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Aspo Group Interim Report January–March 2024

Successful strategy execution in a challenging operating environment

CEO Rolf Jansson

May 7, 2024

Successful strategy execution in a challenging operating environment

- Net sales from continuing operations decreased by 6% in Q1 2024
- Comparable operating profit from continuing operations amounted to EUR 4.8 million in Q1 2024 (EUR 8.4 million in Q1 2023)
- Operating cash flow of EUR 5.5 million (12.2) and balance sheet equity ratio of 38.6% (34.8%)
- Solid strategy execution in Q1 2024
  - OP Infra and Varma invested in a minority stake in ESL Shipping
  - ESL Shipping signed transaction to sell its Supramax vessels
  - Telko expands into Western Europe by acquiring Optimol and Greenfluid
- Continued key events during April
  - Telko acquires Swed Handling to double its total chemicals business (closing expected during the third quarter of 2024)
  - Kebelco, acquired as part of the Swed Handling acquisition, will strengthen Leipurin's position as a distributor of specialty ingredients to the Nordic Food Industry

Note: Because the future estimates presented in this 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

Q1 2024

Net sales, continuing operations
EUR 132.7 million (141.6)

Comparable operating profit, continuing operations
EUR 4.8 million (8.4)

Return on equity, adjusted by items affecting comparability, continuing operations
4.9% (18.6%)

EPS, Group total
EUR -0.16 (0.21)

Comparable EPS, Group total
EUR 0.09 (0.20)

Operating cash flow, Group total
EUR 5.5 million (12.2)

Free cash flow, Group total
EUR -3.5 million (9.1)

Gearing, Group total
74.0% (117.6% at year-end)

Emission intensity increased due to challenging weather conditions, the positive development in employee safety continues

- Aspo's key target is to reduce emission intensity, CO_2 (tn) per net sales (EUR thousand), by 30% by 2025
  - Starting level (2020) was 0.44
  - **Q1 2024 rolling 12 months: 0.39 (1-3/2024: 0.41)**
  - Target level for 2024: 0.33
  - Target level for 2025: 0.30
- Extremely cold winter in Northern Scandinavia impacted ESL's emission intensity negatively during the first quarter of 2024

- Aspo aims to create an accident-free working environment with TRIF (Total Recordable Injury Frequency) developing towards zero
  - Starting level (2022) was 8.1
  - **Q1 2024 rolling 12 months: 4.3 (1-3/2024: 3.8)**
  - Target level for 2024: 6.0
- Increased attention for safe operating models, developing safety culture, launching preventive measures and enhanced communication continue to have a positive impact on safety

Emission intensity, LTM

0.39 (0.37 in 2023)

Target 2024:

0.33

Incident frequency (TRIF), LTM

4.3 (4.8 in 2023)

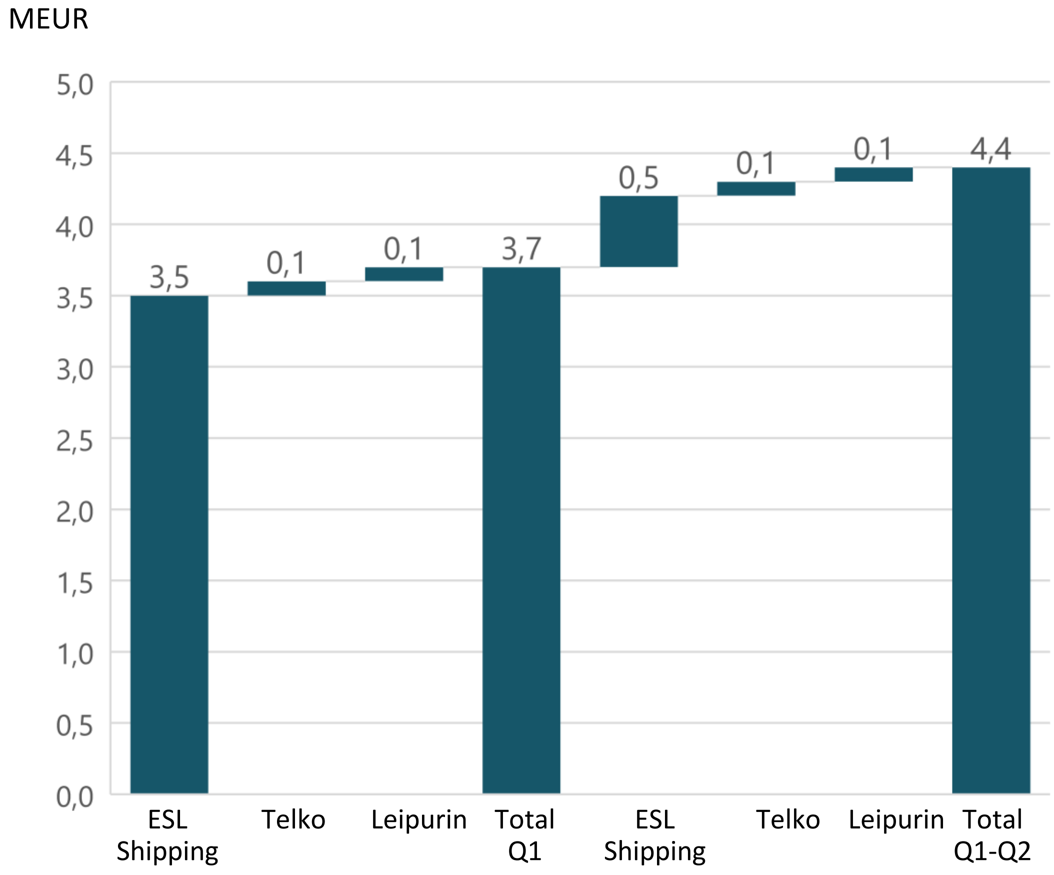
Target 2024:

6.0

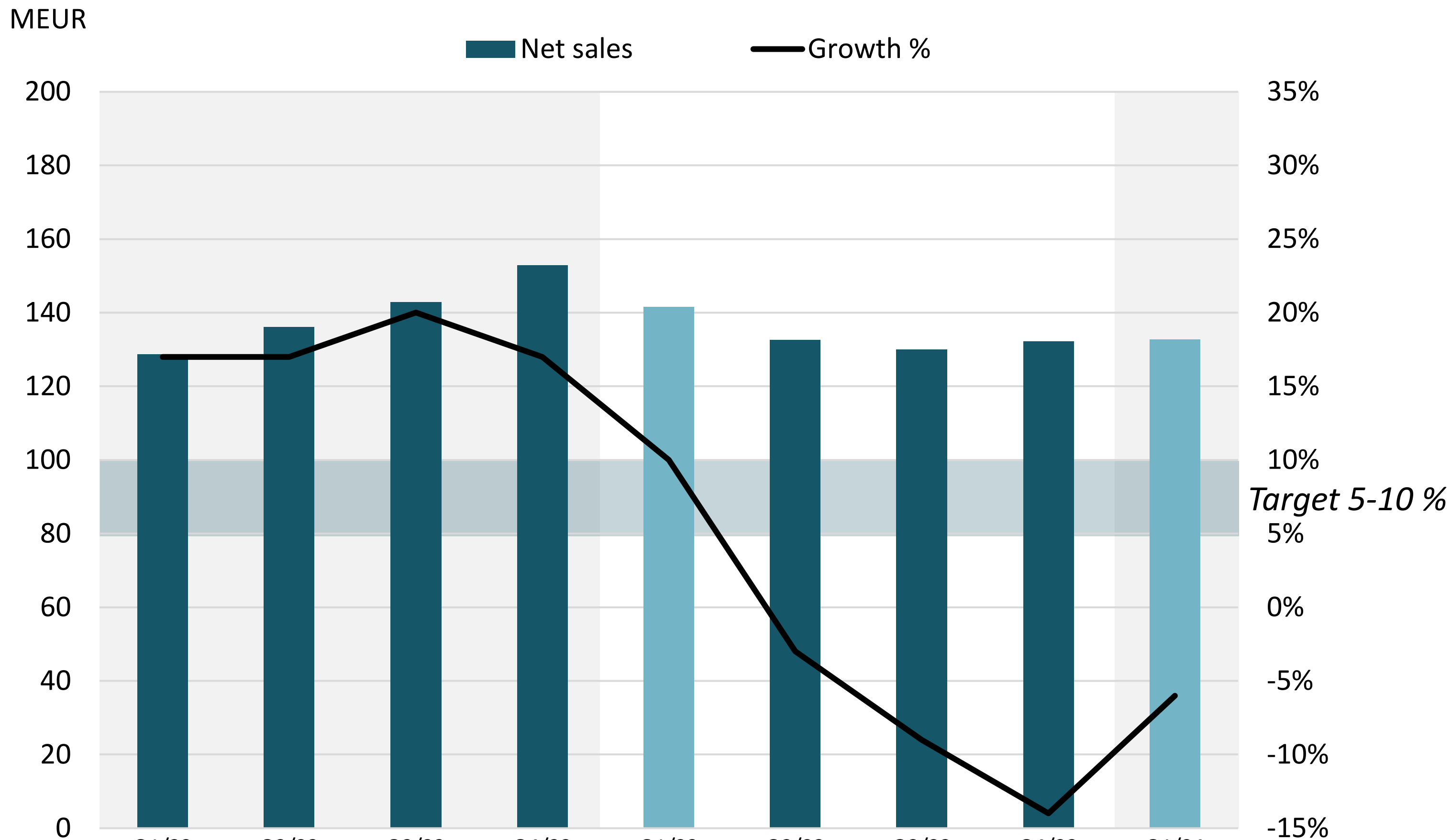
We expect a total price tag of EUR 4.4 million in Q1 and Q2 for the political strikes and exceptional winter conditions on Aspo Group level

