



INTERIM FINANCIAL REPORT

FIRST SIX MONTHS OF 2024

Q2 2024

SGL Group ApS
29 August 2024

UNCOMPLICATE YOUR WORLD »»

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 (SGL) 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 June 2023, but only including the operational activities of SGL as of 23 May 2023.

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

FINANCIAL HIGHLIGHTS

EURm	Q2 2024	Q2 2023	Pro forma Q2 2023	6M 2024	6M 2023	Pro forma 6M 2023
Income statement						
Revenue	532	228	500	1,022	228	1,088
Gross profit	122	52	121	238	52	241
EBITDA before special items	43	22	51	83	22	102
EBIT before special items	25	17	38	47	17	75
Special items, net	(13)	(19)	(19)	(19)	(19)	(21)
Operating profit (EBIT)	12	(2)	19	28	(2)	54
Financial items, net	(54)	(21)	(36)	(75)	(24)	(57)
Result for the period	(47)*	(29)	(29)	(56)*	(32)	(23)
Cash flow						
Cash flows from operating activities	(13)	(3)	(19)	(71)	(3)	23
Cash flows from investing activities	(60)**	(33)	(342)	(67)**	(33)	(345)
Free cash flow	(73)	(36)	(361)	(138)	(36)	(322)
Cash flows from financing activities	98	(144)	(152)	104	228	215
Cash flow for the period	25	(180)	(513)	(34)	192	(107)

- The result for the period would amount to a loss of EUR 21m, instead of a loss of EUR 56m (Q2 2024: would amount to a loss of EUR 12m instead of a loss of EUR 47m), 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.

** Cash flows from investing activities were impacted by acquisitions of EUR 51m in the first six months of 2024 (Q2 2024: EUR 49m).

EURm	Q2 2024	Q2 2023	Pro forma Q2 2023	6M 2024	6M 2023	Pro forma 6M 2023
Financial position end of period						
Total equity				824	894	894
Net working capital				189	72	72
Net interest-bearing debt (NIBD)				866	628	628
Net interest-bearing debt (NIBD) according to bond terms				819	564	564
Total assets				2,182	2,073	2,073
Financial ratios in %						
Gross margin	22.9	22.8	24.2	23.3	22.8	22.2
EBITDA margin before special items	8.1	9.6	10.2	8.1	9.6	9.4
EBIT margin before special items	4.7	7.5	7.6	4.6	7.5	6.9
Conversion ratio	35.2	42.3	42.1	34.9	42.3	42.3
Equity ratio				37.8	43.1	43.1
Net leverage ratio according to bond terms				4.6	3.2	3.2
Other						
Number of full-time employees at the end of the period				4,052	3,421	3,421

FINANCIAL PERFORMANCE

SGL performed in line with the market and delivered growth in volumes in Air & Ocean; however, due to a challenging environment we are yet to materialise full scale in North America.

In yet another challenging quarter, SGL continued its performance through its highly focused, customer-centric approach servicing existing customers, but simultaneously onboarding new customers; all grounded in keeping our solid market position both locally and globally.

The quarter was further characterised by growth in air and ocean volumes, materialising in higher revenue and gross profit compared to previous quarter. Despite continuing activity levels on complex logistic solutions across various industries, gross margins were negatively impacted by the market dynamics and pressure on standard Air and Ocean logistics.

Further, especially North America has been impacted by low activity levels with customers, resulting in performance yet to materialise. To change the trajectory, several initiatives have already commenced, which are expected to materialise in the latter part of 2024 or early 2025.

To support its strategy, SGL continues to invest in greenfield activities and M&A, and during Q2, SGL acquired and onboarded Foppiani Logistics Ltd., headquartered in Italy. The acquisition of Blu Logistics Brasil Transportes Internacionais LTDA, which was signed 11 July 2024, is expected to be closed during Q3 2024.

