Management report 2023

ASPO'S OPERATING MODEL

Aspo seeks sustainable long-term growth by investing revenues profitably and by taking steps towards a compounder profile. Aspo enables growth for the businesses it owns, and aims to improve their profitability and revenues by developing them and ensuring steady cash flows. The goal is to assume an even more active role in corporate arrangements, growth investments and business acquisitions. Aspo focuses on B-to-B industrial services in particular, and its key clusters include logistics and trade.

In 2023, Aspo's reporting segments were ESL Shipping, Leipurin, Telko and Non-core businesses. Other operations include Aspo Group's administration, financial management and ICT service center.

SUPPLEMENTARY REPORTS

Aspo Plc has released a separate 2023 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 a sustainability report at the same time as this annual report. Both reports will be released on the company's website at www.aspo.com/en.

ASPO GROUP KEY FIGURES

	2023	2022	2021	2020	2019
Net sales, Group total, MEUR	**553.0**	652.6	586.4	500.7	587.7
Net sales from continuing operations, MEUR	**536.4**	560.7	573.3	474.3	587.7
Net sales from discontinued operations, MEUR	**16.6**	91.9	13.1	26.4	
Operating profit, Group total, MEUR	**9.8**	31.2	33.9	19.3	21.1
Operating profit from continuing operations, MEUR	**25.9**	38.4	36.9	16.7	21.1
Operating profit from discontinued operations, MEUR	**-16.1**	-7.2	-3.0	2.6	
Operating profit, Group total, %	**1.8**	4.8	5.8	3.9	3.6
Items affecting comparability, MEUR	**-16.7**	-24.1	-8.5		
Comparable operating profit, Group total, MEUR	**26.5**	55.3	42.4	19.3	21.1
Comparable operating profit, Group total, %	**4.8**	8.5	7.2	3.9	3.6
Profit before taxes, MEUR	**16.6**	32.5	33.0	12.2	18.2
Profit before taxes, continuing operations, %	**3.1**	5.8	5.8	2.6	3.1
Profit for the period, MEUR	**1.6**	20.7	25.3	13.4	16.1
Profit from continuing operations, MEUR	**16.2**	30.8	28.3	10.8	16.1
Profit from discontinued operations, MEUR	**-14.6**	-10.1	-3.0	2.6	
Earnings per share (EPS), EUR	**-0.01**	0.61	0.76	0.39	0.47
Continuing operations EPS, €	**0.45**	0.93	0.86	0.30	0.47
Discontinued operations EPS, €	**-0.46**	-0.32	-0.10	0.09	
Return on equity (ROE), %	**1.2**	15.2	20.8	11.4	13.5
Equity ratio, %	**34.4**	34.7	32.0	30.1	30.1
Gearing, %	**117.6**	108.4	131.0	149.0	162.2
Net cash flow from operating activities	**47.6**	67.7	44.0	65.0	52.5
Free cash flow	**27.3**	34.4	27.5	56.0	45.2

Aspo Group has reported items affecting comparability since 2021. Items affecting comparability are explained on pages 46-47 of this Management report.

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

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

Changes in demand and in market prices as well as rising inflation and interest rates impacted financial development and generated uncertainty in the markets served by Aspo's businesses. The economy in the European Union broadly stagnated during the year 2023 and is likely to remain subdued also in the short and mid-term, which increases the risks in all of Aspo's businesses. Specifically, the rising interest rates have negatively impacted investment activities, particularly through increasing financing costs and decreasing financing opportunities. As a consequence, the M&A market has slowed down, partially also because of differing views on valuations by the sellers and buyers.

The demand for sea transportation is affected by overall economic development and specific demand and production volumes in key industries, especially metal and forest products. However, ESL Shipping comparatively benefits from long-term industrial partnerships and a general deficit of year-round vessel capacity in the Baltic Sea area. The current outlook suggests stable development for the metal industry, whereas the forest industry is slowly expected to strengthen from a low level. The shipping freight indexes have somewhat strengthened since the beginning of September, with very high volatility.

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

Recent events in the Middle East can negatively affect Aspo's businesses, e.g. in terms of energy prices and supply chain disruptions, as well as inflation-driven wage increases. Additionally, the events can cause both logistics costs as well as product prices to increase. Prolongation and possible expansion of the war in Ukraine would negatively impact business operations in Aspo's market areas. The increase in global tensions weakens operating conditions in all businesses.

In line with its strategy, Aspo aims to increase earnings also via acquisitions. Strategy execution combined with the currently relatively high financing costs may reduce free cash flow and lead to a temporary deterioration of the balance sheet, in situations where capital expenditures and acquisitions require financial resources, and consequently may reduce solvency. With its strategy, Aspo aims to reduce the impact of the possibly weakening general economic development on Aspo's profit development. This materializes in e.g. ESL focusing on long-term customer contracts and green solutions, Telko pursuing growth in specialty products and expanding into new geographical markets, Leipurin increasing its business focus on food ingredients and prioritizing market segments that offer stable growth opportunities.

Aspo has exited Russia and other selected eastern markets. Telko sold its Russian business in April 2023, and Leipurin East was deconsolidated in December 2023. ESL Shipping abandoned the Russian market already by the summer of 2022. Hence, Aspo's financial exposure to Russia is limited in 2024.

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

FINANCIAL TARGETS

Aspo's long-term financial targets are:

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

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

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

EARNINGS

Aspo Group's net sales from continuing operations decreased by 4% during the financial year and were EUR 536.4 (560.7) million. In 2023, the comparable operating profit from continuing operations decreased to EUR 26.2 (43.9) million, and the comparable operating profit rate in continuing operations was 4.9% (7.8%). The negative trend compared to 2022 was driven by ESL Shipping, having a record financial performance in the comparative year. The operating profit from continuing operations was EUR 25.9 (38.4) million. Earnings per share for continuing operations were EUR 0.45 (0.93)

In 2023, ESL Shipping's net sales decreased by 23.0% and were EUR 189.0 (245.4) million. The comparable operating profit halved to EUR 18.3 (37.4) million, and the comparable operating profit rate was 9.7% (15.2%). Telko's net sales increased by 1% in 2023 to EUR 211.3 (209.4) million. Telko's full-year comparable operating profit was EUR 9.0 (11.3) million, and its comparable operating profit rate was 4.3% (5.4%). Leipurin's net sales increased by 29% to EUR 136.1 (105.9) million in 2023. Leipurin's comparable operating profit in 2023 was EUR 4.2 (1.1) million, and its comparable operating profit rate was 3.1% (1.0%).

NET SALES BY MARKET AREA, CONTINUING OPERATIONS

	2023 MEUR	2022 MEUR	Change MEUR	Change %
Finland	**197.4**	224.4	-27.0	-12.0
Scandinavian countries	**157.6**	137.6	20.0	14.5
Baltic countries	**63.8**	67.8	-4.0	-5.9
Other European countries	**74.5**	89.6	-15.1	-16.9
Other countries	**43.1**	41.3	1.8	4.4
Total	**536.4**	560.7	-24.3	-4.3

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

OPERATING PROFIT AND COMPARABLE OPERATING PROFIT, GROUP TOTAL

MEUR	2023	2022	2021
ESL Shipping, operating profit	**17.7**	38.2	26.8
Telko, operating profit	**8.0**	8.2	20.4
Leipurin, operating profit	**5.6**	-1.4	-2.4
Other operations, operating profit	**-5.4**	-6.6	-7.9
Operating profit from continuing operations	**25.9**	38.4	36.9
Operating profit from discontinued operations	**-16.1**	-7.2	-3.0
Operating profit, Group total	**9.8**	31.2	33.9
Items affecting comparability	**-16.7**	-24.1	-8.5
Comparable operating profit, Group total	**26.5**	55.3	42.4

The figures for discontinued operations in 2023 include the figures for the Non-core businesses segment. Discontinued operations in 2022 include the figures for Kauko Oy and the Non-core businesses segment. Discontinued operations in 2021 include the figures for Kauko Oy.

ITEMS AFFECTING COMPARABILITY IN 2023

MEUR	ESL Shipping	Telko	Leipurin	Other operations	Discontinued operations	Total
Advisory expenses, minority stake	-0.6					-0.6
Write down of inventory, Russia related		-1.0			-1.7	-2.7
Sale and leaseback transactions			1.4			1.4
Restructuring activities			-0.2	-0.1		-0.3
Withdrawal from Russia					-14.7	-14.7
Divestment of businesses			0.2			0.2
Total	**-0.6**	**-1.0**	**1.4**	**-0.1**	**-16.4**	**-16.7**

In 2023 the items affecting comparability amounted to EUR -16.7 million in total. EUR -0.6 million reported for ESL Shipping were advisory costs related to the sales process of a minority stake in ESL Shipping. EUR -1.0 million reported in the Telko segment related to inventory write downs caused by Russia's invasion in Ukraine. EUR 1.4 million reported in the Leipurin segment consisted of EUR 1.4 million from gains on sale and leaseback transactions of properties in Sweden and premises in Lithuania, EUR -0.2 million from restructuring activities in Sweden and EUR 0.2 million from sale on Leipurin's bakery equipment trading business. EUR -0.1 million reported in other operations related to corporate restructuring costs. EUR -16.4 million reported in discontinued operations consisted of the sales loss of Telko Russia EUR -8.1 million, the write down of Telko Russia's inventory EUR -1.7 million, a loss of EUR -0.8 million for the deconsolidation of Telko's subsidiary in Belarus, and EUR -5.8 million related to the deconsolidation of Leipurin's entities in Russia, Belarus and Kazakhstan.

ITEMS AFFECTING COMPARABILITY IN 2022

MEUR	ESL Shipping	Telko	Leipurin	Other operations	Discontinued operations	Total
Sale of Espa	1.5					1.5
Inventory in Ukraine		-2.6	-0.7			-3.3
Accounts receivable in Ukraine		-0.5	-0.1			-0.6
Withdrawal from Russia	-0.7				-16.1	-16.8
Divestment of businesses			-0.4		-1.2	-1.6
Other			-1.3	-0.7	-1.3	-3.3
Total	**0.8**	**-3.1**	**-2.5**	**-0.7**	**-18.6**	**-24.1**

In 2022, items affecting comparability totaled EUR -24.1 million, of which EUR -20.7 million resulted from the impact of Russia's invasion in Ukraine on Aspo Group's business operations. Items affecting comparability related to the Kauko business segment totaled EUR -2.5 million. Other items affecting comparability totaled EUR -0.9 million. Of the items affecting comparability, EUR -18.6 million is reported in the result of discontinued operations.

In 2021, items affecting comparability totaled EUR -8.5 million, including an impairment loss of EUR -4.3 million recognized on Leipurin's goodwill, an impairment loss and restoration provision of EUR -0.8 million recognized on the fixed assets of Telko's terminal in Rauma, and an impairment loss of EUR -3.4 million recognized on Kauko's goodwill, which is reported as part of the result of discontinued operations.

CASH FLOW AND FINANCING

The Group's net cash flow from operating activities in 2023 was EUR 47.6 (67.7) million. The cash flow of all businesses was positive, and the decrease compared to the comparative period came from the ESL Shipping segment. The cash flow impact of change in working capital was EUR 4.4 (-6.7) million. The positive cash impact was caused by a decrease in inventories driven by a decline in market prices and proactive operational management actions, especially in the Telko segment.

The free cash flow in 2023 was EUR 27.3 (34.4) million. Investments amounted to EUR -21.8 (-17.8) million and consisted mainly of the ESL Shipping segment's green coaster advance payments. The other items reported in cash flows used in investing activities included EUR 3.9 million cash outflow from the acquisitions of Eltrex, EUR 11.6 million cash inflow from the sale and leaseback of Leipurin's properties in Sweden and Lithuania, EUR 7.8 million negative cash impact of the sale/deconsolidation of Telko's and Leipurin's subsidiaries in Russia and other eastern countries, EUR 0.5 million dividend cash inflow from associates, EUR 0.4 million cash inflow from the sale of Leipurin's bakery equipment trading business as well as other cash inflow of EUR 0.7 million.

NET INTEREST-BEARING DEBT, GROUP TOTAL

MEUR	2023	2022	2021
Interest-bearing liabilities, incl. lease liabilities	**195.9**	189.3	187.3
Cash and cash equivalents	**30.7**	33.6	17.7
Net interest-bearing debt	**165.2**	155.7	169.6

Net interest-bearing debt was EUR 165.2 (155.7) million and gearing increased to 117.6% (108.4%). The Group's equity ratio at the end of the review period was 34.4% (34.7%). The net debt increase is primary a consequence of the green coaster investments and the Eastern exits.

Net financial expenses totaled EUR -9.3 (-5.9) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, was 5.3% (3.3%), causing Aspo's interest expenses to grow.

The Group's liquidity position remained strong. Cash and cash equivalents stood at EUR 30.7 (33.6) million at the end of the year. Committed revolving credit facilities, totaling EUR 40 million, were fully unused, as in the comparative period. Aspo's EUR 80 million commercial paper program also was wholly unused at the end of the year 2023 and 2022.

In December Aspo's subsidiary ESL Shipping signed two loan agreements in total of EUR 37.6 million. The loan period for both loans is five years and they will be paid back in equal installments during the loan period. The loans were granted by OP Corporate Bank Plc and the loans were used to pay back existing loans of similar value.

In December, when Electramar was delivered, AtoBatC Shipping AB withdrew EUR 8.1 million out of the EUR 32.2 million loan agreement with Svenska Skeppshypotek. The loan agreement was signed in September 2022 to finance ESL Shipping's investment in six new electric hybrid vessels. The loan will be paid back in a time period of 15 years.

In September Aspo signed a loan agreement of EUR 30 million for a three-year loan period extending the maturity of Aspo's loan portfolio. The loan has been taken for general corporate purposes and refinancing a loan of similar value.

EVENTS AFTER THE FINANCIAL YEAR

On January 2, 2024, Aspo signed a revolving credit facility agreement amounting to EUR 20 million. The credit is being granted by Nordea Bank Abp. The maturity of the revolving credit facility agreement is two years plus an option for one additional year. The agreement will replace a prior revolving credit facility agreement of the same amount which had remained unused.

On February 8, 2024, Aspo announced that Varma Mutual Pension Insurance Company has agreed to co-invest EUR 15 million alongside OP Finland Infrastructure LP in Aspo's subsidiary ESL Shipping. As a result, the combined investment into ESL Shipping managed by OP Finland Infrastructure LP rises to total of EUR 45 million at the closing of the transaction. The combined EUR 45 million investment managed by OP Finland Infrastructure LP will be made against issuance of new shares in ESL Shipping with an agreed pre-money equity valuation of EUR 165 million, corresponding to a 21.43% ownership stake in ESL Shipping.

GUIDANCE FOR 2024

Aspo Group's comparable operating profit is expected to exceed EUR 30 million in 2024 (2023: EUR 26.5 million).

BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF FUNDS

Aspo's target is an annually increasing dividend distribution. The Board of Directors proposes to the Annual Shareholders' Meeting of Aspo Plc to be held on April 12, 2024, that EUR 0.24 per share be distributed in dividends for the 2023 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 a possible distribution of capital from the invested unrestricted equity fund in the maximum amount of EUR 0.23 per share on a later date, if aligned with the growth strategy execution and considering the long term benefit of Aspo's shareholders. If the maximum amount is distributed, a total maximum of EUR 0.47 (0.46) per share would be distributed in dividends and return of capital for the 2023 financial year. The authorization would be valid until the next Annual Shareholders' Meeting.

On December 31, 2023, the parent company's distributable funds totaled EUR 30,362,002.30, with the profit for the financial year totaling EUR 1,468,907.45. The funds in the invested unrestricted equity reserve amount to EUR 21,150,592.47. There are a total of 31,403,535 shares entitling to dividends on the signing date of this management report and financial statements.

The dividend of EUR 0.24 per share would be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of April 16, 2024. The Board of Directors proposes that the dividend be paid on April 23, 2024. The Board of Directors will decide at its meeting scheduled to be held latest in November 2024, on the possible distribution of capital from the invested unrestricted equity fund in the maximum amount of EUR 0.23 per share, which would be paid in November 2024 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.

ASPO'S BUSINESS OPERATIONS

ESL Shipping

ESL Shipping is the leading dry bulk sea transport company operating in the Baltic Sea area. ESL Shipping's operations are mainly based on long-term customer contracts and established customer relationships. At the end of the review period, the shipping company's fleet consisted of 43 vessels with a total capacity of 443,000 deadweight tons (dwt). Of these, 24 were wholly owned (77% of the tonnage), two were minority owned (2%) and the remaining 17 vessels (21%) were time chartered.

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

ESL Shipping	2023	2022	2021
Net sales, MEUR	**189.0**	245.4	191.4
Operating profit, MEUR	**17.7**	38.2	26.8
Operating profit, %	**9.4**	15.6	14.0
Items affecting comparability, MEUR	**-0.6**	0.8	
Comparable operating profit, MEUR	**18.3**	37.4	26.8
Comparable operating profit, %	**9.7**	15.2	14.0

In 2023, ESL Shipping's net sales decreased by 23.0% and were EUR 189.0 (245.4) million. Its comparable operating profit halved to EUR 18.3 (37.4) million, and its comparable operating profit rate was 9.7% (15.2%). Items affecting comparability amounted to EUR -0.6 million (0.8) and mainly consisted of advisory costs related to strategic projects.

Year 2023 was characterized by a challenging business environment. In various core customer segments, the business activity has been declining, pulling down especially spot volumes and rates, and the cost inflation and interest rates have been high. Despite all this, ESL Shipping delivered solid financial performance in 2023. The partnership-based strategy proved its strength within this adverse business environment.

The newbuilding project of ESL Shipping's Swedish subsidiary AtoBatC Shipping AB at the Chowgule & Company Private Limited shipyard in India proceeded as planned during the year. The first vessel in the series, Electramar, was delivered in December and is carrying project cargo from India to Scandinavia on her home voyage. The second vessel, Stellamar, was launched on October 1st and is expected to be delivered during the first quarter of 2024. Every other vessel in the series of 12 next-generation electric hybrid vessels will be sold, as announced earlier, to the company established by the pooling investor group. Stellamar is the first vessel to be sold further.

In April 2023 Aspo announced that it initiated a program to accelerate ESL Shipping's green transition through a program assessing three alternative measures, including a launch of a new investment pool of fossil-free vessels, a possible equity injection in ESL Shipping by a minority shareholder, and the sales of the shipping company's two supramax vessels. As the first result of this assessment, Aspo signed in November an agreement with OP Finland Infrastructure LP regarding an equity investment into ESL Shipping and in February 2024 Varma decided on a co-investment alongside OP Finland Infrastructure. The closing of the transactions is expected to take place by the end of February 2024.

ESL Shipping outlook for 2024

Geopolitical tensions and related attacks against commercial shipping in Red Sea together with natural phenomena caused limitations to Panama Canal capacity are disturbing global supply chains. At the same time, more shipping capacity is needed to perform the same transport tasks due to an increase in distance travelled.

ESL Shipping's main markets in the Northern Baltic Sea, Scandinavia and Continental Europe are expected to continue low-cycle level of industrial activity. Despite that, to the shipping company important steel industry demand from long term partnership industries is expected to remain at good volume level. Forest industry is expected to be slowly recovering from the bottom of the cycle and overall volumes are expected to increase modestly.

