



INTERIM FINANCIAL REPORT

THIRD QUARTER OF 2022

Q3 2022

SGL International A/S

21 November 2022

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SCAN GLOBAL
LOGISTICS

GROUP STRUCTURE

SGLT HOLDING

The figures contained in this section are comprised of the combined financial performance of SGL International A/S and SGL TransGroup US Corp, 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.

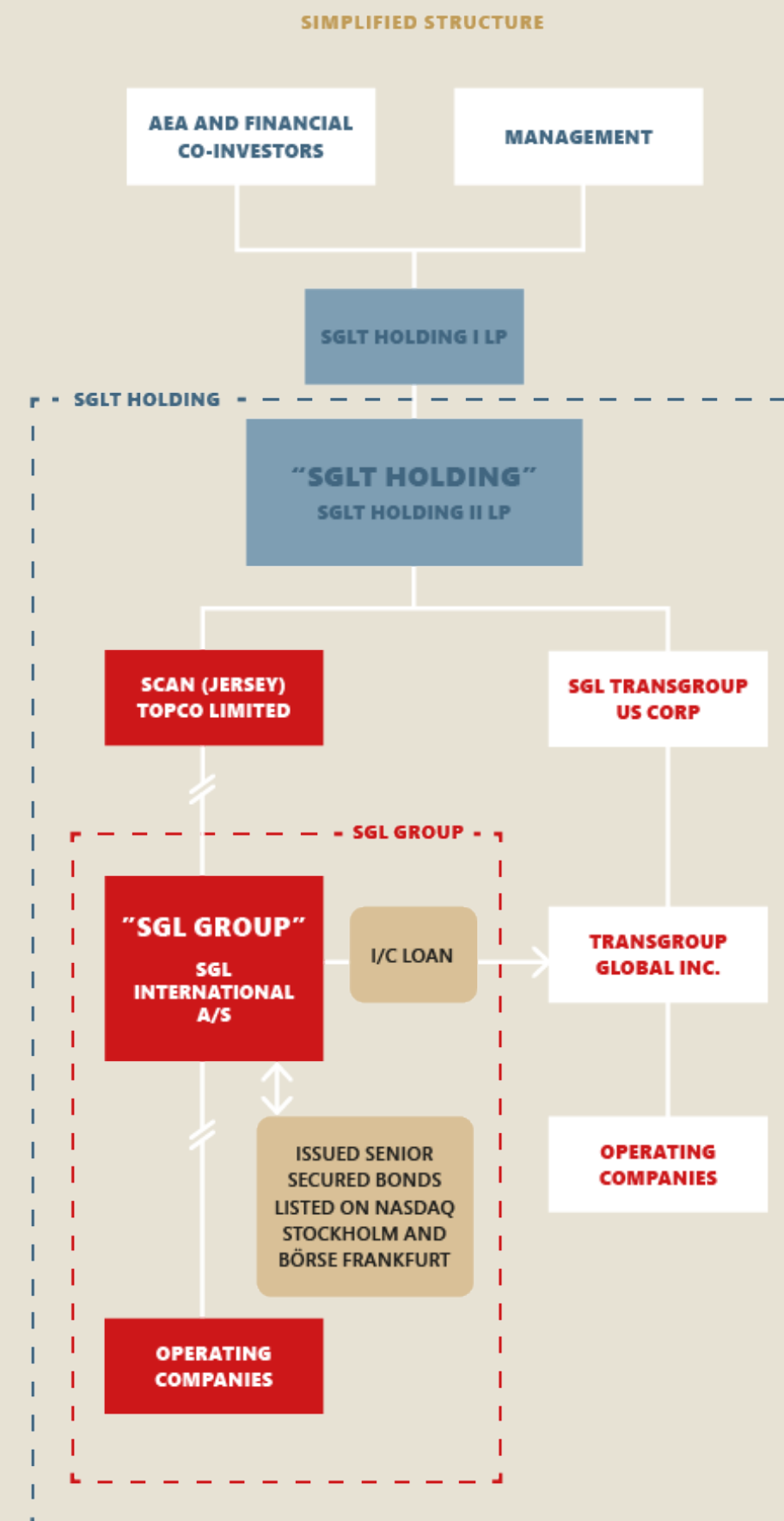
Reporting currency for SGLT Holding is USD.

SGL GROUP

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

SGL International A/S (together with SGL TransGroup US Corp and their respective subsidiaries) has issued senior secured floating- and fixed-rate bonds with SGL International A/S as the issuer in an aggregate amount of EUR 590 million at 30 September 2022, within a total framework of EUR 705 million.

Reporting currency for SGL Group is DKK.



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SGLT HOLDING Q3 2022



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FINANCIAL HIGHLIGHTS

SGLT HOLDING

Key figures (in USDm)	Q3 2022	Q3 2021	9M 2022	9M 2021
Income statement				
Revenue	837	580	2,577	1,430
Gross profit	128	88	370	213
EBITDA before special items	57	38	171	75
Operating profit (EBIT)	39	27	126	44
Special items, net	-4	-1	-8	-3
Financial items, net	-2	-8	-16	-22
Result for the period	28	19	85	22
Income statement (Business Performance)				
Adjusted EBITDA*	53	34	158	63
Cash flow				
Cash flows from operating activities	-1	-19	156	-68
Cash flows from investing activities	-41	-37	-60	-81
Free cash flow	-42	-56	96	-149
Cash flows from financing activities	1	158	65	253
Cash flow for the period	-41	102	161	104

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

Key figures (in USDm)	Q3 2022	Q3 2021	30.09.2022	30.09.2021
Financial position				
Total equity			242	169
Net working capital			203	147
Net interest-bearing debt (NIBD)			366	417
Net interest-bearing debt (NIBD) excl. IFRS 16 and PIK note**			277	331
Total assets			1,216	1,075
Financial ratios in %				
Gross margin	15.3	15.2	14.4	14.9
EBITDA margin before special items	6.8	6.6	6.6	5.2
Adjusted EBITDA margin*	6.3	5.9	6.1	4.4
EBIT margin	4.7	4.7	4.9	3.1
Equity ratio			19.9	15.7
Other				
Number of average full-time employees	3,239	2,066	3,239	2,066

**Payment-in-kind

SIMPLIFIED STRUCTURE



FINANCIAL PERFORMANCE

SGLT HOLDING

Geopolitical impact as consequences of the war in Ukraine, continued COVID-19 lockdowns in the world, coupled with an already overheated logistics market, has sent the Western world as we know it into unprecedented supply challenges. However, SGLT Holding continued to deliver a strong financial result in third quarter 2022. The adjusted EBITDA totalled USD 53 million for the third quarter 2022 and USD 158 million for the first nine months of 2022.

