

Consolidated Interim Report 2020 H1 – NTG Nordic Transport Group



2020 H1 highlights:

- First six months of 2020 were impacted by the COVID-19 pandemic, resulting in organic growth including start-ups of negative 5.5% compared to H1 2019
- Operating margin increased from 3.7% in H1 2019 to 4.0% in H1 2020, mainly driven by road companies in the Nordic region
- Guidance for the year published on 5 August 2020 is maintained: Net revenue of DKK 5,000-5,400 million and adj. EBIT of DKK 200-230 million

Selected financial information

For the period 1 January 2020 to 30 June 2020

<u>(DKK '000)</u>	<u>2020 Q2</u>	<u>2019 Q2</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Net revenue	1,234,066	1,326,310	2,544,623	2,603,177
Gross profit	295,444	268,212	570,831	525,323
Adj. EBIT	56,139	51,173	101,072	97,011
Operating margin	4.5%	3.9%	4.0%	3.7%
Conversion ratio	19.0%	19.1%	17.7%	18.5%
Profit for the period	25,972	16,045	47,358	40,260

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 Q2	2019 Q2	2020 YTD	2019 YTD
Net revenue	1,234,066	1,326,310	2,544,623	2,603,177
Gross profit	295,444	268,212	570,831	525,323
Operating profit before amortisation, depreciation and special items (adj. EBITDA)	98,534	81,302	184,263	160,358
Operating profit before special items (adj. EBIT)	56,139	51,173	101,072	97,011
Special items, net	-4,482	-11,809	-4,482	-13,565
Net financial items	-10,230	-12,660	-21,901	-22,589
Profit for the period	25,972	16,045	47,358	40,260
Earnings per share (DKK)	1.16	1.08	2.11	1.65

Cash flow statement (DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Operating activities	180,481	99,775	256,336	103,156
Investing activities	4,929	9,716	-102,716	-22,324
Free cash flow	185,410	109,491	153,620	80,832
Financing activities	-68,630	-24,815	-121,789	-96,492
Cash flow for the period	116,780	84,676	31,831	-15,660

Balance sheet (DKK '000)	30/06-2020	30/06-2019
Additions to property, plant and equipment (excl. IFRS 16)	1,983	3,773
Balance sheet total	2,196,540	2,062,143
Net working capital	-208,911	-109,097
Net interest-bearing debt	447,632	485,257
Net interest-bearing debt, excluding IFRS 16	-164,200	-106,286
NTG A/S' shareholders' share of equity	269,015	165,367
Non-controlling interests	58,137	55,977

Financial ratios (DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Gross margin	23.9%	20.2%	22.4%	20.2%
Operating margin	4.5%	3.9%	4.0%	3.7%
Conversion ratio	19.0%	19.1%	17.7%	18.5%
Return on equity			15.4%	21.6%
Solvency ratio			14.9%	10.7%

Employees	2020 YTD	2019 YTD
Average number of employees	1,468	1,343

Management Report

The first six months of 2020 were defined by the COVID-19 pandemic and the lockdown measures introduced globally to curb the rate of infections.

Net revenue for H1 2020 decreased 2.3% compared to H1 2019. Organic growth including start-ups was negative 5.5% and acquired growth was 3.2%, driven by the acquisition of Ebrex.

Gross margin increased to 22.4% for H1 2020 compared to 20.2% for H1 2019.

Adj. EBIT for the first six months of 2020 was DKK 101.1 million compared to DKK 97.0 million for the same period last year. The operating margin increased from 3.7% in H1 2019 to 4.0% in H1 2020 driven by strong performance in the Road & Logistics division and cost saving initiatives.

The Road & Logistics division's results in H1 2020 were positively impacted by the acquisition of Ebrex, strong performance in the Nordic region towards the end of the second quarter, as well as the turnaround and divestment of certain loss-making activities in Central Europe. Adj. EBIT increased from DKK 83.2 million for H1 2019 to DKK 99.1 million for H1 2020, corresponding to an operating margin of 4.1% and 4.9%, respectively.

