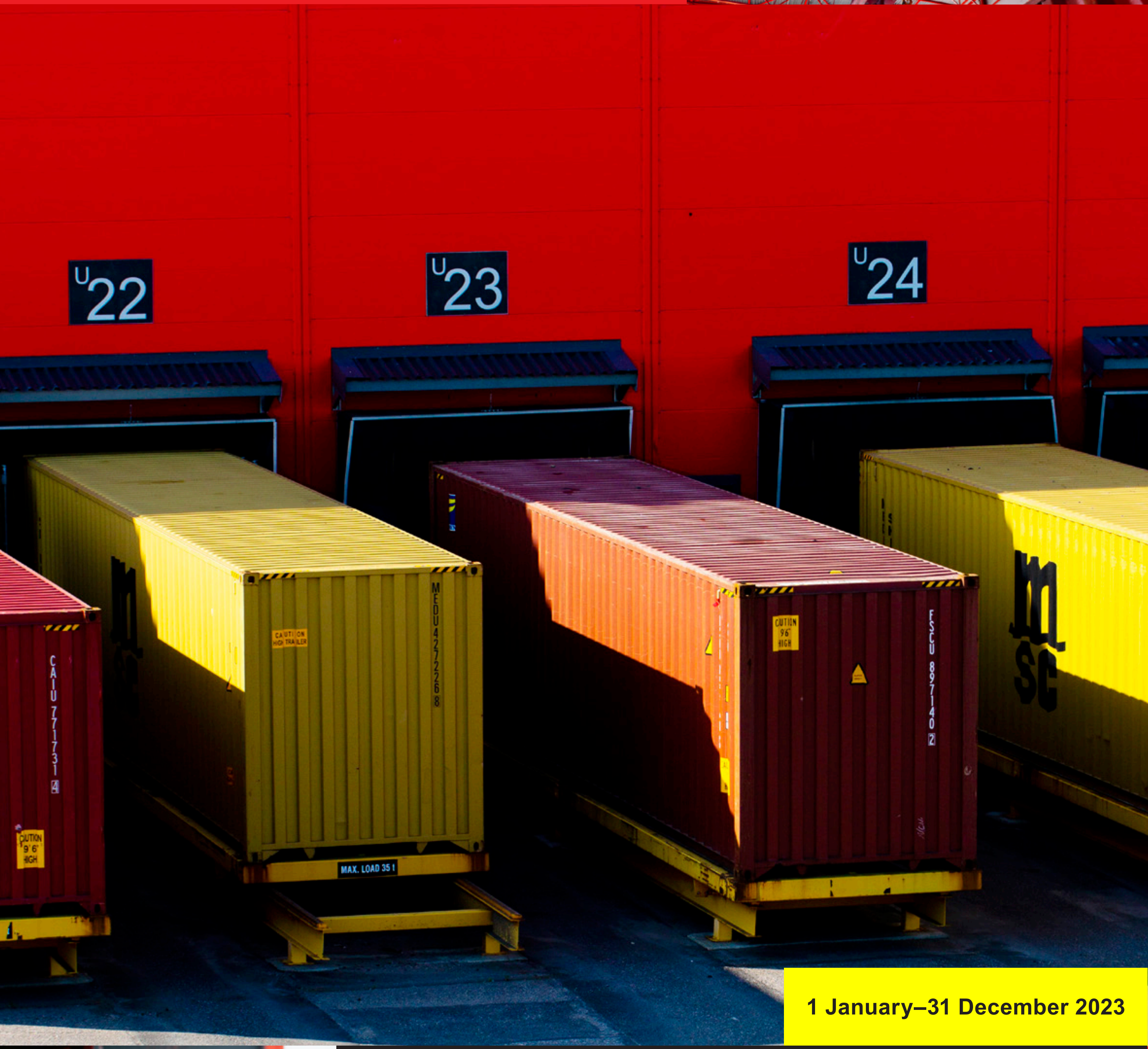
Nurminen Logistics



1 January–31 December 2023

Financial statements and report on operations

This financial review in PDF format is not an xHTML document in accordance with the ESEF (European Single Electronic Format) regulations.

Table of Contents

The Board's Report on Operations

The year 2023 was a record-breaking year for the group. The start-up of the new domestic railway business, combined with the acquired North Rail Oy, contributed significantly to the profitable growth of railway logistics during the review period. The group's balance sheet structure was strengthened due to good result and large loan repayments, giving the year 2024 a good start for progressing with the strategic growth targets.

The net sales for 2023 amounted to EUR 128.0 million and comparable operating result to EUR 21.5 million. The group's relative profitability, measured by operating result of 16.8%, was one of the best in the industry. In addition, the group paid off EUR 36.0 million of its financial liabilities and invested EUR 1.1 million in fixed assets.

The group achieved in 2023 the best comparable operating result in its history, EUR 21.5 million. The start-up of the new domestic railway business together with the aqcuisition of North Rail Oy was a key factor in the growth of operating result. Thanks to the record-high operating result and the EUR 12.3 million gain from the bargain purchase during the review period, the group's key figure targets according to the group's strategy were achieved ahead of time, which will enable the group to actively develop and grow also in the future.

The growth in net sales and operating result is based on the increased volumes of the rail business and Baltic operations, fast and targeted organisational efficiency measures, successful sales efforts and increased international recognition, as well as the implementation capacity of the employees, in addition to their strong competence and commitment.

Nurminen Logistics' operating ability remained good throughout the year in spite of the strongly changing external circumstances, which is also reflected in the strong growth in customer numbers compared to 2022.

Net sales for 2023 increased by 4 percent to EUR 128.0 million (EUR 122.5) year-on-year. The net sales growth was greatest in the railway business, where volumes increased significantly due to the acquisition and new customer relationships, and in the Baltics, where especially raw material project deliveries from Central Asia increased net sales to a record level. Nurminen Logistics' competitive services, successful sales efforts and activeness of the personnel also made the good development of the other units possible in the changed circumstances. Investments in opening new railway routes in the Nordic countries and Europe continued in 2023, creating new business opportunities for 2024.

The Cargo and Multimodal Forwarding business volumes decreased in the second half of the year due to the decline in the Finnish economy and the resulting slowdown in imports and exports. The complex licensing processes related to the deliveries of energy raw material were completed across Europe and we started trial deliveries towards the end of the year. We expect to see clear growth and demand for these deliveries in the current year.

In rail logistics, we will continue to grow in Finland, the Nordic countries and Central Asia. We are developing the rail market between Europe and Asia by expanding our co-operation network and performing active sales efforts, as we strongly believe in the future of rail market. The Nordic container traffic launched by the group has become important also from the point of view of security of supply in the current geopolitical situation.

Net sales for July–December increased by 40 percent to EUR 71.2 million year-on-year and by 26 percent compared to January–June. The growth in net sales was a result of the increased volumes of the railway business and the Baltic operations. Comparable operating result amounted to EUR 12.3 million, or 17.2% of net sales. The comparable operating margin increased slightly compared to January–June (16.3%).

In July-December, volumes continued their good development in railway operations in Finland and the volumes of the Trans-Caspian route were growing. The situation in the Red Sea towards the end of the year caused a sharp rise in sea freight prices and a significant increase in travel time, as a result of which the demand for the Trans-Caspian route and the need for direct Chinese trains to Europe increased.

In Sweden, volumes have remained stable and during the rest of the year we have been working on new services for Sweden, which will be launched in H1/2024. In addition, our strategy-based investments in digitalisation and sustainability will continue. During H1, we will open a customer portal, which will increase transparency and efficiency for our customers and, thereby, improve the overall customer experience. Digitalisation also supports our group's green transition.

Market situation and future outlook

Nurminen Logistics estimates that the development of the logistics market relevant to the group will strengthen during the second half of 2024 and the measures taken by the group last year will facilitate a positive development of the group's business in 2024.

We believe that the demand for rail freight will increase in the group's target market, which is supported by the increase of the importance of environmental values in decision-making. Continued high interest rates and scarce financing will support the customers' need for faster turnover of working capital and more accurate planning of deliveries, which will contribute to the demand for Nurminen Logistics' services.

Nurminen Logistics is in a strong position in traffic along the Trans-Caspian route between Central Asia and Europe, because Nurminen is one of the few internationally known companies operating on the route. We are also ready to quickly start direct rail transport between China and Finland to serve the Nordic market. There are clear signs of a growing need for the service on the market, due to the significant competitive advantage it offers.

In the Cargo business, we see growth opportunities in Finland and the Nordic countries during the year. The Cargo business also supports railway operations as part of comprehensive supply chain solutions offered to customers.

The group's long-term agreements with several customers ensure stable profitability for the next few years. We see major opportunities in developing the offering in the Nordic countries, as Nurminen Logistics provides a completely new kind of customer insight as a railway company, combining its terminal and multimodal expertise with the customer needs. Strengthened balance sheet structure also enables acquisitions.

Business review

The year 2023 was important for the group, as we became the largest private railway operator in Finland. Railways are for an increasing number of global companies an important mode of transport, where they want to move their cargo traffic in the near future. The development of the Trans-Caspian railway route continued and the operational capacity of the direct routes between China and Europe was maintained.

In 2023, the cash flow from operating activities remained strong at EUR +25.4 million. We raised long-term loans of EUR 15.0 million and paid EUR 30.3 million in debts related to the acquisition of North Rail. The group's equity ratio improved by 7.1 percentage points to 41.8%, gearing reached a good level of 77.6%, and interest-bearing net liabilities relative to EBITDA were only 0.93. Fixed expenses were at 17.6% of net sales and return on equity was 66.5%.

The profitability of Nurminen Logistics improved significantly as a result of the successful ramp-up of the domestic railway business, the good demand situation in the Baltic operations and the group's courage and ability to react to changing conditions.

In 2023, the net sales of the railway operations was EUR 26.8 million and the share of the Group's net sales was 21% (19%).

The profitability of the Multimodal Forwarding business improved and net sales amounted to EUR 9.8 million. The Multimodal Forwarding business accounts for 7% (13%) of the Group's net sales.

In the Cargo business, net sales and profitability remained at the good level of 2022 and net sales were EUR 19.2 million. The Cargo business accounts for 15% (16%) of the Group's net sales.

The good development of the Baltic operations continued steadily throughout 2023. The Baltic operations account for 57% (51%) of the Group's net sales.

Financial Position and Balance Sheet

Cash flow from operating activities amounted to EUR +25.4 million. January–June accounted for EUR +20.5 million and July–December for EUR +4.8 million of the cash flow from operating activities. The change in working capital accounted for EUR +3.8 million of the cash flow from operating activities.

Cash flow from investments was EUR 2.5 million. The cash flow from investing activities was impacted by investing in funds and investments in information systems and digitalisation, as well as the purchase price debt associated with the acquisition of North Rail Oy.

The cash flow from financing was EUR -21.2 million, with the most significant items being a total of EUR 15.0 million of proceeds from non-current borrowings mainly related to the acquisition of North Rail Oy, and EUR -36.0 million of repayment of non-current borrowings, of which EUR -30.3 million relates to the acquisition of North Rail Oy.

At the end of the review period, cash and cash equivalents amounted to EUR 12.8 million. Cash and cash equivalents attributable to the Baltic operations amount to EUR 11.4 million.

The measurement of the assets in the financial statements is based on the going concern assumption and market prices, and the assets do not involve a risk of write-downs at the time of closing the accounts. The group management estimates that the cash flow will cover the current business needs and liabilities for the next 12 months.

The Group's interest-bearing debt excluding IFRS 16 liabilities amounted to EUR 26.0 million. The liabilities according to IFRS 16 totalled EUR 9.6 million, of which EUR 6.8 million was connected to the land and civil defence shelter leases of the Vuosaari real estate company. The land lease liability does not have a negative impact on the value of the property. All of the buildings in the Vuosaari port area are located on plots leased from the City of Helsinki.

Current interest-bearing liabilities of the group, a total of EUR 21.2 million, consist of bank loans of EUR 20.6 million and IFRS lease liabilities of EUR 0.6 million. Short-term bank loans include EUR 5.4 million of loans taken from Ilmarinen and EUR 8.7 million of loans related to the acquisition of North Rail Oy. Non-current interest-bearing liabilities are EUR 27.2 million, of which EUR 18.2 million consists of long-term debts and EUR 9.0 million is connected to lease liabilities according to IFRS 16.

Long-term loans amount to EUR 18.2 million. Long-term loans include a loan of EUR 11.8 million taken out by Kiinteistö Oy Helsingin Satamakaari 24 from Oma Savings Bank, a loan of EUR 1.0 million taken out by Nurminen Logistics Plc from Oma Savings Bank and the loans of EUR 5.4 million taken out by Nurminen Logistics Plc related to the acquisition of North Rail Oy.

The group's equity amounted to EUR 45.9 million at the end of the year, while it was EUR 24.1 million at the end of the previous financial period. The equity ratio improved as a result of the strengthening of equity to 41.8% (34.7%). The balance sheet total was EUR 113.8 million (69.7).

Capital Expenditure

The Group's gross capital expenditure during the review period amounted to EUR 1.1 million (EUR 0.4 million), accounting for 0.9% (0.3%) of net sales. Depreciation totalled EUR 5.3 million (EUR 2.8 million), or 4.2% (2.3%) of net sales. Amortisation of right-of-use assets associated with IFRS 16 amounted to EUR 0.9 million (EUR 0.8 million).

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%), Kiinteistö Oy Kotkan Siikasaarentie 78 (100%), Kiinteistö Oy Luumäen Suoanttilantie 101 (100%), Kiinteistö Oy Vainikkalan Huolintatie 13 (100,0%), North Rail Holding Oy (79.8%), North Rail Oy (79.8 %), Kiinteistö Oy Helsingin Satamakaari 24 (51%), Pelkolan Terminaali Oy (20%), OOO Nurminen Logistics (100%), Nurminen Maritime Latvia SIA (51%), Nurminen Maritime UAB (51%).

Personnel and Management

At the end of the review period, the Group's number of personnel stood at 186, compared to 141 on 31 December 2022. The number of employees working abroad was 38. Personnel expenses in 2023 totalled EUR 13.6 million (EUR 8.3 million in 2022).

In March, Marjut Linnajärvi was appointed a member of the Management Team responsible for sales and international railway business. CFO Iiris Pohjanpalo returned from family leave in May, and served as a member of the Management Team until August. Kai Simberg was appointed CFO and a member of the Management Team, and as a deputy to the President and CEO starting from 4 August 2023. In December, Toni Mäkelä was appointed CEO of North Rail Oy and a member of the Group Management Team.

On 31 December 2023, the Management Team consisted of the following members: Olli Pohjanvirta, President and CEO; Kai Simberg, CFO; Marjut Linnajärvi, VP Sales and VP International Railway Operations; Joonas Louho, VP, Cargo & Development and ICT; Toni Mäkelä, CEO of North Rail Oy; and Suvi Kulmala, VP, Human Resources. During the financial period, the Management Team also included Tuomas Kansikas, COO, from 1 January 2023 to 31 March 2023 and Iiris Pohjanpalo, CFO, from 11 May 2023 to 3 August 2023.

Management transactions

On 8 February 2023, Nurminen Logistics announced Board member Juha Nurminen's transfer notification concerning 238,094 shares.

On 14 February 2023, Nurminen Logistics announced President and CEO Olli Pohjanvirta's transfer notification concerning 14,700 shares.

On 17 May 2023, Nurminen Logistics announced Board member Juha Nurminen's transfer notification concerning 72,289 shares.

On 12 June 2023, Nurminen Logistics announced the transfer notification of Railcap Ltd, which is controlled by President and CEO Olli Pohjanvirta, concerning 200,000 shares.

On 15 June 2023, Nurminen Logistics announced the transfer notifications of JN Uljas Oy, controlled by Board member Juha Nurminen, concerning 14,477 shares.

During the period 15 June–24 July 2023, Nurminen Logistics announced Board member Juha Nurminen's transfer notifications concerning 273,993 shares.

On 25 July 2023, Nurminen Logistics announced the remuneration in shares for the Board of Directors. Irmeli Rytkönen, Chair of the Board of Directors subscribed for 30,488 shares, Juha Nurminen, member of the Board of Directors subscribed for 15,244 shares, Olli Pohjanvirta, member of the Board of Directors subscribed for 15,243 shares, Karri Koskela, member of the Board of Directors subscribed for 15,244 shares and Erja Sankari, member of the Board of Directors subscribed for 15,244 shares.

During the period 1 August–10 August 2023, Nurminen Logistics announced the transfer notifications of JN Uljas Oy, controlled by Board member Juha Nurminen, concerning 226,342 shares.

Flagging notifications

On 31 July 2023, Nurminen Logistics received a flagging notification from K. Hartwall Oy Ab, the direct holding of which decreased from a total of 10.7 per cent to 9.99 per cent as a result of the transfer of shares, due to which the total number of shares in the company was reduced by 300,000 shares.

All notifications have been disclosed as stock exchange releases and they are available on Nurminen Logistics' website at www.nurminenlogistics.com.

Shares and Shareholders

Nurminen Logistics Plc's share has been quoted on the main list of Nasdaq Helsinki Ltd under the current company name since 1 January 2008. The total number of Nurminen Logistics Plc's registered shares on 31 December 2023 was 78,127,855 and the registered share capital was EUR 4,214,521. The company has one share class and all the shares carry equal rights in the company. The company name was Kasola Plc until 31 December 2007. The company was listed on the Helsinki Stock Exchange in 1987.

Largest shareholders 31 December 2023

	Number of shares	% of total shares and votes
Suka Invest Oy	12,635,655	16.17
Ilmarinen Mutual Pension Insurance Company	11,655,795	14.92
K. Hartwall Invest Oy Ab	6,462,585	8.27
Nurminen Juha Matti	6,212,908	7.95
Avant Tecno Oy	5,739,375	7.35
Railcap Ltd	2,910,574	3.73
JN Uljas Oy	2,716,394	3.48
Verman Group Oy	2,524,297	3.23
Relander Pär-Gustaf	1,757,686	2.25
Cyberdyne Invest Oy	1,735,454	2.22
Ten largest shareholders total	54,350,723	69.57
Nominee-registered	2,054,210	2.63
Others	21,722,922	27.80
Total	**78,127,855**	**100**

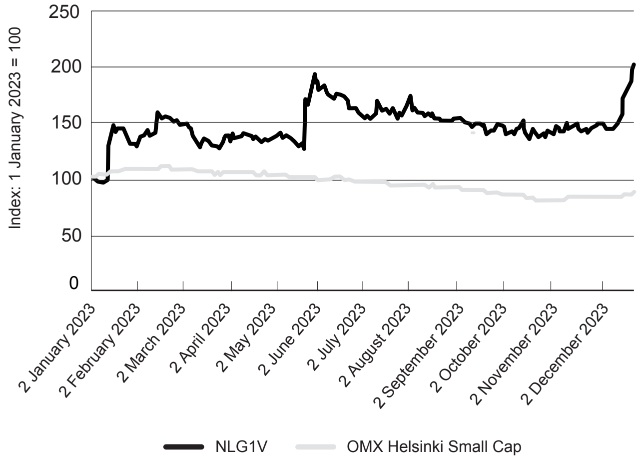
Shareholders by type 31 December 2023

	Number of shares	% of total shares and votes
Private companies	39,080,928	50.0%
Financial and insurance institutions	3,600,986	4.6%
Public sector organisations	11,655,795	14.9%
Households	20,860,673	27.5%
Non-profit organisations	1,004	0%
Foreign	238,040	0.3%
Nominee-registered	2,054,210	2.6%
Total	**78,127,855**	**100%**

The trading volume of Nurminen Logistics Plc's shares was 12,770,526 during the period from 1 January to 30 December 2023, representing 16.3% of the total number of shares. The value of the turnover was EUR 12,439 thousand. The lowest price during the period was EUR 0.60 per share and the highest EUR 1.26 per share. The closing price for the period was EUR 1.26 per share and the market value of the entire share capital was EUR 98,441 thousand at the end of the period, and EUR 98,441 thousand excluding treasury shares. At the end of 2023, the company had 5,585 shareholders. At the end of 2022, the number of shareholders stood at 4,791.

