

INTERIM FINANCIAL REPORT

FULL YEAR 2022

Q4 2022

SGL International A/S

28 February 2023

UNCOMPLICATE YOUR WORLD »»

SCAN GLOBAL
LOGISTICS

GROUP STRUCTURE

SGLT HOLDING

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

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

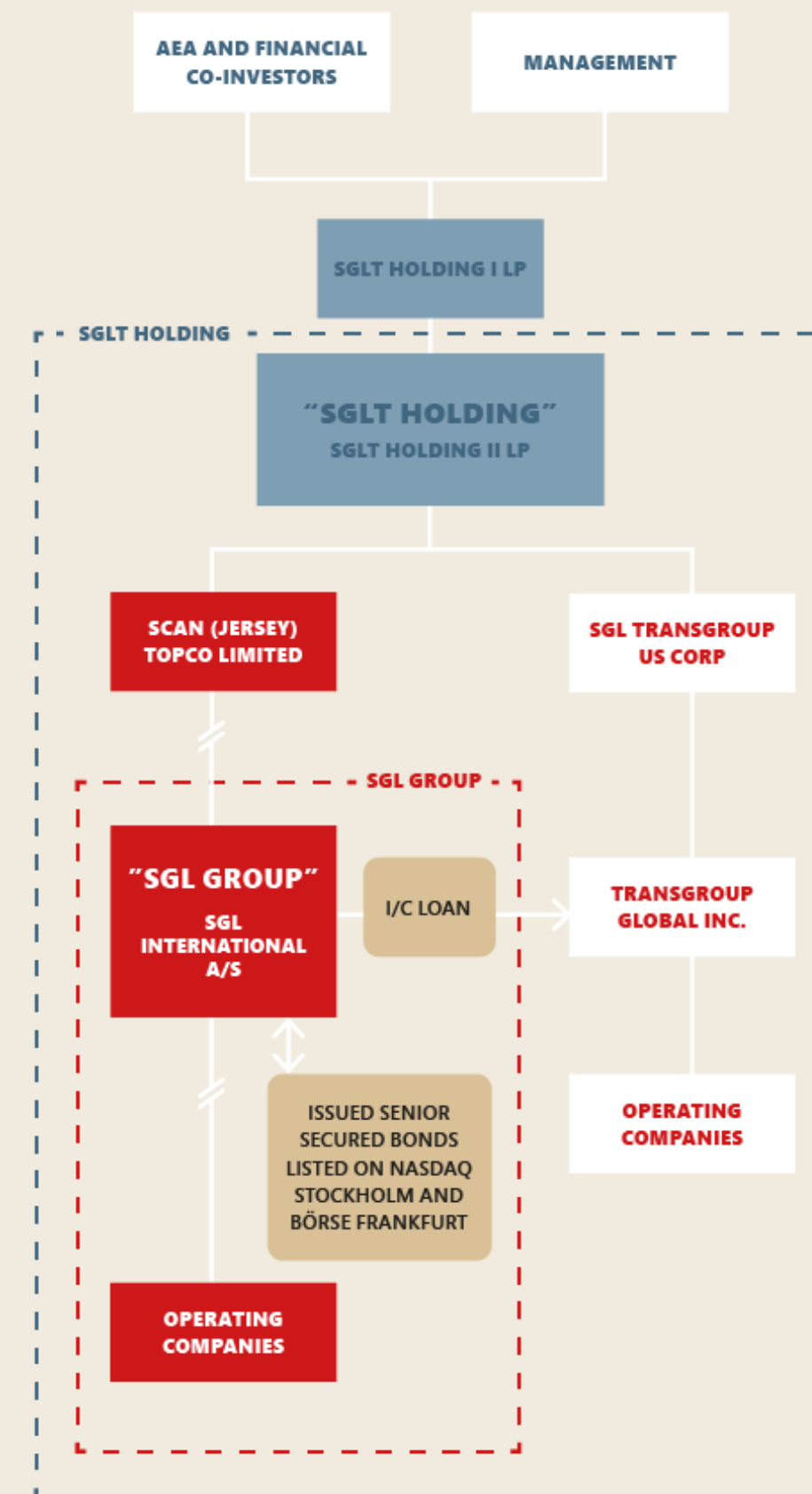
Reporting currency for SGLT Holding is USD.

SGL GROUP

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

At 31 December, 2022 SGL International A/S as issuer (together with SGL TransGroup US Corp and their respective subsidiaries) has issued EUR 250 million senior secured floating rate bonds within a framework of EUR 315 million of which EUR 58 million is repurchased; a further total of EUR 300 million senior secured fixed rate bonds is issued within a framework of EUR 350 million. Hence, on a gross level a total of EUR 550 million is issued within a framework of EUR 665 million and excluding bonds repurchased by SGL International A/S a total of EUR 492 million is issued. Further, SGL International A/S has issued EUR 40 million of subordinated unsecured PIK fixed interest bonds.

Reporting currency for SGL Group is DKK.



