

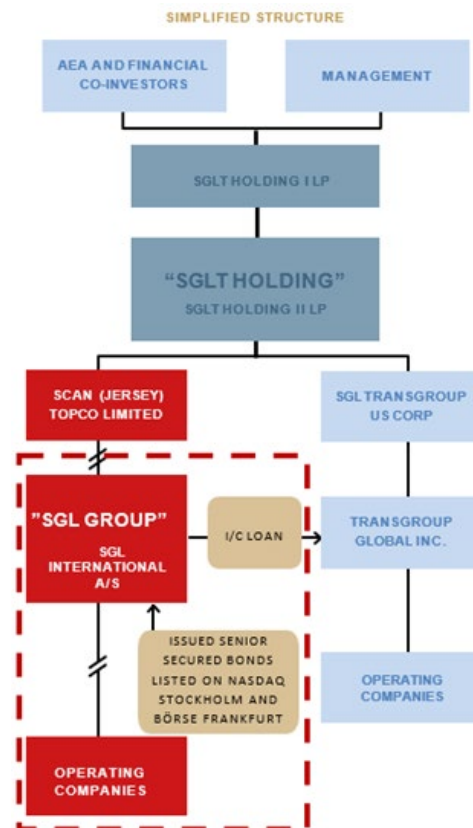
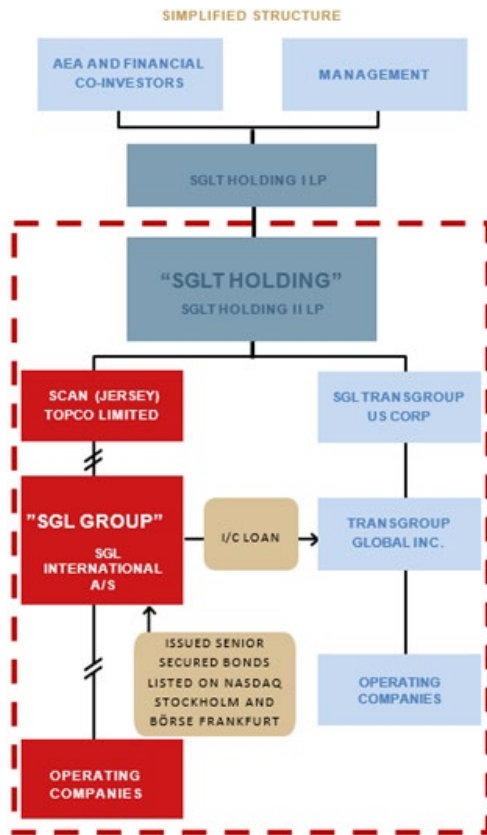


SGL International A/S

INTERIM FINANCIAL REPORT

**Full year 2021,
including Q4 2021**

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SGLT HOLDING

The figures contained in this section are comprised of the combined financial performance of SGL International A/S and TransGroup Global Inc., including their respective subsidiaries, constituting the combined group SGLT Holding II LP (“SGLT Holding”).

The figures for SGLT Holding are included because they highlight the performance to which attention should be given when understanding the current combined performance and predicting future combined performance supporting the issued bonds through SGL International A/S.

Reporting currency for SGLT Holding is USD.

SGL GROUP

SGL International A/S (SGL Group), formerly SGL TransGroup International A/S, is owned by SGLT Holding II LP, and the ultimate owner is SGLT Holding I LP. SGL Group includes SGL International A/S and all its subsidiaries.

SGL International A/S (together with TransGroup Global Inc. and their respective subsidiaries) has issued floating- and fixed-rate bonds with SGL International A/S as the issuer in an aggregate amount of EUR 515m within a total framework amount of EUR 705m as of 31 December 2021.

Reporting currency for SGL Group is DKK.

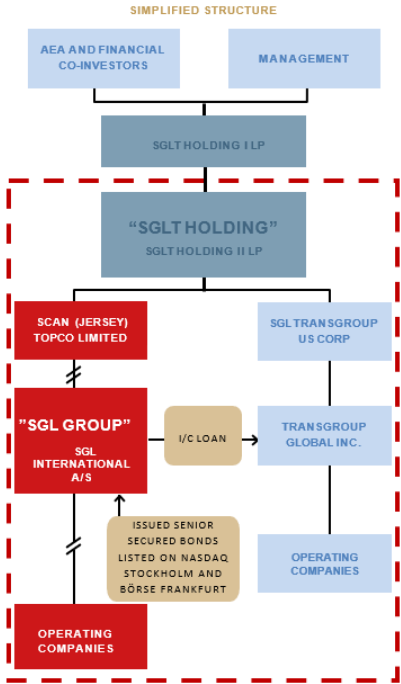
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SGLT HOLDING

FULL YEAR 2021,
Q4 2021



» FINANCIAL HIGHLIGHTS

USDm	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
Income statement					
Revenue		844	343	2,274	1,210
Gross profit		120	54	333	203
EBITDA before special items		54	13	129	65
EBITDA before special items excluding IFRS 16 ¹		52	10	108	47
Operating profit (EBIT) before special items		39	4	86	28
Special items, net		-9	-6	-12	-17
Financial items, net		-25	-11	-37	-35
Profit/Loss before tax		15	-14	37	-24
Profit/Loss for the period		0	-10	22	-27
Income statement (Business Performance)²					
Adjusted EBITDA ³	1	49	11	112	50
Cash Flow					
Cash flows from operating activities before special items, interest and tax		-57	27	-100	83
Cash flows from operating activities		-73	14	-144	43
Cash flows from investing activities		-4	-4	-84	-21
Free cash flow		-77	10	-228	23
Cash flows from financing activities		-3	-5	249	7
Cash flow for the period		-80	5	21	30
Financial position				31.12.2021	31.12.2020
Total Equity				169	122
Equity attributable to parent company				162	118
Net interest-bearing debt (NIBD)				500	307
Net interest-bearing debt (NIBD) excl. IFRS 16 ¹				445	257
Net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note				401	257
Total assets				1,127	677
Financial ratios in %					
Gross margin		14.2	15.7	14.6	16.8
EBITDA margin before special items		6.4	3.8	5.7	5.4
Adjusted EBITDA margin		5.8	3.2	4.8	4.2
EBIT margin before special items		4.6	1.2	3.8	2.3
Equity ratio				15.0	18.0
Other					
Number of full-time employees at the end of the period				2,322	1,819

¹ EBITDA presented before applying the accounting of IFRS 16 Leases; where costs related to leased assets have been recognised in the PL impacting the result negatively.

² Business performance represents the underlying financial performance of SGLT Holding in the reporting period as results are adjusted for special items which are not in line with the ordinary course of business and other non-recurring items. Apart from this, there is no difference between business performance and IFRS results. ³ Excluding the impact of IFRS 16 Leases and before special items; ref. Annual Report 2020 Note 6.4 Financial definitions.

»» FINANCIAL PERFORMANCE

In Q4 2021, SGLT Holding delivered its best quarterly financial results to date. The adjusted EBITDA, totalling USD 49 million for Q4 2021, and USD 112 million for full year of 2021. The proforma adjusted EBITDA for the full year including acquisitions made in 2021 amounts to USD 129 million.