- The political strikes and exceptional ice conditions, impacted negatively ESL Shipping's profitability with some EUR 3.5 million in Q1 2024
  - Reduced production volumes of clients
  - Closures as well as slow operations in harbours
  - Disturbances in train traffic
  - Longer transportation distances (closures of key fairways)
  - Increased fuel consumption
  - Overall decline in cargo flow efficiency
  - Increased ballasting, extended waiting, stoppages and re-scheduling
- Also, Leipurin's and Telko's profitability were negatively impacted by the political strikes with an estimated EUR 0.1 million each during Q1 2024
  - Lost volumes
  - Increased supply chain costs
- We still expect some negative impact from the strikes that took place during Q1 2024 still during Q2 until operational efficiency and availability of products is again fully normalized
  - ESL Shipping: negative impact estimated to be EUR 0.5 million
  - For Telko and Leipurin in the same magnitude as during Q1 2024

Negative profitability impact from the strikes and exceptional winter conditions on Aspo Group level



Net sales of Aspo for the first quarter in 2024 declined with 6%

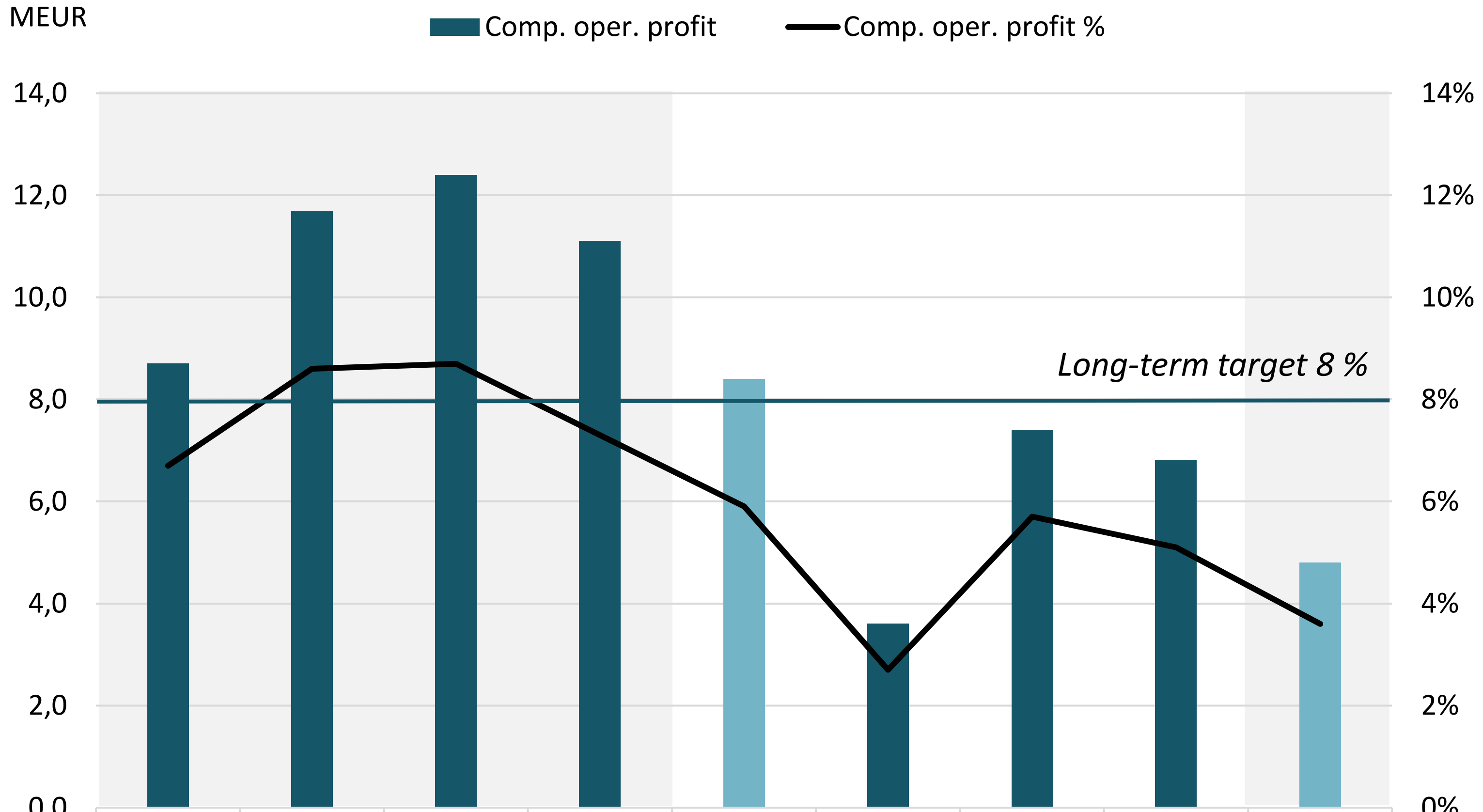


	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Net sales	128,8	136,2	142,8	152,9	141,6	132,6	130,0	132,2	132,7
Growth %	17%	17%	20%	17%	10%	-3%	-9%	-14%	-6%

Net sales growth compared to the same quarter in the previous year.

- In Q1 2024, Aspo's net sales from continuing operations decreased by 6% to EUR 133 (142) million. The sales of all Aspo's business segments were in decline:
  - ESL Shipping (-5%): Strong negative impact of political strikes and exceptional winter conditions, despite overall healthy demand and contract volumes
  - Telko (-8%): Overall soft demand and market prices lower than previous year in combination with positive market share development and positive impact from M&A
  - Leipurin (-6%): Deflation and product mix shifting away from commodity categories

As expected, Aspo's profitability for the first quarter in 2024 was weak



	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Comp. oper. profit	8,7	11,7	12,4	11,1	8,4	3,6	7,4	6,8	4,8
Comp. oper. profit %	6,7 %	8,6 %	8,7 %	7,3 %	5,9 %	2,7 %	5,7 %	5,1 %	3,6 %

Operating profit from continuing operations was EUR -3.2 (8.6) million in Q1 including items affecting comparability totaling EUR -8.0 (0.2) million. Operating profit rate from continuing operations was -2.4% (6.1%).

- In Q1 2024, comparable operating profit from continuing operations was EUR 4.8 (8.4) million and the comparable operating profit rate was 3.6% (5.9%)
  - ESL Shipping: political strikes and exceptional ice conditions causing a EUR 3.5 million negative profit impact in the quarter
  - Telko: negative impact from soft market and M&A related costs, incl. fair value allocations. Positive effect from cost efficiency improvement efforts
  - Leipurin: Improvement efforts and development of product mix result in positive development
- Comparable Aspo Group level costs in decline in the first quarter EUR -1.2 (-1.3) million.

