Management report 2022

ASPO'S OPERATING MODEL

Aspo seeks 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 returns by developing them and ensuring steady cash flows. The goal is to assume an even more active role in 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.

In 2022, Aspo's reportable segments were ESL Shipping, Leipurin and Telko. Other operations consist of Aspo Group's administration and the financial and ICT service center.

COMPLEMENTARY REPORTS

Aspo Plc has released a separate 2022 Corporate Governance Statement. In addition, Aspo releases a report on non-financial information as required by the Finnish Accounting Act in compliance with the provisions laid down in regulation (EU) 2020/852 of the European Parliament and of the Council, in the form of its Sustainability Report concurrently with this Management Report. Both reports will be released on the company's website at www.aspo.com/en, and can also be found in Aspo's Year 2022 report along with the Financial statements and Management report.

ASPO GROUP'S KEY FIGURES

	2022	2021	2020	2019	2018
Net sales, Group total, MEUR	**652.6**	586.4	500.7	587.7	540.9
Net sales from continuing operations, MEUR	**643.4**	573.3	474.3	587.7	540.9
Net sales from discontinued operations, MEUR	**9.2**	13.1	26.4		
Operating profit, Group total, MEUR	**31.2**	33.9	19.3	21.1	20.6
Operating profit from continuing operations, MEUR	**33.9**	36.9	16.7	21.1	20.6
Operating profit from discontinued operations, MEUR	**-2.7**	-3.0	2.6		
Operating profit rate, Group total	**4.8**	5.8	3.9	3.6	3.8
Items affecting comparability, MEUR	**-24.1**	-8.5			
Comparable operating profit, Group total, MEUR	**55.3**	42.4	19.3	21.1	20.6
Comparable operating profit rate, Group total	**8.5**	7.2	3.9	3.6	3.8
Profit before taxes from continuing operations, MEUR	**27.6**	33.0	12.2	18.2	16.4
Profit before taxes from continuing operations, %	**4.3**	5.8	2.6	3.1	3.0
Profit for the period, MEUR	**20.7**	25.3	13.4	16.1	14.2
Profit from continuing operations, MEUR	**23.5**	28.3	10.8	16.1	14.2
Profit from discontinued operations, MEUR	**-2.8**	-3.0	2.6		
Earnings per share (EPS), EUR	**0.61**	0.76	0.39	0.47	0.42
EPS from continuing operations, EUR	**0.70**	0.86	0.30	0.47	0.42
EPS from discontinued operations, EUR	**-0.09**	-0.10	0.09		
Return on equity (ROE), %	**15.2**	20.8	11.4	13.5	12.4
Equity ratio, %	**34.7**	32.0	30.1	30.1	29.5
Gearing, %	**108.4**	131.0	149.0	162.2	154.4
Net cash from operating activities, MEUR	**67.7**	44.0	65.0	52.5	20.3
Free cash flow, MEUR	**34.4**	27.5	56.0	45.2	-34.8

Aspo Group has reported items affecting comparability since 2021. Items affecting comparability are explained on the next page of this Management Report. Items affecting comparability for 2018–2020 are explained below, and the figures presented in the key figures table have not been adjusted regarding them.

Figures for 2018–2019 have not been adjusted regarding discontinued operations, i.e. the Kauko operating segment's figures are included in the figures of continuing operations for 2018–2019.

Figures for 2019 are affected by the decision issued by the Administrative Court in December 2019 to reduce the additional taxes imposed on Telko in 2015 which increased the financial income, in particular, and improved earnings per share by EUR 0.05.

Figures for 2018 include an impairment loss of EUR 4.8 million recognized on Kauko's goodwill.

The comparability of the key figures is affected by the adoption of IFRS 16 – Leases on January 1, 2019.

Accounting principles for the key figures are presented on the last page of the Management report.

EARNINGS

Aspo Group's net sales from continuing operations increased significantly during the financial year to EUR 643.4 (573.3) million. The comparable operating profit for 2022 increased to EUR 55.3 (42.4) million, with the comparable operating profit rate being 8.5% (7.2%). Items affecting comparability, totaling EUR -24.1 million, had a negative effect on the reported figures. They mostly consisted of expenses associated with Russia's invasion in Ukraine, and especially of impairment losses resulting from the classification of Telko's and Leipurin's operations in eastern markets as held for sale. The operating profit from continuing operations was EUR 33.9 (36.9) million. Earnings per share from continuing operations were EUR 0.70 (0.86).

In 2022, the net sales of ESL Shipping increased by 28% from the previous year to EUR 245.4 (191.4) million. The comparable operating profit was the highest in the company's history at EUR 37.4 (26.8) million, with the comparable operating profit rate being 15.2% (14.0%). Net sales of Telko remained at the previous year's level at EUR 267.4 (268.8) million. Telko's comparable operating profit for 2022 was EUR 20.8 (21.2) million, with the comparable operating profit rate remaining strong at 7.8% (7.9%). Leipurin's net sales increased by 15% to EUR 130.6 (113.1) million in 2022. Leipurin's comparable operating profit for 2022 was EUR 3.3 (1.9) million, and the comparable operating profit rate was 2.5% (1.7%).

In 2022, Aspo continued to report its net sales by market area with the following division: Finland, Scandinavia, the Baltic region, and eastern markets (Russia, other CIS countries, and Ukraine). The eastern markets' share of total net sales continued to decrease during the fourth quarter of 2022, mainly due to Russia's invasion of Ukraine and Aspo's decisions to downsize its operations in Russia and withdraw from the market as planned. As a result of the withdrawal from Russia, the division of Aspo's main market areas will change at the beginning of 2023. According to the previously announced strategy, the company will direct its growth investments at western markets. The share of the market area of Russia, other CIS countries and Ukraine from Aspo's net sales decreased down to 13.2% during the final quarter.

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 operations. Items affecting comparability relating to the Kauko operating segment totaled EUR -2.5 million, and they are reported in the profit from discontinued operations. Other items affecting comparability totaled EUR -0.9 million.

The comparability of ESL Shipping's operating profit was affected by sales gains from the barge Espa and expenses associated with the suspended operations in Russia. Their net impact on the result was EUR 0.7 million.

The comparability of Telko's operating profit was affected by the warehouse destroyed in Ukraine, the impairment losses associated with companies in Russia and Belarus, and other costs arising from the withdrawal from Russia, totaling together EUR -13.5 million.

Items affecting the comparability of Leipurin's operating profit totaled EUR -8.1 million and were mainly related to the impact of Russia's invasion in Ukraine, the acquisition of Kobia AB, and the divestment of Vulganus Oy.

Items affecting the comparability in 2021, totaling EUR -8.5 million, included the impairment loss of EUR -4.3 million recognized on Leipurin's goodwill, and the impairment loss and restoration provision of EUR -0.8 million recognized on the fixed assets of Telko's terminal in Rauma, as well as the impairment loss of EUR -3.4 million recognized on Kauko's goodwill, which is reported as part of the profit from discontinued operations.

OPERATING ENVIRONMENT IN 2022

Aspo's operating environment changed dramatically during the financial year due to Russia's invasion in Ukraine. The invasion caused considerable general uncertainties in markets, lower consumer confidence, price inflation, higher energy prices in particular, as well as significant fluctuations in prices and exchange rates. The markets were also characterized by disruptions in logistics flows and the low availability of certain products.

The war drastically weakens operating conditions in eastern markets as a result of operational challenges and regulations. As a result of these challenges and values in particular, Aspo decided already in spring to withdraw from all operations in Russia and other selected eastern markets.

During the financial year, ESL Shipping's all operations were suspended in Russia, and the released vessel capacity was transferred to other operating areas. In October, Telko signed a binding preliminary agreement on selling all shares in its subsidiary in Russia, to GK Himik, a Russian industrial company. At the end of 2022, Telko also signed a binding preliminary agreement on the sale of its subsidiary in Belarus to a member of its current management. A binding preliminary agreement was also signed after the end of the financial year on the sale of Leipurin's companies in Russia, Belarus and Kazakhstan.

The international sanctions and Russia's legislative measures prevent the transportation of goods and the transfer of payments which has reduced the

NET SALES BY MARKET AREA, CONTINUING OPERATIONS

	2022 MEUR	2021 MEUR	Change MEUR	Change %
Finland	**224.4**	175.2	49.2	28.1
Scandinavia	**137.6**	109.4	28.2	25.8
Baltic countries	**67.8**	54.8	13.0	23.7
Russia, other CIS countries and Ukraine	**118.2**	155.2	-37.0	-23.8
Other countries	**95.4**	78.7	16.7	21.2
Total	**643.4**	573.3	70.1	12.2

OPERATING PROFIT AND COMPARABLE OPERATING PROFIT, GROUP TOTAL

MEUR	2022	2021
ESL Shipping, operating profit	**38.1**	26.8
Telko, operating profit	**7.3**	20.4
Leipurin, operating profit	**-4.8**	-2.4
Other operations, operating profit	**-6.7**	-7.9
Operating profit from continuing operations	**33.9**	36.9
Operating profit from discontinued operations	**-2.7**	-3.0
Operating profit, Group total	**31.2**	33.9
Items affecting comparability	**-24.1**	-8.5
Comparable operating profit, Group total	**55.3**	42.4

net sales and profitability of our operations in Russia. In addition, decreases in the companies' operations and personnel have reduced Russia's role in Aspo's business operations. The operating environment is expected to become even more challenging, and no rapid solution is in sight.

During the financial year, rising interest and inflation rates, as well as weaker general economic estimates, affected consumers' purchasing behavior, for example, so that consumers have shifted from more expensive to more affordable products.

The coronavirus pandemic continued to have an impact on Aspo's operating environment during the financial year. For example, the global shortage of components, caused by the pandemic, had an impact on certain Aspo's businesses, decelerating trading and the completion of orders. During the year, the risk of infections needed still to be taken into account in daily operations and especially among ESL Shipping's crew members.

CASH FLOW AND FINANCING

In 2022, cash flow from operating activities was EUR 67.7 (44.0) million. The cash flow of all key operations showed positive development during the financial year. The impact of the change in working capital on cash flow was EUR -6.7 (-22.0) million. The increase in working capital mainly comes from the advance payments for the vessels to be built in the ESL Shipping segment's vessel pool and the customer receivables accumulated through high sales at the end of the year. This was partly compensated by the Telko segment's working capital, which improved towards the year end. Free cash flow was EUR 34.4 (27.5) million. The investments of EUR 17.8 (15.9) million mainly included the ESL Shipping segment's dockages and Green Coaster advance payments. In addition, cash flow from investing activities includes EUR -17.9 million in cash outflow spent on the acquisitions of Kobia, Mentum and Johan Steenks and a total of EUR 2.8 million cash inflow received from the sale of Espa and Vulganus as the most significant items.

NET INTEREST-BEARING DEBT

MEUR	2022	2021	2020
Interest-bearing liabilities, including lease liabilities	**189.2**	187.3	201.4
Cash and cash equivalents	**33.5**	17.7	32.3
Net interest-bearing debt	**155.7**	169.6	169.1

Net interest-bearing debt decreased to EUR 155.7 (169.6) million and gearing fell to 108.4% (131.0%) during the financial year. The Group's equity ratio at the end of the financial year was 34.7% (32.0%). The balance sheet strengthened as a result of improved profitability and the new hybrid bond issued in June.

Net financial expenses in 2022 totaled EUR -6.3 (-3.9) million. Exchange rate fluctuations, especially the strengthened value of the Russian ruble, increased financial expenses by EUR 1.6 million from the previous year. The average interest rate of interest-bearing liabilities, excluding lease liabilities, was 3.3% (1.4%).

The Group's liquidity position remained strong during the financial year. Cash and cash equivalents stood at EUR 33.5 (17.7) million at the end of the financial year, of which cash and cash equivalents related to businesses classified as held for sale were EUR 11.8 million. Committed revolving credit facilities, totaling EUR 40 million, were completely unused, as in the previous year. Aspo's EUR 80 million commercial paper program was also completely unused (EUR 5 million used at the end of 2021).

During 2022, Aspo extended its maturity structure for interest-bearing loans. In September, AtoBatC Shipping signed an EUR 32.2 million loan agreement with Svenska Skeppshypotek. The loan's maturity is 15 years, and it has not yet been withdrawn. A ten-year loan agreement of EUR 20 million was signed in June with the Nordic Investment Bank, of which EUR 19.6 million have been withdrawn. These loans provide funding for ESL Shipping's investment in a series of six new highly energy-efficient electric hybrid vessels. The project was launched in September 2021. In addition, Aspo restructured a bilateral bank loan of EUR 20 million, about to mature in 2023, with a new bilateral revolving credit facility which will mature in 2025. The loan agreement also includes two options for a one-year extension.

In June, Aspo issued a new EUR 30 million hybrid bond, whose coupon rate is 8.75% per annum. The hybrid bond has no maturity, but the company may exercise an early redemption option in June 2025 at the earliest. Aspo's earlier hybrid bond of EUR 20 million was redeemed on May 2, 2022.

FINANCIAL TARGETS

Aspo's financial targets announced on December 1, 2021:

- Net sales growth: 5–10% a year
- Operating profit: 8%
- Return on equity: more than 20%
- Gearing: less than 130%

With regard to Aspo's businesses, ESL Shipping's operating profit target is 14%, Telko's 8% and Leipurin's 5%.

In 2022, the Group's targets were reached well overall. Aspo Group's net sales increased by 11%. The comparable operating profit rate was 8.5% (7.2%), clearly exceeding the target level of 8.0%. Return on equity remained at 15.2% (20.8%) due to the items affecting comparability of EUR -24.1 million that mainly consisted of additional costs and impairment losses arising from Russia's invasion of Ukraine, and whose negative impact on return on equity was roughly 15.6 percentage points. Aspo's gearing decreased to 108.4% (131.0%), well below the target level.

EVENTS AFTER THE FINANCIAL YEAR

In January 2023, Leipurin signed a binding preliminary agreement to sell all shares in its subsidiaries in Russia, Belarus and Kazakhstan to Timur Akhiyarov. Russian-born Akhiyarov will invest in Leipurin's operations in eastern markets as a private investor. The sales price is approximately EUR 8.4 million. Rights to Leipurin's name and trademarks are not included in the transaction. The transaction still needs to be approved by the local authorities.

The Belarusian subsidiaries of Telko and Leipurin have been added to the list of companies whose transfer of shares are prohibited by a decision issued by the Council of Ministers of Belarus at the end of January 2023. Because of this, it is deemed unlikely that the sale of Telko's Belarusian business would proceed. This does not change Aspo Group's previously published assessment of the financial effects of the divestment. Leipurin's Belarusian subsidiary is part of an agreement according to which the share capitals of Leipurin's subsidiaries in Russia, Belarus and Kazakhstan would be sold to the same buyer. The decision of the Council of Ministers of Belarus does not change the previously published assessment of the financial effects of the transaction, nor does it prevent the sale of Leipurin's Russian and Kazakh subsidiaries.

In January 2023, Telko acquired the Polish distribution company Eltrex. Eltrex is a distributor of speciality chemicals and industrial packaging materials, and its annual net sales are roughly EUR 8 million and operating profit slightly less than EUR 1 million.

In February 2023, Leipurin agreed on the sale and leaseback of its warehouse property in Gothenburg. The property was transferred to Leipurin's ownership in conjunction with the acquisition of Kobia on September 1, 2022. The buyer of the property is Revelop, a Swedish real estate investor. As a result of the sale and leaseback transaction, Aspo recognizes a sales gain of approximately EUR 0.4 million. According to the terms and conditions of the agreement, Leipurin leases the property for five years. The transaction is close to cost neutral, as the depreciation expense of the assets owned will be replaced by depreciation and interest expense for the leased assets of similar size.

OUTLOOK FOR 2023

General market uncertainties have continued even after the coronavirus pandemic. Russia's armed invasion in Ukraine caused a collapse in eastern markets, especially concerning Russia, rapid restrictions on the free movement of capital, and a significant decrease in goods transportation. As a result of the significant decrease in eastern markets, Aspo has directed its operations to western markets and other regions outside Aspo's eastern markets. Demand and growth are expected to remain moderate in these regions, albeit there are differences in business-specific outlook. Supply chains have become susceptible to disruptions globally and the availability of raw materials may decrease because of Russia's invasion and the coronavirus pandemic.

Inflation and price increases may shift demand to products whose profit margins are lower, therefore having a negative impact on profitability. Inflation is not expected to continue its rapid increase, and the price development is expected to stabilize in a moderate increase.

Demand may fluctuate in different industrial sectors, while the largest sectors will add stability to volumes and also stabilize prices at best. Aspo's customers acquiring raw materials and other production inputs from a larger geographic area may increase demand for transportation solutions in particular.

Russia's invasion in Ukraine seems to continue and, even though it is not expected to expand outside Ukraine, its negative impact may extend to commercial operations. However, the year is expected to be good for Aspo, regardless of the circumstances.

GUIDANCE FOR 2023

Aspo Group's comparable operating profit will be higher than EUR 35 (2022: 55.3) million in 2023.

ASPO'S BUSINESS OPERATIONS

ESL Shipping

ESL Shipping is the leading dry bulk sea transportation 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 financial year, the shipping company's fleet consisted of 41 vessels with a total capacity of 425,000 dwt. Of these, 23 were wholly owned (80% of the tonnage), two were minority owned (2%) and the remaining 16 vessels (18%) were time chartered. ESL Shipping's competitive edge is based on its pioneering role and ability to responsibly secure product and raw material transportation for industries and energy production year-round, even in difficult conditions. The shipping company loads and unloads large ocean liners at sea as a special service.

ESL Shipping	2022	2021	2020
Net sales, EUR million	**245.4**	191.4	148.4
Operating profit, MEUR	**38.1**	26.8	7.6
Operating profit, %	**15.5**	14.0	5.1
Items affecting comparability, MEUR	**0.7**		
Comparable operating profit, MEUR	**37.4**	26.8	7.6
Comparable operating profit, %	**15.2**	14.0	5.1

ESL Shipping's net sales increased from the comparative period by 28% to EUR 245.4 (191.4) million. The comparable operating profit was the highest in the company's history at EUR 37.4 (26.8) million, with the comparable operating profit rate being 15.2% (14.0%). Operating profit rate clearly exceeded the long-term target of 14%. The items affecting comparability of EUR 0.7 million included EUR 1.5 million in sales gains from the barge Espa and EUR -0.8 million in expenses associated with the suspended operations in Russia.

High demand in the ESL Shipping's main market areas throughout the year, the shipping company's long-term partnership strategy and the successful operations of the onshore and offshore personnel enabled the excellent results.

The profitability of all the shipping company's vessel categories was historically strong. Demand and profitability in ESL Shipping's all customer segments remained high throughout the year. In contract traffic, demand for ton-miles remained high, and cargoes in spot markets were at a good level. Prices of spot markets started to decrease and demand to show signs of deceleration towards the end of the year. The energy industry was an exception, with its demand remaining high. Due to the exceptional situation involving the security of supply, the low availability of biofuels and longer transportation distances, the percentage of energy coal from all transportation operations increased significantly during the latter half of the year.

The shipping company's financial performance was excellent, especially considering the discontinuation of cargo transportation from Russia as a result of Russia's invasion in Ukraine and related sanctions. ESL Shipping suspended its operations in Russia during the second quarter, after which it no longer had any transportation obligations from Russian ports or for customers and cargoes linked closely to Russia. The released vessel capacity was transferred to other operating areas, in which the need for transportation capacity increased after raw material deliveries shifted away from Russia and transportation distances became longer. ESL Shipping suspended the operations of its previously established Russian company and will eventually divest the company in accordance with the requirements of local legislation.

In 2022, ESL Shipping achieved a significant strategic and structural interim goal when its Swedish subsidiary AtoBatC Shipping AB established a long-term Green Coaster pool for energy-efficient electric hybrid vessels with a group of institutional and private investors. The pooling structure is a commonly used practice in international shipping operations for the ownership and operation of vessels.

The Green Coaster pool will accelerate the shipping company's operational growth and improve its profitability and return on equity. The pool also marks the first phase in the shipping company's new low carbon growth strategy, utilizing funding by investors and the pooling structure. AtoBatC Shipping AB has ordered a total of twelve next-generation electric hybrid vessels, with every other vessel being sold to the company established by the investor group. The first four new vessels are already under construction, and the first vessel is to be delivered during fall 2023. AtoBatC Shipping AB, ESL Shipping's subsidiary, acts as the manager of the pool to be established and provides comprehensive services for the building and maintenance of the vessels following the turnkey principle.

Outlook 2023 for ESL Shipping

General macroeconomic uncertainties have increased in ESL Shipping's main market areas. Higher inflation and slower economic growth increase demand and pricing pressures among the shipping company's main customers. Finland's labor market may experience unrest during the spring, and its impact through overtime bans and strikes may be significant on key customers and especially on the effectiveness of the transport chain.

Global demand estimates in sea transportation markets and price levels of spot markets have decreased considerably from the previous year. On the other hand, the availability of vessel capacity suitable for round-the-year operations in the Baltic Sea is limited. Production volumes of ESL Shipping's main customers are expected to be satisfactory, albeit slightly lower than in the previous year. Demand for energy deliveries outside Finland is expected to remain high during the first half of the year. In the forest industry, pulp delivery volumes are looking positive, but only satisfactory for sawn goods. Volumes are looking satisfactory in the steel industry. Now that deliveries of Russian raw materials have stopped, some of the shipping company's significant contractual customers are forced to seek new suppliers for part of their production input required in new geographic areas. Not all of these procurement routes have yet become stabilized which may cause an imbalance in ESL Shipping's operations. The role of energy coal transportation is expected to decrease significantly when the security of supply situation returns to normal and demand shifts towards other energy forms.

The majority of the shipping company's transportation capacity has been secured through long-term agreements with the exception of the Supramax vessels. Currently, the expectations of the lessors of the time-chartered vessels do not meet the realities in the shipping company's main market areas which may cause further uncertainties in the availability of a suitable and sufficient tonnage. The impact of rising energy prices on ESL Shipping's costs is compensated effectively through fuel clauses in long-term transportation agreements.

The shipping company's investments in energy-efficient vessels will strengthen its competitiveness and market position in the future. ESL Shipping will continue the development of a fossil-free sea transportation ecosystem in line with the green transition and the vessels designed for it in cooperation with its key customers. The shipping company is participating in projects aimed to produce green hydrogen through renewable electricity and to further process it as fossil-free fuel for the shipping company's vessels.

Telko

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

In October 2022, Telko signed a binding preliminary agreement on selling all shares in its subsidiary in Russia to GK Himik, a Russian industrial company. In December, Telko finalized the preliminary agreement to sell all shares in its subsidiary in Belarus to a member of its current management. Both business transactions still need to be approved by the local authorities.

Telko	2022	2021	2020
Net sales, EUR million	**267.4**	268.8	224.9
Operating profit, MEUR	**7.3**	20.4	12.6
Operating profit, %	**2.7**	7.6	5.6
Items affecting comparability, MEUR	**-13.5**	-0.8	
Comparable operating profit, MEUR	**20.8**	21.2	12.6
Comparable operating profit, %	**7.8**	7.9	5.6

Telko's net sales for the financial year remained at the previous year's level at EUR 267.4 (268.8) million. The full-year comparable operating profit of EUR 20.8 million was only slightly lower than the previous year's record-high comparable operating profit (EUR 21.2 million). The comparable operating profit rate remained high at 7.8% (7.9%). The items affecting comparability of EUR -13.5 million included EUR -2.6 million relating to the destroyed warehouse in Ukraine and EUR -10.9 million relating to the impairment losses associated with companies in Russia and Belarus, and other expenses arising from the withdrawal from Russia.

Towards the end of the year, net sales and operating profit decreased compared to 2021, especially due to the poor development and negative results of operations in Russia. Operations in Ukraine also decreased significantly from the previous year. In addition to the items affecting comparability, exchange rate losses and expenses associated with corporate restructuring had a negative impact on the operating profit.

Of Telko's business areas, the net sales of the plastics business and the chemicals business decreased slightly in 2022. Instead, the lubricants business increased by 30.4% which can largely be explained by high price levels and the acquisition of Mentum AS, which was completed at the end of 2021.

In recent years, Telko has consistently reduced the proportion of volume products and increased that of specialty products, as a result of which its tolerance of price fluctuations is better than before. According to its strategy, Telko seeks to accelerate its growth through acquisitions in addition to organic growth.

Telko completed the acquisition of the operations of the Norwegian company Johan Steenks AS in October. Johan Steenks is a distributor of technical plastic raw materials and additives for plastics, and it has an established customer base in the Norwegian markets and a number of well-known principals. The company's annual net sales are approximately EUR 5 million.

Outlook 2023 for Telko

Telko has agreed to divest its operations in Russia and Belarus. Telko's net sales in Russia and Belarus stood at EUR 58.0 million in 2022, comprising 22% of Telko's total net sales in 2022. Both sales transactions require approval from the local authorities. The transaction in Russia is expected to be completed during the first quarter of 2023, but there is uncertainty involved.

In 2023, Telko's net sales and results will be significantly lower than in the previous year due to the changed situation in Russia, Belarus and Ukraine. In other countries, demand is expected to remain moderate, even though there will be differences between business areas.

The prices of plastics and chemicals decreased steeply during the latter half of 2022, while still being clearly above the long-term average. It is assumed that the most significant price corrections took place during 2022, but the prices are expected to decrease slightly during the first half of the year if energy prices do not experience a considerable increase. In high added value products, on which Telko focuses in accordance with its strategy, price changes are typically more moderate. Significant changes in prices have a short-term impact on margins. Demand for lubricants is expected to remain stable, and prices are expected to increase at least during the first half of 2023.

In western markets, demand will involve uncertainties during the first part of 2023. Demand indices have decreased in the construction and automotive industries in Europe. High energy prices and inflation rates will affect demand during the next few months, in particular. At the end of the year, demand will, above all, be affected by the general development of purchasing power in Europe. The lifting of coronavirus restrictions in China is expected to increase local demand. In addition, higher demand in China may have an impact on global price development during the first part of the year. In Central Asia, demand is expected to remain relatively high. Sales in Ukraine will be lower during the first half of the year than in the previous year, while they are expected to be at the 2022 level during the rest of the year, depending completely on the development of the war.

Telko will continue its activities to improve its operational efficiency and scalability. Inflation causes general increases in costs. On the other hand, cargo expenses, especially in Asia, will be materially lower than in the previous year.

Leipurin

Leipurin operates as part of the food chain, acquiring raw materials in global markets and from domestic companies and supplying them through its effective logistics chain according to customer needs. Leipurin operates in nine countries that have been grouped into four business units, each being responsible for their financial performance: Finland, Sweden, Baltics, and East. Leipurin serves bakery, food industry and foodservice customers by providing raw materials and by supporting research and development and recipes for new products. The Leipurin segment's other product categories include various supplies and machines for the same customer segments. The Leipurin segment uses leading international manufacturers as its raw material and machinery supply partners.

Leipurin is in the process of withdrawing from its operations in Russia, Belarus and Kazakhstan. In January 2023, Leipurin signed a binding preliminary agreement to sell its subsidiaries in these countries to a private investor. The transaction still needs to be approved by the local authorities.

Leipurin	2022	2021	2020
Net sales, EUR million	**130.6**	113.1	101.0
Operating profit, MEUR	**-4.8**	-2.4	1.4
Operating profit, %	**-3.7**	-2.1	1.4
Items affecting comparability, MEUR	**-8.1**	-4.3	
Comparable operating profit, MEUR	**3.3**	1.9	1.4
Comparable operating profit, %	**2.5**	1.7	1.4

During the financial year, Leipurin's operations were affected by the restrictions in eastern markets due to Russia's invasion of Ukraine, the high price inflation in global raw material markets, and challenges related to the availability of raw materials.

On September 1, 2022, Leipurin acquired all shares in Kobia AB, a Swedish distributor in the bakery industry, from the Swedish Abdon Group. The acquisition expands Leipurin's operations geographically in markets in Northern Europe. Annually, Kobia's net sales are close to EUR 50 million, and its operating profit rate is roughly 3%. The acquisition strengthens Leipurin's position as the leading player in the Baltic Sea region.

In 2022, Leipurin's net sales grew by 15% to EUR 130.6 (113.1) million. The acquisition of Kobia AB increased net sales by EUR 17.3 million. Figures for the comparative year included EUR 11.4 million in net sales of the discontinued machinery business in Russia and divested Vulganus Oy, which were EUR 7.1 million higher than in 2022, but the increase in raw material sales in western markets was particularly strong year-on-year. The steep increase in raw material prices in global markets had a significant impact on the euro-denominated increase in sales.

Leipurin's comparable operating profit for 2022 was EUR 3.3 (1.9) million, and the comparable operating profit rate was 2.5% (1.7%). Items affecting comparability, totaling EUR -8.1 (-4.3) million, were mainly related to the impact of Russia's invasion in Ukraine, the acquisition of Kobia, and the divestment of Vulganus. The impairment loss recognized on goodwill affected the comparability of the comparative period. Due to these items, the operating profit was negative at EUR -4.8 (-2.4) million.

