SGL INTERNATIONAL A/S

Annual Report 2022

UNCOMPLICATE YOUR WORLD »

SCAN GLOBAL LOGISTICS

HOW TO READ THIS REPORT

SGLT HOLDING

The figures in this section 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").

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.

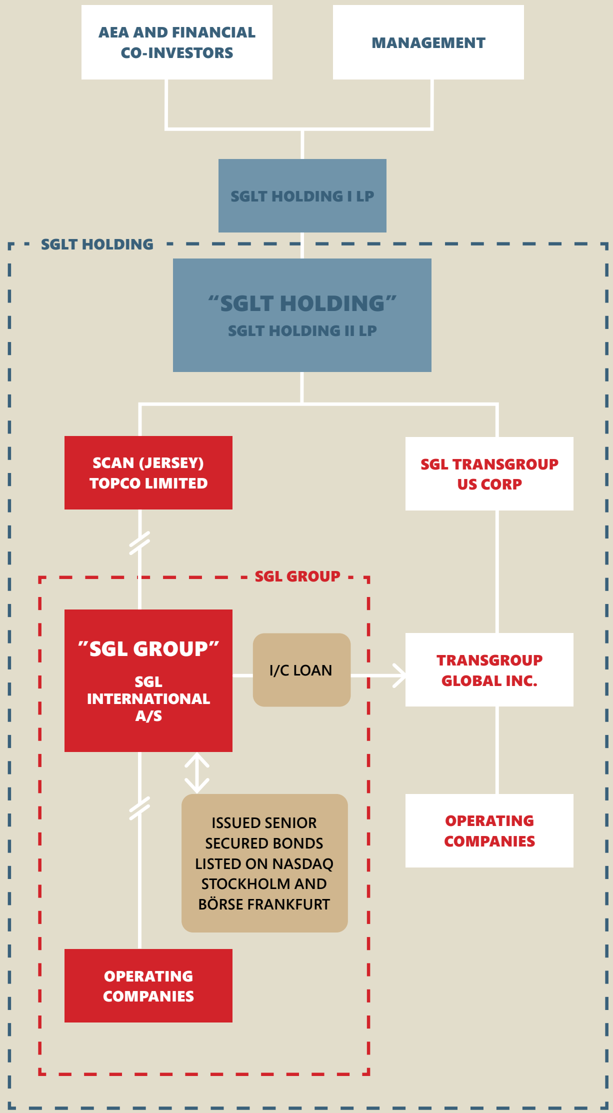
SGL GROUP

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

On 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. Excluding bonds repurchased by SGL International A/S, a total of EUR 492 million is issued. Further, SGL International A/S has issued EUR 41 million of subordinated unsecured PIK fixed interest bonds.

Reporting currency for SGL Group is DKK.

SIMPLIFIED STRUCTURE



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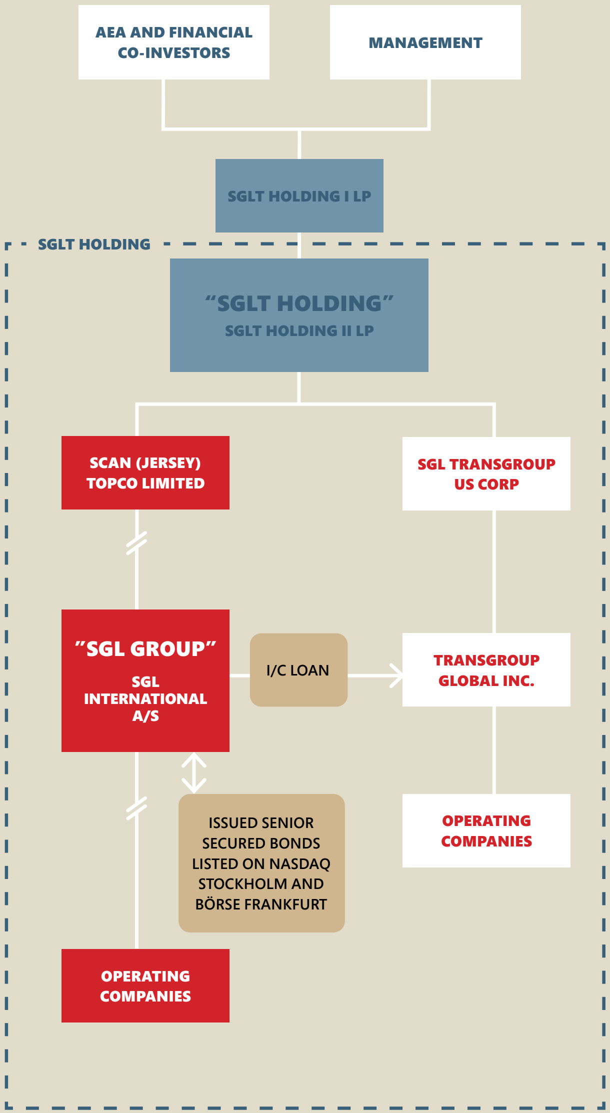
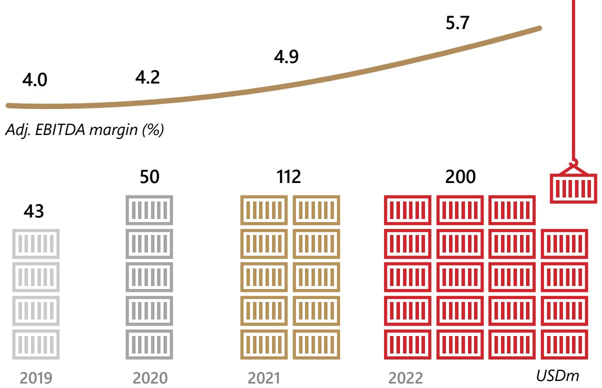
SGLT HOLDING

SIMPLIFIED STRUCTURE

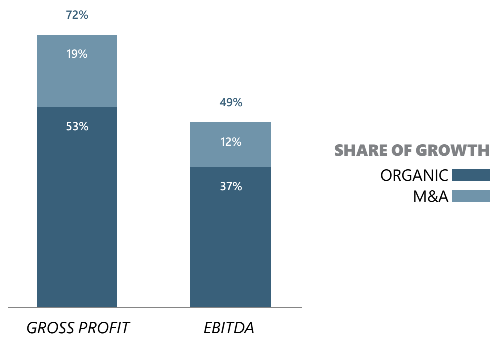


PERFORMANCE HIGHLIGHTS



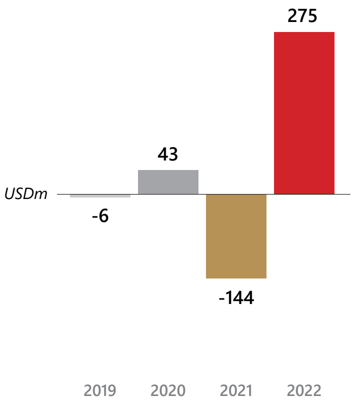
ADJUSTED EBITDA

SGLT Holding achieved an adjusted EBITDA of USD 200m, an increase of 79% compared to 2021. Proforma adjusted EBITDA (including full-year effect of acquisitions) amounted to USD 212m (2021: USD 129m).



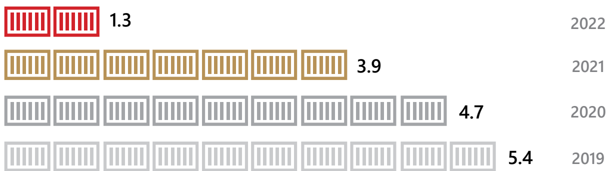
GROWTH

Growth in gross profit amounted 49% in 2022 of which the organic growth comprised 37% and growth from M&A was 12%. EBITDA before special items growth amounted to 72% of which organic growth contributed with 53% and M&A 19%.



OPERATING CASH FLOW

The operating cash flow amounted to USD 275m in 2022 compared to negative USD 144m in 2021. The development was driven by a strong operating profit and improved net working capital.



LEVERAGE RATIO*

Driven by a strong performance in EBITDA before special items as well as the positive development in free cash flow, SGLT Holding achieved a leverage ratio of 1.3x.

** NIBD/EBITDA before special items*

STRATEGIC HIGHLIGHTS

ACQUISITIONS

As part of the 1-3-5 Strategy, SGLT Holding continued the acquisition strategy and further strengthened the global presence through acquisitions within China, Germany, The Netherlands, Scandinavia and North America, all in line with the strategy of growth and becoming a truly global organisation. Further, SGLT Holding has exspanded the global footprint by entering Hungary this year.

NEW MAJORITY SHAREHOLDER

CVC Capital Partners Fund VIII has agreed to acquire the majority shareholding of SGL International A/S and its affiliates. The acquisition will be finalised by a newly established BidCo. We believe CVC is a perfect cultural fit for SGL and supports our ambitious growth strategy.

CONFIRMED 'B'/'B+'-RATING FOLLOWING BOND PLACEMENT

Following the CVC partnership announcement, the new holding company, Skill BidCo, successfully placed EUR 750 million senior secured bonds through an oversubscribed book-build process. In connection with the new bond placement S&P has assigned a preliminary 'B' long-term issuer credit and new bond rating and Fitch has assigned a preliminary 'B' rating of the issuer and 'B+' rating of the new senior secured bonds in line with the current issuer rating and senior secured bond rating; outlook stable. Implementation of the new structure awaits regulatory approval of the transaction.

FINANCIAL HIGHLIGHTS – SGLT HOLDING

Key figures (in USDm)	2022	2021
Income statement		
Revenue	3,506	2,274
Gross profit	495	333
EBITDA before special items	222	129
Operating profit (EBIT) before special items	164	86
Special items, net	-22	-12
Operating profit (EBIT)	142	74
Financial items, net	-47	-37
Profit/loss for the period	68	22
Income statement (Business performance)		
Adjusted EBITDA*	200	112
Cash flows		
Cash flows from operating activities	275	-144
Investments in intangible assets	-7	-7
Investments in property, plant and equipment	-8	-7
Investment in group companies	-52	-70
Cash flows from investing activities	-70	-84
Free cash flow	205	-228
Cash flows from financing activities	53	249
Cash flow for the period	258	21

Key figures (in USDm)	2022	2021
Financial position		
Total equity	245	169
Net working capital	96	257
Equity attributable to parent company	241	162
Net interest-bearing debt (NIBD)	278	500
Net interest-bearing debt (NIBD) excluding IFRS 16 and PIK note**	179	411
Total Assets	1,307	1,127
Financial ratios in %		
Gross margin	14.1	14.6
EBITDA margin before special items	6.3	5.7
Adjusted EBITDA margin	5.7	4.9
EBIT margin before special items	4.7	3.8
Equity ratio	18.7	15.0
Net leverage ratio	1.3	3.9
Other		
Number of full-time employees at the end of the period	3,370	2,322

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

FINANCIAL PERFORMANCE – SGLT HOLDING

REVENUE	ADJUSTED EBITDA*
USD 3,506m	USD 200m

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

RESULTS FOR THE YEAR

The financial year 2022 includes the operating results of newly acquired businesses Sea Air Logistics, Trust Forwarding, Gelders Forwarding and D&W which were acquired in 2022. In 2022, revenue amounted to USD 3,506 million, generating EBITDA before special items of USD 222 million. Adjusted EBITDA before special items excluding the IFRS 16 lease adjustment amounted to USD 200 million (2021: USD 112 million), this is equivalent to a 79% increase compared to 2021. The proforma EBITDA including acquisitions made in 2022 amounts to USD 212 million.

REVENUE

Revenue amounted to USD 3,506 million in 2022 (2021: USD 2,274 million), an increase of 54% compared to 2021 including a negative impact from FX translation of approx. USD 227 million. Several factors drove the increased revenue. A mix of increase in activity levels, both through additional activity and a larger share of wallet with new and existing customers. To some extent also impacted by volatility in the market creating higher carrier rates than in the same period last year. An increase in activities for acquisitions successfully integrated also contributed. The increase in activity levels was experienced across all regions, especially Air & Ocean and Aid & Relief activities in Denmark and Air & Ocean activities in Asia, Pacific and North America. The organic revenue growth was driven by strong performance across all regions, especially within the Air & Ocean segment.

GROSS PROFIT

Gross profit amounted to USD 495 million in 2022 (2021: USD 333 million), an increase of 49%, also negatively impacted by an FX translation of approx. USD 36 million. The acquired companies Sea Air Logistics, Gelders Forwarding, Trust Forwarding and D&W contributed with approx. USD 15 million. SGLT Holding showed strong performance in EMEA, Asia, Pacific and the Americas.

The increase in gross profit is driven by strong organic growth through a mix of higher activity levels, expanding business with existing customers and onboarding new customers; this combined with increased activities through acquired businesses, has led to a significant increase in activity levels which all have been converted to a substantial 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 2021.

SG&A COSTS

SG&A costs amounted to USD 273 million in 2022 (2021: USD 204 million), positively impacted by FX translation of approx. USD 21 million, resulting in an increase of 34% compared to 2021. SG&A costs increased as expected mainly from greenfield activities and acquisitions made in 2021 and 2022. New talents have been hired to prepare the organisation for the future thus we see an increased salary level; however, as the cost discipline and realisation of operating leverage benefits have continued, the conversion ratio based on EBITDA before special items increased from 39% in 2021 to 45% in 2022. SG&A costs comprise 8% of revenue in 2022, which is 1% points lower than 2021.

ADJUSTED EBITDA

Adjusted EBITDA amounted to USD 200 million (2021: USD 112 million), which is equal to an increase of 79%. The adjusted EBITDA margin before special items excluding the IFRS 16 lease adjustment is 5.7%, compared to 4.9% in 2021. The increase in adjusted EBITDA was mainly due to strong activity levels within the Air & Ocean segment combined with the ability to keep the SG&A costs under control. The improved performance is driven both by organic growth and acquisitions.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to USD 58 million in 2022 compared to USD 43 million in 2021. The main driver for the increase was amortisation from acquisitions and increased amortisation on IT costs. Investments in IT were increased to secure the infrastructure necessary for continued long-term growth.

SPECIAL ITEMS

Special Items amounted to a net cost of USD 22 million (2021: USD 12 million) for 2022 driven by greenfield activities and M&A related costs.

CASH FLOWS

Cash flows from operating activities amounted to a positive USD 275 million in 2022 compared to a negative USD 144 million in 2021. The positive cash flow was due to the high activity and positive net working capital development.

CAPEX amounted to USD 15 million for 2022 on par with 2021 and comprised of investments in software and the development of IT projects to secure the infrastructure necessary for continued long-term growth as well as cyber security and customer integrations. Investments in tangible assets mainly consist of IT hardware and the new headquarter.

The cash outflow from acquisitions, excluding transaction costs, amounted to USD 55 million including paid earn-out.

Cash flow from financing activities was positive net of USD 53 million and driven by proceeds received from a bond issue of USD 85 million. In 2022, the Group issued EUR 75 million in bonds within the framework of EUR 300 million and cash received net of transaction costs amounted to USD 85 million. As of 31 December 2022, total bonds amounted to EUR 538 million, corresponding to USD 575 million.

CAPITAL STRUCTURE

The equity attributable to the Parent Company was USD 241 million (2021: USD 162 million). The total equity ratio was 18.7% as of 31 December 2022 compared to 15.0% in 2021. The strong financial result was the main driver for the improved ratio. The equity ratio excluding the impact of IFRS 16 was 19.4%.

NET INTEREST-BEARING DEBT (NIBD)

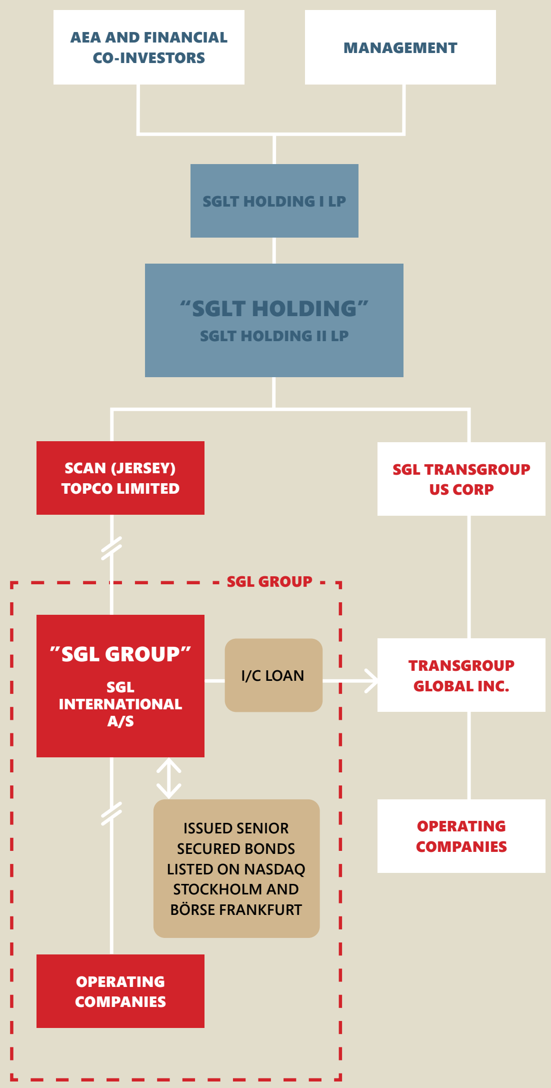
Consolidated net interest-bearing debt amounted to USD 278 million (2021: USD 500 million). Excluding IFRS 16 and PIK-note; USD 179 million as of 31 December 2022 (2021: USD 411 million). In 2022 subsequent bond debt of EUR 75 million was issued under the framework of EUR 350 million, which was issued for future acquisitions, continued long-term growth and general corporate purposes. The liquidity reserve increased by USD 259 million, primarily driven by an increase in net cash position from improved net working capital. The total liquidity reserve was USD 419 million end of December 2022 (2021: USD 160 million).

NET WORKING CAPITAL

The total net working capital was USD 96 million as of 31 December 2022 (2021: USD 257 million). Net working capital improved by USD 161 million in 2022. The improvement in net working capital 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.

SGL GROUP

SIMPLIFIED STRUCTURE



A ROLLERCOASTER YEAR

2022 has been a rollercoaster year for SGL Group as well as for SGLT Holding. We entered 2022, spending most of our time finding capacity and getting the cargo moving – and ended the year 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. While leveraging the business model's strengths and utilising the dynamics in the market, we have outperformed our initial expectations for 2022. Again we delivered our strongest financial results to date, an Adjusted EBITDA* of USD 200 million in 2022.

BECOMING A TRULY GLOBAL PLAYER

Over the last four years, we have built a fantastic company, now positioned as a truly global player, capable of handling all types of customers.

We have grown from being active in 17* countries back in 2018 to now operating in 45* countries. We reported a USD 955* million revenue in 2018 compared to USD 3,506* million in 2022 and an EBITDA margin before special items of 3.3%* in 2018 compared to 6.3%* in 2022. The numbers underline our extreme growth generated through strong organic growth and healthy, strategically well-fitted acquisitions.

STRATEGY 1-3-5

In 2022, we executed on our Vision 2027, Strategy 1-3-5, proudly outlined in 2021. A vision, in which we dream, think and plan bigger than ever. By investing in our global platform, we have ensured we can meet future demands, but more so, because we can see, how we do things work on a global scale. Our 2022 performance shows that we are on track with our Vision 2027.

Our future dreams are rooted in our Strategy 1-3-5. Having identified a clear pathway for achieving our dreams, we will insist on having fun and, importantly, focus relentlessly on creating a meaningful workplace for all SGL employees throughtout the journey. With ambition, we will apply a global mindset in all we do, dream and think big, and above all, continue to create above-standard entrepreneurial solutions for our customers.

We do not want to be the biggest; however, we dream of being the world's most customer-centric logistics company in the world – nothing more, nothing less.

NEW MAJORITY SHAREHOLDER

On 6 February 2023, we partnered with CVC Capital Partners Fund VIII (CVC) to further accelerate our international growth as CVC acquired a majority shareholding in SGL Group and in SGLT Holding.

This transaction will see both AEA and management co-invest alongside CVC to participate in the journey ahead, serving as a testimony to the positive conviction about the future prospects of the business shared between existing and new owners.

We are excited to welcome CVC onboard. CVC's support for our ambitious growth strategy and plans has convinced us they are a perfect match for SGL professionally and culturally. They will support our future plans via their deep industry knowledge.

A FUTURE OF OPPORTUNITIES

We are entering 2023, welcoming new opportunities with high expectations to succeed. But we must stay true to our culture when taking on these challenges and remain humble towards all stakeholders, both colleagues, customers and vendors. It is essential because we are in a very challenging environment with inflation, climate crises, the European conflict and historically high interest rates, impacting the macroeconomic development.

Embracing our culture of humility, flexibility, entrepreneurship and agility and combining it with our size and scale built over the last four years, we feel capable of continuing our journey; to become the most purpose-driven and meaningful company in the logistics industry and reaching the best 3rd in the logistics industry on earnings and achieving total revenue of USD +5 billion.