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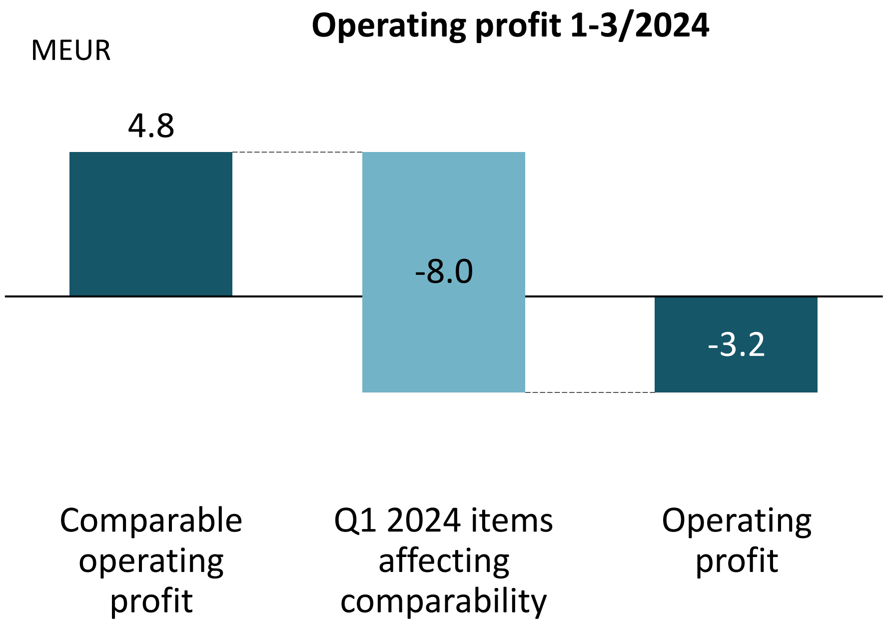
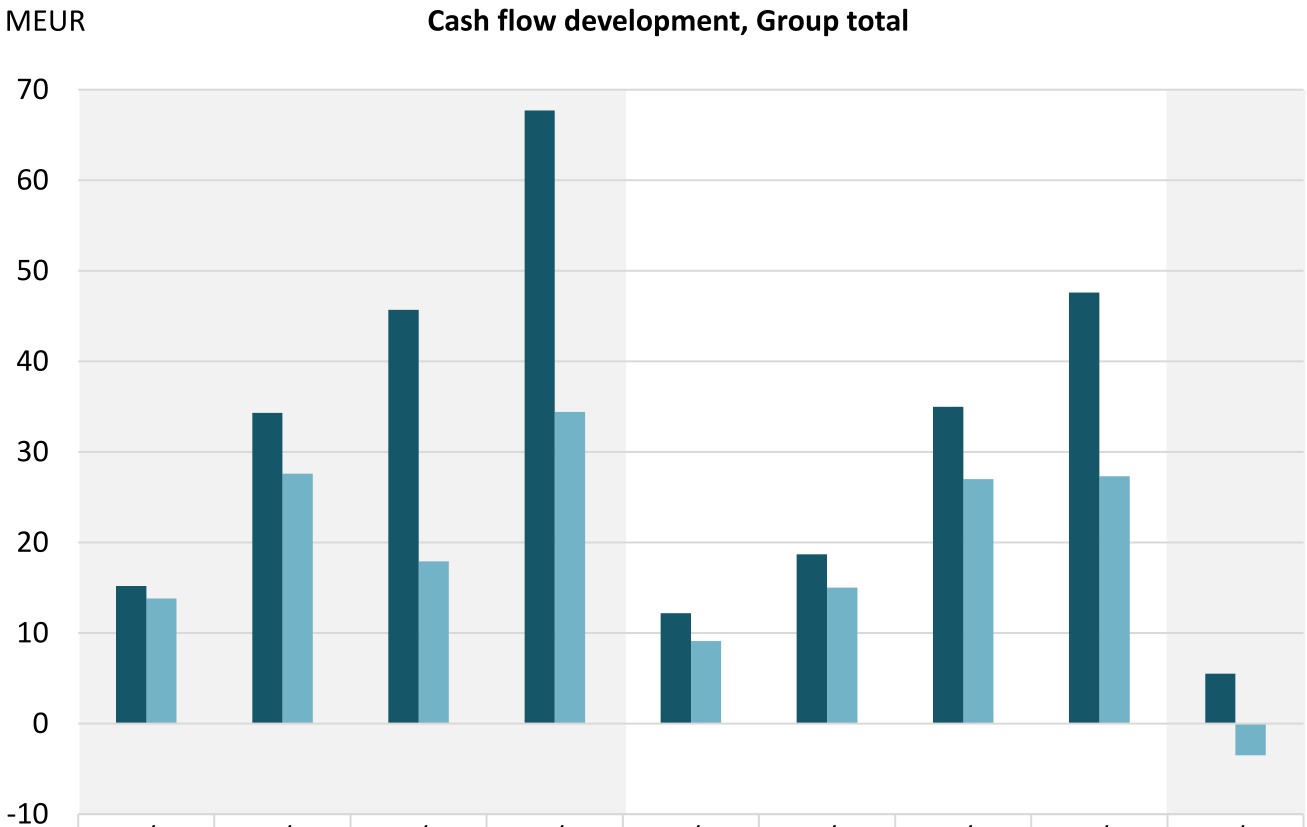
Items affecting comparability, totaling at EUR -8.0 million in Q1 2024, mostly relate to impairment of the supramax vessels

- In Q1 2024 Items affecting comparability totaled EUR -8.0 (0.5) million on Group total level
  - In ESL Shipping segment EUR -7.2 million was due to the impairment loss and other expenses relating to the planned sale of the supramax vessels and EUR -0.5 million related to the sale of the minority stake in ESL Shipping Ltd
  - In Aspo Other operations EUR -0.2 million related to corporate restructuring expenses and EUR -0.1 million was expenses for the sale of the minority stake in ESL Shipping Ltd



Negative free cash flow in Q1 2024, driven by the acquisitions of Optimol and Greenfluid



	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Operating cash flow (cum.)	15,2	34,3	45,7	67,7	12,2	18,7	35,0	47,6	5,5
Free cash flow (cum.)	13,8	27,6	17,9	34,4	9,1	15,0	27,0	27,3	- 3,5

■ Operating cash flow (cum.) ■ Free cash flow (cum.)

- Net cash from operating activities was EUR 5.5 (12.2) million
  - Decline in cash flow particular for ESL Shipping
  - Change in working capital was EUR -3.9 (-0.6) million, primarily driven by increased inventory in Telko and prepayments for the green coasters of ESL Shipping
  - The operating cash flow was also negatively impacted by increasing interest rates and paid interest amounted to EUR -2.6 (-1.5) million
- Free cash flow was EUR -3.5 (9.1) million
  - Investments of EUR 0.6 million mainly in ESL Shipping (green coasters and smart fleet optimiser)
  - The advance payment for the supramax vessels amounted to EUR 3.4 million
  - Payment of EUR 12.1 million for acquiring Optimol, Greenfluid and the paraffin business
  - Other cash inflow of EUR 0.3 million
- The cash flow from financing activities during Q1 2024, included ESL Shipping's share issue of EUR 45 million

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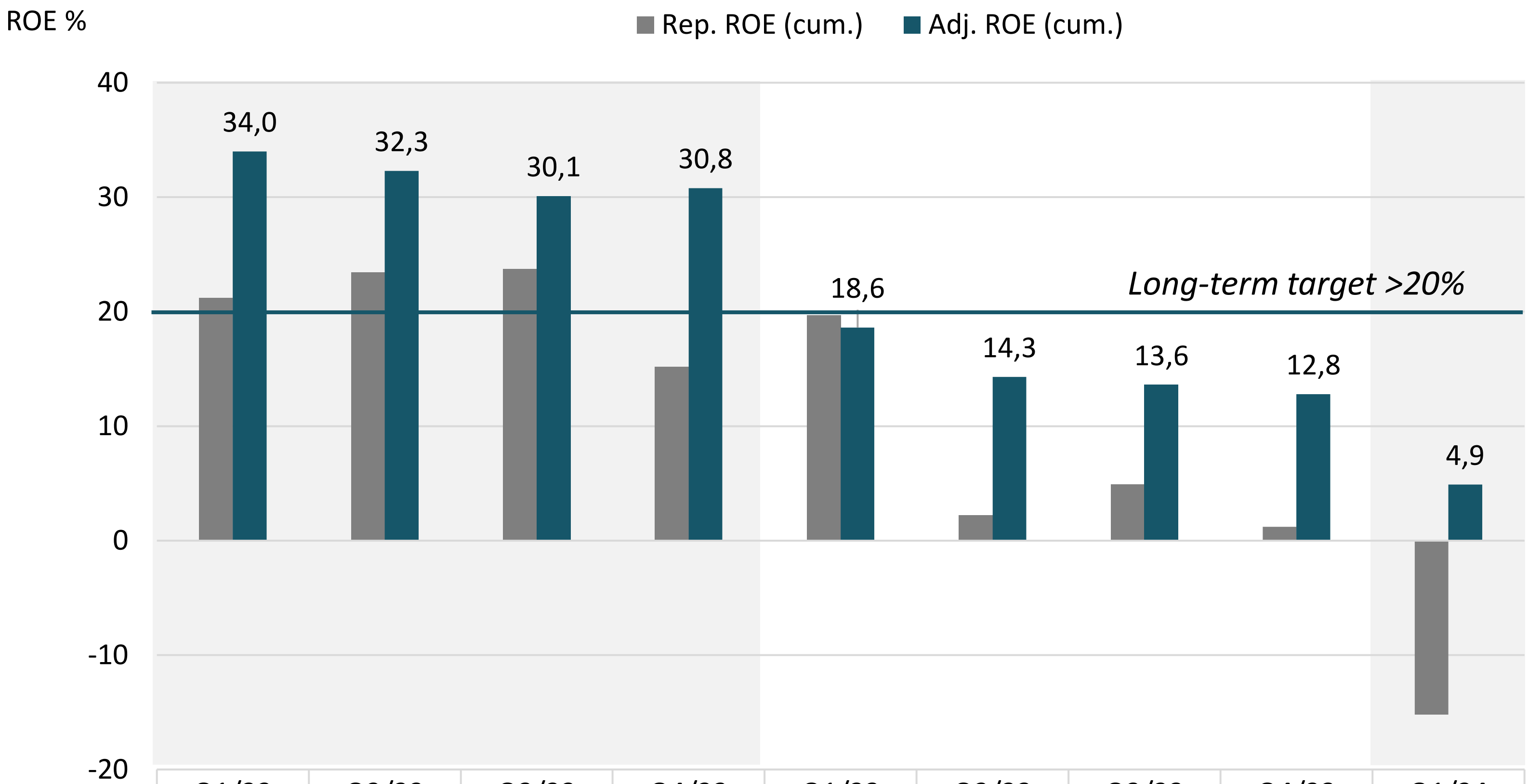
Return on equity adjusted by items affecting comparability at 4.9%

