Aspo Plc
Interim Report
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Aspo Group Interim Report, January 1 to March 31, 2023

Growth and stable profitability in continuing operations

Figures from the corresponding period in 2022 are presented in brackets. Aspo has established a new segment structure and the figures for the comparative periods have been restated.

January–March 2023

- Aspo's net sales from continuing operations increased to EUR 141.6 (128.8) million.
- Comparable operating profit from continuing operations was EUR 8.4 (8.7) million, and the comparable operating profit rate from continuing operations was 5.9% (6.7%).
- The comparable operating profit of ESL Shipping was EUR 6.0 (7.9) million, Telko EUR 2.7 (2.6) million, and Leipurin EUR 1.0 (0.1) million.
- Aspo's net sales, Group total decreased to EUR 147.5 (162.6) million.
- Comparable operating profit, at Group total level was EUR 8.0 (15.0) million, and the operating profit rate was 5.4% (9.2%).
- Items affecting the comparability of operating profit totaled EUR 0.5 (-4.9) million at Group total level.
- Operating profit from continuing operations was EUR 8.6 (4.0) million. The operating profit rate of continuing operations was 6.1% (3.1%).
- The operating profit of ESL Shipping was EUR 6.0 (9.2) million, Telko EUR 2.7 (-2.0) million, and Leipurin EUR 1.2 (-0.8) million.
- Earnings per share were EUR 0.21 (0.21).
- Net cash from operating activities was EUR 12.2 (15.2) million. Free cash flow was EUR 9.1 (13.8) million.

Guidance for 2023

Aspo Group's comparable operating profit will be higher than EUR 35 (2022: 55.3) million in 2023.

Restructuring of the financial reporting

To provide a more transparent and clear view of its businesses, Aspo has established a new reportable segment called 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, 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. All the entities in the segment are either held for sale or in the process of being closed down. The comparative figures have been restated according to the new reporting structure.

Key figures

	1-3/2023	1-3/2022	1-12/2022
Net sales, Group total, MEUR	147.5	162.6	652.6
Net sales from continuing operations, MEUR	141.6	128.8	560.7
ESL Shipping, comparable operating profit, MEUR	6.0	7.9	37.4
Telko, comparable operating profit, MEUR	2.7	2.6	11.3
Leipurin, comparable operating profit, MEUR	1.0	0.1	1.1
Other operations, comparable operating profit, MEUR	-1.3	-1.9	-5.9
Comparable operating profit from continuing operations, MEUR	8.4	8.7	43.9
Comparable operating profit from continuing operations, %	5.9	6.7	6.8
Comparable operating profit from discontinued operations, MEUR	-0.4	6.3	11.4
Comparable operating profit, Group total, MEUR	8.0	15.0	55.3
Comparable operating profit, Group total, %	5.4	9.2	8.5
Items affecting comparability, Group total, MEUR	0.5	-4.9	-24.1
Operating profit, Group total, MEUR	8.5	10.1	31.2
Profit before taxes from continuing operations, MEUR	6.7	2.9	32.5
Profit for the period, MEUR	7.2	7.0	20.7
Profit from continuing operations, MEUR	6.4	2.8	30.8
Profit from discontinued operations, MEUR	0.8	4.2	-10.1
Earnings per share (EPS), EUR	0.21	0.21	0.61
EPS from continuing operations, EUR	0.19	0.08	0.93
EPS from discontinued operations, EUR	0.02	0.13	-0.32
Net cash from operating activities, MEUR	12.2	15.2	67.7
Free cash flow, MEUR	9.1	13.8	34.4
Return on equity (ROE), %	19.7	21.2	15.2
Equity ratio, %	34.8	31.4	34.7
Gearing, %	106.0	118.8	108.4
Equity per share, EUR	4.71	4.28	4.58

Rolf Jansson, CEO of Aspo Group, comments on the first quarter of 2023:

Aspo's strategy execution has progressed well. In Q1, Telko and Leipurin improved their financial performance compared to last year, and ESL Shipping continued to show strong profitability in a more challenging business environment. The exits of Kauko and Vulganus in 2022, and cost reductions on the Group level contributed positively to our financial performance.

Our net sales from continuing operations in the first quarter 2023 increased by 10% to EUR 141.6 (128.8) million. Telko and Leipurin showed solid growth, whereas ESL Shipping's net sales somewhat decreased. Comparable operating profit from continuing operations amounted to EUR 8.4 (8.7) million. Capacity constraints of time-chartered vessels, a decline in financial performance of the Supramax vessels in addition to strikes and overtime bans weakened ESL Shipping's profitability. Leipurin saw very positive development in both net sales growth and profitability driven by the Kobia acquisition, inflation and performance improvement measures. Telko's profitability was slightly up year-on-year and net sales increased by approximately 7% driven by both organic as well as non-organic growth. Telko's acquisition of Eltrex in late January displayed further evidence of the company's compounder strategy.

During the quarter, Leipurin freed up capital by completing a sale and leaseback of the property in Gothenburg, Sweden and signing a similar transaction for its property in Hässleholm, Sweden.

Leipurin is still in the process of exiting Russia, Kazakhstan, and Belarus. We aim to complete this transaction by the summer 2023.

In April, after receiving the required approvals from the local authorities, Telko completed the sale of its Russian operations to a local industrial operator GK Himik. The sale was an important milestone, and it frees up time and resources within the organization to focus on growth opportunities in Western markets. Telko Belarus is being closed down.

In late April, we announced that we are initiating a program to accelerate ESL Shipping's low-carbon growth strategy. The aim is to assess a selection of alternative measures, including the launch of a new investment pool of green vessels, a possible equity injection in ESL Shipping by a minority shareholder, and the sale of the shipping company's two Supramax vessels. Based on the program, preferred measures will be launched to enhance ESL Shipping's capacity to execute its ESG-driven strategy. In all scenarios Aspo will remain a committed majority owner of ESL Shipping.

All of Aspo's businesses are in a good position to execute their strategies and perform well financially.

ASPO GROUP

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%

With regard to Aspo's businesses, 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 businesses.

In Q1 2023, Aspo's net sales from continuing operations increased by 10% to EUR 141.6 (128.8) million. The comparable operating profit rate of the continuing operations stood at 5.9% (6.7%). Return on equity remained close to the target level at 19.7% (21.2%) and gearing improved to 106.0% (108.4%).

