

VR Group Business Review 1 July to 30 September 2024: Revenue increased and profitability improved

VR's profitability clearly improved in the third quarter. Net sales growth was boosted by increased freight traffic volumes and the long-distance acquisition in Sweden. The implementation of the strategy and profit improvement programme proceeded as planned.

July-September (Q3) 2024 in brief:

- Group net sales increased by 12.1% to EUR 331.0 (295.3) million. Net sales excluding the impact of the acquisition in Sweden in May increased by 8.4% to EUR 320.2 million.
- Comparable operating result (EBIT) was EUR 41.0 (27.8) million or 12.4% (9.4%) of net sales.
- Operating result (EBIT) was EUR 43.8 (52.6) million, or 13.2% (17.8%) of net sales.
- Cash flow from operating activities was EUR 51.3 (53.2) million.
- The number of journeys on long-distance trains in Finland decreased by -2.7% in July-September, to 3.9 (4.0) million journeys.
- Railway transport volumes in freight traffic increased by 20.5% to 6.4 (5.3) million tonnes.

January-September 2024 in brief:

- Group net sales increased by 5.3% to EUR 959.1 (910.9) million. Net sales excluding the impact of the acquisition in Sweden in May increased by 3.6% to EUR 944.1 million.
- Comparable operating result (EBIT) was EUR 58.5 (43.2) million or 6.1 % (4.7%) of net sales.
- Operating result (EBIT) was EUR 54.5 (59.6) million or 5.7 % (6.5 %) of net sales.
- Cash flow from operating activities was EUR 153.7 (143.9) million.
- Political strikes had a negative impact of close to EUR 20 million on the operating result.
- The number of journeys on long-distance trains in Finland increased by 0.9% to 11.3 (11.2) million journeys.
- The railway transport volumes of VR Transpoint decreased by -0.6% to 17.1 (17.2) million tonnes.
- VR Group acquired Swedish rail operator MTR Express (Sweden) AB. The transaction was completed on 30 May 2024 and the company now operates as VR Snabbtåg Sverige AB.

Key figures

	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales, M€	331.0	295.3	959.1	910.9	1,224.1
Comparable EBITDA, MEUR*	87.5	73.7	198.9	187.0	251.0
% of net sales	26.4	25.0	20.7	20.5	20.5
Operating result (EBIT), MEUR	43.8	52.6	54.5	59.6	81.5
% of net sales	13.2	17.8	5.7	6.5	6.7
Comparable operating result (EBIT), MEUR*	41.0	27.8	58.5	43.2	59.9

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% of net sales	12.4	9.4	6.1	4.7	4.9
Net profit/loss for the period, MEUR	28.9	36.7	34.9	37.5	52.4
Cash flow from operating activities, MEUR	51.3	53.2	153.7	143.9	203.8
Investments, MEUR	54.2	41.9	174.3	121.1	186.9
Capital invested at the end of the period, MEUR	1,795.6	1,812.4	1,795.6	1,812.4	1,823.6
Comparable return on capital employed, %	9.5	6.5	4.8	3.7	4.0
Comparable return on equity, %	3.8	3.8	1.5	1.5	2.5
Net interest-bearing debt at the end of the period, MEUR	447.7	315.5	447.7	315.5	330.8
Gearing, %	36.1	25.1	36.1	25.1	26.1
Employees on average, FTE	7,741	7,640	8,046	7,768	7,747

* VR Group presents comparable EBITDA and operating result (EBIT) as an alternative performance indicators. The aim of comparable performance indicator is to improve comparability between reporting periods.

The calculation formulas for the figures are disclosed in VR Group's Annual Report for 2023.

The figures are unaudited.

The comparative figures in brackets refer to the corresponding time period in the previous year, unless otherwise stated.

CEO Elisa Markula:

“VR net sales grew by 12% in the third quarter compared to the previous year. This growth was driven by increased freight traffic volumes, due to the recovery in industrial demand. New city traffic contracts and the acquisition of long-distance traffic operator in Sweden impacted positively to our net sales too. Comparable EBIT clearly improved to EUR 41.0 (27.8) million. Profitability was also improved due to the growth in net sales and implementation of the profit improvement programme, according to our strategy.

In the third quarter, the number of long-distance train trips in Finland decreased by 3%. This decline was mainly due to extensive track work on the main railway lines and coastal railways. However, net sales increased due to the acquisition in Sweden as well as growth in ancillary services sales. Customer experience is at the core of everything we do. Factors that have received special praise from our customers include ease of buying tickets through digital channels, our new 5x faster on-board Wi-Fi, and positive interactions with train conductors. Our customer satisfaction, measured by the Net Promoter Score (NPS), was at a solid 48 in Q3. The number of journeys on the Stockholm-Gothenburg route – operated by VR Snabbtåg, the new long-distance acquisition – was at a very good level. VR's green brand identity is now visible in Sweden on trains, through ticket sales channels, and in marketing activities.

Net sales in city traffic were boosted by new contracts started in both Finland and Sweden. In 2024-2025, a record number of regional tenders are underway in the Swedish contracted rail and bus traffic, with VR participating too. Competition for regional traffic contracts is tight. As a result, there are changes in our contract base due to won or lost contracts. We won the Swedish rail traffic contracts for Norrtåg in July and Öresundståg in October, and we will start operating in both areas in December 2025.

