AEA SGLT Holding II LP

(Formation date 2 August 2016)

Interim Financial Report

Second quarter 2018

Contents

Financial highlights for the Group	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Key figures (in USD thousands):				
Income statement				
Revenue	232,673	211,053	450,582	390,980
Gross profit	**35,115**	**30,612**	**68,992**	**58,550**
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**6,744**	**3,592**	**12,405**	**9,324**
Earnings before Interest, Tax, Amortisation (EBITA) and special items	**6,278**	**3,230**	**11,520**	**8,659**
Operating profit (EBIT) before special items	**4,150**	**648**	**7,251**	**3,530**
Special items	-36	-364	-551	-364
Operating profit (EBIT)	**4,114**	**284**	**6,700**	**3,166**
Net financial expenses	-4,188	-4,090	-8,300	-7,990
Profit/loss before tax	**-74**	**-3,806**	**-1,600**	**-4,824**
Profit/loss for the period	**-198**	**-2,884**	**-2,038**	**-4,125**
Cash flow				
Cash flows from operating activities before special items, interest and tax			**7,316**	**1,644**
Cash flows from operating activities			**-2,472**	**-7,750**
Investments in software			-170	-1,452
Investments in property, plant and equipment			-1,228	-719
Investments in Group entities			-1,474	-25,186
Cash flows from investing activities			**-3,532**	**-27,357**
Free Cash flow			**-6,003**	**-35,107**
Cash flows from financing activities			**-1,811**	**9,536**
Cash flow for the period			**-7,814**	**-25,571**
Financial position				
Total equity			150,340	154,615
Equity attributable to parent company			149,589	154,185
Net interest bearing debt (NIBD)			202,798	195,175
Total assets			502,989	478,822
Financial ratios in %				
Gross margin*	15.1	14.5	15.3	15.0
EBITDA margin*	2.9	1.7	2.8	2.4
EBIT margin*	1.8	0.3	1.6	0.9
Equity ratio			29.9	32.3

*before special items

Company details

Name	:	**AEA 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 AEA SGLT GP II ltd., its general partner	:	John Cozzi Alan Wilkinson Rachel Kumar Claes Brønsgaard Pedersen
Parent company of AEA SGLT Holding II LP	:	AEA SGLT Holding I LP, Cayman Islands
Ultimate owner	:	AEA 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 AEA SGLT Holding II LP Group

Company name		Country/state	Currency	Nominal capital	Economic ownership interest
AEA 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	500,500	100%
Scan Global Logistics Holding ApS*		Denmark	DKK	3,530,837	100%
Scan Global Logistics A/S		Denmark	DKK	1,902,647	100%
SGL Road ApS		Denmark	DKK	500,000	100%
SGL Road AB		Sweden	SEK	100,000	80%
ScanAm Global Logistics AB		Sweden	SEK	100,000	100%
Crosseurope AB		Sweden	SEK	100,000	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%
Pro Logistics i Helsingborg AB		Sweden	SEK	100,000	100%
AirLog Air Logistics AB		Sweden	SEK	100,000	100%
Airlog Group 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%

Legal entities in the AEA 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%
Transgroup DFW	Texas, US	USD		100%
TGLNCL, LLC	Florida, US	USD		51%
TransGroup Canada Logistics, Inc.	Canada	CAD		100%

*Holding companies.

Management's commentary

AEA SGLT Holding I LP

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

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

AEA 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 AEA 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.

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

Transgroup acquired a Canadian company, Commfirst, in June 2018, which had a minor impact on Q2 results. Please see page 6 for further comments.

The total revenue in Q2 2018 was USD 232.7 million, which is equal to an increase of 10% compared to Q2 2017.

Overall, Transgroup experienced 22% growth in revenues in Q2 2018 versus Q2 2017, driven by increased sales in domestic (+20%) as well as international traffic (+23%).

Transgroup experienced general pressure on its margins across the international and domestic market segments, averaging -2.8% points on the total gross margin compared to Q2 2017. Furthermore, several growth initiatives including new stations and business development impacted SG&A overhead costs, which increased 10% (USD 0.8 million) compared to Q2 2017; however, Transgroup SG&A is in line with Q1 2018 costs.

