## INDEPENDENT AUDITOR'S REPORT

To ATEGE Allgemeine Transportgesellschaft vorm. Gondrand & Mangili mbH, Frankfurt am Main

*Audit Opinions*

We have audited the annual financial statements of ATEGE Allgemeine Transportgesellschaft vorm. Gondrand & Mangili mbH, Frankfurt am Main, which comprise the balance sheet as at December 31, 2017, and the statement of profit and loss for the financial year from January 1 to December 31, 2017, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of ATEGE Allgemeine Transportgesellschaft vorm. Gondrand & Mangili mbH for the financial year from January 1 to December 31, 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2017 and of its financial performance for the financial year from January 1 to December 31, 2017 in compliance with German Legally Required Accounting Principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

*Basis for the Audit Opinions*

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

*Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report*

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

*Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report*

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, March 26, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Nadia Brieder-Markl | ppa. Oliver Fliess |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (German Public Auditor) |

**ATEGE Allgemeine Transportgesellschaft vorm. Gondrand & Mangili mbH, Frankfurt am Main**

## Income Statement for the Financial Year from January 1 through December 31, 2017

| | 2017 | 2016 |
|---|---|---|
| | € | € |
| 1. Sales revenues | 99.686.969,11 | 103.145.959,49 |
| 2. Other operating income | 4.666.883,08 | 1.673.354,24 |
| (of which income from currency translation € 360,931.61; prior year € 257,416.44) | | |
| | 104.353.852,19 | 104.819.313,73 |
| 3. Cost of materials | | |
| Expenses for purchased services | -78.959.461,47 | -80.801.769,43 |
| 4. Personnel expenses | | |
| a) Wages and salaries | -13.037.092,67 | -12.539.969,25 |
| b) Social security contributions, pensions and other benefits | -2.918.423,93 | -2.963.815,13 |
| (of which pensions € 512,192.28; prior year € 524,419.66) | | |
| | -15.955.516,60 | -15.503.784,38 |
| 5. Amortization/depreciation on fixed intangible and tangible assets | -258.344,63 | -265.471,10 |
| 6. Other operating expenses | -9.637.240,67 | -9.353.953,59 |
| (of which expenses from currency translation € 444,355.79; prior year € 333,303.96) | | |
| **7. Net operating expenses** | **-456.711,18** | **-1.105.664,77** |
| 8. Income from other long-term equity investments | 65.534,46 | 66.980,76 |
| 9. Other interest and similar income | 15.150,06 | 49.097,72 |
| (of which from affiliated companies € 14,342.61; prior year € 46,822.00) | | |
| 10. Interest and similar expenses | -561.332,18 | -587.540,36 |
| (of which to affiliated companies € 10,001.00; prior year € 8,035.00) | | |
| (of which expenses from compounding € 522,006.00; prior year € 546,968.00) | | |
| 11. Taxes on income | 0,00 | -180.202,71 |
| **12. Loss after taxes** | **-937.358,84** | **-1.757.329,36** |
| 13. Other taxes | -60.053,53 | -55.409,33 |
| **14. Net loss for the year** | **-997.412,37** | **-1.812.738,69** |

**ATEGE Allgemeine Transportgesellschaft vorm. Gondrand & Mangili mbH,**
**Frankfurt am Main**

## Balance Sheet as of December 31, 2017

**Assets**

| | 12/31/2017 | 12/31/2016 |
|---|---|---|
| | € | € |
| **A. Fixed assets** | | |
| I. Intangible assets | | |
| 1. Acquired IT programs | 113.991,75 | 179.699,98 |
| II. Tangible assets | | |
| 1. Land, similar rights and buildings including buildings on leasehold land | 3.336.182,54 | 3.447.279,30 |
| 2. Technical equipment and machinery | 9.500,08 | 11.796,05 |
| 3. Other equipment, factory and office equipment | 220.363,13 | 249.458,99 |
| | 3.566.045,75 | 3.708.534,34 |
| III. Financial assets | | |
| 1. Shares in affiliated companies | 31.392,83 | 31.392,83 |
| 2. Loans to affiliated companies | 0,00 | 1.908.390,72 |
| 3. Other long-term equity investments | 44.482,90 | 44.482,90 |
| | 75.875,73 | 1.984.266,45 |
| | **3.755.913,23** | **5.872.500,77** |
| **B. Current assets** | | |
| I. Inventories | | |
| Supplies | 22.273,45 | 22.273,45 |
| II. Receivables and other assets | | |
| 1. Trade receivables | 14.649.204,94 | 15.114.589,47 |
| 2. Receivables from affiliated companies | 695.662,79 | 847.986,10 |
| 3. Other assets | 214.466,51 | 558.532,21 |
| | 15.559.334,24 | 16.521.107,78 |
| III. Cash on hand, bank balances and checks | 5.850.190,51 | 5.623.184,37 |
| | **21.431.798,20** | **22.166.565,60** |
| **C. Prepaid expenses and deferred charges** | **38.786,65** | **67.718,18** |
| **D. Deficit not covered by equity** | **2.433.966,33** | **3.436.553,96** |
| | **27.660.464,41** | **31.543.338,51** |

**Shareholder's Equity and Liabilities**

| | 12/31/2017 | 12/31/2016 |
|---|---|---|
| | € | € |
| **A. Shareholder's equity** | | |
| I. Subscribed capital | 1.000.000,00 | 1.000.000,00 |
| II. Capital reserve | 2.050.000,00 | 50.000,00 |
| III. Revenue reserves | 50.000,00 | 50.000,00 |
| IV. Cumulative losses brought forward | -4.536.553,96 | -2.723.815,27 |
| V. Net loss for the year | -997.412,37 | -1.812.738,69 |
| VI. Deficit not covered by equity | 2.433.966,33 | 3.436.553,96 |
| | **0,00** | **0,00** |
| **B. Provisions** | | |
| 1. Provisions for pensions and similar obligations | 10.969.064,14 | 11.358.990,89 |
| 2. Other provisions | 3.326.605,55 | 3.298.580,42 |
| | **14.295.669,69** | **14.657.571,31** |
| **C. Liabilities** | | |
| 1. Trade payables (of which with a residual term of up to one year € 8,056,451.78 prior year € 7,788,210.52) | 8.056.451,78 | 7.788.210,52 |
| 2. Payables to affiliated companies (of which with a residual term of up to one year € 891,337.55; prior year € 2,549,008.06) | 891.337,55 | 4.549.008,06 |
| 3. Other liabilities (of which with a residual term of up to one year € 4,389,777.39 prior year € 4,516,466.62) (of which customs duties and import taxes € 3,464,737.72 prior year € 3,890,850.57) (of which wage taxes € 171,826.58; prior year € 170,967,56) | 4.417.005,39 | 4.548.548,62 |
| | **13.364.794,72** | **16.885.767,20** |
| | **27.660.464,41** | **31.543.338,51** |

