Aspo Plc
Half-year financial report
August 14, 2024, at 8:00 am

Aspo Group's half-year financial report, January 1 – June 30, 2024

Successful strategy execution and improved profitability

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

April–June 2024

- Net sales from continuing operations increased to EUR 153.5 (132.5) million
- Comparable EBITA from continuing operations was EUR 7.4 (3.9) million, 4.8% (2.9%) of net sales. The comparable EBITA of ESL Shipping was EUR 6.1 (3.3) million, Telko EUR 1.8 (1.1) million, and Leipurin EUR 1.3 (1.1) million
- EBITA from continuing operations was EUR 6.9 (3.1) million. EBITA of ESL Shipping was EUR 5.9 (3.4) million, Telko EUR 1.7 (0.1) million, and Leipurin EUR 1.0 (1.4) million
- Comparable ROE from continuing operations was 9.9% (6.0%)
- Comparable earnings per share from continuing operations were EUR 0.09 (0.05)
- Free cash flow was EUR 26.4 (5.9) million
- Aspo announced a new portfolio vision and its financial ambition for 2028 in its Capital Markets Day in May 2024
- Telko entered the German market by acquiring Polyma and ESL Shipping completed the sale of its two supramax vessels. The first two green coasters started commercial operation in the Baltic Sea region
- After the reporting period on July 1, 2024, Telko acquired Swed Handling AB, a leading distributor of chemicals in Sweden

January–June 2024

- Net sales from continuing operations increased to EUR 286.2 (274.2) million
- Comparable EBITA from continuing operations was EUR 12.4 (12.6) million, 4.3% (4.6%) of net sales. The comparable EBITA of ESL Shipping was EUR 8.8 (9.3) million, Telko EUR 4.2 (3.9) million, and Leipurin EUR 2.5 (2.2) million
- EBITA from continuing operations was EUR 3.9 (12.0) million. EBITA of ESL Shipping was EUR 1.0 (9.4) million, Telko EUR 4.1 (2.9) million, and Leipurin EUR 2.1 (2.7) million
- Comparable ROE from continuing operations was 8.0% (11.8%)
- Comparable earnings per share from continuing operations were EUR 0.18 (0.23)
- Free cash flow was EUR 22.9 (15.1) million
- Net debt to comparable EBITDA was 2.0 (2.3)
- Successful strategy execution including the sale of a minority stake in ESL Shipping, sale of the supramax vessels and Telko's expansion through acquisitions into France, Benelux and Germany

Guidance for 2024 unchanged

Aspo Group's comparable EBITA is expected to exceed EUR 32 million in 2024 (EUR 27.9 million in 2023).

Assumptions behind the guidance

Aspo's operating environment is estimated to remain challenging. Market recovery is expected to be delayed with limited positive impact on Aspo's profitability during the second half of the year. Aspo's profit improvement for the second half of the year is expected to mainly come from profit generation of the green coaster vessels, from Telko's recently completed acquisitions, as well as from various intensified profit improvement actions throughout Aspo's businesses. The result of the first half of the year was negatively impacted by political strikes and tough ice conditions.

For ESL Shipping, demand for the second half of the year 2024 is expected to remain at a fairly good level in the steel industry and gradually to pick up in the forest industry. Summer is seasonally a softer time period for ESL Shipping. The longer-term outlook for ESL Shipping is positive given the overtime tightening 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 slowly picking-up during the second half of the year. After successfully completing three acquisitions in 2024, the focus will be on integrating the acquired companies. Thus, the acquisition-related expenses are expected to be at a lower level during the second half of the year. For Leipurin, the market is expected to be slightly deflationary, with modest volume growth partly due to deliberate 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.

Key figures

	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Net sales from continuing operations, MEUR	153.5	132.5	286.2	274.2	536.4
EBITA Group total, MEUR	6.9	-4.9	3.9	3.9	11.1
Comparable EBITA, MEUR	7.4	3.9	12.4	12.2	27.9
EBITA from continuing operations, MEUR	6.9	3.1	3.9	12.0	27.2
Comparable EBITA from continuing operations, MEUR	7.4	3.9	12.4	12.6	27.5
Comparable EBITA from continuing operations, %	4.8	2.9	4.3	4.6	5.1
Profit for the period, MEUR	3.9	-5.6	-2.2	1.5	1.6
Comparable profit for the period from continuing operations, MEUR	4.4	2.1	6.3	8.3	16.5
Earnings per share (EPS), EUR	0.07	-0.19	-0.09	0.02	-0.01
Comparable EPS from continuing operations, EUR	0.09	0.05	0.18	0.23	0.46
Free cash flow, MEUR	26.4	5.9	22.9	15.1	27.3
Free cash flow per share, EUR	0.8	0.2	0.7	0.5	0.9
Invested capital from continuing operations, MEUR	307.5	315.8	307.5	315.8	314.5
Comparable ROCE from continuing operations, %	9.4	4.8	8.0	7.9	8.6
Return on equity (ROE), %	8.8	-15.6	-2.7	2.2	1.2
Comparable ROE from continuing operations, %	9.9	6.0	8.0	11.8	11.9
Net debt, MEUR			119.6	162.1	165.2
Net debt / comparable EBITDA (12 months rolling)			2.0	2.3	2.7
Equity per share, EUR			4.63	4.50	4.47
Equity ratio, %			37.2	34.8	34.4

To improve accuracy, the figures presented have been calculated without rounding and may therefore differ from those published in previous years.

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

The second quarter of 2024 was successful for Aspo both strategically as well as financially. All activities of Aspo are based on a clear portfolio vision and on a defined long-term financial ambition. The businesses executed against defined business strategies and financial performance trended positively for all businesses.

Aspo's financial performance in the second quarter improved significantly compared to previous year. The comparable EBITA from continuing operations was EUR 7.4 million compared to EUR 3.9 million in the corresponding period previous year. Aspo's total net sales growth of 16% was supported by organic volume growth, acquisitions, as well as sales of a green coaster vessel to the investor pool.

In the second quarter of 2024, all Aspo's businesses were able to improve their profitability against the previous year. ESL Shipping benefitted from overall good contract volume demand, whereas demand in the open-sea spot markets remained soft. The political strikes as well as the heavier than usual ice conditions continued to negatively affect ESL Shipping's performance during the beginning of the quarter. Telko's sales volumes grew in all business lines compared with previous year, although demand remained relatively soft, and prices were lower than previous year in most product categories. The acquisitions contributed positively to growth but had still a negative profitability impact during the quarter, both due to acquisition related expenses as well as the market price-based valuation of inventories. Leipurin successfully improved its sales mix and was able to mitigate any negative impact of deflation by effectively managing pricing and costs of goods sold. Also, a large variety of improvement activities supported the positive profitability trend of Leipurin.

At its Capital Markets Day in May, Aspo announced the new portfolio vision to form two separate companies in the coming years: Aspo Compounder and Aspo Infra. The approach and timing of this transformation is to be determined purely with the aim to maximize shareholder value. During the transformation process Aspo focuses on successful execution of the business strategies and on improving financial performance. Aspo communicated a new financial ambition to reach EUR 1 billion in net sales and 8% of EBITA in 2028.

