INTERIM FINANCIAL RESULTS FIRST 9 MONTHS OF 2021, Q3 2021

SGLT Holding II LP

22 November 2021

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Group structure – SGLT Holding

Revenue

USD 1,430M

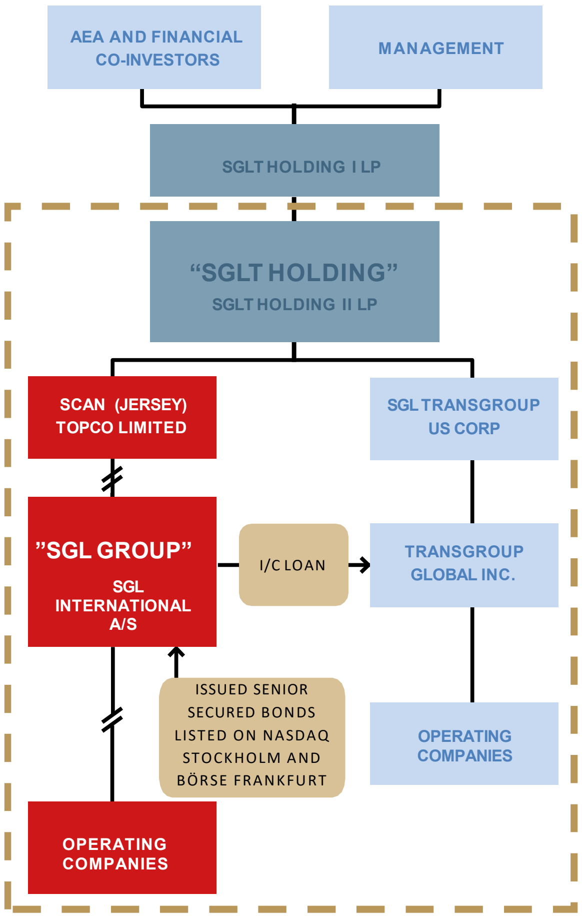
Adjusted EBITDA*

USD 63M

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

- The figures in this presentation comprise the combined financial performance of SGL International A/S and TransGroup Global Inc., including their respective subsidiaries, constituting the combined group SGLT Holding II LP ("SGLT Holding").
- SGL International A/S has issued one senior secured floating rate bond, within a framework amount of up to EUR 315 million and one senior secured fixed rate bond within a framework up to EUR 350 million and one subordinated unsecured bond of EUR 40 million.
  - As of 30 September 2021, the total amount outstanding under the EUR 315 million floating bond framework is EUR 250 million.
  - In March 2021, new fixed rate bonds of EUR 150m were secured under a framework of EUR 350m. The Bonds were settled 8 April 2021 and have been used to finance acquisitions, for general corporate purposes, and repay some of the bonds under the EUR 315m framework. On 28 September 2021 SGL International A/S issued subsequent bonds of EUR 75m under the EUR 350m framework.
  - On 6 September 2021 new subordinated unsecured bonds of EUR 40m were settled. The proceeds will be used to finance general corporate purposes, including acquisitions, investments, and repayment of drawn amounts under the Group's working capital facilities.
- The figures for SGLT Holding are presented to understand the current combined performance and help predict future combined performance supporting the issued senior secured bond through SGL International A/S.
- SGLT Holding delivered its **best quarterly financial result to date. The adjusted EBITDA, totalling USD 34.3 million for Q3 2021, and USD 63 million for the first 9 months of 2021.**
- Reporting currency for SGLT Holding is USD.

