

# Consolidated Interim Report 2020 Q3 – NTG Nordic Transport Group A/S



## 2020 Q3 highlights

- Total growth in net revenue of 2.6% vs. Q3 2019, hereof organic growth including start-ups of negative 3.6%.
- Activity rebound above expectations in the Road & Logistics division in Q3 2020.
- Record-high operating margin of 5.7% in Q3 2020 vs. 3.8% in Q3 2019, driven by the Road & Logistics division.
- Guidance for the year announced on 22 October 2020 maintained: Net revenue of DKK 5,000 – 5,400 million and adj. EBIT of DKK 240 – 260 million.

## Selected financial information

For the period 1 January 2020 to 30 September 2020

<u>(DKK '000)</u>	<u>2020 Q3</u>	<u>2019 Q3</u>	<u>Change</u>	<u>2020 YTD</u>	<u>2019 YTD</u>	<u>Change YTD</u>
Net revenue	1,362,199	1,328,104	2.6%	3,906,822	3,931,281	-0.6%
Gross profit	317,723	268,455	18.4%	888,554	793,778	11.9%
Adj. EBIT	77,587	50,824	52.7%	178,659	147,835	20.9%
Profit for the period	47,967	22,079	117.3%	95,325	62,339	52.9%
Gross Margin	23.3%	20.2%	3.1 p.p.	22.7%	20.2%	2.5 p.p.
Operating margin	5.7%	3.8%	1.9 p.p.	4.6%	3.8%	0.8 p.p.
Conversion ratio	24.4%	18.9%	5.5 p.p.	20.1%	18.6%	1.5 p.p.

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## Forward looking statement

This document contains forward looking statements which are subject to risk factors associated with, amongst others, the economic and business circumstances occurring from time to time in the countries and markets in which NTG Nordic Transport Group and its subsidiaries operate.

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated. For a description of significant risks and uncertainties identified by the Group, reference is made to the 2019 Annual Report. Any subsequent developments are reflected in this report.

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## Financial Highlights

Income statement (DKK '000)	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Net revenue	1,362,199	1,328,104	3,906,822	3,931,281
Gross profit	317,723	268,455	888,554	793,778
Operating profit before amortisation, depreciation and special items (adj. EBITDA)	120,324	85,998	304,587	246,356
Operating profit before special items (adj. EBIT)	77,587	50,824	178,659	147,835
Special items, net	0	-4,046	-4,482	-17,611
Net financial items	-12,668	-14,107	-34,569	-36,696
Profit for the period	47,967	22,079	95,325	62,339
Earnings per share (DKK) for the period	2.14	1.04	4.25	3.69

Cash flow statement (DKK '000)	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Operating activities	70,350	36,446	324,827	139,601
Investing activities	3,666	986	-97,191	-21,338
Free cash flow	74,016	37,432	227,636	118,263
Financing activities	-65,047	-44,850	-186,836	-141,341
Cash flow for the period	8,969	-7,418	40,800	-23,078

Balance sheet (DKK '000)	30/09-2020	30/09-2019
Additions to property, plant and equipment (excl. IFRS 16)	2,294	3,776
Balance sheet total	2,266,048	2,021,017
Net working capital	-175,957	-82,953
Net interest-bearing debt	431,703	484,787
Net interest-bearing debt, excluding IFRS 16	-173,427	-106,359
NTG A/S' shareholders' share of equity	307,293	168,498
Non-controlling interests	46,664	61,147

Financial ratios (DKK '000)	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Gross margin	23.3%	20.2%	22.7%	20.2%
Operating margin	5.7%	3.8%	4.6%	3.8%
Conversion ratio	24.4%	18.9%	20.1%	18.6%
Return on equity			32.7%	28.5%
Solvency ratio			15.6%	11.4%

Employees	2020 YTD	2019 YTD
Average number of employees	1,480	1,408

# Management Report

The activity rebound in June and July continued throughout Q3 2020, and performance in the Road & Logistics division reached a new record high. The combination of a recovery in demand across several customer verticals, persistent cost control, and the turn-around of certain underperforming entities resulted in strong earnings momentum for the third quarter of 2020.

Net revenue for Q3 2020 increased 2.6% compared to Q3 2019. Growth was composed of 6.2% acquired growth, driven by the acquisition of Ebrex, and organic growth including start-ups of negative 3.6%, driven by muted demand in the Air & Ocean division.

Gross profit increased to DKK 317.7 million in Q3 2020 compared to DKK 268.5 million in Q3 2019, corresponding to gross margins of 23.3% and 20.2%, respectively.

Adj. EBIT for the third quarter of 2020 was DKK 77.6 million compared to DKK 50.8 million for the same period last year. The operating margin increased from 3.8% in Q3 2019 to a record-high 5.7% in Q3 2020.

The strong financial results for the third quarter of 2020 were mainly driven by strong performance in the Road & Logistics division. Adj. EBIT for the division increased from DKK 41.6 million in Q3 2019 to DKK 73.7 million in Q3 2020, corresponding to operating margins of 4.1% and 6.5%, respectively.

