

Consolidated Interim Report H1 2022 – NTG Nordic Transport Group A/S



Q2 2022 highlights

- Solid performance in both divisions with double- to triple-digit growth in net revenue and operating profit.
- Total growth in net revenue of 58.7%, hereof organic growth of 25.0%.
- Operating margin of 7.9% in Q2 2022 vs. 8.0% in Q2 2021.
- 2022 guidance announced on 6 May 2022 maintained: Net revenue of DKK 9,700 – 10,200 million and adj. EBIT of DKK 700 – 750 million.

Selected financial information

For the period 1 January 2022 to 30 June 2022

(DKKm)	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change
Net revenue	2,728.9	1,720.0	1,008.9	4,906.7	3,260.7	1,646.0
Gross profit	533.2	347.3	185.9	960.9	662.1	298.8
Adj. EBIT	216.8	137.5	79.3	376.3	238.9	137.4
Profit for the period	169.4	102.9	66.5	268.6	169.5	99.1
Gross Margin	19.5%	20.2%	-0.7 p.p.	19.6%	20.3%	-0.7 p.p.
Operating margin	7.9%	8.0%	-0.1 p.p.	7.7%	7.3%	0.4 p.p.
Conversion ratio	40.7%	39.6%	1.1 p.p.	39.2%	36.1%	3.1 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 2021 Annual Report. Any subsequent developments are reflected in this report.

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Financial Highlights

Income statement (DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Net revenue	2,728.9	1,720.0	4,906.7	3,260.7
Gross profit	533.2	347.3	960.9	662.1
Operating profit before amortisation, depreciation, and special items (adj. EBITDA)	271.9	154.9	483.0	296.7
Operating profit before special items (adj. EBIT)	216.8	137.5	376.3	238.9
Special items, net	0.0	0.0	-13.1	-4.2
Net financial items	-0.4	-15.5	-15.5	-25.0
Profit for the period	169.4	102.9	268.6	169.5
Earnings per share (DKK) for the period	7.07	4.19	10.96	6.82
Earnings per share (DKK) last 12 months	19.77	10.72	19.77	10.72

Cash flow statement (DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating activities	205.0	135.9	330.7	179.4
Investing activities	-482.2	-53.3	-499.4	-98.4
Free cash flow	-277.2	82.6	-168.7	81.0
Adjusted free cash flow	151.9	97.5	226.2	101.0
Financing activities	47.1	-54.7	-11.7	-112.0
Cash flow for the period	-230.1	27.9	-180.4	-31.0

Balance sheet (DKKm)	30/06-2022	30/06-2021
Additions to property, plant, and equipment (excl. IFRS 16)	7.1	3.9
Balance sheet total	4,582.2	2,664.8
Net working capital	38.8	-162.9
Net interest-bearing debt	1,347.2	369.4
Net interest-bearing debt, excluding IFRS 16	545.2	-186.1
Invested capital	2,121.7	886.1
Total equity	925.3	544.2
NTG A/S' shareholders' share of equity	837.5	478.5
Non-controlling interests	87.8	65.7

Financial ratios	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Gross margin	19.5%	20.2%	19.6%	20.3%
Operating margin	7.9%	8.0%	7.7%	7.3%
Conversion ratio	40.7%	39.6%	39.2%	36.1%
ROIC before tax*			45.2%	48.5%
Return on equity*			65.9%	62.2%
Solvency ratio			20.2%	20.4%
Leverage ratio*			1.52	0.68

Employees	YTD 2022	YTD 2021
Average number of employees	1,934	1,469

Reference is made to NTG's 2021 Annual Report, page 76, for definition of key figures and ratios.

* Ratio is based on last 12 months' figures

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Management Report

The positive momentum from previous quarters continued in Q2 2022 as the growth was underpinned by structural market imbalances and endeavours of our employees to support customers.

In the Road & Logistics division, a sustained focus on developing existing customer relationships combined with favourable spot markets led to double-digit growth in net revenue and operating profit.

In the Air & Ocean division, uncertainties facing global supply chains persisted in Q2 2022, but a combination of strong organic performance and the acquisition of AGL led to triple-digit growth in net revenue and operating profit.

Net revenue in Q2 2022 increased 58.7%, compared to Q2 2021, to DKK 2,729 million.

Acquired growth totalled 34.9% in Q2 2022, driven by the acquisitions of AGL, LGT Group, and Neptun Transport.

Organic growth totalled 25.0% in Q2 2022, mainly due to favourable freight rate environments and, to a lesser extent, volumes exceeding those of the same period last year, despite a downward tendency throughout the quarter.