Scan Global Logistics Q2 2018 revenue increased YoY by 3% (in local currencies), which is equal to an organic growth of approximately 5%, excluding Airlog (for Jan/Feb 2017) and Crosseurope. The increase primarily comes from an increase in activity in the industrial project / ADP division, Road activities in Sweden as well as Air and Sea activities in China. The Gross margin has increased 1.1% points relative to LY, primarily driven by the activities in the Nordic region. The SG&A costs in Q2 are 1% lower than LY, mainly due to lower staff costs. When excluding the acquisitions of Airlog and Crosseurope, SG&A costs increased by approx. 3% to Q2 2017.

The total Q2 2018 gross profit was USD 35.1 million, which was a 15% increase over Q2 2017. EBITDA before special items was USD 6.7 million, which was an increase of 88% over Q2 2017.

Management's commentary

Total SG&A costs were USD 28.4 million in Q2 2018 and mainly were comprised of salary related costs, travel, and rent. SG&A increased by USD 1.3 million versus Q2 2017 due to the growth initiatives at Transgroup. The SG&A costs in Q2 are in line with the cost level in Q1 2018.

Amortisation of intangibles identified at acquisition was USD 2.1 million in Q2.

Net financial expenses amounted to USD 4.2 million in Q2 and were mainly comprised of interest on the bond debt.

The plan for the remainder of 2018 assumes continued positive development of revenues, gradually improving gross margins, realizing the full impact on SG&A improvements from the organizational changes made at SGL at the end of 2017, realizing further synergies according to plan from the acquisitions of Airlog and Crosseurope, and realizing the impact from the new growth initiatives at Transgroup (including the acquisition of CommFirst in Canada).

Cash Flows

The operating cash flow in the first half year was USD -2.5 million and was negatively affected by interest payments on the bond loans of USD 8.5 million.

Working capital increased by USD 5.4 million since December 2017, primarily due to an increase in the accounts receivable at Transgroup as a consequence of increased sales activities.

The total investments in the first half year 2018 were USD 3.5 million. This included PP&E investments of USD 1.2 million (which included assets taken over in Canada of USD 0.8 million) as well as investments in Group entities (the Commfirst acquisition) of USD 1.5 million.

The total cash flow from financing activities comprised a dividend paid to non controlling interests in Transgroup at a value of USD 0.9 million as well as Transgroup acquiring a non-controlling interest part in a subsidiary company at a value of USD 0.9 million. This was financed through the existing credit facilities.

Capital structure

The equity attributable to the Parent company was USD 150 million with an equity ratio of 29.9% as per 30 June 2018.

By the end of June 2018 the total liquidity reserve was equal to USD 23.2 million.

Net interest bearing debt (NIBD)

Consolidated net interest bearing debt amounted to USD 203 million. The debt mainly relates to the acquisition of Transgroup, SGL Holding Group, the Airlog Group and Crosseurope in 2016 and 2017.

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 Canadian offices in Toronto, Montreal and Vancouver. The acquired assets and liabilities were transferred into Transgroup Canada Logistics, Inc. a new and fully owned subsidiary of Transgroup Global Logistics, Inc.

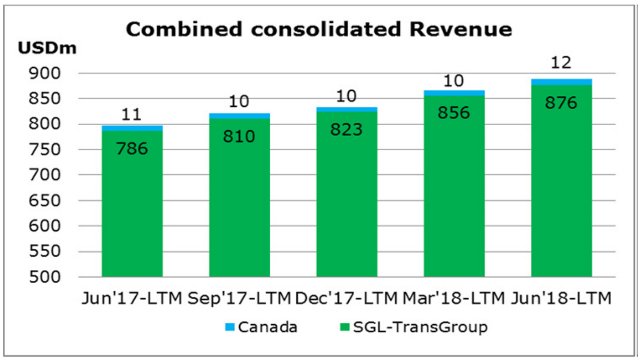
Management's commentary

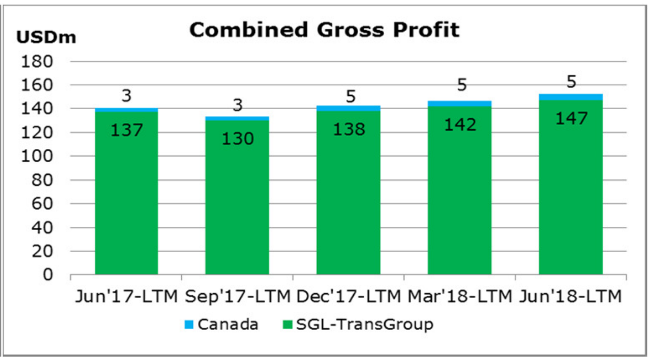
Business development

Pro forma figures

On a pro forma basis, if the acquisitions had been effective as from 1 July 2016, we would have seen the following development in the total operating group (excl. the holding companies). That includes the acquisition of the Airlog Group and Crosseurope in 2017 as well as Commfirst, Canada in Q2 2018.