CONTENT

04 SGLT HOLDING

05 FINANCIAL HIGHLIGHTS

06 FINANCIAL PERFORMANCE

08 CONSOLIDATED INCOME STATEMENT & CONSOLIDATED
COMPREHENSIVE INCOME STATEMENT

09 CONSOLIDATED BALANCE SHEET

10 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

11 CONSOLIDATED CASH FLOW STATEMENT

12 NOTES

19 SGL GROUP

20 FINANCIAL HIGHLIGHTS

21 FINANCIAL PERFORMANCE

23 CONSOLIDATED INCOME STATEMENT & CONSOLIDATED
COMPREHENSIVE INCOME STATEMENT

24 CONSOLIDATED BALANCE SHEET

25 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

26 CONSOLIDATED CASH FLOW STATEMENT

27 NOTES

36 MANAGEMENT STATEMENT

SGLT HOLDING

Q4 2022



FINANCIAL HIGHLIGHTS

SGLT HOLDING

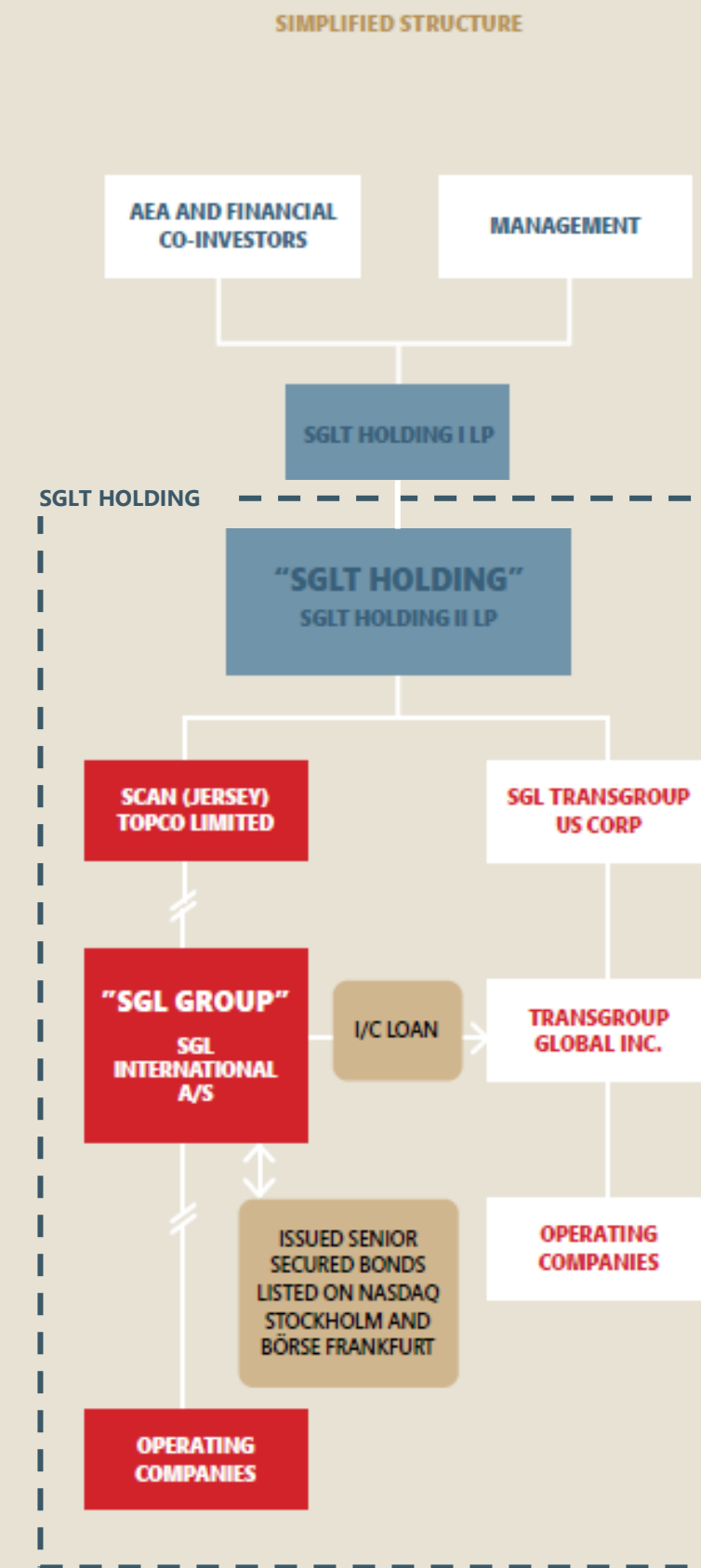
Key figures (in USDm)	Q4 2022	Q4 2021	FY 2022	FY 2021
Income statement				
Revenue	929	844	3,506	2,274
Gross profit	125	120	495	333
EBITDA before special items	51	54	222	129
Operating profit (EBIT)	16	30	142	74
Special items, net	-14	-9	-22	-12
Financial items, net	-31	-15	-47	-37
Result for the period	-17	0	68	22
Income statement (Business Performance)				
Adjusted EBITDA*	42	49	200	112
Cash flow				
Cash flows from operating activities	119	-73	275	-144
Cash flows from investing activities	-10	-4	-70	-84
Free cash flow	109	-77	205	-228
Cash flows from financing activities	-12	-3	53	249
Cash flow for the period	97	-80	258	21

* Adjusted EBITDA (Business performance) excluding the impact of IFRS 16 Leases and before special items ref. note 1

Key figures (in USDm)	Q4 2022	Q4 2021	31.12.2022	31.12.2021
Financial position				
Total equity			245	169
Net working capital			96	257
Net interest-bearing debt (NIBD)			278	500
Net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note**			179	401
Total assets			1,307	1,127
Financial ratios in %				
Gross margin	13.5	14.2	14.1	14.6
EBITDA margin before special items	5.5	6.4	6.3	5.7
Adjusted EBITDA margin***	4.5	5.8	5.7	4.9
EBIT margin	1.7	3.6	4.1	3.3
Equity ratio			18.7	15.0
Other				
Number of average full-time employees			3,370	2,322

** Payment-in-kind

*** Adjusted EBITDA margin excluding the impact of IFRS 16 Leases and before special items; ref. Annual Report 2021 Note 5.6 Financial definitions.



FINANCIAL PERFORMANCE

SGLT HOLDING

2022 has for SGLT Holding been a kind of a rollercoaster year. We entered 2022 spending most of our time in finding capacity and get the cargo moving – and ending 2022 spending most of our time negotiating prices with vendors and customers. We have proven that our entrepreneurial business model accommodates all aspects of such a rollercoaster ride, and leveraging the strength of our entrepreneurial business model as well as utilising the dynamics in the market. We outperformed our initial expectation for the outlook for 2022 and delivered again our strongest financial results to date, with an Adjusted EBITDA of USD 200 million in 2022. The proforma EBITDA* including acquisitions made in 2022 amounted to USD 212 million.

SGLT Holding delivered strong organic growth including greenfield activities of 48% year on year on EBITDA before special items. Total growth in EBITDA before special items compared to full year 2021 was 72% of which M&A activities contributed with 20%. Further, SGLT Holding has seen a strong growth in activity levels and performance in companies acquired during 2021 and 2022. Net working capital development and the strong results resulted in a positive free cash flow of USD 205 million compared to negative USD 228 million same period last year. We remain committed to our organic growth initiatives as well as acquisition strategy and have finalised 7 acquisitions in 2022.

2022 has been characterised by geopolitical impact as a consequence of the war in Ukraine, COVID-19 aftermath, continued volatility and continued unprecedented supply chain challenges and complexity in the market. This has been no different in the end of 2022, where we further have seen a change in high activity levels slightly going down. However, SGLT Holding continued to deliver a strong financial result of Adjusted EBITDA of USD 42 million in fourth quarter 2022; slightly down compared to fourth quarter in 2021, but we need to remind ourselves that fourth quarter in 2021 was record high quarterly financial performance.

* Proforma EBITDA include annualising results from acquisitions

Financial results for the period – Full year 2022

- Revenue amounted to USD 3,506 million for the full year 2022, an increase of 54% compared to the full year 2021 including negative impact from FX translation of approximately USD 227 million. The increased revenue was driven by several factors. A mix of increase in activity levels, both through increased activity and larger share of wallet with new and existing customers. To some extent also impacted by volatility in the market creating higher carrier rates than the same period last year as well as an increase in activities for acquisitions. The increase in activity levels was experienced across all regions, especially Air & Ocean and Aid, Development and Project (ADP) activities in Denmark and Air & Ocean activities in Asia, Pacific and North America.
- Gross profit amounted to USD 495 million for the full year 2022; an increase of 49% compared with the full year 2021, including negative impact FX translation of approximately USD 36 million. The increase in gross profit is driven by strong organic growth through a mix of higher activity levels and larger share of wallet with existing customers and onboarding new customers; this combined with increased activities through acquired businesses, leading to significant increase in activity levels which all have been converted to a strong increase in gross profit. However, due to elevated carrier rates, we have seen a slight decrease in gross profit margin to 14.1%; equivalent to a decrease of 0.5% point compared to the same period last year.
- SG&A costs amounted to USD 273 million for the full year 2022; impacted by a positive FX translation of approximately USD 21 million, resulting in an increase of 34% compared to the full year 2021. SG&A costs increased as expected; however, as the cost discipline and realisation of operating leverage benefits continued, the conversion ratio based on Adjusted EBITDA increased from 34% in 2021 to 40% in 2022. The increase in SG&A costs was primarily due to increased headcount driving higher salary expenses as a result of greenfield and M&A activities and upscaling the business.
- Adjusted EBITDA amounted to USD 200 million for the full year 2022; compared to USD 112 million same period last year following the high activity as described under revenue and the addition of costs at a prudent pace to support continued growth but in balance with realisation of overall profits.

