Aspo Plc
Financial statement release
February 16, 2024, at 8:00 am

Aspo Group financial statement release, January 1 – December 31, 2023

Solid fourth quarter, strengthening the platform for future growth

Figures from the corresponding period in 2022 are presented in brackets. From the beginning of year 2023, Aspo established a new segment structure and the figures for the comparative periods have been restated.

October–December 2023

- Continuing operations
    - Net sales from continuing operations decreased to EUR 132.2 (152.9) million.
    - Comparable operating profit from continuing operations was EUR 6.8 (11.1) million, and the comparable operating profit rate of continuing operations was 5.1% (7.3%). The comparable operating profit of ESL Shipping was EUR 5.0 (10.5) million, Telko EUR 2.3 (1.7) million, and Leipurin EUR 0.8 (0.5) million.
    - Operating profit from continuing operations was EUR 6.4 (10.9) million, and the operating profit rate of continuing operations was 4.8% (7.1%). Operating profit of ESL Shipping was EUR 4.4 (10.2) million, Telko EUR 2.3 (2.2) million, and Leipurin EUR 1.0 (0.2) million.
    - Earnings per share from continuing operations were EUR 0.08 (0.23).
- Group total level
    - Net sales, Group total decreased to EUR 135.8 (164.7) million
    - Comparable operating profit at Group total level was EUR 7.0 (11.3) million, and the comparable operating profit rate was 5.2% (6.9%).
    - Items affecting the comparability of operating profit totaled EUR -7.1 (-16.1) million.
    - Earnings per share, Group total were EUR -0.13 (-0.21).
    - Net cash from operating activities was EUR 12.6 (22.0) million. Free cash flow was EUR 0.3 (16.5) million.

January–December 2023

- Continuing operations
    - Net sales from continuing operations decreased to EUR 536.4 (560.7) million.
    - Comparable operating profit from continuing operations was EUR 26.2 (43.9) million, and the comparable operating profit rate of continuing operations was 4.9% (7.8%). Comparable operating profit of ESL Shipping was EUR 18.3 (37.4) million, Telko EUR 9.0 (11.3) million, and Leipurin EUR 4.2 (1.1) million.
    - Operating profit from continuing operations was EUR 25.9 (38.4) million, and the operating profit rate of continuing operations was 4.8% (6.8%). Operating profit of ESL Shipping was EUR 17.7 (38.2) million, Telko EUR 8.0 (8.2) million, and Leipurin EUR 5.6 (-1.4) million.
    - Earnings per share from continuing operations were EUR 0.45 (0.93).
- Group total level
    - Net sales, Group total decreased to EUR 553.0 (652.6) million.
    - Comparable operating profit at Group total level was EUR 26.5 (55.3) million, and the comparable operating profit rate was 4.8% (8.5%).
    - Items affecting the comparability of operating profit totaled EUR -16.7 (-24.1) million.
    - Earnings per share, Group total were EUR -0.01 (0.61).
    - Net cash from operating activities was EUR 47.6 (67.7) million. Free cash flow was EUR 27.3 (34.4) million.

Guidance for 2024

Aspo Group's comparable operating profit is expected to exceed EUR 30 million in 2024 (EUR 26.5 million in 2023).

Proposal of the Board of Directors for the distribution of funds

The Board of Directors proposes to the Annual Shareholders' Meeting of Aspo Plc to be held on April 12, 2024, that EUR 0.24 per share be distributed in dividends for the 2023 financial year. In addition, the Board of Directors proposes that the Annual Shareholders' Meeting authorizes the Board of Directors to decide on a possible distribution of capital from the invested unrestricted equity fund in the maximum amount of EUR 0.23 per share on a later date if aligned with the growth strategy and considering the long-term benefit of Aspo's shareholders. If the maximum amount is distributed, a total maximum of EUR 0.47 (0.46) per share would be distributed in dividends and return of capital for the 2023 financial year.

More information about the proposed distribution of funds is available under section "Proposal for distribution of funds".

Key figures

	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales, Group total, MEUR	135.8	164.7	553.0	652.6
Net sales from continuing operations, MEUR	132.2	152.9	536.4	560.7
ESL Shipping, comparable operating profit, MEUR	5.0	10.5	18.3	37.4
Telko, comparable operating profit, MEUR	2.3	1.7	9.0	11.3
Leipurin, comparable operating profit, MEUR	0.8	0.5	4.2	1.1
Other operations, comparable operating profit, MEUR	-1.3	-1.6	-5.3	-5.9
Comparable operating profit from continuing operations, MEUR	6.8	11.1	26.2	43.9
Comparable operating profit from continuing operations, %	*5.1*	*7.3*	*4.9*	*7.8*
Comparable operating profit from discontinued operations, MEUR	0.2	0.2	0.3	11.4
Comparable operating profit, Group total, MEUR	7.0	11.3	26.5	55.3
Comparable operating profit, Group total, %	*5.2*	*6.9*	*4.8*	*8.5*
Items affecting comparability, Group total, MEUR	-7.1	-16.1	-16.7	-24.1
Operating profit, Group total, MEUR	-0.1	-4.8	9.8	31.2
Profit before taxes from continuing operations, MEUR	3.7	9.0	16.6	32.5
Profit for the period, MEUR	-3.8	-5.4	1.6	20.7
Profit from continuing operations, MEUR	3.0	8.7	16.2	30.8
Profit from discontinued operations, MEUR	-6.8	-14.1	-14.6	-10.1
Earnings per share (EPS), EUR	-0.13	-0.21	-0.01	0.61
EPS from continuing operations, EUR	0.08	0.23	0.45	0.93
EPS from discontinued operations, EUR	-0.21	-0.44	-0.46	-0.32
Net cash from operating activities, MEUR	12.6	22.0	47.6	67.7
Free cash flow, MEUR	0.3	16.5	27.3	34.4
Return on equity (ROE), %			1.2	15.2
Equity ratio, %			34.4	34.7
Gearing, %			117.6	108.4
Equity per share, EUR			4.47	4.58

Rolf Jansson, CEO of Aspo Group, comments on the fourth quarter and the whole year 2023:

The business environment of Aspo's core businesses was more difficult in year 2023 than in the previous year. ESL Shipping suffered in particular from lower demand and price levels, especially in the spot market. Telko experienced a decline in market prices, especially for volume plastics during the second quarter. Leipurin's market development was stable, despite strong inflation combined with a decline in market volumes. In the difficult market, Aspo's performance ended up in a solid fourth quarter.

In 2023, Aspo's net sales from continuing operations of EUR 536.4 (560.7) million decreased by 4% and the comparable operating profit from continuing operations of EUR 26.2 (43.9) million decreased by 40% compared with the previous year. The negative trend compared to 2022 was driven by ESL Shipping, having a record financial performance in the comparative year. The free cash flow of Aspo remained strong in 2023, driven by prioritization of investments and supported by sale and leaseback of warehouse properties as well as effective inventory management.

The transformation of Aspo continued strong in year 2023. The first out of twelve electric hybrid green coasters was delivered in December. Also, a major milestone was accomplished in November, when Aspo signed an agreement with OP Finland Infrastructure LP regarding an investment of EUR 30 million into Aspo's subsidiary ESL Shipping. In February 2024, Varma decided to co-invest EUR 15 million alongside OP Finland Infrastructure. The combined investment corresponds to a 21.43% ownership stake in ESL Shipping. This will accelerate ESL Shipping's ambition to lead the green transition in sea transportation in the Baltic Sea area, enable the company to take advantage of its strong market position and benefit from market growth.

Telko was able to achieve modest net sales growth, in a declining market, thanks to the acquisitions of Johan Steenks and especially Eltrex. The exit of Telko Russian required a lot of management attention and was successfully completed in April. During the year, Telko developed a strong platform for both organic and non-organic growth for years to come.

Leipurin's year 2023 was a success story. The company's absolute profitability close to quadrupled in comparison to the previous year. Even more importantly, a lot of improvement opportunities remain in the areas of commercial, supply chain and sourcing. Leipurin is also well positioned for the future, after the executed portfolio rationalization of Vulganus and the bakery equipment trading business exits as well as sale and leasebacks of several warehouse properties in Sweden and Lithuania.

A chapter in Aspo's history was closed in year 2023 when Telko sold its Russian business in April and when a decision to discontinue the Leipurin East businesses was made in December. ESL Shipping abandoned its Russian business already by summer 2022. In practice these actions substantiate Aspo's strategy to focus its growth on Western Europe, which was communicated already in our CMD in December 2021. Aspo's next CMD will be held on Tuesday, May 14 in Helsinki.

The outlook of Aspo is strong in all of its businesses, driven by clear strategic ambition and gradually improving market conditions. After two years of transformation, based on the renewed strategy, Aspo has a solid platform for future growth. The operating profit of the first quarter in 2024 is expected to be weak, due to the tough winter conditions and disturbances in the Finnish labour market impacting negatively the profitability of ESL Shipping. Our guidance for 2024 is that Aspo Group's comparable operating profit is expected to exceed EUR 30 million in 2024 (2023: EUR 26.5 million).

I want to thank Aspo's entire personnel for the excellent results in 2023.

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Financial results and targets

Aspo's long-term financial targets are:

- Annual increase in net sales: 5–10% a year
- Operating profit: 8%
- Return on equity: more than 20%
- Gearing: less than 130%

On a business level, ESL Shipping's operating profit target is 14%, Telko's 8% and Leipurin's 5%. The operating profit rate targets are evaluated against the comparable operating profit rate of Aspo Group and its continuing businesses.

In 2023 the long-term financial targets were not fully reached. Net sales from continuing operations decreased by 4%. The comparable operating profit rate of the continuing operations was 4.9% (7.8%). Comparable return on equity from continuing operations was 11.9% (29.4%). Gearing stood at 117.6% (108.4%), well below the target level.

The comparable operating profit, Group total includes results of the continuing and discontinued operations. The comparable operating profit is calculated by adjusting the reported operating profit with rare and material items affecting the operating profit. These may include impairment losses, sales gains and losses from divested businesses and non-current assets, as well as financial losses caused by Russia's invasion in Ukraine.

