

Consolidated Interim Report 2021 Q1 – NTG Nordic Transport Group A/S



2021 Q1 highlights

- Total growth in net revenue of 17.6%, hereof organic growth including start-ups of 11.4%.
- Operating margin of 6.6% in Q1 2021 vs. 3.4% in Q1 2020, driven by increases in both the Road & Logistics and Air & Ocean divisions.
- Q1 2021 represents the best quarterly result in the history of NTG.
- Updated guidance for the year announced on 3 May 2021 maintained: Net revenue of DKK 5,900 – 6,300 million and adj. EBIT of DKK 360 - 400 million.

Selected financial information

For the period 1 January 2021 to 31 March 2021

(DKKm)	2021 Q1	2020 Q1	Change
Net revenue	1,540.7	1,310.6	17.6 %
Gross profit	335.3	275.4	21.8 %
Adj. EBIT	101.4	45.0	125.3 %
Profit for the period	66.6	21.4	211.2 %
Gross Margin	21.8%	21.0%	0.8 p.p.
Operating margin	6.6%	3.4%	3.2 p.p.
Conversion ratio	30.2%	16.3%	13.9 p.p.

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Forward looking statement

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

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated. For a description of significant risks and uncertainties identified by the Group, reference is made to the 2020 Annual Report. Any subsequent developments are reflected in this report.

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Financial Highlights

Income statement (DKKm)	2021 Q1	2020 Q1	Balance sheet (DKKm)	31/03-2021	31/03-2020
Net revenue	1,540.7	1,310.6	Additions to property, plant and equipment (excl. IFRS 16)	2.3	0.1
Gross profit	335.3	275.4	Balance sheet total	2,497.1	2,173.5
Operating profit before amortization, depreciation, and special items (adj. EBITDA)	141.8	85.8	Net working capital	-145.8	-91.0
Operating profit before special items (adj. EBIT)	101.4	45.0	Net interest-bearing debt	448.9	591.4
Special items, net	-4.2	0.0	Net interest-bearing debt, excluding IFRS 16	-150.6	-28.5
Net financial items	-9.5	-11.7	Invested capital	860.3	884.2
Profit for the period	66.6	21.4	NTG A/S' shareholders' share of equity	371.3	262.4
Earnings per share (DKK) for the period	2.63	0.79	Non-controlling interests	68.2	60.2
Earnings per share (DKK) last 12 months	7.45	-0.08			
			Financial ratios	2021 Q1	2020 Q1
Cash flow statement (DKKm)	2021 Q1	2020 Q1	Gross margin	21.8%	21.0%
Operating activities	43.5	75.8	Operating margin	6.6%	3.4%
Investing activities	-45.1	-107.6	Conversion ratio	30.2%	16.3%
Free cash flow	-1.6	-31.8	ROIC Before tax	36.4%	24.8%
Adjusted free cash flow	3.5	36.9	Return on equity	50.9%	7.0%
Financing activities	-57.3	-53.1	Solvency ratio	17.6%	14.8%
Cash flow for the period	-58.9	-84.9	Leverage ratio	0.92	1.68
			Employees	2021 Q1	2020 Q1
			Average number of employees	1,441	1,434

Management Report

The positive development in the second half of 2020 continued into the first quarter of 2021.

Performance in the Road & Logistics and Air & Ocean divisions exceeded expectations, and both divisions demonstrated strong performance on profitability.

In the Road & Logistics division, the successful corporate reorganisation in Germany triggered another record-high operating margin.

In the Air & Ocean division, favourable rate environments supported double-digit growth in gross profit. In combination with the overhaul performed in 2020, performance in the division improved significantly.

Net revenue in Q1 2021 increased 17.6%, compared to Q1 2020, to DKK 1,540.7 million.

Acquired growth was 7.3% driven by the acquisitions of TB International, Saga Trans, and Cargorange, and the full-year effects of the acquisition of Ebrex completed in Q1 2020.

Organic growth including start-ups totalled 11.4%, mainly driven by freight rate hikes in the Air & Ocean division.

Gross profit increased 21.8% to DKK 335.3 million in Q1 2021 compared to Q1 2020, corresponding to a gross margin increase of 0.8 percentage points to 21.8%.

Adj. EBIT increased 125.8% to DKK 101.4 million in Q1 2021 compared to Q1 2020. The positive margin development in 2020 continued into 2021, and the operating margin reached 6.6% in the first quarter of the year, compared to 3.4% in the same period last year.

