SGL GROUP APS

Annual Report 2023

UNCOMPLICATE YOUR WORLD »

SCAN GLOBAL LOGISTICS

HOW TO READ THIS REPORT

Due to CVC Capital Partners Fund III's (CVC) acquisition of Scan Global Logistics Group*, the annual report contains pro forma and reported results to cover the full year and the period after the acquisition, respectively, in compliance with Danish and EU financial reporting regulations.

NEW COMPANY STRUCTURE DUE TO ACQUISITION BY CVC

Skill BidCo ApS was established on 11 November 2022 to prepare for the potential acquisition. Until the acquisition, Skill BidCo ApS was dormant.

ESTABLISHMENT OF SGL GROUP APS AND SGL GROUP

CVC's acquisition of SGL Group was signed and announced on 6 February 2023 and completed on 23 May 2023, making CVC the majority shareholder of SGL Group. Upon completion of the acquisition, Skill BidCo ApS changed its name to SGL Group ApS.

The differences between the denominations, SGL Group Aps and SGL Group, are as follows:

SGL Group ApS
The parent company and acquirer of the SGL Group.

SGL Group
The combined group of companies in the Scan Global Logistics Group formerly reported under the SGLT Holding parent company. In this report the terms "SGL Group" and "SGL" are applied interchangeably.

PRO FORMA RESULTS PERTAINING TO SGL GROUP (PAGE 4-28)

Financial statements for the period 1 January 2023 to 31 December 2023, including comparative period, 2022. These statements show the full year operational performance of the Group*.

REPORTED RESULTS PERTAINING TO SGL GROUP APS (PAGE 30-138)

Financial statements for the period 1 January 2023 to 31 December 2023, only including the operational activities of the Scan Global Logistics companies as of 23 May 2023. The statements are in compliance with the reporting requirements of SGL Group ApS according to the IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

** After the acquisition was completed* on *23 May 2023, the Scan Global Logistics Group is referred to as SGL Group, which is like for like to SGLT Holding referred to in the SGL International A/S Annual report 2022.*

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SGL Group ApS

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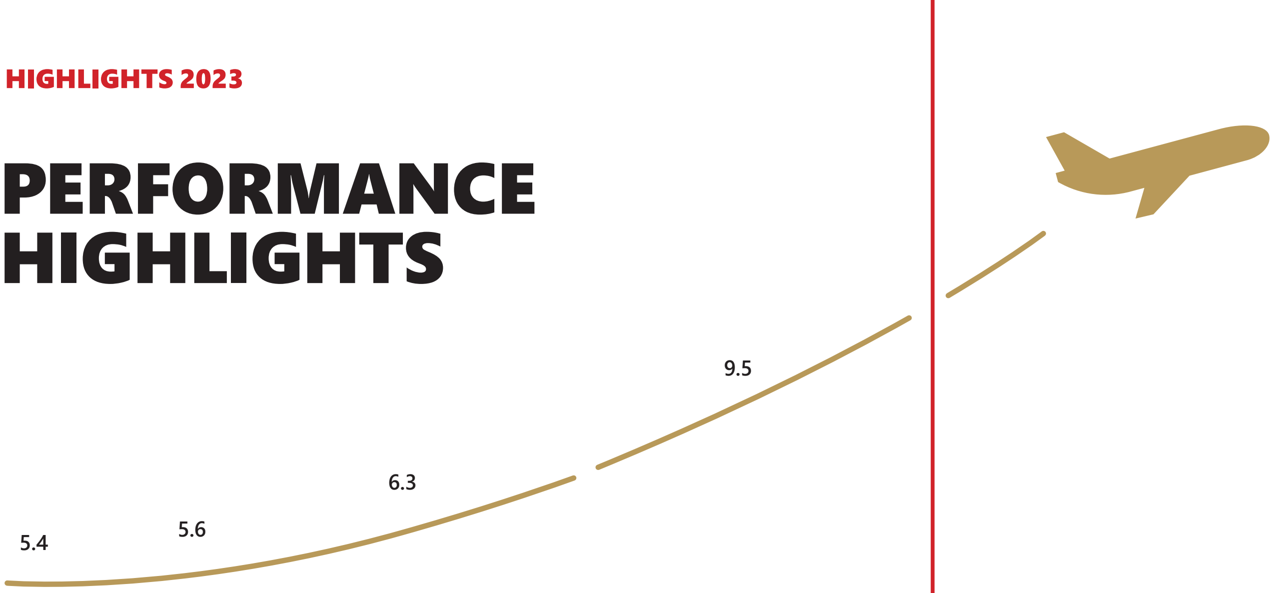
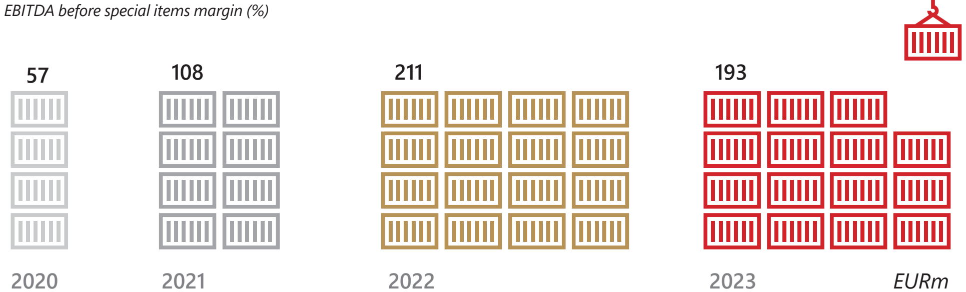
CO2 Neutral product

PERFORMANCE HIGHLIGHTS



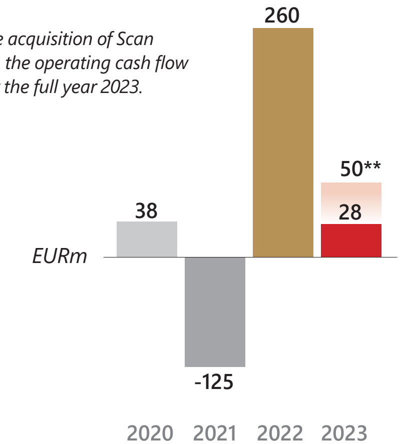
EBITDA before special items margin (%)



OPERATING CASH FLOW

The operating cash flow amounted to positive EUR 28m in 2023 despite the challenging environment, following the record year 2022. The operating cash flow in 2023 was negatively impacted by the acquisition of the SGL Group, the development in net working capital and the effect of increased financing of bonds.

***Excluding costs related to the acquisition of Scan Global Logistics by CVC Funds, the operating cash flow would amount to EUR 50m for the full year 2023.*



SOLID EBITDA*

In 2023, SGL Group leveraged on its diverse business model and accomplished an EBITDA* of EUR 193m compared to the all-time high of EUR 211m in 2022.

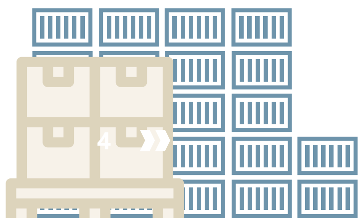
**Before special items.*

STEADY VOLUMES

Despite the challenging macro- and geopolitical environment, SGL Group was able to maintain ocean freight volumes on par with 2022 through solid ocean performance. Air freight volume experienced solid growth compared to 2020/2021 and only declined 12% compared to 2022 as there was a significant shift from ocean volumes to air freight volumes due to high ocean freight rates.

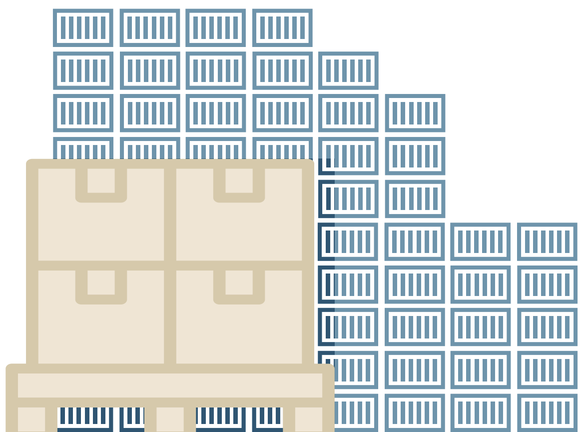
The development in TEU (Twenty-foot Equivalent Unit) and Tonnes shown below are all reflected in thousands.

2020
~220 TEU
~110 TONNES

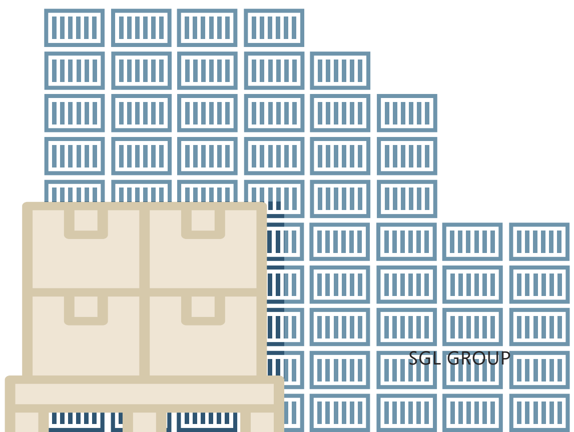


2021
~270 TEU
~130 TONNES

2022
+400 TEU
+170 TONNES



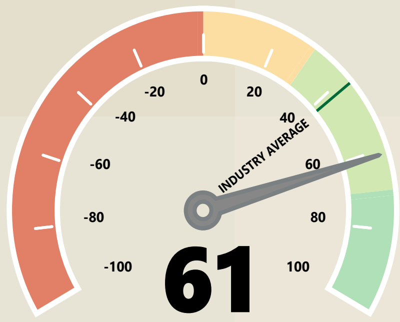
2023
+400 TEU
+150 TONNES



STRATEGIC HIGHLIGHTS

NET PROMOTER SCORE

SGL achieved a best-in-class NPS score of 61 in 2023 compared to both mid-marked peers and largest freight forwarders. This is an improvement from the score of 53 in 2022.



A-
CDP SCORE
CDP

A- RATING

Maintained the A- score in our second year of disclosing to CDP (Carbon Disclosure Project), confirming our position in the 'Leadership' category, which recognises companies for implementing best practices on climate action.

B
POSITIVE OUTLOOK

B RATING

S&P has affirmed 'B' rating and **revised outlook to Positive**. Fitch has affirmed 'B' rating with Stable outlook and rated the Bonds 'B+'

+50 COUNTRIES

SGL continues to progress well on its diverse pipeline of acquisition opportunities and materialised six acquisitions in 2023 (one with closing in 2024), establishing platforms in Switzerland and Portugal, and further strengthening the platforms in Denmark, Germany and the USA. Greenfield activities include geographic expansion to Kenya and Romania. With the combination of acquisitions made and greenfield activities, SGL is now operating in more than 50 countries.

CVC

NEW MAJORITY SHAREHOLDER

In 2023, SGL was able to announce CVC as the new majority shareholder. CVC supports our ambitious growth strategy and we see CVC as the perfect match for SGL professionally and culturally.

NEW CHAIRMAN

In 2023, SGL was pleased to announce the appointment of Nils Smedegaard Andersen as the new Chairman of the Board. We see Nils Smedegaard Andersen's impressive and deep industry knowledge and capabilities as a great fit helping us to fulfil SGL's ambitious strategy.

EMBRACING MARKET VOLATILITY THROUGH HIGHLY RESILIENT BUSINESS MODEL

ALLAN MELGAARD

Global CEO,
Executive Management
SGL Group ApS

We welcomed 2023 with its multitude of opportunities, which we navigated by displaying our culture of flexibility, entrepreneurship and agility in combination with our size and scale, while always remaining humble towards all stakeholders, including colleagues, customers and suppliers.

The last few years has provided a very different environment to operate in, characterised by frequent lockdowns, various bottlenecks in the supply chain, a global crisis, and much more. This, to some extent, ceased in 2023, but as volatility seemed to be the only constant, we found ourselves well-positioned to continuously adapt to the ever-changing environment through the combination of our highly resilient business model and our most valuable assets – our people.

In 2023, we have continued to deliver best-in-class tailored solutions across multiple trade lanes and industries, enabled through an increased customer focus and service, organised around customers rather than providing standard services; all executed through the willingness of our people to develop above-standard solutions for all customer types.

The resilient performance was reflected in the pro forma EBITDA of EUR 193m with EBITDA margin expansion of 3.2%-points; a performance within the Outlook for 2023.

Therefore, I am very proud to have been steering SGL Group on the energy of our fantastic people, proving my belief that culture beats strategy, as no strategy, system or formula could have compensated for the challenging macro environment we all have been facing in 2023.

ONBOARDING NEW MAJORITY SHAREHOLDER AND CHAIRMAN

With great humility and pride, we were able to announce CVC as the new majority shareholder during 2023. CVC supports our ambitious growth strategy and we see that CVC is the perfect match for SGL professionally and culturally. Through the partnership with CVC, and their extensive industry knowledge, we will continue to create value for all stakeholders.

Further, 2023 is a year where we, with great pleasure, could announce the appointment of Nils Smedegaard Andersen as the new Chairman of the Board. Nils Smedegaard Andersen has achieved impressive results in his career and has the necessary knowledge and capability to help us fulfil our ambitious strategy of becoming one of the preferred providers within the industry.

STRATEGIC GROWTH

SGL Group continued its acquisition strategy and delivered on its promise of a clear and coherent growth strategy through organic, greenfield and acquisition efforts. We have grown from being active in 17 countries back in 2018 to now operating in more than 50 countries.

Through acquisitions in 2023, SGL Group has established platforms in Switzerland and Portugal and further strengthened the Air & Ocean activities in Germany.

Geographic expansion has been secured through greenfield activities; mainly in Kenya and Romania.

It pleases me that we are able to continue our extensive M&A track-record with the ability to integrate, attain key people and realise synergies.

OUR MOST VALUABLE ASSET – OUR PEOPLE

In 2023, we continued our Strategy 1-3-5 with a focus on the number '1' becoming the most purpose-driven and meaningful company in the logistics industry. We have done a meaningfulness survey, with +80% of all employees participating. The purpose is to take a temperature check on our most valuable asset, meaning we want to make sure people feel a purpose, a sense of belonging, strong leadership and are thriving. In essence, we want to create a better workplace for tomorrow for our increasing workforce, now reaching around 3,600 people.

CUSTOMER-CENTRIC ORGANISATION

Every year, we conduct a global Customer Experience Survey, providing us with valuable insight into the level of customer satisfaction locally, regionally and globally. As one key element, we determine a Net Promotor Score (NPS) that is guided by the question: "How likely is it that you would recommend SGL to a friend or colleague?". In 2023, our NPS score increased to 61 from 53 in 2022, once again confirming that our customers truly value the service and solutions we deliver in making the world a little less complicated for them. The general industry average is an NPS of 41, which is why we are very proud of this achievement.

CONTINUING ESG IMPROVEMENTS

ESG continues to be anchored in our DNA as we remain committed to reducing our own and our customers' CO2 emissions through continued initiatives and collaborations with suppliers and stakeholders across the supply chain. We continue this through strategic memberships; including the United Nations Global Compact and World Economic Forum.

In 2023, we proudly received an A- rating, the second highest possible ranking from CDP (Carbon Disclosure Project), the leading gatekeeper in sustainable economy and environmental reporting.

WHAT'S THE NEW NORMAL

As volatility seems to be the only constant, we are looking into a new year which again entails a multitude of opportunities for SGL Group. A year where we need to ensure we materialise our growth opportunities.

We will continue being customer-focused, very agile, flexible, and constantly thinking about how we can support our customers in their growth.

PRO FORMA RESULTS

FIVE-YEAR SUMMARY

FIVE-YEAR SUMMARY	2023	2022	2021	2020	2019
Key figures (in EURm)					
Revenue	2,022	3,332	1,924	1,061	960
Gross profit	469	471	282	178	162
EBITDA before special items	193	211	108	57	47
Operating profit (EBIT) before special items	129	155	72	25	24
Special items, net	(34)	(21)	(10)	(15)	(5)
Operating profit (EBIT)	95	134	62	10	19
Financial items, net	(98)	(45)	(31)	(31)	(29)
Result before tax	(3)	89	30	(21)	(10)
Result for the year	(33)	63	18	(24)	(10)
Cash flow					
Cash flows from operating activities	28	260	(125)	38	(12)
Cash flows from investing activities	(404)	(65)	(71)	(18)	(22)
Free cash flow	(376)	195	(196)	20	(34)
Cash flows from financing activities	220	48	214	6	41
Cash flow for the year	(156)	243	18	26	7

ADJUSTED PERFORMANCE EXCL. COSTS RELATED TO THE ACQUISITION OF SGL*

	2023	2022	2021	2020	2019
Special items, net	(12)	(21)	(10)	(15)	(5)
Financial items, net	(66)	(45)	(31)	(31)	(29)
Result for the year	**21**	**63**	**18**	**(24)**	**(10)**
Cash flow from operating activities	50	260	(125)	38	(12)
Cash flow from investing activities	(63)	(65)	(71)	(18)	(22)
Cash flow from financing activities	(25)	48	214	6	41

** Excluding costs related to the acquisition of Scan Global Logistics by CVC Funds.*

	2023	2022	2021	2020	2019
Financial position					
Total equity	875	220	164	111	134
Net working capital	94	81	227	18	36
Net interest-bearing debt (NIBD)	678	266	441	250	240
Total Assets	2,023	1,225	1,004	565	525
Financial ratios in %					
Gross margin	23.2	14.1	14.7	16.8	16.9
EBITDA margin before special items	9.5	6.3	5.6	5.4	4.9
EBIT margin before special items	6.4	4.7	3.7	2.3	2.5
EBIT margin	4.7	4.0	3.2	0.9	2.0
Equity ratio	43.3	18.0	16.3	19.6	25.5
Number of full-time employees at the end of the year	3,608	3,370	2,322	1,819	1,700

FINANCIAL PERFORMANCE

REVENUE	GROSS PROFIT	EBITDA*
EUR 2,022m	EUR 469m	EUR 193m

*EBITDA before special items

RESULT FOR THE YEAR

SGL Group has delivered a solid financial result under competitive market conditions in 2023.

Following the extraordinary conditions of 2022, and despite macroeconomic and geopolitical challenges and disruptions continuing throughout all 2023, the freight market showed normalisation and gradually returned towards pre-COVID levels and inventory levels became aligned for re-stocking. In addition, customers pushed forwarders' and carriers' margins, while the initial expected consumer-driven increase in volumes never materialised in the second half of 2023.

All-in-all, this resulted in a highly competitive market environment.

SGL Group's solid performance demonstrates the effectiveness of its resilient business model, offering both standard and complex logistics solutions. The company excelled in providing complex logistics solutions for its customers across varying industries, both cyclic and non-cyclic, through hard work, strong customer focus, and close partnership-based supplier management.

Furthermore, SGL has continued its commercial momentum expanding into new countries, continued its strong progress on M&A integrations and bringing further diversification for SGL in terms of geography and capabilities.

The financial year 2023 includes the operational results of newly acquired businesses ETS (DE), Sand (DK), Belglobe (CH), FLS (PT), 3PL (US) and Global Cargo (US) which were acquired and onboarded during 2023.

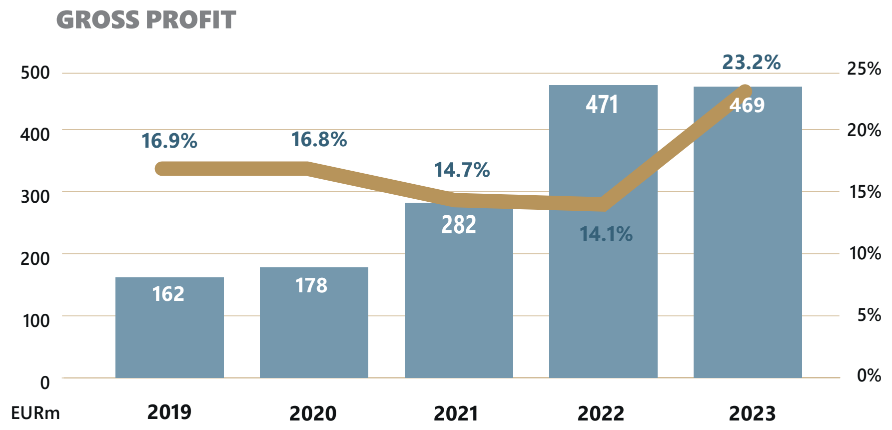
In 2023, revenue amounted to EUR 2,022m, generating an EBITDA before special items of EUR 193m. This is within the guidance and promise to the market, but at the lower end of the range.

REVENUE

Revenue amounted to EUR 2,022m, down from a record year of EUR 3,332m in 2022. The decrease was primarily due to a challenging macro environment coupled with lower freight rates and lower air volumes. Generally, in line with the company's expectations.

GROSS PROFIT

Gross profit amounted to EUR 469m in 2023, on par with last year. Gross margin increased 9.1%-points, driven by lower freight rates. Gross Profit includes a negative FX impact of approximately EUR 12m.



Compared to the extraordinary favourable economic conditions and results in 2022, SGL Group has demonstrated solid gross profit resilience throughout 2023. SGL Group has leveraged from its highly resilient customer-centric business model and our most valuable asset - our people and succeeded in increasing the share of complex logistics solutions versus standard services, which made it possible to maintain a Gross Profit on par with 2022, despite top-line decline. Specifically, the earnings are derived from complex logistic solutions within industries uncorrelated to macro economic environment like Aid & Relief, Pharma & Healthcare, Food & Additives, Renewable Projects and Government & Defence.

In addition, SGL Group has succeeded in growing its customer base, increasing its share of wallets, and utilising the dynamic mix of businesses in its portfolio.

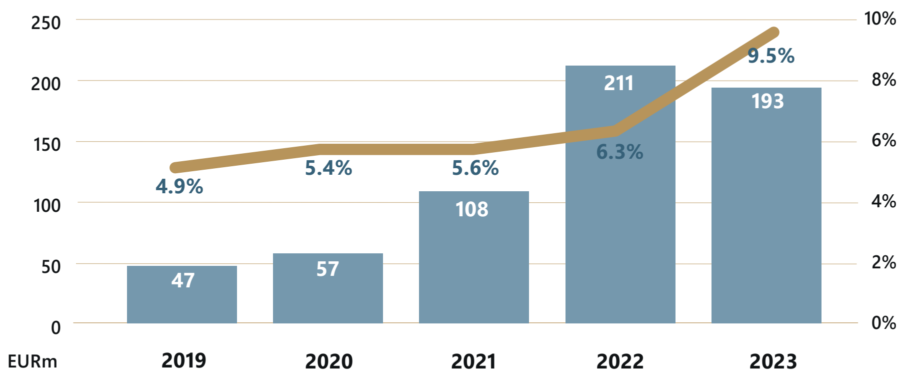
Furthermore, the gross profit is driven by solid Ocean activities; however, offset by the slowdown on the Trans-Pacific trade lane impacting both Asia and North America.

EBITDA BEFORE SPECIAL ITEMS

EBITDA before special items amounted to EUR 193m compared to EUR 211m in 2022.

As SGL Group continues to invest in its network through acquisitions and greenfields, a derivative consequence is a decrease in conversion ratio during the period after acqusition. However, the network effect increases after integration and efficiencies are captured in the acquisitions and scale comes in to play in greenfields. In 2024, SGL Group acquired and onboarded ETS, Sand, Belglobe, FLS, 3PL and Global Cargo Inc. and established greenfields in Kenya, and Romania.

EBITDA BEFORE SPECIAL ITEMS



DEPRECIATION AND AMORTISATION

Depreciation and amortisation increased to EUR 64m in 2023 compared to EUR 56m in 2022, mainly due to amortisation from acquisitions and increased amortisation on IT development projects. Investments in IT were increased to secure the infrastructure necessary for continued long term growth and scalability.

SPECIAL ITEMS

Special items, net, amounted to a cost of EUR 34m mainly driven by EUR 22m related to the acquisition of SGL Group by CVC Funds. Remaining special items, net, is driven by greenfield activities, M&A-related costs and restructuring activities.

EBIT

Operating profit (EBIT) amounted to EUR 95m compared to EUR 134m in 2022. The decrease was mainly due to an increase in special items and amortisation from acquisitions and IT costs (see the sections above).

FINANCIAL ITEMS

Financial items amounted to net expenses of EUR 98m compared to net expense of EUR 45m in 2022. The development was mainly driven by increased interest expenses from issued bonds, cost related to bonds redeemed and additional financial expenses of EUR 32m related to the acquisition of SGL Group by CVC Funds.

TAX

Tax expenses amounted to EUR 30m in 2023 compared to EUR 26m in 2022. The tax expense is impacted by non-deductible interest expenses, and M&A transactions, including costs related to the acquisition of SGL Group by CVC Funds.

RESULT FOR THE YEAR

Result for the year amounted to EUR (33)m primarily driven by the operating performance and net financial items.

Excluding costs related to the acquisition of SGL Group by CVC Funds, result for the year would amount to a profit of EUR 21m compared to EUR 63m in 2022.

CASH FLOWS

The cash flow from operating activities was positive, amounting to EUR 28m. This was primarily due to a strong EBITDA, which was partially offset by special items totaling EUR 22m and financial expenses of EUR 32m. Both the special items and financial expenses were related to the acquisition of SGL Group by CVC Funds. When excluding these transaction-related costs, cash flow from operating activities would be positive with EUR 50m.

The negative cash flow from investing activities relates to the acquisition of SGL Group by CVC Funds, ETS, Sand, Belglobe, FLS, 3PL, Global Cargo Inc. and GPX as part of Investments in Group entities.

The positive cash flow from financing activities relates to the acquisition of SGL Group by CVC Funds, in particular capital contribution from proceeds of issued bonds.

CAPITAL STRUCTURE

Equity attributable to the parent company was EUR 875m. The total equity ratio was 43.3% as per 31 December 2023. Compared to 31 December 2022 the equity ratio increased 25.3% points driven by capital contribution comprising cash contribution and contribution of assets.

We actively manage our liquidity and indebtedness profile and may, from time to time, seek to either raise additional indebtedness or to purchase all or a portion of our outstanding debt through cash purchases or debt exchanges, in open-market purchases, privately negotiated transactions or otherwise. The terms of any such transactions are solely within our discretion and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was EUR 678m as of 31 December 2023. The NIBD mainly comprises bond debt and the company's net cash position of EUR 136m, which is derived from an improved net working capital position. The total liquidity reserve was EUR 274m end of December 2023 compared to EUR 393m in 2022.

NET WORKING CAPITAL

Net working capital increased with EUR 13m during 2023. The total NWC position was EUR 94m by 31 December 2023. The increase in net working capital is related to project-related axctivities, thus offset by lower activity levels in certain areas, lower freight rates and improved collection processes.

FINANCIAL PERFORMANCE – AIR & OCEAN

REVENUE	GROSS PROFIT	GROSS MARGIN
EUR 1,707m	EUR 394m	23.1%

KEY COMMENTS

- Air & Ocean segment revenue decreased by 42.5% in 2023 compared to 2022, but Gross profit remained resilient amounting to EUR 394m in 2023 on par with 2022.

- Air volume of more than 150,000 tonnes; a slight decline of 12% compared to 2022.

- Ocean volume of more than 400,000 TEU; on par with 2022.

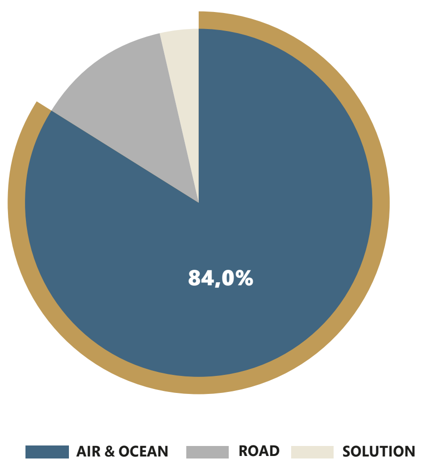
- The gross margin has especially been impacted positively by the development in freight rates, resulting in a gross margin in Air & Ocean of 23.1%, an increase of 9.7% points compared to last year.

