

VR-Group Ltd Half-year financial report, 1 January–30 June 2021

Train travel picked up during the second quarter, with train services added. The market situation of freight traffic continued to be positive. Even though the Group's earnings were at a loss, the trend turned positive in the second quarter.

April–June 2021 (Q2):

- The Group's net sales increased by 23.3 per cent to EUR 202.2 (164.0) million.
- Operating profit (EBIT) was EUR -8.3 (-27.4) million at a loss, or -4.1% (-16.7%) of net sales. Comparable operating profit (EBIT) was EUR -10.3 (-27.4) million, or -5.1% (-16.7%) of net sales.
- Cash flow from operating activities was EUR 48.7 (-3.1) million.
- Travel volumes increased by 82.7% in long-distance trains in April–June, and 1.7 (0.9) million journeys were made.
- The railway transport volumes of VR Transpoint increased by 2.8% and were 9.7 (9.4) million tonnes.

January–June 2021 (H1):

- The Group's net sales decreased by 1.0% to EUR 389.7 (393.5) million.
- Operating profit (EBIT) was EUR -23.0 (-14.5) million at a loss, or -5.9% (-3.7%) of net sales. Comparable operating profit (EBIT) was EUR -25.0 (-14.5) million, or -6.4% (-3.7%) of net sales.
- Cash flow from operating activities was EUR 56.1 (29.7) million.
- On 24 March, it was announced that VR Group's President and CEO Rolf Jansson will join another company. Lauri Sipponen was appointed as the new President and CEO, and he assumed his position after the reporting period on 5 August 2021.
- There were 3.0 (4.2) million journeys in long-distance traffic, a decrease of 27.1% year-on-year.
- The railway transport volumes of VR Transpoint were 1.7% higher than in the comparison period, amounting to 18.5 (18.2) million tonnes.

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Key figures	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales, MEUR	202.2	164.0	389.7	393.5	791.9
Operating profit (EBIT), MEUR	-8.3	-27.4	-23.0	-14.5	-24.6
% of net sales	-4.1 %	-16.7 %	-5.9 %	-3.7 %	-3.1 %
Comparable operating profit (EBIT), MEUR*	-10.3	-27.4	-25.0	-14.5	-26.1
% of net sales	-5.1 %	-16.7 %	-6.4 %	-3.7 %	-3.3 %
Net profit for the financial year, MEUR	-3.2	-21.2	-14.4	-20.1	-33.1
Cash flow from operating activities, MEUR	48.7	-3.1	56.1	29.7	99.5
Investments, MEUR	-36.7	-32.9	-79.6	-90.4	-161.2
Capital invested at the end of the period, MEUR	1 530.1	1 694.8	1 530.1	1 694.8	1 644.7
Return on Capital Employed (ROCE), %**			-1.0 %	-0.7 %	-1.1 %
Comparable ROCE, %			-1.1 %	-0.7 %	-1.2 %
Net interest-bearing debt at the end of the period, MEUR	200.1	86.8	200.1	86.8	87.6
Net gearing, %	16.0 %	6.2 %	16.0 %	6.2 %	6.9 %
Average number of personnel	5 625	5 527	5 647	5 794	5 818

* VR Group presents comparable operating profit as an alternative key figure. The goal of comparable operating profit is to improve the comparability of reporting periods.

** Return on Capital Employed reported on December 2020 included a mistake which has been corrected.

The calculation formulas for the key figures are presented in VR Group's 2020 Annual Report.

The reported figures are unaudited.

Comparative figures in parentheses refer to the corresponding period of the previous year, unless otherwise stated.

President and CEO Lauri Sipponen:

The COVID-19 epidemic continued to have a strong impact on the development of our business in the first half of the year. In particular, the epidemic affected VR Passenger Services, but also indirectly the Group as a whole. Our personnel, both in the field and in the office, deserve special praise for their work and service attitude in the midst of a protracted and challenging crisis.

Although a turn to a more positive took place and train travel picked up during the second quarter and particularly at the start of the summer, passenger volumes in the first half of the year were lagging behind the corresponding period last year, when the corona effect was only visible in the spring. During the reporting period, night train traffic and domestic travel were popular, while commuting suffered from the epidemic. Travel is likely to change in the future as teleworking and multi-site work become more common.

The containment of the epidemic was accompanied by restrictive measures throughout society, which meant that we limited the number of passengers to half of the capacity of the trains in the spring, and we also had to close down restaurant services for almost two months. We took care of safety in a number of ways and in March we brought the mask mandate into the trains. Due to travel restrictions, Russian traffic remained at a standstill. Demonstrations by train drivers also affected commuter and long-distance trains.

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As demand recovered, we gradually re-established market-based train services, which we had had to reduce at the beginning of the year. We actively promoted domestic travel, for example, by increasing night train services, with attractive pricing and new services, such as delivering restaurant car products to the cabin. We launched a new ticket type for the summer, a holiday ticket that can be used for unlimited travel within a certain period of time.

We believe in the future of climate-friendly rail transport, as shown, for example, by investments in better wireless network connections for long-distance trains, and with progress in the procurement of new commuter and night train rolling stock.

We reached a significant milestone after Midsummer, when commuter traffic started pursuant to the new contract period between VR and HSL. Many changes and reforms have been made in VR's commuter traffic as well as the maintenance operator VR FleetCare with an eye to the new contract period. We also prepared for the start of operation of the Tampere Tramway.

The market situation for logistics was positive, as the world economy was on a growth path and the economic development in Finland was also favourable. In Finland, especially in the forest and metal industry, the demand for transport was strong, while in Eastern traffic volumes weakened.

During the reporting period, we announced that VR Transpoint will be responsible for the roundwood logistics of Metsä Group's new bioproduct mill in Kemi, Finland, and at the same time invest in new roundwood wagons. Furthermore, we announced a significant collaboration agreement concerning the transports of Terrafame's new battery chemicals plant. The close collaboration with the steel company SSAB will continue, and an agreement on rail transport and halving the related emissions by 2024 was signed during the reporting period. During the first half of the year, a record-breaking 7,000-tonne freight train and the first trains equipped with modular Finnowagons were also introduced in regular traffic.

VR FleetCare achieved the significant success of a growth strategy and signed an agreement with Vy, a Norwegian train operator, for the modernisation of night train cars. VR FleetCare also reorganised its production in a service-oriented way by centralising the lifecycle services of the components in its own business unit. As an example of investments in digitalisation and new technology, VR FleetCare introduced a "train scanner" to the Helsinki depot, which can be used to automatically detect defects in trains.

We took further steps in environmental work. We signed a EUR 200 million revolving credit facility (RCF), where its margin depends on the achievement of our environmental goals. In addition, we commissioned a large solar power plant at the Helsinki train maintenance depot. In turn, the machine intelligence assisted DAS system will help to optimise the driving of passenger and freight trains to increase energy efficiency in the future.

Outlook for the current year

The development of the coronavirus epidemic continues to dominate the outlook for the current year, particularly with regard to VR Passenger Services. In the summer, train travelling recovered and train services were increased, as leisure travel in Finland increased, vaccination coverage widened and restrictive measures eased. Although there has been a more positive turn-around in

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passenger service, the epidemic situation still remains uncertain. The epidemic has affected commuting in particular.

The global economy is in good shape, which improves the export prospects of Finland's basic industries. Domestic transport demand is expected to remain at an excellent level, supported in particular by the good cyclical situation in the forest and metal industry and strong demand for raw materials in general. In the forest industry, for example, the demand for pulp and roundwood is strong, but the reduction in paper production and the closure of production plants will also affect VR Transport's transports. Eastern traffic is expected to pick up during the rest of the year, considering the signed customer contracts and outlook.

VR FleetCare's external net sales are expected to grow from the previous year, as the company has actively sought growth and won several contracts through competitive tendering, the implementation of which will start or expand during the current year.

