Aspo Plc
Interim Report
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Aspo Group Interim Report, January 1 to March 31, 2022

Strong start for the year: Comparable operating profit nearly doubled, rest of the year marked by uncertainty

Figures from the corresponding period in 2021 are presented in brackets.

January–March 2022, continuing operations

- Aspo's net sales increased by 24% to EUR 160.4 (129.4) million.
- Comparable operating profit, at Group total level was EUR 15.0 (7.9) million, and the operating profit rate was 9.2% (6.0%).
- The comparable operating profit of ESL Shipping was EUR 7.9 (4.5) million, Telko EUR 8.6 (4.6) million, and Leipurin EUR 0.7 (0.3) million.
- Items affecting the comparability of operating profit totaled EUR -4.9 million at Group total level.
- Operating profit was EUR 10.3 (7.8) million. The operating profit rate was 6.4% (6.0%).
- The operating profit of ESL Shipping was EUR 9.2 (4.5) million, Telko EUR 4.0 (4.6) million, and Leipurin EUR -0.4 (0.3) million.
- Earnings per share increased to EUR 0.22 (0.19).
- Net cash from operating activities was EUR 15.2 (6.6) million. Free cash flow was EUR 13.8 (5.1) million.

Guidance for 2022

Aspo Group's comparable operating profit will be EUR 27–34 (42.4) million in 2022.

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Key figures

	1-3/2022	1-3/2021	1-12/2021
Net sales from continuing operations, MEUR	160.4	129.4	573.3
ESL Shipping, operating profit, MEUR	9.2	4.5	26.8
Telko, operating profit, MEUR	4.0	4.6	20.4
Leipurin, operating profit, MEUR	-0.4	0.3	-2.4
Other operations, operating profit, MEUR	-2.5	-1.6	-7.9
Operating profit from continuing operations, MEUR	10.3	7.8	36.9
Operating profit from continuing operations, %	*6.4*	*6.0*	*6.4*
Operating profit from discontinued operations, MEUR	-0.2	0.1	-3.0
Operating profit, Group total, MEUR	10.1	7.9	33.9
Items affecting comparability, MEUR*)	-4.9		-8.5
Comparable operating profit, Group total, MEUR	15.0	7.9	42.4
Comparable operating profit, Group total, %	*9.2*	*6.0*	*7.2*
Profit before taxes, MEUR	8.5	6.9	33.0
Profit for the period, MEUR	7.0	6.4	25.3
Profit from continuing operations, MEUR	7.2	6.3	28.3
Profit from discontinued operations, MEUR	-0.2	0.1	-3.0
Earnings per share (EPS), EUR	0.21	0.19	0.76
EPS from continuing operations, EUR	0.22	0.19	0.86
EPS from discontinued operations, EUR	-0.01	0.00	-0.10
Net cash from operating activities, MEUR	15.2	6.6	44.0
Free cash flow, MEUR	13.8	5.1	27.5
Return on equity (ROE), %	21.2	21.8	20.8
Equity ratio, %	31.4	31.1	32.0
Gearing, %	118.8	139.0	129.4
Equity per share, EUR	4.28	3.86	4.14

Rolf Jansson, CEO of Aspo Group, comments on the first quarter of 2022:

Peace in Eastern Europe was tragically disturbed after Russia invaded Ukraine at the end of February. Ever since, our key priority has been to protect our personnel's safety in Ukraine. We have provided our Ukrainian employees and their family members with transportation to neighboring Poland and Romania, as well as accommodation. To our knowledge, none of our employees has been hurt or has died as a result of Russia's acts of war.

Aspo's business environment is looking quite different from our estimate in our financial statements release. It is obvious that the operating environment has changed dramatically in eastern markets, and Russia's reprehensible invasion will have an enduring impact on business opportunities in the region.

As announced previously, Aspo has decided to withdraw Leipurin's operations from Russia, Belarus and Kazakhstan. We will investigate strategic alternatives, also including the possible divestment of these businesses. The more detailed schedule and implementation of the process will be evaluated, and the process will be carried out addressing the company's employees and customers, as well as local legislation. Telko's ability to continue its operations in Russia has deteriorated, and the stricter sanctions have accelerated the adaptation of operations. Since the war broke out in Ukraine, the capital invested in Telko's warehouse and receivables in Russia has decreased by roughly 30%. The investigation of strategic alternatives for Telko's operations in Russia is being actively continued. The majority of ESL Shipping's operations related to Russia has been suspended, and the released vessel capacity has been transferred to other operating areas. All transportation operations related to Russia are expected to stop by the end of the year. Aspo's management is closely monitoring the progress and impact of the crisis and will assess and carry out any further measures on a business-specific basis.

Aspo's financial results for the first quarter of 2022 can be regarded as excellent. The Group's net sales increased by 23% to EUR 162.6 million. The growth target of 5–10% was significantly exceeded. Operating profit also increased significantly from the comparative period to EUR 10.1 million and 6.2%. The operating profit of Telko and Leipurin for the first quarter was particularly affected by their warehouses in Ukraine, which were destroyed as a result of Russia's acts of war, and credit loss provisions associated with accounts receivable in Ukraine. Considering the Group as a whole, items affecting comparability totaled EUR -4.9 million during the first quarter. This also includes ESL Shipping's sales gains of EUR 1.5 million, attributable to the sale of the barge *Espa*. The Group's comparable operating profit for the first quarter was record-high at EUR 15.0 (7.9) million. The comparable operating profit was 9.2% (6.0%), clearly exceeding the target level of 8.0%. Earnings per share increased to EUR 0.21 (0.19), with the impact of items affecting comparability on earnings per share being approximately EUR -0.13. Net cash from operating activities remained at a very strong level. All this results from our personnel's strong commitment and our operational successes in a very challenging market environment.

Our strong result during the first quarter was particularly driven by ESL Shipping's excellent performance. The shipping company's net sales increased by 31% to EUR 56.8 (43.4) million, and its comparable operating profit was EUR 7.9 (4.5) million and 13.9% (10.4%), nearly achieving the target level of 14.0%.

Telko also continued its strong performance. Telko's net sales increased by 31% to EUR 75.9 million, and its comparable operating profit was EUR 8.6 (4.6) million and 11.3% (7.9%), exceeding the target level of 8.0%. Leipurin's net sales remained at the comparative period's level at EUR 27.7 (28.0) million. Leipurin's comparable operating profit during the first quarter was EUR 0.7 (0.3) million and 2.5% (1.1%). The operating profit target set for Leipurin is 5%. Leipurin's comparable operating profit without Vulganus was EUR 1.0 (0.5) million and operating profit rate 4.0% (1.9%).

On March 2, 2022, Aspo canceled its guidance for 2022 due to uncertainties caused by Russia's acts of war and the resulting sanctions. Even though the exceptional circumstances caused by the war still involve significant uncertainties, we were already able to issue a new guidance at the beginning of April, according to which Aspo Group's comparable operating profit will be EUR 27–34 million in 2022.