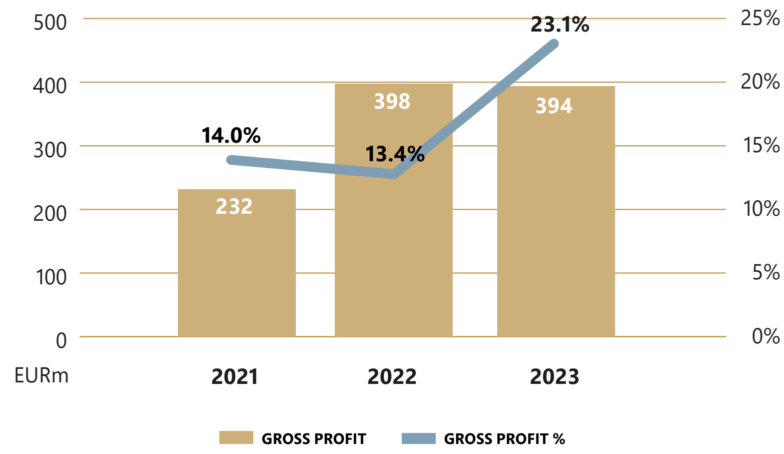
FINANCIAL PERFORMANCE

Air & Ocean revenue amounted to EUR 1,707m in 2023 compared to EUR 2,968m in 2022. The decrease in revenue is mainly related to decreasing freight rates and lower activity levels, partly offset by additions of acquired entities in 2023, including the full-year effect of activities acquired in 2022. Lower demand for transportation of consumer goods and over-inventory impacted the activity levels negatively in 2023.

Gross profit amounted to EUR 394m in 2023 compared to EUR 398m in 2022. Overall, this is a very good result considering the market conditions. The gross profit is almost at the same level as last year, with the main contributors being Aid & Relief, Government & Defence, Ocean activities and Renewable Projects in EMEA and Asia. However, despite the lack of volumes in certain areas of Air & Ocean, Ocean within EMEA has performed strongly in 2023, particularly in Aid & Relief, Government & Defence and Renewable Projects. This proves the effectiveness of our diversified business model across varied industries. Air & Ocean, especially air freight, have struggled during the year in terms of shipments and tonnage. This has primarily been driven by customers' rigid cost exercises. The increase in Ocean schedule reliability has also resulted in less demand for expedited air freight. Our ability to

SHARE OF GROSS PROFIT 2023





OCEAN SEGMENT SERVICES

- FCL
- LCL
- SEA-AIR
- FULL & PART CHARTER
- RAIL
- BUYERS CONSOLIDATION
- CROSS DOCKING
- PO & VENDOR MANAGEMENT
- FCL DRAYAGE
- FINAL MILE DISTRIBUTION
- CUSTOMS CLEARANCE
- INSURANCE

FINANCIAL PERFORMANCE – AIR & OCEAN, CONT.

maintain our customer base without losing significant customers, share of wallet, while onboarding new customers and projects, combined with the acquisition of new businesses, helped us to almost reach the same level of Gross Profit as last year. This, along with the positive impact of freight rates development, resulted in an increase in our gross margin for 2023 to 23.1%, equivalent to 9.7% points increase compared to 2022.

EBITDA before special items amounted to EUR 176m for 2023, compared to EUR 193m last year. The positive performance in Gross Profit as well as the ability to keep costs under control contributed to the development in EBITDA compared to last year.

OPERATIONAL HIGHLIGHTS

Given the challenging markets conditions the demand for air freight continued to be impacted by the macroeconomic slowdown and global inventory correction. The negative volume trend was most pronounced in air freight, a market susceptible to fluctuations. The demand for air freight was impacted by improved schedule reliability and lower rates in the ocean freight market, which made ocean freight a more competitive alternative.

We continued our customer-centric approach as a non-negotiable, delivering best-in-class tailored solutions across multiple trade lanes and industries; though impacted by the slowdown on the Trans-Pacific trade lane impacting both Asia and North America, due to lower customer activity.

We have remained focused on maintaining a strong market position in certain countries in EMEA and continued strategic growth by expanding our presence and network in the region through newly established locations and acquisitions.

OCEAN FREIGHT

Ocean freight shipments have been increased over 2023 but with less containers on job level. To compensate for the low activity levels within the Trans-Pacific Eastbound trade, we have managed to increase our volumes within the Asia Westbound, Trans-Atlantic Westbound and Asia-Oceania trade. This has resulted in ~400,000 TEUs on par with 2022. Our ocean customer portfolio is well-diversified and well-represented in all industries we operate, which has helped us to navigate through a challenging 2023.

AIR FREIGHT

Air freight volumes of ~150,000 tonnage declined only 12% compared to 2022. Air freight and especially tonnage has been challenged during the year because of customers' rigid cost exercises. The increase in Ocean schedule reliability has also resulted in less demand for expedited air freight. We have recognised a positive trend in our customer portfolio, where we see our geographic market expansion is paying off. Shipments increased over 2023, but the average weight per shipment has decreased. However, the volume trend showed a stable upward trend in the second half of the year and the gap is even smaller and above the market average decrease supported by special projects which have contributed positively in 2022.


AIR SEGMENT SERVICES
AIRFREIGHT
EXPRESS AIRFREIGHT
SEA-AIR
FULL & PART CHARTER
RAIL
LAND-AIR
COURIER
PO & VENDOR MANAGEMENT
INSURANCE
FINAL MILE DISTRIBUTION
CUSTOMS CLEARANCE

FINANCIAL PERFORMANCE – ROAD

REVENUE	GROSS PROFIT	GROSS MARGIN
EUR 278m	EUR 59m	21.2%

KEY COMMENTS

- The Road segment increased gross profit by 3.5% to EUR 59m in 2023 from EUR 57m in 2022. The positive development mainly derived from our division in North America.

- The gross margin improved 2023 due to the development in freight rates as well as proactive and effective procurement.

FINANCIAL PERFORMANCE

Road revenue amounted to EUR 278m in 2023 compared to EUR 317m in 2022. A mix of a drop in freight rates and decreased activity levels driven by a significant over-inventory drove the decrease in revenue. No discernible peak seasons contributed to the overall decline in revenue compared to 2022.

Gross profit amounted to EUR 59m for 2023 compared to EUR 57m in 2022. Maintaining the customer base without any major losses as well as proactive and effective procurement led to an increase in customer profitability and resulted in an increase in gross profit compared to last year. This, and especially the development in freight rates positively impacted the gross margin for 2023, which increased to 21.2%, equivalent to an increase of 3.2% points compared to 2022.

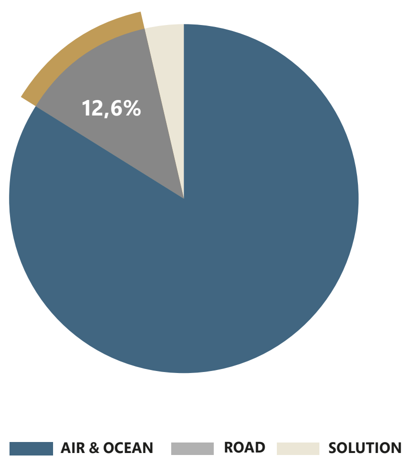
EBITDA before special items amounted to EUR 13m for 2023, compared to EUR 13m last year. The positive performance in Gross Profit as well as the ability to keep costs under control contributed to EBITDA being in line with last year.

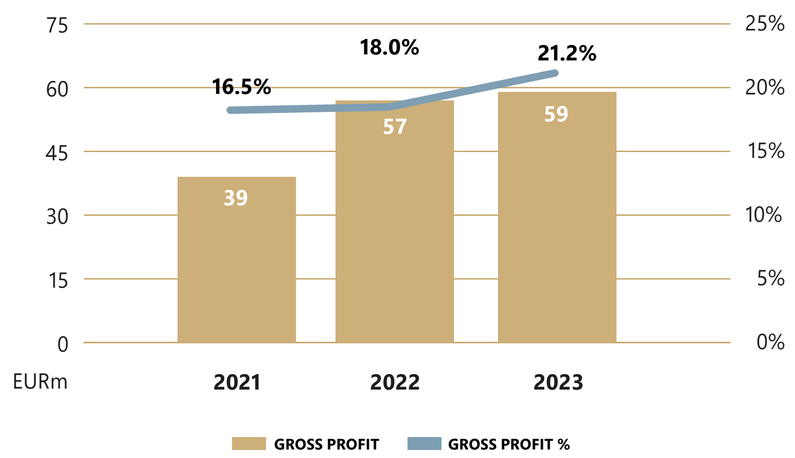
OPERATIONAL PERFORMANCE

The demand for road transportation declined in 2023 due to the general economic slowdown, resulting in decreased volumes. Despite successfully expanding our customer portfolio and managing more shipments than the previous year, the average shipment size decreased compared to 2022, consequently, affecting our payload.

In 2022, carriers and forwarders successfully passed on cost increases to customers due to capacity constraints, but from Q3 2023 the market dynamics shifted dramatically. The slowdown in activity

SHARE OF GROSS PROFIT 2023





resulted in abundant capacity, with carriers actively seeking work from us. This shift prompted customers to conduct extensive price comparison exercises from Q4 and onwards, forcing us to lower rates to maintain shipment volumes. Simultaneously, we engaged in ongoing negotiations with carriers to reduce cost prices.

As of early 2024, the downward trend in volumes persists, prompting a continued focus on winning new business and driving costs down.

ROAD SEGMENT SERVICES

FINANCIAL PERFORMANCE – SOLUTIONS

REVENUE	GROSS PROFIT	GROSS MARGIN
EUR 37m	EUR 16m	43.2%

KEY COMMENTS

- Driven by operational productivity optimisation, the Solutions segment reported a gross margin of 43.2%, equivalent to an increase of 9.2% points compared to 2022.

FINANCIAL PERFORMANCE

The Solutions revenue amounted to EUR 37m in 2023 compared to EUR 47m in 2022. The decrease in revenue was mainly impacted by less activity from existing customers.

Gross Profit amounted to EUR 16m in 2023 compared to EUR 16m in 2022. The performance in gross profit is primarily driven by optimisation of the productivity in operations, which led to gross profit being in line with last year. This also impacted the gross margin for 2023 positively, which increased to 43.2%; equivalent to an increase of 9.2% point compared to 2022.

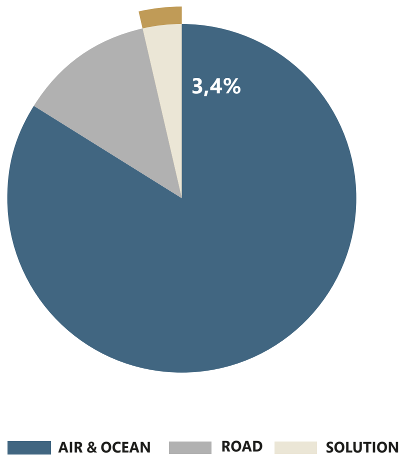
EBITDA before special items amounted to EUR 4m in 2023, compared to EUR 5m last year.

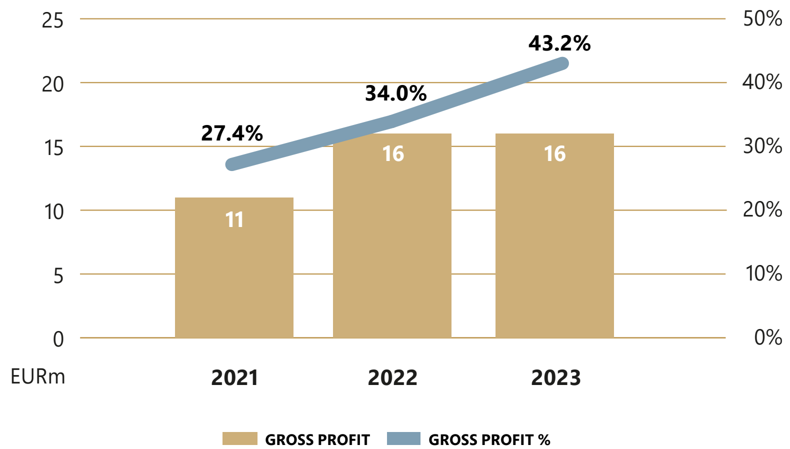
OPERATIONAL PERFORMANCE

In 2023, the Solutions segment felt the repercussions of a global trade decline and an inventory correction worldwide. This resulted in reduced operational activity and decreased inventory levels and prompted us to enhance efficiency, which is why we maintain a high focus on managing our cost base to align with demand fluctuations.

The demand for streamlining the fulfillment and distribution industry as well as optimal warehouse locations is still expected to increase in the years to come, to ensure cost efficiency and minimising errors. Tight warehousing capacity management is essential to become a significant player in the industry. Additionally, having warehouse facilities across the world will cater for international companies in need of flexibility in their supply chains.

SHARE OF GROSS PROFIT 2023





SOLUTIONS SEGMENT SERVICES

FULFILLMENT & DISTRIBUTION

GLOBAL WAREHOUSING & STORAGE SERVICES

CUSTOMS CLEARANCE

INCOME STATEMENT

EURm	2023 Income statement	2023 Adjustment*	2023 Adjusted income statement*	2022
Revenue	2,022	-	2,022	3,332
Cost of operation	(1,553)	-	(1,553)	(2,861)
Gross profit	**469**	**-**	**469**	**471**
Other external expenses	(65)	-	(65)	(60)
Staff costs	(211)	-	(211)	(200)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**193**	**-**	**193**	**211**
Amortisation and depreciation	(64)	-	(64)	(56)
Operating profit (EBIT) before special items	**129**	**-**	**129**	**155**
Special items, net	(34)	22	(12)	(21)
Operating profit (EBIT)	**95**	**22**	**117**	**134**
Financial income	9	-	9	28
Financial expenses	(107)	32	(75)	(73)
Result before tax	**(3)**	**54**	**51**	**89**
Income tax for the year	(30)	-	(30)	(26)
Result for the year	**(33)**	**54**	**21**	**63**
Total income for the year attributable to				
Owners of the Parent Company	(35)	54	19	58
Non-controlling interests	2	-	2	5
Total	**(33)**	**54**	**21**	**63**

** Financial performance for 2023 excluding costs related to the acquisition of Scan Global Logistics by CVC Funds.*

BALANCE SHEET

EURm	2023	2022
ASSETS		
Intangible assets	1,424	398
Property, plant and equipment	83	61
Other receivables	9	6
Deferred tax asset	7	8
Total non-current assets	**1,523**	**473**
Trade receivables	265	375
Contract assets	42	26
Receivables from related parties	3	28
Tax receivables	4	2
Other receivables	12	4
Prepayments	32	18
Cash and cash equivalents	142	299
Total current assets	**500**	**752**
Total assets	**2,023**	**1,225**

EURm	2023	2022
EQUITY AND LIABILITIES		
Equity attributable to Parent Company	**875**	**216**
Non-controlling interests	(0)	4
Total equity	**875**	**220**
Borrowings	726	534
Lease liabilities	41	31
Deferred tax liability	45	18
Other payables	12	14
Total non-current liabilities	**824**	**597**
Bank debt	6	-
Trade payables	139	170
Accrued trade expenses	84	113
Current tax liabilities	18	19
Lease liabilities	22	21
Payable to related parties	-	11
Deferred income	2	9
Other payables	53	65
Total current liabilities	**324**	**408**
Total liabilities	**1,148**	**1,005**
Total equity and liabilities	**2,023**	**1,225**

STATEMENT OF CASH FLOWS

EURm	2023 Cash-flow	2023 Adjust-ment*	2023 Adjusted cash-flow*	2022
Result for the year	(33)	54	21	63
Adjustment of non-cash items:				
Income taxes in the income statement	30	-	30	26
Depreciation and amortisation	64	-	64	56
Financial income	(9)	-	(9)	(28)
Financial expenses	107	(32)	75	73
Change in working capital	(21)	-	(21)	125
Interest received	5	-	5	-
Interest paid	(79)	-	(79)	(41)
Tax paid	(36)	-	(36)	(14)
Cash flows from operating activities	**28**	**22**	**50**	**260**
Purchase of software and other intangible assets	(9)	-	(9)	(7)
Purchase of property, plant and equipment	(13)	-	(13)	(7)
Earn-out paid	-	-	-	(2)
Investments in group companies	(382)	341	(41)	(49)
Cash flows from investing activities	**(404)**	**341**	**(63)**	**(65)**
Free cash flow	**(376)**	**363**	**(13)**	**195**

EURm	2023 Cash-flow	2023 Adjust-ment*	2023 Adjusted cash-flow*	2022
Capital increase	79	(79)	-	-
Dividend paid to non-controlling interests	(4)	-	(4)	(5)
Investments in deposits	-	-	-	(2)
Proceeds from issuing bonds	359	(359)	-	75
Redemption of bond loan	(193)	193	-	-
Redemption of lease liabilities	(21)	-	(21)	(20)
Cash flows from financing activities	**220**	**(245)**	**(25)**	**48**
Change in cash and cash equivalents	**(156)**	**118**	**(38)**	**243**
Cash and cash equivalents				
Cash and cash equivalents beginning of year	299	-	299	64
Exchange rate adjustment of cash and cash equivalents	(7)	-	(7)	(8)
Change in cash and cash equivalents	(156)	118	(38)	243
Cash and cash equivalents end of year	**136**	**118**	**254**	**299**

** Financial performance for 2023 excluding costs related to the acquisition of Scan Global Logistics by CVC Funds.*

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.

REPORTABLE SEGMENTS

EURm	Air & Ocean	Road	Solutions	Total
2023				
Net revenue	**1,707**	**278**	**37**	**2,022**
Cost of operation	(1,313)	(219)	(21)	(1,553)
Gross profit	**394**	**59**	**16**	**469**
Other external expenses and staff costs	(218)	(46)	(12)	(276)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**176**	**13**	**4**	**193**
Depreciation and amortisation				(64)
Operating profit (EBIT) before special items				**129**
Special items, net				(34)
Financial items, net				(98)
Result before tax				**(3)**
2022				
Net revenue	**2,968**	**317**	**47**	**3,332**
Cost of operation	(2,570)	(260)	(31)	(2,861)
Gross profit	**398**	**57**	**16**	**471**
Other external expenses and staff costs	(205)	(44)	(11)	(260)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**193**	**13**	**5**	**211**
Depreciation and amortisation				(56)
Operating profit (EBIT) before special items				**155**
Special items, net				(21)
Financial items, net				(45)
Result before tax				**89**

THE BEST OF TWO WORLDS

In today's increasingly disruptive world, SGL's customer-centric and service-oriented approach has proven highly resilient compared to the standardised, automated 'in-a-box' solutions often offered by the industry. As we explore SGL's unique approach to building tailor-made solutions around its customers, we see how it played a crucial role in successfully delivering a 90,000 freight tons project in Senegal.

The logistics industry is at a crossroads. In recent years, several large freight forwarders predicted that the future of logistics would entail standardised, pre-defined solutions. Leveraging blockchain technology, the attempt was to simplify the supply chain and make it as easy as booking an airline ticket. But, add disruptions like blockage of the Suez Canal, attacks on commercial vessels in the Red Sea, port strikes, COVID or climate-related challenges, and no system can accommodate that.

Taking the opposite stance, SGL strongly believes that no two customers nor supply chains are alike. Therefore, depending on each customer's specific situation, requirements and challenges, the global freight forwarder offers its customers two options: standard or complex logistics solutions.

This approach has proven a winning formula. Unlike its industry peers, who have experienced a gross profit decrease in 2023 due to the volatile market, SGL has not. Its unique business model of standard and complex solutions has proved highly resilient and is responsible for the company's success.

THE BEST OF TWO WORLDS

The current and future market environment is increasingly disrupted by political unrest and climate- and macroeconomic volatility, making it crucial for customers that providers are competent at navigating the ever-changing circumstances. SGL's dual approach provides the best of two worlds: premium technology and organisational structure coupled with fast decision-making.

Empowering people lies deep within the SGL DNA of applying a human-centric approach to everyone, everywhere. As market disruptions and challenges don't discriminate between rank or language or consider time zones, uncomplicating the customers' world often relies on fast, efficient, and competent action. Therefore, employees are empowered to make quick decisions on the spot. Local empowerment enables SGL to provide the necessary alternatives to keeping its customers' supply chains running smoothly with minimal impact, regardless of industry, type of customer or challenges.

BUILDING SOLUTIONS AROUND THE CUSTOMER

It is this unique modus operandi that sets SGL apart from competitors and has positioned them in a sweet spot in the market.

Rather than a top-down, rigid approach demanding that customers fit into the same box, SGL insists on building tailored solutions around its complex logistics customers, ensuring them an optimum setup to support and grow their business.

As a result, customers experience that they don't have to wait for an answer but deal with a competent, close-knit team of cross-regional and cross-industry experts who are not afraid to course correct and are committed to solving their challenges. Nor do customers have to keep track of projects themselves as the team ensures honest and reliable communication filtered through their personally assigned contact.

This personal and service-driven approach ensures a close partnership with the customers and a detailed understanding of their business requirements, market conditions, and existing challenges. The bigger the challenges, the closer the ties, seem to be the philosophy behind SGL's success with providing complex logistics solutions for their worldwide customers.

THE POWER OF 'SUPPLIER-CENTRICITY'

Logistics suppliers play a crucial role in solving disruptions or market-related challenges. SGL acknowledges

80% of the total cargo volume had to be delivered by the end of 2023. The first 656-ton critical shipment from China required special heavy lift expertise and significant infrastructure modifications, as four pedestrian bridges had to be removed for the eight 82-ton heavy kiln shells to pass safely en route to the building site.

suppliers' pivotal importance and has institutionalised the concept of 'supplier-centricity'. Hence, investing time in building and nurturing close supplier relations has proven highly beneficial for SGL. The company has direct access to the CEOs of several major ocean and airfreight carriers. This has helped SGL secure VIP agreements, thanks to its Global Key Account status with the suppliers.

When faced with challenges during the delivery of a complex industrial project to Senegal, the importance of local empowerment, expert knowledge and an agile, solution-driven and customer-centric organisation became evident.

Read on to get the full story in detail:

A 90,000 FREIGHT TONS SUCCESS

In 2023, SGL was selected by Fives FCB, a renowned supplier of cement plants, to deliver all equipment for a new plant assembly in Senegal.

The project was worth 90,000 freight tons, making it an extensive and high-value project. To meet the tight deadline, efficient planning, tracking, an agile approach, and daily customer dialogue were necessary. Therefore, a Control Tower was set up in Dunkirk, France, to serve as the customer's one point of contact and monitor and coordinate the shipments arriving from more than fourteen countries in Europe, the Middle East, and Asia to Dakar Port.

Constructing a plant is not a ready-made but a highly custom-made one. SGL's deep industry knowledge of the customer's equipment and understanding of its logistics needs, as well as awareness of how logistics impacts plant assembly, prove critical to the success of the project. Daily and honest communication and adapting to changes throughout the project's lifetime become pivotal as the project may face various disruptions and challenges.

AGILE THINKING AND FLEXIBLE SOLUTIONS

During the project, delays with the customer's suppliers and manufacturers, the Red Sea crisis, and terminal congestion at Dakar Port posed significant challenges. To ensure the operations kept running smoothly, SGL leveraged its worldwide expert network and quickly assigned more resources to strengthen the operation team; adapted logistics plans for each shipment, prioritised direct service and shorter transit times, and implemented alternative routings calling another terminal in Dakar, including doubling the trailer fleet to ensure a constant number of container deliveries to the job site.

Fives FCB expands on choosing SGL as their logistics provider:
'The parameters and scope of such a substantial project change daily. We chose SGL as they bring a flexible approach and can adjust quickly to changing plans and circumstances. Their worldwide network provides us with the necessary local expertise and cross-border coordination.'

USING ALL TOOLS IN THE BOX

Delivering more than 1,500 container loads and odd-size, heavy-weight plant components in a timely and orderly manner to avoid plant assembly delay is a complicated jigsaw puzzle.

As plant components arrived from fourteen countries in Europe, Asia and the Middle East, SGL's experts pulled on a broad range of transport modes to ensure a smooth project delivery. From multi-axel and container trailers to flat and low beds, using inland waterways, container carriers, RORO and breakbulk carriers to a few air shipments for specific cargo urgently needed on the job site, the diversity and types and sizes of components were safely delivered to the job site.

The industrial project experts have succesfully shipped 70,000 of the 90,000 tons of cargo, including 1,516 containers, to date. The project is due to be completed in 2024.

REPORTED RESULTS

MORE THAN 45 YEARS OF UNCOMPLICATING THE WORLD OF LOGISTICS

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 modes of transport 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 that uses limited funds on transport equipment and many sub-suppliers instead.

AEA Investors SBF LP, the private equity sponsor, acquired SGL International A/S in 2016. SGL International A/S is the parent company of Scan Global Logistics A/S. AEA Investors SBF LP, 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

1975
Mahé Freight founded

1989
ScanAm Transport founded

2007
Sold to Odin Equity, Mahé merges with ScanAm. Founding of Scan Global Logistics

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

2017
Allan Melgaard was appointed Global CEO of Scan Global Logistics. Acquisition of Airlog Group and CrossEurope

2018
Acquisition of Kestrel Freight in Australia and Macca Logistics in Africa

2019
Acquisition of IQS Group, BK Spedition, IC Logistics, and SGL Spain. SGL Express Courier and SGL E-Commerce were established as an independent company

Issued senior secured floating rate bond loan of EUR 215 million followed by EUR 8 million within a total framework of EUR 315 million until the year 2024 between SGL Group and TransGroup. The two groups formed SGLT Holding. In 2021, the two businesses became one global brand under Scan Global Logistics with one organisation and one global executive leadership team.

With the global 1-3-5 strategy launch in 2021, SGL has committed to an ambitious growth and acquisition strategy, which led to several new markets in 2021. Expanding the global footprint and providing entrepreneurial transport and logistics solutions to a diverse portfolio of customers worldwide have continued.

In 2022, the SGL family further expanded its global footprint through acquisitions and greenfield investments across several continents, entering new markets in Hungary, the United Arab Emirates, Sri Lanka and Laos.

In May 2023, CVC Capital Partners acquired SGL Group from former majority shareholder, AEA Investors SBF LP.

Former majority shareholder, as well as members of the management team of SGL, have remained as minority shareholders alongside CVC. Furthermore, SGL established a new Board of Directors to support SGL's strategic journey. Nils Smedegaard Andersen was appointed chairman of the Board.

SGL reached the milestone of being present in more than 50 countries worldwide.

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 27 million 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 subordinated unsecured 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 floating-rate bonds under the EUR 315 million framework

2022

Acquisition of Trust Forwarding (SAS cargo in Norway, Sweden and Denmark), AFL Logistics (Germany and USA), Gelders Forwarding (the Netherlands), Advection Logistics (Hungary), Sea Air Logistics (Singapore, China and Hong Kong).

Start-up activities in United Arab Emirates, Sri Lanka and Laos.

Issued subsequent bonds of EUR 75 million within the existing framework of EUR 315 million senior secured fixed rate bonds.

2023

Acquisition of ETS Transport & Logistics (Germany), Sand Road Freight (Denmark), Belglobe Sàrl (Switzerland & Mexico), 3PL (USA), FLS - Freight & Logistics Solutions (Portugal), Global Cargo Inc. (USA) and GPX DA (Norway).

Start-up activities in Kenya and Romania.

Issued senior secured bonds of EUR 750m, partly used to redeem previously issued bonds.

