



INTERIM FINANCIAL REPORT

FULL YEAR 2023

Q4 2023

SGL Group ApS

28 February 2024

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**SCAN GLOBAL
LOGISTICS**

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HOW TO READ THIS REPORT

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

Pro Forma Results (page 3-10): Financial statements for the period 1 January 2023 to 31 December 2023, including comparative period. These statements hence show like-for-like performance of the Group* as if no transaction had occurred.

Reported Results (page 11-31): Financial statements for the period 1 January 2023 to December 2023, but only including the operational activities of Scan Global Logistics as of 23 May 2023. These statements show what SGL Group ApS is required to report according to the International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

*After the acquisition completed 23 May 2023, the Scan Global Logistics Group is referred to as SGL Group, which is like for like to SGLT Holding referred to in the SGL International A/S Annual report 2022.



PRO FORMA INTERIM FINANCIAL RESULTS

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LOGISTICS

FINANCIAL HIGHLIGHTS

Key figures (in EURm)	Q4 2023	Q4 2022	2023	2022
Income statement				
Revenue	490	909	2,022	3,332
Gross profit	111	122	469	471
EBITDA before special items	41	50	193	211
EBIT before special items	24	30	129	155
Special items, net ¹⁾	(9)	(13)	(34)	(21)
Operating profit (EBIT)	15	17	95	134
Financial items, net ²⁾	(29)	(31)	(98)	(45)
Result for the period	(18)	(16)	(33)	63
Cash flow ³⁾				
Cash flows from operating activities	2	116	28	260
Cash flows from investing activities	(5)	(6)	(404)	(65)
Free cash flow	(3)	110	(376)	195
Cash flows from financing activities	(8)	(8)	220	48
Cash flow for the period	(11)	102	(156)	243

¹⁾ Excluding costs related to the acquisition of Scan Global Logistics by CVC Funds, Special items, net would amount to EUR (8)m for Q4 2023, and EUR (12)m for the full year 2023.

²⁾ Excluding costs related to the acquisition of Scan Global Logistics by CVC Funds, Financial items, net would amount to EUR (29)m for Q4 2023, and EUR (66)m for the full year 2023.

³⁾ Excluding costs related to the acquisition of Scan Global Logistics by CVC Funds, Cash flow from:
 Operating activities would amount to EUR 3m for Q4 2023 and EUR 82m for the full year 2023.
 Investing activities would amount to EUR (7)m for Q4 2023 and EUR (63)m for the full year 2023.
 Financing activities would amount to EUR (6)m for Q4 2023 and EUR (25)m for the full year 2023.

Key figures (in EURm)	Q4 2023	Q4 2022	31.12.2023	31.12.2022
Financial position				
Total equity			884	229
Net working capital			103	90
Net interest-bearing debt (NIBD)			678	266
Net interest-bearing debt (NIBD) according to Bond Terms ⁴⁾			625	N/A ⁵⁾
Total assets			2,023	1,225
Financial ratios in %				
Gross margin	22.7	13.4	23.2	14.1
EBITDA margin before special items	8.4	5.5	9.5	6.3
EBIT margin before special items	4.9	3.3	6.4	4.7
Conversion ratio			41.2	44.8
Equity ratio			43.7	18.7
Net Leverage Ratio according to Bond Terms ⁴⁾			3.9	N/A ⁵⁾
Other				
Number of full-time employees at the end of the period			3,608	3,370

⁴⁾ Bond Terms for issued bonds by SGL Group ApS.

⁵⁾ Comparative figures do not exist as bonds, with current bond terms, for SGL Group ApS were issued in March 2023.

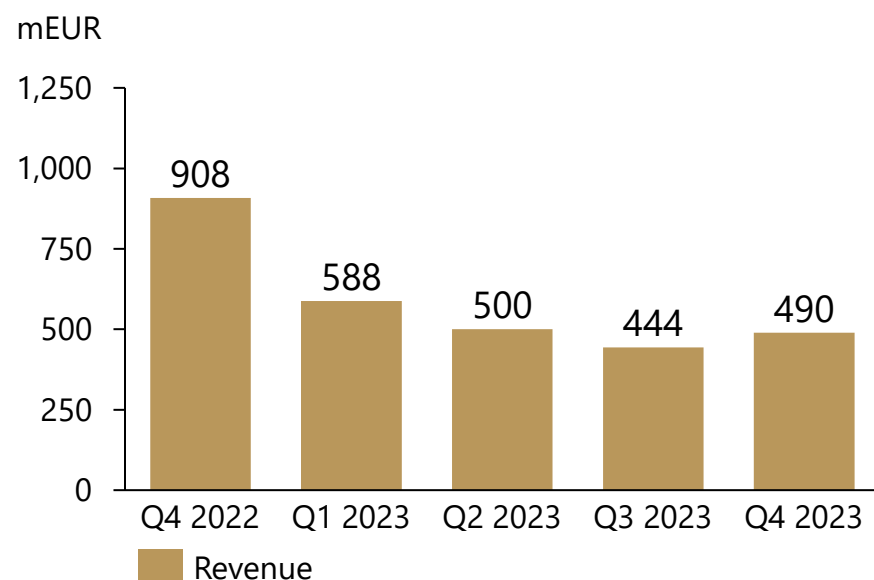
FINANCIAL PERFORMANCE

During 2023, the freight markets showed normalisation with rates coming back towards pre-covid levels and inventory levels increasingly aligned for a re-stocking. The Group continues to deliver solid results through its resilient business model and SGL has achieved continued commercial momentum with the expansion into new countries, combined with continued strong progress on M&A integrations as well, bringing further diversification for SGL in terms of geography and capabilities. While both Revenue and Gross Profit in Q4 are slightly lower than the first three quarters of 2023, our Gross Profit for the full year 2023 is on par with the same period last year; delivering an EBITDA before special items of EUR 193m in line with our initial outlook.

REVENUE

Q4 2023 revenue amounted to EUR 490m, a decrease of 46% compared to EUR 909m in Q4 2022.

Full year 2023 revenue amounted to EUR 2,022m down from a record year in 2022 of EUR 3,332m, primarily driven by challenging macro environment coupled with lower freight rates but also lower volumes; all in line with expectations.