**SGLT Holding level*

SUSTAINABILITY / ESG

In 2022, the consequences of global warming continued to show; the heat waves, rising sea levels, droughts and other weather extremes will only become more severe. SGL Group is part of the transport and logistics industry, accounting for a signifcant share of global CO_2 emissions contributing to global warming.

We see it as our shared responsibility to limit the negative climate impact by accelerating our ESG (Environment, Social and Governance) performance. CO_2 reductions tackle climate change and provide our customers with a competitive edge, fueling a high commitment to reducing their CO_2 emissions.

Sustainability is anchored within our DNA. We aim to be a leading partner in assisting companies in reducing CO_2 emissions from transportation and are highly committed to doing so.

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

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

MORE THAN 45 YEARS OF UNCOMPLICATING THE WORLD OF LOGISTICS

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

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

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

The objective has always been to become an agile and customer-oriented organisation primarily within Air & Ocean, but also the Road and Solution segments.

SGL Group also specialises in Project Sales, transporting odd-sized goods within the above 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.

1975

Mahé Freight founded

1989

ScanAm Transport founded

2007

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

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

2009

Enter into a strategic alliance partnership with TransGroup Worldwide Logistics

2016

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

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

2017

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

2018

Acquisition of Kestrel Freight in Australia and Macca Logistics in Africa

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

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

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 has continued.

In 2022, the SGL family expanded its global footprint through acquisition and greenfield investment across several continents, thus increasing the market share in Singapore, Hong Kong, China, the Netherlands, Scandinavia, Germany and the United States of America. All the while, also entering new markets in Hungary, United Arab Emirates, Sri Lanka and Laos.

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, replacing the existing bonds until the year 2024

2020

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

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

A subsequent bond issue of EUR 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 Dubai, Abu Dhabi, Sri Lanka and Laos.

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


Kim Brodersen, EVP, Denmark

FROM LOCAL TO GLOBAL, WITH THE CORE INTACT

Based in the US and Denmark, respectively, Angie Santillan, Chief Administrative Officer, North America*, and EVP Kim Brodersen have worked together on numerous customers since 1996, visiting multiple countries over the years.

The pride, joy and personal fulfillment of being part of two local companies, TransGroup and Mahé's transformations, are palpable as they share their insights on the exciting journey from a local to a global freight forwarder with the core still intact.

What binds us together as a company across regions?

Throughout his career with SGL, Kim has visited over 55 countries, interacting with many different cultures, rules, and regulations; still, there's a common denominator at the core of the company regardless of the region, he explains:

'*We share the same approach to always finding a solution. In spite of challenges, we persist and keep believing there's a way, even where others don't. Solving our customers' problems fuels pride pivotal to our mindset and proactive customer approach.*'

Angie expands: '*It's in our innate 'can-do-attitude' to be creative and ambitious in our pursuits. We bring a human approach to our customer and their needs and accept that, as humans, we will make the occasional mistake. The crucial part is that we learn from our mistakes not to repeat them, which embodies who we are: We see every challenge as an opportunity to do more, to do better, and to learn. This approach is vital to our continuing growth journey.*'

The freedom to create

'*The freedom to be creative builds strong teams and instils a feeling of belonging in people – I see it across the globe*', Angie continues.

Both agree that the top management's encouragement and empowerment to keep learning, taking chances and advancing within the company have contributed to keeping both with the company for so long. '*Our voices have mattered.*' Most importantly, close collegial relations like the one they share have made it possible to go the extra mile when required.

Today, they pay it forward by mentoring new team members, and Kim is often asked to share his in-depth knowledge, expertise, and extensive network when entering new markets.

How do we onboard new team members and fields of expertise to an ever-expanding organisation?

In her role, Angie has been part of several acquisitions in North America. Experience has improved their

**Part of SGLT Holding level*

onboarding process to include three absolute musts: '*Listening, communicating and information sharing are key components in onboarding new colleagues and ensuring skills and expertise integrate well. Through listening and open dialogue, we learn how our new colleagues were successful in their operation before, compare with ours, and consider their concerns to extract the best from two worlds,*' she continues before concluding. '*It's a privilege to see how the teams that have joined us over a series of acquisitions have integrated very well and have complimented our ambition and culture.*'

Kim singles out acquiring ASL, a German-based automotive logistics provider, which added considerable expert skills and capabilities to the organisation, including their own airport code for cargo handling of special vehicles. '*It blew my mind they had managed that*', he says.

The DNA manifests itself daily

The successful onboarding of new team members circles back to the customer-driven focus, revealing another way the DNA of uncomplicating our customers' world manifests itself in day-to-day operations. Kim explains:

'*We have succeeded extra-ordinarily well in ensuring customers experience personal service and interest in developing their business together. We are always a step ahead.*' As Key Customer Account for industry leaders for many years, he co-created several effective new solutions that best serve the customers based on their needs, making their supply operations easier. '*Transparency builds trust and close relations hard to break*'.

Angie shares the experience: '*We have not lost a single customer on the journey from a local to a global company. On the contrary, our customers are excited about our global presence and its opportunities.*' Both are confident that as a global player with experienced local knowledge SGL will achieve its extreme growth ambitions of becoming a leading logistics provider.

'*We have the potential, the mindset, the people, and the drive to succeed*'.

WE HAVE THE POTENTIAL, THE MINDSET, THE PEOPLE, AND THE DRIVE TO SUCCEED

Angie Santillan, Chief Administrative Officer, North America

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

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

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

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

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

SGL Group is present in 45 countries across all continents with over 2,600 employees (SGLT Holding +3,300) in more than 150 offices in EMEA, the Americas, China, South-East Asia and the Pacific. SGL Group serves over 25,000 customers, of which the average tenure among the ten largest is approximately twelve years.

FULL-SERVICE OFFERING ACROSS THE VALUE CHAIN

As part of the Shetland HVDC Connection (high-voltage direct current) underwater power link construction, our heavy-lift experts transported several transformers from Sweden to the Shetland Islands. The transformers will allow for the export of renewable energy generation via a 250 km underwater link from the islands to the UK mainland.

VISION 2027: ‘1-3-5’

Uniting SGL´s cultural DNA with our commercial ambitions, Vision 2027 has come to light as the successor of Vision 2023. Vision 2027, ‘1-3-5’, sets out three overarching coordinates for SGL’s continued journey towards making the world a little less complicated.

Throughout the coming years, we will work cohesively as global citizens of SGL to crystallise Vision 1-3-5 into strategic must-win battles and operational plans across functions, markets, verticals and products.

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

1 speaks to the aspiration of becoming the most purpose-driven and meaningful company in the logistics industry. For SGL, culture and business are fundamentally the same, rooted in the core belief that we grow our business by growing our people. As such, we wish to create the most meaningful workplace within logistics, anchoring SGL’s defined DNA and virtues in all corners of our business.

Top 3rd among global peers in profitability

3 speaks to the aspiration to become among the top third in the logistics industry in earnings. For SGL to realise its potential, earnings equal financial oxygen to ensure strong and sustainable business growth in terms of bottom line.

USD +5 billion in revenue

5 speaks to the aspiration of achieving a total of USD +5 billion in revenue by 2027. The more SGL grows in size and footprint, the bigger an impact we will have on the world of logistics. Increasing presence, acquiring new capabilities and gaining scale will enable SGL to grow and form a truly global organisation. It will allow us to serve customers even better and provide an even stronger platform for our employees to unlock new opportunities and horizons.

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 the core and 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

BE 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.

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 that supports people in being people and doing their job even better – with a principle of one system supports one process. And we will only build IT and systems that support understanding and uncomplicating our customer's world even better.

EXTREME GROWTH – BY UNCOMPLICATING OUR CUSTOMERS' WORLD

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.

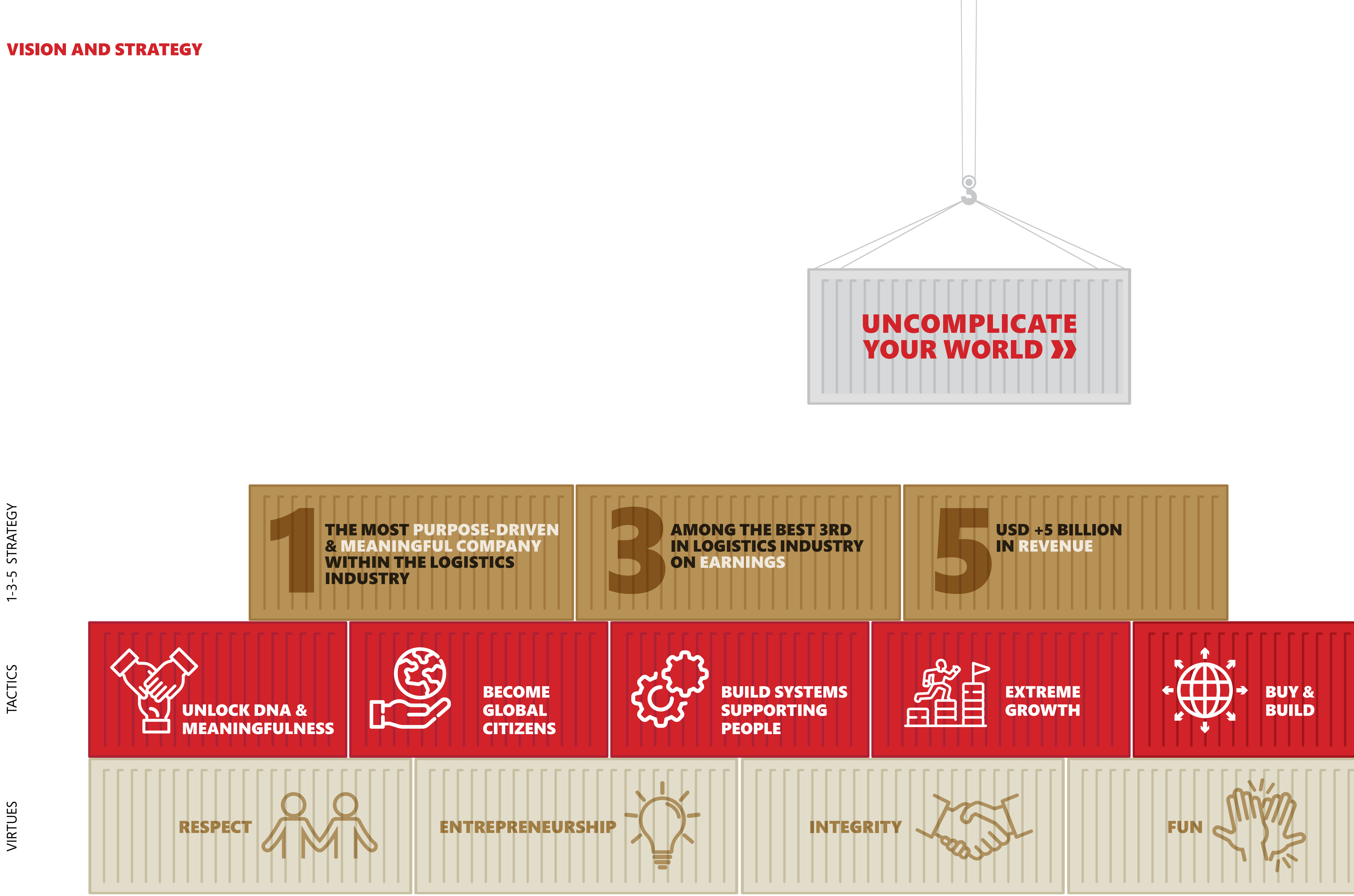
BUY AND BUILD

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.


UNCOMPLICATE YOUR WORLD
1-3-5 STRATEGY
1 THE MOST PURPOSE-DRIVEN & MEANINGFUL COMPANY WITHIN THE LOGISTICS INDUSTRY
3 AMONG THE BEST 3RD IN LOGISTICS INDUSTRY ON EARNINGS
5 USD +5 BILLION IN REVENUE
TACTICS
UNLOCK DNA & MEANINGFULNESS
BECOME GLOBAL CITIZENS
BUILD SYSTEMS SUPPORTING PEOPLE
EXTREME GROWTH
BUY & BUILD
VIRTUES
RESPECT
ENTREPRENEURSHIP
INTEGRITY
FUN

MERGERS AND ACQUISITIONS

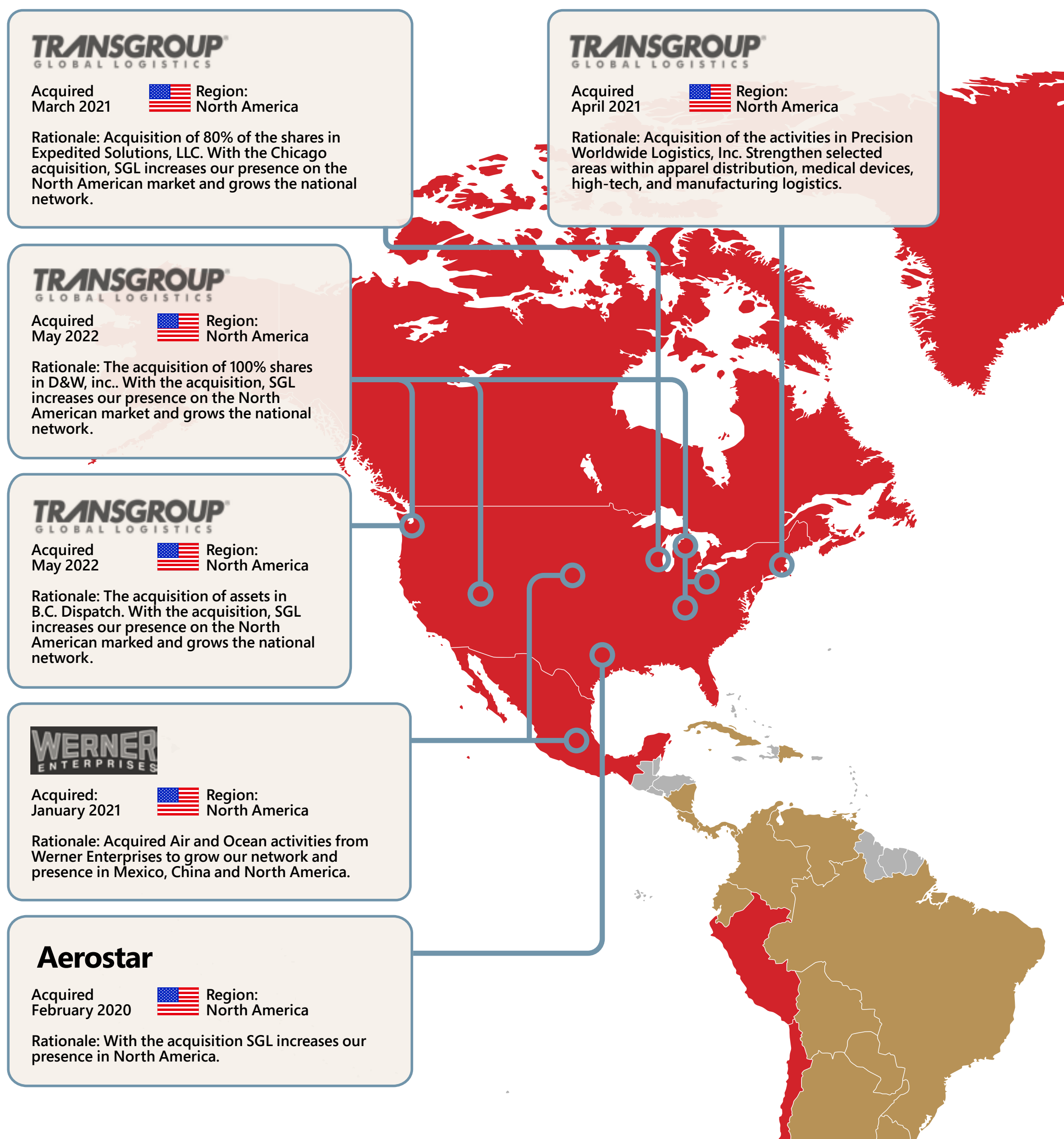
SGL is undertaking a transformational journey transitioning from a mid-size regional freight forwarding company into a global fully fletched provider.

EXTREME ORGANIC GROWTH

SGL targets a year-on-year double-digit organic growth across all regions, transport modes and verticals. 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 verticals, the associated growth must be delivered with the diversification of business the 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 acquirier of choice. M&A will also be used to build instant capabilities across the organisation within high-touch verticals such as Pharma, 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 targetted in countries with robust underlying growth.



SGLT HOLDING	Americas	EMEA	South East Asia	Asia Pacific	TOTAL
Countries	5	24	13	3	45
Offices	48	67	34	9	158

FOOTPRINTS AND THREE YEARS OF ACQUISITIONS

GLOBAL FOOTPRINT

Headquarters in Copenhagen, Denmark
Revenue 2022: DKK 17,832 million
(SGLT Holding USD 3,506 million)
Employees: +2,600
(SGLT Holding +3,300)
+150 offices in EMEA, North America, South Americas, South East Asia and Asia Pacific for SGLT Holding

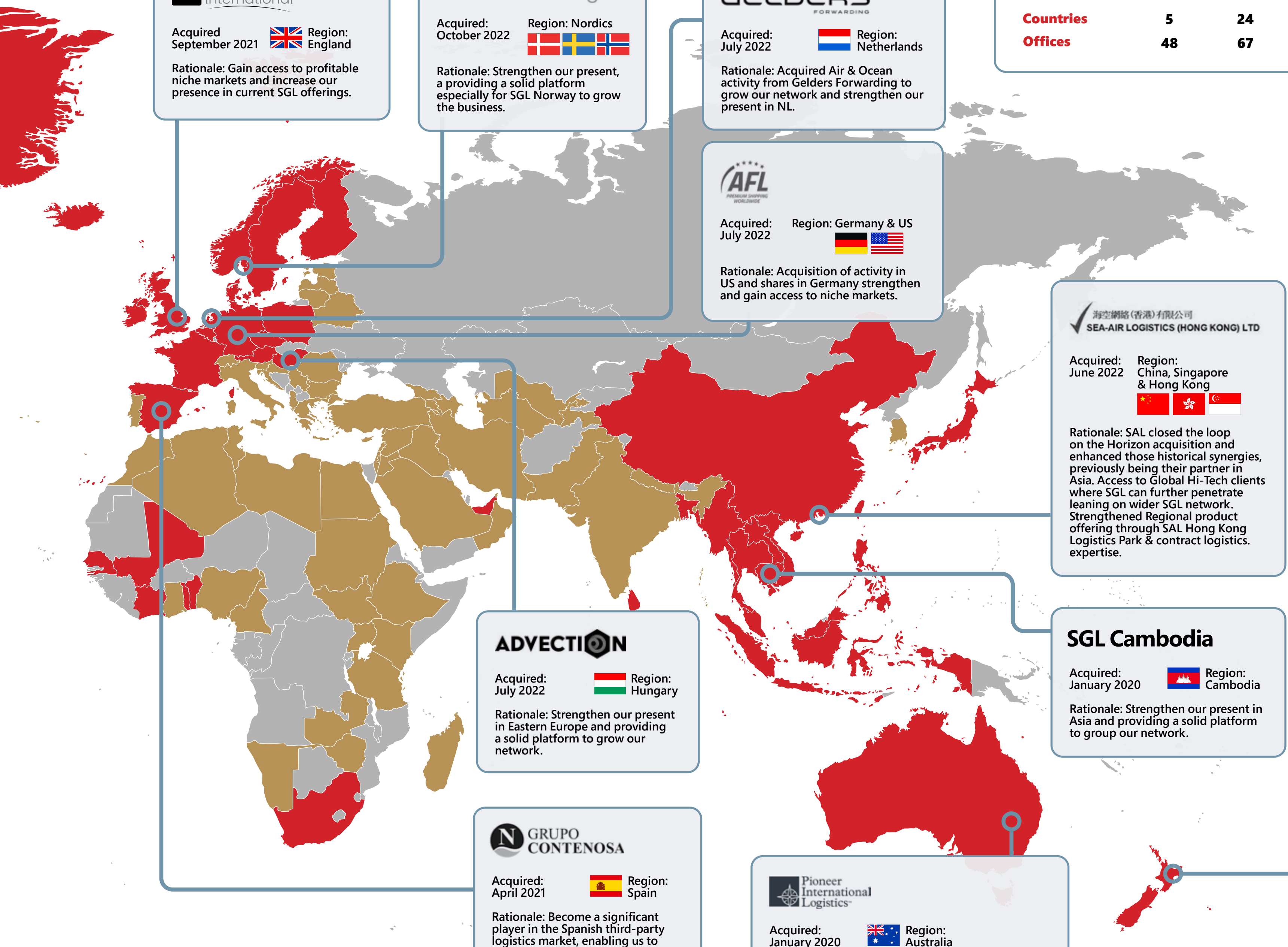
SGLT HOLDING

STRATEGIC PARTNERS

GLOBAL M&AS

SGLT HOLDING

SGL GROUP



HORIZON International

Acquired September 2021 — Region: England

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

Trustforwarding

Acquired: October 2022 — Region: Nordics

Rationale: Strengthen our present, a providing a solid platform especially for SGL Norway to grow the business.