Full year financial performance is expected to improve from previous year despite that at the early part of the year the prevailing most severe winter ice conditions in ten years will affect result negatively. Also, the announced industrial actions in Finland are expected to cause supply chain disruptions. The new green coasters to be added to the fleet during 2024 will support the positive profit development of ESL Shipping.

Telko

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

Telko	2023	2022	2021
Net sales, MEUR	**211.3**	209.4	268.8
Operating profit, MEUR	**8.0**	8.2	20.4
Operating profit, %	**3.8**	3.9	7.6
Items affecting comparability, MEUR	**-1.0**	-3.1	-0.8
Comparable operating profit, MEUR	**9.0**	11.3	21.2
Comparable operating profit, %	**4.3**	5.4	7.9

Eastern business operations have been reported in the Non-core business segment for the years 2023 and 2022. In 2021, the eastern business operations are included in Telko's figures.

Telko's net sales increased by 1% in 2023 and were EUR 211.3 (209.4) million, driven by acquisitions. Telko's comparable operating profit was EUR 9.0 (11.3) million, and its comparable operating profit rate was 4.3% (5.4%). Telko's operating profit in 2023 was EUR 8.0 (8.2) million, and its operating profit rate was 3.8% (3.9%).

Net sales of the plastics business decreased by 8% to EUR 101.4 (110.1) million in 2023. Sales were lower than the previous year due to a lower price level in the market and business restructuring in Central Asia. However, sales volumes increased slightly when disregarding Central Asia. Economic challenges in Europe resulted in lower production levels in most industries with long production breaks especially during the holiday season.

Net sales of the chemical business increased by 21% to EUR 59.4 (49.2) million in 2023. Development of Eltrex, acquired in Q1 2023, was in line with targets, and integration is ongoing with sales synergies building up. The price level has been relatively stable in chemicals. Western markets showed a relatively stable development, except in the Baltics, where demand was significantly lower than normally.

Net sales of the lubricants business increased by 1% to EUR 50.5 (50.1) million. For the full year, the industrial lubricants had a very good result reaching all-time high level. Organic growth was achieved by taking market share in a declining market. Also, automotive lubricants in Scandinavia showed positive development during the year.

Telko outlook for 2024

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

Demand is expected to remain slightly soft in key markets especially during the first half of 2024. Price levels are under pressure, but still expected to remain stable. Telko is well positioned in this market. Inventories are in line with current market conditions and opportunities for organic growth and positive market share development have been specified. Acquisitions are planned to support positive development. Telko serves industrial customers in various industries. The possible changes in demand will be softened by the heterogenic cyclicality of the diversified customer base, and hence Telko's business is expected to remain fairly resilient to changes in overall market development.

In plastics, market conditions are expected to remain challenging at least during the first half of 2024 due to an economic recession that is negatively impacting the average demand of the customer base. Inventories are well in line with current market conditions, and inventory rotation has improved. The latest development in the Red Sea will have some market impact, but it is still too early to anticipate the magnitude. These impacts could be, for example, shortages in supply and market price fluctuations. Telko's plastics business will continue to focus on high-quality specialty products, providing technical service, and improving our capabilities to offer sustainable plastic solutions.

In chemicals, demand is expected to remain slightly soft on key markets. Price levels are stable, following raw material development. Ukraine is expected to suffer from extensive production shutdowns during the winter. There are good growth opportunities in mining and metals in Central Asia. Several suppliers have lowered their production output, which may result in shortages of commodities and will increase volatility in prices of certain product lines.

Industrial lubricants sales is expected to maintain stable and continue to take market share. Slightly weaker demand in the first half of the year, followed by stronger second part of the year. Market prices and margins continue to be under pressure due to oversupply in the market. Prices for finished products are expected to remain stable, as base-oil and additives supply, and demand is balanced at the beginning of the year. In general, demand is still on the slow side. Automotive lubricants sales are estimated to be stable.

During the first half of the year, Telko will start the distribution of industrial lubricants in Poland and the distribution of automotive lubricants in Denmark.

The recent acquisitions have proved to be successful, and they have had a positive impact on the existing businesses. Telko aims to accelerate its growth through acquisitions to achieve its strategic goals in all three business areas and it has a solid pipeline of potential acquisitions. Telko remains confident of being able to increase the M&A pace. Telko will also seek to strengthen its market share in existing markets through organic growth.

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

Leipurin

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

Leipurin	2023	2022	2021
Net sales, MEUR	**136.1**	105.9	113.1
Operating profit, MEUR	**5.6**	-1.4	-2.4
Operating profit, %	**4.1**	-1.3	-2.1
Items affecting comparability, MEUR	**1.4**	-2.5	-4.3
Comparable operating profit, MEUR	**4.2**	1.1	1.9
Comparable operating profit, %	**3.1**	1.0	1.7

Eastern business operations have been reported in the Non-core business segment for the years 2023 and 2022. In 2021, the eastern business operations are included in Leipurin's figures.

Leipurin's net sales increased by 29% to EUR 136.1 (105.9) million in 2023. Figures for the comparative period included EUR 4.3 million in net sales of the divested Vulganus Oy. Kobia AB acquired in September 2022 contributed to the net by EUR 50 million (17) and its share of Leipurin's net sales was 37% during the period. The steep increase in raw material prices in global markets had a significant impact on the euro-denominated increase in sales, particularly in the first quarter and the beginning of the second quarter, flattening out towards the end of the year. Excluding the impact of Kobia AB, sales volume in kilos decreased by slightly over 10%.

Leipurin's comparable operating profit in 2023 was EUR 4.2 (1.1) million, and the comparable operating profit rate was 3.1% (1.0%). Items affecting comparability, totaling EUR 1.4 (-2.5) million, were mainly related to the gain on the sale and leaseback transactions of properties in Sweden and Lithuania, and to a lesser extent, to the divestment of the bakery equipment trading business in Finland. The comparative period was mainly affected by the destroyed warehouse in Ukraine, items related to the divestment of Vulganus Oy, and acquisition of Kobia AB. The operating profit was EUR 5.6 (-1.4) million and operating profit rate 4.1% (-1.3%).

Leipurin completed the sale and leaseback of the property in Gothenburg, Sweden in early 2023, and the properties in Hässleholm and Tyresö, Sweden during the summer. These transactions generated sales proceeds of EUR 13.6 million, which represents a significant share of the capital that was invested when acquiring Kobia AB. In September, Leipurin completed the sale and leaseback of the property in Kaunas, Lithuania at a sale price of EUR 1.1 million. Toward the end of the year, Leipurin divested its bakery equipment trading business in Finland for EUR 0.5 million, clarifying the business portfolio and improving focus. The transactions will not have a significant impact on profitability going forward but they will free up management's time to focus on Leipurin's core business.

Leipurin outlook for 2024

From mid-2022 and throughout the year 2023, volumes have declined across the food chain. This is very untypical for the food sector, and hence a recovery has been expected. Despite signs of volume recovery, the current market has overall settled at slightly lower volume levels than a year ago. In this development, Leipurin has not been an outlier. However, Leipurin volumes have declined predominantly in the low-margin commodities and thereby improving the product mix, which contributes to enhanced profitability.

Divesting the bakery equipment trading business enables an even better focus on food ingredients. Every Leipurin country has a growth and profitability improvement plan for 2024. The ongoing work to upgrade commercial activities, improve efficiency in the supply, and develop sourcing capabilities, is expected to improve financial performance also going forward. To strengthen growth and company positioning, Leipurin also evaluates possible acquisition opportunities.

While 2022–2023 was defined by inflation-driven revenue growth, price development is expected to be more stable going forward. Due to this, and the divestments, organic revenue growth in 2024 is expected to be modest on Leipurin -segment level.

Leipurin is entering 2024 from a strong position with Kobia successfully integrated, a new management structure in place, and with improved profitability as well as demonstrated capability to operate in volatile markets.

Non-core businesses

The Non-core businesses segment includes Telko Russia and Belarus as well as Kauko GmbH previously reported in the Telko segment, Leipurin Russia, Belarus and Kazakhstan previously reported in the Leipurin segment and ESL Shipping Russia previously reported in the ESL Shipping segment. The Non-core businesses segment was established to separate the results of the non-core businesses of Aspo from the results of the continuing businesses. The Non-core businesses segment is presented as discontinued operations. All the entities in the segment have either been sold or otherwise disposed of during the year 2023. Telko Russia was sold on April 30, 2023 and Telko Belarus was deconsolidated on August 31, 2023.

Aspo is still in the process of selling Leipurin entities in Russia and Kazakhstan, however, the sales process has prolonged and there is a lot of uncertainty around the transaction. Thus, at the end of the year 2023 Aspo concluded that, the control of the companies and their returns has ceased, resulting in the decision to deconsolidate the Leipurin entities in Russia, Belarus and Kazakhstan from Aspo Group on December 31, 2023. Thus, all the entities in the Non-core segment are excluded from Aspo Group's financial reporting going forward.

Non-core businesses	2023	2022
Net sales, MEUR	**16.6**	82.7
Operating profit, MEUR	**-16.1**	-4.5
Operating profit, %	**-97.0**	-5.4
Items affecting comparability, MEUR	**-16.4**	-16.1
Comparable operating profit, MEUR	**0.3**	11.6
Comparable operating profit, %	**1.8**	14.0

Eastern business operations have been reported in the Non-core business segment for the years 2023 and 2022. In 2021, the eastern business operations are included in the Telko and Leipurin segments' figures.

The net sales of the Non-core businesses segment decreased by 80% to EUR 16.6 (82.7) million. The comparable operating profit was EUR 0.3 (11.6) million, and the comparable operating profit rate was 1.8% (14.0%). Items affecting comparability, totaling EUR -16.4 (-16.1) million consisted of the divestment loss of Telko Russia EUR -8.1 million, the write down of Telko Russia's inventory EUR -1.7 million, a loss of EUR -0,8 million for the deconsolidation of Telko's subsidiary in Belarus, and EUR -5.8 million for the deconsolidation of Leipurin's entities in Russia, Belarus and Kazakhstan. The operating profit was EUR -16.1 (-4.5) million, and the operating profit rate was -97.0% (-5.4%).

Other operations

Other operations include Aspo Group's administration, finance and ICT service center. In 2023, the comparable operating profit of other operations was EUR -5.3 (-5.9) million, and the operating profit was EUR -5.4 (-6.6) million. The improved profitability derives from some restructuring activities at Aspo Group level. The items affecting comparability of EUR -0.1 million related to corporate restructuring costs. In 2022, the items affecting comparability of EUR -0.7 million were related to the additional share-based remuneration granted to Aspo's previous CEO of EUR -0.5 million and to EUR -0.2 million of corporate restructuring expenses.

STRUCTURAL ARRANGEMENTS

In the ESL Shipping segment, Norra Skeppnings Gruppen AB was merged with its parent company AtoBatC Shipping AB.

On January 31, 2023, the Telko segment acquired Eltrex Sp. z.o.o., a Polish distributor of specialty chemicals and industrial packaging materials. Telko Middle East Co., a company in Iran, was closed down in April 2023.

In the Non-core Businesses segment, OOO Telko, a company in Russia, was sold on May 10, 2023, to GK Himik, which is a Russian industrial operator. The consolidation of FLLC Telko into the Group ended on August 31, 2023, when the company was placed into liquidation and its operations ceased. Kauko GmbH has been placed in voluntary liquidation, and the operations of ESL Shipping Russia LLC have ceased. These two companies were consolidated into Aspo Group until October 31, 2023. OOO Leipurien Tukku, OOO NPK Leipurin, FLLC Leipurin and TOO Leipurin were consolidated into Aspo Group until December 31, 2023, when control over these companies was deemed to have ceased.

INVESTMENTS

In 2023, Aspo Group's investments totaled EUR 21.8 (17.8) million. The investments mainly consisted of ESL Shipping's green coaster advance payments of EUR 14.2 million.

INVESTMENTS, GROUP TOTAL

MEUR	2023	2022	2021
Investments in intangible and tangible assets	**21.8**	17.8	15.9

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 15.1 (10.2) million in advance payments for the green coaster vessels.

PERSONNEL

The employee benefit expenses of continuing operations in 2023 amounted to EUR 48.5 (48.8) million. More detailed information about the personnel is provided in Aspo's sustainability report.

PERSONNEL, GROUP TOTAL

	2023	2022	2021
Number of personnel, December 31	**712**	886	944
Average number of personnel	**835**	914	911
Wages, salaries and fees, MEUR	**43.2**	47.3	43.9

REMUNERATION

Share-based incentive plan 2023–2025

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

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

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

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

For the 2023 earnings period, the targets were met at 10% overall.

Share-based incentive plan 2022–2024

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

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

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

For the 2023 earnings period, the targets were met at 30% overall.

Share-based incentive plan 2020

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

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 forerunners in sustainability in their respective sectors. Sustainability is a key driver for Aspo's management system and especially for the company's investments.

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

- Increasing our business operations, while reducing their environmental impacts
- Improving the Aspo experience for people in our value chain
- Advancing the practices of good governance at all levels

Aspo's businesses have different individual focus areas in their sustainability work. ESL Shipping has actively reduced its environmental footprint by bringing down its fleet's emissions and energy consumption. Product safety is essential for Telko, which serves as a link between industrial customers and international raw material manufacturers. In addition to product safety, Leipurin focuses on reducing waste and emissions from product transport, and on favoring plant-based product selection. Aspo's Code of Conduct provides a common set of rules for sustainable business operations in all the Group's subsidiaries.

Key focus areas for the Group include reducing emission intensity and improving occupational safety. With an emission intensity of 0.37, we were very close to the target of 0.36 for 2023, and we are approaching the long-term target we set for 2025 to reduce the emission intensity by 30% from the 2020 baseline. We achieved great progress in occupational safety, and our accident frequency rate decreased from 8.1 in the previous year to 4.8 in 2023.

In addition, almost 100% of the Group's employees completed Code of Conduct and Compliance trainings during the year. The trainings cover anti-corruption aspects and provide guidance for identifying suspicious situations and unethical conduct. More information about the progress of Aspo and its businesses in sustainability work can be found in Aspo's sustainability report for 2023. In addition, ESL Shipping publishes its own sustainability report, and Telko publishes more detailed sustainability information about its operations on its website.

In 2023, Aspo continued to develop its sustainability on several fronts. Our operations were guided by the Group's sustainability policy, and we continued to monitor the implementation of the sustainability targets integrated into the remuneration system on a common reporting platform. Sustainability also guides Aspo's management system and the process of identifying new investment opportunities. During 2023, the monitoring of key sustainability targets and development projects was incorporated more systematically into the Board of Directors' and the Group Executive Committee's work. We continued to develop ESG assessment criteria for potential acquisitions.

We also continued to prepare for the entry into force of the EU Corporate Sustainability Reporting Directive (CSRD). We carried out a double materiality analysis at both Group and segment level to identify material sustainability aspects for compliant reporting. Several development projects are in progress to ensure CSRD reporting capability for 2024.

EU TAXONOMY REPORTING

Introduction

The EU taxonomy is a classification system for environmentally sustainable economic activities for directing investments at more sustainable activities. Economic activities are classified as taxonomy-eligible or taxonomy-non-eligible according to the delegated acts supplementing the Taxonomy Regulation (Regulation (EU) 2020/852). The supplementary acts include the following:

- Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139)
- Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178)
- Complementary Delegated Act (Commission Delegated Regulation (EU) 2022/1214)
- Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486)

Taxonomy-eligible activities are further classified as taxonomy-aligned if they comply with the technical screening criteria as defined in the Climate Delegated Act (and partially supplemented by the Environmental Delegated Act) and are carried out in compliance with minimum safeguards. To meet the technical screening criteria, an economic activity should contribute substantially to one or more environmental objectives while not doing significant harm to any of the other environmental objectives.

Aspo reports the taxonomy aligned activities in its report on non-financial information in accordance with the Finnish Accounting Act as defined in the EU taxonomy. As a rule, our interpretation of eligibility and alignment is based on the Taxonomy Regulation, the Climate Delegated Act and the Environmental Delegated Act, as well as the technical criteria defined in them: 1) substantial contribution to climate change mitigation/adaptation; and 2) Do No Significant Harm (DNSH) criteria. In addition, we have assessed compliance with the minimum safeguards in our activities.

Aspo's Sustainability Report is published annually, and ESL Shipping publishes its own sustainability report. They include information about how the environment is addressed in business activities. Telko publishes sustainability information on its website.

Our activities

Aspo's business operations include ESL Shipping, Telko and Leipurin. We have conducted an analysis for each business operation to assess the eligibility and alignment of the activities. Below is a summary of our KPI's, for more details see the complete KPI templates (p. 56-58).

FY2023	Total (mEUR)	Taxonomy aligned economic activities	Taxonomy-eligible economic activities (non-aligned)	Taxonomy-non-eligible economic activities
Turnover	553	4%	30%	66%
Capital expenditure (CapEx)	21.8	67%	28%	5%
Operating expenditure (OpEx)	0.8	6%	93%	1%

Taxonomy-eligible and Taxonomy-aligned economic activities

We have examined all economic activities carried out by the group to see which of these are eligible and also aligned in accordance with Annexes I and II to the Climate Delegated Act supplemented by the Environmental Delegated Act. The table below presents the taxonomy-eligible activities. Information on the extent to which the taxonomy-eligible activities are taxonomy-aligned is provided in the KPI templates (p. 56-58).

Economic activity	Description	NACE-Code
Climate change mitigation (CCM) 6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	Purchase, financing, chartering (with or without crew) and operation of vessels designed and equipped for transport of freight or for the combined transport of freight and passengers on sea or coastal waters, whether scheduled or not. Purchase, financing, renting and operation of vessels required for port operations and auxiliary activities, such as tugboats, mooring vessels, pilot vessels, salvage vessels and ice-breakers.	H50.2, H52.22 and N77.34
Transition to a circular economy (CE) 2.6 Depollution and dismantling of end-of-life products	Construction, operation and upgrade of facilities dismantling and depolluting complex end-of-life products, movable assets and their components for materials recovery or preparation for re-use of components.	E38.31, E38.32 and E42.99
Transition to a circular economy (CE) 5.3 Preparation for re-use of end-of-life products and product components	Preparation for re-use of products and components at the end of life.	No specific NACE codes

Taxonomy-eligibility

We consider ESL Shipping's operations eligible as all vessels are eligible under activity CCM 6.10. During the 2023 financial year we have identified new activities that are eligible under activities CE 2.6 and CE 5.3 relating to treatment of decommissioned vessels. However, there is no revenue, capital or operating expenditure related to these activities as there hasn't been any disposal of vessels during the 2023 financial year.

Taxonomy-alignment

ESL Shipping, which operates in the vulnerable Baltic Sea and the Arctic, has eligible activities of which part are also aligned activities. ESL Shipping's aligned activities contribute to climate change mitigation. ESL Shipping's activity CCM 6.10 is partially Taxonomy-aligned as the vessels have transported coal for use in energy generation. Therefore, the net sales, operating and capital expenditure are partially aligned.