At the end of 2023, the company held 0 of its own shares.

Nurminen Logistics' share price development
1 January 2023–31 December 2023



According to the register of shareholders at 31 December 2023, the Board of Directors (including ownership of controlled entities) held 18.2% of Nurminen Logistics shares. In addition to CEO Olli Pohjanvirta, Marjut Linnajärvi and Toni Mäkelä from the Management Team owned shares in the company on 31 December 2023.

Board of Directors	Shares	% of shares and votes
Juha Nurminen	6,212,908	8.0
JN Uljas Oy	2,716,394	3.5
Total	8,929,302	11.4
Olli Pohjanvirta	1,424,956	1.8
RailCap Oy	2,910,574	3.7
VGK invest Oy	648,000	0.8
Total	4,983,530	6.3
Irmeli Rytkönen	223,175	0.3
Karri Koskela	47,471	0.1
Erja Sankari	47,471	0.1
Total	**14,230,949**	**18.2**

Dividend policy

The company's Board of Directors has on 25 September 2023 defined the company's long-term financial targets for 2023–2025. According to the targets, Nurminen Logistics Plc aims to distribute an annually growing dividend in euros.

Arrangements Related to Ownership and Exercise of Voting Rights

No shareholder agreements related to holdings in Nurminen Logistics Plc and the exercise of voting rights have been brought to the company's attention with the exception of the announcement that was published in the stock exchange release of 28 December 2008. According to the announcement, the members of the Board of Directors and Executive Board have undertaken not to sell or otherwise transfer shares in John Nurminen Ltd owned by them on this date and the company's shares received as demerger consideration in conjunction with the demerger of John Nurminen Ltd, without prior written consent from the company's Board of Directors.

Decisions made by the Annual General Meeting of Shareholders

Nurminen Logistics Plc's Annual General Meeting held on 12 April 2023 passed the following decisions:

Adoption of the annual accounts and discharge from liability

The General Meeting confirmed the company's financial statements, reviewed the remuneration report of the administrative organs and discharged those accountable from liability for the financial year 1 January 2022−31 December 2022.

Payment of dividend

In accordance with the proposal by the Board of Directors, the General Meeting decided that the profit from the financial period ending on 31 December 2022 will be transferred to retained earnings. In addition, the General Meeting authorised the Board of Directors to decide at their discretion on the repayment of equity from the reserve for invested unrestricted equity, at most EUR 1.0 million, if the company's financial position allows.

Composition and remuneration of the Board of Directors

The General Meeting resolved that the Board of Directors is composed of five members. The General Meeting re-elected the following members to the Board of Directors: Irmeli Rytkönen, Olli Pohjanvirta, Juha Nurminen, Erja Sankari and Karri Koskela.

The General Meeting resolved that for the members of the Board elected at the Annual General Meeting for the term expiring at the close of the Annual General Meeting in 2024, the annual remuneration is paid as follows: annual remuneration of EUR 60,000 for the Chairman of the Board of Directors and EUR 30,000 for the other members of the Board of Directors.

In addition, a meeting fee of EUR 1,500 per meeting for the Board and Board Committee meetings is paid to the Chairman of the Board of Directors, and EUR 1,000 to the other members of the Board per meeting of the Board and Board Committee. Of the annual remuneration, 50 percent 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.

Partial amendment of the Articles of Association

The Annual General Meeting resolved to amend paragraph 9 of the Articles of Association to enable holding a general meeting completely without a meeting venue as a so-called remote meeting.

Authorising the Board of Directors to decide on the issue of shares as well as the issuance of options and other special rights entitling to 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, paragraph 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 7,700,000 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 Annual General Meeting of 2024, yet no longer than until 30 June 2024. The authorisation revokes any previous share issue authorisations currently valid.

Auditor

Ernst & Young Oy was elected the auditor of the company for the term ending at the close of the Annual General Meeting 2024.

Environmental Factors

Nurminen Logistics seeks environmentally friendly and efficient transport solutions as part of the development of its services. Research shows that the container train to China is the most ecological method of transporting goods between China and Europe.

All services provided by the company in Finland are covered by a certified environmental management system that meets the requirements of the ISO 14001:2004 standard.

Long-Term Financial Objectives

The company's Board of Directors has defined the group's long-term financial targets for 2023–2025 based on the group's updated strategy confirmed in 2023: EBIT % over 13%, equity ratio over 40%, Gearing under 80%, net debt / EBITDA under 2 and growing euro-denominated dividend.

The economic goals for 2023–2025 have been defined taking into account the sustainable growth of shareholder value. In addition, the domestic and international growth prospects of the railway business and readiness for acquisitions in Finland and abroad have been taken into account.

Financial guidance 2024

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 shipments and improved profitability of the Cargo business.

The full-year forecast is supported by our view of the development in net sales in the first quarter of 2024 compared to the comparison period, as well as our forecast of comparable operating result for the first quarter.

Nurminen Logistics will change its reporting in 2024 as follows: For the first and third quarters the group publishes a business review, and for the second and fourth quarters an interim report.

Short-Term Risks And Uncertainties

Weakening of the European economy from the current situation, the labour market disputes in Finland and the continuation of the war in Ukraine may have a negative impact on the demand for the group 's services and, thereby, results. Should Finland's, China's or Sweden's foreign trade decrease further, it will have impacts on the demand for services. In the railway business, food supply-related fertilisers critical to the world or metals required for the green transition being subjected to sanctions would have a negative impact on the railway business in the EU.

The group does not see that risks related to climate change, such as extreme weather events, would affect Nurminen Logistics' business.

More detailed information about the risk information of the group can be found on the Investors page on Nurminen Logistics' website at https://www.nurminenlogistics.com/investors/.

Events After the Financial Year

No significant events occurred after the financial year.

Board of Directors' proposal for profit distribution

On 31 December 2023, the parent company's distributable equity is EUR 29,978, 686.01, of which the loss for the period amounted to EUR 959,432.25.

The Board of Directors proposes to the Annual General Meeting repayment of equity from the reserve for invested unrestricted equity, at most EUR 0.06 per each of the company's 78 127 855 shares outstanding, totaling at most EUR 4 687 671.30. In addition, the Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to decide the date and the final amount of the repayment of equity from the reserve for invested unstricted equity. The remaining distributable assets will be retained in unrestricted equity.

Corporate Governance Statement

The Corporate Governance Statement of Nurminen Logistics Plc will be published on 14 March 2024 on the company's website at https://nurminenlogistics.com/investors/.

Board and Audit Committee Meetings

The Board of Directors convened 22 times during the year 2023. The Audit Committee had seven meetings.

Bridge calculation of comparable operating result

EUR 1,000	1–12/2023	1–12/2022
Operating profit	33,091	3,408
Non-recurring expenses related to containers and wagons	210	2,890
Non-recurring expenses related to the Luumäki property	0	435
Personnel-related restructuring costs	153	149
Non-recurring costs related to the acquisition of North Rail Oy	297	0
Gain from the bargain purchase of North Rail Oy	-12,269	0
Comparable adjusted operating profit	21,482	6,882

Comparable adjusted operating profit is an alternative performance measure referred to by the European Securities and Markets Authority (ESMA)

Group's key figures

	2021	2022	2023
Net sales, EUR 1,000	141,254	122,511	127,951
Change in net sales, %	75.0%	-13.3%	4.4%
Operating result (EBIT) EUR 1,000	9,625	3,408	33,091
% of net sales	6.8%	2.8%	25.9%
Result before taxes, EUR 1,000	7,825	1,925	29,342
% of net sales	5.5%	1.6%	22.9%
Result for the financial year, EUR 1,000	13,776	1,472	23,273
% of net sales	9.8%	1.2%	18.2%
Return on equity (ROE), %	69.5%	5.9%	66.5%
Return on investment (ROI), %	16.7%	6.9%	42.8%
Equity ratio, %	31.7%	34.7%	41.8%
Gearing, %	115.9%	119.8%	77.6%
Gearing % excluding IFRS 16	77.1%	80.0%	56.5%
Interest-bearing net debt, EUR 1,000	29,914	28,928	35,599
Interest-bearing net debt excluding IFRS 16, EUR 1,000	20,027	19,431	25,989
Interest-bearing net debt/EBITDA (12-month, rolling)	2.38	4.65	0.93
Gross investment on fixed assets, EUR 1,000	341	422	1,121
% of net sales	0.2%	0.3%	0.9%
Balance sheet total, EUR 1,000	81,705	69,678	113,771
Average number of employees	145	141	196
Wages and salaries paid, EUR 1,000	8,558	8,262	13,571
Share key figures			
Earnings per share (EPS), EUR, undiluted	0.16	-0.01	0.18
Earnings per share (EPS), EUR, diluted	0.15	-0.01	0.18
Equity per share, EUR	0.20	0.17	0.35
Dividend per share, EUR	0.00	0.00	0.00*
Dividend to earnings ratio, %	0.0%	0.0%	0.0%
Effective dividend yield, %	0.0%	0.0%	0.0%
Repayment of equity per share, EUR	0.016	0.00	0.00
Price per earnings (P/E)	12	-60	-60
Number of shares adjusted for share issue (diluted), weighted average	77,843,064	77,961,285	78,076,485
Number of shares adjusted for share issue (diluted), at end of financial year	77,903,313	78,036,392	78,127,855
Number of shares adjusted for share issue (undiluted), weighted average	75,540,173	77,863,691	78,076,485
Number of shares adjusted for share issue (undiluted), at end of financial year	77,128,928	78,036,392	78,127,855

* The Board of Directors proposes to the Annual General Meeting repayment of equity from the reserve for invested unrestricted equity, at most EUR 0.06 per each of the company's 78 127 855 shares outstanding, totaling at most EUR 4 687 671.30.

	2021	2022	2023
Share price development			
Share price development			
– highest price	2.85	2.07	1.26
– lowest price	0.39	0.56	0.60
– average price	1.16	0.99	0.91
– closing share price at balance sheet date	1.96	0.60	1.26
Market capitalisation, MEUR	150.9	46.9	98.1
Number of shares traded	20,779,826	11,002,725	12,770,526
Shares traded, % of total number of shares	25.0%	14.1%	16.3%
Number of shareholders	4,095	4,791	5,585

Calculation of key figures

$$\text{Return on equity (\%)} = \frac{\text{Result for the period}}{\text{Equity (average of beginning and end of financial year)}} \times 100$$

$$\text{Capital employed} = \text{Balance sheet total – non-interest-bearing liabilities}$$

$$\text{Return on capital employed (\%)} = \frac{\text{Result for the year before taxes + interests and other financial expenses}}{\text{Capital employed (average of beginning and end of financial year)}} \times 100$$

$$\text{Equity ratio (\%)} = \frac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$$

$$\text{Gearing (\%)} = \frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}} \times 100$$

$$\text{Gearing (\%) excluding IFRS 16} = \frac{\text{Interest-bearing liabilities excluding IFRS 16 - cash and cash equivalents}}{\text{Equity excluding IFRS 16 effect on equity (depreciation, rental expense and interest expense)}} \times 100$$

$$\text{Interest-bearing net debt} = \text{Interest-bearing liabilities – long-term interest bearing receivables – cash and cash equivalents}$$

$$\text{Interest-bearing net debt excluding IFRS 16} = \text{Interest-bearing liabilities excluding IFRS 16 – long-term interest bearing receivables – cash and cash equivalents}$$

$$\text{Interest-bearing net debt / EBITDA (12 months, rolling)} = \frac{\text{Interest bearing debt – cash and cash equivalents}}{\text{EBITDA (12 months, rolling)}}$$

$$\text{Earnings per share (EPS)} = \frac{\text{Result attributable to equity holders of the parent company}}{\text{Weighted average number of outstanding ordinary shares}}$$

$$\text{Equity/share} = \frac{\text{Equity attributable to equity holders of the parent company}}{\text{Undiluted number of shares outstanding at the end of the financial year}}$$

$$\text{Dividend to earnings ratio, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Adjusted share price at the end of the financial year}} \times 100$$

$$\text{Price per earnings (P/E)} = \frac{\text{Share price at the end of the financial year}}{\text{Earnings per share}}$$

$$\text{Dividend per share} = \frac{\text{Dividend payable for the period}}{\text{Share-issue adjusted number of shares – own shares}}$$

Consolidated statement of comprehensive income, IFRS

EUR 1,000	Note	1 JAN–31 DEC 2023	1 JAN–31 DEC 2022
NET SALES	2	**127,951**	**122,511**
Other operating income	3	12,505	93
Use of materials and supplies*	4	-79,506	-99,904
Employee benefit expenses	5	-13,571	-8,262
Depreciation, amortisation and impairment losses	6	-5,341	-2,813
Other operating expenses*	4	-8,947	-8,217
OPERATING RESULT		**33,091**	**3,408**
Financial income	7	427	809
Financial expenses	7	-4,170	-2,294
Share of profit of equity-accounted investees	16	-5	2
Total financial income and expenses and share of profit of equity-accounted investees		-3,749	-1,483
RESULT BEFORE INCOME TAX		**29,342**	**1,925**
Income taxes	8	-6,069	-453
RESULT FOR THE PERIOD		**23,273**	**1,472**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement of defined benefit schemes	23	-28	-53
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Translation differences		-12	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**23,233**	**1,422**
Result attributable to			
Equity holders of the parent company		14,329	-1,041
Non-controlling interest		8,944	2,513
Total comprehensive income attributable to			
Equity holders of the parent company		14,289	-1,092
Non-controlling interest		8,944	2,513
Earnings per share calculated from result attributable to equity holders of the parent company			
Earnings per share, undiluted, EUR	9	0.18	-0.01
Earnings per share, diluted, EUR	9	0.18	-0.01

Consolidated statement of financial position, IFRS

EUR 1,000	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	11	67,983	35,751
Right-of-use assets	11.13	9,171	9,179
Goodwill	12.15	899	899
Other intangible assets	12	1,275	935
Investments in equity-accounted investees	16	171	176
Non-current receivables	17	996	349
Deferred tax assets	18	7,471	6,908
Non-current assets		**87,966**	**54,196**
Current assets			
Inventories		1,094	238
Trade and other receivables	19	11,897	9,098
Deferred tax assets based on the taxable income for the financial period		0	5
Cash and cash equivalents	20	12,814	6,141
Current assets		**25,805**	**15,482**
TOTAL ASSETS		**113,771**	**69,678**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	21		
Share capital		4,215	4,215
Share premium reserve		86	86
Legal reserve		2,376	2,376
Reserve for invested unrestricted equity		35,591	35,591
Translation differences		-18	-6
Retained earnings		-14,752	-29,368
Equity attributable to equity holders of the parent company		**27,498**	**12,894**
Non-controlling interests	10	**18,395**	**11,252**
Total equity		**45,894**	**24,147**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		2,790	0
Other liabilities	25	54	108
Financial liabilities	24	18,172	15,568
Lease liabilities	24	9,001	8,947
Non-current liabilities		**30,017**	**24,623**
Current liabilities			
Deferred tax liabilities based on the taxable income for the financial period		106	41
Financial liabilities	24	20,631	10,004
Lease liabilities	24	609	550
Trade payables and other liabilities	25	16,514	10,314
Current liabilities, total		**37,860**	**20,908**
Liabilities, total		**67,877**	**45,531**
EQUITY AND LIABILITIES, TOTAL		**113,771**	**69,678**

Consolidated cash flow statement, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from operating activities			
PROFIT/LOSS FOR THE FINANCIAL PERIOD		**23,273**	**1,472**
Adjustments:			
Depreciation, amortisation and impairment losses	6	5,341	2,813
Unrealised foreign exchange gains (-) and losses (+)		2	-7
Other income (-) and expenses (+), non cash		-12,151	177
Adjustments to financial income (–) or expenses (+)	7	3,743	1,485
Adjustments to income tax expense	8	6,069	453
Other adjustments		0	-2
Cash flow before changes in working capital		**26,277**	**6,390**
Changes in working capital:			
Increase (-) / decrease (+) in inventories		208	-116
Increase (-) / decrease (+) in non-interest bearing current receivables		-1,118	9,512
Increase (+) / decrease (-) in non-interest bearing current payables		4,678	-8,594
Net cash from operating activities before financial items and taxes		**30,045**	**7,192**
Interest paid		-3,213	-1,021
Interest received		39	66
Other financial items		-234	-210
Income taxes paid		-1,264	-795
Cash flow from operating activities		**25,373**	**5,232**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets		-1,121	-422
Acquisitions of business less acquired cash and cash equivalents	30	4,247	0
Other investments		-616	-353
Acquisition of subsidiaries		0	0
Cash flow from investing activities		**2,510**	**-774**
Cash flow from financing activities			
Change in credit limit		2,187	466
Proceeds from non-current borrowings		15,000	0
Repayment of non-current borrowings		-35,985	-1,977
Repayment of equity		0	-1,247
Repayment of lease liabilities		-791	-620
Dividends paid / repayments of equity to minority shareholders		-2,609	-1,944
Business transactions with non-controlling interests		1,000	0
Cash flow from financing activities		**-21,199**	**-5,323**
Change in cash and cash equivalents		**6,684**	**-866**
Cash and cash equivalents at the beginning of the year		6,141	7,003
Net increase/decrease in cash and cash equivalents		6,684	-866
Translation differences of net increase/ decrease in cash and cash equivalents		-10	4
Cash and cash equivalents at the end of the period		**12,814**	**6,141**

Consolidated statement of changes in equity, IFRS

EUR 1,000			Equity attributable to equity holders of the parent company							
1–12/2023	Note	Share capital	Share premium reserve	Legal reserve	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Noncontrolling interest	Total equity
Equity on 1 Jan 2023		**4,215**	**86**	**2,376**	**35,591**	**-6**	**-29,368**	**12,894**	**11,253**	**24,147**
Comprehensive income										
Result for the period							14,329	14,329	8,944	23,273
Other comprehensive income										
Re-measurement of defined benefit schemes	23						-28	-28		-28
Translation differences						-12		-12		-12
Total comprehensive income for the period						**-12**	**14,301**	**14,289**	**8,944**	**23,233**
Business transactions with shareholders										
Share remuneration	22						124	124		124
Other changes							191	191	808	999
Dividend distribution	10								-2,609	-2,609
Total business transactions with shareholders							**315**	**315**	**-1,801**	**-1,487**
Equity on 31 Dec 2023		**4,215**	**86**	**2,376**	**35,591**	**-18**	**-14,752**	**27,498**	**18,395**	**45,894**

EUR 1,000			Equity attributable to equity holders of the parent company							
1–12/2022	Note	Share capital	Share premium reserve	Legal reserve	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Noncontrolling interest	Total equity
Equity on 1 Jan 2022		**4,215**	**86**	**2,376**	**36,838**	**-8**	**-28,386**	**15,121**	**10,683**	**25,804**
Comprehensive income										
Result for the period							-1,041	-1,041	2,513	1,472
Other comprehensive income										
Re-measurement of defined benefit schemes	23						-53	-53		-53
Translation differences						2		2		2
Total comprehensive income for the period						**2**	**-1,094**	**-1,092**	**2,513**	**1,422**
Business transactions with shareholders										
Repayment of equity					-1,247			-1,247		-1,247
Share remuneration	22						126	126		126
Other changes							-13	-13		-13
Dividend distribution	10								-1,944	-1,944
Total business transactions with shareholders					**-1,247**		**112**	**-1,135**	**-1,944**	**-3,079**
Equity on 31 Dec 2022		**4,215**	**86**	**2,376**	**35,591**	**-6**	**-29,368**	**12,894**	**11,253**	**24,147**

Notes to the consolidated financial statements, IFRS

1. Accounting principles for the consolidated financial statements

Basic information about the Group

The business idea of Nurminen Logistics is to provide and produce high-quality and customer competitiveness increasing logistics services in Finland and regular international railway line services. The Group's parent company is Nurminen Logistics Plc. The parent company' is domiciled in Helsinki, Finland, and its registered address is Satamakaari 24, 00980 Helsinki, Finland. The parent company is listed on NASDAQ OMX Helsinki Stock Exchange.