Growth in net sales of logistics was boosted in the third quarter by forest industry demand picking up. Profitability was improved by increased operational efficiency, pricing changes, and an energy savings

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programme that has successfully reduced energy consumption in rail transport. At the end of Q3, the outlook weakened for industrial demand for logistics.

We continued to implement our strategy with a determined focus on profitability, growth and creating a value-based VR culture. To finance upcoming investments of EUR 1 billion and improve our competitiveness, we aim for EUR 250 million in profit improvement measures by the end of 2027. We invest heavily in improving the customer experience, while also developing operational efficiency and critically reviewing our fixed costs.

VR supports the implementation of the motions concerning rail transport in the Finnish Government Programme. Free-market-based competition in passenger transport is complemented by publicly subsidised and competitive regional purchasing traffic, which many regions want to develop over the next few years. A political guideline has now been drawn up on the establishment of an outsourced rolling stock company. According to this guideline, the starting point for the outsourced company is to be the current purchased traffic entity. Rolling stock related to market-based routes will not be transferred to the rolling stock company, and these routes will not be put out to tender as purchased traffic. Freight rolling stock will not be transferred to the rolling stock company either. The establishment of an outsourced rolling stock company supports the creation of competition in both purchased and market-based traffic by lowering the threshold for entering the market. VR is cooperating with the authorities to promote the rolling stock company project.

Our journey towards being a modern and increasingly profitable travel and logistics service company continues. I would like to warmly thank all our employees for their commitment to our strategy, and for the important and valuable work we do together for our customers every day."

Outlook for the full-year 2024

VR expects the comparable operating result for 2024 to improve compared to 2023.

The number of long-distance train trips is estimated to increase from the previous year. The volumes of freight rail transport are expected to remain at the previous year's level. In city traffic, the negative impact on profitability of long-term contracts signed before the pandemic is expected to continue. Efficiency measures and renewal of contract base are aimed at improving profitability, but the profitability challenges of city traffic are expected to continue.

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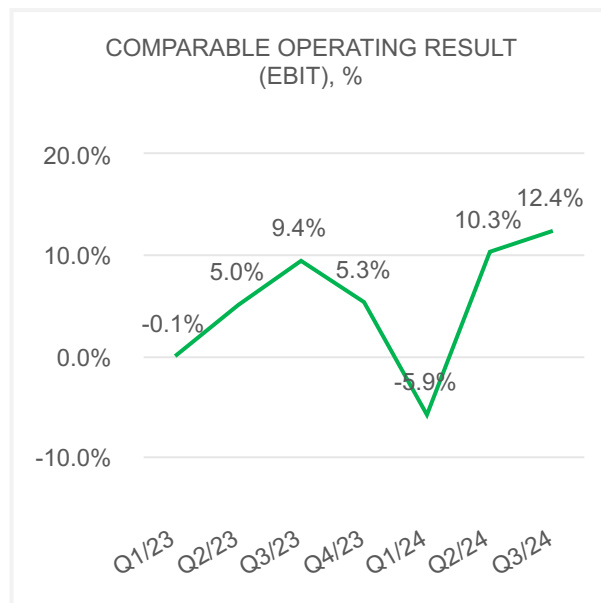
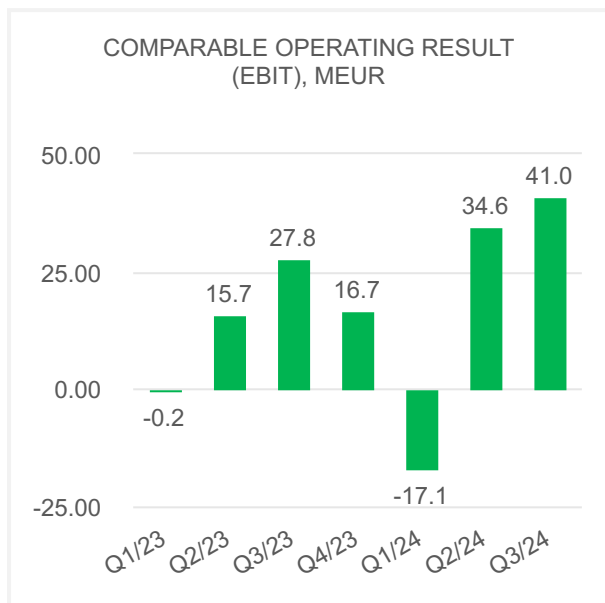
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The Group's financial development

