SSCP Lager BidCo AB (publ)

Year-end Report and Interim Report for the fourth quarter of 2019

Fourth quarter, October - December 2019*

- Net sales amounted to 340 133 KSEK.
- Operating profit/loss amounted to (22 623) KSEK.
- Adjusted EBITDA excluding IFRS 16-effect amounted to 30 685 KSEK (9.0%).
- Adjusted EBITA excluding IFRS 16-effekt amounted to 29 003 KSEK (8.5%).
- Cash flow from operating activities totaled to 78 055 KSEK.

Financial year 28 June – 31 December 2019*

- Net sales amounted to 658 168 KSEK.
- Operating profit/loss amounted to (7 531) KSEK.
- Adjusted EBITDA excluding IFRS 16-effect amounted to 64 060 KSEK (9.7%).
- Adjusted EBITA excluding IFRS 16-effekt amounted to 60 834 KSEK (9.2%).
- Cash flow from operating activities totaled to 111 939 KSEK.

*The Parent Company SSCP Lager BidCo AB (publ) was formed on 24 April 2017 and was a so-called shelf company until 28 June 2019. On 28 June, the Parent Company acquired the Entlog Holding AB Group (‘Logent)’. Accordingly, the results for the Group that are presented in this report pertain to the results that arose in the period from the date of acquisition of the Entlog Holding AB Group on 28 June 2019 until the end of the reporting period on 31 December 2019.

FINANCIAL OVERVIEW

KSEK	Oct-Dec 2019	Financial year 28 Jun – 31 Dec 2019
Net sales	340 133	658 168
EBITDA	12 232	62 536
EBITA	(7 032)	23 650
Adjusted EBITDA excluding IFRS 16	30 685	64 060
Adjusted EBITA excluding IFRS 16	29 003	60 834
Operating profit/loss	(22 623)	(7 531)
Profit/loss after tax	(56 803)	(58 865)
Cash flow from operating activities	78 055	111 939
Net debt	1 078 255	1 078 255
Net debt excluding IFRS 16	731 692	731 692

For definitions, see page 24.

Significant events during the fourth quarter, October - December 2019

Financing
SSCP Lager BidCo AB (publ) settled the former bank loan on the 31st of October 2019. The bank loan was raised in connection with the acquisition of Entlog Holding Group AB. A bond of 900 MSEK was issued on the 31st of October 2019. The bond will be noted on Nasdaq Stockholm within a year from the issue date.

Organizational change, management
Johan Wallmander, former CEO of Logent Staffing &Recruitment, has been appointed VP Corporate Development. Johan will be responsible for Logent's strategic and geographical expansion into new markets.

Patrik Engh has been appointed CEO of Logent Staffing & Recruitment. He is also CEO of Logent Customs AB. Patrik has, among other, 18 years of experience from Addeco, where he during the last 9 years was responsible for the Industry & Logistic segment. Before joining Logent, Patrik worked for Jungheinrich Svenska AB.

Customer contract
During the fourth quarter Logent signed a contract with e-commerce fashion company NA-KD. Logent will operate the new highly automated warehouse in Landskrona to cover the Nordic countries. The warehouse includes an Autostore-solution and operations will start during the third quarter in 2020.

Significant events during the period 28 June - 31 December 2019
The Parent Company SSCP Lager BidCo (publ) was formed in 2017 and was a so-called shelf company until 28 June 2019. On 28 June 2019, the Parent Company acquired the Entlog Holding AB Group. For information regarding the acquisition, see Note 3 *Business combinations*.

On 31 October, SSCP Lager BidCo AB (publ) issued a bond totaling SEK 900 M. The bond will be listed on Nasdaq Stockholm during 2020 within a year from issuance. For further information on the bond, see Note 4 *Borrowings*.

Customer contract
During the third quarter Logent started a cooperation with HelloFresh to operate their warehouse in Bjuv, Sweden. HelloFresh is one of the leading global providers of fresh food at home and established themselves on the Swedish market in 2019.

Significant events after the end of the reporting period
No significant events after the end of the reporting period.

Comments by the Managing Director

The strategic transformation of Logent from a staffing company to a logistics company enabled growth already in 2018 but generated full effect in 2019. In 2019, agreements were signed with several important new customers such as NA-KD, Saab AB, ITAB and Kanthal, which will be apparent in the 2020 earnings. Logent's decentralized management model, combined with central resources for development and project management, as well as the company's broad service offering, formed the basis for this positive trend.

The economic situation during Q4 2019 had a negative impact on Logent, but the underlying Entlog Holding AB Group nonetheless reported growth of 7%. The Group's adjusted EBITDA excluding IFRS 16 closed at 133.4 MSEK (10.1%) proforma for Entlog Holding AB Group's full year result during 2019.

We note that Logent's platform is in place and we have signed many new customer agreements, which will be implemented throughout 2020. The pipeline is robust, which indicates that there will be continued strong organic growth going forward. The Company will continue to invest in its unique expertise in being able to design and implement advanced and effective logistics solutions, at the same time as we support our units with competence provision from our staffing company. The Company's focus for the past two years on broadening the operation to new sectors has yielded favorable results and, in particular, we have seen growth in e-commerce and industry. Similarly, the Company has continued to work with a generally high level of flexibility. These factors mean that the Company now stands well-equipped to address any continued slowdown in the market.

We also saw that our initiatives to help new arrivals enter the labor market also functioned well in 2019. In total we gave more than 69 people permanent positions within Logent and among our customers.

The Company gained a new principal owner in 2019, when Adelis Equity Partner sold its majority share to Stirling Square Capital Partner. The changed ownership structure primarily entails a focus for Logent on expanding outside its two existing markets, Sweden and Norway. For this reason, a separate central department for Corporate Development was created to facilitate establishment in new markets.

Significant risks and uncertainties

Risks relating to macroeconomic factors and cyclical demand
The Group is through its different business segments active in the logistics market. Like other companies active in the logistic market, the Group is affected by the general financial and political situation, at the global, local and regional level. The overall market demand for logistic services, and thus the demand for the Group's logistics services, typically grows and declines in line with the development of the gross domestic product ("GDP") and level of trade volumes in the geographic regions where the Group offers its logistics services. Thus, the Group is primarily dependent on the development of the GDP and the related general development of trade volumes in Sweden and Norway, as well as such developments in the geographical regions and markets where its customers operate, as the demand for the Group's logistics services is ultimately affected by the demand for its customer's products. Such declines in the demand for the Group's logistics services may have an adverse effect on the business, operating results and financial position of the Group.