Even though our operating environment has undergone dramatic changes, we will continue to determinedly implement our strategy published in December. According to the strategy, Aspo will focus on expanding its business in western markets. Decisions on solutions concerning operations in Russia will be made in a controlled manner, also considering the position of employees and any restrictions set by local legislation.

ASPO GROUP

Financial results and targets

On December 1, 2021, Aspo published new long-term financial targets:

- Operating profit of 8%
- Net sales growth 5–10% per year
- Return on equity of over 20%
- Gearing less than 130%

With regard to Aspo's businesses, ESL Shipping's operating profit target is 14%, Telko's 8% and Leipurin's 5%.

Aspo's net sales increased by 24% during the first quarter of 2022. The comparable operating profit rate was 9.2% (6.0%), clearly exceeding the target level of 8.0%. Return on equity remained high at 21.2% (21.8%). Gearing decreased to 118.8% (129.4%).

Aspo Group's comparable operating profit from continuing and discontinued operations

Aspo Group's comparable operating profit includes results for continuing and discontinued operations. The comparable operating profit is presented less significant items affecting comparability that are rare and deviate from normal business operations. These include impairment losses, sales gains from vessels, and financial losses caused by the war.

Aspo announced in December 2021 that the Kauko business segment and Vulganus Oy, part of the Leipurin segment, have been defined as businesses outside Aspo's core operations. As a result, the Kauko business segment has been classified as a discontinued operation in consolidated reporting in accordance with IFRS, and its results are reported separately from the figures of Aspo Group's continuing operations. With regard to the income statement, comparative periods' figures have been restated to correspond to the same presentation method. The results of Vulganus are reported as part of the Leipurin segment's figures and Aspo Group's continuing operations.

Net sales and operating profit margin, Group total

	1-3/2022 MEUR	1-3/2021 MEUR	1-12/2021 MEUR
Net sales, Group total	162.6	132.4	586.4
Net sales, continuing operations	160.4	129.4	573.3
Net sales, discontinued operations	2.2	3.0	13.1
Operating profit, Group total	10.1	7.9	33.9
Operating profit, Group total, %	6.2	6.0	5.8
Items affecting comparability*)	-4.9		-8.5
Comparable operating profit, Group total	15.0	7.9	42.4
Comparable operating profit, Group total, %	9.2	6.0	7.2

Comparable operating profit, Group total

	1-3/2022 MEUR	1-3/2021 MEUR	1-12/2021 MEUR
ESL Shipping, operating profit	9.2	4.5	26.8
Telko, operating profit	4.0	4.6	20.4
Leipurin, operating profit	-0.4	0.3	-2.4
Other operations, operating profit	-2.5	-1.6	-7.9
Operating profit from continuing operations	10.3	7.8	36.9
Operating profit from discontinued operations	-0.2	0.1	-3.0
Operating profit, Group total	10.1	7.9	33.9
Items affecting comparability*)	-4.9		-8.5
Comparable operating profit, Group total	15.0	7.9	42.4

*) The items affecting the comparability of the first quarter of 2022, totaling EUR -4.9 million, consist of EUR 1.5 million in sales gains from ESL Shipping barge *Espa*, ESL Shipping's cost provisions of approximately EUR -0.2 million related to the war in Ukraine, EUR -2.6 million in losses from the destruction of Telko's warehouse in Ukraine, a credit loss provision of EUR -2.0 million associated with Telko's accounts receivable in Ukraine, EUR -0.7 million in losses from the destruction of Leipurin's warehouse in Ukraine, a credit loss provision of EUR -0.2 million associated with Leipurin's accounts receivable in Ukraine, and EUR -0.2 million in Leipurin's other business adaptation expenses in Russia. The operating result of other operations included the share-based payment of EUR -0.5 million granted to Aspo's previous CEO.

The items affecting the comparability of 2021, totaling EUR -8.5 million, included the impairment loss of EUR -4.3 million recognized on Leipurin's goodwill during the final quarter, and the impairment loss and restoration provision of EUR -0.8 million recognized on the fixed assets of Telko's terminal in Rauma, as well as the impairment loss of EUR -3.4 million recognized on Kauko's goodwill during the third quarter, which is reported as part of the results of the discontinued operations.

Sustainability

Sustainability is a key factor in guiding Aspo's management system and the process of investigating new investment objects. Aspo's businesses aim to be forerunners in sustainability in their respective sectors. To support the sustainability commitments, Aspo published new environmental, social and corporate governance (ESG) targets for the Group and significant parts of its businesses. The key goal is to reduce the emission intensity, CO_2e (tn) per net sales (EUR thousand), by 30% by 2025. The starting point (2020) is 0.44, while the target level (2025) is 0.30. During the past 12 months, the emission intensity continued to improve, driven by business growth, and it was 0.39 (0.42). Another key target is to improve the Lost Time Injury Frequency Rate (LTIF). During the past 12 months, LTIF2 was 7.6 (8.8), while the target for 2022 is 7.0. The long-term goal is zero occupational accidents.

The impact of the war in Ukraine on Aspo's operating environment

Aspo's operating environment has changed dramatically in a short period of time. The European security environment has deteriorated as a result of Russia's armed invasion of Ukraine. The invasion has caused direct losses for Aspo's businesses through the destruction of warehouses in Ukraine, for example. The indirect impact on Aspo's business operations includes the significant fluctuations in prices and exchange rates. Suspended business operations in Ukraine due to the war have caused financial losses. The war drastically reduces operating conditions in eastern markets as a result of operational challenges and regulations, but particularly based on values. The sanctions imposed by western countries and Russia's legislative measures prevent the transportation of goods and the transfer of payments, rapidly reducing net sales and profitability. As the level of security has decreased, vessel operations have also been restricted and Russian products cannot be transported. The operating environment is expected to become even more challenging, and no rapid solution is in sight. In western markets, Russia's acts of war have only had a minor impact at present, while the impact on financial development, production and supply chains, and inflation will be significant.

Russia accounts for less than 15% of the Group's equity, and this share will continue to be actively reduced. Aspo's assets in Russia are mainly related to inventories and trade receivables. The financial significance of small-scale production operations is very minor for the Group. Approximately 170 employees of Aspo Group's all personnel work in Russia.

In news, the coronavirus pandemic has been overshadowed by Russia's invasion, but its impact can still be felt in our operating environment. The global shortage of components, caused by the pandemic, has an impact on certain Aspo's businesses, decelerating trading and the completion of orders. The risk of infections must still be taken into account in daily operations and especially among crew members.

Net sales by market area, continuing operations

	1-3/2022 MEUR	Share %	1-3/2021 MEUR	Share %	Change %
Finland	53.3	33	42.5	33	25
Scandinavia	28.6	18	24.7	19	16
Baltic countries	15.5	10	11.9	9	30
Russia, other CIS countries and Ukraine	40.3	25	35.0	27	15
Other countries	22.7	14	15.3	12	48
Total	160.4	100	129.4	100	24

The Group's main market areas are Finland, Scandinavia, the Baltic region, and eastern markets (Russia, other CIS countries, and Ukraine). The relative share of net sales in eastern markets decreased during the first quarter of 2022, mainly due to the war in Ukraine. According to the previously announced strategy, the company will direct its growth investments at western markets.