Currency translation effects had a negative impact on growth of 1.2% in Q2 2022. The impact was predominantly driven by a depreciation of SEK, TRY, and PLN, partially offset by an appreciation of USD, versus DKK.

Gross profit increased 53.5% to DKK 533 million in Q2 2022, compared to DKK 347 million in Q2 2021, corresponding to a gross margin of 19.5% and 20.2%, respectively.

Adj. EBIT increased 57.7% to DKK 217 million in Q2 2022, compared to DKK 138 million in Q2 2021, corresponding to an operating margin of 7.9% and 8.0%, respectively.

Adj. EBIT in the Road & Logistics division increased 31.7% to DKK 148 million in Q2 2022, compared to Q2 2021.

Adj. EBIT in the Air & Ocean division increased 175.5% to DKK 68 million in Q2 2022, compared to Q2 2021.

No special items were charged in neither Q2 2022 nor Q2 2021.

Minorities' share of adj. EBIT was 8.1% in Q2 2022, compared to 9.2% in Q2 2021. The decrease was mainly driven by the acquisition of 100% of the shares in AGL with effect from May 2022.

Net working capital totalled DKK 39 million as of 30 June 2022, compared to negative DKK 163 million as of 30 June 2021. The development was mainly driven by the acquisition of AGL, adding DKK 177 million in net working capital by 30 June 2022. Non-recourse factoring programs released DKK 12 million in net working capital as per 30 June 2022.

Adjusted free cash flow totalled DKK 152 million in Q2 2022, compared to DKK 98 million in Q2 2021, corresponding to an increase of 55.8%.

The increase was primarily driven by the improved operating performance, though partially offset by the development in net working capital.

As of 30 June 2022, NTG had a net interest-bearing debt of DKK 545 million excluding IFRS 16 lease liabilities, compared to a net cash position of DKK 186 million as of 30 June 2021. The development was primarily a result of the acquisition of AGL.

Including IFRS 16 lease liabilities, NTG had a net interest-bearing debt of DKK 1,347 million and DKK 369 million by the end of Q2 2022 and Q2 2021, respectively, corresponding to leverage ratios of 1.52 and 0.68.

By the end of Q2 2022, NTG employed 2,043 full-time equivalents, compared to 1,528 by the end of Q2 2021.

Management Report, continued

Update on recent acquisitions

On 1 July 2022, NTG acquired the activities of Kontinent Transport, a Norway-based road freight forwarder.

In the financial year ending 31 December 2021, Kontinent Transport generated a net revenue and EBIT of approximately DKK 51 million and DKK 400 thousand, respectively.

Kontinent Transport will be included in the financial statements of NTG as of July 2022.

On 6 May 2022, NTG completed the acquisition of 100% of the shares in Aries Global Logistics (AGL), a US-based air and ocean freight forwarder.

AGL was included in the consolidated financial statements of NTG as of May 2022. In Q2 2022, AGL contributed with DKK 401 million in net revenue and DKK 22 million in adj. EBIT.

The acquisitions of Neptun Transport and LGT Group, completed on 11 June 2021 and 1 September 2021, respectively, contributed with DKK 199 million in net revenue and DKK 15 million in adj. EBIT in Q2 2022.

The ongoing integrations of AGL and LGT Group are progressing according to plan, on track for finalisation in H1 2024 and by the end of 2022, respectively.

Outlook

Based on the expected financial impact of the acquisition of AGL, the positive development in NTG's existing business, and an expectation of current market conditions continuing in Q2 2022, NTG raised its expectations for the full year 2022 on 6 May 2022.

We maintain this guidance, and for the full year 2022 we expect to achieve:

- Net revenue of DKK 9,700 – 10,200 million.
- Adj. EBIT of DKK 700 – 750 million.

The outlook is based on an expectation of a gradual normalisation in the second half of the year.

The outlook for 2022 further assumes a stable macroeconomic environment with no additional material adverse events affecting regional and global cargo volumes and trade patterns.

The assumptions underlying the outlook may change.

Road & Logistics

In Q2 2022, European road freight markets continued to be impacted by the shortages of trucks and drivers as well as elevated fuel prices.

While volumes gradually decreased throughout the quarter amid softening demand, availability of capacity deteriorated even further. The volume decline continued in July.

Declining demand was mainly experienced within the e-commerce and construction verticals, while FMCG activity remained high and automotive activities gradually rebounded.