The first nine months of 2022 has been characterised by continued volatility and continued complexity in the market. In the third quarter the high activity levels seemed to be stagnating along with the high rates. The demanding market conditions has enabled SGLT Holding to apply its entrepreneurial business model in providing complex solutions to its customers with success and keeping momentum in the solid financial results. SGLT Holding delivered strong organic growth including greenfield activities of 94% year on year on EBITDA before special items from major trade lanes and markets. Total growth compared to the first nine months of 2021 was 128% of which M&A activities contributed with 33%. Further, SGLT Holding has seen a strong growth in activity levels and performance in companies acquired during 2021 and 2022. Net working capital development and strong results amounted to a positive free cash flow of USD 96 million compared to negative USD 149 million same period last year. We remain committed to our organic initiatives as well as acquisition strategy and have finalised 7 acquisitions in 2022.

Financial results for the period – First nine months of 2022

- Revenue amounted to USD 2,577 million for the first nine months of 2022, an increase of 80% compared to the first nine months of 2021 including negative impact from FX translation of approximately USD 150 million. The increased revenue was driven by several factors. A mix of increase in activity levels, both through increased activity and larger share of wallet with new and existing customers. To some extent also impacted by volatility in the market creating higher carrier rates than the same period last year. Increase in activities for acquisitions also contributed. The increase in activity levels was experienced across all regions, especially Air & Ocean and Aid, Development and Project (ADP) activities in Denmark and Air & Ocean activities in Asia and North America.
- Gross profit amounted to USD 370 million for the first nine months of 2022; an increase of 74% compared with the first nine months of 2021, including negative impact FX translation of approximately USD 25 million. The increase in gross profit is driven by strong organic growth and increased activities through acquired businesses, leading to significant increase in activity levels which has been converted to a strong increase in gross profit. However, due to elevated carrier rates, we have seen a slight decrease in gross profit margin to 14.4%; equivalent to a decrease of 0.5% point compared to the same period last year.
- SG&A costs amounted to USD 199 million for the first nine months of 2022; impacted by a positive FX translation of approximately USD 14 million, resulting in an increase of 44% compared to the first nine months of 2021. SG&A costs increased as expected; however, as the cost discipline and realisation of operating leverage benefits continued, the conversion ratio based on Adjusted EBITDA increased from 30% in first nine month of 2021 to 43% in the first nine months of 2022. The increase in SG&A costs was primarily due to increased headcount driving higher salary expenses as a result of greenfield and M&A activities and upscaling the business.

- Adjusted EBITDA amounted to USD 158 million for the first nine months of 2022; compared to USD 63 million same period last year following the high activity as described under revenue and the addition of costs at a prudent pace to support continued growth but in balance with realisation of overall profits.
- Special Items, net, amounted to a cost of USD 8 million for the first nine months of 2022 mainly driven by greenfield activities and M&A related costs.
- Operating Profit (EBIT) before special items amounted to USD 134 million for the first nine months of 2022 compared to USD 47 million same period last year.
- Financial items amounted to net expenses of USD 16 million for the first nine months of 2022 compared to an expense of USD 22 million the same period last year. The development was mainly driven by interest expenses from issued bonds partly offset by foreign exchange gains on the bond debt in EUR.
- Cash flow from operating activities was positive with USD 156 million in first nine month of 2022; a development positively affected by EBIT, supported by cash flows from streamlined net working capital coming from the high levels in 2021.
- Equity attributable to the parent company was USD 237 million. The total equity ratio was 19.9% as per 30 September 2022. Compared to 30 September 2021 the equity ratio increased 4.2% point driven by strong results in the last 12 month and a capital increase by cash payment of USD 35 million in Q3 2021.
- Net interest-bearing debt (NIBD) was USD 277 million excluding lease liabilities and PIK-note as of 30 September 2022 (30 September 2021: USD 331 million excluding lease liabilities and PIK-note). Subsequent bond debt of EUR 75 million under the framework of EUR 350 million was issued during first quarter of 2022. Bond debt was raised for acquisitions and general corporate purposes.
- Net working capital improved with USD 26 million for the first nine months of 2022. Total NWC position was USD 203 million 30 September 2022. The NWC level was still on a high level impacted by the volatility in the market combined with strong organic growth leading to an increase in revenue and thereby continuing high level of trade receivables. The main NWC impact is primarily seen within Ocean activities, with continued significant growth. Ocean activities generally has a higher NWC than the other activities. Our general payment terms are unchanged, but we continue to see an impact from extended days on the water, driving an increased spread between payments to carriers and receipts from customers. We see no increase or risk in overdue trade receivables.

OUTLOOK 2022

SGLT HOLDING

SGLT Holding has been able to deliver continuously despite volatile and demanding market conditions during the first nine months of 2022. The high activity levels and strong volumes combined with SGLT Holding’s ability to make the world a little less complicated for its customers, has allowed SGLT Holding continue to provide compelling customer solutions driving continued expansion with existing customers and continued establishment of strong relationships with new customers in a volatile market.

Furthermore, the acquisitions made in 2021 are continuing to integrate very well into the global SGLT Holding network and are contributing well to the strong increase in activity levels in 2022.

In addition to the strong organic growth, SGLT Holding has continued its inorganic growth strategy and closed 7 acquisitions which all have a good strategic fit to help scale the business, improve profitability, and drive deleveraging.

SGLT Holding has updated the guidance upwards to Adjusted EBITDA in the range of USD 192 million to USD 202 million including the performance from the acquisitions signed in 2022, but excluding the pre-acquisition pro forma impact of these transactions. When including the pre-acquisition pro forma, adjusted EBITDA is guided in the range of USD 206 million to USD 216 million.

SGLT Holding

Current guidance

Previously updated guidance

Initial guidance

Adjusted EBITDA

USD 192 million - 202 million

USD 185 million - USD 195 million

USD 145 million - USD 155 million

The outlook is based on the assumptions of stable global economic development and assumes that exchange rates remain at the current level.

Long-term financial targets are unchanged.

Russia and Ukraine conflict

As mentioned in the Annual Report for 2021, airfreight in particular has been heavily impacted due to closures in EU and Russian airspaces. Our booking stop for shipments to/from Russia and Belarus remains in place until further notice, with the exception of selected product groups such as medicine, aid, humanitarian cargo, and food supplies. We do not have any offices, nor any people employed in Ukraine or Russia, and currently, we do not see this having any significant impact on our outlook for 2022.

