

Interim Report 2019 Q3 for NTG Nordic Transport Group A/S (formerly: Neurosearch A/S)

Management report

In the period, the transaction between NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) and Nordic Transport Group was prepared. The transaction was completed on 7 October 2019. For further information on the transaction, reference is made to the prospectus dated 24 September 2019 (available on investor.ntg.dk) and note 4 below.

Result for the period

NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) realised a loss of DKK 8.1 million for the quarter, bringing the result for 2019 to a loss of DKK 14.4 million.

The result is mainly due to costs associated with preparing for the combination between NTG Nordic Transport Group A/S (formerly: Neurosearch) and Nordic Transport Group on 7 October 2019.

In connection with the transaction, a name change was carried out from Neurosearch A/S to NTG Nordic Transport Group A/S.

Events during the period

The period was affected by the combination between NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) and Nordic Transport Group, which was completed after the reporting period.

Guidance for 2019

Following the combination between NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) and Nordic Transport Group, the company's guidance for 2019 is updated to match those of Nordic Transport Group (cf. company announcement no. 23 of 10 September 2019). The updated guidance for 2019 after combination with Nordic Transport Group is a revenue of DKK 5,000-5,500 million and adj. EBIT of DKK 200-215 million, assuming a stable macro-economic environment.

Events after the balance sheet date

On 7 October 2019, NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) acquired all shares in Nordic Transport Group A/S through a capital increase and issue of new shares in NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) to the former shareholders in Nordic Transport Group A/S. Nordic Transport Group thereby achieved a listing on Nasdaq Copenhagen.

Nordic Transport Group A/S, a transport group incorporated in 2011 in Denmark, was privately owned until the transaction took place. Further information on the accounting effects of the transaction are described in note 4 to these interim financial statements.

To provide a better understanding of the future financial results and operations of the combined group,

consolidated financial figures for Nordic Transport Group are included in these interim financial statements. For the full Q3 report for Nordic Transport Group, reference is made to the addendum published in connection with this company announcement.

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Financial Highlights for NTG Nordic Transport Group A/S

The financial figures below cover NTG Nordic Transport Group A/S (formerly: Neurosearch A/S). Please refer to note 1 for a description of the changes in accounting policies compared to the annual report for 2018.

Income statement (DKK '000)	2019 Q3	2018 Q3	2019 YTD	2018 YTD	Balance sheet statement (DKK '000)	30/09-2019	30/09-2018
Gain from sale of intangible assets	0	2,864	0	2,864	Balance sheet total	58,379	72,481
Operating profit before special items (adj, EBIT)	-1,287	1,383	-3,359	-1,461	Net working capital	-1,817	-533
Special items, net	-6,673	0	-10,732	0	Net interest-bearing debt	-57,466	-72,126
Net financial items	-99	-101	-310	-298	Total equity	55,649	71,593
Profit for the period	-8,059	1,282	-14,401	1,759			
					Employees	2019 YTD	2018 YTD
					Average number of employees	1	1
Cash flow statement (DKK '000)	2019 Q3	2018 Q3	2019 YTD	2018 YTD			
Operating activities	-7,317	1,751	-13,309	-1,949			
Free cash flow	-7,317	1,751	-13,309	-1,949			
Financing activities	0	0	-466	0			
Cash flow for the period	-7,317	1,751	-13,775	-1,949			

Financial Highlights for Nordic Transport Group

From Nordic Transport Group's separate consolidated Q3 report, attached as addendum

The financial figures below cover Nordic Transport Group, which was combined with NTG Nordic Transport Group A/S (formerly Neurosearch) at 7 October 2019. The figures are prepared using the accounting policies described in the consolidated financial statements 2018 from Nordic Transport Group A/S. The numbers are for illustrative purposes only in relation to indicate the size of the future group

