

INTERIM FINANCIAL REPORT FIRST NINE MONTHS OF 2024 Q3 2024

SGL Group ApS

27 November 2024

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SCAN GLOBAL
LOGISTICS

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“ HOW TO READ THIS REPORT

To ensure like-for-like comparability of financial performance following the acquisition of Scan Global Logistics by CVC Funds on 23 May 2023, we present two sets of comparative numbers in this report:

Reported Comparative Results: Financial statements for the period 1 January 2023 to 30 September 2023, but only including the operational activities of Scan Global Logistics as of 23 May 2023.

Pro Forma Comparative Results: Financial statements for the comparative period 1 January 2023 to 30 September 2023, showing like-for-like performance of the Group.

FINANCIAL HIGHLIGHTS

EURm	Q3 2024	Q3 2023*	9M 2024	9M 2023	Pro forma 9M 2023
Income statement					
Revenue	674	444	1,696	672	1,532
Gross profit	138	117	376	169	358
EBITDA before special items	51	50	134	72	152
EBIT before special items	32	30	79	47	105
Special items, net	(5)	(4)	(24)	(23)	(25)
Operating profit (EBIT)	27	26	55	24	80
Financial items, net	(41)	(12)	(116)	(36)	(69)
Result for the period	(21)**	8	(77)**	(24)	(15)
Cash flow					
Cash flows from operating activities	(47)	3	(118)	-	26
Cash flows from investing activities	(27)***	(54)	(94)***	(87)	(399)
Free cash flow	(74)	(51)	(212)	(87)	(373)
Cash flows from financing activities	54	13	158	241	228
Cash flow for the period	(20)	(38)	(54)	154	(145)

* For Q3 2023, Reported Comparative Results are identical to Pro Forma Comparative Results.

** The result for the period would amount to a loss of EUR 33m, instead of a loss of EUR 77m (Q3 2024: would amount to a loss of EUR 19m instead of a loss of EUR 21m), as the result for the period is impacted by significant non-recurring costs of EUR 35m related to the redemption of old bonds; comprising bonds premium paid, recognition of capitalised loan cost, and FX loss. Further, the result was negatively impacted by non-recurring costs of EUR 9m related to business combination accounting treatment.

*** Cash flows from investing activities were impacted by acquisitions of EUR 71m in the first nine months of 2024 (Q3 2024: EUR 20m).

EURm	Q3 2024	Q3 2023*	9M 2024	9M 2023	Pro forma 9M 2023
Financial position end of period					
Total equity			797	910	910
Net working capital			237	105	105
Net interest-bearing debt (NIBD)			943	665	665
Net interest-bearing debt (NIBD) according to bond terms			898	600	600
Total assets			2,361	2,088	2,088
Financial ratios in %					
Gross margin	20.5	26.4	22.2	25.1	23.2
EBITDA margin before special items	7.6	11.3	7.9	10.7	9.5
EBIT margin before special items	4.7	6.8	4.7	7.0	6.4
Conversion ratio	37.0	42.7	35.6	42.6	41.2
Equity ratio			33.8	43.6	43.3
Net leverage ratio according to bond terms			6.2	3.5	3.5
Other					
Number of full-time employees at the end of the period			4,512	3,582	3,582

FINANCIAL PERFORMANCE

KEY HIGHLIGHTS

- **Solid organic growth in Air & Ocean volumes**
- **Completed acquisition of Blu Logistics Brasil**
- **Gross profit 18% increase in Q3 2024 (vs Q3 2023)**
- **Conversion ratio improved in Q3 2024 (vs Q2 2024)**

SGL continues to perform in line with the market with a solid double-digit organic growth in Air & Ocean volumes, which combined with recent acquisitions in Italy and Brazil are resulting in an 18% increase in Gross Profit in Q3 2024 compared to Q3 2023. However, gross margins were negatively impacted by the intense market and extreme pressure on standard air and ocean logistics.

SGL has been working hard keeping our solid market position both locally and globally, but simultaneously accomplished to gain market shares by successfully onboarding new customers during Q3 2024; all through excelling in our highly focused, customer-centric approach servicing both existing and new customers.

North America continues to be challenged by low activity levels with customers, resulting in performance lower than expectations. During Q3 2024, we have already to some extent seen some benefits from the initiatives taken to change the trajectory in NorAm; however, the full impact is expected to materialise in 2025.

In September 2024, SGL successfully completed the acquisition of Blu Logistics Brasil; one of Brazil's leading freight forwarders, with a top 3 position in ocean freight import, headquartered in São Paulo, employing more than 200 people. As a result, SGL can now offer complete air and ocean freight services including customs clearance, trucking and cabotage in Brazil.