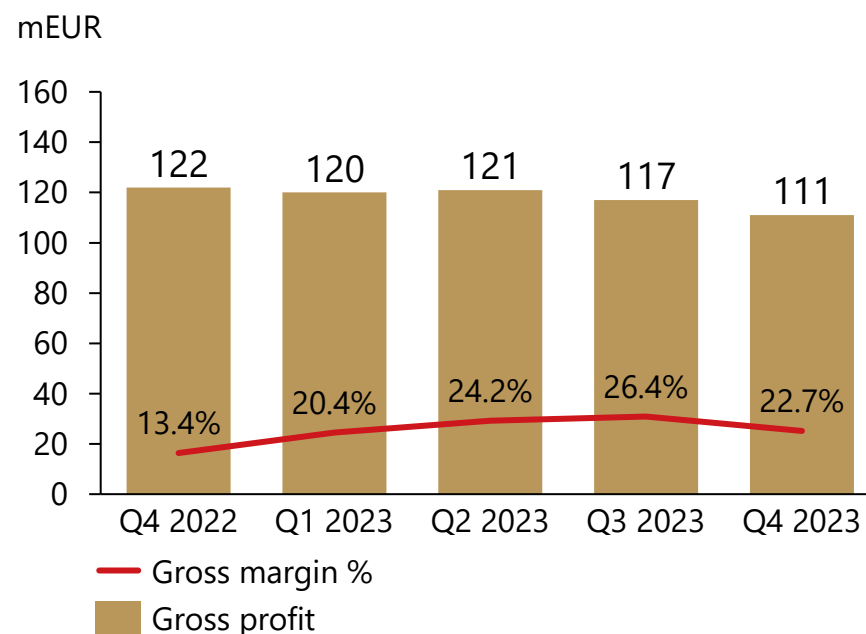


GROSS PROFIT

Q4 2023 Gross profit amounted to EUR 111m compared to EUR 122m in Q4 2022; decrease of 9%.

Full year 2023 Gross profit amounted to EUR 469m for the full year 2023; on par with same period last year. Gross margin increase 9.1%-point, driven by lower freight rates causing a lower denominator in the equation of margins. Gross Profit includes a negative FX impact of approximately EUR 12m.

Despite top-line decline, SGL has displayed solid gross profit resilience through 2023, driven by a growing customer base, higher share of wallet and the utilisation of the dynamics of the mix in the business with highly diversified end-markets. In particular, non-cyclical industries like aid & relief, pharma, food & additives combined with several significant projects within certain complex industries has contributed to the resilient Gross Profit of 2023. Gross profit is further driven by solid Ocean activities combined with increased focus on complex projects. However, offset by the slowdown on the Trans-Pacific trade impacting both Asia and North America.



EBITDA BEFORE SPECIAL ITEMS

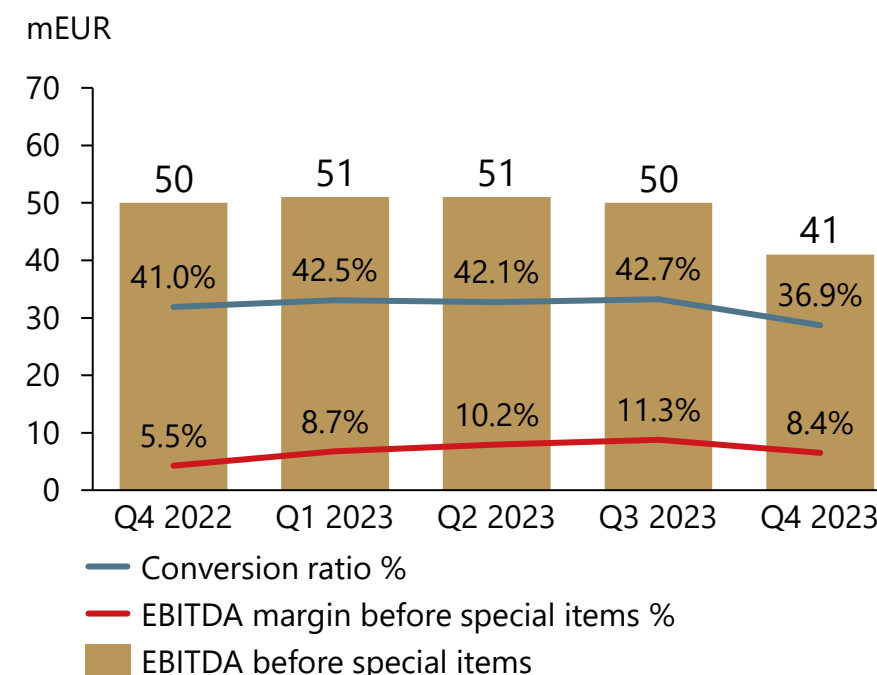
Q4 2023 EBITDA before special items amounted to EUR 41m; EUR 50m in Q4 2022.

Full year 2023 EBITDA before special items amounted to EUR 193m compared to EUR 211m in same period last year.

To support its strategy, the Group continues to invest in the network which drives an increase in SG&A that offsets the achieved growth in Gross Profit. These costs primarily relate to onboarding of acquired businesses and greenfield openings in new countries such as Kenya and Romania.

During Q4, the Group has acquired and onboarded FLS, 3PL, Global Cargo Inc. and GPX.

As a consequence of these investments, the Group's conversion ratio has decreased to 36.9% in Q4 2023, from 41.0% in the same period last year.



DEPRECIATION AND AMORTISATION

Full year 2023 depreciation and amortisation amounted to EUR 64m in 2023 compared to EUR 56m in the same period last year. The main driver for the increase was amortisation from acquisitions and increased amortisation on IT development projects. Investments in IT were increased to secure the infrastructure necessary for continued long term growth and scalability.

SPECIAL ITEMS, NET

Full year 2023 Special items, net, amounted to a cost of EUR 34m mainly driven by EUR 22m related to the acquisition of Scan Global Logistics by CVC Funds. Remaining special items, net is driven by greenfield activities, M&A related costs and restructuring activities.

OPERATING PROFIT (EBIT)

Full year 2023 Operating profit (EBIT) amounted to EUR 95m compared to EUR 134m same period last year. The decrease was mainly due to increase in special items and amortisation from acquisitions and IT costs (see sections above).

FINANCIAL ITEMS

Full year 2023 financial items amounted to net expenses of EUR 98m compared to an expense of EUR 45m the same period last year. The development was mainly driven by increased interest expenses from issued bonds and additional financial expenses of EUR 32m related to the acquisition of Scan Global Logistics by CVC Funds.

