

INTERIM FINANCIAL REPORT

FIRST QUARTER OF 2023

Q1 2023

SGL International A/S

19 May 2023

UNCOMPLICATE YOUR WORLD »

SCAN GLOBAL
LOGISTICS

GROUP STRUCTURE

SGLT HOLDING

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

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

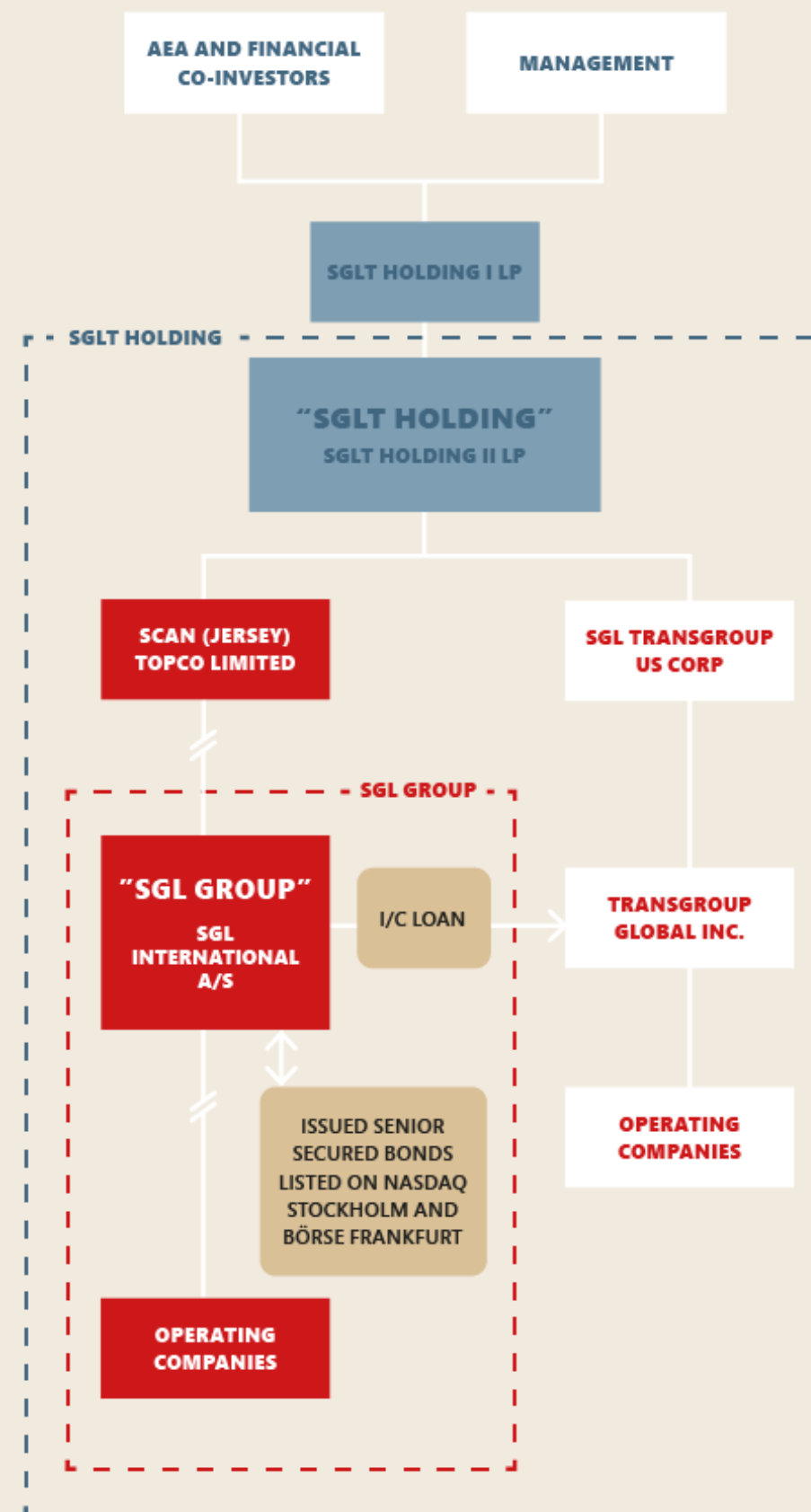
Reporting currency for SGLT Holding is USD.

SGL GROUP

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

On 31 March, 2023 SGL International A/S as issuer (together with SGL TransGroup US Corp and their respective subsidiaries) has issued EUR 250 million senior secured floating rate bonds within a framework of EUR 315 million of which EUR 58 million is repurchased. A further total of EUR 300 million senior secured fixed rate bonds is issued within a framework of EUR 350 million. Hence, on a gross level, a total of EUR 550 million is issued within a framework of EUR 665 million. Excluding bonds repurchased by SGL International A/S, a total of EUR 492 million is issued. Further, SGL International A/S has issued EUR 42 million of subordinated unsecured PIK fixed interest bonds.

Reporting currency for SGL Group is DKK.



