

Nurminen Logistics Plc is planning to implement a directed share issue to acquire a majority share in the real estate company that owns the terminal property in Vuosaari

Nurminen Logistics Plc

Inside Information

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Nurminen Logistics Plc (the “**Company**”) is planning to implement a directed share issue worth approximately EUR 9.3 million to acquire a majority share in the real estate company that owns the terminal property in Vuosaari, Helsinki, from Ilmarinen Mutual Pension Insurance Company. The share issue to be implemented, the property arrangement and the real estate and working capital financing agreed with the Oma Savings Bank will significantly improve the Company’s cost structure, balance sheet and ability to invest in the strongly growing container train traffic between China and Europe. As a result of the directed share issue, the Company will also expand its ownership base. The directed share issue and property arrangement are planned to be implemented by 31 December 2020.

The Company has signed a letter of intent with Ilmarinen to acquire the majority share from Ilmarinen in the real estate company that owns the terminal property in Vuosaari, Helsinki. The Company is currently renting the terminal property and the Company would remain as the tenant of the property also after the acquisition. Ilmarinen would remain as the other owner of the real estate company.

This property arrangement would significantly improve the Company’s cost structure and, together with the planned share issue, strengthen its balance sheet by increasing the Company’s equity by approximately EUR 9.3 million and reducing the Company’s lease agreement debts by approximately EUR 26.3 million. Furthermore, the Company estimates that the said arrangements will create annual savings of approximately EUR 1 million due to the decreased fixed lease costs. The equity and property arrangements will provide the Company with great growth conditions in its main business, which include container train transports to China, forwarding services, chemical hall and heavy goods processing hall. In addition, the Baltic business will be further developed as they are more strongly linked to the train transport business to China.

In order to finance the property arrangement, the Company is planning to issue a maximum of 30,000,000 new shares, which is equal to approximately 67 per cent of the total number of the Company’s current shares, in a directed share issue in deviation from the shareholders’ pre-emptive subscription rights, to certain domestic investors, some of whom are the Company’s existing shareholders and members of the Company’s Board of Directors (the “**Investors**”). The subscription price of the new shares in the directed share issue would be EUR 0.31692, which corresponds to the volume-weighted average trading price of the Company’s shares during the 180-day period that ended on 11 November 2020. It is estimated that the new shares issued in the directed share issue will be subject to public trading approximately in March 2021. The Company has received subscription commitments from the Investors, based on which the Investors have irrevocably, under certain customary conditions, undertaken to subscribe new shares worth in aggregate approximately EUR 9.3 million in the directed share issue. The Company is of the view that in current market conditions, the directed share issue is the best alternative for the Company for raising new capital rapidly, efficiently, and with minimal costs. The directed share issue can be regarded as necessary in terms of the Company’s and all shareholders’ benefit and the Company’s operations in order to secure the long-term viability of the Company’s business operations. The Company will separately convene an Extraordinary General Meeting in order to authorize the Board of Directors to resolve on the directed share issue. The Company’s shareholders, who own a total of approximately 76 per cent (as of 31 October 2020) of the Company’s shares and votes, have undertaken to participate in the Extraordinary General Meeting and to vote in favor of the authorization for the directed share issue.

The Company is also agreed on extensive cooperation with the Oma Savings Bank in order to finance the property and working capital needs of the Company.

In 2021, significant growth will be sought in the train transport business, and it is estimated to double when compared to the situation in 2020. The drivers for the growth are the diverse, international clientele operating in different industries as well as Finland’s great location as a transit traffic country. Nurminen Logistics Plc will also strongly invest in the development of digitalization and use this as a tool to improve the efficiency and environmental friendliness of customer’s delivery chains. Furthermore, the Company will open a new branch in Chongqing, China. With these planned measures as well as the significant improvements to the cost structure implemented previously in 2020 and mentioned above in this release, the Company’s ability to invest in the growth of the train transport business to China will be significantly enhanced. In the near future, Nurminen Logistics Plc

aims to be one of the most important train traffic operators between China and Europe.

NURMINEN LOGISTICS PLC

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Nurminen Logistics is a listed company established in 1886 that offers logistics services. The company provides high-quality forwarding, cargo handling, and value-added services as well as railway transports and related to its project transport services to its customers. The main market areas and growth areas of Nurminen Logistics are in rail logistics between China and Northern Europe, demanding logistics outsourcing and heavy and chemical handling.