Taxonomy-non-eligible economic activities

We consider a large part of Aspo's business activities Taxonomy-non-eligible including the business operations of Telko and Leipurin. Telko is a distributor of plastics, chemical raw materials and lubricants, while Leipurin is a distributor of the raw materials and supplies to bakeries and the food industry. These activities are considered as Taxonomy-non-eligible as the business activities do not meet the description of any of the eligible activities included in the Climate Delegated Act and Environmental Delegated Act.

Assessment of Taxonomy-alignment

To meet the definition of taxonomy alignment the taxonomy-eligible economic activities should significantly contribute to one or more of the environmental objectives by fulfilling the technical screening criteria, meanwhile not causing significant harm to other environmental objectives in accordance with the Do No Significant Harm (DNSH) criteria. In addition, the activities should be carried out in compliance with the minimum safeguards.

Substantial contribution to climate change mitigation

In order to determine if an economic activity is Taxonomy-aligned, it should first be determined if the activity complies with the first requirement as described in the Taxonomy regulation (section 1.2.2.1(b) of Annex I to the Disclosures Delegated Act). The activity must contribute substantially to the achievement of one or more of the environmental objectives.

Aspo's aligned activity (CCM 6.10) includes the operation of ESL Shipping's newest vessels (Viikki and Haaga) and the construction of new vessels (Green Coasters). Paragraph 1d of the technical screening criteria of substantial contribution to climate change mitigation regarding activity CCM 6.10 applies to these vessels. This 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 are able to 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 substantially contributing to climate change mitigation.

Paragraph 2 of the technical screening criteria defined in the article on substantial contribution to climate change mitigation states that the vessels are not to be dedicated for transport of fossil fuels. Viikki and Haaga meet the criteria as they are not dedicated for the transport of fossil fuels. These vessels have however transported fossil fuels which has been considered in the reporting by treating the part of the net sales generated through transportation of fossil fuels as taxonomy eligible but not taxonomy aligned. Therefore, these vessels are substantially contributing to climate change mitigation.

Do no significant harm (DNSH) criteria

As we have been able to demonstrate a substantial contribution for climate change mitigation for Aspo's activity CCM 6.10 the next step is to analyze the DNSH criteria. As the activity CCM 6.10 only includes the business operations of ESL Shipping the analysis is conducted mainly at that level (climate risk assessment has been conducted at the Aspo Group level). The DNSH criteria for CCM 6.10 specified in the Climate Delegated act require compliance with the general criteria and industry specific criteria. The details of the analysis are further explained below for each of the five environmental objects. Based on the analysis we conclude that ESL Shipping's operations are in compliance with all the DNSH criteria for climate change mitigation.

Climate change adaptation

The DNSH criteria related to climate change adaption include performance of a robust climate risk and vulnerability assessment and identification of material physical climate risks in accordance with Appendix A of the Climate Delegated Act.

Aspo has conducted a climate risk assessment considering different 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 aforementioned requirements set for climate change adaptation 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 caused by climate change.

Sustainable use and protection of water and marine resources

Appendix B of the Climate Delegated Act specifies the DNSH criteria for sustainable use and protection of water and marine resources including identifying and addressing the risks related to preserving water quality and avoiding water stress. A water use and protection management plan should be developed for the potentially affected water body or bodies in consultation with relevant stakeholders.

ESL Shipping has developed a water protection plan in accordance with the Appendix B of the Climate Delegated Act. ESL Shipping has included measures related to water protection and water quality monitoring in its guidelines according to the water protection plan. In addition, ESL Shipping has taken measures to ensure that the activity does not hamper the achievement of good environmental status of marine waters or does not deteriorate the marine waters already in good environmental status. The operating vessels Viikki and Haaga have received several certificates related to water protection and pollution prevention and therefore meet the aforementioned criteria. The Green Coaster ships will also receive corresponding certificates upon completion of construction. According to the EU directive 2011/92/EC an environmental impact assessment is required for ports and building or operation of waterways, but not for operation of vessels. Therefore, ESL Shipping's vessels do not require an environmental impact assessment and thus such an assessment has not been conducted.

Transition to circular economy

The DNSH requirements specified for activity CCM 6.10 presented in the Climate Delegated Act include requirements of having measures in place to manage and recycle waste at the end-of-life appropriately. For ships above 500 gross tonnage and the new-built ones replacing them, the activity should be in compliance with Regulation (EU) No 1257/2013 and appropriate recycling facilities should be utilized (Commission Implementing Decision 2016/2323). The discharge of waste of ships should comply with Directive (EU) 2019/883 and the ship is to be operated in accordance with Annex V to the International Convention for the prevention of pollution (the IMO MARPOL Convention).

Any waste generated during the operation of ESL Shipping's vessels is sorted and stored on board each vessel and transferred to ports in a controlled manner. 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, the scrapped vessels will be recycled in a controlled manner. 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.

Pollution prevention and control

For pollution prevention and control the DNSH requirements specified for activity CCM 6.10 presented in the Climate Delegated Act include that sulfur in fuel content should not exceed 0,5% (Global limit) or 0,1% in mass (North Sea, Baltic Sea and Mediterranean Sea limit) also complying with the Directive (EU) 2016/802 of and Annex VI to the IMO MARPOL Convention. Vessels should comply with Regulation 13 of Annex VI to IMO MARPOL Convention related to nitrogen oxides emissions. Discharges of black and grey water should comply with Annex IV to the IMO MARPOL Convention and measures should be in place to minimize toxicity of anti-fouling paint and biocides (Regulation (EU) No 528/2012).

ESL Shipping is closely monitoring the sulfur emissions for Viikki and Haaga on an annual basis for CSI (Clean Shipping Index) verification. In the previous reporting period (2022) Viikki's and Haaga's sulfur emissions were 0.0011% and 0.0015% based on bunkered fuel, which is significantly less than the sulfur content requirement 0.1% as defined by IMO (Regulation 14 of Annex VI to the IMO MARPOL Convention). Criteria related nitrogen oxides (NO_x) do not apply to Viikki and Haaga as they do not operate in NO_x emission control areas established under IMO. As for the discharged of gray and black water Viikki and Haaga have DNV sewage prevention certificates that cover the regulation's requirements and comply with the Annex IV to the IMO MARPOL Convention. In addition, ESL Shipping's internal guidelines mention that processing of grey water should be arranged at ports to protect waterbodies if it can be reasonably and practically arranged. The aforementioned DNV certificates also cover the requirements related to measures to minimize toxicity of anti-fouling paint and biocides as stated in Regulation (EU) No 528/2012.

Protection and restoration of biodiversity and ecosystems

The DNSH requirements for protection and restoration of biodiversity and ecosystems specified for activity CCM 6.10 include controlling that non-indigenous species are not introduced as part of ballast water releases or by biofouling of hull or other niche areas of ships. Noise and vibrations are limited by using noise reducing propellers and the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC.

ESL Shipping operates in compliance with the International Convention for the Control and Management of Ships' Ballast Water and Sediments as 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. ESL Shipping also has its own Biofouling Management Plan made based on the IMO Biofouling Guideline to prevent the introduction of non-indigenous species by biofouling of hull and other niche areas of the ship. Instructions for underwater noise reduction are included in the ESL Shipping's internal instructions which comply with IMO Guidelines for the Reduction of Underwater Noise. Viikki and Haaga have received several certificates that support the fact that the activity does not hamper the achievement of good environmental status, as set out in Directive 2008/56/EC, requiring that appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity), 2 (non-indigenous species), 6 (seabed integrity), 8 (contaminants), 10 (marine litter), 11 (noise/energy) and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors, as applicable. Corresponding certifications will be applied for Green Coasters upon completion of construction.

Minimum safeguards

The final step in taxonomy-alignment assessment is compliance with the minimum safeguards (MS). The MS include all procedures implemented to ensure that economic activities are carried out in alignment with the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines), the UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization (ILO) on Fundamental Principles and Rights at Work; and the International Bill of Human Rights. Key ILO conventions define the human rights and workers' rights that companies should respect.

Aspo's minimum safeguards assessment is based on the "Final Report on Minimum Safeguards", published by the Platform on Sustainable Finance (PSF) in October 2022. The scope of minimum safeguards work covers human rights (including labour and consumer rights), corruption and bribery, taxation, and fair competition. A two-dimensional assessment approach was followed to assess compliance with minimum safeguards. Firstly, adequate processes have been implemented to prevent negative impacts (procedural dimension) and secondly, outcomes are monitored to check whether our processes are effective (outcome dimension). Aspo is currently developing its formal policies and processes related to minimum safeguards requirements. The procedures currently conducted to ensure compliance with the minimum safeguards have been described below for each topic.

Aspo assesses the minimum safeguards at Group level, while applying all related principles to each of its businesses. Aspo's Code of Conduct, commitment to the principles of the UN Global Compact, as well as the 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 for human rights, working life, the environment and anti-corruption. In addition, Aspo respects and follows internationally recognized standards on human and workers' rights. As a result of the MS assessment, Aspo concludes that all of its taxonomy-aligned activities meet the criteria used.

Human rights

Aspo's Code of Conduct outlines the norms, rules and responsibilities of Aspo and its employees, including human rights matters. Aspo is committed to respecting human rights in line with the United Nations Guiding Principles (UNGP) on Business and Human Rights. Aspo's Code of Conduct and other guidelines set a framework for the principles and requirements that are expected from Aspo's all employees and partners. Aspo's Code of Conduct is approved and issued by Aspo's Board of Directors and is publicly available via Aspo's website.

Aspo has an annual Code of Conduct training that applies to all its employees, job applicants and subcontractors as well as suppliers and other business partners. In addition, Aspo has a separate Supplier Code of Conduct that sets standards for its suppliers and expects its partners to commit to it and to follow all applicable laws and regulations. In Aspo's Compliance and Code of Conduct trainings, employees are trained to identify any adverse impact on human rights questions and situations where human rights may be violated. Furthermore, Aspo's businesses continuously 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, and they are applied in the personnel training, and they apply to all our employees, job applicants and subcontractors.

Aspo has conducted a human rights impact assessment and human rights related impacts of each of Aspo's subsidiaries have been assessed and potential impacts identified. The scope of the assessment has included Aspo's own workforce, workers in the value chain, affected communities and consumers and/or end-users. Aspo pays attention to human rights due diligence (HRDD) commitments and has included the principles to be applied in its policies, guidelines and personnel training.

ESL Shipping operates in accordance with the Maritime Labour Convention (MLC), which is reflected in the company's measures to prevent and mitigate adverse human rights impacts. Ships are subject to regular audits for compliance with the MLC. The effectiveness of the processes is monitored by reviews of the audit results. On-board complaint mechanisms have been established, in addition to Aspo's whistleblowing channel.

Our businesses continuously audit supply chains to assess measures related to the minimum safeguards, including human rights. In the financial year 2023, Aspo has not been convicted in court of violating labour law or human rights. In addition, Aspo has not been involved in a case dealt with by an OECD National Contact Point and was not questioned by the Business and Human Rights Resource Center (BHRRC).

Anti-corruption

Aspo has implemented multiple measures to prevent and fight corrupt practices. Aspo's mandatory compliance training for personnel includes an anti-corruption module. Even before providing regular training, Aspo has combated corruption in all its market areas with zero tolerance. Aspo's businesses do not take part of transactions in markets in which business operations would have required activities which would breach Aspo's Code of Conduct. Aspo does not accept corruption or bribery in any form. Aspo never pays bribes or accept their payment to the authorities or private individuals, and never requests or accepts them. In particular, Aspo 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. Also, Aspo cannot do this directly or indirectly through third parties.

Aspo aims to engage in a productive, ethical, and transparent relationship with its principals, representatives, distributors, customers and subcontractors. Furthermore, Aspo expects its partners to comply with applicable laws and regulations and commit to abiding by the codes of conduct of our product and service suppliers. To ensure appropriate operating methods, Aspo's businesses monitor compliance with the Supplier Code of Conduct in various ways. No corruption cases have occurred during 2023.

Taxation

Aspo's tax strategy can briefly be defined as follows. Aspo complies with national and international tax laws. Aspo does not engage 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. Aspo always complies 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. Aspo's tax position is openly communicated at least once a year in the financial statements, and in separate bulletins if required. Deferred tax receivables from losses are not recognized, unless it can be indisputably proved that they can be utilized according to legislation. No violations of tax laws have occurred during 2023.

Fair competition

Aspo complies with the principle of fair competition. We provide our personnel with regular training to help them understand competition law and related practices. Aspo's Code of Conduct and Compliance trainings include sections on competition law. Approximately 100% of Aspo's employees have completed the Code of Conduct and Compliance trainings during 2023. No legal action has ever been taken against Aspo, its subsidiaries, management, or managerial employees for breach of competition law.

KPIs and accounting policies

The key performance indicators ("KPIs") include the turnover KPI, the CapEx KPI and the OpEx KPI. For presenting the Taxonomy KPIs, we use the templates provided in Annex II of the Environmental Delegated Act (amending the original templates of the Disclosures Delegated Act). The accounting policy and detailed information for each KPI is presented after the templates.

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

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities		**MEUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**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	CCM 6.10	21.9	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	3%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**21.9**	**4%**	**4%**							**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**3%**		
Of which Enabling											Y	Y	Y	Y	Y	Y		E	
Of which Transitional		21.9	4%	4%							Y	Y	Y	Y	Y	Y	3%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	167.2	31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								35%		
Depollution and dismantling of end-life products	CE 2.6			N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Preparation for re-use of end-of-life products and product components	CE 5.3			N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**167.2**	**31%**	**31%**													**35%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**189.1**	**35%**	**35%**													**38%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy-non-eligible activities	347.3	65%
TOTAL, Continuing operations	**536.4**	**100%**

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

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
	Code (a) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities		**MEUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**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	CCM 6.10	14.50	67%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	59%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**14.5**	**67%**	**67%**							**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**59%**		
Of which Enabling											Y	Y	Y	Y	Y	Y		E	
Of which Transitional		14.5	67%	67%							Y	Y	Y	Y	Y	Y	59%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	6.2	28%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								35%		
Depollution and dismantling of end-life products	CE 2.6			N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Preparation for re-use of end-of-life products and product components	CE 5.3			N/EL	N/EL	N/EL	N/EL	EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**6.2**	**28%**	**28%**													**35%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**20.7**	**95%**	**94.9%**													**94%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy-non-eligible activities	1.1	5%
TOTAL	**21.8**	**100%**

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

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic Activities		**MEUR**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**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	CCM 6.10	0.8	6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	7%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.8**	**6%**	**6%**							**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**7%**		
Of which Enabling				6%							Y	Y	Y	Y	Y	Y		E	
Of which Transitional		0.8	6%								Y	Y	Y	Y	Y	Y	7%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	12.8	94%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								86%		
Depollution and dismantling of end-life products	CE 2.6			N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Preparation for re-use of end-of-life products and product components	CE 5.3			N/EL	N/EL	N/EL	N/EL	EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**12.8**	**94%**	**94%**													**86%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**13.6**	**99%**	**99.5%**													**93%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
OpEx of Taxonomy-non-eligible activities	0.1	1%
TOTAL	**13.7**	**100%**

Turnover KPI

When calculating the performance indicator for turnover, Aspo applies the same IFRS accounting principles as it does in the consolidated financial statements. The accounting principles for revenue recognition are presented in Note 3.1 of the consolidated financial statements. The net sales figure used in calculating the turnover performance indicator is the net sales of Aspo's continuing operations, as presented in the statement of comprehensive income. The Taxonomy-eligible turnover includes the share of the Group's net sales that comes from activities within the Taxonomy scope. The turnover presented in the table above consists of the sales of the vessels Viikki and Haaga (excluding the sales of coal transport). 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 continuing operations are not taxonomy-aligned, but they have been included in full in the numerator of the turnover indicator at a Group level.

CapEx KPI

For Aspo capital expenditure as defined in the Taxonomy Regulation includes investments in tangible and intangible assets. Additions to tangible assets are presented in Note 4.1 of the consolidated financial statements, and additions to intangible assets in Note 4.2. The capital expenditure from taxonomy eligible activities presented in the table include the capital expenditure of ESL Shipping. During the fiscal year 2023 ESL Shipping's CapEx consisted of additions to PP&E related to the operational vessels Viikki and Haaga and the Green Coaster vessels under construction.

The capital expenditure in the table above include the Green Coasters investments only for the six vessels which will remain in ESL Shipping's ownership. Investments in the other six vessels which will be transferred to the investors in the pooling arrangement are not included in Aspo's taxonomy reporting. Acquisitions through business combinations are not taken into account in CapEx KPI.

CapEx Plan

As mentioned, twelve new advanced electric hybrid vessels (Green Coasters) are currently under construction. Aspo's CapEx plan for the following years consists mainly of the expenditure related to the construction of the Green Coaster vessels. Aspo discloses all new relevant approved investment decisions in stock releases.

Future impact of the CapEx investments

The Green Coaster vessels under construction are advanced electric vessels with modern technology. As these vessels become operational, they will increase the taxonomy-aligned turnover and OpEx of ESL Shipping and the entire Aspo Group.

OpEx KPI

Operating expenditure as defined in the Taxonomy Regulation include direct non-capitalized costs that relate to improvements, maintenance and repair of vessels, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or a third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. In Aspo Group's consolidated statement of comprehensive income operating expenditure as defined in the Taxonomy Regulation are included under 'Other operating expenses', which are presented in Note 3.5 of the consolidated financial statements.

The taxonomy aligned OpEx presented on the tables above includes the operating expenditure of Viikki and Haaga only, as the Green Coasters are not yet operational. The operating expenditure of these vessels consists of technical maintenance costs. The aligned OpEx does not include the share of OpEx related to coal transport (the share has been calculated based on the share of revenue). The operating expenditure allocated to the vessels Viikki and Haaga follows the distribution of their net sales. As for the OpEx presented in the KPI template the Taxonomy non-eligible OpEx includes the OpEx of Telko and Leipurin in accordance with section 1.1.3.1 of the Disclosures Delegated Act. The costs related to property, plant and equipment have been defined to include only buildings that are in Telko's or Leipurin's ownership as neither of the companies does not use any other type of relevant PP&E in their operations.

RISKS AND RISK MANAGEMENT

Companies must accept a certain risk level, relative to which business targets are set. Aspo also has various risks related to normal operations and business-specific operations.

The purpose of risk management is to promote the achievement of the Group's goals. Risk management aims to proactively identify and manage potential problems and to identify and seize business opportunities. Risk management supports the development and implementation of Aspo's strategy.

The purpose of risk management in Aspo is that:

- Aspo has an effective risk management control model, and the related processes are integrated into management of Aspo's business.
- Management has access to high-quality and up-to-date information about business risks and their management measures to support decision-making.
- The probability of the materialization of risks and unexpected events and their impacts on financial performance and reputation can be reduced 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 business operations, such as risks associated with the operating environment, market risks and political/legislative risks. Operational risks are managed on a daily basis in business operations, 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.

