Aspo Plc
Interim Report
May 7, 2024, at 8:00 am

Aspo Group Interim Report, January 1 – March 31, 2024

Successful strategy execution in a challenging operating environment

Figures from the corresponding period in 2023 are presented in brackets.

January–March 2024

- Net sales from continuing operations decreased to EUR 132.7 (141.6) million.
- Comparable operating profit from continuing operations was EUR 4.8 (8.4) million, 3.6% (5.9%) of net sales. The comparable operating profit of ESL Shipping was EUR 2.7 (6.0) million, Telko EUR 2.2 (2.7) million, and Leipurin EUR 1.1 (1.0) million.
- Operating profit from continuing operations was EUR -3.2 (8.6) million, -2.4% (6.1%) of net sales. Operating profit of ESL Shipping was EUR -5.0 (6.0) million, Telko EUR 2.2 (2.7) million, and Leipurin EUR 1.1 (1.2) million.
- Items affecting the comparability of operating profit totaled EUR -8.0 (0.5) million at Group total level and were mainly caused by the impairment losses for the supramax vessels.
- Earnings per share from continuing operations were EUR -0.16 (0.19).
- Operating cash flow was EUR 5.5 (12.2) million. Free cash flow was EUR -3.5 (9.1) million.
- Gearing improved to 74.0% from 117.6% at the year-end 2023, driven by the minority investment in ESL Shipping.
- Successful strategy execution including the sale of minority stake in ESL Shipping, agreement to sell the supramax vessels and Telko's expansion to France and Benelux.

Key figures

	1-3/2024	**1-3/2023**	**1-12/2023**
Net sales from continuing operations, MEUR	132.7	141.6	536.4
Comparable operating profit from continuing operations, MEUR	4.8	8.4	26.2
Comparable operating profit from continuing operations, %	*3.6*	*5.9*	*4.9*
Comparable operating profit from discontinued operations, MEUR		-0.4	0.3
Comparable operating profit, Group total, MEUR	4.8	8.0	26.5
Comparable operating profit, Group total, %	*3.6*	*4.8*	*4.8*
Items affecting comparability, Group total, MEUR	-8.0	0.5	-16.7
Operating profit, Group total, MEUR	-3.2	8.5	9.8
Profit before taxes from continuing operations, MEUR	-5.4	6.7	16.6
Profit for the period, MEUR	-6.0	7.2	1.6

Profit from continuing operations, MEUR	-6.0	6.4	16.2
Profit from discontinued operations, MEUR		0.8	-14.6
EPS from continuing operations, EUR	-0.16	0.19	0.45
Operating cash flow, MEUR	5.5	12.2	47.6
Free cash flow, MEUR	-3.5	9.1	27.3
Return on equity (ROE), %	-15.2	19.7	1.2
Equity ratio, %	38.6	34.8	34.4
Gearing, %	74.0	106.0	117.6
Equity per share, EUR	4.77	4.71	4.47

Rolf Jansson, CEO of Aspo Group, comments on the first quarter of 2024:

Aspo has successfully pursued its strategical ambitions so far during year 2024. ESL has secured financing capability for its green transition, Telko has made multiple acquisitions, and Leipurin has both invested in growth as well as improved company profitability.

Aspo's comparable operating profit from continuing operations was EUR 4.8 million compared to EUR 8.4 million in the corresponding period in the previous year. The profitability development was driven by political strikes in Finland and exceptional ice conditions, impacting negatively ESL Shipping's profitability with some EUR 3.5 million in the quarter. The negative impact was e.g. due to reduced production volumes of clients, closures of harbors, disturbances in train traffic, longer transportation distances, increased fuel consumption, and overall decline in cargo flow efficiency. Despite the tough conditions, ESL Shipping was able to serve its customers well.

Also, Leipurin's and Telko's profitability were negatively impacted by the political strikes with an estimated EUR 0.1 million each during the first quarter of 2024. Unfortunately, we expect the strikes in the first quarter still to affect the efficiency of operations and availability of products in the second quarter. For ESL Shipping this negative impact is estimated to be around EUR 0.5 million and for Telko and Leipurin in the same magnitude as during the first quarter of 2024.

During Q1 2024, OP Finland Infrastructure LP together with Varma Mutual Pension Insurance Company invested a total of EUR 45 million in Aspo's subsidiary ESL Shipping and obtained a corresponding 21.43% ownership stake in ESL Shipping Ltd. This is a major milestone for both ESL Shipping and Aspo and it will support the execution of the green transition strategy.

ESL Shipping announced that it will sell its two supramax vessels to companies belonging to HGF Denizcilik Limited Sirket group. ESL Shipping will further focus on long-term industrial partnerships as well as on coaster and handy sized vessels, where the company is most competitive. The sale of the supramax vessels will also free-up financial capacity to invest in the green transition.

ESL Shipping's investments in new technologies took a major step forward, when the first green coaster in a series of twelve reached the Baltic Sea in mid-April. The investment decision was taken in 2021 and will start to have a positive impact on ESL Shipping's profitability in the second quarter of 2024.

Telko was able to give further evidence of the execution of its compounder strategy when announcing the acquisitions of Optimol and Greenfluid. The acquired companies in France, Belgium and the Netherlands distribute industrial lubricants, i.e. specialty products with a great fit with Telko's strategy. The acquisitions open up new markets for Telko in France and Benelux and creates synergies with Telko's existing business. Short-term, the acquisitions have a limited positive impact on the profitability of Telko, both due to the acquisition related costs as well as the reversal of fair value allocation to inventory. The business environment of Telko remained fairly challenging, but stable, during the first quarter due to soft demand and low price levels.

Leipurin was able to continue its path towards improved profitability during the first quarter of 2024. The trend continued in an environment with somewhat deflating prices, compared with the business conditions of last year with high inflation. In addition to upgrading commercial, supply chain, and sourcing capabilities, the performance improvement of Leipurin originated from focusing the product mix towards higher margin products.

After the reporting period in April, Aspo has continued investing in growth. Telko's acquisition of Swed Handling doubles the company's net sales in chemicals and at the same time makes Sweden Aspo's largest country of operation in terms of total net sales. The closing of the Swed Handling acquisition is expected during the third quarter of 2024. ESL Shipping and Leipurin have already earlier completed major acquisitions successfully in Sweden, AtoBatC Shipping AB and Kobia AB respectively. Adding Kebelco to Leipurin is fully aligned with the strategy to expand in the food industry, offering significant top-line synergies and further growth potential.