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

Freight forwarding is a service industry specialised in the global movement of goods on behalf of exporters and importers. Freight forwarding in its purest form is an asset-light business. Forwarders organise transportation for their customers by purchasing capacity from capacity providers (ocean carriers, airlines, trucking companies). The transportation is performed by the capacity provider, who also owns the assets used in the transportation, with the freight forwarder taking an arbitrary fee to organise the shipment.The freight forwarding market is affected by underlying market conditions within Air & Ocean, Rail, and Road transportation, i.e., capacity availability. SGL's activities focus on global freight-forwarding services, primarily Air & Ocean, Road, and Rail freight. Additionally, SGL offers complementary and value-added services such as PO Management, Supply Chain consultancy, Consolidation services, Customs House Brokerage, PO Shipment Monitoring and Insurance. SGL revenue is derived from a diverse portfolio of global blue-chip customers and customers within the SME segment. SGL provides services to its customers worldwide through its extensive network of regional offices present on all continents. SGL holds world-leading positions in key industries such as Aid & Relief, Automotive, Government & Defense, Fashion & Retail, and Food & Additives.

SGL's primary focus is to have a diversified business approach within complementary industries and across all customer segments, be it standard high-volume solutions or tailor made entrepreneurial transport solutions to solve complex logistic challenges globally.

Agility, flexibility, geographic presence, sector expertise and customer-centricity are SGL's key success factors. SGL competes head-to-head with large global players as well as local forwarders. Through the 1-3-5 strategy, SGL pursues an ambitious growth and acquisition strategy allowing it to expand its global footprint in relevant markets and industries to fuel long-term growth ambitions.

SGL is present in +50 countries across all continents with +3,600 employees in +180 offices. SGL serves over 25,000 customers, of which the average tenure among the ten largest is approximately 9 years.

As part of the largest wind farm project in the Philippines to date, our industrial project and heavy-lift experts erected and installed 32 wind turbines in the mountainous North Luzon region. The 160 MW project is a significant step towards the country's target of getting 35% of its energy supply from renewable sources by 2030

OUR EMPLOYEES ARE OUR MOST VALUABLE ASSET

Our Vision 2027 "1-3-5" is anchored in bringing a human approach to everyone, everywhere. We see ourselves as a people business by which we realise that our business performance and success centers around people. More specifically, our employees are at the heart of our strategy.

TACTICS

Our strategy is accomplished through five strategic tactics:

- Unlock DNA & meaningfulness
- Become global citizens
- Build systems supporting people
- Extreme growth
- Buy & build

UNLOCK DNA & MEANINGFULNESS

We run on the energy of good people, and no system or formula can compensate for that. Therefore, we aim to create the most meaningful workplace within logistics, anchoring our DNA and virtues in all corners and processes of the company. For us, culture and business are one and the same, and the value of our results depends on how we earn them. We are not perfect, but by putting priority and focus into strengthening our culture, we believe that we can grow our people, and by growing our people we grow our business.

BECOME GLOBAL CITIZENS

We exist to make the whole world a little less complicated, and as our business is constantly expanding to new markets, it opens up new opportunities for synergies and growth. To harvest those synergies and capture that growth, we need to have a global mindset in everything we do; a mindset where we think commercially, think bigger and think more holistically; a mindset where we culturally act with sincere respect and with a deep understanding of local customs; last but not least a mindset where there is one SGL.

BUILD SYSTEMS SUPPORTING PEOPLE

Systems and IT will not be our differentiators, but they should never disqualify or slow us down. With a vision to be the most humane logistics provider, every system we have should support precisely that, freeing up time and energy to be there for each other and our customers in the best way possible.

A freight forwarder is not a machine, so we will only build IT systems that support people in being people and doing their job even better – with a principle of one system supports one process. Furthermore, we will only build IT and systems that support understanding and uncomplicating our customer's world even better.

EXTREME GROWTH

We are forward-thinkers who go above and beyond to bring anything anywhere. As proud problem-solvers, we live to remove complexity for our customers. To deliver on our vision, we need to be bold in constantly identifying new opportunities for growth – and be entrepreneurial in finding the right solutions.

Further, we need to establish a clear value proposition and brand to differentiate ourselves, and, we need to move even closer to our customers by increasing our presence and unlocking cross-selling opportunities.

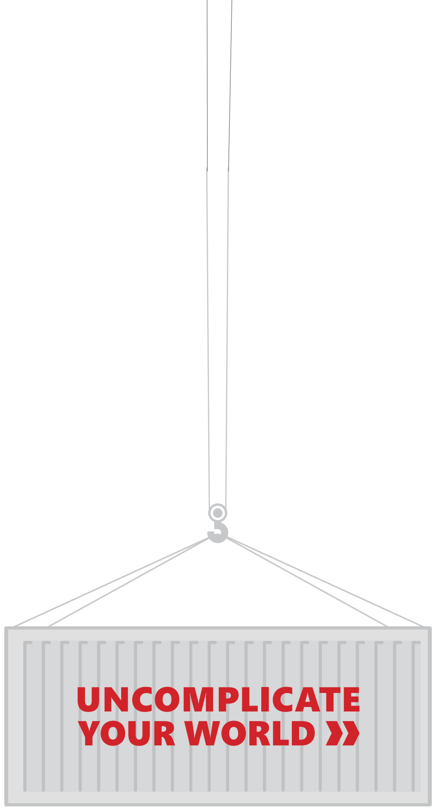
BUY & BUILD

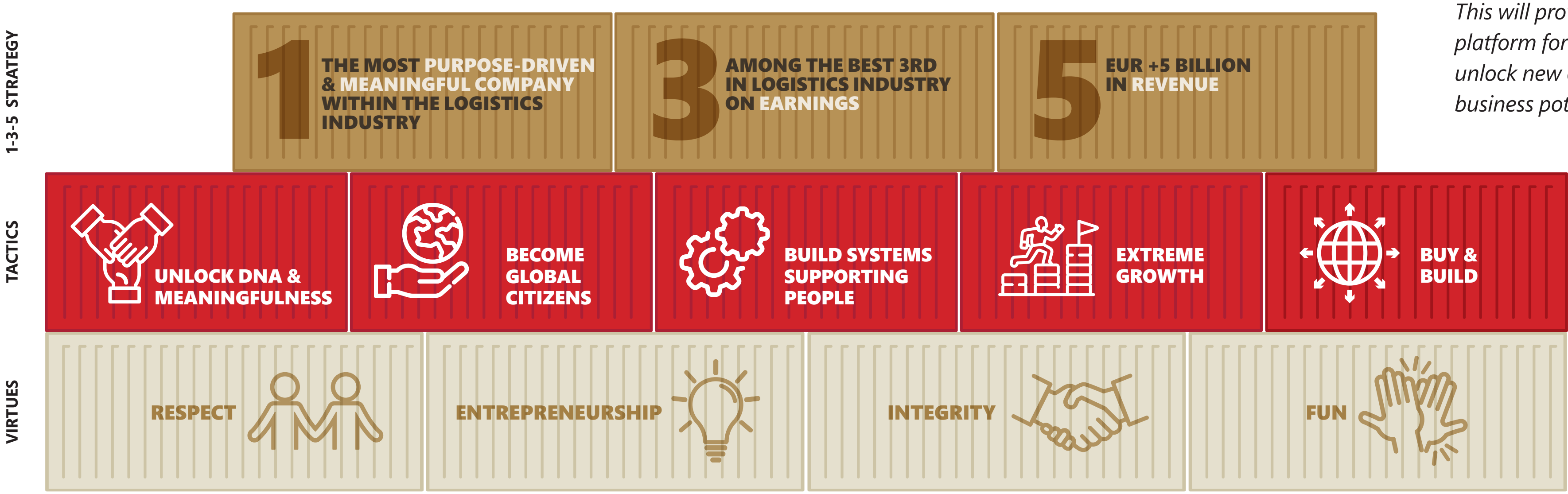
The bigger our business becomes, the more significant an impact we can have on the world to uncomplicate logistics.

Increasing our presence, acquiring new skills and gaining a better scale will enable us to grow and form a truly global organisation capable of serving our customers even better and providing an even stronger platform for our employees to unlock new opportunities and horizons. However, acquiring for the sake of acquiring is not attractive as we will work even more intensively and structurally with identifying and developing a strong cultural fit, assessing all businesses and people we welcome carefully to ensure that we share visions and virtues.

VIRTUES

Four virtues support the five tactics for delivering our strategy as a firm behavioural foundation for the strategy; respect, integrity, entrepreneurship and fun.



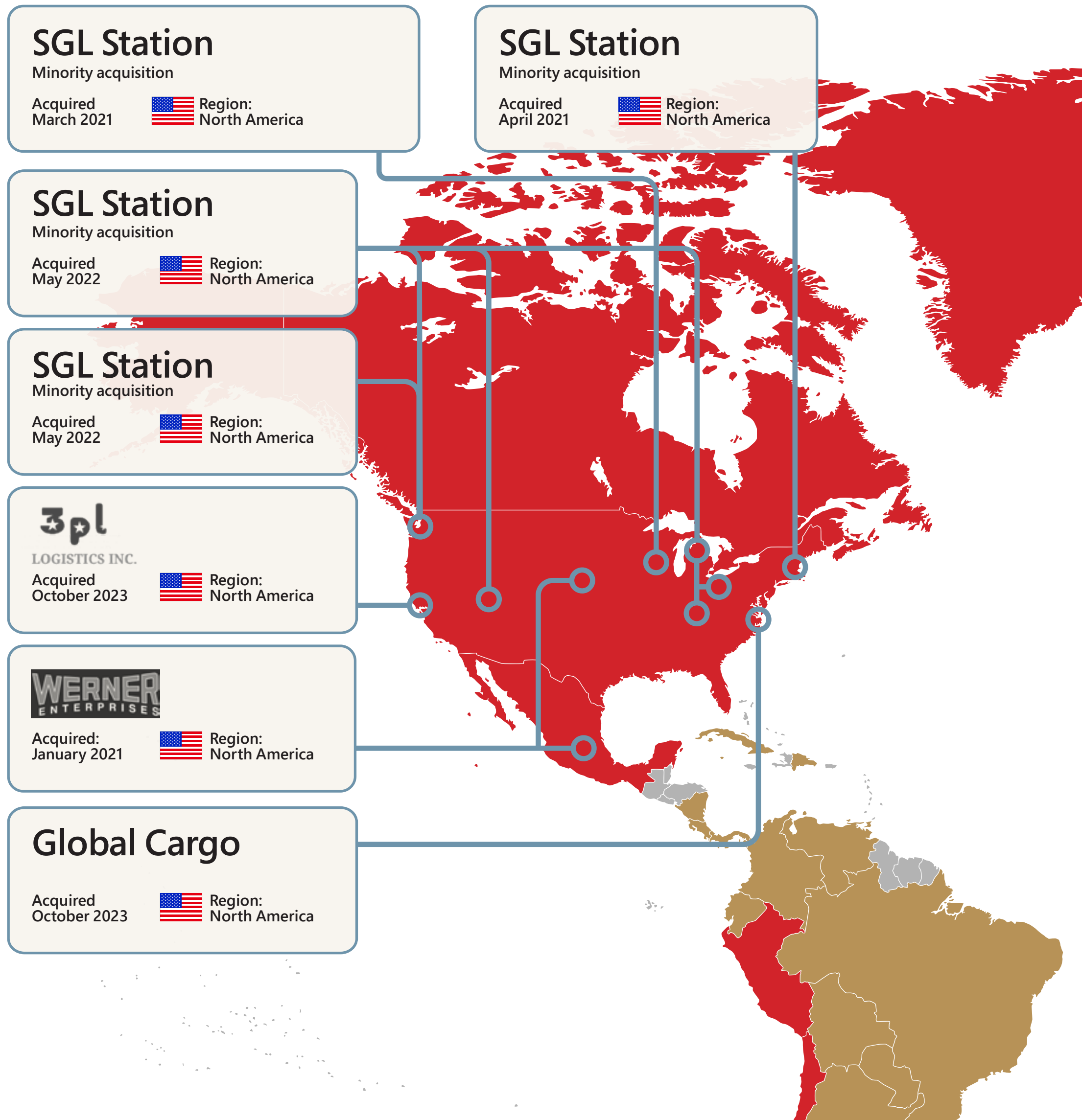


1 *Rooted in the core belief that we grow our business by growing our people, we are strongly committed to creating the most meaningful workplace within the logistics industry. Our virtues and DNA are at the heart of all we do.*

3 *For SGL to realise its potential, earnings equal financial oxygen to ensure strong and sustainable business growth in terms of bottom line.*

5 *Growing our business and building a global organisation and worldwide network will allow us to better impact the world of logistics and serve our customers. This will provide an enhanced platform for our employees to unlock new opportunities and business potential.*

MERGERS AND ACQUISITIONS



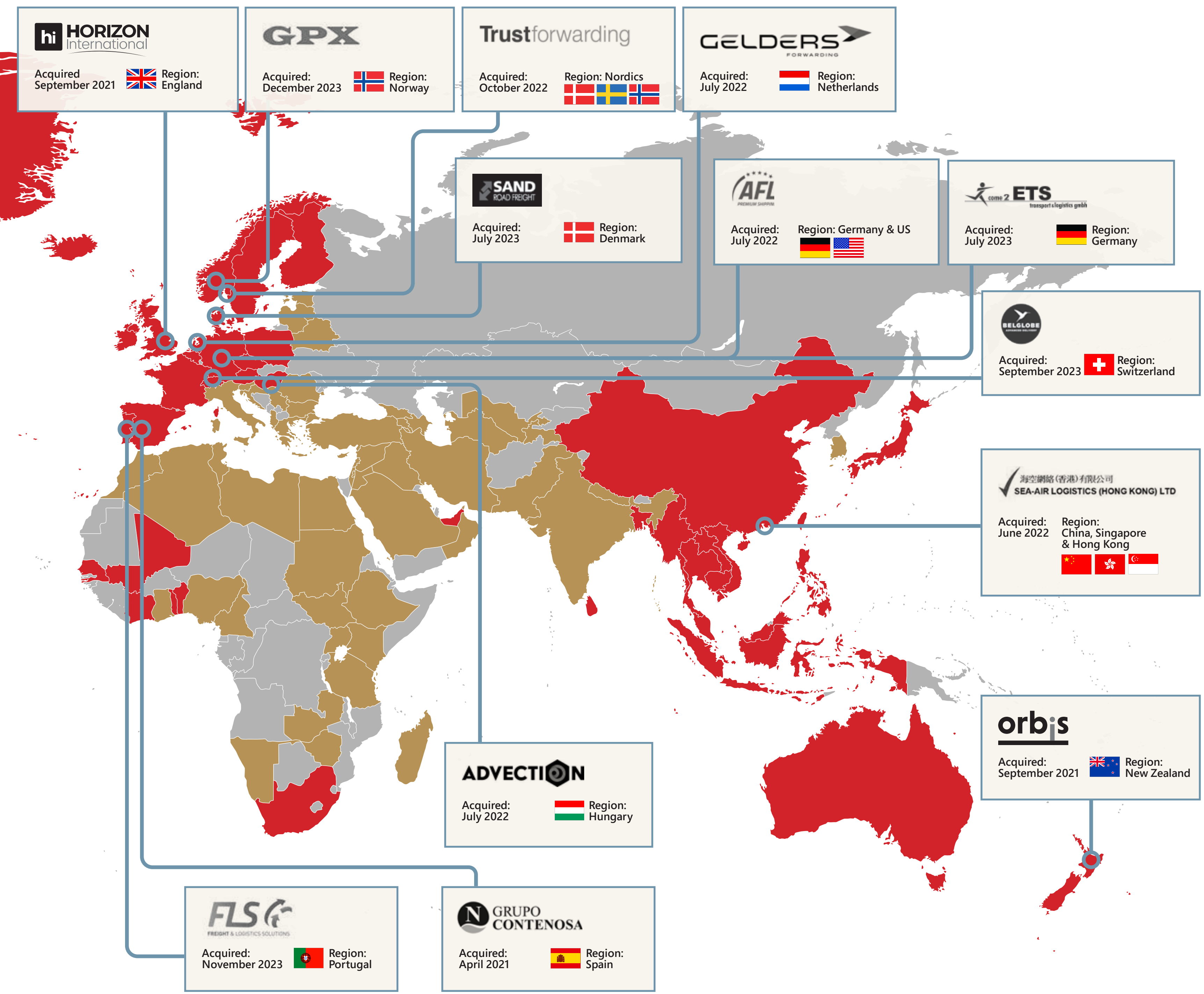
In recent years, SGL has transitioned from a mid-sized regional freight forwarding company into a fully-fletched global logistics provider.

EXTREME ORGANIC GROWTH

SGL targets a year-on-year double-digit organic growth across all regions, transport modes and industries. A healthy organic growth enabled through the strategic lever '*Extreme Growth*' is fundamental for SGL to achieve the targeted scale that will propel financial performance upwards in the future years. As SGL continues to expand into new markets and industries, the associated growth must be delivered with the diversification of business in mind, with this, in turn providing a unique business with all-weather resilience. SGL wishes to have a healthy balance between Air & Ocean Freight, but also in terms of trade-lane diversification. Significant organisational investments have been made in sales supporting functions such as Tender Management, Procurement, Supply Chain Development and similar. These initiatives form a good basis for achieving extreme growth within all segments.

M&A AND GREENFIELD

On top of strong organic growth, SGL will pursue a targeted M&A and Greenfield strategy ensuring all key countries and markets required to service global customers are covered in terms of SGL presence. So far, SGL has predominantly pursued M&A to accelerate geographical expansion. While this will be the case in some significant markets still, then more so the M&A approach will be targeted to achieve scale and volumes in key markets, especially in the larger economies. The industry remains fragmented, and SGL still sees significant room for consolidation, with SGL increasingly positioned as a company that is the acquirer of choice. M&A will also be used to build instant capabilities across the organisation within high-touch non-cyclical verticals such as Pharma & Healthcare, Automotive, Aid & Relief and Government & Defence. From a size perspective, there is expected to be larger M&As, but fewer M&As going forward considering SGL is entering into the last cycle of geographical expansion. M&A investments will increasingly be targeted in countries with robust underlying growth.



FOOTPRINTS AND LAST THREE YEARS OF ACQUISITIONS

GLOBAL FOOTPRINT

Headquarter in Copenhagen, Denmark

Revenue 2023: EUR 2,022m (Reported: EUR 1,162m)

Employees: +3,600

+50 countries and +180 offices in EMEA, North America, South America, South East Asia and Asia Pacific

SGL

STRATEGIC PARTNERS

OUR INDUSTRY AND MARKET OUTLOOK

As expected, 2023 was the year of freight rate normalisation, following historic high freight rate levels across all major global trade lanes in 2022, fueled by extreme consumer demand, and supply chain bottlenecks due to the impact of the COVID-19 pandemic.

The downward trajectory of freight rates in 2023, especially on Ocean Freight, did, however, happen at a pace, that surprised most in the industry, with freight rates dropping to levels lower than seen pre-pandemic.

Record high inventory levels, a sharp decline in consumer demand and an influx of new vessel capacity created the perfect storm for Ocean carriers who struggled to fill up vessels.

To a certain degree, air freight went through the same motion, though, at a more modest pace, with rates remaining above of pre-pandemic levels.

Accordingly, the nominal gross margin on standard Air & Ocean was also under somewhat pressure during 2023. This development was accelerated by customers increasingly ceasing the opportunity to tender their volumes, after a 2-year period where this essentially was not possible due to a lack of available capacity in the market.
The development seen in 2023 was, as such, not limited to specific trade lanes, and overall, the same trend was evident across all regions.

From a volume perspective, ocean freight experienced a somewhat softer landing than air freight. Customers across industries, on account of predominantly cost measures, launched an array of initiatives to reduce air freight which was especially apparent in the first half of 2023.

Generally, activity was lower at the beginning of 2023 and then picked up over the course of the year as inventory levels decreased and consumer spending progressively increased.

While 2023 was marked by supply outweighing demand, the month of December saw a significant and fundamental change to the market dynamic.

Attacks on commercial vessels by Houthi rebels in the Red Sea, which in turn prompted ocean carriers to re-route via Cape of Good Hope instead of the Suez Canal, has triggered instant freight rate increases reminiscent of the development seen during the pandemic.

Rates on Far-East to Europe, for example, skyrocketed +200 % in the course of a few weeks only, and this trend spread to trade lanes not directly impacted by the Suez Canal passage, amongst others, the US West Coast.

What was initially assessed as a short-term challenge is now believed to be longer-lasting in 2024, with the potential of triggering other ripple effects such as container storage and port congestion.

AIR

SGL remains poised to deliver on double-digit growth within air freight activity rooted in exposure to industries typically utilising air freight to a high degree.

SGL goes to market based on a hybrid model where fixed allotments and stand-alone capacity purchases are leveraged by combining the best of two worlds, acknowledging that not all air freight is planned air freight.

Today, SGL enjoys an excellent relationship with all major airlines and is increasingly valued and recognised as a partner who consistently delivers on commitments and promises.

The air freight market in 2024 is expected to continue its positive development in terms of activity level following a significant uptick in volume in Q4.

Air freight rates are expected to remain elevated above pre-pandemic levels to a large degree, aided by e-commerce demand.

OCEAN

Overall, gross supply is expected to continue to outweigh demand in 2024. However, considering some of the infrastructural and geo-political impacting factors, supply and demand from a net perspective is predicted to be somewhat balanced.

SGL is increasingly benefitting from inclusion in Global Account Programs with ocean carriers, ensuring SGL can go to market in a more coherent and unified manner across regions.

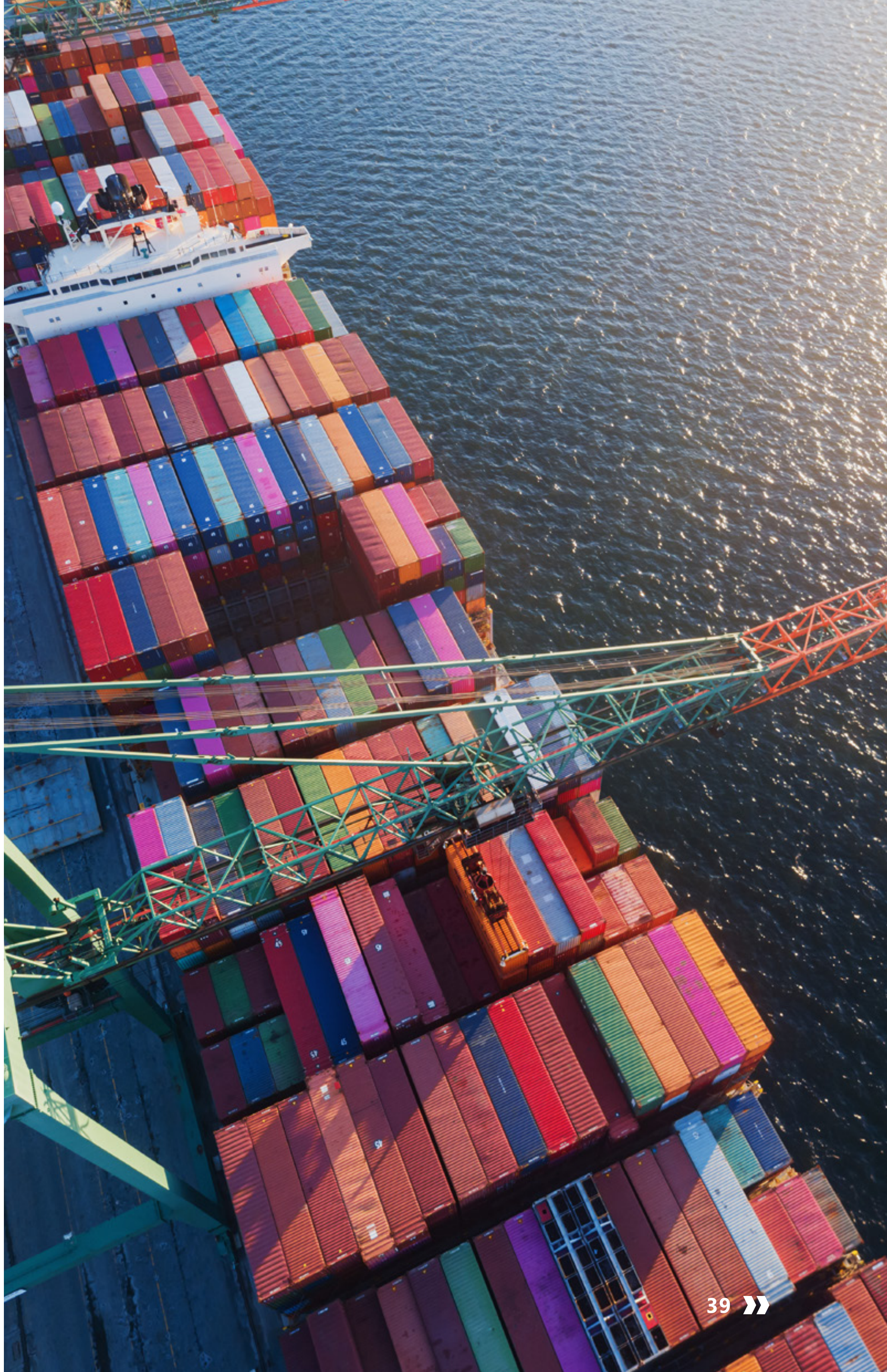
SGL is well positioned in terms of relationships across all three major ocean alliances, and in relation to the launch of new Gemini alliance by Maersk and Hapag Lloyd, SGL is also well suited to benefit from this.

SGL pursues a diversified ocean business model with a high focus on a balanced volume portfolio across trade lanes and between import and export.

The current mix of volume across trade lanes is viewed as attractive by Ocean carriers, and SGL will continue solidifying this position.

SGL has a significant focus on 'supplier centricity', proactively striving to forge relationships at HQ level with all major ocean carriers, including participation from the SGL Global Leadership team.

SGL will accelerate focus on LCL in 2024, having identified specific trade lanes where new consolidation offerings will be launched.



STANDARD LOGISTICS

COMPLEX LOGISTICS

STANDARD LOGISTICS

High-volume-driven, end-to-end solutions for shipping general cargo, e.g., fixed departures on established trade lanes.

Compared to the market's standardised approach to customer needs, we offer the same complete range of solutions available as our peers but delivered with a personalised service and unprecedented flexibility. In an ever-changing market, this customer-centric approach leads to increased share-of-wallet with customers and adjacent complex logistics opportunities. We cater to both SME and larger customers and offer general cargo, LCL, FCL, LTL, and charter solutions.

COMPLEX LOGISTICS

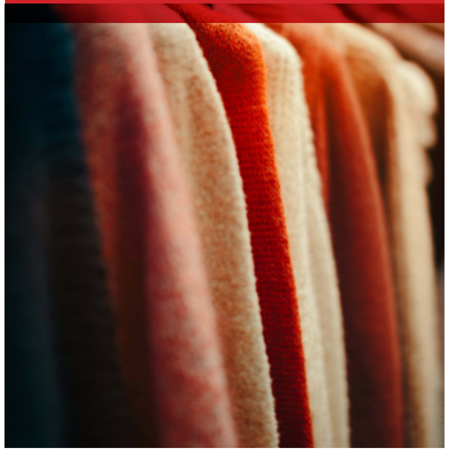
Custom-made, comprehensive logistics solutions for complex projects for a variety of industries.

Believing no two customers are alike, we build tailored solutions that fit their specific needs. Leveraging our extensive cross-industry expertise enables us to navigate the volatile market dynamics with care and agility, driving sustainable growth and value for our customers. This, in turn, fosters trust and commercial robustness, as evidenced by our record-high customer loyalty score*, proving the effectiveness of our resilient business model. Our complex logistics solutions are often tied to long-term contracts and are mainly related to strategic accounts within uncorrelated industries.

GENERAL MANUFACTURING

End-to-end transportation and distribution solutions of spare parts for global manufacturing companies. Material management and production planning ensure customers a smoothly running and competitive supply chain.

FASHION & RETAIL



All-in-one, scalable supply chain solution for textiles and apparel. On-time deliveries through worldwide fulfillment solutions and own consolidation for physical retail and e-commerce customers needing full visibility from production to the end-user.

