

Nurminen Logistics Plc's Half-Year Financial Report January-June 2024

Nurminen Logistics Plc

Half-year Financial Report 1.8.2024, at 9.00 a.m.

This release is a summary of Nurminen Logistics' Half-Year Financial Report January-June 2024. The full report is attached to this stock exchange release and is available on Nurminen Logistics' website at <http://nurminenlogistics.com/investors/publications/>

The comparable operating profit of EUR 4.0 million for the second quarter remained at a high level of 17.5%, although the decline in volumes in the Baltic countries, political strikes and maintenance shutdowns at customers' factories in Finland reduced net sales and weakened the result.

APRIL–JUNE 2024 HIGHLIGHTS

- Net sales were EUR 22.5 million (31.6), a decrease of 28.8% year-on-year
- Comparable operating profit was EUR 4.0 million (5.6), a decrease of 29.4%
- Comparable operating profit remained at a high level at 17.5% of net sales (17.7%)

JANUARY–JUNE 2024 HIGHLIGHTS

- Net sales amounted to EUR 57.7 million (56.7) and increased by 2% year-on-year
- Comparable operating profit adjusted for non-recurring items was EUR 9.8 million (9.2), which is the highest H1 operating profit in the company's history
- North Rail Oy has been able to grow its business profitably, even though political strikes, railway yard work and maintenance shutdowns at customers' factories in Finland temporarily reduced net sales in the second quarter
- The development of rail services in Sweden continued in the second quarter, and freight train connections between Umeå-Gothenburg-Umeå and Haparanda-Gothenburg-Haparanda have been launched.
- The volume of our rail container traffic from China to Europe has increased throughout the first half of the year, and we believe this growth will continue.
- The weak momentum of the Finnish economy and the political strikes in the spring affected negatively to the development of the Cargo and Multimodal business
- Due to the prolongation of the Red Sea crisis, volumes in the Baltic region declined since April

FINANCIAL GUIDANCE

Net sales for 2024 will be below the net sales for 2023 and the comparable operating profit will be slightly below last year's level.

According to the previous guidance, Nurminen Logistics estimated that net sales for 2024 and comparable operating profit would increase from 2023.

The new guidance is based on the significant decline in Baltic volumes due to the prolongation of the Red Sea crisis. Much of the transport from Central Asia to Asia via the Baltics moved to land routes at the start of the summer season. We forecast that the volumes in the Baltic countries will be clearly lower until the end of the year, which will have a negative impact on the company's full year net sales and operating profit outlook.

We expect the volumes to return to the sea route once the use of the Suez Canal becomes

possible for container traffic. The arrival of winter may also transfer some of the volumes to our routes.

Since June, the volume development has been increasing in non-Baltic businesses, and we expect the volumes excluding the Baltics to increase compared to the first half of the year and second half of last year, which will increase the share of our in-house production in operations and further improve our relative profitability thanks to improved efficiency, new service products and new customer relationships.

OLLI POHJANVIRTA, PRESIDENT AND CEO

Nurminen Logistics' highlights for the second quarter were: net sales were EUR 22.5 million (31.6), a decrease of 28.8%, and comparable operating profit was EUR 4.0 million (5.6), a decrease of 29.4%. We managed to keep comparable operating profit at a high level with efficient operations, at 17.5% of net sales (17.7%).

Net sales for the review period, or the first half of the year, amounted to EUR 57.7 million (56.7), an increase of 2 per cent year-on-year, and the comparable operating profit adjusted for non-recurring items was EUR 9.8 million (9.2), which is the highest H1 operating profit in the company's history. The high comparable operating margin of 17% was maintained in spite of the decline in volumes in the Baltic countries, non-recurring political strikes and railway yard work in the customer's factory area and maintenance shutdowns at customers' factories, which weakened the result in the second quarter.

I would like to emphasise that we were able to achieve a high relative operating profit and a good operating cash flow in the second quarter, despite numerous external events that had a negative impact on volumes.

