

Scan Global Logistics Holding ApS

Kirstinehøj 7, 2770 Kastrup

Company reg. no. 30 17 74 60

Annual report

2018

The annual report was submitted and approved by the general meeting on the 29 May 2019.



Claes Brønsgaard Pedersen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Scan Global Logistics Holding ApS for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Kastrup, 29 May 2019

Managing Director

Allan Dyrgaard Melgaard

Board of directors

Henrik August von Sydow
Chairman

Claes Brønsgaard Pedersen

Jørgen Agerbro Jessen
Deputy chairman

Thomas Thellufsen Nørgaard

Allan Dyrgaard Melgaard

Independent auditor's report

To the shareholder of Scan Global Logistics Holding ApS

Opinion

We have audited the financial statements of Scan Global Logistics Holding ApS for the financial year 1 January to 31 December 2018, which comprise income statement, balance sheet, statements of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are 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.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 May 2019

Ernst & Young

Godkendt Revisionspartnerselskab

State Authorised Public Accountant

Company reg. no. 30 70 02 28

Søren Skov Larsen

State Authorised Public Accountant

mne26797

Allan Nørgaard

State Authorised Public Accountant

mne35501

Company data

The company

Scan Global Logistics Holding ApS
Kirstinehøj 7
2770 Kastrup

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Web site www.scangl.com
E mail headoffice@scangl.com

Company reg. no. 30 17 74 60
Established: 1 January 2007
Domicile: Tårnby (Copenhagen)
Financial year: 1 January - 31 December

Board of directors

Henrik August von Sydow, Chairman
Jørgen Agerbro Jessen, Deputy chairman
Allan Dyrgaard Melgaard
Claes Brønsgaard Pedersen
Thomas Thellufsen Nørgaard

Managing Director

Allan Dyrgaard Melgaard

Auditors

Ernst & Young Denmark P/S
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg
Denmark

Bankers

Jyske Bank A/S

Management's review

The principal activities of the company

The Company's purpose is to own investments in the Scan Grobal Logistics Group.

Uncertainties as to recognition or measurement

An impairment test was performed regarding Scan Global Logistics A/S. The impairment test has not resulted in any impairment of the investment in Scan Global Logistics A/S.

Regarding other measurements of assets and liabilities, reference is made to the section on accounting policies. Management does not find there are any special circumstances for which allowance should be made when assessing the Company's financial position other than those made in the Annual Report.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -12 million against DKK -14 million last year. The management consider the result as expected.

Events subsequent to the financial year

No significant events have occurred subsequent to the financial year-end.

Accounting policies used

The annual report for Scan Global Logistics Holding ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Scan Global Logistics Holding ApS and its group enterprises are included in the consolidated annual accounts for Scan Bidco A/S, Kirstinehøj 7, 2770 Kastrup, CVR nr. 37521043.

The profit and loss account

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Income from investments in Group entities

The items comprises writedowns and reversal of writedowns and dividend received from goup entities.

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, exchange gains and losses, losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

Accounting policies used

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Financial fixed assets

Investments in group enterprises

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Receivables

Receivables are measured in accordance with IAS 39. In order to meet expected losses, writedown takes place at the net realisable value.

Cash

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Scan Global Logistics Holding ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Accounting policies used

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of borrowing 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 amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

DKK in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Other external costs	-35	-102
Gross results	-35	-102
2 Financial income	6.052	2.433
3 Financial costs	-18.311	-18.401
Results before tax	-12.294	-16.070
4 Tax for the year	341	2.034
Results for the year	-11.953	-14.036
Proposed distribution of the results:		
Allocated from results brought forward	-11.953	-14.036
Distribution in total	-11.953	-14.036

Balance sheet 31 December

DKK in thousands.

Assets			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Fixed assets			
5	Investments in group enterprises	<u>871.841</u>	<u>767.511</u>
	Total Financial assets	<u>871.841</u>	<u>767.511</u>
	Total Fixed assets	<u>871.841</u>	<u>767.511</u>
Current assets			
8	Receivables from Scan Global Logistics A/S	80.000	80.000
	Receivables from group entities	0	51.700
	Deferred tax assets	2.279	2.034
	Receivable corporate tax	44	0
	Other receivables	<u>0</u>	<u>20</u>
	Total receivables	<u>82.323</u>	<u>133.754</u>
	Cash	<u>463</u>	<u>475</u>
	Total Current assets	<u>82.786</u>	<u>134.229</u>
	Total assets	<u>954.627</u>	<u>901.740</u>

Balance sheet 31 December

DKK in thousands.