Risks related to Corona
The risk and possible effect on Logent due to the Corona virus is impossible to predict at the moment. By reason of the Corona virus and the uncertainty of the effect on Logent's business the Group is prioritizing actions to minimize the effect in case the effect would be material, which it is not at the time being. Logent is monitoring the development and will take further actions if the situation worsens.

Outlook

SSCP Lager BidCo AB (publ) does not provide any forecasts.

Transactions with related parties

SSCP Lager BidCo AB (publ) has a shareholder loan from its parent company SSCP Lager MidCo AB amounting to 250 000 KSEK as of 31 December 2019.

Sales and earnings fourth quarter 2019 and 2019 financial year

Sales and earnings for the Group, whose operations commenced on 28 June 2019 are presented on the first page of this Year-end report.

PARENT COMPANY

Operations
The Parent Company was formed in 2017 and was a shelf company until 28 June 2019. Since June, the Company's business has been to own and manage shares in subsidiaries.

Net sales and earnings trend
The Parent Company became operational 28 June 2019 in connection to the acquisition of Entlog Holding AB Group and the earnings trend appears in the Parent Company's income statement in this year-end report.

Investments
The Parent Company acquired Entlog Holding AB Group on 28 June 2019.

Liquidity and financial position
The Parent Company raised a bank loan in connection to the acquisition of Entlog Holding AB Group to finance the acquisition.
The Parent Company settled the bank loan and issued a bond on 31 October 2019 amounting to 900 000 KSEK with ISIN: SE0013358686. The bond is intended to be listed on Nasdaq Stockholm within a year of issuance.

Significant risks and uncertainties
The Parent Company's significant risks and uncertainties are the same as the Group as a whole.

Significant transactions with closely related parties
The Parent Company has a shareholder loan from its parent company SSCP Lager MidCo AB amounting to 250 000 KSEK.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK

	Note	Oct-Dec 2019	28 Jun-31 Dec 2019
Operating income			
Net sales	2	340 133	658 168
Other operating income		-	72
Gross profit		**340 133**	**658 240**
Operating expenses			
Other external expenses		(138 083)	(228 596)
Personnel costs		(189 818)	(367 101)
Other operating expenses		-	(7)
Profit before depreciation and amortization		**12 232**	**62 536**
Depreciation and amortization of tangible assets and intangible assets, as well as right-of-use assets		(34 855)	(70 067)
Operating profit/loss		**(22 623)**	**(7 531)**
Profit/loss from financial expenses			
Financial income		141	206
Financial expenses		(23 692)	(44 415)
Net financial items		**(23 551)**	**(44 209)**
Profit before tax		**(46 174)**	**(51 740)**
Income tax		(10 629)	(7 125)
Profit/loss for the period		**(56 803)**	**(58 865)**
Profit/loss for the period is attributable to:			
Parent Company shareholders		(56 803)	(58 865)
Non-controlling interests		-	-
Other comprehensive income:			
Items that may be reclassified to profit or loss for the period			
Exchange differences on translation of foreign operations		(517)	(727)
Other comprehensive income for the period		**(517)**	**(727)**
Total comprehensive income for the period		**(57 320)**	**(59 592)**
Total comprehensive income attributable to:			
Parent Company shareholders		(57 320)	(59 592)
Non-controlling interests		-	-

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in KSEK	Note	30 Sep 2019	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets			
Trademarks	4	135 894	135 894
Customer contract	4	525 133	509 542
Goodwill	4	940 939	940 939
Other intangible assets		5 373	5 069
Total intangible assets		**1 607 339**	**1 591 444**
Property, Plant and Equipment (PPE)			
Land and buildings		1 000	4 559
Improvements fees on the property of others		1 300	2 037
Plant and machinery		16 651	15 953
Equipment, tools, fixtures and fittings		5 211	4 319
Total property, plant and equipment		**24 162**	**26 868**
Right-of-use assets		366 959	352 856
Financial assets			
Other non-current receivables		1 444	1 432
Total financial assets		**1 444**	**1 432**
Deferred tax asset		294	482
Total non-current assets		**2 000 199**	**1 973 052**
Current assets			
Inventories, etc.			
Raw materials and consumables		411	346
Total inventories		**411**	**346**
Current receivables			
Accounts receivables		117 696	114 527
Current tax assets		13 347	8 811
Other receivables		4 536	4 257
Prepaid expenses and accrued income		93 995	66 784
Cash and cash equivalents		66 594	168 358
Total current receivables		**296 168**	**362 737**
Total current assets		**296 579**	**363 083**
TOTAL ASSETS		**2 296 778**	**2 336 135**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in KSEK

