



Nurminen Logistics ▲▲▲

Half-Year Financial Report

2023

Nurminen Logistics Plc

Half-Year Financial Report 3 August 2023 at 8:30

NURMINEN LOGISTICS PLC HALF-YEAR FINANCIAL REPORT 1 JANUARY–30 JUNE 2023

Net sales amounted to EUR 56.7 million and comparable operating profit adjusted for non-recurring items to EUR 9.2 million

KEY FIGURES		
EUR million	1 Jan–30 Jun 2023	1 Jan–30 Jun 2022
Net sales	56.7	71.7
Operating profit	8.9	2.4
Operating profit, %	15.8%	3.3%
Comparable operating profit	9.2	4.6
Comparable operating profit, %	16.3%	6.5%
Net result	6.0	1.8
Earnings per share, diluted, EUR	0.04	0.01
Cash flow from operating activities	20.5	4.9

FINANCIAL GUIDANCE

New guidance: Nurminen Logistics expects net sales for 2023 to be EUR 132–148 million (2022: EUR 122.5 million), and comparable operating profit to be EUR 18–21 million (2022: EUR 6.9 million). Comparable EBITDA is expected to be EUR 23–26 million (2022: EUR 9.7 million).

According to the previous guidance, net sales for 2023 were EUR 136–148 million (2022: EUR 122.5 million), and operating profit EUR 17–20 million (2022: EUR 3.4 million). EBITDA was expected to be EUR 22–25 million (2022: EUR 6.2 million).

The basis for the guidance with regards to net sales is that the start of the direct China and Asia container train traffic will most likely move forward to the coming year. Also the weakened outlook for the Finnish economy may influence the demand of value added services in Cargo operations.

The operating profit guidance is based on the strong development during the first half of the year and the expected efficiency improvements during the second half of the year. Nurminen Logistics has improved its efficiency and succeeded in customer acquisition. Good cost management and investments in international traffic will begin to be reflected in increasing volumes on new railway routes. The takeover of North Rail Oy (formerly Operail Finland Oy), acquired in February 2023, and the growth of its business have been more successful than expected.

OLLI POHJANVIRTA, PRESIDENT AND CEO:

The reported operating profit of EUR 8.9 million for January–June was the best half-year result in the company's history and grew by 272 per cent on the comparison period (EUR 2.4 million). Net sales of EUR 56.7 million decreased by 21 per cent compared to the comparison period, but increased by 12 per cent compared to July–December 2022.

*Additional information about adjustments is provided in the table sections under the bridge calculation of comparable operating profit.

The comparable operating profit adjusted for non-recurring items was EUR 9.2 million (EUR 4.6 million)*. The high operating profit of 16 per cent was due to improved results in all business operations as well as strict cost control. The share of in-house production increased, which contributed significantly to the operating margin. The lack of direct China and Asia container trains decreased the net sales.

The acquisition of North Rail Oy (former Operail Finland Oy) on 14 February 2023, the favourable development of the Baltic operations, investments in new customer services launched in 2022 resulting from the war in Ukraine and the ramp-up of the Trans-Caspian route gave good results. The results of the businesses improved towards the end of the review period, which, together with new customers starting towards the end of the year, provides good conditions for further improvement of performance during the rest of the year. Strikes in Finland during the first half of the year had a negative impact on the result for the review period.

Our good profitability, together with our increased market knowledge, allows us to expand our business in the Nordic countries through acquisitions as well. At the same time, we will increase the supply of logistics services between Central Europe and Central Asia. We are present in China in order to be able to quickly restart the container train business in accordance with the demand situation.

I am proud of our employees' agility and ability to create competitive logistics solutions for the changing needs of our customers. The good results of the spring 2023 customer satisfaction survey and quality audit prove the competence, commitment and willingness of the personnel to make meaningful logistics.

MARKET SITUATION DURING THE REVIEW PERIOD

The general market situation in logistics follows the development of national economies, which was subdued in Europe, reflecting in the decline in volumes both within Europe and in ocean freight. Despite the general decrease in volumes, the attractiveness and demand for rail freight remained at a good level. Demand

is supported by environmental awareness and tightening CO₂ monitoring in reporting.

As the spring progressed, the impact of high inflation on purchasing power began to be visible in the industry in general, especially as a decrease in demand for LCL cargo transport. The rise in fuel prices and the shortage of drivers in road transport increased interest in rail transport. The environmental aspect was increasingly emphasised in purchasing decisions. A legislative package issued by the European Commission to mitigate CO₂ emissions from freight transport aims to shift 30% of Europe's freight transport to rails by 2030¹. The package includes a number of policy instruments, including the tightening of the emissions trading system and fuel legislation, which will shift European freight transport to lower-emission modes, such as rail.

In rail transport, the demand situation in the international fertiliser market, which is important to the company, remained good. Overall, the volumes of domestic rail transport remained at a good level during the period under review.

The Finnish market for terminal services developed moderately. The good development of the businesses of customers related to the green transition was reflected in the company's growing volumes. The volumes of the forest industry decreased, but the industry's impact on the company is minor.

During the first half of the year, Finnish exports and imports varied at the monthly level, mainly due to strikes by stevedores and locomotive drivers. The price level of sea freight decreased during the period under review. The decrease in the price level of sea freight reflects the softness of world trade, which was also directly visible as a decrease in the volumes of Finnish ports.

NET SALES AND FINANCIAL PERFORMANCE IN THE REVIEW PERIOD

EUR 1,000	1–6/2023	1–6/2022
Net sales	56,707	71,738
Operating profit	8,933	2,402

Net sales for January–June decreased by 21 per cent to EUR 56.7 million (EUR 71.7 million). The operating profit for the review period was EUR 8.9 million (EUR 2.4 million). The comparable operating profit was EUR 9.2 million, including non-recurring items of EUR 0.3 million. All businesses improved their results from the comparison period, and the result development was the strongest in the Baltics and Railway business, where volumes increased significantly due to an acquisition and new customer accounts.

The Group's EBITDA was EUR 11.1 million (EUR 3.8 million). The financial expenses were EUR 2.0 million (EUR 1.0 million). The result for the parent company's owners during the review period was EUR 3.2 million (EUR 0.9 million).

¹ European Commission, COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Sustainable and Smart Mobility Strategy – putting European transport on track for the future COM/2020/789 final 9.12.2020 (Brussels: European Commission) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0789>.

BUSINESS REVIEW

Railway business

The absence of Chinese container train transports through Russia as a result of the war in Ukraine reduced the company's net sales compared to the reference period.