INCOME STATEMENT

SGLT HOLDING

USDm	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue		837	580	2,577	1,430
Cost of operation		-709	-492	-2,207	-1,217
Gross profit		128	88	370	213
Other external expenses		-16	-8	-40	-23
Staff costs		-55	-42	-159	-115
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	1	57	38	171	75
Amortisation and depreciation		-14	-10	-37	-28
Operating profit (EBIT) before special items		43	28	134	47
Special items, net		-4	-1	-8	-3
Operating profit (EBIT)		39	27	126	44
Financial income		12	1	24	3
Financial expenses		-14	-9	-40	-25
Profit before tax		37	19	110	22
Income tax for the period		-9	0	-25	0
Profit for the period		28	19	85	22
Total income for the period attributable to Owners of the Parent Company		26	18	81	19
Non-controlling interests		2	1	4	3
Total		28	19	85	22

STATEMENT OF OTHER COMPREHENSIVE INCOME

USDm	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Profit for the period		28	19	85	22
Items that will be reclassified to income statement when certain conditions are met:					
Exchange rate adjustment related to foreign entities		0	-5	-5	-7
Other comprehensive income, net of tax		0	-5	-5	-7
Total comprehensive income for the period		28	14	80	15
Total comprehensive income for the period attributable to					
Owners of the Parent Company		26	12	76	12
Non-controlling interests		2	2	4	3
Total		28	14	80	15

BALANCE SHEET

SGLT HOLDING

USDm	Note	30.09.2022	30.09.2021	31.12.2021
ASSETS				
Intangible assets		411	414	431
Property, plant and equipment		53	48	61
Other receivables		5	3	5
Deferred tax asset		6	2	1
Total non-current assets		475	467	498
Trade receivables		468	372	525
Contract assets		16	47	5
Receivables from related parties		29	3	2
Income tax receivables		5	2	3
Other receivables		5	19	1
Prepayments		15	13	14
Cash and cash equivalents	2	203	152	79
Total current assets		741	608	629
Total assets		1,216	1,075	1,127

USDm	Note	30.09.2022	30.09.2021	31.12.2021
EQUITY AND LIABILITIES				
Partnership interest		221	221	221
Currency translation reserve		-8	-2	-3
Retained earnings		24	-55	-56
Equity attributable to Parent Company		237	164	162
Non-controlling interests		5	5	7
Total equity		242	169	169
Bond debt	3	518	521	519
Lease liabilities		28	21	33
Deferred tax liability		19	18	18
Other payables		14	0	11
Total non-current liabilities		579	560	581
Bank debt		0	-	7
Trade payables		189	183	221
Accrued trade expenses		71	71	41
Current tax liabilities		25	3	18
Lease liabilities		17	19	21
Payable to related parties		45	-	9
Deferred income		11	16	1
Other payables		37	54	59
Total current liabilities		395	346	377
Total liabilities		974	906	958
Total equity and liabilities		1,216	1,075	1,127

STATEMENT OF CHANGES IN EQUITY

SGLT HOLDING

USDm

9M 2022

	Partnership Interests	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent	Non Controlling Interests	Total Equity
Equity at 1 January 2022	221	-3	-56	162	7	169
Profit for the period	-	-	81	81	4	85
Other comprehensive income, net of tax	-	-5	-	-5	-	-5
Total comprehensive income, net of tax	-	-5	81	76	4	80
Purchase of non-controlling interests	-	-	-1	-1	-1	-2
Dividend distributed, non-controlling interests	-	-	-	-	-5	-5
Total transfer with owners	-	-	-1	-1	-6	-7
Equity at 30 September 2022	221	-8	24	237	5	242
9M 2021						
Equity at 1 January 2021	186	5	-73	118	4	122
Profit for the period	-	-	19	19	3	22
Other comprehensive income, net of tax	-	-7	-	-7	-	-7
Total comprehensive income, net of tax	-	-7	19	12	3	15
Purchase of non-controlling interests	-	-	-1	-1	-	-1
Dividend distributed, non-controlling interests	-	-	-	-	-2	-2
Capital increase by cash payment	35	-	-	35	-	35
Total transfer with owners	35	-	-1	34	-2	32
Equity at 30 September 2021	221	-2	-55	164	5	169

STATEMENT OF CASH FLOW

SGLT HOLDING

	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Profit for the period		28	19	85	22
<i>Adjustment of non-cash items:</i>					
Income taxes in the income statement		9	-	25	-
Depreciation and amortisation		14	10	37	28
Financial income		-12	-1	-24	-3
Financial expenses		14	9	40	25
Change in working capital		-33	-47	34	-115
Interest received		0	0	0	0
Interest paid		-11	-9	-31	-22
Tax paid/received		-10	-	-10	-3
Cash flows from operating activities		-1	-19	156	-68
Purchase of software and other intangible assets		-1	-	-5	-5
Purchase of property, plant and equipment		-2	-4	-3	-5
Earn-out paid		-3	-	-3	-
Investments in Group entities		-35	-33	-49	-71
Cash flows from investing activities		-41	-37	-60	-81
Free cash flow		-42	-56	96	-149

	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Capital increase		-	35	-	35
Purchase of non-controlling interest		-	-1	-	-1
Dividend paid to non-controlling interests		7	-	-5	-2
Repayment of loan from related entities		-	-	-	-5
Deposits		-1	-	-1	-
Proceeds from issuing bonds		-	130	85	240
Redemption of lease liabilities		-5	-6	-14	-14
Cash flows from financing activities		1	158	65	253
Change in cash and cash equivalents		-41	102	161	104
Cash and cash equivalents					
Cash and cash equivalents beginning of period		249	54	72	50
Exchange rate adjustment of cash and cash equivalents		-5	-4	-30	-2
Change in cash and cash equivalents		-41	102	161	104
Cash and cash equivalents end of period	2	203	152	203	152

NOTES

SGLT HOLDING

NOTE 1 - ALTERNATIVE PERFORMANCE MEASURES

USDm	Q3 2022	Q3 2021	9M 2022	9M 2021
<i>Adjusted EBITDA:</i>				
EBITDA before special items	57	38	171	75
IFRS 16 impact	-5	-9	-16	-18
Other adjustments*	1	5	3	6
Adjusted EBITDA	53	34	158	63

*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	30.09.2022	30.09.2021	31.12.2021
Cash and cash equivalents	203	152	79
Bank debt	0	-	-7
Net cash	203	152	72
Credit facilities	94	88	88
Liquidity reserve	297	240	160

NOTE 3 - BOND DEBT

Refer to note 5 in SGL Group.

