SGLT Holding I LP

Financial Report
2019

Contents

Financial highlights

(in USD thousands)	2019	2018
Income statement		
Revenue	1,074,254	955,266
Gross profit	181,152	145,695
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	52,185	31,110
Operating profit (EBIT) before special items	26,702	20,165
Special items, net	-6,377	-6,949
Net financial expenses	-32,271	-17,765
Profit/loss before tax	-11,946	-4,549
Profit/loss for the period	-12,447	-7,913
Income statement (Business performance)*		
Adjusted EBITDA	43,005	n/a
Cash flow		
Cash flows from operating activities before special items and interest	25,966	28,547
Cash flows from operating activities	-13,529	4,160
Investments in intangible assets	-5,124	-2,421
Investments in property, plant and equipment	-4,608	-2,596
Investments in Group entities	-17,803	-2,740
Cash flows from investing activities	-24,744	-9,416
Free Cash flow	-38,273	-5,255
Cash flows from financing activities	45,627	13,790
Cash flow for the period	7,354	8,535
Financial position		
Total equity	150,355	158,646
Equity attributable to parent company	147,368	156,903
Net interest bearing debt (NIBD)	267,544	185,556
Total assets	586,885	510,408
Financial ratios in %**		
Gross margin***	16.9	15.3
EBITDA margin***	4.9	3.3
EBIT margin***	2.5	2.1
Equity ratio	25.6	31.1

*Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items. Apart from this, there is no difference between business performance and IFRS results.

**For definition of financial ratios please see note 1 Accounting policies page 26.

***before special items

IFRS 16 leases was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

Company details

Name	:	**SGLT Holding I 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 details	:	Claes Brønsgaard Pedersen
Telephone		(+45) 32 48 00 00
Directors	:	Tom Gartland (Chairman) John Cozzi Alan Wilkinson Matthew Bowen Bates Rachel Kumar Gregory Vernoy Ronnie J. Lee Allan Melgaard Jørgen Jessen Henrik von Sydow
Bankers	:	Jyske Bank A/S JP Morgan Chase & Co.
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Dirch Passers Allé 36, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

Legal entities

Company name	Country/state	Currency	Nominal capital	Economic ownership interest
SGLT Holding I LP*	Cayman Islands	USD	0	100%
SGLT Holding II LP*	Cayman Islands	USD	0	100%
SGL TransGroup US Corp.* Please see page 4 for further details	Delaware	USD	1	100%
Scan (Jersey) Topco Limited*	Jersey	GBP	1	100%
Scan (UK) Midco Limited*	United Kingdom	GBP	1	100%
SGL TransGroup International A/S	Denmark	DKK	500,700	100%
Scan Global Logistics Holding ApS*	Denmark	DKK	3,530,839	100%
Scan Global Logistics A/S	Denmark	DKK	1,901,650	100%
SGL Express A/S	Denmark	DKK	500,000	100%
SGL Road ApS	Denmark	DKK	500,200	100%
SGL Road AB	Sweden	SEK	100,000	100%
Scan Global Logistics GmbH	Germany	EUR	25,000	100%
SGL E-Commerce A/S	Denmark	DKK	500,000	100%
Airlog Group Denmark A/S	Denmark	DKK	500,000	100%
Scan Global Logistics AB	Sweden	SEK	100,000	100%
Crosseurope AB	Sweden	SEK	100,000	100%
Crosseurope GmbH	Germany	EUR	25,000	100%
Scan Global Logistics GmbH**	Austria	EUR	35,000	100%
Scan Global Logistics N.V.	Belgium	EUR	61,500	100%
Scan Global Logistics B.V.	Netherlands	EUR	18,000	100%
Scan Global Logistics Spain S.L	Spain	EUR	60,000	100%
Airlog Group Holding AB*	Sweden	SEK	2,000,000	100%
Airlog Group Sweden AB	Sweden	SEK	2,000,000	100%
SGL Express AB	Sweden	SEK	1,000,000	100%
Airlog Group Fur OY	Finland	EUR	2,500	100%
Airlog Group AS	Norway	NOK	30,000	100%
Scan Global Logistics AS	Norway	NOK	150,000	100%
Scan Global Logistics (Finland) Oy	Finland	EUR	2,523	100%
Scan Global Logistics K.K.	Japan	JPY	15,000,000	100%
Scan Global Logistics (Shanghai) Co. Ltd.	China	USD	1,650,000	100%
Scan Global Logstics (Wuxi) Ltd.	China	CNY	5,000,000	100%
Scan Global Logistics Ltd.	Hong Kong	HKD	500,000	100%
Scan Global Logistics (Shanghai) Limited	China	CNY	3,000,000	100%
Scan Global Logistics Ltd. (Branch)	Taiwan			100%
Scan Global Logistics Ltd.	Thailand	THB	5,000,000	100%
Scan Global Logistics Ltd.	Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.	Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.	Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.	Philippines	PHP	4,000,000	40%
Scan Global Logistics Chile S.A.	Chile	CLP	179,872,000	100%
Scan Global Logistics Peru S.A.C.	Peru	PEN	1,000	100%
Scan Global Logistics (Vietnam) Ltd.	Vietnam	USD	100,000	75%
Scan Global Logistics Ltd.	Indonesia	IDR	252,015,000	100%
Scan Global Logistics Pte Ltd. (Singapore)	Singapore	SGD	100,000	100%
Scan Global Logistics SA	Mali	XOF	10,000,000	55%
Macca Logistics Sarl	Senegal	XOF	1,000,000	100%
Macca Logistics Sarl	Ivory Coast	XOF	1,000,000	100%
IQS Holding GmbH*	Germany	EUR	58,400	100%
IQS International Quality Service GmbH	Germany	EUR	26,100	100%
IQS Business Travel GmbH	Germany	EUR	25,000	100%
ENGINOX GmbH	Germany	EUR	25,000	100%
Aircargo Consulting GmbH	Germany	EUR	25,000	100%
IQS Logistic Consulting Corp.	USA	USD	100	100%
Global Automotive Testing Support GmbH	Germany	EUR	25,000	100%
Global Aviation Management Services FZE	Dubai	AED	1,000,000	100%

