Aspo Plc
Half-year financial report
August 10, 2022, at 9:30 am

Aspo Group half-year financial report, January 1 to June 30, 2022

Strong performance continued in Q2: Comparable operating profit reached a record-high EUR 16.0 million

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

April–June 2022, continuing operations

- Aspo's net sales increased by 16% to EUR 161.4 (139.3) million.
- Comparable operating profit, at Group total level was EUR 16.0 (9.6) million, and the comparable operating profit rate was 9.7% (6.7%).
- The comparable operating profit of ESL Shipping was EUR 9.2 (5.4) million, Telko EUR 7.2 (5.5) million, and Leipurin EUR 0.9 (0.3) million.
- Items affecting the comparability of operating profit totaled EUR -2.4 million at Group total level.
- Operating profit was EUR 14.8 (9.6) million. The operating profit rate was 9.2% (6.9%).
- The operating profit of ESL Shipping was EUR 9.0 (5.4) million, Telko EUR 6.8 (5.5) million, and Leipurin EUR 0.4 (0.3) million.
- Earnings per share increased to EUR 0.35 (0.24).
- Net cash from operating activities was EUR 19.1 (15.6) million. Free cash flow was EUR 13.8 (11.1) million.

January–June 2022, continuing operations

- Aspo's net sales increased by 20% to EUR 321.8 (268.7) million.
- Comparable operating profit, at Group total level was EUR 31.0 (17.4) million, and the comparable operating profit rate was 9.5% (6.3%).
- The comparable operating profit of ESL Shipping was EUR 17.1 (9.9) million, Telko EUR 15.8 (10.1) million, and Leipurin EUR 1.6 (0.6) million.
- Items affecting the comparability of operating profit totaled EUR -7,3 million at Group total level.
- Operating profit was EUR 25.1 (17.4) million. The operating profit rate was 7.8% (6.5%).
- The operating profit of ESL Shipping was EUR 18.2 (9.9) million, Telko EUR 10.8 (10.1) million, and Leipurin EUR 0.0 (0.6) million.
- Earnings per share increased to EUR 0.57 (0.43).
- Net cash from operating activities was EUR 34.3 (22.2) million. Free cash flow was EUR 27.6 (16.2) million.

Guidance for 2022 (issued on June 14, 2022)

Aspo Group's comparable operating profit will improve from previous year (EUR 42.4 million).

Key figures

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Net sales from continuing operations, MEUR	161.4	139.3	321.8	268.7	573.3
ESL Shipping, operating profit, MEUR	9.0	5.4	18.2	9.9	26.8
Telko, operating profit, MEUR	6.8	5.5	10.8	10.1	20.4
Leipurin, operating profit, MEUR	0.4	0.3	0.0	0.6	-2.4
Other operations, operating profit, MEUR	-1.4	-1.6	-3.9	-3.2	-7.9
Operating profit from continuing operations, MEUR	14.8	9.6	25.1	17.4	36.9
Operating profit from continuing operations, %	*9.2*	*6.9*	*7.8*	*6.5*	*6.4*
Operating profit from discontinued operations, MEUR	-1.2	0.0	-1.4	0.0	-3.0
Operating profit, Group total, MEUR	13.6	9.6	23.7	17.4	33.9
Items affecting comparability, MEUR*)	-2.4		-7.3		-8.5
Comparable operating profit, Group total, MEUR	16.0	9.6	31.0	17.4	42.4
Comparable operating profit, Group total, %	*9.7*	*6.7*	*9.5*	*6.3*	*7.2*
Profit before taxes, MEUR	11.7	8.6	20.2	15.5	33.0
Profit for the period, MEUR	9.6	7.8	16.7	14.2	25.3
Profit from continuing operations, MEUR	10.9	7.8	18.2	14.1	28.3
Profit from discontinued operations, MEUR	-1.3	0.0	-1.5	0.1	-3.0
Earnings per share (EPS), EUR	0.31	0.24	0.52	0.43	0.76
EPS from continuing operations, EUR	0.35	0.24	0.57	0.43	0.86
EPS from discontinued operations, EUR	-0.04	0.00	-0.05	0.00	-0,10
Net cash from operating activities, MEUR	19.1	15.6	34.3	22.2	44.0
Free cash flow, MEUR	13.8	11.1	27.6	16.2	27.5
Return on equity (ROE), %			23.4	24.5	20.8
Equity ratio, %			35.6	30.5	32.0
Gearing, %			92.6	141.8	129.4
Equity per share, EUR			4.99	3.77	4.14

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

Aspo delivered strong financial results in the second quarter driven by stellar performance of ESL Shipping and Telko. The positive margin improvement development trend of Leipurin also continued. Our comparable operating profit for the quarter increased to EUR 16.0 million, marking Q2 2022 as the most profitable quarter in Aspo Group's history. We were able to further improve our comparable operating profit rate to 9.7% for the quarter, well above the long-term target of 8%, and in parallel net sales increased to EUR 165.3 million. All in all, an excellent second quarter and that is thanks to our entire staff in all our businesses.

Russia's reprehensible military action on Ukraine has caused significant human suffering and has dramatically upset the geopolitical status quo. Along with numerous international companies, Aspo has also taken action to adjust its operations in Russia, with the aim to ultimately exit the market. By end of Q2 2022, all of ESL Shipping's operations in Russia had been suspended and the ship capacity has been transferred to other traffic areas. As previously announced, Telko is exploring options to exit its Russian and Belarusian operations during this year. Leipurin has also decided to withdraw from Russia, Belarus and Kazakhstan. We see these actions as necessary for the sustainability of our operations and long-term value creation.

While we are reducing our presence in East, we have focused on our strategy execution and targeted growth in Western markets. In May, Leipurin announced that it will acquire the Swedish bakery industry distributor Kobia and expand its geographical presence into Scandinavia. This is a transformative action for Leipurin's business and a major milestone for the whole Group as one of the first concrete actions of our renewed compounder strategy. In line with the renewed strategy, Leipurin also completed the sale of its manufacturing business Vulganus on June 30th. ESL Shipping is finalizing a long-term pooling partnership together with a group of institutional and private investors. This is a major strategic action, reducing our capital requirements and improving returns, while reshaping the business model of ESL Shipping. Telko has over the past months actively screened for suitable acquisition opportunities with the aim to pursue its compounding strategy. On the Group level, we successfully issued a new hybrid bond of EUR 30 million in June to support and accelerate our strategy execution.