There are several geopolitical risk concentrations in the world, the development of which is difficult to predict, but which may have an impact on Aspo's business operations. Changes in these areas can be rapid and unpredictable, and it is therefore difficult to predict their potential impact or its scale on Aspo's business operations. Sanctions have been imposed internationally, which may also have direct or indirect impacts on Aspo's business operations. In addition, various countries have imposed import duties or other trade restrictions on each other's products. For the time being, however, these have not had a direct impact on Aspo's business operations. Geopolitical tensions can escalate and cause direct harm to business operations and payment transactions and, in the worst case, interrupt business operations in a crisis area. A crisis can also lead to human, economic and monetary losses. Possible sanctions and counter-sanctions can cause business difficulties and financial losses.

Fluctuations in economic activity can cause rapid fluctuations in the prices of raw materials, components and logistics, in addition to increasing uncertainty about the effectiveness of logistics in certain market situations. Aspo may temporarily benefit from increases in prices, while the prices of purchased raw materials or leased capacity, such as leased vessels, may increase 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. High inflation and prolonged high interest rates can slow down general economic growth and reduce demand for Aspo's business operations.

In line with its strategy, Aspo seeks to improve its steady performance capacity through business 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 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.

As the forward-looking estimates in this report are based on the current situation, they involve significant risks and other uncertainties that may cause the actual results to differ from the estimates presented.

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 in terms of the counterparty, the form of funding, and maturity.
- The liquidity risk is managed by ensuring that the Group has sufficient cash assets, including 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 hedging against interest rate risks as necessary.
- On a case-by-case basis, the Group uses terms of payment based on advance payments and bank guarantees to hedge against credit risks. In-depth knowledge of customers is an important part of credit risk management.
- The exchange rate risk is primarily managed through customer and principal agreements at the business level, and secondarily by using currency derivatives, if necessary.

A more detailed description of financial risks is presented in Note 5.1 "Financial risks and the management of financial risks" to 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 provides guidelines on the 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 purpose is to ensure the implementation of the Group's strategy, the development of financial performance, shareholder value, the ability to pay dividends, and the continuity of business operations. The 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 2023. 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

The Annual General Meeting re-elected Patricia Allam, Tapio Kolunsarka, Mikael Laine, Salla Pöyry, Tatu Vehmas and Heikki Westerlund as members of the Board of Directors. Kaarina Ståhlberg was elected as a new Member of the Board. At its inaugural meeting after the Annual General Meeting, the Board elected Heikki Westerlund as its Chair and Mikael Laine as its Vice Chair. The Board elected Heikki Westerlund as Chair of the Personnel and Remuneration Committee and Tapio Kolunsarka, Salla Pöyry and Tatu Vehmas as its members. At the meeting, the Board also decided to elect Kaarina Ståhlberg as Chair of the Audit Committee and Patricia Allam, Mikael Laine and Tatu Vehmas as its members.

The Board of Directors had 15 meetings in 2023. The attendance rate was 99%.

In August, Erkka Repo was appointed as Aspo Group's new CFO and a member of the Group Executive Committee. Repo will start in his position on March 1, 2024.

Arto Meitsalo, CFO and member of the Group Executive Committee of Aspo Group, left the company at the beginning of March 2024 after turning 60.

Deloitte Oy, Authorized Public Accountants, has served as the company's auditor. Jukka Vattulainen, APA, has served as the principal auditor. 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 authorized the Board of Directors to decide on the acquisition of no more than 500,000 of the treasury shares. The authorization includes the right to accept treasury shares as a pledge. The authorization is valid until the Annual Shareholders' Meeting in 2024 but not more than 18 months from the approval at the Shareholders' Meeting.

In 2023, Aspo acquired a total of 36,194 of its own shares in trading organized by Nasdaq Helsinki Ltd.

Authorization of the Board of Directors to decide on an issue of treasury shares

The Annual Shareholders´ Meeting authorized the Board of Directors to decide on a share issue, through one or several installments, to be executed by conveying treasury shares. An aggregate maximum amount of 2,500,000 shares may be conveyed based on the authorization. The authorization is valid until the Annual Shareholders' Meeting in 2024 but not more than 18 months from the approval at the Shareholders' Meeting.

In 2023, a total of 86,050 shares were conveyed based on the share-based incentive plans.

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

The Annual Shareholders' Meeting authorized the Board of Directors to decide on a share issue for consideration, or on a share issue without consideration for the Company itself. 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 2,500,000. The authorization is valid until the Annual Shareholders' Meeting in 2024 but not more than 18 months from the approval at the Shareholders' Meeting.

Authorization of the Board of Directors to decide on donations

The Annual Shareholders' Meeting authorized the Board of Directors to decide on contributions in the total maximum amount of EUR 100,000 for charitable or similar purposes, and to decide on the recipients, purposes and other terms of the contributions. The authorization is valid until the Annual Shareholders' Meeting in 2024.

In 2023, donations of approximately EUR 10,000 were made.

SHARES AND SHAREHOLDERS

Shares and payment of dividends

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

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

In January–December 2023, a total of 2,369,884 Aspo Plc shares, with a market value of EUR 16.2 million, were traded on Nasdaq Helsinki. In other words, 7.5% of the shares in the company changed hands. In 2023, the highest share price was EUR 8.70 and the lowest EUR 5.50. The average price was EUR 6.83, and the closing price at the end of the year was EUR 5.98. At the end of the year, the market value of the shares in the company, less treasury shares, was EUR 187.8 million.

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

A total of 3,850 treasury shares granted as share-based incentives were returned to Aspo in July in accordance with the terms of the incentive plan as the employment ended.

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

In addition, the Annual Shareholders' Meeting authorized the Board of Directors to decide on another dividend distribution in the maximum amount of EUR 0.23 per share at a later date. The Board of Directors decided in its meeting on November 1, 2023, of the second dividend distribution of EUR 0.23 per share. The dividend was paid on November 10, 2023. Thus, Aspo distributed a total dividend of EUR 0.46 per share in 2023.

Shareholders

Aspo's shares are included in the book-entry system maintained by Euroclear Finland Ltd. The company had 11,502 shareholders at the end of the review period. A total of 969,564 shares, or 3.09% of the share capital, were nominee registered or held by non-domestic shareholders. A monthly updated list of Aspo's major shareholders is available on Aspo's website.

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

On December 31, 2023, the total number of shares owned by the members of Aspo Plc's Board of Directors and their controlled entities was 7,176,538 shares, or 22.84% of the shares and voting rights in the company.

On December 31, 2023, Aspo Plc's CEO and the other members of the Group Executive Committee held a total of 273,355 shares, or 0.87% of the shares and voting rights in the company.

MAJOR SHAREHOLDERS ON DECEMBER 31, 2023

	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
Tapio Vehmas	1,275,827	4.06
Ilmarinen Mutual Pension Insurance Company	875,226	2.79
Gustav Nyberg	851,524	2.71
Investment fund Nordea Nordic Small Cap	726,040	2.31
Mandatum Life Insurance Company	677,728	2.16
Procurator-Holding Oy	564,882	1.80
IAIK Oy	505,947	1.61
Ten major shareholders, total	**13,416,745**	**42.70**

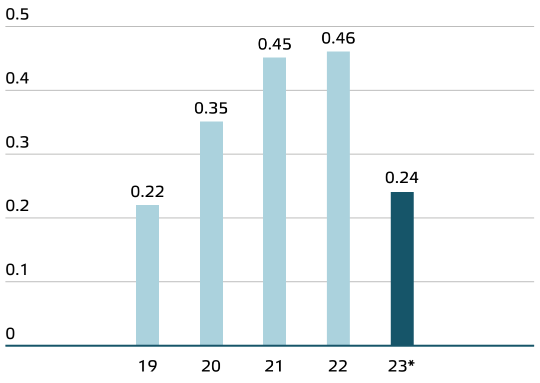
DISTRIBUTION OF SHARE OWNERSHIP ON DECEMBER 31, 2023 BY NUMBER OF SHARES

Shares qty	Number of shareholders	Percentage of shareholders %	Number of shares qty	Percentage of all shares %
1–100	2,875	24.99	146,685	0.47
101–500	4,219	36.68	1,154,508	3.67
501–1,000	1,786	15.53	1,368,660	4.36
1,001–5,000	2,114	18.38	4,556,054	14.50
5,001–10,000	273	2.37	1,935,699	6.16
10,001–50,000	191	1.66	3,883,165	12.36
50,001–100,000	16	0.14	1,157,321	3.68
100,001–500,000	18	0.16	3,796,478	12.08
500,001–	10	0.09	13,416,745	42.70
Total in joint accounts			4,464	0.01
Total	**11,502**	**100.00**	**31,419,779**	**100.00**

DISTRIBUTION OF SHARE OWNERSHIP ON DECEMBER 31, 2023 BY OWNER GROUP

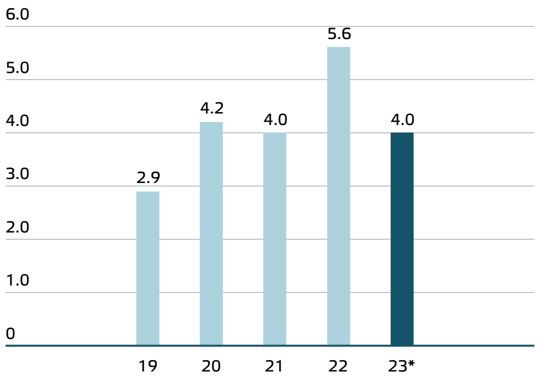
	Percentage of shareholders %	Percentage of shares %
Households	94.8	50.4
Companies	3.8	29.3
Financial and insurance institutions	0.3	6.3
Non-profit organizations	0.8	3.4
Public organizations	0.1	7.6
Non-domestic	0.4	1.8
Total	**100.0**	**100.0**

DIVIDEND PER SHARE, EUR



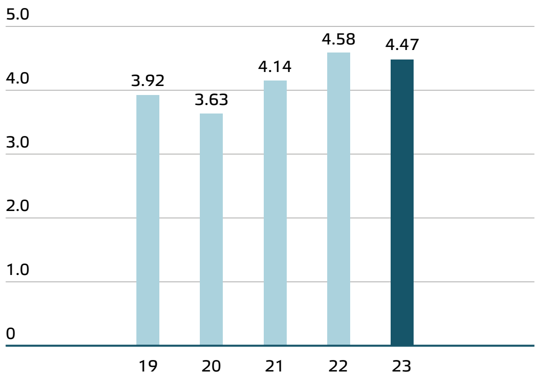
* Board proposal to the Annual Shareholders' Meeting

EFFECTIVE DIVIDEND YIELD, %

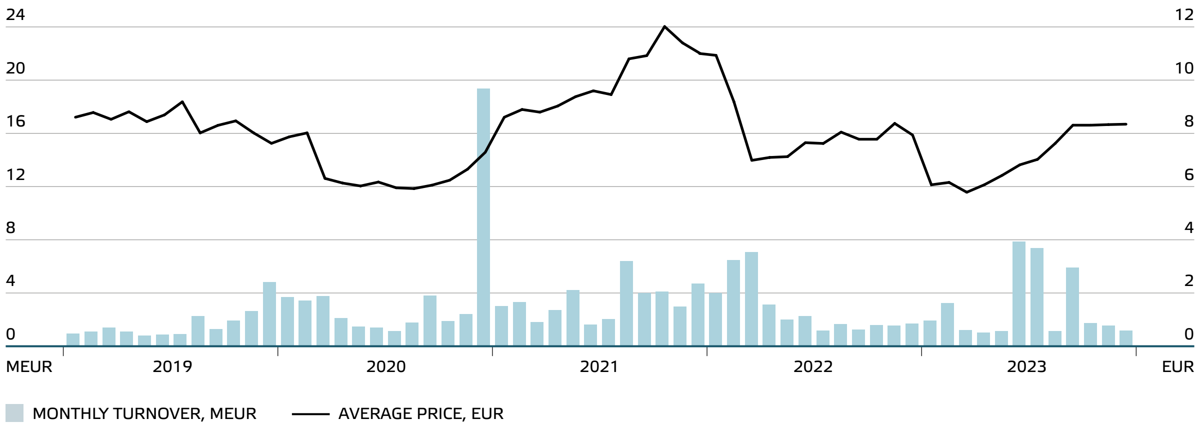


* Board proposal to the Annual Shareholders' Meeting

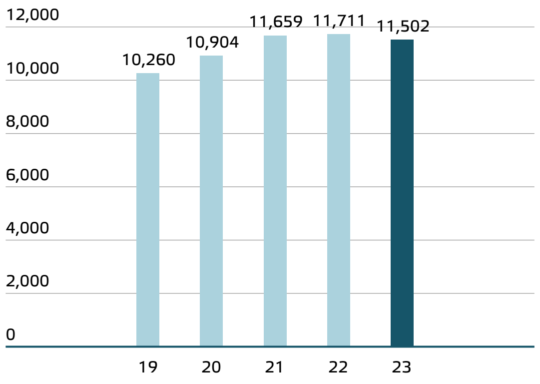
EQUITY PER SHARE, EUR



SHARE TRADING AND AVERAGE PRICE



NUMBER OF SHAREHOLDERS



SHARE-SPECIFIC KEY FIGURES

	2023	2022	2021	2020	2019
Equity per share, EUR	**4.47**	4.58	4.14	3.63	3.92
Dividend per share, EUR (2023 proposal by the Board of Directors)	**0.24**	0.46	0.45	0.35	0.22
Dividend/earnings, %	**-1,642.8**	75.2	58.9	91.0	46.4
Effective dividend yield, %	**4.0**	5.6	4.0	4.2	2.9
Price/earnings ratio (P/E)	**-409.2**	13.4	14.9	21.8	16.1
Share price performance, EUR					
Average price	**6.83**	8.01	10.08	6.80	8.20
Lowest price	**5.50**	6.09	8.28	5.50	7.52
Highest price	**8.70**	11.80	13.50	8.56	9.42
Closing price	**5.98**	8.20	11.36	8.40	7.62
Market value of shares, Dec. 31, MEUR	**187.8**	257.1	355.1	262.6	237.2
Share trading, 1,000 shares	**2,370**	4,243	4,068	6,798	2,454
Share trading, MEUR	**16.2**	33.9	41.0	46.3	20.1
Share trading/number of shares, %	**7.5**	13.5	12.9	21.6	7.8
Total number of shares on the closing date, 1,000 shares	**31,420**	31,420	31,420	31,420	31,420
Treasury shares	**16**	62	162	162	297
Outstanding shares	**31,404**	31,358	31,258	31,258	31,123
Average number of shares (outstanding), 1,000 shares	**31,390**	31,333	31,258	31,191	31,121

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), % = $\dfrac{\text{profit for the period} \times 100}{\text{equity (average of the current and previous financial year)}}$

Equity ratio, % = $\dfrac{\text{shareholders' equity} \times 100}{\text{balance sheet total} - \text{advances received}}$

Gearing, % = $\dfrac{(\text{interest-bearing liabilities} - \text{cash and cash equivalents*}) \times 100}{\text{shareholders' equity}}$

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 = $\dfrac{\text{profit for the period} - \text{hybrid interest, net of tax}}{\text{average number of shares, excluding treasury shares}}$

Shareholders' equity per share, EUR = $\dfrac{\text{shareholders' equity}}{\text{number of shares on the closing date, excluding treasury shares}}$

Dividend/earnings, % = $\dfrac{\text{dividend per share} \times 100}{\text{earnings per share (EPS)}}$

Effective dividend yield, % = $\dfrac{\text{dividend per share} \times 100}{\text{closing price}}$

Price/earnings ratio (P/E) = $\dfrac{\text{closing price}}{\text{earnings per share (EPS)}}$

Market value of shares, EUR = number of shares on the closing date, excluding treasury shares × closing price

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. In 2022, 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 2023

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 2023 is available at www.aspo.com.

Consolidated financial statements

Consolidated statement of comprehensive income

1,000 EUR	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Continuing operations			
Net sales	3.1	**536,434**	560,683
Other operating income	3.2	**2,989**	2,376
Share of profits accounted for using the equity method	3.3	**1,268**	626
Materials and services	3.4	**-338,603**	-332,248
Employee benefit expenses	3.6	**-48,539**	-48,787
Depreciation, amortization and impairment losses	3.7	**-19,335**	-17,955
Depreciation, amortization and impairment losses, leased assets	3.7	**-14,183**	-15,191
Other operating expenses	3.5	**-94,160**	-111,106
Operating profit		**25,871**	38,398
Financial income	3.8	**1,600**	504
Financial expenses	3.8	**-10,855**	-6,382
Financial income and expenses		**-9,255**	-5,878
Profit before taxes		**16,616**	32,520
Income taxes	3.9	**-361**	-1,720
Profit from continuing operations		**16,255**	30,800
Profit from discontinued operations	1.3	**-14,614**	-10,113
Profit for the period		**1,641**	20,687

1,000 EUR	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences		**12,153**	-1,211
Cash flow hedges	5.2	**-47**	
Other comprehensive income for the period, net of taxes		**12,106**	-1,211
Total comprehensive income		**13,747**	19,476
Profit for the period attributable to			
Parent company shareholders		**1,641**	20,687
Total comprehensive income attributable to			
Parent company shareholders		**13,747**	19,476
Earnings per share attributable to parent company shareholders, EUR			
Basic earnings per share			
Continuing operations	2.7	**0.45**	0.93
Discontinued operations	2.7	**-0.46**	-0.32
Total		**-0.01**	0.61
Diluted earnings per share			
Continuing operations	2.7	**0.45**	0.93
Discontinued operations	2.7	**-0.46**	-0.32
Total		**-0.01**	0.61

Consolidated balance sheet

ASSETS

1,000 EUR	Note	Dec 31, 2023	Dec 31, 2022
Non-current assets			
Intangible assets	4.2	**51,710**	46,783
Tangible assets	4.1	**168,972**	178,454
Leased assets	2.5	**22,516**	15,871
Investments accounted for using the equity method	3.3	**1,703**	974
Other financial assets		**229**	207
Deferred tax assets	4.8	**541**	330
Total non-current assets		**245,671**	242,619
Current assets			
Inventories	4.4	**59,242**	69,900
Accounts receivable and other receivables	4.5	**73,705**	68,995
Current tax assets		**408**	255
Cash and cash equivalents	2.2	**30,683**	21,727
		164,038	160,877
Assets held for sale	1.3		12,414
Total current assets		**164,038**	173,291
Total assets		**409,709**	415,910

EQUITY AND LIABILITIES

1,000 EUR	Note	Dec 31, 2023	Dec 31, 2022
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		**16,434**	16,472
Hybrid bond	2.6	**30,000**	30,000
Translation differences		**-13,851**	-25,995
Retained earnings		**85,861**	101,165
Total equity		**140,487**	143,685
Non-current liabilities			
Deferred tax liabilities	4.8	**5,508**	6,946
Provisions	4.7	**595**	586
Loans and overdraft facilities	2.3	**138,547**	154,301
Lease liabilities	2.5	**8,331**	4,559
Other liabilities		**14**	99
Total non-current liabilities		**152,995**	166,491
Current liabilities			
Provisions	4.7	**157**	58
Loans and overdraft facilities	2.3	**33,892**	17,825
Lease liabilities	2.5	**15,129**	11,728
Accounts payable and other liabilities	4.6	**65,667**	71,105
Current tax liabilities		**1,382**	1,111
		116,227	101,827
Liabilities directly associated with assets classified as held for sale	1.3		3,907
Total current liabilities		**116,227**	105,734
Total liabilities		**269,222**	272,225
Total equity and liabilities		**409,709**	415,910

