

SGL TransGroup International A/S

INTERIM FINANCIAL REPORT

**Full year 2020,
including fourth quarter of 2020**

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How to read this interim financial report

SGLT Holding

The figures contained in this section are comprised of the combined financial performance of SGL TransGroup 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 bond through SGL TransGroup International A/S.

Reporting currency for SGLT Holding is USD.

SGLT Holding - Financial highlights - Full year of 2020

Revenue	Adjusted EBITDA*
USD 1,210 million	USD 50.4 million

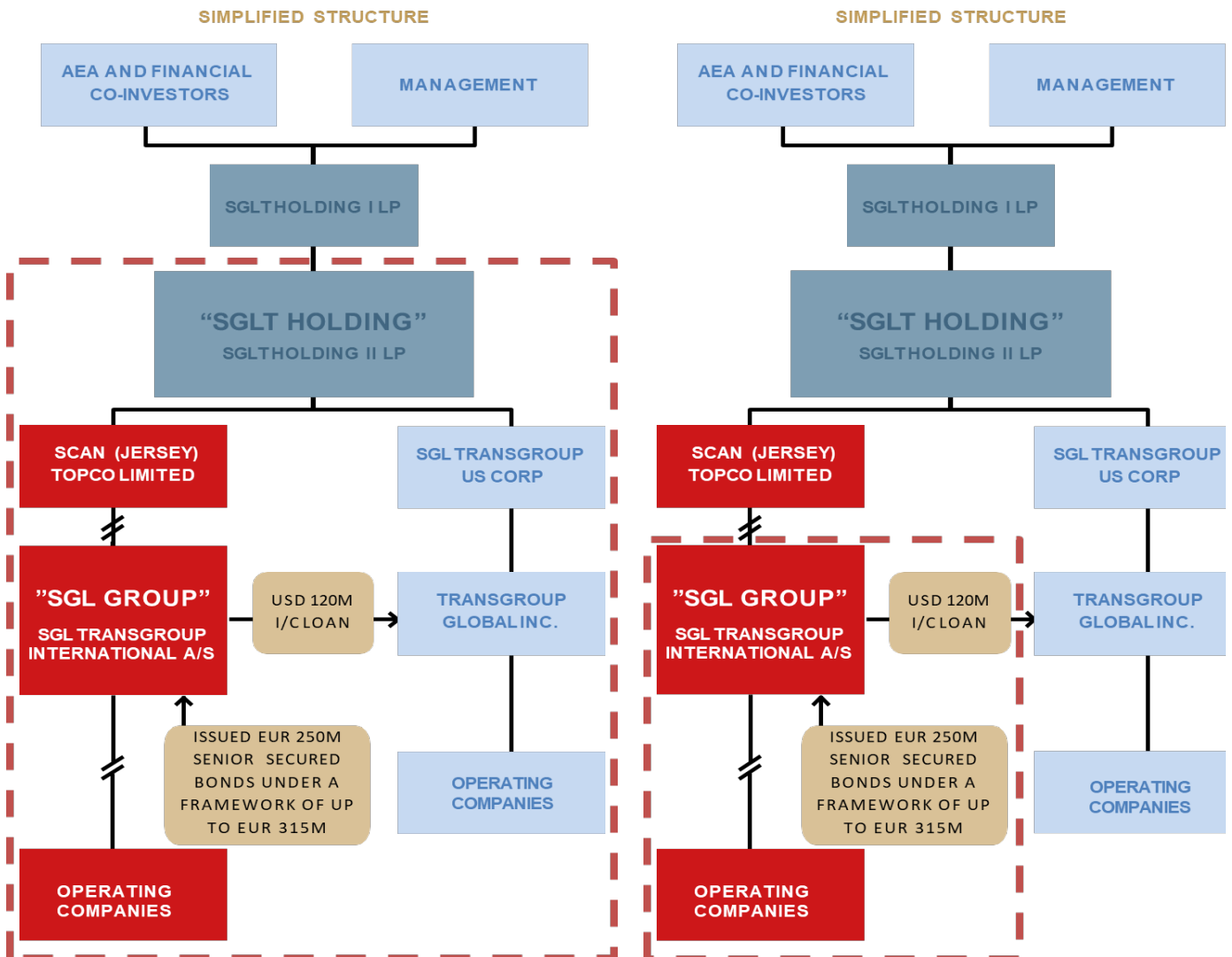
* Refer to definition and calculation on page 10

SGL Group

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

SGL TransGroup International A/S (together with TransGroup Global Inc. and their respective subsidiaries) has issued senior secured floating-rate bonds with SGL TransGroup International A/S as the issuer in an aggregate amount of EUR 250m within a total framework amount of EUR 315m.

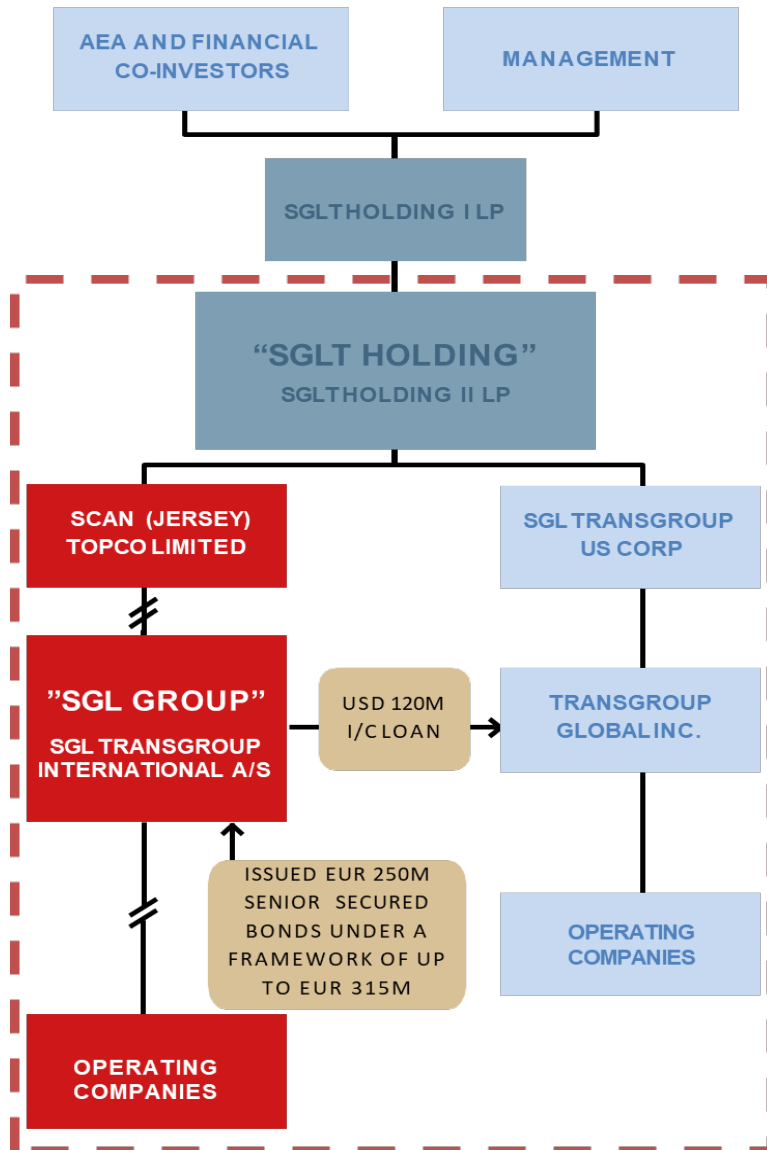
Reporting currency for SGL Group is DKK.