	Note	30 Sep 2019	31 Dec 2019
EQUITY			
Equity attributable to shareholders of the Parent Company			
Share capital		5 615	5 565
Other contributed capital		465 086	465 086
Reserves		(210)	(727)
Retained earnings including profit/loss for the period		(2 112)	(58 865)
Total equity		**468 379**	**411 059**
LIABILITIES			
Non-current liabilities			
Bond loans	3	781 039	877 484
Deferred tax liabilities		141 460	141 697
Non-current lease liabilities		298 501	287 712
Liabilities to group companies	3	310 000	268 403
Total non-current liabilities		**1 531 000**	**1 575 296**
Current liabilities			
Accounts payable		76 152	99 138
Current lease liabilities		61 048	58 851
Tax liabilities		-	11 215
Other current liabilities		45 182	54 968
Accrued expenses and deferred income		115 017	125 608
Total current liabilities		**297 399**	**349 780**
TOTAL EQUITY AND LIABILTIES		**2 296 778**	**2 336 135**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK		Attributable to shareholders of Parent Company				
	Note	**Share capital**	**Other contributed capital**	**Reserves**	**Retained earnings including profit/loss for the period**	**Total Equity**
Opening balance, 28 June 2019		**50**				**50**
Profit/loss for the period					(58 865)	**(58 865)**
Other comprehensive income for the period				(727)		**(727)**
Total comprehensive income for the period		**50**		**(727)**	**(58 865)**	**(59 593)**
Transactions with shareholders in their role as owners						
Shareholder contribution			415 449			**415 449**
Issue for non-cash consideration	4	5 515	49 637			**55 152**
Closing balance at 31 December 2019		**5 565**	**465 086**	**(727)**	**(58 865)**	**411 059**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in KSEK	Note	Accounting period	
		Oct-Dec 2019	**28 Jun-31 Dec 2019**
Cash flow from operating activities			
Operating profit/loss		(22 623)	(7 532)
Adjustments for non-cash items:			
-Depreciation of tangible assets and amortization of intangible assets and right-of-use assets		34 855	70 067
-Exchange-rate differences		(513)	(1 192)
Interest received		141	206
Interest paid		(4 787)	(15 038)
Income taxes paid		5 171	3 030
Cash flow from operating activities before changes in working capital		**12 243**	**49 541**
Cash flow before changes in working capital			
Increase/decrease in inventories		65	61
Increase/decrease in accounts receivables		3 169	32 843
Increase/decrease in other current receivables		28 017	22 335
Increase/decrease in accounts payables		22 986	4 633
Increase/decrease in other current operating liabilities		11 575	2 526
Total change in working capital		**65 812**	**62 398**
Cash flow from operating activities		**78 055**	**111 939**
Cash flow from investing activities			
Acquisitions of subsidiaries, after adjustments for acquired cash and cash equivalents	4	-	(784 221)
Investments in property, plant and equipment		(4 058)	(4 087)
Cash flow from investing activities		**(4 058)**	**(788 308)**
Cash flow from financing activities			
Raising of loans		99 000	1 201 192
Repayment of borrowings		(50 000)	(712 798)
Transaction costs loans paid		(3 741)	(24 893)
Shareholder contributions received		-	415 449
Lease liabilities paid		(16 975)	(33 546)
Cash flow from financing activities		**28 284**	**845 404**
Decrease/increase in cash and cash equivalents		**102 281**	**169 035**
Cash and cash equivalents at beginning of year		66 594	50
Exchange rate differences in cash and cash equivalents		(517)	(727)
Cash and cash equivalents at end of year		**168 358**	**168 358**

CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in KSEK	Note	Accounting period 1 Jan- 31 Dec 2019	1 Jan- 31 Dec 2018
Operating income			
Net sales		604	-
Gross profit		**604**	**-**
Operating expenses			
Other external expenses		(1 663)	-
Personnel costs		(567)	-
Other operating expenses		-	-
Operating profit/loss		**(1 626)**	**-**
Profit/loss from financial items			
Other interest income and similar profit/loss items		16 918	-
Interest expenses and similar profit/loss items		(38 465)	-
Total profit/loss from financial items		**(21 547)**	**-**
Profit before tax		**(23 173)**	**-**
Tax on profit/loss for the period		-	-
Profit/loss for the period		**(23 173)**	**-**

The Parent Company has no items that are recognized as other comprehensive income. Total comprehensive income for the period is therefore the same as net profit for the period.

CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in KSEK

	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies		947 535	-
Receivables from Group companies		613 065	-
Total financial assets		**1 560 600**	**-**
Total non-current assets		**1 560 600**	**-**
Current assets			
Current receivables			
Receivables from Group companies		11 679	-
Prepaid expenses and accrued income		157	-
Total current receivables		**11 836**	**-**
Cash and bank balances		48 005	50
Total current assets		**59 841**	**50**
TOTAL ASSETS		**1 620 441**	**50**

CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in KSEK	Note	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		5 565	50
Non-restricted equity			
Shareholder contributions		415 449	-
Share premium reserve		49 637	-
Net profit/loss for the year		(23 173)	-
Total equity		**447 479**	**50**
LIABILITIES			
Non-current liabilities			
Liabilities to shareholders		268 403	-
Bond loans		877 484	-
Total non-current liabilities		**1 145 886**	**-**
Current liabilities			
Accounts payable		15 353	-
Other current liabilities		1 810	-
Accrued expenses and deferred income		9 913	-
Total current liabilities		**27 076**	**-**
Total liabilities		**1 172 963**	**-**
TOTAL EQUITY AND LIABILITIES		**1 620 441**	**50**

CONDENSED PARENT COMPANY CASH FLOW STATEMENT

Amounts in KSEK

	Note	1 Jan–31 Dec 2019
Cash flow from operating activities		
Operating profit/loss		(1 626)
Items not affecting liquidity		
-Exchange-rate differences		(178)
Interest received		6 046
Interest paid		(9 740)
Income taxes paid		-
Cash flow from operating activities before changes in working capital		**(5 498)**
Cash flow before changes in working capital		
Increase/decrease in other current receivables		(964)
Increase/decrease accounts payable		15 353
Increase/decrease in other current operating liabilities		2 764
Total change in working capital		**17 153**
Cash flow from operating activities		**11 655**
Cash flow from investing activities		
Acquisitions of subsidiaries	4	(892 383)
Lending		(613 065)
Cash flow from investing activities		**(1 505 448)**
Cash flow from financing activities		
Raising of loans		1 200 000
Repayment of borrowings		(50 000)
Transaction costs loan paid		(23 701)
Shareholder contributions received		415 449
Cash flow from financing activities		**1 541 748**
Decrease/increase in cash and cash equivalents		**47 955**
Cash and cash equivalents at beginning of year		50
Exchange rate differences in cash and cash equivalents		-
Cash and cash equivalents at end of year		**48 005**

1. Notes to the consolidated accounts

1.1 General information

SSCP Lager BidCo AB (publ), corporate ID number 559109-9154, is a limited company registered in Sweden with registered office in Stockholm. The address of the head office is SSCP Lager BidCo AB, c/o Logent AB Hammarby Kaj 14, SE-120 30 Stockholm, Sweden. The Parent Company and its subsidiaries' operations comprise logistics services.

Unless otherwise stated, all amounts are in thousands of SEK (KSEK).