Consolidated cash flow statement

1,000 EUR	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flows from/used in operating activities			
Operating profit from continuing operations		**25,871**	38,398
Operating profit from discontinued operations	1.3	**-16,105**	-7,214
Operating profit total		**9,766**	31,184
Adjustments to operating profit:			
Depreciation, amortization and impairment losses	3.7	**33,800**	37,815
Other impairment losses of the eastern companies classified as held for sale			11,733
Gains (-) and losses (+) on sale of tangible assets		**-1,839**	-1,637
Gains and losses on sale / deconsolidation of business operations		**13,744**	1,010
Expensed inventory fair value adjustment of acquired businesses		**115**	634
Share of profits accounted for using the equity method	3.3	**-1,268**	-626
Share-based incentive plan		**429**	1,152
Increase (+) / decrease (-) in provisions	4.7	**106**	-37
Unrealized foreign exchange gains and losses on operating activities		**126**	582
Change in working capital:			
Increase (-) / decrease (+) in inventories		**14,657**	-12,934
Increase (-) / decrease (+) in accounts receivable and other receivables		**-1,439**	-2,502
Increase (+) / decrease (-) in accounts payable and other liabilities		**-8,765**	8,785
Interest paid		**-9,204**	-4,224
Interest received		**756**	307
Income taxes paid		**-3,373**	-3,571
Net cash from operating activities		**47,611**	67,671

1,000 EUR	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flows from/used in investing activities			
Investments in tangible and intangible assets	4.1	**-21,824**	-17,818
Proceeds from sale of tangible assets		**12,255**	1,795
Acquisitions, net of cash	1.2	**-3,872**	-17,937
Dividends received		**542**	354
Cash impact from sale / deconsolidation of business operations **)		**-7,387**	310
Net cash used in investing activities		**-20,286**	-33,296
Cash flows from/used in financing activities			
Proceeds from loans		**75,665**	29,600
Repayments of loans		**-76,003**	-18,689
Proceeds from issuance of commercial papers			30,000
Repayment of commercial papers			-35,000
Purchase of own shares		**-331**	
Payment of lease liabilities		**-14,603**	-16,227
Proceeds from Hybrid bond issue	2.6		30,000
Hybrid bond repayment	2.6		-20,000
Hybrid bond, interest paid	2.6	**-2,625**	-1,760
Hybrid bond, transaction costs paid	2.6		-353
Dividends paid		**-14,445**	-14,107
Net cash used in financing activities		**-32,342**	-16,536
Change in cash and cash equivalents		**-5,017**	17,839
Cash and cash equivalents Jan. 1 *)		**33,574**	17,724
Translation differences		**109**	28
Impairment of cash of the eastern companies classified as held for sale		**2,017**	-2,017
Cash and cash equivalents at year-end *)		**30,683**	33,574

*) 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. Thus, cash and cash equivalents of the group totalled EUR 33,574 thousand.

**) In 2023 the cash flow from the sale of Telko's subsidiary in Russia was EUR -4.4 million. The cash impact of the deconsolidation of the other entities in the Non-core businesses segment amounted to EUR -3.4 million in 2023. The cash impact of the sale of Leipurin's bakery equipment business was EUR 0.4 million.

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, 2023		**17,692**	**4,351**	**16,472**	**30,000**	**-25,995**	**101,165**	**143,685**
Comprehensive income								
Profit for the period							1,641	1,641
Other comprehensive income, net of taxes								
Cash flow hedges				-47				-47
Translation differences				9		-3,045		-3,036
Reclassification of translation differences	1.3					15,189		15,189
Total comprehensive income				**-38**		**12,144**	**1,641**	**13,747**
Transactions with owners								
Dividend distribution							-14,447	-14,447
Hybrid bond interest	2.6						-2,625	-2,625
Purchase of own shares	2.6						-302	-302
Share-based incentive plan							429	429
Total transactions with owners							**-16,945**	**-16,945**
Equity December 31, 2023		**17,692**	**4,351**	**16,434**	**30,000**	**-13,851**	**85,861**	**140,487**
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**

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 2023. 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 factors that are the most significant for Aspo and after that 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 blue 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 aim 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 Keilaranta 17, 02150 Espoo, Finland, where also a copy of the consolidated financial statements is available.

In its meeting on February 15, 2024, 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, 2023. The notes to the consolidated financial statements are complemented with requirements of Finnish Accounting Standards and company law.

The 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 2022 are presented in brackets.

SIGNIFICANT CHANGES IN FINANCIAL REPORTING IN 2023

There were no significant changes in the accounting principles of Aspo in 2023. The standard amendments adopted in the financial period are described in note 5.7 Changes in IFRS standards.

To provide a more transparent and clear view of its businesses and financial results, Aspo established a new reportable segment called Non-core businesses in the beginning of year 2023. The Non-core businesses segment includes Telko Russia and Belarus as well as Kauko GmbH previously reported in the Telko segment, Leipurin Russia, Belarus and Kazakhstan previously reported in the Leipurin segment as well as ESL Shipping Russia previously reported in the ESL Shipping segment. The Non-core businesses segment was established to separate the results of the non-core businesses of Aspo from the results of the continuing businesses. All the entities in the segment have during 2023 been either held for sale or in the process of being closed down. Due to this the Non-core businesses segment has been reported as a discontinued operation. The comparative figures for the Aspo Group and all segments impacted by this financial reporting restructuring have been restated. During year 2023 some of the entities in the Non-core businesses segment were sold and the consolidation of the other entities in Aspo Group was discontinued. Thus, after the year 2023 the Non-core businesses segment does not include any entities to be consolidated into Aspo Group anymore. More information about the Non-core businesses segment can be found in notes 1.1 Group structure and 1.3 Discontinued operations.

ACCOUNTING ESTIMATES AND MANAGEMENT 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.

When preparing the consolidated financial statements, the effects of climate change have been assessed, especially with regard to matters requiring judgment and estimates by the management, as well as the presentation of notes information. Aspo has completed a climate risk assessment, which has taken into account different climate scenarios, changes in conditions and the resulting risks in the medium-term climate scenarios of the IPCC. Aspo has estimated that climate change will not have an impact on the management judgements or estimates used in the short or medium term.

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 2023, the estimates were still affected by Russia's invasion in Ukraine, which has had a significant impact on Aspo Group's operations and especially on the valuation and consolidation of the eastern businesses.

SIGNIFICANT ESTIMATES AND DECISIONS BASED ON JUDGEMENT

Item	Estimate	Judgement	Note
Discontinued operations	Valuation and consolidation of businesses reported as discontinued operations	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. Aspo has a 100% ownership in all its subsidiaries in the reporting period and in the previous financial year.

Aspo signed in 2023 financial year an agreement with OP Finland Infrastructure LP regarding an investment of EUR 30 million into Aspo's subsidiary ESL Shipping. In February 2024, Varma decided to co-invest EUR 15 million alongside OP Finland Infrastructure. The combined investment corresponds to a 21.43% ownership stake in ESL Shipping. This will accelerate ESL Shipping's ambition to lead the green transition in sea transportation in the Baltic Sea area, enable the company to take advantage of its strong market position and benefit from market growth. The closing of the transactions is expected to take place by the end of February 2024.

GROUP COMPANIES

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

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
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
Troili Poland Sp. z o.o.	PL
Eltrex Sp. z o.o.	PL
Eltrex Partnership	PL
LLC Telko	UA
Telko Caucasus LLC	AZ
LLC Telko Central Asia	KZ
Telko Solution LLC	UZ
Telko Romania SRL	RO
Telko Shanghai Ltd.	CN

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
LLC Leipurin	UA

The companies listed below belong to the Non-core businesses segment and continue to exist, but their consolidation into Aspo Group has ended. The consolidation of FLLC Telko into the Group ended on August 31, 2023, when the company was placed into liquidation and its operations ceased. Kauko GmbH has also been placed into liquidation, and the operations of ESL Shipping Russia LLC have ceased. These two companies were consolidated into Aspo Group until October 31, 2023. Other companies in the Non-core businesses segment were consolidated into Aspo Group until December 31, 2023, when control over these companies was deemed to have ceased.

Company	Domicile
Non-core businesses	
FLLC Telko	BY
Kauko GmbH	DE
ESL Shipping Russia LLC	RU
OOO Leipurien Tukku	RU
OOO NPK Leipurin	RU
FLLC Leipurin	BY
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. The prerequisite for control is that the parent company has power over the investee, is exposed to the variable return of the investee, and is able to affect the amount of return it receives. 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 statement items 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 and divestments

ACQUISITIONS

Acquisitions in 2023

Acquisition of Eltrex

On 31 January 2023, Telko acquired Eltrex, a Polish distributor of specialty chemicals and industrial packaging materials, with net sales of approximately EUR 8 million and operating profit slightly less than EUR 1.0 million in 2022.

The estimated total consideration of EUR 5.0 million will be paid fully in cash, and EUR 3.9 million has been paid in 2023. The rest of the consideration will be paid in the years 2024 and 2025 based on the earn-out clause of the purchase agreement. The assets and liabilities of the acquired company were measured at fair value on the acquisition date. A fair value adjustment of EUR 3.1 million was made on intangible assets based on customer relationships, non-compete clauses and trademarks, and the fair value adjustment relating to inventories was EUR 0.1 million. The deferred tax liability arising from the fair value adjustments was EUR 0.6 million. The carrying amount of the other acquired assets and liabilities corresponded to their fair values. A goodwill balance of EUR 1.4 million was recognized from the acquisition. The acquisition-related costs of approximately EUR 0.4 million were recognized in the Telko segment's other operating expenses.

The contingent consideration for the Eltrex acquisition is based on the operating profit of the acquired company in 2023 and 2024. The book value of the contingent consideration at the reporting date is EUR 1.3 million and it is based on Eltrex's operating profit for the year 2023 and an estimate of the operating profit in the fiscal year 2024. The range of the contingent consideration is EUR 1.2 to 2.2 million. The lower edge of the range is an estimate, and the upper edge is based on the agreement.

ACQUISITION CALCULATION OF ELTREX

1,000 EUR	2023
Consideration	
Paid in cash	5,027
Total consideration	**5,027**
Assets acquired and liabilities assumed, fair value	**Fair value**
Intangible assets	3,386
Tangible assets	19
Leased assets	576
Inventories	1,383
Accounts receivable and other receivables	1,124
Cash and cash equivalents	14
Total assets	**6,502**
Interest bearing liabilities	1,239
Accounts payable and other liabilities	1,018
Deferred tax liability	630
Total liabilities	**2,887**
Net assets acquired	**3,615**
Goodwill	1,412
Total	**5,027**
Acquisition-related costs	354

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 expanded Leipurin's geographical presence in the Northern European market and strengthened 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 business unit Sweden established in 2022. The annual net sales of Kobia amount to approximately EUR 50 million. The acquisition of Kobia AB also included the properties owned by Kobia. These properties were sold and leased back during 2023, more information on this can be found in notes 2.5 Leases and 3.2 Other operating income.

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

DIVESTMENTS

Leipurin Oyj reported in the Leipurin segment sold its bakery equipment trading business to Orat Oy in December 2023. Orat Oy is a Finnish family business specializing in import of machinery, accessories and raw materials used in the food industry and is part of Oy Transmeri Group Ab group. Leipurin bakery equipment trading business serves Finnish bakeries and other food industry companies with production equipment as well related services and spare parts. The transaction price was approximately EUR 0.4 million including the business and related inventory. In 2022, bakery equipment trading business's net sales amounted to EUR 2 million. The transaction will not have a significant impact on Aspo's earnings. The gain on sale of the bakery equipment trading business was EUR 0.2 million.

OTHER RESTRUCTURING

Financial year 2023

In the ESL Shipping segment, Norra Skeppnings Gruppen AB was merged with its parent company AtoBatC Shipping AB.

In the Telko segment, Telko Middle East Co. a company in Iran was closed down in April 2023.

In the Non-core businesses segment, OOO Telko, a company in Russia, was sold on May 10, 2023, to GK Himik, which is a Russian industrial operator. The consolidation of FLLC Telko into the Group ended on August 31, 2023, when the company was placed into liquidation and its operations ceased. Kauko GmbH has been placed in voluntary liquidation, and the operations of ESL Shipping Russia LLC have ceased. These two companies were consolidated into Aspo Group until October 31, 2023. OOO Leipurien Tukku, OOO NPK Leipurin, FLLC Leipurin and TOO Leipurin were consolidated into Aspo Group until December 31, 2023, when control over these companies was deemed to have ceased.

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.

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

Following the Russian invasion in Ukraine in February 2022, Aspo started to seek strategic options for restructuring its business operations in Russia and its nearby areas. At the beginning of 2023, Aspo established a new reportable segment: Non-core businesses. The Non-core businesses segment consists of the following: Telko's operations in Russia and Belarus, as well as Kauko GmbH, which were previously reported in the Telko segment; Leipurin's operations in Russia, Belarus and Kazakhstan, which were previously reported the Leipurin segment; and ESL Shipping's operations in Russia, which were previously reported in the ESL Shipping segment.

The Non-core businesses segment has been classified as a discontinued operation in accordance with IFRS 5. The Non-core businesses segment was established to separate the result of Aspo's non-core operations from the result of the continuing operations. The result and balance sheet of discontinued operations are reported separately from the figures for Aspo Group's continuing operations. In the statement of comprehensive income, the figures for the comparison periods have been restated. In the comparative period 2022, the result of the discontinued operations also includes the figures of Kauko Oy, which was divested on October 31, 2022.

Telko's subsidiary in Russia was sold in April 2023. The efforts to sell Leipurin's eastern business operations have been unsuccessful and a decision to deconsolidate the eastern operations of Leipurin from Aspo Group was made. The ESL Shipping segment's business operations in the Russian market ended in the summer of 2022. After 2023, the Non-core businesses segment has no companies that are consolidated into Aspo Group.

PROFIT FROM DISCONTINUED OPERATIONS

1,000 EUR	2023	2022
Net sales	**16,620**	91,927
Other operating income	**21**	304
Materials and services	**-14,427**	-77,588
Employee benefit expenses	**-2,149**	-7,136
Depreciation, amortization and impairment losses	**-39**	-3,165
Depreciation, leased assets	**-244**	-1,504
Other operating expenses	**-15,887**	-10,052
Operating profit	**-16,105**	-7,214
Financial income and expenses	**1,750**	-396
Profit before taxes	**-14,355**	-7,610
Income taxes	**-259**	-2,503
Result for the period	**-14,614**	-10,113

NET CASH FLOWS OF DISCONTINUED OPERATIONS

1,000 EUR	2023	2022
Net cash inflow from operating activities	**610**	20,712
Net cash inflow/outflow(-) from investing activities	**-7,842**	-967
Net cash inflow/outflow(-) from financing activities	**-366**	-2,094
Net change in cash generated by the discontinued operation	**-7,598**	17,651

Net cash flows of discontinued operations consist of discontinued operations' share of Aspo Group's cash flows.

The cash flow from the sale of Telko's subsidiary in Russia was EUR -4.4 million, and it is presented in the cash flow from investing activities. The cash received as purchase consideration was EUR 5.7 million and the divested company's cash and cash equivalents amounted to EUR 10.1 million. The cash impact of the deconsolidation of the other entities in the Non-core businesses segment amounted to EUR -3.4 million in 2023.

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

DISCONTINUED OPERATION 2023

The sale of Telko's subsidiary in Russia was completed in the second quarter. The company was sold to GK Himik, which is a Russian industrial operator. The sales price was EUR 5.7 million. The loss from the sale amounted to EUR -8.1 million, including EUR -10.2 million in accumulated translation differences, which were reclassified from the translation difference reserve through profit or loss to other operating expenses as part of the sales loss. The transaction costs were EUR -0.6 million.

The operations of Telko's subsidiary in Belarus were discontinued, and its consolidation into Aspo Group ended on August 31, 2023. The company is currently in liquidation. The loss recognized in the consolidated financial statements because of the deconsolidated was EUR -0.8 million and included EUR -1.0 million in accumulated translation differences, which were reclassified from the translation difference reserve through profit or loss to other operating expenses.

At the beginning of 2023, Leipurin signed a binding preliminary agreement to sell all shares in its subsidiaries in Russia, Belarus and Kazakhstan to Timur Akhiyarov. The Russian-born Akhiyarov would invest in Leipurin's operations in eastern markets as a private investor. However, the completion of the transaction required the approval of the local authorities, which was not obtained, and which involves significant uncertainty as the sales process drags on. For this reason, Aspo concluded at the end of 2023 that it had lost control over Leipurin's eastern companies and their variable returns and decided to end the consolidation of Leipurin's subsidiaries in Russia, Belarus and Kazakhstan into Aspo Group on December 31, 2023. Following the deconsolidation, the assets and liabilities of Leipurin's eastern business operations have been derecognized. The loss recognized as a result of the deconsolidation was EUR -5.8 million and included EUR -3.7 million in accumulated translation differences, which were reclassified from the translation difference reserve in equity through profit or loss to other operating expenses.

LOSS ON LOSS OF CONTROL 2023

1,000 EUR	2023
Telko Russia divestment	
Gain on sale	**2,363**
Reclassification of cumulative translation differences	**-10,464**
Loss on sale, total	**-8,101**
Leipurin Russia loss of control	
Loss on loss of control	**-1,611**
Reclassification of cumulative translation differences	**-3,725**
Loss on loss of control, total	**-5,336**
Loss of control of other eastern operations	
Loss on loss of control	**-86**
Reclassification of cumulative translation differences	**-985**
Loss on loss of control, total	**-1,071**
Total	
Gain on sale	**2,363**
Loss on loss of control	**-1,697**
Reclassification of cumulative translation differences	**-15,174**
Loss on loss of control, total	**-14,508**

The loss caused by the loss of control in 2023 mainly consisted of the reclassification of translation differences, as substantial impairment losses had been recognized on the assets of the companies in question already in 2022.

DISCONTINUED OPERATION 2022

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 in voluntary liquidation.

In 2022 the profit from discontinued operations includes the Non-core business segment and 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 in 2022 is EUR 0.3 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. More information about goodwill impairment testing is available in Note 4.3 Goodwill impairment testing. The sales loss recognized in conjunction with sale of Kauko Oy's shares was EUR -1.2 million.

In the 2022 financial statements, Telko's companies in Russia and Belarus and Leipurin's companies in Russia, Belarus and Kazakhstan were classified as disposal groups classified as held for sale. In connection with the classification as held for sale, the net assets of the eastern operations 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. At the beginning of 2023, the eastern business operations were transferred to the Non-core businesses segment, and are reported as discontinued operations in these financial statements. The income statement for the comparative period has been restated to reflect the presentation method applied to the reporting period. The balance sheet items of the comparative period have not been restated.

IMPAIRMENT LOSSES RECOGNIZED IN THE RESULT OF DISCONTINUED OPERATIONS IN 2022

1,000 EUR	2022
Impairment losses, tangible and intangible assets	-1,668
Impairment losses, leased assets	-883
Materials and services	-7,219
Other operating expenses	-4,514
Income taxes	-256
Total	**-14,540**

Impairment losses in 2022 are included in the result of discontinued operations and are allocated to the financial statement line items presented above.