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 calculated by adjusting the reported operating profit with rare and material items affecting the operating profit. These include impairment losses, sales gains from vessels, and financial losses caused by Russia's invasion in Ukraine.

Telko's companies in Russia and Belarus, and Leipurin's companies in Russia, Belarus and Kazakhstan were classified as held for sale in the 2022 financial statements (eastern businesses held for sale below). In the 2022 financial statements the results of the eastern businesses held for sale were reported as part of Telko and Leipurin segments, as well as Aspo Group's continuing operations. The assets and liabilities of the eastern businesses held for sale were presented on the balance sheet separately as assets and liabilities held for sale.

During the first quarter of 2023, Aspo has moved the eastern businesses held for sale to a new segment named Non-core businesses and at the same time, Aspo has classified the new segment as discontinued operations. The comparative profit and loss figures have been restated for all segments impacted by this financial reporting restructuring.

The eastern businesses held for sale are measured at fair value less cost to sell. On divestment, the translation differences are recognized as part of the sales loss. At the end of the first quarter, the amount of the translation differences of the eastern businesses held for sale was EUR -13.2 million. The translation differences fluctuate according to changes in exchange rates until the date of the sale. The reclassification of the translation differences from the translation difference reserve to the result for the period will have no impact on Aspo Group's total equity.

The result of the discontinued operations in the comparative periods of 2022 also includes the operative result and divestment loss of Kauko Oy. Kauko Oy was divested on October 31,2022.

Thus, the results of Kauko and the eastern businesses held for sale, which make up the result of the discontinued operations, are presented separate from the results of Aspo Group's continuing operations, but the result of the discontinued operations are included in the presented "Group total" figures including the measure comparable operating profit, Group total.

Net sales and operating profit margin, Group total

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
Net sales, Group total	147.5	162.6	652.6
Net sales, continuing operations	141.6	128.8	560.7
Net sales, discontinued operations	5.9	33.8	91.9
Operating profit, Group total	8.5	10.1	31.2
Operating profit, Group total, %	5.8	6.2	4.8
Items affecting comparability	0.5	-4.9	-24.1
Comparable operating profit, Group total	8.0	15.0	55.3
Comparable operating profit, Group total, %	5.4	9.2	8.5

Operating profit and comparable operating profit, Group total

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
ESL Shipping, operating profit	6.0	9.2	38.2
Telko, operating profit	2.7	-2.0	8.2
Leipurin, operating profit	1.2	-0.8	-1.4
Other operations, operating profit	-1.3	-2.4	-6.6
Operating profit from continuing operations	8.6	4.0	38.4
Operating profit from discontinued operations	-0.1	6.1	-7.2
Operating profit, Group total	8.5	10.1	31.2
Items affecting comparability	0.5	-4.9	-24.1
Comparable operating profit, Group total	8.0	15.0	55.3

In the first quarter of 2023, items affecting comparability totaled EUR 0.5 million. EUR 0.2 million of the items were reported in the Leipurin segment and consisted of the sales gain on the sale and lease back transaction of Kobia's property in Gothenburg. EUR 0.3 million of the items come from the Non-core businesses segment and relate to valuation adjustments of the eastern businesses held for sale.

The items affecting comparability in the first quarter of 2022, totaling EUR -4.9 million, consisted 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 receivables 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 of restructuring expenses in Russia. The items affecting comparability in other operations included the share-based payment of EUR -0.5 million granted to Aspo's previous CEO.

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. Items affecting comparability relating to the Kauko segment totaled EUR -2.5 million. Other items affecting comparability totaled EUR -0.9 million.

Sustainability

Sustainability is a material factor which guides Aspo's management system and especially 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, CO2 (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. According to the green transition in the shipping industry, ESL Shipping is engaged in close and long-term cooperation with leading energy suppliers to provide fossil-free sea transportation for its key customers in the future. ESL Shipping is investing in twelve new generation electric hybrid vessels, half of which will remain in its own ownership and half will be transferred to the other party of the pooling arrangement. The investment is instrumental in the company's green transition.

During the past 12 months, emission intensity has kept improving and stood at 0.32 (0.33 for the full-year 2022), driven by net sales growth in combination with operational efficiency and new operating models. The emission intensity target for the full-year 2023 is 0.36.

Another key target is employee safety. The Total Recordable Injury Frequency (TRIF) has been developing favorably in the past quarters and was 8.8 (8.1 for the full-year 2022) for the past 12 months. The TRIF target for 2023 is 7.0.

Operating environment and the impact of Russia's invasion in Ukraine on Aspo's operations

Aspo's operating environment is more stable compared to 2022 even though turbulence remains. Aspo's commercial activities in eastern markets have significantly declined since Russia's invasion in Ukraine and Aspo's focus has been on full withdrawal from selected eastern markets. Major losses related to the withdrawal from selected eastern markets have been accounted for already in 2022 and only minor valuation adjustments are expected to arise during 2023. The translation differences will be accounted for as part of the sales losses, but it will not impact the total equity.

The operating environment in the west has been more stable, however, changes in demand, inflation and rising interest rates have caused pressure on commercial activities, including pricing of products as well as on external financing. Volatile exchange rates also reflect the high inflation, which varies from one area to another causing fluctuations in demand. Aspo continues its business operations in Ukraine despite of the war. The market conditions are, however, demanding with no significant improvement in sight in the short term. Aspo continues to operate selectively in certain Central Asian countries like Kazakhstan and Uzbekistan.

Rising interest and inflation rates, as well as weaker general economic estimates, have affected consumers' purchasing behavior, for example, so that consumers have shifted from more expensive to more affordable products. The coronavirus pandemic no longer significantly affects Aspo's operations.

ESL Shipping's all operations were discontinued in Russia in 2022 and the whole capacity now operates in the western markets. Telko has agreed to sell all shares in its Russian subsidiary to GK Himik, a Russian industrial company. The closing of the deal took place in April. Telko is also in the process of winding-down its operations in Belarus. The sales and exit processes of Leipurin's companies in Russia, Belarus and Kazakhstan are ongoing and they are expected to be completed during the first half of 2023. All of these companies are reported in the Non-core businesses segment and classified as discontinued operations.