Strategy execution of Aspo over the past years, incl. acquisitions in Western markets, investments in the green transition of ESL Shipping, and exits from Russia and other selected Eastern markets, places the company in a strong position to improve financial performance going forward. In addition to both organic and non-organic growth, commercial and operational excellence is a top priority on our agenda. We consider the challenges, especially of ESL Shipping during the first quarter of 2024, to be one-time effects, as such harsh exceptional winter conditions occur very seldom in the Bothnia Bay, and also the impact of the political strikes will eventually deteriorate. Despite the considerable headwind of strikes and ice conditions in the first quarter, the underlying business is developing as planned. We look forward to sharing an update of Aspo's strategy in our Capital Markets Day on May 14, 2024.

Guidance for 2024

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

Assumptions behind the guidance

Aspo's operating environment is estimated to remain challenging. However, the expected improvement in the comparable operating profit in 2024 is based on expected improved market conditions especially during the second half of year 2024, profitability generation of the green coaster vessels, Telko's acquisitions, and various profit improvement actions throughout Aspo's businesses.

For ESL Shipping, demand is expected to remain at a good level in the steel industry and gradually to pick up in the forest industry. The prevailing low-cycle in industrial activity, negatively impacted by the political strikes, and summer as a seasonally softer time period create some concerns for the second quarter. The longer-term outlook for ESL Shipping is positive given the tighter supply and demand situation as a result of the expected high industrial investment activity in the main operating area, combined with the overall aging fleet of vessels in the market. For Telko, overall stable market development is expected going forward with gradually increasing price levels and demand picking-up especially during the second half of the year. For Leipurin, the market is expected to be slightly deflationary, with modest volume growth partly due to deliberated reduction of low-margin commodities. Significant opportunity for growth remains in the food industry, where the addressable market for Leipurin is multiple compared to bakery.

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%

On a business level, ESL Shipping's long-term 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.

In Q1 2024, Aspo's net sales from continuing operations decreased by 6% to EUR 132.7 (141.6) million. The comparable operating profit rate of the continuing operations stood at 3.6% (5.9%). Comparable return on equity from continuing operations was 4.9% (18.3%) and gearing improved to 74.0% (12/2023: 117.6%).

Net sales, Group total

	1-3/2024	1-3/2023	1-12/2023
	MEUR	MEUR	MEUR
ESL Shipping, net sales	49.9	52.7	189.0
Telko, net sales	50.2	54.3	211.3
Leipurin, net sales	32.6	34.6	136.1
Net sales, continuing operations	132.7	141.6	536.4
Net sales, discontinued operations		5.9	16.6
Net sales, Group total	132.7	147.5	553.0

Operating profit and comparable operating profit, Group total

	1-3/2024	1-3/2023	1-12/2023
	MEUR	MEUR	MEUR
ESL Shipping, operating profit	-5.0	6.0	17.7
Telko, operating profit	2.2	2.7	8.0
Leipurin, operating profit	1.1	1.2	5.6
Other operations, operating profit	-1.5	-1.3	-5.4
Operating profit from continuing operations	-3.2	8.6	25.9
Operating profit from discontinued operations		-0.1	-16.1
Operating profit, Group total	-3.2	8.5	9.8
Operating profit, Group total, %	-2.4	5.8	1.8
Items affecting comparability	-8.0	0.5	-16.7
Comparable operating profit, Group total	4.8	8.0	26.5

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

Items affecting comparability in 1-3/2024, MEUR

	ESL Shipping	Telko	Leipurin	Other operations	Total
Impairment of Supras	-7.0				-7.0
Other items relating to the planned sale of Supras	-0.2				-0.2
Restructuring activities				-0.2	-0.2
Expenses for sale of minority share in ESL Shipping	-0.5			-0.1	-0.6
Total	**-7.7**	**0.0**	**0.0**	**-0.3**	**-8.0**

In the first quarter of 2024, items affecting comparability totaled EUR -8.0 million. EUR -7.7 million reported for ESL Shipping consisted of the impairment loss and other expenses relating to the planned sale of the supramax vessels amounting to EUR -7.2 million and expenses relating to the sale of the minority stake in ESL Shipping Ltd EUR -0.5 million. Items affecting comparability reported in other operations included corporate restructuring expenses of EUR -0.2 million and expenses for the sale of the minority stake in ESL Shipping Ltd EUR -0.1 million.

Items affecting comparability in 1-3/2023, MEUR

	ESL Shipping	Telko	Leipurin	Other operations	Discontinued operations	Total
Sale and leaseback transactions			0.2			0.2
Withdrawal from Russia					0.3	0.3
Total	**0.0**	**0.0**	**0.2**	**0.0**	**0.3**	**0.5**

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 came from the Non-core businesses segment and related to valuation adjustments of the eastern businesses held for sale.

Items affecting comparability in 1-12/2023, MEUR

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

Sustainability

Sustainability is a key driver for Aspo's management system and especially for the company's investments and M&A screening activities. Aspo's businesses aim to be forerunners in sustainability in their respective sectors.

Key figures

	1-3/2024	31.3. Rolling 12m	2023	Target 2024
CO2 (tn) per net sales (EUR thousand)	0.41	0.39	0.37	0.33
TRIF*)	3.8	4.3	4.8	6.0

*) Total Recordable Injury Frequency (TRIF) is presented per million hours worked

The key target is to reduce emission intensity, CO_2 (tn) per net sales (EUR thousand), by 30% by 2025. The starting point (2020) was 0.44, while the target level (2025) is 0.30. Aspo's emission intensity slightly increased due to the decrease in Aspo's net sales and increase in ESL Shipping's emissions due to severe ice conditions.

Another key target is employee safety. The Total Recordable Injury Frequency (TRIF) improved further due to increased attention for safe operating models, development of safety culture, launched preventive measures and enhanced communication.

Cash flow and financing

The Group's operating cash flow in January–March was EUR 5.5 (12.2) million. The cash flows of all businesses contributed positively during the quarter. The cash flow impact of change in working capital was EUR -3.9 (-0.6) million. The increase in working capital originates primarily from the increased inventory in Telko and advance payments for the green coasters of ESL Shipping. The operating cash flow was also negatively impacted by increasing interest rates, and interest paid amounted to EUR -2.6 (-1.5) million.