AUTOMOTIVE

First-class, specially-designed transportation solutions for vintage, luxury and racecars to shipping new prototypes to our own testing facilities or displaying at fairs or events– carefully planned and executed, safely and discretely.

**NPS score of 61%, peers' score of 41%*

Industries uncorrelated to macro economic environment

AID & RELIEF

Preferred and leading provider of humanitarian aid logistics to the UN and NGOs for more than 45 years. Experienced and trained personnel ensure the delivery of supplies and equipment to secure the humanitarian supply chain in any location worldwide.

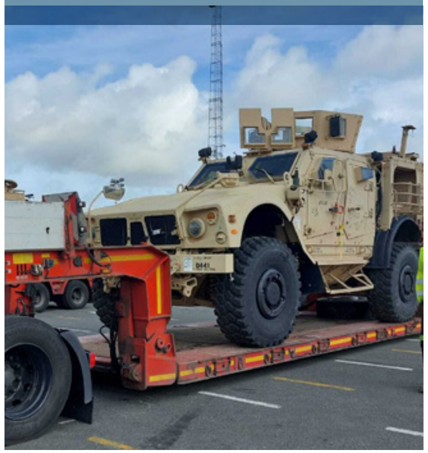
FOOD & ADDITIVES

Temperature-controlled shipping of perishables and food additives for global manufacturers and customers worldwide according to international food safety principles, HACCP, including safety buffer stocks to ensure constant on-time delivery.

PHARMA & HEALTHCARE

Best-in-class, uninterrupted and safe handling of pharmaceuticals and medical equipment. Temperature-controlled deliveries through strategically located GDP-certified warehouses, including cross-docking and transit handling worldwide.

GOVERNMENT & DEFENCE



Troops and military equipment transport for exercises and international missions for the UN, NATO, the United States Government, the Danish Defence and other countries' MoDs. Safe and timely delivery to some of the world's most remote and volatile regions.

RENEWABLE PROJECTS

Tailor-made multi-modal transportation solutions for out-of-gauge, wide-load, oversized or heavy cargo turnkey projects, especially in the renewable energy and oil and gas sectors. In-house specialists guarantee safe delivery to construction sites worldwide.

OUTLOOK 2024

2024	GUIDANCE
EBITDA before special items	EUR 195m - EUR 215m

OUTLOOK 2024

For 2024, we expect a positive development in activity levels for the air freight market. To some extent, air freight rates are expected to remain elevated above pre-pandemic levels.

For ocean freight, we expect that gross supply will continue to outweigh demand but be somewhat balanced considering the infrastructural and geo-political impacting factors.

SGL Group will continue pursuing a diversified business model with a high focus on a balanced volume portfolio across transport modes and trade lanes.

Therefore, despite a challenging geopolitical and macroeconomic environment with the expectation that volatility will remain constant in 2024, SGL Group is expected to deliver an EBITDA before special items in the range of EUR 195m to EUR 215m in 2024.

LONG-TERM FINANCIAL TARGETS

In continuing our strategy, Vision 2027: 1-3-5, we remain firm on our long-term financial targets of organic growth and continuing our geographical expansion through Greenfields and M&A.

SGL Group remains focused on delivering superior logistics solutions to demanding customers, driven by our strong belief in our employees' ability to constantly design the required solution.
SGL Group's long-term ambitions are:

OUTPERFORM MARKET GROWTH

- Achieving a total of EUR +5 billion in revenue
- Overall organic growth target being double-digit on major trade lanes and markets, powered by global growth initiatives driving growth across regions

TOP 3RD AMONGST THE GLOBAL PEERS IN PROFITABILITY

- High single–digit EBITDA margin before special items by 2027

OTHER FINANCIAL TARGETS

- Improving conversion ratio (Gross profit to EBITDA before special items)
- Strong positive cash generation

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

FOLLOW-UP ON GUIDANCE 2023

PRO FORMA

Due to the highly resilient and diversified business model combined with our most valuable assets – our people – SGL Group was able to deliver as promised; a Pro forma EBITDA before special items of EUR 193m in line with initial outlook.

REPORTED

2023 EBITDA before special items was slightly below the range of our initial outlook for 2023, caused by timing adjustments applied to the provisional net assets identified and goodwill recognised as part of the acquisition of SGL Group by CVC Funds.

2023	INITIAL GUIDANCE	REALISED
Pro forma EBITDA before special items	EUR 190m – EUR 210m	EUR 193m
Reported EBITDA before special items	EUR 105m – EUR 125m	EUR 102m

FORWARD-LOOKING STATEMENTS

The Annual Report contains forward-looking statements concerning SGL Group's financial position, results of operations and potential exposure to risks and statements expressing Management's expectations and assumptions. Such statements are subject to risks and uncertainties as several factors, many of which are beyond SGL Group's control, may cause the actual development and results to differ materially from expectations contained in the Annual Report.

FINANCIAL HIGHLIGHTS – REPORTED

Key figures (in EURm)	2023	2022
Income statement		
Revenue	1,162	-
Gross profit	269	-
EBITDA before special items	102	(0)
Operating profit (EBIT) before special items	60	(0)
Special items, net	(32)	-
Operating profit (EBIT)	28	(0)
Financial items, net	(65)	-
Result before tax	(37)	(0)
Result for the year	(51)	(0)
Cash flows		
Cash flows from operating activities	2	(0)
Cash flows from investing activities	(92)	-
Free cash flow	(90)	(0)
Cash flows from financing activities	233	0
Cash flow for the year	143	0

Key figures (in EURm)	2023	2022
Financial position		
Total equity	875	0
Net working capital	94	-
Net interest-bearing debt (NIBD)	678	-
Investment in property, plant and equipment incl. RoU	11	-
Total Assets	2,023	0
Financial ratios in %		
Gross margin	23.1	-
EBITDA margin before special items	8.8	-
EBIT margin before special items	5.2	-
Equity ratio	43.3	0
Other		
Number of full-time employees at the end of the year	3,608	-

FINANCIAL PERFORMANCE

GROUP

REVENUE	GROSS PROFIT	EBITDA*
EUR 1,162m	EUR 269m	EUR 102m

*EBITDA before special items

RESULT FOR THE YEAR

During 2023, the freight markets showed normalisation, with rates returning towards pre-COVID levels and inventory levels increasingly aligned for a re-stocking. SGL Group continues to deliver solid results through its resilient business model, and has achieved continued commercial momentum. The expansion into new countries, combined with continued substantial progress on M&A integrations, also brings further diversification for SGL in terms of geography and capabilities.

Revenue for 2023 amounted to EUR 1,162m with a gross profit of EUR 269m and a gross margin of 23.1%.

SGL has displayed solid gross profit resilience through 2023, driven by a growing customer base, higher share of wallet and the utilisation of the dynamics of the mix in the business with highly diversified end-markets. In particular, uncorrelated industries like Aid & Relief, Pharma & Healthcare, Food & Additives combined with several significant projects within complex industries such as Renewable Projects and Government & Defence have contributed to the resilient Gross Profit of 2023. The gross profit is also further driven by solid Ocean activities. However, this was offset by the slowdown on the trans-Pacific trade lane impacting both Asia and North America.

Special items amounted to a cost of EUR 32m for 2023, primarily related to the acquisition of SGL Group by CVC Funds and greenfield and M&A activity-related costs.

Financial items amounted to a net expense of EUR 65m for 2023 and were mainly related to interests from issued bonds of 64 mEUR.

Result for the year amounted to negative EUR 51m primarily driven by the operating performance and net financial items.

CASH FLOW

Cash flow from operating activities was EUR 2m for 2023; the positive EBIT performance in 2023, was offset by interests related to issued bonds and special items related to the acquisition.

CAPITAL STRUCTURE

We actively manage our liquidity and indebtedness profile. We may, from time to time, seek to either raise additional indebtedness or purchase all or a portion of our outstanding debt through cash purchases or debt exchanges, in open-market purchases, privately negotiated transactions or otherwise. The terms of any such transactions are solely within our discretion and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was EUR 678m as of 31 December 2023 and mainly comprises bond debt and the company's net cash position of EUR 136m deriving from the improved net working capital position (NWC). The total liquidity reserve was EUR 274m at the end of December 2023 (December 2022: EUR 0m).

NET WORKING CAPITAL

Throughout 2023, the net working capital increased and amounted to EUR 94m as of 31 December 2023.
NWC was impacted by low activity levels and low freight rates within the Air & Ocean segment but offset by Project related activities and a strong collection process.

SEGMENT PERFORMANCE

AIR & OCEAN			ROAD			SOLUTIONS		
REVENUE	GROSS PROFIT	EBITDA*	REVENUE	GROSS PROFIT	EBITDA*	REVENUE	GROSS PROFIT	EBITDA*
EUR 967m	226m	93m	EUR 175m	34m	7m	EUR 20m	9m	2m

**EBITDA before special items*

AIR & OCEAN

Air & Ocean revenue amounted to EUR 967m. Air & Ocean was mainly impacted by decreasing freight rates and lower activity levels throughout the year, partly offset by an increase from M&A integration. Lower demand for consumer goods transportation and over-inventory impacted the activity levels negatively during the year.

Gross profit amounted to EUR 226m. Overall, this is a very good result considering the market conditions. Ocean activities, Aid & Relief, Government & Defence and Renewable Projects in EMEA and Renewable Projects in Asia have contributed to the gross profit, though offset by a lack of activity levels in Asia and North America.

Air & Ocean, especially air freight, have experienced difficulties during the year in terms of shipments and tonnage. This has been primarily driven by rigid cost exercises by customers.

The increase in Ocean schedule reliability has also resulted in less demand for expedited air freight. Despite the lack of volumes in certain areas of Air & Ocean, Ocean within EMEA performed strongly in 2023, particularly in Aid & Relief, Government & Defence and Renewable Projects. This has proven the effectiveness of our diversified business model across varied industries, combined with no loss of significant customers or share of wallet, while still onboarding new customers and projects. Alongside, the freight rates development, it has impacted the gross margin positively.

EBITDA before special items amounted to EUR 93m. The positive performance in Gross Profit, as well as the ability to keep costs under control, contributed to the result in EBITDA.

ROAD

Road revenue amounted to EUR 175m. A mix of decreased activity levels and a drop in freight rates throughout the year drove the performance in revenue. A significant over-inventory drives the decline in activity, and no discernible peak seasons exist.

Gross profit amounted to EUR 34m. Maintaining a customer base without any significant losses, as well as proactive and effective procurement, led to the performance in gross profit. This, and especially the freight rates development, positively impacted the gross margin.

EBITDA before special items amounted to EUR 7m. The performance in Gross Profit, as well as the ability to keep costs under control, contributed to the result in EBITDA.

SOLUTIONS

Solutions revenue amounted to EUR 20m. The result is impacted by less activity from existing customers.

Gross Profit amounted to EUR 9m. The performance in gross profit is mainly driven by optimisation of operational productivity, which also impacted the gross margin positively.

EBITDA before special items amounted to EUR 2m.

CORPORATE GOVERNANCE

SGL Group ApS is a privately held company directly owned by SGL Holding II ApS, with the ultimate ownership resting with Skill Luxembourg Holdings S.à.r.l.

GENERAL MEETING

SGL employs a two-tier management system, comprising the Board of Directors and the Executive Management, with no individual being a member of both.

Decisions made at the general meeting, including the election of the Board of Directors and the auditor, comply with Danish regulations.

Annually, at the general meeting, shareholders elect three to seven board members. Following the extraordinary general meeting on August 9, 2023, the Board of Directors comprises six members today. Nominations are based on an evaluation of competencies, independence, and performance.

BOARD COMPOSITION

The Board of Directors, as the primary governing body, shoulders a range of responsibilities vital to the effective functioning of SGL Group ApS. These include:

- Setting and overseeing the company's long-term success.
- Identifying, assessing, and managing business risks to preserve shareholder value.
- Overseeing financial performance, budget approval, and ensuring regulatory compliance.
- Appointing, evaluating, and potentially replacing key executives, including the CEO.
- Maintaining transparent communication and duly considering shareholder interests.
- Ensuring company operations align with the legal framework and comply with regulations.
- Overseeing the Audit Committee's work, especially in risk management, financial reporting, and regulatory compliance.

BOARD COMMITTEES

The Audit Committee oversees the company's risk management, financial reporting, regulatory compliance, internal controls and, supervise external auditors. The committee's key responsibilities include:

- Monitoring the financial reporting process and compliance with existing legislation, standards, and other regulations for public interest entities.
- Monitoring the company's internal control and risk management systems.
- Ensuring the integrity of the Company's financial reports.
- Ensuring compliance with legislation, standards, and regulations globally.
- Overseeing auditor independence, including non-audit services provision, and reporting, and facilitating the auditor selection process.
- Supervising the company's legal compliance programme, including the Code of Conduct, training, and whistleblower scheme.
- Monitoring cybersecurity measures.
- Overseeing ESG reporting.

The Remuneration Committee oversees and recommends policies related to executive remuneration, employee compensation, and incentive programs.

GROUP LEADERSHIP

The Group Leadership Team, with Allan Dyrgaard Melgaard as the CEO, oversees the main functions of the company. They are responsible for the day-to-day management of the company. In addition to steering the company's overall direction, the Group Leadership Team holds critical operational and strategic responsibilities, including maintaining sufficient and effective internal controls and risk management in connection with financial reporting.

STATUTORY REPORT ON GENDER DIVERSITY, CF. SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

SGL Group ApS' Board of Directors comprise six male directors. In 2023, SGL Group did not achieve its gender diversity target to appoint one female board member and will carry this target over into 2024. Further, SGL Group's diversity policy has set a target to achieve a representation of 40% of the underrepresented gender by 2030 for the Board of Directors.

During 2023, SGL Group ApS has employed fewer than 50 employees and is thereby exempted from setting targets for the company's "other managment" levels. SGL Group ApS is further exempted from the requirement to draw up a policy to increase the proportion of the underrepresented gender in "other management" levels in accordance with the Danish Business Authority.

SGL Group ApS' other levels of management comprise 2 male (66,67%) and 1 female (33,33%) and thereby has equal gender distribution.

The underrepresented gender in the Board of Directors is 0% in 2023. Currently, the Board of Directors of SGL Group ApS comprise six male directors - which is why we set ourselves a target to appoint one female board member. Unfortunately, we were unable to achieve this in 2023, and will carry this target over into 2024.

In 2023, there were no relevant candidates from the underrepresented gender for the Board of Directors. In the financial year, we have established clear and transparent criteria for board nominations, emphasizing the importance of diversity and actively considering qualified female candidates in the selection process.

The Executive Management comprise of 3 members of which the underrepresented gender represent 33%.

GENDER DIVERSITY AT PARENT COMPANY LEVEL – SGL GROUP APS Section 99b of the Danish Financial Statements Act	2023
Board of Directors SGL Group ApS	
Total number of members elected by the general meeting	6
Total members of the underrepresented gender (female)	0
The underrepresented gender (female) in %	0%
Target (% year)	40% (2030)
Executive Management SGL Group ApS	
Total number of members	3
Total members of the underrepresented gender (female)	1
The underrepresented gender (female) in %	33.3%

BOARD OF DIRECTORS

Nils Smedegaard Andersen
Chair of the Board
(Since 2023)

Considered independent.

EXPERIENCE
Chair of the Board of Directors at Teix Partners ApS. Member of the Board at Unilever PLC, Købmand Herman Sallings Fond, WWF Verdensnaturfonden. Chair of Supervisory Board in ASML Holding. Former CEO of Carlsberg and A.P. Moller - Maersk.

Søren Vestergaard-Poulsen
Member of the Board
(Since 2023)

Considered independent.

EXPERIENCE
Managing Partner of CVC Capital Partners. Chair of the Board of Directors at Stark Group A/S and member of the Board at Ahlsell.

Christoffer Helsengreen Sjøqvist
Member of the Board
(Since 2023)

Considered independent.

EXPERIENCE
Partner of CVC Capital Partners. Chair of the Board of Directors at Twoday Holding Denmark ApS. Vice-chair of the Board of Directors at Stark Group A/S. Member of the Board at Synsam Group, Alvogen and Save the Children Denmark.

Philip Bendorff Røpcke
Member of the Board
(Since 2023)

Considered independent.

EXPERIENCE
Director of CVC Capital Partners. Member of the Board of Directors at Stark Group A/S.

Thomas Nieszner
Member of the Board
(Since 2023)

Considered independent.

EXPERIENCE
Member of the Board at Planzer Holding AG. Former Global CEO of DHL Global Forwarding.

John Francis Cozzi
Member of the Board
(Since 2023)

Considered independent.

EXPERIENCE
Partner and Co-head of AEA's Small Business Private Equity team. Member of the Board at 50 Floor, American Expediting, Barnet Products, Connexus Resource Group, Montway, WorldWild Electric and former member of the Board of SGLT Holding since 2016.

EXECUTIVE MANAGEMENT

Allan Dyrgaard Melgaard
Global CEO

I drive SGL on the energy of our fantastic people because I believe that culture eats strategy for breakfast, and no system or formula can compensate for that.

Mads Drejer
Global COO & CCO

I firmly believe in achieving results by unleashing the potential of the people across countries, regions, and functions by being open, challenging, and encouraging.

Clara Nygaard Holst
Global CFO

I believe in empowering teams and individuals through purpose-driven leadership and engaging in cross-functional collaboration as the best foundation for our company's future development.

RISK MANAGEMENT

As a global freight forwarding company, SGL encounters a spectrum of inherent risks in its daily operations and value creation. Our comprehensive risk management strategy is tailored to continuously identify, assess, and manage these risks, and aims to mitigate their impact on financial results, overall company value, and adherence to financial covenants in financing arrangements.

COMMERCIAL RISKS

Navigating the volatile nature of supply and demand, especially on critical trade lanes like Asia to Europe, poses a significant short-term operating risk for SGL. The company prudently manages fluctuations in freight rates, the most substantial single cost item, by intricately balancing contracts with carriers against customer agreements. Robust practices, such as entering long-term contracts, further contribute to risk mitigation. Additionally, vigilance against clerical errors and liabilities outside standard trading conditions remains a focal point.

GLOBAL ECONOMIC CONDITIONS

Acknowledging the potential impact of prolonged economic downturns, declining GDP growth rates, and geopolitical events, SGL has proven its resilience as an agile freight forwarder. The company has consistently turned market unpredictability into opportunities, resulting in a strong financial performance during the period of 2020-2023.

RISKS RELATED TO IT INFRASTRUCTURE

Given the reliance on information technology for critical business processes, SGL actively manages risks associated with potential downtime, IT viruses, and disruptions. The company employs robust measures to ensure the stability and security of its IT systems, both for internal and external purposes concerning customers and suppliers.

RISKS RELATING TO OPERATIONS IN EMERGING MARKETS

Operating in emerging markets introduces heightened political, economic, and social uncertainties for SGL. To mitigate potential risks, the company closely monitors developments and holds liability insurance to cover potential losses resulting from changes in law, economic upheaval, and other significant factors.

DATA ETHICS

Going beyond compliance with data privacy laws SGL places a high premium on data ethics. The company's detailed security policy, grounded in virtues like 'Respect' and 'Integrity', sets stringent data collection and usage standards. SGL refrains from extensive data collection and upholds high demands for data collection from ourselves and our partners. We have strict standards for data collection and usage:

- We hold ourselves to high standards for collecting data from our assets and other sources
- We have strict requirements for our partners from whom we receive data.
- We avoid extensive data collection that could be perceived as data-driven surveillance.

Our Data Ethics Policy prepared in accordance with the Danish Financial Statements Act, sections 99d is available at: https://www.scangl.com/about/policies/

TRADE REGULATIONS

Managing risks associated with international trade regulations, SGL adopts relevant policies and conducts regular screenings against sanction lists. Sanctions and export control mandatory training, policies and guidelines, overseen by the Global General Counsel, are integral to mitigating sanctions-related risks, avoiding financial penalties, and preventing commercial and reputational damage.

CLIMATE AND SUSTAINABILITY

Climate-related financial risks are incorporated into SGL Group's governance, strategy and risk management process.

In 2023, SGL Group conducted a climate-related scenario analysis using the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. The purpose of the analysis was to update the scenario analysis undertaken in 2021 and complete a thorough assessment of climate risks and opportunities using the most recent scenarios from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

The analysis considered SGL Group's full value chain, including upstream ocean carriers, airlines, and road and rail transport companies, SGL Group's own operations and our customers.

We engaged a sustainability consultancy to undertake this analysis, which was based on the IEA's Net Zero Emissions (1.5°C), Announced Pledges (1.7°C) and Stated Policies (2.4°C) scenarios, along with the IPCC's SSP3-7.0 scenario (3.6°C) which was used to consider physical risks.

Transition risks

The process determined that, due to our asset-light business model and strategy, SGL Group is not exposed to rising emissions costs through carbon taxes as our revenue model merely adds a service fee to the cost of shipping. Nor does SGL Group face the rising investment costs and risks that carriers will bear to decarbonise their vessels, aircraft and vehicles.

A limited number of transition risks were identified that SGL Group is mitigating through its strategy and action plans.

- Customers may shift away from airfreight which is the most carbon-intensive mode of transport and is not expected to decarbonise significantly until 2030 when new technologies become available. This may impact SGL's profitability as airfreight has higher margins. SGL Group is mitigating this risk by purchasing sustainable aviation fuel (SAF) volumes to continue using airfreight as a low-carbon option and by offering a suite of Low-Carbon Logistics solutions.
- SGL Group may not be able to meet its published emissions reduction targets for Scope 3 (99% of total emissions in 2023) if customer uptake of Low Carbon Emissions solutions is slower. This may cause reputational and market impacts. SGL Group is mitigating this by engaging customers directly to design low-carbon journeys.
- SGL Group may not be able to procure a sufficient supply of low-carbon fuels, such as SAF, marine biofuel and biofuel for trucks, to meet customer demand. This risk has the potential to increase hedging and administrative costs. SGL Group is mitigating this risk by buying alternative fuels in advance.

Physical risks

The scenario analysis mapped SGL Group's locations to the IPCC SSP3-7.0 scenario (3.6°C) to test how assets and business activities may be exposed to physical risks. The analysis concluded that, due to our asset-light model, SGL Group is not exposed to any financially material physical risks from climate change.

Opportunities

The TCFD process confirmed that SGL Group has three material climate-related revenue opportunities that we are seeking to capture. These are providing Low Carbon Logistics services to meet customer demand to reduce their transport-related emissions, supporting UN agencies and other partners in responding to the humanitarian consequences of climate change, and providing specialised services related to recycling (reverse logistics) where the recycled goods are being returned to the point of origin on the back-haul.

Incorporated into ERM

The climate-related risks identified through the scenario analysis exercise have been incorporated into SGL Group's annual Enterprise Risk Management (ERM) process as well as into the ERM system.

Human Rights

SGL Group operates in regions with heightened human rights risks, such as countries with below living wages and limited legal protections, as highlighted in a 2023 assessment. Our Code of Conduct, ensures ethical standards, complemented by our Human Rights Policy committed to eradicating abuse of human right, and as signatory to the UN Global Compact, we actively promote UN principles.

Social and Employee Relations
There is a risk of our employees not thriving. Therefore, our ambition is to become the most meaningful company within the logistics industry. We focus on providing our people with meaningful work and opportunities through employee engagement and development, building a diverse and inclusive culture where everyone can succeed, and ensuring their health, safety, and well-being when they come to work. All materially affected members of SGL Group's own workforce are included in the scope of disclosure which can be found in our Sustainability Report 2023.

Anti-Corruption
There is a risk of non-compliance with laws and regulations if our employees are not completing their mandatory training. SGL Group will continue to train all employees and ensure that all complete their mandatory training. To secure that our Anti-Corruption practices are communicated and secure that all employees are compliant with laws and regulations.

FINANCIAL MARKET RISK

SGL navigates a financial market with debt financing, inflation, interest rates and foreign exchange rates. In response to these exposures, SGL strategically navigates the financial landscape, employing a meticulous approach to balance and manage the associated risks.

PUTTING DECARBONISATION INTO ACTION WITH CUSTOMERS

Time is rapidly running out for companies that have committed to halving their emissions by 2030 in line with the Paris Agreement's pathway to limit global temperature rise to 1.5°C. With each passing year, the target becomes more difficult to reach.

To address this, SGL Group, IKEA, Scania Group and the Exponential Roadmap Initiative collaborated to develop the Transportation Action Guide, with contributions from the transport organisations Smart Freight Centre and SLOCAT. The guide was launched at COP28 and provides practical steps for companies to begin cutting emissions immediately.

The Transportation Action Guide addresses Scope 3 supply chain emissions, which are among the most challenging to reduce because companies do not have direct control over them. By setting out a practical Emissions Reductions Roadmap, it details ways companies can decarbonise their supply chains through concrete, readily available and scalable solutions for all transport modes.

50% REDUCTION BY 2030 IS STILL WITHIN REACH

By reducing Scope 3 emissions by 10% per year starting from 2024, companies can achieve a 50% reduction by 2030. However, a delay of one or two years will put the target out of reach unless heavy investments are made. Instead, the guide recommends that companies should start reducing CO2 immediately to achieve their Scope 3 emissions target by 2030.

THE EMISSIONS REDUCTION ROADMAP

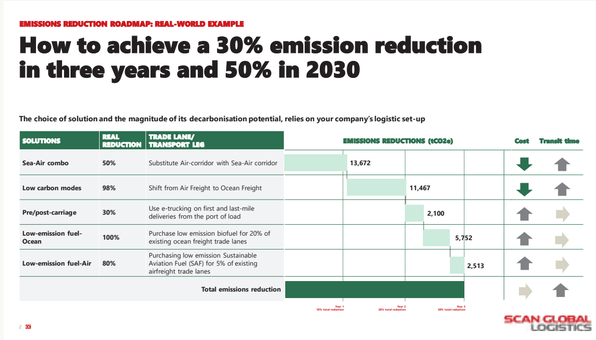
The Emissions Reduction Roadmap provides customers with a step-by-step solution to begin or accelerate their decarbonisation journey. The Roadmap is accompanied by a real-world emissions reduction example, developed by SGL Group using company data from our CO2 Report tool and based on customer collaborations. Launched in 2021, SGL Group's CO2 Report has become an essential tool in working closely with customers to assess their end-to-end transport emissions as a first step in taking concrete action on decarbonising their supply chain.

First, companies should assess their emissions across all modes of transport. Then, knowing where efforts will have the most impact, they can identify optimal solutions for their context from a catalogue of reduction solutions. The roadmap combines low carbon modes, biofuels, and low-emitting pre/post carriage transport solutions such as e-trucks.

No two companies or supply chains are alike, so the right decarbonisation solutions will always differ. The easy-to-follow guide allows companies to factor in their specific needs, whether achieving results fast, choosing cost-effective solutions, or improving their services.

SUSTAINABILITY PARTNERSHIPS FOR THE WIN

Collaborating closely with customers across various industries and supply chains is vital to reducing CO2 emissions and is at the heart of SGL's sustainability strategy.



The guide shows that building a reduction roadmap is achievable for any company.

In 2023, we worked with customers to replace fossil fuels with biofuels and implement sustainable solutions. This includes launching a 100% e-truck with Alfa Laval, MAN Energy Solutions shifting to ocean biofuel on one of their highest traffic routes from Asia to Europe, and Majid Al Futtaim shifting to sustainable air freight fuel on shipments from Asia to the UAE. These initiatives are described on the next page.

OCEAN BIOFUEL
MAN ENERGY SOLUTIONS

We initiated a pilot project in Denmark to test and develop sustainable logistics solution with our long-standing partners, MAN Energy Solutions. The project involves solutions using 100% ocean biofuel vessels and trucks running on renewable diesel (HVO - Hydrotreated Vegetable Oil), which will ensure a last-mile delivery reduction of approximately 85%. The project scope covers 50 40' ocean containers on a specific route from Japan to Denmark with a high frequency of full-load containers.

The business case will inform future carbon-reducing initiatives to help decarbonise MAN Energy Solution's Scope 3 emissions.