The LTM financials reported since June 2017 are shown as a total including 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.

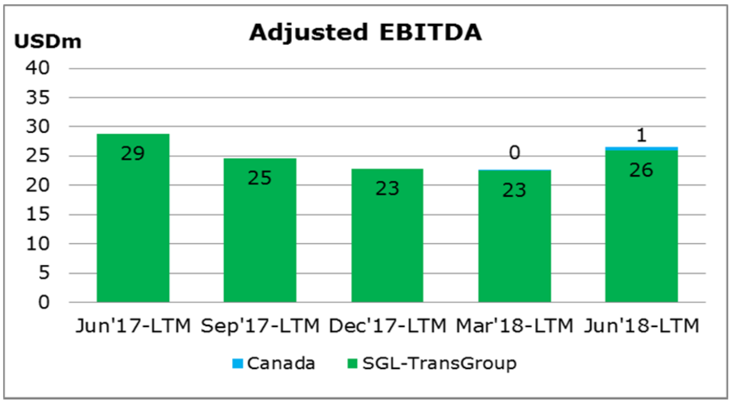
On a pro forma basis, the combined group has had positive development in revenue and gross profit over the last several quarters. Transgroup has experienced some pressure on gross margin in recent months, but we have seen improvement in gross margins on the SGL side in the first half of 2018.

Please see page 5 for further comments to Q2 2018 specifically.

Management's commentary

Business development (Cont'd)

Pro forma figures



Canada LTM 2017 EBITDA results (June, Sep, Dec 2017) are in the range of USD -1m to break-even.

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 Q2 2017.

On a pro forma basis incl. Airlog, Crosseurope and Canada the NIBD/EBITDA as per LTM Jun'18 was 7.7x.

Integration

As part of our strategy, we have started several work streams for global integration. These workstreams are focused on a combination of various back-office functions.

The integration processes are all tracking according to the expectations.

Consolidated income statement

(USDt) Notes	Consolidated income statement for the period 1 January to 30 June	Group Q2 2018	Group Q2 2017	Group YTD 2018	Group YTD 2017
	Revenue	232,673	211,053	450,582	390,980
	Cost of operation	-197,558	-180,441	-381,590	-332,430
	Gross profit	**35,115**	**30,612**	**68,992**	**58,550**
	Other external expenses	-7,409	-7,911	-14,271	-13,557
	Staff costs	-20,962	-19,109	-42,316	-35,669
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	**6,744**	**3,592**	**12,405**	**9,324**
	Depreciation of tangible assets	-466	-362	-885	-665
	Earnings before Interest, Tax, Amortisation and special items	**6,278**	**3,230**	**11,520**	**8,659**
	Amortisation of intangibles	-2,128	-2,582	-4,269	-5,129
	Operating profit before special items	**4,150**	**648**	**7,251**	**3,530**
	Special items	-36	-364	-551	-364
	Operating profit (EBIT)	**4,114**	**284**	**6,700**	**3,166**
	Financial income	370	29	430	52
	Financial expenses	-4,558	-4,119	-8,730	-8,042
	Loss before tax	**-74**	**-3,806**	**-1,600**	**-4,824**
	Tax on profit for the period	-124	922	-438	699
	Profit for the period	**-198**	**-2,884**	**-2,038**	**-4,125**
	Total income for the year attributable to				
	Owners of the parent	-977	-3,144	-3,029	-4,620
	Non-controlling interests	779	260	991	495
	Total	**-198**	**-2,884**	**-2,038**	**-4,125**