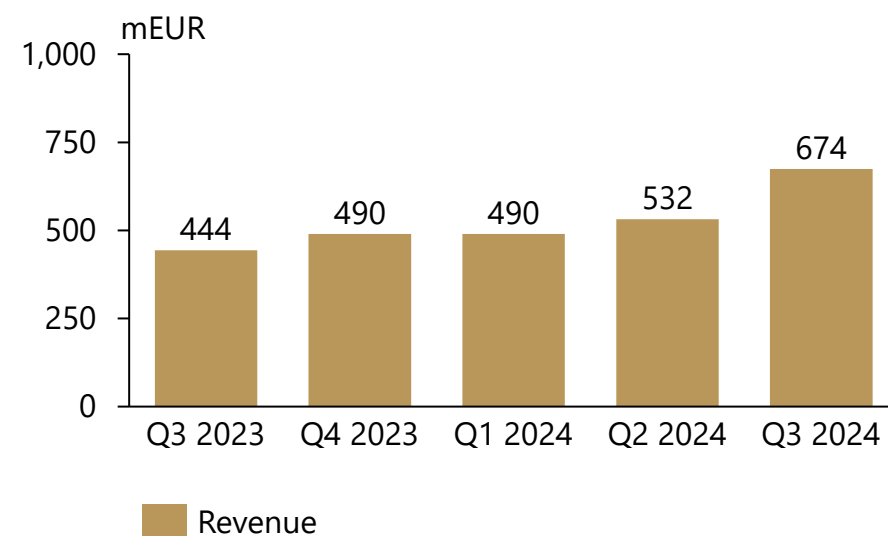
REVENUE

Q3 2024 Revenue amounted to EUR 674m, an increase of 52% compared to EUR 444m in Q3 2023.

During the third quarter of 2024, the increased revenue was mainly impacted by a solid organic increase in air and ocean volumes, but also impacted by higher freight rates. Both local and global markets continue to be impacted by geopolitical and macroeconomic events, resulting in continuous shifts in transport modes, between air, rail and ocean, which at the same time are resulting in shifts between main ports cross borders; all of which have impacted revenue positively.

Continued transport mode conversions gave SGL the opportunity to showcase to our customers flexibility, entrepreneurship and agility in making logistics uncomplicated to the extent feasible in such a market.

First nine months of 2024 Revenue amounted to EUR 1,696m, an increase of 11% compared to pro forma 1,532m for the first nine months of 2023 (Reported: EUR 672m).



GROSS PROFIT

Q3 2024 Gross profit amounted to EUR 138m, an increase of 18% compared to EUR 117m in Q3 2023.

First nine months of 2024 SGL Group achieved a 5% gross profit growth year-over-year amounting to EUR 376m compared to EUR 358m in the same period last year. Performance is particularly driven by the steady increase in activities in the Nordics and Asia maintains its strong performance, especially on the Trans-Pacific trade lanes; however, North America still delivers an unsatisfactory performance, which offsets the margins. Further, the network impact from our investments made in EMEA and LatAm materialised positively in line with expectations.

Our industries uncorrelated to macro-economic environment continue to deliver as planned with a positive impact on gross profit for Q3; however, to a lesser extent than previous year, due to the timing of projects as certain complex* projects are postponed to 2025.



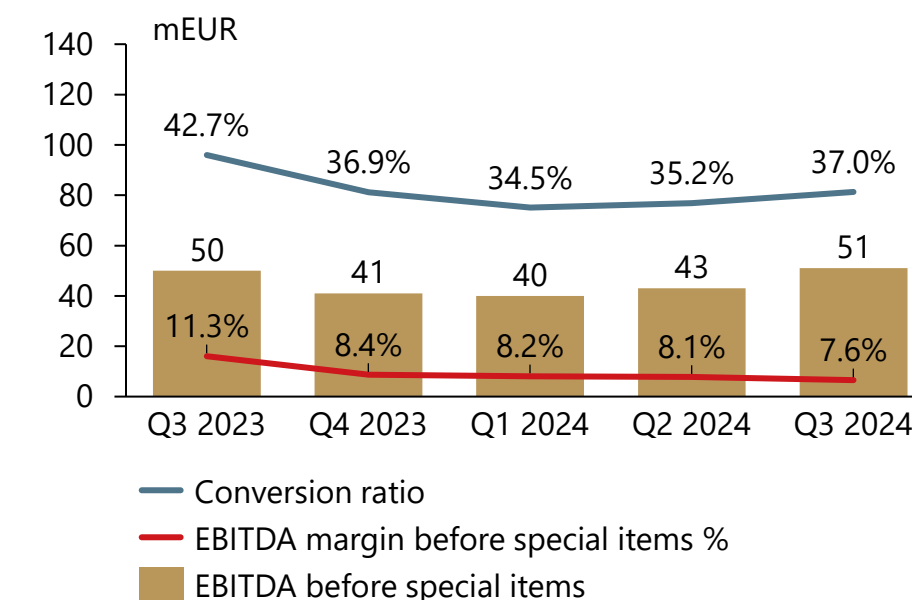
EBITDA BEFORE SPECIAL ITEMS

Q3 2024 EBITDA before special items amounted to EUR 51m; EUR 50m in Q3 2023, an increase of 2%.