On the supply side, the EU Mobility Package continued to take its toll on the capacity situation across Europe, as the elevated administrative burden led to an increasing number of hauliers exiting the market.

As lead times for new trucks remained excessive and drivers continued short in supply, initiatives to

safeguard and procure capacity became increasingly costly.

In line with previous quarters, focus remained on existing customer relationships though efforts to capture market shares were intensified during the second quarter.

Additional hauliers were onboarded at elevated rate levels, enabled by current spot prices, and additional ad-hoc capacity was procured to accommodate customers' demand at higher reservation prices, compared to the same period last year.

A successful adaptation to the current market conditions, demonstrated by the profitable pursuit of spot-based business while safeguarding service levels for long-term customers, was the main driver of the financial results in Q2 2022.

Selected YTD financial information

(DKKm)	YTD 2021	Organic	%	Acquisitions	%	Currency	%	YTD 2022	%
Net external revenue	2,504.1	539.1	21.5%	441.0	17.6%	-63.6	-2.5%	3,420.6	36.6%
Gross profit	507.9	109.4	21.6%	90.5	17.8%	-7.4	-1.5%	700.4	37.9%
Adj. EBIT	194.0	48.9	25.2%	33.7	17.4%	-4.2	-2.2%	272.4	40.4%
Gross margin	20.3%							20.5%	0.2 p.p.
Operating margin	7.7%							8.0%	0.3 p.p.
Conversion ratio	38.2%							38.9%	0.7 p.p.



Road & Logistics, continued

Performance in Q2 2022 reflects the importance of capacity under management in markets characterised by sustained imbalances between supply and demand.

Some mismatch is expected to prevail for the remainder of the year with freight rates lingering in elevated territories despite expectations of demand continuing to soften amid declining consumer confidence.

The acquisitions of LGT Group and Neptun Transport further added to growth in net revenue and operating profit in the second quarter of the year.

Net revenue

Net revenue for the division totalled DKK 1,754 million in Q2 2022, compared to DKK 1,326 million in Q2 2021.

Total growth was 32.3%, composed of organic growth of 19.6%, effects from acquisitions of 15.0%, and currency translation effects of negative 2.5%.

Organic growth was mainly driven by capacity and EU Mobility Package surcharges introduced in 2021 and 2022 to safeguard capacity, intensified efforts to fortify relations with customers and partners, and successful efforts to leverage favourable spot markets.

Gross profit

Gross profit increased 35.9% to DKK 365 million in Q2 2022, compared to DKK 269 million in Q2 2021, corresponding to a gross margin of 20.8% and 20.3%, respectively.

The margin increase was mainly driven by structural market imbalances supporting favourable spot rates.

Operating profit before special items (adj. EBIT)

Adj. EBIT increased 31.7% to DKK 148 million in Q2 2022, compared to DKK 113 million in Q2 2021, corresponding to an operating margin of 8.5% in both periods.

The flat development was driven by a conversion ratio decline of 1.3 percentage points to 40.6% that offset the gross margin development for the quarter.

The conversion ratio development was impacted by a DKK 20 million one-off effect in the Road & Logistics division in Q2 2021 related to the early termination and appertaining reassessment of a previously impaired lease agreement.

Adjusting for the one-off effect in Q2 2021, the conversion ratio increased by 6.2 percentage points in Q2 2022, demonstrating a combination of increased gross profit per shipment, compared to the same period last year, as well as persistent cost control.

Selected quarterly financial information

(DKKm)	Q2 2021	Organic	%	Acquisitions	%	Currency	%	Q2 2022	%
Net external revenue	1,325.8	261.1	19.8%	199.2	15.0%	-32.6	-2.5%	1,753.5	32.3%
Gross profit	268.9	57.7	21.5%	41.7	15.5%	-2.9	-1.1%	365.4	35.9%
Adj. EBIT	112.6	22.4	19.9%	15.4	13.7%	-2.1	-1.9%	148.3	31.7%
Gross margin	20.3%							20.8%	0.5 p.p.
Operating margin	8.5%							8.5%	0.0 p.p.
Conversion ratio	41.9%							40.6%	-1.3 p.p.

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Air & Ocean

Uncertainties facing global supply chains persisted in Q2 2022.

Continued port congestions in the US and Europe and COVID-inflicted lockdowns in China affected ocean transports, while the war in Ukraine led to route changes and renewed obstacles in organising and executing air transports.

Extraordinarily high energy prices posed another challenge to the global air and ocean markets in the second quarter of 2022.