Jan Toftelund Abel, Head of Transport Management: *"We expect that offering sustainable, proven solutions will become an increasingly pivotal tender benchmark and central to future quote requests across the industry. We are certain SGL will be able to provide that".*

SUSTAINABLE AVIATION FUEL (SAF)
MAJID AL FUTTAIM

We partnered with Majid Al Futtaim Lifestyle – a renowned shopping mall, communities, retail, and leisure pioneer operating across the Middle East, Africa, and Asia – to launch a Sustainable Aviation Fuel ('SAF') pilot project. The project sought to reduce carbon emissions for air freight shipments of fashion products from Asia to the UAE.

The pilot project ran for three months. We are currently evaluating the outcomes of the project to decide on next steps in the collaboration.

E-TRUCKING ALFA LAVAL

We co-launched our first electric truck for cross-border transportation as part of their zero-emissions partnership with Alfa Laval. The truck has been manufactured in close collaboration with Scania and operates between Alfa Laval's manufacturing sites in Sweden and SGL in Denmark.

The 100%, fully electric truck is helping Alfa Laval achieve its target of becoming carbon neutral by 2030. The truck leads the way in reducing road transport CO2 emissions.

THE SEA-AIR COMBO

A sea-air solution offers an efficient and cost-effective way to reduce transport emissions. By combining ocean and air freight, customers can reduce CO2 emissions by up to 50% compared to air freight, with a faster delivery time compared to ocean freight.

Customers can benefit from reduced emissions on deliveries from Asia to Europe, and between the US and the Pacific by using our global Sea-Air gateways strategically located around the world.

Launched under the Exponential Roadmap Initiative (ERI) and co-developed with ERI partners IKEA and Scania Group, with contributions from the transport organisations Smart Freight Centre and SLOCAT, the Transportation Action Guide and roadmap were presented live at COP28.


SCAN GLOBAL LOGISTICS
I'M 100% ELECTRIC
ALFA LAVAL
SCAN GLOBAL LOGISTICS
KRONE
Rifil
BUS

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

STATUTORY STATEMENT FOR §99A & §107D

At SGL Group, sustainability is a strategic enabler of our growth and success. The need to decarbonise global supply chains drives the development of our Low Carbon Logistics solutions and industry partnerships. Our Aid & Relief solutions deliver vital humanitarian aid for the UN agencies, NGOs and governments that we partner with. We are developing our people and building a unique culture within the logistics industry to underpin our growth.

In 2023, SGL Group conducted a materiality assessment in accordance with the requirements of the European Sustainability Reporting Standards (ESRS). This included identifying and objectively scoring impacts, risks, and opportunities (IROs), as a basis for the materiality decision of the sustainability matters, resulting in a double materiality assessment (DMA).

This section highlights key sustainability matters identified by our DMA. This section provides a summary of SGL Group's ambition and approach, and details its progress during the year. Further information on material sustainability matters is detailed in SGL Group's 2023 sustainability report.

For a detailed overview of SGL Group's business model, please go to page 32.

The following statement on §99a forms part of Scan Global Logistics A/S management review

ENVIRONMENT

CLIMATE CHANGE AND FOOTPRINT (SUSTAINABILITY DEVELOPMENT GOALS, SDG 13 & SDG 17)

The two most material impacts related to environmental matters were 'Mitigating climate change' and 'Energy'. Please see the full description of the DMA in the stand alone pro forma Sustainability Report 2023. The description below is follows the statutory reporting on §99a.

Our approach

At SGL Group, we recognise the urgent need for climate action and sustainability within the global logistics industry, which represents approximately 14% of global emissions.

SGL Group's transition plan aligns its strategy and business model to limiting global warming to 1.5°C and achieving climate neutrality by 2050, in line with the Paris Agreement and the EU's climate goals.

As an asset-light freight forwarder, 99% of our emissions are Scope 3 (or indirect) emissions that are generated in our upstream value chain by the ocean carriers, airlines, road and rail transport companies from which we purchase capacity on our customers' behalf. These emissions are also our customers' Scope 3 transport emissions.

Therefore, SGL Group's transition plan is focussed on decarbonising the transport emissions in our customers' supply chains. This is achieved through the following levers:

1. Providing Low Carbon Logistics solutions based on our flexibility to select carriers that are decarbonising their assets
2. Partnering with others in the value chain, such as producers of Sustainable Aviation Fuel (SAF)
3. Participating in industry groups focussed on net-zero supply chains, such as the 1.5C Supply Chain Leaders

4. Setting near-term and long-term science-based targets for Scopes 1, 2 and 3

5. Reducing emissions in our own operations

Our ambition

In 2024, SGL Group will extend training on sustainability across SGL Group to build knowledge and capability throughout the entire organisation.

In addition, SGL Group will continue helping customers reduce their supply chain emissions through our Low Carbon Logistics solutions. We will also continue to collaborate closely with our customers and with industry partnerships such as the Exponential Roadmap Initiative and the sub-group 1.5°C Supply Chain Leaders. We expect to have our long-term emissions reduction target validated by the Science Based Target initiatives (SBTi) in 2024.

The individual initiatives will support the ongoing sustainable transition of SGL, anchored in collaboration with customers and industry organisations. To decarbonise our own operations, we continue to strategically engage with providers of renewable energy solutions.

Setting science-based emissions reduction targets

SGL Group's near-term science-based target (validated in 2023):

- SGL Group commits to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year
- SGL Group also commits to reduce Scope 3 GHG emissions from upstream transportation and distribution by 51.6% per tonne-km within the same timeframe

SGL Group's long-term science-based target (submitted in 2023 for validation in 2024)

- SGL Group commits to reach net-zero greenhouse gas emissions across the value chain by 2050
- SGL Group commits to reduce Scope 1 & 2 emissions 90% by 2050 from a 2021 base year
- SGL Group commits to reduce Scope 3 emissions 97% per tonne-km from a 2021 base year

Through the Exponential Roadmap Initiative, we also commit to reducing GHG emissions across all Scopes 1, 2 and 3 by 50% before 2030 and every 10 years towards net-zero emissions in 2050.

Material risks identified

- Shift away from air to less carbon intensive modes
- Inabillity to meet emissions targets
- Insufficient supply of low-carbon fuels

There is a risk that SGL may not be able to procure a sufficient supply of low-carbon fuels to meet customer demand. Inability to meet customer demand may result in a loss of market share in lowcarbon logistics services. Another risk is that slower uptake of low-carbon logistics may put SGL at risk of not meeting its published emissions reduction targets for Scope 3 (99% of total emissions in 2022), this likewise creates a risk that customers may switch to less carbon-intensive modes of transportation, which may impact SGL's profitability.

Actions in 2023

1.
Providing Low Carbon Logistics solutions

With the vast majority of SGL Group's emissions being Scope 3, our decarbonisation strategy is focussed on helping our customers switch to our catalogue of Low Carbon Logistics solutions. Our solutions combine low carbon modes, logistics setup optimisation, biofuels, and low-emitting pre/post carriage transport solutions such as e-trucks. During the year, we introduced training for our sales and product people to increase the uptake of our full Low Carbon Logistics solution catalogue.

2.
Partnering with others in the value chain

In December, SGL Group launched a project to test and develop sustainable logistics solutions with MAN Energy Solutions. The project is focused on a particular corridor from Japan to Denmark that sees a high frequency of full-load containers.

In late 2023, fifty 40-foot containers were shipped to Denmark using 100% ocean biofuel, while trucks fuelled by hydrotreated vegetable oil were used for the last-mile delivery to reduce emissions by approximately 85%.

In September, we launched a Scania electric truck with Alfa Laval that will enable CO2 savings. The truck will operate a designated lane between Alfa Laval's manufacturing sites in Sweden and SGL Group in Denmark and will help Alfa Laval achieve its goal of becoming carbon neutral by 2030, with a target of net zero for Scopes 1 and 2 and a 50% reduction for Scope 3.

3.
Participating in industry groups focussed on net-zero supply chains

Given the complex nature of the decarbonisation challenge, collaboration across industries and supply chains is essential to making progress.

During 2023, we extended our partnership with the Exponential Roadmap Initiative to cut GHG emissions from transportation among members by 50-100% within a decade by shifting modes of transport, change in logistics set-up, electrification and enabling high-quality biofuel solutions.

Throughout the year, SGL Group continued to be an active partner of the World Economic Forum´s Supply Chain and Transport Industries community, which works on initiatives for resilient, sustainable, and inclusive supply chain solutions.

4.
Setting science-based emissions reduction targets

During 2023, SGL Group's near-term science-based target was validated, and we submitted a long-term target for validation in line with the SBTi's new Corporate Net-Zero Standard. More information on SGL Group's emissions reduction targets is provided in the Sustainability Report 2023.

5.
Reducing emissions in our own operations

SGL Group's Scope 1 and 2 emissions represented under 1% of total emissions in 2023, but they are within our direct control to reduce.

In July, a 70,000 MWh solar park in Badskær, Northern Jutland, went live and began supplying our Danish locations with renewable energy, marking a significant step towards reducing our Scope 2 emissions in line with our targets. The solar park was constructed because of a power purchasing agreement (PPA) that SGL Group signed with 12 other companies in 2021.

We also signed a PPA for our operations in Sweden to receive renewable energy from a solar park in Studsvik that will take effect from March 2025. The PPA supports the decarbonisation of our operations outside of Denmark and is in line with our strategy to switch to renewable energy sources.

Emissions performance in 2023

Our absolute scope 1 emission have increased by 10% from 2022 to 2023, and our Scope 2 emissions have increased by 13% during the same period. The increase is largely due to our own growth which increases the number of offices and employees globally. That growth also affects our absolute Scope 1 and 2 emissions.

We are committed to reducing our absolute emissions from Scope 1 and 2, and will continue to invest in PPAs, energy management systems, decarbonising our vehicles and other CO2e-reducing initiatives in our offices and warehouses.

Emissions intensity (CO2Eg/TKM) declined by 5.32% due to a decrease in Airfreight emissions by 14% in CO2e and 15% in Tonne-KM in 2023. The drop in Airfreight emissions was due to lower volumes in the first half of the year as post-pandemic supply chain pressures eased, thereby reducing demand for urgent and times sensitive deliveries.

Total CO_2e decreased by 11% due to three factors:

1. The decline in Airfreight emissions.
2. A shift to activity-based emissions reporting for North America and Canada, which was previously calculated using revenue as the basis for emissions reporting.
3. A change in the emissions calculation methodology across SGL Group's global operations, which improved data quality and will ensure more accurate emissions reporting going forward.

Continuing our ESG momentum in 2024

In 2024, SGL Group will continue to help customers reduce their supply chain emissions through our Low Carbon Logistics solutions.

We will also continue to collaborate closely with our customers and with industry partnerships such as the Exponential Roadmap Initiative and the sub-group 1.5°C Supply Chain Leaders.

We expect to have our long-term emissions reduction target validated by the SBTi in 2024.

SOCIAL

HUMAN RIGHTS

Our approach

Our approach to working conditions is governed by our Code of Conduct. The objective of the Code of Conduct is to set clear ethical standards for the company which cover all aspects of its operations and daily work. SGL Group is a signatory to the UN Global Compact and UN Guiding Principles on Business and Human Rights.

This is complemented by our Human Rights Policy, which enshrines our commitment to respect human rights within our sphere of influence and eliminate all forms of modern slavery, forced or compulsory labour, human trafficking and child labour, in line with the ILO Declaration of Fundamental Principles and Rights at Work. The Code sets out that as a responsible employer, SGL Group will respect employees' rights to favourable working conditions and comply with laws and regulations regarding working hours, wages and benefits.

We will endeavour to pay employees a living wage where available or pay in line with industry standards. This is reinforced in our Remuneration Policy, which ensures pay and compensation is aligned with SGL Group's purpose, vision, virtues and strategy. The Remuneration Policy applies to all employees.

Expectations of our suppliers are detailed in a separate Supplier Code of Conduct, which includes provisions to address worker safety, precarious work, human trafficking, and forced labour and child labour, in line with international labour standards (see S2-1, p. 89 in Sustainability Report 2023).

The Global General Counsel is the most senior person accountable for the implementation of the Code of Conduct and the Human Rights Policy, and the Global Vice President, People, Leadership & Culture monitors compliance with the Remuneration Policy to provide guidance for the managers and Executive Directors.

Our ambition

Our action plan for 2024 will include a focus on the indicators from the 2023 MQ score which need attention from management to increase our collective score in 2024, while maintaining a high level of meaningfulness. In the future we aim to maintain zero severe human rights incidents year-on-year. We also hope to minimize the risk of human rights breaches in our value chain.

Material risks identified

Although office workplaces tend to be considered lower risk for human rights impacts, SGL Group has a presence in countries with a higher risk for human rights impacts, including those with a minimum wage below the living wage, restricted freedom of association rights and where discrimination is not prohibited by national laws. The pace and scale at which SGL Group has grown globally has meant more attention to higher risk countries.

Actions in 2023

In 2023, SGL Group worked with a third party consultancy to conduct a human rights global saliency assessment that was completed in early 2024. The assessment sought to identify potential human rights risks within SGL Group's own operations and value chain which SGL Group should prioritise to minimise any impacts. This involved mapping SGL Group's business and value chain and considered inherent country and industry risks within SGL Group's own operations and that of our partners and clients to understand potential impacts on affected stakeholders.

As part of this work, and to better understand employee awareness of human rights, we conducted a human rights survey in Q4 2023 with a representative group of our global workforce. The assessment highlighted the need for SGL Group to be mindful of its presence in countries that have a higher risk of human rights issues. We are analysing the results in full and will adopt targeted actions to address its findings.

During the year, we also continued the roll-out of SGL Group's new HR system to all newly acquired businesses. In each location, the system has been tailored to fit local needs and employment laws.

Mental health and wellbeing are an important area of focus for SGL Group. We recognise that efforts to improve pay, flexibility and job security will fall short if our people feel unsupported or stressed. We offer awareness programmes on stress management and mental health to all employees. These equip participants with valuable tools to cope with any personal or work-related challenges they are facing and contribute to a more resilient and engaged workforce.

All employees in all countries are required to adhere to the SGL Group Code of Conduct, and we ensure all employees are aware of and understand their ethical obligations through mandatory training on the Code of Conduct, Human Rights Policy and other SGL Group policies conducted every two years and as part of our onboarding processes. The training is delivered via our global e-learning platform, SGL Academy. All training is registered digitally in the system and we ensure training is also conducted for all new employees following an acquisition or merger.

Results in 2023

In 2023, a total of 0 grievance cases were raised, a 0 percent increase from 2022. Of these cases, 0 were substantiated, leading to disciplinary actions and remediation plans. Of 0 cases raised 0 related to discrimination and harassment (0%) and of these 0 cases, 0 were substantiated. Remediation plans and disciplinary action was taken to address these. The number of cases raised through the whistleblowing system is detailed in G1-1 in the Sustainability Report 2023. No cases of severe human rights incidents (e.g., forced labour, human trafficking, or child labour) were identified during 2023

SOCIAL AND EMPLOYEE RELATIONS

OUR APPROACH

At SGL Group, we recognise our responsibility to safeguard the health and safety of our employees, subcontractors, customers, and the public. Our goal is to ensure the well-being of all employees and protect them from any potential safety hazards or severe injuries in the workplace. As an asset-light freight forwarder, SGL Group is less exposed to safety issues than our peers which operate fleets of trucks, vessels and aircrafts.

The diversity of our workforce and their relationships with customers, suppliers, and other organisations worldwide plays an important part in SGL Group's success.

Our Diversity and Inclusion Policy embraces a comprehensive definition of diversity that encompasses differences in experiences, perspectives, and social identities such as gender, age, ethnicity, nationality, political and religious beliefs, sexual orientation, preference, and cultural backgrounds. The policy ensures systems and processes are developed to support our diversity and inclusion ambitions, with evident results and progression.

Given the historical male dominance in our industry, the policy outlines SGL Group's focus on the inclusion of female employees. All members of SGL Group's workforce must adhere to the policy.

Our ambition

To ensure the safety of our people, SGL Group aims for zero severe injuries and fatalities consistently, year on year. In 2023, there were no severe injuries or fatalities (2022: 0).

Lost Time Incidents are incidents that have caused at least one workday of absence after the day of the injury. Lost Time Incident Frequency (LTIF) represents Lost Time Injuries reported in the internal system per million working hours. Our target is to achieve 0.00 LTIF consistently, year on year.

In 2023, SGL Group's LTIF improved to 0.6 (2022: 1.19). The strong result was due mainly to the ongoing rollout of the ISO 45001 Occupational Safety & Health Management System certification and other actions described above which have resulted in a stronger focus on health and safety processes and procedures across SGL Group. The Total Recordable Case Frequency (TRCF) also improved to 1.48 in 2023 (2022: 1.55), ahead of SGL Group's target of 1.5. There were no cases of work-related ill health in 2023.

With respect to diversity and inclusion we aspire to become a more diverse and inclusive organisation to reflect the world we are present in and the diversity of our customers. The materiality assessment identified equal treatment & opportunities for all impact to be material for SGL Group.

Material risk identified

Incidents, injuries and fatalities

Warehouse operations have a potentially higher risk of physical harm from incidents. Similarly, SGL employees who work on Aid & Relief activities are at increased risk of physical harm as they operate in countries with hazardous conditions, such as armed conflict, natural disasters, and unstable political environments. These incidents can lead to negative outcomes for those affected. Incidents can cause emotional trauma and loss of earning power for families and reduced wellbeing for co-workers of the affected persons. These negative impacts are concentrated in certain areas of SGL Group's own operations, occur in the short, medium, and long term and are considered individual incidents. SGL Group is addressing these impacts by implementing its health and safety management system across its operations.

Gender diversity above industry norms

The logistics and transport industry is typically male-dominated, and women accounting for less than 25% of the industry workforce in Denmark and its neighbouring countries. With a workforce comprising 47% women, SGL Group has a gender balance that is well above industry norms. Gender diversity has a positive impact on SGL Group's working environment by promoting stronger workforce cohesion and improved wellbeing, especially for female employees who are at reduced risk of harassment and discrimination. This actual impact is located in SGL Group's own operations, benefits all employees and occurs in the short, medium and long term.

Actions in 2023

Improving health and safety

During the year we implemented software that facilitates chemical workplace assessments in compliance with new national regulations in Denmark. We developed educational materials to promote practices for safe handling of dangerous goods and held 11 courses worldwide to certify and re-certify more than 50 employees and strategic business partners. In 2023, the Industrial Projects division continued to roll out the ISO 45001 Occupational Safety & Health Management System and invested in its HSE Management system.

Diversity and inclusion

In the year, SGL Group launched an 'Empowering Women in Logistics' development programme to celebrate and promote diversity within our organisation. Diversity is a cornerstone of innovation and success within any organisation, and we believe that by fostering a diverse and inclusive workplace, we can unlock the full potential of our talented workforce. The programme provides a platform for female professionals in the logistics industry to connect, collaborate, and thrive.

The Diversity & Inclusion policy sets out the mechanisms that SGL Group uses to prevent discrimination in recruitment, hiring and selection activities. Our recruitment process has been developed to ensure inclusion and equal opportunities. Hiring managers and People & Culture professionals are trained in cultural understanding and awareness of potential unconscious biases in recruitment to curtail potentially biased decisions.

Results in 2023

In 2023, almost 3000 employees undertook health and safety training, comprising 83% of our global organisation. In 2023, SGL Group maintained the ratio of female employees at 47% – surpassing industry norms.

G – GOVERNANCE

ANTICORRUPTION & BRIBERY

Our approach

We have a zero-tolerance approach to bribery and corruption and are committed to conducting ourselves ethically and with integrity in all our business dealings and relationships worldwide. We comply with all laws related to antibribery and corruption in all jurisdictions where we operate, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. We do not engage in or tolerate any form of facilitation payment.

SGL Groups approach to bribery, fraud and corruption is made clear to employees through the Code of Conduct and Anti-Corruption Policy. These are reinforced by mandatory training to all employees, and to all suppliers we make clear our business conduct expectations through our Supplier Code of Conduct.

Our ambition

Training on the whistle-blowing system will in the future continue to be a priority, as well as training our employees in the Anti-Corruption Policy.

Material risks identified

Certain areas of our organisation are at higher risk of corruption and bribery. SGL Group operates in countries in Sub-Saharan Africa, Asia and Latin America, which have higher risks for bribery and corruption , including the use of facilitation payments for cargo clearance. In addition, our Aid & Relief and Government logistics departments are more exposed to the risk of bribery and corruption from government officials.

A bribery or corruption incident could lead to fines and penalties for SGL Group, as well as reputational damage that could undermine our business relationships with customers and suppliers. This risk exists in our own operations and is considered systemic to the industry and the countries referred to. It occurs in the short, medium and long term.

Performed actions in 2023

SGL Group provides a whistle-blower

system that allows individuals such as employees, directors, customers, suppliers, and business associates to report any allegations of financial or legal impropriety. The system can be accessed through SGL Group's website, and all reported concerns are reviewed and evaluated by an external, independent law firm to assess if the reported concern is applicable under the scope of the whistleblower policy. Training on the whistle-blowing system, as well as the whistle-blower privacy policy, is mandatory for all employees and whistle-blowers are protected from any kind of retaliation or discriminatory or disciplinary action as a result of submitting a report.

Results in 2023
SGL Group provides mandatory anticorruption and bribery training for employees through our online Academy courses. During 2023, 85% of employees were trained on our Code of Conduct, 83% were trained on the Anti-Corruption Policy and 78% were trained on the Information Security Policy.

TABLE 1 – ENERGY AND CLIMATE DATA

SCOPE 1 GHG EMISSIONS	
Gross Scope 1 GHG emission (tCO2eq)	3,712
% of Scope 1 GHG emissions from regulated emissions trading schemes	0%
SCOPE 2 GHG EMISSIONS	
Gross location-based Scope 2 GHG emission (tCO2eq)	1,834
Gross market-based Scope 2 GHG emissions (tCO2eq)	2,514
SIGNIFICANT SCOPE 3 GHG EMISSIONS	
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	663,026
4. Upstream transportation and distribution	648,401
6. Business Travel	5,635
TOTAL GHG EMISSIONS	
Total GHG emissions (location-based) (tCO2eq)	668,572
Total GHG emissions (market-based) (tCO2eq)	669,252

GHG EMISSIONS

Please see the energy and climate data in the table 1, page 64 covering the period from 1 January to 31 December 2023.

DIVERSITY. CF SECTION 107D IN THE DANISH FINANCIAL STATEMENTS ACT

The diversity of our workforce and their relationships with customers, suppliers, and other organisations worldwide plays an important part in SGL Group's success. During the year, SGL Group maintained its commitment to a more gender-diverse workforce in a traditionally male industry, with a ratio of 53% male and 47% female employees across our global organisation – the same as in 2022. The ratio of women in managerial roles declined slightly to 32% in 2023 (2022: 34%), dropping below our target of 35%, due largely to growth through acquisitions. In 2023, SGL Group launched an "Empowering Women in Logistics" development programme to celebrate and promote diversity within our organisation.

In order to guarantee diversity within the management, efforts are made to have wide representation in the management and board in relation to gender, age, professional background, and experience. To secure that the policies are met in 2023, specific media with a wide target group has been used for recruitment and when choosing the right candidates for management different criteria on diversity and inclusion are used. It is managements view that the policies are met, as the criteria on diversity and inclusion has taken basis for selection of managerial positions.

ACCOUNTING PRINCIPLES

REPORTING PERIOD
Our reporting covers the period from 1 January 2023 to 31 December 2023.

REPORTING SCOPE
The reporting covers all entities under the operational control by SGL Group as referenced in the Annual Report 2023. Energy and Climate Data and CO2e in Scope 1, 2 and 3 covers SGL Group.

REPORTING FRAMEWORK
For reporting on CO2e emissions, SGL Group abides by the Greenhouse Gas Protocol (GHGP).

ENERGY CONSUMPTION
Data regarding energy consumption are generated from a system supported annual assessment of operational ESG factors.

REPORTING PRACTICES

TABLE 1 – ENERGY AND CLIMATE DATA

CO2e emission reporting in Table 1 – ENERGY AND CLIMATE DATA is as defined by the Greenhouse Gas Protocol (GHGP) standard. The operational control approach is applied to all greenhouse gas emissions (CO2e).

SCOPE 1
Data from cars, trucks and forklifts are collected through a global digital ESG platform and converted to CO2e.
A CO2e/km emission factor from Sveriges Klimatrapportering (2021) is applied for all trucks based on estimated kilometers driven for each truck.

CO2e/liter diesel and CO2e/liter petrol emission factors from DEFRA (2023) are applied for all cars. Average fuel consumption data per diesel and petrol/plug-in cars has been calculated using fuel consumption data from the Danish car leasing companies. The emission factors are calculated as ton CO2e per year per liter.

The emission factor for forklifts is based on hours in operation per forklift per year calculated from data from the Danish forklift leasing company. Fuel consumption per hour has been estimated and DEFRA's emission factor for CO2e/liter diesel (2023) has been applied.

The emission factor is calculated as ton CO2e per year per unit. Electricity consumed by electric forklifts is counted under Scope 2 electricity.

Data on heat for sites where heat combustion takes place at the site has been included in Scope 1. Data has been measured in MWh. Heat emission factors have been sourced from DEFRA (2023). Refrigerants are not included in the report as the consumption is estimated to be limited and therefore not material.

SCOPE 2
Data is calculated following both the location-based and market-based approach. As our SBTi targets are based on the market-based approach, our described Scope 2 figures are based on the market-based approach. Data from electricity consumption is measured in MWh and collected in a global digital ESG platform. In the case of missing activity data, electricity consumption has been estimated using an updated 2023 average consumption of electricity per m² office space for the offices/warehouses where data was not obtainable. Our plug-in hybrid cars and fully electric cars are reported and calculated towards scope 2.

Data from heat consumption is measured in MWh and collected in a global digital ESG data platform. In the case of missing activity data, the heat consumption has been estimated using an updated 2023 average consumption of heat per m² office space for the offices/warehouses where data was not obtainable.

Location-based approach
Emission factors for Scope 2 electricity are obtained from IEA (2023), Green-E (2022) and AIB (2023). Emission factors for countries with district heating have been sourced from national energy authorities. Natural gas and oil emission factors for the remaining countries are sourced from DEFRA (2023).

Market-based approach
Emission factors for Scope 2 electricity are obtained from IEA (2023), Green-E (2022) and AIB (2023). Residual mix factors from AIB for European countries and from Green-E for The United States have been applied. Emission factors for countries with district heating have been sourced from national energy authorities. Natural gas and oil emission factors for the remaining countries are sourced from DEFRA (2023).

SCOPE 3

Upstream transportation and distribution (C4)
All transportation data come from our ERP system and is automatically stored in our data warehouse. From here, the data is exchanged with our external provider of CO2e calculations, EcoTransIT, who performs the calculations automatically. Subsequently, the CO2e calculations are automatically stored in the data warehouse, ready for BI and reporting. 89% of business activities are covered through this method. The remaining data is extrapolated based on existing and identified data to reach full coverage of emissions on our logistics business. 87% of total scope 3 category 4 emissions are based on this calculation.

For entities not part of SGL Group's ERP calculation system, CO2e is calculated based on these entities revenue vis-à-vis the Group's. 13% of the total emissions in this category are based on this calculation.

The emission intensities for the products Air, Ocean, Rail and Road have been calculated line by line for each shipment, dividing the CO2e and tonne-km into the intensity measurement point gCO2e/tonne-km and subsequently summarized into a total emission intensity by product and as a grand total.

For the Courier product, the total emissions, and the emission intensity, calculated as gCO2e/tonne-km, is based on a revenue extrapolation. We will integrate the Courier system to the CO2e calculation platform during 2024.

Business travel (C6)
SGL Group's finance department collects spend data on 'Business Travel' from all SGL Group entities. All country reporters have reported the spend on air travel, train travel and car/taxi travel. The spend for each category has been converted to CO2e by applying a spend-based emission factor from Quantis (2021).

