

Half-year Financial Report 2021



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

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.

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

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 Chinese and Asian cargo train operations, 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.

MARKET SITUATION IN THE REVIEW PERIOD

The global economy recovered strongly in January–June especially towards the end of the review period. The recovery caused a significant increase in the demand for logistics service compared to the same period in the previous year strongly impacted by the COVID-19 pandemic.

The increased delivery volumes and value of deliveries by customers resulted in profitable demand in Nurminen Logistics' operations. Cargo prices increased globally throughout the review period. The demand for railway transport as a mode of transport grew rapidly as a result of its competitive benefits such as availability, speed and environmental sustainability. The increased importance of China in the global economy improved the market situation in operations important to Nurminen Logistics. The positive development of Finnish foreign trade also increased the volumes and service demand for Nurminen Logistics especially towards the end of the review period.

NET SALES AND FINANCIAL PERFORMANCE IN THE REVIEW PERIOD

EUR 1,000	1–6/2021	1–6/2020
Net sales	62,986	36,480
Operating result	3,698	–508

Net sales for January–June increased by 73 per cent to EUR 63.0 million. The EBIT for the review period increased to EUR 3.7 (-0.5) million, including EUR 0.9 million of non-recurring expenses. The operating result developed positively in all business groups with the most powerful growth in Asian and Chinese cargo train transport. The Group's comparable fixed costs decreased by 47 per cent in relation to the net sales.

BUSINESS REVIEW

Cargo train operations bridging Europe and Asia

The China and Asia cargo train operations increased profitably throughout the review period with net sales growing by 255 per cent in January–June. As a result of the new Asian train connections started in May and June, Nurminen Logistics continued to reinforce its position as a significant railway operator. The demand for the Chinese and Asian railway business services stayed strong throughout the review period. The clientele became more versatile, and significant new transport

contracts were made in the review period that will result in new orders for July–December. Nurminen Logistics strengthened its organisation and serving ability to correspond with the increased demand. Operations and sales teams were expanded in China, Finland and Russia.

The significant increase in ocean freight pricing, increased environmental awareness of consumers, the digital transformation in services and the company's good container availability supported the growth. During the review period, the results of active sales in the Swedish market proved that there is demand for railway cargo services also in Sweden. The Chinese cargo train operations account for 23 % (11) of the Group's net sales.

Cargo operations as a partner supporting the competitiveness of our customers

In the cargo operations, the efficiency measures in terms of premises and the successful conceptualisation of operations focusing on value added services instead of storage are especially noteworthy. The efficiency measures resulted in increased net sales and profit in premises over 20 per cent smaller than before. The operations in the chemical and heavy goods handling terminals developed favourably in January–June. The clientele of the cargo operations expanded and processing became more efficient. Net sales grew by six per cent and profitability increased markedly. Cargo operations account for 12 % (19) of the Group's net sales.

Forwarding business is investing in digitalisation

Our forwarding business started the first robot-assisted customs clearance processes. Comparable net sales remained at last year's- level, while profitability continued to improve. Forwarding operations account for nine per cent (18) of the Group's net sales.

Other operations picking up speed

Baltic operations developed favourably. Net sales increased by 89 per cent and operating result improved. Baltic operations account for 56 % (51) of the Group's net sales.

The new outsourcing operations started in April acquired two significant customers towards the end of the review period, while several other outsourcing negotiations are in progress. The first agreed customer services will begin in July–December and will be described in more detail at that time. The outsourcing operations helps Nurminen Logistics build its order base and longer value chains, allowing the customer to benefit from the company's railway, forwarding and terminal competence as well as its international network. The outsourcing operations will strengthen the growth in Finland.

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. The outlooks published by Nurminen Logistics' clientele support the assumption of positive market development. Nurminen Logistics expects that rail cargo prices will remain at a high level. This position is supported by the high maritime cargo prices and the cost increase resulting from more sustainable fuels.

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. To enable continued growth, the company will focus on international recruitment and the development of partnership and subcontracting network in July–

December. A stronger development of foreign operations between Asia and Central Europe will become possible as the travel restrictions caused by the COVID-19 pandemic are gradually lifted.

Nurminen Logistics is negotiating significant contracts with new customers regarding transport of refrigerated cargo and transport of dangerous goods. The increased demand to Asia improves the efficiency of container and wagon circulation, thereby improving the result of operations.