1.2 Summary of significant accounting policies

This note contains a list of the most significant accounting policies that were applied when these consolidated accounts were prepared. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated accounts encompass the legal Parent Company SSCP Lager BidCo AB (publ) and its subsidiaries

1.2.1 Basis of preparation of the financial statements

This interim report contains SSCP Lager BidCo AB (publ)'s first consolidated accounts and the selected accounting policies for the preparation of this are the IFRS (International Financial Reporting Standards).
These consolidated accounts were prepared pursuant to the Swedish Annual Accounts Act, RFR 1 Supplementary Financial Reporting Rules for Corporate Groups, and the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations (IFRS IC) as approved by the EU. The Parent Company was formed on 24 April 2017 and was a shelf company without operations until the Parent Company acquired Entlog Holding AB Group on 28 June 2019. The acquisition of Entlog Holding AB Group on 28 June 2019 was the starting point for the Group's operations and thus also the Group's financial year. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The consolidated accounts were prepared in accordance with the historical cost convention. Apart from financial instruments measured at fair value.

The preparation of statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Those areas that include a high level of assessment, that are complex or such areas where assumptions and estimations are of material importance for the consolidated accounts are stated in Note 1.3 *Significant estimates and assessments for accounting purposes.*

Since the Group has prepared its consolidated accounts in accordance with IFRS from the date the Group was formed, the Parent Company has transitioned to the application of RFR 2 *Accounting for Legal Entities*. Since the Parent Company was a shelf company and did not conduct any operations in 2018, the transition to RFR 2 had no impact on the Parent Company. The Parent Company applies Recommendation RFR 2 *Financial Reporting for Legal Entities* of the Swedish Financial Reporting Board and the Annual Accounts Act. The application of RFR 2 requires that the Parent Company shall apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. This interim report has been prepared pursuant to the Swedish Annual Accounts Act. The Parent Company applies other accounting policies than the Group in the cases stated below:

Presentation formats
The format prescribed in the Annual Accounts Act is used for the income statements and balance sheets. The presentation format for the statement of changes in equity is also consistent with the Group's format but must also include the columns stated in the Annual Accounts Act. Moreover, there is a difference in terms, compared with the consolidated accounts, mainly with regard to financial income and expense, and equity.

Participations in subsidiaries
Participations in subsidiaries are recognized at cost less any impairment. Cost includes acquisition-related costs and any earn-outs.

The recoverable amount is calculated if there is an indication of impairment of participations in subsidiaries. Impairment is recognized if the recoverable amount is less than the carrying amount. Impairment is recognized in the items "Profit/loss from participations in Group companies."

Shareholders' contributions
Shareholders' contributions paid are recognized in the Parent Company as an increase in the holding's carrying amount and in the receiving company as an increase in equity.

Financial instruments
IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the items set out in RFR 2 (IFRS 9 *Financial instruments*, p. 3-10).

Financial instruments are measured based on cost. Financial assets acquired with the intention of holding them on a short-term basis will be recognized in subsequent periods in accordance with the lower value principle at the lowest of cost and market value. Derivative instruments with negative fair value are measured at this fair value.

When calculating the net realizable value of receivables recognized as current assets, the policies for impairment testing and loss risk provision in IFRS 9 are applied. For a receivable recognized at amortized cost at consolidated level, this entails that the loss risk provision recognized in the Group in accordance with IFRS 9 is also to be recognized in the Parent Company.

Leasing
The Parent Company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2 IFRS 16 *Leases* p.p. 2-12. This choice entails that no right-of-use assets and lease liabilities are recognized in the balance sheet, but lease payments are recognized as a cost on a straight-line basis over the lease term.

1.2.2 New and amended standards not yet applied by the Group

A number of new standards and interpretations are effective for financial years beginning on or after 1 January 2020 and have not been applied in preparing these financial statements. No published standards that have not yet become effective have impacted the Group.

1.2.3 Consolidated accounts
a) Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its holdings in the entity and has the ability to affect those returns through its influence over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from the consolidated accounts from the date on which control is relinquished.

The Group applies the acquisition method to account for business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets and liabilities incurred to previous owners of the acquired entity by the Group. The consideration also includes the fair value of all assets or liabilities that are a consequence of a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Acquisition-related costs are expensed as incurred.

Intra-Group transactions, balance-sheet items and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2.4 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Managing Director is the chief operating decision maker for the Group, who evaluates the Group's financial position and earnings and makes strategic decisions. The Managing Director and Board of Directors have determined the operating segments based on the information reviewed by the Managing Director for the purposes of allocating resources and assessing performance. The Group has identified two reportable segments, Contract Logistics and Staffing. Contract Logistics is a merger of the operating segments Warehousing, Ports, Transport Management and Customs as they have similar long-term financial characteristics and similar services and customer structure.

1.2.5 Translation of foreign currencies
(i) Functional and reporting currency
The functional currency of the various entities in the Group is the local currency, as this has been defined as the currency that is used in the primary economic environment in which each entity mainly conducts business. The Swedish krona (SEK) is used in the consolidated accounts. This is the functional currency of the Parent Company and the reporting currency of the Group.

(ii) Transactions and balances
Transactions in foreign currency are translated to the functional currency at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in operating profit/loss in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income as financial income or expenses. All other foreign exchange gains and losses are recognized in the item "Other operating expenses" and "Other operating income" in the statement of comprehensive income.

(iii) Translation of foreign Group companies
The earnings and financial position of all Group companies that have a functional currency that is different to the reporting currency are translated to the Group's reporting currency: The assets and liabilities of each of the balance sheets are translated from the functional currency of the foreign operation to the Group's reporting currency, SEK, at the exchange rate applicable on the balance sheet date. The income and expenses in each of the income statements are translated into SEK at

the average rate applying at the time of each transaction. Translation differences arising on the currency translation of foreign operations are recognized in other comprehensive income. Accumulated gains and losses are recognized in profit/loss for the period when the foreign operations are fully or partly divested.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.2.6 Revenue recognition
Revenue includes the fair value of the amount that has been, or will be, received for the services sold in the Group's operating activities. Revenues are recognized excluding value added tax and discounts.

