

SGL TransGroup International A/S

INTERIM FINANCIAL REPORT

First quarter 2020

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How to read this interim report

SGL Group

SGL TransGroup International A/S (SGL Group) is owned directly by Scan (UK) Midco Limited, and the ultimate owner is SGLT Holding I LP. SGL Group includes SGL TransGroup International A/S and all its subsidiaries.

SGL Transgroup International A/S (together with TransGroup Global Inc. and their respective subsidiaries) has issued a senior secured floating-rate bond loan within a total framework amount of EUR 315 million.

Reporting currency for SGL Group is DKK.

SGLT Holding

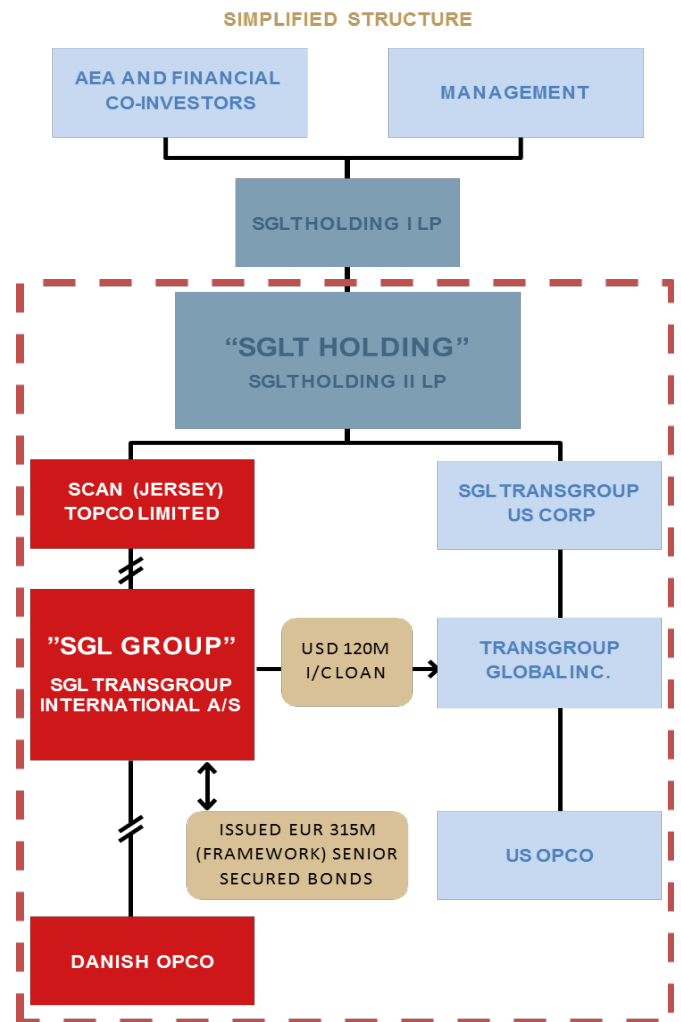
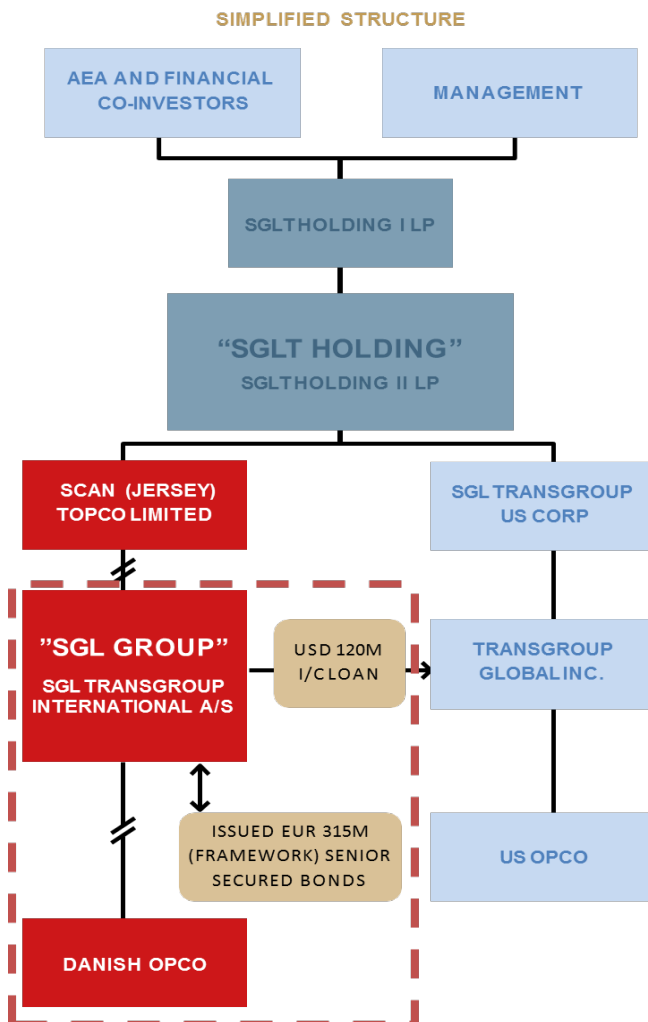
The figures contained in this section are comprised of the combined financial performance of SGL TransGroup International A/S and TransGroup Global Inc., including their respective subsidiaries, constituting the combined group SGLT Holding II LP ("SGLT Holding").

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

Reporting currency for SGLT Holding is USD.