Net sales by market area, continuing operations

	1-3/2023 MEUR	Share %	1-3/2022 MEUR	Share %	1-12/2022 MEUR	Share %
Finland	47.7	33.7	53.3	41.4	224.4	40.0
Scandinavian countries	41.4	29.2	28.6	22.2	137.6	24.5
Baltic countries	17.0	12.0	15.6	12.1	67.8	12.1
Other European countries	19.4	13.7	23.5	18.2	89.6	16.0
Other countries	16.1	11.3	7.8	6.1	41.3	7.4
Total	141.6	100	128.8	100	560.7	100

Following the shift of the strategic focus towards western markets, Aspo has changed the market areas when reporting net sales. The new market areas are: Finland, Scandinavian countries, Baltic countries, Other European countries and Other countries. The acquisition of Kobia has significantly increased the contribution of Scandinavia in Group's total net sales.

Cash flow and financing

The Group's net cash flow from operating activities in January–March was EUR 12.2 (15.2) million. The cash flows of all businesses were strong during the quarter. The cash flow impact of change in working capital was EUR -0.6 (-0.6) million. The slight increase in working capital originates from the increased accounts receivable, whereas the value of inventories decreased.

The free cash flow in January–March was EUR 9.1 (13.8) million. Investments amounted to EUR 1.8 (2.8) million and consisted mainly of the ESL Shipping segment's Green Coaster advance payments. In addition, the cash flow from investing activities includes EUR 3.7 million cash outflow from the acquisitions of Eltrex and EUR 2.4 million cash inflow from the sale of Kobia's property in Gothenburg, Sweden.

	3/2023 MEUR	3/2022 MEUR	12/2022 MEUR
Interest-bearing liabilities, incl. lease liabilities	192.3	202.3	189.2
Cash and cash equivalents	35.6	41.3	33.5
Net interest-bearing debt	156.7	161.0	155.7

Net interest-bearing debt was EUR 156.7 (155.7) million and gearing decreased to 106.0% (108.4%). The Group's equity ratio at the end of the review period was 34.8% (34.7%).

Net financial expenses in January–March totaled EUR -1.9 (-1.1) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, rose strongly and was 3.7% (1.3%) increasing Aspo's interest expenses. Exchange rate fluctuations increased fx-gains and affected positively the net financial expenses.

The Group's liquidity position remained strong. Cash and cash equivalents stood at EUR 35.6 (33.5) million at the end of the review period, of which cash and cash equivalents related to businesses held for sale were EUR 10.1 (11.8) million. 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 remained fully unused.

Short-term risks and uncertainties in business operations

Aspo and its subsidiaries are exposed to various risks and uncertainties. The most important risks and Aspo's actions to mitigate these are summarized and reported to Aspo's Board of Directors through Aspo's Audit Committee.

Russia's invasion of Ukraine causes significant geopolitical uncertainties. It affects the general economic environment, including inflation, energy and raw material prices, interest rates, and consumers' trust.

The ongoing process to withdraw from Russia and other selected eastern markets will change the Group's structure significantly and will affect the revenue model of Aspo's businesses in the long term. There are risks that the withdrawal from selected markets cause additional costs or losses, and that funds cannot be transferred from the markets or that the withdrawal is unsuccessful in full or in part. It is also possible that the official approvals required for the withdrawal from the markets are not obtained for example due to changes is legislation or that they are at risk or fail for some other reason. As the money from the disposal of Telko Russia has been received these risks are now limited to Leipurin's eastern operations.

Financial activities and the prevailing geopolitical uncertainties have caused the prices of many raw materials, components and logistics services to rise rapidly. While Aspo may benefit from the price increases temporarily, the prices of raw materials or rental capacity, such as leased vessels, are increasing at the same time. Disruptions in logistics flows, longer delivery times for spare parts, components and raw materials, and any rapid price changes are also increasing risks. The rapid increase in inflation has generally caused pressure for salary increases, which can lead to labor disputes, which can also negatively affect Aspo's businesses.

Overall economic development and energy price development cause changes in demand and price volatility of plastic and chemical based raw materials. Subsequently these will impact the financial performance of Telko, who does though benefit from a focus on more technical products, and wide product mix and scalability of operations.

Overall economic development and specific demand and production volumes in key industries, such as metal, forest products, and energy, impact the demand of shipping. In this regard, ESL Shipping benefits from long-term industrial partnerships and a general deficit of all year-round vessel capacity in the Baltic Sea area.

In line with its strategy, Aspo aims to increase its profit-making ability through acquisitions. Strategy execution may lead to a temporary deterioration in the balance sheet and capital structure in situations where 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-making ability.

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.

ASPO'S BUSINESSES

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 42 vessels with a total capacity of 438,000 deadweight tons (dwt). Of these, 23 were wholly owned (78% of the tonnage), two were minority owned (2%) and the remaining 17 vessels (20%) 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.

	1-3/2023	1-3/2022	Change,%
Net sales, MEUR	52.7	56.8	-7
Operating profit, MEUR	6.0	9.2	-35
Operating profit, %	11.4	16.2	
Items affecting comparability, MEUR		1.3	
Comparable operating profit, MEUR	6.0	7.9	-24
Comparable operating profit, %	11.4	13.9	

In the first quarter, ESL Shipping's net sales decreased by 7% from the previous year to EUR 52.7 (56.8) million. The comparable operating profit for the quarter decreased by 24% to EUR 6.0 (7.9) million, with the comparable operating profit rate being 11.4% (13.9%). Despite being lower than the record level of the previous year, the reported operating profit for the first quarter of 2023 can still be considered good.

The anticipated unrest in Finland's labor market materialized and the first quarter of 2023 was hampered by stevedore's overtime ban and two weeks strike in most Finnish ports. As a result, cargo volumes transported by ESL Shipping decreased from the comparative period to 3.3 (3.8) million tons. Typical for a strike situation, the adverse effect to shipping company started approximately two weeks before the informed time of the strike and the traffic was normalized only 2-3 weeks after the strike ended.

ESL Shipping's handysize vessels had stable volume demand from long term partnership industries during the first quarter of 2023. Coaster vessel volumes suffered not only from the strike but also from severe capacity constraints due to limited availability of time charter tonnage and unexpected 35 days maintenance off-hire of two owned sister vessels. This in turn was caused by the inferior quality of machinery spare parts provided by their original equipment maker. For the company's largest supramax vessels the spot cargo market activity and freight rate levels were significantly lower during the first quarter than during the comparative period.

After operations in Russia were suspended one year ago, demand for ESL Shipping's loading and unloading operations for vessels at sea shifted to the southern Baltic Sea where it was adversely affected by the lower-than-expected demand for energy coal transportation. Overall, continental Europe experienced a mild winter, which resulted in lower-than-expected energy industry shipping volumes. The share of energy coal transported by ESL Shipping returned to a clearly decreasing trend.

