Aspo Plc
Interim financial report
November 1, 2023, at 9:30 am

Aspo Group Interim Financial Report, January 1 to September 30, 2023

Aspo's Q3 results improved considerably from Q2, yet not reaching previous year's record level

Figures from the corresponding period in 2022 are presented in brackets. From the beginning of year 2023, Aspo established a new segment structure and the figures for the comparative periods have been restated.

July–September 2023

- Continuing operations
    - Net sales from continuing operations decreased to EUR 130.0 (142.8) million.
    - Comparable operating from continuing operations profit was EUR 7.4 (12.4) million, and the comparable operating profit rate of continuing operations was 5.7% (8.7%). Comparable operating profit of ESL Shipping was EUR 4.0 (9.8) million, Telko EUR 3.1 (3.1) million, and Leipurin EUR 1.3 (0.5) million.
    - Operating profit from continuing operations was EUR 8.1 (11.8) million, and the operating profit rate of continuing operations was 6.2% (8.3%). Operating profit of ESL Shipping was EUR 4.0 (9.8) million, Telko EUR 3.1 (3.6) million, and Leipurin EUR 2.0 (-0.5) million.
- Group total level
    - Net sales, Group total decreased to EUR 133.3 (160.0) million.
    - Comparable operating profit at Group total level was EUR 7.9 (13.0) million, and the comparable operating profit rate was 5.9% (8.1%).
    - Items affecting the comparability of operating profit totaled EUR -1.3 (-0.7) million at Group total level.
- Earnings per share were EUR 0.10 (0.30).
- Net cash from operating activities was EUR 16.3 (11.4) million. Free cash flow was EUR 12.0 (-9.7) million.

January–September 2023

- Continuing operations
    - Net sales from continuing operations decreased to EUR 404.2 (407.8) million.
    - Comparable operating profit from continuing operations was EUR 19.4 (32.8) million, and the comparable operating profit rate of continuing operations was 4.8% (8.0%). Comparable operating profit of ESL Shipping was EUR 13.3 (26.9) million, Telko EUR 6.7 (9.6) million, and Leipurin EUR 3.4 (0.6) million.
    - Operating profit from continuing operations was EUR 19.5 (27.5) million, and the operating profit rate of continuing operations was 4.8% (6.7%). Operating profit of ESL Shipping was EUR 13.3 (28.0) million, Telko EUR 5.7 (6.0) million, and Leipurin EUR 4.6 (-1.6) million.
- Group total level
    - Net sales, Group total decreased to EUR 417.2 (487.9) million.
    - Comparable operating profit at Group total level was EUR 19.5 (44.0) million, and the comparable operating profit rate was 4.7% (9.0%).
    - Items affecting the comparability of operating profit totaled EUR -9.6 (-8.0) million at Group total level.
- Earnings per share were EUR 0.12 (0.82).
- Net cash from operating activities was EUR 35.0 (45.7) million. Free cash flow was EUR 27.0 (17.9) million.

Specified guidance for 2023

Aspo Group's comparable operating profit will be EUR 25–30 million in 2023 (2022: EUR 55.3 million).

Previous guidance for 2023 (issued on May 12, 2023): Aspo Group's comparable operating profit will be EUR 25-35 million in 2023 (2022: EUR 55.3 million).

Key figures

	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Net sales, Group total, MEUR	133.3	160.0	417.2	487.9	652.6
Net sales from continuing operations, MEUR	130.0	142.8	404.2	407.8	560.7
ESL Shipping, comparable operating profit, MEUR	4.0	9.8	13.3	26.9	37.4
Telko, comparable operating profit, MEUR	3.1	3.1	6.7	9.6	11.3
Leipurin, comparable operating profit, MEUR	1.3	0.5	3.4	0.6	1.1
Other operations, comparable operating profit, MEUR	-1.0	-1.0	-4.0	-4.3	-5.9
Comparable operating profit from continuing operations, MEUR	7.4	12.4	19.4	32.8	43.9
Comparable operating profit from continuing operations, %	*5.7*	*8.7*	*4.8*	*8.0*	*7.8*
Comparable operating profit from discontinued operations, MEUR	0.5	0.6	0.1	11.2	11.4
Comparable operating profit, Group total, MEUR	7.9	13.0	19.5	44.0	55.3
Comparable operating profit, Group total, %	*5.9*	*8.1*	*4.7*	*9.0*	*8.5*
Items affecting comparability, Group total, MEUR	-1.3	-0.7	-9.6	-8.0	-24.1
Operating profit, Group total, MEUR	6.6	12.3	9.9	36.0	31.2
Profit before taxes from continuing operations, MEUR	5.6	9.9	12.9	23.5	32.5
Profit for the period, MEUR	3.9	9.4	5.4	26.1	20.7
Profit from continuing operations, MEUR	5.3	9.2	13.2	22.1	30.8
Profit from discontinued operations, MEUR	-1.4	0.2	-7.8	4.0	-10.1
Earnings per share (EPS), EUR	0.10	0.30	0.12	0.82	0.61
EPS from continuing operations, EUR	0.15	0.30	0.37	0.70	0.93
EPS from discontinued operations, EUR	-0.05	0.00	-0.25	0.12	-0.32
Net cash from operating activities, MEUR	16.3	11.4	35.0	45.7	67.7
Free cash flow, MEUR	12.0	-9.7	27.0	17.9	34.4
Return on equity (ROE), %			4.9	23.7	15.2
Equity ratio, %			35.8	35.8	34.7
Gearing, %			104.5	97.6	108.4
Equity per share, EUR			4.67	5.24	4.58

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

Aspo's profitability improved significantly in the third quarter of 2023, which was aligned with expectations and driven by the improved performance of all businesses. The comparable operating profit from continuing operations was EUR 7.4 (12.4) million, clearly above the previous quarter EUR 3.6 million. The profitability of all businesses showed positive development, and strong operating cash flow. The third quarter result is a demonstration of a resilient business portfolio.

During the third quarter, ESL Shipping's volumes picked up after the summer, and the company succeeded well in optimizing transportation flows and capacity utilization. Telko's performance improvement during the third quarter was based on positive market share development combined with stabilizing market prices, especially in plastics. Leipurin was able to deliver further evidence that management is successfully implementing actions for growth and profitability improvement.

The comparable operating profit for January–September 2023, at Group total level was EUR 19.5 (44.0) million, and the operating profit rate was 4.7% (9.0%). Based on this financial performance and current market visibility, we specified our guidance for Aspo Group's full year 2023 comparable operating profit to EUR 25-30 million. Key short term profitability drivers include volume development of key customers of ESL, market price development of key product lines of Telko and Leipurin, and successful implementation of development efforts across all businesses.

The strategies of Aspo's businesses remain solid. ESL Shipping's ambition is to offer its key customers environmentally friendly and eventually fossil free sea transportation. The market is very attractive as a consequence of the green transitions of Nordic industrial production. As communicated before, we are investigating different alternative measures to finance this growth, including a launch of a new investment pool of green vessels, a possible equity injection in ESL Shipping by a minority shareholder, and the sale of the two Supramax vessels. The first results of this program are expected still during year 2023.

Telko is pursuing organic growth, based on the growth in the underlying market as well as through gaining market share. Telko is also very actively pursuing acquisitions, both synergistic add-ons as well as new growth platforms. We remain confident that the wide efforts will generate results, scaling-up Telko's business with new carefully selected businesses of high quality. All acquisitions so far have successfully been implemented, generating financial performance aligned with or above expectations.

Leipurin's full profit potential program is progressing as planned, with significant profit improvement compared with last year. The integration of Kobia is progressing well and the acquisition has proven to be a game changer for Leipurin, strategically serving principals and customers in the Nordics. The divestment of bakery equipment trading business and sale and lease back of Lithuanian property both support Leipurin's strategy to be a focused, Nordic ingredient and service company. The path for growth as well as performance improvement remains clear.

As announced earlier, I am delighted to welcome Erkka Repo as Aspo Group's Chief Financial Officer and member of Aspo's Group Executive Committee. Repo will start in his position during February 2024.

ASPO GROUP

Financial results and targets

Aspo's long-term financial targets are:

- Annual increase in net sales: 5–10% a year
- Operating profit: 8%
- Return on equity: more than 20%
- Gearing: less than 130%

On a business level, ESL Shipping's operating profit target is 14%, Telko's 8% and Leipurin's 5%. The operating profit rate targets are evaluated against the comparable operating profit rate of Aspo Group and its businesses.

In the third quarter of 2023, Aspo's net sales from continuing operations decreased by 9% to EUR 130.0 (142.8) million. The comparable operating profit rate of the continuing operations was 5.7% (8.7%). Return on equity was 4.9% (23.7%). ROE was on a modest level especially due to the loss from discontinued operations resulting mainly from the reclassification of translation differences of sold and discontinued entities with no impact on Group total equity. Return on equity adjusted for items affecting comparability was 13.6% (30.1%). Gearing stood at 104.5% (12/2022: 108.4%), well below the target level.

