Delivering
through distance

NTG Nordic Transport Group
2020 annual report
CVR. no. 12546106

NTG
Nordic Transport Group

Table of contents

Management report

Financial statements

Forward-looking statements

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 A/S 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.

Letter to our stakeholders

2020 has been a successful year for NTG despite global challenges surrounding the COVID-19 pandemic. We managed to pull through the uncertainties and are proud to present a record adj. EBIT of DKK 260.7 million in NTG's first full year as a public company.

Uncertainty was a significant concern during 2020. While some industries saw the direct negative impact of the spreading pandemic early on, the freight forwarding market opened up to new opportunities, which were seized by our entrepreneurial organization.

Our Group Management Team was strengthened with Michael Larsen as new Group CEO, Peter Grubert as Executive Vice President and announcement of Søren Holck Pape as divisional CEO for the Air & Ocean division. Including Group CFO Christian D. Jakobsen and CEO for Road & Logistics Jesper E. Petersen, we have now set a strong leadership for the future.

To provide the best platform for NTG's continued profitable development, certain non-performing business areas were restructured or closed down in 2020. Combined with the effects of COVID-19 during periods of extensive lockdowns, we experienced a negative organic growth for the first time in NTG's history. With the global economy expected to return to normal in near future and integration of recent acquisitions, we continue to believe in our ability to meet mid-term targets of double-digit annual revenue growth.

Towards the end of 2020, NTG completed the acquisition of two companies; Saga Trans in Norway and Transbros in Finland, whereas a new acquisition, Cargorange, was closed in January 2021. Together with Ebrex acquired at the beginning of 2020, a total of 4 new acquisitions were made over a 12-month period. Ebrex is close to being fully integrated into NTG's existing platform, and the integration of Saga Trans, TB International and Cargorange is well underway.

Finally, we would like to extend our gratitude to our employees, partners and other stakeholders who contribute to NTG's continued success.

Yours sincerely,

Eivind Kolding,
Chairman of the Board

Michael Larsen,
Group CEO

Eivind Kolding, Chairman of the Board

Michael Larsen, Group CEO

Financial Highlights 2020

Income statement (DKKm)	2020	2019	2018	2017	2016*
Net revenue	5,332.2	5,332.0	4,512.1	2,896.2	2,134.5
Gross profit	1,238.4	1.086.5	876.6	546.0	402.5
Operating profit before amortizations, depreciations and special items (adj. EBITDA)	429.3	344.6	196.8	160.3	106.3
Operating profit before special items (adj. EBIT)	260.7	208.0	189.2	157.6	101.3
Special items, net	-5.4	-104.2	-17.6	-1.2	0.0
Net financial items	-45.3	-49.3	-14.8	-7.7	-2.7
Profit for the year	148.8	8.3	111.5	111.5	73.8
Earnings per share (DKK)	5.61	-0.64	N/A	N/A	N/A

Cash flow statement (DKKm)	2020	2019	2018	2017	2016*
Operating activities	463.3	201.5	117.4	82.8	105.1
Investing activities	-158.5	-52.3	-19.6	-36.5	-11.9
Free cash flow	304.8	149.2	97.7	46.2	93.2
Adjusted free cash flow	314.2	110.0	115.3	78.3	101.7
Financing activities	-248.8	-126.7	-108.9	-47.7	-26.9
Cash flow for the year	56.0	22.5	-11.1	-1.5	66.3

* Figures are presented according to Danish GAAP (Årsregnskabsloven).
** Presented 2018 figures for net interest-bearing debt and invested capital includes, respectively, DKK 583.1 million on lease liabilities and DKK 540.0 million on right-of-use assets following implementation of IFRS 16 in 2019.
Refer to the Group's 2019 Annual Report, note 1.1 for further description of the change in accounting practice related to implementation of IFRS 16 in 2019.
*** ROIC before tax is calculated using invested capital including right-of-use assets. The ratio is not presented before 2019, as figures will not be comparable following the material effects caused by implementation of IFRS 16 in 2019

Balance sheet statement (DKKm)	2020	2019	2018	2017	2016*
Additions to property, plant and equipment (excl. IFRS 16)	4.8	37.3	17.8	17.7	1.2
Balance sheet total	2,328.2	2,029.6	1,373.3	771.4	558.2
Net working capital	-208.1	-99.5	-97.8	-35.1	-91.7
Net interest-bearing debt**	420.4	448.4	493.6		
Net interest-bearing debt excluding IFRS 16	-196.2	-126.9	-89.5	-96.5	-111.2
Invested capital**	794.0	728.3	647.8		
NTG Nordic Transport Group A/S' shareholders' share of equity	332.3	240.4	114.0	91.9	38.9
Non-controlling interests	60.7	48.0	93.9	65.7	36.7

Financial ratios	2020	2019	2018	2017	2016*
Gross margin	23.2%	20.4%	19.4%	18.9%	18.9%
Operating margin	4.9%	3.9%	4.2%	5.4%	4.7%
Conversion ratio	21.1%	19.1%	21.6%	28.9%	25.2%
ROIC before tax***	34.3%	30.2%			
Return on equity	43.7%	3.4%	61.0%	95.6%	136.0%
Solvency ratio	16.9%	14.2%	15.1%	20.4%	13.5%
Leverage ratio	0.98	1.30			

Employees	2020	2019	2018	2017	2016*
Average number of employees	1,482	1,380	1,349	734	509

NTG at a glance

We specialize in arranging and overseeing the transportation of cargo throughout Europe and the rest of the world by truck, ship, and aircraft. We contract services on behalf of customers but subcontract the actual transportation to third-party suppliers.

Freight forwarding is a people's business, and our employees are central to everything we do. That is why our business model is rooted in the empowerment of employees, decentralization of operations, and cooperation across entities.

We are

founded on a mindset of empowering employees to take ownership of the work they perform, by delegating authority and decision-making, and by establishing a direct link between performance and remuneration.

~70 subsidiaries

with operational activity, each covering a specific geographical or operational area of expertise, and with locally anchored setups to stay close to customers and monitor markets in real time.

~1,500 employees

who embody NTG in everything we do. We rely on employees with profound insights into the conditions, language, and culture of each country to offer customers the best solution – every time.

23 countries

with operations and more than 100 offices with specialists offering road, logistics, air, or ocean freight forwarding services throughout Europe and the rest of the world.

+180 partners

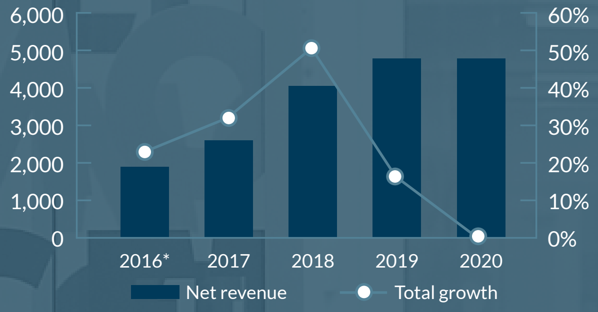
with share-based incentives through minority ownership in local subsidiaries or shares in NTG, obtained through a swap of minority shares in local subsidiaries.

One from many

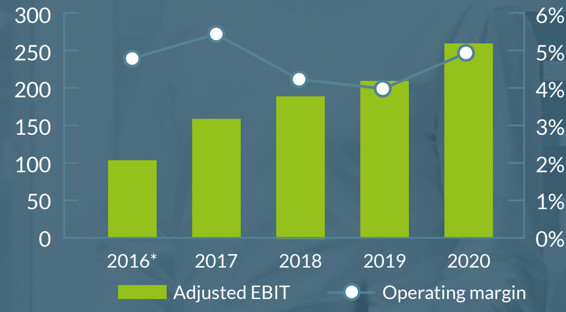
working in unison to serve customers across segments and to gain scale. By collaborating individually and together, we strive to be customers' preferred choice.

Performance highlights

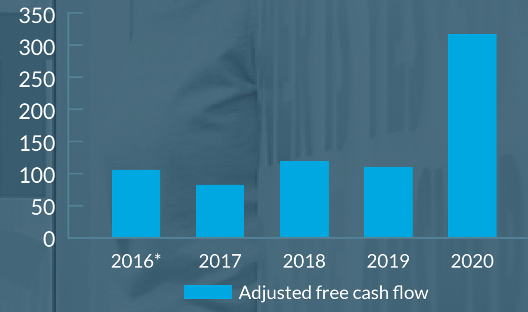
Net revenue (DKKm)



Adjusted EBIT (DKKm)



Adjusted free cash flow (DKKm)



5,332.2 DKK million
Net revenue

0.0%
Total growth

- COVID-19 took its toll on organic growth in 2020, however offset by the effect of acquisitions completed during the year.
- Revenue impacted negatively by divisional overhauls leading to the close-down, divestment, or restructuring of non-performing activities.
- Start-ups established during the year contributed positively to organic growth.

260.7 DKK million
Adjusted EBIT

4.9%
Operating margin

- Despite the turbulence and elevated levels of uncertainty in 2020, we delivered a record-high adjusted EBIT.
- Results were mainly driven by strong performance in the Road & Logistics division.
- Reduced cost base and restructuring, close-down, or divestment of non-performing activities contributed to the margin uptick.

314.2 DKK million
Adjusted free cash flow

-196.2 DKK million
Net interest-bearing debt (excluding IFRS 16)

- Adjusted free cash flow increased 185.5% in 2020.
- Development mainly driven by an increase in adjusted EBIT, further improvement of NWC, and lower special item expenses.
- Net interest-bearing debt including IFRS 16 of DKK 420.4 million, corresponding to a leverage ratio of 1.0x EBITDA before special items.

Geographical footprint

Road & Logistics

15 countries
42 subsidiaries*
Key figures (% of total & DKK million):

Air & Ocean

18 countries
28 subsidiaries*
Key figures (% of total & DKK million):

* Including two subsidiaries with activities in each division.

Denmark

12 subsidiaries

Net revenue:
DKK 1,905 million

36%
of Group net revenue

Sweden

7 subsidiaries

Net revenue:
DKK 930 million

17%
of Group net revenue

Finland

3 subsidiaries

Net revenue:
DKK 502 million

9%
of Group net revenue

Germany

6 subsidiaries

Net revenue:
DKK 572 million

11%
of Group net revenue

Other countries

40 subsidiaries

Net revenue:
DKK 1,424 million

27%
of Group net revenue

Key events in 2020

Q1

January
NTG Air & Ocean ORD is established in Chicago, Illinois, as the fourth start-up in the US.

February
Closing of the acquisition of Ebrex.

NTG Ebrex
Nordic Transport Group

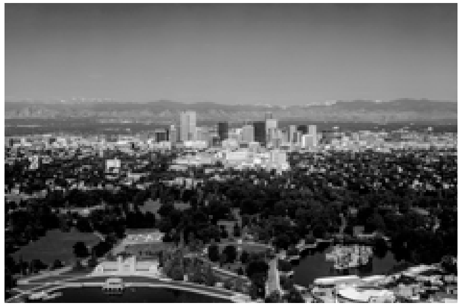
February
NTG Road UK is established as a start-up in Aldridge, England. The road activities of DAP UK are transferred to the new company.

March
Michael Larsen, the co-founder and former CEO of the first and largest subsidiary in NTG, and former member of the Board of Directors of NTG, is appointed as Group CEO.

Q2

April
NTG Road Norway AS is established as a start-up near Oslo, Norway.

Q3



July

NTG acquires the remaining 15% of the shares in Ebrex.

July

NTG Air & Ocean DEN is established in Denver, Colorado, as the fifth start-up in the US.

September

Peter Grubert appointed as Executive Vice President and simultaneously resigned from his position in the Board of Directors.

Q4

October

NTG finalises the restructuring and consolidation of the German activities.

October

NTG Ebrex UK, a subsidiary in the Road & Logistics division, establishes a customs brokerage department in the UK.

November

Søren Holck Pape is appointed as CEO of the Air & Ocean division.

November

NTG Road Norway acquires Saga Trans, a specialist in road freight forwarding between Italy and Norway.

December

NTG Polar Road in Finland acquires TB International, a specialist in cross-border transportation between Finland and Western Europe.

Management Commentary

AN EVENTFUL YEAR

2020 was a year like no other. The resilience and adaptability of our business model and organization came to a test, and the unprecedented velocity of change called for new ways of working together, remotely.

As COVID-19 cases surged in early 2020 and the severity and speed of transmission became apparent, the path to recovery was unclear. We immediately implemented precautionary measures on all sites, including the expansion of possibilities for home workplaces, separation of teams and individuals as well as cancellation of non-vital travelling activities and physical meetings.

As the second wave of infections hit in late 2020, prompting governments to reintroduce lockdowns, the global economies were still reeling. At the time, we had adapted to the situation and operated as close to normal as possible under all precautionary principles.

We are proud to say that all our locations continued to be fully operational throughout the year while strictly adhering to the health and safety guidelines from local authorities. All subsidiaries managed to keep the wheels turning and contributed to the well-functioning of customers' value chains.

We are grateful for our dedicated and determined employees and their commitment to serving customers in times of elevated uncertainty.

The strong performance in 2020 is a result of our business model rooted in an entrepreneurial mindset, decentralization of operations, and cooperation across entities.

We firmly believe this business model is a key to success in the rapidly changing freight forwarding markets.

PREPARING FOR BREXIT

The market impact of the UK's withdrawal from the EU was immediate, and activity as well as trade patterns became notably more volatile in the period leading up to the deadline. As of 1 January 2021, significant adjustments were required for businesses to import or export to the UK.

To facilitate a seamless transition from one trade regime to another, we established a UK customs brokerage department in the Road & Logistics division that commenced operations on 1 January 2021. The department consists of specialists offering around-the-clock customs services.

STRENGTHENING THE EXECUTIVE MANAGEMENT

2020 was also a year of organizational changes.

On a corporate level, the executive management was strengthened on three occasions in 2020. Michael Larsen took office as Group CEO in May, and the executive management structure was simplified to include a single Group CEO. Michael is co-founder, partner and former CEO of NTG's first and largest subsidiary NTG Nordic.

In September and November, we welcomed two new members to the NTG Group Management team. To strengthen NTG's M&A activities, Peter Grubert joined as Executive Vice President while simultaneously resigning from his position as member of the Board of Directors of NTG, a position he held since 2014. With the announcement of Søren Holck Pape as CEO of the Air & Ocean division, the NTG Group Management team was officially complete. Based on his management experience from several positions within the industry, he will contribute to realising our ambitions for the Air & Ocean division in the future. Søren took office in January 2021.

SETTING THE SCENE FOR FUTURE GROWTH

A key priority throughout 2020 was to optimise the existing platform and set the scene for continued expansion of existing operations and entries into new markets. Every operating subsidiary of the Group was examined, and low performing entities had an extensive overhaul which, among others, resulted in the restructuring, close-down, or divestment of certain activities in Germany, Switzerland, Sweden, Estonia, Romania, Croatia, Turkey, Vietnam, and Australia.

In Germany, the integration of Ebrex and the overhaul led to a consolidation of road, logistics, air, and ocean activities in separate entities, and new country heads to oversee the operations were announced. The reinforcement of the German setup marks another step towards realising our ambitions of becoming a leading freight forwarder in Europe.

The operational changes and favourable production costs contributed to a record-high operating margin in the third and fourth quarter of the year, exceeding our medium-term targets.

With the strengthening of the organization and optimization in certain geographies, we are ready to build on our existing platforms through organic initiatives and M&A in 2021.

DIVERSIFYING INCENTIVE STRUCTURES

The incentive structures embedded in our partnership model, with co-ownership of subsidiaries together with key employees, became twofold in 2020. With the introduction of a warrant and share purchase option program in November, we secured the means for attracting, retaining, and incentivising key employees with no minority shareholdings. We will leverage both schemes in the future based on individual evaluations.

REALISING GROWTH STRATEGY

In line with the growth strategy, four new greenfield start-ups were established in 2020, including two Air & Ocean start-ups in the US, and Road & Logistics start-ups in Norway and the UK, respectively. Each start-up is based on partnerships with key employees with vast experience from the industry and local markets.

Since the inception in 2011, M&A has been placed high on the strategic agenda, and 2020 was no different.

Following closing of the acquisition of Ebrex in February 2020, the integration progressed according to plan, and we remained on track for harvesting all synergies identified at the time of the acquisition.

Two new companies were also added to the Group in 2020. The acquisition of Saga Trans in Norway and TB International in Finland increased the scale of our existing operations within each geography and added new capabilities on certain trade lanes. Both acquisitions showcase the merits of our decentralised business model with local people on the ground to support the realization of our M&A agenda.

We reiterate our commitment to the pursuit of M&A opportunities in 2021 to realise our medium-term targets for growth and profitability.

Growth strategy and financial targets

Business model

NTG's delivers freight forwarding services to customers, thereby optimizing customer's supply chains.

The end-goal is to simplify our customers' transport needs and limiting overall transport costs through cargo consolidation. NTG acts as coordinator, planner and negotiator using a network of subcontractors to carry out the physical transports. We base this on an asset-light business model, enabling us to scale according to market developments and NTG's growth.

EMPOWERMENT

We want to be customers' preferred choice for buying transport solutions. Almost 1,500 highly skilled and dedicated employees embody NTG in everything we do, and they are the greatest asset in fulfilling this objective. Therefore, the business model of NTG is based on a carefully crafted operating framework to attract, retain, and incentivise these employees. In practice this includes empowering employees to take ownership of the customers they serve, by delegating authority and decision-making, and by establishing a direct link between performance and remuneration.

DECENTRALISATION

Local knowledge is more important than ever to ensure customer loyalty in an industry characterised by a high degree of competitive intensity and rapid change. Speed of response and flexibility to adapt to changing market conditions is a prerequisite to succeed. As an international Group with offices in 23 countries, and customers and suppliers representing even more nationalities, we rely on employees with insights into local conditions, language, and culture to live up to the customers' expectations. By decentralising our operations in locally anchored subsidiaries, we stay close to customers and monitor markets in real time. In this way, we continuously adapt our service offering for the benefit of our customers.

COLLABORATION

Every subsidiary in every country is one of us – supported, guided, and motivated by a centralised management team. We make shared resources and competences available, and set out the legal, financial, and commercial standards applicable across the Group, and we facilitate collaboration across the corporate footprint. In this way, we leverage the combined size of the Group to serve customers across trade lanes and niches, realize economies of scale. We collaborate individually and together to create customer value.

Growth strategy

Our growth strategy is based on three complementary pillars with different risk-reward profiles: Organic growth, start-ups, and acquisitions. Each pillar supports the overall ambition of achieving double-digit top line growth.

The direction is consistent with previous years which led to the establishment of NTG as one of the leading players within road freight in Northern Europe and an upcoming player within global air and ocean freight.

In the Road & Logistics division, the ambition is to enhance the setup by increasing scale and profitability in our existing operations and expanding the footprint to new trade lanes across Europe.

In the Air & Ocean division, the ambition is to build on the platform established in 2016 by increasing scale in existing geographies and entering new markets across North-West Europe, the US, and China. The Air & Ocean division is still in a growth phase, and it is a key focus area to establish NTG as an incumbent player within the industry.

As we grow our corporate footprint, and the financial scale and geographical reach of each division expands, we will continue to refine the focus areas within each growth pillar on a divisional level. But our focus and commitment to growing the business will remain unchanged.

1. Organic growth

Organic growth is the core of our growth strategy, and a proof-point to the operational setup and capabilities embedded in the decentralised business model. While the day-to-day decision-making and commercial agenda are anchored locally within each subsidiary, the strategic direction and cooperation across subsidiaries are managed centrally.

To support the continued development of and growth in each subsidiary, we proactively work to disseminate knowledge and best practices, and apply core competencies across the Group. We act as a sounding board, collaborator, and coordinator to achieve the overall ambition of organic growth above that of the market.

10% organic net revenue growth on average from 2016 to 2020

2. Start-ups

Start-ups with local partners are another way to accelerate growth by establishing presence in new geographies or niches where commercial, legal, cultural, or lingual barriers would otherwise have hindered entry or imposed a greater risk on NTG.

Start-ups are established as a partnership with one or more partners with a shared ownership to incentivise and empower them to grow rapidly. Partners are typically local experts in their field of business and coupled with an asset-light business model and operating framework, start-ups become an attractive growth incubator with minimum investment requirements.

NTG offers all necessary technical and commercial frameworks, adapted to fit the requirements of each country, which enable start-ups to gain traction quickly and accelerate growth.

33 start-ups established since inception

3. Acquisitions

Acquisitions are an efficient way of adding scale, products, or a foothold in new geographies – and to accelerate growth. We benefit from a highly fragmented market with multiple candidates across scales, geographies, and niches, though we primarily pursue acquisitions of well-performing companies in Europe, China and the US.

Subject to a range of criteria being fulfilled, we may consider underperforming candidates that can be merged with existing subsidiaries in geographies with sizeable and well-performing operations.

Acquisitions will remain high on the strategic agenda in 2021.

24 acquisitions integrated since inception

2021 outlook

For the full-year 2021, we expect a net revenue of DKK 5,500-6,000 million and adjusted EBIT of DKK 300-350 million.

2021 OUTLOOK AND MEDIUM TERM FINANCIAL TARGETS

DKK million	2020 realised	2021 outlook	Medium term targets
Revenue	5,332.2	5,500-6,000	Organic growth above market growth Double digit total growth
Adjusted EBIT	260.7	300-350	Adjusted EBIT margin of 4% to 5%

Due to lower visibility than normal, the ranges in the financial expectations for net revenue and adjusted EBIT reflect an increased level of uncertainty.

In the guidance on net revenue, we have assumed a continued success in expanding our sales to existing customers while maintaining a net inflow of new customers in each division. We expect growth in the Air & Ocean division to stabilise in 2021. The guidance does not include any assumptions regarding new start-ups.

