

**Financial statement
release 2020**



Nurminen Logistics ▶▶▶

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Net sales increased from the previous year and result improved.

KEY FIGURES 1.7.–31.12.2020	1.1.–31.12. 2020	1.1.–31.12. 2019
MEUR		
Net sales	80.7	69.3
Operating result	-0.2	-8.5
Operating result-%	-0.3 %	-12.3 %
Result for the year	-2.8	-11.4
Earnings per share (€)	-0.09	-0.29
Cash flow from operating activities	3.5	0.5

KEY FIGURES 1.7.–31.12.2020	1.7.–31.12. 2020	1.7.–31.12. 2019
MEUR		
Net sales	44.2	34.9
Operating result	0.3	-6.8
Operating result-%	0.7 %	-19.5 %
Result for the period	-1.2	-8.3
Cash flow from operating activities	0.1	0.3

Olli Pohjanvirta, President and CEO:

The second half of the year was a time of positive development for the company, in spite of the challenges caused by COVID-19 pandemic. The company's net sales increased by 27% or EUR 9,4 million on the reference period 2019 and H2 operating result improved clearly compared to H1, amounting to EUR +0.3 million, and EUR +0.9 million excluding non-recurring costs. The development was favourable in all business groups. The development was particularly good in the freight train to China product, which lays down good preconditions for profitable growth in the future as well.

Towards the end of the review period, we succeeded in implementing significant cuts to fixed costs, arranging competitive bidding for outsourced services and trim unprofitable locations. The acquisition of the Vuosaari property succeeded with a share issue, and the company now operates in premises that it owns. This significantly decreased the lease liabilities related to IFRS 16 on the company's balance sheet, and valuable properties now act as counterparts on the balance sheet liabilities. The company's balance sheet and expenditure structure were restructured during H2, while the company's net sales and profitability improved. Thanks to all of our personnel for this.

Our service level improved during H2 in all business groups: we were able to offer our customers train services with containers in the prevailing difficult container situations, and our operations developed well in our special terminals, the Kotka chemical hall and Vuosaari heavy goods handling hall. Among forest industry customers, the favourable export development in cardboard was positively visible towards the end of the review period. Our forwarding business and Baltic operations remained at a good level.

We managed to get the company to develop well in railway and forwarding business operations, in which the scaling opportunities

are significant thanks to digitisation and good partnership networks. The company's digitisation is promoted by the use of robotics and automation of booking platforms, which we have begun.

Significant growth in the international clientele was particularly important, reducing our country risk in Finland and facilitating even rapid growth. Further development of our business in China looks good. We have agreed on opening new routes during Q1 2021 with several provinces. Our four new destinations in China increase the geographical coverage of our network to a very good level. Thanks to this, we can extensively serve our clientele across China, while reducing the significance of the development of a single Chinese area in our business.

CO2 emissions in rail traffic, deployment of digitisation in logistics, requirement for fast delivery of goods in supply chain planning and e-commerce as well as growth in the Asian economies will support the future development of our business operations.

The company will continue strong investments in rail traffic between Europe and Asia and digital production processes and launch a new outsourcing service concept during H1 2021. When the COVID-19 pandemic eases, the company will be able to rapidly increase its capacity and respond with new launches in China, such as refrigerated transport of foodstuffs.

Based on the start of the year 2021, the company's development will continue well, and the company estimates that net sales will increase and operating result will improve clearly on 2020.

Market situation during the review period

The general market situation remained weak in Finland in 2020, with foreign trade volumes decreasing substantially. Finland's trade with China remaining at a good level had a positive impact on the operations of Nurminen Logistics. This was supported by the importance given to CO2 values and significant container issues in maritime traffic. Thanks to reliability and our good operational capability, the transport volumes of the freight train to China product continued to grow, even though rail traffic between China and Europe had general operational challenges, mainly relating to additional border inspections due to the Covid-19 epidemic.

The economic climate in Finland remained challenging during the second half of the year, and the outlook of foreign trade is foggy as the Covid-19 pandemic continues.

Net sales and financial performance 1 January–31 december 2020

EUR 1,000	1–12/2020	1–12/2019
Net sales	80,707	69,340
Operating result	-206	-8,517

Thanks to the operational restructuring measures started in 2019 and growth in the freight train to China business, the result for the financial year 2020 improved significantly. In spite of challenges early in the year, the company succeeded in increasing its net sales, particularly during the second half of the year, and the net sales for 2020, EUR 80.7 million (2019: EUR 69.3 million) increased by 16% year-on-year. The operating result also gradually increased during the financial period and amounted to EUR

-0.2 million. Excluding non-recurring costs, the full-year operating result was EUR +0.4 million. The non-recurring costs were associated with measures to increase efficiency, which will have a positive impact in the form of clearly lower fixed costs in 2021.

Business review 1–12/2020

The net sales of the container train to China business increased in 2020, and growth accelerated towards the end of the year in particular owing to new routes and customers. The strong improvements made in the train business were also visible as a clear improvement of profitability.

The freight forwarding business continued to be profitable throughout the year. Mainly on account of good development in January–June, the full-year net sales increased by 13% compared to previous year.

The development of terminal services improved significantly towards the end of the year. The full-year net sales decreased, but the operating result improved towards the end of the year, albeit being at a loss for the full year.

The offering and real estate arrangement carried out at the end of the year, with the acquisition of a majority holding in the real estate company that owns the terminal property in Vuosaari, Helsinki, will improve the company’s balance sheet structure and liquidity, and significantly lighten the company’s cost structure together with the expiry of the major Kotka terminal lease. This will provide the company with good prerequisites for growth in its main business operations: freight train to China, freight forwarding and terminal services in Vuosaari, Kotka and Vainikkala.