In mid-June, we upgraded our financial guidance for full-year 2022 especially due to the better-than-estimated development of ESL Shipping and Telko and their outlook for the remainder of the year. According to our current guidance, Aspo Group's comparable operating profit will improve from previous year (EUR 42.4 million). As previously communicated, items affecting comparability caused by the war in Ukraine and the decisions regarding business operations in Russia will cause an estimated total expense of EUR 15–20 million. A withdrawal from the Russian businesses would also trigger the reclassification of translation differences from equity to the statement of comprehensive income. The recognition does not reduce the equity of the Group as the translation differences have been recognized as a reduction of equity when incurred.

While macroeconomic uncertainty is increasing and we are beginning to witness the partly deliberate drop in the financial performance of our operations in Eastern markets, we feel very confident about Aspo's full-year performance in 2022. Financial impact from exiting the selected Eastern markets as well as macroeconomic development impacting demand, price and cost levels and availability of raw materials for the specific businesses create uncertainty going forward. Despite this, we are in a good position to continue our strategy execution during the coming years and aim to offset any negative impact from the business environment through own strategy implementation actions.

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%.

We excelled in Q2 2022 against all financial targets. Aspo's net sales increased by 16% during the second quarter of 2022. The comparable operating profit rate was 9.7% (6.7%), well above the target level of 8.0%. Return on equity remained high at 23.4% (24.5%). Gearing decreased to 92.6% (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 excludes items affecting comparability, which are defined as significant, rare and deviate from normal business operations. These include for example impairment losses, sales gains from vessels, and financial losses caused by the war in Ukraine.

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. The Kauko business segment has been classified as a discontinued operation in accordance with IFRS, and its results are reported separately from the figures of Aspo Group's continuing operations. With regards to the income statement, comparative periods' figures have been restated to correspond to the same presentation method. Vulganus has been divested on June 30th. The results of Vulganus, including the divestment loss and related transaction costs are reported as part of the Leipurin segment's figures and Aspo Group's continuing operations.

Net sales and operating profit margin, Group total

	4-6/2022 MEUR	4-6/2021 MEUR	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
Net sales, Group total	165.3	142.8	327.9	275.2	586.4
Net sales, continuing operations	161.4	139.3	321.8	268.7	573.3
Net sales, discontinued operations	3.9	3.5	6.1	6.5	13.1
Operating profit, Group total	13.6	9.6	23.7	17.4	33.9
Operating profit, Group total, %	8.2	6.7	7.2	6.3	5.8
Items affecting comparability*)	-2.4		-7.3		-8.5
Comparable operating profit, Group total	16.0	9.6	31.0	17.4	42.4
Comparable operating profit, Group total, %	9.7	6.7	9.5	6.3	7.2

Comparable operating profit, Group total

	4-6/2022 MEUR	4-6/2021 MEUR	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
ESL Shipping, operating profit	9.0	5.4	18.2	9.9	26.8
Telko, operating profit	6.8	5.5	10.8	10.1	20.4
Leipurin, operating profit	0.4	0.3	0.0	0.6	-2.4
Other operations, operating profit	-1.4	-1.6	-3.9	-3.2	-7.9
Operating profit from continuing operations	14.8	9.6	25.1	17.4	36.9
Operating profit from discontinued operations	-1.2	0.0	-1.4	0.0	-3.0
Operating profit, Group total	13.6	9.6	23.7	17.4	33.9
Items affecting comparability*)	-2.4		-7.3		-8.5
Comparable operating profit, Group total	16.0	9.6	31.0	17.4	42.4

*) The items affecting comparability of the second quarter of 2022, totaling EUR -2.4 million, include the costs related to restructuring Russia-related operations of EUR -0.2 million for ESL Shipping, EUR -0.4 million for Telko, EUR -0.1 million for Leipurin, the impact of the divestment of Vulganus of EUR -0.4 million for Leipurin, as well as the impairment loss of EUR -1.3 million on Kauko's goodwill, which is reported as part of the results of the discontinued operations.

The items affecting 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 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 its businesses in December 2021. 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 net sales growth in combination with operational efficiency, and it was 0.37 (12/2021: 0.42). Another key target is to improve the Lost Time Injury Frequency Rate (LTIF). During the past 12 months, TRI (Total Recordable Injury Frequency) was 7.1 (12/2021: 8.8), while the target for 2022 is 7.0. The long-term goal is zero occupational accidents.

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

Aspo's operating environment has changed dramatically due to Russia's armed invasion of Ukraine. The invasion has caused a lot of uncertainty in the market as well as significant volatility in prices and exchange rates.

Suspended business operations in Ukraine due to the war have caused financial losses. The war drastically weakens operating conditions in Eastern markets as a result of operational challenges and regulations, but particularly based on values.

As announced earlier, Telko is exploring options to exit its Russian and Belarusian operations during this year. Leipurin has decided to withdraw from its operations in Russia, Belarus and Kazakhstan. The process is proceeding as planned and more details on the timetable and methods of implementation will be announced in due course. Telko's and Leipurin's combined net sales in these countries accounted for approximately 16% of Aspo Group's net sales in 2021.

The net sales of Leipurin Russia, Belarus and Kazakhstan amounted to EUR 26.3 million in year 2021 which accounted for 23% of Leipurin's total net sales in 2021 and 4% of the net sales of Aspo Group. The net sales of Telko Russia and Belarus amounted to EUR 69.9 million in year 2021 which accounted for 26% of Telko's total net sales in 2021 and 12% of the net sales of Aspo Group. Furthermore, by the end of Q2 2022, all of ESL Shipping's operations in Russia had been suspended and the ship capacity has been transferred to other traffic areas.

The sanctions imposed by Western countries and Russia's legislative measures prevent transportation of goods and transfer of payments, rapidly reducing net sales and profitability. The operating environment is expected to become even more challenging, and no rapid solution is in sight.

The equity of Russian Group companies is EUR 26.6 million, corresponding to 17.0% of Aspo Group's total equity. Aspo's assets in Russia are mainly related to cash, inventories and trade receivables. The financial significance of small-scale production operations is very minor for the Group. The number of employees working for Aspo companies in Russia is decreasing, amounting to 135 employees at the end of June (12/2021: 193).

