SGL INTERNATIONAL A/S

ANNUAL REPORT 2021

UNCOMPLICATE YOUR WORLD

SCAN GLOBAL LOGISTICS

HOW TO READ THIS REPORT

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 senior secured bonds through SGL International A/S.

Reporting currency for SGLT Holding is USD.

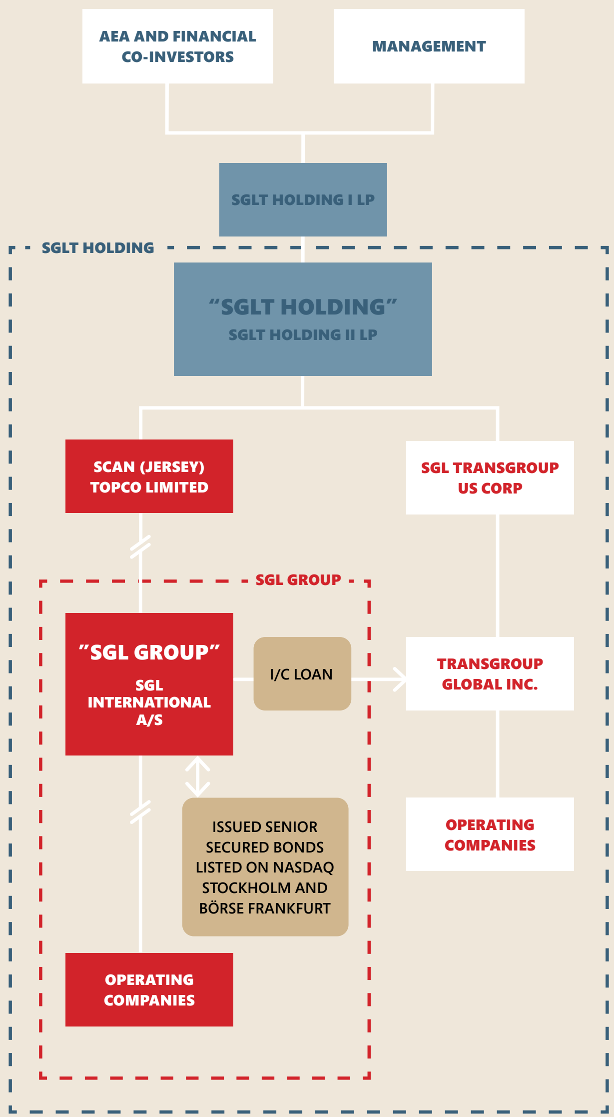
SGL GROUP

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 senior secured floating- and fixed-rate bonds with SGL International A/S as the issuer in an aggregate amount of EUR 515 million on 31 December 2021, within a total framework of EUR 705 million.

Reporting currency for SGL Group is DKK.

SIMPLIFIED STRUCTURE



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SGLT HOLDING

KEY ACHIEVEMENTS FOR SGLT HOLDING

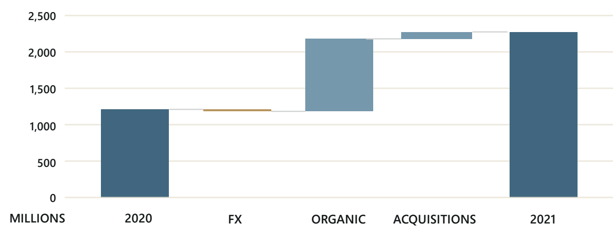
ADJUSTED EBITDA
USD 112m STRONGEST YEAR EVER
Adjusted EBITDA showed an increase of 124% compared to 2020. The strong performance was due to the strength of our entrepreneurial business model, the ability to deliver despite an unpredictable market and capacity constraints and the breadth and diversity of our customers and partners. Proforma adjusted EBITDA, incl. acquisitions is USD 129 million.

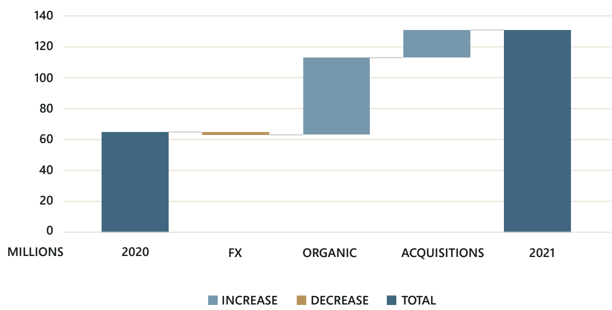
RATING
B
During 2021, S&P has affirmed SGLT Holding's 'B' long-term issuer credit Rating. Fitch Upgrade SGL International A/S' Senior Secured Bonds to 'B+' and SGLT Holding I LP to 'B'; Outlook Stable.

LEVERAGE RATIO
3.9X
NIBD/EBITDA ratio of 3.9x as of 31 December 2021 (excluding IFRS 16); down from 4.7x in 2020.

ORGANIC GROWTH
82% REVENUE
The total organic growth amounts to 82% in revenue.

OUTLOOK 2022
FOR 2022, WE EXPECT ADJUSTED EBITDA OF USD 145-155m
Adjusted EBITDA before special items (excluding the impact of IFRS 16).

REVENUE GROWTH


EBITDA GROWTH


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

ACQUISITIONS AND GREENFIELD
6 MERGERS & ACQUISITIONS AND 4 GREENFIELDS
SGLT Holding continued its acquisition strategy and delivered on its promise of a clear and coherent growth strategy through organic, greenfield and acquisitions efforts. Through acquisitions, SGLT Holding established strong platforms in the UK and New Zealand in 2021 and further strengthened the Air & Ocean activities in the US and Spain. Geographic expansion has been secured through greenfield activities in France, South Africa, Togo and Benin.

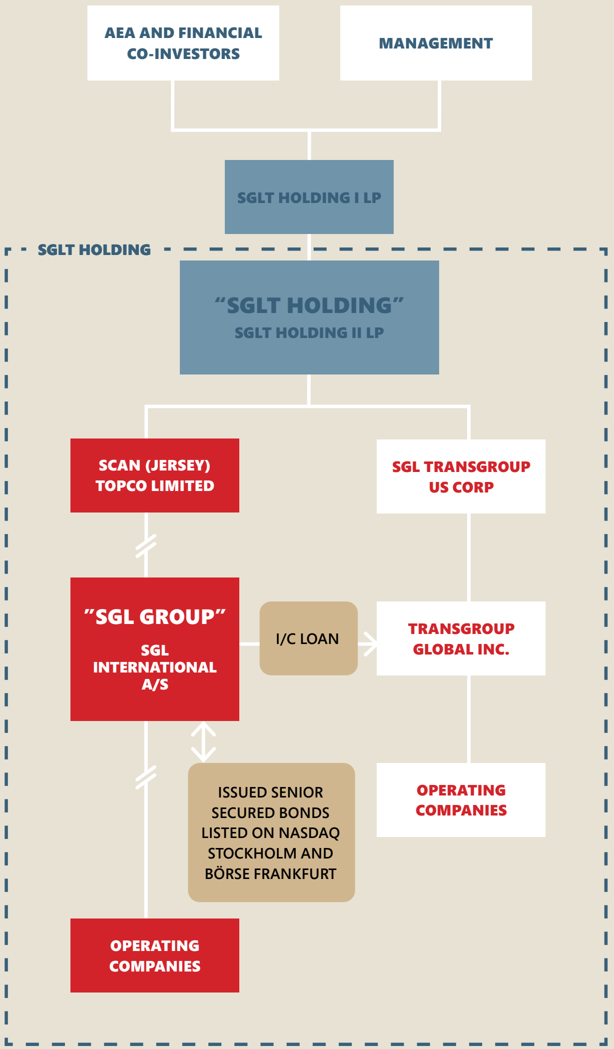
FINANCIAL HIGHLIGHTS – SGLT HOLDING

Key figures (in USDm)	2021	2020
Income statement		
Revenue	2,274	1,210
Gross Profit	333	203
EBITDA before special items	129	65
Operating profit (EBIT) before special items	86	28
Special items, net	-12	-17
Operating profit (EBIT)	74	11
Financial items, net	-37	-35
Profit/loss for the period	22	-27
Income statement (Business performance)		
Adjusted EBITDA*	112	50
Cash flows		
Cash flows from operating activities before special items, interest and tax	-100	83
Cash flows from operating activities	-144	43
Investments in intangible assets	-7	-6
Investments in property, plant and equipment	-7	-2
Investment in Group entities	-70	-14
Cash flows from investing activities	-84	-20
Free cash flow	-228	23
Cash flows from financing activities	249	7
Cash flow for the period	21	30

Key figures (in USDm)	2021	2020
Financial position		
Total equity	169	122
Equity attributable to parent company	162	118
Net interest-bearing debt (NIBD)	500	307
Net interest-bearing debt (NIBD) excluding IFRS 16	445	257
Net interest-bearing debt (NIBD) excluding IFRS 16 and PIK note**	401	257
Total Assets	1,127	677
Financial ratios in %		
Gross margin	14.6	16.8
EBITDA margin before special items	5.7	5.4
Adjusted EBITDA margin	4.8	4.2
EBIT margin before special items	3.8	2.3
Equity ratio	15.0	18.0
Net leverage ratio	3.9	4.7
Other		
Number of full-time employees at the end of the period	2,322	1,819

**Adjusted EBITDA (Business performance) excluding the impact of IFRS 16 leases **PIK note: Payment-in-kind*

SIMPLIFIED STRUCTURE



FINANCIAL PERFORMANCE – SGLT HOLDING

REVENUE
USD 2,274m

ADJUSTED EBITDA*
USD 112m

**Adjusted EBITDA (Business performance) excluding the impact of IFRS 16 leases*

RESULTS FOR THE YEAR

The full year of 2021 business performance includes the operating results of SGLT Holding, including newly acquired businesses and activities in Grupo Contenosa (Spain), Werner Global Logistics (US), Precision Worldwide Logistics (US), ATL, LLC (US), Expedited Solutions LLC (US), Horizon International Cargo Limited (UK) and Orbis Global Logistics (New Zealand).

REVENUE

Revenue for 2021 was USD 2,274 million, an 88% increase compared to 2020, including the positive impact of FX translation of approximately USD 40 million. Revenue increases throughout the year were primarily driven by a combination of a strong increase in activity and an increase in freight rates globally due to capacity constraints.

Revenue was mainly impacted by strong organic performance within the Nordics, the Asia Pacific and the US combined with increased activities through acquired businesses. The proforma revenue includes the full-year effect of acquisitions made in 2021 which amounts to USD 2,456 million.

GROSS PROFIT

The annual gross profit amounted to USD 333 million, equivalent to a 64% increase compared to 2020, positively impacted by FX translation of approx. USD 6 million. The proforma gross profit, including acquisitions made in 2021, amounts to USD 363 million.

Gross margin decreased approx. 2.2% points from 2020 to 14.6% due to the higher revenue as a result of increased freigt rates.

SG&A COSTS

SG&A costs amounted to USD 204 million in 2021, impacted by FX translation of approximately USD 5 million, resulting in an increase of 48% compared to the full year 2020. The increase is a result of high activity levels, increased staff costs due to greenfields, M&A activities and scaling group functions for future growth. SG&A costs were 9% of the revenue, 2% points lower than 2020. The conversion ratio based on Adjusted EBITDA increased from 25% in 2020 to 34% in 2021.

ADJUSTED EBITDA

Adjusted EBITDA increased by USD 62 million in 2021 compared to 2020, mainly due to strong performance through increased sales in the Nordics and the Asia Pacific. The improved performance is driven both by organic growth and growth through acquisitions made. The proforma EBITDA including acquisitions made in 2021 amounts to USD 129 million.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to USD 43 million in 2021 compared to USD 37 million in 2020. The increase is primarily driven by amortisation from acquisitions made, together with increased amortisations on IT costs that have secured the infrastructure necessary for continued long-term growth.

SPECIAL ITEMS

The 2021 special items amounted to a net cost of USD 12 million, mainly driven by M&A and greenfield activities.

CASH FLOWS

Cash flows from operating activities before special items, interest, and tax were negative USD 100 million in 2021, mainly due to negative development in working capital to support the improved underlying business performance with high activity level.

CAPEX amounted to USD 14 million for the year 2021 and comprised of investments in software and the development of IT projects that have secured the infrastructure necessary for continued long-term growth.

Cash outflow related to acquisitions amounted to a net USD 70 million.

Cash flow from financing activities was net USD 249 million and was driven by proceeds received from bond issue of USD 234 million and capital increase of USD 35 million, slightly offset by redemption of IFRS 16 lease liabilities, USD 17 million. As of 31 December 2021, total bonds amounted to EUR 515 million, corresponding to USD 585 million.

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% by the end of December 2020. The decrease is primarily driven by the bond issue and combined with the negative FX translation effect to the equity. A capital increase by cash payment of USD 35 million was made during Q3 2021.

NET INTEREST BEARING DEBT (NIBD)

Consolidated net interest-bearing debt amounted to USD 500 million and USD 445 million excluding lease liabilities (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.

NET WORKING CAPITAL

Change in net working capital was negative USD 229 million, 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. In particular, the carrier and port infrastructure challenges in China and US impact the invoicing process due to delays in seaports and airports. The main NWC impact is primarily seen in Ocean within the Air & Ocean segment, 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 the 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.

SGL GROUP

STAYING COMMITTED TO OUR PLAN DELIVERS STRONGEST YEAR EVER

In 2021, SGL Group delivered its strongest financial results to date. The EBITDA before special items, excluding IFRS 16 accounting, was DKK 511 million.

The year 2021 has been a year with strong organic growth of approximately 25% on major trade lanes and markets within the Air & Ocean segment. This was mainly driven by a significant increase in activity and freight rates globally, due to capacity constraints, which has been converted to a strong rise in profit.

Further, SGL Group remained committed to its acquisition strategy and delivered on our promise of a clear and coherent growth strategy. In 2021, we exercised this through three successful acquisitions, establishing strong platforms in the UK and New Zealand and further strengthening our platform in Spain.

In addition, we continued to find new ways to make the world a little less complicated through our organic growth initiatives. This included expanding our market presence with the opening of new offices in France and South Africa.

UNPREDICTABILITY ACCOMMODATED BY OUR DNA AND VIRTUES

2021 has been challenged by market disruption and very high activity, putting pressure on global freight capacity and pushing freight rates upwards in many regions. In turn, causing 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 SGL Group has effectively adjusted our operating model to match operational capacity for the increased activity levels.

Our entrepreneurial business model continues to prove highly resilient and adaptable in an unpredictable market.

We have lived and stayed true to our company virtues and proven that our DNA works. We act respectfully towards and maintain close contact with our customers, suppliers, and colleagues; we are customer-centric, agile and flexible; we are hands-on and have a go-get-attitude; all of which has proven to work well in an unpredictable market, turning 2021 into a success.

Through our agile approach and using experience gained from our role in natural disasters, we were able to respond quickly to demand for alternative solutions as cargo flow was disrupted.

NEW STRATEGY '1-3-5'

In 2021, we proudly outlined our new Vision 2027 which sets out three overarching coordinates for the combined group, SGLT Holding. '1' points to the aspiration of becoming the most purpose-driven and meaningful company in the logistics industry. '3' points to reaching the best 3rd in the logistics industry on earnings. '5' points to achieving a total USD 5 billion in revenue.

MEANINGFUL WORKPLACE

We aim to position SGL Group as the most meaningful company within the logistics industry to attract, retain and develop the best people through building a unique corporate culture and capability within the transport and logistics industry that underpin our ambitious growth strategy.

In 2021, we maintained a very high score in our annual employee Meaningfulness Questionnaire (MQ). We are very pleased with this result, given the increased pace of change, strong overall growth, and a year when our workforce grew significantly and three acquisitions were made.

In the year ahead, we will continue our efforts to make SGL Group a more meaningful place for our people to work and to attract the best talent to our business.

SUSTAINABILITY MILESTONE

In 2020, we introduced a new sustainability strategy and published our first standalone sustainability report, providing detailed information on SGL Group's sustainability performance.

In 2021 we continued to see sustainability as a strategic growth enabler, and we have accelerated momentum across the full scope of our Environment, Social and Governance (ESG) activities during the year.

AGAIN, STRONG START TO 2022

The disruptions and unpredictability that characterised 2021 have continued into 2022. However, as an agile freight forwarder, we know how to operate in challenging environments and materialise the opportunities such conditions bring.

Therefore, we are very pleased with the start of 2022, where we have captured opportunities and successfully placed EUR 75 million of senior secured fixed rate bonds under a framework of EUR 350 million. The issue of new bonds has been used to finance general corporate purposes, including acquisitions, investments and repayment of any outstanding amount under the working capital facilities. Fitch has upgraded SGL International A/S' Senior Secured Bonds to 'B+' and SGLT Holding I LP to 'B'; Outlook Stable.

Throughout 2022, we will remain focused on growth in earnings and continue our growth strategy through M&A and greenfield activities while remaining loyal and true to our DNA.

Further, we will work on crystalising our Vision 1-3-5 into strategic Must-Win Battles and the operational plans to uncomplicate the world of our employees and customers.

Allan Melgaard
Group CEO,
Executive Management
SGL International A/S

Claes Brønsgaard Pedersen
Group CFO,
Executive Management
SGL International A/S

MORE THAN 45 YEARS OF UNCOMPLICATING THE WORLD OF LOGISTICS

SGL International A/S was established in 2016. The same year, on 2 August, when SGL Group was sold to a fund sponsored by a private equity group, AEA Investors SBF LP, SGL International A/S became the Danish parent company of Scan Global Logistic A/S, forming SGL Group. SGL Group is owned directly by Scan (UK) Midco Limited, and the ultimate owner is SGLT Holding I LP. SGL Group includes SGL International A/S and all its subsidiary companies.

The core business of SGL Group was established back in the years 1975 and 1989. SGL Group carries the vast experience and knowledge of the freight forwarding business that has enabled SGL Group to have long-term customer relationships as well as attract new customers.

SGL Group started by focusing on a solid Nordic base to serve Nordic and international customers worldwide by gradually establishing subsidiary companies in Asia, and through an extended worldwide network of agents.

The objective has always been to become an agile and customer-oriented organisation primarily within Air & Ocean, but also the Road and Solution segments. SGL Group also specialises in Project Sales, transporting odd-sized goods within the above mode of transports for large organisations and industries. The objective is to target customers with complex demands and lower price sensitivity.

SGL Group is an asset-light organisation

1975

Mahé Freight founded

1989

ScanAm Transport founded

2007

Sold to Odin Equity, Mahé merges with ScanAm. Founding of Scan Global Logistics

Exceeds DKK 1 billion in yearly revenue. Present > 13 countries, incl. Scandinavia, Hong Kong and the US

2009

Enter into a strategic alliance partnership with TransGroup Worldwide Logistics

2016

SGL Group and TransGroup sold to U.S. private equity firm AEA Investors

Issued senior secured callable bonds of DKK 625 million and USD 100 million until the year 2022

2017

Allan Melgaard appointed Group CEO of Scan Global Logistics. Acquisition of Airlog Group and CrossEurope that uses limited funds on transport equipment and many sub-suppliers instead.

AEA Investors SBF LP, the private equity sponsor, also acquired the US-based freight forwarding group, TransGroup, in 2016, which became a sister company to SGL Group. This was the culmination of a long-term collaboration between SGL Group and TransGroup. The two groups form SGLT Holding. In 2021, the two became one global brand under Scan Global Logistics with one organisation and one global executive leadership team, consisting of Global CEO, Allan Melgaard and Global CFO, Claes Brønsgaard Pedersen.

True to its ambitious growth and acquisition strategy, SGL Group entered new markets in France, South Africa, Togo, Benin, the UAE, Greenland, and the Faroe Islands, while Grupo Contenosa (Spain), Orbis (New Zealand), and Horizon International Logistics (UK) all became part of the SGL family in 2021 through acquisitions.

In 2022, expanding the global footprint and providing entrepreneurial transport and logistics solutions to a diverse portfolio of customers worldwide will continue.

2018

Acquisition of Kestrel Freight in Australia and Macca Logistics in Africa

The SGL fulfillment center network in North America, Asia, and Europe launched a plug-and-play fulfillment solution to target the expanding e-commerce market

2019

Acquisition of IQS Group, BK Spedition, IC Logistics, and SGL Spain. SGL Express Courier and SGL E-Commerce established as an independent company

Issued senior secured bond loan of EUR 215 million followed by EUR 8 million within a total framework of EUR 315 million, replacing the existing bonds until the year 2024

2020

Acquisition of Pioneer (Australia) and the Air & Ocean activities from Post Nord AB (Sweden). Start-up activities in Poland, the Czech Republic, and Cambodia with a subsequent asset deal

Introduced a new sustainability strategy and published our first standalone sustainability report

A subsequent bond issue of EUR 27m within the existing framework of EUR 315 million

2021

Acquisition of Werner Global Logistics (Air & Ocean activities), Grupo Contenosa, Orbis Global Logistics, and Horizon International Logistics.

Start-up activities in France, South Africa, Togo, and Benin.