During the second quarter of 2024, ESL Shipping successfully completed the sale of its two supramax-class vessels to HGF Denizcilik Limited Sirket. This was a major step to further focus ESL Shipping's business, improve the company's financial resilience, and to free-up capital for new growth investments both for Aspo as well as ESL Shipping. Already two green coasters out of twelve have started commercial traffic in the Baltic Sea region by end of the second quarter of 2024 and the arrival of the third vessel is expected by end of September.

Telko advanced in its compounder strategy implementation during the quarter by acquiring Polyma Kunststoffe GmbH & Co KG. The acquisition of Polyma Kunststoffe offers a route to expand Telko's geographical presence in Germany, offering major new growth opportunities in plastics and beyond. In addition, after the end of the reporting period, Swed Handling AB was acquired on July 1, 2024. Swed Handling is a leading distributor of chemicals in Sweden, and the acquisition will double the total chemicals business of Telko and make Sweden the largest country for Telko measured by net sales.

Also on July 1, 2024, Leipurin expanded its presence in Sweden, via Kebelco AB, which is a subsidiary of Swed Handling AB. Kebelco offers Leipurin an opportunity to further expand into the food industry, to shift focus towards technical value-added products, and offers cross-selling synergies within all Leipurin countries.

Successful strategy execution year to date 2024, and particularly the growth investments in all of Aspo's businesses, enabled by several measures to strengthen Aspo's balance sheet as well as a wide range of profitability improvement efforts across all the businesses, places Aspo in a strong position to improve its performance during the remainder of year 2024.

ASPO GROUP

Financial performance and targets

Aspo's long-term financial targets introduced at Aspo's CMD on May 14, 2024, are:

- Minimum increase in net sales: 5–10% a year
- Comparable EBITA of 8%
- Return on equity: more than 20%
- Net debt / comparable EBITDA below 3.0

On a business level, ESL Shipping's long-term comparable EBITA target is 14%, Telko's 8% and Leipurin's 5%.

In January-June 2024, Aspo's net sales from continuing operations grew by 4.4% to EUR 286.2 (274.2) million. The comparable EBITA rate of the continuing operations stood at 4.3% (4.6%). Comparable return on equity from continuing operations was 8.0% (11.8%) and net debt to comparable EBITDA was 2.0 (2.3).

Net sales

	4-6/2024 MEUR	4-6/2023 MEUR	Change %	1-6/2024 MEUR	1-6/2023 MEUR	Change %	1-12/2023 MEUR
ESL Shipping, net sales	60.3	43.9	37.2	110.2	96.7	14.0	189.0
Telko, net sales	60.9	54.2	12.4	111.1	108.5	2.4	211.3
Leipurin, net sales	32.3	34.4	-6.0	64.9	69.0	-5.9	136.1
Net sales, continuing operations	153.5	132.5	15.8	286.2	274.2	4.4	536.4

Comparable EBITA

	4-6/2024 MEUR	4-6/2023 MEUR	1-6/2024 MEUR	1-6/2023 MEUR	1-12/2023 MEUR
ESL Shipping, comparable EBITA	6.1	3.3	8.8	9.3	18.4
Telko, comparable EBITA	1.8	1.1	4.2	3.9	9.7
Leipurin, comparable EBITA	1.3	1.1	2.5	2.2	4.5
Other operations, comparable EBITA	-1.8	-1.6	-3.0	-2.9	-5.1
Comparable EBITA from continuing operations	7.4	3.9	12.4	12.6	27.5
Comparable EBITA from discontinued operations		0.0		-0.3	0.4
Comparable EBITA, Group total	7.4	3.9	12.4	12.2	27.9
Items affecting comparability of EBITA, Group total	-0.5	-8.8	-8.5	-8.3	-16.8

Comparable EBITA, % of net sales

	4-6/2024 %	4-6/2023 %	1-6/2024 %	1-6/2023 %	1-12/2023 %
ESL Shipping, comparable EBITA	10.1	7.6	8.0	9.7	9.7
Telko, comparable EBITA	3.0	2.0	3.7	3.6	4.6
Leipurin, comparable EBITA	4.1	3.3	3.8	3.2	3.3
Comparable EBITA from continuing operations	4.8	2.9	4.3	4.6	5.1

The comparable EBITA, Group total includes results of the continuing and discontinued operations. In 2024 the Group total figures equal the figures of the continuing operations. The comparable EBITA is calculated by adjusting the reported EBITA with rare and material items affecting EBITA. These may include impairment losses, sales gains and losses from divested businesses and non-current assets.

Items affecting comparability in 1-6/2024, MEUR

	ESL Shipping	Telko	Leipurin	Other operations	Total
Impairment of Supras	-7.0				-7.0
Other items relating to the sale of Supras	-0.2				-0.2
Restructuring activities				-0.2	-0.2
Sale of minority share in ESL Shipping	-0.5			-0.1	-0.6
Exit of businesses		-0.1	-0.2		-0.2
Acquisition expenses			-0.2		-0.2
Total	**-7.8**	**-0.1**	**-0.4**	**-0.3**	**-8.5**

In the second quarter of 2024, items affecting comparability were EUR -0.5 million and consisted of EUR -0.1 million for ESL Shipping relating to the sale of the minority stake in ESL Shipping, EUR -0.1 million of exit losses for Telko relating to Azerbaijan and EUR -0.2 million of exit losses for Leipurin relating to Russia. In addition, Leipurin reports the acquisition expenses of Kebelco of EUR -0.2 million as items affecting comparability.

In January-June 2024 the items affecting comparability totaled EUR -8.5 million. EUR -7.8 million reported for ESL Shipping consisted of the impairment loss and other expenses relating to the 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. Exit losses for Telko relating to Azerbaijan of EUR -0.1 million and for Leipurin relating to the exit of Russia of EUR -0.2 million. In addition, Leipurin reports the acquisition expenses of Kebelco of EUR -0.2 million as items affecting comparability. 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 of EUR of -0.1 million.

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			-1.8	-2.7
Sale and leaseback transactions			1.3			1.3
Restructuring activities			-0.2	-0.1		-0.3
Withdrawal from Russia					-14.8	-14.8
Divestment of businesses			0.2			0.2
Total	**-0.6**	**-1.0**	**1.4**	**-0.1**	**-16.5**	**-16.8**

In the second quarter of 2023, items affecting comparability were EUR -8.8 million in total. EUR -1.0 million reported in the Telko segment related to inventory write downs caused by Russia's invasion in Ukraine. EUR 0.3 million reported in the Leipurin segment consisted of the gain on the sale and lease back transactions of Kobia's properties in Hässleholm and Tyresö, Sweden. EUR -0.1 million reported in other operations related to corporate restructuring. EUR -8.0 million reported in discontinued operations related to the loss on divestment of Telko's subsidiary in Russia, as well as some smaller valuation adjustments of the other eastern businesses held for sale.