GELDERS FORWARDING

Acquired: July 2022 — Region: Netherlands

Rationale: Acquired Air & Ocean activity from Gelders Forwarding to grow our network and strengthen our present in NL.

AFL

Acquired: July 2022 — Region: Germany & US

Rationale: Acquisition of activity in US and shares in Germany strengthen and gain access to niche markets.

SEA-AIR LOGISTICS (HONG KONG) LTD

Acquired: June 2022 — Region: China, Singapore & Hong Kong

Rationale: SAL closed the loop on the Horizon acquisition and enhanced those historical synergies, previously being their partner in Asia. Access to Global Hi-Tech clients where SGL can further penetrate leaning on wider SGL network. Strengthened Regional product offering through SAL Hong Kong Logistics Park & contract logistics. expertise.

ADVECTION

Acquired: July 2022 — Region: Hungary

Rationale: Strengthen our present in Eastern Europe and providing a solid platform to grow our network.

SGL Cambodia

Acquired: January 2020 — Region: Cambodia

Rationale: Strengthen our present in Asia and providing a solid platform to group our network.

GRUPO CONTENOSA

Acquired: April 2021 — Region: Spain

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

Pioneer International Logistics

Acquired: January 2020 — Region: Australia

Rationale: Strengthen our services to Australian and Pacific customers and adding expertise, technology, network, and e-commerce platform.

orbis

Acquired: September 2021 — Region: New Zealand

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

SGL HUMANISES ACQUISITIONS

Mark Talbot, CEO of the UK and Ireland

In 2021, SGL acquired Horizon International. With 41 years of industry experience, Mark Talbot, CEO of the UK and Ireland pre- and post the merger, has experienced acquisitions from the inside before. '*I've seen how not to do it', he says without hesitating, 'and now I've seen how to get it right*'.

A cultural fit is pivotal to any acquisition by SGL. So, one of the first actions during due diligence was for the senior management to voluntarily perform an anonymous psychological test to assess the level of matching virtues and values. The fundamental similarities found ensured a smooth integration of the 150 employees in five countries.

How does the larger scale affect business opportunities?

'We are now talking with larger and more diverse types of customers, including new verticals and markets, which has tremendously increased our sales pipeline potential. As a result of these new opportunities, we have increased the size and depth of our commercial team substantially.

One of the most rewarding aspects of the acquisition has been seeing the number of staff who have personally grown and benefitted from the new opportunities which come with the bigger business. Additionally, the caliber of people we can now attract in certain positions has increased, as well as the opportunities we can offer to retain our team members, which is a crucial pillar in our growth ambitions. Our people are our greatest asset.'

What is the most significant difference in daily business since the merger?

'Many of our customers have more and more complex supply chains. They look for people who have the time to understand their most pressing challenges and the expertise to deliver effective solutions anywhere in the world. With our much greater scope, we bring a powerful proposition that underpins how we help uncomplicate their world through our proven global services.

Significantly we are now part of a worldwide network enabling us to provide enhanced capabilities, offer new gateways and more comprehensive customer solutions, which we could not do as comprehensively before.'

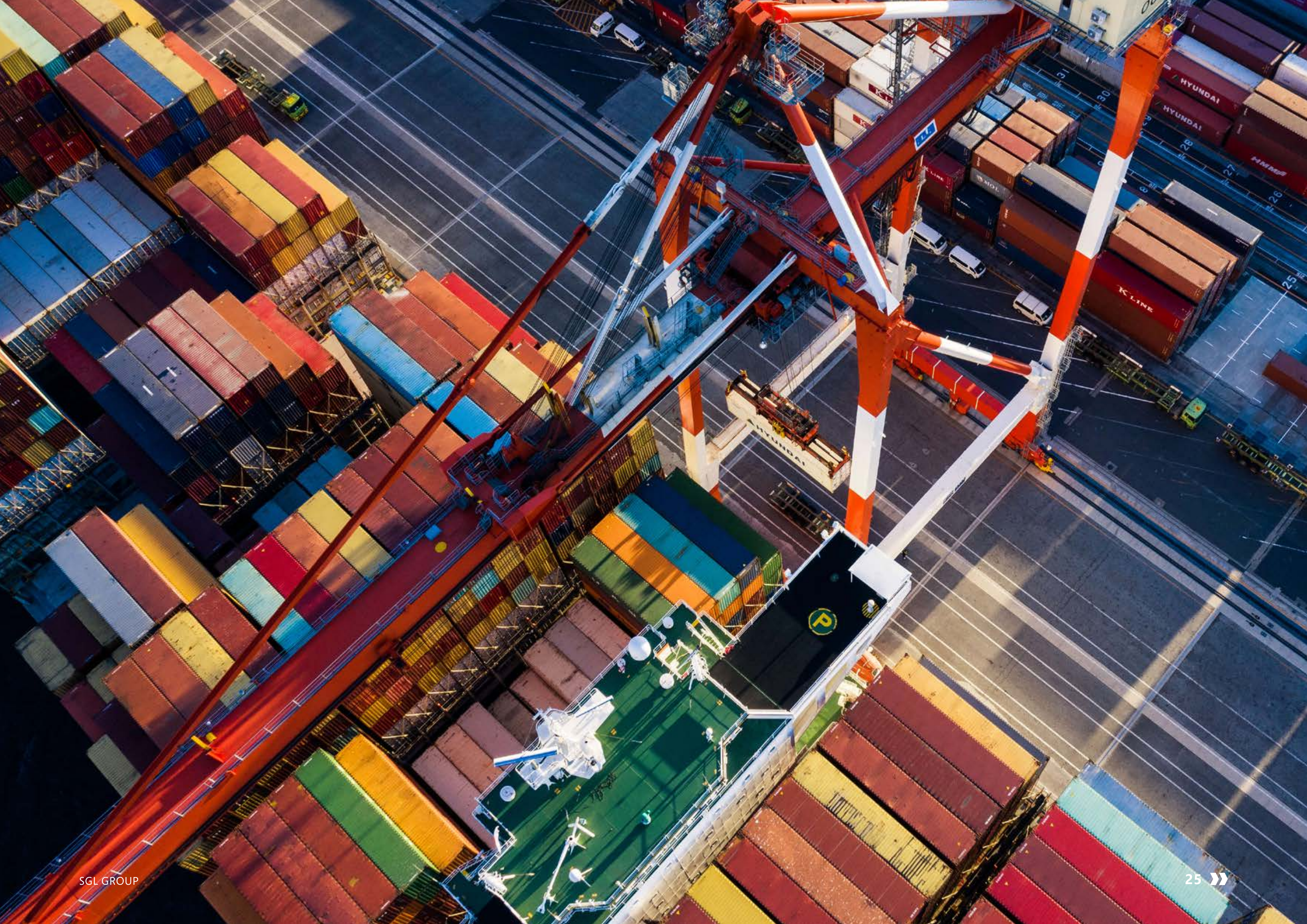
Why was the acquisition so successful?

'The strength of the SGL virtues aligned to those of Horizon made it clear from an early stage that the fit felt right. Throughout the discussions, the management team were accessible, involved, and transparent in their communication, which made people feel comfortable and part of the journey. In that sense, SGL humanises acquisitions. The priority was to make sure that our customers were happy and not unsettled by the acquisition, and because of the personal approach, it was the case. All customers have stayed on board. The initial overlap in DNA is the driver behind our success today. I'd say the acquisition was a 10 out of 10. We haven't had a single colleague leave because of the acquisition neither. I think that says it all.'

How would you describe your meeting with the SGL spirit?

'If SGL were a person, I'd describe it as a very grounded, humble person who knows who it is and, importantly, what it wants to be. It also knows it needs to keep evolving and staying curious.

The company is global but maintains the flexibility of a small-company mentality, which positively empowers countries and regions to be entrepreneurial and create unique solutions. The headquarter supports, never dictates, which is a refreshing approach, breeding confidence and a will to do one's best.'



VOLATILITY REMAINS A CONSTANT

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

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

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

AIR & OCEAN

AIR

SGL is well positioned to achieve extreme growth within the Airfreight segment, also considered a global must-win battle to realise our 2027 Vision. 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.

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

There will be an increased allocation of sales resources to the airfreight segment to ensure its balanced proportionally to ocean freight.

In 2023, airfreight volumes are expected to be subdued in line with the general economic development. However, long-term healthy organic growth is expected, with consumers increasingly requiring speed of delivery.

OCEAN

The ocean freight market is expected to be volatile in future years. While volumes and rate levels are generally considered "soft", the infrastructural challenges are still apparent in the form of landside congestion and extreme carrier concentration. For 2023 we do not foresee significant changes to current rate levels; however, beyond 2023 container carriers are expected to seize the opportunity to increase rate levels by enforcing blanking and rolling discipline.

The increased ability to secure capacity is expected to benefit SGL considering the identified "Extreme Growth" lever where capacity constraints have been an issue during COVID and until summer 2022. As with airfreight, SGL will also pursue a diversified growth approach from a trade-lane perspective. In addition, a specific focus will be applied to building a global LCL network based on our own consolidations.

ROAD

For most of 2022 capacity constraints were the headline. However, in the last months of 2022 and into 2023 we have seen a more balanced relationship between supply and demand of trucks primarily due to lower activity levels affected by economic slow-down, the EU Mobility package making cabotage's working conditions stricter and also due to the war in Ukraine resulting in a down-fall of Ukrainian truck drivers. This trend is expected to remain into mid-2023 but will be replaced by capacity constraints due to the expectation that the current level of truck drivers cannot fill the demand in the market.

SGL will utilise our entrepreneurial business model to maintain volumes and mitigate the impact from the dynamics currently seen in the freight market. Our strategy for 2023 is to further increase our share of wallet with new and existing customers and be an active part of the tenders to gain market shares as well as evaluate potential M&A opportunities with the right fit and to more attractive multiples under these softer market conditions.

SOLUTIONS

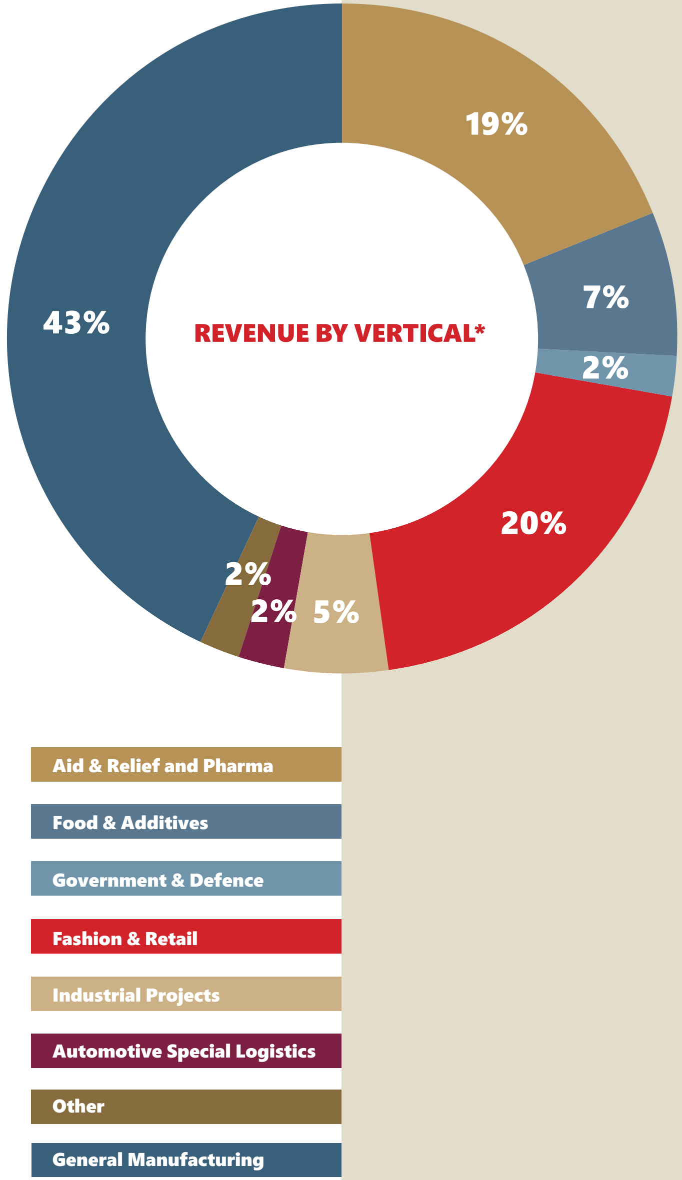
Despite the challenging market conditions post-pandemic with conflict in Europe, high inflation and historically high interest rates, we expect a continuous demand in our Solution segment from the changed consumer behaviour, increased e-commerce sales and contract logistics.

We expect a demand from existing and new customers for more efficient, safe and modern fulfillment solutions letting our customers be able to adjust their supply chain to their demands swiftly.

In 2023 and onwards, we foresee a customer demand for more technological, sustainable and cost-efficient warehousing management to ensure tight warehousing control.

Due to the war in Ukraine and other macroeconomic factors setting the agenda over the last three years many companies are rethinking their supply chains, especially a more regional production and becoming more independent of specific critical suppliers. This potential tendency can benefit SGL's warehousing solutions ensuring our customers can maintain control over their inventory from more regional locations closer to their customers.

Besides that, we are continuously evaluating the market for potential M&As that can strengthen our position either by competencies or expand our footprint in the Solutions segment.



*\) *Revenue by vertical is illustrated above and based on split amongst top 100 SGLT Holding customers*

OUTLOOK 2023

GUIDANCE 2023 – SGL GROUP	GUIDANCE 2023 – SGLT HOLDING
EBITDA before special items excluding IFRS 16 accounting: DKK 1,000 million - DKK 1,100 million	Adjusted EBITDA: USD 185 million - USD 200 million
EBITDA before special items: DKK 1,130 million - DKK 1,230 million	EBITDA before specials items: USD 205 million - USD 220 million

OUTLOOK 2023

Once again, SGL Group had another record-breaking year which outperformed our initial guidance for 2022.

Looking into 2023, we expect the transport market will follow the forecast for the global GDP, which is estimated to grow within the range of 2%-3%, according to OECD. However, following the increased challenges in the macroeconomic environment, higher inflation as well as continued uncertainties following the war in Ukraine during 2022, we expect a derivative effect on the global freight market into 2023. Further, is the decreasing consumer demand in the second half of 2022 also expected to have a continued impact on the first half of 2023, impacting freight volumes. However, a return of volumes is expected during the second half of 2023 to reach more normalised levels.

By leveraging on our entrepreneurial business model and continuing executing our strategy Vision 2027: 1-3-5, we expect to achieve a stable development in earnings for 2023, compared to the record performance in 2022.

For SGL Group, the EBITDA before special items (excluding the impact of IFRS 16) is expected to be in the range of DKK 1,000 million to DKK 1,100 million and EBITDA before special items in the range of DKK 1,130 million to DKK 1,230 million.

For SGLT Holding, the estimated Adjusted EBITDA is expected to be in the range of USD 185 million to USD 200 million and for EBITDA before special items in the range if USD 205 million to USD 220 million.

LONG-TERM FINANCIAL TARGETS

By executing on our strategy Vision 2027: 1-3-5, we remain firm on our long-term financial targets outlined in the Annual Report 2021 with an overall double-digit organic growth as well as continuing our geographical expansion through Greenfields and M&A.

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

TOP 3RD AMONGST THE GLOBAL PEERS IN PROFITABILITY

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

OTHER FINANCIAL TARGETS

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

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

FOLLOW-UP ON GUIDANCE 2022

Due to an extraodinary peformance in 2022, SGL Group and SGLT Holding updated the initial guidance for 2022 three times in the interim reports for Q1, Q2 and Q3 2022.

2022	INITIAL GUIDANCE	UPDATED GUIDANCE	REALISED
SGL GROUP EBITDA before special items excluding IFRS 16	DKK 625 million - DKK 700 million	DKK 1,100 million - DKK 1,200 million	DKK 1,063 million
SGLT HOLDING Adjusted EBITDA	USD 145 million - USD 155 million	USD 192 million - USD 202 million	USD 200 million

FINANCIAL HIGHLIGHTS

FIVE-YEAR OVERVIEW FOR SGL GROUP

	2022	2021	2020	2019	2018
Key figures (in DKKm)					
Revenue	17,832	10,339	5,351	4,144	3,521
Gross profit	2,489	1,497	955	773	592
EBITDA before special items	1,206	626	318	202	89
EBITDA before special items, excluding IFRS 16	1,063	511	237	134	89
Operating profit (EBIT) before special items	888	417	139	86	48
Special items, net	-86	-73	-77	-40	-35
Operating profit (EBIT)	802	344	62	46	13
Financial items, net	-184	-139	-145	-122	-60
Profit/loss before tax	618	205	-83	-76	-47
Profit/loss for the period	442	159	-103	-85	-55
Cash flow					
Cash flows from operating activities	1,422	-779	206	-113	19
Cash flows from investing activities	-390	-446	-121	-134	-39
Free cash flow	1,032	-1,225	85	-247	-20
Cash flows from financing activities	423	1,551	34	188	130
Cash flow for the period	1,455	326	119	-60	110

	2022	2021	2020	2019	2018
Financial position					
Total equity	1,187	848	466	575	657
Equity attributable to parent company	1,181	847	460	568	651
Net interest-bearing debt (NIBD)	932	1,856	1,890	1,056	607
Investment in property, plant and equipment	41	30	12	22	11
Total Assets	7,994	6,763	3,514	3,216	2,703
Financial ratios in %					
Gross margin	14.0	14.5	17.8	18.7	16.8
EBITDA margin before special items	6.8	6.1	5.9	4.9	2.5
EBITDA margin before special items excluding IFRS 16	6.0	4.9	4.4	3.2	2.5
EBIT margin before special items	5.0	4.0	2.6	2.1	1.4
EBIT margin	4.5	3.3	1.2	1.1	0.4
Equity ratio	14.8	12.5	13.3	17.9	24.3
Number of full-time employees at the end of the period	2,642	1,913	1,285	1,175	952

FINANCIAL PERFORMANCE

REVENUE
DKK 17,832m

EBITDA*
DKK 1,063m

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

RESULT FOR THE YEAR

2022 was a rollercoaster year and a different year than most for SGL Group in many aspects. We entered 2022, spending most of our time finding capacity and getting the cargo moving – and ended the year spending most of our time negotiating prices with vendors and customers. All elements in our industry have been in play and being able to act quickly and decisively has never been more critical.

We have proven that our entrepreneurial business model accommodates all aspects of such a rollercoaster ride. Leveraging the strength of our entrepreneurial business model and utilising the dynamics in the market, we have outperformed our initial expectations for the year 2022, and again, we delivered our strongest financial results to date.

The financial year 2022 includes the operating results of newly acquired business Sea Air Logistics, Trust Forwarding and Gelders Forwarding which were acquired during 2022. In 2022, revenue amounted to DKK 17,832 million, generating EBITDA before special items of DKK 1,206 million. EBITDA before special items, excluding the IFRS 16 lease adjustment amounted to DKK 1,063 million (2021: DKK 511 million), equivalent to a 108% increase compared to 2021.

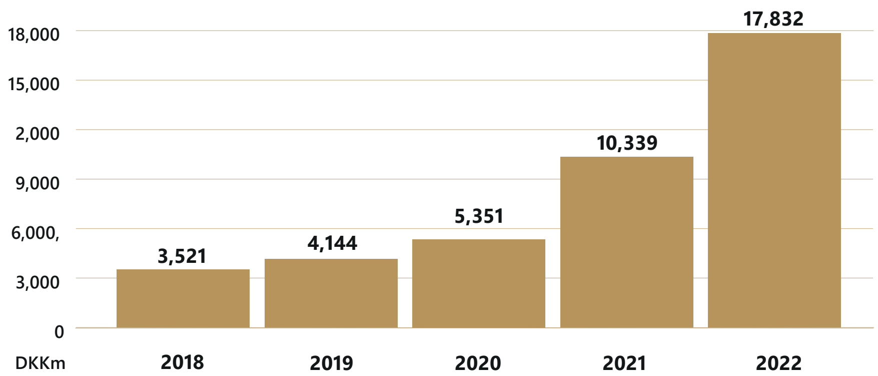
REVENUE

Revenue amounted to DKK 17,832 million in 2022 (2021: DKK 10,339 million), an increase of 72% compared to 2021, including a positive impact from FX translation of approx. DKK 543 million. Several factors drove the increased revenue. Mainly through increased activity levels and a larger share of wallet with new and existing customers. To some extent also impacted by market volatility, creating higher carrier rates than in the same period last year. Increased activities through acquisitions successfully integrated into SGL Group also contributed. All regions experienced increased activity levels, especially the Air & Ocean and Aid & Relief activities in Denmark and Air & Ocean activities in Asia and the Pacific. The organic revenue growth was driven by solid performance across all regions, especially within the Air & Ocean segment.