In February 2023, Nurminen Logistics acquired the majority of the shares in the Finnish railway company North Rail Oy (former Operail Finland Oy) to expand the range of services in Finland. Nurminen's domestic and international rail and multimodal services form a new entity. North Rail Oy's customer acquisition and production volume increase over the past four months has been more successful than expected.

North Rail Oy's service level has been praised by customers, and together with the Group's other businesses, it has been possible to serve the customers extensively. Thanks to our high-quality service, Nurminen Logistics will have excellent opportunities to grow its business in Finland in the future. Capacity utilisation can be further improved.

The good development of North Rail is reflected in the increased number of personnel and the acquisition of new locomotives, increasing the fleet to a total of 12 locomotives. The equipment will be increased to meet customer needs when a new customer account starts in August. The traction capacity of North Rail's locomotives is clearly higher than that of others in the Finnish market, which gives a sustainable competitive advantage.

The development of railway services in the Nordic countries has progressed well. Separate container train business has been started in Sweden, operating full trains for customers between Sweden and Norway. Nurminen Nordic Hub's comprehensive logistics service concept has made it possible to start regular service directly from Sweden to Central Asia.

Rail services net sales decreased by 47 per cent during the review period to EUR 11.3 million (EUR 21.5 million). Operating profitability improved substantially year-on-year. The share of net sales of the Group's net sales decreased to 18 per cent (31).

Cargo business

As a result of successfully expanding the customer base and comprehensive concept focusing on value added services, net sales increased by 12 per cent in January–June to EUR 10.9 million (EUR 9.7 million) and profitability improved over the comparison period. The profitability of business was, in terms of the sector, at a good level. The development of operative activities was positive at all terminals. The business' cost structure is flexible, as in addition to the company's own premises, it is based only on short-term lease agreements, which always go hand-in-hand with a customer commitment. Cargo operations account for 19 per cent (14) of the Group's net sales.

Multimodal Forwarding business

Net sales for January–June decreased by 49 per cent to EUR 5.2 million (EUR 10.1 million), while profitability improved over the comparison period. The decrease in turnover was due to the lack of feed effect of direct Chinese trains as well as the termination of the Russian trade of the company's customers. Development investments in digitality were continued. Digital services will be very significant in the scaling of business in the future. The Multimodal Forwarding business accounts for 9 per cent (14) of the Group's net sales.

Business in the Baltic countries

Business in the Baltic countries continued to be stable. Net sales and operating profit increased from the comparison period. In particular, project delivery volumes of raw materials from Central Asia increased. Net sales for January–June increased by 3 per cent to EUR 30.5 million (EUR 29.7 million). Baltic operations account for 54 per cent of the Group's net sales (41).

FUTURE OUTLOOK

The slowdown in the macro economy and the persistence of core inflation at a higher level than usual affect the demand for services. Nurminen Logistics estimates that business volumes will, on average, remain at a good level. The increase in international traffic offsets the decrease in domestic volumes.

The demand for services is supported by global megatrends, such as environmental awareness, re-evaluation of supply chains and the need for more efficiency in working capital and delivery reliability, which are highlighted by the increasing inflation and interest pressures.

In rail transport, the demand outlook for industries important to the company is good for both fertilisers and the metals and minerals needed for the green transition.

In late spring, a clear general slowdown in trade began to be seen in Finland, which the company believes will continue and weaken the volumes of terminals and domestic forwarding towards the end of the year. The company can offset the impact of the overall volume decrease with the active acquisition of new customers, new service solutions and the new delivery agreements already signed.

Nurminen Logistics expects railway transport delivery volumes to increase both between the Nordic countries and in traffic between Europe and Asia. Trade between Central Asian countries is growing and is more easily accessible from Europe via the Trans-Caspian route.

The company continues to invest in international sales and the development of a partnership and subcontracting network in Central Europe. The use of rail services will grow globally faster than other transport segments due to its low environmental impact.

SHORT-TERM RISKS AND UNCERTAINTIES

Any weakening in world trade and in Finnish exports and imports, as well as the weakening of trade between Central Europe and China and a general decrease in purchasing power due to high inflation from the current situation can have a negative impact on the demand for the services and the result of Nurminen Logistics.

The global recession in 2023 is reflected negatively in the volumes of freight traffic and thus in the company's business. A possible drift of the Finnish economy into a much steeper decline and problems than predicted would not alone pose a significant financial risk to the company in the near future. Nurminen Logistics' current cost structure and flexibility of operations are able to sustain even rapid changes in the market.

Failure in the operational development of the Trans-Caspian route may have a negative impact on the demand for the route and thus on the company's result.

In the railway business, food supply-related fertilisers critical to the world or metals required for the green transition being subjected to Western sanctions would have a negative impact on the business of the acquired company North Rail Oy (former Operail Finland Oy).

The prolongation of the war in Ukraine and a permanent change in the international order may have a global impact on logistical routes.

The financial statements for 2022 include a more detailed description of short-term risks. In addition to these risks, the increasingly frequent local extreme weather events due to climate change may cause transient operational issues on the transport of goods and increase costs. Geopolitical tensions and new trade policies in different countries may have an impact on business.

For information about the company's risk management, please see the Investors section of the Nurminen Logistics website at www.nurminenlogistics.com.

FINANCIAL POSITION AND BALANCE SHEET

Cash flow from operating activities amounted to EUR 20.5 million. The change in working capital affected cash flow from operating activities by EUR 11.9 million. Cash flow from investing activities amounted to EUR -1.2 million. The cash flow from investing activities was affected by EUR -0.5 million due to the acquisition of Operail Finland Oy, EUR -0.5 million due to investments in information systems and digitalisation and EUR -0.3 million due to fund investments. Cash flow from financing was EUR -16.8 million, including EUR -15.6 million in proceeds from and repayment of borrowings, EUR -1.9 million in dividends to non-controlling shareholders, EUR 1.0 million in transactions with non-controlling shareholders and EUR -0.4 million in repayment of lease liabilities.

At the end of the review period, Nurminen Logistics' cash and cash equivalents amounted to EUR 8.6 million. The management estimates that cash flow from operations will be sufficient to cover the expenses and liabilities of the company's current business for the next 12 months.

The deferred tax assets include an item of EUR 6.7 million associated with unused tax losses of Nurminen Logistics Plc and Nurminen Logistics Services Oy.

Current interest-bearing debts, EUR 19.5 million in total, are comprised of a EUR 9.0 million loan to Operail Holding Oü, a EUR 4.0 million loan to Nordea, EUR 2.0 million of loans to Ilmarinen, a total of EUR 3.1 million in loan and overdraft facilities to OmaSp, financial liabilities of EUR 0.5 million to Finnvera and lease liabilities of EUR 0.8 million.