In addition, organisational restructuring carried out in the summer, personnel reductions in the autumn and investments in digitisation will increase operational efficiency and improve the level of service in 2021.

The net sales of the Baltic operations increased, thanks to large deliveries taking place in Latvia late in the year, and profitability was at a good level. Baltic operations account for 56% (55%) of the Group’s net sales.

Tero Vauraste was the company’s President and CEO until 25 May 2020. Olli Pohjanvirta was the company’s interim CEO from 25 May 2020 to 12 November 2020 and President and CEO as of 13 November 2020. Mikko Järvinen, SVP Sales, left the company on 20 May 2020. The company appointed a new operational management team on 11 June 2020 as follows:

- Olga Stepanova, positioned in Moscow, assumed responsibility for the company’s growing China train product, including the operations in St. Petersburg and Shanghai.
- Marjut Linnajärvi, who was in charge of the company’s train to China product, was appointed as VP Sales.
- Joonas Louho assumed responsibility for the accountable business management of the Vuosaari terminal.
- Timo Hyyryläinen assumed responsibility for the accountable business management of the Kotka, Hamina and Vainikkala terminals.

After this, the operational management team was comprised of the Group Management Team members CEO Olli Pohjanvirta, CFO Iiris Pohjanpalo and CIO Petri Luurila, as well as VP Forwarding Jonna Paasonen, the Russian subsidiary’s CEO Olga Stepanova, VP Sales Marjut Linnajärvi, HR Manager Pella Tolonen, Business Manager for Rauma forwarding Antti Koukku, as well as terminal Business Managers Joonas Louho and Timo Hyyryläinen.

Jonna Paasonen was appointed as Chief Development Officer and member of the Group Management Team on 22 September 2020 and Antti Koukku as Vice President, Forwarding.

Net sales and financial result for the second half of the year

EUR 1,000	1–12/2020	1–12/2019
Net sales	44,227	34,870
Operating result	302	-6,808

The H2 net sales were 21% higher than for the first half of the year, mainly on account of the freight train to China business and Baltic companies, and the operating result was EUR +0.3 million in the black. H2 net sales was EUR 44.2 million and increased by 27% compared to the corresponding period in 2019, and the operating result for the period under review was EUR +0.3 million (EUR -6.8 million), and EUR +0.9 million excluding non-recurring costs.

Business review 7–12/2020

The freight train to China business continued its strong growth during the period under review. The strong recovery of China, reduction of the offering of maritime and air freight and increase in prices contributed to the growth in net sales and improvement of profitability.

The net sales of the freight train business for July–December grew strongly. Problems with the availability of containers late in Finland and China late in the year postponed deliveries over the turn of the year and tied up funds in containers. By acquiring containers, we are however able to secure customer deliveries in the future, with the container situation continuing to be challenging.

The growth would have been considerably stronger without the temporary restrictions on transports of foodstuffs due to the COVID-19 situation in autumn 2020.

In the forwarding business, we discontinued serving the low-margin agent network, as a result of which net sales were lower in H2 than in H1, but this made operations healthier. The profitability of business operations continued to be good.

The development of terminal services improved significantly towards the end of the year and operating result improved. The impacts of COVID-19 remained lower than expected.

The net sales of the Baltic operations increased strongly, thanks to large deliveries taking place in Latvia late in the year, and profitability continued at a good level during the period under review.

Covid-19-pandemic

Company’s development has been good, although the COVID-19 situation slowed down the development of the company’s train transport to China business and hindered sales work in both the Nordic countries and China. Restrictions on transports of foodstuffs placed on railways led to the company not being able to fully benefit from its good position as one of the few owners of temperature-controlled containers. In addition, the development of inland China operations is slower than scheduled.

The lifting of these restrictions will have a positive impact on business operations.

Future outlook

Nurminen Logistics estimates that the development of the economy and market will recover after the COVID-19 pandemic and the world economy will begin to grow again in H2 2021. Nurminen Logistics estimates that net sales will increase and operating result will improve clearly in 2021.

Growth in the importance of environmental values to our customers and consumers alike will support the competitiveness of low-emission railway connections to China and their importance to the supply chains of our close-by areas compared to other forms of transport. Container transports by rail are here to stay in transports between Asia and Europe, and they will take a major share of the value of commerce. This is supported by the need for faster turnover of working capital, precise size of consignments, and development of inland China and railway connections.

Changes in trade policy and increasing regulation can increase customers' need for professional forwarding service in international trade.

Short-term risks and uncertainties

World trade weakening from the current situation as a consequence of the pandemic continuing may have a negative impact on the demand for the company's services and thereby result. If Finland's foreign trade decreases, it may have an impact on the demand for services.

The container train to China business that is important to the company has been growing in recent years, but a worsening of the COVID-19 pandemic situation can cause temporary functional difficulties to it due to for example shutdowns of customers' production plants or restrictions on railway traffic border crossing points.

Labour market disruptions can have an impact on our customers' production volumes and thereby their need for services and the functioning of the production chain, especially in ports.

More detailed information about the risk information of the company can be found on the Investors page on Nurminen Logistics' website at <https://www.nurminenlogistics.com/investors/>.

Financial position and balance sheet

Cash flow from operating activities amounted to EUR +3.5 million, in which H1 was EUR +3.4 million and H2 EUR +0.1 million, mainly due to a change in working capital. Cash flow from investing activities was EUR -8.6 million following the acquisition of a majority holding in the real estate company that owns the Vuosaari property. Cash flow from financing activities amounted to EUR +5.5 million, with the EUR 9.3 million raised in the directed offering as the biggest item.