Revenue	Adjusted EBITDA**
USD 264 million	USD 7.1 million

** Refer to definition and calculation on page 16



SGLT Holding II LP (SGLT Holding)

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Financial highlights

Q1 2020

Q1 2019

Key figures (in USD thousands):
Income statement

Revenue	264,366	253,645
Gross profit	44,465	39,918
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	10,351	10,485
EBITDA before special items excluding IFRS 16	6,463	6,979
Operating profit (EBIT) before special items	3,146	4,873
Special items, net	-2,025	-131
Operating profit (EBIT)	1,121	4,742
Financial items, net	-3,911	-3,833
Profit/loss before tax	-2,790	909
Profit/loss for the period	-2,494	-94

Income statement (Business performance)¹

Adjusted EBITDA ^{1,2}	7,085	7,714
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Cash flow

Cash flows from operating activities before special items, interest & tax	-12,101	-5,809
Cash flows from operating activities	-18,430	-9,806
Cash flows from investing activities	-8,978	-13,903
Free cash flow	-27,408	-23,709
Cash flows from financing activities	-4,782	-4,407
Cash flow for the period	-32,190	-28,116

Financial position

Total equity	136,433	156,282
Equity attributable to parent company	133,702	154,653
Net interest bearing debt (NIBD)	291,232	242,337
Net interest bearing debt (NIBD) excluding lease liabilities (IFRS 16)	254,668	210,433
Total assets	573,908	532,941

Financial ratios in %

Gross margin	16.8	15.7
EBITDA margin before special items	3.9	4.1
EBIT margin before special items	1.2	1.9
Equity ratio	23.8	29.3

¹⁾Business performance represents the underlying financial performance of the Group in the reporting period as results are adjusted for extraordinary items which are not in line with the ordinary course of business and other non-recurring items. Apart from this, there is no difference between business performance and IFRS results.

²⁾Excluding the impact of IFRS 16 *Leases*

Financial performance

Business model

The combined Groups' activities focus on international freight-forwarding services and US domestic services primarily by Air, Ocean, and Road, with supporting IT, logistics and road freight services. Most of the revenue base originates from large customers contracted via corporate initiatives. Each Group primarily provides services to its customers via their own network of offices supported by a close partnership with each other and with other key agents worldwide.

SGLT Holding financial review

The Q1 2020 financial performance includes the operating results of SGLT Holding, including newly acquired businesses and activities such as activities in Scan Global logistics Co. Ltd. (Cambodia) (acquired 1 January 2020), Pioneer Logistics (acquired 15 January 2020), and Utah Specialised Transportation, LLC (now owned 100% as TransGroup Global Inc. acquired the remaining 49% shares from the minority shareholder in 2020).

Total revenue in the first quarter (Q1) 2020 was USD 264.4 million, which is an increase of 4% compared to Q1 2019 despite a negative impact by USD 5 million due to FX translation.

The acquisitions made in Q1 2020 have contributed by USD 13 million. The organic growth was 1% after the negative impact from FX translation.

The gross profit amounted to USD 44.5 million, equivalent to an increase of 11% compared to Q1 2019, however negatively impacted by FX translation of USD 1 million.

SG&A costs amounted USD 34 million in Q1 2020 and increased by 16% compared to Q1 2019. SG&A costs were 13% of the revenue compared to 11% of revenue in Q1 2019. The increase is derived from increased staff costs mainly influenced by the acquisitions made in 2019 and 2020, and green field activities in Peru, Myanmar, Belgium and the Netherlands.

EBITDA before special items was negatively impacted by FX translation of USD -0.2 million.

Depreciation and amortisation amounted to USD 7 million in the first quarter of 2020, compared to USD 6 million in the first quarter of 2019. The increase is primarily explained by increased tangible assets and right of use assets from acquisitions, but amortisation of intangible assets from acquisitions has a minor impact as well.

In first quarter of 2020 special items amounted to USD 2 million, which included COVID-19 related costs, green field activities and M&A activities.

Net financial expenses amounted to USD 3.9 million in Q2 and were mainly comprised of interest on the bond debt and interests on lease liabilities.

Financial performance (continued)
Cash Flows

Cash outflows from operating activities before special items, interest & tax in Q1 were negative USD 18 million mainly due to negative development in working capital of USD 21 million, though impacted by special project payments of combined approx. USD 11 million impacting the change in net working capital negatively.

CAPEX for Q1 2020 amounts to USD 1.1 million and comprised mainly investments in software and development of IT projects securing the infrastructure necessary for continued long-term growth.

Cash outflow from acquisitions amounted to USD 11 million.

Cash flow from financing activities included dividend paid to non controlling interests in TransGroup at a value of USD 1 million. Redemption of the leasing debt amounted to USD 4 million.

Capital structure

The equity attributable to the Parent company was USD 133 million. The total equity ratio was 23.8% as per 31 March 2019. By the end of March 2019 the total liquidity reserve was equal to USD 38 million.

Net interest bearing debt (NIBD)

Consolidated net interest bearing debt amounted to USD 291 million and USD 255 million excluding lease liabilities (2019: USD 242 million and USD 212 million excluding the lease liabilities). The main part of the debt consists of bond debt raised for acquisitions.

Reconciliation of Adjusted EBITDA (business performance)

USD'000	Q1 2020	Q1 2019
EBITDA before special items	10,351	10,485
- IFRS 16 effect	-3,888	-3,506
+ Adjustments*	622	737
Adjusted EBITDA (Business performance)	7,085	7,716

*Adjustments for extraordinary items which are not in line with the ordinary course of business and other non-recurring items.