The year of 2021 has been a year with strong organic growth of approx. 25% on major trade lanes and markets. Further, 2021 has been a year challenged by market disruption and very high activity, putting pressure on global freight capacity, pushing freight rates upwards in many regions. In turn, lower cash flows from increased Net Working Capital. Due to the constrained market situation, each shipment consumes more time for our staff, which is why SGLT Holding has effectively adjusted our operating model to match operational capacity for the increased activity levels.

Further, SGLT Holding remained committed to its organic initiatives and acquisition strategy. In 2021 acquisitions include the Air & Ocean activities of Grupo Contenosa (Spain), Expedited Solutions, LLC, Werner Logistics (US), Precision Worldwide Logistics, Inc (US), ATL LLC (US) and lastly Horizon International Group (UK-based) and Orbis Global Logistics (New Zealand) which were acquired end Q3 2021.

Financial results for the period – Full year 2021

- »» Revenue amounted to USD 2,274 million for the full year 2021, an increase of 88% compared to the full year 2020 including positive impact of FX translation of approximately USD 40 million. The proforma revenue including acquisitions made in 2021 amounts to USD 2,456 million. Revenue increases throughout the year were primarily driven by a mix of a strong increase in activity and an increase in freight rates globally due to capacity constraints. Illustrating this, the Shanghai Containerised index have risen continuously throughout the full year 2021. The increase in activity levels was experienced across all regions, especially Air and Ocean activities in the Nordics, Asia Pacific and North America have been impacted.
- »» Gross profit amounted to USD 333 million for the full year 2021 (gross margin 14.6%); an increase of 64% compared with full year 2020, including positive impact FX translation of approximately USD 6 million. The proforma gross profit including acquisitions made in 2021 amounts to USD 363 million. The increase in gross profit is mainly driven by strong organic growth, combined with the significant increase in revenue which has been converted to a strong increase in gross profit; however due to the high rates, we have seen a slight decrease in gross margin to 14.6%; equivalent to a decrease of 2.2% point compared to same period last year. The decline mainly relates to Air & Ocean, where higher freight rates cause higher pass-through revenue and thus a lower gross margin.
- »» SG&A costs amounted to USD 204 million for the full year 2021; impacted by FX translation of approximately USD 5 million, resulting in an increase by 46% compared to the full year 2020. Excluding FX translation impact SG&A costs increased as expected; however, as the cost discipline continued, the conversion ratio based on Adjusted EBITDA increased from 25% in 2020 to 34% in 2021. The increase in SG&A costs is coming from greenfield and M&A activities together with scaling Group functions for future growth.
- »» Adjusted EBITDA amounted to USD 112 million for the full year 2021; an increase of 124% compared to same period last year. The proforma adjusted EBITDA including acquisitions made in 2021 amounts to USD 129 million. The improved performance was driven both by organic growth and acquisitions.
- »» Special Items, net, amounted to USD -12 million for the full year 2021 mainly driven by greenfield activities and M&A related costs.

»» FINANCIAL PERFORMANCE – CONT'D

- »» Financial items amounted to net expenses of USD 37 million for the full year 2021, 6% above the same period last year. Net financial expenses mainly comprised interest expenses on the bond debt, exchange rate differences and IFRS 16 lease interest. As a result of new and subsequent bonds issue, interest expenses increased during the latter part of 2021 causing an increase in interest expenses for the full year 2021. The increase in interest expenses was partially offset by net exchange gains for the full year 2021, compared to net exchange losses in the comparative period for 2020.
- »» Cash flow from operating activities before special items, interest and tax was negative with USD 57 million for Q4 2021 and negative USD 100 million for the full year 2021; a development driven by the increase in net working capital, but partly offset by the strong positive result in Q4 2021 and the full year 2021.
- »» Capital structure: The equity attributable to the Parent company was USD 162 million. The total equity ratio was 15.0% as per 31 December 2021 compared to 18.0% as per 31 December 2020. The decreased equity ratio is driven by increased debt levels as a result of issuing new and subsequent bonds, but also impacted by FX translation having a negative impact on equity. A capital increase by cash payment of USD 35 million was made during Q3 2021.
- »» Net Interest-Bearing Debt (NIBD) was USD 500 million and USD 445 million excluding lease liabilities as of 31 December 2021 (31 December 2020: USD 307 million and USD 257 million excluding lease liabilities). The increase was driven by the new issue of EUR 225 million senior secured fixed rate bonds, EUR 40 million subordinated unsecured bonds and repurchase of EUR 58 million bonds under the EUR 315 million framework. Bond debt was raised for acquisitions and general corporate purposes.
- »» Change in Net Working Capital was negative with USD 229 million for the full year 2021, mainly impacted by increases in trade receivables. During 2021, and especially in Q2, Q3 and Q4, receivables from our customers were impacted by the record-high freight rates and strong organic growth leading to an increase in revenue and thereby an increase in trade receivables and NWC. Especially the carrier and port infrastructure challenges in China and US impacts the invoicing process due to delays in seaports and airports. The main NWC impact is primarily seen in Ocean, as this segment achieved a significant growth rate, and this segment generally has a higher NWC than the other segments. Our general payment terms are unchanged, but within the industry we have seen a change in level of upfront payments to carriers, driving an increased spread between payments to carriers and receipts from customers. We see no increase in overdue trade receivables.

»» CONSOLIDATED INCOME STATEMENT

USDm	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue		844	343	2,274	1,210
Cost of operation		-724	-289	-1,941	-1,007
Gross profit		120	54	333	203
Other external expenses		-19	-10	-42	-28
Staff costs		-47	-31	-162	-110
Earnings before interest, tax, depreciation, amortisation (EBITDA) and special items	1	54	13	129	65
Amortisation and depreciation		-15	-10	-43	-37
Operating profit (EBIT) before special items		39	3	86	28
Special items, net		-9	-6	-12	-17
Financial income		2	-	5	-
Financial expenses		-27	-11	-42	-35
Profit/Loss before tax		15	-14	37	-24
Tax for the period		-15	-2	-15	-3
Profit/Loss for the period		0	-16	22	-27
Total income for the period attributable to					
Owners of the Parent company		-1	-17	18	-29
Non-controlling interests		1	1	4	2
Total		0	-16	22	-27

»» CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

USDm	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit/Loss for the period	0	-16	22	-27
<i>Items that may be reclassified to income statement when certain conditions are met:</i>				
Exchange rate adjustment	-	6	-7	7
Total comprehensive income for the period	-	-10	15	-20
Total comprehensive income for the period attributable to				
Owners of the Parent Company	-2	-11	10	-22
Non-controlling interests	2	1	5	2
Total	0	-10	15	-20

» CONSOLIDATED BALANCE SHEET

USDm	Note	31.12.2021	31.12.2020
ASSETS			
Intangible assets		431	360
Right of use assets		50	46
Property, plant and equipment		11	8
Other receivables <small>long</small>		5	3
Deferred tax asset		1	2
Total non-current assets		498	419
Trade receivables		530	196
Income tax receivables		3	1
Receivables from related parties <small>short</small>		2	-
Other receivables		1	6
Prepayments		14	5
Cash and cash equivalents	2	79	50
Total current assets		629	258
Total assets		1,127	677
EQUITY AND LIABILITIES			
Partnership interest		221	186
Currency translation reserve		-3	5
Retained earnings		-56	-73
Equity attributable to the Parent Company		162	118
Non-controlling interests		7	4
Total equity		169	122
Bond debt	3	519	300
Lease Liabilities, Right of use assets <small>long</small>		33	35
Deferred tax liability		18	11
Other liabilities <small>long</small>		11	4
Total non-current liabilities		581	350
Bank debt	2	7	-
Lease Liabilities, Right of use assets <small>short</small>		21	15
Payables to related parties		9	5
Trade payables		262	146
Deferred income		1	16
Corporation tax		18	4
Other liabilities		59	22
Total current liabilities		377	205
Total liabilities		958	555
Total equity and liabilities		1,127	677