The Air & Ocean division was negatively impacted by adverse market conditions and non-performing

entities. Adj. EBIT decreased from DKK 9.0 million in Q3 2019 to DKK 3.7 million in Q3 2020, corresponding to operating margins of 3.0% and 1.6%, respectively.

Minorities' share of adj. EBIT was 11.9% in Q3 2020 and 11.1% for the first three quarters of 2020. For the full year 2020, we reiterate the estimate of minorities' share of adj. EBIT of around 10%.

The partners and minority shareholders in NTG Polar Road in Finland and Poland initiated the ring-the-bell process in 2020. In the third quarter, the first of five share tranches in each subsidiary was swapped for shares in NTG. NTG paid with treasury shares in exchange for the shares in the subsidiaries.

Net working capital was negative DKK 176.0 million as at 30 September 2020, adversely affected by the expiration of deferred payment schemes in certain public support programs. The persistent negative net working capital is a result of recent quarters' working capital optimisation initiatives and efficient cash management.

Adjusted free cash flow amounted to DKK 36.4 million in Q3 2020 compared to DKK 11.4 million in Q3 2019, primarily driven by the strong operating performance.

As at 30 September 2020, NTG had a negative net interest-bearing debt (net cash) of DKK 173.4 million excluding IFRS 16. In addition, NTG had undrawn committed credit facilities of DKK 150 million.

## Integration of Ebrex

Ebrex contributed to NTG's Q3 2020 with DKK 82.9 million on revenue and DKK 8.6 million on adj. EBIT.

The integration of Ebrex is progressing according to plan and around 50% of the synergies have been realised since closing of the transaction on 27 February 2020. We still expect annual synergies of approximately EUR 1.5 million with full effect from Q2 2021.

No integration costs were charged under special items in Q3 2020. Integration cost of DKK 4.5 million were charged for the first six months of 2020.

On 7 July 2020, NTG acquired the remaining 15% of Ebrex through an increase of NTG's share capital. Reference is made to note 4 for further information.

## Gondrand

With the impact of the restructuring initiatives implemented in the first two quarters of 2020 now starting to materialise, the former Gondrand activities contributed positively to adj. EBIT for the first time in Q3 2020 with DKK 1.8 million in total.

## COVID-19

COVID-19 generally had a lower than anticipated effect on market conditions in the Road & Logistics divisions in Q3 2020, but uncertainty remains elevated.

## Management Report, continued

All NTG locations continued to be fully operational throughout Q3 2020 while adhering to health and safety guidelines from local authorities.

Public support programs including temporary cost savings contributed with approximately DKK 2 million in Q3 2020. The support programs including temporary savings were almost fully phased out by the end of the third quarter.

### Brexit

With the UK's exit from the EU on 31 January 2020, a 11-month transition period commenced, and the UK remained in the EU's customs union and single market during this period. As the deadline of the transition period looms, and the outcome of the future relationship between the EU and the UK remains uncertain, NTG proceeded with the preparations for a potential no-deal outcome.

In the Road & Logistics division, a UK customs brokerage department will commence operations on 1 January 2021. The department will consist of specialists offering customs services around the clock, first of all to NTG subsidiaries and their customers, but secondly also to new customers.

The IT platform for customs services will be fully integrated with the transport management system applied across NTG's road subsidiaries in Q1 2021.

In the Air & Ocean division, NTG has offered customs services in the UK since the beginning of 2019, and

the organisation remains fully dedicated to servicing customers regardless of the brexit outcome.

The prospects of a no-deal brexit is likely to have caused elevated activity in the UK in September 2020, and potentially also in Q4 2020, with positive spill-over effects on NTG's road and logistics activities. The activity level may consequently contract once clarity on the future relationship between the EU and the UK has been obtained in the beginning of 2021.

### Outlook

Based on the financial performance in Q3 2020, the current momentum in the Road & Logistics division, and the expectations for the remaining part of 2020, NTG revised the full-year outlook for 2020 on 22 October 2020.

The expectations on revenue remained unchanged at DKK 5,000 - 5,400 million, while expectations on EBIT before special items was increased to the range of DKK 240 - 260 million. Based on the strong performance in the Road & Logistics division in October 2020, we maintain this guidance.

Due to the dynamic and unpredictable COVID-19 situation, uncertainty remains elevated and the assumptions underlying the updated full-year outlook are more uncertain than usual. The guidance is based on an assumption of unchanged market conditions in the fourth quarter of 2020 and no new material adverse events affecting regional and global cargo volumes and trade patterns.





## Road & Logistics

The Road & Logistics division benefitted from a faster than anticipated normalisation in demand and a favourable development in direct costs in the third quarter of 2020.

An activity rebound in primarily the retail, e-commerce, automotive, and recycling sectors contributed to a strong performance in the division's subsidiaries in Denmark, Sweden, Poland, and Finland.