Net sales and operating profit rate, Group total

	10-12/2023 MEUR	10-12/2022 MEUR	1-12/2023 MEUR	1-12/2022 MEUR
Net sales, Group total	135.8	164.7	553.0	652.6
Net sales, continuing operations	132.2	152.9	536.4	560.7
Net sales, discontinued operations	3.6	11.8	16.6	91.9
Operating profit, Group total	-0.1	-4.8	9.8	31.2
Operating profit, Group total, %	-0.1	-2.9	1.8	4.8
Items affecting comparability	-7.1	-16.1	-16.7	-24.1
Comparable operating profit, Group total	7.0	11.3	26.5	55.3
Comparable operating profit, Group total, %	5.2	6.9	4.8	8.5

Operating profit and comparable operating profit, Group total

	10-12/2023 MEUR	10-12/2022 MEUR	1-12/2023 MEUR	1-12/2022 MEUR
ESL Shipping, operating profit	4.4	10.2	17.7	38.2
Telko, operating profit	2.3	2.2	8.0	8.2
Leipurin, operating profit	1.0	0.2	5.6	-1.4
Other operations, operating profit	-1.3	-1.7	-5.4	-6.6
Operating profit from continuing operations	6.4	10.9	25.9	38.4
Operating profit from discontinued operations	-6.5	-15.7	-16.1	-7.2
Operating profit, Group total	-0.1	-4.8	9.8	31.2
Items affecting comparability	-7.1	-16.1	-16.7	-24.1
Comparable operating profit, Group total	7.0	11.3	26.5	55.3

Items affecting comparability, Group total

	10-12/2023 MEUR	10-12/2022 MEUR	1-12/2023 MEUR	1-12/2022 MEUR
ESL Shipping	-0.6	-0.3	-0.6	0.8
Telko		0.5	-1.0	-3.1
Leipurin	0.2	-0.3	1.4	-2.5
Other operations		-0.1	-0.1	-0.7
Continuing operations, total	-0.4	-0.2	-0.3	-5.5
Discontinued operations	-6.7	-15.9	-16.4	-18.6
Total	**-7.1**	**-16.1**	**-16.7**	**-24.1**

In the fourth quarter of 2023, the items affecting comparability were EUR -7.1 million in total. EUR -0.6 million reported for ESL Shipping were advisory costs related to the sales process of a minority stake in ESL Shipping. EUR 0.2 million reported in the Leipurin segment was the gain on the sale of the bakery equipment trading business. Items of EUR -6.7 million reported for the discontinued operations was caused by the deconsolidation of Leipurin's entities in Russia, Belarus, and Kazakhstan.

In the fourth quarter of 2022, the items affecting comparability totaled EUR -16.1 million. EUR -0.3 million reported in ESL Shipping segment related to legal claims. EUR 0.5 million reported for Telko segment was a reversal of a bad debt allowance in Ukraine. EUR -0.3 million reported for Leipurin and EUR -0.1 million reported for other operations consisted of some restructuring expenses. EUR -15.9 million reported for discontinued operations consisted of EUR -14.7 million related to write downs of assets of Russian and other eastern entities as well as to other expenses related to Russia's invasion in Ukraine. The rest EUR -1.2 million was the sales loss of Kauko Oy.

Items affecting comparability in 2023, MEUR

	ESL Shipping	Telko	Leipurin	Other operations	Discontinued operations	Total
Advisory expenses, minority stake	-0.6					-0.6
Write down of inventory, Russia related		-1.0			-1.7	-2.7
Sale and leaseback transactions			1.4			1.4
Restructuring activities			-0.2	-0.1		-0.3
Withdrawal from Russia					-14.7	-14.7
Divestment of businesses			0.2			0.2
Total	**-0.6**	**-1.0**	**1.4**	**-0.1**	**-16.4**	**-16.7**

In 2023 the items affecting comparability amounted to EUR -16.7 million in total. EUR -0.6 million reported for ESL Shipping were advisory costs related to the sales process of a minority stake in ESL Shipping. EUR -1.0 million reported in the Telko segment related to inventory write downs caused by Russia's invasion in Ukraine. EUR 1.4 million reported in the Leipurin segment consisted of EUR 1.4 million from gains on sale and leaseback transactions of properties in Sweden and premises in Lithuania, EUR -0.2 million from restructuring activities in Sweden and EUR 0.2 million from sale on Leipurin's bakery equipment trading business. EUR -0.1 million reported in other operations related to corporate restructuring costs. EUR -16.4 million reported in discontinued operations consisted of the sales loss of Telko Russia EUR -8.1 million, the write down of Telko Russia's inventory EUR -1.7 million, a loss of EUR -0.8 million for the deconsolidation of Telko's subsidiary in Belarus, and EUR -5.8 million related to the deconsolidation of Leipurin's entities in Russia, Belarus and Kazakhstan.

In 2022, items affecting comparability totaled EUR -24.1 million, of which EUR -20.7 million resulted from the impact of Russia's invasion in Ukraine on Aspo Group's business operations and EUR -2.5 million consisted of impairment and divestments loss of Kauko. Other items affecting comparability totaled EUR -0.9 million.

Items affecting comparability in 2022, MEUR

	ESL Shipping	Telko	Leipurin	Other operations	Discontinued operations	Total
Sale of Espa	1,5					1,5
Inventory in Ukraine		-2,6	-0,7			-3,3
Accounts receivable in Ukraine		-0,5	-0,1			-0,6
Withdrawal from Russia	-0,7				-16,1	-16,8
Divestment of businesses			-0,4		-1,2	-1,6
Other			-1,3	-0,7	-1,3	-3,3
Total	**0,8**	**-3,1**	**-2,5**	**-0,7**	**-18,6**	**-24,1**

Sustainability

Sustainability is a key driver for Aspo's management system and especially for the company's investments. Aspo's businesses aim to be forerunners in sustainability in their respective sectors. The key target is to reduce emission intensity, CO_2 (tn) per net sales (EUR thousand), by 30% by 2025. The starting point (2020) was 0.44, while the target level (2025) is 0.30. The emission intensity target for the full-year 2024 is 0.33.

During the past 12 months, emission intensity has slightly increased despite the positive development in operational efficiency and the use of new operating models, especially by ESL Shipping. The emission intensity stood at 0.37 at the end of 2023 (0.33), slightly behind the target of 0.36 for the full-year 2023. The slight increase in the emission intensity is driven by a decrease in Aspo's net sales, as the emissions during the past 12 months have decreased in absolute terms. Specifically for ESL Shipping, emission intensity was impacted by lowering fuel prices as well as fleet structure and weather conditions, including ice conditions and storms.

ESL Shipping's ongoing investment in the twelve electric hybrid green coasters is instrumental in the company's green transition and hence a key contributor to Aspo Group's emission intensity reduction ambition. The first vessel was delivered in December 2023. To further drive green transition in the shipping industry, ESL Shipping is engaged in close and long-term cooperation with leading energy suppliers to provide renewable solutions.

Another key sustainability focus area of Aspo is employee safety. The rolling 12 months Total Recordable Injury Frequency (TRIF) improved significantly and was 4.8 (8.1 for the full-year 2022). The TRIF target for 2024 is 6.0.

As part of Aspo's sustainability goals, the satisfaction of employees, the quality of leadership, and Aspo as an employer are measured with People Power index by conducting an annual atmosphere survey. Job satisfaction in all businesses remained high in 2023 and the targeted level of AA rating was reached as in the previous year (2022: AA).

Aspo's goal is that all the Group's personnel complete Compliance and Code of Conduct trainings annually. These include e.g. anti-corruption issues and provides guidance for identifying any suspicious situations and practices considered unethical. In 2023, approximately 100% (100%) of the Group's employees completed the Code of Conduct training and roughly 100% (100%) completed the Compliance training.

Operating environment, short-term risks and uncertainties in business operations

Changes in demand and in market prices as well as rising inflation and interest rates impacted financial development and generated uncertainty in the markets served by Aspo's businesses. The economy in the European Union broadly stagnated during the year 2023 and is likely to remain subdued also in the short and mid-term, which increases the risks in all of Aspo's businesses. Specifically, the rising interest rates have negatively impacted investment activities, particularly through increasing financing costs and decreasing financing opportunities. As a consequence, the M&A market has slowed down, partially also because of differing views on valuations by the sellers and buyers.

The demand for sea transportation is affected by overall economic development and specific demand and production volumes in key industries, especially metal and forest products. However, ESL Shipping comparatively benefits from long-term industrial partnerships and a general deficit of year-round vessel capacity in the Baltic Sea area. The current outlook suggests stable development for the metal industry, whereas the forest industry is slowly expected to strengthen from a low level. The shipping freight indexes have somewhat strengthened since the beginning of September, with very high volatility.

Market price development, and especially sudden declines in raw material prices, can cause a negative profit impact for Telko and Leipurin. The effect of such development has been mitigated by active product portfolio management, combined with specific commercial and operational measures, incl. inventory management.

Recent events in the Middle East can negatively affect Aspo's businesses, e.g. in terms of energy prices and supply chain disruptions, as well as inflation-driven wage increases. Additionally, the events can cause both logistics costs as well as product prices to increase. Prolongation and possible expansion of the war in Ukraine would negatively impact business operations in Aspo's market areas. The increase in global tensions weakens operating conditions in all businesses.

In line with its strategy, Aspo aims to increase earnings also via acquisitions. Strategy execution combined with the currently relatively high financing costs may reduce free cash flow and lead to a temporary deterioration of the balance sheet, in situations where capital expenditures and acquisitions require financial resources, and consequently may reduce solvency. With its strategy, Aspo aims to reduce the impact of the possibly weakening general economic development on Aspo's profit development. This materializes in e.g. ESL focusing on long-term customer contracts and green solutions, Telko pursuing growth in specialty products and expanding into new geographical markets, Leipurin increasing its business focus on food ingredients and prioritizing market segments that offer stable growth opportunities.

Aspo has exited Russia and other selected eastern markets. Telko sold its Russian business in April 2023, and Leipurin East was deconsolidated in December 2023. ESL Shipping abandoned the Russian market already by the summer of 2022. Hence, Aspo's financial exposure to Russia is limited in 2024.

Because the future estimates presented in this interim report are based on the current situation and knowledge, they involve significant risks and other uncertainties, due to which actual future outcomes may differ from the estimates.