Revenue is recognized when control of the goods or services sold is passed to the customer. The group revenues are essentially sales of service. The main revenue streams are Warehousing, Ports, Transport Management and Staffing.

(i) Sale of service

Warehousing, Ports and Transport Management
Services from the revenue stream Warehousing mainly consists of outsourcing activities related to warehousing. Ports mainly consists various types of stevedoring services such as cargo handling and discharging and loading units from/to the vessels/ships and to store the cargo between discharging and loading. Transport Management mainly consists of services related to solutions and competence for the customers' transport management. Within all these revenue streams, there is one performance obligation as the services performed consist of a series of distinct services with the same pattern for transfer to the customer.

Staffing
Consists mainly of staffing other companies' warehouses, logistics and production. Within Staffing there are one distinct performance obligation.

For all the revenue streams (Warehousing, Ports, Transport Management and Staffing) the revenue is recognized over time. The customers obtain and consume the benefits provided by the Group's performance when an obligation is fulfilled. Revenues are recognized in the same period that services are provided by the Group. The transaction price is mainly based on a fixed price per hour or per unit. The revenues are measured based on what the Group has the right to invoice. In some cases, the Group's performance is used evenly over time and in these cases the revenues are recognized with a linear method. A receivable is recognized when the services have been delivered, as this is the time when the remuneration becomes unconditional.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible assets) an asset is recognized from the costs incurred to fulfil a contract only if those costs certain criteria. The asset is amortized on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates. This period can be the same period as the agreement with the specific customer.

The Group does not expect to have any agreements which have a period of more than one year between the service is performed and the payment from the customer. Therefore, the Group does not adjust the transactions price for the effects of a significant financing component.

(iii) Interest income
Interest income is recognized using the effective interest method.

1.2.7 Leases
The Group acts as both lessee and lessor. The Group's leases for which the Group is the lessee pertain essentially to premises, port areas, trucks and cars. The Group's leases where the Group is the lessor pertains to premises.

The Group acts as both lessee and lessor.

Leasing - the Group as lessee
For all leases, apart from the exemptions named below, a right-of-use asset is recognized with a corresponding lease at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Leases apply for periods of 3-5 years but there are options to extend or terminate the leases.

Assets and liabilities arising from a lease are initially measured at present value basis of future lease payments. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payments that are based on an index or a rate
- residual value guarantees
- call options (which will be exercised with reasonable certainty)

The lease payments are discounted using the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the initial measurement of the lease liability and
- payments made on or before the point in time when the leased asset is made available to the lessee.

The Group applies the exception in IFRS 16, which entails that lease payments attributable to short-term leases and leases for which the underlying asset has a low value are not recognized as a right-of-use asset and lease liability, but are recognized on a straight-line basis as a cost over the lease term. Short-term leases are leases with a lease term of 12 months or less. Leases for which the underlying asset has a low value essentially pertain to office equipment

Extension and termination options
Options to extend or terminate leases are included in the Group's leases. These terms are used to maximize operational flexibility in terms of managing contracts. Options for extending or terminating leases are included in the asset and the liability where it is reasonably certain that they will be exercised.

Accounting in subsequent periods
The lease liability is remeasured if any changes occur to the lease or if there are changes in the cash flow that is based on the original contractual terms. Changes in the cash flow based on the original contractual terms arise when: the Group changes its initial assessment regarding whether the options for extension and/or termination will be exercised, there are changes in earlier assessments if a call option is exercised, lease payments are changed due to changes in an index or rate. A remeasurement of the lease liability leads to a corresponding adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement is recognized in profit or loss. The right-of-use asset is tested for impairment whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Presentation
Right-of-use assets and lease liabilities are recognized on a separate line in the balance sheet. Depreciation and amortization of right-of-use assets are recognized on the depreciation and amortization line and interest expense on the lease liability is recognized as a financial expense. Lease payments attributable to a lease of low value and short-term leases are recognized in profit or loss on the 'Other external expenses' depending on the type of leased asset. Repayment of the lease liability is recognized as cash flow from financing activities. Interest payments and payments of short-term leases and leases of low value are recognized as cash flow from operating activities.

Leasing - the Group as lessor
Leases, where the lessor substantially retains the risks and rewards of ownership, are classified as operating leases. Lease payments received during the lease term are credited in the statement of comprehensive income straight-line across the lease term.

Leases, for which substantially all the financial risks and rewards of ownership are transferred from the lessor to the lessee, are classified as financial leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The Group currently only has leases classified as operating leases.

1.2.7 Current and deferred income tax
The tax expense for the period comprises current tax calculated on the taxable earnings for the period at the applicable tax rates. The current tax expense is adjusted for changes in deferred tax assets and liabilities arising from temporary differences and unutilized tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority and pertain to the same tax subject or various tax subjects, where there is an intention to settle the balances on a net basis.

Current and deferred tax is recognized in the statement of comprehensive income, except when tax pertains to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

1.2.8 Intangible assets

1.2.8.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and relates to the amount at which the purchase consideration, any non-controlling interests in the acquired company and fair value of any pre-existing equity interest in the acquired company exceed the fair value of identifiable acquired net assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies arising from the acquisition. Each unit or group of units to which goodwill is distributed, corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management purposes. Goodwill is monitored on operating segment level.

1.2.8.2 Customer relationships

Customer relations acquired as part of a business combination (see Note 4 for details) are measured at fair value at the date of acquisition and are amortized on a straight-line basis over their estimated useful life. The estimated useful life amounts to 9 years in average, which corresponds to the estimated time that they will generate cash flow.

1.2.8.3 Trademarks

Trademarks acquired in a business combination are recognized at fair value at the acquisition date (see Note 4 for details). The Group's strategy is to retain acquired companies' trademarks because they are deemed to be a driver of future sales and as long as the trademarks are used, maintained and invested in, they are deemed to have an indefinite useful life and are recognized at cost and tested for impairment annually.

1.2.8.4 Other intangible assets

Other intangible assets essentially comprise capitalized development expenses. The Group continuously evaluates the extent to which internally accrued intangible assets, such as capitalized development expenditure and internally updated expenses for administrative systems essentially adapted to the Group's operations, can be capitalized.