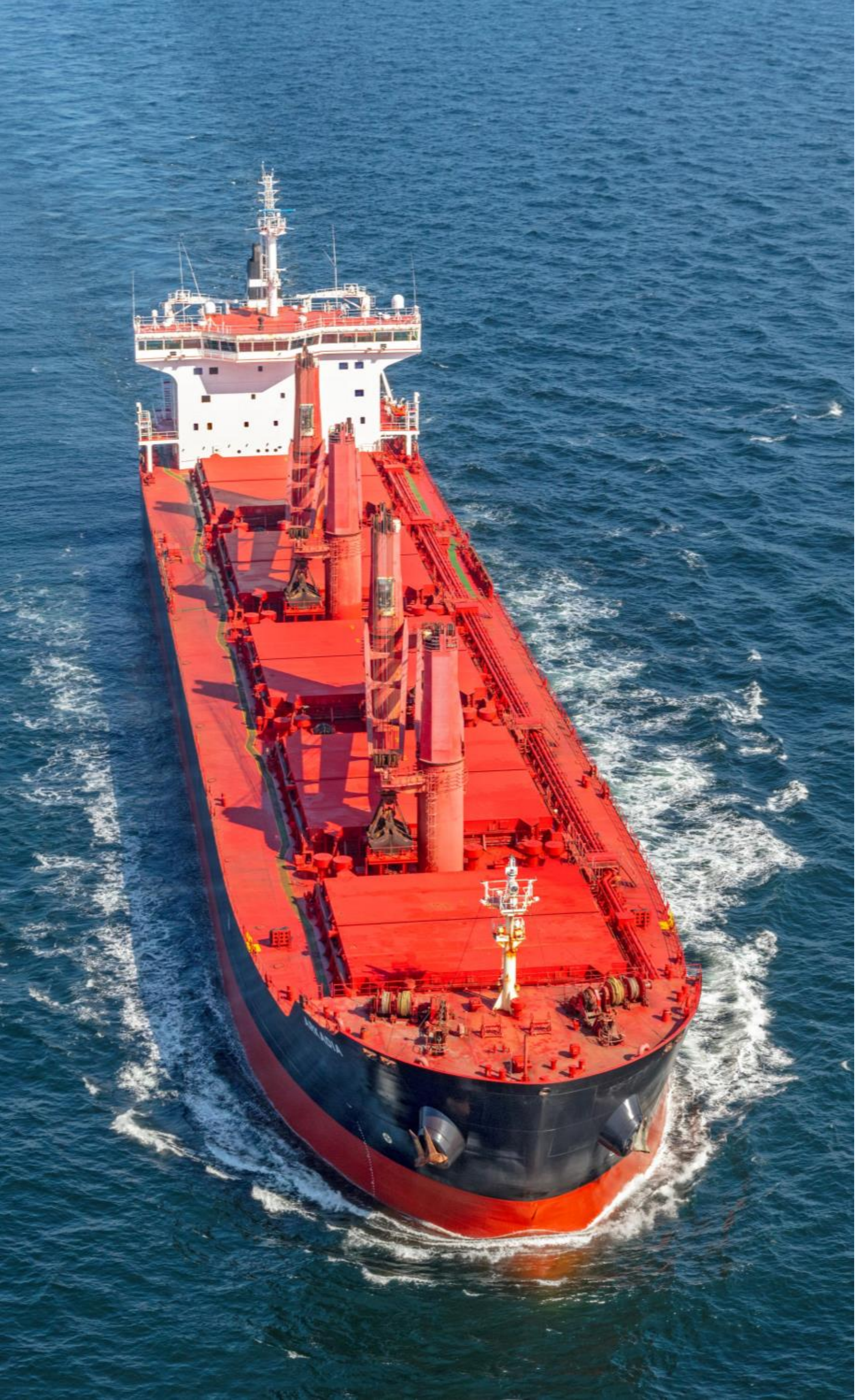


	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Rep. ROE (cum.)	21,2	23,4	23,7	15,2	19,7	2,2	4,9	1,2	-15,2
Adj. ROE (cum.)	34,0	32,3	30,1	30,8	18,6	14,3	13,6	12,8	4,9

- Return on equity adjusted by the items affecting comparability was 4.9% (18.6%). The decline came particularly from ESL Shipping’s negative profitability development
- Reported ROE was -15.2% (19.7%). ROE was negative due to the impairment loss related to the planned sale of the supramax vessels

Minority investment completed to drive ESL Shipping's green transition

- OP Finland Infrastructure LP together with Varma Mutual Pension Insurance Company invested a total of EUR 45 million in Aspo's subsidiary ESL Shipping
  - Made against issuance of new shares in ESL Shipping with an agreed pre-money equity valuation of EUR 165 million, corresponding to a 21.43% ownership stake in ESL Shipping
  - This implies an enterprise value of approximately EUR 300 million for ESL Shipping
- This additional equity further accelerates implementation of ESL Shipping's low-carbon growth strategy to provide fossil-free sea transportation in the future



ESL Shipping to sell its two supramax vessels to focus its business and free-up capital

- ESL Shipping has signed a memorandum of understanding according to which it will sell its two supramax class vessels to companies belonging to HGF Denizcilik Limited Sirket group, a Turkish shipping and logistics company.
- The sales price is USD 37.1 million and it is paid fully in cash. Considering the carrying amount of the vessels and the cost to sell, the sales loss is expected to be approximately EUR 7 million
- In 2023, the operating profit of the Supramax vessels was EUR 1.6 (2022: 5.7) million
- The sale of the two Supramax vessels is well aligned with ESL Shipping’s low-carbon strategy. It stabilizes ESL Shipping’s profit generation and frees up capital for Aspo’s and ESL Shipping’s future strategic growth efforts
- The transactions are expected to be completed in May 2024

Optimol and Greenfluid: Telko entered France and Benelux via acquisitions in industrial lubricants

- Telko opened new markets by expanding its lubricants business to Western Europe through acquisitions in France, Belgium, Luxembourg, and Netherlands, making Telko one of the largest industrial lubricants distributors in Europe
- The acquisition covers the Western European industrials lubricants distribution businesses from Petrus S.A, consisting of shares in 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 industry lubricants in France and Benelux
- The enterprise value of the purchased businesses is EUR 13.7 million. The purchased companies have in total annual combined net sales of EUR 18 million with a run-rate EBIT of EUR 2.2 million.

Swed Handling: Major acquisition in Sweden to take a leading local position and double Telko's total chemicals business

- Telko expands its chemicals business in Sweden by acquiring Swed Handling AB, a leading Swedish chemical distributor (closing expected during Q3 2024)
- Swed Handling's business model combines high quality processed chemical products with customized service
- The net sales of the purchased chemicals business of Swed Handling (excl. Kebelco) in 2023 was SEK 586.5 million (2022: 657.3). The EBIT in 2023 in total was SEK 54.3 million (2022: 55.5).
- The enterprise value (incl. Kebelco) is SEK 500 million with an additional earn out mechanism of SEK 0–130 million based on 2024–2025 company profitability. Up to SEK 100 million of the total purchase price has been agreed to be paid in Aspo's shares and the rest in cash (decided by the buyer)
- Already prior to this latest transaction, Aspo has a successful track-record of expanding into Sweden non-organically, via the acquisitions of AtoBatC Shipping AB and Kobia AB. The acquisition of Swed Handling makes Sweden Aspo's largest country of operation in terms of net sales

Kebelco: Leipurin expands in specialty ingredients and the food Industry

- Leipurin expands its food industry business in Sweden, via the technical food ingredient distributor Kebelco. The company is currently part of Swed Handling, and will be integrated into Leipurin (closing expected during Q3 2024)
- Net sales of the purchased technical food ingredient business (Kebelco) in 2023 was SEK 94.0 million (2022: 80.3 million). The EBIT in 2023 in total was SEK 6.6 million (2022: 7.5).
- So far Leipurin has operated in Sweden primarily in the bakery segment, while in Finland expansion also to other food industry is well on the way
- This acquisition enables a shift towards technical value add products, with obvious top-line synergies with all Leipurin countries

