Aspo Plc
Interim report
November 2, 2022, at 9:30 am

# Aspo Group interim report, January 1 to September 30, 2022

## Strong financial performance continued: Q3 comparable operating profit at EUR 13.0 million, net sales up by 8%

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

**July–September 2022, Group total**

- Aspo's net sales increased by 8% to EUR 160.1 (148.0) million.
- Comparable operating profit was EUR 13.0 (11.0) million, and the comparable operating profit rate was 8.1% (7.4%).
- The comparable operating profit of ESL Shipping was EUR 9.7 (7.1) million, Telko EUR 3.7 (5.9) million, and Leipurin EUR 0.6 (0.6) million.
- Items affecting the comparability of operating profit totaled EUR -0.7 million.
- Operating profit from continuing operations was EUR 12.5 (10.8) million. The operating profit rate from continuing operations was 7.9% (7.5%).
- The operating profit of ESL Shipping was EUR 9.7 (7.1) million, Telko EUR 4.2 (5.9) million, and Leipurin EUR -0.5 (0.6) million.
- Earnings per share increased to EUR 0.30 (0.16).
- Net cash from operating activities was EUR 11.4 (11.1) million. Free cash flow was EUR -9.7 (7.2) million.

**January–September 2022, Group total**

- Aspo's net sales increased by 15% to EUR 488.0 (423.2) million.
- Comparable operating profit was EUR 44.0 (28.5) million, and the comparable operating profit rate was 9.0% (6.7%).
- The comparable operating profit of ESL Shipping was EUR 26.8 (17.0) million, Telko EUR 19.5 (16.0) million, and Leipurin EUR 2.2 (1.2) million.
- Items affecting the comparability of operating profit totaled EUR -8.0 million.
- Operating profit from continuing operations was EUR 37.6 (28.2) million. The operating profit rate from continuing operations was 7.8% (6.8%).
- The operating profit of ESL Shipping was EUR 27.9 (17.0) million, Telko EUR 15.0 (16.0) million, and Leipurin EUR -0.5 (1.2) million.
- Earnings per share increased to EUR 0.82 (0.59).
- Net cash from operating activities was EUR 45.7 (33.3) million. Free cash flow was EUR 17.9 (23.4) million.

**Guidance for 2022, issued on October 17, 2022**

Aspo Group's comparable operating profit will be EUR 52–57 (EUR 42.4) million in 2022.

ASPO

**Key figures**

| | 7-9/2022 | 7-9/2021 | 1-9/2022 | 1-9/2021 | 1-12/2021 |
|---|---|---|---|---|---|
| Net sales, Group total, MEUR | 160.1 | 148.0 | 488.0 | 423.2 | 586.4 |
| Net sales from continuing operations, MEUR | 157.8 | 144.6 | 479.6 | 413.3 | 573.3 |
| | | | | | |
| ESL Shipping, operating profit, MEUR | 9.7 | 7.1 | 27.9 | 17.0 | 26.8 |
| Telko, operating profit, MEUR | 4.2 | 5.9 | 15.0 | 16.0 | 20.4 |
| Leipurin, operating profit, MEUR | -0.5 | 0.6 | -0.5 | 1.2 | -2.4 |
| Other operations, operating profit, MEUR | -0.9 | -2.8 | -4.8 | -6.0 | -7.9 |
| Operating profit from continuing operations, MEUR | 12.5 | 10.8 | 37.6 | 28.2 | 36.9 |
| *Operating profit from continuing operations, %* | *7.9* | *7.5* | *7.8* | *6.8* | *6.4* |
| Operating profit from discontinued operations, MEUR | -0.2 | -3.2 | -1.6 | -3.1 | -3.0 |
| Operating profit, Group total, MEUR | 12.3 | 7.6 | 36.0 | 25.1 | 33.9 |
| Items affecting comparability, MEUR | -0.7 | -3.4 | -8.0 | -3.4 | -8.5 |
| Comparable operating profit, Group total, MEUR | 13.0 | 11.0 | 44.0 | 28.5 | 42.4 |
| *Comparable operating profit, Group total, %* | *8.1* | *7.4* | *9.0* | *6.7* | *7.2* |
| | | | | | |
| Profit before taxes, MEUR | 10.4 | 9.8 | 30.6 | 25.3 | 33.0 |
| Profit for the period, MEUR | 9.4 | 5.4 | 26.1 | 19.6 | 25.3 |
| Profit from continuing operations, MEUR | 9.6 | 8.6 | 27.8 | 22.7 | 28,3 |
| Profit from discontinued operations, MEUR | -0.2 | -3.2 | -1.7 | -3.1 | -3.0 |
| Earnings per share (EPS), EUR | 0.30 | 0.16 | 0.82 | 0.59 | 0.76 |
| EPS from continuing operations, EUR | 0.30 | 0.26 | 0.87 | 0.69 | 0.86 |
| EPS from discontinued operations, EUR | 0.00 | -0.10 | -0.05 | -0.10 | -0.10 |
| Net cash from operating activities, MEUR | 11.4 | 11.1 | 45.7 | 33.3 | 44.0 |
| Free cash flow, MEUR | -9.7 | 7.2 | 17.9 | 23.4 | 27.5 |
| Return on equity (ROE), % | | | 23.7 | 22.0 | 20.8 |
| Equity ratio, % | | | 35.8 | 31.8 | 32.0 |
| Gearing, % | | | 97.6 | 130.9 | 129.4 |
| Equity per share, EUR | | | 5.24 | 3.97 | 4.14 |

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

Aspo's strong financial performance continued in the third quarter. Boosted by yet another record quarter of ESL Shipping and solid performance of Telko, our comparable operating profit for the quarter increased to EUR 13.0 million. Despite the expected sales drop in the Eastern market, our net sales were up 8% at EUR 160.1 million. Our comparable operating profit rate for Q3 remained strong at 8.1%, again above the target level of 8%. Overall, a great continuum to a financially successful year.

We have continued making strides in our strategy execution. Leipurin's milestone acquisition of the Swedish bakery distributor Kobia was approved by the competition authorities in the third quarter, and integration work is already underway. Kobia is included in Aspo Group's financial reporting as of September, 2022. Structural changes are negatively impacting Leipurin's financial figures for 2022 but I am confident that the company is heading in the right direction with the renewed strategy.

In September, Telko announced that it will strengthen its plastics distribution business by acquiring Johan Steenks, a Norwegian distributor of engineering plastics and plastic additives with an established customer base in the local markets. Clear evidence of Telko's ability to execute its accelerated growth strategy.

During the quarter, ESL Shipping confirmed that it will establish a long-term shipping pool for energy efficient electric hybrid vessels together with a group of institutional and private investors. The upcoming Green Coaster pool will accelerate growth, profitability and return on capital of ESL Shipping's business, and fits seamlessly to Aspo's renewed strategy.

On October 17, we announced that Telko has signed a binding framework agreement according to which it will sell the share capital of its Russian subsidiary Telko OOO to Russian industrial operator GK Himik. This is an important step, and I'm pleased that we have found a new owner for Telko's operations in Russia. This frees up time and resources to pursue further growth in western markets in accordance with our strategy. In line with what we have indicated before, the comparable operating profit of Telko Russia and Belarus was close to zero during the third quarter. Therefore, Telko's Q3 results already give some visibility to the future financial performance of the company after the targeted exits of both Russia and Belarus have taken place. Telko's Russian business is classified as held for sale from the month of signing the agreement.

Due to the excellent performance of ESL Shipping in particular, we upgraded our guidance for the full-year 2022 on October 17. We are now estimating that Aspo Group's comparable operating profit for 2022 will be EUR 52–57 million, well above the EUR 42.4 million achieved last year. At the same time, our visibility to the overall costs related to the war in Ukraine and exiting our Russian operations, as well as other items affecting comparability has increased. As announced, the new estimate of the total items affecting comparability is approximately EUR -25 million. This estimate includes the items affecting comparability of EUR -8.0 million reported by the end of the third quarter of 2022.