FINANCIAL PERFORMANCE

SGLT HOLDING

- Special Items, net, amounted to a cost of USD 22 million for the full year 2022 mainly driven by greenfield activities and M&A related costs.
- Operating Profit (EBIT) before special items amounted to USD 164 million for the full year 2022 compared to USD 86 million same period last year.
- Financial items amounted to net expenses of USD 47 million for the full year 2022 compared to an expense of USD 37 million the same period last year. The development was mainly driven by interest expenses from issued bonds partly offset by foreign exchange gains on the bond debt in EUR.
- The effective tax rate came to 28.4% for the full year 2022, compared to 40.5% for last year. The tax rate was in 2021 impacted by a higher relative share of non-deductible M&A related costs and interest compared to 2022.
- Cash flow from operating activities was positive with USD 275 million in 2022; a development positively affected by EBIT, supported by cash flows from streamlined net working capital coming from high levels in 2021.

Capital structure as of 31 December 2022

- Equity attributable to the parent company was USD 241 million. The total equity ratio was 18.8% as per 31 December 2022. Compared to 31 December 2021 the equity ratio increased 3.7% point driven by strong results in the last 12 months.
- Net interest-bearing debt (NIBD) was USD 179 million excluding lease liabilities and PIK-note as of 31 December 2022 (31 December 2021: USD 401 million excluding lease liabilities and PIK-note), mainly impacted by stronger cash position as part of NWC improvements. Subsequent bond debt of EUR 75 million under the framework of EUR 350 million was issued during first quarter of 2022. Bond debt was raised for acquisitions and general corporate purposes.
- Net working capital improved with USD 161 million during 2022. Total NWC position was USD 96 million as of 31 December 2022. The improvement in net working capital in Q4 2022 is primarily related to the lower freight rates and activities within the Air & Ocean segment compared to the record-high freight rates and activities in Q4 2021.

INCOME STATEMENT

SGLT HOLDING

USDm	Note	Q4 2022	Q4 2021	FY 2022	FY 2021
Revenue		929	844	3,506	2,274
Cost of operation		-804	-724	-3,011	-1,941
Gross profit		125	120	495	333
Other external expenses		-18	-19	-58	-42
Staff costs		-56	-47	-215	-162
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	1	51	54	222	129
Amortisation and depreciation		-21	-15	-58	-43
Operating profit (EBIT) before special items		30	39	164	86
Special items, net		-14	-9	-22	-12
Operating profit (EBIT)		16	30	142	74
Financial income		-18	2	6	5
Financial expenses		-13	-17	-53	-42
Profit before tax		-15	15	95	37
Income tax for the period		-2	-15	-27	-15
Profit for the period		-17	0	68	22
Total income for the period attributable to Owners of the Parent Company		-18	-1	63	18
Non-controlling interests		1	1	5	4
Total		-17	0	68	22

STATEMENT OF OTHER COMPREHENSIVE INCOME

USDm	Note	Q4 2022	Q4 2021	FY 2022	FY 2021
Profit for the period		-17	0	68	22
Items that will be reclassified to income statement when certain conditions are met:					
Exchange rate adjustment related to foreign entities		-2	-	-7	-7
Other comprehensive income, net of tax		-2	-	-7	-7
Total comprehensive income for the period		-19	0	61	15
Total comprehensive income for the period attributable to					
Owners of the Parent Company		-20	-2	56	10
Non-controlling interests		1	2	5	5
Total		-19	0	61	15

BALANCE SHEET

SGLT HOLDING

USDm	Note	31.12.2022	31.12.2021
ASSETS			
Intangible assets		425	431
Property, plant and equipment		65	61
Other receivables		6	5
Deferred tax asset		8	1
Total non-current assets		504	498
Trade receivables		400	525
Contract assets		28	5
Receivables from related parties		30	2
Income tax receivables		2	3
Other receivables		5	1
Prepayments		19	14
Cash and cash equivalents	2	319	79
Total current assets		803	629
Total assets		1,307	1,127

USDm	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Partnership interest		245	221
Currency translation reserve		-10	-3
Retained earnings		6	-56
Equity attributable to Parent Company		241	162
Non-controlling interests		4	7
Total equity		245	169
Bond debt	3	569	519
Lease liabilities		33	33
Deferred tax liability		19	18
Other payables		15	11
Total non-current liabilities		636	581
Bank debt		-	7
Trade payables		169	221
Accrued trade expenses		120	41
Current tax liabilities		22	18
Lease liabilities		22	21
Payable to related parties		20	9
Deferred income		9	1
Other payables		64	59
Total current liabilities		426	377
Total liabilities		1,062	958
Total equity and liabilities		1,307	1,127

STATEMENT OF CHANGES IN EQUITY

SGLT HOLDING

USDm

FY 2022

	Partnership Interests	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent	Non Controlling Interests	Total Equity
Equity at 1 January 2022	221	-3	-56	162	7	169
Profit for the period	-	-	63	63	5	68
Other comprehensive income, net of tax	-	-7	-	-7	-	-7
Total comprehensive income, net of tax	-	-7	63	56	5	61
Purchase of non-controlling interests	-	-	-1	-1	-2	-3
Dividend distributed, non-controlling interests	-	-	-	-	-6	-6
Capital increase	24	-	-	24	-	24
Total transfer with owners	24	-	-1	23	-8	15
Equity at 31 December 2022	245	-10	6	241	4	245

FY 2021

Equity at 1 January 2021	186	5	-73	118	4	122
Profit for the period	-	-	18	18	4	22
Other comprehensive income, net of tax	-	-8	-	-8	1	-7
Total comprehensive income, net of tax	-	-8	18	10	5	15
Purchase of non-controlling interests	-	-	-1	-1	-	-1
Dividend distributed, non-controlling interests	-	-	-	-	-2	-2
Capital increase by cash payment	35	-	-	35	-	35
Total transfer with owners	35	-	-1	34	-2	32
Equity at 31 December 2021	221	-3	-56	162	7	169

STATEMENT OF CASH FLOW

SGLT HOLDING

	Note	Q4 2022	Q4 2021	FY 2022	FY 2021		Note	Q4 2022	Q4 2021	FY 2022	FY 2021
Profit for the period		-17	-	68	22	Capital increase		-	-	-	35
<i>Adjustment of non-cash items:</i>						Purchase of non-controlling interest		-3	-	-3	-1
Income taxes in the income statement		2	15	27	15	Dividend paid to non-controlling interests		-1	-	-6	-2
Depreciation and amortisation		21	15	58	43	Repayment of loan from related entities		-	-1	-	-6
Financial income		18	-2	-6	-5	Deposits		-	-	-1	-
Financial expenses		13	17	53	42	Proceeds from issuing bonds		-	-	85	240
Change in working capital		97	-112	131	-230	Redemption of lease liabilities		-8	-2	-22	-17
Interest received		1	-	1	-	Cash flows from financing activities		-12	-3	53	249
Interest paid		-11	-6	-42	-28	Change in cash and cash equivalents		97	-80	258	21
Tax paid/received		-5	-	-15	-3	Cash and cash equivalents					
Cash flows from operating activities		119	-73	275	-144	Cash and cash equivalents beginning of period		203	152	72	50
Purchase of software and other intangible assets		-2	-3	-7	-7	Exchange rate adjustment of cash and cash equivalents		19	-	-11	1
Purchase of property, plant and equipment		-5	-2	-8	-7	Change in cash and cash equivalents		97	-80	258	21
Earn-out paid		-	-	-3	-	Cash and cash equivalents end of period	2	319	72	319	72
Investments in Group entities		-3	1	-52	-70						
Cash flows from investing activities		-10	-4	-70	-84						
Free cash flow		109	-77	205	-228						

NOTES

SGLT HOLDING

NOTE 1 – ALTERNATIVE PERFORMANCE MEASURES

USDm	Q4 2022	Q4 2021	FY 2022	FY 2021
<i>Adjusted EBITDA:</i>				
EBITDA before special items	51	54	222	129
IFRS 16 impact	-10	-4	-26	-21
Other adjustments*	1	-1	4	4
Adjusted EBITDA	42	49	200	112

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

NOTE 2 – CASH AND LIQUIDITY RESERVE

USDm	31.12.2022	31.12.2021
Cash and cash equivalents	319	79
Bank debt	-	-7
Net cash	319	72
Credit facilities	100	88
Liquidity reserve	419	160

NOTE 3 – BOND DEBT

Refer to note 5 in SGL Group.

