

# Scan Bidco A/S

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

## Interim Financial Report First quarter 2019

Financial highlights	1
Company details	2
Legal entities in the Scan Bidco Group	3
Management's commentary	4
<b>Consolidated financial statements for the Scan Bidco Group</b>	
Consolidated income statement	6
Consolidated statement of comprehensive income	6
Consolidated balance sheet	7
Consolidated cash flow statement	9
Consolidated statement of changes in equity	10
<b>Notes to the consolidated financial statements</b>	
1 Segment information	11
2 Goodwill, customer relations and trademarks	11
3 Special items	12
4 Financial income	12
5 Financial expenses	12
6 Cash & Liquidity	12
7 Receivable from Transgroup Global Inc. (TGI US Bidco Corp)	13
8 Bond debt	13
9 Investments in Group entities	14
10 Accounting policies	15
Management's statement	17

Financial highlights for the Scan Bidco Group	Q1 2019	Q1 2018
<i>Key figures (in DKK thousands):</i>		
<b>Income statement</b>		
Revenue	959.391	841.419
<b>Gross profit</b>	<b>169.709</b>	<b>138.491</b>
<b>Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items</b>	<b>40.000</b>	<b>15.204</b>
<b>Earnings Before Interest, Tax, Amortisation (EBITA) and special items</b>	<b>24.230</b>	<b>12.729</b>
<b>Operating profit (EBIT) before special items</b>	<b>15.803</b>	<b>6.229</b>
Special items	-614	-360
<b>Operating profit (EBIT) after special items</b>	<b>15.189</b>	<b>5.869</b>
Net financial expenses	-9.606	-13.496
<b>Profit/loss before tax</b>	<b>5.583</b>	<b>-7.627</b>
<b>Profit/loss for the period</b>	<b>3.836</b>	<b>-9.507</b>
<b>Cash flow</b>		
<b>Cash flows from operating activities before special items, interest &amp; tax</b>	<b>-61.195</b>	<b>-8.016</b>
<b>Cash flows from operating activities</b>	<b>-67.363</b>	<b>-25.116</b>
<b>Cash flows from investing activities</b>	<b>-78.658</b>	<b>-2.782</b>
<b>Free Cash flow</b>	<b>-146.021</b>	<b>-27.898</b>
<b>Cash flows from financing activities</b>	<b>-28.598</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>-174.619</b>	<b>-27.898</b>
<b>Financial position</b>		
Total equity	663.661	597.146
Equity attributable to parent company	657.577	596.543
Net interest bearing debt (NIBD)	910.174	709.905
Total assets	2.841.491	2.539.871
<b>Financial ratios in %</b>		
Gross margin	17,7	16,5
EBITDA margin*	4,2	1,8
EBIT margin*	1,6	0,7
Equity ratio	23,4	23,5
*before special items		
<b>Number of full time employees at period end</b>	<b>1.052</b>	<b>923</b>