First nine months of 2024 In line with our expectations, EBITDA before special items decreased 12% year-over-year to EUR 134m (compared to pro forma EUR 152 in 2023).

In 2024, SGL has, to support its strategy, invested in central functions to meet demands from compliance and investors, which has driven an increase in staff costs and other external expenses. It has been a conscious choice to keep current staff levels, both to accommodate the increased complexity in shipments driven by geopolitical challenges, to accommodate the expected turnaround in the market, and to deliver on a future pipeline of complex projects, which has been postponed to 2025.

The conversion rate, which describes the ratio of EBITDA before special items to SGL's gross profit, was improved during Q3 2024 in comparison to the first two quarters of 2024.



* Aid & Relief, Renewable Projects and Government & Defence combined with projects within complex industries.

FINANCIAL PERFORMANCE

DEPRECIATION AND AMORTISATION

First nine months of 2024 Depreciation and amortisation amounted to EUR 55m compared to pro forma EUR 47m in the same period last year (Reported: EUR 25m); mainly driven by amortisations from acquisitions of businesses and investments in IT projects to secure the infrastructure necessary for continued long-term growth and scalability also drives an increase in amortisations.

SPECIAL ITEMS, NET

First nine months of 2024 Special items, net, amounted to a cost of EUR 24m, compared to pro forma EUR 25m in the same period last year (Reported: EUR 23m), driven by M&A-related costs, of which EUR 9m is related to business combination accounting treatment, Greenfield activities in EMEA, and restructuring activities.

OPERATING PROFIT (EBIT)

First nine months of 2024 Operating profit (EBIT) amounted to EUR 55m compared to pro forma EUR 80m same period last year (Reported: EUR 24m). The decrease was mainly due to the derived effect from the decrease in EBITDA and amortisation from acquisitions and IT costs (see sections above).

FINANCIAL ITEMS

First nine months of 2024 Financial items amounted to net expenses of EUR 116m compared to net expenses of EUR 69m same period last year (Reported: EUR (36)m). The net expense was significantly impacted by one-off costs incurred and premium paid as part of the redemption of old bonds, which also triggered recognition of capitalised loan costs and FX loss on bonds redeemed.

TAX

First nine months of 2024 Tax expense amounted to EUR 16m, compared to pro forma EUR 26m in the same period last year (Reported: EUR 12m). The development is mainly impacted by non-deductible interest expenses.

CASH FLOW

First nine months of 2024 The cash flow from operating activities was negative with EUR 118m. The development was driven by build-up of net working capital following a continued impact by an increase in rates and volumes combined with pressure on payment terms from customers. However, positively impacted by a solid EBITDA delivered in a challenging market.

Negative cash flow from investing activities of EUR 94m is mainly driven by the acquisition of Blu (Brazil), Foppiani (Italy) and ENK (South Korea) as part of Investments in Group entities combined with investments in IT projects enabling scalability.

Positive cash flow from financing activities of EUR 158m is mainly driven by issuing of new bonds, thus partly offset by buy-back of own existing bonds.

CAPITAL STRUCTURE

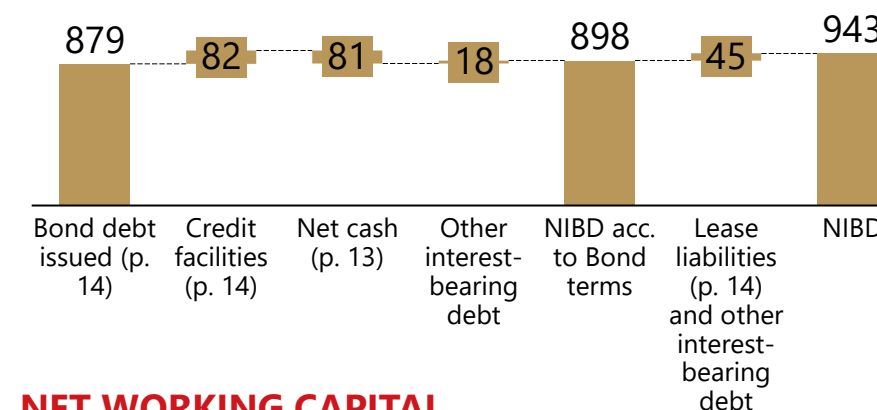
Equity attributable to the parent company was EUR 798m. The total equity ratio was 33.8% as of 30 September 2024. Compared to 31 December 2023 the equity ratio decreased 9.5% points driven by the result for the period.