The following criteria must be met so that the internally accrued intangible asset can be capitalized:

- it is technically feasible to complete the internally accrued intangible asset such that it can be utilized,
- the Company intends to complete the internally accrued intangible asset and utilize or sell it,
- there are prerequisites in place to utilize or sell the internally accrued intangible asset,
- it can be demonstrated that the internally accrued intangible asset will generate probable, future economic benefits;
- adequate technical, economic and other resources are available to complete the development and to utilize or sell the internally accrued intangible asset, and the expenses attributable to the internally accrued intangible asset during its development can be reliably calculated.

Other development expenses that do not meet these criteria are recognized as an expense as incurred. Development expenses previously recognized as an expense are not recognized as an asset in a subsequent period.

1.2.9 Tangible assets

Tangible fixed assets mainly comprise machinery and other equipment, tools, fixtures and fittings. Tangible assets are recognized at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component accounted is derecognized from the statement of financial position. All other repairs and maintenance are recognized as costs in the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of assets is applied on a straight-line basis as follows in order to allocate cost down to the residual value over the estimated useful life:

- Land and buildings 10-40 years
- Improvements fees on the property of others 3-10 years
- Plant and machinery 3-10 years
- Equipment, tools, fixtures and fittings 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on a divestment is determined as the difference between the sales proceeds and the carrying amount and is recognized in other operating income or other operating expenses in the statement of comprehensive income.

1.2.10 Impairment of non-financial assets
Goodwill and trademarks that have an indefinite useful life or intangible assets that are not yet available for use are not subject to amortization and are tested annually for impairment, or when there is an indication of a decline in value. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). For assets other than goodwill, that have previously been impaired, a test is performed on each balance sheet date to determine whether a reversal is to take place.

1.2.11 Financial instruments

Capitalized development expenses are recognized as intangible assets and are amortized from the date on which the asset is ready for use. Capitalized development expenses are amortized straight-line over their estimated useful life, which is 3-10 years.

a) Initial recognition
Financial assets and financial liabilities are recognized when the Group becomes a party to the financial instrument's contractual conditions. Purchases and sales of financial assets and liabilities are recognized on the trade date, i.e. the date on which the Group undertakes to purchase or sell the asset.

Financial instruments are initially measured at fair value plus, for an asset or financial liability that is not measured at fair value through profit or loss, transaction costs that are directly attributable to acquisitions, or issues of a financial asset or financial liability (e.g. fees and commissions).

b) Financial assets - Classification and measurement
The Group classifies and measures its financial assets in the category of *financial assets recognized at amortized cost.*

Financial assets at amortized cost
The classification of investments in debt instruments depends on the Group's business model for managing the financial assets and the contractual terms of the asset's cash flows. The Group reclassifies debt instruments when and only when its business model for those instruments' changes.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are recognized at amortized cost. Interest income from these financial assets is included in financial income using the effective interest method.

The Group's financial assets that are measured at amortized cost consist of non-current receivables, accounts receivable and other receivables and accrued income as well as cash and cash equivalents.

c) Derecognition of financial assets
Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Group undertakes to purchase or sell the asset. Financial assets are derecognized from the statement of financial position when the right to collect cash flows from the instrument has expired or been transferred and the Group has relinquished, in all material respects, all risks and benefits associated with ownership.

Gains and losses arising on derecognition from the balance sheet are recognized directly in the result.

d) Financial liabilities - Classification and measurement
After initial recognition, the Group's financial liabilities are measured at amortized cost by applying the effective interest method.

The Group's financial liabilities that are measured at amortized cost comprise the items liabilities to credit institutions, bond loans, other non-current liabilities, accounts payable, other liabilities and accrued expenses.

e) Derecognition of financial liabilities
Financial liabilities are derecognized from the statement of financial position when the contractual obligations have been fulfilled, cancelled or extinguished in another manner. The difference between the carrying amount of a financial liability that is extinguished or transferred to another party and the remuneration paid, including transferred assets that are not cash or assumed liabilities, is recognized in the statement of comprehensive income.

In the event the terms of a financial liability are renegotiated and not derecognized from the statement of financial position, a profit or loss is recognized in the statement of comprehensive income and the profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

f) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount recognized in the statement of financial position only when there is a legally enforceable right to offset the carrying amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or receivership of the Company or the counterparty.

g) Impairment of financial assets recognized at amortized cost
The Group assesses the future expected credit losses attributable to assets measured at amortized cost. The Group recognizes a reserve ("loss allowance") for such expected credit losses on each reporting date.

For accounts receivables, the Group applies the simplified approach for loss allowances, meaning that the reserve will correspond to the expected loss across the entire lifetime of the trade receivables. To measure the expected credit losses, accounts receivables are grouped based on allocated credit risk properties and days overdue. The Group employs forward-looking variables for expected credit losses. Expected credit losses are recognized in the consolidated statement of comprehensive income in the item other external expenses.

1.2.12 Inventories
Inventory, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and attributable indirect manufacturing costs, the latter being allocated on the basis of normal operating capacity. Borrowing costs are not included. Costs are assigned to individual items of inventory on the basis of weighted average costs. The cost of goods for resale is determined after the deduction of discounts. Net realizable value is the estimated selling price in the ordinary course of business less the applicable variable costs necessary to make the sale.

1.2.13 Accounts receivable
Accounts receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivables are initially recognized at fair value (transaction price). The Group holds the accounts receivables with the objective of collecting the contractual cash flows and therefore measures them on subsequent balance-sheet dates at amortized cost using the effective interest method less any loss allowances.

1.2.14 Cash and cash equivalents
Cash and cash equivalents include, both in the statement of financial position and the statement of cash flows, bank balances.

1.2.15 Share capital
Ordinary shares are classified as equity. Preference shares are classified as equity.

1.2.16 Borrowings
Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of comprehensive income allocated over the term of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or portion of a financial liability) that is extinguished or transferred to another party and the remuneration paid, including transferred assets that are not cash or assumed liabilities, is recognized in the statement of comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1.2.17 Provisions
Provisions for restructuring, legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

No provisions are recognized at 31 December 2019.