Growth in adj. EBIT was rooted in both divisions.

The Road & Logistics division contributed positively to adj. EBIT with DKK 81.3 million for Q1 2021. The development was mainly a result of growth in gross profit, an increasing utilisation of existing resources, and the successful reorganisation and restructuring initiatives in 2020.

The Air & Ocean division contributed positively to adj. EBIT with DKK 19.9 million for Q1 2021. For two consecutive quarters the division has demonstrated progress on growth and profitability as cost savings, restructurings, and the intensified focus on sales led to a substantial improvement in the division's financial performance.

Minorities' share of adj. EBIT was 10.2% in Q1 2021 compared to 13.8% in Q1 2020.

Net working capital was negative DKK 145.8 million as of 31 March 2021, compared to negative DKK 91.0 in Q1 2020. The development is a result of a continued focus on improving operational cash flows, although timing of the European Easter holiday and activity increase in the Air & Ocean division showed an offsetting effect during Q1 2021.

Adjusted free cash flow totalled DKK 3.5 million in Q1 2021 compared to DKK 36.9 million in Q1 2020. The decrease was mainly driven by increasing net working capital more than offsetting the improved operating performance for the quarter.

As of 31 March 2021, NTG had a negative net interest-bearing debt (net cash) of DKK 150.6 million excluding IFRS 16. On 17 May 2021, NTG further strengthened access to liquidity by entering into an agreement for a new committed credit facility of up to DKK 500 million, replacing the former committed credit facility of DKK 150 million.

Update on recent acquisitions

The integration of Ebrex continues according to plan, and annual synergies of approximately EUR 1.5 million will take full effect from Q2 2021.

The recent bolt-on acquisitions of Saga Trans and TB International in late 2020, and the acquisition of Cargorange in the beginning of 2021, contributed with DKK 55.5 million in net revenue and DKK 4.5 million in adj. EBIT in Q1 2021.

In January 2021 the acquisition of Cargorange was closed, and for the remainder of Q1 2021, the company met the expectations for realising procurement synergies and collaboration with other NTG subsidiaries.

As of 31 March 2021, Saga Trans and TB International were merged into the existing NTG subsidiaries, NTG

Management Report, continued

Road Norway and NTG Polar Road in Finland, respectively. Both companies represent successful bolt-on acquisitions that strengthened the existing, well-performing platforms and boosted profitability.

The final integration costs of DKK 4.2 million related to the acquisition of Ebrex were charged under special items in Q1 2021.

In April and May 2021, two new acquisitions were completed (Twente Express in the UK) and signed (Neptun Transport in Denmark), respectively.

COVID-19

COVID-19 had a limited direct impact on the Road & Logistics and Air & Ocean divisions in Q1 2021, but uncertainty pertaining to the consequences of the reopening of societies prevails.

Public support programs including temporary cost savings had no material effect on results in Q1 2021.

Brexit

Q1 2021 was the first quarter with trade between the EU and the UK governed by the Trade and Cooperation Agreement agreed in December 2020.

Change of procedures and additional manual processes caused delays and noise in UK trade flows during Q1 2021, and volumes plunged in the beginning of the year.

NTG maintained a strong focus on securing the well-functioning of customers' supply chains.

As the operating procedures were gradually adapted to the new workflows and efficiency increased, focus shifted towards securing new customers in a market characterised by ample business opportunities.

The transition towards seamless trade flows and customs procedures will be a long and winding road, and flexibility will be key while unexpected interruptions continue to arise.

Outlook

On 3 May 2021, NTG revised the full-year outlook for 2021.

The updated full-year outlook was based on the strong performance in the Road & Logistics and Air & Ocean divisions in the first quarter of 2021, the early termination of a lease agreement with effect in Q2 2021, and the signing of an agreement to acquire 75% of the shares in Neptun Transport on 3 May 2021.

We maintain this guidance, and for the full year 2021, we expect to achieve a net revenue of DKK 5,900 – 6,300 million and an adj. EBIT of DKK 360 - 400 million.

The guidance is based on an expectation of the extraordinary strong market development continuing into the second quarter of 2021, followed by a normalisation in the second half of the year.

Due to the dynamic and unpredictable situation uncertainty remains elevated and the assumptions underlying the outlook may change significantly as the remainder of 2021 unfolds.



Road & Logistics

Q1 2021 was a quarter of increasing activity, corporate adaptations, and changing demand- and supply-side dynamics.