We actively and continuously manage our liquidity and indebtedness profile, thus SGL Group issued and placed new senior secured bonds in an amount of EUR 600m on 22 April 2024.

The bonds are raised for acquisition purposes as part of our M&A strategy and general corporate purposes. Further, as announced on 16 May 2024, SGL Group completed further partial buy-backs of existing bonds in a nominal amount of EUR 79m, hence the total nominal amount of buy-backs as of June 2024 was EUR 392m funded by the new bonds issued.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was EUR 943m as of 30 September 2024 and mainly comprises bond debt and the company's net cash position of EUR 81m deriving from a negative development in the Group's net working capital position. The total liquidity reserve was EUR 147m end of September 2024 (December 2023: EUR 274m).



NET WORKING CAPITAL

The net working capital amounted to an asset of EUR 237m on 30 September 2024. This was an increase of EUR 143m compared to EUR 94m on 31 December 2023. Net working capital continued to be impacted by increases in rates and volumes and to some extent also impacted by pressure on payment terms from customers causing a slight increase in spread between payments made to suppliers and payments received from customers. In summary, all are causing timing issues in net working capital, and consequently, we have movements in net working capital under control.

OUTLOOK 2024 – SGL MAINTAIN REVISED

OUTLOOK FOR 2024

SGL has performed in line with the market and delivered according to updated expectations with positive development in organic activity levels across both Air & Ocean. And, with the onboarded acquisitions of Foppiani Shipping & Logistics and Blu Logistics Brasil, SGL maintains the revised outlook in the range of EUR 190m – EUR 200m for 2024.

We maintain our revised outlook even though we for certain customers are seeing that some activities and projects are being postponed to 2025, and such combined with pressure on margins and low activity levels with customers in North America are resulting in some uncertainty on the full-year outlook.

OUTLOOK 2024	INITIAL GUIDANCE	CURRENT GUIDANCE
EBITDA before special items	EUR 195m – EUR 215m	EUR 190m – EUR 200m

On a pro forma basis, if the acquisitions of Foppiani Shipping & Logistics and Blu Logistics Brasil had been effective for the full year of 2024, EBITDA before special items would be expected to be in the range of EUR 200m to EUR 210m for 2024.

i FORWARD-LOOKING STATEMENTS

The Interim Report contains forward-looking statements concerning SGL Group ApS' 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 SGL Group ApS' control, may cause the actual development and results to differ materially from expectations contained in the Interim Financial Report.

INCOME STATEMENT

EURm	Note	Q3 2024	Q3 2023*	9M 2024	9M 2023	Pro forma 9M 2023
Revenue	1	674	444	1,696	672	1,532
Cost of operation	1	(536)	(327)	(1,320)	(503)	(1,174)
Gross profit		138	117	376	169	358
Other external expenses		(26)	(15)	(67)	(22)	(47)
Staff costs		(61)	(52)	(175)	(75)	(159)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	1	51	50	134	72	152
Depreciation and amortisation		(19)	(20)	(55)	(25)	(47)
Operating profit (EBIT) before special items		32	30	79	47	105
Special items, net	2	(5)	(4)	(24)	(23)	(25)
Operating profit (EBIT)		27	26	55	24	80
Financial income	3	(12)	6	2	15	14
Financial expenses	3	(29)	(18)	(118)	(51)	(83)
Result before tax		(14)	14	(61)	(12)	11
Income tax for the period		(7)	(6)	(16)	(12)	(26)
Result for the period		(21)	8	(77)	(24)	(15)
Total income for the period attributable to owners of the parent company		(21)	6	(78)	(27)	(18)
Non-controlling interests		0	2	1	3	3
Total		(21)	8	(77)	(24)	(15)

* For Q3 2023, Reported Comparative Results are identical to Pro Forma Comparative Results.