NOTE 4 – BUSINESS COMBINATIONS

Fair value at date of acquisition

USDm						Full year 2022	Full year 2021
	Sea Air Logistics	Gelders	Trust	D&W	Other	Total	Total
ASSETS							
Other intangible assets	-	-	-	-	-	-	0
Property, plant and equipment	7	-	-	-	1	8	5
Trade receivables	9	3	2	1	2	17	51
Corporation tax	-	-	-	-	-	-	2
Other receivables	1	1	-	-	-1	1	-
Cash and cash equivalents	9	-	4	1	1	15	30
Total assets	26	4	6	2	3	41	88
LIABILITIES							
Lease liability	6	-	-	-	1	7	4
Trade payable	7	3	-	-	2	12	35
Corporation tax	2	-	-	-	-	2	3
Other payables	1	-	1	-	2	4	7
Total liabilities	16	3	1	-	5	25	49
Acquired net assets	10	1	5	2	-2	16	39
Goodwil	-	4	0	-	1	5	39
Customer relations	16	3	1	7	7	34	43
Trademarks	-	-	-	-	-	-	1
Deferred tax	-2	-	-	-	-1	-3	-10
Fair value of total net assets acquired	24	8	6	9	5	52	112
Cash consideration	24	8	6	6	6	50	86
Contingent consideration	-	-	-	-	-	-	26
Fair value of consideration transferred	24	8	6	6	6	50	112

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Sea-Air Logistics

On 29 June 2022 SGL Group has through its wholly owned subsidiary Scan Global Logistics A/S acquired 100% of shares in the Hong Kong based Sea-Air Logistics (Hong Kong) Limited. With the acquisition, the Group strengthen its position in Hong Kong and strategically complement our strong growth in profitable niche markets, combined with increase in its global presence in current SGL offerings. Closing was 5 July 2022. The acquisition price for the activities was USD 24 million, financed through previously issued bonds. Fees and expenses linked to the acquisition was approx. USD 1 million.

Fair value of acquired net assets

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

Earnings impact

During the 6 months after the acquisition date, Sea Air Logistics contributed with USD 35 million to the Group's revenue and USD 1 million to the Group's result after tax. If the acquisition had taken place 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to USD 3,605 million and USD 76 million, respectively.

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 11.6% as discount rate. In total, customer relationships amounting to USD 16 million have been included in the opening balance.

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

Trade receivables and payables

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

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.

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Gelders Forwarding BC

On 1 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired Gelders Forwarding BV, a well-established air and ocean forwarder based in the Netherlands with a strong footprint in the semiconductor segment. With the acquisition, the Group is increasing the market share significantly in the import market. Gelders Forwarding generates yearly revenue above EUR 30 million. Acquisition price was EUR 7.7 million. The acquisition was financed through previously issued bonds. Closing was 1 July 2022, from which date the activities are consolidated in the Group's financial statements. Fees and expenses linked to the acquisition was approx. USD 0 million.

Fair value of acquired net assets and recognized goodwill

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

Goodwill

Goodwill is primarily related to synergy effects from integration with SGL Group's existing network. Goodwill is non-deductible for tax purposes. Goodwill amounts to USD 4 million.

Earnings impact

During the 6 months after the acquisition date, Gelders Forwarding contributed with USD 17 million to the Group's revenue and USD 1 million to the Group's result after tax. If the acquisition had taken place 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to USD 3,538 million and USD 69 million, respectively.

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 9.9% as discount rate. In total, customer relationships amounting to USD 3 million have been included in the opening balance.

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

Trade receivables and payables

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

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.

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of D&W, Inc.

On 31 May 2022 SGLT Holding has through its wholly owned subsidiary TransGroup Express LLC acquired 100% of shares in D&W, Inc. D&W has been operating under the TransGroup umbrella for more than 22 years and is a leader in retail merchandising and manufacturing logistics. Closing was 31 May 2022. The acquisition price for the activities was USD 6 million plus an additional earn-out of up to USD 2.1 million, financed through previously issued bonds.

Fair value of acquired net assets

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

Earnings impact

During the 7 months after the acquisition date, D&W contributed with USD 57 million to the Group's revenue and USD 0 million to the Group's result after tax. If the acquisition had taken place 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to USD 3,621 million and USD 68 million, respectively.

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using a WACC of 27.0% as discount rate. In total, customer relationships amounting to USD 7 million have been included in the opening balance.

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

Trade receivables and payables

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

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.

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Trust Forwarding A/S, SAS Cargo Sweden AB and SAS Cargo Norway AS

On 16 June 2022 the Group signed the acquisition of 100% of the shares in the SAS owned freight forwarding companies through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, the Group strengthens its position within the Nordic region. Closing of the transaction was 31 October 2022. The acquisition price for the activities was SEK 26 million, financed through previously issued bonds.

Fair value of acquired net assets and recognised goodwill

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

Earnings impact

During the 2 months after the acquisition date, Trust contributed with USD 3 million to the Group's revenue and USD 0 million to the Group's result after tax. If the acquisition had taken place 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to USD 3,522 million and USD 68 million, respectively.

Goodwill

Goodwill is primarily related to synergy effects from integration with SGL Group's existing network. Goodwill is non-deductible for tax purposes. Goodwill amounts to USD 0 million.

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 9.5% as discount rate. In total, customer relationships amounting to USD 1 million have been included in the opening balance.

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

Trade receivables and payables

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

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.

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Other acquisitions

Acquisition of Advection Logistics Kft.

On 7 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired 100% of the shares in Hungary-based Advection Logistics Kft. Closing was 7 July 2022. The acquisition price for the activities was EUR 1.5 million, financed through previously issued bonds.

Acquisition of AFL Logistics GmbH and the American Freight Line Southeast Inc.

On 16 June 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S acquired AFL Logistics GmbH and through TransGroup Express LLC, acquired the assets of American Freight Line Southeast Inc., a specialists within Automotive Special Logistics between EU and US. Acquisition price was USD 0.9 million. The acquisition was financed through previously issued bonds. Closing was on 9 August 2022 from which date the activities are consolidated in the Group's financial statements.

Acquisition of assets in B.C. Dispatch, Inc.

On 31 May 2022 SGLT Holding has through its wholly owned subsidiary TransGroup Express LLC acquired the assets of the Washington-based B.C. Dispatch, Inc. B.C. Dispatch has been operating under the TransGroup umbrella for more than 28 years and is a leader in retail furniture and retail products logistics. Closing was 31 May 2022. The acquisition price for the activities was USD 2.5 million plus an additional earn-out of up to USD 0.6 million, financed through previously issued bonds.

