SGLT Holding II LP

(Formation date 2 August 2016)

Interim Financial Report

Fourth quarter 2018

Contents	Page

Financial highlights for the Group

Key figures (in USD thousands):	Q4 2018	Q4 2017	YTD 2018	YTD 2017
Income statement				
Revenue	258,552	220,443	955,266	814,196
Gross profit	**38,762**	**31,213**	**145,695**	**119,734**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**9,287**	**5,697**	**31,168**	**20,339**
Earnings before Interest, Tax, Amortisation (EBITA) and special items	**8,714**	**5,285**	**29,199**	**18,922**
Operating profit (EBIT) before special items	**6,507**	**2,837**	**20,223**	**9,680**
Special items	-4,806	-2,805	-6,949	-3,354
Operating profit (EBIT)	**1,701**	**32**	**13,274**	**6,326**
Net financial expenses	-4,471	-3,267	-17,765	-15,084
Profit/loss before tax	**-2,770**	**-3,235**	**-4,491**	**-8,758**
Profit/loss for the period	**-5,227**	**-573**	**-7,856**	**-6,238**
Cash flow				
Cash flows from operating activities before special items, interest and tax			**28,549**	**15,720**
Cash flows from operating activities			**4,162**	**-2,439**
Cash flows from investing activities			**-9,416**	**-28,246**
Free Cash flow			**-5,253**	**-30,685**
Cash flows from financing activities			**13,790**	**7,634**
Cash flow for the period			**8,537**	**-23,051**
Financial position				
Total equity			159,117	155,997
Equity attributable to parent company			157,374	156,058
Net interest bearing debt (NIBD)			184,430	198,356
Total assets			510,878	505,894
Financial ratios in %				
Gross margin*	15.0	14.2	15.3	14.7
EBITDA margin*	3.6	2.6	3.3	2.5
EBIT margin*	2.5	1.3	2.1	1.2
Equity ratio			31.1	30.8

*before special items

Company details

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

Legal entities in the SGLT Holding II LP Group

Company name		Country/state	Currency	Nominal capital	Economic ownership interest
SGLT Holding II LP*		Cayman Islands	USD	0	100%
TGI US Topco Corp.*	Please see page 4 for details	Delaware	USD	1	100%
Scan (Jersey) Topco Limited*		Jersey	GBP	1	100%
Scan (UK) Midco Limited*		United Kingdom	GBP	1	100%
Scan Bidco A/S		Denmark	DKK	500,600	100%
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%
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%
AirLog Air Logistics AB		Sweden	SEK	100,000	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		Hong Kong	HKD	5,000,000	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 Logisticts SA		Mali	XOF	10,000,000	55%
Macca Logistics Sarl		Senegal	XOF	1,000,000	100%
Macca Logistics Sarl		Cote d'Ivoire	XOF	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 DFW	Texas, US	USD		100%
Transgroup Express, LLC	Washington, US	USD		100%
Transdomestic LAX, LLC	California, US	USD		100%
TRANS CLT, LLC	North Carolina, US	USD		100%
TRANS IAH, LLC	Texas, US	USD		100%
Translogic Technologies, LLC	Washington, US	USD		100%
TRANS-MIA, LLC	Florida, US	USD		61%
TRANS ATL, LLC	Georgia, US	USD		51%
Cargo Connections NC, LLC	North Carolina, US	USD		51%
CNA TRANS, LLC	Utah, US	USD		50%
Utah Specialized Transportation, LLC	Utah, US	USD		51%
TGLNCL, LLC	Florida, US	USD		51%
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 ocean, 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 containted in this report are comprised of the financial performance of Scan Bidco Group and Transgroup. The Scan Bidco Group includes the Scan Bidco A/S and all its Scan Global Logistics subsidiary companies.

The combined group provides worldwide services within the freight forwarding and logistic sector. The home market of Transgroup is the USA and Canada, whereas Scan Bidco Group has its origin in the Nordics and its own network in the Asia Pacific region.

On 11 June 2018, Transgroup Global Logistics Inc. acquired specific assets and liabilities of CommFirst (and their related entities), a Canadian based freight forwarding and logistics organization with three offices, in Toronto, Montreal and Vancouver. The acquired assets and liabilities were transferred into Transgroup Canada Logistics, Inc. a new subsidiary fully owned by Transgroup Global Logistics, Inc. Effective 2 July 2018, Scan Global Logistics Pty. Ltd. (Australia) acquired Australian based freight forwarder Kestrel Freight & Customs Pty Ltd. Effective 2 July, Scan Global Logistics A/S acquired 55% of Macca Logistics Sarl, Bamako, Mali, including operating offices in the ports of Dakar, Senegal and Abidjan, Cote d’Ivoire.