Income statement (DKK '000)	2019 Q3	2018 Q3	2019 YTD	2018 YTD					
		Excl. IFRS 16		Excl. IFRS 16					
Net revenue	1,328,104	1,219,020	3,931,281	3,273,139					
Gross profit	268,455	236,715	793,778	620,932					
Operating profit before amortizations, depreciations and special items (adj. EBITDA)	85,998	49,665	246,356	139,342					
Operating profit before special items (adj. EBIT)	50,824	48,119	147,835	135,429					
Special items, net	-4,046	119	-17,611	-6,085					
Net financial items	-14,107	-4,462	-36,696	-8,602					
Profit for the period	22,079	31,015	62,339	87,477					
					Balance sheet statement (DKK '000)	30/09-2019	30/09-2018		
							Excl. IFRS 16		
					Investment in property, plant and equipment	3,776	-13,606		
					Balance sheet total	2,021,017	1,250,219		
					Net working capital	-82,953	-25,378		
					Net interest-bearing debt, excluding IFRS 16	-106,359	-2,275		
					NTG A/S' shareholders' share of equity	168,498	113,463		
					Non-controlling interests	61,147	70,210		
					Financial ratios (DKK '000)	2019 Q3	2018 Q3	2019 YTD	2018 YTD
		Excl. IFRS 16		Excl. IFRS 16					
					Gross margin	20.2%	19.4%	20.2%	19.0%
					Operating margin	3.8%	3.9%	3.8%	4.1%
					Conversion ratio	18.9%	20.3%	18.6%	21.8%
					Return on equity			28.5%	51.3%
					Solvency ratio			11.4%	14.7%
					Employees	2019 YTD	2018 YTD		
					Average number of employees	1,408	1,367		

Interim financial statements for NTG Nordic Transport Group A/S (formerly: Neurosearch A/S)

TOTAL COMPREHENSIVE INCOME STATEMENT

(DKK '000)	2019 Q3	2018 Q3	2019 YTD	2018 YTD
Gain from sale of intangible assets	0	2,864	0	2,864
Other external expenses	-849	-1,069	-2,092	-3,190
Staff costs	-438	-412	-1,267	-1,135
Operating profit before special	-1,287	1,383	-3,359	-1,461
Special items, net	-6,673	0	-10,732	0
Financial costs	-99	-101	-310	-298
Profit for the period	-8,059	1,282	-14,401	-1,759
Attributable to:				
Shareholders in NTG Nordic Transport Group A/S (formerly: Neurosearch A/S)	-8,059	1,282	-14,401	-1,759
Earnings per share				
Earnings per share (DKK)	-6.56	1.04	-11.73	-1.43

CASH FLOW STATEMENT

(DKK '000)	2019 Q3	2018 Q3	2019 YTD	2018 YTD
Operating profit before special items	-1,287	1,383	-3,359	-1,462
Change in working capital etc.	742	469	1,092	-190
Financial expenses paid	-99	-101	-310	-298
Special items	-6,673	0	-10,732	0
Cash flow from operating activities	-7,317	1,751	-13,309	-1,949
Cash flow from investing activities	0	0	0	0
Free cash flow	-7,317	1,751	-13,309	-1,949
Transactions with owners (purchase of own shares, reverse stock split)	0	0	-466	0
Cash flow from financing activities	0	0	-466	0
Cash flow for the period	-7,317	1,751	-13,775	-1,949
Cash and cash equivalents at 1 January	64,783	70,375	71,241	74,075
Cash flow for the period	-7,317	1,751	-13,775	-1,949
Cash and cash equivalents at 30 September	57,466	72,126	57,466	72,126

BALANCE SHEET, assets

(DKK '000)	30/09-2019	31/12-2018	30/09-2018
Other receivables	913	217	355
Cash and cash equivalents	57,466	71,241	72,126
Total current assets	58,379	71,458	72,481
Total assets	58,379	71,458	72,481

BALANCE SHEET, equity and liabilities

(DKK '000)	30/09-2019	31/12-2018	30/09-2018
Share capital	24,554	24,554	24,554
Reserves	31,095	45,962	47,039
Total equity	55,649	70,516	71,593
Trade payables	2,222	886	156
Other payables	508	56	732
Total current liabilities	2,730	942	888
Total liabilities	2,730	942	889
Total equity and liabilities	58,379	71,458	72,481

STATEMENT OF CHANGES IN EQUITY, 2019

(DKK '000)	Share capital	Retained earnings	Total equity
Equity at 1 January	24,554	45,962	70,516
Profit for the period	0	-14,401	-14,401
Other comprehensive income, net of tax	0	0	0
Total comprehensive income for the period	0	-14,401	-14,401
<i>Transactions with shareholders:</i>			
Transactions with owners (purchase of own shares, reverse stock split)	0	-466	-466
Total transactions with owners	0	-466	-466
Equity at 30 September	24,554	31,095	55,649