To provide a more transparent and clear view of its businesses and financial results, Aspo established a new reportable segment called Non-core businesses in the beginning of year 2023 which is reported as a discontinued operation. In the comparative periods of 2022, the result of the discontinued operations also includes the operative result and divestment loss of Kauko Oy, which was divested on October 31, 2022. Thus, the results of Kauko and the Non-core businesses segment, which make up the result of the discontinued operations, are presented separately from the results of Aspo Group's continuing operations, but the result of the discontinued operations is included in the presented "Group total" figures including the measure comparable operating profit, Group total.

Aspo Group's comparable operating profit includes results for continuing and discontinued operations. The comparable operating profit is calculated by adjusting the reported operating profit with rare and material items affecting the operating profit. These may include impairment losses, sales gains and losses from divested businesses and non-current assets, as well as financial losses caused by Russia's invasion in Ukraine.

Net sales and operating profit rate, Group total

	7-9/2023 MEUR	7-9/2022 MEUR	1-9/2023 MEUR	1-9/2022 MEUR	1-12/2022 MEUR
Net sales, Group total	133.3	160.0	417.2	487.9	652.6
Net sales, continuing operations	130.0	142.8	404.2	407.8	560.7
Net sales, discontinued operations	3.3	17.2	13.0	80.1	91.9
Operating profit, Group total	6.6	12.3	9.9	36.0	31.2
Operating profit, Group total, %	5.0	7.7	2.4	7.4	4.8
Items affecting comparability	-1.3	-0.7	-9.6	-8.0	-24.1
Comparable operating profit, Group total	7.9	13.0	19.5	44.0	55.3
Comparable operating profit, Group total, %	5.9	8.1	4.7	9.0	8.5

Operating profit and comparable operating profit, Group total

	7-9/2023 MEUR	7-9/2022 MEUR	1-9/2023 MEUR	1-9/2022 MEUR	1-12/2022 MEUR
ESL Shipping, operating profit	4.0	9.8	13.3	28.0	38.2
Telko, operating profit	3.1	3.6	5.7	6.0	8.2
Leipurin, operating profit	2.0	-0.5	4.6	-1.6	-1.4
Other operations, operating profit	-1.0	-1.1	-4.1	-4.9	-6.6
Operating profit from continuing operations	8.1	11.8	19.5	27.5	38.4
Operating profit from discontinued operations	-1.5	0.5	-9.6	8.5	-7.2
Operating profit, Group total	6.6	12.3	9.9	36.0	31.2
Items affecting comparability	-1.3	-0.7	-9.6	-8.0	-24.1
Comparable operating profit, Group total	7.9	13.0	19.5	44.0	55.3

Items affecting comparability, Group total

	7-9/2023 MEUR	7-9/2022 MEUR	1-9/2023 MEUR	1-9/2022 MEUR	1-12/2022 MEUR
ESL Shipping		0.0	0.0	1.1	0.8
Telko		0.5	-1.0	-3.6	-3.1
Leipurin	0.7	-1.0	1.2	-2.2	-2.5
Other operations		-0.1	-0.1	-0.6	-0.7
Continuing operations, total	0.7	-0.6	0.1	-5.3	-5.5
Discontinued operations	-2.0	-0.1	-9.7	-2.7	-18.6
Total	**-1.3**	**-0.7**	**-9.6**	**-8.0**	**-24.1**

In the third quarter of 2023, items affecting comparability were EUR -1.3 million in total. EUR 0.7 million reported in the Leipurin segment consisted of EUR 0.9 million from the gain on the sale and lease back transaction of office and warehouse premises in Lithuania and EUR -0.2 million was caused by restructuring activities in Sweden. Items of EUR -2.0 million reported for discontinued operations consisted of EUR -1.0 million relating to the discontinuation of Telko Belarus, EUR -0.7 million relating to the divestment of Telko Russia and EUR -0.3 million relating to fair value adjustments of the entities held for sale.

In the third quarter of 2022, items affecting comparability amounted to EUR -0.7 million in total. EUR 0.5 million reported in the Telko segment was an adjustment to the bad debt allowance in Ukraine. EUR -1.0 million reported for Leipurin arose from the acquisition of Kobia AB. EUR -0.1 million reported in other operations related to corporate restructuring costs. EUR -0.1 million reported in discontinued operations included costs related to restructuring of Russia-related operations in the Non-core businesses segment.

In January-September 2023 the items affecting comparability amounted to EUR -9.6 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 1.2 million reported in the Leipurin segment consisted of EUR 1.4 million from gains on sale and lease back transactions of properties in Sweden and premises in Lithuania and of EUR -0.2 million from restructuring activities in Sweden. EUR -0.1 million reported in other operations related to corporate restructuring costs. EUR -9.7 million reported in discontinued operations consisted of 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 for the discontinuation of Telko's subsidiary in Belarus, and EUR 0.9 million of valuation adjustments relating to the other eastern businesses held for sale.

The items affecting comparability in January-September 2022 amounted to EUR -8.0 million in total. For ESL Shipping the total amount of EUR 1.1 million consisted of EUR 1.5 million in sales gains from ESL Shipping's barge Espa, and cost provisions of EUR -0.4 million related to the war in Ukraine. For Telko the total amount of EUR -3.6 million consisted of EUR -2.6 million in losses from the destruction of Telko's warehouse in Ukraine, and a credit loss provision of EUR -1.0 million associated with Telko's accounts receivables in Ukraine. EUR -2.2 million reported in the Leipurin segment consisted of EUR -0.7 million in losses from the destruction of Leipurin's warehouse in Ukraine, a credit loss provision of EUR -0.1 million associated with Leipurin's accounts receivable in Ukraine, EUR -0.4 million divestment loss of Vulganus, and EUR -1.0 million from the acquisition of Kobia AB. EUR -0.6 million reported in Other operations related to corporate restructuring costs and share-based payments granted to Aspo's previous CEO. In discontinued operations the amount of EUR -2.7 million consisted of EUR -1.5 million of restructuring costs of Russia-related operations in the Non-core businesses segment and EUR -1.3 million of impairment loss on Kauko's goodwill.

In 2022, items affecting comparability totaled EUR -24.1 million, of which EUR -20.7 million resulted from the impact of Russia's invasion in Ukraine on Aspo Group's business operations. Items affecting comparability relating to the Kauko segment totaled EUR -2.5 million. Other items affecting comparability totaled EUR -0.9 million.

Sustainability

Sustainability is key driver for Aspo's management system and especially for the company's investments. Aspo's businesses aim to be forerunners in sustainability in their respective sectors. The key target is to reduce emission intensity, CO2 (tn) per net sales (EUR thousand), by 30% by 2025. The starting point (2020) was 0.44, while the target level (2025) is 0.30. According to the green transition in the shipping industry, ESL Shipping is engaged in close and long-term cooperation with leading energy suppliers to provide fossil-free sea transportation for its key customers in the future. ESL Shipping is investing in twelve new generation electric hybrid vessels, half of which will remain in its own ownership and half will be transferred to the other party of the pooling arrangement. The investment is instrumental in the company's green transition.

During the past 12 months, emission intensity has slightly increased despite the positive development in operational efficiency and the use of new operating models especially by ESL Shipping, standing at 0.35 (0.33

for the full-year 2022). The slight increase is driven by decrease in net sales, partly driven by lowering fuel prices, as the emissions during the past 12 months have decreased in absolute terms. Specifically for ESL Shipping, emission intensity was impacted also by fleet structure and the difficult ice conditions in the Northern Bay of Bothnia during April. The emission intensity target for the full-year 2023 is 0.36.

Another key sustainability focus area of Aspo is employee safety. The rolling 12 months Total Recordable Injury Frequency (TRIF) improved and was 7.8 (8.1 for the full-year 2022). The TRIF target for 2023 is 7.0, and is still achievable depending on development during the fourth quarter.

Operating environment, short-term risks and uncertainties in business operations

The operating environment in the western countries has been relatively stable during the review period, however, changes in demand, development in market prices as well as rising inflation and interest rates impacted the financial development and generated uncertainty. The economy in European Union broadly stagnated over the first half year, and is likely to remain subdued in the coming months which grows risks to all Aspo's businesses. In addition, the rising interest rates have negatively impacted investment activities, particularly through increasing financing costs and decreasing financing opportunities. As a consequence, the M&A market has slowed down, partially also because of differing views on valuations by the sellers and buyers. Volatile exchange rates also reflect the high inflation, which varies from one area to another causing fluctuations in local demand.

