

SSCP Lager BidCo AB (publ)

Interim report for the First quarter of 2020

First quarter, January - March 2020*

- Net sales amounted to SEK 332,063 thousand.
- Operating profit/loss amounted to SEK 12,811 thousand.
- Adjusted EBITDA excluding IFRS 16-effect amounted to SEK 30,795 thousand (9.3%).
- Adjusted EBITA excluding IFRS 16-effect amounted to SEK 27,203 thousand (8.2%).
- Cash flow from operating activities amounted to SEK 11,876 thousand.

*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 2019, the Parent Company acquired the Entlog Holding AB Group ('Logent'). No comparative figures for the comparative quarter are presented in this interim report as the Group did not exist during the First quarter of 2019.

Financial overview

SEK thousand	Jan-Mar 2020
Net sales	332,063
EBITDA	50,079
EBITA	28,402
Adjusted EBITDA excluding IFRS 16	30,795
Adjusted EBITA excluding IFRS 16	27,203
Operating profit/loss	12,811
Profit/loss for the period	(1,569)
Cash flow from operating activities	11,876
Net debt	1,127,192
Net debt excluding IFRS 16	761,556

For definitions, see page 14.

Significant events during the first quarter, January - March 2020

Corona pandemic

At the end of Q1, the focus has been on restructuring the business to manage the effects of the pandemic. The effects of the pandemic vary considerably as some parts have not been affected at all, some parts such as Staffing and E-commerce have generally increased in volumes, while some parts have shown a sharp decline, for instance Automotive. The focus of the restructuring has been to reduce variable costs, where mainly short-term layoffs have been introduced and included about 350 people across the Group. The view is that the actions have been effective and have meant that Logent have not been affected by the economic downturn would otherwise be seen.

Project implementations

The project to start a new e-commerce warehouse in Landskrona for NA-KD has started and will be ready in Q3 2020. The implementation of internal logistics for Saab is ongoing and follow project plan.

Financing

Efforts to list Logent's bond on Nasdaq Stockholm during Q3 is ongoing and progressing according to plan.

Significant events after the end of the reporting period

The short-term layoffs (Sw. *korttidspermittering*) have continued as decided in the first quarter.

Significant risks and uncertainties

Risks related to macroeconomic factors and cyclical demand

Through its various operating segments, the Group is active in the logistics market. Like other companies operating in the logistics market, the Group is affected by the general financial and political situation at global, regional and local levels. The general demand for logistics services usually follows the trend in the gross domestic product (GDP) and the levels of trade volumes within the geographical regions where the Group provides its logistics services. The Group is thus mainly dependent on the GDP development and the related development of trade volumes in Sweden and Norway, as well as the development in the geographical regions and markets in which the Group's customers operate, as the demand for the Group's logistics services is ultimately affected by the demand for its customers' products. In view of the above, there is a risk that such decrease in demand for the Group's logistics services could affect the business, the operating profit, and the financial position of the Group. For further description of significant risks and uncertainties, see the Annual Report 2019.

Risks related to Corona

During the end of Q1, the work to minimise the effect of the Corona pandemic was initiated. A number of measures have been introduced which include short-term layoffs that helped to mitigate the effects of volume decline, among others within Automotive where the pandemic had the greatest effect on Logent.

The long-term risks and impact on Logent as a consequence of the Corona pandemic are difficult to assess. Logent continues to monitor the development closely and are continually adopting new measures when needed.

Outlook

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

Transactions with related parties

SSCP Lager BidCo AB (publ) has a shareholder loan from its parent company SSCP Lager MidCo AB amounting to SEK 250,000 thousand as of 31 Mars 2020.

Sales and earnings first quarter 2020

Sales and earnings for the Group, whose operations commenced on 28 June 2019 are presented on the first page of this interim 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 interim 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 SEK 900,000 thousand with ISIN: SE0013358686. The bond is intended to be listed on Nasdaq Stockholm within a year of issuance.