| | | | Cost | Additions | Disposals | Amortization/depreciation | | | | | Residual book values | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1/1/2017 | | | 12/31/2017 | 1/1/2017 | Additions | Disposals | 12/31/2017 | 12/31/2017 | 12/31/2016 |
| | | | € | € | € | € | € | € | € | € | € | € |
| I. | Intangible assets | | | | | | | | | | | |
| | 1. | IT programs | 1.388.128,45 | 11.273,50 | 0,00 | 1.399.401,95 | 1.208.428,47 | 76.981,73 | 0,00 | 1.285.410,20 | 113.991,75 | 179.699,98 |
| | | | | | | | | | | | | |
| | | | 1.388.128,45 | 11.273,50 | 0,00 | 1.399.401,95 | 1.208.428,47 | 76.981,73 | 0,00 | 1.285.410,20 | 113.991,75 | 179.699,98 |
| | | | | | | | | | | | | |
| II. | Tangible assets | | | | | | | | | | | |
| | 1. | Land, similar rights and buildings | | | | | | | | | | |
| | | including buildings on leasehold land | 10.189.902,28 | 0,00 | 0,00 | 10.189.902,28 | 6.742.622,98 | 111.096,76 | 0,00 | 6.853.719,74 | 3.336.182,54 | 3.447.279,30 |
| | 2. | Technical equipment and machinery | 214.679,42 | 329,00 | 0,00 | 215.008,42 | 202.883,37 | 2.624,97 | 0,00 | 205.508,34 | 9.500,08 | 11.796,05 |
| | 3. | Other equipment, factory and office equipment | 2.359.271,84 | 38.545,31 | 9.704,65 | 2.388.112,50 | 2.109.812,85 | 67.641,17 | 9.704,65 | 2.167.749,37 | 220.363,13 | 249.458,99 |
| | 4. | Prepayments made | 0,00 | | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| | | | | | | | | | | | | |
| | | | 12.763.853,54 | 38.874,31 | 9.704,65 | 12.793.023,20 | 9.055.319,20 | 181.362,90 | 9.704,65 | 9.226.977,45 | 3.566.045,75 | 3.708.534,34 |
| | | | | | | | | | | | | |
| III. | Financial assets | | | | | | | | | | | |
| | 1. | Shares in affiliated companies | 127.311,68 | 0,00 | 0,00 | 127.311,68 | 95.918,85 | 0,00 | 0,00 | 95.918,85 | 31.392,83 | 31.392,83 |
| | 2. | Loans to affiliated companies | 1.973.390,72 | 0,00 | 1.908.390,72 | 65.000,00 | 65.000,00 | 0,00 | 0,00 | 65.000,00 | 0,00 | 1.908.390,72 |
| | 3. | Other long-term equity investments | 121.176,70 | 0,00 | 0,00 | 121.176,70 | 76.693,80 | 0,00 | 0,00 | 76.693,80 | 44.482,90 | 44.482,90 |
| | | | | | | | | | | | | |
| | | | 2.221.879,10 | 0,00 | 1.908.390,72 | 313.488,38 | 237.612,65 | 0,00 | 0,00 | 237.612,65 | 75.875,73 | 1.984.266,45 |
| | | | | | | | | | | | | |
| | | | 16.373.861,09 | 50.147,81 | 1.918.095,37 | 14.505.913,53 | 10.501.360,32 | 258.344,63 | 9.704,65 | 10.750.000,30 | 3.755.913,23 | 5.872.500,77 |

**MANAGEMENT REPORT for Financial Year 2017**

**of**

**ATEGE ALLGEMEINE TRANSPORTGESELLSCHAFT**

**VORM. GONDRAND & MANGILI MBH, FRANKFURT/MAIN**

## I. Business Model

### Organisational Structure of the Company

Gondrand Holding AG with its registered head office in Basel (Switzerland) is the sole shareholder of ATEGE Allgemeine Transportgesellschaft (formerly Gondrand & Mangili GmbH), hereinafter referred to as "ATEGE". The Company is included in the consolidated financial statements of the Gondrand Group. In financial year 2017, the Company maintained dependent branches at 16 locations. The headquarters are located in Frankfurt am Main.

### Products and markets

ATEGE's operating activities focus on a broad range of forwarding services of all kinds, in particular the procurement of transport, as well as the execution of warehousing, logistics, and distribution dealings. The service range of ATEGE comprises the areas of road transport, air and sea freight, logistics, and other services.

The Company primarily serves customers in the following segments: Automotive, Chemicals, Technology, Pharma/Healthcare, and Consumer/Retail. ATEGE attaches great importance to creating and offering its customers customised solutions tailored to their needs along the entire value-added chain. Our long-standing customer relationships are founded on this linking between the supplier, customer, and service provider.

## II. Economic Report

### 1. Macroeconomic and Sector-Specific Conditions

According to a forecast from the Organisation for Economic Co-operation and Development (OECD), the global economy is growing faster than it has in the last seven years. The global gross domestic product is expected to increase by 3.7% in 2017, by 3.7% in 2018, and again by 3.6% in 2019.[1]

In 2017, goods with a value of € 1,279.1 billion were exported from Germany, while goods with a value of € 1,034.3 billion were imported. As the German Federal Statistical Office (DESTATIS) has reported based on preliminary results, German exports were thus 6.2% higher in 2017, and imports were 8.3% higher than in 2016. Exports and imports in 2017 exceeded the prior highest values which had been recorded in 2016, goods with a value of € 1,203.8 billion were exported goods and goods with a value of € 954.9 billion were imported.[2]

The key markets for ATEGE, in particular for its air freight and sea freight activities, comprise the following countries and regions (values expressed in € million)[3]:

[1] **Deutsche Welle**: http://www.dw.com/de/oecd-weltwirtschaft-mit-st%C3%A4rkstem-wachstum-seit-2010/a-41560490, March 15, 2018

[2] **DESTATIS German Federal Statistical Office**: Economy as a whole and environment > foreign trade, called up on March 15, 2018

[3] **DESTATIS German Federal Statistical Office**: GENESIS Report 51000-0003, called up on March 15, 2018

| | 2016 Exports[4] (€ million) | 2017 Exports (€ million) |
|---|---|---|
| EU countries | 705,588 | 749,696 |
| Asia (including China, Japan & India) | 219,620 | 231,149 |
| Europe (excluding the EU) | 93,021 | 103,384 |
| China | 82,798 | 93,068 |
| United States | 106,822 | 111,528 |
| Brazil | 8,525 | 8,458 |
| India | 9,784 | 10,693 |
| South Africa | 8,810 | 9,528 |
| Australia & Oceania | 10,118 | 10,804 |

| | 2016 Imports (€ million) | 2017 Imports (€ million) |
|---|---|---|
| EU countries | 551,344 | 590,935 |
| Asia (including China, Japan & India) | 204,635 | 224,056 |
| Europe (excluding the EU) | 95,644 | 105,722 |
| China | 95,730 | 101,792 |
| United States | 57,968 | 61,067 |
| Brazil | 7,970 | 7,991 |
| India | 7,653 | 8,456 |
| South Africa | 6,220 | 7,248 |
| Australia & Oceania | 2,999 | 3,820 |

In 2017 the German economy was characterised by sound and constant economic growth. Compared with the prior year, the price-adjusted gross domestic product (GDP) changed by 2.2%[5]. Comparison with the prior year indicates a slight acceleration in growth.