STATEMENT OF CHANGES IN EQUITY, 2018

(DKK '000)	Share capital	Retained earnings	Total equity
Equity at 1 January	24,554	48,798	73,352
Profit for the period	0	-1,759	-1,759
Other comprehensive income, net of tax	0	0	0
Total comprehensive income for the period	0	-1,759	-1,759
<i>Transactions with shareholders:</i>			
Transactions with owners (purchase of own shares, reverse stock split)	0	0	0
Total transactions with owners	0	0	0
Equity at 30 September	24,554	47,039	71,593

Notes

Note 1 – Accounting policies

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

Accounting policies, judgements and significant estimates applied in preparation of the Interim Financial Report are consistent with those applied in the consolidated financial statements for 2018, with exception of changes stated below. Reference is made to pages 16-17 (section “Anvendt regnskabspraksis”) of the 2018 Annual Report for a description of NTG Nordic Transport Group A/S’ (formerly: Neurosearch A/S) accounting policies.

NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) has implemented all new EU-approved standards and interpretations effective as of 1 January 2019. This has not resulted in changes to the accounting policies.

Changes in accounting policies since 2018 Annual Report

Certain changes in the Interim Financial Report are changed compared to the 2018 Annual Report. This was done in order to align accounting practice with those of the consolidated financial statements of Nordic Transport Group A/S. These changes are carried out following the transaction carried out on 7 October 2019, described in note 4, in which NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) is

combined with Nordic Transport Group. Please refer to note 4 or the separate consolidated interim financial statements of Nordic Transport Group for further information.

Comparative figures for 2018 were updated to reflect the changes made. The following changes were made:

- Classification in the income statement was changed with regards to the former financial statement item *administration costs* (Danish: *administrationsomkostninger*). This item was split into the following new financial statement items stated below.
 - *Other external expenses* – includes expenses related to rent, IT, consultants, lawyers, travelling and other costs for operations.
 - *Staff costs* – includes salaries, bonuses, pensions social security costs, vacation pay and other benefits. Staff costs are recognised in the financial year in which the services are rendered by the employees.
 - *Special items* – includes significant costs of an exceptional nature relative to the company’s ordinary operations, mainly costs associated with preparing and carrying out the combination between NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) and Nordic Transport Group on 7 October 2019.

YTD income statement effects of above-mentioned classification changes are summarized in the following:

<u>(DKK ‘000)</u>	<u>2019 YTD</u>	<u>2018 YTD</u>
Administration costs	14,091	4,325
<i>Which is classified into the following items:</i>		
Other external expenses	-2,092	-3,190
Staff costs	-1,135	-1,135
<u>Special items</u>	<u>-10,732</u>	<u>0</u>
Reconciliation total	0	0

- Classification of interest expenses in the balance sheet are moved from financing cash flows to cash flows from operating activities to better reflect the cash flows associated with the operating activity of NTG Nordic Transport Group A/S (formerly: Neurosearch A/S). Effects are summarized below:

<u>(DKK ‘000)</u>	<u>2019 YTD</u>	<u>2018 YTD</u>
Operating cash flows	-310	-298
<u>Financing cash flows</u>	<u>310</u>	<u>298</u>
Reconciliation total	0	0

- Language of the interim financial statements were changed from Danish to English in accordance with change in corporate language decided on an extraordinary general meeting on 7 October 2019.
- Definition of a new non-IFRS subtotal, *Adj. EBIT*, calculated as EBIT adjusted for special items costs.

Note 2 - Treasury shares

Number of shares as of 1 January 2019 is adjusted to match the new nominal value of DKK 1 per share.

	Number of shares	Nominal value	Part of share capital	Market value (DKK million)
1 January 2019	13,297	13,297	1.08	1.1
Purchase of shares*	5,293	5,293	0	0
Adjustment	0	0	0.43	0.5
Treasury shares 30 September 2019	18,590	18,590	1.51	1.6

* In connection with the reverse stock split, NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) acquired 5,293 excess shares from shareholders.

Note 3 – Cash and cash equivalents

Cash and cash equivalents are specified as follows:

<u>(DKK '000)</u>	<u>30/09-2019</u>	<u>31/12-2018</u>	<u>30/09-2018</u>
Bank deposits	57,466	71,241	72,126
Cash and cash equivalents at 30 September	57,466	71,241	72,126

NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) is exposed to credit risk with regards to bank deposits. The maximum credit risk is equal to book value. Credit risk related to cash and cash equivalents is mitigated by only cooperating with financial institutions with a satisfactory credit rating. Cash and cash equivalents are considered free of credit risk, as the counterpart Nordea's short- and long-term credit rating at Moody's is P-1 and Aa3, respectively.