ESL Shipping

Political strikes and exceptional winter conditions weakened profitability

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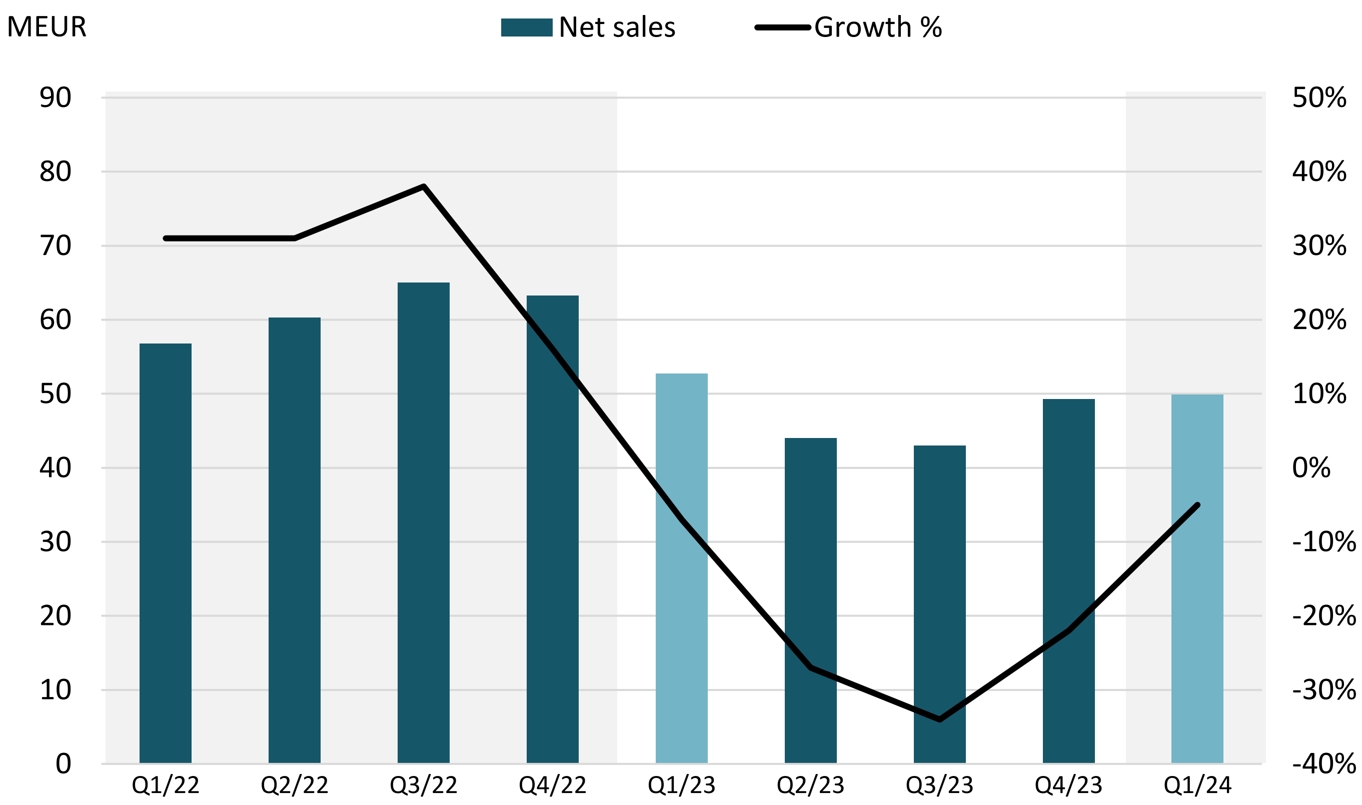
Healthy contract volumes in ESL Shipping. Volumes negatively affected by political strikes and exceptional winter conditions.

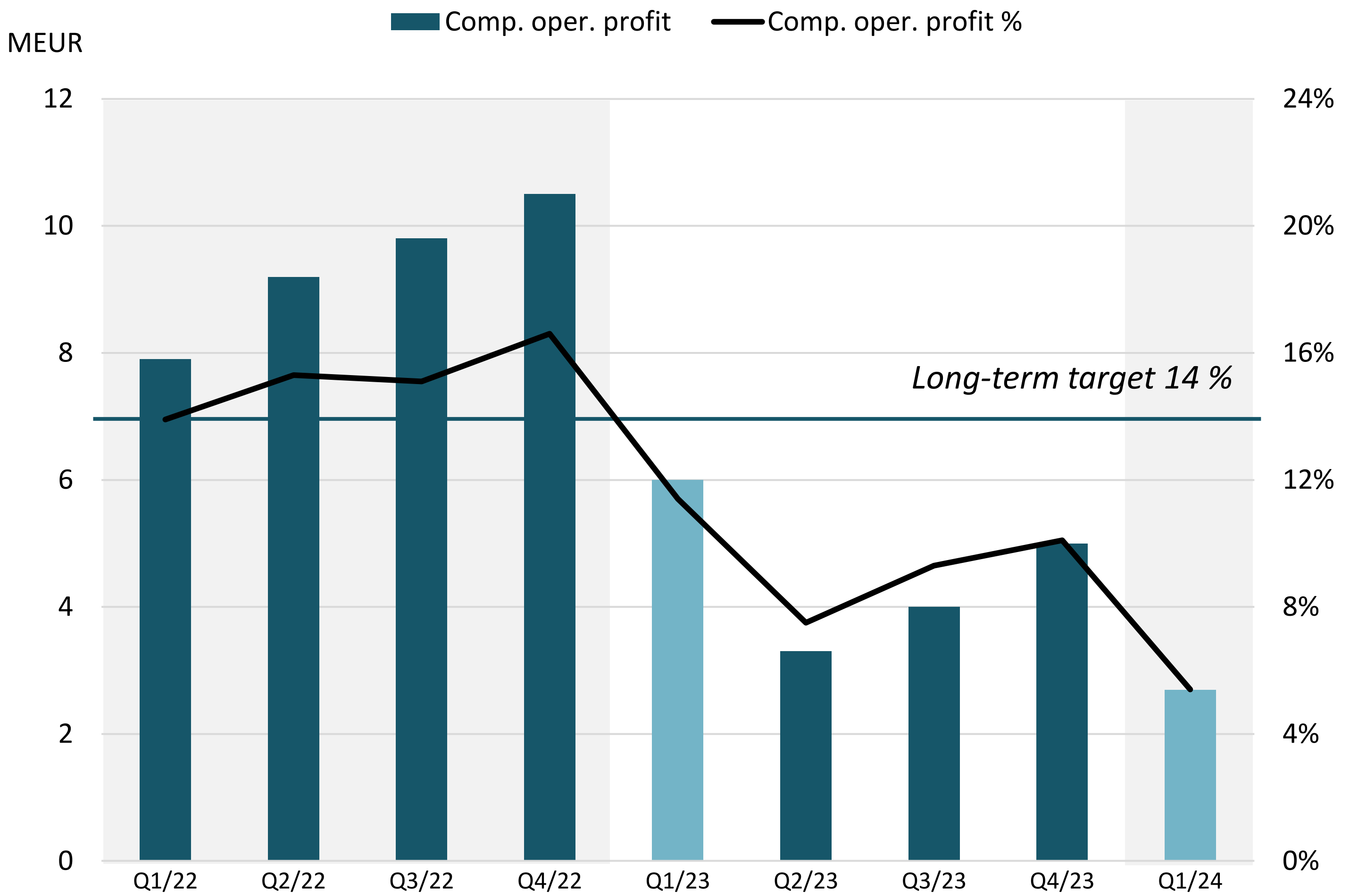


	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Net sales	56,8	60,3	65,0	63,3	52,7	44,0	43,0	49,3	49,9
Growth %	31%	31%	38%	16%	-7%	-27%	-34%	-22%	-5%

Net sales growth compared to the same quarter in the previous year

- In Q1 2024, ESL Shipping's net sales decreased by 5% from the comparison period to EUR 49.9 (52.7) million
- Total cargo volumes down from the comparison period to 3.1 (3.3) million tons. Cargo volumes negatively affected by the political strikes and exceptional winter conditions.
  - Handy size vessels had healthy steel industry contract volumes, whereas the energy coal shipments decreased compared to previous year.
  - Coaster vessels had healthy contract volume demand. Steel, fertilizers and limestone maintained robust volume levels, whereas forest product contracts experienced low to moderate demand.
  - Spot market volumes remained limited

Operational efficiency and volumes negatively affected by the political strikes and the exceptional winter conditions



	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Comp. oper. profit	7,9	9,2	9,8	10,5	6,0	3,3	4,0	5,0	2,7
Comp. oper. profit %	13,9 %	15,3 %	15,1 %	16,6 %	11,4 %	7,5 %	9,3 %	10,1 %	5,4 %

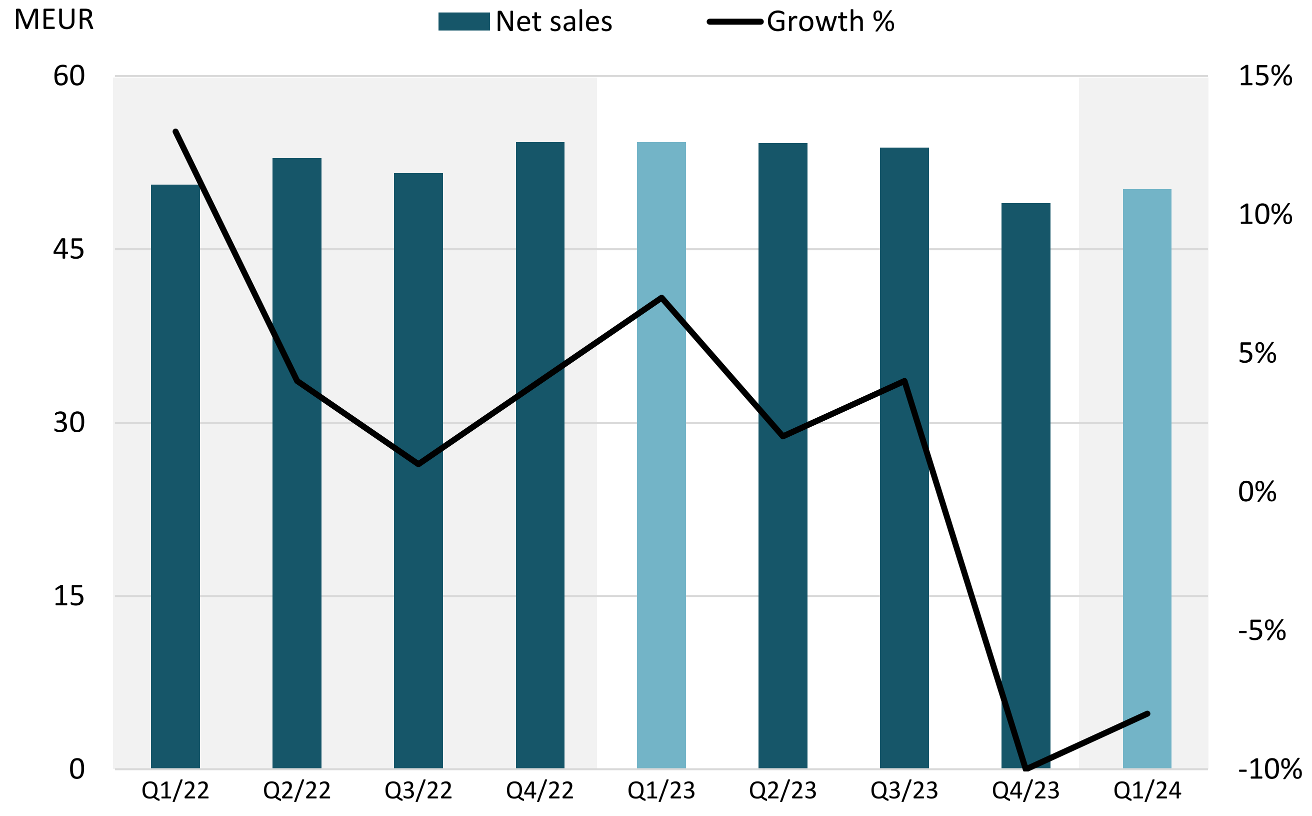
Operating profit was EUR -5.0 (6.0) million in Q1 2024 including items affecting comparability totaling EUR -7.7 (0.0) million. Operating profit rate was -10.0% (11.4%).