In media, the coronavirus pandemic has been overshadowed by Russia's invasion, but its impact is still present in the operating environment. For example, global shortage of components, caused by the pandemic, has an impact on 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 of ESL Shipping's vessels.

Net sales by market area, continuing operations

	4-6/2022	4-6/2021	Change in share	1-6/2022	1-6/2021	Change in share
	MEUR	MEUR	%	MEUR	MEUR	%
Finland	55.5	42.7	3.8	108.8	85.2	2.1
Scandinavia	32.3	27.7	0.1	60.9	52.4	-0.6
Baltic countries	17.7	13.5	1.3	33.2	25.4	0.9
Russia, other CIS countries and Ukraine	31.7	36.7	-6.7	72.0	71.7	-4.3
Other countries	24.2	18.8	1.5	46.9	34.0	1.9
Total	161.4	139.4		321.8	268.7	

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 continued to decrease during the second quarter of 2022, mainly due to the war in Ukraine and the decision to reduce operations in Russia and ultimately exit the market. 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–June was EUR 34.3 (22.2) million. The impact of the change in working capital on cash flow during the review period was EUR 2.3 (-7.2) million. Free cash flow during January-June was EUR 27.6 (16.2) million. Investments of EUR -8.2 (-6.1) million mainly consisted of docking of ESL Shipping's vessels.

	6/2022	6/2021	12/2021
	MEUR	MEUR	MEUR
Interest-bearing liabilities, incl. lease liabilities	192.4	188.1	185.1
Cash and cash equivalents	47.5	21.1	17.7
Net interest-bearing debt	144.9	167.0	167.4

Net interest-bearing debt decreased to EUR 144.9 million, and gearing fell to 92.6% (6/2021: 141.8%; 12/2021: 129.4%). The Group's equity ratio at the end of the period was 35.6% (6/2021: 30.5%; 12/2021: 32.0%). The balance sheet strengthened as a result of improved profitability and a new hybrid bond issued in June.

Net financial expenses in January–June totaled EUR -4.9 (-1.9) million. The impact of exchange rate fluctuations, particularly strengthening of the Russian rouble, on the increase in financial expenses was EUR -3.6 million. The average rate of interest-bearing liabilities, excluding lease liabilities, was 1.4% (1.6%).

The Group's liquidity position remained strong. Cash and cash equivalents were EUR 47.5 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 7 million of Aspo's EUR 80 million commercial paper program were in use (6/2021: EUR 6 million; 12/2021: EUR 5 million).

On June 7, 2022, Aspo issued a new hybrid bond of EUR 30 million. The coupon rate of the bond is 8.75% per annum. The bond has no maturity, but the company is entitled to redeem it in June 2025 at the earliest. Aspo's previous hybrid bond of EUR 20 million was redeemed on May 2, 2022.

On June 21, Aspo's subsidiary ESL Shipping signed EUR 20 million loan agreement with Nordic Investment Bank. The maturity of the loan is 10 years. The loan is a part of financing of ESL Shipping's investment in a series of six new, highly energy-efficient electric hybrid 5,350 dwt vessels, a project first announced in September 2021.

Dividends of EUR 0.23 per share, totaling EUR 7.2 million, were paid during the second quarter.

Short-term risks and uncertainties in business operations

Aspo and its businesses are exposed to a number of risks and uncertainties which include but are not limited to the risks stated below.

There is an increasing level of geopolitical uncertainty relating to Russia's war in Ukraine. This is expected to affect the general economic environment, e.g. via inflation, interest rates, energy prices and prices of raw materials. Disturbances related to running infrastructure may also occur as part of current uncertainties relating to Russia, for example due to cyber incidents or disruptions in information systems.

This ongoing process of exiting Russia and other selected Eastern markets is changing the structure of the Group significantly and will affect the earnings model of each Aspo business in the long run. There is a risk that the withdrawal of the businesses will cause additional costs and repatriation of funds will not success fully as planned.

Economic activity and current geopolitical uncertainties have caused the prices of many raw materials, components, and logistics services to increase rapidly, and increased uncertainties concerning functioning logistics in certain market situations. Aspo may temporarily benefit from the price increases, 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.

International sanctions and countersanctions have been imposed, which may also affect Aspo's businesses directly or indirectly. 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.

In line with its renewed strategy, Aspo aims to increase its earnings via 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 impact of coronavirus on Aspo's business has been limited on group level, although the impact on Leipurin has been significant. Current and 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 and informational setting, they include 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 carrier of dry bulk cargo 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 tons (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 carriers at sea as a special service.

	4-6/2022	4-6/2021	Change,%	1-6/2022	1-6/2021	Change,%
Net sales, MEUR	60.3	46.0	31	117.1	89.4	31
Operating profit, MEUR	9.0	5.4	67	18.2	9.9	84
Operating profit, %	14.9	11.7		15.5	11.1	
Items affecting comparability, MEUR	-0.2			1.1		
Comparable operating profit, MEUR	9.2	5.4	70	17.1	9.9	73
Comparable operating profit, %	15.3	11.7		14.6	11.1	

The second quarter of 2022 displayed the strongest second quarter operating result in ESL Shipping's history. Net sales increased with 31% from last year to EUR 60.3 (46.0) million. During the quarter, the comparable operating profit increased to a record-high level of EUR 9.2 (5.4) million. The operating profit increased to EUR 9.0 (5.4) million and includes cost provisions of approximately EUR -0.2 million related to the closure of Russia-related contracts.

The strong result was driven by the shipping company's partnership strategy, favorable market conditions and the operational success delivered by the entire personnel, evident for example in reduction in ballast voyages. The comparable operating profit rate of 15.3% (11.7%) achieved during the second quarter was excellent, especially considering the historical change of abandoning cargo flows from Russia as a consequence of the war in Ukraine and resulted sanctions. The target level of 14.0% operating profit was clearly exceeded. During the second quarter, prices of diesel and LNG used as a ship fuel were almost three times higher than in the comparative period last year. The current level of very high fuel surcharges will increase net sales and reduce the operating profit percentage rate, used as an indicator of relative profitability, even though no actual changes would take place in the absolute operating profit.