During the quarter, the prices of diesel and liquefied natural gas (LNG) used as ship fuels continued to decrease from the previous quarter. Price of LNG has decreased to levels seen last time in the autumn of 2021. In historical context fuel prices are still high. The impact of energy price fluctuations on ESL Shipping's costs is managed through 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 first quarter. 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. The first five new vessels are already under construction, and the first vessel is to be delivered during fall 2023.

The shipping company's long-term environmental activities focus on minimizing emissions to the sea and air. The aim is to halve carbon dioxide emissions per transportation unit by the end of the decade.

During the first quarter of 2023, ESL Shipping's vessels consumed 189,932 (226,212) MWh of energy. CO_2 efficiency improved by 12.5% to 13.6 (15.5) grams of carbon dioxide per transported ton-mile. The new energy-efficient operating models applied to port visits supported the positive development.

ESL Shipping outlook for 2023

Opinions with regards to global demand estimates in sea transportation markets and price levels of spot markets are split. After a very slow start of the year the market for the larger tonnage has somewhat picked up again since the re-opening of China after Covid-19, but continental Europe, Baltic Sea and Scandinavia still remain as a very low activity market area. On the other hand, the availability of vessel capacity suitable for round-the-year operations in the Baltic Sea is limited and ESL Shipping's long-term partners in the steel industry have fairly stable, albeit lower than in the previous year, volume expectations for the remaining part of 2023. In the forest industry, pulp delivery volumes are looking less positive than at the beginning of the year and sawn goods demand is only satisfactory, despite the fact that production capacity on the other hand is increasing. The role of energy coal transportation is expected to decrease significantly when the preparation situation returns to normal and demand shifts towards other energy forms. Demand for energy deliveries is expected to pick up only in the second half of the year.

The majority of the shipping company's transportation capacity has been secured through long-term agreements with the exception of the Supramax vessels. The expectations of the lessors of the time-chartered vessels continue not to meet the realities in the shipping company's main market areas which may cause further uncertainties in the availability and pricing of a suitable and sufficient tonnage.

ESL Shipping's investments in energy-efficient vessels will strengthen its competitiveness and market position in the future. ESL Shipping will continue the development of a completely fossil-free sea transportation ecosystem in line with the green transition and the vessels designed for it in cooperation with its key customers. ESL Shipping is participating in projects aimed to produce green hydrogen through renewable electricity and to further process it into fossil-free fuel for the shipping company's vessels.

During the remaining part of 2023, four larger and two smaller vessels will be docked for a total of approximately 100 days. The larger vessels to be docked this year are the most profitable units in ESL Shipping's fleet and therefore the result in Q2 and Q3 will be negatively affected.

As informed in a separate stock exchange release on 26th April, Aspo's Board of Directors has decided to initiate a program to support and accelerate ESL Shipping's low-carbon growth strategy. The program will assess alternative measures, including the launch of a second wave investment pool, a possible equity injection in ESL Shipping by a minority shareholder, and the sale of ESL Shipping's two Supramax vessels, m/s Arkadia and m/s Kumpula. The measures are intended to enhance ESL Shipping's capacity to execute its ESG driven strategy, including investments in new green vessels, to further focus ESL Shipping's business scope, and improve its financial resilience. Aspo would in all scenarios remain as a committed majority owner of ESL Shipping.

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.

Operations of Telko's subsidiaries in Russia and Belarus have been reclassified to Aspo's new Non-core businesses segment. The financials of these subsidiaries are no longer included in the Telko segment. The comparative figures have been restated according to the new reporting structure.

	1-3/2023	**1-3/2022**	**Change,%**
Net sales, MEUR	54.3	50.6	7
Operating profit, MEUR	2.7	-2.0	-235
Operating profit, %	5.0	-4.0	
Items affecting comparability, MEUR		-4.6	
Comparable operating profit, MEUR	2.7	2.6	4
Comparable operating profit, %	5.0	5.1	

In the first quarter of 2023, Telko's net sales increased to EUR 54.3 (50.6) million and its comparable operating profit grew slightly to EUR 2.7 (2.6) million. Organic growth and the acquisition of Eltrex contributed positively to Telko's sales growth, whereas the war clearly had a negative sales impact in Ukraine in comparison with the first quarter last year. Telko's comparable operating profit rate was 5.0% (5.1%). In the comparative period, items affecting comparability amounting to EUR -4.6 million and were related to the destroyed warehouse in Ukraine and a credit loss provision associated with accounts receivable in Ukraine. Telko's reported operating profit for the first quarter increased to EUR 2.7 (-2.0) million.

Net sales of the plastics business decreased by 2% during the first quarter, amounting to EUR 26.6 (27.2) million. Demand in all segments was below average especially towards the end of the quarter when many customers lowered stock levels due to reduced order intake. Prices of volume plastics were mostly stable compared to the previous quarter but still about 15 % lower than in Q1 2022. Engineering plastics prices continued to decrease in general, but some product groups were going in the opposite direction mainly driven by production costs.

Net sales of the chemicals business increased by 25% to EUR 15.1 (12.1) million. Demand remained relatively healthy in the main markets. Prices continued to decline in many product lines, but the development was quite balanced. On January 31, Telko acquired Eltrex, a Polish distributor of specialty chemicals and industrial packaging materials. Eltrex contributed EUR 1.4 million to the net sales during the quarter.

Net sales of the lubricants business increased by 12% to EUR 12.6 (11.3) million. High demand especially for Industrial lubricants continued and resulted in sales volume growth. In Automotive lubricants demand remained stable. Telko has strengthened its position in Marine Lubricants and sales developed strongly during the quarter. During the first quarter prices of readymade lubricants stabilized after a long period of continuous increases. All prices are clearly above long-term average levels.

Telko outlook for 2023

Telko has faced significant changes in its business environment during the last year. Russia and Belarus played a significant role in Telko´s former business portfolio. Despite all the changes, the core of Telko´s strategy has remained and will remain the same. As a leading expert serving multiple industries, Telko is in a unique position to create value by improving our customers' sustainability, productivity, and operational quality. Telko´s growth efforts will be increasingly focused on Europe, but the main components of the company´s value proposition will remain the same.

In general, the business outlook in the European market looks somewhat softer than a year ago. 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 remains fairly resilient to changes in overall market development.