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SGLT HOLDING

Q1 2023

FINANCIAL HIGHLIGHTS

SGLT HOLDING

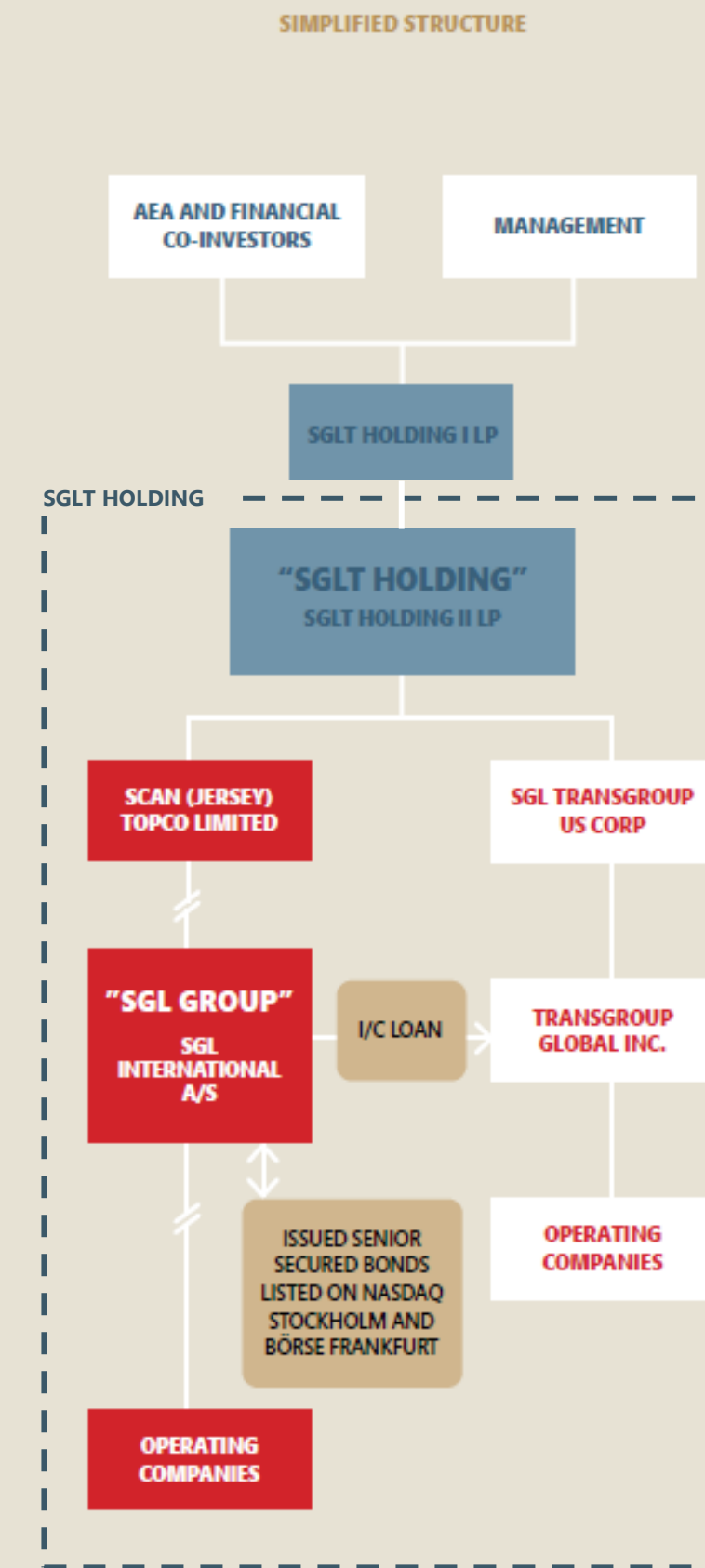
Key figures (in USDm)	Q1 2023	Q1 2022	FY 2022
Income statement			
Revenue	632	903	3,506
Gross profit	129	123	495
EBITDA before special items	55	60	222
Operating profit (EBIT)	37	46	142
Special items, net	-2	-3	-22
Financial items, net	-19	-14	-47
Result for the period	10	24	68
Income statement (Business Performance)			
Adjusted EBITDA*	50	55	200
Cash flow			
Cash flows from operating activities	46	98	275
Cash flows from investing activities	-4	-4	-70
Free cash flow	42	94	205
Cash flows from financing activities	-5	77	53
Cash flow for the period	37	171	258

* Adjusted EBITDA (Business performance) excluding the impact of IFRS 16 leases ref. note 1.

Key figures (in USDm)	Q1 2023	Q1 2022	FY 2022
Financial position			
Total equity	253	197	245
Net working capital	71	192	96
Net interest-bearing debt (NIBD)	280	385	278
Net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note**	148	290	179
Total assets	1,320	1,250	1,307
Financial ratios in %			
Gross margin	20.4	13.6	14.1
EBITDA margin before special items	8.7	6.6	6.3
Adjusted EBITDA margin***	7.9	6.1	5.7
EBIT margin	5.9	5.1	4.1
Equity ratio	19.2	15.8	18.7
Other			
Number of full-time employees at the end of the period	3,398	2,663	3,370

** Payment-in-kind. The comparative figure for net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note has been adjusted compared to the figure in the published Q1 2022 report.

*** Excluding the impact of IFRS 16 Leases and before special items; ref. Annual Report 2022 Note 5.7 Financial definitions.



FINANCIAL PERFORMANCE

SGLT HOLDING

HIGHLIGHTS FOR THE FIRST QUARTER OF 2023

The beginning of 2023, was impacted by a continued normalising of the market conditions, following the high activity levels driven by market disruptions and capacity constraints seen in 2021 and first half of 2022. The change in market conditions has enabled SGLT Holding to leverage on its entrepreneurial business model in providing complex solutions to its customers with success, and delivered a 5% increase in gross profit compared to Q1 2022.

Compared to the strong performance in Q1 2022, SGLT Holding experienced a minor decrease in EBITDA before special items in the first three months of 2023, which were in line with our expectations. EBITDA before special items decreased 4% in constant currencies. The decrease in EBITDA before special items was driven by the SG&A cost base, which has been built up to cater for the increased activity levels in 2022 and to further support the continued growth following execution of the Vision 2027: 1-3-5 strategy. Further, are the current market conditions, impacted by normalisation of freight volumes, expected to recover during 2023 with volumes picking up from current levels.