Our financial performance throughout the year has been solid and we remain confident on our short-term outlook. Macroeconomic uncertainty still remains and the foundations for moving into the next year differ substantially from a year ago. However, with the significant ongoing structural changes including exits from selected eastern markets and acquisitions in the western countries, we are in an excellent position to succeed in the fourth quarter 2022 and beyond. We continue our strategy execution during the coming years targeting both organic and non-organic growth especially in the western market.

## ASPO GROUP

### Financial results and targets

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

- Net sales growth 5–10% per year
- Operating profit of 8%
- 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%.

Good financial performance continued in Q3 2022. Aspo's net sales, at Group total level, increased by 8% in the third quarter. The comparable operating profit rate was 8.1% (7.4%), again above the target level of 8.0%. Return on equity remained high at 23.7% (22.0%). Gearing was 97.6% (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 deviating 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 has been defined as Aspo's non-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.

**Net sales and operating profit margin, Group total**

| | **7-9/2022** MEUR | **7-9/2021** MEUR | **1-9/2022** MEUR | **1-9/2021** MEUR | **1-12/2021** MEUR |
|---|---|---|---|---|---|
| Net sales, Group total | 160.1 | 148.0 | 488.0 | 423.2 | 586.4 |
| Net sales, continuing operations | 157.8 | 144.6 | 479.6 | 413.3 | 573.3 |
| Net sales, discontinued operations | 2.3 | 3.4 | 8.4 | 9.9 | 13.1 |
| Operating profit, Group total | 12.3 | 7.6 | 36.0 | 25.1 | 33.9 |
| Operating profit, Group total, % | 7.7 | 5.1 | 7.4 | 5.9 | 5.8 |
| Items affecting comparability*) | -0.7 | -3.4 | -8.0 | -3.4 | -8.5 |
| Comparable operating profit, Group total | 13.0 | 11.0 | 44.0 | 28.5 | 42.4 |
| Comparable operating profit, Group total, % | 8.1 | 7.4 | 9.0 | 6.7 | 7.2 |

**Comparable operating profit, Group total**

| | **7-9/2022** MEUR | **7-9/2021** MEUR | **1-9/2022** MEUR | **1-9/2021** MEUR | **1-12/2021** MEUR |
|---|---|---|---|---|---|
| ESL Shipping, operating profit | 9.7 | 7.1 | 27.9 | 17.0 | 26.8 |
| Telko, operating profit | 4.2 | 5.9 | 15.0 | 16.0 | 20.4 |
| Leipurin, operating profit | -0.5 | 0.6 | -0.5 | 1.2 | -2.4 |
| Other operations, operating profit | -0.9 | -2.8 | -4.8 | -6.0 | -7.9 |
| Operating profit from continuing operations | 12.5 | 10.8 | 37.6 | 28.2 | 36.9 |
| Operating profit from discontinued operations | -0.2 | -3.2 | -1.6 | -3.1 | -3.0 |
| Operating profit, Group total | 12.3 | 7.6 | 36.0 | 25.1 | 33.9 |
| Items affecting comparability*) | -0.7 | -3.4 | -8.0 | -3.4 | -8.5 |
| Comparable operating profit, Group total | 13.0 | 11.0 | 44.0 | 28.5 | 42.4 |

*) The items affecting comparability in the third quarter of 2022, totaling EUR -0.7 million, include in the Leipurin segment costs related to the acquisition of Kobia and cost relating to the withdrawal from Russia totaling EUR -1.1 million. In the Telko segment, a positive item of EUR 0.5 million relates to the decrease of the credit loss provision in Ukraine. In addition, EUR -0.1 million restructuring costs were recognized in Other operations.

The items affecting comparability in the second quarter of 2022, totaling EUR -2.4 million, included costs related to restructuring of 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 in the first quarter of 2022, totaling EUR -4.9 million, consisted of EUR 1.5 million in sales gains from ESL Shipping barge Espa, ESL Shipping's cost provisions of approximately EUR -0.2 million related to the war in Ukraine, EUR -2.6 million in losses from the destruction of Telko's warehouse in Ukraine, a credit loss provision of EUR -2.0 million associated with Telko's accounts receivables in Ukraine, EUR -0.7 million in losses from the destruction of Leipurin's warehouse in Ukraine, a credit loss provision of EUR -0.2 million associated with Leipurin's accounts receivable in Ukraine, and EUR -0.2 million in Leipurin's other restructuring 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 an instrumental factor in guiding management of Aspo and in particular its investments. 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 emission intensity, CO2 (tn) per net sales (EUR thousand), by 30% by 2025. The starting point (2020) was 0.44, while the target level (2025) is 0.30. With regards to the green transition in shipping, ESL Shipping is in close, long-term project cooperation with leading energy suppliers to provide fossil-free sea transportation to its key customers in the future.

During the past 12 months, the emission intensity continued to improve, driven by net sales growth in combination with operational efficiency, and it was 0.34 (12/2021: 0.42). Another key target is to improve safety, and during the past 12 months, TRI (Total Recordable Injury Frequency) was 7.8 (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 during 2022 due to Russia's armed invasion of Ukraine. The invasion has caused a lot of uncertainty in the market, price inflation and in particular higher energy prices, as well as significant volatility in prices and exchange rates. Disturbances in logistic flows and poor availability of certain products are also evident in the market.

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.

All of ESL Shipping's operations in Russia have been suspended and the ship capacity has been transferred to other traffic areas. As announced on October 17, Aspo Group's subsidiary Telko has signed a binding framework agreement according to which it will sell the share capital of its Russian subsidiary Telko OOO to Russian industrial operator GK Himik. As previously announced, Telko will also exit Belarus. This process is still ongoing. 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.

The international sanctions and Russia's legislative measures prevent transportation of goods and transfer of payments, reducing net sales and profitability of our Russian operations. 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 25.1 million, corresponding to 15.3% of Aspo Group's total equity. Aspo's assets in Russia are mainly consisting of cash, inventories and trade receivables. The number of employees working for Aspo companies in Russia is decreasing, amounting to 114 employees at the end of September (12/2021: 193).

Increasing interest rates and inflation, combined with declining general economic forecasts, have impacted consumers' buying patterns, including by shifting consumption from higher priced to lower priced products.

In media, the coronavirus pandemic has been overshadowed by Russia's invasion of Ukraine, 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**

| | 7-9/2022 | 7-9/2021 | Change in share | 1-9/2022 | 1-9/2021 | Change in share |
|---|---|---|---|---|---|---|
| | MEUR | MEUR | % | MEUR | MEUR | % |
| Finland | 57.0 | 44.6 | 5.3 | 165.8 | 129.8 | 3.2 |
| Scandinavia | 38.1 | 24.8 | 7.0 | 99.0 | 77.2 | 2.0 |
| Baltic countries | 16.4 | 13.4 | 1.1 | 49.6 | 38.8 | 1.0 |
| Russia, other CIS countries and Ukraine | 24.6 | 39.6 | -11.8 | 96.6 | 111.3 | -6.8 |
| Other countries | 21.7 | 22.2 | -1.6 | 68.6 | 56.2 | 0.7 |
| **Total** | 157.8 | 144.6 | | 479.6 | 413.3 | |

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 third quarter of 2022, mainly due to the war in Ukraine and the decision to reduce operations in Russia and Belarus, and ultimately exit the market. On the positive side, particularly Telko's sales in Ukraine have picked up during the past months, although they are still not on the same level as during the previous year. According to the previously announced strategy, the company will channel its growth investments into western markets.