The acquisitions of Ebrex, Saga Trans, and TB International will have full-year effects in 2021. The acquisition of Cargorange will contribute with results from February 2021. The guidance only includes effects of aforementioned acquisitions.

The guidance on adjusted EBIT reflects an increase of 15-34% compared to the results realised in 2020. The positive momentum in the fourth quarter of 2020 has continued into 2021 and underpin the financial guidance for the full year. The growth reflects an assumption of a continued materialization of margin-accretive activities launched in 2020, including the close-down, divestment, and restructuring of non-performing entities. The guidance assumes a continued strict cost control across the Group.

In line with 2020, the focus in 2021 will be on a combination of optimization of the existing businesses and execution of the growth strategy.

Due to the dynamic and unpredictable COVID-19 situation, uncertainty remains elevated and the assumptions underlying the outlook for 2021 are more uncertain than usual.

The guidance is based on the following principal assumptions that may affect, individually or jointly, the net revenue and operating margin:

- Stable macroeconomic recovery with no new material adverse events affecting regional and global cargo volumes and trade patterns.
- Gradual reopening of countries with no further lockdown restrictions inflicted by COVID-19.
- No material changes in trade patterns between the EU and the UK following Brexit.
- Currency exchange rates in line with 2020.
- Continued ability to attract and retain employees across subsidiaries.

Medium-term financial targets

In connection with the listing of NTG on Nasdaq Copenhagen on 9 October 2019, medium-term targets were introduced as a supplement to the annual financial outlook. The targets were based on a three-to-five-year horison.

The medium-term revenue growth targets include organic growth above the market growth and double-digit total growth. Total growth comprises organic growth and growth from acquisitions.

The growth targets are based on the principal assumption that we will continue to develop the business, establish start-ups, and be successful in executing the M&A agenda.

On adjusted EBIT, we target a margin of 4% to 5%.

The medium-term financial targets remain unchanged.

Capital structure and allocation

To support the realization of our medium-term target of double-digit total growth, we expect to maintain a capital buffer for acquisitions.

CAPITAL STRUCTURE

We target a leverage ratio, defined as net interest-bearing debt relative to EBITDA before special items including effects of IFRS 16, below 2.0-3.0x. The ratio may exceed this level temporarily following significant acquisitions.

CAPITAL ALLOCATION PRINCIPLES

The allocation of capital is based on the following medium-term strategic objectives:

- Maintain a leverage ratio below the target.
- Secure sufficient capital buffers for investments in organic growth and acquisitions.
- Cover obligations in relation to acquisition of minority shareholders' shares in subsidiaries and obligations under share-based incentive programs through share buy-back programs.
- Distribute excess capital to shareholders through share buy-back programs.

The Board of Directors evaluates the capital structure on an ongoing basis in relation to the current financial position, expected future cash flow, future investment requirements, and the ability to engage in value-adding acquisitions.

RING-THE-BELL

As partners cannot be forced to ring the bell, and no pre-defined initiation of any ring-the-bell processes exists, capital requirements to be used for consideration in order to acquire non-controlling interests are generally not known until one year prior to the date of the first share swap.

Capital requirements for honouring future ring-the-bell share swaps are evaluated on an ongoing basis. For a further description of ring-the-bell refer to the section Shareholder Information on page 40.

INVESTMENTS

Since the inception of NTG in 2011, all acquisitions have been financed via existing capital resources.

In 2021, we primarily intend to use available financial resources and free cash flow to invest in start-ups, M&A, and share buy-back programs.

In case of larger acquisitions, we will investigate additional sources of funding, including the debt and capital markets or payment in shares.

DIVIDENDS

In line with the Group's Dividend Policy, no dividends have been proposed for 2020.

Financial performance 2020


STILL
RX20-20
STILL

Financial review

Financial results were in line with the 2020 outlook. Net revenue totalled DKK 5,332.2 million and adjusted EBIT totalled DKK 260.7 million, corresponding to an operating margin of 4.9%.

Net revenue growth was positively affected by strong performance in the Road & Logistics division that grew 3.7% in 2020.

Despite the turbulence and elevated level of uncertainty due to COVID-19, we delivered a net revenue in line with 2019, and an improved adjusted EBIT.

The progress was driven by strong performance in the Road & Logistics division that produced a strong operating margin in the third and fourth quarter of the year. The improvements were driven by a combination of increasing gross margins, due to favourable developments in direct costs, and an increasing conversion ratio resulting from internal efficiency initiatives, permanent cost savings, and restructuring of low-performing entities.

Condensed income statement (DKKm)	2020	2019
Net revenue	5,332.2	5,332.0
Direct costs	-4,093.8	-4,245.5
Gross profit	**1,238.4**	**1,086.5**
Other external expenses	-219.5	-195.2
Staff costs	-589.6	-546.6
Adj. EBITDA	**429.3**	**344.6**
Amortizations and depreciations	-168.6	-136.6
Adj. EBIT	**260.7**	**208.0**
Gross margin	23.2%	20.4%
Operating margin	4.9%	3.9%
Conversion ratio	21.1%	19.1%

Full year growth components

	Closed down activities	Start ups	Existing operations	Organic growth	Acquisitions	Total growth
Total	-2.5%	0.7%	-3.1%	**-4.9%**	4.9%	**0.0%**
Road & Logistics	-2.4%	0.1%	-0.3%	**-2.6%**	6.3%	**3.7%**
Air & Ocean	-2.5%	2.5%	-12.8%	**-12.8%**	0.0%	**-12.8%**

2020 was a challenging year for the Air & Ocean division, and the pandemic made it increasingly difficult to manoeuvre. Non-performing entities were closed or scaled down which contributed to the decline in net revenue in 2020. The effects of restructuring initiatives started to materialise towards the end of the year, and the conversion ratio increased notably in the fourth quarter.

The negative organic growth in the Air & Ocean division, and to a lesser extent in the Road & Logistics division, was offset by the acquisitions of Ebrex, Saga Trans, and TB international.

The shareholdings in certain existing subsidiaries were also increased in 2020. Among others, this included the acquisition of the remaining 15% of the shares in Ebrex through an increase in the share capital. In Poland and Finland, the partners and minority shareholders in NTG Polar Road embarked on the ring-the-bell process, and the first of five share tranches was swapped for shares in NTG.

The strong performance and increasing profitability in 2020 led to a return on invested capital before tax and including effects of IFRS 16 of 34.3%, compared to 30.2% in 2019.

INCOME STATEMENT

Net revenue amounted to DKK 5,332.2 million in 2020 compared to DKK 5,332.0 million in 2019. Growth was composed of 4.9% acquired growth, driven by the acquisition of Ebrex and, to a lesser extent, Saga Trans and TB International, and organic growth including start-ups of negative 4.9%.

Of NTG's main geographical presence, Sweden showed the most significant positive growth (11.6%), whereas the other largest countries were influenced by a slightly negative trend. Because of the restructuring in Germany, net revenue in this area contracted by 17.9% in 2020.

In the Air & Ocean division, revenue decreased organically by 12.8% due to muted activity and the close-down of non-performing entities.

Gross profit increased 14.0% to DKK 1,238.4 million in 2020, compared to DKK 1,086.5 million in 2019, corresponding to a gross margin of 23.2% and 20.4%, respectively. Growth was driven by the Road & Logistics division that experienced a growth in gross profit of 25.3%, partly offset by a 15.5% decline in the Air & Ocean division.

Other external expenses totalled DKK 219.5 million in 2020, compared to DKK 195.3 million in 2019, mainly due to the inclusion of Ebrex.

Staff costs totalled DKK 589.6 million in 2020, compared to DKK 546.6 million in 2019. The increase was mainly due to the inclusion of Ebrex and formation of start-ups during the year.

Temporary cost savings and public support programs in certain countries had a positive effect on adjusted EBIT of DKK 17.0 million.

Amortizations and depreciations totalled DKK 168.6 million in 2020, compared to DKK 136.6 million in 2019. The development was mainly due to a net increase in the number of recognised trailers and additions from the acquisition of Ebrex that increased depreciations on right-of-use assets under IFRS 16.

Adjusted EBIT grew 25.3% to DKK 260.7 million in 2020, compared to DKK 208.0 million in 2019, corresponding to an operating margin of 4.9% and 3.9%, respectively. The increase was mainly driven by the Road & Logistics division that reported an increase in adjusted EBIT of DKK 65.8 million, corresponding to 36.3%. The Air & Ocean division experienced a decrease in adjusted EBIT of DKK 12.2 million, corresponding to 50.1%.

Non-controlling interests' share of adjusted EBIT was 11.7% in 2020, compared to 13.8% in 2019. The expectation for 2020 was around 10%.

Special item expenses totalled DKK 5.4 million in 2020, related to the integration costs due to the acquisition of Ebrex. Special item expenses in 2019 amounted to DKK 104.2 million, primarily due to extraordinary costs related to the listing of NTG.

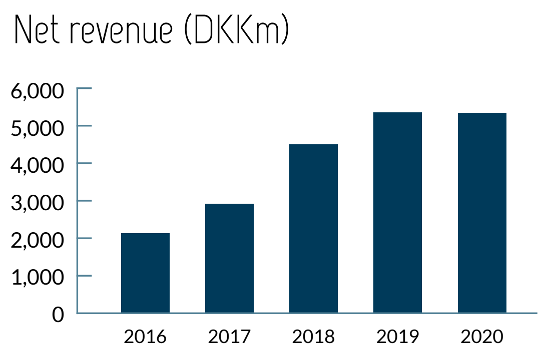
Net financial expenses totalled DKK 45.3 million in 2020, compared to DKK 49.3 million in 2019. The decrease was mainly due to currency exchange rate adjustments, and certain interest and other financial expenses. IFRS 16 interest expenses remained constant compared to 2019.

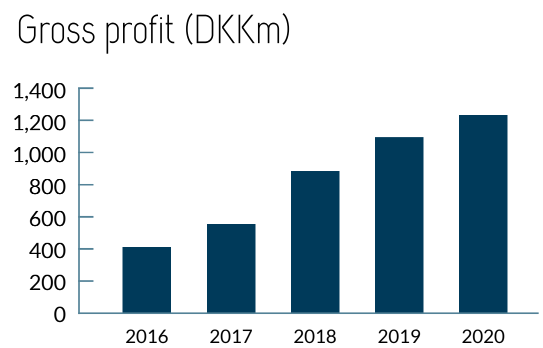
The effective tax rate for 2020 was 29.1%, compared to 84.7% in 2019. The effective tax rate in 2019 was impacted by non-deductible items on listing costs and excess value expense arising from the reverse acquisition of NeuroSearch A/S.

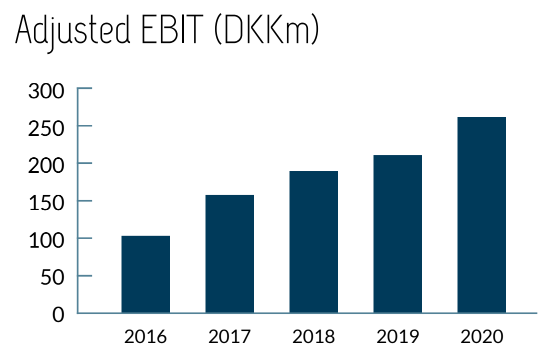
Profit for the year totalled DKK 148.8 million, compared to DKK 8.3 million in 2019. Earnings per share came to DKK 5.61 per share, compared to negative 0.64 per share in 2019.

CASH FLOW STATEMENT

Cash flow from operating activities totalled DKK 463.3 million in 2020, compared to DKK 201.5 million in 2019, corresponding to an increase of 129.9%. The development was mainly driven







by growth in earnings before interest and tax, a decline in net working capital, and lower special items compared to 2019.

Cash flow from investing activities was negative DKK 158.5 million in 2020, compared to negative DKK 52.3 million in 2019. The decrease was primarily due to the completion of the acquisitions of Ebrex, Saga Trans, and TB International in 2020.

Adjusted free cash flow, defined as cash flow from operating and investing activities adjusted for special items, acquisition of business activities, and repayment of lease liabilities, increased 185.5% to DKK 314.2 million in 2020, compared to DKK 110.0 million in 2019.

Cash flow from financing activities was negative DKK 248.8 million in 2020, compared to negative DKK 126.7 million in 2019. The decrease was mainly due to additional repayments of lease liabilities and purchases of treasury shares. 2019 was positively affected with 53.3 million by the reverse acquisition of former NeuroSearch A/S.

CAPITAL RESOURCES

Net working capital improved another DKK 108.6 million to negative DKK 208.1 million in 2020, compared to negative DKK 99.5 million in 2019. The development was mainly a result of continued dedication to strict cash management. The impact of deferred payment schemes in certain public support programs was approximately DKK 10 million by year-end 2020.

Net interest-bearing debt totalled DKK 420.4 million as of 31 December 2020. Excluding the effects of IFRS 16, net interest-bearing debt would total negative DKK 196.2 million. The leverage ratio including effects of IFRS 16 was 1.0x EBITDA before special items, below the target of 2.0x-3.0x.

Invested capital totalled DKK 794.0 million as of 31 December 2020. Excluding the effects of IFRS 16, invested capital would total DKK 240.3 million. The return on average invested capital before tax, but including goodwill and effects of IFRS 16, was 34.3% in 2020, up from 30.2% in 2019.

Road & Logistics

We offer tailored road freight and warehousing solutions across Europe.

Full-loads • Part-loads • Groupage • Oversized cargo • Projects • Thermo trailers • Box trailers • Mega trailers • Silo trailers • Walking-floor trailers • Furniture • Textiles • Dangerous goods • Warehousing • Distribution • Customs clearance

Number of subsidiaries:
42

Number of countries with local presence:
15

Share of Group revenue:
80%

Countries with subsidiaries:
Switzerland • Germany • Denmark • Estonia • Spain • Finland • Hungary • Lithuania • Latvia • Netherlands • Norway • Poland • Sweden • Turkey • United Kingdom

The Road & Logistics division reported an adjusted EBIT of DKK 247.0 million in 2020, representing a total growth of 36.3% compared to 2019, and an operating margin of 5.8%. Adaptability to the market situation, favourable development in prices and direct costs, and persistent cost control were key drivers of performance.

Condensed income statement (DKKm)	2020	2019
Net external revenue	4,274.7	4,121.8
Gross profit	**979.3**	**781.7**
Amortizations and depreciations	153.9	126.0
Adj. EBIT	**247.0**	**181.2**
Gross margin	22.9%	19.0%
Operating margin	5.8%	4.4%
Conversion ratio	25.2%	23.2%

Full-year growth components

	Closed down activities	Start ups	Existing operations	Organic growth	Acquisitions	Total growth
Growth	-2.4%	0.1%	-0.3%	**-2.6%**	6.3%	**3.7%**

The Road & Logistics division is the largest division, in 2020 accounting for 80.2% of total net revenue and 95.3% of adjusted EBIT. In 2020, the division reached new record levels amid extraordinarily high velocity of change and disruptions in trade patterns caused by the COVID-19 pandemic.

BUSINESS HIGHLIGHTS

COVID-19 took its toll on organic growth in the Road & Logistics division in 2020, though this was more than offset by the effect of acquisitions completed during the year.

To adapt to the situation, permanent and temporary cost savings were introduced, and all subsidiaries were trimmed in preparation for a prolonged period of muted activity. In Switzerland and Germany, the operations were restructured and a minor logistic operation in Sweden was closed.

Towards the end of the second quarter, activity rebounded across several verticals in the Nordic and Polish subsidiaries and bottlenecks in certain modes of transportation contributed to an increased inflow of new customers. The positive momentum continued throughout the rest of the year, and the reduced cost base resulted in increasing operating margins.

In Continental Europe, our activity rebound was less prevalent and the operations performed below the full potential. The German activities were restructured, and certain non-core activities were closed or outsourced. Following the overhaul of the German setup, Heinrich Josef de Waal, Chief Operating Officer of Ebrex, was announced as regional director for the Road & Logistics activities in Germany, Switzerland, Benelux, and the UK.

In the UK, we established a UK customs brokerage department in the Road & Logistics division in preparation for the UK's exit from the EU. The department, that commenced operations on 1 January 2021, consists of an in-house customs clearance team who monitor all developments regarding Brexit.

Towards the end of the year, the Finnish and Norwegian organizations were strengthened with the acquisitions of TB International and Saga Trans, respectively. The acquired companies will be merged into existing subsidiaries in 2021, expanding the scale and breadth of capabilities in each country.

FINANCIAL REVIEW

Net revenue amounted to DKK 4,274.7 million in 2020 compared to DKK 4,121.8 million in 2019. Growth was composed of 6.3% acquired growth, driven by the acquisitions of primarily Ebrex and, to a minor extent, Saga Trans and TB International, and organic growth including start-ups of negative 2.6%.

The organic growth was driven by a stagnation in demand across sectors (-0.3%), mainly due to COVID-19, and the restructuring, close-down, or divestment of non-performing activities in Germany in 2020, and the close-down and divestment of activities in the Czech Republic and Italy in late 2019 (-2.5%). The impact from new start-ups in Norway and the UK contributed positively to total growth for the period (+0.1%).

Gross profit increased 25.3% to DKK 979.3 million in 2020, compared to DKK 781.7 million in 2019, corresponding to a gross margin of 22.9% and 19.0%, respectively. The increasing gross margin was driven by improved prices due to pandemic-inflicted bottlenecks on certain trade lanes, an inflow of new customers in the Nordics, and a favourable development in direct costs.

Adjusted EBIT grew 36.3% to DKK 247.0 million in 2020, compared to DKK 181.2 million in 2019, corresponding to an operating margin of 5.8% and 4.4%, respectively. The increase was mainly driven by acquisition of Ebrex, improved gross profit, and an increasing conversion ratio resulting from restructuring and efficiency initiatives completed during the year.

STRATEGIC FOCUS AREAS IN 2021

Like previous years, we will continue to promote the application of know-how rooted within individual subsidiaries across the Group and leverage core competencies in adjacent geographical markets.

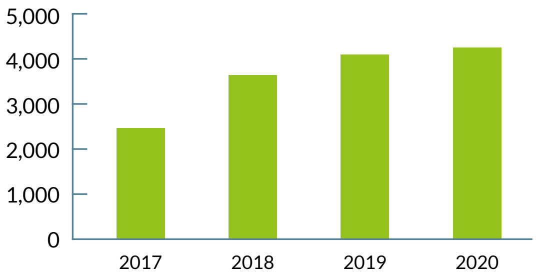
In Germany, we expect to leverage the fortified corporate structure to grow primarily the less-than-truckload and full-truckload activities, which currently represent the backbone of our Nordic, Baltic, and Polish operations. By year-end 2020, approximately 10 Danish employees had been expatriated to Germany to support the development of operations within these segments.

In the UK, we will continue to develop our customs services platform. The first step was the integration of the customs IT platform with our transport management system. The integration will broaden the platform's field of application internally and enable additional subsidiaries across Europe to offer UK customs services.

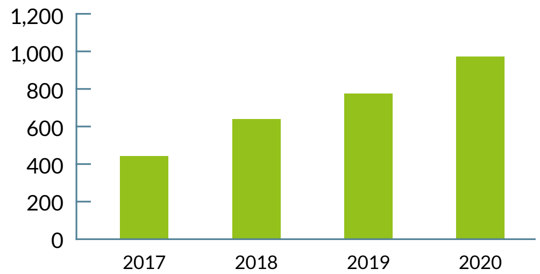
The integration of Ebrex, Saga Trans, TB International, and Cargorange are expected to be completed in 2021, with all synergies and savings being realised.

The Road & Logistics division is geared for more acquisitions in 2021, and we will continue to search the market for new opportunities.

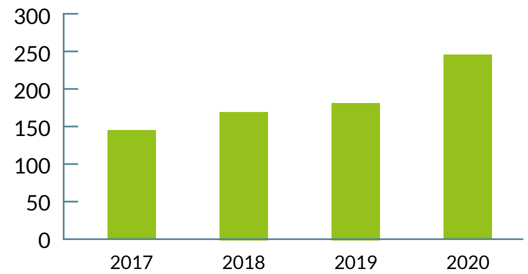
Net revenue (DKKm)



Gross profit (DKKm)



Adjusted EBIT (DKKm)



Air & Ocean

We offer the entire range of air and ocean freight services throughout Europe and worldwide.

Airport-airport • Port-port • Door-door • Less-than-container-load • Full-container-load • Buyer's consolidation • Direct shipments • Temperature-controlled • Customs clearance • Full-charter • Part-charter • Onboard courier • Dangerous goods • Project transport

Number of subsidiaries:
28

Number of countries with local presence:
18

Share of Group revenue:
20%

Countries with subsidiaries:
Belarus • Switzerland • China • Germany • Denmark • Finland • France • Hong Kong • Hungary • Japan • Netherlands • Norway • Poland • Russia • Sweden • Ukraine • United Kingdom • United States

The Air & Ocean division reported an adjusted EBIT of DKK 12.1 million in 2020, compared to DKK 24.3 million in 2019. The COVID-19 pandemic and organizational restructurings impacted results negatively.

Condensed income statement (DKKm)	2020	2019
Net external revenue	1,057.0	1,211.9
Gross profit	**259.0**	**306.5**
Amortizations and depreciations	12.9	8.6
Adj. EBIT	**12.1**	**24.3**
Gross margin	24.5%	25.3%
Operating margin	1.1%	2.0%
Conversion ratio	4.7%	7.9%

Full-year growth components

	Closed down activities	Start ups	Existing operations	Organic growth	Acquisitions	Total growth
Growth	-2.5%	2.5%	-12.8%	**-12.8%**	0.0%	**-12.8%**

In 2020, the Air & Ocean division accounted for 19.8% of total net revenue and 4.7% of adjusted EBIT. 2020 was a challenging year for the division as COVID-19 resulted in significant supply and demand imbalances that impeded the division's ability to manoeuvre. The decline in net revenue was further accelerated by a divisional overhaul that led to the close-down, divestment, or restructuring of certain non-performing activities.