- In Q1 2024, the comparable operating profit decreased by 55% to EUR 2.7 (6.0) million, with comparable operating profit rate being 5.4% (11.4%)
  - Items affecting comparability amounted to EUR -7.7 (0.0) million and included EUR -7.0 million of impairment losses and -0.2 million of other expenses related to the planned sale of the supramax vessels, as well as EUR -0.5 million of costs related to the sale of a minority stake in ESL Shipping.
- Operational efficiency and cargo volumes were negatively affected by the political strikes and the exceptional winter conditions.
- The combined negative impact is estimated to be approximately EUR 3.5 million for the first quarter. The strikes are estimated to weaken the second quarter’s profit by approximately EUR 0.5 million.

TELKO

Telko’s first quarter was challenging in a fairly soft, but stable market

Telko’s Q1 was challenging in a fairly soft, but stable market

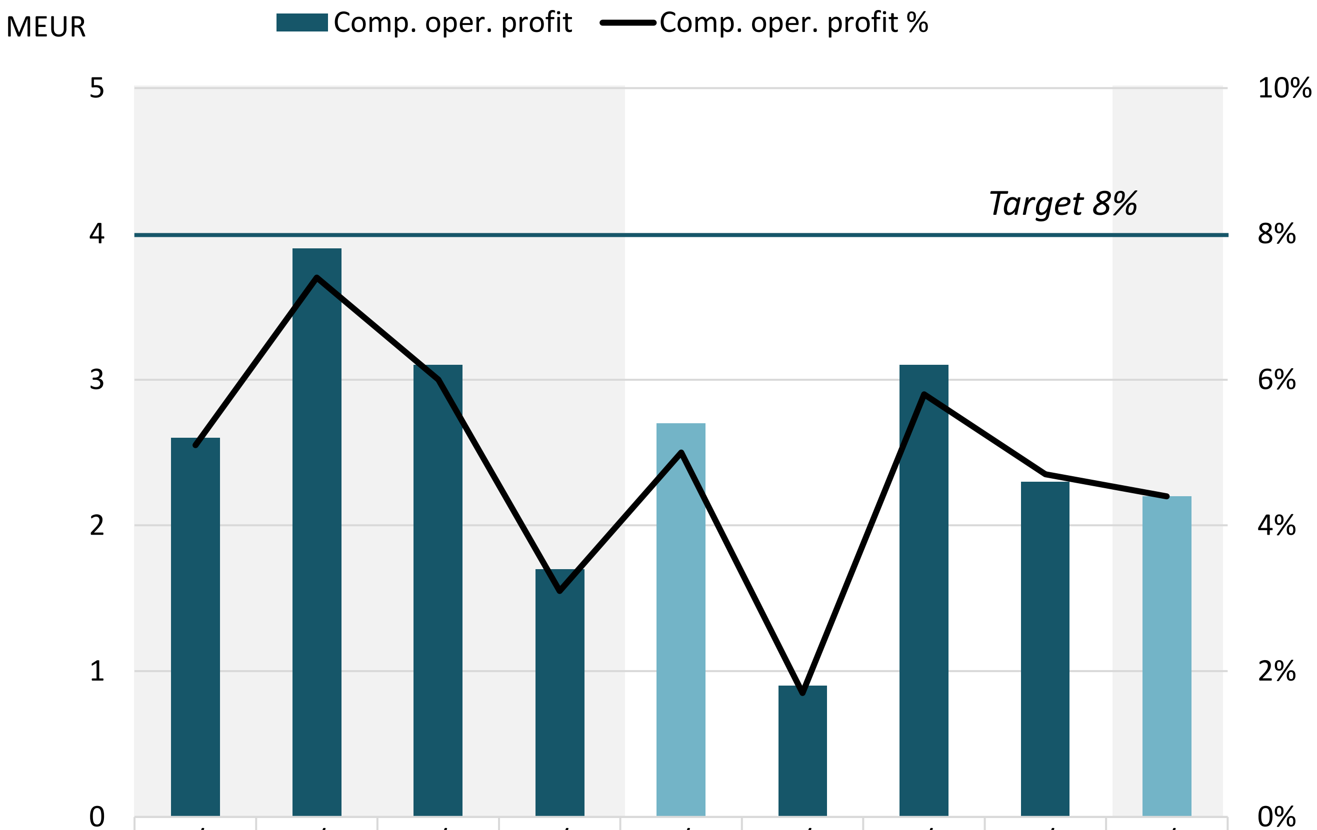


	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Net sales	50,6	52,9	51,6	54,3	54,3	54,2	53,8	49,0	50,2
Growth %	13%	4%	1%	4%	7%	2%	4%	-10%	-8%

Net sales growth compared to the same quarter in the previous year

- In Q1 2024, Telko’s net sales decreased by 8% from the comparison period to EUR 50.2 (54.3) million. Low demand and significantly lower price level impacted negatively y-o-y, despite the increasing market share. Compared to the previous quarter volumes and price level remained stable.
  - Plastics (-11% in Q1): Prices were significantly lower than last year and towards the end of the quarter prices of volume plastics started to increase slightly. Overall demand remained weak.
  - Chemicals (-14% in Q1): In the European market sales volumes increased, but sales declined as price levels were lower compared to the same quarter previous year. In Central Asia Telko is currently focusing on a few selected customer segments and has scaled down its other operations in the region, which had a negative sales impact.
  - Lubricants (+8% in Q1): Demand remained on good level for Industrial lubricants and resulted in sales growth. Also, the acquisitions of Optimol and Greenfluid contributed to Telko’s sales during March. In Automotive lubricants demand was weaker than previous year. All prices are clearly above long-term average levels.

Stable market and development compared to previous quarter, acquisitions to improve Telko's profitability gradually in H2 2024



	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Comp. oper. profit	2,6	3,9	3,1	1,7	2,7	0,9	3,1	2,3	2,2
Comp. oper. profit %	5,1 %	7,4 %	6,0 %	3,1 %	5,0 %	1,7 %	5,8 %	4,7 %	4,4 %

Operating profit was EUR 2.2 (2.7) million in Q1 including no items affecting comparability. Operating profit rate was 4.4% (5.0%)

- In Q1, the comparable operating profit decreased to EUR 2.2 (2.7) million, with comparable operating profit rate being 4.4% (5.0%)
- Acquisitions related costs were EUR -0,9 (-0,8) million
- Low demand and to some extent lower price levels impacted negatively y-o-y. Compared to the previous quarter volumes and price levels remained stable.
- The political strikes in Finland had a negative profitability impact for Telko, in the magnitude of EUR 0.1 million. An impact of similar size is estimated for the second quarter, before product availability is again fully normalized.
- Acquisitions will strengthen Telko's growth and boost profitability
    - Optimol and Greenfluid will contribute positively from Q3 forward
    - Swed Handling is expected to start contributing positively 2-3 months after closing

