

Scan Bidco A/S

Kirstinehøj 7, 2770 Kastrup
CVR no. 37 52 10 43
(Formation date 4 March 2016)

Interim Financial Report First quarter 2018

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Financial highlights for the Scan Bidco Group	Q1 2018	Q1 2017	YTD 2018	YTD 2017
Key figures (in DKK thousands):				
Income statement				
Revenue	841,419	736,330	841,419	736,330
Gross profit	138,491	115,986	138,491	115,986
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	15,204	9,538	15,204	9,538
Earnings Before Interest, Tax, Amortisation (EBITA) and special items	12,729	7,505	12,729	7,505
Operating profit (EBIT) before special items	6,229	1,005	6,229	1,005
Special items	-360	0	-360	0
Operating profit (EBIT) after special items	5,869	1,005	5,869	1,005
Net financial expenses	-13,496	-13,271	-13,496	-13,271
Profit/loss before tax	-7,627	-12,266	-7,627	-12,266
Profit/loss for the period	-9,507	-11,519	-9,507	-11,519
Cash flow				
Cash flows from operating activities before special items, interest & tax			-8,016	-48,728
Cash flows from operating activities			-25,116	-62,935
Cash flows from investing activities			-2,782	-151,336
Free Cash flow			-27,898	-214,271
Cash flows from financing activities			0	67,545
Cash flow for the period			-27,898	-146,726
Financial position				
Total equity			597,146	683,394
Equity attributable to parent company			596,543	683,919
Net interest bearing debt (NIBD)			709,905	619,506
Total assets			2,539,871	2,540,917
Financial ratios in %				
Gross margin	16.5	15.8	16.5	15.8
EBITDA margin	1.8	1.3	1.8	1.3
EBIT margin*	0.7	0.1	0.7	0.1
EBIT margin	0.7	0.1	0.7	0.1
Equity ratio			23.5	26.9
*before special items				
Number of full time employees at period end	923	841	923	841

Company details

Name	:	Scan Bidco A/S
Address, Postal code, Town	:	Kirstinehøj 7, 2770 Kastrup, Denmark
CVR No.	:	37 52 10 43
Registered office	:	Tårnby (Copenhagen)
Financial year	:	1 January - 31 December
Website	:	www.scangl.com
E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Contact person	:	Claes Brønsgaard Pedersen, Group CFO
Telephone	:	(+45) 32 48 00 00
Board of Directors	:	Henrik von Sydow, Chairman John Cozzi Alan Wilkinson
Executive Board	:	Claes Brønsgaard Pedersen
Parent company of Scan Bidco A/S	:	Scan (UK) Midco Limited
Ultimate owner	:	AEA SGLT Holding I LP
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvold Helmuhs Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

Legal entities in the Scan Bidco Group

Company name	Country	Currency	Nominal capital	Ownership interest
Scan Bidco A/S				
Anpartsselskabet af 1. november 2006*	Denmark	DKK	6,355,600	100%
Nidovni HH ApS*	Denmark	DKK	18,598,000	100%
TTGR Holding ApS*	Denmark	DKK	500,000	100%
Scan Global Logistics Holding ApS*	Denmark	DKK	3,530,502	100%
Scan Global Logistics A/S	Denmark	DKK	1,902,000	100%
SGL Road ApS	Denmark	DKK	500,000	100%
SGL Road AB	Sweden	SEK	100,000	80%
Airlog Group Denmark A/S	Denmark	DKK	500,000	100%
ScanAm Global Logistics AB	Sweden	SEK	100,000	100%
Crosseurope AB	Sweden	SEK	100,000	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%
Connect Logistics ApS	Denmark	DKK	50,000	100%
Airlog Group Fur OY	Finland	EUR	2,500	100%
Airlog Group AS	Norway	NOK	30,000	100%
Scan Global Logistics AS	Norway	NOK	150,000	100%
Scan Global Logistics (Finland) Oy	Finland	EUR	2,523	100%
Scan Global Logistics K.K.	Japan	JPY	15,000,000	100%
Scan Global Logistics Ltd.	China	USD	1,650,000	100%
Scan Global Logistics Ltd.	Hong Kong	HKD	500,000	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%

*Holding companies.