Net sales by market area, continuing operations

	1-12/2023 MEUR	**Share** %	**1-12/2022** MEUR	**Share** %
Finland	197.4	36.8	224.4	40.0
Scandinavian countries	157.6	29.4	137.6	24.5
Baltic countries	63.8	11.9	67.8	12.1
Other European countries	74.5	13.9	89.6	16.0
Other countries	43.1	7.9	41.3	7.4
Total	**536.4**	**100**	**560.7**	**100**

From the beginning of year 2023, following the shift of the strategic focus towards western markets, Aspo changed the market areas when reporting net sales. The new reportable market areas are: Finland, Scandinavian countries, Baltic countries, Other European countries and Other countries. The acquisition of Kobia in Sweden as well as Johan Steenks in Norway have increased the contribution of Scandinavia to the Group's total net sales.

Cash flow and financing

The Group's net cash flow from operating activities in 2023 was EUR 47.6 (67.7) million. The cash flow of all businesses was positive, and the decrease compared to the comparative period came from the ESL Shipping segment. The cash flow impact of change in working capital was EUR 4.4 (-6.7) million. The positive cash impact was caused by a decrease in inventories driven by a decline in market prices and proactive operational management actions, especially in the Telko segment.

The free cash flow in 2023 was EUR 27.3 (34.4) million. Investments amounted to EUR -21.8 (-17.8) million and consisted mainly of the ESL Shipping segment's green coaster advance payments. The other items reported in cash flows used in investing activities included EUR 3.9 million cash outflow from the acquisitions of Eltrex, EUR 11.6 million cash inflow from the sale and leaseback of Leipurin's properties in Sweden and Lithuania, EUR 7.8 million negative cash impact of the sale/deconsolidation of Telko's and Leipurin's subsidiaries in Russia and other eastern countries, EUR 0.5 million dividend cash inflow from associates, EUR 0.4 million cash inflow from the sale of Leipurin's bakery equipment trading business as well as other cash inflow of EUR 0.7 million.

	12/2023 MEUR	**12/2022** MEUR
Interest-bearing liabilities, incl. lease liabilities	195.9	189.3
Cash and cash equivalents, Group total	30.7	33.6
Net interest-bearing debt	165.2	155.7

Net interest-bearing debt was EUR 165.2 (155.7) million and gearing increased to 117.6% (108.4%). The Group's equity ratio at the end of the review period was 34.4% (34.7%). The net debt increase is primary a consequence of the green coaster investments and the Eastern exits.

Net financial expenses in January–December totaled EUR -9.3 (-5.9) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, was 5.3% (3.3%), causing Aspo's interest expenses to grow.

The Group's liquidity position remained strong. Cash and cash equivalents stood at EUR 30.7 (33.6) million at the end of the review period. Committed revolving credit facilities, totaling EUR 40 million, were fully unused, as in the comparative period. Aspo's EUR 80 million commercial paper program also was wholly unused at the end of the year 2023 and 2022.

In December Aspo's subsidiary ESL Shipping signed two loan agreements in total of EUR 37.6 million. The loan period for both loans is five years and they will be paid back in equal installments during the loan period. The loans were granted by OP Corporate Bank Plc and the loans were used to pay back existing loans of similar value.

In December, when Electramar was delivered, AtoBatC Shipping AB withdrew EUR 8.1 million out of the EUR 32.2 million loan agreement with Svenska Skeppshypotek. The loan was signed in September 2022 to finance ESL Shipping's investment in six new green coasters. The loan will be paid back in a time period of 15 years.

In September Aspo signed a loan agreement of EUR 30 million for a three-year loan period extending the maturity of Aspo's loan portfolio. The loan has been taken for general corporate purposes and refinancing a loan of similar value.

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ESL Shipping

ESL Shipping is the leading dry bulk sea transport company operating in the Baltic Sea area. ESL Shipping's operations are mainly based on long-term customer contracts and established customer relationships. At the end of the review period, the shipping company's fleet consisted of 43 vessels with a total capacity of 443,000 deadweight tons (dwt). Of these, 24 were wholly owned (77% of the tonnage), two were minority owned (2%) and the remaining 17 vessels (21%) were time chartered.

ESL Shipping's competitive edge is based on its pioneering role and ability to responsibly and energy efficiently secure product and raw material transportation for industries and energy production year-round, even in difficult conditions. The shipping company loads and unloads large ocean liners at sea as a special service.

	10-12/2023	10-12/2022	Change,%	1-12/2023	1-12/2022	Change,%
Net sales, MEUR	49.3	63.3	-22	189.0	245.4	-23
Operating profit, MEUR	4.4	10.2	-57	17.7	38.2	-54
Operating profit, %	8.9	16.1		9.4	15.6	
Items affecting comparability, MEUR	-0.6	-0.3		-0.6	0.8	
Comparable operating profit, MEUR	5.0	10.5	-52	18.3	37.4	-51
Comparable operating profit, %	10.1	16.6		9.7	15.2	

In the fourth quarter ESL Shipping's net sales decreased by 22% from the previous all-time high year to EUR 49.3 (63.3) million. The comparable operating profit for the quarter decreased by 52% to EUR 5.0 (10.5) million, with the comparable operating profit rate being 10.1% (16.6%). In accordance with expectations, ESL Shipping's result continued to recover in comparison to second and third quarter earnings, despite extremely stormy weather conditions in most of Continental Europe and Scandinavia and continued relatively low activity in certain customer industries, especially in the forest industry. Items affecting comparability amounted to EUR -0.6 (-0.3) million and included mainly advisory costs related to the sales process of a minority stake in ESL Shipping.

During the fourth quarter, cargo volumes transported by ESL Shipping decreased from the comparative period to 3.3 (3.8) million tons. The negative development was largely driven by lower volume of energy coal shipments and lower capacity of coaster vessels. The last quarter is normally the busiest season for energy transportation, but as a result of the exceptional situation in the previous year involving additional security of supply shipments and safety stocking, volumes remained at low level during the review period. The overall freight market activity in Scandinavia and Continental Europe remained at a lower level compared to the previous year even though freight market conditions improved towards the end of the year.

ESL Shipping's handysize vessels had lower than expected overall volume demand during the fourth quarter of 2023 driven by a decrease in energy coal shipments whereas steel industry demand from long term partnership customers remained stable at satisfactory volume levels. Energy shipping markets started to pick up again towards the end of the year. In Q4 the handysize vessel capacity increased compared to the previous quarters due to the limited dockings.

The shipping company's coaster vessel volumes remained fairly good but due to the reduced capacity lower than previous year's levels in steels, minerals, and chemicals. Forest industry experienced volume decrease especially in sawn timber. During the fourth quarter coaster vessel results were very negatively affected by the record high rate of weather-related delays such as suspension of pilotages, flooding and heavy rain leading into extremely inefficient and congested port operations. Additionally, the turbulent Finnish labour market situation resulted in overtime bans and strikes that severely disrupted normal port operations in Finland.

Supramax vessels enjoyed firming spot market conditions in the fourth quarter. Both vessels were operated in premium trade with clearly improved, positive results and cashflow.

During the fourth quarter one handysize vessel was stopped for maintenance for 10 days (0). The price of marine diesel fuel decreased in the fourth quarter somewhat from the previous quarter. The price of liquified natural gas LNG increased slightly due to seasonally higher demand. Overall, ship fuel prices were significantly lower during the fourth quarter than the levels experienced during the comparative period last year, impacting negatively on net sales. Energy price fluctuations are managed through neutral fuel clauses in long-term transportation agreements.

The newbuilding project of ESL Shipping's Swedish subsidiary AtoBatC Shipping AB at the Chowgule & Company Private Limited shipyard in India proceeded as planned during the fourth quarter. The first vessel in the series, Electramar, was delivered in December and is carrying project cargo from India to Scandinavia on her home voyage. The second vessel, Stellamar, was launched on October 1st and is expected to be delivered during the first quarter of 2024. Every other vessel in the series of 12 next-generation electric hybrid vessels will be sold, as announced earlier, to the company established by the pooling investor group. Stellamar is the first vessel to be sold further.

In April 2023 Aspo announced that it initiated a program to accelerate ESL Shipping's green transition through a program assessing three alternative measures, including a launch of a new investment pool of fossil-free vessels, a possible equity injection in ESL Shipping by a minority shareholder, and the sales of the shipping company's two supramax vessels. As the first result of this assessment, Aspo signed in November an agreement with OP Finland Infrastructure LP regarding an equity investment into ESL Shipping and in February 2024 Varma decided on a co-investment alongside OP Finland Infrastructure. The closing of the transactions is expected to take place by the end of February 2024.

During January–December ESL Shipping carried 12.8 (14.7) million tons of cargo. The shipping company's Scope 1 carbon dioxide emissions amounted to 202,601 (218,016) tons. CO2 efficiency was 14.74 (14.26) grams of CO2 per tonmile.

The net sales of ESL Shipping in January–December decreased by 23.0% from the comparative period, amounting to EUR 189.0 (245.4) million. The comparable operating profit halved to EUR 18.3 (37.4) million and the comparable operating profit rate was 9.7% (15.2%). Items affecting comparability amounted to EUR -0.6 (0.8) million and included mainly advisor costs related to strategic projects.

ESL Shipping outlook for 2024

Geopolitical tensions and related attacks against commercial shipping in Red Sea together with natural phenomena caused limitations to Panama Canal capacity are disturbing global supply chains. At the same time, more shipping capacity is needed to perform the same transport tasks due to an increase in distance travelled.

ESL Shipping's main markets in the Northern Baltic Sea, Scandinavia and Continental Europe are expected to continue low-cycle level of industrial activity. Despite that, to the shipping company important steel industry demand from long term partnership industries is expected to remain at good volume level. Forest industry is expected to be slowly recovering from the bottom of the cycle and overall volumes are expected to increase modestly.

Full year financial performance is expected to improve from previous year despite that at the early part of the year the prevailing most severe winter ice conditions in ten years will affect result negatively. Also, the announced industrial actions in Finland are expected to cause supply chain disruptions. The new green coasters added to the fleet during 2024 will support the positive profit development of ESL Shipping.

During 2024 vessels are expected to have approximately 80 (96) docking and maintenance days.