LEIPURIN

The transformation of Leipurin continues

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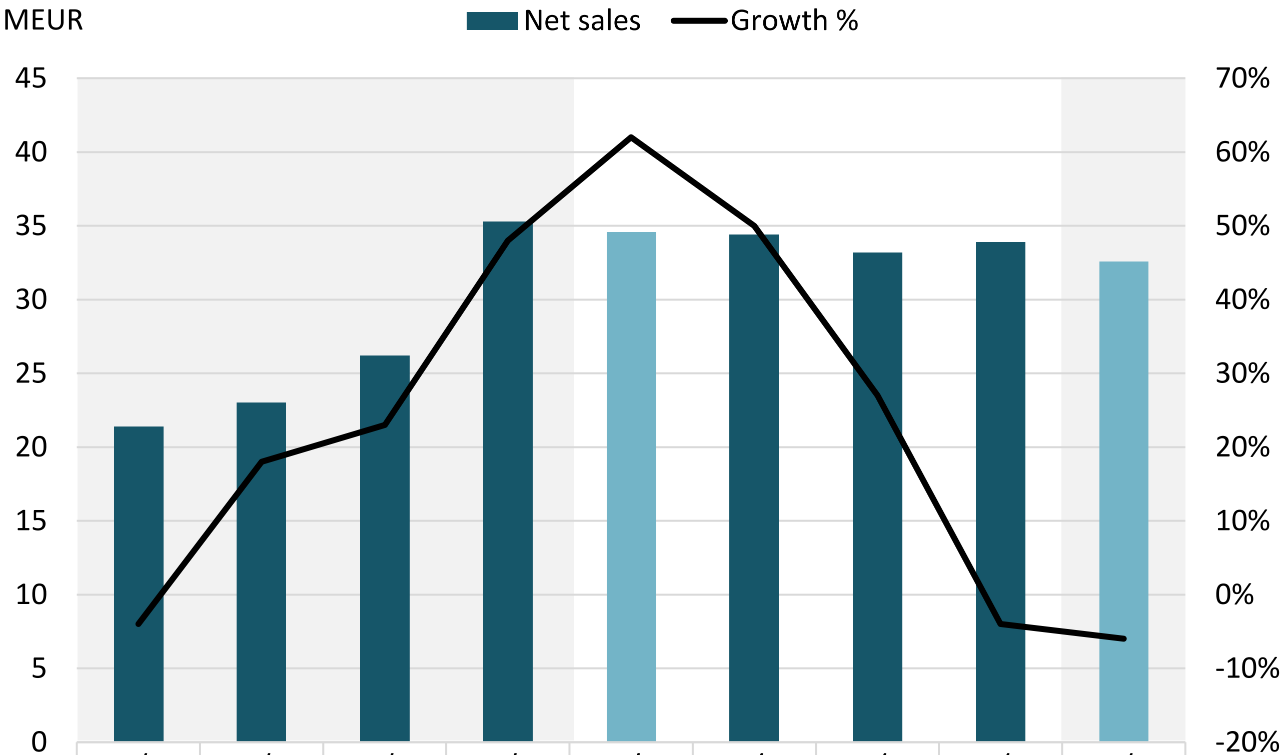
Leipurin sales declined driven by lower prices and targeted volume declines in low margin categories

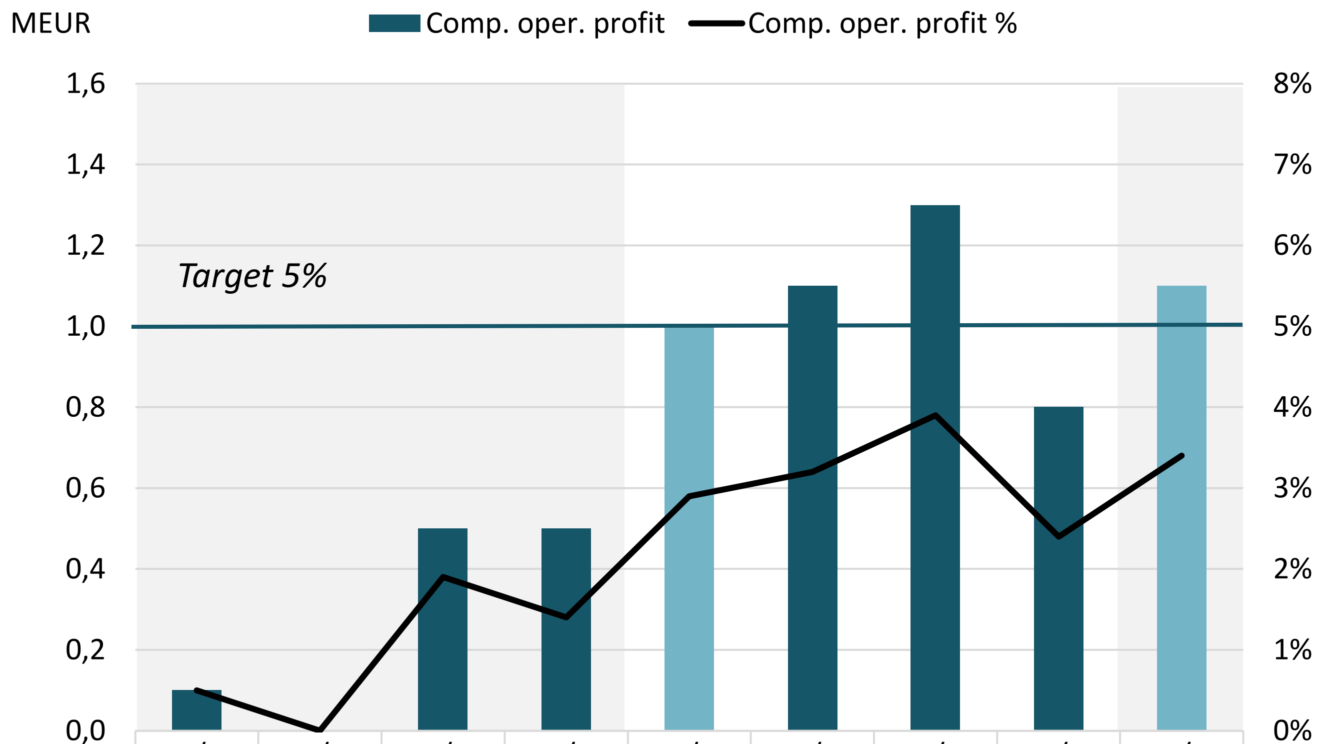


	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Net sales	21,4	23,0	26,2	35,3	34,6	34,4	33,2	33,9	32,6
Growth %	-4%	18%	23%	48%	62%	50%	27%	-4%	-6%

Net sales growth compared to the same quarter in the previous year

- In Q1 2024, Leipurin's net sales decreased by 6% from the comparison period, amounting to EUR 32.6 (34.6) million
  - The decrease in sales was mainly driven by deflationary market prices, but also by activities to improve sales mix, which resulted in decreased volumes in low margin categories.
  - Net sales were further impacted negatively by earlier timing of easter and the strikes in Finland.
  - In Finland net sales decreased by 3% and in the Baltic countries net sales decreased by 16%. In Sweden net sales increased by 1%.
  - Sales to bakeries decreased by 9%, whereas sales to the food industry increased by 2%

The transformation program, incl. sales mix development and successful margin management, improved Leipurin's profit margin



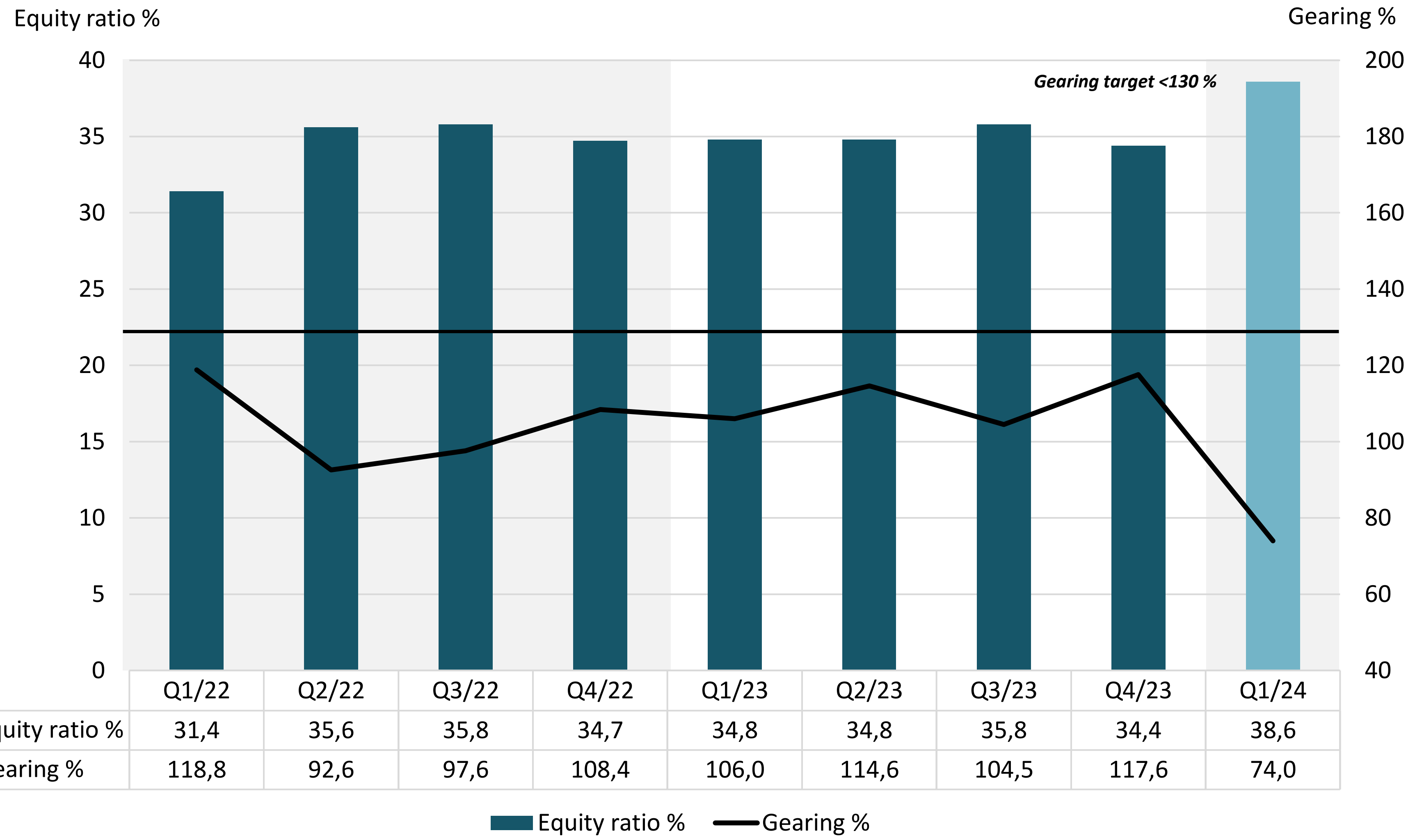
	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Comp. oper. profit	0,1	0,0	0,5	0,5	1,0	1,1	1,3	0,8	1,1
Comp. oper. profit %	0,5 %	0,0 %	1,9 %	1,4 %	2,9 %	3,2 %	3,9 %	2,4 %	3,4 %

