

SGLT Holding I LP

Consolidated Financial Report 2022

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Financial highlights	2022	2021
<i>(in USD millions)</i>		
Income statement		
Revenue	3,506	2,274
Gross profit	495	333
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	223	128
Operating profit (EBIT) before special items	165	85
Special items, net	-22	-12
Net financial expenses	-47	-37
Profit/loss before tax	96	36
Profit/loss for the period	69	21
Income statement (Business performance)*		
Adjusted EBITDA	201	112
Cash flow		
Cash flows from operating activities	275	-148
Investments in intangible assets	-7	-7
Investments in property, plant and equipment	-8	-7
Investments in Group companies	-52	-70
Cash flows from investing activities	-70	-84
Free cash flow	205	-232
Cash flows from financing activities	53	253
Cash flow for the period	258	21
Financial position		
Total equity	253	186
Net working capital	96	257
Equity attributable to parent company	249	179
Net interest bearing debt (NIBD)	278	500
Net interest bearing debt (NIBD) excl. lease liabilities (IFRS 16) and PIK note****	179	401
Total assets	1,305	1,138
Financial ratios in %**		
Gross margin	14.1	14.6
EBITDA margin***	6.4	5.6
Adjusted EBITDA margin	5.7	4.9
EBIT margin***	4.7	3.7
Equity ratio	19.4	16.3
Leverage ratio	1.2	3.9
Other		
Number of full-time employees at the end of the period	3,370	2,322

* Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items, excluding the impact of IFRS 16 Leases. Apart from this, there is no difference between business performance and IFRS results.

** For definition of financial ratios please see note 1 Accounting policies page 30.

*** before special items

**** PIK note: Payment-in-kind

Company details

Name	:	SGLT Holding I LP
Place of business and registered office	:	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Tower, KY 1-1104, Cayman Islands.
Financial year	:	1 January - 31 December
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E-mail	:	headoffice@scangl.com
Telephone	:	(+45) 32 48 00 00
Contact details	:	Claes Brønsgaard Pedersen
Telephone	:	(+45) 32 48 00 00
Directors	:	Tom Gartland (Chairman) John Cozzi Alan Wilkinson Matthew Bowen Bates Rachel Kumar Gregory Vernoy Ronnie J. Lee Allan Melgaard Jørgen Agerbro Jessen Henrik von Sydow
Bankers	:	Jyske Bank A/S JP Morgan Chase & Co.
Auditors	:	EY Godkendt Revisionspartnerselskab
Address, Postal code, Town	:	Dirch Passers Allé 36, P O Box 250, 2000 Frederiksberg, Denmark
CVR/VAT no.	:	30 70 02 28

Legal entities

Company name	Country/state	Economic ownership interest
AEA Investors Small Business Fund III LP	Cayman Islands	
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 Transgroup US Corp:		
SGL TransGroup US Corp	Delaware	100%
SGL Transgroup de Mexico S.A. DE CV	Mexico	100%
Transgroup Global Inc.	Delaware	100%
Trans LAX, 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	USA	50%
Transgroup Express, LLC	Washington, US	100%
Trans MCO	Florida, US	51%
Transdomestic LAX, LLC	California, US	100%
Trans MCO, LLC	Florida, US	51%
TGLEWR, LLC	New Jersey, US	100%
TRANS IAH, LLC	Texas, US	100%
Translogic Technologies, LLC	Washington, US	100%
TRANS-MIA, LLC	Florida, US	61%
TRANS ATL, LLC	Georgia, US	51%
Cargo Connections NC, LLC	North Carolina, US	51%
CNA TRANS, LLC	Nevada, US	50%
Transgroup DFW	Texas, US	100%
TGLNCL, LLC	Florida, US	51%
New Bison, LLC	Washington, US	100%
SGL BLI LLC	Washington, US	100%
SGL SEA, LLC	Washington, US	100%
D&W International, Inc.	Washington, US	100%
MDX Global Logistics, LLC	Washington, US	100%
TransGroup Canada Logistics, Inc.	Canada	100%
TGLORD, LLC	Illinois, US	80%
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 GmbH	Austria	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%

Legal entities

Company name	Country/state	Economic ownership interest
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	99%
Scan Global Logistics Chile S.A.	Chile	100%
Scan Global Logistics Peru S.A.C	Peru	100%
Scan Global Logistics (Vietnam) Ltd.	Vietnam	75%
Scan Global Logistics (Singapore) Pte Ltd.	Singapore	100%
PT SCAN GLOBAL INDONESIA	Indonesia	67%
Scan Global Logistics SA Pty Ltd	South Africa	100%
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 Automative Special Logistics GmbH	Germany	100%
Scan Global Logistics Automative Testing Support GmbH	Germany	100%
AFL Logistics GmbH	Germany	100%
Horizon International Holdings Limited	United Kingdom	100%
Scan Global Logistics UK Ltd.	United Kingdom	100%
Horizon International Cargo B.V	Netherlands	100%
Horizon International Cargo SA	Spain	100%
Horizon International Cargo Japan Ltd.	Japan	100%
Horizon International Cargo Inc.	Delaware, US	100%

Who we are

SGLT Holding I LP (SGLT Holding or the Group) was founded on 2 August 2016 in connection with the joint acquisition of SGL Group and TransGroup.

SGLT Holding I LP is owned by AEA Investors Small Business Fund III LP, co-investors and the Management of TransGroup and SGL International A/S (SGL Group).