Signifiant risk 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 SEK 250,000 thousand.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of SEK

	Note	Jan-Mar 2020	28 Jun-31 Dec 2019
Operating income			
Net sales	2	332,063	658,168
Other operating income		720	453
Gross profit		332,783	658,621
Operating expenses			
Other external expenses		(102,867)	(228,596)
Personnel expenses		(179,576)	(367,101)
Other operating expenses		(261)	(702)
Earnings before depreciation and amortisation		50,079	62,222
Depreciation and amortisation of tangible assets and intangible assets as well as right-of-use assets		(37,268)	(70,067)
Operating profit		12,811	(7,845)
Profit/loss from financial items			
Financial income		2,860	206
Financial expenses		(25,314)	(44,101)
Financial items - net		(22,454)	(43,895)
Profit before tax		(9,643)	(51,740)
Income tax		8,073	(7,125)
Profit for the year		(1,569)	(58,865)
Profit/loss for the period is attributable to:			
The Parent Company's shareholders		(1,569)	(58,865)
Non-controlling interests		-	-
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss for the period</i>			
Exchange rate differences in translation of foreign operations		(2,643)	(727)
Other comprehensive income for the period		(2,643)	(727)
Total comprehensive income for the period		(4,212)	(59,592)
Total comprehensive income attributable to:			
The Parent Company's shareholders			(59,592)
Non-controlling interests			-

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/03/2020	31/12/2019
Amounts in thousands of SEK			
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Trademarks		135,894	135,894
Customer contracts		493,951	509,542
Goodwill		940,939	940,939
Other intangible assets		5,680	5,069
Total intangible assets		1,576,465	1,591,444
<i>Property, Plant and Equipment (PPE)</i>			
Buildings and land		4,113	4,073
Improvement fees on the property of others		1,924	2,037
Plant and machinery		21,069	15,953
Equipment, tools, fixtures and fittings		17,876	4,805
Total property, plant and equipment		44,982	26,868
Right-of-use assets		371,450	352,856
<i>Financial fixed assets</i>			
Other long-term receivables		1,428	1,432
Total financial fixed assets		1,428	1,432
Deferred tax assets		554	482
Total non-current assets		1,994,879	1,973,052
Current assets			
<i>Inventories, etc.</i>			
Raw materials and consumables		430	346
Total inventories		430	346
<i>Current receivables</i>			
Accounts receivables		122,630	114,527
Current tax assets		10,596	8,811
Other receivables		3,375	4,257
Prepaid expenses and accrued income		71,273	66,784
Cash and cash equivalents		138,444	168,358
Total current receivables		346,318	362,737
Total current assets		346,748	363,083
TOTAL ASSETS		2,341,627	2,336,135

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of SEK

	Note	31/03/2020	31/12/2019
EQUITY			
Equity attributable to shareholders of the Parent Company			
Share capital		5,565	5,565
Other contributed capital		465,086	465,086
Reserves		(3,370)	(727)
Retained earnings including profit for the period		(60,435)	(58,865)
Total equity		406,847	411,059
LIABILITIES			
Non-current liabilities			
Bond loans	3	877,886	877,484
Liabilities to shareholders	3	276,302	268,403
Deferred tax liabilities		133,696	141,697
Non-current lease liabilities		301,198	287,712
Total non-current lease liabilities		1,589,083	1,575,296
Current liabilities			
Accounts payables		78,617	99,138
Current lease liabilities		64,438	58,906
Income tax liabilities		10,256	11,215
Other current liabilities		48,091	54,914
Accrued expenses and deferred income		144,295	125,608
Total current liabilities		345,698	349,780
TOTAL EQUITY AND LIABILITIES		2,341,627	2,336,135

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of
SEK

Attributable to Parent Company's shareholders

Note	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit for the period	Total equity
Opening balance as of 28 June 2019	50				50
Profit 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	5,515	49,637			55,152
Closing balance as of 31 December 2019	5,565	465,086	(727)	(58,865)	411,059
Opening balance as of 1 January 2020	5,565	465,086	(727)	(58,865)	411,059
Profit Jan-Mar 2020				(1,569)	(1,569)
Other comprehensive income Jan-Mar 2020			(2,643)		(2,643)
Total comprehensive income Jan-Mar 2020			(2,643)	(1,569)	(4,212)
Closing balance as of 31 March 2020	5,565	465,086	(3,370)	(60,435)	406,847