Telko

Telko is a leading expert in and supplier of plastic raw materials, industrial chemicals, and lubricants. It operates as a sustainable partner in the value chain, bringing well-known international principals and customers together. Its competitive edge is based on strong technical support, efficient logistics, and local expert service. Telko operates in Finland, the Baltic countries, Scandinavia, Poland, Romania, Ukraine, Kazakhstan, Uzbekistan, and China.

	10-12/2023	10-12/2022	Change,%	1-12/2023	1-12/2022	Change,%
Net sales, MEUR	49.0	54.3	-10	211.3	209.4	1
Operating profit, MEUR	2.3	2.2	5	8.0	8.2	-2
Operating profit, %	4.7	4.1		3.8	3.9	
Items affecting comparability, MEUR	0.0	0.5		-1.0	-3.1	
Comparable operating profit, MEUR	2.3	1.7	35	9.0	11.3	-20
Comparable operating profit, %	4.7	3.1		4.3	5.4	

In the fourth quarter of 2023, Telko's net sales decreased by 10% to EUR 49.0 (54.3) million and its comparable operating profit increased to EUR 2.3 (1.7) million. Telko's comparable operating profit rate was 4.7% (3.1%). Telko´s cashflow was very strong especially during the last quarter of the year. Inventory levels were further reduced during the quarter. The current inventory levels are well in balance with current demand.

Net sales of the plastics business decreased by 16% during the fourth quarter, amounting to EUR 23.6 (28.1) million. Sales were lower than the previous year due to a lower price level in the market and business restructuring in Central Asia. However, sales volumes increased slightly when disregarding Central Asia. The average prices of polyolefins and engineering plastics were slightly in decline compared to the previous quarter, but clearly lower than the same time the previous year. Market demand for plastics remained modest during the quarter. Economic challenges in Europe resulted in lower production levels in most industries with long production breaks especially during the holiday season.

Net sales of the chemicals business increased by 1% during the fourth quarter, amounting to EUR 12.7 (12.6) million. There was modest demand in most customer segments, partly because of an increasing number of shutdowns in process industries. However, there were no supply issues and in practice there was an oversupply of all products on the market. Development of Eltrex, acquired in Q1 2023, was in line with targets, and integration is ongoing with sales synergies building up. The price level has been relatively stable in chemicals. For the full year, western markets showed a relatively stable development, except in the Baltics, where demand was significantly lower than normally.

Net sales of the lubricants business decreased by 7% to EUR 12.7 (13.6) million. Industrial lubricants continued to demonstrate very good sales development with a focus on high-performance products and metalworking fluids. In addition, positive market share development was boosted by several new customer projects that were initiated during the quarter. In automotive lubricants sales declined slightly driven by lower consumer demand. The automotive lubricants in Scandinavia continued to improve its result with a positive trend established, whereas in Finland and Baltics the market has been more challenging. The Marine lubricants sales were lower than expected.

For the full year, the industrial lubricants had a very good result reaching all-time high level. Organic growth was achieved by taking market share in a declining market. Also, automotive lubricants in Scandinavia showed positive development during the year.

Telko's net sales increased by 1% during January–December to EUR 211.3 (209.4) million, driven by acquisitions. Telko's comparable operating profit for the full year was EUR 9.0 (11.3) million, and its comparable operating profit rate was 4.3% (5.4%). Telko's operating profit was at EUR 8.0 (8.2) million for January-December 2023 and the operating profit rate was 3.8% (3.9%).

Telko outlook for 2024

As a leading expert serving multiple industries, Telko is in a unique position to create value by improving its customers' sustainability, productivity, and operational quality. The core of Telko´s strategy remains the same despite the significant changes in its business environment during last year. Telko´s growth efforts will increasingly be focused on Europe, and the main components of the company´s value proposition is unchanged.

Demand is expected to remain slightly soft in key markets especially during the first half of 2024. Price levels are under pressure, but still expected to remain stable. Telko is well positioned in this market. Inventories are in line with current market conditions and opportunities for organic growth and positive market share development have been specified. Acquisitions are planned to support positive development. Telko serves industrial customers in various industries. The possible changes in demand will be softened by the heterogenic cyclicality of the diversified customer base, and hence Telko's business is expected to remain fairly resilient to changes in overall market development.

In plastics, market conditions are expected to remain challenging at least during the first half of 2024 due to an economic recession that is negatively impacting the average demand of the customer base. Inventories are well in line with current market conditions, and inventory rotation has improved. The latest development in the Red Sea will have some market impact, but it is still too early to anticipate the magnitude. These impacts could be, for example, shortages in supply and market price fluctuations. Telko's plastics business will continue to focus on high-quality specialty products, providing technical service, and improving our capabilities to offer sustainable plastic solutions.

In chemicals, demand is expected to remain slightly soft on key markets. Price levels are stable, following raw material development. Ukraine is expected to suffer from extensive production shutdowns during the winter. There are good growth opportunities in mining and metals in Central Asia. Several suppliers have lowered their production output, which may result in shortages of commodities and will increase volatility in prices of certain product lines.

Industrial lubricants sales is expected to maintain stable and continue to take market share. Slightly weaker demand in the first half of the year, followed by stronger second part of the year. Market prices and margins continue to be under pressure due to oversupply in the market. Prices for finished products are expected to remain stable, as base-oil and additives supply, and demand is balanced at the beginning of the year. In general, demand is still on the slow side. Automotive lubricants sales are estimated to be stable.

During the first half of the year, Telko will start the distribution of industrial lubricants in Poland and the distribution of automotive lubricants in Denmark.

The recent acquisitions have proved to be successful, and they have had a positive impact on the existing businesses. Telko aims to accelerate its growth through acquisitions to achieve its strategic goals in all three business areas and it has a solid pipeline of potential acquisitions. Telko remains confident of being able to increase the M&A pace. Telko will also seek to strengthen its market share in existing markets through organic growth.

In order to secure good profitability, Telko will further strengthen its cost efficiency and continue developing its operating model towards better scalability and flexibility. Good inventory control and capital efficiency will continue to be a high priority for Telko. The asset-light business model of Telko enables better ability to utilize new business opportunities and to react to changes in the business environment.

Leipurin

Leipurin operates as part of the food chain, sourcing raw materials in global markets and from domestic companies and supplying them through its effective logistics chain to serve customer needs. With operations in six countries including Finland, Sweden, the Baltic countries, and Ukraine, Leipurin serves bakeries, the food industry, and food service customers by providing raw materials, supporting research & development, recipes, and innovations for new products.

	10-12/2023	10-12/2022	Change,%	1-12/2023	1-12/2022	Change,%
Net sales, MEUR	33.9	35.3	-4	136.1	105.9	29
Operating profit, MEUR	1.0	0.2	400	5.6	-1.4	-500
Operating profit, %	2.9	0.6		4.1	-1.3	
Items affecting comparability, MEUR	0.2	-0.3		1.4	-2.5	
Comparable operating profit, MEUR	0.8	0.5	60	4.2	1.1	282
Comparable operating profit, %	2.4	1.4		3.1	1.0	

Leipurin's net sales decreased by 4% during the fourth quarter to EUR 33.9 (35.3) million. The decrease in sales was primarily evident in commodity categories. The trend was supported by Leipurin's ambition to focus on high value added market segments. In Finland net sales decreased by 1% to EUR 12.2 (12.3) million. In the Baltic countries, net sales decreased by 14% to EUR 8.6 (10.0) million. Net sales in Ukraine continued on a low level EUR 0.2 (0.2) million. Sweden was at previous year's level EUR 12.9 million (12.9) despite growth of 8% in local currency (SEK). During the fourth quarter, sales to bakeries increased by 4% to EUR 24.7 (25.7) million. Sales to the food industry decreased by 14% to EUR 3.0 (3.5) million, driven by a decline in selected volume product categories with low margin contribution.

The comparable operating profit for the fourth quarter stood at EUR 0.8 (0.5) million, and the comparable operating profit rate was 2.4% (1.4%). The comparable operating profit was negatively impacted by price adjustments in certain product categories, write-offs of inventory caused by significantly decreased market prices of certain product categories, as well as short-term production challenges. Items affecting comparability, totaling EUR 0.2 (-0.3) million, included the sales gain related to the divestment of Leipurin's equipment trading business in Finland. Leipurin's operating profit for the fourth quarter was EUR 1.0 (0.2) million and operating profit rate 2.9% (0.6%).

In January–December, Leipurin's net sales increased by 29% to EUR 136.1 (105.9) million. Figures for the comparative period included EUR 4.3 million in net sales of the divested Vulganus Oy. Kobia AB acquired in September 2022 contributed to the net by EUR 50 million (17) and its share of Leipurin's net sales was 37% during the period. The steep increase in raw material prices in global markets had a significant impact on the euro-denominated increase in sales, particularly in the first quarter and the beginning of the second quarter, flattening out towards the end of the year. Excluding the impact of Kobia AB, sales volume in kilos decreased by slightly over 10%.

Leipurin's comparable operating profit in January–December 2023 was EUR 4.2 (1.1) million, and the comparable operating profit rate was 3.1% (1.0%). Items affecting comparability, totaling EUR 1.4 (-2.5) million, were mainly related to the gain on the sale and leaseback transactions of properties in Sweden and Lithuania, and to a lesser extent, to the divestment of the equipment trading business in Finland. The comparative period was mainly affected by the destroyed warehouse in Ukraine, items related to the divestment of Vulganus Oy, and acquisition of Kobia AB. The operating profit was EUR 5.6 (-1.4) million and operating profit rate 4.1% (-1.3%).

Leipurin completed the sale and leaseback of the property in Gothenburg, Sweden during the first quarter, and the properties in Hässleholm and Tyresö, Sweden during the second quarter. These actions generated sales proceeds of EUR 13.6 million, which represents a significant share of the capital that was invested when acquiring Kobia AB. During the third quarter, Leipurin completed the sale and leaseback of the property in Kaunas, Lithuania at a sale price of EUR 1.1 million, and the goal going forward is to find modern and efficient facilities that are better suited to Leipurin Lithuania's operations. During the fourth quarter, Leipurin divested its bakery equipment trading business in Finland for EUR 0.5 million, clarifying the business portfolio and improving focus. The transactions will not have a significant impact on profitability going forward but will free up management's time to focus on Leipurin's core business.