The free cash flow in January–March was EUR -3.5 (9.1) million. Investments amounted to EUR 0.6 (1.8) million and consisted mainly of the investments in the ESL Shipping segment. The advance payment received for the sale of supramax vessels amounted to EUR 3.4 million. In addition, the investing cash flow includes EUR 12.1 million cash outflow from the acquisitions of Optimol and Greenfluid and EUR 0.3 million of other cash inflow.

	3/2024 MEUR	**3/2023** MEUR	**12/2023** MEUR
Interest-bearing liabilities, incl. lease liabilities	199.4	192.3	195.9
Cash and cash equivalents, Group total	67.9	35.6	30.7
Net interest-bearing debt	131.5	156.7	165.2

Net interest-bearing debt was EUR 131.5 (156.7) million and gearing improved to 74.0% (12/2023: 117.6%). Net interest-bearing debt and gearing decreased due to the cash consideration of EUR 45 million received from the sale of the minority stake in ESL Shipping Ltd. and due to the related increase in cash and cash equivalents as well as total equity. The Group's equity ratio at the end of the review period was 38.6% (12/2023: 34.4%).

Net financial expenses in January–March totaled EUR -2.2 (-1.9) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, rose strongly and was 5.4% (3.7%), increasing Aspo's interest expenses compared to the corresponding period last year.

The Group's liquidity position remained strong. Cash and cash equivalents stood at EUR 67.9 (12/2023: 30.7) million at the end of the review period. Committed revolving credit facilities, totaling EUR 40 million, were fully unused, as in the comparison period. Aspo's EUR 80 million commercial paper program also remained fully unused.

In January 2024, Aspo Plc renewed the other of the two revolving credit facility agreements amounting to EUR 20 million. The credit is being granted by Nordea Bank Abp. The maturity of the revolving credit facility agreement is two years plus an option for one additional year.

ASPO

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 43 vessels with a total capacity of 443,000 deadweight tons (dwt). Of these, 24 were wholly owned (77% of the tonnage), two were minority owned (2%) and the remaining 17 vessels (21%) were time chartered.

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

Q1 2024

ESL Shipping	1-3/2024	1-3/2023	Change,%
Handy	21.7	23.3	-7
Coaster	23.3	23.5	-1
Supra	4.9	5.9	-17
Net sales, MEUR	**49.9**	**52.7**	**-5**
Operating profit, MEUR	-5.0	6.0	-183
Operating profit, %	-10.0	11.4	
Items affecting comparability, MEUR	-7.7		
Comparable operating profit, MEUR	2.7	6.0	-55
Comparable operating profit, %	5.4	11.4	

In the first quarter ESL Shipping's net sales decreased by 5% from the previous year to EUR 49.9 (52.7) million. The comparable operating profit for the quarter decreased by 55% to EUR 2.7 (6.0) million, with the comparable operating profit rate being 5.4% (11.4%). Items affecting comparability amounted to EUR -7.7 (0.0) million and included mainly impairment losses related to the planned sale of the supramax vessels as well as some advisory costs related to the sales process of a minority stake in ESL Shipping.

During January–March ESL Shipping carried 3.1 (3.3) million tons of cargo. Operational efficiency and carried cargo volumes during first quarter were negatively affected by the repeated waves of political strikes stopping or limiting production at shipping company's main clients and closing ports for several weeks in Finland. Prolonged strikes created challenges for operations resulting in loss of cargoes, increased ballasting, extended waiting, stoppages and re-scheduling. Further negative impact was caused by the exceptionally cold January in Northern Scandinavia, which caused unforeseen disruptions and stoppages in train traffic and closures of key fairways of ESL Shipping's contractual traffic. Deep water fairways to Luleå in Sweden and to Kemi and Tornio in Finland remained closed and impermeable for icebreakers for several weeks and traffic was redirected to longer and shallower alternative routes causing loss of earnings and increased energy consumption. Ice breaker assistance was intermittently halted due to severe ice conditions and certain vessels suffered hull damages caused by tugboats and icebreakers. The combined negative impact to comparable operating profit from the political strikes and the exceptionally harsh winter conditions is estimated to be approximately EUR 3.5 million for the first quarter. The strikes are estimated to continue to weaken the profit for the second quarter by approximately EUR 0.5 million.

ESL Shipping's handy size vessels had healthy steel industry contract volume demand during the first quarter. Heating coal volume decreased significantly compared to the previous year. Excluding the strike impact, ESL Shipping's coaster vessels had healthy contract volume demand during the first quarter. Steel, fertilizers, and limestone maintained robust volume levels whereas forest product contracts experienced low to moderate demand. Spot market volumes remained limited, and pricing was divided into healthy ice region pricing and weak open sea markets.

The price of marine diesel fuel remained on the level of previous year whereas the price of liquified natural gas, LNG, decreased significantly compared to previous year, impacting negatively on net sales. Energy price fluctuations are managed through neutral fuel clauses in long-term transportation agreements.

The newbuilding project of ESL Shipping's Swedish subsidiary AtoBatC Shipping AB at the Chowgule & Company Private Limited shipyard in India proceeded as planned during the first quarter. The first vessel in the series, Electramar, reached the Baltic Sea in mid-April. The second vessel in the series, Stellamar, was delivered right after the end of review period on April 5. Stellamar is the first vessel in the series to be sold, as announced earlier, to the company established by the pooling investor group.

Aspo is continuing the program announced in April 2023 to accelerate ESL Shipping's green transition through a program including three possible alternative measures, including a launch of a new investment pool of fossil-free vessels, a possible equity injection in ESL Shipping by a minority shareholder, and the sales of the shipping company's two supramax vessels.

The minority investments in Aspo's subsidiary ESL Shipping Ltd by OP Finland Infrastructure and Varma Mutual Pension Insurance Company were completed on February 28, 2024. The transaction was completed as a share issue where ESL Shipping Ltd issued new shares to OP Finland Infrastructure and Varma against a cash consideration of EUR 45.0 million. This resulted in a minority ownership stake corresponding to 21.43 % in ESL Shipping.

On March 18, 2024 Aspo announced that its subsidiary ESL Shipping Ltd has signed a memorandum of understanding according to which it will sell its two supramax class vessels to companies belonging to HGF Denizcilik Limited Sirket group, a Turkish shipping and logistics company. The transactions are expected to be completed in May 2024. The sales price is USD 37.1 million. ESL Shipping has received an advance payment equaling ten percent of the sales price. As the sale of the supramax vessels is now considered likely to occur they have been classified as assets held for sale as per March 31, 2024. In connection with the classification the value of the vessels was impaired as their carrying amount exceeded their fair value. The impairment loss and other costs related to the planned sale of the supramax vessels amounted to EUR 7.2 million. During the first quarter operational flexibility and earnings capability of supramax vessels were limited by the contemplated sale of the vessels.