At the end of the review period, cash and cash equivalents amounted to EUR 4.5 million. Cash and cash equivalents attributable to the Baltic operations amount to EUR 3.1 million.

With regard to certain non-current assets available for sale, the sales processes progressed favourably, and we expect progress and completion of transactions during 2021.

The measurement of the assets in the financial statements is based on the going concern assumption and market prices, and the assets do not involve a risk of write-downs in the current situation. The management of the company estimates that the operating cash flow will cover the current business needs and liabilities for the next 12 months.

Current interest-bearing liabilities of the company, a total of EUR 2.4 million, consist of IFRS lease liabilities of EUR 0.6 million and bank loans of EUR 1.8 million. The company's non-current interest-bearing liabilities are EUR 38.8 million, of which EUR 9.8 million is in connection with leases capitalised in accordance with IFRS 16. IFRS lease liabilities total EUR 10.5 million, of which the Vuosaari land lease accounts for EUR 7.0 million. Long-term loans amount to EUR 29.0 million. The loans from Ilmarinen amounting to EUR 13.0 million are due in June 2023, and Kiinteistö Oy Helsingin Satamakaari 24 has taken out from OmaSäästöpankki a 10-year loan in the amount of EUR 17.1 million. The company repaid EUR 0.25 of the hybrid bond to Ilmarinen in December 2020.

The Group's interest-bearing liabilities totalled EUR 41.2 million and the net interest-bearing debt amounted to EUR 36.8 million. The real estate company accounts for EUR 17.1 million of the interest-bearing liabilities. The company has an equity-based hybrid bond from Ilmarinen, amounting to EUR 1.25 million.

The directed offering and real estate arrangement carried out at the end of the year, with the acquisition of a majority holding in the real estate company that owns the terminal property in Vuosaari, Helsinki, significantly improved the company's balance sheet structure and equity ratio. Following the arrangement, the company's equity amounted to EUR 13.8 million at the end of the year, while it was EUR 0.8 million at the end of the previous financial period. The equity ratio improved to 20.9% (1.5%) as a result. The balance sheet total was EUR 66.2 million.

Capital expenditure

The Group's gross capital expenditure during the review period amounted to EUR 8.8 million (EUR 0.7 million), accounting for 10.9 % of net sales. Depreciation totalled EUR 5.0 million (EUR 5.2 million), or 6.2% of net sales. Amortisation of right of use assets associated with IFRS 16 amounted to EUR 4.5 million (EUR 3.9 million).

The biggest individual investment was the acquisition of the majority holding in the real estate company that owns the Vuosaari terminal property for a purchase price of EUR 8.7 million.

Group structure

Nurminen Logistics Plc acquired a majority holding in Kiinteistö Oy Helsingin Satamakaari 24, the real estate company that owns the terminal property in Vuosaari, Helsinki, in a transaction completed on 31 December 2020.

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%), Kiinteistö Oy Helsingin Satamakaari 24 (51%), NR Rail Oy (51%), Pelkolan Terminaali Oy (20%), OOO Nurminen Logistics (100%), Nurminen Maritime Latvia SIA (51%), UAB Nurminen Maritime (51%). The Estonian company Nurminen Maritime Estonia AS was dissolved during 2020.

Personnel

At the end of the review period, the Group had 150 employees, compared with 176 on 31 December 2019. The number of employees working abroad was 31.

Personnel expenses in 2020 totalled EUR 8.4 million (EUR 9.2 million).

Changes in the management team

On 31 December 2020, Nurminen Logistics' Group Management Team consisted of the following members: Olli Pohjanvirta, CEO, Iiris Pohjanpalo, CFO, Jonna Paasonen, CDO and Petri Luurila, CIO. In addition, the Management Team included Tero Vauraste (former President and CEO) from 1 January to 25 May 2020 and Mikko Järvinen from 1 January to 20 May 2020.

Management transactions

On 4 May 2020, the company announced former CEO Tero Vauraste's subscription notification concerning 120,000 shares at a unit price of EUR 0.24.

On 5 October 2020, the company announced the remuneration in shares for the Board of Directors. Juha Nurminen, member of the Board of Directors subscribed for 23,923 shares, Jukka Nurminen, member of the Board of Directors subscribed for 23,923 shares, Irmeli Rytönen, member of the Board of Directors subscribed for 23,923 shares, Olli Pohjanvirta, the Chair of the Board of Directors subscribed for 47,847 shares and Alexey Grom, member of the Board of Directors subscribed for 23,923 shares.

The shares subscribed for by members of the Board of Directors in the December offering are reported under Shares and shareholders.

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 74,212,667 and the registered share capital is EUR 4,214,521. The company has one share class and all the shares carry equal rights in the company. The company name was Kasola Plc until 31 December 2007. The company was listed on the Helsinki Stock Exchange in 1987.

