Nurminen Logistics

FINANCIAL STATEMENTS AND THE BOARD'S REPORT ON OPERATIONS

2019

Nurminen Logistics ▶▶▶

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The Board's Report on Operations

Despite good work for developing organization and processes the year 2019 was not satisfactory for Nurminen Logistics. Net sales decreased to EUR 69.3 million (EUR 78.9 million) mainly due to Baltics and changes in business model in Russia. Adjusted the operating result was negative. The turnaround work in the business operations in Finland, that begun in the second half of the year, and progress on profitability on China cargo train towards the end of the year limited operating loss. No significant property investments were made during the financial period.

Differences between business operations by service and region within the Group were quite high. Bi-monthly cargo train service between Vuosaari, Finland and Hefei, China had positive development and increasing filling rate during autumn. We managed to increase filling rate especially in the westbound trains which simultaneously improved profitability of the service. The investments for ramping up this service heavily weighted down on the operating result. Nurminen Logistics expects the business operations in Finland to provide significantly stronger cash flow during 2020 as the cargo train service to China grows and sales increase. Cargo train service provides notable added volume to cargo and forwarding services.

Demand for freight forwarding services slightly decreased during the second half of 2019 as the volumes of international trade to Finland were in decline. Nurminen Logistic Services Oy responded to this development by acquiring PFC Nordic Oy, which expanded the service portfolio and customer base of the group especially in the maritime freight forwarding. Forwarding services' net sales increased and profitability slightly increased in comparison to previous year.

Business performance in the Baltic countries continued at a good level. Operations in cargo services developed positively excluding Helsinki area. Vuosaari cargo services operates on a high cost level in comparison to net sales development. Due to the high cost level, operations were streamlined by operative realignment and by starting a process improvement program to continue the turnaround work of 2019, and the projects within the improvement program will be concluded in 2020. The program will utilize the functions of the renewed ERP system.

Nurminen Logistics has had cashflow negative business operations in Finland during the year 2019. Due to the adoption of IFRS 16 from the beginning of 2019, and the new growth forecasts for the coming years, the company recognized impairment loss of EUR 5.3 million on goodwill. The write down has a significant negative impact on the company's equity ratio.

We adjusted the operations of the company with changes made after the co-determination procedures. We continued our efforts to improve the efficiency of our core businesses by reorganizing our responsibilities for operational management and the Helsinki production organization. We started ramp down of the Luumäki terminal and discontinued the operations of our subsidiary in Estonia. We are in the process of exploring possibilities for reducing real estate liabilities connected to the Vuosaari terminal during 2020, and new utilization opportunities for the property.

Our customers increasingly appreciate complete service solutions for supply chain management. The reliability and ease of use of these services are key demand drivers. Nurminen Logistics responds to these customer needs by itself and through partnerships. Sales team was doubled during the second half of 2019. Co-operation with customers and intensive sales work are central to 2020 financial performance development. Nurminen Logistics strives to become increasingly customer oriented and to become more active partner in our customer's processes. Our new IT-systems will increase the efficiency of our operations and improve our services.

The Market Situation in the Review Period and the Future Outlook

The economic growth and business cycle remained unchanged in Finland for the second half of 2019. Price decreases in the forest industry had negative impact on business operations of Nurminen Logistics in comparison to previous years.

Several industrial customers in the technology sector reported production records in 2019 even though generally growth in the technology industry can be characterized as stagnant. Especially the wheeled machines market in 2019 in all business lines (mining, forestry, harbor).

The volume index for chemical industry reached plateau in 2019 after years of increasing. The trend for new orders continued slight increase that slowed down towards the end of the year.

Increasing environmental awareness and appreciation for agile supply chains manifested especially in increasing bookings on China cargo train service. In future the Nurminen Logistics will deliver solutions to a wider range of customers for the whole width of supply chain management. As the economy in China continues to grow faster than in Europe its relative importance for the foreign trade for Finland which creates opportunities to the cargo train service.

Adjusted EBIT EUR 1,000	1.1.–31.12. 2019	1.1.–31.12. 2018
EBIT	**–8,517**	**–6,046**
Profit and loss on sales and acquisitions	642	
Expenses from the verdict by the supreme court regarding case on employment	137	
Impairment loss on Luumäki terminal	548	
Impairment loss on goodwill	5,271	
Adjusted EBIT	**–1,919**	**921**

Net sales amounted to EUR 69.3 million (EUR 78.9 million), decreasing 12.1 per cent from prior year. EBIT decreased, mainly due to impairment loss on goodwill by EUR 5.3 million, to EUR –8.5 million (EUR –6.0 million). Adjusted net sales amounted to EUR 69.3 million (EUR 78.9 million). Adjusted EBIT decreased to EUR –1.9 million (EUR 0,9 million).

Adjusted EBIT excludes loss on disposal of the Niirala terminal EUR 0.6 million, loss on disposal of the shares in the Russian company ZAO Rubesh EUR 0.1 million, expenses from the verdict by the supreme court regarding case on employment EUR 0.1 million, impairment loss on Luumäki terminal totaling EUR 0.5 million and impairment loss on goodwill EUR 5.3 million, in total EUR 6.6 million. No adjustments to the comparable result were made during the reporting period.

Net sales in railway logistics increased compared to previous year. The growth in net sales was mainly due to year's most important project, the integration of regular China cargo train service into Nurminen Logistics' operations and commercial activities. The profitability clearly increased towards the end of the year. Overall the cargo train service operated at loss during the review period. In the Q4 of 2019 the import trains operated at profit. For the export trains the service ramp-up is proceeding according to the plan. Establishing the train route was significant effort and weighted heavily upon the EBIT of the company. The ramp-up cost for the cargo block train service, instead of being activated, have been accounted as expenses in the income statement for the period in which they are incurred.

Volumes in the project logistics and chemical transport continued steady and profitable.

Nurminen Logistics' freight forwarding remained profitable. To increase growth and to add diversity to service portfolio Nurminen Logistics Services Oy executed an acquisition in accordance to its strategy in which PFC Nordic Oy, a growing company with high quality service, became part of freight forwarding business by Nurminen Logistics. Freight forwarding net sales increased from the prior year and profitability improved slightly. Slowdown in both import to and export from Finland was visible in the demand for the services during the last quarter of the year.

Cargo services net sales decreased compared to previous year. The adjusted EBIT remained on the prior year's level. During the review period, cargo services were unprofitable due to low utilization rate at Vuosaari terminal. In Kotka, utilization rate was on good level and services profitable.

From the beginning of May 2019, Nurminen Logistics rearranged real estate by discharging real estate obligations and clarifying financial situation of the company. Of the included real estate property, the Niirala terminal was sold during the review period. The sales amounted to EUR 0.6 million operating loss. The remaining Sale- and lease back arrangements with Ilmarinen Mutual Pension Insurance Company were concluded in advance in July. The aim is to continue removal of such real estate which is not in support of the core businesses of the company and to also reduce the level of strategic real estate cost.

Nurminen Logistics divested its Russian based train wagons and related business in late 2018. The new business is based on leasing and brokering train wagons. Russian subsidiary OOO Nurminen Logistics' net sales and profitability decreased year-on-year due to change in business concept. The company's result was slightly positive during the review period.

Baltic companies' net sales decreased as the transit traffic volumes declined. Simultaneously profitability increased. Baltic operations' profitability is on a good level.

Nurminen Logistics updated its strategy at the end of the spring 2019. The aim is to turn company's development so that it will accumulate value for company's shareholders. The strategy is based on turn-around -program which has three corner stones:

1) Increasing the profitability of company's core business' by renewing company's commercial plan and improving internal processes. The necessary actions have been divided into several sub-projects, which are supported by the ERP system, and the digital development stemming from it. The renewal of commercial plan aims to diversify company's customer portfolio, to increase Nurminen Logistics' participation at the customer's operations and to improve the margin of service portfolio. Company's diverse portfolio, well defined key products and new IT-platforms enable integration with customer's operations and create a strong basis for this. Operational improvements enable increasing volumes without increasing fixed costs.

2) Further increasing the number of services provided by developing the cargo block train to China, with increasing volume and scheduled train arrival and departure frequency. The goal is to reach profitability threshold in volume during the H1 of 2020.

3) Actively seeking to recognize and remain ready to act upon possible beneficial acquisition opportunities that will support company's current business. The acquisition of PCF Nordic Ltd was accomplished in accordance with this strategy point.

The actions based on the strategy renewal continued as turnaround work during the autumn 2019. This work continues in accordance with business prerequisites. Company strategy is to be updated during the spring 2020.

Tero Vauraste became the President and CEO of the company on 6 December 2019 and Ville Iho stepped down to work elsewhere. Ari Penttinen, SVP Forwarding and Terminal Services left the company on 19 August 2019. On 11 December the company announced that Iiris Pohjanpalo will become CFO from the 1 January 2020.

Effect of IFRS 16 on the Result for the Period

The company adopted the IFRS 16 standard as of 1 January 2019. Implementation has affected to income statement, balance sheet and cash flow statement and related key figures. The company implemented the standard with modifications. For this reason, the comparison figures for 2018 have not been restated in accordance with the new standard. The key difference of IFRS 16 in comparison with the previous standard is that operative leases are capitalized for the complete duration of lease agreements. The new standard has following impact: on the balance sheet, liabilities relating to leases are discounted on the balance sheet as of 1 January 2019 and right of use assets are booked to long term assets. Short-term and low value lease agreements are excluded from capitalization. Corresponding lease costs are derecognized from income statement and replaced with depreciation and financing expense of underlying asset and liability. IFRS 16 standard has had EUR 1.3 million positive impact on EBIT and EUR 0.1 million positive impact on net result 2019. Use of right depreciation amounted to EUR 3.9 million and financial expenses to EUR 1.2 million. The change is described in more detail in the sections on the consolidated statement of financial position, consolidated cash flow and notes to the consolidated financial statements.

Financial Position and Balance Sheet

Cash flow from operating activities amounted to EUR 0.5 million. Cash flow from investing activities totaled EUR –0.1 million. Cash flow from investing actiivties was impacted by investments in IT-systems and digitalization EUR 0.7 million, divestments of Niirala terminal and ZAO Rubesh subsidiary and acquisition PFC Nordic Oy, in total EUR 0.6 million. Cash flow from financing activities amounted to EUR –7.8 million. Implementation of IFRS 16 -standard affected the affected the consolidated cash flow. The change is described in more detail in the consolidated cash flow section.

At the end of the review period, cash and cash equivalents amounted to EUR 4.1 million of which EUR 0.5 million had separate designated purpose which has been determined in co-operation with Ilmarinen Mutual Pension Insurance Company. Cash and cash equivalents attributable to the Baltic operations amount to EUR 2.7 million.

The financial statements have been prepared assuming business continuity. The management of the company estimates that the operating cash flow generated by the company covers the current business needs and current liabilities for the next 12 months.

Current interest-bearing liabilities of the company, total of EUR 3.0 million, consist of financial leasing liabilities of EUR 2.3 million and factoring debt of EUR 0.7 million. The company's non-current interest-bearing liabilities are EUR 39.9 million, of which EUR 26.9 million are in connection with leases capitalized in accordance with IFRS 16 standard. Long term loans amount to EUR 13.0 million. These loans from Ilmarinen amounting to EUR 13.0 million are due in June 2023. A partial payment of EUR 0.5 million to loan from Ilmarinen was paid in November 2019 in advance.

The Group's interest-bearing liabilities totaled EUR 42.9 million and the net interest-bearing debt amounted to EUR 38.9 million. The company has an equity-based hybrid bond from Ilmarinen, amounting to EUR 1.5 million.

The balance sheet total was EUR 52.1 million, and the equity ratio was 1.5 %. The equity ratio excluding the effect of IFRS 16 was 2.8 %.

Capital Expenditure

The Group's gross capital expenditure during the review period amounted to EUR 0.7 million (EUR 0.7 million), accounting for 1% of net sales. Depreciation totaled EUR 5.2 (1.8) million, or 7.5% (2.3) of net sales. In accordance to IFRS 16 standard, use of rights depreciation amounted to EUR 3.9 million.

Group Structure

RW Logistics, a subsidiary of Nurminen Logistics Plc, sold the share in the Russian company ZAO Terminal Rubesh to Metsäliitto Cooperative during the review period. The Latvian associated company Team Lines Latvia SIA has discontinued its operations. Nurminen Maritime Estonia AS has discontinued its operations.

The Group comprises the parent company, Nurminen Logistics Plc, as well as the following subsidiaries and associated companies, owned directly or indirectly by the parent (ownership, %): Nurminen Logistics Services Oy (100%), RW Logistics Oy (100%), PFC Nordic Oy (100%), Kiinteistö Oy Kotkan Siikasaarentie 78 (100%), Kiinteistö Oy Luumäen Suoanttilantie 101 (100%), Kiinteistö Oy Vainikkalan Huolintatie 13 (100%), NR Rail Oy (51%), Pelkolan Terminaali Oy (20 %), OOO Nurminen Logistics (100 %), Nurminen Maritime Latvia SIA (51%), UAB Nurminen Maritime (51%) and Nurminen Maritime Eesti AS (51%).

Personnel and Management

At the end of the review period, the Group had 176 employees, compared with 172 on 31 December 2018. The number of employees working abroad was 31. Personnel expenses in 2019 totaled EUR 9.2 million (EUR 9.0 million).

On 31 December 2019, Nurminen Logistics' Management Team consisted of the following members: Tero Vauraste, President and CEO, Teppo Talvinko, CFO (interim CEO until 18 March 2019), Mikko Järvinen, SVP Sales and Petri Luurila, CIO. In addition, the Management Team included Ville Iho, previous CEO, from 15 March until 5 December 2019 and Ari Penttinen, SVP Forwarding and Terminal Services in Finland until 19 August 2019.

Management Transactions

On 21 March 2019, Nurminen Logistics Plc was informed that Russian Capital Management Oy, a company under the control of Chairman of the Board of Directors Olli Pohjanvirta, had purchased 42,000 shares at a price of EUR 0.3487 per share.

On 25 October the company announced the remuneration in shares for the Board of Directors. Juha Nurminen, member of the Board of Directors subscribed for 41,071 shares, Jukka Nurminen, member of the Board of Directors subscribed for 41,071 shares, Irmeli Rytkönen member of the Board of Directors subscribed for 41,071 shares, Olli Pohjanvirta, the Chair of the Board of Directors subscribed for 82,143 shares, Alexey Grom, member of the Board of Directors subscribed for 41,071 shares and Hannu Leinonen, member of the Board of Directors subscribed for 35,714 shares.

Shares and Shareholders

Nurminen Logistics Plc's share has been quoted on the main list of Nasdaq Helsinki Ltd under the current company name since 1 January 2008. The total number of Nurminen Logistics Plc's registered shares is 44,604,174 and the registered share capital is EUR 4,214,521. The company has one share class and all shares carry equal rights in the company. The company name was Kasola Oyj until 31 December 2007. The company was listed on the Helsinki Stock Exchange in 1987.