Non-current interest-bearing debts, EUR 36.9 million in total, include EUR 27.7 million of long-term debt, of which EUR 14.6 million is loans to OmaSp, EUR 8.1 million is connected to loans to Ilmarinen, EUR 2.5 million to Finnvera, EUR 2.0 million to Nordea and EUR 0.5 million are shareholder loans. The lease liabilities in accordance with IFRS 16, EUR 9.2 million, include EUR 6.7 million of lease liabilities related to the Vuosaari real estate company. Other lease liabilities in accordance with IFRS 16 are primarily connected to the land lease of the Kotka real estate company, lifting truck stock and company cars in the Baltic countries.

The Group's interest-bearing liabilities totalled EUR 56.3 million and the net interest-bearing debt amounted to EUR 47.7 million. With the Vuosaari real estate company excluded, the interest-bearing liabilities totalled EUR 27.4 million and the net interest-bearing debt to 12-month EBITDA ratio excluding the Vuosaari real estate company was 2.4.

The balance sheet total was EUR 103.8 million, and the equity ratio was 30.3%.

CAPITAL EXPENDITURE

The Group's gross capital expenditure during the review period amounted to EUR 0.5 million (EUR 0.1 million), accounting for 0.8% of net sales. Depreciation totalled EUR 2.1 million (EUR 1.4 million), or 3.8% (2.0%) of net sales.

GROUP STRUCTURE

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%), Kiinteistö Oy Kotkan Siikasaarentie 78 (100%), Kiinteistö Oy Luumäen Suoanttilantie 101 (100%), Kiinteistö Oy Vainikkalan Huolintatie 13 (100%), North Rail Holding Oy (79.8%), North Rail Oy (former Operail Finland Oy, 79.8%), Kiinteistö Oy Helsingin Satamakaari 24 (51%), Pelkolan Terminaali Oy (20%), OOO Nurminen Logistics (100%), Nurminen Maritime Latvia SIA (51%), UAB Nurminen Maritime (51%).

PERSONNEL

At the end of the review period, the Group had 195 employees, compared with 137 on 30 June 2022. The number of employees working abroad was 38 (34 on 30 June 2022). Personnel expenses for the review period totalled EUR 5.9 million (2022: EUR 3.9 million).

MANAGEMENT TEAM 30 JUNE 2023

On 30 June 2023, Nurminen Logistics' Management Team consisted of the following members: Olli Pohjanvirta, President and CEO, Iiris Pohjanpalo, CFO, Joonas Louho, VP Cargo, Suvi Kulmala, VP HR and Marjut Linnajärvi, VP Sales, appointed as a member of the Management Team as of 6 March 2023.

COO Tuomas Kansikas left the company on 6 March 2023. Interim CFO Kai Simberg served on the Management Team until 11 May 2023, when CFO Iiris Pohjanpalo returned from family leave.

SHARES AND SHAREHOLDERS

The trading volume of Nurminen Logistics Plc's shares was 5,792,485 during the period from 1 January to 30 June 2023, representing 7.4% of the total number of shares. The value of the turnover was EUR 5.6 million. The lowest price during the review period was EUR 0.60 per share and the highest EUR 1.22 per share. The closing price for the period was EUR 0.97 per share and the market value of the entire share capital was EUR 76,071,011 at the end of the period.

At the end of the review period, the company had 4,892 (4,599) shareholders. The holdings of the ten largest shareholders of the company are presented in the tables section.

At the end of the review period, the company had 78,101,654 shares. On 30 June 2023, the company held 65,262 of its own shares, corresponding to 0.08% of votes.

MANAGEMENT TRANSACTIONS

On 8 February 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 119,047 shares at the unit price of EUR 0.84 and 119,047 shares at the unit price of 0.84 and on 14 February 2023, the subscription notification of Juha Nurminen's related party Antti Nurminen concerning 119,047 shares at the unit price of EUR 0.

On 14 February 2023, Nurminen Logistics Plc announced the transfer notifications of President and CEO and Board member Olli Pohjanvirta concerning a total of 14,700 shares at the unit price of EUR 0 and the subscription notification of Olli Pohjanvirta's related parties Ilmari Pohjanvirta concerning 4,900 shares and Aurora Pohjanvirta concerning 4,900 shares at the unit price of EUR 0.

On 17 May 2023, Nurminen Logistics Plc announced Board member Juha Nurminen's transfer notification concerning 72,289 shares at the unit price of EUR 0.

On 12 June 2023, Nurminen Logistics Plc announced the subscription notification of President and CEO and Board member Olli Pohjanvirta concerning 200,000 shares at a unit price of EUR 1.078.

On 15 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 13,504 shares at an average price of EUR 1,068, 540 shares at an average price of EUR 1,075 and 433 shares at an average price of EUR 1.06, 4,726 shares at an average price of EUR 1,079, 1,580 shares at an average price of EUR 1,074, 450 shares at an average price of EUR 1,075, 1,403 shares at an average price of EUR 1.08 and 5,000 shares at an average price of EUR 1.08.

On 19 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 9,040 shares at an average price of EUR 1.069, 989 shares at an average price of EUR 1.064, 12 shares at an average price of EUR 1.07 and 2,650 shares at an average price of EUR 1.071.

On 20 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 16,508 shares at an average price of EUR 1.065 and 3,112 shares at an average price of EUR 1.072.

On 20 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 19,819 shares at an average price of EUR 1.051, 1,005 shares at an average price of EUR 1.059 and 498 shares at an average price of EUR 1.053.

On 21 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 9,979 shares at an average price of EUR 1.069, 88 shares at an average price of EUR 1.063 and 447 shares at an average price of EUR 1.07.

On 26 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 22,396 shares at an average price of EUR 1.038, 1,061 shares at an average price of EUR 1.044 and 40 shares at an average price of EUR 1.05.

On 27 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 11,803 shares at an average price of EUR 1.014, 624 shares at an average price of EUR 1.017 and 4,472 shares at an average price of EUR 1.026.

On 29 June 2023, Nurminen Logistics Plc announced the transfer notification of Board member Juha Nurminen concerning 9,112 shares at an average price of EUR 1.012 and 1,707 shares at an average price of EUR 1.001.

FLAGGING NOTIFICATIONS

There were no flagging notifications during the review period.

All notifications have been disclosed as stock exchange releases and they are available on Nurminen Logistics' website at www.nurminenlogistics.com.

DECISIONS MADE BY THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Nurminen Logistics Plc took place in Helsinki on 12 April 2023.

The General Meeting confirmed the company's financial statements, reviewed the remuneration report of the administrative organs and discharged the Board of Directors and the President and CEO from liability for the financial year 1 January–31 December 2022.