Combined with softening demand, freight rates entered a decreasing trajectory compared to the preceding quarter.

In Q2 2022, the Air & Ocean division advanced on all parameters based on strong organic performance combined with the acquisition of AGL.

Organic progress in the division was broad-based as most countries surpassed performance in the same period last year, most notably in the US, the Netherlands, and Denmark.

On 6 May 2022, the acquisition of AGL was completed. AGL was included in the consolidated financial statements of NTG for the last two months of Q2 2022, contributing with DKK 401 million in net revenue and DKK 22 million in adj. EBIT.

The acquisition is expected to double the size of the Air & Ocean division, measured by revenue and volumes on an annualised basis, and it significantly strengthens the division's scale and competitiveness globally.

Selected YTD financial information

(DKKm)	YTD 2021	Organic	%	Acquisitions	%	Currency	%	YTD 2022	%
Net external revenue	756.4	309.8	40.9%	400.7	53.0%	19.6	2.6%	1,486.5	96.5%
Gross profit	154.2	43.6	28.3%	57.7	37.4%	5.0	3.2%	260.5	68.9%
Adj. EBIT	44.5	35.3	79.3%	22.1	49.7%	1.9	4.3%	103.8	133.3%
Gross margin	20.4%							17.5%	-2.9 p.p.
Operating margin	5.9%							7.0%	1.1 p.p.
Conversion ratio	28.9%							39.8%	10.9 p.p.



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Air & Ocean, continued

Net revenue

Net revenue for the division totalled DKK 976 million in Q2 2022, compared to DKK 394 million in Q2 2021.

Total growth was 147.7%, composed of organic growth of 42.9%, effects from the acquisition of AGL of 101.7%, and currency translation effects of 3.1%.

Organic growth was mainly driven by freight rates lingering in favourable territories throughout the second quarter and, to a lesser extent, higher volumes handled compared to the same period last year.

Gross profit

Gross profit increased 113.1% to DKK 167 million in Q2 2022, compared to DKK 78 million in Q2 2021, corresponding to a gross margin of 17.1% and 19.9%, respectively.

The gross margin development was primarily driven by the impact of the acquisition of AGL and, secondly, cost inflation resulting in higher pass-through revenue.

Operating profit before special items (adj. EBIT)

Adj. EBIT increased 175.5% to DKK 68 million in Q2 2022, compared to DKK 25 million in Q2 2021, corresponding to an operating margin of 6.9% and 6.2%, respectively.

The operating margin increase was explained by a conversion ratio increase of 9.1 percentage points to 40.4%, driven by a scalable operating model and a combination of increasing efficiency and persistent cost control.

The development was partially offset by the effects of the acquisition of AGL.

Selected quarterly financial information

(DKKm)	Q2 2021	Organic	%	Acquisitions	%	Currency	%	Q2 2022	%
Net external revenue	393.9	169.0	42.9%	400.7	101.7%	12.2	3.1%	975.8	147.7%
Gross profit	78.4	28.0	35.7%	57.7	73.6%	3.0	3.8%	167.1	113.1%
Adj. EBIT	24.5	19.6	80.0%	22.1	90.2%	1.3	5.3%	67.5	175.5%
Gross margin	19.9%							17.1%	-2.8 p.p.
Operating margin	6.2%							6.9%	0.7 p.p.
Conversion ratio	31.3%							40.4%	9.1 p.p.

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Interim Financial Statements

INCOME STATEMENT

(DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Net revenue	2,728.9	1,720.0	4,906.7	3,260.7
Direct costs	-2,195.7	-1,372.7	-3,945.8	-2,598.6
Gross profit	533.2	347.3	960.9	662.1
Other external expenses	-61.1	-49.1	-107.0	-91.5
Staff costs	-200.2	-143.3	-370.9	-273.9
Operating profit before amortisation, depreciation, and special items (adj. EBITDA)	271.9	154.9	483.0	296.7
Amortisation and depreciation of intangible and tangible fixed assets	-55.1	-17.4	-106.7	-57.8
Operating profit before special items (adj. EBIT)	216.8	137.5	376.3	238.9
Special items, net	0.0	0.0	-13.1	-4.2
Financial income	12.5	0.9	13.3	1.1
Financial costs, other	-12.9	-16.4	-28.8	-26.1
Profit before tax	216.4	122.0	347.7	209.7
Tax on profit for the period	-47.0	-19.1	-79.1	-40.2
Profit for the period	169.4	102.9	268.6	169.5
Attributable to:				
Shareholders in NTG A/S	156.4	94.0	242.7	152.8
Non-controlling interests	13.0	8.9	25.9	16.7
Earnings per share				
Earnings per share (DKK)	7.07	4.19	10.96	6.82
Diluted earnings per share (DKK) for the period	6.95	4.12	10.76	6.72