Excluding the supramax vessels, the shipping company's Scope 1 carbon dioxide emissions amounted to 46.925 (45.694) tons and CO_2 efficiency was 21.4 (19.8) grams of CO_2 per ton-mile during the first quarter. Compared to previous year, emissions increased as a result of the severe ice conditions.

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, Belgium, France, the Netherlands, Romania, Ukraine, Kazakhstan, Uzbekistan, and China.

Q1 2024

Telko	1-3/2024	1-3/2023	Change,%
Plastics business	23.6	26.6	-11
Chemicals business	13.0	15.1	-14
Lubricants business	13.6	12.6	8
Net sales, MEUR	**50.2**	**54.3**	**-8**
Operating profit, MEUR	2.2	2.7	-19
Operating profit, %	4.4	5.0	
Items affecting comparability, MEUR			
Comparable operating profit, MEUR	2.2	2.7	-19
Comparable operating profit, %	4.4	5.0	

In the first quarter of 2024, Telko's net sales decreased to EUR 50.2 (54.3) million and its comparable operating profit declined to EUR 2.2 (2.7) million. Telko's comparable operating profit rate was 4.4% (5.0%). Expenses relating to acquisitions and reversal of the fair value allocation to inventory had a negative impact of EUR -0.9 (-0.8) million on Telko´s operating profit during the first quarter of the year.

Impacts of acquisitions on operating profit	1-3/2024 MEUR	1-3/2023 MEUR	1-12/2023 MEUR
Reversal of fair value allocation to inventory	-0.2	-0.3	-0.5
Acquisition related expenses	-0.7	-0.4	-1.0
Total	**-0.9**	**-0.8**	**-1.5**

The first quarter of the year remained challenging on the market, both in terms of overall demand as well as price levels. Telko managed to increase its market share in its main business areas in this demanding environment. However, the significantly lower price level compared with the first quarter of the previous year resulted in lower net sales. Compared to the previous quarter (Q4/2023) volumes and price level remained stable. Telko adjusted its operating expenses during the second half of last year and the result of these actions started to show during the first quarter. Telko´s current inventory is well balanced to market situation.

In March, Telko took a significant step in its accelerated acquisition-driven growth strategy by acquiring the Western European industrial lubricants distribution businesses from Petrus S.A, consisting of shares in Optimol Tribotechnik SA in Belgium, Optimol Netherlands BV, Optimol France SAS and Greenfluid SAS in France. The acquisition strengthens Telko's presence in the European lubricants market, making Telko one of the strongest industrial lubricants distributors in Europe. In 2023, the purchased companies had in total annual combined net sales of EUR 18 million and consolidated adjusted operating profit of EUR 2.2 million. The acquired companies will not have a significant contribution to Telko's operative result during the first half of 2024, due to reversal of fair value allocation to inventory.

Net sales of the plastics business decreased by 11% during the first quarter, amounting to EUR 23.6 (26.6) million. Prices were significantly lower than last year for most product groups. Towards the end of the quarter prices of volume plastics started to increase slightly, partly driven by increased delivery costs from Asia. In engineering plastics price development has been relatively stable. Volumes delivered in Telko´s plastics business grew during the first quarter due to new customers and projects. Overall demand in all segments remained weak as many customers have reduced their production.

Net sales of the chemicals business decreased by 14% to EUR 13.0 (15.1) million. In the challenging European market Telko managed to increase sales volumes, but due to the lower price level compared to the first quarter of the previous year, net sales declined. In Central Asia Telko is currently focusing on a few selected customer segments and has scaled down its other operations in the region, which had a negative sales impact.

Net sales of the lubricants business increased by 8% to EUR 13.6 (12.6) million. Despite the political strikes in Finland demand remained on good level for Industrial lubricants and resulted in sales growth. Also, the acquired Optimol and Greenfluid entities contributed to Telko's net sales during March. The integration of the acquired companies has started according to plan. In Automotive lubricants demand during the winter was weaker than in the previous year. All prices are clearly above long-term average levels.

The political strikes in Finland had a negative profitability impact for Telko, in the magnitude of EUR 0.1 million. An impact of similar size is estimated for the second quarter, before product availability is again fully normalized.

Leipurin

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

Q1 2024

Leipurin	**1-3/2024**	**1-3/2023**	**Change,%**
Finland	11.6	11.9	-3
Sweden	13.1	13.0	1
Baltics	7.9	9.4	-16
Ukraine		0.3	-100
Net sales, MEUR	**32.6**	**34.6**	**-6**
Operating profit, MEUR	1.1	1.2	-8
Operating profit, %	3.4	3.5	
Items affecting comparability, MEUR		0.2	
Comparable operating profit, MEUR	1.1	1.0	10
Comparable operating profit, %	3.4	2.9	

Leipurin's net sales decreased by 6% during the first quarter to EUR 32.6 (34.6) million. The decrease in net sales was mainly driven by deflationary market prices in certain product categories, but also by strategic intention, i.e. targeted activities to create an improved sales mix, which resulted in decreased volumes in low margin categories. Net sales were further impacted negatively by the strikes in Finland and earlier timing of easter. In Finland net sales decreased by 3% to EUR 11.6 (11.9) million. In the Baltic countries, net sales decreased by 16% to EUR 7.9 (9.4) million. In Sweden net sales increased by 1% to EUR 13.1 million (13.0). During the first quarter, net sales to bakeries decreased by 9% to EUR 23.4 (25.7) million. Net sales to the food industry increased by 2% to EUR 3.0 (2.9) million despite the deflationary market, as organic growth efforts combined with Leipurin synergies to Sweden are starting to produce results.

We estimate that the political strikes in Finland had a negative impact on Leipurin's operating profit of EUR 0.1 million during the first quarter of 2024, both due to increased logistics costs and to a lesser extent also due to product availability. A negative impact of similar size is also forecasted for the second quarter of 2024, before market conditions are fully normalized.