In accordance with the proposal by the Board of Directors, the General Meeting decided that the profit from the financial period ending on 31 December 2022 will be transferred to retained earnings. In addition, the General Meeting decided to authorise the Board of Directors to decide at their discretion on the repayment of equity from the reserve for invested unrestricted equity, at most EUR 1.0 million, if the company's financial position allows. This authorisation is valid until 31 December 2023.

The General Meeting resolved that the Board of Directors is composed of five members. The General Meeting re-elected the following members to the Board of Directors: Irmeli Rytönen, Olli Pohjanvirta, Juha Nurminen, Erja Sankari and Karri Koskela.

The General Meeting resolved that for the members of the Board elected at the Annual General Meeting for the term expiring at the close of the Annual General Meeting in 2024, the annual remuneration is paid as follows: annual remuneration of EUR 60,000 for the Chairman of the Board of Directors and EUR 30,000 for the other members of the Board of Directors.

In addition, a meeting fee of EUR 1,500 per meeting for the Board and Board Committee meetings is paid to the Chairman of the Board of Directors, and EUR 1,000 to the other members of the Board per meeting of the Board and Board Committee. 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 of shares received as annual remuneration before a period of three (3) years has elapsed from receiving shares.

The Annual General Meeting resolved to amend article 9 of the Articles of Association to enable holding a general meeting completely without a meeting venue as a so-called remote meeting.

The Annual General Meeting authorised the Board to decide on the issue 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 7,700,000 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 issue with or without payment. The authorisation for deciding on a share issue without payment also includes 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 held by 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 issues and the issues of special rights. The authorisation entitles the Board of Directors to decide on share issues, issues 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 issues and/or issue of special rights.

The authorisation remains valid until the end of the Annual General Meeting of 2024, yet no longer than until 30 June 2024. The authorisation revokes any previous share issue authorisations currently valid.

Ernst & Young Oy was elected the auditor of the company for the term ending at the close of the Annual General Meeting 2024.

A separate stock exchange release on the decisions of the Annual General Meeting has been published, and the updated information on the authorisations of the Board of Directors and other decisions of the Annual General Meeting are also available on the company's website at www.nurminenlogistics.com/sijoittajille.

DIVIDEND POLICY

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

OTHER EVENTS DURING THE REVIEW PERIOD

On 29 June 2023, Nurminen Logistics announced the decision of the company's Board of Directors to, pursuant to the authorisation granted to it by the Annual General Meeting held on 12 April 2023, to issue 26,201 new shares in the Company to the Company itself without consideration in accordance with chapter 9, section 20 of the Finnish Companies Act (624/2006, as amended). The shares and the 65,262 shares held by the company were used to pay remuneration to the Board of Directors. The shares were registered in the Finnish Trade Register on 24 July 2023. The total number of the Company's shares after the share issue is 78,127,855 shares. Following the transfer, the company does hold any of its own shares.

Nurminen Logistics Plc announced on 15 June 2023 that it had agreed on an amendment to the loan programme regarding the loan granted by Ilmarinen Mutual Pension Insurance Company maturing on 18 June 2023. According to the agreement, the last repayment of the remaining loan of EUR 6.1 million at the end of June 2023 will fall due on 30 September 2024.

On 14 June 2023, Nurminen Logistics Plc announced that CFO Iiris Pohjanpalo had resigned and is joining another employer, as well as the appointment of Kai Simberg, M.Sc. (Econ.), as CFO and member of the Management Team as of 3 August 2023.

Nurminen Logistics Plc announced on 14 February 2023 that North Rail Holding Oy, a subsidiary of Nurminen Logistics, and Operail Holding OÜ had completed the share transaction announced on 13 January 2023, and that Operail Finland Oy had become wholly-owned by North Rail Holding Oy on 14 February 2023. After the purchase, Nurminen Logistics Plc's holding in North Rail Holding Oy is 79.8%.

EVENTS AFTER THE REVIEW PERIOD

No significant events occurred after the review period.

Next financial release

Nurminen Logistics will announce the release date of the Financial Statement and other dates for releasing financial information during 2024 in December 2023.

Disclaimer

Certain statements in this bulletin are forward-looking and are based on the management's current views. Due to their nature, they involve risks and uncertainties and are susceptible to changes in the general economic or industry conditions.

Nurminen Logistics Plc

Board of Directors

For more information, please contact: Olli Pohjanvirta, President and CEO, tel. +358 40 900 6977

DISTRIBUTION

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Major media

www.nurminenlogistics.com

Nurminen Logistics is a Finnish listed company founded in 1886 that offers high-quality railway transport and terminal and multimodal solutions between Asia and Europe, in the Nordic countries and in the Baltic countries.

TABLES SECTION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
EUR 1,000	1-6/2023	1-6/2022	1-12/2022
NET SALES	56,707	71,738	122,511
Other operating income	12	39	93
Use of materials and supplies	-35,237	-59,874	-99,904
Employee benefit expenses	-5,864	-3,913	-8,262
Depreciation, amortisation and impairment losses	-2,146	-1,400	-2,813
Other operating expenses	-4,541	-4,189	-8,217
OPERATING PROFIT	8,933	2,402	3,408
Financial income	207	346	809
Financial expenses	-2,025	-958	-2,294
Share of profit of equity-accounted investees	-2	3	2
Total financial income and expenses and share of profit of equity-accounted investees	-1,820	-609	-1,483
RESULT BEFORE INCOME TAX	7,113	1,794	1,925
Income taxes	-1,080	-26	-453
RESULT FOR THE PERIOD	6,033	1,767	1,472
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement of defined benefit schemes	-53		-53
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences	-11	-13	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,969	1,754	1,422
Result attributable to			
Equity holders of the parent company	3,174	900	-1,041
Non-controlling interest	2,859	867	2,513
Total comprehensive income attributable to			
Equity holders of the parent company	3,111	887	-1,092
Non-controlling interest	2,859	867	2,513
Earnings per share calculated from result attributable to equity holders of the parent company			
Earnings per share, undiluted, EUR	0.04	0.01	-0.01
Earnings per share, diluted, EUR	0.04	0.01	-0.01