FINANCIAL PERFORMANCE FOR THE FIRST QUARTER OF 2023

REVENUE

Revenue amounted to USD 632 million for the first three months of 2023, a decrease of 30% compared to the strong performance of the first three months of 2022. The decrease was due to a decrease in freight volumes and lower freight rates as a consequence of the normalisation of the freight market. The first three months of 2023 includes a negative impact from FX translation of approximately USD 25 million.

The decrease in activity levels was experienced across all regions, especially Air & Ocean activities in Denmark, Asia and North America.

GROSS PROFIT

Gross profit amounted to USD 129 million for the first three months of 2023; an increase of 5% compared with the first three months of 2022, including negative impact from FX translation of approximately USD 5 million. The increase in gross profit is driven by a strong business performance, despite the lower activity level on the freight market resulting in lower revenue.

Through our diversified business model we have been able to mitigate an impact to gross profit and sustain performance. Following this we have seen a significant increase in gross profit margin to 20.4%; equivalent to an increase of 6.8% point compared to the same period last year. A result of our operating model in which we naturally will increase margins in a declining rate environment. We expect as the market normalises further the margin will gradually decrease as contracts are renewed. The development is mainly driven by North America, North Europe and Scandinavia.

SG&A COSTS

SG&A costs amounted to USD 74 million for the first three months of 2023; impacted by a positive FX translation of approximately USD 3 million, resulting in an increase of 17% compared to the first three months of 2022. The SG&A costs increased as expected compared to Q1 2022 and was primarily due to an increase in employees driving higher salary expenses as a result of greenfield and M&A activities. Furthermore, to enable upscaling the business for future growth and activity in line with our strategy. The conversion ratio based on Adjusted EBITDA decreased from 45% in first three month of 2022 to 39% in the first three months of 2023.

ADJUSTED EBITDA

Adjusted EBITDA amounted to USD 50 million for the first three months of 2023; compared to USD 55 million same period last year. The decrease in revenue and increase in SG&A is largely offset by the development in gross profit. Adjusted EBITDA margin increased 1.8% point compared to same period last year. The increase from GP margin was not fully carried through due to the sustained SG&A cost base. EBITDA before special items amounted to USD 55 million; compared to USD 60 million same period last year. EBITDA margin before special items increased 2.1% point compared to same period last year.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to USD 16 million in 2023 compared to USD 11 million in 2022. 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 and scalability from the Vision 2027: 1-3-5 strategy.

SPECIAL ITEMS, NET

Special Items, net, amounted to a cost of USD 2 million for the first three months of 2023 mainly driven by greenfield activities and M&A related costs.

FINANCIAL PERFORMANCE

SGLT HOLDING

OPERATING PROFIT (EBIT)

Operating Profit (EBIT) amounted to USD 37 million for the first three months of 2023 compared to USD 46 million same period last year.

FINANCIAL ITEMS

Financial items amounted to net expenses of USD 19 million for the first three months of 2023 compared to an expense of USD 14 million the same period last year. The development was mainly driven by interest expenses from issued bonds and by foreign exchange losses on the bond debt in EUR.

TAX

The effective tax rate came to 44.4% for the full year 2022, compared to 25.0% for last year. The tax rate in 2023 is negatively impacted by non-deductible interest expenses.

CASH FLOW

Cash flow from operating activities was positive with USD 46 million in the first three month of 2023; a development positively affected by EBIT, supported by cash flows from continuously streamlined net working capital.

CAPITAL STRUCTURE

Equity attributable to the parent company was USD 249 million. The total equity ratio was 19.2% as per 31 March 2023. Compared to 31 March 2022 the equity ratio increased 3.4% point driven by strong results in the last 12 months.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was USD 148 million excluding lease liabilities and PIK-note as of 31 March 2023 (31 March 2022: USD 290 million excluding lease liabilities and PIK-note). The positive development in NIBD was mainly driven by the increase in the company's net cash position of USD 125 million deriving from improved net working capital position. The total liquidity reserve was USD 457 million end of March 2023 (March 2022: USD 332 million).

NET WORKING CAPITAL

Net working capital improved with USD 25 million for the first three months of 2023. Total NWC position was USD 71 million 31 March 2023. The improvement in net working capital is primarily related to the lower freight rates and activities within the Air & Ocean segment compared to the record high freight rates and activities in Q4 2021.



OUTLOOK 2023

SGLT HOLDING & SGL GROUP

OUTLOOK 2023

Outlook remains unchanged based on the expectations described in the outlook published in the Annual Report for 2022. Our outlook assumes a continued impact on the freight market from change in consumer demand. This in combination with inventory level reduction is however, expected to normalise during the second half of 2023 with volumes picking up from current levels.

However, the macroeconomic environment, higher inflation, decreasing consumer demand and continued uncertainties following the war in Ukraine remains an uncertainty to our outlook for 2023.

LONG-TERM FINANCIAL TARGETS

OUTPERFORM MARKET GROWTH

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

TOP 3RD AMONGST THE GLOBAL PEERS IN PROFITABILITY

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

OTHER FINANCIAL TARGETS

- Improving conversion ratio (Gross profit to EBITDA before special items and excluding IFRS 16 accounting)
- Strong positive cash generation
The targets are based on the assumptions of stable global economic development and assume exchange rates are unchanged from current levels.