Based on the positive customer feedback and growing customer relationships, the 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.

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.

SHORT-TERM RISKS AND UNCERTAINTIES

Any weakening in world trade and a general weakening in Finnish exports and imports from the current situation would have a negative impact on the demand for the services and the result of Nurminen Logistics. Nurminen Logistics' current cost structure and flexibility are able to sustain even rapid changes in the market.

If the COVID-19 pandemic were to continue strongly, this would decrease growth, but Nurminen Logistics does not anticipate any significant impact on its ability to operate.

The financial statements for 2020 include a more detailed description of short-term risks. In addition to these risks, the increasingly frequent extreme weather events due to climate change may cause transient operational issues on the transport of goods and increase costs. Also, geopolitical tensions and changes in the trade policies in different countries can have an impact on business.

A failure to secure the needed organisational competencies could slow down the strong growth.

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 2.0 million. Cash flow from investing activities amounted to EUR -0.3 million. The cash flow from investing activities was affected by transfer tax for the acquisition of shares in the Vuosaari real estate company as well as the investments in information systems and digitalisation. Cash flow from financing activities amounted to EUR -1.7 million, including EUR -0.4 million of non-recurring costs related to the directed share issue announced on 7 December 2020.

At the end of the review period, Nurminen Logistics' cash and cash equivalents amounted to EUR 4.5 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.

Current interest-bearing liabilities, EUR 2.2 million in total, comprise of financial liabilities of EUR 1.6 million, mainly related to the Vuosaari real estate company, and lease debt of EUR 0.6 million. Non-current interest-bearing liabilities are EUR 37.8 million, of which EUR 28.3 million consists of long-term debt. EUR 15.3 million of the long-term debt is related to the Vuosaari real estate company. Loans totalling EUR 13.0 million taken out from Ilmarinen will mature in June 2023. The lease liabilities in accordance with IFRS 16, EUR 9.5 million, include EUR 7.2 million of land lease liabilities related to the Vuosaari real estate company.

The Group's interest-bearing liabilities totalled EUR 40.1 million and the interest-bearing net debt amounted to EUR 35.6 million. With the Vuosaari real estate company excluded, the interest-bearing liabilities totalled EUR 12.2 million and the interest-bearing net debt to EBITDA ratio was 1.5.

Nurminen Logistics company has an equity-based hybrid bond from Ilmarinen, amounting to EUR 1.3 million. In May, Ilmarinen informed that it will be converting this bond to shares. The shares were registered with the Finnish Trade Register in July 2021.

The balance sheet total was EUR 71.1 million, and the equity ratio was 21.7 %.

CAPITAL EXPENDITURE

The Group's gross capital expenditure during the review period amounted to EUR 0.1 million (0.1) million, accounting for 0.2 % of net sales. Depreciation totalled EUR 1.4 (2.6) million, or 2.3 % (7.1) 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 %), 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 %).

PERSONNEL

At the end of the review period, the Group had 145 employees, compared with 171 on 30 June 2020. The number of employees working abroad was 32 (28 on 30 June 2020). Personnel expenses for the review period totalled EUR 5.1 million (2020: EUR 4.4 million), including a non-recurring provision of EUR 0.9 million in share-based incentives for the management.

MANAGEMENT TEAM 30 JUNE 2021

On 30 June 2021, Nurminen Logistics' Management Team consisted of the following members: Olli Pohjanvirta, CEO, Iiris Pohjanpalo, CFO, Petri Luurila, CIO, Jonna Paasonen, Chief Development Officer and Ari Soynola, VP operations and development from 8 March 2021.

SHARES AND SHAREHOLDERS

The trading volume of Nurminen Logistics Plc's shares was 10,969,255 on 1 January–30 June 2021, representing 14.8 % of the total number of shares. The value of the turnover was EUR 11.5 million. The lowest price during the review period was EUR 0.39 per share and the highest EUR 1.68 per share. The closing price for the review period was EUR 1.15 per share and the market value of the entire share capital was EUR 85,344,567 at the end of the period.

At the end of the review period, the company had 2,907 shareholders. The holdings of the ten largest shareholders of the company are presented in the tables section.

During the review period, the company had 74,212,667 shares. On 30 June 2021, the company held 65,262 of its own shares, corresponding to 0.09 % of votes.