CONSOLIDATED CASH FLOW STATEMENT

USDm	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating profit (EBIT) before special items		39	4	86	28
Depreciation and amortisation		15	10	43	37
Non-cash transactions		-	3	-	-
Change in working capital		-111	10	-229	18
Cash flows from operating activities before special items, interest and tax		-57	27	-100	83
Special items, received		-	-	-	1
Special items, paid		-10	-6	-13	-15
Interest received		-	1	-	1
Interest paid		-6	-6	-28	-21
Tax paid		-	-2	-3	-6
Cash flows from operating activities		-73	14	-144	43
Purchase of software and other intangible assets		-3	-2	-7	-6
Purchase of property, plant and equipment		-2	-1	-7	-2
Earn-out paid		-	-	-	-4
Investments in Group entities		1	-2	-70	-10
Disposals of Group entities		-	1	-	2
Cash flows from investing activities		-4	-4	-84	-20
Free cash flow		-77	10	-228	23
Capital increase		-	-	35	-
Purchase of non-controlling interest		-	-	-1	-
Dividend paid to non-controlling interests		-	-	-2	-2
Short-term loan to related entities		5	-	-	-1
Proceeds from issuing bonds		-6	-	234	31
Redemption of lease liabilities, right of use assets		-2	-5	-17	-20
Redemption of other acquisition debt		-	-	-	-1
Cash flows from financing activities		-3	-5	249	7
Change in cash and cash equivalents		-80	5	21	30
Cash and cash equivalents					
Cash and cash equivalents beginning of period		152	46	50	19
Exchange rate adjustment of cash and cash equivalents		-	-1	1	1
Change in cash and cash equivalents		-80	5	21	30
Cash and cash equivalents end of period	2	72	50	72	50

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USDm	Partnership interest	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non- Controlling Interests	Total Equity
Equity at 1 January 2021	186	5	-73	118	4	122
Profit for the period	-	-	18	18	4	22
Currency exchange adjustment	-	-8	-	-8	1	-7
Other comprehensive income, net of tax	-	-8	-	-8	1	-7
Total comprehensive income, net of tax	-	-8	18	10	5	15
Purchase of non-controlling interests	-	-	-1	-1	-	-1
Dividend distributed, non-controlling interests	-	-	-	-	-2	-2
Transfer	-	-	-	-	-	-
Capital increase by cash payment	35	-	-	35	-	35
Total transactions with owners	35	-	-1	34	-2	32
Equity at 31 December 2021	221	-3	-56	162	7	169

USDm	Partnership interest	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non- Controlling Interests	Total Equity
Equity at 1 January 2020	186	-2	-43	141	3	144
Profit for the period	-	-	-29	-29	2	-27
Currency exchange adjustment	-	7	-	7	-	7
Reclassified to income statement	-	-	-	-	-	-
Other comprehensive income, net of tax	-	7	-	7	-	7
Total comprehensive income, net of tax	-	7	-29	-22	2	-20
Purchase of non-controlling interests	-	-	-	-	-	-
Dividend distributed, non-controlling interests	-	-	0	0	-2	-2
Transfer	-	-	-1	-1	1	-
Total transactions with owners	-	-	-1	-1	-1	-2
Equity at 31 December 2020	186	5	-73	118	4	122

» NOTES
NOTE 1 – ALTERNATIVE PERFORMANCE MEASURES

USDm	Q4 2021	Q4 2020	FY 2021	FY 2020
<i>Adjusted EBITDA:</i>				
EBITDA before special items	54	14	129	65
IFRS 16 impact	-4	-4	-21	-18
Other adjustments ¹	-1	1	4	3
Adjusted EBITDA	49	11	112	50

¹ Adjustments for extraordinary items which are not in line with the ordinary course of business and other non-recurring items, such as Holding companies related costs and fees for Group services.

NOTE 2 – CASH AND LIQUIDITY RESERVE

USDm	31.12.2021	31.12.2020
Cash and cash equivalents	79	50
Bank debt	7	-
Net cash	72	50
Credit facilities	210	66
Liquidity reserve	282	116

NOTE 3 – BOND DEBT

Please refer to Note 7 in SGL Group.

NOTE 4 – BUSINESS COMBINATIONS
Acquisition of Grupo Contenosa

On 27 April 2021, the SGLT Holding has, through its wholly owned subsidiary, Scan Global Logistics A/S acquired Grupo Contenosa, a Spanish family-owned freight forwarding company. With the acquisition, the Group becomes a significant player in the Spanish third-party logistics market and enables the Group to grow its network and presence in Spain and Mexico. The Group gains access to new profitable niche markets and most importantly, the acquisition will bring additional human capital to a core Group country. With seven offices in Spain and Mexico, Grupo Contenosa generates yearly revenue above EUR 50 million.

» NOTES – CONTINUED

The total acquisition price for the activities was USD 26 million, with a cash consideration of USD 23 million financed through the issue of new senior secured fixed-rate bonds.

Closing was 27 April 2021; from which date the activities are consolidated in the Group's financial statements.

For further details on the Grupo Contenosa acquisition please refer to note 8 in the Q4 interim financial statement for SGL Group.

Acquisition of Horizon International Group

On 30 September 2021 SGL International A/S has, through its wholly owned subsidiary, Scan Global Logistics A/S, acquired of Horizon International Group, a British freight forwarding company.

With the acquisition of Horizon International Group, the Group gained access to profitable niche markets and increase our presence in current SGL offerings. It enables us to establish our strategic presence in England and gives us a strategic platform to scale the business, which will enable SGL to expand it's global presence to our customers' benefit. The Group will be able to serve the existing customers of Horizon International Group, gain access to a full-fledged international solution including added expertise, technology, network, and e-commerce platform. Horizon International Group operations are focused on Air and Ocean activities, combined with road and warehouse, and through its footprint cross England, USA, The Netherlands, Spain and Japan, Horizon International Group generates yearly revenue of GBP 115 million.

The total acquisition price for the activities was USD 67 million, with a cash consideration of USD 50 million financed through the issue of new senior secured fixed-rate bonds.

Closing was 30 September 2021; from which date the activities are consolidated in the Group's financial statements.

For further details on the Horizon acquisition please refer to note 8 in the Q4 interim financial statement for SGL Group.

Acquisition of Orbis Global Logistics

On 30 September 2021 SGL International A/S has, through its wholly owned subsidiary, Scan Global Logistics A/S, acquired Orbis Global Logistics, a New Zealand freight forwarding company.

With the acquisition of Orbis Global Logistics, the Group will strengthen its position, providing a solid platform in New Zealand, and strategically complement our strong growth in the Pacific Region. Orbis Global Logistics operates as a freight forwarding company primarily focused on Air and Ocean freight of import and export to and from New Zealand, and through its headquarters in Auckland and two other branches. Orbis Global Logistics generates yearly revenue of above NZD 35 million.