GUIDANCE 2023 – SGLT HOLDING

Adjusted EBITDA*:
USD 185 million – USD 200 million

EBITDA before special items:
USD 205 million – USD 220 million

GUIDANCE 2023 – SGL GROUP

EBITDA before special items excluding IFRS 16 accounting:
DKK 1,000 million – DKK 1,100 million

EBITDA before special items:
DKK 1,130 million – DKK 1,230 million

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

FORWARD-LOOKING STATEMENTS

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

Refer to the Annual Report of SGL International A/S for disclosure of additional factors and risks that may impact future results.

INCOME STATEMENT

SGLT HOLDING

USDm	Note	Q1 2023	Q1 2022	FY 2022
Revenue		632	903	3,506
Cost of operation		-503	-780	-3,011
Gross profit		129	123	495
Other external expenses		-17	-11	-58
Staff costs		-57	-52	-215
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	1	55	60	222
Amortisation and depreciation		-16	-11	-58
Operating profit (EBIT) before special items		39	49	164
Special items, net		-2	-3	-22
Operating profit (EBIT)		37	46	142
Financial income		2	3	6
Financial expenses		-21	-17	-53
Profit before tax		18	32	95
Income tax for the period		-8	-8	-27
Profit for the period		10	24	68
Total income for the period attributable to Owners of the Parent Company		9	23	63
Non-controlling interests		1	1	5
Total		10	24	68

STATEMENT OF OTHER COMPREHENSIVE INCOME

USDm	Note	Q1 2023	Q1 2022	FY 2022
Profit for the period		10	24	68
Items that will be reclassified to income statement when certain conditions are met:				
Exchange rate adjustment related to foreign entities		-1	8	-7
Other comprehensive income, net of tax		-1	8	-7
Total comprehensive income for the period		9	32	61
Total comprehensive income for the period attributable to Owners of the Parent Company		8	31	56
Non-controlling interests		1	1	5
Total		9	32	61

BALANCE SHEET

SGLT HOLDING

USDm	Note	31.03.2023	31.03.2022	31.12.2022
ASSETS				
Intangible assets		420	427	425
Property, plant and equipment		90	57	65
Other receivables		8	4	6
Deferred tax asset		8	3	8
Total non-current assets		526	491	504
Trade receivables		309	492	400
Contract assets		53	8	28
Receivables from related parties		30	4	30
Income tax receivables		11	2	2
Other receivables		8	3	5
Prepayments		22	14	19
Cash and cash equivalents	2	361	236	319
Total current assets		794	759	803
Total assets		1,320	1,250	1,307

USDm	Note	31.03.2023	31.03.2022	31.12.2022
EQUITY AND LIABILITIES				
Partnership interest		245	221	245
Currency translation reserve		-11	5	-10
Retained earnings		15	-33	6
Equity attributable to Parent Company		249	193	241
Non-controlling interests		4	4	4
Total equity		253	197	245
Bond debt	3	582	593	569
Lease liabilities		57	31	33
Deferred tax liability		20	18	19
Other payables		14	14	15
Total non-current liabilities		673	656	636
Bank debt		2	4	-
Trade payables		139	183	169
Accrued trade expenses		118	108	120
Current tax liabilities		22	15	22
Lease liabilities		23	19	22
Payable to related parties		12	11	20
Deferred income		8	3	9
Other payables		70	54	64
Total current liabilities		394	397	426
Total liabilities		1,067	1,053	1,062
Total equity and liabilities		1,320	1,250	1,307

STATEMENT OF CHANGES IN EQUITY

SGLT HOLDING

USDm	Partnership Interests	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent	Non Controlling Interests	Total Equity
Q1 2023						
Equity at 1 January 2023	245	-10	6	241	4	245
Profit for the period	-	-	9	9	1	10
Other comprehensive income, net of tax	-	-1	-	-1	0	-1
Total comprehensive income, net of tax	-	-1	9	8	1	9
Dividend distributed, non-controlling interests	-	-	-	-	-1	-1
Total transfer with owners	-	-	-	-	-1	-1
Equity at 31 March 2023	245	-11	15	249	4	253
Q1 2022						
Equity at 1 January 2022	221	-3	-56	162	7	169
Profit for the period	-	-	23	23	1	24
Other comprehensive income, net of tax	-	8	-	8	0	8
Total comprehensive income, net of tax	-	8	23	31	1	32
Dividend distributed, non-controlling interests	-	-	-	-	-4	-4
Total transfer with owners	-	-	-	-	-4	-4
Equity at 31 March 2022	221	5	-33	193	4	197

STATEMENT OF CASH FLOW

SGLT HOLDING

USDm	Note	Q1 2023	Q1 2022
Profit for the period		10	24
<i>Adjustment of non-cash items:</i>			
Income taxes in the income statement		8	8
Depreciation and amortisation		16	11
Financial income		-2	-3
Financial expenses		21	17
Change in working capital		22	52
Interest received		1	-
Interest paid		-14	-10
Tax paid/received		-16	-1
Cash flows from operating activities		46	98
Purchase of software and other intangible assets		-2	-1
Purchase of property, plant and equipment		-2	-1
Investments in Group entities		-	-2
Cash flows from investing activities		-4	-4
Free cash flow		42	94

USDm	Note	Q1 2023	Q1 2022
Purchase of non-controlling interest		-1	-
Dividend paid to non-controlling interests		-1	-4
Deposits		-	1
Proceeds from issuing bonds		-	85
Long-term loans		2	-
Redemption of lease liabilities		-5	-5
Cash flows from financing activities		-5	77
Change in cash and cash equivalents		37	171
Cash and cash equivalents			
Cash and cash equivalents beginning of period		319	72
Exchange rate adjustment of cash and cash equivalents		3	-11
Change in cash and cash equivalents		37	171
Cash and cash equivalents end of period	2	359	232

NOTES

SGLT HOLDING

NOTE 1 – ALTERNATIVE PERFORMANCE MEASURES

USDm	Q1 2023	Q1 2022
<i>Adjusted EBITDA:</i>		
EBITDA before special items	55	60
IFRS 16 impact	-6	-6
Other adjustments*	1	1
Adjusted EBITDA	50	55

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

NOTE 2 – CASH AND LIQUIDITY RESERVE

USDm	31.03.2023	31.03.2022	31.12.2022
Cash and cash equivalents	361	236	319
Bank debt	-2	-4	-
Net cash	359	232	319
Credit facilities	98	100	100
Liquidity reserve	457	332	419

NOTE 3 – BOND DEBT

Refer to note 5 in SGL Group.