Leipurin outlook for 2024

From mid-2022 and throughout the year 2023, volumes have declined across the food chain. This is very untypical for the food sector, and hence a recovery has been expected. Despite signs of volume recovery, the current market has overall settled at slightly lower volume levels than a year ago. In this development, Leipurin has not been an outlier. However, Leipurin volumes have declined predominantly in the low-margin commodities and thereby improving the product mix, which contributes to enhanced profitability.

Divesting the bakery equipment trading business enables an even better focus on food ingredients. Every Leipurin country has a growth and profitability improvement plan for 2024. The ongoing work to upgrade commercial activities, improve efficiency in the supply, and develop sourcing capabilities, is expected to improve financial performance also going forward. To strengthen growth and company positioning, Leipurin also evaluates possible acquisition opportunities.

While 2022–2023 was defined by inflation-driven revenue growth, price development is expected to be more stable going forward. Due to this, and the divestments, organic revenue growth in 2024 is expected to be modest on Leipurin -segment level.

Leipurin is entering 2024 from a strong position with Kobia successfully integrated, a new management structure in place, and with improved profitability as well as demonstrated capability to operate in volatile markets.

Non-core businesses

The Non-core businesses segment includes Telko Russia and Belarus as well as Kauko GmbH previously reported in the Telko segment, Leipurin Russia, Belarus and Kazakhstan previously reported in the Leipurin segment and ESL Shipping Russia previously reported in the ESL Shipping segment. The Non-core businesses segment was established to separate the results of the non-core businesses of Aspo from the results of the continuing businesses. The Non-core businesses segment is presented as discontinued operations. All the entities in the segment have either been sold or otherwise disposed of during the year 2023. Telko Russia was sold on April 30, 2023 and Telko Belarus was deconsolidated on August 31, 2023. Further, on December 31, 2023 the Leipurin entities in Russia, Belarus and Kazakhstan were all deconsolidated. Thus, all the entities in the Non-core segment are excluded from Aspo Group's financial reporting going forward.

	10-12/2023	10-12/2022	Change,%	1-12/2023	1-12/2022	Change,%
Net sales, MEUR	3.6	11.0	-67	16.6	82.7	-80
Operating profit, MEUR	-6.5	-14.5	-55	-16.1	-4.5	258
Operating profit, %	-180.6	-131.8		-97.0	-5.4	
Items affecting comparability, MEUR	-6.7	-14.6		-16.4	-16.1	
Comparable operating profit, MEUR	0.2	0.1	100	0.3	11.6	-97
Comparable operating profit, %	5.6	0.9		1.8	14.0	

The net sales of the Non-core businesses segment declined by 67% during the fourth quarter to EUR 3.6 (11.0) million. The comparable operating profit was EUR 0.2 (0.1) million and the comparable operating profit rate was 5.6% (0.9%). The negative net sales development was primarily driven by the divestment of Telko's Russian business. The comparable operating profit was a result of Leipurin's subsidiaries in Russia as well as minor positive net impact of currency fluctuations. The operating profit was EUR -6.5 (-14.5) million. The operating profit included EUR -6.7 (-14.6) million of items affecting comparability, which were caused by the write down of all assets in Leipurin Russia, Belarus and Kazakhstan in connection with the deconsolidation as well as the reclassification of cumulative translation differences relating to these entities from equity to profit and loss.

Aspo is still in the process of selling Leipurin entities in Russia and Kazakhstan, however, the sales process has prolonged and there is a lot of uncertainty around the transaction. Thus, at the end of the year 2023 Aspo concluded that, the control of the companies and their returns has ceased, resulting in the decision to deconsolidate the Leipurin entities in Russia, Belarus and Kazakhstan from Aspo Group. This resulted in the recognition of losses from the write down of the assets of the companies amounting to EUR -3.0 million, and in the reclassification of cumulative translation differences from equity to profit and loss of EUR -3.7 million, presented as items affecting comparability in the fourth quarter.

In January–December, the net sales of the Non-core businesses segment decreased by 80% to EUR 16.6 (82.7) million. The comparable operating profit was EUR 0.3 (11.6) million, and the comparable operating profit rate was 1.8% (14.0%). Items affecting comparability, totaling EUR -16.4 (-16.1) million consisted of the divestment loss of Telko Russia EUR -8.1 million, the write down of Telko Russia's inventory EUR -1.7 million, a loss of EUR -0,8 million for the deconsolidation of Telko's subsidiary in Belarus, and EUR -5.8 million for the deconsolidation of Leipurin's entities in Russia, Belarus and Kazakhstan. The operating profit was EUR -16.1 (-4.5) million, and the operating profit rate was -97.0% (-5.4%).

Other operations

Other operations include Aspo Group's administration, finance and ICT service center. In the fourth quarter the comparable operating profit of other operations was EUR -1.3 (-1.6) million. The operating profit of the quarter was EUR -1.3 (-1.7) million. An item affecting comparability of EUR -0.1 million was reported in the fourth quarter of 2022 and it related to corporate restructuring.

In January–December the comparable operating profit of other operations was EUR -5.3 (-5.9) million and the operating profit was EUR -5.4 (-6.6) million. The improved profitability derives from some restructuring activities at Aspo Group level. The items affecting comparability of -0.1 million related to corporate restructuring costs. In 2022, the items affecting comparability of EUR -0.7 million were related to the additional share-based remuneration granted to Aspo's previous CEO of EUR -0.5 million and to EUR -0.2 million of corporate restructuring expenses.

COMPANY INFORMATION

Aspo aims to achieve sustainable long-term growth by re-investing earned profits in profitable investment objects and by taking steps towards a compounder profile. Aspo enables growth for the businesses it owns and aims to improve their profitability and earnings by developing them and ensuring steady cash flows. The goal is to assume an even more active role in mergers, acquisitions, and other restructuring activities as well as in growth investments in the owned businesses. Aspo focuses especially on B-to-B industrial services, and its key clusters include logistics and trade.

Key businesses in Aspo's portfolio are ESL Shipping, Telko and Leipurin. They are responsible for their own operations and customer relationships, as well as for developing these. Sustainability is a key factor of Aspo's management system and guides the process of targeting new investment opportunities.

Share capital and shares

Aspo Plc's registered share capital on December 31, 2023, was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 16,244 shares, i.e. 0.05% of the share capital.

Based on the authorization by the Annual Shareholders' Meeting 2022, Aspo's Board of Directors decided to start a repurchasing program of the company's own shares on March 9, 2023. Additional treasury shares were needed for the purposes of the share-based incentive programs. During the period from March 9 to March 31, 2023, Aspo acquired a total of 36,194 of its own shares in trading organized by Nasdaq Helsinki Ltd.

A total of 3,850 treasury shares granted as share-based incentives were returned to Aspo in July in accordance with the terms of the incentive plan as the employment ended.

Aspo Plc has one share series. Each share entitles the shareholder to one vote at the Shareholders' Meeting. Aspo's share is quoted on Nasdaq Helsinki Ltd's Mid Cap segment under Industrial Goods and Services.

In January–December 2023, a total of 2,369,884 Aspo Plc shares, with a market value of EUR 16.2 million, were traded on Nasdaq Helsinki. In other words, 7.5% of the shares changed hands. During the review period, the share price reached a high of EUR 8.70 and a low of EUR 5.50. The average price was EUR 6.83 and the closing price at the end of the review period was EUR 5.98. At the end of the review period, the market value, less treasury shares, was EUR 187.8 million.

The company had 11,504 shareholders at the end of the review period. A total of 969,564 shares, or 3.09% of the share capital, were nominee registered or held by non-domestic shareholders.

Proposal for distribution of funds

Aspo's target is an annually increasing dividend distribution. The Board of Directors proposes to the Annual Shareholders' Meeting of Aspo Plc to be held on April 12, 2024, that EUR 0.24 per share be distributed in dividends for the 2023 financial year, and that no dividend will be paid for shares held by Aspo Plc. In addition, the Board of Directors proposes that the Annual Shareholders' Meeting authorizes the Board of Directors to decide on a possible distribution of capital from the invested unrestricted equity fund in the maximum amount of EUR 0.23 per share on a later date, if aligned with the growth strategy execution and considering the long term benefit of Aspo's shareholders. If the maximum amount is distributed, a total maximum of EUR 0.47 (0.46) per share would be distributed in dividends and return of capital for the 2023 financial year. The authorization would be valid until the next Annual Shareholders' Meeting.

On December 31, 2023, the parent company's distributable funds totaled EUR 30,362,002.30, with the profit for the financial year totaling EUR 1,468,907.45. The funds in the Invested unrestricted equity reserve amount to EUR 21,150,592.47. There are a total of 31,403,535 shares entitling to dividends on the publication date of this financial statement release.

The dividend of EUR 0.24 per share would be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of April 16, 2024. The Board of Directors proposes that the dividend be paid on April 23, 2024. The Board of Directors will decide at its meeting scheduled to be held latest in November 2024, on the possible distribution of capital from the invested unrestricted equity fund in the maximum amount of EUR 0.23 per share, which would be paid in November 2024 to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date.

Before the Board of Directors implements the decision made at the Annual Shareholders' Meeting, it must assess, as required in the Finnish Limited Liability Companies Act, whether the company's liquidity and/or financial position has changed after the decision was made at the Annual Shareholders' Meeting so that the prerequisites for the distribution of dividends stipulated in the Limited Liability Companies Act are no longer fulfilled. The fulfillment of the prerequisites stipulated in the Limited Liability Companies Act is a requirement for the implementation of the decision made at the Annual Shareholders' Meeting.

Remuneration

Share-based incentive plan 2023–2025

On February 15, 2023, Aspo Plc's Board of Directors approved a new incentive plan for the Group key employees by establishing a Performance Share Plan 2023–2025. The aim of the plan is to combine the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to retain the key employees at the Company, and to offer them competitive reward plan based on earning and accumulating the Company´s shares.

Rewards earned from each of the three performance periods of the Performance Share Plan will be based on the Group's Earnings per Share (EPS) and two criteria based on sustainability targets. The prerequisite for participation in the plan and for receipt of reward on the basis of the program is that a key person holds the Company's shares or acquires the Company's shares, up to the number predetermined by the Board of Directors.