Issued new bonds of EUR 225 million senior secured fixed-rate bonds under a framework of EUR 350 million and EUR 40 million of subordinated unsecured bonds as well as repurchased EUR 58 million of senior secured variable-rate bonds under the EUR 315 million framework

FOCUS ON GLOBAL END-TO-END LOGISTICS SOLUTIONS ACROSS ALL TRANSPORT MODES

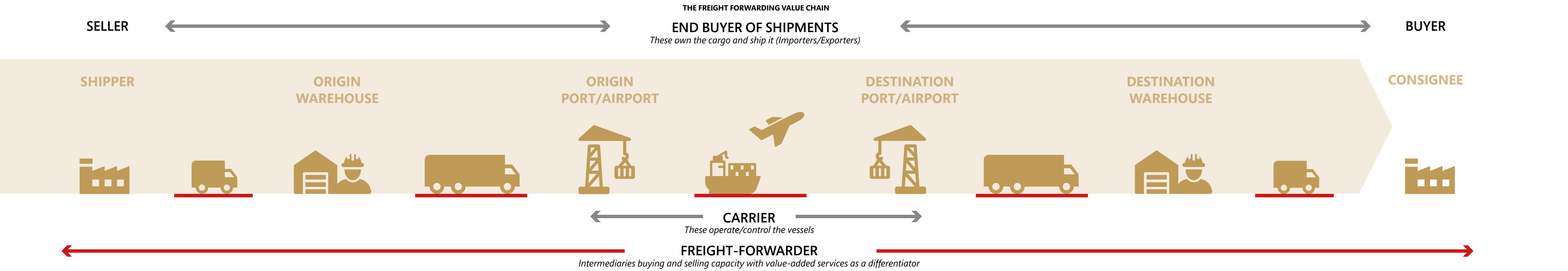
Freight forwarding is a service industry specialised in the worldwide movement of goods on behalf of exporters and importers (i.e., shippers). Freight forwarding in its purest form is an asset-light business where forwarders organise transportation for their customers by purchasing capacity from capacity providers (ocean carriers, airlines, trucking companies, etc.). The actual physical transportation is performed by the capacity provider, who also owns the assets used in the transportation, with the freight forwarder taking an arbitrary fee/margin to organise the shipment.

The freight forwarding market is affected by underlying demands from shippers and supply-side factors within Air & Ocean, Rail, and Road transportation, i.e., capacity availability. SGL Group's activities focus on international freight-forwarding services, primarily within Air & Ocean, Road, and Rail freight. Additionally, SGL Group offers complementary and value-added services such as PO Management, Supply Chain consultancy, Consolidation services, Customs House Brokerage and Insurance. SGL Group revenue is derived from a diverse portfolio of global blue-chip customers and a concentration of customers within the SME segment. SGL Group provides services to its customers worldwide through its extensive network of own regional offices present on all continents. SGL Group holds world-leading positions in key verticals such as Aid & Relief, Automotive Logistics, Government & Defense, Fashion & Retail, and food ingredients and additives.

SGL Group's primary focus is to have a diversified business approach within complementary verticals and across all customer segments, be it standard high-volume solutions or tailormade entrepreneurial transport solutions to solve complex logistic challenges somewhere in the world.

Agility, flexibility, geographic presence, sector expertise and customer-centricity are SGL Group's key success factors. SGL Group competes head-to-head with large global players as well as local hero forwarders. Catering to all customer segments, SGL Group is pursuing an ambitious growth and acquisition strategy allowing it to expand its global footprint in relevant markets and verticals to fuel long-term growth ambitions.

SGL Group is present across all continents with over 1,900 employees (SGLT Holding +2300) in more than 130 offices in EMEA, the Americas, China, South-East Asia and the Pacific. SGL Group serves more than 20,000 customers, of which the average tenure among the 20 largest is approximately eight years.



PRESENT ACROSS ALL SERVICES

SERVICES OVERVIEW

- RAIL TRANSPORT
- PARCEL AND EXPRESS
- FULFILLMENT & DISTRIBUTION
- AID & DEVELOPMENT
- OCEAN CHARTER
- ROAD TRANSPORT & DELIVERY SERVICES
- PHARMA HEALTHCARE
- GLOBAL WAREHOUSING & STORAGE SERVICES
- OIL AND GAS TRANSPORTATION & LOGISTICS SERVICES
- GLOBAL OCEAN FREIGHT SERVICES
- AUTOMOTIVE SPECIAL LOGISTICS
- CUSTOMS CLEARANCE
- GLOBAL AIR FREIGHT SERVICES
- AIR CHARTER
- INDUSTRIAL PROJECTS

Moving a +150 tons transformer to the remote regions of Mozambique required a never tried before solution: building a custom-made lightweight girder system to prevent the roads from collapsing under the heavyweight.

VISION 2027: '1-3-5'

Uniting SGL Group's cultural DNA with its commercial ambitions, Management has outlined a new Vision 2027 as the successor of Vision 2023. Vision 2027, '1-3-5', sets out three overarching coordinates for the Company's continued journey towards making the world a little less complicated.

1 points to the aspiration of becoming the most purpose-driven and meaningful company in the logistics industry. For SGL Group, culture and business are fundamentally one and the same from the core belief that it is by growing its people it grows its business. As such, Management aims to create the most meaningful workplace within logistics, anchoring the Company's defined DNA and virtues in all corners and processes.

3 points to the aspiration of reaching top 3 amongst the global peers. For SGL Group to realise its potential, earnings function as financial oxygen to ensure a strong and sustainable business with the appropriate attention and discipline to maximise value.

5 points to the aspiration of achieving a total USD 5 billion in revenue. The more SGL Group grows in size and footprint, the bigger an impact it can have on the world to uncomplicate logistics. Acquiring and unlocking extended presence, new capabilities and gaining increased scale will enable SGL Group to grow and form a truly global organisation capable of serving customers even better and providing an even stronger platform for the employees to unlock new opportunities and horizons.

Throughout 2022, Management will work with the organisation to crystallise Vision 1-3-5 into strategic must-win battles and the operational plans to support it across functions, markets, verticals and products.

All to uncomplicate the world of its employees and customers.

1

The **most purpose-driven and meaningful** company within the logistics industry

3

Top 3 amongst the global peers in profitability

5

USD 5 billion in **revenue**

STRATEGY AND M&A

Management views mergers and acquisitions as an important instrument in delivering SGL Group's strategic agenda across all three pillars of Vision 2027. A clear financial and operational rationale supports this view. From a financial perspective, the global freight forwarding market remains highly fragmented. Hence, SGL Group continues its acquisition strategy by looking at acquisition opportunities with a good strategic fit available at the right price and targeting great acquisition opportunities that will scale up the business, increase profitability, and secure a downward-trending leverage ratio.

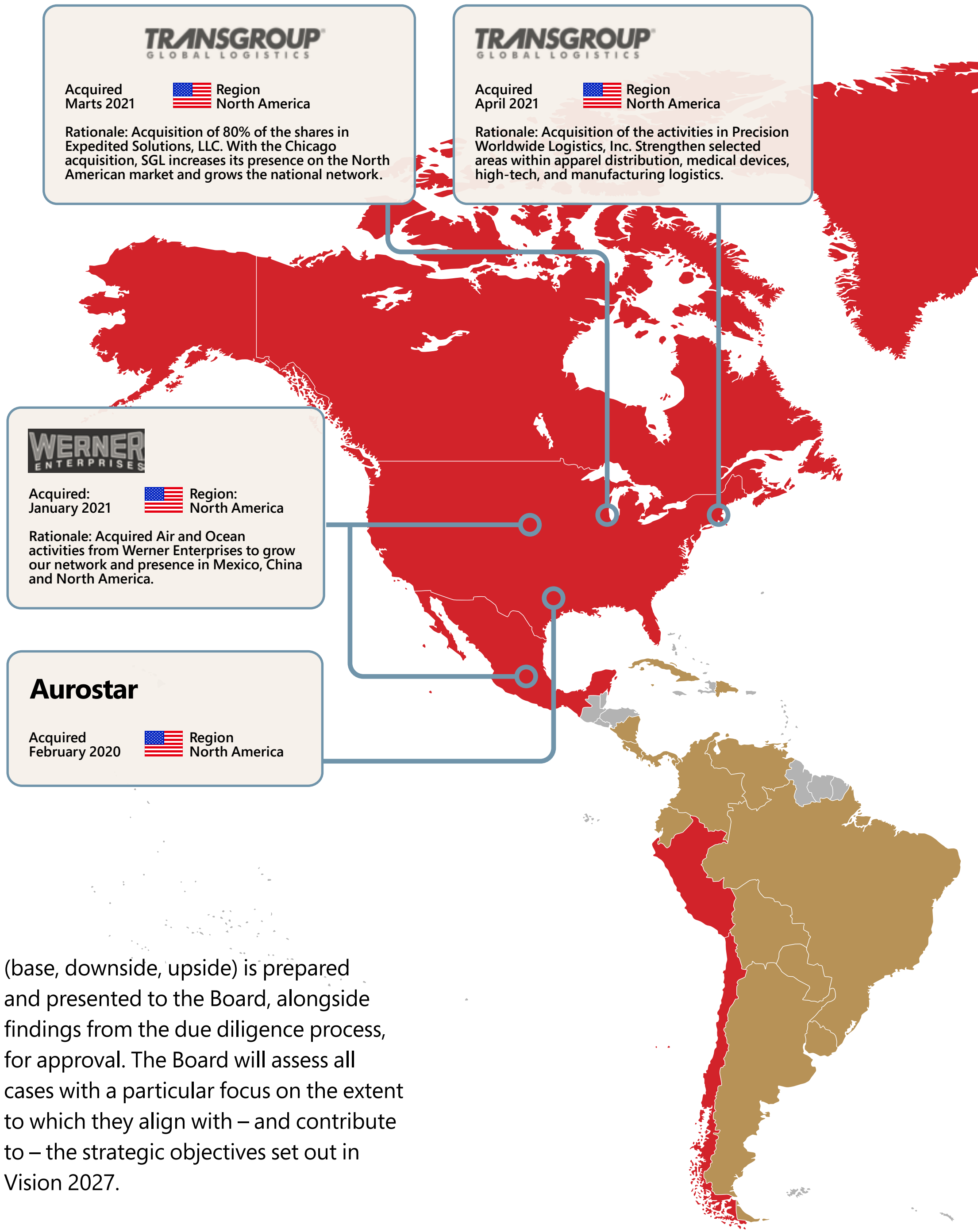
M&A TRACK RECORD

Over the period 2017 to date, SGL Group has completed a total of 23 bolt-on acquisitions.

Historically, SGL Group has funded M&A through internally generated cash flow. Over the last couple of years, recent acquisitions have been financed through (i) existing cash, (ii) a subsequent issue under the current outstanding bonds and (iii) for some, equity contribution from shareholders.

DUE DILIGENCE APPROACH

SGL Group has developed a robust due diligence playbook to minimise financial, legal, operational and cultural risks associated with M&A. Once SGL Group and the shareholder(s) of a potential acquisition target have entered an agreement in principle, the Company will be subjected to full financial and legal due diligence carried out by reputable external parties. Furthermore, Management will nominate a balanced group of internal stakeholders to carry out comprehensive commercial due diligence covering the relevant market, competitors and customers. It will, where required, complement this with external commercial due diligence. The target stakeholders are invited to SGL Group's offices to meet with their prospective colleagues and engage in a variety of workshops to ensure alignment of goals, vision and culture. Finally, a granular business case including scenario analysis (base, downside, upside) is prepared and presented to the Board, alongside findings from the due diligence process, for approval. The Board will assess all cases with a particular focus on the extent to which they align with – and contribute to – the strategic objectives set out in Vision 2027.



SGLT HOLDING	Americas	EMEA	South East Asia	Asia Pacific	TOTAL
Countries	5	24	11	3	43
Offices	43	58	28	9	138

GLOBAL FOOTPRINT

Headquarters in Copenhagen, Denmark
Revenue 2021: DKK 10,339 million
(SGLT Holding USD 2,274 million)
Employees: +1,900
(SGLT Holding +2,300)
+130 offices in EMEA, North America, South America, South East Asia and Asia Pacific

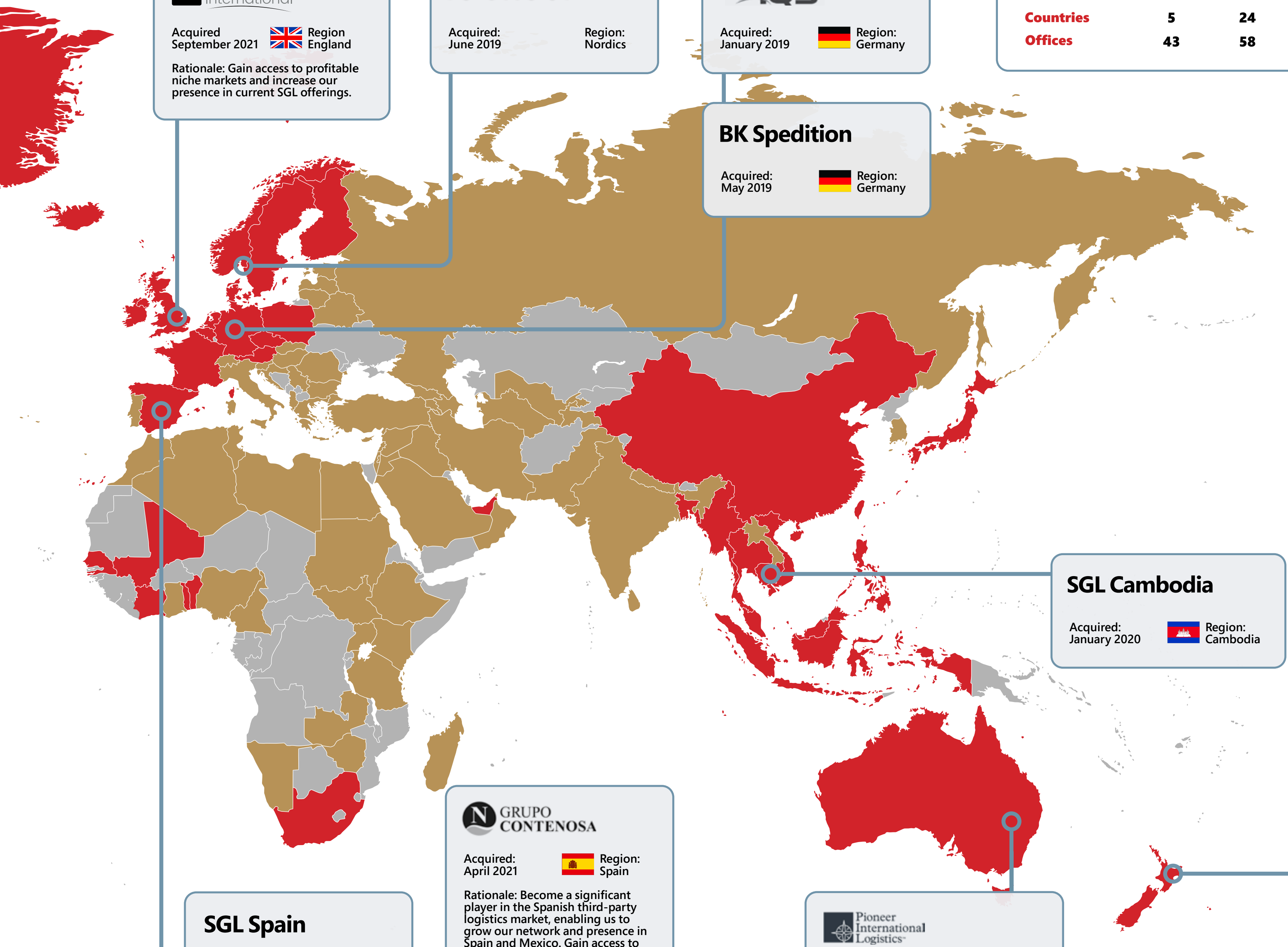
SGLT HOLDING

STRATEGIC PARTNERS

GLOBAL M&AS

SGLT HOLDING

SGL GROUP



HORIZON International

Acquired September 2021 — Region England

Rationale: Gain access to profitable niche markets and increase our presence in current SGL offerings.

IC GROUP

Acquired: June 2019 — Region: Nordics

IQS

Acquired: January 2019 — Region: Germany

BK Spedition

Acquired: May 2019 — Region: Germany

SGL Cambodia

Acquired: January 2020 — Region: Cambodia

orbis

Acquired: September 2021 — Region: New Zealand

Rationale: Strengthen our position, providing a solid platform in New Zealand and strategically complement our strong growth in the Pacific Region.

SGL Spain

Acquired: November 2019 — Region: Spain

GRUPO CONTENOSA

Acquired: April 2021 — Region: Spain

Rationale: Become a significant player in the Spanish third-party logistics market, enabling us to grow our network and presence in Spain and Mexico. Gain access to new niche markets and increase our presence in current offerings.

Pioneer International Logistics

Acquired: January 2020 — Region: Australia

UNPREDICTABILITY ACCOMMODATED BY OUR DNA AND VIRTUES

In a year with unpredictable market disruptions, freight rate volatility, capacity contracts and customers' supply chains becoming increasingly complex, SGL Group's business model proved highly resilient and adaptable to a continuing challenging environment.

A volatile market environment plays to the strength of freight forwarders who apply an agile and customer-centric approach; entrepreneurial solutions favoured over low-cost transactional solutions and products.

SGL Group made use of its experience from our role in humanitarian disasters and adapted swiftly to a continuing new normal while keeping communication clear and relevant, staying in close contact with stakeholders – customer and supplier focus on cash and risk.

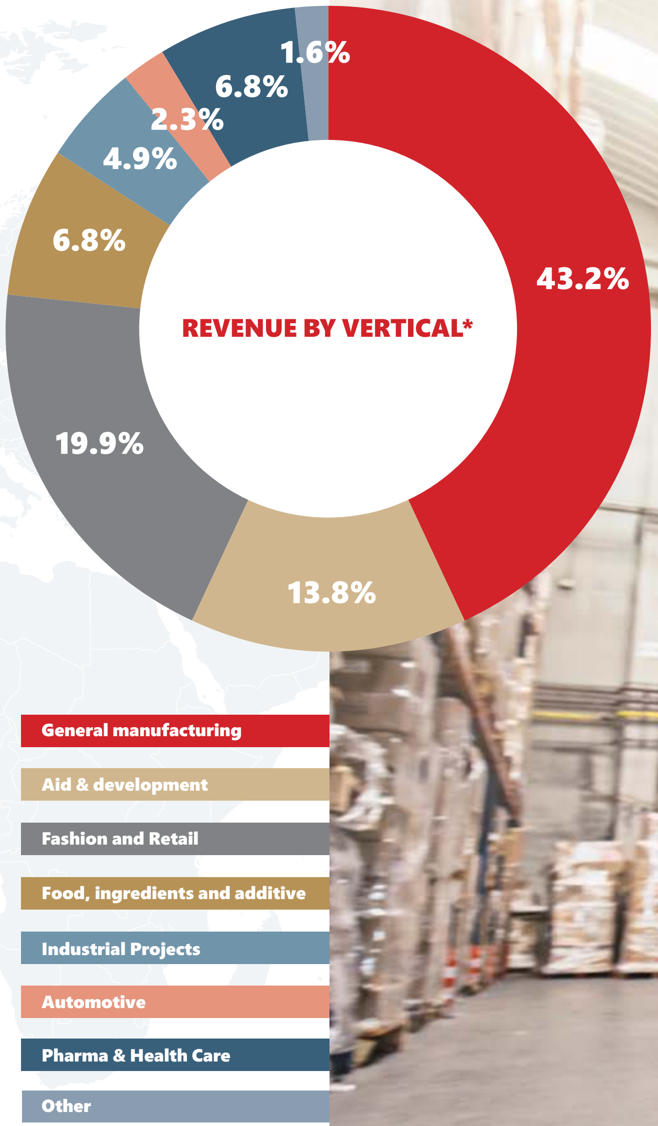
AIR & OCEAN

AIR

- During 2021, air capacity was still reduced compared to earlier periods as a natural consequence of many passenger flights still being suspended, thus impacting belly-hold capacity.
- Pure freighter capacity continued to be maxed out, due to the overall capacity situation dictated by passenger flights which did not return to normal.
- Subsequently, the sustained rate levels remained high compared to previous periods, although somewhat more stable than seen on ocean freight.
- Congestion on the ground handling side emerged as a significant issue during 2021, resulting in massive delays that had a significantly negative impact on the time-sensitive nature of air freight.
- Volume-wise, air freight benefited from the systemic issues on ocean freight, with shippers increasingly turning to air freight to expedite urgent orders.
- Consumer demand grew strongly in 2021.
- Global demand for goods is high and with a shift in demand from services to consumer goods during the pandemic, global cargo volumes have increased significantly.
- This resulted in low inventories which supports the increased short-term cargo volumes; this is expected to continue until businesses have refilled their shelves.

OCEAN

- In 2021, we faced high demand and significant infrastructure issues, which impacted elevated rates; issues have progressed from COVID-19 impacts to fundamental infrastructure challenges.
- Further, we have seen a key trend in supply chain complexity where customers are sourcing from multiple locations due to trade barriers, tariffs and bottlenecks and using different modes to reduce emissions.
- New customers and new activities are driven by an increasing willingness from customers to pay for logistics services compared to earlier periods.
- Overall, the 2021 ocean freight market was plagued by historically volatile market conditions in the form of lack of capacity vs. supply and infrastructural bottlenecks on the land side resulting in massive delays and overall over-heating of all major trades.



*) *Revenue by vertical is illustrative and based on split amongst top 100 SGLT Holding customers; based on total revenue ADP comprises 9%*

UNPREDICTABILITY ACCOMMODATED BY OUR DNA AND VIRTUES

- Consequently, ocean carriers seized the opportunity to increase rate levels to record-high levels unmatched through history due to shippers having no alternative.
- Forwarders across the transport industry have also benefitted from the overheating of the market, shifting focus to capacity security instead of pure price focus.
- Ocean carriers have started to invest parts of the historic profits in new vessels and container equipment; however, new vessels will only materially come into the market during 2023. Thus, no short-term relief is expected from a capacity perspective.
- Ultimately, 2021 ocean freight market conditions favored transportation providers, with this being the case for both asset owners and forwarders boosted by high demand and compelling negotiating conditions.

ROAD

- 2021 started where 2020 ended with low volumes and low activity in the automotive segment. However, as we saw the COVID-19 restrictions being lifted during April and May, the market changed and during the last 8 months of 2021, there was a general pressure on capacity.
- The pressure was most evident in the intra-Scandinavian routes because these countries were the first to implement the first part of the new EU mobility package, which dictates salary levels when driving cabotage and also tightened cabotage rules for road transport.
- At the end of 2021, the market focus is now on what will happen when the last part of the mobility package is implemented in 2022, with which trucks need to return home to their registration country every 7 weeks, and drivers must go home every 4 weeks as well. Additional capacity will then be pulled from the market and employer costs will increase.