The comparable operating profit for the first quarter stood at EUR 1.1 (1.0) million, and the comparable operating profit rate was 3.4% (2.9%). In addition to the improved sales mix, the negative impact of the deflationary market on net sales was counteracted by successful management of the cost of goods sold, explaining the improved profitability. In addition, Leipurin continues to execute a wide range of improvement efforts throughout its operations, with the aim of improving profitability. The comparability of the comparison period was affected by the gain related to the sale and leaseback of Kobia's property in Gothenburg (EUR 0.2 million). Leipurin's operating profit for the first quarter was EUR 1.1 (1.2) million.

Other operations

Other operations include Aspo Group's administration, finance and ICT service center. In the first quarter the comparable operating profit of other operations was EUR -1.2 (-1.3) million. Items affecting comparability included corporate restructuring expenses of EUR -0.2 million and expenses for the sale of the minority share in ESL Shipping Ltd EUR -0.1 million. The operating profit of other operations was EUR -1.5 (-1.3) million.

Risks and near-term uncertainties

Main uncertainties in Aspo's financial result relate to the demand and to some extent also market prices for sea transportation as well as volume and price development of products sold by Telko and Leipurin. These items are impacted by general economic development. The economy in the European Union broadly stagnated during the year 2023 and is likely to remain subdued also in the short-term, which increases the risks in all Aspo's businesses. Specifically, the high inflation and rising interest rates have negatively impacted investment activities and lowered industrial and consumer demand for products and services.

Geopolitical tensions, including Russia's ongoing war in Ukraine and recent conflicts in the Middle East, continue to cause uncertainty and can lower the overall economic growth, may impact energy prices and cause supply chain disruptions, as well as inflation-driven cost increases. Prolongation and possible expansion of the geopolitical tensions could negatively impact business operations in Aspo's market areas. The increase in global tensions weakens operating conditions in all businesses.

Aspo's operations are dependent on the availability of IT systems and network services. The unavailability of the services can cause disruptions to the business operations. Recent geopolitical tensions have increased the threat of cyber-incidents.

In line with its strategy, Aspo aims to increase earnings by investment in green vessels and by acquisitions. There are uncertainties about the future profitability of these investments. Strategy execution combined with the currently relatively high financing costs may reduce free cash flow and lead to a deterioration of the balance sheet and reduce solvency.

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.

COMPANY INFORMATION

Aspo aims to achieve sustainable long-term growth by re-investing earned profits. Aspo is an active owner of its businesses and aims to improve their profitability by investing in growth and performance improvement. The goal is to, in parallel to organic growth to take an even more active role in mergers, acquisitions, and other restructuring activities. 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. Each business of Aspo aims to be a forerunner in sustainability in their industry.

Share capital and shares

Aspo Plc's registered share capital on March 31, 2024, was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 3,138 shares, i.e. approximately 0.01% 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 Industrial Goods and Services.

In January-March 2024, a total of 641,256 Aspo Plc shares, with a market value of EUR 3.8 million, were traded on Nasdaq Helsinki. In other words, 2.0% of the shares changed hands. During the review period, the share price reached a high of EUR 6.35 and a low of EUR 5.56. The average price was EUR 6.03 and the closing price at the end of the review period was EUR 6.08. At the end of the review period, the market value, less treasury shares, was EUR 191.0 million.

The company had 11,518 shareholders at the end of the review period. A total of 946,217 shares, or 3.01% of the share capital, were nominee registered or held by non-domestic shareholders.

Remuneration

Performance Share Plan 2024–2026

On February 15, 2024, Aspo Plc's Board of Directors approved a new incentive plan for the Group key employees by establishing a new Performance Share Plan 2024–2026. 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), two criteria based on sustainability targets and profit targets for business divisions. 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 2025, 2026 and 2027. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key employee. As a general 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 another general 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 2024–2026 is directed to circa 20 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 280,000 Aspo Plc shares including also the proportion to be paid in cash.

Decisions of the Annual Shareholders' Meeting 2024

Distribution of funds

The Annual Shareholders' Meeting approved the payment of a dividend totaling EUR 0.24 per share. The record date for the dividend was April 16, 2024 and the payment date was April 23, 2024.

Furthermore, the Annual Shareholders' Meeting authorized the Board of Directors to decide on a possible distribution of capital from the invested unrestricted equity fund in the maximum amount of EUR 0.23 per share on a later date, if aligned with the growth strategy and considering the long-term benefit of Aspo's shareholders. The authorization is valid until the next Annual Shareholders' Meeting.

Board of Directors, Auditor and the Sustainability Reporting Assurance Provider

The meeting confirmed the number of Board members at seven. Patricia Allam, Tapio Kolunsarka, Mikael Laine, Kaarina Ståhlberg, Tatu Vehmas and Heikki Westerlund were re-elected to the Board of Directors. Annika Ekman 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 Patricia Allam, Tapio Kolunsarka, and Tatu Vehmas as committee members. At the meeting the Board also decided to appoint Kaarina Ståhlberg as Chair of the Audit Committee, and Annika Ekman, 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 same auditor will also act as the Company's sustainability reporting assurance provider. The remuneration shall be paid to the auditor and sustainability reporting assurance provider according to an invoice approved by the Company.

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 treasury shares using the unrestricted equity of the Company representing about 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 2025 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 2025 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 through one or several instalments. 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 is a maximum of 2,500,000 in total. The authorization is proposed to be valid until the Annual Shareholders' Meeting in 2025, however no more than 18 months from the approval at the Annual 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 2025.

FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	1-3/2024 MEUR	1-3/2023 MEUR	1-12/2023 MEUR
Continuing operations			
Net sales	**132.7**	**141.6**	**536.4**
Other operating income	0.2	0.5	4.3
Materials and services	-80.7	-88.2	-338.6
Employee benefit expenses	-12.6	-12.4	-48.5
Depreciation, amortization, and impairment losses	-11.7	-4.8	-19.3
Depreciation and impairment losses, leased assets	-3.8	-3.4	-14.2
Other operating expenses	-27.3	-24.7	-94.2
Operating profit	**-3.2**	**8.6**	**25.9**
Financial income and expenses	-2.2	-1.9	-9.3
Profit before taxes	**-5.4**	**6.7**	**16.6**
Income taxes	-0.6	-0.3	-0.4
Profit from continuing operations	**-6.0**	**6.4**	**16.2**
Profit from discontinued operation		0.8	-14.6
Profit for the period	**-6.0**	**7.2**	**1.6**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences	-0.9	-1.9	12.2
Cash flow hedging	-0.3		-0.1
Other comprehensive income for the period, net of taxes	-1.2	-1.9	12.1
Total comprehensive income	**-7.2**	**5.3**	**13.7**
Profit is attributable to:			
Parent company shareholders	-4.6	7.2	1.6
Non-controlling interest	-1.4		
	-6.0	**7.2**	**1.6**
Total comprehensive income is attributable to:			
Parent company shareholders	-5.8	5.3	13.7
Non-controlling interest	-1.4		
	-7.2	**5.3**	**13.7**
Earnings per share attributable to parent company shareholders, EUR			
Basic and diluted earnings per share			
Continuing operations	-0.16	0.19	0.45
Discontinued operations		0.02	-0.46
Total earnings per share	**-0.16**	**0.21**	**-0.01**