The potential reward will be paid partly in the Company´s shares and partly in cash in 2024, 2025 and 2026. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key employee. As a rule, no reward will be paid if a key employee´s employment or service ends before the reward payment. The shares paid as reward may not be transferred during the restriction period. As a rule, if a key employee´s employment contract or director contract terminates during the restriction period, he or she must gratuitously return the shares earned as reward.

The Performance Share Plan 2023–2025 is directed to a maximum of 30 participants, including the members of the Group Executive Committee. The rewards to be paid on the basis of the plan correspond to the value of a maximum total of 320,000 Aspo Plc shares including also the proportion to be paid in cash.

Share-based incentive plan 2022–2024

On February 16, 2022, Aspo Plc's Board of Directors decided to establish a share-based incentive plan for 2022–2024. The share-based incentive plan consists of three earnings periods, with the earned reward being based on the Group's earnings per share (EPS) and two sustainability indicators.

The share-based incentive plan is directed at a maximum of 30 people, including the members of the Group Executive Committee. The potential reward will be paid partly in the company's shares and partly in cash in 2023, 2024 and 2025. The rewards payable based on the plan correspond to a maximum total value of 400,000 Aspo Plc shares, also including the proportion to be paid in cash.

For the 2022 earnings period, the targets were met at 90% overall. On March 29, 2023, Aspo Plc granted 76,050 treasury shares to employees included in the plan. The transfer was based on the share issue authorization of the Annual Shareholders' Meeting held on April 6, 2022.

Share-based incentive plan 2020

In June 2022, Aspo's Board of Directors granted 20,000 Aspo shares to Aspo's CEO Rolf Jansson based on the share-based incentive plan for 2020 and the conditions of the CEO's contract of service. 10,000 of the shares and an amount of cash equaling their value to cover taxes were transferred in June 2022 and at the same time, Jansson acquired 10,000 shares from the markets at his own expense in accordance with the contract. A second transfer of equal nature and quantity took place in June 2023.

Decisions of the Annual Shareholders' Meeting 2023

Dividend

Aspo Plc's Annual Shareholders' Meeting held on April 4, 2023, decided, as proposed by the Board of Directors, that EUR 0.23 per share be distributed in dividends for the 2022 financial year, and that no dividend be paid for shares held by Aspo Plc. The dividend was paid on April 17, 2023.

In addition, the Annual Shareholders' Meeting authorized the Board of Directors to decide on another dividend distribution in the maximum amount of EUR 0.23 per share at a later date. The Board of Directors decided in its meeting on November 1, 2023, of the second dividend distribution of EUR 0.23 per share. The dividend was paid on November 10, 2023. Thus, Aspo distributed a total dividend of EUR 0.46 per share in 2023.

All the decisions of the Annual Shareholders' Meeting can be found on www.aspo.com.

The Board of Directors and the auditor

At the Annual Shareholders' Meeting, Patricia Allam, Tapio Kolunsarka, Mikael Laine, Salla Pöyry, Tatu Vehmas and Heikki Westerlund were re-elected to the Board of Directors. Kaarina Ståhlberg was elected as a new member of the Board. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Heikki Westerlund was elected as Chairman of the Board and Mikael Laine as Vice Chairman. At the meeting the Board decided to appoint Heikki Westerlund as Chair of the Human Resources and Remuneration Committee, and Tapio Kolunsarka, Salla Pöyry and Tatu Vehmas as committee members. At the meeting the Board also decided to appoint Kaarina Ståhlberg as Chair of the Audit Committee, and Patricia Allam, Mikael Laine and Tatu Vehmas as committee members.

In 2023, the Board of Directors arranged 15 meetings. The participation rate was 99%.

The authorized public accountant firm Deloitte Oy was re-elected as the company's auditor. Deloitte announced that Jukka Vattulainen, APA, will be the auditor in charge. The auditor's fee will be paid in accordance with an accepted invoice.

Board authorizations

<u>Authorization of the Board of Directors to decide on the acquisition of treasury shares</u>

The Annual Shareholders' Meeting authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares. The authorization includes the right to accept treasury shares as a pledge. The authorization is valid until the Annual Shareholders' Meeting in 2024 but not more than 18 months from the approval at the Shareholders' Meeting.

In 2023, Aspo acquired a total of 36,194 of its own shares in trading organized by Nasdaq Helsinki Ltd.

<u>Authorization of the Board of Directors to decide on a share issue of treasury shares</u>

The Annual Shareholders´ Meeting authorized the Board of Directors to decide on a share issue, through one or several installments, to be executed by conveying treasury shares. An aggregate maximum amount of 2,500,000 shares may be conveyed based on the authorization. The authorization is valid until the Annual Shareholders' Meeting in 2024 but not more than 18 months from the approval at the Shareholders' Meeting.

In 2023, 86,050 shares were conveyed based on the share-based incentive plans.

<u>Authorization of the Board of Directors to decide on a share issue of new shares</u>

The Annual Shareholders' Meeting authorized the Board of Directors to decide on a share issue for consideration, or on a share issue without consideration for the Company itself. The authorization includes the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 2,500,000. The authorization is valid until the Annual Shareholders' Meeting in 2024 but not more than 18 months from the approval at the Shareholders' Meeting.

<u>Authorization of the Board of Directors to decide on charitable contributions</u>

The Annual Shareholders' Meeting authorized the Board of Directors to decide on contributions in the total maximum amount of EUR 100,000 for charitable or similar purposes, and to decide on the recipients, purposes and other terms of the contributions. The authorization is valid until the Annual Shareholders' Meeting in 2024.

In 2023, donations of approximately EUR 10,000 were made.

Proposals of the shareholders' Nomination Board for the Shareholders' Meeting 2024

The Nomination Board of Aspo Plc's shareholders consists of the representatives of the four largest shareholders. The following representatives of the largest shareholders were members of the Nomination Board which prepared proposals for the Annual Shareholders' Meeting 2024: Roberto Lencioni, Chairman (Vehmas family, including AEV Capital Holding Oy); Gustav Nyberg (Nyberg family, including Oy Havsudden Ab); Pekka Pajamo, (Varma Mutual Pension Insurance Company); and Annika Ekman (Ilmarinen Mutual Pension Insurance Company). In addition, Heikki Westerlund, Chairman of Aspo Board of Directors, has acted as an expert member of the Nomination Board.

Annika Ekman abstained herself from the preparation and decision-making of the proposals for the 2024 Annual General Meeting and announced that she has resigned from being a member of the Nomination Board on November 13, 2023. The Nomination Board did not elect a new member to replace the resigned member during this term because the minimum number of members according to the rules of procedure is met.

The Nomination Board of Aspo Plc's shareholders proposes to the Annual Shareholders' Meeting of Aspo Plc to be held on April 12, 2024 that the Board of Directors will have seven members.

Members of the Board of Directors

The Nomination Board proposes that Patricia Allam, Tapio Kolunsarka, Mikael Laine, Kaarina Ståhlberg, Tatu Vehmas and Heikki Westerlund, all current members of the company's Board of Directors, be re-elected as members of the Board, and Annika Ekman be elected as a new member of the Board for the term starting at the end of the Annual Shareholders' Meeting 2024. Aspo's long-time board member and Human Resources and Remuneration Committee member Salla Pöyry, will step down from the Board of Directors after the current term.

All of the aforementioned individuals proposed as members of the Board of Directors have given their consent to their appointment. The members of the Board of Directors elect a Chairman and a Vice Chairman from among its members. The proposed individuals have announced to the company that, if they are elected, they will elect Heikki Westerlund as the Chairman of the Board of Directors and Mikael Laine as the Vice Chairman.

Remuneration paid to the members of the Board of Directors

The Nomination Board proposes that the monthly fees of the board members remain unchanged:

- EUR 3,000 per month for members of the Board of Directors
- EUR 4,400 per month, for the Vice Chairman
- EUR 6,000 per month, for the Chairman

The Nomination Board proposes that the meeting fees paid to members of the Committees are EUR 800 per meeting and the meeting fee of the Chairmen of the Committees EUR 1,200 per meeting. If the Chairman of the Committee is also the Chairman or the Vice Chairman of the Board of Directors, the Nomination Board proposes that the fee paid to the Chairman of the Committee is the same as that paid to members of the Committee. Board members having a full-time position in an Aspo Group company are not paid a fee.

FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	10-12/2023 MEUR	10-12/2022 MEUR	1-12/2023 MEUR	1-12/2022 MEUR
Continuing operations				
Net sales	**132.2**	**152.9**	**536.4**	**560.7**
Other operating income	0.9	1.0	4.3	3.0
Materials and services	-81.5	-93.4	-338.6	-332.2
Employee benefit expenses	-12.2	-13.1	-48.5	-48.8
Depreciation, amortization, and impairment losses	-4.9	-5.1	-19.3	-18.0
Depreciation and impairment losses, leased assets	-3.8	-3.7	-14.2	-15.2
Other operating expenses	-24.3	-27.7	-94.2	-111.1
Operating profit	**6.4**	**10.9**	**25.9**	**38.4**
Financial income and expenses	-2.7	-1.9	-9.3	-5.9
Profit before taxes	**3.7**	**9.0**	**16.6**	**32.5**
Income taxes	-0.7	-0.3	-0.4	-1.7
Profit from continuing operations	**3.0**	**8.7**	**16.2**	**30.8**
Profit from discontinued operation	-6.8	-14.1	-14.6	-10.1
Profit for the period	**-3.8**	**-5.4**	**1.6**	**20.7**
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	5.4	-7.2	12.2	-1.2
Cash flow hedging	-0.1		-0.1	
Other comprehensive income for the period, net of taxes	5.3	-7.2	12.1	-1.2
Total comprehensive income	**1.5**	**-12.6**	**13.7**	**19.5**
Profit attributable to parent company shareholders	-3.8	-5.4	1.6	20.7
Total comprehensive income attributable to parent company shareholders	1.5	-12.6	13.7	19.5
Earnings per share attributable to parent company shareholders, EUR				
Basic and diluted earnings per share				
Continuing operations	0.08	0.23	0.45	0.93
Discontinued operations	-0.21	-0.44	-0.46	-0.32
Total	**-0.13**	**-0.21**	**-0.01**	**0.61**