The trading volume of Nurminen Logistics Plc's shares was 1,802,568 during the period from 1 January to 31 December 2019. This represented 4.0% of the total number of shares. The value of the turnover was EUR 549,000. The lowest price during the review period was EUR 0.26 per share and the highest EUR 0.44 per share. The closing price for the period was EUR 0.27 per share and the market value of the entire share capital was EUR 11,865,000 at the end of the period.

At the end of the 2019 financial year the company had 1,320 shareholders. At the end of 2018 the number of shareholders stood at 1,215.

At the end of 2019 the company held 106,333 of its own shares, corresponding to 0.2% of votes.

According to register of shareholders at 31 December 2019 the Board of Directors and management of the company (including ownership of controlled entities) owned Nurminen Logistics shares as follows:

THE BOARD OF DIRECTORS	SHARES	%
Juha Nurminen	8,689,814	
Olli Pohjanvirta	3,248,195	
Jukka Nurminen	1,055,625	
Alexey Grom	176,115	
Irmeli Rytkönen	61,309	
Hannu Leinonen	143,714	
	13,374,772	30,0

Dividend Policy

The company's Board of Directors has on 14 May 2008 determined the companys dividend policy, according to which Nurminen Logistics Plc aims annually distribute as dividends approximately one third of its net profit, provided that the company's financial position allows it.

Shareholder Agreements Related to Ownership and the Exercise of Voting Rights

No shareholder agreements related to ownership in Nurminen Logistics Plc and the exercise of voting rights have been brought to the company's attention with the exception of the announcement that was published in stock exchange release on 28 December 2007. According to the announcement, the members of the Board of directors and Management Team have undertaken not to sell or otherwise transfer shares in John Nurminen Ltd owned by them on this date and the company's shares received as demerger consideration in conjunction with the demerger of John Nurminen Ltd without the advance written consent of the Board of Directors of the company.

Decisions Made by the Annual General Meeting of Shareholders

Nurminen Logistics Plc's Annual General Meeting held on 12 April 2019 passed the following decisions:

Adoption of the annual accounts and resolution on discharge from liability

The General Meeting adopted the annual accounts, including the consolidated annual accounts for the financial year 1 January 2018 – 31 December 2018 and discharged the members of the Board of Directors, the President and CEO and the interim President and CEO from liability.

Payment of dividend

The General Meeting approved the Board's proposal that no dividend shall be paid for the financial year 1 January 2018 – 31 December 2018.

Composition and remuneration of the Board of Directors

The General Meeting resolved that the Board of Directors is composed of six members. The General Meeting re-elected the following members to the Board of Directors: Olli Pohjanvirta, Juha Nurminen, Jukka Nurminen, Irmeli Rytkönen and Alexey Grom and elected Hannu Leinonen as a new member of the Board of Directors.

The General Meeting resolved that for the members of the Board elected at the General Meeting for the term expiring at the close of the Annual General Meeting in 2020, the remuneration is paid as follows: annual remuneration of EUR 40,000 for the Chairman and EUR 20,000 for the other members of the Board.

In addition, a meeting fee of EUR 1,000 per meeting for the Board and Board Committee meetings is paid for each member of the Board living in Finland and EUR 1,500 per meeting for a member of the Board living outside Finland. Of the annual remuneration, 50 per cent will be paid in Nurminen Logistics Plc's shares and the rest in cash. A member of the Board of Directors may not dispose shares received as annual remuneration before a period of three years has elapsed from receiving shares. In addition, the Chairman of the Board will be paid a remuneration of EUR 7,500 per month as well as a car benefit with a maximum value of EUR 1,600 per month and telephone benefit.

Authorising the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares

The Annual General Meeting authorised the Board to decide on the issuance of shares and/or special rights entitling to shares as referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act.

Based on the authorisation, the Board of Directors is entitled to issue or transfer, either by one or several resolutions, shares and/or special rights up to a maximum equivalent of 20,000,000 new shares so that aforesaid shares and/or special rights could be used, e.g., for financing of company and business acquisitions or for financing of other business arrangements and investments, for the expansion of the ownership structure, paying of remuneration of the Board members and/or for the creating incentives for, or encouraging commitment in, personnel.

The authorisation entitles the Board of Directors to decide on the share issuance with or without payment. The authorisation for deciding on a share issuance without payment includes also the right to decide on the share issue for the company itself, so that the authorisation may be used in such a way that in total no more than one tenth (1/10) of all shares in the company may from time to time be in the possession of the company and its subsidiaries.

The authorisation includes the Board of Director's right to decide on all other terms and conditions of the share issuances and the issuances of special rights. The authorisation entitles the Board of Directors to decide on share issuances, issuances of option rights and other special rights entitling to shares in every way to the same extent as could be decided by the General Meeting, including the Board of Director's right to decide on directed share issuances and/or issuance of special rights.

In case of issuances of shares and/or special rights entitling to shares in deviation of the pre-emptive rights of shareholders and in issuance of shares without payment, the subscription price per share shall not be lower than the volume weighted average price of the company's share during the three months' period preceding the decision of the Board of Directors. However, this restriction regarding the subscription price is not applied in case the Board of Directors decides on the directed share issue or share issue without payment or directed issuance of special rights entitling to shares relating to paying of remuneration of the Board members and/or creating incentives for, or encouraging commitment in, personnel.

The authorisation is valid until 30 April 2020 and the authorisation does not revoke the authorisation granted to the Board of Directors by the Extraordinary General Meeting on 17 July 2017 on the issuance of shares as well as the issuance of options and other special rights entitling to shares.

Election of the auditor and resolution on their remuneration

Ernst & Young Oy was elected the auditor of the company for the term ending at the close of the Annual General Meeting 2020. Antti Suominen, Authorised Public Accountant, acts as the principal auditor. The auditor's fee will be paid in accordance with the auditor's invoice accepted by the company.

Environmental Factors

Nurminen Logistics seeks environmentally friendly and efficient transport solutions as part of the development of its services. All services provided by the company in Finland are covered by a certified environmental management system meeting the requirements of the ISO 140001:2004 standard.

Long Term Financial Target

The Board of Directors has set Nurminen Logistics' long-term financial objectives. The objectives of the company are to achieve a growth rate that is higher than that of the markets in general, a net operating profit level of 7% and a return on equity of 12%.

Short-Term Risks and Uncertainties

In case the world trade would slow down there would be negative impact on the demand for the services offered by the company and on the operating result. Decrease in foreign trade in Finland would influence demand. Foreign trade with Russia, which is important for the company, has been increasing for the last few years, but towards the end of 2019 there were signs of a slowdown. Should the slowdown continue, it might influence demand.

Possible pandemic or large epidemic occurrences might impact the market areas especially in China. These may also influence the Finnish foreign trade by reducing the customer service needs and the company's revenues. Changes in the political situation of the China cargo block train transit countries or challenges of the capacity of rail network utilization, could influence the operating circumstances of the cargo train. Trade policy risks may affect the business operations. Competition is expected to intensify with a potential impact on unit revenue.

Labor market disturbances may influence customers' production volumes. Furthermore, the demand on services as well as supply chain functionality especially in harbors may be affected.

In case profitability improvement efforts in core businesses and sales growth in China cargo train service should advance at a slower pace than expected, there might be negative impacts on the result and financial position of the company.

More detailed information about risk information of the company can be found on the Investors page on Nurminen Logistics' website www.nurminenlogistics.com.

Events After the Review Period

The company announced 28 January 2020 on issuance of shares for the long-term incentive plan for the CEO, in which the CEO may purchase maximum of 180,00 shares at price of EUR 0.28 per share.

The company announced on 17 January 2020 that it initiated co-determination negotiation considering the personnel of Finnish subsidiaries in order to prepare for possible decline of goods flow due to labor marker disturbances in manufacturing industries and other client industries. The co-determination negotiations were concluded on 4 February 2020. As the labor market disturbances ceased the company was not required to establish any adjusting arrangements with the personnel.

The company announced on 4 March 2020 that it recognizes a write down of EUR 5,3 million on goodwill impacting negatively on equity ratio. The company has reached an agreement with financiers regarding the abandonment of covenant terms on equity ratio.

Board of Directors' Proposal for Profit Distribution

Based on the financial statements as at 31 December 2018, the parent company's distributable equity is EUR 14,847,850. The Board of Directors proposes to the Annual General Meeting that no dividend shall be distributed for the financial year 2019.

Corporate Governance Statement

The Corporate Governance Statement of Nurminen Logistics Plc will be published on 6 March 2020 on the company's website at www.nurminenlogistics.com.

Board and Audit Commitee Meetings

The Board of Directors convened thirteen times during the year 2019. The Audit Committee had five meetings.

Consolidated Statement of Comprehensive Income, IFRS

1,000 EUR	Note	1–12 / 2019	1–12 / 2018
NET SALES	2	**69,340**	**78,874**
Other operating income	3	64	109
Materials and services		–50,418	–56,826
Employee benefit expenses	5	–9,196	–9,025
Depreciation, amortisation and impairment losses	6	–11,044	–1,817
Loss on disposal of Russian subsidiary			–6,224
Other operating expenses	4	–7,262	–11,135
OPERATING RESULT		**–8,517**	**–6,046**
Financial income	7	12	58
Financial expenses	7	–2,382	–1,387
Share of profit of equity-accounted investees	15	25	–21
		–2,346	–1,351
RESULT BEFORE INCOME TAX		**–10,864**	**–7,397**
Income tax expense	8	–570	–414
RESULT FOR THE YEAR		**–11,433**	**–7,811**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences		–41	7,567
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**–11,474**	**–243**
Result attributable to			
Equity holders of the parent company		–12,903	–8,804
Non-controlling interest		1,470	993
Total comprehensive income attributable to			
Equity holders of the parent company		–12,944	–1,237
Non-controlling interest		1,470	993
Earnings per share calculated from result attributable to equity holders of the parent company			
Earnings per share, undiluted, euro		–0.29	–0.20
Earnings per share, diluted, euro		–0.29	–0.20

Consolidated Statement of Financial Position, IFRS

1,000 EUR	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Property, plant and equipment	11	35,810	8,757
Goodwill	12,14	899	5,970
Other intangible assets	12	1,933	1,390
Investments in equity-accounted investees	15	209	194
Receivables	16	244	2,639
Deferred tax assets	17		14
Non-current assets, total		**39,095**	**18,964**
Current assets			
Inventories		87	81
Trade and other receivables	18	7,822	10,952
Cash and cash equivalents	19	4,187	11,514
Non-current assets held for sale		897	
Current assets, total		**12,993**	**22,547**
TOTAL ASSETS		**52,088**	**41,511**
EQUITY AND LIABILITIES			
Equity attributable to holders of the parent company	20		
Share capital		4,215	4,215
Share premium reserve		86	86
Other reserves		28,808	28,808
Translation differences		–6	35
Retained earnings		–35,497	–22,616
Hybrid bond		1,500	1,500
Equity attributable to holders of the parent company		**–894**	**12,028**
Non-controlling interest		**1,695**	**1,123**
Equity, total		**802**	**13,151**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	17	24	28
Other liabilities	23	212	328
Financial liabiliites	22	39,900	13,600
Non-current liabilities, total		**40,136**	**13,956**
Current liabilities			
Current tax liabilities		237	366
Financial liabilities	22	3,102	5,252
Trade payables and other liabilities	23	7,811	8,786
Current liabilities, total		**11,150**	**14,404**
Liabilities, total		**51,287**	**28,360**
EQUITY AND LIABILITIES, TOTAL		**52,088**	**41,511**

Consolidated Balance Sheet, IFRS 16 Impact

1,000 EUR	31.12.2018 IAS 17	Impact	1.1.2019 IFRS 16
ASSETS			
Non-current assets			
Property, plant and equipment	8,757	35,465	44,222
Goodwill	5,970		5,970
Other intangible assets	1,390		1,390
Investments in equity-accounted investees	194		194
Receivables	2,639	–2,322	317
Deferred tax assets	14		14
NON-CURRENT ASSETS	**18,964**	**33,142**	**52,106**
Current assets			
Inventories	81		81
Trade and other receivables	10,952	–2,047	8,905
Cash and cash equivalents	11,514		11,514
CURRENT ASSETS	**22,547**	**–2,047**	**20,500**
ASSETS TOTAL	**41,511**	**31,095**	**72,606**
EQUITY AND LIABILITIES			
Share capital	4,215		4,215
Other reserves	28,894		28,894
Translation differences	35		35
Retained earnings	–22,616		–22,616
Non controlling interest	1,123		1,123
Hybrid loan	1,500		1,500
EQUITY TOTAL	**13,151**		**13,151**
Non-current liabilities			
Deferred tax liability	28		28
Other liabilities	328		328
Financial liabilities	13,600	28,819	42,419
NON-CURRENT LIABILITIES	**13,956**	**28,819**	**42,774**
Current liabilities			
Current tax liabilities	366		366
Financial liabilities	5,252	2,276	7,528
Trade payables and other liabilities	8,786		8,786
CURRENT LIABILITIES	**14,404**	**2,276**	**16,680**
TOTAL LIABILITIES	**28,360**	**31,095**	**59,455**
TOTAL EQUITY AND LIABILITIES	**41,511**	**31,095**	**72,606**

Consolidated Cash Flow Statement, IFRS

1,000 EUR	Note	1–12/2019	1–12/2018
Cash flow from operating activities			
PROFIT/LOSS FOR THE YEAR		**–11,433**	**–7,811**
Adjustments for:			
Depreciation, amortisation & impairment losses	6	11,044	1,990
Other income (–) and expenses (+), non cash		–1,258	984
Financial income (–) and expenses (+)		2,371	1,165
Divestment of Russian subsidiary			7,638
Income taxes	8	570	414
Other adjustments		–69	–214
Cash flow before changes in working capital		**1,224**	**4,168**
Working capital changes:			
Increase (–) / decrease (+) in inventories		–6	–15
Increase (–) / decrease (+) in non-interest bearing current receivables		2,435	551
Increase (+) / decrease (–) in non-interest bearing current payables		–1,249	–4,271
Net cash from operating activities before financial items and taxes		**2,403**	**433**
Interest paid		–1,746	–585
Interest received			1
Other financial items		–199	–186
Income taxes paid			–492
Net cash from operating activities		**458**	**–830**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets		–727	–746
Divested subsidiary shares	28	756	6,927
Purchases of subsidiary shares		–110	
Proceeds from other investments			16
Investments to equity accounted investments			–173
		–81	**6,024**
Cash flow from financing activities			
Net change in factoring receivables and liabilities		13	367
Proceeds from current borrowings		–544	–253
Repayment of non-current borrowings		–500	–144
Repayment of finance lease liabilities		–5,869	–367
Dividends paid / repayments of equity		–937	–1,116
Net cash used in financing activities		**–7,837**	**–1,512**
Net increase / decrease in cash and cash equivalents		**–7,460**	**3,682**
Cash and cash equivalents at the beginning of the year		11,514	7,832
Translation differences of cash and cash equivalents at the beginning of the year			
Net increase / decrease in cash and cash equivalents		–7,460	3,682
Translation differences of net increase / decrease in cash and cash equivalents			
Cash and cash equivalents at the end of the year	**19**	**4,054**	**11,514**