STATEMENT OF OTHER COMPREHENSIVE INCOME

(DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Profit for the period	169.4	102.9	268.6	169.5
<i>Items that may be reclassified to the income statement:</i>				
Foreign exchange adjustments of subsidiaries	-0.1	4.0	0.2	4.9
<i>Items will not be reclassified to the income statement:</i>				
Actuarial adjustments on retirement benefit obligations	21.5	6.8	43.5	6.2
Other comprehensive income	21.4	10.8	43.7	11.1
Total comprehensive income	190.8	113.7	312.3	180.6
Attributable to:				
Shareholders in NTG A/S	177.9	103.9	286.8	163.1
Non-controlling interests	12.9	9.8	25.5	17.5

CASH FLOW STATEMENT

(DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating profit before special items	216.8	137.5	376.3	238.9
Amortisation and depreciation	55.1	15.5	106.7	55.9
Share-based payments	1.7	3.1	2.9	4.1
Change in working capital etc.	-54.7	0.0	-92.6	-70.0
Change in provisions	-2.2	2.1	-4.4	-1.2
Financial income received	12.5	0.9	13.3	1.1
Interest paid on leasing contracts	-8.8	-6.9	-17.3	-14.4
Other financial expenses paid	-4.1	-9.5	-11.5	-11.7
Corporation taxes paid	-11.3	-6.8	-29.6	-19.1
Special items	0.0	0.0	-13.1	-4.2
Cash flow from operating activities	205.0	135.9	330.7	179.4
Purchase of property, plant, and equipment	-3.8	-1.6	-7.1	-3.9
Disposal of tangible assets	1.0	1.4	4.9	1.9
Acquisition of business activities	-479.5	-52.6	-479.5	-89.7
Changes in other financial assets	0.1	-0.5	-17.7	-6.7
Cash flow from investing activities	-482.2	-53.3	-499.4	-98.4
Free cash flow	-277.2	82.6	-168.7	81.0

CASH FLOW STATEMENT, continued

(DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Repayment of lease liabilities	-50.4	-37.7	-97.7	-73.9
Proceeds from loans	125.0	0.0	125.0	0.0
Repayments of other financial liabilities	-0.6	-4.9	-12.4	-4.6
<i>Shareholders and non-controlling interests</i>				
Purchase of treasury shares	0.0	0.0	0.0	-21.0
Dividends paid to non-controlling interests	-25.6	-12.3	-29.1	-12.3
Acquisition of shares from non-controlling interests	-16.9	-0.1	-17.2	-0.6
Disposal of shares to non-controlling interests	15.6	0.3	19.7	0.4
Cash flow from financing activities	47.1	-54.7	-11.7	-112.0
Cash flow for the period	-230.1	27.9	-180.4	-31.0
Cash and cash equivalents at beginning of period*	149.4	177.8	99.5	235.9
Cash flow for the period	-230.1	27.9	-180.4	-31.0
Currency translation adjustments	-8.0	2.5	-7.8	3.3
Cash and cash equivalents at 30 June*	-88.7	208.2	-88.7	208.2
Statement of adjusted free cash flow				
Free cash flow	-277.2	82.6	-168.7	81.0
Special items	0.0	0.0	13.1	4.2
Acquisition of business activities	479.5	52.6	479.5	89.7
Repayment of lease liabilities reversed	-50.4	-37.7	-97.7	-73.9
Adjusted free cash flow	151.9	97.5	226.2	101.0

* Cash and cash equivalents are presented in the balance sheet less bank overdrafts of DKK 348.9 million on 30 June 2022 and DKK 111.9 million on 1 January 2022 (Q2 and YTD 2021: DKK 0 million at both beginning and ending of periods).