In January-June 2023 the items affecting comparability amounted to EUR -8.3 million in total. EUR -1.0 million reported in the Telko segment related to inventory write downs caused by Russia's invasion in Ukraine. EUR 0.5 million reported in Leipurin segment consisted of the gain on the sale and lease back transactions of Kobia's properties in Sweden. EUR -7.8 million reported in discontinued operations related to the divestment loss of Telko Russia and smaller valuation adjustments of the eastern businesses held for sale. EUR -0.1 million reported in other operations related to corporate restructuring.

Sustainability

Sustainability is an essential component of Aspo's leadership model and a key driver 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

	1-6/2024	Rolling 12m	2023	Target 2024
CO2 (tn) per net sales (EUR thousand)	0.35	0.37	0.37	0.33
TRIF*)	3.3	4.0	4.8	6.0

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

Aspo's target is to reduce its emission intensity, CO2 (tn) per net sales (EUR thousand), by 30% by the end of year 2025. The starting point (2020) was 0.44, while the target level (2025) is 0.30. Aspo's emission intensity slightly decreased due to growth in Aspo's net sales and a decrease in ESL Shipping's emissions (from the vessels) in May and June. The heavy ice conditions during the beginning of year 2024 had a negative effect on emissions.

Employee safety continues to be a key focus area of Aspo. The Total Recordable Injury Frequency (TRIF) improved further due to increased attention on safety operating models, development of safety culture, launched preventive measures and enhanced communication.

Cash flow and financing

The Group's operating cash flow in January–June was EUR 15.2 (18.7) million. The cash flow of all businesses contributed positively although the cash flow mainly derived from ESL Shipping segment. The cash flow impact of change in working capital was EUR -6.0 (0.8) million. The operating cash flow was also negatively impacted by increasing interest rates, the interest paid amounted to EUR -5.2 (-4.0) million.

The free cash flow in January–June was EUR 22.9 (15.1) million. Investments amounted to EUR 11.6 (5.9) million and consisted mainly of the investments in the ESL Shipping segment. The proceeds from the sale of the supramax vessels amounted to EUR 33.5 million and the cash outflow relating to acquisitions amounted to EUR 17.2 million. Additionally, in June 2024 a cash inflow of EUR 2.2 million was obtained from the sale of Kobia's properties in Tyresö that took place in June 2023.

	6/2024 MEUR	6/2023 MEUR	12/2023 MEUR
Interest-bearing liabilities, incl. lease liabilities	206.8	188.1	195.9
Cash and cash equivalents, Group total	87.2	26.0	30.7
Net interest-bearing debt	119.6	162.1	165.2

Net interest-bearing debt was EUR 119.6 (12/2023: 165.2) million and net debt to comparable EBITDA was 2.0 (2.3). Net interest-bearing debt 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. Also, the proceeds of EUR 33.5 million from the sale of the supramax vessels increased the cash and cash equivalents balance. The Group's equity ratio at the end of the review period was 37.2% (34.8%).

Net financial expenses in January–June totaled EUR -4.3 (-4.1) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, continued to rise and was 5.4% (4.7%), 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 87.2 (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 comparative 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'S BUSINESSES

ESL Shipping

ESL Shipping is the leading dry bulk sea transport company operating in the Baltic Sea area. ESL Shipping's operations are mainly based on long-term customer contracts and established customer relationships. At the end of the review period, the shipping company's fleet consisted of 42 vessels with a total capacity of 337,000 deadweight tons (dwt). Of these, 23 were wholly owned (71% of the tonnage), two were minority owned (3%) and the remaining 17 vessels (26%) were time chartered.

ESL Shipping's strategy and competitive edge is based on sustainability leadership and the company's unique ability to develop and provide reliable infrastructure for the ice-bound Nordic industrials investing in the green transition. ESL Shipping loads and unloads large ocean liners at sea as a special service.

Q2/2024

ESL Shipping	**4-6/2024**	**4-6/2023**	**Change,%**
Handy	20.4	17.0	20
Coaster	37.2	23.4	59
Supra	2.6	3.5	-24
Net sales, MEUR	**60.3**	**43.9**	**37**
EBITA, MEUR	5.9	3.4	75
Items affecting comparability, MEUR	-0.1	0.0	
Comparable EBITA, MEUR	6.1	3.3	82
Comparable EBITA, %	10.1	7.6	
Invested capital, MEUR	180.7	206.6	-13
Comparable ROCE, %	12.5	6.5	

In the second quarter ESL Shipping's net sales increased by 37 % from the previous year to EUR 60.3 (43.9) million. Net sales for the period include proceeds of EUR 12.8 million from the executed sale of mv Stellamar to the company established by the pool investors. Net sales excluding the sale of mv Stellamar amounted to EUR 47.5 million, increasing by 8% from the previous year. The net sales growth was achieved against weak freight market conditions in the previous year.

The comparable EBITA for the quarter increased significantly by 82% to EUR 6.1 (3.3) million compared to a weak second quarter of the previous year, with the comparable EBITA rate being 10.1% (7.6%). When excluding the sale of mv Stellamar from net sales the comparable EBITA rate was 12.8%. Items affecting comparability amounted to EUR -0.1 (0.0) million and related to the sale of the minority stake. Operations during the second quarter were efficient and personnel ashore and onboard succeeded well in restoring profitability after a difficult first quarter.

During April–June ESL Shipping carried 3.2 (3.0) million tons of cargo. In early April, operational efficiency and carried cargo volumes were still negatively affected by the continued political strikes stopping or limiting production at shipping company's main clients and closing ports in Finland. The continued strike impact for the second quarter's profit is estimated to be EUR 0.5 million. In the Northernmost part of Bothnian Bay significantly heavier than usual ice conditions continued until May causing increased energy consumption. Spot-market freight rates remained at good levels in ice trade, while significantly weaker in open water trade.

ESL Shipping's handy size vessels had good steel industry contract and spot volume demand during the second quarter. Construction material shipments to the Continent were at a satisfactory level. Heating coal and biomass volumes were focused on the earlier part of the winter and inventory emptying was ongoing in the second quarter, resulting in very low energy cargo volumes. Heating coal volume continued to decrease compared to the previous year.

Excluding the strike impact, ESL Shipping's coaster vessels had improving contract volume demand during the second quarter. Steel, fertilizers and limestone were maintained at robust volume levels whereas forest product contracts experienced low to moderate demand. Demand for forest industry raw material shipments increased during the quarter. For the coaster vessel class, spot market volumes remained limited.

The price of marine diesel fuel remained on the same level as in the previous year whereas the price of liquified natural gas, LNG, decreased slightly compared to previous year and had a small negative impact on net sales. Energy price fluctuations are managed through neutral fuel clauses in long-term transportation agreements.