Copies of the consolidated financial statements are available on the internet at www.nurminenlogistics.com. The consolidated financial statements were authorised for issue by the Board of Directors on 13 March 2024. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to decide to amend the financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in European Union, in accordance with the IAS and IFRS standards and SIC and IFRIC interpretations effective on 31 December 2023. International Financial Reporting Standards are standards and interpretations adopted for application in the European Union in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and Council. The notes to the consolidated financial statements are also in accordance with the Finnish legislation on accounting and entities complementing the IFRS.

The consolidated financial statements are prepared for the calendar year, which is also the financial year of the parent company and Group companies.

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets and financial liabilities measured at fair value through profit or loss.

The financial statements are presented in thousands of euro and the figures are rounded off to the nearest thousand, so the sum of individually presented figures can deviate from the disclosed sums.

Application of new and revised IFRS standards

The Group has applied the following amendments as of 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements and the Making Materiality Judgements statement, effective from 1 January 2023. Significant accounting principles were replaced with material accounting principles. The aim of the amendment is to help the company to present the accounting principles which are material to understanding the company's financial statements information. The amendment requires the management to make estimates as to whether an accounting principles is material or not. The amendment has had some effect on the accounting principles presented in the consolidated financial statements of Nurminen Logistics, as the consolidated financial statements focus on presenting the accounting principles material to the company.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, effective from 1 January 2023. The amendments clarified the differences between accounting estimates and changes in accounting policies and the correction of errors. The amendment clarified that the impacts of new information or a change in the measurement method on an accounting estimate are changes in accounting estimates if they are not caused by correcting errors in previous periods. The amendment did not have a significant effect on the consolidated financial statements of Nurminen Logistics.

- Amendments to IAS 12 Income Taxes, effective from 1 January 2023. Deferred taxes are recognised based on assets and liabilities arising from a single transaction. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. The amendment restricted the scope of application of the initial recognition exemption of deferred taxes so that it is no longer applied to transactions that give rise to equal taxable and deductible temporary differences. It applies to assets and liabilities arising from individual transactions, such as right-of-use assets and lease liabilities, or restoration obligation and corresponding asset if their deferred taxes are not equal. The amendment does not have a significant effect on the consolidated statement of financial position of Nurminen Logistics, because the deferred tax assets and tax liabilities that have arisen from the recognition of leases can be netted for the most part. However, the amendment amends the note on deferred taxes in the consolidated financial statements.

- Amendments to IAS 12 Income Taxes, effective from 1 January 2023. IAS 12 Income Taxes is applied to income taxes recognised under the tax laws already in force or coming into effect in the coming years under the OECD's Pillar II. The amendment includes a mandatory exception to the requirement of IAS 12 Income Taxes to recognise and present the deferred tax assets and liabilities arising from the application of Pillar II. The amendment does not have an effect on the consolidated financial statements of Nurminen Logistics, as the regulation under Pillar II does not apply to Nurminen Logistics. The Pillar II requirements only apply to international groups whose consolidated annual net sales exceed EUR 750 million.

Other new or revised standards or interpretations or annual improvements to standards which became effective for the reporting period that begun on 1 January 2023 did not have a significant impact on the consolidated financial statements of Nurminen Logistics.

Principles of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of Nurminen Logistics Plc and those of all its subsidiaries. The subsidiaries are entities controlled by the parent company. Nurminen Logistics Plc controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Subsidiaries acquired are included in the consolidated financial statements from the acquisition date that control commences until the date that control ceases.

Acquired subsidiaries are accounted for by using the acquisition method. The consideration transferred, identifiable assets and liabilities assumed of the acquired entity and are measured at their fair values at the acquisition date. Goodwill arising on an acquisition is recognised as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests and previously held equity interests in the acquiree, over the Group's share of the fair value of the net assets acquired at the acquisition date.

The consideration transferred includes any assets transferred by the acquirer, liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer, measured at fair value. Any contingent consideration related to the business combination is measured at fair value at the acquisition date and it is classified as either liability or equity. Contingent consideration classified as liability is remeasured at its fair value at each balance sheet date and the subsequent changes to fair value are recognised in profit or loss. Contingent consideration classified as equity is not subsequently remeasured. The consideration transferred does not include any transactions accounted for separately from the acquisition, which are treated in conjunction with the acquisition in profit or loss. All acquisition-related costs, with the exception for costs to issue debt or equity securities, are expensed in the periods in which costs are incurred and services rendered.

All intra-group transactions, receivables and liabilities as well as unrealised gains and profit distribution are eliminated in the consolidation. Non-controlling interests are presented as a separate item under equity.

Non-controlling interests

Any non-controlling interest in the acquiree is measured on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Changes in the parent company's ownership interest in a subsidiary are accounted for as equity transactions if the parent company retains control over the subsidiary.

The result for the financial year and items recognised in other comprehensive income are allocated to the equity holders of the parent company and non-controlling interests. Total comprehensive income is allocated to the equity holders of the parent company and non-controlling interests, even if that results in a deficit balance, unless non-controlling interests have an exemption not to meet obligations which exceed non-controlling interests' investment. Equity attributable to the non-controlling interest is presented separately under equity in the consolidated balance sheet.

Associates

Associates are companies in which the Group has significant influence. Significant influence generally arises when the Group holds 20 to 50 per cent of a company's voting power or the Group otherwise has significant influence but not power to govern the financial and operating policies of an entity. Associates are consolidated using the equity method. When the Group's share of an associate's losses exceeds the carrying amount of the interest, the interest is recognised at zero value in the balance sheet and recognition of further losses is discontinued, except to the extent that the Group has committed to settle the associate's obligations. Investment in an associate includes goodwill arisen on acquisition. Unrealised gains resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The Group's share of an associate's result for the financial year is disclosed separately after financial items in the consolidated statement of comprehensive income.

Foreign Currency Transactions

Items included in the financial statements of each subsidiary in the Group are determined using the currency reflecting the primary economic environment of that subsidiary ("the functional currency"). The consolidated financial statements are prepared in euro which is the functional and presentation currency of the parent company and the presentation currency of the consolidated financial statements.

Foreign currency transactions of the Group companies are translated into functional currencies using the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated using the balance sheet date exchange rates and non-monetary assets and liabilities that are measured at historical cost are translated using the transaction date exchange rates. Gains and losses arising from the translation are recognised in the consolidated statement of comprehensive income.

In the preparation of consolidated financial statements, income and expenses for the income statements and for the statements of comprehensive income of those foreign Group companies whose functional currency is not euro, are translated into euro by using the average exchange rate for the financial year and the balance sheets are translated at the exchange rate at the balance sheet date. Translation differences arising from such translation are recognised in equity. Retranslating the result and the total comprehensive income for the financial year using different exchange rates for the statement of comprehensive income and for the balance sheet causes a translation difference recognised in Group's equity, the change in this translation difference is recognised under other comprehensive income. Respectively, foreign currency differences arising from the elimination of the costs of foreign subsidiaries, and from the retranslation of post-combination equity components in subsequent periods, are recognised in other comprehensive income. When a foreign operation is sold or is otherwise disposed of, in part or in full, the accumulated foreign currency differences are recognised in the statement of comprehensive income as part of the gain or loss on sale for the disposed part.

Property, plant and equipment

Items of property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses. The cost includes all expenditure directly attributable to the acquisition of the asset. The borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period to get ready for its intended use or sale, are capitalised as part of the carrying amount of the asset. Subsequent costs are recognised in the carrying amount of the item only if it is probable that future economic benefits associated with the asset will flow to the Group and its cost can be measured reliably. Other repair and maintenance costs are expensed as incurred.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives, which are the following:

Buildings	30–40 years
Transport equipment	5–8 years
Machinery and equipment	3–10 years
Locomotives	30 years
Locomotive parts	5–12 years
ICT equipment	3 years
Software	5–10 years

Land is not depreciated.

Recognition of depreciation on an item of property, plant and equipment is discontinued when the item is classified as held for sale in accordance with IFRS 5 standard. Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Gains and losses on the disposal of assets are reported as the difference between selling price and carrying amount, and the gains and losses are included in other operating income and expenses in the income statement.

Useful lives and residual values are reviewed at every balance sheet date. Changes in the future economic benefits to be received from the items of property, plant and equipment are accounted for by adjusting the useful lives and residual values of the items in question. Gains and losses arising from sale and disposal of property, plant and equipment are included in other operating income or in other operating expenses.

Intangible assets

Goodwill

Goodwill arising on business combinations is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interest in the acquiree and the value of any previously held equity interest over the fair value of the acquired net assets.

Goodwill is not amortised but it is tested at least annually for impairment. Goodwill is carried at historical cost less accumulated impairment losses.

Research and development costs

Research costs are expensed in the financial year in which they are incurred. Development costs are capitalised when certain criteria are met.

Other intangible assets

An intangible asset is recognised in the balance sheet only if its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

An intangible asset is measured at historical cost less amortisation and any impairment losses. Group's intangible assets include mainly IT software which is amortised on a straight-line basis over 5 to 7 years.

Impairment of Intangible Assets and Property, Plant and Equipment

The Group assesses, at every balance sheet date, if there are any indications of impairment of property, plant and equipment or intangible assets. In case such indications exist, the asset's recoverable amount is estimated. If the carrying amount of an asset exceeds its recoverable amount, the impairment loss is recognised in the income statement. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

As to goodwill, the recoverable amount is estimated at least annually irrespective of whether indications of impairment exist. Impairment is assessed at a cash-generating unit level, i.e. at the lowest level for which there are separately identifiable, mainly independent cash flows. In impairment testing of goodwill, the recoverable amount is based on value in use, i.e. on the estimated discounted future net cash flows.

At the recognition of the impairment loss the asset's useful life is re-estimated. The recognised impairment loss is reversed if the estimates used to determine the asset's recoverable amount have changed. The reversal of the impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. An impairment loss on goodwill is never reversed.

Application of IFRS 9

Impairment policies are based on expected credit loss models. Impairment models apply to cash and cash equivalents, such as rental, sales and factoring receivables and loan receivables.

Financial instruments

Financial assets

Financial assets of Nurminen Logistics are classified according to IFRS 9 into the following categories: financial assets at amortised cost and financial assets at fair value through profit or loss. The classification of financial assets is made at initial recognition of financial assets and is based on the business model applied by the company for the holding of financial assets and the nature of contractual cash flows.

Measurement of a financial asset at amortised cost requires the contractual cash flows to consist solely of interest and the repayment of principal (the so-called SPPI criterion). Compliance with the SPPI criterion is assessed on a per-instrument basis. If the SPPI criterion is not met, financial assets are measured at fair value through profit or loss.

Financial assets are classified as current assets if they have a maturity of less than 12 months and are expected to be disposed of within 12 months. Otherwise, the item is presented as non-current assets. Transaction costs are included in the original carrying amount of the financial assets in the case of an item measured at amortised cost. Purchases and sales of financial instruments are recognised on the settlement date. The fair values of financial instruments are determined using discounted cash flows.

Financial assets at amortised cost

An item of financial assets is measured at amortised cost if the business model requires the collection of fixed or predetermined cash flows. They consist of repayments of capital and interest on capital and arise when the Group provides loans or provides products and services directly to debtors. If an item of financial assets does not meet the above conditions, it is measured at fair value. The Group typically recognises rental, factoring and trade receivables as well as loan receivables at amortised cost.

Credit risk assessment of financial assets

In accordance with IFRS 9, Nurminen Logistics recognises expected credit losses on cash classified at amortised cost. According to this model, expected loan losses based on an individual counterparty default risk assessment. The Group uses a simplified method for recognising credit losses permitted by the standard, in which case the Group recognises the expected credit loss over the life of the contract. The change in expected credit losses recorded at each reporting date reflects the change in the credit risk of the financial assets from the initial recognition. A credit loss transaction is no longer required to record a credit loss. Recognising the amount of expected credit loss and a proactive provision for impairment is based on the management's best estimate of future credit losses. Customer receivables and the related credit loss risk are actively monitored by the company, and decisions on measures to secure the receivables are made, if necessary. When the amount of provision for credit loss is estimated on a case-by-case basis, any collateral or insurance, the customer's financial position and previous payment behaviour are taken into consideration.

Financial assets are derecognised when the Group loses its contractual right to receive cash flows or when it has transferred a significant part of the risks and rewards of ownership. An impairment loss is recognised immediately in profit or loss, depending on the item, either in other operating expenses or in financial items.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank accounts as well as highly liquid investments with original maturities of three months or less at the acquisition date.

Financial liabilities

The financial liabilities of Nurminen Logistics are classified to the following categories: financial liabilities at fair value through profit or loss and financial liabilities measured at amortised cost (other financial liabilities). The former category includes derivatives entered into by the Group, to which hedge accounting is not applied and that are not financial guarantee contracts. They are classified as held-for-trading instruments. The financial liabilities in this category are initially measured at fair value and are subsequently re-measured at their fair values. Gains and losses arising from derivatives' fair value changes, both unrealised and realised, are recognised in profit or loss in the period in which they occur. Fair values are determined by discounting the instruments' cash flows.

Other financial liabilities are measured at fair value upon initial recognition. Transaction costs are included in the original carrying amount. Subsequently other financial liabilities are measured at amortised cost using the effective interest rate method.

A financial liability is classified as current if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. A financial liability (or part of the liability) is not derecognised until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled or cancelled or is no longer effective.

Revenue recognition principles – adaptation of IFRS 15

The company's revenue consists mainly of forwarding services, railway transport and terminal services. The company also receives income from short- and long-term warehousing services. Revenue is recognised as goods are assigned to customer or service is concluded or over time (railway services): as performance obligations are met and customer obtains the goods or services within the performance obligation. Revenue is recognised with the same price that the company expects to be entitled to, with sales taxes and other possible compensations deducted from the price. The prices for company's services are fixed and generally contain no variable components.

The Baltic subsidiaries act as freight brokers, and revenue is recognized when the performance obligations are met, i.e. the services have been concluded.

Revenue recognition principles have been described below:

Railway services

The company provides international railway transport services with various types of wagons in which the goods are delivered to destination. The contract price of trains or containers en route at the end of the reporting period is recognised as revenue over time, corresponding to the time en route on the closing date relative to the total delivery time. The recognition principles applies to rail transport offered by international railway operations and North Rail Oy. The service is a singular contract obligation, which includes transport service to the destination, and the contract price is allocated in full to that obligation.

The principle of revenue recognition is based on the IFRS 15 criterion that the performance obligation is fulfilled over time when performing a transport service.

Forwarding

Forwarding service agreement consists of actions necessary for importing, exporting and customs duties. As whole they compile the performance obligation towards customer, which is usually concluded within a month from the signing of the agreement. The company recognises revenue from agreement price when the delivery orders connected to import or export have been received and authority over the goods is transferred to customer or other party. The entire contract price is allocated to a single performance obligation.

Terminal services

Terminal services consist of handling of goods at the arrival or departure of goods. The definite content of service is defined at contract level. Terminal service agreement is an entity to which the contract price is allocated. The contract price is recognised when the work on handling goods has been completed.

Warehousing services

Warehousing services consist of renting space from terminal or terminal area for short or long term holding of goods. The warehousing agreement is an entity to which the contract price is allocated. Profits from warehousing services are recognised over the time during the lease period for which the customer benefits from the service. Lease income is processed according to IFRS 15 standard when the customer is not given control over the leased space.

Contractual amounts recognised on the balance sheet

Trade receivables

Trade receivable is a transaction price to which the company has an unconditional right

Trade receivables are non-interest bearing and are typically from 14 to 60 days, corresponding to the average payment terms.

Contract assets or contract liabilities

Due to the nature of the business, the company does not have contract assets or contract liabilities.

Employee benefits

Pension arrangements

The pension arrangements of Nurminen Logistics have been classified as defined contribution plans.

Payments to defined contribution plans are recognised as an expense in the income statement in the period to which they relate. In defined contribution plans the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further amounts in case the separate entity receiving the contributions fails to pay out the pension benefits.

Defined benefit pension plans are insured by a life insurance company, and in addition to the old-age pension benefit, the additional pension insurance covers any survivor's pension benefit and burial grant benefit. Additional defined benefit pension obligations are measured based on calculations by independent actuaries. According to the measurement principles, assets are measured at fair value on the closing date, costs according to the calculation method and recognised in profit or loss, in addition interest is recognised in financial items and actuarial gains and losses caused by the remeasurement of the defined benefit net debt in comprehensive income, and these items will not subsequently be reclassified in profit or loss. The defined benefit pension plan is described in more detail in Note 23.

Share-based payments

Starting from 2022, Nurminen Logistics has two share-based incentive programmes for the company's key personnel: Performance Share Plan 2022–2026 and Restricted Share Plan 2022–2026, and starting from 2023, the CEO Performance Share plan 2023–2027. More details on the share-based incentive schemes are presented in Note 22.

The rewards will be paid partly in Nurminen Logistics shares and partly in cash. The cash proportions of the rewards are intended for covering taxes and tax-related expenses arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

The amount of remuneration paid based on the share-based incentive scheme will be cut if the maximum value for remuneration paid for the earning periods 2022–2024 set by the Board of Directors is reached.

The Nurminen Logistics Management Team member is obliged to hold 50 percent of the received net reward shares, until the total value of the Management Team member's shareholding in Nurminen Logistics equals to 50 percent of their annual base salary of the preceding year. Respectively, the CEO is obliged to hold 50 percent of the received net reward shares, until CEO´s shareholding in Nurminen Logistics equals to 100 percent of the CEO´s annual base salary of the preceding year. Such number of Nurminen Logistics shares must be held as long as the membership in the Management Team or the position as the CEO continues.

Share-based transactions paid in cash include arrangements in which the company has granted the persons a right to future cash payments by granting them a right to shares that can be redeemed at the request of either the company or the employee. A liability resulting from such an arrangement is measured at fair value at the end of each reporting period and on the day of settling the debt, and changes in fair value are recognised in profit or loss for the period in question. The benefits granted in the scheme are measured at fair value upon granting and expensed in the income statement over the vesting period.