EU TAXONOMY

The EU taxonomy serves as a crucial instrument in advancing the objectives of the European Green Deal, aiming to realize a climate-neutral and sustainable economy. Its primary objective is to establish a precise and uniform definition of 'sustainable' economic activities, rooted in scientific criteria and rigorous technical assessment.

PRO FORMA EU TAXONOMY REPORTING IN RELATION TO SGL GROUP OPERATIONAL ACTIVITIES

SGL Group has analysed its operations and identified specific sub-activities for inclusion in the taxonomy. Our assessment indicates that our turnover in 2023, primarily driven by our core economic activity, *NACE code H52 – Warehousing and support activities for transportation*, does not fall under the Climate- and Environmental Delegated Acts of the EU taxonomy. Consequently, our primary business activities and revenue are not deemed taxonomy-eligible.

SGL Group's asset-light business model within freight forwarding involves minimal expenditures on taxonomy-eligible costs and investments in transportation equipment and infrastructure. In this model, physical freight transports and transport equipment are owned and operated directly by independent subcontracted freight carriers. For further details on our business model and company operations, please see the General information section of this Report.

FUTURE REPORTING IN RELATION TO EU TAXONOMY

SGL Group will continue to monitor the EU taxonomy regulation. Our reporting will be adjusted and expanded in accordance with regulatory and practical developments, potentially impacting previously reported taxonomy key figures.

ACCOUNTING POLICY FOR PRO FORMA EU TAXONOMY REPORTING

Taxonomy disclosures have been evaluated and formulated in compliance with Regulation (EU) 2020/852. Taxonomy reporting tables, as per Annex II of Regulation (EU) 2020/852, can be found on pages 63-65 of this report.

Revenue, OpEx, and CapEx utilized for assessing and reporting on eligibility and alignment with the taxonomy have been determined according to the definitions outlined in Article 1.1.1 (Revenue), 1.1.2 (CapEx), and 1.1.3 (OpEx) of Regulation (EU) 2020/852.

SGL Group relies on its financial systems, which secure detailed data on divisional, business unit, and account-level activities, as the basis for assessing taxonomy-related disclosures. These reporting systems are supplemented by activity assessments of the Group's various economic activities and investments to prevent any duplication.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 1 JANUARY - 31 DECEMBER 2023

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('Does Not Significantly Harm')										
ECONOMIC ACTIVITIES	Codes (2)	Absolute turnover (2)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine ressources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine ressources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year 2022 (18)	Taxonomy-aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EURm	%	%	%	%	%	%	%	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%					-	-	-	-	-	-	-	-	-	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (A.2)		0	0.0%																	
Total (A1 + A2)		0	0.0%														0.0%	0.0%	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)	NACE code: H52.2.9	1,162*	100.0%																	
Total (A+B)		1,162	100.0%																	

Please refer to Income statement, Page 73

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 1 JANUARY - 31 DECEMBER 2023

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('Does Not Significantly Harm')										
ECONOMIC ACTIVITIES	Codes (2)	Absolute CAPEX (2)	Proportion of CAPEX (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine ressources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine ressources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CAPEX, year 2022 (18)	Taxonomy-aligned proportion of CAPEX, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EURm	%	%	%	%	%	%	%	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%					-	-	-	-	-	-	-	-	-	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (A.2)		0	0.0%																	
Total (A1 + A2)		0	0.0%														0.0%	0.0%	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities (B)	NACE code: H52.2.9	18*	100.0%																	
Total (A+B)		18	100.0%																	

** Please refer to note 3.1 on page 88 and note 3.2 on page 93*

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 1 JANUARY - 31 DECEMBER 2023

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('Does Not Significantly Harm')										
ECONOMIC ACTIVITIES	Codes (2)	Absolute turnover (2)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine ressources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine ressources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OPEX, year 2022 (18)	Taxonomy-aligned proportion of OPEX, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EURm	%	%	%	%	%	%	%	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	Ja/Nej	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	0.0%	0.0%					-	-	-	-	-	-	-	-	-	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (A.2)		0	0.0%																	
Total (A1 + A2)		0	0.0%														0.0%	0.0%	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities (B)	NACE code: H52.2.9	1,060*	100.0%																	
Total (A+B)		1,060	100.0%																	

The definition of OPEX in the Taxonomy is different from the one used at SGL Group. We have chosen not to calculate the OPEX following the definition in the Delegated Act since we do not have any eligible activities. As such, we only report our full OPEX and that the OPEX of Taxonomy-non-eligible activities are 100%.

** Please refer to Income statement, page 73*

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

INCOME STATEMENT

EURm	Notes	2023	2022*
Revenue	2.1, 2.2	1,162	-
Cost of operation	2.3	(893)	-
Gross profit		**269**	**-**
Other external expenses		(40)	(0)
Staff costs	2.4	(127)	-
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		**102**	**(0)**
Amortisation and depreciation	3.1, 3.2	(42)	-
Operating profit (EBIT) before special items		**60**	**(0)**
Special items, net	2.5	(32)	-
Operating profit (EBIT)		**28**	**(0)**
Financial income	4.1	16	-
Financial expenses	4.1	(81)	-
Result before tax		**(37)**	**(0)**
Income tax for the year	5.2	(14)	-
Result for the year		**(51)**	**(0)**
Total income for the year attributable to			
Owners of the Parent Company		(53)	-
Non-controlling interests		2	-
Total		**(51)**	**(0)**

** As SGL Group ApS was established on 11 November 2022, all comparative figures comprise the period from 11 November 2022 to 31 December 2022.*

STATEMENT OF OTHER COMPREHENSIVE INCOME

EURm	Notes	2023	2022*
Result for the year		**(51)**	**(0)**
Items that will be reclassified to income statement when certain conditions are met:			
Exchange rate adjustment		(9)	-
Other comprehensive income, net of tax		**(9)**	**-**
Total comprehensive income for the year		**(60)**	**(0)**
Total comprehensive income for the year attributable to			
Owners of the Parent Company		(58)	-
Non-controlling interests		(2)	-
Total		**(60)**	**(0)**

BALANCE SHEET

EURm	Notes	2023	2022
ASSETS			
Intangible assets	3.1	1,424	-
Property, plant and equipment	3.2	83	-
Other receivables	4.2	9	-
Deferred tax asset	5.2	7	-
Total non-current assets		**1,523**	**-**
Trade receivables	3.3	265	-
Contract assets	3.3	42	-
Receivables from related parties	4.2, 5.5	3	-
Tax receivables	5.2	4	-
Other receivables	4.2	12	-
Prepayments		32	-
Cash and cash equivalents	4.2	142	0
Total current assets		**500**	**0**
Total assets		**2,023**	**0**

EURm	Notes	2023	2022
EQUITY AND LIABILITIES			
Share capital		0	0
Currency translation reserve		(5)	-
Retained earnings		880	0
Equity attributable to Parent Company		**875**	**0**
Non-controlling interests		(0)	-
Total equity		**875**	**0**
Borrowings	4.2	726	-
Lease liabilities	4.2	41	-
Deferred tax liability	5.2	45	-
Other payables	4.2	12	-
Total non-current liabilities		**824**	**-**
Bank debt		6	-
Trade payables		139	-
Accrued trade expenses		84	-
Current tax liabilities	5.2	18	-
Lease liabilities	4.2	22	-
Deferred income	3.3	2	-
Other payables	4.2	53	-
Total current liabilities		**324**	**-**
Total liabilities		**1,148**	**-**
Total equity and liabilities		**2,023**	**0**

STATEMENT OF CASH FLOWS

EURm	Notes	2023	2022*
Result for the year		(51)	(0)
Adjustment of non-cash items:			
Income taxes in the income statement		14	-
Depreciation and amortisation		42	-
Financial income		(16)	-
Financial expenses		81	-
Change in working capital	3.3	5	0
Interest received		10	-
Interest paid		(64)	-
Tax paid		(19)	-
Cash flows from operating activities		**2**	**-**
Purchase of software and other intangible assets		(6)	-
Purchase of property, plant and equipment		(8)	-
Investments in group companies		(78)	-
Cash flows from investing activities		**(92)**	**-**
Free cash flow		**(90)**	**-**

** As SGL Group ApS was established on 11 November 2022, all comparative figures comprise the period from 11 November 2022 to 31 December 2022.*

EURm	Notes	2023	2022*
Capital increase		79	0
Dividend paid to non-controlling interests		(1)	-
Investments in deposits		2	-
Proceeds from issuing bonds	4.2	722	-
Bonds acquired	4.2	(363)	-
Redemption of bond loan	4.2	(193)	-
Redemption of lease liabilities	4.2	(13)	-
Cash flows from financing activities		**233**	**0**
Change in cash and cash equivalents		**143**	**0**
Cash and cash equivalents			
Cash and cash equivalents beginning of year		0	-
Exchange rate adjustment of cash and cash equivalents		(7)	-
Change in cash and cash equivalents		143	0
Cash and cash equivalents end of year	**4.2**	**136**	**0**

STATEMENT OF CHANGES IN EQUITY

EURm	Share Capital	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non-Controlling Interests	Total Equity
2023						
Equity at 1 January	**0**	**-**	**0**	**0**	**-**	**0**
Result for the year	-	-	(53)	(53)	2	(51)
Other comprehensive income, net of tax	-	(5)	-	(5)	(4)	(9)
Total comprehensive income, net of tax	**-**	**(5)**	**(53)**	**(58)**	**(2)**	**(60)**
Dividend distributed, non-controlling interests	-	-	-	-	(1)	(1)
Capital contribution	0	-	933	933	-	933
Acquisition of non-controlling interests	-	-	-	-	3	3
Total transactions with owners	**-**	**-**	**933**	**933**	**2**	**935**
Equity at 31 December	**0**	**(5)**	**880**	**875**	**(0)**	**875**
2022						
Equity at 11 November	**0**	**-**	**-**	**0**	**-**	**0**
Result for the year	-	-	0	0	-	0
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income, net of tax	**-**	**-**	**0**	**0**	**-**	**0**
Equity at 31 December	**0**	**-**	**0**	**0**	**-**	**0**

On 31 December, 2023, the share capital of SGL Group ApS amounted to 400,000 shares with a nominal value of DKK 1 each with all shares ranking equally.
During 2023, the authorised share capital was increased by DKK 360,000 by the issue of 360,000 shares with a nominal value of DKK 1 with a share premium of DKK 10m.
SGL Group has further received contributions from the parent company amounting to EUR 932m in 2023 of which EUR 854m was a contribution in assets other than cash.
Total contributions from the parent company therefore amounted to EUR 933m in 2023.

SECTION 1: BASIS OF PREPARATION

1.1 MATERIAL ACCOUNTING POLICIES

Basis of presentation
The 2023 Annual Report of SGL Group has been prepared in accordance with the IFRS Accounting Standards 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 Group ApS and its subsidiaries. The financial statements were authorised for issue by the Board of Directors on 27 March 2024.

The accounting policies in the Annual Report for 2023 follow the same accounting policies as for the Annual Report for 2022 except for any new, amended or revised accounting standards and interpretations (IFRS) as described below.

As SGL Group ApS was established on 11 November 2022, all comparative figures comprise the period from 11 November 2022 to 31 December 2022.

Functional currency
SGL Group's consolidated financial statements are presented in Euro rounded to millions (EURm). 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 Group ApS, 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, SGL Group can affect those returns through its power to direct the entity's activities.

The Consolidated Annual Report is prepared based on the Financial Statements of all group enterprises under SGL Group's accounting policies by combining accounting items of a uniform nature. Elimination comprises 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 the parent controls such entities.

Accounting items attributable to group companies are recognised in full in the consolidated annual report. Non-controlling interests' share of group companies' 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 currency at the transaction date exchange rate. 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 of the result for the year, adjusted for non-cash operating items, changes in working capital, paid and received interests and paid income taxes.

SECTION 1: BASIS OF PREPARATION

1.1 MATERIAL ACCOUNTING POLICIES, CONT.

Cash flows from investing activities comprise cash flows from investments in group companies as well as intangible and tangible assets.

Cash flows from financing activities comprise the changes in SGL Group's debt and equity composition mainly related to bond debt, credit facilities and repayment of lease debt.

iXBRL reporting
SGL is required to prepare and file the annual report in the European Single Electronic Format (ESEF). The ESEF regulation entails that the annual report is drawn up and disclosed using the XHTML format and that primary statements and notes are block tagged using the inline eXtensible Business Reporting Language (iXBRL).

The IXBRL tags comply with the ESEF taxonomy, an extension to the taxonomy created. The annual report submitted to the Danish Financial Supervisory Authority consists of the XHTML, documents and specific technical files, all included in a ZIP file named SGL-2023-12-31-en.

Alternative Performance Measures (APM)
To describe our financial performance and position, SGL discloses specific financial measures not defined according to IFRS throughout the Annual Report to describe our financial performance and position. The most commonly used APMs are:

- EBITDA before special items
- Operating profit (EBIT) before special items
- Net interest-bearing debt (NIBD)
- Net working capital

We disclose the alternative performance measures (APM) as they are essential in managing our business and achieving our strategic goals. They ultimately provide valuable information to our stakeholders and management for evaluating and analysing our performance. The financial measures should not be considered as a replacement for performance measures defined under IFRS but rather as supplementary information. The APMs are non-IFRS financial measures defined and calculated by SGL Group and thus may not be comparable with measures provided by peers or other companies. Refer to note 2.5 for further disclosure of Special Items. Our definitions of the financial measures are included in note 5.7.

Change in presentation currency
As of 1 January 2023 SGL Group has changed its presentation currency from DKK to EUR. It has been assessed that DKK does not reflect the appropriate currency for a group with a global footprint, hence EUR is assessed as more relevant. The change in presentation currency does not impact the comparison figures significantly, as SGL Group was essentially dormant before 23 May 2023.

New accounting regulations adopted in 2023
SGL Group has implemented the latest IFRS Accounting Standards and amendments effective as of 1 January 2023 as adopted by the European Union. All amendments to the IFRS Accounting Standards effective for the financial period have been implemented as basis for preparing the consolidated financial statements and notes to the statements. None of the implementations have had any material impact on the statements or notes presented.

New accounting regulations not yet adopted
The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the Annual Report. None of these are currently expected to carry any significant impact on the financial statements of the SGL Group 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 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 judgements deemed by Management significant for the preparation and understanding of the consolidated financial statements are listed below.

Revenue recognition

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, judgement is applied when determining the stage of completion for shipments.

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

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 estimating based on approved forecasts and market data. Estimates are applied when estimating the value of goodwill. Refer to note 3.1 for more details.

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.

Climate-related risks

Management continuously monitors climate-related risks. The climate-related risks have been assessed where deemed that they may impact the reported amounts in preparing the consolidated financial statements. Management has assessed that climate-related risks did not significantly impact our estimates and judgements. Further, SGL is an asset-light business, so Management assesses that climate changes have no significant impact on impairment of assets, and neither is climate changes expected to have a significant impact on the Group's going concern assessment. Refer to 'Climate Risks' in the Risk Management section on page 50.

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.

REPORTABLE SEGMENTS

EURm	Air & Ocean	Road	Solutions	Total
2023				
Net revenue	**967**	**175**	**20**	**1,162**
Cost of operation	(741)	(141)	(11)	(893)
Gross profit	**226**	**34**	**9**	**269**
Other external expenses and staff costs	(133)	(27)	(7)	(167)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**93**	**7**	**2**	**102**
Depreciation and amortisation				(42)
Operating result (EBIT) before special items				**60**
Special items, net				(32)
Financial items, net				(65)
Result before tax				**(37)**
2022				
Net revenue	**-**	**-**	**-**	**-**
Cost of operation	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**
Other external expenses and staff costs	-	-	-	(0)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**-**	**-**	**-**	**(0)**
Depreciation and amortisation				-
Operating result (EBIT) before special items				**(0)**
Special items, net				-
Financial items, net				-
Result before tax				**(0)**

SECTION 2: RESULT FOR THE YEAR

2.1 SEGMENT INFORMATION, CONT.

GEOGRAPHICAL INFORMATION

EURm	Net revenue		Non-current assets less deferred tax assets	
	2023	2022	2023	2022
Denmark	374	-	314	-
USA	299	-	18	-
Greater China	77	-	9	-
Sweden	75	-	1	-
Other countries	337	-	1,174	-
Total	**1,162**	**-**	**1,516**	**-**

ACCOUNTING POLICIES

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

The core business of SGL Group is within the Air & Ocean segment. In contrast, the Road and Solutions activities are smaller in a Group context and are primarily within a limited geographic area (Europe and North America). The specific project business of SGL Group is also reported within the Air & Ocean segment.

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 globally. This includes special projects departments (Aid & Relief 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- and 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.

Solutions 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, which aligns 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 50 countries worldwide. The operations are divided into three geographical regions:

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

Revenue is allocated to the geographical areas according to the country in which the individual 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

EURm	EMEA		APAC		AMERICAS		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022
Air & Ocean	613	-	158	-	196	-	967	-
Road	58	-	-	-	117	-	175	-
Solutions	12	-	-	-	8	-	20	-
Total	**683**	**-**	**158**	**-**	**321**	**-**	**1,162**	**-**

REVENUE SPECIFIED

EURm	2023	2022
Sale of services	1,162	-
Total	**1,162**	**-**

SECTION 2: RESULT FOR THE YEAR

2.2 REVENUE, CONT.

ACCOUNTING POLICIES

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 times, 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 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 primary services comprise Air, Ocean, Road and Solutions services, described in note 2.1.

Revenue generated within the Air & Ocean and Road activities typically comprise services such as pick-up, delivery to port, freight and destination services e.g., customs clearance.

These services are considered to represent one single performance obligation satisfied over time. Measurement of the fulfillment of the performance obligation is based on on the status of the shipment by carriers. Revenue from Solutions activities is mainly related to contracts comprising warehousing and distribution services. These services represent a series of distinct services, considered to be one single performance obligation. Revenue is recognised as the services are rendered.

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

Revenue from services delivered is measured at fair value net of VAT, all types of discounts/rebates granted, and 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 are appropriate, 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

EURm	2023	2022
Cost related to provision of freight services	874	-
Staff costs	9	-
Other operation costs	10	-
Total cost of operation	**893**	**-**

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., and wages and salaries relating to own staff, used to fulfill customer contracts.

SECTION 2: RESULT FOR THE YEAR

2.4 STAFF COST

EURm	2023	2022
Staff cost		
Wages and salaries	123	-
Pensions	5	-
Other social security costs	15	-
Total gross staff costs	**143**	**-**
Transferred to cost of operation	(9)	-
Transferred to special items	(7)	-
Total staff costs	**127**	**-**
Average number of full-time employees	3,075	-

Remuneration to Management*

EURm			2023
		GLT members	
	Board of Directors	Executive Management	Other GLT members
Wages and salaries	0.1	2.0	2.8
Pensions	0.0	0.1	0.2
Total	**0.1**	**2.1**	**3.0**

** No remuneration was paid to the Board of Directors nor Executive Management in 2022.*

SGL Group was established at the completion of the acquisition 23 May 2023 (refer to page 2 for further description). Following the establishment, a Group Leadership Team (GLT) was established for the combined Group (SGL Group), which comprises Executive Management and other GLT members.

The key management personnel of SGL Group comprise members of the GLT. Members of the GLT have the authority and responsibility for planning, directing and controlling the activities of SGL Group.

The members of the GLT are included in an annual cash bonus scheme. Bonuses in this scheme are determined on the basis of financial performance of SGL Group and recognised as wages and salaries.

In connection with the former Global CFO's resignation, remuneration of EUR 0.7m is included as wages and salaries.

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 SGL Group's employees performed the related work.

SECTION 2: RESULT FOR THE YEAR

2.5 SPECIAL ITEMS, NET

In 2023, the M&A costs primarily relate to the acquisition of Scan (Jersey) Topco Limited and SGL TransGroup US Corp. (the two holding companies of Scan Global Logistics Group) and the acquisition of ETS Transport Logistics GmbH.

Greenfield activities during the year primarily relate to Romania and Kenya.

Restructuring costs are mainly driven by Denmark, Spain, North America, Sweden and Germany.

EURm	2023	2022
M&A activities, greenfield activities and other transaction-specific costs	(27)	-
Restructuring and other costs	(5)	-
Total	**(32)**	**-**

ACCOUNTING POLICIES

Special items are recognised in connection with presenting the consolidated income statement for the year to separate items by their nature, which is unrelated to SGL Group's primary business activity. A separation of these items improves the understanding of the performance for the year. The use of special items entails management judgement in the separation from ordinary items. Management carefully considers individual items and projects (including restructurings) to ensure the correct distinction between operating activities and income/expenses of special nature.

Special items comprise of:

- Restructuring costs, impairment costs, etc., relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals
- Transaction and restructuring costs relating to the acquisition and divestment of enterprises.

SECTION 2: RESULT FOR THE YEAR

2.5 SPECIAL ITEMS, NET, CONT.

SPECIAL ITEMS BRIDGE

EURm			2023			2022
	Income statement	Special items	Adjusted income statement	Income statement	Special items	Adjusted income statement
Revenue	1,162	-	1,162	-	-	-
Cost of operation	(893)	(1)	(894)	-	-	-
Gross profit	**269**	**(1)**	**268**	**-**	**-**	**-**
Other external expenses	(40)	(24)	(64)	-	-	-
Staff costs	(127)	(7)	(134)	-	-	-
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**102**	**(32)**	**70**	**-**	**-**	**-**
Amortisation and depreciation	(42)	-	(42)	-	-	-
Operating profit (EBIT) before special items	**60**	**(32)**	**28**	**-**	**-**	**-**
Special items, net	(32)	32	-	-		-
Operating profit (EBIT)	**28**	**-**	**28**	**-**	**-**	**-**
Financial income	16	-	16	-	-	-
Financial expenses	(81)	-	(81)	-	-	-
Result before tax	**(37)**	**-**	**(37)**	**-**	**-**	**-**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS

Intangible assets have increased due to the acquisitions made during the year, primarily Scan (Jersey) Topco and SGL TransGroup US Corp. and ETS Transport Logistics GmbH. For further description, ref. to note 5.3 Business combinations.

INTANGIBLE ASSETS

EURm						2023
	Goodwill	Customer relations	Trademarks	Software	Software under development	Total
Cost at 1 January	-	-	-	-	-	-
Exchange rate adjustment	(12)	(2)	(0)	(1)	(0)	(15)
Transfer	-	-	-	2	(2)	-
Additions	-	-	-	0	7	7
Additions from acquisitions	1,229	198	18	7	5	1,457
Disposals	-	-	-	(1)	-	(1)
Cost at 31 December	**1,217**	**196**	**18**	**7**	**10**	**1,448**
Amortisation at 1 January	-	-	-	-	-	-
Exchange rate adjustment	-	-	-	(1)	-	(1)
Amortisation	-	18	4	3	-	25
Disposals	-	-	-	-	-	-
Amortisation at 31 December	**-**	**18**	**4**	**2**	-	**24**
Carrying amount at 31 December	**1,217**	**178**	**14**	**5**	**10**	**1,424**
Amortisation period		1-7 years	3 years	3 years		

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

EURm					2022
	Goodwill	Customer relations	Trademarks	Software	Total
Cost at 11 November	-	-	-	-	-
Exchange rate adjustment	-	-	-	-	-
Additions	-	-	-	-	-
Additions from acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Cost at 31 December	**-**	**-**	**-**	**-**	**-**
Amortisation at 11 November	-	-	-	-	-
Exchange rate adjustment	-	-	-	-	-
Amortisation	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation at 31 December	**-**	**-**	**-**	**-**	**-**
Carrying amount at 31 December	**-**	**-**	**-**	**-**	**-**
Amortisation period		1-7 years	3 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 are indications of impairment, or at least once a year.

Customer relations
Customer relations arising from business combinations are recognised at fair value at acquisition. When indications of impairment are 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 indications of impairment are identified, trademarks and other intangible assets are tested for impairment.

Software
Software includes acquired intangible rights and measured at initial recognition at cost. Software acquired separately or developed for internal use is subsequently measured at cost less any accumulated amortisation and impairment losses.

Costs related to the 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 asset's carrying amount. Gains or losses are recognised in the income statement when the asset is derecognised.

GOODWILL, CUSTOMER RELATIONS AND TRADEMARKS SPLIT BY SEGMENT

EURm	2023	2022
Air & Ocean	1,325	-
Road	69	-
Solutions	15	-
Total	**1,409**	**-**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

ACCOUNTING ESTIMATES AND JUDGEMENTS

The carrying amount of goodwill is tested for impairment at least once a year.

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. The discount rate used in the impairment test is the weighted average cost of capital (WACC), which comprises current market assumptions for the cost of equity and cost of debt. The discount rate is calculated for each CGU and reflects the related risks, such as geographical and financial exposure.

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.

Assumptions applied are further subject to the development of the global economy of which management consider the outlook for significant regions in particular North America and Europe where volatility is expected to continue to be a constant in 2024.

Impairment test

Goodwill, customer relations, trademarks and other intangible assets were tested for impairment on 31 December 2023. The basis for the calculation is the 2024 budget and the strategy plan for 2025-2027.

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

The 3-year strategy plan covers each focus area, where assumptions have been applied related to growth in expected volumes and the expectation of the market development. Furthermore, new and potential contract wins have been factored into the plan affecting several business segments and companies within SGL Group.

The impairment 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 key assumptions would have led to any impairment losses being recognised. The analysis showed that potential probable changes in the future cash flow would not indicate a need for an impairment of goodwill.

In 2023, Management estimated that likely changes to the key assumptions would not result in the carrying amount of goodwill exceeding the recoverable amount.

The most significant assumptions for the impairment are:

- The following WACC has been applied in the calculation of the different segments:
  - Air & Ocean: 12.6%
  - Road: 12.1%
  - Solutions: 12.5%
- The basis for the calculation is the budget for 2024 and the strategy plan for the years 2025-2027.
- An expectation has been applied in the terminal period, in which SGL Group is anticipated to grow with the expected annual market growth of 2%.

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 impact 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 and North America, so the future cash flow is affected primarily by the growth rates in America and the European countries. Gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity, will also affect the cash flow.

Solutions
The Solutions segment mainly operates in Denmark and North America, so the future cash flow is affected primarily by the growth rates in Denmark and North America. 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. Such assets are further tested as part of the CGU which the asset forms part of.

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.

Sensitivity analysis
We see no indications of impairment based on the key assumptions listed above. The assumptions applied in the impairment test are not sensitive to probable fluctuations, which would result in an impairment loss, neither combined nor individually.

IMPAIRMENT TESTS

KEY ASSUMPTIONS

	Average gross profit growth rate*	Terminal period growth	Pre-tax discount rate
2023			
Air & Ocean	7%	2%	12.6%
Road	8%	2%	12.1%
Solutions	7%	2%	12.5%
2022			
Air & Ocean	-	-	-
Road	-	-	-
Solutions	-	-	-

** The average gross profit growth rate comprises the full budget and strategy period.*

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

EURm	Land and buildings	Plant and Machinery	Fixtures, tools, fittings and equipment	Assets under construction	2023 Total	Land and buildings	Plant and Machinery	Fixtures, tools, fittings and equipment	Assets under construction	2022* Total
Cost at 1 January	-	-	-	-	-	-	-	-	-	
Exchange rate adjustment	(0)	(0)	(0)	(0)	(0)	-	-	-	-	-
Additions	4	2	5	-	11	-	-	-	-	-
Additions from acquisitions	73	5	11	3	92	-	-	-	-	-
Disposals	(1)	(0)	(1)	(2)	(4)	-	-	-	-	-
Cost at 31 December	**76**	**7**	**15**	**1**	**99**	**-**	**-**	**-**	**-**	**-**
Depreciation at 1 January	-	-	-	-	-	-	-	-	-	-
Exchange rate adjustment	(0)	(0)	1	-	1	-	-	-	-	-
Depreciation	13	2	2	-	17	-	-	-	-	-
Disposals	(1)	(0)	(1)	-	(2)	-	-	-	-	-
Depreciation at 31 December	**12**	**2**	**2**	**-**	**16**	**-**	**-**	**-**	**-**	**-**
Carrying amount at 31 December	**64**	**5**	**13**	**1**	**83**	**-**	**-**	**-**	**-**	**-**
Right-of-use assets included at 31 December										
Depreciation	12	2	0	-	14	-	-	-	-	-
Carrying amount at 31 December	59	3	0	-	62	-	-	-	-	-
Depreciation period	5 years	3-5 years	3-10 years			5 years	3-5 years	3-10 years		

** For 2022 the opening balance for cost and depreciations was at 11 November 2022.*

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT, CONT.