IMPAIRMENT LOSSES IN BALANCE SHEET

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 business operations in 2022 were mainly related to inventories, accounts receivables, and cash and cash equivalents. In addition, impairment losses were recognized on goodwill. The impairment losses were related to the assets of the Telko and Leipurin segments, and the remaining assets and liabilities of the eastern business operations were transferred to assets and liabilities classified as held for sale.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

1,000 EUR	2022
Other assets held for sale	12,414
Liabilities directly associated with assets classified as held for sale	3,907

In 2022, the assets and liabilities classified as held for sale included the assets and liabilities of the eastern business operations classified as held for sale. The assets classified as held for sale mainly consisted of cash and cash equivalents, and the Russian cash and cash equivalents were restricted cash in accordance with IAS 7. The impact of the exclusion of the eastern business operations on Aspo Group's balance sheet in 2023 was EUR 6.7 million in terms of assets, with EUR 5.7 million arising from the sale of Telko Russia, and EUR 3.9 million in terms of liabilities.

On the balance sheet, the assets and liabilities of the companies classified as 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.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

Because of the prevailing circumstances, Aspo has concluded that its control over Leipurin's companies in Russia, Belarus and Kazakhstan has ceased. As a result, the consolidation of the companies into Aspo's consolidated financial statements ended on December 31, 2023. The decision to deconsolidate involves the management's judgement, as efforts continue to be made to sell the business operations, but there is considerable uncertainty about the completion of the transaction, and the likelihood of success is low.

In accordance with IFRS 10, the control over Leipurin's business operations in Russia has decreased substantially from the situation that prevailed before Russia's invasion in Ukraine. For the investor to have control over the investee under IFRS, it must have existing rights that provide it with the ability to direct relevant activities. In Leipurin's business operations in Russia, relevant activities include, for example, the following: selling and purchasing goods or services; managing financial assets; selecting, acquiring or disposing of assets; and determining a funding structure or obtaining funding. The decisions may also include selecting and rewarding the management or service providers.

In practice, Aspo no longer has the opportunity to direct business-related purchases and sales. In addition, cross-border trade is not possible, not even within the Group, because of obstacles to the flow of goods or financial transactions. Business continuity is not certain, and the local management is partly self-directed despite the fact that Aspo's senior management discusses the situation with them as regularly as possible. It may be illegal to send business accounting figures from Russia to an "unfriendly country."

In practice, the management of the financial assets of Russian companies is in the hands of the local management. Bank connections and signature rights are local, so they cannot be managed from Finland. Raising of financing is also the responsibility of the local management, and Aspo's CFO no longer decides on the banks to be used or on the capital structure or lending.

Aspo has neither the means nor the decision-making power to repatriate funds. Only a small portion of profits can be repatriated within a strictly regulated framework as dividends. The payment of dividends is also limited by the strict rules of banks with regard to sanctions policy. In practice, new investments or decisions to open new businesses or close old ones cannot be made.

Because of the sales process and practical constraints of the business operations, decisions on the recruitment or dismissal of the local management cannot be made within the Group.

The efforts to sell the Leipurin businesses mentioned above have continued for a year and a half. One permit application has been rejected by the authorities, the availability of financing for the acquisition is poor, and the implementation of the related payment transactions is very uncertain. In the assessment of relevant activities, the long-term nature of the situation and the clear weakening of the signs of control are decisive, and Aspo considers that it is no longer in a position to consolidate Leipurin's companies in Russia, Belarus and Kazakhstan into the Group.

For the above reasons, the balance sheet values of the companies in question are measured at zero in Aspo Group, and the consolidation of the companies into the Group ended in accordance with IFRS 10 on December 31, 2023. In addition, the translation differences related to the companies have been reclassified from equity through profit or loss.

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. The reporting of balance sheet items on separate rows starts at the time of classification. 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 coordinated 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. The principles of capital management are explained in note 5.1 Financial risks and financial risk management.

ASPO'S CAPITAL

1,000 EUR	2023	2022
Total equity	**140,487**	143,685
Loans and overdraft facilities	**172,439**	172,126
Lease liabilities	**23,460**	16,287
Liabilities held for sale and other liabilities		854
Interest-bearing liabilities, total	**195,899**	189,267
Equity and interest-bearing liabilities, total	**336,386**	332,952
Interest-bearing liabilities, total	**195,899**	189,267
- Cash and cash equivalents	**30,683**	21,727
- Cash and cash equivalents held for sale		11,847
Net debt	**165,216**	155,693
Gearing, %	**117.6%**	108.4%
Total equity	**140,487**	143,685
Equity and liabilities, total	**409,709**	415,910
Advances received	**1,531**	1,481
Equity ratio, %	**34.4%**	34.7%

Net interest-bearing debt was EUR 165.2 (155.7) million and gearing was 117.6% (108.4%). The Group's equity ratio at the end of year was 34.4% (34.7%). 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. The net debt increase is primary a consequence of the Green Coaster investments and the Eastern exits. The main reason for the increase in lease liabilities is the sale and leaseback transactions of Kobia AB, a Swedish company reported in the Leipurin segment, of which more information is provided in Note 2.5 Leases.

CASH FLOW

The Group's net cash flow from operating activities was EUR 47.6 (67.7) million. The cash flow impact of change in working capital was EUR 4.5 (-6.7) million. The positive cash impact was caused by a decrease in inventories driven by a decline in market prices and proactive operational management actions, especially in the Telko segment.

In 2022 the increase in working capital mainly came from the advance payments for the vessels to be built to 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.

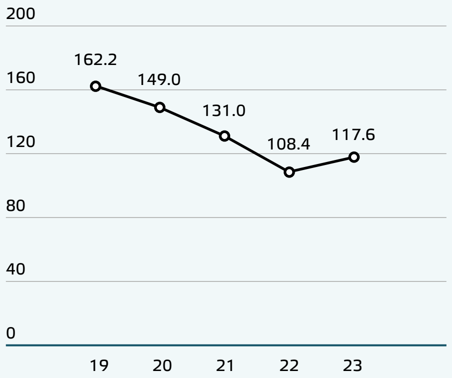
FREE CASH FLOW

1,000 EUR	2023	2022
Net cash from operating activities	**47,611**	67,671
Net cash used in investing activities	**-20,286**	-33,296
Free cash flow	**27,325**	34,375

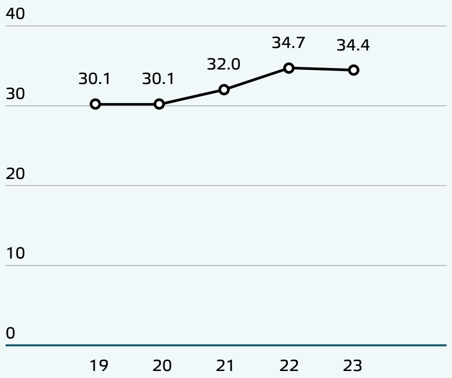
The free cash flow was EUR 27.3 (34.4) million. Investments amounted to EUR 21.8 (17.8) million and consisted mainly of the ESL Shipping segment's green coaster advance payments. The other items reported in cash flows used in investing activities included EUR 3.9 million cash outflow from the acquisitions of Eltrex, EUR 11.6 million cash inflow from the sale and leaseback of Leipurin's properties in Sweden and Lithuania, EUR 7.8 million negative cash impact of the loss of control of Telko's and Leipurin's subsidiaries in Russia and other eastern countries, EUR 0.5 million dividend cash inflow from associates, EUR 0.4 million cash inflow from the sale of Leipurin's bakery equipment trading business as well as other cash inflow of EUR 0.7 million.

In 2022 the cash flow from investing activities included in addition to investments 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.

GEARING, %



EQUITY RATIO, %



2.1 Financial assets and liabilities

Aspo Group's financial assets and liabilities are as follows:

FINANCIAL ASSETS AND LIABILITIES

1,000 EUR	Note	2023	2022
Financial assets			
Measured at amortized cost			
Loan receivables		**1,336**	454
Accounts receivable and other receivables*		**48,784**	47,279
Cash and cash equivalents	2.2	**30,683**	21,727
Measured at fair value through profit and loss			
Other financial assets		**128**	128
Financial assets, total		**80,931**	69,588
Financial liabilities			
Measured at amortized cost			
Loans and overdraft facilities	2.3	**172,439**	172,126
Accounts payable and other liabilities*		**43,249**	42,951
Lease liabilities	2.5	**23,460**	16,287
Measured at fair value through other comprehensive income			
Derivatives	5.2	**-59**	
Financial liabilities, total		**239,089**	231,364

*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.

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 two 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 three in the hierarchy. Derivatives recognized at fair value through other comprehensive income are foreign currency forwards, and they are at level two 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 two.

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	2023	2022
Cash and cash equivalents	**30,683**	21,727
Revolving credit facilities	**40,000**	40,000
Total	**70,683**	61,727

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 30.7 (21.7) million. In year 2022, the Group had in addition EUR 11,8 million of cash and cash equivalents classified as held for sale, for further information refer to Note 1.3 Discontinued operations. Committed revolving credit facilities, totaling EUR 40 million, were fully unused, as in the comparative period.

2.3 Loans

LOANS AND OVERDRAFT FACILITIES IN USE

1,000 EUR	2023	2022
Non-current		
Loans	**138,547**	139,347
Bonds		14,954
	138,547	154,301
Current		
Loans	**18,905**	17,825
Bonds	**14,981**	
Overdraft facilities in use	**6**	
	33,892	17,825
Total		
Loans	**157,452**	157,172
Bonds	**14,981**	14,954
Overdraft facilities in use	**6**	
Total	**172,439**	172,126

In December, ESL Shipping Oy reported in ESL Shipping segment signed two loan agreements in total of EUR 37.6 million. The loan period for both loans is five years and they will be paid back in equal installments during the loan period. The loans were granted by OP Corporate Bank Plc and the loans were used to pay back existing loans of similar value.

In the reporting period Aspo signed a loan agreement of EUR 30 million for a three-year loan period extending the maturity of Aspo's loan portfolio. The loan was taken for general corporate purposes and for refinancing a loan of similar value. The loan will be paid back at the end of the loan period.

In 2022, AtoBatC Shipping AB signed an EUR 32.2 million loan agreement with Svenska Skeppshypotek. The loan's maturity is 15 years. The loan is withdrawn in parts in line with the financing need for the construction of Green Coasters. In December, when Electramar was delivered, AtoBatC Shipping AB withdrew EUR 8.1 million of the loan. At the end of 2022, the loan had not yet been withdrawn.

In 2022, a ten-year, EUR 20 million loan agreement was signed with the Nordic Investment Bank to finance ESL Shipping's investments in electric hybrid vessels.

In addition, in the 2022 fiscal year, Aspo Oyj 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.

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 as in the comparative period.

Covenant terms and interest rate risk related to loans are disclosed in note 5.1 Financial risks and the management of financial risks.

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 facilities, 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. For loan covenants and interest rate risk refer to Note 5.1 Financial risks and the management of financial risks.

MATURITY ANALYSIS

2023

1,000 EUR	Carrying value Dec 31, 2023	Cash flow 2024	2025	2026	2027	2028–
Loans	-172,433	-33,904	-36,796	-43,590	-16,990	-41,172
Overdraft facilities in use	-6	-6				
Accounts payable and other liabilities	-43,249	-43,249				
Lease liabilities	-23,460	-15,729	-3,984	-2,137	-1,645	-1,164

2022

1,000 EUR	Carrying value Dec 31, 2022	Cash flow 2023	2024	2025	2026	2027–
Loans	-172,126	-47,825	-57,047	-32,394	-9,187	-25,719
Accounts payable and other liabilities	-42,951	-42,951				
Lease liabilities	-16,287	-11,962	-2,791	-1,014	-385	-492

The maturity structure of loans was balanced, and the Group's refinancing risks were reduced during 2023 and 2022 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. However, with the lease period for vessels being a rolling 13 months, it is likely that the cash flows arising from leases will be substantially the same in 2025–2028 as in 2024.

AtoBatC Shipping AB's EUR 32.2 million loan agreement with Svenska Skeppshypotek is not fully included in the maturity analysis because only EUR 8.1 million of the loan has been withdrawn. The final loan repayment date is in 2038.

In 2022, Aspo issued a 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.

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.

SALE AND LEASEBACK

In the 2023 financial year, Kobia AB, which is reported in the Leipurin segment, carried out three sale and leaseback transactions of its properties in Sweden. The lease period agreed for all the properties is five years. The properties came to the Group in connection with the acquisition of Kobia on September 1, 2022.

The Tyresö and Gothenburg properties were acquired by Revelop, a Swedish real estate investment company, and the Hässleholm property was acquired by the real estate investment company JS Fastigheter. The total sales price of the properties was approximately EUR 13.6 million. Aspo recognized a total sales gain of approximately EUR 0.5 million on these sale and leaseback transactions.

In addition, a sale and leaseback transaction of a warehouse and office property was carried out in the Leipurin segment in Kaunas, Lithuania, in the 2023 financial year. The buyer was an entrepreneur operating in the same industrial area in Kaunas. With this transaction and the lease agreement, Leipurin will continue its operations in Lithuania in the same premises. The lease period is two years. The sales price of the property was EUR 1.1 million, with a sales gain of EUR 0.9 million.

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

LEASED ASSETS

1,000 EUR	2023	2022
Intangible assets	**544**	653
Land	**745**	765
Buildings	**7,052**	3,783
Machinery and equipment	**2,044**	1,700
Vessels	**12,131**	8,970
Total	**22,516**	15,871

LEASE LIABILITIES

1,000 EUR	2023	2022
Non-current	**8,331**	4,559
Current	**15,129**	11,728
Total	**23,460**	16,287

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. Towards the end of 2022 six time-chartered vessels of the smaller vessel category were redelivered to their owners as the charter agreements ended and as the price of an extended charter period became too high. The lease level of vessels was higher and the fleet grew slightly in 2023. The additions to the leased assets were EUR 21.9 (16.1) million during the financial year. The most significant cause of the increase in leased assets and lease liabilities are the sale and leaseback transactions of the Swedish Kobia AB, which is reported in the Leipurin segment. As a result of the transactions, leased assets are EUR 3.3 million higher and lease liabilities are EUR 3.8 million higher than in the comparative period. 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	2023	2022
Depreciation and amortization, leased assets	**-14,183**	-15,191
Interest expenses	**-631**	-423
Expenses relating to short-term leases	**-217**	-46
Expenses relating to leases of low-value assets	**-209**	-219
Expenses total	**-15,240**	-15,879
Rental income from operating sub-leases	**54**	46
Rental income total	**54**	46

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 14.8 (15.7) million, of which EUR 0.6 (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 15.7 (17.0) 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 5.5 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 standalone 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.

In sale and leaseback situations, it is assessed whether the requirements under IFRS 15 are met in a way that the disposal can be treated as a sale. If the disposal of an asset is a sale, the value of the leased asset to be recognized is measured as a portion of the carrying amount of the sold asset that corresponds to the assets right to use value remaining for the company. As the sales gain or loss is presented only the portion of the sales gain of the asset that corresponds to the rights transferred to the buyer.

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 CAPITAL AND SHARE PREMIUM RESERVE

	Number of shares	Share capital 1,000 EUR	Share premium reserve 1,000 EUR
31.12.2023	**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, 2023, 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, 2023, and 2022.

TREASURY SHARES

	Number of shares	Treasury shares 1,000 EUR
Jan 1, 2022	161,650	-920
Share-based incentive plan	-99,400	566
Dec 31, 2022	**62,250**	**-354**
Jan 1, 2023	62,250	-354
Purchase of own shares	36,194	-302
Share-based incentive plan	-82,200	523
Dec 31, 2023	**16,244**	**-133**

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 5.4 Share-based payments. Treasury shares are presented as part of retained earnings.

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

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	2023	2022
Jan 1	30,000	20,000
Repayment of the old hybrid bond		-20,000
Issuance of the new hybrid bond		30,000
Dec 31	**30,000**	30,000

In June 2022, Aspo issued a 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 2.6 (2.0) million in interest. Expenses from the issuance of the new hybrid in 2022 were EUR 0.3 million. EUR 2.6 (1.9) million of the interest and the expenses for the issuance have been recognized as a reduction of retained earnings. EUR 2.6 (1.8) million has 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 2023 and 2022.

EARNINGS PER SHARE

1,000 EUR	2023	2022
Profit for the period attributable to parent company shareholders, continuing operations	16,255	30,800
Interest of the hybrid bond (adjusted by tax effect), continuing operations	-2,100	-1,496
Profit for the period attributable to parent company shareholders, discontinued operations	-14,614	-10,113
Total	**-459**	19,191
Average number of shares outstandning during the financial period (1,000)	31,390	31,333
Basic and diluted earnings per share, EUR		
Earnings per share, continuing operations	0.45	0.93
Earnings per share, discontinued operations	-0.46	-0.32
Total	**-0.01**	0.61

DIVIDEND DISTRIBUTION

The Board of Directors has proposed that a dividend of EUR 0.24 per share is distributed for the financial year 2023. In addition, the Board of Directors has proposed that the Annual Shareholders' Meeting authorizes the Board of Directors to decide on a distribution of capital from the invested unrestricted equity fund in the maximum amount of EUR 0.23 per share. The authorization would be valid until the next Annual Shareholders' Meeting.

According to the decision of the Annual Shareholders' Meeting held on April 4, 2023, a total dividend of EUR 0.46 per share was distributed for 2022. A dividend payment of EUR 0.23 per share made in April and EUR 0.23 per share was paid in November. 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

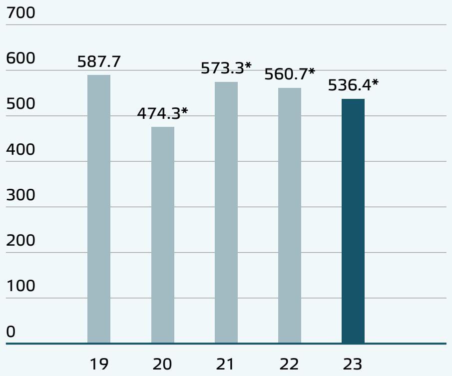
The operating and reportable segments of Aspo Group's continuing operations are ESL Shipping, Telko and Leipurin. In addition, the Non-core businesses segment was established at the beginning of 2023, and is reported as a discontinued operation. The Board of Directors, which is the chief operating decision 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.
- **Non-core businesses** segment includes eastern business operations transferred from the ESL Shipping, Telko and Leipurin segments because of the impacts of the Russian invasion in Ukraine on Aspo's business operations.