Q1-Q2/2024

ESL Shipping	**1-6/2024**	**1-6/2023**	**Change,%**	**1-12/2023**
Handy	42.2	40.3	5	78.5
Coaster	60.5	47.0	29	93.7
Supra	7.5	9.4	-20	16.8
Net sales, MEUR	**110.2**	**96.7**	**14**	**189.0**
EBITA, MEUR	1.0	9.4	-89	17.8
Items affecting comparability, MEUR	-7.8	0.0		-0.6
Comparable EBITA, MEUR	8.8	9.3	-6	18.4
Comparable EBITA, %	8.0	9.7		9.7
Invested capital, MEUR	180.7	206.6	-13	218.4
Comparable ROCE, %	8.8	9.1		8.7

During the first half of the year ESL Shipping's net sales increased by 14 % from the previous year to EUR 110.2 (96.7) million. Net sales for the period include proceeds of EUR 12.8 million from the executed sale of mv Stellamar to the company established by the pool investors. Net sales excluding the sale of mv Stellamar amounted to EUR 97.4 million, increasing by 1% from the previous year. Despite the successful second quarter, the comparable EBITA for the period decreased by 6% to EUR 8.8 (9.3) million resulting from the very poor first quarter, with the comparable EBITA rate being

8.0% (9.7%). Items affecting comparability amounted to EUR -7.8 (0.0) million and included mainly impairment losses related to the 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–June ESL Shipping carried 6.3 (6.3) million tons of cargo. Operational efficiency and carried cargo volumes 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 between January-April. Further negative impact was caused by the exceptionally severe winter in Bay of Bothnia, which caused increased energy consumption and unforeseen disruptions and stoppages in ESL Shipping's contractual traffic. The combined negative impact to comparable EBITA from the political strikes and the exceptionally harsh winter conditions is estimated to be approximately EUR 4.0 million for the first half of the year.

The newbuilding project of ESL Shipping's Swedish subsidiary AtoBatC Shipping AB at the Chowgule & Company Private Limited shipyard in India proceeded as planned. The first vessel in the series, Electramar, reached the Baltic Sea in mid-April. The second vessel in the series, Stellamar, was delivered in April and started commercial operation in the Baltic Sea at the end of the second quarter. The third vessel, Ecomar was delivered in June and is expected arrive to Baltic Sea in the end of September. Deliveries of subsequent vessels in the series of twelve ships are now expected on a quarterly basis, with the last vessel to be delivered in the autumn of 2026.

The minority investments in Aspo's subsidiary ESL Shipping Ltd by OP Finland Infrastructure and Varma Mutual Pension Insurance Company were completed in February. 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.

In March Aspo announced that its subsidiary ESL Shipping Ltd had 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, with sales proceeds of EUR 33.5 million. The sales of the supramax vessels were successfully completed in May and June.

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. The company's competitive edge is based on strong technical support, efficient logistics and local expert service. Telko operates in Finland, the Baltic countries, Scandinavia, Poland, Germany, Belgium, France, the Netherlands, Romania, Ukraine, Kazakhstan, Uzbekistan, and China.

Q2/2024

Telko	4-6/2024	4-6/2023	Change,%
Plastics business	26.7	24.7	8
Chemicals business	16.4	16.7	-2
Lubricants business	17.8	12.8	39
Net sales, MEUR	**60.9**	**54.2**	**12**
EBITA, MEUR	1.7	0.1	1861
Items affecting comparability, MEUR	-0.1	-1.0	
Comparable EBITA, MEUR	1.8	1.1	70
Comparable EBITA, %	3.0	2.0	
Invested capital, MEUR	79.5	60.5	31
Comparable ROCE, %	10.1	6.9	

In the second quarter of 2024, Telko's net sales increased by 12% to EUR 60.9 (54.2) million. Sales growth was driven by organic volume growth and acquisitions. Sales prices were on a significantly lower level than previous year, however during the year 2024 sales prices have been mainly stable. The demand has been soft in most European markets, especially in construction and automotive related businesses.

Net sales of the plastics business increased by 8% during the second quarter, amounting to EUR 26.7 (24.7) million. Sales volumes grew significantly compared with previous year. However, the average price level was lower, which impacted top line sales negatively. Net sales of the chemicals business decreased by 2% during the second quarter, amounting to EUR 16.4 (16.7) million. Sales volumes grew significantly compared with previous year, but sales prices were on a significantly lower level. Net sales of the lubricants business increased by 39% to EUR 17.8 (12.8) million. The growth was mainly due to the acquisitions of Optimol and Greenfluid earlier this year, but also the organic net sales increased. Sales volumes excluding acquisitions remained on a same level than previous year and sales prices increased slightly.

Acquisition related expenses included in EBITA

	4-6/2024 MEUR	4-6/2023 MEUR	1-6/2024 MEUR	1-6/2023 MEUR	1-12/2023 MEUR
Reversal of fair value allocation to inventory	-0.6	0.0	-0.8	-0.1	-0.1
Acquisition related expenses	-1.0	0.0	-1.7	-0.4	-1.0
Total	**-1.6**	**0.0**	**-2.5**	**-0.6**	**-1.2**

Telko's comparable EBITA in the second quarter of 2024 increased to EUR 1.8 (1.1) million and comparable EBITA rate was 3.0% (2.0%). Profitability improved from the previous year due to improved sales margin and higher sales volumes. Costs related to the acquisitions had a significant negative impact on Telko´s second quarter comparable result. Acquisition related expenses and reversal of fair value allocation to inventory impacted Telko´s comparable EBITA by EUR -1.6 (-0.0) million.

Q1-Q2/2024

Telko	**1-6/2024**	**1-6/2023**	**Change,%**	**1-12/2023**
Plastics business	50.2	51.3	-2	101.4
Chemicals business	29.5	31.8	-7	59.4
Lubricants business	31.4	25.5	24	50.5
Net sales, MEUR	**111.1**	**108.5**	**2**	**211.3**
EBITA, MEUR	4.1	2.9	40	8.7
Items affecting comparability, MEUR	-0.1	-1.0		-1.0
Comparable EBITA, MEUR	4.2	3.9	7	9.7
Comparable EBITA, %	3.7	3.6		4.6
Invested capital, MEUR	79.5	60.5	31	48.4
Comparable ROCE, %	13.0	12.8		17.8

During the first half of the year 2024 Telko´s net sales increased by 2% to EUR 111.1 (108.5) million. Sales growth was driven by volume growth and acquisitions. Sales prices were on a significantly lower level than in the previous year. Comparable EBITA improved to EUR 4.2 (3.9) million driven primarily by higher sales margin level. Acquisition related expenses and reversal of fair value allocation to inventory impacted Telko´s comparable EBITA by EUR -2.5 (-0.6) million.

The political strikes in Finland had a negative impact on Telko's EBITA of approximately EUR 0.1 million split evenly between the first and second quarters of 2024, both due to increased logistics costs and to a lesser extent also due to product availability.

Net sales of the plastic business decreased by 2% during the first half of the year 2024 compared to the same period previous year. Sales volumes grew significantly, and prices were on significantly lower level. Net sales of chemicals business decreased by 7%. Sales volumes grew and prices were on significantly lower level. Net sales of the lubricants business increased by 24%. Mainly the acquired businesses contributed to the growth. Sales prices were on a significantly higher level than in the previous year.

Telko made major progress related to its compounder strategy during the first half of 2024. In March Telko acquired Optimol and Greenfluid, industrial lubricants businesses in Benelux and France. The acquisition will almost double Telko's industrial lubricants business size. In the beginning of the second quarter, Telko started distribution of industrial lubricants in Poland. Concurrently, Telko is ramping-up an automotive lubricants business in Denmark.