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SGLT Holding

SIMPLIFIED STRUCTURE



Financial highlights	Q4 2020	Q4 2019	FY 2020	FY 2019
Key figures (in USD thousands):				
Income statement				
Revenue	343,424	266,526	1,210,156	1,074,254
Gross profit	53,934	50,834	202,726	181,152
EBITDA before special items	13,853	15,117	65,041	52,833
EBITDA before special items excluding IFRS 16	10,324	11,240	47,457	38,477
Operating profit (EBIT) before special items	3,894	7,707	28,358	27,350
Special items, net	-6,383	-4,585	-17,196	-6,377
Operating profit (EBIT)	-2,489	3,122	11,162	20,973
Financial items, net	-11,150	-17,285	-34,694	-32,271
Profit/loss before tax	-13,639	-14,163	-23,532	-11,298
Profit/loss for the period	-10,275	-12,531	-21,156	-11,798
Income statement (Business performance)¹				
Adjusted EBITDA ^{1,2}	10,897	13,032	50,383	43,005
Cash flow				
Cash flows from operating activities before special items, interest & tax			83,233	33,960
Cash flows from operating activities			43,483	-5,535
Cash flows from investing activities			-20,847	-24,744
Free cash flow			22,636	-30,279
Cash flows from financing activities			6,726	37,633
Cash flow for the period			29,362	7,354
Financial position				
Total equity			127,377	143,487
Equity attributable to parent company			123,427	140,500
Net interest bearing debt (NIBD)			307,130	267,544
Net interest bearing debt (NIBD) excluding lease liabilities (IFRS 16)			257,196	230,370
Total assets			680,995	580,018
Financial ratios in %				
Gross margin	15.7	19.1	16.8	16.9
EBITDA margin before special items	4.0	5.7	5.4	4.9
Adjusted EBITDA margin	3.2	4.9	4.2	4.0
EBIT margin before special items	1.1	2.9	2.3	2.5
Equity ratio			18.7	24.7

¹) Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items. Apart from this, there is no difference between business performance and IFRS results. Refer to Note 1.

²) Excluding the impact of IFRS 16 Leases

Financial performance

Business model

SGLT's activities focus on international freight-forwarding services and US domestic services primarily by Air, Ocean, and Road, with supporting IT and logistics services. Most of the revenue base originates from large customers contracted via corporate initiatives. Each Group primarily provides services to its customers via their own network of offices supported by a close partnership with each other and with other key agents worldwide.

SGLT Holding financial review

We entered into 2020 in a very good shape, but with the expectation to be restricted to some extent by the macroeconomic development as a consequence of the COVID-19. COVID-19 started to impact markets and financial results during the first quarter of 2020, seeing volumes decline and uncertainty increase; however, despite the disruptions from COVID-19, we remained committed to our acquisition strategy combined with finding new ways to make the world a little less complicated through organic initiatives. As a result, 2020 was our strongest year ever with an Adjusted EBITDA of USD 50.4 million; an increase of 17% compared to 2019.

The strong performance was derived through the strength of our entrepreneurial business model and the breadth and diversity of our customers and partners, combined with disciplined execution of COVID-19 cost saving initiatives and restructuring activities.

The full year of 2020 business performance includes the operating results of SGLT Holding, including newly acquired businesses and activities such as activities in Scan Global logistics Co. Ltd. (Cambodia) (acquired 1 January 2020), Pioneer Logistics (acquired 15 January 2020), PostNord's Swedish Air & Ocean activities (acquired 1 October 2020) and Utah Specialised Transportation, LLC (now owned 100% as TransGroup Express, LLC., a wholly owned subsidiary, acquired the remaining 49% shares from the minority shareholder in 2020, hence only impacting minority interest). Airlog Group Sweden AB, Airlog Group Fur OY, Airlog Group AS and Airlog Group Denmark A/S were disposed 1 July 2020, and revenue from disposed entities amounted to USD 5 million for the first half of 2020.

Total revenue in the full 12 months of 2020 was USD 1,210 million, which is an increase of 12.7% compared to 2019 including positive impact of FX translation of approximately USD 14 million.

The annual gross profit amounted to USD 202.7 million, equivalent to an increase of 12% compared to 2019, positively impacted by FX translation of approx. USD 2 million. Despite a significant increase in airfreight rates and capacity constraints during 2020 in comparison to 2019, we have managed to keep gross margins on par at approx. 17% compared to the strong performance in 2019.

SG&A costs amounted USD 138 million in 2020 and increased by 7% compared to 2019. SG&A costs were 11% of the revenue, which is 1% point lower than 2019. The increase is derived from increased staff costs mainly influenced by the acquisitions, and green field activities, however offset by small levels of realized operating leverage.

Adjusted EBITDA increased by USD 7 million in 2020 compared to 2019; mainly due to strong performance through increased sales and improved margins in AsiaPacific. The improved performance is driven both by organic growth and through acquisitions made.

Depreciation and amortisation amounted to USD 36.7 million in 2020, compared to USD 25.5 million in 2019. The increase is primarily explained by depreciation and amortisation from acquisitions made, together with increased amortisations on IT costs securing the infrastructure necessary for continued long-term growth.

The 2020 special items amounted to net cost of USD 17.2 million, which included COVID-19 related costs net of compensation from governments, green field activities, M&A activities, restructuring and gain on disposed entities.

Net financial expenses amounted to USD 34.7 million in 2020 and were mainly comprised of interest on the bond debt and interests on lease liabilities.

Financial performance (continued)

Cash Flows

Cash flows from operating activities before special items, interest & tax were positive USD 83 million in 2020, mainly due to positive development in working capital and improved underlying business performance.

CAPEX amounts to USD 8.4 million for year 2020, and comprised mainly investments in software and development of IT projects securing the infrastructure necessary for continued long-term growth.

Cash outflow related to acquisitions amounted to total USD 14 million incl. earn-out and cash received for disposed Airlog entities amounted to USD 1.6 million.

Cash flow from financing activities positive net USD 6.7 million was driven by proceeds received from subsequent bond issue USD 30.7 million, but offset by redemption of IFRS16 lease liabilities USD 20.2 million. Dividend paid to non-controlling interests at a value of USD 2 million is included in the financing cash flow. In Q3 2020 the Group issued EUR 27 million bonds within the framework of EUR 315 million and cash received net of transaction costs amounted to USD 30.7 million. As at 31 December 2020 total bonds amounted to EUR 250 million, corresponding to USD 300 million.

Capital structure

The equity attributable to the Parent company was USD 123 million. The total equity ratio was 18.7% as per 31 December 2020 compared to 24.7% by the end of December 2019. The decrease is primarily driven by the subsequent bond issue and negative results due to higher depreciation and amortisations combined with special items and bond interest costs relative to stronger business performance.