SOLUTIONS

- In 2021 we continued to see changes in consumer buying behaviors, as the pandemic changed customers' purchasing patterns in 2020.
- Facing larger goods volumes and dealing with seasonal peaks in online sales.
- All this continues to put much pressure on the fulfillment & distribution activities due to new ways of operating and supporting customers through a scalable operating model.

SGL GROUP'S RESPONSE TO AN UNPREDICTABLE MARKET

Speed and reliability are attractive to e-commerce, lifestyle, automotive, FMCG and pharmaceuticals

The DNA and entrepreneurial mindset of SGL accommodates a focus on customers with complex supply-chains; meaning SGL is well-positioned to meet customer needs with its core value proposition to manage complexity

Providing a holistic approach and partnering with customers to manage complexity, cost and emissions

Scalable and agile business model and mindset to navigate unpredictable market disruptions

Prioritising the core business whilst seeking geographic expansion opportunities and using M&A as a platform for further growth

Complete range of services including last-mile deliveries and urgent response

Experienced team focused and dedicated to uncomplicate the world of customers

Newsletters continuously published, containing advisory, updates on transport possibilities, and the actual situation around the world

OUTLOOK 2022

SGL GROUP	SGL HOLDING
EBITDA before special items excluding IFRS 16 accounting: DKK 625 million - DKK 700 million	Adjusted EBITDA: USD 145 million - USD 155 million

OUTLOOK 2022

SGL Group had a record year in 2021 with the strongest performance to date, despite broader market disruption and very high activity, putting pressure on global freight capacity in many regions.

In 2022, we expect the transport market to grow in line with the global GDP growth forecast of 3%.

The disruptions and unpredictability that characterised 2021 have continued into 2022. We expect to utilise this turbulence as an opportunity, as we did in 2021.

By leveraging the strength of our entrepreneurial business model and the breadth and diversity of our customers and partners, we expect to outperform market growth in 2022 while continuing to execute our acquisition strategy.

For SGL Group, the EBITDA before special items (excluding the impact of IFRS 16) is expected to be in the range of DKK 625 million to DKK 700 million.
For SGLT Holding, the estimated Adjusted EBITDA is expected to be in the range of USD 145 million to USD 155 million.

LONG-TERM FINANCIAL TARGETS

By outlining the new Vision 2027, SGL Group continues to see a wealth of further opportunities. SGL Group will continue overall double-digit organic growth strategy together with the acquisition strategy and continue to target acquisition opportunities with a good strategic fit. This will scale up the business, increase profitability, and secure a down-trending leverage ratio, helping us stay committed to our goal of making the world a little less complicated.

SGL Group remains focused on delivering superior logistics solutions to meet dcustomers' demanding needs, driven by our strong belief in our employees' ability to constantly design the required solution. SGL Group continues to enhance the IT system support for operations, sales, management and financial support. SGL Group's long-term ambitions are:

OUTPERFORM MARKET GROWTH:

- Achieving a total of USD 5 billion in revenue (SGLT Holding level)
- Overall organic growth target being double-digit on major trade-lanes and markets, powered by global growth initiatives driving growth across regions

TOP 3 AMONGST THE GLOBAL PEERS IN PROFITABILITY:

- EBITDA margin before special items and excluding IFRS 16 accounting of at least 7% by 2027

OTHER FINANCIAL TARGETS:

- Improving conversion rate (Gross profit to EBITDA before special items and excluding IFRS 16 accounting)
- Strong positive cash generation

The targets are based on the assumptions of stable global economic development and assume exchange rates are unchanged from current levels.

RUSSIA AND UKRAINE CONFLICT WILL PROLONG SUPPLY CHAIN CHAOS

The impact of the Russian invasion of Ukraine means that any hope of stability in global supply chains has been taken off the table for the short and medium-term.

Airfreight in particular has been heavily impacted due to closures in EU and Russian airspaces. Our booking stop for shipments to/from Russia and Belarus remains in place until further notice, with the exception of selected product groups such as medicine, aid, humanitarian cargo, and food supplies.

We do not have any offices nor any people employed in Ukraine or Russia, and currently, we do not see this having any impact on our outlook for 2022.

FINANCIAL HIGHLIGHTS

FIVE-YEAR OVERVIEW FOR SGL GROUP

Key figures (in DKKm)	2021	2020	2019	2018	2017
Revenue	10,339	5,351	4,144	3,521	3,391
Gross Profit	1,497	955	773	592	506
EBITDA before special items	626	318	202	89	30
EBITDA before special items, excluding IFRS 16	511	237	134	89	30
Operating profit (EBIT) before special items	417	139	86	48	-8
Special items, net	-73	-77	-40	-35	-17
Operating profit (EBIT)	344	62	46	13	-25
Financial items, net	-139	-145	-122	-60	-51
Profit/loss before tax	205	-83	-76	-47	-76
Profit/loss for the period	159	-103	-85	-55	-65
Cash flow					
Cash flows from operating activities	-779	206	-113	19	-73
Cash flows from investing activities	-446	-121	-134	-39	-193
Free cash flow	-1,225	85	-247	-20	-267
Cash flows from financing activities	1,551	34	188	130	137
Cash flow for the period	326	119	-60	110	-130

	2021	2020	2019	2018	2017
Financial position					
Total equity	848	466	575	657	609
Equity attributable to parent company	847	460	568	651	609
Net interest-bearing debt (NIBD)	3,099	1,890	1,056	607	685
Investment in property, plant and equipment	30	12	22	11	10
Total Assets	6,763	3,514	3,216	2,703	2,577
Financial ratios in %					
Gross margin	14.5	17.8	18.7	16.8	14.1
EBITDA margin before special items	6.1	5.9	4.9	2.5	0.9
EBITDA margin before special items excluding IFRS 16	4.9	4.4	3.2	2.5	0.9
EBIT margin before special items	4.0	2.6	2.1	1.4	-0.2
EBIT margin	3.3	1.2	1.1	0.4	-0.2
Return on assets before special items	8.1	4.1	2.9	0.5	-0.7
Equity ratio	12.5	13.3	17.9	24.3	-0.1
Return on equity (ROE)	24.6	-19.8	-14.2	-8.8	-10.7
Net leverage ratio	5.0	5.9	5.2	6.8	22.8
Number of full-time employees at the end of the period	1,913	1,285	1,175	952	866

FINANCIAL PERFORMANCE

REVENUE
DKK 10,339m

EBITDA*
DKK 511m

**EBITDA before special items and excluding the impact of IFRS 16 leases*

RESULT FOR THE YEAR

The financial year 2021 includes the operating results of newly acquired business Grupo Contenosa (Spain), Horizon International Cargo Limited (UK) and Orbis Global Logistics (New Zealand), which were acquired during 2021.

The full-year 2021 revenue amounted to DKK 10,339 million, generating EBITDA before special items of DKK 626 million. EBITDA before special items excluding the IFRS 16 lease adjustment amounted to DKK 511 million, an increase of DKK 274 million equivalent to a 116% increase compared to 2020.

REVENUE

Revenue increased by DKK 4,988 million compared to 2020, corresponding to a 93% increase.

Revenue was mainly impacted by strong organic performance within the Nordics and the Asia Pacific combined with increased activities through acquired businesses. The organic revenue growth was driven by strong performance across all regions, especially within the Air & Ocean segment.

GROSS PROFIT

The gross profit increased by DKK 542 million to DKK 1,497 million for the year compared to 2020, also positively impacted by an FX translation of DKK 5 million. The acquired companies Contenosa, Horizon and Orbis contributed with approx. DKK 150 million. Strong performance was seen in the Nordics and the Asia Pacific.

The gross profit margin was 14.5% in 2021, equal to a 3.3% point decrease compared to 2020. If excluding IFRS 16, the gross profit amounts to DKK 1,451 million compared to DKK 917 million in 2020, corresponding to a gross margin of 14.0%, which is 3.1% point lower than the level in 2020. The gross margin was affected by capacity constraints and consequently increasing rates.

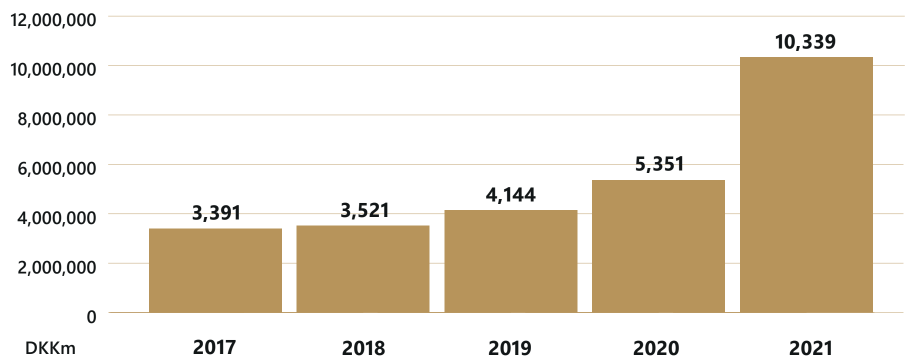
SG&A COSTS

SG&A costs amounted to DKK 871 million, a 37% increase compared to 2020. The increase mainly comes from greenfield activities and acquisitions made in 2020 and 2021 and salaries necessary to prepare the organization for the future. SG&A costs comprise 8% of revenue in 2021, which is 4% points lower than 2020. The conversion ratio based on EBITDA before special items increased from 25% in 2020 to 34% in 2021.

EBITDA BEFORE SPECIAL ITEMS

EBITDA before special items amounted to DKK 626 million in 2021, which is a significant improvement compared to last year. The EBITDA margin before special items ended at 6.1%, compared to 5.9% in 2020. The increase in EBITDA was mainly due to strong activity levels within the Air & Ocean segments combined with

REVENUE



the ability to keep the SG&A costs under control. The improved performance is driven both by organic growth and through acquisitions made.

The full-year 2021 EBITDA before special items and excluding IFRS 16 amounted to DKK 511 million, equivalent to a margin of 4.9%.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to DKK 209 million in 2021, compared to DKK 179 million in 2020. Amortisation from acquisitions in 2021 mainly explains the increase, together with increased amortisation on IT costs that have secured the infrastructure necessary for continued long-term growth.

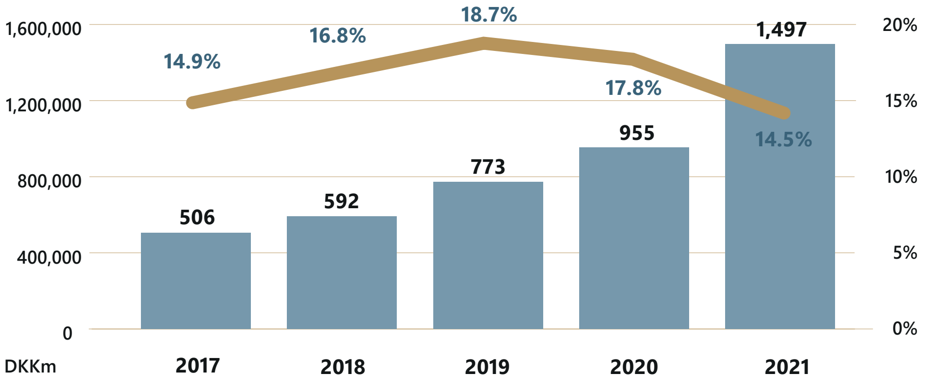
SPECIAL ITEMS

In 2021, special items amounted to DKK 73 million, which primarily included cost for greenfield and M&A activities.

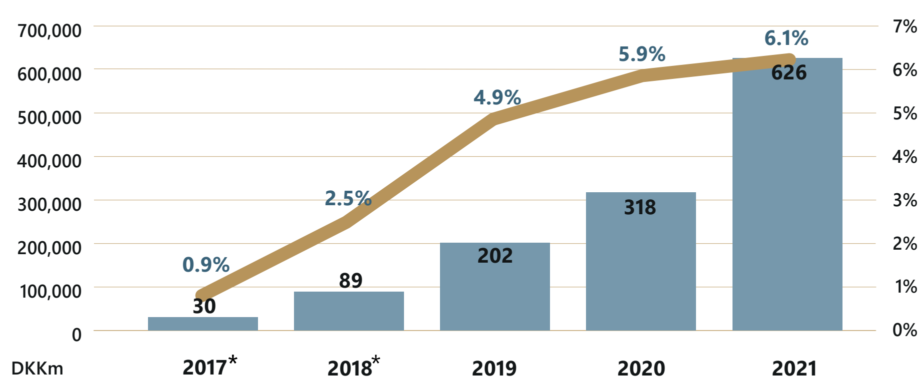
FINANCIAL ITEMS

Net financial expenses amounted to DKK 139 million in 2021 compared to DKK 145 million in 2020. Net financial expenses mainly comprised of interest expenses on the bond debt, including capitalised loan costs recognised in the income statement as well as an impact of IFRS 16 interest expenses which amounted to DKK 17 million (2020: DKK 17 million) offset by the interest income from the intercompany loan to TransGroup Global Inc. (the parent company of TransGroup).

GROSS PROFIT INCL. MARGIN



EBITDA BEFORE SPECIAL ITEMS INCL. MARGIN



*Before implementation of IFRS 16

CASH FLOWS

The accumulated cash flow 2021 from operating activities before special items, interests, and tax was negative DKK 578 million, mainly driven by net working capital.

CAPEX in 2021 amounted to DKK 76 million and comprised primarily of investments in software and development of IT projects to secure the infrastructure necessary for continued long-term growth.

The cash outflow from acquisitions, excluding transactions costs, amounted to DKK 370 million in 2021, including earn-outs.

Cash flow from financing activities was positive net DKK 1,551 million and driven by proceeds received from a bond issue of DKK 1,527 million.

In 2021, the Group issued EUR 207 million bonds within the framework of EUR 705 million and cash received net of transaction costs amounted to DKK 1,536 million. As of 31 December 2021, total bonds amounted to EUR 515 million, corresponding to DKK 3,830 million.

CAPITAL STRUCTURE

The total equity was DKK 848 million with an equity ratio of 12.5% as of 31 December 2021, which is 0.8% point lower than December 2020. A capital increase by cash payment of DKK 225 million was made in Q3 2021 by issue of 1 additional share.

Higher bond debt as part of the bond issue primarily drove the decrease. The equity ratio excluding the impact of IFRS 16 was 13.0%.

NET INTEREST-BEARING DEBT (NIBD) AND LIQUIDITY RESERVE

Consolidated net interest-bearing debt amounted to DKK 3,099 million, excluding IFRS 16 DKK 2,880 million as of 31 December 2021.

In 2021 the company increased its credit facility by DKK 70 million and the total liquidity reserve was DKK 1,329 million by the end of December 2021.

NET WORKING CAPITAL

Change in Net Working Capital was negative with DKK 1,159 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.

In particular, 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 generally has a higher NWC than the other segments.

Our general payment terms are unchanged, but we have seen a change in the 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.

FINANCIAL PERFORMANCE – AIR & OCEAN SEGMENT

REVENUE
DKK 9,418m

GROSS MARGIN
14.2%

KEY COMMENTS

- During 2021, the Air and Ocean activities have been segmented into one segment as Air & Ocean. Please refer to note 1.2 for further description
- Air & Ocean segment revenue increased 102% in 2021 compared to 2020
- Gross margin has been under pressure from the high level of activity causing capacity restraints and high level of pass-through revenue resulting in a gross margin in Air & Ocean of 14.2%, 2.5 %-point lower than last year.

KEY MARKET OUTLOOK

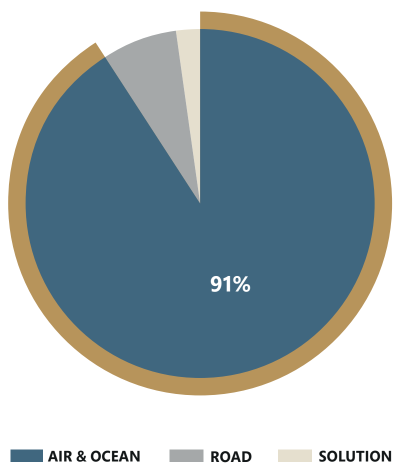
The peak season for the airfreight market end of 2021 resulted in a tightening of capacity leading to a significant freight rate increase coming on top of already high rate levels. Overall, airfreight remains more stable than ocean freight.

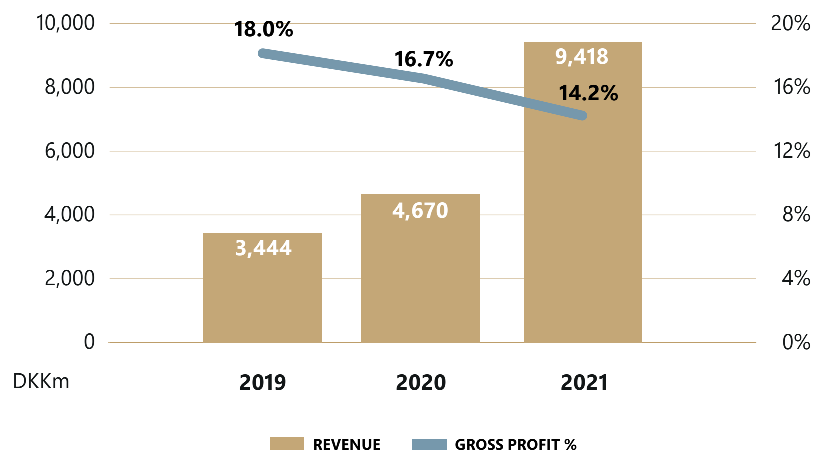
The current ocean freight market remains red hot, with capacity constraints sustaining record high freight rate levels across all major trades. Most major ports around the world are heavily impacted by congestion with this causing further ripple effects on the landside delaying container deliveries, as a natural consequence of historically low vessel schedule reliability figures.

RATES – AIR

Air freight rates have decreased following the year-end peak, but the overall trend for rates on major trade lanes to and from Asia is and will continue to be at high levels. Two things drive this: 1) ocean freight has increased tremendously the past year, narrowing the multiplier gap to air freight significantly and an overall increase in ocean freight rates always benefits air freight as it becomes more competitive. 2) increasing oil prices add pressure on fuel surcharge levels. Since early 2021, the jet fuel price index has increased by approx. 30%. These trends will pressure rates upwards and extend transit times. Adversely, the major Transatlantic trade route is thought to be somewhat more stable although rates are at a historical high.

SHARE OF REVENUE





AIR SEGMENT SERVICES

- AIR CHARTER
- GLOBAL AIR FREIGHT SERVICES
- PHARMA HEALTHCARE
- AID & DEVELOPMENT
- INDUSTRIAL PROJECTS
- AUTOMOTIVE SPECIAL LOGISTICS
- CUSTOMS CLEARANCE

FINANCIAL PERFORMANCE – AIR & OCEAN SEGMENT, CONT.

Ease of rates can only be expected to occur with the alleviation of US travel restrictions.

Overall, we expect a strong 2022 air freight market in favour of the supply side which will contribute to rate levels remaining record-high. The 2022 summer period is widely expected to mark an increase in belly-hold capacity due to resuming passenger flights, however, not to an extent that will fundamentally change the overall supply and demand situation.

RATES – OCEAN

As mentioned, ocean rate levels remain record-high from a historic level and there is no indication that rate levels will drop significantly short or mid-term. The beginning of 2022 also marked the traditional contract season for long-term contracts with many shippers prioritising long term stability from a capacity perspective. This meant that carriers seized the opportunity to lock in customer contracts for both 2 and 3 years at 5 digit levels recognising the unique market opportunity at hand.
US remains a specific concern and the general consensus is that we have transitioned from a COVID-19-impact situation to a situation that has structural flaws within both port and trucking operations. For this reason, ocean freight rate levels to the US continue to be locked in at very high levels.

Overall, we expect the ocean freight market to remain volatile throughout 2022. There are no data points indicating a fundamentally changed market situation and even if demand decreases, carriers have shown that the instrument of blank sailings and thus short term reduction of capacity is an instrument that will be applied in order to sustain rate levels.

CAPACITY – AIR

The air freighter market continues to be high demand as belly-hold capacity is at a reduced level. It was expected that Q1 would mark a significant increase in passenger flights with COVID-19 easing up; however, the spread of the Omicron variant has put these plans on hold across most countries. As all operational freighter crafts are in rotation, the outlook for additional capacity is slim. With the before mentioned increase in passenger flights not coming as expected, belly-hold capacity remains at a reduced level.

There is a strong concern on ground handling congestion issues with many providers unable to find the needed labour. This is generating significant congestion problems which is critical considering that air freight is time-sensitive also relative to other transport modes. Such congestion could, ultimately, lead to restrictions on either traffic rights for additional flights, or delays and service disruptions on the ground. Although this image represents the current situation on connections to and from Asia, similar disruptions can be expected in other markets as Europe and the US already see the first signs of this.

CAPACITY – OCEAN

The record-high ocean freight rates cause container carriers to continue to post record result after record result equating to the total profit made over the last 10-15 years. The positive consequence of this is a significantly increased appetite for ordering new vessels to accommodate the demand, albeit this is only expected to have a major impact in 2023 and onwards.

The container equipment situation has stabilised and is currently not the main cause of the systemic challenges we are seeing. Container carriers continue to invest in new container equipment and the effect of this is already showing.

OCEAN SEGMENT SERVICES

OCEAN CHARTER

GLOBAL OCEAN FREIGHT SERVICES

OIL AND GAS TRANSPORTATION & LOGISTICS SERVICES

AID & DEVELOPMENT

INDUSTRIAL PROJECTS

AUTOMOTIVE SPECIAL LOGISTICS

CUSTOMS CLEARANCE

FINANCIAL PERFORMANCE – ROAD SEGMENT

REVENUE
DKK 701m

GROSS MARGIN
13.1%

KEY COMMENTS

- Primarily surface transports in Europe
- Minimal asset ownership, which ensures high flexibility, limited investments and utilisation risk
- Hubs are operated along the main transportation routes in the Nordics

KEY MARKET OUTLOOK

2021 started, where 2020 ended with low volumes and low activity in the automotive segment. However, as we saw the COVID-19 restrictions lifted during April and May, the market has changed, and during the last 8 months of 2021, there was a general capacity pressure.