### Net revenue

In the third quarter of 2020 the Road & Logistics division achieved a net revenue of DKK 1,125.6 million, compared to DKK 1,025.0 million for the same period last year. Total growth for the period was 9.8%, composed of 1.7% organic growth and acquired growth of 8.1%.

The organic growth was driven by a stabilisation of demand across sectors (+3.5%) and the close-down, divestment or restructuring of non-performing activities in Germany, Italy, and the Czech Republic (-2.0%). The impact from a new start-up in Norway contributed positively to total growth for the period (+0.2%).

### Gross profit

Gross profit for Q3 2020 was DKK 256.8 million, compared to DKK 188.2 million for Q3 2019.

The gross margin increased to 22.8% in Q3 2020 compared to 18.4% in Q3 2019 as a result of a favourable development in direct costs.

### Operating profit before special items (adj. EBIT)

Adj. EBIT for Q3 2020 was DKK 73.7 million, an increase of DKK 32.0 million compared to Q3 2019. The organic increase was DKK 23.4 million while Ebrex contributed with DKK 8.6 million.

The operating margin for Q3 2020 increased to 6.5% compared to 4.1% for Q3 2019. The improvement was driven by the gross margin uptick, operational leverage, and the organisational restructuring and migration of the German road subsidiaries onto NTG's standard transport management system.

In addition, the turn-around of non-performing entities in Germany, the divestment of loss-making activities in Italy and the Czech Republic in late 2019, and the acquisition of Ebrex had a positive impact on profitability for the quarter.



### SELECTED FINANCIAL INFORMATION

(DKK '000)	2020 Q3	2019 Q3	Change	2020 YTD	2019 YTD	Change
Net revenue (external)	1,125,638	1,025,009	9.8%	3,168,601	3,064,516	3.4%
Gross profit	256,772	188,169	36.5%	701,503	568,815	23.3%
Adj. EBIT	73,676	41,631	77.0%	172,782	124,796	38.5%
Gross Margin	22.8%	18.4%	4.4 p.p.	22.1%	18.6%	3.5 p.p.
Operating margin	6.5%	4.1%	2.4 p.p.	5.5%	4.1%	1.4 p.p.
Conversion ratio	28.7%	22.1%	6.6 p.p.	24.6%	21.9%	2.7 p.p.

## Air & Ocean

The challenging market conditions for the Air & Ocean division continued to prevail in the third quarter of 2020 with demand lingering significantly below pre-pandemic levels.

Profitability for the period was negatively affected by the lower activity level and certain non-performing entities.

NTG remains dedicated to strengthening its Air & Ocean division through increased scale and efficiency improvements, and these efforts will continue in Q4 2020 and 2021.

The appointment of a new Head of Air & Ocean is expected to further support NTG in realising its ambitions for the Air & Ocean division.

### Net revenue

In the third quarter of 2020 the Air & Ocean division achieved a net revenue of DKK 236.3 million, compared to DKK 303.1 million for the same period last year. Total and organic growth for the period was negative 22.0%.

The negative organic growth was driven by the activity slowdown (-24.5%) and the close-down of non-performing activities in Italy (-2.5%). The impact from new start-ups primarily in the US had a partially offsetting effect on organic growth for the period (+5.0%).

### Gross profit

Gross profit for Q3 2020 was DKK 61.2 million, compared to DKK 80.2 million for Q3 2019.

The gross margin decreased slightly to 25.9% for Q3 2020 compared to 26.4% for Q3 2019 due to a combination of challenging market conditions and mix effects.

### Operating profit before special items (adj. EBIT)

Adj. EBIT for Q3 2020 was DKK 3.7 million, a decrease of DKK 5.3 million compared to Q3 2019.

The operating margin for Q3 2020 decreased to 1.6% compared to 3.0% for Q3 2019. The development was driven by non-performing activities and start-up costs in the US. Progress on the ongoing turnaround in Asia had a partially offsetting effect on profitability for the quarter.



### SELECTED FINANCIAL INFORMATION

(DKK '000)	2020 Q3	2019 Q3	Change	2020 YTD	2019 YTD	Change
Net revenue (external)	236,289	303,092	-22.0%	737,728	866,749	-14.9%
Gross profit	61,197	80,155	-23.7%	187,126	224,801	-16.8%
Adj. EBIT	3,711	8,990	-58.7%	5,559	20,308	-72.6%
Gross margin	25.9%	26.4%	-0.5 p.p.	25.4%	25.9%	-0.5 p.p.
Operating margin	1.6%	3.0%	-1.4 p.p.	0.8%	2.3%	-1.5 p.p.
Conversion ratio	6.1%	11.2%	-5.1 p.p.	3.0%	9.0%	-6.0 p.p.