In June, Vulganus Oy was sold to KÖNIG Maschinen GmbH, the leading manufacturer of bakery machines in Austria. The loss arising from the divestment and the expenses related to it, totaling EUR -0.4 million, are reported under the Leipurin segment's other operating expenses.

Outlook 2023 for Leipurin

The war in Ukraine and the decision to withdraw operations from Russia, Belarus and Kazakhstan will have a significant impact on Leipurin's net sales and results. Leipurin's net sales in Russia, Belarus and Kazakhstan stood at EUR 24.7 million in 2022, comprising 19% of Leipurin's total net sales in 2022. The divestment of eastern operations still needs to be approved by the local authorities. Leipurin expects the transaction to be completed during the first half of 2023, but there is uncertainty involved.

The expansion to Sweden through the acquisition of Kobia AB will increase Leipurin's annual net sales by roughly EUR 50 million and produce considerable synergy benefits in the development of the product range, and in the supply chain and procurement. It also enables partners to be served in a larger geographic area.

Inflation and the rising energy prices, in particular, have a negative impact on demand for more expensive products, potentially presenting profitability challenges among the bakery segment's customers. The decreased purchasing power may have a negative impact on demand for artisanal bakeries, as consumers prefer more affordable products.

The upward trend is expected to continue in the prices of main raw material categories, even though the rapid inflation during 2022 is expected to decelerate considerably. This is expected to take place during the first half of 2023.

Despite these challenges, Leipurin sees that the market will offer a highly stable environment in the long term and also opportunities for organic growth in selected market segments.

The impact of Russia's invasion in Ukraine and the coronavirus pandemic on global supply chains, the availability of certain raw materials and general delivery times will continue. The management of payment defaults and claims has succeeded well at present. Profitability challenges will increase risks of payment defaults and bankruptcies among customers and suppliers.

STRUCTURAL ARRANGEMENTS

In the ESL Shipping segment, the operations of Norra Skeppnings Gruppen AB were divested on December 1, 2022.

Telko Norway AS acquired the operations of Johan Steenks AB on October 3, 2022. Mentum AS was merged into its parent company Telko Estonia OÜ. Before the merger, Mentum's branches in Latvia and Lithuania were sold through intragroup transactions to Telko UAB in Lithuania and Telko SIA in Latvia.

On September 1, 2022, Leipurin acquired all shares in Kobia AB, a Swedish distributor in the bakery industry, from the Swedish Abdon Group. Leipurin sold Vulganus Oy to KÖNIG Maschinen GmbH on June 30, 2022. In addition, Leipurin Plc acquired two dormant companies LT HC One Oy and LT HC Two Oy for corporate restructuring in eastern markets.

Kauko Oy was sold to Signal Partners Oy on October 31, 2022. Kauko GmbH is in the process of being dissolved, and its operations have been discontinued.

INVESTMENTS

In 2022, Aspo Group's investments totaled EUR 17.8 (15.9) million. The investments mainly consisted of the dockage of ESL Shipping's vessels and advance payments for the Green Coaster vessels.

INVESTMENTS

MEUR	2022	2021	2020
Investments in tangible and intangible assets	**17.8**	15.9	4.7

Advance payments for the Green Coaster vessels to be sold further have been recognized in inventories. At the end of the financial year, inventories included EUR 10.2 million in advance payments for the Green Coaster vessels.

PERSONNEL

The employee benefit expenses within the Group in 2022 amounted to EUR 54.4 (50.7) million. Salaries and fees during the financial years 2022 and 2021 represent the amounts of continuing operations and hence do not include the share of Kauko operating segment. More detailed information about the personnel is presented in Aspo's Sustainability Report.

PERSONNEL

	2022	2021	2020
Number of personnel, December 31	**886**	944	896
Average number of personnel	**914**	911	852
Salaries and fees during the financial year, MEUR	**46.0**	42.5	36.2

REMUNERATION

Share-based incentive plan 2022–2024

On February 16, 2022, Aspo Plc's Board of Directors decided to establish a new share-based incentive plan for 2022–2024. The aim of the plan is to combine the objectives of the shareholders and key employees in order to increase the value of the company in the long term, to retain key employees in the company, and to offer them a competitive reward plan based on earning and accumulating the company's shares.

The share-based incentive plan consists of three earnings periods, with the earned reward being based on the Group's earnings per share (EPS) and two sustainability indicators. Participation in the scheme and obtaining rewards require that participants allocate the freely transferable company shares they hold to the plan or acquire the company's shares up to the quantity determined by the Board of Directors.

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

For the 2022 earnings period, the targets were met at 90% overall.

Share-based incentive plan 2021–2023

On February 11, 2021, Aspo's Board of Directors decided to continue the share-based incentive plan for the Group's key personnel by establishing a share-based incentive plan for 2021–2023. The aim of the plan is to combine the objectives of the shareholders and key employees in order to increase the value of the company in the long term, to retain key employees in the company, and to offer them a competitive reward plan based on earning and accumulating the company's shares. The share-based incentive plan is directed at around 20 people, including the members of the Group Executive Committee.

The EPS target, acting as an earnings criterion for the share-based incentive plan, was fully met during the 2021 financial year. In March 2022, based on the share-based incentive plan, a total of 89,400 treasury shares were transferred, and an amount equaling the value of the shares was paid in cash to cover taxes.

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 and at the same time, Jansson acquired 10,000 shares from the market at his own expense in accordance with the contract. A second transfer of equal quantity will take place in 2023.

RESEARCH AND DEVELOPMENT

Aspo Group's R&D focuses, according to the nature of each segment, on developing operations, procedures and products as part of the customer-specific operations, which means that the development inputs are included in other operating expenses and are not capitalized.

SUSTAINABILITY

Aspo's businesses aim to be pioneers in sustainability in their respective sectors. Sustainability is a key factor in guiding our management system and the process of investigating new investment objects.

Key sustainability themes have been defined for Aspo's businesses:

- Increasing our business operations, while reducing their environmental loads

- Improving the Aspo experience for people in our value chain
- Advancing the practices of good governance at all levels

Aspo's different businesses partly have highly different focus areas in their sustainability. ESL Shipping has actively reduced its environmental footprint by minimizing its fleet's emissions and energy consumption. The operations of Leipurin focus on product safety, and the reduction of waste and wastage. Product safety is also essential for Telko, which acts as a link between industrial customers and international raw material manufacturers. Aspo's Code of Conduct defines a common set of rules for responsible business in all the Group's subsidiaries.

Key focus areas for the Group include reducing emission intensity and improving occupational safety. These targets showed positive development in 2022 when both emission intensity and the accident frequency decreased from the previous year. In terms of environmental responsibility, we are rapidly approaching the target set for 2025 to reduce emission intensity by 30% from the level of 2020. In addition, approximately 100% of the Group's all employees completed Code of Conduct and Compliance trainings during the year, including anti-corruption issues and provides guidance for identifying any suspicious situations and practices considered unethical. More information about the progress Aspo and its businesses have made in sustainability is available in Aspo's 2022 Sustainability Report. Aspo's businesses will also publish their own sustainability reports at the beginning of 2023.

In 2022, the development of Aspo's sustainability program continued on several fronts. For example, we prepared a new sustainability policy and integrated the Group's sustainability goals into Aspo's remuneration scheme. We also invested in a new Group-wide sustainability reporting platform, which we believe will develop the reporting capabilities of our businesses and intensify the monitoring of targets. The new reporting platform has been deployed in all our businesses, and it will also assist in reporting in accordance with the EU's upcoming corporate sustainability reporting directive. In addition, we continued to investigate the impact of the EU taxonomy for sustainable activities on the Group's businesses and reporting practices.

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY

The EU taxonomy is a classification system for environmentally sustainable economic activities. It is a framework for directing investments at more sustainable activities through six environmental objectives, 'do no significant harm' (DNSH) criteria, minimum social safeguards, and detailed technical screening criteria. Aspo releases information about environmentally sustainable economic activities in accordance with the non-financial reporting directive (NFRD) as defined in the EU taxonomy.

At this stage, only the economic activities that have the highest need and potential to have a significant impact on climate change mitigation and adaptation are within the scope of the taxonomy regulation. According to Aspo's interpretation, a large part of its business activities, meaning the operations of Telko and Leipurin, are not within the scope of the EU taxonomy, as their commercial activities are not included in the group of high emission sectors. Telko is a distributor of plastics, chemical raw materials and lubricants, while Leipurin is a distributor of the raw materials and supplies required by bakeries and the food industry in their production operations. However, Aspo has identified activities that are eligible under the taxonomy and those that are aligned with the taxonomy.

We support the transition to fossil-free transportation and invest in technologies that help our customers acquire their logistics chains and make their products carbon-neutrally. ESL Shipping, which operates in the sensitive Baltic Sea and the Arctic, has eligible and aligned activities. With regard to the taxonomy's environmental objectives, ESL Shipping's aligned activities contribute to climate change mitigation. Key development areas include vessels, in which we invest significantly on our way towards fossil-free transportation and to prevent the spread on invasive alien species through ballast water. We have set strict targets to reduce our carbon footprint: ESL Shipping's goal is to reduce carbon intensity by 50% per ton-mile by 2030 and generate zero carbon dioxide emissions by 2050.

The European Commission issued its most recent and comprehensive instructions for the application of the taxonomy in December 2022 (Draft Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act & Draft Commission notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation). Our interpretation of how taxonomy information is to be published is based on the instructions given and the preparatory work we carried out in 2021 and 2022. We also interpreted the instructions at the beginning of 2023 assisted by specialists, and we will apply them to the 2022 report. As a rule, our interpretation of eligibility and alignment is based on the taxonomy regulation and the complementary climate delegated act, as well as the technical criteria defined in them: 1) substantial contribution to climate change mitigation/adaptation; and 2) DNSH criteria. In addition, we have assessed compliance with the minimum safeguards in our activities.

We lead the way in sustainability in our respective fields. We are the driver of change and reshape our industries by changing our own activities and, therefore, by guiding the market to make similar changes.

Aspo's Sustainability Report is published annually, similarly to the responsibility reports of our businesses. They include information about how the environment is addressed in our business activities.

Minimum safeguards

Aspo assesses the minimum safeguards at Group level, while applying all related principles to each of its businesses. We have assessed the minimum safeguards relative to human rights, bribery and corruption, taxation, and fair competition as part of the EU taxonomy regulation and in relation to the Final Report on Minimum Safeguards of the EU Platform on Sustainable Finance. As a result of the assessment, Aspo considers that all its aligned activities meet the criteria used.

Aspo's Code of Conduct, commitment to the principles of the UN Global Compact, training completed by each employee, and Aspo's other guidelines set a framework for the principles and requirements that are expected from Aspo's all employees and partners. According to the UN Global Compact, we abide by its principles related to human rights, working life, the environment and anti-corruption. In addition, Aspo respects and follows internationally recognized standards on human and workers' rights.

Aspo uses a whistleblower channel in accordance with the EU whistleblower protection directive, and it can be used by any member of the personnel. All cases reported to the channel are processed anonymously and confidentially. The severity of cases is assessed by a small and limited group, which decides on further measures. In addition, whistleblowers are protected by all means necessary. All cases are listed and reported to Aspo's Audit Committee. Cases are investigated and, if required, a limited group is used to implement corrective measures. Any reports received from outside the channel are processed with the same diligence and confidentiality as reports received through it.

Minimum safeguards – human rights

Aspo is committed to the UN Global Compact initiative, the first two principles of which concern human rights. Aspo also approves human rights due diligence (HRDD) commitments and has included the principles applied in its policies, guidelines and personnel training.

In Aspo's Compliance and Code of Conduct trainings, members of the personnel are trained to identify any adverse impact on human rights questions and situations where human rights may be violated. Furthermore, Aspo's businesses assess their customers and suppliers, and they have been instructed to end a business relationship if any violations are discovered. The principles have been described extensively in Aspo's Code of Conduct, they are tested in personnel training, and they apply to all our employees, job applicants and subcontractors.

In addition to training, any measures taken and possible violations are communicated internally. If a potential violation is considered to have a broad impact on the market or the value of Aspo's shares, it will be communicated in accordance with stock exchange rules. All supervisors must instruct, supervise and support their teams so that they can work safely. The content of training is based on the Code of Conduct approved by Aspo's Board of Directors and the principles mentioned above.

Our businesses continuously audit supply chains to assess measures related to the minimum safeguards, including human rights. Aspo has never been convicted of any human rights violations.

Minimum safeguards – anti-corruption and fair competition

The personnel's Compliance training also includes an anti-corruption module. Before providing regular training, Aspo already combated corruption in all its market areas by adopting zero tolerance. Aspo's businesses have rejected transactions in markets in which business operations would have required activities in breach of Aspo's Code of Conduct. We do not accept corruption or bribery in any form. We never pay bribes or accept their payment to the authorities or private individuals, and we never request or accept them. In particular, we can never give or offer anything of a monetary value to inappropriately influence decisions to obtain or maintain business activities or to gain an unfair advantage. We cannot do this directly or indirectly through third parties.

We aim to engage in a productive, ethical and transparent relationship with our principals, representatives, distributors, customers and subcontractors. Furthermore, we expect our partners to comply with applicable acts and regulations, and commit to abiding by the codes of conduct of our product and service suppliers.

We operate in an international business environment, which includes the importation and exportation of products, goods, services and information from one country to another. We comply with the applicable acts and regulations that have an impact on our operations. Regulations include blockades and sanctions, customs importation and exportation regulations, export controls, customs valuations, and regulations on origin and preferential treatment. In our operations, we comply with applicable acts on the prevention of money laundering, terrorism and economic crime. In addition, we always check the background of our new suppliers and customers (know your customer, KYC), and compare our information with sanctions lists at regular intervals.

Aspo complies with the principle of fair competition. We provide our personnel with regular training to help them understand competition law and related practices. No legal action has ever been taken against Aspo, its subsidiaries, management or managerial employees for breach of competition law.

Minimum safeguards – taxation

Aspo's tax strategy can briefly be defined as follows. Aspo complies with national and international tax laws. We are not engaged in any aggressive tax planning, and the profit of Aspo's companies is taxed in the country in which it has been generated. Aspo or its subsidiaries have never been convicted of any tax violations, but Aspo may take legal action to defend its tax rights, if necessary. We always comply with local tax law regarding all tax types. Aspo has special tax characteristics at its shipping companies in Finland and Sweden, to which local tonnage tax law applies. We openly communicate our tax position at least once a year in our financial statements, and in separate bulletins if required. We do not recognize any tax receivables from losses, unless we can indisputably prove that they can be utilized according to legislation.

Assessment of alignment with the taxonomy based on technical criteria

Aspo's alignment with the taxonomy has also been assessed based on technical criteria: substantial contribution to climate change mitigation, substantial contribution to climate change adaptation, and DNSH criteria.

Substantial contribution to climate change mitigation

Aspo's aligned activities mainly concern ESL Shipping's most recent vessels and those under construction. Paragraph 1d of the article on substantial contribution to climate change mitigation applies to these vessels which means that the vessels have been given an energy efficiency design index (EEDI) value until December 31, 2025, which is 10% lower than the EEDI requirements applied on April 1, 2022, if the vessels use a fuel that does not generate direct carbon dioxide emissions (exhaust emissions) or fuels produced from renewable sources. Of ESL Shipping's vessels, Viikki and Haaga are below the required level by 18.5% and the electric hybrid vessels under construction by 20.5%. On these grounds, we consider the taxonomy's technical criteria to be met, and these vessels are aligned with the taxonomy.

These vessels are not intended for the transportation of fossil fuels which meets the criteria defined in paragraph 2 of the article on substantial contribution to climate change mitigation. The part of net sales generated through the transportation of fossil fuels is not included in aligned net sales.

Do no significant harm criteria

1) Climate change adaptation

Aspo has assessed climate scenarios, changes in conditions and resulting risks using the mid-term climate scenarios of the Intergovernmental Panel on Climate Change (IPCC). The World Wildlife Fund's (WWF) climate change scenarios and resulting risks have also been used in the assessment. ESL Shipping's operations meet the requirements (p. 140) set for climate change adaptation in Annex I, Appendix A of the delegated regulation regarding the assessment of climate risks and vulnerabilities. As the lifecycle of ESL Shipping's operations has been assessed to be more than ten years, climate risks and vulnerabilities have been assessed relative to time and the scope of operations Initially, ESL Shipping's vessels have been designed for conditions expected in shipping operations, including storms, wind, waves, Arctic and other challenging conditions. According to our assessment, ESL Shipping has a good ability to respond and adapt to various risks presented by climate change.

2) Sustainable use and protection of water and marine resources

With regard to the sustainable use and protection of water and marine resources, no environmental impact assessment (EIA) is required for ESL Shipping's vessels. ESL Shipping is in the process of updating goals related to water quality and the prevention of water stress in its guidelines.

3) Transition to a circular economy

Any waste generated during the operation of ESL Shipping's vessels is sorted and stored on board each vessel and transferred to ports under control. Dockages are carried out by operators that are able to process the waste generated during dockages sustainably. Lubricants and other hazardous waste are processed so that they can be used in recycling. If ESL Shipping maintains any vessels until the end of their lifecycle, scrapped vessels will be recycled under control. Vessels are operated in accordance with Annex V of the International Convention for the Prevention of Pollution from Ships (MARPOL) issued by the International Maritime Organization (IMO) on November 2, 1973. ESL Shipping has prepared guidelines for waste processing, safety, recycling and scrapping, and it has issued a statement on compliance with MARPOL.

4) Pollution prevention and control

In recent years, ESL Shipping has made specific investments in technologies that reduce greenhouse gas emissions released into the atmosphere, including carbon dioxide and methane. These include the liquefied natural gas (LNG) technology and the electric hybrid technology used in the vessels under construction. Furthermore, ESL Shipping has installed sulfur scrubbers to purify exhaust gases in its vessels that can use heavy sulfur-containing fuel oil but also use light low-sulfur fuel oil that burns more cleanly. The carbon dioxide emissions of Viikki and Haaga, ESL Shipping's handy class vessels fueled by LNG, are 21–28% lower compared with conventional fuels used in shipping operations. Moreover, the methane emissions of Viikki and Haaga are significantly lower. High-pressure two-stroke engines were selected as their main engines, as they burn methane more completely than conventional four-stroke engines. Both vessels have a certificate granted by the Clean Shipping Index to indicate that they meet the requirements of CSI 5.

The processing of gray water minimizes access to waterbodies by processing the water at ports.

5) Protection and restoration of biodiversity and ecosystems

ESL Shipping does not use any antifouling paint at the bottoms of its vessels, as they are cleaned mechanically which reduces the spread of toxins to the sensitive ecosystem of the Baltic Sea. As practical examples of other safeguards, ESL Shipping's vessels are equipped with ballast water treatment systems that prevent the spread of invasive alien species from one waterbody to another through ballast water.

Eligible and aligned net sales, capital expenditure and operating expenditure

During the 2021 financial year, we assessed that the operations of Telko, Leipurin and Kauko are not eligible under the taxonomy. Instead, ESL Shipping's operations were wholly eligible, similarly to its aligned investments and fixed expenses.

During the 2022 financial year, we divested Kauko's operations, and the net sales, investments or fixed expenses of Telko and Leipurin were not eligible, which is why their alignment with the taxonomy has not been assessed.

ESL Shipping's operations belong to the taxonomy's activity 6.10 (sea and coastal freight water transport, vessels for port operations and auxiliary activities). The first environmental objective set for the activity is climate change mitigation. Of ESL Shipping's operations, net sales, investments and fixed expenses are wholly eligible. Of these, Viikki and Haaga, ESL Shipping's handy class vessels fueled by LNG, are aligned, and their net sales consist of income obtained from customer contracts. The net sales generated by these vessels are not wholly aligned, as the vessels have transported coal for use in energy generation. The part of net sales obtained from the transportation of coal has been deducted from the numerator of the turnover indicator. The net sales of other vessels and correspondingly of Aspo's other operations are not aligned, but they have been included in full in the numerator of the turnover indicator at a Group level. The capital and operating expenditure allocated to the LNG-fueled vessels also follows the distribution of their net sales.

The shipping company's Supramax vessels or vessels of a smaller size category are not aligned.

Currently, 12 advanced electric hybrid vessels are being built for ESL Shipping's Swedish subsidiary AtoBatC Shipping AB at a shipyard in India. Six of them will remain in the company's ownership and six will be transferred to another owner participating in the pooling arrangement. Aligned capital expenditure only includes the capital expenditure of the vessels recognized on AtoBatC Shipping's balance sheet. The vessels transferred to the other pooling party do not generate any aligned capital expenditure. Because the vessels are still under construction, they have not generated any aligned operating expenditure.

Aligned operating expenditure includes maintenance expenses that arise from ESL Shipping's vessel and are not regarded as capital expenditure.

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
	Code(s)	Absolute turover	Proportion of turnover	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy- aligned proportion of turnover, year N	Taxonomy- aligned proportion of turnover, year N-1	Category (enabling activity or)	Category (transitional activity)
Economic activites		**MEUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**YN/**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	20.2	3%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	3%	n/a	n/a	T
Turnover of environmentally sustainable activities (Taxonomy-aligned (A.1)		**20.2**	**3%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**3%**	**n/a**	**n/a**	**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	225.2	35%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**225.2**	**35%**																	
Total (A.1 + A.2)		**245.4**	**38%**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities (B)		407.2	62%
Total (A + B)		**652.6**	**100%**

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy- aligned proportion of CapEx, year N	Taxonomy- aligned proportion of CapEx, year N-1	Category (enabling activity or)	Category (transitional activity)
Economic activites		**MEUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**YN/**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	8.3	59%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	59%	n/a	n/a	T
CapEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		**8.3**	**59%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**59%**	**n/a**	**n/a**	**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	4.9	35%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4.9**	**35%**																	
Total (A.1 + A.2)		**13.2**	**94%**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy-non-eligible activities (B)	0.8	6%
Total (A + B)	**14.0**	**100%**

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy- aligned proportion of OpEx, year N	Taxonomy- aligned proportion of OpEx, year N-1	Category (enabling activity or)	Category (transitional activity)
Economic activites		**MEUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**YN/**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	1.0	7%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	7%	n/a	n/a	T
OpEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		**1.0**	**7%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**7%**	**n/a**	**n/a**	**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	11.9	86%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**11.9**	**86%**																	
Total (A.1 + A.2)		**12.9**	**93%**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities (B)		0.9	
Total (A + B)		**13.8**	**100%**

RISKS AND RISK MANAGEMENT

Companies must approve a certain risk level, relative to which business targets are set. Aspo also involves different risks associated with normal operations and business-specific activities.

The purpose of risk management is to contribute to the achievement of the Group's goals. Risk management aims to proactively identify and manage potential problems and to identify and utilize business opportunities.

Risk management supports the development and implementation of Aspo's strategy.

The purpose of risk management is that:

- Aspo has an effective risk management control model, and related processes integrated into Aspo's business management.
- Managers have access to high-quality and up-to-date information on business risks and their control measures, providing support for decision making.
- The probability of the realization of risks and unexpected events, and their impact on finances and the reputation can be mitigated effectively.
- Risk management measures and selected control measures are based on Aspo's willingness to take risks and ability to tolerate risks.
- Cooperation in risk management is effective between Aspo's different businesses.

Aspo has strategic, operational, loss and financial risks. Strategic risks include risks that have a long-term impact on businesses, such as risks associated with the operating environment, market risks and political/legislative risks. The management of operational risks is a daily activity in businesses, and they include counterparty risks, price risks associated with raw materials and risks associated with non-conformities. The management of risks of loss is based on insurance and operating guidelines.

Globally, there are many geopolitical risk clusters, the development of which is difficult to predict, but which may have an impact on Aspo's businesses. Changes in these regions may be rapid and unpredictable, which is why it is difficult to estimate their potential impact or scale on Aspo's businesses. International sanctions have been imposed, which may also affect Aspo's businesses directly or indirectly. Furthermore, various countries have imposed import duties or other trade restrictions on each other's products. However, for now they have not had any direct impact on Aspo's business operations. Geopolitical tensions may escalate and cause direct damage to business, payments and, at worst, suspend business operations in a crisis area. The crisis can also lead to human, economic and monetary losses. Possible sanctions, including counter-sanctions, could lead to business difficulties and financial losses.

Increased financial activities have caused the prices of many raw materials, components and logistics services to increase rapidly, and increased uncertainties over the functioning of logistics in certain market situations. Aspo may temporarily benefit from this increase in prices, while the prices of purchased raw materials or leased capacity, such as leased vessels, are increasing at the same time. Longer delivery times for spare parts, components and raw materials, and any rapid price changes in different market situations, are also increasing risks. Growing inflation and rising interest rates may decelerate general economic growth and reduce demand for Aspo's businesses.

In line with its renewed strategy, Aspo aims to increase its steady profit-making ability through acquisitions. The strategy may lead to a temporary deterioration in the balance sheet and capital structure in situations where acquisitions require financial investments and consequently may reduce solvency.

The coronavirus pandemic continues to have an impact on Aspo's businesses. Any new variants of coronavirus and their rapid spread may lead to various interruptions and financial losses.

The quantity and probability of the Group's loss risks are assessed regularly. Bidding processes are arranged for general insurance policies, and the amounts insured are regularly updated. The amounts insured are sufficient in view of the scope of Aspo's operations, but insurance companies may restrict the validity of insurance policies as a result of risks increasing for various reasons.

Because the future estimates presented in this annual report are based on the current situation, they involve risks and other uncertainties, due to which actual future outcomes may differ from the estimates.

FINANCIAL RISKS

Aspo Group's financing and financial risk management are centralized in the parent company in accordance with the treasury policy approved by the Board of Directors.

- The refinancing risk is managed by decentralizing interest-bearing liabilities with respect to the counterparty, the form of funding, and maturity.
- The liquidity risk is managed by securing the Group's sufficient cash funds, with committed revolving credit facilities and other financial reserves.
- The company hedges against interest rate changes by tying interest-bearing liabilities partly to floating rate loans and partly to fixed rate loans. In addition, interest rate derivatives are used for targeting hedging against interest rate risks, if required.
- On a case-by-case basis, the Group uses terms of payment based on advance payments and bank guarantees to hedge against credit risks. Full knowledge of customers is an important part of credit risk management.
- The exchange rate risk is primarily controlled through customer and principal agreements at the business level, and secondarily by using currency derivatives, if required.

A more detailed description of financial risks is presented in Note 5.1 (Financial risks and the management of financial risks) of the consolidated financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal control, internal audits and risk management systems. The Audit Committee monitors the risk management process and instructs necessary measures to prevent strategic risks in particular. In accordance with the internal control principles approved by the Board of Directors, risk management is part of Aspo's internal control, and its task is to ensure the implementation of the Group's strategy, the development of financial results, shareholder value, dividend payment ability, and continuity in business operations. The operational management of each business is responsible for risk management. The management is responsible for specifying sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of day-to-day operational management. Aspo's Director of Legal Affairs, who reports to the Group CEO, is in charge of risk management.

LEGAL PROCEEDINGS

Aspo Group's companies are party to some legal proceedings and disputes associated with regular business operations. There were no significant changes in these during 2022. On the basis of the information available and taking into account the existing insurance cover and provisions made, Aspo believes that they do not have any material adverse impact on the Group's financial position.

MANAGEMENT AND AUDITORS

At the Annual Shareholders' Meeting, Patricia Allam, Mammu Kaario, Mikael Laine, Salla Pöyry, Tatu Vehmas and Heikki Westerlund were re-elected to the Board of Directors, and Tapio Kolunsarka was elected as a new member. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Heikki Westerlund was elected Chair of the Board and Mammu Kaario as Vice Chair. In addition, the Board decided to elect Heikki Westerlund as Chair of the Personnel and Remuneration Committee, and Tapio Kolunsarka, Salla Pöyry and Tatu Vehmas as its members, and Mammu Kaario as Chair of the Audit Committee, and Patricia Allam, Mikael Laine and Tatu Vehmas as its members.

In 2022, the Board of Directors held 21 meetings. The participation rate was 99%.

In 2022, the company's CEO was Rolf Jansson (M.Sc. (Econ.), M.Sc. (Eng.)) who started in his position in August 2021.

In October, Miska Kuusela was appointed Leipurin's new Managing Director and member of Aspo Group Executive Committee. In December, Taru Uotila was appointed Aspo Group's Senior Vice President of Legal Affairs, HR and Sustainability, and member of the Aspo Group Executive Committee. Kuusela and Uotila started in their positions on January 2, 2023.

Keijo Keränen, Aspo Group's Treasurer and member of the Group Executive Committee, left the company at the beginning of November 2022. Heli Arantola, Leipurin's Managing Director and member of the Aspo Group Executive Committee, resigned in June 2022 to transfer to another company. She stopped working in her position on September 30.

The authorized public accountant firm Deloitte Oy has been the company's auditor. Jukka Vattulainen, APA, has been the auditor in charge. The auditor's fee will be paid in accordance with an accepted invoice.

BOARD AUTHORIZATIONS

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

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

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

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

In 2022, a total of 99,400 shares were conveyed within the scope of share-based incentive plans.

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

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

Authorization of the Board of Directors to decide on donations

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

In 2022, donations totaled approximately EUR 55,000.