GROSS PROFIT

Gross profit amounted to DKK 2,489 million in 2022 (2021: DKK 1,497 million), an increase of 66%, also positively impacted by an FX translation of approx. DKK 57 million. The acquired companies

REVENUE



Sea Air Logistics, Trust Forwarding and Gelders Forwarding contributed with approx. DKK 70 million. SGL Group experienced a strong performance in EMEA and Asia Pacific. If excluding IFRS 16, the gross profit amounts to DKK 2,423 million compared to DKK 1,451 million in 2021, corresponding to a gross margin of 13.6%, which is 0.6% point lower than the level in 2021.

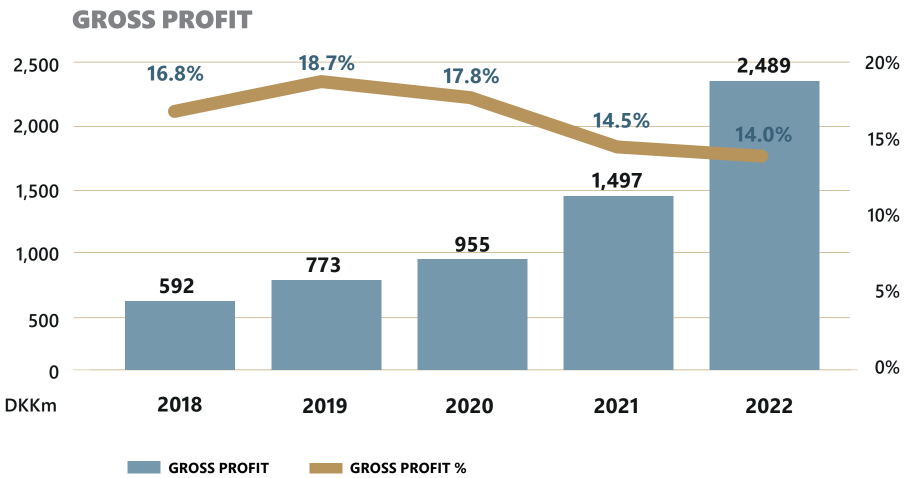
The increase in gross profit is driven by strong organic growth through a mix of higher activity levels and expanding business with existing customers and onboarding new customers; this, combined with increased activities through acquired businesses, led to a significant increase in activity levels which all have been converted to a substantial 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 2021.

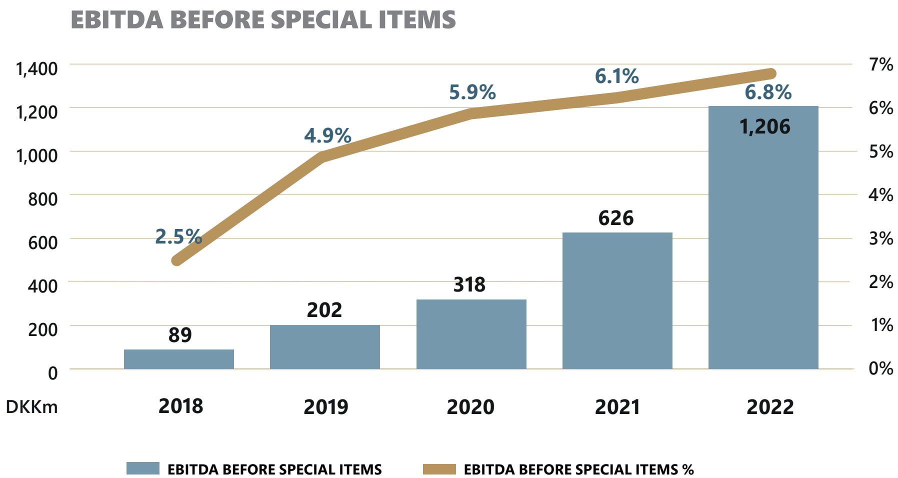
SG&A COSTS

SG&A costs amounted to DKK 1,283 million in 2022 (2021: DKK 871 million), negatively impacted by FX translation of approx. DKK 21 million, resulting in an increase of 47% compared to 2021. SG&A costs increased as expected, mainly from greenfield activities and acquisitions made in 2021 and 2022. New talents have been hired to prepare the organisation for the future; thus, we see an increased salary level. 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. SG&A costs comprise 7% of revenue in 2022, which is 1% points lower than in 2021.

EBITDA BEFORE SPECIAL ITEMS

EBITDA before special items amounted to DKK 1,206 million in 2022 (2021: DKK 626 million), which is equal to an increase of 93%. The EBITDA margin before special





items ended at 6.8%, compared to 6.1% in 2021. The increase in EBITDA was mainly due to strong activity levels within the Air & Ocean segments combined with the ability to keep the SG&A costs under control. The improved performance is driven both by organic growth and acquisitions.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to DKK 318 million in 2022 compared to DKK 209 million in 2021. The main driver for the increase was amortisation from acquisitions and increased amortisation on IT costs. Investments in IT were increased to secure the infrastructure necessary for continued long-term growth.

SPECIAL ITEMS

In 2022, special items amounted to a net cost of DKK 86 million (2021: DKK 73 million), primarily including the cost of greenfield and M&A activities.

EBIT

EBIT amounted to DKK 802 million (2021: DKK 344 million), an increase of 133%. The EBIT margin increased by 1.2% points to 4.5% in 2022 due to a solid 2022 performance and gross profit growth across all segments and regions, especially in the Air & Ocean segment, combined with cost discipline and proportionate lower depreciations and amortisations.

FINANCIAL ITEMS

Net financial expenses amounted to DKK 184 million compared to DKK 139 million in 2021. Net financial expenses mainly comprised of interest expenses on the bond debt, including capitalised loan costs recognised in the income statement as well as an impact of IFRS 16 interest expenses which amounted to DKK 17 million (2021: DKK 17 million) offset by the interest income from the intercompany loan to TransGroup Global Inc. (the parent company of TransGroup).

CASH FLOWS

The accumulated cash flow in 2022 from operating activities amounted to positive DKK 1,422 million, mainly driven by net working capital and the strong result. CAPEX in 2022 amounted to DKK 94 million, comprised primarily of investments in software and the development of IT projects to secure the infrastructure necessary for continued long-term growth. The cash outflow from acquisitions, excluding transaction costs, amounted to DKK 296 million in 2022.

Free cash flow amounted to positive DKK 1,032 million compared to negative DKK 1,225 million in 2021, driven by the strong result in 2022 and improvements in net working capital items.

Cash flow from financing activities was positive net of DKK 423 million and driven by proceeds from a bond issue. In 2022, the Group issued EUR 75 million in bonds within the framework of EUR 350 million and cash received net of transaction costs amounted to DKK 557 million. As of 31 December 2022, total net outstanding bonds amounted to EUR 538 million, corresponding to DKK 4,006 million.

CAPITAL STRUCTURE

The total equity was DKK 1,187 million, with an equity ratio of 14.8% as of 31 December 2021, 2.3% points higher than in December 2021. The strong financial result was the main driver for the improved ratio. The equity ratio, excluding the impact of IFRS 16, was 15.3%.

NET INTEREST-BEARING DEBT (NIBD) AND LIQUIDITY RESERVE

Consolidated net interest-bearing debt amounted to DKK 932 million (2021: DKK 1,856 million). In 2022 SGL Group issued subsequent bond debt of EUR 75 million under the framework of EUR 350 million for future acquisitions, continued long-term growth and general corporate purposes. The liquidity reserve increased by DKK 1,440 million, primarily driven by a net cash position increase from improved net working capital. The total liquidity reserve was DKK 2,365 million by the end of December 2022 (2021: DKK 925 million).

NET WORKING CAPITAL

The total net working capital position was DKK 212 million as of 31 December 2022 (2021: DKK 900 million). Net working capital improved by DKK 688 million in 2022. The improvement in net working capital 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.

FINANCIAL PERFORMANCE – AIR & OCEAN SEGMENT

REVENUE
DKK 16,811m

GROSS MARGIN
13.6%

KEY COMMENTS

- Air & Ocean segment revenue increased by 78% in 2022 compared to 2021.
- Gross margin (%) has been under pressure from the high level of activity causing capacity constraints and a high level of pass-through revenue resulting in a gross margin in Air & Ocean of 13.6%, a 0.6 %-point lower than last year.

FINANCIAL PERFORMANCE

Air & Ocean revenue amounted to DKK 16,811 million in 2022 compared to DKK 9,418 million in 2021. A mix of increases in activity levels, a larger share of wallet with new and existing customers and additions of acquired entities in 2022, including the full-year effect of activities acquired in 2021, drove the revenue increases. All regions experienced the increased activity levels, especially Aid & Relief activities in Denmark and Air & Ocean activities in the Pacific and Asia. To some extent, revenue was also impacted by volatility in the market, creating higher carrier rates than the same period last year.

Gross profit amounted to DKK 2,292 million for 2022 compared to DKK 1,337 million for 2021. The increase in gross profit is driven by strong organic growth through a mix of higher activity levels and a larger share of wallet with existing customers and newly onboarded customers. This, combined with increased activities through acquired businesses, converted into a substantial increase in gross profit.

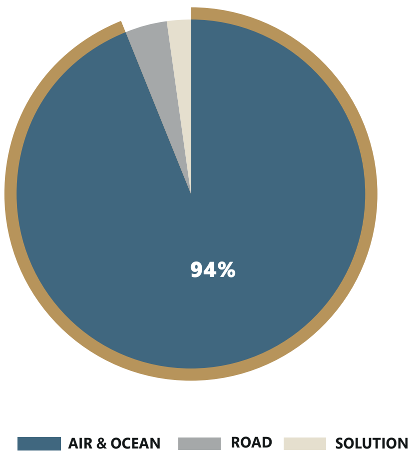
However, elevated carrier rates decreased slightly causing a decline in gross margin to 13.6%, equivalent to a decrease of 0.6% point compared to last year.

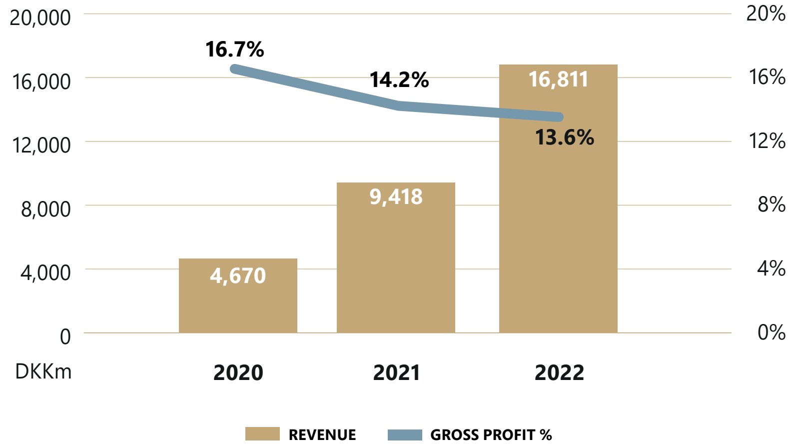
EBITDA before special items amounted to DKK 1,143 million for 2022, compared to DKK 579 million in 2021, following the high activity described under revenue and the ability to keep costs under control while growing.

MARKET OVERVIEW & OUTLOOK

Tumbling from historic inflated levels, ocean freight rates took the headlines at the end of 2022, catalysing several theories on how 2023 will unfold. Seaside terminal congestion was no longer propping up

SHARE OF REVENUE

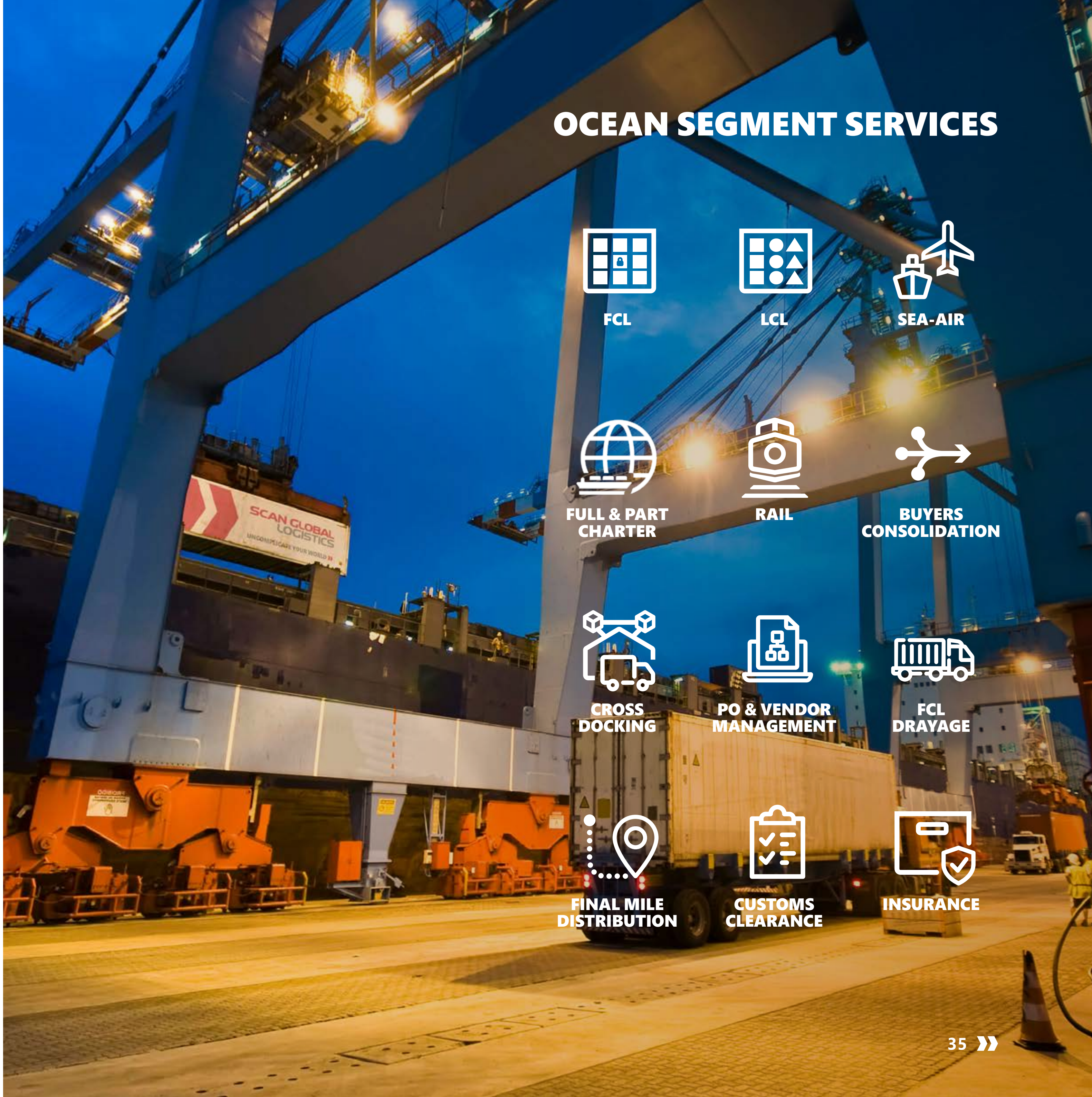




freight rates to the extent seen in previous years, and inflation caused a 'cost of living crisis' among consumers globally. Combining these factors with the sudden drop in demand of up to 20% year-on-year resulted in an even more substantial reduction in spot rates on the main East-West head-haul markets out of Asia.

Looking at airfreight, China changed its COVID-19 policy at the end of 2022, opening up a rebound in passenger flights travelling to and from China. A subsequent increased demand is expected, considering the fact that an increase in business travel equals more trade. Overseas companies in Europe and the US will once more be able to do business in China, and will hopefully regain confidence in China being 'no. 1 manufacturing country in the world', as they have been accustomed to.

Overall, SGL views the current market climate as the macro eco-system in a state of shock. Consumers across the western world, on paper, have historically high savings. However, fear and uncertainty drive consumers to think twice before



FINANCIAL PERFORMANCE – AIR & OCEAN SEGMENT, CONT.

spending money, prioritising necessary purchases such as food and utilities and less the typical products sourced in Asia such as textiles, garden furniture, electronics etc.

The above, combined with historically high inventory levels, requires a 'correction' period, but with underlying stable economies, consumers are expected to start spending again during 2023.

OCEAN FREIGHT

After the quiet summer peak season in 2022, carriers proved unable to proactively reduce capacity and counter the freight rate collapse witnessed in the fourth quarter of 2022. Talk of market concentration and the formation of 'dangerously powerful' oligopolistic markets suddenly seems to be history looking at the price evolution during the second half of 2022. As the carriers' cost base increased substantially compared to three years ago, carriers find themselves painfully close to loss-making territory again on some of the critical trades e.g. Asia.

It is imperative to differentiate between spot and long-term rates. While spot rates will likely continue along a volatile trajectory with significant week-on-week fluctuations depending on how full vessels are, long-term rates are expected to plateau at a higher level than the spot rates seen during the end of 2022 for the Trans-Atlantic trade. Rate plateauing also marks the best-estimated guess for the beginning of 2023. The above-mentioned represents a win-win for both freight buyers and ocean carriers. Freight buyers are taking home the stakes and banking significant savings. Conversely, carriers are stopping the downward spiral just in time for the 2023 contract negotiation season at levels that are still reasonable in a historical light.

AIRFREIGHT

Even though airfreight rate levels softened during the last months of 2022, they did not match the fluctuations within the ocean freight levels. In October 2022, the Drewry East-West Airfreight Price Index was approximately 23% below last year's level. However, the Drewry East-West Airfreight Price Multiplier increased to 10.7 again, indicating doubling of the relative cost of air to ocean since summer.

Airfreight rates dropped after the sector lost momentum in September in terms of demand and capacity. Changes in the financial climate and expectations of tepid demand ahead, are causes for more pessimistic forecasts, pointing to further declines in pricing. With airfreight being the most expensive transport mode, many companies have taken extra measures to reduce airfreight volumes as a consequence of experiencing dramatic cost increases in other parts of their business, primarily related to energy prices.

As mentioned, the COVID-19 policy change in China is expected to significantly impact the airfreight industry, both in terms of additional capacity coming into the market and a corresponding increase in airfreight demand.

The capacity situation for the Trans-Atlantic trade is somewhat different from Asia trade lanes. Capacity decreased due to the winter schedule commencing in November 2022, balancing out the minor demand decrease. Therefore, Trans-Atlantic remains more stable. Looking ahead, the following significant impact on this trade will come when summer schedules commence in April 2023, boosting overall capacity.

AIR SEGMENT SERVICES

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

Aneta Kopacz, Head of Ocean Freight, Poland

MOVING FORWARD DESPITE HEADWIND

COVID lockdowns, port congestions and the war in Ukraine are some of the headlines for 2022. Heads of Ocean Freight, Aneta Kopacz, Poland and Crystal Zhang, China, share their insights into the impacts on worldwide logistics and the leadership and customer management required to keep goods moving and customers satisfied in times of turmoil.

With almost 50 years of combined industry experience, Crystal and Aneta know logistics.

'During the lockdowns in China from April to June of 2022, we spend relatively more time completing single booking due to lack of capacity', Crystal says, explaining the flexibility required to navigate the constantly changing supply chain. '*Due to domestic transportation solutions, delivery options had to be double or triple-checked, and even when implemented, solutions often needed modifying to cope with the quickly changing environment.*'

Aneta shares similar experiences with increased complexity when the war in Ukraine broke out: '*Before, a regular container booking required three emails. At the most challenging times, we reached exchanging 73 emails.' Still, we found the right solutions as always*,' they both say.

Flexible approach to a standstill

With the war in Ukraine, rail transport from China stopped from one day to another, affecting many customers' consolidated goods transport. Aneta quickly assembled a team of specialists to alleviate the situation, offering all Rail customers ocean freight LCL console boxes as an alternative mode of transport to keep their goods moving. '*80% of our customers said yes, the rest opted for other solutions, so we didn't lose a single customer due to the disruption*', Aneta says.

The consequential rise in ocean freight, sanctioned Russian containers and regular containers waiting for delivery to Ukraine meant a 30% increase in containers in Polish terminals. Coupled with the energetic crisis in Poland favouring carbon over commercial deliveries by rail, the need for trucks skyrocketed. '*At a time with a truck driver shortage, the situation came to a standstill. To manage it, we kept customers informed of the situation daily and leveraged existing delivery agreements to decrease their demurrage and detention costs in ports by*

IF YOU COULD GET THE SPACE, YOU GOT THE BUSINESS

almost 50%. At the same time, we arranged their final destination transport, which enabled them to manage their supply chain most effectively, and they were pleased.'