NOTE 4 – BUSINESS COMBINATIONS

Fair value at date of acquisition

USDm				9m 2022	Full year 2021
	Sea-Air Logistics	Gelders Forwarding	Other	Total	Total
ASSETS					
Other intangible assets	-	-	-	-	1
Property, plant and equipment	1	-	-	1	5
Trade receivables	9	3	3	15	51
Corporation tax	-	-	-	-	2
Other receivables	1	1	1	3	-
Cash and cash equivalents	9	-	2	11	30
Total assets	20	4	6	30	89
LIABILITIES					
Lease liability	0	0	-	0	4
Trade payable	7	3	1	11	35
Corporation tax	2	-	-	2	3
Other payables	1	-	2	3	7
Total liabilities	10	3	3	16	49
Acquired net assets	10	1	3	14	40
Goodwill	-	-	-	-	39
Customer relations	16	7	16	39	43
Trademarks	-	-	-	-	1
Deferred tax	-3	-	-	-3	-10
Fair value of total net assets acquired	23	8	19	50	113
Cash consideration	24	8	2	34	86
Contingent consideration	-	-	-	-	27
Fair value of consideration transferred	24	8	2	34	113

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Sea-Air Logistics

On 29 June 2022 SGL Group has through its wholly owned subsidiary Scan Global Logistics A/S acquired 100% of shares in the Hong Kong based Sea-Air Logistics (Hong Kong) Limited. With the acquisition, the Group strengthen its position in Hong Kong and strategically complement our strong growth in profitable niche markets, combined with increase in its global presence in current SGL offerings. Closing was 5 July 2022. The acquisition price for the activities was USD 24 million, financed through previously issued bonds. Fees and expenses linked to the acquisition was approx. USD 1 million.

Fair value of acquired net assets

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 a period of up to twelve months from the acquisition date in accordance with IFRS 3.

Earnings impact

During the 3 months after the acquisition date, Sea Air Logistics contributed with USD 20 million to the Group's revenue and USD 3 million to the Group's result after tax. If the acquisition had taken place 1 January 2021, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to USD 2,643 million and USD 92 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 an WACC of 11.6% as 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, 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 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 the Group has been applied in the valuation.

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Gelders Forwarding BC

On 1 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired Gelders Forwarding BV, a well-established air and ocean forwarder based in the Netherlands with a strong footprint in the semiconductor segment. With the acquisition, the Group is increasing the market share significantly in the import market. Gelders Forwarding generates yearly revenue above EUR 30 million. Acquisition price was EUR 7.7 million. The acquisition was financed through previously issued bonds. Closing was 1 July 2022, from which date the activities are consolidated in the Group's financial statements. Fees and expenses linked to the acquisition was approx. USD 0 million.

Fair value of acquired net assets

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 a period of up to twelve months from the acquisition date in accordance with IFRS 3.

Earnings impact

During the 3 months after the acquisition date, Gelders Forwarding contributed with USD 8 million to the Group's revenue and USD 1 million to the Group's result after tax. If the acquisition had taken place 1 January 2021, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to USD 2,592 million and USD 86 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 an WACC of 9.9% 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, 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 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 the Group has been applied in the valuation.

NOTES

SGLT HOLDING

NOTE 4 – BUSINESS COMBINATIONS (CONTINUED)

Other acquisitions

Acquisition of Advection Logistics Kft.

On 7 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired 100% of the shares in Hungary-based Advection Logistics Kft. Closing was 7 July 2022. The acquisition price for the activities was EUR 1.5 million, financed through previously issued bonds.

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

On 16 June 2022, the Group has, 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 US. Acquisition price was USD 0.9 million. The acquisition was financed through previously issued bonds. Closing is expected to be August 2022, from which date the activities are consolidated in the Group's financial statements.

Acquisition of D&W, Inc.

On 31 May 2022 SGLT Holding has 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 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. SGL Group is still assessing assets acquired and liabilities assumed. As a result, it is not possible to include the disclosures required under IFRS 3 and D&W is not included in the above table.

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

On 31 May 2022 SGLT Holding has 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 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. SGL Group is still assessing assets acquired and liabilities assumed. As a result, it is not possible to include the disclosures required under IFRS 3 and B.C. Dispatch is not included in the above table.

Acquisition of additional interest in Bison Services, Inc.

On 31 May 2022 SGLT Holding has 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 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.

NOTES

SGLT HOLDING

NOTE 5 – SUBSEQUENT EVENTS

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

On 16 June 2022 the Group signed the acquisition of 100% of the shares in the SAS owned freight forwarding companies through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, the Group strengthens its position within the Nordic region. Closing of the transaction was 31 October 2022. The acquisition price for the activities was SEK 26 million, financed through previously issued bonds. SGL Group is still assessing assets acquired and liabilities assumed. As a result, it is not possible to include the disclosures required under IFRS 3.



SGL GROUP Q3 2022

UNCOMPLICATE YOUR WORLD »

SCAN GLOBAL
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FINANCIAL HIGHLIGHTS