Business model

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. SGLT Holding's activities focus on international freight-forwarding services, primarily within Air & Ocean, Road, and Rail freight. Additionally, SGLT Holding offers complementary and value-added services such as PO Management, Supply Chain consultancy, Consolidation services, Customs House Brokerage and Insurance.

SGLT Holding revenue is derived from a diverse portfolio of global blue-chip customers and a concentration of customers within the SME segment. SGLT Holding provides services to its customers worldwide through its extensive network of own regional offices present on all continents. SGLT Holding holds world-leading positions in key verticals such as Aid & Relief, Automotive Logistics, Government & Defense, Fashion & Retail, and food ingredients and additives.

SGLT Holding'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 SGLT Holding's key success factors. SGLT Holding competes head-to-head with large global players as well as local hero forwarders. With the launch of the 1-3-5 strategy, SGLT Holding 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.

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

Vision & strategy

Vision 2027: '1-3-5'

Uniting SGLT Holding's cultural DNA with its 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 the Company's continued journey towards making the world a little less complicated.

1 - 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 SGLT Holding, 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.

3 - Top 3rd among global peers in profitability

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

5 - USD +5 billion in revenue

5 speaks to the aspiration of achieving a total of USD +5 billion in revenue by 2027. The more SGLT Holding 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 SGLT Holding 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.

Vision & strategy (continued)

Strategy and M&A

Management views mergers and acquisitions as an important instrument in delivering SGLT Holding's strategic agenda across all three pillars of Vision 2027. A clear financial and operational rationale supports this view. From a financial perspective, the global freight forwarding market remains highly fragmented. Hence, SGLT Holding continues its acquisition strategy by looking at acquisition opportunities with a good strategic fit available at the right price and targeting great acquisition opportunities that will scale up the business, increase profitability, and secure a downward-trending leverage ratio.

M&A Track Record

Over the period 2017 to date, SGLT Holding has completed a total of 30 bolt-on acquisitions. Historically, SGLT Holding has funded M&A through internally generated cash flow. Over the last couple of years, recent acquisitions have been financed through (i) existing cash, (ii) a subsequent issue under the current outstanding bonds and (iii) for some, equity contribution from shareholders.

Due diligence approach

SGLT Holding has developed a robust due diligence playbook to minimise financial, legal, operational and cultural risks associated with M&A. Once SGLT Holding and the shareholder(s) of a potential acquisition target have entered an agreement in principle, the Company will be subjected to full financial and legal due diligence carried out by reputable external parties. Furthermore, Management will nominate a balanced group of internal stakeholders to carry out comprehensive commercial due diligence covering the relevant market, competitors and customers. It will, where required, complement this with external commercial due diligence. The target stakeholders are invited to SGLT Holding's offices to meet with their prospective colleagues and engage in a variety of workshops to ensure alignment of goals, vision and culture. Finally, a granular business case including scenario analysis (base, downside, upside) is prepared and presented to the Board, alongside findings from the due diligence process, for approval. The Board will assess all cases with a particular focus on the extent to which they align with – and contribute to – the strategic objectives set out in Vision 2027.

Market overview

Unpredictability accommodated by our DNA and virtues

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

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

SGLT Holding made use of its experience from our role in humanitarian disasters and adapted swiftly to a continuing new normal while keeping communication clear and relevant; staying in close contact with stakeholders - customer and supplier focus on cash and risk.

Air & Ocean

Air

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

SGLT Holding goes to market basis of a hybrid model where both fixed allotments and stand-alone capacity purchases are leveraged by combining the best of two worlds.

SGLT Holding 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" then 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 SGLT Holding considering the identified "Extreme Growth" lever where capacity constraints have been an issue during COVID and until summer 2022.

As with Airfreight, SGLT Holding 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.

Market overview (continued)

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.

SGLT Holding 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 to see 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 a tight warehouse controlling.

Due to the war in Ukraine and other macroeconomic factors setting the agenda over the last three years many companies are looking to rethink their supply chains, especially a more regional production and becoming more independent of specific critical suppliers. This potential tendency can benefit SGLT Holding's warehouse outsourcing and distribution 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.

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 SGLT Holding. 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 significant 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 SGLT Holding's services.

During 2020-2022, SGLT Holding 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

SGLT Holding depends on information technology to manage critical business processes, including administrative and financial functions. SGLT Holding 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 have a negatively affect SGLT Holding's operations.

Risks relating to SGLT Holding's operations in emerging markets

SGLT Holding'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 of foreign exchange restrictions and changes in tax laws and enforcement mechanisms. SGLT Holding constantly monitors and follows any development to mitigate any possible risks.

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

Risk management (continued)

Internal control and risk management systems in relation to 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 four 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 SGLT Holding form the control environment.

Management regularly assesses SGLT Holding's organisational structure and staffing and establishes and approves over all 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 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

SGLT Holding has established a formal group reporting process, which includes monthly reporting, with budget control, assessment of performance and fulfilment of agreed targets etc.

Internal control and risk management systems in relation to 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, hedging and insurance policies for SGLT Holding.

SGLT Holding's risk management, including internal controls in relation to financial reporting, is designed to effectively minimise the risk of errors and lack of information.