Legal entities

Company name	Country/state	Currency	Nominal capital	Economic ownership interest
SGL TransGroup US Corp.*	Delaware	USD	1	100%
Transgroup Global Inc.	Delaware	USD	1	100%
TransLAX, LLC	USA	USD		50%
Transfair North America International Freight Services, LLC	Washington, US	USD		100%
ICO SFO, LLC	USA	USD		50%
ORD ICO, LLC	Illinois, US	USD		100%
TRANS BOS	Massachusetts, U!	USD		100%
TRANS ICO, LLC	Washington, US	USD		50%
Trans MCO	Florida, US	USD		51%
TGLPHL, LLC	Pennsylvania, US	USD		100%
Transgroup Express, LLC	Washington, US	USD		100%
Transdomestic LAX, LLC	California, US	USD		100%
TRANS CLT, LLC	North Carolina, U!	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, U!	USD		51%
CNA TRANS, LLC	Utah, US	USD		50%
Utah Specialized Transportation, LLC	Utah, US	USD		51%
Transgroup DFW	Texas, US	USD		100%
TGLNCL, LLC	Florida, US	USD		51%
New Bison, LLC	Washington, US	USD		60%
MDX Global Logistics, LLC	Washington, US	USD		100%
TransGroup Canada Logistics, Inc.	Canada	CAD		100%

*Holding companies.
**PNAR Holding T.Two GmbH changed name 13/2 2020 to Scan Global Logistics GmbH

Management's review

SGLT Holding I LP

SGLT Holding I LP (the Group) 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 TransGroup International A/S (SGL Group).

The Group's business model

The Group's 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, primarily in the Nordic and North American region. Both SGL Group and TransGroup primarily provides services to its customers via a network of owned offices supported by a close partnership with key agents worldwide.

The Group's financial review

The figures contained in this report comprise the financial performance of SGL Group and TransGroup.

The Group has implemented IFRS 16 accounting standard (leases) effective 1 January 2019, which had an impact on the financial statements and key ratios, as most contracts on leased equipment and locations previously classified as operating leases have now been capitalised. No figures prior to 1 January 2019, throughout the report, have been restated.

Results for the period

2019 consolidated financial statements include the operating results of SGL Group and TransGroup, including the results of Kestrel and Macca Logistics Sarl, both of which were acquired in Q3 2018 as well as IQS Group (acquired 2 January 2019), New Bison LLC (acquired 2 January 2019), BK Spedition GmbH (acquired 2 May 2019) and Scan Global Logistics Spain S.L. (acquired 25 November 2019).

Revenue

Full year 2019 revenue amounted to USD 1,074 million, equivalent to an increase of 12% despite negative impact by USD 35 million due to FX translation.

The revenue included in the consolidated income statement since 2 January 2019 contributed by acquired businesses was USD 76 million, and the acquired businesses also contributed a profit after tax of USD 3 million over the same period.

A rapidly growing and profitable Parcel and Express Division is adding to growth this year. Combined with the newly acquired unit IC Logistics from IC Company (acquired 30 June 2019), this will establish a strong platform for E-commerce fulfilment services within the Group.

The total 2019 organic growth amounts to 5% in revenue (excluding IFRS 16) before special items in comparison to 2018. Air, Ocean and Road segments were all strong drivers of the organic growth, mainly driven by the Nordic, North America and Greater China; however, partly offset by the Solution segment due to restructuring activities within the Danish Solutions business.

Gross profit
In 2019, the gross profit amounted to USD 181 million, corresponding to a gross margin of 16.9% which is a 1.6 percentage points increase compared to 2018 (hereof 0.6 percentage points was a result of the change per IFRS 16). The gross margin increase is derived from increased US domestic activities together with increased Ocean and Road activities in the Nordic region as well as by Road activities derived from acquired businesses relative to 2018.

SG&A costs
SG&A costs recognised in the income statement amounted to USD 129 million in 2019, equivalent to an increase of 12.6% compared to 2018. The increase is mainly influenced by the Group acquisitions, comprising an increase of USD 14 million in SG&A cost compared to 2018, and several TransGroup growth initiatives including new stations and business developments; however, the increase is partly offset by IFRS 16 as lease costs are now recognised as Right-of-use assets on the balance sheet and depreciated subsequently.

For the full year 2019 the SG&A costs comprise approx. 12% of revenue.

EBITDA before special items
EBITDA before special items amounted to USD 52 million in 2019, equivalent to an EBITDA margin of 4.9%; an increase of 1.6 percentage point primarily due to a mix of improved gross margins on existing business, acquisitions made in 2019, and accounting for IFRS 16.

EBITDA before special items excluding the IFRS 16 adjustment showed an increase of USD 7 million (approx. 23% improvement compared to full year 2018).

The total 2019 organic growth amounts to 5% in EBITDA (excluding IFRS 16) before special items in comparison to 2018.

Depreciation and amortisation
Depreciation and amortisation amounted to USD 25 million in 2019, compared to USD 11 million in 2018. This increase is explained by IFRS 16 depreciations combined with increased amortisation of the identifiable assets (trademarks, customer relations and other intangible assets) from acquired businesses.

Special items
Special items, costs of USD 6 million in 2019 relate to transaction costs in connection with acquisitions in TransGroup and SGL Group as well restructuring activities within the Danish Solutions business, other restructuring costs (redundancy cost for personnel and closing of offices) and start-up costs related to new businesses.