The Air & Ocean division was negatively impacted by adverse market conditions with severe impact on volumes and available freight capacity throughout the first half of 2020. Adj. EBIT decreased to DKK 1.8 million in H1 2020 compared to DKK 11.3 million in

H1 2019, corresponding to an operating margin of 0.4% and 2.0%, respectively.

Net working capital was negative DKK 208.9 million as of 30 June 2020 as a result of continued strict focus on working capital. The significant reduction in working capital was further supported by deferred payments of public debts enabled by public support programs in certain countries.

Adjusted free cash flow amounted to DKK 85.0 million in H1 2020 compared to DKK 41.7 million in H1 2019 as a result of a strong cash flow from operating activities in Q2 2020. The results for the first half of the year reiterate the merits of NTG's asset-light business model and cash generating ability despite toughened market conditions.

Minorities' share of adj. EBIT was 12.6% in H1 2020. For the full year 2020, we estimate minorities' share of adj. EBIT around 10%, primarily due to the acquisition of the remaining shares in Ebrex in July 2020.

Pursuant to Mikkel Fruergaard's resignation, the Company's warrant program has been reduced and some minor adjustments have been implemented. This will be reflected in appendix one to the Company's articles of association.

COVID-19

The pandemic continued to impact cargo volumes and trade patterns negatively in Q2 2020 and activity remained below pre-pandemic levels.

NTG continued to be fully operational throughout the first six months of 2020 while strictly adhering to health and safety guidelines from local authorities.

In response to the changing market conditions, we introduced cost savings in both divisions. Permanent and temporary cost savings accounted for approximately DKK 4 million and DKK 7 million, respectively, in H1 2020. In addition, public support programs in certain countries had a positive impact on adj. EBIT of approximately DKK 7 million for the first six months of 2020, partially offsetting the dampened activity level for the period.

As lockdown measures were gradually lifted towards the end of the second quarter, we experienced an improvement of the market conditions that exceeded our previous expectations for the pace of the recovery.

We continue to monitor the development and evaluate if further cost savings are required to maintain profitable operations while safeguarding the ability to serve customers and capture market shares as activity gradually picks up.

As of 30 June 2020, NTG had a negative net interest-bearing debt (net cash) of DKK 164.2 million excluding IFRS 16. In addition, NTG had undrawn committed credit facilities of DKK 150 million. The solid financial position adds to NTG's flexibility to meet additional uncertainties that COVID-19 may impose in H2 2020.

Management Report, continued

Integration of Ebrex

Ebrex, a European specialist in road freight forwarding, supply chain solutions and warehousing, was acquired on 27 February 2020. Ebrex contributed to NTG's H1 2020 with DKK 83.9 million on revenue and DKK 10.4 million on adj. EBIT.

The Ebrex integration is progressing according to plan with synergies of approximately EUR 1.5 million expected with full effect from Q2 2021. Integration costs of DKK 4.5 million related to restructuring were charged under special items in Q2 2020. No integration costs were charged in Q1 2020.

After the reporting period, NTG acquired the remaining 15% of the shares in Ebrex on 7 July 2020. The new shares were issued at the same valuation as the acquisition of the initial 85% of the shares in Ebrex. For further information, reference is made to note 8.

Gondrand

In April 2018, NTG completed the acquisition of the Swiss-based Gondrand Group, a loss-making group with an attractive footprint that expanded NTG's presence in multiple geographies.

The restructuring continues, but has been curbed by the challenging market conditions in H1 2020. The majority of the Gondrand activities are within air- and ocean freight as well as customs handling, and these markets have been hit particularly hard. For H1 2020 the former Gondrand activities contributed negatively

to adj. EBIT with approximately DKK 6 million excluding divested activities and restructuring costs. At the beginning of 2020 NTG expected the Gondrand activities to reach break-even for the year, but under the given market conditions, this is no longer feasible. Restructuring initiatives have been implemented in the former Gondrand entities in Germany during the period, including reorganisation of activities and headcount reductions. Restructuring costs are included in adj. EBIT for the period.

Outlook

Despite the impact of the global economic slowdown on the transportation industry, NTG's business picked up faster than anticipated by the end of Q2 2020. The positive momentum continued into July, indicating a financial performance for 2020 above previous expectations. Based on current results and recent market developments, we updated our guidance for the full year on 5 August 2020. We maintain this guidance, and for the full year 2020 we expect to achieve a net revenue of DKK 5,000-5,400 million and adj. EBIT of DKK 200-230 million.