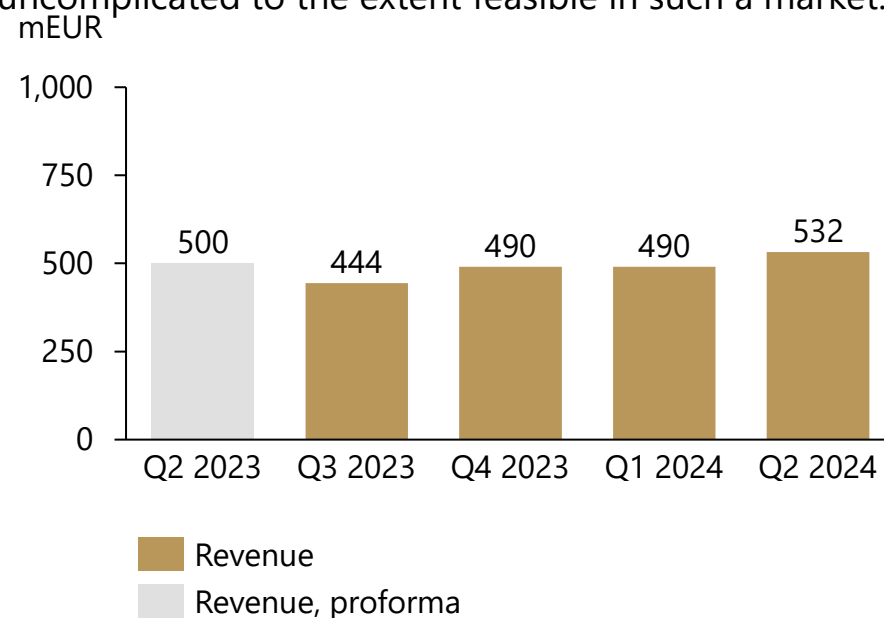
REVENUE

Q2 2024 Revenue amounted to EUR 532m, an increase of 6% compared to pro forma EUR 500m in Q2 2023 (Reported: EUR 228m).

H1 2024 Revenue amounted to EUR 1,022m, a decline of 6% compared to pro forma 1,088m in H1 2023 (Reported: EUR 228m).

During the second quarter of 2024, the increased revenue was mainly impacted by an 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.

Transport mode conversions gave SGL the opportunity to continue to deliver flexibility, entrepreneurship and agility to its customers, in making logistics uncomplicated to the extent feasible in such a market.

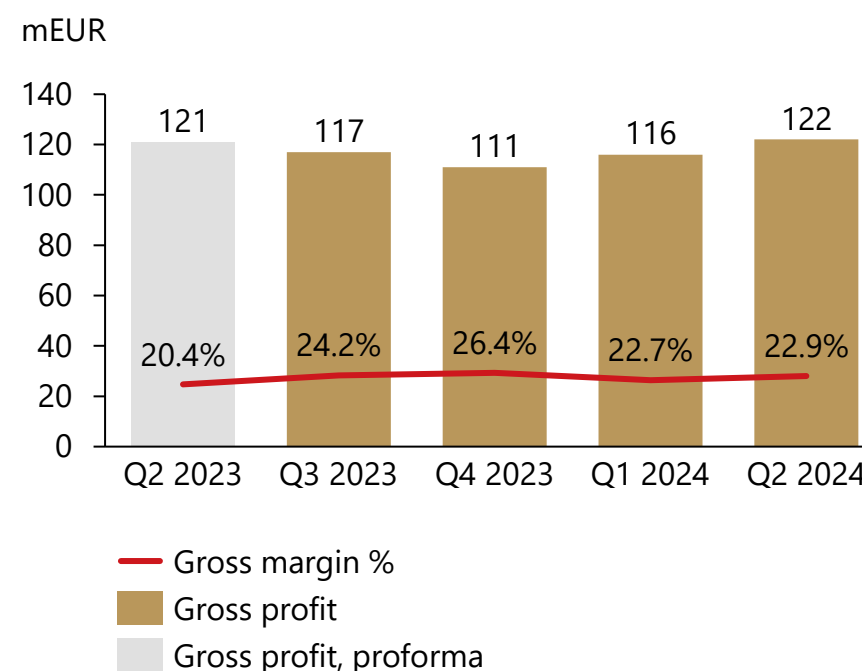


GROSS PROFIT

Q2 2024 Gross profit amounted to EUR 122m, an increase of 1% compared to pro forma EUR 121m in Q2 2023 (Reported: EUR 52m).

H1 2024 Overall, in Q2 SGL achieved a gross profit in which increased compared to Q1 2024 and compared to pro forma Q2 2023. Performance is driven by increase in activities in the Nordics, and Asia maintains its performance especially on the Trans-Pacific trade lanes; however, North America is still impacted by low activity levels, which offsets the margins. Further, we begin to see the positive impact from investments made in EMEA.

Our uncorrelated industries* continues to deliver a positive impact to gross profit for Q2; however, to a lesser extent than previous, due to timing of projects as certain projects are postponed to the latter part of 2024 or beginning of 2025.