The total acquisition price for the activities was USD 22 million, with a cash consideration of USD 16 million financed through the issue of new senior secured fixed-rate bonds.

Closing was 30 September 2021; from which date the activities are consolidated in the Group's financial statements.

For further details on the Orbis acquisition please refer to note 8 in the Q4 interim financial statement for SGL Group.

» NOTES – CONTINUED*Other acquisitions***Acquisition of Werner Global Logistics**

27 January 2021, SGLT Holding, through its wholly owned subsidiaries TransGroup Global Inc., Scan Global Logistics (Shanghai) Co., LTD, and SGL TransGroup De Mexico S.A. De C.V., entered into an agreement for the acquisition of Air and Ocean activities from Werner Global Logistics U.S. LLC, a North American based freight forwarding company, Werner Global Logistics (Shanghai) Co., LTD and Werner Global Logistics Mexico, S. De R.L. De C.V a Mexican based freight forwarding company. With the acquisition, the Group will be able to serve its customers more effectively and grow its presence in Canada, the United States, China and Mexico for the benefit of its customers.

The acquisition price for the activities was USD 0.85 million and an additional earnout of maximum USD 1.65 million, paid in cash from available sources.

Closing was 26 February 2021; from which date the activities are consolidated in the Group's financial statements.

Acquisitions of shares in Chicago-based Expedited Solutions, LLC

On 2 April 2021 SGLT Holding has through its wholly owned subsidiary TransGroup Express LLC acquired 80% of shares in the Chicago-based Expedited Solutions, LLC. Since 1996 the Chicago domestic office has operated under the TransGroup umbrella and been a leader in the North American market for TransGroup. Closing was 2 April 2021.

The acquisition price for the activities was USD 6 million, financed through the subsequent bonds issue.

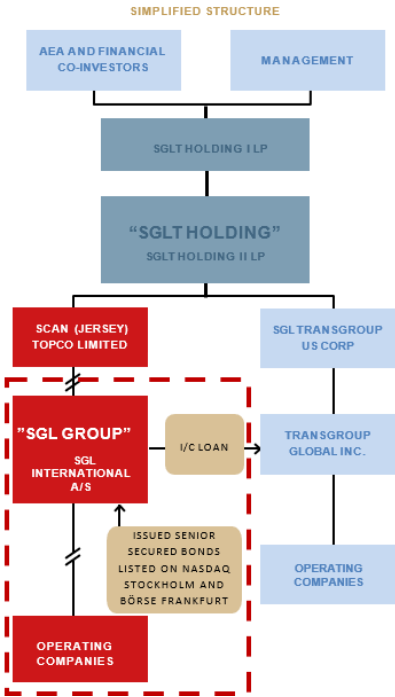
Acquisitions of shares in Boston-based Precision Worldwide Logistics, Inc.

On 31 March 2021 SGLT Holding has through its wholly owned subsidiary TransGroup Express LLC acquired 100% of shares in Boston-based Precision Worldwide Logistics, Inc. Precision Worldwide Logistics has been operating under the TransGroup umbrella for more than 20 years and is a leader in apparel distribution, medical devices, high-tech, and manufacturing logistics. Closing was 31 March 2021.

The acquisition price for the activities was USD 8 million plus an additional earnout of up to USD 1 million, financed through the subsequent bonds issue.



SGL GROUP
FULL YEAR OF 2021,
Q4 2021



» FINANCIAL HIGHLIGHTS

DKKkm	Q4 2021	Q4 2020	FY 2021	FY 2020
Income Statement				
Revenue	3,942	1,492	10,339	5,351
Gross profit	554	248	1,497	955
EBITDA before special items	288	65	626	318
EBITDA before special items excluding IFRS 16 ¹	262	54	511	237
Operating profit (EBIT) before special items	231	19	417	139
Special items, net	-55	-24	-73	-77
Financial items, net	-58	-51	-139	-145
Profit before tax	118	-55	205	-83
Profit for the period	80	-70	159	-103
Cash flow				
Cash flow from operating activities before special items, interest and tax	-380	310	-639	366
Cash flow from operating activities	-444	176	-825	205
Cash flow from investing activities	-26	-105	-446	-121
Free cash flow	-470	71	-1,271	84
Cash flow from financing activities	-45	22	1,599	34
Cash flow for the period	-515	93	328	118
Financial position				
			31.12.2021	31.12.2020
Total Equity			848	466
Equity attributable to parent company			847	460
Net interest-bearing debt (NIBD)			3,099	1,917
Net interest-bearing debt (NIBD) excluding IFRS 16			2,880	1,673
Total assets			6,763	3,514
Financial ratio in %				
Gross margin	14.0	16.6	14.5	17.8
EBITDA margin before special items	7.3	4.4	6.1	5.9
EBITDA margin before special items excluding IFRS 16 ¹	6.6	3.6	4.9	4.4
EBIT margin before special items	5.9	1.3	4.0	2.6
Equity ratio			12.5	13.3
Other				
Number of full-time employees at the end of the period			1,913	1,285

¹ EBITDA presented before applying the accounting of IFRS 16 Leases; where costs related to leased assets have been recognized in the PL impacting the result negatively.

»» FINANCIAL PERFORMANCE

SGL Group delivered its best quarterly financial result to date. EBITDA before special items, excluding IFRS 16 accounting was DKK 262 million.

The year 2021 has been a year with strong organic growth of approx. 25% on major trade lanes and markets. Further, 2021 has been a year challenged by market disruption and very high activity, putting pressure on global freight capacity, pushing freight rates upwards in many regions. In turn, this puts pressure on cash flows from increased Net Working Capital. Due to the constrained market situation, each shipment consumes more time for our staff, which is why SGL Group has effectively adjusted our operating model to match operational capacity for the increased activity levels.

Further, SGL Group remained committed to its organic initiatives and acquisition strategy. In 2021 acquisitions include Air & Ocean activities of Grupo Contenosa (Spain), Horizon International Group (UK-based) and Orbis Global Logistics (New Zealand).

Financial results for the period – Full year 2021

- »» Revenue amounted to DKK 10,339 million for the full year 2021, an increase of 93% compared to full year 2020. Revenue increases throughout 2021 were primarily driven by a mix of a strong increase in activity and an meaningful increases in freight rates globally due to capacity constraints. Illustrating this, the Shanghai Containerised index has risen continuously throughout the full year 2021. The increase in activity levels was experienced across all regions, especially Air and Ocean activities in the Nordics, Asia Pacific and North America have been impacted.
- »» Gross profit amounted to DKK 1,497 million for the full year 2021; an increase of 57% compared with the full year 2020. The increase in gross profit is mainly driven by strong organic growth, combined with the significant increase in revenue which has been converted to a strong increase in gross profit; however due to the high rates, we have seen a slight decrease in gross margin to 14.5%; equivalent to a decrease of 3.3% point compared to last year. The decline mainly relates to Air & Ocean, where higher freight rates cause higher pass-through revenue and thus a lower gross margin.
- »» SG&A costs amounted to DKK 871 million for the full year 2021; an increase of 37% compared to last year. SG&A costs were 8% of the revenue, 4% points below last year's level. The increase is coming from greenfield activities and M&A activities together with scaling Group functions for future growth resulting in an increase in FTEs of 49% from 1,285 as of 31 December 2020 to 1,913 as of 31 December 2021.
- »» EBITDA before special items and excluding IFRS 16 accounting amounted to DKK 509 million; an increase of 115% compared to the same period last year, driven by organic growth and acquisitions.
- »» Depreciation and amortisation; DKK 209 million, an increase of 17% compared to full year 2020. The increase was driven by IFRS 16, acquisitions and IT.
- »» Special Items amounted to DKK -73 million for the full year 2021; driven by greenfield activities and M&A related costs and repayment of government incentive received in 2020.
- »» Net financial items amounted to a net expense of DKK 139 million. The development was mainly driven by interest expenses from issued bonds partly offset by foreign exchange gains and interest income from related parties related to the I/C loan to SGL's American entities.