The pressure was most evident in the intra-Scandinavian routes because these countries were the first to implement the first part of the new EU mobility package, which dictates salary levels when driving cabotage, and also tightened cabotage rules for road transport.

At the end of 2021, the market focus was on what will happen when the last part of the mobility package is implemented in 2022, with which trucks need to return home to their registration country every 7 weeks, and drivers must go home every 4 weeks as well. Additional capacity will then be pulled from the market and employer costs will increase.

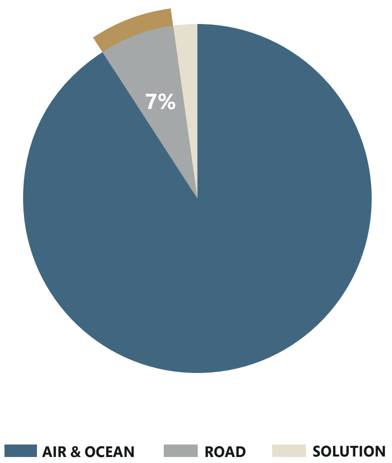
RATES

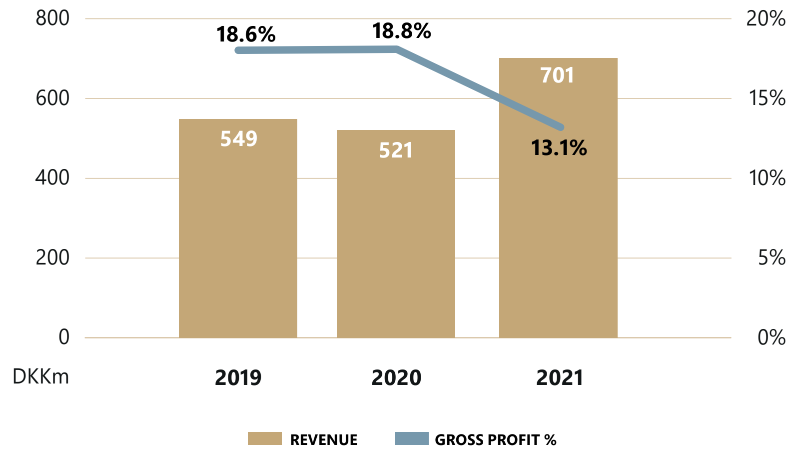
Pressure, which started in the spring/summer, has only become more severe during the peak season of Q4. All market players are postponing loads every week and informing customers to book early and brace themselves for a challenging market ahead. The last part of the before mentioned mobility package and new national legislation on taxation of drivers' salaries is expected to add to the capacity pressures.

CAPACITY

Carrier rates have already increased significantly since the capacity pressures started and are only expected to climb further as the last parts of the mobility

SHARE OF REVENUE





package are implemented. The coming months will be all about following the market and making sure that rate increases are pushed through to customers.

For small and medium-sized accounts, we can generally push increases through with no problems, while there is lag on larger accounts as many claim that contract rates should be adhered to. We do expect that larger accounts will generally come around to the new reality and finally accept the higher costs, or they will be renewed as contracts expire.

FINANCIAL PERFORMANCE – SOLUTION SEGMENT

REVENUE
DKK 220m

GROSS MARGIN
30.9%

KEY COMMENTS

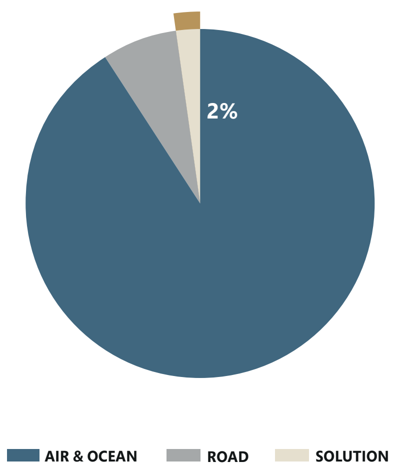
- SGL Group's core business is coordinating end-to-end transport along with adjacent small businesses in the Solutions Segment.
- Distribution and fulfillment services for E-Commerce, contract logistics and warehousing incl. value-added services
- Warehouse management and storage solutions
- On-site solution services
- Mainly in Nordics and South America
- Driven by organic growth, the Solutions Segment reported a strong revenue growth of 28% to DKK 220 million in 2021 – compared to DKK 172 million in 2020.
- The organic revenue growth contributed an EBITDA before special items of DKK 36 million, equivalent to an EBITDA margin before special items of 16.4%.
- In 2021, we focused on a scalable restructuring program focused on a high-quality customer portfolio that allows leveraging the other segments and making use of scalable and sustainable logistics solutions in 2021 and beyond.

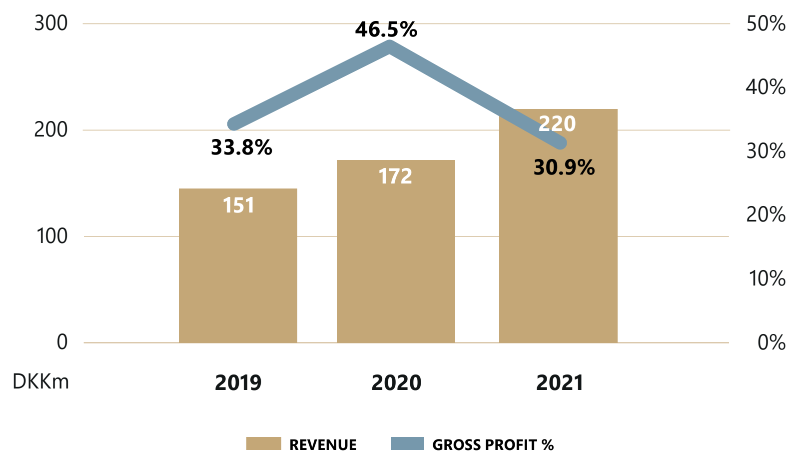
KEY MARKET OUTLOOK

2021 was a record high year in terms of change in consumer buying behaviors as the pandemic changed customers' purchasing patterns as in 2020. Facing larger goods volumes and dealing with seasonal peaks in online sales. All this continues to put much pressure on the Fulfillment & Distribution activities due to new ways of operating and supporting customers through a scalable operating model.

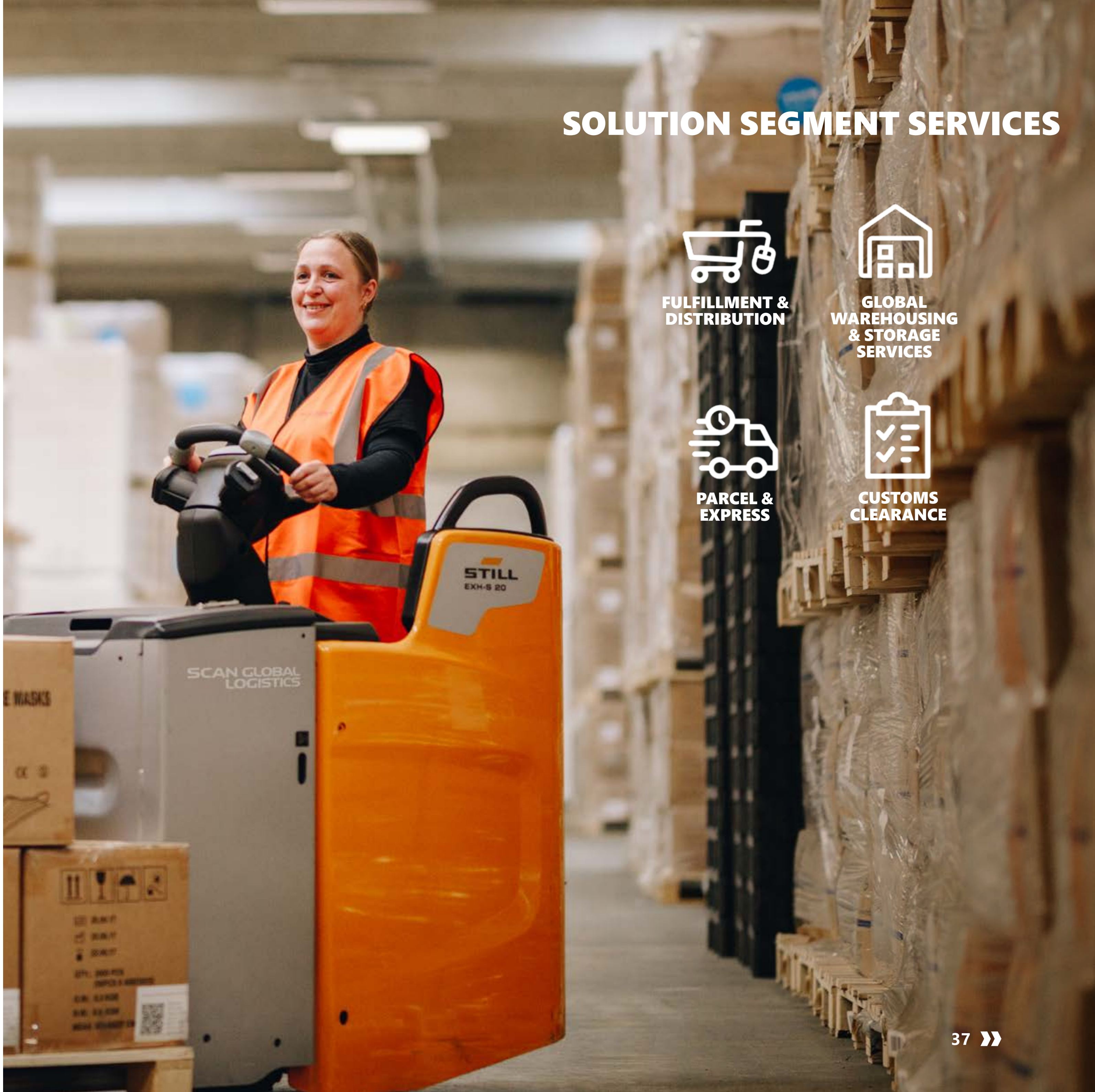
Looking into 2022, retailers and brands are finding ways of supporting both the online and offline sales channels, dealing with logistics challenges and high focus on cost efficiencies, which is changing the formats of needed fulfillment and distribution solutions.

SHARE OF REVENUE





SOLUTION SEGMENT SERVICES



FULFILLMENT CAPACITY

A continuing increased need for more fulfillment operations to support B2B and B2C sales is expected. We expect that outsourcing warehouse operations to 3PLs will remain a high priority for many key players to support not only the significant growth in online sales, but also ensuring cost efficiencies. This requires tight warehousing capacity management, controlling cost inflations, and securing labour. Therefore, the demand for fulfillment operations at multiple locations across the globe will see an increase.

Due to the increased activity levels and in the variety of online consumer types, we can expect to see a need for new and different types of entrepreneurial distributions solutions. Flexibility to choose is key for many.

SUSTAINABILITY STRATEGY AND APPROACH

Key events in 2021 reinforced the need for urgent action by governments and businesses to limit global warming and address important social issues. For SGL Group, sustainability is a strategic growth enabler, and in 2021 we accelerated momentum across the full scope of our Environment, Social and Governance (ESG) activities during the year.

For our statutory report on social responsibility, gender distribution, cf. FSA §99a, §99b, we refer to our 2021 Sustainability Report, which can be found via the following link: https://www.scangl.com/investor/sustainability-report/

SUSTAINABILITY HIGHLIGHTS

SCIENCE-BASED TARGET
1.5°C COMMITMENT

Submitted a science-based target for Scopes 1, 2 and 3 aligned to 1.5°C, which is expected to be validated by the SBTi in 2022.

VACCINE DISTRIBUTION
COVAX

Distributed over 500 million vaccine doses to lower-income countries under the WHO-backed COVAX programme.

CUSTOMERS
DECARBONISING LOGISTICS

Launched SGL's Low Carbon Logistics services to uncomplicate our customers' decarbonisation journey.

CLIMATE RISKS & OPPORTUNITIES
TCFD IMPLEMENTATION

Implemented the recommendations of the Task Force on Climate-Related Financial Disclosures.

DECARBONISATION
SUSTAINABLE AVIATION FUEL

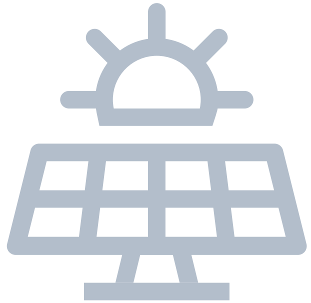
Signed agreements with Neste, the world's largest producer of Sustainable Aviation Fuel (SAF), to reduce emissions for our customers and from our own business travel.

LOW CARBON TRUCKING
BIODIESEL IN SWEDEN

First freight forwarder in Sweden to provide HVO100, a fossil-free renewable diesel, for all ocean container trucking at no additional cost for customers.

PARTNERSHIPS
SUPPLY CHAIN LEADERSHIP

Joined the Exponential Roadmap Initiative and the subgroup 1.5°C Supply Chain Leaders to drive climate action throughout global supply chains.



POWER PURCHASE AGREEMENT (PPA)
RENEWABLE ENERGY

Signed a PPA with Energi Danmark and 12 other companies to support the development of a new 70,000 MWh solar park to be completed in Jutland in 2023, supplying our Danish locations with renewable energy.

TRAINING
DEVELOPING OUR PEOPLE

Trained 1,867 employees who successfully completed 17,430 courses in the SGL Group academy.

DIVERSITY
FEMALE EMPLOYEES

Improved the ratio of female employees to 47%, supporting strong gender diversity in a traditionally male industry.

MEANINGFULNESS
ANNUAL EMPLOYEE SURVEY

Maintained a score of 77% in our annual employee Meaningfulness Questionnaire (MQ) during a period of high market volatility in which our workforce grew significantly through strong overall growth and acquisitions.

CLIMATE CHANGE AND FOOTPRINT (SDG 13 & SDG 17)

AMBITION AND APPROACH

As an asset-light freight forwarder, 99% of the emissions within our value chain come from the ships, aircraft and trucks operated by the carriers that we subcontract to.

These emissions are part of our Scope 3 emissions and represent the transport-related Scope 3 emissions of our customers that we are responsible for.

Our climate targets are anchored in science. We were the first freight forwarder in Denmark to commit to the 1.5°C target in 2020 and remain one of only 42 companies within the global transport and logistics sector globally to have committed to a science-based target.

In 2021, SGLT Holding submitted a ten-year emissions reduction target for validation by the Science Based Targets initiative (SBTi) in line with a global temperature increase of 1.5°C before 2050:

- We commit to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2020 base year
- We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO_2e / tonne-kilometre by 2030 from a 2020 base year

We expect the target to be validated by the end of 2022. To achieve the target, our decarbonisation strategy is focussed on reducing the transport emissions in our customers' supply chains. At the same time, we are taking responsibility for own environmental footprint to reduce our Scope 1 and 2 emissions.

Through the Exponential Roadmap Initiative and the subgroup 1.5°C Supply Chain Leaders, we also commit to reducing GHG emissions across all Scopes 1, 2 and 3 by 50% every 10 years and reach net-zero emissions by 2050.

IMPLEMENTING THE TCFD RECOMMENDATIONS

During the year, we undertook a robust climate scenario analysis exercise when we implemented the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This analysis determined that as an asset-light freight forwarder, SGL Group has no material financial exposure to the climate-related risks that are present across the transport sector, and we have revenue opportunities from providing our Low Carbon Logistics services to customers.

Climate-related risks are incorporated along with other ESG risks into SGL Group's Enterprise Risk Management (ERM) process, as well as into the ERM system.

More detail is available in our standalone 2021 TCFD disclosure available on SGL Group's website.

LOW CARBON LOGISTICS SERVICES

In 2021, SGL Group launched a suite of Low Carbon Logistics services covering five areas. Through these services, we are committed to uncomplicating our customers' decarbonisation journey as well as providing expertise, insights and access to partnerships.

1. **CO_2 visibility**, through a report that provides full transparency on transport emissions
2. **Low emissions transport services**, including e-trucking and Sustainable Aviation Fuel (SAF)
3. **CO_2 reduction concept**, which assesses supply chains and identifies opportunities to reduce emissions
4. **CO_2 reduction partnerships**, through a partnership with SGL Group to reduce CO_2 emissions every year and through industry groups such as the 1.5°C Supply Chain Leaders
5. **Sustainable expert advisory**, through expert knowledge and external sustainability advice

CO_2e REDUCTION PARTNERSHIPS

Ambitious climate action is only possible through collaboration and partnerships. During the year, we partnered with Neste, the world's largest producer of Sustainable Aviation Fuel (SAF), to provide an independent solution to our customers to decarbonise their air freight emissions. We also joined the 1.5°C Supply Chain Leaders group to reduce global supply chains emissions and support small businesses through the SME Climate Hub.

TAKING RESPONSIBILITY FOR OUR OWN FOOTPRINT

We also took responsibility for our own environmental footprint. This included signing a Power Purchase Agreement (PPA) together with 12 other companies to support the development of a new 70,000 MWh solar park in Northern Jutland, Denmark. We signed an agreement to use Sustainable Aviation Fuel (SAF) to decarbonise our business travel in an initial pilot with Norwegian and Neste, which reduced our CO_2e emissions from business travel by 21 tonnes.

EMISSIONS PERFORMANCE IN 2021

As a result of global supply chain disruptions in 2021, many of our customers turned to air freight to secure fast and reliable delivery for their goods. Combined with strong overall growth, volumes carried via our air freight services increased by 36%, measured in tonnes per kilometre. However, as air freight has higher emissions intensity than ocean freight, we saw a 2.6% increase in SGL Group's Scope 3 emissions intensity.

The increase in emissions intensity must be addressed. With global supply chain disruptions continuing into 2022, we are reinforcing to our customers the importance of our Low Carbon Logistics services to reduce their transport emissions, and thereby our Scope 3 emissions intensity.

In 2021, SGL Group's net CO_2e Scope 1 and 2 emissions increased by 23%, driven largely by strong overall growth, three acquisitions and a partial return of employees to the office after working from home in 2020. We are committed to reducing our Scope 1 and 2 emissions in 2022.

SUPPORTING AID & RELIEF (SDG 17)

OUR AMBITION AND APPROACH

For over 45 years, SGL Group has been a leading provider of complex aid, development and project (ADP) solutions to UN agencies and NGOs. These capabilities and partnerships also underpin our role in delivering COVID-19 vaccines for COVAX, the programme backed by CEPI, Gavi, WHO and UNICEF to distribute vaccines to 92 lower-income countries.

With the need for aid and relief operations expected to grow to address the humanitarian consequences of climate change, and with the secure delivery of vaccines essential to ending the global COVID-19 pandemic, we will continue to enhance our capabilities in order to support the agencies, governments and other stakeholders that we partner with in line with our commitment to SDG 17. Our ambition is to be a leading provider within humanitarian logistics services.

COVID-19 VACCINE DISTRIBUTION

In 2021, SGL Group distributed over 500 million vaccine doses globally for COVAX from locations in Europe, the US and Asia and distributed equipment such as ultra-cold freezers critical for the safe storage of vaccines.

To enhance our vaccine distribution capabilities, we expanded our global footprint, established cold storage facilities in Amsterdam and Brussels and developed different intermodal solutions. We also carried out training to achieve global compliance with Good Distribution Practices (GDP), and implemented Validade, a digital lane management system for healthcare and pharmaceutical shipments.

AID AND DEVELOPMENT PROJECTS

Meanwhile, our ADP team continued to support our partners with humanitarian projects around the world in 2021, including in Sudan and Afghanistan.

In 2022, we will continue to invest in our capabilities by extending our geographical footprint in East Africa and India, strengthening our ADP activities in the US and adding additional pharmaceutical warehousing in Europe.

OUR GREATEST SOURCE OF VALUE

OUR AMBITION AND APPROACH

SGL Group is building a unique corporate culture and capability within the transport and logistics that underpin our ambitious growth strategy.

We aim to position SGL Group as the most meaningful company within the logistics industry in order to attract, retain and develop the best people in meaningful work and opportunities. We seek to ensure the well-being of all employees and protect them from any safety hazards or severe injuries in the workplace.

In 2021, we grew our workforce by 49% through strong overall growth and three acquisitions.