# Interim Financial Statements

## INCOME STATEMENT

(DKK '000)	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Net revenue	1,362,199	1,328,104	3,906,822	3,931,281
Direct costs	-1,044,476	-1,059,649	-3,018,268	-3,137,503
<b>Gross profit</b>	<b>317,723</b>	<b>268,455</b>	<b>888,554</b>	<b>793,778</b>
Other external expenses	-56,431	-46,424	-154,588	-143,908
Staff costs	-140,968	-136,033	-429,379	-403,514
<b>Operating profit before amortisation, depreciation and special items (adj. EBITDA)</b>	<b>120,324</b>	<b>85,998</b>	<b>304,587</b>	<b>246,356</b>
Amortisation and depreciation of intangible and tangible fixed assets	-42,737	-35,174	-125,928	-98,521
<b>Operating profit before special items (adj. EBIT)</b>	<b>77,587</b>	<b>50,824</b>	<b>178,659</b>	<b>147,835</b>
Special items, net	0	-4,046	-4,482	-17,611
Financial income	300	686	2,240	1,757
Financial costs, other	-12,968	-14,793	-36,809	-38,453
<b>Profit before tax</b>	<b>64,919</b>	<b>32,671</b>	<b>139,608</b>	<b>93,528</b>
Tax on profit for the period	-16,952	-10,592	-44,283	-31,189
<b>Profit for the period</b>	<b>47,967</b>	<b>22,079</b>	<b>95,325</b>	<b>62,339</b>
<b>Attributable to:</b>				
Shareholders in NTG A/S	42,844	13,203	81,130	38,343
Non-controlling interests	5,123	8,876	14,195	23,996
<b>Earnings per share</b>				
Earnings per share (DKK) for the period	2.14	1.04	4.25	3.69

## STATEMENT OF OTHER COMPREHENSIVE INCOME

(DKK '000)	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Profit for the period	47,967	22,079	95,325	62,339
<i>Items that may be reclassified to the income statement:</i>				
Foreign exchange adjustments of subsidiaries	1,748	-3,061	966	-3,905
<i>Items that will not be reclassified to the income statement:</i>				
Actuarial adjustments on retirement benefit obligations	-7,119	-10,951	-2,436	-26,815
Tax relating to items that will not be reclassified	0	0	0	0
<b>Other comprehensive income</b>	<b>-5,371</b>	<b>-14,012</b>	<b>-1,470</b>	<b>-30,720</b>
<b>Total comprehensive income</b>	<b>42,596</b>	<b>8,067</b>	<b>93,855</b>	<b>31,619</b>
<b>Attributable to:</b>				
Shareholders in NTG A/S	37,713	-159	79,823	8,531
Non-controlling interests	4,883	8,226	14,032	23,088

## CASH FLOW STATEMENT

(DKK '000)	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Operating profit before special items	77,587	50,824	178,659	147,835
Amortisation and depreciation	42,737	35,174	125,928	98,521
Share-based payments	203	0	490	0
Change in working capital etc.	-26,565	-27,998	67,510	5,330
Change in provisions	-3,802	487	8,569	-9,796
Financial income received	301	686	2,240	1,757
Interest paid on leasing contracts	-7,710	-7,797	-23,378	-23,544
Other financial expenses paid	-5,259	-4,621	-13,431	-14,909
Corporation taxes paid	-7,142	-6,263	-17,278	-47,982
Special items	0	-4,046	-4,482	-17,611
<b>Cash flow from operating activities</b>	<b>70,350</b>	<b>36,446</b>	<b>324,827</b>	<b>139,601</b>
Purchase of intangible assets	0	115	0	-863
Purchase of property, plant and equipment	-311	-3	-2,294	-3,776
Disposal of intangible assets, property plant and equipment	183	0	562	9,313
Acquisition of business activities	0	0	-102,757	-27,689
Changes in other financial assets	3,794	874	7,298	1,677
<b>Cash flow from investing activities</b>	<b>3,666</b>	<b>986</b>	<b>-97,191</b>	<b>-21,338</b>
<b>Free cash flow</b>	<b>74,016</b>	<b>37,432</b>	<b>227,636</b>	<b>118,263</b>

## CASH FLOW STATEMENT, continued

(DKK '000)	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Repayment of lease liabilities	-37,597	-30,098	-110,694	-82,810
Repayments of other financial liabilities	-11,456	-14,989	-37,875	-48,650
<i>Shareholders and non-controlling interests</i>				
Purchase of treasury shares	-10,856	0	-23,803	0
Dividends paid to non-controlling interests	-5,637	-378	-14,737	-10,369
Acquisition of shares from non-controlling interests	-28	0	-1,172	-13
Disposal of shares to non-controlling interests	527	615	1,445	501
<b>Cash flow from financing activities</b>	<b>-65,047</b>	<b>-44,850</b>	<b>-186,836</b>	<b>-141,341</b>
<b>Cash flow for the period</b>	<b>8,969</b>	<b>-7,418</b>	<b>40,800</b>	<b>-23,078</b>
Cash and cash equivalents at beginning of period	210,277	141,485	180,220	157,988
Cash flow for the period	8,969	-7,418	40,800	-23,078
Currency translation adjustments	2,123	-3,061	349	-3,904
<b>Cash and cash equivalents at 30 September</b>	<b>221,369</b>	<b>131,006</b>	<b>221,369</b>	<b>131,006</b>
<b>Statement of adjusted free cash flow</b>				
Free cash flow	74,016	37,432	227,636	118,263
Special items	0	4,046	4,482	17,611
Repayment of lease liabilities reversed	-37,597	-30,098	-110,694	-82,810
<b>Adjusted free cash flow</b>	<b>36,419</b>	<b>11,380</b>	<b>121,424</b>	<b>53,064</b>