At the group level, VR Group expects the full-year net sales to grow and the result to improve compared to the previous year. In the long term, megatrends such as urbanisation and the emphasis on climate issues will support the popularity of rail traffic. At the societal level, the attitude towards rail and public transport is positive. Both passenger and freight traffic customers increasingly aim to increase their use of rail traffic. VR Group also seeks to increase the share of environmentally friendly rail and urban traffic through its own actions and by meeting the expectations of its customers.

Changes in reporting practices

The half-year financial report is prepared in accordance with IAS 34 *Interim Financial Reporting*. The half-year financial report of June 2020 was prepared in accordance with Finnish accounting standards, so the content differs from the earlier presented one. The benchmarks in brackets refer to the corresponding time period in the previous year, unless otherwise stated. The benchmarks presented are reported in accordance with the IFRS standards.

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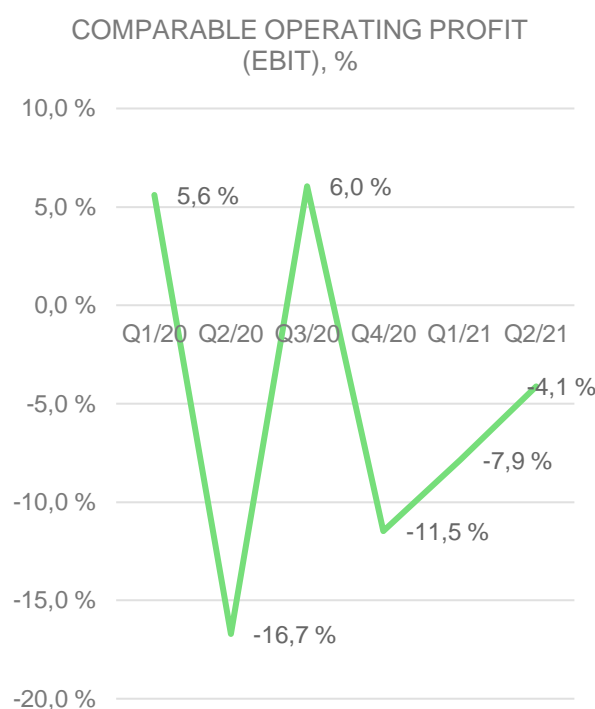
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The company's financial development

Net sales and result development by operation

Net sales, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
VR Passenger Services	95.7	65.9	191.9	202.6	406.2
VR Transport	99.1	100.4	190.7	193.6	386.5
VR FleetCare	48.5	47.3	97.8	99.7	195.8
Other operations and eliminations	-41.1	-49.6	-90.7	-102.4	-196.5
Total	202.2	164.0	389.7	393.5	791.9

Operating profit, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
VR Passenger services	-16.4	-39.7	-37.0	-32.4	-69.5
VR Transport	7.2	10.6	12.0	13.0	33.7
VR FleetCare	0.7	1.5	1.8	3.3	11.2
Other and eliminations	0.2	0.2	0.2	1.6	0.0
Total	-8.3	-27.4	-23.0	-14.5	-24.6



April–June 2021 (Q2)

VR Group's net sales increased by 23.3% compared to April–June 2020 to EUR 202.2 million. The growth in net sales was due to the recovery of travel, lower travel restrictions than in the previous year and new services offered to customers. The favourable development increased VR Passenger Services' net sales by 45.3%, with customer volumes in long-distance traffic increasing significantly year-on-year. However, travel volumes in long-distance traffic remained at approximately half of the volume of 2019.

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VR Transport's net sales decreased year-on-year. Underlying the decrease in net sales was the divestment of the Baltic road logistics business. The volume of freight transported by rail and road was 11.1 million tonnes, or 2.4% more than the corresponding period the previous year.

VR FleetCare's net sales decreased by 1.8% from the first quarter, as the challenging weather conditions early in the year increased the maintenance costs of the rolling stock.

VR Group's operating profit (EBIT) for the second quarter of 2021 amounted to EUR -8.3 (-27.4) million and the comparable operating profit for the period was EUR -10.3 (-27.4) million.

January–June 2021 (H1)

VR Group's net sales decreased by 1.0% to EUR 389.7 (393.5) million. Underlying the decrease in net sales were the travel restrictions that began during the second half of 2020 and lower volume of train travel due to the COVID-19 situation, which continued to affect negatively the net sales of VR Passenger Services. The epidemic has only had a minor impact on the net sales of VR Transport, and the decrease in net sales was mainly due to the divestment of the Baltic operations in international road logistics at the end of 2020. The divestment of the business operations did not have a material impact on operating profit. VR FleetCare's net sales fell slightly short of the previous year.

The Group's operating profit (EBIT) was EUR -23.0 (-14.5) million in the first half of the year. Comparable operating profit (EBIT) was EUR -25.0 (-14.5) million. The comparability was influenced by sales of properties and land areas and the disposal of a subsidiary. The Group's profit for the period was EUR -14.4 (-20.1) million in the first half of the year.

Cash flow and financing

VR Group's balance sheet was strong at the end of June 2021. The Group's balance sheet total was EUR 1,895.8 (2,114.4) million at the end of June 2021 and net gearing was 16.1% (6.2%).

In January–June 2021, the cash flow from operating activities before investments and financing was EUR 56.1 (29.7) million, and the cash flow from investing activities was EUR -69.1 (-92.1) million. Net working capital including financial items and taxes was EUR -21.1 million at the end of June 2021. Net interest-bearing liabilities totalled EUR 200.1 (86.8) million at the end of June 2021. The interest-bearing liabilities comprised of leasing financing and lease liabilities related to the IFRS 16 and the liabilities of the joint arrangement of Karelian Trains. The increase in net debt was significantly affected by COVID-19 and a dividend of EUR 100 million paid to the owner on 30 April 2021. Cash and cash equivalents and unused revolving credit facilities totalled EUR 278.6 (312.9) million.

During the review period, a revolving credit facility (RCF) agreement of EUR 200 million was signed, the margin of which is linked to the reduction of greenhouse gas emissions and the improvement of material efficiency. The loan margin will change depending on the extent to which these objectives are achieved. The duration of the credit line agreement is three years and the credit has two one-year extension options.

VR-Group Ltd has a credit rating of A+, with a stable outlook, issued by the international credit rating agency Standard & Poor's.

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Investments

The Group's total investments in January–June 2021 amounted to EUR 79.6 (90.4) million. During the COVID-19 pandemic, investments have been prioritised to strengthen the Group's cash flow.

Investments broke down as follows:

Investments, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Rolling stock	28.7	26.2	56.7	71.8	116.6
Transportation equipment (cars)	1.1	0.3	10.4	7.1	17.0
Real estate	3.4	1.4	5.8	2.8	10.2
ICT-investments	2.5	3.7	5.2	6.5	12.7
Other	1.0	1.3	1.5	2.2	4.6
Total	36.7	32.9	79.6	90.4	161.2

For the rolling stock, the largest investments were the new Sr3 (Vectron) locomotives, the deliveries of which continued as planned. Five locomotives were delivered during the reporting period, and there are now a total of 39 of them in VR Group's use.

In connection with the cooperation agreement with Metsä Group and the Kemi plant's transport, VR Transpoint is investing in new roundwood wagons to cover the growing volumes of roundwood. Also, the new Finnowagon freight wagons started in commercial traffic during the first half of the year. The operations of VR Group's subsidiary Finnlog were extended to wood chip wagon transports, and the new wood chip wagons started commercial operation in May. The road and rail rolling stock of Kevitsa's refined product traffic was replaced with more efficient and safer equipment.