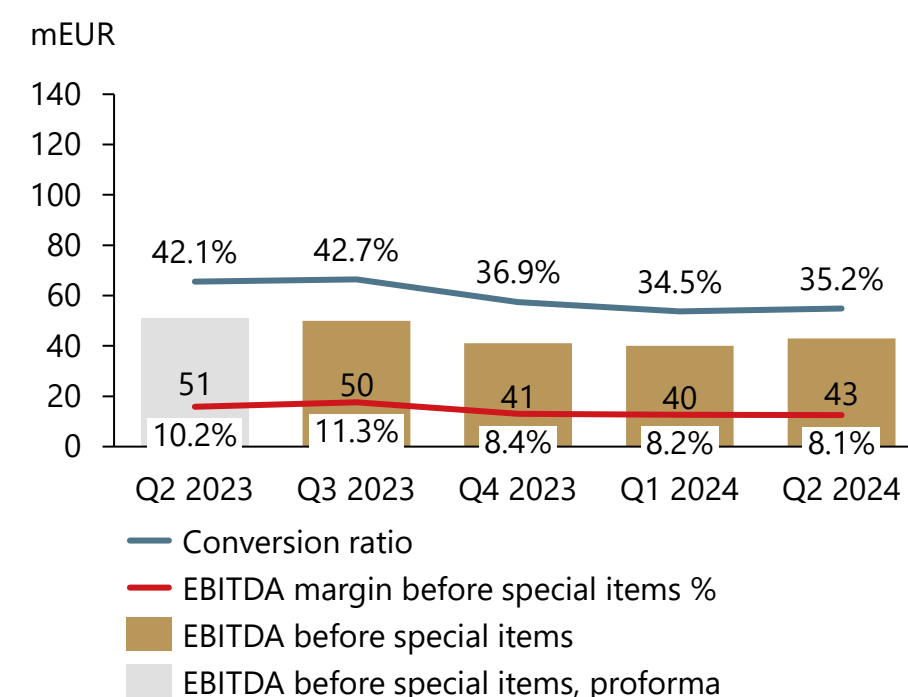


EBITDA BEFORE SPECIAL ITEMS

Q2 2024 EBITDA before special items amounted to EUR 43m; pro forma EUR 51m in Q2 2023, a decrease of 16% (Reported: EUR 22m).

H1 2024 To support its strategy, SGL has invested in central functions to meet demands from compliance and investors, which drives an increase in SG&A. Further, SG&A is kept on the current level to accommodate the expected turnaround in the market, hence the conscious choice to keep SG&A at the current level to be able to deliver on a future pipeline of complex projects, which has been postponed to the latter part of 2024 or even 2025.

Consequently, SGL realised a decline in EBITDA before special items from Q2 2023 to Q2 2024, driven by an increase in SG&A cost; resulting in a decreased conversion ratio.



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

FINANCIAL PERFORMANCE

DEPRECIATION AND AMORTISATION

In H1 2024 Depreciation and amortisation amounted to EUR 36m compared to pro forma EUR 27m in the same period last year (Reported: EUR 5m); mainly driven by amortisations from acquisitions. 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

In H1 2024 Special items, net, amounted to a cost of EUR 19m, compared to pro forma EUR 21m in the same period last year (Reported: EUR 19m), driven by M&A-related costs, of which EUR 7m is related to specific requirements in accounting for a business combination, Greenfield activities in EMEA, and restructuring activities.

OPERATING PROFIT (EBIT)

In H1 2024 Operating profit (EBIT) amounted to EUR 28m compared to pro forma EUR 54m same period last year (Reported: EUR (2)m). The decrease was mainly due to decrease in EBITDA and amortisation from acquisitions and IT costs (see sections above).

FINANCIAL ITEMS

In H1 2024 Financial items amounted to net expenses of EUR 75m compared to net expenses of EUR 57m same period last year (Reported: EUR (24)m). The net expense was significantly impacted by EUR 35m, covering 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

In H1 2024 Tax expense amounted to EUR 9m, compared to pro forma EUR 20m in the same period last year (Reported: EUR 6m). The development is mainly driven by decreasing EBIT.

CASH FLOW

In H1 2024 the cash flow from operating activities was negative with EUR 71m. The development was driven by build-up of net working capital following a continued impact by an increase in rates and volumes and to some extent combined with increased spread between payments to carries and receipts from customers. However, positively impacted by a stable EBITDA delivered in a challenging market.