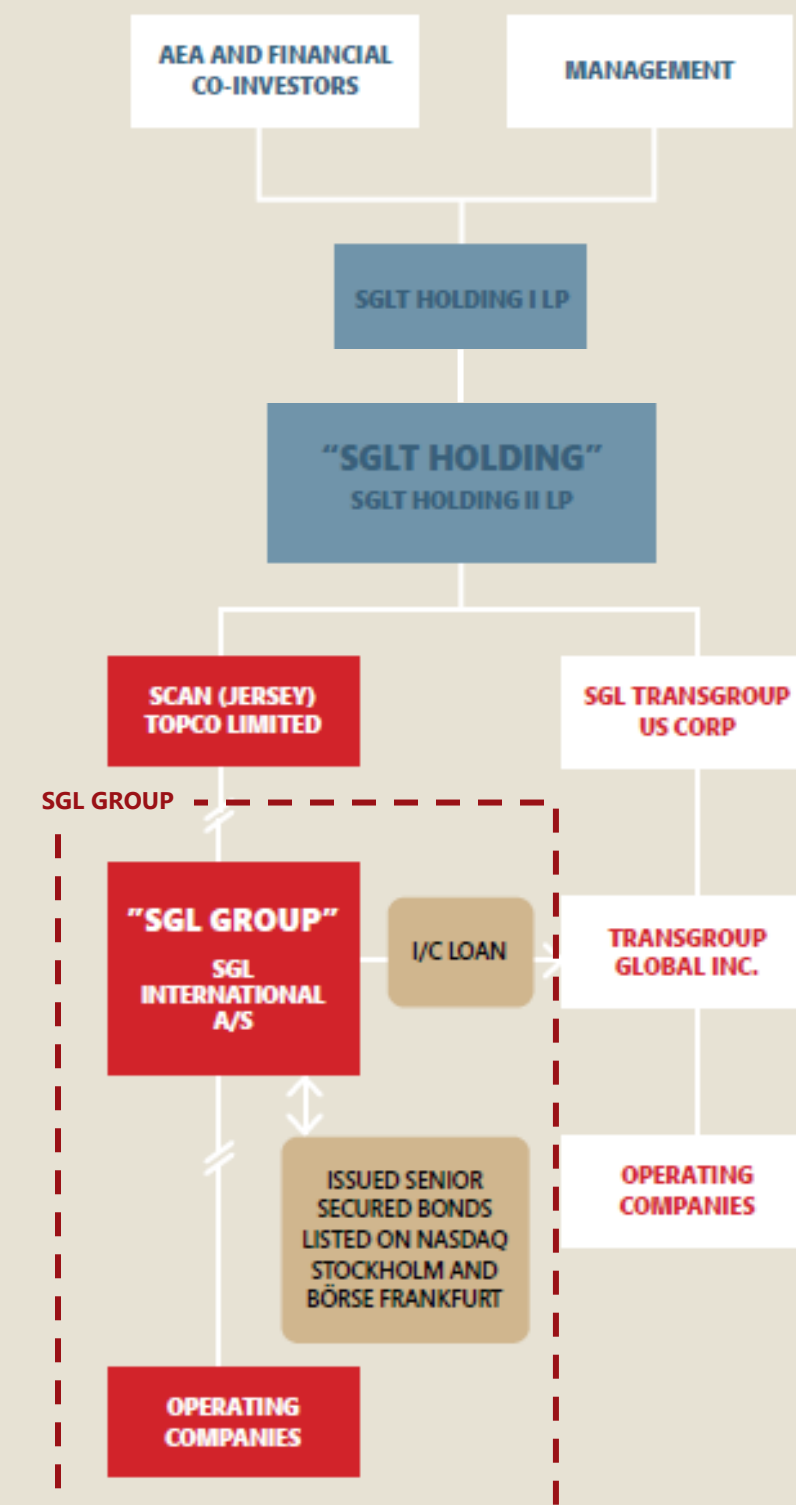
SGL GROUP

Key figures (in DKKm)	Q3 2022	Q3 2021	9M 2022	9M 2021
Income statement				
Revenue	4,419	2,641	12,755	6,397
Gross profit	672	404	1,858	943
EBITDA before special items	330	182	932	338
Operating profit (EBIT)	221	107	688	168
Special items, net	-30	-10	-44	-18
Financial items, net	38	-27	26	-80
Profit for the period	184	78	540	79
Income statement (Business Performance)				
EBITDA before special items*	299	139	844	249
Cash flow				
Cash flows from operating activities	34	-96	873	-382
Cash flows from investing activities	-284	-240	-324	-420
Free cash flow	-250	-336	549	-802
Cash flows from financing activities	-36	1,002	429	1,644
Cash flow for the period	-286	666	978	842

*EBITDA excluding the impact of IFRS 16 leases

Key figures (in DKKm)	Q3 2022	Q3 2021	30.09.2022	30.09.2021
Financial position				
Total equity			1,401	755
Net working capital			702	690
Net interest-bearing debt (NIBD)			2,694	1,824
Total assets			8,351	6,397
Financial ratios in %				
Gross margin	15.2	15.3	14.6	14.7
EBITDA margin before special items	7.5	6.9	7.3	5.3
EBITDA margin before special items*	6.8	5.3	6.6	3.9
EBIT margin	5.0	4.1	5.4	2.6
Equity ratio			16.8	11.8
Other				
Number of average full-time employees	2,554	1,755	2,554	1,755

SIMPLIFIED STRUCTURE



FINANCIAL PERFORMANCE

SGL GROUP

Geopolitical impact as consequences of the war in Ukraine, continued COVID-19 lockdowns in the world, coupled with an already overheated logistics market, has sent the Western world as we know it into unprecedented supply challenges; however, despite this, SGL Group continued to deliver a strong financial result in third quarter 2022. The EBITDA before special items totalled DKK 330 million for the third quarter 2022 and DKK 932 million for the first nine months of 2022.

The first nine months of 2022 has been characterised by continued volatility and continued complexity in the market. In the third quarter the high activity levels seemed to be stagnating along with the high rates. The demanding market conditions has enabled SGL Group to apply its entrepreneurial business model in providing complex solutions to its customers with success and keeping momentum in the solid financial results. SGL Group delivered a strong organic growth including greenfield activities of 112% year on year on EBITDA before special items from major trade lanes and markets. Total growth compared to the first nine months of 2021 was 176% of which M&A activities contributed with 50%. Further, SGL Group has seen strong growth in activity levels and performance in companies acquired during 2021. Net working capital development and strong results amounted to a positive free cash flow of DKK 549 million compared to negative DKK 802 million same period last year. We remain committed to our organic initiatives as well as acquisition strategy and have finalised 5 acquisitions in 2022.

Financial results for the period – First nine months of 2022

- Revenue amounted to DKK 12,755 million for the first nine months of 2022, an increase of 99% compared to the first nine months of 2021 including positive impact from FX translation of approximately DKK 504 million. The increased revenue was driven by several factors. A mix of increase in activity levels, both through increased activity and larger share of wallet with new and existing customers. To some extent also impacted by volatility in the market creating higher carrier rates than the same period last year. Increase in activities for acquisitions also contributed. The increase in activity levels was experienced across all regions, especially Air & Ocean and Aid, Development and Project (ADP) activities in Denmark and Air & Ocean activities in Asia.
- Gross profit amounted to DKK 1,858 million for the first nine months of 2022; an increase of 97% compared with the first nine months of 2021, including positive impact FX translation of approximately DKK 54 million. The increase in gross profit is driven by strong organic growth and increased activities through acquired businesses, leading to significant increase in activity levels which has been converted to a strong increase in gross profit. However, due to elevated carrier rates, we have seen a slight decrease in gross profit margin to 14.6%; equivalent to a decrease of 0.1% point compared to the same period last year.
- SG&A costs amounted to DKK 926 million for the first nine months of 2022; impacted by a negative FX translation of approximately DKK 20 million, resulting in an increase of 53% compared to the first nine months of 2021. SG&A costs increased as expected; however, as the cost discipline and realisation of operating leverage benefits continued, the conversion ratio based on EBITDA before special items increased from 36% in first nine month of 2021 to 50% in the first nine months of 2022. The increase in SG&A costs was primarily due to increased headcount driving higher salary expenses as a result of greenfield and M&A activities and upscaling the business.