Management's commentary

The Scan Bidco Group's business model

The Scan Bidco Group's activities focus on international freight-forwarding services, primarily by air and sea, with supporting IT, logistics and road freight services. More than 80% of the revenue base originates from large customers contracted via corporate initiatives, primarily in the Nordic region. The Scan Bidco Group primarily provides services to its customers via the SGL Group network of offices supported by its close partner and affiliated company TransGroup, USA, and other key agents worldwide.

The Scan Bidco Group's business review

Profit for the period

The first quarter (Q1) 2018 consolidated financial statements describe the operating results of the Scan Global Logistics A/S Group, including the new ownership of Airlog and Crosseurope acquired in H1 2017.

The Q1 2018 revenue was DKK 841 million and with an EBITDA result of DKK 15 million before special items, showing an improvement on a YoY basis compared to Q1 2017.

The Q1 2018 revenue increased YoY with 14,3%, or DKK 105 million, which is equal to an organic growth rate of approx. 4 %, excluding Airlog (for Jan/Feb) and Crosseurope. The increase is primarily comes from an increase in activity in the industrial project / ADP division.

The Scan Bidco Group had positive revenue growth throughout Q1 2018 driven by an increase in volumes within the main products (Air, Ocean and Road). The Aid, Development and Projects (ADP) division has experienced increased revenues compared to Q4 2017 mainly in the industrial project division as well as a strengthened pipeline in the other segments and no customer attrition.

The total Q1 gross profit was DKK 138 million, representing a gross margin of 16.5%. We see a positive development in the gross margins in the Air, Sea and Road segment. Please see note 1 for further information.

On a total Group basis, the gross margin has increased 0,7% points relative to LY, primarily driven by the Nordics and APAC companies– when calculated at constant rates, this equals an increase of approx. 1,1% points.

The weakening of the USD/DKK exchange rate during Q1 2018 had a negative impact on the quarterly gross profit and margin, estimated at a minimum of USD 0.7 million.

The SG&A costs have increased compared to LY, however only due to the impact of the integrations of the acquisitions of Airlog and Crosseurope – excluding the acquisitions the SG&A costs are showing a lower runrate than 2017

Net financial expenses of DKK -13 million in Q1 2018 mainly comprise of interest on the bond debt. Please note that the interest income from the intercompany loan to Transgroup Global Inc. (the parent company of TransGroup) is included. Please refer to note 4 and 5 for further information.

The plan for year 2018 assumes continued positive development of revenues, gradually improving gross margins from re-negotiated contracts, and full impact on SG&A from the organizational changes made by the end of 2017.

Management's commentary

Cash Flows

The cash flow from operating activities was DKK -25 million mainly due to working capital increases and the net interest payment of DKK -15 million.

Working capital increased by DKK 19 million since December 2017 primarily due to an increase primarily in the trade payables in Denmark.

Investments are comprised of mainly software and IT equipment and were DKK 3 million during the first quarter of 2018.

Capital structure

The equity attributable to the Parent company was DKK 597 million with an equity ratio of 23.5% as of 31 March 2018.

By the end of March 2018 the total liquidity reserve was equal to DKK 153 million and hence well in line with the covenant.

Net interest bearing debt (NIBD)

Consolidated net interest bearing debt amounted to DKK 710 million. The debt is due to the acquisition of the SGL Group, the Airlog Group and Crosseurope.

The issued bonds of DKK 625 million and USD 100 million were listed on the Nasdaq Stock Exchange in Stockholm in June 2017.

(DKKt)		Group			
Notes	Consolidated income statement	Q1 2018	Q1 2017	YTD 2018	YTD 2017
1	Revenue	841,419	736,330	841,419	736,330
1	Cost of operation	-702,928	-620,344	-702,928	-620,344
	Gross profit	138,491	115,986	138,491	115,986
	Other external expenses	-30,213	-23,799	-30,213	-23,799
	Staff costs	-93,075	-82,649	-93,075	-82,649
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	15,204	9,538	15,204	9,538
	Depreciation of software and tangible assets	-2,475	-2,032	-2,475	-2,032
	Earnings before Interest, Tax, Amortisation and special items	12,729	7,505	12,729	7,505
	Amortisation of customer relations and trademarks	-6,500	-6,500	-6,500	-6,500
	Operating profit before special items	6,229	1,005	6,229	1,005
3	Special items, income	0	0	0	0
3	Special items, cost	-360	0	-360	0
	Operating profit (EBIT)	5,869	1,005	5,869	1,005
4	Financial income	31,422	22,193	31,422	22,193
5	Financial expenses	-44,918	-35,464	-44,918	-35,464
	Loss before tax	-7,627	-12,266	-7,627	-12,266
	Tax on profit for the period	-1,880	747	-1,880	747
	Loss for the period	-9,507	-11,519	-9,507	-11,519
	Total income for the year attributable to				
	Owners of the parent	-9,833	-11,514	-9,833	-11,514
	Non-controlling interests	326	-5	326	-5
	Total	-9,507	-11,519	-9,507	-11,519