## Cash flow and financing

The Group's cash flow from operating activities in January–September was EUR 45.7 (33.3) million. The impact of the change in working capital on cash flow during the review period was EUR -5.8 (-12.6) million. The increase in working capital derives mainly from ESL Shipping and is partly offset by the improved working capital of Telko. The advance payments for the Green Coasters to be sold further are one root cause for the increase in ESL Shipping's inventory balance. Free cash flow during January-September was EUR 17.9 (23.4) million. Investments of EUR -15.2 (-11.1) million mainly consisted of docking of ESL Shipping's vessels and Green Coaster advance payments. In addition, the free cash flow includes the cash flow relating to the acquisition of Kobia and Mentum of EUR -15.6 million, and the cash inflow from the sale of Espa and Vulganus of EUR 3.0 million in total.

| | 9/2022 MEUR | 9/2021 MEUR | 12/2021 MEUR |
|---|---|---|---|
| Interest-bearing liabilities, incl. lease liabilities | 204.0 | 186.1 | 185.1 |
| Cash and cash equivalents | 43.7 | 23.7 | 17.7 |
| Net interest-bearing debt | 160.3 | 162.4 | 167.4 |

Net interest-bearing debt decreased to EUR 160.3 million (12/2021: EUR 167.4), and gearing fell to 97.6% (9/2021: 130.9%; 12/2021: 129.4%). The Group's equity ratio at the end of the review period was 35.8% (9/2021: 31.8%; 12/2021: 32.0%). The balance sheet was strengthened as a result of improved profitability and a new hybrid bond issued in June.

Net financial expenses in January–September totaled EUR -7.0 (-2.9) million. Exchange rate fluctuations, particularly strengthening of the Russian rouble, increased in financial expenses by EUR -4.0 million. The average rate of interest-bearing liabilities, excluding lease liabilities, was 1.8% (1.6%).

The Group's liquidity position remained strong. Cash and cash equivalents were EUR 43.7 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. Aspo's EUR 80 million commercial paper program was also fully unused (9/2021: EUR 5 million; 12/2021: EUR 5 million).

During the quarter, Aspo continued extending the maturity structure of interest-bearing liabilities. In September, AtoBatC Shipping signed EUR 32.2 million loan agreement with Svenska Skeppshypotek. The maturity of this loan is 15 years. Together with the EUR 20 million, 10-year loan agreement signed with Nordic Investment Bank in June, these loans complete the 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. In addition, Aspo refinanced a bilateral revolving credit facility of EUR 20 million, about to mature in 2023, with a new agreement which will mature in 2025. The RCF agreement also includes two one-year extension options.

In June, 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.

### 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 due to Russia's war in Ukraine. This affects the general economic environment, e.g. via inflation, interest rates, energy prices and prices of raw materials. Disturbances related to infrastructure may also occur as part of current uncertainties relating to Russia, for example due to cyber incidents or disruptions in information systems.

The ongoing process of exiting Russia and other selected Eastern markets is changing the structure of the Group significantly and will affect earnings of Aspo businesses in the long run. There are risks that the market exits will cause additional costs or losses and repatriation of funds or exits will not succeed fully or partly. It is also possible that the exits will not receive the required authority approvals or will be jeopardized or fail for any other reason.

Economic activity and current geopolitical uncertainties have caused prices of many raw materials, components, and logistics services to increase rapidly. 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. Disturbances in logistics flows, longer delivery times for spare parts, components and raw materials, and any rapid price changes, are also accumulating risks.

International sanctions and countersanctions have been imposed, which may affect Aspo's businesses directly or indirectly. Geopolitical tensions can escalate and cause direct business damage, jeopardized payments and even suspend business operations.

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

The impact of the 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 the coronavirus and their rapid spread may lead to various interruptions and financial losses through interruptions in global logistics flows, among other things.

Because the future estimates presented in this interim report are based on the current situation and knowledge, 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 47 vessels with a total capacity of 451,000 deadweight tons (dwt). Of these, 23 were wholly owned (75.3% of the tonnage), two were minority owned (2.3%) and the remaining 22 vessels (22.4%) 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.

| | 7-9/2022 | 7-9/2021 | Change,% | 1-9/2022 | 1-9/2021 | Change,% |
|---|---|---|---|---|---|---|
| Net sales, MEUR | 65.0 | 47.3 | 37 | 182.1 | 136.7 | 33 |
| Operating profit, MEUR | 9.7 | 7.1 | 37 | 27.9 | 17.0 | 64 |
| Operating profit, % | 14.9 | 15.0 | | 15.3 | 12.4 | |
| Items affecting comparability, MEUR | | | | 1.1 | | |
| Comparable operating profit, MEUR | 9.7 | 7.1 | 37 | 26.8 | 17.0 | 58 |
| Comparable operating profit, % | 14.9 | 15.0 | | 14.7 | 12.4 | |

The third quarter of 2022 displayed the strongest third quarter operating result in ESL Shipping's history. Net sales increased by 37% from last year to EUR 65.0 (47.3) million. During the quarter, the operating profit increased by 37 % to a record-high level of EUR 9.7 (7.1) million. During the third quarter there were no items affecting comparability in operating profit.

The strong result was driven by the shipping company's partnership strategy and the operational success delivered by the entire personnel. The operating profit rate of 14.9% (15.0%) achieved during the third quarter was excellent, especially considering the more modest market conditions and 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 again exceeded.

During the third quarter, price of diesel oil and especially price of LNG used as a ship fuel were significantly higher than in the comparative period last year. The current level of very high fuel surcharges continued to increase net sales and reduced the operating profit percentage rate, used as an indicator of relative profitability.

During the review period, the volume of cargo transported by the shipping company decreased slightly from the comparative period to 3.8 (3.9) million tons. The main drivers behind the volume development were re-routing of raw material supply out of Russia, which continued to result in increased transportation distances, and heavy congestion in certain major contract traffic ports. ESL Shipping has no remaining transport obligations related to cargo operations from Russian ports or with customers and cargo closely related to Russia.

The profitability of ESL Shipping’s all vessel categories remained strong during the third quarter. In contract traffic, demand for ton miles remained strong throughout the review period despite slightly lower volumes, and spot market freight rates were at a satisfying level in all customer segments and vessel categories. Towards the end of the period spot market rates softened and demand showed some symptoms of slowing down, with the clear exception of the energy industry, where the demand continued strong.

During the third quarter, ESL Shipping achieved a major strategic and structural milestone as it established a long-term Green Coaster pool for energy efficient electric hybrid vessels together with a group of institutional and private investors. A pooling structure is a model commonly used in the international shipping business for the ownership and operation of vessels. The forthcoming Green Coaster pool will accelerate the growth, profitability and return on capital of ESL Shipping's business. The pool will also form the first phase of the shipping company’s new low-carbon growth strategy that utilizes investor funding and pooling structure.

Resulting from the established pool structure, ESL Shipping’s subsidiary AtoBatC Shipping declared options and ordered five additional vessels from the Indian shipyard Chowgule & Company Private Limited, from which the shipping company has previously ordered seven identical electric hybrid vessels. Of the series of twelve new-generation electric hybrid vessels, every other vessel will be sold to a company formed by a group of investors. As previously announced, the total amount of ESL Shipping's own investment will remain at the size of six vessels and approximately EUR 70 million.

The first three of the new vessels are already under construction, and the planned delivery of the first vessel is scheduled for the autumn 2023. The planned delivery of the last vessel is scheduled for the second quarter of 2026. AtoBatC Shipping will act as the manager of the pool and all vessels in the pool will be placed as part of the shipping company's existing and growing contract traffic. The investor company is offered complete services related to the construction and maintenance of the vessels on a turnkey basis.

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. One of the measures implemented together with a key client is to optimize a vessel’s speed with Virtual Arrival procedure, which has reduced emissions on the applied voyages on average by 24% in the past twelve months. Discussions are ongoing to extend the procedure for other trade lines and clients.

The scheduled drydockings of the current fleet continued with 63 (116) docking days during the third quarter.

The net sales of ESL Shipping in January–September increased significantly by 33% from the comparative period, amounting to EUR 182.1 (136.7) million. The comparable operating profit increased to EUR 26.8 (17.0) million and the comparable operating profit rate was 14.7% (12.4%).

**ESL Shipping outlook for 2022**

The overall 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 demand and pricing among the shipping company’s main customers. As usual, most of the shipping company’s transportation capacity has been secured through long-term agreements, which will continue to support ESL Shipping’s performance going forward. The shipping company's investments in energy efficient vessels will also further strengthen its market position, as the dominant role of energy cost as a driver in supply chain efficiency continues.