Transport volume figures for freight transport in 2017 are not yet available. The figures for air freight have already been published. Following an increase of 3.3% from 2015 to 2016, air freight saw an even sharper increase to 4,847,000 t from 2016 to 2017 and thus achieved a new high (+6.6%)[6].

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[4] Deviations to ATEGE's prior year's report arise from the subsequent correction of the German Federal Statistical Office in 2017.

[5] **DESTATIS German Federal Statistical Office**: Press Report No. 058 of February 23, 2018

[6] **DESTATIS German Federal Statistical Office**: Transport report "Verkehr aktuell" - Version dated February 28, 2018 - Subject-matter series 8 Series 1.1 - 02/2018

## 2. Sales and procurement policies

ATEGE has a global network of agents, partners and its own branches at its disposal which can be used to process the sale of all transport services worldwide.
With regard to air freight, ATEGE capitalises on the leading carriers at the economically relevant airports in Germany and at the destination to manage all of the logistics processes.
Procurement in the areas of sea freight and road transport primarily relates to placing orders with shipping companies and other subcontractors.

## 3. Human resources and social issues

At the end of the year, 306 people were employed (excluding those engaging in minor employment). Of this number, there were 195 salaried employees, 69 wage earners, and 42 trainees. There were 29 part-time employees at the end of the year.

The average age of employees (not including trainings) was 43.9 years old in the reporting year. Approximately 48 % of the staff were in the age range from 30 to 49 years old, 35% of employees were 50 and older, and 16% were younger professionals.

The percentage of women in the Company was 37%.

## 4. Quality management, environmental protection

ATEGE is an authorised economic operator (AEO). This status is granted to parties which have been approved as complying with supply chain security standards along the supply chain from the manufacturer of a good to the consumer. In this context, the global recognition of the AEO status is required. The authorised economic operators are granted various forms of relief for security-related controls. It is recognised by countries which have signed the relevant agreement with the Federal Republic of Germany. The Company has been certified as "AEOF - (Customs simplifications/Security and safety)" since November 20, 2010. The status of authorised economic operator is valid in all member states and not subjected to a time limit. In 2017, no serious violations to the valid guidelines were detected by customs authorities, which act as a supervisory authority. Minor deviations were resolved in a timely manner. The data was updated and provided to customs authorities, and this status was confirmed in December.

With regard to aviation security, internal audits were conducted at all the locations in 2017. The German Federal Aviation Authority did not find any deviations from the regulations.

ATEGE agreed on objectives for 2017 to ensure it complies with a high standard of quality (QM/EM) for rendering our services. The QM system is reviewed to ensure the central standards are being complied with at the branches at least once a year by means of internal audits. This is usually monitored by a service provider which has a neutral perspective of the system. In 2017, the QM and EM system (certificate) were monitored by means of an external audit conducted by TÜV Nord at four different locations. Within the course of this external audit, the certified party was able to verify ATEGE's full compliance in line with DIN ISO 9001: 2008 and DIN ISO 14001: 2009 for all of the locations which were visited.

All occupational safety events in 2017 were reported in a timely manner and resolved, and the processes and directions were improved accordingly.

No environmental incidents were reported in 2017.

## 5. Financing

The Company is primarily financed through current cash flow. A loan from Gondrand Holding AG in the amount of T€ 2,000 was added to the capital reserves at the end of the financial year. The Company has various bank accounts denoted in euros and foreign currencies (USD, CHF). As of the balance sheet date, the credit amounted to T€ 5,850 (prior year: T€ 5,623) including the term deposit accounts to hedge bank guarantees relating to customs and rental guarantees in the amount of T€ 2,256 (prior year: T€ 2,546).

## 6. Investments

In financial year 2017, investments in the amount of T€ 50 were made to fixed assets. Of this, T€ 11 related to software and T€ 39 related to technical equipment as well as factory and office equipment.

## 7. Important events in the financial year

In the course of 2017, the management team of the Gondrand Group with Julien Houart (Chairman of the Board) as the Supervisory Board of ATEGE and the Managing Director of ATEGE Marco Salzmann continued to pursue its restructuring course and strategic reorganisation of the Group. In August, Marco Salzmann withdrew and passed the company's management onto Volker Henze.

The measures rolled out in the year before were continued in 2017, and supplemented with further suitable activities:

- Consolidation of the organisational and management structure of ATEGE
- Closer collaboration of the location in the air and sea freight field
- Redetermination of the contractual basis for key agents in air and sea freight
- Continuation of the sales activities in the field of defined target customers
- Further restructuring in the field of road transport

## 8. Analysis of the business trends and business fields

ATEGE is a member of Gondrand Holding AG and is included in its consolidated financial statements pursuant to Swiss GAAP. The planning, management, and controlling of the Company and the derivation of financial and non-financial key performance indicators are effected on the basis of monthly and annual financial statements which are recognised as Swiss GAAP FER values according to the Group's accounting guidelines. However, these results deviate only slightly from the HGB values. The ORI, which reflects EBIT before intercompany allocations, is the key indicator.

For financial year 2017, the Company planned to see operating results ORI of T€ 2,969. The attained ORI results in the financial year were T€ 909, which did not correspond to those expectations. The ORI results worsened slightly compared to the prior year (T€ 1,267). This was caused by the decline in revenues due to staff changes at one branch, which amounted to 3.4% compared to the prior year. However, expenses for purchased services were only reduced by 2.3%. Therefore, gross profit of T€ 20,728 was recognised, which was 10.4% lower than in 2016. Personnel expenses rose slightly by 2.8% (prior year: 5.1%) in connection with restructuring expenses in the amount of T€ 632 (prior year: T€ 122). Other operating expenses also increases slightly by 2.9% following a decline of 16.9% in the prior year. Portions of the restructuring expenses totalling T€ 263 were also included here. Intercompany allocations of T€ 1,448 were reported, which was far below the previous year's level of T€ 2,397.

However, this also includes a credit for the group company of T€ 348 from an audit for 2012 to 2014. Taxes on income were not incurred during the reporting period. Other taxes amounted to T€ 60, mainly relating to property tax and passenger vehicle taxes.

As already briefly discussed above, results at an amount below the 2017 budget were reported. However, trends in the operating segments varied greatly, as they already had in prior years. The deviations from the budget and prior year's figures are described separately below.

**Development of the business areas**

**Road transport**

The road transport business ended the financial year with an ORI result of T€ -2,897 (prior year: T€ -2,228). Consequently, this result is T€ 1,780 lower than the ORI results which were originally budgeted. Sales revenues fell by 2.0% year-on-year to T€ 32,987. However, subsequently the material usage ratio improved from 83.1% to 82.9%, which means that the gross profit (GPI) fell by 1.2% year-on-year to T€ 5,633 (prior year: T€ 5,702). In addition, personnel expenses rose by another T€ 171 or 4.0% compared to 2016 (prior year: T€ 4,329) to T€ 4,500, which caused a deployment of personnel rate (relating to gross profit) of 79.9% (prior year: 75.9%). The expenses of the operating segment increased by T€ 258 in particular for rental costs and incidental rental costs. However, savings of T€ 44 were generated in the IT field and for other administrative costs. Moreover, internal administrative allocations rose slightly by T€ 3 in the reporting year compared to the same period in the previous year (prior year: T€ 1,311).