Overall economic development, specific demand and production volumes in key industries, especially metal and forest products, may increase or decrease the demand for sea transportation. In this respect, ESL Shipping comparatively benefits from long-term industrial partnerships and a general deficit of year-round vessel capacity in the Baltic Sea area. The shipping freight indexes have strengthened since the beginning of September, reflecting growing demand and price level.

Market price development, and especially sudden declines in raw material prices, can cause a negative profit impact for Telko and Leipurin. The effect of such development has been mitigated by active product portfolio management, combined with specific commercial and operational measures, incl. inventory management.

Recent events in the Middle East can negatively affect Aspo's businesses, e.g. in terms of energy prices and supply chain disruptions, as well as inflation-driven wage increases.

In line with its strategy, Aspo aims to increase its profit-making ability through acquisitions. Strategy execution combined with the currently relatively high financing costs may reduce free cash flow and lead to a temporary deterioration of the balance sheet, in situations where capital expenditures and acquisitions require financial resources, and consequently may reduce solvency. With its strategy, Aspo aims to reduce the impact of the possibly weakening general economic development on Aspo's profit-making ability.

Aspo's ambition is to fully exit selected eastern markets and especially Russia. The transaction of Leipurin, has still not been approved by the Russian governmental bodies, and the net asset values of the related companies are still at risk. In addition, translation differences will generate losses in the eventual exit. On the positive side, Leipurin Russia has been operationally profitable and the major losses resulting from Aspo's withdrawal process from Russia were already accounted for in 2022 and during the first half of 2023 when Telko Russia was divested. 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.

Net sales by market area, continuing operations

	1-9/2023 MEUR	Share %	1-9/2022 MEUR	Share %	1-12/2022 MEUR	Share %
Finland	144.1	35.7	165.8	40.7	224.4	40.0
Scandinavian countries	119.1	29.5	98.9	24.3	137.6	24.5

Baltic countries	49.1	12.1	49.7	12.2	67.8	12.1
Other European countries	58.1	14.4	68.8	16.9	89.6	16.0
Other countries	33.8	8.3	24.6	6.0	41.3	7.4
Total	404.2	100	407.8	100	560.7	100

From the beginning of year 2023, following the shift of the strategic focus towards western markets, Aspo changed the market areas when reporting net sales. The new reportable market areas are: Finland, Scandinavian countries, Baltic countries, Other European countries and Other countries. The acquisition of Kobia has significantly increased the contribution of Scandinavia to the Group's total net sales.

Cash flow and financing

The Group's net cash flow from operating activities in January–September was EUR 35.0 (45.7) million. The cash flow of all businesses was positive, and the decrease compared to the comparative period came from the ESL Shipping segment. The cash flow impact of change in working capital was EUR 4.0 (-5.8) million. The positive cash impact was caused by a decrease in inventories driven by proactive operational management actions. This effect was partly offset by increased accounts receivable and decreased accounts payable.

The free cash flow in January–September was EUR 27.0 (17.9) million. Investments amounted to EUR 11.7 (15.2) million and consisted mainly of the ESL Shipping segment's Green Coaster advance payments. The other items reported in cash flows used in investing activities included EUR 3.9 million cash outflow from the acquisitions of Eltrex, EUR 10.5 million cash inflow from the sale of Kobia's properties in Sweden, and EUR 1.1 million cash inflow from the sale of Leipurin's property in Lithuania, EUR 4.5 million cash outflow from the sale/discontinuation of Telko's subsidiaries in Russia and Belarus and other cash inflow of EUR 0.5 million.

	9/2023 MEUR	**9/2022** MEUR	**12/2022** MEUR
Interest-bearing liabilities, incl. lease liabilities	187.8	204.0	189.3
Cash and cash equivalents, Group total	34.6	43.7	33.6
Net interest-bearing debt	153.2	160.3	155.7

Net interest-bearing debt was EUR 153.2 (12/2022: 155.7) million and gearing decreased to 104.5% (12/2022: 108.4%). The Group's equity ratio at the end of the review period was 35.8% (34.7%).

Net financial expenses in January–September totaled EUR -6.6 (-4.0) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, increased and was 4.9% (1.8%), causing Aspo's interest expenses to grow.

The Group's liquidity position remained strong. Cash and cash equivalents, Group total stood at EUR 34.6 (12/2022: 33.6) million at the end of the review period, of which cash and cash equivalents related to businesses held for sale were EUR 3.5 (11.9) million. Current interest-bearing liabilities have increased, and non-current interest-bearing liabilities decreased as an increased share of the non-current loans will fall due within the next twelve months. 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 September Aspo signed a loan agreement of EUR 30 million for a three-year loan period extending the maturity of Aspo's loan portfolio. The loan has been taken for general corporate purposes and refinancing a loan of similar value.

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ASPO'S BUSINESSES

ESL Shipping

ESL Shipping is the leading dry bulk sea transport company operating in the Baltic Sea area. ESL Shipping's operations are mainly based on long-term customer contracts and established customer relationships. At the end of the review period, the shipping company's fleet consisted of 42 vessels with a total capacity of 438,000 deadweight tons (dwt). Of these, 23 were wholly owned (78% of the tonnage), two were minority owned (2%) and the remaining 17 vessels (20%) were time chartered.

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

	7-9/2023	7-9/2022	Change,%	1-9/2023	1-9/2022	Change,%
Net sales, MEUR	43.0	65.0	-34	139.7	182.1	-23
Operating profit, MEUR	4.0	9.8	-59	13.3	28.0	-53
Operating profit, %	9.3	15.1		9.5	15.4	
Items affecting comparability, MEUR	0.0	0.0		0.0	1.1	
Comparable operating profit, MEUR	4.0	9.8	-59	13.3	26.9	-51
Comparable operating profit, %	9.3	15.1		9.5	14.8	

In the third quarter ESL Shipping's net sales decreased significantly by 34% from the previous all-time high year to EUR 43.0 (65.0) million. The comparable operating profit for the quarter decreased by 59% to EUR 4.0 (9.8) million, with the comparable operating profit rate being 9.3% (15.1%). ESL Shipping's result improved in comparison to the second quarter earnings, despite the poor market conditions and production reductions in several customer industries during the summer. Resulting from lower overall market activity, smaller capacity and longer voyages, the cargo volumes transported by ESL Shipping decreased from the comparative period to 3.1 (3.8) million tons. The overall freight market activity in Scandinavia and Continental Europe remained at lower level compared to the previous year.

ESL Shipping's handysize vessels had somewhat lower than expected overall volume demand during the third quarter of 2023. Steel industry demand from long-term partnership industries remained close to the forecasted level. Energy shipping markets continued depressed due to prevailing high stock levels and exceptionally warm September month. The share of energy coal remained below 5% of transported volumes. To find a better supply and demand balance, one handysize vessel was time-chartered out also during the third quarter. As informed earlier, the financial performance of the handysize vessels suffered during the third quarter from dockings of two most efficient and profitable vessels.

Coaster vessel volumes remained at fairly good levels in steels, minerals, chemicals and agriculture. The forest industry experienced a volume decrease especially in raw materials and sawn timber. Coaster vessel result was positively affected by very successful operation and high-capacity utilization of the available fleet. The negative effect of high time-charter unit costs continued, despite the first signs of a decline in cost levels. At the same time, the two partly owned vessels delivered good result.

Supramax vessels still suffered from the soft spot market during the third quarter, but during September month the spot market started to gradually pick up affecting demand for this vessel type positively. During the third quarter, the price of diesel fuel started to rapidly increase from the previous quarter. The price of liquified natural gas LNG remained more stable due to seasonally low demand. However, during the third quarter ship fuel prices were significantly lower than the levels experienced during the comparative period last year and this had a EUR 4.7 million negative impact on net sales due to lower fuel surcharges. Energy price fluctuations are managed through neutral fuel clauses in long-term transportation agreements.

The newbuilding project of ESL Shipping's Swedish subsidiary AtoBatC Shipping AB at the Chowgule & Company Private Limited shipyard in India proceeded as planned during the third quarter. A total of seven vessels are already under construction and the first vessel in the series, Electramar, is expected to be delivered during the fourth quarter. The second vessel, Stellamar, was launched right after the end of the review period on 1st October. Every other vessel in the series of 12 next-generation electric hybrid vessels will be sold, as announced earlier, to the company established by the pooling investor group.

During the third quarter four vessels were docked for 43 (63) days. Compared to the comparative period in previous year when mostly smaller coaster vessels were docked, maintained vessels were larger, more efficient and more profitable units and therefore operating result for the third quarter in 2023 was negatively affected.

The net sales of ESL Shipping in January–September decreased by 23% from the comparative period, amounting to EUR 139.7 (182.1) million. The comparable operating profit halved to EUR 13.3 (26.9) million and the comparable operating profit rate was 9.5% (14.8%). ESL Shipping's operating profit was at EUR 13.3 (28.0) million for January-September 2023 and the operating profit rate was 9.5% (15.4%).