Due to the dynamic and unpredictable development of the COVID-19 situation and its effects on volumes and freight rates, our financial guidance is still subject to a high degree of uncertainty. The guidance is based on the assumption of continued gradual improvements of market conditions during the second half of 2020 with no new material adverse events affecting global cargo volumes and trade patterns.



Road & Logistics

The COVID-19 pandemic started to affect road transportation in Europe during March 2020 as lockdowns resulted in production halts and rapidly weakening demand for transportation services.

In the second half of May, the Road & Logistics division began to experience early signs of recovery as lockdown restrictions were gradually eased and societies started to reopen. The positive development accelerated in June, and the financial results for the month were significantly above those of last year.

Net revenue

For the first six months of 2020, the Road & Logistics division achieved a net revenue of DKK 2,043.0 million, compared to DKK 2,039.5 million for H1 2019. Total growth for the period was 0.2%, composed of negative 3.9% organic growth and acquired growth of 4.1%.

The negative organic growth was driven by declining activity across sectors (-1.6%) and the close-down, divestment or restructuring of non-performing activities in Germany, Italy, and Czech Republic (-2.3%).

Gross profit

Gross profit for H1 2020 was DKK 444.7 million, compared to DKK 380.6 million for H1 2019.

Gross margin increased to 21.8% for H1 2020 compared to 18.7% for H1 2019, positively impacted

SELECTED FINANCIAL INFORMATION

(DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Net revenue (external)	975,193	1,020,650	2,042,963	2,039,507
Gross profit	232,552	195,525	444,731	380,646
Adj. EBIT	52,610	42,300	99,106	83,165
Operating margin	5.4%	4.1%	4.9%	4.1%
Conversion ratio	22.6%	21.6%	22.3%	21.8%

by a larger share of logistic activities in Ebrex and lower direct costs, primarily in the Nordic subsidiaries.

Operating profit before special items (adj. EBIT)

Adj. EBIT for H1 2020 was DKK 99.1 million, an increase of DKK 15.9 million compared to H1 2019. The organic increase was DKK 5.5 million while Ebrex (included from March) contributed DKK 10.4 million.

Operating margin for H1 2020 increased to 4.9% compared to 4.1% in H1 2019. The development was primarily driven by strong results in Q2, where the division realised an operating margin of 5.4% due to a lower cost base in certain Nordic subsidiaries, the margin-accretive acquisition of Ebrex and the close-down, divestment or restructuring of non-performing activities. In addition, profitability was positively impacted by unexpected opportunities resulting from the unusual market situation. The effects were partially offset by one-off restructuring costs in Germany.



Air & Ocean

The Air & Ocean division continued to experience tough market conditions throughout Q2 2020 as available freight capacity and volumes continued to be below pre-pandemic levels. The Air & Ocean division is still in a build-up phase and the ability to benefit from the highly unusual market conditions did not fully offset the effects of the activity slowdown during the period.

Cost savings introduced in Q1 2020 were fully implemented during the second quarter in response to declining freight capacity and exports from China and the initial lockdown provisions in Europe, contributing positively to the division's adj. EBIT for H1 2020.

Net revenue

For the first six months of 2020, the Air & Ocean division achieved a net revenue of DKK 501.4 million, compared to DKK 563.7 million for H1 2019. Total growth for the period was negative 11.0%, composed of negative 11.1% organic growth and acquired growth of 0.1%.

The negative organic growth was driven by the activity slowdown (-14.7%) and the close-down of non-performing activities in Italy (-3.2%). Impact from new start-ups primarily in the United States had a partially offsetting effect on organic growth for the period (+6.8%).