Spot market demand and spot market price level in the company's main market area in Northern Europe have softened from the very high levels of first half-year 2022 but remain still at a satisfactory level in all vessel categories. Production volumes of ESL Shipping's main clients are forecasted overall to continue on current levels with necessary access to key raw materials. Demand of energy shipments is expected to remain high. Clients in metal industry have however informed about production curtailments owing to maintenance breaks, high energy prices and decrease in their customer demand, which affect contract volumes already during the last quarter 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 especially for ESL Shipping's larger vessels. Temporarily the share of energy coal is expected to increase in terms of ton miles, mainly due to longer transportation distance.

The expectations of providers of chartered-in tonnage are not meeting the realities of the market, and this may create uncertainty to availability of suitable tonnage.

Measures will continue to protect the personnel's health security during the re-emergence of the coronavirus.

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 late 2022.

During the fourth quarter, one larger vessel unit will be drydocked for a total of approximately 10 days due to unplanned maintenance. In total, there will be approximately 120 (229) dockage days in 2022. All vessels owned by ESL Shipping are now 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. Telko operates in Finland, the Baltic countries, Scandinavia, Poland, Romania, Russia, Belarus, Ukraine, Kazakhstan, Uzbekistan, and China.

| | 7-9/2022 | 7-9/2021 | Change,% | 1-9/2022 | 1-9/2021 | Change,% |
|---|---|---|---|---|---|---|
| Net sales, MEUR | 60.5 | 69.6 | -13 | 208.2 | 195.2 | 7 |
| Operating profit, MEUR | 4.2 | 5.9 | -29 | 15.0 | 16.0 | -6 |
| Operating profit, % | 6.9 | 8.5 | | 7.2 | 8.2 | |
| Items affecting comparability, MEUR | 0.5 | | | -4.5 | | |
| Comparable operating profit, MEUR | 3.7 | 5.9 | -37 | 19.5 | 16.0 | 22 |
| Comparable operating profit, % | 6.1 | 8.5 | | 9.4 | 8.2 | |

In the third quarter, Telko's net sales declined by 13% to EUR 60.5 (69.6) million and its comparable operating profit decreased to EUR 3.7 (5.9) million. Telko's comparable operating profit rate was 6.1% (8.5%). The comparable operating profit for the third quarter excludes items affecting comparability of

EUR 0.5 million due to the decrease in credit loss provisions related to accounts receivables in Ukraine. Telko’s operating profit for the third quarter declined to EUR 4.2 (5.9) million.

Telko’s net sales dropped significantly during the third quarter due to decreased sales in Russia, as EU imports were terminated and sanctioned products abandoned. Telko´s sales outside of Russia, Belarus, and Ukraine continued to grow. During the last few years, Telko has consistently decreased the share of commodities and increased the share of specialty products and is therefore nowadays more resilient to price fluctuation than in the past.

Net sales of the plastics business decreased by 20% during the third quarter, amounting to EUR 30.5 (38.1) million. The main driver for the decline was Telko´s shrinking business in Russia. In Telko´s European markets demand of plastic polymers remained in general on a normal level. Product availability has improved, although it is still not fully normalized. Price levels, particularly in volume plastics, declined significantly, whereas price levels have still developed positively for technical products. Overall, prices are still clearly above long-term average.

Net sales of the chemicals business decreased by 22% to EUR 17.3 (22.2) million due to decreased sales in Russia. Overall price levels declined during the quarter but stabilized towards the end of the quarter. Increasing energy costs and other production costs prevented further price decline. In general, demand in western markets has softened slightly. In addition, demand of some customer segments has declined following export restrictions to Russia, impacting especially Finland and Latvia. Chemicals sales in Ukraine continued to recover reaching a 60-70% level in September, compared to the previous year’s levels.

Net sales of the lubricants business increased by 37% to EUR 12.7 (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, whereas the automotive segment showed weaker performance. There were significant cost increases for raw materials, transportation, and product manufacturing.

Telko’s net sales increased by 7% during January–September to EUR 208.2 (195.2) million. Telko’s comparable operating profit for the review period was EUR 19.5 (16.0) million, and its comparable operating profit rate was 9.4% (8.2%). The comparable operating profit of Telko Russia and Belarus was close to zero during the third quarter, and hence the absolute profit level of the third quarter is an indication of performance after the targeted exit of Telko Russia and Belarus, excluding the losses caused by the exits. Telko’s operating profit stood at EUR 15.0 (16.0) million for January–September 2022 and the operating profit rate was 7.2% (8.2%).

**Telko outlook for 2022**

Telko´s net sales and operating profit are expected to decrease during the fourth quarter of the year compared with the fourth quarter last year, mainly due to the further decreasing sales in Russia. In western markets, sales are expected to remain on a relatively stable level, but the risk for rapid changes in demand and price level remains. In the current business environment, the market is unpredictable and rapid changes are possible even if they are not yet in sight.

In October, Telko signed a binding framework agreement according to which it will sell the share capital of its Russian subsidiary Telko OOO to Russian industrial operator GK Himik. The completion of the transaction requires an approval of the Russian authorities. Telko´s operations in Russia and Belarus will not have significant impact on Telko´s comparable operating profit during the fourth quarter.

Aspo announced on September 28 that Telko will acquire the business of Norwegian Johan Steenks AS. The transaction was completed on October 3. Johan Steenks is a distributor of engineering plastics and plastic additives with an established customer base in the Norwegian market and numerous well-known principals. The company's annual net sales are approximately 5 million euros. The acquisition will not have significant impact on Telko´s sales or result during the last quarter of the year.

Telko expects that prices will stabilize in volume and engineering plastics, due to the already high energy cost in Europe. Overall market demand is expected to remain stable in the last quarter.

In chemicals, the energy costs will keep production costs and price levels relatively high, and further price decline is not expected. In Europe demand and price levels are expected to remain stable, and recovery in Ukraine is expected to continue. Solid growth is also expected to continue in Central Asia. Demand of several customer segments is slowing down in Finland and Baltics due to discontinued exports to Russia.

In lubricants, the prices are expected to remain relatively stable towards the end of year. Base oil prices have stabilized and even declined in some markets, but prices of readymade lubricants may slightly increase due to higher energy cost in manufacturing and general inflation. In industrial lubricants demand may suffer from reduced production in the metal manufacturing sector due to high energy price level. The demand for automotive lubricants may soften in coming months as it is driven by consumer purchasing power. Long delivery times remain a challenge.

According to its strategy, Telko will seek not only organic growth, but also accelerated growth through acquisitions to achieve its strategic targets.

**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 nine countries that have been grouped into four regional organizations, each being responsible for their financial performance: Finland, Sweden, 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.

Aspo announced on April 22, 2022 that Leipurin will withdraw from its businesses in Russia, Belarus and Kazakhstan. Negotiations with potential buyers are ongoing.

| | 7-9/2022 | 7-9/2021 | Change,% | 1-9/2022 | 1-9/2021 | Change,% |
|---|---|---|---|---|---|---|
| Net sales, MEUR | 32.3 | 27.7 | 17 | 89.3 | 81.4 | 10 |
| Operating profit, MEUR | -0.5 | 0.6 | -183 | -0.5 | 1.2 | -142 |
| Operating profit, % | -1.5 | 2.2 | | -0.6 | 1.5 | |
| Items affecting comparability, MEUR | -1.1 | | | -2.7 | | |
| Comparable operating profit, MEUR | 0.6 | 0.6 | 0 | 2.2 | 1.2 | 83 |
| Comparable operating profit, % | 1.9 | 2.2 | | 2.5 | 1.5 | |
| Comparable operating profit excl. Vulganus, MEUR | 0.6 | 0.8 | -25 | 3.0 | 1.5 | 100 |
| Comparable operating profit excl. Vulganus, % | 1.9 | 3.0 | | 3.5 | 2.0 | |

Leipurin's operations continued to be impacted by restrictions in 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.