STATEMENT OF OTHER COMPREHENSIVE INCOME

EURm	Note	Q3 2024	Q3 2023	9M 2024	9M 2023
Result for the period		(21)	8	(77)	(24)
Items that will be reclassified to income statement when certain conditions are met:					
Exchange rate adjustment related to foreign entities		(6)	(4)	3	(1)
Other comprehensive income, net of tax		(6)	(4)	3	(1)
Total comprehensive income for the period		(27)	4	(74)	(25)
Total comprehensive income for the period attributable to					
Owners of the Parent Company		(27)	3	(75)	(27)
Non-controlling interests		0	1	1	2
Total		(27)	4	(74)	(25)

BALANCE SHEET

EURm	Note	30 September 2024	30 September 2023	31 December 2023
ASSETS				
Intangible assets		1,558	1,445	1,424
Property, plant and equipment		83	88	83
Other receivables		14	8	9
Deferred tax assets		8	7	7
Total non-current assets		1,663	1548	1,523
Trade receivables		471	276	265
Contract assets		89	53	42
Receivables from related parties		-	1	3
Income tax receivables		7	12	4
Other receivables		15	9	12
Prepayments		35	31	32
Cash and cash equivalents	4	81	158	142
Total current assets		698	540	500
Total assets		2,361	2,088	2,023

EURm	Note	30 September 2024	30 September 2023	31 December 2023
EQUITY AND LIABILITIES				
Share capital		0	0	0
Currency translation reserve		(2)	0	(5)
Retained earnings		800	906	880
Equity attributable to Parent Company		798	906	875
Non-controlling interests		(1)	4	(0)
Total equity		797	910	875
Borrowings	5	936	725	726
Lease liabilities	5	15	46	41
Deferred tax liability		43	61	45
Other payables		46	10	12
Total non-current liabilities		1,040	842	824
Bank overdraft	4	-	-	6
Trade payables		202	127	139
Accrued trade expenses		121	93	84
Current tax liabilities		33	27	18
Lease liabilities	5	44	23	22
Deferred income		5	4	2
Other payables		119	62	53
Total current liabilities		524	336	324
Total liabilities		1,564	1,178	1,148
Total equity and liabilities		2,361	2,088	2,023

STATEMENT OF CHANGES IN EQUITY

EURm	Share capital	Currency translation reserve	Retained earnings	Equity attributable to parent	Non-controlling interests	Total equity
Equity at 1 January 2024	0	(5)	880	875	(0)	875
Other movements	-	-	0	0	0	0
Result for the period	-	-	(78)	(78)	1	(77)
Other comprehensive income, net of tax	-	3	-	3	-	3
Total comprehensive income, net of tax	-	3	(78)	(75)	1	(74)
Purchase of non-controlling interests	-	-	(2)	(2)	-	(2)
Dividend distributed, non-controlling interests	-	-	-	-	(2)	(2)
Total transactions with owners	-	-	(2)	(2)	(2)	(4)
Equity at 30 September 2024	0	(2)	800	798	(1)	797
EURm	Share capital	Currency translation reserve	Retained earnings	Equity attributable to parent	Non-controlling interests	Total equity
Equity at 1 January 2023	0	0	0	0	0	0
Result for the period	-	-	(27)	(27)	3	(24)
Other comprehensive income, net of tax	-	0	-	0	(1)	(1)
Total comprehensive income, net of tax	-	0	(27)	(27)	2	(25)
Dividend distributed, non-controlling interests	-	-	-	-	(1)	(1)
Capital contribution	-	-	933	933	-	933
Acquisition of non-controlling interests	-	-	-	-	3	3
Total transactions with owners	-	-	933	933	2	935
Equity at 30 September 2023	0	0	906	906	4	910

STATEMENT OF CASH FLOW

EURm	Note	Q3 2024	Q3 2023*	9M 2024	9M 2023	Pro forma 9M 2023
Result for the period		(21)	8	(77)	(24)	(15)
<i>Adjustment of non-cash items:</i>						
Income taxes in the income statement		7	6	16	12	26
Depreciation and amortisation		19	20	55	25	47
Financial items, net		41	12	116	36	69
Change in net working capital		(56)	(20)	(141)	(12)	(27)
Interest received		-	1	-	2	5
Interest paid		(25)	(23)	(62)	(37)	(60)
Tax paid		(12)	(1)	(25)	(2)	(19)
Cash flows from operating activities		(47)	3	(118)	-	26
Purchase of software and other intangible assets		(4)	(2)	(11)	(2)	(5)
Purchase of property, plant and equipment		(3)	(2)	(9)	(4)	(9)
Earn out paid		-	(4)	-	(4)	(4)
Investments in Group entities	6	(20)	(46)	(71)	(77)	(381)
Other investments		-	-	(3)	-	-
Cash flows from investing activities		(27)	(54)	(94)	(87)	(399)
Free cash flow		(74)	(51)	(212)	(87)	(373)