Income taxes

The income tax expense in the statement of comprehensive income comprises the current tax, adjustments to previous periods' taxes as well as changes in deferred taxes. Income taxes are recognised in profit or loss except when they relate to other comprehensive income or equity, while income taxes are recognised within the respective items. Current tax is calculated based on taxable income using tax rates enacted in each country.

Deferred tax assets and deferred tax liabilities are calculated for temporary differences between the amounts of assets and liabilities used for taxation purposes and the carrying amounts for financial reporting purposes under IFRS. The principal temporary differences arise from financial instruments measured at fair value through profit or loss and depreciation related to component accounting. Deferred taxes are measured at the tax rate that has been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax liabilities are recognised in the statement of financial position in full.

Tangible Assets and Leases

IFRS 16 requires lessees to recognise all leases in the balance sheet on a right-of-use basis. Leased assets are treated during the lease term on the same basis as owner-occupied assets and the right-of-use assets recognised for them on the balance sheet are amortised based on the defined lease term. The debt based on the present value of the rent is reduced as the rent is paid. The group's right-of-use assets are comprised of the IFRS 16 lease liabilities concerning land and water areas, buildings and machinery and equipment.

Because of its industry and business model, Nurminen Logistics primarily is the lessee in the contracts. The company primarily applies the standard to leases on land areas, premises and terminal properties, as well as terminal machinery and equipment. In determining the term of a lease, the company has exercised discretion in estimating the probability of exercising the extension options of leases and included the terms covered by the option in the term of the lease, if exercising the option is reasonably certain.

Leases are distinguished from service contracts using a control model. When the arrangement includes a specific asset that is under the control of the customer, it is a lease. The contract is recognised in the balance sheet as a non-current asset and a liability arising therefrom. Service contracts are recognised as an expense in the income statement.

Lease liabilities

At the commencement date of the agreement, Nurminen Logistics values the lease liability at the present value of the rent outstanding at that date. Payments include fixed rentals and residual value guarantees less any available lease incentives. The company considers lease termination charges as part of the lease payments if it has considered the option to terminate during the lease term. VAT is not included in the amount of the lease liability and management and maintenance fees and other payments of a service nature are generally treated as an expense that cannot be capitalised in the balance sheet. Interest expenses are recognised through profit or loss over the term of the lease and the right-of-use asset is amortised using the straight-line method over the term of the lease

Rents are discounted using the company's estimated incremental borrowing rate. The standard defines the incremental borrowing rate as the interest that the lessee would have to pay on borrowing for the same period and with similar collateral to acquire the asset at the cost of the underlying asset.

Right-of-use assets

Nurminen Logistics records the lease at the commencement date of the lease, i.e. the date on which the lessor transfers the asset to the control of the company. The property, plant and equipment are measured at cost less accumulated depreciation and impairment losses and adjusted for any subsequent revaluation of the lease liability. The original cost equals the original lease liability. The right-of-use assets are subject to impairment testing.

Application of facilitations and significant assumptions

Nurminen Logistics does not treat short-term leases of less than 12 months or low value assets as property, plant and equipment, but recognises the resulting rental expense in the income statement. Contracts of minor value primarily include IT and office hardware, company cars and small office spaces. Fixed-term leases are dealt with by the company within the term of a non-cancellable lease term and are subject to any subsequent option periods when the company has reasonable assurance that they will be exercised. The management exercises discretion in assessing the term of leases valid until further notice, which is based on the company's strategic situation and market conditions, as well as the costs that would be incurred if the leased commodity was replaced by another commodity.

Leases in which Nurminen Logistics is the lessor are operating leases and are recognised in the income statement on a straight-line basis over the lease term.

The remaining liabilities for leases that do not include property, plant and equipment assets and lease liabilities are disclosed in Note 27 as off-balance sheet liabilities.

Operating profit

The operating profit is the total of sales and other operating income from which expenses for material and services, employee benefits and other operating expenses as well as depreciation, amortisation and impairment losses on non-current assets are subtracted. Foreign currency differences arising from working capital items are included in the operating result, whereas foreign currency differences from financial assets and financial liabilities are included in financial income and expenses.

Accounting policies requiring management discretion and key uncertainties associated with estimates

The preparation of IFRS financial statements requires the company's management to make certain estimates and assumptions and discretion in the application of accounting principles. The estimates and assumptions made affect the reported amounts of assets and liabilities in the balance sheet as well as the income and expenses in the income statement.

In business combinations fair values of the items of property, plant and equipment and intangible assets are estimated and the depreciation and amortisation periods for the assets are determined. The determination of fair value of intangible assets is based on estimates about future cash flows to be generated by these assets.

Goodwill is tested for impairment annually. Management's judgment must be used in determining the cash-generating units for goodwill testing. The recoverable amounts of the cash-generating units are determined based on value in use. The preparation of these calculations requires use of estimates. In calculation of value in use estimates are made about future cash flows and discount rate to be used. Estimates are based on budgets and forecasts, which contain some degree of uncertainty.

In business combination, there may happen a bargain purchase when the net of acquisition-date amounts of identifable assets acquired and the libilities assumed exceed the consideration transferred. The gain of the bargain purchase is recognised in profit on the acquisition day.

The recognition and measurement of deferred taxes requires the company's management to make estimates, especially in the case of a deferred tax asset recognised based on the Group companies' losses or another temporary difference for which a deferred tax asset is recognised. Due to uncertainty regarding use of confirmed losses, the Group recognises deferred tax assets in the consolidated balance sheet by the principle of prudence.

Property, plant and equipment as well as intangible assets are reviewed annually as to whether any indications exist that these assets might be impaired. If indications exist, the asset's recoverable amount is estimated.

Items of property, plant and equipment as well as intangible assets are depreciated and amortised over their estimated useful lives. The useful lives are reviewed regularly. The management reviews regularly, whether if certain items to be divested will not meet the criteria of IFRS 5 standard for probability of divestment of an asset within 12-month period from classifying these assets as non-current assets held for sale. If indications exist, the asset is derecognised from non-current assets held for sale.

Estimates made in preparing the financial statements are based on the management's best view and the information available at the balance sheet date. Estimates and assumptions are based on experience and other factors that are considered the best view in measuring such assets and liabilities, whose values cannot be derived from other sources. The estimates concerning the future are based on assumptions that are regarded as the most probable at the balance sheet date relating to the expected development of the financial environment of Nurminen Logistics and assumptions about the development of sales and cost level. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed continuously. The realisation of estimates and assumptions and the changes in underlying factors are reviewed regularly by using both external and internal sources of information. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only the period in question. If the revision to accounting estimate affects both the period in which the estimate is revised and future periods, the revision is recognised respectively in the period in question and in future periods.

New and revised standards and interpretations

The International Accounting Standards Board has announced the following new or revised standards and interpretations, which the Group has not yet adopted but which are estimated to have an impact on the Group's financial statements. The Group will apply each standard and interpretation as of its effective date or, if the effective date is some other date than the first day of the accounting period, as of the beginning of the financial year following the effective date. New standards and amendments to existing standards coming into effect in the fiscal year starting 1 January 2024 or later are the following:

- Amendments to IAS 1 Presentation of Financial Statements, effective from 1 January 2024. The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current by clarifying, for example, what the right to postpone settling the debt at the end of the reporting period if it meets the defined conditions on the reporting date means. The probability of the Group exercising its right to postpone does not affect the classification of a liability as current or non-current.

The adoption of the standard listed above or other new or revised standards effective from 1 January 2024 is not expected to have an impact on Nurminen Logistics Plc's financial statements in subsequent periods.

War in Ukraine and the geopolitical situation

World trade weakening from the current situation as a consequence of the war in Ukraine may have a negative impact on the demand for the group's services and thereby result. In addition, in the railway business, food supply-related fertilisers critical to the world or metals required for the green transition being subjected to sanctions due to the war in Ukraine would have a negative impact on the business of the acquired company North Rail Oy.

As Russia's war of aggression continues in Ukraine, the demand for the Trans-Caspian route bypassing Russia has stabilised. In addition, the situation in the Red Sea, which escalated towards the end of the year, has increased the demand for direct rail transport between Europe and Asia.

Geopolitical factors, such as the war in the Middle East, increase the need for alternative and safe transport routes for companies. Nurminen Logistics continuously and actively develops the routes to solve customers' logistical needs in changing conditions.

Risks related to climate change

The group does not see that risks related to climate change, such as extreme weather events, would affect Nurminen Logistics' business.

Auditing

The interim reports and financial statement release for the 2023 financial year are unaudited.

2. Net sales and accounting principles

The effects of the IFRS 15 standard are described in the section on calculation principles.

IFRS 15: recognition of sales income when the performance obligation has been satisfied

EUR 1,000	1 JAN–31 DEC 2023	1 JAN–31 DEC 2022
Recognised over time	5,330	4,465
Recognised at a specific time	122,621	118,047
Revenue from contracts with customers	**127,951**	**122,511**

In 2023, net sales are distributed geographically between Finland and the Baltics.

Information on geographical areas 2023

EUR 1,000	Finland	Russia	Baltic countries	Total
Net sales	53,316	0	74,636	127,951
Non-current assets	87,135	15	816	87,966

Information on geographical areas 2022

EUR 1,000	Finland	Russia	Baltic countries	Total
Net sales	59,223	974	62,314	122,511
Non-current assets	53,822	13	362	54,196

The railway business accounts for EUR 26.8 million (23.5), or 21% (19%) of the Group's net sales.

The Multimodal Forwarding business accounts for EUR 9.8 million (16.3), or 7% (13%) of the Group's net sales.

The Cargo business accounts for EUR 19.2 million (19.8), or 15% (16%) of the Group's net sales.

The Baltic operations account for EUR 74.8 million (62.3), or 57% (51%) of the Group's net sales.

Information on biggest customers

Group income from Global Transport and Logistics Pte. in 2023 was EUR 27,612 thousand, or 22% of the Group's net sales. In 2023, there were not other single customers, from whom the Group received more than ten per cent of the net sales. In 2022, the Group did not have any single customer exceeding 10% of the Group net sales.

3. Other operating income

EUR 1,000	2023	2022
Gains from sale of property, plant and equipment	0	1
Rental income	14	43
Gain from the bargain purchase	12,269	0
Other items	221	50
Total	**12,505**	**93**

4. Operating expenses

EUR 1,000	2023	2022
Use of materials and supplies	79,506	99,904
Expenses relating to short term low value leases	1,552	1,706
Administrative expenses	5,231	3,892
Other cost items	2,165	2,620
Total other operating expenses	**8,947**	**8,217**

The repayments of lease liabilities in the cash flow from financing activities amounted to EUR 791 thousand in 2023 and EUR 620 thousand in 2022.

Auditor fees

EUR 1,000	2023	2022
Auditing	241	152
Other services	56	10
Total	**297**	**163**

5. Employee benefit expenses

EUR 1,000	2023	2022
Salaries and fees	11,320	6,920
Pension expenses, defined contribution plans	1,620	957
Pension expenses, defined benefit plans	-37	-12
Other social security costs	544	272
Share-based payments	124	126
Total	**13,571**	**8,262**

Information on the management remuneration is presented in Note 29. Related party transactions.
Information on the share-based payments is presented in Note 22. Share-based payments.

Personnel of the Group during the year on average

	2023	2022
Total	**196**	**141**

6. Depreciation, amortisation and impairment losses

Depreciation and amortisation by asset category:

EUR 1,000	2023	2022
Intangible assets		
Intangible rights	6	3
Other capitalised long-term expenditure	362	334
Impairment losses	2	10
Total	**370**	**347**
Property, plant and equipment		
Buildings	1,581	1,601
Machinery and equipment	2,424	61
Other tangible assets	34	34
Total	**4,039**	**1,696**
Amortisation of right-of-use assets (IFRS 16)	932	770
Total	**5,061**	**2,813**

7. Financial income and expenses

EUR 1,000	2023	2022
Financial income		
Interest income	37	70
Exchange rate gains	390	738
Total financial income	**427**	**809**
Financial expenses		
Interest expenses	3,172	980
Exchange rate losses	468	867
Financial expenses on lease liabilities (IFRS 16)	321	329
Other financial expenses	209	118
Total financial expenses	**4,170**	**2,294**

Items above the operating profit include exchange rate differences totalling EUR -39 thousand in 2023 and EUR -318 thousand in 2022.

8. Income taxes

The income tax expense in the statement of comprehensive income consists of the following:

EUR 1,000	2023	2022
Current tax expense	-1,334	-607
Other direct taxes	0	-2
Deferred taxes, net	-4,735	157
Total	**-6,069**	**-453**

The reconciliation between the income tax expense recognised in the consolidated statement of comprehensive income and the taxes calculated using the Finnish corporate tax rate (20.0%):

EUR 1,000	2023	2022
Result before income tax	29,342	1,925
Corporate tax rate	20%	20%
Income tax calculated using the Finnish corporate tax rate	-5,868	-385
Adjustments		
Effect of tax rates used in foreign subsidiaries	1,755	507
Unrecognised deferred tax assets on losses	-755	-784
Tax-exempt income	2,454	0
Non-deductible expenses	-42	-45
Use of previously unrecognised tax losses	284	78
Recognised deferred tax assets on losses	-1,192	55
Deferred tax liabilities from undistributed earnings	-2,790	0
Other differences	85	121
Total adjustments	**-200**	**-68**
Income tax expense in the income statement	**-6,069**	**-453**

9. Earnings per share

	2023	2022
Result attributable to the equity holders of the parent company (EUR 1,000)	14,329	-1,041
Weighted average number of shares, undiluted	78,076,485	77,863,691
Earnings per share, undiluted, EUR	0.18	-0.01
Result attributable to the equity holders of the parent company (EUR 1,000)	14,329	-1,041
Weighted average number of shares, diluted	78,076,485	77,961,285
Earnings per share, diluted, EUR	0.18	-0.01

10. Subsidiaries and associates

The companies belonging to the Nurminen Logistics Group are the following:

Subsidiaries	Domicile	Ownership (%)	Share of votes (%)
Nurminen Logistics Services Oy	Finland	100.0%	100.0%
North Rail Oy	Finland	79.8%	79.8%
North Rail Holding Oy	Finland	79.8%	79.8%
Kiinteistö Oy Kotkan Siikasaarentie 78	Finland	100.0%	100.0%
Kiinteistö Oy Luumäen Suoanttilantie 101	Finland	100.0%	100.0%
Kiinteistö Oy Vainikkalan Huolintatie 13	Finland	100.0%	100.0%
OOO Nurminen Logistics	Russia	100.0%	100.0%
Kiinteistö Oy Helsingin Satamakaari 24	Finland	51.0%	51.0%
Nurminen Maritime Latvia SIA	Latvia	51.0%	51.0%
Nurminen Maritime UAB	Lithuania	51.0%	51.0%

Associates and joint ventures	Domicile	Ownership (%)	Share of votes (%)
Pelkolan Terminaali Oy	Finland	20.0%	20.0%

The Group has five subsidiaries with material non-controlling interests. The acquisition of North Rail Oy is presented in more detail in Note 30 Acquisitions and divested businesses.

The following is summarised financial information for the subsidiaries with material non-controlling interests.

The information is before intra-Group eliminations. The Group has recognised deferred tax liabilities of EUR 2,790 thousand from the profit of its subsidiaries in Latvia and Lithuania.

	2023					2022			
EUR 1,000	Kiinteistö Oy Helsingin Satamakaari 24	Nurminen Maritime Latvia SIA	Nurminen Maritime UAB	North Rail	Total	Kiinteistö Oy Helsingin Satamakaari 24	Nurminen Maritime Latvia SIA	Nurminen Maritime UAB	Total
Summary of comprehensive income statement									
Net sales	2,806	50,241	24,241	22,145	**99,433**	2,570	34,068	28,246	**64,884**
Profit before taxes	79	10,513	4,950	17,385	**32,926**	299	1,573	3,844	**5,717**
Income taxes	-16	3,075	1,055	839	**4,954**	-17	29	578	**590**
Comprehensive income	95	7,438	3,894	16,546	**27,972**	316	1,544	3,266	**5,126**
Total comprehensive income attributable to NCI	46	3,646	1,910	3,342	**8,944**	155	757	1,602	**2,513**
Summary of balance sheets									
Current assets	90	12,751	5,123	2,859	**20,822**	1,185	3,999	4,204	**9,389**
Non-current assets	38,461	615	202	35,453	**74,730**	39,964	179	183	**40,325**
Current liabilities	1,183	3,251	922	17,744	**23,100**	1,323	1,939	936	**4,198**
Non-current liabilities	19,698	2,497	450	22	**22,668**	22,251	0	131	**22,382**
Net assets	17,670	7,617	3,952	20,545	**49,784**	17,575	2,239	3,320	**23,134**
Equity attributable to NCI	8,573	3,734	1,938	4,150	**18,395**	8,527	1,098	1,628	**11,252**
Summary of cash flows									
Cash flow from operating activities	1,268	8,306	4,580	7,819	**6,336**	1,877	731	3,393	**6,001**
Cash flow from investing activities	-14	-510	-265	-13	**-802**	0	-133	-122	**-255**
Cash flow from financing activities	-2,348	-2,097	-3,283	-152	**-7,880**	-1,100	-40	-3,991	**-5,131**
Net increase/ decrease in cash and cash equivalents	-1,094	5,700	-1,032	-7,984	**-2,345**	778	557	-720	**615**
Dividends paid to NCI during the year	0	1,010	1,600	0	**2,610**	0	0	1,944	**1,944**

11. Property, plant and equipment

EUR 1,000	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
2023									
Cost at 1 January	247	8,978	47,163	8,081	17,385	1,961	904	203	84,922
Additions			5	191	36,344	735	5	-39	37,241
Transfers between asset categories			54		87	0	0	-141	0
Disposals					-60	-2			-63
Cost at 31 December	247	8,978	47,222	8,273	53,755	2,693	909	23	122,100
Accumulated depreciation and impairment losses at 1 January		-727	-12,274	-7,720	-17,120	-1,395	-757		-39,993
Depreciation for the period		-306	-1,581	-109	-2,424	-517	-34		-4,971
Accumulated depreciation for disposals and transfers					17	0			17
Accumulated depreciation and impairment losses at 31 December		-1,033	-13,855	-7,829	-19,527	-1,913	-791		-44,947
Carrying amount at 1 Jan 2023	**247**	**8,251**	**34,889**	**362**	**265**	**566**	**147**	**203**	**44,929**
Carrying amount at 31 Dec 2023	**247**	**7,945**	**33,367**	**444**	**34,228**	**781**	**118**	**23**	**77,153**

Kiinteistö Oy Helsingin Satamakaari 24 was consolidated into the Group in accordance with IAS 16 Property, Plant and Equipment. Kiinteistö Oy Luumäen Suoanttilantie property, EUR 897 thousand, was previously categorised as held for sale. It was recategorised into fixed assets in 2021. The property has been leased out.