BALANCE SHEET, assets

(DKKm)	30/06-2022	31/12-2021	30/06-2021
Intangible assets	1,331.4	857.2	600.3
Property, plant, and equipment	72.3	77.9	77.5
Right-of-use assets	755.7	712.4	515.9
Other receivables	59.9	27.8	17.9
Deferred tax assets	93.6	49.4	11.1
Total non-current assets	2,312.9	1,724.7	1,222.7
Trade receivables	1,894.3	1,211.0	1,140.5
Other receivables	114.1	93.6	91.2
Cash and cash equivalents	260.2	211.4	208.2
Corporation tax	0.7	1.1	2.2
Total current assets	2,269.3	1,517.1	1,442.1
Total assets	4,582.2	3,241.8	2,664.8

BALANCE SHEET, equity and liabilities

(DKKm)	30/06-2022	31/12-2021	30/06-2021
Share capital	453.0	453.0	453.0
Reserves	384.5	104.7	25.5
NTG A/S shareholders' share of equity	837.5	557.7	478.5
Non-controlling interests	87.8	76.2	65.7
Total equity	925.3	633.9	544.2
Deferred tax liabilities	2.7	2.7	1.5
Pensions and similar obligations	73.9	118.5	141.7
Provisions	2.6	2.8	3.0
Financial liabilities	401.5	105.1	6.8
Lease liabilities	616.4	594.4	430.9
Total non-current liabilities	1,097.1	823.5	583.9
Provisions	64.9	68.3	59.9
Financial liabilities	403.9	131.0	15.3
Lease liabilities	185.6	161.1	124.6
Trade payables	1,588.0	1,180.5	1,101.0
Other payables	235.7	210.4	195.6
Corporation tax	81.7	33.1	40.3
Total current liabilities	2,559.8	1,784.4	1,536.7
Total liabilities	3,656.9	2,607.9	2,120.6
Total equity and liabilities	4,582.2	3,241.8	2,664.8

STATEMENT OF CHANGES IN EQUITY – 1 January – 30 June 2022

(DKK)m	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	-10.3	1.9	113.1	557.7	76.2	633.9
Profit for the period	0.0	0.0	0.0	242.7	242.7	25.9	268.6
Net exchange differences recognised in OCI	0.0	0.0	0.6	0.0	0.6	-0.4	0.2
Actuarial gains/(losses)	0.0	0.0	0.0	43.5	43.5	0.0	43.5
Other comprehensive income, net of tax	0.0	0.0	0.6	43.5	44.1	-0.4	43.7
Total comprehensive income for the period	0.0	0.0	0.6	286.2	286.8	25.5	312.3
<i>Transactions with shareholders:</i>							
Share-based payments	0.0	0.0	0.0	2.9	2.9	0.0	2.9
Tax on share-based payments	0.0	0.0	0.0	-11.6	-11.6	0.0	-11.6
Dividends distributed	0.0	0.0	0.0	0.0	0.0	-29.1	-29.1
Acquisition of shares from non-controlling interests	0.0	2.1	0.0	-14.5	-12.4	-4.8	-17.2
Disposal of shares to non-controlling interests	0.0	0.0	0.0	14.1	14.1	20.0	34.1
Total transactions with owners	0.0	2.1	0.0	-9.1	-7.0	-13.9	-20.9
Equity at 30 June	453.0	-8.2	2.5	390.2	837.5	87.8	925.3

STATEMENT OF CHANGES IN EQUITY – 1 January – 30 June 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	152.8	152.8	16.7	169.5
Net exchange differences recognised in OCI	0.0	0.0	4.1	0.0	4.1	0.8	4.9
Actuarial gains/(losses)	0.0	0.0	0.0	6.2	6.2	0.0	6.2
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	4.1	6.2	10.3	0.8	11.1
Total comprehensive income for the period	0.0	0.0	4.1	159.0	163.1	17.5	180.6
<i>Transactions with shareholders:</i>							
Share-based payments	0.0	0.0	0.0	4.1	4.1	0.0	4.1
Dividends distributed	0.0	0.0	0.0	0.0	0.0	-12.3	-12.3
Purchase of treasury shares	0.0	-1.8	0.0	-19.2	-21.0	0.0	-21.0
Acquisition of shares from non-controlling interests	0.0	0.0	0.0	0.0	0.0	-0.6	-0.6
Disposal of shares to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Total transactions with owners	0.0	-1.8	0.0	-15.1	-16.9	-12.5	-29.4
Equity at 30 June	453.0	-6.2	-1.7	33.4	478.5	65.7	544.2

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 2021, except for the presentational update to terminal-related costs. Reference is made to note 1.1 of NTG Nordic Transport Group's 2021 Annual Report for a description of accounting policies. For a definition of financial key figures and financial ratios, please see page 76 of NTG Nordic Transport Group's 2021 Annual Report.

NTG Nordic Transport Group has implemented all new EU-approved standards and interpretations effective as of 1 January 2022. None of these standards and

interpretations have had a material impact on NTG Nordic Transport Group's Financial Statements.