Net sales and result development by operation

SEGMENTS

Net sales, EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
VR Long-distance Traffic	117.1	105.0	321.2	302.4	405.6
VR City Traffic	121.3	111.3	376.6	343.9	465.7
VR Transpoint	90.5	76.2	251.3	255.9	339.9
Other	2.0	2.7	10.1	8.7	12.8
Total	331.0	295.3	959.1	910.9	1,224.1
Comparable EBITDA, EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
VR Long-distance Traffic	48.5	44.8	115.6	116.0	154.2
VR City Traffic	10.7	9.4	24.7	22.1	31.4
VR Transpoint	24.2	11.8	45.3	36.5	46.4
Other and eliminations	4.1	7.7	13.3	12.4	19.0
Total	87.5	73.7	198.9	187.0	251.0
Comparable operating result, EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
VR Long-distance Traffic	31.3	29.3	66.3	68.4	89.9
VR City Traffic	-2.2	-5.9	-19.7	-24.7	-29.9
VR Transpoint	11.7	0.4	9.1	-3.3	-6.4
Other and eliminations	0.2	4.0	2.9	2.8	6.2
Total	41.0	27.8	58.5	43.2	59.9
Operating result, EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
VR Long-distance Traffic	31.3	22.0	66.3	61.7	83.2
VR City Traffic	0.7	-2.8	-28.1	-28.0	-33.2
VR Transpoint	11.7	-0.3	11.2	-6.6	-9.6
Other and eliminations	0.2	33.6	5.2	32.5	41.1
Total	43.8	52.6	54.5	59.6	81.5



July-September (Q3) 2024

VR’s net sales increased by 12.1% compared to July–September 2023, amounting to EUR 331.0 (295.3) million. The growth in net sales was due to new contracts in city traffic, growth in freight transport volumes and the completion of the acquisition of the long-distance traffic operator in Sweden. Net sales excluding the impact of the long-distance acquisition increased by 8.4% to EUR 320.2 million.

VR’s comparable operating result (EBIT) for the third quarter of 2024 improved to EUR 41.0 (27.8) million. The operating result improved as a result of net sales growth and the determined implementation of profit improvement measures. VR’s operating result (EBIT) was EUR 43.8 (52.6) million. Items affecting comparability amounted to EUR 2.8 (24.8) million. Comparability was affected by the sale of fixed assets and a provision related to a loss-making agreement.

January–September 2024

VR’s net sales increased by 5.3% to EUR 959.1 (910.9) million. The increase in net sales was driven by increased passenger volumes in long-distance and city traffic, new agreements in city traffic and the acquisition of long-distance train operator in Sweden in May. Political strikes at the beginning of the year, challenging weather conditions and traffic cancellations due to track damage all had a negative impact on net sales. Excluding the impact of the long-distance acquisition, net sales increased by 3.6% to EUR 944.1 million.

The Group’s comparable operating profit (EBIT) improved to EUR 58.5 (43.2) million. Profitability was weakened by political strikes, increased costs caused by challenging weather conditions at the beginning of the year, and rolling stock repairs and traffic cancellations due to track damage. The improved result in the second and third quarters – driven by net sales growth and the determined implementation of profit improvement measures – increased the cumulative comparable operating result to significantly above that of the previous year.

VR’s operating result (EBIT) in January-September 2024 came to EUR 54.5 (59.6) million. The Group recognised items affecting comparability to the amount of EUR -4.0 (16.4) million during the first three quarters. The items were related to the sale of fixed assets and a provisions for loss-making agreements. The Group’s net profit in January-September was EUR 34.9 (37.5) million.

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VR Group acquired the Swedish rail operator MTR Express (Sweden) AB. The transaction was completed on 30 May 2024 and the company's name was changed to VR Snabbtåg Sverige AB which is now part of VR Long-distance Traffic.

Cash flow, investments and financing

VR Group's balance sheet total at the end of September 2024 was EUR 2,270.0 (2,265.6) million, net interest-bearing debt amounted to EUR 447.7 (315.5) million and net gearing was 36.1% (25.1%). In January-September 2024, cash-flow from operating activities before investments and financing was EUR 153.7 (143.9) million, and cash flow from investment activities was EUR -203.4 (-68.8) million. Cash flow from investment activities was at the lower level due to the less asset sales compared last year and the long-distance acquisition. The ratio of net debt to comparable EBITDA based on the last 12 months' comparable EBITDA was 1.7 (1.4).

The company's liquidity remained a good level during the review period. VR's liquid assets at the end of the period amounted to EUR 106.9 (240.3) million. VR has strengthened the Group's liquidity by means of a revolving credit facility (RCF) totalling EUR 200 million, which will mature on 3 June 2026. No withdrawals have been made under the RCF agreement.

In May 2022, VR Group issued a fixed-rate green bond as part of the Group's Green Finance Framework. The bond has a nominal value of EUR 300 million and a maturity of seven years. The loan will mature in May 2029 and bears a fixed interest rate of 2.375%.

VR-Group Plc has a credit rating of A+ with a stable outlook, issued by the international credit rating agency S&P Global.

VR's investments in tangible and intangible assets totalled EUR 174.3 (121.1) million.

Investments, EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Rolling stock	31.4	21.9	102.5	88.8	136.7
Transportation equipment (cars)	5.8	12.4	24.9	14.6	16.3
Real estate	7.3	2.7	16.0	4.5	7.0
ICT-investments	3.2	3.4	9.3	8.5	13.7
Other and eliminations	6.6	1.5	21.6	4.7	13.2
Total	54.2	41.9	174.3	121.1	186.9

Rolling-stock investments progressed as planned during the period and the production of the new night trains and commuter trains has started as planned. The new night-trains will be in use by the end of 2025 and the commuter trains at the beginning of 2026. The deliveries of diesel locomotives and electric locomotives will continue until 2026-2027.