Data ethics

For SGLT Holding 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/

Risk management (continued)

Trade regulations

Managing risks associated with trade regulations is crucial for a business such as SGLT Holding, operating on a global scale. SGLT Holding have adopted relevant policies to stay informed about changes in 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 the inherent risk of incompliance with such regulation, SGLT Holding further conduct regular employee training and have adopted sufficient procedures through the Sanctions and Compliance policy anchored in Group General Counsel.

Failure to manage sanctions risks may result in financial penalties, commercial and reputational damage.

Climate

Managing climate change and the inherent risk it entails is essential to manage for SGLT Holding.

In general, society and governments stress the need for emission reduction and sustainable solutions, why a freight forwarding business as SGLT Holding 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.

Management's review

SGLT Holding's Business model

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

SGLT Holding's financial review

Results for the period

The financial year 2022 includes the operating results of newly acquired business Sea Air Logistics Ltd., Trust Forwarding, Gelders Forwarding B.V., D&W Inc., Advection Logistics Kft., AFL Logistics GmbH, B.C. Dispatch and Bison Services, Inc. which were acquired during 2022. In 2022, revenue amounted to USD 3,506 million, generating EBITDA before special items of USD 223 million. Adjusted EBITDA before special items excluding the IFRS 16 lease adjustment amounted to USD 200 million (2021: DKK 112 million) 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 increased 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 Ltd., 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 and expanding business with existing customers and onboarding new customers; this combined with increased activities through acquired businesses, leads 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 272 million in 2022 (2021: USD 205 million), positively impacted by FX translation of approx. USD 21 million, resulting in an increase of 33% compared to 2021. SG&A costs increased as expected mainly from greenfield activities and acquisitions made in 2021 and 2022 as well as salaries necessary to prepare the organisation for the future; however, as the cost discipline and realisation of operating leverage benefits continued, the conversion ratio based on EBITDA before special items increased from 38% in 2021 to 45% in 2022. SG&A costs comprise 8% of revenue in 2022, which is 1% points lower than 2021.

Management's review (continued)

Adjusted EBITDA

Adjusted EBITDA amounted to USD 201 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 ended at 5.7%, compared to 4.9% in 2021. The increase in adjusted 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 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. The cost of greenfield and M&A activities mainly drives the increase in cost.

Operating profit (EBIT)

Operating Profit (EBIT) before special items amounted to USD 165 million for 2022 compared to USD 85 million in 2021.

Financial items

Financial items amounted to net expenses of USD 47 million for 2022 compared to an expense of USD 37 million in 2021. The development was mainly driven by interest expenses from issued bonds partly offset by foreign exchange gains on the bond debt in EUR.

Tax

The effective tax rate came to 28.4% for 2022, compared to 40.5% last year. The tax rate was in 2021 impacted by a higher relative share of non deductible M&A related costs and interest compared to 2022.

Cash Flows

Cash flows from operating activities amounted to a positive USD 275 million in 2022 compared to a negative USD 148 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 headquarters project. 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 249 million (2021: USD 179 million). The total equity ratio was 19.4% as of 31 December 2022 compared to 16.3% in 2021. The strong financial result was the main driver for the improved ratio.

Management's review (continued)

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 401 million). In 2022 SGLT Holding issued subsequent bond debt of EUR 75 million 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 NWC and increase of the credit facility by USD 7 million. The the total liquidity reserve was USD 419 million end of December 2022 (2021: USD 160 million).

Acquisitions in 2022

Acquisition of Sea Air Logistics AS

On 29 June 2022, SGLT Holding, 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, SGLT Holding strengthened its position in Hong Kong, Singapore and China. Furthermore, it strategically complements our strong growth in profitable niche markets and the increase in our global presence in current SGL offerings. Closing was on 5 July 2022. The acquisition price for the activities was USD 24 million, financed through previously issued bonds. The acquisition costs was approx. USD 1 million.

Acquisition of Gelders Forwarding BC

On 1 July 2022, SGLT Holding, 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, SGLT Holding is increasing our market share significantly in the import market. Gelders Forwarding generates yearly revenue above EUR 30 million.

The acquisition price was USD 8 million. The acquisition was financed through previously issued bonds.

Closing was on 1 July 2022, from which date the activities are consolidated in SGLT Holding's financial statements. The acquisition costs was approx. USD 0 million

Acquisition of D&W, Inc.

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

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

On 16 June 2022, SGLT Holding, 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, SGLT Holding strengthens its position within the Nordic region. The closing of the transaction was on 31 October 2022. The acquisition price for the activities was USD 6 million, financed through previously issued bonds.

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

Adjustments may be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

Acquisition of Advection Logistics Kft.

On 7 July 2022, SGLT Holding, 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 USD 0.7 million, financed through previously issued bonds.

Management's review (continued)

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

On 16 June 2022, SGLT Holding, through its wholly-owned subsidiary Scan Global Logistics A/S acquired AFL Logistics GmbH and through TransGroup Express LLC, acquired the assets of American Freight Line Southeast Inc., a specialists within Automotive Special Logistics between EU and the US. The acquisition price was USD 0.7 million. The acquisition was financed through previously issued bonds. Closing was on 9 August 2022, from which date the activities was consolidated in SGLT Holding's financial statements.

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

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

Acquisition of additional interest in Bison Services, Inc.

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

Subsequent events

On 6 February, 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.