Negative cash flow from investing activities of EUR 67m is mainly driven by the acquisition of Foppiani and ENK as part of Investments in Group entities combined with investments in IT projects enabling scalability.

Positive cash flow from financing activities of EUR 104m is mainly driven by issuing of new bonds, thus partly offset by buy-back of own existing bonds.

CAPITAL STRUCTURE

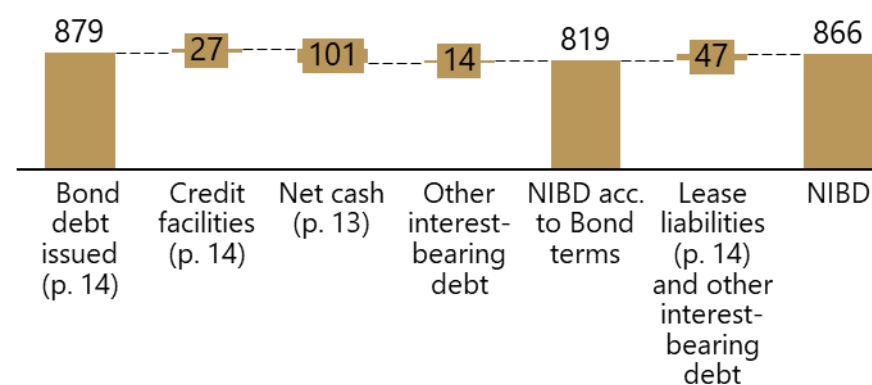
Equity attributable to the parent company was EUR 825m. The total equity ratio was 37.8% as of 30 June 2023. Compared to 31 December 2023 the equity ratio decreased 5.4% points driven by the result for the period.

We actively and continuously manage our liquidity and indebtedness profile, thus SGL issued and placed new senior secured bonds in an amount of EUR 600m during Q2 2024;

raised for acquisition purposes as part of our M&A strategy, for general corporate purposes, and for partial buy-backs of existing bonds in total of nominal EUR 471m as of June 2024.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was EUR 866m as of 30 June 2024 and mainly comprises bond debt and the company's net cash position of EUR 101m deriving from a negative development in SGL's net working capital position. The total liquidity reserve was EUR 221m end of June 2024 (December 2023: EUR 274m).



NET WORKING CAPITAL

The net working capital amounted to an asset of EUR 189m on 30 June 2024. This was an increase of EUR 95m compared to EUR 94m 31 December 2023. Net working capital continued to be impacted by increases in rates and volumes and to some extent also impacted by an increased spread between payments to carries and receipts from customers, which all are causing timing issues in net working capital; and consequently, we have movements in net working capital under control.

OUTLOOK 2024 REVISED

SGL performed in line with the market with positive development in activity levels across both Air and Ocean. For certain customers we 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 uncertainty on the full-year outlook; however, as we are onboarding the acquisitions of Foppiani Shipping & Logistics and Blu Logistics Brasil, we have revised our full year outlook to be in the range of EUR 190m – EUR 200m.

OUTLOOK 2024	INITIAL GUIDANCE	REVISED 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 have been effective for the full year of 2024, EBITDA before special items are expected to be in the range of EUR 200m to EUR 210m for 2024.

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	Q2 2024	Q2 2023	Pro forma Q2 2023	6M 2024	6M 2023	Pro forma 6M 2023
Revenue	1	532	228	500	1,022	228	1,088
Cost of operation	1	(410)	(176)	(379)	(784)	(176)	(847)
Gross profit		122	52	121	238	52	241
Other external expenses		(20)	(7)	(16)	(41)	(7)	(32)
Staff costs		(59)	(23)	(54)	(114)	(23)	(107)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	1	43	22	51	83	22	102
Depreciation and amortisation		(18)	(5)	(13)	(36)	(5)	(27)
Operating profit (EBIT) before special items		25	17	38	47	17	75
Special items, net	2	(13)	(19)	(19)	(19)	(19)	(21)
Operating profit (EBIT)		12	(2)	19	28	(2)	54
Financial income	3	5	6	15	14	9	15
Financial expenses	3	(59)	(27)	(51)	(89)	(33)	(72)
Result before tax		(42)	(23)	(17)	(47)	(26)	(3)
Income tax for the period		(5)	(6)	(12)	(9)	(6)	(20)
Result for the period		(47)	(29)	(29)	(56)	(32)	(23)
Total income for the period attributable to owners of the parent company		(48)	(30)	(30)	(57)	(33)	(24)
Non-controlling interests		1	1	1	1	1	1
Total		(47)	(29)	(29)	(56)	(32)	(23)