During the year, additions for right-of-use-assets excluding acquisitions amounted to EUR 2m (2022: EUR 0m).

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

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

EURm	2023	2022
Interest costs relating to lease liabilities	5	-
Short-term lease costs	0	-
Low-value lease costs	0	-

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 property, 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. Extension options are only included in determining the lease period if reasonably certain they will be utilised.

At subsequent measurement, the right-of-use-asset is measured less accumulated depreciation and impairment losses and

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT, CONT.

adjusted for any remeasurements of the 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 SGL Group and not by the respective lessor.

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 recognised 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 trailers, trucks, company cars and forklifts leases.

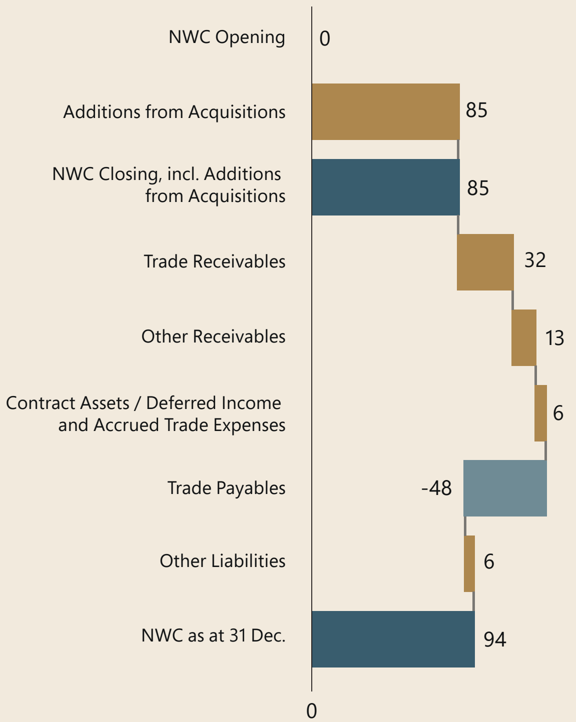
ACCOUNTING ESTIMATES AND JUDGEMENTS

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 to assess the amount that SGL 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

CHANGE IN NET WORKING CAPITAL



The change in net working capital items includes non-cash movements and exchange rate adjustments which amounted to EUR 14m (2022: 0m).

TRADE RECEIVABLES AND CONTRACT ASSETS

EURm	2023	2022
Trade receivables before provision for expected losses	272	-
Contract assets	42	-
Provision for expected credit losses	(7)	-
Net trade receivables and contract assets	**307**	**-**

WRITE-DOWNS

EURm	2023	2022
Write-downs 1 January	-	-
Additions for the year	0	-
Additions from acquisitions	8	-
Reversals	(1)	-
Write-downs realised	(0)	-
Write-downs 31 December	**7**	**-**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.3 NET WORKING CAPITAL

TRADE RECEIVABLES AND CONTRACT ASSETS

EURm	2023	2022
Not overdue	224	-
Overdue 1-30 days	40	-
Overdue 31-60 days	16	-
Overdue 61-90 days	6	-
Overdue more than 90 days	28	-
Gross trade receivables and contract assets	**314**	**-**

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 the 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 not adjusted for any financing components as credit terms are short, and the financing component, therefore insignificant. SGL Group holds the trade receivables 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, deferred income and accrued trade expenses
Contract assets, deferred income and accrued trade expenses include accrued revenue and accrued expenses from freight forwarding services, contract logistics and other related services in progress as of 31 December. Amounts received for services that are not yet completed are presented as deferred income. Deferred income is recognised in the income statement within 12 months, as well as the conditional right to consideration from contract assets becomes unconditional within 12 months of recognition.

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.1 FINANCIAL ITEMS

EURm	2023	2022
Financial income		
Interest income	4	-
Bond interest income	7	-
Other financial income	5	-
Total financial income	**16**	**-**
Financial expenses		
Interest expenses	(1)	-
Lease interest expenses	(5)	-
Bond interest expenses	(64)	-
Amortisation of capitalised loan costs	(4)	-
Other financial expenses	(3)	-
Exchange rate loss	(4)	-
Total financial expenses	**(81)**	**-**
Net Financial Items	**(65)**	**-**

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, financial expenses relating to finance leases, exchange gains and losses and amortisation of financial assets and liabilities.

Bond interest income relates to certain bonds issued by SGL International A/S, which was owned by SGL Group ApS prior to the acquisition of Scan (Jersey) Topco Limited and SGL TransGroup US Corp. (the two holding companies of Scan Global Logistics Group).

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
Regularly, the Executive Management assesses whether SGL Group has an adequate capital structure, just as the Board of Directors periodically evaluates whether SGL Group's capital structure is in line with the best interests of the SGL Group and its stakeholders. Management assesses whether the current capital structure is sufficient to support SGL Group's strategic plans. Our current credit facilities were renegotiated in May 2023 and will expire in 2027.

LIQUIDITY RESERVE

EURm	2023	2022
Cash and cash equivalents	142	0
Bank debt	(6)	-
Net cash	**136**	**0**
Undrawn credit facilities	138	-
Liquidity reserve	**274**	**0**

SGL Group ApS has issued senior secured callable floating-rate bonds in an amount of EUR 750m within a total framework of EUR 1,150m. The bonds are used to finance acquisitions and for general corporate purposes.

Please refer to note 5.4 for a description of pledges.

Specific terms and conditions apply for the issued bonds regarding negative pledge, redemption and change of control. Interest is paid quarterly, and the bond debt matures in 2028. The bonds are listed on Nasdaq Stockholm and Börse Frankfurt.

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

CHANGES TO FINANCIAL LIABILITIES

EURm					Non-cash change					2023
	Maturity	Effective interest rate	Carrying amount 1 January	Cashflow	Business combinations	Foreign exchange effect	Additions	Transfers	Other	Carrying amount 31 December
Bond debt										
Issued bonds, EUR 750m	2028	3m EURIBOR + 6.75%	-	750	-	-	-	-	-	750
Redeemed bonds, EUR 538m*			-	(193)	193	-	-	-	-	-
Capitalised loan costs			-	(28)	-	-	-	-	4	(24)
Net bond debt			**-**	**529**	**193**	**-**	**-**	**-**	**4**	**726**
Payable bond interest			-	(58)	-	-	64	-	-	6
Credit facilities			-	-	4	-	-	-	(4)	-
Lease liabilities**			-	(13)	74	0	2	-	-	63
Total			**-**	**458**	**271**	**0**	**66**	**-**	**0**	**795**
										2022
Net debt			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payable interest			-	-	-	-	-	-	-	-
Lease liabilities*			-	-	-	-	-	-	-	-
Total			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

** Previously issued bonds by SGL International A/S assumed as part of the acquisition of Scan (Jersey) TopCo Limited and SGL TransGroup US Corp.*

*** Paid interest expenses related to lease payments amounted to EUR 5m (2022: EUR 0m). Total cash flows from leases amounted to EUR 18m (2022: EUR 0m).*

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

Credit risk
Credit risk is when a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. SGL 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 SGL Group).

SGL 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 arises from fluctuations in the market interest rate and can impact the fair value or future cash flows of a financial instrument. The company's bond debt is exposed to such risk, where a 1% increase in variable interest rates would result in a EUR 8m rise in annual interest expense. However, after combining the company's net cash position with its interest rate- and cross-currency swaps, the exposure is mitigated to a minor increase of EUR 0m 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, DKK, SEK, RMB and GBP. 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 costs are USD, DKK, RMB, SEK and GBP. SGL Group manages its foreign currency risk on an ongoing basis.

The sensitivity analysis shows the impact to net profit and other comprehensive income on the assumption of changes to SGL Group's most significant currencies towards EUR with all other variables remain constant.

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 recognised with a carrying amount that is a reasonable approximation of its fair value.

Borrowings
Borrowings mainly comprise bonds issued with a nominal amount of EUR 750m and measured at amortised cost.
The fair value of net issued bonds on 31 December 2023 was EUR 743m (2022: EUR 0m) based on quoted bond rates at Börse Frankfurt.

Other payables
Earn-out related to acquisitions are measured at fair value and classified as other payables. On 31 December 2023, fair value amounted to EUR 11m (2022: EUR 0m) based on expected EBITDA in the earn-out period using a WACC in the range of 10.2% to 13.4%. The earn-outs are expected to be paid in 2024 and 2025.

CURRENCY RISK - SENSITIVITY ANALYSIS

EURm		2023		2022	
Currency	Change	Net profit for the year	Other Comprehensive income	Net profit for the year	Other comprehensive income
USD	10%	15	-	-	-
DKK	1%	0	-	-	-
SEK	10%	1	-	-	-
RMB	10%	(1)	-	-	-
GBP	10%	0	-	-	-

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

FINANCIAL ASSETS AND LIABILITIES

EURm	2023 Maturity of contractual undiscounted cash flows						2022 Maturity of contractual undiscounted cash flows					
	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount	< 1 year	1-5 years	> 5 year	Total cash flows	Fair value	Carrying amount
ASSETS												
Trade receivables	265	-	-	265	265	265	-	-	-	-	-	-
Contract assets	42	-	-	42	42	42	-	-	-	-	-	-
Other receivables*	10	7	-	17	17	17	-	-	-	-	-	-
Receivables from related parties	3	-	-	3	3	3	-	-	-	-	-	-
Cash	142	-	-	142	142	142	0	-	-	0	0	0
Amortised costs	**462**	**7**	**-**	**469**	**469**	**469**	**0**	**-**	**-**	**0**	**0**	**0**
Interest and currency derivatives	(1)	1	-	0	2	2	**0**	**-**	**-**	**0**	**0**	**0**
Fair value through profit or loss	**(1)**	**1**	**-**	**0**	**2**	**2**						
Total financial assets	**461**	**8**	**-**	**469**	**471**	**471**	**0**	**-**	**-**	**0**	**-**	**0**
LIABILITIES												
Borrowings	81	1,015	-	1,096	743	726	-	-	-	-	-	-
Lease liabilities	23	42	26	91	63	63	-	-	-	-	-	-
Trade payables	139	-	-	139	139	139	0	-	-	0	0	0
Accrued trade expenses	84	-	-	84	84	84	-	-	-	-	-	-
Other payables*	50	6	-	56	56	56	-	-	-	-	-	-
Amortised costs	**377**	**1,063**	**26**	**1,466**	**1,085**	**1,068**	**0**	**-**	**-**	**0**	**0**	**0**
Earn-out	10	1	-	11	11	11	-	-	-	-	-	-
Fair value through profit or loss	**10**	**1**	**-**	**11**	**11**	**11**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**387**	**1,064**	**26**	**1,477**	**1,096**	**1,079**	**0**	**-**	**-**	**0**	**0**	**0**

** Other receivables and other payables are adjusted for non-financial assets and liabilities such as VAT, prepayments as well as assets and liabilities measured at fair value through profit or loss as earn-outs.*

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

ACCOUNTING POLICIES

Financial liabilities are recognised on the loan issuance 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 recognised as financing costs in the income statement over the loan term.

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.

Hedge accounting has not been applied. 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, DKK, SEK, RMB and GBP and the exposure towards these currencies is described above.

SECTION 5: OTHER AREAS

5.1 AUDIT FEES

EURm	2023	2022
Fee to the auditors appointed at the general meeting		
Statutory audit	0.8	0.0
Other assurance services	0.1	-
Tax and VAT services	0.0	-
Other services	5.2	-
Total	**6.1**	**0.0**

Other services mainly comprised work related to acquisitions, such as financial and tax due diligence.

SECTION 5: OTHER AREAS

5.2 TAX

TAX FOR THE YEAR

EURm	2023	2022
Current tax	18	-
Change in deferred tax	(6)	-
Adjustments to tax, prior years	2	-
Total	**14**	**-**

CALCULATION OF EFFECTIVE TAX RATE

EURm	2023		2022	
Profit before tax		(37)		0
Tax applying the statutory Danish corporate income tax rate	22%	(8)	-	-
Effect of tax rates in other jurisdictions	(5)%	2	-	-
Unrecognised tax assets	(3)%	1	-	-
Tax-exempt income, less non-deductible expenses*	(46)%	17	-	-
Adjustment to tax, prior years	(6)%	2	-	-
Total	**(38)%**	**14**	**-**	**-**

** Mainly non-deductible interest expenses and M&A costs.*

DEFERRED TAX

EURm	2023	2022
Net deferred tax 1 January	-	-
Additions from acquisitions	(47)	-
Deferred tax for the year	6	-
Adjustments deferred tax previous years	0	-
Exchange rate adjustment	3	-
Net deferred tax 31 December	**(38)**	**-**
Deferred tax, by gross temporary differences:		
Intangibles	(45)	-
Tax losses carried forward	1	-
Other	6	-
Total	**(38)**	**-**
Recognised in the balance sheet as:		
Deferred tax assets	7	-
Deferred tax liabilities	(45)	-
Total	**(38)**	**-**

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 the 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 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 taxation authority.

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

OECD Pillar Two model rules
SGL Group is within the scope of the OECD Pillar Two model rules also known as the Global Anti-Base Erosion (GloBE) Rules.

Pillar Two legislation has been enacted in Denmark, the jurisdiction in which SGL Group is incorporated and will come into effect from 1 January 2024. The Pillar Two legislation was not effective at the reporting date and therefore no related current tax exposure has been recognised. SGL Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued by IASB in May 2023.

Under the legislation, SGL Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate per jurisdiction and the 15% minimum rate. All SGL Group entities besides our operating companies in UAE, which will be 9%, have an effective tax rate that exceeds 15% in a normalised commercial cycle. However, analysis shows that individual entities, based on historical data, can drop below the threshold in individual years. The calculated theoretical historic top-up tax, adjusted for one-off events, impact on the SGL Group effective tax rate is immaterial.

SGL Group management is in the process of assessing SGL's exposure to the Pillar Two legislation when it comes into effect. Combined with the complexities in applying the legislation and calculation GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. SGL Group's tax specialists are working with colleagues across the value chain to define with application of the legislation.

SECTION 5: OTHER AREAS

5.2 TAX, CONT.

ACCOUNTING ESTIMATES AND JUDGEMENTS

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 utilised.

Significant Management judgement 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 because 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 depend on whether the future earnings can be realised.

Deferred tax assets relating to the Danish part of SGL 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.

EURm	2023	2022
Deferred tax assets not recognised at 31 December	2	-

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS

FAIR VALUE AT DATE OF ACQUISITION

EURm	SGL Group	ETS	Other	2023 Total	2022 Total
ASSETS					
Other Intangible assets	12	0	0	12	-
Property, plant and equipment	91	0	1	92	-
Deferred tax assets	8	-	-	8	-
Trade receivables	260	10	8	278	-
Corporation tax	11	-	-	11	-
Loans to previous group entities	28	-	0	28	-
Other receivables	37	1	2	40	-
Cash and cash equivalents equivalents	304	11	1	316	-
Total assets	**751**	**22**	**12**	**785**	**-**

EURm	SGL Group	ETS	Other	2023 Total	2022 Total
LIABILITIES					
Provisions	3	-	-	3	-
Deferred tax	4	0	-	4	-
Credit facilities	4	-	-	4	-
Bond debt	193	-	-	193	-
Lease liability	74	-	-	74	-
Loans from previous group entities	42	-	0	42	-
Trade payables	162	13	4	179	-
Corporation tax	18	1	0	19	-
Deferred income	5	-	-	5	-
Other payables	53	2	0	55	-
Total liabilities	**558**	**16**	**4**	**578**	**-**

EURm	SGL Group	ETS	Other	2023 Total	2022 Total
Aquired net assets	193	6	8	207	-
Non-controlling interest	(3)	-	-	(3)	-
Goodwill	1,205	16	8	1,229	-
Customer relations	182	9	7	198	-
Trademarks	18	-	-	18	-
Deferred tax	(47)	(3)	(1)	(51)	-
Fair Value of total net assets acquired	**1,548**	**28**	**22**	**1,598**	**-**
Cash consideration	335	28	18	381	-
Contingent consideration	-	-	3	3	
Deferred purchase price	-	-	1	1	
Extinguish of a pre-existing relationship	359	-	-	359	-
Contribution from parent	854	-	-	854	-
Fair Value of consideration transferred	**1,548**	**28**	**22**	**1,598**	**-**
Acquired goodwill allocated to CGUs					
Air & Ocean	1,136	16	4	1,156	-
Road	56	-	3	59	-
Solutions	13	-	1	14	-
Total goodwill	**1,205**	**16**	**8**	**1,229**	**-**

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACCOUNTING POLICIES

In accordance with IFRS 3, the acquisition method is applied when accounting for business combinations.

Acquirees are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date when SGL obtains control of the acquired activity.

Assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the acquisition date by applying appropriate valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the acquisition date.

Contingent considerations dependent on future events or the performance of contractual obligations (earn-outs) are recognised at fair value based on expected total future payments and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

The excess of the total consideration transferred, the value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognised as goodwill.

Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Management judgements and estimates

When applying the acquisition method of accounting, management judgements and estimates are an integral part of assessing fair values of several assets and liabilities, as observable market prices are typically unavailable.

It typically relates to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. Management judgements and estimates are typically applied in the valuation techniques for customer relationships and trademarks in determining the present value of future uncertain cash flows as well as the applied discounting rate.

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OF SCAN (JERSEY) TOPCO LIMITED AND SGL TRANSGROUP US CORP. (THE TWO HOLDING COMPANIES OF SCAN GLOBAL LOGISTICS GROUP)

On 6 February 2023, Skill Luxembourg Holding S.á.r.l. has, through its wholly owned subsidiary SGL Group ApS ("The Parent Company"), acquired 100% of the shares in the Danish-based Scan Global Logistics Group through the acquisition of shares in Scan (Jersey) Topco Limited and the acquisition of SGL TransGroup US Corp through the wholly owned subsidiary Skill US BidCo Inc. The acquisition changes the previous group structure of reporting groups SGLT Holding and SGL Group to one reporting group with SGL Group ApS as the reporting entity. The operation in the operating companies is unchanged from the previous group structure.

The acquisition was subject to regulatory approval from applicable competition authorities. The acquisition was approved during May 2023, and the closing was effective as of 23 May 2023, hence Scan (Jersey) Topco Limited and SGL Trans-Group US Corp. from this date is included in the consolidated financial statements of SGL Group ApS. SGLT Holding and SGL Group were previously owned by the ultimate controlling owner AEA Investors' Small Business Fund and independent LP financial co-investors since 2016, who is now a minority owner.

The acquisition price for the activities was EUR 1,548m, of which EUR 359m is related to a pre-existing relationship. The pre-existing relationship comprises bonds issued by the acquired group of entities and measured at fair value upon extinguishment. Fees and expenses linked to the acquisition were EUR 22m and recognised as special items in the income statement. As part of financing the acquisition, SGL Group ApS has on 2 March 2023 issued senior secured bonds of EUR 750m.

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

Goodwill
Goodwill of EUR 1,205m represents the DNA and entrepreneurial business model of SGL, which has proven its ability to capture opportunities in a dynamic market; all in combination with the ability over time to leverage from the business model's strength and utilising the network effect including synergies through the scale of operations and M&A.

Earnings impact
During the seven months and seven days after the acquisition date, SGL Group contributed with EUR 1,129m to the Group's revenue and EUR (51)m to the Group's result after tax. If the acquisition had occurred on 1 January 2023, the Group's consolidated pro forma revenue and profit after tax would have amounted to approx. EUR 2,022m and EUR (33)m, 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 a WACC of 9.2% as discount rate. In total, customer relationships amounting to EUR 182m 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

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OF SCAN (JERSEY) TOPCO LIMITED AND SGL TRANSGROUP US CORP. (THE TWO HOLDING COMPANIES OF SCAN GLOBAL LOGISTICS GROUP)

inputs have been estimated based on Management's professional judgement from analysis of the acquired customer base, historical data, and general business insight.

Trademarks
Trademarks have been measured using the relief from royalty model (RfR), by which the expected future cash flows has been valuated based on assumptions on expected useful life, royalty rate, and growth rate.
The trademarks of the Scan Global Logistics / SGL brand have been assessed to have a value of EUR 18m which have been included in the opening balance.

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.

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.
Credit enhancement of the Group has been applied in the valuation.

ACQUISITION OF ETS TRANSPORT LOGISTICS GMBH AND ITS WHOLLY OWNED SUBSIDIARIES ETS FULFILLMENT GMBH, COFIN SERVICE GMBH CO KG AND COFIN BETEILIGUNGS GMBH ("ETS GROUP")

On 12 April 2023 SGL Group signed the acquisition of 100% of the shares in the Germany-based freight forwarding company ETS Group through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, SGL Group strengthens its position within the EMEA region. Closing of the transaction was 4 July 2023. The acquisition price for the activities was EUR 28m, financed through the cash position. Fees and expenses linked to the acquisition were EUR 1m and recognised as special items in the income statement.

Fair value of acquired net assets and recognised goodwill
Fair value of acquired net assets has been identified and goodwill recognised. Net assets and contingent 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
Goodwill primarily relates to synergy effects from integration with SGL Group and over time to leverage from the business model's strength and utilising the network effect including synergies through the scale of operations and M&A. Goodwill is non-deductible for tax purposes. Goodwill amounts to EUR 16m.

Earnings impact
During the six months after the acquisition date, ETS Group contributed with EUR 26m to the Group's revenue and EUR (1)m to the Group's result after tax. If the acquisition had occurred on 1 January 2023, the Group's consolidated pro forma revenue and profit after tax would have amounted to approx. EUR 1,194m and EUR (50)m, respectively.

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OF ETS TRANSPORT LOGISTICS GMBH AND ITS WHOLLY OWNED SUBSIDIARIES ETS FULFILLMENT GMBH, COFIN SERVICE GMBH CO KG AND COFIN BETEILIGUNGS GMBH ("ETS GROUP")

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 WACC of 11.4% as discount rate. In total, customer relationships amounting to EUR 9m 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 Sand Road Freight A/S
On 31 May 2023, SGL Group signed the acquisition of 100% of the shares in the Danish-based freight forwarding company Sand Road Freight A/S through the wholly owned subsidiary Scan Global Logistics A/S. Closing of the transaction was on 3 July 2023. The acquisition price for the activities was EUR 9m, of which EUR 1m is related to contingent consideration recognised with the maximum amount. The remaining cash consideration of EUR 8m has been financed through the cash position.

Acquisition of Belglobe Sàrl
On 15 August 2023, SGL Group signed the acquisition of 100% of the shares in the Swiss-based freight forwarding company Belglobe Sàrl through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, SGL Group strengthens its position within an important transportation hub in Europe. The closing of the transaction was on 4 September 2023. The acquisition price for the activities was EUR 3m, financed through the cash position.

Acquisition of FLS – Freight & Logistics Solutions, Lda.
On 7 September 2023, SGL Group signed the acquisition of 100% of the shares in the Portuguese-based freight forwarding company FLS – Freight & Logistics Solutions, Lda. through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, SGL Group strengthens its position within an important transportation hub in Europe. The closing of the transaction was on 2 November 2023. The acquisition price for the activities was EUR 1m, financed through the cash position.

Acquisition of 3PL
On 2 October 2023, SGL Group signed and closed the acquisition of 100% of the shares in the United States-based freight forwarding company 3PL Logistics through the wholly owned subsidiary TransGroup Express LLC. With the acqui-

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OTHER

sition, SGL Group strengthens its position within the North American region. losing of the transaction was on 2 October 2023. The acquisition price for the activities was EUR 2m, financed through the cash position.

Acquisition of Global Cargo, Inc., IPAC International Packing & Crate LLC
On 31 October 2023, SGL Group signed the acquisition of 100% of the assets in the United States-based freight forwarding company in Global Cargo, Inc., IPAC International Packing & Crate LLC (previously a franchise of the Group) through the wholly owned subsidiary TransGroup Express LLC. With this acquisition, SGL Group strengthens its position in the Government & Defense industry within the North American region. The closing of the transaction was on 31 October 2023. The remaining cash consideration of EUR 4m has been financed through the cash position.

Acquisition of Gardermoen Parcel Xpress DA
On 14 December 2023, SGL Group signed the acquisition of 100% of the shares in the Norwegian-based freight forwarding company Gardermoen Parcel Xpress DA ("GPX") through the wholly owned subsidiaries

Scan Global Logistics AS and Trust Forwarding Norway AS. With the acquisition, SGL Group strengthens its position within the Nordic region. The closing of the transaction was on 14 December 2023. The acquisition price for the activities was EUR 1m, financed through the cash position.

Acquisition of ENK Logistics Co., Ltd.
On 19 October 2023, SGL Group signed the acquisition of 100% of the shares in the South Korea-based freight forwarding company ENK Logistics Co., Ltd. through the wholly owned subsidiary Scan Global Logistics Korea Co., Ltd. With the acquisition, SGL Group strengthens its position within the Asian region. The closing of the transaction was closed on 12 January 2024, hence ENK Logistics Co., Ltd. are not recognised in the consolidated financial statements in 2023. The acquisition price for the activities was EUR 2m, financed through the cash position.

SECTION 5: OTHER AREAS

5.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

SECURITY FOR LOANS

EURm	2023	2022
As security for debt to credit institutions, for undrawn credit facilities, SGL Group has pledged assets as collateral		
Chattel mortgages	2	-
Floating charge	29	-
Total security	**31**	**-**

The above-mentioned securities relate to total assets in the company Scan Global Logistics A/S.

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

Bond debt at par	**750**	**-**

Bond debt is secured by collateral in the shareholdings in the major group companies. The companies secured as collateral are jointly and several liable for the bond debt amounting to EUR 750m.

There have only been a few claims against the company due to various transports worldwide. These claims are considered insignificant and are expected to be covered economically by the company's global liability insurance programme. 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 company has a few cases, which are not covered by the company's global liability insurance programme.
Based on the precautionary principle, Management has made a provision to cover these risks.

SECTION 5: OTHER AREAS

5.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS, CONT.