Leipurin's net sales in total increased by 17% to EUR 32.3 (27.7) million in the third quarter, the comparative figure for 2021 contains EUR 1.4 million sales of discontinued and sold businesses. In regional business units, net sales in Finland grew by 15% and stood at EUR 12.3 (10.7) million. Net sales in the Baltic business unit increased by 18% and were EUR 9.4 (8.0) million. In business unit East, net sales were down by 18% due to the scaled-down assortment including only local sourcing and stood at EUR 6.2 (7.6) million. New business unit Sweden, established as a result of the acquisition of Kobia AB on 1 September, contributed to Leipurin's third quarter net sales by EUR 4.4 million. Sales to bakeries was up by 18% in the third quarter at EUR 22.5 (19.0) million. Sales to food industry increased by 23% and were EUR 3.7 (3.0) million.

Leipurin's third quarter sales were significantly impacted by strong growth in global market prices of raw materials. Sales measured in kilograms showed a decline in Finland and the Baltic countries, whereas East decreased to around half of previous year's level. The cost of living continued to increase significantly in Finland and the Baltic region, strengthening the shift in consumer demand towards more affordable products. Volumes in Finland and Sweden were also impacted by increased international traveling during the vacation months. Despite the negative volume trend, positive margin development continued.

Leipurin's comparable operating profit for the third quarter was EUR 0.6 (0.6) million and the comparable operating profit rate was 1.9% (2.2%). Leipurin's comparable operating profit excluding Vulganus was EUR 0.6 million (0.8) and comparable operating profit rate 1.9% (3.0%). Items reducing Leipurin's operating profit and affecting comparability totaled EUR -1.1 million, including costs related to the acquisition of Kobia AB and costs related to the withdrawal from Russia, Belarus and Kazakhstan. Leipurin's operating profit for the third quarter was EUR -0.5 million (0.6). The operating profit was negatively affected by a reversal of fair value adjustment of EUR -0.4 million recognized on inventory in the Kobia acquisition.

Leipurin completed the acquisition of the entire share capital of the Swedish bakery industry distributor Kobia Ab from the Swedish Abdon Group. Kobia Ab constitutes Leipurin's new market area Sweden, and it is included in Aspo Group's financial statements from September 1, 2022. In 2021, Kobia's net sales amounted to approximately EUR 50 million and its operating profit margin was approximately 3%. Through the acquisition, Leipurin further strengthens its position as a leading player in the Baltic Sea region. 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.

In January-September, Leipurin's net sales increased by 10% and were in total EUR 89.3 (81.4) million. The comparative figures for 2021 include significant machinery sales in Russia, and the year-on-year growth in raw materials was very strong. Net sales in business unit Finland grew by 18% and stood at EUR 34.3 (29.1) million. Net sales in the Baltic business unit increased by 21% and were EUR 26.8 (22.1) million. In the business unit East, net sales decreased by 10% and were EUR 19.4 (21.6) million. Sales to bakeries increased by 13% in January-September and were EUR 59.3 (52.5) million. Sales to the food industry increased by 22% and stood at EUR 10.0 (8.2) million. The euro-denominated increase in sales was significantly impacted by strong growth in global market prices of raw materials. In Finland and Baltics combined, the volumes in kilograms were above pre-pandemic 2019 levels.

Leipurin's comparable operating profit for January-September 2022 was EUR 2.2 (1.2) million and the comparable operating profit rate was 2.5% (1.5%). Net sales of Vulganus were EUR 4.3 (3.3) million and the operating profit was EUR -0.8 (-0.3) million. Leipurin's comparable operating profit excluding Vulganus was EUR 3.0 (1.5) million and comparable operating profit rate 3.5% (2.0%).

Vulganus was divested on June 30, 2022. The divestment loss and related transaction costs of EUR -0.4 million are reported as part of the Leipurin segment's figures in other operating expenses.

The profit management program launched during the second quarter of 2021 will develop the organization's capability of information-based management and particularly help to improve the commercial performance. The program includes both targeting selected growth clusters and improving efficiency of operations. The implementation of the program was particularly reflected on the positive development of results in Finland and the Baltic countries.

Heli Arantola resigned in June to join another company. Arantola left the position of Leipurin's Managing Director in the end of September. On October 25, Miska Kuusela was appointed the new Managing Director of Leipurin and a member of the Group Executive Committee of Aspo Group. Kuusela will start in his position on January 2, 2023. Aspo Group's CEO Rolf Jansson will act as the interim Managing Director until Miska Kuusela starts in his role.

**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.

The expansion to Sweden by acquisition of Kobia AB will add annual net sales of around EUR 50 million to the Leipurin and generate significant synergies in assortment development, supply chain and sourcing, and particularly when being able to serve partners in a broader geographical area.

Inflation and in particular increased energy prices will have a negative impact on demand for more premium products and can cause profitability challenges for the bakery segment's customers. 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.

Prices of major raw material categories are expected to continue on a rising trend, although the very rapid inflation experienced during the review period should stabilize somewhat.

Despite these challenges, we see that the market of Leipurin in longer-term offers very stable development and also organic growth opportunities in selected market segments.

The impact of the war in Ukraine and the coronavirus pandemic continue to affect the global supply chains and the availability of certain raw materials and general delivery times.

Management of payment defaults and claims has succeeded well so far. 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. In the third quarter, the operating profit of Other operations was EUR -0.9 (-2.8) million including items affecting comparability of EUR -0.1 million relating to restructuring. Thus, the comparable operating profit amounted to EUR -0.8 (-2.8) million. In January–September the operating profit was EUR -4.8 (-6.0) million, including items affecting comparability of EUR -0.6 million relating to additional share-based compensation granted to the former CEO of Aspo. Thus, the comparable operating profit amounted to EUR -4.2 (-6.0) million. In the comparative period, costs increased as a result of higher personnel costs, including the costs related to the change of the CEO that were not reported as items affecting comparability, and individual short-term projects.

## COMPANY INFORMATION

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

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

**Share capital and shares**

Aspo Plc's registered share capital on September 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–September 2022, a total of 3,637,260 Aspo Plc shares, with a market value of EUR 24.0 million, were traded on the Nasdaq Helsinki. In other words, 11,6% 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 8.00 and the closing price at the end of the review period was EUR 7.37. At the end of the review period, the market value, excluding treasury shares, was EUR 231.1 million.

The company had 11,618 shareholders at the end of the review period. A total of 1,136,743 shares, or 3.61% 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.

**Board authorizations**

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

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

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

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

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

The Annual Shareholders' Meeting on April 6, 2022 authorized the Board of Directors to decide on an issue of new shares against payment. The authorization includes the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until the Annual Shareholders' Meeting in 2023 but not more than 18 months from the approval at the Annual Shareholders' Meeting.