Aspo Group's condensed consolidated balance sheet

Assets	3/2024 MEUR	3/2023 MEUR	12/2023 MEUR
Intangible assets	63.1	51.1	51.7
Tangible assets	124.5	171.7	169.0
Leased assets	22.9	18.8	22.5
Other non-current assets	2.4	1.5	2.5
Total non-current assets	212.9	243.1	245.7
Inventories	65.0	70.7	59.2
Accounts receivable and other receivables	84.6	75.2	74.1
Cash and cash equivalents	67.9	25.5	30.7
	217.5	171.4	164.0
Assets held for sale	33.6	12.2	
Total current assets	251.1	183.6	164.0
Total assets	**464.0**	**426.7**	**409.7**
Equity and liabilities			
Share capital and premium	22.0	22.0	22.0
Other equity	127.7	125.8	118.5
Total equity attributable to owners of the parent company	149.7	147.8	140.5
Equity attributable to the non-controlling interest	27.9		
Total equity	177.6	147.8	140.5
Loans and overdraft facilities	111.2	119.3	138.5
Lease liabilities	8.6	5.5	8.3
Other liabilities	7.2	7.8	6.1
Total non-current liabilities	127.0	132.6	152.9
Loans and overdraft facilities	64.4	53.0	33.9
Lease liabilities	15.2	13.8	15.2
Accounts payable and other liabilities	79.8	76.6	67.2
	159.4	143.4	116.3
Liabilities directly associated with assets classified as held for sale		2.9	
Total current liabilities	159.4	146.3	116.3
Total equity and liabilities	**464.0**	**426.7**	**409.7**

Aspo Group's condensed consolidated cash flow statement

	1-3/2024 MEUR	1-3/2023 MEUR	1-12/2023 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit, Group total	-3.2	8.5	9.8
Adjustments to operating profit	15.9	6.6	45.2
Change in working capital	-3.9	-0.6	4.4
Interest paid	-2.6	-1.5	-9.2
Interest received	0.4	0.1	0.8
Income taxes paid	-1.1	-0.9	-3.4
Operating cash flow	**5.5**	**12.2**	**47.6**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments	-0.6	-1.8	-21.8
Proceeds from sale of tangible assets		2.4	12.3
Advance payment for Supras	3.4		
Acquisition of businesses	-12.1	-3.7	-3.9
Disposal of businesses			-7.4
Dividends received	0.3		0.5
Investing cash flow	**-9.0**	**-3.1**	**-20.3**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans			75.7
Repayment of loans	-0.1	-0.3	-76.0
Payments for purchase of own shares		-0.3	-0.3
ESL Shipping share issue to non-controlling owners	45.0		
Payments of lease liabilities	-3.8	-3.6	-14.6
Hybrid bond, interest paid			-2.6
Dividends paid			-14.4
Financing cash flow	**41.1**	**-4.2**	**-32.3**
Change in cash and cash equivalents	**37.6**	**4.9**	**-5.0**
Cash and cash equivalents January 1	30.7	33.6	33.6
Translation differences	-0.4	-0.5	0.1
Change in impairment of cash and cash equivalents		-2.4	2.0
Cash and cash equivalents at period-end, Group total	**67.9**	**35.6**	**30.7**
Cash and cash equivalents held for sale		-10.1	
Cash and cash equivalents in balance sheet	**67.9**	**25.5**	**30.7**

Aspo Group consolidated statement of changes in equity

MEURR	Total equity attributable to owners of the parent company							
MEUR	Share capital and premium	Other reserves	Hybrid bond	Translation differences	Retained earnings	Total	Non-controlling interest	Total equity
Equity January 1, 2024	**22.0**	**16.4**	**30.0**	**-13.8**	**85.9**	**140.5**	**0.0**	**140.5**
Comprehensive income:								
Profit for the period					-4.6	-4.6	-1.4	-6.0
Cash flow hedging		-0.3				-0.3		-0.3
Translation differences				-0.9		-0.9		-0.9
Total comprehensive income		-0.3		-0.9	-4.6	-5.8	-1.4	-7.2
Transactions with owners:								
Sale of non-controlling interest					15.7	15.7	29.3	45.0
Hybrid bond interest					-0.7	-0.7		-0.7
Share-based incentive plan					0.0	0.0		0.0
Total transactions with owners					15.0	15.0	29.3	44.3
Equity March 31, 2024	**22.0**	**16.1**	**30.0**	**-14.7**	**96.3**	**149.7**	**27.9**	**177.6**

	Total equity attributable to owners of the parent company					
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**

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 2023 consolidated financial statements. In addition, Aspo has described below the accounting policy for obtaining and presenting the non-controlling interest. In other respects, the same accounting and measurement principles have been applied as in the 2023 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 65 of Aspo's Year 2023 publication.

Non-controlling interest

The minority investments in Aspo's subsidiary ESL Shipping Ltd by OP Finland Infrastructure and Varma Mutual Pension Insurance Company was completed on February 28, 2024. The transaction was completed as a share issue where ESL Shipping Ltd issued new shares to OP Finland Infrastructure and Varma Mutual Pension Insurance Company against a cash consideration of EUR 45.0 million. This resulted in a non-controlling interest of 21.43 % in ESL Shipping. In Aspo Group, as control of the subsidiary was not lost, the consideration of EUR 45.0 million was recognized in retained earnings deducted by the lost share of ESL Shipping's equity EUR 29.3 million resulting in a net increase of EUR 15.7 million in the total equity attributable to owners of Aspo. The cash flow of EUR 45.0 million is presented as cash flow from financing activities.