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of SEK

	Note	Jan-Mar 2020	28 Jun-31 Dec 2019
Cash flow from operating activities			
Operating profit/loss		12,811	(7,847)
<i>Adjustments for items not included in cash flow:</i>			
- Depreciation of tangible assets and amortization of intangible assets and right-of-use assets		37,268	70,067
-Capital gain/loss disposal of non-current assets		12	-
- Exchange rate differences in translation of profit for the year		19	(727)
Interest received		142	206
Interest paid		(15,964)	(15,039)
Income tax paid		(2,743)	3,030
Cash flow from operating activities before changes in working capital		31,544	49,690
Cash flow from changes in working capital			
Increase/decrease in inventories		(96)	61
Increase/decrease in accounts receivables		(10,187)	32,843
Increase/decrease in other current receivables		(4,062)	22,228
Increase/decrease in accounts payables		(20,412)	4,633
Increase/decrease in other current operating liabilities		15,088	2,473
Total change in working capital		(19,669)	62,238
Cash flow from operating activities		11,876	111,928
Cash flow from investing activities			
Acquisitions of subsidiaries less acquired cash and cash equivalents		-	(784,221)
Investments in intangible assets		(890)	-
Investments in property, plant and equipment		(21,499)	(4,087)
Cash flow from investing activities		(22,389)	(788,308)
Cash flow from financing activities			
Borrowings		-	1,200,000
Repayment of borrowings		-	(712,798)
Transactions costs loans paid		(900)	(23,701)
Shareholder contributions received		-	415,449
Lease liabilities paid		(17,702)	(33,385)
Cash flow from financing activities		(18,602)	845,565
Decrease/increase in cash and cash equivalents		(29,115)	169,185
Cash and cash equivalents at year-start		168,358	50
Exchange rate differences in cash and cash equivalents		(799)	(877)
Cash and cash equivalents at year-end		138,444	168,358

CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in thousands of SEK	Note	Financial period		
		Jan-Mar 2020	1 Jan-31 Dec 2019	Jan-Mar 2019
Operating income				
Net sales		1,540	604	-
Gross profit		1,540	604	-
Operating expenses				
Other external expenses		(741)	(1,663)	-
Personnel costs		(726)	(567)	-
Other operating expenses		-	-	-
Operating profit/loss		73	(1,626)	-
Profit/loss from financial items				
Other interest income and similar income statement items		8,347	16,918	-
Interest expenses and similar income statement items		(22,894)	(38,465)	-
Total profit/loss from financial items		(14,547)	(21,547)	-
Profit/loss after financial items		(14,473)	(23,173)	-
Tax on profit for the period		-	-	-
Profit/loss for the period		(14,473)	(23,173)	-

The Parent Company has no items that are recognised 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 thousands of SEK

	Note	31/03/2020	31/12/2019	31/03/2019
ASSETS				
Non-current assets				
<i>Financial fixed assets</i>				
Participation in Group companies		947,535	947,535	-
Receivables from Group companies		613,066	613,065	-
Total financial fixed assets		1,560,600	1,560,600	-
Total non-current assets		1,560,600	1,560,600	-
Current assets				
<i>Current receivables</i>				
Receivables from Group companies		8,931	11,678	-
Other current receivables		1	-	-
Prepaid expenses and accrued income		110	157	-
Total current receivables		9,042	11,836	-
Cash and bank balances		29,579	48,005	50
Total current assets		38,621	59,841	50
TOTAL ASSETS		1,599,221	1,620,441	50

CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in thousands of SEK	Note	31/03/2020	31/12/2019	31/03/2019
EQUITY AND LIABILITIES				
Restricted equity				
Share capital		5,565	5,565	50
Non-restricted equity				
Shareholder contributions		415,449	415,449	-
Share premium reserve		49,637	49,637	-
Retained earnings		(23,173)	-	-
Profit/loss for the year		(14,473)	(23,173)	-
Total equity		433,005	447,479	50
LIABILITIES				
Non-current liabilities				
Liabilities to shareholders		276,302	268,403	-
Bond loans		877,886	877,484	-
Total non-current liabilities		1,154,189	1,145,886	-
Current liabilities				
Accounts payables		447	15,353	-
Other current liabilities		1,992	1,810	-
Accrued expenses and deferred income		9,587	9,913	-
Total current liabilities		12,027	27,076	-
Total liabilities		1,166,216	1,172,963	-
TOTAL EQUITY AND LIABILITIES		1,599,221	1,620,441	50

CONDENSED PARENT COMPANY CASH FLOW STATEMENT

Amounts in thousands of SEK

	Note	Jan-Mar 2020	1 Jan-31 Dec 2019
Cash flow from operating activities			
Operating profit/loss		73	(1,626)
Items not affecting liquidity			
-Exchange-rate differences		(6)	(178)
Interest received		11,930	6,046
Interest paid		(13,545)	(9,739)
Income tax paid		-	-
Cash flow from operating activities before changes in working capital		(1,547)	(5,498)
Cash flow from changes in working capital			
Changes in current operating receivables		(783)	(964)
Changes in accounts payable		(14,906)	15,353
Changes in current operating liabilities		(291)	2,764
Total changes in working capital		(15,979)	17,153
Cash flow from operating activities		(17,526)	11,656
Cash flow from investing activities			
Acquisition of subsidiaries		-	(892,382)
Cash flow from investing activities		-	(892,382)
Cash flow from financing activities			
Borrowings		-	1,200,000
Amortisation of loans		-	(50,000)
Transaction costs loan paid		(900)	(23,702)
Lending		-	(613,066)
Shareholder contributions received		-	415,449
Cash flow from financing activities		(900)	928,682
Decrease/increase in cash and bank balances		(18,426)	47,955
Cash and bank balances at year-start		48,005	50
Exchange rate differences in cash and bank balances		-	-
Cash and bank balances at year-end		29,579	48,005

*The Parent Company was a so-called shelf company during the first quarter of 2019 why no cash flows occurred.