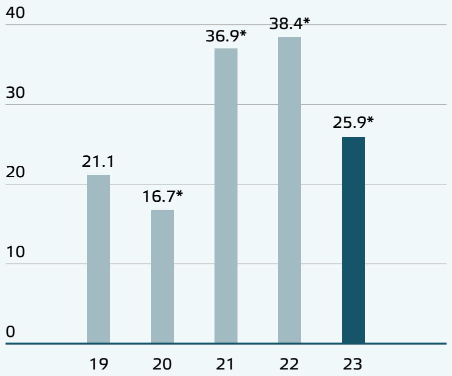
PROFITABILITY OF CONTINUING OPERATIONS

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 significant 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

2023

1,000 EUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	17,679	7,997	5,610	-5,415	25,871
Net financial expenses				-9,255	-9,255
Profit before taxes					**16,616**

2022

1,000 EUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	38,217	8,185	-1,413	-6,591	38,398
Net financial expenses				-5,878	-5,878
Profit before taxes					**32,520**

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	Non-core businesses	Group total
Segment assets Dec 31, 2022	224,796	85,730	68,533	24,437	12,414	415,910
Segment assets Dec 31, 2023	241,525	74,510	58,808	34,866		409,709
Segment liabilities Dec 31, 2022	32,260	34,444	16,389	185,225	3,907	272,225
Segment liabilities Dec 31, 2023	31,817	33,191	19,191	185,023		269,222

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. Items unallocated to segments consist of items associated with income taxes and centralized financing. The Non-core businesses segment is presented as a discontinued operation. More information is provided in Note 1.3 Discontinued operations, including the results of discontinued operations.

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 to the bakery and other food industry

The external net sales of the segments almost equal the consolidated net sales, and there was only EUR 4,000 (15,000) of net sales that had not been allocated to the segments. The unallocated net sales include 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 Group's consolidated net sales.

Aspo Group's net sales from continuing operations decreased by 4% and were EUR 536.4 (560.7) million. Net sales include foreign exchange rate differences of EUR -0.2 (0.4) million.

ESL SHIPPING'S NET SALES

In 2023, ESL Shipping's net sales decreased by 23.0% and were EUR 189.0 (245.4) million. Year 2023 was marked by a challenging business environment. Business activity has decreased in several key customer segments, which has caused a decline in spot volumes and spot freight in particular, and cost inflation and interest rates have been high.

TELKO'S NET SALES

Telko's net sales grew by 1% to EUR 211.3 (209.3) million. Telko's net sales grew moderately in the declining markets as a result of the acquisition of Johan Steenks and especially the acquisition of Eltrex.

TELKO NET SALES BY BUSINESS AREA

1,000 EUR	2023	2022
Plastics business	**101,438**	110,082
Chemicals business	**59,410**	49,143
Lubricants business	**50,469**	50,118
Telko total	**211,317**	209,343

LEIPURIN'S NET SALES

Leipurin's net sales increased by 29% to EUR 136.1 (105.9) million in 2023. Figures for the comparative period included EUR 4.3 million in net sales of the divested Vulganus Oy. The net sales of Kobia AB, which was acquired in September 2022, amounted to EUR 50 (17) million, meaning that most of the increase in Leipurin's net sales in 2023 comes from Kobia.

LEIPURIN NET SALES

1,000 EUR	2023	2022
Regions:		
Finland	**49,272**	46,634
Sweden	**50,221**	17,271
Baltics	**35,786**	36,775
East	**805**	967
Total	**136,084**	101,647
of which:		
Bakeries	**99,718**	74,925
Food Industry	**11,844**	11,793
Retail, foodservice, other	**24,522**	14,929
Vulganus		4,262
Leipurin total	**136,084**	105,909

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

NET SALES BY TIMING OF RECOGNITION

1,000 EUR	2023	2022
ESL Shipping		
At a point in time	**196**	3,523
Over time	**188,833**	241,893
	189,029	245,416
Telko		
At a point in time	**210,834**	208,909
Over time	**483**	434
	211,317	209,343
Leipurin		
At a point in time	**136,056**	102,589
Over time	**28**	3,320
	136,084	105,909
Unallocated items		
Over time	**4**	15
	4	15
Total		
At a point in time	**347,086**	315,021
Over time	**189,348**	245,662
Total	**536,434**	560,683

Most of the Group's net sales, 65% (56%), 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 188.8 (241.9) million.

INFORMATION RELATED TO GEOGRAPHICAL REGIONS

From the beginning of year 2023, following the shift of the strategic focus towards western markets, Aspo changed the market areas when reporting net sales. The new reportable market areas are: Finland, Scandinavian countries, Baltic countries, Other European countries and Other countries. The acquisition of Kobia in Sweden as well as Johan Steenks in Norway have increased the contribution of Scandinavia to the Group's total net sales. Net sales of the geographical regions are presented as per customer location.

NET SALES BY MARKET AREA

1,000 EUR	2023	2022
ESL Shipping		
Finland	**99,411**	121,565
Scandinavia	**53,367**	58,487
Baltic countries	**425**	2,934
Other European countries	**26,118**	48,186
Other countries	**9,708**	14,244
	189,029	245,416
Telko		
Finland	**48,544**	53,464
Scandinavia	**54,880**	61,689
Baltic countries	**27,718**	28,230
Other European countries	**46,787**	39,048
Other countries	**33,388**	26,912
	211,317	209,343
Leipurin		
Finland	**49,454**	49,376
Scandinavia	**49,290**	17,405
Baltic countries	**35,711**	36,621
Other European countries	**1,629**	2,397
Other countries		110
	136,084	105,909
Unallocated items		
Finland	**4**	15
	4	15
Total		
Finland	**197,413**	224,420
Scandinavia	**157,537**	137,581
Baltic countries	**63,854**	67,785
Other European countries	**74,534**	89,631
Other countries	**43,096**	41,266
Total	**536,434**	560,683

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	2023	2022
Gains on sale of tangible assets	**1,479**	1,537
Rents and related remunerations	**58**	111
Gains on sale of business operations	**174**	
Leasing agreement related compensation	**49**	57
Other income	**1,229**	671
Total	**2,989**	2,376

In 2023, several sale and leaseback agreements relating to properties were conducted in the Leipurin segment. These are included in gains on sale of tangible assets. The gain from the sale of Kobia's properties was EUR 0.5 million, and the gain from the sale of the property in Kaunas, Lithuania, was EUR 0.9 million. More information about the sale and leaseback transactions is provided in Note 2.5 Leases.

The gain on the sale of Leipurin's bakery equipment business was EUR 0.2 million. More information is provided in Note 1.2 Acquisitions and disposals.

In 2022, gains on sale of 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

Yritys	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	2023	2022
Balance Jan 1	**974**	701
Dividends received	**-539**	-353
Share of profits for the the financial year	**1,268**	626
Carrying amount Dec 31	**1,703**	974

RELATED PARTY TRANSACTIONS WITH ASSOCIATED COMPANIES

1,000 EUR	2023	2022
Services acquired	**-3,080**	-3,172
Depreciation of time-chartered vessels	**-1,254**	-1,509
Interest expense of time-chartered vessels	**-29**	-36
Leased assets, vessels	**1,265**	1,538
Other receivables	**286**	314
Lease liabilities	**1,272**	1,544

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	2023	2022
Purchases during the period		
ESL Shipping	**-47,028**	-70,147
Telko	**-160,396**	-175,549
Leipurin	**-106,871**	-91,515
Total	**-314,295**	-337,211
Change in inventories	**-14,926**	12,619
Services acquired		
Telko	**-4,159**	-3,522
Leipurin	**-5,223**	-4,134
Total	**-9,382**	-7,656
Materials and services, total	**-338,603**	-332,248

Purchases included EUR -0.3 (-1.3) million in exchange rate differences.

3.5 Other operating expenses

OTHER OPERATING EXPENSES

1,000 EUR	2023	2022
ESL Shipping	**-78,093**	-92,126
Telko	**-6,756**	-8,583
Leipurin	**-5,666**	-7,266
Other operations	**-3,645**	-3,131
Total	**-94,160**	-111,106

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 decreased from the previous year as a result of cost adjustment measures and because the expenses in the comparison period included a credit loss allowance of EUR 0.5 million recognized on accounts receivable in Ukraine.

Leipurin's other operating expenses were exceptionally high in the comparison period because of the costs related to the acquisition of Kobia AB EUR 1.0 million and the loss on the sale of Vulganus Oy EUR 0.4 million.

AUDITORS' FEES

1,000 EUR	2023	2022
Audit firm of the parent company		
Audit	**358**	355
Tax advice	**3**	
Other services	**70**	41
Other audit firms		
Audit	**43**	135
Tax advice	**20**	18
Other services	**4**	19
Total	**498**	568

The authorized public accountant firm Deloitte Oy is Aspo Plc's auditor. Deloitte's audit fee for 2023 was EUR 0.4 (0.4) million, and its fees relating to other services totaled EUR 0.1 (0.0) million.

3.6 Employee benefit expenses and number of personnel

EMPLOYEE BENEFIT EXPENSES

1,000 EUR	2023	2022
Wages and salaries	**-40,247**	-39,597
Pension expenses, defined contribution plans	**-4,075**	-3,974
Share-based payments	**-1,114**	-1,829
Other employee benefit expenses	**-3,103**	-3,387
Total	**-48,539**	-48,787

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 5.9 (5.8) 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 5.3 Related parties and management compensation.

NUMBER OF EMPLOYEES

At the end of the financial year, the number of employees of Aspo Group was 712 (886 at the end of 2022, of which discontinued operations accounted for 130 employees), and the average number of personnel during the financial year was 835 (914).

PERSONNEL BY SEGMENT, ON AVERAGE

	2023	2022
ESL Shipping	**296**	298
Telko	**237**	146
Leipurin	**167**	242
Other operations	**40**	41
Continuing operations, total	**740**	727
Discontinued operation	**95**	187
Total	**835**	914

PERSONNEL BY SEGMENT AT YEAR-END

	2023	2022
ESL Shipping	**297**	295
Telko	**218**	246
Leipurin	**157**	173
Other operations	**40**	42
Continuing operations, total	**712**	756
Discontinued operation		130
Total	**712**	886

PERSONNEL BY GEOGRAPHICAL AREA AT YEAR-END

	2023	2022
Finland	**408**	410
Scandinavia	**128**	136
Baltic countries	**83**	100
Other European countries	**60**	69
Other countries	**33**	41
Continuing operations, total	**712**	756
Discontinued operation		130
Total	**712**	886

3.7 Depreciation, amortization and impairment losses

DEPRECIATION AND AMORTIZATION, TANGIBLE AND INTANGIBLE ASSETS

1,000 EUR	2023	2022
Intangible assets	**-920**	-460
Buildings	**-455**	-453
Vessels	**-17,223**	-16,436
Machinery and equipment	**-720**	-589
Other tangible assets	**-17**	-17
Total	**-19,335**	-17,955

DEPRECIATION AND AMORTIZATION, LEASED ASSETS

1,000 EUR	2023	2022
Intangible assets	**-418**	-433
Land	**-99**	-96
Buildings	**-2,553**	-2,023
Vessels	**-10,021**	-11,685
Machinery and equipment	**-1,092**	-954
Total	**-14,183**	-15,191

Aspo's depreciation expenses mainly relate to vessels owned and leased by ESL Shipping. 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 AND AMORTIZATION BY SEGMENT

	2023					2022				
1,000 EUR	**ESL Shipping**	**Telko**	**Leipurin**	**Other operations**	**Group total**	**ESL Shipping**	**Telko**	**Leipurin**	**Other operations**	**Group total**
Intangible assets	-144	-643	-130	-3	-920	-162	-218	-80		-460
Tangible assets	-17,260	-608	-504	-43	-18,415	-16,473	-593	-396	-33	-17,495
	-17,404	-1,251	-634	-46	-19,335	-16,635	-811	-476	-33	-17,955
Leased assets	-10,394	-1,460	-1,581	-748	-14,183	-12,085	-1,352	-1,070	-684	-15,191

3.8 Financial income and expenses

FINANCIAL INCOME AND EXPENSES

1,000 EUR	**2023**	**2022**
Dividend income from other non-current financial assets	**3**	
Interest income from loans and other receivables	**684**	240
Foreign exchange gains	**913**	264
Financial income	**1,600**	504
Interest expenses on leases	**-631**	-423
Interest and other financial expenses	**-8,753**	-3,815
Foreign exchange losses	**-1,471**	-2,144
Financial expenses	**-10,855**	-6,382
Financial income and expenses	**-9,255**	-5,878

Net financial expenses totaled EUR -9.3 (-5.9) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, was 5.3% (3.3%), causing Aspo's interest expenses to grow.

3.9 Income taxes

TAXES IN THE STATEMENT OF COMPREHENSIVE INCOME

1,000 EUR	2023	2022
Taxes for the period	**-2,246**	-2,219
Change in deferred tax assets and liabilities	**2,318**	498
Taxes from previous financial years	**-433**	1
Total	**-361**	-1,720

INCOME TAX ON OTHER COMPREHENSIVE INCOME

1,000 EUR	2023	2022
Cash flow hedges	**12**	

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. The tax calculated on the fair value of the forward contract in hedge accounting has been netted from the fair value of the forward contract and recognized in equity.

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	2023	2022
Profit before taxes	**16,616**	32,520
Taxes calculated using the parent company's tax rate	**-3,323**	-6,504
Impact of foreign subsidiaries' tax rates	**326**	264
Impact of tonnage taxation	**2,650**	8,458
Losses for which no deferred tax asset was recognized	**-1,717**	-2,477
Utilization of previously unrecognized tax losses	**464**	92
Deferred tax liability on retained earnings of foreign subsidiaries	**24**	27
Taxes from previous financial years	**-433**	1
Withholding taxes	**-56**	-199
Timing differences, tax-free and non-deductible items	**1,704**	-1,382
Taxes in the statement of comprehensive income	**-361**	-1,720
Effective tax rate	**2%**	5%

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 was 2% (5%). In the financial year, the tax rate decreased primarily because the gains from Kobia's sale and leaseback transactions were mainly tax-free.

4 INVESTED CAPITAL

INVESTED CAPITAL

1,000 EUR	Note	2023	2022
Intangible assets	4.2	**51,710**	46,783
Tangible assets	4.1	**168,972**	178,454
Leased assets	2.5	**22,516**	15,871
Inventories	4.4	**59,242**	69,900
Accounts receivable and other receivables	4.5	**73,705**	68,995
Other assets		**2,340**	1,436
Cash and cash equivalents	2.2	**30,683**	21,727
Accounts payable and other liabilities	4.6	**-65,667**	-71,105
Other liabilities		**-2,148**	-1,854
Deferred tax assets and liabilities, net	4.8	**-4,967**	-6,616
Assets and liabilities classified as held for sale, net			9,345
Total		**336,386**	332,936

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 152.1 million. Goodwill and other intangible assets account for EUR 51.7 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 69.3 million, and cash and cash equivalents EUR 30.7 million of invested capital.

INVESTMENTS BY SEGMENT

1,000 EUR	2023	2022
ESL Shipping	**20,723**	16,460
Telko	**892**	1,124
Leipurin	**89**	208
Other operations	**81**	2
Continuing operations, total	**21,785**	17,794
Discontinued operation	**40**	24
Total	**21,825**	17,818

Investments consist of additions in tangible assets and intangible assets that will be used during more than one financial year, excluding additions through acquisitions. The investments of EUR 21.8 (17.8) million mainly consisted of ESL Shipping segment's Green Coaster advance payments. Additions of leased assets are disclosed in Note 2.5 Leases.

GREEN COASTER INVESTMENT COMMITMENT

AtoBatC Shipping AB, reported in the ESL Shipping segment, is building a series of six highly energy-efficient electric hybrid vessels. The new vessels of ice class 1A will be top of the line in terms of their cargo capacity, technology and innovation. The total value of the six-vessel investment is approximately EUR 70 million, and its cash flows will be divided mainly for the years 2023 and 2024. The new vessels are built at the Chowgule and Company Private Limited shipyard in India, and the first vessel, Electramar, was delivered in December 2023. The Green Coaster investments totaled EUR 14.2 million in 2023, including advance payments for Electramar and the Green Coaster vessels under construction.

NON-CURRENT ASSETS BY MARKET AREA

1,000 EUR	2023	2022
Finland	**192,710**	197,750
Scandinavia	**51,673**	43,391
Baltic countries	**269**	238
Other European countries	**255**	344
Other countries	**223**	566
Total	**245,130**	242,289

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.

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	2023	2022
Inventories	4.4	**59,242**	69,900
Accounts receivable	4.5	**48,784**	47,279
Accounts payable	4.6	**-37,234**	-38,805
Advances received	4.6	**-1,531**	-1,481
Total		**69,261**	76,893

The Group's working capital decreased by EUR 7.6 (0.7) million. The cash flow impact of change in working capital was EUR 4.4 (-6.7) million. The positive cash impact was caused by a decrease in inventories driven by a decline in market prices and proactive operational management actions, especially in the Telko segment.

In 2022, it was confirmed that ESL Shipping will establish a Green Coaster pool. As a result, AtoBatC Shipping AB has ordered six next-generation electric hybrid vessels from the Chowgule & Company Private Limited in India, in addition to the six vessels mentioned above. These vessels will be sold to a company formed by a group of investors. Every other vessel by Chowgule & Company Private Limited will be produced for AtoBatC Shipping AB, and every other will be sold to the Green Coaster pool. Advance payments for the vessels to be sold further have been recognized in inventories. At the end of the financial year, inventories include EUR 15.1 (10.2) million of Green Coaster advance payments.

4.1 Tangible assets

TANGIBLE ASSETS 2023

1,000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan 1	4,945	16,999	16,207	309,228	756	10,669	358,804
Translation differences	2	-166	-305				-469
Additions, business combinations			27				27
Additions		2	415	2,044		18,485	20,946
Decreases	-4,945	-10,189	-3,063	-4,672	-5		-22,874
Transfers between classes		97	23	3,457		-3,577	0
Acquisition cost, Dec 31	**2**	**6,743**	**13,304**	**310,057**	**751**	**25,577**	**356,434**
Accumulated depreciation, Jan 1		-8,514	-13,878	-157,494	-464		-180,350
Translation differences		112	237				349
Accumulated depreciation, business combinations			-8				-8
Accumulated depreciation of decreases		3,621	2,707	4,672	1		11,001
Transfers between classes			-1				-1
Depreciation for the period, continuing operations		-455	-720	-17,223	-17		-18,415
Depreciation for the period, discontinued operations		-9	-29				-38
Accumulated depreciation, Dec 31		**-5,245**	**-11,692**	**-170,045**	**-480**		**-187,462**
Carrying amount, Dec 31	**2**	**1,498**	**1,612**	**140,012**	**271**	**25,577**	**168,972**

The decreases in land and buildings were mainly caused by the sale and leaseback transactions carried out in the Leipurin segment, which are explained in more detail in Note 2.5 Leases.

The share of the sold Telko OOO of the decreases of machinery and equipment was EUR 1.0 million, and the accumulated depreciation of the decreases was EUR 0.9 million.

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		0	-289	-5,783	0	-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		0	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.

