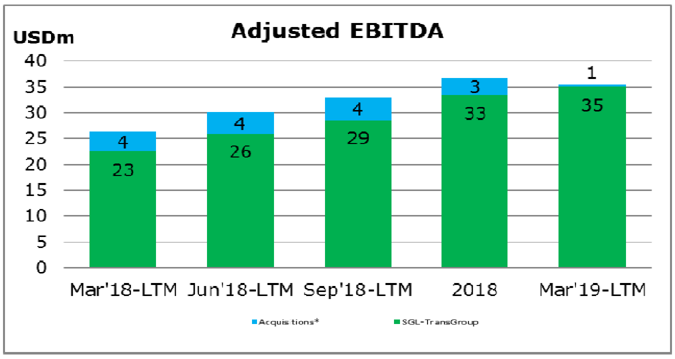
Note: The combined revenue is adjusted to show the net consolidated revenue.

On a pro forma basis, the combined group has had positive development in revenue and gross profit over the last several quarters. TransGroup has experienced some pressure on gross margin in 2018 and the first quarter 2019, but we have seen improvement in gross margins on the Scan Bidco side.

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

Please see page 5 for further comments to Q1 2019 specifically.

Pro forma figures



The 2018 acquisitions, TransGroup Canada Logistics, Inc. and Scan Global Logistics SA (Mali), as well as the 2019 acquisitions, IQS Group and New Bison LLC, improved relative to the financial results included in Q1 2019 and are included the consolidated SGL-TransGroup results.

On a pro forma basis incl. the acquisitions the NIBD/EBITDA as per LTM Mar'19 was 5.9x excl. IFRS 16 lease liabilities.

Events after the balance sheet date

Scan Bidco Group has launched SGL E-Commerce, which offers a global fulfillment solution allowing SGL customers to integrate with top online marketplaces and web shops worldwide through a cloud-based platform. These activities are managed through a new subsidiary company, SGL E-Commerce A/S, which acquired one of Scandinavia's leading fashion fulfillment operations, Denmark-based IC Logistics (part of IC Group A/S), on 8 May 2019. The final closing date is expected to be 30 June 2019.

Consolidated income statement

(USDt) Notes	for the period 1 January to 31 March	YTD 2019	YTD 2018
	Revenue	253.645	217.909
	Cost of operation	-213.727	-184.032
	Gross profit	**39.918**	**33.877**
	Other external expenses	-5.493	-6.862
	Staff costs	-23.940	-21.354
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**10.485**	**5.661**
	Depreciation of tangible assets	-3.220	-419
	Earnings before Interest, Tax, Amortisation and special items	**7.265**	**5.242**
	Amortisation of intangibles	-2.392	-2.141
	Operating profit before special items	**4.873**	**3.101**
	Special items	-131	-515
	Operating profit (EBIT)	**4.742**	**2.586**
	Financial income	79	60
	Financial expenses	-3.912	-4.172
	Profit before tax	**909**	**-1.526**
	Tax on profit for the period	-1.003	-314
	Profit for the period	**-94**	**-1.840**
	Total income for the year attributable to		
	Owners of the parent	-427	-2.052
	Non-controlling interests	333	212
	Total	**-94**	**-1.840**

Consolidated statement of comprehensive income

(USDt)		YTD 2019	YTD 2018
	Profit for the period	-94	-1.840
	Items that will be reclassified to income statement when certain conditions are met:		
	Exchange rate adjustment	-2.737	2.669
	Other comprehensive income, net of tax	-2.737	2.669
	Total comprehensive income for the period	-2.831	829
	Total comprehensive income for the year attributable to		
	Owners of the parent	-3.164	617
	Non-controlling interests	333	212
	Total	**-2.831**	**829**