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Personnel

Employees on average, FTE	1-9/2024	1-9/2023	1-12/2023
VR Long-distance Traffic	1,709	1,626	1,606
VR City Traffic	4,353	4,052	4,068
VR Transpoint	1,649	1,715	1,692
Other	335	375	381
Total	8,046	7,768	7,747

Headcount at end of period	1-9/2024	1-9/2023	1-12/2023
VR Long-distance Traffic	1,982	1,732	1,757
VR City Traffic	4,775	4,930	5,235
VR Transpoint	1,674	1,694	1,805
Other	361	509	313
Total	8,792	8,865	9,110

Business and segment overview

VR's core businesses are passenger services in Finland and Sweden, as well as freight traffic in Finland. The Group's reported business units are VR Long-distance Traffic, VR City Traffic, VR Transpoint, and other operations.

VR Long-distance Traffic

VR Long-distance Traffic is responsible for long-distance train journeys in Finland and Sweden. The business unit also includes AVECRA, which provides restaurant and café services.

VR Long-distance Traffic	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales, M€	117.1	105.0	321.2	302.4	405.6
Comparable (EBITDA), M€	48.5	44.8	115.6	116.0	154.2
% of net sales	41.4	42.7	36.0	38.4	38.0
Comparable operating result (EBIT), M€	31.3	29.3	66.3	68.4	89.9
% of net sales	26.7	27.9	20.6	22.6	22.2
Operating result (EBIT), M€	31.3	22.0	66.3	61.7	83.2
% of net sales	26.7	20.9	20.6	20.4	20.5
Capital employed at end of the period, M€	910.6	888.2	910.6	888.2	855.1
Comparable return on capital employed, (ROCE) %	14.2	14.4	10.0	11.2	11.2
Investments, M€	10.9	3.3	41.7	30.7	43.8
Employees on average, FTE	1,814	1,594	1,709	1,626	1,606

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Long distance journeys (million)	4.2	4.0	11.7	11.2	15.1
Punctuality, %	84.4	89.3	77.1	87.5	85.9

July-September (Q3) 2024

During the third quarter of 2024, net sales of VR Long-distance Traffic increased by 11.5% year-on-year to EUR 117.1 (105.0) million. Completing the acquisition in Sweden and sales of additional services drove the increase in net sales. The impact of the acquisition on net sales was EUR 10.8 (0.0) million. Net sales excluding the impact of the acquisition increased by 1.2% to EUR 106.3 million. The number of journeys in Finland's long-distance traffic decreased by -2.7% in July–September, as railway construction work and related delays have reduced passenger numbers. VR transported 3.9 (4.0) million passengers in Finland during Q3 2024.

The comparable operating result (EBIT) of VR Long-distance Traffic increased to EUR 31.3 (29.3) million. The operating result (EBIT) was EUR 31.3 (22.0) million. Items affecting comparability amounted to EUR 0.0 (-7.3) million.

In the third quarter, customer satisfaction in long-distance traffic in Finland, measured by the Net Promoter Score (NPS), was 48 (47). Customer satisfaction was affected by reduced punctuality due to rail works and their delays. Utilization rate of train seats in long-distance traffic was 49 % (49 %).

January-September 2024

During this period the net sales of VR Long-distance Traffic increased by 6.2% year-on-year to EUR 321.2 (302.4) million. Over the same period the number of journeys on long-distance trains in Finland increased by 0.9% to 11.3 (11.2) million journeys. Net sales excluding the impact of the acquisition in Sweden increased by 1.3% to EUR 306.2 million.

The comparable operating result (EBIT) of VR Long-distance Traffic decreased to EUR 66.3 (68.4) million. Track damage and difficult weather conditions weakened profitability in the first quarter. The increase in the number of passengers and the popularity of additional services had a positive effect on the result. The operating result (EBIT) was EUR 66.3 (61.7) million. Items affecting comparability amounted to EUR 0.0 (6.7) million.

VR Group acquired the Swedish long-distance rail operator MTR Express (Sweden) AB. The transaction was completed on 30 May 2024. The company's name was changed to VR Snabbtåg Sverige AB. With this acquisition, VR Group expanded from regional contracted traffic to long-distance passenger traffic in Sweden.

Customer satisfaction in long-distance traffic in Finland reduced the NPS in January-September 2024 to 40 (51). Customer satisfaction is most affected by punctuality, the train network, cleanliness, and information during the journey.

VR City Traffic

VR City Traffic comprises commuter train, tram and bus services in Finland and Sweden.

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VR City Traffic	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales, M€	121.3	111.3	376.6	343.9	465.7
Comparable (EBITDA), M€	10.7	9.4	24.7	22.1	31.4
% of net sales	8.9	8.4	6.6	6.4	6.7
Comparable operating result (EBIT), M€	-2.2	-5.9	-19.7	-24.7	-29.9
% of net sales	-1.8	-5.3	-5.2	-7.2	-6.4
Operating result (EBIT), M€	0.7	-2.8	-28.1	-28.0	-33.2
% of net sales	0.5	-2.5	-7.5	-8.2	-7.1
Capital employed at end of the period, M€	392.6	384.1	392.6	384.1	399.9
Comparable return on capital employed, (ROCE) %	-2.2	-6.5	-6.6	-9.0	-8.0
Investments, M€	11.7	12.9	48.4	18.1	29.0
Employees on average, FTE	3,956	3,974	4,353	4,052	4,068

July-September (Q3) 2024

In the third quarter 2024, net sales of VR City Traffic increased by 9.0% to EUR 121.3 (111.3) million. The revenue of City Traffic was increased by new contracts that started both in Finland and Sweden.