SELECTED FINANCIAL INFORMATION

(DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Net revenue (external)	258,811	305,189	501,439	563,657
Gross profit	62,853	79,026	125,929	144,646
Adj. EBIT	2,195	6,142	1,849	11,318
Operating margin	0.8%	2.0%	0.4%	2.0%
Conversion ratio	3.5%	7.8%	1.5%	7.8%

Gross profit

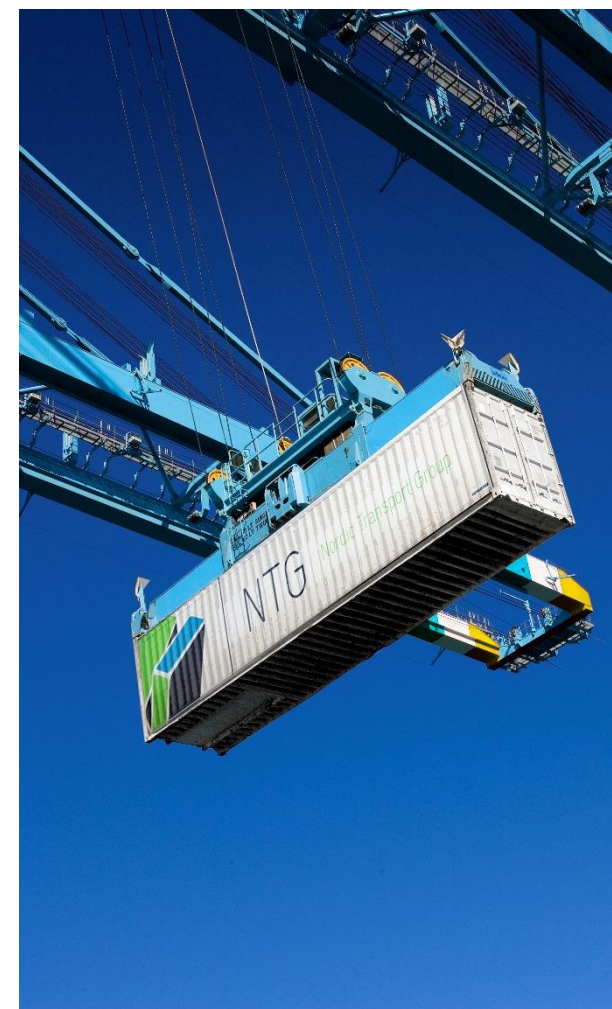
Gross profit for H1 2020 was DKK 125.9 million, compared to DKK 144.6 million for H1 2019.

Gross margin decreased slightly to 25.1% for H1 2020 compared to 25.7% for H1 2019 due to product mix effects.

Operating profit before special items (adj. EBIT)

Adj. EBIT for H1 2020 was DKK 1.8 million, a decrease of DKK 9.5 million compared to H1 2019.

Operating margin for H1 2020 decreased to 0.4% compared to 2.0% in H1 2019. Strong performance in the United States, divestment of non-performing activities, public grants and cost saving initiatives had a positive impact on the division's performance in H1 2020.



Interim financial statements

INCOME STATEMENT

(DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Net revenue	1,234,066	1,326,310	2,544,623	2,603,177
Direct costs	-938,622	-1,058,098	-1,973,792	-2,077,854
Gross profit	295,444	268,212	570,831	525,323
Other external expenses	-50,428	-49,292	-98,157	-97,484
Staff costs	-146,482	-137,618	-288,411	-267,481
Operating profit before amortisation, depreciation and special items (adj. EBITDA)	98,534	81,302	184,263	160,358
Amortisation and depreciation of intangible and tangible fixed assets	-42,395	-30,129	-83,191	-63,347
Operating profit before special items (adj. EBIT)	56,139	51,173	101,072	97,011
Special items, net	-4,482	-11,809	-4,482	-13,565
Financial income	1,120	117	1,939	1,071
Financial costs, other	-11,350	-12,777	-23,840	-23,660
Profit before tax	41,427	26,704	74,689	60,857
Tax on profit for the period	-15,455	-10,659	-27,331	-20,597
Profit for the period	25,972	16,045	47,358	40,260
Attributable to:				
Shareholders in NTG A/S	20,481	17,160	38,286	25,140
Non-controlling interests	5,491	-1,115	9,072	15,120
Earnings per share				
Earnings per share (DKK)	1.16	1.08	2.11	1.65