BUSINESS HIGHLIGHTS

The COVID-19 pandemic had a significant impact on the Air & Ocean division in 2020, as available freight capacities, volumes, and demand lingered significantly below pre-pandemic levels. The division is still in a build-up phase and the limited scale causes financial results to fluctuate in times of market turmoil.

As a response to the market situation, we introduced significant cost savings in the first quarter of the year, including the participation in local government support programs.

In 2020, we also took a step towards creating a more homogenous Group of subsidiaries in the Air & Ocean division. Among others, this led to the close-down, divestment, or restructuring of non-performing activities in Germany, Switzerland, Turkey, and other countries with smaller operations. In the US, two new Air & Ocean start-ups in Chicago and Denver were established.

The strategic overhaul of the division led to a redefined focus on core activities within a limited number of geographies. As per year-end 2020, the number of countries with operational subsidiaries was consequently reduced to 18. The reshaping of the division triggered further contractions in net revenue due to the absence of acquisitions.

The cost savings and restructuring initiatives started to materialise during the fourth quarter of the year, and the Air & Ocean division reported an increasing operating margin and conversion ratio compared to the same period last year, despite a gross margin contraction.

FINANCIAL REVIEW

Net revenue amounted to DKK 1,057.0 million in 2020, compared to DKK 1,211.9 million in 2019, representing an organic growth including start-ups of negative 12.8%.

The organic growth was driven by a declining activity level (-12.8%) mainly due to COVID-19, and the close-down, divestment, or restructuring of non-performing activities in Germany, Switzerland, Estonia, Vietnam, Australia, Croatia, and Turkey in 2020, and Italy and the Czech Republic in 2019 (-2.5%). The impact of new start-ups in the US contributed positively to total growth for the period (+2.5%).

Gross profit decreased 15.5% to DKK 259.0 million in 2020, compared to DKK 306.5 million in 2019, corresponding to a gross margin of 24.5% and 25.3%, respectively. The decreasing gross margin was due to a combination of challenging market conditions and product mix effects.

Adjusted EBIT decreased 50.1% to DKK 12.1 million in 2020, compared to DKK 24.3 million in 2019, corresponding to an operating margin of 1.1% and 2.0%, respectively. The decrease was mainly driven by deteriorating performance in Denmark, Turkey, and Switzerland, and a negative contribution from recent start-ups in the US. The decline was partially offset by the turn-around in China and improved performance in Sweden, Finland, and the Netherlands.

STRATEGIC FOCUS AREAS IN 2021

As we redefined the geographical footprint and reduced the allocation of resources to certain activities in 2020, we will also be more selective on opportunities we pursue in 2021.

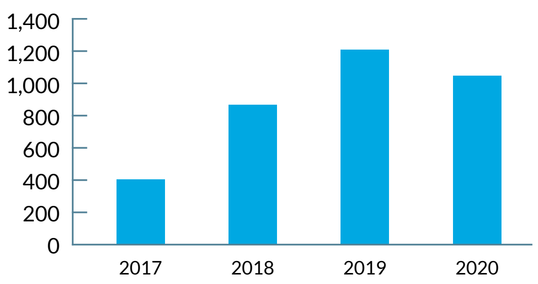
The initiatives introduced in 2020 illustrate a first step towards a reprioritization and refocusing of resources to a limited number of core markets that include North-West Europe, the US, and China.

We remain dedicated to strengthening the Air & Ocean division through increased scale and efficiency improvements. The progress made with non-performing entities in 2020, and the appointment of Søren Holck Pape as CEO of the Air & Ocean division, are expected to support the division in returning to growth and increase profitability.

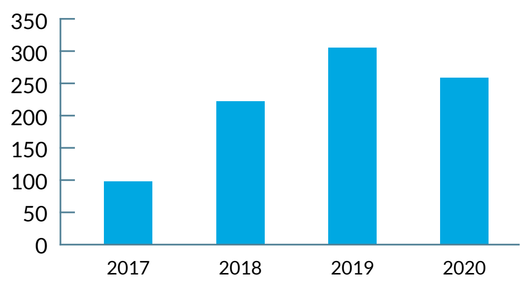
In 2021, focus will be on building a unified Air & Ocean division. By strengthening local organizations in core markets and increasing focus on sales, we expect to drive a growing share of controlled volumes. To achieve this, we will structure how we originate business from within and outside the Group and leverage the scale of both divisions to generate new business opportunities. Standardization, automation, and productivity improvements will be key in this respect.

The Air & Ocean division is geared for acquisitions in 2021, and we will continue to search the market for opportunities that will add scale and capabilities in existing, core markets.

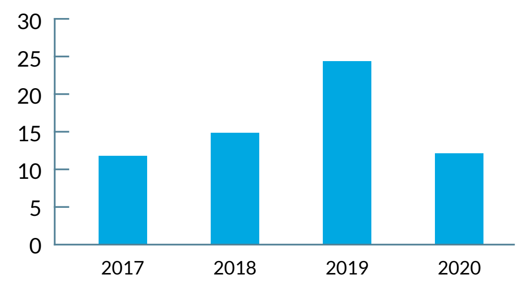
Net revenue (DKKm)



Gross profit (DKKm)



Adjusted EBIT (DKKm)



Corporate governance and shareholder information


NTG
Nordic Transport Group
SCANIA

Risk management

NTG monitors and manages the risks that our business is exposed towards. Managing the identified risks will either reduce the likelihood of financial impact or occurrence and make NTG able to react in time to protect our people, assets, reputation, and clients.

Occurrences with a potential effect on the Group's projected earnings are perceived as risks for NTG. Based on the most recent risk evaluation, it is Executive Management's assessment that risks inherent to NTG do not individually or collectively cast doubt on the Group's ability to continue as a going concern.

Risk Governance

The Board of Directors is responsible for the overall risk management of the NTG. The Audit Committee monitors and evaluates the risk framework and provides recommendations to the Board of Directors. Executive Management supports the Audit Committee's work by functioning as the prime driver of risk identification and mitigation. Executive Management is responsible for design and maintenance of risk management systems. The risk management process is linked to recurring strategic analysis within NTG.

Risk Management Procedure

NTG applies a structured approach to risk management, organized according to the following four elements:

1) Identification and initial reporting – NTG Group Management receives input following bi-annual business review meetings with the Group's most significant subsidiaries.

2) Analysis and assessment – Identified risks are recorded in a work register and assessed in terms of likelihood of occurrence and potential financial impact.

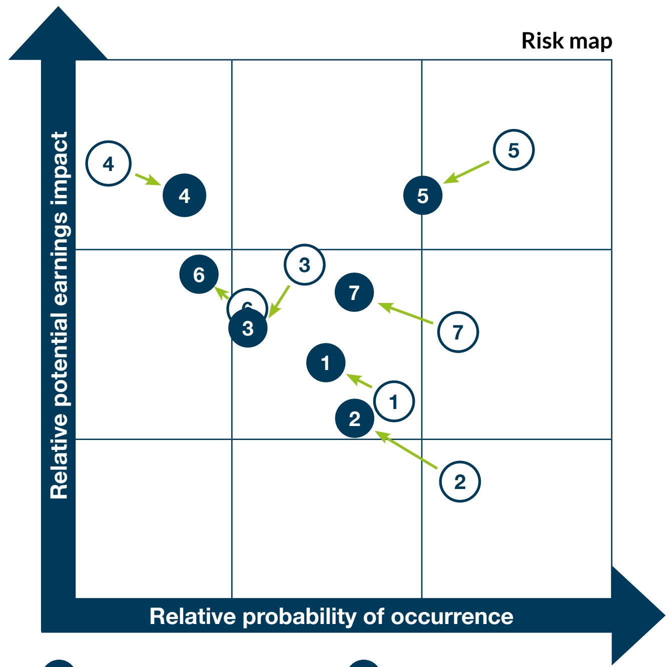
3) Risk review and mitigation – Key risks are selected for further review and design of mitigating actions. These include avoidance, transfer, reduction, or acceptance.

4) Risk reporting – Key risks and mitigating actions are reported according to the governance structure.

Identified key risks

1 *Talent identification and retention*

As a "people's business" it is of utmost importance to identify and retain skilled employees. Competition for talented employees is tough, requiring the ability to offer attractive conditions. NTG does so by providing a highly inspiring platform for existing talents and future high performers to hone their abilities. Joining NTG through the partnership model gives each partner



1 *Talent identification and retention,* 2 *Input factor shortage,*
3 *Compliance,* 4 *IT and cyber security,* 5 *Macro economy,*
6 *Competition and market conditions,* 7 *Mergers and acquisitions*

* Certain risks have been updated from 2019. Above represents a comparable placement for each key risks which the Group considers relevant.

a possibility to take part in his/her own success on a sustainable basis, while being backed by a strong network, a secure back-office and the large knowledge pool of existing partners.

2 *Input factor shortage*

NTG relies on suppliers to deliver both transport and related services. Shortage on subcontractor capacity due to either market factors or political developments may affect the Group's ability to service its customers. To maintain supplier loyalty and make NTG an attractive partner, value-creating programs are developed and offered to certain important subcontractors. NTG keeps close contact with critical suppliers and ensures an adequate standardization of the supply-chain to ensure contingencies in case of individual subcontractor's inability to deliver.

3 *Compliance*

NTG is subject to extensive regulatory requirements, and it is imperative for NTG to be compliant with relevant legislation and regulatory standards. The use of independent carriers makes non-compliance both an internal and external risk factor.

To provide a responsible basis of operations, NTG has implemented codes of conduct covering employees of the Group and suppliers and also management instructions to the local management teams. A new internal compliance framework and additional governance controls were implemented during 2020. These initiatives limit risks related to anti-bribery, sanctions and anti-trust/competition law.

Short lines of communication and NTG's whistleblower system make identification of non-compliance more visible and compartmentalization of the Group provides the ability to limit the legal impact of non-compliance.

4 *IT and cyber security*

As NTG becomes increasingly digitized, more devices and control systems are connected online. Breach of NTG's IT-security or internal controls could cause disruption of NTG's services, non-compliance with applicable laws and legislation or cause adverse effects on NTG's reputation. Improving and strengthening cyber security is a strategic priority for NTG. Monitoring of controls and continuous update of systems alleviates the risk and impact of security breaches. NTG only contracts with top-tier service providers to guarantee a secure IT platform. All employees in the Group undergo cyber security training on a recurring basis to mitigate risks associated with attempts of phishing and online fraud.

5 *Macro economy*

There is a strong correlation between the general economic activity and the freight forwarding market. NTG is – along with other participants in the freight forwarding market – exposed to slowdown in economic activity or financial crisis. This includes negative impact from disruptive forces, such as impact from global pandemics, or political developments imposing restrictions on free trade or the imposition of trade barriers. Risks may be offset by increasing domestic activities and demand for related logistics services, such as customs clearance.

Global economic and political development is outside of NTG's direct influence. Maintaining an agile operational set-up and a flexible financial structure are the main steps taken by the Group to mitigate such risks.

6 *Competition and market conditions*

The freight forwarding industry is known for undergoing rapid changes in the competitive landscape. In recent years, technological developments are beginning to have a significant impact. Changes originate from existing market participants as well as new entrants. Automation and digitization are currently seen as the most significant drivers of market change. These advancements imply an opportunity for optimizing workflows and productivity while providing higher levels of service and product offerings for customers. A strict focus on system standardization and digitization coupled with operational agility positions NTG to continually adapt its operations.

7 *Mergers and acquisitions*

A cornerstone in NTG's strategy is to expand through start ups and acquisitions, which has been a great success since the Group's inception. A clear acquisition framework ensures the right strategic fit with NTG's existing organization, whereas a strong post-merger process ensures efficient realization of plans and management of potential issues.

Corporate governance

Governance structure

NTG has a two-tier governance structure comprised by the Board of Directors and the Executive Management. Ultimate governing authority rests with the General Meeting.

In terms of internal organization, NTG Group Management comprises Executive Management, division CEOs and Executive Vice President. Executive Management is the Group CEO and the Group CFO, as registered with the Danish Business Authority.

The Board of Directors is responsible for overall strategic management and proper organization of the Group's activities as well as the Group's financial and material matters. The Board has established an audit, a remuneration and a nomination committee focusing on preparatory tasks within the Board of Directors' areas of responsibility.

NTG's registered Executive Management is responsible for NTG's day-to-day management and is in charge of ensuring that the Company and its operations are compliant with applicable legislation and the Board of Directors' guidelines and instructions, including implementation of the strategy set by the Board of Directors and provide information on NTG's operations to the Board of Directors.

The further allocation of responsibilities between the Board of Directors and the Executive Management is set out in the Rules of Procedure of the Board of Directors and in a set of Management Instructions issued to the Executive Management by the Board of Directors.

Board of Directors

Composition

According to the Articles of Association, the Board of Directors must comprise not less than three and not more than eight members elected by the General Meeting for terms of one year. Board members are eligible for re-election.

In 2020, Michael Larsen, Stefan Pettersson and Peter Grubert stepped down from the Board of Directors. Karen-Marie Katholm and Carsten Krogsgaard Thomsen were elected as new members.

The composition of the Board of Directors is intended to ensure that the Board of Directors has a diverse competency profile enabling the Board of Directors to perform its duties in the best possible manner.

The Board of Directors currently comprise 7 members representing strong knowledge and expertise within all areas of NTG's business and strategic focus areas, including the international transport sector in general, M&A, risk management, IT, accounting and supply chain management. The current Board composition is considered to have the right competencies supporting the long-term value creation for NTG's shareholders.

Independence

Six of the seven members of the Board of Directors are regarded as independent, according to the Danish Recommendations on Corporate Governance.

Jørgen Hansen is the founder of NTG and was a member of the Executive Management in Nordic Transport Group A/S (the former parent company in the NTG Group) until 2018 and is therefore not regarded as independent according to Danish Recommendations on Corporate Governance.

Board Meetings in 2020

The Board of Directors held 12 board meetings in 2020. The agenda for each of the ordinary meetings is based on the Board of Directors' annual wheel.

Board Committees

The Board of Directors has established three permanent committees for the purpose of assisting the Board of Directors with preparing decisions and submitting recommendations for the entire Board. Each committee is governed by its own charter, which describes the composition of the committee, its meeting schedule and its tasks, duties and responsibilities.

Audit Committee comprises three members: Ulrik Ross Petersen (Chairman), Eivind Drachmann Kolding and Carsten Krogsgaard Thomsen. The composition of the Audit Committee ensures that competences and experience within financial accounting and internal controls are represented in the Audit Committee. The Committee's tasks and duties include monitoring of NTG's financial reporting process, internal controls, IT, risk management, and capital structure. The Committee is also responsible for ensuring independence of the elected external auditor.

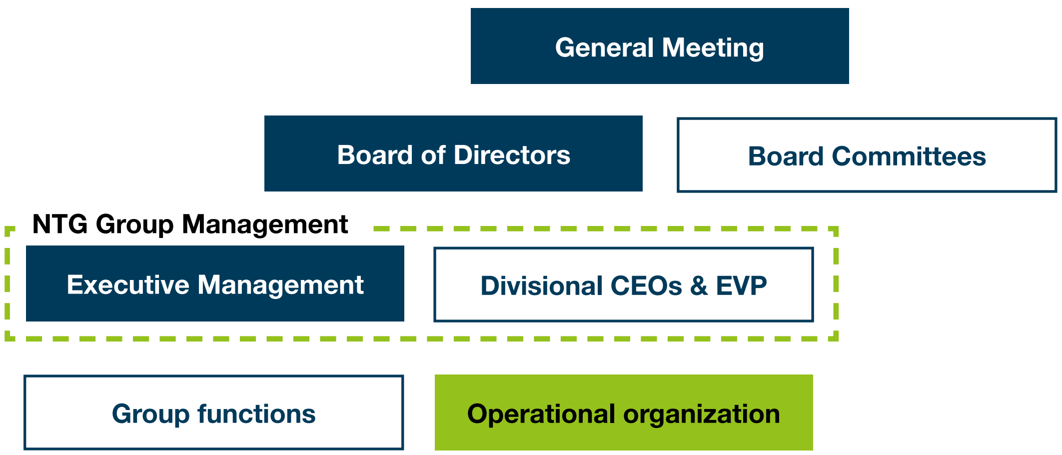
Remuneration Committee comprises three members: Eivind Drachmann Kolding (Chairman), Jørgen Hansen and Jesper Præstensgaard. The Committee's tasks and duties include preparation of the Group's Remuneration Policy in accordance with section 139a of the Danish Companies Act, propose specific targets (KPIs) for performance-related incentive programs and preparation of the Remuneration Report in accordance with section 139b of the Danish Companies Act and the guidelines in the Remuneration Policy.

Nomination Committee comprises two members: Eivind Drachmann Kolding (Chairman) and Jørgen Hansen. The Committee's tasks and duties include recommendation of potential new members to the Board, review Diversity Policy and assessment of the Board's structure, size and composition.

Recommendations on Corporate Governance

NTG observes and applies the Recommendations on Corporate Governance. For 2020, NTG has opted to partly derogate from 2 of the 47 Recommendations (recommendation no. 3.4.2 regarding independence of majority of members in a board committee and recommendation no. 3.4.8 regarding the Remuneration Committee's use of the same external advisors as the Executive Management).

According to the Danish Financial Statements Act section 107b, a statement on corporate governance for the financial year is prepared and can be viewed at NTG's investor site: investor.ntg.com.



Board of Directors

Eivind Drachmann Kolding

Office:	Chairman
Member since:	2019
Up for re-election:	Yes
Born:	1959
AC member:	Member
NC member:	Member
RC member:	Chairman

Skills and experience

» Extensive experience in international shipping and logistics

» Broad experience in M&A, legal matters and finance

» Extensive background as international CEO and CFO and broad board experience

» Former Group CFO of A.P. Moller-Maersk

» Former CEO of Maersk Line and Danske Bank

Other Board positions

» **Chairman** Danmarks Skibskredit A/S, CASA A/S (and one Group company), Den Erhvervsdrivende Fond Gl Strand

» **Deputy Chairman** Leo Fondet and Leo Holding A/S

» **Member** NNIT A/S and Altor Fund Manager AB

Jørgen Hansen

Office:	Deputy Chairman
Member since:	2019
Up for re-election:	Yes
Born:	1960
AC member:	N/A
NC member:	Chairman
RC member:	Member

Skills and experience

» Founder of Nordic Transport Group A/S

» Former Group CEO in NTG

» 30+ years of experience in freight forwarding as a manager and entrepreneur

Other Board positions

» **Member** H5 Baldersbækvej A/S, H5 Transitvej A/S, H5 Housing A/S, H5 Capital ApS, H5 Properties A/S, H5H A/S, H5 Erhvervsejendomme ApS, H5 Holding A/S, Medley Capital A/S, Medley Invest A/S and H5 Broløkke Herregård ApS

» **Executive** H5 Erhvervsejendomme ApS, H5 Holding A/S and AFH 2020 ApS

Ulrik Ross Petersen

Office:	Member
Member since:	2019
Up for re-election:	Yes
Born:	1971
AC member:	Chairman
NC member:	N/A
RC member:	N/A

Skills and experience

» Extensive management experience in the banking industry

» Board experience in M&A, Banking, Finance & Accounting

» International experience from NIB, Merrill Lynch, Nomura and HSBC

» Board experience and CEO experience from portfolio companies in the Banking industry

» Sustainability and cyber crime solutions experience

Jesper Præstensgaard

Office:	Member
Member since:	2019
Up for re-election:	Yes
Born:	1964
AC member:	N/A
NC member:	N/A
RC member:	Member

Skills and experience

» International management experience within shipping and logistics

» Executive positions at Maersk and Hapag-Lloyd

» Board experience from different companies incl. current chairman position at New York Shipping Exchange

Other Board positions

» **Chairman** New York Shipping Exchange, FALCK FORMCO A/S and LinerGrid ApS

» **Member** VÆRKTØJSCENTERET ApS

» **Executive** HUMANOSTICS ApS, PRÆSTENSGAARD HOLDING ApS, Praestensgaard ApS, Human Acceleration ApS, P&L Invest ApS and Gnaske ApS

Finn Skovbo Pedersen

Office:	Member
Member since:	2019
Up for re-election:	Yes
Born:	1955
AC member:	N/A
NC member:	N/A
RC member:	N/A

Skills and experience

- International management experience from the transport industry
- Managing Director of Dachser Nordic A/S 2005-2017
- Co-owner of Haugsted International Transport 1990-2005

Other Board positions

- **Chairman** MARJATTAHJEMMENES STØTTEFOND and FØNIKS A/S
- **Executive** Fortius Fitness Tyskland ApS and Zukunft ApS

Carsten Krogsgaard Thomsen

Office:	Member
Member since:	2020
Up for re-election:	Yes
Born:	1957
AC member:	Member
NC member:	N/A
RC member:	N/A

Skills and experience

- Executive Management positions as CFO in Dong Energy and NNIT
- Extensive experience within finance, accounting, treasury, M&A, post merger integration, cost restructuring, enterprise risk management and compliance in listed companies
- Board experience and chairman of audit committee in different companies, including GN Great Nordic, SKAKO, Scandlines and Railion

Other Board positions

- **Member** SKAKO A/S, SKAKO VIBRATION A/S and SKAKO CONCRETE A/S

Karen-Marie Katholm

Office:	Member
Member since:	2020
Up for re-election:	Yes
Born:	1967
AC member:	N/A
NC member:	N/A
RC member:	N/A

Skills and experience

- Held Executive Management position in DuPont Nutrition & Biosciences with >7,000 employees across manufacturing, supply chain and customer service
- 20+ years of global experience from various international companies such as Arla Foods, United Biscuits, LEGO, Orkla and Nutreco
- Significant integration experience from various mergers and acquisitions
- Has held a variety of board member roles across different industries

Other Board positions

- **Member** TERMA A/S and Green Hydrogen Systems A/S

Executive management

Michael Larsen

Office:
Group CEO

Member since:
2020

Born:
1976

Other Board positions

- **Executive** ML Ejendomme Køge ApS, Lardahl Holding ApS, Nordic Quintet ApS, ML Invest Køge ApS, JDL Holding Køge ApS and MDL Holding Køge ApS.
- For an overview of other board positions within the Group refer to note 8.8

Christian D. Jakobsen

Office:
Group CFO

Member since:
2018

Born:
1974

Other Board positions

- **Executive** Holdingselskabet af 2. april 2019 ApS
- For an overview of other board positions within the Group refer to note 8.8

Shareholder information

SHARE PRICE DEVELOPMENT

The NTG share started the year at a price of DKK 89.8 and closed the year at DKK 256.0, representing a share price increase of 185.1%. During the same period, the OMX C25 increased by 33.7%.