SGL GROUP Q1 2023



FINANCIAL HIGHLIGHTS

SGL GROUP

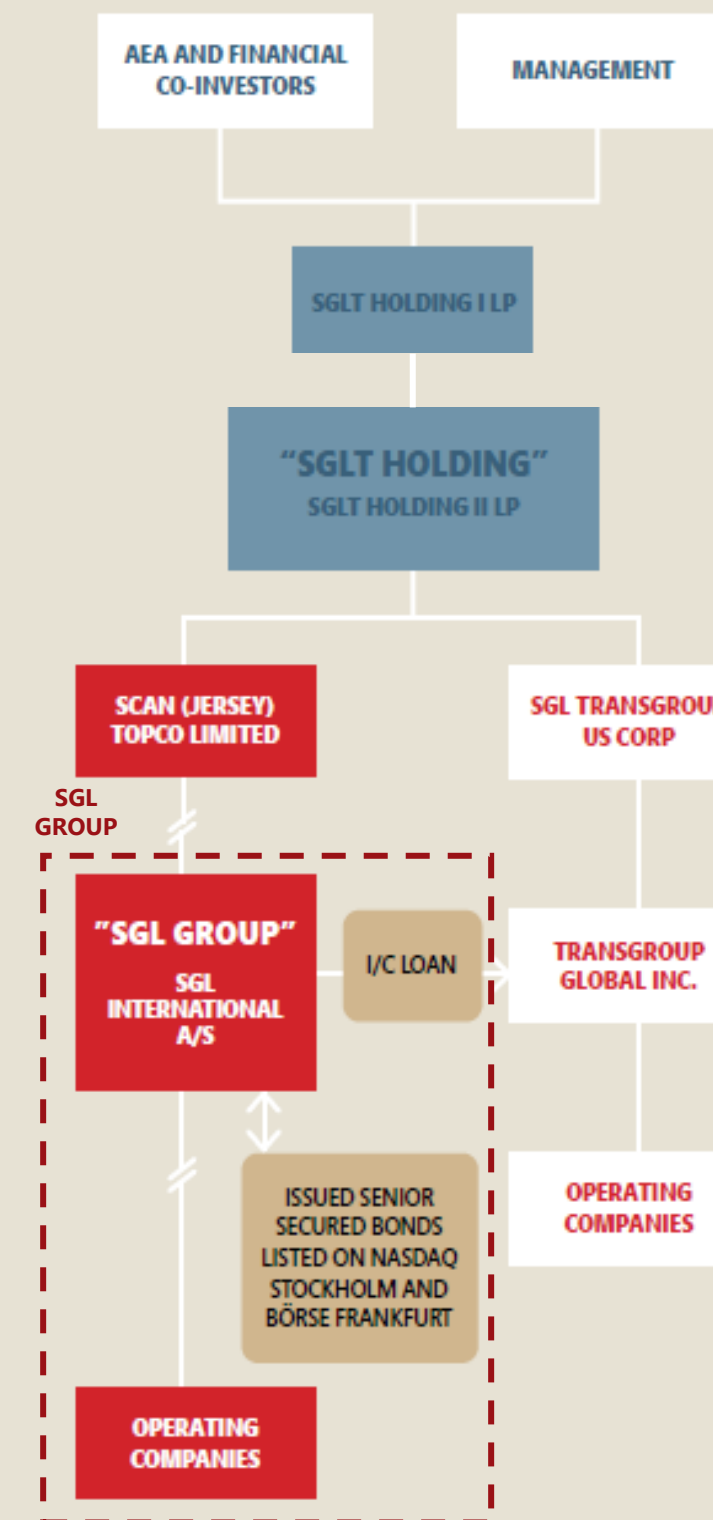
Key figures (in DKKm)	Q1 2023	Q1 2022	FY 2022
Income statement			
Revenue	2,990	4,344	17,832
Gross profit	625	601	2,489
EBITDA before special items	283	315	1,206
Operating profit (EBIT)	302	248	802
Special items, net	106	-10	-86
Financial items, net	-112	-55	-184
Profit for the period	144	146	442
Income statement (Business Performance)			
EBITDA before special items*	247	286	1,063
Cash flow			
Cash flows from operating activities	192	550	1,422
Cash flows from investing activities	124	-23	-390
Free cash flow	316	527	1,032
Cash flows from financing activities	174	529	423
Cash flow for the period	490	1,056	1,455

* EBITDA before special items excluding the impact of IFRS 16 Leases

Key figures (in DKKm)	Q1 2023	Q1 2022	FY 2022
Financial position			
Total equity	1,329	995	1,187
Net working capital	63	505	212
Net interest-bearing debt (NIBD)	882	1,331	932
Net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note**	118	810	385
Total assets	7,932	7,715	7,994
Financial ratios in %			
Gross margin	20.9	13.8	14.0
EBITDA margin before special items	9.5	7.3	6.8
EBITDA margin before special items*	8.3	6.6	6.0
EBIT margin	10.1	5.7	4.5
Equity ratio	16.8	12.9	14.8
Other			
Number of full-time employees at the end of the period	2,662	2,089	2,642

** Payment-in-kind. The comparative figure for net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note has been adjusted compared to the figure in the published Q1 2022 report.