VR Passenger Services is replacing Sm2 commuter trains and Eil and Eilf commuter cars that have reached the end of their lifecycle. Six companies have registered for the EUR 250 million worth EU tender competition for commuter trains. Initially, the procurement concerns 25 SmX trains. VR Passenger Services has also announced that it will launch the procurement of new night train rolling stock. The procurement of the new rolling stock is part of a longer contract traffic agreement being negotiated with the Ministry of Transport and Communications, and will be finally confirmed after the negotiations. Moreover, the first restaurant cars ordered in spring 2019 were received for transport use in spring 2021.

The biggest ICT investments were the renewal of ERP systems at VR FleetCare and VR Transpoint's domestic road logistics. In addition, VR will invest EUR 4.5 million in the development of wireless network connections for the long-distance trains. Modern network technologies will replace the existing internal network of trains and the equipment needed to produce the network will be completely replaced during 2021–2022.

VR Group sold its international road logistics business to the Finnish company Avind International Oy. The transaction was implemented on 18 June 2021, and it comprises Transpoint International (FI) Oy owned by VR Group and two Russian subsidiaries owned by Transpoint International (FI) Oy. Transpoint International (FI) has been responsible for VR Transpoint's international road traffic in Russia.

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Personnel

In January–June 2021, VR Group had an average of 5,647 employees (FTE). The number of employees decreased by 2.5 per cent compared to the comparison period.

Average number of employees	1-6/2021	1-6/2020	1-12/2020
VR Passenger Services	2 430	2 419	2 467
VR Transport	1 088	1 221	1 196
VR FleetCare	923	893	902
Other	1 206	1 261	1 252
VR Group total	5 647	5 794	5 818

Major events after the reporting period

On 1 July 2021, it was announced that Lauri Sipponen had been appointed as the new President and CEO of VR Group. The position of the President and CEO became vacant after the previous President and CEO Rolf Jansson announced last March that he will join another company.

VR Group acquired Transitar Oy, a transport company that specialises in recycling logistics. The deal was agreed upon on 23 June 2021, and the acquisition was completed on 1 July 2021. Transitar will continue as a wholly owned subsidiary of VR Group, as part of VR Transport's road logistics business.

COVID-19 effects

In VR Passenger Services, the impact of the COVID-19 epidemic was still strongly visible in travel volumes, which were approximately 50 per cent lower in January–June than in the period before the coronavirus. The number of passengers on trains was limited to half capacity for a month following Traficom's decision, and the trains' restaurant cars were closed for nearly two months in line with the Finnish Government's policy. Due to the corona, several new services were introduced, such as the possibility on night trains to order restaurant car products directly to the cabin. VR brought the face mask mandate to public transport in March.

The demand for travel by night train remained at a reasonably good level during the review period, as the epidemic has made domestic travel popular and a separate night train cabin a health-secure means of travel. The popularity of car packages even exceeded the pre-COVID-19 demand (January–June 2019). From May, demand started to gradually recover on day trains as well, and in May–June, VR returned more than a hundred train shifts to operation. Throughout the review period, traffic to Russia was suspended, as the Vainikkala border station was still closed to traffic.

The impact of the epidemic on VR Transport's freight transport has remained moderate. The global economy has been in a good shape, which in turn has improved the export prospects.

The current COVID-19 epidemic has also been reflected in the operations of VR FleetCare, mainly as a result of the decreased traffic volumes of its customers. Smaller trains and the decreased train volume, particularly in passenger services, have reduced the need for continuous rolling stock maintenance and, consequently, the workload of VR FleetCare. In addition, individual large-scale

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maintenance projects have been postponed. VR FleetCare adjusted its operations to the weakened demand at the start of the year.

During the corona period, the entire Group has implemented more than 120 measures to ensure the health security of customers and employees. These measures include improving cleaning efficiency, allowing social distancing, and wearing face masks. During the review period, the phased lay-offs of almost all personnel continued, necessitated by adapting the business to the impact of the epidemic.

Business & segment overview

The operating segments reported in the Group are VR Passenger Services, VR Transpoint and VR FleetCare. In addition, other functions include the real estate unit, group functions and train operations unit. The financial indicators of the train operations unit, which is responsible for the locomotives and train operations, are, however, included in the reporting section of VR Passenger Services and VR Transpoint.

VR Passenger Services

VR Passenger Services provides public transport services by long-distance and commuter trains. Catering services of long-distance trains are provided by AVECRA, a company that is part of VR Passenger Services and also operates restaurants and cafés at stations. The passenger services also includes Pohjolan Liikenne bus service and Karelian Trains as a joint operation. Furthermore, VR operates tram traffic in Tampere.

VR Passenger Services	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales, EUR million	95.7	65.9	191.9	202.6	406.2
Operating profit (EBIT), EUR million	-16.4	-39.7	-37.0	-32.4	-69.5
% of net sales	-17.1 %	-60.3 %	-19.3 %	-16.0 %	-17.1 %
Investments, MEUR	12.6	13.5	28.1	36.3	55.8
VR journeys	18.9	12.8	36.5	43.9	88.6
long-distance traffic	1.7	1.0	3.0	4.2	8.1
commuter traffic	10.5	8.1	19.8	25.3	51.4
bus services	6.7	3.8	13.7	14.4	29.0
Passenger-kilometres in train traffic (millions)	583.5	351.8	1 060.6	1 486.1	2 819.9
NPS					
long-distance traffic	39.0	40.0	40.5	41.1	41.3
commuter traffic	13.1	6.0	16.6	17.0	19.7
Punctuality					
long-distance traffic	90.4	88.9	87.0	88.9	88.6
commuter traffic	94.7	96.8	93.7	96.6	96.6

April–June (Q2)

The net sales of VR Passenger Services increased by 45.4 per cent during the review period to EUR 95.7 (65.9) million. Net sales for rail services increased by 74.7 per cent. In turn, the net sales of bus and coach transport grew by 13.3 per cent. The net sales of AVECRA, the subsidiary providing

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catering services for long-distance traffic, increased by 138.6 per cent. The operating profit (EBIT) for Passenger Services increased by EUR 23.3 million from 2020 and was EUR -16.4 million. The growth in net sales and operating profit were due to the picking up of travel compared to the COVID-19 situation a year before. Passenger volumes reached their lowest point in April–May 2020.

A total of 18.9 million journeys were made in VR Passenger Services in April–June 2021. The total volume of journeys increased by 30.1 per cent compared to 2020. In long-distance traffic, travel increased by 82.7 per cent, with a total of 1.7 (0.9) million journeys made. In VR's commuter traffic, on the other hand, the volume of journeys increased by 59.9 per cent and in HSL commuter train traffic by 3.2 per cent. In bus services, a total of 6.7 (3.8) million journeys were made. The number of journeys rose by 76.3 per cent from the previous year.

January–June (H1)

The net sales of VR Passenger Services decreased by 5.3 per cent during the review period to EUR 191.9 (202.6) million. The net sales of train traffic fell by 6.4 per cent. In turn, the net sales of bus services grew by 5.4 per cent. The net sales of Avecra, the subsidiary providing catering services for long-distance transport, decreased by 42.7 per cent. The operating profit (EBIT) for Passenger Services decreased by EUR 4.6 million from 2020 and was EUR -37.0 (-32.4) million. The fall in net sales and operating result was due to the corona epidemic. The operations had to be adapted by reducing the supply of shifts and laying off personnel.

A total of 36.5 million journeys were made in VR Passenger Services in January–June 2021. The number decreased by 16.7 per cent from 2020. In long-distance train traffic, travel decreased by 30.2 per cent, with a total of 3.0 (4.2) million journeys made. In VR's commuter traffic, on the other hand, the volume of journeys decreased by 29.5 per cent and in HSL commuter train traffic by 21.1 per cent. In bus services, a total of 13.7 (14.4) million journeys were made. The number of journeys decreased by 4.4 per cent from the previous year. The fall in trip volumes was due to the COVID-19 epidemic.