Interest in rail transport has increased both in the Nordic countries and in traffic between Europe and Asia. During the review period, we launched a new route in the Swedish market by opening weekly rail connections from Umeå and Haparanda to Gothenburg. The new routes strengthen Finland's western connections and increase environmentally friendly and fast logistics options for companies on the west coast and north of Finland, promoting their competitiveness in exports and imports. During the rest of the year, we will invest more resources in Sweden and we expect the Swedish business to further strengthen our position as a railway operator and increase the volumes we transport in the future. In addition, we see our expanding railway service network bringing new customers and customer groups, especially in the consumer goods sector, where low-emission transport clearly has an even greater impact on the choice of mode of transport. In addition, the extensive network will give us a significant competitive advantage in the future in rail traffic between Asia and Europe.

The continuation of the Red Sea crisis temporarily moved large volumes away from our route from the Baltics to Asia, which had a major negative impact on net sales in particular. We estimate that the arrival of winter possibly brings these volumes back, despite the continuation of the Red Sea crisis, because due to reloadings the winter makes logistics operations on the land route more difficult. It should be noted that we do not have to recognise non-recurring expenses in connection with the loss of volumes, and that the customer will continue on our routes for deliveries between Europe and America.

The property sale we announced in June, which will be carried out in Q3, will free up capital, significantly improve the key figures on the balance sheet and increase our company's strategic flexibility to grow in a constantly changing market.

KEY FIGURES	4-6 /2024	4-6/ 2023	1-6/ 2024	1-6 /2023	2023
Net sales, EUR 1,000	22,533	31,636	57,705	56,707	127,951
Change in net sales, %	-28.8 %	-14.3 %	1.8 %	-21.0 %	4.4 %
Operating profit (EBIT), EUR 1,000	3,351	5,597	9,209	8,933	33,091
% of net sales	14.9 %	17.7 %	16.0 %	15.8 %	25.9 %
Result for the financial year,	-326	3,580	4,621	6,033	23,273

EUR 1,000					
% of net sales	-1,4 %	11.3 %	8.0 %	10.6 %	18.2 %
Return on equity (ROE), %	-0.7 %	13.4 %	10.4 %	22.5 %	66.5 %
Return on investment (ROI), %	10.3 %	6.6 %	10.3 %	10.6 %	42.8 %
Equity ratio, %			43.3 %	30.3 %	41.8 %
Gearing, %			85.5 %	162.5 %	77.6 %
Gearing % excluding IFRS 16			63.8 %	128.0 %	56.5 %
Interest-bearing net debt, EUR 1,000			36,457	47,744	35,599
Interest-bearing net debt excluding IFRS 16, EUR 1,000			27,226	37,713	25,989
Interest-bearing net debt/EBITDA (12-month, rolling)			1.08	3.54	0.93
Cash flow from operating activities, EUR 1,000			8,244	20,534	25,373
Gross investment on fixed assets, EUR 1,000			797	473	1,121
Average number of employees			184	189	196
Share price at the beginning of the period			1.26	0.60	0.60
Share price at the end of the period			1.06	0.97	1.26
Highest price			1.38	1.22	2.07
Lowest price			1.02	0.60	0.56
Equity per share, EUR			0.35	0.21	0.35
Earnings per share (EPS), EUR, undiluted			0.02	0.04	0.18
Earnings per share (EPS), EUR, diluted			0.02	0.04	0.18

SHORT-TERM RISKS AND UNCERTAINTIES

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

Nurminen Logistics' current balance sheet and cost structure as well as the flexibility of its operations will withstand even rapid future market changes, and any weakening of the Finnish economy alone would not pose a significant financial risk to the company in the near future.

In the railway business, food supply-related fertilisers critical to the world being subjected to Western sanctions would have a negative impact on the business of North Rail Oy.

The financial statements for 2023 include a more detailed description of short-term risks. Geopolitical tensions and new trade policies in different countries may also have an impact on business. For information about the company's risk management, please see the Investors section of the Nurminen Logistics website at www.nurminenlogistics.com.

OUTLOOK

With the volume forecasts of the clientele, successful new customer acquisition and continuous efficiency improvements, we see growth in our business operations and improved prospects excluding the Baltic business area. Our outlook is also supported by forecasts of international economic growth and the upturn in Finland's foreign trade.

Nurminen Logistics expects relative profitability to develop positively in the near future, and pricing power will enable price increases in several of our services.

Nurminen Logistics expects railway transport volumes to increase both between the Nordic

countries and in traffic between Europe and Asia. The use of rail services will grow globally faster than other transport segments due to their low environmental impact, which supports the company's future outlook.

Nurminen Logistics Plc

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