CREATING A MEANINGFUL WORKPLACE

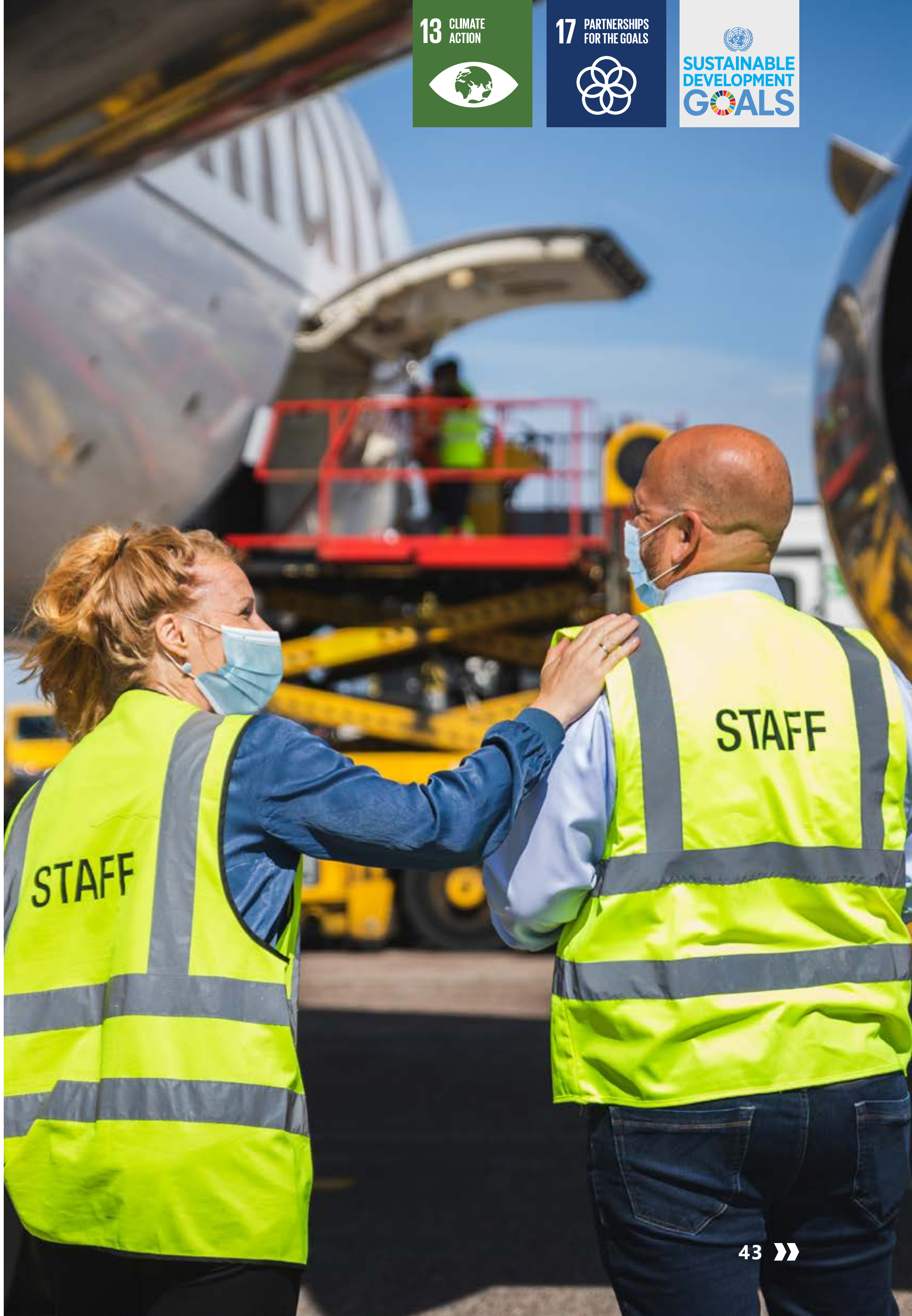
During the year, we continued to anchor our meaningfulness culture through activities including training for the Executive Management Team, a new Meaningful Recruitment Tool, Cultural Leadership assessments and a Cultural Due Diligence Tool that was used to assess three acquisitions.

In 2021, our global employee Meaningfulness Questionnaire (MQ) remained steady at 77, a satisfactory result given the high pace of change, strong overall growth and the acquisition of three companies during the year.

DEVELOPING OUR PEOPLE

Developing our people and supporting a consistent understanding of SGL Group's culture, operating procedures and compliance framework are essential to realising our strategy of organic growth and growth through acquisitions.

For this purpose, we provide an online learning centre – the SGL Group academy – to all employees which includes 12 mandatory courses and access to over 100 active courses that were run in 2021. New courses launched in 2021 included Good Distribution Practice in Pharma, and courses on SGL Group's environmental, health & safety and quality policies.



In total, 1,867 employees participated in training courses in 2021, successfully completing 17,430 courses.

IMPROVING OUR SYSTEMS

In 2021, SGL Group's new HR system was rolled out to almost all locations globally and to all newly acquired businesses.

DIVERSITY AND INCLUSION

A new Diversity and Inclusion Policy was introduced in 2021, replacing the existing diversity provisions in SGL Group's Code of Conduct. We have a strong focus on the inclusion of female employees in the traditionally male transport and logistics sector.

In 2021, SGL Group slightly improved its diversity from a gender perspective with a ratio of 53/47 male to female employees across our global organisation. Women in managerial positions declined slightly to 37% in 2021 but remained ahead of our target of 35%. Having met our target for two years consecutively, a new target will be evaluated in 2022.

BOARD DIVERSITY

The Board of Directors consists of five positions which are currently held by male directors with Danish nationality.

SGL Group did not achieve its gender diversity target to appoint a female director to the Board in 2021 as no suitable candidate was found. We are, however, committed to appointing a female director and to meeting our statutory requirements. SGL Group aims to appoint a female director during 2022.

HEALTH AND SAFETY

As an asset-light freight forwarder, SGL Group is less exposed to safety issues than peers which operate fleets of trucks, vessels and aircraft. In 2021, SGL Group's safety performance, as measured by Lost Time Incident Frequency, improved to 2.4.

During the year, our Industrial Projects division continued to roll out the ISO 45001 Occupational Safety & Health Management System for which certification has been achieved in Denmark, Sweden, Vietnam, Indonesia, Malaysia, Singapore and the Philippines.

COVID-19 RESPONSE

SGL Group continued to maintain business continuity during the COVID-19 pandemic, while ensuring the well-being of our employees and offering greater flexibility as well as IT support and equipment to work from home.

We continued to implement the pandemic contingency plan developed in 2020, guided by our Health and Safety Policy. SGL Group follows the requirements of all national and local authorities in the locations in which we operate, and we ran ongoing safety campaigns focussed on mitigating the transmission of COVID-19. As a result, all of SGL Group's offices and warehouses remained in operation throughout 2021.

INTEGRITY ACROSS OUR VALUE CHAIN

OUR AMBITION AND APPROACH

We conduct our business with integrity and comply with all laws applicable to our business in all the regions and countries in which SGL Group operates. The transport and logistics sector is vulnerable to corrupt business practices, particularly in high-risk countries. As a global organisation within the sector, we rely on a common understanding of how we expect business to be conducted.

Our approach is grounded in SGL Group's virtues, Code of Conduct and Supplier Code of Conduct. Combined with specific policies on anti-corruption, data protection, and data ethics they help our people and suppliers to make the right decisions.

All of our policies can be found on SGL Group's website.

Risks related to business integrity and compliance are considered as part of SGL Group's Enterprise Risk Management (ERM) process and registered in the ERM system. Through this approach, we aim to ensure business is conducted in an honest, ethical and socially responsible manner across our value chain.

PROGRESS IN 2021

In 2021, 86% of employees were trained in our Anti-Corruption Policy and Code of Conduct Policy, and 83% were trained in GDPR.

During the year, SGL Group implemented a whistle-blower system and re-started audits of suppliers after these were suspended in 2020 due to COVID-19 operating restrictions. In 2022, we will expand our internal audit team and increase our supplier audits.

We also introduced a Responsible Tax Policy in 2021 and a new Information Security Policy supported by a robust cyber security programme.

There were no reports of compliance issues made according to our reporting process during 2021. Nor was SGL Group the subject of any legal proceedings associated with any anti-competitive or anti-trust activities.

CONTINUING OUR ESG MOMENTUM IN 2022

Following a year of action and execution in our sustainability approach in 2021, SGL Group will continue its momentum in 2022.

We plan to disclose our ESG approach and data via the CDP platform for the first time and will undertake a refresh of our materiality assessment which was first conducted in 2020.

We expect to have our ten-year emissions reduction target validated by year-end by the Science Based Targets initiative. Following this, we aim to submit a long-term target for validation and complete the science-based net-zero target requirements, in line with the SBTi's new net-zero Standard.

During the year, we will address the increase in our Scope 3 emissions intensity by reinforcing to customers the potential of our Low Carbon Logistics services in reducing transport emissions in their supply chains. We will also continue to work closely with industry partnerships such as the 1.5°C Supply Chain Leaders group.

Internally, we will further anchor sustainability within SGL Group by completing training on ESG concepts and best practices on reducing emissions.

CORPORATE GOVERNANCE AND OWNERSHIP

SGL International A/S is owned directly by Scan (UK) Midco Limited, and the ultimate owner is SGLT Holding I LP.

BOARD OF DIRECTORS

The Board of Directors consists of the following members:

Henrik von Sydow, Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbro Jessen

The main responsibilities of the Board of Directors are outlined below:

PROVIDE DIRECTION FOR THE ORGANISATION

The Board has a strategic function in providing the vision, mission and goals of the organisation. These are determined in cooperation with the Executive Management of SGL Group.

DEVELOP A GOVERNANCE AND APPROVAL SYSTEM

The governance and approval system includes the interaction between the Board and Management and clearly outlines the authorities given to the CEO. Periodically, the Board of Directors interacts with the Executive Management at board meetings, which typically take place 4 times per year. In between board meetings, the Board of Directors is updated through e-mails and phone conferences as required.

MONITORING AND SUPERVISORY

The Board of Directors has a monitoring and supervisory function and receives a monthly report outlining the financial results and current state of affairs of SGL Group.

AUDIT COMMITTEE

An audit committee has been established and comprises of 6 members; Matthew Bates (Chairman), Henrik von Sydow, Tom Gartland, Alan Wilkinson, John Cozzi and Rachel Kumar.

The Audit Committee primarily assists the Board of Directors in various areas, including the following main tasks:

- monitor internal accounting and financial control systems, IT-systems and the integrity of the Company's financial reports.
- monitor compliance with legislation, standards and regulations worldwide.
- monitor auditor independence, including the provision of non-audit services and reporting, and to facilitate the auditor selection process.

The Audit Committee also carries out ongoing assessments of the Company's financial and business risks as well as potential cases.

CORPORATE GOVERNANCE AND OWNERSHIP

Other board positions of the members of the Board of Directors are:

HENRIK VON SYDOW
SGL Road ApS
Scan Global Logistics A/S, Chairman
SGL Express A/S, Chairman
My Dentist AB
Burt AB
New to World Sweden AB

CLAES BRØNSGAARD PEDERSEN
SGL Road ApS
Scan Global Logistics A/S, CFO
SGL International A/S, CFO
SGL Express A/S
SGL Fulfillment & Distribution A/S
JAFC Holding ApS
Scan Global Logistics Greenland ApS

JØRGEN AGERBRO JESSEN
Scan Global Logistics A/S
SGL Express A/S
SGL Fulfillment & Distribution A/S
Ejendomsselskabet Langenbach ApS,
Director
CPC ApS, Managing Director
Danske Luftfragtspeditørers Forening
Danske Speditører
Guldægget ApS
Flair Invest ApS, Director
Saack Invest ApS, Director
PS Invest ApS, Director
C. Jessen Invest ApS, Director
Strandby Kirkevej Invest ApS, Director

ALLAN DYRGAARD MELGAARD
SGL Road ApS, Chairman
Scan Global Logistics A/S, CEO
SGL International A/S, CEO
SGL Express A/S
SGL Fulfillment & Distribution A/S,
Chairman
LMT ApS, Managing Director
WB Invest ApS
Ejendomsselskabet Langenbach ApS,
Chairman
Scan Global Logistics Greenland ApS,
Director

THOMAS THELLUFSEN NØRGAARD
SGL Road ApS, Managing Director
Scan Global Logistics A/S
SGL Express A/S
Thell Con ApS, Director
Ejendomsselskabet Langenbach ApS
SGL Fulfillment & Distribution A/S

RISK MANAGEMENT

COMMERCIAL RISKS

The fluctuations in freight rates caused by a change in supply/demand on key trade lanes such as Asia to Europe could represent the most significant short-term operating risk, as carrier cost is the largest single cost item for SGL Group. As a result, contracts with carriers constantly need to be balanced against customer contracts. The industry is characterised by short-term agreements, eliminating a large part of the risk.

Furthermore, longer-term contracts normally offer the possibility to agree back-to-back with the carriers, further balancing the risk.

Other major risks are clerical errors such as wrongful release of cargo, against instructions from customers, accepting liability outside of normal scope or standard trading conditions.

GLOBAL ECONOMIC CONDITIONS

A lengthy economic downturn, a decline in the gross domestic product growth-rate and world import and export levels, as well as other geopolitical events, could adversely affect the global transportation industry and trigger a decrease in demand for SGL Group's services.

During 2020-2021, SGL Group has continuously proven that being an agile freight forwarder has turned an unpredictable market into many opportunities, resulting in strong financial performance.

RISKS RELATED TO IT INFRASTRUCTURE

SGL Group depends on information technology to manage critical business processes, including administrative and financial functions. SGL Group uses IT systems for internal purposes – and externally in relation to its customers and suppliers. Extensive downtime of network servers, attacks by IT viruses or other disruptions or failure of information technology systems are possible and could have a negative effect on SGL Group's operations.

RISKS RELATING TO SGL GROUP'S OPERATIONS IN EMERGING MARKETS

SGL Group's Aid, Development and Project (ADP) departments have operations and customers worldwide, including a number of emerging markets. These markets are subject to greater political, economic and social uncertainties, and the risk of loss resulting from changes in law, economic or social upheaval and other factors may be substantial. Among the more significant risks of operating and investing in emerging markets, are those arising from the introduction of trade restrictions, enforcement of foreign exchange restrictions and changes in tax laws and enforcement mechanisms. SGL Group constantly monitors and follows any development in order to mitigate any possible risks.

SGL Group has taken out liability insurance to meet any loss resulting from damage to customers' goods, errors and omissions.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO FINANCIAL REPORTING

The Board of Directors and the Executive Management have the overall responsibility for risk management and internal controls in relation to financial reporting. In addition, the Board of Directors has established an Audit Committee with four members to support the oversight function regarding risk management, financial reporting and compliance.

The organisational structure and the internal guidelines form the control environment together with laws and other rules applicable to SGL Group.

Management regularly assesses SGL Group's organisational structure and staffing as well as establishes and approves overall policies, procedures and controls in relation to financial reporting.

In relation to the financial reporting, Management has a special focus on procedures and internal controls within the following areas and accounting items, which ensures that the reporting is made on a reassuring basis:

- Revenue recognition of service contracts and projects
- Assessment of work in progress
- Trade receivables – management of credit
- Assessment of recognition of business combinations/purchase price allocation
- Assessment of impairment of intangible assets

SGL Group has established a formal group reporting process, including monthly reporting, with budget control, assessment of performance and fulfillment of agreed targets etc.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO BUSINESS RISKS

Management assesses business risks in connection with the annual review and approval of the strategic plan.

In connection with the risk assessment, Management, if needed, also considers the policies approved by the Board of Directors regarding finance, hedging and insurance policies for SGL Group.

SGL Group's risk management, including internal controls in relation to financial reporting, is designed to minimise the risk of errors and lack of information effectively.

DATA ETHICS

For SGL Group, data ethics goes beyond compliance with data privacy laws, as data is an important asset of our business. Our daily operations are based on a detailed security policy founded through our virtues 'Respect' and 'Integrity'. We have high standards in relation to where we collect data and how we use the data:

- We set high standards on ourselves in collecting data from our assets and other sources
- We set high demands on our partners from whom we receive data.
- We refrain from extensive collection of data which may be characterised as data-driven surveillance.

See link to our data ethics policy prepared in accordance with the Danish Financial Statements Act, sections 99d at scangl.com/about/policies/

scangl.com/about/policies/

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

INCOME STATEMENT

DKKm	Notes	2021	2020
Revenue	2.1, 2.2	10,339	5,351
Cost of operation	2.3	-8,842	-4,396
Gross profit		**1,497**	**955**
Other external expenses		-144	-133
Staff costs	2.4	-727	-504
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		**626**	**318**
Amortisation and depreciation	3.1, 3.2	-209	-179
Operating profit (EBIT) before special items		**417**	**139**
Special items, net	2.5	-73	-77
Operating profit (EBIT)		**344**	**62**
Financial income	4.1	99	66
Financial expenses	4.1	-238	-211
Profit/loss before tax		**205**	**-83**
Income tax for the year	5.2	-46	-20
Profit/loss for the year		**159**	**-103**
Total income for the year attributable to			
Owners of the Parent Company		161	-102
Non-controlling interests		-2	-1
Total		**159**	**-103**

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKKm	Notes	2021	2020
Profit/loss for the year		**159**	**-103**
Items that will be reclassified to income statement when certain conditions are met:			
Exchange rate adjustment		-2	-5
Reclassified to income statement		-	-1
Other comprehensive income, net of tax		**-2**	**-6**
Total comprehensive income for the period		**157**	**-109**
Total comprehensive income for the year attributable to			
Owners of the Parent Company		159	-108
Non-controlling interests		-2	-1
Total		**157**	**-109**

BALANCE SHEET

DKKm	Notes	2021	2020
ASSETS			
Intangible assets	3.1	1,961	1,451
Property, plant and equipment	3.2	251	262
Receivables from related parties	4.2, 5.5	798	727
Other receivables		22	15
Deferred tax asset	5.2	3	11
Total non-current assets		**3,035**	**2,466**
Trade receivables	3.3	2,319	688
Contract assets	3.3	41	26
Receivables from related parties	4.2, 5.5	788	90
Tax receivables	5.2	9	4
Other receivables		8	29
Prepayments		43	24
Cash and cash equivalents	4.2	520	187
Total current assets		**3,728**	**1,048**
Total assets		**6,763**	**3,514**

DKKm	Notes	2021	2020
EQUITY AND LIABILITIES			
Share capital		1	1
Share premium		228	3
Currency translation reserve		-30	-31
Retained earnings		648	487
Equity attributable to Parent Company		**847**	**460**
Non-controlling interests		1	6
Total equity		**848**	**466**
Borrowings	4.2	3,416	1,833
Lease liabilities	4.2	111	169
Deferred tax liability	5.2	108	59
Other payables		64	25
Total non-current liabilities		**3,699**	**2,086**
Trade payables		1,149	551
Accrued trade expenses		448	107
Current tax liabilities	5.2	68	24
Lease liabilities	4.2	109	75
Payable to related parties	5.5	150	11
Deferred income		1	56
Other payables		291	138
Total current liabilities		**2,216**	**962**
Total liabilities		**5,915**	**3,048**
Total equity and liabilities		**6,763**	**3,514**

STATEMENT OF CASH FLOWS

DKKm	Notes	2021	2020
Operating profit (EBIT) before special items		417	139
Depreciation and amortisation	3.1, 3.2	209	179
Non-cash transactions		-45	-
Change in working capital	3.3	-1,159	49
Cash flows from operating activities before special items, interest and tax		**-578**	**367**
Special items, received		-	6
Special items, paid		-60	-77
Interest received		63	65
Interest paid		-185	-125
Tax paid	5.2	-19	-30
Cash flows from operating activities		**-779**	**206**
Purchase of software and other intangible assets	3.1	-46	-34
Purchase of property, plant and equipment		-30	-12
Earn-out paid		-2	-27
Investments in Group entities	5.3	-368	-57
Disposals of Group entities		-	11
Special items, transactions cost acquisitions		-	-2
Cash flows from investing activities		**-446**	**-121**
Free cash flow		**-1,225**	**85**

DKKm	Notes	2021	2020
Capital increase		225	-
Repayment of loan from related entities		-100	-62
Proceeds from issuing bonds	4.2	1,527	196
Redemption of lease liabilities, right-of-use assets	4.2	-93	-95
Investment in deposits		-8	-5
Cash flows from financing activities		**1,551**	**34**
Change in cash and cash equivalents		**326**	**119**
Cash and cash equivalents			
Cash and cash equivalents beginning of period		187	86
Exchange rate adjustment of cash and cash equivalents		7	-18
Change in cash and cash equivalents		326	119
Cash and cash equivalents end of period		**520**	**187**

STATEMENT OF CHANGES IN EQUITY

DKKm	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non Controlling Interests	Total Equity
2021							
Equity at 1 January	**1**	**3**	**-31**	**487**	**460**	**6**	**466**
Profit/Loss for the period	**-**	**-**	**-**	**161**	**161**	**-2**	**159**
Currency exchange adjustment	-	-	-2	-	-2	-	-2
Other comprehensive income, net of tax	**-**	**-**	**-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	-	225
Total transactions with owners	**-**	**225**	**3**	**-**	**228**	**-3**	**225**
Equity at 31 December	**1**	**228**	**-30**	**648**	**847**	**1**	**848**
2020							
Equity at 1 January	**1**	**3**	**-25**	**589**	**568**	**7**	**575**
Profit/Loss for the period	**-**	**-**	**-**	**-102**	**-102**	**-1**	**-103**
Currency exchange adjustment	-	-	-5	-	-5	-	-5
Reclassified to income statement	-	-	-1	-	-1	-	-1
Other comprehensive income, net of tax	**-**	**-**	**-6**	**-**	**-6**	**-**	**-6**
Total comprehensive income, net of tax	**-**	**-**	**-6**	**-102**	**-108**	**-1**	**-109**
Equity at 31 December	**1**	**3**	**-31**	**487**	**460**	**6**	**466**

On December 31, 2021, the share capital of SGL International A/S amounted to 5,008 shares with a nominal value of DKK 100 each. During the year, the authorised share capital was increased by DKK 100 by the issue of 1 share of DKK 100.

SECTION 1: BASIS OF PREPARATION

1.1 GENERAL ACCOUNTING POLICIES

Basis of presentation

The 2021 Annual Report of SGL Group has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements applicable to enterprises in accounting class D under the Danish Financial Statements Act.

The Annual Report of SGL Group comprises the consolidated financial statements of SGL International A/S and its subsidiaries.

Functional currency

SGL Group's consolidated financial statements are presented in Danish kroner rounded to millions (DKKm), which is also the Parent Company's functional currency. For each entity, SGL Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Materiality in financial reporting

Our focus is to present information that is considered of material importance for our stakeholders in a simple and structured way. Disclosures that IFRS requires are included in the annual report, unless the information is considered of immaterial importance to the users of the annual report.

Consolidation

The consolidated financial statements comprise the parent, SGL International A/S, and entities controlled by the parent. Control is presumed to exist when SGL Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The Consolidated Financial Statements are prepared on the basis of Financial Statements of all group enterprises prepared under the Group's accounting policies by combining accounting items of a uniform nature. Elimination is made of intercompany income and expenses, unrealised intercompany profits and losses, balances and shareholdings. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises. Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

Accounting items attributable to group entities are recognised in full in the consolidated financial statements. Non-controlling interests' share of Group entities' profit or loss for the year and equity is recognised as separate items in the income statement and the statement of changes in equity.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income and expenses.