- EBITDA before special items amounted to DKK 932 million for the first nine months of 2022; compared to DKK 338 million same period last year following the high activity described under revenue and the ability to keep cost under control while growing.
- Special Items, net, amounted to a cost of DKK 44 million for the first nine months of 2022 mainly driven by greenfield activities and M&A related costs.
- Operating Profit (EBIT) before special items amounted to DKK 688 million for the first nine months of 2022 compared to DKK 168 million same period last year.
- Financial items amounted to net income of DKK 26 million for the first nine months of 2022 compared to an expense of DKK 80 million in the same period last year. The development was mainly driven by interest expenses from issued bonds and foreign exchange gains on receivables from related parties in USD
- Cash flow from operating activities was positive with DKK 873 million in first nine month of 2022; a development positively affected by EBIT, supported by cash flows from streamlined net working capital coming from the high levels in 2021.
- Equity attributable to the parent company was DKK 1,398 million. The total equity ratio was 16.8% as per 30 September 2022. Compared to 30 September 2021 the equity ratio increased 5.0% point driven by strong results in the last 12 month and a capital increase by cash payment of DKK 225 million in Q3 2021.
- Net interest-bearing debt (NIBD) was DKK 2,694 million as of 30 September 2022 (30 September 2021: DKK 1,824 million). Subsequent bond debt of EUR 75 million under the framework of EUR 350 million was issued during the first quarter of 2022. Bond debt was raised for acquisitions and general corporate purposes.
- Net working capital improved with DKK 42 million for the first nine months of 2022. Total NWC position was DKK 702 million 30 September 2022. The NWC level was still on a high level impacted by the volatility in the market combined with strong organic growth leading to an increase in revenue and thereby continuing high level of trade receivables. The main NWC impact was primarily seen within Ocean activities, with continued significant growth. Ocean activities generally has a higher NWC than the other activities. Our general payment terms are unchanged, but we continue to see an impact from extended days on the water, driving an increased spread between payments to carriers and receipts from customers. We see no increase or risk in overdue trade receivables.

OUTLOOK 2022

SGL GROUP

SGL Group has been able to deliver continuously despite volatile and demanding market conditions during the first nine months of 2022. The high activity levels and strong volumes combined with SGL’s ability to make the world a little less complicated for its customers, has allowed SGL to provide compelling customer solutions driving continued expansion with existing customers and continued establishment of strong relationships with new customers in a volatile market. Furthermore, the acquisitions made in 2021 are continuing to integrate very well into the global SGL network and are contributing well to the strong increase in activity levels in 2022.

Furthermore, the acquisitions made in 2021 are continuing to integrate very well into the global SGL network and are contributing well to the strong increase in activity levels in 2022.

In addition to the strong organic growth, SGL Group has continued its inorganic growth strategy and closed 5 acquisitions which all have a good strategic fit to help scale the business, improve profitability, and drive deleveraging.

SGL Group has updated the guidance upwards to EBITDA before special items excluding IFRS 16 accounting in the range of DKK 1,100 million to DKK 1,200 million including the performance from the acquisitions signed in 2022, but excluding the pre-acquisition pro forma impact of these transactions.

SGL Group	Current guidance	Previously updated guidance	Initial guidance
EBITDA before special items excluding IFRS 16 accounting	DKK 1,100 million - DKK 1,200 million	DKK 875 million - DKK 925 million	DKK 625 million - DKK 700 million

The updated targets are based on the assumptions of stable global economic development and assumes that exchange rates remain at the current level.

Long-term financial targets are unchanged.

Russia and Ukraine conflict

As mentioned in the Annual Report for 2021, airfreight in particular has been heavily impacted due to closures in EU and Russian airspaces. Our booking stop for shipments to/from Russia and Belarus remains in place until further notice, with the exception of selected product groups such as medicine, aid, humanitarian cargo, and food supplies. We do not have any offices, nor any people employed in Ukraine or Russia, and currently, we do not see this having any impact on our outlook for 2022.

INCOME STATEMENT

SGL GROUP

DKKm	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	1	4,419	2,641	12,755	6,397
Cost of operation	1	-3,747	-2,237	-10,897	-5,454
Gross profit		672	404	1,858	943
Other external expenses		-69	-31	-157	-93
Staff costs		-273	-191	-769	-512
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items		330	182	932	338
Amortisation and depreciation		-79	-65	-200	-152
Operating profit (EBIT) before special items		251	117	732	186
Special items, net	2	-30	-10	-44	-18
Operating profit (EBIT)		221	107	688	168
Financial income	3	135	43	293	85
Financial expenses	3	-97	-70	-267	-165
Profit before tax		259	80	714	88
Income tax for the period		-75	-2	-174	-9
Profit for the period		184	78	540	79
Total income for the period attributable to Owners of the Parent Company		182	78	537	80
Non-controlling interests		2	0	3	-1
Total		184	78	540	79

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKKm	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Profit for the period		184	78	540	79
Items that will be reclassified to income statement when certain conditions are met:					
Exchange rate adjustment related to foreign entities		28	-23	13	-15
Other comprehensive income, net of tax		28	-23	13	-15
Total comprehensive income for the period		212	55	553	64
Total comprehensive income for the period attributable to					
Owners of the Parent Company		210	55	550	67
Non-controlling interests		2	0	3	-3
Total		212	55	553	64

BALANCE SHEET

SGL GROUP

DKKm	Note	30.09.2022	30.09.2021	31.12.2021
ASSETS				
Intangible assets		2,064	1,849	1,961
Property, plant and equipment		224	241	251
Receivables from related parties		928	773	798
Other receivables		37	18	22
Deferred tax asset		40	11	3
Total non-current assets		3,293	2,892	3,035
Trade receivables		2,542	1,643	2,319
Contract assets		72	305	41
Receivables from related parties		882	387	788
Income tax receivables		29	4	9
Other receivables		11	113	8
Prepayments		39	35	43
Cash and cash equivalents	4	1,483	1,018	520
Total current assets		5,058	3,505	3,728
Total assets		8,351	6,397	6,763