Operating profit was EUR 1.1 (1.2) million in Q1 including items affecting comparability totalling EUR 0.0 (0.2) million. Operating profit rate was 3.4% (3.5%)

- In Q1 2024, the comparable operating profit increased to EUR 1.1 (1.0) million, with comparable operating profit rate being 3.4% (2.9%)
- Improved sales mix and successful margin management improved profitability
- Leipurin continues to execute a wide range of profit improvement efforts throughout its operations, including upgrading commercial activities, improving efficiency in the supply chain and developing sourcing capabilities
- Kebelco is expected to start contributing positively 2-3 months after closing

Aspo’s financial position and guidance for 2024

Gearing and equity ratio improved



	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Equity ratio %	31,4	35,6	35,8	34,7	34,8	34,8	35,8	34,4	38,6
Gearing %	118,8	92,6	97,6	108,4	106,0	114,6	104,5	117,6	74,0

- Gearing improved to 74.0% from 117.6% at the year-end 2023, driven by the minority investment in ESL Shipping.
- The Group's equity ratio at the end of the quarter increased to 38.6% from 34.4% at the year-end 2023.

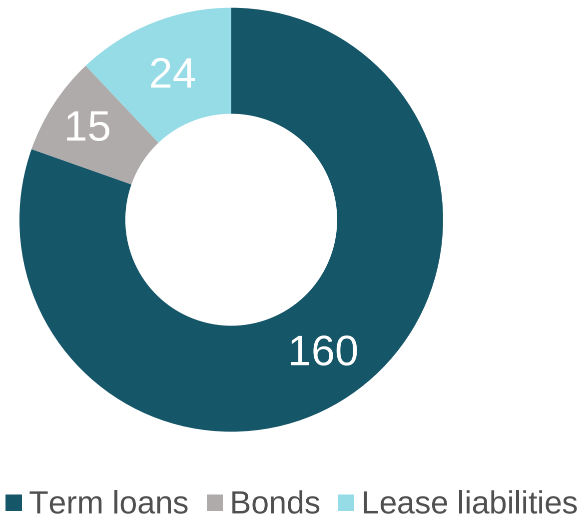
Strong liquidity and balanced maturity structure

Interest-bearing debt incl. lease liabilities (EUR million)

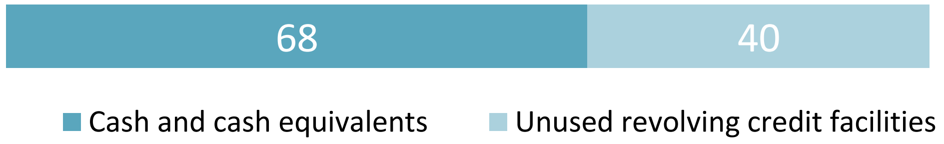
Interest-bearing liabilities EUR 199.4 (12/2023:195.9) million

Net interest-bearing debt total EUR 131.5 (12/2023:165.2) million

Avg interest rate 5.4% (3.7%)

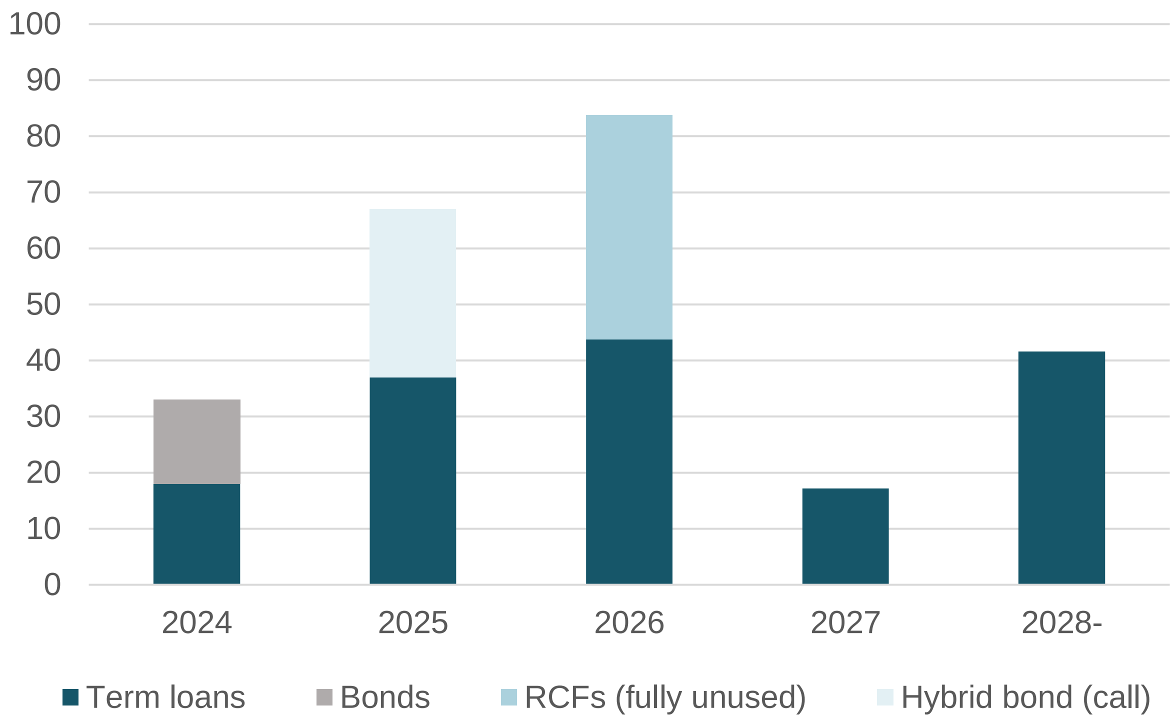


Liquidity (EUR million)



Maturity profile (EUR million)

In addition: Svenska Skeppshypotek EUR 24.2 million (undrawn facility)



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Executive summary

- First quarter 2024 highlights
  - Aspo Group’s comparable operating profit for Q1 2024 was EUR 4.8 million (EUR 8.4 million in Q1/2023)
  - At Aspo level, the political strikes and exceptional winter conditions impacted Q1 2024 operating profit negatively with an estimated EUR 3.7 million

- Aspo gives strong evidence of continuing rigorous execution against strategy in all business segments YTD 2024
  - ESL: minority equity injection by OP Infra and Varma, agreed sales of the two supramax vessels
  - Telko: acquisitions of Optimol, Greenfluid and Swed Handling (closing expected during Q3 2024)
  - Leipurin: addition of Kebelco in the Nordic food industry, positive transformation continues (closing expected during Q3 2024)

Outlook by business segment

For ESL Shipping, demand is expected to remain at a good level in the steel industry and gradually to pick-up in the forest industry. The prevailing low-cycle in industrial activity, negatively impacted by the political strikes, and summer as a seasonally softer time period create some concerns for the second quarter. The longer-term outlook for ESL Shipping is positive given the tighter supply and demand situation as a result of the expected high industrial investment activity in the main operating area, combined with the overall aging fleet of vessels in the market.

For Telko, overall stable market development is expected going forward with gradually increasing price levels and demand picking-up especially during the second half of the year.

For Leipurin, the market is expected to be slightly deflationary, with modest volume growth partly due to deliberated reduction of low-margin commodities. Significant opportunity for growth remains in the food industry, where the addressable market for Leipurin is multiple compared to bakery.

Guidance for 2024

Aspo Group’s comparable operating profit is estimated to exceed EUR 30 million in 2024 (EUR 26.5 million in 2023).

The profit improvement in year 2024 compared with last year is based on:

- Improved market conditions especially during the second half of year 2024
- Profitability generation of the green coaster vessels
- Telko’s acquisitions
- Profit improvement actions throughout Aspo’s business segments

The political strikes during the first quarter of 2024, are still expected to weaken Aspo’s profitability during the second quarter with an estimated EUR 0.7 million

Welcome to Aspo’s Capital Markets Day

on Tuesday, 14 May 2024

in Helsinki

https://aspo.videosync.fi/cmd-2024

Q & A