STATEMENT OF OTHER COMPREHENSIVE INCOME

(DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Profit for the period	25,972	16,045	47,358	40,260
<i>Items that may be reclassified to the income statement:</i>				
Foreign exchange adjustments of subsidiaries	6,541	-237	-782	-844
<i>Items will not be reclassified to the income statement:</i>				
Actuarial adjustments on retirement benefit obligations	-7,404	-9,721	4,683	-15,864
Tax relating to items that will not be reclassified	0	0	0	0
Other comprehensive income	-863	-9,958	3,901	-16,708
Total comprehensive income	25,109	6,087	51,259	23,552
Attributable to:				
Shareholders in NTG A/S	19,089	6,954	42,110	8,691
Non-controlling interests	6,020	-867	9,149	14,861

CASH FLOW STATEMENT

(DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Operating profit before special items	56,139	51,173	101,072	97,011
Amortisation and depreciation	42,395	30,129	83,191	63,347
Share-based payments	287	0	287	0
Change in working capital etc.	88,156	83,299	95,934	33,328
Change in provisions	13,205	-8,233	12,371	-10,283
Financial income received	1,120	117	1,939	1,071
Interest paid on leasing contracts	-7,855	-7,874	-15,668	-15,746
Other financial expenses paid	-3,495	-6,091	-8,172	-10,288
Corporation taxes paid	-4,989	-30,936	-10,136	-41,719
Special items	-4,482	-11,809	-4,482	-13,565
Cash flow from operating activities	180,481	99,775	256,336	103,156
Purchase of intangible assets	-1,621	0	-1,859	-978
Purchase of property, plant and equipment	-1,856	-304	-1,983	-3,773
Disposal of tangible assets	0	9,313	379	9,313
Acquisition of business activities	0	0	-102,757	-27,689
Changes in other financial assets	8,406	707	3,504	803
Cash flow from investing activities	4,929	9,716	-102,716	-22,324
Free cash flow	185,410	109,491	153,620	80,832

CASH FLOW STATEMENT, continued

(DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Repayment of lease liabilities	-38,964	-26,362	-73,097	-52,713
Repayments of other financial liabilities	-8,109	12,017	-26,419	-33,661
<i>Shareholders and non-controlling interests</i>				
Purchase of treasury shares	-12,947	0	-12,947	0
Dividends paid to non-controlling interests	-9,100	-9,991	-9,100	-9,991
Acquisition of shares from non-controlling interests	-433	0	-1,144	0
Disposal of shares to non-controlling interests	923	-479	918	-127
Cash flow from financing activities	-68,630	-24,815	-121,789	-96,492
Cash flow for the period	116,780	84,676	31,831	-15,660
Cash and cash equivalents at beginning of period	87,948	56,950	180,220	157,988
Cash flow for the period	116,780	84,676	31,831	-15,660
Currency translation adjustments	5,549	-141	-1,774	-843
Cash and cash equivalents at 30 June	210,277	141,485	210,277	141,485
Statement of adjusted free cash flow				
Free cash flow	185,410	109,491	153,620	80,832
Special items	4,482	11,809	4,482	13,565
Repayment of lease liabilities reversed	-38,964	-26,362	-73,097	-52,713
Adjusted free cash flow	150,928	94,938	85,005	41,684

BALANCE SHEET, assets

(DKK '000)	30/06-2020	31/12-2019	30/06-2019
Intangible assets	466,327	389,750	398,266
Property, plant and equipment	94,369	75,232	49,232
Right-of-use assets	553,269	518,715	544,310
Other receivables	15,101	6,153	8,103
Deferred tax assets	6,656	4,988	6,768
Total non-current assets	1,135,722	994,838	1,006,679
Trade receivables	765,094	769,766	838,347
Other receivables	83,911	82,503	75,634
Cash and cash equivalents	210,277	180,220	141,483
Corporation tax	1,536	2,254	0
Total current assets	1,060,818	1,034,743	1,055,464
Total assets	2,196,540	2,029,581	2,062,143