Acquisition of additional interest in Bison Services, Inc.

On 31 May 2022 SGLT Holding has through its wholly owned subsidiary TransGroup Express LLC acquired the remaining 49% minority shares in Pennsylvania-based Bison Services, Inc. Bison Services has been operating under the TransGroup umbrella for more than 20 years and is a leader in high-tech, and medical device logistics. Closing was 31 May 2022. The acquisition price for the activities was USD 1.75 million plus an additional earn-out of up to USD 1 million, financed through previously issued bonds.

NOTES

SGLT HOLDING

NOTE 5 – SUBSEQUENT EVENTS

Scan Global Logistics partners with CVC

On 6 February, Shareholders of SGL International A/S and its affiliates have entered into an agreement with CVC Capital Partners Fund VIII, to divest the majority shareholding of the group.

Following the completion of the acquisition, the Company's existing institutional shareholders (AEA Investors' Small Business Fund and independent LP financial co-investors) as well as members of the management team of the Company will remain as minority shareholders alongside CVC.

The Acquisition will be consummated by a newly established BidCo and financed through equity contribution and proceeds from issuance of EUR 750 million senior secured bonds with a tenor of 5 years. Existing bonds in SGL International A/S will in connection with the completion of the acquisition be redeemed in full.

The acquisition is expected to close in Q2 2023 and is subject to regulatory approval from applicable competition authorities.

SGL GROUP Q4 2022



7

MAX. GROSS	32 700 KGS 73 050 LBS
TARE	3 950 KGS 8 700 LBS
NET	28 650 KGS 63 350 LBS
CUB. CAP.	76.8 CU.M. 2,698 CU.FT.

7

FINANCIAL HIGHLIGHTS

SGL GROUP

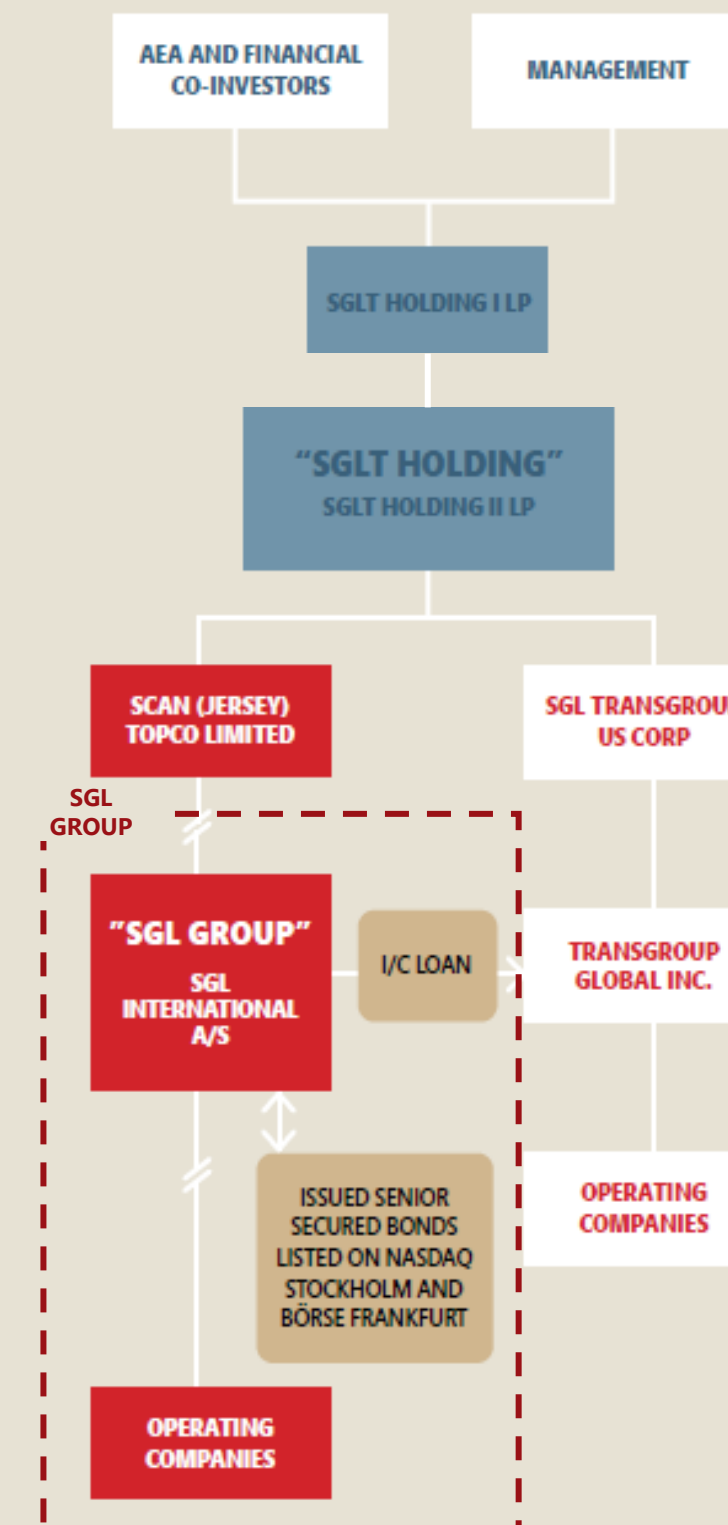
Key figures (in DKKm)	Q4 2022	Q4 2021	FY 2022	FY 2021
Income statement				
Revenue	5,077	3,942	17,832	10,339
Gross profit	631	554	2,489	1,497
EBITDA before special items	274	288	1,206	626
Operating profit (EBIT)	114	176	802	344
Special items, net	-42	-55	-86	-73
Financial items, net	-210	-58	-184	-139
Profit for the period	-98	80	442	159
Income statement (Business Performance)				
EBITDA before special items*	219	262	1,063	511
Cash flow				
Cash flows from operating activities	549	-398	1,422	-779
Cash flows from investing activities	-66	-26	-390	-446
Free cash flow	483	-424	1,032	-1,225
Cash flows from financing activities	-6	-93	423	1,551
Cash flow for the period	477	-517	1,455	326

* EBITDA excluding the impact of IFRS 16 Leases

Key figures (in DKKm)	Q4 2022	Q4 2021	31.12.2022	31.12.2021
Financial position				
Total equity			1,187	848
Net working capital			212	900
Net interest-bearing debt (NIBD)			932	1,856
Net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note**			385	1,328
Total assets			7,994	6,763
Financial ratios in %				
Gross margin	12.4	14.0	14.0	14.5
EBITDA margin before special items	5.4	7.3	6.8	6.1
EBITDA margin before special items*	4.3	6.6	6.0	4.9
EBIT margin	2.2	4.5	4.5	3.3
Equity ratio			14.8	12.5
Other				
Number of average full-time employees			2,642	1,913

** Payment-in-kind

SIMPLIFIED STRUCTURE



FINANCIAL PERFORMANCE

SGL GROUP

2022 has for SGL Group been kind of a rollercoaster year. We entered 2022 spending most of our time in finding capacity and get the cargo moving – and ending 2022 spending most of our time negotiating prices with vendors and customers. We have proven that our entrepreneurial business model accommodates all aspects of such a rollercoaster ride, and leveraging the strength of our entrepreneurial business model and utilising the dynamics in the market. We outperformed our initial expectation for the outlook for 2022 and delivered again our strongest financial results to date, with an EBITDA before special items and excluding accounting for IFRS 16 leases of DKK 1,063 million in 2022.