SHARES AND SHAREHOLDERS

Shares and payment of dividends

Aspo Plc's registered share capital on December 31, 2022 was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 62,250 shares; that is, 0.2% of the share capital.

Aspo Plc's Annual Shareholders' Meeting held on April 6, 2022, decided, as proposed by the Board of Directors, that EUR 0.23 per share be distributed in dividends for the 2021 financial year, and that no dividend be paid for shares held by Aspo Plc. The dividend was paid on April 19, 2022.

At its meeting held on November 2, 2022, Aspo Plc's Board of Directors decided on the second dividend distribution of EUR 0.22 per share, on the basis of the authorization provided at the Annual Shareholders' Meeting on April 6, 2022. The dividend was paid on November 11, 2022.

Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders' meeting. Aspo's share is quoted on Nasdaq Helsinki Ltd's Mid Cap segment under basic resources.

In January–December 2022, a total of 4,242,696 Aspo Plc shares, with a market value of EUR 33.9 million, were traded on Nasdaq Helsinki. In other words, 13.5% of the shares changed hands. During the year, the share price reached a high of EUR 11.80 and a low of EUR 6.09. The average price was EUR 8.01 and the closing price at the end of the year was EUR 8.20. At the end of the year, the market value, less treasury shares, was EUR 257.1 million.

Shareholders

Aspo's shares are included in the book-entry system maintained by Euroclear Finland Ltd. The company had 11,712 shareholders at the end of the year. A total of 1,077,145 shares, or 3.43% of the share capital, were nominee registered or held by non-domestic shareholders.

A monthly updated list of Aspo's major shareholders is available at Aspo's website.

Share ownership by members of the Board and the Group Executive Committee

On December 31, 2022, the total number of shares owned by the members of Aspo Plc's Board of Directors with entities under their control was 7,136,238 shares, which represents 22.71% of the company's shares and voting rights.

On December 31, 2022, Aspo Plc's CEO and the other members of the Group Executive Committee held a total of 237,382 shares, which represents 0.76% of the company's shares and voting rights.

DIVIDEND PROPOSAL BY THE BOARD OF DIRECTORS

Aspo aims for an annually increasing dividend distribution, while leaving room for strategic investments. Starting from 2017, Aspo has adopted a twice-a-year dividend payment policy.

The Board of Directors proposes to the Annual Shareholders' Meeting of Aspo Plc to be held on April 4, 2023, that EUR 0.23 per share be distributed in dividends for the 2022 financial year, and that no dividend will be paid for shares held by Aspo Plc. In addition, the Board of Directors proposes that the Annual Shareholders' Meeting authorizes 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 would be valid until the next Annual Shareholders' Meeting.

On December 31, 2022, the parent company's distributable funds totaled EUR 43,344,212.43, with the profit for the financial year totaling EUR 7,544,383.09. There are a total of 31,357,529 shares entitling to dividends on the publication date of the financial statement release.

The dividend of EUR 0.23 per share will be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of April 6, 2023. The Board of Directors proposes that the dividend be paid on April 17, 2023. The Board of Directors will decide at its meeting to be held on November 1, 2023, on the second dividend distribution in the maximum amount of EUR 0.23 per share, 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.

Before the Board of Directors implements the decision made at the Annual Shareholders' Meeting, it must assess, as required in the Finnish Limited Liability Companies Act, whether the company's liquidity and/or financial position has changed after the decision was made at the Annual Shareholders' Meeting so that the prerequisites for the distribution of dividends stipulated in the Limited Liability Companies Act are no longer fulfilled. The fulfillment of the prerequisites stipulated in the Limited Liability Companies Act is a requirement for the implementation of the decision made at the Annual Shareholders' Meeting.

MAJOR SHAREHOLDERS ON DECEMBER 31, 2022

	Shares qty	Percentage of shares and voting rights, %
Havsudden Oy Ab	3,262,941	10.38
AEV Capital Holding Oy	3,253,554	10.36
Varma Mutual Pension Insurance Company	1,423,076	4.53
Vehmas Tapio	1,275,827	4.06
Nyberg Gustav	901,524	2.87
Ilmarinen Mutual Pension Insurance Company	875,226	2.79
Investment fund Nordea Nordic Small Cap	726,040	2.31
Procurator-Holding Oy	514,882	1.64
IAIK Oy	488,147	1.55
Skandinaviska Enskilda Banken Ab (Publ)	413,406	1.32
Ten major shareholders, total	**13,134,623**	**41.80**

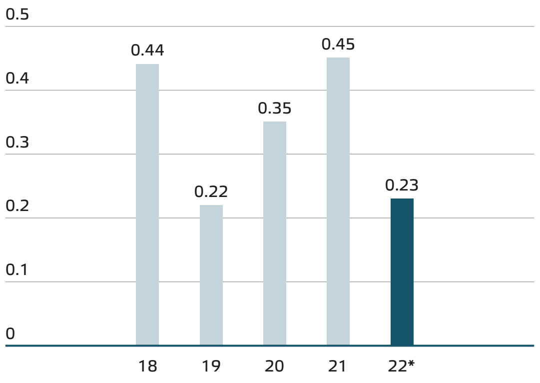
DISTRIBUTION OF SHARE OWNERSHIP ON DECEMBER 31, 2022 BY NUMBER OF SHARES

Shares qty	Number of shareholders	Percentage of shareholders %	Number of shares qty	Percentage of all shares %
1–100	2,884	24.63	148,815	0.47
101–500	4,358	37.21	1,189,603	3.79
501–1,000	1,830	15.63	1,397,239	4.45
1,001–5,000	2,120	18.10	4,541,303	14.45
5,001–10,000	288	2.46	2,059,073	6.55
10,001–50,000	188	1.61	3,814,806	12.14
50,001–100,000	13	0.11	949,221	3.02
100,001–500,000	22	0.19	5,082,185	16.18
500,001–	8	0.07	12,233,070	38.93
Total in joint accounts			4,464	0.01
Total	**11,711**	**100.00**	**31,419,779**	**100.00**

DISTRIBUTION OF SHARE OWNERSHIP ON DECEMBER 31, 2022 BY OWNER GROUP

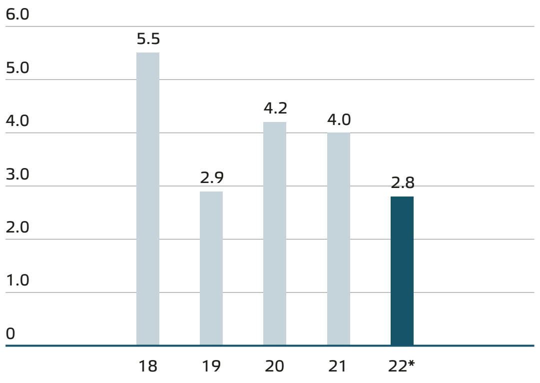
	Percentage of shareholders %	Percentage of shares %
Households	94.7	50.8
Companies	3.8	29.1
Financial and insurance institutions	0.3	7.6
Non-profit organizations	0.8	3.3
Public organizations	0.1	7.6
Non-domestic	0.4	1.6
Total	**100.0**	**100.0**

DIVIDEND PER SHARE, EUR



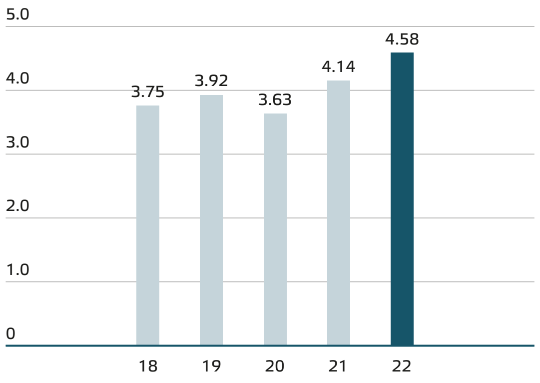
* Board proposal to the Annual Shareholders' Meeting

EFFECTIVE DIVIDEND YIELD, %

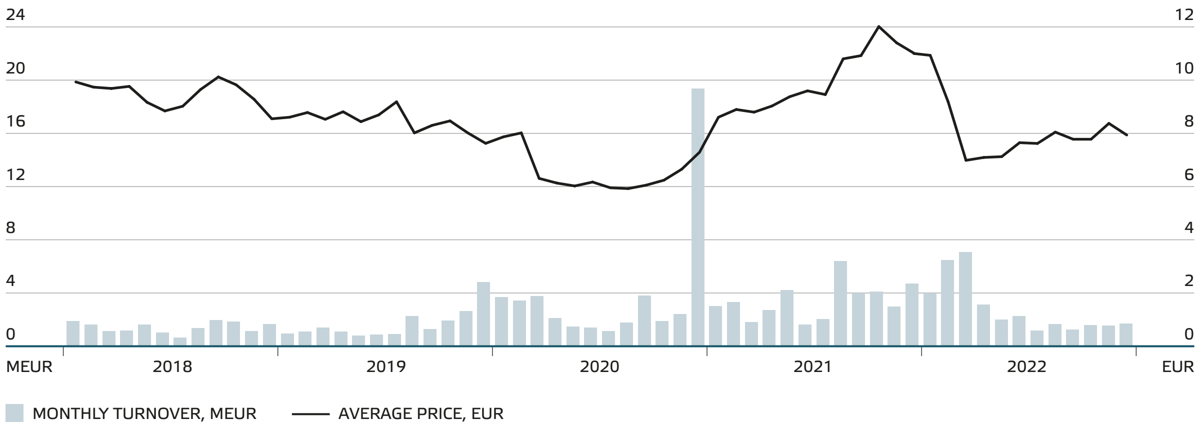


* Board proposal to the Annual Shareholders' Meeting

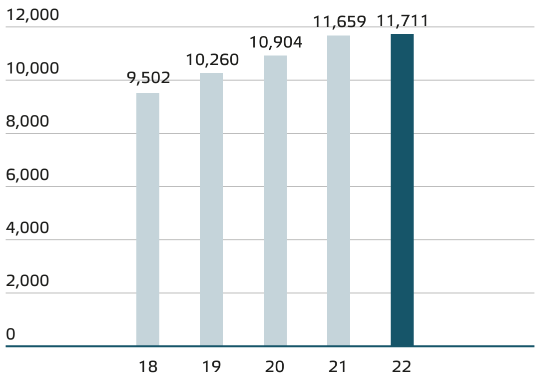
EQUITY PER SHARE, EUR



SHARE TRADING AND AVERAGE PRICE



NUMBER OF SHAREHOLDERS



SHARE-SPECIFIC KEY FIGURES

	2022	2021	2020	2019	2018
Equity per share, EUR	**4.58**	4.14	3.63	3.92	3.75
Dividend per share, EUR (2022 proposal by the Board of Directors)	**0.23**	0.45	0.35	0.22	0.44
Dividend/earnings, %	**37.6**	58.9	91.0	46.4	106.7
Effective dividend yield, %	**2.8**	4.0	4.2	2.9	5.5
Price/earnings ratio (P/E)	**13.4**	14.9	21.8	16.1	19.1
Share price performance, EUR					
Average price	**8.01**	10.08	6.80	8.20	9.51
Lowest price	**6.09**	8.28	5.50	7.52	7.90
Highest price	**11.80**	13.50	8.56	9.42	10.80
Closing price	**8.20**	11.36	8.40	7.62	7.96
Market value of shares, Dec. 31, MEUR	**257.1**	355.1	262.6	237.2	247.7
Share trading, 1,000 shares	**4,243**	4,068	6,798	2,454	1,809
Share trading, MEUR	**33.9**	41.0	46.3	20.1	17.2
Share trading/number of shares, %	**13.5**	12.9	21.6	7.8	5.8
Total number of shares on the closing date, 1,000 shares	**31,420**	31,420	31,420	31,420	31,420
Treasury shares	**62**	162	162	297	304
Outstanding shares	**31,358**	31,258	31,258	31,123	31,115
Average number of shares (outstanding), 1,000 shares	**31,333**	31,258	31,191	31,121	30,809

CALCULATION PRINCIPLES FOR KEY FIGURES

Aspo Plc applies the guidance on alternative key figures issued by the European Securities and Market Authority (ESMA). In addition to IFRS figures, the company releases other commonly used key figures (alternative key figures), which are mainly derived from the consolidated statement of comprehensive income and balance sheet. According to the management, alternative key figures clarify and supplement the picture drawn by the consolidated statement of comprehensive income and balance sheet, as well as the IFRS key figures, of Aspo's financial performance and financial position.

Return on equity (ROE), %	=	profit for the period × 100 / equity (average of the current and previous financial year)
Equity ratio, %	=	shareholders' equity × 100 / balance sheet total – advances received
Gearing, %	=	(interest-bearing liabilities – cash and cash equivalents*) × 100 / shareholders' equity
Interest-bearing liabilities, EUR	=	loans and overdraft facilities in use (interest-bearing) + lease liabilities
Net interest-bearing debt, EUR	=	interest-bearing liabilities - cash and cash equivalents
Free cash flow, EUR	=	net cash from operating activities + net cash from investing activities
Earnings per share (EPS), EUR	=	profit for the period – hybrid interest, net of tax / average number of shares, excluding treasury shares
Shareholders' equity per share, EUR	=	shareholders' equity / number of shares on the closing date, excluding treasury shares
Dividend/earnings, %	=	dividend per share × 100 / earnings per share (EPS)
Effective dividend yield, %	=	dividend per share × 100 / closing price
Price/earnings ratio (P/E)	=	closing price / earnings per share (EPS)
Market value of shares, EUR	=	number of shares on the closing date, excluding treasury shares × closing price
Comparable operating profit, EUR	=	operating profit, excl. items affecting comparability

*) In the calculation of gearing, interest-bearing liabilities and cash and cash equivalents also include interest-bearing liabilities and cash and cash equivalents classified as held for sale. Of cash and cash equivalents held for sale, EUR 11.5 million are considered restricted cash and cash equivalents in accordance with IAS 7 standard.

Financial statements 2022

This pdf format of the financial statements has been published voluntarily and it does not fulfill the publishing requirement as stipulated in the Securities Market Act Chapter 7, Section 5.
Aspo's official ESEF version of the financial statements 2022 is available at www.aspo.com.

Consolidated financial statements

Consolidated statement of comprehensive income

1,000 EUR	Note	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Continuing operations			
Net sales	3.1	**643,398**	573,288
Other operating income	3.2	**2,648**	473
Share of profits accounted for using the equity method	3.3	**626**	-57
Materials and services	3.4	**-402,918**	-349,420
Employee benefit expenses	3.6	**-54,404**	-50,684
Depreciation, amortization and impairment losses	3.7	**-19,864**	-20,781
Depreciation, amortization and impairment losses, leased assets	3.7	**-16,695**	-13,761
Other operating expenses	3.5	**-118,881**	-102,132
Operating profit		**33,910**	36,926
Financial income	3.8	**1,551**	487
Financial expenses	3.8	**-7,815**	-4,365
Financial income and expenses		**-6,264**	-3,878
Profit before taxes		**27,646**	33,048
Income taxes	3.9	**-4,147**	-4,733
Profit from continuing operations		**23,499**	28,315
Profit from discontinued operations (attributable to equity holders of the company)	1.3	**-2,812**	-3,032
Profit for the period		**20,687**	25,283

1,000 EUR	Note	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences		**-1,211**	2,174
Other comprehensive income for the period, net of taxes		**-1,211**	2,174
Total comprehensive income		**19,476**	27,457
Profit for the period attributable to			
Parent company shareholders		**20,687**	25,283
Total comprehensive income attributable to			
Parent company shareholders		**19,476**	27,457
Earnings per share attributable to parent company shareholders, EUR			
Basic earnings per share			
Continuing operations	2.7	**0.70**	0.86
Discontinued operations	2.7	**-0.09**	-0.10
Total		**0.61**	0.76
Diluted earnings per share			
Continuing operations	2.7	**0.70**	0.86
Discontinued operations	2.7	**-0.09**	-0.10
Total		**0.61**	0.76

Consolidated balance sheet

ASSETS

1,000 EUR	Note	Dec 31, 2022	Dec 31, 2021
Non-current assets			
Intangible assets	4.2	**46,783**	45,845
Tangible assets	4.1	**178,454**	168,886
Leased assets	2.5	**15,871**	20,748
Investments accounted for using the equity method	3.3	**974**	701
Other financial assets		**207**	321
Deferred tax assets	4.8	**330**	645
Total non-current assets		**242,619**	237,146
Current assets			
Inventories	4.4	**69,900**	68,626
Accounts receivable and other receivables	4.5	**68,995**	74,035
Current tax assets		**255**	433
Cash and cash equivalents	2.2	**21,727**	17,697
		160,877	160,791
Assets held for sale	1.3	**12,414**	8,373
Total current assets		**173,291**	169,164
Total assets		**415,910**	406,310

EQUITY AND LIABILITIES

1,000 EUR	Note	Dec 31, 2022	Dec 31, 2021
Equity attributable to parent company shareholders			
Share capital	2.6	**17,692**	17,692
Share premium reserve	2.6	**4,351**	4,351
Other reserves	2.6	**16,472**	16,474
Hybrid bond	2.6	**30,000**	20,000
Translation differences		**-25,995**	-24,786
Retained earnings		**101,165**	95,658
Total equity		**143,685**	129,389
Non-current liabilities			
Deferred tax liabilities	4.8	**6,946**	5,241
Provisions	4.7	**586**	586
Loans and overdraft facilities	2.3	**154,301**	142,381
Lease liabilities	2.5	**4,559**	6,869
Other liabilities		**99**	59
Total non-current liabilities		**166,491**	155,136
Current liabilities			
Provisions	4.7	**58**	77
Loans and overdraft facilities	2.3	**17,825**	21,465
Lease liabilities	2.5	**11,728**	14,411
Accounts payable and other liabilities	4.6	**71,105**	78,077
Current tax liabilities		**1,111**	985
		101,827	115,015
Liabilities directly associated with assets classified as held for sale	1.3	**3,907**	6,770
Total current liabilities		**105,734**	121,785
Total liabilities		**272,225**	276,921
Total equity and liabilities		**415,910**	406,310

Consolidated cash flow statement

1,000 EUR	Note	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Cash flows from/used in operating activities			
Operating profit from continuing operations		**33,910**	36,926
Operating profit from discontinued operations	1.3	**-2,726**	-3,016
Operating profit total		**31,184**	33,910
Adjustments to operating profit:			
Depreciation, amortization and impairment losses	3.7	**37,815**	38,134
Other impairment losses of the eastern companies classified as held for sale		**11,733**	
Gains (-) and losses (+) on sale of tangible assets		**-1,637**	-205
Gains and losses on sale of business operations		**1,010**	
Expensed inventory fair value adjustment of acquired businesses		**634**	
Share of profits accounted for using the equity method	3.3	**-626**	57
Share-based incentive plan		**1,152**	1,126
Increase (+) / decrease (-) in provisions	4.7	**-37**	655
Unrealized foreign exchange gains and losses on operating activities		**582**	-164
Change in working capital:			
Increase (-) / decrease (+) in inventories		**-12,934**	-23,886
Increase (-) / decrease (+) in accounts receivable and other receivables		**-2,502**	-13,294
Increase (+) / decrease (-) in accounts payable and other liabilities		**8,785**	15,178
Interest paid		**-4,224**	-4,395
Interest received		**307**	357
Income taxes paid		**-3,571**	-3,475
Net cash from operating activities		**67,671**	43,998

1,000 EUR	Note	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Cash flows from/used in investing activities			
Investments in tangible and intangible assets	4.1	**-17,818**	-16,887
Investment subsidies	4.1		1,009
Proceeds from sale of tangible assets		**1,795**	225
Acquisitions, net of cash		**-17,937**	-1,067
Dividends received		**354**	216
Proceeds from sale of business operations		**310**	
Net cash used in investing activities		**-33,296**	-16,504
Cash flows from/used in financing activities			
Proceeds from loans		**29,600**	37,007
Repayments of loans		**-18,689**	-47,513
Proceeds from issuance of commercial papers		**30,000**	28,000
Repayment of commercial papers		**-35,000**	-34,000
Payment of lease liabilities		**-16,227**	-13,798
Proceeds from Hybrid bond issue	2.6	**30,000**	
Hybrid bond repayment	2.6	**-20,000**	
Hybrid bond, interest paid	2.6	**-1,760**	-1,750
Hybrid bond, transaction costs paid	2.6	**-353**	
Dividends paid		**-14,107**	-10,940
Net cash used in financing activities		**-16,536**	-42,994
Change in cash and cash equivalents		**17,839**	-15,500
Cash and cash equivalents Jan. 1 *)		**17,724**	32,303
Translation differences		**28**	921
Impairment of cash of the eastern companies classified as held for sale		**-2,017**	
Cash and cash equivalents at year-end *)		**33,574**	17,724

*) In year-end 2022 cash and cash equivalents of continuing operations totalled EUR 21,727 thousand and cash and cash equivalents classified as assets held for sale totalled EUR 11,847 thousand. In year-end 2021 cash and cash equivalents of continuing operations totalled EUR 17,697 thousand and cash and cash equivalents classified as assets held for sale totalled EUR 28 thousand.

Consolidated statement of changes in equity

1,000 EUR	Note	Share capital	Share premium reserve	Other reserves	Hybrid bond	Translation differences	Retained earnings	Total
Equity January 1, 2022		**17,692**	**4,351**	**16,474**	**20,000**	**-24,786**	**95,658**	**129,389**
Comprehensive income								
Profit for the period							20,687	20,687
Other comprehensive income, net of taxes								
Translation differences				-2		-1,209		-1,211
Total comprehensive income				**-2**		**-1,209**	**20,687**	**19,476**
Transactions with owners								
Dividend distribution							-14,109	-14,109
Hybrid bond	2.6				10,000			10,000
Hybrid bond interest and transaction costs	2.6						-2,223	-2,223
Share-based incentive plan							1,152	1,152
Total transactions with owners					**10,000**		**-15,180**	**-5,180**
Equity December 31, 2022		**17,692**	**4,351**	**16,472**	**30,000**	**-25,995**	**101,165**	**143,685**
Equity January 1, 2021		**17,692**	**4,351**	**16,475**	**20,000**	**-26,961**	**81,940**	**113,497**
Comprehensive income								
Profit for the period							25,283	25,283
Other comprehensive income, net of taxes								
Translation differences				-1		2,175		2,174
Total comprehensive income				**-1**		**2,175**	**25,283**	**27,457**
Transactions with owners								
Dividend distribution							-10,940	-10,940
Hybrid bond interest	2.6						-1,750	-1,750
Share-based incentive plan							1,125	1,125
Total transactions with owners							**-11,565**	**-11,565**
Equity December 31, 2021		**17,692**	**4,351**	**16,474**	**20,000**	**-24,786**	**95,658**	**129,389**

Notes to the consolidated financial statements

1 ASPO DEVELOPS BUSINESSES RESPONSIBLY IN THE LONG TERM

STRUCTURE OF THE FINANCIAL STATEMENTS

Aspo's consolidated financial statements are divided into five sections. This section (Aspo develops businesses responsibly in the long term) provides information about Aspo, its tasks and purpose, as well as the Group structure, including acquisitions and divestments.

This section also describes the accounting principles of the financial statements and summarizes the changes in them during 2022. The accounting principles as well as the accounting estimates and management's judgement are presented in the notes with the related financial statements line item. The financial statements have been divided into themes and grouped so that they highlight, first and in the best possible manner, factors that are the most significant for Aspo and present Aspo Group's operations and special characteristics in structured format.

ACCOUNTING PRINCIPLES

Accounting principles are presented as part of the note to which they relate to. Accounting principles are marked with gray background color in each note.

ESTIMATES AND MANAGEMENT'S JUDGEMENT

The estimates and management's judgement are presented as part of the note in which the estimated financial statements item in question is discussed. Estimates and management's judgement are marked with white background color in each note.

INFORMATION OF THE COMPANY AND OF THE FINANCIAL STATEMENTS

Aspo creates value by owning and developing its businesses responsibly in the long term.

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 take on 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.

Aspo Group's core purpose is to contribute to the development of the financial results of the businesses it owns, increase the shareholder value, and maintain the dividend payment ability that is expected from it.

The Group's parent company is Aspo Plc and its Business ID is 1547798-7. Aspo Plc is a Finnish public Corporation, and its shares are listed on Nasdaq Helsinki Ltd. The parent company is domiciled in Helsinki, and its registered address is Mikonkatu 13 A, FI-00100 Helsinki, Finland, where also a copy of the consolidated financial statements is available.

In its meeting on February 15, 2023, Aspo Plc's Board of Directors approved these consolidated financial statements for issue. Pursuant to the Finnish Companies Act, the shareholders decide of the adoption of the consolidated financial statements at the Annual Shareholders' Meeting.

BASIS OF PREPARATION

Aspo Plc's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and by applying the standards and interpretations valid on December 31, 2022. The notes to the consolidated financial statements also comply with Finnish Accounting Standards and company law.

All figures in the consolidated financial statements are presented in thousands of euros and are based on the original cost of transactions unless otherwise stated in the accounting principles. Figures from the comparative period 2021 are presented in brackets.

CHANGES IN ACCOUNTING PRINCIPLES IN 2022

There were no changes in the accounting principles of Aspo in 2022.

ACCOUNTING ESTIMATES AND MANAGEMENT'S JUDGEMENT

Management exercises judgement when applying the accounting principles. In addition, accounting estimates are used in the preparation of the financial statements. Changes in the factors that form the basis of the estimates may cause that the final outcome significantly deviates from the estimates used when preparing the consolidated financial statements.

The table below provides an overview of the areas involving a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted if estimates and assumptions turn out to be incorrect. Detailed information about each of these estimates and management's judgement is included in the notes of each affected financial statement line item together with information about the basis of preparation.

In 2022, the estimates were affected by Russia's invasion of Ukraine, which also had a significant impact on Aspo Group's operations and the measurement of its assets, especially regarding companies classified as held for sale, but also for example regarding accounts receivable in Ukraine.

SIGNIFICANT ESTIMATES AND DECISIONS BASED ON JUDGEMENT

Item	Estimate	Judgement	Note
Disposal groups held for sale	Valuation of eastern operations classified as held for sale	Yes	1.3
Lease liabilities and leased assets	Determination of the lease term and determination of the lease component for time-chartered vessels	Yes	2.5
Tangible and intangible assets	Determination of the useful life, residual value and fair value in business combinations	Yes	4.1, 4.2
Goodwill and brands	Assumptions made in the value in use calculations	No	4.3
Inventories	Valuation of inventories	Yes	4.4
Accounts receivable	Valuation of accounts receivable	Yes	4.5
Deferred tax assets	Recognition and recoverability of deferred tax asset	No	4.8

1.1 Group structure

Aspo's businesses – ESL Shipping, Telko and Leipurin – are strong corporate brands in the trade and logistics sectors, and they aim for the leading position in their respective markets. They are responsible for their own operations and customer relationships, as well as for developing these. Kauko operating segment is reported as a discontinued operation in accordance with IFRS 5 standard. Kauko Ltd was sold in October 2022 and its subsidiary Kauko GmbH is being dissolved. In 2022, the Group's main market areas were still Finland, Scandinavia, the Baltic countries and eastern markets (Russia, other CIS countries and Ukraine). Due to Russia's invasion of Ukraine, Aspo will, however, divest its operations in Russia and Belarus. Aspo has a 100% ownership in all its subsidiaries.

GROUP COMPANIES

Company	Domicile
Aspo Plc, parent company	FI
Aspo Services Ltd	FI
Suhi-Suomalainen Hiili Oy	FI
Kauko GmbH	DE

Company	Domicile
ESL Shipping	
ESL Shipping Ltd	FI
Oy AtoBatC Shipping Ab	FI
Oy Bomanship Ab	FI
AtoBatC Shipping AB	SE
Bothnia Bulk AB	SE
Norra Skeppnings Gruppen AB	SE
ESL Shipping Russia LLC	RU
AtoBatC Shipping Cyprus Ltd	CY

Company	Domicile
Telko	
Telko Ltd	FI
Rauma Terminal Services Oy	FI
Oy Troili Ab	FI
Telko Sweden AB	SE
Telko Norway AS	NO
Telko Denmark A/S	DK
Telko Estonia OÜ	EE
Telko Latvia SIA	LV
Telko UAB	LT
Telko-Poland Sp. z o.o.	PL
OOO Telko	RU
FLLC Telko	BY
LLC Telko	UA
Telko Caucasus LLC	AZ
LLC Telko Central Asia	KZ
Telko Solution LLC	UZ
Telko Romania SRL	RO
Telko Shanghai Ltd.	CN
Telko Middle East Co.	IR

Company	Domicile
Leipurin	
Leipurin Plc	FI
Leipurien Tukku Oy	FI
LT HC One Oy	FI
LT HC Two Oy	FI
Kobia AB	SE
Leipurin Estonia AS	EE
SIA Leipurin	LV
UAB Leipurin	LT
OOO Leipurien Tukku	RU
OOO NPK Leipurin	RU
FLLC Leipurin	BY
LLC Leipurin	UA
TOO Leipurin	KZ

ASSOCIATED COMPANIES

Aspo Group has two associated companies, Auriga KG and Norma KG. More information about the associated companies can be found in Note 3.3 Associated companies.