EURm	Note	Q3 2024	Q3 2023*	9M 2024	9M 2023	Pro forma 9M 2023
Capital increase		-	15	-	81	81
Loan to group entities		-	5	-	5	5
Purchase of non-controlling interest		-	-	(2)	-	-
Dividend paid to non-controlling interest		-	-	(2)	-	(3)
Deposits		(1)	-	(1)	-	(2)
Proceeds from issuing bonds		13	-	600	722	359
Bonds acquired		-	-	-	(363)	-
Redemption of bond loan		(13)	-	(507)	(194)	(193)
Long-term loans		60	-	87	-	(2)
Credit facilities, financing fees		-	-	(2)	(2)	-
Redemption of lease liabilities		(5)	(7)	(15)	(8)	(17)
Cash flows from financing activities		54	13	158	241	228
Change in cash and cash equivalents		(20)	(38)	(54)	154	(145)
Cash and cash equivalents						
Cash and cash equivalents beginning of period		101	193	136	-	299
Exchange rate adjustment of cash and cash equivalents		-	3	(1)	4	4
Change in cash and cash equivalents		(20)	(38)	(54)	154	(145)
Cash and cash equivalents end of period	4	81	158	81	158	158

* For Q3 2023, Reported Comparative Results are identical to Pro Forma Comparative Results.

NOTES

NOTE 1 – SEGMENT INFORMATION

EURm	Q3 2024				Q3 2023			
	Air & Ocean	Road	Solutions	Total	Air & Ocean	Road	Solutions	Total
Revenue	606	63	5	674	384	52	8	444
Cost of operation	(483)	(50)	(3)	(536)	(286)	(38)	(3)	(327)
Gross profit	123	13	2	138	98	14	5	117
Other external expenses and staff costs	(72)	(13)	(2)	(87)	(53)	(11)	(3)	(67)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	51	0	0	51	45	3	2	50
Depreciation and amortisation				(19)				(20)
Operating profit (EBIT) before special items				32				30
Special items, net				(5)				(4)
Financial items, net				(41)				(12)
Result before tax				(14)				14

NOTES

NOTE 1 – SEGMENT INFORMATION

EURm	9M 2024				9M 2023				Pro forma 9M 2023			
	Air & Ocean	Road	Solutions	Total	Air & Ocean	Road	Solutions	Total	Air & Ocean	Road	Solutions	Total
Revenue	1,498	184	14	1,696	577	83	12	672	1,328	172	32	1,532
Cost of operation	(1,169)	(143)	(8)	(1,320)	(434)	(63)	(6)	(503)	(1,026)	(129)	(19)	(1,174)
Gross profit	329	41	6	376	143	20	6	169	302	43	13	358
Other external expenses and staff costs	(199)	(38)	(5)	(242)	(78)	(15)	(4)	(97)	(165)	(33)	(8)	(206)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	130	3	1	134	65	5	2	72	137	10	5	152
Depreciation and amortisation				(55)				(25)				(47)
Operating profit (EBIT) before special items				79				47				105
Special items, net				(24)				(23)				(25)
Financial items, net				(116)				(36)				(69)
Result before tax				(61)				(12)				11

NOTES

NOTE 2 – SPECIAL ITEMS

EURm	Q3 2024	Q3 2023	9M 2024	9M 2023
M&A activities, greenfield activities and other transaction specific costs	3	4	15	23
Restructuring and other costs	2	-	9	-
Total special items, net	5	4	24	23

NOTE 3 – FINANCIAL ITEMS

EURm	Q3 2024	Q3 2023	9M 2024	9M 2023
Interest income	-	(4)	2	3
Bond interest income	-	-	-	2
Other financial income	(5)	-	-	-
Net foreign exchange gains	(7)	10	-	10
Total financial income	(12)	6	2	15
Interest expenses	(2)	-	(3)	(1)
Lease interest expenses	(2)	(2)	(5)	(3)
Bond interest expenses	(21)	(19)	(63)	(43)
Amortisation of capitalised loan costs	(2)	(2)	(12)	(3)
Other financial expenses	6	4	(27)	(1)
Net foreign exchange losses	(8)	1	(8)	-
Total financial expenses	(29)	(18)	(118)	(51)
Net financial items	(41)	(12)	(116)	(36)

NOTE 4 – CASH AND LIQUIDITY RESERVE

EURm	30.09 2024	30.09 2023	31.12 2023
Cash and cash equivalents	81	158	142
Bank debt	-	-	(6)
Net cash	81	158	136
Undrawn credit facilities	66	140	138
Liquidity reserve	147	298	274