## BALANCE SHEET, assets

(DKK '000)	30/09-2020	31/12-2019	30/09-2019
Intangible assets	464,123	389,750	398,151
Property, plant and equipment	91,176	75,232	49,082
Right-of-use assets	544,718	518,715	537,659
Other receivables	11,307	6,153	7,229
Deferred tax assets	7,344	4,988	6,614
<b>Total non-current assets</b>	<b>1,118,668</b>	<b>994,838</b>	<b>998,735</b>
Trade receivables	843,102	769,766	821,336
Other receivables	81,078	82,503	69,485
Cash and cash equivalents	221,369	180,220	131,006
Corporation tax	1,831	2,254	455
<b>Total current assets</b>	<b>1,147,380</b>	<b>1,034,743</b>	<b>1,022,282</b>
<b>Total assets</b>	<b>2,266,048</b>	<b>2,029,581</b>	<b>2,021,017</b>

## BALANCE SHEET, equity and liabilities

(DKK '000)	30/09-2020	31/12-2019	30/09-2019
Share capital	452,988	448,548	766
Reserves	-145,695	-208,129	167,732
<b>NTG A/S shareholders' share of equity</b>	<b>307,293</b>	<b>240,419</b>	<b>168,498</b>
Non-controlling interests	46,664	48,020	61,147
<b>Total equity</b>	<b>353,957</b>	<b>288,439</b>	<b>229,645</b>
Deferred tax liabilities	3,215	2,651	2,642
Pensions and similar obligations	153,201	152,869	161,308
Provisions	636	2,909	37,401
Financial liabilities	19,318	36,107	19,353
Lease liabilities	474,063	455,410	473,356
<b>Total non-current liabilities</b>	<b>650,433</b>	<b>649,946</b>	<b>694,060</b>
Provisions	61,014	42,614	56,683
Financial liabilities	28,623	17,246	5,294
Lease liabilities	131,067	119,920	117,790
Trade payables	815,784	776,264	754,591
Other payables	188,786	127,495	138,834
Corporation tax	36,384	7,657	24,120
<b>Total current liabilities</b>	<b>1,261,658</b>	<b>1,091,196</b>	<b>1,097,312</b>
<b>Total liabilities</b>	<b>1,912,091</b>	<b>1,741,142</b>	<b>1,791,372</b>
<b>Total equity and liabilities</b>	<b>2,266,048</b>	<b>2,029,581</b>	<b>2,021,017</b>

## STATEMENT OF CHANGES IN EQUITY – 1 January – 30 September 2020

(DKK '000)	Share capital	Share premium	Translation reserve	Retained earnings	NTG A/S shareholder's share of equity	Non-controlling interests	Total equity
<b>Equity at 1 January</b>	<b>448,548</b>	<b>0</b>	<b>-7,449</b>	<b>-200,680</b>	<b>240,419</b>	<b>48,020</b>	<b>288,439</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81,130</b>	<b>81,130</b>	<b>14,195</b>	<b>95,325</b>
Net exchange differences recognized in OCI	0	0	1,129	0	1,129	-163	966
Actuarial gains/(losses)	0	0	0	-2,436	-2,436	0	-2,436
Tax on other comprehensive income	0	0	0	0	0	0	0
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>1,129</b>	<b>-2,436</b>	<b>-1,307</b>	<b>-163</b>	<b>-1,470</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>1,129</b>	<b>78,694</b>	<b>79,823</b>	<b>14,032</b>	<b>93,855</b>
<i>Transactions with shareholders:</i>							
Share-based payments	0	0	0	490	490	0	490
Dividends distributed	0	0	0	0	0	-14,737	-14,737
Purchase of treasury shares	0	0	0	-23,803	-23,803	0	-23,803
Addition of non-controlling interests	0	0	0	0	0	9,440	9,440
Acquisition of shares from non-controlling interests	4,440	16,852	0	-10,466	10,826	-11,998	-1,172
Disposal of shares to non-controlling interests	0	0	0	-462	-462	1,907	1,445
<b>Total transactions with owners</b>	<b>4,440</b>	<b>16,852</b>	<b>0</b>	<b>-34,241</b>	<b>-12,949</b>	<b>-15,388</b>	<b>-28,337</b>
<b>Equity at 30 September</b>	<b>452,988</b>	<b>16,852</b>	<b>-6,320</b>	<b>-156,227</b>	<b>307,293</b>	<b>46,664</b>	<b>353,957</b>