The total revenue in Q4 2018 was USD 258.6 million, which is an increase of 17% compared to Q4 2017.

Overall, Transgroup experienced 38% revenue growth in Q4 2018 versus Q4 2017, driven by increased sales in domestic traffic including new customer wins as well as the newly acquired business in Canada. The organic revenue growth in Q4 was 32%.

Transgroup gross profits improved by 30% in Q4 versus Q4 2017. Gross margins however decreased 0.7% due to larger customers with tighter margins plus increasing transportation costs. Furthermore, several growth initiatives including new stations and business development impacted SG&A overhead costs, which increased USD 2.7 million compared to Q4 2017. Hereof the Canada acquisition did have an impact of approx. USD 1.3 million.

Scan Bidco Group's revenue in Q4 2018 was USD 144 million, resulting in EBITDA of USD 4.3 million before special items, showing an improvement on a YoY basis compared to Q4 2017. Consolidated Q4 2018 revenue was on par with Q4 2017 in DKK, but a 4% increase in USD due to the exchange rates DKK/USD. Air and Sea business in the Nordics, Hong Kong, and Japan were strong drivers of the company's results. The acquired activities in Kestrel and Macca Logistics contributed USD 2.3 million to revenue in Q4. Scan Bidco Group restructured its Solution activities in Denmark, which had a negative impact on the overall revenue levels. The project activities in Q4 2018 produced increased gross profit, yet lower gross revenue, compared to last year. Further, the company ceased its co-loading activities in Malaysia which historically generated low profit margins.

Management's commentary

The total Q4 2018 gross profit was USD 39 million, which was a 24% increase over Q4 2017. EBITDA before special items was USD 9.3 million, which was an increase of 63% over Q4 2017.

Total SG&A costs were USD 29.5 million in Q4 2018 and mainly were comprised of salary related costs, travel, and rent. SG&A increased by USD 4 million versus Q4 2017 primarily due to the growth initiatives. The salary costs in Q4 are in line with Q4 2017 levels.

Amortisation of intangibles identified at acquisition was USD 2.2 million in Q4.

Special items of USD 4.8 million include acquisition costs as well as restructing costs incl. redundancy cost for personnel primarily related to our Solution business in Denmark and reorganisation in Sweden.

Net financial expenses amounted to USD 4.5 million in Q4 and were mainly comprised of interest on the bond debt.

Cash Flows

The operating cash flow for the full year was USD 4.2 million.

Working capital increased by USD 1.8 million since December 2017, primarily due to an increase in the accounts receivable at Transgroup as a consequence of increased sales activities.

The company made USD 9.4 million of investments in 2018. This included PP&E investments of USD 5 million as well as investments in Group entities, hereoff the Commfirst acquisition of USD 1.5 million and the Macca Logisitics Sarl of USD 0.8 million.

The total cash flow from financing activities comprised a dividend paid to non controlling interests in Transgroup at a value of USD 1.2 million as well as acquiring a non-controlling interest part in subsidiaries at a value of USD 0.9 million in TransGroup and 0.3 million in SGL Group. This was financed through the existing credit facilities. A capital increase of USD 15.9 million was made in December 2018 in order for the Scan Bidco Group to finance the acquisition of the IQS Group as of 2 January 2019.

Capital structure

The equity attributable to the Parent company was USD 157 million including the December 2018 capital increase of USD 15.9 million. The total equity ratio was 31.1% as per 31 December 2018.

By the end of December 2018 the total liquidity reserve was equal to USD 41.9 million.

Net interest bearing debt (NIBD)

Consolidated net interest bearing debt amounted to USD 184 million. The debt was raised for the acquisition of Transgroup, SGL Holding Group, the Airlog Group and Crosseurope in 2016 and 2017.