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

## Company details

Name	:	<b>Scan Bidco A/S</b>
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	:	<a href="http://www.scangl.com">www.scangl.com</a>
E-mail	:	<a href="mailto:headoffice@scangl.com">headoffice@scangl.com</a>
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 Allan Dyrgaard Melgaard Claes Brønsgaard Pedersen Thomas Thellufsen Nørgaard Jørgen Agerbo Jessen
Executive Board	:	Claes Brønsgaard Pedersen
Parent company of Scan Bidco A/S	:	Scan (UK) Midco Limited
Ultimate owner	:	SGLT Holding I LP
Bankers	:	Jyske Bank A/S
Auditors	:	Ernst & Young, Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Osvold Helmuths 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				
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%
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%
Crosseurope GmbH	Germany	EUR	25.000	100%
Airlog Group Holding AB*	Sweden	SEK	2.000.000	100%
Airlog Group Sweden AB	Sweden	SEK	2.000.000	100%
SGL Express AB	Sweden	SEK	1.000.000	100%
Airlog Group Fur OY	Finland	EUR	2.500	100%
Airlog Group AS	Norway	NOK	30.000	100%
Scan Global Logistics AS	Norway	NOK	150.000	100%
Scan Global Logistics (Finland) Oy	Finland	EUR	2.523	100%
Scan Global Logistics K.K.	Japan	JPY	15.000.000	100%
Scan Global Logistics Ltd.	China	USD	1.650.000	100%
Scan Global Logistics (Wuxi) Ltd.	China	CNY	3.000.000	100%
Scan Global Logistics Ltd.	Hong Kong	HKD	500.000	100%
Scan Global Logistics (Shanghai) Limited	China	CNY	3.000.000	100%
Scan Global Logistics Ltd. (Branch)	Taiwan			100%
Scan Global Logistics Ltd.	Thailand	THB	5.000.000	100%
Scan Global Logistics Ltd.	Malaysia	MYR	2	100%
Connect Air (Malaysia) Ltd.	Malaysia	MYR	2	100%
Scan Global Logistics Pty. Ltd.	Australia	AUD	13	100%
Scan Global Logistics (Phil) Inc.	Philippines	PHP	4.000.000	40%
Scan Global Logistics Chile S.A.	Chile	CLP	179.872.000	100%
Scan Global Logistics (Vietnam) Ltd.	Vietnam	USD	100.000	100%
Scan Global Logistics Ltd.	Indonesia	IDR	252.015.000	100%
Scan Global Logistics Pte Ltd. (Singapore)	Singapore	SGD	100.000	100%
Scan Global Logistics SA	Mali	XOF	10.000.000	55%
Macca Logistics Sarl	Senegal	XOF	1.000.000	100%
Macca Logistics Sarl	Ivory Coast	XOF	1.000.000	100%
IQS Holding GmbH*	Germany	EUR	58.400	100%
IQS International Quality Service GmbH	Germany	EUR	26.100	100%
IQS Business Travel GmbH	Germany	EUR	25.000	100%
ENGINOX GmbH	Germany	EUR	25.000	100%
Aircargo Consulting GmbH	Germany	EUR	25.000	100%
IQS Logistic Consulting Corp.	USA	USD	100	100%
Global Automotive Testing Support GmbH	Germany	EUR	25.000	100%
Global Aviation Management Services FZE	Dubai	AED	1.000.000	100%

\*Holding companies.

## Management's commentary

### Scan Bidco Group's business model

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 revenue originates from large customers contracted via corporate initiatives, primarily in the Nordic region. Scan Bidco Group primarily provides services to its customers via the Scan Global Logistics Group network of offices supported by its close partner and affiliated company Transgroup Global Logistics and other key agents worldwide.

### Scan Bidco Group's business review

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

#### *Profit for the period*

The first quarter (Q1) 2019 consolidated financial statements include the operating results of the Scan Global Logistics A/S Group, including the results of Kestrel and Macca Logistics Sarl, both of which were acquired in Q3 2018 as well as International Quality Service Group ("IQS Group"), which was acquired on 2 January 2019.

Q1 2019 revenue was DKK 959 million generating EBITDA prior to special items of DKK 40 million. EBITDA excluding the IFRS 16 adjustment showed an increase of DKK 10 million (a 65% improvement on a year-over-year basis).

The consolidated Q1 2019 revenue was DKK 959 million compared to DKK 841 million in Q1 2018. The Q1 revenue for the businesses acquired after Q1 2018 (Kestrel, Macca and IQS) was DKK 97 million; the underlying growth was 2.5% compared to the Q1 2018 results. The Nordic Road and Parcel/Express, Hong Kong, China and South East Asia business were strong drivers of the company's underlying growth. Restructuring activities in 2018 within the Denmark Solutions business resulted in a decreased revenue level relative to 2018 levels. Project activities in Q1 2019 produced increased gross profit despite a slight decrease in gross revenue.

On a total Group basis, gross margins increased 1.2 percentage points relative to last year (hereof 0.2 percentage points was a result of the change per IFRS 16). This increase was primarily driven by the Sea and Road activities in the Nordic region as well as by Project sales. The acquired businesses did not have any impact on the business' gross margin percentage in Q1 2019.

The SG&A costs in Q1 are influenced by the acquisitions of Kestrel, Macca and IQS and on a total basis showing an increase of approx 5% to Q1 2018. The total overhead costs was influenced by a positive adjustment re. the capitalized leases of DKK 13 million. The overhead costs including the salaries of the acquired businesses accounted for DKK 11 million in Q1 2019. Consequently the underlying growth in the SG&A costs was 7% compared to the first quarter of 2018.