Authorization of the Board of Directors to decide on donations

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

**FINANCIAL INFORMATION**

**Aspo Group's condensed consolidated statement of comprehensive income**

| | 7-9/2022 MEUR | 7-9/2021 MEUR | 1-9/2022 MEUR | 1-9/2021 MEUR | 1-12/2021 MEUR |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| **Net sales** | **157.8** | **144.6** | **479.6** | **413.3** | **573.3** |
| Other operating income | 0.3 | 0.1 | 2.2 | 0.3 | 0.5 |
| Materials and services | -96.4 | -89.6 | -293.1 | -252.1 | -349.4 |
| Employee benefit expenses | -12.4 | -13.0 | -40.3 | -37.7 | -50.7 |
| Depreciation, amortization and impairment losses | -4.8 | -3.8 | -13.0 | -12.0 | -20.8 |
| Depreciation, leased assets | -4.1 | -3.3 | -12.1 | -9.9 | -13.7 |
| Other operating expenses | -27.9 | -24.2 | -85.7 | -73.7 | -102.3 |
| **Operating profit** | **12.5** | **10.8** | **37.6** | **28.2** | **36.9** |
| Financial income and expenses | -2.1 | -1.0 | -7.0 | -2.9 | -3.9 |
| **Profit before taxes** | **10.4** | **9.8** | **30.6** | **25.3** | **33.0** |
| Income taxes | -0.8 | -1.2 | -2.8 | -2.6 | -4.7 |
| **Profit from continuing operations** | **9.6** | **8.6** | **27.8** | **22.7** | **28.3** |
| Profit from discontinued operation (attributable to equity holders of the company) | -0.2 | -3.2 | -1.7 | -3.1 | -3.0 |
| **Profit for the period** | **9.4** | **5.4** | **26.1** | **19.6** | **25.3** |
| **Other comprehensive income** | | | | | |
| Items that may be reclassified to profit or loss in subsequent periods: | | | | | |
| Translation differences | -2.1 | 0.9 | 6.0 | 2.3 | 2.2 |
| Other comprehensive income for the period, net of taxes | -2.1 | 0.9 | 6.0 | 2.3 | 2.2 |
| **Total comprehensive income** | **7.3** | **6.3** | **32.1** | **21.9** | **27.5** |
| Profit attributable to parent company shareholders | 9.4 | 5.4 | 26.1 | 19.6 | 25.3 |
| Total comprehensive income attributable to parent company shareholders | 7.3 | 6.3 | 32.1 | 21.9 | 27.5 |
| **Earnings per share attributable to parent company shareholders, EUR** | | | | | |
| Basic and diluted earnings per share | | | | | |
| Continuing operations | 0.30 | 0.26 | 0.87 | 0.69 | 0.86 |
| Discontinued operations | 0.00 | -0.10 | -0.05 | -0.10 | -0.10 |
| **Total** | **0.30** | **0.16** | **0.82** | **0.59** | **0.76** |

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## Aspo Group's condensed consolidated balance sheet

| Assets | 9/2022 MEUR | 9/2021 MEUR | 12/2021 MEUR |
|---|---|---|---|
| Intangible assets | 47.4 | 51.4 | 45.9 |
| Tangible assets | 181.0 | 167.5 | 168.9 |
| Leased assets | 20.4 | 19.4 | 20.7 |
| Other non-current assets | 1.8 | 1.7 | 1.7 |
| Total non-current assets | 250.6 | 240.0 | 237.2 |
| | | | |
| Inventories | 79.3 | 51.6 | 68.6 |
| Accounts receivable and other receivables | 83.4 | 78.3 | 74.4 |
| Cash and cash equivalents | 43.7 | 23.7 | 17.7 |
| | 206.4 | 153.6 | 160.7 |
| Assets held for sale | 3.0 | | 8.4 |
| Total current assets | 209.4 | 153.6 | 169.1 |
| | | | |
| **Total assets** | **460.0** | **393.6** | **406.3** |
| | | | |
| **Equity and liabilities** | | | |
| | | | |
| Share capital and premium | 22.0 | 22.0 | 22.0 |
| Other equity | 142.2 | 102.1 | 107.4 |
| Total equity | 164.2 | 124.1 | 129.4 |
| | | | |
| Loans and overdraft facilities | 156.7 | 116.4 | 142.4 |
| Lease liabilities | 5.5 | 6.8 | 6.9 |
| Other liabilities | 7.9 | 4.3 | 5.7 |
| Total non-current liabilities | 170.1 | 127.5 | 155.0 |
| | | | |
| Loans and overdraft facilities | 25.9 | 49.8 | 21.4 |
| Lease liabilities | 15.5 | 13.1 | 14.4 |
| Accounts payable and other liabilities | 82.2 | 79.1 | 79.3 |
| | 123.6 | 142.0 | 115.1 |
| Liabilities directly associated with assets classified as held for sale | 2.1 | | 6.8 |
| Total current liabilities | 125.7 | 142.0 | 121.9 |
| | | | |
| **Total equity and liabilities** | **460.0** | **393.6** | **406.3** |

**Aspo Group's condensed consolidated cash flow statement**

| | 1-9/2022 MEUR | 1-9/2021 MEUR | 1-12/2021 MEUR |
|---|---|---|---|
| CASH FLOWS FROM/USED IN OPERATING ACTIVITIES | | | |
| Operating profit, Group total | 36.0 | 25.1 | 33.9 |
| Adjustments to operating profit | 25.6 | 26.5 | 39.6 |
| Change in working capital | -5.8 | -12.6 | -22.0 |
| Interest paid | -6.8 | -3.0 | -4.4 |
| Interest received | 0.6 | 0.2 | 0.4 |
| Income taxes paid | -3.9 | -2.9 | -3.5 |
| **Net cash from operating activities** | **45.7** | **33.3** | **44.0** |
| | | | |
| CASH FLOWS FROM/USED IN INVESTING ACTIVITIES | | | |
| Investments | -15.2 | -11.1 | -16.9 |
| Investment subsidy | | 1.0 | 1.0 |
| Proceeds from sale of tangible assets | 1.8 | 0.2 | 0.3 |
| Acquisition of businesses | -15.6 | | -1.1 |
| Disposal of businesses | 1.2 | | |
| Dividends received | | | 0.2 |
| **Net cash used in investing activities** | **-27.8** | **-9.9** | **-16.5** |
| | | | |
| CASH FLOWS FROM/USED IN FINANCING ACTIVITIES | | | |
| Proceeds from loans | 29.6 | | 37.0 |
| Repayment of loans | -8.3 | -9.6 | -47.5 |
| Net change in commercial papers | -5.0 | -6.0 | -6.0 |
| Payments of lease liabilities | -12.3 | -10.0 | -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 | -0.3 | | |
| Dividends paid | -7.2 | -5.6 | -10.9 |
| **Net cash used in financing activities** | **4.7** | **-32.9** | **-43.0** |
| | | | |
| **Change in cash and cash equivalents** | **22.6** | **-9.5** | **-15.5** |
| Cash and cash equivalents January 1 | 17.7 | 32.3 | 32.3 |
| Translation differences | 3.4 | 0.9 | 0.9 |
| **Cash and cash equivalents at period-end** | **43.7** | **23.7** | **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 | | | | | 26.1 | 26.1 |
| Translation differences | | | | 6.0 | | 6.0 |
| Total comprehensive income | | | | 6.0 | 26.1 | 32.1 |
| 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 | | | | | 0.4 | 0.4 |
| Total transactions with owners | | | 10.0 | | -7.3 | 2.7 |
| **Equity September 30, 2022** | **22.0** | **16.5** | **30.0** | **-18.8** | **114.5** | **164.2** |
| | | | | | | |
| **Equity January 1, 2021** | **22.0** | **16.5** | **20.0** | **-26.9** | **81.9** | **113.5** |
| Comprehensive income: | | | | | | |
| Profit for the period | | | | | 19.6 | 19.6 |
| Translation differences | | | | 2.3 | | 2.3 |
| Total comprehensive income | | | | 2.3 | 19.6 | 21.9 |
| Transactions with owners: | | | | | | |
| Dividend payment | | | | | -10.9 | -10.9 |
| Hybrid bond interest | | | | | -1.3 | -1.3 |
| Share-based incentive plan | | | | | 0.9 | 0.9 |
| Total transactions with owners | | | | | -11.3 | -11.3 |
| **Equity September 30, 2021** | **22.0** | **16.5** | **20.0** | **-24.6** | **90.2** | **124.1** |

### Accounting principles

Aspo Plc's interim 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 interim report is unaudited.

Aspo Plc applies the guidance on alternative key figures issued by ESMA. In addition to IFRS figures, the company releases other commonly used key figures, which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the view drawn by the statement of comprehensive income and balance sheet of Aspo's financial performance and financial position. The calculation principles of key figures are explained on page 71 of the Aspo's Year 2021 publication.

### Personnel

At the end of the review period, Aspo Group had 936 employees (944 at the end of 2021), of which discontinued operations accounted for 23 (22) employees.