During 2020, the company carried out three share issues as follows:

- A directed share issue of to the CEO Tero Vauraste in April, in which the CEO subscribed for 120,000 shares at a subscription price of EUR 0.24 per share. There was a weighty financial reason for the company to deviate from the pre-emptive subscription right of the shareholders, as the share issue was part of the execution of the CEO's long-term incentive plan. The subscription price was determined based on the market value of the share. The subscription price was recorded in full to the company's reserve for invested unrestricted equity.
- A share issue to the company itself without consideration in September, with the 143,539 shares issued used for the payment of the remuneration of the Board members.
- A directed share issue to domestic investors, some of whom were the company's existing shareholders and members of the company's Board of Directors, in December. The proceeds from the directed offering were used to finance the acquisition of a majority holding in the real estate company that owns the terminal property in Vuosaari, Helsinki. In the aggregate, the investors subscribed for 29,344,954 new shares at a subscription price of EUR 0.31692 per share. There was a weighty financial reason for the company to deviate from the pre-emptive subscription right of the shareholders, as the share issue best served the interests of the company and all shareholders and made the above real estate transaction possible. The subscription price was EUR 0.31692 per share, which corresponded to the volume-weighted average trading price of the company's shares during the 180-day period that ended on 11 November 2020. The subscription price

was recorded in full to the company's reserve for invested unrestricted equity. Members of the Board of Directors who are considered to be related parties subscribed for company shares directly and through companies under their control as follows: Juha Nurminen 946,612 shares, Olli Pohjanvirta 315,538 shares and RusCap Oy (company under Olli Pohjanvirta's control) 946,612 shares, the above in total 2,208,762 shares.

As a result of the December directed offering, the company's shareholder base expanded.

Largest shareholders 31 December 2020

	Number of shares	% of total shares and votes
Suka Invest oy	11,638,098	15.7
Keskinäinen eläke- vakuutusyhtiö Ilmarinen	8,780,000	11.8
K. Hartwall Invest oy ab	7,939,820	10.7
Nurminen Juha Matti	6,652,032	9.0
Avant tecno oy	5,812,920	7.8
Ruscap oy	3,110,574	4.2
JN Uljas Oy	3,049,388	4.1
H. G. Paloheimo oy	2,524,297	3.4
Verman group oy	2,524,297	3.4
Assai oy	2,050,991	2.8
Others	20,130,250	27.1
Total	74,212,667	100.0

Shareholders by type 31 December 2020

	Number of shares	% of total shares and votes
Private companies	39,698,061	53 %
Financial institutions	5,776,781	8 %
Public sector organisations	8,780,000	12 %
Households	18,949,232	26 %
Foreign	222,239	0 %
Non-profit organizations	1,003	0 %
Registered in the name of nominee	785,351	1 %
Total	74,212,667	100 %

The company received the following notifications of major shareholding pursuant to chapter 9, section 5 of the Securities Markets Act:

- Notification on 31 December 2020 from Suka Invest Oy that its holding in the company increased as a result of the December directed offering so that on 31 December 2020, Suka Invest Oy held 15.68 per cent of the shares and votes in the company.
- Notification on 31 December 2020 from K Hartwall Invest Oy Ab that its holding in the company increased as a result of the December directed offering so that on 31 December 2020, K Hartwall Invest Oy Ab held 10.7 per cent of the shares and votes in the company.

- Notification on 4 January 2021 from Juha Nurminen and JN Uljas Oy (company under the control of Juha Nurminen) that their holding in the company was diluted as a result of the December directed offering so that on 31 December 2020, Juha Nurminen held 8.96 per cent of the shares and votes in the company and JN Uljas Oy 4.11 per cent, in the aggregate 13.07 per cent.
- Notification on 7 January 2021 from Ilmarinen Mutual Pension Insurance Company that its holding in the company was diluted as a result of the December directed offering so that on 31 December 2020, Ilmarinen Mutual Pension Insurance Company held 11.83 per cent of the shares and votes in the company and 4.63 per cent of the shares and votes through financial instruments, in the aggregate 16.46 per cent.

The trading volume of Nurminen Logistics Plc's shares was 6,891,409 during the period from 1 January to 31 December 2020, representing 9.3% of the total number of shares. The value of the turnover was EUR 2,204 thousand. The lowest price during the period was EUR 0.20 per share and the highest EUR 0.50 per share. The closing price for the period was EUR 0.45 per share and the market value of the entire share capital was EUR 33 099 thousand at the end of the period and EUR 33 070 thousand excluding own shares. At the end of the 2020 financial year, the company had 1,580 shareholders. At the end of 2019, the number of shareholders stood at 1,320.

At the end of 2020, the company held 65,262 of its own shares, corresponding to 0.09% of shares and votes.

Decisions made by the Annual General Meeting of shareholders

Nurminen Logistics Plc's Annual General Meeting held on 12 June 2020 passed the following decisions:

Adoption of the annual accounts and discharge from liability

The General Meeting adopted the annual accounts and consolidated annual accounts for the financial year 1 January–31 December 2019 and discharged the members of the Board of Directors and the 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–31 December 2019.

Composition and remuneration of the Board of Directors

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: Olli Pohjanvirta, Juha Nurminen, Jukka Nurminen, Alexey Grom and Irmeli Rytkönen.

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 2021, 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 1,500 per meeting for the Board and Board Committee meetings is paid to the Chair of the Board of Directors, EUR 1,000 per meeting to each member of the Board living in Finland and EUR 1,500 per meeting to each 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 Chair of the Board of Directors is granted 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 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 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.

The authorisation is valid until 30 April 2021 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.

Auditor

The Annual General Meeting decided to elect Ernst & Young Oy as the auditor of the company for the term ending at the close of the next Annual General Meeting. Juha Hilmola, 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.

Decisions of the Extraordinary General Meeting

The Extraordinary General Meeting held on 4 December 2020 decided, in accordance with the proposal by the Board of Directors, to authorise the Board of Directors of the Company to decide on a directed share issue as referred to in chapter 9, section 4 of the Finnish Limited Liability Companies Act.

Based on the authorisation, the Board of Directors is entitled to issue, either by one or several resolutions, up to 30,000,000 new shares, which represents approximately 67 per cent of the Company's currently outstanding shares. The directed share issue would be directed to certain Finnish investors, some of whom are current shareholders of the company and members of the Board of Directors of the company.