(DKKt)		Group			
	Consolidated statement of comprehensive income	Q1 2018	Q1 2017	YTD 2018	YTD 2017
	Loss for the period	-9,507	-11,519	-9,507	-11,519
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment	-3,264	536	-3,264	536
	Other comprehensive income, net of tax	-3,264	536	-3,264	536
	Total comprehensive income for the period	-12,771	-10,983	-12,771	-10,983
	Total comprehensive income for the year attributable to				
	Owners of the parent	291	-10,978	291	-10,978
	Non-controlling interests	-12,771	-5	-12,771	-5
	Total	-12,480	-10,983	-12,480	-10,983

(DKKt)				Group
Notes	Consolidated balance sheet	31.03.2018	31.03.2017	31.12.2017
	ASSETS			
2	Goodwill	953,620	963,387	953,620
2	Customer relations	252,351	238,000	257,601
2	Trademarks	45,635	46,700	46,885
	Software	12,053	10,519	12,071
	Intangible assets	1,263,659	1,258,606	1,270,177
	Property, plant and equipment	16,053	13,152	15,728
7	Receivable from Transgroup Global Inc.	589,104	681,936	608,473
	Other receivables	8,501	7,755	8,135
	Deferred tax asset	2,887	3,170	5,203
	Financial assets	600,492	692,861	621,811
	Total non-current assets	1,880,204	1,964,619	1,907,716
	Trade receivables	549,238	488,989	559,320
	Receivables from group entities	5,601	507	3,050
	Income taxes receivable	1,895	1,707	1,817
	Other receivables	22,832	22,932	22,442
	Prepayments	20,456	13,823	9,930
6	Cash and cash equivalents	59,645	48,340	73,619
	Total current assets	659,667	576,298	670,178
	Total assets	2,539,871	2,540,917	2,577,894

(DKKt)			Group	Group
Notes	Consolidated balance sheet	31.03.2018	31.03.2017	31.12.2017
	EQUITY AND LIABILITIES			
	Share capital	500	500	500
	Share premium	726,434	726,434	726,434
	Currency translation reserve	-23,014	-107	-19,785
	Retained earnings	-107,377	-42,908	-97,544
	Equity attributable to parent company	596,543	683,919	609,605
	Non-controlling interests	603	-525	312
	Total Equity	597,146	683,394	609,917
8	Bond debt	1,210,584	1,301,665	1,229,436
	Earn-out provision	0	11,700	2,825
	Deferred tax liability	51,682	58,252	53,112
	Total non-current liabilities	1,262,266	1,371,617	1,285,373
6	Bank debt	51,500	29,062	37,574
	Earn-out provision	8,713	0	5,888
	Trade payables	433,935	332,902	446,224
	Payables to group entities	81,143	0	83,874
	Deferred income	7,319	30,453	19,530
	Corporation tax	12,326	13,647	13,271
	Other payables	85,524	79,842	76,243
	Total current liabilities	680,460	485,906	682,604
	Total liabilities	1,942,726	1,857,523	1,967,977
	Total equity and liabilities	2,539,871	2,540,917	2,577,894

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
Equity at 1 January 2018	500	726,434	-19,785	-97,544	609,605	312	609,917
Profit for the period	0	0	0	-9,833	-9,833	326	-9,507
Currency exchange adjustment	0	0	-3,229	0	-3,229	-35	-3,264
Other comprehensive income, net of tax	0	0	-3,229	0	-3,229	-35	-3,264
Total comprehensive income for the period	0	0	-3,229	-9,833	-13,062	291	-12,771
Purchase of non-controlling interests	0	0	0	0	0	0	0
Capital increase by cash payment	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
Equity at 31 March 2018	500	726,434	-23,014	-107,377	596,541	603	597,146