FINANCIAL PERFORMANCE

TAX

Full year 2023 tax expense amounted to EUR 30m in 2023 compared to EUR 26m in the same period last year. The tax expense is impacted by non-deductible interest expenses, and M&A transaction specific including costs related to the acquisition of Scan Global Logistics by CVC Funds.

CASH FLOW

Full year 2023 cash flow from operating activities was positive with EUR 37m driven by solid EBITDA which was partly offset by EUR 22m in special items and EUR 32m in financial expenses, both related to acquisition of Scan Global Logistics by CVC Funds. Excluding these transaction related costs, cash flow from operating activities would be positive with EUR 90m.

Negative cash flow from investing activities is driven by the acquisition of Scan Global Logistics by CVC Funds, ETS, Sand, Belglobe, FLS, 3PL, Global Cargo Inc. and GPX as part of Investments in Group entities.

Positive cash flow from financing activities is driven by acquisition of Scan Global Logistics by CVC Funds, in particular capital increase from proceeds of issued bonds.

CAPITAL STRUCTURE

Equity attributable to the parent company was EUR 884m. The total equity ratio was 43.7% as per 31 December 2023. Compared to 31 December 2022 the equity ratio increased 25.0% point driven by capital contribution.

We actively manage our liquidity and indebtedness profile and may, from time to time, seek to either raise additional indebtedness or to purchase all or a portion of our outstanding debt through cash purchases or debt exchanges, in open-market purchases, privately negotiated transactions or otherwise. The terms of any such transactions are solely within our discretion and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was EUR 678m as of 31 December 2023 and mainly comprise bond debt and the company's net cash position of EUR 136m deriving from improved net working capital position. The total liquidity reserve was EUR 274m end of December 2023 (December 2022: EUR 393m).

NET WORKING CAPITAL

Net working capital increased with EUR 13m during 2023. Total NWC position was EUR 103m 31 December 2023. The improvement in net working capital is related to a mix of lower activity levels, lower freight rates and improved collection processes, thus offset by Project related activities.

INCOME STATEMENT

EURm	Q1 2023	Q1 2022	Q2 2023	Q2 2022	Q3 2023	Q3 2022	Q4 2023	Q4 2022	2023	2022
Revenue	588	807	500	785	444	831	490	909	2,022	3,332
Cost of operation	(468)	(697)	(379)	(673)	(327)	(704)	(379)	(787)	(1,553)	(2,861)
Gross profit	120	110	121	112	117	127	111	122	469	471
Other external expenses	(16)	(11)	(16)	(14)	(15)	(17)	(18)	(18)	(65)	(60)
Staff costs	(53)	(45)	(54)	(48)	(52)	(53)	(52)	(54)	(211)	(200)
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	51	54	51	50	50	57	41	50	193	211
Amortisation and depreciation	(14)	(10)	(13)	(11)	(20)	(15)	(17)	(20)	(64)	(56)
Operating profit (EBIT) before special items	37	44	38	39	30	42	24	30	129	155
Special items, net	(2)	(2)	(19)	(1)	(4)	(5)	(9)	(13)	(34)	(21)
Operating profit (EBIT)	35	42	19	38	26	37	15	17	95	134
Financial income	-	3	15	8	(1)	13	(5)	4	9	28
Financial expenses	(21)	(16)	(51)	(8)	(11)	(14)	(24)	(35)	(107)	(73)
Result before tax	14	29	(17)	38	14	36	(14)	(14)	(3)	89
Income tax for the period	(8)	(7)	(12)	(7)	(6)	(10)	(4)	(2)	(30)	(26)
Result for the period	6	22	(29)	31	8	26	(18)	(16)	(33)	63
Total income for the period attributable to Owners of the Parent Company	6	21	(30)	31	6	24	(17)	(18)	(35)	58
Non-controlling interests	-	1	1	-	2	2	(1)	2	2	5
Total	6	22	(29)	31	8	26	(18)	(16)	(33)	63

BALANCE SHEET

EURm	31.12.2023	31.12.2022
ASSETS		
Intangible assets	1,424	398
Property, plant and equipment	83	61
Other receivables	9	6
Deferred tax asset	7	8
Total non-current assets	1,523	473
Trade receivables	265	375
Contract assets	42	26
Receivables from related parties	3	28
Income tax receivables	4	2
Other receivables	12	4
Prepayments	32	18
Cash and cash equivalents	142	299
Total current assets	500	752
Total assets	2,023	1,225

EURm	31.12.2023	31.12.2022
EQUITY AND LIABILITIES		
Share capital	0	217
Currency translation reserve	(5)	-
Retained earnings	889	8
Equity attributable to Parent Company	884	225
Non-controlling interests	(0)	4
Total equity	884	229
Bond debt	726	534
Lease liabilities	41	31
Deferred tax liability	45	18
Other payables	12	14
Total non-current liabilities	824	597
Bank debt	6	-
Trade payables	128	159
Accrued trade expenses	84	113
Current tax liabilities	20	21
Lease liabilities	22	21
Payable to related parties	-	11
Deferred income	2	9
Other payables	53	65
Total current liabilities	315	399
Total liabilities	1,139	996
Total equity and liabilities	2,023	1,225

STATEMENT OF CASH FLOW

EURm	Q4 2023	Q4 2022	2023	2022
Result for the period	(18)	(16)	(33)	63
<i>Adjustment of non-cash items:</i>				
Income taxes in the income statement	4	2	30	26
Depreciation and amortisation	17	20	64	56
Financial income	5	(4)	(9)	(28)
Financial expenses	24	35	107	73
Change in working capital	6	93	(21)	125
Interest received	-	-	5	-
Interest paid	(19)	(11)	(79)	(41)
Tax paid/received	(17)	(3)	(36)	(14)
Cash flows from operating activities	2	116	28	260
Purchase of software and other intangible assets	(4)	(2)	(9)	(7)
Purchase of property, plant and equipment	(4)	(2)	(13)	(7)
Earn-out paid	4	-	-	(2)
Investments in Group entities	(1)	(2)	(382)	(49)
Cash flows from investing activities	(5)	(6)	(404)	(65)
Free cash flow	(3)	110	(376)	195