ESL Shipping outlook

In the fourth quarter, ESL Shipping's main markets in the Northern Baltic Sea, Scandinavia and Continental Europe are expected to suffer from a lower level of industrial activity compared to the previous year. Typically for dry bulk shipping, the freight market activity has, as expected, picked up to some extent after mid-summer slowdown, affecting also the fourth quarter positively. Increased agriproduct volume demand from new harvest and increased demand from the energy industry are expected to drive volume demand during the rest of the year. Announced industrial actions in Finland may cause supply chain disruptions.

ESL Shipping's long-term partners in the steel industry are expected to have fairly stable volumes corresponding with previous year figures for the remaining part of the year. Steel demand in Europe is expected to remain weak in the construction industry and ESL Shipping's steel industry clients are prepared to adjust their production if needed. In the forest industry, wood pulp delivery volumes are modest due to high stock levels. Resulting from present difficulties in European construction industries, sawn goods demand is likely to continue lower than earlier expected, despite the fact that the production capacity of our main customers is increasing. During the remaining of 2023 vessels are expected to have approximately 10 maintenance days.

Several factors support positive development for ESL Shipping going forward. Firstly, most of the shipping company's transportation capacity has been secured through long-term agreements with the exception of the supramax vessels, which operate partly in Arctic trade and largely on the spot market. Secondly, the availability of vessel capacity suitable for year-round operations in the Baltic Sea remains tight due to an ageing fleet. The expectations of the lessors of the time-chartered vessels may cause further uncertainties in the availability and pricing of a suitable tonnage. Thirdly, ESL Shipping's investments in energy-efficient vessels will strengthen its competitiveness and market position in the future. ESL Shipping is finalizing development of a completely fossil-free sea transportation ecosystem in cooperation with its key partners and customers.

As informed in a separate stock exchange release on 26th April, Aspo's Board of Directors decided to initiate a review of strategic options to support and accelerate ESL Shipping's low-carbon growth strategy. The ongoing program is assessing alternative measures, including launch of a second wave investment pool, a possible equity injection in ESL Shipping by a minority shareholder, and the sale of ESL Shipping's two supramax vessels. The first results of this strategic review are expected still during year 2023.

Telko

Telko is a leading expert in and supplier of plastic raw materials, industrial chemicals, and lubricants. It operates as a sustainable partner in the value chain, bringing well-known international principals and customers together. Its competitive edge is based on strong technical support, efficient logistics and local expert service. Telko operates in Finland, the Baltic countries, Scandinavia, Poland, Romania, Ukraine, Kazakhstan, Uzbekistan, and China.

	7-9/2023	7-9/2022	Change,%	1-9/2023	1-9/2022	Change,%
Net sales, MEUR	53.8	51.6	4	162.3	155.1	5
Operating profit, MEUR	3.1	3.6	-14	5.7	6.0	-5
Operating profit, %	5.8	7.0		3.5	3.9	
Items affecting comparability, MEUR	0.0	0.5		-1.0	-3.6	
Comparable operating profit, MEUR	3.1	3.1	0	6.7	9.6	-30
Comparable operating profit, %	5.8	6.0		4.1	6.2	

In the third quarter of 2023, Telko's net sales increased by 4% to EUR 53.8 (51.6) million and its comparable operating profit remained flat at EUR 3.1 (3.1) million. Telko's comparable operating profit rate was 5.8% (6.0%). Telko's cashflow was strong during the third quarter as inventory levels were significantly reduced and are now well in balance with current demand. During the third quarter Telko completed almost all of the planned cost efficiency actions, which will generate close to full profit impact starting from the fourth quarter.

Net sales of the plastics business remained at last year's level during the third quarter, amounting to EUR 26.5 (26.5) million. The challenging market conditions continued in the third quarter and demand remained lower than normal market levels. Prices declined heavily during the second quarter but stabilized during the third quarter. Prices of volume plastics in Europe were on average 30% lower than in the previous year. However, Telko managed to compensate for lower prices by significant sales volume growth and thus managed to increase market share. In Engineering plastics price development and changes in demand have been more stable.

Net sales of the chemicals business increased by 21% during the third quarter, amounting to EUR 14.9 (12.3) million. Net sales growth was primarily driven by the Eltrex acquisition. The demand was fairly low during the third quarter in most customer segments. Price erosion stopped in most product lines during the summer and towards the end of the third quarter prices were relatively stable. The integration of Eltrex has progressed as planned with sales development in line with targets and sales synergies starting to emerge.

Net sales of the lubricants business decreased by 3% to EUR 12.4 (12.8) million. In Automotive lubricants sales declined slightly driven by lower consumer demand. Industrial lubricants continued to demonstrate very positive development.

Telko's net sales increased by 5% during January–September to EUR 162.3 (155.1) million, primarily driven by acquisitions. Telko's comparable operating profit for the first three quarters was EUR 6.7 (9.6) million, and the comparable operating profit rate was 4.1% (6.2%). Telko's operating profit was at EUR 5.7 (6.0) million for January-September 2023 and the operating profit rate was 3.5% (3.9%).

Telko outlook

Telko has faced significant changes in its business environment during the year. Despite all the changes, the core of Telko's strategy will remain the same. As a leading expert serving multiple industries, Telko is in a unique position to create value by improving its customers' sustainability, productivity, and operational quality. Telko's long-term growth efforts will increasingly be focused on Europe, and the main components of the company's value proposition will remain unchanged.

In general, the business outlook in the European market looks weaker than a year ago. Telko serves industrial customers in various industries. Possible changes in demand will be outbalanced by the heterogenic cyclicality of the diversified customer base, and hence Telko's business is expected to remain fairly resilient to overall market development. In addition, Telko's efforts to improve scalability and cost efficiency further stabilize performance.

In plastics, overall market conditions will remain challenging for the coming months. There are no expectations of improvement in customer demand during the last quarter. Volume plastic prices are expected to be on a slightly higher level than during previous quarters, but still significantly lower than in the previous year. Sales margins are expected to recover as a result of more favorable price development. Telko expects to continue to increase market share both in volume and specialty products.

In chemicals, demand is expected to remain fairly low during the fourth quarter in key markets. It is expected that the price erosion has stopped, and prices will be relatively stable following raw material price development. Ukraine is expected to suffer from extensive production shutdowns during the winter season.

For lubricants, demand is expected soften slightly towards end of the year. Continued stable sales is expected for industrial lubricants during the last quarter, partially driven by growth in market share. The slower economic development will have an adverse impact on demand, especially for automotive lubricants. Market prices continue to be under pressure due to oversupply in the market.

The recent acquisitions have proven to be successful, and they have had a positive impact on the existing businesses. Telko aims to accelerate its growth through acquisitions to achieve its strategic goals in all three business areas. Telko will also seek to strengthen its market share in its current markets through organic growth.

In order to secure good profitability, Telko will further improve cost efficiency and continue to develop its operating model towards better scalability and flexibility. Good inventory control and capital efficiency will remain a high priority for Telko. The asset-light business model of Telko enables better ability to utilize new business opportunities and react to changes in the business environment.

Leipurin

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

	7-9/2023	7-9/2022	Change,%	1-9/2023	1-9/2022	Change,%
Net sales, MEUR	33.2	26.2	27	102.2	70.6	45
Operating profit, MEUR	2.0	-0.5	-500	4.6	-1.6	-388
Operating profit, %	6.0	-1.9		4.5	-2.3	
Items affecting comparability, MEUR	0.7	-1.0		1.2	-2.2	
Comparable operating profit, MEUR	1.3	0.5	160	3.4	0.6	467
Comparable operating profit, %	3.9	1.9		3.3	0.8	

Leipurin's net sales increased by 27% during the third quarter to EUR 33.2 (26.2) million. Sales growth was primarily driven by the acquisition of Kobia and inflation. In Finland net sales increased by 3% to EUR 12.6 (12.2) million. In the Baltic countries, net sales decreased by 7% to EUR 8.7 (9.4) million. Net sales in Ukraine was on previous year's level EUR 0.2 (0.2) million. Sweden was established as a new business unit following the acquisition of Kobia AB on September 1, 2022, and it contributed with EUR 11.7 (4.4) million and approximately 35% of Leipurin's net sales in the third quarter of 2023. During the third quarter, sales to bakeries increased by 26% to EUR 24.4 (19.4) million, driven by the Kobia acquisition. Sales to the food industry decreased by 7% to EUR 2.9 (3.1) million, driven by a decline in selected volume product categories

The heavy price increases experienced throughout last year flattened out towards the end of the third quarter this year, and some commodity items turned even into a price decline. Concurrently, the decline in kilo volumes flattened out across the board.