1.2.18 Employee benefits

1.2.18.1 Short-term employee benefits
Liabilities for salaries and remuneration, including non-monetary benefits and paid sickness absence, that are expected to be settled within 12 months after the end of the financial year are recognized as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The expense is recognized in the statement of comprehensive income as the employees perform the services. The liabilities are recognized as obligations for employee benefits in the consolidated statement of financial position.

1.2.18.2 Pension obligations
The Group has both defined-contribution and defined-benefit pension plans (ITP 2). Defined-contribution plans are plans under which the Company pays fixed contributions into a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees. The contributions are recognized as personnel costs in the statement of comprehensive income when they are due.

The pension plan for Swedish salaried employees is secured through insurance with Alecta has therefore been reported as a defined-contribution plan. According to a statement from the Swedish Financial Reporting Board, UFR 10, Recognition of ITP 2 pension plan financed through insurance with Alecta, this is a multi-employer defined-benefit plan. For the 2019 financial year, the Group did not have access to information that would enable it to account for its proportionate share of the plan's obligations, plan assets and expenses. It has therefore not been possible to recognize the plan as a defined-benefit plan. The ITP 2 pension plan secured through insurance with Alecta has therefore been reported as a defined-contribution plan. The premium for the defined-benefit old-age and family pension is calculated individually and is based on such factors as salary, previously earned pension and expected remaining length of service. The expected fees for the next reporting period for ITP2 insurance signed with Alecta total 548 KSEK.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 155%. If Alecta's collective funding ratio were to fall below 125% or exceed 155%, it would be necessary to take measures that will allow the ratio return to the normal range. In case of a low funding ratio, one measure that can be taken is to raise the agreed price for new policies and the expansion of existing benefits. If the funding ratio is high, premiums can be reduced. At the end of the 2019 financial year, Alecta's surplus in the form of the collective funding ratio was preliminarily 148%.

1.2.19 Accounts payable

Accounts payable are financial instruments and represent obligations to pay for goods and services purchased from suppliers in the ordinary course of business. Accounts payables are classified as current liabilities if they fall due within one year. If not, they are recognized as non-current liabilities.

Accounts payable are initially measured at fair value, and subsequently at amortized cost using the effective interest method.

1.2.20 Cash-flow statement
The cash-flow statement has been prepared using the indirect method. The recognized cash flow includes only transactions involving inflows and outflows of cash.

1.3 Significant accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom correspond to the actual results. Estimates and assumptions that entail a significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year are outlined below.

(a) Test of impairment of goodwill and trademarks
The Group tests each year whether any impairment requirement exists for goodwill and trademarks in accordance with the accounting policy described in Note 1.2.8.1. The recoverable amounts for the cash-generating units were established by

calculating the value in use. Certain assumptions must be made for these calculations, of which the most important assumptions are the discount rate and the long-term rate of growth. The carrying amount of goodwill amounted to 940 939 KSEK and the carrying amount of trademarks amounted to 135 894 KSEK at 31 December 2019.

1.4 Segment information
Two reportable segments, Contract Logistics and Staffing, were identified in the Group:

Contracts Logistics
Contract Logistics-solutions relating to dedicated warehouse solutions, transport management, customs and ports.

Staffing
Staffing solutions related to logistics built to manage volume fluctuations. Both external and internal staffing (e.g. to Contract Logistics) and for recruitment services.

The Managing Director primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortization (EBITDA, see below) to assess the performance of the operating segments excluding effect of IFRS 16 (see Note 7 and 8).

Adjusted EBITDA excluding effect of IFRS 16

	Oct-Dec 2019	**28 Jun-31 Dec 2019**
Contract Logistics	26 247	54 522
Staffing	3 563	8 685
Other	875	854
Total Adjusted EBITDA excluding effect of IFRS 16	**30 685**	**64 061**

A reconciliation of the Group's earnings before tax and EBITDA is shown below.

	Oct-Dec 2019	**28 Jun-31 Dec 2019**
Total Adjusted EBITDA excluding effect of IFRS 16	**30 685**	**64 061**
Reversal adjustments for items affecting comparability (Note 7)	(37 138)	(39 358)
Reversal effect of IFRS 16 excluding depreciation (Note 8)	18 685	37 833
Total EBITDA	**12 232**	**62 536**
Depreciation and amortization of tangible, intangible and right-of-use assets	(34 855)	(70 067)
Net financial items	(23 551)	(44 209)
Profit before tax	**(46 174)**	**(51 740)**

2. Net sales

The Group recognized the following amounts in the statement of comprehensive income as attributable to revenue:

	Oct-Dec 2019	**28 Jun-31 Dec 2019**
Revenue from contracts with customers	340 133	658 168
Other income	-	72
Total income	**340 195**	**658 240**

Division of revenue from customer contracts

Revenue from contracts with customers essentially comprises the sale of services. The Group's revenue from contracts with customers is distributed among the categories described below. The majority of the Group's revenue is recognized over time. External revenue per segment is reported below.

Oct-Dec 2019

	Contract Logistics	Staffing	Other	Total
Segment revenue	272 830	67 201	102	**340 133**
Income from external customers	**272 830**	**67 201**	**102**	**340 133**
Warehousing	141 405			
Transport Management	82 722			
Ports	42 756			
Customs	5 947			
Staffing		67 201		
Total	**272 830**	**67 201**	**102**	**340 133**

28 Jun-31 Dec 2019

	Contract Logistics	Staffing	Other	Total
Segment revenue	518 644	139 422	102	**658 168**
Income from external customers	**518 644**	**139 422**	**102**	**658 168**
Warehousing	273 052			
Transport Management	153 943			
Ports	79 828			
Customs	11 821			
Staffing		139 422	102	
Total	**518 644**	**139 422**	**102**	**658 168**

3. Borrowing

	2019-12-31 Carrying amount	2019-12-31 Fair value
Non-current		
Bond loans	900 000	900 000
Bond loans - accrued transaction costs	(22 516)	(22 516)
Liabilities to Group companies	268 403	268 403
Summa	**1 145 887**	**1 145 887**
Current		
Total borrowing	**1 145 887**	**1 145 887**

Bond loans
The Group has issued a bond, *Senior Secured Floating Rate Notes*. The bonds have a term through 31 October 2024 and have a fixed rate of interest that amounts to 5.785% per annum and a variable interest portion that is based on STIBOR 3 months. According to the terms of the bond, certain financial borrowing conditions must be met, such as the establishment of a certain debt/equity ratio when raising further loans in accordance with the bond terms and conditions. The bond is in SEK. Pledged assets have been provided for the bond loan in the form of shares in the Group companies.