The activity increase was mainly driven by the Nordic, Dutch, and English entities. However, the Polish and Finnish entities experienced a slowdown as production was affected by semiconductor shortages and customs bottlenecks in the wake of Brexit in the automotive sector.

The high level of activity in the market towards the end of the quarter led to capacity shortages in certain geographies. In combination with the rising fuel prices, incipient margin pressure began to show.

Net revenue

Net revenue for the division totalled DKK 1,178.3 million in Q1 2021 compared to DKK 1,067.8 million in Q1 2020.

Total growth was 10.4%, composed of organic growth of 1.9%, effects from acquisitions of 9.0%, and currency translation effects of negative 0.5%.

The organic growth was driven by increasing activity (+2.0%), close-down of activities in Germany, Sweden, and the Czech Republic in 2020 (-0.6%), and the start-up in Norway (+0.4%).

Gross profit

Gross profit increased 22.3% to DKK 259.5 million in Q1 2021, compared to DKK 212.2 million in Q1 2020, corresponding to a gross margin of 22.0% and 19.9%, respectively. The increase was driven by a general margin improvement across entities.

Operating profit before special items (adj. EBIT)

Adj. EBIT for Q1 2021 was DKK 81.3 million, an increase of DKK 34.8 million compared to Q1 2020.

The operating margin increased 2.5 percentage points to 6.9%.

The development was primarily due to successful corporate adaptations and restructurings predominantly in Germany.



SELECTED FINANCIAL INFORMATION

(DKK m)	2021 Q1	2020 Q1	Organic growth	Acquisitions	Currency translation	Total growth
Net external revenue	1,178.3	1,067.8	1.9%	9.0%	-0.5%	10.4%
Gross profit	259.5	212.2	8.1%	14.5%	-0.3%	22.3%
Adj. EBIT	81.3	46.5	55.9%	18.1%	0.9%	74.9%
Gross Margin	22.0%	19.9%				2.1 p.p.
Operating margin	6.9%	4.4%				2.5 p.p.
Conversion ratio	31.3%	21.9%				9.4 p.p.

Air & Ocean

The extraordinary market conditions persisted in the first quarter of 2021, and ripple effects of the disruption at the Suez Canal added to the uncertainty in supply chains still reeling from COVID-19.

Despite the extraordinary market conditions, the first quarter of 2021 marked a turning point for the Air & Ocean division.

Organic growth bounced back into positive territory and gross profit increased substantially due to a strong development in freight rates. The divisional overhaul in 2020 led to an improvement of the conversion ratio, and a significant increase in the operating margin.

Based on the strong results in Q1 2021 we remain committed to the strategy of prioritising a limited number of core markets and increasing focus on sales and streamlined operating procedures.

Net revenue

The division achieved a net revenue of DKK 362.5 million in Q1 2021, compared to DKK 242.6 million in the same period last year. Total growth was 49.4%, composed of organic growth of 53.3% and currency translation effects of negative 3.9%.

The organic growth was driven by higher freight rates globally and increasing activity in mainly the Nordics, Netherlands, and Germany (53.2%). A start-up in the US contributed positively to total growth (+1.5%), while the close-down of activities in Germany, Croatia, Romania, and Turkey had a negative impact (-1.4%).

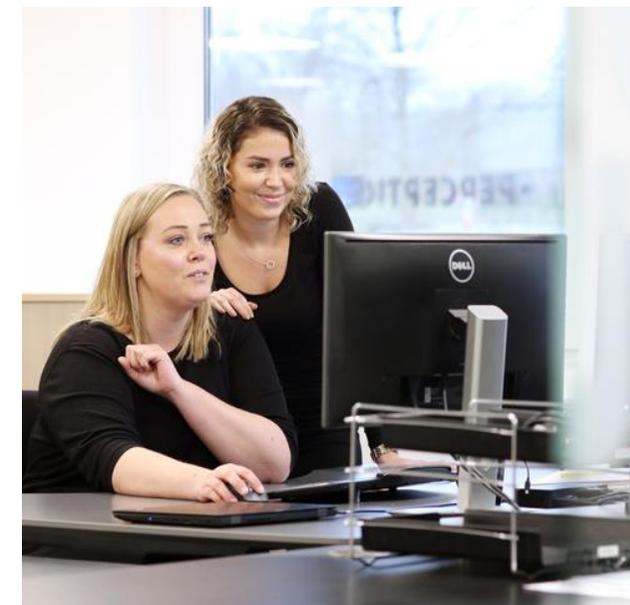
Gross profit

Gross profit increased 20.2% to DKK 75.8 million in Q1 2021, compared to DKK 63.1 million in Q1 2020, corresponding to a gross margin of 20.9% and 26.0%, respectively. The decrease was due to scarcity of and challenges in procuring capacity at attractive rates.