VR Passenger Services had to downscale its train service offering due to the COVID-19 epidemic starting from 11 January 2021. The reductions concerned shifts of very low demand, especially in weekday traffic. Travel focused on leisure-time tourism and night train traffic. VR brought in more night trains and returned long-distance trains to operation for seasonal periods.

In March, VR closed all restaurant car services in accordance with the Government's decision for a fixed period. VR also imposed a face mask mandate on all trains, taking into account national guidelines. In March, VR also announced that it would limit the number of passengers by half on all trains for a month due to orders issued by the authorities.

All HSL and VR commuter trains were cancelled during 18–19 March 2021 due to industrial action by Rautatiealan Unioni Ry (RAU) ("Finnish Railway Union"). RAU's second demonstration on 21 May 2021 also cancelled almost all commuter and long-distance trains.

During the last quarter, the sales of train tickets picked up and VR returned train shifts to long-distance traffic throughout Finland. This was reflected in the increase in net sales and operating profit during Q2. VR also permanently lowered ticket prices for long-distance transport on certain routes. In May, a new product, a holiday ticket, was launched, allowing unlimited travel on VR's commuter and long-distance trains.

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VR could not start Allegro and Tolstoi train traffic to Russia, because the Vainikkala border station remained closed to passenger train traffic by order of the authorities.

Commuter train traffic under the new contract period between VR and Helsinki Region Transport (HSL) commenced in the capital region in June. The review period also saw preparations for the start of tram traffic in Tampere by way of test runs of the car, infrastructure and service model.

Customer satisfaction with VR's services remained high, and new products and services received positive feedback from customers. The punctuality of long-distance traffic reached its targets after the winter. The development of punctuality in commuter traffic was not as favourable.

VR Transpoint

VR Transpoint offers domestic and international logistics services. The services include railway and road transports and customised logistics chains with additional services. VR Transpoint's customers are domestic and international companies that need logistics solutions for raw material and product transports.

VR Transpoint	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales, EUR million	99.1	100.4	190.7	193.6	386.5
Operating profit (EBIT), EUR million	7.2	10.6	12.0	13.0	33.7
% of net sales	7.2 %	10.6 %	6.3 %	6.7 %	8.7 %
Investments, EUR million	9.2	4.8	21.0	22.2	39.2
Total transport volumes, million tonnes	11.1	10.8	21.1	20.8	41.5
railway transports	9.7	9.4	18.5	18.2	36.6
road transports	1.4	1.4	2.5	2.6	4.9
NPS	28.5	31.0	25.3	25.5	28.8
Punctuality	90.2	90.6	85.5	89.9	90.4

April–June (Q2)

VR Transpoint's net sales decreased by 1.3 per cent to EUR 99.1 (100.4) million. Net sales increased by 1.1 per cent in rail logistics and decreased by 10.4 per cent in road transport year-on-year. VR Transpoint's operating profit (EBIT) decreased by 32.8 per cent to EUR 7.2 (10.6) million, or 7.2 per cent (10.6%) of net sales. The decrease in net sales was primarily due to the divestment of Baltic operations in international road logistics in 2020. VR Transpoint's total volumes increased by 2.4 per cent year-on-year, amounting to 11.1 (10.8) million tonnes.

January–June (H1)

VR Transpoint's net sales decreased by 1.5 per cent to EUR 190.7 (193.6) million. Net sales increased by 1.8 per cent in rail logistics while they decreased by 13.6 per cent in road transport year-on-year. VR Transpoint's operating profit (EBIT) decreased by 7.1 per cent to EUR 12.0 (13.0) million, or 6.3 per cent (6.7%) of net sales. The decrease in net sales was primarily due to the divestment of Baltic operations in international road logistics in 2020. VR Transpoint's total volumes increased by 1.3 per cent year-on-year, amounting to 21.1 (20.8) million tonnes.

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The economy was on a growth track both globally and in Finland, and the Finnish industry's position was strong, which was also reflected in transports. The market situation of VR Transport was good throughout the early part of the year, and it is expected to remain favourable for the rest of the year.

The railway transport volumes increased by 1.7 per cent and were 18.5 (18.2) million tonnes. In Finland, the demand for transport, especially in the forest and metal industry, was strong and continued to be strong throughout the review period. Pulp and lumber moved well, but demand for paper was falling. After challenging weather conditions in the winter, a record amount of roundwood was transported in Finland in March. In Eastern transport, on the other hand, volumes developed negatively.

In road transport, the transported volume was 2.5 (2.6) million tonnes, showing a decrease of 1.5 per cent from the previous year. During the review period, VR Transport divested its international road logistics business in Russia. The Baltic business operations were divested already earlier at the end of 2020.

VR Transport signed significant contracts during the review period. In March, the company announced that VR Transport will be responsible for the roundwood logistics of Metsä Group's bioproduct mill in Kemi, Finland. In May, a significant collaboration agreement concerning the transports of Terrafame's new battery chemicals plant was announced. Moreover, VR Transport agreed on continuing its collaboration with the mining company Boliden Kevitsa Mining Oy and the steel company SSAB.

VR Transport aims to increase the size of freight trains while reducing energy consumption and emissions. An enormous 7,000-tonne freight train was introduced to strengthen the competitiveness of Finland's transit traffic.

In January–June 2021, the Net Promoter Score (NPS), which measures VR Transport's customer satisfaction, averaged 25.5, remaining unchanged compared to the previous year (25.5). Customer satisfaction improved during the second quarter, with an NPS of 29 (22). VR Transport receives positive feedback on service, smoothness of cooperation and reliability.

VR FleetCare

VR FleetCare is a subsidiary of VR Group, which is active in rail maintenance and lifecycle management, modernisation projects and component services. The company's main customers are VR Group's business units and other rail traffic operators, mainly in Finland and other neighboring areas. VR FleetCare seeks growth and new customers in other rail traffic equipment and in the neighboring areas.

VR FleetCare	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales, EUR million	48.5	47.3	97.8	99.7	195.8
Operating profit (EBIT), EUR million	0.7	1.5	1.8	3.3	11.2
% of net sales	1.5 %	3.2 %	1.9 %	3.3 %	5.7 %
Investments, EUR million	1.2	0.7	2.5	1.4	2.8
NPS	0.0	17.0	2.0	23.5	14.0

April–June (Q2)

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The net sales of VR FleetCare increased by 3 per cent during the review period to EUR 48.5 (47.3) million. Operating profit (EBIT) decreased by 50 per cent to EUR 0.7 million.

January–June (H1)

The net sales of VR FleetCare decreased by 2 per cent during the review period to EUR 97.8 (99.7) million. Operating profit (EBIT) decreased by 45 per cent to EUR 1.5 million. The operations had to be adjusted in the early part of the year by laying off personnel. The fall in VR FleetCare's net sales was mainly due to the COVID-19 epidemic.

The fall in demand during the review period was particularly clear on the passenger service side, where train kilometres fell as a result of the reduction in train services. In addition, the Allegro service from Helsinki to St Petersburg did not start during the entire review period. In the case of freight transport, maintenance work remained at the same level as in previous years, but the separate projects started more slowly than expected. In addition to the harms caused by the corona epidemic, the harsh winter also forced production to focus on ensuring the ability of the rolling stock to travel, and some heavy maintenance of the rolling stock was postponed.

A solar power plant was installed in VR FleetCare's depot in Helsinki, allowing VR FleetCare to maintain trains in a more environmentally friendly way in the future. The solar power plant is one of the largest in Finland, with a nominal output of 928 kWp.

At the beginning of April, VR FleetCare gained an opening in the Norwegian market and won the modernisation project for eight sleeper cars of Vy Tog AS. The wagons are transported to Finland from Germany and the modernisation is carried out in Oulu and Pieksämäki.