SGL Group delivered strong organic growth including greenfield activities of 62% year on year on EBITDA before special items. Total growth in EBITDA before special items compared to full year 2021 was 93% of which M&A activities contributed with 30%. Further, SGL Group has seen a strong growth in activity levels and performance in companies acquired during 2021 and 2022. Net working capital development and the strong results resulted in a positive free cash flow of DKK 1,032 million compared to negative DKK 1,225 million same period last year. We remain committed to our organic growth initiatives as well as acquisition strategy and have finalised 5 acquisitions in 2022.

2022 has been characterised by geopolitical impact as a consequence of the war in Ukraine, COVID-19 aftermath, continued volatility and continued unprecedented supply chain challenges and complexity in the market. This has been no different in the end of 2022, where we further have seen a change in high activity levels slightly going down. However, SGL Group continued to deliver a strong financial result of EBITDA before special items and excluding accounting of IFRS 16 leases of DKK 219 million in fourth quarter 2022; slightly down compared to fourth quarter in 2021, but we need to remind ourselves that fourth quarter in 2021 was record high quarterly financial performance.

Financial results for the period – Full year 2022

- Revenue amounted to DKK 17,832 million for the full year 2022, an increase of 72% compared to the full year 2021 including positive impact from FX translation of approximately DKK 543 million. The increased revenue was driven by several factors. A mix of increase in activity levels, both through increased activity and larger share of wallet with new and existing customers. To some extent also impacted by volatility in the market creating higher carrier rates than the same period last year as well as an increase in activities for acquisitions. The increase in activity levels was experienced across all regions, especially Air & Ocean and Aid, Development and Project (ADP) activities in Denmark and Air & Ocean activities in Pacific as well as Asia.
- Gross profit amounted to DKK 2,489 million for the full year 2022; an increase of 66% compared with the full year 2021, including positive impact FX translation of approximately DKK 57 million. The increase in gross profit is driven by strong organic growth through a mix of higher activity levels and larger share of wallet with existing customers and onboarding new customers; this combined with increased activities through acquired businesses, leading to significant increase in activity levels which all have been converted to a strong increase in gross profit. However, due to elevated carrier rates, we have seen a slight decrease in gross profit margin to 14.0%; equivalent to a decrease of 0.5% point compared to the same period last year.
- SG&A costs amounted to DKK 1,283 million for the full year 2022; impacted by a negative FX translation of approximately DKK 21 million, resulting in an increase of 47% compared to the full year 2021. SG&A costs increased as expected; however, as the cost discipline and realisation of operating leverage benefits continued, the conversion ratio based on EBITDA before special items increased from 42% in 2021 to 48% in 2022. The increase in SG&A costs was primarily due to increased headcount driving higher salary expenses as a result of greenfield and M&A activities and upscaling the business.

FINANCIAL PERFORMANCE

SGL GROUP

- EBITDA before special items and excluding the impact of IFRS 16 *Leases* amounted to DKK 1,063 million for the full year 2022; compared to DKK 511 million same period last year following the high activity described under revenue and the ability to keep cost under control while growing.
- Special Items, net, amounted to a cost of DKK 86 million for the full year 2022 mainly driven by greenfield activities and M&A related costs.
- Operating Profit (EBIT) before special items amounted to DKK 888 million for the full year 2022 compared to DKK 417 million same period last year.
- Financial items amounted to net expense of DKK 184 million for the full year 2022 compared to an expense of DKK 139 million in the same period last year. The development was mainly driven by interest expenses from issued bonds and foreign exchange gains on receivables from related parties in USD
- The effective tax rate came to 28.5% for the full year 2022, compared to 22.4% for last year. The tax rate has in 2021 a negative impact by a higher relative share of non-deductible M&A related costs, but also had a large positive effect from adjustment of tax assets.
- Cash flow from operating activities was positive with DKK 1,422 million in 2022; a development positively affected by EBIT, supported by cash flows from streamlined net working capital coming from the high levels in 2021.

Capital structure as of 31 December 2022

- Equity attributable to the parent company was DKK 1,181 million. The total equity ratio was 14.8% as per 31 December 2022. Compared to 31 December 2021 the equity ratio increased 2.3% point driven by strong results in the last 12 months.
- Net interest-bearing debt (NIBD) was DKK 385 million excluding lease liabilities and PIK-note as of 31 December 2022 (31 December 2021: DKK 1,328 million excluding lease liabilities and PIK-note) , mainly impacted by stronger cash position as part of NWC improvements. Subsequent bond debt of EUR 75 million under the framework of EUR 350 million was issued during the first quarter of 2022. Bond debt was raised for acquisitions and general corporate purposes.
- Net working capital improved with DKK 688 million during 2022. Total NWC position was DKK 212 million as of 31 December 2022. The improvement in net working capital in Q4 2022 is primarily related to the lower freight rates and activities within the Air & Ocean segment compared to the record-high freight rates and activities in Q4 2021.

INCOME STATEMENT

SGL GROUP

DKKm	Note	Q4 2022	Q4 2021	FY 2022	FY 2021
Revenue	1	5,077	3,942	17,832	10,339
Cost of operation	1	-4,446	-3,388	-15,343	-8,842
Gross profit		631	554	2,489	1,497
Other external expenses		-73	-51	-230	-144
Staff costs		-284	-215	-1,053	-727
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		274	288	1,206	626
Amortisation and depreciation		-118	-57	-318	-209
Operating profit (EBIT) before special items		156	231	888	417
Special items, net	2	-42	-55	-86	-73
Operating profit (EBIT)		114	176	802	344
Financial income	3	-116	29	177	99
Financial expenses	3	-94	-87	-361	-238
Profit before tax		-96	118	618	205
Income tax for the period		-2	-38	-176	-46
Profit for the period		-98	80	442	159
Total income for the period attributable to Owners of the Parent Company		-100	81	437	161
Non-controlling interests		2	-1	5	-2
Total		-98	80	442	159

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKKm	Note	Q4 2022	Q4 2021	FY 2022	FY 2021
Profit for the period		-98	80	442	159
Items that will be reclassified to income statement when certain conditions are met:					
Exchange rate adjustment related to foreign entities		-116	13	-103	-2
Other comprehensive income, net of tax		-116	13	-103	-2
Total comprehensive income for the period		-214	93	339	157
Total comprehensive income for the period attributable to					
Owners of the Parent Company		-216	92	334	159
Non-controlling interests		2	1	5	-2
Total		-214	93	339	157

BALANCE SHEET

SGL GROUP

DKKm	Note	31.12.2022	31.12.2021
ASSETS			
Intangible assets		2,006	1,961
Property, plant and equipment		289	251
Receivables from related parties		848	798
Other receivables		39	22
Deferred tax asset		55	3
Total non-current assets		3,237	3,035
Trade receivables		2,027	2,319
Contract assets		51	41
Receivables from related parties		653	788
Income tax receivables		9	9
Other receivables		19	8
Prepayments		48	43
Cash and cash equivalents	4	1,950	520
Total current assets		4,757	3,728
Total assets		7,994	6,763

DKKm	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Share capital		1	1
Share premium		-	228
Currency translation reserve		-133	-30
Retained earnings		1,313	648
Equity attributable to Parent Company		1,181	847
Non-controlling interests		6	1
Total equity		1,187	848
Bond debt	5	3,976	3,416
Lease liabilities	5	121	111
Deferred tax liability		123	108
Other payables		102	64
Total non-current liabilities		4,322	3,699
Bank debt		-	-
Trade payables		837	1,149
Accrued trade expenses		777	448
Current tax liabilities		164	68
Lease liabilities	5	119	109
Payable to related parties		191	150
Deferred income		54	1
Other payables		343	291
Total current liabilities		2,485	2,216
Total liabilities		6,807	5,915
Total equity and liabilities		7,994	6,763