**Air freight**

The positive development of results seen in the previous year in the air freight field were not carried further due to personnel changes at one location. At the midpoint of the financial year, there was already an indication that sales revenues and earnings targets would not be met despite taking appropriate counteractions. The prior year's ORI results in the amount of T€ 1,464 fell by T€ 1,903 during the reporting period. Compared to the budget, the difference was T€ 1,971, which means it unexpectedly fell far below expectations. Also there was a revenue increase of 4.6% to T€ 22,167 due to a series of bulk shipments (prior year: T€ 21,195). Nevertheless, gross profit fell by 18.8% compared to the same period in the prior year, which however was due to much higher freight rates. Consequently, the gross profit ratio was 17.1% in reporting year 2017 (prior year: 22.0%). Various necessary interim personnel solutions caused the associated expenses to increase disproportionately to T€ 2,139 compared to 2016. Operating and administrative expenses of T€ 855 were recognised (prior year: T€ 781). This figure was 9.3% higher than the previous year's figures, as well as 9.1% more than the administrative allocations, which were reported at T€ 815 (prior year: T€ 747). The interim solutions using consulting also had a negative impact on expenses.

**Sea freight**

The ORI results for the sea freight area were T€ 692, which means that the budgeted result was not achieved. Primarily due to lower sea freight rates, there was a sales revenue decrease of 5.3% to T€ 31,385 in 2017. These higher rates were also reflected in the gross profit, which fell by 15.7% and at T€ 4,877 were considerably lower than the previous year's level (prior year: T€ 5,784). Accordingly, the gross profit ratio worsened from 17.5% in 2016 to 15.5% in 2017. Personnel expenses also fell here by T€ 396 (-15.7%) compared to the previous year's level. The deployment of personnel rate was not able to benefit from the considerable savings in connection with the lower gross profit and held steady year-on-year at 43.7%. The operating and administrative costs decreased by T€ 26 or 3.3%, which was mainly due to lower consulting expenses for the completed roll-out of a transport management system. The administrative costs in this segment fell by 14.5% or T€ 192 (T€ 1,133).

### Contract logistics

Following an ORI result in the amount of T€ 1,576 in the prior year, the contract logistics field saw earnings decline to T€ 940. This decline by 40.3% was primarily due to the planned closure of a branch at the end of the financial year and the associated non-recurring expenses. Nevertheless, the segment exceeded the budgeted values by T€ 348 because management assumed a much lower utilisation and higher expenses during the planning process. The revenues of T€ 12,661 did not achieve the previous year's level of T€ 13,689. However, because the expenses for purchased services decreased by 14.8%, gross profit (GPI) actually rose overall by 2.5% to T€ 5,921. The personnel expenses for the Company's own employees adjusted for severance payments only increased in this segment by 0.4% compared to the prior year. The savings in personnel, operating, and administrative costs resulting from closing a location will take effect in the new financial year. The latter fell by another T€ 52 or 5.0%. Internal administrative expenses of T€ 628 were reported, which was nearly at the previous year's level of T€ 553.

### Intercompany allocations and internal administration (Head Office ATEGE)

Internal administrative costs were lower, in particular because of the debt waiver from Gondrand International AG relating to management and IT service fees in the amount of T€ 2,618 and a revaluation of the pension obligations to T€ 2,561. Without including both of these effects, the administrative costs of the ATEGE central administration rose by T€ 594 compared to the prior year. These expenses mainly comprise the adjusted personnel expenses of T€ 3,663 (prior year: T€ 3,592 or +2.0%) as well as the adjusted operating and administrative expenses of T€ 1,930 (prior year: T€ 1,462 or 32.0%). This increase in operating and administrative costs is particularly a result of increased consulting expenses and higher direct IT costs. The intercompany allocations of Gondrand International AG comprising management and IT allocations, including a credit relating to the audit for services from 2012 to 2014 in the amount of T€ 364 to just T€ 1,448 this year (prior year: T€ 2,397). Thus they have fallen by 39.6% compared to 2016. The total IT costs (including the intercompany allocation) fell by 11.0% compared to 2016 to T€ 2,169.

## 9. Situation of the Company

### Net assets

Total assets declined from T€ 31,543 in the previous year to T€ 27,660.

Fixed assets dropped by T€ 2,117 overall to T€ 3,756, while current assets fell by T€ 735 to T€ 21,432.

This decrease in intangible and tangible assets is essentially based on the scheduled amortization and depreciation in the year under review. There were investments of T€ 50, which was less than the amortization and depreciation of T€ 258. There were asset disposals in the amount of T€ 10.

This decrease in financial assets results from the maturity of the loan to Gondrand Properties Switzerland in the amount of T€ 1,908.

Thus, the share of the fixed assets (T€ 3,756; prior year: T€ 5,873) in the total assets was 13.6% (prior year: 18.9%).

The share of the current assets (T€ 21,432; prior year: T€ 22,167) rose from 70.3% to 77.4%. Trade receivables were reduced by T€ 465 or 3.2% compared to the prior year.

Receivables from affiliated companies (T€ 696) fell compared to 2016 (prior year: T€ 848). These primarily relate to trade receivables from Gondrand International AG, Switzerland.

The decrease in other assets of T€ 345 to just T€ 214 now is mainly due to the lack of sales tax receivables.

With regard to liabilities, losses of T€ 4,537 have been carried forward from the previous year in 2017 (prior year: T€ 2,724). The loss not covered by equity (prior year: T€ 3,437) increased again by the additional net loss for the year in the amount of T€ 997 in 2017 (prior year: T€ 1,813). However, it has decreased to T€ 2,434 in connection with an addition to capital reserves in the amount of T€ 2,000. Thus, the equity remains negative (T€ 0; prior year: T€ 0) and continues to be recognised on the asset side as a loss not covered by equity.

Provisions have fallen from T€ 14,658 to T€ 14,296, of which T€ 10,969 relates to pension provisions (prior year: T€ 11,359). The other provisions of T€ 3,327 (prior year: T€ 3,299) primarily comprise forwarding provisions of T€ 1,717 (prior year: T€ 1,924), provisions for personnel expenses of T€ 1,069 (prior year: T€ 545).

Liabilities decreased by T€ 3,521 year-on-year and amounted to T€ 13,365. In this context, trade liabilities increased by T€ 268 to T€ 8,056 (prior year: T€ 7,788). However, at the same time the liabilities due to affiliated companies (T€ 891; prior year: T€ 4,549) decreased by T€ 3,658. This reduction in liabilities due to affiliated companies results from a loan in the amount of T€ 2,000 from Gondrand Holding AG to ATEGE being added to the capital reserves and apart from that from trade payables.

The other liabilities of T€ 4,417 primarily relate to liabilities from customs and import duties in the amount of T€ 3,465 (prior year: T€ 3,891).

**Financial position**

ATAGE's current liabilities were covered by cash assets at all times in 2017. In addition, the Company has a letter of comfort from the parent company in the amount of T€ 2,400.