The Q1 EBITDA growth of DKK 40 million (vs DKK 15 million in Q1 2018) was primarily due to improved gross margins and the recent acquisitions as well as the IFRS 16 adjustment of DKK 15 million.

The increase in the the depreciation cost was primarily due the to IFRS 16 (DKK 13 million)

Special items of DKK 0.6 million include acquisition costs and settlement costs related to special projects.

## Management's commentary

Net financial expenses of DKK 10 million in Q1 2019 are mainly comprised of interest on the bond debt as well as an impact of IFRS 16 (DKK 3 million) offset by the interest income from the intercompany loan to Transgroup Global Inc. (the parent company of Transgroup). Please refer to note 4 and 5 for further information.

### *Cash Flows*

driven by working capital movement of DKK -102 million as a result of a combined increase in receivables (higher activities), creditor payments including special project payments as well as the impact of the IQS acquisition and payment of accrued costs booked in 2018.

Excluding acquisitions, the investments and release of earn-out payments during Q1 2019 of DKK 16 million were comprised mainly of software and IT equipment.

The cash out-flow from acquisitions including the transactions costs amounted to DKK 88 million. The property acquired as a part of the IQS transaction has then been sold with a net positive cash impact of DKK 25 million.

### *Capital structure*

The total equity was DKK 664 million with an equity ratio of 23.4% as of 31 March 2019. The equity ratio excluding the impact of IFRS 16 was 24.6% and improved by 0.3 percentage points compared to December 2018. Total equity includes a capital increase of DKK 104 million made in December 2018 prior to the acquisition of IQS Group in January 2019.

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%. The incremental borrowing costs of DKK 21 million have been capitalized and will be amortized until 2022.

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

### *Net interest bearing debt (NIBD)*

Consolidated net interest bearing debt amounted to DKK 910 million. Hereof DKK 142 million has been added in lease liabilities according to IFRS 16. The debt is mainly due to the acquisitions of SGL Group, Airlog Group and Crosseurope. The net interest bearing debt increased DKK 161 million during Q1 2019 partly due to the financing of the IQS acquisition and partly due to working capital increase. The total liquidity reserve was DKK 120 million by end of March 2019. See note 6 for further information.

### **Acquisitions in 2019**

Effective as of 2 January 2019 Scan Global Logistics A/S acquired 100% ownership of the leading special solution provider for high-end automotive logistics – 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. Refer to note 9 for further information.

### **Events after the balance sheet date**

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

(DKKt)		Consolidated income statement		1 January - 31 March		Q1 2019	Q1 2018
Notes							
1	Revenue					959.391	841.419
1	Cost of operation					-789.682	-702.928
	<b>Gross profit</b>					<b>169.709</b>	<b>138.491</b>
	Other external expenses					-22.729	-30.213
	Staff costs					-106.980	-93.075
	<b>Earnings before Interest, Tax, Depreciation, Amortisation and special items</b>					<b>40.000</b>	<b>15.204</b>
	Depreciation of software and tangible assets					-15.770	-2.475
	<b>Earnings before Interest, Tax, Amortisation and special items</b>					<b>24.230</b>	<b>12.729</b>
	Amortisation of customer relations and trademarks					-8.427	-6.500
	<b>Operating profit before special items</b>					<b>15.803</b>	<b>6.229</b>
3	Special items, cost					-614	-360
	<b>Operating profit (EBIT)</b>					<b>15.189</b>	<b>5.869</b>
4	Financial income					24.506	31.422
5	Financial expenses					-34.112	-44.918
	<b>Loss before tax</b>					<b>5.583</b>	<b>-7.627</b>
	Tax on profit for the period					-1.747	-1.880
	<b>Loss for the period</b>					<b>3.836</b>	<b>-9.507</b>
	<b>Total income for the year attributable to</b>						
	Owners of the parent					3.251	-9.833
	Non-controlling interests					585	326
	<b>Total</b>					<b>3.836</b>	<b>-9.507</b>

(DKKt)		Consolidated statement of comprehensive income		Q1 2019	Q1 2018
	<b>Loss for the period</b>			3.836	-9.507
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment			401	-3.264
	<b>Other comprehensive income, net of tax</b>			401	-3.264
	<b>Total comprehensive income for the period</b>			<b>4.237</b>	<b>-12.771</b>
	<b>Total comprehensive income for the period attributable to</b>				
	Owners of the parent			3.688	-13.062
	Non-controlling interests			549	291
	<b>Total</b>			<b>4.237</b>	<b>-12.771</b>