Operating profit before special items (adj. EBIT)

Adj. EBIT for Q1 2021 was DKK 19.8 million, an increase of DKK 20.1 million compared to Q1 2020.

The operating margin increased 5.6 percentage points to 5.5%, mainly driven by increasing profitability in Germany and Denmark which more than outweighed the effects of increasing time spent per shipment across the division due to prevailing capacity shortages.



SELECTED FINANCIAL INFORMATION

(DKKm)	2021 Q1	2020 Q1	Organic growth	Acquisitions	Currency translation	Total growth
Net external revenue	362.5	242.6	53.3%	0.0%	-3.9%	49.4%
Gross profit	75.8	63.1	23.1%	0.0%	-2.9%	20.2%
Adj. EBIT	19.8	-0.3	n.m.	0.0%	n.m.	n.m.
Gross Margin	20.9%	26.0%				-5.1 p.p.
Operating margin	5.5%	-0.1%				5.6 p.p.
Conversion ratio	26.3%	-0.5%				26.8 p.p.

Interim Financial Statements

INCOME STATEMENT

(DKKm)	2021 Q1	2020 Q1
Net revenue	1,540.7	1,310.6
Direct costs	-1,205.4	-1,035.2
Gross profit	335.3	275.4
Other external expenses	-47.4	-47.7
Staff costs	-146.1	-141.9
Operating profit before amortization, depreciation and special items (adj. EBITDA)	141.8	85.8
Amortization and depreciation of intangible and tangible fixed assets	-40.4	-40.8
Operating profit before special items (adj. EBIT)	101.4	45.0
Special items, net	-4.2	0.0
Financial income	0.2	0.8
Financial costs	-9.7	-12.5
Profit before tax	87.7	33.3
Tax on profit for the period	-21.1	-11.9
Profit for the period	66.6	21.4
Attributable to:		
Shareholders in NTG Nordic Transport Group A/S	58.8	17.8
Non-controlling interests	7.8	3.6
Earnings per share		
Earnings per share (DKK) for the period	2.63	0.79
Diluted earnings per share (DKK) for the period	2.60	0.79

STATEMENT OF OTHER COMPREHENSIVE INCOME

(DKKm)	2021 Q1	2020 Q1
Profit for the period	66.6	21.4
<i>Items that may be reclassified to the income statement:</i>		
Foreign exchange adjustments of subsidiaries	0.9	-7.3
<i>Items that will not be reclassified to the income statement:</i>		
Actuarial adjustments on retirement benefit obligations	-0.6	12.1
Tax relating to items that will not be reclassified	0.0	0.0
Other comprehensive income	0.3	4.8
Total comprehensive income	66.9	26.2
Attributable to:		
Shareholders in NTG Nordic Transport Group A/S	59.2	23.0
Non-controlling interests	7.7	3.2

CASH FLOW STATEMENT

(DKKm)	2021 Q1	2020 Q1
Operating profit before special items	101.4	45.0
Amortisation and depreciation	40.4	40.8
Share-based payments	1.0	0.0
Change in working capital etc.	-70.0	7.7
Change in provisions	-3.3	-0.8
Financial income received	0.2	0.8
Interest paid on leasing contracts	-7.5	-7.8
Other financial expenses paid	-2.2	-4.7
Corporation taxes paid	-12.3	-5.2
Special items	-4.2	0.0
Cash flow from operating activities	43.5	75.8
Purchase of intangible assets	0.0	-0.2
Purchase of property, plant and equipment	-2.3	-0.1
Disposal of intangible assets, property plant and equipment	0.5	0.4
Acquisition of business activities	-37.1	-102.8
Changes in other financial assets	-6.2	-4.9
Cash flow from investing activities	-45.1	-107.6
Free cash flow	-1.6	-31.8