(USDm)			
Notes	Consolidated income statement for 1 January - 31 December	2022	2021
	Revenue	3,506	2,274
	Cost of operation	-3,011	-1,941
	Gross profit	495	333
	Other external expenses	-57	-43
	Staff costs	-215	-162
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	223	128
	Depreciation of tangible assets and lease assets	-26	-23
	Amortisation of intangibles	-32	-20
	Operating profit (EBIT) before special items	165	85
	Special items, net	-22	-12
	Operating profit (EBIT)	143	73
	Financial income	6	6
	Financial expenses	-53	-43
	Profit before tax	96	36
	Tax on profit for the period	-27	-15
	Profit for the period	69	21
	Total income for the year attributable to		
	Owners of the parent	64	17
	Non-controlling interests	5	4
	Total	69	21

(USDm)			
	Consolidated statement of other comprehensive income	2022	2021
	Profit for the period	69	21
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>		
	Currency exchange adjustment	-6	-7
	Other comprehensive income, net of tax	-6	-7
	Total comprehensive income for the period	63	14
	Total comprehensive income for the year attributable to		
	Owners of the parent	58	10
	Non-controlling interests	5	4
	Total	63	14

(USDm) Notes	Consolidated balance sheet		2022	2021
ASSETS				
Goodwill			292	288
Customer relations			110	112
Trademarks			9	15
Other acquired intangible assets			1	1
Software			13	15
Intangible assets			425	431
Right of use assets			51	50
Property, plant and equipment			14	11
Property, plant and equipment			65	61
Receivables from related parties			0	4
Other receivables			7	5
Deferred tax asset			8	1
Financial assets			15	10
Total non-current assets			505	502
Trade receivables			400	525
Contract assets			28	5
Receivables from related parties			27	9
Income taxes receivable			2	3
Other receivables			5	1
Prepayments			19	14
Cash and cash equivalents			319	79
Total current assets			800	636
Total assets			1,305	1,138

(USDm) Notes	Consolidated balance sheet	2022	2021
EQUITY AND LIABILITIES			
Partnership interest		253	240
Currency translation reserve		-10	-4
Retained earnings		6	-57
Equity attributable to parent company		249	179
Non-controlling interests		4	7
Total Equity		253	186
Bond debt		569	510
Lease liabilities		33	33
Deferred tax liability		19	18
Other payables		15	11
Total non-current liabilities		636	572
Bank debt		0	7
Trade payables		169	221
Accrued trade expenses		120	41
Current tax liabilities		22	18
Lease liabilities		22	21
Payable to related parties		0	0
Deferred income		9	1
Other payables		74	71
Total current liabilities		416	380
Total liabilities		1,052	952
Total equity and liabilities		1,305	1,138

(USDm) Notes	Consolidated cash flow statement		2022	2021
Profit for the period			69	21
Adjustment of non-cash items:				
Income taxes in the income statement			27	15
Depreciation and amortisation			58	43
Financial income			-6	-6
Financial expenses			53	43
Other non-cash items			4	1
Change in working capital			126	-234
Interest received			1	0
Interest paid			-42	-28
Tax paid/received			-15	-3
Cash flows from operating activities			275	-148
Purchase of software			-7	-7
Purchase of property, plant and equipment			-8	-7
Earn-out paid			-3	0
Investments in group companies			-52	-70
Cash flows from investing activities			-70	-84
Free cash flow			205	-232
Purchase of non-controlling interest			-3	-1
Dividend paid to non-controlling interests			-6	-2
Capital increase			0	39
Investment in deposits			-1	0
Proceeds from issuing of bonds			85	234
Redemption of lease liabilities			-22	-17
Cash flows from financing activities			53	253
Change in cash and cash equivalents			258	21
Cash and cash equivalents				
Cash and cash equivalents at the beginning of the period			72	50
Exchange rate adjustment of cash and cash equivalents			-11	1
Change in cash and cash equivalents			258	21
Net Cash and cash equivalents			319	72

(USDm) Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
Equity at 1 January 2022	240	-4	-57	179	7	186
Profit for the period	0	0	64	64	5	69
Currency exchange adjustment	0	-6	0	-6	0	-6
Other comprehensive income, net of tax	0	-6	0	-6	0	-6
Total comprehensive income for the period	0	-6	64	58	5	63
Purchase of non-controlling interests	0	0	-1	-1	-2	-3
Dividend distributed	0	0	0	0	-6	-6
Capital increase	13	0	0	13	0	13
Total transactions with owners	13	0	-1	12	-8	4
Equity at 31 December 2022	253	-10	6	249	4	253

(USDm) Consolidated statement of changes in equity	Partner-ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non-controlling interests	Total equity
Equity at 1 January 2021	201	4	-73	132	4	136
Profit for the period	0	0	17	17	4	21
Currency exchange adjustment	0	-8	0	-8	1	-7
Other comprehensive income, net of tax	0	-8	0	-8	1	-7
Total comprehensive income for the period	0	-8	17	9	5	14
Purchase of non-controlling interests	0	0	-1	-1	0	-1
Dividend distributed	0	0	0	0	-2	-2
Capital increase	39	0	0	39	0	39
Total transactions with owners	39	0	-1	38	-2	36
Equity at 31 December 2021	240	-4	-57	179	7	186

Accounting policies

Note

1 Accounting policies

Basis of preparation

The 2022 Consolidated Financial Report of SGLT Holding has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Consolidated Financial Report of SGLT Holding comprises the consolidated financial statements of SGLT Holding I LP and its subsidiaries. The accounting policies are unchanged compared to previous years.

Reporting currency

The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand, except when otherwise indicated.