USD'000	Consolidated income statement	
for the period 1 January to 31 March	Q1 2020	Q1 2019
Revenue	264,366	253,645
Cost of operation	-219,901	-213,727
Gross profit	44,465	39,918
Other external expenses	-6,591	-5,493
Staff costs	-27,523	-23,940
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	10,351	10,485
Depreciation of tangible assets	-4,339	-3,220
Amortisation of intangibles	-2,866	-2,392
Operating profit (EBIT) before special items	3,146	4,873
Special items, net	-2,025	-131
Operating profit (EBIT)	1,121	4,742
Financial income	1,864	79
Financial expenses	-5,775	-3,912
Profit before tax	-2,790	909
Tax on profit for the period	296	-1,003
Profit for the period	-2,494	-94
Total income for the year attributable to		
Owners of the parent	-2,943	-427
Non-controlling interests	449	333
Total	-2,494	-94

USD'000	Consolidated statement of other comprehensive income	
	Q1 2020	Q1 2019
Profit for the period	-2,494	-94
<i>Items that will be reclassified to income statement when certain conditions are met:</i>		
Exchange rate adjustment	-3,725	-2,737
Other comprehensive income, net of tax	-3,725	-2,737
Total comprehensive income for the period	-6,219	-2,831
Total comprehensive income for the year attributable to		
Owners of the parent	-6,798	-3,164
Non-controlling interests	579	333
Total	-6,219	-2,831

USD'000 Notes	31 March 2020	31 March 2019	31 December 2019
Consolidated balance sheet			
ASSETS			
Goodwill	231,186	228,013	230,597
Customer relations	71,424	72,883	71,395
Trademarks	16,322	17,974	16,819
Other acquired intangible assets	1,251	1,065	994
Software	10,710	7,192	10,563
Intangible assets	330,893	327,127	330,368
Right of use assets	34,477	31,684	35,470
Property, plant and equipment	10,183	5,811	10,298
Tangible fixed assets	44,660	37,495	45,768
Other receivables	2,291	1,566	1,912
Deferred tax asset	252	474	1,263
Financial assets	2,543	2,040	3,175
Total non-current assets	378,096	366,662	379,311
Trade receivables	167,263	143,735	159,910
Income taxes receivable	1,394	514	476
Receivables from related parties	1,748	647	916
Other receivables	4,268	8,366	4,223
Prepayments	6,037	2,561	2,853
1 Cash and cash equivalents	15,102	10,456	32,329
Total current assets	195,812	166,279	200,707
Total assets	573,908	532,941	580,018

USD'000 Notes	Consolidated balance sheet	31 March 2020	31 March 2019	31 December 2019
EQUITY AND LIABILITIES				
	Partnership interest	186,174	186,174	186,174
	Currency translation reserve	-6,266	-1,906	-2,411
	Retained earnings	-46,206	-29,615	-43,263
	Equity attributable to parent company	133,702	154,653	140,500
	Non-controlling interests	2,731	16,229	2,987
	Total Equity	136,433	156,282	143,487
	Bond debt	238,351	190,875	242,939
	Lease liabilities	24,583	19,872	22,168
	Earn-out provision	896	1,240	915
	Deferred tax liability	10,649	9,340	10,387
	Total non-current liabilities	274,479	221,327	276,409
1	Bank debt	28,255	26,847	13,183
	Lease liabilities	11,981	12,032	15,006
	Earn-out provision	533	302	544
	Trade payables	91,706	90,271	99,107
	Deferred income	8,071	1,138	6,301
	Corporation tax	2,377	4,656	4,067
	Other payables	20,073	20,086	21,914
	Total current liabilities	162,996	155,332	160,122
	Total liabilities	437,475	376,659	436,531
	Total equity and liabilities	573,908	532,941	580,018

USD'000 Notes	Consolidated cash flow statement		Q1 2020	Q1 2019
Operating profit (EBIT) before special items			3,146	4,873
Depreciation, amortisation			7,205	5,612
Non-cash transactions			-6,418	0
Exchange rate adjustments			2,055	-69
Change in working capital			-18,089	-16,225
Cash flows from operating activities before special items, interest & tax			-12,101	-5,809
Special items, paid			-1,717	-95
Interest received			787	79
Interest paid			-4,510	-3,318
Tax paid			-889	-663
Cash flows from operating activities			-18,430	-9,806
Purchase of software			-1,127	-1,069
Purchase of property, plant and equipment			-580	-1,050
Sale of property, plant and equipment			0	3,817
Release of earn-out			0	-553
Special items, transactions cost acquisitions			0	-884
Investments in Group entities			-7,271	-14,164
Cash flows from investing activities			-8,978	-13,903
Free cash flow			-27,408	-23,709
Dividend paid to non-controlling interests			-835	-474
Capital increase			0	422
Long-term loan			-68	-106
Redemption of lease liabilities			-3,879	-3,036
Redemption of other acquisition debt			0	-1,213
Cash flows from financing activities			-4,782	-4,407
Change in cash and cash equivalents			-32,190	-28,116
Cash and cash equivalents				
Cash and cash equivalents at the beginning of the period			19,146	11,438
Exchange rate adjustment of cash and cash equivalents			-109	287
Change in cash and cash equivalents			-32,190	-28,116
1 Net Cash and cash equivalents at 31 March			-13,153	-16,391