CASH FLOW STATEMENT, continued

(DKKm)	2021 Q1	2020 Q1
Repayment of lease liabilities	-36.2	-34.1
Repayments of other financial liabilities	0.3	-18.3
<i>Shareholders and non-controlling interests</i>		
Purchase of treasury shares	-21.0	0.0
Dividends paid to non-controlling interests	0.0	0.0
Acquisition of shares from non-controlling interests	-0.5	-0.7
Disposal of shares to non-controlling interests	0.1	0.0
Cash flow from financing activities	-57.3	-53.1
Cash flow for the period	-58.9	-84.9
Cash and cash equivalents at beginning of period	235.9	180.2
Cash flow for the period	-58.9	-84.9
Currency translation adjustments	0.8	-7.3
Cash and cash equivalents at 31 March	177.8	88.0
Statement of adjusted free cash flow		
Free cash flow	-1.6	-31.8
Special items	4.2	0.0
Acquisition of business activities	37.1	102.8
Repayment of lease liabilities reversed	-36.2	-34.1
Adjusted free cash flow	3.5	36.9

BALANCE SHEET, assets

(DKKm)	31/03-2021	31/12-2020	31/03-2020
Intangible assets	545.2	507.1	463.0
Property, plant and equipment	76.1	91.3	96.2
Right-of-use assets	536.8	553.7	559.7
Other receivables	17.4	11.2	26.8
Deferred tax assets	12.1	10.0	7.1
Total non-current assets	1,187.6	1,173.3	1,152.8
Trade receivables	1,046.8	827.6	835.0
Other receivables	84.6	90.8	96.6
Cash and cash equivalents	177.8	235.9	88.0
Corporation tax	0.3	0.6	1.1
Total current assets	1,309.5	1,154.9	1,020.7
Total assets	2,497.1	2,328.2	2,173.5

BALANCE SHEET, equity and liabilities

(DKKm)	31/03-2021	31/12-2020	31/03-2020
Share capital	453.0	453.0	448.5
Reserves	-81.7	-120.7	-186.1
NTG Nordic Transport Group A/S shareholders' share of equity	371.3	332.3	262.4
Non-controlling interests	68.2	60.7	60.2
Total equity	439.5	393.0	322.6
Deferred tax liabilities	1.4	1.8	4.1
Pensions and similar obligations	149.0	149.8	140.8
Provisions	3.0	0.2	2.9
Financial liabilities	8.1	18.2	37.6
Lease liabilities	468.4	484.2	486.8
Total non-current liabilities	629.9	654.2	672.2
Provisions	57.3	62.0	45.7
Financial liabilities	19.1	21.5	21.8
Lease liabilities	131.1	132.4	133.1
Trade payables	1,008.0	854.9	800.4
Other payables	185.5	194.5	164.3
Corporation tax	26.7	15.7	13.4
Total current liabilities	1,427.7	1,281.0	1,178.7
Total liabilities	2,057.6	1,935.2	1,850.9
Total equity and liabilities	2,497.1	2,328.2	2,173.5

STATEMENT OF CHANGES IN EQUITY – 1 January – 31 March 2021

(DKKm)	Share capital	Treasury share reserve	Translation reserve	Retained earnings	NTG A/S shareholder's share of equity	Non-controlling interests	Total equity
Equity at 1 January	453.0	-4.4	-5.8	-110.5	332.3	60.7	393.0
Profit for the period	0.0	0.0	0.0	58.8	58.8	7.8	66.6
Net exchange differences recognized in OCI	0.0	0.0	1.0	0.0	1.0	-0.1	0.9
Actuarial gains/(losses)	0.0	0.0	0.0	-0.6	-0.6	0.0	-0.6
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	1.0	-0.6	0.4	-0.1	0.3
Total comprehensive income for the period	0.0	0.0	1.0	58.2	59.2	7.7	66.9
<i>Transactions with shareholders:</i>							
Share-based payments	0.0	0.0	0.0	1.0	1.0	0.0	1.0
Dividends distributed	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of treasury shares	0.0	-1.8	0.0	-19.2	-21.0	0.0	-21.0
Addition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of shares from non-controlling interests	0.0	0.0	0.0	-0.2	-0.2	-0.3	-0.5
Disposal of shares to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Total transactions with owners	0.0	-1.8	0.0	-18.4	-20.2	-0.2	-20.4
Equity at 31 March	453.0	-6.2	-4.8	-70.7	371.3	68.2	439.5