Four options per container

The months-long lockdowns and consequential port congestions in China also called for an agile approach. Crystal explains: '*Port congestion was a serious matter in China. It caused vessel delays affecting the country's entire supply chain, with containers waiting four days up to two weeks for unloading. Delays increased logistics costs and posed many challenges.*' Like in Poland, Crystal's team also negotiated lower container storage charges for their customers while waiting in the terminals for onward transport.

The Port of Shanghai is the world's biggest in terms of cargo volume. Moving the cargo to other nearby ports to keep the supply chain running required coordination and creativity. '*If you could get the space, you got the business,*' Crystal explains and continues: '*Four offices coordinated four solutions for every single container out of China to secure options available for the customer. It was tough, but the approach ensured the successful transport of all our customers' goods at the time.*'

How did you manage to keep your teams motivated?

'*It all comes down to relations. We inspired staff to find solutions, share learnings and keep the customers close,*' says Crystal. Aneta agrees and finishes: *We held weekly, sometimes daily, meetings which made team members feel comfortable and included. Without those close relations, we would never have maintained business the way we have*'.

During the lockdown, the Shanghai staff were isolated in their homes for months. '*To keep the spirits up, we organised online competitions of the traditional Chinese board game mahjong and several other activities to encourage staff,*' Crystal finishes.

Crystal Zhang, Head of Ocean Freight, China

FINANCIAL PERFORMANCE – ROAD SEGMENT

REVENUE	GROSS MARGIN
DKK 789m	14.8%

KEY COMMENTS

- The Road segment increased gross profit by 27% to DKK 117 million in 2022 from DKK 92 million in 2022.
- Gross margin (%) improved in 2022 but is still under pressure compared to the high levels in 2019-2020.

FINANCIAL PERFORMANCE

Road revenue amounted to DKK 789 million in 2022 compared to DKK 698 million in 2021. A mix of increased activity levels and higher freight rates drove the increase in revenue. The increase in activity was mainly driven by the strategic focus on developing activities in new markets where traffic in the UK and Eastern Europe markets contributed significantly to the organic growth in 2022. An increase in carrier rates due to capacity constraints and cost inflations has successfully been adjusted in freight rates to customers.

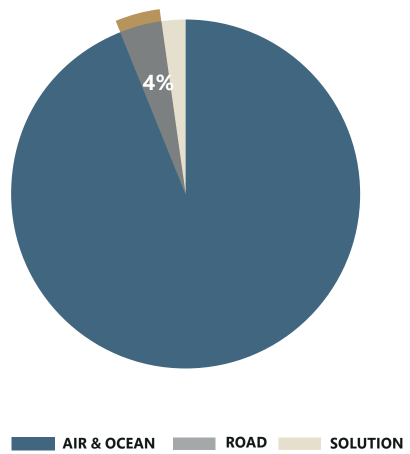
Gross profit amounted to DKK 117 million for 2022 compared to DKK 92 million in 2021. Increased activity levels including improved utilisation of capacity, increase in customer profitability and adding on new volumes with higher margins, mainly from new activities to the UK and Eastern Europe markets, drives the increase in gross profit. This also impacted the gross margin for 2022 positively, which increased to 14.8%, equivalent to an increase of 1.7% point compared to 2021.

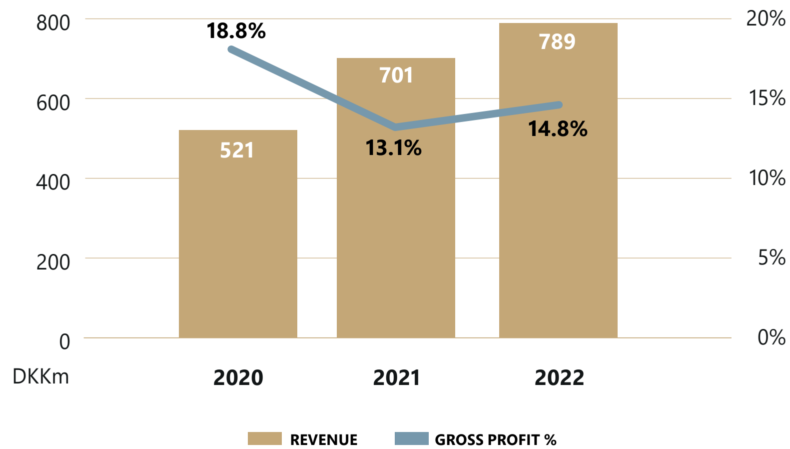
EBITDA before special items amounted to DKK 20 million for 2022, compared to DKK 11 million last year. The positive development in Gross profit mainly drives the increase, including synergies from consolidating offices and activities and the ability to keep costs under control while growing.

MARKET OUTLOOK

In 2022, everyone struggled with capacity constraints. Not only did the structural lack of truck drivers in Europe affect the capacity situation. The EU Mobility package implemented in early 2022 added to the problem as stricter rules on cabotage, drivers' working conditions, and return home policy for trucks took out

SHARE OF REVENUE





an estimated 5-8% of the capacity. The war in Ukraine further escalated the issue as many Ukrainian drivers became unavailable for driving in Western Europe. As a result, the costs of running a truck operation increased by 10-20%, depending on geography. The cost increase was managed through re-negotiation of price terms.

From September 2022 and onwards, the increased inflation and falling consumer spending, caused a drop in cargo volumes. Furthermore, we saw a more balanced relationship between the supply and demand of trucks. From December, an excess of capacity in the market continued into 2023.

In 2023 we foresee 3-6 months of low cargo volumes, where capacity will be plentiful for general cargo. The market has shown weakness in January and February, but we expect the capacity constraints to reappear in mid-2023. In the longer run, there is an underlying trend that the current number of truck drivers in Europe cannot meet the demand in the market (an estimated 400.000 too few). Moreover, young people want to avoid filling up the vacancies as they choose other career paths. However, we believe the capacity constraints may return in mid-2023.

With more available capacity in the market in the first half of 2023, we can get cheaper rates from vendors than three months ago. As the market is weaker, customers are opening tenders now. We expect needing to reduce rates to maintain volumes and that, to some extent, the rate decrease will be recovered from vendors lowering their prices. Simultaneously, we will try to avoid long contracts as we expect capacity constraints to return in second half of 2023. If so, we need the flexibility to negotiate rates under the given market conditions.

Despite losing significant truck driver capacity due to the war in Ukraine, the situation has also opened new business opportunities for us. SGL is heavily involved with Government, Aid & Relief organisations. From 2022 until now, our Road segment has moved much of said freight. Unfortunately, there is no sign that the war will end in the forthcoming period, and the related shipments will continue for a while. Once the war is over, in accordance with our virtues, we will try to position ourselves to do our share in helping to rebuild and uncomplicate the Ukrainians' world with respect and integrity of the situation.

With the softer market in 2023, we expect that M&A opportunities will arise at much more attractive multiples than in 2022. We constantly evaluate the market opportunities in all countries where we offer road operations.

FINANCIAL PERFORMANCE – SOLUTION SEGMENT

REVENUE
DKK 232m

GROSS MARGIN
34.5%

KEY COMMENTS

- Driven by optimisation of productivity, the Solutions Segment reported a gross margin of 34.5% compared to a gross margin of 30.9% in 2021.

FINANCIAL PERFORMANCE

Solutions revenue amounted DKK 232 million in 2022 compared to DKK 220 million in 2021. The increase in revenue was mainly driven by increase in activity from both new and existing customers.

Gross profit amounted to DKK 80 million for 2022 compared to DKK 68 million in 2021. The increase in gross profit is mainly driven by scale through increased activity levels and optimisation of the productivity in the operations. This also impacted the gross margin for 2022 positively, which increased to 34.5%; equivalent to an increase of 3.6% point compared to 2021.

EBITDA before special items amounted to DKK 43 million for 2022, compared to DKK 36 million last year. The increase is mainly driven by the positive development in gross profit and the ability to keep cost under control.

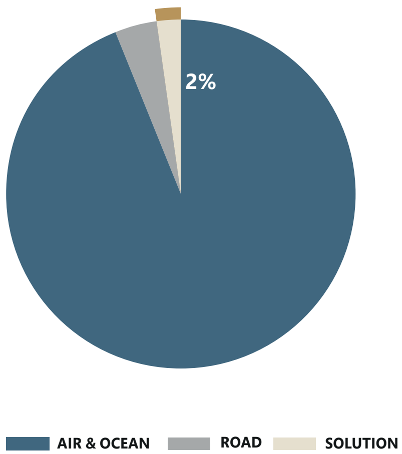
MARKET OUTLOOK

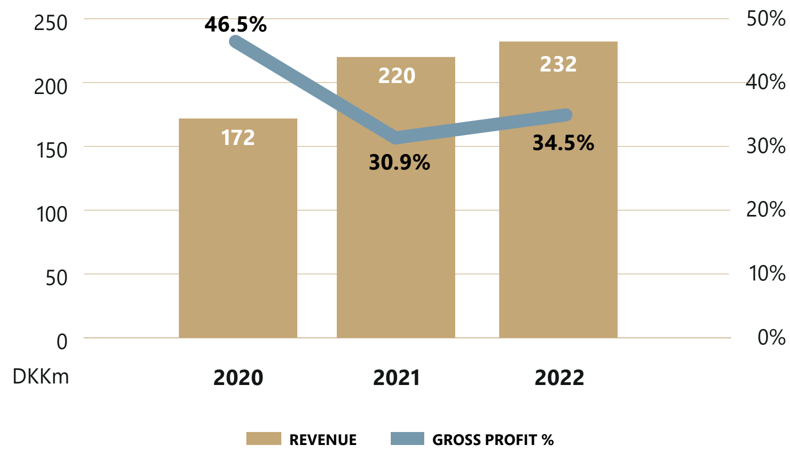
Despite the macroeconomic slowdown in second half of 2022, the new post-pandemic consumer behavior increases the focus on online sales and e-commerce, as well as contract logistics and 3PL (third-party logistics). Outsourcing warehouse activities to a third party allows companies to adjust to the demand fluctuations swiftly while remaining cost efficient. We expect the trend of moving towards 3PL will remain a high priority to key players.

The demand for streamlining the fulfillment and distribution industry through technological developments as well as optimal warehouse locations is further 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 solutions industry. Additionally, having warehouse facilities across the world will cater for international companies in need of flexibility in their supply chain.

SHARE OF REVENUE





SOLUTION SEGMENT SERVICES

FULFILLMENT & DISTRIBUTION

GLOBAL WAREHOUSING & STORAGE SERVICES

PARCEL & EXPRESS

CUSTOMS CLEARANCE

SUSTAINABILITY STRATEGY AND APPROACH

In 2022, the world confronted a host of multi-faceted challenges, including Russia's invasion of Ukraine, an ensuing energy crisis, food insecurity and a surge in devastating weather-related incidents from climate change, most notably the catastrophic flooding in Pakistan.

For SGL Group, these events served as powerful catalysts. The need to decarbonise global supply chains drives the development of our Low Carbon Logistics solutions, while our Aid & Relief solutions deliver vital humanitarian aid for the UN agencies, NGOs and governments that we partner with.

These solutions are core to our everyday business. As such, sustainability is a fundamental strategic enabler of our growth and success, equipping us to thrive in the face of the world's pressing challenges.

For our statutory report on social responsibility, gender distribution, cf. FSA §99a, §99b, we refer to our 2022 Sustainability Report, which can be found via the following link: www.scangl.com/investor/sustainability-report/

SUSTAINABILITY HIGHLIGHTS

EMISSIONS REDUCTION

REDUCED SCOPE 3 EMISSIONS INTENSITY

In 2022, we reduced our Scope 3 GHG emissions intensity by 13% per gram CO_2e / tonne-kilometre – a strong result given that Scope 3 represents 99% of our emissions.

CUSTOMERS

100+ MEETINGS

Held over 100 meetings with customers to provide them with visibility on their transport emissions and how to reduce them by 50-100% through our catalogue of Low Carbon Logistics solutions.

DECARBONISATION

ELECTRIC TRUCKS

Committed to deploy 12 Scania electric 40-foot container trucks in ten countries across Europe, the Middle East and Asia Pacific to fast-track full electrification of heavy container trucking.

DECARBONISATION

OCEAN BIOFUEL

Signed an agreement for a global solution for ocean biofuel to offer our customers 100% CO_2-neutral ocean freight for their containers.

CLIMATE ACTION

A- CDP SCORE

Achieved an A- in our first year of disclosing to CDP, placing us within the 'Leadership' category which recognises companies for implementing current best practices on climate action.

PARTNERSHIPS

SUPPLY CHAIN LEADERSHIP

Extended our partnership with the Exponential Roadmap Initiative to cut GHG emissions from transportation among members by 50-100% within a decade and to help scale best practices through the SME Climate Hub and the UN Race to Zero campaign.

SUSTAINABILITY RATING

ECOVADIS RATING

Received a Silver Medal rating from EcoVadis for the quality of our ESG efforts, placing us within the top 25% of companies within our industry.

MEANINGFULNESS

ANNUAL EMPLOYEE SURVEY

Achieved a score of 80% in our annual employee Meaningfulness Questionnaire (MQ), thereby meeting our 2025 target three years ahead of schedule – a strong result.

TRAINING

DEVELOPING OUR PEOPLE

Trained 2,245 employees who successfully completed 54,319 courses in the SGL Group Academy.

ESG DATA MANAGEMENT

PREPARING FOR ESG REGULATIONS

Implemented the ESG platform from Position Green to manage our ESG data and prepare for compliance with the EU's CSRD and forthcoming ESG regulations in the US, UK and other markets.

CLIMATE CHANGE AND FOOTPRINT (SDG 13 & SDG 17)

OUR AMBITION AND APPROACH

As an asset-light freight forwarder, 99% of SGL Group's emissions come from the ships, aircraft and trucks that are operated by the carriers that SGL Group purchases capacity from.

These emissions are part of SGL Group's Scope 3 emissions and represent the transport-related Scope 3 emissions of our customers that SGL Group is responsible for.

Our climate targets are anchored in science. In 2020, we were the first freight forwarder in Denmark to commit to a 1.5°C target.

Since submitting our science-based target to the Science Based Targets initiative (SBTi) in 2021, we have undertaken significant acquisitions and made improvements to the accuracy of our emissions data. These events trigger the requirement under the SBTi's Target Validation Protocol to retroactively recalculate our base-year emissions to ensure consistency.

As a result, we have recalculated our emissions and in early 2023 re-submitted our ten-year emissions reduction target to the SBTi for validation, which we expect to receive in Q2 2023:

- We commit to reducing absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year.
- We commit to reducing Scope 3 GHG emissions by 51.6% per gram CO2e / tonne-kilometre by 2030 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.

IMPLEMENTING THE TCFD RECOMMENDATIONS

SGL Group implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021 which included a robust climate scenario analysis.

The analysis determined that, due to SGL Group's asset-light business model and strategy, none of the identified risks were assessed as having a material financial impact in the short-, medium- or long term after mitigations were applied.

The analysis also confirmed that SGL Group has revenue opportunities which we are seeking to capture through our Low Carbon Logistics solutions.

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

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

LOW CARBON LOGISTICS SOLUTIONS

SGL Group's strategy is focussed on decarbonising the transport emissions in our customers' supply chains. In 2022, we launched our catalogue of Low Carbon Logistics solutions to drive this forward.

Backed by supplier and partner agreements, the catalogue consists of six solutions that offer CO2e reductions of 50-100% through changes to transport modes, switching to low emissions fuels and optimising customers' logistics setup.

The Low Carbon Logistics solutions are the levers by which we will reach our Scope 3 science-based target by delivering up to 2 million tonnes of CO2e reductions by 2030, based on our current emissions forecast.

CO2E REDUCTION PARTNERSHIPS

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

During the year, we committed to deploy 12 Scania electric 40-foot container trucks in ten countries across Europe, the Middle East and Asia Pacific to fast-track full electrification of heavy container trucking.

We signed an agreement for a global

solution for ocean biofuel to offer our customers 100% CO_2e-neutral ocean freight for their containers.

We also extended our partnership with the Exponential Roadmap Initiative (ERI) and joined the World Economic Forum's Supply Chain and Transport Industries community.

TAKING RESPONSIBILITY FOR OUR OWN FOOTPRINT

We are committed to taking responsibility for our own environmental footprint and to decoupling our emissions from our growth.

During 2022 we signed an agreement with Air France KLM to reduce emissions from our business travel by using Sustainable Aviation Fuel (SAF). We also implemented Position Green's ESG platform to manage our ESG data and prepare for compliance with the EU's Corporate Sustainability Reporting Directive (CSRD) and forthcoming ESG regulations in the US, UK and other markets.

EMISSIONS PERFORMANCE IN 2022

We reduced our Scope 3 GHG emissions intensity by 13% per gram CO_2e / tonne-kilometre in 2022 – a strong result. This was driven largely by customers switching their logistics away from Air to Ocean and Sea-Air solutions, both of which have significantly lower emissions intensity than Air.

Our absolute Scope 1 emissions decreased due to better data quality and improved methodology. Our absolute Scope 2 emissions increased due to company growth and employee increase of 34%.

We are committed to reducing our absolute emissions from Scope 1 and 2, and will continue to invest in PPAs, energy management systems, using solar cells, decarbonising our vehicles and other CO_2e reducing initiatives in our offices and warehouses.

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT GOALS

SUPPORTING AID & RELIEF (SDG 17)

OUR AMBITION AND APPROACH

SGL Group is a leading provider of complex humanitarian logistics solutions for UN agencies and NGOs.

Each year, our solutions support humanitarian programmes that deliver life-saving relief and supplies to millions of people in need. They represent SGL Group's most significant form of positive impact on society.

With the demand for aid and relief operations anticipated to rise to address the humanitarian consequences of climate change, we are committed to enhancing our capabilities to support the agencies, NGOs and governments that we partner with, aligning with our support for SDG 17. Our ambition is to continue to be a leading provider in humanitarian logistics services.

In early 2022, the COVID-19 vaccine distribution for COVAX came to a close, marking the end of the largest vaccine supply operation in history. SGL Group played a significant role in the effort, delivering the majority of the 1.5 billion vaccines supplied by COVAX to low-income nations.

AID & RELIEF PROJECTS

SGL Group's Aid & Relief team continued to support our partners with humanitarian projects around the world in 2022, including in Ukraine, Pakistan and Haiti.

In 2023, we will continue to invest in our capabilities by extending our global footprint with expansion in East Africa and Ukraine, enabling us to move closer to the local supply chain within the humanitarian sector.

OUR GREATEST SOURCE OF VALUE

OUR AMBITION AND APPROACH

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

Over the last year, our workforce has grown 34% through organic growth and acquisitions. To integrate newly acquired businesses and harness our full capabilities, we are building a unique culture within the transport and logistics industry and investing in our people, processes and systems.

We focus on providing our people with meaningful work and opportunities through employee engagement and development, on creating diverse and inclusive workplaces where everyone can succeed, and on ensuring the health and safety of those workplaces.

CREATING A MEANINGFUL WORKPLACE

Each year we monitor our progress through our global employee Meaningfulness Questionnaire (MQ) which gathers feedback on the extent to which our employees find it meaningful to work at SGL Group.

In 2022, we recorded an MQ-score of 80%, achieving our 2025 target score of 80% three years ahead of schedule – a strong result.

DEVELOPING OUR PEOPLE

We continued our strong emphasis on employee development and improving our capabilities through our online learning centre, the SGL Group Academy. During 2022, a total of 2,245 employees participated in training, successfully completing 54,319 courses.

IMPROVING OUR SYSTEMS

SGL Group's new HR system continued to be rolled out to all newly acquired businesses in 2022. In each location, the system has been tailored to fit local needs and employment laws.

DIVERSITY AND INCLUSION

In 2022, we appointed a new VP of Global People, Leadership and Culture to drive our progress in this area and implement strategies that align with our Diversity and Inclusion Policy introduced in 2021.

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 2021. The ratio of women in managerial roles declined slightly to 34% in 2022 (2021: 37%), dropping just below our target of 35%, due largely to growth through acquisitions.

BOARD DIVERSITY

The Board of Directors of SGL Group comprises five male directors of Danish nationality. Unfortunately, the company was unable to meet its gender diversity objective for 2022, as a qualified female candidate for a Board position could not be identified. SGL Group aims to appoint a female director during 2023.

HEALTH AND SAFETY

As an asset-light freight forwarder, SGL Group is less exposed to safety issues than our peers which operate fleets of trucks, vessels and aircraft. In 2022, SGL Group's safety performance, as measured by Lost Time Incident Frequency, improved to 1.19.

During the year, the Industrial Projects division continued to roll out the ISO 45001 Occupational Safety & Health Management System and invested in its HSE Management system.

COVID-19 RESPONSE

In 2022, SGL Group continued to maintain business continuity across our offices and warehouses during the COVID-19 pandemic, and to follow local requirements and guidelines to ensure the safety and health of our employees and stakeholders in all the countries we operate in.


13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS
SUSTAINABLE DEVELOPMENT GOALS

INTEGRITY ACROSS OUR VALUE CHAIN

OUR AMBITION AND APPROACH

At SGL Group, we conduct our business with integrity in all our operations and comply with all relevant laws and regulations in every region and country where we operate.