### Segment information

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

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

**1-9/2022**

| MEUR | ESL Shipping | Telko | Leipurin | Unallocated items | Group total |
|---|---|---|---|---|---|
| Operating profit | 27.9 | 15.0 | -0.5 | -4.8 | 37.6 |
| Net financial expenses | | | | -7.0 | -7.0 |
| Profit before taxes | | | | | 30.6 |

**1-9/2021**

| MEUR | ESL Shipping | Telko | Leipurin | Unallocated items | Group total |
|---|---|---|---|---|---|
| Operating profit | 17.0 | 16.0 | 1.2 | -6.0 | 28.2 |
| Net financial expenses | | | | -2.9 | -2.9 |
| Profit before taxes | | | | | 25.3 |

### Investments by segment

| MEUR | | ESL Shipping | Telko | Leipurin | Unallocated items | Group total |
|---|---|---|---|---|---|---|
| Investments | 1-9/2022 | 14.3 | 0.7 | 0.1 | | 15.1 |
| Investments | 1-9/2021 | 9.6 | 0.4 | 0.1 | | 10.1 |

### Green Coaster investment commitment

AtoBatC Shipping AB, reported in the ESL Shipping segment, is building a series of six highly energy-efficient electric hybrid vessels. The new vessels of ice class 1A will be top of the line in terms of their cargo capacity, technology and innovation. The total value of the six-vessel investment is approximately EUR 70 million, and its cash flows will be divided mainly for the years 2023 and 2024. The new vessels will be built at the Chowgule and Company Private Limited shipyard in India, and they will start operating from the third quarter of 2023.

During the third quarter of 2022 it was confirmed that ESL Shipping will establish a Green Coaster pool. As a result, AtoBatC Shipping AB declared options and ordered five additional vessels from the Indian shipyard Chowgule & Company Private Limited, from which the shipping company has previously ordered seven identical electric hybrid vessels. Of the series of twelve new-generation electric hybrid vessels, every other vessel will be sold to a company formed by a group of investors.

For the vessels to be sold further, the advance payments are recognized as advance payments in inventories. At the end of the review period the inventories include EUR 4.5 million of Green Coaster advance payments.

The total amount of ESL Shipping's own investment will remain at the size of six vessels and approximately EUR 70 million.

### 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 Sep 30, 2022 | 235.7 | 96.9 | 76.3 | 3.0 | 48.1 | 460.0 |
| | | | | | | |
| Liabilities Dec 31, 2021 | 31.5 | 47.9 | 15.4 | 6.8 | 175.3 | 276.9 |
| Liabilities Sep 30, 2022 | 36.9 | 42.4 | 20.7 | 2.1 | 193.7 | 295.8 |

### Aspo Group disaggregation of net sales, from continuing operations

#### Telko net sales

| | 7-9/2022 MEUR | 7-9/2021 MEUR | Change,% | 1-9/2022 MEUR | 1-9/2021 MEUR | Change,% | 1-12/2021 MEUR |
|---|---|---|---|---|---|---|---|
| Business area: | | | | | | | |
| Plastics business | 30.5 | 38.1 | -19.9 | 107.3 | 107.0 | 0.3 | 146.7 |
| Chemicals business | 17.3 | 22.2 | -22.1 | 64.4 | 60.2 | 7.0 | 83.6 |
| Lubricants business | 12.7 | 9.3 | 36.6 | 36.5 | 28.0 | 30.4 | 38.5 |
| **Telko total** | **60.5** | **69.6** | **-13.1** | **208.2** | **195.2** | **6.7** | **268.8** |

**Leipurin net sales**

| | 7-9/2022 MEUR | 7-9/2021 MEUR | Change,% | 1-9/2022 MEUR | 1-9/2021 MEUR | Change,% | 1-12/2021 MEUR |
|---|---|---|---|---|---|---|---|
| Business units: | | | | | | | |
| Finland | 12.3 | 10.7 | 15.0 | 34.4 | 29.1 | 18.2 | 40.4 |
| Sweden | 4.4 | | | 4.4 | | | |
| Baltics | 9.4 | 8.0 | 17.5 | 26.8 | 22.1 | 21.3 | 30.6 |
| East | 6.2 | 7.6 | -18.4 | 19.4 | 21.6 | -10.2 | 30.7 |
| Total | 32.3 | 26.3 | 22.8 | 85.0 | 72.8 | 16.8 | 101.7 |
| of which: | | | | | | | |
| Bakeries | 22.5 | 19.0 | 18.4 | 59.3 | 52.5 | 13.0 | 73.2 |
| Food Industry | 3.7 | 3.0 | 23.3 | 10.0 | 8.2 | 22.0 | 11.0 |
| Retail, foodservice and other | 6.1 | 4.3 | 41.9 | 15.7 | 12.1 | 29.8 | 17.4 |
| | | | | | | | |
| Machinery trading Russia | | 1.1 | -100.0 | | 5.3 | -100.0 | 7.3 |
| Vulganus | | 0.3 | -100.0 | 4.3 | 3.3 | 30.3 | 4.1 |
| **Leipurin total** | **32.3** | **27.7** | **16.6** | **89.3** | **81.4** | **9.7** | **113.1** |

**Net sales by timing of revenue recognition**

| | 7-9/2022 MEUR | 7-9/2021 MEUR | 1-9/2022 MEUR | 1-9/2021 MEUR | 1-12/2021 MEUR |
|---|---|---|---|---|---|
| **ESL Shipping** | | | | | |
| At a point in time | 1.0 | 0.7 | 2.9 | 2.7 | 3.6 |
| Over time | 64.0 | 46.6 | 179.2 | 134.0 | 187.8 |
| | 65.0 | 47.3 | 182.1 | 136.7 | 191.4 |
| | | | | | |
| **Telko** | | | | | |
| At a point in time | 60.4 | 69.6 | 207.9 | 195.0 | 268.5 |
| Over time | 0.1 | 0.0 | 0.3 | 0.2 | 0.3 |
| | 60.5 | 69.6 | 208.2 | 195.2 | 268.8 |
| | | | | | |
| **Leipurin** | | | | | |
| At a point in time | 32.3 | 26.5 | 86.0 | 77.8 | 107.5 |
| Over time | 0.0 | 1.2 | 3.3 | 3.6 | 5.6 |
| | 32.3 | 27.7 | 89.3 | 81.4 | 113.1 |
| | | | | | |
| **Total** | | | | | |
| At a point in time | 93.7 | 96.8 | 296.8 | 275.5 | 379.6 |
| Over time | 64.1 | 47.8 | 182.8 | 137.8 | 193.7 |
| | 157.8 | 144.6 | 479.6 | 413.3 | 573.3 |

**Net sales by market area**

| | 7-9/2022 MEUR | 7-9/2021 MEUR | 1-9/2022 MEUR | 1-9/2021 MEUR | 1-12/2021 MEUR |
|---|---|---|---|---|---|
| **ESL Shipping** | | | | | |
| Finland | 32.8 | 21.3 | 88.9 | 64.1 | 84.3 |
| Scandinavia | 18.3 | 11.2 | 46.6 | 36.7 | 54.1 |
| Baltic countries | 0.4 | 0.5 | 2.3 | 1.2 | 3.5 |
| Russia, other CIS countries and Ukraine | 0.0 | 0.8 | 1.3 | 1.9 | 2.5 |
| Other countries | 13.5 | 13.5 | 43.0 | 32.8 | 47.0 |
| | 65.0 | 47.3 | 182.1 | 136.7 | 191.4 |
| **Telko** | | | | | |
| Finland | 12.0 | 12.1 | 39.8 | 35.2 | 47.6 |
| Scandinavia | 15.4 | 13.0 | 47.6 | 38.3 | 52.4 |
| Baltic countries | 6.6 | 4.8 | 20.6 | 15.4 | 20.4 |
| Russia, other CIS countries and Ukraine | 18.5 | 31.2 | 75.9 | 83.3 | 117.3 |
| Other countries | 8.0 | 8.5 | 24.3 | 23.0 | 31.1 |
| | 60.5 | 69.6 | 208.2 | 195.2 | 268.8 |
| **Leipurin** | | | | | |
| Finland | 12.2 | 11.2 | 37.1 | 30.5 | 43.3 |
| Scandinavia | 4.4 | 0.6 | 4.8 | 2.2 | 2.9 |
| Baltic countries | 9.4 | 8.1 | 26.7 | 22.2 | 30.9 |
| Russia, other CIS countries and Ukraine | 6.1 | 7.6 | 19.4 | 26.1 | 35.4 |
| Other countries | 0.2 | 0.2 | 1.3 | 0.4 | 0.6 |
| | 32.3 | 27.7 | 89.3 | 81.4 | 113.1 |
| **Total** | | | | | |
| Finland | 57.0 | 44.6 | 165.8 | 129.8 | 175.2 |
| Scandinavia | 38.1 | 24.8 | 99.0 | 77.2 | 109.4 |
| Baltic countries | 16.4 | 13.4 | 49.6 | 38.8 | 54.8 |
| Russia, other CIS countries and Ukraine | 24.6 | 39.6 | 96.6 | 111.3 | 155.2 |
| Other countries | 21.7 | 22.2 | 68.6 | 56.2 | 78.7 |
| | 157.8 | 144.6 | 479.6 | 413.3 | 573.3 |