USD'000						
Note	Consolidated statement of changes in equity					
	Partner- ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non- controlling interests	Total equity
Equity at 1 January 2020	186,174	-2,411	-43,263	140,500	2,987	143,487
Profit for the period	0	0	-2,943	-2,943	449	-2,494
Currency exchange adjustment	0	-3,855	0	-3,855	130	-3,725
Other comprehensive income, net of tax	0	-3,855	0	-3,855	130	-3,725
Total comprehensive income for the period	0	-3,855	-2,943	-6,798	579	-6,219
Purchase of non-controlling interests	0	0	0	0	0	0
Dividend distributed	0	0	0	0	-835	-835
Total transactions with owners	0	0	0	0	-835	-835
Equity at 31 March 2020	186,174	-6,266	-46,206	133,702	2,731	136,433

USD'000						
Note	Consolidated statement of changes in equity					
	Partner- ship interest	Currency translation reserve	Retained earnings	Equity attributable to parent company	Non- controlling interests	Total equity
Equity at 1 January 2019	185,752	810	-29,188	157,374	1,743	159,117
Profit for the period	0	0	-427	-427	333	-94
Currency exchange adjustment	0	-2,716	0	-2,716	-22	-2,738
Other comprehensive income, net of tax	0	-2,716	0	-2,716	-22	-2,738
Total comprehensive income for the period	0	-2,716	-427	-3,143	311	-2,832
Purchase of non-controlling interests	0	0	0	0	50	50
Dividend distributed	0	0	0	0	-474	-474
Capital increase by cash payment	422	0	0	422	0	422
Total transactions with owners	422	0	0	422	-424	-2
Equity at 31 March 2019	186,174	-1,906	-29,615	154,653	1,630	156,283

Note	(USD'000)		
1	Cash and Liquidity		
		31.03.2020	31.03.2019
	Cash and cash equivalents	15,102	10,456
	Bank debt	-28,255	-26,847
	Net cash	-13,153	-16,391
	Credit facilities	51,229	29,961
	Liquidity reserve	38,076	13,570

Note	(USD'000)		
2	Bond debt		
		31.03.2020	31.03.2019
	Issued bonds, DKK tranche DKK 625 million, interest rate 6.80%	0	94,042
	Issued bonds, USD tranche USD 100 million, interest rate 7.70%	0	100,000
	Issued bonds, EUR 223 million, interest rate 6.75%	244,319	0
		244,319	194,042
	Capitalised loan costs	-3,164	-3,167
	Total bond debt	241,155	190,875
		Cash flow*	Carrying amount
	Bond debt falling due between 1 and 5 years (2022)	321,234	194,042
	Total non-current financial liabilities	321,234	194,042
	Total current financial liabilities	16,492	14,771

* Total cash flows including interest.

Financial highlights

Q1 2020

Q1 2019

Key figures (in DKK thousands):
Income statement

Revenue	1,101,859	959,391
Gross profit	190,762	169,709
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	34,826	40,000
EBITDA before special items excluding IFRS 16	14,891	25,124
Operating profit (EBIT) before special items	-1	15,803
Special items, net	-12,702	-614
Operating profit (EBIT)	-12,703	15,189
Financial items, net	-11,434	-9,606
Profit/loss before tax	-24,137	5,583
Profit/loss for the period	-22,257	3,836

Cash flow

Cash flows from operating activities before special items, interest & tax	-39,191	-61,195
Cash flows from operating activities	-80,339	-67,363
Cash flows from investing activities	-59,998	-78,658
Free cash flow	-140,337	-146,021
Cash flows from financing activities	-19,935	-28,598
Cash flow for the period	-160,271	-174,619

Financial position

Total equity	547,961	663,661
Equity attributable to parent company	541,290	657,577
Net interest bearing debt (NIBD)	1,202,373	910,174
Net interest bearing debt (NIBD) excluding lease liabilities (IFRS 16)	1,024,855	768,498
Total assets	3,292,547	2,841,491

Financial ratios in %

Gross margin	17.3	17.7
EBITDA margin before special items	3.2	4.2
EBITDA margin before special items excluding IFRS 16	1.4	2.6
EBIT margin before special items	0.0	1.6
Equity ratio	16.6	23.4

Other

Number of full time employees at period end	1,202	1,052
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Financial performance

Business model

SGL Group's activities focus on international freight-forwarding services, primarily by Air and Ocean, with supporting IT, Logistics and Road freight services. More than 80% of revenue originates from large customers contracted via corporate initiatives, primarily in the Nordic region. The SGL Group primarily provides services to its customers via the SGL Group's network of offices supported by its affiliated company TransGroup and other partners worldwide.

Business review

Result for the period

The interim financial report for the first quarter of 2020 includes the operating results of newly acquired business Scan Global Logistics Co. Ltd. (Cambodia) (acquired 1 January 2020) and Pioneer International Logistics (acquired 15 January 2020).

In the first quarter of 2020 revenue amounted to DKK 1,102 million generating EBITDA before special items of DKK 35 million. EBITDA before special items excluding the IFRS 16 adjustment showed a decrease of DKK 9 million, a 40% decrease compared to 2019.

Despite COVID-19, the total 2020 organic growth amounts to 5% in revenue in comparison to 2019. Air, Ocean and Road segments were all strong drivers of the organic growth, mainly driven by the Nordic and Greater China.

Revenue

The consolidated revenue was DKK 1,102 million for Q1 2020, compared to DKK 959 million in Q1 2019, equivalent to an increase of 15%. The increase is mainly driven by businesses acquired (BK Spedition GmbH, IC Group activities and Scan Global Logistics Spain S.L and Pioneer International Logistics Pty Ltd.) which in total contributed in a year-over-year revenue growth of DKK 90 million in the first quarter of 2020, resulting in an organic growth of 5%.