## STATEMENT OF CHANGES IN EQUITY – 1 January – 30 September 2019

(DKK '000)	Share capital	Share premium	Translation reserve	Retained earnings	NTG A/S shareholder's share of equity	Non-controlling interests	Total equity
<b>Equity at 1 January</b>	<b>526</b>	<b>0</b>	<b>-6,038</b>	<b>119,521</b>	<b>114,009</b>	<b>93,898</b>	<b>207,907</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,342</b>	<b>38,342</b>	<b>23,996</b>	<b>62,338</b>
Net exchange differences recognized in OCI	0	0	-2,996	0	-2,996	-908	-3,904
Actuarial gains/(losses)	0	0	0	-26,815	-26,815	0	-26,815
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>-2,996</b>	<b>-26,815</b>	<b>-29,811</b>	<b>-908</b>	<b>-30,719</b>
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>-2,996</b>	<b>11,527</b>	<b>8,531</b>	<b>23,088</b>	<b>31,619</b>
<i>Transactions with shareholders:</i>							
Dividends distributed	0	0	0	0	0	-10,639	-10,639
Acquisition of shares from non-controlling interests	240	61,180	0	-17,787	43,633	-43,646	-13
Disposal of shares to non-controlling interests	0	0	0	2,325	2,325	-1,824	501
Other adjustments	0	-61,180	0	61,180	0	0	0
<b>Total transactions with owners</b>	<b>240</b>	<b>0</b>	<b>0</b>	<b>45,718</b>	<b>45,958</b>	<b>-55,839</b>	<b>-9,881</b>
<b>Equity at 30 September</b>	<b>766</b>	<b>0</b>	<b>-9,034</b>	<b>176,766</b>	<b>168,498</b>	<b>61,147</b>	<b>229,645</b>

# Notes

## Note 1 - Accounting policies

The Interim Financial Report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Accounting policies, judgements and significant estimates applied in preparation of the Interim Financial Report are consistent with those applied in the consolidated financial statements for 2019. Reference is made to note 1.1 of NTG Nordic Transport Group's 2019 Annual Report for a description of accounting policies. For a definition of financial key figures and financial ratios, please see page 74 of NTG Nordic Transport Group's 2019 Annual Report.

NTG Nordic Transport Group has implemented all new EU-approved standards and interpretations effective as of 1 January 2020. None of these standards and interpretations have had a material impact on NTG Nordic Transport Group's Financial Statements.



## Note 2 – Segment information and net revenue

Nordic Transport Group mainly derives revenue from freight forwarding services related to transport of goods throughout Europe and worldwide by road, air and ocean.

(DKK '000)	Road & Logistics		Air & Ocean		Eliminations etc.		Total	
	2020 Q3	2019 Q3	2020 Q3	2019 Q3	2020 Q3	2019 Q3	2020 Q3	2019 Q3
Segment revenue	1,129,367	1,032,896	237,498	303,977	336	56	1,367,201	1,336,929
Revenue (between segments)	-3,729	-7,887	-1,209	-885	-64	-53	-5,002	-8,825
Revenue (external)	1,125,638	1,025,009	236,289	303,092	272	3	1,362,199	1,328,104
<b>Gross Profit</b>	<b>256,772</b>	<b>188,169</b>	<b>61,197</b>	<b>80,155</b>	<b>-246</b>	<b>131</b>	<b>317,723</b>	<b>268,455</b>
Amortisation and depreciation	-39,093	-32,002	-3,143	-2,582	-501	-590	-42,737	-35,174
<b>Operating profit before special items (adj. EBIT)</b>	<b>73,676</b>	<b>41,631</b>	<b>3,711</b>	<b>8,990</b>	<b>200</b>	<b>203</b>	<b>77,587</b>	<b>50,824</b>

(DKK '000)	Road & Logistics		Air & Ocean		Eliminations etc.		Total	
	2020 YTD	2019 YTD	2020 YTD	2019 YTD	2020 YTD	2019 YTD	2020 YTD	2019 YTD
Segment revenue	3,181,289	3,083,444	741,481	868,857	695	170	3,923,465	3,952,471
Revenue (between segments)	-12,688	-18,928	-3,753	-2,108	-202	-154	-16,643	-21,190
Revenue (external)	3,168,601	3,064,516	737,728	866,749	493	16	3,906,822	3,931,281
<b>Gross Profit</b>	<b>701,503</b>	<b>568,815</b>	<b>187,126</b>	<b>224,801</b>	<b>-75</b>	<b>162</b>	<b>888,554</b>	<b>793,778</b>
Amortisation and depreciation	-113,997	-89,584	-10,081	-7,118	-1,850	-1,819	-125,928	-98,521
<b>Operating profit before special items (adj. EBIT)</b>	<b>172,782</b>	<b>124,796</b>	<b>5,559</b>	<b>20,308</b>	<b>318</b>	<b>2,731</b>	<b>178,659</b>	<b>147,835</b>

Total assets and liabilities for each segment are not reported because such amounts are not regularly provided to the Chief Operating Decision Maker.