Net interest bearing debt (NIBD)

Consolidated net interest bearing debt amounted to USD 307 million and USD 257 million excluding lease liabilities (31 December 2019: USD 268 million and USD 230 million excluding the lease liabilities). The main part of the debt consists of bond debt raised for acquisitions.

Growth strategy

In addition to growing the existing business, SGLT Holding continues to pursue its inorganic growth strategy, targeting acquisition opportunities with a good strategic fit to help scale the business, improve profitability, and drive deleveraging.

As part of this strategy, SGLT Holding is evaluating debt financing alternatives, including subsequent or additional bonds issues, to be able to execute upon a number of potential acquisitions in the near term.

USD'000	Consolidated income statement	Q4 2020	Q4 2019	FY 2020	FY 2019
	Revenue	343,424	266,526	1,210,156	1,074,254
	Cost of operation	-289,490	-215,692	-1,007,430	-893,102
	Gross profit	53,934	50,834	202,726	181,152
	Other external expenses	-9,398	-8,538	-27,508	-26,235
	Staff costs	-30,683	-27,179	-110,177	-102,084
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	13,853	15,117	65,041	52,833
	Depreciation of tangible assets	-5,733	-3,832	-20,483	-14,816
	Amortisation of intangibles	-4,226	-3,578	-16,200	-10,667
	Operating profit (EBIT) before special items	3,894	7,707	28,358	27,350
	Special items, net	-6,383	-4,585	-17,196	-6,377
	Operating profit (EBIT)	-2,489	3,122	11,162	20,973
	Financial income	37	2,526	587	2,568
	Financial expenses	-11,187	-19,811	-35,281	-34,839
	Profit before tax	-13,639	-14,163	-23,532	-11,298
	Tax on profit for the period	3,364	1,632	2,376	-500
	Profit for the period	-10,275	-12,531	-21,156	-11,798
	Total income for the year attributable to				
	Owners of the parent	-10,926	-12,709	-22,795	-14,075
	Non-controlling interests	651	178	1,639	2,277
	Total	-10,275	-12,531	-21,156	-11,798

USD'000	Consolidated statement of other comprehensive income	Q4 2020	Q4 2019	FY 2020	FY 2019
	Profit for the period	-10,275	-12,531	-21,156	-11,798
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment	6,104	3,732	7,434	-3,226
	Reclassified to income statement	0	0	-94	0
	Other comprehensive income, net of tax	6,104	3,732	7,340	-3,226
	Total comprehensive income for the period	-4,171	-8,799	-13,816	-15,024
	Total comprehensive income for the year attributable to				
	Owners of the parent	-4,876	-8,977	-15,561	-17,296
	Non-controlling interests	705	178	1,745	2,272
	Total	-4,171	-8,799	-13,816	-15,024

USD'000		31 Dec	31 Dec
Notes	Consolidated balance sheet	2020	2019
	ASSETS		
	Goodwill	255,799	230,597
	Customer relations	72,925	71,395
	Trademarks	15,530	16,819
	Other acquired intangible assets	932	994
	Software	14,790	10,563
	Intangible assets	359,976	330,368
	Right of use assets	46,831	35,470
	Property, plant and equipment	8,095	10,298
	Tangible fixed assets	54,926	45,768
	Other receivables	2,727	1,912
	Deferred tax asset	2,921	1,263
	Financial assets	5,648	3,175
	Total non-current assets	420,550	379,311
	Trade receivables	195,916	159,910
	Income taxes receivable	779	476
	Receivables from related parties	3,056	916
	Other receivables	6,021	4,223
	Prepayments	4,789	2,853
2	Cash and cash equivalents	49,884	32,329
	Total current assets	260,445	200,707
	Total assets	680,995	580,018

USD'000		31 Dec	31 Dec
Notes	Consolidated balance sheet	2020	2019
	EQUITY AND LIABILITIES		
	Partnership interest	186,174	186,174
	Currency translation reserve	4,823	-2,411
	Retained earnings	-67,570	-43,263
	Equity attributable to parent company	123,427	140,500
	Non-controlling interests	3,950	2,987
	Total Equity	127,377	143,487
3	Bond debt	300,236	242,939
	Lease liabilities, Right of use assets	34,751	22,168
	Earn-out provision	599	915
	Deferred tax liability	7,021	10,387
	Other liabilities	3,494	0
	Total non-current liabilities	346,101	276,409
2	Bank debt	56	13,183
	Lease liabilities, Right of use assets	15,183	15,006
	Earn-out provision	1,916	544
	Trade payables	145,648	99,107
	Payables to related parties	5,100	0
	Deferred income	16,355	6,301
	Corporation tax	4,029	4,067
	Other payables	19,230	21,914
	Total current liabilities	207,517	160,122
	Total liabilities	553,618	436,531
	Total equity and liabilities	680,995	580,018

USD'000			
Notes	Consolidated cash flow statement	FY 2020	FY 2019
	Operating profit (EBIT) before special items	28,358	27,350
	Depreciation, amortisation	36,683	25,483
	Non-cash transactions	0	-4,534
	Exchange rate adjustments	478	1,973
	Change in working capital	17,714	-16,312
	Cash flows from operating activities before special items, interest & tax	83,233	33,960
	Special items received	1,050	0
	Special items, paid	-15,100	-3,236
	Interest received	596	876
	Interest paid	-20,946	-34,839
	Tax received	401	0
	Tax paid	-5,752	-2,296
	Cash flows from operating activities	43,483	-5,535
	Purchase of software and other intangible assets	-5,955	-5,124
	Purchase of property, plant and equipment	-2,421	-4,608
	Sale of property, plant and equipment	2	3,794
	Earn out paid	-4,299	-751
	Special items, transactions cost acquisitions	0	-252
	Investments in Group entities	-9,790	-17,803
	Disposals of Group entities	1,616	0
	Cash flows from investing activities	-20,847	-24,744
	Free cash flow	22,636	-30,279
	Dividend paid to non-controlling interests	-2,044	-1,600
	Capital increase	0	422
	Purchase of non-controlling interest	-245	0
	Long-term loan	-157	0
	Repayment of loan from Group entities	-651	0
	Proceeds from issuing of bonds	30,744	249,564
	Redemption of bond loan	0	-195,527
	Redemption of lease liabilities, Right of use assets	-20,165	-14,013
	Redemption of other acquisition debt	-756	-1,213
	Cash flows from financing activities	6,726	37,633
	Change in cash and cash equivalents	29,362	7,354
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	19,146	11,438
	Exchange rate adjustment of cash and cash equivalents	1,320	354
	Change in cash and cash equivalents	29,362	7,354
2	Net Cash and cash equivalents at 31 December	49,828	19,146