Financial items
Net financial expenses of USD 32 million in 2019 mainly comprising interest expenses on the bond debt (both old and new bonds), including capitalised loan costs recognised in the income statement related to the redemption of the bonds, as well as an impact of IFRS 16 interest expenses.

Cash flows

For the full year 2019 the accumulated cash flow from operating activities before special items, interests and tax was positive USD 26 million, driven by improved EBITDA, however negatively influenced by working capital movements and adjustments for non-cash transactions. The negative working capital movement is a result of a combined increase in receivables (higher activities), creditor payments including special project payments as well as the impact of the acquisitions as the company has continued to grow.

The redemption of the old bond debt led to additional financial costs paid.

CAPEX for the full year amounts to USD 10 million and comprised mainly developments and investments in software and IT equipment. Investments in software are partially driven by IT system upgrades which will help ensure the company has the appropriate infrastructure to position the business for continued long-term growth.

Cash outflow from acquisitions including transaction costs amounted to USD 18 million. The property acquired as a part of the IQS Group transaction has since been sold on a sale and leaseback transaction with a net positive cash impact of USD 4 million.

Cash flow from financing activities mainly included redemption of bonds and issue of bonds; refer to further information below. The cash flow from financing activities was positively impacted by captial injections of USD 8 million. Furthermore, cash flow from financing activities included dividend paid to non-controlling interests in TransGroup at a value of USD 2 million, redemption of the lease liabilities (IFRS 16) of USD 14 million, and redemption of debt taken over in acquisitions amounting to USD 1 million.

Capital structure

The total equity was USD 150 million with an equity ratio of 25.6% as at 31 December 2019. The equity ratio excluding the impact of IFRS 16 was 27.6% and declined by 3.5 percentage points compared to 31 December 2018, driven by higher financial expenses as part of the refinancing of the bond and additional assets coming from acquisitions.

The Group's issued bonds, ISIN NO0010768062 and NO0010768070, in an aggregate amount of approximately USD 191 million, were delisted 25 November 2019. 4 November 2019 SGL TransGroup International A/S issued new EUR 215 million senior secured callable floating rate bonds due 4 November 2024.

The Group has successfully carried out a subsequent issue of bonds in an amount of EUR 8 million under the framework of its outstanding bond loan (ISIN: SE0013101219). The subsequent bond issue was priced at 100% of the nominal amount. Following the subsequent issue, the total amount outstanding under the Group’s bond loan is EUR 223 million. The total bond loan is listed on Nasdaq Stockholm and Frankfurt Stock Exchange Open Market respectively.

In order to support future growth captial increases totalling USD 8 million were carried out during 2019.

Net interest-bearing debt (NIBD)

Consolidated net interest bearing debt amounted to USD 268 million as at 31 December 2019. Hereof USD 37 million has been added in lease liabilities according to IFRS 16. The debt is mainly due to refinancing of the bond, subsequent bond issue, and acquisitions made. The total liquidity reserve was USD 71 million by end of December 2019 (2018: USD 42 million); driven by repayment of bank debt from the issue of new bonds together with increased credit facilities.

Acquisitions in 2019

Effective as of 2 January 2019 the Group acquired 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group). The acquisition was financed partly by a capital increase of DKK 104 million and partly by the present capital resources.

Effective as of 2 January 2019, TransGroup acquired 60% ownership of New Bison LLC, in Philadelphia, PA. This company previously operated as an independent TransGroup contract station.

Effective as of 2 May 2019 the Group acquired the German road transport company BK Spedition GmbH. The acquisition of BK Spedition was financed by available cash.

The Group has launched SGL E-commerce, which offers a global fulfillment solution allowing customers to integrate with top online marketplaces and web shops worldwide through a cloud-based platform. These activities are managed through a new subsidiary company, SGL E-Commerce A/S, which has acquired one of Scandinavian leading fashion fulfillment operations, the Denmark based, IC Logistics (part of IC Group A/S). Final close was 30 June 2019.

Effective as of 25 November 2019 the Group acquired 100% ownership of Scan Global Logistics Spain S.L. The acquisition strengthens the Group’s position in the fashion industry.

The revenue included in the consolidated income statement since 2 January 2019 contributed by acquired businesses was USD 76 million, and the acquired businesses also contributed a profit after tax of USD 3 million over the same period. Refer to note 3 for further information.

Events after the balance sheet date

Acquisition of activities in Scan Global logistics Co. Ltd. (Cambodia)

Effective 1 January 2020, the Group acquired activities in the Cambodian based freight forwarder Scan Global Logistics Co., Ltd. (Cambodia). Previously the Cambodian company has acted as an agent for the Group.

The acquisition price for the Cambodian activities is approximately DKK 5.5 million, corresponding to USD 0.8 million.

Acquisition of Pioneer International Logistics

The Group has through its wholly owned subsidiary, Scan Global Logistics PTY (a subsidiary of Scan Global Logistics A/S), entered into an agreement for the acquisitions of Pioneer International Logistics, an Australian freight forwarding company. With the acquisition the Group will be able to serve the Australian and Pacific customers even better, and the existing customers of Pioneer International Logistics gain access to a full-fledged international solution including added expertise, technology, network, and e-commerce platform.

The acquisition price for Pioneer International Logistics is AUD 12.7 million, financed through subsequent bond issue.

Closing was 15 January 2020, from which date Pioneer International Logistics is consolidated in the Group's financials.

COVID 19 virus
The Group finished 2019 strong and above previous expectations with a great momentum driven both organically and externally. In 2020 the outbreak of the COVID-19 virus boding a negative impact on our global growth momentum. The global economy remains uncertain due to the COVID-19 virus, currently impacting growth negatively in the industry in the short term.