EURm	Q4 2023	Q4 2022	2023	2022
Capital increase	(2)	-	79	-
Dividend paid to non-controlling interests	(1)	(1)	(4)	(5)
Deposits	2	(1)	-	(2)
Loan to group entities	(5)	-	-	-
Proceeds from issuing bonds	-	-	359	75
Redemption of bond loan	-	-	(193)	-
Long-term loans	2	-	-	-
Redemption of lease liabilities	(4)	(6)	(21)	(20)
Cash flows from financing activities	(8)	(8)	220	48
Change in cash and cash equivalents	(11)	102	(156)	243
Cash and cash equivalents				
Cash and cash equivalents beginning of period	158	208	299	64
Exchange rate adjustment of cash and cash equivalents	(11)	(11)	(7)	(8)
Change in cash and cash equivalents	(11)	102	(156)	243
Cash and cash equivalents end of period	136	299	136	299

NOTES

NOTE 1 – PRO FORMA SEGMENT INFORMATION

EURm	Air & Ocean 2023	Road 2023	Solution 2023	Total 2023	Air & Ocean 2022	Road 2022	Solution 2022	Total 2022
Net revenue (services)	1,707	278	37	2,022	2,968	317	47	3,332
Cost of operation	(1,313)	(219)	(21)	(1,553)	(2,570)	(260)	(31)	(2,861)
Gross profit	394	59	16	469	398	57	16	471
Other external expenses and staff costs	(218)	(46)	(12)	(276)	(205)	(44)	(11)	(260)
Earnings before interests, tax, depreciation, amortisation (EBITDA) and special items	176	13	4	193	193	13	5	211
Depreciation and amortisation				(64)				(56)
Operating profit (EBIT) before special items				129				155
Special items, net				(34)				(21)
Financial items, net				(98)				(45)
Profit before tax				(3)				89



REPORTED INTERIM FINANCIAL RESULTS

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FINANCIAL HIGHLIGHTS

Key figures (in EURm)	Q4 2023	Q4 2022	2023	2022
Income statement				
Revenue	490	-	1,162	-
Gross profit	100	-	269	-
EBITDA before special items	30	(0)	102	(0)
EBIT before special items	13	(0)	60	(0)
Special items, net	(9)	-	(32)	-
Operating profit (EBIT)	4	(0)	28	(0)
Financial items, net	(29)	-	(65)	-
Result for the period	(27)	(0)	(51)	(0)
Cash flow				
Cash flows from operating activities	2	(0)	2	(0)
Cash flows from investing activities	(5)	-	(92)	-
Free cash flow	(3)	(0)	(90)	(0)
Cash flows from financing activities	(8)	-	233	-
Cash flow for the period	(11)	(0)	143	(0)

Key figures (in EURm)	Q4 2023	Q4 2022	31.12.2023	31.12.2022
Financial position				
Total equity			875	0
Net working capital			92	-
Net interest-bearing debt (NIBD)			678	-
Total assets			2,023	0
Financial ratios in %				
Gross margin	20.4	-	23.1	-
EBITDA margin before special items	6.1	-	8.8	-
EBIT margin	0.8	-	2.4	-
Equity ratio			43.2	-
Other				
Number of full-time employees at the end of the period			3,608	-

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE FOR THE FULL YEAR OF 2023 INCLUDING PERFORMANCE FROM SCAN GLOBAL LOGISTICS FROM 23 MAY 2023

During 2023, the freight markets showed normalisation with rates coming back towards pre-covid levels and inventory levels increasingly aligned for a re-stocking. The Group continues to deliver solid results through its resilient business model and SGL has achieved continued commercial momentum with the expansion into new countries, combined with continued strong progress on M&A integrations as well, bringing further diversification for SGL in terms of geography and capabilities.

Full year 2023 EBITDA before special items was slightly below the range of our initial outlook for 2023, caused by timing adjustments applied to the provisional net assets identified and goodwill recognised as part of the acquisition of Scan Global Logistics by CVC Funds.

Revenue for the full year 2023 amounted to EUR 1,162m with gross profit of EUR 269m and a gross margin of 23.1%.

SGL has displayed solid gross profit resilience through 2023, driven by a growing customer base, higher share of wallet and the utilisation of the dynamics of the mix in the business with highly diversified end-markets.

In particular, non-cyclical industries like aid & relief, pharma, food & additives combined with several significant projects within certain complex industries has contributed to the resilient Gross Profit of 2023. Gross profit is further driven by solid Ocean activities combined with increased focus on complex projects. However, offset by the slowdown on the Trans-Pacific trade impacting both Asia and North America.

Special items amounted to a cost of EUR 32m for the full year 2023 primarily related to the acquisition of Scan Global Logistics by CVC Funds and greenfield and M&A activity related costs.

Financial items amounted to net expense of EUR 65m for the period and were mainly related to interests from issued bonds of EUR 64m.

CASH FLOW

Cash flow from operating activities was EUR 2m for the full year 2023; positively affected by EBIT performance in 2023, offset by interest related to issued bonds and special items related to the acquisition.

CAPITAL STRUCTURE

We actively manage our liquidity and indebtedness profile and may, from time to time, seek to either raise additional indebtedness or to purchase all or a portion of our outstanding debt through cash purchases or debt exchanges, in open-market purchases, privately negotiated transactions or otherwise. The terms of any such transactions are solely within our discretion and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

NET INTEREST-BEARING DEBT (NIBD)

Net interest-bearing debt (NIBD) was EUR 678m as of 31 December 2023 and mainly comprise bond debt and the company's net cash position of EUR 136m deriving from the net working capital position. The total liquidity reserve was EUR 274m end of December 2023 (December 2022: EUR 0m).

NET WORKING CAPITAL

Throughout 2023 net working capital increased and amounted to EUR 92m as of 31 December 2023. NWC was impacted by low activity levels and low freight rates within the Air & Ocean segment but offset by Project related activities and strong collection process.