STATEMENT OF CHANGES IN EQUITY – 1 January – 31 March 2020

(DKKm)	Share capital	Treasury share reserve	Translation reserve	Retained earnings	NTG A/S shareholder's share of equity	Non-controlling interests	Total equity
Equity at 1 January	448.5	0.0	-7.5	-200.6	240.4	48.0	288.4
Profit for the period	0.0	0.0	0.0	17.8	17.8	3.6	21.4
Net exchange differences recognized in OCI	0.0	0.0	-6.9	0.0	-6.9	-0.4	-7.3
Actuarial gains/(losses)	0.0	0.0	0.0	12.1	12.1	0.0	12.1
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	-6.9	12.1	5.2	-0.4	4.8
Total comprehensive income for the period	0.0	0.0	-6.9	29.9	23.0	3.2	26.2
<i>Transactions with shareholders:</i>							
Share-based payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends distributed	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Addition of non-controlling interests	0.0	0.0	0.0	0.0	0.0	8.7	8.7
Acquisition of shares from non-controlling interests	0.0	0.0	0.0	-0.2	-0.2	-0.5	-0.7
Disposal of shares to non-controlling interests	0.0	0.0	0.0	-0.8	-0.8	0.8	0.0
Total transactions with owners	0.0	0.0	0.0	-1.0	-1.0	9.0	8.0
Equity at 31 March	448.5	0.0	-14.4	-171.7	262.4	60.2	322.6

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 2020. Reference is made to note 1.1 of NTG Nordic Transport Group’s 2020 Annual Report for a description of accounting policies. For a definition of financial key figures and financial ratios, please see page 85 of NTG Nordic Transport Group’s 2020 Annual Report.

NTG Nordic Transport Group has implemented all new EU-approved standards and interpretations effective as of 1 January 2021. None of these standards and interpretations have had a material impact on NTG Nordic Transport Group’s Financial Statements.

Note 2 – Segment information and net revenue

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

(DKKm)	Road & Logistics		Air & Ocean		Eliminations etc.		Total	
	2021 Q1	2020 Q1	2021 Q1	2020 Q1	2021 Q1	2020 Q1	2021 Q1	2020 Q1
Segment net revenue	1,182.6	1,073.1	363.8	243.9	0.1	0.3	1,546.5	1,317.3
Net revenue (between segments)	-4.3	-5.3	-1.3	-1.3	-0.2	-0.1	-5.8	-6.7
Net revenue (external)	1,178.3	1,067.8	362.5	242.6	-0.1	0.2	1,540.7	1,310.6
Gross Profit	259.5	212.2	75.8	63.1	0.0	0.1	335.3	275.4
Amortization and depreciation	-37.7	-36.6	-2.3	-3.6	-0.4	-0.6	-40.4	-40.8
Operating profit before special items (adj. EBIT)	81.3	46.5	19.8	-0.3	0.3	-1.2	101.4	45.0

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

Net revenue (DKKm)	2021 Q1	2021 Q1
Denmark	510.1	503.8
Sweden	271.3	220.5
Finland	165.7	130.4
Germany	164.7	181.9
Other countries	428.9	274.0
Total	1,540.7	1,310.6

Note 3 – Leases

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

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

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

the commencement date, any initial costs associated to the lease and other directly related costs including dismantling and restoration costs.

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

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

(DKKm)	2021			2020		
	Land & buildings	Other plant and equipment	Total	Land & buildings	Other plant and equipment	Total
Opening balance 1 January	339.2	214.5	553.7	295.6	223.1	518.7
Additions from business combinations	0.0	2.2	2.2	62.2	0.5	62.7
Additions during the period	1.2	23.2	24.4	10.2	16.7	26.9
Disposals during the period	-0.1	-4.7	-4.8	0.0	-1.6	-1.6
Depreciation for the period	-12.9	-24.6	-37.5	-14.4	-24.4	-38.8
Foreign currency translation	-0.4	-0.8	-1.2	-5.7	-2.6	-8.3
Carrying amount at 31 March	327.0	209.8	536.8	347.9	211.7	559.6

Note 4 – Acquisition and disposal of entities

Acquisition during the year – Cargorange Sweden AB

On 28 January 2021, NTG completed the acquisition of 100% of the shares in Cargorange Sweden AB. The company operates mainly with transports between Sweden and the northern part of Continental Europe.

Consideration transferred

The total consideration consists of a cash payment of DKK 41.8 million, settled in connection with the transaction.

Adjusted for the fair value of acquired cash and cash equivalents of DKK 4.7 million, the net cash flow amounted to DKK 37.1 million (outflow).