CONSOLIDATION

The consolidated financial statements include the parent company Aspo Plc and all its subsidiaries. Subsidiaries are entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Associates are entities in which the Group has 20–50 percentage of the voting rights and at least a 20-percentage shareholding, or over which the Group otherwise has significant influence.

Intra-group transactions, receivables and liabilities and intra-group profit distribution have been eliminated when preparing the consolidated financial statements. In addition, unrealized gains on transactions within the Group are eliminated. Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the Group's ownership share.

FOREIGN SUBSIDIARIES

The results and financial position of Group entities are measured in the primary currency of the unit's economic environment ("functional currency"). The consolidated financial statements are presented in euro, which is the parent company's functional and presentation currency.

In the consolidated financial statements, the income statements of foreign subsidiaries are translated into euro by using the average exchange rates of the financial year. Balance sheet items are translated into euro by using the exchange rates at the reporting date. Translation differences are presented as a separate item under equity. When an interest in a subsidiary is divested in its entirety or partially so that control is lost, the accumulated translation differences are reclassified to the statement of comprehensive income as part of the sales gain or loss.

1.2 Acquisitions

ACQUISITIONS

Acquisitions in 2022

Acquisition of Kobia AB

Leipurin acquired the entire share capital of the Swedish distributor in the bakery industry Kobia Ab from the Swedish Abdon Group on September 1, 2022. The acquisition expands Leipurin's geographical presence in the Northern European market and strengthens its position as a leading player in the Baltic Sea region. The new entity provides suppliers with a compelling gateway to the region's market. Customers in the bakery and food industry will benefit from a strong partner in the global raw material market. Kobia AB forms Leipurin's new business unit Sweden. In 2021, Kobia's net sales amounted to approximately EUR 50 million and its operating profit rate was approximately 3%. The acquisition of Kobia AB included also the properties owned by Kobia. Aspo actively explores options to sell and lease back the properties. The potential transactions are significantly affected by market conditions.

The acquisition consideration of Kobia AB was EUR 15.7 million and it was paid fully in cash in 2022. The assets and liabilities of the acquired company were measured at fair value on the acquisition date. A fair value allocation of EUR 9.7 million was made on the properties, a fair value allocation of EUR 0.4 million was made on the intangible assets based on customer relationships, and the fair value adjustment relating to inventories was EUR 0.5 million. The deferred tax liability arising from the fair value adjustments was EUR 2.2 million. The carrying amount of the other acquired assets and liabilities were deemed to correspond to their fair values. A goodwill balance of EUR 0.1 million resulted from the acquisition. The acquisition-related costs of approximately EUR 1.0 million were recognized in the Leipurin segment's other operating expenses.

Acquisition of Johan Steenks

Telko completed the acquisition of the business operations of the Norwegian company Johan Steenks AS on October 3, 2022. Johan Steenks is a distributor of technical plastic raw materials and additives for plastics, and it has an established customer base in the Norwegian markets and a number of well-known principals. The company's annual net sales are approximately EUR 5 million. The acquisition had no significant impact on Telko's net sales or results in year 2022. The acquisition consideration was approximately EUR 2.0 million, of which EUR 0.7 million were allocated to inventories and the remaining EUR 1.3 million were recognized as an increase in goodwill. The cash flow from the acquisition in 2022 was EUR -1.9 million.

ACQUISITION CALCULATION OF KOBIA

1,000 EUR	2022
Consideration	
Paid in cash	15,708
Total consideration	**15,708**
Recognized amounts of identifiable assets acquired and liabilities assumed	**Fair value**
Intangible assets	806
Tangible assets	13,579
Leased assets	295
Inventories	4,822
Accounts receivable and other receivables	4,958
Cash and cash equivalents	7
Total assets	**24,467**
Interest-bearing liabilities	1,245
Accounts payable and other liabilities	5,328
Deferred tax liabilities	2,280
Total liabilities	**8,853**
Net assets acquired	**15,614**
Goodwill	94
Total	**15,708**
Acquisition-related costs	1,043

Acquisitions in 2021

Telko strengthened its position in the Baltic lubricant market by acquiring all shares in the Estonian company Mentum AS on December 31, 2021. The company had branches in Latvia and Lithuania. In 2021, the net sales of Mentum were EUR 9.4 million, and its profit before taxes was EUR 0.2 million. Aspo's consolidated financial statements for 2021 included only the acquired company's balance sheet items, and no profit and loss items, as the acquisition took place on the last day of the year.

The acquisition consideration was EUR 1.5 million and it was paid in full in cash. EUR 1.1 million of the consideration was paid on the last day of 2021 and the rest EUR 0.4 million was paid during year 2022. The assets and liabilities of the acquired company were measured at fair value at the acquisition date. An adjustment to fair value of EUR 0.2 million was made to intangible assets based on principal agreements, and a minor adjustment to fair value was made to inventory value. The carrying amount of other acquired assets and liabilities were deemed to correspond to their fair values. No goodwill resulted from the acquisition. The acquisition-related costs of EUR 0.1 million were recognized in the Telko segment's other operating expenses.

ACQUISITION CALCULATION OF MENTUM

1,000 EUR	2021
Consideration	
Paid in cash	1,466
Total consideration	**1,466**
Recognized amounts of identifiable assets acquired and liabilities assumed	**Fair value**
Intangible and tangible assets	229
Leased assets	163
Inventories	2,664
Accounts receivable and other receivables	807
Total assets	**3,863**
Lease liabilities	163
Accounts payable and other liabilities	2,234
Total liabilities	**2,397**
Net assets acquired	**1,466**
Acquisition-related costs	123

OTHER RESTRUCTURING

Financial year 2022

In the ESL Shipping segment, the operations of Norra Skeppnings Gruppen AB were divested on December 1, 2022.

In the Telko segment Mentum AS was merged into its parent company Telko Estonia OÜ. Before the merger, Mentum's branches in Latvia and Lithuania were sold through intragroup transactions to Telko UAB in Lithuania and Telko SIA in Latvia.

Leipurin Plc sold Vulganus Oy to KÖNIG Maschinen GmbH on June 30, 2022. In addition, Leipurin Plc acquired two dormant companies LT HC One Oy and LT HC Two Oy for the purposes of corporate restructuring in eastern markets.

Kauko Oy was sold to Finnish Signal Partners Oy on October 31, 2022. Kauko GmbH is in the process of being dissolved, and its operations have been discontinued.

Financial year 2021

In the ESL Shipping segment, AtoBatC Holding AB was merged into its sister company AtoBatC Shipping AB. Bomanship Europe Unipessoal Lda in Portugal was discontinued, and new companies, AtoBatC Shipping Cyprus Ltd in Cyprus and ESL Shipping Russia LLC in Russia, were established.

In the Telko segment ILS Nordic AB and Autolubes Nordic AB were merged into their sister company Telko Sweden AB. In addition, the operations of Telko in Azerbaijan were discontinued.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations. The consideration and the acquired company's assets and liabilities are measured at fair value at the acquisition date. Acquisition-related costs are recognized as expenses. Any contingent consideration is measured at fair value at the acquisition date and classified either as a liability or equity. A contingent consideration classified as a liability is measured at fair value at each consequent reporting date, and the resulting gain or loss is recognized in profit and loss. The contingent consideration classified as equity is not re-measured. The amount by which the consideration exceeds the net fair value of the acquired identifiable assets, liabilities and contingent liabilities is recognized as goodwill.

1.3 Discontinued operations and divestments

On October 17, Telko signed a binding preliminary agreement on selling all shares in its subsidiary in Russia, to GK Himik, a Russian industrial company. The sales price is approximately EUR 9.5 million. The transaction still needs to be approved by the Russian authorities. Telko's company in Russia has been classified as held for sale since October 2022 when the preliminary agreement on the sale was signed. Telko's company in Belarus has been classified as held for sale since December 2022 when the agreement on the sale was signed with the company's acting management.

Leipurin's companies in Russia, Belarus and Kazakhstan have been classified as held for sale since December 31, 2022. A binding preliminary agreement on their sale was signed on January 17, 2023 with Timur Akhiyarov, a Russian-born private investor. The sales price is approximately EUR 8.4 million. The transaction still needs to be approved by the local authorities.

The Kauko operating segment and Vulganus Oy, part of the Leipurin segment, were defined as non-core businesses for Aspo and classified as held for sale in December 2021.

- The Kauko operating segment has been classified as a discontinued operation in accordance with the IFRS 5 standard, and its results and balance sheet items are reported separately from the figures of Aspo Group's continuing operations. Kauko Oy was sold to Signal Partners Oy on October 31, 2022.

- Vulganus Oy, a manufacturer specializing in freezing and cooling machines, was sold to KÖNIG Maschinen GmbH, the leading manufacturer of bakery machines in Austria, on June 30, 2022. The results of Vulganus, including the divestment loss of EUR -0.4 million, are reported as part of the Leipurin segment's figures and Aspo Group's continuing operations.

DISCONTINUED OPERATION

The Kauko operating segment was classified as a discontinued operation in December 2021 as it was no longer part of Aspo's core businesses, and, over the years, it had become fairly small in size compared to Aspo's other businesses. Kauko is a specialist in applications, devices and services for demanding work environments in mobile knowledge work. Kauko Oy was sold to Signal Partners Oy on October 31, 2022 and its subsidiary Kauko GmbH is being dissolved.

PROFIT FROM DISCONTINUED OPERATIONS

1,000 EUR	2022	2021
Net sales and other operating income	**9,244**	13,124
Materials and services	**-6,918**	-9,610
Employee benefit expenses	**-1,518**	-1,698
Depreciation, amortization and impairment losses	**-1,256**	-3,477
Depreciation, leased assets		-115
Other operating expenses	**-2,278**	-1,240
Operating profit	**-2,726**	-3,016
Financial income and expenses	**-10**	-10
Profit before taxes	**-2,736**	-3,026
Income taxes	**-76**	-6
Result for the period	**-2,812**	-3,032

Profit from discontinued operations includes the income and expenses of Kauko operating segment, insofar as they are considered to transfer outside Aspo Group in conjunction with the divestment. Therefore, the profit from discontinued operations does not include all internal administrative charges of Aspo Group allocated to Kauko operating segment. As a result, the profit from discontinued operations is EUR 0.3 (0.4) million higher than the Kauko operating segment's profit. An impairment loss of EUR -1.3 million was recognized on Kauko's goodwill in June 2022 when it became obvious that the fair value of Kauko operating segment is lower than its carrying value.

The sales loss recognized in conjunction with sale of Kauko Oy's shares was EUR -1.2 million, and it is presented in the table above as part of other operating expenses. In 2021, an impairment loss of EUR -3.4 million was recognized on Kauko's goodwill, constituting the majority of the loss of the discontinued operations in the comparative period. More information about goodwill impairment testing is available in Note 4.3 Goodwill impairment testing

NET CASH FLOWS OF DISCONTINUED OPERATIONS

1,000 EUR	2022	2021
Net cash inflow from operating activities	**-561**	432
Net cash inflow/outflow(-) from investing activities	**-994**	-7
Net cash inflow/outflow(-) from financing activities	**-1,588**	-1,623
Net change in cash generated by the discontinued operation	**-3,143**	-1,198

Net cash flows of discontinued operations consist of discontinued operations' share of Aspo Group's cash flows. The cash flow from the divestment of Kauko Oy in 2022 was EUR -1.0 million, and it is included in the cash flow used in investing activities. The costs to sell of EUR -0.4 million are included in the cash flow used in operating activities. The cash flow used in financing activities mainly consists of repayment of an interest-bearing pension loan and payment of lease liabilities.

DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

During the reporting period, Telko's companies in Russia and Belarus, and Leipurin's companies in Russia, Belarus and Kazakhstan (hereinafter "eastern operations held for sale") were classified as disposal groups held for sale.

In connection with the classification as held for sale, the net assets of the eastern operations held for sale were recognized at fair value less cost to sell, being lower than the carrying amount for each company. Part of each operating segment's goodwill was also allocated to the companies in proportion to the fair values. In conjunction with the classification as held for sale, impairment losses were recognized on the companies' net assets and goodwill. The results and recognized impairment losses of the eastern operations held for sale are reported as part of the figures of Telko and Leipurin segments and Aspo Group's continuing operations.

IMPAIRMENT LOSSES RECOGNIZED IN PROFIT AND LOSS IN 2022

1,000 EUR	Telko	Leipurin	Total
Impairment losses, tangible and intangible assets	594	1,074	1,668
Impairment losses, leased assets	789	94	883
Materials and services	4,834	2,385	7,219
Other operating expenses	3,120	1,394	4,514
Income taxes	22	234	256
Total	**9,359**	**5,181**	**14,540**

IMPAIRMENT LOSSES IN BALANCE SHEET IN 2022

1,000 EUR	Telko	Leipurin	Total
Goodwill	389	979	1,368
Intangible assets		3	3
Tangible assets	205	92	297
Leased assets	789	94	883
Deferred tax assets	22	234	256
Inventories	4,834	2,385	7,219
Accounts receivable	135	1,323	1,458
Other receivables	970	69	1,039
Cash and cash equivalents	2,015	2	2,017
Total	**9,359**	**5,181**	**14,540**

The impairment losses recognized on the assets of the eastern operations held for sale were mainly allocated to inventories, accounts receivable, and cash and cash equivalents. In addition, impairment losses were recognized on goodwill, determined in proportion to the fair values of the companies and the segment.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

1,000 EUR	2022	2021
Assets of discontinued operations		5,443
Other assets held for sale	**12,414**	2,930
Assets classified as held for sale, total	**12,414**	8,373
Liabilities of discontinued operations		4,863
Liabilities directly associated with assets classified as held for sale	**3,907**	1,907
Liabilities directly associated with assets classified as held for sale, total	**3,907**	6,770

In 2022, assets and liabilities classified as held for sale included the assets and liabilities of the eastern operations held for sale. In Telko segment the assets held for sale were EUR 8.4 million and liabilities EUR 2.7 million. In the Leipurin segment, the assets held for sale were EUR 4.0 million and liabilities EUR 1.2 million. In the Telko segment, the assets classified as held for sale consist of cash and cash equivalents. Also in the Leipurin segment, the majority of the assets classified as held for sale consist of cash and cash equivalents. Telko Russia was classified as held for sale on October 31, 2022, and the other eastern operations held for sale on December 31, 2022. The recognition of depreciation and amortization expense ended at the time of the classification as held for sale.

In 2021, assets and liabilities of discontinued operations included the figures of the Kauko operating segment. The other assets held for sale at the end of 2021 consisted of Vulganus Oy's assets and liabilities. The assets and liabilities of Kauko operating segment and Vulganus Oy classified as held for sale in 2021, were measured at their carrying amount. The recognition of depreciation and amortization expense ended on December 1, 2021, for Kauko and Vulganus when they were classified as held for sale. The depreciation and amortization expense was recognized as part of sales losses in conjunction with the divestment of the companies.

On the balance sheet, the assets and liabilities of the companies held for sale are reported under "Assets held for sale" and liabilities under "Liabilities directly associated with assets classified as held for sale". The reporting of balance sheet items on separate rows starts at the time of classification, therefore the figures of the comparative period have not been restated. The classification includes the share of the assets and liabilities of Aspo Group that belong to the companies held for sale, excluding internal assets and liabilities that have been eliminated in consolidation.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Aspo has classified Telko's companies in Russia and Belarus and Leipurin's companies in Russia, Belarus and Kazakhstan as being held for sale. Regarding the sale of Telko's companies, the sales agreements have already been signed, so their classification as held for sale clearly meets the criteria in IFRS 5 standard. For Leipurin the classification as held for sale required management judgement as there was no signed sales agreement at the reporting date. However, the management estimated that the realization of the sale is very likely also for Leipurin's companies, based on which the classification as held for sale was made according to the criteria of the IFRS 5 standard.

In connection with the classification as held for sale, the net assets of Telko's and Leipurin's operations classified as held for sale have been valued at fair value less cost to sell, which was lower than the book value for each company. The fair value has been determined as the price according to the signed sales agreement or the received offer, or half of the company's net asset value, if it is lower. According to management's assessment, the price in the sales agreement is unlikely to be realized in full due to Russia's restrictions, one of which is related to the fact that the sale price cannot exceed half of the company's net assets. According to the management, there is also uncertainty related to the repatriation of the sales prices, because money traffic, especially from Russia, is strictly regulated and controlled. However, according to management's assessment, the money will be received from the sale, and everything needed will be done to get it as quickly as possible. The repatriation of the money is accompanied by a fee imposed by the Russian government, which corresponds to ten percent of the sales price, and it has been deducted from the fair value of the companies together with other estimated costs to sell.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

The assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale, that represents a separate major line of business or geographical area of operations, and that is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income. The comparative period's figures in the consolidated statement of comprehensive income are restated.

2 CAPITAL STRUCTURE

Aspo's definition of capital includes all equity items, including the hybrid bond. The objective of the Group is to achieve a capital structure, with which Aspo Group can ensure the operational framework for short- and long-term operations, and a sufficient return on equity. The main factors affecting the capital structure are potential restructuring activities, Aspo Plc's dividend policy, the vessel investments of ESL Shipping and the profitability of the subsidiaries' business operations.

CAPITAL MANAGEMENT

Capital is managed by monitoring the key figures for indebtedness and solvency (gearing and equity ratio) and by adjusting the components of capital in a way that targets relating to the key figures are met. In addition to Aspo's own targets, certain liability items include external requirements for the levels of capital. They are monitored and reported to Aspo's management, and the providers of the loans concerned. The solvency of the subsidiaries is monitored, and capital is transferred within the Group as permitted by regulations.

ASPO'S CAPITAL

1,000 EUR	2022	2021
Total equity	**143,685**	129,389
Loans and overdraft facilities	**172,126**	163,846
Lease liabilities	**16,287**	21,280
Liabilities held for sale and other liabilities	**854**	2,162
Interest-bearing liabilities, total	**189,267**	187,288
Equity and interest-bearing liabilities, total	**332,952**	316,677
Interest-bearing liabilities, total	**189,267**	187,288
- Cash and cash equivalents	**21,727**	17,697
- Cash and cash equivalents held for sale	**11,847**	28
Net debt	**155,693**	169,563
Gearing, %	**108.4%**	131.0%
Total equity	**143,685**	129,389
Equity and liabilities, total	**415,910**	406,310
Advances received	**1,481**	1,695
Equity ratio, %	**34.7%**	32.0%

Net interest-bearing debt decreased to EUR 155.7 (169.6) million and gearing fell to 108.4% (131.0%). The Group's equity ratio at the end of the year was 34.7% (32.0%). The balance sheet strengthened as a result of improved profitability and the new hybrid bond issued in June. Net debt is calculated by deducting cash and cash equivalents from interest bearing liabilities. Calculation principles for key figures are presented on the last page of the Management report.

CASH FLOWS

The Group's net cash flow from operating activities was EUR 67.7 (44.0) million. The impact of the change in working capital on cash flow during the year was EUR -6.7 (-22.0) million. The increase in working capital mainly comes from the advance payments for the vessels to be built in the ESL Shipping segment's vessel pool and the customer receivables accumulated through high sales at the end of the year. This was partly compensated by the Telko segment's working capital, which improved towards the year end.

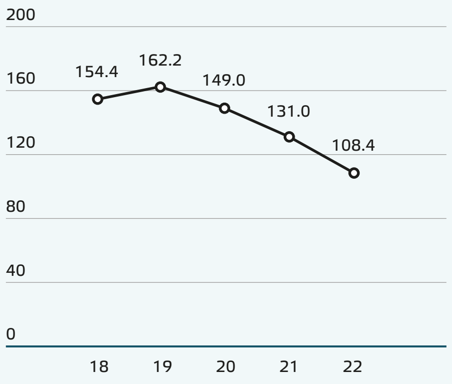
The free cash flow is an important indicator for Aspo, as it represents cash flows generated from business operations after investments. Therefore, the free cash flow has an impact on the Group's debt repayment and dividend distribution abilities, as well as liquidity.

FREE CASH FLOW

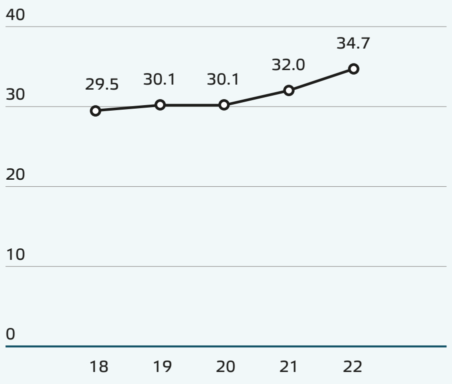
1,000 EUR	2022	2021
Net cash from operating activities	**67,671**	43,998
Net cash used in investing activities	**-33,296**	-16,504
Free cash flow	**34,375**	27,494

The free cash flow was EUR 34.4 (27.5) million. The investments of EUR 17.8 (15.9) million mainly included the ESL Shipping segment's dockages and Green Coaster advance payments. In addition, the cash flow from investing activities includes EUR -17.9 million cash outflow on the acquisitions of Kobia, Mentum and Johan Steenks and a total of EUR 2.8 million in cash inflow from the sale of the vessel Espa and Vulganus Oy as the most significant items.

GEARING, %



EQUITY RATIO, %



2.1 Financial assets and liabilities

FINANCIAL ASSETS AND LIABILITIES

1,000 EUR	Note	2022	2021
Financial assets			
Measured at amortized cost			
Loan receivables		**454**	72
Accounts receivable and other receivables*		**47,279**	58,911
Cash and cash equivalents	2.2	**21,727**	17,697
Measured at fair value through profit and loss			
Other financial assets		**128**	147
Financial assets, total		**69,588**	76,827
Financial liabilities			
Measured at amortized cost			
Loans and overdraft facilities	2.3	**172,126**	163,846
Accounts payable and other liabilities*		**42,951**	52,049
Lease liabilities	2.5	**16,287**	21,280
Financial liabilities, total		**231,364**	237,175

*Comprises financial assets or financial liabilities included in the corresponding balance sheet item.

The Group's exposure to risks relating to financial instruments is described in Note 5.1 Financial risks and the management of financial risks. The maximum exposure for credit risk at the end of the financial year is the carrying amount of each class of financial asset.

FINANCIAL ASSETS
Aspo classifies its financial assets based on its business model as follows:1) measured at amortized cost, and 2) measured at fair value through profit and loss.

Accounts receivable and other receivables, as well as cash and cash equivalents, recognized at amortized cost are initially measured at fair value and subsequently at amortized cost. They are classified as current when they fall due within twelve months after the end of the reporting period. Cash and cash equivalents are always classified as current. The expected credit loss model applied for accounts receivable is described in Note 4.5 Accounts receivable and other receivables. This group includes loan receivables, whose cash flows consist of the payment of capital and interest, and that are planned to be held until the date of maturity. Loan receivables are recognized at amortized cost using the effective interest rate method. Transaction costs are included in the original acquisition cost. Credit loss risks associated with loan receivables are assessed on a customer-specific basis and, if required, the expected credit loss is considered when measuring receivables over the next 12 months or when the credit loss risk increases throughout the contractual period.

Financial assets measured at fair value through profit and loss include other non-current financial assets which include investments in unlisted shares. As no reliable market value is available, other non-current financial assets are measured at acquisition cost less any impairment losses.

Financial assets are derecognized when the Group has lost the contractual right to cash flows, or when it has materially moved risks and rewards outside the Group.

FINANCIAL LIABILITIES
Aspo classifies its financial liabilities as follows: 1) measured at amortized cost, and 2) measured at fair value through other comprehensive income. In addition, the financial liabilities include lease liabilities, the accounting principles of which are described in Note 2.5 Leases.

Bank, pension, and bond loans recognized at amortized cost, as well as overdraft facilities in use, are initially recognized at fair value, net of transaction costs, after which they are measured at amortized cost using the effective interest rate method. The difference between the withdrawn amount net of transaction costs and the paid amount is recognized in the income statement during the estimated loan maturity period. The fair values of loans do not materially differ from their carrying amounts, because their interest rate is close to the market rate. The carrying amounts of accounts payable and other liabilities are expected to correspond to their fair values due to the short-term nature of these items. Aspo classifies the liability as non-current unless it falls due within a year.

Financial liabilities measured at fair value through other comprehensive income include derivatives in hedge accounting. They are measured at fair value through other comprehensive income. In year 2022 or 2021, there were no derivatives in hedge accounting in the Group.

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Group classifies the determination methods of the fair values of financial assets and liabilities based on the fair value hierarchy. Financial assets and liabilities recognized at amortized cost are at level 2 in the hierarchy. Their fair values do not significantly differ from their carrying amount. The fair values of non-current loans have been calculated by discounting future cash flows and by considering Aspo's credit margin. Other non-current financial assets recognized at fair value through profit and loss are at level 3 in the hierarchy. Derivatives recognized at fair value through other comprehensive income are interest rate swaps, and they are at level 2 in the fair value hierarchy.

FAIR VALUE HIERARCHY

Preparing the consolidated financial statements requires the measurement of fair values, for both financial and non-financial assets and liabilities. Group classifies the fair value measurement hierarchy as follows:

Level 1: The fair values of financial instruments are based on quoted prices on active markets. A market may be considered active when quoted prices are available on a regular basis and the prices represent the instrument's actual value in liquid trading.

Level 2: The financial instruments are not traded on active and liquid markets. The value of the financial instrument can be determined on verifiable market information and possibly partially based on derived determination of value. If the factors influencing the instrument's fair value are nevertheless available and verifiable, the instrument belongs to level 2.

Level 3: The valuation of the financial instrument is not based on verifiable market information. Nor are other factors that affect the instrument's fair value available or verifiable.

2.2 Cash and cash equivalents

CASH AND CASH EQUIVALENTS AND UNUTILIZED COMMITTED REVOLVING CREDIT FACILITIES

1,000 EUR	2022	2021
Cash and cash equivalents	**21,727**	17,697
Revolving credit facilities	**40,000**	40,000
Total	**61,727**	57,697

Cash and cash equivalents include cash funds, bank deposits and other highly liquid investments of no more than three months. At the end of the financial year, the Group's cash and cash equivalents were EUR 21.7 (17.7) million. In addition, the Group has EUR 11,8 million of cash and cash equivalents classified as held for sale, for further information refer to Note 1.3 Discontinued operations and divestments. Committed revolving credit facilities, totaling EUR 40 million, were fully unused, as in the comparative period.

RESTRICTED CASH AND CASH EQUIVALENTS

In Russia, Aspo Group has EUR 13.5 million in cash and cash equivalents, the use of which is strictly restricted by the Russian Government and controlled by banks. The value of these cash and cash equivalents in the Group is EUR 11.5 million, as an impairment loss of EUR 2.0 million was recognized on the cash and cash equivalents in conjunction with the classification of the companies in Russia as held for sale. Cash and cash equivalents in Russia are presented under assets held for sale on the balance sheet. It was still possible to pay dividends and make commercial payments during the year 2022 but to a limited extent. According to our understanding, the sales prices of the eastern operations held for sale can be transferred in conjunction with their sale. However, there is a risk that the Group does not have access to the cash and cash equivalents in full in Russia, which is why they must be considered restricted cash and cash equivalents in accordance with IAS 7 standard.

2.3 Loans

LOANS AND OVERDRAFT FACILITIES IN USE

1,000 EUR	2022	2021
Non-current		
Loans	**138,400**	126,567
Bonds	**14,954**	14,928
Overdraft facilities in use	**947**	886
	154,301	142,381
Current		
Loans	**17,825**	20,670
Overdraft facilities in use		795
	17,825	21,465
Total		
Loans	**156,225**	147,237
Bonds	**14,954**	14,928
Overdraft facilities in use	**947**	1,681
Total	**172,126**	163,846

AtoBatC Shipping signed an EUR 32.2 million loan agreement with Svenska Skeppshypotek. The loan's maturity is 15 years. The loan will be withdrawn in parts in line with the financing need for the construction of Green Coasters and it has not yet been withdrawn at the end of 2022. In June, a ten-year loan agreement of EUR 20 million was signed with the Nordic Investment Bank, of which EUR 19.6 million have been withdrawn. These loans provide funding for ESL Shipping's investment in a series of six new highly energy-efficient electric hybrid vessels.

Aspo continued to extend its maturity structure for interest-bearing loans during the reporting period and restructured a bilateral bank loan of EUR 20 million, about to mature in 2023, with a new bilateral revolving credit facility which will mature in 2025. The loan agreement also includes two options for a one-year extension.

In 2021, Aspo Plc refinanced a bilateral bank loan of EUR 15 million, about to mature in 2022, with a new loan agreement maturing in 2025. The agreement also includes a one-year extension option. In addition, the company repaid an EUR 11 million private placement bond issued in 2015 and signed a new bilateral loan agreement of EUR 10 million. The loan period is six years, and the agreement includes a one-year extension option.

On September 25, 2019, Aspo Plc issued a EUR 15 million unsecured private placement bond as part of the group bond of EUR 40 million guaranteed by Garantia Insurance Company. The bond pays fixed interest rate and matures on September 25, 2024.

At the reporting date, Aspo Plc had a EUR 80 million domestic commercial paper program which were fully unused. In the comparative period EUR 5 million were in use.

