

NURMINEN LOGISTICS PLC HALF-YEAR FINANCIAL REPORT 1 JANUARY–30 JUNE 2021

Nurminen Logistics Plc
2021 at 9:00 a.m.

Half-year Financial Report August 6,

Growth at the beginning of the year was very strong. Net sales increased by 73 per cent to EUR 63.0 million and net operating profit improved to EUR 3.7 million

This release is a summary of Nurminen Logistics' Half-year Financial Report January-June 2021. The full report is attached to this stock exchange release and is available on Nurminen Logistics' website at nurminenlogistics.com

KEY FIGURES	1.1.–30.6.2021	1.1.–30.6.2020
EUR million		
Net sales	63.0	36.5
Operating result	3.7	-0.5
Operating result, %	5.9%	-1.4%
Net result	2.2	-1.6
Earnings per share (€)	0.01	-0.05
Cash flow from operating activities	2.0	3.4

FINANCIAL GUIDANCE

Nurminen Logistics estimates that net sales and operating result will increase significantly in 2021.

Nurminen Logistics previously estimated that net sales will increase and operating result will improve clearly in 2021.

OLLI POHJANVIRTA, PRESIDENT AND CEO:

Net sales for January–June increased by 73 per cent to EUR 63.0 million and operating profit improved by EUR 4.2 million to EUR 3.7 million (EUR -0.5 million). All the business operations developed favourably and showed a profit. The cargo train operations in China and Asia, including terminal and forwarding services in Europe and in Asia, developed very favourably. Last year's efficiency measures were also executed according to plans.

The Cargo business related to the terminals made a clear profit for the first time ever. The acquisition of a majority holding in the Vuosaari real estate company with a new lease contract gave the management the opportunity to focus on profitable growth. The balance sheet and financial position were rectified to a sound basis.

The recovery in the balance sheet structure is reflected in a clear improvement in the equity ratio and gearing. These ratios do not take into account all elements of the reorganized balance sheet, i.e. that the balance sheet shows a goodwill of just EUR 0.9 million, nor that the Vuosaari real estate company accounts for 59 per cent or EUR 23.7 million of the interest-bearing liabilities. The market value of the real estate property is significantly higher, securing said liabilities. The rental revenue from the property covers its financing expenses and the payments of instalments.

The operating profit for January–June includes a provision of EUR 0.9 million in share-based incentives for the management, increasing the comparable operating profit to EUR 4.6 million. The comparable share of fixed costs decreased from 27 to 14 per cent of net sales, net sales per employee increased by 96 per cent and the number of employees decreased by 15 per cent. Our investments in digital systems gave good results.

Instead of storage, terminal operations focused on value added services in company-owned premises, which improved profitability. The termination of long-term leased premises at the end of 2020 improves the flexibility of operations in a market where additional premises are available for customer needs without the associated lease liability risk.

The strong organic business growth is based on Nurminen Logistics' success in the international market and, in particular, on the powerful growth of the Asian cargo train operations as a part of international supply chains. The climate actions that consumers expect from trade and industry are reflected as a marked increase in the demand for cargo train operations. To highlight our success at the market, foreign customers account for 76 per cent (67) of net sales. The improved efficiency of our operations helps us finance our powerful growth operationally without additional third-party financing as well as the application of active pricing in the volatile market.

I am very happy about our ability to build an international service concept around the cargo train operations, using Finland as a logistics hub in the cargo transport between Europe and Asia. I am also very pleased to see the will and ability of our personnel to develop and improve our business operations, which is reflected as improved customer service and growth of both net sales and operating result.

All in all, Nurminen Logistics' net sales growth and profitability development have met plans. The growth was facilitated by the permanent cost cuts and the reorganisation of the balance sheet implemented last year. We improved our customer relationships and service production in accordance with our strategy. We built longer value chains in cooperation with our customers, which resulted in improved customer experience and an increase in profitability. We will reinforce the role of support functions in business development in July–December to support our growth even further.

OUTLOOK

The macro-level estimates of global economy show that the economy will continue to develop favourably. Nurminen Logistics estimates that the growth and profitability of operations will continue to improve as a result of the company's good market position, expanding clientele and new service products. The growth is supported by global megatrends, such as environmental awareness, reassessment of delivery chains and the need for more efficient utilisation of working capital as well as improved delivery certainty.

As a result of the strong increase in demand in January–June, the main goal of Nurminen Logistics in July–December is to increase the train capacity of the current cargo train routes and the versatility of services in Asia and Europe.

Good development of the Cargo operations will continue in July–December. This is supported by the customer relationships of the new outsourcing operations. Nurminen Logistics aims at creating new digital service models into logistics by, for example, introducing the best customer portal in the rail market. As a short-term goal, Nurminen Logistics aims at linking sustainability into a more

comprehensive part of the customer promise by, for example, helping the customers achieve their emissions goals using an accurate CO2 calculator audited by third parties.

Nurminen Logistics Plc
Board of Directors

INVESTOR CALL

Nurminen Logistics will arrange an investor call for the media, analysts and investors on 6 August, 2021 at 2.30 pm in MS Teams. Pre-registrations and questions are requested by 6 August, 2021 at 2.00 pm to ir@nurminenlogistics.com

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Nurminen Logistics 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 and the handling of heavy goods and chemicals.