In the beginning of June Telko acquired Polyma Kuntstoff plastics business in Germany. The acquisition gives Telko access to the biggest plastics market in Europe and opens great business development opportunities going forward. Polyma Kuntstoff did not have significant impact on net sales during the second quarter.

After the reporting period in the beginning of July Telko completed a major acquisition in Sweden by acquiring Swed Handling AB, a locally leading chemicals distributor. The acquisition doubles Telko´s total net sales in chemicals and makes Sweden Telko's largest country of operation in terms of net sales. The acquisition had a negative impact on the comparable EBITA of the second quarter due to acquisition related expenses.

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 five countries including Finland, Sweden, and the Baltic countries. Leipurin serves bakeries, the food industry, and food service customers by providing raw materials, supporting research & development, recipes, and innovations for new products.

Q2/2024

Leipurin	**4-6/2024**	**4-6/2023**	**Change,%**
Finland	11.7	12.6	-7
Sweden	12.8	12.5	2
Baltics *)	7.8	9.3	-17
Net sales, MEUR	**32.3**	**34.4**	**-6**
EBITA, MEUR	1.0	1.4	-32
Items affecting comparability, MEUR	-0.4	0.3	
Comparable EBITA, MEUR	1.3	1.1	15
Comparable EBITA, %	4.1	3.3	
Invested capital, MEUR	45.6	48.0	-5
Comparable ROCE, %	11.6	8.8	

**) In the comparative period Baltics include also the net sales of the Ukrainian business unit.*

Leipurin’s net sales decreased by 6% during the second quarter to EUR 32.3 (34.4) million. The decrease in net sales was driven by deflationary market prices in certain product categories, as well as by strategic intention to improve sales mix, which resulted in decreased volumes in low margin categories. The negative impact of the strikes in Finland continued somewhat in the beginning of the quarter. In Finland net sales decreased by 7% to EUR 11.7 (12.6) million, in the Baltic countries net sales decreased by 17% to EUR 7.8 (9.3) million, and in Sweden net sales increased by 2% to EUR 12.8 (12.5) million.

During the second quarter, net sales to bakeries decreased by 7% to EUR 23.1 (24.9) million. Net sales to the food industry decreased by 6% to EUR 2.9 (3.1) million. Poor development with a few major customers, including a customer’s debt restructuring, hampered the total revenue trend in the food industry, while good activity level and Leipurin synergies to Kobia continued to generate new sales and openings.

After the review period Leipurin expanded its food industry business in Sweden, via the technical food ingredient distributor Kebelco as the acquisition was closed on July 1, 2024. Kebelco is a subsidiary of Swed Handling AB and will be integrated into Leipurin segment. Kebelco offers a very strong platform to develop food industry sales in Sweden, while bringing also significant cross-selling opportunities across all Leipurin countries.

The comparable EBITA for the second quarter stood at EUR 1.3 (1.1) million, and the comparable EBITA rate was 4.1% (3.3%). In addition to the improved sales mix, the negative impact of the deflationary market on net sales continued to be counteracted by successful management of the costs of goods sold, explaining the improved profitability. The items affecting comparability of the second quarter included expenses related to the acquisition of Kebelco AB EUR -0.2 million and exit losses relating to Russia EUR -0.2 million. In the comparative period, the items affecting comparability included the gain related to the sale and leaseback of Kobia’s properties in Hässleholm and Tyresö EUR 0.3 million.

Q1-Q2/2024

Leipurin	**1-6/2024**	**1-6/2023**	**Change,%**	**1-12/2023**
Finland	23.3	24.5	-5	49.3
Sweden	25.9	25.5	1	50.2
Baltics *)	15.7	18.9	-17	36.6
Net sales, MEUR	**64.9**	**69.0**	**-6**	**136.1**
EBITA, MEUR	2.1	2.7	-20	5.9
Items affecting comparability, MEUR	-0.4	0.5		1.4
Comparable EBITA, MEUR	2.5	2.2	14	4.5
Comparable EBITA, %	3.8	3.2		3.3
Invested capital, MEUR	45.6	48.0	-5	46.0
Comparable ROCE, %	10.9	8.3		8.6

**) In the comparative period Baltics include also the net sales of the Ukrainian business unit.*

Leipurin’s net sales decreased by 6% during January-June to EUR 64.9 (69.0) million. The deflationary market price trend continued throughout the first half of the year, as well as the impacts of the activities targeting at improving the sales mix, decreasing sales volumes in low margin categories. In Finland net sales decreased by 5% to EUR 23.3 (24.5) million, in the Baltic countries net sales decreased by 17% to EUR 15.7 (18.9) million, and in Sweden net sales increased by 1% to EUR 25.9 (25.5) million. During January-June, net sales to bakeries decreased by 8% to EUR 46.5 (50.6) million. Net sales to the food industry decreased by 1% to EUR 5.9 (6.0) million.

The political strikes in Finland had a negative impact on Leipurin’s EBITA of approximately EUR 0.1 million split evenly between the first and second quarters of 2024, both due to increased logistics costs and to a lesser extent also due to product availability.

The comparable EBITA for the second quarter stood at EUR 2.5 (2.2) million, and the comparable EBITA rate was 3.8% (3.2%). Leipurin continues to execute a wide range of improvement efforts throughout its operations, with the aim of improving profitability, some of which lead to decreased sales volumes in low margin categories.

The items affecting comparability of January-June included expenses related to the acquisition of Kebelco AB and exit procedures from Russia. In the comparative period, the items affecting comparability included the gain on sale and leaseback of Kobia's properties in Gothenburg, Hässleholm and Tyresö (EUR 0.5 million).

Other operations

Other operations include Aspo Group's administration, finance and ICT service center. In the second quarter the comparable EBITA of other operations was EUR -1.8 (-1.6) million. EBITA was EUR -1.8 (-1.8) million. In the second quarter of 2023 items affecting comparability were EUR -0.1 million and related to corporate restructuring.

In January-June the comparable EBITA of other operations was EUR -3.0 (-2.9) million and EBITA was EUR -3.3 (-3.0) million. In January-June 2024 items affecting comparability of EUR -0.3 million included corporate restructuring expenses of EUR -0.2 million and expenses for the sale of the minority stake in ESL Shipping Ltd of EUR -0.1 million. In January-June 2023 items affecting comparability were EUR -0.1 million and related to corporate restructuring.

Risks and near-term uncertainties

Main uncertainties in Aspo's financial result relate to the demand and to some extent also market price levels 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 has remained soft during the first half of 2024. Specifically, the higher interest rates and lower consumer and industrial confidences have negatively impacted investment activities and lowered industrial and consumer demand for products and services. Delay of the recovery or further decline of the economy could negatively impact on the performance of Aspo's businesses.

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 June 30, 2024, was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 2,268 shares, i.e. approximately 0.01% of the share capital.

Aspo has share-based compensation plans based on which Aspo has granted 13,976 treasury shares to employees included in the plans. The transfers were based on the share issue authorization of the Annual Shareholders' Meeting held on April 4, 2023.