The Company's financial and liquidity position is characterised by a surplus of current liabilities and other current assets in excess of the current trade liabilities in the amount of T€ 2,195 (prior year: T€ 1,635).

Bank and account credits amounted to T€ 5,850 as of December 31, 2017 (prior year: T€ 5,623), which represents an increase of T€ 227 compared to 2016. As already explained in the description of the financing, a portion of this is tied to hedging bank guarantees relating to customs and rental guarantees in the amount of T€ 2,256 (prior year: T€ 2,546).

**Results of operations**

The Company's results of operations improved year-on-year to a net loss for the year of T€ -997 (prior year: T€ -1,813). Gross profit and its decrease of T€ 2,227 had an effect in this context. However, the costs of materials only fell by T€ 1,842 or 2.3%, while sales revenues fell by T€ 3,459 or 3.4%.

With regard to the services, gross proceeds can be broken down as follows:

| | 2017 | 2016 |
|---|---|---|
| Road transport (Road) | 33.1% | 32.6% |
| Air transport (Air) | 22.2% | 20.5% |
| Sea transport (Sea) | 31.5% | 32.1% |
| Contract logistics (Logistics) | 12.7% | 13.3% |
| Other services (Others) | 0.5% | 1.4% |

The gross profit margin (including other operating income) was 24.4%, which is somewhat higher than the previous year's level (22.9%). Compared to the prior year, the cost of materials ratio worsened marginally by 0.1% to 77.2%.

However, other operating income rose considerably by T€ 2,994 year-on-year. This was mainly due to income from the debt waiver of a group company in the amount of T€ 2,618 and the release of personnel provisions.

In absolute terms, personnel expenses increased by T€ 452 or 2.9%, and the deployment of personnel rate (relating to sales revenues) rose slightly to reach 16.1% (prior year: 15.0%) because sales revenues declined by T€ 3,459 or 3.4 % at the same time. The increased personnel expenses were predominantly caused by restructuring measures and the associated severance payments.

The amortisation and depreciation on intangible fixed assets and tangible assets were recognised in the amount of T€ 258 (prior year: T€ 265), which was slightly lower mainly because of the lower depreciation on EDP hardware.

Other operating expenses rose slightly by T€ 283 or 2.9%. Despite expenses for the services of Gondrand International AG decreasing by T€ 948 (prior year: T€ 2,397) and also due to a credit from prior years, in particular rental expenses rose by 9.0% year-on-year to T€ 1,666, while the expenses for external personnel increased from T€ 110 to T€ 292.

The negative financial result of T€ 481 (prior year: T€ 471) was nearly unchanged compared to the prior year (0.2%) and mainly comprises interest expenses for non-current liabilities.

The taxes on income amounted to T€ 0 (prior year: T€ 180) as no taxes on income were incurred in the year under review. Other taxes were negative at T€ 60 (prior year: T€ 55). This change is primarily due to a higher property tax burden.

## III. Opportunities and Risk Report

**Opportunities of future development**

ATEGE see its competitive advantage in its close customer relationships. At ATEGE, our range of services focuses on the customer. Customer requirements and special handling are realised at our Company at a high level of quality by our skilled staff. This individual focus on the customer allows us to offer a range of services which large service providers with their more industrial production methods usually cannot supply.

Integration in the Gondrand Group facilitates the comprehensive joint cultivation of markets, the advantage of using synergies with regard to costs, and the availability of developed management tools. The implementation of cross-border committees known as "business units" for each product range, joint goals are set and their realisation is pursued under the leadership of Group management. These business units are in place in particular for the field of road transport, as well as for sea and air freight. The sector and branch managers of the German companies also participate in these business units.

ATEGE has a strong network of agents which has proved itself over many years. On the basis of this network, the Company continues to aim to generate new orders and expand its collaborations by strengthening their lines of products.

The restructuring measures which were rolled out in 2017 entailed cutting approximately 80 jobs by the end of the financial year. Significant reductions in personnel expenses in the amount of around T€ 3,967 were expected compared to 2017 in connection with this development. Intercompany allocations, which were recognised at T€ 1,448 in 2017 including the credit of T€ 364 from prior years, will amount to approximately T€ 1,640 in 2018. Moreover, numerous operating and administrative areas have been screened and optimised. In this context, the scope ranges from moderate price increases according to general market conditions to various measures, some of which entail significant cost cutting on an annual basis. For example, these measures include the withdrawal from costly special projects (approximately T€ 100), more targeted management of marketing expenses (approximately T€ 100), the modification of involvement in various national network structures (approximately T€ 108), and the prevention of default of receivables through the use of a service provider (approximately T€ 110). These and other measures, in interaction with the consistent utilisation of revenue potential from ATEGE's large agent and partner network lead to the opportunities being assessed as positive overall by management.

**Risks of future development and the assessment of the overall view of the risk situation**

Both opportunities and risks are associated with ATEGE's business activities. These risks could have a negative impact on the operating activities, as well as the assets, financial position, and income. The risks described below are listed in descending order of (any negative) financial implications.

Due to the close interlocking with other parts of the economy, the Company is exposed to general economic risk. Recessive changes to the general economic environment have the effect that demand for logistics services falls in the areas of warehousing and transport services. The Company counteracts this risk with intensive market monitoring and early warning indicators to ensure it is possible to react flexibly to revenue decreases.

The Company's economic success is strongly dependent on the market-driven purchase of transport services from shipping companies, air freight companies, and trucking companies. As a result of a short-term and medium-term agreement with customers in the freight segment (air, sea, road), daily market conditions are usually passed on to customers. With regard to contracts with longer terms, fluctuations in the individual type of costs can have either positive or negative implications. This risk is taken into account with relevant provisions specifying appropriate surcharges in the contracts. Furthermore, combining freight orders through all of the Gondrand Group companies opens up the opportunity of receiving better freight rates for procurement. This results in stronger competitiveness on the market.

Using its global agent network, ATEGE receives more orders for the freight processing of their customers than it itself commissions. This implies a higher risk if there are agent losses and in the collection of receivables. In addition, there is a risk of agent changes, which would have a negative effect on the existing business for a transition period. ATEGE counteracts this risk by maintaining its agent relationships, constantly monitoring their creditworthiness, and by means of a global, transnational collaboration among the Gondrand companies for the monitoring of outstanding receivables.

Especially for the high level of customisation in the Group, long-standing customer and agent relationships also frequently depend on individual employees. In this respect, employee fluctuation also always poses a risk of losing trust and business. ATEGE strives to minimise this risk by means of the regular and targeted measurement of the fluctuation rates, continuing education measures, and close collaboration at the management level.

The Company bills and purchases services primarily in euros. If there is a discrepancy in the currencies in certain segments, potential risks are taken into account or renegotiated when signing the contract. In the year under review, ATEGE reported net expenses from foreign currency translation of T€ 83 (prior year: T€ 76). Experience has shown that as a rule foreign currency losses and gains are evenly balanced over multi-year periods. Against this background and in view of the comparatively low processing volume denoted in foreign currencies, hedging transactions were also not concluded in 2017. Should this initial situation change in the future, the use of hedging transactions would be considered within the framework of assessing the Company's risk.