In such an environment the Group remains committed to finding new ways to make the world a little less complicated. The strength of the entrepreneurial business model and the breadth and diversity of the customers and partners combined with the financial structure and M&A track record will allow the Group to capitalise on growth opportunities where they exist.

The Group entered 2020 with good momentum in our acquisition strategy, giving reason for cautious optimism. Having delivered beyond expectations in 2019, the Group expects to continue improving and growing the underlying business in 2020, seeing a positive influence by the acquisitions made in 2019 in combination with the acquisition of Pioneer in the beginning of 2020. However, financial performance is expected to be restricted by the macroeconomic development as a consequence of the COVID-19 pandemic virus.

The Group continues to monitor the macroeconomic and geopolitical factors involving the US, China and EU as global trade continues to be negatively impacted by the COVID-19 virus.

At the publication of this Financial report more and more countries continue to implement and/or keep strict measures to mitigate further spread of COVID-19 virus, disrupting the Group activities, including disruptions on Airfreight due to the majority of airlines ceasing operation of passenger aircrafts, and thereby limiting belly cargo capacity. In isolated cases, the Group also experiences disruptions on Ocean freight and Road freight, but overall not to the extent as seen on Airfreight.

With China continuing to recover and getting closer to full operating capacity, the Group now sees an intensified situation in the US making its appearance with significant disruptions on the airfreight, ocean freight and domestic transportation in the US.

The risk of an escalating trade war between the USA and China is still present, potentially impacted by shifting power dynamics in the US political system leading up to the presidential election in November. However, Management assumes no major shifts in the overall level of trade barriers.

As a result of the current situation the Group experiences a very volatile market environment in terms of rate development, with the situation on some transport modes (especially Airfreight) changing by the hour as a result of the COVID-19 virus situation, as capacity becomes available or removed. In other cases the Group sees an implementation of specific surcharges with this being apparent on Road freight in Europe and on Ocean freight specifically for exports to Asia and US excluding Europe.

In maintaining an entrepreneurial business model with an agile operational set-up, the Group is to a large extent able to pass on any extra charges and rate increases.

Risk factors

Commercial risks
The fluctuations in freight rates caused by a change in supply/demand on key trade lines could represent the most significant short-term operating risk, as carrier cost is the largest single cost item for the Group. Therefore, contracts with carriers constantly need to be balanced against customer contracts. The industry is characterised by short-term agreements, eliminating a large part of the risk.

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

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

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

Risks relating to the Group's operations in emerging markets
The Group has operations and customers worldwide, including in a number of emerging markets. These markets are subject to greater political, economic and social uncertainties than countries with more developed institutional structures, and the risk of loss resulting from changes in law, economic or social upheaval and other factors may be substantial. Among the more significant risks of operating and investing in emerging markets are those arising from the introduction of trade restrictions, enforcement of foreign exchange restrictions and changes in tax laws and enforcement mechanisms.

The Group has taken out liability insurance to meet any loss resulting from damage on customers goods, errors and omissions.

Internal control and risk management systems in relation to financial reporting
The Board of Directors have the overall responsibility for risk management and internal controls in relation to financial reporting.

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

The Management regularly assesses the Group’s organisational structure and staffing and establishes and approves overall policies, procedures and controls in relation to financial reporting.

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

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

The Board has established a formal group reporting process, which includes monthly reporting, with budget control, assessment of performance and fulfillment of agreed targets etc.

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

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

The Group’s risk management, including internal controls in relation to the financial reporting, is designed to effectively minimise the risk of errors and lack of information.

Knowledge resources

The Group aims to further strengthen its strong market position in the company´s core markets, expand globally and remain one of the world's leading suppliers to global aid and development organisations. Due to the Group's highly customer-focused approach, it is essential to secure a high level of continuity with respect to customer-specific knowhow through retention of key staff and training of new employees.

Impact on the external environment

The Group is environmentally conscious and is making an ongoing effort to reduce the environmental impact from its operations, focusing also on being able to contribute positively to customers' green accounts. Therefore, environmental issues are a natural and integral part of the Group's management system, and the Group has developed an environmental management system that meets the requirements of DS/EN ISO9001 and ISO14001.

As freight forwarders, we are a service provider and we accommodate our customers' wishes in regard to how they want their transportation done. We do, however, facilitate information to our customers on, e.g., CO2 emissions on the particular transport. We encourage our hauliers to think and act with the environment in mind.

(USDk)

Notes	Consolidated income statement for 1 January - 31 December	2019	2018
	Revenue	1,074,254	955,266
	Cost of operation	-893,102	-809,571
	Gross profit	**181,152**	**145,695**
	Other external expenses	-26,883	-28,869
	Staff costs	-102,084	-85,716
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**52,185**	**31,110**
	Depreciation of tangible assets and lease assets	-14,816	-1,969
	Amortisation of intangibles	-10,667	-8,976
	Operating profit (EBIT) before special items	**26,702**	**20,165**
	Special items, net	-6,377	-6,949
	Operating profit (EBIT)	**20,325**	**13,216**
	Financial income	2,568	318
	Financial expenses	-34,839	-18,083
	Loss before tax	**-11,946**	**-4,549**
	Tax on profit for the period	-501	-3,364
	Loss for the period	**-12,447**	**-7,913**
	Total income for the year attributable to		
	Owners of the parent	-14,724	-9,436
	Non-controlling interests	2,277	1,523
	Total	**-12,447**	**-7,913**

(USDk)

Consolidated statement of other comprehensive income	2019	2018
Profit for the period	-12,447	-7,913
Items that will be reclassified to income statement when certain conditions are met:		
Exchange rate adjustment	-3,233	-4,506
Other comprehensive income, net of tax	-3,233	-4,506
Total comprehensive income for the period	-15,680	-12,419
Total comprehensive income for the year attributable to		
Owners of the parent	-17,951	-13,942
Non-controlling interests	2,271	1,523
Total	**-15,680**	**-12,419**