Business development

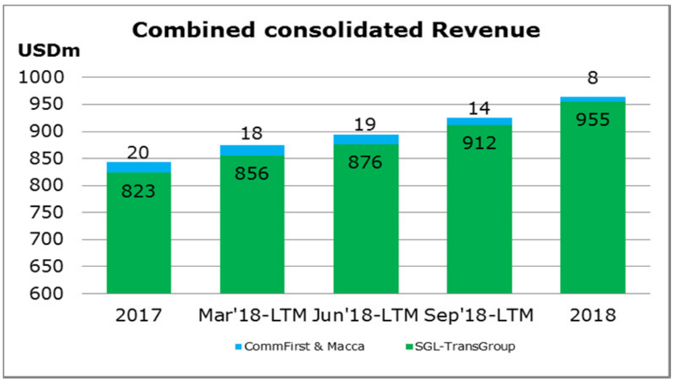
Pro forma figures

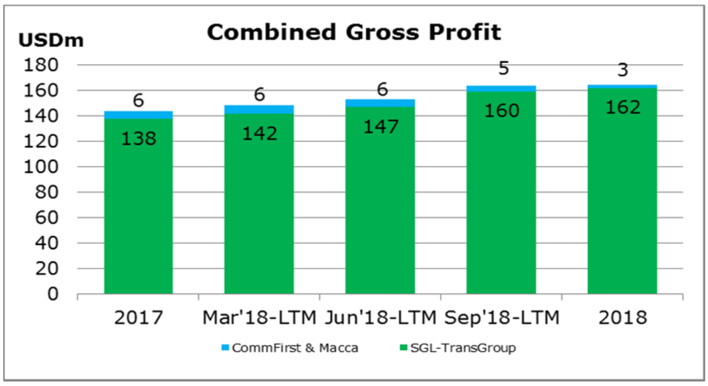
On a pro forma basis, if the acquisitions had been effective as of 1 July 2016, we would have seen the following development in the total operating group (excl. the holding companies). Pro forma adjustments include the acquisition of the Airlog Group and Crosseurope in 2017 as well as CommFirst, Canada in Q2 2018 and Macca Logistics Sarl in Q3.

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.



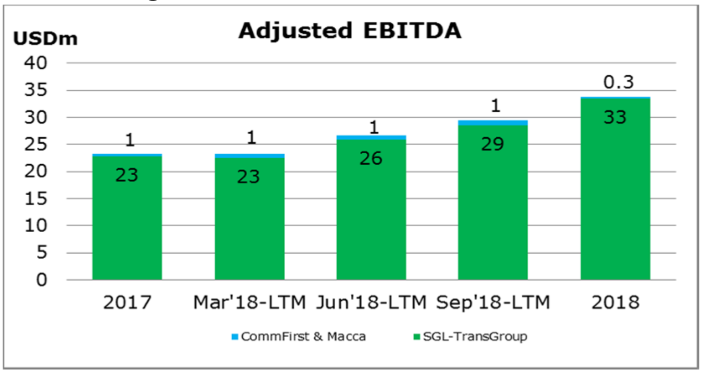


Note: The combined revenue is adjusted to show the net consolidated revenue.

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 the first half year as well as in Q4, but we have seen improvement in gross margins on the SGL side.

Please see page 5 for further comments to Q4 2018 specifically.

Pro forma figures



CommFirst and Macca performance did improve in Q4 2018 and included the consolidated SGL-Transgroup results.

2017 EBITDA trends were negatively impacted by the decreases in gross margin as well as negative leverage from SG&A. Furthermore, the growth initiatives in Transgroup in Q1 2018, including new stations and business development had a +10% impact on the SG&A overhead costs compared to Q1 2017.

On a pro forma basis incl. CommFirst and Macca the NIBD/EBITDA as per LTM Dec'18 was 5.5x.

Events after the balance sheet date

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 assets of new Bison LLC, in Philadelphia, PA. This company previously operated as a Transgroup independent contract station.

(USDt) Notes	Consolidated income statement for the period 1 January to 30 September	Group Q4 2018	Group Q4 2017	Group YTD 2018	Group YTD 2017
	Revenue	258,552	220,443	955,266	814,196
	Cost of operation	-219,790	-189,230	-809,571	-694,462
	Gross profit	**38,762**	**31,213**	**145,695**	**119,734**
	Other external expenses	-7,799	-4,494	-28,811	-21,946
	Staff costs	-21,676	-21,022	-85,716	-77,449
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**9,287**	**5,697**	**31,168**	**20,339**
	Depreciation of tangible assets	-573	-412	-1,969	-1,417
	Earnings before Interest, Tax, Amortisation and special items	**8,714**	**5,285**	**29,199**	**18,922**
	Amortisation of intangibles	-2,207	-2,448	-8,976	-9,242
	Operating profit before special items	**6,507**	**2,837**	**20,223**	**9,680**
	Special items	-4,806	-2,805	-6,949	-3,354
	Operating profit (EBIT)	**1,701**	**32**	**13,274**	**6,326**
	Financial income	696	469	318	554
	Financial expenses	-5,167	-3,736	-18,083	-15,638
	Loss before tax	**-2,770**	**-3,235**	**-4,491**	**-8,758**
	Tax on profit for the period	-2,457	2,662	-3,365	2,520
	Profit for the period	**-5,227**	**-573**	**-7,856**	**-6,238**
	Total income for the year attributable to				
	Owners of the parent	-5,286	-855	-9,379	-7,946
	Non-controlling interests	58	282	1,523	1,708
	Total	**-5,227**	**-573**	**-7,856**	**-6,238**