Our approach to compliance is based on SGL Group's virtues, Code of Conduct, and Supplier Code of Conduct, as well as specific policies on topics such as anti-corruption, data protection, IT security, and insider regulations. In 2022, we developed a standalone Human Rights Policy, building on the human rights provisions in our Code of Conduct and Supplier Code of Conduct. Together, these policies assist our employees and suppliers in making ethical decisions.

Our policies can be found on SGL Group's website.[1]

Risks related to business integrity and compliance are considered as part of SGL Group's Enterprise Risk Management (ERM) process and registered in the ERM system.

PROGRESS IN 2022

In 2022, SGL Group strengthened its compliance efforts by adding resources to its global legal team, introducing new policies such as a General Compliance Policy and Sanctions Policy, and conducting a risk assessment across all departments and global support functions. ESG and quality considerations were also included in our M&A due diligence process.

To reinforce compliance, SGL Group provides mandatory training for employees through our online Academy courses. During 2022, 2,245 employees were trained on our Code of Conduct Policy, 2,240 were trained on the Anti-Corruption Policy and 2,061 were trained on the Information Security Policy.

THE EU TAXONOMY FOR SUSTAINABLE ACTIVITIES

On 19 December 2022 the EU Commission published draft guidance[2] which indicates that SGL Group should include turnover which stems from activities performed by a subcontractor as eligible, when that turnover is recognized by SGL Group under IFRS 15.

SGL Group has not been able to conduct a complete assessment of activities based on the draft guidance. This is due to the late publication of this draft guidance, and the fact that it is still in draft.

We have considered how the draft guidance would affect our reporting. Our preliminary conclusion is that a material share of our turnover in 2022 would be eligible under the activities "*6.2 Freight rail transport*", "*6.6 Freight transport services by road*" and "*6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities*".

During 2023, we will follow the development regarding the draft guidance, and we will begin to prepare our reporting in accordance with the draft guidance going forward.

CONTINUING OUR ESG MOMENTUM IN 2023

In 2023, SGL Group will double-down on switching customers to our Low Carbon Logistics solutions, thereby helping to decarbonise their supply chains and to reduce our own Scope 3 emissions.

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 ten-year emissions reduction target validated in Q2 2023 by the SBTi.

Following this, we aim to submit a long-term target for validation and complete the requirements for a science-based net-zero target, in line with the SBTi's new Net-Zero Standard.

1) https://www.scangl.com/about/policies/

2) Draft Commission notice on interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation (19 December 2022)

CORPORATE GOVERNANCE AND OWNERSHIP

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

BOARD OF DIRECTORS

The Board of Directors consists of the following members:

Henrik von Sydow, Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Jørgen Agerbro Jessen

Thomas Thellufsen Nørgaard

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

PROVIDE DIRECTION FOR THE ORGANISATION

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

DEVELOP A GOVERNANCE AND APPROVAL SYSTEM

The governance and approval system includes Board and Management interaction and clearly outlines the CEO's authority. The Board of Directors periodically interacts with the Executive Management at board meetings, which typically occur 4 times per year. In between board meetings, the Board of Directors is updated through e-mails and phone conferences as required.

MONITORING AND SUPERVISORY

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

AUDIT COMMITTEE

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

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

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

The Audit Committee also conducts ongoing assessments of the Company's financial and business risks and potential cases.

CORPORATE GOVERNANCE AND OWNERSHIP

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

HENRIK VON SYDOW

Scan Global Logistics A/S, Chairman
SGL International A/S, Chairman
SGL Road ApS, Board member
CityCity Technologies Europe AB
New to the World Sweden AB
Gustav von Sydow AB
Axel von Sydow AB
Burt AB

ALLAN DYRGAARD MELGAARD

Scan Global Logistics A/S, Global CEO & Board member
Scan Global Logistics Greenland ApS, CEO
SGL International A/S, CEO & Board member
SGL Fulfillment & Distribution A/S, Chairman
SGL Road ApS, Board member
SGL Express A/S, Board member
Trust Forwarding A/S, Chairman
WB Invest ApS, Board member
LMT ApS, CEO
Ejendomsselskabet Langenbach ApS, CEO & Chairman

CLAES BRØNSGAARD PEDERSEN

Scan Global Logistics A/S, Vice Chairman
Scan Global Logistics Greenland ApS, CFO
SGL International A/S, CFO & Board member
SGL Fulfillment & Distribution A/S, Vice Chairman
SGL Road ApS, Vice Chairman
SGL Express A/S, Vice Chairman
Trust Forwarding A/S, Board member
JAFC Holding ApS, CEO

JØRGEN AGERBRO JESSEN

Scan Global Logistics A/S, Board member
SGL International A/S, Board member
SGL Fulfillment & Distribution A/S, Board member
SGL Express A/S, Board member
PS Invest ApS, Director
Saack Invest ApS, Director
C. Jessen Invest ApS, Director
Guldægget ApS, Board member
Ejendomsselskabet Langenbach ApS, Director & Board member
Strandby Kirkevej Invest ApS, Director
Flair Invest ApS, CEO
CPC ApS, CEO
Danske Speditører
Danske Luftfragtspeditørers Forening

THOMAS THELLUFSEN NØRGAARD

Scan Global Logistics A/S, Board member
SGL International A/S, Board member
SGL Road ApS, Board member
SGL Express A/S, Board member
Thell Con ApS, CEO
SGL Fulfillment & Distribution A/S, Board member
Ejendomsselskabet Langenbach ApS, Board member

RISK MANAGEMENT

COMMERCIAL RISKS

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

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

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

GLOBAL ECONOMIC CONDITIONS

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

During 2020-2022, SGL Group has continuously proven that being an agile freight forwarder has turned an unpredictable market into many opportunities, resulting in a strong financial performance.

RISKS RELATED TO IT INFRASTRUCTURE

SGL Group depends on information technology to manage critical business processes, including administrative and financial functions. SGL Group uses IT systems for internal and external purposes concerning its customers and suppliers. Extensive downtime of network servers, attacks by IT viruses or other disruptions or failures of information technology systems are possible and could negatively affect SGL Group's operations.

RISKS RELATING TO SGL GROUP'S OPERATIONS IN EMERGING MARKETS

SGL Group's Aid & Relief department has operations and customers worldwide, including several emerging markets. These markets are subject to more significant political, economic and social uncertainties. The risk of loss resulting from changes in law, economic or social upheaval and other factors may be substantial. Among the more significant risks of operating and investing in emerging markets are those arising from the introducing trade restrictions, enforcing foreign exchange restrictions and changes in tax laws and enforcement mechanisms. SGL Group constantly monitors and follows any development to mitigate any possible risks.

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS CONCERNING FINANCIAL REPORTING

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

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

Management regularly assesses SGL Group's organisational structure and staffing and establishes and approves overall policies, procedures and controls concerning financial reporting.

Management has a particular focus on procedures and internal controls within the following areas and accounting items, which ensure that the financial reporting is made on a reassuring basis:

- Revenue recognition of freight service contracts and projects
- Assessment of work in progress
- Trade receivables – management of credit

- Assessment of recognition of business combinations/purchase price allocation
- Assessment of impairment of intangible assets

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS CONCERNING BUSINESS RISKS

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

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

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

DATA ETHICS

For SGL Group, data ethics goes beyond compliance with data privacy laws, as data is an essential asset of our business. Our daily operations are based on a detailed security policy based on our virtues 'Respect' and 'Integrity'. We have high standards for collecting and using the data:

- We set high standards for ourselves in collecting data from our assets and other sources
- We set high demands for our partners to provide data
- We refrain from extensive data collection that may be characterised as data-driven surveillance

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

TRADE REGULATIONS

Managing risks associated with trade regulations is crucial for a business such as SGL Group, operating on a global scale. SGL Group has adopted relevant policies in order to stay compliant with international trade regulations, such as sanctions and embargoes. Screening of customers, contractors and other relevant business partners are performed against various sanction lists.

To mitigate the inherent risk of incompliance with such regulation, SGL Group conducts regular employee training and has adopted sufficient procedures through the Sanctions and Compliance policy anchored in Group General Counsel. Failure to manage sanctions risks may result in financial penalties, and commercial and reputational damage.

CLIMATE

Managing climate change and the inherent risk it entails for SGL Group is essential. In general, society and governments stress the need for emission reduction and sustainable solutions, why a freight forwarding business as SGL Group needs to identify and assess how to mitigate the risks and contribute to sustainability in our industry.

Management continuously monitors how climate changes may impact our operation and enhance a more resilient business model, especially as our customers demand significantly more sustainable freight forwarding solutions to comply with their emission targets.

Management does not assess a significant impact from climate change on our assets.

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

INCOME STATEMENT

DKKm	Notes	2022	2021
Revenue	2.1, 2.2	17,832	10,339
Cost of operation	2.3	-15,343	-8,842
Gross profit		**2,489**	**1,497**
Other external expenses		-230	-144
Staff costs	2.4	-1,053	-727
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		**1,206**	**626**
Amortisation and depreciation	3.1, 3.2	-318	-209
Operating profit (EBIT) before special items		**888**	**417**
Special items, net	2.5	-86	-73
Operating profit (EBIT)		**802**	**344**
Financial income	4.1	177	99
Financial expenses	4.1	-361	-238
Profit/loss before tax		**618**	**205**
Income tax for the year	5.2	-176	-46
Profit/loss for the year		**442**	**159**
Total income for the year attributable to			
Owners of the Parent Company		437	161
Non-controlling interests		5	-2
Total		**442**	**159**

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKKm	Notes	2022	2021
Profit/loss for the year		**442**	**159**
Items that will be reclassified to income statement when certain conditions are met:			
Exchange rate adjustment		-103	-2
Reclassified to income statement		-	-
Other comprehensive income, net of tax		**-103**	**-2**
Total comprehensive income for the year		**339**	**157**
Total comprehensive income for the year attributable to			
Owners of the Parent Company		334	159
Non-controlling interests		5	-2
Total		**339**	**157**

BALANCE SHEET

DKKm	Notes	2022	2021
ASSETS			
Intangible assets	3.1	2,006	1,961
Property, plant and equipment	3.2	289	251
Receivables from related parties	4.2, 5.5	848	798
Other receivables	4.2	39	22
Deferred tax asset	5.2	55	3
Total non-current assets		**3,237**	**3,035**
Trade receivables	3.3	2,027	2,319
Contract assets	3.3	51	41
Receivables from related parties	4.2, 5.5	653	788
Tax receivables	5.2	9	9
Other receivables	4.2	19	8
Prepayments		48	43
Cash and cash equivalents	4.2	1,950	520
Total current assets		**4,757**	**3,728**
Total assets		**7,994**	**6,763**

DKKm	Notes	2022	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**
Borrowings	4.2	3,976	3,359
Lease liabilities	4.2	121	111
Deferred tax liability	5.2	123	108
Other payables	4.2	102	64
Total non-current liabilities		**4,322**	**3,642**
Trade payables		837	1,149
Accrued trade expenses		777	448
Current tax liabilities	5.2	164	68
Lease liabilities	4.2	119	109
Payable to related parties	5.5	191	150
Deferred income	3.3	54	1
Other payables	4.2	343	348
Total current liabilities		**2,485**	**2,273**
Total liabilities		**6,807**	**5,915**
Total equity and liabilities		**7,994**	**6,763**

STATEMENT OF CASH FLOWS

DKKm	Notes	2022	2021
Profit for the year		442	159
Adjustment of non-cash items:			
Income taxes in the income statement		176	46
Depreciation and amortisation		318	209
Financial income		-177	-99
Financial expenses		361	238
Change in working capital	3.3	572	-1,191
Interest received		100	63
Interest paid		-288	-185
Tax paid		-82	-19
Cash flows from operating activities		**1,422**	**-779**
Purchase of software and other intangible assets		-53	-46
Purchase of property, plant and equipment		-41	-30
Earn-out paid		-	-2
Investments in group companies		-296	-368
Cash flows from investing activities		**-390**	**-446**
Free cash flow		**1,032**	**-1,225**

DKKm	Notes	2022	2021
Capital increase		-	225
Investments in deposits		-10	-8
Loans to group companies		-	-100
Repayment of loan from related entities		1	-
Proceeds from issuing bonds	4.2	557	1,527
Redemption of lease liabilities		-125	-93
Cash flows from financing activities		**423**	**1,551**
Change in cash and cash equivalents		**1,455**	**326**
Cash and cash equivalents			
Cash and cash equivalents beginning of year		520	187
Exchange rate adjustment of cash and cash equivalents		-25	7
Change in cash and cash equivalents		1,455	326
Cash and cash equivalents end of year	**4.2**	**1,950**	**520**

STATEMENT OF CHANGES IN EQUITY

DKKm	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non-Controlling Interests	Total Equity
2022							
Equity at 1 January	**1**	**228**	**-30**	**648**	**847**	**1**	**848**
Profit/loss for the year	-	-	-	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 transactions with owners	**-**	**-228**	**-**	**228**	**-**	**-**	**-**
Equity at 31 December	**1**	**-**	**-133**	**1,313**	**1,181**	**6**	**1,187**
2021							
Equity at 1 January	**1**	**3**	**-31**	**487**	**460**	**6**	**466**
Profit/loss for the year	-	-	-	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 transactions with owners	**-**	**225**	**3**	**-**	**228**	**-3**	**225**
Equity at 31 December	**1**	**228**	**-30**	**648**	**847**	**1**	**848**

On December 31, 2022, the share capital of SGL International A/S amounted to 5,008 shares with a nominal value of DKK 100 each.
During 2021, the authorised share capital was increased by DKK 100 by the issue of 1 share with a nominal value of DKK 100 with a share premium of DKK 225 million.

SECTION 1: BASIS OF PREPARATION

1.1 GENERAL ACCOUNTING POLICIES

Basis of presentation
The 2022 financial statements of SGL Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional disclosure requirements applicable to enterprises in accounting class D under the Danish Financial Statements Act.

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

Changes to accounting standards that were effective from 1 January 2022 and endorsed by the EU, have been implemented without any material impact on the financial statements.

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

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

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

The Consolidated Financial Statements are prepared based on the Financial Statements of all group enterprises under the 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. Comparative figures are not restated for recently acquired or sold entities.

Accounting items attributable to group companies are recognised in full in the consolidated financial statements. 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 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 profit for the year, adjusted for non-cash operating items, changes in working capital, paid and received interests and paid income taxes.

New accounting regulations
IASB has issued a number of new standards and amendments yet to be in effect or adopted by the EU and, therefore, not relevant for the preparation of the 2022 consolidated financial statements. SGL expects to implement these standards when they take effect without significantly impacting the financial statements once implemented.

SECTION 1: BASIS OF PREPARATION

1.1 GENERAL ACCOUNTING POLICIES, CONT.

iXBRL reporting

SGL has prepared and filed the annual report in the European Single Electronic Format (ESEF) as required.

The ESEF regulation entails that the annual report is drawn up and disclosed using 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. In cases where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy is created.

The annual report submitted to the Danish Financial Supervisory Authority consists of the XHTML document and specific technical files, all included in a ZIP file named SGL-2022-12-31-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
- EBITDA before special items, excluding IFRS 16
- Operating profit (EBIT) before special items
- Net interest-bearing debt (NIBD)
- Net working capital

We disclose these alternative performance measures (APM) as they are essential in mananaging 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 the 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 7.3 ‘Financial Definitions’.

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 judgments deemed by Management significant for the preparation and understanding of the consolidated financial statements are listed below.

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

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

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

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

Climate-related risks
Management continously 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 signiicant impact on the Group's going concern assessment. Refer to 'Climate Risks' in the Risk Management section on page 56 .

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

DKKm	Air & Ocean	Road	Solution	Total
2022				
Net revenue	**16,811**	**789**	**232**	**17,832**
Cost of operation	-14,519	-672	-152	-15,343
Gross profit	**2,292**	**117**	**80**	**2,489**
Other external expenses and staff costs	-1,149	-97	-37	-1,283
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**1,143**	**20**	**43**	**1,206**
Depreciation and amortisation				-318
Operating profit (EBIT) before special items				**888**
Special items				-86
Operating profit (EBIT)				**802**
2021				
Net revenue	**9,418**	**701**	**220**	**10,339**
Cost of operation	-8,081	-609	-152	-8,842
Gross profit	**1,337**	**92**	**68**	**1,497**
Other external expenses and staff costs	-758	-81	-32	-871
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**579**	**11**	**36**	**626**
Depreciation and amortisation				-209
Operating profit (EBIT) before special items				**417**
Special items				-73
Operating profit (EBIT)				**344**

SECTION 2: RESULT FOR THE YEAR

2.1 SEGMENT INFORMATION, CONT.

GEOGRAPHICAL INFORMATION

DKKm	Net revenue		Non-current assets less tax assets	
	2022	2021	2022	2021
Denmark	7,788	4,988	1,807	1,781
Sweden	1,435	1,338	238	285
China	2,131	1,044	281	122
Other countries	6,478	2,969	856	844
Total	**17,832**	**10,339**	**3,182**	**3,032**

ACCOUNTING POLICIES

Business segments

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

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

Segment information

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

Air & Ocean services

Air & Ocean services comprise air- and ocean freight logistics facilitating transportation of goods 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.

Solution services

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

Measurement of earnings by segment

The business segments are measured and reported down to EBITDA before special items, 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 40 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 consolidated entity is based, and regional assets are based on the geographical location of the assets.

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

REVENUE GEOGRAPHICAL AND SEGMENT

DKKm	EMEA		APAC		AMERICAS		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Air & Ocean	11,766	7,257	4,453	2,114	592	47	16,811	9,418
Road	789	701	-	-	-	-	789	701
Solution	212	201	-	-	20	19	232	220
Total	**12,767**	**8,159**	**4,453**	**2,114**	**612**	**66**	**17,832**	**10,339**

REVENUE SPECIFIED

DKKm	2022	2021
Sale of services	17,832	10,339
Total	**17,832**	**10,339**

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 financial year.

Revenue from services delivered is recognised in accordance with the over-time recognition principles following the satisfaction of various milestones as the performance obligation is fulfilled towards the customer. The 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 Solution 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, possible unforeseeable changes in these assumptions may result in revenue and contract assets changes in subsequent periods.

SECTION 2: RESULT FOR THE YEAR

2.3 COST OF OPERATION

DKKm	2022	2021
Cost related to provision of freight services	15,175	8,674
Staff costs	103	85
Other operation costs	65	83
Total cost of operation	**15,343**	**8,842**

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

DKKm	2022	2021
Staff cost		
Wages and salaries	1,027	688
Pensions	90	43
Other social security costs	96	103
Total gross staff costs	**1,213**	**834**
Transferred to cost of operation	-103	-85
Transferred to special items	-57	-22
Total staff costs	**1,053**	**727**
Remuneration to Key Management Personnel:		
Wages	18	10
Pension	1	1
Total	**19**	**11**
Number of full-time employees at 31 December	2,642	1,913

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.

Key management personnel are defined as Executive Management.

SECTION 2: RESULT FOR THE YEAR

2.5 SPECIAL ITEMS, NET

In 2022, the M&A activities comprised costs related to the acquisition of Sea Air Logistics, Gelders Forwarding and Trust Forwarding, and M&A related bonuses.

Greenfield activities during the year primarily relate to activities in United Arab Emirates, and Sri Lanka.

Activities caused by COVID-19, are mainly to compensation schemes and lease costs for idle facilities. These costs have decreased from 2021 to 2022 due to the development of the pandemic.

DKKm	2022	2021
M&A activities, greenfield activities and other transaction-specific costs	-77	-55
COVID-19 activities and net of compensations received	-	-3
Restructuring and other costs	-9	-15
Total	**-86**	**-73**

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

DKKm			2022			2021
	Income statement	Special items	Adjusted income statement	Income statement	Special items	Adjusted income statement
Revenue	17,832	-	17,832	10,339	-	10,339
Cost of operation	-15,343	-6	-15,349	-8,842	-15	-8,857
Gross profit	**2,489**	**-6**	**2,483**	**1,497**	**-15**	**1,482**
Other external expenses	-230	-23	-253	-144	-36	-180
Staff costs	-1,053	-57	-1,110	-727	-22	-749
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	**1,206**	**-86**	**1,120**	**626**	**-73**	**553**
Amortisation and depreciation	-318	-	-318	-209	-	-209
Operating profit (EBIT) before special items	**888**	**-86**	**802**	**417**	**-73**	**344**
Special items, net	-86	86	-	-73	73	-
Operating profit (EBIT)	**802**	**-**	**802**	**344**	**-**	**344**
Financial income	177	-	177	99	-	99
Financial expenses	-361	-	-361	-238	-	-238
Profit/loss before tax	**618**	**-**	**618**	**205**	**-**	**205**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS

Intangible assets have mainly increased due to the acquisitions made during the year and comprise of Sea Air Logistics, Gelders Forwarding and Trust Forwarding. For further description, ref. to note 5.3 Business combinations.