Consolidated Cash Flow Statement, Impact of IFRS 16

1,000 EUR	IAS 17	Impact	IFRS 16
Cash flow from operating activities	–1,867	2,325	458
Cash flow from investing activities	–81		–81
Cash flow from financing activities	–5,512	–2,325	–7,837
Net increase / decrease in cash and cash equivalents	–7,460		–7,460

Consolidated Statement of Changes in Equity, IFRS

1,000 EUR	Note	Equity attributable to equity holders of the parent company									
1–12/2018		**Share capital**	**Share premium reserve**	**Legal reserve**	**Reserve for invested unre-stricted equity**	**Hybrid bonds**	**Transla-tion dif-ferences**	**Retained earnings**	**Total**	**Non-con-trolling interest**	**Total equity**
Equity on 1 Jan 2018		**4,215**	**86**	**2,378**	**26,430**	**1,500**	**–7,511**	**–13,689**	**13,409**	**1,261**	**14,670**
Comprehensive income											
Result for the year								–8,804	–8,804	993	–7,811
Other comprehensive income											
Translation differences							7,546	21	7,567		7,567
Total comprehensive income for the year							**35**	**–8,783**	**–1,237**	**993**	**–244**
Business transactions with share holders											
Interest on hybrid loan after taxes								–48	–48		–48
Issue of shares								70	70		70
Other changes								–166	–166	–15	–181
Dividends										–1,116	–1,116
Total business transactions with share holders								**–144**	**–144**	**–1,131**	**–1,275**
Equity on 31 Dec 2018		**4,215**	**86**	**2,378**	**26,430**	**1,500**	**35**	**–22,615**	**12,029**	**1,123**	**13,151**

1,000 EUR	Note	Equity attributable to equity holders of the parent company									
1–12/2019		**Share capital**	**Share premium reserve**	**Legal reserve**	**Reserve for invested unre-stricted equity**	**Hybrid bonds**	**Transla-tion dif-ferences**	**Retained earnings**	**Total**	**Non-con-trolling interest**	**Total equity**
Equity on 1 Jan 2019		**4,215**	**86**	**2,378**	**26,430**	**1,500**	**35**	**–22,615**	**12,029**	**1,123**	**13,151**
Comprehensive income											
Result for the year								–12,903	–12,903	1,470	–11,433
Other comprehensive income											
Translation differences							–41		–41		–41
Total comprehensive income for the year							**–6**	**–12,903**	**–12,944**	**1,470**	**–11,474**
Business transactions with share holders											
Interest on hybrid loan after taxes								–48	–48		–48
Share renumeration								70	70		70
Other changes										39	39
Dividends										–937	–937
Total business transactions with share holders								**22**	**22**	**–898**	**–876**
Equity on 31 Dec 2019		**4,215**	**86**	**2,378**	**26,430**	**1,500**	**–6**	**–35,498**	**–893**	**1,696**	**802**

Notes to the Consolidated Financial Statements, IFRS

1. THE ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information about the Group

The business idea of Nurminen Logistics is to provide and produce high-quality and customer competitiveness increasing logistics services in Finland, Russia and direct regular railway cargo services between Finland and China. The parent company of the Group is Nurminen Logistics Plc. The parent company is domiciled in Helsinki, Finland, and its registered address is Satamakaari 24, Helsinki.

Copies of the consolidated financial statements are available in internet at www.nurminenlogistics.com. The consolidated financial statements were authorized for issue by the Board of Directors on 6 March 2019. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to decide to amend the financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in accordance with the IAS and IFRS standards and SIC and IFRIC interpretations effective on 31 December 2019. International Financial Reporting Standards are standards and interpretations adopted for application in the European Union in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and Council. The notes to the consolidated financial statements are also in accordance with the Finnish Accounting Act and Ordinance and the Limited Liability Companies Act complementing the IFRS.

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets and financial liabilities measured at fair value through profit or loss.

The financial statements are presented in thousands of euro.

Adaptation of new and reviewed IFRS standards

As from 1 January 2019 the Group has applied the following amendments to standards that did not have a significant impact on the consolidated financial statements:

- IFRS 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019). IFRS 16 provides a comprehensive model for identifying and accounting for lease arrangements, both for lessees and lessors. The standard superseded the existing IAS 17 Leases and related interpretations. Under IFRS 16, the distinction between a lease and a service agreement is based on whether the lessee has control of the identified asset.

IFRS 16 amends the accounting for leases by requiring lessees also to recognize operating leases as a liability for payment of the lease and a related right if the lessee has control over the use of the leased asset over the term of the agreement and is irrevocable. The standard provides for relief from the need to recognize short-term contracts of up to 12 months or low value assets.

Nurminen Logistics has adopted IFRS 16 using the modified retrospective approach, so the benchmark data has not been restated. Due to its industry and business model, Nurminen Logistics primarily acts as a lessee for the leases. The company applies the standard mainly to leases of premises and terminal warehouses, terminal machines and equipment. In determining the duration of a lease, the company has used its judgment in estimating the likelihood of exercise of the options on the lease and has included the periods covered by the option at the lease term if it is probable that the option will be exercised. The Company applies the reliefs provided by IFRS 16 and excludes leases of up to 12 months and low value assets from the balance sheet. Low value contracts mainly include IT and office equipment, company cars and small office space.

The cumulative effect of the adaption to IFRS 16 has been recognized as an adjustment to the opening balance sheet for 2019. The adaption of the standard will affect comparability of financial information, accounting policies, reported amounts and balance sheet ratios such as gearing and equity ratio. The adaption of the standard increased fixed assets and interest-bearing liabilities of the company. In the income statement, instead of rental expenses, the company recognizes depreciation on fixed assets and interest expenses on lease liabilities. The effect of leases treated in accordance with IFRS 16 is not even over the contract period but is negative at the beginning of the contract period and positive at the end of the period due to the interest rate on the lease liability. IFRS 16 has a positive impact of EUR 1.3 million on operating profit and a positive impact of EUR 0.1 million on the result for the financial year 2019.

The remaining liabilities of leases for which a non-current asset and lease liability are not recognized, are disclosed as off-balance sheet liabilities in the notes.

Unlike lessee accounting, the requirements for recognizing lessors' leases in IFRS 16 are largely based on the requirements of the current IAS 17 standard.

Principles of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of Nurminen Logistics Plc and those of all its subsidiaries. The subsidiaries are entities controlled by the parent company. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Subsidiaries acquired are included in the consolidated financial statements from the acquisition date that control commences until the date that control ceases.

Acquired subsidiaries are accounted for by using the acquisition method. The consideration transferred, identifiable assets and liabilities assumed of the acquired entity and are measured at their fair values at the acquisition date. Goodwill arising on an acquisition is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and previously held equity interests in the acquiree, over the Group's share of the fair value of the net assets acquired at the acquisition date.

The consideration transferred includes any assets transferred by the acquirer, liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer, measured at fair value. Any contingent consideration related to the business combination is measured at fair value at the acquisition date and it is classified as either liability or equity. Contingent consideration classified as liability is remeasured at its fair value at each balance sheet date and the subsequent changes to fair value are recognized in profit or loss. Contingent consideration classified as equity is not subsequently remeasured. The consideration transferred does not include any transactions accounted for separately from the acquisition, which are treated in conjunction with the acquisition in profit or loss. All acquisition-related costs, with the exception for costs to issue debt or equity securities, are expensed in the periods in which costs are incurred and services rendered.

All intra-group transactions, receivables and liabilities as well as unrealized gains and profit distribution are eliminated in the consolidation. Non-controlling interests are presented as a separate item under equity.

Non-controlling Interests

Any non-controlling interest in the acquiree is measured on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Changes in the parent company's ownership interest in a subsidiary are accounted for as equity transactions if the parent company retains control over the subsidiary.

The result for the financial year and items recognized in other comprehensive income are allocated to the equity holders of the parent company and non-controlling interests. Total comprehensive income is allocated to the equity holders of the parent company and non-controlling interests, even if that results in a deficit balance, unless non-controlling interests have an exemption not to meet obligations which exceed non-controlling interests' investment. Equity attributable to the non-controlling interest is presented separately under equity in the consolidated balancesheet.

Associates

Associates are companies in which the Group has significant influence. Significant influence generally arises when the Group holds 20 to 50 per cent of a company's voting power or the Group otherwise has significant influence but not power to govern the financial and operating policies of an entity. Associates are consolidated using the equity method. When the Group's share of an associate's losses exceeds the carrying amount of the interest, the interest is recognized at zero value in the balance sheet and recognition of further losses is discontinued, except to the extent that the Group has committed to settle the associate's obligations. The interest in an associate includes goodwill arisen on acquisition. Unrealized gains resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The Group's share of an associate's result for the financial year is disclosed separately after financial items in the consolidated statement of comprehensive income.

Foreign Currency Transactions

Items included in the financial statements of each subsidiary in the Group are determined using the currency reflecting the primary economic environment of that subsidiary ("the functional currency"). The consolidated financial statements are prepared in euro which is the functional and presentation currency of the parent company and the presentation currency of the consolidated financial statements.

Foreign currency transactions of the Group companies are translated into functional currencies using the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated using the balance sheet date exchange rates and non-monetary assets and liabilities that are measured at historical cost are translated using the transaction date exchange rates. Gains and losses arising from the translation are recognized in the consolidated statement of comprehensive income.

In preparation of consolidated financial statements income and expenses for the income statements and for the statements of comprehensive income of those foreign Group companies, whose functional currency is not euro, are translated into euro by using the average exchange rate for the financial year and the balance sheets are translated at the exchange rate at the balance sheet date. Translation differences arising from such translation are recognized in equity. Retranslating the result and the total comprehensive income for the financial year using different exchange rates for the statement of comprehensive income and for the balance sheet causes a translation difference recognized in Group's equity, the change in this translation difference is recognized under other comprehensive income. Respectively, foreign currency differences arising from the elimination of the costs of foreign subsidiaries, and from the retranslation of post-combination equity components in subsequent periods, are recognized in other comprehensive income. When a foreign operation is sold or is otherwise disposed of, in part or in full, the accumulated foreign currency differences are recognized in the statement of comprehensive income as part of the gain or loss on sale for the disposed part.

Property, Plant and Equipment

Items of property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses. The cost includes all expenditure directly attributable to the acquisition of the asset. The borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period to get ready for its intended use or sale, are capitalized as part of the carrying amount of the asset. Subsequent costs are recognized in the carrying amount of the item only if it is probable that future economic benefits associated with the asset will flow to the Group and its cost can be measured reliably. Other repair and maintenance costs are expensed as incurred.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, which are the following:

Buildings	30–40 years
Transport equipment	5–8 years
Machinery and equipment	3–10 years
IT equipment	3 years
Software	5–10 years

Land is not depreciated. Recognition of depreciation on an item of property, plant and equipment is discontinued when the item is classified as held for sale.

Useful lives and residual values are reviewed at every balance sheet date. Changes in the future economic benefits to be received from the items of property, plant and equipment are accounted for by adjusting the useful lives and residual values of the items in question. Gains and losses arising from sale and disposal of property, plant and equipment are included in other operating income or in other operating expenses.

Intangible Assets

Goodwill

Goodwill arising on business combinations is recognized as the excess of the aggregate of the consideration transferred, the amount of non-controlling interest in the acquiree and the value of any previously held equity interest over the fair value of the acquired net assets.

Goodwill is not amortized but it is tested at least annually for impairment. Goodwill is carried at historical cost less accumulated impairment losses.

Research and development costs

Research costs are expensed in the financial year in which they are incurred. Development costs are capitalized when certain criteria are met. Due to the nature of its operations the company did not have separate research and development costs in its income statement in 2018 and 2017.

Other intangible assets

An intangible asset is recognized in the balance sheet only if its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

An intangible asset is measured at historical cost less amortization and any impairment losses. Group's intangible assets include mainly IT software which is amortized on a straight-line basis over 5 to 10 years.

Impairment of Intangible Assets and Property, Plant and Equipment

The Group assesses, at every balance sheet date, if there are any indications of impairment of property, plant and equipment or intangible assets. In case such indications exist, the asset's recoverable amount is estimated. If the carrying amount of an asset exceeds its recoverable amount, the impairment loss is recognized in the income statement. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

As to goodwill, the recoverable amount is estimated at least annually irrespective of whether indications of impairment exist. Impairment is assessed at a cash-generating unit level, i.e. at the lowest level for which there are separately identifiable, mainly independent cash flows. In impairment testing of goodwill, the recoverable amount is based on value in use, i.e. on the estimated discounted future net cash flows.

At the recognition of the impairment loss the asset's useful life is re-estimated. The recognized impairment loss is reversed if the estimates used to determine the asset's recoverable amount have changed. The reversal of the impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset. An impairment loss on goodwill is never reversed.

Application of IFRS 9

Impairment policies are based on expected credit loss models. Impairment models apply to cash and cash equivalents, such as rental, sales and factoring receivables and loan receivables.

Financial Instruments

Financial assets

Financial assets of Nurminen Logistics are classified according to IFRS 9 into the following categories: financial assets at amortized cost and financial assets at fair value through profit or loss. The classification of financial assets is made at initial recognition of financial assets and is based on the business model applied by the company for the holding of financial assets and the nature of contractual cash flows.

Measurement of a financial asset at amortized cost requires the contractual cash flows to consist solely of interest and the repayment of principal (the so-called SPPI criterion). Compliance with the SPPI criterion is assessed on a per-instrument basis. If the SPPI criterion is not met, financial assets are measured at fair value through profit or loss.

Financial assets are classified as current assets if they have a maturity of less than 12 months and are expected to be disposed of within 12 months. Otherwise, the item is presented as non-current assets. Transaction costs are included in the original carrying amount of the financial assets in the case of an item measured at amortized cost. Purchases and sales of financial instruments are recognized on the settlement date. The fair values of financial instruments are determined using discounted cash flows.

Financial assets at amortized cost

An item of financial assets is measured at amortized cost if the business model requires the collection of fixed or predetermined cash flows. They consist of repayments of capital and interest on capital and arise when the Group provides loans or provides products and services directly to debtors. If an item of financial assets does not meet the above conditions, it is measured at fair value. The Group typically recognizes rental, factoring and trade receivables as well as loan receivables at amortized cost.