USD'000						
Consolidated statement of changes in equity				Equity	Non-	Total equity
	Partner-ship interest	Currency translation reserve	Retained earnings	attributable to parent company	controlling interests	
Equity at 1 January 2020	186,174	-2,411	-43,263	140,500	2,987	143,487
Profit for the period	0	0	-22,795	-22,795	1,639	-21,156
Currency exchange adjustment	0	7,328	0	7,328	106	7,434
Reclassified to income statement	0	-94	0	-94	0	-94
Other comprehensive income, net of tax	0	7,234	0	7,234	106	7,340
Total comprehensive income for the period	0	7,234	-22,795	-15,561	1,745	-13,816
Purchase of non-controlling interests	0	0	-245	-245	245	0
Dividend distributed, non-controlling interests	0	0	0	0	-2,294	-2,294
Capital increase by cash payment	0	0	0	0	0	0
Transfers			-1,267	-1,267	1,267	0
Total transactions with owners	0	0	-1,512	-1,512	-782	-2,294
Equity at 31 December 2020	186,174	4,823	-67,570	123,427	3,950	127,377

USD'000						
Consolidated statement of changes in equity				Equity	Non-	Total equity
	Partner-ship interest	Currency translation reserve	Retained earnings	attributable to parent company	controlling interests	
Equity at 1 January 2019	185,752	810	-29,188	157,374	1,743	159,117
Profit for the period	0	0	-14,075	-14,075	2,277	-11,798
Currency exchange adjustment	0	-3,221	0	-3,221	-5	-3,226
Other comprehensive income, net of tax	0	-3,221	0	-3,221	-5	-3,226
Total comprehensive income for the period	0	-3,221	-14,075	-17,296	2,272	-15,024
Purchase of non-controlling interests	0	0	0	0	573	573
Dividend distributed, non-controlling interests	0	0	0	0	-1,600	-1,601
Capital increase by cash payment	422	0	0	422	0	422
Total transactions with owners	422	0	0	422	-1,027	-606
Equity at 31 December 2019	186,174	-2,411	-43,263	140,500	2,987	143,487

Note	USD'000	Q4	Q4	FY	FY
1	Alternative performance measures	2020	2019	2020	2019
	<i>Adjusted EBITDA is specified below</i>				
	EBITDA before special items	13,853	15,117	65,041	52,833
	IFRS 16 impact	-3,529	-3,877	-17,584	-14,356
	Other adjustments*	573	1,792	2,926	4,528
	Adjusted EBITDA (Business performance)	10,897	13,032	50,383	43,005

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

Note	(USD'000)	31 Dec	31 Dec
2	Cash and Liquidity reserve	2020	2019
	Cash and cash equivalents	49,884	32,329
	Bank debt	-56	-13,183
	Net cash	49,828	19,146
	Credit facilities	65,980	52,040
	Liquidity reserve	115,808	71,186

Note	(USD'000)	31 Dec	31 Dec
3	Bond debt	2020	2019
	Issued bonds, EUR 250 million, interest rate 6.75%	307,023	249,516
		307,023	249,516
	Capitalised loan costs	-6,788	-6,577
	Total bond debt	300,236	242,939
		Cash flow*	Carrying amount
	Bond debt falling due between within 5 years	387,847	307,023
	Total non-current financial liabilities	387,847	307,023
	Total current financial liabilities*	20,724	

* Total cash flows including interest.

Note	(USD'000)
4	Events after the balance sheet date

Acquisition of Werner Global Logistics

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

The acquisition price for the activities was USD 850 thousand and an additional earnout of maximum USD 1.65 million, financed through cash and cash equivalents.

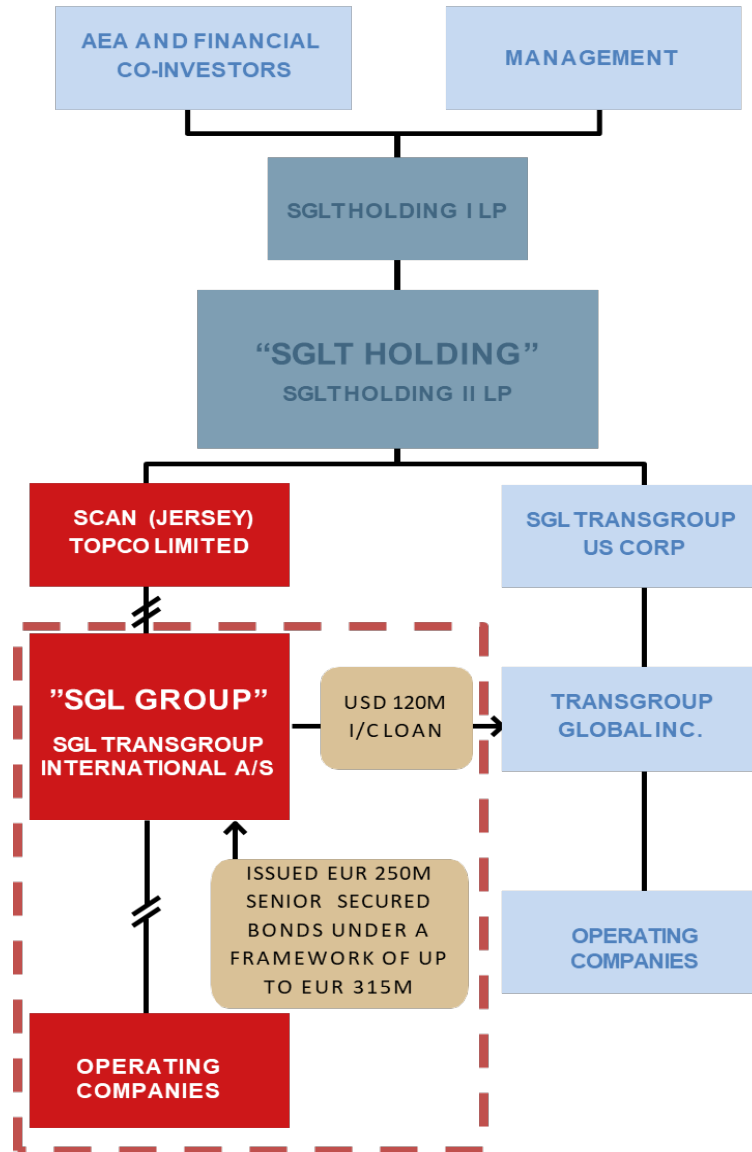
Closing was 26 February 2021, from which date the activities are consolidated in the Group's financial statements.

Acquisition of shares in Trans ATL LLC

On 18 January 2021 SGLT Holding has through its wholly owned subsidiary Transgroup Express LLC acquired the remaining 49% minority shares in Trans ATL LLC. Acquisition price was approx. USD 1 million including earn-out.