NOTES

NOTE 5 – CHANGES TO FINANCIAL LIABILITIES

EURm	Maturity	Effective interest rate	Carrying amount 1 January	Cash flow	Non-cash movements			Carrying amount end of period	
					Business combinations	Foreign exchange effect	Other movements		
30 September 2024									
Bond debt									
Issued bonds, EUR 750m	2028	3-month EURIBOR + 6.75%	750	(494)	-	-	-	23	279
Issued bonds, EUR 600m	2030	3-month EURIBOR + 4.75%	-	600	-	-	-	-	600
Capitalised loan costs			(24)	(13)	-	-	-	12	(25)
Net bond debt			726	93	-	-	-	35	854
Payable interests			6	(56)	-	-	63	-	13
Credit facilities			-	84	-	(2)	-	-	82
Lease liabilities			63	(15)	5	(1)	7	-	59
Total			795	106	5	(3)	70	35	1,008
30 September 2023									
EURm	Maturity	Effective interest rate	Carrying amount 1 January	Cash flow	Business combinations	Foreign exchange effect	Additions	Other movements	Carrying amount end of period
Bond debt									
Issued bonds, EUR 750m	2028	3-month EURIBOR + 6.75%	-	750	-	-	-	-	750
Capitalised loan costs			-	(28)	-	-	-	3	(25)
Net bond debt			-	722	-	-	-	3	725
Payable bond interest			-	(38)	-	-	44	-	6
Lease liabilities			-	(7)	73	0	2	1	69
Total			-	677	73	0	46	4	800

NOTES

NOTE 6 - BUSINESS COMBINATIONS

EURm				2024	2023
	Foppiani	Blu	Other	Total	Total
ASSETS					
Other intangible assets	0	0	-	0	12
Property, plant and equipment	5	1	-	6	91
Deferred tax assets	0	1	-	1	8
Trade receivables and contract assets	35	47	-	82	281
Corporation tax	0	-	-	0	11
Loans to previous group companies	-	-	-	-	28
Other receivables and prepaid costs	1	0	-	1	40
Cash and cash equivalents	34	4	-	38	316
Total assets	75	53	-	128	787
LIABILITIES					
Provisions	2	17	-	19	3
Deferred tax	-	-	-	-	4
Credit facilities	-	-	-	-	4
Bond debt	-	-	-	-	193
Lease liability	4	1	-	5	73
Loans from previous group companies	-	-	-	-	42
Trade payables and accrued trade expenses	24	45	-	69	185
Corporation tax payables	1	13	-	14	19
Deferred income	0	-	-	0	5
Other payables	3	1	-	4	56
Total liabilities	34	77	-	111	584

NOTE 6 - BUSINESS COMBINATIONS

EURm				2024	2023
	Foppiani	Blu	Other	Total	Total
Acquired net assets	41	(24)	-	17	203
Non-controlling interest	-	-	-	-	(3)
Goodwill	49	92	-	141	1,232
Customer relations	11	5	2	18	194
Trademarks	-	-	-	-	18
Deferred tax	(2)	(2)	(0)	(4)	(50)
Fair value of total net assets acquired	99	71	2	172	1,594
Contingent consideration assumed	-	(49)	-	(49)	-
Deferred purchase price assumed	(23)	-	-	(23)	-
Contingent consideration paid ¹⁾	-	-	8	8	-
Deferred purchase price paid ¹⁾	-	-	1	1	-
Cash and bank balances assumed	(34)	(4)	-	(38)	(316)
Extinguish of a pre-existing relationship	-	-	-	-	(357)
Contribution from parent	-	-	-	-	(856)
Cash flow utilised for acquisitions	42	18	11	71	65

¹⁾ Relates to previous years acquisitions.

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of ENK Logistics Co., Ltd.

On 19 October 2023 SGL Group signed the acquisition of 100% of the shares in the South Korea based freight forwarding company ENK Logistics Co., Ltd. through the wholly owned subsidiary Scan Global Logistics Korea Co., Ltd. With the acquisition, SGL Group strengthens its position within the Asian region. Closing of the transaction was 12 January 2024. The acquisition price for the activities was EUR 2m, financed through the cash position.

Acquisition of Foppiani Shipping & Logistics Group

On 24 April 2024, SGL Group ApS has through its wholly-owned subsidiary Scan Global Logistics A/S signed an agreement to acquire 100% of the shares in Foppiani Shipping & Logistics. Foppiani Shipping & Logistics is a leading Italian freight forwarder headquartered in Prato, specialising in air and ocean freight services for fashion, furniture, high-end Italian products and automotive sectors. Foppiani Shipping & Logistics generates yearly revenue of EUR 115m.

The acquisition of Foppiani Shipping & Logistics provides SGL Group with an operational platform in Italy which enables SGL Group to establish its strategic presence in Italy and gives SGL Group a strategic platform to scale the business and expand its global presence to the benefit of customers. Most importantly, Foppiani Shipping & Logistics will bring additional human capital with comprehensive industry knowledge and niche experience; people with a perfect match to SGL Group's DNA and culture.