The Company does not have any bank debts to be recognised on the balance sheet. As of the reference date, cash in hand and bank balances rose by T€ 227 compared to the prior year. It became necessary to add additional capital in excess of the current cash flow from operating activities as a result of the Company's loss situation in the past, inter alia. ATEGE partially effectuates this with its capital resources and partially through shareholder contributions. There can still be risks from cash flow fluctuations (liquidity risks). However, the safeguarding that the Company is solvent at all times is ensured by the letter of comfort issued by the Gondrand Holding. ATEGE's management expects a sustainable improvement to the liquidity position as a consequence of the restructuring measures which were rolled out in 2017.

In addition to the risks described above, changes to the legislative framework conditions can have negative implications for the Company. In this context, ATEGE is required to look after the strict compliance with the country-related regulations for the security precautions for the transport of air and sea freight. This is particularly important to minimise the risks when issuing statements of independence to the air freight companies. A further tightening of the security regulations – in particular in the field of air freight and for combating piracy and terrorism – could lead to further financial burdens for the Company. It would only be possible to pass these burdens onto customers to a limited degree.

ATEGE counteracts risks associated with relocating traffic flows by means of intensive market monitoring and the continuous advancement of its range of services in close collaboration within the Gondrand Group.

In the field of logistics, long-term leases are usually entered into in order to fulfil customer requirements. If these services are eliminated or relocated from the locations, there is a risk of at least partial cost remanence. This risk is limited through intensive planning meetings with the customer and potentially back-to-back constellations.

Due to existing measures within the framework of a uniform group risk management system, the probability of occurrence for the aforementioned individual risks is considered relatively low, and the severity of each is considered low anyway. Nevertheless, certain critical implications on the assets, financial position, and income cannot be completely ruled out. Management considers the financial effects of the risk and the overall risk position to be manageable overall.

## IV. Forecast

In the first two months of 2018, ATEGE generated earnings before intercompany allocations of T€ -221, including follow-up costs for special effects arising from the restructuring (prior year: T€ 168). Management will continue to pursue the extensive restructuring scheme which was rolled out in 2017. This approach is expected to result in some further expenses in 2018. Management expects a positive ORI in the amount of T€ 2,632 for the Company again in 2018.

On January 18, 2018, the Supervisory Board and management decided to sell ATEGE with a binding share transfer to NTG (Nordic Transport Group A/S, Hvidovre, Denmark). This sale to NTG also affects other companies in the entire Swiss Gondrand Group.

Management assumes that there will be far-reaching synergy effects between the two companies in the fields of road management, sea freight, and air freight. A uniform IT infrastructure is planned to boost efficiency. Processes and measures which must be defined are incorporated and monitored as part of continuous forecast planning. In this context, the budget for 2018 and subsequent years continue to serve as benchmarks.

The management of the company was passed from Volker Henze to Michael Marnfeld at that time as planned. Michael Marnfeld had already worked at ATEGE since early February and will proceed with the chosen consolidation course going forward.

This share transfer is scheduled to be notarised on March 28, 2018.

Frankfurt am Main, March 22, 2018

ATEGE
Allgemeine Transportgesellschaft
formerly Gondrand & Mangili mbH
The Management

Volker Henze

# Notes
# for Financial Year 2017
# of
# ATEGE Allgemeine Transportgesellschaft
# vorm. Gondrand & Mangili mbH, Frankfurt am Main

## Registered Office of the Company: 60314 Frankfurt am Main, Frankfurt am Main Local Court, HRB 86734

## A. General Information on the Annual Financial Statements

The annual financial statements are prepared in accordance with the accounting regulations applicable to corporations of the German Commercial Code (*Handelsgesetzbuch – HGB*) with due consideration given to the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbHG*).

According to the definition of size classes contained in Section 267 HGB, the Company is a "large corporation" pursuant to Section 267 (3) HGB.

The balance sheet is structured according to the provisions of Section 266 HGB.

As regards the structure of the income statement, we opted for the total cost method. This structure corresponds to Section 275 (2) HGB).

Pursuant to Section 290 HGB, the Company is as a matter of principle required to prepare consolidated financial statements. However, due to the fact the subsidiaries are negligible for the valuation of the Company's net assets, financial position and results of operations pursuant to Section 296 (2) HGB, the exemption provision of Section 290 (5) HGB is applied.

## B. Information on the Accounting and Valuation Methods

### Fixed Assets

#### Intangible Assets

Acquired intangible assets are stated at amortized cost. Amortization is calculated using the straight-line method over a period of 3 to 5 years according to schedule.

#### Tangible Assets

Items stated under tangible fixed assets are measured at depreciated cost and written down according to schedule pro rata temporis.

Depreciation is determined over the probable useful lives of the respective assets and in line with the standard useful lives. To this end, the straight-line method is applied for movable assets. The useful lives of the individual assets are estimated on the basis of their scheduled useful lives.

Useful lives are structured as follows:

Buildings: 40 to 60 years

Technical equipment and machinery: 5 to 10 years

Factory and office equipment: 3 to 10 years

#### Financial Assets

Financial assets are stated at cost. Valuation impairments to the lower fair value are recognized in the event that a permanent impairment in value is projected.

**Current Assets**

Inventory items as a matter of principle are stated at cost. The strict lower of cost or market principle is adhered to for such valuation.

Statement of receivables and other assets is made at the respective nominal value. Discernible risks are considered by valuation allowances.

In addition to individual valuation allowances, doubtful trade receivables are valued with a general valuation allowance of 1% for the general receivables risk.

Receivables denominated in foreign currencies are stated at the historical rate at the time of initial booking. Gains and losses due to exchange rate fluctuations are recognized affecting income as of the balance sheet date.

Cash on hand, bank balances and checks are reported at nominal value.

**Prepaid Expenses and Deferred Charges**

Prepaid expenses and deferred charges include expenditure incurred before the reporting date, to the extent such expenditure relates to a certain period after that date.

**Deferred Tax Assets**

The capitalization option (Section 274 (1) Clause 2 HGB) was exercised and no deferred tax assets were recognized.

**Shareholder's Equity**

Shareholder's equity is stated at nominal value.

**Provisions**

Provisions for pensions and similar obligations are calculated on the basis of the valuation requirements of Section 253 (1) Clause 2 and (2) HGB, according to which provisions are to be stated at the discounted required settlement amount.

Valuation is determined by renown actuarial principles using the projected unit credit method (PUC method). The biometric basis for this are the 2005 G mortality tables of Prof. Dr. Heubeck. The determined underfunding was calculated as of January 1, 2010 and the difference was allocated to pension obligations at 1/15.

The projected unit credit method (PUC method) was applied for the valuation of the anniversary provisions. The biometric basis for this are the 2005 G mortality tables of Prof. Dr. Heubeck.