»» FINANCIAL PERFORMANCE – CONT'D

- »» Cash flow from operating activities before special items, interest and tax was negative with DKK 380 million for Q4 2021 and negative with DKK 639 million for the full year 2021; a development positively affected by EBIT, however more than offset by lower cash flows from increased Net Working Capital.
- »» Capital structure: The equity attributable to the Parent company was DKK 848 million. The total equity ratio was 12.5% as per 31 December 2021 compared to 13.3% as per 31 December. The decreased equity ratio is driven by increased debt levels as a result of issuing new and subsequent bond debt. A capital increase by cash payment of DKK 225 million was made during Q3 2021.
- »» Net Interest-Bearing Debt (NIBD) was DKK 3,099 million and DKK 2,880 million excluding lease liabilities as of 31 December 2021 (31 December 2020: DKK 1,917 million and DKK 1,673 million excluding lease liabilities). The increase was driven by the new issue of EUR 225 million senior secured fixed rate bonds, EUR 40 million subordinated unsecured bonds and repurchase of EUR 58 million bonds under the EUR 315 million framework. Bond debt was raised for acquisitions and general corporate purposes.
- »» Change in Net Working Capital was negative with DKK 1,225 million for the full year 2021. During 2021, and especially in Q2, Q3 and Q4, receivables from our customers were impacted by the record-high freight rates and strong organic growth leading to an increase in revenue and thereby an increase in trade receivables and NWC. Especially the infrastructure challenges in China impacts the invoicing process due to delays in seaports and airports. The main NWC impact is primarily seen in Ocean, as this segment achieved a significant growth rate, and this this segment generally has a higher NWC than the other segments. Our general payment terms are unchanged, but we have seen a change in level of upfront payments to carriers, driving an increased spread between payments to carriers and receipts from customers. We see no increase in overdue trade receivables.

»» CONSOLIDATED INCOME STATEMENT

DKKm	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	1	3,942	1,492	10,339	5,351
Cost of operation	1	-3,388	-1,244	-8,842	-4,396
Gross profit		554	248	1,497	955
Other external expenses		-51	-49	-144	-133
Staff costs		-215	-134	-727	-504
Earnings before interest, tax, depreciation amortisation (EBITDA) and special items		288	65	626	318
Amortisation and depreciation		-57	-46	-209	-179
Operating profit (EBIT) before special items		231	19	417	139
Special items, net	2	-55	-24	-73	-77
Financial income	3	29	18	99	66
Financial expenses	3	-87	-69	-238	-211
Profit before tax		118	-55	205	-83
Tax for the period		-38	-15	-46	-20
Profit for the period		80	-70	159	-103
Total income for the period attributable to Owners of the Parent Company		81	-70	161	-102
Non-controlling interests		-1	-	-2	-1
Total		80	-70	159	-103

»» CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

DKKm	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
Profit for the period		80	-70	159	-103
Items that may be reclassified to income statement when certain conditions are met:					
Reclassified to income statement		-	-	-	-1
Exchange rate adjustment		13	4	-2	-5
Total comprehensive income for the period		93	-66	157	-109
Total comprehensive income for the year attributed to Owners of the Parent Company		92	66	159	-108
Non-controlling interests		1	-	-2	-1
Total		93	-66	157	-109

» CONSOLIDATED BALANCE SHEET

DKKm	Note	31.12.2021	31.12.2020
ASSETS			
Intangible assets	4	1,961	1,451
Property, plant and equipment		251	262
Receivables from related parties	5	798	727
Other receivables		22	15
Deferred tax assets		3	11
Total non-current assets		3,035	2,466
Trade receivables		2,360	714
Receivables from related parties		788	90
Income tax receivables		9	4
Other receivables		8	29
Prepayments		43	24
Cash and cash equivalents	6	520	187
Total current assets		3,728	1,048
Total assets		6,763	3,514
EQUITY AND LIABILITIES			
Shared capital		1	1
Shared premium		228	3
Currency translation reserve		-30	-31
Retained earning		648	487
Equity attributable to the Parent Company		847	460
Non-controlling interests		1	6
Total equity		848	466
Bond debt	7	3,416	1,833
Lease Liabilities, Right of use assets		111	169
Deferred tax liabilities		108	59
Other liabilities		64	25
Total non-current assets		3,699	2,086
Lease Liabilities, Right of use assets		109	75
Trade payables		1,597	658
Payables to related parties		150	11
Deferred income		1	56
Corporation tax		68	24
Other liabilities		291	138
Total current liabilities		2,216	962
Total liabilities		5,915	3,048
Total equity and liabilities		6,763	3,514

» CONSOLIDATED CASH FLOW STATEMENT

DKKm	Note	Q4 2021	Q4 2020	FY 2021	FY 2020
Operating profit (EBIT) before special items		231	114	417	139
Depreciation and amortisation		57	152	209	179
Non-cash transactions		-40	3	-40	-
Change in working capital		-628	41	-1,225	49
Cash flows from operating activities before special items, interest and tax		-380	310	-639	366
Special items, received		-	5	-	6
Special items, paid		-46	-68	-63	-77
Interest received	3	16	65	63	65
Interest paid	3	-38	-110	-167	-125
Tax paid		4	-26	-19	-30
Cash flows from operating activities		-444	176	-825	205
Purchase of software and other intangible assets		-21	-30	-46	-34
Purchase of property, plant and equipment		-10	-11	-30	-12
Earn-out paid		-1	-23	-2	-27
Investments in Group entities	8	5	-49	-368	-57
Special items, transactions cost acquisitions		-	10	-	-2
Disposals of Group entities		-	-2	-	11
Cash flows from investing activities		-26	-105	-446	-121
Free cash flow		-470	71	-1,271	84
Capital increase		5	-	225	-
Purchase of non-controlling interest		-	1	-	-
Dividend paid to non-controlling interests		-	2	-	-
Investment in deposits		-8	-	-8	-
Loans to group entities		-60	-61	-100	-62
Proceeds from issuing bonds		35	165	1,575	196
Redemption of lease liabilities, right of use assets		-17	-80	-93	-95
Redemption of other acquisition debt		-	1	-	-5
Cash flows from financing activities		-45	22	1,599	34
Change in cash and cash equivalents		-515	93	328	118
Cash and cash equivalents					
Cash and cash equivalents beginning of period		1,018	95	187	68
Exchange rate adjustment		17	-1	5	1
Change in cash and cash equivalents		-515	93	328	118
Cash and cash equivalents end of period	6	520	187	520	187