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Group Total equity
Equity at 1 January 2017	500	647,216	-643	-20,835	626,238	996	627,234
Profit for the period	0	0	0	-66,150	-66,150	875	-65,275
Currency exchange adjustment	0	0	-19,142	0	-19,142	-43	-19,185
Other comprehensive income, net of tax	0	0	-19,142	0	-19,142	-43	-19,185
Total comprehensive income for the period	0	0	-19,142	-66,150	-85,292	832	-84,460
Purchase of non-controlling interests	0	0	0	-10,559	-10,559	-1,516	-12,075
Capital increase by cash payment	0	79,218	0	0	79,218	0	79,218
Total transactions with owners	0	79,218	0	-10,559	68,659	-1,516	67,143
Equity at 31 December 2017	500	726,434	-19,785	-97,544	609,605	312	609,917

(DKKt)	Group	
Notes	YTD 2018	YTD 2017
Consolidated cash flow statement		
Operating profit (EBIT) before special items	6,229	1,005
Depreciation, amortisation and impairment	8,975	8,533
Exchange rate adjustments	-4,250	491
Change in working capital	-18,970	-58,757
Cash flows from operating activities before special items, interest & tax	-8,016	-48,728
Special items	-360	0
Interest received	11,662	22,049
Interest paid	-26,385	-35,464
Tax paid	-2,017	-792
Cash flows from operating activities	-25,116	-62,935
Purchase of software	-1,180	-1,599
Purchase of property, plant and equipment	-1,602	-2,068
9 Investments in group entities	0	-147,669
Special items, transactions cost acquisitions	0	0
Loan to/from Transgroup Global Inc.	0	0
Cash flows from investing activities	-2,782	-151,336
Free cash flow	-27,898	-214,271
Capital increase	0	79,218
Loan to/from Transgroup Global Inc.	0	0
Payments to/from group entities	0	232
Purchase of non-controlling interest	0	-11,905
Payments to/from group entities	0	0
Dividend to former owners of Crosseurope	0	0
Proceeds from issuing of bonds	0	0
Redemption of bond loan	0	0
Redemption of other acquisition debt	0	0
Cash flows from financing activities	0	67,545
Change in cash and cash equivalents	-27,898	-146,726
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	36,045	166,004
Change in cash and cash equivalents	-27,898	-146,726
6 Net cash and cash equivalents at 31 March	8,147	19,278

*Special items regarding investments

Note	(DKKt)										Group
1	Segment information										31.03.2018

	Air		Sea		Road		Solution		Total	
	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Revenue (services)	363,204	298,452	425,475	377,993	145,152	114,990	31,218	33,530	965,049	824,965
Intercompany revenue	-66,195	-38,050	-41,484	-48,190	-15,060	-2,395	-891	0	-123,631	-88,635
Net revenue (services)	297,009	260,402	383,991	329,803	130,092	112,595	30,327	33,530	841,419	736,330
Cost of operation	-244,452	-216,015	-323,514	-279,231	-108,233	-96,614	-26,729	-28,484	-702,928	-620,344
Gross profit	52,557	44,387	60,477	50,572	21,859	15,981	3,598	5,046	138,491	115,986

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

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

Note	(DKKt)					Group
2	Goodwill, customer relations and trademarks					31.03.2018

	Air	Sea	Road	Solution	Total
Balance at 31 December 2016	546,318	657,291	50,210	4,288	1,258,106
Exchange rate adjustment	0	0	0	0	0
Additions 2017	0	0	0	0	0
Amortisation during the year	-2,564	-3,847	-63	-26	-6,500
Balance at 31 December 2017	543,753	653,444	50,147	4,262	1,251,606

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

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

Note	(DKKt)	Group
3	Special items	YTD 2018
	Restructuring cost (Redundancy cost for personel and closing of offices)	-360
	Total special items	-360

Note	(DKKt)	Group
4	Financial income	YTD 2018
	Financial income from Transgroup Global Inc.	11,321
	Other financial income (primarily exchange gain on bond loan)	20,101
	Total financial income	31,422

Note	(DKKt)	Group
5	Financial expenses	YTD 2018
	Financial expenses	-23,087
	Other financial expenses (primarily exchange gain on loan to Transgroup Global Inc.)	-21,831
	Total financial income	-44,918

6	Cash & Liquidity	31.03.2018		
		Net Cash (+ = deposit)	Credit facilities	Liquidity reserve
	Scan Bidco Group	8,145	144,640	152,785

The Scan Bidco Group holds net bank liquidity of DKK 8,045 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 152,785 thousand.