Consolidated statement of financial position, IFRS EUR 1,000	30 June 2023	30 June 2022	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	57,801	36,369	35,751
Right-of-use assets	9,647	9,438	9,179
Goodwill	899	899	899
Other intangible assets	1,288	1,050	935
Investments in equity-accounted investees	174	176	176
Non-current receivables	682	292	349
Deferred tax assets	9,377	6,902	6,908
Non-current assets	79,868	55,126	54,196
Current assets			
Inventories	1,236	253	238
Trade and other receivables	13,991	21,044	9,098
Deferred tax assets based on the taxable income for the financial period	138	33	5
Cash and cash equivalents	8,600	7,891	6,141
Current assets	23,966	29,221	15,482
TOTAL ASSETS	103,833	84,348	69,678
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	4,215	4,215	4,215
Share premium reserve	86	86	86
Legal reserve	2,376	2,376	2,376
Reserve for invested unrestricted equity	35,591	36,838	35,591
Translation differences	-17	-21	-6
Retained earnings	-25,932	-28,182	-29,368
Equity attributable to equity holders of the parent company	16,319	15,312	12,894
Non-controlling interests	13,066	9,607	11,252
Total equity	29,385	24,919	24,147
LIABILITIES			
Non-current liabilities			
Other liabilities	76	40	108
Financial liabilities	27,656	16,016	15,568
Lease liabilities	9,212	9,066	8,947
Non-current liabilities	36,944	25,122	24,623
Current liabilities			
Deferred tax liabilities based on the taxable income for the financial period	639	23	41
Financial liabilities	9,638	10,212	10,004
Lease liabilities	818	608	550
Trade payables and other liabilities	26,408	23,463	10,314
Current liabilities, total	37,504	34,307	20,908
Liabilities, total	74,448	59,429	45,531
EQUITY AND LIABILITIES, TOTAL	103,833	84,348	69,678

Consolidated cash flow statement, IFRS			
EUR 1,000	1-6/2023	1-6/2022	1-12/2022
PROFIT/LOSS FOR THE PERIOD	6,033	1,767	1,472
Adjustments	5,183	2,215	4,918
Cash flow before changes in working capital	11,216	3,982	6,390
Changes in working capital	11,905	1,913	802
Financial items and taxes	-2,587	-1,028	-1,960
Cash flow from operating activities	20,534	4,866	5,232
Cash flow from investing activities	-1,226	-411	-774
Cash flow from financing activities	-16,839	-3,590	-5,323
Net increase/decrease in cash and cash equivalents	2,469	864	-866
Cash and cash equivalents at the beginning of the year	6,141	7,003	7,003
Net increase/decrease in cash and cash equivalents	2,469	864	-864
Translation differences of net increase/decrease in cash and cash equivalents	-9	24	4
Cash and cash equivalents at the end of the period	8,600	7,891	6,141

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

EUR 1,000	Share capital	Share premium reserve	Legal reserve	Reserve for invested unrestricted equity	Equity loans	Translation differences	Retained earnings/ loss	Total	Non-controlling interest*	Total equity
1-6/2023										
Equity on 1 Jan 2023	4,215	86	2,376	35,591	0	-6	-29,368	12,894	11,252	24,147
Comprehensive income										
Result for the period							3,174	3,174	2,859	6,033
Other comprehensive income										
Translation differences						-11		-11		-11
Total comprehensive income for the period						-11	3,174	3,163	2,859	6,022
Business transactions with shareholders										
Share remuneration							70	70		70
Other changes							191	191	808	999
Dividend distribution									-1,853	-1,853
Total business transactions with shareholders							262	262	-1,045	-783
Equity on 30 June 2023	4,215	86	2,376	35,591	0	-17	-25,932	16,319	13,066	29,385

*The non-controlling interest is distributed as follows: Kiinteistöosakeyhtiö Satamakaari EUR 8,545 thousand (31 Dec 2022: EUR 8,448 thousand), North Rail subgroup EUR 1,276 thousand (31 Dec 2022: EUR 0 thousand) Nurminen Maritime Latvia SIA EUR 2,188 thousand (31 Dec 2022: EUR 579 thousand) and Nurminen Maritime UAB EUR 1,057 thousand (31 Dec 2022: EUR 580 thousand).

EUR 1,000	Share capital	Share premium reserve	Legal reserve	Reserve for invested unrestricted equity	Equity loans	Translation differences	Retained earnings/ loss	Total	Non-controlling interest**	Total equity
1-6/2022										
Equity on 1 Jan 2022	4,215	86	2,376	36,838	0	-8	-28,386	15,121	10,683	25,804
Comprehensive income										
Result for the period							900	900	867	1,767
Other comprehensive income										
Translation differences						-13		-13		-13
Total comprehensive income for the period						-13	900	887	867	1,754
Business transactions with shareholders										
Share remuneration							60	60		60
Other changes							-16	-16	0	-16
Dividend distribution							-740	-740	-1,944	-2,684
Total business transactions with shareholders							-696	-696	-1,944	-2,640
Equity on 30 June 2022	4,215	86	2,376	36,838	0	-21	-28,182	15,312	9,607	24,919

**The non-controlling interest is distributed as follows: Kiinteistöosakeyhtiö Satamakaari EUR 8,448 thousand (31 Dec 2021: EUR 8,372 thousand), Nurminen Maritime Latvia SIA EUR 579 thousand (31 Dec 2021: EUR 341 thousand) and Nurminen Maritime UAB EUR 580 thousand (31 Dec 2021: EUR 1,970 thousand).

BRIDGE CALCULATION OF COMPARABLE OPERATING PROFIT

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
Operating profit	8,933	2,402	3,408
Non-recurring expenses related to containers and wagons	0	2,237	2,890
Non-recurring expenses related to the Luumäki property	0	0	435
Non-recurring costs related to the acquisition of Operail Finland Oy	297	0	0
Personnel-related restructuring costs	0	0	149
Comparable adjusted operating profit	9,230	4,639	6,882
Key figures	1-6/2023	1-6/2022	1-12/2022
Net sales, EUR 1,000	56,707	71,738	122,511
Change in net sales, %	-21.0%	13.9%	-13.3%
Operating profit (EBIT), EUR 1,000	8,933	2,402	3,408
% of net sales	15.8%	3.3%	2.8%
Result for the financial year, EUR 1,000	6,033	1,767	1,472
% of net sales	10.6%	2.5%	1.2%
Return on equity (ROE), %	22.5%	8.8%	5.9%
Return on investment (ROI), %	10.6%	4.7%	6.9%
Equity ratio, %	30.3%	29.6%	34.7%
Gearing, %	162.5%	112.4%	119.8%
Gearing % excluding IFRS 16	128.0%	73.4%	80.0%
Interest-bearing net debt, EUR 1,000	47,744	28,012	28,928
Interest-bearing net debt excluding IFRS 16, EUR 1,000	37,713	18,337	19,431
Interest-bearing net debt/EBITDA (12 months, rolling)	3.54	2.49	4.65
Cash flow from operating activities, EUR 1,000	20,534	4,866	5,232
Gross investment on fixed assets, EUR 1,000	473	111	422
Average number of employees	189	139	141
Share price development			
Share price at the beginning of the period	0.60	2.01	2.01
Share price at the end of the period	0.97	0.78	0.60
Highest price	1.22	2.07	2.07
Lowest price	0.60	0.77	0.56
Equity per share, EUR	0.21	0.20	0.17
Earnings per share (EPS), EUR, undiluted	0.04	0.01	-0.01
Earnings per share (EPS), EUR, diluted	0.04	0.01	-0.01

CHANGES IN GROUP STRUCTURE

Acquisition of Operail Finland Oy (currently North Rail Oy)

In February, Nurminen Logistics' subsidiary North Rail Holding Oy acquired the share capital of Operail Finland Oy. Nurminen Logistics holds 79.8% of subsidiary North Rail Holding Oy and investors 20.2%. Railcap Oy, a company owned by Nurminen Logistics Plc's CEO and Board Member Olli Pohjanvirta, holds 10.1% of North Rail Holding Oy. The transaction price on a cash and debt free basis was EUR 27.7 million. The purchase price was paid with cash funds.