INCOME STATEMENT

EURm	Note	Q4 2023	Q4 2022	2023	2022
Revenue		490	-	1,162	-
Cost of operation		(390)	-	(893)	-
Gross profit		100	-	269	-
Other external expenses		(18)	(0)	(40)	(0)
Staff costs		(52)	-	(127)	-
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	1	30	(0)	102	(0)
Amortisation and depreciation		(17)	-	(42)	-
Operating profit (EBIT) before special items		13	(0)	60	(0)
Special items, net	2	(9)	-	(32)	-
Operating profit (EBIT)		4	(0)	28	(0)
Financial income	3	1	-	16	-
Financial expenses	3	(30)	-	(81)	-
Result before tax		(25)	(0)	(37)	(0)
Income tax for the period		(2)	-	(14)	-
Result for the period		(27)	(0)	(51)	(0)
Total income for the period attributable to Owners of the Parent Company		(26)	(0)	(53)	(0)
Non-controlling interests		(1)	-	2	-
Total		(27)	(0)	(51)	(0)

STATEMENT OF OTHER COMPREHENSIVE INCOME

EURm	Note	Q4 2023	Q4 2022	2023	2022
Profit for the period		(27)	(0)	(51)	(0)
Items that will be reclassified to income statement when certain conditions are met:					
Exchange rate adjustment related to foreign entities		(8)	-	(9)	-
Other comprehensive income, net of tax		(8)	-	(9)	-
Total comprehensive income for the period		(35)	(0)	(60)	(0)
Total comprehensive income for the period attributable to Owners of the Parent Company		(31)	-	(58)	-
Non-controlling interests		(4)	-	(2)	-
Total		(35)	(0)	(60)	(0)

BALANCE SHEET

EURm	Note	31.12.2023	31.12.2022
ASSETS			
Intangible assets		1,424	-
Property, plant and equipment		83	-
Other receivables		9	-
Deferred tax asset		7	-
Total non-current assets		1,523	-
Trade receivables		265	-
Contract assets		42	-
Receivables from related parties		3	-
Income tax receivables		4	-
Other receivables		12	-
Prepayments		32	-
Cash and cash equivalents	4	142	0
Total current assets		500	0
Total assets		2,023	0

EURm	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Share capital		0	0
Currency translation reserve		(5)	-
Retained earnings		880	0
Equity attributable to Parent Company		875	0
Non-controlling interests		(0)	0
Total equity		875	0
Bond debt	5	726	-
Lease liabilities		41	-
Deferred tax liability		45	-
Other payables		12	-
Total non-current liabilities		824	-
Bank debt		6	-
Trade payables		139	-
Accrued trade expenses		84	-
Current tax liabilities		18	-
Lease liabilities		22	-
Deferred income		2	-
Other payables		53	-
Total current liabilities		324	-
Total liabilities		1,148	-
Total equity and liabilities		2,023	0

STATEMENT OF CHANGES IN EQUITY

EURm	Share Capital	Currency Translation Reserve	Retained Earnings	Equity Attributable to Parent	Non Controlling Interests	Total Equity
2023						
Equity at 1 January 2023	0	0	0	0	0	0
Profit for the period	-	-	(53)	(53)	2	(51)
Other comprehensive income, net of tax	-	(5)	-	(5)	(4)	(9)
Total comprehensive income, net of tax	-	(5)	(53)	(58)	(2)	(60)
Dividend distributed, non-controlling interests	-	-	-	-	(1)	(1)
Capital contribution	-	-	933	933	-	933
Acquisition of non-controlling interests	-	-	-	-	3	3
Total transfer with owners	-	-	933	933	2	935
Equity at 31 December 2023	0	(5)	880	875	(0)	875
2022						
Equity at 11 November 2022	0	-	-	0	-	0
Profit for the period	-	-	0	0	-	0
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income, net of tax	-	-	0	0	-	0
Equity at 31 December 2022	0	-	0	0	-	0

STATEMENT OF CASH FLOW

EURm	Note	Q4 2023	Q4 2022	2023	2022	EURm	Note	Q4 2023	Q4 2022	2023	2022
Profit for the period		(27)	(0)	(51)	(0)	Capital increase		(2)	-	79	-
<i>Adjustment of non-cash items:</i>						Dividend paid to non-controlling interests		(1)	-	(1)	-
Income taxes in the income statement		2	-	14	-	Deposits		2	-	2	-
Depreciation and amortisation		17	-	42	-	Loan to group entities		(5)	-	-	-
Financial income		(1)	-	(16)	-	Proceeds from issuing bonds		-	-	722	-
Financial expenses		30	-	81	-	Bonds acquired		-	-	(363)	-
Change in working capital		17	-	5	-	Redemption of bond loan		-	-	(193)	-
Interest received		8	-	10	-	Long-term loans		2	-	-	-
Interest paid		(27)	-	(64)	-	Credit facilities, financing fees		-	-	-	-
Tax paid/received		(17)	-	(19)	-	Redemption of lease liabilities		(4)	-	(13)	-
Cash flows from operating activities		2	(0)	2	(0)	Cash flows from financing activities		(8)	-	233	-
Purchase of software and other intangible assets		(4)	-	(6)	-	Change in cash and cash equivalents		(11)	(0)	143	(0)
Purchase of property, plant and equipment		(4)	-	(8)	-	Cash and cash equivalents					
Earn-out paid		4	-	-	-	Cash and cash equivalents beginning of period		158	-	-	-
Investments in Group entities	6	(1)	-	(78)	-	Exchange rate adjustment of cash and cash equivalents		(11)	-	(7)	-
Cash flows from investing activities		(5)	-	(92)	-	Change in cash and cash equivalents		(11)	(0)	143	(0)
Free cash flow		(3)	(0)	(90)	(0)	Cash and cash equivalents end of period	4	136	(0)	136	(0)

NOTES

NOTE 1 – SEGMENT INFORMATION

EURm	Air & Ocean	Road	Solution	Total	Air & Ocean	Road	Solution	Total
	2023	2023	2023	2023	2022	2022	2022	2022
Net revenue (services)	967	175	20	1,162	-	-	-	-
Cost of operation	(741)	(141)	(11)	(893)	-	-	-	-
Gross profit	226	34	9	269	-	-	-	-
Other external expenses and staff costs	(133)	(27)	(7)	(167)	-	-	-	(0)
Earnings before interests, tax, depreciation, amortisation (EBITDA) and special items	93	7	2	102	-	-	-	(0)
Depreciation and amortisation				(42)				-
Operating profit (EBIT) before special items				60				(0)
Special items, net				(32)				-
Financial items, net				(65)				-
Profit before tax				(37)				(0)

NOTES

NOTE 2 – SPECIAL ITEMS

EURm	Q4 2023	Q4 2022	2023	2022
M&A activities, greenfield activities and other transaction specific costs	(5)	-	(27)	-
Restructuring and other costs	(4)	-	(5)	-
Total special items, net	(9)	-	(32)	-