Consolidation

The consolidated financial statements comprise SGLT Holding, and entities controlled by the holding company. Control is presumed to exist when SGLT Holding is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether control exists.

The consolidated financial statements are prepared on the basis of the financial statements of the consolidated entities by adding together like items.

Elimination comprises intercompany income and expenses, unrealised intercompany profits and losses, balances and shareholdings.

Investments in consolidated entities are set off by the Parent Company's proportionate share of the consolidated entity's fair value of assets and liabilities at the time of acquisition.

Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

The acquisition method of accounting is applied to the acquisition of subsidiaries. The purchase price is made up at the net present value of the consideration agreed. Conditional payments are recognised at the amount expected to be paid. Directly attributable acquisition expenses are expensed in the income statement. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition. The effects of cross-period measurement period adjustments are recognised in equity at the beginning of the financial year, and comparative figures are restated. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the purchase price and SGLT Holding's share of the fair value of the identifiable assets and liabilities is recognised as goodwill.

If the purchase price is less than the fair value of the acquired subsidiary's assets, the residual difference (negative goodwill) is recognised directly in the income statement.

For each acquisition, SGLT Holding determines whether any non-controlling interest in the acquired business is accounted at fair value (so-called full goodwill) or to the proportional share of the acquired business's net assets.

Accounting policies

Note

1 Accounting policies (Continued)

Entities over which SGLT Holding exercises significant influence are considered associates. Significant influence is presumed to exist when SGLT Holding directly or indirectly holds between 20% and 50% of the voting rights or otherwise has or actually exercises significant influence. Associates are recognised in the consolidated financial statements at their net asset value.

Non-controlling interests

Accounting items attributable to group companies are recognised in full in the consolidated financial statements. Non-controlling interests' share of SGLT Holding' profit or loss for the year and equity is recognised as separate items in the income statement and the statement of changes in equity.

If an investment in group companies is considered to be a transaction with non-controlling interests the difference between the consideration and the net assets taken over is recognised under equity.

If a divestment in group companies is considered to be a transaction with non-controlling interests the difference between the sales price and the net assets divested is recognised under equity.

Functional currency

SGLT Holding's consolidated financial statements are presented in US Dollars (USD) rounded to millions. For each entity SGLT Holding determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. SGLT Holding uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction.

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.

Foreign group companies

As regards integral foreign group companies, the items in their financial statements are translated using the following principles:

- Balance sheet items are translated at the closing rate.
- Items in the income statement are translated at the rate at the date of the transaction.
- Any exchange differences resulting from the translation of the opening equity at the closing rate and the exchange adjustment of the items in the income statement from the rate at the date of the transaction to the closing rate are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.
- Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Accounting policies

Note

1 Accounting policies (Continued)

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.

Accounting estimates and judgements

The preparation of SGLT Holding'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.

Income statement

Revenue

Revenue from freight forwarding services is recognised in accordance with the overtime 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 principle following the satisfaction of various milestones as the performance obligation is fulfilled towards the customer. The primary services comprise Air & Ocean, Road, and Solutions activities as described in the following.

Air and 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 and the United States of America.

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.

Accounting policies

Note

1 Accounting policies (Continued)

Other external expenses

Other external expenses comprise the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debt provisions, payments under operating leases, etc.

Staff costs

Staff costs comprise costs such as 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 in which SGLT Holding's employees have performed the related work.

The item is net of refunds made by public authorities.

Special items

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 SGLT Holding'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.

Financial income and expenses

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, also from group companies and associates, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

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.

Balance sheet

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 is evidence of impairment, or at least once a year.

Customer relations

Customer relations arising from business combinations are recognised at fair value at acquisition.

When evidence of impairment is identified, customer relations are tested for impairment.

Customer relations arising from acquisitions are amortised over 3-12 years.

Accounting policies

Note

1 Accounting policies (Continued)

Trademarks and other intangible assets

Trademarks and other intangible assets arising from business combinations is recognised at fair value at acquisition. When evidence of impairment is identified, trademarks and other intangible assets are tested for impairment. Trademarks and other intangibles arising from the acquisition are amortised over 1-10 years.

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.

The amortisation period is 3 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Property, plant and equipment

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 plant and equipment are required to be replaced at intervals, SGLT Holding 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 profit or loss as incurred.

Depreciation

The depreciation basis is the cost minus residual value.

Depreciation is provided on a straight-line basis over the expected useful life of each individual asset.

The expected useful lives of the assets are as follows:

- Buildings 5 years
- Leasehold improvements & Other tools and equipment 3-10 years
- Plant and machinery 3-5 years

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.

Accounting estimates

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Accounting policies

Note

1 Accounting policies (Continued)

Impairment testing of non-current assets

Goodwill

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 to. As goodwill is allocated to SGLT Holding's activity, it follows the structure of the operational segments being Air & Ocean, Road and Solution.

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 that reflects current market assessments of the time value of money and the risks specific to the asset including geographical location and financial risks.

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. Impairment is determined by assessing the recoverable amount of each CGU. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

The recoverable amount is the higher of the fair value of the assets less the expected costs of sale and the value in use.

Value in use is the net present value of estimated future cash flows from the asset or the CGU of which the asset forms parts.

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.

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 that are recognised as services delivered are invoiced to the customer and are not adjusted for any financing components as credit terms are short and the financing component therefore insignificant. SGLT Holding holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Accounting policies

Note

1 Accounting policies (Continued)

Receivables (continued)

Where services delivered have yet to be invoiced and invoices on services received from hauliers have still to be received, contract assets and accrued cost of services are recognised at the reporting date. Revenue allocated to remaining performance obligations are not disclosed following the practical expedient of IFRS 15.