STATEMENT OF CHANGES IN EQUITY

SGL GROUP

DKKm

	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non Controlling Interests	Total Equity
FY 2022							
Equity at 1 January 2022	1	228	-30	648	847	1	848
Profit for the period	-	-	-	437	437	5	442
Other comprehensive income, net of tax	-	-	-103	-	-103	-	-103
Total comprehensive income, net of tax	-	-	-103	437	334	5	339
Transfer of share premium	-	-228	-	228	-	-	-
Total transfer with owners	-	-228	-	228	-	-	-
Equity at 31 December 2022	1	-	-133	1,313	1,181	6	1,187
FY 2021							
Equity at 1 January 2021	1	3	-31	487	460	6	466
Profit for the period	-	-	-	161	161	-2	159
Other comprehensive income, net of tax	-	-	-2	-	-2	-	-2
Total comprehensive income, net of tax	-	-	-2	161	159	-2	157
Transfer	-	-	3	-	3	-3	-
Capital increase by cash payment	-	225	-	-	225	-	225
Total transfer with owners	-	225	3	-	228	-3	225
Equity at 31 December 2021	1	228	-30	648	847	1	848

STATEMENT OF CASH FLOW

SGL GROUP

DKKm	Note	Q4 2022	Q4 2021	FY 2022	FY 2021
Profit for the period		-98	80	442	159
<i>Adjustment of non-cash items:</i>					
Income taxes in the income statement		2	38	176	46
Depreciation and amortisation		118	57	318	209
Financial income		116	-29	-177	-99
Financial expenses		94	87	361	238
Change in working capital		424	-595	667	-1,191
Interest received		3	16	5	63
Interest paid		-80	-56	-288	-185
Tax paid/received		-30	4	-82	-19
Cash flows from operating activities		549	-398	1,422	-779
Purchase of software and other intangible assets		-15	-21	-53	-46
Purchase of property, plant and equipment		-32	-10	-41	-30
Earn-out paid		-	-	-	-2
Investments in Group entities		-19	5	-296	-368
Cash flows from investing activities		-66	-26	-390	-446
Free cash flow		483	-424	1,032	-1,225

DKKm	Note	Q4 2022	Q4 2021	FY 2022	FY 2021
Capital increase		-	5	-	225
Investment in deposits		-1	-8	-10	-8
Loan to group entities		-	-100	-	-100
Repayment of loan from related entities		43	40	1	-
Proceeds from issuing bonds		-	-13	557	1,527
Redemption of lease liabilities		-48	-17	-125	-93
Cash flows from financing activities		-6	-93	423	1,551
Change in cash and cash equivalents		477	-517	1,455	326
Cash and cash equivalents					
Cash and cash equivalents beginning of period		1,483	1,018	520	187
Exchange rate adjustment of cash and cash equivalents		-10	19	-25	7
Change in cash and cash equivalents		477	-517	1,455	326
Cash and cash equivalents end of period	4	1,950	520	1,950	520

NOTES

SGL GROUP

NOTE 1 – SEGMENT INFORMATION

DKKm	Air & Ocean FY 2022	Road FY 2022	Solution FY 2022	Total FY 2022	Air & Ocean FY 2021	Road FY 2021	Solution FY 2021	Total FY 2021
Revenue (services)	20,763	806	233	21,802	13,771	704	220	14,695
Intercompany revenue	-3,952	-17	-1	-3,970	-4,353	-3	-	-4,356
Net revenue (services)	16,811	789	232	17,832	9,418	701	220	10,339
Cost of operation	-14,519	-672	-152	-15,343	-8,081	-609	-152	-8,842
Gross profit	2,292	117	80	2,489	1,337	92	68	1,497
Other external expenses and staff costs	-1,149	-97	-37	-1,283	-758	-81	-32	-871
Earnings before interests, tax, depreciation, amortisation (EBITDA) and special items	1,143	20	43	1,206	579	11	36	626
Depreciation and amortisation				-318				-209
Operating profit (EBIT) before special items				888				417
Special items, net				-86				-73
Financial items, net				-184				-139
Profit before tax				618				205

NOTES

SGL GROUP

NOTE 2 – SPECIAL ITEMS, NET

DKKkm	Q4 2022	Q4 2021	FY 2022	FY 2021
M&A activities, greenfield activities and other transaction specific costs	-34	-39	-77	-55
COVID-19 activities and net of compensations received	-	-1	-	-3
Restructuring and other costs	-8	-15	-9	-15
Total special items, net	-42	-55	-86	-73

NOTE 3 – FINANCIAL ITEMS

DKKkm	Q4 2022	Q4 2021	FY 2022	FY 2021
Interest income	3	-	5	-
Financial income from related parties	34	19	119	69
Net foreign exchange (gains/losses)	-153	10	53	30
Total financial income	-116	29	177	99
Interest expenses	-7	-4	-17	-18
Lease interest expenses	-6	-3	-17	-17
Bond interest expenses	-73	-76	-298	-192
Amortisation of capitalised loan costs	-3	-4	-15	-11
Other financial expenses	-5	-	-14	-
Total financial expenses	-94	-87	-361	-238

NOTE 2 – CASH AND LIQUIDITY RESERVE

DKKkm	31.12.2022	31.12.2021
Cash and cash equivalents	1,950	520
Net cash	1,950	520
Credit facilities	415	405
Liquidity reserve	2,365	925

NOTES

SGL GROUP

NOTE 5 – CHANGES TO FINANCIAL LIABILITIES

	Effective interest rate	Carrying amount 1 January	Cashflow	Non-cash change					31.12.2022
				Business combinations	Foreign exchange effect	Additions	Transfers	Other	Carrying amount 31 December
DKKmn									
Bond debt									
Issued bonds, EUR 250 million	3 month EURIBOR + 6.75%	1,859	-	-	1	-	-	-	1,860
Issued bonds, EUR 300 million	7.75%	1,673	557	-	1	-	-	-	2,231
Issued bonds*, EUR 40 million	11.5%	297	-	-	-	-	48	-	345
Bonds held by SGL Group		-430	-	-	-	-	-	-	-430
Capitalised loan costs		-40	-	-	1	-6	-	15	-30
Payable bond interest		57	-256	-	-	306	-48	-	59
Lease liabilities		220	-125	51	-5	94	-	5	240
Total		3,636	176	51	-2	394	-	20	4,275

* Payment-in-kind

31.12.2021

Bond debt									
Issued bonds, EUR 250 million	1 month EURIBOR + 6.75%	1,860	-	-	-1	-	-	-	1,859
Issued bonds, EUR 225 million	7.75%	-	1,673	-	-	-	-	-	1,673
Issued bonds*, EUR 40 million	11.50%	-	297	-	-	-	-	-	297
Bonds held by SGL Group		-	-430	-	-	-	-	-	-430
Capitalised loan costs		-27	-13	-	-	-	-	-	-40
Payable bond interest		-	-155	-	-	212	-	-	57
Lease liabilities		244	-93	25	0	35	-	9	220
Total		2,077	1,279	25	-1	247	-	9	3,636