Consolidated statement of comprehensive income

(USDt)	Consolidated statement of comprehensive income	Group Q2 2018	Group Q2 2017	Group YTD 2018	Group YTD 2017
	Profit for the period	-198	-2,884	-2,038	-4,125
	Items that will be reclassified to income statement when certain conditions are met:				
	Exchange rate adjustment	-5,367	6,161	-2,698	7,667
	Other comprehensive income, net of tax	-5,367	6,161	-2,698	7,667
	Total comprehensive income for the period	-5,565	3,277	-4,736	3,542
	Total comprehensive income for the year attributable to				
	Owners of the parent	-6,344	3,017	-5,727	3,047
	Non-controlling interests	779	260	991	495
	Total	**-5,565**	**3,277**	**-4,736**	**3,542**

(USDt) Notes	Consolidated balance sheet	Group 30 Jun 2018	Group 30 Jun 2017	Group 31 Dec 2017
	ASSETS			
	Goodwill	221,984	224,920	223,903
	Customer relations	70,689	69,758	74,937
	Trademarks	18,493	18,814	19,403
	Other acquired intangible assets	848	0	914
	Software	4,998	5,314	5,580
	Intangible assets	**317,012**	**318,806**	**324,737**
	Property, plant and equipment	**4,078**	**2,217**	**2,654**
	Other receivables	1,541	1,703	1,573
	Deferred tax asset	7,408	1,581	7,787
	Financial assets	**8,949**	**3,284**	**9,360**
	Total non-current assets	**330,039**	**324,307**	**336,751**
	Trade receivables	153,174	133,570	149,268
	Income taxes receivable	479	437	293
	Receivables from Group entities	866	0	414
	Other receivables	2,634	10,388	3,789
	Prepayments	2,377	2,831	1,981
	Cash and cash equivalents	13,420	7,289	13,398
1	**Total current assets**	**172,950**	**154,515**	**169,143**
	Total assets	**502,989**	**478,822**	**505,894**

(USDt) Notes	Consolidated balance sheet	Group 30 Jun 2018	Group 30 Jun 2017	Group 31 Dec 2017
	EQUITY AND LIABILITIES			
	Partnership interest	169,804	169,804	169,804
	Currency translation reserve	2,623	2,998	5,316
	Retained earnings	-22,838	-18,617	-19,062
	Equity attributable to parent company	**149,589**	**154,185**	**156,058**
	Non-controlling interests	751	430	-61
	Total Equity	**150,340**	**154,615**	**155,997**
2	Bond debt	193,723	191,018	196,053
	Earn-out provision	0	1,795	456
	Deferred rent	509	514	406
	Deferred tax liability	9,820	11,383	10,515
	Total non-current liabilities	**204,052**	**204,710**	**207,430**
1	Bank debt	18,449	6,414	11,073
	Earn-out provision	805	0	948
	Trade payables	102,916	87,143	105,382
	Deferred income	3,374	4,212	5,819
	Corporation tax	1,968	1,382	2,333
	Other payables	21,085	20,346	16,912
	Total current liabilities	**148,597**	**119,497**	**142,467**
	Total liabilities	**352,649**	**324,207**	**349,897**
	Total equity and liabilities	**502,989**	**478,822**	**505,894**

Note	(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 2018	**169,804**	**5,316**	**-19,062**	**156,058**	**-61**	**155,997**
	Profit for the period	**0**	**0**	**-3,029**	**-3,029**	**991**	**-2,038**
	Currency exchange adjustment	0	-2,693	0	**-2,693**	-5	**-2,698**
	Other comprehensive income, net of tax	**0**	**-2,693**	**0**	**-2,693**	**-5**	**-2,698**
	Total comprehensive income for the period	**0**	**-2,693**	**-3,029**	**-5,722**	**986**	**-4,736**
	Purchase of non-controlling interests	0	0	-747	**-747**	747	**0**
	Dividend distributed	0	0	0	**0**	-920	**-920**
	Capital increase by cash payment	0	0	0	**0**	0	**0**
	Capital increase by contribution in kind	0	0	0	**0**	0	**0**
	Total transactions with owners	**0**	**0**	**-747**	**-747**	**-173**	**-920**
	Equity at 30 June 2018	**169,804**	**2,623**	**-22,838**	**149,589**	**751**	**150,340**