SGL Group

SIMPLIFIED STRUCTURE



Financial highlights

Q4 2020

Q4 2019

FY 2020

FY 2019

Key figures (in DKK thousands):**Income statement**

Revenue	1,492,236	1,032,464	5,350,831	4,143,904
Gross profit	248,639	219,181	954,882	773,036
EBITDA before special items	65,246	61,224	317,732	202,112
EBITDA before special items excluding IFRS 16	53,309	41,612	236,574	133,559
Operating profit (EBIT) before special items	18,658	25,181	138,422	85,704
Special items, net	-23,699	-28,687	-76,545	-39,966
Operating profit (EBIT)	-5,041	-3,506	61,877	45,738
Financial items, net	-50,449	-70,648	-145,267	-122,101
Profit/loss before tax	-55,490	-74,154	-83,390	-76,363
Profit/loss for the period	-37,465	-72,946	-70,364	-85,428

Cash flow

Cash flows from operating activities before special items, interest & tax			354,181	92,272
Cash flows from operating activities			189,349	-118,645
Cash flows from investing activities			-121,652	-134,434
Free cash flow			67,697	-253,079
Cash flows from financing activities			32,421	193,547
Cash flow for the period			100,118	-59,532

Financial position

Total equity			498,990	574,753
Equity attributable to parent company			492,916	568,093
Net interest bearing debt (NIBD)			1,223,022	1,056,375
Net interest bearing debt (NIBD) excluding lease liabilities (IFRS 16)			978,619	883,648
Total assets			3,520,816	3,216,093

Financial ratios in %

Gross margin	16.7	21.2	17.8	18.7
EBITDA margin before special items	4.4	5.9	5.9	4.9
EBITDA margin before special items excluding IFRS 16	3.6	4.0	4.4	3.2
EBIT margin before special items	1.3	2.4	2.6	2.1
EBIT margin	-0.3	0.7	1.2	1.1
Equity ratio			14.2	17.9

Other

Number of full time employees at period end	1,352	1,202	1,352	1,202
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Financial performance

Business model

SGL Group's activities focus on international freight-forwarding services, primarily by Air and Ocean, with supporting IT, Logistics and Road freight services. The main part of revenue originates from large customers contracted via corporate initiatives. The SGL Group primarily provides services to its customers via the SGL Group's network of offices supported by its affiliated company TransGroup and other partners worldwide.

SGL Group financial review

We entered into 2020 in a very good shape, but with the expectation to be restricted to some extent by the macroeconomic development as a consequence of the COVID-19. COVID-19 started to impact markets and financial results during the first quarter of 2020, seeing volumes decline and uncertainty increase; however, despite the disruptions from COVID-19, we remained committed to our acquisition strategy combined with finding new ways to make the world a little less complicated through organic initiatives. As a result, 2020 was our strongest year ever with an EBITDA before special items and excluding IFRS 16 of DKK 237 million.

The strong performance was derived through the strength of our entrepreneurial business model and the breadth and diversity of our customers and partners, combined with disciplined execution of COVID-19 cost saving initiatives and restructuring activities.

Result for the period

The interim financial report for the fourth quarter of 2020 includes the operating results of newly acquired business Scan Global Logistics Co. Ltd. (Cambodia) (acquired 1 January 2020), Pioneer International Logistics (acquired 15 January 2020) and PostNord's Swedish Air & Ocean activities (acquired 1 October 2020). The Airlog Group Sweden AB, Airlog Group Fur OY, Airlog Group AS and Airlog Group Denmark A/S were disposed 1 July 2020. Revenue from disposed entities amount to DKK 35 million for the first half of 2020.

The full year 2020 revenue amounted to DKK 5,351 million generating EBITDA before special items of DKK 318 million. EBITDA before special items excluding the IFRS 16 lease adjustment showed an increase of DKK 103 million, a 77% increase compared to 2019.

Revenue

The full year 2020 consolidated revenue increased by DKK 1,207 million compared to 2019 corresponding to an increase of 29%. The increase was driven by organic growth combined with businesses acquired (BK Spedition GmbH, IC Group activities and Scan Global Logistics Spain S.L acquired during 2019 as well as Pioneer International Logistics Pty Ltd., Scan Global Logistics Co. Ltd. (Cambodia) and the PostNord activities acquired in 2020).

The organic growth in revenue was driven by strong performance within the Air segment, mainly in the Nordics and Asia Pacific.

The revenue was DKK 1,492 million for Q4 2020, compared to DKK 1,032 million in Q4 2019, equivalent to an increase of 45%, however including a negative impact of FX translation in the range of DKK 38-39 million.

Gross profit

The gross profit increased by DKK 182 million to DKK 955 million for the full year compared to 2019, however also negatively impacted by FX translation of DKK -10 million. The acquired company in Australia, Pioneer International Logistics contributed by DKK 67 million and a strong development in AsiaPacific contributed positively as well. A strong development within Air, Ocean and E-Commerce had a positive impact on gross profit as well, though offset by lower Road and Automotive activities, both still highly impacted by COVID-19.

The gross profit margin is 17.8%, equal to a 0.8 percentage point decrease compared to 2019. If excluding IFRS 16 the gross profit amounts to DKK 917 million compared to DKK 749 million in 2019, corresponding to a gross margin of 17.1%, which is 1% point lower than the level in 2019. The gross margin was affected by capacity restraints and consequently increasing rates.

SG&A cost

SG&A costs increased 12% compared to 2019. The increase mainly comes from acquisitions made in 2019 and 2020, and green field activities.

SG&A costs comprise 12% of revenue in 2020, which is 2 percentage points lower than in 2019.

Financial performance (continued)

EBITDA before special items

EBITDA before special items amounted to DKK 318 million in 2020, which is a significant improvement compared to last year. The EBITDA margin before special items ended at 5.9%, compared to 4.9% in 2019. The increase in EBITDA was mainly due to strong activity levels within the Air and Ocean segments combined with 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 2020 EBITDA before special items and excluding IFRS 16 amounted to DKK 237 million, equivalent to a margin of 4.4%.

Depreciation and amortisation

Depreciation and amortisation amounted to DKK 179 million in 2020, compared to DKK 116 million in 2019. The increase is primarily explained by depreciation and amortisation from acquisitions made, together with increased amortisation on IT costs securing the infrastructure necessary for continued long-term growth.

Special items

In the year 2020 special items amounted to DKK 77 million, which included COVID-19 related costs, restructuring, green field activities and M&A activities as well as gain from disposed entities of DKK 3.1 million. COVID-19 related costs are net of compensation received from governments.

Financial items

Net financial expenses amounted to DKK 145 million in 2020 compared to DKK 122 million in 2019. 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 (IFRS 16: 2020: DKK 17 million and 2019: DKK 12 million) offset by the interest income from the intercompany loan to Transgroup Global Inc. (the parent company of Transgroup).

Cash Flows

The accumulated cash flow 2020 from operating activities before special items, interests and tax was positive DKK 354 million, mainly driven by increased operating profit before special items and net working capital.

CAPEX in 2020 amounted to DKK 46 million and comprised mainly investments in software and development of IT projects securing the infrastructure necessary for continued long-term growth.

The cash out-flow from acquisitions excluding transactions costs amounted to DKK 86 million in 2020 including earn-out. Payments received for disposed Airlog Group entities amounted to DKK 11 million.

Cash flow from financing activities was positive net DKK 32 million and was driven by proceeds received from a subsequent bond issue of DKK 196 million, but offset by redemption of IFRS16 lease liabilities of DKK 95 million. In Q3 2020 the Group issued EUR 27 million bonds within the framework of EUR 315 million and cash received net of transaction costs amounted to DKK 196 million. As of 31 December 2020 total bonds amounted to EUR 250 million, corresponding to DKK 1,833 million.