The comparable operating result (EBIT) for the third quarter of 2024 improved to EUR -2.2 (-5.9) million. The improvement in profit was mainly due to increase in net sales. In addition, the integration costs related to the acquisition of city traffic in Sweden in the previous year were no longer realised in the third quarter of this year. The weak city traffic results were attributable to the low profitability in the current operating environment of some of the long-term agreements signed before the pandemic.

The operating result (EBIT) was EUR 0.7 (-2.8) million. Items affecting comparability amounted to EUR 2.8 (3.1) million.

January-September 2024

In January–September 2024 net sales increased by 9.5% to EUR 376.6 (343.9) million. The revenue was increased by new contracts that started both in Finland and Sweden.

The comparable operating result (EBIT) for the period under review decreased to EUR -19.7 (-24.7) million. The weak result of city traffic was also attributable to the low profitability in the current operating environment of some of the long-term agreements signed before the pandemic, as well as operational ramp-up costs of the new contracts. The previous year's result included costs related to the integration of the Swedish business. The operating result (EBIT) was EUR -28.1 (-28.0) million. Items affecting comparability amounted to EUR -8.4 (-3.3) million.

VR Transpoint

VR Transpoint (freight transport) offers rail logistics and road logistics services. The services include railway and road transport, as well as customised logistics chains with additional services.

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VR Transpoint	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales, M€	90.5	76.2	251.3	255.9	339.9
Comparable (EBITDA), M€	24.2	11.8	45.3	36.5	46.4
% of net sales	26.8	15.4	18.0	14.3	13.6
Comparable operating result (EBIT), M€	11.7	0.4	9.1	-3.3	-6.4
% of net sales	12.9	0.5	3.6	-1.3	-1.9
Operating result (EBIT), M€	11.7	-0.3	11.2	-6.6	-9.6
% of net sales	12.9	-0.3	4.4	-2.6	-2.8
Capital employed at end of the period, M€	524.7	479.5	524.7	479.5	472.8
Comparable return on capital employed, (ROCE) %	9.4	0.3	2.4	-0.9	-1.3
Investments, M€	20.3	2.8	60.4	18.0	22.8
Employees on average, FTE	1,618	1,554	1,649	1,715	1,692
Total transport volumes, million tonnes	7.3	6.2	20.1	20.3	27.4
railway transports	6.4	5.3	17.1	17.2	23.4
road transports	0.9	0.9	3.0	3.1	4.0

July-September (Q3) 2024

VR Transpoint's net sales in the third quarter of 2024 increased by 18.8% to EUR 90.5 (76.2) million. Railway transport volumes increased by 20.5% to 6.4 (5.3) million tonnes. In the third quarter, the growth of freight traffic net sales was accelerated by the increased demand of the forest industry.

VR Transpoint's comparable operating result (EBIT) was EUR 11.7 (0.4) million. Profitability was improved by increased net sales, the streamlining of operational activities, pricing adjustments, and an energy-saving program that has successfully reduced energy consumption in rail traffic. The operating result (EBIT) was EUR 11.7 (-0.3) million. Items affecting comparability amounted to EUR 0.0 (-0.7) million.

January-September 2024

In January-June 2024, VR Transpoint's net sales decreased by -1.8% to EUR 251.3 (255.9) million. Railway transport volumes decreased by -0.6% to 17.1 (17.2) million tonnes. The political industrial action and challenging winter conditions in the early part of the year significantly reduced volumes and net sales.

The comparable operating result (EBIT) was EUR 9.1 (-3.3) million. The operating result (EBIT) was EUR 11.2 (-6.6) million. Profitability was impacted by improved operational efficiency and pricing changes. In addition, the ongoing energy saving programme has successfully reduced the energy consumption of rail transport. Items affecting comparability amounted to EUR 2.1 (-3.3) million, which included sales of fixed assets.

Other operations

Other operations include VR FleetCare's sales to external customers, property services that are not allocated to the business functions, and the Group's other common functions.

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Other operations	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales, M€	2.0	2.7	10.1	8.7	12.8
Comparable (EBITDA), M€	4.1	7.7	13.3	12.4	19.0
Comparable operating result (EBIT), M€	0.2	4.0	2.9	2.8	6.2
Operating result (EBIT), M€	0.2	33.6	5.2	32.5	41.1
Investments, M€	11.4	22.9	23.9	54.3	91.3

The operating result (EBIT) of other operations in January–September 2024 was EUR 5.2 (32.5) million. Items affecting comparability amounted to EUR 2.3 (29.7) million.

Corporate responsibility

VR Group's sustainability efforts are guided by the United Nations Sustainable Development Goals, and the company is committed to Finland's carbon neutrality target by 2035. Our areas of focus in sustainability work include safety, customer orientation, employee experience, environmental responsibility, and social responsibility. We aim to accelerate the shift towards more responsible transportation, and our sustainability program is updated accordingly.