Earnings impact

During the 2 months after the acquisition date, Cargorange Sweden AB contributed with DKK 25.3 million to the Group's revenue, DKK 2.0 million to the Group's adj. EBIT and DKK 1.5 million to the result after tax. If the acquisition had taken place 1 January 2021 the Group's revenue would have amounted to DKK 1,550.8 million and result after tax would have amounted to DKK 67.0 million.

Transaction costs

No material transactions costs were recognized during the period.

Integration of Cargorange 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 January 2021, 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 below.

Fair value of acquired trade receivables and other receivables amounts to DKK 15.6 million. Collectability of receivables has been assessed based on Group credit assessment policies. In total DKK 0.4 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.

(DKKm)	Fair values at date of acquisition
Property, plant and equipment	0.3
Right-of-use assets	2.2
Other receivables	0.5
Trade Receivables	15.6
Cash and cash equivalents	4.7
Total Assets	23.3
Lease liabilities	2.2
Trade payables	13.2
Other payables	4.0
Total liabilities	19.4
Non-controlling interests' share of acquired net assets	0.0
Acquired net assets	3.9
Fair value of total consideration	41.8
Goodwill and intangible assets arising from the acquisition	37.9

Note 5 - Related party transactions

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

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

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

<u>(DKKm)</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Sale of services to related parties	0.0	0.0
Purchase of other services from related parties	0.0	-1.7
Rent and leasing from related parties	-3.0	-4.4
Loan and interest payments to related parties	0.0	0.0

Note 6 – 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 share-based incentive programs and potentially for other purposes such as payment in relation to M&A transactions.

	Number of shares	Nominal value (DKKm)	Part of share capital	Market value (DKKm)
Treasury shares 1 January	222,747	4.4	0.98%	57.0
Ring-the-bell consideration paid	0.0	0.0	0.00%	0.0
Purchase of shares etc.	86,550	1.8	0.38%	21.0
Other transactions	0.0	0.0	0.00%	0.0
Value adjustment				-0.1
Treasury shares 31 March	309,297	6.2	1.36%	77.9

Note 7 – Events after the reporting period

Early termination of lease agreement

In connection with the acquisition of Gondrand in 2018, NTG undertook a lease agreement regarding a combined office and logistics facility in Switzerland. The lease agreement was non-terminable until 2024.

Subsequent to the reporting period, an agreement of early termination of the contract was concluded. Reassessment of the lease agreement following the contract termination is expected to affect results positively in Q2 2021 by approximately DKK 20 million.

Final assessments are not concluded. The transaction was not recognized in the reporting period due to the inherent uncertainty surrounding these final assessments.

Acquisition of Neptun Transport and Twente Express

On 13 April 2021, NTG entered into an agreement to purchase 100 % of the shares in Twente Express Limited, a UK-based freight forwarding company. The agreement was closed at the same date. For the financial year ended 31 December 2021, Twente Express Limited generated revenue of approximately GBP 5.4 million and EBIT of approximately GBP 0.2 million. The consideration was settled by cash payment in conjunction with closing totalling GBP 0.4 million.

On 3 May 2021, NTG entered into an agreement to acquire 75 % of the shares in Neptun Transport A/S, a Danish freight forwarding company. For the financial year ended 30 April 2020, Neptun Transport A/S generated a revenue of approximately DKK 175 million and EBIT of approximately DKK 9 million. Closing of the agreement is expected in H1 2021 subject to approval by the relevant authorities. The consideration is subject to certain adjustments prior to closing, and fair value can thus not be determined reliably at the time these financial statements were authorized for issue.

Operating results, assets and liabilities of the acquired companies are recognized in the Group's consolidated financial statements from the date each transaction is closed. At the time these financial statements were authorized for issue, the Group had not yet completed accounting for the acquisition of the mentioned companies. Fair values of the acquisitions' assets and liabilities have yet to be determined. As such, no detailed disclosures related to the acquisitions are made.

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 2021 to 31 March 2021.

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

Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. In our opinion, the interim consolidated financial statements give a true and fair view of NTG Nordic Transport Group A/S' consolidated assets, liabilities and financial position at 31 March 2021 and of the results of NTG Nordic Transport Group A/S' consolidated operations and cash flows for the period 1 January 2021 to 31 March 2021.

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, 17 May 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
Board member

Jesper Præstengaard
Board member

Karen-Marie Katholm
Board member