Financial assets at fair value through profit or loss

If a financial asset is not measured according to the above criteria, it is measured at fair value and changes in fair value are recognized through profit or loss. The company had no financial assets at fair value through profit or loss in 2019.

Impairment or Credit Risk Assessment of Financial Assets

In accordance with IFRS 9, Nurminen Logistics recognizes expected credit losses on cash classified at amortized cost. According to this model, expected loan losses based on an individual counterparty default risk assessment. The Group uses a simplified method for recognizing credit losses permitted by the standard, in which case the Group recognizes the expected credit loss over the life of the contract. The change in expected credit losses recorded at each reporting date reflects the change in the credit risk of the financial assets from the initial recognition. A credit transaction is no longer required to record a credit loss.

Financial assets are derecognized when the Group loses its contractual right to receive cash flows or when it has transferred a significant part of the risks and rewards of ownership. An impairment loss is recognized immediately in profit or loss, depending on the item, either in other operating expenses or in financial items.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank accounts as well as highly liquid investments with original maturities of three months or less at the acquisition date.

Financial Liabilities

The financial liabilities of Nurminen Logistics are classified to the following categories: financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost (other financial liabilities). The former category includes derivatives entered into by the Group, to which hedge accounting is not applied and that are not financial guarantee contracts. They are classified as held-for-trading instruments. The financial liabilities in this category are initially measured at fair value and are subsequently re-measured at their fair values. Gains and losses arising from derivatives' fair value changes, both unrealized and realized, are recognized in profit or loss in the period in which they occur. Fair values are determined by discounting the instruments' cash flows.

Other financial liabilities, which mainly consist of Group's finance lease liabilities, are measured at fair value upon initial recognition. Transaction costs are included in the original carrying amount. Subsequently other financial liabilities are measured at amortized cost using the effective interest rate method.

A financial liability is classified as current if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. A financial liability (or part of the liability) is not derecognized until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled or cancelled or is no longer effective.

Revenue Recognition Principles – Adaptation of New and Reviewed IFRS 15 Standard

Company's revenue consists mainly of forwarding services, rail way transport and terminal services. Company receives income also from short- and long-term warehousing services. Revenue is recognized as goods are assigned to customer or service is concluded: as performance obligations are met and customer obtains the goods or services within the performance obligation. Revenue is recognized with the same price that the company expects to be entitled to, with sales taxes and other possible compensations deducted from the price. The prices for company's services are fixed and generally contain no alterable components.

For the adaptation of IFRS 15 -standard carries no significant effect on Nurminen Logistics Plc's revenue recognition and consolidation principles the revenue recognition principles from period 2017 are not presented. More information on those is available from the Annual Report 2017.

Revenue recognition principles have been described below:

Forwarding services

Forwarding service agreement consists of actions necessary for importing, exporting and customs duties. As whole they compile the performance obligation towards customer, which is usually concluded within a month from the signing of the agreement. Company recognizes revenue from agreement price when the delivery orders connected to import or export have been received and authority over the goods is transferred to customer or other party. Complete contract price is addressed on one performance obligation.

Railway services

The company provides international railway transport services with various types of wagons in which the goods are delivered to destination. Company recognizes revenue from agreement price when the delivery is complete at the arrival of the goods to destination. The service has singular contract obligation, which includes transport service to the destination, and the contract price is addressed to that obligation.

Terminal services

Terminal services consist of handling of goods at the arrival or departure of goods. The definite content of service is defined on contract level. Terminal service agreement is an entity to which the contract price is addressed to. The contract price is recognized when the work on handling goods has been completed.

Warehousing services

Warehousing services consist of renting space from terminal or terminal area for short or long term holding of goods. Warehousing agreement is an entity to which the contract price is addressed to. Profit from warehousing services are recognized over the time during the lease period for which the customer benefits from the service. Lease income is processed according to IFRS 15 -standard when customer is not given control over the leased space.

Contractual Amounts Recognized in the Balance Sheet

Trade receivables

Trade receivable is a transaction price that company has an unconditional right.

Trade receivables are non-interest bearing and are typically from 14 to 60 days corresponding the average payment terms.

Contract assets or contract liabilities

Due to the nature of the business, Nurminen Logistics does not have contract assets or contract liabilities.

Employee Benefits

Pension arrangements

The pension arrangements of Nurminen Logistics have been classified as defined contribution plans. Payments to defined contribution plans are recognized as an expense in the income statement in the period to which they relate. In defined contribution plans the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further amounts in case the separate entity receiving the contributions fails to pay out the pension benefits.

Share-based payments

Such arrangements in which the Group has granted its employees a right to a future cash payment by granting the employees a right to shares that are redeemable, either at the Group's or an employee's demand, are accounted for as cash-settled share-based payments. The liability arising from such arrangement is remeasured at fair value at each reporting date and at the settlement date and the changes in fair value are recognized in profit or loss in the period in which the changes occur. The benefits granted in this arrangement are measured at fair value at their grant date and expensed on a straight-line basis over the vesting period.

Income Taxes

The income tax expense in the statement of comprehensive income comprises the current tax, adjustments to previous periods' taxes as well as changes in deferred taxes. Income taxes are recognized in profit or loss except when they relate to other comprehensive income or equity, while income taxes are recognized within the respective items. Current tax is calculated based on taxable income using tax rates enacted in each country.

Deferred tax assets and deferred tax liabilities are calculated for temporary differences between the amounts of assets and liabilities used for taxation purposes and the carrying amounts for financial reporting purposes under IFRS. The principal temporary differences arise from financial instruments measured at fair value through profit or loss and depreciation related to component accounting. Deferred taxes are measured at the tax rate that has been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax liabilities are recognized in the statement of financial position in full.

Tangible Assets and Leases

IFRS 16 requires lessees to recognize all leases in the balance sheet on a right-of-way basis. Leased assets are treated during the lease term on the same basis as owner-occupied assets and are recognized in the balance sheet on a straight-line basis. The debt based on the present value of the rent is reduced as the rent is paid.

Leases are distinguished from service contracts using a control model. When the arrangement includes a specific asset that is under the control of the customer, it is a lease. The contract is recognized in the balance sheet as a non-current asset and a liability arising therefrom. Service contracts are recognized as an expense in the income statement.

Lease liabilities

At the commencement date of the agreement, Nurminen Logistics values the lease liability at the present value of the rent outstanding at that date. Payments include fixed rentals and residual value guarantees less any available lease incentives. The company considers lease termination charges as part of the lease payments if it has considered the option to terminate during the lease term. VAT is not included in the amount of the lease liability and management and maintenance fees and other payments of a service nature are generally treated as an expense that cannot be capitalized in the balance sheet.

Rents are discounted using the company's estimated additional credit interest. The standard defines the interest rate for a supplementary loan as the interest that the lessee would have to pay on borrowing for the same period and with similar collateral to acquire the asset at the cost of the underlying asset.

Right of use assets

Nurminen Logistics records the lease at the commencement date of the lease, i.e. the date on which the lessor transfers the asset to the control of the company. The property, plant and equipment are measured at cost less accumulated depreciation and impairment losses and adjusted for any subsequent revaluation of the lease liability. The original cost equals the original lease liability. In the future, fixed assets will also be subject to impairment testing.

Application of facilitations and significant assumptions

Nurminen Logistics does not treat short-term leases of less than 12 months or low value assets as property, plant and equipment, but recognizes the resulting rental expense in the income statement. Fixed-term leases are dealt with by the company within the term of a non-cancellable lease term and are subject to any subsequent option periods when the company has reasonable assurance that they will be exercised. Leases of indefinite duration are considered by the company to be subject to incentives based on a notice period of less than 6 months.

Leases in which Nurminen Logistics is the lessor are operating leases and are recognized in the income statement on a straight-line basis over the lease term.

The remaining liabilities for leases that do not include a property, plant and equipment and lease liabilities are disclosed in Note 25 as off-balance sheet liabilities.

Sale and Leaseback

If a sale and leaseback arrangement result in a finance lease, the gain on the sale of the asset leased back is recognized as a liability and amortized over the lease term. If a sale and leaseback arrangement result in an operating lease and the sale is established at fair value, any profit or loss is recognized immediately. The company had no remaining sale and leaseback arrangements on 31 December 2019.

Operating Profit

The operating profit is the total of sales and other operating income from which expenses for material and services, employee benefits and other operating expenses as well as depreciation, amortization and impairment losses on non-current assets are subtracted. Foreign currency differences arising from working capital items are included in the operating result, whereas foreign currency differences from financial assets and financial liabilities are included in financial income and expenses.

Hybrid Bond

A hybrid bond is recognized in shareholders' equity after equity belonging to shareholders. The bond holders do not have any rights equivalent to ordinary shareholders. The company has no contractual obligation to repay the loan capital or the interest on the loan. The hybrid bond is initially recognized at fair value less transaction cost and subsequently the bond is measured at cost. If interest is paid to the hybrid bond, it is recognized directly into retained earnings.

Accounting Policies Requiring Management Judgement and Assumptions Driving Uncertainties in Estimates

The preparation of the financial statements in conformity with IFRS requires the management to make estimates, assumptions and judgments in the application of the accounting policies. The estimates and assumptions made affect the reported amounts of assets and liabilities in the balance sheet as well as the income and expenses in the income statement.

In business combinations fair values of the items of property, plant and equipment and intangible assets are estimated and the depreciation and amortization periods for the assets are determined. The determination of fair value of intangible assets is based on estimates about future cash flows to be generated by these assets.

Goodwill is tested for impairment annually. Management's judgment must be used in determining the cash-generating units for goodwill testing. The recoverable amounts of the cash-generating units

are determined based on value in use. The preparation of these calculations requires use of estimates. In calculation of value in use estimates are made about future cash flows and discount rate to be used. Estimates are based on budgets and forecasts, which contain some degree of uncertainty.

Due to uncertainty regarding use of confirmed losses the Group has not recorded deferred tax assets in the consolidated balance sheet.

Property, plant and equipment as well as intangible assets are reviewed annually as to whether any indications exist that these assets might be impaired. If indications exist, the asset's recoverable amount is estimated.

Items of property, plant and equipment as well as intangible assets are depreciated and amortized over their estimated useful lives. The useful lives are reviewed regularly. The management reviews regularly, whether if certain items to be divested will not meet the criteria of IFRS 5 -standard for probability of divestment of an asset within 12-month period from categorizing these assets as long-term assets to be divested. Should these assets fail to meet the criteria for long-term assets to be divested they are to be written out from the category.

Estimates made in preparing the financial statements are based on the management's best view and the information available at the balance sheet date. Estimates and assumptions are based on experience and other factors that are considered the best view in measuring such assets and liabilities, whose values cannot be derived from other sources. The estimates concerning the future are based on assumptions that are regarded as the most probable at the balance sheet date relating to the expected development of the financial environment of Nurminen Logistics and assumptions about the development of sales and cost level. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed continuously. The realization of estimates and assumptions and the changes in underlying factors are reviewed regularly by using both external

and internal sources of information. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only the period in question. If the revision to accounting estimate affects both the period in which the estimate is revised and future periods, the revision is recognized respectively in the period in question and in future periods.

Adoption of Other New and Revised IFRS Standards

The IASB has published the following new or revised standards and interpretations that the Group has not yet applied. The Group will adopt these standards as of the effective date of each of the

standards, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date.

- Yearly improvements on IFRS-standards during 2015–2017 (applicable on financial review periods staring from 1 January 2019 and onwards). The less important and less urgent changes made through Annual Improvements -process are ensembled to one and executed annually.

- Changes to IFRS 9 -standard: Prepayment Features with Negative Compensation (applicable on financial review periods starting on January 1, 2019 and onwards). Change covers two topics: Which financial assets may be appreciated as sequenced costs and how to calculate financial debt changes. This change to standard has no significant effect on consolidated financial statement of Nurminen Logistics.

- IFRIC 23 Uncertainty over Income Tax Treatments (applicable on financial review periods starting on 1 January 2019 and onwards). Interpretation clarifies accounting and appreciation according to IAS 12 in situations in which there is uncertainty over income tax treatment. In these circumstances the company is required to account and appreciate revenue and liabilities into income taxes or deferred taxes based on requirements for income (or loss) chargeable with tax, tax base, unused tax losses, unused tax refunds and tax rates according to IAS 12, as it has been stated in the standard.

Other standard changes not listed here are not expected to have effect on group financial statement.

2. SEGMENT INFORMATION

Nurminen Logistics reports net sales by geographical areas.

IFRS 15: Revenue recognition

1,000 EUR	1.1.–31.12.2019	1.1.–31.12.2018
Over the Period	3,292	3,415
At one point of time	66,048	75,459
Revenue from customer contracts, Total	**69,340**	**78,874**

The group has analysed IFRS 15. Standard with its implications has been described above in accounting principles section.

Information on geographical areas 2019

1,000 EUR	Finland	Russia	Baltic countries	Total
Net sales	31,050	19	38,271	69,340
Non-current assets	38,962	1	131	39,095

Information on geographical areas 2018

1,000 EUR	Finland	Russia	Baltic countries	Total
Net sales	30,488	3,852	44,534	78,874
Non-current assets	18,371	399	194	18,964

Information on major customers

Revenue from any single customer did not exceed 10 % from the Group revenue in 2019.
The group's revenues from Kazzinc were EUR 15,000 thousand in 2018 (19% from group net sales).

3. OTHER OPERATING INCOME

1,000 EUR	2019	2018
Gains from sale of property, plant and equipment		25
Rent income	21	21
Other items	43	63
Total	**64**	**109**

4. OTHER OPERATING EXPENSES

1,000 EUR	2019	2018
Losses on sales and disposals of property, plant and equipment		8
Expenses relating to premises		6,502
Expenses relating to short term low value leases	1,575	
Administrative expenses	3,527	2,358
Other cost items	2,160	2,268
Total	**7,262**	**11,135**

Auditor fees

1,000 EUR	2019	2018
Audit fees	116	80
Other services	20	54
Total	**136**	**134**

5. EMPLOYEE BENEFIT EXPENSES

1,000 EUR	2019	2018
Wages and salaries	7,739	7,442
Pension expenses, defined contribution plans	1,127	1,111
Other social security costs	261	402
Share-based payments	70	70
Total	**9,196**	**9,025**

Information on the management remuneration is presented in note 27. Related party transactions.
Information on the share-based payments is presented in note 21. Share-based payments.