In plastics, Telko does not anticipate sudden changes in demand during the second quarter. Prices will continue to be on the same or lowering trend due to overall weaker market demand both in volume and engineering plastics. Strict inventory control and careful purchasing will continue in the main customer segments. Customers will continue to lower their buffer inventories as the overall market outlook is softening and there are no more significant availability problems in the market. Prices of freight from Asia to Europe have lowered significantly from the record levels, which encourages increasing imports to the European market.

In chemicals, healthy demand is expected to continue in key markets. Price erosion will continue in a controlled manner and some product lines already bottomed. The recently acquired Eltrex will have a positive impact on both sales and profitability.

It is expected that for lubricants the demand will remain stable during the first half of the year. No significant price changes are expected during the first half of the year. The possible slower economic development might have an adverse impact on demand for lubricants during the second half of the year. Telko will continue to focus on increasing its market share in high performance lubricants, metal working fluids and marine lubricants.

Sales in Ukraine are expected to pick up if the electricity supply situation remains stable. In any case sales in Ukraine during Q2 will be higher than in previous year, but significantly below pre-war levels. Solid growth is expected to continue in Central Asia.

The recent acquisitions have proved to be successful, and they have had a positive impact on the existing businesses. Telko will accelerate its growth through acquisitions to achieve set strategic goals in all three business segments. 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, acquiring raw materials in global markets and from domestic companies, and supplying them through its effective logistics chain according to customer needs. With operations in six countries including Finland, Sweden, Baltic countries, and Ukraine, Leipurin serves bakery, food industry, and foodservice customers by providing raw materials, supporting research & development, recipes, and innovations for new products. Leipurin also offers various supplies and machines for the same customer segments, partnering with leading international manufacturers for its raw material and machinery supply.

Operations of Leipurin subsidiaries in Russia, Belarus and Kazakhstan have been reclassified to Aspo's new Non-core businesses segment. The financials of these subsidiaries are no longer included in the Leipurin segment. The comparative figures have been restated according to the new reporting structure.

	1-3/2023	1-3/2022	Change,%
Net sales, MEUR	34.6	21.4	62
Operating profit, MEUR	1.2	-0.8	-250
Operating profit, %	3.5	-3.7	
Items affecting comparability, MEUR	0.2	-0.9	
Comparable operating profit, MEUR	1.0	0.1	900
Comparable operating profit, %	2.9	0.5	

Leipurin's net sales increased by 62% during the first quarter to EUR 34.6 (21.4) million. In Finland net sales increased by 14% to EUR 11.9 (10.4) million. In the Baltic countries, net sales increased by 19% to EUR 9.4 (7.9) million. Net sales of the Ukraine business unit decreased by 40% to EUR 0.3 (0.5) million. Sweden was established as a new business unit as a result of the acquisition of Kobia AB on September 1, 2022, and it contributed with EUR 13.0 million and approximately 38% of Leipurin's net sales in the first quarter of 2023. Net sales of Q1 2022 included EUR 2.5 million net sales of the divested Vulganus Oy. During the first quarter, sales to bakeries increased by 80% to EUR 25.7 (14.3) million, driven by the Kobia acquisition. Sales to the food industry increased by 26% to EUR 2.9 (2.3) million.

The steep increase in raw material prices in global markets continued to have an impact on Leipurin's sales during the first quarter. Measured in kilo volume, the decline in sales continued in Finland, Sweden and the Baltic countries. The weak volume development was driven by factors such as consumer price shock resulting from inflation, high energy prices, and higher interest rates, as well as post-Covid-19 effects, where food retail sales declined after a surge during the pandemic, while food service consumption respectively recovered. Leipurin expects this phenomenon to stabilize and normalize during the year 2023, although consumer demand for more affordable products continues to drive market dynamics. In the case of Leipurin, the volume decrease has been predominantly in the low-margin commodity items, resulting in an improved product mix, so the positive development in gross profits continued even at slightly lower total volumes.

The comparable operating profit for the first quarter stood at EUR 1.0 (0.1) million, and the comparable operating profit rate was 2.9% (0.5%). Items affecting comparability, totaling EUR 0.2 (-0.9) million, included the gain related to the sale and leaseback of Kobia's property in Gothenburg. The comparability of the comparative period was affected by the destroyed warehouse in Ukraine and provision for credit losses with Ukrainian customers. Leipurin's operating profit for the first quarter was EUR 1.2 (-0.8) million.

Leipurin completed the sale and leaseback of the property in Gothenburg, Sweden in February 2023. In March, Leipurin also signed a sale and leaseback arrangement of the property in Hässleholm, Sweden, and expects to close this deal during the second quarter. The property in Hässleholm has been classified as assets held for sale in the balance sheet on the reporting date. Leipurin continues the efforts to complete a sale and leaseback transaction also of the properties in Tyresö, Sweden. These actions will release a significant share of the capital that was invested when acquiring Kobia AB.

Leipurin outlook for 2023

The expansion to Sweden through the acquisition of Kobia AB will contribute to Leipurin's annual net sales by roughly EUR 50 million and generate considerable synergy benefits in product range development, supply chain, and procurement. It also enables partners to be served in a larger geographic area. The integration of operations and synergy capture have clearly progressed according to plan.

Inflation and the rising energy prices, in particular, will have a negative impact on demand for more expensive products, potentially presenting profitability challenges among the bakery segment's customers. The decreased purchasing power may have a negative impact on demand especially for artisan bakeries, as consumers shift towards more affordable products.

The upward trend is expected to continue in the prices of main raw material categories, even though the rapid inflation during the review period is expected to decelerate considerably during this year.

Despite these challenges, we see that the market will offer a highly stable environment in the long term and also opportunities for organic growth in selected market segments. With its new setup of Finland, Sweden and the Baltic countries forming the core business area, and being more clearly focused on food ingredient sales, Leipurin is now a more synergistic group. The management structure has been renewed and the operating model revised to drive and develop the business across Leipurin countries in this setup. The impact of Russia's invasion in Ukraine on the global supply chains, the availability of certain raw materials, general delivery times and especially on market development and demand in Ukraine will continue, but with less effects on Leipurin's business than last year.

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

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. All the entities in the segment are either held for sale or in the process of being closed down.