DKKm	Note	30.09.2022	30.09.2021	31.12.2021
EQUITY AND LIABILITIES				
Shared capital		1	1	1
Shared premium		-	228	228
Currency translation reserve		-17	-41	-30
Retained earnings		1,414	567	648
Equity attributable to Parent Company		1,398	755	847
Non-controlling interests		3	-	1
Total equity		1,401	755	848
Bond debt	5	3,962	3,362	3,416
Lease liabilities	5	91	111	111
Deferred tax liability		131	107	108
Other payables		86	2	64
Total non-current liabilities		4,270	3,582	3,699
Bank debt		0	-	-
Trade payables		1,236	1,095	1,149
Accrued trade expenses		624	454	448
Current tax liabilities		214	18	68
Lease liabilities	5	90	103	109
Payable to related parties		200	34	150
Deferred income		65	51	1
Other payables		251	305	291
Total current liabilities		2,680	2,060	2,216
Total liabilities		6,950	5,642	5,915
Total equity and liabilities		8,351	6,397	6,763

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
9M 2022							
Equity at 1 January 2022	1	228	-30	648	847	1	848
Profit for the period	-	-	-	537	537	3	540
Other comprehensive income, net of tax	-	-	13	-	13	-	13
Total comprehensive income, net of tax	-	-	13	537	550	3	553
Transfer	-	-	-	1	1	-1	-
Transfer of share premium	-	-228	-	228	-	-	-
Total transfer with owners	-	-228	-	229	1	-1	-
Equity at 30 September 2022	1	0	-17	1,414	1,398	3	1,401
9M 2021							
Equity at 1 January 2021	1	3	-31	487	460	6	466
Profit for the period	-	-	-	80	80	-1	79
Other comprehensive income, net of tax	-	-	-13	-	-13	-2	-15
Total comprehensive income, net of tax	-	-	-13	80	67	-3	64
Transfer	-	-	3	-	3	-3	-
Capital increase by cash payment	-	225	-	-	225	-	225
Total transfer with owners	-	225	3	-	228	-3	225
Equity at 30 September 2021	1	228	-41	567	755	0	755

STATEMENT OF CASH FLOW

SGL GROUP

DKKm	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Profit for the period		184	78	540	79
<i>Adjustment of non-cash items:</i>					
Income taxes in the income statement		75	2	174	9
Depreciation and amortisation		79	65	200	152
Financial income		-135	-43	-293	-85
Financial expenses		97	70	267	165
Change in working capital		-133	-235	243	-598
Interest received		1	13	2	47
Interest paid		-73	-46	-208	-129
Tax paid/received		-61	-1	-52	-23
Cash flows from operating activities		34	-96	873	-382
Purchase of software and other intangible assets		-12	-	-38	-26
Purchase of property, plant and equipment		-3	-15	-9	-20
Earn-out paid		-	-	-	-2
Investments in Group entities		-269	-225	-277	-373
Cash flows from investing activities		-284	-240	-324	-420
Free cash flow		-250	-336	549	-802

DKKm	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Capital increase		-	220	-	220
Investment in deposits		-9	-	-9	-
Loan to group entities		-	-40	-	-40
Repayment of loan from related entities		-	-3	-42	-
Proceeds from issuing bonds		-	855	557	1,540
Redemption of lease liabilities		-27	-30	-77	-76
Cash flows from financing activities		-36	1,002	429	1,644
Change in cash and cash equivalents		-286	666	978	842
Cash and cash equivalents					
Cash and cash equivalents beginning of period		1,780	364	520	187
Exchange rate adjustment of cash and cash equivalents		-11	-12	-15	-11
Change in cash and cash equivalents		-286	666	978	842
Cash and cash equivalents end of period	4	1,483	1,018	1,483	1,018

NOTES

SGL GROUP

NOTE 1 - SEGMENT INFORMATION

DKKm	Air & Ocean	Road	Solution	Total	Air & Ocean	Road	Solution	Total
	9M 2022	9M 2022	9M 2022	9M 2022	9M 2021	9M 2021	9M 2021	9M 2021
Revenue (services)	15,128	605	176	15,909	8,299	520	163	8,981
Intercompany revenue	-3,139	-15	-	-3,154	-2,582	-3	-	-2,584
Net revenue (services)	11,989	590	176	12,755	5,717	517	163	6,397
Cost of operation	-10,282	-503	-112	-10,897	-4,896	-448	-110	-5,454
Gross profit	1,707	87	64	1,858	821	69	53	943
Other external expenses and staff costs	-825	-73	-28	-926	-513	-66	-26	-605
Earnings before interests, tax, depreciation, amortisation (EBITDA) and special items	882	14	36	932	308	3	27	338
Depreciation and amortisation				-200				-152
Operating profit (EBIT) before special items				732				186
Special items, net				-44				-18
Financial items, net				26				-80
Profit before tax				714				88

NOTES

SGL GROUP

NOTE 2 - SPECIAL ITEMS, NET

DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021
M&A activities, greenfield activities and other transaction specific costs	30	9	43	16
COVID-19 activities and net of compensations received	-	1	-	2
Restructuring and other costs	-	-	1	-
Total special items, net	30	10	44	18

NOTE 3 - FINANCIAL ITEMS

DKKm	Q3 2022	Q3 2021	9M 2022	9M 2021
Interest income	1	-	2	-
Financial income from related parties	34	17	85	50
Exchange rate gains	100	26	206	35
Total financial income	135	43	293	85
Interest expenses	24	-8	-10	-29
Lease interest expenses	-3	-5	-11	-14
Bond interest expenses	-101	-55	-225	-116
Amortisation of capitalised loan costs	-8	-3	-12	-7
Other financial expenses	-9	-	-9	-
Exchange rate losses	-	-	-	-
Total financial expenses	-97	-71	-267	-166

NOTE 4 - CASH AND LIQUIDITY RESERVE

DKKm	30.09.2022	30.09.2021	31.12.2021
Cash and cash equivalents	1,483	1,018	520
Bank debt	-	-	-
Net cash	1,483	1,018	520
Credit facilities	413	405	405
Liquidity reserve	1,896	1,423	925