Note (DKKt)		31.03.2018
7	Receivable from Transgroup Global Inc.	
	Principal, USD 98,019 thousand, interest rate 7.70%	589,104
	Total receivable from Transgroup Global Inc.	589,104
		Carrying amount
	Cash flow*	
	Receivable falling due between 1 and 5 years (2022)	589,104
	Receivable falling due after more than 5 years	0
	Total non-current receivable from Transgroup Global Inc.	589,104
	Current portion of the receivable	0

* Total cash flows including interest.

In connection with TGI US Bidco's (name changed to Transgroup Global Inc.) acquisition of TransGroup with acquisition effect from 1 October 2016, TGI US Bidco has borrowed USD 98 million from Scan Bidco A/S. Interest of 7.70% is paid quarterly and repayments are voluntary but the receivable has to be repaid in June 2022 at the latest.

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

8	Bond debt	31.03.2018
	Issued bonds, DKK tranche, interest rate 6.80%	625,000
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%	601,010
		1,226,010
	Capitalised loan costs	-15,427
	Total bond debt	1,210,583
		Carrying amount
	Cash flow*	
	Bond debt falling due between 1 and 5 years (2022)	1,226,010
	Bond debt falling due after more than 5 years	0
	Total non-current financial liabilities	1,226,010
	Current portion of financial liabilities	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 DKK 21 million are paid in 2016 and amortised until 2022.

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

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

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

Note (DKKt)	Group	
9 Investments in group entities	YTD 2018	YTD 2017
Provisional fair value at date of acquisition:		
ASSETS		
Property, plant and equipment	0	274
Trade receivables (Gross DKK 69,831. Bad debt provision DKK 402)	0	59,045
Income taxes receivable	0	937
Other receivables	0	2,661
Prepayments	0	2,225
Cash and cash equivalents	0	8,451
Total assets	0	73,593
LIABILITIES		
Trade payables	0	34,251
Corporation tax	0	7,930
Other payables	0	21,309
Total liabilities	0	63,489
Non-controlling interests' share of acquired net assets	0	0
Acquired net assets	0	10,104
Goodwill	0	136,690
Customer relations	0	23,540
Trademarks	0	3,418
Deferred tax on customer relations and trademarks	0	-5,931
Fair value of total consideration	0	167,821
Earn-out provision	0	11,701
Cash consideration	0	156,120
Adjustment for cash and cash equivalents taken over	0	-8,451
Cash consideration for the acquisitions	0	147,669
Transaction costs for acquisitions in 2017	0	150
Investments in group entities	0	147,819

9 Investments in group entities

Acquisition of Airlog Group AB

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

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

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

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

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

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

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

The earn out will be paid based on certain conditions regarding targets for gross profit for the acquired Airlog agent business. Final calculation and payment of the earn out will be paid after end of the financial year 2017 and 2018 respectively.

Based on events in Q4 2017, a subsequent measurement of the earn out has been made. This measurement has resulted in a reduced contingent liability and recognition of a special item (income) amounting to DKK 4.9 million.

Acquired net assets before identification of intangible assets including goodwill amounts to DKK 10 million. The Airlog carrying amount on the date of acquisition did not deviate materially from the fair market value.

Intangible assets of trademark and customer relations have been identified. A royalty cash flow model has been used for calculation of a fair market value of trademark. A customer attrition model has been used for calculation of the fair market value of customer relations. The purchase price allocation has been finalized in Q4 2017.

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

9 Investments in group entities**Acquisition of Crosseurope Aktiebolag**

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

The acquisition was made in order to strengthen Scan Global Logistics Group's position especially in the road segment.