STATEMENT OF OTHER COMPREHENSIVE INCOME

EURm	Note	Q2 2024	Q2 2023	6M 2024	6M 2023
Result for the period		(47)	(29)	(56)	(32)
Items that will be reclassified to income statement when certain conditions are met:					
Exchange rate adjustment related to foreign entities		10	3	9	3
Other comprehensive income, net of tax		10	3	9	3
Total comprehensive income for the period		(37)	26	(47)	(29)
Total comprehensive income for the period attributable to					
Owners of the Parent Company		(38)	(27)	(48)	(30)
Non-controlling interests		1	1	1	1
Total		(37)	(26)	(47)	(29)

BALANCE SHEET

EURm	Note	30 June 2024	30 June 2023	31 December 2023
ASSETS				
Intangible assets		1,486	1,416	1,424
Property, plant and equipment		85	88	83
Other receivables		13	10	9
Deferred tax assets		7	8	7
Total non-current assets		1,591	1,522	1,523
Trade receivables		374	265	265
Contract assets		50	49	42
Receivables from related parties		-	1	3
Income tax receivables		15	11	4
Other receivables		14	9	12
Prepayments		37	23	32
Cash and cash equivalents	4	101	193	142
Total current assets		591	551	500
Total assets		2,182	2,073	2,023

EURm	Note	30 June 2024	30 June 2023	31 December 2023
EQUITY AND LIABILITIES				
Share capital		0	0	0
Currency translation reserve		4	3	(5)
Retained earnings		821	887	880
Equity attributable to Parent Company		825	890	875
Non-controlling interests		(1)	4	(0)
Total equity		824	894	875
Borrowings	5	879	723	726
Lease liabilities	5	18	51	41
Deferred tax liability		49	54	45
Other payables		19	8	12
Total non-current liabilities		965	836	824
Bank overdraft	4	-	-	6
Trade payables		161	138	139
Accrued trade expenses		77	93	84
Current tax liabilities		29	22	18
Lease liabilities	5	44	20	22
Deferred income		3	5	2
Other payables		79	65	53
Total current liabilities		393	343	324
Total liabilities		1,358	1,179	1,148
Total equity and liabilities		2,182	2,073	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	-	-	(57)	(57)	1	(56)
Other comprehensive income, net of tax	-	9	-	9	-	9
Total comprehensive income, net of tax	-	9	(57)	(48)	1	(47)
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 June 2024	0	4	821	825	(1)	824
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	-	-	(33)	(33)	1	(32)
Other comprehensive income, net of tax	-	3	-	3	-	3
Total comprehensive income, net of tax	-	3	(33)	(30)	1	(29)
Capital contribution	-	-	920	920	-	920
Acquisition of non-controlling interests	-	-	-	-	3	3
Total transactions with owners	-	-	920	920	3	923
Equity at 30 June 2023	0	3	887	890	4	894

STATEMENT OF CASH FLOW

EURm	Note	Q2 2024	Q2 2023	Pro forma Q2 2023	6M 2024	6M 2023	Pro forma 6M 2023
Result for the period		(47)	(29)	(29)	(56)	(32)	(23)
<i>Adjustment of non-cash items:</i>							
Income taxes in the income statement		5	6	12	9	6	20
Depreciation and amortisation		18	5	13	36	5	27
Financial items, net		54	21	36	75	24	57
Change in net working capital		(15)	8	(27)	(85)	8	(7)
Interest received		-	1	3	-	1	4
Interest paid		(17)	(14)	(24)	(37)	(14)	(37)
Tax paid		(11)	(1)	(3)	(13)	(1)	(18)
Cash flows from operating activities		(13)	(3)	(19)	(71)	(3)	23
Purchase of software and other intangible assets		(4)	-	(1)	(7)	-	(3)
Purchase of property, plant and equipment		(4)	(2)	(6)	(6)	(2)	(7)
Investments in Group entities	6	(49)	(31)	(335)	(51)	(31)	(335)
Other investments		(3)	-	-	(3)	-	-
Cash flows from investing activities		(60)	(33)	(342)	(67)	(33)	(345)
Free cash flow		(73)	(36)	(361)	(138)	(36)	(322)