IFRS 16 leases was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

(USDk) Notes	Consolidated balance sheet	2019	2018
	ASSETS		
	Software	10,563	6,532
	Customer relations	71,395	67,377
	Trademarks	16,819	17,597
	Other acquired intangible assets	994	782
	Goodwill	230,597	225,448
	Intangible assets	**330,368**	**317,736**
	Right of use assets	35,470	0
	Property, plant and equipment	10,298	5,226
	Property, plant and equipment	**45,768**	**5,226**
	Other receivables	1,912	1,506
	Deferred tax asset	1,263	738
	Financial assets	**3,175**	**2,244**
	Total non-current assets	**379,311**	**325,206**
	Trade receivables	159,910	142,509
	Income taxes receivable	476	471
	Receivables from Group entities	0	161
	Receivables from related parties	7,783	0
	Other receivables	4,223	4,935
	Prepayments	2,853	2,580
	Cash and cash equivalents	32,329	34,546
	Total current assets	**207,574**	**185,202**
	Total assets	**586,885**	**510,408**

IFRS 16 leases was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

(USDk) Notes	Consolidated balance sheet	2019	2018
	EQUITY AND LIABILITIES		
	Partnership interest	194,168	185,752
	Currency translation reserve	-2,417	810
	Retained earnings	-44,383	-29,659
	Equity attributable to parent company	**147,368**	**156,903**
	Non-controlling interests	2,987	1,743
	Total Equity	**150,355**	**158,646**
2	Bond debt	242,939	192,366
	Lease liabilities	22,168	0
	Deferred rent	0	461
	Accrued earn-out	915	257
	Deferred tax liability	10,387	9,829
	Other payables	982	0
	Total non-current liabilities	**277,391**	**202,913**
	Bank debt	13,183	23,108
	Lease liabilities	15,006	0
	Accrued earn-out	544	0
	Trade payables	99,107	101,062
	Deferred income	6,301	941
	Corporation tax	4,067	3,889
	Other payables	20,931	19,849
	Total current liabilities	**159,139**	**148,849**
	Total liabilities	**436,530**	**351,762**
	Total equity and liabilities	**586,885**	**510,408**

IFRS 16 leases was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

(USDk) Notes	Consolidated cash flow statement	2019	2018
	Operating profit (EBIT) before special items	26,702	20,165
	Depreciation, amortisation and impairment	25,483	10,945
	Non-cash transactions	-12,317	0
	Exchange rate adjustments	1,495	-830
	Change in working capital	-15,397	-1,732
	Cash flows from operating activities before special items and interest	**25,966**	**28,547**
	Special items	-3,236	-5,212
	Interest received	876	318
	Interest paid	-34,839	-17,396
	Tax paid	-2,296	-2,097
	Cash flows from operating activities	**-13,529**	**4,160**
	Purchase of software	-5,124	-2,421
	Purchase of property, plant and equipment	-4,608	-2,596
	Sale of property, plant and equipment	3,794	0
	Earn-out paid	-751	-554
	Special items, transactions cost acquitions	-252	-1,106
	Investments in Group entities	-17,803	-2,740
	Cash flows from investing activities	**-24,744**	**-9,416**
	Free cash flow	**-38,273**	**-5,255**
	Dividend paid to non-controlling interests	-1,600	-1,233
	Capital increase	8,416	15,948
	Purchase of non-controlling interest	0	-1,205
	Long-term loan	0	280
	Proceeds from issuing of bonds	249,564	0
	Redemption of bond loan	-195,527	0
	Redemption of lease liabilities	-14,013	0
	Redemption of acquisition debt	-1,213	0
	Cash flows from financing activities	**45,627**	**13,790**
	Change in cash and cash equivalents	**7,354**	**8,535**
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	11,438	2,327
	Exchange rate adjustment of cash and cash equivalents	354	576
	Change in cash and cash equivalents	7,354	8,535
	Net Cash and cash equivalents	**19,146**	**11,438**

IFRS 16 leases was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

(USDk) 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 2019	**185,752**	**810**	**-29,659**	**156,903**	**1,743**	**158,646**
Profit for the period	**0**	**0**	**-14,724**	**-14,724**	**2,277**	**-12,447**
Currency exchange adjustment	0	-3,227	0	**-3,227**	-6	**-3,233**
Other comprehensive income, net of tax	**0**	**-3,227**	**0**	**-3,227**	**-6**	**-3,233**
Total comprehensive income for the period	**0**	**-3,227**	**-14,724**	**-17,951**	**2,271**	**-15,680**
Purchase of non-controlling interests	0	0	0	**0**	573	**573**
Dividend distributed	0	0	0	**0**	-1,600	**-1,600**
Capital increase	8,416	0	0	**8,416**	0	**8,416**
Total transactions with owners	**8,416**	**0**	**0**	**8,416**	**-1,027**	**7,389**
Equity at 31 December 2019	**194,168**	**-2,417**	**-44,383**	**147,368**	**2,987**	**150,355**

(USDk) 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**	**-19,476**	**155,644**	**-61**	**155,583**
Profit for the period	**0**	**0**	**-9,436**	**-9,436**	**1,523**	**-7,913**
Currency exchange adjustment	0	-4,506	0	**-4,506**	42	**-4,464**
Other comprehensive income, net of tax	**0**	**-4,506**	**0**	**-4,506**	**42**	**-4,464**
Total comprehensive income for the period	**0**	**-4,506**	**-9,436**	**-13,942**	**1,565**	**-12,377**
Purchase of non-controlling interests	0	0	-747	**-747**	1,472	**725**
Dividend distributed	0	0	0	**0**	-1,233	**-1,233**
Capital increase	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**	**-29,659**	**156,903**	**1,743**	**158,646**

IFRS 16 leases was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

Accounting policies

Note
1 Accounting policies

Basis of preparation
The Financial Report, 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 according to investor agreement, which includes requirement of a 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, such as derivative financial instruments and acquisition opening balances, which are measured at fair value.