The Board of Directors decides on all other terms and conditions of the directed share issue, including the subscription price and the criteria for defining the subscription price, however so that the authorisation only allows the Board of Directors to decide on a directed share issue against consideration.

The authorisation is valid until 30 June 2021 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, or the authorisation granted to the Board of Directors by the Annual General Meeting on 12 June 2020 on the issuance of shares as well as the issuance of options and other special rights entitling to shares.

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

The company announced on 17 January 2020 that it will launch employee co-determination procedure within the Finnish subsidiaries in preparation for slowing down of flows of goods due to the labour market situation of manufacturing industries. Temporary lay-offs with a maximum duration of 30 days were prepared for in the procedure. The company announced on 11 February 2020 that it had concluded the co-determination procedure, and that there was no need for temporary lay-offs.

The company announced on 28 January 2020 a directed share issue to the CEO.

The company announced on 11 February 2020 that it had concluded the co-determination procedure, and that there was no need for temporary lay-offs.

The company announced on 6 April 2020 that Jonna Paasonen had been appointed as Vice President, Freight Forwarding and a member of the Group Management Team at Nurminen Logistics Plc.

The company announced on 16 April 2020 that the co-determination procedure in Nurminen Logistics Plc's subsidiary Nurminen Logistics Services Oy had been concluded and that the company will launch a co-determination procedure with the rest of the personnel in Finland.

The company announced on 22 April 2020 that Hannu Leinonen was leaving the Board of Directors of Nurminen Logistics Plc.

The company announced on 22 April 2020 a new directed share issue to the CEO.

The company announced on 4 May 2020 that it had concluded the co-determination procedure with employees working in Finland. The procedure considered temporary lay-offs of all of the staff of the Nurminen Logistics Plc up to 90 days before 31 March 2021.

The company announced on 20 May 2020 that SVP Sales Mikko Järvinen would leave Nurminen Logistics Plc as of 20 May 2020.

The company announced on 24 May 2020 that CEO Tero Vauraste had resigned.

The company announced on 25 May 2020 that the company's Chair of the Board of Directors Olli Pohjanvirta would be appointed as interim CEO of the company.

The company announced on 15 June 2020 that Irmeli Rytönen had been elected as the Chair of the Audit Committee.

The company announced on 18 September 2020 a share issue of 143,539 new shares in the company to the company itself without consideration.

The company announced on 22 September 2020 that Jonna Paasonen had been appointed as Chief Development Officer and Antti Koukku as Vice President, Forwarding at Nurminen Logistics Plc.

The company announced on 2 October 2020 a correction to its stock exchange release published on 1 October 2020 related to the number of shares held by the company.

The company announced on 5 October 2020 a change in the number of shares held by the company.

The company announced on 12 November 2020 that it was planning to implement a directed share issue worth EUR 9.3 million to acquire a majority share in the property company that owns the terminal property in Vuosaari, Helsinki, from Ilmarinen Mutual Pension Insurance Company.

The company announced on 13 November that Olli Pohjanvirta had been appointed as CEO of Nurminen Logistics Plc.

The company announced on 4 December 2020 that the Extraordinary General Meeting held on the same date had authorised the Board of Directors of the Company to decide on a directed share issue as referred to in Chapter 9, Section 4 of the Finnish Companies Act.

The company announced on 7 December 2020 that the Board of Directors of the company had, based on the authorisation granted by the Extraordinary General Meeting held on 4 December 2020, resolved to carry out a directed share issue of approximately EUR 9.3 million to certain domestic investors, some of whom are the Company's existing shareholders and members of the Company's Board of Directors.

The company announced on 16 December 2020 that the company's Board of Directors had approved the subscriptions received in the directed share issue resolved upon by the Board of Directors on 7 December 2020.

The company announced on 18 December 2020 that the company's Board of Directors had resolved to establish a new long-term incentive plan 2021 for CEO of the company.

The company announced on 31 December 2020 that it had completed the property arrangement in which the Company acquired a majority holding in the real estate company that owns the terminal property in Vuosaari, Helsinki, from Ilmarinen Mutual Pension Insurance Company.

Events after the review period

In January, the company announced that it is opening three new train routes from China to Finland. Suzhou, Ningbo, and Jinan are new routes in early 2021.

The company announced on 16 February 2021 that M.Sc. (Econ.) Ari Soimola has been appointed Vice President, Operations and Development of Nurminen Logistics Plc and a management team member as of 8 March 2021 with responsibility for the outsourcing business and its development.

The company announced on 18 February 2021 that it is deploying a container train management system as a forerunner.

During spring 2021, the company will further specify its strategy and define the financial objectives for 2021–2023.

Board of Directors' proposal for profit distribution

Based on the financial statements as at 31 December 2020, the parent company's distributable equity is EUR 25,781,113. The Board of Directors proposes to the Annual General Meeting that no dividend shall be distributed for the financial year 1 January–31 December 2020.

Annual General Meeting 2021

The Annual General Meeting of Nurminen Logistics Plc will take place on Monday, 12 April 2021.

Corporate Governance Statement

The Corporate Governance Statement of Nurminen Logistics Plc will be published on 6 March 2021 on the company's website at <https://www.nurminenlogistics.com/investors/>.

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.