Aspo Group's condensed consolidated balance sheet

Assets	**12/2023** MEUR	**12/2022** MEUR
Intangible assets	51.7	46.8
Tangible assets	169.0	178.4
Leased assets	22.5	15.9
Other non-current assets	2.5	1.5
Total non-current assets	245.7	242.6
Inventories	59.2	69.9
Accounts receivable and other receivables	74.1	69.3
Cash and cash equivalents	30.7	21.7
	164.0	160.9
Assets held for sale		12.4
Total current assets	164.0	173.3
Total assets	**409.7**	**415.9**
Equity and liabilities		
Share capital and premium	22.0	22.0
Other equity	118.5	121.7
Total equity	140.5	143.7
Loans and overdraft facilities	138.5	154.3
Lease liabilities	8.3	4.6
Other liabilities	6.1	7.6
Total non-current liabilities	152.9	166.5
Loans and overdraft facilities	33.9	17.8
Lease liabilities	15.2	11.7
Accounts payable and other liabilities	67.2	72.3
	116.3	101.8
Liabilities directly associated with assets classified as held for sale		3.9
Total current liabilities	116.3	105.7
Total equity and liabilities	**409.7**	**415.9**

Aspo Group's condensed consolidated cash flow statement

	1-12/2023 MEUR	1-12/2022 MEUR
CASH FLOWS FROM/USED IN OPERATING ACTIVITIES		
Operating profit, Group total	9.8	31.2
Adjustments to operating profit	45.2	50.6
Change in working capital	4.4	-6.7
Interest paid	-9.2	-4.2
Interest received	0.8	0.3
Income taxes paid	-3.4	-3.5
Net cash from operating activities	**47.6**	**67.7**
CASH FLOWS FROM/USED IN INVESTING ACTIVITIES		
Investments	-21.8	-17.8
Proceeds from sale of tangible assets	12.3	1.8
Acquisition of businesses	-3.9	-17.9
Disposal of businesses*)	-7.4	0.3
Dividends received	0.5	0.3
Net cash used in investing activities	**-20.3**	**-33.3**
CASH FLOWS FROM/USED IN FINANCING ACTIVITIES		
Proceeds from loans	75.7	29.6
Repayment of loans	-76.0	-18.7
Net change in commercial papers		-5.0
Payments for purchase of own shares	-0.3	
Payments of lease liabilities	-14.6	-16.2
Hybrid bond repayment		-20.0
Proceeds from Hybrid bond issue		30.0
Hybrid bond, interest paid	-2.6	-1.8
Hybrid bond, issuance fees paid		-0.3
Dividends paid	-14.4	-14.1
Net cash used in financing activities	**-32.3**	**-16.5**
Change in cash and cash equivalents	**-5.0**	**17.9**
Cash and cash equivalents January 1	33.6	17.7
Translation differences	0.1	0.0
Change in impairment of cash and cash equivalents	2.0	-2.0
Cash and cash equivalents at period-end, Group total	**30.7**	**33.6**
Cash and cash equivalents held for sale		-11.9
Cash and cash equivalents in balance sheet	**30.7**	**21.7**

*) In 2023 the cash flow from the sale of Telko's subsidiary in Russia was EUR -4.4 million. The cash impact of the deconsolidation of the other entities in the Non-core businesses segment amounted to EUR -3.4 million in 2023. The cash impact of the sale of Leipurin's bakery equipment business was EUR 0.4 million.

Aspo Group consolidated statement of changes in equity

MEUR	Share capital and premium	Other reserves	Hybrid bond	Translation differences	Retained earnings	Total
Equity January 1, 2023	**22.0**	**16.5**	**30.0**	**-26.0**	**101.2**	**143.7**
Comprehensive income:						
Profit for the period					1.6	1.6
Cash flow hedging		-0.1				-0.1
Translation differences				-3.0		-3.0
Reclassification of translation differences				15.2		15.2
Total comprehensive income		-0.1		12.2	1.6	13.7
Transactions with owners:						
Dividend payment					-14.4	-14.4
Hybrid bond interest					-2.6	-2.6
Purchase of own shares					-0.3	-0.3
Share-based incentive plan					0.4	0.4
Total transactions with owners					-16.9	-16.9
Equity December 31, 2023	**22.0**	**16.4**	**30.0**	**-13.8**	**85.9**	**140.5**
Equity January 1, 2022	**22.0**	**16.5**	**20.0**	**-24.8**	**95.7**	**129.4**
Comprehensive income:						
Profit for the period					20.7	20.7
Translation differences				-1.2		-1.2
Total comprehensive income				-1.2	20.7	19.5
Transactions with owners:						
Dividend payment					-14.1	-14.1
Hybrid bond			10.0			10.0
Hybrid bond interest and issuance costs					-2.2	-2.2
Share-based incentive plan					1.1	1.1
Total transactions with owners			10.0		-15.2	-5.2
Equity December 31, 2022	**22.0**	**16.5**	**30.0**	**-26.0**	**101.2**	**143.7**

Accounting principles

Aspo Plc's financial statement release has been prepared in accordance with the principles of IAS 34 Interim Financial Reporting. As of the beginning of the financial year, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2022 consolidated financial statements. In other respects, the same accounting and measurement principles have been applied as in the 2022 consolidated financial statements. The information in this financial statement release is unaudited.

Aspo Plc applies the guidance on alternative key figures issued by ESMA. In addition to IFRS figures, the company releases other commonly used key figures, which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the view drawn by the statement of comprehensive income and balance sheet of Aspo's financial performance and financial position. The calculation principles of key figures are explained on page 64 of Aspo's Year 2022 publication.

Personnel

At the end of the review period, Aspo Group had 712 employees (886 at the end of 2022, of which discontinued operations accounted for 130 employees).

Segment information

Aspo Group's reportable segments are ESL Shipping, Telko, Leipurin and Non-core businesses.

In the beginning of year 2023 Aspo started to report the eastern businesses held for sale in a new segment called Non-core businesses and at the same time, Aspo classified the new segment as discontinued operations. The comparative figures were restated for all segments impacted by this financial reporting restructuring. By the end of year 2023 all entities in the Non-core businesses segment have been sold or deconsolidated. Thus, the Non-core businesses segment will cease to exist as per 31.12.2023.

The Non-core businesses segment includes Telko Russia and Belarus as well as Kauko GmbH previously reported in the Telko segment, Leipurin Russia, Belarus and Kazakhstan previously reported in the Leipurin segment as well as ESL Shipping Russia previously reported in the ESL Shipping segment. The Non-core businesses segment was established to separate the results of the non-core businesses of Aspo from the results of the continuing businesses.

Reconciliation of segment operating profit to the Group's profit before taxes from continuing operations

1-12/2023

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	17.7	8.0	5.6	-5.4	25.9
Net financial expenses				-9.3	-9.3
Profit before taxes					16.6

1-12/2022

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	38.2	8.2	-1.4	-6.6	38.4
Net financial expenses				-5.9	-5.9
Profit before taxes					32.5

The unallocated operating profit of EUR -5.4 (-6.6) million includes the result of other operations.

Discontinued operations and other non-current assets and disposal groups held for sale

The Non-core businesses segment was established in the beginning of the year and classified as discontinued operations in accordance with the IFRS 5 standard. In the statement of comprehensive income, the figures for the comparative periods have been restated. In the comparative periods the discontinued operations also include the figures of Kauko Oy, which was sold on October 31, 2022.

The divestment of Telko's Russian subsidiary was completed during the second quarter. The company was sold to the Russian industrial operator GK Himik. The sales price received was EUR 5.7 million which materially corresponded to the carrying value of the divested company's net assets considering the impairment losses recognized already in 2022 and the valuation adjustments done in 2023. The loss on divestment was EUR -8.1 million, including accumulated translation differences of EUR -10.2 million that were reclassified from the translation reserve in equity to other operating expenses in profit and loss. The costs to sell amounted to EUR -0.6 million.

Telko's subsidiary in Belarus was deconsolidated from Aspo Group during the third quarter. The company is currently in liquidation. The recognized loss was EUR -0.8 million, including accumulated translation differences of EUR -1.0 million that were reclassified from the translation reserve in equity to other operating expenses in the profit and loss.

Aspo is still in the process of selling Leipurin entities in Russia and Kazakhstan, however, the sales process has prolonged and there is a lot of uncertainty around the transaction. Thus, at the end of the year 2023 Aspo concluded that the control of the companies and their returns has ceased, resulting in the decision to deconsolidate the Leipurin entities in Russia, Belarus and Kazakhstan from Aspo Group. This resulted in the recognition of losses from the write down of the assets of the companies amounting to EUR -3.0 million, and in the reclassification of cumulative translation differences from equity to profit and loss of EUR -3.7 million in the fourth quarter. In January–December 2023 the total cost for the disposal of Leipurin east was EUR -5.8 million, consisting of EUR -2.1 from write down of the assets of the companies, and reclassification of cumulative translation differences of EUR -3.7 million.

Profit from discontinued operations

	10-12/2023	**10-12/2022**	**1-12/2023**	**1-12/2022**
	MEUR	MEUR	MEUR	MEUR
Net sales	3.6	11.8	16.6	91.9
Other operating income	0.0	0.1	0.0	0.3
Materials and services	-3.4	-17	-14.4	-77.6
Employee benefit expenses	-0.3	-1.2	-2.1	-7.1
Depreciation, amortization and impairment losses	-0.2	-1.6	-0.1	-3.1
Depreciation, leased assets	-0.1	-1.0	-0.2	-1.5
Other operating expenses	-6.1	-6.8	-15.9	-10.1
Operating profit	**-6.5**	**-15.7**	**-16.1**	**-7.2**
Financial income and expenses	-0.1	2.6	1.8	-0.4
Profit before taxes	**-6.6**	**-13.1**	**-14.3**	**-7.6**
Income taxes	-0.2	-1.0	-0.3	-2.5
Profit for the period	**-6.8**	**-14.1**	**-14.6**	**-10.1**

Net cash flows of discontinued operations

	1-12/2023	**1-12/2022**
	MEUR	MEUR
Net cash inflow from operating activities	0.6	20.7
Net cash inflow/outflow(-) from investing activities	-7.8	-1.0
Net cash inflow/outflow(-) from financing activities	-0.4	-2.1
Net change in cash generated by the discontinued operations	**-7.6**	**17.6**

Net cash flows of discontinued operations consist of the Non-core businesses segment's share of Aspo Group's cash flows. In the comparison periods the figures also include Kauko Oy's cash flows.