Cash flow and financing

The Group's cash flow from operating activities in January–March was EUR 15.2 (6.6) million. The impact of the change in working capital on cash flow during the review period was EUR -0.6 (-7.2) million. Free cash flow during the first quarter was EUR 13.8 (5.1) million. Investments mainly consisted of the dockage of ESL Shipping's vessels.

	3/2022 MEUR	12/2021 MEUR
Interest-bearing liabilities, inlc. lease liabilities	200.8	185.1
Cash and cash equivalents	41.3	17.7
Net interest-bearing debt	159.5	167.4

Net interest-bearing debt decreased to EUR 159.5 million, and gearing fell to 118.8% (3/2021: 139.0%; 12/2021: 129.4%). The Group's equity ratio at the end of the period was 31.4% (3/2021: 31.1%; 12/2021: 32.0%).

Net financial expenses in January–March totaled EUR -1.8 (-0.9) million. The impact of exchange rate fluctuations on the increase in financial expenses was EUR -0.9 million. The average rate of interest-bearing liabilities, excluding lease liabilities, was 1.3% (1.5%).

The Group's liquidity position remained strong. Cash and cash equivalents were EUR 41.3 million at the end of the review period (12/2021: EUR 17.7 million). Committed revolving credit facilities, totaling EUR 40.0 million, were fully unused, as in the comparative period. EUR 20 million of Aspo's EUR 80 million commercial paper program were in use (3/2021: EUR 8 million; 12/2021: EUR 5 million).

On March 28, 2022, Aspo announced that it will exercise its right to withdraw the full hybrid loan of EUR 20 million with 8.75% interest issued on April 30, 2020. The hybrid loan was repaid on May 2, 2022.

Short-term risks and uncertainties in business operations

The tensions between Russia and Ukraine that ignited in 2014 intensified until the beginning of this year and erupted in Russia's armed invasion of Ukraine in February. The invasion has caused considerable human suffering and devastating destruction in Ukraine. Risks classified previously as geopolitical risks have materialized in various ways as material losses and threats directed at the personnel, as well as significant decreases in business in crisis areas. As a result of different sanctions, legislative obstacles and value-driven causes, it has become more difficult to engage in business in Russia, and no relief is in sight in the foreseeable future. Aspo's businesses in Russia will be affected by the restrictions imposed due to the war, and it is possible that this will cause financial losses for Aspo. The impact will also extend to Aspo's operations in Belarus and Kazakhstan. At present, it is impossible to estimate the duration or extent of Russia's acts of war in Ukraine.

Globally, there are many geopolitical risk clusters, the development of which is difficult to predict. Changes in these regions may be rapid and unpredictable, which is why it is difficult to estimate their potential impact on Aspo's businesses. International sanctions have been imposed, which may also affect Aspo's businesses directly or indirectly. In addition, various countries have imposed import bans or other trade restrictions on each other's products. Geopolitical tensions can escalate and cause direct damage to business, payments and even suspend business operations in a crisis area or in areas affected by it. The crisis can also lead to human, economic and monetary losses. Possible sanctions, including counter-sanctions, and any changes in them could lead to business difficulties and economic losses.

Increased economic activity has caused the prices of many raw materials, components and logistics services to increase rapidly, and increased uncertainties over the functioning of logistics in certain market situations. Aspo may temporarily benefit from this increase in prices, while the prices of purchased raw materials or leased capacity, such as leased vessels, are increasing at the same time. Longer delivery times for spare parts, components and raw materials, and any rapid price changes in different market situations, are also increasing risks. Growing inflation and rising interest rates may decelerate general economic growth and reduce demand for Aspo's businesses. Furthermore, any non-functioning or restricted functioning of logistics due to sanctions or other causes may restrict Aspo's businesses, and they may also be affected by cyber risks and disruptions in information systems.

In line with its renewed strategy, Aspo aims to increase its steady results through acquisitions. Strategy execution may lead to a temporary deterioration in the balance sheet and capital structure in situations where acquisitions require financial investments and consequently may reduce solvency.

The coronavirus pandemic continues to have an impact on Aspo's businesses. Any new variants of coronavirus and their rapid spread may lead to various interruptions and financial losses.

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

ASPO'S BUSINESSES

ESL Shipping

ESL Shipping is the leading dry bulk cargo company in the Baltic Sea region. 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 48 vessels with a total capacity of 456,000 deadweight tonnage (dwt). Of these, 23 were wholly owned (75% of the tonnage), two were minority owned (2%) and the remaining 23 vessels (23%) were time chartered. ESL Shipping's competitive edge is based on its pioneering role and ability to responsibly 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.

	1-3/2022	1-3/2021	Change, %
Net sales, MEUR	56.8	43.4	31
Operating profit, MEUR	9.2	4.5	104
Operating profit, %	16.2	10.4	
Items affecting comparability, MEUR	1.3		
Comparable operating profit, MEUR	7.9	4.5	76
Comparable operating profit, %	13.9	10.4	

The first quarter was yet again the strongest in ESL Shipping's history. Net sales increased by 31% from the comparative period to EUR 56.8 (43.4) million. During the quarter, the operating profit more than doubled to a record-high level of EUR 9.2 (4.5) million. It includes sales gains of EUR 1.5 million attributable to the sale of the barge *Espa* and cost provisions of approximately EUR -0.2 million related to the shutdown of operations in Russia. The comparable operating profit increased significantly to EUR 7.9 (4.5) million.

The strong result is a good indication of the effectiveness of the shipping company's partnership strategy, and the entire personnel's operational success in challenging operating conditions. The comparable operating profit rate of 13.9% (10.4%) achieved during the first quarter was excellent, considering the challenging ice conditions in the Bothnian Bay compared with previous years, and the target level of 14.0% was nearly achieved.

As announced previously, the majority of ESL Shipping's operations related to Russia has been suspended, and the released vessel capacity has been transferred to other operating areas. All transportation operations in Russia are expected to stop by the end of the year at the latest. The schedule depends on any obligations set in existing customer contracts. ESL Shipping has also suspended the start-up of its previously established Russian company.

The profitability of all the shipping company's vessel categories was historically strong during the first quarter. In contract traffic, demand for transportation remained strong throughout the review period, and market freight rates were at a high level in all customer segments and vessel categories. With regard to ship fuels, the price of diesel doubled and that of LNG, which suffered the most from disruptions in European energy markets, was nearly four times higher than in the comparative period, but the impact of the price increases on costs are offset through long-term fuel clauses in transportation agreements.

The current level of very high fuel surcharges will increase net sales and reduce the operating profit rate, used as an indicator of relative profitability, even though no actual changes would take place in the absolute operating profit. The volume of cargo transported by the shipping company during the first quarter increased from the comparative period to 3.8 (3.5) million tonnes.