Personnel of the Group during the year in average

	2019	2018
Total	**176**	**177**

6. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Depreciation and amortisation by asset category:

1,000 EUR	2019	2018
Intangible assets		
Intangible rights	1	7
Other intangible assets	313	122
Impairment losses on goodwill	5,271	
Total	**5,585**	**129**
Property, plant and equipment		
Buildings	908	1,122
Machinery and equipment	111	557
Right-of-use assets	3,888	
Impairment losses on non-current assets held for sale	548	
Other tangible assets	2	10
Total	**5,459**	**1,688**

7. FINANCIAL INCOME AND EXPENSES

1,000 EUR	2019	2018
Financial income		
Interest income	10	7
Exchange rate gains	2	41
Other financial income		9
Total financial income	**11**	**58**
Financial expenses		
Interest expenses	1,006	998
Exchange rate losses	27	13
Financial expenses on lease liabilities (IFRS 16)	1,164	
Other financial expenses	186	376
Total financial expenses	**2,382**	**1,387**

Items above the operating result includes exchange rate differences totalling EUR -37 thousand in 2019 (EUR 26 thousand in 2018).

8. INCOME TAX EXPENSE

The income tax expense in the statement of comprehensive income consists of the following:

1,000 EUR	2019	2018
Current tax expense	567	451
Other direct taxes	2	41
Deferred taxes, net		–78
Total	**570**	**414**

The reconciliation between the income tax expense recognised in the consolidated statement of comprehensive income and the taxes calculated using the Finnish corporate tax rate (20,0 %):

1,000 EUR	2019	2018
Profit before income tax	–10,864	–7,397
Tax	20 %	20 %
Income tax calculated using the Finnish corporate tax rate	2,173	1,479
Effect of tax rates used in foreign subsidiaries	–178	–124
Unrecognised deferred tax assets on losses	–1,832	–496
Impairment losses, goodwill	–1,054	
Non-deductible losses related to subsidiary, Russia		–1,483
Non-deductible expenses	55	
Other differences	266	210
Total adjustments	–2,743	–1,893
Income tax expense in the statement of comprehensive income	**–570**	**–414**

9. EARNINGS PER SHARE

	2019	2018
Result attributable to the equity holders of the parent company (1,000 EUR)	–12,903	–8,804
Interest on the hybrid bond	48	48
Weighted average number of shares, undiluted	44,304,976	44,072,693
Earnings per share, undiluted, euro	–0.29	–0.20
Result attributable to the equity holders of the parent company (1,000 EUR)	–12,903	–8,804
Weighted average number of shares, diluted	44,304,976	44,072,693
Earnings per share, diluted, euro	–0.29	–0.20

Hybrid bond EUR 1.5 million from Ilmarinen has not been effective on dilution due to the negative result.

Information on Earnings per share, see also note 24. Financial risk management.

10. SUBSIDIARIES AND ASSOCIATES

The companies belonging to Nurminen Logistics are the following:

Subsidiaries	Domicile	Ownership (%)	Share of the voting power (%)
RW Logistics Oy	Finland	100.0 %	100.0 %
Nurminen Logistics Services Oy	Finland	100.0 %	100.0 %
PFC Nordic Oy	Finland	100.0 %	100.0 %
Kiinteistö Oy Kotkan Siikasaarentie 78	Finland	100.0 %	100.0 %
Kiinteistö Oy Luumäen Suoanttilantie 101	Finland	100.0 %	100.0 %
Kiinteistö Oy Vainikkalan Huolintatie 13	Finland	100.0 %	100.0 %
Nurminen Maritime Latvia SIA	Latvia	51.0 %	51.0 %
UAB Nurminen Maritime	Lithuania	51.0 %	51.0 %
Nurminen Maritime Estonia AS	Estonia	51.0 %	51.0 %

RW Logistics, a subsidiary of Nurminen Logistics Plc, sold the share in the Russian company ZAO Terminal Rubesh in May 2019. Nurminen Logistics Services Oy bought shares and business of PFC Nordic Oy in August 2019.

Associates and joint ventures	Domicile	Ownership (%)	Share of the voting power (%)
NR Rail Oy	Finland	51,0 %	51,0 %
Pelkolan Terminaali Oy	Finland	20,0 %	20,0 %

Group has following 3 subsidiaries with material non-controlling interests.

Company	Country of incorporation	Group ownership (%)	Group share of voting rights (%)
Nurminen Maritime Latvia SIA	Latvia	51,0 %	51,0 %
UAB Nurminen Maritime	Lithuania	51,0 %	51,0 %
Nurminen Maritime Estonia AS	Estonia	51,0 %	51,0 %

The following is summarised financial information for the subsididiaries with material non-controlling interests. The information is before inter-company eliminations with other companies in the Group. Liquidation of Nurminen Maritime Estonia AS has begun.

	Baltic companies	
1,000 EUR	**2019**	**2018**
Summary of comprehensive income staments		
Net sales	38,271	44,534
Profit before taxes	3,566	2,386
Income tax	566	359
Total comprehensive income	2,999	2,027
Total comprehensive income attributable to NCI	1,470	993
Summary of balance sheets		
Current assets	5,775	5,977
Non-current assets	131	149
Current liabilities	2,490	3,784
Non-current liabilities	41	49
Net assets	3,375	2,293
Net assets attributable to NCI	1,695	1,123
Summary of cash flows		
Cash flow from operating activities	2,458	2,065
Cash flow from investing activities	–30	11
Cash flow from financing activities	–1,919	–2,065
Net increase in cash and cash equivalents	509	11
Dividends paid to NCI during the year	937	1,009

11. PROPERTY, PLANT AND EQUIPMENT

1,000 EUR	Land and water areas	Buildings	Machinery and equip-ment	Other tangi-ble assets	Prepay-ments and assets under construction	Total
2019						
Cost at 1 January	147	15,707	17,207	701	165	33,926
Impact of the application of the IFRS 16 standard	1,971	32,039	1,456			35,465
Additions	106		324			429
Disposals		–3,268			–165	–3,433
Effect of movements in exchange rates		52				52
Cost at 31 December	2,223	44,529	18,987	701		66,438
Accumulated depreciation and impairment losses at 1 January		–7,695	–16,792	–683		–25,170
Depreciation for the year	–55	–4,370	–483	–2		–4,910
Impairment losses, assets held for sale		–548				–548
Accumulated depreciation and impairment losses at 31 December	–55	–12,613	–17,275	–686		–30,628
IFRS 16 implementation increased depreciation by EUR 3,888 thousand in 2019.						
Carrying amount at 1.1. 2019	**147**	**8,012**	**415**	**18**	**165**	**8,757**
Carrying amount at 31.12.2019	**2,168**	**31,916**	**1,710**	**15**		**35,810**

Luumäki premises were classified as assets held for sale in 2019. Thus, disposals on buildings EUR 3.268 thousand include the value of Luumäki buildings totaling EUR 897 thousand. Depreciation for the year EUR 4.370 thousand include Luumäki depreciation amounting to EUR 205 thousand.

1,000 EUR	Land and water areas	Buildings	Machinery and equip-ment	Other tangi-ble assets	Prepay-ments and assets under construction	Total
2018						
Cost at 1 January	147	15,779	18,764	739	1,096	36,525
Additions			105		533	638
Disposals		–14	–1,662	–38	–1,464	–3,178
Effect of movements in exchange rates		–59				–59
Cost at 31.12.	147	15,707	17,207	701	165	33,926
Accumulated depreciation and impairment losses at 1 January		–6,573	–16,235	–674		–23,482
Depreciation for the year		–1,122	–557	–9		–1,688
Accumulated depreciation and impairment losses at 31 December		–7,695	–16,792	–683		–25,170
Carrying amount at 1.1. 2018	**147**	**9,206**	**2,529**	**65**	**1,096**	**13,042**
Carrying amount at 31.12.2018	**147**	**8,012**	**415**	**18**	**165**	**8,757**

Non-current assets held for sale

Luumäki premises were classified as assets held for sale in 2019 based on plan discontinue its operative use. The total area of warehouse and logistics terminal is 12,228 m² and is located at Suoanttilantie 101, Luumäki. Luumäki was previously classified as asset in CGU comprising of Finnish and Russian businesses.

Terminal is on sale as the premises are no longer relevant to Nurminen Logistics business. Terminal is recognised at fair value. Impairment loss of EUR 548 thousand on the property was recognised on 31.12.2019 and is based on external real estate valuation. The value of the asset after the impairment loss is EUR 897 thousand. The terminal is being actively marketed for sale and the sale is probable within year 2020 and its sale is not expected to impact the result.

1,000 EUR	Non-current assets held for sale 2019
Statement of financial position	
Non-current assets / Property, plant and equipment	897
Current assets	0
Liabilities	0
Statement of comprehensive income	
Impairment losses on assets held for sale	548

12. INTANGIBLE ASSETS

1,000 EUR	Goodwill	Intangible rights	Other intangible assets	Total
2019				
Cost at 1 January	5,970	836	4,743	11,549
Additions	201	5	852	1,058
Cost at 31 December	6,171	841	5,595	12,607
Accumulated amortisation and impairment losses at 1 January		–835	–3,354	–4,189
Depreciation for the year		–1	–313	–314
Impairment losses	–5,271			–5,271
Accumulated amortisation and impairment losses at 31 December	–5,271	–836	–3,667	–9,774
Carrying amount at 1 January 2019	**5,970**	**1**	**1,389**	**7,360**
Carrying amount at 31 December 2019	**899**	**5**	**1,928**	**2,831**
2018				
Cost at 1 January	8,970	838	3,279	13,087
Additions			1,464	1,464
Disposals	–3,000	–2		–3,002
Cost at 31 December	5,970	836	4,743	11,549
Accumulated amortisation and impairment losses at 1 January		–835	–3,225	–4,060
Depreciation for the year			–129	–129
Accumulated amortisation and impairment losses at 31 December		–835	–3,354	–4,189
Carrying amount at 1 January 2018	**8,970**	**4**	**54**	**9,028**
Carrying amount at 31 December 2018	**5,970**	**1**	**1,389**	**7,360**

Information on goodwill impairment testing is provided in note 14. Impairment of assets.

13. CARRYING AMOUNTS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

1,000 EUR	Note	Assets measured at amortised cost	Liabilities measured at amortised cost	Carrying amounts in the balance sheet
2019				
Long-term financial assets				
Other receivables	16	244		244
Short-term financial assets				
Trade receivables and other receivables	18	7,822		7,822
Cash and cash equivalents	19	4,187		4,187
Non-current assets held for sale				897
Long-term financial liabilities				
Interest bearing liabilities	22		13,041	13,041
IFRS 16 lease liabilities			26,859	26,859
Short-term financial liabilities				
Interest bearing liabilities	22		781	781
IFRS 16 lease liabilities			2,321	2,321
Trade payables	23		4,466	4,466

Financial financial assets and liabilities for 2018 according to IFRS 9.

1,000 EUR	Note	Assets measured at amortised cost	Liabilities measured at amortised cost	Carrying amounts in the balance sheet
2018				
Financial assets and liabilities according to IAS 39				
Long-term financial assets				
Other receivables	16	2,639		2,639
Short-term financial assets				
Trade receivables and other receivables	18	10,952		10,952
Cash and cash equivalents	19	11,514		11,514
Long-term financial liabilities				
Interest bearing liabilities	22		13,600	13,600
Short-term financial liabilities				
Interest bearing liabilities	22		5,252	5,252
Trade payables	23		4,917	4,917

The carrying amounts of these financial assets and financial liabilities are in essentially equivalent to their fair values and are classified to tier 2 on the fair value hierarchy.

14. IMPAIRMENT OF ASSETS

Goodwill is tested for impairment annually, and if indications of impairment exist. The recoverable amount in the impairment testing calculations is determined based on value in use.

An impairment loss is recognised if the carrying amount of the assets allocated to a cash-generating unit, including goodwill, is higher than the unit's recoverable amount. The recoverable amount of each cash-generating unit is determined by discounting the estimated future cash flows of the unit.

Goodwill is allocated for cash generating units (CGUs) for impairment testing. Nurminen Logistics Plc has two CGUs: operations in Finland and Russia, and operations in Baltics (49 % minority). Senior management monitors the results and allocates resources at the Group level. Goodwill is allocated to business operations in Finland.

GROUP GOODWILL

Group goodwill 1,000 EUR	Business operations in Finland	
	2019	2018
	899	5,970

Signals on possible depreciation of assets are regularly observed from information sources within and outside the Group. These signals can be for example unexpected deviations from key assumptions in Group reporting. In addition to this the signals can be changes in competition or other circumstances in the market, or new regulations or concessions that have an impact on various business fields.

Cash flow from Finnish business has been negative in 2019. The cash flow forecast for Finnish and Russian businesses has been revised during 2019. The revised cash flow forecasts result in enterprise value of EUR 38.787 thousand at the end of 2019 where as the tested value of assets amount to EUR 44.058 thousand. The difference, EUR 5.271 thousand was recognised during the financial year as impairment loss. After the impairment loss write down, goodwill assigned to Finnish business amounts to EUR 899 thousand.

Impairment test calculations on negative cash flow are based budgets and strategic forecasts accepted by management from the previous five years. For the time period after this forecast period (terminal value) estimated cash flows have been defined by using long term growth forecasts.

For the five-year time period the cashflow has been estimated to develop according to company's medium length turnover and viability goals. Sales increase and profitability level development have been estimated based on businesses recent development and general forecasts. Enterprise value is based on assumptions related to net sales and profitability development, and the rate used as weighted average cost of capital (WACC) deployed in discounting cash flows. In 2019 the adoption of IFRS 16 standard has had EUR 1.3 million positive impact on EBIT. Terminal value is based on 1% growth in cash flow. The cash flow forecast is based on turnover and profitability forecasts made for each business sector, which are based on budget for the year 2020 and long-term strategy approved by management. These are affected by market development in Finland, Russia and neighboring regions, planned growth in regular railway service between Finland and China and actions to improve profitability in the company.

Discount rate is based on industry average WACC after tax. Used discount rate is 9.47%. Discount rate and impairment test calculation take in account market risks and capital intensity. The cost for equity affecting on WACC is consistent with Group's long-term targets. Net sales in Finnish and Russian businesses was 31.1 million euros. The net sales are expected to increase especially due to railway service between Finland and China during the year 2020. Increase in net sales over the years 2020 – 2024 averages 6.9%. Increase in net sales per year over the years 2021–2024 is 3.4%. EBIT for the underlying business is expected to improve up to the level of Group's long-term target. (Group's long-term target is 7%.) Tax rate of 20% has been used.

CGU, net sales and EBIT 2017–2024		Actuals				Estimates			
CGU	2017	2018	2019	2020	2021	2022	2023	2024	2024 Terminal
Sales	36,109	34,340	31,069	37,977	39,441	40,782	42,171	43,463	43,897
EBIT	–660	–2,322*	–6,192**	–1,148	–453	65	610	4,080	4,143

* EBIT is adjusted to exclude loss on disposal of the shares of Russian subsidiary OOO Nurminen Logistics, EUR 6.6 million.
** EBIT is adjusted to exclude impairment loss on goodwill as well as losses on disposal of Niirala terminal and of the share in the Russian company ZAO Terminal Rubesh, EUR 5.9 million in total.