Gross profit

In the first quarter of 2020, the gross profit amounted to DKK 191 million, corresponding to a gross margin of 17.3% which is a 0.4 percentage points decrease compared to the first quarter of 2019. This decrease was primarily driven by the Ocean and Road activities in the Nordic region as well as by lower Automotive activities due to COVID-19. A strong development within E-Commerce and Asia had a positive impact to the gross profit.

SG&A cost

SG&A costs amounted to DKK 156 million in the first quarter of 2020, equivalent to an increase of 20% compared to first quarter of 2019. The increase is derived from increased staff costs mainly influenced by the acquisitions made in 2019 and 2020, and green field activities in Peru, Myanmar, Austria, Belgium and The Netherlands.

SG&A costs comprise 14% of revenue in the first quarter of 2020, on par with the first quarter of 2019.

Financial performance (continued)

EBITDA before special items

EBITDA before special items amounted to DKK 35 million in the first quarter of 2020, equivalent to an EBITDA margin before special items of 3.2%. The decrease in the margin was primarily driven by the Ocean and Road activities in the Nordic region as well as by Automotive activities derived from acquired businesses relative to 2019.

EBITDA before special items and excluding IFRS 16 amounted to DKK 15 million, equivalent to an EBITDA margin before special items and excluding IFRS 16 of 1.4.

Depreciation and amortisation

Depreciation and amortisation amounted to DKK 35 million in the first quarter of 2020, compared to DKK 24 million in the first quarter of 2019. This increase is primarily explained by IFRS 16 depreciations relating to acquired businesses but amortisation of intangible assets from acquisitions has an impact as well.

Special items

In first quarter of 2020 special items amounted to DKK 13 million, which included COVID-19 related costs, green field activities and M&A activities.

Financial items

Net financial expenses amounted to DKK 11 million in the first quarter of 2020 compared to DKK 10 million in the first quarter of 2019. Net financial expenses mainly comprised of interest expenses on the bond debt, including capitalised loan costs recognised in the income statement as well as an impact of IFRS 16 interest expenses (IFRS 16: 2020: DKK 3.3 million and 2019: DKK 2.6 million) offset by the interest income from the intercompany loan to Transgroup Global Inc. (the parent company of Transgroup). Please refer to note 6 and 7 for further information.

Cash Flows

For first quarter 2020 the accumulated cash flow from operating activities before special items, interests and tax was negative DKK 39 million, mainly driven by negative working capital movements. We have improved our working capital over the first quarter of 2020; however, the negative working capital movement of DKK 62 million is a result of a special project payments of combined approx. DKK 72 million.

CAPEX for Q1 2020 amounts to DKK 11 million and comprised mainly investments in software and development of IT projects securing the infrastructure necessary for continued long-term growth.

The cash out-flow from acquisitions excluding transactions costs amounted to DKK 49 million.

Capital structure

The total equity was DKK 548 million with an equity ratio of 16.6% as at 31 March 2020. The equity ratio excluding the impact of IFRS 16 was 17.5% and decreased by 7.6 percentage points compared to 31 March 2019.

Financial performance (continued)

Net interest bearing debt (NIBD) and liquidity reserve

Consolidated net interest bearing debt amounted to DKK 1,202 million as at 31 March 2020. The total liquidity reserve was DKK 87 million by end of March 2020. See note 5 for further information.

Acquisitions in 2020

SGL Group continues its acquisition strategy to look at acquisition opportunities with a good strategic fit and available at the right price, and target great acquisition opportunity which will scale-up the business, increase profitability, and secure a downtrending leverage ratio.

Effective 1 January 2020, the Group acquired activities in the Cambodian based freight forwarder Scan Global Logistics Co., Ltd. (Cambodia). Previously the Cambodian company has acted as an agent for SGL Group. In Q1 2020 the acquired activities generated revenue of DKK 3 million and EBIT of DKK 0.8 million.

acquisition, including full effect from identified synergies, is estimated to have a positive EBITDA contribution of approximately AUD 2.7 million annually. The acquisition has been partly financed by the proceeds from the subsequent bond issue and partly by a reinvestment of existing shareholders of Pioneer. The company generated revenue of DKK 27 million and EBIT of DKK 2 million.

Significant risks

The significant risks remain the same as mentioned in the SGL TransGroup International A/S Annual report for 2019, which can be found <https://www.scangl.com/media/2250/sgl-transgroup-international-annual-report-2019-published-29042020.pdf>.

Outlook

SGL Group maintains its full-year outlook for 2020 previously announced in the Annual report 2019.

The estimate EBITDA before special items (excluding the impact of IFRS 16) is expected to be in the range of DKK 100 million to DKK 140 million; this outlook is inclusive of estimated impact of the COVID-19 virus.

The EBITDA margin before special items (excluding the impact of IFRS 16) is expected to be in the range of 3.0% to 4.0%.

DKK'000		Q1 2020	Q1 2019
Notes	Consolidated income statement		
1	Revenue	1,101,859	959,391
1	Cost of operation	-911,097	-789,682
	Gross profit	190,762	169,709
	Other external expenses	-30,087	-22,729
	Staff costs	-125,849	-106,980
	Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and special items	34,826	40,000
	Depreciations	-22,765	-15,770
	Amortisations	-12,062	-8,427
	Operating profit (EBIT) before special items	-1	15,803
3	Special items, net	-12,702	-614
	Operating profit (EBIT)	-12,703	15,189
4	Financial interest, net	-11,434	-9,606
	Result before tax	-24,137	5,583
	Tax on result for the period	1,880	-1,747
	Result for the period	-22,257	3,836
	Total income for the year attributable to		
	Owners of the parent	-22,143	3,251
	Non-controlling interests	-114	585
	Total	-22,257	3,836