Non-controlling interest – accounting policy

Changes in the ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners). The difference between the fair value of the consideration paid and the change in the non-controlling interest is recognized directly in equity and attributed to the owners of the parent. The non-controlling interests is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. In addition, the profit or loss for the period as well as other comprehensive income is attributed to the owners of the parent and to the non-controlling interests on the basis of present ownership interests.

Acquisition of Optimol and Greenfluid

On March 8, Telko acquired Western European industrial lubricants distribution businesses from Petrus S.A, consisting of shares in the companies: Optimol Tribotechnik SA, Optimol Netherlands BV, Optimol France SAS and Greenfluid SAS. The acquired businesses are leading distributors of premium industrial specialty and high-performance lubricants, metalworking fluids and other general industrial lubricants in France and Benelux. Full year 2023 consolidated net sales of the purchased businesses were EUR 18 million and full year consolidated adjusted operating profit was EUR 2.2 million.

The consideration of EUR 12.6 million was paid fully in cash, The assets and liabilities of the acquired company were measured at fair value on the acquisition date. A fair value allocation of EUR 3.8 million was made on intangible assets based on principal relationships, and the fair value adjustment relating to inventories was EUR 0.8 million. The deferred tax liability arising from the fair value adjustments was EUR 1.2 million. The carrying amount of the other acquired assets and liabilities were deemed to correspond to their fair values. A goodwill balance of EUR 7.1 million resulted from the acquisition based on the preliminary calculation. The acquisition-related costs of approximately EUR 0.3 million were recognized in the Telko segment's other operating expenses, however, half of the acquisition-related costs were recognized as expenses already in 2023.

Preliminary acquisition calculation, Optimol and Greenfluid

	3/2024 MEUR
Consideration	
Paid in cash	12.6
Total consideration	**12.6**
Assets acquired and liabilities assumed, fair value	
Intangible assets	4.0
Tangible assets	0.2
Inventories	3.8
Accounts receivable and other receivables	4.5
Cash and cash equivalents	1.6
Total assets	**14.1**
Interest bearing liabilities	1.9
Accounts payable and other liabilities	5.5
Deferred tax liability	1.2
Total liabilities	**8.6**
Net assets acquired	**5.5**
Goodwill	**7.1**

Personnel

At the end of the review period, Aspo Group had 734 employees (712 at the end of 2023). The addition in the amount of personnel from the acquisition of Optimol and Greenfluid was 31 employees.

Segment information

Aspo Group's reportable segments are ESL Shipping, Telko and Leipurin. In 2023 the reportable segment also included Non-core businesses but in 2024 this segment is not reported anymore as all the entities were either sold or deconsolidated from Aspo Group in 2023.

The non-core businesses segment was established in the first quarter of 2023 and included the eastern businesses held for sale. The Non-core businesses segment is reported as discontinued operations in 2023.

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

1-3/2024

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	-5.0	2.2	1.1	-1.5	-3.2
Net financial expenses				-2.2	-2.2
Profit before taxes					-5.4

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

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Investments	1-3/2024	0.5	0.1			0.6
Investments	1-3/2023	1.6	0.2			1.8

Green coaster investment commitment

AtoBatC Shipping AB, reported in the ESL Shipping segment, is building a series of six highly energy-efficient electric hybrid vessels. 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 are divided mainly for the years 2021 - 2026. The new vessels are built at the Chowgule and Company Private Limited shipyard in India, and first of them Electramar will start operating in the second quarter of 2024.

Segment assets and liabilities

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Assets Dec 31, 2023	241.5	74.5	58.8	34.9	409.7
Assets Mar 31, 2024	237.0	96.6	57.8	72.6	464.0
Liabilities Dec 31, 2023	31.8	33.2	19.2	185.0	269.2
Liabilities Mar 31, 2024	37.1	40.0	19.1	190.2	286.4

ASPO

Aspo Group disaggregation of net sales, from continuing operations

In ESL Shipping segment revenue is recognized over time as the transportation services are rendered. In Telko and Leipurin segments revenue is recognized at a point in time based on the delivery terms.

ESL Shipping net sales

	1-3/2024 MEUR	1-3/2023 MEUR	Change %	1-12/2023 MEUR
Vessel class:				
Handy	21.7	23.3	-7	78.5
Coaster	23.3	23.5	-1	93.7
Supra	4.9	5.9	-17	16.8
ESL Shipping total	**49.9**	**52.7**	**-5**	**189.0**

Telko net sales

	1-3/2024 MEUR	1-3/2023 MEUR	Change %	1-12/2023 MEUR
Business area:				
Plastics business	23.6	26.6	-11	101.4
Chemicals business	13.0	15.1	-14	59.4
Lubricants business	13.6	12.6	8	50.5
Telko total	**50.2**	**54.3**	**-8**	**211.3**

Leipurin net sales

	1-3/2024 MEUR	1-3/2023 MEUR	Change %	1-12/2023 MEUR
Regions:				
Finland	11.6	11.9	-3	49.3
Sweden	13.1	13.0	1	50.2
Baltics	7.9	9.4	-16	35.8
Ukraine		0.3	-100	0.8
Total	32.6	34.6	-6	136.1
of which:				
Bakeries	23.4	25.7	-9	99.7
Food Industry	3.0	2.9	3	11.9
Retail, foodservice, other	6.2	6.0	3	24.5
Leipurin total	**32.6**	**34.6**	**-6**	**136.1**

Net sales by market area

	1-3/2024 MEUR	1-3/2023 MEUR	1-12/2023 MEUR
ESL Shipping			
Finland	25.2	22.3	99.4
Scandinavian countries	15.3	14.8	53.4
Baltic countries	0.6	0.3	0.4
Other European countries	6.9	8.8	26.1
Other countries	1.9	6.5	9.7
	49.9	52.7	189.0

Telko			
Finland	12.3	13.5	48.5
Scandinavian countries	11.8	13.8	54.9
Baltic countries	6.0	7.3	27.7
Other European countries	13.6	10.1	46.8
Other countries	6.5	9.6	33.4
	50.2	54.3	211.3
Leipurin			
Finland	11.6	11.9	49.5
Scandinavian countries	13.0	12.8	49.3
Baltic countries	7.9	9.4	35.7
Other European countries	0.1	0.5	1.6
Other countries	0.0	0.0	0.0
	32.6	34.6	136.1
Total			
Finland	49.1	47.7	197.4
Scandinavian countries	40.1	41.4	157.6
Baltic countries	14.5	17.0	63.8
Other European countries	20.6	19.4	74.5
Other countries	8.4	16.1	43.1
	132.7	141.6	536.4

Net sales by market area, share of total net sales

	1-3/2024	**1-3/2023**	**1-12/2023**
	%	%	%
Finland	37.0	33.7	36.8
Scandinavian countries	30.2	29.2	29.4
Baltic countries	10.9	12.0	11.9
Other European countries	15.5	13.7	13.9
Other countries	6.3	11.4	8.0
	100	100	100

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

The Non-core businesses segment was reported as discontinued operations in 2023 in accordance with the IFRS 5 standard.