Cash flow statement

Cash flows from operating activities are presented using the indirect method and are made up as the operating profit, adjusted for non-cash operating items, changes in working capital, paid and received interests and paid income taxes.

New accounting regulations

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2021 consolidated financial statements. SGL expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the Group's financial statements when implemented.

SECTION 1: BASIS OF PREPARATION

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of SGL Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The accounting estimates and judgments deemed by Management to be significant for the preparation and understanding of the consolidated financial statements are listed below.

Revenue recognition
Revenue is recognised over time when services are delivered to customers. Judgements are applied when determining the stage of completion. Refer to note 2.2 for more detail.

Valuation of goodwill
Goodwill is not subject to amortisation but is tested annually for impairment. Assessing expected future cash flows and setting discount rates involves a level of estimation based on approved forecasts and market data. Estimates are applied when estimating the value of goodwill. Refer to note 3.1 for more detail.

Valuation of deferred tax assets
The tax assets' recoverability depends on the generation of sufficient future taxable income to utilise tax losses. Assessing expected future cash flows and setting discount rates involves a level of estimation based on approved forecasts and market data. Estimates are applied when estimating the value of the deferred tax assets. Refer to note 5.2 for more detail.

Business combinations
Upon acquisition of companies, the acquired company's identifiable assets, liabilities and contingent liabilities must be recognised using the acquisition method at fair value. Estimates are applied when estimating the fair value of the goodwill, customer relations, trademarks, other intangibles and receivables for the acquired companies. Contingent consideration is measured at fair value and any subsequent changes to contingent consideration are recognised in the income statement within operating profit. Refer to note 5.3 for more detail.

SECTION 2: RESULT FOR THE YEAR

2.1 SEGMENT INFORMATION

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

Effective 1 October 2021, the Air & Ocean activities have been segmented into one segment as Air & Ocean. The changes in the segment reporting follow an increased focus on 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 provides a more accurate view of SGL Group's freight forwarding services moving from measuring performance on segment gross profit 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 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 following table.

REVENUE, GROSS PROFIT AND EBITDA

DKKm	Air & Ocean	Road	Solution	Total
2021				
Revenue	13,771	704	220	14,695
Intercompany revenue	-4,353	-3	-	-4,356
Net revenue	**9,418**	**701**	**220**	**10,339**
Cost of operation	-8,081	-609	-152	-8,842
Gross profit	**1,337**	**92**	**68**	**1,497**
Other external expenses and staff costs	-758	-81	-32	-871
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**579**	**11**	**36**	**626**
Depreciation and amortisation				-209
Operationg ptofit (EBIT) before special items				**417**
Special items				-73
Operating profit (EBIT)				**344**
2020				
Revenue	6,184	591	172	6,947
Intercompany revenue	-1,526	-70	-	-1,596
Net revenue	**4,658**	**521**	**172**	**5,351**
Cost of operation	-3,881	-423	-92	-4,396
Gross profit	**777**	**98**	**80**	**955**
Other external expenses and staff costs	-521	-74	-42	-637
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**256**	**24**	**38**	**318**

SECTION 2: RESULT FOR THE YEAR

2.1 SEGMENT INFORMATION, CONT.

GEOGRAPHICAL INFORMATION

DKKm	Net revenue		Non-current assets less tax assets	
	2021	2020	2021	2020
Denmark	4,988	2,692	1,781	1,716
Sweden	1,338	734	285	296
China	1,044	779	122	123
Other countries	2,969	1,146	844	320
Total	**10,339**	**5,351**	**3,032**	**2,455**

ACCOUNTING POLICIES

Business segments
The operations are organised into three reportable segments (Air & Ocean, Road and Solution) that form the segment reporting.

The core business of SGL Group is within the Air & Ocean segment, whereas the Road and Solution activities are relatively small in a Group context and are primarily within a limited geographic area (Europe). The specific project business of SGL Group is also reported within the Air & Ocean segments.

Segment information
The segment information is based on the operational and management structure of SGL Group and reflects the types of services SGL Group provides. The segment reporting is prepared in line with the SGL Group's internal management and reporting structure.

Air & Ocean services
Air & Ocean services comprise air- and ocean freight logistics facilitating transportation of goods across the globe. This includes special projects departments (Aid & development transports, special transportations of cars, handling on- & offshore transportation, expedited critical moves, vessel- & specialised tonnage charter and barge services, heavy lift and crane installation, port services, onsite inspection as well as inland- & final mile haulage etc.).

A typical Air or Ocean shipment would include services rendered at origin, such as pick-up and delivery to port, freight services from origin to destination port and destination services, such as customs clearance and final delivery.

Road services
Road services comprise road freight logistics facilitating transportation of goods by road networks within Europe.

Solution services
For Solutions, the services performed are related to customer contracts for warehouse and distribution activities, whereby services performed are storage, handling and distribution.

Measurement of earnings by segment
The business segments are measured and reported down to EBITDA before special items level which is in line with reporting to management. Segment performance is measured consistently with the profit or loss in the consolidated income statement.

SECTION 2: RESULT FOR THE YEAR

2.2 REVENUE

Geographical segments
SGL Group has operations in more than 40 countries worldwide. The operations are divided into the three geographical regions:

- EMEA: Europe, Middle East and Africa
- APAC: Asia and Pacific
- Americas: Nort and South America

Revenue is allocated to the geographical areas according to the country in which the individual consolidated entity is based, and regional assets are based on the geographical location of the assets.

Major customers
No single customer represents more than 10% of SGL Group's total revenue.

REVENUE GEOGRAPHICAL AND SEGMENT

DKKm	EMEA		APAC		AMERICAS		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
Air & Ocean	7,257	3,228	2,114	1,417	47	13	9,418	4,658
Road	701	521	-	-	-	-	701	521
Solution	201	160	-	-	19	12	220	172
Total	**8,159**	**3,909**	**2,114**	**1,417**	**66**	**25**	**10,339**	**5,351**

REVENUE SPECIFIED

DKKm	2021	2020
Sale of services	10,339	5,351
Total	**10,339**	**5,351**

SECTION 2: RESULT FOR THE YEAR

2.2 REVENUE, CONT.

ACCOUNTING POLICIES

Net revenue from freight forwarding services is recognised in accordance with the over-time recognition principle. Most freight forwarding services and related services are characterised by short delivery time, except for ocean services, which usually take longer due to the nature of the transport service.

Revenue comprises freight forwarding services, contract logistics and other related services delivered in the financial year.

Revenue from services delivered is recognised in accordance with the over-time recognition principles following the satisfaction of various milestones as the performance obligation is fulfilled towards the customer. The main services comprise Air, Ocean, Road and Solutions service as described in the following.

The ocean services typically include services such as pick-up, delivery to port, freight services and destination services e.g., customs clearance. These services are considered to represent one single performance obligation satisfied over time. Fulfillment of its performance obligation as services are rendered based on the status of the shipment.

Contract assets are recorded for unbilled work in progress, whereas amounts received for services that are not yet completed are presented as contract liabilities.

Revenue from services delivered is measured at fair value net of VAT, all types of discounts/rebates granted, as well as net of other indirect taxes charged on behalf of third parties.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Revenue from service is recognised with reference to the stage of completion determined as the time elapsed at the reporting date and the total expected time to render the service contracts.

Consequently, judgements are applied when determining the stage of completion for shipments.

Although Management believes the assumptions made to measure revenue and contract assets, possible unforeseeable changes in these assumptions may result in revenue and contract assets changes in subsequent periods.

SECTION 2: RESULT FOR THE YEAR

2.3 COST OF OPERATION

DKKm	2021	2020
Cost related to provision of freight services	8,674	4,292
Staff costs	85	66
Other operation costs	83	38
Total cost of operation	**8,842**	**4,396**

ACCOUNTING POLICIES

Cost of operation comprises costs incurred to generate the revenue for the year. The cost of operations includes the settlement with shipping companies, airlines and haulage contractors, etc., as well as wages and salaries relating to own staff used to fulfill the contracts with customers.

SECTION 2: RESULT FOR THE YEAR

2.4 STAFF COST

DKKm	2021	2020
Staff cost		
Wages and salaries	688	517
Pensions	43	36
Other social security costs	103	34
Total gross staff costs	**834**	**587**
Transferred to cost of operation	-85	-67
Transferred to special items	-22	-16
Total staff costs	**727**	**504**
Remuneration to key management personnel:		
Wages	10	8
Pension	1	1
Total	**11**	**9**
Number of full-time employees at 31 December	1,913	1,285

ACCOUNTING POLICIES

Staff costs comprise salaries, wages, pensions and social security costs except staff costs recognised under costs of operation and special items. Staff costs are recognised in the year in which SGL Group's employees have performed the related work.

Key management personnel is defined as Executive Management.

SECTION 2: RESULT FOR THE YEAR

2.5 SPECIAL ITEMS, NET

Activities caused by COVID-19, mainly related to cost for sending staff home on compensation scheme and lease cost for idle facilities. These costs have decreased from 2020 to 2021 due to the development in the pandemic.

The increase in M&A activities is mainly related to the acquisition of Grupo Contenosa, Horizon International Group and Orbis Global Logistics in 2021. Greenfield activities mainly relate to activities in France and South Africa.

DKKm	2021	2020
COVID-19 activities and net of compensations received	-3	-44
M&A activities, Greenfield activities and other transaction-specific costs	-55	-11
Restructuring and other costs	-15	-22
Total	**-73**	**-77**

ACCOUNTING POLICIES

Special items are recognised in connection with presenting the consolidated income statement for the year to separate items thereby its nature is not related to SGL Group's main business activity, and a separation of these items improve the understanding of the performance for the year.

SECTION 2: RESULT FOR THE YEAR

2.5 SPECIAL ITEMS, NET, CONT.

SPECIAL ITEMS BRIDGE

DKKm			2021			2020
	Income statement	Special items	Adjusted income statement	Income statement	Special items	Adjusted income statement
Revenue	10,339	-	10,339	5,351	-	5,351
Cost of operation	-8,842	-15	-8,857	-4,396	3	-4,393
Gross profit	**1,497**	**-15**	**1,482**	**955**	**3**	**958**
Other external expenses	-144	-36	-180	-133	-64	-197
Staff costs	-727	-22	-749	-504	-16	-520
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**626**	**-73**	**553**	**318**	**-77**	**241**
Amortisation and depreciation	-209	-	-209	-179	-	-179
Operating profit (EBIT) before special items	**417**	**-73**	**344**	**139**	**-77**	**62**
Special items, net	-73	73	-	-77	77	-
Operating profit (EBIT)	**344**	**-**	**344**	**62**	**-**	**62**
Financial income	99	-	99	66	-	66
Financial expenses	-238	-	-238	-211	-	-211
Profit/loss before tax	**205**	**-**	**205**	**-83**	**-**	**-83**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS

Intangible assets have mainly increased due to the acquisitions in 2021 of Grupo Contenosa, Horizon International Group and Orbis Global Logistics. For further description, ref. to note 5.3 Business combinations.

INTANGIBLE ASSETS

DKKm						2021
	Goodwill	Customer relations	Trademarks	Other	Software intangibles	Total
Cost at 1 January	1,059	412	60	7	113	1,651
Exchange rate adjustment	13	4	-	-	-1	16
Transfer	-	-	-	-	-	-
Additions	-	-	-	-	45	45
Additions from acquisitions	256	280	8	-	1	545
Disposals	-	-1	-3	-5	-6	-15
Cost at 31 December	**1,328**	**695**	**65**	**2**	**152**	**2,242**
Amortisation at 1 January	-	133	27	5	35	200
Exchange rate adjustment	-	-1	-	-	-	-1
Transfer	-	-	-	-	-	-
Amortisation	-	59	7	-	26	92
Disposals	-	-1	-3	-5	-1	-10
Amortisation at 31 December	**-**	**190**	**31**	**-**	**60**	**281**
Carrying amount at 31 December	**1,328**	**505**	**34**	**2**	**92**	**1,961**
Amortisation period		5-12 years	3-10 years	3-10 years	3 years	

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

DKKm **2020**

	Goodwill	Customer relations	Trademarks	Other	Software intangibles	Total
Cost at 1 January	1,005	366	60	5	67	1,503
Exchange rate adjustment	-	2	-	-	-	2
Transfer	-	-	-	-	14	14
Additions	-	-	-	2	32	34
Additions from acquisitions	54	44	-	-	-	98
Disposals	-	-	-	-	-	-
Cost at 31 December	**1,059**	**412**	**60**	**7**	**113**	**1,651**
Amortisation at 1 January	-	89	19	-	14	122
Exchange rate adjustment	-	1	-	-	1	2
Transfer	-	-	-	-	-	-
Amortisation	-	43	8	5	20	76
Disposals	-	-	-	-	-	-
Amortisation at 31 December	**-**	**133**	**27**	**5**	**35**	**200**
Carrying amount at 31 December	**1,059**	**279**	**33**	**2**	**78**	**1,451**
Amortisation period		5-12 years	3-10 years	3-10 years	3 years	

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

ACCOUNTING POLICIES

Goodwill
Goodwill arising from business combinations is recognised and is stated as the difference between the consideration paid and the fair value of the identified net assets. Goodwill is not amortised but tested for impairment if there is evidence of impairment, or at least once a year.

Customer relations
Customer relations arising from business combinations are recognised at fair value at acquisition. When evidence of impairment is identified, customer relations are tested for impairment.

Trademarks and other intangible assets
Trademarks and other intangible assets arising from business combinations are recognised at fair value at acquisition. When evidence of impairment is identified, trademarks and other intangible assets are tested for impairment.

Software
Software includes acquired intangible rights. Software acquired separately or developed for internal use is measured at the lower cost, less any accumulated amortisation and impairment losses and the recoverable amount.

Costs related to development of software are calculated as external costs, staff costs, amortisation and depreciation directly attributable to the development of the software. After commissioning, software is amortised on a straight-line basis over the expected useful life.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. Gains or losses are recognised in the income statement when the asset is derecognised.

GOODWILL, CUSTOMER RELATIONS, TRADEMARKS AND OTHER INTANGIBLE ASSETS SPLIT BY SEGMENT

DKKm	2021	2020
Air & Ocean	1,821	1,313
Road	44	56
Solution	4	4
Total	**1,869**	**1,373**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Goodwill, customer relations, trademarks and other intangible assets were tested for impairment on 31 December 2021. The basis for the calculation is budget 2022 and strategy plan 2023-2027.

The 5-year plan covers each focus area, turning loss-making units into profitable businesses plan for the organic growth and the project business. Furthermore, new and potential contract wins have been factored into the plan affecting several business segments and companies within the Group.

A discounted cash flow model (DCF) has been used to determine the recoverable amount per business segment on a value in use basis.

The test did not result in any impairment of the carrying amount of goodwill allocated to each business segment. In that connection, a sensitivity analysis was performed to assess whether changes in the cash flow would have led to any impairment losses being recognised. The analysis showed that potential changes in the future cash flow would not indicate a need for an impairment of goodwill.

In 2021, Management estimated that likely changes to the basic assumptions would not result in the carrying amount of goodwill exceeding the recoverable amount.

The most significant assumptions for this are:

- A WACC of 9.3% after tax (11.3% bfore tax) has been applied in the calculation,
- The basis for the calculation is budget 2022 and strategy plan 2023-2027.
- A subsequent terminal period is applied.
- An expectation has been applied in which SGL Group is expected to grow with the expected annual market growth of 2%.

For impairment purpose, other cost below segment result (Gross Profit) are allocated to the reportable segment based on their relative share of the profit contribution in SGL Group.

Impairment test

The carrying amount of goodwill is tested for impairment at least once a year together with the other non-current assets of SGL Group.

The tests are conducted for each cash-generating unit (CGU) to which the goodwill is allocated. As goodwill is allocated to SGL Group's activity, it follows the structure of the segment information in note 2.1.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset including geographical location and financial risks.

In connection with the impairment tests, Management estimates, e.g., revenue development, gross profit, operating margin, WACC and growth rate in the terminal period. The estimates are made per business segment and are determined based on historical experience and assumptions about the future development within each segment, including the expected long-term average market growth rates.

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant factors relevant for the future net cash flow for the segments:

Air & Ocean
The Air & Ocean segment operates globally, which means that the global economic and world trade have an impact of the future cash flow. Gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity, will also affect the cash flow.

Road
The Road segment mainly operates in Europe, which means that the future cash flow is affected primaily by the growth rates in European countries. Gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity, will also affect the cash flow.

Solution
The solution segment mainly operates in Denmark, which means that the future cash flow is affected primarily by the growth rates in this country. The development in lease cost and other costs related to services provided, including utilisation of warehouse facilities, cost management initiatives and development in internal productivity will also affect the cash flow.

Other non-current intangible assets, property, plant and equipment The carrying amount of other non-current assets is tested for impairment when an indication of impairment is identified.

The recoverable amount is the higher of the fair value of the assets less the expected costs of sale and the value in use.

Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets proportionally.

IMPAIRMENT TESTS

2021	KEY ASSUMPTIONS		
	Forecast gross profit growth rate	Terminal period growth	Pre-tax discount rate
Air & Ocean	10%	2%	11,3%
Road	15%	2%	11,3%
Solution	1%	2%	11,3%
2020			
Air & Ocean	15%	2%	11,3%
Road	15%	2%	11,3%
Solution	15%	2%	11,3%

2021	SENSITIVITY TEST	
	Growth in plan period, allowed decline	PRE-TAX Discount rate allowed increase
Air & Ocean	71%	239%
Road	12%	19%
Solution	36%	42%

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

DKKm	Land and buildings	Plant and Machinery	Fixtures, tools, fittings and equipment	Assets under construction	2021 Total	Land and buildings	Plant and Machinery	Fixtures, tools, fittings and equipment	Assets under construction	2020 Total
Cost at 1 January	255	98	32	-	385	138	63	51	-	252
Exchanger rate adjustment	-1	-	1	-	-	-	-	-	-	-
Additions	19	30	8	8	65	41	36	8	-	85
Additions from acquisitions	25	1	5	-	31	4	1	-	-	5
Disposals	-	-	-2	-	-2	-2	-2	-27	-	-
Revaluation increase	11	-	-	-	11	74	-	-	-	74
Cost at 31 December	**309**	**129**	**44**	**8**	**490**	**255**	**98**	**32**	**-**	**385**
Depreciation at 1 January	71	36	16	-	123	7	11	18	-	36
Exchanger rate adjustment	-	-	-	-	-	-	-	-	-	-
Depreciation	75	34	8	-	117	66	27	10	-	103
Depreciation and impairment of disposals	-	-	-1	-	-1	-2	-2	-12	-	-16
Depreciation at 31 December	**146**	**70**	**23**	**-**	**239**	**71**	**36**	**16**	**-**	**123**
Carrying amount at 31 December	**163**	**59**	**21**	**8**	**251**	**184**	**62**	**16**	**-**	**262**
Right-of-use assets included at 31 December										
Depreciation	73	22	-	-	95	65	20	-	-	85
Carrying amount at 31 December	160	45	1	-	206	183	48	-	-	231
Depreciation period	5 years	3-5 years	3-10 years	-		5 years	3-5 years	3-10 years	-	

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT, CONT.

ACCOUNTING POLICIES

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use. When significant parts of plant and equipment must be replaced at intervals, SGL Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

The depreciation basis is the cost minus residual value.

Depreciation is provided on a straight-line basis over each asset's expected useful life on cost price minus residual value.

An item of property, plant and equipment, and any significant part initially recognised is derecognised upon disposal, or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the income statement when the asset is derecognised.

Right-of-use Assets

Whether a contract contains a lease is assessed at contract inception. For identified leases, a right-of-use asset and corresponding lease liability are recognised on the lease commencement date.

Upon initial recognition, the right-of-use-asset is measured at a cost corresponding to the lease liability recognised, adjusted for any lease prepayments or directly related costs, including dismantling and restoration costs. The lease liability is measured at the present value of lease payments of the leasing period discounted using the interest rate implicit in the lease contract. In cases where the implicit interest rate cannot be determined, an appropriate incremental borrowing rate is used. In determining the lease period, extension options are only included if reasonably certain they will be utilised.

At subsequent measurement, the right-of-use-asset is measured less accumulated depreciation and impairment losses and adjusted for any remeasurements of lease liability.

Depreciation is carried out following the straight-line method over the lease term or the useful life of the right-of-use-asset, whichever is shortest. The lease liability is measured at amortised cost using the effective interest method and adjusted for any remeasurements or modifications made to the contract.

Extension options are only included in the lease term if a lease extension is reasonably certain. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT, CONT.

ACCOUNTING POLICIES

Right-of-use assets and lease liabilities are not recognised for low-value lease assets or leases with a lease term of 12 months or less. These are recognized as an expense on a straight-line basis over the lease term. Any service elements separable from the lease contract are also accounted for following the same principle.

Right-of-use-assets classified as land and buildings mainly relate to leases of offices and warehouses. In contrast, assets recognised as other assets mainly relate to leases of trailers, trucks, company cars and forklifts.

During the year, additions for right-of-use-assets amounted to DKK 35 million (2020: DKK 72 million).

For disclosure of the interest expenses, cash flow and lease liabilities, please refer to note 4.2.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

DKKm	2021	2020
Interest costs relating to lease liabilities	17	17
Short-term lease costs	1	7
Low-value lease costs	0	0

ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are made in assessing the useful lives of items of property, plant and equipment that determine the period over which the depreciable amount of the asset is expensed to the income statement. The depreciable amount of an item of property, plant and equipment is a function of the asset's cost or carrying amount and its residual value. Estimates are made in assessing the amount that the group can recover at the end of the useful life of an asset. An annual review is performed to assess the appropriateness of the depreciation method, useful life and residual values of items of property, plant and equipment.

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.3 NET WORKING CAPITAL

NET WORKING CAPITAL

DKKm					
2021	1 January	Cash flow	Business acquisitions	Non-cash changes	31 December
Receivables	857	1,543	338	461	3,199
Trade and other payables	-863	-384	-277	-515	-2,039
Total net working capital	**-6**	**1,159**	**61**	**-54**	**1,160**

2020	1 January	Cash flow	Business acquisitions	Non-cash changes	31 December
Receivables	675	162	-5	25	857
Trade and other payables	-692	-211	-	40	-863
Total net working capital	**-17**	**-49**	**-5**	**65**	**-6**

ACCOUNTING POLICIES

Net working capital
Non-cash transactions comprise provisions in the year, adjustments for staff-related accruals and exchange rate adjustments.