2022									
Cost at 1 January	247	8,978	47,163	8,032	17,275	1.780	881	106	84,462
Additions				49	141	208	10	173	582
Transfers between asset categories					29	34	13	-76	0
Disposals					-61	-61			-122
Cost at 31 December	247	8,978	47,163	8,081	17,385	1,961	904	203	84,922
Accumulated depreciation and impairment losses at 1 January		-422	-10,673	-7,632	-17,120	-1,062	-723		-37,631
Depreciation for the period		-306	-1,601	-88	-61	-376	-34		-2,466
Accumulated depreciation for disposals and transfers					61	42			103
Accumulated depreciation and impairment losses at 31 December		-727	-12,274	-7,720	-17,120	-1,395	-757		-39,993
Carrying amount at 1 Jan 2022	**247**	**8,556**	**36,490**	**401**	**156**	**718**	**158**	**106**	**46,831**
Carrying amount at 31 Dec 2022	**247**	**8,251**	**34,889**	**362**	**265**	**566**	**147**	**203**	**44,929**

12. Intangible assets

EUR 1,000	Goodwill	Intangible rights	Other intangible assets	Total
2023				
Cost at 1 January	6,171	863	5,669	12,703
Additions		1	837	838
Disposals			-127	-127
Cost at 31 December	6,171	864	6,379	13,414
Accumulated depreciation and impairment losses at 1 January	-5,271	-839	-4,758	-10,869
Depreciation for the period		-6	-362	-368
Impairment losses			-2	-2
Accumulated depreciation and impairment losses at 31 December	-5,271	-844	-5,123	-11,239
Carrying amount at 1 Jan 2023	**899**	**24**	**911**	**1,834**
Carrying amount at 31 Dec 2023	**899**	**19**	**1,256**	**2,175**
2022				
Cost at 1 January	6,171	838	5,597	12,606
Additions		26	72	98
Cost at 31 December	6,171	863	5,669	12,703
Accumulated depreciation and impairment losses at 1 January	-5,271	-836	-4,415	-10,522
Depreciation for the period		-3	-334	-377
Impairment losses			-10	-10
Accumulated depreciation for disposals and transfers			0	0
Accumulated depreciation and impairment losses at 31 December	-5,271	-839	-4,758	-10,869
Carrying amount at 1 Jan 2022	**899**	**2**	**1,183**	**2,084**
Carrying amount at 31 Dec 2022	**899**	**24**	**911**	**1,834**

Information on goodwill impairment testing is provided in Note 15. Impairment of assets.

13. Leases

In consolidated statement of comprehensive income

EUR 1,000	2023	2022
Payments for short-term or low value leases	2,317	4,007
Depreciation, amortisation and impairment losses	932	770
Operating profit	3,249	4,777
Financial expenses	321	329
Profit for the financial period	3,570	5,105

Payments for short-term or low value leases include container rents of EUR 965 thousand (2022: EUR 2,545 thousand).

In consolidated statement of financial position

EUR 1,000 Assets	Land and bodies of water	Buildings	Machinery and equipment	Right-of-use assets total
2023				
Cost at 1 January	8,978	8,081	1,961	19,021
Additions		191	735	926
Disposals			-2	-2
Cost at 31 December	**8,978**	**8,273**	**2,694**	**19,945**
Accumulated depreciation at 1 January	-727	-7,720	-1,396	-9,842
Depreciation for the period	-306	-109	-517	-932
Accumulated depreciation at 31 December	-1,032	-7,828	-1,913	-10,774
Carrying amount at 1 Jan 2023	**8,251**	**362**	**566**	**9,179**
Carrying amount at 31 Dec 2023	**7,946**	**444**	**781**	**9,171**
2022				
Cost at 1 January	8,978	8,032	1,780	18,790
Additions		49	208	257
Disposals			-61	-61
Transfers between asset categories			34	34
Cost at 31 December	**8,978**	**8,081**	**1,961**	**19,021**
Accumulated depreciation at 1 January	-421	-7,631	-1,062	-9,115
Accumulated depreciation for disposals			42	42
Depreciation for the period	-306	-88	-376	-770
Accumulated depreciation at 31 December	-727	-7,720	-1,396	-9,842
Carrying amount at 1 Jan 2022	**8,557**	**401**	**718**	**9,676**
Carrying amount at 31 Dec 2022	**8,251**	**362**	**566**	**9,179**

EUR 1,000 Liabilities	2023	2022
1 January	**9,497**	**9,887**
Additions	907	249
Disposals	-794	-639
Other changes	0	0
31 December	**9,610**	**9,497**
Non-current lease liabilities	9,001	8,947
Current lease liabilities	609	550
Total	**9,610**	**9,497**

The maturity breakdown of lease liabilities is presented in Note 25.

Impact of leases on the Group’s cash flows. The impact does not include payments for short-term or low value leases, which are presented in consolidated statement of comprehensive income.

	2023	2022
Net cash flow from operating activities	-321	-329
Cash flow from financing activities	-791	-620
Increase (+) / decrease (-) in cash and cash equivalents	**-1,112**	**-949**

14. Carrying amounts of financial assets and financial liabilities by category

EUR 1,000	Note	Assets measured at amortised cost	Financial assets at fair value	Liabilities measured at amortised cost	Carrying amounts in the balance sheet
2023					
Financial assets and liabilities according to IFRS 9					
Long-term financial assets					
Non-current receivables	17	44	952		996
Short-term financial assets					
Trade and other receivables	19	11,897			11,897
Cash and cash equivalents	20	12,814			12,814
Long-term financial liabilities					
Interest-bearing liabilities				18,172	18,172
IFRS 16 lease liabilities	13			9,001	9,001
Short-term financial liabilities					
Interest-bearing liabilities				20,631	20,631
IFRS 16 lease liabilities	13			609	609
Trade payables	25			6,151	6,151

Nurminen Logistics Plc and Nurminen Logistics Services Oy have credit limits amounting to a maximum of EUR 3 million in Oma Savings Bank. As of 31 December 2023, EUR 2,652 thousand of the credit limit was used, included in short-term interest bearing liabilities. In the financial statements of 31 December 2022, EUR 466 thousand of the limit was used. Financial assets at fair value are measured at level 1 of the fair value hierarchy.

EUR 1,000	Note	Assets measured at amortised cost	Financial assets at fair value	Liabilities measured at amor-tised cost	Carrying amounts in the balance sheet
2022					
Financial financial assets and liabilities according to IFRS 9					
Long-term financial assets					
Non-current receivables	17	30	319		349
Short-term financial assets					
Trade and other receivables	19	9,098			9,098
Cash and cash equivalents	20	6,141			6,141
Long-term financial liabilities					
Interest-bearing liabilities				15,568	15,568
IFRS 16 lease liabilities	13			8,947	8,947
Short-term financial liabilities					
Interest-bearing liabilities				10,004	10,004
IFRS 16 lease liabilities	13			550	550
Trade payables	25			4,811	4,811

After initial recognition, the Group's cash and cash equivalents are classified at fair value through profit and loss, or as amortised cost in financial assets and financial liabilities.

The carrying amounts of these financial assets and liabilities substantially correspond to their fair values and are classified in level 2 of the fair value hierarchy.

The following levels are used in measuring fair values:

Level 1: Fair value is determined based on quotations from the market.

Level 2: Fair value is determined using valuation techniques. Fair value means the value that can be determined from the market value of parts of a financial instrument or similar financial instruments; or a value that can be determined using valuation models and methods generally accepted in the financial markets, if the market value can be reliably determined using them.

Level 3: Fair value is determined using valuation techniques in which the factors used have a significant effect on the recorded fair value and these factors are not based on observable market data.

15. Impairment of assets

Goodwill is tested for impairment annually, and if indications of impairment exist. The recoverable amount in the impairment testing calculations is determined based on value in use.

An impairment loss is recognised if the carrying amount of the assets allocated to a cash-generating unit, including goodwill, is higher than the unit's recoverable amount. The recoverable amount of each cash-generating unit is determined by discounting the estimated future cash flows of the unit.

Goodwill is allocated for cash generating units (CGUs) for impairment testing. Starting from 2023, Nurminen Logistics Plc Group has two cash-generating units (CGUs): Operations in Finland and the Baltics (49% minority). Goodwill is allocated in full to business operations in Finland. Business in Russia was wound down in 2022 as a result of the war in Ukraine.

EUR 1,000	Business in Finland	
	2023	2022
Goodwill on consolidation	899	899

Signals on possible depreciation of assets are regularly observed from information sources within and outside the Group. Such signals can be, for example, unexpected deviations from key assumptions in Group reporting. In addition to this the signals can be changes in competition or other circumstances in the market, or new regulations or concessions that have an impact on various business fields.

Impairment test calculations on cash flow are based budgets and strategic forecasts accepted by management from the previous five years. For the time period after this forecast period (terminal value) estimated cash flows have been defined by using long term growth forecasts. Essential assumptions having an impact on defining values in use are connected to development of net sales and profitability, and to weighted average cost of capital (WACC) used in discounting cash flows.

For the five-year time period the cash flow has been estimated to develop according to the company's medium-term net sales and profitability goals. Sales increase and profitability level development have been estimated based on businesses recent development and general forecasts. Terminal value is based on 1% growth in cash flow. The cash flow forecast is based on turnover and profitability forecasts made for each business sector, which are based on the budget for the year 2024 and long-term strategy approved by management. These are affected by market development in Finland, Russia and neighboring regions, planned growth in regular railway service between Finland and China and actions to improve profitability in the company.

The discount rate is based on industry average WACC after tax. The discount rate used is 8.89%. The corresponding pre-tax discount rate is 10.67%. Discount rate and impairment test calculation take into account market risks and capital intensity. The cost for equity affecting on WACC is consistent with the Group's long-term targets. Net sales in the Finnish business was EUR 53.2 million in 2023. The net sales are expected to increase especially due to international cargo train traffic and the acquired company North Rail Oy in 2024. The estimated annual increase in net sales (CAGR) over the years 2024–2028 averages 24.5%. The forecast average increase in net sales per year over the years 2024–2028 is 13.8 %. The operating margin for the underlying business is expected to be above the Group's long-term target throughout the estimation period. (The company's long-term target is above 13%). Tax rate of 20% has been used.

CGU net sales and operating result 2021–2028	Actual (Finland-Russia)		Actual Finland	Forecast (Finland)					
	2021	2022	2023	2024	2025	2026	2027	2028	2028 Terminal value
Net sales	72,765	60,197	53,171	94,608	110,378	126,328	142,460	158,776	160,363
Operating result	4,954	-2,041	5,259	20,979	23,935	26,936	29,982	36,115	36,500

Sensitivity analysis when one component changes:

The management estimates that the most sensitive judgements relate to changes in terminal growth, profitability and WACC.

Forecast period 2024–2028	Change	Impact of change on recoverable amount
• Terminal growth 1%	Terminal growth -1%-point i.e. terminal growth 0%	EUR -30.1 million
• WACC 8.89%	WACC +1 %-point i.e. WACC 9.89%	EUR -38.9 million
• Average EBIT 21.8% and EBITDA 25.6%	EBITDA decrease 1%-point i.e. average EBITDA 24.6%	EUR -15.1 million

Based on the sensitivity analyses, the management evaluates that above mentioned essential judgements would not cause a situation in which the carrying amount of cash generating units would exceed the recoverable amount, and this would not cause impairment loss on goodwill in fiscal year 2024. The cash flow estimate was 4.4 times the CGU's assets employed.

16. Investments in equity-accounted investees

EUR 1,000	2023	2022
At 1 January	176	174
Share of profit/loss for the year	-5	2
At 31 December	**171**	**176**

The equity-accounted investees (listed below) are not material for the Group.

	Registered office	Ownership (%)
Pelkolan Terminaali Oy	Finland	20.0%

The financial statements for the joint venture have been composed according to FAS, and they have been consolidated into Group accounts using the equity method. If the financial statements would be composed according to IFRS, the consolidation would not be substantially different from consolidation according to FAS.

17. Non-current receivables

EUR 1,000	2023	2022
Financial assets at fair value through profit or loss	952	319
Other receivables	44	30
Total	**996**	**349**

The financial assets at fair value through profit or loss are Oma Savings Bank funds.

18. Deferred tax assets and liabilities

EUR 1,000	1 Jan 2023	Recognised in the income statement	Recognised in the balance sheet	Exchange rate differences	31 December 2023
Movements in deferred taxes during 2023					
Deferred tax assets:					
Losses of Group companies from previous financial years	6,672	-2,031	1,254	0	5,894
Lease liabilities	1,851	-154	176	0	1,873
From pension provisions	11	-7	7	0	11
Intangible and tangible assets	177	73	1,243	7	1,500
Total	**8,711**	**-2,120**	**2,680**	**7**	**9,278**
Netting of deferred taxes	-1,803				-1,802
Deferred tax assets net	**6,908**	**-2,120**	**2,680**	**7**	**7,477**
Deferred tax liabilities:					
Tangible assets	1,804	175	-176	0	1,803
Retained earnings of subsidiaries	0	2,790	0	0	2,790
Total	**1,804**	**2 965**	**-176**	**0**	**4 592**
Netting of deferred taxes	-1,803	0	0	0	-1,802
Deferred tax liabilities net	**0**	**2 965**	**-176**	**0**	**2,789**

EUR 1,000	1 Jan 2022	Recognised in the income statement	Recognised in the balance sheet	Exchange rate differences	31 December 2022
Movements in deferred taxes during 2022:					
Deferred tax assets:					
Confirmed losses	6,617	55			6,672
Lease liabilities	1,943	-98	6		1,851
From pension provisions		-2	13		11
Intangible and tangible assets	88	80		9	177
Total	**8,649**	**34**	**19**	**9**	**8,711**
Netting of deferred taxes	-1,921				-1,803
Deferred tax assets net	**6,728**	**34**	**19**	**9**	**6,908**
Deferred tax liabilities:					
Tangible assets	1,921	-123	6		1,804
Total	**1,921**	**-123**	**6**	**0**	**1,804**
Netting of deferred taxes	-1,921				-1,803
Deferred tax liabilities net	0	-123	6	0	0

EUR 1,000	2023	2022
Deferred taxes		
Confirmed losses of Group companies for which no deferred tax assets have been recognised.	17,190	14,783
The confirmed losses will expire in 2023–2030 or later.		
Off-balance sheet deferred tax assets from losses in prior periods	**3,438**	**2,957**

The deferred tax assets include an item of EUR 5,894 thousand associated with unused tax losses of Nurminen Logistics Plc, Nurminen Logistics Services Oy and North Rail Oy. Measures taken in 2023 to lighten the cost structure, together with the acquisition of North Rail Oy, facilitate positive development of the operating result starting from 2024. The company's management assesses based on the strategy figures and comprehensive supplementary materials that the deferred tax assets recorded in the consolidated statement of financial position will likely be used, and according to the management's estimate, the recognised deferred tax assets will be used by the end of 2027. In addition, the management estimates that the deferred tax assets not recognised in the balance sheet will be used by the end of 2027. EUR 7,939 thousand of losses expired in 2023, of which the deferred tax asset was EUR 1,588 thousand.

The combined profit before taxes of Nurminen Logistics Plc and Nurminen Logistics Services Oy in 2023 was EUR -896 thousand, and in the forecast period 2024–2028 on average EUR +10,449 thousand per year.

Sensitivity analysis when one component changes:

Forecast period 2024–2028	Change	Impact of change on recoverable amount
Average forecast period profit before tax is 10% less than estimated	Profit before taxes 90% of forecast	No effect on the use of balance sheet deferred tax assets. No effect on the use of off-balance sheet deferred tax assets.
Average forecast period profit before tax is 15% less than estimated	Profit before taxes 85% of forecast	No effect on the use of balance sheet deferred tax assets. No effect on the use of off-balance sheet deferred tax assets.
Average forecast period profit before tax is 20% less than estimated	Profit before taxes 80% of forecast	The use of balance sheet deferred tax assets is postponed by a year. The use of off-balance sheet deferred tax assets is postponed by a year.

Expiration of deferred tax assets:

EUR 1,000	2024	2025	2026	2027	2028	2029	2030	2031	Later
Deferred tax assets	691	786	950	347	709	1,138	858	0	415

19. Trade and other receivables

EUR 1,000	2023	2022
Trade receivables	9,005	7,060
Prepaid expenses and accrued income	2,484	1,914
VAT receivables	313	111
Other receivables	95	12
Total	**11,897**	**9,098**

The company has booked a provision for bad debts in 2023 amounting to EUR 26,346 (EUR 93,071 in 2022)

Trade and other receivables in currencies		
EUR	9,136	6,127
USD	2,760	2,944
RUB	0	27
	11,896	**9,098**

The carrying amounts of current receivables best represent the maximum exposure to credit risk, excluding fair value of any collaterals, in the case other party to an agreement fail to discharge an obligation concerning financial instruments. The receivables do not contain any significant concentrations of credit risk. The carrying amounts of trade and other current receivables are in essentially equivalent to their fair values.

20. Cash and cash equivalents

EUR 1,000	2023	2022
Cash and bank balances	12,814	6,141
Cash and cash equivalents in the balance sheet	**12,814**	**6,141**

Cash and cash equivalents in the cash flow statement equal to the cash and cash equivalents in the balance sheet.

21. Information about equity

The Board members of the parent company review the capital structure and gearing of the Group on regular basis. The mid- to long-term target for gearing has been set to less than 100. The Board of the parent company may take measures if development of the gearing is unfavourable. Gearing calculated from the consolidated statement of financial position of the Group was 77.6% at the end of 2023 and 119.8% at the end of 2022. Equity management covers both equity and interest-bearing liabilities. The aim is to secure business continuity and cost of capital.

	Number of shares	Share capital, thousands of euro	Share premium reserve, thousands of euro	Legal reserve, thousands of euro	Reserve for invested unrestricted equity, thousands of euro
31 December 2017	**44,254,174**	**4,215**	**86**	**2,378**	**26,430**
31 December 2018	**44,254,174**	**4,215**	**86**	**2,378**	**26,430**
Directed share issue	350,000				
31 December 2019	**44,604,174**	**4,215**	**86**	**2,378**	**26,430**
Directed share issue in April 2020 *	120,000				29
Free share issue in September 2020 **	143,539				
Directed share issue in December 2020 ***	29,344,954				9,092
31 December 2020	**74,212,667**	**4,215**	**86**	**2,376**	**35,550**
Hybrid bond conversion to shares in July 2021 ****					1,288
Directed free share issue in July 2021 *****	105,728				
31 December 2021	**77,194,190**	**4,215**	**86**	**2,376**	**36,838**
Directed free share issue in February 2022 ******	774,386				
Repayment of equity in April 2022 ******					–740
Directed free share issue in July 2022 *******	133,078				
Repayment of equity in September 2022 *******					-507
31 December 2022	**78,101,654**	**4,215**	**86**	**2,376**	**35,591**
Directed free share issue in June 2023 **********	26,201				
31 December 2023	**78,127,855**	**4,215**	**86**	**2,376**	**35,591**

* directed share issue to the CEO, subscription price EUR 0.24 per share. There was a weighty financial reason for the company to deviate from the pre-emptive subscription right of the shareholders, as the share issue was part of the execution of the CEO's long-term incentive plan.
** issue without consideration to the company itself, for the payment of remuneration to the Board of Directors
*** directed share issue to Finnish investors, subscription price EUR 0.31692 per share. There was a weighty financial reason for the company to deviate from the pre-emptive subscription right of the shareholders, as the share issue best served the interests of the company and all shareholders and made the Vuosaari real estate transaction possible.
**** Ilmarinen Mutual Pension Insurance Company converted the remaining EUR 1.25 million hybrid bond into shares in summer 2021.
***** Directed share issue without consideration in July 2021.
****** Directed free share issue in February 2022.
******* Repayment of equity in April 2022.
******** Directed free share issue in July 2022.
********* Repayment of equity in September 2022.
********** Directed free share issue in June 2023.