NOTES

SGL GROUP

NOTE 5 - CHANGES TO FINANCIAL LIABILITIES

	Effective interest rate	Carrying amount 1 January	Cashflow	Non-cash change			30.09.2022
				Foreign exchange effect	Additional lease liability during the period	Other	Carrying amount 30 September
DKK							
Bond debt							
Issued bonds, EUR 250 million	1 month EURIBOR + 6.75%	1,859	-	-	-	-	1,859
Issued bonds, EUR 300 million	7.75%	1,673	557	1	-	-	2,231
Issued bonds, EUR 40 million	11.5%	297	-	-	-	39	336
Bonds held by SGL Group		-430	-	-	-	-	-430
Capitalised loan costs		-40	-	-	-	6	-34
Payable bond interest		57	-	-	-	-1	56
Lease liabilities		220	-77	-1	29	10	181
Total		3,636	480	-	29	54	4,199

30.09.2021

Bond debt							
Issued bonds, EUR 250 million	1 month EURIBOR + 6.75%	1,860	-	-1	-	-	1,859
Issued bonds, EUR 225 million	7.75%	-	1,673	-	-	-	1,673
Issued bonds, EUR 40 million	11.50%	-	297	-	-	-	297
Bonds held by SGL Group		-	-430	-	-	-	-430
Capitalised loan costs		-37	-	-	-	-	-37
Lease liabilities		224	-76	-	-	66	214
Total		2,047	1,464	-1	-	66	3,576

NOTES

SGL GROUP

NOTE 6 – BUSINESS COMBINATIONS

Fair value at date of acquisition

DKKm				9m 2022	Full year 2021
	Sea-Air Logistics	Gelders Forwarding	Other	Total	Total
ASSETS					
Other intangible assets	0	0	1	1	1
Property, plant and equipment	6	1	1	8	31
Trade receivables	67	23	12	102	337
Corporation tax	0	0	-	-	16
Other receivables	8	8	3	19	1
Cash and cash equivalents	62	3	9	74	199
Total assets	143	35	26	204	585
LIABILITIES					
Lease liability	0	0	-	0	25
Finance liability	0	0	-	-	1
Trade payaple	48	21	12	81	231
Corporation tax	13	0	-	13	18
Other payables	7	1	10	18	46
Total liabilities	68	22	22	112	321
Acquired net assets	75	13	4	92	264
Goodwil	-	-	-	-	256
Customer relations	119	48	11	178	280
Trademarks	0	0	0	-	8
Deferred tax	-21	-3	0	-24	-67
Fair value of total net assets acquired	173	58	15	246	741
Cash consideration	174	57	14	245	567
Contingent consideration	-	-	-	-	174
Fair value of consideration transferred	174	57	14	245	741

Acquisition of Sea-Air Logistics

On 29 June 2022 SGL Group has through its wholly owned subsidiary Scan Global Logistics A/S acquired 100% of shares in the Hong Kong based Sea-Air Logistics (Hong Kong) Limited. With the acquisition, the Group strengthen its position in Hong Kong and strategically complement our strong growth in profitable niche markets, combined with increase in its global presence in current SGL offerings. Closing was 5 July 2022. The acquisition price for the activities was USD 24 million, financed through previously issued bonds. The acquisition cost was approx. DKK 4 million.

Fair value of acquired net assets

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 a period of up to twelve months from the acquisition date in accordance with IFRS 3.

Earnings impact

During the 3 months after the acquisition date, Sea Air Logistics contributed with DKK 152 million to the Group's revenue and DKK 21 million to the Group's profit after tax. If the acquisition had taken place 1 January 2021, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to DKK 13,206 million and DKK 561 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:

NOTES

SGL GROUP

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Sea-Air Logistics - 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 11.6% as discount rate. In total, customer relationships amounting to DKK 119 million have been included in the opening balance.

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

Acquisition of Gelders Forwarding BC

On 1 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired Gelders Forwarding BV, a well-established air and ocean forwarder based in the Netherlands with a strong footprint in the semiconductor segment. With the acquisition, the Group is increasing the market share significantly in the import market. Gelders Forwarding generates yearly revenue above EUR 30 million.

Acquisition price was EUR 7.7 million. The acquisition was financed through previously issued bonds. Closing was 1 July 2022, from which date the activities are consolidated in the Group's financial statements. Acquisition cost was approx. DKK 1 million

Fair value of acquired net assets

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 a period of up to twelve months from the acquisition date in accordance with IFRS 3.

Earnings impact

During the 3 months after the acquisition date, Gelders Forwarding contributed with DKK 61 million to the Group's revenue and DKK 4 million to the Group's profit after tax. If the acquisition had taken place 1 January 2021, the Group's consolidated proforma revenue and profit after tax would have amounted approx. to DKK 12,865 million and DKK 545 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:

NOTES

SGL GROUP

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Gelders Forwarding BC - 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 9.9% as discount rate. In total, customer relationships amounting to DKK 48 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, 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 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 the Group has been applied in the valuation.

Acquisition of other companies

Acquisition of Advection Logistics Kft.

On 7 July 2022, the Group has, through its wholly owned subsidiary Scan Global Logistics A/S, acquired 100 % of the shares in Hungary-based Advection Logistics Kft. Closing was 7 July 2022. The acquisition price for the activities was EUR 1.5 million, financed through previously issued bonds.

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

On 16 June 2022, the Group has, 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 US. Acquisition price was USD 0.9 million. The acquisition was financed through previously issued bonds. Closing is expected to be August 2022, from which date the activities are consolidated in the Group's financial statements. SGL Group is still assessing assets acquired and liabilities assumed. As a result, it is not possible to include the disclosures required under IFRS 3.

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

On 16 June 2022 SGL Group announced the signing of the acquisition of 100% of the shares in the SAS owned freight forwarding companies wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, the Group strengthens its position in the Nordics. Closing was 31 October 2022. The acquisition price for the activities was SEK 26 million, financed through previously issued bonds. SGL Group is still assessing assets acquired and liabilities assumed. As a result, it is not possible to include the disclosures required under IFRS 3.

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SGL GROUP

NOTE 7 – SUBSEQUENT EVENTS

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

On 16 June 2022 SGL Group signed the acquisition of 100% of the shares in the SAS owned freight forwarding companies through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, the Group strengthens its position within the Nordic region. Closing of the transaction was 31 October 2022. The acquisition price for the activities was SEK 26 million, financed through previously issued bonds. SGL Group is still assessing assets acquired and liabilities assumed. As a result, it is not possible to include the disclosures required under IFRS 3.

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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.

New accounting regulation adopted in 2022

SGL Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2022 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 Q3 2022 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 2021.

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL International A/S (page 16 to 29) for the period 1 January to 30 September 2022.

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 2022 and operations and cash flow for the period 1 January to 30 September 2022.

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, 21 November 2022

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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