(USDt)	Consolidated statement of comprehensive income	Group Q4 2018	Group Q4 2017	Group YTD 2018	Group YTD 2017
	Profit for the period	-5,227	-573	-7,856	-6,238
	Items that will be reclassified to income statement when certain conditions are met:				
	Exchange rate adjustment	-3	-809	-4,463	9,970
	Other comprehensive income, net of tax	-3	-809	-4,463	9,970
	Total comprehensive income for the period	-5,230	-1,382	-12,319	3,732
	Total comprehensive income for the year attributable to				
	Owners of the parent	-5,288	-1,664	-13,842	2,024
	Non-controlling interests	58	282	1,523	1,708
	Total	**-5,230**	**-1,382**	**-12,319**	**3,732**

(USDt) Notes	Consolidated balance sheet	Group 31 Dec 2018	Group 31 Dec 2017
	ASSETS		
	Goodwill	225,448	223,903
	Customer relations	67,377	74,937
	Trademarks	17,597	19,403
	Other acquired intangible assets	782	914
	Software	6,532	5,580
	Intangible assets	**317,736**	**324,737**
	Property, plant and equipment	**5,226**	**2,654**
	Other receivables	1,506	1,573
	Deferred tax asset	738	7,787
	Financial assets	**2,244**	**9,360**
	Total non-current assets	**325,206**	**336,751**
	Trade receivables	142,509	149,268
	Income taxes receivable	471	293
	Receivables from Group entities	631	414
	Other receivables	4,935	3,789
	Prepayments	2,580	1,981
	Cash and cash equivalents	34,546	13,398
1	**Total current assets**	**185,672**	**169,143**
	Total assets	**510,878**	**505,894**

(USDt) Notes	Consolidated balance sheet	Group 31 Dec 2018	Group 31 Dec 2017
	EQUITY AND LIABILITIES		
	Partnership interest	185,752	169,804
	Currency translation reserve	810	5,316
	Retained earnings	-29,188	-19,062
	Equity attributable to parent company	**157,374**	**156,058**
	Non-controlling interests	1,743	-61
	Total Equity	**159,117**	**155,997**
2	Bond debt	192,366	196,053
	Earn-out provision	0	456
	Deferred rent	461	406
	Deferred tax liability	9,829	10,515
	Total non-current liabilities	**202,656**	**207,430**
1	Bank debt	23,108	11,073
	Earn-out provision	257	948
	Trade payables	101,062	105,382
	Deferred income	941	5,819
	Corporation tax	3,889	2,333
	Other payables	19,848	16,912
	Total current liabilities	**149,105**	**142,467**
	Total liabilities	**351,761**	**349,897**
	Total equity and liabilities	**510,878**	**505,894**

(USDt) Notes	Consolidated cash flow statement	Group YTD 2018	Group YTD 2017
	Operating profit (EBIT) before special items	20,223	9,680
	Depreciation, amortisation and impairment	10,945	10,659
	Exchange rate adjustments	-830	1,533
	Change in working capital	-1,789	-6,152
	Cash flows from operating activities before special items, interest & tax	**28,549**	**15,720**
	Special items	-5,212	-3,037
	Interest received	318	0
	Interest paid	-17,396	-14,994
	Tax paid	-2,097	-128
	Cash flows from operating activities	**4,162**	**-2,439**
	Purchase of software	-2,421	-955
	Purchase of property, plant and equipment	-2,596	-1,481
	Release of earn-out	-554	0
	Special items, transactions cost acquisitions	-1,106	-317
	Investments in Group entities	-2,740	-25,492
	Cash flows from investing activities	**-9,416**	**-28,246**
	Free cash flow	**-5,253**	**-30,685**
	Dividend paid to non-controlling interests	-1,233	-1,902
	Capital increase	15,948	11,313
	Purchase of non-controlling interest	-1,205	-1,706
	Long-term loan	280	0
	Repayment of loan from AEA	0	-71
	Cash flows from financing activities	**13,790**	**7,634**
	Change in cash and cash equivalents	**8,537**	**-23,051**
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	2,325	26,727
	Exchange rate adjustment of cash and cash equivalents	576	-1,656
	Change in cash and cash equivalents	8,537	-23,051
1	**Net Cash and cash equivalents at 31 December**	**11,438**	**2,020**