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-June 2024, a total of 1,446,094 Aspo Plc shares, with a market value of EUR 8.6 million, were traded on Nasdaq Helsinki. In other words, 4.6% 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 5.97 and the closing price at the end of the review period was EUR 5.86. At the end of the review period, the market value, less treasury shares, was EUR 184.1 million.

The company had 11,497 shareholders at the end of the review period. A total of 948,990 shares, or 3.02% of the share capital, were nominee registered or held by non-domestic shareholders.

Decisions of the Annual Shareholders' Meeting 2024

Distribution of funds

The 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, and that no dividend is paid for shares held by Aspo Plc. 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.

All the decisions of the Annual Shareholders' Meeting can be found on www.aspo.com.

FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	4-6/2024 MEUR	4-6/2023 MEUR	1-6/2024 MEUR	1-6/2023 MEUR	1-12/2023 MEUR
Continuing operations					
Net sales	**153.5**	**132.5**	**286.2**	**274.2**	**536.4**
Other operating income	1.1	1.4	1.3	1.9	4.3
Materials and services	-99.9	-86.6	-180.6	-174.8	-338.6
Employee benefit expenses	-13.6	-12.5	-26.3	-24.9	-48.5
Depreciation, amortization, and impairment losses	-3.8	-4.7	-15.4	-9.5	-19.3
Depreciation and impairment losses, leased assets	-3.8	-3.5	-7.6	-6.9	-14.2
Other operating expenses	-27.1	-23.9	-54.4	-48.6	-94.2
Operating profit	**6.4**	**2.8**	**3.2**	**11.4**	**25.9**
Financial income and expenses	-2.1	-2.2	-4.3	-4.1	-9.3
Profit before taxes	**4.3**	**0.6**	**-1.1**	**7.3**	**16.6**
Income taxes	-0.4	0.9	-1.1	0.6	-0.4
Profit from continuing operations	**3.9**	**1.5**	**-2.2**	**7.9**	**16.2**
Profit from discontinued operation		-7.2		-6.4	-14.6
Profit for the period	**3.9**	**-5.6**	**-2.2**	**1.5**	**1.6**
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	0.4	7.0	-0.6	5.1	12.2
Cash flow hedging	0.6		0.3		-0.1
Other comprehensive income for the period, net of taxes	1.0	7.0	-0.2	5.1	12.1
Total comprehensive income	**4.8**	**1.3**	**-2.4**	**6.6**	**13.7**
Profit is attributable to:					
Parent company shareholders	2.8	-5.6	-1.8	1.5	1.6
Non-controlling interest	1.1		-0.3		
	3.8	**-5.7**	**-2.2**	**1.5**	**1.6**
Total comprehensive income is attributable to:					
Parent company shareholders	3.8	1.3	-2.0	6.6	13.7
Non-controlling interest	1.1		-0.3		
	4.8	**1.3**	**-2.4**	**6.6**	**13.7**
Earnings per share attributable to parent company shareholders, EUR					
Basic and diluted earnings per share					
Continuing operations	0.07	0.03	-0.09	0.22	0.45
Discontinued operations		-0.22		-0.20	-0.46
Total earnings per share	**0.07**	**-0.19**	**-0.09**	**0.02**	**-0.01**

Aspo Group's condensed consolidated balance sheet

Assets	6/2024 MEUR	6/2023 MEUR	12/2023 MEUR
Intangible assets	68.2	51.2	51.7
Tangible assets	133.0	163.0	169.0
Leased assets	21.8	20.5	22.5
Other non-current assets	2.5	2.0	2.5
Total non-current assets	225.5	236.7	245.7
Inventories	68.4	66.9	59.2
Accounts receivable and other receivables	87.9	78.4	74.1
Cash and cash equivalents	87.2	22.3	30.7
	243.5	167.6	164.0
Assets held for sale		4.1	
Total current assets	243.5	171.7	164.0
Total assets	**469.0**	**408.4**	**409.7**
Equity and liabilities			
Share capital and premium	22.0	22.0	22.0
Other equity	123.4	119.4	118.5
Total equity attributable to owners of the parent company	145.5	141.4	140.5
Equity attributable to the non-controlling interest	28.9		
Total equity	174.4	141.4	140.5
Loans and overdraft facilities	129.9	70.6	138.5
Lease liabilities	8.2	7.8	8.3
Other liabilities	8.1	6.2	6.1
Total non-current liabilities	146.1	84.6	152.9
Loans and overdraft facilities	54.2	96.2	33.9
Lease liabilities	14.5	13.5	15.2
Accounts payable and other liabilities	79.7	71.5	67.2
	148.5	181.2	116.3
Liabilities directly associated with assets classified as held for sale		1.2	
Total current liabilities	148.5	182.4	116.3
Total equity and liabilities	**469.0**	**408.4**	**409.7**

Aspo Group's condensed consolidated cash flow statement

	1-6/2024 MEUR	1-6/2023 MEUR	1-12/2023 MEUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit, Group total	3.2	3.3	9.8
Adjustments to operating profit	23.6	20.6	45.2
Change in working capital	-6.0	0.8	4.4
Interest paid	-5.2	-4.0	-9.2
Interest received	1.1	0.3	0.8
Income taxes paid	-1.5	-2.3	-3.4
Operating cash flow	**15.2**	**18.7**	**47.6**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments	-11.6	-5.9	-21.8
Proceeds from sale of tangible assets	2.3	10.2	12.3
Sale of supramax vessels	33.5		
Acquisition of businesses	-17.2	-3.9	-3.9
Disposal of businesses		-4.4	-7.4
Dividends received	0.7	0.3	0.5
Investing cash flow	**7.7**	**-3.6**	**-20.3**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	17.5		75.7
Repayment of loans	-10.8	-5.9	-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	-7.6	-7.2	-14.6
Hybrid bond, interest paid	-2.6	-2.6	-2.6
Dividends paid	-7.5	-7.2	-14.4
Financing cash flow	**33.9**	**-23.3**	**-32.3**
Change in cash and cash equivalents	**56.8**	**-8.2**	**-5.0**
Cash and cash equivalents January 1	30.7	33.6	33.6
Translation differences	-0.4	-1.1	0.1
Change in impairment of cash and cash equivalents		1.7	2.0
Cash and cash equivalents at period-end, Group total	**87.2**	**26.0**	**30.7**
Cash and cash equivalents held for sale		-3.6	
Cash and cash equivalents in balance sheet	**87.2**	**22.3**	**30.7**

Aspo Group consolidated statement of changes in equity

	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**		**140.5**
Comprehensive income:								
Profit for the period					-1.8	-1.8	-0.3	-2.2
Cash flow hedging		0.3				0.3		0.3
Translation differences				-0.6		-0.6		-0.6
Total comprehensive income		0.3		-0.6	-1.8	-2.0	-0.3	-2.4
Transactions with owners:								
Dividend payment					-7.5	-7.5		-7.5
Sale of non-controlling interest					15.7	15.7	29.3	45.0
Hybrid bond interest					-1.3	-1.3		-1.3
Share-based incentive plan					0.1	0.1	0.0	0.1
Total transactions with owners					7.0	7.0	29.3	36.3
Equity June 30, 2024	**22.0**	**16.7**	**30.0**	**-14.4**	**91.1**	**145.5**	**28.9**	**174.4**

	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					1.5	1.5
Translation differences				-3.6		-3.6
Reclassification of translation differences				8.7		8.7
Total comprehensive income				5.1	1.5	6.6
Transactions with owners:						
Dividend payment					-7.2	-7.2
Hybrid bond interest					-1.3	-1.3
Purchase of own shares					-0.3	-0.3
Share-based incentive plan					-0.1	-0.1
Total transactions with owners					-8.9	-8.9
Equity June 30, 2023	**22.0**	**16.5**	**30.0**	**-20.9**	**93.8**	**141.4**

Accounting principles

Aspo Plc's half year 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 as well as the accounting for the green coaster pool. In other respects, the same accounting and measurement principles have been applied as in the 2023 consolidated financial statements. The information in this half-year report is unaudited.