2.4 Maturity

LIQUIDITY AND REFINANCING RISK

The objective of Aspo Group is to ensure sufficient financing for operations in all situations and market conditions. In accordance with the treasury policy, the sources of financing are diversified among a sufficient number of counterparties and different loan instruments. The appropriate number of committed financing agreements and sufficient maturity ensure Aspo Group's current and near-future financing needs and decrease the refinancing risk relating to financing agreements.

The main financing source of Telko and Leipurin is the cash flow from their operations. ESL Shipping often also requires external financing in conjunction with investments due to the nature of its operations. Liquidity is ensured through cash and cash equivalents, and committed overdraft limits, as well as revolving credit facilities granted by selected cooperation banks. The Group has adopted a Nordic multi-currency cash pool structure, which improves the efficiency of the Group's cash management and centralization of liquid funds.

The maturity structure of loans was balanced, and the Group's refinancing risks were reduced during 2022 and 2021 by means of several bilateral loan arrangements.

Most lease payments fall due within five years and a significant proportion of vessel lease payments fall due in less than a year.

AtoBatC Shipping's EUR 32.2 million loan agreement with Svenska Skeppshypotek is not included in the maturity analysis because the loan has not yet been withdrawn. The final loan repayment date will be in 2038.

In June, Aspo issued a new hybrid bond of EUR 30 million, which is classified as equity. The bond has no maturity, but the company is entitled to redeem it in June 2025 at the earliest.

MATURITY ANALYSIS

2022

1,000 EUR	Carrying value Dec 31, 2022	Cash flow 2023	2024	2025	2026	2027–
Loans	-171,179	-47,825	-56,100	-32,394	-9,187	-25,719
Overdraft facilities in use	-947	-947				
Accounts payable and other liabilities	-42,951	-42,951				
Lease liabilities	-16,287	-11,962	-2,791	-1,014	-385	-492

2021

1,000 EUR	Carrying value Dec 31, 2021	Cash flow 2022	2023	2024	2025	2026–
Loans	-162,165	-20,670	-37,767	-56,100	-31,100	-16,600
Overdraft facilities in use	-1,681	-1,681				
Accounts payable and other liabilities	-52,049	-52,049				
Lease liabilities	-21,280	-14,613	-4,009	-1,768	-612	-650

2.5 Leases

The Group has customary, business related lease contracts, e.g. relating to offices, warehouses, vessels and cars. Part of the office equipment and software is also leased. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease term for vessels is in general approximately one year. Other rental agreement periods are typically less than five years.

The consolidated balance sheet shows the following amounts relating to leases:

LEASED ASSETS

1,000 EUR	2022	2021
Intangible assets	**653**	964
Land	**765**	860
Buildings	**3,783**	5,655
Machinery and equipment	**1,700**	1,848
Vessels	**8,970**	11,414
Other assets		7
Total	**15,871**	20,748

At the end of the financial year the most significant leased assets were the vessels leased by ESL Shipping, and the office and warehouse premises used by the businesses. Six time-chartered vessels of the smaller vessel category were redelivered to their owners as the charter agreements ended at the end of the year and as the price of an extended charter period became too high. Additions to the leased assets during the financial year were EUR 16.1 (17.1) million.

LEASE LIABILITIES

1,000 EUR	2022	2021
Non-current	**4,559**	6,869
Current	**11,728**	14,411
Total	**16,287**	21,280

Maturity of lease liabilities is presented in Note 2.4 Maturity.

The consolidated statement of comprehensive income shows the following amounts relating to leases:

AMOUNTS RECOGNIZED IN PROFIT AND LOSS

1,000 EUR	2022	2021
Depreciation and amortization, leased assets	**15,813**	13,761
Impairment losses, leased assets	**882**	
Interest expenses	**486**	440
Expenses relating to short-term leases	**49**	150
Expenses relating to leases of low-value assets	**219**	197
Expenses total	**17,449**	14,548
Rental income from operating sub-leases	**46**	33
Rental income total	**46**	33

Depreciation and amortization of leased assets is presented in Note 3.7 Depreciation, amortization and impairment losses.

The lease payments relating to leased assets amounted to EUR 16.4 (14.0) million, of which EUR 0.5 (0.4) million were interest expenses. The total lease payments, also including the variable lease payments and rents for short-term and low-value asset leases amounted to EUR 17.0 (14.6) million.

At the end of the financial year, the Group was committed mainly to such future lease agreements that are designated to replace existing agreements, and the amount of which do not significantly depart from the agreements currently effective. The lease agreements do not include significant purchase options. Leased assets are not used as security for borrowing purposes.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

Lease accounting involves significant management estimates relating to the determination of the lease term and the lease components.

The most significant management judgement regarding the determination of the lease term relates to leased vessels, most of which, have been leased for a period of approximately one year. As a significant portion of the fleet is leased, it is likely that, the same or a similar vessel will be leased again at the end of the lease term. In case there is no intention to continue or renew the lease, the agreement will be treated as a fixed-term lease contract. If a vessel is leased for approximately one year, the lease term used to calculate the lease liability is 13 months (ongoing month + the next 12 months). This is because the agreements may be terminated after the fixed lease term and each month a new assessment is made on the probability to use the termination right. The need of vessels is planned over a 12-month planning period and the plan is adjusted each month as deemed necessary.

A significant estimate has been made in the determination of rents when the lease component and non-lease components have been separated from lease agreements of vessels, i.e. when it is estimated how large a part of the payment of rent is associated with the leased vessel and how large a part is associated with the crew and other services. The management estimates that the vessel accounts for 30% of the rent and the remaining 70% is made up of non-lease components. ESL Shipping's management has made the estimate based on a statistical calculation, which is updated for changes annually. Aspo's lease liabilities relating to non-lease components are presented as other commitments in Note 5.4 Contingent assets and liabilities, and other commitments.

The determination of the lease term involves judgement, especially with regard to agreements valid until further notice. The estimate of the duration of the lease term is agreement specific. The probable lease term of lease agreements valid until further notice is estimated based on business plans and considering costs arising from the termination of the agreement.

The option to extend or terminate a lease is considered in determining the lease term. The period covered by an option to extend the lease is included into the lease term if it according to management judgement is reasonably certain that the option will be exercised. Correspondingly, if it is reasonably certain that an option to terminate the lease is not exercised, the lease term will cover the contract period in full. The assessment to exercise an option or not is made case by case based on the profitability of the arrangement and needs of the business.

LEASES

Leases are recognized as a leased asset and a corresponding liability at the date when the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. When the agreement includes a non-lease component such as maintenance, services, and maritime crew Aspo separates them based on their stand-alone price given in the agreement or by using estimates.

The lease term is based on the agreement period considering any options to extend or terminate. For contracts valid until further notice, Aspo estimates the probable lease term according to best knowledge and based on business plans, considering costs arising from the termination of the agreement.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives to be received
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments arising from terminating the lease if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The criteria used to determine the applicable discount rate for each lease agreement include the class of underlying asset, geographic location, currency, maturity of the risk-free interest rate and lessee's credit risk premium.

Right of use assets, i.e., Leased assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the leased asset.

Leases are recognized in profit and loss as finance expenses of the lease liability and depreciation of the leased asset. Leased assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the leased asset is depreciated over the underlying asset's useful life. The finance cost is recognized in profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A lease liability and a leased asset are not recognized on the balance sheet in respect of leases of low value assets. Aspo has determined the acquisition value of EUR 5,000 as a threshold for low value assets. Low-value assets comprise ICT equipment and minor office furniture. Also, short-term leases, with a lease term of 12 months or less, are not recognized on the balance sheet. Payments associated with low-value assets and short-term leases are recognized on a straight-line basis in other operating expenses.

Aspo acts as a lessor in a very minor scale when sub-leasing office premises. These arrangements have been classified as operating leases and the lease income is recognized in other operating income on a straight-line basis over the lease term.

2.6 Equity

Aspo's equity consists of the share capital, share premium, hybrid bond (Hybrid), translation differences, treasury shares, retained earnings and other reserves including the invested unrestricted equity reserve, legal reserves and fair value reserve. Dividend distribution is disclosed in the next chapter 2.7 Earnings per share and dividend distribution. Share-based payments are discussed in Note 5.3 Share-based payments.

SHARE CAPITAL AND SHARE PREMIUM RESERVE

	Number of shares	Share capital 1,000 EUR	Share premium reserve 1,000 EUR
Dec 31, 2022	**31,419,779**	**17,692**	**4,351**

Share capital includes ordinary shares. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the shareholders' meeting. The shares do not have a nominal value. On December 31, 2022, Aspo Plc's number of shares was 31,419,779 and the share capital was EUR 17.7 million.

Share subscriptions based on the convertible capital loan that were issued during the validity of the old Companies Act (29.9.1978/734) were recognized in the share premium reserve. There have been no changes in the number of shares, share capital or share premium reserve during the financial years ended December 31, 2022, and 2021.

TREASURY SHARES

	Number of shares	Treasury shares 1,000 EUR
Jan 1, 2021	161,650	-920
Dec 31, 2021	**161,650**	**-920**
Jan 1, 2022	161,650	-920
Share-based incentive plan	-99,400	566
Dec 31, 2022	**62,250**	**-354**

Aspo Plc holds treasury shares, which the Board of Directors has transferred to individuals within the scope of share-based incentive schemes based on authorization granted by the Annual Shareholders' Meeting. Share-based incentive schemes are described in more detail in Note 5.3 Share-based payments. Treasury shares are presented as part of retained earnings.

OTHER RESERVES

The invested unrestricted equity reserve includes other equity-type investments and share subscription price to the extent that it is not recognized in the share capital in accordance with a separate resolution.

The translation difference reserve includes translation differences arising from the translation of the financial statements of foreign units, as well as unrealized foreign exchange gains and losses from the Group's net investments in foreign operations. More information on translation differences is presented under currency risks in Note 5.1 Financial risks and the management of financial risks.

EQUITY

Transaction costs, net of tax, resulting directly from the issuance of new shares are recognized in equity, as a reduction of the payments received.

When the company purchases treasury shares, the consideration paid for the shares and the transaction costs are recognized as a reduction in equity. When the shares held by the company are sold, the consideration, net of tax and less direct transaction costs, is recognized as an increase in equity.

HYBRID BOND

1,000 EUR	2022	2021
Jan 1	**20,000**	20,000
Repayment of the old hybrid bond	**-20,000**	
Issuance of the new hybrid bond	**30,000**	
Dec 31	**30,000**	20,000

In June 2022, Aspo issued a new hybrid bond of EUR 30 million, with a coupon rate of 8.75% per annum. The hybrid bond has no maturity, but the company is entitled to redeem it in June 2025 at the earliest.

In the beginning of the 2022 financial year, Aspo also had an EUR 20 million hybrid bond, issued in April 2020. The coupon rate of this hybrid bond was 8.75%. Aspo redeemed this hybrid bond on May 2, 2022.

During the financial period, hybrid bonds accrued EUR 2.0 (1.8) million in interest. Expenses from the issuance of the new hybrid in 2022 were EUR 0.3 million. EUR 1.9 (1.8) million of the interest and the expenses for the issuance have been recognized as reduction of retained earnings. EUR 1.8 (1.8) million have been paid in interest on hybrid bonds.

HYBRID BOND

The hybrid bond is classified as equity. The interest payment obligation arises if the Annual Shareholders' Meeting decides to distribute dividends. If no dividend is distributed, the company can decide upon the payment of interest separately. In the consolidated financial statements, the bond together with its accumulated interest and the transaction costs relating to the issuance of a new hybrid bond, net of possible tax, are presented in equity according to their nature. A hybrid bond is an instrument which is subordinated to the company's other debt obligations. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the shareholders.

2.7 Earnings per share and dividend distribution

EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit and loss attributable to the parent company's shareholders by the weighted average number of outstanding shares during the financial year. When calculating earnings per share, the interest of the hybrid bond, net of tax, has been considered as a profit-reducing item. Diluted earnings per share equals basic earnings per share as there has been no dilution effects in years 2022 and 2021.

EARNINGS PER SHARE

1,000 EUR	2022	2021
Profit for the period attributable to parent company shareholders, continuing operations	**23,499**	28,315
Interest of the hybrid bond (adjusted by tax effect), continuing operations	**-1,496**	-1,400
Profit for the period attributable to parent company shareholders, discontinued operations	**-2,812**	-3,032
Total	**19,191**	23,883
Average number of shares outstandning during the financial period (1,000)	**31,333**	31,258
Basic and diluted earnings per share, EUR		
Earnings per share, continuing operations	**0.70**	0.86
Earnings per share, discontinued operations	**-0.09**	-0.10
Total	**0.61**	0.76

DIVIDEND DISTRIBUTION

The Board of Directors has proposed that a dividend of EUR 0.23 per share is distributed for the financial year 2022, and that the dividend is paid in April 2023. In addition, the Board of Directors has proposed that the Annual Shareholders' Meeting authorizes the Board of Directors to decide on another dividend distribution in the maximum amount of EUR 0.23 per share at a later time. The authorization would be valid until the next Annual Shareholders' Meeting.

According to the decision of the Annual Shareholders' Meeting held on April 6, 2022, a total dividend of EUR 0.45 per share was distributed for 2021. A dividend of EUR 0.23 per share was paid in April and another payment of EUR 0.22 per share was made in November 2022. The decision about the second dividend distribution in November was made by the Board of Directors of the company based on the authorization by the Annual Shareholders' Meeting.

Dividend distribution to owners of the parent company is recognized based on the Shareholder's Meeting resolution. No dividend is paid to the treasury shares held by Aspo Plc.

3 BUSINESS OPERATIONS AND PROFITABILITY

ASPO

ESL SHIPPING

TELKO

LEIPURIN

OPERATING SEGMENTS

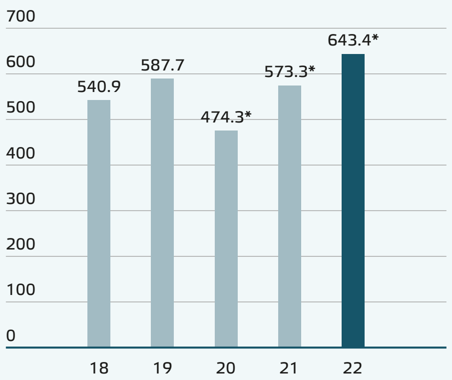
The operating and reportable segments of Aspo Group's continuing operations are ESL Shipping, Telko and Leipurin. The Board of Directors, which is the chief operating decision maker in Aspo Group, is responsible for allocating resources to the operating segments and evaluating their performance. The operating segments have been identified based on Aspo Group's organizational structure, in which each business is led separately.

- **ESL Shipping** conducts sea transportation of raw materials for industry and the energy sector and offers related services.
- **Telko** acquires and supplies plastic raw materials, chemicals and lubricants to industry. Its extensive customer service also covers technical support and the development of production processes.
- **Leipurin** provides solutions particularly for bakery customers and food industry and to retail trade and chain customers in the foodservice business.

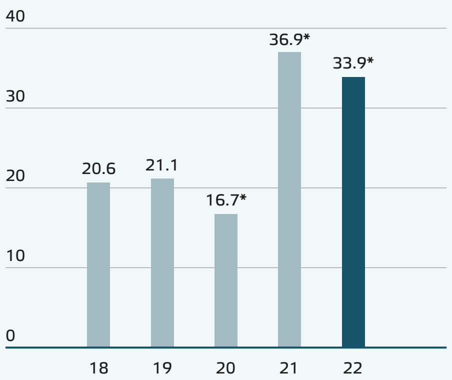
PROFITABILITY

Within the Group, the evaluation of segment results is based on each segment's operating profit and net sales from outside the Group. Segment reporting is prepared in accordance with the same recognition and measurement principles as the consolidated financial statements. Transactions between segments are based on fair market prices. There are no considerable inter-segment transactions.

NET SALES, MEUR



OPERATING PROFIT, MEUR



* Net sales and operating profit from continuing operations

RECONCILIATION OF SEGMENT OPERATING PROFIT TO THE GROUP'S PROFIT BEFORE TAXES, CONTINUING OPERATIONS

2022

1,000 EUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	38,058	7,274	-4,831	-6,591	33,910
Net financial expenses				-6,264	-6,264
Profit before taxes					**27,646**

2021

1,000 EUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	26,786	20,432	-2,372	-7,920	36,926
Net financial expenses				-3,878	-3,878
Profit before taxes					**33,048**

Items unallocated to segments consist of the results of other operations, i.e. mainly administrative costs. Other operations include Aspo Group's administration, the finance and ICT service center. The Group has not allocated net financial expenses to segments, as Aspo monitors and manages them at the Group level.

SEGMENT ASSETS AND LIABILITIES

1,000 EUR	ESL Shipping	Telko	Leipurin	Unallocated items	Held for sale	Group total
Segment assets Dec 31, 2021	215,806	106,595	54,729	20,807	8,373	406,310
Segment assets Dec 31, 2022	224,796	85,730	68,533	24,437	12,414	415,910
Segment liabilities Dec 31, 2021	31,453	47,921	15,399	175,378	6,770	276,921
Segment liabilities Dec 31, 2022	32,260	34,444	16,389	185,225	3,907	272,225

The assets and liabilities of the segments are items that the segment uses in its business operations or that can be reasonably allocated to the segment. Unallocated items consist of items associated with income taxes and centralized financing. More information about assets and liabilities held for sale can be found in Note 1.3 Discontinued operations and divestments.

3.1 Net sales

Aspo's revenue consists mainly of the following income flows:

- ESL Shipping: Sales of sea freight services mainly to the industry and the energy sector
- Telko: Sales of plastic and chemical raw materials as well as lubricants to industries and trade
- Leipurin: Sales of raw materials and machines to the bakery and other food industry

Still in 2021, the external net sales of the segments equaled the net sales recognized in the consolidated statement of comprehensive income, and there were no net sales that had not been allocated to the segments. During the 2022 financial year, net sales unallocated to the segments were EUR 15,000, including Aspo's service charges from divested operations.

Aspo does not depend on any individual significant customers, however, in the ESL Shipping segment the purchases of one customer in the steel industry account for slightly more than ten percent of the consolidated net sales.

Aspo Group's net sales from continuing operations increased significantly during the financial year to EUR 643.4 (573.3) million. Net sales include foreign exchange rate differences of EUR 1.7 (-0.1) million.

ESL SHIPPING'S NET SALES

ESL Shipping's net sales increased from the comparative period by 28% to EUR 245.4 (191.4) million. High demand in the shipping company's main market areas, the shipping company's long-term partnership strategy and the successful operations of the onshore and offshore personnel enabled the growth. Weather conditions were also favorable for operations.

TELKO'S NET SALES

Telko's net sales decreased by 1% to EUR 267.4 (268.8) million. The net sales of the plastics and chemicals businesses decreased especially in Russia, Belarus and Ukraine due to Russia's invasion of Ukraine. In the lubricants business, sales increased in all key product groups.

TELKO NET SALES BY BUSINESS AREA

1,000 EUR	2022	2021
Plastics business	**136,864**	146,694
Chemicals business	**80,297**	83,622
Lubricants business	**50,212**	38,464
Telko total	**267,373**	268,780

LEIPURIN'S NET SALES

Leipurin's net sales increased by 15% to EUR 130.6 (113.1) million. Raw material sales in western markets showed a significant increase during the year. The net sales of the acquired Kobia AB constitutes the net sales of the new Sweden business unit. The net sales of the East business unit decreased.

LEIPURIN NET SALES

1,000 EUR	2022	2021
Business units:		
Finland	**46,633**	40,400
Sweden	**17,272**	
Baltics	**36,776**	30,573
East	**25,589**	30,731
Total	**126,270**	101,704
of which:		
Bakeries	**87,867**	73,210
Food Industry	**14,176**	11,023
Retail, foodservice, other	**24,226**	17,471
Machinery trading Russia	**62**	7,295
Vulganus	**4,262**	4,065
Leipurin total	**130,594**	113,064

In addition, Aspo specifies net sales by timing of revenue recognition and by market area.

NET SALES BY TIMING OF RECOGNITION

1,000 EUR	2022	2021
ESL Shipping		
At a point in time	**3,523**	3,582
Over time	**241,893**	187,862
	245,416	191,444
Telko		
At a point in time	**266,939**	268,444
Over time	**434**	336
	267,373	268,780
Leipurin		
At a point in time	**127,274**	107,424
Over time	**3,320**	5,640
	130,594	113,064
Unallocated items		
Over time	**15**	
	15	
Total		
At a point in time	**397,736**	379,450
Over time	**245,662**	193,838
Total	**643,398**	573,288

Most of the Group's net sales, 62% (66), are recognized as revenue at a point in time in conjunction with the delivery of goods or services. Net sales recognized over time mainly include ESL Shipping's sea transportation and related services amounting to EUR 241.9 (187.9) million.

INFORMATION RELATED TO GEOGRAPHICAL REGIONS

The Group has still in 2022 monitored its net sales in accordance with the following geographical division: Finland, Scandinavia, the Baltic countries, Russia, other CIS countries and Ukraine, and other countries. The eastern markets' share of total net sales decreased in 2022, mainly due to Russia's invasion in Ukraine and decisions to downsize operations in Russia and withdraw from the market as planned. According to the previously announced strategy, Aspo will direct its growth investments at western markets. Net sales of the geographical regions are presented as per customer location.

NET SALES BY MARKET AREA

1,000 EUR	2022	2021
ESL Shipping		
Finland	**121,565**	84,333
Scandinavia	**58,487**	54,089
Baltic countries	**2,934**	3,487
Russia, other CIS countries and Ukraine	**1,264**	2,482
Other countries	**61,166**	47,053
	245,416	191,444
Telko		
Finland	**53,464**	47,582
Scandinavia	**61,688**	52,404
Baltic countries	**28,231**	20,451
Russia, other CIS countries and Ukraine	**91,280**	117,273
Other countries	**32,710**	31,070
	267,373	268,780
Leipurin		
Finland	**49,376**	43,257
Scandinavia	**17,406**	2,891
Baltic countries	**36,620**	30,921
Russia, other CIS countries and Ukraine	**25,652**	35,394
Other countries	**1,540**	601
	130,594	113,064
Unallocated items		
Finland	**15**	
	15	
Total		
Finland	**224,420**	175,172
Scandinavia	**137,581**	109,384
Baltic countries	**67,785**	54,859
Russia, other CIS countries and Ukraine	**118,196**	155,149
Other countries	**95,416**	78,724
Total	**643,398**	573,288

REVENUE RECOGNITION

The majority of Aspo's net sales comes from the sale of products, which are considered to be individual performance obligations. Revenue is recognized when the performance obligation is fulfilled by handing over the product or service to the client. Revenue is recognized upon delivery at a point in time once significant risks and benefits associated with ownership have been passed on to the buyer in accordance with the delivery clauses.

ESL Shipping's income is recognized over time as the services are rendered. The revenue recognition is based on the transportation agreements or other service agreements. At the end of each reporting period, revenue from ESL Shipping's undelivered or otherwise incomplete services, is recognized based on the number of days completed by the reporting date as a percentage of the estimated total duration of the service.

Apart from ESL Shipping, only a small part of the net sales of the operating segments comprises services sold to customers, income from which is recognized at a point in time once the service has been rendered, or over time if the customer simultaneously receives benefits when the service is being rendered. Majority of other services offered by the segments are regarded as customer service, and they are not considered separate performance obligations, because they are related, for example, to the development and design of product concepts and customized solutions.

Transaction prices do not include any significant financing components. Primarily, accounts receivable fall due within 0–60 days after the invoicing date. Advance payments received from customers are also used, typically in projects with a long production period, where installments are tied to the progress of the project. These payments are contract liabilities and recorded in advances received.

Some contracts with customers include discounts that are tied, for example, to product volumes purchased annually by the customer in question. With regard to these, the likely amount of a realized discount is estimated on the basis of historical information, and these estimates are used to adjust the recognized revenue. These accruals are recorded on a monthly basis, and the estimates are updated when more information is available. The amount of these discounts is not significant within Aspo Group.

Products sold by Aspo involve warranty obligations, due to the replacement or repair of any defective products during the warranty period. These warranty obligations do not differ from normal statutory obligations, or any obligations followed in accordance with sector-specific market practices. These obligations are assessed regularly as the likely amount based on historical experience and recorded in operational expenses.

Aspo has not had significant incremental costs for obtaining contracts with customers that should be capitalized in the balance sheet. Possible incremental costs are expensed as incurred as their nature is such that they would be expensed within a year.

3.2 Other operating income

OTHER OPERATING INCOME

1,000 EUR	2022	2021
Gains on sale of tangible assets	**1,753**	239
Rents and related remunerations	**123**	48
Leasing agreement related compensation	**57**	44
Other income	**715**	142
Total	**2,648**	473

In 2022, sales gains from tangible assets included EUR 1.5 million in sales gains from ESL Shipping's barge Espa.

3.3 Associated companies

SHARE IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD
Aspo Group has two associated companies that were acquired in conjunction with the acquisition of AtoBatC in 2018. These German limited partnership companies, Auriga KG and Norma KG, are domiciled in Leer. Aspo Group holds 49% of the shares of these companies. The associated companies are included in the ESL Shipping segment.

ASSOCIATED COMPANIES

Company	Domicile	Holding %
Auriga KG	DE	49.00
Norma KG	DE	49.00

Both companies own one dry bulk cargo vessel. The income of the companies consists of rent income from the vessels owned. The fair value of these associated companies determined in conjunction with the acquisition was EUR 0.9 million higher than the carrying amount. The difference between the fair value and carrying amount is attributable to the vessels owned by the companies, and it is amortized during the useful life of the vessels. The amortization amounts to approximately EUR 0.1 million per year.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

1,000 EUR	2022	2021
Balance Jan 1	**701**	972
Dividends received	**-353**	-214
Share of profits for the the financial year	**626**	-57
Carrying amount Dec 31	**974**	701

TRANSACTIONS WITH RELATED PARTIES - ASSOCIATED COMPANIES

1,000 EUR	2022	2021
Services acquired	**3,172**	1,837
Depreciation of time-chartered vessels	**1,509**	775
Interest expense of time-chartered vessels	**36**	18
Leased assets, vessels	**1,538**	1,119
Other receivables	**314**	133
Lease liabilities	**1,544**	1,133

ESL Shipping uses the two vessels of the associated companies in its business operations and pays market rent to the associated companies.

ASSOCIATED COMPANIES
Investments in associates are accounted for using the equity method of accounting. If the Group's share of losses in an associate exceeds the carrying amount, losses in excess of the carrying amount will not be recognized, unless the Group undertakes to fulfill the obligations of the associate. Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the Group's ownership share. The share of profits of associated companies presented in the consolidated statement of comprehensive income is calculated from the associate's profit for the period, net of tax.

3.4 Materials and services

MATERIALS AND SERVICES

1,000 EUR	2022	2021
Purchases during the period		
ESL Shipping	**70,207**	36,436
Telko	**213,232**	241,775
Leipurin	**109,883**	91,781
Total	**393,322**	369,992
Change in inventories	**1,015**	-26,972
Services acquired		
Telko	**3,841**	3,207
Leipurin	**4,740**	3,193
Total	**8,581**	6,400
Materials and services, total	**402,918**	349,420

In 2022, purchased materials and services increased by 15%, being three percentage points higher than the increase in sales. This difference can be explained by the losses of EUR 2.6 million for Telko and EUR 0.7 million for Leipurin due to the destruction of warehouses in Ukraine, and the impairment losses of EUR 4.8 million for Telko and EUR 2.4 million for Leipurin recognized in the inventories of the eastern operations held for sale. In addition, the derecognition of the EUR 0.5 million fair value adjustment of inventories recognized as a result of the acquisition of Kobia AB increased expenses.

Purchases included EUR -4.5 (0.1) million in exchange rate differences.

3.5 Other operating expenses

OTHER OPERATING EXPENSES

1,000 EUR	2022	2021
ESL Shipping	**92,220**	84,394
Telko	**13,389**	8,635
Leipurin	**10,232**	5,728
Other operations	**3,040**	3,375
Total	**118,881**	102,132

Most of ESL Shipping's other operating expenses are related to vessel operations, such as port and fairway fees, technical vessel expenses, service components of lease agreements, and the travel expenses of crew members.

Telko's other operating expenses increased by EUR 3.1 million due to the impairment losses recognized in the eastern operations held for sale and EUR 1.1 million due to other business adaptation expenses in Russia.

The increase in Leipurin's other operating expenses mainly consisted of EUR 1.0 million in expenses arising from the acquisition of Kobia AB, EUR 0.4 million in losses from the divestment of Vulganus Oy, EUR 1.4 million in impairment losses recognized in the eastern operations held for sale, and EUR 0.6 million in other business adaptation expenses in Russia.

AUDITORS' FEES

1,000 EUR	2022	2021
Audit firm of the parent company		
Audit	**355**	336
Other services	**41**	135
Other audit firms		
Audit	**135**	53
Tax advice	**18**	7
Other services	**19**	28
Total	**568**	559

The authorized public accountant firm Deloitte Oy is Aspo Plc's auditor. Deloitte's audit fee for 2022 was EUR 0.4 (0.3) million, and its fees relating to other services totaled EUR 0.0 (0.1) million. The other services from Deloitte mainly included services related to sustainability reporting.