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non- Controlling Interests	Total Equity
DKKm							
Equity at 1 January 2021	1	3	-31	487	460	6	466
Profit for the period	-	-	-	161	161	-2	159
Currency exchange adjustment	-	-	-2	-	-2	-	-2
Other comprehensive income, net of tax	-	-	-2	-	-2	-2	-2
Total comprehensive income, net of tax	-	-	-2	161	159	-2	157
Transfer	-	-	3	-	3	-3	-
Capital increase by cash payment	-	225	-	-	225	0	225
Total transactions with owners	-	225	3	-	228	-3	225
Equity at 31 December 2021	1	228	-30	648	847	1	848

	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non- Controlling Interests	Total Equity
DKKm							
Equity at 1 January 2020	1	3	-25	589	568	7	575
Profit for the period	-	-	-	-102	-102	-1	-103
Reclassified to income statement	-	-	-1	-	-1	-	-1
Currency exchange adjustment	-	-	-5	-	-5	-	-5
Other comprehensive income, net of tax	-	-	-6	-	-6	-	-6
Total comprehensive income, net of tax	-	-	-6	-102	-108	-1	-109
Equity at 31 December 2020	1	3	-31	487	460	6	466

» NOTES
NOTE 1 – SEGMENT INFORMATION

The reportable segments are determined based on the operational and management structure of SGL Group and reflects the types of services SGL Group provide. The segment reporting is prepared in line with the internal management and reporting structure.

Effective 1 September, the Air and Ocean activities has been segmented into one segment as Air & Ocean. The change in the segment reporting follows an increased focus of measuring SGL Group's operating segments on EBITDA before special items, which is in line with the Group's internal management and reporting structure. The focus of measuring each segment on EBITDA before special items is driven by our strong growth and expanding global presence and position in the global freight forwarding industry and provide a truer view of SGL Group's freight forwarding services moving from measuring performance on segment GP to segment EBITDA before special items.

Following the change in segment reporting, the segment profit has been determined as Earnings before interest, tax, depreciation, amortisation (EBITDA) and special items.

As a consequence of the above change of measuring segment profits on EBITDA before special items, Revenue and Gross Profit from road and terminal/warehousing activities derived from the A&O shipments (main shipment), are now reported as part of the Air & Ocean segment to align income and cost base across the different segments. Such activities include among others pick-up, delivery and temporary storage etc. related to Air & Ocean shipments, which previously has been reported under Road and Solutions segments.

The change in segment reporting is reflected retrospective in the tables below.

DKKm	Air & Ocean FY 2021	Road FY 2021	Solution FY 2021	Total FY 2021
Revenue (services)	13,790	704	202	14,696
Intercompany revenue	-4,353	-4	-	-4,357
Net revenue (services)	9,437	700	202	10,339
Cost of operation	-8,087	-608	-147	-8,842
Gross profit	1,350	92	55	1,497
Sales, distribution and administration costs, not allocated to segments	-765	-81	-25	-871
Earnings before interest, tax, depreciation, amortisation (EBITDA) and special items	585	11	30	626
Depreciation and amortisation				-209
Operating profit (EBIT) before special items				417
Special items, net				-73
Financial items, net				-139
Profit before tax				205

DKKm	Air & Ocean FY 2020	Road FY 2020	Solution FY 2020	Total FY 2020
Revenue (services)	6,196	591	160	6,947
Intercompany revenue	-1,526	-70	-	-1,596
Net revenue (services)	4,670	521	160	5,351
Cost of operation	-3,883	-423	-90	-4,396
Gross profit	787	98	70	955
Sales, distribution and administration costs, not allocated to segments	-527	-73	-37	-637
Earnings before Interest, tax, depreciation, amortisation (EBITDA) and special items	260	25	33	318
Depreciation and amortisation				-179
Operating profit (EBIT) before special items				139
Special items, net				-77
Financial items, net				-145
Profit before tax				-83

» NOTES – CONTINUED
NOTE 2 – SPECIAL ITEMS, NET

DKKm	Q4 2021	Q4 2020	FY 2021	FY 2020
COVID-19 activities ¹	0	-9	-2	-47
COVID-19, compensation received from governments ²	-1	3	-1	3
M&A activities ³ and Green field activities ⁴	-14	-4	-30	-14
Transaction related costs	-25	-	-25	-
Gain on disposed entities, Airlog companies	-	-4	-	3
Restructuring	-1	-6	-1	-14
Other cost ⁵	-14	3	-14	-8
Total special items, net	-55	-24	-73	-77

¹ Activities caused by COVID-19, mainly related to cost for sending staff home on compensation scheme and lease cost for idle facilities

² In 2021, repayment of compensation received from governments

³ M&A activities mainly related to Grupo Contenosa, Horizon International Group and Orbis Global Logistics

⁴ Mainly related to Greenfield activities in France, Dubai and South Africa

⁵ Settlement costs related to special projects, etc.

NOTE 3 – FINANCIAL ITEMS

DKKm	Q4 2021	Q4 2020	FY 2021	FY 2020
Financial income from related parties	19	15	69	62
Interest income	-	3	-	4
Exchange rate gains	10	-	30	-
Total financial income	29	18	99	66

DKKm	Q4 2021	Q4 2020	FY 2021	FY 2020
Interest expenses	4	-3	18	8
Lease interest expenses	3	-5	17	17
Bond interest expenses	76	-30	192	119
Amortisation of capitalised loan costs	4	-3	11	6
Exchange rate losses	-	-27	-	61
Total financial expenses	-87	69	238	211

NOTE 4 – GOODWILL, COSTUMER RELATIONS, TRADEMARKS AND OTHER INTANGIBLE ASSETS

DKKm	Air & Ocean FY 2021	Road FY 2021	Solution FY 2021	Total FY 2021
Balance at 1 January	1,313	56	4	1,373
Exchange rate adjustments	17	-	-	17
Additions from acquisitions	544	-	-	544
Transfer	7	-7	-	-
Amortisation	-60	-5	-	-65
Balance at 31 December	1,821	44	4	1,865
Software				92
Total Intangible Assets				1,961

» NOTES – CONTINUED

DKKm	Air & Ocean FY 2020	Road FY 2020	Solution FY 2020	Total FY 2020
Balance at 1 January	1,271	53	4	1,328
Exchange rate adjustments	0	1	-	1
Additions from acquisitions	93	5	-	98
Additions	2	-	-	2
Amortisation	-53	-3	-	-56
Balance at 31 December	1,313	56	4	1,373
Software				78
Total Intangible Assets				1,451

It is not possible to allocate assets (excluding goodwill, customer relations, trademarks, and other intangible assets) and liabilities to the four segments identified, as these assets and liabilities serve all segments.

The core business of SGL Group is within the Air and Ocean segments, whereas the Road and Solution business units are relatively small in a Group context and are primarily within a limited geographical area (Denmark and Sweden). The project business of SGL Group is also within the Air and Ocean segments. Consequently, goodwill, customer relations, trademarks and other intangible assets are primarily allocated to the Air and Ocean segments.

