

Nurminen Logistics Plc's Business Review

Q1 2024: Good result in a challenging market

Nurminen Logistics Plc Stock Exchange Release 25 April 2024 at 2.00 pm

This is a summary of Nurminen Logistics' Business Review January-March 2024. The full report is attached to this release and is also available on Nurminen Logistics' website at <http://nurminenlogistics.com/investors/publications/>

Operating result for the review period increased by 75% to EUR 5.9 million and net sales grew by 40% to EUR 35.2 million.

JANUARY-MARCH 2024 SUMMARY

- Net sales was EUR 35.2 million (EUR 25.1 million), showing an increase of 40.3%
- EBITDA was EUR 7.3 million (EUR 4.3 million), or 20.7% (17.2%) of net sales
- Operating result amounted to EUR 5.9 million (EUR 3.3 million), or 16.7% (13.3%) of net sales
- Comparable operating result was EUR 5.9 million (EUR 3.6 million), or 16.7% (14.5%) of net sales
- Result for the review period totalled EUR 4.9 million (EUR 2.5 million)
- Earnings per share were EUR 0.03 (EUR 0.02)

KEY FIGURES

EUR million	1.1.-31.3.2024	1.1.-31.3.2023
Net sales	35.2	25.1
EBITDA	7.3	4.3
EBITDA, %	20.7%	17.2%
Operating result	5.9	3.3
Operating result, %	16.7 %	13.3 %
Comparable operating result	5.9	3.6
Comparable operating result, %	16.7 %	14.5 %
Result for the period	4.9	2.5
Return on equity (ROE), %	10.7 %	9.8 %
Equity ratio, %	44.9 %	27.1 %
Gearing, %	69.9 %	183.5 %
Interest-bearing net debt / EBITDA	0.78	6.00
Earnings per share, undiluted (EUR)	0.03	0.02
Cash flow from operating activities	7.8	-3.3
Number of employees	181	166

FINANCIAL GUIDANCE FOR 2024 UNCHANGED

The group estimates that its net sales and comparable operating result for 2024 will increase

compared to 2023. The projected growth in net sales and operating result is based on the growing rail operations in the group's market areas, energy raw material shipping and the business outlook in Sweden.

PRESIDENT AND CEO'S REVIEW

The subdued atmosphere in Finnish imports and exports continued during the first months of the year, but we were able to achieve a good result and continue growth, despite the challenging business conditions in Finland. A level of 16.7% in terms of unadjusted operating result is a good achievement in a market with a lot of business discontinuities due to, among other things, political strikes. We responded to the rapidly changing needs of our customers and found the right logistics solutions in a situation where most of the cargo traffic in Finnish ports was at a standstill for approximately six weeks. Although political strikes reduced net sales and impaired our result, with active action we were able to significantly mitigate the damage and at the same time consolidate our clientele. We will see the overall impact of the political strikes on net sales and operating result during Q2. We believe that Q1 was the weakest quarter of the year for the Cargo and Multimodal Forwarding businesses in Finland and we expect growth in volumes in the following quarters, mirroring our customer outlook.

The Baltic operations and the Railway business developed positively during the review period, and in addition to increased sales, we improved efficiency in these businesses. According to current forecasts, the global market situation for the categories of goods transported on our routes in Finland will continue to grow strongly at least until 2032, which enables the continuous development of operations. However, in the Railway business in Finland, monthly figures may be affected by maintenance outages at our customers' factories. In fertilisers, seasonal fluctuations in volumes in different markets are large, with the summer being the quietest season.

In the winter, we continued to invest in international growth. In March, we announced the opening of a new office in Gothenburg. In addition, we announced that we will start our own scheduled freight train route between Umeå-Gothenburg-Umeå in Q2 2024. Later in the autumn, our railway service will expand to a route between Haparanda and Gothenburg. Our new connections are very competitive and serve both Swedish and Finnish industry and commerce, in both exports and imports. On these routes, trains can carry goods in both containers and trailers. We expect the new routes to generate new net sales profitably during H2.

During the review period, our balance sheet strengthened further and the ratio of interest-bearing net debt to EBITDA was 0.78 and gearing decreased to 69.9%. In the current market situation, strong cash flow from operating activities allows us to invest in efficient processes and the expansion of our clientele especially in Sweden as well as in growth through mergers and acquisitions.