MANAGEMENT TRANSACTIONS

On 15 April 2021, Nurminen Logistics Plc gave a notification that CIO Petri Luurila had subscribed to 22,000 shares at a unit price of EUR 1.32.

FLAGGING NOTICES

During January 2021, Nurminen Logistics received several notifications pursuant to Chapter 9, Section 5 of the Securities Markets Act, after the new shares issued in the directed share issue announced on 7 December 2020 were registered in the Trade Register on 31 December 2020. Notifications were received on January 4, January 5, and January 7.

All announcements are stock exchange information and are available on Nurminen Logistics' website at www.nurminenlogistics.com.

DECISIONS OF THE ANNUAL GENERAL MEETING

Nurminen Logistics Plc's Annual General Meeting was held in Helsinki on 12 April 2021.

The meeting was held based on the so-called temporary act so that shareholders participated in the meeting and exercised their shareholder rights only by voting in advance and by submitting counterproposals and asking questions in advance.

The meeting approved the financial statements, considered the Remuneration Report for governing bodies and discharged the responsible parties from liability for the financial period January 1–December 31, 2020.

The General Meeting approved the Board's proposal that no dividend shall be paid for the financial year 1 January–31 December 2020.

The General Meeting resolved that the Board of Directors is composed of seven members. The General Meeting re-elected the following members to the Board of Directors: Olli Pohjanvirta, Juha Nurminen, Irmeli Rytönen and Alexey Grom. Victor Hartwall, Erja Sankari and Karri Koskela were elected as new members of the Board of Directors.

The General Meeting resolved that for the members of the Board elected at the General Meeting for the term expiring at the close of the Annual General Meeting in 2022, the remuneration is paid as follows: annual remuneration of EUR 60,000 for the Chairman and EUR 30,000 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 per meeting providing physical attendance, otherwise the meeting fee is EUR 1,000. 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 years has elapsed from receiving shares.

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 1,500,000 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 following Ordinary General Meeting, yet no longer than until 30 June 2022. 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 2022.

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

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

To respond to the increased demand for train cargo, Nurminen Logistics started three new train routes to China in January–February: from Suzhou, Ningbo and Jinan to Finland.

In April, Nurminen Logistics leased out the Luumäki building that had previously been categorised as an asset held for sale. As a result of the lease, the building was recategorised into fixed assets. The lease includes an option for the acquisition of the premises.

In April, Nurminen Logistics announced an expansion of its routes to China and Asia. New routes were opened to Yokohama, Japan, and to Tianjin and Jiazhou, China.

On 27 April 2021, Nurminen Logistics announced the approval of the Finnish Financial Supervisory Authority of the prospectus prepared for the purpose of listing 29,344,954 new shares. The shares were registered with the Finnish Trade Register on 31 December 2020, and trading in the new shares commenced on 29 April 2021.

On 21 May 2021, Nurminen Logistics announced that Ilmarinen Mutual Pension Insurance Company is converting the EUR 1.25 million convertible loan agreement, including the accrued interest, into

shares. In total 2,875,795 new shares were registered with the Finnish Trade Register on 13 July 2021, and trading in the new shares commenced on 14 July 2021.

In June, Nurminen Logistics was the first European company to send a cargo train to India via the International North-South Transport Corridor.

On 23 June 2021, 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 2021, to issue 105,728 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 will be used for the payment of the remuneration of the Board members. The shares were registered with Finnish Trade Register on 27 July 2021. The total number of the Company's shares after the share issue is 77,194,190 shares, of which 65,262 shares in total are held by the Company.

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 for the year 2021 and other dates for releasing financial information during 2022 in December 2021.

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

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 6.8.2021 at 2.00 pm to ir@nurminenlogistics.com

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DISTRIBUTION

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www.nurminenlogistics.com

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.