3.6 Employee benefit expenses and number of employees

EMPLOYEE BENEFIT EXPENSES

1,000 EUR	2022	2021
Wages and salaries	**44,219**	41,396
Pension expenses, defined contribution plans	**4,968**	5,009
Share-based payments	**1,829**	1,125
Other employee benefit expenses	**3,388**	3,154
Total	**54,404**	50,684

Aspo benefits from the government subsidy for merchant vessels received from the Ministry of Transport and Communications, according to which ESL Shipping receives withholding taxes and social security expenses related to marine personnel's pays as refunds. The amount of the subsidy for merchant vessels amounted to EUR 5.8 (5.5) million.

In Finland the statutory pension provision is arranged by insurances from pension insurance companies. In foreign units, the pension provision is arranged in accordance with local legislation and social security regulations. The Group's pension schemes are defined contribution plans and the contributions are recognized as employee benefit expense in the financial period they relate to.

Information regarding the employee benefits of key management personnel is presented in Note 5.2 Related parties.

NUMBER OF EMPLOYEES

At the end of the financial year, the number of employees of Aspo Group was 886 (944), while the average number of personnel during the financial year was 914 (911).

PERSONNEL BY SEGMENT, ON AVERAGE

	2022	2021
ESL Shipping	**298**	294
Telko	**314**	291
Leipurin	**243**	267
Other operations	**41**	35
Continuing operations, total	**896**	887
Discontinued operation	**18**	24
Total	**914**	911

PERSONNEL BY SEGMENT AT YEAR-END

	2022	2021
ESL Shipping	**295**	295
Telko	**293**	321
Leipurin	**255**	270
Other operations	**42**	36
Continuing operations, total	**885**	922
Discontinued operation	**1**	22
Total	**886**	944

PERSONNEL BY GEOGRAPHICAL AREA AT YEAR-END

	2022	2021
Finland	**410**	438
Scandinavia	**136**	57
Baltic countries	**100**	101
Russia, other CIS countries and Ukraine	**212**	302
Other countries	**27**	24
Continuing operations, total	**885**	922
Discontinued operation	**1**	22
Total	**886**	944

3.7 Depreciation, amortization and impairment losses

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

1,000 EUR	2022	2021
Depreciation and amortization, tangible and intangible assets		
Intangible assets	**461**	451
Buildings	**482**	379
Vessels	**16,436**	14,535
Machinery and equipment	**800**	661
Other tangible assets	**17**	34
Total depreciation and amortization	**18,196**	16,060
Impairment losses		
Intangible assets	**3**	
Goodwill	**1,368**	4,330
Buildings	**19**	391
Machinery and equipment	**278**	
Total impairment losses	**1,668**	4,721
Total depreciation, amortization and impairment losses	**19,864**	20,781

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES, LEASED ASSETS

1,000 EUR	2022	2021
Intangible assets	**433**	623
Land	**96**	96
Buildings	**2,520**	2,338
Vessels	**11,685**	9,709
Machinery and equipment	**1,074**	990
Other tangible assets	**5**	5
Total depreciation and amortization	**15,813**	13,761
Impairment losses		
Buildings	**642**	
Machinery and equipment	**238**	
Other tangible assets	**2**	
Total impairment losses	**882**	
Total depreciation, amortization and impairment losses	**16,695**	13,761

Aspo's depreciation expenses mainly relate to vessels owned and leased by ESL Shipping. whose leases were higher than in the comparative year.

In 2022, impairment losses were recognized on the assets of the eastern operations held for sale. All of the impairment losses above recognized in tangible, intangible and leased assets in 2022 are associated with the eastern operations held for sale. More information about them is presented in Note 1.3 Discontinued operations and divestments.

In 2021 an impairment loss of EUR 4.3 million was recognized on Leipurin's goodwill, and an impairment loss of EUR 0.4 million was recognized on the buildings of Telko's Rauma terminal.

Accounting principles for depreciation are included in Note 4.1 Tangible assets and for amortization in Note 4.2 Intangible assets. Accounting principles for leases are described in Note 2.5 Leases.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES BY SEGMENT

	2022					2021				
1,000 EUR	ESL Shipping	Telko	Leipurin	Other operations	Group total	ESL Shipping	Telko	Leipurin	Other operations	Group total
Intangible assets	162	607	1,063		1,832	151	187	4,443		4,781
Tangible assets	16,473	871	655	33	18,032	14,567	1,124	271	38	16,000
	16,635	1,478	1,718	33	19,864	14,718	1,311	4,714	38	20,781
Leased assets	12,085	2,522	1,404	684	16,695	10,064	1,314	1,577	806	13,761

3.8 Financial income and expenses

FINANCIAL INCOME AND EXPENSES

1,000 EUR	2022	2021
Interest income from loans and other receivables	**300**	255
Foreign exchange gains	**1,251**	232
Financial income	**1,551**	487
Interest expenses on leases	**-486**	-440
Interest and other financial expenses	**-4,373**	-3,580
Foreign exchange losses	**-2,956**	-345
Financial expenses	**-7,815**	-4,365
Financial income and expenses	**-6,264**	-3,878

3.9 Income taxes

TAXES IN THE STATEMENT OF COMPREHENSIVE INCOME

1,000 EUR	2022	2021
Taxes for the period	**-3,635**	-4,094
Change in deferred tax assets and liabilities	**-520**	-737
Taxes from previous financial years	**8**	98
Total	**-4,147**	-4,733

The Group's income taxes include taxes based on the Group companies' profits for the financial year, adjustment of taxes from previous financial years and changes in deferred taxes. Income taxes are recognized in accordance with the tax rate valid in each country. Regarding the deferred taxes, see Note 4.8. Deferred taxes.

RECONCILIATION OF THE TAX EXPENSE IN THE STATEMENT OF COMPREHENSIVE INCOME AND TAXES CALCULATED BY USING THE PARENT COMPANY'S TAX RATE 20%

1,000 EUR	2022	2021
Profit before taxes	**27,646**	33,048
Taxes calculated using the parent company's tax rate	**-5,529**	-6,610
Impact of foreign subsidiaries' tax rates	**274**	595
Impact of tonnage taxation	**8,679**	5,364
Losses for which no deferred tax asset was recognized	**-2,494**	-1,376
Utilization of previously unrecognized tax losses	**110**	118
Deferred tax liability on retained earnings of foreign subsidiaries		-1,042
Taxes from previous financial years	**8**	98
Withholding taxes	**-199**	-135
Timing differences, tax-free and non-deductible items	**-4,996**	-1,745
Taxes in the statement of comprehensive income	**-4,147**	-4,733
Effective tax rate	**15%**	14%

In Finland and Sweden, a limited liability company which is obliged to pay taxes and is practicing international marine logistics has the opportunity to apply for taxation based on vessel tonnage during a tonnage taxation period, instead of taxation based on the profits of the shipping business. ESL Shipping Ltd.'s and AtoBatC Shipping AB's taxation is based on the tonnage taxation regime. The inclusion within the scope of tonnage taxation significantly reduces the Group's effective tax rate.

Aspo Group's effective tax rate 15% (14%) was higher than in the comparative year, mainly due to more non-deductible items in the subsidiaries relating, for example, to impairment losses. In addition, the increase in the effective tax rate is explained by unrecognized deferred tax assets on the taxable losses in the financial year.

4 INVESTED CAPITAL

INVESTED CAPITAL

1,000 EUR	Note	2022	2021
Intangible assets	4.2	**46,783**	45,845
Tangible assets	4.1	**178,454**	168,886
Leased assets	2.5	**15,871**	20,748
Inventories	4.4	**69,900**	68,626
Accounts receivable and other receivables	4.5	**68,995**	74,035
Other assets		**1,436**	1,455
Cash and cash equivalents	2.2	**21,727**	17,697
Accounts payable and other liabilities	4.6	**-71,105**	-78,077
Other liabilities		**-1,854**	-1,707
Deferred tax assets and liabilities, net	4.8	**-6,616**	-4,596
Assets and liabilities classified as held for sale, net		**9,345**	3,765
Total		**332,936**	316,677

Aspo's invested capital includes the Group's assets less liabilities, excluding interest-bearing liabilities. Invested capital describes where equity and interest-bearing liabilities are tied, which is why it provides interesting information and is representative of Aspo's operations. The most significant component of invested capital are the vessels owned and leased by ESL Shipping, totaling EUR 160.7 million. Goodwill and other intangible assets account for EUR 46.8 million of invested capital. Goodwill and other intangible assets, such as customer relationships and brands are generated on Aspo's balance sheet, when it develops the Group structure through acquisitions according to its strategy. Furthermore, working capital makes up EUR 76.9 million, and cash and cash equivalents EUR 21.7 million of invested capital.

INVESTMENTS BY SEGMENT

1,000 EUR	2022	2021
ESL Shipping	**16,460**	15,235
Telko	**208**	509
Leipurin	**1,124**	121
Other operations	**2**	5
Continuing operations, total	**17,794**	15,870
Discontinued operation	**24**	8
Total	**17,818**	15,878

Investments consist of additions in tangible assets and intangible assets that will be used during more than one financial year, excluding additions through acquisitions. Additions of leased assets are disclosed in Note 2.5 Leases. The investments of EUR 17.8 (15.9) million mainly consisted of ESL Shipping segment's dockages and Green Coaster advance payments.

NON-CURRENT ASSETS BY MARKET AREA

1,000 EUR	2022	2021
Finland	**197,751**	218,034
Scandinavia	**43,391**	17,361
Baltic countries	**238**	308
Russia, other CIS countries and Ukraine	**773**	763
Other countries	**136**	35
Total	**242,289**	236,501

The non-current assets include all other assets except for deferred tax assets. Assets of geographical regions are presented as per location of the assets.

GREEN COASTER INVESTMENT COMMITMENT

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

In 2022, it was confirmed that ESL Shipping will establish a Green Coaster pool. As a result, AtoBatC Shipping AB declared its option and ordered five additional vessels from the Chowgule & Company Private Limited, from which AtoBatC had previously ordered seven identical electric hybrid vessels. Every other vessel in the series of twelve next-generation electric hybrid vessels will be sold to a company formed by a group of investors. Advance payments for the vessels to be sold further have been recognized in inventories. ESL Shipping's total investment comprises six vessels and approximately EUR 70 million.

WORKING CAPITAL

Working capital, as defined by Aspo, includes inventories, accounts receivable, accounts payable and advances received. Aspo emphasizes the efficiency of working capital and aims to permanently decrease its working capital.

WORKING CAPITAL

1,000 EUR	Note	2022	2021
Inventories	4.4	**69,900**	68,626
Accounts receivable	4.5	**47,279**	58,911
Accounts payable	4.6	**-38,805**	-48,218
Advances received	4.6	**-1,481**	-1,695
Total		**76,893**	77,624

The Group's working capital decreased by EUR 0.7 million. However, if the working capital is adjusted by the Group's incoming and outgoing items resulting from acquisitions and disposals and by impairment amounts recognized on the assets of the eastern operations held for sale in conjunction with the IFRS 5 classification, the working capital increased, especially regarding inventories. The increase in inventories mainly came from advance payments for the vessels to be built for the ESL Shipping segment's vessel pool. At the end of the financial year, inventories included EUR 10.2 million in advance payments for the Green Coaster vessels. Telko segment's working capital improved during the year. In 2021, working capital increased by EUR 26 million, mainly as a result of the increase in Telko's inventories. The impact on cash flow of the adjusted change in working capital was EUR -6.7 (22.0) million.

4.1 Tangible assets

TANGIBLE ASSETS 2022

1,000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan 1	54	6,578	7,739	305,256	726	6,787	327,140
Translation differences	-228	-477	-387				-1,092
Additions, business combinations	5,119	10,904	8,210				24,233
Additions		13	828	4,590	30	11,368	16,829
Assets classified as held for sale		-19	-20				-39
Decreases			-289	-5,783		-2,195	-8,267
Transfers between classes			126	5,165		-5,291	0
Acquisition cost, Dec 31	**4,945**	**16,999**	**16,207**	**309,228**	**756**	**10,669**	**358,804**
Accumulated depreciation, Jan 1		-4,955	-6,109	-146,743	-447		-158,254
Translation differences		147	336				483
Accumulated depreciation, business combinations		-3,224	-7,282				-10,506
Accumulated depreciation, assets held for sale		19	20				39
Accumulated depreciation of decreases			235	5,685			5,920
Depreciation and impairment losses for the period		-501	-1,078	-16,436	-17		-18,032
Accumulated depreciation, Dec 31		**-8,514**	**-13,878**	**-157,494**	**-464**		**-180,350**
Carrying amount, Dec 31	**4,945**	**8,485**	**2,329**	**151,734**	**292**	**10,669**	**178,454**

An impairment loss of EUR 0.3 million was recognized on the tangible assets of the eastern operations held for sale during the 2022 financial year.

TANGIBLE ASSETS 2021

1,000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan 1	54	6,633	7,707	299,447	759	1,067	315,667
Translation differences		9	209				218
Additions, business combinations			58				58
Additions			607	5,841	5	9,377	15,830
Assets classified as held for sale		-62	-508		-33		-603
Decreases			-364	-3,664			-4,028
Transfers between classes		-2	30	3,632	-5	-3,657	-2
Acquisition cost, Dec 31	**54**	**6,578**	**7,739**	**305,256**	**726**	**6,787**	**327,140**
Accumulated depreciation, Jan 1		-4,215	-6,095	-135,872	-415		-146,597
Translation differences		15	-143				-128
Accumulated depreciation, assets held for sale		31	451				482
Accumulated depreciation of decreases			351	3,664	2		4,017
Depreciation and impairment losses for the period		-786	-673	-14,535	-34		-16,028
Accumulated depreciation, Dec 31		**-4,955**	**-6,109**	**-146,743**	**-447**		**-158,254**
Carrying amount, Dec 31	**54**	**1,623**	**1,630**	**158,513**	**279**	**6,787**	**168,886**

An impairment loss of EUR 0.4 million was recognized on the buildings of Telko's Rauma terminal in financial year 2021.

The EU has subsidized ESL Shipping's energy-efficiency and environmental investments regarding the LNG-fueled vessels deployed in 2018. To obtain the subsidy, it was required that the activities listed in the agreement were carried out and that the arising costs were documented in an approved manner. For 2016–2020, ESL Shipping was able to receive at most EUR 5.9 million in subsidies, of which EUR 2.1 million were received in 2016, EUR 2.5 million 2020, and the last installment of EUR 1.0 million in September 2021. The subsidy received was recognized to reduce the acquisition costs of vessels and presented as a decrease in investments in the year of receipt. The subsidy will be recognized as income in the form of lower depreciation expense during the useful life of the vessels.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

Estimates of the useful life and residual value, and the selection of depreciation method require management's significant judgement and are subject to a constant review. Vessels comprise the most significant fixed asset item on the balance sheet, and their depreciation periods range from 17 to 30 years, based on the useful life of each vessel.

Estimates are also made in conjunction with business combinations when determining the fair values and remaining useful lives of the acquired tangible assets.

TANGIBLE ASSETS

Tangible assets are recognized at cost net of cumulative depreciation less any impairment losses. For new construction of vessels, financial expenses arising during the construction are capitalized as part of the cost and depreciated over the useful life of the asset. The depreciation period of dockages is based on an estimate of the dockage interval.

Depreciation is calculated on a straight-line basis over the estimated useful life as follows:

- Vessels 17–30 years
- Pushers 18 years
- Dockings 2–3 years
- Buildings and structures 15–40 years
- Machinery and equipment 3–10 years
- Piping 5–20 years
- Refurbishment costs from premises 5–10 years
- Other tangible assets 3–40 years

Land is not depreciated, but the carrying amounts are reviewed annually.

Gains and losses arising from the discontinued use and disposal of tangible assets are included in other operating income and expenses.

The carrying amounts of individual tangible and intangible assets are reviewed at the end of each reporting period to identify events or circumstances that could indicate their impairment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The impairment loss is recognized in profit and loss. After the recognition of an impairment loss, the asset's useful life is reassessed. A previously recognized impairment loss is reversed if the estimates used in the determination of the recoverable amount change. Carrying amount increased due to the reversal of an impairment loss may not exceed the carrying amount that would have been defined for the asset if no impairment loss had been recognized in previous years.

SUBSIDIES

Government subsidies granted to compensate for expenses incurred are recognized in the statement of comprehensive income in the periods in which the expenses related to the object of the subsidy are expensed. Subsidies received are presented as net deductions from generated expenses. Subsidies related to the acquisition of tangible assets have been recognized as adjustments to their cost. Subsidies are recognized as income during the period of use of the asset in the form of smaller depreciation expense.

4.2 Intangible assets

The most significant intangible asset is goodwill. Intangible rights primarily consist of brands. Other intangible assets include software and associated licenses, as well as principal and customer relationships acquired in business combinations.

INTANGIBLE ASSETS

	2022				
1,000 EUR	Goodwill	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost, Jan 1	51,273	7,147	16,483		74,903
Translation differences	7,947	178	-215		7,910
Additions, business combinations	1,412		1,554		2,966
Additions		19	191	808	1,018
Assets classified as held for sale		-3			-3
Decreases	-13,240	-218	-3,446		-16,904
Acquisition cost, Dec 31	**47,392**	**7,123**	**14,567**	**808**	**69,890**
Accumulated amortization and impairment, Jan 1	-14,149	-1,623	-13,286		-29,058
Translation differences	-6,992	-148	103		-7,037
Accumulated amortization, business combinations			-756		-756
Accumulated amortization, assets held for sale		3			3
Accumulated amortization of decreases	11,985	183	3,405		15,573
Amortization and impairment for the period	-1,368	-65	-399		-1,832
Accumulated amortization and impairment, Dec 31	**-10,524**	**-1,650**	**-10,933**		**-23,107**
Carrying amount, Dec 31	**36,868**	**5,473**	**3,634**	**808**	**46,783**

An impairment loss of EUR 1.4 million was recognized on the intangible assets of the eastern operations held for sale during the 2022 financial year, which was mainly allocated to consolidated goodwill.

	2021			
1,000 EUR	Goodwill	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan 1	59,644	7,304	16,380	83,328
Translation differences	-123	4	-43	-162
Additions, business combinations		19	152	171
Additions		48		48
Assets classified as held for sale	-8,248	-179		-8,427
Decreases		-51	-6	-57
Transfers between classes		2		2
Acquisition cost, Dec 31	**51,273**	**7,147**	**16,483**	**74,903**
Accumulated amortization and impairment, Jan 1	-13,399	-1,761	-12,886	-28,046
Translation differences	36	-4	-5	27
Accumulated amortization of decreases	6,993	193	5	7,191
Amortization and impairment for the period	-7,779	-51	-400	-8,230
Accumulated amortization and impairment, Dec 31	**-14,149**	**-1,623**	**-13,286**	**-29,058**
Carrying amount, Dec 31	**37,124**	**5,524**	**3,197**	**45,845**

In 2021, impairment losses recognized on goodwill totaled EUR 4.3 million for Leipurin segment and EUR 3.4 million for Kauko operating segment.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

Estimates of the useful life and residual value, and the selection of depreciation method require the management's significant judgement and are subject to a constant review.

Estimates are also made in conjunction with business combinations when determining the fair values and remaining useful lives of the acquired intangible assets. The value on the acquisition date is determined using discounted cash flows.

GOODWILL AND BRANDS

Goodwill or brands with indefinite useful life arising from business combinations are not amortized, instead they are tested for impairment at least annually by using value in use calculations. Cash flow-based value in use is determined by calculating the present value of forecast discounted cash flows. An indication of possible impairment may trigger the impairment testing also with shorter time frame.

An impairment loss is recognized in profit and loss if the carrying amount of the asset is higher than its recoverable amount. An impairment loss recognized for assets other than goodwill is reversed if the estimates used in the determination of the recoverable amount change to a substantial extent. Carrying amount increased due to the reversal of an impairment loss may not exceed the carrying amount that would have been determined for the asset if no impairment loss had been recognized in previous years. An impairment loss recognized from goodwill is not reversed under any circumstances.

Management reviews the measurement of brands annually by using a segment-specific value in use calculation of which more information can be found in Note 4.3 Impairment test of goodwill and brands.

OTHER INTANGIBLE ASSETS

Other intangible assets are measured at cost and amortized on a straight-line basis over their useful lives. The amortization periods are:

- Software and associated licenses 3–5 years
- Principal relationships and technology acquired through business combinations 10 years
- Customer relationships acquired through business combinations 15 years

The accounting principles relating to the recognition of impairment losses are included in Note 4.1 Tangible assets.

RESEARCH AND DEVELOPMENT COSTS

Aspo Group's R&D focuses, according to the nature of each segment, on developing the operations, procedures, and products as part of customer-specific operations, which means that development inputs are included without specification in operating expenses, and they do not meet the recognition criteria for intangible assets.

4.3 Impairment test of goodwill and brands

Goodwill is allocated to the Group's cash-generating units on the operating segment level. Goodwill is allocated to the cash-generating units as follows:

GOODWILL BY SEGMENT

1,000 EUR	2022	2021
ESL Shipping	**6,337**	6,337
Telko	**9,058**	8,433
Leipurin	**21,473**	22,354
Total	**36,868**	37,124

The goodwill of Kauko operating segment amounted to EUR 1.3 million at the end of the financial year 2021 and it was presented as assets held for sale.

BRANDS BY SEGMENT

1,000 EUR	2022	2021
Telko	**2,155**	2,155
Leipurin	**3,148**	3,148
Total	**5,303**	5,303

The useful lives of brands included in Telko and Leipurin segments have been estimated to be indefinite. The strong image and history of these brands support management's view that these brands will affect cash flow generation over an indefinable period. The brands have been tested for impairment together with goodwill.

IMPAIRMENT TESTING

The recoverable amount of the cash-generating units is determined by a value in use calculation. Cash flow-based value in use is determined by calculating the present value of forecast discounted cash flows. The cash flows include for example estimates of future sales, profitability and maintenance investments. The cash flow projections are based on the budget for 2023 and the financial plans for 2024–2026 approved by the Board of Directors. In testing, the cash flow projections are prepared for a five-year period, with the final year being the terminal year. The terminal value has been calculated by using a growth assumption of 2% (2%).

When estimating net sales, the assumption is that current operations can be maintained, and net sales will grow in a controlled manner at the rate estimated in financial plans. The sales margin is estimated to follow net sales growth. It is estimated that costs will increase slowly as a result of continuous cost management. Fixed costs are expected to grow at the rate of inflation.

The discount rate is determined for each segment by using the weighted average cost of capital (WACC) that depicts the overall costs of equity and liabilities, considering the particular risks related to the assets and location of operations. The WACC is lower than in the comparative period mainly due to the decreased weight of eastern markets.

POST-TAX WACC BY CASH GENERATING UNIT

	2022	2021
ESL Shipping	**8.13%**	8.61%
Telko	**10.93%**	11.39%
Leipurin	**9.34%**	10.86%
Kauko		9.96%

RESULTS OF THE IMPAIRMENT TESTS AND SENSITIVITY ANALYSIS

Continuing operations

The Leipurin, Telko and ESL Shipping segments underwent the annual goodwill impairment testing in December.

The recoverable amount indicated by the impairment tests conducted for Telko and ESL Shipping clearly exceeded the carrying amount of the cash generating unit for each operating segment, and the carrying amounts are therefore considered to be justified.

The impairment test conducted for the Leipurin also showed that the recoverable amount exceeded the carrying amount of the cash generating unit. In the Leipurin segment, an increase of one percentage point in WACC would result in the recognition of an impairment loss on goodwill. Furthermore, a decrease of half a percentage point in the estimated EBITDA would also make it necessary to recognize an impairment loss in the Leipurin segment.

In 2021, the impairment test conducted for the Leipurin segment showed that the recoverable amount did not cover the entire carrying amount and an impairment loss amounting to EUR 4.3 million was recognized. Of the impairment loss, the foodservice business accounted for EUR 3.0 million and Vulganus Oy's machine manufacturing EUR 1.3 million. The impairment loss resulted from the more moderate outlook for the foodservice business and the machine manufacturing business having fallen short of its targets.

Discontinued operation and eastern operations held for sale

An impairment loss of EUR 1.3 million was recognized on the goodwill of the Kauko operating segment. Kauko is reported as a discontinued operation and based on the purchase offers received, it became apparent that Kauko's fair value was lower than its book value. The impairment loss of Kauko operating segment is presented in the consolidated income statement as part of the profit from discontinued operations.

In 2021, the goodwill of the Kauko operating segment underwent an impairment testing during the strategy process, and new strategy-based figures were found to generate a lower cash flow than previously estimated. This was explained by Kauko's low profitability following the peak in 2020, which was driven by business operations associated with the coronavirus pandemic. In testing, Kauko's carrying amount was found to be EUR 3.4 million higher than the recoverable amount, resulting in the recognition of an impairment loss.

In connection with the classification as held for sale, the net assets of the eastern operations held for sale were measured at fair value less cost to sell, being lower than the carrying amount. Part of each operating segment's goodwill was also allocated to the eastern operations held for sale in proportion to fair values. More information about the measurement of the eastern operations in conjunction with the classification as held for sale is available in Note 1.3 Discontinued operations and divestments. In conjunction with the classification as held for sale, impairment losses recognized on goodwill totaled EUR 1.0 million for Leipurin and EUR 0.4 million for Telko. These impairment losses are presented in the Group's continuing operations and as part of the Telko and Leipurin segments' figures.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

The carrying amount of goodwill and brands with an indefinite useful life are tested for impairment by using value in use calculations, which include estimates. Different assumptions in the value in use calculations could have a significant impact on the amounts of goodwill and brands reported in the consolidated financial statements.

Uncertainties in economic development due to the coronavirus pandemic, changes in exchange rates and strong fluctuations in the operating environment make it difficult to prepare the estimates used in the impairment testing, especially regarding future cash flows and profit levels.

According to management's view the estimates of future cash flows and the tying-up rate of capital used in testing are likely. The assumptions used in the calculations may, however, change along with changes in financial and business conditions. Therefore, realized cash flows may differ from the estimated future discounted cash flows, which may lead to the recognition of impairment losses during future periods.

4.4 Inventories

INVENTORIES

1,000 EUR	2022	2021
Materials and supplies	**5,832**	3,003
Finished goods	**53,609**	62,534
Other inventories	**10,458**	3,089
Total	**69,899**	68,626

INVENTORIES BY SEGMENT

1,000 EUR	2022	2021
ESL Shipping	**15,116**	2,870
Telko	**38,988**	52,403
Leipurin	**15,788**	13,353
Other operations	**7**	
Total	**69,899**	68,626

ESL Shipping's inventories include the fuels of vessels and advance payments for the Green Coaster vessels to be sold to the members of the vessel pool. Leipurin's inventories consist of raw materials for the bakery and food industries, and to a lesser extent of machinery, equipment, and spare parts. Telko has plastic and chemical raw materials and lubricants in stock.

In 2022, ESL Shipping established a Green Coaster pool. As a result, AtoBatC Shipping AB has ordered twelve vessels from the Chowgule & Company Private Limited shipyard in India. Every other vessel in the series of twelve next-generation electric hybrid vessels will be sold to a company formed by a group of investors. Advance payments for the Green Coaster vessels to be sold further have been recognized in inventories. At the end of the financial year 2022, inventories included EUR 10.2 million in advance payments for the Green Coaster vessels.

An expense of EUR 0.3 (0.3) million was recognized during the financial year for a write down of inventories to net realizable value.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

For inventories the estimation uncertainty relates mainly to the recoverability and measurement of slow-moving inventories. Uncertainties over demand for products increase as products become older, and some products also become outdated. The slow-moving inventory also includes spare parts that must be kept available. According to the management's estimate, the value of inventories of more than one year should be set to zero. As a result of the coronavirus pandemic, the turnover rate of inventories extended from normal, due to which a temporary change was made in measurement principles at the management's judgement starting from 31 March 2020, according to which the full write down is recognized only when the inventory items are more than 18 months old. The measurement principle was also in effect throughout the 2021 financial year, and its use was discontinued during 2022 by resuming the use the 12-month measurement practice.

INVENTORIES

Inventories are measured at cost or at net realizable value, if lower. The cost is determined using the FIFO (first-in, first-out) principle. Net realizable value is the actual sales price in the ordinary course of business less the costs of completion and sale.

In normal operating conditions Aspo Group recognizes a 100% allowance for slow-moving inventories of more than 12 months. Exception is made for such inventory, which relates to a binding sales agreement. However, during the coronavirus pandemic the above-mentioned period of 18 months was used.

4.5 Accounts receivable and other receivables

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

1,000 EUR	2022	2021
Accounts receivable	**47,279**	58,911
Refund from the Ministry of Transport and Communications	**6,131**	3,106
Advance payments	**4,582**	2,414
VAT receivable	**1,266**	1,110
Loan receivables	**448**	22
Other deferred receivables	**9,289**	8,472
Total	**68,995**	74,035

An impairment loss of EUR 1.5 million was recognized in the value of the accounts receivable of the eastern operations held for sale in conjunction with their classification as held for sale during the 2022 financial year, of which EUR 1.3 million were recognized for Telko and EUR 0.2 million for Leipurin.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

The recoverability of accounts receivable always involves the risk that the counterparty becomes insolvent and is unable to pay its debts. See also "Credit and counterparty risks" in Note 5.1 Financial risks and the management of financial risks.