Consolidated Statement of Comprehensive Income

1,000 EUR	1.1.-31.12.2020	1.1.-31.12.2019
NET SALES	80,707	69,340
Other operating income	53	64
Materials and services	-61,380	-50,418
Employee benefit expenses	-8,430	-9,196
Depreciation, amortization and impairment losses	-5,020	-11,044
Other operating expenses	-6,136	-7,262
OPERATING RESULT	-206	-8,517
Financial income	32	12
Financial expenses	-2,261	-2,382
Share of profit in equity-accounted investees	-4	25
Financial income and expenses and share of profit in equity-accounted investees in total	-2,232	-2,346
RESULT BEFORE TAX	-2,438	-10,864
Income taxes	-400	-570
PROFIT / LOSS FOR THE PERIOD	-2,837	-11,433
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences	3	-41
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-2,835	-11,474
Result attributable to		
Equity holders of the parent company	-4,127	-12,903
Non-controlling interest	1,289	1,470
Total comprehensive income attributable to		
Equity holders of the parent company	-4,124	-12,944
Non-controlling interest	1,289	1,470
EPS, Result attributable to equity holders of the parent company		
EPS, undiluted	-0,09	-0,29
EPS, diluted	-0,09	-0,29

Consolidated Statement of Comprehensive Income

1,000 EUR	7-12/2020	7-12/2019
NET SALES	44,227	34,870
Other operating income	40	48
Materials and services	-34,435	-25,218
Employee benefit expenses	-4,048	-4,763
Depreciation, amortization and impairment losses	-2,434	-8,338
Other operating expenses	-3,048	-3,406
OPERATING RESULT	302	-6,808
Financial income	29	7
Financial expenses	-1,270	-1,217
Share of profit in equity-accounted investees	2	9
Financial income and expenses and share of profit in equity-accounted investees in total	-1,239	-1,201
RESULT BEFORE TAX	-937	-8,012
Income taxes	-258	-258
PROFIT / LOSS FOR THE PERIOD	-1,195	-8,269
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences	6	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-1,189	-8,262
Result attributable to		
Equity holders of the parent company	-1,902	-8,975
Non-controlling interest	706	706
Total comprehensive income attributable to		
Equity holders of the parent company	-1,896	-8,968
Non-controlling interest	706	706

Consolidated Balance Sheet

1,000 EUR	31.12.2020	31.12.2019
ASSETS		
Non-current assets		
Property, plant and equipment	37,766	4,728
Right-of-use assets	10,383	31,082
Goodwill	899	899
Other intangible assets	1,675	1,933
Investments in equity-accounted investees	205	209
Receivables	241	244
NON-CURRENT ASSETS	51,169	39,095
Current assets		
Inventories	87	87
Trade and other receivables	9,554	7,955
Cash and cash equivalents	4,471	4,054
Non-current assets held for sale	897	897
CURRENT ASSETS	15,010	12,993
ASSETS TOTAL	66,179	52,088
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent company		
Share capital	4,215	4,215
Share premium account	86	86
Other reserves	37,926	28,808
Translation differences	-3	-6
Retained earnings	-39,494	-35,497
Hybrid bond	1,250	1,500
Equity attributable to equity holders of the parent company	3,980	-894
Non controlling interest	9,833	1,695
EQUITY TOTAL	13,814	802
LIABILITIES		
Non-current liabilities		
Deferred tax liability		24
Other liabilities	159	212
Financial liabilities	28,979	13,041
Liabilities related to leases	9,829	26,859
Non-current liabilities total	38,967	40,136
Current liabilities		
Current tax liabilities	1	237
Financial liabilities	1,785	781
Finance lease liabilities	637	2,321
Liabilities of non-current assets held for sale	73	73
Trade payables and other liabilities	10,903	7,739
Current liabilities total	13,398	11,150
TOTAL LIABILITIES	52 365	51,287
TOTAL EQUITY AND LIABILITIES	66,179	52,088

Consolidated Cash Flow Statement

1,000 EUR	1.1.-31.12.2020	1.1.-31.12.2019
Cash flow before change in working capital	4,937	1,224
Changes in working capital	1,046	1,179
Financing items and taxes	-2,443	-1,945
Cash flow from operating activities	3,540	458
Cash flow from investing activities	-8,593	-81
Cash flow from financing activities	5,491	-7,837
Cash and cash equivalents at the beginning of the year	4,054	11,514
Net increase / decrease in cash and cash equivalents	438	-7,460
Translation differences of net increase / decrease in cash and cash equivalents	-21	
Cash and cash equivalents at the end of the year	4,471	4,054

Consolidated Statement of Changes in Equity, IFRS

1,000 EUR	Equity attributable to equity holders of the parent company									
	Share capital	Share premium reserve	Legal reserve	Reserve for invested un-restricted equity	Hybrid bonds	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
1–12/2020										
Equity on 1 Jan 2020	4,215	86	2,378	26,430	1,500	-6	-35,497	-894	1,695	802
Comprehensive income										
Result for the year							-4,127	-4,127	1,289	-2,837
Other comprehensive income										
Translation differences						3		3		3
Total comprehensive income for the year						3	-4,127	-4,124	1,289	-2,835
Business transactions with shareholders										
Share issue				9,120				9,120		9,120
Interest on hybrid loans after taxes							-48	-48		-48
Share-based payments							60	60		60
Other changes			-2				118	116	8,315	8,431
Dividends									-1,467	-1,467
Total business transactions with shareholders			-2	9,120			130	9,248	6,849	16,097
Change in hybrid bond					-250			-250		-250
Equity on 31 Dec 2020	4,215	86	2,376	35,550	1,250	-3	-39,494	3,980	9,833	13,814

1,000 EUR	Equity attributable to equity holders of the parent company									
	Share capital	Share premium reserve	Legal reserve	Reserve for invested un-restricted equity	Hybrid bonds	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
1–12/2019										
Equity on 1 Jan 2019	4,215	86	2,378	26,430	1,500	35	-22,616	12,028	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						-41	-12,903	-12,944	1,470	-11,474
Business transactions with shareholders										
Interest on hybrid loan after taxes							-48	-48		-48
Share-based payments							70	70		70
Other changes									39	39
Dividends									-937	-937
Total business transactions with shareholders							22	22	-898	-875
Equity on 31 Dec 2019	4,215	86	2,378	26,430	1,500	-6	-35,497	-894	1,695	802

Segment information

IFRS 15: Revenue recognition	1.1.–31.12.2020	1.1.–31.12.2019
Over the Period	3,374	3,292
At one point of time	77,333	66,048
Revenue from customer contracts, Total	80,707	69,340

Net sales were divided geographically between Finland, Russia and the Baltic countries.