The cash flow from the sale of Telko's subsidiary in Russia was EUR -4.4 million and it is presented in the cash flow from investing activities. The cash received as purchase consideration was EUR 5.7 million and the divested company's cash and cash equivalents amounted to EUR 10.1 million. The cash impact of the deconsolidation of the other entities in the Non-core businesses segment amounted to EUR -3.4 million in 2023.

In 2022, the cash flow from the divestment of Kauko Oy EUR -1.0 million is included in the cash flow from investing activities. The cost to sell Kauko of EUR -0.4 million is presented in the cash flow from operating activities. The cash flow from financing mainly consisted of repayments of Kauko Oy's interest-bearing loans in 2022.

Assets and liabilities classified as held for sale

	12/2023 MEUR	12/2022 MEUR
Other assets held for sale		12.4
Assets classified as held for sale, total		**12.4**
Liabilities directly associated with assets classified as held for sale		3.9
Liabilities directly associated with assets classified as held for sale, total		**3.9**

At the end of the year 2023 the entities reported in the Non-core business segment do not have any assets or liabilities left as all the companies have been deconsolidated from Aspo Group. At the end of the year 2022 the assets and liabilities held for sale include the assets and liabilities of the entities reported in the Non-core businesses segment.

Acquisition of Eltrex

On 31 January 2023, Telko acquired Eltrex, a Polish distributor of specialty chemicals and industrial packaging materials, with net sales of approximately EUR 8 million and operating profit slightly less than EUR 1.0 million in 2022.

The estimated total consideration of EUR 5.0 million will be paid fully in cash, and EUR 3.9 million has already been paid. The rest of the consideration will be paid in the years 2024 and 2025 based on the earn-out clause of the purchase agreement. The assets and liabilities of the acquired company were measured at fair value on the acquisition date. A fair value adjustment of EUR 3.1 million was made on intangible assets based on customer relationships, non-compete clauses and trademarks, and the fair value adjustment relating to inventories was EUR 0.1 million. The deferred tax liability arising from the fair value adjustments was EUR 0.6 million. The carrying amount of the other acquired assets and liabilities corresponded to their fair values. A goodwill balance of EUR 1.4 million was recognized from the acquisition. The acquisition-related costs of approximately EUR 0.4 million were recognized in the Telko segment's other operating expenses.

Acquisition calculation of Eltrex

	12/2023 MEUR
Consideration	
Paid in cash	5.0
Total consideration	**5.0**
Assets acquired and liabilities assumed, fair value	
Intangible assets	3.4
Leased assets	0.6
Inventories	1.4
Accounts receivable and other receivables	1.1
Total assets	**6.5**

Interest bearing liabilities	1.3
Accounts payable and other liabilities	1.0
Deferred tax liability	0.6
Total liabilities	**2.9**
Net assets acquired	**3.6**
Goodwill	**1.4**

Aspo Group disaggregation of net sales from continuing operations

Telko net sales

	10-12/2023 MEUR	**10-12/2022** MEUR	**Change** %	**1-12/2023** MEUR	**1-12/2022** MEUR	**Change** %
Business area:						
Plastics business	23.6	28.1	-16	101.4	110.1	-8
Chemicals business	12.7	12.6	1	59.4	49.2	21
Lubricants business	12.7	13.6	-7	50.5	50.1	1
Telko total	**49.0**	**54.3**	**-10**	**211.3**	**209.4**	**1**

Leipurin net sales

	10-12/2023 MEUR	**10-12/2022** MEUR	**Change** **%**	**1-12/2023** MEUR	**1-12/2022** MEUR	**Change** **%**
Regions:						
Finland	12.2	12.3	-1	49.3	46.6	6
Sweden	12.9	12.9	0	50.2	17.3	190
Baltics	8.6	10.0	-14	35.8	36.8	-3
Ukraine	0.2	0.2	0	0.8	0.9	-11
Total	33.9	35.4	-4	136.1	101.6	34
of which:						
Bakeries	24.7	25.7	-4	99.7	74.9	33
Food Industry	3.0	3.5	-14	11.9	11.8	1
Retail, foodservice, other	6.2	6.2	0	24.5	14.9	64
Vulganus		-0.1	-100		4.3	-100
Leipurin total	**33.9**	**35.3**	**-4**	**136.1**	**105.9**	**29**

ASPO

Net sales by timing of revenue recognition

	10-12/2023 MEUR	10-12/2022 MEUR	1-12/2023 MEUR	1-12/2022 MEUR
ESL Shipping				
At a point in time	0.1	0.6	0.2	3.5
Over time	49.2	62.7	188.8	241.9
	49.3	63.3	189.0	245.4
Telko				
At a point in time	48.8	54.2	210.8	209.0
Over time	0.2	0.1	0.5	0.4
	49.0	54.3	211.3	209.4
Leipurin				
At a point in time	33.9	35.3	136.1	102.6
Over time	0.0	0.0	0.0	3.3
	33.9	35.3	136.1	105.9
Total				
At a point in time	82.8	90.1	347.1	315.1
Over time	49.4	62.8	189.3	245.6
	132.2	152.9	536.4	560.7

Net sales by market area

	10-12/2023 MEUR	10-12/2022 MEUR	1-12/2023 MEUR	1-12/2022 MEUR
ESL Shipping				
Finland	29.2	32.6	99.4	121.5
Scandinavian countries	13.2	11.9	53.4	58.5
Baltic countries	0.0	0.5	0.4	2.9
Other European countries	5.1	10.9	26.1	48.2
Other countries	1.8	7.4	9.7	14.3
	49.3	63.3	189.0	245.4
Telko				
Finland	11.7	13.7	48.5	53.5
Scandinavian countries	12.8	14.1	54.9	61.7
Baltic countries	6.1	7.7	27.7	28.3
Other European countries	10.9	9.5	46.8	39.0
Other countries	7.5	9.3	33.4	26.9
	49.0	54.3	211.3	209.4
Leipurin				
Finland	12.4	12.3	49.5	49.4
Scandinavian countries	12.5	12.7	49.3	17.4
Baltic countries	8.6	9.9	35.7	36.6
Other European countries	0.4	0.4	1.6	2.4
Other countries	0.0	0.0	0.0	0.1
	33.9	35.3	136.1	105.9

ASPO

Total				
Finland	53.3	58.6	197.4	224.4
Scandinavian countries	38.5	38.7	157.6	137.6
Baltic countries	14.7	18.1	63.8	67.8
Other European countries	16.4	20.8	74.5	89.6
Other countries	9.3	16.7	43.1	41.3
	132.2	152.9	536.4	560.7

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Non-core businesses	Group total
Investments	1-12/2023	20.7	0.9	0.1	0.1	21.8
Investments	1-12/2022	16.5	1.1	0.2	0.0	17.8

Green coaster investment commitment

AtoBatC Shipping AB, reported in the ESL Shipping segment, is building a series of six highly energy-efficient electric hybrid vessels at the Chowgule and Company Private Limited shipyard in India. The new vessels of ice class 1A will be top of the line in terms of their cargo capacity, technology and innovation. The total value of the six-vessel investment is approximately EUR 70 million, and its cash flows will be divided mainly for the years 2023 and 2024. In 2023 the investment in green coasters have been EUR 14.2 million including one delivered vessel named Electramar and advance payments for the other green coasters under construction.

Segment assets and liabilities

MEUR	ESL Shipping	Telko	Leipurin	Held for sale	Unallocated items	Group total
Assets Dec 31, 2022	224.8	85.7	68.5	12.4	24.5	415.9
Assets Dec 31, 2023	241.5	74.5	58.8		34.9	409.7
Liabilities Dec 31, 2022	32.3	34.4	16.4	3.9	185.2	272.2
Liabilities Dec 31, 2023	31.8	33.2	19.2		185.0	269.2

Events after the review period

On January 2, 2024, Aspo signed a revolving credit facility agreement amounting to EUR 20 million. The credit is being granted by Nordea Bank Abp. The maturity of the revolving credit facility agreement is two years plus an option for one additional year. The agreement will replace a prior revolving credit facility agreement of the same amount which had remained unused.

On February 8, 2024, Aspo announced that Varma Mutual Pension Insurance Company has agreed to co-invest EUR 15 million alongside OP Finland Infrastructure LP in Aspo's subsidiary ESL Shipping. As a result, the combined investment into ESL Shipping managed by OP Finland Infrastructure LP rises to total of EUR 45 million at the closing of the transaction. The combined EUR 45 million investment managed by OP Finland Infrastructure LP will be made against issuance of new shares in ESL Shipping with an agreed pre-money equity valuation of EUR 165 million, corresponding to a 21.43% ownership stake in ESL Shipping.

Helsinki, February 15, 2024

Aspo Plc
Board of Directors

Press and analyst conference

A press, analyst and investor conference will be held at FLIK's Eliel studio in Sanomatalo, Töölönlahdenkatu 2, 00100 Helsinki on Friday February 16, 2024 at 10:30 a.m. The event is also open to private investors, and participants are requested to register beforehand by emailing viestinta@aspo.com.

The financial statement release will be presented by CEO Rolf Jansson. The presentation material will be available at www.aspo.com/en before the event.

The event will be held in English, and it can also be followed by a live webcast at https://aspo.videosync.fi/q4-2023. Questions can be asked after the event by telephone by registering through the following link: https://palvelu.flik.fi/teleconference/?id=50048701. After registering, participants will be given a telephone number and identifier to participate in the telephone conference. The recording of the event will be available on the company's website later on the same day.

Note: Because the future estimates presented in this report are based on the current situation and knowledge, they involve significant risks and other uncertainties, due to which actual future outcomes may differ from the estimates.

Helsinki, February 16, 2024

Aspo Plc

Rolf Jansson Arto Meitsalo

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Aspo creates value by owning and developing business operations sustainably and in the long term. Our companies aim to be market leaders in their sectors. They are responsible for their own operations, customer relationships and the development of these aiming to be forerunners in sustainability. Aspo supports its businesses profitability and growth with the right capabilities. Aspo Group has businesses in 13 different countries, and it employs a total of approximately 700 professionals.