The lowest closing price in 2020 was DKK 76.8 on 17 March 2020, and the highest closing price was DKK 271.0 on 14 December 2020. As of year-end 2020, the market capitalization of NTG was DKK 5.7 billion.

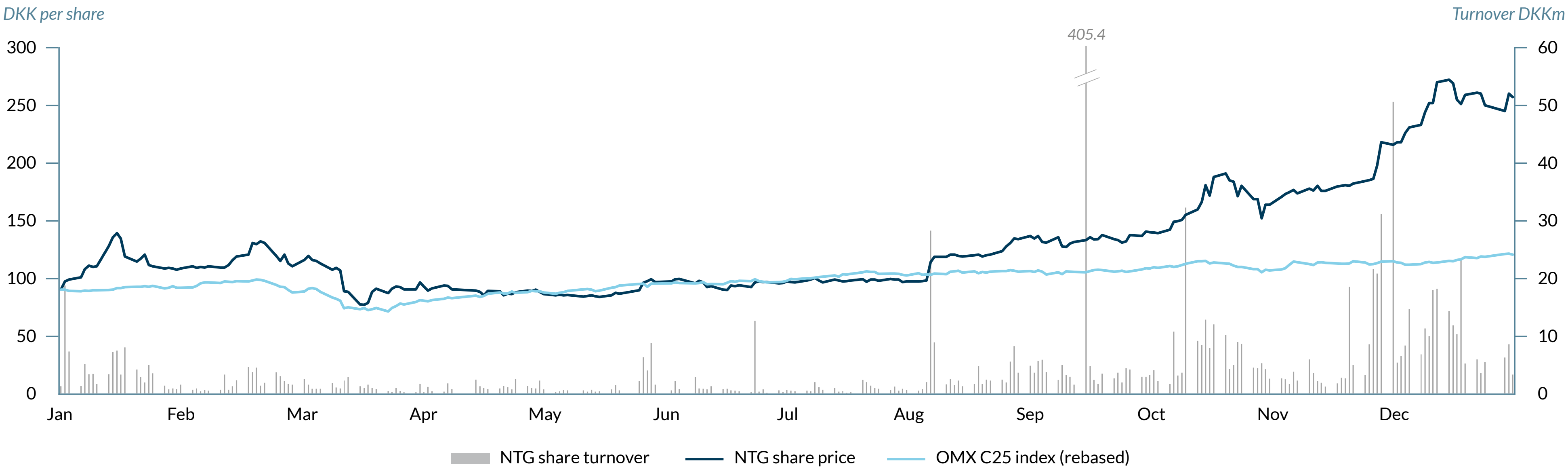
LIQUIDITY

On 14 September 2020, a private placement by existing shareholders comprising a total of approximately 3.3 million shares in NTG was concluded and announced. The private placement significantly broadened the shareholder base of NTG to a number of Danish and Nordic institutional investors and increased the free float in the share.

According to data from Nasdaq Copenhagen, the average daily volume was 39,867 shares in 2020, and 26,576 shares excluding the day of the private placement. During the year, the NTG share experienced an increase in the average daily number of shares traded, and the average for the second half of the year, excluding 14 September 2020, was 76% above the average for the first half of 2020.

SHARE CAPITAL

The total share capital consists of 22,649,406 shares of nominal DKK 20 each. There is one share class and no restrictions on transferability or voting rights.



SHARE BUY-BACK PROGRAMS AND DIVIDENDS

312,149 treasury shares were acquired at a total cost of DKK 38.8 million through share buy-back programs and other purchases in 2020, corresponding to an average purchase price of DKK 124.3 per share.

On 31 December 2020, 222,747 shares were held as treasury shares, corresponding to 1.0% of the share capital.

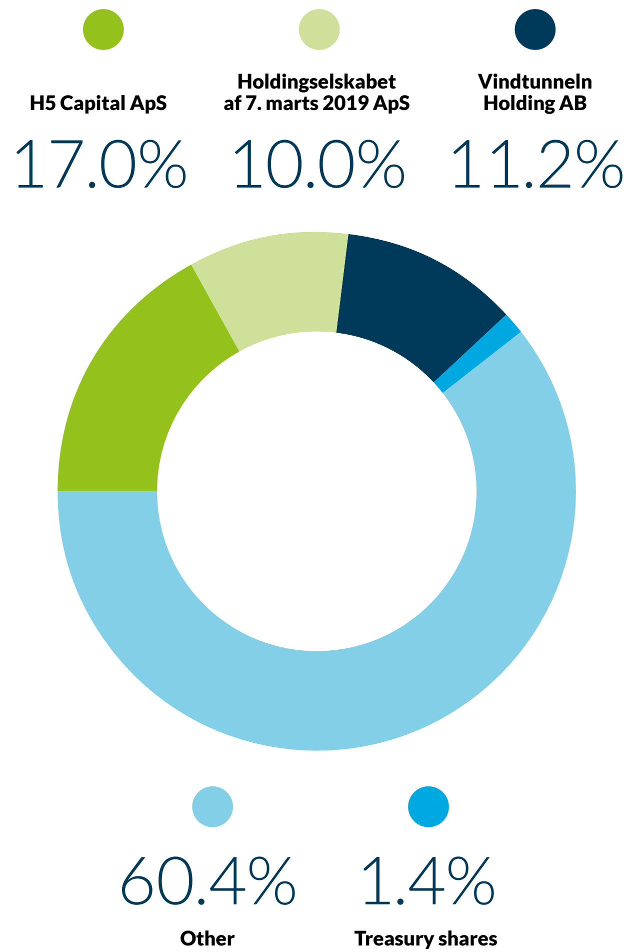
No dividends have been proposed for 2020. Our capital allocation principles are described on page 17.

SHAREHOLDERS

H5 Capital ApS, a Danish holding company of the founder and board member of NTG, Jørgen Hansen, and his descendants, holds 17.0% of the share capital and voting rights in NTG. Holdingselskabet af 7. marts 2019 ApS, a Danish holding company of certain minority shareholders and employees in NTG, certain fully owned subsidiaries, and certain members of the Board of Directors as well as the Executive Management holds 10.0% of the share capital and voting rights in NTG. Vindtunneln Holding AB, a Swedish holding company of former board member of NTG, Stefan Ingemar Pettersson, holds 11.2% of the share capital and voting rights in NTG.

NTG has no majority shareholders at the time of publication of this annual report.

The number of shares held as treasury shares was 1.4% of the share capital as of the date of this annual report. 60.4% of the share capital was held by other investors.



RING-THE-BELL

Our decentralised business model with 68 operational subsidiaries owned together with more than 110 employees as minority shareholders is based on a pre-defined exit mechanism called ring-the-bell.

Ring-the-bell is an incentive model offered to minority shareholders in certain subsidiaries, enabling partially owned subsidiaries of NTG to become fully owned subsidiaries over time.

After a minimum of five years, minority shareholders in certain subsidiaries may offer their shares to NTG against payment in cash or shares in NTG. Once a ring-the-bell process has been requested, the share-swap occurs over a five-year period subject each year to the acceptance by NTG.

In 2020, the minority shareholders in NTG Polar Road in Finland and Poland were the first to execute a share swap under the ring-the-bell process. In the third quarter, the first of five share tranches in each subsidiary were swapped for shares in NTG. NTG paid with treasury shares in exchange for one-fifth of the shares held by the minority shareholders in the subsidiaries.

For 2021, the ring-the-bell process for NTG Polar Road in Finland and Poland will continue, and share swaps will commence for NTG Växjö in Sweden and NTG Nielsen & Sørensen A/S in Denmark.

RESTRICTIONS ON SALE OF SHARES

By the end of 2020, lock-up undertakings were applicable to shareholders who obtained shares in NTG through a swap of shares in a subsidiary with shares in NTG.

In a reorganization on 7 October 2019, in preparation for the listing of NTG on 9 October 2019, minority shareholders in seven of the largest subsidiaries (Matured Partners) swapped their shares in each subsidiary for shares in NTG. 15% of the shares received were issued as escrow shares with release subject to performance over five years.

As part of the share swaps, each Matured Partner and certain other NTG shareholders (except Holdingselskabet af 7. marts 2019 ApS) who received shares in NTG in connection with the listing undertook a five-year lock-up. Pursuant to this lock-up, 60% of the shares (including any escrow shares) received at the listing were under lock-up by year-end 2020. By 9 October 2021, the lock-up will be reduced by 15 percentage points. The sequence will be repeated proportionately until 9 October 2024.

For further information on the reorganization, see the prospectus dated 24 September 2019.

Key employees that are shareholders in certain subsidiaries of NTG, or who swapped such shareholdings to shares in NTG through ring-the-bell, and other shareholders who received shares in NTG in connection with the listing, are obliged to carry out any sale of shares in a coordinated manner.

In 2020, the coordinated sales were arranged in the four-week periods following publication of the financial reports and in connection with the private placement on 14 September 2020.

INVESTOR RELATIONS

We aim to maintain an open and active dialogue with shareholders, investors, analysts, media, and the general public to contribute to ensuring an equal and timely dissemination of information to all market participants, and a fair pricing of the shares. This includes hosting of quarterly conference calls and participation in management roadshows, investor conferences, retail events, and one-on-one and group meetings with analysts and investors.

Our investor relations policy stipulates a four-week silent period before publication of any full-year or interim financial report.

The NTG share is covered by Nordea Markets and Danske Bank Markets.

The investor website, investor.ntg.com, is frequently updated with information about the business. All financial reports, company announcements, and press releases can be downloaded from the investor website.

FINANCIAL CALENDAR 2021

Our financial calendar for 2021 is provided below:

11-Mar	Annual Report 2020
8-Apr	Annual General Meeting
17-May	Interim financial report Q1 2021
16-Aug	Interim financial report H1 2021
11-Nov	Interim financial report Q3 2021

SELECTED COMPANY ANNOUNCEMENTS IN 2020

NTG published a total of 53 company announcements in 2020. The announcements below represent an extract of some of the most important announcements.

27-Feb	No. 01	Completion of the acquisition of 85% of the shares in Ebrex
19-Mar	No. 02	Appointment of Michael Larsen as Group CEO
20-Mar	No. 03	2019 Annual Report
16-Apr	No. 05	2020 Annual General Meeting
17-May	No. 08	Change in the Executive Management
25-May	No. 09	Interim report Q1 2020 and share buy-back program
07-Jul	No. 17	Share capital increase to acquire remaining 15% of Ebrex
05-Aug	No. 23	Update on current trading and full-year outlook for 2020
19-Aug	No. 27	Interim report for H1 2020
30-Sep	No. 37	Change in Board of Directors
22-Oct	No. 41	Trading update for Q3 2020 and updated 2020 outlook
18-Nov	No. 43	Interim report Q3 2020, share-based incentive program and share buy-back program
19-Nov	No. 44	Appointment of Søren Holck Pape as CEO of the Air & Ocean division

ESG

Globally we see a raised awareness regarding organizations' sustainability and environmental impact. NTG supports initiatives for sustainable solutions in close collaboration with customers and other stakeholders.

Acting within the inherent confines of the transport industry, NTG is committed to promoting a sustainable agenda on key ESG areas, including long-term value creation for the Group's shareholders and partners. 2020 was a year of transition for NTG. Initiatives were made to create a baseline towards future improvements and policies on the area. This included data gathering and benchmarking towards industry standards.

As a freight forwarder and logistics provider, NTG delivers value to customers and consumers by facilitating effective and efficient transport solutions for a wide range of goods around the globe. NTG acts as a coordinator and optimizer, using subcontractors such as hauliers, ocean carriers and airlines, to perform the actual transports. For a further description of NTG's business model, refer to page 14

Environmental impact

With the current technologies available, transportation is a significant contributor to global carbon emissions. Reducing emissions to a sustainable level is a challenge faced by all participants in the transportation industry. As a freight forwarder and logistics provider NTG's direct emissions mainly relate to office buildings and terminals. NTG is continuously working to identify viable opportunities to reduce direct emissions through energy saving and conservation throughout the relevant locations.

It is NTG's goal to create higher transparency on the Group's level of Carbon Emissions and to identify relevant sources of greenhouse gas emissions in the operational value chain.

Efforts and results

To ensure consistent implementation and follow-up, NTG has implemented ISO 14001 certification related to their environmental management and implementation of environmental management systems. NTG's environmental policies are formalized in the Quality and Environmental Manual. As of December 2020, a total of 29 PADS (2019: 24) distributed on more than 50 sites (2019: 42) were ISO 14001 certified by reputable registrars.

As an important milestone in creating transparency on the area of environmental impact, is the Group's first-ever estimations of NTG's Carbon Footprint were carried out. Estimations were performed on each of the Group's emissions scopes yielding a Group-wide carbon emission estimate of 716 thousand tones CO2 equivalents (CO2e) in 2020. Calculations were performed in accordance with GHG Protocol principles and operationalized by using the Global Logistics Emissions Council (GLEC) framework, which provides a rigorous methodology for estimating emissions in the transport industry. Disclosures include estimates from all NTG's direct and indirect emission sources, as presented on page 44. By using subcontractors to perform the physical transports, the main contributor to NTG's total emissions are of an indirect nature. Initiatives to increase the Group's carbon efficiency are continually investigated and evaluated. Bringing transparency to the area of carbon emissions marks an important first step in creating actionable insight which opens doors for continued improvements and further sustainable service offerings to NTG's customers.

Responsible business practices

Responsible behavior is part of NTG's core values, and customers and other stakeholders all expect NTG to conduct business in a responsible manner. NTG's codes of conduct towards employees and subcontractors form the basis of all actions and activities carried out in NTG's name.

Efforts and results
In 2020, a new legal compliance program for anti-corruption, competition law, economic sanctions, human rights and export controls was established. The program is designed to fulfil global requirements and improve focus on legal compliance awareness and training.

Main legal compliance initiatives were:
Risk assessments across the Group on implementation of new governance controls, awareness of whistleblower system, anti-corruption, competition law, human rights and foreign trade controls. The outcome of the risk assessments is the basis for NTG's annual mitigation plans which include training and third-party due diligence.

Establishment of a global compliance champion network where local compliance champions serve as advisors and first point of contact to respond to the local operations' routine legal compliance-related questions. This helps to better integrate legal compliance matters into business operations. The network is anchored within headquarter and sponsored by NTG's executive management. To support, each subsidiary has appointed local compliance champions in 2020. Compliance champions are performing their new role in addition to their core job.

Raising awareness about NTG's whistleblower system. In 2020, the whistleblower system received 2 cases related to potential violations of Group policies. Both cases were investigated and cleared.

Implementation of a standardized third-party management process, including the performance of a pre-boarding due diligence.

Employees and diversity

NTG's employees are the reason for the Group's success. Their dedication and talent are the main assets of the company. NTG is committed to securing a safe workplace, ensuring employee satisfaction, limiting employee turnover and providing talent-based advancement opportunities for all employees on an equal basis. NTG does not discriminate but wants to employ the best candidate for given positions.

Management is aware the transport industry generally attracts some society groups to a higher degree, affecting diversity. Management believes that NTG's overall diversity is representative of the industry in general. However, to ensure continued access to a broad range of employees and skills, NTG has an objective of increasing diversity at all levels of the organization. NTG's CSR and ESG policy (available on investor.ntg.com) describes the Groups approach to ensuring diversity throughout the organization. The policy covers all levels of the organization, including Executive Management and the Board of Directors.

Efforts and results
NTG monitors employee satisfaction yearly, and openly presents and discusses the results with employees in order to continuously improve the working conditions in the Group. In 2020, NTG reached an employee satisfaction score, which is similar to comparable companies.

In 2020, NTG concluded a survey of employee matters, including data collection on work accidents, nationalities in the workforce, employee turnover and gender representation at employee and manager-level. Generally, diversity is increased in connection with the Group's continued international expansion.

NTG has a target of 1/7 representation of the underrepresented gender on the Board of Directors, which was expected to be reached in 2022 at the latest. In 2020, this goal was reached, and the need of a revised diversity target is currently being evaluated.

The green transition

Collaborating with customers and suppliers on financially feasible green initiatives

SCOPE 1 INITIATIVES

- Recycling, sorting, and paperless initiatives at several sites.
- Electric company cars offered.
- Electric trucks in logistics facilities.
- 42 locations ISO 14001 certified; additional locations expected in 2021.

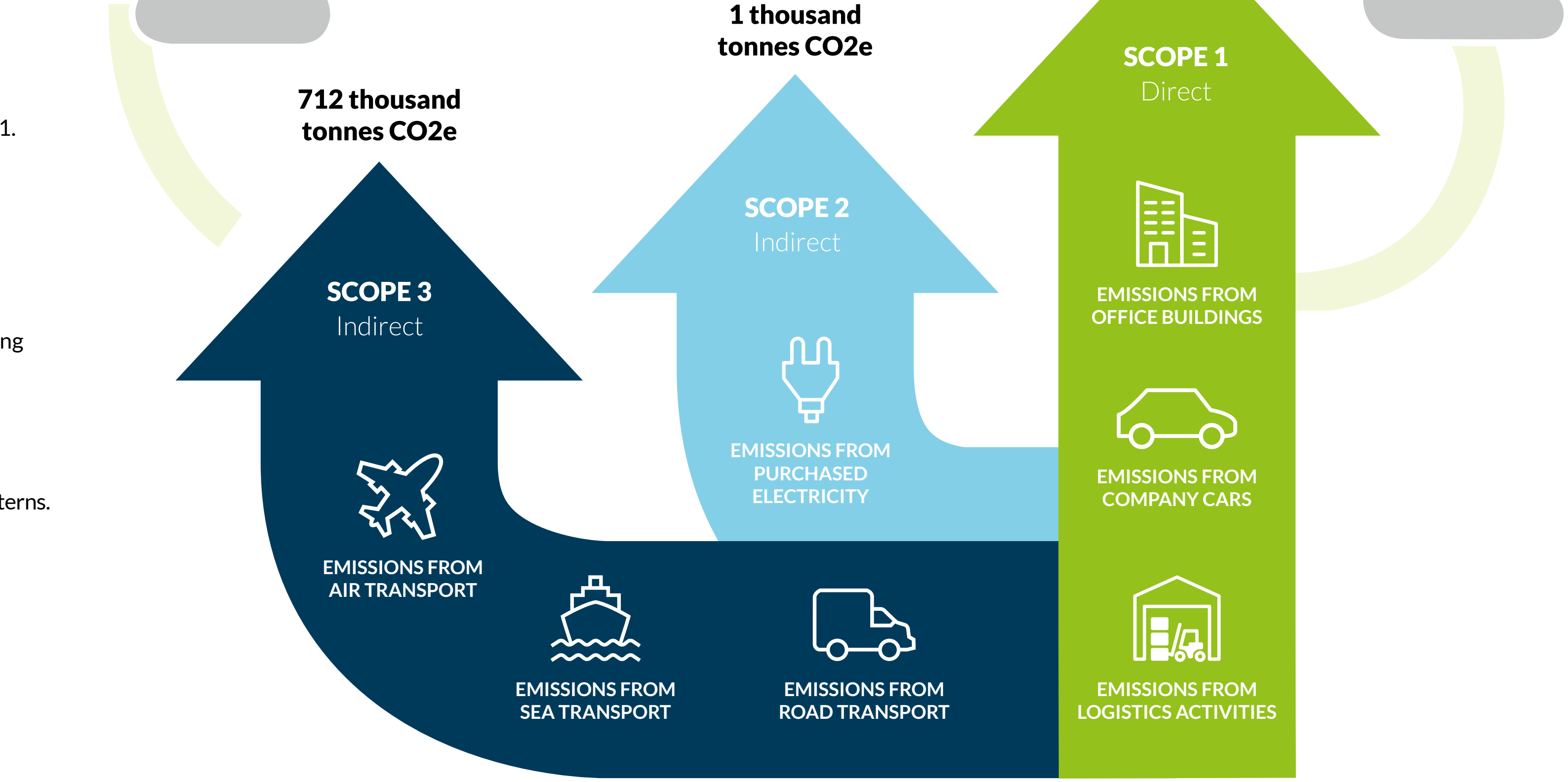
SCOPE 2 INITIATIVES

- Implementations of energyefficient heating solutions.
- Implementation of autonated lightning and low energy (LED) light bulbs.

SCOPE 3 INITIATIVES

- Continuous optimization of traffic patterns.
- Maximization of subcontractors' utilization of assets.
- Promotion of EuroNorm 5-6 trucks.
- Customer-specific collaborations on electric and gas-driven trucks.

“ NTG works proactively to increase transparency on our carbon footprint and collaborate with customers to reduce GHG emissions



Diversity and safety

Share male employees

64%

Share female employees

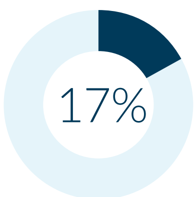
36%

Share male management positions

75%

Share female management positions

25%



Employee turn-over*

* Refer to page 88 for definition.