During Q2, the volume of cargo transported by the shipping company decreased, as expected, from the comparative period to 3.3 (3.7) million tons. The main drivers behind the volume development were re-routing of raw material supply out of Russia, which resulted in increased transportation distances, and heavy congestion in certain major contract traffic ports.

At the end of the second quarter, ESL Shipping had no remaining transport obligations related to cargo operations from Russian ports or with customers and cargo closely related to Russia. The released vessel capacity has been successfully transferred to other operating areas. ESL Shipping has also suspended the start-up of its previously established Russian company and will eventually wind it down in accordance with local regulations.

The profitability of all the shipping company's vessel categories remained strong during the second quarter. In contract traffic, demand for ton miles remained strong throughout the review period despite realized lower volumes, and spot market freight rates were at a high level in all customer segments and vessel categories. Ports have continued to be heavily congested in ESL Shipping's main transportation areas because of poor availability of stevedores. Despite this, profitability was historically strong.

As announced earlier, AtoBatC Shipping declared at the end of the second quarter an option and order for the first additional vessel from the Indian shipyard Chowgule & Company Private Limited, from which the shipping company has previously ordered six identical electric hybrid vessels. The first two of the new generation of energy-efficient hybrid electric vessels are already under construction, and the planned delivery of the first vessel is scheduled for the third quarter of 2023.

The scheduled drydockings of the current fleet continued with 45 (72) docking days during the second quarter. Available ship capacity in the smaller ship segment was heavily constrained by a bigger than usual number of docking offhire days of the time-chartered tonnage.

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. During the second quarter, ESL Shipping took an important step together with Neste to become the world's first shipping company to start utilizing new low-emission Neste Marine™ 0.1 Co-processed marine fuel in its vessels in Finland and Sweden. The ISCC PLUS certified marine fuel enables up to 80% reduced greenhouse gas emissions over the life cycle compared to fossil fuels without compromising the product quality and performance.

During the reporting period, the emission intensity of ESL Shipping's transportation resulted in 15.4 grams of carbon dioxide per ton mile, an increase of 6.9% from the previous year. At the same time, emissions per transported cargo ton decreased by 6.8%.

The net sales of ESL Shipping in January–June increased by 31% from the comparative period, amounting to EUR 117.1 (89.4) million. The comparable operating profit increased to EUR 17.1 (9.9) million and the comparable operating profit rate was 14.6% (11.1%).

ESL Shipping outlook for 2022

Most of the shipping company's transportation capacity has been secured through long-term agreements, which will continue to support ESL Shipping's performance during the second half of 2022. After deliveries of Russian raw materials stopped, some of the shipping company's significant contractual customers were forced to seek new suppliers in new geographical areas for part of their required production input. This is expected to lengthen transportation distances and increase demand for sea transportation per ton mile for ESL Shipping's largest vessels. Temporarily the share of energy coal is expected to increase in terms of ton miles, mainly due to longer transportation distance.

Macroeconomic uncertainty is increasing within ESL Shipping's main geographical market area. High rate of inflation, mainly driven by high energy prices caused by supply constraints owing to the war in Ukraine, is increasing the pressure on supply chain efficiency also among the shipping company's main customers. ESL Shipping's investments in energy efficient vessels will further strengthen its market position going forward. Demand for transportation and the price level of sea freights in the company's main market area in Northern Europe are still at a satisfactorily level in all vessel categories. Despite the overall uncertainty, ESL Shipping's main clients are forecasted to continue with fairly good production volumes and access to key raw materials.

The impact of energy price increases on ESL Shipping's costs are effectively offset through long-term fuel clauses in transportation agreements. The shipping company is moderately increasing the fuel stock level onboard its ships in anticipation for eventual supply shortages during autumn 2022.

In the coaster vessel category, transportation demand in contract traffic is expected to remain at a satisfactory level despite that some customers' supply chains may face challenges regarding in availability of raw materials, that may also impact realized product transportation volumes. Vessel timecharter hires that have partly increased to an unhealthy level are expected to start to decline. Measures will continue to protect the personnel's health security during the re-emergence of the coronavirus.

In Northern Europe, there continues to be considerable growth in interest among customers for 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 in long-term cooperation with leading energy suppliers to provide sea transportation with even lower carbon emissions, and even fossil-free transportation, in the future.

In connection with the forthcoming series of new-generation electric hybrid vessels and remaining additional vessel options, ESL Shipping is finalizing a long-term pooling partnership together with a group of institutional and private investors. The pooling structure is a model commonly used in the international shipping business for the ownership and operation of vessels, and it is introduced to accelerate the growth, profitability and return on capital of ESL Shipping's business.

During the third quarter, two larger and one smaller vessel units will be drydocked for a total of approximately 75 (116) days. In total, there will be approximately 130 (229) dockage days in 2022. After these drydockings, 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.

	4-6/2022	4-6/2021	Change,%	1-6/2022	1-6/2021	Change,%
Net sales, MEUR	71.8	67.6	6	147.7	125.6	18
Operating profit, MEUR	6.8	5.5	24	10.8	10.1	7
Operating profit, %	9.5	8.1		7.3	8.0	
Items affecting comparability, MEUR	-0.4			-5.0		
Comparable operating profit, MEUR	7.2	5.5	31	15.8	10.1	56
Comparable operating profit, %	10.0	8.1		10.7	8.0	

In the second quarter of 2022, Telko's net sales grew to EUR 71.8 (67.6) million and its comparable operating profit increased to EUR 7.2 (5.5) million. Telko's comparable operating profit rate remained strong at 10.0% (8.1%). The comparable operating profit for the second quarter excludes items affecting comparability of EUR -0.4 million including the restructuring costs of operations in Russia totaling EUR -0.9 million and the decrease in the credit loss provision related to accounts receivables in Ukraine of EUR 0.5 million. Telko's reported operating profit for the second quarter grew to EUR 6.8 (5.5) million.

Telko's sales growth was driven by global price increases and the systematic implementation of strategic growth plans with a positive volume effect especially in the Western market. Operating profit was higher than expected mainly because of a positive sales margin level trend. In Russia, Telko continued to focus on selling the existing inventory. Price levels remained high.