The valuation of provisions for anniversary bonuses is based on the following assumptions:

- Interest rate p.a.: 2.80% (prior year: 3.24%)
- Salary trend p.a.: 2.00% (prior year: 2.00%)
- Trend of the contribution assessment ceiling p.a.: 2.00% (prior year: 2.00%)
- Fluctuations p.a.: 23.00% (prior year: 18.90%)

Pension obligations were determined on the basis of the following assumptions:

- Interest rate p.a.: 3.68% (prior year: 4.01%)
- Salary trend p.a.: 2.00% (prior year: 2.00%)
- Trend of the contribution assessment ceiling p.a.: 2.00% (prior year: 2.00%)
- Pension trend p.a.: 1.70% (prior year: 2.00%)

Exercising the option according to Art. 75 (7) EGHGB new version, the average market interest rate of the past ten years calculated by the German Bundesbank for this residual term was used as the discount factor. The discount-related difference of T€ 1,271 (prior year: T€ 1,280) is barred from distribution pursuant to Section 253 (6) Clause 2 HGB.

Other provisions take into account all recognizable risks and contingent liabilities. Their amount was stated at the settlement amount in required according to prudent business judgment. Longer-term provisions are discounted in accordance with the respective legal provisions.

**Liabilities**

Liabilities are recognized at their settlement amount. Payables denominated in foreign currencies are stated at the historical rate at the time of initial booking. Losses arising from exchange rate fluctuations are recognized affecting income as of the balance sheet date.

**Sales Revenues**

Sales revenues are deemed to have been realized when the service has been rendered.

## C. Comments on the Balance Sheet

**Fixed Assets**

The development of fixed assets contained in the balance sheet is stated separately in the fixed-asset movement schedule. The gross fixed-asset movement schedule is attached separately in the form of an Appendix to the notes. A list of shares in affiliated companies and other long-term equity investees and investors is included under "E. Other disclosures".

**Current Assets**

The general default risk for trade receivables is taken into account by means of a lump-sum valuation allowance in addition to individual valuation allowances, as the total current account excludes an individual assessment of all receivables due to its scope. Valuation impairment during the year under review totaled T€ 451 (prior: T€ 338).

Receivables from affiliated companies do not contain any receivables from the shareholder.

As was the case in the prior year, all receivables and other assets are due within one year.

Bank balances in the amount of T€ 2,256 (prior year: T€ 2,546) serve as a collateral for guarantees granted.

**Deficit not Covered by Equity**

Deficit not covered by equity, which had been brought forward from the prior year (T€ 3,437) declined by T€ -1,003 to now T€ -2,434 during the year under review, due to a contribution to the capital reserve in the amount of T€ 2,000, less the net loss for the year in the amount of T€ 997.

**Provisions**

The difference of T€ 3,018 determined in accordance with BilMoG as of January 1, 2010 in respect of provisions for pensions was allocated to the pension obligations at 1/15 (T€ 201). Pursuant to Section 285 No. 31 HGB, the difference is allocated to pension provisions. As of December 31, 2017, the pension obligations carried as liabilities amounted to T€ 10,969. As of the balance sheet date, there still is a deficit of T€ 1,409, which is to be balanced by 2024.

Other provisions totaling T€ 3,327 (prior year: T€ 3,299) for the most part contain provisions for carrier companies not yet invoiced of T€ 1,717 (prior year: T€ 1,924), T€ 245 (prior year: T€ 362) for royalties and special payments, T€ 466 for severance payments (prior year: T€ 219), T€ 127 for consultation expenses (prior year: T€ 106), T€ 114 (prior year: T€ 125) for leave not yet taken, T€ 171 (prior year: T€ 176) for employers' liability insurance association and T€ 43 (prior year: T€ 60) for anniversary gratifications.

**Liabilities**

Total liabilities in the amount of T€ 13,365 (prior year: T€ 16,886) as of the balance sheet date have a residual term of:

| | | |
|---|---|---|
| up to one year | T€ 13,365 | (prior year: T€ 14,854) |
| more than one year | T€ 0 | (prior year: T€ 2,032) |

Just as in the prior year, there are no liabilities with a residual term of more than five years as of the balance sheet date.

Payables to affiliated companies contain trade payables in the amount of T€ 891 (prior year: T€ 2,549).

Long-term payables to the shareholder in the amount of T€ 2,000 do no longer exist as of the balance sheet date. On December 15, 2017, the parent company decided to transfer the loan to capital reserves.

Other liabilities contain payables to customs authorities in the amount of T€ 3,465 (prior year: T€ 3,891).

There are no collateral securities for liabilities.

**Deferred Taxes**

Deferred tax assets mainly consist of deferred tax assets due to temporary differences in pension obligations, as well as of tax loss carryforwards. The statement of the capitalization option in the balance sheet is waived. The calculation of deferred taxes was based on a corporation tax rate of 16% and a trade tax rate of 14%.

## D. Comments on the Income Statement

**Sales Revenues/Carrier Gross Profit**

Sales revenues/carrier gross profit (according to the internal income statement) pursuant to Section 277 (1) HGB are structured as follows:

| | Sales in T€ | Prior year T€ | Gross profit in T€ | Prior year T€ |
|---|---|---|---|---|
| Overland transports (road) | 32,987 | 33,649 | 5,633 | 5,702 |
| Oversea transports (sea) | 31.385 | 33.141 | 4.877 | 5.785 |
| Air freight (air) | 22.167 | 21.195 | 3.780 | 4.653 |
| Logistics | 12.661 | 13.689 | 5.921 | 5.779 |
| Others | 487 | 1.472 | 517 | 551 |
| Total | 99.687 | 103.146 | 20.728 | 22.470 |

Gross profit = Gross forwarding income = Revenues - Cost of purchased services + Income from the reversal of forwarding provisions.

Land transport sales revenues are generated in Europe. The main sales areas of sea freight and air freight are: Asia, North America, Japan, Africa, South America and Central America.

Pursuant to Section 286 (2) HGB, the Company refrains from a detailed breakdown of sales revenues by geographically defined markets in order to avoid disadvantages for the Company.

**Other Operating Income**

Other operating income for the most part arises from the debt waiver of an affiliated company in the amount of T€ 2,618, from the reversal of provisions in the amount of T€ 1,237 (prior year: T€ 526) and the respectively adjusted assessment of the actuarially determined pension trends within pension provisions. Due to this, the Company was in line with the market development. Furthermore, other operating income from currency differences amounted to T€ 361 (prior year: T€ 257), as well as proceeds from the use of vehicles of T€ 279 (prior year: T€ 260).

### Other Operating Expenses

Other operating expenses mostly result from management fees and allocations of the affiliated company amounting to T€ 1,448 (prior year: T€ 2,397), leases and rents amounting to T€ 2,143 (prior year: T€ 1,968), fees and legal services of T€ 789 (prior year: T€ 486), insurance premiums of T€ 434 (prior year: T€ 378) and exchange rate differences of T€ 444 (prior year: T€ 333).

### Extraordinary Expenses and Income during the Year under Review

In addition to restructuring expenses totaling T€ 895 during the year under review, also income from the debt waiver of the Swiss affiliated company Gondrand International AG were stated with regard to management and IT Services in the amount of T€ 2,618, as well as with regard to a tax field audit of the years from 2012 through 2014 in the amount of T€ 364.

### Interest Expenses

Interest expenses in the amount of T€ 520 (prior year: T€ 545) relate to the compounding of pension provisions (prior year: T€ 2) to the discounting of anniversary provisions.