DKK'000		Q1 2020	Q1 2019
Consolidated statement of other comprehensive income			
	Result for the period	-22,257	3,836
	<i>Items that will be reclassified to income statement when certain conditions are met:</i>		
	Exchange rate adjustment	-4,535	401
	Other comprehensive income, net of tax	-4,535	401
	Total comprehensive income for the period	-26,792	4,237
	Total comprehensive income for the period attributable to		
	Owners of the parent	-26,803	3,688
	Non-controlling interests	11	549
	Total	-26,792	4,237

DKK'000		31 March 2020	31 March 2019	31 December 2019
Notes	Consolidated balance sheet			
ASSETS				
2	Goodwill	1,028,982	984,599	1,005,568
2	Customer relations	287,693	273,154	276,840
2	Trademarks	39,683	45,686	41,181
2	Other intangible assets	4,135	2,100	4,939
	Software	58,836	29,391	52,487
	Intangible assets	1,419,329	1,334,930	1,381,015
	Right of use assets	167,185	141,075	164,575
	Property, plant and equipment	50,968	27,414	50,940
	Tangible fixed assets	218,153	168,489	215,515
6	Receivable from related party	817,896	650,353	801,108
	Other receivables	13,079	8,464	10,409
	Deferred tax asset	1,986	3,093	8,431
	Financial assets	832,961	661,910	819,948
	Total non-current assets	2,470,443	2,165,329	2,416,478
	Trade receivables	695,373	546,992	639,971
	Receivables from related parties	0	5,671	0
	Income taxes receivable	9,505	3,417	2,566
	Other receivables	21,338	34,565	20,157
	Prepayments	31,257	16,024	14,932
5	Cash and cash equivalents	64,631	69,494	121,989
	Total current assets	822,104	676,163	799,615
	Total assets	3,292,547	2,841,491	3,216,093

DKK'000		31 March 2020	31 March 2019	31 December 2019
Notes	Consolidated balance sheet			
	EQUITY AND LIABILITIES			
	Share capital	501	501	501
	Share premium	2,778	833,542	2,778
	Currency translation reserve	-29,801	-25,499	-25,141
	Retained earnings	567,812	-150,967	589,955
	Equity attributable to parent company	541,290	657,577	568,093
	Non-controlling interests	6,671	6,084	6,660
	Total equity	547,961	663,661	574,753
7	Bond debt	1,643,666	1,278,155	1,641,555
	Lease Liabilities	113,903	82,888	96,635
	Earn-out provision	6,108	8,237	6,109
	Deferred tax liability	62,542	43,942	59,038
	Other payables	6,621	0	6,621
	Total non-current liabilities	1,832,840	1,413,222	1,809,958
5	Bank debt	138,559	98,239	35,647
	Lease liabilities	63,615	58,787	76,092
	Earn-out provision	3,633	2,005	3,634
	Trade payables	454,429	385,917	458,572
	Payables to related parties	103,593	100,506	105,355
	Deferred income	55,009	7,563	42,066
	Corporation tax	16,204	23,147	27,150
	Other payables	76,704	88,444	82,866
	Total current liabilities	911,746	764,608	831,382
	Total liabilities	2,744,586	2,177,830	2,641,340
	Total equity and liabilities	3,292,547	2,841,491	3,216,093

DKK'000			
Notes	Consolidated cash flow statement 1 January - 31 March	Q1 2020	Q1 2019
	Operating profit (EBIT) before special items	-1	15,803
	Depreciation and amortisation	34,827	24,197
	Non-cash transactions	-23,245	0
	Exchange rate adjustments	11,659	625
	Change in working capital	-62,431	-101,820
	Cash flows from operating activities before special items, interest and tax	-39,191	-61,195
	Special items paid	-10,614	-614
	Interest received	5,363	12,097
	Interest paid	-29,841	-17,632
	Tax paid	-6,056	-19
	Cash flows from operating activities	-80,339	-67,363
	Purchase of software	-7,246	-7,105
	Purchase of property, plant and equipment	-3,343	-4,978
	Sale of property, plant and equipment	0	25,368
8	Investments in group entities and activities	-49,408	-88,268
	Earn-out paid	0	-3,675
	Cash flows from investing activities	-59,998	-78,658
	Free cash flow	-140,337	-146,021
	Capital increase	0	2,778
	Loan to Transgroup Global Inc.	0	-8,436
	Redemption of lease liabilities	-19,935	-14,876
	Redemption of other acquisition debt	0	-8,064
	Cash flows from financing activities	-19,935	-28,598
	Change in cash and cash equivalents	-160,271	-174,619
	Cash and cash equivalents		
	Cash and cash equivalents at the beginning of the period	86,343	145,874
	Change in cash and cash equivalents	-160,271	-174,619
5	Net cash and cash equivalents at 31 March	-73,928	-28,745

DKK'000	Consolidated statement of changes in equity				Equity	Non-	Total	
	Share capital	Share premium	Currency translation reserve	Retained earnings	attributable to parent company	controlling interests		equity
	Equity at 1 January 2020	501	2,778	-25,141	589,955	568,093	6,660	574,753
	Result for the period	0	0	0	-22,143	-22,143	-114	-22,257
	Currency exchange adjustment	0	0	-4,660	0	-4,660	125	-4,535
	Other comprehensive income, net of tax	0	0	-4,660	0	-4,660	125	-4,535
	Total comprehensive income for the period	0	0	-4,660	-22,143	-26,803	11	-26,792
	Equity at 31 March 2020	501	2,778	-29,801	567,812	541,290	6,671	547,961