Despite the challenging operating conditions during the first months of the year and their negative impact on the whole year, I believe that the continuous culture of business development, efficiency improvement measures and the pursuit of international growth will strengthen our market position and growth outlook.

I predict that Finnish exports and imports will pick up towards the end of the year, but due to the low starting level and the uncertainty of the sustainability of growth, during Q2 we will start a critical assessment of the cost structure of our Finnish businesses and launch efficiency improvement measures to keep the company competitive.

THE GROUP'S FINANCIAL PERFORMANCE IN JANUARY-MARCH 2024

Net sales and financial performance in the review period

Net sales for the review period amounted to EUR 35.2 million, showing a 40% increase from last year's comparison period. Operating result for the review period was EUR 5.9 million

(EUR 3.3 million). The net sales of the Railway business and the Baltic operations increased clearly from the comparison period, while the Cargo and Multimodal Forwarding businesses suffered from the weak situation of the Finnish economy, as a result of which their net sales for the review period decreased from the comparison period.

Railway business

In the review period, the net sales for the Railway business amounted to EUR 8.0 million (EUR 4.2 million). North Rail Oy, acquired in February 2023, is included in the comparison period's figures for 1.5 months' time, which mainly explains the net sales growth during the review period. The Railway business accounts for 23 per cent (17 per cent) of the Group's net sales. The profitability of the Railway business improved during the review period. One of the underlying reasons for this was the fact that North Rail Oy was included in the figures for the entire review period.

Cargo business

In the review period, the net sales for the Cargo business amounted to EUR 4.1 million (EUR 5.4 million). The decline in the Finnish economy, which began in the winter of 2023, was reflected in customer volumes and, consequently, a decline in net sales. The political industrial actions that began in March also affected the volumes of the Cargo business. The Cargo business accounts for 12 per cent (22 per cent) of the Group's net sales. The profitability of the business decreased as a result of the decline in net sales.

Multimodal Forwarding business

Net sales decreased to EUR 2.0 million (EUR 2.4 million) in January–March and relative profitability declined slightly. The weakening economic situation in Finland contributed to the decrease in net sales. The Multimodal Forwarding business accounts for 6 per cent (9 per cent) of the Group's net sales.

Baltic operations

The Baltic operations continued to be stable during the first months of the year and net sales grew strongly due to raw material deliveries in Central Asia. Net sales amounted to EUR 21.7 million (EUR 13.5 million) and profitability was good. The Baltic operations account for 62 per cent (54 per cent) of the Group's net sales.

EVENTS AFTER THE REVIEW PERIOD

The political strikes that started during the review period, on 11 March 2024, continued for four weeks until 7 April 2024, and particularly affected the Cargo business, where customers were offered temporary warehousing solutions after the stevedores' strike halted import and export traffic in ports.

On 17 April 2024, Nurminen Logistics announced the decisions of the Annual General Meeting held on the same day. The Annual General Meeting adopted the Financial Statements, including the Consolidated Financial Statements for the financial period 2023, approved the remuneration report for the company's governing bodies, adopted the remuneration policy for the company's governing bodies and discharged the members of the board of directors and the President and CEO from liability. The Annual General Meeting approved all the proposals of the Board of Directors and the shareholders. The General Meeting approved the Board's proposal that the loss shown for the financial year ended 31 December 2023 is transferred to the profit and loss account for previous financial periods and that the General Meeting authorises the Board of Directors to decide on distribution of equity repayment from the company's reserve for invested unrestricted shareholders' equity of no more than EUR 0.06 per share i.e. no more than EUR 4,687,671.30 in total.

On the basis of the authorisation, the Board of Directors will decide on the distribution of equity repayment of no more than EUR 0.03 per share, i.e. no more than EUR 2,343,835.65 in total,

which would be paid in May 2024. In addition to this, on the basis of the authorisation, the Board of Directors will assess the conditions for the payment of a possible second equity repayment instalment during the last quarter of 2024.

This business review is not an interim report in accordance with IAS 34 Interim Financial Reporting. The company complies with the half-yearly reporting in accordance with the Securities Markets Act, in addition to which the company publishes business reviews for the first three and nine months of the year. The business reviews present key information on the Group's financial performance.

The figures in the business review are unaudited.

Nurminen Logistics Plc

Board of Directors

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