Crosseurope AB is a freight forwarder based in Trelleborg, Sweden focusing on small to mid-size customers. Crosseurope has since 1993 established a solid position in the road freight business in Sweden.

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

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

Payment of the earn out is based on conditions that certain Crosseurope AB customers will generate a certain level of revenue in 2017.

Transaction cost amounts to DKK 1.9 million, which has been expensed and recognized as special items in 2017.

Proforma revenue and EBITDA for Crosseurope AB for 2017 was DKK 83 million and DKK 7.5 million, respectively. Crosseurope results have been consolidated into the Scan Bidco Group consolidation.

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

Intangible assets of trademark and customer relations have been identified. A royalty cash flow model has been used for calculation a fair market value of trademark. A customer relation attrition model has been used for calculation of the fair market value of customer relations.

The purchase price allocation has been finalized in Q4 2017.

After recognition of identified assets and liabilities at fair value, goodwill has been recognized at an amount of DKK 24,9 million. Goodwill represents the values of the expected cost synergies and other synergies from combining the two businesses including the takeover of the Crosseurope employees and related knowhow. Goodwill is non-deductible for tax purposes.

Note

10 Accounting policies**Basis of preparation**

The interim financial report, comprising the consolidated financial statement and financial statement for the parent, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and Swedish disclosure requirements for interim

Accounting policy is unchanged compared to the consolidated financial statement and financial statement for the parent 2016, to which reference are made.

The consolidated financial statements and the financial statements of the parent for 2016 provide a full description of the accounting policy applied.

Scan Bidco has implemented those standards and interpretations which will enter into force in EU for 2017. None of these standards and interpretations have had any effect on recognition and measurement in 2017 or is expected to have any effect in the future.

(DKKt)					Parent
Notes	Income statement	Q1 2018	Q1 2017	YTD 2018	YTD 2017
	Revenue	0	0	0	0
	Cost of operation	0	0	0	0
	Gross profit	0	0	0	0
	Other external expenses	-159	-64	-159	-64
	Staff costs	0	0	0	0
	Earnings before Interest, Tax, Depreciation, Amortisation and special items	-159	-64	-159	-64
	Depreciation of intangible and tangible assets	0	0	0	0
	Operating profit before special items	-159	-64	-159	-64
	Special items	0	0	0	0
	Operating profit (EBIT)	-159	-64	-159	-64
	Income from investments in group entities	-5,703	-3,966	-5,703	-3,966
	Financial income	19,117	27,125	19,117	27,125
	Financial expenses	-23,088	-34,609	-23,088	-34,609
	Loss before tax	-9,833	-11,514	-9,833	-11,514
	Tax on loss for the period	0	0	0	0
	Loss for the period	-9,833	-11,514	-9,833	-11,514

(DKKt)					Parent
	Statement of comprehensive income	Q1 2018	Q1 2017	YTD 2018	YTD 2017
	Loss for the period	-9,833	-11,514	-9,833	-11,514
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				0
	Exchange rate adjustment	-1,013	536	-3,229	536
	Other comprehensive income, net of tax	-1,013	536	-3,229	536
	Total comprehensive income for the period	-10,846	-10,978	-13,062	-10,978

(DKKt) Notes	Balance sheet	31.03.2018	Parent 31.03.2017
ASSETS			
Investments in Group entities		965,456	1,021,224
Receivables from Group entities		399,241	369,190
Receivable from Transgroup Global Inc.		589,104	681,936
Other receivables		0	0
Deferred tax asset		3,117	0
Financial assets		1,956,918	2,072,350
Total non-current assets		1,956,918	2,072,350
Receivables from Group entities		5,601	3,079
Other receivables		7,976	1,033
Cash and cash equivalents		113	770
Total current assets		13,690	4,882
Total assets		1,970,608	2,077,232
EQUITY AND LIABILITIES			
Share capital		500	500
Share premium		726,434	726,434
Currency translation reserve		-23,014	-107
Reserve for net revaluation according to the equity method		4,856	0
Retained earnings		-94,884	-36,118
Total Equity		613,892	690,709
Bond debt		1,210,584	1,301,665
Total non-current liabilities		1,210,584	1,301,665
Corporation tax		38	246
Payables to Transgroup Global Inc.		81,143	83,459
Payables to Scan Global Logistics Holding ApS		63,971	0
Other payables		980	1,153
Total current liabilities		146,132	84,858
Total liabilities		1,356,716	1,386,523
Total equity and liabilities		1,970,608	2,077,232