VR FleetCare prepared for HSL's new contract period that began in June. VR FleetCare is responsible for the maintenance and lifecycle management of HSL's rolling stock after VR Group won the competitive tendering for HSL commuter train traffic in 2021–2031.

Other operations

VR Group's other operations include the real estate unit and group services. The real estate unit manages VR Group's properties and is responsible for the maintenance and rental of the premises. Group services, such as the HR and finance units, support the success of all businesses of the Group. Other operations also include the train operations unit, which is responsible for the tractive stock, train drivers and train traffic disruption management. However, its financial indicators are included in the reporting section of VR Passenger Services and VR Transport.

Other	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales, EUR million	-41.1	-49.6	-90.7	-102.4	-196.5
Operating profit (EBIT), EUR million	0.2	0.2	0.2	1.6	0.0
Investments, EUR million	13.6	13.9	28.0	30.4	63.5

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With regard to properties, three small property sales were made during the spring. When the State of Finland decided, due to the worsening of the coronavirus situation in the spring, to close the cafeteria and restaurant premises for a fixed period of time, the VR Group relieved the restaurant and café operators of their properties from paying rent in March to support the companies in the difficult situation. In addition, the development project of the Helsinki Central Railway Station proceeded, and the first new commercial premises were opened. Technical changes were made at the station to improve energy efficiency and condition management.

Responsibility

The UN Sustainable Development Goals guide VR Group's work, and the company is committed to the Finnish Government's objective for a carbon-neutral Finland by 2035. Safety, environmental responsibility, customer orientation, employee experience and social responsibility have been selected as the core areas of responsibility work. VR Group's responsibility programme is presented in more detail in the Sustainability Report as part of the Annual Report for 2020.

Safety and Security Due to the COVID-19 epidemic, the programme with more than 120 measures was continued to ensure the health security of customers and employees. The mandatory use of face masks on all trains was adopted as the most recent measure.

Environmental responsibility During the review period, both passenger trains and freight trains were equipped with a engine-intelligence assisted DAS system that supports the train driver in optimising energy efficiency and punctuality. DAS is estimated to reduce emissions from rail transport by up to 3,500 tonnes of CO2 equivalent per year.

VR Transpoint introduced a record-breaking freight train in regular transit traffic; emissions are reduced by increasing the train and load sizes. An agreement aiming to halve the emissions by 2024, of the transports provided to SSAB was signed during the review period. Investments were made in the circular economy with the acquisition of Transitar Oy, a specialist in recycling logistics.

VR FleetCare began to use environmentally friendly energy generated by the solar plant on the roof of the Helsinki depot for the maintenance of the Pendolino trains. The solar power plant is one of the largest in Finland.

In June, VR Group signed a EUR 200 million revolving credit facility agreement, the margin of which depends on the achievement of our environmental goals. VR Group aims to reduce the per-output greenhouse gas emissions by 15 per cent and increase the recycling rate to 80 per cent by 2025.

Customer-oriented approach Customer satisfaction was at a high level in Passenger Services. Passenger Services developed the customer feedback process and made use of customer feedback in an increasingly systematic way as part of decision-making. VR Transpoint's customer satisfaction remained at a good level. The further development of the digital L360 service providing real-time transport information deployed by VR Transpoint continued.

Employee experience The equality plan updated in late 2020 was implemented during the review period, ensuring the non-discrimination of operating model with regard to recruitment and remuneration and aiming to increase awareness of diversity.

Corporate social responsibility VR Group relieved the restaurant and café operators of their properties from paying rent in March after the state decided to close the restaurant and café premises for a fixed period of time. The aim was to support companies in an industry that was

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already in a challenging financial situation.

Risks and uncertainties

In addition to the general economic situation, VR Group's operations are affected by a variety of strategic, political, operational and damage risks, as well as associated reputational risks. The risk management is used to ensure that risks affecting the Group's operations are identified, prepared for and monitored. In addition to the Group's risk management policy, the risk management with its responsibilities are guided by other sector-specific guidelines for risks.

VR Group has a systematic method for identifying, evaluating and monitoring business risks. The latest date for a group-wide risk survey was March–May 2021.

More information on VR Group's risks and risk management can be found in the Annual Report 2020 in the sections *Annual Report and Financial Statements* and *Corporate Governance Statement* available on the company's website.

Risks and uncertainties in the near future

The most significant short-term risk is the **prolongation of the COVID-19 pandemic or other pandemics** that have a wide-ranging impact on travel demand and, thus, on the Group's operations. Health security regulations imposed by public authorities and travel restrictions on public transport, if prolonged, will weaken people's willingness and ability to travel. Due to the COVID-19 pandemic, business travel is estimated to remain at a lower level.

In order to manage the situation, ensure the safety of personnel and customers and minimise business risks, VR Group has, among other things, initiated numerous health security measures and also adapted its service and product range. A group-wide Coronavirus Coordination Group has been established to manage the risks associated with the coronavirus situation that includes all businesses. A summary of the monitoring and impact of risks is regularly compiled for VR Group's Management Team and the Board of Directors.

The **general economic situation** has significant knock-on effects on VR Group's operations, and the deterioration of the economic situation may reduce the Finnish industrial production's need for rail and road logistics services. Through continuous monitoring of its own cost competitiveness and close customer cooperation, VR Group aims to minimise the impact of risk realisation.

Operating in Russia involves risks to the business environment, such as political uncertainties, changes in customers' business focus and changes in the competitive situation. If realised, these may, in addition to negative price developments, lead to customer losses and sudden volume fluctuations. VR Group will monitor the development of the situation, continuously increase the efficiency of its operations while additionally aiming to ensure the operational functioning of Eastern traffic.

Changes in Finland's rail transport policy and the associated uncertainties may have significant impacts on the functioning and predictability of the business environment and, thus, on VR Group. In addition to ensuring its own competitiveness, monitoring and anticipating the political situation, VR Group actively seeks to highlight the effects of regulation, for example.

In its operations, VR Group also takes into account **compliance risks** related to, for example, data protection, competition law, corruption, bribery and sanctions policy, which, if implemented, may

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have detrimental impacts on the Group's business operations and financial situation. In addition to compliance with regulatory guidelines and practices, VR Group also requires compliance with ethical guidelines from its employees as well as from its supply chain. Possible non-compliance is being recognised during, for example, regular inspections and auditing processes.

Legal proceedings and disputes

On 17 June 2021 the Helsinki District Court issued its decision concerning the supplementary pensions paid by VR Pension Fund and their adjustment for the reduction for early retirement. VR has appealed against the decision, and it is not legally valid.

Share capital & shareholders

VR-Group Ltd's shares are owned by the State of Finland. The company's share capital consists of 2,200,000 shares and amounts to EUR 370,013,438.22. The company did not hold treasury shares during the review period.

	30.6.2021	30.6.2020
Share capital (trade register), EUR	370 013 438.22	370 013 438.22
Number of shares	2 200 000	2 200 000
Number of shares owned by the company	0	0

Administration

Annual General Meeting 2021

VR-Group Ltd's Annual General Meeting was held on 9 April 2021. The Annual General Meeting approved the financial statements for the financial year 2020 and granted discharge from liability to the members of the Board of Directors and the President and CEO. On the proposal of the Board of Directors, the Annual General Meeting decided that no dividend would be distributed for 2020.

At the Annual General Meeting, the number of the Board members was confirmed to be seven (7). The remuneration of the Board of Directors and the Supervisory Board remained unchanged.

As remuneration, the Chairman of the Board is paid EUR 54,750 per year, the Deputy Chairman EUR 25,800 per year and the members of the Board EUR 22,800 per year. In addition, the Chairman and members of the Board of Directors are paid EUR 600 per meeting.