Capital structure

The total equity was DKK 499 million with an equity ratio of 14.2% as at 31 December 2020, which is 3.7 percentage point lower than at December 2019. The decrease is primarily driven by the subsequent bond issue and negative results due to bond interests relative to stronger performance. The equity ratio excluding the impact of IFRS 16 was 15.3%.

Net interest bearing debt (NIBD) and liquidity reserve

Consolidated net interest bearing debt amounted to DKK 1,223 million and excluding IFRS 16 DKK 979 million as of 31 December 2020. In Q2 2020 the company increased its credit facility by DKK 70 million and the total liquidity reserve was DKK 435 million by end of December 2020. See note 5 for further information.

Financial performance (continued)

Acquisitions in 2020

SGL Group continues its acquisition strategy and focuses on opportunities with a good strategic fit and value as well as targeting opportunities which will scale-up the business, increase profitability, and secure a downtrending leverage ratio.

Effective 1 January 2020, the Group acquired activities in the Cambodian based freight forwarder Scan Global Logistics Co., Ltd. (Cambodia). Previously the Cambodian company has acted as an agent for SGL Group. In 2020 the acquired activities generated revenue of DKK 13 million and an EBIT of DKK 2 million.

On 15 January 2020 SGL Group acquired 100% of the shares in the Australian freight-forwarding company Pioneer. The acquisition has been partly financed by the proceeds from the subsequent bond issue and partly by a reinvestment of existing shareholders of Pioneer. Exceeding prior expectations the company generated revenue of DKK 233 million and EBITDA before special items and excluding IFRS 16 of DKK 52 million.

Effective 1 October 2020 SGLT Holding has through its wholly owned subsidiary, Scan Global Logistics AB, acquired PostNord's Swedish Air & Ocean activities.

Growth strategy

In addition to growing the existing business, SGL Group continues to pursue its inorganic growth strategy, targeting acquisition opportunities with a good strategic fit to help scale the business, improve profitability, and drive deleveraging.

As part of this strategy, SGL Group is evaluating debt financing alternatives, including subsequent or additional bonds issues, to be able to execute upon a number of potential acquisitions in the near term.

Significant risks

We see an increased credit risk due to the COVID-19 business impact on certain industries. Through our well established procedures for handling credit risk, we are actively monitoring trade receivables and overdue balances, and despite an increasing emphasis on the recoverability of trade receivables due to COVID-19, we have secured collection of receivables, except for certain customers, who have been heavily impacted by COVID-19, where we have made provisions. No significant credit losses have materialised so far.

The significant risks remain the same as mentioned in the SGL TransGroup Internation A/S Annual report for 2019, which can be found <https://www.scangl.com/media/2250/sgl-transgroup-international-annual-report-2019-published-29042020.pdf>.

DKK'000		Q4 2020	Q4 2019	FY 2020	FY 2019
Notes	Consolidated income statement				
1	Revenue	1,492,236	1,032,464	5,350,831	4,143,904
1	Cost of operation	-1,243,597	-813,283	-4,395,949	-3,370,868
	Gross profit	248,639	219,181	954,882	773,036
	Other external expenses	-49,612	-33,415	-133,289	-109,888
	Staff costs	-133,781	-124,542	-503,861	-461,036
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	65,246	61,224	317,732	202,112
	Depreciations	-27,003	-22,199	-102,312	-74,596
	Amortisations	-19,585	-13,844	-76,998	-41,812
	Operating profit (EBIT) before special items	18,658	25,181	138,422	85,704
3	Special items, net	-23,699	-28,687	-76,545	-39,966
	Operating profit (EBIT)	-5,041	-3,506	61,877	45,738
4	Financial interest, net	-50,449	-70,648	-145,267	-122,101
	Result before tax	-55,490	-74,154	-83,390	-76,363
	Tax on result for the period	18,025	1,208	13,026	-9,065
	Result for the period	-37,465	-72,946	-70,364	-85,428
	Total income for the year attributable to				
	Owners of the parent	-37,530	-73,153	-69,745	-86,458
	Non-controlling interests	65	207	-619	1,030
	Total	-37,465	-72,946	-70,364	-85,428

DKK'000		Q4 2020	Q4 2019	FY 2020	FY 2019
	Consolidated statement of other comprehensive income				
	Result for the period	-37,465	-72,946	-70,364	-85,428
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>				
	Exchange rate adjustment	4,263	8,770	-4,778	757
	Reclassified to income statement	0	0	-621	0
	Other comprehensive income, net of tax	4,263	8,770	-5,399	757
	Total comprehensive income for the period	-33,202	-64,176	-75,763	-84,671
	Total comprehensive income for the period attributable to				
	Owners of the parent	4,257	-64,273	-75,177	-85,663
	Non-controlling interests	6	97	-586	992
	Total	-33,202	-64,176	-75,763	-84,671

DKK'000		31 Dec	31 Dec
Notes	Consolidated balance sheet	2020	2019
ASSETS			
2	Goodwill	1,059,078	1,005,568
2	Customer relations	278,812	276,840
2	Trademarks	33,195	41,181
2	Other intangible assets	1,717	1,938
	Software	78,675	55,487
	Intangible assets	1,451,477	1,381,014
	Right of use assets	230,514	164,576
	Property, plant and equipment	31,517	50,940
	Tangible fixed assets	262,031	215,516
6	Receivable from related party	726,912	801,108
	Other receivables	14,976	10,409
	Deferred tax asset	17,694	8,431
	Financial assets	759,582	819,948
	Total non-current assets	2,473,090	2,416,478
	Trade receivables	803,657	639,971
	Income taxes receivable	4,166	2,566
	Other receivables	29,398	20,158
	Prepayments	23,703	14,931
5	Cash and cash equivalents	186,802	121,989
	Total current assets	1,047,726	799,615
	Total assets	3,520,816	3,216,093

DKK'000		31 Dec	31 Dec
Notes	Consolidated balance sheet	2020	2019
EQUITY AND LIABILITIES			
	Share capital	501	501
	Share premium	2,778	2,778
	Currency translation reserve	-30,573	-25,141
	Retained earnings	520,210	589,955
	Equity attributable to parent company	492,916	568,093
	Non-controlling interests	6,074	6,660
	Total equity	498,990	574,753
7	Bond debt	1,832,962	1,641,555
	Lease Liabilities, Right of use assets	169,399	96,635
	Earn-out provision	3,629	6,109
	Deferred tax liability	33,265	59,038
	Other payables	21,165	6,621
	Total non-current liabilities	2,060,420	1,809,958
5	Bank debt	341	35,647
	Lease liabilities, Right of use assets	75,004	76,092
	Earn-out provision	11,606	3,634
	Trade payables	668,574	458,572
	Payables to related parties	32,167	105,355
	Deferred income	56,117	42,066
	Corporation tax	24,170	27,150
	Other payables	93,427	82,866
	Total current liabilities	961,406	831,382
	Total liabilities	3,021,826	2,641,340
	Total equity and liabilities	3,520,816	3,216,093