SIMPLIFIED STRUCTURE



FINANCIAL PERFORMANCE

SGL GROUP

HIGHLIGHTS FOR THE FIRST QUARTER OF 2023

The beginning of 2023, was impacted by a continued normalising of the market conditions, following the high activity levels driven by market disruptions and capacity constraints seen in 2021 and first half of 2022. The change in market conditions has enabled SGL Group to leverage on its entrepreneurial business model in providing complex solutions to its customers with success, and delivered a 4% increase in gross profit compared to Q1 2022.

Compared to the strong performance in Q1 2022, SGL Group experienced a minor decrease in EBITDA before special items in the first three months of 2023, which were in line with our expectations. EBITDA before special items decreased 9% in constant currencies. The decrease in EBITDA before special items was driven by the SG&A cost base, which has been built up to cater for the increased activity levels in 2022 and to further support the continued growth following execution of the Vision 2027: 1-3-5 strategy. Further, are the current market conditions, impacted by normalisation of freight volumes, expected to recover during 2023 with volumes picking up from current levels.

FINANCIAL PERFORMANCE FOR THE FIRST QUARTER OF 2023

REVENUE

Revenue amounted to DKK 2,990 million for the first three months of 2023, a decrease of 31% compared to the strong performance of the first three months of 2022. The decrease was mainly due to a decrease in freight volumes and lower freight rates as a consequence of the normalisation of the freight market. The first three months of 2023 includes a negative impact from FX translation of approximately DKK 40 million.

The decrease in activity levels was experienced across all regions, especially Air & Ocean activities in Denmark and Asia.

GROSS PROFIT

Gross profit amounted to DKK 625 million for the first three months of 2023; an increase of 4% compared with the first three months of 2022, including negative impact from FX translation of approximately DKK 30 million.

The increase in gross profit is driven by a strong business performance, despite the lower activity level on the freight market resulting in lower revenue. Through our diversified business model we have been able to mitigate an impact to gross profit and sustain performance.

Following this we have seen a significant increase in gross profit margin to 20.9%; equivalent to an increase of 7.1% point compared to the same period last year. A result of our operating model in which we naturally will increase margins in a declining rate environment. We expect as the market normalises further the margin will gradually decrease as contracts are renewed. The development is mainly driven by North Europe and Scandinavia.

SG&A COSTS

SG&A costs amounted to DKK 342 million for the first three months of 2023; impacted by a positive FX translation of approximately DKK 5 million, resulting in an increase of 20% compared to the first three months of 2022. The SG&A costs increased as expected and was primarily due to increased headcount driving higher salary expenses as a result of greenfield and M&A activities and upscaling the business for future growth and activity in line with our strategy. The conversion ratio based on EBITDA before special items decreased from 52% in first three month of 2022 to 45% in the first three months of 2023.

EBITDA BEFORE SPECIAL ITEMS

EBITDA before special items amounted to DKK 283 million for the first three months of 2023; compared to DKK 315 million same period last year. The decrease in revenue and increase in SG&A is largely offset by the development described under gross profit.

EBITDA margin before special items increased 2.2% point compared to same period last year. The increase from GP margin was not fully carried through due to the sustained SG&A cost base. EBITDA before special items excluding the impact of IFRS 16 Leases amounted to DKK 247 million; compared to DKK 286 million same period last year. EBITDA margin before special items excluding the impact of IFRS 16 Leases increased 1.7% point compared to same period last year.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to DKK 87 million in 2023 compared to DKK 57 million in 2022. 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 and scalability from the Vision 2027: 1-3-5 strategy.

OPERATING PROFIT (EBIT)

Operating Profit (EBIT) amounted to DKK 302 million for the first three months of 2023 compared to DKK 248 million same period last year.

SPECIAL ITEMS, NET

Special Items, net, amounted to an income of DKK 106 million for the first three months of 2023 driven by the sale of Horizon Cargo Inc. to SGLT Holding.

FINANCIAL PERFORMANCE

SGL GROUP

FINANCIAL ITEMS

Financial items amounted to net expense of DKK 112 million for the first three months of 2023 compared to an expense of DKK 55 million in the same period last year. The development was mainly driven by interest expenses from issued bonds and foreign exchange losses on receivables from related parties in USD.

TAX

The effective tax rate came to 24.2% for the full year 2022, compared to 24.4% for last year. The tax rate in 2023 positively impacted by a non-taxable gain on the sale of Horizon Cargo Inc. to SGLT Holding but negatively impacted from non-deductible interest expenses.

CASH FLOW

Cash flow from operating activities was positive with DKK 192 million in first three months of 2023 positively affected by EBIT.

CAPITAL STRUCTURE

Equity attributable to the parent company was DKK 1,323 million. The total equity ratio was 16.8% as per 31 March 2023. Compared to 31 March 2022 the equity ratio increased 3.9% point driven by strong results in the last 12 month.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was DKK 118 million excluding lease liabilities and PIK-note as of 31 March 2023 (31 March 2022: DKK 810 million excluding lease liabilities and PIK-note). The positive development in NIBD was mainly driven by the increase in the company's net cash position of DKK 849 million deriving from improved net working capital position. The total liquidity reserve was DKK 2,836 million end of March 2023 (March 2022: DKK 1,987 million).