TRADE RECEIVABLES AND CONTRACT ASSETS

DKKm	2021	2020
Trade receivables before provision for expected losses	2,340	707
Contract assets	41	26
Provision for expected credit losses	-21	-19
Net trade receivables and contract assets	**2,360**	**714**

WRITE-DOWNS

DKKm	2021	2020
Write-downs 1 January	19	12
Additions for the year	10	12
Reversals	-7	-1
Losses recognised	-1	-4
Write-downs 31 December	**21**	**19**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.3 NET WORKING CAPITAL

TRADE RECEIVABLES AND CONTRACT ASSETS

DKKm	2021	2020
Not overdue	2,032	605
Overdue 1-30 days	239	73
Overdue 31-60 days	44	17
Overdue 61-90 days	21	13
Overdue more than 90 days	45	25
Gross trade receivables and contract assets	**2,381**	**733**

ACCOUNTING ESTIMATES AND JUDGEMENTS

Expected losses are based on a calculation, including several parameters, for example, the number of days overdue adjusted for significant negative developments in certain geographical areas.

The financial uncertainty associated with provision for expected losses is usually considered limited. However, if a customer's ability to pay were to deteriorate in the future, further write-downs may be necessary.

ACCOUNTING POLICIES

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30-90 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. Trade receivables are recognised as services delivered are invoiced to the customer and are not adjusted for any financing components as credit terms are short, and the financing component therefore insignificant. SGL Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Where services delivered have yet to be invoiced, and invoices on services received from haulers have still to be received, contract assets and accrued cost of services are recognised at the reporting date.

SGL Group applies the IFRS 9 simplified approach to measuring expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

Contract assets

Contract assets and accrued costs of services include accrued revenue and accrued costs from freight forwarding services, contract logistics and other related services in progress on 31 December.

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.1 FINANCIAL ITEMS

DKKm	2021	2020
Financial income		
Financial income from related parties	69	62
Exchange rate gains	30	-
Other financial income	-	4
Total	**99**	**66**
Financial expenses		
Interest expenses	18	8
Lease interest expenses	17	17
Bond interest expenses	192	119
Amortisation of capitalised loan contracts	11	5
Exchange rate losses	-	62
Total	**238**	**211**
Net Financial Items	**139**	**145**

ACCOUNTING POLICIES

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period.

The items comprise interest income and expenses, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT

SGL Group's policy for managing financial risks
Managing financial risks is an inherent part of SGL Group's operating activities due to its international operations. SGL Group is exposed to a number of financial risks, so monitoring and control of financial risks are important for SGL. Management has assessed the following as SGL Group's key financial risks.

Liquidity risk
On a regular basis, the Executive Management assesses whether SGL Group has an adequate capital structure, just as the Board of Directors regularly evaluates whether SGL Group's capital structure is in line with the best interests of the SGL Group and its stakeholders. The Management assesses whether the current capital structure is sufficient to support SGL Group's strategy plans.

LIQUIDITY RESERVE

DKKm	2021	2020
Cash and cash equivalents	520	187
Credit facilities	809	248
Liquidity reserve	**1,329**	**435**

SGL International A/S has issued senior secured and subordinated unsecured floating- and fixed-rate bonds in an aggregate of EUR 515m within a total framework of EUR 705m. The bonds are used to finance acquisitions, for general corporate purposes, and repaying some of the debt under our existing bonds.

Please see note 5.4 for a description of pledges.

Certain terms and conditions apply for the issued bonds regarding negative pledge, redemption, change of control and incurrence test. Interest is paid quarterly and the bond debt's maturity is in 2024 and 2025. The bonds are listed on Nasdaq Stockholm and on Börse Frankfurt.

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

CHANGES TO FINANCIAL LIABILITIES

DKKm				Non-cash change			2021
	Effective interest rate	Carrying amount 1 January	Cashflow	Business combinations	Additional lease liability the year during	Other	Carrying amount 31 Dec
Bond debt							
Issued bonds, EUR 250 million	1 month EURIBOR + 6.75%	1,860	-	-	-	-1	1,859
Issued bonds, EUR 225 million	7.75%	-	1,673	-	-	-	1,673
Issued bonds, EUR 40 million	11.50%	-	297	-	-	-	297
Bonds held by SGL Group	-	-	-430	-	-	-	-430
Capitalised loan costs	-	-27	-13	-	-	-	-40
Payable bond interest	-	-	-	-	-	57	57
Lease liabilities*	-	224	-93	25	35	9	220
Total		**2,077**	**1,434**	**25**	**35**	**65**	**3,636**
							2020
Bond debt							
Issued bonds, EUR 250 million	1 month EURIBOR + 6.75%	1,666	199	-	-	-5	1,860
Capitalised loan costs	-	-24	-3	-	-	-	-27
Lease liabilities	-	173	-95	4	162	-	244
Total		**1,815**	**101**	**4**	**162**	**-5**	**2,077**

** Paid interest expenses related to lease payments amounted to DKK 17 million (2020: DKK 17 million). Total cash flows from leases amounted to DKK 110 million (2020: DKK 112 million)*

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

Credit risk
Credit risk is then a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions (to the extent the balance is in surplus of the Group). Furthermore, from loans to Transgroup Global Inc., foreign exchange transactions and other financial instruments.

The Group has established procedures for handling credit risk and actively monitors and limits risks and losses on receivables. Historically, losses on receivables are at a low level. We refer to note 3.3 regarding credit quality and impairment losses on trade receivables.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The most significant interest rate risk relates to the bond debt. A 1 percent increase in variable interest rates would result in higher interest expenses of DKK 0.8 million annually.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, primarily from USD, EUR and RMB. SGL Group's exposure to the risk of changes in foreign exchange rates relates primarily to SGL Group's operating activities (when revenue or expense is denominated in a foreign currency) and SGL Group's net investments in foreign subsidiaries. The main currencies for revenue and cost are USD, EUR, RMB, DKK and SEK. SGL Group manages its foreign currency risk on an ongoing basis.

Fair value hierarchy
SGL Group has no financial instruments measured at fair value based on level 1 input (quoted active market prices). Assets and liabilities other than the categories mentioned below are recognized with a carrying amount that is a reasonable approximation of its fair value.

Borrowings
Borrowings mainly comprise of bonds issued with a total amount of EUR 515m and measured at amortised cost. The fair value of issued bonds on 31 December 2021 was DKK 3,331m based on quoted bond rates at Börse Frankfurt.

Other payables
Earn-out related to the acquisition of Orbis is measured at fair value and classified as other payables. On 31 December 2021, the fair value amounted to DKK 41m based on expected EBITDA in the earn-out period for 2022 to 2024 using a WACC of 11.5%.

CURRENCY RISK

DKKm		2021		2020	
Currency	Change	Other Net profit for the year	Other Comprehensive income	Net profit for the year	Other comprehensive income
USD	10%	139	-	73	-
EUR	1%	-30	-	-17	-
SEK	10%	25	-	2	-
RMB	10%	-41	-	-1	-
GBP	10%	7	-	-	-

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

FINANCIAL ASSETS AND LIABILITIES

DKKm	Maturity of cash flows					2021
ASSETS	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount
Trade receivables	2,319	-	-	2,319	2,319	2,319
Contract assets	41	-	-	41	41	41
Other receivables	8	22	-	30	30	30
Receivables from related parties	880	928	-	1,808	1,586	1,586
Cash	520	-	-	520	520	520
Amortised costs	**3,768**	**950**	**-**	**4,718**	**4,496**	**4,496**
Total financial assets	**3,768**	**950**	**-**	**4,718**	**4,496**	**4,496**
LIABILITIES						
Borrowings	226	3,994	-	4,220	3,474	3,416
Lease liabilities	121	177	9	307	220	220
Trade payables	1,149	-	-	1,149	1,149	1,149
Accrued trade expenses	448	-	-	448	448	448
Payables to related parties	150	-	-	150	150	150
Other payables	291	64	-	355	355	355
Amortised costs	**2,385**	**4,235**	**9**	**6,629**	**5,796**	**5,738**
Total financial liabilities	**2,385**	**4,235**	**9**	**6,629**	**5,796**	**5,738**

DKKm	Maturity of cash flows					2020
ASSETS	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount
Trade receivables	688	-	-	688	688	688
Contract assets	26	-	-	26	26	26
Other receivables	29	15	-	44	44	44
Receivables from related parties	61	904	-	965	817	817
Cash	187	-	-	187	187	187
Amortised costs	**991**	**919**	**-**	**2,000**	**1,762**	**1,762**
Total financial assets	**991**	**919**	**-**	**2,000**	**1,762**	**1,762**
LIABILITIES						
Borrowings	126	2,224	-	2,350	1,833	1,833
Lease liabilities	85	188	5	278	244	244
Trade payables	551	-	-	551	551	551
Accrued trade expenses	107	-	-	107	107	107
Payables to related parties	11	-	-	11	11	11
Other payables	138	25	-	163	163	163
Amortised costs	**1,018**	**2,437**	**5**	**3,460**	**2,909**	**2,909**
Total financial liabilities	**1,018**	**2,437**	**5**	**3,460**	**2,909**	**2,909**

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

ACCOUNTING POLICIES

Financial liabilities are recognised on the issuance of the loan equal to the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method.

Borrowing costs, including capital losses, are recognized as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Trade receivables, trade payables and other receivables and payables pertaining to operating activities are considered to have a carrying amount that is an approximation of fair value.

The financial assets are classified based on the contractual cash flow characteristics of the financial asset as well as our intention with the financial asset according to our business model.

If cash flows from a financial asset are solely payments of principal and interests the classification is either:

- Amortised cost, for financial assets, where the objective is to hold the financial asset to collect the contractual cash flows
- Fair value through profit/loss, for other financial assets.

No hedge accounting is recognised. All changes in financial instruments are recognised as financial income or financial expenses in the income statement. SGL Group's foreign currency risk mainly relates to USD, EUR, SEK and RMB and the exposure towards these currencies is described above.

SECTION 5: OTHER AREAS

5.1 AUDIT FEES

DKKm	2021	2020
Fee to the auditors appointed at the general meeting		
Statutory audit	5	3
Tax and VAT services	-	-
Other services	5	1
Total	**10**	**4**

SECTION 5: OTHER AREAS

5.2 TAX

TAX FOR THE YEAR

DKKm	2021	2020
Current tax	79	32
Change in deferred tax	-31	-14
Adjustments to tax, prior years	-2	2
Total	**46**	**20**

CALCULATION OF EFFECTIVE TAX RATE

DKKm		2021		2020
Profit before tax		205		-83
Tax applying the statutory Danish corporate income tax rate	22%	45	22%	-18
Effect of tax rates in other jurisdictions	0%	-	-5%	4
Unrecognised tax assets	1%	3	-20%	17
Tax-exempt income, less non-deductible expenses	18%	36	-1%	1
Adjustment for tax cost of previous years	-1%	-2	-2%	2
Other adjustments	-1%	-2	4%	-3
Total, before unrecognised tax asset	**39%**	**80**	**-4%**	**3**
Adjustment tax asset	-17%	-34	-20%	17
Total	**22%**	**46**	**-24%**	**20**

DEFERRED TAX

DKKm	2021	2020
Net deferred tax 1 January	-48	-51
Additions from acquisitions	-67	-12
Deferred tax for the year	31	14
Adjustments deferred tax previous years	-20	-
Exchange rate adjustment	-1	1
Net deferred tax 31 December	**-105**	**-48**
Deferred tax, by gross temporary difference		
Intangibles	-121	-59
Tax losses carried forward	8	7
Other	8	4
Total	**-105**	**-48**
Recognised in the balance sheet as:		
Deferred tax assets	3	11
Deferred tax liabilities	-108	-59
Total	**-105**	**-48**

SECTION 5: OTHER AREAS

5.2 TAX, CONT.

ACCOUNTING POLICIES

Tax
Tax for the year consists of current tax and changes in deferred tax for the year, including adjustments to previous years. The tax for the year is recognised in the income statement unless the tax relates directly to items included in other comprehensive income or equity.

Current income tax receivable and payable is measured at the amount expected to be recovered from or paid to the taxation authorities.

Income taxes payable
Current tax payable and receivable is recognised in the balance sheet at the estimated tax charge regarding the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Deferred tax
Deferred tax is measured using the balance sheet liability method on temporary differences between the carrying amount and the tax base of assets and liabilities at the reporting date.

However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes and on other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax is measured according to the taxation rules and rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is adjusted for elimination of unrealised intercompany gains and losses.

SECTION 5: OTHER AREAS

5.2 TAX, CONT.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets, significant accounting estimates
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

Significant Management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits and future tax planning strategies.

The carrying amount of deferred tax assets is reviewed at each reporting date. Subsequently, it is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets, recognition and measurement uncertainties
The recognition is due to the fact that the tax losses can be utilised against future earnings within a period of 3-5 years. Therefore, the uncertainty about recognition and measurement of the deferred tax asset depends on whether the future earnings can be realised.

Deferred tax assets relating to the Danish part of the Group have been recognised to the extent management expects to utilise these within a period of 5 years.

The majority of deferred tax assets related to tax losses for foreign entities have not been recognised.

DKKm	2021	2020
Deferred tax assets not recognised at 31 December	16	46

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS

FAIR VALUE AT DATE OF ACQUISITION

DKKm				2021	2020
	Grupo Contenosa	Horizon International Group	Orbis Global Logistics	Total	Total
ASSETS					
Other Intangible assets	1	-	-	1	-
Property, plant and equipment	11	19	1	31	5
Trade receivables	74	236	27	337	23
Corporation tax	-	-	16	16	-
Other receivables	1	-	-	1	1
Cash and cash equivalents	25	164	10	199	4
Total assets	**112**	**419**	**54**	**585**	**33**
LIABILITIES					
Lease liability	7	17	1	25	4
Finance liabilities	1	-	-	1	5
Trade payables	49	171	11	231	10
Corporation tax	2	-	16	18	-
Other payables	10	24	12	46	4
Total liabilities	**69**	**212**	**40**	**321**	**23**

FAIR VALUE AT DATE OF ACQUISITION

DKKm				2021	2020
	Grupo Contenosa	Horizon International Group	Orbis Global Logistics	Total	Total
Acquired net assets	**43**	**207**	**14**	**264**	**10**
Goodwill	61	106	89	256	54
Customer relations	85	143	52	280	44
Trademarks	1	6	1	8	-
Deferred tax	-22	-30	-15	-67	-12
Fair value of total net assets acquired	**168**	**432**	**141**	**741**	**96**
Cash consideration	142	324	101	567	61
Contingent consideration	26	108	40	174	35
Fair value of consideration transferred	**168**	**432**	**141**	**741**	**96**

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

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 142 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 has 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.

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

Earnings impact
During the 8 months after the acquisition date, Grupo Contenosa contributed with DKK 518 million to the Group's revenue and DKK 38 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 10,442 million and DKK 638 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 valuated 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.

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 is generally very short and the discounted effect therefore immaterial.

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OF HORIZON INTERNATIONAL GROUP

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.

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

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. It gives 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 has 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.

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

Earnings impact
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:

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

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 valuated using an IRR of 22.3% as discount rate. In total, customer relationships amounting to DKK 143 million have been includd 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 is generally very short and the discounted effect therefore immaterial.

ACQUISITION OF ORBIS GLOBAL LOGISTICS

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

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 & Ocean freight of import and export to and from New Zealand. 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.

Fair value of acquired net assets and recognised goodwill
Fair value of acquired net assets has 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.

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

Earnings impact
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.

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

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 valuated using an IRR of 20.0% as the discount rate. In total, customer relationships amounting to DKK 52 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 is generally very short and the discounted effect therefore immaterial.

OTHER ACQUISITIONS

Acquisition of activities from Werner Global Logistics (Shanghai) Co. Ltd.
On 27 January 2021, SGL Group entered into an agreement for the acqui- sition of air and ocean activities from Werner Global Logistics (Shanghai) Co., a Chinese-based freight forwarding company; through its wholly-owned subsidiary Scan Global Logistics (Shanghai) Co. Ltd. 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.

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.

SECTION 5: OTHER AREAS

5.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

SECURITY FOR LOANS

DKKm	2021	2020
As security for debt to credit institutions, for undrawn credit facilities, SGL Group has pledged assets as collateral		
Chattel mortgages	12	12
Company charge	213	213
Total security	**225**	**225**

The above-mentioned securities relate to assets in the company Scan Global Logistics A/S. Carrying amount of total assets in Scan Global Logistics A/S is DKK 1,914 million (2020: DKK 1,532 million) per 31 December 2021, of which DKK 11 million (2020: DKK 7 million) relates to fixed assets.

As security for the bond debt, the Parent Company has pledged assets as collateraL

	2021	2020
Bond debt at par	**3,829**	**1,860**

Bond debt is secured by equity interests in the Parent Company as well as certain of the Parent Company's subsidiaries. The carrying amount of the pledged net assets recognised comprises the Group's consolidated equity which amounted to DKK 460 million as of 31 December 2021.

Additionally, group companies within the SGL Transgroup US Corp. were placed as security for bonds issued by SGL International A/S. The group companies within SGL Transgroup US Corp. are part of SGLT Holding and not recognised in the consolidated balance sheet of SGL International A/S.

There have only been a few claims against the company due to various transports worldwide in the current financial year. These claims are considered insignificant and are expected to be covered economically by the company's global liability insurance program.

The company has a few cases, which are not covered by the company's global liability insurance program.

Based on the precautionary principle, Management has made a provision to cover these risks.

The Group has various lease contracts that have not yet commenced as of 31 December 2021. The future lease payments for these non-cancellable lease contracts are DKK 201 million within one year.

SECTION 5: OTHER AREAS

5.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS, CONT.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Contingent liabilities comprise of a possible obligation that arises from past events. The obligation will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Or by a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES

RELATED PARTY CONTROLLING INTEREST

Information about related parties with a controlling interest and significant influence:

Related party	Domicile
Owners of SGL International A/S:	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
Ultimate owner with controlling interest:	
SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
Owners of SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands

RELATED PARTY TRANSACTIONS

DKKm	2021	2020
Group companies		
Sale of services	1,386	513
Purchase of services	-1,346	-513
Loans to	1,255	727
Receivables	331	90
Payables	-150	-11
Capital increase from parent	225	-
Board of directors		
Rented building	2	2
Purchase of services	2	1
Remuneration as part of their employment within the group	17	16

Please see note 4.1 regarding financial income from related parties.