(DKKt)					
Notes	Consolidated balance sheet		31.03.2019	31.03.2018	31.12.2018
<b>ASSETS</b>					
2	Goodwill		984.599	953.620	951.425
2	Customer relations		273.154	252.351	234.079
2	Trademarks		45.686	45.635	41.377
2	Other intangible assets		2.100	0	0
	Software		29.391	12.053	23.398
	<b>Intangible assets</b>		<b>1.334.930</b>	<b>1.263.659</b>	<b>1.250.279</b>
	Right of use assets		141.075	0	0
	Property, plant and equipment		27.414	16.053	24.192
	<b>Tangible fixed assets</b>		<b>168.489</b>	<b>16.053</b>	<b>24.192</b>
7	Receivable from Transgroup Global Inc.		650.353	589.104	637.944
	Other receivables		8.464	8.501	7.936
	Deferred tax asset		3.093	2.887	4.757
	<b>Financial assets</b>		<b>661.910</b>	<b>600.492</b>	<b>650.637</b>
	<b>Total non-current assets</b>		<b>2.165.329</b>	<b>1.880.204</b>	<b>1.925.108</b>
	Trade receivables		546.992	549.238	505.662
	Receivables from group entities		5.671	5.601	5.420
	Income taxes receivable		3.417	1.895	3.073
	Other receivables		34.565	22.832	24.320
	Prepayments		16.024	20.456	13.968
6	Cash and cash equivalents		69.494	59.645	225.216
	<b>Total current assets</b>		<b>676.163</b>	<b>659.667</b>	<b>777.659</b>
	<b>Total assets</b>		<b>2.841.491</b>	<b>2.539.871</b>	<b>2.702.767</b>

(DKKt)				
Notes	Consolidated balance sheet	31.03.2019	31.03.2018	31.12.2018
<b>EQUITY AND LIABILITIES</b>				
	Share capital	501	500	501
	Share premium	833.542	726.434	830.764
	Currency translation reserve	-25.499	-23.014	-25.936
	Retained earnings	-150.967	-107.377	-154.218
	<b>Equity attributable to parent company</b>	<b>657.577</b>	<b>596.543</b>	<b>651.111</b>
	Non-controlling interests	6.084	603	5.535
	<b>Total Equity</b>	<b>663.661</b>	<b>597.146</b>	<b>656.646</b>
8	Bond debt	1.278.155	1.210.584	1.264.236
	Lease Liabilities	82.888	0	0
	Earn-out provision	8.238	0	1.678
	Deferred tax liability	43.942	51.682	46.807
	<b>Total non-current liabilities</b>	<b>1.413.222</b>	<b>1.262.266</b>	<b>1.312.721</b>
6	Bank debt	98.239	51.500	79.342
	Lease liabilities	58.787	0	0
	Earn-out provision	2.005	8.713	5.674
	Trade payables	385.917	433.935	425.569
	Payables to group entities	100.506	81.143	114.097
	Deferred income	7.563	7.319	6.136
	Corporation tax	23.147	12.326	17.707
	Other payables	88.444	85.523	84.876
	<b>Total current liabilities</b>	<b>764.609</b>	<b>680.459</b>	<b>733.400</b>
	<b>Total liabilities</b>	<b>2.177.831</b>	<b>1.942.725</b>	<b>2.046.121</b>
	<b>Total equity and liabilities</b>	<b>2.841.491</b>	<b>2.539.871</b>	<b>2.702.767</b>