New accounting regulation

The Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2019 as adopted by the European Union, IFRIC 23 and IFRS 16.

IFRIC 23 Uncertainty over income tax treatments
IFRIC 23 is an interpretation which clarifies the accounting for uncertainties in income taxes as part of the application of IAS 12. The interpretation specifically addresses whether an entitiy considers each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of uncertainty will be followed, and uncertain tax positions are measured at the most likely outcome method.

The Group has apllied the interpretation from its effective date 1 January 2019. The interpretation has not had a significant impact to the balance sheet nor financial ratios.

IFRS 16 Leasing

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 relates to buildings, cars, trucks and other assets used for freight forwarding services.

Accounting policies

Note

1 Accounting policies (Continued)

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

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

Impact on the financial statements as of 1 January 2019

On implementation of IFRS 16, the Group has recognised a lease liability and a corresponding right-of-use asset (previously classified as off-balance operating leases under IAS 17) of USD 32 million. Impact on equity is DKK 0 thousand. Comparative figures are not restated.

Reported operation profits have increased by USD 14 million, as previous operating lease expenses have been replaced by depreciations and interest expenses. However, the impact on profit for the period is neutral over time, but a timing effect does occure due to frontloading of interest expences.

Reported cash flow from operating activities have increased by USD 14 million but is offset by an increased cash outflow from financing activities. Accordingly, the toal cash flow for the period is unchanged.

New accounting regulations not yet adopted

The IASB has issued a number of new standards and amendments not yet in effect and therefore not relevant for the preparation of the 2019 consolidated financial statements. The Group expects to implement these standards when they take effect.

IASB has issued new or amended accounting standards, which become effective after 31 December 2019. The following amendments are relevant for the Group, but none of these are expected to have a significant impact on the financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards (issued 2018, effective date 1 January 2020)
- Amendments to IFRS 3, Business Combinations (issued 2018, effective date 1 January 2020)
- Amendments to IAS 1 and IAS 8, Definition of Material (issued 2018, effective date 1 January 2020)
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued 2019, effective date 1 January 2020)
- Amendments to IAS 1, Classification of Liabilities as Current or Non-Current (issued 23 January 2020, effective date 1 January 2022)

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.

Note

1 Accounting policies (Continued)

Significant judgement in determining the lease term of contracts with renewal options (IFRS 16)
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Consolidation

The consolidated financial statements comprise the parent, SGLT Holding I 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.

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's net assets.

Accounting policies

Note

1 Accounting policies (Continued)

Consolidation (continued)

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 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

1 **Accounting policies** (Continued)

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.

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, Ocean, 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.

Ocean services

Ocean services comprise Ocean freight logistics facilitating transportation of goods across the globe. Ocean services are reported within the Air & Ocean reporting segment. Ocean 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

Solution services

Rent income from the Solution activity mainly comprise warehousing. Solution 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.

Note

1 **Accounting policies** (Continued)

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.

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.

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

Note

1 Accounting policies (Continued)

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 are amortised over 5-13 years.

Trademarks and other intangible assets

Trademarks and other intangible assets arising from business combinations is recognised at fair value at acquisition.
Trademarks and other intangible assets arising from acquisition are amortised over 3 - 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.

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

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 policies

Note

1 Accounting policies (Continued)

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

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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a 12-months expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

Note

1 Accounting policies (Continued)

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.

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.

Accounting policies

Note

1 **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.

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.

Financial ratios

Key figures and ratios are disclosed in accordance with ‘Recommendations & Ratios’ published by the Danish Finance Society. Financial ratios are calculated in accordance to the following definitions:

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.

Note (USDk)

2 Bond debt

		2019	2018
Issued bonds, DKK tranche DKK 625 million, interest rate 6.80%		0	95,868
Issued bonds, USD tranche USD 100 million, interest rate 7.70%		0	100,000
Issued bonds, EUR 223 million, interest rate 6.75%		249,516	0
		249,516	**195,868**
Capitalised loan costs		-6,577	-3,502
Total bond debt		**242,939**	**192,366**
	Cash flow*	**Carrying amount**	**Carrying amount**
Bond debt falling due between 1 and 5 years (2022)	332,324	249,516	195,868
Total non-current financial liabilities	**332,324**	**249,516**	**195,868**
Total current financial liabilities	**16,842**	**0**	**0**

* Total cash flows including interest.

Redemption of bond debt in advance

22 October 2019 SGL TransGroup International A/S announced that the Bonds will be redeemed in advance. The redemption date was executed 25 November 2019.

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

The Group's obligation to redeem the Bonds on the redemption date was conditional upon the Group, prior to the redemption date, fulfilling the conditions precedent for disbursement of the net proceeds from the up to EUR 315,000,000 senior secured floating rate bonds 2019/2024 (ISIN: SE0013101219), which are to be applied towards, inter alia, financing the redemption of the Bonds.

The Bonds were de-listed from the corporate bond list of Nasdaq Stockholm in connection with the redemption date and the last day of trade date was 20 November 2019.

Issue new bond loan

The Group has through it wholly owned subsidiary, SGL TransGroup International A/S, issued a senior secured floating rate due bond loan of EUR 215,000,000 on 4 November 2019, within a total framework amount of EUR 315,000,000 with ISIN SE0013101219 (the "Bonds").

17 December 2019 the Group successfully carried out a subsequent issue of bonds in an amount of EUR 8 million under the framework of its outstanding bond loan (ISIN: SE0013101219). The subsequent bond issue was priced at 100% of the nominal amount. Following the subsequent issue, the total amount outstanding under the Group’s bond loan is EUR 223 million.