At the core of VR's updated safety strategy are safety management and culture, common practices, proactive risk management, and compliance with requirements. The safety culture program based on the safety strategy was launched in 2023 with a current state assessment. Through the program, we are establishing a model for monitoring and continuous improvement of safety culture at VR. During the first half of the year, we updated VR's safety policy to reflect changes in the Group's strategy and the Group's expansion to Sweden. Our most important goals in the updated safety policy are: none of our employees are injured in the line of duty, customers and goods are transported safely to their destination, and we work responsibly and environmentally friendly.

We utilize several customer experience metrics related to brand perception, additional services, disruptions, and purchasing experience. In developing customer experience, we focus on the most meaningful and impactful areas for customers. As a measure of customer-centricity, we use the Net Promoter Score (NPS) in passenger and freight transport. Customer experience is measured through continuous surveys in both long-distance and commuter train services. The long-distance customer experience was at a low level in the first quarter but returned to a good level towards the end of the quarter. NPS was particularly affected by decreased punctuality and travel comfort due to operational challenges.

Developing a values-based work culture is at the core of our strategy. According to the employee survey conducted at the end of 2023, 82% of our staff are familiar with our updated values. One aspect of implementing a values-based culture is updating our shared Code of Conduct and providing related training for staff and managers. We began the update process in the fall of 2023, which was completed in the first quarter of 2024 and was rolled out in the second quarter.

Responsibility and environmental care are key factors in our success. We improve energy efficiency, increase the use of fossil-free energy, and invest in low-emission technology. We reduce emissions towards a carbon-neutral future and commit to the goals of the United Nations Sustainable Development and the Paris Agreement. We are committed to setting science-based climate targets and reporting on their implementation. We submitted our commitment to the Science Based Targets initiative in December 2023. We aim to obtain SBTi confirmation for short-term targets and long-term net-zero targets during 2024. Reducing greenhouse gas emissions and improving energy and material efficiency are integrated into the company's management

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and key personnel incentive systems.

Our energy efficiency program launched in 2022 aims to significantly improve energy use and save costs and the environment. We have improved energy efficiency by increasing electric traction, making locomotives more energy-efficient, and increasing train sizes. Key methods also include optimizing traffic planning and training drivers in fuel-efficient driving, as well as various renovations for properties.

VR actively advocates for the expansion of the rail transport market, especially regarding promoting competition and infrastructure investments. VR has proposed solutions to the government program on how to expand the rail market. VR has also provided its comments on the preparation of the national transport system plan and regarding transportation issues in the state's 2024 budget proposal.

Promoting sustainable change through societal influence is an important part of the social responsibility incumbent upon a state-owned company. Through active societal dialogue and providing expert opinions to stakeholders and decision-makers, efforts are made to ensure that decisions are in the interest of VR and are sustainable for society and the environment. VR aims to promote Finland's accessibility, security of supply, and competitiveness in addition to climate goals.

Risks and uncertainties

In addition to its exposure to external factors such as general economic situation, VR's operations are affected by a variety of strategic, operational and damage risks. Risks are being identified, prepared for and monitored in order to limit potential negative impacts on VR's business operations, although in some cases VR's capability to control risks is limited. Risk management aims to ensure effective and successful delivery of VR's strategy. Risk management and associated responsibilities are guided by risk management policy approved by VR-Group Plc's Board of Directors, as well as by other sector-specific guidelines for risks.

More information on VR's risk management can be found in the Annual Report's section "Corporate Governance Statement". More information on VR's financial risk management can be found in the 2023 Annual report's notes to the consolidated financial statements under note "6 Financial risk management". These documents are available in the company's website

Risks and uncertainties in the near future

The risks and uncertainties described below may, if realised, have a significant impact on VR's business operations and profitability (the list is not to be considered exhaustive).

The general economic situation has significant knock-on effects on VR's operations. Deterioration of the economic situation may reduce the Finnish industrial sector's need for rail- and road-logistics services, as well as have a negative impact on customer volumes in passenger services. Uncertainty related to inflation, energy prices and general interest rate level could adversely affect VR's profitability through e.g. increased investment, personnel, energy, and financing costs. VR aims to minimise the impact of the materialisation of these risks through continuous monitoring of its own cost competitiveness and close customer cooperation. Cost increases due to inflation can be prepared for through index-linked customer contracts, for example, and the impact of energy price or interest rate fluctuations can be managed through actions defined in the treasury policy.

Geopolitical uncertainty has increased due to Russia's war of aggression and other military conflicts. The continuation and expansion of such conflicts can escalate security tensions and lead to intensified military and economic competition among great powers, which could significantly impact VR's business environment, production and supply chains and service availability. The impact of risk realization can be managed by increasing the stock of critical spare parts and diversifying supplier risk. In addition VR maintains close

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communication with different stakeholders and has developed a preparedness and contingency plan that is regularly monitored and maintained by an internal working group.

Growing cybercrime threat has increased risks related to VR's business continuity and critical information loss. Cyberattacks can target critical rail and energy infrastructure (which may also face physical sabotage threats), information systems, or personal data. Consequences of risk realization could include disruptions in VR's service offerings, loss of customer trust, fines imposed by authorities, or even accidents resulting from sabotage. In addition to the aforementioned preparedness and contingency plan, VR is implementing an IT continuity improvement program to manage the risk.