SGLT Holding applies the IFRS 9 simplified approach to measuring expected credit losses which uses a 12-months expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

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 contract liabilities.

Prepayments

Prepayments recognised under Assets comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash deemed readily available, and bank overdrafts.

Provisions

Provisions are recognised when SGLT Holding has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When SGLT Holding expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, restructurings, etc.

Corporation tax

Income taxes payable:

Current tax payable and receivable is recognised in the balance sheet at the estimated tax charge in respect of 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 taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as 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 through a set-off against deferred tax liabilities within the same jurisdiction.

Accounting policies

Note

1 Accounting policies (Continued)

Deferred tax (continued)

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 and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

Liabilities

Financial liabilities are recognised on the raising of the loan at 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 term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises open files, which will not be recognised as revenue until the subsequent financial year once the recognition criteria are satisfied.

Cash flow statement

The cash flow statement shows the entity's net cash flows, broken down by operating, investing and financing activities, the year's changes in cash and cash equivalents and the entity's cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are presented using the indirect method and are made up as profit after tax, adjusted for non-cash operating items, changes in working capital, paid and received interests and paid income taxes.

Cash flows from investing activities comprise payments in connection with purchase and sale of fixed assets, securities which are part of investment activities and payments in connection with purchase and sale of businesses and activities.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

1 Accounting policies (Continued)**Financial ratios**

Financial ratios are calculated in accordance to the following definitions:

Gross margin:

Gross profit / Revenue * 100

EBITDA margin before special items:

EBITDA before special items / Revenue * 100

EBIT margin before special items:

Operating profit (EBIT) before special items / Revenue * 100

EBIT margin:

Operating profit (EBIT) / Revenue * 100

Conversion ratio:

EBITDA before special items / Gross profit * 100

Equity ratio:

Equity at year end / Total assets * 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.

Note (USDm)				
2	Bond debt	2022	2021	
	Issued bonds, EUR 250 million, interest rate 3 month EURIBOR + 6.75%	267	282	
	Issued bonds, EUR 300 million, interest rate 7.75%	320	254	
	Issued bonds, EUR 40 million, interest rate 11.50%	49	45	
	Bonds held by SGLT Holding*	-62	-65	
	Capitalised loan costs	-5	-6	
	Net bond debt	569	510	
	Payable bond interest	8	9	
	Total bond debt	577	519	
			Carrying amount**	
		Cash flow**	Carrying amount***	
			*	
	Bond debt falling due between 1 and 5 years (2023)	816	636	581
	Total non-current financial liabilities	860	636	581
	Total current financial liabilities	44	0	0

* At 31 December 2022 SGLT Holding held EUR 58 million of Bonds with an interest rate of 3 month EURIBOR + fixed rate of 6.75%. The net nominal value of the bond (6.75%) debt was EUR 192 million (USD 205 million).

** Total cash flows including interest. Total cash flows excluding bonds held by SGLT Holding is USD 816 million.

*** The carrying amount exclude bonds held by SGLT Holding, capitalised loan costs and payable bond interest.

The fair value of the issued bonds with ISIN SE0013101219 were EUR 246 million, totalling USD 263 million, based on quoted bond rates of 98.50 at Börse Frankfurt on 31 December 2022.

The fair value of the issued bonds with ISIN SE0015810759 were EUR 291 million, totalling USD 310 million, based on quoted bond rates of 97.00 at Börse Frankfurt on 31 December 2022.

The fair value of the issued bonds with ISIN NO0012441007 were EUR 46 million, totalling USD 49 million, based on quoted bond rates of 99.00 at Börse Frankfurt on 31 December 2022.

Note (USDm)	2022	2021
3 Investments in Group entities		
Provisional fair value at date of acquisition:		
ASSETS		
Property, plant and equipment	8	5
Trade receivables	17	51
Corporate tax	0	2
Other receivables	1	0
Cash and cash equivalents	15	30
Total assets	41	88
LIABILITIES		
Lease liabilities	7	4
Trade payables	12	35
Corporation tax	2	3
Other payables	4	7
Total liabilities	25	49
Acquired net assets	16	39
Goodwill	5	39
Customer relations	34	43
Trademarks	0	1
Deferred tax	-3	-10
Fair value of total net assets acquired	52	112
Cash consideration	50	86
Contingent consideration	2	26
Fair value of consideration transferred	52	112

The financial figures for 2022 comprise the acquisition of Sea Air Logistics Ltd., Gelders Forwarding B.V., D&W, Inc., Trust Forwarding, D&W, Advection Logistics Kft., AFL Logistics GmbH and B.C. Dispatch, Inc.

Acquisitions of Sea Air Logistics

On 29 June 2022, SGLT Holding, 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, SGLT Holding strengthened its position in Hong Kong, Singapore and China. Furthermore, it strategically complements our strong growth in profitable niche markets and the increase in our global presence in current SGL offerings. Closing was on 5 July 2022. The acquisition price for the activities was USD 24 million, financed through previously issued bonds. The acquisition costs was approx. USD 1 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.