Sensitivity analysis when one component changes:

Management evaluates that the most sensitive judgements relate to changes in terminal growth, profitability and WACC.

Forecast period 2020–2024	Change	Impact
• Terminal growth 1 %	Terminal growth -1 %-point i.e. terminal growth 0 %	Additional impairment loss of EUR 2,9 million
• WACC 9,47 %	WACC + 1 %-point i.e. WACC 10,47 %	Additional impairment loss of EUR 4,0 million
• Average EBIT 1,4 % ja EBITDA 12,8 %	EBITDA decrease 1 %-point i.e. average EBITDA 11,8 %	Additional impairment loss of EUR 4,1 million

15. EQUITY-ACCOUNTED INVESTEES

1,000 EUR	2019	2018
At 1 January	194	232
Share of profit / loss for the year	25	–21
Dividends		–15
Translation differences / other changes	–10	–2
At 31 December	**209**	**194**

The equity-accounted investees (listed below) are not material for Group.

	Domicile	Ownership (%)
Pelkolan Terminaali Oy	Finland	20.0 %
NR Rail Oy	Finland	51.0 %

16. NON-CURRENT RECEIVABLES

1,000 EUR	2019	2018
Other receivables	244	2,639
Total	**244**	**2,639**

Non-current other receivables in 2018 are pre-rental of the properties to Ilmarinen. Due to the application of the IFRS 16 standard, receivables related to right of use assets are booked to property, plant and equipment.

17. DEFERRED TAX ASSETS AND LIABILITIES

1,000 EUR	1 Jan. 2019	Recognised in the income statement	Divestments	Exchange rate differences	31 Dec 2019
Movements in deferred taxes during year 2019:					
Deferred tax assets:					
Cumulative depreciation and amortisation difference	14	–14			
Total	14	–14			
Deferred tax liabilities:					
Cumulative depreciation and amortisation difference	1				1
Other items	26	–3			23
Total	**28**	**–3**			**24**

1,000 EUR	1 Jan. 2018	Recognised in the income statement	Divestments	Exchange rate differences	31 Dec 2018
Movements in deferred taxes during year 2018:					
Deferred tax assets:					
Component depreciation and sales profit of spare parts	567		–550	–2	14
Total	**567**		**–550**	**–2**	**14**
Deferred tax liabilities:					
Cumulative depreciation and amortisation difference	1				1
Timing differences and temporary differences / reversal of deductible goodwill amortisation	266		–266		
Other items	117	–78	–13		26
Total	**385**	**–78**	**–279**		**28**

1,000 EUR	2019	2018
Deferred taxes		
Losses of Group companies from previous financial years	37,422	32,693
Confirmed losses expires in 2020-2028		
Deferred tax assets on losses from previous financial years	**7,484**	**6,539**

The confirmed losses have not been recognised in the balance sheet in deferred tax assets. In addition, the Group has approximately EUR 2,174 thousand of unrecognised deferred tax assets, relating to deductible goodwill from internal reorganisations. Deferred tax assets have not been recognised in the Consolidated Statement of Financial Position, based on management's judgement.

18. TRADE AND OTHER RECEIVABLES

1,000 EUR	2019	2018
Trade receivables	6,439	6,552
Prepaid expenses and accrued income	647	3,691
VAT receivables	640	340
Other receivables	96	370
Total	**7,822**	**10,952**
Trade and other receivables in currencies		
Euro	6,240	9,514
US Dollar	1,581	1,436
Russian Rouble	1	2
	7,822	10,952

The most significant items under prepaid expenses and accrued income, EUR 2.047 thousand in 2018, consists of pre-rental for year 2019 to Ilmarinen. In 2019 prepaid expenses and accrued income no longer include pre-rentals due to the application of the IFRS 16 standard.

The carrying amounts of current receivables best represent the maximum exposure to credit risk, excluding fair value of any collaterals, in the case other party to an agreement fail to discharge an obligation concerning financial instruments. Trade and other receivables do not contain any significant concentrations of credit risk. The carrying amounts of trade and other current receivables are in essentially equivalent to their fair values.

19. CASH AND CASH EQUIVALENTS

1,000 EUR	2019	2018
Cash and bank balances	4,054	11,514
Cash and cash equivalents in the balance sheet	**4,054**	**11,514**

Cash and cash equivalents in the cash flow statement equal to the cash and cash equivalents in the balance sheet.

20. EQUITY DISCLOSURES

The Board members of the parent company review the capitalstructure, gearing and cost of debt of the Group on regular basis. No target has been set for the gearing, but the Board of the parent company may take measures, if development of the gearing is unfavourable. Gearing calculated from the consolidated statement of financial position of the Group was 4 849,1 % in the end of 2019 and 55,8 % in the end of 2018.

	Number of shares	"Share capital, thousands of euro"	"Share premium reserve, thousands of euro"	"Legal reserve, thousands of euro"	"Reserve for invested unrestricted equity, thousands of euro"
31 Dec2017	**44,254,174**	**4,215**	**86**	**2,378**	**26,430**
31 Dec2018	**44,254,174**	**4,215**	**86**	**2,378**	**26,430**
Directed issue	350,000				
31 Dec2019	**44,604,174**	**4,215**	**86**	**2,378**	**26,430**

The company's shares have no nominal value.
The maximum share capital of the company is EUR 4.215 thousand.
The company held 106 333 of its own shares at 31 Dec 2019.

Reserves included in equity
Share premium reserve
The share premium reserve comprises both share issue gains arisen in the years 1997–2006, less transaction costs, as well as gains from sales of own shares.

Legal reserve
The share issue gains accrued from those share issues carried out before the entry into force of the Finnish Limited Liability Companies Act , i.e. prior to 1 September 2006, have been recognised in the legal reserve.

Reserve for invested unrestricted equity
The reserve for invested unrestricted equity comprises the share issue gains arisen from the directed share issues.

Nurminen Logistics has EUR 1.5 million hybrid bond from Ilmarinen that can be, in accordance to loan terms, changed to company shares. Hybrid bond was signed with Ilmarinen at 18 June 2017. Terms of the bond have been described more detailed in section 24.

21. SHARE-BASED PAYMENTS

Remuneration in shares for the members of the Board was EUR 70,000 in 2019.

22. FINANCIAL LIABILITIES

1,000 EUR	2019	2018
Long-term		
Long-term loans from financial institutions	13,041	13,549
Lease liabilities	26,859	51
Total	**39,900**	**13,600**
Non-current		
Loans from financial institutions	781	1,011
Lease liabilities	2,321	4,241
Total	**3,102**	**5,252**
Interest-bearing liabilities in currencies		
EUR	**43,002**	**18,853**

23. TRADE PAYABLES AND OTHER LIABILITIES

1,000 EUR	2019	2018
Current		
Trade payables	4,466	4,917
Other liabilities	766	692
Accrued expenses and deferred income	2,580	3,177
Total trade payables and other liabilities	**7,811**	**8,786**
Trade payables and other liabilities in currencies		
Euro	6,618	6,913
US Dollar	1,129	1,828
Russian Rouble	61	44
SEK	3	
	7,811	**8,786**
Non-current		
Other liabilities	212	328
Total non-current liabilities	**212**	**328**

The most significant items under accrued expenses, EUR 495 thousand in 2019 (2018 EUR 1 062 thousand) consists of periodization of operative expenses and personnel expenses EUR 1 000 thousand in 2019 (2018 EUR 1 100 thousand).

24. FINANCIAL RISK MANAGEMENT

The objective of the Group's risk management is to minimise the adverse effects by the changes in financial markets on the Group's result and equity. The policy for managing financial risks is based on the main principles of finance approved by the Board of Directors. The finance department is responsible for the daily risk management within the limits set by the Board of Directors.

Currency risk

Currency risk arises from foreign currency imports and exports, from the financing of foreign subsidiaries and from translation of subsidiaries' equity in foreign currency.

The Group manages the currency risk inherent in cash flows by keeping foreign currency income and expense cash flows in the same currency, and by matching them simultaneously to the extent possible. If matching is not possible, a part of an open position may be hedged.

Foreign currency transaction risk position can be hedged if the counter value of currency exceeds EUR 500,000. Positions greater than EUR 2 million are hedged 50–110 %. Foreign currency risk of the net translation exposure can be hedged 25–75 %. Instruments used in hedging include forward contracts and plain vanilla options. Exotic options are forbidden. The hedge ratio is considered based on the current economic trends and the predicted currency prospects as well as the functionality of each currency's hedge market. In extraordinary hedging market circumstances the company may deviate from guidelines above.

Currency amounts in bank accounts should be kept as small as possible without disturbing payment transactions. The amount of cash and cash equivalents denominated in foreign currencies may not exceed one per cent of the total of the balance sheet.

Interest rate risk

Interest rate risks to the Group derive mainly through interest-bearing debts. The purpose of the interest rate risk management is to diminish the effect of market interest rate movements on cash flows from financing. Hedging instruments may include forward rate agreements and interest rate futures, interest rate swaps and interest collar agreements.

The EUR 5 million loan from Ilmarinen includes condition that company shall pay extra 20% profit share of the confirmed annual report net result when the loan is unshortened. The profit share decreases linearily with installments. See INTEREST RATE RISK / Sensitivity analysis for interest rate risk.

Liquidity risk

The purpose of liquidity risk management is to ensure sufficient financing in all situations. Funds required for about two weeks' payment transactions will be reserved as a buffer for liquidity of payment transactions. The Group aims to guarantee the availability and flexibility of financing by using a number of financial institutions and financing methods in raising finance.

The financial statements are based on the principle of business continuity. The company's management estimates that the operating cash flow generated by the company covers the current business needs and current liabilities for the next 12 months. Sufficiency of operative cash flow is subject to risks if estimates deviate considerably from expectations. If the Group is unable to secure sufficient long term financing arrangements, the continuity of operations can be at risk.

The valuation of assets is based on the going concern assumption. If cash flow estimates do not realize according to plan, demand for impairment losses on assets may arise. Impairment losses impact negatively on equity ratio. The company has reached an agreement with financiers regarding the abandonment of covenant terms on equity ratio. The EUR 8 million loan from Ilmarinen includes condition on profit share related to free cash flow. See LIQUIDITY RISK.

Cash and cash equivalents at hand strengthened in February 2020 due to dividends received from Baltic business operations. The company expects EUR 0.3 million dividend payment during the second quarter of the year 2020, increasing the cash at hand. At year end, the company recognized certain non-current assets held for sale for which divestment process is ongoing. In addition, the company signed amendment contract with Ilmarinen regarding rent agreement on Vuosaari premises. The amendment agreement enables the company to postpone rental payments at will for maximum of six months between March 2020 and March 2021. The postponed rent payments are due in March 2023 the latest.

Credit risk

The objective of credit risk management is to minimise losses which arise from other party neglecting their obligations. The Group manages the counterparty risk based on the customer credit rating and engages in active debt collection, when necessary.

The Group has made ECL measurement analysis according to IFRS 9. It has recognized estimated credit losses through income statement.

The Group has not applied hedge accounting during 2019 and 2018.

INTEREST RATE RISK

Sensitivity analysis for interest rate risk

In calculating the sensitivity to changes in the interest rate level the following assumptions have been used:

- the change in the exchange rate has been assumed to be +/– 10%
- At a time of negative reference interest rates interest rate movements affect as diluted. In the analyse reference interest rates are though to be at least zero.

Sensitivity analysis for variable interest rate loans

1,000 EUR	31 Dec 2019	2019 Income statement 100 bp	
		Increase	Decrease
Total amount of variable interest rate loans	13,707		
Variable interest rate instruments		–137	0
Total effect		**–137**	**0**

1,000 EUR	31 Dec 2018	2018 Income statement 100 bp	
		Increase	Decrease
Variable interest rate instruments	14,510		
Variable interest rate instruments		–145	0
Total effect		**–145**	**0**

Market-based loans are raised mainly as variable interest rate loans. Nurminen Logistics hedges from interest rate risk of market-based loans by electing the interest rate periods and with derivative instruments, mainly with interest rate swaps. No interest rate swops were used in 2019 and 2018. The EUR 5 million loan from Ilmarinen includes condition that company shall pay extra 20% profit share of the confirmed annual report net result when the loan is unshortened. The profit share decreases linearily with installments.

Profit share is calculated for each financial year based on the loan capital unpaid on 30 June. If the net result is negative, Nurminen Logistics is not obliged to payment. The profit share of the loan is regarded as interest (financial expense), not as dividend.

CURRENCY RISK

In calculating the sensitivity to changes in the exchange rate the following assumptions have been used:

- the change in the exchange rate has been assumed to be +/– 10 %
- other variables remain constant

		2019			
		Trade receivables 10 %		Trade payables 10 %	
1,000 EUR	USD	Decreases	Increases	Decreases	Increases
Total currency items					
Trade receivables	1,776				
Trade payables	1,268				
Total effect		**–144**	**176**	**103**	**–125**

		2018			
		Trade receivables 10 %		Trade payables 10 %	
1,000 EUR	USD	Decreases	Increases	Decreases	Increases
Total currency items					
Trade receivables	1,708				
Trade payables	2,097				
Total effect		**–136**	**166**	**166**	**–203**

	Balance sheet exchange rate	
Exchange rates used	2019	2018
USD	1.12	1.15

LIQUIDITY RISK

The contractual cash flows of loan instalments and interests at 31 December 2019 were the following :

1,000 EUR	1–3 months	4 months–1 year	2–5 years	5 years ->
Loans from financial institutions			13,041	
Lease liabilities incl. interest	886	2,524	15,764	16,848
Trade payables	4,466			
Interest	66	441	1,199	
Total	**5,417**	**2,965**	**30,004**	**16,941**

The contractual cash flows of loan instalments and interests at 31 December 2018 were the following :

1,000 EUR	1–3 months	4 months–1 year	2–5 years	5 years ->
Loans from financial institutions			13,500	
Finance lease liabilities	154	3,800	338	
Trade payables	4,917			
Interest	93	717	1,758	19
Total	**5,164**	**4,518**	**15,596**	**19**

The EUR 8.0 million loan from Ilmarinen includes condition that the company pays premature repayments 30% of free cash flow. According to agreement, free cash flow is calculated by deducting financial expences, loan repayments and working capital investment from the operative cash flow. Free cash flow is calculated based on the consolidated financial statements every six months until the end of the agreement.

The EUR 5 million loan from Ilmarinen includes condition that company shall pay extra 20% profit share of the confirmed annual report net result when the loan is unshortened. The profit share decreases linearily with installments.

Nurminen Logistics completed the issuance of a EUR 1.5 million convertible hybrid bond to Ilmarinen in the year 2019. The convertible hybrid bond may be converted to a maximum of 5.330,000 shares in the company in accordance with the terms and conditions of the convertible hybrid bond. The convertible hybrid bond bears a fixed interest rate of 4.00 per cent per annum until 31 December 2020, and thereafter, the fixed interest rate of 8.00 per cent per annum, unless otherwise provided in its terms and conditions. The convertible hybrid bond has no maturity date, but the company is entitled to redeem it at any time in accordance with its terms and conditions.