The comparable operating profit for the third quarter stood at EUR 1.3 (0.5) million, and the comparable operating profit rate was 3.9% (1.9%). The comparable operating profit of the comparison period was negatively affected by the reversal of an inventory fair value adjustment of EUR -0.4 million recognized in the Kobia acquisition. Items affecting comparability, totaling EUR 0.7 (-1.0) million, included the sales gain related to the sale and leaseback transaction of Leipurin's property in Lithuania, and expenses related to the restructuring of the operating model in Sweden. In the comparative period the comparability was mainly affected by items related to the acquisition of Kobia. Leipurin's operating profit for the third quarter was EUR 2.0 (-0.5) million and operating profit rate 6.0% (-1.9%).

In January–September, Leipurin's net sales increased by 45% to EUR 102.2 (70.6) million. Figures for the comparative period included EUR 4.3 million in net sales of the divested Vulganus Oy. Kobia AB's acquisition contributed to the net sales growth by EUR 32.9 million and its share of Leipurin's net sales was 36% during the period. The steep increase in raw material prices in global markets had a significant impact on the euro-denominated increase in sales, particularly in the first quarter and the beginning of the second quarter.

Leipurin's comparable operating profit in January–September 2023 was EUR 3.4 (0.6) million, and the comparable operating profit rate was 3.3% (0.8%). Items affecting comparability, totaling EUR 1.2 (-2.2) million, were mainly related to the gain on the sale and leaseback transactions of properties in Sweden and Lithuania. The comparative period was mainly affected by the destroyed warehouse in Ukraine, items related to the divestment of Vulganus, and acquisition of Kobia. The operating profit was EUR 4.6 (-1.6) million and operating profit rate 4.5% (-2.3%).

Leipurin completed the sale and leaseback of the property in Gothenburg, Sweden during the first quarter, and the properties in Hässleholm and Tyresö, Sweden during the second quarter. These actions generated sales proceeds of EUR 13.6 million, which represents a significant share of the capital that was invested when acquiring Kobia AB. During the third quarter, Leipurin completed the sale and leaseback of the property in Kaunas, Lithuania at a sale price of EUR 1.1 million, and the goal going forward is to find modern and efficient facilities that are better suited to Leipurin Lithuania's operations. The transactions will not have a significant impact on profitability going forward.

Leipurin outlook

After a period of significant volatility, the market is setting into more of an equilibrium. Both price and volume outlook remain somewhat volatile, but a general trend of price increases combined with overall volume decline is diminishing. Despite this, demand volatility has been exceptionally high in the third quarter, and forecasting monthly demand is therefore difficult. Leipurin expects inflation in Leipurin market segments and product categories to even out in the fourth quarter and into next year. Inflation-driven wage increases are expected to hit companies' operating expenses at full scale next year.

The operating model of Kobia has been re-structured, which will enable better focus to address the market segments in Sweden, including segments where Kobia has not operated in the past, as well as to address operational efficiency. As Kobia relies relatively heavily on domestic supplies, the weak Swedish krona doesn't have a drastic effect on Kobia's operating profit in SEK, but obviously it does affect Leipurin's figures in euros.

Leipurin strategy for the coming years is being finalized. Management sees clear opportunities for organic growth as well as efficiency improvements in the countries. To strengthen growth and company positioning, Leipurin evaluates possible acquisition opportunities, as well as opportunities to further strengthen business focus by divesting or discontinuing some non-core, low-profitability parts of the business.

Non-core businesses

The Non-core businesses segment includes Telko Russia and Belarus as well as Kauko GmbH previously reported in the Telko segment, Leipurin Russia, Belarus and Kazakhstan previously reported in the Leipurin segment and ESL Shipping Russia previously reported in the ESL Shipping segment. The Non-core businesses segment was established to separate the results of the non-core businesses of Aspo from the results of the continuing businesses. The Non-core businesses segment is presented as discontinued operations. All the entities in the segment are either held for sale, in the process of being closed down. Telko Russia was divested on April 30, 2023 and Telko Belarus was discontinued on September 30, 2023.

	7-9/2023	7-9/2022	Change,%	1-9/2023	1-9/2022	Change,%
Net sales, MEUR	3.3	14.9	-78	13.0	71.7	-82
Operating profit, MEUR	-1.5	0.6	-350	-9.6	10.0	-196
Operating profit, %	-45.5	4.0		-73.8	13.9	
Items affecting comparability, MEUR	-2.0	-0.1		-9.7	-1.5	
Comparable operating profit, MEUR	0.5	0.7	-29	0.1	11.5	-99
Comparable operating profit, %	15.2	4.7		0.8	16.0	

The net sales of the Non-core businesses segment declined by 78% during the third quarter to EUR 3.3 (14.9) million. The comparable operating profit was EUR 0.5 (0.7) million and the comparable operating profit rate was 15.2% (4.7%). The negative net sales development was primarily driven by the divestment of Telko's Russian business. The comparable operating profit was primarily a result of Leipurin's subsidiaries in Russia as well as positive net impact of currency fluctuations. The operating profit was EUR -1.5 (0.6) million. The operating profit included EUR -2.0 (-0.1) million of items affecting comparability, which were caused by an adjustment of the cumulative translation differences booked as part of the divestment loss of Telko's subsidiary in Russia of EUR -0.7 million, a loss of EUR -1.0 million for the discontinuation of Telko's subsidiary in Belarus, and EUR -0.3 million of valuation adjustments relating to the other eastern businesses held for sale.

Telko's subsidiary in Belarus was discontinued and derecognized from Aspo Group during the third quarter. The company is currently in liquidation. The recognized loss was EUR -0.8 million, including accumulated translation differences of EUR -1.0 million that were reclassified from the translation reserve in equity to other operating expenses in the profit and loss.

In January–September, the net sales of the Non-core businesses segment decreased by 82% to EUR 13.0 (71.7) million. The comparable operating profit was EUR 0.1 (11.5) million, and the comparable operating profit rate was 0.8% (16.0%). Items affecting comparability, totaling EUR -9.7 (-1.5) million consisted of 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 for the discontinuation of Telko's subsidiary in Belarus, and EUR 0.9 million of valuation adjustments relating to the other eastern businesses held for sale. The operating profit was EUR -9.6 (10.0) million, and the operating profit rate was -73.8% (13.9%).

The divestment of Telko's Russian subsidiary was completed during the second quarter. The company was sold to the Russian industrial operator GK Himik. The received sales price was EUR 5.7 million. The money received corresponded materially to the remaining value of the company in Aspo Group considering the impairment losses recognized already in 2022 and the valuation adjustments done in 2023. The loss on sale was EUR -8.1 million, including accumulated translation differences of EUR -10.2 million that were reclassified from the translation reserve in equity to other operating expenses in the profit and loss.

Non-core businesses outlook

Aspo has not yet received acceptance to the sale of Leipurin Russia, by the necessary Russian governmental bodies. It is difficult to assess, when such acceptance will be received, and hence Aspo is in parallel assessing alternative measures for exiting Russia and selected other Eastern markets.

The businesses held for sale are measured at fair value less cost to sell. The valuation is based on management judgement and may differ significantly from the outcome. On divestment, the cumulative translation differences of foreign subsidiaries are recognized as part of the sales gain or loss. At the end of the third quarter, the net asset value of the eastern businesses held for sale was EUR 2.7 million and the cumulative translation differences amounted to EUR -4.5 million. The translation differences fluctuate according to changes in exchange rates. The reclassification of the translation differences from the translation difference reserve to the profit and loss has no impact on Aspo Group's total equity.

Other operations

Other operations include Aspo Group's administration, finance and ICT service center. In the third quarter the comparable operating profit of other operations was EUR -1.0 (-1.0) million. The operating profit of the quarter was EUR -1.0 (-1.1) million. An item affecting comparability of EUR -0.1 million was reported in the third quarter of 2022 and it related to corporate restructuring.

In January-September the comparable operating profit of other operations was EUR -4.0 (-4.3) million and the operating profit was EUR -4.1 (-4.9) million. The improved profitability derives from some restructuring activities at Aspo Group level. The items affecting comparability of -0.1 million related to corporate restructuring costs. In January-September 2022, the items affecting comparability of EUR -0.6 million were related to the additional share-based remuneration granted to Aspo's previous CEO of EUR -0.5 million and to EUR -0.1 million of corporate restructuring expenses.

COMPANY INFORMATION

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

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

Share capital and shares

Aspo Plc's registered share capital on September 30, 2023, was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 16,244 shares, i.e. approximately 0.05% of the share capital.