The program for building the shipping company's new next-generation low emission electric hybrid vessels has proceeded as planned, and the metal construction of the first vessel started in the middle of March. The vessels are expected to start operations from the third quarter of 2023 onwards at three-month intervals. The scheduled dockage of the current fleet continued when a larger vessel was docked for roughly one week during the first quarter.

The long-term development of sustainability and the maintenance of a high level of safety are characteristic to the shipping company's operations. ESL Shipping's long-term environmental activities focus on minimizing emissions to the sea and air. The shipping company aims to halve its carbon dioxide emissions per transportation unit by the end of the decade. In this, the "Virtual arrival" model deployed by the shipping company plays a significant role, in which contractual practices for ship scheduling will be updated in cooperation with customers and ports to enable environmentally friendlier vessel operations. Savings in energy costs will be distributed between the shipping company and each customer so that both parties benefit from the new policy. During the first quarter, the emission intensity of ESL Shipping's transportation operations decreased by 17% from the comparative period to 15.8 grams of carbon dioxide per ton mile.

ESL Shipping outlook for 2022

Demand for transportation and the price level of sea freights in the company's main market area in Northern Europe are at a satisfactory level in all vessel categories. Most of the shipping company's transportation capacity has been secured through long-term agreements. After deliveries of Russian raw materials stopped, certain of the shipping company's significant contractual customers were forced to seek new suppliers for part of their production input required in new geographic areas. This is expected to extend transportation distances and increase demand for sea transportation per ton mile among ESL Shipping's largest vessels.

In the short term and especially during the second quarter, the volumes of raw materials transported by Handysize vessels will decrease from previous estimates, as customers' procurement activities shift away from Russia. The timing of transportation volumes will also be affected by maintenance stoppages at ports and railroad maintenance in Northern Sweden. Restrictions on vessel sizes at ports in the company's main market area and at its customers' ports, combined with the need for year-round transportation, will again secure ESL Shipping's transportation demand starting from the second half of the year when deliveries shipped from across the oceans to replace Russian raw materials reach Europe and are shipped further to customers.

In the smaller vessel category, transportation demand in contract traffic is expected to remain at a satisfactory level. However, customers' supply chains may involve challenges in the availability of raw materials that may also have an impact on realized product transportation volumes. Vessel rents that have partly increased to an unhealthy level are starting to decrease, and the availability of additional capacity is expected to improve during the second and third quarters. The determined preventive measures will continue to protect the personnel's health security during the coronavirus pandemic.

In Northern Europe, there continues to be considerable growth in interest among customers in environmentally friendly maritime transport that produces as low carbon emissions as possible. In addition to ESL Shipping's investments in new highly environmentally friendly vessels, the shipping company is preparing long-term cooperation with leading energy suppliers to provide sea transportation with even lower carbon emissions, and even fossil-free transportation, in the future.

With regard to the order placed for the Green Coaster electric hybrid vessels and its options, the shipping company is preparing investors' entry in the ownership and operations of vessels within a pooling arrangement, which is a common practice in international shipping operations. The aim is to accelerate ESL Shipping's operational growth and improve its profitability and return on capital.

During the rest of 2022, two larger and four smaller vessel units will be docked for a total of approximately 95 days. In total, there will be approximately 105 dockage days in 2022. In 2021, the corresponding figure was 229. After these dockages, all vessels owned by ESL Shipping will be equipped with ballast water treatment systems that meet new environmental regulations.

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 both in the east and the west. Telko operates in Finland, the Baltic countries, Scandinavia, Poland, Romania, Russia, Belarus, Ukraine, Kazakhstan, Uzbekistan, and China. Kauko has been defined as a business outside Aspo's core operations. As a result, Kauko's figures are no longer reported as part of Telko. Kauko's figures have been removed from all of Telko's figures.

Telko

	1-3/2022	1-3/2021	Change,%
Net sales, MEUR	75.9	58.0	31
Operating profit, MEUR	4.0	4.6	-13
Operating profit, %	5.3	7.9	
Items affecting comparability, MEUR	-4.6		
Comparable operating profit, MEUR	8.6	4.6	87
Comparable operating profit, %	11.3	7.9	

During the first quarter, Telko's net sales grew strongly to EUR 75.9 (58.0) million. Its operating profit for the first quarter decreased to EUR 4.0 (4.6) million. The operating profit rate was 5.3% (7.9%). The operating result includes items affecting comparability of EUR -4.6 million relating to the destroyed warehouse in Ukraine and a credit loss provision associated with accounts receivable in Ukraine. Sales were significantly affected by the increase in prices after the outbreak of the war in Ukraine, which also raised sales margins to an unusually high level. Then again, exchange rate losses resulting from the steep decline in the value of the Russian ruble reduced the results. Without the items affecting comparability, Telko's operating result for the first quarter was EUR 8.6 (4.6) million, and its operating profit rate was 11.3% (7.9%). Telko has focused on assisting its employees and their families in Ukraine, helping them evacuate, and providing accommodation for those fleeing the war. While sales have decreased steeply in Ukraine, Telko is committed to continuing its operations in the country.

In Russia, Telko focuses on selling its existing stocks as announced previously. After the war broke out in Ukraine, the capital invested in Telko's warehouse and receivables in Russia has decreased by roughly 30%. Telko's ability to continue its operations in Russia has deteriorated, and stricter sanctions have accelerated the adaptation of operations. The investigation of strategic alternatives continues.

In western markets, Telko's sales developed as planned, and the Ukrainian crisis has not had any direct impact on operations. Demand remained stable in all of Telko's business operations, while difficulties in availability continued to restrict the development of volumes in all operations. Prices remained high in all operations and even increased in several business areas. Telko has continued its growth efforts in western markets, which has had an impact on the increase in costs.

The net sales of the plastics business increased by 22% during the first quarter to EUR 39.3 (32.1) million. The price level of plastics was clearly higher than during the comparative period in all product groups, and the average price of sales increased significantly. Prices partly reached a historically unusual level. While availability problems have decreased, challenges still remain in certain product groups. Customer demand was at a normal level. However, the high price levels of raw materials and energy have forced certain customers to temporarily restrict their production.

The net sales of the chemicals business increased by 53% to EUR 25.3 (16.5) million. The exceptional demand in eastern markets and high price levels are reflected in the first quarter's figures. In general, product prices increased in nearly all product groups in all markets. Delays in deliveries have been common. In addition, transportation prices are increasing clearly in Europe. Demand in key customer segments has remained stable, even though the high cost level is starting to affect companies' operations.

The net sales of the lubricants business increased by 20% to EUR 11.3 (9.4) million. Telko acquired all shares in Estonian Mentum AS at the end of 2021. As a result of the acquisition, Telko's sales of lubricants increased significantly from the previous year. Prices of lubricants increased clearly during the beginning of the year. Availability issues have not been as significant as in other business areas. Telko has discontinued its small-scale lubricants business in Russia.

Telko outlook for 2022

The war in Ukraine and its consequences have a significant impact on Telko's outlook for the rest of the year. The outlook for the second quarter is relatively strong, driven by the strong increase in prices, while the outlook for the rest of the year is very uncertain due to the geopolitical situation and its broader impact on markets.