Net sales of the plastics business increased by 2% during the second quarter, amounting to EUR 37.5 (36.8) million. Demand of plastic polymers remained in general on a normal level but in the last weeks of the quarter, the market became resistant to high price levels, which negatively affected demand and slowed down activity. Towards the end of the quarter, stock levels in value chain increased and price pressure started to grow. Prices peaked in volume plastics during the second quarter due to strong increases in crude oil and monomer prices. Many products reached all time high market price levels. Prices in Engineering Plastics further increased and remained high. Overall availability of products is improving but still in some specific product groups availability remains restricted. Automotive sector component issues are not solved, and production and sales are lower than typically. In Russia, Telko has been able to sell the remaining stock with better than normal conditions due to low product availability in the market. Business in Ukraine has restarted and in June already reaching 50% of June 2021 volumes.

Net sales of the chemicals business increased by 1% to EUR 21.8 (21.5) million. Price levels are generally high and continued to rise, except for some commodity chemicals. The main drivers for the price increases were high crude oil price and energy costs. Also, vegetable oil-based products became more expensive. The logistics costs for overseas transportation remained high. Demand of some customer segments started to decline following export restrictions to Russia, impacting especially Finland and Latvia. Sales in Ukraine started to recover in spring reaching a 50-60% level in June, compared to previous year's levels.

Net sales of the lubricants business increased by 34% to EUR 12.5 (9.3) million. High price levels combined with the acquisition of Mentum AS at the end of 2021 were the most significant growth drivers. High demand especially for Industrial lubricants resulted in sales volume growth. Prices continued to increase during the quarter in all product groups. There were significant cost increases for raw materials, transportation, and product manufacturing. Imbalance in the supply and demand caused availability issues in several product groups.

Telko's net sales increased by 18% during January–June to EUR 147.7 (125.6) million. Telko's comparable operating profit for the first half of the year was EUR 15.8 (10.1) million, and its comparable operating profit rate was 10.7% (8.0%). Telko's reported operating profit stood at EUR 10.8 (10.1) million for January-June 2022 and the reported operating profit rate was 7.3% (8.0%).

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. Telko's short-term outlook is associated with uncertainties.

Telko´s sales are expected to decrease during the second half of the year due to the significantly decreasing sales in Russia. Telko has already reduced its Russian inventory significantly. In June, Aspo announced that Telko is exploring options to exit its Russian and Belarusian operations during 2022.

In the Western markets, sales are expected to remain on a relatively stable level, but the risk for rapid changes in demand and price level is relatively high because of uncertainties in global economic development. Recovery in Ukraine is expected to continue. The devaluation of the Ukrainian hryvnia will have a negative impact on Telko's result of the third quarter but will reduce costs longer term.

In volume plastics, Telko expects rapid turn down in prices caused by high inventory levels in the value chain and lowering monomer prices. In engineering plastics, we will see more stable prices, but price pressure may grow towards end of the year. We expect low sales from the Eastern market but a steadily recovering business in Ukraine.

In chemicals, the energy crisis will keep price levels high and for some segments we expect further price increases. On the other hand, modest demand keeps price level under pressure for many commodity products. High overseas freight rates limit low-cost competition from Asia, supporting European price levels. Recovery in Ukraine is expected to continue as long as the war is limited to the Eastern part of the country. Strong growth is expected to continue in Central Asia.

In lubricants, it is expected that prices will stabilize towards the end of year. Inflation and geopolitical instability may have negative impact on demand for lubricants. On the other hand, estimated lower demand will solve availability issues.

According to its strategy, Telko will seek not only organic growth in the Western markets, but also accelerated growth through acquisitions to achieve 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 divested on June 30, 2022.

	4-6/2022	4-6/2021	Change,%	1-6/2022	1-6/2021	Change,%
Net sales, MEUR	29.3	25.8	14	57.0	53.7	6
Operating profit, MEUR	0.4	0.3	33	0.0	0.6	-100
Operating profit, %	1.4	1.2		0.0	1.1	
Items affecting comparability, MEUR	-0.5			-1.6		
Comparable operating profit, MEUR	0.9	0.3	200	1.6	0.6	167
Comparable operating profit, %	3.1	1.2		2.8	1.1	
Comparable operating profit excl. Vulganus, MEUR	1.3	0.3	333	2.3	0.7	229
Comparable operating profit excl. Vulganus, %	4.9	1.1		4.4	1.4	

During the first half of the year, Leipurin's operations were impacted by restrictions in the Eastern markets caused by the war in Ukraine and strong price inflation of the global raw material market, along with challenges related to raw material availability. There was no significant impact of the coronavirus pandemic in the first half of 2022.

Leipurin's net sales increased to EUR 29.3 (25.8) million in the second quarter. Net sales in Finland grew by 25% and stood at EUR 11.7 (9.4) million. Net sales in the Baltic countries increased by 27% and were EUR 9.4 (7.4) million. In the market area East, net sales were down 14% due to the scaled-down assortment including only local sourcing, and stood at EUR 6.4 (7.4) million. Sales to bakeries was up 8% in the second quarter at EUR 18.6 (17.3) million. Sales to food industry increased by 42% and were EUR 3.7 (2.6) million. Leipurin's second quarter sales were significantly impacted by strong growth in global market prices of raw materials, whereas sales measured in kilograms showed a small growth in Finland and the Baltic countries combined, whereas East clearly declined. The cost of living increased significantly in Finland and the Baltic region, strengthening the shift in consumer demand towards more affordable products. Despite this, positive margin development continued.

Leipurin's comparable operating profit for Q2 was EUR 0.9 (0.3) million and the comparable operating profit rate was 3.1% (1.2%). Leipurin's comparable operating profit excluding Vulganus was EUR 1.3 million (0.3) and comparable operating profit rate 4.9% (1.1%).

Leipurin's reported operating profit for Q2 was EUR 0.4 million (0.3). Items reducing Leipurin's operating profit and affecting comparability totaled EUR -0.5 million for Q2 which included the impact from divesting Vulganus of EUR -0.4 million and costs related to the withdrawal from Russia, Belarus and Kazakhstan totaling EUR -0.1 million.

The profitability of Leipurin's own machine manufacturing operations, Vulganus Oy, was still significantly undermined by rising market prices of steel raw materials, slow progress in after sales during the first part of the year and cost overruns in certain projects. Net sales of Vulganus in Q2 were EUR 1.8 (1.6) million and the operating result was EUR -0.5 (0.0) million. Vulganus was divested at the end of the second quarter.