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 Accounting principles

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. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Parent Company applies RFR 2 Financial Reporting for Legal Entities and the Annual Accounts Act. The interim report for the Parent Company has been prepared pursuant to the Annual Accounts Act.

Applied accounting principles are consistent with those described in SSCP Lager BidCo Group's annual report for 2019.

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 the annual report 2019. 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 SEK 940,939 thousand and the carrying amount of trademarks amounted to SEK 135,894 thousand as of 31 March 2019. An impairment test has been performed based on the first quarter of 2020 and revised forecast with respect to covid-19, which shows that there is no need for impairment.

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 6 and 7).

Adjusted EBITDA excluding effect of IFRS 16

	Jan-Mar 2020	28 Jun-31 Dec 2019
Contract Logistics	31,340	54,522
Staffing	2,597	8,685
Other	(3,143)	538
Total Adjusted EBITDA excluding effect of IFRS 16	30,795	63,745

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

	Jan-Mar 2020	28 Jun-31 Dec 2019
Total Adjusted EBITDA excluding effect of IFRS 16	30,795	63,745
Reversal adjustments for items affecting comparability (Note 6)	-	(39,358)
Reversal effect of IFRS 16 excluding depreciation (Note 7)	19,284	37,833
Total EBITDA	50,079	62,222
Depreciation and amortisation of tangible, intangible and right-of-use assets	(37,268)	(70,067)
Financial items – net	(22,454)	(43,895)
Profit before tax	(9,643)	(51,740)

2. Net sales

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.

Jan-Mar 2020	Contract Logistics	Staffing	Other	Total
Segment revenue	269,954	62,110	-	332,063
Income from external customers				
Warehousing	142,006			
Transport Management	81,751			
Ports	39,734			
Customs	6,462			
Staffing		62,110		
Total	269,954	62,110	-	332,063

28 Jun-31 Dec 2019	Contract Logistics	Staffing	Other	Total
Segment revenue	518,644	139,422	102	658,168
Income from external customers				
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

	31/03/2020 Carrying amount	31/03/2020 Fair value	31/12/2019 Carrying amount	31/12/2019 Fair value
Non-current				
Bond loans	900,000	900,000	900,000	900,000
Bond loans - accrued transaction costs	(22,114)	(22,114)	(22,516)	(22,516)
Liabilities to shareholders	276,302	276,302	268,403	268,403
Total	1,154,189	1,154,189	1,145,887	1,145,887
Current				
Total borrowing	1,154,189	1,154,189	1,145,887	1,145,887

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. Events occurring after the reporting period

No significant events after the end of the reporting period.

5. Definitions of performance measures

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 6) and excluding effect of IFRS 16 (see Note 7).
Adjusted EBITA excluding IFRS 16	EBITA including adjustments for items affecting comparability (see Note 6) and excluding effect of IFRS 16 (see Note 7).
Adjusted EBITDA excluding IFRS 16 (%)	Adjusted EBITDA 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 7).

6. Adjustments for items affecting comparability	Jan-Mar 2020	28 Jun-31 Dec 2019
Acquisition-related costs	-	32,747
Financing-related costs	-	4,925
Other non-recurring costs	-	1,686
Total Adjustments for items affecting comparability	-	39,358

7. Effect of IFRS 16	Jan-Mar 2020	28 Jun-31 Dec 2019
Other external costs	19,296	37,826
Other operating expenses	(12)	7
Depreciation	(18,085)	(35,660)
Total Effect EBIT of IFRS 16	1,199	2,174

Effect in EBITDA	19,284	37,833
Effect in EBITA	1,199	2,174

Current lease liabilities	64,438	58,906
Non-current lease liabilities	301,198	287,712
Total lease liabilities	365,636	346,618

Forthcoming reports

- 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 May 2020

The Managing Director give his assurance that the interim report for the period 1 January – 31 March 2020 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.



Mats Steen
CEO / Managing Director

This interim report has not been subject to review by the company's auditor.