TABLES SECTION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME EUR 1,000	1-6/2021	1-6/2020	1-12/2020
NET SALES	62,986	36,480	80,707
Other operating income	103	13	53
Use of materials and supplies	-48,052	-26,945	-61,380
Employee benefit expenses	-5,075	-4,381	-8,430
Depreciation, amortisation and impairment losses	-1,433	-2,586	-5,020
Other operating expenses	-4,832	-3,089	-6,136
OPERATING RESULT	3,698	-508	-206
Financial income	12	3	32
Financial expenses	-1,076	-991	-2,261
Share of profit of equity-accounted investees	-23	-6	-4
RESULT BEFORE INCOME TAX	2,611	-1,501	-2,438
Income tax expense	-423	-141	-400
RESULT FOR THE PERIOD	2,188	-1,642	-2,837
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences	8	-3	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,197	-1,645	-2,835
Result attributable to			
Equity holders of the parent company	1,025	-2,225	-4,127
Non-controlling interest	1,163	583	1,289
Total comprehensive income attributable to			
Equity holders of the parent company	1,033	-2,228	-4,124
Non-controlling interest	1,163	583	1,289
Earnings per share calculated from result attributable to equity holders of the parent company			
Earnings per share, undiluted, EUR	0.01	-0.05	-0.09
Earnings per share, diluted, EUR	0.01	-0.05	-0.09

Consolidated statement of financial position, IFRS EUR 1,000	30 June 2021	30 June 2020	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	37,893	3,867	37,766
Right-of-use assets	9,992	30,866	10,383
Goodwill	899	899	899
Other intangible assets	1,515	1,793	1,675
Investments in equity-accounted investees	182	204	205
Receivables	21	244	241
Deferred tax assets	45		
Non-current assets	50,548	37,872	51,169
Current assets			
Inventories	124	80	87
Trade and other receivables	15,955	9,817	9,554
Cash and cash equivalents	4,507	4,095	4,471
Non-current assets held for sale		897	897
Current assets	20,586	14,889	15,010
TOTAL ASSETS	71,134	52,761	66,179
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
Other reserves	37,926	28,836	37,926
Translation differences	6	-9	-3
Retained earnings	-37,886	-37,779	-39,494
Hybrid bond*	1,250	1,500	1,250
Equity attributable to equity holders of the parent company	5,597	-3,151	3,980
Non-controlling interest of the Real estate company Helsingin Satamakaari 24	8,273		8,330
Non-controlling interest of the Baltic companies	1,524	904	1,503
Equity, total	15,394	-2,247	13,814
LIABILITIES			
Non-current liabilities			
Financial liabilities	28,320	13,041	28,979
Lease liabilities	9,505	26,958	9,829
Other liabilities	133	186	159
Non-current liabilities	37,957	40,185	38,967
Current liabilities			
Deferred tax liabilities based on the taxable income for the financial period	163		1
Financial liabilities	1,604	903	1,785
Lease liabilities	629	2,308	637
Liabilities for non-current assets held for sale			73
Trade payables and other liabilities	15,386	11,611	10,903
Current liabilities	17,782	14,822	13,398
Liabilities, total	55,740	55,007	52,365
EQUITY AND LIABILITIES, TOTAL	71,134	52,761	66,179

*The hybrid bond was converted into equity on 14 July 2021

Consolidated cash flow statement, IFRS EUR 1,000	1-6/2021	1-6/2020	1-12/2020
PROFIT/LOSS FOR THE PERIOD	2,188	-1,642	-2,837
Adjustments	3,429	3,785	7,775
Cash flow before changes in working capital	5,617	2,143	4,937
Changes in working capital	-2,140	2,228	1,046
Financing items and taxes	-1,496	-981	-2,443
Cash flow from operating activities	1,981	3,390	3,540
Cash flow from investing activities	-286	-183	-8,593
Cash flow from financing activities	-1,659	-3,299	5,491
Net increase/decrease in cash and cash equivalents	36	-92	438
Cash and cash equivalents at the beginning of the year	4,471	4,054	4,054
Net increase/decrease in cash and cash equivalents	36	-92	438
Translation differences of net increase/decrease in cash and cash equivalents			-21
Cash and cash equivalents at the end of the period	4,507	3,961	4,471

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

EUR 1,000	Reserve for invested un-restricted equity									
	Share capital	Share premium reserve	Legal reserve	Equity loans	Translation differences	Retained earnings/loss	Total	Non-controlling interest	Equity, total	
1-6/2021										
Equity on 1 Jan 2021	4,215	86	2,376	35,550	1,250	-3	-39,494	3,980	9,833	13,814
Comprehensive income										
Result for the period							1,025	1,025	1,163	2,188
Other comprehensive income										
Translation differences						8		8		8
Total comprehensive income for the period						8	1,025	1,033	1,163	2,197
Business transactions with shareholders										
Share remuneration							510	510		510
Other changes							74	74	-70	4
Dividends									-1,129	-1,129
Total business transactions with shareholders							584	584	-1,199	-616
Equity loans										
Equity on 30 Jun 2021	4,215	86	2,376	35,550	1,250	6	-37,886	5,597	9,797	15,394