ACCOUNTING ESTIMATES AND JUDGEMENTS

Contingent liabilities comprise a possible obligation arising 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 entity's control. 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 Group ApS:	
SGL Holding II ApS (controlling interest)	Denmark
Ultimate owner with controlling interest:	
SGL Holding I ApS (Controlling interest of 100% of the financial rights)	Denmark
Owners of SGL Holding I ApS:	
Skill Luxembourg Holdings S.á r.l. (controlling interest on voting rights)	Luxembourg

RELATED PARTY TRANSACTIONS

EURm	2023	2022
Group companies		
Remuneration to Management	5	-
Loans to	3	-
Capital contribution from parent	(933)	-

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
Skill Luxembourg Holdings S.á r.l. (Lux)	Luxembourg	100%	
SGL Holding I Aps	Denmark	100%	
SGL Holding II Aps	Denmark	100%	
SGL Group ApS	Denmark	100%	
Scan (Jersey) Topco Limited:	Jersey	100%	
Scan (UK) Midco Limited	United Kingdom	100%	
SGL International A/S:	Denmark	100%	
Scan Global Logistics A/S	Denmark	100%	
SGL Road ApS	Denmark	100%	
Trust Forwarding A/S	Denmark	100%	
Scan Global Logistics AB	Sweden	100%	
SGL Road AB	Sweden	100%	
Trust Forwarding Sweden AB	Sweden	100%	
Scan Global Logistics GmbH	Germany	100%	
SGL Fulfillment & Distribution A/S	Denmark	100%	
Sp/f Scan Global Logistics Faroe I.	Faroe Island	100%	
Scan Global Logistics Greenland ApS	Greenland	100%	
Scan Global Logistics Iceland ehf.	Iceland	100%	
Scan Global Logistics SA Pty Ltd	South Africa	75%	
Scan Global Logistics N.V.	Belgium	100%	
Scan Global Logistics B.V.	Netherlands	100%	
Gelders Forwarding B.V.	Netherlands	100%	
Scan Global Logistics Spain S.L	Spain	100%	
Contenosa, S.A.U	Spain	100%	
Neypemar Barcelona, S.L.U	Spain	100%	

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
SGL Express Holding AB	Sweden	100%	
SGL Express AB	Sweden	100%	
Scan Global Logistics AS	Norway	100%	
Gardermoen Parcel Xpress DA	Norway	100%	
Trust Forwarding Norway AS	Norway	100%	
Scan Global Logistics (Finland) Oy	Finland	100%	
Scan Global Logistics SAS	France	100%	
Scan Global Logistics Sp. z o.o	Poland	100%	
Scan Global Logistics Hungary Kft.	Hungary	100%	
Scan Global Logistics s.r.o.	Czech Republic	100%	
Scan Global Logistics K.K.	Japan	100%	
Sea-Air Logistics (Hong Kong) Limited.	Hong Kong	100%	
SAL Logistics (SG) Pte Ltd.	Singapore	100%	
Scan Global Logistics (Shanghai) Co. Ltd	China	100%	
Scan Global Logistics (Wuxi)Co. Ltd.	China	100%	
Scan Global Logistics Ltd. (Hong Kong)	Hong Kong	100%	
Scan Global Logistics (Shanghai) Ltd	China	100%	
Scan Global Logistics Company Limited	Thailand	100%	
Scan Global Logistics SDN. BHD.	Malaysia	100%	
Scan Global Logistics PTY LTD	Australia	100%	
SGL Australia PTY LTD	Australia	100%	
Scan Global Logistics (Philippines) Inc.	Philippines	100%	
SGL Manila (Shared Service Center) Inc.	Philippines	99%	
Scan Global Logistics Chile S.A.	Chile	100%	
Scan Global Logistics Peru S.A.C	Peru	100%	
Scan Global Logistics (Vietnam) Ltd.	Vietnam	75%	

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
Scan Global Logistics (Singapore) Pte Ltd.	Singapore	100%	
PT SCAN GLOBAL INDONESIA	Indonesia	67%	
Scan Global Logistics S.A.	Mali	55%	
Scan Global Logistics SARL	Senegal	100%	
Scan Global Logistics SARL	Ivory Coast	100%	
Scan Global Logistics SARL	Benin	100%	
Scan Global Logistics Togo SARLU	Togo	100%	
Scan Global Logistics SA (PTY) Ltd.	South Africa	100%	
Scan Global International (Cambodia) Co., Ltd.	Cambodia	100%	
Scan Global Logistics Co. Ltd.	Myanmar	100%	
Scan Global Logistics NZ Limited	New Zealand	100%	
Scan Global Logistics LLC	United Arab Emirates	100%	
Scan Global Logistics AD LLC	United Arab Emirates	100%	
Scan Global Logistics Commercial GmbH	Germany	100%	
Scan Global Automotive Special Logistics GmbH	Germany	100%	
Scan Global Logistics Automotive Testing Services GmbH	Germany	100%	
Scan Global Logistics Consulting GmbH	Germany	100%	
ETS & Scan Global Logistics GmbH	Germany	100%	
ETS Fulfillments GmbH	Germany	100%	
Horizon International Holdings Limited	United Kingdom	100%	
Scan Global Logistics (UK) Ltd.	United Kingdom	100%	
Horizon International Cargo B.V	Netherlands	100%	
Horizon International Cargo Japan Ltd.	Japan	100%	
Scan Global Logistics (IR) Limited	Ireland	100%	

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
Scan Global Logistics GmbH	Austria	100%	
Belglobe Sárl	Switzerland	100%	
SGL Express A/S	Denmark	100%	
SGL Kenya Limited	Kenya	100%	
Scan Global Logistics Korea Co., Ltd	South Korea	100%	
Scan Global Logistics Lao Sole Company Limited	Laos	100%	
Scan Global Logistics Colombo (PVT) LTD	Sri Lanka	40%	
Belglobe Adisa S. de R.L. de C.V,	Mexico	100%	
FLS - Freight & Logistics Solutions, Unipessoal, Lda	Portugal	100%	
Scan Global Logistics S.R.L	Romania	100%	
Skill US BidCo Inc	**United States**	**100%**	
SGLT Transgroup US Corp.	Delaware, US	100%	
SGL Transgroup de Mexico SA DE CV	Mexico	100%	
Transgroup Global Inc.	Delaware, US	100%	
Transfair North America International Freight Services, LLC	Washington, US	100%	
ORD ICO, LLC	Illinois, US	100%	
TRANS ICO, LLC	New Jersey, US	50%	
TGLPHL, LLC	Pennsylvania, US	100%	
TRANS BOS. LLC	Washington, US	100%	
Horizon International Cargo Inc.	Delaware, US	100%	
Transgroup Express, LLC	Washington, US	100%	
Transdomestic LAX, LLC	California, US	100%	
Trans MCO, LLC	Florida, US	51%	
TGLEWR, LLC	New Jersey, US	100%	

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
TRANS IAH, LLC	Texas, US	100%	Road
TRANS-MIA, LLC	Florida, US	61%	Road
TRANS ATL, LLC	Georgia, US	100%	Road
Cargo Connections NC, LLC	North Carolina, US	100%	Air-Ocean
Transgroup DFW	Texas, US	100%	Air-Ocean
New Bison, LLC	Washington, US	100%	Road
SGLBLI LLC	Washington, US	100%	Air-Ocean
D&W International, Inc.	Washington, US	100%	Air-Ocean
MDX Global Logistics, LLC	Wahington, US	100%	Air-Ocean
SGLSEA, LLC	Washington, US	100%	Road
3PL, Inc.	California, US	100%	Solutions
SGLorf, LLC (Virginia)	Virginia, US	100%	Air-Ocean
TransGroup Canada Logistics, Inc.	Canada	100%	Air-Ocean
TransLAX, LLC (LAX-I)	California, US	50%	Air-Ocean
ICO SFO, LLC (SFO-I)	California, US	50%	Air-Ocean
TGLORD, LLC (ORD-D)	Illinois, US	80%	Road
TGLOMA, LLC	Nebraska, US	100%	Air-Ocean

MAIN ACTIVITY:
- Holding company
- Air-Ocean
- Road
- Solutions

5.6 SUBSEQUENT EVENTS

On 22 March 2024, SGL Group ApS announced that it had issued and placed new senior secured bonds in an amount of EUR 600m (ISIN: NO0013183624). The New Bonds have a tenor of 6 years and a floating interest rate of 3 months EURIBOR plus 475 bps per annum and placed at a price of 99% of par. The new bonds will be applied towards:

(i) acquisitions, general corporate purposes and payment of transactions costs in an amount of approximately EUR 100,000,000,

(ii) buy-backs of the Company's outstanding EUR 750,000,000 Senior Secured Callable Floating Rate Bonds (the "Existing Bonds", ISIN: NO0012826033), and

(iii) voluntarily partially redeem Existing Bonds.

On 25 March 2024, SGL Group ApS announced that it has committed to complete partial buy-backs of existing bonds in a total nominal amount of EUR 391m with expected settlement date on or about 22 April 2024 funded by the new bond issue.

SECTION 5: OTHER AREAS

5.7 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 before special items:

$$\frac{\text{EBITDA before special items}}{\text{Revenue}} \times 100$$

EBIT margin before special items:

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

EBIT margin:

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

Conversion ratio:

$$\frac{\text{EBITDA before special items}}{\text{Gross profit}} \times 100$$

Equity ratio:

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

Net interest-bearing debt:

Interest-bearing debt less of interest-bearing assets and cash and cash equivalents.

Net working capital:

Net working capital is a measure applied in the daily management of our business, as it is closely related to the activity of freight forwarding.

PARENT COMPANY FINANCIAL STATEMENTS

CONTENTS

INCOME STATEMENT

EURm	Notes	2023	2022
Other external expenses		(0)	(0)
Staff costs	2.3	(0)	-
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		**(0)**	**(0)**
Amortisation and depreciation		-	-
Operating profit (EBIT) before special items		**(0)**	**(0)**
Special items, net	2.4	(23)	-
Operating profit (EBIT)		**(23)**	**(0)**
Financial income	3.1	54	-
Financial expenses	3.1	(998)	-
Result before tax		**(967)**	**(0)**
Income tax for the year	4.2	2	-
Result for the year		**(965)**	**(0)**

STATEMENT OF OTHER COMPREHENSIVE INCOME

EURm	Notes	2023	2022
Result for the year		**(965)**	**(0)**
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income for the year		**(965)**	**(0)**

BALANCE SHEET

EURm	Notes	2023	2022
ASSETS			
Investments in subsidiaries	2.1	1,163	-
Receivables from related parties	3.2, 4.3	490	-
Other receivables	3.2	2	-
Total non-current assets		**1,655**	**-**
Receivables from related parties	3.2, 4.3	29	-
Tax receivables	4.2	2	-
Other recievables	3.2	1	-
Cash and cash equivalents		3	0
Total current assets		**35**	**0**
Total assets		**1,690**	**0**

EURm	Notes	2023	2022
EQUITY AND LIABILITIES			
Share capital		0	0
Retained earnings		884	(0)
Total equity		**884**	**0**
Borrowings	3.2	726	-
Total non-current liabilities		**726**	**-**
Trade payables	3.2	1	0
Payable to related parties	3.2, 4.3	73	-
Other payables	3.2	6	-
Total current liabilities		**80**	**0**
Total liabilities		**806**	**0**
Total equity and liabilities		**1,690**	**0**

STATEMENT OF CASH FLOWS

EURm	Notes	2023	2022
Result for the year		(965)	(0)
Adjustment of non-cash items:			
Income taxes in the income statement		(2)	-
Financial income		(54)	-
Financial expenses		998	-
Change in working capital	2.2	48	0
Interest received		7	-
Interest paid		(58)	-
Tax paid		1	-
Cash flows from operating activities		**(25)**	**-**
Purchase of property, plant and equipment		-	-
Investments in Group entities		(283)	-
Disposels of Group entities		**-**	**-**
Cash flow from investing activities		**(283)**	**-**
Free cash flow		**(308)**	**-**

EURm	Notes	2023	2022
Capital increase		79	0
Loan to related entities		(490)	-
Proceeds from issuing bonds	3.2	722	-
Cash flows from financing activities		**311**	**0**
Change in cash and cash equivalents		**3**	**0**
Cash and cash equivalents			
Cash and cash equivalents beginning of period		0	-
Exchange rate adjustment of cash and cash equivalents		-	-
Change in cash and cash equivalents		3	0
Cash and cash equivalents end of year		**3**	**0**

STATEMENT OF CHANGES IN EQUITY

EURm				2023
	Share Capital	Share Premium	Retained Earnings	Total Equity
Equity at 1 January	**0**	**-**	**0**	**0**
Result for the year	-	-	(965)	(965)
Total comprehensive income, net of tax	**-**	**-**	**(965)**	**(965**
Capital contribution	0	-	933	933
Distribution of assets*	-	-	916	916
Total transactions with owners	**0**	**-**	**1,849**	**1,849**
Equity at 31 December	**0**	**-**	**884**	**884**

On December 31, 2023, the share capital og SGL Group ApS amounted to 400,000 shares of nominal DKK 1 each with all shares rank equally. During 2023, the authorised share capital was increased by DKK 360,000 by the issue of 360,000 shares with a nominal value of DKK 1 with retained earnings of DKK 109m.

** The distribution of assets are related to the restructuring of ownership in operating entities. Please refer to note 3.1. for further description.*

EURm				2022
Equity at 11 November	**0**	**-**	**-**	**0**
Result for the year	-	-	(0)	(0)
Total comprehensive income, net of tax	**-**	**-**	**(0)**	**0**
Capital increase by cash payment	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**
Equity at 31 December	**0**	**-**	**0**	**0**

SECTION 1: BASIS OF PREPARATION

1.1 MATERIAL ACCOUNTING POLICIES

Basis of presentation

The 2023 financial statements of SGL SGL Group ApS have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

The financial statements are presented in Euro (EURm), which is the presentation currency. The accounting policies for the Parent Company are the same as for SGL Group, cf. section 1 in the consolidated financial statements and the individual sections.

SECTION 1: BASIS OF PREPARATION

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing SGL Group ApS' 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 SUBSIDIARIES

INVESTMENTS IN SUBSIDIARIES

EURm	2023	2022
Cost at 1 January	-	-
Additions	2,079	-
Disposals	-	-
Cost at 31 December	**2,079**	**-**
Impairment losses at 1 January	-	-
Impairment losses for the year	(916)	-
Impairment losses at 31 December	(916)	**-**
Carrying amount at 31 December	**1,163**	**-**

Refer to note 5.5 in the consolidated financial statements for an overview of the legal entities within SGL Group.

ACCOUNTING POLICIES

Dividends on investments in subsidiaries are recognised in the Parent Company 's income statement in the financial year 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 the Management.

Please refer to note 3.1 for a description of the impairment losses recognised on shares in subsidiaries.

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.2 NET WORKING CAPITAL

NET WORKING CAPITAL

EURm	1 January	Cash flow	Non-cash changes	31 December
2023				
Receivables	-	(32)	(0)	(32)
Trade and other payables	-	80	0	80
Total net working capital	**-**	**48**	**0**	**48**

	1 January	Cash flow	Non-cash changes	31 December
2022				
Receivables	-	-	-	-
Trade and other payables	-	-	-	-
Total net working capital	**-**	**-**	**-**	**-**

SECTION 2: RESULT FOR THE YEAR

2.3 STAFF COST

EURm	2023	2022
Staff cost		
Wages and salaries	1	-
Pensions	-	-
Other social security costs	-	-
Total gross staff costs	**1**	**-**
Transferred to cost of operation	-	-
Transferred to special items	-1	-
Total staff costs	**-**	**-**

For information regarding remuneration to the Board of Directors and to the Executive Management for the parent company, refer to note 2.4 in the Consolidated financial statements.

Average number of full-time employees	2	-

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 SGL Group's employees performed the related work.

SECTION 2: RESULT FOR THE YEAR

2.4 SPECIAL ITEMS, NET

In 2023, the M&A costs primarily relate to the acquisition of Scan (Jersey) Topco Limited and SGL TransGroup US Corp. (the two holding companies of Scan Global Logistics Group).

EURm	2023	2022
M&A activities, greenfield activities and other transaction-specific costs	(22)	-
Restructuring and other costs	(1)	-
Total	**(23)**	**-**

ACCOUNTING POLICIES

Special items are recognised in connection with presenting the consolidated income statement for the year to separate items by their nature, which is unrelated to SGL Group's primary business activity. A separation of these items improves the understanding of the performance for the year. The use of special items entails management judgement in the separation from ordinary items. Management carefully considers individual items and projects (including restructurings) to ensure the correct distinction between operating activities and income/expenses of special nature.

Special items comprise of:

- Restructuring costs, impairment costs, etc., relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals
- Transaction and restructuring costs relating to the acquisition and divestment of enterprises.

SECTION 2: RESULT FOR THE YEAR

2.4 SPECIAL ITEMS, NET, CONT.

SPECIAL ITEMS BRIDGE

EURm			2023			2022
	Income statement	Special items	Adjusted income statement	Income statement	Special items	Adjusted income statement
Revenue	-	-	-	-	-	-
Cost of operation	-	-	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**	**-**	**-**
Other external expenses	-	(22)	(22)	-	-	-
Staff costs	-	(1)	(1)	-	-	-
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**-**	**(23)**	**(23)**	**-**	**-**	**-**
Amortisation and depreciation	-	-	-	-	-	-
Operating profit (EBIT) before special items	**-**	**(23)**	**(23)**	**-**	**-**	**-**
Special items, net	(23)	23	-	-	-	-
Operating profit (EBIT)	**(23)**	**-**	**(23)**	**-**	**-**	**-**
Financial income	54	-	54	-	-	-
Financial expenses	(998)	-	(998)	-	-	-
Result before tax	**(967)**	**-**	**(967)**	**-**	**-**	**-**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.1 FINANCIAL ITEMS

EURm	2023	2022
Financial income		
Interest income	1	-
Bond interest income	7	-
Financial income from related parties	11	-
Dividend from subsidiaries	17	-
Other financial income	18	-
Total	**54**	**-**
Financial expenses		
Interest expenses	(1)	-
Bond interest expenses	(64)	-
Amortisation of capitalised loan costs	(4)	-
Impairment on investments in subsidiaries	(916)	-
Other financial expenses	(9)	-
Exchange rate losses	(4)	-
Total	**(998)**	**-**

SGL Group ApS' subsidiary Scan (Jersey) Topco Limited has moved the ownership of its operating subsidiaries to SGL Group ApS, leaving Scan (Jersey) Topco Limited with no ownership in operating entities. Consequently, a write-down of the cost of shares in Scan (Jersey) Topco Limited has been recognised in the income statement with EUR 916m. The value of shares in operating entities received, has been recognised directly in the equity as distribution of assets with EUR 916m. The restructuring has therefore not impacted SGL Group ApS' equity on a net basis.

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT

CHANGES TO FINANCIAL LIABILITIES

EURm					Non-cash change					2023
	Maturity	Effective interest rate	Carrying amount 1 January	Cashflow	Business combinations	Foreign exchange effect	Additions	Transfers	Other	Carrying amount 31 Dec
Bond debt										
Issued bonds, EUR 750m	2028	3m EURIBOR + 6.75%	-	750	-	-	-	-	-	750
Capitalised loan costs			-	(28)	-	-	-	-	4	(24)
Net bond debt			**-**	**529**	**193**	**-**	**-**	**-**	**4**	**726**
Payable bond interest			-	(58)	-	-	64	-	-	6
Total			**-**	**471**	**-**	**-**	**64**	**-**	**4**	**732**
										2022
Net debt			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payable interest			-	-	-	-	-	-	-	-
Total			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

** Previously issued bonds by SGL International A/S assumed as part of the acquisition of Scan (Jersey) TopCo Limited and SGL TransGroup US Corp.*

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT, CONT.

FINANCIAL ASSETS AND LIABILITIES

EURm	Maturity of contractual undiscounted cash flows					2023
	< 1 year	1-5 years	> 5 years	Total cash flows	Fair value	Carrying amount
ASSETS						
Other receivables	1	2	-	3	3	3
Receivables from related parties	32	597	-	629	629	519
Cash	3	-	-	3	3	3
Amortised costs	**36**	**599**	**-**	**635**	**635**	**525**
Total financial assets	**36**	**599**	**-**	**635**	**635**	**525**
LIABILITIES						
Borrowings	81	1,015	-	1,096	743	726
Trade payables	1	-	-	1	1	1
Payables to related parties	73	-	-	73	73	73
Other payables	6	-	-	6	6	6
Amortised costs	**161**	**1,015**	**-**	**1,176**	**823**	**806**
Total financial liabilities	**161**	**1,015**	**-**	**1,176**	**823**	**806**

EURm	Maturity of contractual undiscounted cash flows					2022
	< 1 year	1-5 years	> 5 years	Total cash flows	Fair value	Carrying amount
ASSETS						
Other receivables						
Receivables from related parties	-	-	-	-	-	-
Cash	-	-	-	-	-	-
Amortised costs	**-**	**-**	**-**	**-**	**-**	**-**
Total financial assets	**-**	**-**	**-**	**-**	**-**	**-**
LIABILITIES						
Borrowings						
Trade payables	-	-	-	-	-	-
Payables to related parties	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Amortised costs	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT, CONT.

CURRENCY RISK

EURm		2023		2022	
Currency	Change	Net profit for the year	Other comprehensive income	Net profit for the year	Other comprehensive income
DKK	10%	5	-	-	-
EUR	1%	(1)	-	-	-

LIQUIDITY RESERVE

EURm	2023	2022
Cash and cash equivalents	3	-
Liquidity reserve	**3**	**-**

Description of financial risks and capital management refer to note 4.2 in the consolidated financial statements.

SECTION 4: OTHER AREAS

4.1 FEE TO THE AUDITORS

AUDIT FEE

EURm	2023	2022
Fee to the auditors appointed at the general meeting		
Statutory audit	0.3	0.0
Other assurance services	0.1	-
Tax and VAT services	0.0	-
Other services	4.3	-
Total	**4.7**	**0.0**

Other services mainly comprised work related to acquisitions, such as financial and tax due diligence.

SECTION 4: OTHER AREAS

4.2 TAX

TAX FOR THE YEAR

EURm	2023	2022
Current tax	(2)	-
Change in deferred tax	-	-
Adjustments to tax, prior years	-	-
Total	**(2)**	**-**

CALCULATION OF EFFECTIVE TAX RATE

EURm		2023		2022
Profit before tax		(967)		0
Tax applying the statutory Danish corporate income tax rate	22%	(213)	22%	-
Non-taxable income from investments in subsidiaries	(20%)	198	-	-
Tax-exempt income, less non-deductible expenses	(1%)	13	-	-
Adjustment for tax cost of previous years	-	-	-	-
Other adjustments	-	-	-	-
Total before unrecognised tax asset	**1%**	**(2)**	**-**	**-**
Adjustment tax asset	-	-	-	-
Total	**1%**	**(2)**	**-**	**-**

DEFERRED TAX

EURm	2023	2022
Net deferred tax 1 January	-	-
Adjustment tax previous years	-	-
Deferred tax for the year	-	-
Net deferred tax 31 December	**-**	**-**
Deferred tax, by gross temporary differences:		
Other intangible assets	-	-
Tax losses carried forward	-	-
Total	**-**	**-**
Recognised in the balance sheet as:		
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Total	**-**	**-**

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 Group ApS:	
SGL Holding II ApS (controlling interest)	Denmark
Ultimate owner with controlling interest:	
SGL Holding I ApS (Controlling interest of 100% of the financial rights)	Denmark
Owners of SGL Holding I ApS:	
Skill Luxembourg Holding S.á.r.l. (controlling interest on voting rights)	Luxembourg

RELATED PARTY TRANSACTIONS

EURm	2023	2022
Group companies		
Sales of services	2	-
Capital increase from parent	(1,849)	-
Capital increase in subsidiary	2,079	-
Loan to	490	-
Remuneration to Management	2	-
Receivables	29	-
Payables	(73)	-

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 with external lenders is secured through collateral in the shareholdings of major subsidiaries of SGL Group ApS. The subsidiaries are together with SGL Group ApS jointly and several liable for the bond debt amounting to EUR 750m.
Please refer to note 5.4 in the consolidated statements for a further description.

EURm	2023	2022
Bond debt at par	750	-

JOINT TAXATION

SGL Group ApS, company reg. no 43 63 99 51, 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 considered and approved the Annual Report of SGL Group ApS for the financial year 1 January - 31 December 2023.

The Annual Report has been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union and additional requirements in the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position on 31 December 2023 and the result of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2023.
In our opinion, the Management's review includes a true and fair review of the development in the 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 most significant risks and elements of uncertainty that the Group and the Parent Company face.

In our opinion, the Annual Report of SGL Group ApS for the financial year 1 January - 31 December 2023 with the file name SGL-2023-12-31-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend the adoption of the Annual Report at the Annual General Meeting.

Copenhagen, 27 March 2024

Executive Management

Allan Dyrgaard Melgaard Global CEO	Mads Drejer Global COO & CCO	Clara Nygaard Holst Global CFO

Board of Directors

Nils Smedegaard Andersen Chairman	Søren Vestergaard-Poulsen	Christoffer Helsengreen Sjøqvist
Philip Bendorff Røpcke	Thomas Nieszner	John Francis Cozzi

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF SGL GROUP APS

Report on the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SGL Group ApS for the financial year 1 January – 31 December 2023 pp. 72-138, which comprise income statement, statement of other comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting 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 company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting 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 company 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.

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 Group ApS at the general meeting held on 15 February 2023 for the financial year 2022. SGL Group initially listed corporate bonds on Nasdaq Stockholm and Börse Frankfurt the 23 May 2023.

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 2023. 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. 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.

SGL Group purchase price allocation

On 23 May 2023, Scan (Jersey) Topco Limited and SGL Transgroup US Corporation was acquired by the Group. Management

INDEPENDENT AUDITOR'S REPORT, CONT.

prepared a purchase price allocation ('PPA') for the acquisition with separate recognition of the fair value of identified assets and liabilities in the opening balance.

Management has in connection with preparation of the PPA used the Group's valuation methodologies, when determining the fair value of the separately identified assets and liabilities in the business combination. The valuation methodologies require input based on assumptions about the applied discounted cash flow forecasts, including customer churn rates and estimation of a discount rate. The significant judgements and estimates, including methods and data applied and assumptions made by Management, involved in preparation of the PPA and opening balance mainly relate to assessing the fair value of the acquired assets and liabilities. Due to the inherent uncertainties and estimates involved in preparing the PPA, we considered the SGL Group purchase price allocation to be a key audit matter.

Our audit procedures included assessing whether the acquisition met the criteria of a business combination according to IFRS 3.

We discussed the PPA including the identification of assets and liabilities with Management. As part of our audit, we tested the assumptions and methodology applied by Management to calculate the fair value of intangible assets acquired compared to generally applied valuations methodologies. We have assessed the key assumptions and obtained explanations provided by Management, by comparing key assumptions to market data, where available, underlying accounting records, and Management's forecasts supporting the acquisition.

Finally, we assessed the adequacy of disclosures relating to the business combination.

The accounting principles and disclosures about PPA are included in note 1.2 and note 5.3 to the consolidated 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. Further, for a sample containing large ongoing transportation services at year-end, we compared the estimates made by management of expected gross profit with actual results in the subsequent period. We compared on a sample basis estimated total time to render the service to the customer to actual time to render the service in the subsequent period and discussed these with shipping agents and Management. For those balances subject to claims, we made inquiries to external legal counsel. We also tested 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 1.2, note 2.1 and note 2.2 to the consolidated financial statements.

Impairment of goodwill and other intangible assets

The carrying amounts of goodwill and other intangible assets related to 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

INDEPENDENT AUDITOR'S REPORT, CONT.

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 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 market data, where applicable, including test of the key assumptions and projected future income and earnings used in determining the net present value of goodwill and other intangible assets. Further, we recalculated Management's sensitivity analysis on the key assumptions applied including impact of potential changes in the applied discount rate. Our audit procedures primarily focused on cash generating units where likely changes in key assumptions could result in impairment. We further assessed 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 1.2 and note 3.1 to the consolidated financial statements.

Statement on the Management's review
Management is responsible for the Management's review, pp. 2-71.
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 by relevant law and regulations.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. 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 consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting 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 Parent 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

INDEPENDENT AUDITOR'S REPORT, CONT.

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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- 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 Parent 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 Parent 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 consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law

INDEPENDENT AUDITOR'S REPORT, CONT.

or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Consolidated Financial Statements and Parent Company Financial Statements of SGL Group ApS, we performed procedures to express an opinion on whether the annual report of SGL Group ApS for the financial year 1 January – 31 December 2023 with the file name SGL-2023-12-31-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 and iXBRL tagging of the Consolidated Financial Statements including notes. 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 and iXBRL tagging of the Consolidated Financial Statements including notes.

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;

- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human readable format; and

- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

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 nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;

- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;

- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;

- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

INDEPENDENT AUDITOR'S REPORT, CONT.

In our opinion, the annual report of SGL Group ApS for the financial year 1 January – 31 December 2023 with the file name SGL-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 27 March 2024
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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