## Acquisition of Kobia AB

Leipurin acquired the entire share capital of the Swedish bakery industry distributor Kobia Ab from the Swedish Abdon Group on September 1, 2022. The acquisition expands 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 acquisition of Kobia AB included also the properties owned by Kobia. Aspo actively explores options to sell and lease back the properties. The potential transaction is significantly affected by market conditions.

The preliminary purchase price is EUR 15.6 million and it is paid in full in cash. The assets and liabilities of the acquired company were measured at fair value at the acquisition date. A fair value allocation of EUR 9.0 million was made on the properties, a fair value allocation of EUR 0.6 million was made on the intangible assets based on customer relationships, and the fair value adjustment relating to inventory was EUR 0.5 million. The deferred tax liability arising from the fair value adjustments amounted to EUR 2.1 million. The carrying amount of the other acquired assets and liabilities were deemed to correspond to their fair values. A goodwill balance of EUR 0.4 million resulted from the acquisition. The acquisition-related costs of approximately one million euro were recognized in the Leipurin segment's other operating expenses.

**Preliminary acquisition calculation of Kobia AB**

| | 9/2022 MEUR |
|---|---|
| **Consideration** | |
| Paid in cash | 15.6 |
| **Total consideration** | **15.6** |
| | |
| **Assets acquired and liabilities assumed, fair value** | |
| Intangible assets | 1.0 |
| Tangible assets | 12.9 |
| Leased assets | 0.3 |
| Inventories | 4.8 |
| Accounts receivable and other receivables | 5.0 |
| **Total assets** | **24.0** |
| | |
| Interest bearing liabilities | 1.2 |
| Accounts payable and other liabilities | 5.3 |
| Deferred tax liability | 2.2 |
| **Total liabilities** | **8.7** |
| | |
| **Net assets acquired** | **15.3** |
| | |
| **Goodwill** | **0.4** |

**Discontinued operations and other non-current assets and 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 September 2021 have not been restated.

**Profit from discontinued operations**

| | 7-9/2022 MEUR | 7-9/2021 MEUR | 1-9/2022 MEUR | 1-9/2021 MEUR | 1-12/2021 MEUR |
|---|---|---|---|---|---|
| Net sales | 2.3 | 3.4 | 8.4 | 9.9 | 13.1 |
| Materials and services | -1.8 | -2.5 | -6.3 | -7.3 | -9.6 |
| Employee benefit expenses | -0.3 | -0.4 | -1.3 | -1.3 | -1.7 |
| Depreciation, amortization and impairment losses | 0.0 | -3.5 | -1.3 | -3.5 | -3.5 |
| Depreciation, leased assets | 0.0 | 0.0 | 0.0 | -0.1 | -0.1 |
| Other operating expenses | -0.4 | -0.2 | -1.1 | -0.8 | -1.2 |
| **Operating profit** | **-0.2** | **-3.2** | **-1.6** | **-3.1** | **-3.0** |

| | | | | | |
|---|---|---|---|---|---|
| **Profit before taxes** | **-0.2** | **-3.2** | **-1.6** | **-3.1** | **-3.0** |
| Income taxes | | | -0.1 | | |
| **Profit for the period** | **-0.2** | **-3.2** | **-1.7** | **-3.1** | **-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 third 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. An impairment loss of EUR -3.4 million was recognized on Kauko's goodwill in the third quarter of 2021. There is no goodwill left in the Kauko operating segment.

**Assets and liabilities classified as held for sale**

| | **9/2022** | **12/2021** |
|---|---|---|
| | MEUR | MEUR |
| Assets of discontinued operations | 3.0 | 5.5 |
| Other assets held for sale | | 2.9 |
| **Assets classified as held for sale, total** | **3.0** | **8.4** |
| | | |
| Liabilities of discontinued operations | 2.1 | 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** | **2.1** | **6.8** |

Assets and liabilities of discontinued operations include the figures of the Kauko operating 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 which are eliminated in consolidation. Assets and liabilities have been measured at their carrying amount. For Kauko and Vulganus the recognition of depreciation ended at the time of classification as held for sale on December 1, 2021.

**Net cash flows of discontinued operations**

| | **1-9/2022** | **1-9/2021** | **1-12/2021** |
|---|---|---|---|
| | MEUR | MEUR | MEUR |
| Net cash inflow from operating activities | -0.4 | 0.3 | 0.4 |
| Net cash inflow/outflow(-) from investing activities | 0.0 | 0.0 | 0.0 |
| Net cash inflow/outflow(-) from financing activities | -1.6 | -1.6 | -1.6 |
| **Net change in cash generated by the discontinued operations** | **-2.0** | **-1.3** | **-1.2** |

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

**Restricted cash**

Aspo Group has EUR 14.0 million cash and cash equivalent balances in Russia the use of which are strictly limited by the Russian government and controlled by the banks. During the third quarter of 2022 dividend and commercial payments have still been successful. Further, as to our knowledge the sales prices of the businesses to be sold are estimated to be transferrable in connection with the sale.

However, there is a risk that the cash equivalent balances in Russia are not fully available for use by the Group going forward and therefore regarded as restricted cash under IAS 7.

**Events after the review period**

On September 28, Telko announced that it will acquire the business of Johan Steenks, a Norwegian distributor of engineering plastics and plastic additives, and the transaction was completed on October 3.

On October 17, Telko signed a binding framework agreement according to which it will sell the share capital of its Russian subsidiary Telko OOO to Russian industrial operator GK Himik. The sales price is approximately EUR 9.5 million. The completion of the transaction requires an approval of the Russian authorities. Rights to Telko's name and trademarks are not included in the sale. As a result of the divestment, Aspo estimates that it will recognize a total expense of approximately EUR 9 million, including a write-down of the company’s net assets and also an impairment loss on Telko’s goodwill, as well as the transaction costs. In addition, based on the current exchange rate of the Russian ruble, an amount of approximately EUR 3 million would be recognized as an expense due to translation differences, which does not reduce the equity of the Group.

On October 17, Aspo upgraded its financial guidance for full-year 2022 especially due to the better-than-estimated development of ESL Shipping and outlook for the rest of the year. Aspo’s new financial guidance for 2022 is: Aspo Group's comparable operating profit will be EUR 52–57 (EUR 42.4) million in 2022. Previous guidance for 2022, issued on June 14, 2022, was: Aspo Group’s comparable operating profit will improve from previous year (EUR 42.4 million).

On October 25, Miska Kuusela was appointed the new Managing Director of Leipurin and a member of the Group Executive Committee of Aspo Group. Kuusela will start in his position on January 2, 2023. Aspo Group’s CEO Rolf Jansson will act as the interim Managing Director until Miska Kuusela starts in his role.

On November 1, Aspo announced that it has sold Kauko to Signal Partners Oy.

Helsinki, November 2, 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, November 2, 2022 at 2 p.m.

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

The press conference will be held in English, and it can be followed by a live webcast at https://aspo.videosync.fi/q3_2022. After the presentation, it is possible to ask question via telephone by registering through https://call.vsy.io/access-7794. After the registration you will be provided phone numbers and a conference ID to access the conference. The recording of the event will be available on the company's website later on the same day.

Helsinki, November 2, 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.