Acquisitions of Sea Air Logistics, continued

Earnings impact

During the 6 months after the acquisition date, Sea Air Logistics contributed USD 35 million to SGLT Holding's revenue and USD 1 million to SGLT Holding's profit after tax. If the acquisition occurred on 1 January 2021, SGLT Holding's consolidated proforma revenue and profit after tax would have amounted to approx. USD 3,605 million and USD 77 million, respectively.

Fair value measurement

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

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using a WACC of 11.6% as the discount rate.

In total, customer relationships amounting to USD 16 million have been included in the opening balance.

The main input value drivers in the MEEM model used are the estimated future retention rate and net cash flow of the acquired contract customer base.

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

Trade receivables and payables

The fair value of trade receivables and payables is 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 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 SGLT Holding has been applied in the valuation.

Acquisition of Gelders Forwarding B.V.

On 1 July 2022, SGLT Holding, 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, SGLT Holding is increasing our market share significantly in the import market. Gelders Forwarding generates yearly revenue above EUR 30 million.

The acquisition price was USD 8 million. The acquisition was financed through previously issued bonds.

Closing was on 1 July 2022, from which date the activities are consolidated in SGLT Holding's financial statements.

The acquisition costs was approx. USD 0 million

Fair value of acquired net assets and recognised goodwill

The fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill 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 SGLT Holding's existing network. Goodwill is non-deductible for tax purposes. Goodwill amounts to USD 4 million.

Earnings impact

During the 6 months after the acquisition date, Gelders Forwarding contributed USD 17 million to SGLT Holding's revenue and USD million to SGLT Holding's profit after tax. If the acquisition had occurred on 1 January 2022, SGLT Holding's consolidated proforma revenue and profit after tax would have amounted to approx. USD 3,539 million and USD 70 million, respectively.

Fair value measurement

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

Customer relationships

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

The main input value drivers in the MEEM model used are the estimated future retention rate and net cash flow of the acquired contract customer base.

These inputs have been estimated based on Management's professional judgement from analysis of the acquired customer base 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 generally is very short and the discounted effect therefore immaterial.

Acquisition of D&W, Inc.

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

Fair value of acquired net assets

The fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill 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 7 months after the acquisition date, D&W contributed USD 57 million to SGLT Holding's revenue and USD 0 million to SGLT Holding's result after tax. If the acquisition had occurred on 1 January 2022, SGLT Holding's consolidated proforma revenue and profit after tax would have amounted approx. to USD 3,621 million and USD 69 million, respectively.

Fair value measurement

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

Customer relationships

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

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

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

On 16 June 2022, SGLT Holding, 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, SGLT Holding strengthens its position within the Nordic region. The closing of the transaction was on 31 October 2022. The acquisition price for the activities was USD 6 million, financed through previously issued bonds.

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

Adjustments may be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

Fair value of acquired net assets and recognised goodwill

The fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill 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 SGLT Holding's existing network. Goodwill is non-deductible for tax purposes. Goodwill amounts to USD 0 million.

Earnings impact

During the 2 months after the acquisition date, Trust contributed USD 3 million to SGLT Holding's revenue and USD 0 million to SGLT Holding's result after tax. If the acquisition had occurred on 1 January 2022, SGLT Holding's consolidated proforma revenue and profit after tax would have amounted approx. to USD 3,522 million and USD 69 million, respectively.

Fair value measurement

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

Customer relationships

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

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

Other acquisitions

Acquisition of Advection Logistics Kft.

On 7 July 2022, SGLT Holding, 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 USD 0.7 million, financed through previously issued bonds.

Acquisition of AFL Logistics GmbH and The American Fregith Line Southeast Inc.

On 16 June 2022, SGLT Holding, through its wholly-owned subsidiary Scan Global Logistics A/S acquired AFL Logistics GmbH and through TransGroup Express LLC, acquired the assets of American Freight Line Southeast Inc., a specialists within Automotive Special Logistics between EU and the US. The acquisition price was USD 0.7 million. The acquisition was financed through previously issued bonds. Closing was on 9 August 2022, from which date the activities was consolidated in SGLT Holding's financial statements.

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

On 31 May 2022, SGLT Holding, through its wholly-owned subsidiary TransGroup Express LLC acquired the assets of the Washington based B.C. Dispatch, Inc. B.C. Dispatch has been operating under the TransGroup umbrella for more than 28 years and is a leader in retail furniture and retail products logistics.

Closing was on 31 May 2022. The acquisition price for the activities was USD 2.5 million plus an additional earn out of up to USD 0.6 million, financed through previously issued bonds.

Acquisition of additional interest in Bison Services, Inc.

On 31 May 2022, SGLT Holding, through its wholly-owned subsidiary TransGroup Express LLC acquired the remaining 49% minority shares in Pennsylvania based Bison Services, Inc. Bison Services has been operating under the TransGroup umbrella for more than 20 years and is a leader in high tech, and medical device logistics.

Closing was on 31 May 2022. The acquisition price for the activities was USD 1.75 million plus an additional earn out of up to USD 1 million, financed through previously issued bonds.

Management's statement

The Board of Directors and the Executive Management have today considered and approved the consolidated financial report of SGLT Holding I LP for the financial year 1 January - 31 December 2022.

The consolidated financial report has been prepared in accordance with the accounting policies as specified in note 1.

In our opinion, the consolidated financial report gives a true and fair view of SGLT Holding's financial position on 31 December 2022 and the result of SGLT Holding'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 SGLT Holding'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 SGLT Holding face.

We recommend the adoption of the consolidated financial report at the Annual General Meeting.