Based on the authorization by the Annual Shareholders' Meeting 2022, Aspo's Board of Directors decided to start a repurchasing program of the company's own shares on March 9, 2023. Additional treasury shares were needed for the purposes of the share-based incentive programs. During the period from March 9 to March 31, 2023, Aspo acquired a total of 36,194 of its own shares in trading organized by Nasdaq Helsinki Ltd.

Aspo Plc has one share series. Each share entitles the shareholder to one vote at the Shareholders' Meeting. Aspo's share is quoted on Nasdaq Helsinki Ltd's Mid Cap segment under Industrial Goods and Services.

In January-September 2023, a total of 1,315,036 Aspo Plc shares, with a market value of EUR 9.8 million, were traded on Nasdaq Helsinki. In other words, 4,2% of the shares changed hands. During the review period, the share price reached a high of EUR 8.70 and a low of EUR 5.91. The average price was EUR 7.45 and the closing price at the end of the review period was EUR 5.97. At the end of the review period, the market value, less treasury shares, was EUR 187.5 million.

The company had 11,631 shareholders at the end of the review period. A total of 907,927 shares, or 2.9% of the share capital, were nominee registered or held by non-domestic shareholders.

Remuneration

Share-based incentive plan 2023–2025

On February 15, 2023, Aspo Plc's Board of Directors approved a new incentive plan for the Group key employees by establishing a new Performance Share Plan 2023–2025. The aim of the plan is to combine the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to retain the key employees at the Company, and to offer them competitive reward plan based on earning and accumulating the Company´s shares.

Rewards earned from each of the three performance periods of the Performance Share Plan will be based on the Group's Earnings per Share (EPS) and two criteria based on sustainability targets. The prerequisite for participation in the plan and for receipt of reward on the basis of the program is that a key person holds the Company's shares or acquires the Company's shares, up to the number predetermined by the Board of Directors.

The potential reward will be paid partly in the Company´s shares and partly in cash in 2024, 2025 and 2026. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key employee. As a rule, no reward will be paid if a key employee´s employment or service ends before the reward payment. The shares paid as reward may not be transferred during the restriction period. As a rule, if a key employee´s employment contract or director contract terminates during the restriction period, he or she must gratuitously return the shares earned as reward.

The Performance Share Plan 2023–2025 is directed to a maximum of 30 participants, including the members of the Group Executive Committee. The rewards to be paid on the basis of the plan correspond to the value of a maximum total of 320,000 Aspo Plc shares including also the proportion to be paid in cash.

Share-based incentive plan 2022–2024

On February 16, 2022, Aspo Plc's Board of Directors decided to establish a share-based incentive plan for 2022–2024. The share-based incentive plan consists of three earnings periods, with the earned reward being based on the Group's earnings per share (EPS) and two sustainability indicators.

The share-based incentive plan is directed at a maximum of 30 people, including the members of the Group Executive Committee. The potential reward will be paid partly in the company's shares and partly in cash in 2023, 2024 and 2025. The rewards payable based on the plan correspond to a maximum total value of 400,000 Aspo Plc shares, also including the proportion to be paid in cash.

For the 2022 earnings period, the targets were met at 90% overall. On March 29, 2023, Aspo Plc granted 76,050 treasury shares to employees included in the plan. The transfer was based on the share issue authorization of the Annual Shareholders' Meeting held on April 6, 2022.

Share-based incentive plan 2020

In June 2022, Aspo's Board of Directors granted 20,000 Aspo shares to Aspo's CEO Rolf Jansson based on the share-based incentive plan for 2020 and the conditions of the CEO's contract of service. 10,000 of the shares and an amount of cash equaling their value to cover taxes were transferred in June 2022 and at the same time, Jansson acquired 10,000 shares from the markets at his own expense in accordance with the contract. A second transfer of equal nature and quantity took place in June 2023.

Decisions of the Annual Shareholders' Meeting

Dividend

Aspo Plc's Annual Shareholders' Meeting held on April 4, 2023, decided, as proposed by the Board of Directors, that EUR 0.23 per share be distributed in dividends for the 2022 financial year, and that no dividend be paid for shares held by Aspo Plc. The dividend was paid on April 17, 2023.

In addition, the Annual Shareholders' Meeting authorized the Board of Directors to decide on another dividend distribution in the maximum amount of EUR 0.23 per share at a later date. The authorization is valid until the next Annual Shareholders' Meeting. The Board of Directors will decide in its meeting agreed to be held on November 1, 2023, of the second dividend distribution which would be paid in November 2023 to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date.

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

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FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	7-9/2023 MEUR	7-9/2022 MEUR	1-9/2023 MEUR	1-9/2022 MEUR	1-12/2022 MEUR
Continuing operations					
Net sales	**130.0**	**142.8**	**404.2**	**407.8**	**560.7**
Other operating income	1.5	0.1	3.4	2.0	3.0
Materials and services	-82.3	-84.1	-257.1	-238.8	-332.2
Employee benefit expenses	-11.4	-11.3	-36.3	-35.7	-48.8
Depreciation, amortization, and impairment losses	-4.9	-4.8	-14.4	-12.9	-18.0
Depreciation and impairment losses, leased assets	-3.5	-3.8	-10.4	-11.5	-15.2
Other operating expenses	-21.3	-27.1	-69.9	-83.4	-111.1
Operating profit	**8.1**	**11.8**	**19.5**	**27.5**	**38.4**
Financial income and expenses	-2.5	-1.9	-6.6	-4.0	-5.9
Profit before taxes	**5.6**	**9.9**	**12.9**	**23.5**	**32.5**
Income taxes	-0.3	-0.7	0.3	-1.4	-1.7
Profit from continuing operations	**5.3**	**9.2**	**13.2**	**22.1**	**30.8**
Profit from discontinued operation (attributable to equity holders of the company)	-1.4	0.2	-7.8	4.0	-10.1
Profit for the period	**3.9**	**9.4**	**5.4**	**26.1**	**20.7**
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	1.7	-2.1	6.8	6.0	-1.2
Other comprehensive income for the period, net of taxes	1.7	-2.1	6.8	6.0	-1.2
Total comprehensive income	**5.6**	**7.3**	**12.2**	**32.1**	**19.5**
Profit attributable to parent company shareholders	3.9	9.4	5.4	26.1	20.7
Total comprehensive income attributable to parent company shareholders	5.6	7.3	12.2	32.1	19.5
Earnings per share attributable to parent company shareholders, EUR					
Basic and diluted earnings per share					
Continuing operations	0.15	0.30	0.37	0.70	0.93
Discontinued operations	-0.05	0.00	-0.25	0.12	-0.32
Total	**0.10**	**0.30**	**0.12**	**0.82**	**0.61**

Aspo Group's condensed consolidated balance sheet

Assets	9/2023 MEUR	9/2022 MEUR	12/2022 MEUR
Intangible assets	51.3	47.4	46.8
Tangible assets	163.8	181.0	178.4
Leased assets	20.0	20.4	15.9
Other non-current assets	2.3	1.8	1.5
Total non-current assets	237.4	250.6	242.6
Inventories	60.6	79.3	69.9
Accounts receivable and other receivables	77.8	83.4	69.3
Cash and cash equivalents	31.1	43.7	21.7
	169.5	206.4	160.9
Assets held for sale	3.8	3.0	12.4
Total current assets	173.3	209.4	173.3
Total assets	**410.7**	**460.0**	**415.9**
Equity and liabilities			
Share capital and premium	22.0	22.0	22.0
Other equity	124.5	142.2	121.7
Total equity	146.5	164.2	143.7
Loans and overdraft facilities	100.6	156.7	154.3
Lease liabilities	7.6	5.5	4.6
Other liabilities	6.1	7.9	7.6
Total non-current liabilities	114.3	170.1	166.5
Loans and overdraft facilities	66.3	25.9	17.8
Lease liabilities	13.3	15.5	11.7
Accounts payable and other liabilities	69.2	82.2	72.3
	148.8	123.6	101.8
Liabilities directly associated with assets classified as held for sale	1.1	2.1	3.9
Total current liabilities	149.9	125.7	105.7
Total equity and liabilities	**410.7**	**460.0**	**415.9**