EUR 1,000	Reserve for invested un-restricted equity									
	Share capital	Share premium reserve	Legal reserve	Equity loans	Translation differences	Retained earnings/loss	Total	Non-controlling interest	Equity, total	
1-6/2020										
Equity on 1 Jan 2020	4,215	86	2,378	26,430	1,500	-6	-35,498	-895	1,696	802
Comprehensive income										
Result for the period							-2,225	-2,225	583	-1,642
Other comprehensive income										
Translation differences						-3		-3		-3
Total comprehensive income for the period						-3	-2,225	-2,228	583	-1,645
Business transactions with shareholders				29				29		29
Share issue										
Interest on hybrid loan after taxes							-24	-24		-24
Share remuneration							35	35	93	128
Other changes *							-68	-68		-68
Dividends									-1,467	-1,467
Total business transactions with shareholders				29			-56	-28	-1,374	-1,402
Equity loans										
Equity on 30 Jun 2020	4,215	86	2,378	26,458	1,500	-9	-37,779	-3,154	904	-2,247

* Kotka terminal property repair cost liability from previous financial years

Bridge calculation of comparable operating result			
EUR 1,000	1-6/2021	1-6/2020	1-12/2020
Operating result	3,698	-508	-206
Exceptional share-based incentives for the management	915		
Comparable operating profit	4,613	-508	-206

Bridge calculation of comparable net sales			
EUR 1,000	1-6/2021	1-6/2020	1-12/2020
Net sales	62,986	36,480	80,707
PFC Nordic Oy		-1,190	-2,123
Comparable net sales	62,986	35,290	78,584

Bridge calculation of comparable fixed costs			
EUR 1,000	1-6/2021	1-6/2020	1-12/2020
Fixed costs	-9,907	-7,470	-14,566
Exceptional share-based incentives for the management	915		
Depreciation and financial costs of IFRS 16 lease agreements in Kotka and Vuosaari		-2,291	-4,654
Comparable fixed costs	-8,992	-9,762	-19,220

Key figures	1-6/2021	1-6/2020	1-12/2020
Operating result (EBIT), EUR 1,000	3,698	-508	-206
% of net sales	5.9 %	-1.4 %	-0.3 %
Return on equity, %	15.0 %	227.3 %	-38.8 %
Return on capital employed, %	6.7 %	-1.2 %	-0.4 %
Equity ratio, %	21.7 %	-4.3 %	20.9 %
Net gearing, %	230.9 %	1741.0 %	266.1 %
Net gearing, %, excluding IFRS 16	164.5 %	-416.7 %	189.2 %
Interest-bearing net debt, EUR 1,000	35,552	39,115	36,759
Interest-bearing net debt, excluding IFRS 16, EUR 1,000	25,417	9,849	26,293
Gross investment on fixed assets, EUR 1,000	119	111	8,827
Average number of employees	148	168	163
Share price development			
Share price at the beginning of the period	0.45	0.27	0.27
Share price at the end of the period	1.15	0.24	0.45
Highest price	1.68	0.30	0.50
Lowest price	0.39	0.23	0.20
Equity per share, EUR	0.08	-0.07	0.05
Earnings per share, EUR, undiluted	0.01	-0.05	-0.09
Earnings per share, EUR, diluted	0.01	-0.05	-0.09

Net sales

Information on geographical areas 6/2021 EUR 1,000	Finland	Russia	Baltic countries	Total
Net sales	26,781	804	35,402	62,986
Non-current assets	50,457	1	90	50,548

Information on geographical areas 6/2020 EUR 1,000	Finland	Russia	Baltic countries	Total
Net sales	17,638	109	18,733	36,480
Non-current assets	37,752	2	118	37,872

Information on biggest customers

The Group did not receive more than ten per cent of the total sales from a single customer in January–June 2021.

The Group's income from Logboks OOO in January–June 2020 was EUR 3,850 thousand, or 11 % of the Group's net sales.