Equity and liabilities			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Equity			
6	Share capital	3.531	3.531
	Retained earnings	685.624	593.247
	Total Equity	689.155	596.778
Liabilities			
7	Debt to group enterprises	223.604	297.931
	Total Non current liabilities	223.604	297.931
	Trade creditors	222	247
	Payables to group enterprises	41.646	6.626
	Other Payables	0	158
	Total Current Liabilities	41.868	7.031
	Total Liabilities	265.472	304.962
	Total Equity and Liabilities	954.627	901.740
1	Uncertainties concerning recognition and measurement		
8	Mortgage and securities		
9	Contingencies		
10	Related parties		

Statement of changes in equity

DKK in thousands.

	<u>Contributed capital</u>	<u>Share premium account</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2017	3.531	0	479.761	483.292
Cash capital increase	0	127.522	0	127.522
Profit or loss for the year brought forward	0	0	-14.036	-14.036
Transferred to result brought forward	<u>0</u>	<u>-127.522</u>	<u>127.522</u>	<u>0</u>
Equity 1 January 2018	3.531	0	593.247	596.778
Cash capital increase	0	104.330	0	104.330
Profit or loss for the year brought forward	0	0	-11.953	-11.953
Transferred to result brought forward	<u>0</u>	<u>-104.330</u>	<u>104.330</u>	<u>0</u>
	<u>3.531</u>	<u>0</u>	<u>685.624</u>	<u>689.155</u>

Notes

DKK in thousands.

1. Uncertainties concerning recognition and measurement

An impairment test was performed regarding Scan Global Logistics A/S. The impairment test has not resulted in any impairment of the investment in Scan Global Logistics A/S.

Regarding other measurements of assets and liabilities, reference is made to the section on accounting policies. Management does not find there are any special circumstances for which allowance should be made when assessing the Company's financial position other than those made in the Annual Report.

	<u>2018</u>	<u>2017</u>
2. Financial income		
Interest income from group entities	2.266	2.433
Other financial income	<u>3.786</u>	<u>0</u>
	<u>6.052</u>	<u>2.433</u>
3. Financial costs		
Financial costs, group enterprises	18.297	18.391
Other financial costs	<u>14</u>	<u>10</u>
	<u>18.311</u>	<u>18.401</u>
4. Tax for the year		
Adjustment for the year of deferred tax	<u>-341</u>	<u>-2.034</u>
	<u>-341</u>	<u>-2.034</u>

Notes

DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Equity investments in group enterprises		
Acquisition sum, opening balance	767.511	667.503
Additions during the year	104.330	154.653
Disposals during the year	<u>0</u>	<u>-54.645</u>
Cost 31 December 2018	<u>871.841</u>	<u>767.511</u>
Book value 31 December 2018	<u>871.841</u>	<u>767.511</u>

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year
Scan Global Logistics A/S, Tårnby	100 %	<u>300.102</u>	<u>3.019</u>
		<u>300.102</u>	<u>3.019</u>

6. Contributed capital

Contributed capital	<u>3.531</u>	<u>3.531</u>
	<u>3.531</u>	<u>3.531</u>

The share capital consists of DKKt 1,638 A-shares, each with a nominal value of DKK 1,00 and DKKt 1,893 B-shares, each with a nominal value of DKK 1,00.

In 2018 the share capital was increased from DKK 3,530,837 by DKK 1 to DKK 3,530,838.

In 2017 the share capital was increased from DKK 3,530,835 by DKK 2 to DKK 3,530,837.

In 2016 the share capital was increased from DKK 3,563,333 by DKK 467,502 to DKK 3,530,835.

Notes

DKK in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
7. Debt to group enterprises		
Debt to group enterprises in total	223.604	297.931
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Debt to group enterprises in total	<u>223.604</u>	<u>297.931</u>
Share of liabilities due after 5 years	<u>0</u>	<u>297.931</u>

A redemption of the bond loan of DKK 350 million (DKK 375 million less of own bonds DKK 25 million), was made in August 2016. The company is now financed through an intercompany loan received from the parent company Scan Bidco A/S. The parent company, Scan Bidco A/S has issued a new bond loan to finance the acquisition of Scan Global Logistics Group in 2016. The intercompany interest rate is 7.7% and the interest is paid quarterly. The intercompany debt has to be repaid in 2022.

Notes

DKK in thousands.

8. Mortgage and securities

As security for bond debt in Scan Bidco A/S the Company have placed assets as security. Breakdown of the security and the carrying amount:

Receivables from group entities as security for bond debt DKK 80.000

The shares in Scan Global Logistics A/S with a carrying amount of DKK 871,841 thousand is pledged as security for bond debt in Scan Bidco A/S, as well as the shares in Scan Global Logistics Holding ApS.

9. Contingencies

Joint taxation

Scan Bidco A/S, company reg. no 37521043 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

10. Related parties

	Domicile	Basis for control
Scan Bidco A/S (direct and indirect owner of the Company)	Denmark	100 %
Ultimate owner with controlling interest		
AEA SGLT Holding I LP (all financial rights)	Cayman Islands	100%