$\frac{4.6 \text{ Accidents*}}{1{,}000{,}000 \text{ Working hours}}$

Nationalities

Danish 20.4%	**German** 16.0%	**Polish** 13.0%	**Swedish** 7.9%
Bulgarian 5.7%	**Dutch** 5.2%	**Russian** 4.0%	**British** 4.0%
Finnish 3.2%	**Hungarian** 3.0%	**Swiss** 2.8%	**French** 2.7%

Other nationalities 12.1%

Quarterly financial overview

Selected financial information

Total

(DKKm)	2020 Full year	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Full year	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Net Revenue	5,332.2	1,425.4	1,362.2	1,234.1	1,310.5	5,332.0	1,400.7	1,328.1	1,326.3	1,276.9
Gross Profit	1,238.4	349.9	317.7	295.4	275.4	1,086.5	292.7	268.5	268.2	257.1
Adj. EBIT	260.7	82.1	77.6	56.1	44.9	208.0	60.1	50.8	51.2	45.9
Operating Margin	4.9%	5.8%	5.7%	4.5%	3.4%	3.9%	4.3%	3.8%	3.9%	3.6%
Conversion ratio	21.1%	23.5%	24.4%	19.0%	16.3%	19.1%	20.5%	18.9%	19.1%	17.8%

Road & Logistics

(DKKm)	2020 Full year	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Full year	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Net Revenue	4,274.7	1,106.1	1,125.6	975.2	1,067.8	4,121.8	1,057.2	1,025.0	1,020.7	1,018.9
Gross Profit	979.3	277.8	256.7	232.6	212.2	781.7	212.9	188.2	195.5	185.1
Adj. EBIT	247.0	74.2	73.7	52.6	46.5	181.2	56.3	41.6	42.3	41.0
Gross Margin	22.9%	25.1%	22.8%	23.9%	19.9%	19.0%	20.1%	18.4%	19.2%	18.2%
Operating Margin	5.8%	6.7%	6.5%	5.4%	4.4%	4.4%	5.3%	4.1%	4.1%	4.0%
Conversion ratio	25.2%	26.7%	28.7%	22.6%	21.9%	23.2%	26.4%	22.1%	21.6%	22.2%

Air & Ocean

(DKKm)	2020 Full year	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Full year	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Net Revenue	1,057.0	319.3	236.3	258.8	242.6	1,211.9	345.1	303.1	305.2	258.5
Gross Profit	259.0	71.8	61.2	62.9	63.1	306.5	81.7	80.2	79.0	65.6
Adj. EBIT	12.1	6.5	3.7	2.2	-0.3	24.3	4.1	8.9	6.1	5.2
Gross Margin	24.5%	22.5%	25.9%	24.3%	26.0%	25.3%	23.7%	26.5%	25.9%	25.4%
Operating Margin	1.1%	2.0%	1.6%	0.9%	-0.1%	2.0%	1.2%	2.9%	2.0%	2.0%
Conversion ratio	4.7%	9.1%	6.0%	3.5%	-0.5%	7.9%	5.0%	11.1%	7.7%	7.9%

Financial Statements

Income Statement

(DKKm)	Note	2020	2019
Net revenue	2.2	5,332.2	5,332.0
Direct costs	2.3	-4,093.8	-4,245.5
Gross profit		**1,238.4**	**1,086.5**
Other external expenses	2.4	-219.5	-195.2
Staff costs	2.5	-589.6	-546.7
Operating profit before amortizations, depreciations and special items (adj. EBITDA)		**429.3**	**344.6**
Amortizations and depreciation of intangible and tangible fixed assets	2.6	-168.6	-136.6
Operating profit before special items (adj. EBIT)		**260.7**	**208.0**
Special items, net	2.7	-5.4	-104.2
Financial income	2.8	3.1	1.8
Financial costs	2.8	-48.4	-51.1
Profit before tax		**210.0**	**54.5**
Tax on profit for the year	3.1	-61.2	-46.2
Profit for the year		**148.8**	**8.3**
Attributable to:			
Shareholders in NTG Nordic Transport Group A/S		125.9	-11.7
Non-controlling interests		22.9	20.0
Earnings per share			
Earnings per share (DKK)	6.1	5.61	-0.64
Diluted earnings per share (DKK)	6.1	5.61	-0.64

Statement of Other Comprehensive Income

(DKKm)	Note	2020	2019
Profit for the year		148.8	8.3
Items that may be reclassified to the income statement:			
Foreign exchange adjustments of subsidiaries		1.3	-0.3
Items not reclassified to the income statement:			
Actuarial adjustments on retirement benefit obligations	8.3	-0.1	-20.2
Other comprehensive income		**1.2**	**-20.5**
Total comprehensive income		**150.0**	**-12.2**
Attributable to:			
Shareholders in NTG Nordic Transport Group A/S		127.5	-33.4
Non-controlling interests		22.5	21.2

Cash Flow Statement

(DKKm)	Note	2020	2019
Operating profit before special items		**260.7**	**208.0**
Depreciation and amortizations		168.6	136.6
Share-based payments	8.2	1.3	0.3
Change in working capital etc.		127.5	40.6
Change in provisions		13.6	-8.8
Financial income received		3.1	1.8
Interest paid on leasing contracts	4.6	-31.3	-31.3
Other financial expenses paid		-17.1	-19.8
Corporation taxes paid		-57.7	-79.7
Special items	2.7	-5.4	-46.2
Cash flow from operating activities		**463.3**	**201.5**
Purchase of intangible assets	5.1	-0.5	-0.3
Purchase of property, plant and equipment	5.2	-4.8	-37.3
Disposal of tangible assets	5.2	2.4	14.4
Acquisition of business activities	7.1	-152.4	-31.9
Changes in other financial assets		-3.2	2.8
Cash flow from investing activities		**-158.5**	**-52.3**
Free cash flow		**304.8**	**149.2**

Statement of adjusted free cash flow*

(DKKm)	2020	2019
Free cash flow	304.8	149.2
Special items	5.4	46.2
Acquisition of business activities	152.4	31.9
Repayment of lease liabilities (IFRS 16) reversed	-148.4	-117.3
Adjusted free cash flow	**314.2**	**110.0**

* Adjusted free cash flow excludes one-off items in terms of special items and acquisition of business activities, but includes cash outflows from leasing contracts under IFRS 16. The measure is shown as a representation of cash flows from continuing operational activities.

(DKKm)	Note	2020	2019
Repayment of lease liabilities	4.6	-148.4	-117.3
Proceeds and repayments of other financial liabilities	4.5	-44.3	-43.9
Shareholders and non-controlling interests			
Cost attributable to capital increase		0.0	-5.2
Purchase of treasury shares	6.1	-38.8	0.0
Reverse acquisition of former NeuroSearch A/S on 7 October 2019		0.0	53.3
Dividends paid to non-controlling interests	6.1	-15.7	-14.8
Acquisition of shares from non-controlling interests		-3.7	-0.1
Disposal of shares to non-controlling interests		2.1	1.3
Cash flow from financing activities		**-248.8**	**-126.7**
Cash flow for the year		**56.0**	**22.5**
Cash and cash equivalents at 1 January		180.2	158.0
Cash flow for the year		56.0	22.5
Currency translation adjustments		-0.2	-0.3
Cash and cash equivalents at 31 December		**236.0**	**180.2**

The cash and cash equivalents disclosed in the cash flow statement include DKK 21.4 million which are held on restricted deposit accounts at 31 December 2020.

Balance Sheet

Assets

(DKKm)	Note	2020	2019
Intangible assets	5.1	507.1	389.8
Property, plant and equipment	5.2	91.3	75.2
Right-of-use assets	5.3	553.7	518.7
Other receivables	4.2	11.2	6.2
Deferred tax assets	3.2	10.0	5.0
Total non-current assets		**1,173.3**	**994.9**
Trade receivables	4.1	827.6	769.8
Other receivables	4.2	90.8	82.5
Cash and cash equivalents	4.3	235.9	180.2
Corporation tax		0.6	2.3
Total current assets		**1,154.9**	**1,034.8**
Total assets		**2,328.2**	**2,029.7**

Equity and Liabilities

(DKKm)	Note	2020	2019
Share capital	6.1	453.0	448.5
Reserves		-120.7	-208.1
NTG Nordic Transport Group A/S shareholders' share of equity		**332.3**	**240.4**
Non-controlling interests	7.2	60.7	48.0
Total equity		**393.0**	**288.4**
Deferred tax liabilities	3.2	1.8	2.7
Pensions and similar obligations	8.3	149.8	152.9
Provisions	5.4	0.2	2.9
Financial liabilities	4.5	18.2	36.1
Lease liabilities	4.6	484.2	455.4
Total non-current liabilities		**654.2**	**650.0**
Provisions	5.4	62.0	42.6
Financial liabilities	4.5	21.5	17.2
Lease liabilities	4.6	132.4	119.9
Trade payables	4.4	854.9	776.3
Other payables	4.4	194.5	127.6
Corporation tax		15.7	7.7
Total current liabilities		**1,281.0**	**1,091.3**
Total liabilities		**1,935.2**	**1,741.3**
Total equity and liabilities		**2,328.2**	**2,029.7**

Statement of Changes in Equity

2020

(DKKm)	Share capital	Share premium	Treasury share reserve	Translation reserve	Retained earnings	Shareholders' share of equity	Non-controlling interests	Total equity
Equity at 1 January	**448.5**	**0.0**	**0.0**	**-7.5**	**-200.6**	**240.4**	**48.0**	**288.4**
Profit for the year	**0.0**	**0.0**	**0.0**	**0.0**	**125.9**	**125.9**	**22.9**	**148.8**
Net exchange differences recognized in OCI	0.0	0.0	0.0	1.7	0.0	1.7	-0.4	1.3
Actuarial gains/(losses)	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other comprehensive income, net of tax	**0.0**	**0.0**	**0.0**	**1.7**	**-0.1**	**1.6**	**-0.4**	**1.3**
Total comprehensive income for the year	**0.0**	**0.0**	**0.0**	**1.7**	**125.8**	**127.5**	**22.5**	**150.0**
Transactions with shareholders:								
Share-based payments	0.0	0.0	0.0	0.0	1.3	1.3	0.0	1.3
Dividends distributed	0.0	0.0	0.0	0.0	0.0	0.0	-15.7	-15.7
Purchase of treasury shares	0.0	0.0	-6.2	0.0	-32.6	-38.8	0.0	-38.8
Addition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	9.4	9.4
Acquisition of shares from non-controlling interests	4.5	16.9	3.1	0.0	-15.0	9.5	-13.2	-3.7
Disposal of shares to non-controlling interests	0.0	0.0	0.0	0.0	-7.6	-7.6	9.7	2.1
Other adjustments	0.0	-16.9	-1.3	0.0	18.2	0.0	0.0	0.0
Total transactions with owners	**4.5**	**0.0**	**-4.4**	**0.0**	**-35.7**	**-35.6**	**-9.8**	**-45.4**
Equity at 31 December	**453.0**	**0.0**	**-4.4**	**5.8**	**110.5**	**332.3**	**60.7**	**393.0**

Statement of Changes in Equity

2019

(DKKm)	Share capital	Share premium	Translation reserve	Retained earnings	Shareholders' share of equity	Non-controlling interests	Total equity
Equity at 1 January	**0.5**	**0.0**	**-6.0**	**119.5**	**114.0**	**93.9**	**207.9**
Profit for the year	**0.0**	**0.0**	**0.0**	**-11.7**	**-11.7**	**20.0**	**8.3**
Net exchange differences recognized in OCI	0.0	0.0	-1.5	0.0	-1.5	1.2	-0.3
Actuarial gains/(losses)	0.0	0.0	0.0	-20.2	-20.2	0.0	-20.2
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other comprehensive income, net of tax	**0.0**	**0.0**	**-1.5**	**-20.2**	**-21.7**	**1.2**	**-20.5**
Total comprehensive income for the year	**0.0**	**0.0**	**-1.5**	**-31.9**	**-33.4**	**21.2**	**-12.2**
Transactions with shareholders:							
Share-based payments	0.0	0.0	0.0	0.3	0.3	0.0	0.3
Dividends distributed	0.0	0.0	0.0	0.0	0.0	-14.8	-14.8
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reverse acquisition of former NeuroSearch A/S on 7 October 2019	24.6	0.0	0.0	28.7	53.3	0.0	53.3
Excess value expense related to reverse acquisition on 7 October 2019	0.0	0.0	0.0	58.0	58.0	0.0	58.0
Adjustment of share capital	-0.8	0.0	0.0	0.8	0.0	0.0	0.0
Capital increase less direct attributable cost	391.7	0.0	0.0	-396.6	-4.9	0.0	-4.9
Acquisition of shares from non-controlling interests	32.5	172.6	0.0	-153.9	51.2	-51.7	-0.5
Disposal of shares to non-controlling interests	0.0	0.0	0.0	1.9	1.9	-0.6	1.3
Other adjustments	0.0	-172.6	0.0	172.6	0.0	0.0	0.0
Total transactions with owners	**448.0**	**0.0**	**0.0**	**-288.2**	**159.8**	**-67.1**	**92.7**
Equity at 31 December	**448.5**	**0.0**	**-7.5**	**-200.6**	**240.4**	**48.0**	**288.4**

Notes to the consolidated financial statements

1. Basis for preparation

This section provides an overview of the financial accounting policies and key accounting estimates applied in the preparation of the Group's consolidated financial statements. The accounting policies set out in section 1.1 below have been applied consistently with respect to the financial year and comparative figures from previous year.

This section provides an overview of the financial accounting policies and key accounting estimates applied in the preparation of the Group's consolidated financial statements. The accounting policies set out in section 1.1 below have been applied consistently with respect to the financial year and comparative figures from previous year.

The consolidated financial statements of NTG Nordic Transport Group A/S have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act relevant for class D companies.

The Annual Report for 2020 was approved by Executive Management and the Board of Directors on 11 March 2021 and will be presented for approval at the subsequent Annual General Meeting on 8 April 2021.

1.1 Accounting policies, estimates and judgements

The Annual Report for the period 1 January - 31 December 2020 comprise the consolidated financial statements of the parent company NTG Nordic Transport Group A/S and subsidiaries controlled by the parent company (the Group).

The annual report has been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

New and amended standards adopted by the Group

Accounting policies have been applied consistently with those applied in the consolidated financial statements for 2019.

The Group has implemented all new EU-approved standards, interpretations and amendments effective on 1 January 2020. The amendments did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting and have not been early adopted by the Group. These standards are not expected to have a material impact on Group in the current or future reporting periods and on foreseeable future transactions.

Consolidation principles

The Consolidated financial statements comprise NTG Nordic Transport Group A/S (Parent Company) and its subsidiaries.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 7.1).

Consolidation is performed by summarizing the financial statements of the Parent Company and its subsidiaries. Intercompany transactions, balances and unrealized gains on transactions between Group entities are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Acquired or sold subsidiaries are recognised in the consolidated income statement for the period in which the Parent controls such entities. Comparative figures are not restated for recently acquired or sold entities.

Associates

Associates are all entities over which the Group has significant influence, but not control or joint control. This is generally the case when the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Non-controlling interests

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included in the Group's profit/loss for the year and of the equity of subsidiaries, respectively, but shown as separate items. Net profit for the year is allocated to non-controlling interests using the ownership interests present on the reporting date.

Transactions with non-controlling interest that do not result in a change of control are recognized directly in equity. Such transactions result in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and the consideration paid or received is recognised directly in retained earnings attributable to owners of NTG Nordic Transport Group A/S.

Foreign currency translation

Functional and presentation currency

Items in the financial statements of each reporting entity of the Group are measured in the currency of the primary economic environment in which the entity operates (the functional currency).

The functional currency of the Parent Company, NTG Nordic Transport Group A/S is DKK.

The financial statements are presented in Danish kroner (DKK), and all amounts have been rounded to the nearest hundred thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised on a net basis in the statement of profit or loss, within financial items.

Group Entities

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

1. Assets and liabilities for each entity's balance sheet are translated at the closing rate at the date of that balance sheet;

2. Income and expenses for each entity's income statement are translated at average exchange rates; and

3. All resulting exchange differences are recognized directly in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Statement of cash flow

The cash flow statement shows the Group's cash flows during the year distributed on operating, investing and financing activities, including changes in cash and cash equivalents at the beginning and at the end of the year. The cash flow statement cannot be derived directly from the balance sheet and income statement.

Cash flows from operating activities are calculated using the indirect method and as operating profit before special items (EBIT) for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt, including servicing of leasing liabilities, as well as payments to and from shareholders.

Cash and cash equivalents include cash on hand and short-term liquid assets that are readily convertible to cash.

Materiality

The financial statements separately present items which are considered individually material. Individually immaterial items are aggregated with other items of similar nature in the statements or in the notes. All required disclosures by IFRS are presented unless the information is considered immaterial to the economic decision-making of the users of the financial statements.

Accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates rely on Management judgement and will, by definition, seldom equal the related actual results.

Estimates and assumptions are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The estimates and assumptions deemed most significant to the preparation of the consolidated financial statements are addressed below:

- Acquisition of enterprises (Note 7.1)
- Defined Benefit Plans (Note 8.3)

Refer to each of the specific notes for details on relevant accounting policies and further description of significant estimates and assumptions used.

Risk factors specific to the Group are described in the management report from pages 32-33 and in note 6.4.

2. Profit for the year

This section includes disclosures on components of consolidated profit for the year.

2.1 Segment information

Accounting policies

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss before special items and is measured consistently with operating profit or loss in the consolidated statement of income.

Operating segments

The Group's business operations are carried out by two divisions, forming the basis for the Group's segment reporting. Information on business segments is based on the Group's risk and returns and its internal financial reporting system. The segmentation is a direct match to the Group's management structure, with a responsible CEO for each of the two operating segments. Business segments are regarded as the primary segments. Non-allocated items related to Head-office functions are not part of the business segments and are as such separated in the segment reporting.

All intersegment transactions and settlements are carried out on an arm's length basis.

Air & Ocean

The Air & Ocean division provides international air and ocean freight services, including project transports.

Road & Logistics

The Road & Logistics division provides transport and warehousing solutions with a geographical focus on Europe.

Major customers

The Group has no customers contributing revenue of more than 10 % of total revenue and the Group is therefore not reliant on any major customers.

	Road & Logistics		Air & Ocean		Eliminations etc.		Total	
(DKKm)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Segment revenue	4,291.4	4,145.4	1,062.4	1,214.6	0.8	-1.4	5,354.6	5,358.6
Revenue (between segments)	-16.7	-23.6	-5.4	-2.7	-0.3	-0.3	-22.4	-26.6
Revenue (external)	4,274.7	4,121.8	1,057.0	1,211.9	0.5	-1.7	5,332.2	5,332.0
Gross Profit	**979.3**	**781.7**	**259.0**	**306.5**	**0.1**	**-1.7**	**1,238.4**	**1,086.5**
Amortization and depreciations	153.9	126.0	12.9	8.6	1.8	2.0	168.6	136.6
Operating profit before special items	**247.0**	**181.2**	**12.1**	**24.3**	**1.6**	**2.5**	**260.7**	**208.0**
GP (%)	22.9%	19.0%	24.5%	25.3%			23.2%	20.4%

*Total assets and liabilities for each segment are not reported because such amounts are not regularly provided to the CODM

Geographical information

The following table present information regarding the Group's geographical segments on revenue, and non-current assets, both of which are allocated according to the country in which the individual consolidated entity is based.

Net revenue (DKKm)	2020	2019
Denmark	1,904.6	1,960.2
Sweden	930.0	833.5
Germany	571.9	696.5
Finland	501.9	518.1
Other countries	1,423.8	1,323.7
Total	**5,332.2**	**5,332.0**

Non-current asset* (DKKm)	2020	2019
Denmark	717.4	642.6
Sweden	106.1	68.6
Germany	56.3	42.3
Finland	69.7	40.3
Other countries	213.8	196.1
Total	**1,163.3**	**989.9**

*Non-current assets less tax assets

2.2 Net revenue

Accounting policies

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

Revenue from contracts with customers is recognized when control of freight forwarding services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Freight forwarding services and other services are generally characterized by short delivery times except for ocean transports that takes longer due to the nature of the service delivered.

Timing of revenue recognition reflects when fulfilment of performance obligations towards customers take place and follows the over-time principle because the customer receives and uses the benefits simultaneously.

Revenue generated by providing other logistic services is recognised in the reporting period in which the service is rendered.

When determining the transaction price for the sale of services, the Group considers the effect of variable consideration and any other significant factors affecting the transaction price. The Group's ordinary course of business is to agree a price (transaction price) with the customer for performing the specific service (price allocation) before booking a haulier/carrier and delivering the service. No material effect of variable consideration is present, and no material uncertainty is therefore associated with the contract price on an individual transport level. No significant financing component is included in the transaction price, as sales are generally made with credit terms between 14-60 days from the delivery date, in coherence with market practice. Consequently, no adjustments to the transaction prices for the time value of money is carried out.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Change of circumstances relating to individual transports will ordinarily have a non-material effect on the Group's consolidated revenue.

Accrued revenue and accrued costs of services in progress at 31 December 2020 are presented on the line items trade receivables and trade payables, respectively. Accrued revenue is estimated and recognized when a sales transaction fulfils the criteria for revenue recognition, but no final invoice has yet been issued to the customer at the end of the reporting period. Accrued costs are estimated and recognized when supplier invoices relating to recognized revenue for the reporting period have yet to be received.

2.3 Direct costs

Accounting policies

Direct costs comprise costs incurred to achieve the year's revenue and primarily includes costs for hauliers, shipping companies and airlines.

2.4 Other external expenses

Accounting policies

Other external expenses include expenses related to rent, IT, training and education, travelling and other costs of operations and maintenance.