Aspo Group's condensed consolidated cash flow statement

	1-9/2023 MEUR	1-9/2022 MEUR	1-12/2022 MEUR
CASH FLOWS FROM/USED IN OPERATING ACTIVITIES			
Operating profit, Group total	9.9	36.0	31.2
Adjustments to operating profit	29.8	25.6	50.6
Change in working capital	4.0	-5.8	-6.7
Interest paid	-6.3	-6.8	-4.2
Interest received	0.5	0.6	0.3
Income taxes paid	-2.9	-3.9	-3.5
Net cash from operating activities	**35.0**	**45.7**	**67.7**
CASH FLOWS FROM/USED IN INVESTING ACTIVITIES			
Investments	-11.7	-15.2	-17.8
Proceeds from sale of tangible assets	11.8	1.8	1.8
Acquisition of businesses	-3.9	-15.6	-17.9
Disposal of businesses	-4.5	1.2	0.3
Dividends received	0.3		0.3
Net cash used in investing activities	**-8.0**	**-27.8**	**-33.3**
CASH FLOWS FROM/USED IN FINANCING ACTIVITIES			
Proceeds from loans	30.0	29.6	29.6
Repayment of loans	-35.8	-8.3	-18.7
Net change in commercial papers		-5.0	-5.0
Payments for purchase of own shares	-0.3		
Payments of lease liabilities	-10.8	-12.3	-16.2
Hybrid bond repayment		-20.0	-20.0
Proceeds from Hybrid bond issue		30.0	30.0
Hybrid bond, interest paid	-2.6	-1.8	-1.8
Hybrid bond, issuance fees paid		-0.3	-0.3
Dividends paid	-7.2	-7.2	-14.1
Net cash used in financing activities	**-26.7**	**4.7**	**-16.5**
Change in cash and cash equivalents	**0.3**	**22.6**	**17.8**
Cash and cash equivalents January 1	33.6	17.7	17.7
Translation differences	-1.1	3.4	0.0
Change in impairment of cash and cash equivalents	1.8		-2.0
Cash and cash equivalents at period-end, Group total	**34.6**	**43.7**	**33.6**
Cash and cash equivalents held for sale	-3.5	0.0	-11.9
Cash and cash equivalents in balance sheet	**31.1**	**43.7**	**21.7**

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, 2023	**22.0**	**16.5**	**30.0**	**-26.0**	**101.2**	**143.7**
Comprehensive income:						
Profit for the period					5.4	5.4
Translation differences				-4.4		-4.4
Reclassification of translation differences				11.2		11.2
Total comprehensive income				6.8	5.4	12.2
Transactions with owners:						
Dividend payment					-7.2	-7.2
Hybrid bond interest					-2.0	-2.0
Purchase of own shares					-0.3	-0.3
Share-based incentive plan					0.1	0.1
Total transactions with owners					-9.4	-9.4
Equity September 30, 2023	**22.0**	**16.5**	**30.0**	**-19.2**	**97.2**	**146.5**
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
Share-based incentive plan					0.7	0.7
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**

Accounting principles

Aspo Plc's interim report has been prepared in accordance with the principles of IAS 34 Interim Financial Reporting. As of the beginning of the financial year, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2022 consolidated financial statements. In other respects, the same accounting and measurement principles have been applied as in the 2022 consolidated financial statements. The information in this interim report is unaudited.

Aspo Plc applies the guidance on alternative key figures issued by ESMA. In addition to IFRS figures, the company releases other commonly used key figures, which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the view drawn by the statement of comprehensive income and balance sheet of Aspo's financial performance and financial position. The calculation principles of key figures are explained on page 64 of Aspo's Year 2022 publication.

Personnel

At the end of the review period, Aspo Group had 810 employees (886 at the end of 2022), of which discontinued operations accounted for 81 (130) employees.

Segment information

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

From the beginning of year 2023 Aspo has reported the eastern businesses held for sale in a new segment called Non-core businesses and at the same time, Aspo has classified the new segment as discontinued operations. The comparative figures have been restated for all segments impacted by this financial reporting restructuring.

The Non-core businesses segment includes Telko Russia and Belarus as well as Kauko GmbH previously reported in the Telko segment, Leipurin Russia, Belarus and Kazakhstan previously reported in the Leipurin segment as well as ESL Shipping Russia previously reported in the ESL Shipping segment. The Non-core businesses segment was established to separate the results of the non-core businesses of Aspo from the results of the continuing businesses. All the entities in the segment are either held for sale, in the process of being closed down or already divested.

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

1-9/2023

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	13.3	5.7	4.6	-4.1	19.5
Net financial expenses				-6.6	-6.6
Profit before taxes					12.9

1-9/2022

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	28.0	6.0	-1.6	-4.9	27.5
Net financial expenses				-4.0	-4.0
Profit before taxes					23.5

The unallocated operating profit of EUR -4.1 (-4.9) million includes the result of other operations.

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

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

The divestment of Telko's Russian subsidiary was completed during the second quarter. The company was sold to the Russian industrial operator GK Himik. The sales price received was EUR 5.7 million which materially corresponded to the carrying value of the divested company's net assets considering the impairment losses recognized already in 2022 and the valuation adjustments done in 2023. The loss on divestment was EUR -8.1 million, including accumulated translation differences of EUR -10.2 million that were reclassified from the translation reserve in equity to other operating expenses in profit and loss. The amount of cumulative translation differences booked as part of the divestment loss was adjusted by EUR -0.7 million in the third quarter of 2023. The costs to sell amounted to EUR -0.6 million.

Telko's subsidiary in Belarus was discontinued and derecognized from Aspo Group during the third quarter. The company is currently in liquidation. The recognized loss was EUR -0.8 million, including accumulated translation differences of EUR -1.0 million that were reclassified from the translation reserve in equity to other operating expenses in the profit and loss.

Profit from discontinued operations

	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
	MEUR	MEUR	MEUR	MEUR	MEUR
Net sales	3.3	17.2	13.0	80.1	91.9
Other operating income	0.0	0.1	0.0	0.2	0.3
Materials and services	-2.8	-14.1	-11.0	-60.6	-77.6
Employee benefit expenses	-0.3	-1.4	-1.8	-5.9	-7.1
Depreciation, amortization and impairment losses	-0.1	-0.1	0.1	-1.5	-3.1
Depreciation, leased assets	0.0	-0.2	-0.1	-0.5	-1.5
Other operating expenses	-1.6	-1.0	-9.8	-3.3	-10.1
Operating profit	**-1.5**	**0.5**	**-9.6**	**8.5**	**-7.2**
Financial income and expenses	0.2	-0.2	1.9	-3.0	-0.4
Profit before taxes	**-1.3**	**0.3**	**-7.7**	**5.5**	**-7.6**
Income taxes	-0.1	-0.1	-0.1	-1.5	-2.5
Profit for the period	**-1.4**	**0.2**	**-7.8**	**4.0**	**-10.1**

Net cash flows of discontinued operations

	1-9/2023	1-9/2022	1-12/2022
	MEUR	MEUR	MEUR
Net cash inflow from operating activities	1.2	29.4	32.5
Net cash inflow/outflow(-) from investing activities	-4.4	0.0	-1.0
Net cash inflow/outflow(-) from financing activities	-0.3	-2.1	-2.1
Net change in cash generated by the discontinued operations	**-3.5**	**27.3**	**29.4**

Net cash flows of discontinued operations consist of the Non-core businesses segment's share of Aspo Group's cash flows. In the comparison periods the figures also include Kauko Oy's cash flows.

The cash flow from the sale of Telko's subsidiary in Russia was EUR -4.4 million and it is presented in the cash flow from investing activities. The cash received as purchase consideration was EUR 5.7 million and the divested company's cash and cash equivalents amounted to EUR 10.1 million.

In 2022, the cash flow from the divestment of Kauko Oy EUR -1.0 million is included in the cash flow from investing activities. The cost to sell Kauko of EUR -0.4 million is presented in the cash flow from operating activities. The cash flow from financing mainly consisted of repayments of Kauko Oy's interest-bearing loans in 2022.

Assets and liabilities classified as held for sale

	9/2023 MEUR	**9/2022** MEUR	**12/2022** MEUR
Assets of discontinued operations	3.8	3.0	12.4
Assets classified as held for sale, total	**3.8**	**3.0**	**12.4**
Liabilities of discontinued operations	1.1	2.1	3.9
Liabilities directly associated with assets classified as held for sale, total	**1.1**	**2.1**	**3.9**

At the end of the third quarter of 2023 and at the end of year 2022 assets and liabilities of discontinued operations include the assets and liabilities of the Non-core businesses segment. In the comparative period 9/2022 they include the assets and liabilities of Kauko operating segment.

The assets and businesses held for sale are measured at fair value less cost to sell. On divestment, the cumulative translation differences of foreign subsidiaries are recognized as part of the sales gain or loss. At the end of the third quarter, the net asset value of the eastern businesses held for sale was EUR 2.7 million and the cumulative translation differences amounted to EUR -4.5 million. The translation differences fluctuate according to changes in exchange rates. The reclassification of the translation differences from the translation difference reserve to the profit and loss has no impact on Aspo Group's total equity.