EURm	Note	Q2 2024	Q2 2023	Pro forma Q2 2023	6M 2024	6M 2023	Pro forma 6M 2023
Capital increase		-	66	66	-	66	66
Purchase of non-controlling interest		-	-	-	(2)	-	-
Dividend paid to non-controlling interest		(1)	-	(2)	(2)	-	(3)
Deposits		-	-	(2)	-	-	(2)
Proceeds from issuing bonds		587	(13)	(13)	587	722	359
Bonds acquired		-	-	-	-	(363)	-
Redemption of bond loan		(494)	(194)	(193)	(494)	(194)	(193)
Long-term loans		12	-	(3)	27	-	(2)
Credit facilities, financing fees		(1)	(2)	-	(2)	(2)	-
Redemption of lease liabilities		(5)	(1)	(5)	(10)	(1)	(10)
Cash flows from financing activities		98	(144)	(152)	104	228	215
Change in cash and cash equivalents		25	(180)	(513)	(34)	192	(107)
Cash and cash equivalents							
Cash and cash equivalents beginning of period		76	373	705	136	-	299
Exchange rate adjustment of cash and cash equivalents		-	-	1	(1)	1	1
Change in cash and cash equivalents		25	(180)	(513)	(34)	192	(107)
Cash and cash equivalents end of period	4	101	193	193	101	193	193

NOTES

NOTE 1 – SEGMENT INFORMATION

EURm	Q2 2024				Q2 2023				Pro forma Q2 2023			
	Air & Ocean	Road	Solutions	Total	Air & Ocean	Road	Solutions	Total	Air & Ocean	Road	Solutions	Total
Revenue	475	56	1	532	193	31	4	228	420	69	11	500
Cost of operation	(369)	(40)	(1)	(410)	(148)	(25)	(3)	(176)	(320)	(54)	(6)	(379)
Gross profit	106	16	-	122	45	6	1	52	100	15	5	121
Other external expenses and staff costs	(65)	(14)	(0)	(79)	(25)	(4)	(1)	(30)	(53)	(12)	(5)	(70)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	41	2	(0)	43	20	2	-	22	47	3	1	51
Depreciation and amortisation				(18)				(5)				(13)
Operating profit (EBIT) before special items				25				17				38
Special items, net				(13)				(19)				(19)
Financial items, net				(54)				(21)				(36)
Result before tax				(42)				(23)				(17)

NOTES

NOTE 1 – SEGMENT INFORMATION

EURm	6M 2024				6M 2023				Pro forma 6M 2023			
	Air & Ocean	Road	Solutions	Total	Air & Ocean	Road	Solutions	Total	Air & Ocean	Road	Solutions	Total
Revenue	892	121	9	1,022	193	31	4	228	928	138	22	1,088
Cost of operation	(686)	(93)	(5)	(784)	(148)	(25)	(3)	(176)	(726)	(108)	(13)	(847)
Gross profit	206	28	4	238	45	6	1	52	202	30	9	241
Other external expenses and staff costs	(127)	(25)	(3)	(155)	(25)	(4)	(1)	(30)	(109)	(23)	(7)	(139)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	79	3	1	83	20	2	0	22	93	7	2	102
Depreciation and amortisation				(36)				(5)				(27)
Operating profit (EBIT) before special items				47				17				75
Special items, net				(19)				(19)				(21)
Financial items, net				(75)				(24)				(57)
Result before tax				(47)				(26)				(3)

NOTES

NOTE 2 – SPECIAL ITEMS

EURm	Q2 2024	Q2 2023	6M 2024	6M 2023
M&A activities, greenfield activities and other transaction specific costs	8	-	12	19
Restructuring and other costs	5	-	7	-
Total special items, net	13	-	19	19

NOTE 3 – FINANCIAL ITEMS

EURm	Q2 2024	Q2 2023	6M 2024	6M 2023
Interest income	-	6	2	7
Interest income bonds	-	-	-	2
Other financial income	2	-	5	-
Net foreign exchange gains	3	-	7	-
Total financial income	5	6	14	9
Interest expenses	(1)	(1)	(1)	(1)
Lease interest expenses	(1)	(1)	(3)	(1)
Bond interest expenses	(22)	(18)	(42)	(24)
Amortisation of capitalised loan costs	(8)	(1)	(10)	(1)
Other financial expenses	(27)	(5)	(33)	(5)
Net foreign exchange losses	-	(1)	-	(1)
Total financial expenses	(59)	(27)	(89)	(33)
Net financial items	(54)	(21)	(75)	(24)