(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**
Profit for the period	**0**	**0**	**-4,620**	**-4,620**	**495**	**-4,125**
Currency exchange adjustment	0	7,667	0	**7,667**	-8	**7,659**
Other comprehensive income, net of tax	**0**	**7,667**	**0**	**7,667**	**-8**	**7,659**
Total comprehensive income for the period	**0**	**7,667**	**-4,620**	**3,047**	**487**	**3,534**
Purchase of non-controlling interests	0	0	-1,518	**-1,518**	-218	**-1,736**
Dividend distributed	0	0	0	**0**	0	**0**
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**	**-218**	**9,577**
Equity at 30 June 2017	**169,804**	**2,998**	**-18,617**	**154,185**	**430**	**154,615**

(USDt) Notes	Consolidated cash flow statement	Group YTD 2018	Group YTD 2017
	Operating profit (EBIT) before special items	7,251	3,530
	Depreciation, amortisation and impairment	5,154	5,794
	Exchange rate adjustments	363	6,657
	Change in working capital	-5,452	-14,337
	Cash flows from operating activities before special items, interest & tax	**7,316**	**1,644**
	Special items	-449	-364
	Interest received	430	52
	Interest paid	-8,463	-7,965
	Tax paid	-1,305	-1,116
	Cash flows from operating activities	**-2,472**	**-7,750**
	Purchase of software	-170	-1,452
	Purchase of property, plant and equipment	-1,228	-719
	Release of earn-out	-558	0
	Special items, transactions cost acquisitions	-102	0
	Investments in Group entities	-1,474	-25,186
	Cash flows from investing activities	**-3,532**	**-27,357**
	Free cash flow	**-6,003**	**-35,107**
	Dividend paid to non-controlling interests	-920	0
	Capital increase	0	11,313
	Purchase of non-controlling interest	-891	-1,706
	Repayment of loan from AEA	0	-71
	Cash flows from financing activities	**-1,811**	**9,536**
	Change in cash and cash equivalents	**-7,814**	**-25,571**
	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	460	-281
	Change in cash and cash equivalents	-7,814	-25,571
1	**Net Cash and cash equivalents at 30 June**	**-5,030**	**875**

Note	(USD thousand)	Group
1	**Cash and Liquidity**	30.06.2018
	Cash and cash equivalents	13,420
	Bank debt	-18,449
	Net cash	**-5,029**
	Credit facilities	28,181
	Liquidity reserve	**23,152**

The AEA SGLT Holding II LP Group holds net negative bank liquidity of USD 5,029 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to USD 23,152 thousand.

Note		30.06.2018
2	**Bond debt**	
	Issued bonds, DKK trance DKK 625 million, interest rate 6.80%	97,769
	Issued bonds, USD trance USD 100 million, interest rate 7.70%	100,000
		197,769
	Capitalised loan costs	-4,046
	Total bond debt	**193,723**

	Cash flow*	Carrying amount
Bond debt falling due between 1 and 5 years (2022)	255,163	197,769
Bond debt falling due after more than 5 years	0	0
Total non-current financial liabilities	**255,163**	**197,769**
Total current financial liabilities	**14,348**	**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.

Basis of measurement
The financial statements have been prepared on a historical cost basis unless otherwise specifically indicated, such as derivative financial instruments.

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, 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.

Note
3 Accounting policies (Continued)

Consolidation

The consolidated financial statements comprise the parent, AEA SGLT Holding II LP, and entities controlled by the parent and AEA 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.

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 acquisition 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'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.

Note

3 Accounting policies (Continued)

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 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 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.

Note
3 Accounting policies (Continued)

Materiality in financial reporting

When preparing the financial statements, 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 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 judgments 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.

Income statement

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.
Revenue from services, comprising air, sea and road freight forwarding is recognised by reference to the stage of completion, which is measured as time elapsed of total expected time to render the service for each contract.
Rent income from the Solutions activity (Warehousing) is recognised on a straight-line basis over the rent period.
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.

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.

Note
3 Accounting policies (Continued)

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

3 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 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 3-6.5 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
3 **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.

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.

Receivables

Receivables are measured at amortised cost.
Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired.
Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

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

Note
3 Accounting policies (Continued)

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.

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.

Note

3 Accounting policies (Continued)

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
3 **Accounting policies** (Continued)

Financial ratios

Definition of financial ratios:

Gross margin:
Gross profit / Revenue * 100

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

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

EBIT margin:
Operating profit / Revenue * 100

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

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