INTANGIBLE ASSETS

DKKm							2022
	Goodwill	Customer relations	Trademarks	Other	Software	Software under development	Total
Cost at 1 January	1,328	695	65	2	152	-	2,242
Exchange rate adjustment	-28	-15	-1	1	-1	-	-44
Transfer	-	-	-	-	7	-7	-
Additions	-	-	-	-	19	34	53
Additions from acquisitions	45	155	-	-	1	-	201
Cost at 31 December	**1,345**	**835**	**64**	**3**	**178**	**27**	**2,452**
Amortisation at 1 January	-	190	31	0	60	-	281
Exchange rate adjustment	-	-4	-1	1	0	-	-4
Amortisation	-	98	12	1	58	-	169
Amortisation at 31 December	**-**	**284**	**42**	**2**	**118**	-	**446**
Carrying amount at 31 December	**1,345**	**551**	**22**	**1**	**60**	**27**	**2,006**
Amortisation period		3-12 years	1-10 years	1-3 years	3 years		

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

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

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.1 INTANGIBLE ASSETS, CONT.

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, TRADEMARKS AND OTHER INTANGIBLE ASSETS SPLIT BY SEGMENT

DKKm	2022	2021
Air & Ocean	1,874	1,821
Road	40	44
Solution	5	4
Total	**1,919**	**1,869**

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 comprise current market assumptions for the cost of equity and cost of debt. The discount rate is calculated for each CGU and reflecting 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.

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

Impairment test

Goodwill, customer relations, trademarks and other intangible assets were tested for impairment on 31 December 2022. The basis for the calculation is the budget 2023 and the strategy plan 2024-2027.

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

The 4-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 the 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 2022, 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: 11.6%
  - Road: 11.2%
  - Solution: 12.4%
- The basis for the calculation is the budget 2023 and the strategy plan for the years 2024-2027.
- 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, so the future cash flow is affected primarily by the growth rates in European countries. Gross profit per consignment, including utilisation, cost management initiatives and development in internal productivity, will also affect the cash flow.

Solution
The solution segment mainly operates in Denmark, so the future cash flow is affected primarily by the growth rates in Denmark. 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 futher 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

	Forecast gross profit growth rate	Terminal period growth	Pre-tax discount rate
2022			
Air & Ocean	10%	2%	11.6%
Road	15%	2%	11.2%
Solution	4%	2%	12.4%
2021			
Air & Ocean	10%	2%	11.3%
Road	15%	2%	11.3%
Solution	1%	2%	11.3%

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

DKKm	Land and buildings	Plant and Machinery	Fixtures, tools, fittings and equipment	Assets under construction	2022 Total	Land and buildings	Plant and Machinery	Fixtures, tools, fittings and equipment	Assets under construction	2021 Total
Cost at 1 January	309	129	44	8	490	255	98	32	-	385
Adjustment	27	-	-	-	27	-	-	-	-	-
Transfer	-	-	7	-7	-	-	-	-	-	-
Exchange rate adjustment	-6	-3	2	-	-7	-1	-	1	-	-
Additions	85	16	20	7	128	19	30	8	8	65
Additions from acquisitions	50	2	6	-	58	25	1	5	-	31
Disposals	-59	-13	-1	-	-73	-	-	-2	-	-2
Revaluation increase	12	1	-	-	13	11	-	-	-	11
Cost at 31 December	**418**	**132**	**78**	**8**	**636**	**309**	**129**	**44**	**8**	**490**
Depreciation at 1 January	146	70	23	-	239	71	36	16	-	123
Adjustment	27	-	-	-	27	-	-	-	-	-
Exchange rate adjustment	-3	-1	1	-	-3	-	-	-	-	-
Depreciation	104	30	15	-	149	75	34	8	-	117
Disposals	-53	-12	-0	-	-65	-	-	-1	-	-1
Depreciation at 31 December	**221**	**87**	**39**	**-**	**347**	**146**	**70**	**23**	**-**	**239**
Carrying amount at 31 December	**197**	**45**	**39**	**8**	**289**	**163**	**59**	**21**	**8**	**251**
Right-of-use assets included at 31 December										
Depreciation	102	22	1	-	125	73	22	-	-	95
Carrying amount at 31 December	189	37	1	-	227	160	45	1	-	206
Depreciation period	5 years	3-5 years	3-10 years			5 years	3-5 years	3-10 years		

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT, CONT.

ACCOUNTING POLICIES

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

When significant parts of 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 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 the Group and not by the respective lessor.

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.2 PROPERTY, PLANT AND EQUIPMENT, CONT.

ACCOUNTING POLICIES

Right-of-use assets and lease liabilities are not recognised for low-value lease assets or leases with a lease term of 12 months or less. These are 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.

During the year, additions for right-of-use-assets excluding acquisitions amounted to DKK 94 million (2021: DKK 35 million).

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

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

DKKm	2022	2021
Interest costs relating to lease liabilities	17	17
Short-term lease costs	0	1
Low-value lease costs	0	0

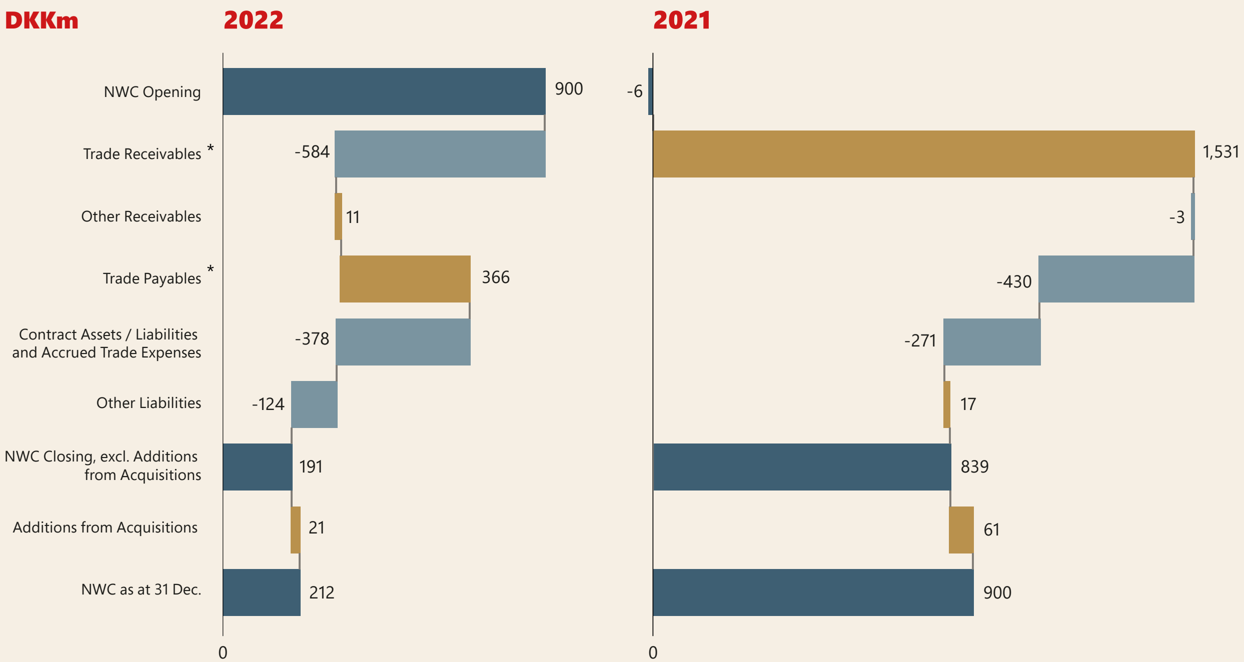
ACCOUNTING ESTIMATES AND JUDGEMENTS

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

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.3 NET WORKING CAPITAL

CHANGE IN NET WORKING CAPITAL



The change in net working capital items includes non-cash movements and exchange rate adjustments which amounted to DKK -116 million (2021: -285 million).

Trade receivables and payables include transactions with related parties which are considered part of the group's ordinary operation.

TRADE RECEIVABLES AND CONTRACT ASSETS

DKKm	2022	2021
Trade receivables before provision for expected losses	2,071	2,340
Contract assets	51	41
Provision for expected credit losses	-44	-21
Net trade receivables and contract assets	**2,078**	**2,360**

WRITE-DOWNS

DKKm	2022	2021
Write-downs 1 January	21	19
Additions for the year	29	10
Additions from acquisitions	3	0
Reversals	-7	-7
Write-downs realised	-2	-1
Write-downs 31 December	**44**	**21**

SECTION 3: OPERATING ASSETS AND LIABILITIES

3.3 NET WORKING CAPITAL

TRADE RECEIVABLES AND CONTRACT ASSETS

DKKm	2022	2021
Not overdue	1,657	2,032
Overdue 1-30 days	247	239
Overdue 31-60 days	82	44
Overdue 61-90 days	28	21
Overdue more than 90 days	108	45
Gross trade receivables and contract assets	**2,122**	**2,381**

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, -liabilities and accrued trade expenses
Contract assets, -liabilities 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.

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.1 FINANCIAL ITEMS

DKKm	2022	2021
Financial income		
Interest income	5	-
Financial income from related parties	119	69
Exchange rate gains	53	30
Total	**177**	**99**
Financial expenses		
Interest expenses	-17	-18
Lease interest expenses	-17	-17
Bond interest expenses	-298	-192
Amortisation of capitalised loan costs	-15	-11
Other financial expenses	-14	-
Total	**-361**	**-238**
Net Financial Items	**-184**	**-139**

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.

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 will expiry in 2023 but the facilities are expected to be extended.

LIQUIDITY RESERVE

DKKm	2022	2021
Cash and cash equivalents	1,950	520
Credit facilities	415	405
Liquidity reserve	**2,365**	**925**

SGL International A/S has issued senior secured and subordinated unsecured floating- and fixed-rate bonds in an aggregate of EUR 538 million (DKK 4,006 million) within a total framework of EUR 705 million (DKK 5,243 million). The bonds are used to finance acquisitions, for general corporate purposes, and to repay some of the debt under our existing bonds.

Please see 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 2024 and 2025. 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

DKKm					Non-cash change					2022
	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 250 million	2024	3m EURIBOR + 6.75%	1,859	-	-	1	-	-	-	1,860
Hereof bonds held by SGL Group	2024	3m EURIBOR + 6.75%	-430	-	-	-	-	-	-	-430
Issued bonds, EUR 300 million	2025	7.75%	1,673	557	-	1	-	-	-	2,231
Issued bonds, EUR 40 million	2025	11.50%	297	-	-	-	-	48	-	345
Capitalised loan costs			-40	-	-	1	-6	-	15	-30
Net bond debt			**3,359**	**557**	**-**	**3**	**-6**	**48**	**15**	**3,976**
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**
										2021
Bond debt										
Issued bonds, EUR 250 million	2024	3m EURIBOR + 6.75%	1,860	-	-	-1	-	-	-	1,859
Hereof bonds held by SGL Group	2024	3m EURIBOR + 6.75%	-	-430	-	-	-	-	-	-430
Issued bonds, EUR 225 million	2025	7.75%	-	1,673	-	-	-	-	-	1,673
Issued bonds, EUR 40 million	2025	11.50%	-	297	-	-	-	-	-	297
Capitalised loan costs		-	-27	-13	-	-	-	-	-	-40
Net bond debt			**1,833**	**1,527**	**-**	**-1**	**-**	**-**	**-**	**3,359**
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**

** Paid interest expenses related to lease payments amounted to DKK 18 million (2021: DKK 17 million). Total cash flows from leases amounted to DKK 143 million (2021: DKK 110 million)*

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. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions (to the extent the balance is in surplus of the Group). Furthermore, loans to Transgroup Global Inc., foreign exchange transactions and other financial instruments expose the group to credit risk.

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

Interest rate risk
Interest rate risk is when the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The most significant interest rate risk relates to bond debt. If variable interest rates increase by 1% it would result in higher interest income of DKK 5 million annually.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, primarily from USD, EUR, SEK and RMB. SGL Group's exposure to the risk of changes in foreign exchange rates relates primarily to SGL Group's operating activities (when revenue or expense is denominated in a foreign currency) and SGL Group's net investments in foreign subsidiaries. The main currencies for revenue and costs are USD, EUR, RMB, DKK and SEK. 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 the Group's most significant currencies towards DKK 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 net amount of EUR 538m (DKK 4,006 million) and measured at amortised cost.

The fair value of net issued bonds on 31 December 2022 was DKK 3,911 million (2021: DKK 3,474 million) based on quoted bond rates at Börse Frankfurt.

Other payables
Earn-out related to the acquisition of Orbis is measured at fair value and classified as other payables. On 31 December 2022, the fair value amounted to DKK 60 million (2021: DKK 41 million) based on expected EBITDA in the earn-out period for 2022 to 2024 using a WACC of 11.5% (2021: 11.5%).

CURRENCY RISK - SENSITIVITY ANALYSIS

DKKm		2022		2021	
Currency	Change	Net profit for the year	Other Comprehensive income	Net profit for the year	Other comprehensive income
USD	10%	155	-	139	-
EUR	1%	-28	-	-30	-
SEK	10%	10	-	25	-
RMB	10%	-16	-	-41	-
GBP	10%	5	-	7	-

SECTION 4: CAPITAL STRUCTURE AND FINANCIAL ITEMS

4.2 FINANCIAL RISK MANAGEMENT, CONT.

FINANCIAL ASSETS AND LIABILITIES

DKKm	2022						2021					
	Maturity of cash flows						Maturity of cash flows					
ASSETS	< 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
Trade receivables	2,027	-	-	2,027	2,027	2,027	2,319	-	-	2,319	2,319	2,319
Contract assets	51	-	-	51	51	51	41	-	-	41	41	41
Other receivables	19	39	-	58	58	58	8	22	-	30	30	30
Receivables from related parties	740	986	-	1,726	1,501	1,501	880	928	-	1,808	1,586	1,586
Cash	1,950	-	-	1,950	1,950	1,950	520	-	-	520	520	520
Amortised costs	**4,787**	**1,025**	**-**	**5,812**	**5,587**	**5,587**	**3,768**	**950**	**-**	**4,718**	**4,496**	**4,496**
Total financial assets	**4,787**	**1,025**	**-**	**5,812**	**5,587**	**5,587**	**3,768**	**950**	**-**	**4,718**	**4,496**	**4,496**
LIABILITIES												
Borrowings	237	5,321	-	5,617	3,911	3,976	169	3,994	-	4,163	3,474	3,359
Lease liabilities	123	136	4	263	240	240	121	177	9	307	220	220
Trade payables	837	-	-	837	837	837	1,149	-	-	1,149	1,149	1,149
Accrued trade expenses	777	-	-	777	777	777	448	-	-	448	448	448
Payables to related parties	191	-	-	191	191	191	150	-	-	150	150	150
Other payables	343	42	-	385	385	385	348	23	-	371	371	371
Amortised costs	**2,508**	**5,499**	**4**	**8,011**	**6,341**	**6,406**	**2,385**	**4,194**	**9**	**6,588**	**5,812**	**5,697**
Earn-out	-	71	-	71	60	60	-	41	-	41	41	41
Fair value through profit or loss	**-**	**71**	**-**	**71**	**60**	**60**	**-**	**41**	**-**	**41**	**41**	**41**
Total financial liabilities	**2,508**	**5,570**	**4**	**8,082**	**6,401**	**6,466**	**2,385**	**4,235**	**9**	**6,629**	**5,853**	**5,738**

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.

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

SECTION 5: OTHER AREAS

5.1 AUDIT FEES

DKKm	2022	2021
Fee to the auditors appointed at the general meeting		
Statutory audit	6	5
Other assurance services	-	-
Tax and VAT services	-	-
Other services	4	5
Total	**10**	**10**

SECTION 5: OTHER AREAS

5.2 TAX

TAX FOR THE YEAR

DKKm	2022	2021
Current tax	228	79
Change in deferred tax	-31	-31
Adjustments to tax, prior years	-21	-2
Total	**176**	**46**

CALCULATION OF EFFECTIVE TAX RATE

DKKm		2022		2021
Profit before tax		618		205
Tax applying the statutory Danish corporate income tax rate	22%	136	22%	45
Effect of tax rates in other jurisdictions	2%	10	-0%	-
Unrecognised tax assets	0%	1	1%	3
Tax-exempt income, less non-deductible expenses	7%	45	18%	36
Adjustment for tax cost of previous years	-3%	-21	-1%	-2
Other adjustments	0%	-	-1%	-2
Total before unrecognised tax asset	**28%**	**171**	**39%**	**80**
Adjustment tax asset	0%	5	-17%	-34
Total	**28%**	**176**	**22%**	**46**

DEFERRED TAX

DKKm	2022	2021
Net deferred tax 1 January	-105	-48
Additions from acquisitions	-26	-67
Deferred tax for the year	31	31
Adjustments deferred tax previous years	28	-20
Exchange rate adjustment	4	-1
Net deferred tax 31 December	**-68**	**-105**
Deferred tax, by gross temporary differences:		
Intangibles	-115	-121
Tax losses carried forward	14	8
Other	33	8
Total	**-68**	**-105**
Recognised in the balance sheet as:		
Deferred tax assets	55	3
Deferred tax liabilities	-123	-108
Total	**-68**	**-105**

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.

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

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

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

Deferred tax assets, recognition and measurement uncertainties

The recognition is 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 the Group have been recognised to the extent management expects to utilise these within a period of 5 years.

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

DKKm	2022	2021
Deferred tax assets not recognised at 31 December	14	16

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS

FAIR VALUE AT DATE OF ACQUISITION

DKKm	Sea Air Logistics	Gelders Forwarding	Trust Forwarding	Other	2022 Total	2021 Total
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
Borrowings	-	-	-	-	-	1
Trade payables	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**
Aquired net assets	75	13	34	3	125	264
Goodwill	-	30	5	2	37	256
Customer relations	119	18	9	9	155	280
Trademarks	-	-	-	-	-	8
Deferred tax	-20	-4	-2	-	-26	-67
Fair Value of total net assets acquirred	**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**

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 also recognised at fair value 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. Significant estimates are typically applied for customer relationships, trademarks, trade receivables and debt.

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITIONS OF SEA-AIR LOGISTICS LIMITED

On 29 June 2022, SGL Group, 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 strengthened its position in Hong Kong, which strategically complements our strong growth in profitable niche markets and increased our global presence in current SGL offerings. Closing was on 5 July 2022. The acquisition price for the activities was DKK 174 million, financed through previously issued bonds. The acquisition costs were approx. DKK 4 million.

Fair value of acquired net assets

The 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 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 DKK 249 million to the Group's revenue and DKK 7 million to the Group's profit after tax. If the acquisition had occurred on 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted to approx. 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:

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 11.6% as the 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 the acquired customer base analysis, historical data, and general business insight.

Trade receivables and payables

The fair value of trade receivables and 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 is 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.

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OF GELDERS FORWARDING B.V.

On 1 July 2022, SGL Group, through its wholly-owned subsidiary Scan Global Logistics A/S, acquired Gelders Forwarding B.V., 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 its market share significantly in the import market. Gelders Forwarding generates yearly revenue above EUR 30 million.

The acquisition price was DKK 57 million. The acquisition was financed through previously issued bonds. Closing was on 1 July 2022. The activities were consolidated in the Group's financial statements from that date. The acquisition costs was approx. DKK 1 million.

Fair value of acquired net assets and recognised goodwill

The fair value of acquired net assets has been identified and goodwill has been recognised. Net assets, goodwill, contingent assets and liabilities recognised at the reporting date are, to some extent still provisional.

Adjustments may be applied to these amounts for 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's existing network. Goodwill is non-deductible for tax purposes. Goodwill amounts to DKK 30 million.

Earnings impact

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

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valuated using a WACC of 9.9% as the discount rate. In total, customer relationships amounting to DKK 18 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 the acquired customer base analysis, historical data, and general business insight.

Trade receivables and payables

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

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OF TRUST FORWARDING A/S, SAS CARGO SWEDEN AB AND SAS CARGO NORWAY AS

On 16 June 2022, the Group, through its wholly-owned subsidiary Scan Global Logistics A/S, acquired 100% of the shares in the SAS-owned freight forwarding companies Trust Forwarding A/S, SAS Cargo Sweden and SAS Cargo Norway. With the acquisition, the Group strengthens its position within the Nordic region. The closing of the transaction was on 31 October 2022. The acquisition price for the activities was DKK 46 million, financed through previously issued bonds.

Fair value of acquired net assets and recognised goodwill

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

Goodwill

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

Earnings impact

During the 2 months after the acquisition date, Trust contributed DKK 16 million to the Group's revenue and DKK 0 million to the Group's result after tax. If the acquisition occurred on 1 January 2022, the Group's consolidated proforma revenue and profit after tax would have amounted to approx. 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 valuated using a WACC of 9.5% as the 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 the acquired customer base analysis, historical data, and general business insight.