Restricted cash and cash equivalents

In Russia, Aspo Group has EUR 3.4 million in cash and cash equivalents, the use of which is strictly restricted by the Russian Government and controlled by the banks. The value of these cash and cash equivalents in the Group balance sheet is EUR 3.2 million, as impairments of EUR 0.2 million have been recognized on them. Cash and cash equivalents in Russia are presented under assets held for sale on the balance sheet. During the year it has still been possible to receive dividend payments and make commercial payments with Russian entities. Also, during the second quarter Aspo received the payment of EUR 5.7 million for the sale of Telko Russia. According to our understanding and experience, the sales price of the Leipurin entities classified as held for sale is also expected to be received in conjunction with the sale of the entities. However, there is a risk that the Group does not have access to the cash and cash equivalents in full in Russia, and therefore they are considered restricted in accordance with IAS 7.

Acquisition of Eltrex

On January 31, Telko acquired Eltrex, a Polish distributor of specialty chemicals and industrial packaging materials, with net sales of approximately EUR 8 million and operating profit slightly less than EUR 1.0 million in 2022.

The estimated total consideration of EUR 4.9 million will be paid fully in cash, and EUR 3.9 million has already been paid. The rest of the consideration will be paid in the years 2024 and 2025 based on the earn-out clause of the purchase agreement. The assets and liabilities of the acquired company were measured at fair value on the acquisition date. A fair value adjustment of EUR 3.1 million was made on intangible assets based on customer relationships, non-compete clauses and trademarks, and the fair value adjustment relating to inventories was EUR 0.1 million. The deferred tax liability arising from the fair value adjustments was EUR 0.6 million. The carrying amount of the other acquired assets and liabilities corresponded to their fair values. A goodwill balance of EUR 1.3 million was recognized from the acquisition. The acquisition-related costs of approximately EUR 0.4 million were recognized in the Telko segment's other operating expenses.

Preliminary acquisition calculation of Eltrex

	9/2023 MEUR
Consideration	
Paid in cash	4.9
Total consideration	**4.9**
Assets acquired and liabilities assumed, fair value	
Intangible assets	3.4
Leased assets	0.6
Inventories	1.4
Accounts receivable and other receivables	1.1
Total assets	**6.5**
Interest bearing liabilities	1.3
Accounts payable and other liabilities	1.0
Deferred tax liability	0.6
Total liabilities	**2.9**
Net assets acquired	**3.6**
Goodwill	**1.3**

Aspo Group disaggregation of net sales, from continuing operations

Telko net sales

	7-9/2023 MEUR	**7-9/2022** MEUR	**Change** %	**1-9/2023** MEUR	**1-9/2022** MEUR	**Change** %	**1-12/2022** MEUR
Business area:							
Plastics business	26.5	26.5	0.0	77.8	82.0	-5.1	110.1
Chemicals business	14.9	12.3	21.1	46.7	36.6	27.6	49.2
Lubricants business	12.4	12.8	-3.1	37.8	36.5	3.6	50.1
Telko total	**53.8**	**51.6**	**4.3**	**162.3**	**155.1**	**4.6**	**209.4**

Leipurin net sales

	7-9/2023 MEUR	**7-9/2022** MEUR	**Change** %	**1-9/2023** MEUR	**1-9/2022** MEUR	**Change** %	**1-12/2022** MEUR
Regions:							
Finland	12.6	12.2	3.3	37.1	34.3	8.2	46.6
Sweden	11.7	4.4	165.9	37.3	4.4	747.7	17.3
Baltics	8.7	9.4	-7.4	27.2	26.8	1.5	36.8
Ukraine	0.2	0.2	0.0	0.6	0.8	-25.0	0.9
Total	33.2	26.2	26.7	102.2	66.3	54.1	101.6

ASPO

of which:							
Bakeries	24.4	19.4	25.8	75.0	49.2	52.4	74.9
Food Industry	2.9	3.1	-6.5	8.9	8.3	7.2	11.8
Retail, foodservice, other	5.9	3.7	59.5	18.3	8.8	108.0	14.9
Vulganus		0.0	-100.0		4.3	-100.0	4.3
Leipurin total	**33.2**	**26.2**	**26.7**	**102.2**	**70.6**	**44.8**	**105.9**

Net sales by timing of revenue recognition

	7-9/2023 MEUR	**7-9/2022** MEUR	**1-9/2023** MEUR	**1-9/2022** MEUR	**1-12/2022** MEUR
ESL Shipping					
At a point in time	0.0	1.0	0.1	2.9	3.5
Over time	43.0	64.0	139.6	179.2	241.9
	43.0	65.0	139.7	182.1	245.4
Telko					
At a point in time	53.7	51.5	162.0	154.8	209.0
Over time	0.1	0.1	0.3	0.3	0.4
	53.8	51.6	162.3	155.1	209.4
Leipurin					
At a point in time	33.2	26.2	102.2	67.3	102.6
Over time	0.0	0.0	0.0	3.3	3.3
	33.2	26.2	102.2	70.6	105.9
Total					
At a point in time	86.9	78.7	264.3	225.0	315.1
Over time	43.1	64.1	139.9	182.8	245.6
	130.0	142.8	404.2	407.8	560.7

Net sales by market area

	7-9/2023 MEUR	**7-9/2022** MEUR	**1-9/2023** MEUR	**1-9/2022** MEUR	**1-12/2022** MEUR
ESL Shipping					
Finland	23.5	32.8	70.2	88.9	121.5
Scandinavia countries	13.0	18.3	40.2	46.6	58.5
Baltic countries	0.0	0.5	0.4	2.4	2.9
Other European countries	5.9	11.9	21.0	37.3	48.2
Other countries	0.6	1.5	7.9	6.9	14.3
	43.0	65.0	139.7	182.1	245.4
Telko					
Finland	11.2	11.9	36.8	39.8	53.5
Scandinavia countries	14.6	15.4	42.1	47.6	61.7
Baltic countries	6.8	6.7	21.6	20.6	28.3
Other European countries	13.3	10.6	35.9	29.5	39.0
Other countries	7.9	7.0	25.9	17.6	26.9
	53.8	51.6	162.3	155.1	209.4
Leipurin					

Finland	12.6	12.2	37.1	37.1	49.4
Scandinavia countries	11.6	4.3	36.8	4.7	17.4
Baltic countries	8.6	9.4	27.1	26.7	36.6
Other European countries	0.4	0.3	1.2	2.0	2.4
Other countries	0.0	0.0	0.0	0.1	0.1
	33.2	26.2	102.2	70.6	105.9
Total					
Finland	47.3	56.9	144.1	165.8	224.4
Scandinavia countries	39.2	38.0	119.1	98.9	137.6
Baltic countries	15.4	16.6	49.1	49.7	67.8
Other European countries	19.6	22.8	58.1	68.8	89.6
Other countries	8.5	8.5	33.8	24.6	41.3
	130.0	142.8	404.2	407.8	560.7

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Non-core businesses	Group total
Investments	1-9/2023	10.8	0.7	0.1	0.1	11.7
Investments	1-9/2022	14.3	0.7	0.1	0.0	15.1

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 are built at the Chowgule and Company Private Limited shipyard in India, and first of them, Electramar, is expected to be delivered during the fourth quarter of 2023.

Segment assets and liabilities

MEUR	ESL Shipping	Telko	Leipurin	Held for sale	Unallocated items	Group total
Assets Dec 31, 2022	224.8	85.7	68.5	12.4	24.5	415.9
Assets Sep 30, 2023	233.4	78.7	59.9	3.8	34.9	410.7
Liabilities Dec 31, 2022	32.3	34.4	16.4	3.9	185.2	272.2
Liabilities Sep 30, 2023	32.0	46.9	20.7	1.1	163.5	264.2

Events after the review period

On October 20 Leipurin signed an agreement for a sale of its bakery equipment business to Orat Oy. The transaction price is approximately EUR 0.5 million and includes the business and related inventory. Closing of the transaction requires certain approvals of business partners and is expected to take place by the end of the year. The divestment supports Leipurin's strategy to be a focused, Nordic ingredient and service company.

Helsinki, November 1, 2023

Aspo Plc
Board of Directors

Press and analyst conference

A press, analyst and investor conference will be held at FLIK's Eliel studio in Sanomatalo, Töölönlahdenkatu 2, 00100 Helsinki on Wednesday November 1, 2023, at 2 p.m. The event is also open to private investors, and participants are requested to register beforehand by emailing viestinta@aspo.com.

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

The event will be held in English, and it can also be followed by a live webcast at https://aspo.videosync.fi/q3-2023. Questions can be asked after the event by telephone by registering through the following link: http://palvelu.flik.fi/teleconference/?id=1009759. 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.

Helsinki, November 1, 2023

Aspo Plc

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Aspo creates value by owning and developing business operations sustainably and in the long term. Our companies aim to be market leaders in their sectors. They are responsible for their own operations, customer relationships and the development of these aiming to be forerunners in sustainability. Aspo supports its businesses profitability and growth with the right capabilities. Aspo Group has businesses in 18 different countries, and it employs a total of approximately 800 professionals.