DKK'000	Consolidated statement of changes in equity				Equity	Non-	Total	
	Share capital	Share premium	Currency translation reserve	Retained earnings	attributable to parent company	controlling interests		equity
	Equity at 1 January 2019	501	830,764	-25,936	-154,218	651,111	5,535	656,646
	Result for the period	0	0	0	3,251	3,251	585	3,836
	Currency exchange adjustment	0	0	437	0	437	-36	401
	Other comprehensive income, net of tax	0	0	437	0	437	-36	401
	Total comprehensive income for the period	0	0	437	3,251	3,688	549	4,237
	Capital increase by cash payment	0	2,778	0	0	2,778	0	2,778
	Total transactions with owners	0	2,778	0	0	2,778	0	2,778
	Equity at 31 March 2019	501	833,542	-25,499	-150,967	657,577	6,084	663,661

Note DKK'000

1 Segment information

Q1 2020

	Air		Ocean		Road		Solution		Total	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenue (services)	540,044	454,856	477,640	443,856	195,772	161,467	47,585	28,429	1,261,041	1,088,608
Intercompany revenue	-100,749	-55,451	-47,287	-61,232	-11,146	-12,251	0	-283	-159,182	-129,217
Net revenue (services)	439,295	399,405	430,353	382,624	184,626	149,216	47,585	28,146	1,101,859	959,391
Cost of operation	-369,512	-328,010	-365,830	-315,443	-146,153	-121,361	-29,602	-24,868	-911,097	-789,682
Gross profit	69,783	71,395	64,523	67,181	38,473	27,855	17,983	3,278	190,762	169,709

Segments are monitored at gross profit level. The four segments are all using SGL Group's capacity, including headquarter costs.

For purchases and sales between group entities, the same pricing principles are applied as to transactions with external partners (the arm's length principle).

Note DKK'000

2 Goodwill, customer relations, trademarks and other intangible assets

31 March 2020

	Air	Ocean	Road	Solution	Total
Balance at 31 December 2019	637,271	633,750	53,430	4,076	1,328,527
Exchange rate adjustment	-6,620	-7,237	-2,294	0	-16,151
Additions 2020	1,197	54,977	3,918	0	60,092
Amortisation during the year	-5,734	-5,422	-793	-26	-11,975
Balance at 31 March 2020	626,114	676,068	54,261	4,050	1,360,493

It is not possible to allocate assets (excluding goodwill, customer relations, trademarks, and other intangible assets) and liabilities to the four segments identified, as these assets and liabilities serve all segments.

The core business of SGL Group is within the Air and Ocean segments, whereas the Road and Solution business units are relatively small in a Group context and are primarily within a limited geographical area (Denmark and Sweden). The project business of SGL Group is also within the Air and Ocean segments. Consequently, goodwill, customer relations, trademarks and other intangible assets are primarily allocated to the Air and Ocean segments.

Goodwill, customer relations and trademarks were tested for impairment with no indication of impairment as at 31 December 2019. There has subsequently been no indication of impairment.

Note	DKK'000		Q1 2020	Q1 2019
3	Special items			
	M&A activities*		-3,074	-614
	Green field activities**		-2,399	0
	COVID-19 costs***		-6,897	0
	Other cost		-332	0
	Total special items, costs		-12,702	-614

*Acquisition activities mainly related to Pioneer and Cambodia

**Start-up activities related to Peru, Myanmar, Austria, Belgium and The Netherlands

***Activites caused by COVID-19, mainly related to net cost for sending staff home on compensations scheme and idle assets

Note	DKK'000		Q1 2020	Q1 2019
4	Financial items			
	Financial income			
	Interest income from Transgroup Global Inc.		13,847	12,540
	Exchange rate gain		21,876	11,966
	Total financial income		35,723	24,506
	Financial expenses			
	Bond interest expenses		-26,569	-20,867
	Interest expenses		-2,608	-1,539
	Lease interest expenses		-3,295	-2,560
	Amortisation of capitalised loan costs		-1,251	-907
	Other financial expenses		-1,624	-8,239
	Exchange rate loss		-11,810	0
	Total financial expenses		-47,157	-34,112
	Financial items, net		-11,434	-9,606

Note	DKK'000		31 March 2020	31 March 2019
5	Cash & Liquidity			
	Cash		64,631	69,494
	Credit institutuions		-138,559	-98,239
	Net cash		-73,928	-28,745
	Credit facilities		178,769	148,593
	Liquidity reserve		104,841	119,848

Note	DKK'000	31 March 2020	31 March 2019
6	Receivable from Transgroup Global Inc.		
	Principal, USD 98,019k, interest rate 7.70%	0	650,353
	Principal, USD 120,000k, interest rate 8.40%	817,896	0
	Total receivable from Transgroup Global Inc.	817,896	650,353
		Carrying amount	Carrying amount
	Cash flow*		
	Receivable falling due between 1 and 5 years	1,138,320	650,353
	Total receivable from Transgroup Global Inc.	1,138,320	650,353
	Current portion of the receivable	68,703	0

* Total cash flows including interest.

Note	DKK'000	31 March 2020	31 March 2019
7	Bond debt		
	Issued bonds, DKK tranche 1, interest rate 6.80%	0	625,000
	Issued bonds, USD tranche 2 USD 100 million, interest rate 7.70%	0	664,600
	Issued bonds, EUR 223 million, interest rate 6.75%	1,665,230	0
		1,665,230	1,289,600
	Capitalised loan costs	-21,564	-11,445
	Total bond debt	1,643,666	1,278,155
		Carrying amount	Carrying amount
	Cash flow*		
	Bond debt falling due between 1 and 5 years	2,189,465	1,289,600
	Total financial liabilities	2,189,465	1,289,600
	Current portion of financial liabilities	112,403	0

* Total cash flows including interest.