Aspo Plc applies 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 disclosed below in this half-year report.

Non-controlling interest

The minority investment 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 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

	6/2024 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**

Acquisition of Polyma

On June 4, Telko acquired Polyma Kunststoffe GmbH & Co KG in Hamburg, Germany. The acquired company is a distributor of well-known engineering plastics. The acquisition provides Telko access to the German market, which is the biggest plastics market in Europe. The company's profitability has fluctuated between EUR 0.3 million and EUR 0.8 million in recent years. In 2024 net sales is expected to reach EUR 15 million and EBIT EUR 0.5 million.

The assets and liabilities of the acquired company were measured at fair value on the acquisition date. Fair value allocations totaling EUR 3.7 million were made on intangible assets, buildings and inventories, and the related deferred tax liability recognized was EUR 1.1 million. The carrying amount of the other acquired assets and liabilities were deemed to correspond to their fair values. A goodwill balance of EUR 1.9 million resulted from the acquisition based on the preliminary calculation. The acquisition-related costs of approximately EUR 0.2 million were recognized in the Telko segment's other operating expenses. The acquisition includes an earn-out mechanism, the earn-out liability recognized is EUR 2.2 million.

Personnel

At the end of the review period, Aspo Group had 730 employees (712 at the end of 2023). The addition in the number of personnel from the acquisition of Polyma, Optimol and Greenfluid was 39 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 EBITA to the Group's profit before taxes from continuing operations

1-6/2024

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
EBITA	1.0	4.1	2.1	-3.3	3.9
EBITA amortization*)	-0.1	-0.5	-0.1	-0.1	-0.7
Operating profit	1.0	3.6	2.0	-3.4	3.2
Net financial expenses				-4.3	-4.3
Profit before taxes					-1.1

1-6/2023

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
EBITA	9.4	2.9	2.7	-3.0	12.0
EBITA amortization*)	-0.1	-0.3	-0.1	-0.1	-0.6
Operating profit	9.3	2.6	2.6	-3.1	11.4
Net financial expenses				-4.1	-4.1
Profit before taxes					7.3

**) Amortization and impairment of intangible assets*

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Investments	1-6/2024	11.2	0.4	0.0		11.6
Investments	1-6/2023	5.4	0.5			5.9

Green coaster pool

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 are top of the line in terms of their cargo capacity, technology and innovation. The total value of the first 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 was delivered in the second quarter of 2024.

In 2022, it was confirmed that ESL Shipping will establish a green coaster pool. As a result, AtoBatC Shipping AB ordered six additional green coaster vessels from the Chowgule & Company Private Limited in India, which will be sold further green coaster Shipping AB (not part of Aspo Group).

Every other vessel built by Chowgule & Company Private Limited will be produced for AtoBatC Shipping AB, and every other will be sold further to green coaster Shipping AB, after reaching Europe. Advance payments for the vessels to be sold further are recognized in inventories and the sales price is recognized as net sales. The sales price of the vessels is based on their full cost. All the 12 green coasters built and under construction will be operated in the green coaster pool when their building has been completed and they have been delivered.

The green coaster pool started its operation on June 18, 2024, when Stellamar was sold to green coaster Shipping AB. At the same time also Electramar joined the green coaster pool. AtoBatC Shipping AB has made a time-chartered agreement (TC) with green coaster Shipping AB and uses Stellamar in its shipping operations in the same way as it uses Electramar, which it continues to own. AtoBatC Shipping AB makes variable lease payments to green coaster Shipping AB, based on the calculated pool income. The variable lease payments are recognized as lease expenses. No lease liability or lease asset is recognized under IFRS 16 as the lease expenses don't have a fixed price but are fully variable.

Green coaster investment commitment

As described above AtoBatC Shipping AB, reported in the ESL Shipping segment, is building a series of six highly energy-efficient electric hybrid vessels, with a total value of approximately EUR 70 million. The remaining investment commitment at the end of the review period is EUR 34.9 million.

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 Jun 30, 2024	206.2	116.1	56.2	90.5	469.0
Liabilities Dec 31, 2023	31.8	33.2	19.2	185.0	269.2
Liabilities Jun 30, 2024	30.5	46.7	18.9	198.4	294.6

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

	4-6/2024 MEUR	4-6/2023 MEUR	Change %	1-6/2024 MEUR	1-6/2023 MEUR	Change %	1-12/2023 MEUR
Vessel class:							
Handy	20.4	17.0	20	42.2	40.3	5	78.5
Coaster	37.2	23.4	59	60.5	47.0	29	93.7
Supra	2.6	3.5	-24	7.5	9.4	-20	16.8
ESL Shipping total	**60.3**	**43.9**	**37**	**110.2**	**96.7**	**14**	**189.0**

Telko net sales

	4-6/2024 MEUR	4-6/2023 MEUR	Change %	1-6/2024 MEUR	1-6/2023 MEUR	Change %	1-12/2023 MEUR
Business area:							
Plastics business	26.7	24.7	8	50.2	51.3	-2	101.4
Chemicals business	16.4	16.7	-2	29.5	31.8	-7	59.4
Lubricants business	17.8	12.8	39	31.4	25.4	24	50.5
Telko total	**60.9**	**54.2**	**12**	**111.1**	**108.5**	**2**	**211.3**

Leipurin net sales

	4-6/2024 MEUR	4-6/2023 MEUR	Change %	1-6/2024 MEUR	1-6/2023 MEUR	Change %	1-12/2023 MEUR
Regions:							
Finland	11.7	12.6	-7	23.3	24.5	-5	49.3
Sweden	12.8	12.5	2	25.9	25.5	1	50.2
Baltics *)	7.8	9.3	-17	15.7	18.9	-17	36.6
Total	**32.3**	**34.4**	**-6**	**64.9**	**69.0**	**-6**	**136.1**
of which:							
Bakeries	23.1	24.9	-7	46.5	50.6	-8	99.7
Food Industry	2.9	3.1	-6	5.9	6.0	-1	11.9
Retail, foodservice, other	6.3	6.4	-2	12.5	12.4	0	24.5
Leipurin total	**32.3**	**34.4**	**-6**	**64.9**	**69.0**	**-6**	**136.1**