* Payment-in-kind

NOTES

SGL GROUP

NOTE 6 – BUSINESS COMBINATIONS

Fair value at date of acquisition

DKKm					Full year 2022	Full year 2021
	Sea Air Logistics	Gelders	Trust	Other		
ASSETS						
Other intangible assets	-	-	-	1	1	1
Property, plant and equipment	49	1	0	8	58	31
Trade receivables	67	23	18	12	120	337
Corporation tax	-	-	-	-	-	16
Other receivables	8	8	1	4	21	1
Cash and cash equivalents	62	3	27	9	101	199
Total assets	186	35	46	34	301	585
LIABILITIES						
Lease liability	43	-	-	8	51	25
Finance liability	-	-	-	-	-	1
Trade payable	48	21	3	12	84	231
Corporation tax	13	-	-	-	13	18
Other payables	7	1	9	11	28	46
Total liabilities	111	22	12	31	176	321
Acquired net assets	75	13	34	3	125	264
Goodwil	-	30	5	2	37	256
Customer relations	119	18	9	9	155	280
Trademarks	-	-	-	-	-	8
Deferred tax	-20	-4	-2	0	-26	-67
Fair value of total net assets acquired	174	57	46	14	291	741
Cash consideration	174	57	46	14	291	567
Contingent consideration	-	-	-	-	-	174
Fair value of consideration transferred	174	57	46	14	291	741

Acquisition of Sea-Air Logistics

On 29 June 2022 SGL Group has through its wholly owned subsidiary Scan Global Logistics A/S acquired 100% of shares in the Hong Kong based Sea-Air Logistics (Hong Kong) Limited. With the acquisition, the Group strengthen its position in Hong Kong and strategically complement our strong growth in profitable niche markets, combined with increase in its global presence in current SGL offerings. Closing was 5 July 2022. The acquisition price for the activities was USD 24 million, financed through previously issued bonds. The acquisition cost was approx. DKK 4 million.

Fair value of acquired net assets

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

Earnings impact

During the 6 months after the acquisition date, Sea Air Logistics contributed with DKK 249 million to the Group's revenue and DKK 7 million to the Group's profit after tax. If the acquisition had taken place 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to DKK 18,533 million and DKK 496 million, respectively.

Fair value measurement

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

NOTES

SGL GROUP

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Sea-Air Logistics - continued

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 11.6% as discount rate. In total, customer relationships amounting to DKK 119 million have been included in the opening balance.

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

Trade receivables and payables

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

Financial liabilities

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

Acquisition of Gelders Forwarding BC

On 1 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired Gelders Forwarding BV, a well-established air and ocean forwarder based in the Netherlands with a strong footprint in the semiconductor segment. With the acquisition, the Group is increasing the market share significantly in the import market. Gelders Forwarding generates yearly revenue above EUR 30 million.

Acquisition price was EUR 7.7 million. The acquisition was financed through previously issued bonds. Closing was 1 July 2022, from which date the activities are consolidated in the Group's financial statements. Acquisition cost was approx. DKK 1 million

Fair value of acquired net assets and recognized goodwill

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

Goodwill

Goodwill is primarily related to synergy effects from integration with SGL Group's existing network. Goodwill is non-deductible for tax purposes. Goodwill amounts to DKK 28 million

Earnings impact

During the 6 months after the acquisition date, Gelders Forwarding contributed with DKK 119 million to the Group's revenue and DKK 4 million to the Group's profit after tax. If the acquisition had taken place 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to DKK 18,061 million and DKK 451 million, respectively.

NOTES

SGL GROUP

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Gelders Forwarding BC - continued

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 9.9% as discount rate. In total, customer relationships amounting to DKK 20 million have been included in the opening balance.

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

Trade receivables and payables

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

Financial liabilities

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

Acquisition of Trust Forwarding A/S, SAS Cargo Sweden AB and SAS Cargo Norway AS

On 16 June 2022 the Group signed the acquisition of 100% of the shares in the SAS owned freight forwarding companies through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, the Group strengthens its position within the Nordic region. Closing of the transaction was 31 October 2022. The acquisition price for the activities was SEK 26 million, financed through previously issued bonds.

Fair value of acquired net assets and recognised goodwill

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

Goodwill

Goodwill is primarily related to synergy effects from integration with SGL Group's existing network. Goodwill is non-deductible for tax purposes. Goodwill amounts to DKK 5 million.

NOTES

SGL GROUP

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Trust Forwarding A/S, SAS Cargo Sweden AB and SAS Cargo Norway AS - continued

Earnings impact

During the 2 months after the acquisition date, Trust contributed with DKK 16 million to the Group's revenue and DKK 0 million to the Group's result after tax. If the acquisition had taken place 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to DKK 17,946 million and DKK 440 million, respectively.

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 9.5% as discount rate. In total, customer relationships amounting to DKK 9 million have been included in the opening balance.

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

Trade receivables and payables

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

Financial liabilities

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

Acquisition of other companies

Acquisition of Advection Logistics Kft.

On 7 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired 100 % of the shares in Hungary-based Advection Logistics Kft. Closing was 7 July 2022. The acquisition price for the activities was EUR 1.5 million, financed through previously issued bonds.

Acquisition of AFL Logistics GmbH and the American Freight Line Southeast Inc.

On 16 June 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S acquired AFL Logistics GmbH and through TransGroup Express LLC, acquired the assets of American Freight Line Southeast Inc., a specialists within Automotive Special Logistics between EU and US. Acquisition price was USD 0.9 million. The acquisition was financed through previously issued bonds. Closing was on 9 August 2022, from which date the activities are consolidated in the Group's financial statements.

NOTES

SGL GROUP

NOTE 7 – SUBSEQUENT EVENTS

Scan Global Logistics partners with CVC

On 6 February, Shareholders of SGL International A/S and its affiliates have entered into an agreement with CVC Capital Partners Fund VIII, to divest the majority shareholding of the group.

Following the completion of the acquisition, the Company's existing institutional shareholders (AEA Investors' Small Business Fund and independent LP financial co-investors) as well as members of the management team of the Company will remain as minority shareholders alongside CVC.

The Acquisition will be consummated by a newly established BidCo and financed through equity contribution and proceeds from issuance of EUR 750 million senior secured bonds with a tenor of 5 years. Existing bonds in SGL International A/S will in connection with the completion of the acquisition be redeemed in full.

The acquisition is expected to close in Q2 2023 and is subject to regulatory approval from applicable competition authorities.

NOTES

SGL GROUP

NOTE 8 – GENERAL ACCOUNTING POLICIES

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

New accounting regulation adopted in 2022

SGL Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2022 as adopted by the European Union.

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

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

New accounting regulation not yet adopted

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the Q4 2022 Interim Financial Report. None of these are currently expected to carry any significant impact on the financial statements of the SGL Group when implemented.

Material accounting estimates

In connection with the preparation of the interim report, Management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of SGL Group's assets and liabilities for accounting purposes. There are no significant changes in the material estimates from the assessments presented in SGL International A/S' Annual Report 2021.

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL International A/S (page 19 to 35) for the period 1 January to 31 December 2022.

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

In our opinion, the interim financial report gives a true and fair view of the SGL Group's assets and liabilities and financial position on 31 December 2022 and operations and cash flow for the period 1 January to 31 December 2022.

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

Copenhagen, 28 February 2023

Executive Management:

Allan Dyrgaard Melgaard
CEO

Claes Brønsgaard Pedersen
CFO

Board of directors:

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbro Jessen

UNCOMPLICATE YOUR WORLD »»