### Tax Field Audit

The Company has been conclusively audited up to and including the 2011 assessment period with regard tor corporation tax, trade tax, income tax and turnover tax. The wage tax audit has been carried out up to and including 2014.

By letter dated December 15, 2016, a tax field audit of the calendar years 2012 to 2014 was ordered with regard to corporation tax, trade tax, income tax and turnover tax. By audit order dated July 4, 2017, the audit of the above-mentioned tax types was expanded with regard to calendar year 2015.

## E. Other Information

### Group Affiliation

The consolidated financial statements for the smallest and (at the same time) largest group of companies are prepared as of December 31, 2017 by Gondrand Holding AG, at the Company's registered office in Basel, Switzerland. They are available at the Company's registered office.

ATEGE Frankfurt/Main is the parent company of the following German subsidiaries, and consequently obliged to prepare consolidated financial statements in accordance with Section 290 (1) HGB:

- Gondrand GmbH, Frankfurt am Main; held by ATEGE (99,6%) and Gondrand Holding AG, Basel, Switzerland, (0.4%)

Due to the minor importance of the subsidiaries pursuant to Section 296 (2) HGB, no consolidated financial statements were prepared for 2017 pursuant to the exemption provisions contained in Section 290 (5) HGB.

**Business relationships with related parties:**

**Revenues generated with affiliated companies in 2017:**

| **Company** | **Country** | **Forwarding service €** | **Loan**<br>**Interest received €** | **Group Affiliations** |
|---|---|---|---|---|
| Gondrand Intern. AG | Switzerland | 311,582<br>prior year: 371,851 | | 2.) |
| Gondrand Properties AG | Switzerland | | 14,343<br>prior year: 46,822 | 2.) |
| Transfin Srl | Italy | 204,401<br>prior year: 171,882 | | 2.) |
| Gondrand Traffic BV | Netherlands: | 11,270<br>prior year: 5,062 | | 2.) |
| Gondrand Kft | Hungary | 229,680<br>prior year: 291,486 | | 2.) |
| Gondrand a.s | Czech Republic | 23,578<br>prior year: 8,891 | | 2.) |
| GO-Trans Ltd. | China | 1,014,618<br>prior year: 1,070,306 | | 2.) |

**Expenses with affiliated companies recognized in 2017:**

| Company | Country | Forwarding service € | Management-costs € | ICT-costs € | Loan Interest paid € | Group affilia-tion |
|---|---|---|---|---|---|---|
| Gondrand Intern. AG | Switzer-land | 140,567 prior year: 184,948 | 588,423 prior year: 1,043,926 | 859,731 prior year: 1,352,613 | | 2.) |
| Gondrand Holding AG | Switzer-land | | | | 10,001 prior year: 8,035 | 1.) |
| Transfin Srl | Italy | 664,994 prior year: 470,269 | | | | 2.) |
| Gondrand Traffic BV | Nether-lands: | 113,505 prior year: 22,847 | | | | 2.) |
| Gondrand Kft | Hungary | 282,355 prior year: 275,550 | | | | 2.) |
| Gondrand a.s | Czech Republic | 862,523 prior year: 883,641 | | | | 2.) |
| GO-Trans Ltd. | China | 2,097,760 prior year: 1,682,143 | | | | 2.) |

Comment: 1.) = parent company 2.) = associated company

**Auditor's Fee**

The auditor's fee amounts to T€ 164 (prior year: T€ 167) and is structured by the following areas:

- Audit of the annual financial statements: T€ 55 (prior year: T€ 67)
- Tax consultation: T€ 63 (prior year: T€ 88)
- Other consultation: T€ 106 (prior year: T€ 12)

**Other Financial Obligations**

Long-term contracts are expected to result in payment obligations of T€ 4,844 (prior year: T€ 4,348). Of this amount, T€ 887 (prior year: T€ 834) relate to obligations from leasing contracts (prior year: T€ 1,055) and T€ 3,956 relate to tenancy agreements (prior year: T€ 3,293). Maturities are structured as follows:

Up to one year T€ 2,401

More than one year: T€ 2,442

There are no financial obligations sporting a term of more than five years.

The Company has tenancy, guarantee and customs guarantees in the amount of T€ 2,546 (prior year: T€ 2,546). The guarantees are secured by company cash funds.

**Staff**

During the year under review, an average of 296 employees and 44 trainees were employed, divided into the following areas:

- Operating activities: 310
- Administrative activities: 30

**Bodies of the Company**

**Supervisory Board**

- Mr. Julien Houart, Dubai (Chairman of the Board; Gondrand Holding AG, Basel)

**Managing Director**

- Mr. Marco Salzmann, Frankfurt am Main, graduate in business administration, Managing Director of ATEGE Allgemeine Transportgesellschaft vorm. Gondrand & Mangili mbH, Frankfurt am Main (until August 2, 2017)

- Mr. Volker Henze, merchant, Managing Director of ATEGE Allgemeine Transportgesellschaft vorm. Gondrand & Mangili mbH, Frankfurt am Main (since August 2, 2017)

**Expenses for Members of Governing Bodies**

Utilizing Section 286 (4) HGB, statement of remuneration of the Managing Directors is waived.

The pensions of former management members amounted to T€ 219,647. There are pension obligations for former members of the Management Board in the amount of T€ 2,403,906.

No compensation was paid to the Supervisory Board in financial year 2017.

**Share Ownership**

The shareholdings consist of shares in affiliated companies and participations in freight forwarding interest groups and are less than 10%.

**Shares in Affiliated Companies**

Gondrand GmbH, Frankfurt/Main, share of 99.6%

(Equity 2017: € 36,853.29; loss 2017: T€ 0.5)

(Equity 2016: € 37,379.20; loss 2016: T€ 16)

**Report of Subsequent Events**

There were no significant transactions which occurred after the balance sheet date having an impact on the 2017 result.

As of January 18, 2018, the Supervisory Board and the Management decided to sell ATEGE via a binding share transfer to NTG (Nordic Transport Group A/S, Hvidovre, Denmark). This disposal to NTG also refers to the other companies contained in the Swiss Gondrand-Group.

**Comfort Letter**

As of December 1, 2017, Gondrand Holding AG issued a comfort letter in order to ensure liquidity and to avoid a possible overindebtedness up to a maximum amount of T€ 4,000 for the benefit of ATEGE

Allgemeine Transportgesellschaft vormals Gondrand & Mangili mbH. This comfort letter contained a subordination in the sense of of Section 19 (2) Clause 2 and 39 (2) InsO and is not limited in time. Gondrand Holding AG obliges to deduct receivables from ATEGE only to the extent that any negative equity that may arise can still be covered by the letter of comfort.

By resolution of December 15, 2017, in connection with the capital contribution described above, the obligation of the comfort letter was limited to a maximum amount of € 2.4 million for the negative equity remaining in the 2017 annual financial statements. In case ATEGE will be furthermore unable to satisfy its payables in due time during a period up to March 31, 2018, Gondrant Holding promises ATEGE to balance any liquidity demand potentially rising from ATEGE's liquidity planning up to a maximum amount of € 463,752.

All other agreements of the comfort letter are not affected by the change of shareholders proposed by these amendments.

Frankfurt am Main, March 22, 2018

Volker Henze