Non-core	1-3/2023	1-3/2022	Change,%
Net sales, MEUR	5.9	31.6	-81
Operating profit, MEUR	-0.1	6.3	-102
Operating profit, %	-1.7	19.9	
Items affecting comparability, MEUR	0.3	-0.2	
Comparable operating profit, MEUR	-0.4	6.5	-106
Comparable operating profit, %	-6.8	20.6	

The net sales from the Non-core businesses declined by 81% during the first quarter to EUR 5.9 (31.6) million. The net sales of the Non-core businesses was split between Leipurin EUR 4.3 million and Telko EUR 1.6 million. The comparable operating profit was EUR -0.4 million. The operating profit of the Non-core businesses was EUR -0.1 (6.3) million. The Leipurin entities contributed positively to the comparable operating profit, but the Telko entities caused the negative comparable operating profit of the segment. The operating profit included EUR 0.3 million of items affecting comparability, which were caused by reversal of impairments due to decreased net assets of the eastern businesses held for sale. The net assets of the eastern businesses decreased more than their fair value, which caused the positive effect on the result.

On April 19, after receiving the required approvals from the Russian authorities, Telko received the funds for the sale of the share capital of its Russian subsidiary to Russian industrial operator GK Himik. The original sales price was approximately EUR 9.5 million as announced in October 2022. The received sales price was EUR 5.7 million after mandatory valuation adjustments. Considering the already recognized write-downs, the transaction will not generate a material sales loss except for the translation differences which amount to approximately EUR -8.6 million. The reclassification of the translation differences does not reduce the equity of the Group.

Other operations

Other operations include Aspo Group's administration, finance and ICT service center. The comparable operating profit of other operations was EUR -1.3 (-1.9) million during the first quarter. The improved profitability derives from some restructuring activities at Aspo group level and more accurate expense allocation among group entities. The operating profit was EUR -1.3 (-2.4) million. In 2022, items affecting comparability of EUR -0.5 million were related to the additional share-based remuneration granted to Aspo's previous CEO.

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 March 31, 2023, was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 22,394 shares, i.e. approximately 0.1% of the share capital.

Based on the authorization by the Annual Shareholders' Meeting 2022, Aspo's Board of Directors decided to start a repurchasing programme of the company's own shares on March 9, 2023. Additional treasury shares were needed for the purposes of the share-based incentive programmes. During a 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.

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.

In January-March 2023, a total of 4,469,667 Aspo Plc shares, with a market value of EUR 37.1 million, were traded on Nasdaq Helsinki. In other words, 14.2% of the shares changed hands. During the review period, the share price reached a high of EUR 8.65 and a low of EUR 8.00. The average price was EUR 8.30 and the closing price at the end of the review period was EUR 8.56. At the end of the review period, the market value, less treasury shares, was EUR 268.8 million.

The company had 11,808 shareholders at the end of the review period. A total of 1,014,631 shares, or 3.22% of the share capital, were nominee registered or held by non-domestic shareholders.

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 new 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 maximum 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 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 quantity will take place in 2023.

Decisions of the Annual Shareholders' Meeting

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 authorization is valid until the next Annual Shareholders' Meeting. The Board of Directors will decide in its meeting agreed to be held on November 1, 2023, of the second dividend distribution which would be paid in November 2023 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, 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.

The Authorized Public Accountant firm Deloitte Oy was re-elected as company auditor. Deloitte Oy has announced that Jukka Vattulainen, APA, will act as the auditor in charge. The remuneration shall be paid to the auditor according to the accepted invoice.

Board authorizations

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

As proposed by the Board of Directors, 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.

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

As proposed by the Board of Directors, 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.

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

As proposed by the Board of Directors, 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.

Authorization of the Board of Directors to decide on charitable contributions

As proposed by the Board of Directors, 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.

FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
Continuing operations			
Net sales	**141.6**	**128.8**	**560.7**
Other operating income	0.5	1.5	3.0
Materials and services	-88.2	-76.3	-332.2
Employee benefit expenses	-12.4	-12.0	-48.8
Depreciation, amortization and impairment losses	-4.8	-4.1	-18.0
Depreciation and impairment losses, leased assets	-3.4	-3.8	-15.2
Other operating expenses	-24.7	-30.1	-111.1
Operating profit	**8.6**	**4.0**	**38.4**
Financial income and expenses	-1.9	-1.1	-5.9
Profit before taxes	**6.7**	**2.9**	**32.5**
Income taxes	-0.3	-0.1	-1.7
Profit from continuing operations	**6.4**	**2.8**	**30.8**
Profit from discontinued operation (attributable to equity holders of the company)	0.8	4.2	-10.1
Profit for the period	**7.2**	**7.0**	**20.7**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences	-1.9	-1.7	-1.2
Other comprehensive income for the period, net of taxes	-1.9	-1.7	-1.2
Total comprehensive income	**5.3**	**5.3**	**19.5**
Profit attributable to parent company shareholders	7.2	7.0	20.7
Total comprehensive income attributable to parent company shareholders	5.3	5.3	19.5
Earnings per share attributable to parent company shareholders, EUR			
Basic and diluted earnings per share			
Continuing operations	0.19	0.08	0.93
Discontinued operations	0.02	0.13	-0.32
Total	**0.21**	**0.21**	**0.61**

Aspo Group's condensed consolidated balance sheet

Assets	3/2023 MEUR	3/2022 MEUR	12/2022 MEUR
Intangible assets	51.1	45.7	46.8
Tangible assets	171.7	167.5	178.4
Leased assets	18.8	21.6	15.9
Other non-current assets	1.5	2.0	1.5
Total non-current assets	243.1	236.8	242.6
Inventories	70.7	66.4	69.9
Accounts receivable and other receivables	75.2	76.7	69.3
Cash and cash equivalents	25.5	41.3	21.7
	171.4	184.4	160.9
Assets held for sale	12.2	9.0	12.4
Total current assets	183.6	193.4	173.3
Total assets	**426.7**	**430.2**	**415.9**
Equity and liabilities			
Share capital and premium	22.0	22.0	22.0
Other equity	125.8	112.3	121.7
Total equity	147.8	134.3	143.7
Loans and overdraft facilities	119.3	142.4	154.3
Lease liabilities	5.5	6.4	4.6
Other liabilities	7.8	5.9	7.6
Total non-current liabilities	132.6	154.7	166.5
Loans and overdraft facilities	53.0	36.2	17.8
Lease liabilities	13.8	15.8	11.7
Accounts payable and other liabilities	76.6	83.1	72.3
	143.4	135.1	101.8
Liabilities directly associated with assets classified as held for sale	2.9	6.1	3.9
Total current liabilities	146.3	141.2	105.7
Total equity and liabilities	**426.7**	**430.2**	**415.9**