NET WORKING CAPITAL

Net working capital improved with DKK 149 million for the first three months of 2023. Total NWC position was DKK 63 million 31 March 2023. The improvement in net working capital is primarily related to the lower freight rates and activities within the Air & Ocean segment compared to the record high freight rates and activities in Q4 2021.



INCOME STATEMENT

SGL GROUP

DKKm	Note	Q1 2023	Q1 2022	FY 2022
Revenue	1	2,990	4,344	17,832
Cost of operation	1	-2,365	-3,743	-15,343
Gross profit		625	601	2,489
Other external expenses		-75	-40	-230
Staff costs		-267	-246	-1,053
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		283	315	1,206
Amortisation and depreciation		-87	-57	-318
Operating profit (EBIT) before special items		196	258	888
Special items, net	2	106	-10	-86
Operating profit (EBIT)		302	248	802
Financial income	3	29	30	177
Financial expenses	3	-141	-85	-361
Profit before tax		190	193	618
Income tax for the period		-46	-47	-176
Profit for the period		144	146	442
Total income for the period attributable to Owners of the Parent Company		144	145	437
Non-controlling interests		0	1	5
Total		144	146	442

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKKm	Note	Q1 2023	Q1 2022	FY 2022
Profit for the period		144	146	442
Items that will be reclassified to income statement when certain conditions are met:				
Exchange rate adjustment related to foreign entities		-2	1	-103
Other comprehensive income, net of tax		-2	1	-103
Total comprehensive income for the period		142	147	339
Total comprehensive income for the period attributable to Owners of the Parent Company		142	146	334
Non-controlling interests		0	1	5
Total		142	147	339

BALANCE SHEET

SGL GROUP

DKKm	Note	31.03.2023	31.03.2022	31.12.2022
ASSETS				
Intangible assets		1,953	1,969	2,006
Property, plant and equipment		458	236	289
Receivables from related parties		832	814	848
Other receivables		45	26	39
Deferred tax asset		54	18	55
Total non-current assets		3,342	3,063	3,237
Trade receivables		1,519	2,171	2,027
Contract assets		33	56	51
Receivables from related parties		473	790	653
Income tax receivables		71	3	9
Other receivables		34	13	19
Prepayments		18	37	48
Cash and cash equivalents	4	2,442	1,582	1,950
Total current assets		4,590	4,652	4,757
Total assets		7,932	7,715	7,994

DKKm	Note	31.03.2023	31.03.2022	31.12.2022
EQUITY AND LIABILITIES				
Share capital		1	1	1
Share premium		-	228	-
Currency translation reserve		-135	-29	-133
Retained earnings		1,457	793	1,313
Equity attributable to Parent Company		1,323	993	1,181
Non-controlling interests		6	2	6
Total equity		1,329	995	1,187
Bond debt	5	3,996	3,936	3,976
Lease liabilities	5	288	109	121
Deferred tax liability		125	107	123
Other payables		92	84	102
Total non-current liabilities		4,501	4,236	4,322
Trade payables		657	907	837
Accrued trade expenses		664	894	777
Current tax liabilities		137	95	164
Lease liabilities	5	121	97	119
Payable to related parties		174	113	191
Deferred income		43	2	54
Other payables		306	376	343
Total current liabilities		2,102	2,484	2,485
Total liabilities		6,603	6,720	6,807
Total equity and liabilities		7,932	7,715	7,994

STATEMENT OF CHANGES IN EQUITY

SGL GROUP

DKKm

	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent Company	Non Controlling Interests	Total Equity
Q1 2023							
Equity at 1 January 2023	1	-	-133	1,313	1,181	6	1,187
Profit for the period	-	-	-	144	144	0	144
Other comprehensive income, net of tax	-	-	-2	-	-2	0	-2
Total comprehensive income, net of tax	-	-	-2	144	142	-	142
Total transfer with owners	-	-	-	-	-	-	-
Equity at 31 March 2023	1	-	-135	1,457	1,323	6	1,329
Q1 2022							
Equity at 1 January 2022	1	228	-30	648	847	1	848
Profit for the period	-	-	-	145	145	1	146
Other comprehensive income, net of tax	-	-	1	-	1	0	1
Total comprehensive income, net of tax	-	-	1	145	146	1	147
Total transfer with owners	-	-	-	-	-	-	-
Equity at 31 March 2022	1	228	-29	793	993	2	995

STATEMENT OF CASH FLOW

SGL GROUP

DKKm	Note	Q1 2023	Q1 2022	FY 2022
Profit for the period		144	146	442
<i>Adjustment of non-cash items:</i>				
Income taxes in the income statement		46	47	176
Gain on sale of Group entities*		-111	-	-
Depreciation and amortisation		87	57	318
Financial income		-29	-30	-177
Financial expenses		141	85	361
Change in working capital		86	317	572
Interest received		33	-	100
Interest paid		-94	-64	-288
Tax paid/received		-111	-8	-82
Cash flows from operating activities		192	550	1,422
Purchase of software and other intangible assets		-12	-10	-53
Purchase of property, plant and equipment		-14	-5	-41
Investments in Group entities		-3	-8	-296
Disposals of Group entities*		153	-	-
Cash flows from investing activities		124	-23	-390