(USDt) Note	Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
	Equity at 1 January 2018	**169,804**	**5,316**	**-19,062**	**156,058**	**-61**	**155,997**
	Profit for the period	**0**	**0**	**-9,379**	**-9,379**	**1,523**	**-7,856**
	Currency exchange adjustment	0	-4,506	0	**-4,506**	42	**-4,463**
	Other comprehensive income, net of tax	**0**	**-4,506**	**0**	**-4,506**	**42**	**-4,463**
	Total comprehensive income for the period	**0**	**-4,506**	**-9,379**	**-13,885**	**1,565**	**-12,319**
	Purchase of non-controlling interests	0	0	-747	**-747**	1,472	**725**
	Dividend distributed	0	0	0	**0**	-1,233	**-1,233**
	Capital increase by cash payment	15,948	0	0	**15,948**	0	**15,948**
	Total transactions with owners	**15,948**	**0**	**-747**	**15,201**	**239**	**15,440**
	Equity at 31 December 2018	**185,752**	**810**	**-29,188**	**157,374**	**1,743**	**159,117**

(USDt)	Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
	Equity at 1 January 2017	**158,491**	**-4,669**	**-12,479**	**141,343**	**161**	**141,504**
	Change to opening	0	0	2,881	2,881	205	3,086
	Equity at 1 January 2017 (audited)	**158,491**	**-4,669**	**-9,598**	**144,224**	**366**	**144,590**
	Profit for the period	**0**	**0**	**-7,946**	**-7,946**	**1,708**	**-6,238**
	Currency exchange adjustment	0	9,985	0	**9,985**	-15	**9,970**
	Other comprehensive income, net of tax	**0**	**9,985**	**0**	**9,985**	**-15**	**9,970**
	Total comprehensive income for the period	**0**	**9,985**	**-7,946**	**2,039**	**1,693**	**3,732**
	Purchase of non-controlling interests	0	0	-1,518	**-1,518**	-218	**-1,736**
	Dividend distributed	0	0	0	**0**	-1,902	**-1,902**
	Capital increase by cash payment	11,313	0	0	**11,313**	0	**11,313**
	Total transactions with owners	**11,313**	**0**	**-1,518**	**9,795**	**-2,120**	**7,675**
	Equity at 31 December 2017	**169,804**	**5,316**	**-19,062**	**156,058**	**-61**	**155,997**

Note	(USD thousand)	Group
1	**Cash and Liquidity**	31.12.2018
	Cash and cash equivalents	34,546
	Bank debt	-23,108
	Net cash	**11,438**
	Credit facilities	30,497
	Liquidity reserve	**41,935**

The SGLT Holding II LP Group holds net bank liquidity of USD 11,438 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to USD 41,935 thousand.

Note	(USD thousand)	Group
2	**Bond debt**	31.12.2018
	Issued bonds, DKK trance DKK 625 million, interest rate 6.80%	95,868
	Issued bonds, USD trance USD 100 million, interest rate 7.70%	100,000
		195,868
	Capitalised loan costs	-3,502
	Total bond debt	**192,366**

	Cash flow*	Carrying amount
Bond debt falling due between 1 and 5 years (2022)	246,148	195,868
Total non-current financial liabilities	**246,148**	**195,868**
Total current financial liabilities	**14,219**	**0**

* 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 amortised 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 Bond was listed on the Nasdaq Stock Exchange in Stockholm in June 2017.

Note
3 **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.

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2017 Q4 report. The 2017 Q4 Report provides a full description of Group accounting policies.

Changes in accounting policies

The Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 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
IFRS 9 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. This revised approach has not resulted in any materially 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.

IFRS 15 Revenue from contracts with customers

IFRS 15 introduces a new framework for revenue recognition and measurement.

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

Note
3 **Accounting policies** (Continued)

New accounting regulations not yet in effect

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 2018 interim financial statements.

The most significant of these is IFRS 16 Leases which would be implemented 1 January 2019.

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 minor impact on the Group's financial statements, as off-balance operating leases will be capitalized and accounted for similar to our current finance lease accounting policies. Reported operating profit will increase, as operating lease expenses will be replaced by depreciation and 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 EBITDA impact (USD million)

	Increase + Decrease -	Change
Balance sheet - 2019 opening balance effect:	+	27 - 36
Earnings before Interest, Tax, Depreciation, Amortisation and special items (EBITDA)	+	10 - 13.5