**Note 2, continued**

<b>Revenue (DKK '000)</b>	<b>2020 Q3</b>	<b>2019 Q3</b>	<b>2020 YTD</b>	<b>2019 YTD</b>
Denmark	480,921	489,815	1,401,470	1,431,623
Sweden	236,187	207,841	687,943	616,012
Germany	139,792	170,978	421,249	539,738
Finland	131,479	128,425	354,953	395,989
Other countries	373,820	331,045	1,041,207	947,919
<b>Total</b>	<b>1,362,199</b>	<b>1,328,104</b>	<b>3,906,822</b>	<b>3,931,281</b>

### Note 3 – Leases

Contracts are assessed at inception to determine whether NTG Nordic Transport Group is entering a lease. If a lease is identified, a right-of-use asset and a corresponding lease liability are recognised in the balance sheet at the contract's commencement date.

Lease liabilities are initially measured at the present value of future leasing payments under the contract, discounted using either the interest rate implicit in the contract, or (if the implicit interest rate is not available) an incremental borrowing rate appropriate for NTG Nordic Transport Group.

Right-of-use assets are initially measured at cost, equivalent to the relevant recognised lease liability adjusted for any leasing payments made on or before the commencement date, any initial costs associated

to the lease and other directly related costs including dismantling and restoration costs.

Subsequent to recognition, lease liabilities are measured at amortised cost using the effective interest method, adjusted for any remeasurements or contract modifications. Lease payments are allocated between reduction of the liability and interest expenses. Interest expenses are charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Subsequent to recognition, right-of-use assets are depreciated on a straight-line basis over the shorter of each asset's useful life and the relevant lease term and adjusted for any remeasurements of the lease liability.

(DKK '000)	Land & buildings	Other plant and equipment	Total
Opening balance 1 January 2020	295,583	223,132	518,715
Additions from business combinations	62,233	526	62,759
Additions during the period	22,232	71,743	93,975
Disposals during the period	-2,747	-7,189	-9,936
Depreciation for the period	-45,362	-72,440	-117,802
Foreign currency translation	-1,403	-1,590	-2,993
<b>Carrying amount at 30 September 2020</b>	<b>330,536</b>	<b>214,182</b>	<b>544,718</b>

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#### Note 4 – Acquisition and disposal of entities

##### Acquisition during the year – Ebrex Business Solutions

On 27 February 2020, NTG completed the acquisition of 85% of the shares in Ebrex Business Solutions Ltd. and its subsidiaries (Ebrex Group). The acquisition marks another important step for the Group towards becoming a market leader within freight forwarding services in the Nordics and Europe.

The total consideration consists of a cash payment of DKK 111 million and a loan of DKK 5 million for settlement during 2020.

Adjusted for the fair value of acquired cash and cash equivalents of DKK 8,737 thousand, the net cash flow amounted to DKK 102,761 thousand (outflow).

During the seven months after the acquisition date, Ebrex Group contributed with DKK 166,933 thousand to the Group's revenue, DKK 19,038 thousand to the Group's adj. EBIT and DKK 15,448 thousand to the result after tax. If the acquisition had taken place 1 January 2020 the Group's revenue would have amounted to DKK 3,935,850 thousand and result after tax would have amounted to DKK 99,681 thousand.

Integration of Ebrex Group is still ongoing, and consequently net assets, including goodwill and other intangible assets, may be adjusted, and off-balance sheet items may be recognised for up to 12 months after the acquisition date 28 February 2020, in accordance with IFRS 3.

Provisional fair values of acquired assets and liabilities at the acquisition date are given in the table below.

Fair value of acquired trade receivables and other receivables amounts to DKK 75,657 thousand. Collectability of receivables has been assessed based on Group credit assessment policies. In total DKK 1,553 thousand has been provided for as doubtful trade receivables.

Goodwill is primarily related to synergy effects from integration with NTG's existing infrastructure and network. Goodwill is non-deductible for tax purposes.

##### Share swap with Ebrex

With reference to company announcement no. 17 – 20 of 7 July 2020, NTG Nordic Transport Group A/S increased the share capital by nominally DKK 4,444,600 (222,030 shares of DKK 20) at a share price

<b>(DKK '000)</b>	<b>Fair values at date of acquisition</b>
Intangible assets	2,315
Property, plant and equipment	24,298
Right-of-use assets	62,724
Other receivables	12,452
Deferred tax assets	331
Trade Receivables	75,657
Cash and cash equivalents	8,741
<b>Total Assets</b>	<b>186,518</b>

of 95.90, against a contribution of the remaining 15% of the shares in Ebrex Business Solutions Ltd ("Ebrex"). Following this, NTG Nordic Transport Group's ownership of Ebrex is 100%. The share swap transaction is separate to NTG Nordic Transport Group's initial acquisition of Ebrex. Result of this separate share swap is presented as part of the line item "acquisition of shares from non-controlling interests" in the statement of changes in equity.