(DKKt)				
Notes	Consolidated cash flow statement 1 January - 31 March		Q1 2019	Q1 2018
	Operating profit (EBIT) before special items		15.803	6.229
	Depreciation, amortisation and impairment		24.197	8.975
	Exchange rate adjustments		625	-4.250
	Change in working capital		-101.820	-18.970
	<b>Cash flows from operating activities before special items, interest &amp; tax</b>		<b>-61.195</b>	<b>-8.016</b>
	Special items		-614	-360
	Interest received		12.097	11.662
	Interest paid		-17.633	-26.385
	Tax paid		-19	-2.017
	<b>Cash flows from operating activities</b>		<b>-67.363</b>	<b>-25.116</b>
	Purchase of software		-7.105	-1.180
	Purchase of property, plant and equipment		-4.978	-1.602
	Sale of property, plant and equipment		25.368	0
9	Investments in group entities and activities		-82.634	0
	Special items, transactions cost acquisitions		-5.634	0
	Earn-out paid		-3.675	0
	<b>Cash flows from investing activities</b>		<b>-78.658</b>	<b>-2.782</b>
	<b>Free cash flow</b>		<b>-146.021</b>	<b>-27.898</b>
	Capital increase		2.778	0
	Loan to/from Transgroup Global Inc.		-8.436	0
	Redemption of lease liabilities		-14.876	0
	Redemption of other acquisition debt		-8.064	0
	<b>Cash flows from financing activities</b>		<b>-28.598</b>	<b>0</b>
	<b>Change in cash and cash equivalents</b>		<b>-174.619</b>	<b>-27.898</b>
	<b>Cash and cash equivalents</b>			
	Cash and cash equivalents at the beginning of the period		145.874	36.045
	Change in cash and cash equivalents		-174.619	-27.898
6	<b>Net cash and cash equivalents at 31 December</b>		<b>-28.745</b>	<b>8.147</b>

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
<b>Equity at 1 January 2019</b>	501	830.764	-25.936	-154.218	651.111	5.535	656.646
<b>Profit for the period</b>	0	0	0	3.251	3.251	585	3.836
Currency exchange adjustment	0	0	437	0	437	-36	401
<b>Other comprehensive income, net of tax</b>	0	0	437	0	437	-36	401
<b>Total comprehensive income for the period</b>	0	0	437	3.251	3.688	549	4.237
Capital increase by cash payment	0	2.778	0	0	2.778	0	2.778
<b>Total transactions with owners</b>	0	2.778	0	0	2.778	0	2.778
<b>Equity at 31 March 2019</b>	501	833.542	-25.499	-150.967	657.577	6.084	663.661

(DKKt)	Consolidated statement of changes in equity						
	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
<b>Equity at 1 January 2018</b>	500	726.434	-19.785	-97.544	609.605	312	609.917
Effect of changes in accounting policies, IFRS	0	0	0	-1.081	-1.081	0	-1.081
<b>Adjusted equity at 1 January 2018</b>	500	726.434	-19.785	-98.625	608.524	312	608.836
<b>Profit for the period</b>	0	0	0	-9.833	-9.833	326	-9.507
Currency exchange adjustment	0	0	-3.229	0	-3.229	-35	-3.264
<b>Other comprehensive income, net of tax</b>	0	0	-3.229	0	-3.229	-35	-3.264
<b>Total comprehensive income for the period</b>	0	0	-3.229	-9.833	-13.062	291	-12.771
<b>Equity at 31 March 2018</b>	500	726.434	-23.014	-108.458	595.462	603	596.065

Note (DKKt)

## 1 Segment information

Q1 2019

	Air		Sea		Road		Solution		Total	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenue (services)	454.856	363.204	443.856	425.475	161.467	145.152	28.429	31.218	1.088.608	965.049
Intercompany revenue	-55.451	-66.195	-61.232	-41.484	-12.251	-15.060	-283	-891	-129.217	-123.630
Net revenue (services)	399.405	297.009	382.624	383.991	149.216	130.092	28.146	30.327	959.391	841.419
Cost of operation	-328.010	-244.452	-315.443	-323.514	-121.361	-108.233	-24.868	-26.729	-789.682	-702.928
<b>Gross profit</b>	<b>71.395</b>	<b>52.557</b>	<b>67.181</b>	<b>60.477</b>	<b>27.855</b>	<b>21.859</b>	<b>3.278</b>	<b>3.598</b>	<b>169.709</b>	<b>138.491</b>

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)

## 2 Goodwill, customer relations and trademarks

31.03.2019

	Air	Sea	Road	Solution	Total
Balance at 31 December 2018	528.978	644.781	48.941	4.181	1.226.881
Exchange rate adjustment	-1.029	-206	-340	0	-1.575
Additions 2019	88.660	0	0	0	88.660
Amortisation during the year	-4.044	-3.967	-390	-26	-8.427
<b>Balance at 31 March 2019</b>	<b>612.565</b>	<b>640.608</b>	<b>48.211</b>	<b>4.155</b>	<b>1.305.539</b>

It is not possible 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 SGL Group is within the Air and Sea segments, whereas the Road and Solutions business units are relatively small in a group context and are primarily within a limited geographical area (Denmark & Sweden). The project business of 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.