In Russia, Telko focuses on actively reducing its working capital. As a result, sales are expected to remain strong during the next few months and decline steeply towards the end of the year. Telko will continue its operations in Ukraine, while sales are expected to remain very low and operations are expected to produce a loss this year.

In general, product prices are expected to remain high as a result of increases in crude oil prices and prolonged difficulties in deliveries. Demand is expected to remain fairly strong. Production difficulties due to the availability of raw materials and components independent of Telko will have a negative impact on Telko's certain customer groups. The war in Ukraine is expected to have an indirect impact on general cost levels, logistics and goods flows.

Due to the steep decline in net sales in Russia and Belarus, Telko's net sales are expected to decrease significantly towards the end of the year. The EU's latest sanctions will accelerate this change. Of Telko's businesses, the chemicals business has held the highest relative share in Russia.

According to its strategy, Telko will seek not only organic growth in the western markets, but also acquisition targets that accelerate the achievement of the strategic goals set for Telko.

Leipurin

Leipurin operates as part of the food chain, acquiring raw materials in global markets and from domestic companies and supplying them through its effective logistics chain according to customer needs. Leipurin operates in eight countries that have been grouped into three regional organizations, each being responsible for their financial performance: Finland, East, and the Baltic region. Leipurin serves bakery, food industry and foodservice customers by providing raw materials and by supporting research and development and recipes for new products. Leipurin's other product categories include various supplies and machines for the same customer segments. Leipurin uses leading international manufacturers as its raw material and machinery supply partners.

Vulganus Oy manufactures and maintains refrigeration and freezing solutions for the food industry through its spiral products. Vulganus has been classified as held for sale, but its results are still reported as part of the Leipurin segment.

Leipurin

	1-3/2022	1-3/2021	Change,%
Net sales, MEUR	27.7	28.0	-1
Operating profit, MEUR	-0.4	0.3	-233
Operating profit, %	-1.4	1.1	
Items affecting comparability, MEUR	-1.1		
Comparable operating profit, MEUR	0.7	0.3	133
Comparable operating profit, %	2.5	1.1	

Leipurin's net sales during the first quarter remained at the comparative period's level at EUR 27.7 (28.0) million. During the comparative period, machine sales in Russia significantly increased net sales. In Finland, net sales increased by 14% to EUR 10.4 (9.1) million. In the Baltic region, net sales increased by 19% to EUR 8.0 (6.7) million. Net sales in East developed positively until the war broke out in Ukraine and increased by 3% to EUR 6.8 million (6.6) during the quarter. During the first quarter, sales to bakeries increased by 12% to EUR 18.2 (16.3) million. Sales to the food industry fell short of the target in the Baltic region and Ukraine, being EUR 2.6 (2.6) million. At the beginning of the year, the euro-denominated increase in sales was driven by the significantly grown global market prices of raw materials but, measured in kilograms, sales also increased to the pre-pandemic level. The cost of living increased significantly in Finland and the Baltic region, strengthening the shift in consumer demand toward more affordable products.

The outbreak of the war in Ukraine during the last week of February drastically changed Leipurin's operating environment. Leipurin prioritized the security and livelihood of its personnel in Ukraine. After the period under review, Leipurin decided to withdraw its operations from Russia, Belarus and Kazakhstan. Leipurin will investigate strategic alternatives, also including the possible divestment of these businesses. The more detailed schedule and implementation of the process will be evaluated, and the process will be carried out addressing the company's employees and customers, as well as local legislation. Leipurin will continue its operations in Ukraine.

The impact of the coronavirus pandemic decreased significantly during the beginning of the year. The development of the sales margin was particularly positive, with the margin also exceeding the level preceding the outbreak of the pandemic in 2019.

Leipurin's operating result for the first quarter was EUR -0.4 (0.3) million, and the operating profit rate was -1.4% (1.1%). Losses of EUR -0.7 million from Leipurin's warehouse destroyed in Ukraine and a credit loss provision of EUR -0.2 million associated with accounts receivable in Ukraine reduced Leipurin's operating result for the first quarter. In addition, a provision of approximately EUR -0.2 million was recognized in relation to the company's adaptation measures in Russia. These items affecting comparability totaled EUR -1.1 million. The comparable operating profit for the first quarter stood at EUR 0.7 (0.3) million, and the comparable operating profit rate was 2.5% (1.1%).

Rising market prices for steel raw materials, slow progress in after sales during the first part of the year and cost overruns in certain projects continued to significantly reduce the profitability of Vulganus Oy's machine manufacturing operations. Vulganus's net sales during the first quarter stood at EUR 2.5 (1.4) million, and its operating loss was EUR -0.3 (-0.2) million.

The profit management program launched during the second quarter of 2021 will develop the capability of knowledge management and help to improve the commercial performance. Key tools include Group-wide category management and the improved efficiency of the supply chain and logistics. The management model already increased financial performance during 2021. The implementation of the program was particularly reflected in the positive development of results in Finland.

Availability challenges still persist in different product categories. In Finland and the Baltic region, Leipurin has succeeded in using the post-pandemic recovery in demand. Sales measured in kilograms already exceeded the 2019 level, whereas they fell short of the level of the first quarter in 2019 in eastern markets.

Leipurin outlook for 2022

The war in Ukraine and the decision to withdraw operations from Russia, Belarus and Kazakhstan will have a significant impact on Leipurin's net sales and results.

Increased energy prices will have a negative impact on demand for more valuable products, at least in the Baltic region. They will also cause profitability challenges for the bakery segment's customers.

The impact of the coronavirus pandemic and extreme weather conditions on global supply chains will be emphasized, affecting the availability of certain raw materials and general delivery times. Raw material prices are increasing steeply.

The management of payment defaults and claims has succeeded well at present. Profitability challenges will increase risks of payment defaults and bankruptcies among customers and suppliers.

Leipurin will continue its profit management program, and it will contribute to further improve financial performance in western markets. The knowledge management program helps Leipurin control rising costs and purchase prices and foresee their impact on customer prices.

Vulganus's order book for 2022 has been confirmed to be excellent.

Other operations

Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units. The operating result for other operations was EUR -2.5 (-1.6) million in the first quarter. The share-based payment of EUR -0.5 million granted to Aspo's previous CEO was included in the operating result of other operations. In addition, the difference from the comparative period can be explained by expert costs associated with various projects.

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 our management system and guides the process of targeting new investment opportunities.

Share capital and shares

Aspo Plc's registered share capital on March 31, 2022 was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 72,250 shares, i.e. 0.2% of the share capital.

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 basic resources.

During January–March 2022, a total of 2,089,707 Aspo Plc shares, with a market value of EUR 17.6 million, were traded on the Nasdaq Helsinki. In other words, 6.7% of the shares changed hands. During the review period, the share price reached a high of EUR 11.80 and a low of EUR 6.09. The average price was EUR 8.4 and the closing price at the end of the review period was EUR 7.08. At the end of the review period, the market value, less treasury shares, was EUR 221.9 million.