NOTE 5 – RECEIVABLES FROM RELATED PARTY

DKKm		31.12.2021	31.12.2020
Total receivable from Transgroup Global Inc.		1,586	727
	Cash flow ¹	Carrying amount	Carrying amount
Receivable falling due between 1 and 5 years	835	798	727
Total non-current receivable from Transgroup Global Inc.	835	798	727
Current receivable Transgroup Global Inc.	1,623	1,586	

¹ Total cash flows including interest.

NOTE 6 – CASH AND LIQUIDITY RESERVE

DKKm		31.12.2021	31.12.2020
Cash and cash equivalents		520	187
Bank debt		-	-
Net Cash		520	187
Credit facilities ¹		1,396	248
Liquidity reserve		1,916	435

¹ In July 2021 the credit facilities were increased to DKK 300 million and extended to 31 August 2022.

» NOTES – CONTINUED
NOTE 7 – BOND DEBT

DKKm	31.12.2021	31.12.2020
Issued bonds, EUR 250 million, interest rate 1 month EURIBOR + 6.75% ¹	1,859	1,860
Issued bonds, EUR 225 million, interest rate 7.75%	1,673	-
Issued bonds, EUR 40 million, interest rate 11.50%	297	-
Bonds held by SGL Group ¹	-430	-
Capitalised loan costs	-40	-27
Payable bond interest	57	-
Net bond debt	3,416	1,833
	Cash flow ⁴	Carrying amount ⁵
Total Bond debt	4,826	3,829
Total non-current financial liabilities	4,567	3,829
Current portion of financial liabilities	259	-

¹ At 31 December 2021 SGL Group held EUR 58 million of Bonds with an interest rate of 6.75%. The net nominal value of the bond (6.75%) debt was EUR 192 million (DKK 1,429 million).

⁴ Total cash flows including interest. Total cash flows excluding bonds held by SGL Group is DKK 4,305 million.

⁵ The carrying amount exclude bonds held by SGL, capitalised loan costs and payable bond interest

The fair value of the issued bonds with ISIN SE0013101219 were EUR 254 million, totalling DKK 1,887 million, based on quoted bond rates of 101.50 at Börse Frankfurt on 31 December 2021.

The fair value of the issued bonds with ISIN SE0015810759 were EUR 232 million, totalling DKK 1,149 million, based on quoted bond rates of 103.0 at Börse Frankfurt on 31 December 2021.

The fair value of the issued bonds with ISIN SE0016797625 were EUR 40 million, totalling DKK 295 million, based on quoted bond rates of 103.0 at Börse Frankfurt on 31 December 2021.

NOTE 8 – BUSINESS COMBINATIONS
Acquisitions of Grupo Contenosa

On 27 April 2021 SGL International A/S has, through its wholly owned subsidiary, Scan Global Logistics A/S acquired Grupo Contenosa, a Spanish family-owned freight forwarding company. With the acquisition, the Group becomes a significant player in the Spanish third-party logistics market and enables the Group to grow its network and presence in Spain and Mexico. The Group gains access to new profitable niche markets and most importantly, the acquisition will bring additional human capital to a core Group country. With seven offices in Spain and Mexico, Grupo Contenosa generates yearly revenue above EUR 50 million.

The acquisition price for the activities was DKK 168 million, with a cash consideration of DKK 149 million financed through the issue of new senior secured fixed-rate bonds.

Closing was 27 April 2021; from which date the activities are consolidated in the Group's financial statements.

Fair value of acquired net assets and recognised goodwill

Fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill and contingent assets and liabilities recognised at the reporting date are to some extent still provisional. Adjustments may be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

» NOTES – CONTINUED

DKKm	Fair value at date of acquisition
Provisional fair value at date of acquisition:	
ASSETS	
Other Intangible assets	2
Property, plant and equipment	3
Non-current receivables	0
Trade receivables	74
Other receivables	1
Cash and cash equivalents	25
Total assets	105
LIABILITIES	
Finance liabilities	1
Provisions	1
Trade payables	56
Corporation tax	2
Other payables	9
Total liabilities	61
Acquired net assets	44
Goodwill	60
Customer relations	85
Trademarks	1
Deferred tax	-22
Fair value of total net assets acquired	168
Cash consideration	149
Deferred consideration	19
Fair value of consideration transferred	168

Goodwill is primarily related to synergy effects from integration with SGL Group's existing network. Goodwill is non-deductible for tax purposes.

Earnings impact

As a consequence of the integration of Grupo Contenosa into SGL Group, the disclosed earnings impact is based on estimates as no financial reporting capabilities are maintained that provide detailed consolidated financial data on the separate pre-acquisition consolidation groups.

During the 9 months after the acquisition date, Grupo Contenosa contributed with DKK 610 million to the Group's revenue and DKK 45 million to the Group's operating profit before special items. If the acquisition had taken place 1 January 2021 the Group's consolidated proforma revenue and operating profit before special items would have amounted approx. to DKK 10,465 million and DKK 640 million, respectively.

Fair value measurement

Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an IRR of 19.5% as discount rate. In total, customer relationships amounting to DKK 85 million have been included in the opening balance.

» NOTES – CONTINUED

The main input value drivers in the MEEM model used are the estimated future retention rate and net cash flow of the acquired contract customer base. These inputs have been estimated based on Management’s professional judgement from analysis of the acquired customer base, historical data, and general business insight.

Trade receivables and payables

Fair value of trade receivables and trade payables has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on trade receivables- and payables generally is very short and the discounted effect therefore immaterial.

Financial liabilities

Financial liabilities have been measured at the present value of the repayable amounts discounted using a representative SGL borrowing rate unless the discount effect is insignificant. An SGL borrowing rate has been applied as SGL vouches for the acquired debt, hence the credit enhancement of the Group has been applied in the valuation.

Acquisition of Horizon International Group

On 30 September 2021 SGL International A/S has, through its wholly owned subsidiary, Scan Global Logistics A/S, acquired of Horizon International Group, a British freight forwarding company.

With the acquisition of Horizon International Group (“Horizon”), the Group will gain access to profitable niche markets and increase our presence in current SGL offerings. It enables us to establish our strategic presence in England and give us a strategic platform to scale the business, which will enable us to expand our global presence to our customers’ benefit. The Group will be able to serve the existing customers of Horizon International Group, gain access to a full-fledged international solution including added expertise, technology, network, and e-commerce platform. Horizon International Group operations are focused on Air and Ocean activities, combined with road and warehouse, and through its geographical spread in England, USA, The Netherlands, Spain and Japan, Horizon International Group generates yearly revenue of GBP 115 million.

The acquisition price for the activities was DKK 432 million, financed through the issue of new senior secured fixed-rate bonds.

Closing was 30 September 2021; from which date the activities are consolidated in the Group’s financial statements.

Fair value of acquired net assets and recognised goodwill

Fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill and liabilities recognised at the reporting date are to some extent still provisional. Adjustments may be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

DKKm	Fair value at date of acquisition
Provisional fair value at date of acquisition:	
ASSETS	
Property, plant and equipment	2
Trade receivables	236
Cash and cash equivalents	164
Total assets	402
LIABILITIES	
Provisions	24
Trade payables	171
Total liabilities	195
Acquired net assets	207
Goodwill	106
Customer relations	143

» NOTES – CONTINUED

Trademarks	5
Deferred tax	-30
Fair value of total net assets acquired	432
Cash consideration	324
Deferred consideration	108
Fair value of consideration transferred	432

Goodwill is primarily related to synergy effects from integration with SGL Group's existing network. Goodwill is non-deductible for tax purposes.