DKK'000			
Notes	Consolidated cash flow statement 1 January - 31 December	FY 2020	FY 2019
	Operating profit (EBIT) before special items	138,422	85,704
	Depreciation and amortisation	179,310	116,408
	Non-cash transactions	0	-28,470
	Exchange rate adjustments	-14,080	1,679
	Change in working capital	50,528	-83,049
	Cash flows from operating activities before special items, interest and tax	354,181	92,272
	Special items paid	-76,846	-19,545
	Special items received	6,359	0
	Interest received	64,828	5,838
	Interest paid	-125,458	-187,441
	Tax paid	-33,715	-9,769
	Cash flows from operating activities	189,349	-118,645
	Purchase of software and other intangible assets	-34,136	-34,208
	Purchase of property, plant and equipment	-12,023	-21,817
	Sale of property, plant and equipment	0	25,329
8	Investments in group entities and activities	-58,710	-98,591
	Disposals of Group entities	10,559	0
	Earn-out paid	-27,342	-5,147
	Cash flows from investing activities	-121,652	-134,434
	Free cash flow	67,697	-253,079
	Capital increase	0	2,778
	Loan to Transgroup Global Inc.	0	-94,287
	Payments to group entities	-63,243	927
	Redemption of lease liabilities, Right of use assets	-95,284	-68,554
	Proceeds from issuing of bonds	195,527	1,666,066
	Redemption of bond loan	0	-1,305,320
	Redemption of other acquisition debt	-4,579	-8,063
	Cash flows from financing activities	32,421	193,547
	Change in cash and cash equivalents	100,118	-59,532
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	86,343	145,874
	Change in cash and cash equivalents	100,118	-59,532
5	Net cash and cash equivalents at 31 December	186,461	86,342

DKK'000 Consolidated statement of changes in equity	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
Equity at 1 January 2020	501	2,778	-25,141	589,955	568,093	6,660	574,753
Result for the period	0	0	0	-69,745	-69,745	-619	-70,364
Currency exchange adjustment	0	0	-4,811	0	-4,811	33	-4,778
Reclassified to income statement	0	0	-621	0	-621	0	-621
Other comprehensive income, net of tax	0	0	-5,432	0	-5,432	33	-5,399
Total comprehensive income for the period	0	0	-5,432	-69,745	-75,177	-586	-75,763
Equity at 31 December 2020	501	2,778	-30,573	520,210	492,916	6,074	498,990

DKK'000 Consolidated statement of changes in equity	Share capital	Share premium	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
Equity at 1 January 2019	501	830,764	-25,936	-154,218	651,111	5,535	656,646
Result for the period	0	0	0	-13,305	-13,305	823	-12,482
Currency exchange adjustment	0	0	-8,085	0	-8,085	72	-8,013
Other comprehensive income, net of tax	0	0	-8,085	0	-8,085	72	-8,013
Total comprehensive income for the period	0	0	-8,085	-13,305	-21,390	895	-20,495
Sale of shares to non-controlling interests	0	0	0	-133	-133	133	0
Capital increase by cash payment	0	2,778	0	0	2,778	0	2,778
Total transactions with owners	0	2,778	0	-133	2,645	133	2,778
Equity at 31 December 2019	501	833,542	-34,021	-167,656	632,366	6,563	638,929

Note DKK'000

1 Segment information

	Air		Ocean		Road		Solution		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenue (services)	3,800,335	2,125,044	2,261,210	1,851,717	692,202	686,788	193,719	160,484	6,947,466	4,824,033
Intercompany revenue	-1,244,760	-411,671	-313,960	-216,001	-37,915	-50,246	0	-2,211	-1,596,635	-680,129
Net revenue (services)	2,555,575	1,713,373	1,947,250	1,635,716	654,287	636,542	193,719	158,273	5,350,831	4,143,904
Cost of operation	-2,107,886	-1,391,778	-1,630,817	-1,363,272	-505,988	-506,681	-151,258	-109,137	-4,395,949	-3,370,868
Gross profit	447,689	321,595	316,433	272,444	148,299	129,861	42,461	49,136	954,882	773,036
Sales, distribution and administration costs, not allocated to segments									-637,150	-570,924
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items									317,732	202,112
Depreciation and amortisation									-179,310	-116,408
Operating profit (EBIT) before special items									138,422	85,704
Special items, net									-76,545	-39,966
Operating profit (EBIT)									61,877	45,738

Segments are monitored at gross profit level. The four segments are all using SGL Group's capacity, including headquarter costs.

It is not possible to allocate costs below gross profit to the four segments identified, as these costs serve all segments.

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners (the arm's length principle).

Note DKK'000

2 Goodwill, customer relations, trademarks and other intangible assets

31 December 2020

	Air	Ocean	Road	Solution	Total
Balance at 31 December 2019	637,271	633,750	53,430	4,076	1,328,527
Exchange rate adjustment	1,716	-1,854	1,064	-21	905
Additions from acquisitions	8,074	84,698	5,023	0	97,795
Additions	989	989	0	0	1,978
Amortisation during the year	-29,240	-23,963	-3,095	-105	-56,403
Balance at 31 December 2020	618,810	693,620	56,422	3,950	1,372,802

Effective 1 July 2020 the Group disposed Airlog Group Sweden AB, Airlog Group Fur OY, Airlog Group AS and Airlog Group Denmark A/S. No significant value of Intangible assets related to the disposed entities were recorded at the time of disposal.

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

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

Goodwill, customer relations and trademarks were tested for impairment with no indication of impairment as at 31 December 2020. There has been no indication of impairment subsequently.

Note	DKK'000		FY 2020	FY 2019
3	Special items			
	Restructuring cost		-15,421	-27,907
	M&A activities* and Green field activities**		-14,287	-12,059
	COVID-19 activities***		-45,452	0
	COVID-19, compensation received from government		3,132	0
	Other cost		-7,655	0
	Gain on disposed entities, Airlog companies		3,138	0
	Total special items, net		-76,545	-39,966

*Acquisition activities mainly related to Pioneer and Cambodia.

**Start-up activities related to Poland, Austria, Belgium, Czech Republic, The Netherlands, and additional offices in Denmark and Spain.

***Activities caused by COVID-19, mainly related to cost for sending staff home on compensations scheme, and idle assets.

Note	DKK'000		FY 2020	FY 2019
4	Financial items			
	Financial income			
	Interest income from Transgroup Global Inc.		62,078	45,596
	Redemption of bond debt		0	25,415
	Interest income		3,895	1,243
	Exchange rate gain		2,474	2,462
	Total financial income		68,447	74,716
	Financial expenses			
	Bond interest expenses		-119,458	-85,668
	Interest expenses		-7,887	-26,705
	Lease interest expenses		-16,993	-12,400
	Redemption of bond debt		0	-47,342
	Amortisation of capitalised loan costs		-5,557	-13,538
	Exchange rate loss		-63,819	-11,164
	Total financial expenses		-213,714	-196,817
	Financial items, net		-145,267	-122,101

Note	DKK'000	31 Dec	31 Dec
5	Cash & Liquidity reserve	2020	2019
	Cash and cash equivalents	186,802	121,989
	Bank debt	-341	-35,647
	Net cash	186,461	86,342
	Credit facilities	248,239	180,518
	Liquidity reserve	434,700	266,860

Note	DKK'000	31 Dec	31 Dec
6	Receivable from Transgroup Global Inc.	2020	2019
	Receivable from Transgroup Global Inc.	726,912	801,108
		Carrying amount	Carrying amount
		Cash flow*	
	Receivable falling due within 5 years	965,048	801,108
	Total receivable from Transgroup Global Inc.	965,048	801,108
	Current portion of the receivable	61,061	0

* Total cash flows including interest.