At the Annual General Meeting, the number of members of the Supervisory Board was agreed to be twelve (12). The Annual General Meeting decided on the remuneration of the members of the Supervisory Board as follows:

As remuneration, the Chairman of the Supervisory Board is paid EUR 800 per meeting, the Deputy Chairman EUR 600 per meeting and the members of the Supervisory Board EUR 500 per meeting. In addition, each member of the Board of Directors and the Supervisory Board is given free VR tickets.

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Ernst & Young Oy, Authorised Public Accountants, was elected as auditor for 2021, with Mikko Ryttilähti, APA, CPFA, as the principal auditor.

Board of Directors and the Supervisory Board

At the Annual General Meeting on 9 April 2021, Kjell Forsén was elected as Chairman of the Board of Directors. The meeting of the Board of Directors after the Annual General Meeting elected Heikki Allonen to continue as the Vice Chairman. Nermin Haired, Pekka Hurtola, Virve Laitinen, Roberto Lencioni and Sari Pohjonen were elected as members of the Board of Directors.

On 26 April 2021, the Board of Directors elected the following persons to the Human Resources Committee: Kjell Forsén (Chairman), Heikki Allonen, Roberto Lencioni and Pekka Hurtola.

On 26 April 2021, the Board of Directors appointed the following persons as members of the Audit Committee: Sari Pohjonen (Chairman), Heikki Allonen, Nermin Haired and Virve Laitinen.

At the Annual General Meeting on 9 April 2021, Sheikki Laakso was elected Chairman of VR-Group Ltd's Supervisory Board. Seppo Eskelinen, Raimo Piirainen, Katja Taimela, Anna-Kaisa Ikonen, Matias Marttinen, Jouni Kotiaho, Sanna Antikainen, Arto Pirttilahti, Hanna Holopainen, Mai Kivelä and Anders Adlercreutz will continue as members of the Supervisory Board.

Representatives of personnel organisations also attend the meetings of VR-Group Ltd's Supervisory Board. The representatives of the personnel organisations have been Teppo Järnstedt, Chairman of the Association of Railway Professionals (JHL), Tero Palomäki, President of the Union of Railway Unions; Johanna Wäre, Chairman of the Association of Railway Technical and Employees (RTTL); Olli-Pekka Nyman, Chairman of VR Akava; Juri Aaltonen, President of ERTO; Marko Piirainen, President of ACP, and Annika Rönni-Sällinen, President of the Trade Union of Services.

Changes in the Management Team

Rolf Jansson left his position as President and CEO and as member of the Group Management Team, and Lauri Sipponen assumed the position on 5 August 2021.

Erkka Repo was appointed CFO and member of the Management Team in August 2020, and he joined the company on 1 February 2021.

Timo Koskinen resigned as Senior Vice President, Human Resources & Chief Security Officer. Anne-Mari Mäkinen assumed the post of acting HR Director and member of the Group Management Team on 1 April 2021.

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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT - unaudited

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales	202.2	164.0	389.7	393.5	791.9
Other operating income	9.4	4.2	19.4	13.6	30.4
Materials and services	-57.9	-56.3	-122.2	-122.2	-241.0
Production for own use	8.9	14.7	25.7	27.7	44.5
Personnel expenses	-92.2	-82.3	-183.7	-177.1	-346.3
Depreciations, amortisations and impairment losses	-33.9	-37.8	-67.2	-75.3	-150.1
Other operating expenses	-44.8	-34.0	-84.8	-74.6	-154.0
Operating profit (EBIT)	-8.3	-27.4	-23.0	-14.5	-24.6
Financial items	0.2	0.4	2.0	-9.1	-14.2
Share of result of associated companies	0.3	0.1	0.3	0.1	0.3
Profit before tax	-7.8	-26.9	-20.7	-23.5	-38.5
Income tax	4.7	5.7	6.3	3.4	5.4
Net profit for the period	-3.2	-21.2	-14.4	-20.1	-33.1
Attributable to					
Equity holders of the parent company	-3.2	-21.2	-14.4	-20.1	-33.1
Non-controlling interest	0.0	0.0	0.0	0.0	0.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - unaudited

EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net profit for the period	-3.2	-21.2	-14.4	-20.1	-33.1
Items that may be reclassified subsequently to profit or loss					
Currency translation differences related to a foreign operation	-0.1	-0.1	-0.2	0.1	0.4
Cash flow hedges	4.9	4.1	7.0	-8.8	-5.8
Taxes on items that may be reclassified subsequently to profit or loss	-1.0	-1.0	-1.4	2.2	1.5
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	1.0	0.0	1.0	0.0	-11.3
Financial assets at fair value through other comprehensive income	-1.1	6.1	-18.5	-24.7	-23.4
Taxes on items that will not be reclassified subsequently to profit or loss	0.0	-1.5	3.5	6.2	8.7
Total other comprehensive income after taxes	3.7	10.1	-8.5	-33.4	-40.1
Total comprehensive income for the financial year	0.5	-11.1	-23.0	-53.6	-73.2
Comprehensive income for the financial year attributable to					
Equity holders of the parent company	0.5	-11.1	-23.0	-53.6	-73.2
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION unaudited

EUR million	30.6.2021	30.6.2020	31.12.2020
ASSETS			
Non-current assets			
Intangible assets	36.9	101.2	37.0
Goodwill	4.9	4.9	4.9
Property, plant and equipment	1 207.9	1 198.1	1 196.2
Right-of-use assets	256.7	272.1	261.5
Investment properties	11.4	12.5	12.1
Shares in associates and joint ventures	2.0	1.8	1.7
Other investments	22.0	38.9	40.5
Other receivables	80.1	100.4	86.7
Non-current assets total	1 622.0	1 729.8	1 640.7
Current assets			
Inventories	78.4	71.0	74.5
Trade receivables and other receivables	50.0	53.3	53.8
Prepaid expenses and accrues income	54.2	47.4	42.2
Financial securities	0.0	127.3	108.7
Cash and cash equivalents	78.6	85.6	90.1
Current assets total	261.3	384.6	369.3
Total assets	1 883.2	2 114.4	2 010.0
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Share capital	370.0	370.0	370.0
Fair value reserve	-54.0	-49.2	-44.8
Invested non-restricted equity reserve	376.2	376.2	376.2
Retained earnings	573.6	717.0	606.0
Net profit for the financial year	-14.4	-20.1	-33.1
Total equity attributable to owners of the parent company	1 251.4	1 394.0	1 274.3
Non-controlling interests	0.0	1.1	0.0
Total equity	1 251.4	1 395.1	1 274.3
Liabilities			
Non-current liabilities			
Provisions	48.9	102.8	49.6
Loans from financial institutions	30.2	33.0	31.5
Lease liabilities	221.8	239.1	227.0
Derivative liabilities	34.5	44.5	42.0
Accounts payable and other liabilities	3.5	3.8	3.8
Deferred tax liability	76.4	95.3	83.9
Non-current liabilities total	415.3	518.5	437.9
Current liabilities total			
Provisions	0.0	9.3	0.0
Financial liabilities	2.9	2.9	2.9
Lease liabilities	23.9	24.7	24.9
Derivative liabilities	0.0	2.5	1.0
Advances received	10.6	9.0	8.2
Accounts payable and other liabilities	58.8	39.0	158.5
Accrued expenses and deferred income	120.4	113.4	102.2
Current liabilities total	216.6	200.8	297.8
Liabilities total	631.8	719.3	735.7
Total equity and liabilities	1 883.2	2 114.4	2 010.0

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Consolidated statement of changes in equity - unaudited