The company had 11,718 shareholders at the end of the review period. A total of 1,307,544 shares, or 4.16% of the share capital, were nominee registered or held by non-domestic shareholders.

Remuneration

<u>Share-based incentive plan 2022–2024</u>

On February 16, 2022, Aspo Plc's Board of Directors decided to establish a new share-based incentive plan for 2022–2024. The aim of the plan is to align the objectives of the shareholders and key employees in order to increase the value of the company in the long term, to retain key employees in the company, and to offer them a competitive reward plan based on earnings and accumulating the company's shares.

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. Participation in the scheme and obtaining rewards require that participants allocate the freely transferable company shares they hold to the plan or acquire the company's shares up to the quantity determined by the Board of Directors.

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.

<u>Share-based incentive plan 2021–2023</u>

On February 11, 2021, Aspo's Board of Directors decided to continue the share-based incentive plan for the Group's key personnel by establishing a share-based incentive plan for 2021–2023. The aim of the plan is to align the objectives of the shareholders and key employees in order to increase the value of the company in the long term, to retain key employees in the company, and to offer them a competitive reward plan based on earnings and accumulating the company's shares. The share-based incentive plan is directed at around 20 people, including the members of the Group Executive Committee.

The EPS target, acting as an earnings criterion for the share-based incentive plan, was fully met during the 2021 financial year. Based on the share-based incentive plan, a total of 89,400 treasury shares were transferred, and an amount equaling the value of the shares was paid to cover taxes in March 2022.

Decisions of the Annual Shareholders' Meeting

Dividend

Aspo Plc's Annual Shareholders' Meeting held on April 6, 2022, decided, as proposed by the Board of Directors, that EUR 0.23 per share be distributed in dividends for the 2021 financial year, and that no dividend be paid for shares held by Aspo Plc. The dividend was paid on April 19, 2022.

In addition, the Annual Shareholders' Meeting authorized the Board of Directors to decide on the distribution of a total of EUR 0.22 per share at maximum in dividends and/or as a capital refund from the invested unrestricted equity fund at a later date. The authorization remains valid until the next Annual Shareholders' Meeting. The Board of Directors will decide at its meeting to be held on November 2, 2022, on the second dividend distribution and/or capital refund which would be paid in November 2022 to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date.

The Board of Directors and the auditor

Patricia Allam, Mammu Kaario, Mikael Laine, Salla Pöyry, Tatu Vehmas and Heikki Westerlund were re-elected to the Board of Directors, and Tapio Kolunsarka was elected as a new member. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Heikki Westerlund was elected Chair of the Board and Mammu Kaario as Vice Chair. In addition, the Board decided to elect Heikki Westerlund as Chair of the Personnel and Remuneration Committee, and Tapio Kolunsarka, Salla Pöyry and Tatu Vehmas as its members, and Mammu Kaario as Chair of the Audit Committee, and Patricia Allam, Mikael Laine and Tatu Vehmas as its members.

The Authorized Public Accountant firm Deloitte Oy was elected as the company's auditor. Deloitte Oy has announced that Jukka Vattulainen, APA, will act as the auditor in charge. The auditor's fee will be paid in accordance with an accepted invoice.

Board authorizations

Authorization of the Board of Directors to decide on the acquisition of treasury shares

The Annual Shareholders' Meeting on April 6, 2022 authorized the Board of Directors to decide on the acquisition of no more than 500,000 treasury shares using the unrestricted equity of the company, representing around 1.6% of all the shares in the company. The authorization includes the right to accept treasury shares as a pledge. The authorization is valid until the Annual Shareholders' Meeting in 2023 but not more than 18 months from the approval at the Annual Shareholders' Meeting.

Authorization of the Board of Directors to decide on a share issue of treasury shares

The Annual Shareholders' Meeting on April 6, 2022 authorized the Board of Directors to decide on a share issue, through one or several lots, to be executed by conveying treasury shares. An aggregate maximum amount of 900,000 shares may be conveyed based on the authorization. The authorization is valid until the Annual Shareholders' Meeting in 2023 but not more than 18 months from the approval at the Annual Shareholders' Meeting.

Authorization of the Board of Directors to decide on a share issue of new shares

The Annual Shareholders' Meeting on April 6, 2022 authorized the Board of Directors to decide on an issue of new shares against payment. 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 1,500,000. The authorization is valid until the Annual Shareholders' Meeting in 2023 but not more than 18 months from the approval at the Annual Shareholders' Meeting.

Authorization of the Board of Directors to decide on donations

Aspo Plc's Annual Shareholders' Meeting held on April 6, 2022 authorized the Board of Directors to decide on donations of EUR 100,000 at maximum for non-profit or similar purposes, and to decide on the recipients, purposes and other conditions of the donations. The authorization is valid until the Annual Shareholders' Meeting in 2023.

FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	1-3/2022 MEUR	1-3/2021 MEUR	1-12/2021 MEUR
Continuing operations			
Net sales	**160.4**	**129.4**	**573.3**
Other operating income	1.6		0.5
Materials and services	-99.4	-77.8	-349.4
Employee benefit expenses	-13.4	-12.0	-50.7
Depreciation, amortization and impairment losses	-4.1	-4.1	-20.8
Depreciation, leased assets	-4.0	-3.3	-13.7
Other operating expenses	-30.8	-24.4	-102.3
Operating profit	**10.3**	**7.8**	**36.9**
Financial income and expenses	-1.8	-0.9	-3.9
Profit before taxes	**8.5**	**6.9**	**33.0**
Income taxes	-1.3	-0.6	-4.7
Profit from continuing operations	**7.2**	**6.3**	**28.3**
Profit from discontinued operation (attributable to equity holders of the company)	-0.2	0.1	-3.0
Profit for the period	**7.0**	**6.4**	**25.3**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences	-1.7	1.0	2.2
Other comprehensive income for the period, net of taxes	-1.7	1.0	2.2
Total comprehensive income	**5.3**	**7.4**	**27.5**
Profit attributable to parent company shareholders	7.0	6.4	25.3
Total comprehensive income attributable to parent company shareholders	5.3	7.4	27.5
Earnings per share attributable to parent company shareholders, EUR			
Basic and diluted earnings per share			
Continuing operations	0.22	0.19	0.86
Discontinued operations	-0.01	0.00	-0.10
Total	**0.21**	**0.19**	**0.76**