2.5 Staff costs

Accounting policies

Staff costs include salaries, bonuses, pensions, social security costs, vacation pay and other benefits.

Staff costs are recognised in the financial year in which the associated services are rendered by the employees. Costs related to long-term employee benefits, e.g., defined benefit pension plans, are recognized in the periods in which they are earned.

Government grants amounting to DKK 9.2 million was recognised as a deduction to wages and salaries (2019: DKK 0 million). Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. The government grants are related to Covid-19 public support programs in certain countries. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

Please refer to note 8.1 for detailed information on remuneration of Management and note 8.2 for detailed information on the Groups share option schemes and 8.3 for detailed information on pension plans.

(DKKm)	2020	2019
Wages and salaries	502.8	460.1
Defined contribution pension plans	20.3	22.9
Defined benefit pension plans	4.4	4.7
Other social security costs	51.2	48.2
Other staff costs	10.9	10.8
Total staff costs	**589.6**	**546.7**
Average full time employees	1,482	1,380
Number of full-time employees at year-end	1,492	1,372

2.6 Amortization and depreciation for the year

Accounting policies

Amortization and depreciation relate to the following fixed assets in the balance sheet:

- Intangible assets (excluding goodwill),
- Property, plant and equipment, and
- Right-of-use assets capitalized (note 5.3)

Amortization and depreciation profiles depend on the underlying assets (see notes 5.1 and 5.2)

(DKKm)	2020	2019
Amortization of intangible assets	0.6	0.1
Depreciation of tangible assets	10.7	6.6
Depreciation of right-of-use assets (note 5.3)	157.3	129.9
Total	**168.6**	**136.6**

2.7 Special Items

Accounting policies

Special items are reported in the income statement and comprise significant income and expenses of an exceptional nature relative to the Group's ordinary operations or costs related to investments in future activities.

The items are stated separately to give a true and fair view of the Group's operating profit.

Special items for the year comprise transaction and integration costs from business combinations.

(DKKm)	2020	2019
Transaction and integration costs from business combinations	5.4	3.8
Stock market introduction	0.0	26.3
Excess value expense	0.0	58.0
Close down of non-profitable sites	0.0	16.1
Total	**5.4**	**104.2**

If the above special items costs were split into other income statement item lines, DKK 5.4 million would relate to staff costs.

2.8 Financial income and expenses

Accounting policies

Financial income and expenses comprise interest income and expenses, realized and non-realized capital gains/losses on transactions in foreign currency, amortization of financial assets and liabilities etc.

Financial income

(DKKm)	2020	2019
Interest income	0.4	1.0
Other financial income	2.7	0.8
Total	**3.1**	**1.8**

Financial expenses

(DKKm)	2020	2019
Interest expense	3.4	1.5
Calculated interest on pensions plan (note 8.3)	1.3	2.3
Exchange differences	6.6	9.8
Other financial expenses	5.8	6.2
Interest on lease liabilities	31.3	31.3
Total	**48.4**	**51.1**

3. Tax

This section contains relevant disclosures and details regarding tax recognized in the financial statements. The total tax on Group profit for the year amounts to DKK 61.2 million.

3.1 Income tax

Accounting policies

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Management's judgements in this respect are based on assumptions and estimates, which carry a degree of uncertainty with respect to actual outcomes.

(DKKm)	2020	2019
Tax on profit for the year:		
Tax on profit for the year	61.2	46.2
Tax on other comprehensive income	0.0	0.0
Total tax for the year	**61.2**	**46.2**

(DKKm)	2020	2019
Tax on profit for the year can be broken down as follows:		
Current tax for the year	67.5	48.8
Adjustment of deferred tax recognized in P&L	-4.3	-1.0
Adjustments for current tax of prior periods	-2.0	-1.6
Tax on profit/loss for the year	**61.2**	**46.2**

(DKKm)	2020	2019
Parent company's income tax rate	**22.0%**	**22.0%**
Tax effects of:		
Higher/lower tax rate in subsidiaries	-1.4%	-3.5%
Non-taxable items on listing costs	0.0%	10.6%
Non-taxable items on excess value expense	0.0%	23.4%
Other non-taxable items	9.6%	30.3%
Adjustments in respect of prior years	-0.9%	-3.0%
Revaluation of deferred tax assets and liabilities	-0.2%	4.9%
Effective tax rate	**29.1%**	**84.7%**

Non-taxable items mainly relate to individual Group companies, where tax losses are non-capitalized.

3.2 Deferred tax

Accounting policies

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(DKKm)	2020	2019
Movement on deferred tax. net		
Deferred tax assets at 1 January	2.3	1.6
Deferred tax for the year	4.3	1.0
Other adjustments	1.5	-0.3
Deferred tax assets at 31 December	**8.2**	**2.3**

The Group has non-recognized tax assets totalling 421 million at 31 December 2020 (2019: 390 million), of which the majority relates to tax loss carry forwards. The majority of unrecognized deferred tax assets have no significant time limitations.

Non-recognized tax loss carry forwards include DKK 1,742 million acquired from the transaction with former Neurosearch A/S. There is no assurance that the Group will be able to utilize the acquired tax-loss carry forwards, and no deferred tax asset has therefore been recognized in this respect.

4. Financial assets and liabilities

This note provides information about the Group's financial instruments, including:

- Overview of all financial instruments held by the Group
- Specific information about each type of financial instrument
- Accounting policies
- Information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group holds the following financial instruments:

Financial assets (amortized cost) (DKKm)	2020	2019
Trade Receivables	827.6	769.8
Other Receivables	102.0	88.7
Cash and Cash equivalents	235.9	180.2

Financial liabilities (amortized cost) (DKKm)	2020	2019
Trade and other payables	1,049.4	903.9
Other financial liabilities	39.7	53.3
Lease liabilities	616.6	575.3

The Group's exposure to various risks associated with the financial instruments is discussed in note 6.4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

4.1 Trade Receivables

Accounting policies

A receivable is the Group's unconditional right to consideration and is accounted for in accordance with IFRS 9. Receivables are initially recognised at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost, which usually corresponds to the nominal value.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement on a short-term basis and therefore are classified as current.

Due to the short-term nature of the current receivables, their carrying amounts are considered to be the same as their fair value.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency and interest risk can be found in note 6.4.

Trade Receivables (DKKm)	2020	2019
Trade Receivables	858.6	800.6
Less provision for impairment	-31.0	-30.8
Trade Receivables net	**827.6**	**769.8**

4.2 Other financial assets

Accounting policies

Other financial assets consist of receivables other than trade receivables. These other receivables generally arise from transactions outside the usual operating activities of the Group. The non-current part of other receivables mainly consists of deposits, which are measured at cost less repayments and impairment (amortized cost).

4.3 Cash and cash equivalents

Cash and cash equivalents disclosed in the statement of cash flows include DKK 21,4 million which are held on restricted deposit accounts. Deposits are subject to regulatory restrictions and are therefore not available for general use by other entities within the Group.

4.4 Trade and other payables

Accounting policies

Trade payables represents liabilities for services provided to the Group prior to the end of financial year, which are unpaid at the balance sheet date. The amounts are unsecured and are usually paid on a short-term basis. Trade and other payables are presented as current liabilities unless payment is due more than 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method. Carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

4.5 Other financial liabilities

Accounting policies

Other financial liabilities consist of individually immaterial positions related to short-term bank overdrafts and other borrowing arrangements outside of credit institutions.

Other financial liabilities are measured at amortized cost, which corresponds to the net realisable value.

Other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.6 Lease liabilities

Accounting policies

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 the Group.

Subsequent to recognition, lease liabilities are measured at amortized 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. For a description of accounting policies and details related to right-of-use assets including further disclosures in accordance with IFRS 16 refer to note 5.3.

Certain lease contracts include extension options with the intention of ensuring operational flexibility. The expected term of each lease contract is reflected in the recognized lease liability.

Movement on lease liability

(DKKm)	2020	2019
Opening balance 1 January	575.3	0.0
Application effect of IFRS 16	0.0	583.1
Lease payments	-179.7	-148.6
Additions from business combinations	63.1	0.0
New leases	153.4	149.0
Disposal	-26.1	-40.1
Interest	31.3	31.3
Currency translation adjustments	-0.7	0.6
Lease liability 31 December	**616.6**	**575.3**

		2020		
(DKKm)	Carrying amount	0-1 year	1-5 years	> 5 years
Trade and other payables	1,049.4	1,049.4	0.0	0.0
Other financial liabilities	39.7	21.5	18.2	0.0
Lease liabilities	616.6	132.4	293.4	190.8
Total	**1,705.7**	**1,203.3**	**311.6**	**190.8**
Interest	181.4	40.1	88.4	52.9
Total, undiscounted	**1,887.1**	**1,243.4**	**400.0**	**243.7**

		2019		
(DKKm)	Carrying amount	0-1 year	1-5 years	> 5 years
Trade and other payables	903.9	903.9	0.0	0.0
Other financial liabilities	53.3	17.2	36.1	0.0
Lease liabilities	575.3	119.9	260.1	195.3
Total	**1,535,5**	**1,041.0**	**296.2**	**195.3**
Interest*	156.5	41.8	83.4	31.3
Total, undiscounted	**1,689.0**	**1,082.8**	**379.6**	**226.6**

* Comparative figures have been updated to include interests associated to cashflow arising from lease liabilities.

5. Non-financial assets and liabilities

This section provides information about the Group's non-financial assets and liabilities: Intangible assets, tangible assets and provisions

5.1 Intangible assets

Goodwill

Accounting policies

Goodwill acquired in business combinations is recognised and measured as the difference between the total of the fair value of the consideration transferred and the fair value of the identifiable net assets on the date of acquisition. Goodwill is not amortized. The carrying amount of goodwill is tested for impairment annually. Impairment losses are recognized directly for the year and are not subsequently reversed.

Acquired other rights

Accounting policies

Acquired other similar rights are measured at cost less accumulated amortization and less any accumulated impairment losses or at a lower value in use.

	2020			2019		
(DKKm)	**Acquired Rights**	**Goodwill**	**Total**	**Acquired Rights**	**Goodwill**	**Total**
Cost at 1 January	1.5	388.6	390.1	1.3	330.0	331.3
Aquisitions through business combinations	0.4	117.6	118.0	0.0	58.6	58.6
Additions for the year	0.1	0.0	0.1	0.3	0.0	0.3
Disposals for the year	-0.2	0.0	-0.2	-0.1	0.0	-0.1
Currency translation adjustments	-0.1	-0.1	-0.2	0.0	0.0	0.0
Cost at 31 December	**1.7**	**506.1**	**507.8**	**1.5**	**388.6**	**390.1**
Amortization at 1 January	0.3	0.0	0.3	0.2	0.0	0.2
Amortization for the year	0.6	0.0	0.6	0.1	0.0	0.1
Disposals during the year	-0.2	0.0	-0.2	-0.1	0.0	-0.1
Currency translation adjustments	0.0	0.0	0.0	0.1	0.0	0.1
Amortization at 31 December	**0.7**	**0.0**	**0.7**	**0.3**	**0.0**	**0.3**
Carrying amount at 31 December	**1.0**	**506.1**	**507.1**	**1.2**	**388.6**	**389.7**

Impairment

Accounting policies

Goodwill is tested for impairment once a year, other intangible assets are tested when there is indication of impairment.

When performing the impairment test, an assessment is made as to the ability of individual cash generating units (CGUs) to generate sufficient positive net cash flow in the future to support the value of the unit in question.

Impairment testing is performed for each cash-generating unit to which consolidated goodwill is allocated, as defined by Management. The cash-generating units thereby follow the Group's divisional structure:

- Road & Logistics, and
- Air & Ocean

Goodwill is written down to its recoverable amount through the income statement, if this is lower than the carrying amount.

The recoverable amount is determined as the present value of the discounted future net cash flow from the cash-generating unit to which the goodwill relates. In calculating the present value, discount rates are applied reflecting the risk-free interest rate with the addition of risks relating to the individual cash-generating units, such as geographical and financial exposure.

The carrying amount of goodwill at the end of the reporting date equals DKK 506.1 million. For goodwill impairment testing, a number of estimates are made. Estimates are made in connection to the development in revenues, operating profits, future capital expenditures, discount rates and growth expectations in the terminal period. These estimates are based on assessments of the current cash-generating units Road & Logistics and Air & Ocean and are based on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

The Road & Logistics division primarily operates in the Northern, Eastern and Central European markets. Future net cash flows of the division are affected by market development and growth rates in these regions.

The Air & Ocean division operates internationally, and its future cash flows are therefore exposed to developments in global trade and economy.

Future cash flows in both divisions are also affected by the development of internal factors, such as network synergies and productivity improvements.

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2021 and projections for subsequent years up to and including 2025. From 2025, NTG Nordic Transport Group A/S expects the growth rate to remain in line with the expected long-term average growth rate for the industry.

Goodwill impairment

	2020	
(DKKm)	**Road & Logistics**	**Air & Ocean**
Carrying amount of goodwill	376.0	130.1
Budget period		
Annual growth	4.0%	6.0%
Operating margin	5.0%	3.0%
Terminal Period		
Growth	2.0%	2.0%
Pretax discount rate	9.5%	10.5%

	2019	
(DKKm)	**Road & Logistics**	**Air & Ocean**
Carrying amount of goodwill	259.2	129.4
Budget period		
Annual growth	4.0%	6.0%
Operating margin	5.0%	3.0%
Terminal Period		
Growth	2.0%	2.0%
Pretax discount rate	9.5%	10.5%

5.2 Tangible assets and fixed assets investments

Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which are as follows:

- Land is not depreciated
- Warehouses and other productions buildings 20-30 years
- Office buildings 40-50 years
- Other plant and other operating equipment 3-7 years

The basis of depreciation is calculated with due consideration to the residual value and any prior impairment write down. The estimated useful life and residual value of each asset is determined at the date of acquisition and reassessed annually.

Impairment

Assets are tested for impairment, if indications of impairment are present. In case a need for impairment is identified, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Any resulting impairment loss is recognised in the income statement when the impairment is identified.

	2020			2019		
(DKKm)	**Land & Buildings**	**Other Fixtures and fittings, tools and equipment**	**Total**	**Land & Buildings**	**Other Fixtures and fittings, tools and equipment**	**Total**
Cost at 1 January	41.7	54.9	96.6	21.8	52,0	73.8
Aquisitions through business combinations	0.0	25.6	25.6	0.0	0.3	0.3
Additions for the year	0.3	4.4	4.7	25.9	11.4	37.3
Disposals at cost	0.0	-5.9	-5.9	-9,5	-7.9	-17.4
Currency translation adjustments	-0.2	-2.8	-3.0	-0.2	-0.9	-1,1
Other adjustments	0.0	0.0	0.0	3.7	0.0	3.7
Cost at 31 December	**41.8**	**76.2**	**118.0**	**41.7**	**54.9**	**96.6**
Depreciation at 1 January	4.8	16.6	21.4	0.6	14.6	15.2
Depreciation for the year	0.6	10.1	10.7	0.7	5.9	6.6
Disposals during the year	0.0	-3.5	-3.5	0.0	-3.0	-3.0
Currency translation adjustments	0.0	-1.9	-1.9	-0.2	-0,9	-1,1
Other adjustments	0,0	0,0	0,0	3,7	0,0	3,7
Depreciation at 31 December	**5.4**	**21.3**	**26.7**	**4.8**	**16.6**	**21.4**
Carrying amount at 31 December	**36.4**	**54.9**	**91.3**	**36.9**	**38.3**	**75.2**

5.3 Right-of-use assets

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

Right-of-use assets are initially measured at cost, equivalent to the relevant recognized 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, 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.

Right-of-use assets and lease liabilities are not recognised for low value lease assets or leases with a lease term of 12 months or less. These are recognised as an expense on a straight-line basis over the term of the lease. Any service elements separable from the lease contract are also accounted for following same principle.

In accounting for lease contracts, various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of lease periods, utilization of extension options and applicable discount rates.

Extension options are only included in the lease term if the lease is reasonably certain to be extended. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

All right-of-use assets are presented in the balance sheet in the line item Right-of-use assets.

Right-of-use assets classified as land and buildings mainly relate to leases of warehouses, terminals and office buildings, whereas assets recognised as other plant and equipment mainly relate to leases of trailers, trucks, company cars, forklifts and other office equipment.

Right-of-use assets (DKKm)	2020 Land & Buildings	2020 Other Plant & Equipment	2020 Total	2019 Land & Buildings	2019 Other Plant & Equipment	2019 Total
Carrying amount at 1 January	295.6	223.1	518.7	0.0	0.0	0.0
Impact of IFRS 16 implementation	0.0	0.0	0.0	332.9	207.1	540.0
Additions from business combinations	62.2	0.9	63.1	0.0	0.0	0.0
Additions during the period	54.9	99.0	153.9	32.0	119.2	151.2
Disposals during the period	-10.4	-13.6	-24.0	-21.9	-18.7	-40.6
Depreciations	-61.4	-95.9	-157.3	-45.9	-84.0	-129.9
Currency translation adjustments	-1.7	1.0	-0.7	-1.5	-0.5	-2.0
Carrying amount at 31 December	**339.2**	**214.5**	**553.7**	**295.6**	**223.1**	**518.7**

(DKKm)	2020	2019
Expense relating to short-term leases (included in direct costs and other external expenses)	14.6	16,3
Expense relating to leases of low-value assets that are not short-term leases (included in other external expenses)	0.6	0.6
Expense relating to variable lease payments not included in lease liabilities (included in other external expenses)	3.6	2.6
Lease payments (note 4.6)	179.7	148.6
Total cash outflow for leases	**198.5**	**168.1**

5.4 Provisions

Accounting policies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are in all material aspects short term and no interest expense due to the passage of time is recognized as an interest expense.

The Group's provisions are divided into two categories: 1) Provisions for legal claims and restructuring and 2) other provisions. The latter mainly consists of provisions recognized through business combinations.

Movement in provisions

Movements during the year are mainly related to re-organization of former Gondrand entities and certain legal cases.

(DKKm)	Current	Non-current	Total
Legal claims and restructuring	29.4	0.1	29.5
Other provisions	32.6	0.1	32.7
Total	**62.0**	**0.2**	**62.2**

(DKKm)	Legal claims and restructuring	Other provisions	Total
Carrying amount at start of the year	11.6	33.9	45.5
Acquired through business combination	0.0	0.0	0.0
Additional provisions recognized	28.5	0.0	28.5
Unused amounts reversed	0.0	0.0	0.0
Transferred to right-of-use assets	0.0	0.0	0.0
Transferred to other balance sheet line items	0.0	-1.2	-1.2
Amounts used during the year	-10.6	0.0	-10.6
Carrying amount at end of year	**29.5**	**32.7**	**62.2**

6. Capital and financial risks

The section describes the shareholders' equity composition and capital management, including risks related to the financing structure of the Group.

6.1 Equity

Share capital

At 31 December 2020, the share capital of NTG Nordic Transport Group A/S DKK 453 million consisting of 22.6 million shares with a nominal value of DKK 20 each. On 7 July 2020, NTG acquired the remaining 15% of Ebrex through an increase of NTG's share capital of DKK 4.5 million. Please refer to note 7.1 for further information.

The share capital is specified as follows:

(DKKm)	2016	2017	2018	2019	2020
Share capital 1 January	24.5	24.5	24.5	24.5	448.5
Capital increase	0.0	0.0	0.0	424.0	4.5
Capital decrease	0.0	0.0	0.0	0.0	0.0
Share capital 31 December	**24.5**	**24.5**	**24.5**	**448.5**	**453.0**

* The share capital presented above presents the history for the Group's new ultimate parent Company NTG Nordic Transport Group A/S (formerly: NeuroSearch A/S)

Treasury shares	Number of shares	Nominal value (DKKm)	Part of share capital	Market value (DKKm)
Treasury shares 1 January	18,590	0.4	0.08%	1.7
Ring-the-bell consideration paid	-153,924	-3.1	-0.68%	-14.5
Purchase of shares etc.	312,149	6.2	1.38%	38.8
Other transactions	45,932	0.9	0.20%	4.6
Value adjustment				26.4
Treasury shares 31 December	**222,747**	**4.4**	**0.98%**	**57.0**

Shares consist of only one share class and include no special rights, preferences, or restrictions. All shares are fully paid up.

Shares are issued in multiples of 20. Each share has a nominal value of DKK 20.

Share Premium

The share premium represents positive differences between the nominal share capital and the amount paid by shareholders for newly issued shares.

The share premium is a distributable reserve.

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.

The reserve contains the nominal value of treasury shares, where any difference to the market price is recognized directly in retained earnings in equity.

The reserve is a distributable reserve.

Translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Dividends

Dividends are recognized as a liability when approved by the shareholders at the Annual General Meeting. Dividends recommended to be paid for the year are stated as a separate line item under equity until approved at the Annual General Meeting.

6.2 Earnings per share

Earnings per share (EPS) is calculated according to IAS33, as shown below.

Earnings per share (DKKm)	2020	2019
Profit for the year, shareholders in NTG Nordic Transport Group A/S	125.9	-11.7
Total average number of shares	22,535	18,288
Average number of treasury shares	-111	-4
Average number of shares in circulation	22,424	18,284
Dilutive effect of outstanding share-based payment programs	28	0
Diluted average number of shares in circulation	22,452	18,284
Earnings per share	5.61	-0.64
Diluted earnings per share	5.61	-0.64

6.3 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce costs of capital.

Free cash flows are allocated in the priority below:

- Acquisition of new businesses with a strategic match to the Group's existing business
- Investment in promising start-ups within the Group's industry
- Repayment of external debt
- Distributions to the Group's shareholders through payment of dividends

Executive Management and the Board of Directors Monitor the share- and capital structure to ensure that the Group's capital resources support the strategic goals. Through a close dialogue with its main lender, the Group has been able to decide on funding of strategic initiatives within a short time frame.