Property, plant and equipment									
EUR 1,000									
2021	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
Acquisition cost on 1 Jan 2021	247	8,978	46,266	8,032	17,248	1,774	856	7	83,408
Additions*			897		62			23	982
Decreases					-2			-18	-19
Acquisition cost on 30 Jun 2021	247	8,978	47,163	8,032	17,309	1,774	856	13	84,371
Depreciation, amortisation and impairment losses 1 Jan 2021		-116	-9,104	-7,558	-17,067	-728	-687		-35,260
Depreciation for the period		-153	-770	-38	-54	-199	-13		-1,226
Accrued depreciation, amortisation and impairment losses 30 Jun 2021		-269	-9,873	-7,596	-17,121	-927	-700		-36,486
Carrying amount on 1 Jan 2021	247	8,862	37,162	474	181	1,047	168	7	35,810
Carrying amount on 30 Jun 2021	247	8,709	37,289	436	188	847	156	13	47,885

*The Luumäki property, EUR 897 thousand, was previously categorised as held for sale. It has now been recategorised into fixed assets. The property has been leased out.

Property, plant and equipment									
EUR 1,000									
2020	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
Acquisition cost on 1 Jan 2020	252	1,971	12,867	31,662	17,212	1,775	701		66,439
Increases				1,862	14			46	1,921
Decreases	-5	-23	-577						-606
Acquisition cost on 30 Jun 2020	247	1,947	12,290	33,524	17,226	1,775	701	46	67,756
Accrued depreciation, amortisation and impairment losses 1 Jan 2020		-55	-8,645	-3,968	-16,973	-302	-686		-30,629
Depreciation for the period		-29	-284	-1,809	-55	-217	-1		-2,394
Accrued depreciation, amortisation and impairment losses 30 Jun 2020		-84	-8,929	-5,777	-17,028	-519	-687		-33,024
Carrying amount on 1 Jan 2020	252	1,916	4,222	27,694	239	1,473	15		35,810
Carrying amount on 30 Jun 2020	247	1,864	3,361	27,746	198	1,256	15	46	34,733

Intangible assets				
EUR 1,000				
2021	Goodwill	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2021	6,171	838	5,728	12,736
Additions			47	47
Disposals				0
Cost at 30 Jun 2021	6,171	838	5,774	12,783
Depreciation, amortisation and impairment losses 1 Jan 2021	-5,271	-836	-4,055	-10,162
Depreciation for the period			-206	-206
Accrued depreciation, amortisation and impairment losses 30 Jun 2021	-5,271	-836	-4,261	-10,368
Carrying amount on 1 Jan 2021	899	2	1,673	2,574
Carrying amount on 30 Jun 2021	899	2	1,513	2,414

Intangible assets				
EUR 1,000				
2020	Goodwill	Intangible rights	Other intangible assets	Total
Cost at 1 Jan 2020	6,171	841	5,595	12,607
Additions			55	55
Disposals		-4		-4
Cost at 30 Jun 2020	6,171	837	5,650	12,658
Accrued depreciation, amortisation and impairment losses 1 Jan 2020	-5,271	-836	-3,667	-9,774
Depreciation for the period			-191	-191
Accrued depreciation, amortisation and impairment losses 30 Jun 2020	-5,271	-836	-3,858	-9,965
Carrying amount on 1 Jan 2020	899	5	1,928	2,833
Carrying amount on 30 Jun 2020	899	1	1,792	2,692

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 as well as the associate companies.

Related party transactions			
EUR 1,000	1-6/2021	1-6/2020	1-12/2020
Sales	1	59	68
Purchases	12	33	54
Current receivables		3	

On 15 April 2021, Nurminen Logistics Plc gave a notification that CIO Petri Luurila had subscribed to 22,000 shares at a unit price of EUR 1.32.

Share-based remuneration

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 2021. In January–June 2021, the income statement included EUR 45,000 of share remunerations to members of the Board and EUR 457,692 of share remuneration to the President and CEO.

The current President and CEO's earning period in the share remuneration scheme is 1 January–31 December 2021, and the remuneration will be paid after the end of the earning period, partly in company shares and partly in cash. The cash share is intended to cover the taxes and tax-like charges resulting to the President and CEO from the remuneration.