Based on the preliminary cost calculation, Operail Finland Oy had cash and cash equivalents of EUR 8.7 million, fixed assets of EUR 23.6 million, deferred tax assets of EUR 2.4 million, inventories of EUR 1.1 million, short-term receivables of EUR 4.6 million and short-term liabilities of EUR 4.0 million at the time of the transaction. Based on the preliminary cost calculation, Operail Finland Oy's equity amounted to EUR 9.2 million and its balance sheet total was EUR 40.5 million at the time of the transaction. Operail Finland's net sales for 2022 amounted to EUR 4.2 million, operating result to EUR -1.1 million and result for the financial year to EUR -1.8 million. The average number of personnel was 45 in 2022.

Operail Finland Oy is a railway operator specialising in freight transport. In Finland, the company owns nine powerful General Electric line locomotives fully modified in 2018–2020 and railway yard locomotives, which can transport about 5 million tonnes of rail freight per year in Finland.

The acquisition of Operail Finland Oy supports the development of Nurminen Logistics' railway business in Finland and opens up new cooperation opportunities with Nordic and central European railway operators. In addition, the acquisition of the company will ensure the development of Nurminen Logistics' railway traffic between Finland and Asia in the future. Nurminen Logistics' railway services have a positive impact on the logistics emission reduction targets and the competitiveness of Nordic companies in Asian trade. Operail Finland Oy's railway transport contributes to securing jobs in manufacturing, the service sector and agriculture in Finland, as well as the green transition and critical security of supply, such as food supply. The acquisition will not affect the employment relationships of the acquired company's personnel. The company has operated under the name North Rail Oy since March.

NET SALES AND ACCOUNTING PRINCIPLES

IFRS 15: recognition of sales income when the performance obligation has been satisfied

EUR 1,000	1 Jan–30 Jun 2023	1 Jan–30 Jun 2022
Recognised over time	2,617	2,120
Recognised at a specific time	54,090	69,618
Revenue from contracts with customers	56,707	71,738

Net sales are distributed geographically between Finland and the Baltics.

INFORMATION ON GEOGRAPHICAL AREAS 6/2023

EUR 1,000	Finland	Russia	Baltic countries	Total
Net sales	26,274	0	30,433	56,707
Non-current assets	79,274	21	572	79,868

INFORMATION ON GEOGRAPHICAL AREAS 6/2022

EUR 1,000	Finland	Russia	Baltic countries	Total
Net sales	40,920	1,128	29,691	71,738
Non-current assets	54,775	6	345	55,126

INFORMATION ON MAJOR CUSTOMERS

The Group's income from Kazzinc LTD in January–June 2023 was EUR 5,982 thousand, or 11% of the Group's net sales. The Group did not receive more than ten per cent of the total sales from a single customer in January–June 2022.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment EUR 1,000									
2023	Land and bodies of water	Land and bodies of water, IFRS 16	Buildings	Buildings, IFRS 16	Machinery and equipment	Machinery and equipment, IFRS 16	Other tangible assets	Prepayments and acquisitions in progress	Total
Cost at 1 Jan 2023	247	8,978	47,163	8,081	17,385	1,961	904	203	84,922
Acquisitions					23,615				23,615
Additions			3	157	156	741	2	41	1,100
Transfers between asset categories					41			-41	0
Disposals					-26			203	-228
Cost at 30 Jun 2023	247	8,978	47,166	8,238	41,172	2,702	907	0	109,409
Accumulated depreciation, amortisation and impairment losses 1 Jan 2023		-727	-12,274	-7,720	-17,120	-1,395	-757		-39,993
Depreciation for the period		-153	-790	-53	-732	-224	-18		-1,969
Accumulated depreciation, amortisation and impairment losses 30 Jun 2023		-880	-13,065	-7,772	-17,851	-1,619	-775		-41,962
Carrying amount at 1 Jan 2023	247	8,251	34,889	361	265	566	147	203	44,929
Carrying amount at 30 Jun 2023	247	8,098	34,102	466	23,320	1,083	132	0	67,448

Kiinteistö Oy Helsingin Satamakaari 24 was consolidated into the Group in accordance with IAS 16 Property, Plant and Equipment.

Property, plant and equipment EUR 1,000									
2022	Land and bodies of water	Land and bodies of water, IFRS 16	Buildings	Buildings, IFRS 16	Machinery and equipment	Machinery and equipment, IFRS 16	Other tangible assets	Prepayments and acquisitions in progress	Total
Cost at 1 Jan 2022	247	8,978	47,163	8,032	17,275	1,780	881	106	84,462
Additions					45	107	2	61	216
Transfers between asset categories						34		-56	-22
Disposals									0
Cost at 30 Jun 2022	247	8,978	47,163	8,032	17,321	1,921	883	111	84,656
Accumulated depreciation, amortisation and impairment losses 1 Jan 2022		-422	-10,673	-7,632	-17,120	-1,062	-723		-37,631
Depreciation for the period		-153	-800	-39	-25	-187	-17		-1,221
Accumulated depreciation, amortisation and impairment losses 30 Jun 2022		-574	-11,474	-7,671	-17,145	-1,248	-740		-38,852
Carrying amount at 1 Jan 2022	247	8,556	36,490	401	156	718	158	106	46,831
Carrying amount at 30 Jun 2022	247	8,404	35,689	361	178	672	144	111	45,807

Kiinteistö Oy Helsingin Satamakaari 24 was consolidated into the Group in accordance with IAS 16 Property, Plant and Equipment.