NOTE 4 – CASH AND LIQUIDITY RESERVE

EURm	30.06 2024	30.06 2023
Cash and cash equivalents	101	193
Bank debt	-	-
Net cash	101	193
Undrawn credit facilities	120	139
Liquidity reserve	221	332

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 June 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)	-	-	10	-	(27)
Net bond debt			726	93	-	-	10	23	852
Payable bond interest			6	(36)	-	-	42	-	12
Credit facilities			-	27	-	-	-	-	27
Lease liabilities			63	(10)	4	1	4	-	62
Total			795	74	4	1	56	23	953

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 June 2023									
Bond debt									
Issued bonds, EUR 750m	2028	3-month EURIBOR + 6.75%	-	750	-	-	-	-	750
Capitalised loan costs			-	(28)	-	-	-	1	(27)
Net bond debt			-	722	-	-	-	1	723
Payable bond interest			-	(18)	-	-	24	-	6
Lease liabilities			-	(1)	73	(1)	-	-	71
Total			-	703	73	(1)	24	1	800

NOTES

NOTE 6 - BUSINESS COMBINATIONS

EURm			2024	2023
	Foppiani	Other	Total	Total
ASSETS				
Other intangible assets	0	-	0	12
Property, plant and equipment	5	-	5	88
Deferred tax assets	0	-	0	8
Trade receivables and contract assets	35	-	35	268
Corporation tax	0	-	0	11
Loans to previous group companies	-	-	1	28
Other receivables and prepaid costs	1	-	1	37
Cash and cash equivalents	34	-	34	304
Total assets	75	-	76	756
LIABILITIES				
Provisions	2	-	2	3
Deferred tax	-	-	-	4
Credit facilities	-	-	-	4
Bond debt	-	-	-	193
Lease liability	4	-	4	71
Loans from previous group companies	-	-	-	42
Trade payables and accrued trade expenses	24	-	24	168
Corporation tax payables	1	-	1	18
Deferred income	0	-	0	5
Other payables	3	-	3	52
Total liabilities	34	-	34	560

NOTE 6 - BUSINESS COMBINATIONS

EURm			2024	2023
	Foppiani	Other	Total	Total
Acquired net assets	41	-	41	196
Non-controlling interest	-	-	-	(3)
Goodwill	41	-	41	1,210
Customer relations	22	2	24	184
Trademarks	-	-	-	9
Deferred tax	(5)	(0)	(5)	(48)
Fair value of total net assets acquired	99	2	101	1,548
Deferred purchase price assumed	(23)	-	(23)	-
Contingent consideration paid ¹⁾	-	7	7	-
Deferred purchase price paid ¹⁾	-	0	0	-
Cash and bank balances assumed	(34)	-	(34)	(304)
Extinguish of a pre-existing relationship	-	-	-	(357)
Contribution from parent	-	-	-	(856)
Cash flow utilised for acquisitions	42	9	51	31

¹⁾ Relates to previous years acquisitions.

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of ENK Logistics Co., Ltd.

On 19 October 2023 SGL 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 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 with an operational platform in Italy which enables SGL to establish its strategic presence in Italy and gives SGL 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'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 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 41m.

Earnings impact

During the month after the acquisition date, Foppiani Group contributed with EUR 14m to SGL's revenue and EUR (2)m to SGL's result after tax. If the acquisition had occurred on 1 January 2024, SGL's consolidated pro forma revenue and profit after tax would have amounted to approx. EUR 1,074m and EUR (51)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 22m 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 SGL has been applied in the valuation.

NOTE 7 – SUBSEQUENT EVENTS

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

The transaction is subject to anti-trust approval from Brazilian authorities, and closing is expected during Q3 2024.

The acquisition of Blu Logistics Brasil Transportes Internacionais LTDA is financed through the cash position.

NOTES – ACCOUNTING POLICY

NOTE 8 – GENERAL ACCOUNTING POLICIES

The interim financial report of SGL 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 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 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'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 18) for the period 1 January 2024 to 30 June 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's assets and liabilities and financial position on 30 June 2024 and operations and cash flow for the period 1 January 2024 to 30 June 2024.

Further, in our opinion, we find that the management commentary contains a true and fair statement of the development in SGL'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.

Copenhagen, 29 August 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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