Closing of the transaction was 3 June 2024. The acquisition price for the activities was EUR 99m, financed through the issue of new senior secured bonds. Fees and linked to the acquisition were EUR 1m and recognised as special items in the income statement.

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Fair value of acquired net assets and recognised goodwill

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

Goodwill

Goodwill primarily relates to synergy effects from integration with SGL Group and over time to leverage from the business model's strength and utilising the network effect including synergies through the scale of operations and M&A. Goodwill is non-deductible for tax purposes. Goodwill amounts to EUR 49m.

Earnings impact

During the four months after the acquisition date, Foppiani Group contributed with EUR 63m to the Group's revenue and EUR 1m to the Group's result after tax. If the acquisition had occurred on 1 January 2024, the Group's consolidated pro forma revenue and profit after tax would have amounted to approx. EUR 1,748m and EUR (72)m, respectively.

Fair value measurement

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

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 15.97% as discount rate. In total, customer relationships amounting to EUR 11m have been included in the opening balance.

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

Trade receivables and payables

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

Financial liabilities

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

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Blu Logistics Brasil Transportes Internacionais LTDA.

On 11 July 2024, SGL Group ApS has through its wholly-owned subsidiary Scan Global Logistics A/S signed an agreement to acquire 100% of the shares in Blu Logistics Brasil Transportes Internacionais LTDA.

Blu Logistics Brasil is a leading Brazilian freight forwarder headquartered in Sao Paulo, specialising in air and ocean freight services with adjacent offerings including custom clearance, truckload and cabotage. Blu Logistics Brasil generated yearly revenue of approximately BRL 570m in 2023.

The acquisition provides SGL Group with a significant operational platform in Brazil enabling strategic presence establishment and scalability. This platform supports global expansion and enhances customer service capabilities. Most importantly, Blu Logistics Brasil will bring additional human capital with comprehensive industry knowledge and niche experience; people with a perfect match to SGL Group's DNA and culture.

Closing of the transaction was on 2 September 2024. The acquisition price for the activities was EUR 71m, including the fair value of contingent consideration of EUR 49m (discounted using the DCF method), contingent upon Blu Logistics Brasil's future financial performance and other uncertain positions. The contingent consideration has a maximum payment value of EUR 94m. The acquisition was financed through the cash position.

Fees and expenses linked to the acquisition were EUR 1m and recognised as special items in the income statement.

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Fair value of acquired net assets and recognised goodwill

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

Goodwill

Goodwill primarily relates to synergy effects from integration with SGL Group and over time to leverage from the business model's strength and utilising the network effect including synergies through the scale of operations and M&A. Goodwill is non-deductible for tax purposes. Goodwill amounts to EUR 92m.

Earnings impact

During the month after the acquisition date, Blu Logistics contributed with EUR 23m to the Group's revenue and EUR 1m to the Group's result after tax. If the acquisition had occurred on 1 January 2024, the Group's consolidated pro forma revenue and profit after tax would have amounted to approx. EUR 1,815m and EUR (72)m, 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:

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Customer relationships

Customer relationships have been measured using a multi-period excess earnings model (MEEM), by which the present value of future cash flows from recurring contract customers expected to be retained after the date of acquisition has been valued using an WACC of 25.3% as discount rate. In total, customer relationships amounting to EUR 5m have been included in the opening balance.

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

Trade receivables and payables

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

Financial liabilities

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

NOTES – ACCOUNTING POLICY

NOTE 8 – GENERAL ACCOUNTING POLICIES

The interim financial report of SGL Group comprises a summary of the consolidated financial statements of SGL Group ApS and its subsidiaries.

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

The accounting policies remain unchanged compared to the annual report for 2023, to which reference is made.

This interim financial report includes selected notes. Accordingly, this report should be read in conjunction with the annual report for 2023 and any public announcements made during the interim reporting period.

New accounting regulation adopted in 2024

SGL Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2024 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 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 Group ApS' Annual Report 2023.

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL Group ApS (page 2 to 19) for the period 1 January 2024 to 30 September 2024.

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 30 September 2024 and operations and cash flow for the period 1 January 2024 to 30 September 2024.

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, 27 November 2024

Executive Management

Allan Dyrgaard Melgaard
Global CEO

Mads Drejer
Global COO & CCO

Clara Nygaard Holst
Global CFO

Board of Directors

Nils Smedegaard Andersen
Chairman

Christoffer Helsengreen Sjøqvist

Thomas Nieszner

Søren Vestergaard-Poulsen

Philip Bendorff Røpcke

John Francis Cozzi

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