The company's shares have no nominal value.
The maximum share capital of the company is EUR 4,215 thousand.
The company did not hold any of its own shares on 31 December 2023.

Reserves included in equity
Share premium reserve
The share premium reserve comprises both share issue gains arisen in the years 1997–2006, less transaction costs, as well as gains from sales of own shares.
Legal reserve
The share issue gains accrued from those share issues carried out before the entry into force of the amended Finnish Limited Liability Companies Act on 1 September 2006 have been recognised in the legal reserve.
Reserve for invested unrestricted equity
Comprises the share issue gains arisen from the directed share issues.

22. 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 2023. The share of Board members' share awards recognised as an expense in the income statement was EUR 90 thousand in 2023. The number of shares transferred to the Board members was 91,463 based on the price on the payment date of 19 July 2023.

On 4 July 2022, the Board of Directors of Nurminen Logistics Plc decided to create two new share-based incentive programmes for the company's key personnel: a performance-based share bonus plan 2022–2026 and a share bonus plan to encourage commitment 2022–2026.

The aim of the programmes is to harmonise the goals of key personnel and the shareholders of Nurminen Logistics Plc and, thus, increase the company's value in the long term, promote economic and efficient performance, as well as encourage commitment of key personnel to the company by offering them a competitive, performance-based earnings opportunity.

Performance Share Plan 2022–2026

The Performance Share Plan 2022–2026 consists of three performance periods, covering the financial years of 2022–2024, 2023–2025 and 2024–2026 respectively.

In the plan, the target group is given an opportunity to earn Nurminen Logistics shares based on achieving performance targets set by the Board of Directors. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of a performance period. The potential rewards based on the plan will be paid after the end of each performance period.

During the performance period 2022–2024, the following performance criteria are used as the basis for the reward:

• Total Shareholder Return (TSR), weight 50%

• Operative Cash Flow and Change in Net Working Capital, weight 50%

• employee satisfaction (eNPS), a variable that can vary between 0.9 and 1.1.

The gross rewards to be paid on the basis of the performance period 2022–2024 correspond to the value of an approximate maximum total of 500,000 shares of Nurminen Logistics Plc. The Board of Directors has approved approximately 10 key employees as eligible for participating in the performance period 2022–2024.

Earning period 2023–2025 of the Performance Share Plan 2022–2026

On 21 November 2023, the company's Board of Directors decided on a new earning period for the plan, covering the financial years 2023–2025.

The target group of the plan during the earning period 2023–2025 includes the company's CEO and all members of the Management Team. In the earning period 2023–2025, the rewards are based on the total shareholder return (TSR) on Nurminen Logistics Plc's share and the ratio of net debt to EBITDA at the end of the financial year 2025.

The gross bonuses to be paid for the earning period are equal to a maximum total of 376,000 Nurminen Logistics Plc shares, including the cash share. Any rewards for the earning period 2023–2025 will be paid by the end of May 2026, partly in Nurminen Logistics Plc shares and partly in cash. The cash share is intended to cover the taxes and statutory social security contributions resulting to the participant from the remuneration.

The amount of remuneration paid based on the plan will be cut if the maximum value for remuneration paid for the earning period 2023–2025 set by the Board of Directors is reached.

Restricted Share Plan 2022–2026

The Restricted Share Plan is intended to be used as a tool in specific situations seen necessary by the Board of Directors, for example ensuring retention of key talents, attracting new talent or other specific situations determined by the Board.

The reward from the Restricted Share Plan 2022—2026 is based on a valid employment or director contract and the continuity of the employment or service. The plan is intended for selected key employees only, based on the decision by the Board of Directors.

The rewards to be earned on the basis of the plan will be paid by the end of May 2024, 2025 or 2026 but in any event a minimum twelve (12) months after the determination of the Reward.

The gross rewards to be allocated during 2022–2026 on the basis of the restricted share plan correspond to the value of maximum 500,000 Nurminen Logistics Plc shares.

CEO Performance Share Plan

On 21 November 2023, the Board of Directors of Nurminen Logistics Plc resolved to establish a new Performance Share Plan for the CEO of the company. The purpose of the plan is to align the objectives of the company's shareholders and the CEO for increasing the value of the company in the long term.

The CEO Performance Share Plan consists of one earning period, which begins on 21 November 2023 and ends at the end of the financial year 2025.

In the plan, the CEO has an opportunity to earn Nurminen Logistics Plc shares as a reward based on the Total Shareholder Return (TSR) of the company. The potential rewards from the plan will be paid in three instalments during the financial years 2026–2027.

The value of the gross rewards to be paid on the basis of the plan corresponds to an approximate maximum total of 608,000 Nurminen Logistics Plc shares, also including the proportion to be paid in cash. The potential rewards from the plan will be paid partly in Nurminen Logistics Plc shares and partly in cash. The cash proportion of the reward is intended to cover taxes and statutory social security contributions arising from the reward to the CEO.

The assumptions used in the accounting entries for the share-based remuneration plan are described in the following tables:

Plan	CEO Performance Share Plan	Performance Share Plan	Performance SharePlan	Restrictive SharePlan 2022–2026
Instrument	**Installments 2023–2025**	**Plan 2022–2024**	**Plan 2023–2025**	**Payment 2025**
Granting dates	21 November 2023	4 July 2022	21 November 2023	6 June 2023
Fair value of the share reward at the time of granting, EUR	0.79	0.69	0.79	1.07
Share price at the time of granting, EUR	0.92	0.77	0.92	1.11
Estimated dividends	0.13	0.08	0.13	0.04
Share price limit of the reward, EUR	3.00	3.00	3.00	3.00
Maximum number of shares paid	608,000	500,000	376,000	60,000
Share price at the end of the financial year	1.26	1.26	1.26	1.26
Earning period start date	21 November 2023	4 July 2022	21 November 2023	6 June 2023
Earning period end date	31 May 2027–31 May 2028	31 May 2025	31 May 2026	31 May 2025
Number of persons in the plan	1	4	6	7
Changes during the financial year				
Number of share rewards at the beginning of the year	0	416,000	0	0
Granted	608,000	0	376,000	60,000
Lost	0	160,000	0	0
Number of share rewards at the end of the year	608,000	256,000	376,000	60,000

The value of the share at the time of granting, or the fair value of the share, is defined as follows: the value of the share at the time of granting is the share price of the granting date less estimated dividends paid during the earning period.

The expense included in the income statement is specified in the following table:

EUR 1,000	2023
Cost impact of share-based payments	30

The expense to be recognised in the 2024–2028 financial years was estimated on 31 December 2023 to be approximately EUR 329 thousand. The actual amount may differ from the estimate.

23. Defined benefit pension plans

Characteristics of the defined benefit pension plan

The employer has promised an additional pension benefit to a group of employees. The additional pension arrangements result from a prior acquisition. In order to fulfil its promise, the employer has taken out additional pension insurance policies from a life insurance company. The arrangement is closed to new employees, and it covers 31 persons, none of whom are members of the Executive Board. In addition to the old-age pension benefit, the additional pension insurance policies include any survivor's pension benefit and burial insurance.

The insurance company collects insurance premiums annually from the employer. The insurance premium is primarily comprised of index increases paid on the earned benefits. The benefits paid after retirement are annually increased by the TyEL index specified in the insurance policies. The insurance company indemnifies the paid pensions with its own, yield-based index, and any deficit compared to the paid TyEL index is charged to the employer as an "index difference charge". In addition, the pension premium includes a management expense component to cover the insurance company's expenses for managing the plans.

Depending on the insurance policy, 3.5% or a lower interest rate is used in calculating the insurance premiums.

Risks relating to defined benefit plans

Changes in the yield expectations of bonds. In the employer's IFRS financial statements disclosures – in deviation from the national practice – the obligation resulting from the pension promise is measured at market values. The pension obligation recognised for the additional pension insurance policies in the IFRS financial statements depends on the yield expectations of bonds issued by reputable companies at the closing date. If the yield expectation decreases, the pension obligation calculated according to IAS 19 increases. Because the employer is not liable for the investment risk, an increase in the yield expectation also affects the value of the assets corresponding to the pension obligation, determined under the principles of IAS 19. The value of the assets increases when the yield expectation decreases, which offsets the increase in the pension obligation.

Inflation risk. The risk of inflation is taken into consideration in calculating the pension obligation. Inflation is an estimate of the long-term change in consumer prices. The inflation assumption used in the calculation is market-based, and its horizon must correspond with the average duration of the pension obligation. In accordance with the insurance policies, the pensions paid in the plan are tied to the TyEL index, changes in which depend on actual inflation (80%) and general wage index (20%). The employer is liable for the difference between the TyEL index and the index rebate granted by the insurance company. High inflation results in an increase in the pension obligation and thereby additional expenses for the employer.

Mortality risk. If the pension benefit recipient's actual lifetime is higher than expected, the insurance company covers the resulting risk. The Gompertz mortality model, used in the statutory pension system, is used in the IFRS calculations. Any change in the mortality model used by the insurance company will only be reflected in the employer's future insurance premiums.

Other risks. When a person with a paid-up policy retires, the final amount of the pension is revised, and this might result in additional costs to the employer. Moreover, in these cases where the benefits are tied to the TyEL index, index increases between the granting of a paid-up policy and start of the pension for which the employer is liable will only be charged in the year the pension is granted.

Uncertainty of future cash flows. A sensitivity analysis as of the end of the reporting period is disclosed in IFRS reporting for each significant actuarial assumption, indicating how somewhat possible changes in the actuarial assumption would have affected the defined benefit pension obligation during the year. The pension obligation of the sensitivity analysis is calculated using the projected unit credit method. The sensitivity analysis only takes into consideration the impact of changes in actuarial assumptions on the pension obligation and corresponding assets so that a change in the assumptions does not have an effect on the insurance premiums paid during the year and taken into consideration in assets

Defined benefit obligations

EUR 1,000	2023	2022
Expense through profit or loss from defined benefit plans		
Net interest (+expense/-income)	2	1
Expense through profit or loss from defined benefit plans	2	1
Re-measurement of the defined benefit pension plan		
Changes in financial assumptions	-22	0
Yield of the assets included in the plan, excluding items relating to net interest	53	24
Empirical changes	3	7
Recognised in comprehensive income, total remeasurement effect	34	31
In statement of financial position		
Current value of defined benefit obligations transferred to reserves	491	524
Fair value of plan assets	-437	-469
Net defined benefit debt	54	55
Changes in the fair value of plan assets		
Assets at 1 January	469	521
Interest income	15	18
Yield of assets, excluding interest income included in net interest expense	-3	-7
Employer's contributions	37	12
Benefits paid	-81	-75
Assets at 31 December	437	469

Change in the current value of the plan obligation	2023	2022
Obligation at 1 January	524	556
Expense based on work performance during the period	17	19
Interest expense	32	24
Fulfilment of the obligation	-81	-75
Obligation at 31 December	491	524

The estimated payments to defined benefit plans amount to EUR 30 thousand in 2024.

Key actuarial assumptions	2023	2022
Discount rate, %	3.9%	3.5%
Future pay increase, %	0.0%	0.0%
Insurance company's customer rebate, %	0.0%	0.0%
Increase in benefits, %	2.6%	2.9%
Inflation, %	2.4%	2.7%

Sensitivity analysis of significant actuarial assumptions

Possible changes in certain significant actuarial assumptions, should the other variables remain unchanged, would have had the following effect on the defined benefit obligation:

Assumptions	Change in assumption	2023	2022
Discount rate			
	0.50% increase	-15	-18
	0.50% decrease	16	19
Increase in benefits			
	0.50% increase	14	16
	0.50% decrease	-13	-15

- an increase/decrease of 0.50% in the discount rate would result in a 3.1%/3.3% decrease/increase in the defined benefit obligation
- an increase/decrease of 0.50% in the benefit increase assumption would result in a 2.8%/2.7% increase/decrease in the defined benefit pension obligation

The sensitivity analysis presented above might not necessarily give a true view of the actual impacts of the changes. Should several assumptions change simultaneously, the combined effect of these changes might not be the same as the sum of individual changes. If the changes in the assumptions differ from the amounts described above, the effect on the defined benefit obligation will not necessarily be linear

EUR 1,000	2023	2022
Maturity distribution of non-discounted pension liability		
During the next 12 months	86	80
1–5 years	220	220
5–10 years	148	162
Over 10 years	219	244
Total	673	707

The average duration of the defined benefit obligation was 7 years at the end of the reporting period.

24. Interest-bearing liabilities

EUR 1,000	2023	2022
Interest-bearing net liabilities		
Non-current interest-bearing liabilities	27,173	24,515
Current interest-bearing liabilities	21,240	10,554
Interest-bearing liabilities, total	**48,413**	**35,068**
Cash and cash equivalents	12,814	6,141
Interest-bearing net liabilities, total	**35,599**	**28,928**
Interest-bearing liabilities in currencies		
EUR	**48,413**	**35,068**

25. Trade payables and other liabilities

EUR 1,000	2023	2022
Current		
Trade payables	6,151	4,811
Advances received	3,881	148
Other liabilities	573	362
Accrued expenses	5,909	4,993
Total trade payables and other liabilities	**16,514**	**10,314**
Trade payables and other liabilities in currencies		
EUR	15,831	8,917
SEK	7	32
NOK	71	180
USD	592	1,177
CHF	12	6
	16,514	**10,314**
Non-current		
Other liabilities	54	108
Non-current liabilities	**54**	**108**

The most significant items under accrued expense consist of operational accrued expenses of EUR 1,493 thousand in 2023 (EUR 1,431 thousand in 2022) and accrued personnel expenses of EUR 2,630 thousand in 2023 (EUR 1,841 thousand in 2022).

26. Financial Risk Management

The goal of the Group's risk management is to minimise the harmful effects of changes in the financial markets on the Group's result and equity. The policy for managing financial risks is based on the main principles approved by the Board of Directors. The company's finance department is responsible for daily risk management within the limits set by the Board.

Currency risk

Currency risk arises from foreign currency imports and exports, from the financing of foreign subsidiaries and from the translation of subsidiaries' equity in foreign currency.

The Group manages the currency risk inherent in cash flows by keeping foreign currency income and expense cash flows in the same currency, and by matching them simultaneously to the extent possible. If matching is not possible, part of an open exposure may be hedged.

Foreign currency transaction risk exposure can be hedged if its countervalue exceeds EUR 500 thousand. Exposures greater than EUR 2 million are hedged 50–110%. Foreign currency risk of the net translation exposure can be hedged 25–75%. Instruments used in hedging include forward contracts and plain vanilla options. Exotic options are forbidden. The hedge ratio is considered based on the current economic trends and the predicted currency prospects as well as the functionality of each currency's hedge market. In extraordinary hedging market circumstances, the company may deviate from the guidelines above.

Currency amounts in bank accounts should be kept as small as possible without disturbing payment transactions. The amount of cash and cash equivalents denominated in foreign currencies may not exceed three per cent of the balance sheet total.

Interest rate risk

Interest rate risks to the Group derive mainly through interest-bearing debts. The purpose of interest rate risk management is to diminish the effect of market interest rate movements on cash flows from financing. Hedging instruments may include forward rate agreements and interest rate futures, interest rate swaps and interest collar agreements.

Liquidity risk

The purpose of liquidity risk management is to ensure sufficient financing in all situations. Funds required for about two weeks' payment transactions will be reserved as a buffer for liquidity of payment transactions. The Group aims to guarantee the availability and flexibility of financing by using a number of financial institutions and financing methods in raising finance.

The financial statements are based on the principle of business continuity. The management of the company estimates that the cash flow will cover the current business needs and liabilities for the next 12 months. The sufficiency of cash flows from operations is subject to risks if estimates deviate considerably from expectations. If the Group is unable to secure sufficient long term financing arrangements, the continuity of operations can be at risk. The measurement of the assets in the financial statements is based on the going concern assumption. If the forecasts do not materialise, it may be necessary to recognise impairment losses on assets.

Credit risk

The objective of credit risk management is to minimise losses which arise from the counterparty neglecting their obligations. The Group manages the counterparty risk based on the customer credit rating and engages in active debt collection, when necessary.

The Group has made ECL measurement analysis according to IFRS 9. The provision for credit losses is recognised in profit or loss.

The Group has not applied hedge accounting for interest rates or currencies, nor has it used hedging instruments during 2023 and 2022.

INTEREST RATE RISK

Sensitivity analysis for interest rate risk

In calculating the sensitivity to changes in the interest rate level, the following assumptions have been used:

- the change in the interest rate level has been assumed to be +/– 100 bps
- At a time of negative reference interest rates, interest rate movements affect as diluted. In the analysis, reference interest rates are thought to be at least zero.

Sensitivity analysis for variable interest rate loans

EUR 1,000	31 December 2023	2023 Income statement 100 bp Increase	2023 Income statement 100 bp Decrease
Total amount of variable interest rate loans	30,951		
Variable interest rate instruments		-256	256
Total effect		**-256**	**256**

EUR 1,000	31 December 2022	2022 Income statement 100 bp Increase	2022 Income statement 100 bp Decrease
Total amount of variable interest rate loans	25,106		
Variable interest rate instruments		-204	204
Total effect		**-204**	**204**

Market-based loans are raised mainly as variable interest rate loans. Nurminen Logistics hedges the interest rate risk of market-based loans by selecting the interest rate periods and with derivative instruments, mainly interest rate swaps. No interest rate swaps were used in 2023 and 2022.

CURRENCY RISK

n calculating the sensitivity to changes in exchange rates, the following assumptions have been used:

- the change in the exchange rate has been assumed to be +/– 10%
- other variables remain constant

		2023			
		Trade receivables 10%		Trade payables 10%	
EUR 1,000	**USD**	**decreases**	**increases**	**decreases**	**increases**
Total currency items					
Trade receivables	2,760				
Trade payables	592				
Total effect		**-239**	**292**	**51**	**-63**

		2022			
		Trade receivables 10%		Trade payables 10%	
EUR 1,000	**USD**	**decreases**	**increases**	**decreases**	**increases**
Total currency items					
Trade receivables	2,944				
Trade payables	2,566				
Total effect		**-251**	**307**	**219**	**-267**

Exchange rates used	Balance sheet exchange rate 2023	Balance sheet exchange rate 2022
USD	1.05	1.07

LIQUIDITY RISK

The contractual cash flows of loan instalments and interests at 31 December 2023 were the following:

EUR 1,000	1–3 months	4 months–1 year	2–5 years	5 years –>
Loans from financial institutions	2,425	10,854	10,153	8,019
Credit limit	2,652			
Purchase price debt	4,700			
Lease liabilities	293	700	2,370	10,333
Trade payables	6,151			
Interest to financial institutions	882	1,590	3,341	1,077
Total	**17,103**	**13,145**	**15,864**	**19,429**

The contractual cash flows of loan instalments and interests at 31 December 2022 were the following:

EUR 1,000	1–3 months	4 months–1 year	2–5 years	5 years –>
Loans from financial institutions	756	8,782	5,409	10,159
Credit limit	466			
Lease liabilities	220	608	2,252	10,814
Trade payables	4,811			
Interest to financial institutions	278	584	3,442	1,653
Total	**6,531**	**9,974**	**11,102**	**22,626**

The long-term loan from Ilmarinen includes the condition that the company pays 30% of free cash flow as premature repayments. According to the agreement, free cash flow is calculated by deducting financial expenses, loan repayments and working capital investments from the operational cash flow. The loan amount at 31 December 2023 is EUR 5,353 thousand (at 31 December 2022: EUR 7,644 thousand). The loan was due in June 2023. On 14 June 2023, the company entered into an amendment agreement with Ilmarinen, according to which the outstanding principal of the loan will be paid on 30 September 2024.