Businesses make sales- and customer-specific assessment based on the nature of sales and the credit rating of customers, as well as their service history, to define to whom products and services are sold, and which payment terms are used. If necessary, an advance payment is used as the payment term. Allowance for expected credit losses is recognized proactively based on each segment's credit loss history. In addition, emphasis has been placed on the monitoring and evaluation of each customer's payment ability due to the coronavirus pandemic, as the management sees that the pandemic has an impact on customers' payment behavior and solvency. Considerable uncertainties are associated with the solvency of Ukrainian customers due Russia's invasion in Ukraine. The solvency of Ukrainian customers has been evaluated separately, and preparations have been made for any insolvency by recognizing a credit loss allowance for the majority of Ukrainian customers' accounts receivable.

AGEING ANALYSIS OF ACCOUNTS RECEIVABLE

2022

1,000 EUR	Accounts receivable	Allowance for credit losses	Carrying amount
Not matured	41,636	-32	41,604
Matured 1–30 days ago	5,064	-20	5,044
Matured 31–60 days ago	479	-1	478
Matured 61–90 days ago	39	-1	38
Matured 91–180 days ago	50	-9	41
Matured more than 181 days ago	1,804	-1,730	74
Total	49,072	-1,793	47,279

2021

1,000 EUR	Accounts receivable	Allowance for credit losses	Carrying amount
Not matured	54,036	-33	54,003
Matured 1–30 days ago	4,486	-18	4,468
Matured 31–60 days ago	239	-2	237
Matured 61–90 days ago	57	-1	56
Matured 91–180 days ago	188	-20	168
Matured more than 181 days ago	1,864	-1,885	-21
Total	60,870	-1,959	58,911

According to management's judgement accounts receivable do not involve significant credit loss risks. During the year, a total of EUR 0.7 (0.3) million was recognized as credit losses from accounts receivable. The amount includes the change in the expected credit loss allowance.

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES
Accounts receivable and other receivables are measured at amortized cost. When measuring accounts receivable, Aspo applies the simplified segment-specific model to determine expected credit losses, as permitted by IFRS 9 standard. The Group estimates expected credit losses using an experience-based matrix which takes into account the age structure of receivables, each segment's credit loss history from previous years, the market area and the customer base.

Accounts receivable and contract assets are derecognized as final credit losses when it is determined that it is reasonably certain that no payment will be obtained due to for example the bankruptcy of the client. Credit losses are included in operating profit on net basis. If subsequently payments relating to final credit losses are received, they are credited from the same profit and loss account.

4.6 Accounts payable and other liabilities

ACCOUNTS PAYABLE AND OTHER LIABILITIES

1,000 EUR	2022	2021
Accounts payable	**38,805**	48,218
Advances received	**1,481**	1,695
Salaries and social security contributions	**11,203**	10,921
Employer contributions	**1,415**	1,370
Accrued interest	**2,181**	1,450
VAT liability	**3,612**	3,987
Other current liabilities	**550**	1,011
Other current deferred liabilities	**11,858**	9,425
Total	**71,105**	78,077

4.7 Provisions

NON-CURRENT PROVISIONS

1,000 EUR	Tax provisions	Restoration provisions	Pension provisions	Total
December 31, 2021	10	466	110	586
Change in provisions	9		-9	0
December 31, 2022	**19**	**466**	**101**	**586**

CURRENT PROVISIONS

1,000 EUR	Other provisions
December 31, 2021	77
Change in provisions	-19
December 31, 2022	**58**

Non-current provisions include a restoration provision relating to the Rauma terminal area and reported in the Telko segment. Rauma Terminal Services Oy, a company belonging to Aspo Group, is obligated to restore the land areas leased from the Town of Rauma, so that they are in the same condition as before the lease. The obligation is expected to be realized in 2030, when the land lease agreement ends. The pension provisions relate to direct pension liabilities granted by the Group. The current other provisions relate to the discontinuation of Telko's operations in Azerbaijan.

PROVISIONS
A provision is recognized in the balance sheet if the Group has, as a result of a past event, a present legal or constructive obligation that will probably have to be settled, and the amount of the obligation can be reliably estimated. The amount recognized as a provision is the present value of the costs that are expected to occur when settling the obligation.

4.8 Deferred taxes

DEFERRED TAX ASSETS

1,000 EUR	2022	2021
Leases	**74**	87
Employee benefits	**24**	21
Allowance for credit losses	**102**	108
Other provisions	**93**	100
Losses carried forward		145
Other temporary differences	**37**	184
Total	**330**	645

CHANGES IN DEFERRED TAX ASSETS

1,000 EUR	2022	2021
Deferred tax assets, Jan 1	**645**	441
Items recognized in the statement of comprehensive income		
Leases	**-13**	17
Employee benefits	**3**	21
Allowance for credit losses	**-6**	-9
Other provisions	**-7**	96
Losses carried forward	**-73**	61
Other temporary differences	**55**	18
Impairment, operations in east	**-256**	
Divestments	**-18**	
Deferred tax assets, Dec 31	**330**	645

During the 2022 financial year, the most significant change in deferred tax assets related to impairment losses recognized in conjunction with the classification of the eastern operations as held for sale. During the 2021 financial year, the most significant change in deferred tax assets of EUR 0.1 million related to the recognition of the restoration provision for the Rauma terminal.

No deferred tax assets have been recognized on the losses carried forward of EUR 52.7 (48.7) million incurred by the Finnish Group companies. The utilization period of these losses is 10 years, and a portion of them expires each year. Also new losses arise each year.

The Group had EUR 0.6 (2.8) million losses carried forward in foreign subsidiaries, for which no deferred tax assets have been recognized because the Group is unlikely to accumulate taxable income against which the losses could be utilized before they expire. The loss expiry period varies from one country to another, while some losses do not expire within the scope of the current legislation.

DEFERRED TAX LIABILITIES

1,000 EUR	2022	2021
Depreciation in excess of plan and Swedish tax reserves	**1,434**	1,461
Tangible and intangible assets	**4,417**	2,700
Retained earnings of foreign subsidiaries	**1,069**	1,042
Other temporary differences	**26**	38
Total	**6,946**	5,241

CHANGES IN DEFERRED TAX LIABILITIES

1,000 EUR	2022	2021
Deferred tax liabilities, Jan 1	**5,241**	4,319
Items recognized in the statement of comprehensive income		
Depreciation in excess of plan and Swedish tax reserves	**-122**	18
Tangible and intangible assets	**-390**	-140
Retained earnings of foreign subsidiaries	**27**	1,042
Other temporary differences	**661**	-30
Acquisitions	**2,202**	32
Transfer to liabilities held for sale, operations in east	**-673**	
Deferred tax liabilities, Dec 31	**6,946**	5,241

During the financial year, a deferred tax liability of EUR 1.1 (1.0) million in total was recognized based on the retained earnings of the Estonian subsidiaries of Telko and Leipurin. A deferred tax liability of EUR 1.8 (1.8) million has not been recognized based on the retained earnings of foreign subsidiaries because they are permanently invested in the countries in question.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

The recognition of deferred tax assets involves estimates because their realization during upcoming years requires taxable income, against which the benefit can be used.

On each closing date, the Group estimates whether taxable income against which deferred tax assets can be used will be accumulated in the future at a sufficient probability. The estimate is based on a long-term plan and profit forecast prepared by the management. The realization of the tax benefit and the recognition of deferred tax assets are affected by the future profitability of the Group's business operations and any changes in the tax legislation. Deferred tax assets have not been recognized for tax losses, the use of which involves uncertainties.

Deferred tax liabilities have not been recognized from the undistributed profits of the Finnish Group companies, because this profit can be distributed without any tax consequences. Furthermore, the Group does not recognize deferred tax liabilities from the undistributed profit of its foreign subsidiaries, insofar as it is not probable that the temporary difference is not dissolved in the foreseeable future.

DEFERRED TAXES

Deferred tax assets and liabilities are calculated from temporary differences between accounting and taxation by applying the applicable tax rate at the reporting date or by using a future substantively enacted tax rate. Temporary differences arise e.g., from provisions, differences in depreciation and from taxable losses carried forward. Deferred tax assets are recognized from taxable losses carried forward and other temporary differences only to the extent that it is likely that they can be utilized in the future.

5 OTHER NOTES

5.1 Financial risks and the management of financial risks

FINANCIAL RISK MANAGEMENT PRINCIPLES AND ORGANIZATION

The function of Aspo Group's financial risk management is to protect the operating margin and cash flows, and effectively manage fund-raising and liquidity. The Group aims to develop the predictability of the results, future cash flows, and capital structure, and continuously adapt its operations to changes in the operating environment.

Financial risk management is based on the treasury policy approved by the Board of Directors, which defines the main principles for financial risk management in Aspo Group. The treasury policy defines general risk management objectives, the relationship between the Group's parent company and business units, the division of responsibility, and risk management-related reporting requirements. The treasury policy also defines the operating principles related to the management of currency risks, interest rate risks, and liquidity and refinancing risks.

Together with the Chief Financial Officer, Aspo's CEO is responsible for the implementation of financial risk management in accordance with the treasury policy approved by the Board of Directors. The business units are responsible for recognizing their own financial risks and managing them together with the parent company in accordance with the Group's treasury policy and more detailed instructions provided by the parent company.

Information about liquidity and refinancing risk can be found in Note 2.4 Maturity.

MARKET RISKS

Currency risk

Aspo Group has companies in 19 countries, and the operations take place in 14 different currencies. The Group's currency risk consists of foreign currency-denominated internal and external receivables and liabilities, estimated currency flows, derivative contracts and translation risks related to results and capital. The target of Aspo Group is to decrease the uncertainty related to fluctuations in results, cash flows and balance sheet items.

At the business unit level, currency risk mainly occurs when a unit sells products and services with its domestic currency, but the costs are realized in a foreign currency. In Aspo Group, a significant part of the net sales of Telko and Leipurin have come from eastern markets, although the region's share of the Group's total net sales has decreased, especially due to Russia's invasion in Ukraine in 2022. Up to half of Leipurin's purchases in the eastern markets are made in the local currency. For Telko, euro-denominated imports account for the majority of purchases in the eastern markets. Aspo's highest exchange rate risk concerns the Russian ruble. If the ruble weakened against the euro, the net sales of the Telko and Leipurin segments generated in Russia would decrease. Then again, if the ruble strengthened, net sales would increase. The Russian companies of Telko and Leipurin also hold significant euro-denominated cash and cash equivalents, the translation of which generates foreign exchange rate losses when the value of the euro decreases in relation to the ruble. During 2022, the Russian ruble strengthened in relation to the euro, driven especially by rising oil prices.

At the reporting date, Aspo Group's currency position mainly consisted of internal and external interest-free and interest-bearing receivables and liabilities denominated in foreign currencies. Interest-bearing liabilities are mainly denominated in euro.

LOANS AND OVERDRAFT FACILITIES IN USE BY CURRENCY

1,000 EUR	2022	2021
EUR	**171,179**	162,165
USD	**947**	886
PLN		795
Total	**172,126**	163,846

Most of Aspo Group's accounts receivable are denominated in euro. The accounts receivable denominated in the Swedish and Danish krona comprise the next largest items. The proportion of Sweden increased significantly due to the acquisition of Kobia by Leipurin. The share of accounts receivable and accounts payable denominated in USD is also significant, especially in the Telko segment, because part of raw materials are purchased in USD. In addition, part of ESL Shipping's transactions is carried out in USD, and certain fuel purchases are denominated in USD. Accounts receivable in Russia have been classified as assets held for sale. ESL Shipping's new electric hybrid vessel investments and upcoming sales are denominated in euro.

ACCOUNTS RECEIVABLE BY CURRENCY

1,000 EUR	2022	2021
EUR	**34,660**	41,442
SEK	**5,304**	2,514
DKK	**2,532**	2,441
PLN	**471**	366
RUB		3,665
UAH	**140**	3,353
USD	**1,965**	2,770
Other	**2,207**	2,360
Total	**47,279**	58,911

ACCOUNTS PAYABLE AND ADVANCES RECEIVED BY CURRENCY

1,000 EUR	2022	2021
EUR	**30,236**	37,788
SEK	**4,413**	2,255
DKK	**519**	368
PLN	**48**	59
RUB	**-4**	2,576
UAH	**256**	564
USD	**2,599**	5,082
Other	**2,219**	1,221
Total	**40,286**	49,913

ITEMS DENOMINATED IN FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the exchange rates at the transaction dates. Receivables and liabilities denominated in foreign currencies, outstanding at the end of the financial year are translated using the exchange rates at the reporting date. The gains and losses arisen from foreign currency denominated transactions and the translation of monetary items are recognized in profit and loss. Foreign exchange gains and losses related to business operations are included in the corresponding items in operating profit. Foreign exchange gains and losses arisen from loans denominated in foreign currencies are included in financial income and expenses.

Aspo has internal non-current loans to subsidiaries, which have been classified as net investments in foreign operations, in accordance with IAS 21 standard. The unrealized foreign exchange gains and losses arising from these net investments are recognized in other comprehensive income.

EQUITY OF FOREIGN SUBSIDIARIES BY CURRENCY

1,000 EUR	Equity 2022	Equity 2021
EUR	**31,345**	27,330
SEK	**11,639**	5,166
DKK	**8,228**	6,410
RUB	**20,500**	16,605
NOK	**71**	451
UAH	**408**	5,020
PLN	**3,647**	3,180
BYN	**741**	362
CNY	**2,050**	1,790
KZT	**818**	81
AZN	**-419**	-338
IRR	**-187**	-176
UZS	**392**	219
RON	**-287**	-91
Total	**78,946**	66,009

Aspo Group has made investments in foreign subsidiaries. In addition to direct investments, the equity of the foreign subsidiaries changes based on their business results. The total equity of the Group's foreign subsidiaries at the reporting date was EUR 78.9 (66.0) million. Ruble-denominated investments of EUR 20.5 (16.6) million in subsidiaries operating in Russia were the biggest foreign currency investment. Despite the significant share of equity being denominated in the Russian ruble, the Group deems that diversification is at a sufficient level, and there is no need to hedge the translation position associated with the equities of its foreign subsidiaries. The table shows the Group's share in the subsidiaries' equity by currency.

The Group's internal non-current loan receivables from Telko's Belarusian, Ukrainian and Kazakhstani subsidiaries have initially been classified as non-current net investments in foreign operations in accordance with IAS 21 standard. The total amount of these loan receivables is EUR 5.2 (8.1) million.

During the 2022 financial year, the Belarusian company repaid its outstanding balance of EUR 0.8 million in full, and the Ukrainian company repaid its loan by EUR 2.0 million. During the 2021 financial year, non-current internal loan receivables from Ukraine were repaid by EUR 3.6 million, and EUR 0.8 million of the non-current loan receivables from Belarus were converted into the Belarusian company's equity. As a result of the loan repayments, the loans in Ukraine and Belarus are no longer treated as net investments in foreign units, and the exchange rate differences related to them have been included in the income statement after the change in the classification.

Interest rate risk

To finance its operations, Aspo Group uses both fixed-rate and floating-rate borrowings the latter of which causes an interest rate risk in Aspo Group's cash flow and profit when changes in the interest rate level take place. In addition to fixed-rate borrowings, Aspo Group uses interest rate derivatives to decrease a possible growth in future cash outflows caused by an increase in short-term market interest rates. On December 31, 2022, the Group's interest-bearing liabilities totaled EUR 189.3 (187.3) million and cash and cash equivalents stood at EUR 33.6 (17.7) million, including the cash and cash equivalents and interest-bearing liabilities classified as held for sale. The share of lease liabilities included in the amount of interest-bearing liabilities was EUR 17.1 (21.9) million. Aspo Group's debt portfolio is reviewed with regard to average interest rate, the duration of interest rate position and average loan maturity. On the balance sheet date, the average interest rate on interest-bearing liabilities, excluding lease liabilities, was 3.3% (1.4%), the duration of interest rate position was 0.6 years (0.6), the average loan maturity was 2.7 years (2.7).

SENSITIVITY TO MARKET RISKS

Aspo Group is exposed to interest rate and currency risks via financial assets and liabilities, in the balance sheet on the reporting date. Market risks may also have an impact on Aspo Group through items other than financial instruments. The oil price has an impact on Aspo Group's financial performance through transportation costs. The Group has hedged against this risk by means of contractual clauses. The fluctuations in raw material prices for chemicals and food also affect the Group's financial performance.

The currency position varies during the financial year and, accordingly, the position included in the balance sheet on the reporting date does not necessarily reflect the situation during the financial year. The profit and loss impact of foreign currency denominated sales and purchase transactions made during the financial year is not taken into account in the sensitivity analysis.

SENSITIVITY ANALYSIS FOR FOREIGN CURRENCY AND INTEREST RATE RISK

	2022		2021	
1,000 EUR	Profit and loss	Equity	Profit and loss	Equity
Currency risk				
+ 30% strengthening of EUR against RUB	**2,915**	**-4,731**	396	-3,809
- 30% weakening of EUR against RUB	**-5,414**	**8,786**	-735	7,074
Interest rate risk				
Change of +100 basic points in the market interest rates	**-1,559**		-1,469	
Change of -100 basic points in the market interest rates	**1,564**		1,472	

The sensitivity analysis is used to analyze the impact of market trends on measurements. The fluctuation between the Russian ruble and euro is the most significant factor causing currency risks to the Group. In the sensitivity analysis, the effects in the statement of comprehensive income are calculated as before taxes.

The sensitivity analysis regarding changes in the euro/Russian ruble exchange rate is based on the following assumptions:

- The exchange rate change of +/-30 percentage.
- The position includes the ruble denominated financial assets and liabilities of companies that use the euro as their functional currency and the euro-denominated financial assets and liabilities of subsidiaries operating in Russia, i.e. accounts receivable and other receivables, loans and overdraft facilities used, accounts payable and other liabilities, as well as cash and cash equivalents on the reporting date.
- Future cash flows are not considered in the position.

The equity sensitivity analysis covers the equity of the Russian subsidiaries with regard to the currency risk.

The sensitivity calculation resulting from changes in interest rates is based on the following assumptions:

- The interest level changes by one percentage point.
- The position includes floating-rate interest-bearing financial liabilities and assets.
- The calculation is based on balance sheet values on the reporting date, and changes in capital during the year are not taken into account.

CREDIT AND COUNTERPARTY RISKS

The Group has credit risk from accounts receivable. Telko and Leipurin segments have an international and highly diversified customer base, and no considerable customer risk concentrations exist. However, accounts receivable in Ukraine carry a higher risk due to Russia's invasion, and preparations have been made for any insolvency among customers through credit loss allowance.

ESL Shipping's accounts receivable derive from long-term customer relationships with creditworthy companies. The turnover rate of its accounts receivable is high. All segments hedge against credit risks by using, when necessary, payment terms based on advance payments and bank guarantees.

Aspo Group aims to have a low cash and cash equivalents balance. The counterparty risk is managed by selecting well-known and financially solvent domestic and international banks as counterparties. Excess funds are invested in bank deposits and short-term money market instruments. The Group has cash and cash equivalents in eastern markets that have been classified as held for sale and that are restricted cash and cash equivalents in accordance with IAS 7 standard, for further information refer to Note 2.2. Cash and cash equivalents. The derivative contract-based counterparty risk is managed by selecting well-known and solvent Nordic banks as counterparties.

5.2 Related parties

RELATED PARTIES AND MANAGEMENT COMPENSATION

The subsidiaries and associated companies, which are related parties of Aspo Group are presented in Note 1.1 Group structure, and further information about associated companies can be found in Note 3.3 Associated companies. The related parties also include key management personnel i.e., members of the Board of Directors and the Group Executive Committee and their close family members as well as any entities under their control. Information about the members of the Board and the Group Executive Committee is available in the Governance section, where also information on Aspo's hybrid bond subscribed by the related parties is presented.

EXPENSES FOR KEY MANAGEMENT COMPENSATION

1,000 EUR	2022	2021
Salaries and other short-term employee benefits	**2,574**	2,196
Post-employment benefits	**503**	518
Termination benefits	**461**	1,420
Share-based payments	**1,059**	671
Total	**4,597**	4,805

Aki Ojanen was Aspo Group's CEO until August 15, 2021. Expenses of EUR 1.4 million were recognized in 2021 regarding Ojanen's retirement, and they are presented under Termination benefits in the table above. In February 2022, the Board of Directors granted share-based payments of EUR 0.5 million to Ojanen that were recognized in 2022.

SALARIES AND BENEFITS OF BOARD MEMBERS AND CEO

	2022		2021	
1,000 EUR	Salaries and remunerations	Pensions	Salaries and remunerations	Pensions
CEO Jansson Rolf, salaries	**437**		157	
CEO Jansson Rolf, bonuses	**78**			
CEO Jansson Rolf, pensions		**87**		26
CEO Jansson Rolf, share-based payments	**152**			
CEO Ojanen Aki, salaries			445	
CEO Ojanen Aki, bonuses			141	
CEO Ojanen Aki, pensions				198
CEO Ojanen Aki, termination benefits	**461**		1,420	
Board of Directors:				
Westerlund Heikki, Chairman of the Board*	**69**		61	
Nyberg Gustav, Chairman of the Board**			19	
Kaario Mammu, Vice Chairman of the Board	**54**		53	
Allam Patricia***	**38**		26	
Kolunsarka Tapio****	**27**			
Laine Mikael	**38**		36	
Pöyry Salla	**37**		37	
Vehmas Tatu	**42**		40	
Total	**1,433**	**87**	2,435	224

*Chairman of the Board since April 8, 2021. Member of the Board from May 4, 2020 until April 8, 2021.
**Chairman of the Board until April 8, 2021.
***Member of the Board since April 8, 2021
****Member of the Board since April 6, 2022

Pension benefits include both statutory and voluntary pension payments. The current CEO Rolf Jansson's pension benefits are statutory.

OTHER BENEFITS

The current CEO is entitled to a statutory pension, and the retirement age is determined according to the statutory earnings-related pension scheme. The period of notice applied to the employment relationship of the CEO is six months. If notice is given by the company, a severance pay corresponding to six months' salary will be paid in addition to the salary for the notice period.

5.3 Share-based payments

SHARE-BASED PAYMENT EXPENSES RECOGNIZED

1000 €	2022	2021
Recognized in employee benefit expenses	**1,829**	1,126

Aspo has three valid share-based incentive schemes the expenses of which are recognized during a period of three years. In February 2022, the Board of Directors granted share-based payments of EUR 0.5 million to Aspo's previous CEO Aki Ojanen that were recognized in 2022.

Share-based incentive plan 2022–2024

On February 16, 2022, Aspo Plc's Board of Directors decided to establish a new share-based incentive plan for 2022–2024. The aim of the plan is to combine the objectives of the shareholders and key employees in order to increase the value of the company in the long term, to retain key employees in the company, and to offer them a competitive reward plan based on earning and accumulating the company's shares.

The share-based incentive plan consists of three earnings periods, with the earned reward being based on the Group's earnings per share (EPS) and two sustainability indicators. Participation in the scheme and obtaining rewards require that participants allocate the freely transferable company shares they hold to the plan or acquire the company's shares up to the quantity determined by the Board of Directors.

The share-based incentive plan is directed at a maximum of 30 people, including the members of the Group Executive Committee. The potential reward will be paid partly in the company's shares and partly in cash in 2023, 2024 and 2025.

The rewards payable based on the plan correspond to a maximum total value of 400,000 Aspo Plc shares, also including the proportion to be paid in cash.

For the 2022 earnings period, the targets were met at 90% overall.

Share-based incentive plan 2021–2023

On February 11, 2021, Aspo's Board of Directors decided to continue the share-based incentive plan for the Group's key personnel by establishing a share-based incentive plan for 2021–2023. The aim of the plan is to combine the objectives of the shareholders and key employees in order to increase the value of the company in the long term, to retain key employees in the company, and to offer them a competitive reward plan based on earning and accumulating the company's shares. The share-based incentive plan is directed at around 20 people, including the members of the Group Executive Committee.

The EPS target, acting as an earnings criterion for the share-based incentive plan, was fully met during the 2021 financial year. In March 2022, based on the share-based incentive plan, a total of 89,400 treasury shares were transferred, and an amount equaling the value of the shares was paid in cash to cover taxes. Shares paid as a reward may not be transferred during the restriction period, which ends on December 31, 2023.

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 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 quantity will take place in 2023.

SHARE-BASED INCENTIVE PLAN

	Board decision date	Grant date	Transfer date	Number of shares granted	Share price on grant date, EUR	Share price on transfer date, EUR
Restricted share plan 2020	17.6.2020	14.6.2022	16.6.2022	10,000	7.83	7.59
	17.6.2020	14.6.2022		10,000	7.83	
Share-based incentive plan 2021–2023	11.2.2021	1.4.2021	23.3.2022	67,100	8.99	6.72
	16.2.2022	16.2.2022	23.3.2022	22,300	10.34	6.72
Share-based incentive plan 2022–2024	16.2.2022	30.5.2022			7.48	

SHARE-BASED PAYMENTS

The Group has share-based management incentive plans, where part of the reward is settled in shares and part in cash. These plans include net payment features for meeting withholding tax obligations. Assigned shares are measured at fair value at the time of assignment and recognized in the statement of comprehensive income as costs over the vesting period of the incentive plan. Other than market-based conditions (e.g. profitability and profit growth target) are not included in the fair value but taken into account when determining the number of shares to which a right is assumed to be generated by the end of the vesting period. For the portion settled in shares the expense is recognized as an employee benefits expense, with a corresponding increase in equity. Also the portion paid in cash is classified as equity settled and recognized in equity at the grant date market value.

5.4 Contingent assets and liabilities, and other commitments

OTHER COMMITMENTS

Collaterals and commitments

As part of their ordinary business activities, Aspo and some of its subsidiaries sign different kinds of agreements under which guarantees are offered to third parties on behalf of these subsidiaries. Such agreements are primarily made in order to support or improve Group companies' creditworthiness and facilitate the availability of sufficient financing.

COLLATERAL FOR OWN DEBT AND OTHER COMMITMENTS

1,000 EUR	2022	2021
Mortgages given	**97,000**	129,000
Guarantees	**7,455**	12,456
Total	**104,455**	141,456
Other commitments	**26,762**	22,917

The mortgages given are associated with loan agreements to finance certain vessel investments of ESL Shipping, and they represent the amount of mortgages as at the loan agreements' signing date. On the closing date, the corresponding loan capital was EUR 51.6 (64.5) million. Other commitments consist mainly of commitments relating to temporary maritime personnel of time-chartered vessels.

CONTINGENT ASSETS AND LIABILITIES

Contingent liability related to the divestment of Kauko

Based on the agreement on the sale of Kauko Oy's shares Aspo is responsible for an old debt established in 2016–2018 to Chinese companies that have not invoiced their receivables. Kauko has aimed to contribute to the collection of the debt, but to no avail. In the company's view, it is not likely that the counterparty will require the company to repay its debt, and the liability of EUR 0.5 million has not been recognized on Aspo's balance sheet.

Tax positions

Due to local tax audits or clarification requests, Aspo has some uncertain tax positions, as the tax authority has summoned the company's claims for deductible items in tax returns. Concerning each case, Aspo has assessed whether the tax authority's interpretations are justified and, if necessary, adjusted the recognized amounts to correspond with the expected payable amounts. Although management believes that these cases will not result in any significant additional recognitions in addition to previously recognized amounts, the final amounts may differ from the estimated amounts.

Legal proceedings

Aspo Group companies are parties to some legal proceedings and disputes associated with regular business operations. The financial impact of these proceedings and disputes cannot be estimated for certain but, on the basis the information available and taking into account the existing insurance cover and provisions made, Aspo management believes that they do not have any material adverse impact on the Group's financial position.

5.5 Events after the financial year

On January 17, 2023, Leipurin signed a binding preliminary agreement to sell all shares in its subsidiaries in Russia, Belarus and Kazakhstan to Timur Akhiyarov. Russian-born Akhiyarov will invest in Leipurin's operations in eastern markets as a private investor. The sales price is approximately EUR 8.4 million. Rights to Leipurin's name and trademarks are not included in the transaction. The transaction still needs to be approved by the local authorities.

The Belarusian subsidiaries of Telko and Leipurin have been added to the list of companies whose transfer of shares are prohibited by a decision issued by the Council of Ministers of Belarus at the end of January 2023. Because of this, it is deemed unlikely that the sale of Telko's Belarusian business would proceed. This does not change Aspo Group's previously published assessment of the financial effects of the divestment. Leipurin's Belarusian subsidiary is part of an agreement according to which the share capitals of Leipurin's subsidiaries in Russia, Belarus and Kazakhstan would be sold to the same buyer. The decision of the Council of Ministers of Belarus does not change the previously published assessment of the financial effects of the transaction, nor does it prevent the sale of Leipurin's Russian and Kazakh subsidiaries.

In January 2023, Telko acquired a Polish distribution company Eltrex. Eltrex is a distributor of specialty chemicals and industrial packaging materials, and its annual net sales are approximately 8 million euros and operating profit slightly under one million euros.