Changes in long term interest bearing depts

	1 Jan 2019	Additionals, IFRS 16	Disposals	Other changes	31 Dec 2019
Long-term liabilities, interest bearing	13,549		–508		13,041
Long-term leasing liabilities, interest bearing	51	31,485	–4,358	–319	26,859
Total	**13,600**	**31,485**	**–4,866**	**–319**	**39,900**

A partial payment of EUR 0.5 million of the originally EUR 8.5 million loan from Ilmarinen was paid in November 2019 in advance.

Changes in short term interest bearing depts

	1 Jan 2019	Additionals, IFRS 16	Disposals	Other changes	31 Dec 2019
Short-term liabilities, interest bearing	1,011		–230		781
Short-term finance lease liabilities	4,241	2,321	–4,241		2,321
Total	**5,252**	**2,321**	**–4,471**		**3,102**

CREDIT RISK

Maximum exposure to credit risk	1,000 EUR
2019	6,439
2018	6,922

Aging of trade receivables

1,000 EUR	Not past due	Past due less than 30 days	Past due 30–120 days	Past due over 120 days	Total
2019	4,408	1,731	300		6,439
2018	5,329	1,061	162		6,552

Nurminen Logistics has no significant concentrations of credit risk.

25. OTHER LEASES

The Group as lessee

Future minimum lease payments under non-cancellable operating leases are as follows:

1,000 EUR	2019	2018
Less than one year	627	4,514
Between one and five years	437	15,812
More than five years		28,281
Total	**1,064**	**48,606**

Leases in scope of the 1.1.2019 adopted IFRS 16 standard are recognised as right of use assets in property, plant and equipment and as lease liabilities. Otherwise Nurminen Logistics leases as a lessee mainly IT equipment, office automation equipment, vehicles and cargo handling machines used in terminals.

Rent liabilities, EUR 1,000, IFRS 16 bridge calculation	1.1.2019
Rent liabilities 31.12.2018	48,606
Vuosaari’s revaluation	–9,109
Finance leasing	–1,029
Short term, low value	–695
Other corrections and increases	1,385
Nominal value 1.1.2019	39,158
Discounting	4 %
Present value of capitalised rent liabilities	**31,095**

26. CONTINGENCIES AND COMMITMENTS

1,000 EUR	2019	2018
Liabilities for which business mortgages have been given and subsidiary shares pledged		
Loans from financial institutions	13,707	14,511
Mortgages given	15,500	15,500
Book value of pledged subsidiary shares	23,352	10,108
Group has given business mortgages amounting to EUR 8.5 million and pledged second mortgages amounting to EUR 7.0 million for loans.		
Other commitments		
Customs duties and other guarantees	5,999	6,014

Group has pledged business mortgages amounting to EUR 7.0 million, Nurminen Logististics Services Oy shares with book value of EUR 23.4 million, and deposits of EUR 0.1 million on custom duties and other guarantees needed for continuous operations.

27. RELATED PARTY TRANSACTIONS

Nurminen Logistics' related parties include the members of the Board of Directors and those of the Management Team as well as companies under their control. Related parties are also those shareholders that have direct or indirect control or significant influence in the Group. The business transferred to new John Nurminen in the demerger of John Nurminen Ltd is also considered to be related party.

Related party transactions with companies under control of Board members

1,000 EUR	2019	2018
Sales	17	142
Purchases	284	173

Management remuneration

EUR	2019	2018
CEO, the members of the Board and the Executive Board		
Salaries and other short-term employee benefits	718,807	989,242
Statutory pension payments	85,276	96,970
Benefits due after termination of employment contract	127,857	29,138
Share-based payments	80,500	140,653
Total	**1,012,440**	**1,256,003**
Salaries and wages		
CEO		
Tero Vauraste	22,785	
Ville Iho	169,523	
Marko Tuunainen	84,000	430,366
Interim CEO		
Teppo Talvinko	7,571	4,636
Members of the Board		
Alexey Grom	24,500	23,000
Tero Kivisaari (till 6 October 2017)		6,000
Hannu Leinonen (from 12 April 2019)	10,000	
Juha Nurminen	30,500	24,500
Jukka Nurminen	34,500	23,500
Olli Pohjanvirta	157,845	151,915
Irmeli Rytkönen (from 11 April 2018)	35,500	8,500
Kari Savolainen (till 11 April 2019)	24,500	8,500
	601,225	**680,917**

Members of the Board and management own 30 % of company shares on 31 December 2019. The company has made a management service agreement with Russian Capital Management Oy, controlled by Olli Pohjanvirta. Agreement has been valid 1 November 2018 – 31 May 2019 having monthly fee of EUR 16.5 thousand.

28. ACQUISITIONS AND DIVESTED BUSINESSES

The group sold shares of ZAO Terminal Rubesh in May 2019 and acquired PFC Nordic Oy in August 2019.

PFC Nordic Oy's liquid assets at acquisition date amounted to EUR 89 thousand, short term receivables EUR 293 thousand and short term liabilities EUR 385 thousand.

PFC Nordic Oy Net sales for the financial year 2019 amounted to EUR 3.234 thousand, EBIT for the financial year 2019 totaled EUR 2 thousand, and profit for the period EUR 1 thousand. Acquisition price totaled EUR 200 thousand of which EUR 75 thousand was earn-out based.

29. EVENTS AFTER THE BALANCE SHEET DATE

The company announced 28 January 2020 on issuance of shares for the long-term incentive plan for the CEO, in which the CEO may purchase maximum of 180,00 shares at price of EUR 0.28 per share.

The company announced on 17 January 2020 that it initiated co-determination negotiation considering the personnel of Finnish subsidiaries in order to prepare for possible decline of goods flow due to labor marker disturbances in manufacturing industries and other client industries. The co-determination negotiations were concluded on 4 February 2020. As the labor market disturbances ceased the company was not required to establish any adjusting arrangements with the personnel.

The company announced on 4 March 2020 that it recognizes a write down of EUR 5,3 million on goodwill impacting negatively on equity ratio. The company has reached an agreement with financiers regarding the abandonment of covenant terms on equity ratio.

Parent Company's Income Statement

1,000 EUR	Note	2019	2018
NET SALES	1	**2,203**	**2,192**
Other operating income	2	457	46
Employee benefit expenses	3	–1,435	–1,425
Depreciation, amortisation and impairment losses	4	–842	–1,139
Other operating expenses	5	–1,727	–43
OPERATING RESULT		**–1,345**	**–369**
Financial income and expenses	6	–2,579	–7,460
RESULT BEFORE EXTRAORDINARY ITEMS		**–3,924**	**–7,828**
Group Contribution		90	
Taxes		–1	67
RESULT FOR THE YEAR		**–3,835**	**–7,761**

Parent Company's Balance Sheet

1,000 EUR	Note	2019	2018
ASSETS			
Non-current assets			
Intangible assets	1	1,902	1,348
Property, plant and equipment	1	29	7,614
Investments	2	28,667	18,137
Total non-current assets		**30,598**	**27,099**
Current assets			
Non-current receivables	3	802	2,618
Current receivables	3	8,771	9,944
Cash and cash equivalents		1,377	9,079
Total current assets		**10,950**	**21,641**
TOTAL ASSETS		**41,548**	**48,740**
EQUITY AND LIABILITIES			
Equity			
Share capital	4	4,215	4,215
Share premium reserve	4	86	86
Other reserves			
Legal reserve	4	2,374	2,374
Reserve for invested unrestricted equity	4	27,079	27,079
Retained earnings	4	–8,397	–736
Profit / loss for the financial year	4	–3,835	–7,761
Total equity		**21,522**	**25,257**
Non-current liabilities			
Capital loan		1,500	1,500
Deferred tax liabilities		23	
Other non-current liabilities	6	13,213	13,597
Current liabilities			
Current liabilities	7	5,289	8,385
Total liabilities		**20,025**	**23,483**
TOTAL EQUITY AND LIABILITIES		**41,548**	**48,740**

Parent Company's Cash Flow Statement

1,000 EUR	2019	2018
Cash flow from operating activities		
PROFIT / LOSS FOR THE YEAR	**–3,835**	**–7,761**
Adjustments		
Depreciation, amortisation and impairment losses	842	1,242
Gains (–) and losses (+) on sale of non-current assets	576	8,378
Financial income (–) and expenses (+)	2,579	–1,143
Taxes	–1	–67
Other adjustments	–78	1,099
Cash flow before changes in working capital	**83**	**1,747**
Changes in working capital		
Current non-interest bearing receivables, increase (–) / decrease (+)	122	–151
Current liabilities, non-interest bearing, increase (+) / decrease (–)	–1,666	–569
Net cash from operating activities before financial items and taxes	**–1,461**	**1,028**
Interest paid	–534	–539
Dividends received	974	1,940
Interest received	436	181
Other financial items	–38	–91
Net cash from operating activities	**–622**	**2,519**
Cash flow from investing activities		
Investments in property, plant and equipment and intangible assets	–691	–572
Proceeds from subsidiary shares	690	7,011
Proceeds from equity accounted investments		16
Investments in subsidiaries	–138	
Payments to acquire equity accounted investments		–103
Loans granted	–2,559	–2,538
Net cash used in investing activities	**–2,699**	**3,814**
Cash flow from financing activities		
Payments of non-current liabilities	–555	
Proceeds from current liabilities	138	600
Repayments of current liabilities	–4,098	–3,292
Net cash used in financing activities	**–4,514**	**–2,692**
Change in cash and cash equivalents	**–7,835**	**3,641**
Cash and cash equivalents at the beginning of the year	9,079	5,438
Change in cash and cash equivalents	–7,835	3,641
Cash and cash equivalents at year-end	**1,244**	**9,079**

Notes to the Parent Company's Financial Statements

Accounting principles for the parent company's financial statements

The financial statements of Nurminen Logistic Plc are prepared in accordance with Finnish Accounting Standards (FAS).

Measurement of non-current assets

Items of property, plant and equipment and intangible assets are carried at cost less the planned depreciation / amortisation. They are depreciated / amortised over their estimated useful lives, which are the following:

- Intangible assets 3–5 years
- Goodwill 5–10 years
- Machinery and equipment 3–10 years
- Other capitalised long-term expenditure 5–10 years

The company's subsidiary shares and other shares in the investments in non-current assets are valued at acquisition cost or, if lower, at fair value. The fair value that are used as the basis for the valuation of subsidiary shares is based on management's valuation calculations of future cash flows of subsidiaries.

Measurement of receivables

Receivables are measured at the lower of nominal and estimated probable value.

Pensions

Pension costs are presented in accordance with national legislation in each country. The pension security of the Finnish personnel has been arranged through external pension insurance companies.

Foreign currency items

Foreign currency receivables and liabilities are translated into euro at the closing rate at the balance sheet date. The exchange rate differences arising from forward contracts entered into for hedging purposes have been adjusted against the exchange rate differences arisen from the corresponding hedged items.

Leases

Lease payments are accounted for as rental costs. Lease payments due in the future years under the agreements are presented under contingencies and commitments.

Capital loan

The capital loan holders do not have any rights equivalent to ordinary shareholders. The company has no contractual obligation to repay the loan capital or the interest on the loan. If interest is paid to the capital bond, it is recognised in the income statement.

Notes to the Income Statement

1,000 EUR	2019	2018
1. Net sales		
Sale of services	2,203	2,192
Total	**2,203**	**2,192**
2. Other operating income		
Rent income	457	4
Other items		42
Total	**457**	**46**
3. Disclosures for personnel and members of company organs		
Employee benefit expenses		
Wages and salaries	–1,292	–1,290
Pension expenses and pension contributions	–129	–102
Other social security costs	–14	–32
Total	**–1,435**	**–1,425**
4. Depreciation, amortisation and impairment losses		
Planned depreciation and amortisation:		
Intangible rights		–6
Other capitalised long-term expenditure	–299	–105
Property, plant, Machinery and equipment	–543	–1,029
Total	**–842**	**–1,139**
5. Other operating expenses		
Other operating expenses	–1,727	–43
Total	**–1,727**	**–43**
Auditors' fees		
Audit fees	–76	–55
Other fees paid to auditors	–20	–37
Total	**–97**	**–92**
6. Financial income and expenses		
Dividend income		
Dividend income from Group companies	974	1,940
Total	**974**	**1,940**
Interest and other financial income		
Interest from group companies	436	181
Interest and other financial income from others	1	10
Total	**436**	**190**
Interest and other financial expenses		
Loss from sale of subsidiary shares		–8,509
Impairment losses on investments	–2,992	
Interest to group companies	–11	–5
Interest and other financial expenses to others	–985	–1,076
Total	**–3,989**	**–9,589**
Total financial income and expenses	**–2,579**	**–7,460**

Notes to the Balance Sheet

1,000 EUR	2019	2018
1. Property, plant and equipment and intangible assets		
Intangible rights:		
Cost at 1 Jan	148	148
Cost at 31 Dec	148	148
Accumulated planned amortisation at 1 Jan	147	146
Amortisation for the year		1
Accumulated planned amortisation at 31 Dec	147	147
Carrying amount at 31 Dec	**1**	**1**
Other capitalised long-term expenditure		
Cost at 1 Jan	2,206	754
Additions	852	1,452
Cost at 31 Dec	3,058	2,206
Accumulated planned amortisation at 1 Jan	858	749
Amortisation for the year	299	109
Accumulated planned amortisation at 31 Dec	1,157	858
Carrying amount at 31 Dec	**1,901**	**1,347**
Land area		
Cost at 1 Jan	17	17
Additionals	4	
Carrying amount at 31 Dec	**22**	**17**
Sale and lease back assets		
Cost at 1 Jan	13,756	13,756
Disposals and transfers between items	–13,756	
Cost at 31 Dec		13,756
Accumulated planned amortisation at 1 Jan	6,333	5,305
Disposals and transfers between items	–6,876	
Amortisation for the year	543	1,029
Accumulated planned amortisation at 31 Dec		6,333
Carrying amount at 31 Dec		**7,423**
Other tangible assets		
Cost at 1 Jan	9	9
Cost at 31 Dec	9	9
Accumulated planned depreciation at 1 Jan	1	1
Accumulated planned depreciation at 31 Dec	1	1
Carrying amount at 31 Dec	**8**	**8**
Prepayments and unfinished acquisitions		
Cost at 1 Jan	165	1,046
Additions		655
Decreases	–165	–1,536
Cost at 31.12.		165
Carrying amount at 31 Dec		**165**