The Group's target leverage ratio (measured as NIBD including IFRS 16 relative to adj. EBITDA) is 2.0 to 3.0 x. This level may be temporarily exceeded immediately after significant acquisitions. The Group's leverage ratio was 1.0 at 31 December 2020.

6.4 Financial risks

The overall financial risk management framework is laid down in the Group's finance policy, investment policy and policies regarding credit risks. The Group's finance functions manage financial risk at centralized level. Thus, the Group's financial management is aimed solely at managing and reducing the financial risks directly associated with the Group's operations and financing.

The disclosures in this note solely concern the most critical financial risks, which are:

- Currency risk
- Interest risk
- Liquidity risk
- Credit risk

Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities due to the international activities of the Group. The Group's revenues are mainly denominated in DKK, EUR, SEK, CHF and PLN. Expenses have a pattern in line with revenue. The expenses are mainly in DKK, EUR, SEK, CHF and PLN. The DKK rate is fixed to the EUR and is therefore not perceived to present a significant currency risk.

Sensitivity analysis of currency exposure based on the net exposure of the Group, the hypothetical impact of exchange rate fluctuations on profit for the year and equity, is as follows:

Sensitivity analysis

(DKKm)	Change in exchange rate	Impact on profit/loss	Impact on OCI
CHF/DKK	-5%	0.6	0.1
SEK/DKK	-5%	-2.1	0.0
PLN/DKK	-5%	-1.6	0.0

Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest risk arises mainly from the revolving credit facility held by Group. The material amount relates to short-term facilities and management expects to repay the credit facility in the short term. Therefore, exposure to interest rate risk is considered immaterial.

The Group regularly monitors its interest rate risk and considers it to be insignificant, therefore an interest rate sensitivity analysis is not deemed necessary.

Liquidity risks

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which mainly include trade payables, other payables and credit facility. The Group ensures adequate liquidity through the management of cash flow forecasts and close monitoring of cash inflows and outflows and through inter-Group treasury accounts. In addition to cash flow from operations, the Group's liquidity position is secured through a credit facility with the Group's primary bank. At 31 December 2020, the undrawn amount of this credit facility totalled DKK 150 million.

Credit risks

The Group's credit risks are partly linked to receivables and cash at bank and in hand. The maximum credit risk linked to financial assets corresponds to the values recognized in the balance sheet. The Group has no significant risk regarding one individual customer or partner.

During 2020, the Group expensed DKK 11.3 million on expected losses on trade receivables, corresponding to 0.21 % of the Group's net revenue.

Due to very low historic realized losses on trade receivables, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Expected losses on trade receivables, based on weighted loss percentages, are as follows:

Credit risks accounts receivable (DKKm)	Gross carrying amount	Expected loss rate	Loss allowance
Not overdue	606.7	0.2%	1.2
1-30 days	153.5	1.0%	1.5
31-180 days	41.7	2.0%	0.8
181 - 360 days	8.7	50.0%	4.4
More than 360 days	17.0	100.0%	17.0
General loss allowance	**827.6**		**24.9**
Individual assessments			6.1
Total loss allowance	**827.6**		**31.0**

At 31 December 2020 trade receivables were written down by DKK 31.0 million (2019: DKK 30.8 million). Individual assessments mainly cover specific debtors, where settlement of accounts is assumed to be unlikely.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The closing loss allowances for trade receivables as at 31 December 2020 reconcile to the opening allowances as follows:

(DKKm)	2020	2019
Carrying amount at 1 January	30.8	21.2
Additions through business combinations	1.7	0.2
Impairments realized during the year	-12.8	-5.1
Allowances for losses during the year	11.3	14.5
Carrying amount at 31 December	**31.0**	**30.8**

7. Composition of the Group

This section provides information how the composition of the Group affects the financial position and performance for the year.

7.1 Acquisition and disposal of entities

Accounting policies

Enterprises acquired or formed during the year are recognized in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated financial statements up to the date of disposal. Discontinued operations and assets held for sale are presented separately.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Estimates and assumptions are an integrated part of assessing fair values etc. in accordance with the acquisition method of accounting, as observable market prices are seldom available for the acquired assets and liabilities. Assessments are carried out using Management's judgement with regards to future cash flows and other input factors to the valuation models used.

Acquisition-related costs are expensed as incurred as special items.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of a cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent considerations are classified either as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition.

Acquisitions 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.

Consideration transferred

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 8.7 million, the net cash flow amounted to DKK 102.8 million (outflow).

Earnings impact

During the 10 months after the acquisition date, Ebrex Group contributed with DKK 253.9 million to the Group's revenue, DKK 25.9 million to the Group's adj. EBIT and DKK 21.6 million to the result after tax. If the acquisition had taken place 1 January 2020 the Group's revenue would have amounted to DKK 5,389.2 million and result after tax would have amounted to DKK 151.8 million.

Transaction costs

Total transaction costs relating to the Ebrex acquisition amount to DKK 0.9 million. Transaction costs are accounted for in the income statement as other external expenses.

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 recognized for up to 12 months after the acquisition date 28 February 2020, in accordance with IFRS 3.

Fair value of acquired net assets and recognized goodwill

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

(DKKm)	Fair value at date of acquisition
Intangible assets	2.3
Property, plant and equipment	24.3
Right-of-use assets	62.7
Other receivables	12.5
Deferred tax assets	0.3
Trade receivables	75.7
Cash and cash equivalents	8.7
Total assets	**186.5**
Financial liabilities	13.9
Lease liabilities	62.7
Deferred tax liabilities	0.1
Corporation tax	0.6
Trade payables	35.1
Other payables	20.8
Total liabilities	**133.2**
Non-controlling interests' share of acquired net assets	9.40
Acquired net assets	**43.9**
Fair value of total consideration	116.7
Goodwill arising from the acquisition	**72.8**

Fair value of acquired trade receivables and other receivables amounts to DKK 75.7 million. Collectability of receivables has been assessed based on Group credit assessment policies. In total DKK 1.5 million 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 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.

Saga Trans AS and TB International Transport Ltd.

On 30 November 2020, NTG acquired a 100 % ownership interest in the Norwegian based transport company Saga Trans AS. The company operates mainly with transports between Norway and Italy. The acquisition marks an important step in strengthening NTG's presence in the Norwegian market.

On 1 December 2020, NTG acquired 100 % ownership in the Finnish based transport company TB International Transport Ltd. The company specializes in cross-border transportation between Finland and Western Europe, most notably Germany, the Netherlands and France. With the acquisition of TB International, NTG is adding scale and skills to our Finnish setup for the second time since we entered the Finnish market in 2015.

Information about the acquisitions of Saga Trans AS and TB International Transport Ltd. are disclosed in aggregate.

Consideration transferred

The total consideration transferred amounted to DKK 54.7 million. Adjusted for the fair value of cash and cash equivalents acquired of DKK 5.1 million, the net cash flow amounted to 49.6 million (outflow).

Earnings impact

During the 1 month after the acquisition date, the companies contributed with DKK 7.9 million to the Group's revenue, DKK 0 million to the Group's adj. EBIT and DKK 0 million to the result after tax. If the acquisition had taken place 1 January 2020 the Group's revenue would have amounted to DKK 5,450.1 million and result after tax would have amounted to DKK 155.0 million.

Transaction costs

Total transaction costs relating to the two acquisitions amount to DKK 0.1 million. Transaction costs are accounted for in the income statement as other external expenses.

Fair value of acquired net assets and recognized goodwill

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

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

(DKKm)	Fair value at date of acquisition
Property, plant and equipment	1.3
Right-of-use assets	0.4
Other receivables	0.8
Trade receivables	17.3
Cash and cash equivalents	5.1
Total assets	**24.9**
Lease liabilities	0.4
Trade payables	10.7
Other payables	1.3
Total liabilities	**12.4**
Non-controlling interests' share of acquired net assets	0.0
Acquired net assets	**12.5**
Fair value of total consideration	54.7
Goodwill arising from the acquisition	**42.2**

Acquisitions in 2019

D.A.P (UK)

By 1 January 2019 the Group acquired a 100% ownership interest in UK-based freight forwarder D.A.P. (UK). The acquisition increased the Group's presence in a new geographical market and increased activity in both of the Group's business segments.

Consideration transferred

The total consideration consists of a cash payment of DKK 35 million in addition to a contingent consideration. The contingent consideration is determined over a period of 3 years from the acquisition date with vesting each year during the 3-year period. For each vesting year, the contingent consideration is determined using three input factors: 1) the acquisition's financial performance during the vesting year, 2) the Group's financial performance during the vesting year, and 3) the Group's average market capitalization during the vesting year. The expected contingent consideration totaled DKK 20.3 million at 31 December 2019. At 31 December 2020, the remaining contingent consideration totals DKK 2.1 million.

Adjusted for the fair value of acquired cash and cash equivalents of DKK 7.6 million, the net cash flow amounted to DKK 27.7 million (outflow).

(DKKm)	Fair value at date of acquisition
Property, plant and equipment	0.3
Trade receivables	19.6
Other receivables	4.7
Cash and cash equivalents	7.6
Total assets	**32.2**
Deferred tax	0.1
Financial liabilities	3.4
Trade payables	16.7
Corporation tax	1.4
Other payables	9.4
Total liabilities	**31.0**
Non-controlling interests' share of acquired net assets	0.0
Acquired net assets	**1.2**
Fair value of total consideration	55.6
Goodwill arising from the acquisition	**54.4**

For further details on the D.A.P. acquisition please refer to note 7.1 of the Group's Annual Report 2019.

7.2 Non-controlling interests

As part of NTG's governance model, shareholders of non-controlling interests in subsidiaries have, upon maturity, a pre-defined mechanism of swapping their subsidiary shares with shares in the parent company (the "Ring-the-bell" concept). The swaps are subject to an offer from non-controlling subsidiary shareholders and an acceptance from NTG's Executive Management.

In addition to various minor transaction with non-controlling interest in the course of maintaining the Group's partnership structure, the following noteworthy transactions were carried out during 2020:

- Share swap with Ebrex to achieve 100 % ownership. Reference is made to note 7.1 for further information.
- Initiation of the "Ring-the-bell" process in NTG Polar Road in Finland, whereby the first of five tranches in the subsidiary was swapped for shares in NTG. NTG paid with treasury shares in consideration.
- Initiation of the "Ring-the-bell" process in NTG Polar Road in Poland, whereby the first of five tranches in the subsidiary was swapped for shares in NTG. NTG paid with treasury shares in consideration.

On 31 December 2020, no non-controlling interests in any of the Group's subsidiaries are material to the consolidated financial statements.

8. Other disclosures

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements.

8.1 Remuneration of the Executive Board and the Board of Directors

The composition of the remuneration to the members of the Board of Directors and the Executive Management is aimed at contributing to retaining and motivating management members and to ensure the maximization of shareholder value by promoting and supporting achievement of strategic objectives for the Group following general trends in the society. The remuneration paid in 2020 follows the framework defined by the Remuneration Policy, available at investor.ntg.com, approved at the Annual General Meeting 16 April 2020. Base salary paid to Key Management personnel in 2020 totals DKK 6.8 million (2019: DKK 5.4 million).

The Board of Directors only receives short-term benefits. Executive Management also receive other remuneration components. Total short-term benefits to the Board of Directors and Executive Management was DKK 9.3 milllion in 2020 (2019: DKK 6.6 million). Total remuneration to the Board of Directors and Executive Management was DKK 11.7 million in 2020 (2019: DKK 10.1 million).

For the financial year 2020, the Group has published a Remuneration Report, investor.ntg.com, in accordance with the new requirements of section 139b of the Danish Companies Act implementing the Shareholders Rights Directive.

Remuneration to the Executive Management

Total remuneration paid to the Group's Executive Management is given below. Employment agreements with members of the Executive Management are without time limitation and can generally not exceed 12 months on the part of the Company and 6 months on the part of the individual member of Executive Management. For further information on remuneration composition etc., reference is made to the Group's Remuneration Report.

(DKKm)	2020	2019
Base salary	6.9	5.4
Pensions and Benefits	1.8	0.7
Cash bonus	0.0	2.5
Share based Payments	0.6	0.3
Executive Management	**9.3**	**8.9**

Remuneration to the Board of Directors

Total remuneration paid to the Group's Board of Directors is given below. For further information on remuneration composition, reference is made to the Group's Remuneration Report.

(DKKm)	2020	2019
Fixed annual fee	2.2	1.2
Additional fixed fee	0.2	0.0
Additional ad hoc fee	0.0	0.0
Board of Directors	**2.4**	**1.2**

8.2 Share-based payment programs

Accounting policies

Employee services received in exchange for share based payments granted correspond to fair value on the grant date. Share-based payments are either equity or cash settled and recognized in the income statement as staff costs over the vesting period.

The fair value is determined using the Black & Scholes valuation model measured on the grant date. Valuation assumptions take into account terms and conditions applicable to the share options and warrants, and Management's expectations on the input variables. Estimated volatility is based on a peer review, adjusted for NTG specific factors. A total of 3 employees held share options or warrants on 31 December 2020 (2019: 3 employees). No share-based payment programs have reached maturity at 31 December 2020.

Valuation of the share-based payments granted in 2020 and 2019 is based on assumptions disclosed in the following table. A lower volatility in 2020 relative to 2019 is caused by a more comprehensive trading history in the shares of NTG Nordic Transport Group A/S following the reverse acquisition on 7 October 2019:

Assumptions	2020	2019
Share price at grant date	172.0	89.0
Volatility	22.5%	36.6%
Risk-free interest rate	0.0%	0.0%
Expected dividends	0.0%	0.0%
Expected duration (years)	7.3	4.5

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the period as part of employee benefit expense totaled DKK 1.3 million (2019: DKK 0.3 million).

Warrants program 2020

Warrants are granted with a vesting period of three to ten years. On the grant date an estimate is performed over the number of shares expected to vest. This number is subsequently adjusted to match the actual number of warrants earned.

Outstanding programs	Warrants	Total	Average exercise price per option
Outstanding at 1 January 2019	0.0	0.0	0.0
Granted	146,363	146,363	89.0
Exercised	0.0	0.0	0.0
Options waived/expired	0.0	0.0	0.0
Outstanding at 31 December 2019	**146,363**	**146,363**	**89.0**
Outstanding at 1 January 2020	146,363	146,363	89.0
Granted	700,000	700,000	172.0
Exercised	0.0	0.0	0.0
Options waived/expired	-55,904	-55,904	89
Outstanding at 31 December 2020	**790,459**	**790,459**	**162.5**

Share-based payment programs

Year	Type of program	Options granted	Exercise period	Exercise price	Market value at grant date (DKKm)	At 31 December 2020 Remaining duration (years)
2019	Warrants	146,363	07.10.2022 - 07.10.2025	89.0	3.9	3.3
2020	Warrants	700,000	01.10.2023 - 30.09.2033	172.0	12.4	7.1

The value of warrants will be capped at a maximum of DKK 143 per warrant on average. The total number of warrants granted under the program will not exceed 700,000.

Non-vested warrants or share purchase options will, in certain circumstances, lapse in connection with a participant's termination of employment.

NTG Nordic Transport Group A/S has the right to settle warrants in either cash or shares when exercised.

Warrants program 2019

In 2019 members of the Group's Executive Management Board were granted a one-off warrants program in connection with listing of the Group on Nasdaq OMX Copenhagen on 7 October 2019. The program's purpose is to retain members of the Executive Management Board by providing an incentive to service the Group for a period at least until vesting and to align interests with shareholders.

The program has a three-year vesting period and NTG Nordic Transport Group A/S has the right to settle warrants in either cash or shares when exercised.

8.3 Pension obligations

Accounting policies

The pension obligations of most Group entities are covered by independent pension funds or insurance contracts (defined contribution plans) to which Group companies pay regular contributions. For a few Group companies, pension obligations are not covered or only partly covered by insurance (defined benefit plans).

For defined-benefit plans, the net present value is only calculated for those benefits by employees up until the balance sheet date. The present value of future pension payments is estimated actuarially and shown net of the fair value of any plan assets in the balance sheet as pension obligations.

(DKKm)	2020	2019
Present value of pension liabilities at 31 December	259.9	269.8
Fair value of plan assets at 31 December	-110.1	-116.9
Net value of pension plans at 31 December	**149.8**	**152.9**

Differences between estimated pension assets and liabilities and their realized values are termed actuarial gains and losses. Actuarial gains and losses are recognized in the statement of other comprehensive income.

Changes in benefits earned to date are actuarially calculated and expensed immediately when the employees have already earned the right to the changed benefits. Otherwise, they are recognized in the income statement over the period during which the employees earn the right to the benefits.

Accounting estimates and judgments

Generally, pension plans within the Group are defined contribution plans, where contributions are recognised in the income statement on an accrual basis. These types of pension plans do not require material estimates.

For defined benefit plans, annual actuarial calculations are made of the net present value of future benefits to be paid under the plan. The net present value is calculated based on assumptions of the future developments of salary, interest, inflation, and mortality rates. Assumptions are assessed at the reporting date and changes in these assumptions may significantly affect the liabilities and pension cost under defined benefit plans.

Below is shown the most important assumptions made when determining the net present value of the defined benefit plans and a sensitivity analysis relating to these assumptions.

	Germany	Switzerland	Weighted average
Discount rate	0.84%	0.25%	0.45%
Future salary increase	2.00%	0.50%	1.16%
Mortality prognosis table	RT Heubeck 2018 G	BVG 2015 GT	

Under defined benefit plans, the employer is obliged to pay a defined benefit (for example a fixed percentage of an employee's final salary) to the employee after retirement. The Group thereby carries a risk with respect of future developments in interest rates, inflation, mortality and disability.

(DKKm)	2020	2019
Discount rate +0.5%	-12.1	-12.6
Discount rate -0.5%	13.6	13.9
Future remuneration +0.5%	0.7	0.7
Future remuneration -0.5%	-0.9	-1.1

Defined benefit plans in the Group are only related to Germany and Switzerland. The pension plan in Germany accounts for 76 % of the net liability at year-end and is closed for further accrual of benefits by the company's employees. Remaining plan participants in Germany receive benefit based on past service. In Switzerland, the pension plan is a result of the Swiss pensions system's "second pillar", and offers old age pensions, survivors' and invalidity insurance. The plan is a fully insured BVG plan according to Swiss Federal Law on Occupational Benefits, meaning that the full actuarial risk is re-insured with a third-party life-insurance company.

The Group's plans are funded in accordance with applicable local legislation. At 31 December 2020 the Group has covered 42.4% of the pension liability.

Pensions liabilities

(DKKm)	2020	2019
At 1 January	269.8	243.1
Additions through business combinations	0.0	0.0
Foreign exchange adjustment	-0.8	4.7
Contributions to the plan	6.7	4.6
Expensed in the income statement	4.4	4.7
Calculated interest	1.6	3.2
Actuarial loss/gain change in demographic assumptions	0.0	0.0
Actuarial loss/gain change in financial assumptions	6.0	20.8
Actuarial loss/gain experience adjustments	0.1	1.1
Benefits paid through pension assets	-27.9	-12.4
Present value of pension liabilities at 31 December	**259.9**	**269.8**

Fair value of pension plan assets

(DKKm)	2020	2019
At 1 January	116.9	108.0
Additions through business combinations	0.0	0.0
Foreign exchange adjustment	-0.2	3.6
Calculated interest	0.3	0.9
Return on plan assets in addition to calculated interest	5.9	1.6
Contributions to the plan	10.4	9.9
Benefits paid through pension assets	-23.2	-7.1
Fair value of plan assets at 31 December	**110.1**	**116.9**

The expected contributions to the Group's plans for 2021 are DKK 10.4 million and the expected average duration of the obligations is 7.8 years.

Actuarial adjustments have no tax effect for the financial year 2020.

Specification of plan assets

(DKKm)	2020	2019
Insurance contract	110.1	116.9
Cash	0.0	0.0
Total	**110.1**	**116.9**

2020			
(DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff cost	20.3	4.4	24.7
Financial expenses	0.0	1.3	1.3
Total	**20.3**	**5.7**	**26.0**

2019			
(DKKm)	Defined contribution plans	Defined benefit plans	Total
Staff cost	22.9	4.7	27.6
Financial expenses	0.0	2.3	2.3
Total	**22.9**	**7.0**	**29.9**

8.4 Fees to auditors appointed at the Annual general meeting

(DKKm)	2020	2019
Statutory audit	3.2	3.6
Tax and VAT advisory services	0.2	0.4
Other services	0.2	4.1
Total fees to auditors appointed at the Annual General Meeting	**3.6**	**8.1**

(DKKm)	2020	2019
Statutory audit	0.5	0.6
Tax and VAT advisory services	0.1	0.1
Other services	0.3	0.0
Total fees to other auditors	**0.9**	**0.7**

8.5 Related party transactions

The Group's related parties include the Group's Board of Directors, Executive Board and close family members of these persons. Related parties also include companies in which this circle of persons has significant interests. The Group has no related parties with control of the Group.

Management remuneration is disclosed in note 8.1.

The Group had the following transactions with related parties during the financial year:

(DKKm)	2020	2019
Sale of services to related parties	0.0	-0.2
Purchase of other services from related parties	-2.1	-10.8
Rent and leasing obtained from related parties*	-17.6	-17.5
Loan and interest payments to related parties	0.0	-0.8

* After the balance sheet date, properties leased from the related party H5 Group A/S have been sold to a non-related party. Transactions relating to the leases are therefore not to be regarded as related party transactions from the sales date.

The Group had the following balances towards related parties at 31 December 2020:

(DKKm)	2020	2019
Receivables towards related parties	0.3	0.2
Liabilities towards related parties	-0.3	-6.7

8.6 Commitments and contingent liabilities

A contingent liability is a potential liability that may occur depending on the outcome of an uncertain future event. A contingent liability is recognized in the balance sheet if the contingency is probable and the amount of the liability can be reasonably estimated.