SIMPLIFIED STRUCTURE



FIRST 9 MONTH RESULTS OF 2021

Financial highlights first 9 months of 2021

- SGLT Holding remained committed to organic initiatives and its acquisition strategy. Latest Transactions include:
  - acquisition of the Air & Ocean activities of the U.S, Werner Enterprises, acquisition of Atlanta-based Trans ATL LLC, and acquisition of Boston-based Precision Worldwide Logistic, Inc, all during the first three months of 2021.
  - acquisition of Grupo Contenosa in Spain and acquisition of Chicago-based Expedited Solutions, LLC, both in April 2021.
  - lastly Horizon International Cargo Limited (UK) and Orbis Global Logistics (New Zealand) which were acquired during Q3 2021.
- **Revenue amounted to USD 1,430m** in the first nine months of 2021, representing a **65% increase** compared to the same period last year. The revenue increase was driven by an exponential increase in freight rates globally due to capacity constraints – an aftereffect of COVID-19. Supporting this, the Shanghai Containerized index have risen continuously throughout the nine months of 2021. The increase in activity levels was experienced across all regions, especially Air and Ocean activities in the Nordics, Asia Pacific and North America have been impacted.
- **Gross profit amounted to USD 213m** the first nine months of 2021, representing an **increase of 43%** compared to the same period last year. The significant increase in revenue, has been converted to a strong increase in gross profit; however due to the high rates, we have seen a slight decrease in gross margin of 2.3%-point compared to same period last year. The decline mainly relates to Air & Sea, where higher freight rates cause higher pass-through revenue and thus a lower gross margin.
- **Adjusted EBITDA** amounted to **USD 63m** for the first nine months of 2021; an **increase of 61.1%** compared to the same period last year. The improved performance was driven both by organic growth and acquisitions.
- **Net Working Capital;** Change in NWC was positive with **USD 108m** for the first nine months of 2021. During 2021, and especially in Q2 and Q3, receivables from our customers were impacted by the record-high freight rates leading to an increase in revenue and thereby increase in trade receivables and NWC. Especially the carrier and port infrastructure challenges in China and US impacts the invoicing process due to delays in seaports and airports. The main NWC impact is primarily seen in Ocean, as this segment achieved a significant growth rate, and this this segment generally has a higher NWC than the other segments.

USDm	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Income statement					
Revenue		580.4	310.9	1,429.9	866.7
Gross profit		88.3	54.4	212.7	148.9
EBITDA before special items		38.2	21.1	74.9	51.3
EBITDA before special items excluding IFRS 16[1]		30.0	15.3	57.4	37.1
Operating profit (EBIT) before special items		28.6	12.3	47.2	24.6
Special items, net		-1.8	-5.4	-3.4	-10.8
Financial items, net		-7.5	-13.6	-22.1	-23.7
Profit/Loss before tax		19.3	-6.7	21.7	-9.9
Profit/Loss for the period		19.1	-7.5	21.8	-10.9
Income statement (Business Performance)[2]					
Adjusted EBITDA[3]	1	34.3	16.1	63.0	39.1
Cash Flow					
Cash flows from operating activities before special items, interest and tax		-7.9	25.7	-39.6	56.3
Cash flows from operating activities		-18.5	12.8	-68.3	29.0
Cash flows from investing activities		-37.0	-4.9	-80.4	-16.0
Free cash flow		-55.5	7.9	-148.7	13.0
Cash flows from financing activities		158.0	23.4	252.6	12.4
Cash flow for the period		102.5	31.3	103.9	25.4
Financial position				**30.09.2021**	**30.09.2020**
Total Equity				169.3	132.3
Equity attributable to parent company				165.0	129.7
Net interest-bearing debt (NIBD)				414.6	284.9
Net interest-bearing debt (NIBD) excluding IFRS 16[1]				374.9	237.4
Total assets				1,075.0	631.6
Financial ratios in %					
Gross margin		15.2	17.5	14.9	17.2
EBITDA margin before special items		6.6	6.8	5.2	5.9
EBITDA margin before special items excluding IFRS 16[1]		5.2	4.9	4.0	4.3
EBIT margin before special items		4.9	4.0	3.3	2.8
Equity ratio				15.7	20.9

[1]EBITDA presented before applying the accounting of IFRS 16 Leases; where costs related to leased assets have been recognised in the PL impacting the result negatively.
[2]Business performance represents the underlying financial performance of SGLT Holding in the reporting period as results are adjusted for special items which are not in line with the ordinary course of business and other non-recurring items. Apart from this, there is no difference between business performance and IFRS results.
[3]Excluding the impact of IFRS 16 Leases and before special items; ref. Annual Report 2020 Note 6.4 Financial definitions.