On February 9, 2023, Leipurin completed a sale and lease back agreement for its warehouse property in Gothenburg, Sweden. The property came into Leipurin's ownership via the Kobia acquisition that took place on 1 September 2022. The buyer of the property is Revelop, a Swedish real estate investor. As a result of the sale and lease back transaction, Aspo recognizes a sales gain of approximately EUR 0.4 million. According to the terms of the agreement, Leipurin leases the property for five years. The transaction is close to cost neutral, as the depreciation expense of the assets owned will be replaced by depreciation and interest expense for the leased assets of similar size.

5.6 Changes in IFRS standards

NEW AND AMENDED STANDARDS ADOPTED DURING THE FINANCIAL YEAR

No new standards or amendments to standards have been adopted by the Group for the first time in the annual reporting period commencing January 1, 2022.

CHANGES IN IFRS STANDARDS AND IFRIC INTERPRETATIONS, THAT BECOME EFFECTIVE EARLIEST IN THE NEXT FINANCIAL YEAR

The Group will adopt the following changes in standards when they become effective:

- *Classification of Liabilities as Current or Non-Current – Amendment to IAS 1*, which will become effective on January 1, 2023. The amendment clarifies that the classification of loans as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by management's expectations or events after the reporting date. The amendment may have an impact on the classification of Aspo's loans as current and non-current.
- Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The effective date of the amendments has yet to be set by the IASB. Management expects that the adoption of the amendments may have an impact on the consolidated financial statements in future financial years, if such transactions occur.
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*: A description of material accounting policy information is added to the standard. Accounting policy information is material when, it can reasonably be expected to influence decisions that the primary users make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective on 1 January 2023. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.
- Amendments to IAS 8 *Definition of Accounting Estimates*, which become effective on January 1, 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". However, the change will concern the following: a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if

they do not result from the correction of prior period errors. These terminological changes are not expected to have any impact on Aspo's consolidated financial statements.

- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities Arising from a Single Transaction*. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendment may have an impact on the consolidated financial statements upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. However, the change is not expected to have any particularly significant impact on Aspo, as the Group's lease agreements are mainly related to vessels that are within the scope of tonnage taxation, and no deferred taxes are therefore recognized on them. For Aspo Plc and the Leipurin segment, the recoverability criteria are not met regarding deferred tax receivables, which means that the amendment only concerns Telko's lease agreements. The amendments are effective on January 1, 2023, and comparative period's information is restated.
- Amendments to IFRS 16 Leases—*Lease Liability in a Sale and Leaseback*. The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. These amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. Management expects that the adoption of the amendments may have an impact on the consolidated financial statements in future financial years, if such transactions occur.

Parent company's financial statements

Parent company's income statement

EUR	Note	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Net sales	1.1	**628,666.56**	600,500.00
Other operating income	1.2	**698,117.32**	671,340.89
Employee benefit expenses	1.3	**-2,982,759.80**	-3,865,217.34
Depreciation and amortization	1.4	**-30,117.42**	-36,264.21
Other operating expenses	1.5	**-3,487,439.99**	-4,090,695.34
Operating loss		**-5,173,533.33**	-6,720,336.00
Financial income and expenses	1.6	**10,217,916.42**	19,609,939.70
Profit before appropriations and taxes		**5,044,383.09**	12,889,603.70
Appropriations	1.7	**2,500,000.00**	3,030,000.00
Profit for the period		**7,544,383.09**	15,919,603.70

Parent company's balance sheet

ASSETS

EUR	Note	Dec 31, 2022	Dec 31, 2021
Non-current assets			
Intangible assets	2.1	**29,382.32**	55,329.08
Tangible assets	2.1	**106,538.75**	80,150.78
Investments	2.2	**81,818,131.57**	83,404,469.90
Total non-current assets		**81,954,052.64**	83,539,949.76
Current assets			
Receivables from Group companies, non-current	2.3	**102,773,786.00**	102,038,786.00
Receivables from Group companies, current	2.3	**15,696,075.74**	15,644,787.11
Other current receivables	2.3	**384,580.49**	330,861.25
Cash and cash equivalents		**9,437,636.18**	6,040,476.12
Total current assets		**128,292,078.41**	124,054,910.48
Total assets		**210,246,131.05**	207,594,860.24

EQUITY AND LIABILITIES

EUR	Note	Dec 31, 2022	Dec 31, 2021
Equity			
Share capital	2.4	**17,691,729.57**	17,691,729.57
Share premium reserve	2.4	**4,351,173.64**	4,351,173.64
Invested unrestricted equity reserve	2.4	**21,370,305.29**	21,324,170.25
Retained earnings	2.4	**14,429,524.05**	12,363,542.64
Profit for the period		**7,544,383.09**	15,919,603.70
Total equity		**65,387,115.64**	71,650,219.80
Provisions	2.5	**318,262.50**	253,328.00
Liabilities			
Non-current liabilities			
Bonds	2.6	**14,982,968.75**	14,973,158.75
Hybrid bond	2.6	**30,000,000.00**	20,000,000.00
Loans from financial institutions	2.6	**72,500,000.00**	75,000,000.00
Loans from Group companies	2.6		854,000.00
Total non-current liabilities		**117,482,968.75**	110,827,158.75
Current liabilities			
Liabilities to Group companies	2.7	**11,803,547.40**	14,008,818.94
Loans from financial institutions	2.7	**12,500,000.00**	7,500,000.00
Accounts payable		**32,355.69**	213,911.07
Other liabilities		**67,580.94**	75,932.89
Deferred liabilities	2.7	**2,654,300.13**	3,065,490.79
Total current liabilities		**27,057,784.16**	24,864,153.69
Total liabilities		**144,540,752.91**	135,691,312.44
Total equity and liabilities		**210,246,131.05**	207,594,860.24

Parent company's cash flow statement

EUR	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Cash flows from/used in operating activities		
Operating loss	**-5,173,533.33**	-6,720,336.00
Adjustments to operating loss	**95,051.92**	288,247.82
Change in working capital	**-999,185.97**	1,326,107.36
Interest paid	**-4,708,376.29**	-4,240,585.92
Interest received	**1,778,131.91**	1,826,814.97
Dividends received	**12,000,000.00**	20,900,000.00
Net cash from operating activities	**2,992,088.24**	13,380,248.23
Cash flows from/used in investing activities		
Investments in tangible and intangible assets	**-30,558.63**	
Proceeds from sale of subsidiary shares	**-968,600.00**	
Loans granted	**-48,200,000.00**	-18,300,000.00
Proceeds from loans	**47,465,000.00**	29,485,000.00
Net cash used in investing activities	**-1,734,158.63**	11,185,000.00

EUR	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021
Cash flows from/used in financing activities		
Repayment of non-current loans from Group companies	**-854,000.00**	-1,430,571.36
Proceeds from non-current loans		25,000,000.00
Repayment of non-current loans	**-2,500,000.00**	-17,500,000.00
Change in current receivables from Group companies	**3,470,711.37**	-3,828,732.91
Change in current liabilities to Group companies	**-2,199,993.67**	-7,069,550.56
Proceeds from current loans	**10,000,000.00**	
Repayment of a bond loan		-11,000,000.00
Proceeds from issuance of commercial papers	**30,000,000.00**	28,000,000.00
Repayment of commercial papers	**-35,000,000.00**	-34,000,000.00
Proceeds from Hybrid bond issue	**30,000,000.00**	
Repayment of Hybrid bond	**-20,000,000.00**	
Group contributions received	**3,030,000.00**	2,360,000.00
Dividends paid	**-14,108,588.05**	-10,940,345.15
Proceeds from sale of treasury shares	**301,100.80**	
Net cash used in financing activities	**2,139,230.45**	-30,409,199.98
Change in cash and cash equivalents	**3,397,160.06**	-5,843,951.75
Cash and cash equivalents Jan 1	**6,040,476.12**	11,884,427.87
Cash and cash equivalents at year-end	**9,437,636.18**	6,040,476.12

The division of the cash flow statement for the previous financial year has been changed to correspond to the current financial year's division by transferring granted loans and repayments of loan receivables from cash flow from financing to cash flow from investments.

Notes to the parent company's financial statements

ACCOUNTING PRINCIPLES

Basis of accounting

Aspo Plc's financial statements have been compiled in accordance with Finnish Accounting Standards (FAS). The accounting principles have not changed from the previous year. Aspo Plc is the parent company of Aspo Group. All figures in the financial statements are presented in full values. When appropriate, the financial statements of Aspo Plc comply with the Group's accounting principles based on IFRS. Below are described those accounting principles in which the financial statements of Aspo Plc differ from the accounting principles of the Group. The accounting principles for the consolidated financial statements are presented in the notes to the consolidated financial statements. When compiling the financial statements, the management of the company must, in accordance with valid regulations and good accounting practice, make estimates and assumptions that affect the measurement and accruing of financial statement items. The outcome may differ from the estimates.

Investments

Subsidiary shares in investments in the company's non-current assets, as well as other shares and participations, are measured at the lower of the acquisition cost or the fair value.

Leasing

Lease payments are recognized as rent expenses during the lease period and included in other operating expenses.

Provisions

Provisions include items that are either based on contracts or otherwise binding obligations but have not yet realized. Changes in provisions are recognized in the income statement.

Share-based payments

In the parent company's financial statements, share-based payment expenses are recognized as expenses for the financial year, during which the obligation to pay remunerations is generated. Share-based payment expenses are recognized as provisions if the shares have not been transferred yet. The right to tax deductibility is established when the shares are transferred. The reward is settled partly in shares of the company and partly in cash, with cash being paid to fulfil the withholding tax obligation. The settlement of the reward in shares does not give rise to an accounting transaction.

Income taxes

The income taxes in the income statement include taxes calculated on profit for the period based on Finnish tax legislation and considering losses carried forward, as well as adjustment of taxes from previous financial years.

Hybrid bond

The hybrid bond is presented in the parent company's balance sheet as liabilities and the related interest is presented as financial expenses in the income statement.

Cash pool arrangement

The Group has a cash pool arrangement, to facilitate an efficient liquid asset management between the parent and its subsidiaries. The cash pool balances of the subsidiaries are presented in the parent company's balance sheet as either cash pool receivables or liabilities.

Measurement of financial instruments

Fair value measurement compliant with Chapter 5, section 2a of the Accounting Act is applied to the accounting treatment of financial derivatives, and changes in their fair value are entered in the income statement. Financial derivatives are measured at the market prices at the balance sheet date.

1.1 Net sales

NET SALES

EUR	2022	2021
Net sales	**628,666.56**	600,500.00
Distribution of net sales by market area %		
Finland	**100**	100

1.2 Other operating income

OTHER OPERATING INCOME

EUR	2022	2021
Rental income from Group companies	**627,386.21**	625,633.46
Other operating income	**70,731.11**	45,707.43
Total	**698,117.32**	671,340.89

1.3 Information about personnel and management

EMPLOYEE BENEFIT EXPENSES

EUR	2022	2021
Wages and salaries	**1,983,249.77**	2,853,243.03
Share-based payments	**440,562.11**	253,328.00
Profit bonus paid to the personnel fund	**19,202.64**	4,704.12
Pension expenses	**462,829.23**	651,337.65
Other social security expenses	**76,916.05**	102,604.54
Total	**2,982,759.80**	3,865,217.34

MANAGEMENT COMPENSATION

EUR	2022	2021
CEOs, salaries	**589,162.08**	604,592.91
CEO, share-based payments	**74,708.18**	
CEO, bonuses	**71,725.50**	140,820.88
Members of the Board of Directors, remunerations	**304,673.68**	242,400.00
Total	**1,040,269.44**	987,813.79

The CEO is entitled to a statutory pension, and the retirement age is determined according to the statutory earnings-related pension scheme.

AVERAGE NUMBER OF PERSONNEL DURING THE FINANCIAL YEAR

	2022	2021
Office staff	**9**	9

1.4 Depreciation and amortization

DEPRECIATION AND AMORTIZATION

EUR	2022	2021
Amortization, other long-term expenditure	**25,946.76**	25,946.76
Depreciation, machinery and equipment	**4,170.66**	10,317.45
Total	**30,117.42**	36,264.21

1.5 Other operating expenses

OTHER OPERATING EXPENSES

EUR	2022	2021
Rents	**867,178.28**	881,807.87
Administration and consultancy services	**2,000,091.65**	2,261,134.39
Other expenses	**620,170.06**	947,753.08
Total	**3,487,439.99**	4,090,695.34

AUDITOR'S FEES

EUR	2022	2021
Audit fees	**73,863.33**	37,000.00
Other services	**20,840.50**	125,900.00
Total	**94,703.83**	162,900.00

The authorized public accountant firm Deloitte Oy is the company's auditor. The audit fee was EUR 74 (37) thousand. Other fees mainly consist of services related to sustainability reporting.

1.6 Financial income and expenses

FINANCIAL INCOME AND EXPENSES

EUR	2022	2021
Dividend income		
From Group companies		
Total	**16,000,000.00**	21,900,000.00
Other interest and financial income		
From Group companies	**1,798,242.55**	1,826,616.38
Exchange rate gains	**576.08**	547.63
From others	**24,820.92**	241.46
Total	**1,823,639.55**	1,827,405.47
Total financial income	**17,823,639.55**	23,727,405.47
Financial expenses		
Interest expenses and other financial expenses		
To Group companies	**-34,429.08**	-29,817.49
To others	**-7,571,294.05**	-4,087,648.28
Total	**-7,605,723.13**	-4,117,465.77
Total financial expenses	**-7,605,723.13**	-4,117,465.77
Total financial income and expenses	**10,217,916.42**	19,609,939.70

Kauko Oy's sales loss of EUR 3.0 million is included in financial expenses in 2022.

1.7 Appropriations

APPROPRIATIONS

EUR	2022	2021
Group contributions received	**2,500,000.00**	3,030,000.00
Total	**2,500,000.00**	3,030,000.00

2.1 Intangible and tangible assets

INTANGIBLE AND TANGIBLE ASSETS 2022

EUR	Intangible rights	Other long-term expenditure	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	201,058.04	135,459.44	336,517.48	1,387.55	12,142.02	170,841.18	73,097.83	257,468.58
Additions				520.00			30,038.63	30,558.63
Acquisition cost, Dec. 31	**201,058.04**	**135,459.44**	**336,517.48**	**1,907.55**	**12,142.02**	**170,841.18**	**103,136.46**	**288,027.21**
Accumulated depreciation, Jan. 1	-201,058.04	-80,130.36	-281,188.40		-12,142.02	-165,175.78		-177,317.80
Depreciation and amortization for the period		-25,946.76	-25,946.76			-4,170.66		-4,170.66
Accumulated depreciation, Dec. 31	**-201,058.04**	**-106,077.12**	**-307,135.16**		**-12,142.02**	**-169,346.44**		**-181,488.46**
Carrying amount, Dec. 31, 2022	**0.00**	**29,382.32**	**29,382.32**	**1,907.55**	**0.00**	**1,494.74**	**103,136.46**	**106,538.75**

INTANGIBLE AND TANGIBLE ASSETS 2021

EUR	Intangible rights	Other long-term expenditure	Total intangibles	Land	Buildings	Machinery and equipment	Other tangible assets	Total tangibles
Acquisition cost, Jan. 1	201,058.04	135,459.44	336,517.48	1,387.55	12,142.02	170,841.18	73,097.83	257,468.58
Acquisition cost, Dec. 31	**201,058.04**	**135,459.44**	**336,517.48**	**1,387.55**	**12,142.02**	**170,841.18**	**73,097.83**	**257,468.58**
Accumulated depreciation, Jan. 1	-201,058.04	-54,183.60	-255,241.64		-12,142.02	-154,858.33		-167,000.35
Depreciation and amortization for the period		-25,946.76	-25,946.76			-10,317.45		-10,317.45
Accumulated depreciation, Dec. 31	**-201,058.04**	**-80,130.36**	**-281,188.40**		**-12,142.02**	**-165,175.78**		**-177,317.80**
Carrying amount, Dec. 31, 2021	**0.00**	**55,329.08**	**55,329.08**	**1,387.55**	**0.00**	**5,665.40**	**73,097.83**	**80,150.78**

2.2 Investments

INVESTMENTS

EUR	Subsidiary shares	Other shares	Total
Carrying amount, Jan. 1	83,243,469.45	161,000.45	83,404,469.90
Additions/Disposals	-1,586,338.33		-1,586,338.33
Carrying amount, Dec. 31, 2022	**81,657,131.12**	**161,000.45**	**81,818,131.57**
Carrying amount, Jan. 1	83,243,469.45	161,000.45	83,404,469.90
Carrying amount, Dec. 31, 2021	**83,243,469.45**	**161,000.45**	**83,404,469.90**

Kauko Oy's subsidiary shares were sold during the 2022 financial year. Kauko GmbH's subsidiary shares were redeemed free of charge from Kauko Oy before the divestment of the company

Subsidiaries of Aspo Oyj	Share
ESL Shipping Ltd, Helsinki	100%
Telko Ltd, Espoo	100%
SuHi- Suomalainen Hiili Oy, Helsinki	100%
Leipurin Plc, Helsinki	100%
Kauko GmbH, Hamburg	100%
Aspo Services Ltd, Helsinki	100%

2.3 Non-current and current receivables

NON-CURRENT RECEIVABLES

EUR	2022	2021
Receivables from Group companies		
Loan receivables	**102,773,786.00**	102,038,786.00
Total non-current receivables	**102,773,786.00**	102,038,786.00

CURRENT RECEIVABLES

EUR	2022	2021
Receivables from Group companies		
Interest receivables	**52,000.00**	
Dividend receivables	**12,000,000.00**	8,000,000.00
Group contribution receivables	**2,500,000.00**	3,030,000.00
Cash pool receivables	**1,144,075.74**	4,614,787.11
Total	**15,696,075.74**	15,644,787.11
Other receivables	**138,437.28**	128,145.77
Deferred receivables		
Interest		6,492.36
Personnel costs	**3,002.80**	1,335.81
Other deferred receivables	**243,140.41**	194,887.31
Total other current receivables	**246,143.21**	202,715.48
Total current receivables	**16,080,656.23**	15,975,648.36

2.4 Equity

EQUITY

EUR	2022	2021
Share capital, Jan. 1	**17,691,729.57**	17,691,729.57
Share capital, Dec. 31	**17,691,729.57**	17,691,729.57
Share premium reserve, Jan. 1	**4,351,173.64**	4,351,173.64
Share premium reserve, Dec. 31	**4,351,173.64**	4,351,173.64
Invested unrestricted equity reserve, Jan. 1	**21,324,170.25**	21,324,170.25
Share-based payments, gain on sale of treasury shares	**46,135.04**	
Invested unrestricted equity reserve, Dec. 31	**21,370,305.29**	21,324,170.25
Retained earnings, Jan. 1	**28,283,146.34**	23,303,887.79
Share-based payments	**254,965.76**	
Dividend distribution	**-14,108,588.05**	-10,940,345.15
Retained earnings, Dec. 31	**14,429,524.05**	12,363,542.64
Profit for the period	**7,544,383.09**	15,919,603.70
Total equity	**65,387,115.64**	71,650,219.80

CALCULATION REGARDING DISTRIBUTABLE EQUITY

EUR	2022	2021
Invested unrestricted equity reserve	**21,370,305.29**	21,324,170.25
Retained earnings	**14,429,524.05**	12,363,542.64
Profit for the period	**7,544,383.09**	15,919,603.70
Total	**43,344,212.43**	49,607,316.59

2.5 Provisions

PROVISIONS

EUR	2022	2021
Share based incentive plan	**318,262.50**	253,328.00
Total	**318,262.50**	253,328.00

2.6 Non-current liabilities

NON-CURRENT LIABILITIES

EUR	2022	2021
Bonds	**14,982,968.75**	14,973,158.75
Hybrid bond	**30,000,000.00**	20,000,000.00
Loans from financial institutions	**72,500,000.00**	75,000,000.00
Total	**117,482,968.75**	109,973,158.75
Liabilities to Group companies		
Loans		854,000.00
Total		854,000.00
Total non-current liabilities	**117,482,968.75**	110,827,158.75

In June, Aspo issued a new EUR 30 million hybrid bond, with a coupon rate of 8.75% per annum. The hybrid bond has no maturity, but the company may exercise an early redemption option in June 2025 at the earliest. Aspo's earlier hybrid bond of EUR 20 million was redeemed on May 2, 2022.

During 2022, Aspo extended its maturity structure for interest-bearing loans. In addition, Aspo restructured a bilateral bank loan of EUR 20 million, about to mature in 2023, with a new bilateral revolving credit facility which will mature in 2025. The loan agreement also includes two options for a one-year extension.

In 2021, Aspo Plc refinanced a bilateral bank loan of EUR 15 million, about to mature in 2022, with a new loan agreement which will mature in 2025. The agreement also includes a one-year extension option. In addition, the company repaid an EUR 11 million private placement bond issued in 2015 and signed a new bilateral loan agreement of EUR 10 million. The loan period is six years, and the agreement includes a one-year extension option.

On September 25, 2019, Aspo Plc issued a EUR 15 million unsecured private placement bond as part of the group bond of EUR 40 million guaranteed by Garantia Insurance Company. The bond pays fixed interest rate and matures on September 25, 2024.

2.7 Current liabilities

CURRENT LIABILITIES

EUR	2022	2021
Loans from financial institutions		
Loans from financial institutions	**12,500,000.00**	2,500,000.00
Commercial papers		5,000,000.00
Total	**12,500,000.00**	7,500,000.00
Liabilities to Group companies		
Loans		2,428,571.36
Cash pool accounts	**11,782,829.37**	11,508,185.73
Accounts payable	**20,718.03**	66,783.98
Deferred liabilities		5,277.87
Total	**11,803,547.40**	14,008,818.94
Deferred liabilities		
Interest	**1,635,360.33**	1,297,483.95
Personnel expenses	**917,058.18**	787,194.52
Other	**101,881.62**	980,812.32
Total	**2,654,300.13**	3,065,490.79

2.8 Guarantees and contingent liabilities

FUTURE LEASE PAYMENTS

EUR	2022	2021
Payable within one year	**1,008,918.84**	1,132,187.03
Payable later	**276,626.72**	1,464,723.85
Total	**1,285,545.56**	2,596,910.88

GUARANTEES ON OWN BEHALF

EUR	2022	2021
Guarantees	**94,911.34**	94,911.34
Total	**94,911.34**	94,911.34

GUARANTEES ON BEHALF OF GROUP COMPANIES

EUR	2022	2021
Guarantees	**78,467,668.35**	76,869,557.36
Total	**78,467,668.35**	76,869,557.36

Signature of the Financial Statements and the Management Report

Helsinki, February 15, 2023

Heikki Westerlund
Chairman of the Board

Patricia Allam
Board member

Mammu Kaario
Board member

Tapio Kolunsarka
Board member

Mikael Laine
Board member

Salla Pöyry
Board member

Tatu Vehmas
Board member

Rolf Jansson
CEO

Auditor's report

(Translation from the Finnish original)

To the Annual General Meeting of Aspo Oyj

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Aspo Oyj (business identity code 1547798-7) for the year ended 31 December, 2022. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU; and
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

According to our best knowledge and understanding all services other than the statutory audit we have provided for parent company and group companies comply with regulations governing the services other than the statutory audit in Finland. We have not provided any prohibited non-audit services re-ferred to in Article 5(1) of regulation (EU) 537/2014. All services other than the statutory audit which we have provided have been disclosed in note 3.5. to the consolidated financial statements and in note 1.5 to the parent company's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment testing We refer to the Aspo Oyj's consolidated financial statements' note 4.3.	
Consolidated financial statements as of 31.12.2022 includes Goodwill amounting to EUR 36.8 million (EUR 37.1 million). Management has conducted goodwill impairment testing and as a result of the testing conducted has accounted for impairment over goodwill amounting EUR 2.7 million as at 31.12.2022. Goodwill impairment testing requires substantial management judgment over the recoverable amounts which are for example associated to following assumptions and estimates: • estimations over the projected future cash flow; • long term growth assumptions; and • applied discount rate. For further details over the goodwill impairment testing conducted by the management is presented in the note 4.3. within the consolidated financial statements. This matter is regarded as significant risk of material misstatement in accordance with EU Audit Regulation (537/2014) Article 10 paragraph 2 c.	As part of our audit procedures we have critically evaluated the estimates over the future recoverable cash flows and we have compared, that the forecasts used in the impairment tests are based on approved long-term forecast and budgets approved. We have assessed appropriateness of impairment testing calculations. We have assessed the impairment testing of goodwill booked to the consolidated financial statements as at 31.12.2022 by: • evaluating the key assumptions applied per segment applied • assessing the growth estimates and comparing them to historical performance • comparing applied discount rates to independent third party sources • assessing the sensitivity analysis over the long term assumptions and discount rate. • We have used Deloitte's fair value specialist to ensure that the discount rates and long-term growth assumptions are in line with the market information. We have also assessed the sensitivity analysis, which is disclosed in the consolidated financial statements note 4.3. for the factors where a reasonably possible change in certain variables could lead to significant impairment.

Key audit matter	How our audit addressed the key audit matter
Discontinued Operations We refer to the Aspo Oyj's consolidated financial statements' note 1.3.	
On October 17, 2022, Telko signed a binding preliminary agreement on selling all shares in its subsidiary in Russia. The sales price is approximately EUR 9.5 million. The transaction still needs to be approved by the Russian authorities. Telko's company in Russia has been classified as held for sale since October 2022 when the preliminary agreement on the sale was signed. Telko's company in Belarus has been classified as held for sale since December 2022 when the agreement on the sale was signed with the company's acting management. Leipurin's companies in Russia, Belarus and Kazakhstan have been classified as held for sale since December 31, 2022 when their divestment started to seem probable. A binding preliminary agreement on their sale was signed on January 17, 2023. The sales price is approximately EUR 8.4 million. The transaction still needs to be approved by the local authorities. The Kauko operating segment and Vulganus Oy, part of the Leipurin segment, were defined as non-core businesses for Aspo and classified as held for sale in December 2021: • The Kauko operating segment has been classified as a discontinued operation in accordance with the IFRS 5 standard, and its figures are reported separately from the figures of Aspo Group's continuing operations. In the statement of comprehensive income, the figures of the comparative periods have been restated. Kauko Oy was sold on October 31, 2022. • Vulganus Oy, a machinery business specified for freezing and cooling equipment, was divested on June 30, 2022. The loss arising from the divestment and the expenses related to it, totaling EUR -0.4 million, are reported under the Leipurin segment's other operating expenses. The accounting treatment for discontinued operations is a key audit matter, because the accounting treatment for changes in the group structure and the classification of discontinued operations and businesses for sale in accordance with IFRS 5 involves significant management judgment and the changes have a material impact on the financial statements.	Our audit procedures have consisted e.g. the following amongst others: • We gained an understanding of the group's accounting principles related to business acquisitions and divestments and discontinued operations. • We evaluated how the management has applied accounting principles and assumptions related to accounting practices. • Regarding the major divested and discontinued businesses, we tested the sales result determined by the management and the effect of the transaction to the goodwill. • We evaluate the appropriate presentation of discontinued operations in the financial.

Key audit matter	**How our audit addressed the key audit matter**
Revenue recognition (continuing operations) We refer to the consolidated financial statements' note 3.1.	
In the financial year 2022 Aspo Group's revenue from continuing operations amounted to EUR 643.4 million (EUR 573.3 million), which mainly consists of sale of goods, but also from services sold to customers. Minor part of the revenue consists of revenue recognized from order customer specific projects on which revenue is recognized over time in Leipurin-segment. Revenue from sale of goods is recognized when the control of the underlying products have been transferred to the customer. Revenue from services is recognized after the service has been rendered. Revenue is Group's key performance indicator, which may be an incentive for premature revenue recognition.	We have assessed the internal controls of Aspo Group's information technology systems relating to sales process and revenue recognition focusing of access controls and change management controls. We have assessed the design of main controls relating to major revenue streams and assessed the operating effectiveness of these controls. We have assessed of the compliance of company's accounting policies over revenue recognition and comparison with applicable accounting standards. We have audited correctness of timing and amounts of revenue recognized based on samples and substantive analytical audit procedures and comparison with applicable accounting standards. As part of our audit of revenue recognition policies we have compared of sales transactions in the bookkeeping records against customer contracts and verification of acceptance of deliveries. We have assessed appropriateness and adequacy of consolidated financial statement notes related to revenue.
We have not identified significant risks of material misstatement in accordance with EU Audit Regulation (537/2014) Article 10 paragraph 2 c in the parent company's financial statements.	

Responsibilities of the Board of Directors and the Chief Executive Officer for the financial statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland an comply with statutory requirements. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Chief Executive Officer are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or

conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We have been appointed as auditors by the Annual General Meeting of Aspo Oyj on 4 May 2020, and our appointment represents a total period of uninterrupted engagement of 3 years.

Other information

The Board of Directors and the Chief Executive Officer are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Aspo's Year 2022 publication but does not include the financial statements and our report thereon. We obtained the report of the Board of Directors prior to the date of the auditor's report, and the Aspo's Year 2022 publication is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in of the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Helsinki, 15 February 2023

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)