Goodwill, customer relations and trademarks were tested for impairment at 31 December 2018.

The basis for the calculation is a 3 year projection with targets for year 2021; "Scan Global Logistics Vision 2021".

The 3 year plan is covering each focus area bringing loss making units into profitable businesses, plan for the organic growth and the project business. Furthermore new and potential contract wins have been factored into the plan and have impacted several business segments and companies within the Group.

The test did not result in any impairment of the carrying amount of goodwill allocated to each business segment. In that connection, a sensitivity analysis was performed to assess whether changes in the cash flow would have led to any impairment losses being recognised. The analysis showed that probable changes in the future cash flow would not indicate a need for an impairment of goodwill.

Note	(DKKt)		Q1 2019	Q1 2018
3	<b>Special items</b>			
	Restructuring cost (Redundancy cost for personnel and closing of offices), acquisitions etc.		0	-360
	Transaction costs in connection with acquisitions		-614	0
	<b>Total special items</b>		<b>-614</b>	<b>-360</b>

Note	(DKKt)		Q1 2019	Q1 2018
4	<b>Financial income</b>			
	Interest income from Transgroup Global Inc.		12.540	11.321
	Other financial income (primarily exchange gain on loan to Transgroup Global Inc.)		11.966	20.101
	<b>Total financial income</b>		<b>24.506</b>	<b>31.422</b>

Note	(DKKt)		Q1 2019	Q1 2018
5	<b>Financial expenses</b>			
	Interest expenses		-23.427	-23.087
	Capitalized loan costs		-907	-907
	Other financial expenses (primarily exchange loss on bond debt)		-9.778	-21.831
	<b>Total financial expenses</b>		<b>-34.112</b>	<b>-45.825</b>

Note	(DKKt)		31.03.2019		
6	<b>Cash &amp; Liquidity</b>				
			<b>Net Cash (+ = deposit)</b>	<b>Credit facilities</b>	<b>Liquidity reserve</b>
	<b>Scan Bidco Group</b>		-28.746	148.593	119.847

Scan Bidco Group holds net bank liquidity of DKK -28,746 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 119,847 thousand.

		31.03.2018			
			<b>Net Cash (+ = deposit)</b>	<b>Credit facilities</b>	<b>Liquidity reserve</b>
	<b>Scan Bidco Group</b>		8.147	144.640	152.787

The Scan Bidco Group holds net bank liquidity of DKK 8,145 thousand. Total financial reserves (net bank liquidity and credit facilities) aggregates to DKK 152,785 thousand.

Note (DKKt)		31.03.2019	31.03.2018
<b>7</b>	<b>Receivable from Transgroup Global Inc.</b>		
	Principal, USD 98,019 thousand, interest rate 7.70%	651.434	589.104
	Expected loss, IFRS 9	-1.081	-1.081
	<b>Total receivable from Transgroup Global Inc.</b>	<b>650.353</b>	<b>588.023</b>
		<b>Carrying amount</b>	<b>Carrying amount</b>
	<b>Cash flow*</b>		
	Receivable falling due between 1 and 5 years (2022)	815.186	589.104
	<b>Total non-current receivable from Transgroup Global Inc.</b>	<b>815.186</b>	<b>589.104</b>
	<b>Current portion of the receivable</b>	<b>50.160</b>	<b>0</b>

\* Total cash flows including interest.

In connection with TGI US Bidco's (name changed to Transgroup Global Inc.) acquisition of TransGroup effective 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	31.03.2019	31.03.2018
	Issued bonds, DKK tranche, interest rate 6.80%	625.000	625.000
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%	664.600	601.010
		<b>1.289.600</b>	<b>1.226.010</b>
	Capitalized loan costs	-11.445	-15.427
	<b>Total bond debt</b>	<b>1.278.155</b>	<b>1.210.583</b>
		<b>Carrying amount</b>	<b>Carrying amount</b>
	<b>Cash flow*</b>		
	Bond debt falling due between 1 and 5 years (2022)	1.597.424	1.245.770
	<b>Total non-current financial liabilities</b>	<b>1.597.424</b>	<b>1.245.770</b>
	<b>Current portion of financial liabilities</b>	<b>93.674</b>	<b>0</b>

\* Total cash flows including interest.