(USDt) Notes	Consolidated balance sheet	31 Mar 2019	31 Mar 2018	31 Dec 2018
	ASSETS			
	Goodwill	228.013	228.954	225.448
	Customer relations	72.883	74.716	67.377
	Trademarks	17.974	19.293	17.597
	Other acquired intangible assets	1.065	881	782
	Software	7.192	5.467	6.532
	Intangible assets	**327.127**	**329.311**	**317.736**
	Right of use assets	31.684	0	0
	Property, plant and equipment	5.811	2.975	5.226
	Property, plant and equipment	**37.495**	**2.975**	**5.226**
	Other receivables	1.566	1.684	1.506
	Deferred tax asset	474	7.429	738
	Financial assets	**2.040**	**9.113**	**2.244**
	Total non-current assets	**366.662**	**341.399**	**325.206**
	Trade receivables	143.735	151.321	142.509
	Income taxes receivable	514	315	471
	Receivables from Group entities	647	844	631
	Other receivables	8.366	4.008	4.935
	Prepayments	2.561	3.681	2.580
1	Cash and cash equivalents	10.456	12.747	34.546
	Total current assets	**166.279**	**172.916**	**185.672**
	Total assets	**532.941**	**514.315**	**510.878**

(USDt) Notes	Consolidated balance sheet	31 Mar 2019	31 Mar 2018	31 Dec 2018
	EQUITY AND LIABILITIES			
	Partnership interest	186.174	169.804	185.752
	Currency translation reserve	-1.906	7.988	810
	Retained earnings	-29.615	-21.851	-29.188
	Equity attributable to parent company	**154.653**	**155.941**	**157.374**
	Non-controlling interests	1.630	267	1.743
	Total Equity	**156.282**	**156.208**	**159.117**
2	Bond debt	190.875	199.539	192.366
	Lease liabilities	19.872	0	0
	Earn-out provision	1.240	0	0
	Deferred rent	0	459	461
	Deferred tax liability	9.340	10.558	9.829
	Total non-current liabilities	**221.327**	**210.556**	**202.656**
1	Bank debt	26.847	14.804	23.108
	Lease liabilities	12.032	0	0
	Earn-out provision	302	1.450	257
	Trade payables	90.271	107.427	101.062
	Deferred income	1.138	2.658	941
	Corporation tax	4.656	2.186	3.889
	Other payables	20.086	19.026	19.848
	Total current liabilities	**155.332**	**147.551**	**149.105**
	Total liabilities	**376.659**	**358.107**	**351.761**
	Total equity and liabilities	**532.941**	**514.315**	**510.878**

(USDt) Notes	Consolidated cash flow statement	Q1 2019	Q1 2018
	Operating profit (EBIT) before special items	4.873	3.101
	Depreciation, amortisation and impairment	5.612	2.560
	Exchange rate adjustments	-69	-530
	Change in working capital	-16.225	-3.462
	Cash flows from operating activities before special items, interest & tax	**-5.809**	**1.669**
	Special items	-95	-515
	Interest received	79	60
	Interest paid	-3.318	-3.715
	Tax paid	-663	-82
	Cash flows from operating activities	**-9.806**	**-2.583**
	Purchase of software	-1.069	-196
	Purchase of property, plant and equipment	-1.050	-462
	Sale of property, plant and equipment	3.817	0
	Release of earn-out	-553	0
	Special items, transactions cost acquisitions	-884	0
	Investments in Group entities	-14.164	0
	Cash flows from investing activities	**-13.903**	**-658**
	Free cash flow	**-23.709**	**-3.241**
	Dividend paid to non-controlling interests	-474	0
	Capital increase	422	0
	Purchase of non-controlling interest	0	-618
	Long-term loan	-106	0
	Redemption of lease liabilities	-3.035	0
	Redemption of other acquisition debt	-1.213	0
	Cash flows from financing activities	**-4.407**	**-618**
	Change in cash and cash equivalents	**-28.116**	**-3.859**
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	11.438	2.325
	Exchange rate adjustment of cash and cash equivalents	287	-523
	Change in cash and cash equivalents	-28.116	-3.859
1	**Net Cash and cash equivalents at 31 March**	**-16.391**	**-2.057**