Aspo Group's condensed consolidated balance sheet

Assets	3/2022 MEUR	3/2021 MEUR	12/2021 MEUR
Intangible assets	45.7	55.1	45.9
Tangible assets	167.5	166.6	168.9
Leased assets	21.6	19.9	20.7
Other non-current assets	2.0	1.7	1.7
Total non-current assets	236.8	243.3	237.2
Inventories	66.4	44.0	68.6
Accounts receivable and other receivables	76.7	73.4	74.4
Cash and cash equivalents	41.3	29.9	17.7
	184.4	147.3	160.7
Assets held for sale	9.0		8.4
Total current assets	193.4	147.3	169.1
Total assets	**430.2**	**390.6**	**406.3**
Equity and liabilities			
Share capital and premium	22.0	22.0	22.0
Other equity	112.3	98.6	107.4
Total equity	134.3	120.6	129.4
Loans and overdraft facilities	142.4	148.4	142.4
Lease liabilities	6.4	7.1	6.9
Other liabilities	5.9	4.4	5.7
Total non-current liabilities	154.7	159.9	155.0
Loans and overdraft facilities	36.2	28.8	21.4
Lease liabilities	15.8	13.3	14.4
Accounts payable and other liabilities	83.1	68.0	79.3
	135.1	110.1	115.1
Liabilities directly associated with assets classified as held for sale	6.1		6.8
Total current liabilities	141.2	110.1	121.9
Total equity and liabilities	**430.2**	**390.6**	**406.3**

Aspo Group's condensed consolidated cash flow statement

	MEUR	MEUR	MEUR
CASH FLOWS FROM/USED IN OPERATING ACTIVITIES			
Operating profit, Group total	10.1	7.9	33.9
Adjustments to operating profit	7.6	7.6	39.6
Change in working capital	-0.6	-7.2	-22.0
Interest paid	-0.5	-0.9	-4.4
Interest received	0.0	0.1	0.4
Income taxes paid	-1.4	-0.9	-3.5
Net cash from operating activities	**15.2**	**6.6**	**44.0**
CASH FLOWS FROM/USED IN INVESTING ACTIVITIES			
Investments	-2.8	-1.5	-16.9
Investment subsidy			1.0
Proceeds from sale of tangible assets	1.6		0.3
Acquisition of businesses	-0.2		-1.1
Dividends received			0.2
Net cash used in investing activities	**-1.4**	**-1.5**	**-16.5**
CASH FLOWS FROM/USED IN FINANCING ACTIVITIES			
Proceeds from loans			37.0
Repayment of loans	-1.0	-1.5	-47.5
Net change in commercial papers	15.0	-3.0	-6.0
Payments of lease liabilities	-4.1	-3.4	-13.8
Hybrid bond, interest paid			-1.8
Dividends paid			-10.9
Net cash used in financing activities	**9.9**	**-7.9**	**-43.0**
Change in cash and cash equivalents	**23.7**	**-2.8**	**-15.5**
Cash and cash equivalents January 1	17.7	32.3	32.3
Translation differences	-0.1	0.4	0.9
Cash and cash equivalents at period-end	**41.3**	**29.9**	**17.7**

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, 2022	**22.0**	**16.5**	**20.0**	**-24.8**	**95.7**	**129.4**
Comprehensive income:						
Profit for the period					7.0	7.0
Translation differences				-1.7		-1.7
Total comprehensive income				-1.7	7.0	5.3
Transactions with owners:						
Interest on hybrid bond					-0.4	-0.4
Sale of treasury shares					0.2	0.2
Share-based incentive plan					-0.2	-0.2
Total transactions with owners					-0.4	-0.4
Equity March 31, 2022	**22.0**	**16.5**	**20.0**	**-26.5**	**102.3**	**134.3**
Equity January 1, 2021	**22.0**	**16.5**	**20.0**	**-26.9**	**81.9**	**113.5**
Comprehensive income:						
Profit for the period					6.4	6.4
Translation differences				1.0		1.0
Total comprehensive income				1.0	6.4	7.4
Transactions with owners:						
Hybrid bond interest					-0.4	-0.4
Share-based incentive plan					0.1	0.1
Total transactions with owners					-0.3	-0.3
Equity March 31, 2021	**22.0**	**16.5**	**20.0**	**-25.9**	**88.0**	**120.6**

Accounting principles

As of the beginning of the financial year, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2021 consolidated financial statements. In other respects, the same accounting and measurement principles have been applied as in the consolidated financial statements of December 31, 2021. The information in this interim report 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 71 of the Aspo's Year 2021 publication.

Personnel

At the end of the review period, Aspo Group had 927 employees (944 at the end of 2021), of which discontinued operations accounted for 23 (22) employees.

Segment information

Aspo Group's reportable segments are ESL Shipping, Telko and Leipurin.

Reconciliation of segment operating profit to the group's profit before taxes

1-3/2022

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	9.2	4.0	-0.4	-2.5	10.3
Net financial expenses				-1.8	-1.8
Profit before taxes					8.5

1-3/2021

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	4.5	4.6	0.3	-1.6	7.8
Net financial expenses				-0.9	-0.9
Profit before taxes					6.9

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Investments	1-3/2022	2.6	0.2			2.8
Investments	1-3/2021	1.4	0.1			1.5

Investment commitment

AtoBatC Shipping AB, reported in the ESL Shipping segment, is building a series of six highly energy-efficient electric hybrid vessels. 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. The new vessels will be built at the Chowgule and Company Private Limited shipyard in India, and they will start operating from the third quarter of 2023.

Segment assets and liabilities

MEUR	ESL Shipping	Telko	Leipurin	Held for sale	Unallocated items	Group total
Assets Dec 31, 2021	215.8	106.6	54.7	8.4	20.8	406.3
Assets Mar 31, 2022	224.8	99.6	52.0	9.0	44.8	430.2
Liabilities Dec 31, 2021	31.5	47.9	15.4	6.8	175.3	276.9
Liabilities Mar 31, 2022	39.0	45.5	14.2	6.1	191.1	295.9

Aspo Group disaggregation of net sales, from continuing operations

Telko net sales

	1-3/2022 MEUR	1-3/2021 MEUR	Change,%	1-12/2021 MEUR
Plastics business	39.3	32.1	22.4	146.7
Chemicals business	25.3	16.5	53.3	83.6
Lubricants business	11.3	9.4	20.2	38.5
	75.9	58.0	30.9	268.8

Leipurin net sales

	1-3/2022 MEUR	1-3/2021 MEUR	Change,%	1-12/2021 MEUR
Regions:				
Finland	10.4	9.1	14.3	40.4
Baltics	8.0	6.7	19.4	30.6
East	6.8	6.6	3.0	30.7
Total	25.2	22.4	12.5	101.7
of which:				
Bakeries	18.2	16.3	11.7	73.2
Food Industry	2.6	2.6	0.0	11.0
Others	4.4	3.5	25.7	17.4
Machinery trading Russia	0.0	4.2	-100.0	7.3
Vulganus	2.5	1.4	78.4	4.1
Leipurin total	27.7	28.0	-1.1	113.1

Net sales by timing of revenue recognition

	1-3/2022 MEUR	1-3/2021 MEUR	1-12/2021 MEUR
ESL Shipping			
At a point in time	1.0	1.1	3.6
Over time	55.8	42.3	187.8
	56.8	43.4	191.4
Telko			
At a point in time	75.8	57.9	268.5
Over time	0.1	0.1	0.3
	75.9	58.0	268.8
Leipurin			
At a point in time	25.8	26.8	107.5
Over time	1.9	1.2	5.6
	27.7	28.0	113.1
Total			
At a point in time	102.6	85.8	379.6
Over time	57.8	43.6	193.7
	160.4	129.4	573.3