(DKKt)	Share capital	Share premium	Currency translation reserve	Reserve equity method	Retained earnings	Total equity
Statement of changes in equity						
Equity at 1 January 2018	500	726,434	-19,785	10,559	-90,754	626,954
Profit for the period	0	0	0	-5,703	-4,130	-9,833
Currency exchange adjustment	0	0	-3,229	0	0	-3,229
Other comprehensive income, net of tax	0	0	-3,229	0	0	-3,229
Total comprehensive income for the year	0	0	-3,229	-5,703	-4,130	-13,062
Purchase of non-controlling interests	0	0	0	0	0	0
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	0	0	0	0
Transfer to Retained earnings	0	0	0	0	0	0
Equity at 31 March 2018	500	726,434	-23,014	4,856	-94,884	613,892

(DKKt)	Share capital	Share premium	Currency translation reserve	Reserve equity method	Retained earnings	Total equity
Statement of changes in equity						
Equity at 31 December 2017	500	647,216	-643	2,734	-16,779	633,028
Capitalised transactions cost from 2016	0	0	0	0	0	0
Equity at 1 January 2017	500	647,216	-643	2,734	-16,779	633,028
Profit for the period	0	0	0	-41,656	-24,494	-66,150
Currency exchange adjustment	0	0	-19,142	0	0	-19,142
Other comprehensive income, net of tax	0	0	-19,142	0	0	-19,142
Total comprehensive income for the year	0	0	-19,142	-41,656	-24,494	-85,292
Capital increase by cash payment	0	79,218	0	0	0	79,218
Total transactions with owners	0	79,218	0	0	0	79,218
Transfer to Retained earnings	0	0	0	49,481	-49,481	0
Equity at 31 December 2017	500	726,434	-19,785	10,559	-90,754	626,954

(DKKt) Notes	Cash flow statement	YTD 2018	Parent YTD 2017
	Operating profit (EBIT) before special items	-159	-64
	Depreciation, amortisation and impairment	0	0
	Exchange rate adjustments	-2,133	286
	Change in working capital	-7,059	-718
	Cash flows from operating activities before special items, interest & tax	-9,351	-496
	Special items paid	0	0
	Interest received	19,117	17,278
	Interest paid	-22,181	-24,330
	Tax paid/received	38	0
	Cash flows from operating activities	-12,377	-7,548
	Capital increase in subsidiaries	0	-127,522
	Investments in group entities	0	0
	Transaction costs for acquisitions	0	0
	Loan to Group entity, principal	12,253	-71,259
	Repayments to/from Group entity	0	6,206
	Loan/repayment to/from Transgroup Global Inc.	0	0
	Cash flows from investing activities	12,253	-192,575
	Free cash flow	-124	-200,123
	Capital increase	0	79,218
	Loan/repayment to/from Transgroup Global Inc.	0	0
	Proceeds from issuing of bonds	0	0
	Cash flows from financing activities	0	79,218
	Change in cash and cash equivalents	-124	-120,905
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	237	121,675
	Change in cash and cash equivalents	-124	-120,905
	Cash and cash equivalents	113	770

Management's statement

The Board of Directors and Executive Management have today considered and approved the interim financial report of Scan Bidco A/S for the first quarter of 2018 ended March 2018.

The interim financial report has been prepared in accordance with IAS 34 interim financial reporting as adopted by the European Union and Swedish disclosure requirements for interim financial reports of listed companies. The interim financial report has not been reviewed or audited by the company auditor.

In our opinion the the interim financial report gives a true and fair view of the Group's and Parent's assets and liabilities and financial position at 31 December 2017 and operations and cash flow for the period 1. January - 31. March 2018.

Further, in our opinion we find that the management commentary contains a true and fair statement of the development in the Group's and Parent's activities and financial situation, the result for the period and financial position and that the Management's commentary describes the significant risks and uncertainties faced by the Group and Parent.

Kastrup, May 2018

Executive Management:



Claes Brønsgaard Pedersen

Board of Directors:



Henrik von Sydow
Chairman



John Cozzi



Alan Wilkinson