In January-June, Leipurin's net sales increased and were EUR 57.0 (53.7) million. Q1 2021 comparison figures include significant machinery sales in Russia, and the year-on-year growth in raw materials is very strong. Net sales in Finland grew by 20% and stood at EUR 22.1 (18.4) million. Net sales in the Baltic region increased by 23% and were EUR 17.4 (14.1) million. In the market area East, net sales decreased by 6% and were EUR 13.2 (14.0) million. Sales to bakeries increased by 10% in January-June and were EUR 36.8 (33.5) million. Sales to the food industry increased by 21% and stood at EUR 6.3 (5.2) million. The euro-denominated increase in sales was significantly impacted by strong growth in global market prices of raw materials. In Finland and Baltics, . the volumes were above the pre-pandemic 2019 levels. n Q2 2022 volumes were above 2019 levels.

Leipurin's comparable operating profit for January-June 2022 was EUR 1.6 (0.6) million and the comparable operating profit rate was 2.8% (1.1%). Net sales of Vulganus were EUR 4.3 (3.0) million and the operating result was EUR -0.8 (-0.1) million. Leipurin's comparable operating profit excluding Vulganus was EUR 2.3 (0.7) million and comparable operating profit rate 4.4% (1.4%).

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

Availability challenges still persisted in various product categories. In Finland and the Baltic region, Leipurin has succeeded in using the post-pandemic recovery in demand.

In Q2, Leipurin announced an acquisition where it agreed to purchase the entire share capital of the Swedish bakery industry distributor Kobia Ab from the Swedish Abdon Group. The acquisition will expand Leipurin's geographical presence in the Northern European market. In 2021, Kobia's net sales amounted to approximately EUR 50 million and its operating profit margin was approximately 3%. The transaction also includes the properties owned by Kobia. The acquisition is not expected to generate significant goodwill. Through the acquisition, Leipurin further strengthens its position as a leading player in the Baltic Sea region, with increased size and profitability. The new entity provides suppliers with a compelling gateway to the region's market. Customers in the bakery and food industry will benefit from a strong partner in the global raw material market. The Swedish competition authority has approved the acquisition and Kobia AB's operations are planned to become a part of Leipurin as of September 1, 2022.

In June, Leipurin published its first ever sustainability report reflecting on the performance of 2021. ESG targets have been integrated into management's target setting and remuneration for the first time for 2022.

Heli Arantola, Managing Director of Leipurin, resigned in June to join another company. Arantola will leave the company in December at the latest, and the process of selecting her successor has begun.

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 financial results. The net sales of Leipurin Russia, Belarus and Kazakhstan amounted to EUR 26.3 million in year 2021 which accounted for 23 percent of Leipurin's total net sales in 2021.

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

World wheat prices turned to a decline in response to the possible start of grain shipments from Ukraine. However, the situation is not stable, and the future price level of cereals will be affected by both the success of the harvest season and the success of transportation in the future, as well.

The impact of the war in Ukraine, 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.

The weakening of purchasing power can have a negative effect on the demand for artisanal bakeries, as consumers direct their purchases to more affordable products in Finland as well.

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.

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 -1.4 (-1.6) million in the second quarter. Costs decreased as a result of stabilized personnel costs and decreasing expenditure of short-term projects, which increased the loss of the comparative period.

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 June 30, 2022, was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 62,250 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–June 2022, a total of 3,112,550 Aspo Plc shares, with a market value of EUR 24.9 million, were traded on the Nasdaq Helsinki. In other words, 9.9% 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 8.04 and the closing price at the end of the review period was EUR 7.70. At the end of the review period, the market value, less treasury shares, was EUR 241.4 million.

The company had 11,581 shareholders at the end of the review period. A total of 1,181,691 shares, or 3.76% of the share capital, were nominee registered or held by non-domestic shareholders.

Remuneration

Share-based incentive plan 2022–2024

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.

Share-based incentive plan 2021–2023

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.

Restricted Share Plan 2020

In June 2022, based on the Restricted Share Plan 2020, Aspo Board of Directors granted 10 000 shares of Aspo and a corresponding amount for taxes to the CEO of Aspo, Rolf Jansson. The transaction follows the terms of the CEO director agreement and by the agreement, Mr Jansson has concurrently acquired 10 000 shares from market at his own expense.

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.

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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.

ASPO

FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	4-6/2022 MEUR	4-6/2021 MEUR	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
Continuing operations					
Net sales	**161.4**	**139.3**	**321.8**	**268.7**	**573.3**
Other operating income	0.3	0.2	1.9	0.2	0.5
Materials and services	-97.3	-84.7	-196.7	-162.5	-349.4
Employee benefit expenses	-14.5	-12.7	-27.9	-24.7	-50.7
Depreciation, amortization and impairment losses	-4.1	-4.1	-8.2	-8.2	-20.8
Depreciation, leased assets	-4.0	-3.3	-8.0	-6.6	-13.7
Other operating expenses	-27.0	-25.1	-57.8	-49.5	-102.3
Operating profit	**14.8**	**9.6**	**25.1**	**17.4**	**36.9**
Financial income and expenses	-3.1	-1.0	-4.9	-1.9	-3.9
Profit before taxes	**11.7**	**8.6**	**20.2**	**15.5**	**33.0**
Income taxes	-0.8	-0.8	-2.0	-1.4	-4.7
Profit from continuing operations	**10.9**	**7.8**	**18.2**	**14.1**	**28.3**
Profit from discontinued operation (attributable to equity holders of the company)	-1.3	0.0	-1.5	0.1	-3.0
Profit for the period	**9.6**	**7.8**	**16.7**	**14.2**	**25.3**
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	9.8	0.4	8.1	1.4	2.2
Other comprehensive income for the period, net of taxes	9.8	0.4	8.1	1.4	2.2
Total comprehensive income	**19.4**	**8.2**	**24.8**	**15.6**	**27.5**
Profit attributable to parent company shareholders	9.6	7.8	16.7	14.2	25.3
Total comprehensive income attributable to parent company shareholders	19.4	8.2	24.8	15.6	27.5
Earnings per share attributable to parent company shareholders, EUR					
Basic and diluted earnings per share					
Continuing operations	0.35	0.24	0.57	0.43	0.86
Discontinued operations	-0.04	0.00	-0.05	0.00	-0.10
Total	**0.31**	**0.24**	**0.52**	**0.43**	**0.76**