NOTE 3 – FINANCIAL ITEMS

EURm	Q4 2023	Q4 2022	2023	2022
Interest income	(1)	-	4	-
Bond interest income	7	-	7	-
Other financial income	5	-	5	-
Net foreign exchange (gains/losses)	(10)	-	-	-
Total financial income	1	-	16	-
Interest expenses	-	-	(1)	-
Lease interest expenses	(2)	-	(5)	-
Bond interest expenses	(21)	-	(64)	-
Amortisation of capitalised loan costs	(1)	-	(4)	-
Other financial expenses	(2)	-	(3)	-
Net foreign exchange (gains/losses)	(4)	-	(4)	-
Total financial expenses	(30)	-	(81)	-

NOTE 4 – CASH AND LIQUIDITY RESERVE

EURm	31.12.2023	31.12.2022
Cash and cash equivalents	142	0
Bank debt	-6	-
Net cash	136	0
Credit facilities	138	-
Liquidity reserve	274	0

NOTES

NOTE 5 – CHANGES TO FINANCIAL LIABILITIES

	Maturity	Effective interest rate	Carrying amount 1 January	Cashflow	Non-cash change				31.12.2023	
					Business combinations	Foreign exchange effect	Additions	Transfers	Other	Carrying amount end of period
EURm										
Bond debt										
Issued bonds, EUR 750 million	2028	3 month EURIBOR + 6.75%	-	750	-	-	-	-	-	750
Capitalised loan costs			-	(28)	-	-	-	-	4	(24)
Net bond debt			-	722	-	-	-	-	4	726
Payable bond interest			-	(58)	-	-	64	-	-	6
Lease liabilities			-	(13)	74	0	2	-	-	63
Total			-	651	74	0	66	-	4	795

NOTES

NOTE 6 – BUSINESS COMBINATIONS

Fair value at date of acquisition

EURm				2023	2022
	SGL GROUP	ETS	OTHER	Total	Total
ASSETS					
Other intangible assets	12	0	0	12	-
Property, plant and equipment	91	0	1	92	-
Deferred tax assets	8	-	-	8	-
Trade receivables and contract assets	260	10	8	278	-
Corporation tax	11	-	-	11	-
Loans to previous group companies	28	0	0	28	-
Other receivables and prepaid costs	37	1	2	40	-
Cash and cash equivalents	304	11	1	316	-
Total assets	751	22	12	785	-
LIABILITIES					
Provisions	3	-	-	3	-
Deferred tax	4	0	(0)	4	-
Credit facilities	4	-	-	4	-
Bond debt	193	-	-	193	-
Lease liability	74	-	-	74	-
Loans from previous group companies	42	-	-	42	-
Trade payables and accrued trade expenses	162	13	4	179	-
Corporation tax payable	18	1	0	19	-
Deferred income	5	-	-	5	-
Other payables	53	2	-	55	-
Total liabilities	558	16	4	578	-

EURm				2023	2022
	SGL GROUP	ETS	OTHER	Total	Total
Acquired net assets	193	6	8	207	-
Non-controlling interest	(3)	-	-	(3)	-
Goodwil	1,205	16	8	1,229	-
Customer relations	182	9	7	198	-
Trademarks	18	-	-	18	-
Deferred tax	(47)	(3)	(1)	(51)	-
Fair value of total net assets acquired	1,548	28	22	1,598	-
Cash consideration	335	28	22	385	-
Extinguish of a pre-existing relationship	357	-	-	357	-
Contribution from parent	856	-	-	856	-
Fair value of consideration transferred	1,548	28	22	1,598	-

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Scan (Jersey) Topco Limited and SGL TransGroup US Corp. (the two holding companies of Scan Global Logistics Group)

On 6 February 2023 Skill Luxembourg Holding S.á.r.l. has through its wholly owned subsidiary SGL Group ApS (“The Parent Company”) acquired 100% of the shares in the Danish based Scan Global Logistics Group through the acquisition of shares in Scan (Jersey) Topco Limited and SGL TransGroup US Corp. The acquisition changes the previous group structure of reporting groups SGLT Holding and SGL Group to one reporting group with SGL Group ApS as the reporting entity. The operation in the operating companies is unchanged from the previous group structure.

The acquisition was subject to regulatory approval from applicable competition authorities. The acquisition was approved during May 2023 and the closing was effective as of 23 May 2023, hence Scan (Jersey) Topco Limited and SGL TransGroup US Corp. from this date is included in the consolidated financial statements of SGL Group ApS. SGLT Holding and SGL Group were previously owned by the ultimate controlling owner AEA Investors’ Small Business Fund and independent LP financial co-investors since 2016 who is now a minority owner.

The acquisition price for the activities was EUR 1,548m. Fees and expenses linked to the acquisition were approx. EUR 20m. As part of financing the acquisition, SGL Group ApS has on 2 March 2023 issued senior secured bonds of EUR 750m.

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 assets and liabilities recognised at the reporting date are to some extent still provisional. Adjustments have been applied to the provisional net assets identified and goodwill recognised due to timing; however, adjustments may still be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

Goodwill

Goodwill of EUR 1,205m represents the DNA and entrepreneurial business model of SGL which has proven its ability to capture opportunities in a dynamic market; all in combination with the ability over time to leverage from the business model's strength and utilising the network effect including synergies through scale of operations and M&A.

Earnings impact

During the seven months and seven days after the acquisition date, SGL Group contributed with EUR 1,162m to the Group's revenue and EUR (51)m to the Group's result after tax. If the acquisition had taken place 1 January 2023, the Group's consolidated revenue and profit after tax would have amounted approx. to EUR 2,022m and EUR (33)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:

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 9.5 as discount rate. In total, customer relationships amounting to EUR 182m have been included in the opening balance.

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Scan (Jersey) Topco Limited and SGL TransGroup US Corp. (the two holding companies of Scan Global Logistics Group)

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.

Trademarks

The trademarks of the Scan Global Logistics / SGL brand have been assessed to have a value of EUR 18m which have been included in the opening balance.

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 ETS Transport Logistics GmbH and its wholly owned subsidiaries ETS Fulfillment GmbH, COFIN Service GmbH Co KG and COFIN Beteiligungs GmbH ("ETS Group")

On 12 April 2023 SGL Group signed the acquisition of 100% of the shares in the Germany based freight forwarding company ETS Group through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, SGL Group strengthens its position within the EMEA region. Closing of the transaction was 4 July 2023. The acquisition price for the activities was EUR 28m, financed through the cash position.