Information on geographical areas 2020

1,000 EUR	Finland	Russia	Baltic countries	Total
Net sales	35,008	245	45,454	80,707
Non-current assets	51,082	1	86	51,169

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 major customers

Revenue from Logboks OOO was 8 450 thousand euros in 2020, being 10 % of the Group revenue. Revenue from any single customer did not exceed 10 % from the Group revenue in 2019.

Changes in property, plant and equipment

1,000 EUR	Tangible	Tangible, IFRS 16	Intangibles	Total
Book value 1 January 2020	4,728	31,082	2,833	38,642
Additions	34,373	7,564	134	42,071
Disposals	-781	-24,187	-5	-24,973
Depreciation and amortization	-555	-4,077	-388	-5,020
Book value 31 December 2020	37,765	10,383	2,574	50,722
Book value 1 January 2019	8,757		7,360	16,117
Impact of implementation of new IFRS 16 -standard		35,465		35,465
Additions	110	318	1,058	1,485
Disposals	-2,159	-377		-2,536
Transfers to IFRS 5 Non-current Assets held for sale	-897			-897
Depreciation and amortization	-1,133	-4,325	-5,585	-11,043
Exchange rate differences	52			52
Book value 31 December 2019	4,728	31,082	2,833	38,642

Carrying amounts of financial assets and financial liabilities by category

Financial financial assets and liabilities for 2020 according to IFRS 9.

1,000 EUR	Assets measured at amortised cost	Liabilities measured at amortised cost	Carrying amounts in the balance sheet
2020			
Long-term financial assets			
Other receivables	241		241
Short-term financial assets			
Trade receivables and other receivables	9,554		9,554
Cash and cash equivalents	4,471		4,471
Long-term financial liabilities			
Interest bearing liabilities		28,979	28,979
IFRS 16 lease liabilities		9,829	9,829
Short-term financial liabilities			
Interest bearing liabilities		1,785	1,785
IFRS 16 lease liabilities		637	637
Trade payables		5,171	5,171

Nurminen Logistics Plc and Nurminen Logistics Services Oy have in Oma Säästöpankki Plc credit limits amounting to maximum 3 million euros. As of 31 December 2020 61 thousand euros of the credit limit was used, included in long-term interest bearing liabilities.

Financial financial assets and liabilities for 2019 according to IFRS 9.

1,000 EUR	Assets measured at amortised cost	Liabilities measured at amortised cost	Carrying amounts in the balance sheet
2019			
Long-term financial assets			
Other receivables	244		244
Short-term financial assets			
Trade receivables and other receivables	7,822		7,822
Cash and cash equivalents	4,054		4,054
Long-term financial liabilities			
Interest bearing liabilities		13,041	13,041
IFRS 16 lease liabilities		26,859	26,859
Short-term financial liabilities			
Interest bearing liabilities		781	781
IFRS 16 lease liabilities		2,321	2,321
Trade payables		4,466	4,466

After initial recognition, the Group's cash and cash equivalents are classified as at fair value through profit or loss, amortized cost or financial assets and financial liabilities at fair value through other comprehensive income.

The carrying amounts of these financial assets and liabilities substantially correspond to their fair values and are classified in level 2 of the fair value hierarchy.

The following levels are used in measuring fair values:

Level 1: Fair value is determined based on quotations from the market.

Level 2: Fair value is determined using valuation techniques. Fair value means the value that can be determined from the market value of parts of a financial instrument or similar financial instruments; or a value that can be determined using valuation models and methods generally accepted in the financial markets, if the market value can be reliably determined using them.

Level 3: Fair value is determined using valuation techniques in which the factors used have a significant effect on the recorded fair value and these factors are not based on observable market data.

Non-current assets held for sale

1,000 EUR	2020	2019
Statement of financial position		
Non-current assets / Property, plant and equipment	897	897
Current Liabilities	73	73
Statement of comprehensive income		
Impairment losses on assets held for sale		548
Refurbishment costs for premises		73

At the end of 2019, the company classified the Luumäki terminal as an available-for-sale asset based on a plan prepared by the company to phase out the use of the terminal. Luumäki as a locality does not include the company's business plan, as the company focuses on the largest ports in Finland and the operations of Vainikkala, the largest border crossing point. The warehouse and logistics terminal with an area of 12,228 m² is located in Luumäki at Suoanttilantie 101.

Prior to this, the Luumäki terminal was part of the Finnish-Russian cash-generating unit. It has been transferred to non-current assets held for sale from buildings.

The terminal premises are for sale because they are no longer suitable for Nurminen Logistics' business. As a result of the classification, the company valued the terminal at fair value less costs to sell and recognized an impairment loss of EUR 548 thousand in the financial year 2019. The fair value was based on an external real estate appraisal acquired by the company. After the write-down, the value of the Luumäki terminal at the end of the financial year 2019 was EUR 897 thousand. Based on an external real estate appraisal, the company's management has reassessed the fair value of the available-for-sale asset at the balance sheet date 2020 and determined that the book values presented in the balance sheet correspond to the fair value of the property at the balance sheet date 2020.