The fair values of the issued bonds were DKK 1.665 million for the EUR tranche, based on quoted bond rates of 88,25 at Nasdaq, Stockholm at 31 March 2020.

Note	DKK'000	31 March 2020*	31 March 2019
8	Investments in group entities		
	Provisional fair value at date of acquisition:		
	ASSETS		
	Software	4	104
	Right of use assets	4,499	0
	Property, plant and equipment	565	29,308
	Trade receivables	23,205	21,979
	Other receivables	871	1,596
	Prepayments	86	702
	Cash and cash equivalents	4,442	44,522
	Total assets	33,672	98,211
	LIABILITIES		
	Lease liabilities	4,499	8,064
	Finance liabilities	4,804	0
	Trade payables	9,506	31,864
	Corporation tax	0	1,371
	Other payables	4,147	11,897
	Total liabilities	22,956	53,196
	Acquired net assets	10,716	45,015
	Goodwill, customer relations, trademarks and other intangible assets	60,092	88,660
	Deferred tax	-7,471	0
	Fair value of total consideration	63,337	133,675
	Due acquisition debt	11,575	0
	Earn-out provision	0	6,519
	Cash consideration	51,762	127,156
	Adjustment for cash and cash equivalents taken over	-4,442	-44,522
	Cash consideration for the acquisitions	47,320	82,634
	Transaction costs for acquisitions included in special items	2,088	5,634
	Investments in Group entities (cash outflow)	49,408	88,268

*Acquisition of Scan Global logistics Co. Ltd. (Cambodia) and Pioneer International Logistics

Note

8 Investments in group entities

Acquisition of activities in Scan Global Logistics Co. Ltd. (Cambodia)

Effective 1 January 2020, SGL Group acquired activities in the Cambodian based freight forwarder Scan Global Logistics Co., Ltd. (Cambodia). Previously the Cambodian company has acted as agent for SGL Group.

Under the terms of the agreement, the activities were acquired for a total cash consideration of USD 818 thousand; paid at closing in January 2020. The goodwill arising from the acquisition is attributable to synergies expected from combining the operations of SGL Group and the acquired company.

Transaction costs amounted to DKK 314 thousand, which have been expensed and recognised as special items.

The revenue and gross profit are allocated to the Air, Ocean and Road Segments.

The fair value of the acquired identifiable net assets is provisional pending final valuation of those assets.

Revenue from Scan Global Logistics Co. Ltd. (Cambodia), acquired 1 January 2020, contributed by DKK 3 million to SGL Group revenue, and the profit amounted to DKK 0.7 million in Q1 2020.

Acquisition of shares in Pioneer International Logistics

On 15 January 2020 SGL Group acquired, through its wholly owned subsidiary Scan Global Logistics PTY (a subsidiary of Scan Global Logistics A/S), 100% percent of the share capital of Pioneer International Logistics, an Australian freight forwarding company. With the acquisition SGL Group will be able to serve the Australian and Pacific customers even better, and the existing customers of Pioneer International Logistics gain access to a full-fledged international solution including added expertise, technology, network, and e-commerce platform.

Under the terms of the agreement, the company was acquired for a total cash consideration of AUD 12.5 million; paid at closing in January 2020. The goodwill arising from the acquisitions is attributable to synergies expected from combining the operations of SGL Group and the acquired companies. The acquisition price for Pioneer International Logistics is AUD 12.5 million, financed through subsequent bond issue.

Transaction costs amounted to DKK 1.8 million, which have been expensed and recognised as special items.

The revenue and gross profit are mainly allocated to the Ocean segment and a minor part to the Air segment.

The fair value of the acquired identifiable net assets is provisional pending final valuation of those assets.

Revenue from Pioneer International Logistics, acquired 15 January 2020, contributed by DKK 27 million to SGL Group revenue, and the profit amounted to DKK 2 million in Q1 2020.

Note

10 Accounting policies

General

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 2020

SGL Group has implemented the latest International Financial Reporting Standards (IFRS) and amendments effective as of 1 January 2020 as adopted by the European Union, which include the following:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3, Business Combinations
- Amendments to IAS 1 and IAS 8, Definition of Material
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

None of the new standards have had any significant impact on the consolidated financial statements.

New accounting regulations not yet adopted

The IASB has issued a number of new standards and amendments not yet in effect and therefore not relevant for the preparation of the interim consolidated financial statements. SGL Group expects to implement these standards when they take effect.

The following amendment is relevant for SGL Group, but is currently not expected to have a significant impact on the financial statements when implemented:

- Amendments to IAS 1, Classification of Liabilities as Current or Non-Current (issued 23 January 2020, effective date 1 January 2022).

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 or assessments presented in SGL TransGroup International A/S' Annual report for 2019.

Management's statement

The Board of Directors and Executive Management have today considered and approved the interim financial report of SGL TransGroup International A/S (page 10 to 24) for the period 1 January to 31 March 2020.

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 Group's assets and liabilities and financial position at 31 March 2020 and operations and cash flow for the period 1 January - 31 March 2020.

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 Group.

Kastrup, 22 May 2020

Executive Management:

Claes Brønsgaard Pedersen

Board of Directors:

Henrik von Sydow
Chairman

Allan Dyrgaard Melgaard

Claes Brønsgaard Pedersen

Thomas Thellufsen Nørgaard

Jørgen Agerbo Jessen