TANGIBLE ASSETS ACQUIRED WITH LEASES

In consolidated statement of comprehensive income		
EUR 1,000	1–6/2023	1–6/2022
Payments for short-term or low value leases	1,397	2,653
Depreciation, amortisation and impairment losses	429	379
Operating profit	1,826	3,032
Financial expenses	159	152
Profit for the financial period	1,985	3,184

Payments for short-term or low value leases include container rents of EUR 477 thousand (1–6/2022: EUR 1,956 thousand), included in Use of materials and supplies on the income statement.

In consolidated statement of financial position				
EUR 1,000				
Assets 2023	Land and bodies of water	Buildings	Machinery and equipment	Total fixed assets
Cost at 1 January	8,978	8,081	1,961	19,021
Additions		157	741	897
Cost at 30 June	8,978	8,238	2,702	19,918
Accumulated depreciation at 1 January	-727	-7,720	-1,396	-9,842
Depreciation for the period	-153	-53	-224	-429
Accumulated depreciation at 30 June	-880	-7,772	-1,619	-10,271
Carrying amount at 1 Jan 2023	8,251	362	566	9,179
Carrying amount at 30 Jun 2023	8,098	466	1,083	9,647

In consolidated statement of financial position				
EUR 1,000				
Assets 2022	Land and bodies of water	Buildings	Machinery and equipment	Total fixed assets
Cost at 1 January	8,978	8,032	1,780	18,790
Additions			107	107
Transfers between asset categories			34	34
Cost at 30 June	8,978	8,032	1,921	18,931
Accumulated depreciation at 1 January	-422	-7,632	-1,062	-9,115
Depreciation for the period	-153	-39	-187	-379
Accumulated depreciation at 30 June	-574	-7,671	-1,248	-9,494
Carrying amount at 1 Jan 2022	8,556	401	718	9,675
Carrying amount at 30 Jun 2022	8,404	361	672	9,438

In consolidated statement of financial position

EUR 1,000

Liabilities	1-6/2023	1-6/2022
1 January	9,497	9,887
Additions	886	107
Disposals	-352	-320
30 June	10,031	9,674

	30 June 2023	30 June 2022
Non-current lease liabilities	9,212	9,066
Current lease liabilities	818	608
Total	10,031	9,674

Items presented in group cash flow statement

EUR 1,000

	1-6/2023	1-6/2022
Interest expenses on lease liabilities in Net cash flow from operating activities	-159	-152
Repayment of lease liabilities in Cash flow from financing activities	-352	-320
Total	-512	-472

Intangible assets					
EUR 1,000					
2023	Goodwill	Intangible rights	Other intangible assets	Advance payments	Total
Cost at 1 Jan 2023	6,171	863	5,669	0	12,703
Acquisitions			81		81
Additions		1	165	311	476
Disposals				-29	-29
Cost at 30 Jun 2023	6,171	864	5,915	282	13,231
Accumulated depreciation, amortisation and impairment losses 1 Jan 2023	-5,271	-839	-4,759	0	-10,869
Depreciation for the period		-3	-173		-176
Accumulated depreciation, amortisation and impairment losses 30 Jun 2023	-5,271	-842	-4,932	0	-11,045
Carrying amount at 1 Jan 2023	899	24	910	0	1,834
Carrying amount at 30 Jun 2023	899	22	983	282	2,187

Intangible assets					
EUR 1,000					
2022	Goodwill	Intangible rights	Other intangible assets	Advance payments	Total
Cost at 1 Jan 2022	6,171	838	5,597	0	12,606
Additions		20	3		22
Transfers between asset categories			22		22
Cost at 30 Jun 2022	6,171	857	5,622	0	12,650
Accumulated depreciation, amortisation and impairment losses 1 Jan 2022	-5,271	-836	-4,415	0	-10,522
Depreciation for the period		-1	-178		-178
Accumulated depreciation for disposals and transfers	-5,271	-836	-4,592		-10,700
Accumulated depreciation, amortisation and impairment losses 30 Jun 2022				0	
Carrying amount at 1 Jan 2022	899	2	1,183	0	2,084
Carrying amount at 30 Jun 2022	899	21	1,030	0	1,950

DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred taxes during 2023					
EUR 1,000	1 Jan 2023	Recognised in the income statement	Recognised in the balance sheet	Translation differences	30 June 2023
Deferred tax assets:					
Losses of Group companies from previous financial years	6,672				6,672
Loans	1,851	-69	172		1,954
From pension provisions	11	-1			10
Intangible and tangible assets	177	7	2,443	9	2,636
Total	8,711	-63	2,615	9	11,272
Netting of deferred taxes	-1,803				-1,895
Deferred tax assets net	6,908	-63	2,615	9	9,377
Deferred tax liabilities:					
Tangible assets	1,804	-80	172		1,895
Total	1,804	-80	172	0	1,895
Netting of deferred taxes	-1,803				-1,895
Deferred tax liabilities net	0	-80	172	0	0

The retained earnings of the Latvian subsidiary are EUR 4,287 thousand. Deferred tax liabilities have not been recognised because no profit will be distributed in the foreseeable future. Were the profits distributed in full as dividends, the tax impact would be EUR 857 thousand.

Movements in deferred taxes during 2022					
EUR 1,000	1 Jan 2022	Recognised in the income statement	Recognised in the balance sheet	Translation differences	30 June 2022
Deferred tax assets:					
Confirmed losses	6,617	121			6,738
Loans	1,943	-62			1,882
Timing differences		20		5	25
Intangible and tangible assets	88	41			129
Total	8,649	121		5	8,775
Netting of deferred taxes	-1,921				-1,873
Deferred tax assets net	6,728	121	0	5	6,902
Deferred tax liabilities:					
Timing differences		19		5	24
Tangible assets	1,921	-72			1,849
Total	1,921	-53		5	1,873
Netting of deferred taxes	-1,921				-1,873
Deferred tax liabilities net	0	-53	0	5	0

DEFERRED TAXES

EUR 1,000	30 June 2023	30 June 2022	31 December 2022
Confirmed losses of Group companies for which no deferred tax assets have been recognised. The confirmed losses will expire in 2022–2030 or later.	14,783	11,450	14,783
Off-balance sheet deferred tax assets from losses in prior periods	2,957	2,290	2,957

The deferred tax assets include an item of EUR 6,672 thousand associated with unused tax losses of Nurminen Logistics Plc and Nurminen Logistics Services Oy. The measures taken in 2022 to reduce the railway business container position and reallocate the resources were the consequence of the war in Ukraine, and they burdened the result in the form of non-recurring expenses totalling EUR 3.5 million. As a result, Nurminen Logistics Services Oy's result for 2022 was at a loss. Measures taken in 2022 to lighten the cost structure, together with the acquisition of Operail Finland Oy, facilitate positive development of the operating result starting from 2023. The company's management assesses based on the strategy figures and comprehensive supplementary materials that the deferred tax assets recorded in the consolidated statement of financial position will likely be used, and according to the management's estimate, the recognised deferred tax assets will be used by the end of 2026. In addition, the management estimates that the deferred tax assets not recognised in the balance sheet will be used by the end of 2027.