BALANCE SHEET, equity and liabilities

(DKK '000)	30/06-2020	31/12-2019	30/06-2019
Share capital	448,548	448,548	758
Reserves	-179,533	-208,129	164,609
NTG A/S shareholders' share of equity	269,015	240,419	165,367
Non-controlling interests	58,137	48,020	55,977
Total equity	327,152	288,439	221,344
Deferred tax liabilities	4,026	2,651	2,840
Pensions and similar obligations	147,328	152,869	150,198
Provisions	673	2,909	37,943
Financial liabilities	24,592	36,107	18,392
Lease liabilities	482,319	455,410	479,196
Total non-current liabilities	658,938	649,946	688,569
Provisions	63,532	42,614	58,958
Financial liabilities	21,485	17,246	16,805
Lease liabilities	129,513	119,920	112,347
Trade payables	770,917	776,264	819,539
Other payables	200,223	127,495	125,289
Corporation tax	24,780	7,657	19,292
Total current liabilities	1,210,450	1,091,196	1,152,230
Total liabilities	1,869,388	1,741,142	1,840,779
Total equity and liabilities	2,196,540	2,029,581	2,062,143

STATEMENT OF CHANGES IN EQUITY – 1 January – 30 June 2020

(DKK '000)	Share capital	Translation reserve	Retained earnings	NTG A/S shareholder's share of equity	Non-controlling interests	Total equity
Equity at 1 January	448,548	-7,449	-200,680	240,419	48,020	288,439
Profit for the period		0	38,286	38,286	9,072	47,358
Net exchange differences recognised in OCI	0	-859	0	-859	77	-782
Actuarial gains/(losses)	0	0	4,683	4,683	0	4,683
Tax on other comprehensive income	0	0	0	0	0	0
Other comprehensive income, net of tax	0	-859	4,683	3,824	77	3,901
Total comprehensive income for the period	0	-859	42,969	42,110	9,149	51,259
<i>Transactions with shareholders:</i>						
Share-based payments	0	0	287	287	0	287
Dividends distributed	0	0	0	0	-9,100	-9,100
Purchase of treasury shares	0	0	-12,947	-12,947	0	-12,947
Addition of non-controlling interests	0	0	0	0	9,440	9,440
Acquisition of shares from non-controlling interests	0	0	-267	-267	-877	-1,144
Disposal of shares to non-controlling interests	0	0	-587	-587	1,505	918
Total transactions with owners	0	0	-13,514	-13,514	968	-12,546
Equity at 30 June	448,548	-8,308	-171,225	269,015	58,137	327,152

STATEMENT OF CHANGES IN EQUITY – 1 January – 30 June 2019

(DKK '000)	Share capital	Share premium	Translation reserve	Retained earnings	NTG A/S shareholder's share of equity	Non-controlling interests	Total equity
Equity at 1 January	526	0	-6,038	119,521	114,009	93,898	207,907
Profit for the period	0	0	0	25,140	25,140	15,120	40,260
Net exchange differences recognized in OCI	0	0	-585	0	-585	-259	-844
Actuarial gains/(losses)	0	0	0	-15,864	-15,864	0	-15,864
Other comprehensive income, net of tax	0	0	-585	-15,864	-16,449	-259	-16,708
Total comprehensive income for the period	0	0	-585	9,276	8,691	14,861	23,552
<i>Transactions with shareholders:</i>							
Dividends distributed	0	0	0	0	0	-9,988	-9,988
Disposal of non-controlling interests	232	42,435	0	0	42,667	-42,794	-127
Other adjustments	0	-42,435	0	42,435	0	0	0
Total transactions with owners	232	0	0	42,435	42,667	-52,782	-10,115
Equity at 30 June	758	0	-6,623	171,232	165,367	55,977	221,344

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 Q2	2019 Q2	2020 Q2	2019 Q2	2020 Q2	2019 Q2	2020 Q2	2019 Q2
Segment revenue	978,790	1,025,855	260,074	305,835	139	497	1,239,003	1,332,187
Revenue (between segments)	-3,597	-5,205	-1,263	-646	-77	-26	-4,937	-5,877
Revenue (external)	975,193	1,020,650	258,811	305,189	62	471	1,234,066	1,326,310
Gross Profit	232,552	195,525	62,853	79,026	39	-6,339	295,445	268,212
Amortisation and depreciation	-38,264	-26,950	-3,374	-2,437	-739	-742	-42,377	-30,129
Operating profit before special items (adj. EBIT)	52,610	42,300	2,195	6,142	1,334	2,731	56,139	51,173