**) In the comparative period Baltics include also the net sales of the Ukrainian business unit.*

Net sales by market area

	4-6/2024 MEUR	4-6/2023 MEUR	1-6/2024 MEUR	1-6/2023 MEUR	1-12/2023 MEUR
ESL Shipping					
Finland	26.4	24.4	51.6	46.7	99.4
Scandinavian countries	25.2	12.4	40.5	27.2	53.4
Baltic countries	1.1	0.0	1.7	0.4	0.4
Other European countries	6.8	6.3	13.7	15.1	26.1
Other countries	0.9	0.8	2.8	7.3	9.7
	60.3	43.9	110.2	96.7	189.0
Telko					
Finland	12.5	12.1	24.8	25.6	48.5
Scandinavian countries	15.3	13.7	27.1	27.5	54.9
Baltic countries	8.2	7.5	14.2	14.8	27.7
Other European countries	18.4	12.5	32.0	22.6	46.8
Other countries	6.6	8.4	13.1	18.0	33.4
	60.9	54.2	111.1	108.5	211.3
Leipurin					
Finland	11.7	12.6	23.3	24.5	49.5
Scandinavian countries	12.5	12.4	25.5	25.2	49.3
Baltic countries	7.7	9.1	15.6	18.5	35.7

Other European countries	0.4	0.3	0.5	0.8	1.6
Other countries	0.0	0.0	0.0	0.0	0.0
	32.3	34.4	64.9	69.0	136.1
Total					
Finland	50.6	49.1	99.7	96.8	197.4
Scandinavian countries	53.0	38.5	93.1	79.9	157.6
Baltic countries	17.0	16.6	31.5	33.7	63.8
Other European countries	25.5	19.1	46.1	38.5	74.5
Other countries	7.5	9.2	15.9	25.3	43.1
	153.5	132.5	286.2	274.2	536.4

Net sales by market area, share of total net sales

	4-6/2024	**4-6/2023**	**1-6/2024**	**1-6/2023**	**1-12/2023**
	%	%	%	%	%
Finland	33.0	37.1	34.8	35.3	36.8
Scandinavian countries	34.5	29.1	32.5	29.1	29.4
Baltic countries	11.0	12.5	11.0	12.3	11.9
Other European countries	16.6	14.4	16.1	14.0	13.9
Other countries	4.9	6.9	5.5	9.2	8.0
	100	100	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

	1-6/2023	**1-12/2023**
	MEUR	MEUR
Net sales	**9.7**	**16.6**
Other operating income	0.0	0.0
Materials and services	-8.2	-14.4
Employee benefit expenses	-1.5	-2.1
Depreciation, amortization and impairment losses	0.2	-0.1
Depreciation, leased assets	-0.1	-0.2
Other operating expenses	-8.2	-15.9
Operating profit	**-8.1**	**-16.1**
Financial income and expenses	1.7	1.8
Profit before taxes	**-6.4**	**-14.3**
Income taxes	0.0	-0.3
Profit for the period	**-6.4**	**-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

	1-6/2023 MEUR	1-12/2023 MEUR
Net cash inflow from operating activities	0.5	0.6
Net cash inflow/outflow(-) from investing activities	-4.3	-7.8
Net cash inflow/outflow(-) from financing activities	-0.3	-0.4
Net change in cash generated by the discontinued operations	**-4.1**	**-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

	6/2023 MEUR	12/2023 MEUR
Assets of discontinued operations	4.1	
Assets classified as held for sale, total	**4.1**	**0.0**
Liabilities of discontinued operations	1.2	
Liabilities directly associated with assets classified as held for sale, total	**1.2**	**0.0**

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

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

On July 1, 2024, Aspo announced that it has completed the acquisition of Swed Handling AB, a leading Swedish chemical distributor. As a result of the transaction Telko will become a leading local player in distribution of chemicals in Sweden and Leipurin expands its food industry business in Sweden, via the technical food ingredient distributor Kebelco AB, which is a subsidiary of Swed Handling.

Calculation principles of the key figures

Return on equity (ROE), %	=	$\dfrac{\text{profit for the period} \times 100}{\text{total equity (average of the current and previous reporting period)}}$
Comparable ROE, %	=	$\dfrac{\text{comparable profit for the period} \times 100}{\text{total equity (average of the current and previous reporting period)}}$
Equity ratio, %	=	$\dfrac{\text{total equity} \times 100}{\text{balance sheet total – advances received}}$
Interest-bearing liabilities, EUR	=	loans and overdraft facilities in use (interest-bearing) + lease liabilities
Net debt, EUR	=	interest-bearing liabilities - cash and cash equivalents
Free cash flow, EUR	=	operating cash flow + investing cash flow
Free cash flow per share, EUR	=	$\dfrac{\text{free cash flow}}{\text{average number of shares, excluding treasury shares}}$
Earnings per share (EPS), EUR	=	$\dfrac{\text{profit for the period attributable to parent company shareholders – hybrid interest, net of tax}}{\text{average number of shares, excluding treasury shares}}$
Comparable EPS, EUR	=	$\dfrac{\text{comparable profit for the period attributable to parent company shareholders – hybrid interest, net of tax}}{\text{average number of shares, excluding treasury shares}}$
Equity per share, EUR	=	$\dfrac{\text{equity attributable to parent company shareholders}}{\text{number of shares on the closing date, excluding treasury shares}}$
Dividend/earnings, %	=	$\dfrac{\text{dividend per share} \times 100}{\text{earnings per share (EPS)}}$
Effective dividend yield, %	=	$\dfrac{\text{dividend per share} \times 100}{\text{closing price}}$
Price/earnings ratio (P/E)	=	$\dfrac{\text{closing price}}{\text{earnings per share (EPS)}}$
Market value of shares, EUR	=	number of shares on the closing date, excluding treasury shares × closing price

EBITA, EUR	=	operating profit - amortization and impairment of intangible assets
Comparable EBITA, EUR	=	EBITA, excluding items affecting comparability
EBITDA, EUR	=	operating profit - depreciation, amortization and impairment
Comparable EBITDA, EUR	=	EBITDA, excluding items affecting comparability
Comparable profit for the period, EUR	=	profit for the period, excluding items affecting comparability
Net working capital, EUR	=	inventories + accounts receivable - accounts payable - advances received
Invested capital, EUR	=	Non-current assets - deferred tax assets + net working capital
Return on invested capital (ROCE), %	=	$\frac{\text{EBITA x 100}}{\text{invested capital (average of current and previous reporting period)}}$
Comparable ROCE, %	=	$\frac{\text{comparable EBITA x 100}}{\text{invested capital (average of current and previous reporting period)}}$
Net debt / EBITDA	=	$\frac{\text{net debt}}{\text{EBITDA (12 months rolling)}}$
Net debt / comparable EBITDA	=	$\frac{\text{net debt}}{\text{comparable EBITDA (12 months rolling)}}$

Espoo, August 14, 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 Wednesday August 14, 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 and CFO Erkka Repo. 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/q2-2024. Questions can be asked after the event by telephone by registering through the following link: https://palvelu.flik.fi/teleconference/?id=50048703 . 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:

- Interim report for January–September 2024 on October 29, 2024

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