Profit improvement measures, which VR is seeking to implement in line with its strategy and with a target of EUR 250 million, are essential to cover the additional costs arising from inflation and to improve the company's profitability. There is a risk that the profit improvement measures – including the targeted profitable growth in city traffic, in particular – may not be successfully implemented in time or at full. VR seeks to manage this risk by reacting quickly with regards to resource allocation and prioritisation. New measures are continuously identified to ensure competitiveness.

Employee availability challenges or uncertainties in the labour market may impair VR's ability to carry out traffic operations. They may also lead to strikes or other industrial action that have a negative impact on VR's business. To manage this risk, VR continues to engage in close cooperation with personnel organisations and employer organisations.

The condition and maintenance of railway infrastructure has a significant impact on VR's business. Infrastructure degradation and inadequate maintenance work or failed maintenance projects can cause, for example, functional constraints and disruptions on the lines, or even accidents. Insufficient investments in railway infrastructure can become an obstacle to the growth and green transition of railway traffic and can, as a result, have a negative impact on the implementation of VR's investment and growth plans. VR aims to actively influence stakeholders in the development of the transport system and infrastructure investments. This is done together with, for example, the Finnish Transport Infrastructure Agency, which manages the state's fairway assets and is responsible for the care, development and maintenance of the railway network.

Changes in the traffic policy may have adverse impacts on VR's business operations. Any decisions to change the current market-based operating environment, land uncertainty relating to politics in general, may have significant impacts on the functioning and predictability of VR's business environment. In addition to ensuring its own competitiveness – and monitoring and anticipating the political situation – VR actively seeks to highlight the effects of regulation on the operating environment of rail transport, with the aim of keeping the operating environment equal for all parties.

Compliance risks related to data protection, competition law, corruption, bribery and sanctions may, should they materialise, have adverse impacts on the VR's businesses and financial situation. In addition to compliance with regulatory guidelines and practices, VR also requires compliance with ethical guidelines from its employees, as well as from its suppliers. Employees are being regularly trained, and any non-compliance is identified through regular inspections and auditing processes. In addition, VR uses a confidential reporting channel that encourages employees to report any concerns related to compliance and ethical practices.

A major accident, especially on railways, is a significant safety risk related to VR's business operations, which could result in serious personal injuries and damage to material or environment. The risk of railway accidents and incidents is managed with a railway safety management system that covers all rail traffic business operations and serves as the foundation for VR's safety management and operational safety. Risk management measures also include preventive safety cooperation with different stakeholders, for example emergency exercises for major accidents.

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Legal proceedings and disputes

By its decision of 13 September 2023, the Court of Appeal overturned the district court's decision regarding the unpaid lunch break for locomotive drivers in commuter traffic and decided the matter in favour of locomotive drivers. VR was granted leave to appeal to the Supreme Court in February 2024. VR is waiting for the appeal proceedings to proceed in the Supreme Court.

On 15 December 2022, the Helsinki Court of Appeal handed down its decision in a matter concerning supplementary pensions paid by VR Pension Fund. The claimants demand VR to compensate for the amount by which the claimants' overall pension remains lower after the supplementary pension is adjusted for the reduction for early retirement. The Court of Appeal overturned the district court's decision and rejected the claim. The claimants have been granted leave to appeal to the Supreme Court. VR is waiting for the appeal proceedings to proceed in the Supreme Court.

Share capital

VR-Group Plc's shares are owned by the State of Finland. The company's share capital consists of 2,200,000 shares that amount to EUR 370,013,438.19.

There were no changes in the number of shares or the share capital during the reporting period or the comparison period.

Governance

VR-Yhtymä Oyj's shareholder resolution on September 3, 2024 – change in the composition of the supervisory board

On September 3, 2024, VR-Yhtymä Oyj's sole shareholder, the Finnish government, appointed Martin Paasi as a member of VR-Yhtymä Oyj's supervisory board, replacing Aura Salla, who left the supervisory board. The appointment took effect immediately.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - unaudited

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales	331.0	295.3	959.1	910.9	1,224.1
Other operating income	22.8	50.6	62.8	83.0	107.5
Materials and services	-84.7	-77.2	-261.9	-258.4	-347.8
Production for own use	12.2	8.5	36.2	35.3	50.0
Personnel expenses	-130.4	-119.2	-410.3	-382.7	-520.9
Depreciation and amortisation	-48.5	-53.9	-142.4	-156.4	-203.8
Other operating expenses	-59.7	-51.5	-192.1	-172.1	-227.5
Operating result (EBIT)	43.8	52.6	54.5	59.6	81.5
Net financial items	-2.6	-2.3	-9.4	-6.9	-11.3
Share of result of associated companies	0.0	-0.1	-0.1	-0.1	-0.2
Profit before tax	41.2	50.2	45.0	52.5	70.0
Income taxes	-12.3	-13.6	-10.1	-15.0	-17.6
Profit for the period	28.9	36.7	34.9	37.5	52.4
Attributable to					
Equity holders of the parent	28.9	36.7	34.9	37.5	52.4
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