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 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.

Goodwill

Goodwill primarily relates to synergy effects from integration with SGL Group and over time to leverage from the business model's strength and utilising the network effect including synergies through scale of operations and M&A. Goodwill is non-deductible for tax purposes. Goodwill amounts to EUR 16m.

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of ETS Transport Logistics GmbH and its wholly owned subsidiaries ETS Fulfillment GmbH, COFIN Service GmbH Co KG and COFIN Beteiligungs GmbH - continued

Earnings impact

During the six months after the acquisition date, ETS Group contributed with EUR 26m to the Group's revenue and EUR (1)m to the Group's result after tax. If the acquisition had taken place 1 January 2023, the Group's consolidated revenue and profit after tax would have amounted approx. to EUR 1,196m and EUR (50)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:

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 11.4% as discount rate. In total, customer relationships amounting to EUR 9m 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.

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Sand Road Freight A/S

On 31 May 2023 SGL Group signed the acquisition of 100% of the shares in the Danish based freight forwarding company Sand Road Freight A/S through the wholly owned subsidiary Scan Global Logistics A/S. Closing of the transaction was 3 July 2023. The acquisition price for the activities was EUR 9m, financed through the cash position.

Acquisition of Belglobe Sàrl

On 15 August 2023 SGL Group signed the acquisition of 100% of the shares in the Swiss based freight forwarding company Belglobe Sàrl through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, SGL Group strengthens its position within an important transportation hub in Europe. Closing of the transaction was 4 September 2023. The acquisition price for the activities was EUR 3m, financed through the cash position.

Acquisition of FLS – Freight & Logistics Solutions, Lda.

On 7 September 2023 SGL Group signed the acquisition of 100% of the shares in the Portuguese based freight forwarding company FLS – Freight & Logistics Solutions, Lda. through the wholly owned subsidiary Scan Global Logistics A/S. With the acquisition, SGL Group strengthens its position within an important transportation hub in Europe. Closing of the transaction was 2 November 2023. The acquisition price for the activities was EUR 1m, financed through the cash position.

Acquisition of 3PL

On 2 October 2023 SGL Group signed and closed the acquisition of 100% of the shares in the United States based freight forwarding company 3PL Logistics through the wholly owned subsidiary TransGroup Express LLC. With the acquisition, SGL Group strengthens its position within the North American region. Closing of the transaction was 2 October 2023. The acquisition price for the activities was EUR 2m, financed through the cash position.

Acquisition of Global Cargo, Inc., IPAC International Packing & Crate LLC

On 31 October 2023 SGL Group signed the acquisition of 100% of the assets in the United States based freight forwarding company in Global Cargo, Inc., IPAC International Packing & Crate LLC (previously a franchise of the Group) through the wholly owned subsidiary TransGroup Express LLC. With this acquisition, SGL Group strengthens its position in the Government & Defense industry within the North American region. Closing of the transaction was 31 October 2023. The acquisition price for the activities was EUR 6m, financed through the cash position.

Acquisition of Gardermoen Parcel Xpress DA

On 14 December 2023 SGL Group signed the acquisition of 100% of the shares in the Norwegian based freight forwarding company Gardermoen Parcel Xpress DA (“GPX”) through the wholly owned subsidiaries Scan Global Logistics AS and Trust Forwarding Norway AS. With the acquisition, SGL Group strengthens its position within the Nordic region. Closing of the transaction was 14 December 2023. The acquisition price for the activities was EUR 1m, financed through the cash position.

NOTES

NOTE 6 – BUSINESS COMBINATIONS (CONTINUED)

Acquisition of ENK Logistics Co., Ltd.

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

NOTES – ACCOUNTING POLICY

NOTE 8 – GENERAL ACCOUNTING POLICIES

Basis of presentation

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

The interim financial report of SGL Group comprise the consolidated financial statements of SGL Group ApS and its subsidiaries.

The accounting policies in the interim financial report follows the same accounting policies as for the Annual Report for 2022 except for any new, amended or revised accounting standards and interpretations (IFRS) as described below. Though at the time of reporting of the Annual Report for 2022 the company did not have any material activity, hence the below outlines the additional accounting policy disclosures as required by IAS 8.

Change in accounting policy

As of 1 January 2023 SGL Group has changed accounting policy for its presentation currency from DKK to EUR. The accounting policy has been changed, as it has been assessed that DKK do not reflect the appropriate currency for a group with a global footprint, hence EUR is assessed more relevant.

The changes in the accounting policy does not impact the comparison figures significantly, as SGL Group was essentially dormant before 23 May 2023.

Functional currency

SGL Group's consolidated financial statements are presented in Euro rounded to millions (EURm), which is also the Parent Company's functional currency. For each entity, SGL Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Materiality in financial reporting

Our focus is to present information that is considered of material importance for our stakeholders in a simple and structured way. The disclosures that IFRS requires are included in the interim report, unless the information is considered of immaterial importance to the users of the interim report.

Consolidation

The consolidated financial statements comprise the parent, SGL Group ApS, and entities controlled by the parent. Control is presumed to exist when SGL Group is exposed to or has rights to, variable returns from its involvement with the entity, SGL Group can affect those returns through its power to direct the entity's activities.

The Consolidated Interim Report are prepared based on the Financial Statements of all group enterprises under the Group's accounting policies by combining accounting items of a uniform nature. Elimination comprises intercompany income and expenses, unrealised intercompany profits and losses, balances and shareholdings.

Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises. Recently acquired or sold subsidiaries are recognised in the consolidated income statement for the period the parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

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

Foreign currency translation

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

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date.

Realised and unrealised exchange gains and losses are recognised in the income statement as financial income and expenses.

Cash flow statement

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

New accounting regulation adopted in 2023

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

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

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

New accounting regulation not yet adopted

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

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

NOTES – ACCOUNTING POLICY

NOTE 8 – GENERAL ACCOUNTING POLICIES (CONTINUED)

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.

Revenue

Revenue from freight forwarding services is recognised in accordance with the over-time recognition principle. Most freight forwarding services and related services are characterised by short delivery times, except for ocean services, which usually take longer due to the nature of the transport service.

Revenue comprises freight forwarding services, contract logistics and other related services delivered in the financial year.