Aspo Group's condensed consolidated balance sheet

Assets	**6/2022** MEUR	**6/2021** MEUR	**12/2021** MEUR
Intangible assets	45.4	55.0	45.9
Tangible assets	169.1	167.2	168.9
Leased assets	22.0	19.8	20.7
Other non-current assets	3.2	1.7	1.7
Total non-current assets	239.7	243.7	237.2
Inventories	70.3	48.8	68.6
Accounts receivable and other receivables	81.9	75.9	74.4
Cash and cash equivalents	47.5	21.1	17.7
	199.7	145.8	160.7
Assets held for sale	3.8		8.4
Total current assets	203.5	145.8	169.1
Total assets	**443.2**	**389.5**	**406.3**
Equity and liabilities			
Share capital and premium	22.0	22.0	22.0
Other equity	134.5	95.7	107.4
Total equity	156.5	117.7	129.4
Loans and overdraft facilities	137.1	132.2	142.4
Lease liabilities	6.2	7.1	6.9
Other liabilities	5.6	4.4	5.7
Total non-current liabilities	148.9	143.7	155.0
Loans and overdraft facilities	32.7	35.7	21.4
Lease liabilities	16.4	13.1	14.4
Accounts payable and other liabilities	85.9	79.3	79.3
	135.0	128.1	115.1
Liabilities directly associated with assets classified as held for sale	2.8		6.8
Total current liabilities	137.8	128.1	121.9
Total equity and liabilities	**443.2**	**389.5**	**406.3**

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Aspo Group's condensed consolidated cash flow statement

	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
CASH FLOWS FROM/USED IN OPERATING ACTIVITIES			
Operating profit, Group total	23.7	17.5	33.9
Adjustments to operating profit	16.0	15.3	39.6
Change in working capital	2.3	-7.2	-22.0
Interest paid	-5.3	-2.0	-4.4
Interest received	0.6	0.1	0.4
Income taxes paid	-3.0	-1.5	-3.5
Net cash from operating activities	**34.3**	**22.2**	**44.0**
CASH FLOWS FROM/USED IN INVESTING ACTIVITIES			
Investments	-8.2	-6.1	-16.9
Investment subsidy			1.0
Proceeds from sale of tangible assets	1.7	0.1	0.3
Acquisition of businesses	-0.2		-1.1
Dividends received			0.2
Net cash used in investing activities	**-6.7**	**-6.0**	**-16.5**
CASH FLOWS FROM/USED IN FINANCING ACTIVITIES			
Proceeds from loans	10.0		37.0
Repayment of loans	-7.5	-8.9	-47.5
Net change in commercial papers	2.0	-5.0	-6.0
Payments of lease liabilities	-8.3	-6.7	-13.8
Hybrid bond repayment	-20.0		
Proceeds from Hybrid bond issue	30.0		
Hybrid bond, interest paid	-1.8	-1.7	-1.8
Hybrid bond, issuance fees paid	-0.2		
Dividends paid	-7.2	-5.6	-10.9
Net cash used in financing activities	**-3.0**	**-27.9**	**-43.0**
Change in cash and cash equivalents	**24.6**	**-11.7**	**-15.5**
Cash and cash equivalents January 1	17.7	32.3	32.3
Translation differences	5.3	0.5	0.9
Cash and cash equivalents at period-end	**47.6**	**21.1**	**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					16.7	16.7
Translation differences				8.1		8.1
Total comprehensive income				8.1	16.7	24.8
Transactions with owners:						
Dividend payment					-7.2	-7.2
Hybrid bond			10.0			10.0
Hybrid bond interest and issuance costs					-0.8	-0.8
Sale of treasury shares					0.3	0.3
Share-based incentive plan					0.0	0.0
Total transactions with owners			10.0		-7.7	2.3
Equity June 30, 2022	**22.0**	**16.5**	**30.0**	**-16.7**	**104.7**	**156.5**
Equity January 1, 2021	**22.0**	**16.5**	**20.0**	**-26.9**	**81.9**	**113.5**
Comprehensive income:						
Profit for the period					14.2	14.2
Translation differences				1.4		1.4
Total comprehensive income				1.4	14.2	15.6
Transactions with owners:						
Dividend payment					-10.9	-10.9
Hybrid bond interest					-0.9	-0.9
Share-based incentive plan					0.4	0.4
Total transactions with owners					-11.4	-11.4
Equity June 30, 2021	**22.0**	**16.5**	**20.0**	**-25.5**	**84.7**	**117.7**

Accounting principles

Aspo Plc's half-year financial 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 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 half-year 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 882 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.

1-6/2022

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	18,2	10,8	0,0	-3,9	25,1
Net financial expenses				-4,9	-4,9
Profit before taxes					20,2

1-6/2021

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	9,9	10,1	0,6	-3,2	17,4
Net financial expenses				-1,9	-1,9
Profit before taxes					15,5

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Investments	1-6/2022	7,8	0,4			8,2
Investments	1-6/2021	5,9	0,1	0,1		6,1

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.

On June 28, 2022, Aspo announced that AtoBatC Shipping has declared an option and order for the first additional vessel from the Indian shipyard Chowgule & Company Private Limited.

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 Jun 30, 2022	232.2	101.5	52.0	3.8	53.7	443.2
Liabilities Dec 31, 2021	31.5	47.9	15.4	6.8	175.3	276.9
Liabilities Jun 30, 2022	41.1	48.7	14.2	2.8	179.9	286.7

Aspo Group disaggregation of net sales, from continuing operations

Telko net sales

	4-6/2022 MEUR	4-6/2021 MEUR	Change,%	1-6/2022 MEUR	1-6/2021 MEUR	Change,%	1-12/2021 MEUR
Business area:							
Plastics business	37.5	36.8	1.9	76.8	68.9	11.5	146.7
Chemicals business	21.8	21.5	1.4	47.1	38.0	23.9	83.6
Lubricants business	12.5	9.3	34.4	23.8	18.7	27.3	38.5
Telko total	**71.8**	**67.6**	**6.2**	**147.7**	**125.6**	**17.6**	**268.8**