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	ACTIVITY
AEA Investors Small Business Fund III LP			
SGLT Holding I LP	Cayman Islands	100,00%	
SGLT Holding:			
SGLT Holding II LP	Cayman Islands	100,00%	
Scan (Jersey) Topco Limited	Jersey	100,00%	
Scan (UK) Midco Limited	United Kingdom	100,00%	
SGL Group:			
SGL International A/S	Denmark	100,00%	
Scan Global Logistics A/S	Denmark	100,00%	
SGL Express A/S	Denmark	100,00%	
SGL Road ApS	Denmark	100,00%	
Scan Global Logistics AB	Sweden	100,00%	
SGL Road AB	Sweden	100,00%	
Scan Global Logistics GmbH	Germany	100,00%	
SGL Fulfillment & Distribution A/S	Denmark	100,00%	
Sp/f Scan Global Logistics Faroe I.	Faroe Island	100,00%	
Scan Global Logistics Greenland ApS	Greenland	100,00%	
Scan Global Logistics Iceland ehf.	Iceland	100,00%	
Scan Global Logistics GmbH	Austria	100,00%	
Scan Global Logistics N.V.	Belgium	100,00%	
Scan Global Logistics B.V.	Netherlands	100,00%	
Scan Global Logistics Spain S.L	Spain	100,00%	
Contenosa, S.A.U	Spain	100,00%	
Conmar Lines, S.L.U	Spain	100,00%	
Neypemar Barcelona, S.L.U	Spain	100,00%	
Contenosa Canaries, S.L	Spain	100,00%	
SGL Express Holding AB	Sweden	100,00%	
SGL Express AB	Sweden	100,00%	
Scan Global Logistics AS	Norway	100,00%	
Scan Global Logistics (Finland) Oy	Finland	100,00%	
Scan Global Logistics SAS	France	100,00%	
Scan Global Logistics Sp. z o.o	Poland	100,00%	
Scan Global Logistics s.r.o.	Czech Republic	100,00%	
Scan Global Logistics K.K.	Japan	100,00%	
Scan Global Logistics (Shanghai) Co. Ltd	China	100,00%	
Scan Global Logistics (Wuxi)Co. Ltd.	China	100,00%	
Scan Global Logistics Ltd. (Hong Kong)	Hong Kong	100,00%	
"Scan Global Logistics (Shanghai) Ltd"	China	100,00%	
Scan Global Logistics Company Limited	Thailand	100,00%	
Scan Global Logistics SDN. BHD.	Malaysia	100,00%	
Scan Global Logistics Pty. Ltd.	Australia	100,00%	
SGL Australia PTY LTD	Australia	100,00%	
Scan Global Logistics (Philippines) Inc.	Philippines	40,00%	
SGL Manila (Shared Service Center) Inc.	Philippines	98,60%	
Scan Global Logistics Chile S.A.	Chile	100,00%	
Scan Global Logistics Peru S.A.C	Peru	100,00%	
Scan Global Logistics (Vietnam) Ltd.	Vietnam	75,00%	
Scan Global Logistics (Singapore) Pte Ltd.	Singapore	100,00%	
PT SCAN GLOBAL INDONESIA	Indonesia	67,00%	

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	ACTIVITY
Scan Global Logistics SA Pty Ltd	South Africa	100,00%	
Scan Global Logistics S.A.	Mali	55,00%	
Scan Global Logistics SARL	Senegal	100,00%	
Scan Global Logistics SARL	Ivory Coast	100,00%	
Scan Global Logistics SARL	Benin	100,00%	
Scan Global Logistics Togo SARLU	Togo	100,00%	
Scan Global International (Cambodia) Co., Ltd.	Cambodia	100,00%	
Scan Global Logistics Co. Ltd.	Myanmar	100,00%	
Scan Global Logistics NZ Limited	New Zealand	100,00%	
Scan Global Logistics LLC	Dubai	100,00%	
IQS Holding GmbH	Germany	100,00%	
IQS International Quality Service GmbH	Germany	100,00%	
IQS Business Travel GmbH	Germany	100,00%	
Scan Global Logistics Deutschland GmbH	Germany	100,00%	
Aircargo Consulting GmbH	Germany	100,00%	
IQS Logistic Consulting Corp.	USA	100,00%	
Global Automative Testing Support GmbH	Germany	100,00%	
Scan Global Logistics FZE	Dubai	100,00%	
Horizon International Holdings Limited	United Kingdom	100,00%	
Horizon International Cargo Limited	United Kingdom	100,00%	
Horizon International Logistics Limited	United Kingdom	100,00%	
Horizon International Cargo Inc.	Delaware	100,00%	
Horizon International Cargo (Ireland) Limited	Ireland	100,00%	
Horizon International Cargo B.V	Netherlands	100,00%	
Horizon International Cargo Japan Ltd.	Japan	100,00%	

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	ACTIVITY
SGL Transgroup US Corp:			
SGLT TransGroup US Corp	Delaware	100,00%	
Transgroup Global Inc.	Delaware	100,00%	
TransLAX, LLC	California, US	50,00%	
TGLOMA, LLC	California, US	100,00%	
Transfair North America International Freight Services, LLC	Washington, US	100,00%	
ORD ICO, LLC	Illinois, US	100,00%	
TRANS ICO, LLC	New Jersey, US	50,00%	
TGLPHL, LLC	Pennsylvania, US	100,00%	
TRANS BOS. LLC	Washington, US	100,00%	
ICO SFO, LLC	USA	50,00%	
Transgroup Express, LLC	Washington, US	100,00%	
Trans MCO	Florida, US	51,00%	
Transdomestic LAX, LLC	California, US	100,00%	
Trans MCO, LLC	Florida, US	51,00%	
TGLEWR, LLC	New Jersey, US	100,00%	
TRANS IAH, LLC	Texas, US	100,00%	
Translogic Technologies, LLC	Washington, US	100,00%	
TRANS-MIA, LLC	Florida, US	61,00%	
TRANS ATL, LLC	Georgia, US	51,00%	
Cargo Connections NC, LLC	North Carolina, US	51,00%	
CNA TRANS, LLC	Nevada, US	50,00%	
Transgroup DFW	Texas, US	100,00%	
TGLNCL, LLC	Florida, US	51,00%	
New Bison, LLC	Washington, US	60,00%	

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	ACTIVITY
MDX Global Logistics, LLC	Washington, US	100,00%	
TransGroup Canada Logistics, Inc.	Canada	100,00%	
TGLORD, LLC	Illinios, US	80,00%	
Trans Sea Land S.A. CV	Mexico	99,99%	
SGL Transgroup de Mexico S.A. DE CV	Mexico	99,99%	

ACTIVITY:

Forwarding company

Holding company

SECTION 5: OTHER AREAS

5.6 FINANCIAL DEFINITIONS

Financial ratios
Financial ratios are calculated in accordance with the following definitions:

Gross margin:

$$\frac{\text{Gross profit}}{\text{Revenue}} \times 100$$

EBITDA margin*:

$$\frac{\text{EBITDA*}}{\text{Revenue}} \times 100$$

EBIT margin*:

$$\frac{\text{Operating profit (EBIT)*}}{\text{Revenue}} \times 100$$

EBIT margin:

$$\frac{\text{Operating profit (EBIT)}}{\text{Revenue}} \times 100$$

Return an assets*:

$$\frac{\text{Operating profit (EBIT)*}}{\text{Average total assets}} \times 100$$

Equity ratio:

$$\frac{\text{Equity at year-end}}{\text{Total assets}} \times 100$$

Return on equity:

$$\frac{\text{Profit/Loss for the year attributable to owners of the parent}}{\text{Average equity excluding non-controlling interests}} \times 100$$

Net interest-bearing debt:
Interest-bearing debt less of interest-bearing assets

EBITDA excluding IFRS 16 Leases:
EBITDA presented before applying the accounting of IFRS 16 Leases

Net leverage ratio:

$$\frac{\text{Net interest-bearing debt}}{\text{EBITDA before special items}}$$

**before special items*

PARENT COMPANY FINANCIAL STATEMENTS

CONTENTS

INCOME STATEMENT

DKKm	NOTES	2021	2020
Other external expenses		-13	-2
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		**-13**	**-2**
Amortisation and depreciation		-	-5
Operating profit (EBIT) before special items		**-13**	**-7**
Special items, net		-	-
Operating profit (EBIT)		**-13**	**-7**
Financial income	3.1	168	93
Financial expenses	3.1	-209	-173
Profit/loss before tax		**-54**	**-87**
Income tax for the year	4.2	21	-
Profit/loss for the year		**-33**	**-87**

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKKm	NOTES	2021	2020
Profit/loss for the year		**-33**	**-87**
Items that will be reclassified to income statement when certain conditions are met:			
Exchange rate adjustment		-	-
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income for the period		**-33**	**-87**

BALANCE SHEET

DKKm	NOTES	2021	2020
ASSETS			
Investments in Group entities	2.1	1,479	929
Receivables from related parties	3.2	846	1,094
Deferred tax asset	4.2	18	1
Total non-current assets		**2,343**	**2,024**
Receivables from related parties	4.3	1,423	-
Other receivables		-	14
Cash and cash equivalents		9	1
Total current assets		**1,432**	**15**
Total assets		**3,775**	**2,039**

DKKm	NOTES	2021	2020
EQUITY AND LIABILITIES			
Share capital		1	1
Share premium		225	-
Retained earnings		78	111
Total equity		**304**	**112**
Borrowings	3.2	3,416	1,833
Payable to related parties	3.2, 4.3	-	53
Total non-current liabilities		**3,416**	**1,886**
Current tax liabilities	4.2	-	-
Payable to related parties	3.2, 4.3	54	21
Other payables		1	20
Total current liabilities		**55**	**41**
Total liabilities		**3,471**	**1,927**
Total equity and liabilities		**3,775**	**2,039**

STATEMENT OF CASH FLOWS

DKKm	NOTES	2021	2020
Operating profit (EBIT) before special items		-13	-7
Depreciation and amortisation		-	5
Non-cash transactions		-	-
Change in working capital	2.2	31	-1
Cash flows from operating activities before special items, interest and tax		**18**	**-3**
Interest received	3.1	64	61
Interest paid	3.1	-155	-118
Cash flows from operating activities		**-73**	**-60**
Purchase of property, plant and equipment		-	-2
Cash flows from investing activities		**-**	**-2**
Free cash flow		**-73**	**-62**

DKKm	NOTES	2021	2020
Capital increase		255	-
Repayment of loan from related entities	3.2	-1,671	-200
Proceeds from issuing bonds	3.2	1,527	196
Cash flows from financing activities		**81**	**-4**
Change in cash and cash equivalents		**8**	**-66**
Cash and cash equivalents			
Cash and cash equivalents beginning of period		1	63
Exchange rate adjustment of cash and cash equivalents		-	4
Change in cash and cash equivalents		8	-66
Cash and cash equivalents end of period		**9**	**1**

STATEMENT OF CHANGES IN EQUITY

DKKm	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	2021 Total Equity
Equity at 1 January	**1**	**-**	**-**	**111**	**112**
Profit/Loss for the period	-	-	-	-33	-33
Total comprehensive income, net of tax	**-**	**-**	**-**	**-33**	**-33**
Capital increase by cash payment	-	225	-	-	225
Total transactions with owners	**-**	**225**	**-**	**-**	**255**
Equity at 31 December	**1**	**255**	**-**	**78**	**304**

On December 31, 2021, the share capital of SGL International A/S amounted to 5,008 shares with a nominal value of DKK 100 each.
During the year, the authorised share capital was increased by DKK 100 by the issue of 1 share of DKK 100.

DKKm	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	2020 Total Equity
Equity at 1 January	**1**	**833**	**-26**	**-222**	**586**
Merger at 1 January 2020	-	-833	26	324	-483
Change in accounting policy	-	-	-	96	96
Adjusted equity at 1 January	**1**	**-**	**-**	**198**	**199**
Profit/Loss for the period	-	-	-	-87	-87
Total comprehensive income, net of tax	**-**	**-**	**-**	**-87**	**-87**
Equity at 31 December	**1**	**-**	**-**	**111**	**112**

SECTION 1: BASIS OF PREPARATION

1.1 GENERAL ACCOUNTING POLICIES

Basis of presentation

The 2021 financial statements of SGL International A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

The financial statements are presented in Danish kroner (DKK), which is the presentation currency.

The accounting policies for the Parent Company are the same as for the Group, cf. section 1 in the consolidated financial statements and the individual sections.

Merger 1 January 2021

SGL International A/S was merged with its subsidiary Scan Global Logistics Holding ApS on 1 January 2021.

Scan Global Logistics Holding ApS was a holding entity and did not have any activity, assets or liabilities other than the ownership interests in the Group entities.

Change in accounting policy

In 2021 the Parent Company changed its accounting policies for the recognition of investments in subsidiaries, thus these are measured at cost and tested for indication of impairment. Previously investments in subsidiaries were recognised using the equity method. The change in accounting policy occures as management assesses that it will be more relevant to present the direct return on investments in subsidiaries in form of dividends received.

The following table summarises the impact of the change in policy on the financial statements of the Parent Company:

IMPACT OF CHANGE IN ACCOUNTING POLICY

	2020
Income from investments in group entities	1
Profit/loss for the year	**1**
Other comprehensive income	**5**
Investments in Group entities	102
Total assets	**102**
Net assets	**102**

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing SGL International A/S' financial statements, Management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Company's assets and liabilities.
The significant accounting estimates and judgements made and accounting policies specific to the Parent Company are presented.

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.1 INVESTMENTS IN GROUP ENTITIES

INVESTMENTS IN GROUP ENTITIES

DKKm	2021	2020
Cost at 1 January	929	929
Additions	550	-
Disposals	-	-
Cost at 31 December	**1,479**	**929**
Impairment losses at 1 January	-	-
Impairment losses for the year	-	-
Impairment losses at 31 December	**-**	**-**
Carrying amount at 31 December	**1,479**	**929**

ACCOUNTING POLICIES

Dividends on investments in subsidiaries are recognised in the Parent Company 's income statement in the financial year in which the dividend is declared.

Investments in subsidiaries are measured at the lower of cost and recoverable amount.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Indications of impairment of investments in subsidiaries are assessed annually by Management.

Impairment tests are conducted the same way as for goodwill in the Group, cf. section 2.2 in the consolidated financial statements.

Management assesses that no indications of impairment existed at year-end 2021. Impairment tests have therefore not been carried out for subsidiaries.

2.2 CHANGE IN NET WORKING CAPITAL

NET WORKING CAPITAL

DKKm	1 January	Cash flow	Non-cash changes	31 December
2021				
Receivables	14	-	-11	3
Trade and other payables	-41	-31	71	-1
Total net working capital	**-27**	**-31**	**60**	**2**

	1 January	Cash flow	Non-cash changes	31 December
2020				
Receivables	80	-	-66	14
Trade and other payables	-188	-1	146	-41
Total net working capital	**-108**	**-1**	**80**	**-27**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.1 FINANCIAL ITEMS

FINANCIAL INCOME

DKKm	2021	2020
Financial income from related parties	109	93
Exchange rate gains	59	-
Total	**168**	**93**

FINANCIAL EXPENSES

	2021	2020
Interest expenses	198	120
Amortisation of capitalised loan contracts	11	5
Exchange rate losses	-	48
Total	**209**	**173**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT

LIQUIDITY RESERVE

DKKm	2021	2020
Cash and cash equivalents	9	1
Liquidity reserve	**9**	**1**

CHANGES TO FINANCIAL LIABILITIES

DKKm					2021
	Effective interest rate	Carrying amount 1 January	Cashflow	Other	Carrying amount 31 Dec
Bond debt					
Issued bonds, EUR 250 million	1 month EURIBOR + 6.75%	1,860	-	-1	1,859
Issued bonds, EUR 225 million	7.75%	-	1,673	-	1,673
Issued bonds, EUR 40 million	11.50%	-	297	-	297
Bonds held by SGL Group		-	-430	-	-430
Capitalised loan costs		-27	-13	-	-40
Payable bond interest		-	-	57	57
Total		**1,833**	**1,527**	**56**	**3,416**

					2020
Bond debt					
Issued bonds, EUR 250 million	1 month EURIBOR + 6.75%	1,666	199	-5	1,860
Capitalised loan costs		-24	-3	-	-27
Total		**1,642**	**196**	**-5**	**1,833**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT, CONT.

FINANCIAL ASSETS AND LIABILITIES

DKKm	Maturity of cash flows					2021
	< 1 year	1-5 years	> 5 years	Total cash flows	Fair value	Carrying amount
ASSETS						
Other receivables	-	-	-	-	-	-
Receivables from related parties	1,522	983	-	2,505	2,269	2,269
Cash	9	-	-	9	9	9
Amortised costs	**1,531**	**983**	**-**	**2,514**	**2,278**	**2,278**
Total financial assets	**1,531**	**983**	**-**	**2,514**	**2,278**	**2,278**
LIABILITIES						
Borrowings	226	3,994	-	4,220	3,474	3,416
Payables to related parties	54	-	-	54	54	54
Other payables	1	-	-	1	1	1
Amortised costs	**281**	**3,994**	**-**	**4,275**	**3,529**	**3,471**
Total financial liabilities	**281**	**3,994**	**-**	**4,275**	**3,529**	**3,471**

DKKm	Maturity of cash flows					2020
	< 1 year	1-5 years	> 5 years	Total cash flows	Fair value	Carrying amount
ASSETS						
Other receivables	14	-	-	14	14	14
Receivables from related parties	-	773	-	773	1,094	1,094
Cash	1	-	-	1	1	1
Amortised costs	**15**	**773**	**-**	**788**	**1,109**	**1,109**
Total financial assets	**15**	**773**	**-**	**788**	**1,109**	**1,109**
LIABILITIES						
Borrowings	126	2,224	-	2,350	1,833	1,833
Payables to related parties	21	53	-	74	74	74
Other payables	20	-	-	20	20	20
Amortised costs	**167**	**2,277**	**-**	**2,444**	**1,927**	**1,927**
Total financial liabilities	**167**	**2,277**	**-**	**2,444**	**1,927**	**1,927**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT, CONT.

CURRENCY RISK

DKKm Currency	Change	2021 Net profit for the year	2021 Other comprehensive income	2020 Net profit for the year	2020 Other comprehensive income
USD	10%	118	-	69	-
EUR	1%	-33	-	-19	-

SECTION 4: OTHER AREAS

4.1 FEE TO THE AUDITORS

AUDIT FEE

DKKm	2021	2020
Fee to the auditors appointed at the general meeting		
Statutory audit	-	-
Other services	-	-
Total	**-**	**-**

SECTION 4: OTHER AREAS

4.2 TAX

TAX FOR THE YEAR

DKKm	2021	2020
Current tax	-	-3
Change in deferred tax	-17	3
Adjustments to tax, prior years	-4	-
Total	**-21**	**-**

CALCULATION OF EFFECTIVE TAX RATE

DKKm	2021		2020	
Profit before tax		-54		-87
Tax applying the statutory Danish corporate income tax rate	22%	-11	22%	-19
Non-taxable income from investments in group entities	-	-	-	-
Tax-exempt income, less non-deductible expenses	-34%	18	-1%	1
Adjustment for tax cost of previous years	7%	-4	-	-
Other adjustments	-	-	1%	-1
Total, before unrecognised tax asset	**-5%**	**3**	**22%**	**-19**
Adjustment tax asset	44%	-24	-22%	19
Total	**39%**	**-21**	**0%**	**-**

DEFERRED TAX

DKKm	2021	2020
Net deferred tax 1 January	1	4
Deferred tax for the year	17	-3
Net deferred tax 31 December	**18**	**1**
Deferred tax, by gross temporary difference		
Tax losses carried forward	18	1
Total	**18**	**1**
Recognised in the balance sheet as:		
Deferred tax assets	18	1
Deferred tax liabilities	-	-
Total	**18**	**1**

SECTION 4: OTHER AREAS

4.3 RELATED PARTIES

RELATED PARTY CONTROLLING INTEREST

Information about related parties with a controlling interest and significant influence:

Related party	Domicile
Owners of SGL International A/S:	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
Ultimate owner with controlling interest:	
SGLT Holding I LP (controlling interest of 100% of the financial rights)	Cayman Islands
Owners of SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands

RELATED PARTY TRANSACTIONS

DKKm	2021	2020
Group entities		
Purchase of services	-6	-1
Capital increase from parent	225	-
Capital increase in subsidiary	-550	-
Loan to	2,266	1,094
Loan from	-54	-53
Receivables	3	-
Payables	-	-21

No sales between group entities were realised in 2021.

Please see note 3.1 regarding financial income from related parties.

SECTION 4: OTHER AREAS

4.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

SECURITY FOR LOANS

Bond debt is secured by equity interests in the Parent Company as well as certain of the Parent Company's subsidiaries. Please see note 5.4 in the consolidated statements for a further description.

DKKm	2021	2020
Bond debt at par	**3,829**	**1,860**

JOINT TAXATION

SGL International A/S, company reg. no 37 52 10 43 being the administration company, is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

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

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

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

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today discussed and approved the annual report of SGL International A/S (SGL Group) for the financial year 1 January - 31 December 2021.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Danish Financial Statements Act.

Further, in our opinion, Management's review includes a fair review of the development in SGL Group's and the Parent Company's operations and financial conditions, the results for the year, cash flow and financial position, as well as a description of the significant risks and uncertainty factors that the Parent Company and SGL Group face.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of SGL Group's and the Parent Company's financial position at 31 December 2021 and of the results and cash flows of SGL Group's and the parent Company's operations for the financial year 1 January - 31 December 2021.

In our opinion, the annual report of SGL International A/S for the financial year 1 January to 31 December 2021 with the file name SGL-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the adoption of the annual report at the annual general meeting.

Kastrup, 31 March 2022

Executive Management

Allan Dyrgaard Melgaard CEO	Claes Brønsgaard Pedersen CFO

Board of Directors

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SGL INTERNATIONAL A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SGL International A/S for the financial year 1 January – 31 December 2021, pp. 53-112, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including accounting policies, for the Group and the Parent company. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the financial position of the Group and Parent Company at 31 December 2021 and of the results of the Group's and Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of SGL International A/S on 6 June 2018 for the financial year 2020. We have been reappointed annually by resolution of the general meeting for a total consecutive period of four years up until the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2021. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONT.

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Revenue recognition

The Group generates revenue from two principal freight forwarding services being Air & Ocean and Road in addition to the Solutions services. Revenue from freight forwarding services is recognized over time, which is measured as time elapsed of total expected time to render the service to the customer or another service provider. Given the significance of revenue and significant management judgments in respect of estimating revenue from services delivered over time, we considered this of most significance in our audit. Accordingly, we considered revenue recognition to be a key audit matter.

As part of our audit, we have evaluated the design and tested the operating effectiveness of selected internal controls in this area. We further, for a sample containing large ongoing services and a sample of other ongoing services at year-end, evaluated the estimates made by management regarding revenue from services delivered over time and assumptions applied in the assessment of claims. We evaluated on a sample basis changes in estimated total time to render the service to the customer to supporting underlying documentation and discussed these with shipping agents and Management. For those balances subject to claims, we made inquiries to external legal counsel. We also assessed whether policies and processes for making these estimates have been applied consistently to all services of a similar nature.

The accounting principles and disclosures about revenue recognition are included in note 2.2, note 1.1 and note 1.2 to the consolidated financial statements.

Impairment of goodwill and other intangible assets

The carrying amounts of goodwill and other intangible assets related to prior years' business combinations comprise a significant part of the consolidated balance sheet. The cash-generating units in which goodwill and other intangible assets are included are impairment tested by Management on an annual basis. The impairment tests are based on Management's estimates of among others future profitability, long-term growth and discount rate. Due to the inherent uncertainty involved in determining the net present value of future cash flows, including the uncertainty relating to estimating the impact from Covid-19, we considered these impairment tests to be a key audit matter.

In response to the identified risks, we obtained an understanding of the impairment assessment process. Our work included test and comparison of inputs with supporting documentation including evaluation of key assumptions used in determining the net present value including projected future income and earnings and testing the allocation of the goodwill and other intangible assets. Further, we evaluated the sensitivity analysis on the key assumptions applied. Our audit procedures primarily focused on cash generating units where likely changes in key assumptions could result in impairment. We further evaluated the adequacy of disclosures provided by Management in the financial statements compared to applicable accounting standards.

The accounting principles and disclosures about goodwill and other intangible assets are included in note 3.1 and note 1.2 to the consolidated financial statements.

Statement on the Management's review

Management is responsible for the Management's review, pp. 4-52.

INDEPENDENT AUDITOR'S REPORT, CONT.

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

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

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

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

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

INDEPENDENT AUDITOR'S REPORT, CONT.

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

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated and parent company financial statements of SGL International A/S we performed procedures to express an opinion on whether the annual report of SGL International A/S for the financial year 1 January – 31 December 2021 with the file name SGL-2021-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes the preparing of the annual report in XHTML format.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The procedures consist of testing whether the annual report is prepared in XHTML format.

In our opinion, the annual report of SGL International A/S for the financial year 1 January – 31 December 2021 with the file name SGL-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 31 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Skov Larsen State Authorized Public Accountant mne26797	Henrik Pedersen State Authorized Public Accountant mne35456

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