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Aspo Group's condensed consolidated cash flow statement

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
CASH FLOWS FROM/USED IN OPERATING ACTIVITIES			
Operating profit, Group total	8.5	10.1	31.2
Adjustments to operating profit	6.6	7.6	50.6
Change in working capital	-0.6	-0.6	-6.7
Interest paid	-1.5	-0.5	-4.2
Interest received	0.1		0.3
Income taxes paid	-0.9	-1.4	-3.5
Net cash from operating activities	**12.2**	**15.2**	**67.7**
CASH FLOWS FROM/USED IN INVESTING ACTIVITIES			
Investments	-1.8	-2.8	-17.8
Proceeds from sale of tangible assets	2.4	1.6	1.8
Acquisition of businesses	-3.7	-0.2	-17.9
Disposal of businesses			0.3
Dividends received			0.3
Net cash used in investing activities	**-3.1**	**-1.4**	**-33.3**
CASH FLOWS FROM/USED IN FINANCING ACTIVITIES			
Proceeds from loans			29.6
Repayment of loans	-0.3	-1.0	-18.7
Net change in commercial papers		15.0	-5.0
Payments for purchase of own shares	-0.3		
Payments of lease liabilities	-3.6	-4.1	-16.2
Hybrid bond repayment			-20.0
Proceeds from Hybrid bond issue			30.0
Hybrid bond, interest paid			-1.8
Hybrid bond, issuance fees paid			-0.3
Dividends paid			-14.1
Net cash used in financing activities	**-4.2**	**9.9**	**-16.5**
Change in cash and cash equivalents	**4.9**	**23.7**	**17.9**
Cash and cash equivalents January 1	33.6	17.7	17.7
Translation differences	-0.5	-0.1	0.0
Impairment on cash and cash equivalents	-2.4		-2.0
Cash and cash equivalents at period-end	**35.6**	**41.3**	**33.6**
Cash and cash equivalents held for sale	-10.1		-11.8
Cash and cash equivalents in balance sheet	**25.5**	**41.3**	**21.8**

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					7.2	7.2
Translation differences				-1.9		-1.9
Total comprehensive income				-1.9	7.2	5.3
Transactions with owners:						
Hybrid bond interest					-0.6	-0.6
Purchase of own shares					-0.3	-0.3
Share-based incentive plan					-0.3	-0.3
Total transactions with owners					-1.2	-1.2
Equity March 31, 2023	**22.0**	**16.5**	**30.0**	**-27.9**	**107.2**	**147.8**
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:						
Hybrid bond interest					-0.4	-0.4
Share-based incentive plan					0.0	0.0
Total transactions with owners					-0.4	-0.4
Equity March 31, 2022	**22.0**	**16.5**	**20.0**	**-26.5**	**102.3**	**134.3**

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Accounting principles

Aspo Plc's interim report 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 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 64 of Aspo's Year 2022 publication.

Personnel

At the end of the review period, Aspo Group had 873 employees (886 at the end of 2022), of which discontinued operations accounted for 120 (130) employees.

Segment information

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

During the first quarter of 2023 Aspo has moved the eastern businesses held for sale to a new segment called Non-core businesses and at the same time, Aspo has classified the new segment as discontinued operations. The comparative profit and loss figures have been restated for all segments impacted by this financial reporting restructuring.

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

1-3/2023

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	6.0	2.7	1.2	-1.3	8.6
Net financial expenses				-1.9	-1.9
Profit before taxes					6.7

1-3/2022

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	9.2	-2.0	-0.8	-2.4	4.0
Net financial expenses				-1.1	-1.1
Profit before taxes					2.9

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Non-core businesses	Group total
Investments	1-3/2023	1.6	0.2			1.8
Investments	1-3/2022	2.6	0.1		0.1	2.8

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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. 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 first of them will start operating in the third quarter of 2023.

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 Mar 31, 2023	227.6	92.8	65.8	12.2	28.3	426.7
Liabilities Dec 31, 2022	32.3	34.4	16.4	3.9	185.2	272.2
Liabilities Mar 31, 2023	33.9	37.8	18.0	2.9	186.3	278.9

Aspo Group disaggregation of net sales, from continuing operations

Telko net sales

	1-3/2023 MEUR	1-3/2022 MEUR	Change,%	1-12/2022 MEUR
Business area:				
Plastics business	26.6	27.2	-2.2	110.1
Chemicals business	15.1	12.1	24.8	49.2
Lubricants business	12.6	11.3	11.5	50.1
Telko total	**54.3**	**50.6**	**7.3**	**209.4**

Leipurin net sales

	1-3/2023 MEUR	1-3/2022 MEUR	Change,%	1-12/2022 MEUR
Regions:				
Finland	11.9	10.4	14.4	46.6
Sweden	13.0		NA	17.3
Baltics	9.4	7.9	19.0	36.8
East	0.3	0.5	-40.0	0.9
Total	34.6	18.9	83.1	101.6
of which:				
Bakeries	25.7	14.3	79.7	74.9
Food Industry	2.9	2.3	26.1	11.8
Retail, foodservice, other	6.0	2.3	160.9	14.9
Vulganus		2.5	-100.0	4.3
Leipurin total	**34.6**	**21.4**	**61.7**	**105.9**

ASPO

Net sales by timing of revenue recognition

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
ESL Shipping			
At a point in time	0.1	1.0	3.5
Over time	52.6	55.8	241.9
	52.7	56.8	245.4
Telko			
At a point in time	54.2	50.5	209.0
Over time	0.1	0.1	0.4
	54.3	50.6	209.4
Leipurin			
At a point in time	34.6	19.5	102.6
Over time	0.0	1.9	3.3
	34.6	21.4	105.9
Total			
At a point in time	88.9	71.0	315.1
Over time	52.7	57.8	245.6
	141.6	128.8	560.7

Net sales by market area

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
ESL Shipping			
Finland	22.3	27.6	121.5
Scandinavia countries	14.8	13.0	58.5
Baltic countries	0.3	0.6	2.9
Other European countries	8.8	12.3	48.2
Other countries	6.5	3.3	14.3
	52.7	56.8	245.4
Telko			
Finland	13.5	13.7	53.5
Scandinavia countries	13.8	15.3	61.7
Baltic countries	7.3	6.9	28.3
Other European countries	10.1	10.2	39.0
Other countries	9.6	4.5	26.9
	54.3	50.6	209.4
Leipurin			
Finland	11.9	12.0	49.4
Scandinavia countries	12.8	0.3	17.4
Baltic countries	9.4	8.1	36.6
Other European countries	0.5	1.0	2.4
Other countries	0.0	0.0	0.1
	34.6	21.4	105.9
Total			
Finland	47.7	53.3	224.4
Scandinavia countries	41.4	28.6	137.6
Baltic countries	17.0	15.6	67.8
Other European countries	19.4	23.5	89.6

Other countries	16.1	7.8	41.3
	141.6	128.8	560.7

Acquisition of Eltrex

On January 31, Telko acquired Eltrex a Polish distributor of specialty chemicals and industrial packaging materials, with 2022 net sales of approximately 8 million euros and operating profit slightly under one million euro.