(USDt) Note	Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
	Equity at 1 January 2019	**185.752**	**810**	**-29.188**	**157.374**	**1.743**	**159.117**
	Profit for the period	**0**	**0**	**-427**	**-427**	**333**	**-94**
	Currency exchange adjustment	0	-2.716	0	**-2.716**	-22	**-2.737**
	Other comprehensive income, net of tax	**0**	**-2.716**	**0**	**-2.716**	**-22**	**-2.737**
	Total comprehensive income for the period	**0**	**-2.716**	**-427**	**-3.143**	**311**	**-2.831**
	Purchase of non-controlling interests	0	0	0	**0**	50	**50**
	Dividend distributed	0	0	0	**0**	-474	**-474**
	Capital increase by cash payment	422	0	0	**422**	0	**422**
	Total transactions with owners	**422**	**0**	**0**	**422**	**-424**	**-2**
	Equity at 31 March 2019	**186.174**	**-1.906**	**-29.615**	**154.653**	**1.630**	**156.283**

(USDt)	Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
	Equity at 1 January 2018 (audited)	**169.804**	**5.316**	**-19.062**	**156.058**	**-61**	**155.997**
	Profit for the period	**0**	**0**	**-2.052**	**-2.052**	**212**	**-1.840**
	Currency exchange adjustment	0	2.672	0	**2.672**	-3	**2.669**
	Other comprehensive income, net of tax	**0**	**2.672**	**0**	**2.672**	**-3**	**2.669**
	Total comprehensive income for the period	**0**	**2.672**	**-2.052**	**620**	**209**	**829**
	Purchase of non-controlling interests	0	0	-737	**-737**	119	**-618**
	Dividend distributed	0	0	0	**0**	0	**0**
	Capital increase by cash payment	0	0	0	**0**	0	**0**
	Total transactions with owners	**0**	**0**	**-737**	**-737**	**119**	**-618**
	Equity at 31 March 2018	**169.804**	**7.988**	**-21.851**	**155.941**	**267**	**156.208**

Note	(USD thousand)			
1	**Cash and Liquidity**		**31.03.2019**	**31.03.2018**

Cash and cash equivalents	10.456	12.747
Bank debt	-26.847	-14.804
Net cash	**-16.391**	-2.057
Credit facilities	29.961	36.663
Liquidity reserve	**13.570**	**34.606**

The SGLT Holding II LP Group holds net bank liquidity of USD -16,391 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to USD 13,570 thousand.

Note	(USD thousand)			
2	**Bond debt**		**31.03.2019**	**31.03.2018**

Issued bonds, DKK trance DKK 625 million, interest rate 6.80%	94.042	103.992
Issued bonds, USD trance USD 100 million, interest rate 7.70%	100.000	100.000
	194.042	**203.992**
Capitalised loan costs	-3.167	-4.453
Total bond debt	**190.875**	**199.539**

	Cash flow*	**Carrying amount**	**Carrying amount**
Bond debt falling due between 1 and 5 years (2022)	240.359	194.042	203.992
Total non-current financial liabilities	**240.359**	**194.042**	**203.992**
Total current financial liabilities	**14.095**	**14.771**	**14.771**

* 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% and USD 100 million with an interest rate of 7.70%. Borrowing costs of USD 5.7 million were paid in 2016 and amortized until 2022.
Interest is paid quarterly and the bond debt has to be repaid in June 2022.
The proceeds were used for the acquisition of the Airlog Group, SGL Group and TransGroup and repayment of SGL Holding ApS' bond debt.
For the issued bond certain terms and conditions apply regarding negative pledge, redemption, change of control and incurrence test.