* Disposal of Group entities is in between SGL Group and SGLT Holding

DKKm	Note	Q1 2023	Q1 2022	FY 2022
Investment in deposits		-5	-4	-10
Repayment of loan from related entities		209	-	1
Proceeds from issuing bonds		-	558	557
Redemption of lease liabilities		-30	-25	-125
Cash flows from financing activities		174	529	423
Change in cash and cash equivalents		490	1,056	1,455
Cash and cash equivalents				
Cash and cash equivalents beginning of period		1,950	520	520
Exchange rate adjustment of cash and cash equivalents		2	6	-25
Change in cash and cash equivalents		490	1,056	1,455
Cash and cash equivalents end of period	4	2,442	1,582	1,950

NOTES

SGL GROUP

NOTE 1 – SEGMENT INFORMATION

	Air & Ocean	Road	Solution	Total	Air & Ocean	Road	Solution	Total
	Q1 2023	Q1 2023	Q1 2023	Q1 2023	Q1 2022	Q1 2022	Q1 2022	Q1 2022
DKKm								
Net revenue (services)	2,748	180	62	2,990	4,095	188	61	4,344
Cost of operation	-2,170	-153	-42	-2,365	-3,543	-160	-40	-3,743
Gross profit	578	27	20	625	552	28	21	601
Other external expenses and staff costs	-312	-22	-8	-342	-252	-24	-10	-286
Earnings before interests, tax, depreciation, amortisation (EBITDA) and special items	266	5	12	283	300	4	11	315
Depreciation and amortisation				-87				-57
Operating profit (EBIT) before special items				196				258
Special items, net				106				-10
Financial items, net				-112				-55
Profit before tax				190				193

NOTES

SGL GROUP

NOTE 2 – SPECIAL ITEMS, NET

DKKm	Q1 2023	Q1 2022
M&A activities, greenfield activities and other transaction specific costs	-5	-7
Gain on sale of subsidiaries	111	
Restructuring and other costs	-	-3
Total special items, net	106	-10

NOTE 3 – FINANCIAL ITEMS

DKKm	Q1 2023	Q1 2022
Interest income	7	-
Financial income from related parties	22	30
Net foreign exchange (gains/losses)	-	-
Total financial income	29	30
Interest expenses	-1	-8
Lease interest expenses	-6	-4
Bond interest expenses	-94	-57
Amortisation of capitalised loan costs	-4	-4
Other financial expenses	-6	-
Exchange rate losses	-30	-12
Total financial expenses	-141	-85

NOTE 4 – CASH AND LIQUIDITY RESERVE

DKKm	31.03.2023	31.03.2022	31.12.2022
Cash and cash equivalents	2,442	1,582	1,950
Bank debt	-	-	-
Net cash	2,442	1,582	1,950
Credit facilities	394	405	415
Liquidity reserve	2,836	1,987	2,365

NOTES

SGL GROUP

NOTE 5 – CHANGES TO FINANCIAL LIABILITIES

	Maturity	Effective interest rate	Carrying amount 1 January	Cashflow	Non-cash change					31.03.2023
					Business combinations	Foreign exchange effect	Additions	Transfers	Other	Carrying amount end of period
DKKm										
Bond debt										
Issued bonds, EUR 250 million	2024	3 month EURIBOR + 6.75%	1,860	-	-	2	-	-	-	1,862
Hereof bonds held by SGL Group	2024	3 month EURIBOR + 6.75%	-430	-	-	-1	-	-	-	-431
Issued bonds, EUR 300 million	2025	7.75%	2,231	-	-	4	-	-	-	2,235
Issued bonds*, EUR 40 million	2025	11.5%	345	-	-	1	-	10	-	356
Capitalised loan costs			-30	-	-	-	-	-	4	-26
Net bond debt			3,976	-	-	6	-	10	4	3,996
Payable bond interest			59	-85	-	-	95	-10	-	59
Lease liabilities			240	-30	-	-3	201	-	1	409
Total			4,275	-115	-	3	296	-	5	4,464

* Payment-in-kind

31.03.2022

Bond debt										
Issued bonds, EUR 250 million	2024	1 month EURIBOR + 6.75%	1,859	-	-	1	-	-	-	1,860
Hereof bonds held by SGL Group	2024	3 month EURIBOR + 6.75%	-430	-	-	-	-	-	-	-430
Issued bonds, EUR 225 million	2025	7.75%	1,673	558	-	-	-	-	-	2,231
Issued bonds*, EUR 40 million	2025	11.50%	297	-	-	-	-	20	-	317
Capitalised loan costs			-40	-	-	-	-6	-	4	-42
Net bond debt			3,359	558	-	1	-6	20	4	3,936
Payable bond interest			57	-52	-	-1	64	-20	-	48
Lease liabilities			220	-25	-	2	7	-	2	206
Total			3,636	481	-	2	65	-	6	4,190

* Payment-in-kind

NOTES

SGL GROUP

NOTE 7 – GENERAL ACCOUNTING POLICIES

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

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

New accounting regulation adopted in 2023

SGL Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2023 as adopted by the European Union.

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

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

New accounting regulation not yet adopted

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the Q1 2023 Interim Financial Report.

None of these are currently expected to carry any significant impact on the financial statements of the SGL Group when implemented.

Material accounting estimates

In connection with the preparation of the interim report, Management makes material accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of SGL Group's assets and liabilities for accounting purposes.

There are no significant changes in the material estimates from the assessments presented in SGL International A/S' Annual Report 2022.

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL International A/S (page 14 to 25) for the period 1 January to 31 March 2023.

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

In our opinion, the interim financial report gives a true and fair view of the SGL Group's assets and liabilities and financial position on 31 March 2023 and operations and cash flow for the period 1 January to 31 March 2023.

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

Copenhagen, 19 May 2023

Executive Management

Allan Dyrgaard Melgaard
CEO

Claes Brønsgaard Pedersen
CFO

Board of Directors

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbro Jessen

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