Trade receivables and payables

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

SECTION 5: OTHER AREAS

5.3 BUSINESS COMBINATIONS, CONT.

ACQUISITION OF ADVECTION LOGISTICS KFT.

On 7 July 2022, SGL Group, through its wholly-owned subsidiary Scan Global Logistics A/S, acquired 100 % of the shares in Hungary-based Advection Logistics Kft. Closing was on 7 July 2022. The acquisition price for the activities was DKK 5 million, financed through previously issued bonds.

ACQUISITION OF AFL LOGISTICS GMBH AND THE AMERICAN FREIGHT LINE SOUTHEAST INC.

On 16 June 2022, SGL Group, 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., specialists within Automotive Special Logistics between EU and the US. The acquisition price was DKK 5 million. The acquisition was financed through previously issued bonds. Closing was on 9 August 2022, from which date the activities were consolidated in the Group's financial statements.

SECTION 5: OTHER AREAS

5.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

SECURITY FOR LOANS

DKKm	2022	2021
As security for debt to credit institutions, for undrawn credit facilities, SGL Group has pledged assets as collateral		
Chattel mortgages	12	12
Floating charge	213	213
Total security	**225**	**225**

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	**4,436**	**3,829**

Bond debt is secured by equity interests in the Parent Company and certain of the Parent Company's subsidiaries. The carrying amount of the pledged net assets recognised comprises the Group's consolidated equity which amounted to DKK 1,181 million as of 31 December 2022.

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

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

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

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

The Group has various lease contracts that have yet to commence as of 31 December 2022. The future lease payments for these non-cancellable lease contracts are DKK 7 million within one year.

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 International A/S:	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
Affiliate of SGL International A/S:	
SGLT Transgroup US Corp	United States of America
Ultimate owner:	
SGLT Holding I LP	Cayman Islands
Owners of SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands

RELATED PARTY TRANSACTIONS

DKKm	2022	2021
Group companies		
Sale of services	964	1,299
Purchase of services	-241	-128
Loans to	1,346	1,255
Receivables	155	331
Payables	-191	-150
Capital increase from parent	-	225
Board of Directors		
Rented building	2	2
Purchase of services	2	2
Remuneration as part of their employment within the group	27	17

Sale and purchase of services to and from other group companies comprise transactions with SGLT TransGroup US Corp. and comprise ordinary sales transactions. Loans to group companies are mainly to SGLT TransGroup US Corp.

Please see note 4.1 regarding financial income from related parties.

No remuneration has been paid to the Board of Directors during 2022, as their remuneration is part of their employment within the Group.

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
AEA Investors Small Business Fund III LP			
SGLT Holding I LP	Cayman Islands	100%	
SGLT Holding:			
SGLT Holding II LP	Cayman Islands	100%	
Scan (Jersey) Topco Limited	Jersey	100%	
Scan (UK) Midco Limited	United Kingdom	100%	
SGL Group:			
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	100%	
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%	
SGL Express Holding AB	Sweden	100%	
SGL Express AB	Sweden	100%	
Scan Global Logistics AS	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	40%	
SGL Manila (Shared Service Center) Inc.	Philippines	98.6%	
Scan Global Logistics Chile S.A.	Chile	100%	
Scan Global Logistics Peru S.A.C	Peru	100%	

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
Scan Global Logistics (Vietnam) Ltd.	Vietnam	75%	
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 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 FZE	United Arab Emirates	100%	
Scan Global Logistics Deutschland GmbH	Germany	100%	
Scan Global Logistics Commercial GmbH	Germany	100%	
Scan Global Automotive Special Logistics GmbH	Germany	100%	
AFL Logistics GmbH	Germany	100%	
Horizon International Holdings Limited	United Kingdom	100%	
Scan Global Logistics Ltd.	United Kingdom	100%	
Horizon International Cargo B.V	Netherlands	100%	
Horizon International Cargo SA	Spain	100%	
Horizon International Cargo Japan Ltd.	Japan	100%	
Horizon International Cargo Inc.	Delaware, US	100%	

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
SGL Transgroup US Corp:			
SGLT TransGroup US Corp	Delaware	100%	
SGL Transgroup de Mexico S.A. DE CV	**Mexico**	**100%**	
Transgroup Global Inc.	Delaware	100%	
TransLAX, LLC	California, US	50%	
TGLOMA, LLC	California, US	100%	
Transfair North America International Freight Services, LLC	Washington, US	100%	
ORD ICO, LLC	Illinois, US	100%	
IQS Logistic Consulting Corp.	California, US	100%	
TRANS ICO, LLC	New Jersey, US	50%	
TGLPHL, LLC	Pennsylvania, US	100%	
TRANS BOS. LLC	Washington, US	100%	
ICO SFO, LLC	California, US	50%	
Transgroup Express, LLC	Washington, US	100%	
Transdomestic LAX, LLC	California, US	100%	
Trans MCO, LLC	Florida, US	51%	
TGLEWR, LLC	New Jersey, US	100%	
TRANS IAH, LLC	Texas, US	100%	
TRANS-MIA, LLC	Florida, US	61%	
TRANS ATL, LLC	Georgia, US	100%	
Cargo Connections NC, LLC	North Carolina, US	100%	
CNA TRANS, LLC	Nevada, US	50%	
Transgroup DFW	Texas, US	100%	
New Bison, LLC	Washington, US	100%	
SGL BLI LLC	Washington, US	100%	
SGL SEA, LLC	Washington, US	100%	

SECTION 5: OTHER AREAS

5.5 RELATED PARTIES, CONT.

COMPANY NAME	COUNTRY/ STATE	OWNER-SHIP	MAIN ACTIVITY
D&W International, Inc.	Washington, US	100%	
MDX Global Logistics, LLC	Washington, US	100%	
TransGroup Canada Logistics, Inc.	Canada	100%	
TGLORD, LLC	Illinios, US	80%	

MAIN ACTIVITY:

- Holding company
- Air-Ocean
- Road
- Solution

SECTION 5: OTHER AREAS

5.6 SUBSEQUENT EVENTS

SCAN GLOBAL LOGISTICS PARTNERS WITH CVC

On 6 February 2023, Shareholders of SGL International A/S and its affiliates have entered into an agreement with CVC Capital Partner 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.

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:

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

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

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

DKKm	Notes	2022	2021
Other external expenses		-17	-13
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		**-17**	**-13**
Amortisation and depreciation		-	-
Operating profit (EBIT) before special items		**-17**	**-13**
Special items, net		-	-
Operating profit (EBIT)		**-17**	**-13**
Financial income	3.1	242	168
Financial expenses	3.1	-316	-209
Profit/loss before tax		**-91**	**-54**
Income tax for the year	4.2	19	21
Profit/loss for the year		**-72**	**-33**

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKKm	Notes	2022	2021
Profit/loss for the year		**-72**	**-33**
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income for the period		**-72**	**-33**

BALANCE SHEET

DKKm	Notes	2022	2021
ASSETS			
Investments in subsidiaries	2.1	1,479	1,479
Receivables from related parties	3.2	884	846
Deferred tax asset	4.2	1	18
Total non-current assets		**2,364**	**2,343**
Receivables from related parties	4.3	825	1,423
Tax receivables		17	-
Cash and cash equivalents		1,068	9
Total current assets		**1,910**	**1,432**
Total assets		**4,274**	**3,775**

DKKm	Notes	2022	2021
EQUITY AND LIABILITIES			
Share capital		1	1
Share premium		-	225
Retained earnings		231	78
Total equity		**232**	**304**
Borrowings	3.2	3,976	3,359
Payable to related parties	3.2, 4.3	-	-
Total non-current liabilities		**3,976**	**3,359**
Payable to related parties	3.2, 4.3	7	54
Other payables		59	58
Total current liabilities		**66**	**112**
Total liabilities		**4,042**	**3,471**
Total equity and liabilities		**4,274**	**3,775**

STATEMENT OF CASH FLOWS

DKKm	Notes	2022	2021
Profit for the year		-72	-33
Adjustment of non-cash items:			
Income taxes in the income statement		-19	-21
Financial income		-242	-168
Financial expenses		316	209
Change in working capital		-1	31
Interest received		95	64
Interest paid		-256	-155
Tax paid		-	-
Cash flows from operating activities		**-179**	**-73**
Cash flows from investing activities		**-**	**-**
Free cash flow		**-179**	**-73**

DKKm	Notes	2022	2021
Capital increase		-	225
Repayment of loan from related entities	3.2	681	-1,671
Proceeds from issuing bonds	3.2	557	1,527
Cash flows from financing activities		**1,238**	**81**
Change in cash and cash equivalents		**1,059**	**8**
Cash and cash equivalents			
Cash and cash equivalents beginning of period		9	1
Exchange rate adjustment of cash and cash equivalents		-	-
Change in cash and cash equivalents		1,059	8
Cash and cash equivalents end of period		**1,068**	**9**

STATEMENT OF CHANGES IN EQUITY

DKKm				2022
	Share Capital	Share Premium	Retained Earnings	Total Equity
Equity at 1 January	**1**	**225**	**78**	**304**
Profit/Loss for the year	-	-	-72	-72
Total comprehensive income, net of tax	**-**	**-**	**-72**	**-72**
Transfer of share premium	-	-225	225	-
Total transactions with owners	**-**	**-225**	**225**	**-**
Equity at 31 December	**1**	**-**	**231**	**232**

On December 31, 2022, the share capital of SGL International A/S amounted to 5,008 shares with a nominal value of DKK 100 each. During 2021, the authorised share capital was increased by DKK 100 by the issue of 1 share with a nominal value of DKK 100 with a share premium of DKK 225 million.

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

SECTION 1: BASIS OF PREPARATION

1.1 GENERAL ACCOUNTING POLICIES

Basis of presentation
The 2022 financial statements of SGL International A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

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

Accounting policies
The accounting policies for the Parent Company are consistent with those applied for the Group to ensure a uniform presentation of the financial statements.

Refer to section 1 in the consolidated financial statements and the individual note sections for a description of the accounting policies applicable to the Parent Company.

The accounting policies described below are supplementary accounting policies applicable to the Parent Company.

The accounting policies for the Parent Company are unchanged from 2021.

Investments in subsidiaries
Investments in subsidiaries are initially recognised at cost and subsequently measured at cost less impairment using the cost method.

If there is an indication of impairment, the investments in subsidiaries are tested for impairment as described in the accounting policy in note 3.1 of the consolidated financial statements.

If the cost exceeds the recoverable amount, an impairment loss is recognised and the investment in subsidiaries is written down to this lower value.

SECTION 1: BASIS OF PREPARATION

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Indications of impairment of investments in subsidiaries are assessed annually by the Management. Their assessment is based on internal and external indicators such as the subsidiaries' performance macro-economic factors negatively impacting operations.

If Management assesses indications of impairment on the investments in subsidiaries, the impairment test involves estimates of expected future cash flows and discount rates. Refer to the accounting policy in note 3.1 of the consolidated financial statements.

Management assesses that no indications of impairment existed at year-end 2022. Therefore, impairment tests have not been carried out for investments in subsidiaries.

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.1 INVESTMENTS IN SUBSIDIARIES

INVESTMENTS IN SUBSIDIARIES

DKKm	2022	2021
Cost at 1 January	1,479	929
Additions	-	550
Disposals	-	-
Cost at 31 December	**1,479**	**1,479**
Impairment losses at 1 January	-	-
Impairment losses for the year	-	-
Impairment losses at 31 December	-	**-**
Carrying amount at 31 December	**1,479**	**1,479**

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

Management assesses that no indications of impairment existed at year-end 2022. Impairment tests have therefore not been carried out for subsidiaries.

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.2 NET WORKING CAPITAL

NET WORKING CAPITAL

DKKm				2022
	1 January	Cash flow	Non-cash changes	31 December
Receivables	3	0	0	3
Trade and other payables	-1	1	-7	-7
Total net working capital	**2**	**1**	**-7**	**-4**

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

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.1 FINANCIAL ITEMS

FINANCIAL INCOME

DKKm	2022	2021
Interest income	2	0
Financial income from related parties	184	109
Exchange rate gains	56	59
Total	**242**	**168**

FINANCIAL EXPENSES

Interest expenses	2	-
Bond interest expenses	298	198
Amortisation of capitalised loan costs	15	11
Financial expense from related parties	1	-
Total	**316**	**209**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT

CHANGES TO FINANCIAL LIABILITIES

DKKm					Non-cash change					2022
	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 250 million	2024	3m EURIBOR + 6.75%	1,859	-	-	1	-	-	-	1,860
Hereof bonds held by SGL Group	2024	3m EURIBOR + 6.75%	-430	-	-	-	-	-	-	-430
Issued bonds, EUR 300 million	2025	7.75%	1,673	557	-	1	-	-	-	2,231
Issued bonds, EUR 40 million	2025	11.50%	297	-	-	-	-	48	-	345
Capitalised loan costs			-40	-	-	1	-6	-	15	-30
Net bond debt			**3,359**	**557**	**-**	**3**	**-6**	**48**	**15**	**3,976**
Payable bond interest			57	-256	-	-	306	-48	-	59
Total			**3,416**	**301**	**-**	**3**	**300**	**-**	**15**	**4,035**

										2021
Bond debt										
Issued bonds, EUR 250 million	2024	3m EURIBOR + 6.75%	1,860	-	-	-1	-	-	-	1,859
Hereof bonds held by SGL Group	2024	3m EURIBOR + 6.75%	-	-430	-	-	-	-	-	-430
Issued bonds, EUR 225 million	2025	7.75%	-	1,673	-	-	-	-	-	1,673
Issued bonds, EUR 40 million	2025	11.50%	-	297	-	-	-	-	-	297
Capitalised loan costs			-27	-13	-	-	-	-	-	-40
Net bond debt			**1,833**	**1,527**	**-**	**-1**	**-**	**-**	**-**	**3,359**
Payable bond interest			-	-155	-	-	212	-	-	57
Total			**1,833**	**1,372**	**-**	**-1**	**212**	**-**	**-**	**3,416**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT, CONT.

FINANCIAL ASSETS AND LIABILITIES

DKKm	2022 Maturity of cash flows < 1 year	1-5 years	> 5 years	Total cash flows	Fair value	Carrying amount	2021 Maturity of cash flows < 1 year	1-5 years	> 5 years	Total cash flows	Fair value	Carrying amount
ASSETS												
Receivables from related parties	904	1,037	-	1,941	1,709	1,709	1,522	983	-	2,505	2,269	2,269
Cash	1,068	-	-	1,068	1,068	1,068	9	-	-	9	9	9
Amortised costs	**1,972**	**1,037**	**-**	**3,009**	**2,777**	**2,777**	**1,531**	**983**	**-**	**2,514**	**2,278**	**2,278**
Total financial assets	**1,972**	**1,037**	**-**	**3,009**	**2,777**	**2,777**	**1,531**	**983**	**-**	**2,514**	**2,278**	**2,278**
LIABILITIES												
Borrowings	237	5,321	-	5,558	3,911	3,976	169	3,994	-	4,163	3,474	3,359
Payables to related parties	7	-	-	7	7	7	54	-	-	54	54	54
Other payables	59	-	-	59	59	59	58	-	-	58	58	58
Amortised costs	**303**	**5,321**	**-**	**5,624**	**3,977**	**4,042**	**281**	**3,994**	**-**	**4,275**	**3,586**	**3,471**
Total financial liabilities	**303**	**5,321**	**-**	**5,624**	**3,977**	**4,042**	**281**	**3,994**	**-**	**4,275**	**3,586**	**3,471**

SECTION 3: CAPITAL STRUCTURE AND FINANCIAL ITEMS

3.2 FINANCIAL RISK MANAGEMENT, CONT.

CURRENCY RISK

DKKm		2022		2021	
Currency	Change	Net profit for the year	Other comprehensive income	Net profit for the year	Other comprehensive income
USD	10%	141	-	118	-
EUR	1%	-33	-	-3	-

LIQUIDITY RESERVE

DKKm	2022	2021
Cash and cash equivalents	1,068	9
Liquidity reserve	**1,068**	**9**

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

DKKm	2022	2021
Fee to the auditors appointed at the general meeting		
Statutory audit	1	0
Other services	-	-
Total	**1**	**0**

SECTION 4: OTHER AREAS

4.2 TAX

TAX FOR THE YEAR

DKKm	2022	2021
Current tax	-17	-
Change in deferred tax	8	-17
Adjustments to tax, prior years	-10	-4
Total	**-19**	**-21**

CALCULATION OF EFFECTIVE TAX RATE

DKKm	2022	2022	2021	2021
Profit before tax		-91		-54
Tax applying the statutory Danish corporate income tax rate	22%	-20	22%	-11
Non-taxable income from investments in subsidiaries	-	-	-	-
Tax-exempt income, less non-deductible expenses	-11%	11	-34%	18
Adjustment for tax cost of previous years	9%	-10	7%	-4
Other adjustments	2%	-	-	-
Total before unrecognised tax asset	**22%**	**-19**	**-5%**	**3**
Adjustment tax asset	-	-	44%	-24
Total	**22%**	**-19**	**39%**	**-21**

DEFERRED TAX

DKKm	2022	2021
Net deferred tax 1 January	18	1
Adjustment tax previous years	-9	-
Deferred tax for the year	-8	17
Net deferred tax 31 December	**1**	**18**
Deferred tax, by gross temporary differences:		
Other intangible assets	1	-
Tax losses carried forward	-	18
Total	**1**	**18**
Recognised in the balance sheet as:		
Deferred tax assets	1	18
Deferred tax liabilities	-	-
Total	**1**	**18**

SECTION 4: OTHER AREAS

4.3 RELATED PARTIES

RELATED PARTY CONTROLLING INTEREST

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

Related party	Domicile
Owners of SGL International A/S:	
Scan (UK) Midco Limited (controlling interest)	United Kingdom
Affiliate of SGL International A/S:	
SGLT TransGroup US Corp.	United States of America
Ultimate owner:	
SGLT Holding I LP	Cayman Islands
Owners of SGLT Holding I LP:	
AEA Investors Small Business Fund III LP (controlling interest on voting rights)	Cayman Islands

RELATED PARTY TRANSACTIONS

DKKm	2022	2021
Group companies		
Purchase of services	-6	-6
Capital increase from parent	-	225
Capital increase in subsidiary	-	-550
Loan to	1,706	2,266
Loan from	-	-54
Receivables	2	3
Payables	-7	-

No sales between group companies were realised in 2022. Loans to group companies are mainly to SGLT TransGroup US Corp.

Please see note 3.1 regarding financial income from related parties.

No remuneration has been paid to the Board of Directors during 2022 by the Parent Company, as their remuneration is part of their employment within the Group. Refer to note 5.5 in the consolidated financial statement for the total remuneration paid to employees which are also members of the Board of Directors.

SECTION 4: OTHER AREAS

4.4 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

SECURITY FOR LOANS

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

DKKm	2022	2021
Bond debt at par	**4,436**	**3,829**

JOINT TAXATION

SGL International A/S, company reg. no 37 52 10 43, 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 International A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of SGL Group's and the Parent Company's financial position on 31 December 2022 and the result of SGL Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2022.

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

In our opinion, the Annual Report of SGL International A/S for the financial year 1 January - 31 December 2022 with the file name SGL-2022-12-31-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.

Kastrup, 31 March 2023

Executive Management

Allan Dyrgaard Melgaard
CEO

Claes Brønsgaard Pedersen
CFO

Board of Directors

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Jørgen Agerbro Jessen

Thomas Thellufsen Nørgaard

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SGL INTERNATIONAL A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SGL International A/S for the financial year 1 January – 31 December 2022 pp. 58 -121, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 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 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent 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 International A/S on 6 June 2018 for the financial year 2018. We have been reappointed annually by resolution of the general meeting for a total consecutive period of five years up until the financial year 2022.

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 2022. 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.

INDEPENDENT AUDITOR'S REPORT, CONT.

Revenue recognition

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

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

The accounting principles and disclosures about revenue recognition are included in note 1.1, note 1.2 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 prior years' business combinations comprise a significant part of the consolidated balance sheet. The cash-generating units in which goodwill and other intangible assets are included are impairment tested by Management on an annual basis. The impairment tests are based on Management's estimates of among others future profitability, long-term growth and discount rate. Due to the inherent uncertainty involved in determining the net present value of future cash flows, including the uncertainty relating to estimating the impact from Covid-19, we considered these impairment tests to be a key audit matter.

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

The accounting principles and disclosures about goodwill and other intangible assets are included in note 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. 2-57.

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

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act. Based on the work we have performed, we

INDEPENDENT AUDITOR'S REPORT, CONT.

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

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the 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 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 dis-

INDEPENDENT AUDITOR'S REPORT, CONT.

closures 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 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 International A/S, we performed procedures to express an opinion on whether the annual report of SGL International A/S for the financial year 1 January – 31 December 2022 with the file name SGL-2022-12-31-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.

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.

In our opinion, the annual report of SGL International A/S for the financial year 1 January – 31 December 2022 with the file name SGL-2022-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 31 March 2023
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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