The Group had commitment and contingent liabilities at 31 December 2020 of:

Claims

The Group is party to legal proceedings and inquiries from authorities when investigation various issues. The outcome of such is not expected to have a significant effect on profit for the year and assessment of the Group's financial position.

Charges and security

The Group has provided bank guarantees to authorities and suppliers related to customs bond and rental agreements.

As of 31 December 2020, all liabilities related to bank guarantees amounted to DKK 59.9 million (2019: DKK 52.7 million) whereof DKK 5.8 million is already recognized in the balance sheet or described in note 4.3.

Pledges

At 31 December 2020, property, plant and equipment with a carrying value of DKK 4.0 million were pledged as security (2019: DKK 4.3 million).

8.7 Events after the reporting period

On 29 January 2021 NTG acquired 100 % of the issued shares in Cargorange AB. The acquisition is expected to increase the Group's market presence in Sweden. The fair value of the consideration totals DKK 41.2 million in cash payment and an additional minor adjustment related to realized results in 2020.

The financial effects of this transaction have not been recognized at 31 December 2020. The operating results and assets and liabilities of the acquired company will be consolidated from 29 January 2021.

At the time the financial statements were authorized for issue, the Group had not yet completed the accounting for the acquisition of Cargorange AB. In particular, the fair values of the acquisition's assets and liabilities have yet been determined as valuations have not been finalized. It is therefore not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity. The acquisition's financial reporting has not yet been converted to the Group's reporting principles, and no disclosure is therefore made of the acquisitions past financial results.

8.8 Group structure

Name of entity	Place of business / Country of incorporation	Ownership % by the ultimate parent company
Parent		
NTG Nordic Transport Group A/S	Denmark	N/A
Subsidiaries		
Nordic Transport Group A/S	Denmark	100%
NTG Nordic A/S	Denmark	100%
NTG Continent A/S	Denmark	100%
NTG East A/S	Denmark	100%
NTG Frigo A/S	Denmark	100%
NTG Air & Ocean A/S ●●	Denmark	90%
NTG Projects A/S ●●	Denmark	51%
NTG Terminals I A/S ●●	Denmark	71%
NTG Terminals II A/S ●●	Denmark	80%
NTG Ocean International A/S ●	Denmark	85%
NTG Courier A/S ●●	Denmark	83%
NTG Domestic A/S ●●	Denmark	63%
NTG Nielsen & Sørensen A/S ●●	Denmark	51%
NTG Frigo East ApS ●●	Denmark	61%
NTG Continent AB	Sweden	100%
NTG East AB	Sweden	100%
NTG Solution AB	Sweden	100%
NTG Domestics AB ●●	Sweden	71%
NTG Logistics AB	Sweden	85%
NTG Road Sweden AB	Sweden	100%
NTG Växjö AB ●●	Sweden	51%
NTG Turkey AB	Sweden	100%
NTG Air & Ocean AB ●●	Sweden	75%
Ebrex Sweden AB	Sweden	100%
ATEGE GmbH	Germany	100%
NTG Continent GmbH	Germany	100%
NTG FTS GmbH	Germany	74%
NTG Road GmbH	Germany	100%
Polar Logistics GmbH	Germany	80%
NTG Multimodal GmbH	Germany	100%
Ebrex Deutschland GmbH	Germany	100%
Ebrex Packaging Solutions GmbH	Germany	100%

Name of entity	Place of business / Country of incorporation	Ownership % by the ultimate parent company
Polar Logistics International Oy ●●	Finland	80%
NTG Polar Road Oy ●●	Finland	82%
Kiinteistö Oy Euro Speed	Finland	82%
NTG Air & Ocean Oy ●●	Finland	70%
TB International Transport Ltd. Oy	Finland	82%
NTG Eood	Bulgaria	100%
NTG Continent Eood	Bulgaria	100%
Polar Logistics Bel OOO	Belarus	80%
NTG Holding AG	Switzerland	100%
Gondrand International AG	Switzerland	100%
NTG Gondrand Customs AG	Switzerland	100%
NTG Gondrand Road AG	Switzerland	100%
NTG Air & Ocean AG	Switzerland	100%
NTG Air & Ocean (Shanghai) Limited	China	100%
NTG Air & Ocean (Shenzhen) Limited	China	100%
Gondrand a.s.	Czech Republic	100%
NTG Road Czech s.r.o.	Czech Republic	100%
NTG Transport Oü ●●	Estonia	71%
NTG Air & Ocean Oü	Estonia	92%
NTG Ebrex Spain S.L.	Spain	100%
Go Trans SAS	France	100%
NTG Air & Ocean (Hong Kong) Limited	Hong Kong	100%
Neptune Logistics (Worldwide) Limited	Hong Kong	100%
Go Speed Limited (Hong-Kong)	Hong Kong	100%
Golden Ocean Line limited	Hong Kong	100%
NTG Gondrand Kft.	Hungary	100%
NTG Transport SRL	Italy	100%
NTG Air & Ocean Japan Inc. ●●	Japan	85%
Polar Eurasia TOO	Kazakhstan	80%
NTG Lithuania UAB ●●	Lithuania	57%
NTG Logistics LT UAB	Lithuania	57%
NTG Latvia Sia ●	Latvia	80%
Gondrand Traffic B.V.	Netherlands	100%
NTG Air & Ocean Netherlands B.V. ●●	Netherlands	79%

Name of entity	Place of business / Country of incorporation	Ownership % by the ultimate parent company
GT Chemical Logistics B.V.	Netherlands	100%
NTG Road B.V. ●●	Netherlands	74%
Ebrex Packaging Solutions B.V.	Netherlands	100%
NTG Road Norway AS	Norway	100%
NTG Air & Ocean AS	Norway	100%
Saga Trans AS	Norway	100%
NTG Polar Road Sp. z o.o. ●●	Poland	61%
NTG Global Poland Sp. z o.o. ●●	Poland	60%
Ebrex Polska Sp. z o.o.	Poland	100%
Ebrex Transport Sp. z o.o.	Poland	100%
Ebrex Logistics Sp. z o.o.	Poland	100%
NTG Air & Ocean SRL	Romania	89%
Polar Logistics Region ZAO	Russia	80%
Polar Logistics Solution OOO	Russia	80%
Polar Logistics OOO	Russia	80%
NTG Services s.r.o	Slovakia	85%
NTG Uluslararasi Lojistik Ltd.	Turkey	60%
NTG Air & Ocean Turkey	Turkey	100%
Ebrex Logistics Tasimacilik ve	Turkey	100%
Polar Logistics Ukraine TOO	Ukraine	80%
NTG Road UK Limited ●●	United Kingdom	81%
NTG (UK Holding) Limited	United Kingdom	100%
NTG Air & Ocean UK LTD	United Kingdom	100%
Ebrex Business Solutions Limited	United Kingdom	100%
Ebrex UK LTD	United Kingdom	100%
NTG Air & Ocean USA, Inc. ●●	Unites States	80%
NTG Air & Ocean ATL, LLC	Unites States	78%
NTG Air & Ocean EWR LLC	Unites States	73%
NTG Air & Ocean DTW LLC	Unites States	80%
NTG Air & Ocean ORD LLC	Unites States	72%
NTG Air & Ocean DEN LLC	Unites States	76%
Associates		
ATS Air Transport Service AG	Switzerland	26%

In respect of the Danish Financial Statements Act section 107, it is above designated which non-100% owned subsidiaries where Michael Larsen (●) and Christian D. Jakobsen (●) hold Board positions.

Definition of financial highlights

Financial ratios and key figures are prepared in accordance with recommendations and guidelines issued by the Danish Society of Financial Analysts with the addition of other financial ratios deemed relevant for understanding the Group's financial performance and situation.

Key figures for financial position

Net working capital = Receivables and other current operating assets less trade payables and other current operating liabilities

Net interest-bearing debt = Interest bearing debt less cash and cash equivalents

Interest bearing debt less cash and cash equivalents = Net interest-bearing debt less effects of lease liabilities recognized under IFRS 16

Invested capital = NWC with the addition of property, plant and equipment, right-of-use assets, intangible assets including goodwill less long-term provisions, pensions and similar obligations

Adjusted free cash flow = Free cash flow adjusted for net acquisition, lease liability repayments and special items

Non-controlling interests' share of adj. EBIT = Share of individual subsidiaries' contribution to the Group's adj. EBIT allocated to non-controlling interests for the given subsidiary calculated using ownership percentages at the balance sheet date.

Employee turnover = Share of employees leaving NTG during the year, relative to the average number of employees during the year, corrected for restructuring.

Accidents = Number of reported worktime accidents resulting in more than one day of absence per million working hours planned during the year.

Financial ratios

Gross margin	=	Gross profit x 100 / Net revenue
Operating margin	=	Operating profit before special items x 100 / Net revenue
Conversion ratio	=	Operating profit before special items x 100 / Gross profit
Effective tax rate	=	Tax on profit for the year / Profit before tax
Return on invested capital (ROIC) before tax	=	Operating profit (EBIT) before speical items x 100 / Average invested capital
Return on equity	=	Profit for the year x 100 / Average equity
Solvency ratio	=	Equity at year end x 100 / Total assets at year end
Leverage ratio	=	Net interest-bearing debt / Operating profit before amortization and depreciation (EBITDA), before special items
Earnings per share	=	Profit attributable to shareholders in NTG Nordic Transport Group A/S / Average number of shares

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have considered and adopted the Annual Report of Nordic Transport Group A/S for the financial year 1 January – 31 December 2020.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2020.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hvidovre, 11 March 2021

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 Petersen Board member	Jesper Præstensgaard Board member	Karen-Marie Katholm Board member	

Independent Auditor's Report

To the shareholders of NTG Nordic Transport Group A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2020 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2020 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of NTG Nordic Transport Group A/S for the financial year 1 January to 31 December 2020 comprise the consolidated income statement and statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of NTG Nordic Transport Group A/S for the financial year 1 January to 31 December 2020 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of shares of NTG Nordic Transport Group A/S for the listing on Nasdaq Copenhagen, we were first appointed auditors of NTG Nordic Transport Group A/S on 16 April 2020. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 1 year, including the financial year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2020. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition and accrued cost of services

The Group's revenue consists primarily of services, i.e. transportation of goods between destinations, which by nature is rendered over a period of time. The determination of timing of revenue recognition is dependent on the application of the Group's accounting policies and terms in customer contracts.

We focused on this area because the process of accruing for services rendered around the balance sheet date (accrued cost of services) is complex and dependent on Management accounting estimates and relevant controls in certain operational systems.

Reference is made to notes 2.2 and 2.3 to the Consolidated Financial Statements.

How our audit addressed

Our audit procedures included assessing the accounting policies for revenue recognition applied by Management.

We tested relevant internal controls, including IT controls, concerning the timing of revenue recognition and evaluated whether these were designed in line with the Group's accounting policies and were operating effectively.

We selected a sample of revenue transactions during the year and traced these to underlying evidence. In addition, we used data auditing tools to identify non-standard transactions and examined these.

For revenue, we examined reports concerning services in progress and challenged the estimates made by Management in this regard. For accrued cost estimates in prior periods, we performed look back procedures to evaluate the precision in the estimates of accrued costs.

Business combinations

In 2020, Ebrex Group was acquired with accounting effect as at 28 February 2020. Management prepared a purchase price allocation for the acquisition, resulting in assets and liabilities being separately recognized and valued in the opening balance sheet.

We focused on this area as identification and measurement of assets and liabilities related to the business acquisitions are based on significant accounting estimates made by Management.

Reference is made to note 7.1 to the Consolidated Financial Statements.

How our audit addressed

Our audit procedures included assessing the accounting policies applied by Management.

We verified the assets and liabilities recognised in the opening balance sheet, including the completeness thereof, by performing audit procedures in relation to the opening balance sheet.

We assessed the method used by Management to identify and measure assets and liabilities, and we challenged the assumptions applied, using our knowledge and professional scepticism.

Finally, we assessed the adequacy of disclosures relating to the business acquisitions.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for the presentation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 11 March 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Flemming Eghoff	Morten Jørgensen
State Authorised	State Authorized
Public Accountant	Public Accountant
mne30221	mne32806

Parent company financial statements

Income Statement

(DKKm)	Note	2020	2019
Net revenue	1	70.9	10.3
Other operating income		0.0	1.3
Other external expenses		-40.7	-37.3
Gross profit		**30.2**	**-25.7**
Staff costs	2	-41.0	-9.7
Operating profit		**-10.8**	**-35.4**
Impairment of financial assets	5	-63.0	0.0
Financial income	3	118.0	0.9
Financial costs	3	-12.8	-2.0
Profit before tax		**31.4**	**-36.5**
Tax on profit for the year	4	4.9	1.4
Profit for the year		**36.3**	**-35.1**

Proposed distribution of result			
Transferred to equity reserves	6	36.3	-35.1
Total distribution		**36.3**	**-35.1**

Balance Sheet

Assets

(DKKm)	Note	2020	2019
Investments in Group companies	5	2,075.8	3,157.9
Receivables from Group companies	7	0.0	54.7
Total non-current assets		**2,075.8**	**3,212.6**
Receivables from Group companies		233.2	122.3
Corporation tax, receivable		0.1	1.4
Other receivables		5.3	0.7
Cash and cash equivalents		70.5	72.4
Total current assets		**309.1**	**196.8**
Total assets		**2,384.9**	**3,409.4**

Equity and Liabilities

(DKKm)	Note	2020	2019
Share capital	8	453.0	448.5
Reserves		1,503.5	1,473.2
Total equity		**1,956.5**	**1,921.7**
Payables to Group companies		0.0	1,161.1
Total non-current liabilities		**0.0**	**1,161.1**
Financial liabilities		1.6	0.8
Trade payables		14.2	12.7
Payables to Group companies		400.0	303.4
Other payables		12.6	9.7
Total current liabilities		**428.4**	**326.6**
Total liabilities		**428.4**	**1,487.7**
Total equity and liabilities		**2,384.9**	**3,409.4**

Statement of Changes in Equity

2020

(DKKm)	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January	**448.5**	**0.0**	**1,473.2**	**1,921.7**
Profit for the year	0.0	0.0	36.3	36.3
Capital increase	4.5	16.9	0.0	21.4
Share-based payments	0.0	0.0	1.3	1.3
Purchase of treasury shares	0.0	0.0	-38.8	-38.8
Sale of shares	0.0	0.0	14.6	14.6
Other adjustments	0.0	-16.9	16.9	0.0
Equity at 31 December	**453.0**	**0.0**	**1,503.5**	**1,956.5**

2019

(DKKm)	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January	**24.5**	**0.0**	**46.0**	**70.5**
Profit for the year	0.0	0.0	-35.1	-35.1
Capital increase	424.0	1,462.8	0.0	1,886.8
Purchase of treasury shares	0.0	0.0	-0.5	-0.5
Other adjustments	0.0	-1,462.8	1,462.8	0.0
Equity at 31 December	**448.5**	**0.0**	**1,473.2**	**1,921.7**

Accounting policies

NTG Nordic Transport Group A/S' parent company financial statements are disclosed as separate financial statements as required by the Danish Financial Statements Act.

The Annual Report of NTG Nordic Transport Group A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class D.

The Company's Financial Statements for 2020 are presented in DKK million and rounded to the nearest hundred thousand.

The annual report is prepared according to the same accounting policies as last year.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Cash flow statement

No separate cash flow statement has been prepared for the parent company in accordance with the exemption clause of section 86(4) of the Danish Financial Statements Act.

Income statement

Revenue

Revenue from the sale of services etc. is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year end and provided that the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income

Other operating income includes items of secondary nature to the Company's main area of business.

Other external expenses

Other external expenses comprise expenses for distribution, sales, marketing, administration, premises, bad debts as well as leases, etc.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

Income from investments in subsidiaries

Income from investments in subsidiaries consists of dividends from investment in subsidiaries.

Dividends from investments in subsidiaries are measured at cost and are recognized as income in the parent company's income statement in the financial year in which the dividend is declared.

Dividends from investment in subsidiaries are recognised as income in the Company's income statement under financial income.

Financial income and costs

Financial income and costs comprise interests, realized and unrealized gain from exchange rates as well as other financial income and expenses.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Investments in subsidiaries
Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, this is written down to a lower value. Any impairment is recognized in the Company's income statement under impairment of financial assets.

Dividends from investment in subsidiaries are recognized in the income statement as financial income. Dividends distributed from the subsidiary to the parent company are generally recognized in the income statement of the parent company only if the distribution arises from earnings obtained after the parent company acquired the subsidiary. Dividends relating to earnings earned before the acquisition date are recognized as a reduction to the cost price.

Receivables
Receivables are measured in the balance sheet at amortized cost, which substantially corresponds to nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis. Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Equity - dividend
Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Current tax receivables and liabilities
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities
Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortized cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognisedin the income statement over the term of the loan.

Other liabilities are measured at amortized cost, substantially corresponding to nominal value.

Notes

Note 1 - Revenue

(DKKm)	2020	2019
Service revenue	70.9	10.3
Total	**70.9**	**10.3**

Note 2 - Staff costs

(DKKm)	2020	2019
Wages and salaries	38.1	9.1
Pensions	0.8	0.1
Share-based payments	1.3	0.3
Other social security costs and other staff costs	0.8	0.2
Total	**41.0**	**9.7**
Average number of full time employees	46	9
Full time employees at 31 December	45	31

(DKKm)	2020	2019
Hereoff:		
Remuneration to the Board of Directors	2.4	1.2
Remuneration to the Executive Management	8.7	2.4
Share-based payment, Executive Management	0.6	0.3
Total	**11.7**	**3.9**

Note 3 - Financial income and costs

(DKKm)	2020	2019
Interest received from Group companies	5.8	0.9
Other financial income	0.1	0.0
Dividends recieved from Group companies	112.1	0.0
Total financial income	**118.0**	**0.9**
Interest paid to Group companies	9.3	0.9
Exchange differences	1.6	0.6
Other financial costs	1.9	0.5
Total financial costs	**12.8**	**2.0**
Net financials	**105.2**	**-1.1**

Note 4 - Tax

(DKKm)	2020	2019
Tax for the year can be broken down as follows:		
Current tax for the year	3.6	1.4
Adjustment of tax from prior periods	1.3	0.0
Total	**4.9**	**1.4**

Note 5 - Investments in subsidiaries

(DKKm)	2020	2019
Cost at 1 January	3,157.9	0.0
Additions	215.7	3,157.9
Disposals (dividends)	-1,234.8	0.0
Cost at 31 December	**2,138.8**	**3,157.9**
Impairment at 1 January	0.0	0.0
Impairment recognized during the year	-63.0	0.0
Impairment at 31 December	**-63.0**	**0.0**
Carrying value at 31 December	**2,075.8**	**3,157.9**

Management assesses annually whether there is an indication of impairment of investments in subsidiaries. If indications are present, investments will be tested for impairment using the same principles as applied on the Group's goodwill (described in note 5.1 of the Consolidated Financial Statements), involving various estimates on future cashflows, growth, discount rates, etc.

During the year dividends of DKK 1,297.8 million was received. DKK 1,234.8 million relates to dividends received where the amount exceeds the earnings during the ownership period and therefore reducing the cost.

An overview of legal entities in NTG Nordic Transport Group A/S appears from the Group structure overview.

Note 6 - Proposed distribution of profit

(DKKm)	2020	2019
Retained earnings	36.3	-35.1
Total	**36.3**	**-35.1**

Note 7 - Receivables from Group Companies

(DKKm)	2020	2019
Cost at 1 January	54.7	0.0
Additions	0.0	54.7
Disposal	-4.3	0.0
Transfer to short term	-50.4	0.0
Cost at 31 December	**0.0**	**54.7**
Impairment at 1 January	0.0	0.0
Impairment at 31 December	0.0	0.0
Carrying value at 31 December	**0.0**	**54.7**

Note 8 - Equity

Share capital:

Composition and movements of the company's share capital and treasury share reserve is stated in note 6.1 of the consolidated financial statements.

Note 9 - Contingent liabilities, other financial obligations and contingent assets

(DKKm)	2020	2019
Future lease payments on operating leases:		
Within 1 year	17.0	16.9
Between 1 and 5 years	68.2	67.7
After 5 years	144.9	162.2
Total	**230.1**	**246.8**

Other contingent liabilities:

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

At 31 December 2020, the Company has issued parent company guarantees to subsidiaries for a total of DKK 122.0 million (2019: DKK 81.2 million). Guarantees are mainly issued as security for subsidiaries' outstanding balances with certain suppliers.

Other contingent assets:

As described in note 3.2 to the Consolidated Financial Statements, the Company has non-recognized tax loss carry forwards of DKK 1,742.0 million at year end. At 31 December 2020 the non-recognized deferred tax assets associated with the tax loss carry forwards totalled DKK 383.0 million (2019: DKK 383.0 million).

Note 10 - Related party transactions

For transactions with related parties, please refer to note 8.5 in the consolidated financial statements. The Company has no related parties with control of the Company and no related parties with significant influence, apart from Key Management Personnel. All transactions with related parties during the period were carried out at market terms.
All transactions with other Group Companies carried out in the year are reflected in the income statement and notes.

Note 11 - Fee to auditors appointed at the general meeting

(DKKm)	2020	2019
Fees to the company's appointed auditor, PwC:		
Audit fee for statutory and group audit	0.8	0.1
Other assurance and tax advisory services	0.1	0.1
Total	**0.9**	**0.2**

Note 12 - Events after the balance sheet date

After the balance sheet date NTG Nordic Transport Group A/S entered into a share purchase agrement regarding the acquistion of 100% of the shares in Cargorange Sweden AB. Please refer to the Consolidated financial statement for further information, note 8.7.