30 Jun 2021 (EUR 1,000)

	Share capital	Fair value reserve	Invested non-restricted equity reserve	Translation differences	Retained earnings	Total attributable to owners of parent company	Attributable to non-controlling interests	Total equity
Equity 1 Jan 2021	370.0	-44.8	376.2	0.4	572.5	1 274.3		1 274.3
Comprehensive income								
Net profit (loss) for the financial year					-14.4	-14.4		-14.4
Translation differences				-0.2		-0.2		-0.2
Cash flow hedges		-5.6				-5.6		-5.6
Remeasurements of defined benefit plans					0.8	0.8		0.8
Changes in fair value with effects on comprehensive income		-3.6				-3.6		-3.6
Total comprehensive income for the financial year	0.0	-9.2	0.0	-0.2	-13.6	-22.9	0.0	-22.9
Equity 30 Jun 2021	370.0	-54.0	376.2	0.2	559.0	1 251.4	0.0	1 251.4

30 Jun 2020 (EUR 1,000)

	Share capital	Fair value reserve	Invested non-restricted equity reserve	Translation differences	Retained earnings	Total attributable to owners of parent company	Attributable to non-controlling interests	Total equity
Equity 1 Jan 2020	370.0	-15.6	376.2	0.0	716.9	1 447.5	1.1	1 448.7
Comprehensive income								
Net profit (loss) for the financial year					-20.1	-20.1	0.0	-20.1
Translation differences				0.1		0.1		0.1
Cash flow hedges		-8.8				-8.8		-8.8
Changes in fair value with effects on comprehensive income		-24.7				-24.7		-24.7
Total comprehensive income for the financial year		-33.5		0.1	-20.1	-53.6	0.0	-53.6
Equity 30 Jun 2020	370.0	-49.2	376.2	0.1	696.8	1 394.0	1.1	1 395.1

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Consolidated statement of cash flows - unaudited

EUR million	1-6/2021	1-6/2020	1-12/2020
Cash flows from operating activities			
Profit before tax	-20.7	-23.5	-38.5
Adjustments:			
Depreciations and amortisations	55.7	62.3	125.1
Depreciation and impairment for right-of-use assets	11.5	13.1	25.0
Gain on sale of property, plant and equipment and other adjustments	2.6	11.7	14.6
Cash flow from operating activities before changes in working capital	49.2	63.6	126.3
Change in current receivables (increase -, decrease +)	-0.4	9.2	-3.5
Change in inventories (increase -, decrease +)	-3.9	0.0	7.1
Change in current liabilities (increase +, decrease -)	22.0	-21.9	-15.6
Change in working capital	17.7	-12.7	-12.1
Financial items	1.9	-3.8	-13.9
Income taxes paid	-12.7	-15.3	-0.8
Cash flows from financial items and taxes	-10.8	-19.1	-14.7
Total cash flow from operating activities	56.1	31.8	99.5
Cash flows from investing activities			
Capital expenditure on property, plant and equipment	-72.7	-82.2	-151.6
Proceeds from sale of property plant and equipment	3.1	2.3	2.3
Capital expenditure on shares and holdings	-0.1	-12.4	-12.4
Proceeds from sale of shares and holdings	0.6	0.0	1.7
Total cash flow from investing activities	-69.1	-92.2	-159.9
Cash flow before financing activities	-13.0	-60.4	-60.4
Cash flows from financing activities			
Dividends paid	-100.0	0.0	
Change in non-current receivables (increase -, decrease +)	8.0	0.1	0.0
Change in non-current liabilities (increase +, decrease -)	-1.7	-1.4	-2.9
Repayments of lease liabilities	-13.5	-14.0	-28.6
Change in current interest bearing liabilities (increase +, decrease -)	0.0	0.0	
Total cash flows from financing activities	-107.2	-15.3	-31.4
Change in cash and cash equivalents	-120.2	-77.7	-91.8
Cash and cash equivalents 1 Jan.	198.8	290.6	290.6
Change in cash and cash equivalents	-120.2	-77.7	-91.8
Cash and cash equivalents 30 Jun.	78.6	212.9	198.8

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NOTES:

Accounting principles

The half-yearly financial report is prepared in accordance with IAS 34 Interim Financial Reporting Standard and the accounting principles specified in the previous financial statement. The half-yearly financial report of June 2020 was prepared in accordance with Finnish accounting standards, so the content differs from the earlier presented one. The benchmarks in brackets refer to the corresponding time period in the previous year, unless otherwise stated. The benchmarks presented are reported in accordance with the IFRS standards.

The half-yearly report is unaudited. The disclosed figures are rounded, and therefore the sum of individual items can differ from the total disclosed.

VR Group Ltd need not report the IFRS indicators earnings per share and earnings per share attributable to owners adjusted for dilution.

Segment information

Net sales, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
VR Passenger Services	95.7	65.9	191.9	202.6	406.2
VR Transpoint	99.1	100.4	190.7	193.6	386.5
VR FleetCare	48.5	47.3	97.8	99.7	195.8
Other operations and eliminations	-41.1	-49.6	-90.7	-102.4	-196.5
Total	202.2	164.0	389.7	393.5	791.9

Net sales based on services, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Rail services	146.4	120.6	288.3	294.7	588.4
VR Passenger services	66.3	41.4	132.9	142.0	281.8
VR Logistiikka	80.1	79.2	155.4	152.7	306.6
Road services (car or bus)	45.2	44.3	88.4	91.3	184.5
VR Passenger services	26.2	23.1	53.1	50.4	104.5
VR Logistiikka	19.0	21.2	35.3	40.9	79.9
Catering and restaurant services	3.3	1.4	5.9	10.3	19.8
VR Passenger services	3.3	1.4	5.9	10.3	19.8
Other operations and eliminations	48.5	47.3	97.8	99.7	195.8
VR FleetCare	48.5	47.3	97.8	99.7	195.8
Other and eliminations	-41.1	-49.6	-90.7	-102.4	-196.5
Total	202.2	164.0	389.7	393.5	791.9

Net sales by geographical area, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Finland	200.5	159.9	386.2	385.1	776.0
Rest of Europe	1.8	4.2	3.5	8.5	16.0
Total	202.2	164.0	389.7	393.5	791.9

Gross margin, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
VR Passenger services	2.8	-18.5	1.1	-18.5	14.3
VR Transpoint	16.3	17.1	30.0	26.0	59.6
VR FleetCare	1.2	2.0	2.7	4.3	13.2
Other and eliminations	5.3	9.8	10.3	48.9	38.4
Total	25.6	10.4	44.2	60.8	125.5

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Operating profit, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
VR Passenger services	-16.4	-39.7	-37.0	-32.4	-69.5
VR Transport	7.2	10.6	12.0	13.0	33.7
VR FleetCare	0.7	1.5	1.8	3.3	11.2
Other and eliminations	0.2	0.2	0.2	1.6	0.0
Total	-8.3	-27.4	-23.0	-14.5	-24.6

Depreciations and amortisations, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
VR Passenger services	-19.2	-21.3	-38.1	-42.2	-83.8
VR Transport	-9.2	-6.4	-18.1	-13.0	-25.9
VR FleetCare	-0.5	-0.5	-0.9	-1.0	-2.0
Other and eliminations	-5.1	-9.6	-10.1	-19.1	-38.4
Total	-33.9	-37.8	-67.2	-75.3	-150.1

Investments, EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
VR Passenger services	12.6	13.5	28.1	36.3	55.8
VR Transport	9.2	4.8	21.0	22.2	39.2
VR FleetCare	1.2	0.7	2.5	1.4	2.8
Other	13.6	13.9	28.0	30.4	63.5
Total	36.7	32.9	79.6	90.4	161.2

Items affecting comparability EUR million	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Profits and losses from sales of real estates	1.7	0.0	1.7	0.0	0.2
Profits and losses from sales of subsidiaries	0.3	0.0	0.3	0.0	1.3
Sales of other properties	0.0	0.0	0.0	0.1	0.2
Total items affecting comparability	2.0	0.0	2.0	0.0	1.6

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Change in tangible and intangible assets