Accounting practice change, terminal-related costs

The presentation of direct terminal costs has been updated effective 1 January 2022, resulting in terminal facility expenses and staff costs being presented as Direct costs (formerly Other external expenses and Staff costs). Comparative figures for 2021 have been consequently restated and the impact is disclosed in the table below. The restatement only concerns the Road & Logistics segment.

Impact on total 2021 figures from presentational update of terminal-related costs

(DKK m)	Q2 2021			YTD 2021			Q3 2021			Q4 2021			FY 2021		
	Published	Impact	Restated	Published	Impact	Restated									
Net revenue	1,720.0	0.0	1,720.0	3,260.7	0.0	3,260.7	1,869.5	0.0	1,869.5	2,171.7	0.0	2,171.7	7,301.9	0.0	7,301.9
Direct costs	-1,351.4	-21.3	-1,372.7	-2,556.8	-41.8	-2,598.6	-1,470.9	-29.9	-1,500.8	-1,682.1	-46.5	-1,728.6	-5,709.8	-118.2	-5,828.0
Gross profit	368.6	-21.3	347.3	703.9	-41.8	662.1	398.6	-29.9	368.7	489.6	-46.5	443.1	1,592.1	-118.2	1,473.9
Other external expenses	-54.3	5.2	-49.1	-101.7	10.2	-91.5	-47.7	5.6	-42.1	-60.1	6.2	-53.9	-209.5	22.0	-187.5
Staff costs	-159.4	16.1	-143.3	-305.5	31.6	-273.9	-163.6	24.3	-139.3	-214.4	40.3	-174.1	-683.5	96.2	-587.3
Adj. EBITDA	154.9	0.0	154.9	296.7	0.0	296.7	187.3	0.0	187.3	215.1	0.0	215.1	699.1	0.0	699.1

Note 2 – Segment information and net revenue

NTG 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)	<i>Road & Logistics</i>		<i>Air & Ocean</i>		<i>Eliminations etc.</i>		<i>Total</i>	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
Segment net revenue	1,760.7	1,329.7	978.8	395.8	0.0	0.3	2,739.5	1,725.8
Net revenue (between segments)	-7.2	-3.9	-3.0	-1.9	-0.4	0.0	-10.6	-5.8
Net revenue (external)	1,753.5	1,325.8	975.8	393.9	-0.4	0.3	2,728.9	1,720.0
Gross Profit	365.4	268.9	167.1	78.4	0.7	0.0	533.2	347.3
Amortisation and depreciation	-50.7	-14.8	-4.2	-2.3	-0.2	-0.3	-55.1	-17.4
Operating profit before special items (adj. EBIT)	148.3	112.6	67.5	24.5	1.0	0.4	216.8	137.5

(DKKm)	<i>Road & Logistics</i>		<i>Air & Ocean</i>		<i>Eliminations etc.</i>		<i>Total</i>	
	YTD 2022	YTD 2021	YTD 2022	YTD 2021	YTD 2022	YTD 2021	YTD 2022	YTD 2021
Segment net revenue	3,432.9	2,512.3	1,490.8	759.7	0.1	0.3	4,923.8	3,272.3
Net revenue (between segments)	-12.3	-8.2	-4.3	-3.3	-0.5	-0.1	-17.1	-11.6
Net revenue (external)	3,420.6	2,504.1	1,486.5	756.4	-0.4	0.2	4,906.7	3,260.7
Gross Profit	700.4	507.9	260.5	154.2	0.0	0.0	960.9	662.1
Amortisation and depreciation	-99.1	-52.4	-7.4	-4.7	-0.2	-0.7	-106.7	-57.8
Operating profit before special items (adj. EBIT)	272.4	194.0	103.8	44.5	0.1	0.4	376.3	238.9

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

Net Revenue (DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Denmark	790.4	556.6	1,519.7	1,066.6
USA	498.0	134.6	583.0	169.9
Sweden	458.4	314.4	869.1	585.7
Finland	248.5	182.1	461.7	347.8
Germany	203.8	193.6	425.1	358.3
Other	529.8	338.7	1,048.1	732.4
Total	2,728.9	1,720.0	4,906.7	3,260.7

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)	2022			2021		
	Land & buildings	Other plant and equipment	Total	Land & buildings	Other plant and equipment	Total
Carrying amount at 1 January	463.8	248.6	712.4	339.2	214.5	553.7
Additions from business combinations	26.1	0.0	23.3	4.6	3.5	8.1
Additions during the period	51.1	95.2	143.5	10.4	39.1	49.5
Disposals during the period	-4.7	-11.2	-15.9	-32.1	-8.5	-40.6
Depreciation for the period	-41.4	-60.5	-101.9	-6.0	-49.1	-55.1
Foreign currency translation	-5.5	-3.0	-8.5	0.4	-0.1	0.3
Carrying amount at 30 June	486.6	269.1	755.7	316.5	199.4	515.9

Note 4 – Acquisition and disposal of entities

Aries Global Logistics Inc.