The possible incentive in accordance with the scheme is based on the operating result (EBIT) of the Nurminen Logistics Group and the total profit from the Nurminen Logistics Plc shares in the financial year 2021. The incentives paid from the scheme correspond with the value of 1,700,000 Nurminen Logistics Plc shares in total, including the cash payment. The incentive paid from the scheme may be reduced by reducing the number of shares granted if the share price limit assigned to the company's share is exceeded. The company anticipates that COVID-19 will have no significant negative impact on the company's outlook.

Off-balance sheet lease liabilities

The Group as the lessee

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

EUR 1,000	30 June 2021	30 June 2020	31 December 2020
Within one year	507	584	590
Within over one year and maximum five years	158	322	227
Total	665	907	816

In accordance with the IFRS 16 standard that was implemented at the beginning of 2019, 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. Nurminen Logistics also has short-term warehouse terminal leases that are not recognised in accordance with IFRS 16.

Other commitments and contingent liabilities

Contingencies and commitments			
EUR 1,000	30 June 2021	30 June 2020	31 December 2020
Liabilities for which business mortgages have been given and subsidiary shares pledged			
Loans from financial institutions	29,537	13,878	13,618
Customs duties and other guarantees	5,814	5,923	11,690
Interest-bearing accounts for which business mortgages have been given and subsidiary shares pledged			
Credit limit	3,000		3,000
Unused credit	2,613		2,939
Pledges given on the company's behalf			
Book value of pledged subsidiary shares	43,766	23,352	43,766
Other pledges			745
Mortgages given on the company's behalf			
Company mortgages	25,500	15,500	19,500

Off-balance sheet lease guarantees

The Group as the lessor			
EUR 1,000	30 June 2021	30 June 2020	31 December 2020
Deposit surety valid 1 April 2021–1 April 2023 and then until further notice	599		
Lease deposit, Kiinteistö Oy Luumäen Suoanttilantie 101			

Ten largest shareholders 30 June 2021	Number of shares and votes	Share, %
Suka Invest Oy	12,027,650	16
Ilmarinen Mutual Pension Insurance Company	8,780,000	12
K. Hartwall Invest Oy Ab	7,939,820	11
Nurminen Juha Matti	6,652,032	9
Avant Tecno Oy	5,739,375	8
Ruscap Ltd.	3,110,574	4
JN Uljas Oy	3,049,388	4
H. G. Paloheimo Oy	2,524,297	3
Verman Group Oy	2,524,297	3
Assai Oy	2,034,060	3
Total	54,381,493	73

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 2020.

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 (%)	=	$\frac{\text{Result for the period}}{\text{Equity (average for the beginning and end of the financial period)}} \times 100$
Capital invested	=	Balance sheet total – interest-free debt
Return on capital employed (%)	=	$\frac{\text{Result for the financial period before tax + interests and other financial expenses}}{\text{Capital invested (average for the beginning and end of the financial period)}} \times 100$
Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$
Net gearing (%)	=	$\frac{\text{Interest bearing debt – cash and cash equivalents}}{\text{Equity}} \times 100$
Net gearing, % (excluding IFRS 16)	=	$\frac{\text{Interest bearing debt – cash and cash equivalents}}{\text{Equity – depreciation, lease expenses and financial expenses recognised in income statements according to IFRS 16}} \times 100$
Interest-bearing net debt	=	Interest-bearing debt – non-current interest-bearing receivables – cash and cash equivalents
Interest-bearing net debt, excluding IFRS 16	=	Interest-bearing debt excluding the debt in accordance with IFRS 16 – non-current interest-bearing receivables – cash and cash equivalents
Earnings per share (EPS)	=	$\frac{\text{Result attributable to equity holders of the parent company}}{\text{Weighted average number of outstanding ordinary shares}}$
Equity/share	=	$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Undiluted number of shares at closing date}}$
Interest-bearing net debt / EBITDA excluding the Vuosaari real estate company	=	$\frac{\text{Interest-bearing debt excluding the debt of the Vuosaari real estate company – cash and cash equivalents excluding the Vuosaari real estate property's share}}{\text{EBITDA normalised to the annual level by multiplication by two, excluding the EBITDA for the Vuosaari real estate company}}$
Net sales per employee	=	$\frac{\text{Net sales}}{\text{Average number of employees}}$