Note	DKK'000	31 Dec	31 Dec
7	Bond debt	2020	2019
	Issued bonds, EUR 250 million, interest rate 6.75%	1,859,825	1,665,743
		1,859,825	1,665,743
	Capitalised loan costs	-26,863	-24,188
	Total bond debt	1,832,962	1,641,555
		Carrying amount	Carrying amount
		Cash flow*	
	Bond debt falling due between within 5 years	2,349,424	1,665,743
	Total financial liabilities	2,349,424	1,665,743
	Current portion of financial liabilities	125,538	0

* Total cash flows including interest.

The fair values of the issued bonds were DKK 1,823 million, based on quoted bond rates of 98 at Nasdaq, Stockholm at 31 December 2020.

25 September 2020 the Group successfully carried out a subsequent issue of bonds in an amount of EUR 27 million under the framework of its outstanding bond loan (ISIN: SE0013101219). The subsequent bond issue was priced at 100% of the nominal amount. Following the subsequent issue, the total amount outstanding under the Group's bond loan is EUR 250 million.

Note	DKK'000	31 Dec 2020*	31 Dec 2019
8	Business combinations		
	Provisional fair value at date of acquisition:		
	ASSETS		
	Software	4	194
	Right of use assets	4,499	24,347
	Property, plant and equipment	565	35,948
	Non-current receivables	0	2,487
	Trade receivables	23,205	21,975
	Other receivables	871	2,196
	Prepayments	86	702
	Cash and cash equivalents	4,442	44,514
	Total assets	33,672	132,363
	LIABILITIES		
	Lease liabilities	4,499	24,347
	Finance liabilities	4,804	8,063
	Trade payables	9,506	30,165
	Deferred tax	0	989
	Corporation tax	0	1,768
	Other payables	4,147	18,943
	Total liabilities	22,956	84,275
	Acquired net assets	10,716	48,088
	Goodwill, customer relations, trademarks and other intangible assets	97,795	114,297
	Deferred tax	-11,801	-16,252
	Fair value of total consideration	96,710	146,133
	Due acquisition debt	-11,575	0
	Earn-out provision	-24,071	-11,006
	Cash consideration	61,064	135,127
	Adjustment for cash and cash equivalents taken over	-4,442	-44,514
	Cash consideration for the acquisitions	56,622	90,613
	Transaction costs for acquisitions included in special items	2,088	6,840
	Investments in Group entities (cash outflow)	58,710	97,453

*Acquisition of Scan Global Logistics Co. Ltd. (Cambodia), Pioneer International Logistics, and PostNord activities

Acquisition of activities in Scan Global Logistics Co. Ltd. (Cambodia)

Effective 1 January 2020, SGL Group acquired activities in the Cambodian based freight forwarder Scan Global Logistics Co., Ltd. (Cambodia). Previously the Cambodian company has acted as agent for SGL Group.

Under the terms of the agreement, the activities were acquired for a total cash consideration of USD 818 thousand; paid at closing in January 2020. The goodwill arising from the acquisition is attributable to synergies expected from combining the operations of SGL Group and the acquired company.

Transaction costs amounted to DKK 314 thousand, which have been expensed and recognised as special items.

The revenue and gross profit are allocated to the Air, Ocean and Road Segments.

Revenue from Scan Global Logistics Co. Ltd. (Cambodia), acquired 1 January 2020, contributed by DKK 13 million to SGL Group revenue, and the profit amounted to DKK 1.3 million in the financial year 2020.

Note

8 Business combinations

Acquisition of shares in Pioneer International Logistics

On 15 January 2020 SGL Group acquired, through its wholly owned subsidiary Scan Global Logistics PTY (a subsidiary of Scan Global Logistics A/S), 100% percent of the share capital of Pioneer International Logistics, an Australian freight forwarding company. With the acquisition SGL Group will be able to serve the Australian and Pacific customers even better, and the existing customers of Pioneer International Logistics gain access to a full-fledged international solution including added expertise, technology, network, and e-commerce platform.

Under the terms of the agreement, the company was acquired for a total cash consideration of AUD 12.5 million; paid at closing in January 2020. In addition an earnout depending on future income has been agreed upon. AUD 5.2 million has been paid in 2020. The goodwill arising from the acquisitions is attributable to synergies expected from combining the operations of SGL Group and the acquired companies. The acquisition of Pioneer International Logistics was financed through subsequent bond issue.

Transaction costs amounted to DKK 1.8 million, which have been expensed and recognised as special items.

The revenue and gross profit are mainly allocated to the Ocean segment and a minor part to the Air segment.

Revenue from Pioneer International Logistics, acquired 15 January 2020, contributed by DKK 233 million to SGL Group revenue, and the profit amounted to DKK 39 million in the financial year 2020.

Acquisition of activities from PostNord AB

Effective 1 October 2020 SGL Group has through its wholly owned subsidiary, Scan Global Logistics AB, acquired PostNord's Swedish Air & Ocean activities.

The ambition with the acquisition is to offer an even better customer experience in the Nordics, getting more market shares and growing the Swedish side of the business. The acquisition includes the employees who will bring valuable competencies and insights on the Swedish market and enable a more extensive network and presence in Sweden.

The acquisition price for the activities is approximately DKK 9 million, and the fair value of the net identifiable assets are mainly related to customer relations.

The acquisition was financed through cash and cash equivalents.

Note

9 Events after the balance sheet date

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

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

The acquisition is part of SGLT Holding's acquisition of the activities in Werner Global Logistics U.S. LLC, Werner Global Logistics (Shanghai) Co. Ltd., and Werner Global Logistics Mexico S. De R.L. De C.V. Refer to page 10 for further information.

General

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

New accounting regulation adopted in 2020

SGL Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2020 as adopted by the European Union, which include the following:

- Amendments to IFRS 3, Business Combinations
- Amendments to IAS 1 and IAS 8, Definition of Material
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

None of the new standards have had any significant impact on the consolidated financial statements.

New accounting regulations not yet adopted

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

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

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

Material accounting estimates

In connection with the preparation of the interim report, Management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of SGL Group's assets and liabilities for accounting purposes. There are no significant changes in the material estimates or assessments presented in SGL TransGroup International A/S' Annual report for 2019.

Management's statement

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL TransGroup International A/S (page 11 to 26) for the period 1 January to 31 December 2020.

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

In our opinion the interim financial report gives a true and fair view of the Group's assets and liabilities and financial position at 31 December 2020 and operations and cash flow for the period 1 January - 31 December 2020.

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

Kastrup, 26 February 2021

Executive Management:

Claes Brønsgaard Pedersen

Board of Directors:

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbro Jessen