1,000 EUR	2019	2018
2. Investments		
Holdings in Group companies		
Cost at Jan 1	208	15,606
Transfers between items	5,492	
Decreases		–15,398
Write down of shares	–609	
Carrying amount at Dec 31	5,091	208
Investments in reserve for invested unrestricted equity of Group companies		
Cost at Jan 1	10,100	10,100
Additions	15,531	
Write down of shares	–2,279	
Carrying amount at Dec 31	23,352	10,100
Holdings in associates		
Cost at Jan 1	308	308
Write down of shares	–104	
Carrying amount at Dec 31	204	308
Other shares and holdings		
Cost at Jan 1	21	21
Carrying amount at Dec 31	21	21
Capital loan receivable at Jan 1	7,500	7,500
Additions	950	
Transfer to reserve for invested unrestricted equity	–8,450	
Capital loan receivable at Dec 31		7,500
Total	**28,667**	**18,137**

	Domicile	Share of ownership %
Subsidiaries		
RW Logistics Oy	Finland	100
Nurminen Logistics Services Oy	Finland	100
Kiinteistö Oy Kotkan Siikasaarentie 78	Finland	100
Kiinteistö Oy Luumäen Suoanttilantie 101	Finland	100
Kiinteistö Oy Vainikkalan Huolintatie 13	Finland	100
OOO Nurminen Logistics	Russia	100
Nurminen Maritime Latvia SIA	Latvia	51
Nurminen Maritime Estonia AS	Estonia	51
Nurminen Maritime UAB	Lithuania	51
Associates and joint ventures		
NR Rail Oy	Finland	51
Pelkolan Terminaali Oy	Finland	20

1 000 EUR	2019	2018
3. Receivables		
Non-current		
Advance payments	802	2,618
Yhteensä	**802**	**2,618**
Current		
Current receivables from Group companies		
Trade receivables	2	986
Other receivables	6,931	6,774
Total	**6,932**	**7,760**
Trade receivables		8
Prepayments and accrued income		
Ilmarinen prepaid leases	1,742	2,047
Other accrued income	97	129
Prepayments and accrued income	1,838	2,177
Total	**1,838**	**2,184**
Total current receivables	**8,771**	**9,944**
4. Equity		
Share capital total	4,215	4,215
Share premium reserve	86	86
Legal reserve	2,374	2,374
Restricted equity	**6,675**	**6,675**
Reserve for invested unrestricted equity at 1 Jan	27,079	27,079
Reserve for invested unrestricted equity at 31 Dec	27,079	27,079
Retained earnings	–8,297	–736
Changes to previous financial periods	–100	
Profit / loss for the year	–3,835	–7,761
Unrestricted equity	**14,848**	**18,582**
Equity total	**21,522**	**25,257**
Distributable funds		
Reserve for invested unrestricted equity	27,079	27,079
Retained earnings	–8,397	–736
Profit / loss for the year	–3,835	–7,761
Total	**14,848**	**18,582**

The company owns 106,333 of its own shares

5. Deferred taxes		
Deferred tax assets on losses	2,982	2,709
Deferred tax receivables have not been recorded in the parent company's separate financial statements.		
Deferred tax liabilities have been recorded in the balance.		
6. Non-current liabilities		
Deferred taxes	23	
Interest-bearing liabilities		
Capital loan	1,500	1,500
Loans from financial institutions	13,000	13,500
Other liabilities	236	97
Total	**14,736**	**15,097**
Total non-current liabilities	**14,736**	**15,097**

1,000 EUR	2019	2018
7. Current liabilities		
Current liabilities to Group companies		
Trade payables	32	4
Other liabilities	3,837	2,911
Accrued expenses and deferred income	34	
Total	**3,903**	**2,915**
Interest-bearing liabilities		
Interest bearing sale and lease back loans		4,098
Other liabilities	74	101
Non-interest bearing liabilities		
Trade payables	625	579
Other liabilities	271	162
Accrued expenses and deferred income		
Employee benefit expense accruals	296	334
Other items	119	196
Total	**1,386**	**5,470**
Total current liabilities	**5,289**	**8,385**

Other notes

1,000 EUR	2019	2018
Liabilities for which business mortgages have been given and subsidiary shares pledged		
Loans from financial institutions	13,000	14,511
Mortgages given	15,500	11,500
Book value of pledged subsidiary shares	23,352	10,108
Collaterals given on behalf of Group companies		
Book value of pledged subsidiary shares	23,352	10,108
Other commitments		
Customs duties and other guarantees	599	614
Rental obligations		
Payable in next year	119	4,165
Payable after that	159	43,914
Amounts payable under leases		
Payable in next year	68	64
Payable after that	108	39

Notes Regarding Personnel and Company Organs

	2019	2018
The number of personnel		
Personnel, average	15	15
Personnel, at year-end	14	13
Management remuneration (1,000 EUR)		
The Board of Directors and CEO	601	681

Auditor's Report (Translation of the Finnish original)

To the Annual General Meeting of Nurminen Logistics Oyj

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Nurminen Logistics Oyj (business identity code 0109707-8) for the year ended 31 December 2019. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in *the Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4 to the consolidated financial statements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill *We refer to the accounting principles for the consolidated financial statements in the note 1 of the consolidated financial statements and the note 14 about the impairment of intangible assets and property plant and equipment.*	
In the financial statements for the year 2019, the value of goodwill amounted to 0,9 million euros and the recognized impairment of goodwill amounted to 5,3 million euros. The annual impairment test was significant to our audit because • the assessment process is judgmental, and • it is based on assumptions relating to market or economic conditions extending to the future. The valuation of goodwill is based on the management's estimate about the value-in-use calculations of the cash generating units. There are number of underlying assumptions used to determine the value-in-use, including the revenue growth, EBIT and discount rate applied on net cash-flows. Estimated values-in-use may vary significantly when the underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill. Valuation of goodwill was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).	In order to address the risk of material misstatement we have carried out the following audit procedures. We involved EY valuation specialists to assist us in evaluating the methodologies, calculations and assumptions applied by the management in the impairment testing. In evaluation of methodologies, we compared the principles applied by the management in the impairment tests to the requirements set in IAS 36 Impairment of assets standard and ensured the mathematical accuracy of the impairment calculations. The key assumptions applied by the management in impairment tests were compared to • approved budgets and long-term forecasts by the management, • information available in external sources, as well as • our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. We also assessed the sufficiency of the disclosures regarding the goodwill

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition We refer to the accounting principles for the consolidated financial statements in the note 1 of the consolidated financial statements and the note 18 about the trade and other receivables.	
Revenue recognition is considered as a key audit matter because revenues are a key financial performance measure which could create an incentive for revenues to be recognized prematurely. Relevant areas from the net sales perspective are accuracy of the recognized amounts and timing of revenue recognition. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2).	Our audit procedures to address the risk of material misstatement included • the analysis of the revenue recognition accounting policies and • comparison of revenue transactions to the supporting documentation in order to assess whether the requirements for the revenue recognition have been met. In addition, we requested external trade receivable confirmations, tested general ledger journal entries on a sample basis as well as performed analytical procedures in order to identify abnormal entries. We also assessed the sufficiency of the revenue recognition disclosures in respect of the IFRS 15 standard.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of subsidiary investments *We refer to the accounting principles of the parent company and to the note 2 of the balance sheet of the parent company.*	
Valuation of subsidiary investments is considered as a key audit matter because of the judgment involved in the valuation process and because the subsidiary investments are significant to the parent company balance sheet. The carrying value of subsidiary investments at year-end 2019 amounted to 28,7 million euros. These investments represented some 69 % of the total assets and some 133 % of the total equity. Valuation of subsidiary investment requires management to make an assessment whether • there are indicators that the investments are permanently impaired, and • what the value of investments is at year-end.	We involved EY valuation specialists to assist us in evaluating the methodologies, calculations and assumptions applied by the management in the valuation of parent company's subsidiary investments. The assumptions applied by the management were compared to • approved budgets and long-term forecasts by the management, • information available in external sources, as well as • our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on 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 good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism 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 parent company's or the group'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 the Board of Directors' and the Managing Director'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 parent company's or the group'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 parent company or the group 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 so that the financial statements give a true and fair view.

- 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 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.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 12 April 2016, and our appointment represents a total period of uninterrupted engagement of 4 years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 6 March 2020

Ernst & Young Oy
Authorized Public Accountant Firm

Antti Suominen
Authorized Public Accountant

Signing of the Financial Statements and the Board's Report on Operations

Helsinki 6 March 2020

Olli Pohjanvirta
Chairman of the Board

Juha Nurminen

Alexey Grom

Jukka Nurminen

Hannu Leinonen

Irmeli Rytkönen

Tero Vauraste
Interim CEO

An auditor's report on the general audit has been given today.

Helsinki 6 March 2020

Ernst & Young Oy

Antti Suominen
Authorized Public Accountant

Group's Key Figures

Key figures for business

	2017	2018	2019
Net sales, EUR 1,000	75,772	78,874	69,340
Increase in net sales, %	51.6 %	4.1 %	–12.1 %
Operating result (EBIT), EUR 1,000	1,691	–6,046	–8,517
% of net sales	2.2 %	–7.7 %	–12.3 %
Result before taxes, EUR 1,000	275	–7,397	–10,864
% of net sales	0.4 %	–9.4 %	–15.7 %
Result for the financial year, EUR 1,000	–243	–7,811	–11,433
% of net sales	–0.3 %	–9.9 %	–16.5 %
Return on equity (ROE), %	–2.3 %	–56.2 %	–163.9 %
Return on investment (ROI), %	4.1 %	–18.1 %	–22.4 %
Equity ratio %	30.8 %	31.7 %	1.5 %
Gearing %	78.4 %	55.8 %	4849.1 %
Gross investments, EUR 1,000	1,624	709	722
% of net sales	2.1 %	0.9 %	1.0 %
Balance sheet total, EUR 1,000	47,587	41,511	52,088
Average number of employees	188	177	175
Wages and salaries paid, EUR 1,000	8,921	9,025	9,196
Share key figures			
Earnings per share (EPS), EUR, undiluted	–0.04	–0.20	–0.29
Earnings per share (EPS), EUR, diluted	–0.04	–0.20	–0.29
Equity per share, EUR	0.33	0.27	–0.02
Dividend per share (adjusted), EUR	0.00	0.00	0.00
Dividend per share (nominal), EUR	0.00	0.00	0.00
Dividend to earnings ratio, %	0.0 %	0.0 %	0.0 %
Effective dividend yield, %	0.0 %	0.0 %	0.0 %
Repayment of equity per share, EUR	0.00	0.00	0.00
Price per earnings (P/E)	–14	–1	–2
Number of shares adjusted for share issue, weighted average	29,253,069	44,072,693	44,304,976
Number of shares adjusted for share issue, at end of financial year	43,937,865	44,251,414	44,538,914
Share price development			
Share price development			
Highest price	0.71	0.60	0.44
Lowest price	0.40	0.24	0.26
Average price	0.55	0.50	0.30
Share price at balance sheet date	0.55	0.25	0.27
Market capitalisation, MEUR	24.3	11.0	11.9
Number of shares traded	4,677,332	3,634,035	1,802,568
Shares traded, % of total number of shares	10.6 %	8.2 %	4.0 %
Number of shareholders	1,193	1,215	1,320

Calculation of Key Figures

$$\text{Return on equity, \%} = \frac{\text{Result for the year}}{\text{Equity (average of beginning and end of financial year)}} \times 100$$

Capital employed = Balance sheet total - non-interest bearing liabilities

$$\text{Return on capital employed, \%} = \frac{\text{Result for the year before taxes + interest and other financial expenses}}{\text{Capital employed (average of beginning and end of financial year)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Equity}}{\text{Balance sheet total - advances received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Equity}} \times 100$$

$$\text{Earnings per share (EPS)} = \frac{\text{Result attributable to equity holders of the parent company}}{\text{Weighted average number of ordinary shares outstanding}}$$

$$\text{Equity per share} = \frac{\text{Equity attributable to equity holders of the parent company}}{\text{Undiluted number of shares outstanding at the end of the financial year}}$$

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Adjusted share price at the end of the financial year}} \times 100$$

$$\text{Price per earnings (P/E)} = \frac{\text{Share price at the end of the financial year}}{\text{Earnings per share}}$$

Adjusted operating profit (EBIT) = Operating profit without certain items affecting to the comparability

Items affecting to the comparability are transactions that have significance to understand Nurminen Logistics financial development when comparing reporting period to previous periods. These items may include: 1) sales gains and losses and transaction costs related to sales and purchases 2) exceptional write offs 3) restructuring costs 4) Other items and transactions that are not belonging to normal business according to Nurminen Logistics management.

The company has abandoned ”comparable EBIT” -concept. Comparable EBIT and comparable net sales are from a time period during which business structure and capital intensity at Russia were significant and currency translation differences held more significance for the company. It has been estimated that now established “adjusted EBIT”-concept provides the reader with better understanding on the business and its development.

Distribution of ownership

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of total shares and votes
1–100	296	22,4	13,752	0
101–1,000	526	39,8	250,975	1
1,001–10,000	404	30,6	1,335,448	3
10,001–100,000	67	5,1	1,885,816	4
100,001–1,000,000	18	1,4	6,695,685	15
yli 1,000,000	9	0,7	34,422,498	77
Total	**1,320**	**100,0**	**44,604,174**	**100**
Registered in the name of nominee	5		772,405	2

Largest shareholders

	Number of shares	% of total shares and votes
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	8,780,000	19.7
Nurminen Juha Matti	5,640,426	12.6
Suka Invest Oy	5,169,588	11.6
K. Hartwall Invest Oy Ab	3,837,838	8.6
Avant Tecno Oy	3,446,392	7.7
JN Uljas Oy	3,049,388	6.8
Ruscap Oy	2,163,962	4.9
Hisinger-Jägerskiöld Eva Constance	1,279,279	2.9
Nurminen Jukka Matias	1,055,625	2.4
Tuuli Markku Juhani	953,850	2.1
Nurminen Mikko Johannes	870,108	2.0
VGK Invest Oy	769,597	1.7
Lassila Satu Maaria	648,000	1.5
Hälläväliä Oy	437,446	1.0
Tuunainen Marko Juhani	381,367	0.9
Sjöblom Katri Pauliina	349,256	0.8
Vuorinen Hannu Markku	334,642	0.8
Altonen Manu Veikko	283,000	0.6
ETL Invest Oy	270,483	0.6
Relander Pär-Gustaf	254,415	0.6
Other 1,173 shareholders	4,629,512	10.4
Total	**44,604,174**	**100.0**

Shareholders by type

	Number of shares	% of total shares and votes
Private companies	17,807,098	40
Financial institutions	2,198,372	5
Public sector organisations	8,780,000	20
Households	14,864,681	33
Foreign	180,615	0
Non-profit organizations	1,003	0
Registered in the name of nominee	772,405	2
Total	**44,604,174**	**100**

Nurminen Logistics

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