Depreciation of property, plant and equipment ceases when the property, plant and equipment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Gains and losses on disposals are determined as the difference between the sales price and the carrying amount, and are included in other operating income and expenses in the income statement.

The Covid 19 pandemic has delayed the sale of the Luumäki terminal, however, the market situation for logistics facilities has clearly picked up, so the company's management estimates that the property will be sold during 2021. The sale of the premises is not expected to have a significant impact on earnings.

Other leases

The Group as lessee

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

1,000 EUR	2020	2019
Less than one year	590	627
Between one and five years	227	437
Total	816	1,064

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.

Contingencies and commitments

1,000 EUR	2020	2019
Liabilities and contingent liabilities secured by corporate mortgages and pledges		
Loans from financial institutions	13,618	13,707
Customs duties and other guarantees	11,690	5,999
EUR 4.5 million of the customs guarantee has expired on 25 January 2021.		
Credit accounts secured by corporate mortgages and pledges		
Amount of the limit	3,000	
Unused amount of the limit	2,939	
Pledges made on own behalf		
Book value of pledged subsidiary shares	43,766	23,352
Other pledges	745	929
Mortgages given on own behalf		
Business mortgages	19,500	15,500

Related party transactions

1,000 EUR	2020	2019
Sales	68	17
Purchases	54	284

At 31.12.2020 there are no receivables or payables connected to related parties.

The related parties comprise the members of the Board of Directors and Management Team of Nurminen Logistics and companies in which these members have control. Related parties are also deemed to include shareholders with direct or indirect control or substantial influence.

Group's Key Figures

	2020	2019
Key figures for business		
Net sales, EUR 1,000	80,707	69,340
Increase in net sales, %	16.4 %	-12.1 %
Operating result (EBIT), EUR 1,000	-206	-8,517
% of net sales	-0.3 %	-12.3 %
Result before taxes, EUR 1,000	-2,438	-10,864
% of net sales	-3.0 %	-15.7 %
Result for the financial year, EUR 1,000	-2,837	-11,433
% of net sales	-3.5 %	-16.5 %
Return on equity (ROE), %	-38.8 %	-163.9 %
Return on investment (ROI), %	-0.4 %	-22.4 %
Equity ratio %	20.9 %	1.5 %
Gearing %	266.1 %	4 849.1 %
Gross investments, EUR 1,000	8,827	722
% of net sales	11.2 %	1.0 %
Balance sheet total, EUR 1,000	66,179	52,088
Average number of employees	163	176
Wages and salaries paid, EUR 1,000	8,430	9,196
Share key figures		
Earnings per share (EPS), EUR, undiluted	-0.09	-0.29
Earnings per share (EPS), EUR, diluted	-0.09	-0.29
Equity per share, EUR	0.05	-0.02
Dividend per share (adjusted), EUR	0.00	0.00
Dividend per share (nominal), EUR	0.00	0.00
Dividend to earnings ratio, %	0.0 %	0.0 %
Effective dividend yield, %	0.0 %	0.0 %
Repayment of equity per share, EUR	0.00	0.00
Price per earnings (P/E)	-5	-1
Number of shares adjusted for share issue, weighted average	44,652,887	44,304,976
Number of shares adjusted for share issue, at end of financial year	74,147,405	44,538,914
Share price development		
Share price development		
– Highest price	0.50	0.44
– Lowest price	0.20	0.26
– Average price	0.31	0.30
– Share price at balance sheet date	0.45	0.27
Market capitalisation, MEUR	33.1	11.9
Number of shares traded	6,891,409	1,802,568
Shares traded, % of total number of shares	9.3 %	4.0 %
Number of shareholders	1,580	1,320

Calculation of Key Figures

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
Return on capital employed, % =	$\frac{\text{Result for the year before taxes + interest and other financial expenses}}{\text{Capital employed (average of beginning and end of financial year)}} \times 100$
Equity ratio, % =	$\frac{\text{Equity}}{\text{Balance sheet total - advances received}} \times 100$
Gearing, % =	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Equity}} \times 100$
Earnings per share (EPS) =	$\frac{\text{Result attributable to equity holders of the parent company}}{\text{Weighted average number of ordinary shares outstanding}}$
Equity per share =	$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Undiluted number of shares outstanding at the end of the financial year}}$
Dividend per earnings, % =	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield, % =	$\frac{\text{Dividend per share}}{\text{Adjusted share price at the end of the financial year}} \times 100$
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

Accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the standards in force on 31 December 2015 have been applied. The Financial Statement Release 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 2020. Other new or amended IFRS standards or interpretations that have entered into force did not have a material impact on the Financial Statements. All of the individual figures disclosed in this financial statement release are rounded off to the nearest exact figure. Therefore, the sum of individual figures can deviate from the sum reported in the interim report.

Accounting principles requiring management discretion and key uncertainties associated with estimates

The preparation of IFRS financial statements requires the company's management to make certain estimates and assumptions and discretion in the application of accounting principles. Even though these estimates are based on the best knowledge of the management at the time, the actual outcomes can deviate from the assumptions used in the half-yearly reports.

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.

Nurminen Logistics Plc

Olli Pohjanvirta
President and CEO

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Nurminen Logistics Plc is a listed company established in 1886 that offers logistics services. The company provides high-quality forwarding and cargo handling services as well as railway transport and related project transport services. The main markets and growth areas of Nurminen Logistics are in rail logistics between China and Northern Europe, complex logistics outsourcing, forwarding services and handling of heavy goods and chemicals.