The group took out a new EUR 3.5 million loan with a fixed amortisation schedule from Oma Savings Bank in 2021. The loan amount at 31 December 2023 is EUR 1,500 thousand (at 31 December 2022: EUR 2,500 thousand). The agreement includes a covenant that the credit rating of no individual group company can decrease below Alfa Rating A and the group equity ratio should be over 20% at each financial statement date during the loan period.

During the financial year 2023, Nurminen Logistics Plc took out the following loans: EUR 4.0 million TyEL loan from Ilmarinen. The loan amount at 31 December 2023 is EUR 4,000 thousand. EUR 3.0 million working capital loan from Finnvera. The loan amount at 31 December 2023 is EUR 3,000 thousand. EUR 0.5 million from Oma Savings Bank. The loan amount at 31 December 2023 is EUR 500 thousand.

During the financial year, North Rail Oy took out a EUR 7.0 million loan from Nordea. The loan amount at 31 December 2023 is EUR 4.0 million. The purchase price debt of EUR 4.7 million is related to the acquisition of North Rail Oy and will be paid in 2024.

Nurminen Logistics Plc and Nurminen Logistics Services Oy have credit limits amounting to a maximum of EUR 3 million in Oma Savings Bank. As of 31 December 2023, EUR 2 652 thousand of the limit was used, which is included in the short-term liabilities. On 31 December 2022, EUR 644 thousand of the limit was used.

Changes in long-term interest bearing debts

	1 Jan 2023	Cash flows from additions	Cash flows from disposals	Divestments	Other changes with no cash flow effect	31 December 2023
Long-term liabilities, interest bearing	15,568	10,556	0	0	-7,951	18,172
Long-term leasing liabilities, interest bearing	8,947	0	0	0	54	9,001
Total	**24,515**	**10,556**	**0**	**0**	**-7,897**	**27,173**

Changes in short-term interest bearing debts

	1 Jan 2023	Cash flows from additions	Cash flows from disposals	Divestments	Other changes with no cash flow effect	31 December 2023
Short-term liabilities, interest bearing	10,004	6,631	-35,985	27,330	7,951	15,931
Long-term leasing liabilities, interest bearing	550	0	-791	0	850	609
Current purchase price debt	0	0	0	4,700	0	4,700
Total	**10,554**	**6,631**	**-36,776**	**32,030**	**8,802**	**21,240**

Changes in long-term interest bearing debts

	1 Jan 2022	Cash flows from additions	Cash flows from disposals	Divestments	Other changes with no cash flow effect	31 December 2022
Long-term liabilities, interest bearing	25,106	0	0	0	-9,538	15,568
Long-term leasing liabilities, interest bearing	9,211	0	0	0	-264	8,947
Total	**34,317**	**0**	**0**	**0**	**-9,802**	**24,515**

Changes in short-term interest bearing debts

	1 Jan 2022	Cash flows from additions	Cash flows from disposals	Divestments	Other changes with no cash flow effect	31 December 2022
Short-term liabilities, interest bearing	1,924	466	-1,977	0	9,591	10,004
Long-term leasing liabilities, interest bearing	676	0	-620	0	494	550
Total	**2,600**	**466**	**-2,598**	**0**	**10,085**	**10,554**

CREDIT RISK

Maximum exposure to credit risk	EUR 1,000
2023	9,005
2022	7,060

Aging of trade receivables

EUR 1,000	Not past due	Past due less than 30 days	Past due 30–120 days	Past due over 120 days	Total
2023	7,537	783	305	380	9,005
2022	4,522	1,731	531	275	7,060

Nurminen Logistics has no significant risk concentrations.

27. Other leases

The Group as lessee

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

EUR 1,000	2023	2022
Less than one year	411	363
Between one year and five years	268	107
Total	**680**	**470**

In accordance with the IFRS 16 standard, 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.

28. Contingencies and commitments

EUR 1,000	2023	2022
Liabilities and contingent liabilities secured by corporate mortgages and pledges		
Loans from financial institutions	36,151	25,106
Customs duties and other guarantees	9,222	3,794
Interest-bearing accounts for which business mortgages have been given and subsidiary shares pledged		
Credit limit	3,000	3,000
Unused credit	348	2,534
Pledges given on own behalf		
Book value of pledged subsidiary shares	43,766	43,766
Mortgages given on own behalf		
Company mortgages	43,500	25,500
Real estate mortgages	25,125	25,125
The Group as lessor: lease guarantees for off-balance sheet leases		
Deposit guarantee from 1 April 2021 to 1 April 2023 and then until further notice rental security Kiinteistö Oy Luumäen Suoanttilantie 101. The lease agreement was terminated in January 2022.	599	599

29. 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. The business transferred to new John Nurminen in the demerger of John Nurminen Ltd is also considered to be related party. The acquisition of North Rail Oy was carried out together with the related party RailCap Oy. RailCap Oy's holding in North Rail Oy is 10.1%. RailCap Oy has granted a shareholder loan of EUR 166.7 thousand to North Rail Holding Oy, which owns North Rail Oy.

Related party transactions with companies controlled by Board members

EUR 1,000	2023	2022
Sales	8	18
Purchases	3	1,208
Current receivables	4	8
Shareholder loan	167	0

On 8 February 2023, Nurminen Logistics announced Board member Juha Nurminen's transfer notification concerning 238,094 shares.

On 14 February 2023, Nurminen Logistics announced President and CEO Olli Pohjanvirta's transfer notification concerning 14,700 shares.

On 17 May 2023, Nurminen Logistics announced Board member Juha Nurminen's transfer notification concerning 72,289 shares.

On 12 June 2023, Nurminen Logistics announced the transfer notification of Railcap Ltd, which is controlled by President and CEO Olli Pohjanvirta, concerning 200,000 shares.

On 15 June 2023, Nurminen Logistics announced the transfer notification of JN Uljas Oy, controlled by Board member Juha Nurminen, concerning 14,477 shares.

During the period 15 June–24 July 2023, Nurminen Logistics announced Board member Juha Nurminen's transfer notifications concerning 273,993 shares.

On 25 July 2023, Nurminen Logistics announced the remuneration in shares for the Board of Directors. Irmeli Rytkönen, Chair of the Board of Directors subscribed for 30,488 shares, Juha Nurminen, member of the Board of Directors subscribed for 15,244 shares, Olli Pohjanvirta, member of the Board of Directors subscribed for 15,243 shares, Karri Koskela, member of the Board of Directors subscribed for 15,244 shares and Erja Sankari, member of the Board of Directors subscribed for 15,244 shares.

During the period 1 August–10 August 2023, Nurminen Logistics announced the transfer notifications of JN Uljas Oy, controlled by Board member Juha Nurminen, concerning 226,342 shares.

EUR 1,000	2023	2022
CEO, the members of the Board and the Management Team		
Salaries and other short-term employee benefits	1,983	1,133
Statutory pension payments	323	181
Share-based remuneration	90	105
Total	**2,396**	**1,419**

EUR 1,000	2023	2022
Salaries and fees		
President and CEO		
Olli Pohjanvirta	755	355
Members of the Board		
Alexey Grom (until 11 April 2022)	0	24
Juha Nurminen	39	41
Olli Pohjanvirta	30	26
Irmeli Rytkönen	78	83
Erja Sankari	43	47
Karri Koskela	38	41
Victor Hartwall (until 12 April 2023)	30	50
Total	1,012	666

Members of the Board and the CEO owned 18.2% of company shares on 31 December 2023 either directly or indirectly through companies under their control.

30. Acquisitions and divested businesses

On 14 February 2023, North Rail Holding Oy, a subsidiary acquired by Nurminen Logistics Plc, purchased the entire share capital of Operail Finland Oy together with Finnish investors. Nurminen Logistics Plc's holding in the acquired company is 79.8% and non-controlling interests 20.8%, of which a related party's holding is 10.1%. After the name change in March 2023, Operail Finland Oy operates under the name North Rail Oy. The main purpose of the company is to provide rail transport services in Finland. The company's net sales for 2022 amounted to EUR 4.2 million, operating result for the financial year to EUR -1.8 million and number of personnel to 45.

In the Half-Year Financial Report 2023, the purchase price allocation of the acquisition was preliminary. In the acquisition, Nurminen Logistics acquired the shares of North Rail Oy with a cash payment of EUR 9.2 million, which is the final purchase price. The debt-free purchase price of the transaction was EUR 27.7 million euros and it was paid in cash. The one-time costs related to the acquisition were 297 thousand euros. The net assets of the target company according to the final purchase price allocation at the time of acquisition, based on fair values, were EUR 21.5 million on 14 February 2023. In December, Nurminen Logistics Plc recognised to other operating income a total of EUR 12.3 million as a non-recurring item affecting comparability. The recognised EUR 12.3 million is the difference between the aforementioned purchase price and the fair value of the net assets. The gain from the bargain purchase was due to valuing tangible fixed assets at fair value and deferred tax assets. Nurminen Logistics-group was able to acquire North Rail Oy for less than the fair value of its assets because the seller had decided to give up operations in Finland.

The share of the item belonging to non-controlling interests is EUR 2.5 million and the share belonging to the owners of the parent company is EUR 9.8 million. The fair value of the net assets includes EUR 2.5 million in deferred tax assets. Of this, EUR 1.3 million relates to tax confirmed losses, which the company estimates will be utilised in the next few years.

The consideration for the acquisition, the net assets acquired and the goodwill were as follows:

Purchase price paid in cash	**9,200**
Intangible fixed assets	86
Tangible fixed assets	35,775
Deferred tax assets, fixed assets	1,243
Deferred tax assets from confirmed losses	1,254
Inventories	1,063
Trade and other receivables	1,699
Cash and cash equivalents	8,747
Loans from financial institutions	- 27,330
Trade payables and other current liabilities	-1,068
Acquired net assets	**21,469**
Difference, gain from the bargain purchase	**12,269**
Purchase price paid in cash - cash flow:	
Cash consideration paid during financial year 2023	-4,500
Less:	
Cash and cash equivalents in the balance sheet at the time of acquisition	8,747
Net cash flow, investment in the accounting period	**4,247**

The short-term purchase price debt from the acquisition on December 31, 2023 amounts to EUR 4.7 million euros. The debt will be paid during the financial year 2024 and is presented in the group of short-term financial liabilities.

The net sales of North Rail Oy after the acquisition date in 2023 were EUR 22.1 million and the result for the period was EUR 7.1 million. The full-year net sales were EUR 24.2 million and the result for the period was EUR 7.2 million. If North Rail Oy had been merged with the Group as of 1 January 2023, the Group's net sales in 2023 would have been EUR 130.0 million and the result for the period would have been EUR 23.4 million.

There were no acquisitions or divestments during the financial year 2022.

31. Legal proceedings

The lease agreement related to the Luumäki property was terminated in January 2022. The tenant has disputed the agreement and has filed an application for a summons with the Helsinki district court in January 2022.

Nurminen Logistics Plc has filed two counterclaims in the case in 2023, and the District Court of Helsinki has issued a final judgment by default in the case on 5 December 2023, as the counterparty's representative has not been reached. According to the judgment, the tenant is obligated to pay to Nurminen Logistics Plc the legal costs, unpaid rents, damages based on lost rental income, compensation for increased rent as well as the costs incurred in the removal of waste and the restoration and repair measures of the site. In addition, the District Court confirms in the judgment that Nurminen Logistics Plc has the right, on the basis of the counterclaims it has made, to receive compensation for the aforementioned costs from the rental security deposit provided by the tenant.

32. Events after the balance sheet date

No significant events occurred after the review period.

Distribution of ownership 31 December 2023

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of total shares and votes
1–100	1,747	31.28%	75,642	0.10%
101–1,000	2,301	41.20%	1,126,923	1.44%
1,001–10,000	1,361	24.37%	4,271,177	5.47%
10,001–100,000	137	2.45%	3,467,029	4.44%
100,001–1,000,000	23	0.41%	6,904,511	8.84%
over 1,000,000	16	0.29%	62,282,573	79.72%
Total	**5,585**	**100.0%**	**78,127,855**	**100.00%**
Nominee registered	8	0.14%	2,054,210	2.63%

Largest shareholders 31 December 2023

	Number of shares	% of total shares and votes
Suka Invest Oy	12,635,655	16.17
Ilmarinen Mutual Pension Insurance Company	11,655,795	14.92
K. Hartwall Invest Oy Ab	6,462,585	8.27
Nurminen Juha Matti	6,212,908	7.95
Avant Tecno Oy	5,739,375	7.35
Railcap Ltd	2,910,574	3.73
JN Uljas Oy	2,716,394	3.48
Verman Holding Oy	2,524,297	3.23
Relander Pär-Gustaf	1,757,686	2.25
Cyberdyne Invest Oy	1,735,454	2.22
Pohjanvirta Olli Mikael	1,424,956	1.82
Assai Oy	1,328,428	1.70
Jocer Oy Ab	1,176,132	1.51
Partnos Oy	1,060,686	1.36
Anmiil Oy	1,014,104	1.30
VGK Invest Oy	648,000	0.83
Vertanen Janne Olavi	631,075	0.81
Nurminen Jukka Matias	619,546	0.79
H. G. Paloheimo Oy	607,498	0.78
Nurminen Mikko Johannes	595,581	0.76
Other 5,565 shareholders	14,671,126	18.77
Total	**78,127,855**	**100.00**

Shareholders by type 31 December 2023

	Number of shares	% of total shares and votes
Private companies	39,080,928	51.37%
Financial and insurance institutions	3,600,986	4.73%
Public sector organisations	11,655,795	15.32%
Households	21,496,892	28.26%
Foreign	238,040	0.31%
Non-profit organisations	1,004	0.00%
Nominee-registered	2,054,210	
Total	**78,127,855**	**100%**

Parent Company's Income Statement

EUR 1,000	Note	2022	2022
NET SALES	1	**1,997**	**3,716**
Other operating income	2	3,376	3,159
Personnel expenses	3	-2,295	-1,916
Depreciation, amortisation and impairment losses	4	-374	-374
Other operating expenses	5	-5,359	-5,747
OPERATING RESULT		**-2,656**	**-1,162**
Financial income and expenses	6	1,810	1,616
RESULT BEFORE APPROPRIATIONS AND TAXES		**-846**	**454**
Appropriations	7		
Income taxes	8	-114	
RESULT FOR THE PERIOD		**-959**	**454**

Parent Company's Balance Sheet

EUR 1,000	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	1	1,127	1,257
Tangible assets	1	70	29
Investments	2	49,141	45,509
Total non-current assets		**50,337**	**46,795**
Current assets			
Non-current receivables	3.5	1,064	1,342
Current receivables	3	7,219	5,987
Cash in hand and at bank		393	41
Total current assets		**8,676**	**7,371**
TOTAL ASSETS		**59,013**	**54,165**
EQUITY AND LIABILITIES			
Equity			
Share capital	4	4,215	4,215
Share premium reserve	4	86	86
Other reserves			
Legal reserve	4	2,374	2,374
Reserve for invested unrestricted equity	4	36,449	36,449
Retained earnings/loss	4	-5,511	-5,965
Profit (loss) for the period	4	-959	454
Total equity		**36,653**	**37,613**
Liabilities			
Non-current liabilities			
Non-current liabilities	6	6,419	1,553
Current liabilities			
Current liabilities	7	15,941	14,999
Total liabilities		**22,360**	**16,552**
TOTAL EQUITY AND LIABILITIES		**59,013**	**54,165**

Parent Company's Cash Flow Statement

EUR 1,000	Note	2023	2022
Cash flow from operating activities			
PROFIT/LOSS FOR THE FINANCIAL PERIOD		**-959**	**454**
Adjustments:			
Depreciation, amortisation and impairment losses	4	374	374
Financial income (-) and expenses (+)	6	-1,810	-1,616
Income taxes	8	114	
Group contributions received	7		
Other income and expenses with no cash flow effect			
Other adjustments			
Cash flow before changes in working capital		**-2,282**	**-788**
Changes in working capital:			
Increase (-) / decrease (+) in non-interest bearing current receivables		626	-1,740
Increase (+) / decrease (-) in non-interest bearing current payables		1,041	-1,029
Net cash from operating activities before financial items and taxes		**-615**	**-3,557**
Interest paid		-1,147	-332
Dividends received from business		2,712	2,020
Interest received		288	197
Other financial items		-223	-67
Cash flow from operating activities		**1,015**	**-1,739**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets		-244	-271
Proceeds from sale of property, plant and equipment and intangible assets			0
Acquisition of subsidiaries		0	
Other investments		-3,600	-353
Granted loans		-1,500	
Cash flow from investing activities		**-5,344**	**-623**
Cash flow from financing activities			
Proceeds from and repayment of non-current borrowings		8,025	
Proceeds from and repayment of current borrowings and change in credit limit		-3,344	-594
Repayment of equity			-1,247
Group contribution received			3,840
Cash flow from financing activities		**4,681**	**1,999**
Change in cash and cash equivalents		**352**	**-363**
Cash and cash equivalents at the beginning of the year		41	404
Net increase/decrease in cash and cash equivalents		352	-363
Cash and cash equivalents at the end of the period		**393**	**41**

Notes to the Parent Company's Financial Statements

Accounting principles for the parent company's financial statements

The financial statements of Nurminen Logistic Plc are prepared in accordance with Finnish Accounting Standards (FAS).

Measurement of non-current assets

Items of property, plant and equipment and intangible assets are carried at cost less the planned depreciation and amortisation. They are depreciated or amortised over their estimated useful lives,

which are the following:

• Intangible assets	3–5 years	• Machinery and equipment	3–10 years
• Other capitalised long-term expenditure	5–10 years	• Goodwill	5–10 years

The company's subsidiary shares and other shares in the investments in non-current assets are valued at acquisition cost or, if lower, at fair value. The fair value that are used as the basis for the valuation of subsidiary shares is based on management's valuation calculations of future cash flows of subsidiaries.

Measurement of receivables

Receivables are stated at their nominal value or at a lower probable value.

Recognition of deferred taxes

The company recognises deferred taxes in the financial statements, and they are calculated for the temporary differences between taxation and the financial statements by using the tax rate established at the balance sheet date for the following years. The balance sheet includes the tax receivable for confirmed losses recognised on a prudent basis (75% of confirmed losses). Confirmed losses for 2022 have not been taken into account in the calculation.

Pensions

Pension costs are presented in accordance with national legislation in each country. The pension security of the Finnish personnel has been arranged through external pension insurance companies.

Foreign currency items

Foreign currency receivables and liabilities are translated into euro at the closing rate at the balance sheet date.

Related party transactions

During the financial year, the company invoiced rents from Skillpixels Oy worth EUR 1,200.00 (the company is controlled by the CEO). The company has also invoiced leased car expenses of EUR 1,723.33 to RailCap Oy (the company is controlled by the CEO). Services have been purchased from RailCap Oy for EUR 1,711.20. On the closing date, the company has EUR 2,976.00 of open receivables from Skillpixels Oy and EUR 2,136.93 from RailCap Oy.