Revolving credit facility
The Group has a revolving credit facility, *Super Senior Revolving Credit Facility*. The revolving credit facility has a maximal limit of 110 000 KSEK. At 31 December 2019, 50 KSEK was utilized and 109 950 KSEK was unutilized.

The fair value of non-current borrowing corresponds to the carrying amount since the discount effect is not material. The fair value of other financial assets, which are current in their entirety, corresponds to their carrying amount since the discount effect is not material.

4. Business combinations

Business combinations during the financial year 28 June 2019 – 31 December 2019
On 28 June, 100% of the shares in Entlog Holding AB and its subsidiaries were acquired. The Group is an independent logistic partner with the possibility to offer complete logistics solutions. The strength of the Group lies in managing and developing efficient solutions for companies with complex and intense logistics processes. The acquisition of the companies marked the start for the Group. An acquisition analysis was prepared for the acquisition of the entire business.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

The table below summarizes the purchase consideration paid for the Entlog Holding AB Group and the fair value of acquired assets and assumed liabilities as recognized on the acquisition date.

Purchase consideration as at 28 June 2019	
Cash and cash equivalents	859 635
Equity instruments (60 850 shares)	55 152
Total purchase consideration	***914 787***

Carrying amounts of identifiable acquired assets and assumed liabilities	
Cash and cash equivalents	75 414
Intangible assts	5 678
Property, plant and equipment	25 356
Right-of-use assets	372 624
Financial non-current assets	1 452
Deferred tax asset	126
Accounts receivable and other current receivables	257 771
Non-current liabilities	(281 984)
Lease liabilities	(372 624)
Deferred tax liabilities	2 986
Accounts payable and other current liabilities	(644 772)
Total identifiable net assets	***(557 973)***
Surplus value*	***1 472 760***
Whereof trademarks	*135 894*
Whereof customer contracts	*540 723*
Whereof deferred tax	*(144 796)*
Whereof goodwill	*940 939*

***Distribution of the Group's surplus value**
The distribution of the Group's surplus value is preliminary with regard to the valuation of the trademark has not been determined yet.

Goodwill
The goodwill of 940 939 KSEK that arose from the acquisition is mainly attributable to the value of future synergies and future new sales expected to be generated by the acquisition. A small portion of the goodwill item is attributable to personnel, which cannot be measured as a separate intangible asset. No part of the recognized goodwill is expected to be deductible for income tax

Revenue and earnings of acquired business
The Group's revenue and earnings comprise in their entirety of the revenues and earnings derived from the acquisition since the Group's operations started in conjunction with the acquisition.

Acquisition-related costs
Acquisition-related costs of 32 747 KSEK are included in other operating expenses in the consolidated statement of comprehensive income whereof 17 747 KSEK are included in operating activities in the cash flow statement. The remaining 15 000 KSEK are included in accrued expenses and deferred expenses in the Group's statement of financial position at 31 December 2019.

Purchase consideration - cash flow

Cash flow to acquire the Entlog Holding AB Group, less acquired cash and cash equivalents	**31 Dec 2019**
Cash consideration	859 635
Less: Acquired cash and cash equivalents	(75 414)
Net outflow of cash and cash equivalents - investing activities	**784 221**

5. Events occurring after the reporting period
No significant events after the end of the reporting period.

6. Definitions of performance measure

Performance measure	**Definition**
EBITDA	Profit or loss before depreciation, amortization, net financial items and taxes.
EBITA	Profit or loss before depreciation/amortization of trademarks, customer contracts and goodwill, net financial items and taxes.
Adjusted EBITDA excluding IFRS 16	EBITDA including adjustments for items affecting comparability (see Note 7) and excluding effect of IFRS 16 (see Note 8).
Adjusted EBITA excluding IFRS 16	EBITA including adjustments for items affecting comparability (see Note 7) and excluding effect of IFRS 16 (see Note 8).
Adjusted EBITDA excluding IFRS 16 (%)	Adjusted EBTIDA excluding IFRS 16 related to Net sales
Adjusted EBITA excluding IFRS 16 (%)	Adjusted EBITA excluding IFRS 16 related to Net sales
Net debt	Interest-bearing financial indebtedness excluding liabilities to shareholders less cash and cash equivalents.
Net debt excluding IFRS 16	Net debt excluding effect of IFRS 16 (see Note 8).

7. Adjustments for items affecting comparability	**Oct-Dec 2019**	**28 Jun-31 Dec 2019**
Acquisition-related costs	30 527	32 747
Financing-related costs	4 925	4 925
Other non-recurring costs	1 686	1 686
Total Adjustments for items affecting comparability	**37 138**	**39 358**

8. Effect of IFRS 16	**Oct-Dec 2019**	**28 Jun-31 Dec 2019**
Other external costs	18 670	37 826
Other operating expenses	15	7
Depreciation	(17 567)	(35 660)
Total Effect EBIT of IFRS 16	**1 118**	**2 174**
Effect in EBITDA	**18 685**	**37 833**
Effect in EBITA	**1 118**	**2 174**
Current lease liabilities	58 851	58 851
Non-current lease liabilities	287 712	287 712
Total lease liabilities	**346 563**	**346 563**

Forthcoming reports

- The 2019 Annual Report will be published during the second half of April 2020.
- The interim report for the first quarter will be published on 29 May 2020.
- The interim report for the second quarter will be published on 28 August 2020.
- The interim report for the third quarter will be published on 27 November 2020.

Stockholm on 28 February 2020

The Managing Director give his assurance that the report for the period 28 June – 31 December 2019 provides a true and fair account of the Parent Company's and Group's operations, financial position and earnings, and that it describes the material risks and uncertainties faced by the Parent Company and the companies that form the Group.

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Mats Steen
CEO / Managing Director

This report has not been audited.