Note 4 – Events after the balance sheet date

Listing of Nordic Transport Group

On 7 October 2019, all shares in Nordic Transport Group A/S were acquired by the non-operational listed company NTG Nordic Transport Group A/S (formerly: Neurosearch A/S). Thereby Nordic Transport Group A/S indirectly achieved a listing on Nasdaq Copenhagen. The business of Nordic Transport Group continues to be carried out by the new combined entity, with NTG Nordic Transport Group A/S as the new ultimate parent company. Shareholders of Nordic Transport Group A/S prior to the transaction were compensated with newly issued shares in NTG Nordic Transport Group A/S (formerly: Neurosearch A/S). The transaction, including determination of the volume of consideration shares issued, is further described in company announcement no. 28 of 7 October 2019. Reference is made to this announcement and the prospectus of 24 September 2019 (available on investor.ntg.dk) for further details regarding the transaction. The remainder of this section will describe the *accounting consequences* of the transaction with respect to the provisions and requirements of IFRS.

Due to the nature of the transaction, Nordic Transport Group is identified as the *accounting acquirer*, whereas NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) is the *accounting acquiree*. Emphasis was placed on the following 3 material indicators: 1) former shareholders of Nordic Transport Group A/S

retain the largest portion of ownership in the combined entity, 2) after the transaction, Nordic Transport Group's business constitutes the only business activity of the combined entity, and 3) the existing members of Nordic Transport Group's Board of Directors and Executive Board dominate the governing body of the combined entity.

In the consolidated financial statements of Nordic Transport Group (post transaction), the transaction is accounted for as a *reverse acquisition*. Accounting consequences in the consolidated financial statements of Nordic Transport Group will be the following:

- The former shareholders in Neurosearch A/S receive – from an accounting perspective – a consideration equal to their share of Nordic Transport Group A/S upon completion of the transaction. Provisional calculations indicate a fair value of DKK 110 million
- Shareholders in NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) immediately prior to the transaction are – from an accounting perspective – treated as new shareholders with respect to the consolidated financial statements of Nordic Transport Group. This results in a capital increase in Nordic Transport Group equal to fair value of the consideration shares received by former shareholders in NTG Nordic Transport Group A/S (formerly: Neurosearch A/S)
- All assets and liabilities in NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) will be

reassessed to fair value and recognized in Nordic Transport Group's consolidated financial statements from the acquisition date. Provisional reassessments indicate fair value of acquired net assets totalling DKK 51 million

- Fair value of the deemed consideration for the NTG Nordic Transport Group A/S shares is allocated to the identified assets and liabilities of NTG Nordic Transport Group A/S (formerly: Neurosearch A/S). Any part of the consideration that cannot be attributed to acquired assets and liabilities is deemed an *excess value*
- As NTG Nordic Transport Group A/S (formerly: Neurosearch A/S) is not considered a business in terms of IFRS, the excess value cannot be capitalized as goodwill
- Following IFRIC discussions from 2012 and 2013, the excess value arising from a reverse acquisition between a listed shell company and an operational entity cannot be capitalized as an intangible asset in and of itself. IFRIC has specified that any excess value must be expensed in the consolidated income statement of Nordic Transport Group. Provisional calculations indicate an excess value expense of DKK 59 million
- The transaction is not carried out as part of Nordic Transport Group's ordinary course of business. The excess value expense will therefore be treated as a special item in the consolidated financial statements of Nordic Transport Group

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Interim Report of NTG Nordic Transport Group A/S for the period 1 January 2019 to 30 September 2019.

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

Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. In our opinion, the interim financial statements give a true and fair view of NTG Nordic Transport Group A/S' assets, liabilities and financial position at 30 September 2019 and of the results of NTG Nordic Transport Group A/S' operations and cash flows for the period 1 January to 30 September 2019.

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

Hvidovre, 27 November 2019

Executive Board

Jesper E. Petersen
CEO, Road & Logistics

Mikkel Fruergaard
CEO, Air & Ocean

Christian D. Jakobsen
Group CFO

Board of Directors

Eivind Kolding
Chairman of the board

Jørgen Hansen
Vice chairman of the board

Michael Larsen
Board member

Finn Skovbo Pedersen
Board member

Peter Grubert
Board member

Stefan Pettersson
Board member

Ulrik Ross
Board member

Jesper Præstensgaard
Board member