<b>(DKK '000)</b>	<b>Fair values at date of acquisition</b>
Provisions	5,453
Financial liabilities	13,913
Lease liabilities	62,724
Deferred tax liabilities	113
Corporation tax	571
Trade payables	35,064
Other payables	15,304
<b>Total liabilities</b>	<b>133,142</b>
Non-controlling interests' share of acquired net assets	9,440
<b>Acquired net assets</b>	<b>43,936</b>
Fair value of total consideration	116,728
<b>Goodwill and intangible assets arising from the acquisition</b>	<b>72,792</b>



### Note 5 – Related party transactions

NTG Nordic Transport Group's related parties include the Group's Board of Directors, the Executive Board and close family members of these persons. Related parties also include companies in which these persons have significant influence.

None of the related parties have control of NTG Nordic Transport Group.

NTG Nordic Transport Group had the following transactions with related parties during the interim period:

<u>(DKK '000)</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Sale of services to related parties	25	131
Purchase of other services from related parties	-2,310	-9,300
Rent and leasing from related parties	-13,219	-13,274
Loan and interest payments to related parties	0	-749

### Note 6 – Earnings per share

Earnings per share is calculated as stated below (comparative figures are adjusted to account for a stock split, reducing the nominal value per share from DKK 1.00 to DKK 0.01).

	2020 Q3	2019 Q3	2020 YTD	2019 YTD
Profit for the period, shareholders in NTG A/S (DKK '000)	47,967	22,079	95,325	62,339
Average number of shares ('000 shares)	22,635	21,199	22,497	16,904
Average number of treasury shares ('000 shares)	-191	0	-86	0
Average number of shares in circulation ('000 shares)	22,444	21,199	22,411	16,904
<b>Earnings per share, EPS for the period</b>	<b>2.14</b>	<b>1.04</b>	<b>4.25</b>	<b>3.69</b>

### Note 7 – Treasury shares

Treasury shares are bought back to meet obligations relating to acquisition of minority shareholders' shares in NTG subsidiaries under the "Ring-the-Bell" concept and to cover obligations arising under future share-based incentive programs and potentially for other purposes such as payment in relation to M&A transactions.

	Number of shares	Nominal value (DKK '000)	Part of share capital	Market value (DKK '000)
Treasury shares 1 January	18,590	372	0.08%	1,673
Ring-the-bell consideration paid	-153,924	-3,078	-0.68%	-14,524
Purchase of shares etc.	233,098	4,662	1.04%	23,526
Other transactions	46,112	922	0.20%	4,654
Value adjustment				4,742
<b>Treasury shares 30 September</b>	<b>143,876</b>	<b>2,878</b>	<b>0.64%</b>	<b>20,071</b>

### **Note 8 – Events after the balance sheet date**

#### *Launch of share-based incentive schemes and share buy-back programme*

On 18 November 2020, the Board of Directors of NTG decided to introduce share-based incentive schemes and a share buy-back program.

The share-based incentive schemes include up to 550,000 share purchase options and up to 700,000 warrants. The total value of share purchase options and warrants will not exceed DKK 40,000,000. Reference is made to Company Announcement no. 43 – 20 for further information.

The share buy-back program will run from 19 November 2020 to 31 March 2021 at the latest, both days inclusive. During this period, NTG will purchase up to 165,000 of its own shares (nominally DKK 3,300,000), corresponding to 0.73% of the current share capital of NTG, for an aggregate maximum amount of DKK 30,000,000. Reference is made to Company Announcement no. 43 – 20 for further information.



## Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Interim Report of NTG Nordic Transport Group A/S for the period 1 January 2020 to 30 September 2020.

The interim consolidated financial statements of NTG Nordic Transport Group A/S, which have not been audited or reviewed by the Company's auditor, have been prepared in accordance with IAS 34 Interim

Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. In our opinion, the interim consolidated financial statements give a true and fair view of NTG Nordic Transport Group A/S' consolidated assets, liabilities and financial position at 30 September 2020 and of the results of NTG Nordic Transport Group A/S' consolidated operations and

cash flows for the period 1 January 2020 to 30 September 2020.

Furthermore, in our opinion the Management report includes a fair review of the development in NTG Nordic Transport Group A/S' operations and financial conditions, the results for the period, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that NTG Nordic Transport Group A/S faces.

Hvidovre, 18 November 2020

### Executive Board

Michael Larsen  
Group CEO

Christian D. Jakobsen  
Group CFO

### Board of Directors

Eivind Kolding  
Chairman of the board

Jørgen Hansen  
Vice chairman of the board

Finn Skovbo Pedersen  
Board member

Carsten Krogsgaard Thomsen  
Board member

Ulrik Ross  
Board member

Jesper Præstengaard  
Board member

Karen-Marie Katholm  
Board member

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