Property, plant and equipment

Land and water areas

Acquisition cost	1-6/2021	1-6/2020	1-12/2020
Opening balance 1 January	61.2	61.7	61.7
Decreases	-0.9	0.0	-0.5
Closing balance 30 June	60.3	61.7	61.2
Accumulated depreciation, amortisation and impairment			
Opening balance 1 January			0.0
Closing balance 30 June			0.0
Carrying amount at 1 January	61.2	61.7	61.7
Carrying amount at 30 June	60.3	61.7	61.2

Buildings and structures

Acquisition cost	1-6/2021	1-6/2020	1-12/2020
Opening balance 1 January	379.9	377.1	377.1
Increases		0.4	
Decreases			-2.0
Reclassifications	0.6	3.7	4.9
Closing balance 30 June	380.5	381.2	379.9
Accumulated depreciation, amortisation and impairment			
Opening balance 1 January	-179.9	-166.4	-166.4
Decreases			0.3
Depreciation and amortisation for the financial year	-6.9	-6.9	-13.8
Closing balance 30 June	-186.8	-173.3	-179.9
Carrying amount at 1 January	200.0	210.6	210.6
Carrying amount at 30 June	193.6	207.9	200.0

Machinery and equipment

Acquisition cost	1-6/2021	1-6/2020	1-12/2020
Opening balance 1 January	2 030.5	1 934.9	1 934.9
Increases	28.6	44.0	119.0
Decreases	-5.0	-9.2	-29.5
Reclassifications	31.5	40.1	6.2
Closing balance 30 June	2 085.6	2 009.7	2 030.5
Accumulated depreciation, amortisation and impairment			
Opening balance 1 January	-1 233.2	-1 176.5	-1 176.5
Decreases	4.8	9.2	27.3
Depreciation and amortisation for the financial year	-43.0	-41.5	-84.0
Closing balance 30 June	-1 271.4	-1 208.7	-1 233.2
Carrying amount at 1 January	797.3	758.4	758.4
Carrying amount at 30 June	814.1	801.0	797.3

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Advance payments and incomplete acquisitions

Acquisition cost	1-6/2021	1-6/2020	1-12/2020
Opening balance 1 January	147.4	146.5	146.5
Increases	38.2	37.0	0.9
Decreases			-0.6
Reclassifications	-36.2	-46.7	0.6
Closing balance 30 June	149.4	136.8	147.4
Accumulated depreciation, amortisation and impairment			
Opening balance 1 January	-9.7	-9.0	-9.0
Decreases			0.0
Depreciation and amortisation for the financial year		-0.3	-0.7
Closing balance 30 June	-9.7	-9.3	-9.7
Carrying amount at 1 January	137.7	137.5	137.5
Carrying amount at 30 June	139.8	127.5	137.7
Property, plant and equipment total	1 207.9	1 198.1	1 196.2

Intangible assets

Acquisition cost	1-6/2021	1-6/2020	1-12/2020
Opening balance 1 January	167.0	220.0	220.0
Increases	0.8	1.1	4.0
Decreases		-0.6	-64.1
Reclassifications	4.1	2.9	7.1
Closing balance 30 June	172.0	223.3	167.0
Accumulated depreciation, amortisation and impairment			
Opening balance 1 January	-125.1	-104.5	-104.5
Decreases	0.0	0.5	5.4
Depreciation and amortisation for the financial year	-5.1	-13.3	-25.9
Closing balance 30 June	-130.2	-117.2	-125.1
Carrying amount at 1 January	42.0	115.5	115.5
Carrying amount at 30 June	41.9	106.1	42.0

Right of use assets

Acquisition cost	1-6/2021	1-6/2020	1-12/2020
Opening balance 1 January	403.4	396.5	396.5
Increases	6.9	7.3	9.7
Decreases	-0.4	-0.8	-2.9
Closing balance 30 June	409.9	403.0	403.4
Accumulated depreciation, amortisation and impairment			
Opening balance 1 January	-141.9	-117.9	-117.9
Decreases	0.2	0.1	1.0
Depreciation and amortisation for the financial year	-11.5	-13.1	-25.0
Closing balance 30 June	-153.2	-130.9	-141.9
Carrying amount at 1 January	261.5	278.6	278.6
Carrying amount at 30 June	256.7	272.1	261.5

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Investment properties

Acquisition cost	1-6/2021	1-6/2020	1-12/2020
Opening balance 1 January	13.4	13.6	13.6
Decreases	-2.5		-0.2
Closing balance 30 June	10.9	13.6	13.4
Accumulated depreciation, amortisation and impairment			
Opening balance 1 January	-1.3	-0.8	-0.8
Decreases	2.0		0.1
Depreciation and amortisation for the financial year	-0.3	-0.3	-0.6
Closing balance 30 June	0.5	-1.1	-1.3
Carrying amount at 1 January	12.1	12.8	12.8
Carrying amount at 30 June	11.4	12.5	12.1

Financial assets and liabilities and fair values

Financial assets and liabilities by category and fair value hierarchy

Financial assets and liabilities 30 June 2021, EUR million	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Non-current financial assets					
Loan receivables	8.2	8.2			
Investments	22.0	22.0	22.0		
Derivatives	2.0	2.0		2.0	
Current financial assets					
Accounts receivables and other receivables	100.4	100.4			
Derivatives	3.8	3.8		3.8	
Cash and cash equivalents	78.6	78.6			
Financial assets total	215.0	215.0	22.0	5.9	0.0
Financial liabilities					
Non-current financial liabilities					
Loans from financial institutions	30.2	30.2			
Lease liabilities	221.8	221.8			
Derivatives	34.5	34.5		34.5	
Accounts payable and other liabilities	3.5	3.5			
Current financial liabilities					
Loans from financial institutions	2.9	2.9			
Lease liabilities	23.9	23.9			
Accounts payable and other liabilities	179.2	179.2			
Financial liabilities total	495.9	495.9	0.0	34.5	0.0

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Financial assets and liabilities 30 June 2020, EUR million	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Non-current financial assets					
Loan receivables	8.0	8.0			
Investments	38.9	38.9	38.9		
Current financial assets					
Accounts receivables and other receivables	100.7	100.7			
Financial securities	127.3	127.3	127.3		
Cash and cash equivalents	85.6	85.6			
Financial assets total	360.5	360.5	166.2	1.0	0.0
Financial liabilities					
Non-current financial liabilities					
Loans from financial institutions	33.0	33.0			
Lease liabilities	239.1	239.1			
Derivatives	44.5	44.5		44.5	
Accounts payable and other liabilities	3.8	3.8			
Current financial liabilities					
Loans from financial institutions	2.9	2.9			
Lease liabilities	24.7	24.7			
Derivatives	2.5	2.5		2.5	
Accounts payable and other liabilities	152.4	152.4			
Financial liabilities total	502.9	502.9	0.0	47.0	0.0

Group's contingent liabilities

Contingent liabilities and commitments	30.6.2021	30.6.2020	31.12.2020
Guarantees given			
On own behalf	77.4	60.1	63.5
On behalf of others	32.5	35.4	33.9
Total	109.8	95.5	97.5

Other commitments

On 12 February 2014, VR Group Ltd and a consortium formed by Siemens Oy and Siemens AG signed a contract, by which VR Group Ltd ordered 80 electric locomotives, their documentation, spare parts, tools and training. The value of the commitment was EUR 314.5 million at the time of signing. The deliveries will take place in 2017–2026. The amount of the commitment remaining on 30 June 2021 was EUR 157.6 million.

Derivatives

		30.6.2021	30.6.2020	31.12.2020
Interest rate derivatives	Nominal value	279.5	226.7	218.3
	Net fair value	-34.1	-43.0	-40.5
Commodity derivatives	Nominal value	25.1	29.4	29.8
	Net fair value	5.4	-4.5	-1.4
Total	Nominal value	304.6	256.1	248.1
	Net fair value	-28.7	-47.5	-41.9

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