Certain terms and conditions apply for the issued bonds regarding negative pledge, redemption, change of control and incurrence test. Interest is paid quarterly and the bond debt has to be repaid in 2024.

The bond loan and subsequent bond are listed on Nasdaq Stockholm and on the Frankfurt Stock Exchange Open Market respectively.

Note	(USDk)	
3	**Investments in Group entities**	**2019**
	Provisional fair value at date of acquisition:	
	ASSETS	
	Right of use asset	3,742
	Software	29
	Property, plant and equipment	6,422
	Trade receivables	3,806
	Other receivables	508
	Prepayments	177
	Cash and cash equivalents	6,961
	Total assets	**21,645**
	LIABILITIES	
	Lease liabilities	-3,742
	Finance liabilities	-1,241
	Trade payables	-5,159
	Deferred tax	-152
	Corporation tax	-302
	Other payables	-3,600
	Total liabilities	**-14,196**
	Non-controlling interests' share of acquired net assets	-573
	Acquired net assets	**6,876**
	Goodwill, customer relations, trademarks and other intangible assets	22,787
	Deferred tax	-3,222
	Fair value of total consideration	**26,441**
	Earn-out provision acquisition debt	-1,677
	Cash consideration	**24,764**
	Adjustment for cash and cash equivalents taken over	-6,961
	Cash consideration for acquisitions	**17,803**
	Transaction costs for acquisitions	1,171
	Investments in Group entities	**18,974**

Note (USDk)

3 Investments in Group entities

Purchase of shares in the IQS Group

On 2 January 2019 the Group acquired, through its wholly owned subsidiary Scan Global Logistics A/S, 100% ownership of the leading special solution provider for high-end automotive logistics – German based, International Quality Service Group (IQS Group).

The acquisition provides the Group 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 USA and 1 in Dubai, and was founded in 1998 and has built a strong reputation ever since.

Under the terms of the agreement, IQS Group was acquired for a total cash consideration of EUR 17.027 thousand. In addition, earn-out payments of 10% of future EBITDA provided a minimum EBITDA of EUR 1.5 million were agreed upon for the years 2019, 2020 and 2021. The provision of the earn-out has been determined 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 other intangible assets.

Transaction costs amounted to DKK 5,934 thousand, which have been expensed and recognised as special items.

The revenue and gross profit are mainly allocated to the Air segment.

Purchase of New Bison, LLC

Effective as of 2 January 2019 the Group, through its wholly owner subsidiary 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.

Purchase of BK-International Speditions GmbH

On 2 May 2019 the Group, through its wholly owned subsidiary Scan Global Logistics GmbH, acquired activities from the German based logistic company BK-International Speditions GmbH. The acquisition strengthens the Group´s positioning in the Road business market.

Under the terms of the agreement, the activities were acquired for a total cash consideration of EUR 600 thousand, EUR 500 thousand paid at closing and EUR 100 thousand paid in October 2019. In addition, earn-out payments of maximum EUR 400 thousand depending on future revenue in 2019 and 2020. The provision of the earn-out has been determined based on the prognosis of the 2 year period after the effective date. The goodwill arising from the acquisitions is attributable to synergies expected from combining the operations of the Group and the acquired companies.

Transaction costs amounted to DKK 224 thousand, which have been expensed and reconised as special items in 2019.

Note (USDk)

3 Investments in Group entities

Purchase of logistic activities from IC Group A/S
Effective as at 30 June 2019 the Group acquired, through its wholly owned subsidiary SGL E-Commerce A/S, the logistic activity in IC Group A/S, one of the leading Scandinavian fashion fulfillment operations. The main assets acquired relates to machines used in a 16,000 Sqm fashion warehouse in Brøndby, Denmark and SGL E-Commerce A/S also takes over the responsibilities of the 47 highly skilled people, who are working in this specialised warehouse function.

The Group sees this acquisition as a natural strategic step forward in the ongoing growth and development of the Group´s focus in the e-commerce and fashion industry.

Under the terms of the agreement, the IC logistic activity was acquired for a total cash consideration of DKK 3.500 thousand. In addition, an amount of DKK 1.500 thousand shall be payable at 30 June 2021 if certain criteria is met.

Transaction costs amounted to DKK 682 thousand, which have been expensed and recognised as special items in 2019.

The revenue and gross profit are mainly allocated to the Solution segment.

Purchase of shares in the Scan Global Logistics Spain S.L.
On 25 November 2019 the Group acquired, through its wholly owned subsidiary Scan Global Logistics A/S, 100% ownership of Scan Global Logistics Spain S.L. The acquisition strengthens the Group's positioning in the fashion business market.

Under the terms of the agreement, SGL Spain was acquired for a total cash consideration of EUR 1,000 thousand. In addition, an unconditional, additional acquisition price amounting to EUR 1,400 thousand shall be payable January 2021. The main assets acquired relate to tangible assets, customer relations, trademarks and other intangible assets.

The fair value of the acquired identifiable net asset is provisional pending final valuation of those assets. The main assets are related to customer relationships.

The revenue and gross profit are mainly allocated to the Air and Ocean segment.

Transaction costs amounted to DKK 260 thousand, which have been expensed and recognised as special items in 2019.

Management's statement

The Board of Directors and Executive Mangement have today considered and approved the financial report of SGLT Holding I LP for the year 1 January 2019 to 31 December 2019.

In our opinion, the consolidated schedules have, in all material respects, been prepared in accordance with the accounting policies as specified in note 1.