OTHER COMPREHENSIVE INCOME - unaudited

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net profit for the period	28.9	36.7	34.9	37.5	52.4
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	—	0.2	-0.1	-0.9	-0.4
Cash flow hedges	2.0	-8.6	-2.9	-43.3	-39.3
Taxes on items that may be reclassified subsequently to profit or loss	-0.5	1.6	0.4	10.3	9.4
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	0.4	6.9	6.8	14.2	7.4
Financial assets at fair value through other comprehensive income	-11.0	1.1	-8.6	-4.6	-5.6
Taxes on items that will not be reclassified subsequently to profit or loss	-0.1	-1.4	-1.4	-2.8	-1.5
Total other comprehensive income for the period net of taxes	-9.1	-0.3	-5.6	-27.1	-29.9
Total comprehensive income for the period	19.9	36.4	29.3	10.4	22.4
Total comprehensive income for the period attributable to					
Equity holders of the parent company	19.9	36.4	29.3	10.4	22.4
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

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Public

CONSOLIDATED STATEMENT OF FINANCIAL POSITION unaudited

EUR million	30.9.2024	31.12.2023	30.9.2023
ASSETS			
Non-current assets			
Intangible assets	47.7	46.6	45.0
Goodwill	13.8	8.3	8.1
Property, plant and equipment	1,428.3	1,328.3	1,300.2
Right-of-use assets	237.1	264.9	263.8
Investment properties	5.7	9.1	9.9
Investments	5.3	13.9	14.9
Other receivables	167.1	150.9	155.9
Non-current assets, total	1,904.9	1,822.0	1,797.9
Current assets			
Inventories	107.7	99.4	95.3
Accounts receivable and other receivables	95.1	97.1	80.8
Prepaid expenses and accrued income	55.3	62.8	51.2
Cash and cash equivalents	106.9	224.2	240.3
Current assets, total	365.1	483.5	467.7
Assets, total	2,270.0	2,305.5	2,265.6
EUR million			
EQUITY AND LIABILITIES			
Equity			
Equity attributable to holders of the parent company, total	1,240.9	1,268.6	1,256.6
Non-controlling interest	0.0	0.0	0.0
Equity, total	1,240.9	1,268.6	1,256.6
Non-current liabilities			
Provisions	93.3	83.3	86.7
Financial liabilities	300.1	300.7	300.5
Lease liabilities	201.4	217.3	215.4
Accounts payable and other liabilities	4.3	6.8	7.9
Deferred tax liabilities	121.9	125.0	108.8
Non-current liabilities, total	721.0	733.1	719.3
Current liabilities			
Provisions	1.1	0.6	0.6
Financial liabilities	25.1	—	0.2
Lease liabilities	28.0	36.9	39.7
Advances received	34.8	25.9	27.3
Accounts payable and other liabilities	78.9	98.4	88.7
Accrued expenses and prepaid income	140.2	142.0	133.2
Current liabilities, total	308.1	303.8	289.7
Liabilities, total	1,029.1	1,036.9	1,009.0
Equity and liabilities, total	2,270.0	2,305.5	2,265.6

CONSOLIDATED STATEMENT OF CASH FLOWS - unaudited

EUR million	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Cash flow from operating activities					
Profit before taxes	41.2	50.2	45.0	52.5	70.0
Depreciation and amortisation	48.5	53.9	142.4	156.4	203.8
Profit and loss from sale of tangible and intangible assets and other adjustments	-4.7	-25.7	10.2	-22.9	-20.0
Cash flow from operating activities before change in working capital	85.0	78.4	197.6	186.0	253.7
Change in working capital	-28.8	-24.0	-22.2	-38.3	-33.5
Net financial expenses	-1.6	-1.4	-12.9	-7.2	-9.0
Income taxes paid	-3.3	0.1	-8.9	3.3	-7.4
Cash flow from operating activities (A), total	51.3	53.2	153.7	143.9	203.8
Cash flow from investing activities					
Tangible and intangible assets purchases	-54.2	-41.9	-174.3	-163.3	-229.2
Tangible and intangible assets sales	10.0	52.5	15.9	53.1	60.2
Shares and holdings acquired	—	—	-39.9	—	—
Shares and holdings sold	—	0.7	—	0.7	0.7
Change in investment receivables	0.4	—	-5.1	40.8	46.0
Cash flow from investing activities (B), total	-43.8	11.2	-203.4	-68.8	-122.2
Cash flow before financing (A)+(B)	7.4	64.4	-49.7	75.1	81.6
Cash flow from financing activities					
Dividends paid and returns of capital to owners of parent company	—	—	-57.0	—	—
Change in non-current liabilities	-2.9	0.2	-2.6	-24.6	-24.4
Change in lease liabilities	-7.0	-9.5	-33.0	-31.8	-54.5
Change in current interest-bearing liabilities	—	0.1	25.1	-2.8	-2.9
Cash flow from financing activities (C), total	-9.9	-9.1	-67.5	-59.2	-81.8
Change in cash flows (A)+(B)+(C)	-2.5	55.3	-117.3	15.9	-0.2
Cash and cash equivalents beginning of period	109.4	185.1	224.2	224.4	224.4
Cash and cash equivalents end of period	106.9	240.3	106.9	240.3	224.2