31 March 2023

Board of Directors:

Tom Gartland
(Chairman)

John Cozzi

Alan Wilkinson

Matthew Bowen Bates

Rachel Kumar

Gregory Vernoy

Ronnie J. Lee

Allan Melgaard

Jørgen Jessen

Henrik von Sydow

Independent auditor's report

To SGLT Holding I LP (the responsible party) and its shareholders (the users)

Opinion

We have audited the consolidated schedules of SGLT Holding I LP for the financial year 1 January – 31 December 2022 page 17-30, comprising the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity, including the accounting policies.

The consolidated schedules are prepared based on the accounting policies as specified in note 1.

In our opinion, the consolidated schedules have, in all material respects, been prepared in accordance with the accounting policies as specified in note 1.

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 schedules" 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 Company 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.

Emphasis of matter in the financial statements – accounting policies and restriction on distribution and use

We wish to draw attention to the accounting policies as specified in note 1 to the consolidated schedules, which describes the accounting policies applied by the Company. The consolidated schedules have been prepared in order for the responsible party to meet the user's requirements as defined in section 9.1 of "AEA SGLT Holding I LP Amended and restated agreement of exempted limited partnership" dated 2 August 2016. As a result, the consolidated schedules may not be suitable for other purposes.

Our report has been prepared solely for the use of the responsible party and the users and should not be distributed to or used by any other parties.

We have not modified our opinion in respect of this matter.

Management's responsibilities for the consolidated schedules

Management is responsible for the preparation of consolidated schedules that gives a true and fair view in accordance with accounting policies and for such internal control as Management determines is necessary to enable the preparation of consolidated schedules that are free from material misstatement, whether due to fraud or error.

In preparing consolidated schedules, Management is responsible for assessing the 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 consolidated schedules unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of consolidated schedules

Our objectives are to obtain reasonable assurance as to whether consolidated schedules 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 consolidated schedules.

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 risk of material misstatement of consolidated schedules, 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities

We communicate with those charged with governance regarding, among other matters, the planned scope and timing

Copenhagen, 31 March 2023
 EY Godkendt Revisionspartnerselskab
 CVR no. 30 70 02 28

Søren Skov Larsen
 State Authorised Public Accountant
 mne26797

Henrik Pedersen
 State Authorised Public Accountant
 mne35456

(USDm)	Consolidated income statement for the year			SGLT
	1 January to 31 December 2022	SGL Group	TransGroup	Elim*
				Holding I LLP 2022
Revenue	2,523	1,146	-163	3,506
Cost of operation	-2,171	-1,003	163	-3,011
Gross profit	352	143	0	495
Other external expenses	-39	-22	4	-57
Staff costs	-148	-67	0	-215
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	165	54	4	223

* Comprise Scan (Jersey) Topco Limited, Scan (UK) Midco Limited, SGLT Holding II LLP, SGLT Holding I LLP and eliminations

(USDm)	SGLT Holding I LLP 2022			
Consolidated balance sheet	SGL Group	TransGroup	Elim*	
ASSETS				
Software	13	0	0	13
Customer relations	79	31	0	110
Trademarks	3	6	0	9
Other acquired intangible assets	0	1	0	1
Goodwill	193	99	0	292
Intangible assets	288	137	0	425
Right of use Assets	32	19	0	51
Property, plant and equipment	9	5	0	14
Property, plant and equipment	41	24	0	65
Receivables from Group entities	122	0	-122	0
Other receivables	5	1	1	7
Deferred tax asset	8	0	0	8
Financial assets	135	1	-121	15
Total non-current assets	464	162	-121	505
Trade receivables	291	109	0	400
Contract assets	7	21	0	28
Receivables from related parties	94	24	-91	27
Income taxes receivable	1	1	0	2
Other receivables	2	3	0	5
Prepayments	7	12	0	19
Cash and cash equivalents	280	39	0	319
Total current assets	682	209	-91	800
Total assets	1,146	371	-212	1,305

* Comprise Scan (Jersey) Topco Limited, Scan (UK) Midco Limited, SGLT Holding II LLP, SGLT Holding I LLP and eliminations

(USDm)				Midco Hold.	SGLT Holding I
Consolidated balance sheet	SGL Group	TransGroup	& Elim*	LLP	2022
EQUITY AND LIABILITIES					
Partnership interest	62	62	129		253
Currency translation reserve and adjustm.	-98	-4	92		-10
Retained earnings	205	-13	-186		6
Equity attributable to parent company	169	45	35		249
Non-controlling interests	1	3	0		4
Total Equity	170	48	35		253
Bond debt	570	-1	0		569
Lease liabilities	17	16	0		33
Payables to related parties	0	120	-120		0
Deferred tax liability	18	1	0		19
Other payables	15	1	-1		15
Total non-current liabilities	620	137	-121		636
Bank debt	0	0	0		0
Trade payables	231	67	-9		289
Current tax liabilities	24	0	-2		22
Lease liabilities	17	5	0		22
Payables to related parties	27	91	-118		0
Deferred income	8	2	-1		9
Other payables	49	21	4		74
Total current liabilities	356	186	-126		416
Total liabilities	976	323	-247		1,052
Total equity and liabilities	1,146	371	-212		1,305

* Comprise Scan (Jersey) Topco Limited, Scan (UK) Midco Limited, SGLT Holding II LLP, SGLT Holding I LLP and eliminations