Leipurin net sales

	4-6/2022 MEUR	4-6/2021 MEUR	Change,%	1-6/2022 MEUR	1-6/2021 MEUR	Change,%	1-12/2021 MEUR
Regions:							
Finland	11.7	9.4	24.5	22.1	18.4	20.1	40.4
Baltics	9.4	7.4	27.0	17.4	14.1	23.4	30.6
East	6.4	7.4	-13.5	13.2	14.0	-5.7	30.7
Total	27.5	24.2	13.6	52.7	46.5	13.3	101.7
of which:							
Bakeries	18.6	17.3	7.5	36.8	33.5	9.9	73.2
Food Industry	3.7	2.6	42.3	6.3	5.2	21.2	11.0
Others	5.2	4.3	20.9	9.6	7.8	23.1	17.4
Machinery trading Russia	0.0	0.0	0.0	0.0	4.2	-100.0	7.3
Vulganus	1.8	1.6	12.7	4.3	3.0	43.3	4.1
Leipurin total	**29.3**	**25.8**	**13.6**	**57.0**	**53.7**	**6.1**	**113.1**

Net sales by timing of revenue recognition

	4-6/2022 MEUR	4-6/2021 MEUR	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
ESL Shipping					
At a point in time	0.9	0.9	1.9	2.0	3.6
Over time	59.4	45.1	115.2	87.4	187.8
	60.3	46.0	117.1	89.4	191.4
Telko					
At a point in time	71.7	67.5	147.5	125.4	268.5
Over time	0.1	0.1	0.2	0.2	0.3
	71.8	67.6	147.7	125.6	268.8
Leipurin					
At a point in time	27.9	24.6	53.7	51.3	107.5
Over time	1.4	1.2	3.3	2.4	5.6
	29.3	25.8	57.0	53.7	113.1
Total					
At a point in time	100.5	93.0	203.1	178.7	379.6
Over time	60.9	46.4	118.7	90.0	193.7
	161.4	139.4	321.8	268.7	573.3

Net sales by market area

	4-6/2022 MEUR	4-6/2021 MEUR	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
ESL Shipping					
Finland	28.5	20.5	56.1	42.8	84.3
Scandinavia	15.3	13.6	28.3	25.5	54.1
Baltic countries	1.3	0.2	1.9	0.7	3.5
Russia, other CIS countries and Ukraine	0.1	0.8	1.3	1.1	2.5
Other countries	15.1	10.9	29.5	19.3	47.0
	60.3	46.0	117.1	89.4	191.4
Telko					
Finland	14.1	12.4	27.8	23.1	47.6
Scandinavia	16.9	13.1	32.2	25.3	52.4
Baltic countries	7.2	5.9	14.0	10.6	20.4
Russia, other CIS countries and Ukraine	25.1	28.5	57.4	52.1	117.3
Other countries	8.5	7.7	16.3	14.5	31.1
	71.8	67.6	147.7	125.6	268.8
Leipurin					
Finland	12.9	9.8	24.9	19.3	43.3
Scandinavia	0.1	1.0	0.4	1.6	2.9
Baltic countries	9.2	7.4	17.3	14.1	30.9
Russia, other CIS countries and Ukraine	6.5	7.4	13.3	18.5	35.4
Other countries	0.6	0.2	1.1	0.2	0.6
	29.3	25.8	57.0	53.7	113.1
Total					
Finland	55.5	42.7	108.8	85.2	175.2
Scandinavia	32.3	27.7	60.9	52.4	109.4
Baltic countries	17.7	13.5	33.2	25.4	54.8
Russia, other CIS countries and Ukraine	31.7	36.7	72.0	71.7	155.2
Other countries	24.2	18.8	46.9	34.0	78.7
	161.4	139.4	321.8	268.7	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. Vulganus was sold on 30 June 2022 to a leading Austrian bakery machine manufacturer KÖNIG Maschinen GmbH. The results of Vulganus, including the divestment loss of EUR -0.4 million are reported as part of the Leipurin segment's figures and Aspo Group's continuing operations.

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". The reporting of balance sheet items on separate rows starts at the time of classification, therefore the figures of the comparative period of June 2021 have not been restated.

Profit from discontinued operations

	4-6/2022 MEUR	4-6/2021 MEUR	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
Net sales	3.9	3.5	6.1	6.5	13.1
Materials and services	-2.9	-2.6	-4.5	-4.8	-9.6
Employee benefit expenses	-0.5	-0.5	-1.0	-0.9	-1.7
Depreciation, amortization and impairment losses	-1.3	0.0	-1.3	0.0	-3.5
Depreciation, leased assets	0.0	-0.1	0.0	-0.1	-0.1
Other operating expenses	-0.4	-0.3	-0.7	-0.6	-1.2
Operating profit	**-1.2**	**0.0**	**-1.4**	**0.1**	**-3.0**
Profit before taxes	**-1.2**	**0.0**	**-1.4**	**0.1**	**-3.0**
Income taxes			-0.1		
Profit for the period	**-1.2**	**0.0**	**-1.5**	**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 second quarter is EUR 0.2 (0.2) million higher than the Kauko operating segment's profit. An impairment loss of EUR -1.3 million was recognized on Kauko's goodwill in June 2022.

Assets and liabilities classified as held for sale

	6/2022 Me	12/2021 MEUR
Assets of discontinued operations	3.8	5.5
Other assets held for sale		2.9
Assets classified as held for sale, total	**3.8**	**8.4**
Liabilities of discontinued operations	2.8	4.9
Liabilities directly associated with assets classified as held for sale		1.9
Liabilities directly associated with assets classified as held for sale, total	**2.8**	**6.8**

Assets and liabilities of discontinued operations include the figures of the Kauko segment. The other assets held for sale with associated liabilities at the end of year 2021 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

	1-6/2022 MEUR	1-6/2021 MEUR	1-12/2021 MEUR
Net cash inflow from operating activities	-0.8	0.3	0.4
Net cash inflow/outflow(-) from investing activities	0.0	0.0	0.0
Net cash inflow/outflow(-) from financing activities	-1.5	-0.8	-1.6
Net change in cash generated by the discontinued operations	**-2.3**	**-0.5**	**-1.2**

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

Helsinki, August 10, 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, August 10, 2022 at 2 p.m.

The half year financial 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 English, and it can be followed by a live webcast at https://aspo.videosync.fi/q2-2022 or by calling +358 9 817 10310 (36392913#) 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:

- interim report for January–September 2022 on November 2, 2022

Helsinki, August 10, 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 900 professionals.