SHARE-BASED PAYMENTS

According to the resolution of the Annual General Meeting, 50 per cent of the annual remuneration of the members of the Board will be paid in the company's shares in 2023. The share of Board members' share remuneration recognised as an expense in the income statement was EUR 52.5 thousand.

In 2022, 50 per cent of the annual remuneration of the members of the Board was paid in the company's shares. The share of Board members' share remuneration recognised as an expense in the income statement was EUR 60 thousand.

OTHER LEASES

The Group as the lessee

Lease liabilities for off-balance sheet leases where the value of the asset group is insignificant or short-term:

In accordance with the IFRS 16 standard, leases are recognised as fixed assets and lease liabilities in the consolidated balance sheet. Nurminen Logistics' other leases mainly consist of different kinds of ICT equipment, office automation equipment, vehicles and smaller office premises.

EUR 1,000	30 June 2023	30 June 2022	31 December 2022
Less than one year	888	361	363
Between one year and five years	13,316	103	107
Total	14,204	464	470

OTHER COMMITMENTS AND CONTINGENT LIABILITIES

Contingencies and commitments			
EUR 1,000	30 June 2023	30 June 2022	31 December 2022
Liabilities and contingent liabilities secured by corporate mortgages and pledges			
Loans from financial institutions	44,763	25,915	25,106
Customs duties and other guarantees	8,624	5,801	3,794
Interest-bearing accounts for which business mortgages have been given and subsidiary shares pledged			
Credit limit	3,000	3,000	3,000
Unused credit	1,934	2,739	2,534
Pledges given on own behalf			
Book value of pledged subsidiary shares	43,766	43,766	43,766
Mortgages given on own behalf			
Company mortgages	25,500	25,500	25,500
Real estate mortgages	25,000	25,125	25,125

LEASE GUARANTEES FOR LEASES NOT ENTERED INTO THE BALANCE SHEET

The Group as lessor			
EUR 1,000	30 June 2023	30 June 2022	31 December 2022
Deposit guarantee from 1 April 2021 to 1 April 2023 Rental security Kiinteistö Oy Luumäen Suoanttilantie 101 The lease agreement was terminated in January 2022.	599	599	599

LEGAL PROCEEDINGS

The lease agreement related to the Luumäki property was terminated in January 2022. The tenant has disputed the agreement and has filed an application for a summons with the Helsinki district court in January 2022.

According to the management's assessment, the application for a summons is unfounded. The company does not consider the application to be successful, and, according to the management's view, the trial will probably have a positive outcome. The lawsuit has no significant impact on the Group's financial position.

RELATED PARTY TRANSACTIONS

The company's 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.

Related party transactions EUR 1,000	1-6/2023	1-6/2022	1-12/2022
Sales	4	3	18
Purchases	3	84	1,208
Current receivables	1	1	8
Current liabilities	2	9	0

The related party management's transactions are described in the first part of the review. All notifications have been disclosed as stock exchange releases and they are available on Nurminen Logistics' website at www.nurminenlogistics.com.

Ten largest shareholders 30 June 2023	Number of shares and votes	Share, %
Suka Invest Oy	12,635,655	16.18
Ilmarinen Mutual Pension Insurance Company	11,655,795	14.92
K. Hartwall Invest Oy Ab	7,947,149	10.18
Nurminen Juha Matti	6,197,664	7.94
Avant Tecno Oy	5,739,375	7.35
JN Uljas Oy	3,088,208	3.95
Railcap Oy	2,910,574	3.73
Verman Holding Oy	2,524,297	3.23
Relander Pär-Gustaf	1,757,686	2.25
Cyberdyne Invest Oy	1,735,454	2.22
Total	56,191,857	71.95

ACCOUNTING PRINCIPLES

The half-year financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies applied are consistent with those applied in the consolidated financial statements for 2022. The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities, contingent assets and liabilities and the recognition of income and expenses.

The COVID-19 pandemic has caused Nurminen Logistics to review the estimates and assumptions used in the preparation of the half year financial report. The impact of the COVID-19 pandemic on estimates in the financial reporting is based on management's best judgement. The effects of the COVID-19 pandemic have not deteriorated the company's estimates and there are no indications of impairment of assets. The full financial impact of the COVID-19 outbreak cannot be quantified at this time, as it will depend on the duration and severity of the pandemic and the pace of recovery from it, as well as on the effectiveness of government actions in different geographical areas.

The interim report has not been audited.

TABLES AND CALCULATION FORMULAS FOR INDICATORS

All figures are rounded, so the sums of individual figures may differ from the reported sum. The key performance indicators have been calculated using exact values.

CALCULATION PRINCIPLES FOR INDICATORS

Return on equity (ROE), %	=	$\frac{\text{Result for the period}}{\text{Equity (average of beginning and end of financial year)}} \times 100$
Capital employed	=	Balance sheet total – non-interest-bearing liabilities
Return on investment (ROI), %	=	$\frac{\text{Result for the year before taxes + interests and other financial expenses}}{\text{Capital employed (average of beginning and end of financial year)}} \times 100$
Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$
Gearing (%)	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}} \times 100$
Gearing (%) excluding IFRS 16	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity – depreciation, lease expenses and financial expenses recognised in income statements according to IFRS 16}} \times 100$
Interest-bearing net debt	=	Interest-bearing liabilities – long-term interest bearing receivables – cash and cash equivalents
Interest-bearing net debt excluding IFRS 16	=	Interest-bearing liabilities excluding IFRS 16 – long-term interest bearing receivables – cash and cash equivalents
Interest-bearing net debt/EBITDA (12 months, rolling)	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{EBITDA (12 months, rolling)}}$
Earnings per share (EPS)	=	$\frac{\text{Result attributable to equity holders of the parent company}}{\text{Weighted average number of outstanding ordinary shares}}$
Equity per share	=	$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Undiluted number of shares outstanding at the end of the financial year}}$
Interest-bearing net debt / EBITDA excluding the Vuosaari real estate company	=	$\frac{\text{(Interest-bearing debt excluding the debt of the Vuosaari real estate company – cash and cash equivalents excluding the Vuosaari real estate property's share)}}{\text{EBITDA (rolling, 12 months) excluding EBITDA of the Vuosaari real estate company (rolling, 12 months)}}$
Net sales per employee	=	$\frac{\text{Net sales}}{\text{Average number of employees}}$

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