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

Note	(USD thousand)	YTD 2019	YTD 2018
3	**Investments in Group entities**	Total	Total
	Provisional fair value at date of acquisition:		
	ASSETS		
	Software	16	0
	Property, plant and equipment	4.572	0
	Trade receivables	3.371	0
	Other receivables	451	0
	Prepayments	108	0
	Cash and cash equivalents	6.829	0
	Total assets	**15.348**	**0**
	LIABILITIES		
	Long term liabilities	1.237	0
	Trade payables	5.045	0
	Corporation tax	210	0
	Other payables	1.825	0
	Total liabilities	**8.317**	**0**
	Non-controlling interests' share of acquired net assets	50	0
	Acquired net assets	**6.980**	**0**
	Goodwill, trademarks and customer relations less of deferred tax	15.013	0
	Fair value of total consideration	**21.993**	**0**
	Earn-out provision	1.000	0
	Cash consideration	**20.993**	**0**
	Adjustment for cash and cash equivalents taken over	-6.829	0
	Cash consideration for acquisitions	**14.164**	**0**
	Transaction costs for acquisitions 2019	900	0
	Investments in Group entities	**15.065**	**0**

Note 3 (USD thousand)
Investments in Group entities

Purchase of shares in the 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: Germany-based, International Quality Service Group (IQS Group).

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

IQS Group currently operates 5 offices in Germany, 1 in the US and 1 in Dubai. The company was founded in 1998 and has built a strong reputation in the specialty automotive market.

Under the terms of the agreement, IQS Group was acquired for a total cash consideration of EUR 17.0 million. In addition, earn-out payments of 10% of future EBITDA provided a minimum EBITDA threshold of EUR 1.5 million is met in each of the years 2019, 2020 and 2021. The provision of the earn-out has been determined at the end of Q1 based on the prognosis of the 3 year period after the effective date. The main assets acquired relate to tangible assets, customer relations, trademarks and development.

The purchase price allocation will be finalized during 2019.

Purchase of New Bison, LLC

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

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

The purchase price allocation will be finalized during 2019.

Note
4 **Accounting policies**

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

Changes in accounting policies
SGLT Holding II LP Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2019 as adopted by the European Union.

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

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

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

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

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

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

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

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

Note
4 **Accounting policies** (Continued)

Changes in accounting policies (continued)

IFRS 16 Leases

On implementation of IFRS 16, the Group has recognised a lease liability and a corresponding right-of-use asset (operating leases as of 31 December 2018) of 32.1 million USD. Impact on equity is 0 USD thousand. Comparative figures are not restated.

New accounting regulation (not yet adopted)

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

None of these are currently expected to carry any significant impact on the SGLT Holding II LP Group Financial Statements when implemented.

Basis of measurement

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

Reporting currency

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

Significant accounting estimates

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

Consolidation

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

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

Note
4 Accounting policies (Continued)

Consolidation (continued)

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

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

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

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

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

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

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

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

Non-controlling interests

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

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

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

Note

4 Accounting policies (Continued)

Functional currency

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

Foreign currency translation

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

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

Foreign Group entities

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

- Balance sheet items are translated at the closing rate.
- Items in the income statement are translated at the rate at the date of the transaction.
- Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.
- Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Materiality in financial reporting

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

Note
4 **Accounting policies** (Continued)

Income statement

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

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

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

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

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

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

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

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

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

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

Note
4 Accounting policies (Continued)

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

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

The item is net of refunds made by public authorities.

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

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

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

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

Note
4 Accounting policies (Continued)

Balance sheet
Goodwill

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

Customer relations

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

Trademarks

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

Software

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

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

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

Property, plant and equipment

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

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

Note
4 Accounting policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

Note

4 Accounting policies (Continued)

Receivables

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

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

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

Prepayments

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

Cash and cash equivalents

Cash comprises cash balances and bank balances.

Provisions

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

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

Corporation tax

Income taxes payable

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

Note
4 Accounting policies (Continued)

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

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

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

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

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

Liabilities

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

Other liabilities are measured at net realisable value.

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

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

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

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

Note
4 Accounting policies (Continued)

Financial ratios

Definition of financial ratios:

Gross margin:
Gross profit / Revenue * 100

EBITDA margin:
EBITDA / Revenue * 100

EBIT margin:
Operating profit / Revenue * 100

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

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