Profit from discontinued operations

	1-3/2023	**1-12/2023**
	MEUR	MEUR
Net sales	**5.9**	**16.6**
Other operating income	0.0	0.0
Materials and services	-2.5	-14.4
Employee benefit expenses	-0.9	-2.1
Depreciation, amortization and impairment losses	0.1	-0.1
Depreciation, leased assets	0.0	-0.2
Other operating expenses	-2.7	-15.9
Operating profit	**-0.1**	**-16.1**

Financial income and expenses	1.0	1.8
Profit before taxes	**0.9**	**-14.3**
Income taxes	-0.1	-0.3
Profit for the period	**0.8**	**-14.6**

The operating profit of Non-core businesses in January-December 2023 was EUR -16.1 million. The operating loss was mainly caused by the divestment loss of Telko Russia EUR -8.1 million, the write down of Telko Russia's inventory EUR -1.7 million, a loss of EUR -0.8 million from the deconsolidation of Telko's subsidiary in Belarus, and EUR -5.8 million from the deconsolidation of Leipurin entities in Russia, Belarus and Kazakhstan.

Net cash flows of discontinued operations

	1-3/2023 MEUR	1-12/2023 MEUR
Net cash inflow from operating activities	1.0	0.6
Net cash inflow/outflow(-) from investing activities	0.1	-7.8
Net cash inflow/outflow(-) from financing activities	-0.2	-0.4
Net change in cash generated by the discontinued operations	**0.9**	**-7.6**

Net cash flows of discontinued operations consist of the Non-core businesses segment's share of Aspo Group's cash flows. In 2023, the cash flow from the sale of Telko's subsidiary in Russia was EUR -4.4 million. The cash impact of the deconsolidation of the other entities in the Non-core businesses segment amounted to EUR -3.4 million. These are presented in the cash flow from investing activities.

Assets and liabilities classified as held for sale

	3/2024 MEUR	3/2023 MEUR	12/2023 MEUR
Assets of discontinued operations		10.4	
Other assets held for sale	33.6	1.8	
Assets classified as held for sale, total	**33.6**	**12.2**	**0.0**
Liabilities of discontinued operations		2.9	
Liabilities directly associated with assets classified as held for sale, total	**0.0**	**2.9**	**0.0**

On March 18, 2024 Aspo announced that its subsidiary ESL Shipping Ltd has signed a memorandum of understanding according to which it will sell its two supramax class vessels to companies belonging to HGF Denizcilik Limited Sirket group, a Turkish shipping and logistics company. The transactions are expected to be completed in May 2024. The sales price is USD 37.1 million. ESL Shipping has received an advance payment equaling ten percent of the sales price. As the sale of the supramax vessels is considered likely to occur they have been classified as assets held for sale as per March 31, 2024. In connection with the classification an impairment loss of EUR 7.0 million and other costs related to the planned sale of the supramax vessels of EUR 0.2 million were recognized. The impairment loss also including the estimated costs to complete the sales transactions is presented in the result of the ESL Shipping segment. In the balance sheet the fair value less cost to sell of the supramax vessels amounts to EUR 33.6 million.

At the end of the first quarter of 2023 the Other assets held for sale included Kobia's properties in Hässleholm, Sweden, which Kobia AB had agreed to sell and lease back.

Assets and liabilities of discontinued operations at the end of the first quarter 2023 include the assets and liabilities of the Non-core businesses segment.

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.

Contingent liabilities

Telko Ukraine has been subject to a tax inspection based on which the company should pay additional taxes, tax increases and fines totaling EUR 1.9 million. The case is almost entirely related to the tax treatment of old loans granted in 2011-2012. Telko has taken the given decision to court and the case has been analyzed by external experts. Based on the expert opinion the chances of success in court have been assessed to be good. Thus, no liability has been recognized in the balance sheet.

Events after the review period

Aspo Plc’s Annual Shareholders’ Meeting held on April 12, 2024, decided, as proposed by the Board of Directors, that EUR 0.24 per share be distributed in dividends for the 2023 financial year. The dividend was paid on April 23, 2024.

On April 29 Aspo announced that its subsidiary Telko Oy expands its chemicals business in Sweden by acquiring Swed Handling AB, a leading Swedish chemical distributor, from TeRa Invest AB. As part of the transaction, Aspo’s subsidiary Leipurin Oyj expands its food industry business in Sweden, via the technical food ingredient distributor Kebelco AB, which is a subsidiary of Swed Handling. In Aspo Group’s financial reporting, Swed Handling excluding Kebelco will be reported as part of the Telko segment and Kebelco as part of the Leipurin segment. The closing of the transaction is subject to customary competition authority approvals and foreign direct investment (FDI) filings. Closing of the transaction is expected during the third quarter of 2024. The enterprise value is SEK 500 million (approx. EUR 43 million) and the estimated purchase price at closing is SEK 473 million (approx. EUR 40 million) with an additional earnout mechanism of SEK 0–130 million (approx. EUR 0–11 million) for 2024–2025, depending on Swed Handling’s profitability development, excluding Kebelco. Up to SEK 100 million (approx. EUR 9 million) of the total purchase price can be paid in Aspo’s shares and the rest in cash.

Espoo, May 7, 2024

Aspo Plc
Board of Directors

Press and analyst conference

A press, analyst and investor conference will be held at FLIK's Eliel studio in Sanomatalo, Töölönlahdenkatu 2, 00100 Helsinki on Tuesday May 7, 2024, at 10:30 a.m. The event is also open to private investors, and participants are requested to register beforehand by emailing viestinta@aspo.com.

The 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/q1-2024. Questions can be asked after the event by telephone by registering through the following link: https://palvelu.flik.fi/teleconference/?id=50048702. 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 2024

Aspo Plc will publish the following reports:

- Half year financial report for January–June 2024 on August 14, 2024
- Interim report for January–September 2024 on October 29, 2024

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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 16 different countries, and it employs a total of approximately 700 professionals.