The estimated total consideration of EUR 4.8 million will be paid fully in cash, and EUR 3.7 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 allocation 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 were deemed to correspond to their fair values. A goodwill balance of EUR 1.2 million resulted from the acquisition. The acquisition-related costs of approximately EUR 0.4 million were recognized in the Telko segment's other operating expenses.

Preliminary acquisition calculation of Eltrex

	3/2023 MEUR
Consideration	
Paid in cash	4.8
Total consideration	**4.8**
Assets acquired and liabilities assumed, fair value	
Intangible assets	3.3
Leased assets	0.6
Inventories	1.4
Accounts receivable and other receivables	1.1
Total assets	**6.4**
Interest bearing liabilities	1.2
Accounts payable and other liabilities	1.0
Deferred tax liability	0.6
Total liabilities	**2.8**
Net assets acquired	**3.6**
Goodwill	**1.2**

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

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

Profit from discontinued operations

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
Net sales	5.9	33.8	91.9
Other operating income	0.0	0.1	0.3
Materials and services	-2.5	-24.7	-77.6
Employee benefit expenses	-0.9	-1.9	-7.1
Depreciation, amortization and impairment losses	0.1	-0.1	-3.1
Depreciation, leased assets	0.0	-0.1	-1.5
Other operating expenses	-2.7	-1.0	-10.1
Operating profit	**-0.1**	**6.1**	**-7.2**
Financial income and expenses	1.0	-0.7	-0.4
Profit before taxes	**0.9**	**5.4**	**-7.6**
Income taxes	-0.1	-1.2	-2.5
Profit for the period	**0.8**	**4.2**	**-10.1**

Net cash flows of discontinued operations

	1-3/2023 MEUR	1-3/2022 MEUR	1-12/2022 MEUR
Net cash inflow from operating activities	1.0	7.1	21.2
Net cash inflow/outflow(-) from investing activities	0.1	0.0	-1.0
Net cash inflow/outflow(-) from financing activities	-0.2	-0.9	-2.1
Net change in cash generated by the discontinued operations	**0.9**	**6.2**	**18.1**

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.

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

	3/2023 MEUR	3/2022 MEUR	12/2022 MEUR
Assets of discontinued operations	10.4	5.1	12,4
Other assets held for sale	1.8	3.9	
Assets classified as held for sale, total	**12.2**	**9.0**	**12,4**
Liabilities of discontinued operations	2.9	3.9	3,9
Liabilities directly associated with assets classified as held for sale		2.2	
Liabilities directly associated with assets classified as held for sale, total	**2.9**	**6.1**	**3.9**

Assets and liabilities of discontinued operations at the end of the first quarter 2023 and at the end of year 2022 include the assets and liabilities of the Non-core businesses segment. In the comparative period 3/2022 they include the assets and liabilities of Kauko operating segment.

At the end of the first quarter of 2023 the Other assets held for sale include Kobia's properties in Hässleholm, Sweden, which Kobia AB has agreed to sell and lease back. The deal is expected to be completed during the second quarter. In the comparative period 3/2022 the Other assets and liabilities held for sale include the assets and liabilities of Vulganus Oy, which was divested on June 30, 2022.

On the balance sheet, the assets and liabilities of discontinued operations and other assets and liabilities held for sale are reported under "Assets held for sale" and "Liabilities directly associated with assets classified as held for sale". The reporting of balance sheet items on separate rows starts at the time of classification, therefore the balance sheet figures of the comparative periods have not been restated. The recognition of depreciation and amortization expense has ended for all non-current assets held for sale at the time of the classification as held for sale.

Restricted cash and cash equivalents

In Russia, Aspo Group has EUR 14.2 million in cash and cash equivalents, the use of which are strictly restricted by the Russian Government and controlled by the banks. The value of these cash and cash equivalents in the Group balance sheet is EUR 9.7 million, as impairments of EUR 4.5 million have been recognized on these cash and cash equivalents balances. Cash and cash equivalents in Russia are presented under assets held for sale on the balance sheet. In the first quarter of 2023 it was still possible to receive dividend payments and make commercial payments with Russian entities. After the end of the review period Aspo received payment of EUR 5.7 million for the sale of Telko Russia. According to our understanding and experience, also the sales price of the Leipurin entities classified as held for sale is expected to be received in conjunction with the sale of the entities. However, there is a risk that the Group does not have access to the cash and cash equivalents in full in Russia, which is why they must be considered restricted cash and cash equivalents in accordance with IAS 7.

Events after the review period

On April 19, after receiving the required approvals from the local authorities, Telko completed the sale of its Russian operations to a local industrial operator GK Himik.

On April 26, Aspo announced that it is initiating a program to accelerate ESL Shipping's low-carbon growth strategy. The aim is to assess a selection of alternative measures, including a launch of a new investment pool of green vessels, a possible equity injection in ESL Shipping by a minority shareholder, and the sales of the shipping company's two Supramax vessels. Based on the program, preferred measures will be launched to enhance ESL Shipping's capacity to execute its ESG-driven strategy. In all scenarios Aspo will remain a committed majority owner of ESL Shipping.

Helsinki, May 3, 2023

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 3, 2023, at 2 p.m. The event is also open to private investors, and participants are requested to register beforehand by emailing viestinta@aspo.com.

The interim report 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/q1-2023. Questions can be asked after the event by telephone by registering through the following link: http://palvelu.flik.fi/teleconference/?id=1009757. 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.

Financial information in 2023

Aspo Plc will publish the following reports:

- half year financial report for January–June 2023 on August 10, 2023
- interim report for January–September 2023 on November 1, 2023

Helsinki, May 3, 2023

Aspo Plc

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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 18 different countries, and it employs a total of approximately 900 professionals.