Earnings impact

As a consequence of the integration of Horizon into SGL Group, the disclosed earnings impact is based on estimates as no financial reporting capabilities are maintained that provide detailed consolidated financial data on the separate pre-acquisition consolidation groups.

During the 3 months after the acquisition date, Horizon contributed with DKK 363 million to the Group's revenue and DKK 26 million to the Group's operating profit before special items. If the acquisition had taken place 1 January 2021 the Group's consolidated proforma revenue and operating profit before special items would have amounted approx. to DKK 11,194 million and DKK 700 million, respectively.

Fair value measurement

Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an IRR of 22.3% as discount rate. In total, customer relationships amounting to DKK 143 million have been included in the opening balance.

The main input value drivers in the MEEM model used are the estimated future retention rate and net cash flow of the acquired contract customer base. These inputs have been estimated based on Management's professional judgement from analysis of the acquired customer base, historical data, and general business insight.

Trade receivables and payables

Fair value of trade receivables and trade payables has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on trade receivables- and payables generally is very short and the discounted effect therefore immaterial.

Acquisition of Orbis Global Logistics

On 31 August 2021 SGL International A/S has, through its wholly owned subsidiary, Scan Global Logistics A/S, signed the acquisition of Orbis Global Logistics, a New Zealand freight forwarding company.

With the acquisition of Orbis Global Logistics, the Group will strengthen its position, providing a solid platform in New Zealand, and strategically complement our strong growth in the Pacific Region. Orbis Global Logistics operates as a freight forwarding company primarily focused on Air and Ocean freight of import and export to and from New Zealand, and through its headquarters in Auckland and two other branches, Orbis Global Logistics generates yearly revenue of above NZD 35 million.

Closing was 30 September 2021; from which date the activities are consolidated in the Group's financial statements.

The initial acquisition price for the activities was DKK 101 million, financed through the issue of new senior secured fixed-rate bonds and an additional earnout.

» NOTES – CONTINUED
Fair value of acquired net assets and recognised goodwill

Fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill and liabilities recognised at the reporting date are to some extent still provisional. Adjustments may be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

DKKm	Fair value at date of acquisition
Provisional fair value at date of acquisition:	
ASSETS	
Trade receivables	27
Corporation tax	16
Cash and cash equivalents	10
Total assets	53
LIABILITIES	
Provisions	4
Trade payables	11
Corporation tax	16
Other liabilities	8
Total liabilities	39
Acquired net assets	14
Goodwill	89
Customer relations	52
Trademarks	1
Deferred tax	-15
Fair value of total net assets acquired	141
Cash consideration	101
Contingent consideration	40
Fair value of consideration transferred	141

Goodwill is primarily related to synergy effects from integration with SGL Group's existing network. Goodwill is non-deductible for tax purposes.

Earnings impact

As a consequence of the integration of Orbis into SGL Group, the disclosed earnings impact is based on estimates as no financial reporting capabilities are maintained that provide detailed consolidated financial data on the separate pre-acquisition consolidation groups.

During the 3 months after the acquisition date, Orbis contributed with DKK 84 million to the Group's revenue and DKK 13 million to the Group's operating profit before special items. If the acquisition had taken place 1 January 2021 the Group's consolidated proforma revenue and operating profit before special items would have amounted approx. to DKK 10,506 million and DKK 643 million, respectively.

Fair value measurement

Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an IRR of 20.0% as discount rate. In total, customer relationships amounting to DKK 52 million have been included in the opening balance.

» NOTES – CONTINUED

The main input value drivers in the MEEM model used are the estimated future retention rate and net cash flow of the acquired contract customer base. These inputs have been estimated based on Management's professional judgement from analysis of the acquired customer base, historical data, and general business insight.

Trade receivables and payables

Fair value of trade receivables and trade payables has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on trade receivables- and payables generally is very short and the discounted effect therefore immaterial.

Other acquisitions

Acquisition of activities from Werner Global Logistics (Shanghai) Co. Ltd.

On 27 January 2021, through its wholly owned subsidiary Scan Global Logistics (Shanghai) Co. Ltd., SGL Group has entered into an agreement for the acquisition of Air and Ocean activities from Werner Global Logistics (Shanghai) Co. Ltd. a Chinese based freight forwarding company. With the acquisition, SGL Group will be able to serve its customers more effectively and grow its presence in China.

The acquisition is part of SGLT Holding's acquisition of the activities in Werner Global Logistics U.S. LLC, Werner Global Logistics (Shanghai) Co. Ltd., and Werner Global Logistics Mexico S. De R.L. De C.V. Refer to page 14 for further information.

The acquisition price for the three business activities was DKK 5 million and an additional earn-out of maximum DKK 10 million. Cash and cash equivalents financed the acquisitions.

Closing was 26 February 2021, from which date the activities are consolidated in the Group's financial statements.

NOTE 9 – ACCOUNTING POLICIES

General

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

New accounting regulation adopted in 2021

SGL Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 31 December 2021 as adopted by the European Union.

All amendments to the International Financial Reporting Standards (IFRS) effective for the financial period have been implemented as basis for preparing the consolidated financial statements and notes to the statements.

None of the implementations have had any material impact on the statements or notes presented.

New accounting regulation not yet adopted

The IASB has issued a number of new standards and amendments not yet in effect and therefore not relevant for the preparation of the interim consolidated financial statements. SGL Group expects to implement these standards when they take effect.

» NOTES – CONTINUED

The following amendment is relevant for SGL Group, but is currently not expected to have a significant impact on the financial statements when implemented:

- Amendments to IAS 1, Classification of Liabilities as Current or Non-Current, including deferral of effective date (issued 23 January 2020/15 July 2020, effective date 1 January 2022/1 January 2023).
- Amendment to IAS 37, Onerous Contracts - Cost of Fulfilling a Contract (issued 14 May 2020, effective date 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020, IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued 14 May 2020, effective date 1 January 2022)
- Covid-19-Related Rent Concessions - Amendment to IFRS 16 (issued 28 May 2020, effective date 1 January 2023)

Material accounting estimates

In connection with the preparation of the interim report, Management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of SGL Group's assets and liabilities for accounting purposes. There are no significant changes in the material estimates from the assessments presented in SGL International A/S' Annual Report 2020.

» MANAGEMENT'S STATEMENT

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL International A/S (page 16 to 32) for the period 1 January to 31 December 2021.

The interim financial report has been prepared in accordance with IAS 34 interim financial reporting as adopted by the European Union and Swedish disclosure requirements for interim financial reports of listed companies. The interim financial report has not been reviewed or audited by the company auditor.

In our opinion, the interim financial report gives a true and fair view of the SGL Group's assets and liabilities and financial position on 31 December 2021 and operations and cash flow for the period 1 January - 31 December 2021.

Further, in our opinion, we find that the management commentary contains a true and fair statement of the development in the Group's activities and financial situation, the result for the period and financial position and that the Management's commentary describes the significant risks and uncertainties faced by the SGL Group.

Kastrup, 28 February 2022

Executive Management

Allan Dyrgaard Melgaard
CEO

Claes Brønsgaard Pedersen
CFO

Board of Directors:

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbro Jessen