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Outlook

Outlook 2021

- SGLT Holding maintains its updated full-year outlook of Adjusted EBITDA of approx. USD 95m for 2021, including taking into account the impact of the two acquisitions made during Q3 2021, Orbis Global Logistics and Horizon International Group (both acquired and consolidated at 30 September 2021). The outlook was updated as part of the Interim Financial Report for first half of 2021.

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Key market outlook

Air

Following a very volatile 2020, capacity is pressured to the outmost driving high freight rates. Local Covid-19 outbreaks continue to drive high levels of volatility, impacting the cargo handling which in turn affected capacity, rates, and schedule reliability.

- The freighter market continue to be high demand as belly-hold capacity is at a reduced level. Expected additional capacity is slim, as all operational freighter crafts are in rotation. Therefore, the overall trend for rates on major trade lanes to and from Asia is that it will continue to be at a high levels. Two things drive this: One, from an overall cost perspective Ocean freight has increased tremendously the past year, narrowing the multiplier gap to airfreight significantly and overall increase in ocean freight rates always benefits airfreight as it becomes more competitive. Secondly, increasing oil prices add pressure on fuel surcharge levels. Since early 2021, the jet fuel price index has increased by approx. 30%. Consequently, these trends will pressure rates upwards and extend transit times. Adversely, the major Transatlantic trade route is thought to be somewhat more stable although rates are at a historical high. Ease of rates can only be expected to occur with the alleviation of US travel restrictions. Finally, the seasonal peak is beginning to set in, further putting pressure on capacity with Q4 expected to be very tight as Christmas sales always drives a strong demand.

- Beforementioned restricted belly-hold capacity coupled with regular disturbances due to local Covid-19 outbreaks and regulations means greater congestion and less reliability on schedules. There is a strong concern on ground handling issues with many providers unable to find the needed labour. This is consequently generating significant congestion problems which is critical considering that airfreight is time-sensitive also relative to other transport modes. Such congestion could, ultimately, lead to restrictions on either traffic rights for additional flights, or delays and service disruptions on the ground. Although this image represents the current situation on connections to and from Asia, similar disruptions can be expected in other markets as well with Europe and the US already seeing initial indications of this dynamic.

- Overall, we expect a strong airfreight market over the short, mid and long term in favour of the supply side which will contribute to rate levels remaining inflated.

Ocean

The ocean freight market continues to experience historic volatility throughout 2021. Continuous lack of capacity fuelled by an array of port congestion and closures due to Covid-19 outbreaks has turned into an all-time historic shipping crisis. Schedule reliability is at historical low at around 40% although slightly increasing, and that is coupled with unprecedented rate increases, surpassing the 20,000/40´mark on some trades.

Most major ports around the world are heavily impacted as congestion and Covid-19 cases are making it difficult to make room for efficient turn-around of containers and operations and leading to suspension of ports.

- Rates levels remain inflated from a historic level and while minor adjustments are taking place there is no indication that rates will drop significantly. On the long-term contract rates (12-36 months) we do though see a number of carriers willing to lock in rates at lower levels than short term levels showing initial indications that the peak has been reached. The long-term contract rates are though still locked in at very high levels compared to pre-covid and often still on a 5-digit basis.

- US remains a specific concern and the general consensus is that we have transitioned from a covid-impact situation to a situation that has unearthed structural flaws within both port and trucking operations. For this reason, rate levels to US continue to be locked in at very high levels.

- As a natural consequence of this container carriers continue to post record result after record result equating to the total profit made over the last 10-15 years. The positive consequence of this being a significantly increased appetite for ordering of new vessels albeit this is only expected to have a major impact in 2023.

- The container equipment situation has stabilized somewhat and is currently not the main cause of the systemic challenges. Container carriers continue to invest in new container equipment and the effect of this is already showing.

- Overall, we expect an ocean freight market that will remain volatile throughout 2022 and beyond with this also playing in favour of the forwarders as flexible solutions will be needed more than ever and customers will to spend more money on logistics.

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