Net sales by market area

	1-3/2022 MEUR	1-3/2021 MEUR	1-12/2021 MEUR
ESL Shipping			
Finland	27.6	22.3	84.3
Scandinavia	13.0	11.9	54.1
Baltic countries	0.6	0.5	3.5
Russia, other CIS countries and Ukraine	1.2	0.3	2.5
Other countries	14.4	8.4	47.0
	56.8	43.4	191.4
Telko			
Finland	13.7	10.7	47.6
Scandinavia	15.3	12.2	52.4
Baltic countries	6.8	4.7	20.4
Russia, other CIS countries and Ukraine	32.3	23.6	117.3
Other countries	7.8	6.8	31.1
	75.9	58.0	268.8
Leipurin			
Finland	12.0	9.5	43.3
Scandinavia	0.3	0.6	2.9
Baltic countries	8.1	6.7	30.9
Russia, other CIS countries and Ukraine	6.8	11.1	35.4
Other countries	0.5	0.1	0.6
	27.7	28.0	113.1
Total			
Finland	53.3	42.5	175.2
Scandinavia	28.6	24.7	109.4
Baltic countries	15.5	11.9	54.8
Russia, other CIS countries and Ukraine	40.3	35.0	155.2

Other countries	22.7	15.3	78.7
	160.4	129.4	573.3

Discontinued operations and other disposal groups held for sale

The Kauko operating segment and Vulganus Oy, part of the Leipurin segment, were defined as non-core businesses for Aspo in December 2021. As a result, the Kauko operating segment has been classified as a discontinued operation in group reporting in accordance with IFRS 5 standard, and its results and balance sheet items are reported separately from the continuing operations of Aspo Group. In the statement of comprehensive income, the figures of the comparative periods have been restated. On the balance sheet, the assets of the Kauko operating segment are reported under "Assets held for sale" and liabilities under "Liabilities directly associated with assets classified as held for sale". Vulganus Oy's assets and liabilities classified as held for sale are presented similarly. In the statement of comprehensive income, Vulganus is reported as part of the Leipurin segment's figures and Aspo Group's continuing operations. The reporting of balance sheet items on separate rows starts at the time of classification, and the figures of the comparative period (3/2021) have not therefore been restated.

Profit from discontinued operations

	1-3/2022 MEUR	**1-3/2021** MEUR	**1-12/2021** MEUR
Net sales	2.2	3.0	13.1
Materials and services	-1.6	-2.2	-9.6
Employee benefit expenses	-0.5	-0.4	-1.7
Depreciation, amortization and impairment losses		0.0	-3.5
Depreciation, leased assets		0.0	-0.1
Other operating expenses	-0.3	-0.3	-1.2
Operating profit	**-0.2**	**0.1**	**-3.0**
Profit before taxes	**-0.2**	**0.1**	**-3.0**
Profit for the period	**-0.2**	**0.1**	**-3.0**

Profit from discontinued operations includes the income and expenses of Kauko operating segment, insofar as they are considered to transfer outside Aspo Group in conjunction with the divestment. Therefore, the profit from discontinued operations does not include all internal administrative charges of Aspo Group allocated to Kauko operating segment. As a result, the profit from discontinued operations during the first quarter is EUR 0.1 (0.1) million higher than the Kauko operating segment's profit. Vulganus Oy's profit is included in the Leipurin segment's profit.

Asstes and liabilities classified as held for sale

	1-3/2022 MEUR	**12/2021** MEUR
Assets of discontinued operations	5.1	5.5
Other assets held for sale	3.9	2.9
Assets classified as held for sale, total	**9.0**	**8,4**
Liabilities of discontinued operations	3.9	4,9
Liabilities directly associated with assets classified as held for sale	2.2	1.9
Liabilities directly associated with assets classified as held for sale, total	**6.1**	**6.8**

Assets and liabilities of discontinued operations include the figures of the Kauko segment. The other assets held for sale with associated liabilities pertain to Vulganus Oy. The classification includes the share of the assets and liabilities of Aspo Group that belong to the Kauko operating segment and Vulganus Oy, excluding internal assets and liabilities that have been eliminated. Assets and liabilities have been measured at their carrying amount. The recognition of depreciation ended at the time of classification as held for sale on December 1, 2021.

Net cash flows of discontinued operations

	1-3/2022 MEUR	1-3/2021 MEUR	1-12/2021 MEUR
Net cash inflow from operating activities	-0.1	-0.8	0,4
Net cash inflow/outflow(-) from investing activities	0.0	0.0	0,0
Net cash inflow/outflow(-) from financing activities	-0.8	-0.8	-1,6
Net change in cash generated by the discontinued operations	**-0.9**	**-1.6**	**-1.2**

Net cash flows of discontinued operations consist of the Kauko operating segment's share of Aspo Group's cash flows.

Events after the review period

On April 22, 2022, Aspo announced that Leipurin will withdraw from operations in Russia, Belarus and Kazakhstan. The majority of ESL Shipping's operations in Russia have been suspended and the ship capacity has been transferred to other traffic areas. All transports related to Russia are estimated to end by the end of the year. Telko continues to focus on selling the still existing inventories in Russia. Telko's conditions for continuing to operate in Russia have weakened significantly, and the tightened sanctions have accelerated the adjustment of operations.

Aspo Plc's Annual Shareholders' Meeting held on April 6, 2022, decided, as proposed by the Board of Directors, that EUR 0.23 per share be distributed in dividends for the 2021 financial year, and that no dividend be paid for shares held by Aspo Plc. The dividend was paid on April 19, 2022.

On March 28, 2022, Aspo announced that it will exercise its right to withdraw in full the hybrid loan of EUR 20 million with 8.75% interest issued on April 30, 2020. The hybrid loan was repaid on May 2, 2022.

Helsinki, May 4, 2022

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 Wednesday, May 4, 2022 at 2 p.m.

The interim report will be presented by CEO Rolf Jansson. The presentation material will be available at www.aspo.com/en before the press conference.

The press conference will be held in Finnish, and it can be followed by a live webcast at https://aspo.videosync.fi/q1_2022 or by calling +358 9 817 10310 (47915707#) 5 to 10 minutes before the beginning of the press conference. The recording of the event will be available on the company's website later on the same day.

Financial information in 2022

Aspo Plc will publish the following reports:

- half year financial report for January–June 2022 on August 10, 2022
- interim report for January–September 2022 on November 2, 2022

Helsinki, May 4, 2022

Aspo Plc

Rolf Jansson	Arto Meitsalo
CEO	CFO

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Aspo produces value by owning and developing its businesses responsibly in the long term. The target of the owned businesses is to be the market leaders in their respective fields. The businesses are responsible for their operations, customer relationships and their development, aiming to reach a leading position in sustainability. Aspo supports the success and growth of its businesses through its best capabilities. Aspo Group has business operations in 18 different countries, and it employs approximately 930 professionals.