(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	2,051,922	2,050,548	503,982	564,880	359	114	2,556,263	2,615,542
Revenue (between segments)	-8,959	-11,041	-2,543	-1,223	-138	-101	-11,640	-12,365
Revenue (external)	2,042,963	2,039,507	501,439	563,657	221	13	2,544,623	2,603,177
Gross Profit	444,731	380,646	125,929	144,646	171	31	570,831	525,323
Amortisation and depreciation	-74,886	-57,582	-6,938	-4,536	-1,349	-1,229	-83,173	-63,347
Operating profit before special items (adj. EBIT)	99,106	83,165	1,849	11,318	117	2,528	101,072	97,011

Note 2, continued

Revenue (DKK '000)	2020 Q2	2019 Q2	2020 YTD	2019 YTD
Denmark	445,044	449,689	920,549	941,808
Sweden	227,755	206,637	451,756	408,171
Germany	136,357	174,498	281,457	368,760
Finland	97,756	139,285	223,474	267,564
Other countries	327,154	356,201	667,387	616,874
Total	1,234,066	1,326,310	2,544,623	2,603,177

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	10,462	42,765	53,227
Disposals during the period	0	-2,395	-2,395
Depreciation for the period	-29,372	-48,657	-78,029
Foreign currency translation	-886	-122	-1,008
Carrying amount at 30 June 2020	338,020	215,249	553,269

Note 4 – Acquisition and disposal of entities

Acquisition during the year – Ebrex Business Solutions

On 27 February 2020, the Group 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 111.5 million and a loan of DKK 5.2 million for settlement during 2020.

Adjusted for the fair value of acquired cash and cash equivalents of DKK 8,741 thousand, the net cash flow amounted to DKK 102,757 thousand (outflow).

During the period after the acquisition date, Ebrex Group contributed with DKK 10,560 thousand to the Group's adj. EBIT and DKK 8,526 thousand to the result after tax.

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 Nordic Transport Group's existing infrastructure and network. Goodwill is non-deductible for tax purposes.

(DKK '000)	Fair values at date of acquisition
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
Total Assets	186,518

(DKK '000)	Fair values at date of acquisition
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
Total liabilities	133,142
Non-controlling interests' share of acquired net assets	9,440
Acquired net assets	43,936
Fair value of total consideration	116,728
Goodwill and intangible assets arising from the acquisition	72,792

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	21	101
Purchase of other services from related parties	-2,319	-5,318
Rent and leasing from related parties	-8,812	-8,679
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 Q2	2019 Q2	2020 YTD	2019 YTD
Profit for the period, shareholders in NTG A/S (DKK '000)	25,972	16,045	47,358	24,215
Average number of shares ('000 shares)	22,427	14,854	22,427	14,709
Average number of treasury shares ('000 shares)	-47	0	-33	0
Average number of shares in circulation ('000 shares)	22,380	14,854	22,394	14,709
Earnings per share, EPS for the period	1.16	1.08	2.11	1.65

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%	1,777
Purchase of shares	170,629	3,412	0.76%	16,312
Treasury shares 30 June	189,219	3,784	0.84%	18,089

Note 8 – Events after the balance sheet date*Share swap with EBREX*

On 7 July 2020, NTG Nordic Transport Group increased the share capital by nominally DKK 4,444,600 (222,030 shares of DKK 20) at a share price 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 capital of NTG Nordic Transport Group A/S is hereafter nominally DKK 452,988,120 distributed in to 22,649,406 shares of DKK 20 each.

If the capital increase and contribution of the remaining 15 % of the shares in Ebrex had been carried out before the end of the reporting period, net profit allocated to NTG Nordic Transport Group A/S’ shareholders would have been DKK 1.2 million higher in H1 2020.

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 June 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 June 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 June 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, 19 August 2020

Executive Board

Michael Larsen
Group CEO

Jesper E. Petersen
CEO Road & Logistics

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

Peter Grubert
Board member

Ulrik Ross
Board member

Jesper Præstensgaard
Board member

Karen-Marie Katholm
Board member

Carsten Krogsgaard Thomsen
Board member