On 6 May 2022, NTG completed the acquisition of 100% of the shares in Aries Global Logistics Inc (AGL). AGL is a full-service international air and ocean freight forwarder. AGL offers a range of value-added services including in-house customshouse brokerage and third-party inland transportation and warehousing solutions.

Consideration transferred

The total consideration consists of a cash payment of DKK 495.7 million in addition to a contingent consideration. The contingent consideration is determined based on the performance of AGL and NTG's existing US subsidiaries in 2022 (pro forma) and 2023. A sustained level of financial performance will result in earn-out payments of maximum USD 35 million. On 30 June 2022, the maximum earn-out consideration of USD 35 million (DKK 246.4 million) was recognized.

Adjusted for the fair value of acquired cash and cash equivalents of DKK 64.4 million, the net cash flow amounted to DKK 479.5 million (outflow), which includes an accelerated earn-out payment of DKK 26.7 million and change of control payment of DKK 21.5 million.

Earnings impact

During the period after the acquisition, AGL contributed with DKK 400.7 million to the Group's net

revenue, DKK 22.1 million to the Group's adj. EBIT and DKK 23.7 million to the result after tax. If the acquisition had taken place 1 January 2022 the Group's net revenue would have amounted to DKK 5,755.3 million and result after tax would have amounted to DKK 305.4 million.

Transaction costs

Transaction costs relating to the AGL acquisition amount to DKK 7.0 million. Transactions costs are accounted for in the income statements as special items.

Fair value of acquired net assets and recognised goodwill

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

Fair value of acquired trade receivables and other receivables amounts to DKK 478.4 million. Collectability of receivables has been assessed based on Group credit assessment policies. In total DKK 21.3 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.

Integration of AGL 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 dates, in accordance with IFRS 3.

(DKKm)	Fair values at date of acquisition
Right-of-use assets	23.3
Deferred tax assets	56.3
Trade receivables	477.0
Other receivables	1.4
Corporation tax	0.1
Cash and cash equivalents	64.4
Total Assets	622.5
Provisions	1.4
Financial liabilities	21.5
Lease liabilities	23.3
Trade payables	281.7
Other payables	19.0
Total liabilities	346.9
Non-controlling interests' share of acquired net assets	0.0
Acquired net assets	275.6
Fair value of total consideration	742.1
Goodwill and intangible assets arising from the acquisition	466.5

Note 5 – 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	515,751	10.3	2.28%	275.4
Ring-the-bell consideration paid	-106,368	-2.1	-0.47%	-26.9
Value adjustment				-145.1
Treasury shares 30 June	409,383	8.2	1.81%	103.4

Note 6 – Events after the reporting period

Launch of share buy-back program

On 12 August 2022, the Board of Directors of NTG decided to introduce a share buy-back program.

The share buy-back program will run from 15 August 2022 to 31 March 2023 at the latest, both days inclusive. During this period, NTG will purchase its own shares for an aggregate maximum amount of DKK 100,000,000, up to 310,000 shares (nominally DKK 6,200,000), corresponding to 1.37% of the current share capital of NTG. Reference is made to Company announcement no. 9 – 2022 for further information.

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Interim Report of NTG Nordic Transport Group A/S for the period 1 January 2022 to 30 June 2022.

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

Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. In our opinion, the interim consolidated financial statements give a true and fair view of NTG Nordic Transport Group A/S' consolidated assets, liabilities and financial position at 30 June 2022 and of the results of NTG Nordic Transport Group A/S' consolidated operations and cash flows for the period 1 January 2022 to 30 June 2022.

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, 12 August 2022

Executive Board

Michael Larsen
Group CEO

Christian D. Jakobsen
Group CFO

Board of Directors

Eivind Kolding
Chairman of the board

Jørgen Hansen
Deputy chairman of the board

Finn Skovbo Pedersen
Board member

Carsten Krogsgaard Thomsen
Board member

Jesper Præstengaard
Board member

Karen-Marie Katholm
Board member

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