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

Certain terms and conditions apply for the issued bonds 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)

**9 Investments in group entities**

Q1 2019

Q1 2018

**Provisional fair value at date of acquisition:**
**ASSETS**

Software	104	0
Property, plant and equipment	29.308	0
Trade receivables	21.979	0
Other receivables	1.596	0
Prepayments	702	0
Cash and cash equivalents	44.522	0
<b>Total assets</b>	<b>98.211</b>	<b>0</b>

**LIABILITIES**

Finance liabilities	8.064	0
Trade payables	31.864	0
Corporation tax	1.371	0
Other payables	11.897	0
<b>Total liabilities</b>	<b>53.197</b>	<b>0</b>

**Acquired net assets**

Goodwill, trademarks and customer relations less of deferred tax	88.660	0
--	--------	---

**Fair value of total consideration**

Earn-out provision	6.519	0
--------------------	-------	---

<b>Cash consideration</b>	<b>127.156</b>	<b>0</b>
---------------------------	----------------	----------

Adjustment for cash and cash equivalents taken over	-44.522	0
---	---------	---

<b>Cash consideration for the acquisitions</b>	<b>82.634</b>	<b>0</b>
--	---------------	----------

Transaction costs for acquisitions	5.634	0
------------------------------------	-------	---

<b>Investments in Group entities</b>	<b>88.268</b>	<b>0</b>
--------------------------------------	---------------	----------

## 9 Investments in group entities

### Purchase of shares in the IQS Group

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

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

IQS Group currently operates 5 offices in Germany, 1 in the US and 1 in Dubai. The company was founded in 1998 and has built a strong reputation for themselves ever since.

Under the terms of the agreement, the 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 at the end of Q1 based on the prognosis of the 3 year period after the effective date. The main assets acquired relate to tangible assets, customer relations, trademarks and development.

The purchase price allocation will be finalized during 2019.

## Note

## 10 Accounting policies

### Basis of preparation

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

Except as stated below, accounting policies applied in preparing the Interim Financial Report are consistent with those applied in preparing the 2018 Annual Report. The 2018 Annual Report provides a full description of Group accounting policies.

### Changes in accounting policies

Scan Bidco has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2019 as adopted by the European Union.

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

#### **IFRS 16 Leases**

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

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

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

**10 Accounting policies (continued)**

**Changes in accounting policies (continued)**

**IFRS 16 Leases**

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

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

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

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.

**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 (operating leases as of 31 December 2018) of DKK 139 million. Impact on equity is DKK 0 thousand. Comparative figures are not restated.

Differences between the operating lease commitments at 31 December 2018 disclosed in the 2018 Annual Report and lease liabilities recognised in the opening balance at 1 January 2019 in accordance with IFRS 16 specify as follows:

Operating lease obligation as of 31 December 2018 (IAS 17)	118.849
Discounted alternative borrowing rate	-837
Service elements included in leasing agreements	-1.293
Discounted lease payments covered by extension options that Scan Bidco is reasonably certain to exercise	34.335
<i>Accounting policy choices made in implementing the standard:</i>	
Short-term leases	-10.808
Low-value leases	-940
<b>Lease liability as of 1 January 2019 (IFRS 16)</b>	<b>139.306</b>

## 10 Accounting policies (continued)

### **Material accounting estimates**

In connection with the preparation of the interim report, the management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of the group's assets and liabilities for accounting purposes. Except for judgements in determining the lease term as described below, there are no significant changes in the material estimates or assessments presented in the annual report for 2018.

#### *Significant judgement in determining the lease term of contracts with renewal options*

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.

### **New accounting regulation**

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

None of these are currently expected to carry any significant impact on the Scan Bidco Financial Statements when implemented.

## 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 2019 ended 31 March 2019.

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 interim financial report gives a true and fair view of the Group's assets and liabilities and financial position at 31 March 2019 and operations and cash flow for the period 1 January - 31 March 2019.

Further, in our opinion we find that the management commentary contains a true and fair statement of the development in the Group'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.

Kastrup, May 2019

### **Executive Management:**

Claes Brønsgaard Pedersen

### **Board of Directors:**

Henrik von Sydow  
*Chairman*

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbo Jessen