Cayman, 30 April 2020

Board of Directors:

Tom Gartland (Chairman)	John Cozzi	Alan Wilkinson
Matthew Bowen Bates	Rachel Kumar	Gregory Vernoy
Ronnie J. Lee	Allan Melgaard	Jørgen Jessen
Henrik von Sydow		

Independent auditor's report

To SGLT Holding I LP (the responsible party) and its shareholders (the users)

Opinion

We have audited the consolidated schedules for SGLT Holding I LP for the financial year 1 January – 31 December 2019, comprising the consolidated balance sheet, profit & loss statement, cash flow statement and equity statement.

The consolidated schedules are prepared based on the accounting policies as specified in note 1.

In our opinion, the consolidated schedules have, in all material respects, been prepared in accordance with the accounting policies as specified in note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated schedules" section of our report.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter in the financial statements – accounting policies and limitation of distribution and use

We wish to draw attention to the accounting policies as specified in note 1 to the consolidated schedules, which describes the accounting policies applied by the Company. The consolidated schedules have been prepared in order for the responsible party to meet the user's requirements as defined in section 9.1 of "AEA SGLT Holding I LP Amended and restated agreement of exempted limited partnership" dated 2 August 2016. As a result, the consolidated schedules may not be suitable for other purposes.

Our report has been prepared solely for the use of the responsible party and the users and should not be distributed to or used by any other parties.

We have not modified our opinion in respect of this matter.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated schedules does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

Based on our procedures, we concluded that the Management's review is in accordance with the consolidated schedules. We did not identify any material misstatement of the Management's review.

Independent auditor's report

Management's responsibilities for the consolidated schedules

Management is responsible for the preparation of consolidated schedules in accordance with the accounting policies as specified in note 1 and for such internal control as Management determines is necessary to enable the preparation of consolidated schedules that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated schedules

Our objectives are to obtain reasonable assurance about whether the consolidated schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated schedules.

Independent auditor's report

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

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

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

Copenhagen, 30 April 2020
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Skov Larsen
State Authorised Public Accountant
mne26797

Allan Nørgaard
State Authorised Public Accountant
mne35501

(USDk)	Consolidated income statement for the period 1 January to 31 December 2019	SGL Group	TransGroup	Midco Hold. Elim*	Group 2019
	Revenue	621,238	486,554	-33,538	1,074,254
	Cost of operation	-505,387	-421,253	33,538	-893,102
	Gross profit	**115,851**	**65,301**	**0**	**181,152**
	Other external expenses	-16,636	-9,495	-752	-26,883
	Staff costs	-69,128	-32,956	0	-102,084
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**30,087**	**22,850**	**-752**	**52,185**

* Comprise Scan (Jersey) Topco Limited, Scan (UK) Midco Limited, and eliminations

(USDk) Consolidated balance sheet	SGL Group	TransGroup	Midco Hold. Elim*	Group 2019
ASSETS				
Software	8,312	2,251	0	10,563
Customer relations	41,469	29,926	0	71,395
Trademarks	6,169	10,650	0	16,819
Other acquired intangible assets	290	704	0	994
Goodwill	150,627	79,970	0	230,597
Intangible assets	**206,867**	**123,501**	**0**	**330,368**
Right of use Assets	24,652	10,818	0	35,470
Property, plant and equipment	7,631	2,667	0	10,298
Property, plant and equipment	**32,283**	**13,485**	**0**	**45,768**
Other receivables	1,559	353	0	1,912
Receivables from Group entities	120,000	0	-120,000	0
Deferred tax asset	1,263	0	0	1,263
Financial assets	**122,822**	**353**	**-120,000**	**3,175**
Total non-current assets	**361,972**	**137,339**	**-120,000**	**379,311**
Trade receivables	95,862	71,821	-7,773	159,910
Income taxes receivable	384	92	0	476
Receivables from Group entities	0	16,862	-16,862	0
Other receivables	3,019	1,204	7,783	12,006
Prepayments	2,236	617	0	2,853
Cash and cash equivalents	18,273	14,056	0	32,329
Total current assets	**119,774**	**104,652**	**-16,852**	**207,574**
Total assets	**481,746**	**241,991**	**-136,852**	**586,885**

* Comprise Scan (Jersey) Topco Limited, Scan (UK) Midco Limited, and eliminations

(USDt) Consolidated balance sheet	SGL Group	TransGroup	Midco Hold. & Elim*	Group 2019
EQUITY AND LIABILITIES				
Partnership interest	127,505	62,034	4,629	194,168
Currency translation reserve and adjustm.	-3,442	0	1,025	-2,417
Retained earnings	-38,966	-6,465	1,048	-44,383
Equity attributable to parent company	**85,097**	**55,569**	**6,702**	**147,368**
Non-controlling interests	998	1,989	0	2,987
Total Equity	**86,095**	**57,558**	**6,702**	**150,355**
Bond debt	245,893	-2,954	0	242,939
Finance lease liabilities	14,475	7,693	0	22,168
Earn-out provision	915	0	0	915
Payables from Group entities	0	120,000	-120,000	0
Deferred tax liability	8,844	1,543	0	10,387
Other payables	982	0	0	982
Total non-current liabilities	**271,109**	**126,282**	**-120,000**	**277,391**
Bank debt	5,340	7,843	0	13,183
Finance lease liabilities	11,398	3,608	0	15,006
Earn-out provision	544	0	0	544
Trade payables	68,690	38,190	-7,773	99,107
Payables from Group entities	15,781	0	-15,781	0
Deferred income	6,301	0	0	6,301
Corporation tax	4,067	0	0	4,067
Other payables	12,421	8,510	0	20,931
Total current liabilities	**124,542**	**58,151**	**-23,554**	**159,139**
Total liabilities	**395,651**	**184,433**	**-143,554**	**436,530**
Total equity and liabilities	**481,746**	**241,991**	**-136,852**	**586,885**

* Comprise Scan (Jersey) Topco Limited, Scan (UK) Midco Limited, and eliminations