Revenue from services delivered is recognised in accordance with the over-time recognition principles following the satisfaction of various milestones as the performance obligation is fulfilled towards the customer. The primary services comprise Air, Ocean, Road and Solutions services. Refer to note 1.

Revenue generated within the Air & Ocean and Road activities typically comprise services such as pick-up, delivery to port, freight and destination services e.g., customs clearance.

These services represent a series of distinct services, considered to be one single performance obligation. Revenue is recognised as the services are rendered.

Contract assets are recorded for unbilled work in progress, whereas amounts received for not yet completed services are presented as contract liabilities.

Revenue from services delivered is measured at fair value net of VAT, all types of discounts/rebates granted, and net of other indirect taxes charged on behalf of third parties.

Revenue – Accounting estimates and judgements

Revenue from service is recognised with reference to the stage of completion determined as the time elapsed at the reporting date and the total expected time to render the service contracts. Consequently, judgements are applied when determining the stage of completion for shipments. Although Management believes the assumptions made to measure revenue and contract assets, possible unforeseeable changes in these assumptions may result in revenue and contract assets changes in subsequent periods.

Cost of operation

Cost of operation comprises costs incurred to generate the revenue for the year. The cost of operations includes the settlement with shipping companies, airlines and haulage contractors, etc., and wages and salaries relating to own staff, used to fulfil customer contracts.

Staff costs

Staff costs comprise salaries, wages, pensions and social security costs except staff costs recognised under costs of operation and special items. Staff costs are recognised in the year SGL Group's employees performed the related work.

Key management personnel are defined as Executive Management.

Special items

Special items are recognised in connection with presenting the consolidated income statement for the year to separate items by their nature, which is unrelated to SGL Group's primary business activity. A separation of these items improves the understanding of the performance for the year. The use of special items entails management judgement in the separation from ordinary items. Management carefully considers individual items and projects (including restructurings) to ensure the correct distinction between operating activities and income/expenses of special nature.

Special items comprise of:

- Restructuring costs, impairment costs, etc., relating to fundamental structural, procedural and managerial reorganisations as well as any related gains or losses on disposals
- Transaction and restructuring costs relating to the acquisition and divestment of enterprises.

Goodwill

Goodwill arising from business combinations is recognised and is stated as the difference between the consideration paid and the fair value of the identified net assets. Goodwill is not amortised but tested for impairment if there are indications of impairment, or at least once a year.

Customer relations

Customer relations arising from business combinations are recognised at fair value at acquisition. When indications of impairment are identified, customer relations are tested for impairment.

Intangible assets – Accounting estimates and judgements

The carrying amount of goodwill is tested for impairment at least once a year.

The tests are conducted for each cash-generating unit (CGU) to which the goodwill is allocated. As goodwill is allocated to SGL Group's activity, it follows the structure of the segment information in note 1.

NOTES – ACCOUNTING POLICY

NOTE 8 – GENERAL ACCOUNTING POLICIES (CONTINUED)

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

In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The discount rate used in the impairment test is the weighted average cost of capital (WACC), which comprise current market assumptions for the cost of equity and cost of debt. The discount rate is calculated for each CGU and reflecting the related risks, such as geographical and financial exposure.

In connection with the impairment tests, Management estimates, e.g., revenue development, gross profit, operating margin, WACC and growth rate in the terminal period. The estimates are made per business segment and are determined based on historical experience and assumptions about the future development within each segment, including the expected long-term average market growth rates.

For impairment purposes, other costs below the segment result (Gross profit) are allocated to the reportable segment based on their relative share of the profit contribution in SGL Group.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30-90 days and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional. Trade receivables are recognised as services delivered are invoiced to the customer and not adjusted for any financing components as credit terms are short, and the financing component, therefore insignificant.

SGL Group holds the trade receivables to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Contract assets, deferred income and accrued trade expenses

Contract assets, deferred income and accrued trade expenses include accrued revenue and accrued expenses from freight forwarding services, contract logistics and other related services in progress. Amounts received for services that are not yet completed are presented as deferred income.

Tax

Tax for the year consists of current tax and changes in deferred tax for the year, including adjustments to previous years.

The tax for the year is recognised in the income statement unless the tax relates directly to items included in other comprehensive income or equity.

Current income tax receivable and payable is measured at the amount expected to be recovered from or paid to the taxation authorities.

Income taxes payable

Current tax payable and receivable is recognised in the balance sheet at the estimated tax charge regarding the taxable income for the year, adjusted for tax on prior years' taxable income and tax paid on account.

Deferred tax

Deferred tax is measured using the balance sheet liability method on temporary differences between the carrying amount and the tax base of assets and liabilities at the reporting date. However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes and on other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax is measured according to the taxation rules and rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as the current tax.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities within the same jurisdiction.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred taxes relate to the same taxable entity and taxation authority.

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

Deferred tax – Accounting estimates and judgements

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant Management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits and future tax planning strategies.

NOTES – ACCOUNTING POLICY

NOTE 8 – GENERAL ACCOUNTING POLICIES (CONTINUED)

The carrying amount of deferred tax assets is reviewed at each reporting date.

Subsequently, it is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets, recognition and measurement uncertainties

The recognition is because the tax losses can be utilised against future earnings within a period of 3-5 years. Therefore, the uncertainty about recognition and measurement of the deferred tax asset depend on whether the future earnings can be realised.

Deferred tax assets relating to the Danish part of the Group have been recognised to the extent management expects to utilise these within a period of 5 years.

The majority of deferred tax assets related to tax losses for foreign entities have not been recognised.

Business combinations

In accordance with IFRS 3, the acquisition method is applied when accounting for business combinations.

Acquirees are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date when SGL obtains control of the acquired activity.

Assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the acquisition date by applying appropriate valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the acquisition date.

Contingent considerations dependent on future events or the performance of contractual obligations (earn-outs) are also recognised at fair value and form part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

The excess of the total consideration transferred, the value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognised as goodwill. Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Business combinations – Accounting estimates and judgements

When applying the acquisition method of accounting, management judgements and estimates are an integral part of assessing fair values of several assets and liabilities, as observable market prices are typically unavailable.

It typically relates to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. Significant estimates are typically applied for customer relationships, trademarks, trade receivables and debt.

MANAGEMENT STATEMENT

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL Group ApS (page 11 to 30) for the period 1 January 2023 to 31 December 2023.

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

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

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

Copenhagen, 28 February 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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