Leases

Lease payments are accounted for as rental costs. Lease payments due in the future years under the agreements are presented under contingencies and commitments.

Number of shares and directed issues

The company conducted one share issue during 2023, as a result of which the number of shares is 78,127,855 as on the balance sheet date 31 December 2023.

	Number of shares
31 December 2022	**78,101,654**
Directed free share issue in July 2023	26,201
31 December 2023	**78,127,855**

The company's shares have no nominal value. The maximum share capital of the company is EUR 4,215 thousand.
On 31 December 2023, the company did hold any of its own shares.

Notes to the Parent Company’s Income Statement

EUR 1,000	2023	2022
1. Net sales		
Sale of services	1,997	3,716
Total	**1,997**	**3,716**
2. Other operating income		
Rental income	3,258	3,047
Others	118	112
Total	**3,376**	**3,159**
3. Disclosures for personnel and members of company organs		
Personnel expenses		
Salaries and fees	-1,968	-1,678
Pension expenses and pension contributions	-290	-213
Other social security costs	-37	-25
Total	**-2,295**	**-1,916**
4. Depreciation, amortisation and impairment losses		
Depreciation and amortisation according to plan		
Intangible rights	-6	-3
Buildings and structures	-1	
Other capitalised long-term expenditure	-366	-361
Impairment losses	-2	-10
Total	**-374**	**-374**
5. Other operating expenses		
Other operating expenses	-5,359	-5,747
Total	**-5,359**	**-5,747**
Auditor fees		
Audit fees	-128	-88
Other fees paid to auditors	-50	-7
Total	**-178**	**-95**
6. Financial income and expenses		
Dividend income		
Dividend income from Group companies	2,712	2,020
Total	**2,712**	**2,020**
Interest and other financial income		
Interest income from Group companies	480	197
Interest and other financial income from others	0	1
Total	**480**	**197**
Interest and other financial expenses		
Impairment losses from non-current investments	32	-33
Interest expenses to Group companies	-20	
Interest and other financial expenses to others	-1,394	-569
Total	**-1,382**	**-602**
Financial income and expenses total	**1,810**	**1,616**
7. Appropriations		
Group contributions received		
5. Deferred taxes and 8. Income taxes		
Losses of parent company from previous financial years	13,280	10,456
Confirmed losses will expire in 2024–2032		
Deferred tax assets on losses from previous financial years	1,228	1,342
Change in deferred tax liabilities	-114	

During the financial year, EUR 758,178.60 of confirmed losses expired, of which deferred tax assets accounted for EUR 113,726.79 (75%).

Notes to the Parent Company's Balance Sheet

EUR 1,000	2023	2022
1. Property, plant and equipment and intangible assets		
Intangible rights:		
Cost at 1 January	175	149
Additions	1	26
Cost at 31 December	176	175
Accumulated planned amortisation at 1 Jan	-151	-148
Depreciation for the period	-6	-3
Accumulated planned amortisation at 31 Dec	-157	-151
Carrying amount at 31 Dec	**19**	**24**
Other capitalised long-term expenditure		
Cost at 1 January	3,313	3,144
Additions	82	178
Disposals	-5	-10
Cost at 31 December	3,390	3,313
Accumulated planned amortisation at 1 Jan	-2,283	-1,921
Depreciation for the period	-360	-361
Accumulated depreciation for disposals	-4	
Accumulated planned amortisation at 31 Dec	-2,646	-2,283
Carrying amount at 31 Dec	**744**	**1,030**
Prepayments and acquisitions in progress		
Cost at 1 January	202	153
Additions	243	228
Disposals and transfers between asset categories	-82	-178
Cost at 31 December	363	202
Carrying amount at 31 Dec	**363**	**202**
Land area		
Cost at 1 January	**22**	**22**
Carrying amount at 31 Dec	**22**	**22**
Buildings and structures		
Cost at 1 January		
Additions	42	
Cost at 31 December	42	
Accumulated planned amortisation at 1 Jan		
Depreciation for the period	-1	
Accumulated planned amortisation at 31 Dec	-1	
Carrying amount at 31 Dec	**41**	
Other tangible assets		
Cost at 1 January	9	9
Cost at 31 December	9	9
Accumulated planned amortisation at 1 Jan	-1	-1
Depreciation for the period		
Accumulated planned amortisation at 31 Dec	-1	-1
Carrying amount at 31 Dec	**8**	**8**

EUR 1,000	2023	2022
2. Investments		
Holdings in Group companies		
Cost at 1 January	13,934	13,934
Additions	0	
Disposals	-1	
Carrying amount at 31 Dec	**13,933**	**13,934**
Investments in reserve for invested unrestricted equity of Group companies		
Cost at 1 January	31,031	31,031
Additions	3,000	
Carrying amount at 31 Dec	**34,031**	**31,031**
Holdings in associates		
Cost at 1 January	204	204
Carrying amount at 31 Dec	**204**	**204**
Other shares and holdings		
Cost at 1 January	340	21
Additions	600	600
Disposals	33	-281
Carrying amount at 31 Dec	**973**	**340**
Total	**49,141**	**45,509**

	Registered office	Share of ownership %
Subsidiaries		
Nurminen Logistics Services Oy	Finland	100.0
Kiinteistö Oy Kotkan Siikasaarentie 78	Finland	100.0
Kiinteistö Oy Luumäen Suoanttilantie 101	Finland	100.0
Kiinteistö Oy Vainikkalan Huolintatie 13	Finland	100.0
OOO Nurminen Logistics	Russia	100.0
Nurminen Maritime Latvia SIA	Latvia	51.0
Nurminen Maritime UAB	Lithuania	51.0
Kiinteistö Oy Helsingin Satamakaari 24	Finland	51.0
North Rail Holding Oy	Finland	79.8
Associates and joint ventures		
Pelkolan Terminaali Oy	Finland	20.0

EUR 1,000	2023	2022
3. Receivables		
Non-current		
Deferred tax assets	1,064	1,342
Total	**1,064**	**1,342**
Current		
Current receivables from Group companies	4,620	2,628
Trade receivables	2,234	3,231
Deferred tax assets	165	
Other receivables	70	40
Total	**7,089**	**5,899**
Prepayments and accrued income		
Prepaid expenses	70	80
Other receivables	60	8
Total	**130**	**88**
Total current receivables	**7,219**	**5,987**

4. Equity		
Share capital total	4,215	4,215
Share premium reserve	86	86
Legal reserve	2,374	2,374
Restricted shareholders' equity total	**6,675**	**6,675**
Reserve for invested unrestricted equity 1 Jan.	36,449	37,697
Repayment of equity		-1,247
Reserve for invested unrestricted equity 31 Dec.	36,449	36,449
Retained earnings	-5,511	-5,965
Profit/loss for the financial period	-959	454
Total unrestricted equity	**29,979**	**30,938**
Total equity	**36,653**	**37,613**
Distributable funds		
Reserve for invested unrestricted equity	36,449	36,449
Retained earnings	-5,511	-5,965
Profit/loss for the financial period	-959	454
Total	**29,979**	**30,938**

6. Non-current liabilities		
Loans from financial institutions	6,419	1,500
Other liabilities		53
Total	**6,419**	**1,553**
Total non-current liabilities	**6,419**	**10,250**

EUR 1,000	2023	2022
7. Current liabilities		
Current liabilities to Group companies		
Trade payables	167	168
Other liabilities	5,181	4,063
Accrued expenses	19	7
Total	**5,368**	**4,238**
Current liabilities to others		
Interest-bearing liabilities		
Loans from financial institutions	8,919	9,103
Total	**8,919**	**9,103**
Non-interest bearing liabilities		
Trade payables	387	251
Other liabilities	100	89
Accrued expenses		
Employee benefit expense accruals	780	737
Interest accruals	243	198
Others	145	383
Total	**1,654**	**1,658**
Total current liabilities	**15,941**	**14,999**

Other Notes of the Parent Company

EUR 1,000	2023	2022
Liabilities and contingent liabilities secured by corporate mortgages and pledges		
Loans from financial institutions	14,353	10,144
Customs duties and other guarantees	4,554	794

The loan from Ilmarinen includes the condition that the company pays 30% of free cash flow as premature repayments. According to the agreement, free cash flow is calculated by deducting financial expenses, loan repayments and working capital investments from the operational cash flow. The loan amount at 31 December 2023 is EUR 5,353 thousand (31 December 2022: EUR 7,644 thousand). On 14 June 2023, the company entered into an amendment agreement with Ilmarinen, according to which the outstanding principal of the loan will be paid on 30 September 2024.

The group took out a new EUR 3.5 million loan with a fixed amortisation schedule from Oma Savings Bank during the financial period 2021. The loan amount at 31 December 2023 is EUR 1,500 thousand (at 31 December 2022: EUR 2,500 thousand). The agreement includes a covenant that the credit rating of no individual group company can decrease below Alfa Rating A and the group equity ratio should be over 20% at each financial statement date during the loan period.

The company took out a EUR 4.0 million TyEL loan from Ilmarinen during the financial year. The loan amount at 31 December 2023 is EUR 4,000 thousand.The company took out a working capital loan of EUR 3.0 million from Finnvera during the financial year. The loan amount at 31 December 2023 is EUR 3,000 thousand. The company took out a EUR 0.5 million loan from Oma Savings Bank during the financial year. The loan amount at 31 December 2023 is EUR 500 thousand.

Interest-bearing accounts for which business mortgages have been given and subsidiary shares pledged		
Credit limit	1,000	1,000
Unused credit	16	541
Guarantees given on behalf of companies belonging to the same Group		
Book value of pledged subsidiary shares	43,766	43,766
Mortgages given on own behalf		
Company mortgages	18,500	15,500
Rental guarantees		
Deposit 1 April 2021–1 April 2023, after which can be resigned on a separate notice	599	599
Rental security Kiinteistö Oy Luumäen Suoanttilantie 101		
Lease agreement has been terminated in January 2022.		
Rent liabilities		
Payable in next year	2,832	2,825
Payable later	9,821	12,627
Amounts payable under leases		
Payable in next year	73	88
Payable later	87	90

The Parent Company's Notes Concerning Personnel and Company Organs

	2023	2022
Number of personnel		
Personnel, average	12	12
Personnel, at year-end	12	12
Salaries and fees paid to the management (EUR 1,000)		
Members of the Board of Directors and Managing Director	1,012	666

Defined benefit pension benefits
The company has additional pension agreements based on a previous acquisition. The additional pension benefits concern former employees, none of whom is a member of the Management Team. The average duration of the defined benefit obligation was 6 years at the end of the reporting period. The amount of the liability as at 31 December 2023 is EUR 49,144.00.

Legal proceedings
The lease agreement related to the Luumäki property was terminated in January 2022. The tenant has disputed the agreement and has filed an application for a summons with the Helsinki district court in January 2022.

Nurminen Logistics Plc has filed two counterclaims in the case in 2023, and the District Court of Helsinki has issued a final judgment by default in the case on 5 December 2023, as the counterparty's representative has not been reached. According to the judgment, the tenant is obligated to pay to Nurminen Logistics Plc the legal costs, unpaid rents, damages based on lost rental income, compensation for increased rent as well as the costs incurred in the removal of waste and the restoration and repair measures of the site. In addition, the District Court confirms in the judgment that Nurminen Logistics Plc has the right, on the basis of the counterclaims it has made, to receive compensation for the aforementioned costs from the rental security deposit provided by the tenant.

Key figures for the parent company

Key figures for business

	2021	2022	2023
Net sales, EUR 1,000	3,434	3,716	1,997
Operating result (EBIT) EUR 1,000	-1,088	-1,162	-2,656
Adjusted operating result, (EBIT) EUR 1,000*	174		
% of net sales	-31.7%	-31.3%	-133.0%
Adjusted % of net sales*	5.1%		
Result for the financial year, EUR 1,000	4,662	454	-959
Adjusted result for the financial year, EUR 1,000**	742		-846
% of net sales	135.8%	12.2%	-48.0%
Adjusted % of net sales**	21.6%		-42.3%
Return on equity (ROE), %	13.2%	1.2%	-2.6%
Return on investment (ROI), %	0.6%	2.2%	1.1%
Adjusted return on investment (ROI), %*	3.2%		
Equity ratio, %	68.1%	69.4%	62.1%
Gearing, %	28.0%	28.1%	40.8%
Wages and salaries paid, EUR 1,000	2,705	1,678	1,968
Adjusted wages and salaries paid, EUR 1,000*	1,443		
Average number of employees	15	12	12

* Non-recurring remuneration for the 2021 financial year which, based on an estimate of Nurminen's management, is not associated with normal business operations, has been taken into consideration in the adjusted key figure.

** Non-recurring remuneration, Group contribution and change in deferred tax liabilities have been taken into consideration in the adjusted key figure for the financial year 2021. The change in the deferred tax asset have been taken into consideration in the adjusted key figure for the financial year 2023.

The Board's proposal for the distribution of profit, signatures of the Board's report on operations and financial statements and auditor's note

Board of Directors' proposal for profit distribution

On 31 December 2023, the parent company's distributable equity is EUR 29,978,686.01, of which the loss for the period amounted to EUR 959,432.25.

The Board of Directors proposes to the Annual General Meeting repayment of equity from the reserve for invested unrestricted equity, at most EUR 0.06 per each of the company's 78 127 855 shares outstanding, totaling at most EUR 4 687 671.30. In addition, the Board of Directors proposes that the Annual General Meeting authorizes the Board of Directors to decide the date and the final amount of the repayment of equity from the reserve for invested unstricted equity.

All shares outstanding on the dividend payment record date, with the exception of the treasury shares held by the company, are entitled to dividend for 2023.

Signatures of the Board's report on operations and financial statements

Helsinki, 13 March 2024

Irmeli Rytkönen
Chair of the Board of Directors

Olli Pohjanvirta
President and CEO

Juha Nurminen

Erja Sankari

Karri Koskela

Auditor's note

Auditor's report has been issued today.

Helsinki, 13 March 2024
Ernst & Young Oy
Authorised Public Accountant Firm

Juha Hilmola
Authorised Public Accountant

AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Nurminen Logistics Plc

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Nurminen Logistics Plc (business identity code 0109707-8) for the year ended 31 December 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
North Rail Oy (former Operail Finland Oy) business combination *Refer to note summary of significant accounting policies and note 30.* Nurminen Logistics' subsidiary North Rail Holding Oy acquired 100 % of North Rail Oy during the financial year. The acquisition date was determined to be 14.2.2023. The purchase consideration of 9,2 million euro was paid in cash. After the transaction, Nurminen Logistics' share of North Rail Holding Oy is 79,8% and Finnish investors holding is 20,2% (of which 10,1 % belongs to a related party). Assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at acquisition date fair value. Management judgement relates specifically to determining the fair value of acquired assets and liabilities, in particular determining the fair values of separately identifiable tangible assets. The purchase price allocation resulted in a bargain purchase amounting to 12,3 million euro. The share belonging to the owners of the parent company is 9,8 million euro and the share belonging to the non-controlling interest is 2,5 million euro. The significant business combination is a key audit matter as it has a significant impact in the financial statements, as it involves valuation processes and methods, and judgments made by management, and the fact that business combination was executed together with a related party.	Our audit procedures included, among others: • Familiarizing ourselves with the Share Purchase Agreement relating to the business combination of North Rail Oy. • Assessment together with our valuation specialists the valuation processes and methodologies to identify acquired assets and liabilities and to determine the fair value of these. • Familiarizing ourselves with the other contracts related to this transaction, meeting minutes and decisions of the Board of Directors including power of attorney rights as part of our general audit procedures since business combination was performed together with a related party. • Assessment of the adequacy of disclosures relating to the business combination.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Deferred tax assets *Refer to note summary of significant accounting policies and note 18.* As of balance sheet date 31 December 2023, the group had deferred tax assets arising from the unused tax losses carry forward amounting to 5,9 M€. The amount of deferred tax asset is material to financial statements. Management assessment related to the recognition of deferred tax assets and the likelihood of future income includes judgements relating to assumptions affected by future market and economic developments. Due to above mentioned judgmental factors, valuation of deferred tax assets was determined to be a key audit matter.	When auditing deferred tax assets we evaluated company's evidence that there will be future taxable income available to utilize the deferred tax assets. As part of our audit procedures we • assessed the key assumptions in the calculations prepared by the management focusing on forecasted future economic development and the company's ability to generate taxable income. • tested deferred tax assets including the assessment of recognizing judgmental tax positions. We reviewed the communication with tax authorities. • assessed disclosures related to deferred taxes.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition *We refer to the accounting principles for the consolidated financial statements in the note 1 of the consolidated financial statements, note 2 segment information and the note 19 trade and other receivables.* Revenue recognition is considered as a key audit matter because revenues are a key financial performance measure which could create an incentive for revenues to be recognized prematurely. Relevant areas from the net sales perspective are accuracy of the recognized amounts and timing of revenue recognition. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10 (2). due to the identified risk of material misstatement in timely revenue recognition.	Our audit procedures to address the risk of material misstatement included • the analysis of the revenue recognition accounting policies and • comparison of revenue transactions to the supporting documentation in order to assess whether the requirements for the revenue recognition have been met. In addition, we requested external trade receivable confirmations, tested general ledger journal entries on a sample basis as well as performed analytical procedures in order to identify abnormal entries. We also assessed the sufficiency of the revenue recognition disclosures in respect of the IFRS 15 standard.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of subsidiary investments *We refer to the accounting principles of the parent company and to the note 2 of the balance sheet of the parent company.* Valuation of subsidiary investments is considered as a key audit matter because of the judgment involved in the valuation process and because the subsidiary investments are significant to the parent company balance sheet. The carrying value of subsidiary investments as of the balance sheet date 31 December 2023 amounted to 49,1 million euros. These investments represented some 83 % of the total assets and some 134 % of the total equity. Valuation of subsidiary investment requires management to make an assessment whether • there are indicators that the investments are permanently impaired, and • what the probable value of investments is at year-end.	We involved EY valuation specialists to assist us in evaluating the methodologies, calculations and assumptions applied by the management in the valuation of parent company's subsidiary investments. The assumptions applied by the management were compared to • approved budgets and long-term forecasts by the management, • information available in external sources, as well as • our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 12 April 2016, and our appointment represents a total period of uninterrupted engagement of 8 years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard

Helsinki, 13 March 2024

Ernst & Young Oy
Authorised Public Accountant Firm

Juha Hilmola
Authorised Public Accountant

Independent Auditor's Report on Nurminen Logistics Oyj's ESEF-Consolidated Financial Statements (Translation of the Finnish original)

To the Board of Directors of Nurminen Logistics Plc

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 743700O69NCHTNEV0362-2023-12-31-fi.zip of Nurminen Logistics Oyj (business identity code: 0109707-8) for the financial year 1.1.-31.12.2023 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESESF RTS. This responsibility includes:

- Preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Management

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement

Opinion

In our opinion the tagging of the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements 743700O69NCHTNEV0362-2023-12-31-fi.zip of Nurminen Logistics Oyj for the year ended 1.1.-31.12.2023 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Nurminen Logistics Oyj for the year ended 1.1.-31.12.2023 is included in our Independent Auditor's Report dated 13.3.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki, 13 March 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant

Nurminen Logistics

Head office
Satamakaari 24
00980 Helsinki, Finland
Tel. +358 10 545 00
info@nurminenlogistics.com
www.nurminenlogistics.com