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

	2023				
1,000 EUR	**Goodwill**	**Intangible rights**	**Other intangible assets**	**Advance payments**	**Total**
Acquisition cost, Jan 1	47,392	7,123	14,567	808	69,890
Translation differences	-13	10	232	851	1,080
Additions, business combinations	1,745	141	3,103		4,989
Additions		28			28
Decreases	-1,519	-472			-1,991
Transfers between classes		635	12	-647	0
Acquisition cost, Dec 31	**47,605**	**7,465**	**17,914**	**1,012**	**73,996**
Accumulated amortization and impairment, Jan 1	-10,524	-1,650	-10,933		-23,107
Translation differences	5	-6	-98		-99
Accumulated amortization and impairment of decreases	1,368	473			1,841
Amortization for the period, continuing operations		-231	-689		-920
Amortization for the period, discontinued operations		-1			-1
Accumulated amortization and impairment, Dec 31	**-9,151**	**-1,415**	**-11,720**		**-22,286**
Carrying amount, Dec 31	**38,454**	**6,050**	**6,194**	**1,012**	**51,710**

The share of the goodwill decreases of the sold Telko OOO was EUR 0.4 million, and the goodwill reduction resulting from the deconsolidation of Leipuri's eastern companies was EUR 1.0 million. Full impairment loss had already been recognized on these goodwill balances in 2022.

	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.

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 and 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

Cloud services are recognized as an expense in the period during which the expense is incurred because they are not controlled by the company. 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	2023	2022
ESL Shipping	**6,337**	6,337
Telko	**10,790**	9,058
Leipurin	**21,327**	21,473
Total	**38,454**	36,868

BRANDS BY SEGMENT

1,000 EUR	2023	2022
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 2024 and the financial plans for 2025-2027 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 on the same level as in 2022 in the Leipurin segment. In the Telko and ESL Shipping segments, the WACC is higher than in the comparison period. The most significant change is in the Telko segment, where the change has been affected by the increase in beta, and especially by the growth in the proportion of net sales in Ukraine, Poland and China and the impact of the weight of the WACCs in these countries on the overall WACC level in Telko. Ukraine's credit rating has decreased during the year, so its market risk premium has also increased significantly.

POST-TAX WACC BY CASH GENERATING UNIT

	2023	2022
ESL Shipping	**8.57%**	8.13%
Telko	**12.34%**	10.93%
Leipurin	**9.28%**	9.34%

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, a decrease of one percentage point in the estimated EBITDA would cause a need to recognize an impairment loss.

Discontinued operation and eastern operations held for sale in 2022

In 2022, an impairment loss of EUR 1.3 million was recognized on the goodwill of the Kauko operating segment as based on the purchase offers received, it became apparent that Kauko's fair value was lower than its carrying amount. The impairment loss of Kauko operating segment is presented in the consolidated income statement as part of the profit from discontinued operations.

Telko's and Leipuri's eastern business operations were classified as held for sale at the end of 2022, and in connection with the classification as held for sale, the net assets of the business operations were measured at fair value less cost to sell, being lower than the carrying amount. Also, part of Telko and Leipurin segment's goodwill was allocated to the eastern operations held for sale in proportion to fair values. The impairment losses of EUR 1.4 million are presented as part of the profit from discontinued operations. More information about result of the discontinued operations is available in Note 1.3 Discontinued operations.

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, 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, future cash flows may differ from the estimated future discounted cash flows, which may lead to the recognition of impairment losses in coming periods.

4.4 Inventories

INVENTORIES

1,000 EUR	2023	2022
Materials and supplies	**6,174**	5,832
Finished goods	**37,522**	53,609
Other inventories	**15,546**	10,459
Total	**59,242**	69,900

INVENTORIES BY SEGMENT

1,000 EUR	2023	2022
ESL Shipping	**19,583**	15,116
Telko	**25,222**	38,849
Leipurin	**14,437**	15,787
Other operations		148
Total	**59,242**	69,900

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 various packaging and other supplies. 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, inventories included EUR 15.1 (10.2) million in advance payments for the Green Coaster vessels.

An expense of EUR -1.0 (-0.3) million was recognized in the result of the continuing operations 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. According to the management's estimate, the value of inventories of more than one year should be set to zero.

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.

4.5 Accounts receivable and other receivables

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

1,000 EUR	2023	2022
Accounts receivable	**48,784**	47,279
Refund from the Ministry of Transport and Communications	**5,887**	6,131
Advance payments	**4,123**	4,582
VAT receivable	**1,691**	1,266
Loan receivables	**1,336**	448
Other deferred receivables	**11,884**	9,289
Total	**73,705**	68,995

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. Considerable uncertainties are associated with the solvency of Ukrainian customers due the war in Ukraine. Consequently advance payment is used as the payment term for Ukrainian customers.

AGEING ANALYSIS OF ACCOUNTS RECEIVABLE

2023

1,000 EUR	Accounts receivable	Allowance for credit losses	Carrying amount
Not matured	45,431	-31	45,400
Matured 1–30 days ago	3,104	-9	3,095
Matured 31–60 days ago	123	-1	122
Matured 61–90 days ago	70		70
Matured 91–180 days ago	112	-30	82
Matured more than 181 days ago	1,180	-1,165	15
Total	50,020	-1,236	48,784

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

According to management's judgement accounts receivable do not involve significant credit loss risks. During the year, a total of EUR 0.5 (0.7) 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	2023	2022
Accounts payable	**37,234**	38,805
Advances received	**1,531**	1,481
Salaries and social security contributions	**8,384**	11,203
Employer contributions	**1,436**	1,415
Accrued interest	**2,733**	2,181
VAT liability	**3,659**	3,612
Other current liabilities	**1,842**	550
Other current deferred liabilities	**8,848**	11,858
Total	**65,667**	71,105

4.7 Provisions

NON-CURRENT PROVISIONS

1,000 EUR	Tax provisions	Restoration provisions	Pension provisions	Total
December 31, 2022	19	466	101	586
Change in provisions	9			9
December 31, 2023	**28**	**466**	**101**	**595**

CURRENT PROVISIONS

1,000 EUR	Other provisions
December 31, 2022	58
Change in provisions	99
December 31, 2023	**157**

Non-current provisions include a restoration provision relating to the Rauma terminal area and are 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 mainly to the discontinuation of Telko's operations in Azerbaijan and to Kobia AB's onerous sales agreement.

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	2023	2022
Leases	**195**	74
Employee benefits	**7**	24
Allowance for credit losses	**46**	102
Other provisions	**202**	93
Losses carried forward		
Other temporary differences	**91**	37
Total	**541**	330

CHANGES IN DEFERRED TAX ASSETS

1,000 EUR	2023	2022
Deferred tax assets, Jan 1	**330**	645
Items recognized in the statement of comprehensive income		
Leases	**121**	-13
Employee benefits	**-17**	3
Allowance for credit losses	**-56**	-6
Other provisions	**109**	-7
Losses carried forward		-73
Other temporary differences	**54**	55
Impairment, operations in east		-256
Divestments		-18
Deferred tax assets, Dec 31	**541**	330

During the 2023 financial year, the most significant change in deferred tax assets related to provisions and lease agreements. In 2022, the most significant change related to impairment losses of deferred tax assets recognized in conjunction with the classification of the eastern operations as held for sale.

No deferred tax assets have been recognized on the taxable losses carried forward in Aspo Group because there is no assurance that the companies that accumulated the losses will be able to utilize them before they expire. The Finnish companies' taxable losses were EUR 54.8 (52.7) million and foreign companies taxable losses amounted to EUR 2.3 (0.0) million. The loss expiry period varies from one country to another, while some losses do not expire within the scope of the current legislation. In Finland, the period of utilization of tax losses is ten years. In Aspo Group, tax losses expire and emerge each year.

DEFERRED TAX LIABILITIES

1,000 EUR	2023	2022
Depreciation in excess of plan and Swedish tax reserves	**1,319**	1,434
Tangible and intangible assets	**3,065**	4,417
Retained earnings of foreign subsidiaries	**1,046**	1,069
Other temporary differences	**78**	26
Total	**5,508**	6,946

CHANGES IN DEFERRED TAX LIABILITIES

1,000 EUR	2023	2022
Deferred tax liabilities, Jan 1	**6,946**	5,241
Items recognized in the statement of comprehensive income		
Depreciation in excess of plan and Swedish tax reserves	**-115**	-122
Tangible and intangible assets	**-1,940**	-390
Retained earnings of foreign subsidiaries	**-23**	27
Other temporary differences	**52**	661
Acquisitions	**588**	2,202
Transfer to liabilities held for sale, operations in east		-673
Deferred tax liabilities, Dec 31	**5,508**	6,946

During the financial year, a deferred tax liability of EUR 1.0 (1.1) million in total was recognized based on the retained earnings of the Estonian subsidiaries of Telko and Leipurin. A deferred tax liability of EUR 0.8 (1.8) million has not been recognized based on the retained earnings of other foreign subsidiaries because the funds are permanently invested in the countries in question.

Aspo Group has adopted the amendment to IAS 12 related to the recognition of deferred taxes on assets and liabilities arising from the same transaction. The amendment has an impact on the application of IFRS 16 Leases when recognizing a lease liability and the leased asset at the start of the lease. The amendment entered into force on January 1, 2023, and has been applied retrospectively. Deferred tax assets and liabilities arising from leases are presented on a gross basis in the next table.

DEFERRED TAXES ON LEASE AGREEMENTS

1,000 EUR	2023	2022
Leased assets	**2,143**	1,515
Lease liabilities	**-1,948**	-1,441
Total	**195**	74

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 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 purpose 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, as well as 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 instructions provided by the parent company.

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

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 loans include external requirements for the levels of capital. They are monitored and reported to Aspo's management, and to the providers of the loans concerned. The solvency of the subsidiaries is monitored, and capital is transferred within the Group as permitted by regulations.

Covenants

Under the terms of its financial facilities, the group is required to comply with the following financial covenants at the end of each annual and interim reporting period:

- Term loans total of the carrying amounts of EUR 146.6 million: the Equity Ratio must exceed 25 % and out of these loans a total of the carrying amount of EUR 92.6 million: the Ratio of Net Debt to EBITDA must not be more than 4.5.
- A bond with a carrying amount of EUR 15 million: the Equity Ratio must exceed 25 %

Similar covenants may be used for committed but unused financial facilities for Aspo.

If Aspo or its subsidiaries has given pledges or mortgages as guarantee of any loan, the Loan to Value Ratio must exceed the defined ratio as agreed.

The group has complied with these covenants throughout the reporting period. As at 31 December 2023, the Equity Ratio was 34 % (35 %) and Net Debt to EBITDA Ratio was 3.8 (2.4). There are no indications that Aspo may have difficulties complying with the covenants when they will be next tested as at the 31 March 2024 interim reporting date.

MARKET RISKS

Currency risk

Aspo Group has businesses in 13 countries, and the operations take place in many 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 Scandinavia and especially from Sweden. Aspo's most significant translation risk concerns the Swedish krona (SEK). If the krona weakens against the euro, the net sales of the Telko and Leipurin segments generated in Sweden decrease. If the krona strengthens, net sales of Aspo Group increases. The Swedish krona weakened against the euro in 2023.

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 external liabilities are mainly denominated in euro.

LOANS AND OVERDRAFT FACILITIES IN USE BY CURRENCY

1,000 EUR	2023	2022
EUR	**171,531**	171,179
USD	**902**	947
PLN	**6**	
Total	**172,439**	172,126

ACCOUNTS RECEIVABLE BY CURRENCY

1,000 EUR	2023	2022
EUR	**36,837**	34,660
SEK	**5,438**	5,304
DKK	**1,596**	2,532
PLN	**541**	471
UAH	**438**	140
USD	**1,105**	1,965
Other	**2,829**	2,207
Total	**48,784**	47,279

ACCOUNTS PAYABLE AND ADVANCES RECEIVED BY CURRENCY

1,000 EUR	2023	2022
EUR	**28,745**	30,236
SEK	**5,120**	4,413
DKK	**367**	519
PLN	**90**	48
UAH	**562**	256
USD	**1,954**	2,599
Other	**1,927**	2,215
Total	**38,765**	40,286

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 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. ESL Shipping's new electric hybrid vessel investments and upcoming sales are denominated in euro.

EQUITY OF FOREIGN SUBSIDIARIES BY CURRENCY

1,000 EUR	Equity 2023	Equity 2022
EUR	**36,040**	31,345
SEK	**21,034**	11,639
DKK	**9,657**	8,228
RUB		20,500
NOK	**-161**	71
UAH	**1,325**	408
PLN	**5,593**	3,647
BYN		741
CNY	**2,615**	2,050
KZT	**-786**	818
AZN	**-472**	-419
IRR		-187
UZS	**-483**	392
RON	**-376**	-287
Total	**73,986**	78,946

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 table shows the Group's share of the subsidiaries' equity by currency. The total equity of the Group's foreign subsidiaries at the reporting date was EUR 74.0 (78.9) million. The largest foreign currency-denominated investments in 2023 were SEK-denominated investments in subsidiaries operating in Sweden, totaling EUR 21.0 (11.6) million. In 2022, the Ruble-denominated investments of EUR (20.5) million in subsidiaries operating in Russia were the biggest foreign currency investment. Despite the significant share of equity being denominated in the SEK and DKK, 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 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 treatment of the Ukrainian loan of EUR 3.4 million as a net investment in a foreign operation ended in 2021 as a result of repayments, but the translation differences related to the loan that had accumulated until the reclassification of the loan have not been reversed, and they are still included in the translation differences. The Belarusian company paid off its entire debt balance of EUR 0.8 million in 2022, and the related translation differences were reclassified through profit or loss during the reporting period when the company was placed in liquidation and its consolidation into Aspo Group ended. The loan receivable from Telko Kazakhstan of EUR 1.8 million continues to be treated as a net investment in a foreign operation.

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.

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 may use 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, 2023, the Group's interest-bearing liabilities totaled EUR 195.9 (189.3) million and cash and cash equivalents stood at EUR 30.7 (33.6) million. The figures of the comparative year also include 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 23.5 (17.1) 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 5.3% (3.3%), the duration of interest rate position was 0.4 years (0.6), the average loan maturity was 3.9 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.

Aspo Group has not identified material transaction risks related to any single currency since the disposal of its Russian business operations. However, Aspo Group has internal euro-denominated loans in the Telko segment's companies in Norway, Ukraine and Kazakhstan, which generate foreign exchange gains and losses for the Group. Currency differences in internal loans affect the Group's result because they are not eliminated in consolidation. If the currency of Kazakhstan weakened by 10 percentage points, it would result in an exchange rate loss of EUR 0.3 million for the Group, and if the currency of Ukraine weakened against the euro, it would result in an exchange rate loss of EUR 0.4 million calculated based on the loan capital on the balance sheet date. If the currencies strengthened by ten percentage points, the impact would be positive to the same extent and would be reported as exchange rate gains in financial items.

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.

SENSITIVITY ANALYSIS FOR INTEREST RATE RISK

1,000 EUR	Profit and loss 2023	Profit and loss 2022
Interest rate risk		
Change of +100 basic points in the market interest rates	**-1,559**	-1,559
Change of -100 basic points in the market interest rates	**1,572**	1,564

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 derivative contract-based counterparty risk is managed by selecting well-known and solvent Nordic banks as counterparties.

5.2 Derivative contracts

DERIVATIVE CONTRACTS

1,000 EUR	Nominal value 2023	Fair value, net 2023
Forwards		
Foreign currency forwards	11,290	-59

At the end of the 2023 financial year, Aspo had a forward contract of SEK 125 million, the fair value of which at the time of reporting was EUR -59 thousand. The forward contract is subject to hedge accounting. The forward contract expires in May and has been made to hedge the SEK-denominated purchase price of a potential future acquisition.

The forward contract is used to hedge against the strengthening of the Swedish krona. If the Swedish krona strengthened by ten percentage points against the euro compared with the valuation rate on the balance sheet date, the impact would be EUR 1.2 million on the fair value of the forward contract and EUR 1.0 million on equity. If the Swedish krona weakened by ten percentage points against the euro, the impact would be EUR -1.0 million on the fair value of the forward contract and EUR -0.8 million on equity.

DERIVATIVES

Derivatives are initially recognized at fair value on the day the Group becomes a contractual counterparty and are subsequently measured at fair value. Fair value of derivatives is determined on the basis of quoted market prices and rates, the discounting of cash flows and option valuation models. The fair value of currency forwards is calculated by discounting the predicted cash flows from the agreements in accordance with interest rates of the currencies sold, translating the discounted cash flows at the exchange rates at the reporting date, and calculating the difference between the discounted values.

The change in the fair value of the effective portion of hedging is recognized in other comprehensive income and presented in the hedging reserve included in the fair value reserve under equity.

When applying hedge accounting, the relation between the hedging instruments and hedged items is documented at the start of hedging, as well as the risk management targets and strategies used as guidelines when launching different hedging actions. At the start of hedging and continuously after this action, the Group prepares an estimate whether the derivatives used in hedging effectively abolish the changes in fair values or cash flows of the hedged objects. The gain or loss relating to an inefficient portion is immediately recognized in the statement of comprehensive income as financial items. When the hedging instrument expires or is sold or when hedging does not meet the criteria of hedge accounting, the accumulated gains and losses retained in equity at that time remain in equity and are reclassified to the statement of comprehensive income only after the forecast transaction affects profit or loss. If the forecast transaction is no longer expected to occur, the accumulated gain or loss retained under equity is immediately reclassified to the statement of comprehensive income as financial items.

5.3 Related parties and management compensation

RELATED PARTIES

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. No material transactions with Aspo's related parties or entities controlled by them were identified during the financial year.

KEY MANAGEMENT COMPENSATION

EXPENSES FOR KEY MANAGEMENT COMPENSATION

1,000 EUR	2023	2022
Salaries and other short-term employee benefits	**2,831**	2,574
Post-employment benefits	**556**	503
Termination benefits		461
Share-based payments	**723**	1,059
Total	**4,110**	4,597

Pension benefits include both statutory and voluntary pension payments. Aki Ojanen was Aspo Group's CEO until August 15, 2021. In February 2022, the Board of Directors granted share-based payments of EUR 0.5 million to Ojanen that were recognized in 2022 and are presented as termination benefits in the table above.

SALARIES AND BENEFITS OF BOARD MEMBERS AND CEO

1,000 EUR	2023	2022
Chief Executive Officer compensation		
CEO Jansson Rolf, salaries	**443**	437
CEO Jansson Rolf, pensions	**102**	87
CEO Jansson Rolf, bonuses	**175**	78
CEO Jansson Rolf, share-based payments	**522**	152
CEO Ojanen Aki, termination benefits		461
Total	**1,242**	1,215

Aspo's 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.

1,000 EUR	2023	2022
Board of Directors compensation		
Westerlund Heikki, Chairman of the Board	**73**	69
Kaario Mammu, Vice Chairman of the Board*	**13**	54
Laine Mikael, Vice Chairman of the Board**	**51**	38
Allam Patricia	**37**	38
Kolunsarka Tapio***	**37**	27
Pöyry Salla	**37**	37
Ståhlberg Kaarina****	**31**	
Vehmas Tatu	**41**	42
Total	**320**	305

*Vice Chairman of the Board until April 4, 2023
**Vice Chairman of the Board since April 4, 2023
***Member of the Board since April 6, 2022
****Member of the Board since April 4, 2023

5.4 Share-based payments

SHARE-BASED PAYMENT EXPENSES RECOGNIZED

1000 €	2023	2022
Recognized in employee benefit expenses	**1,114**	1,829

Aspo has share-based incentive schemes the expenses of which are normally 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 2023–2025

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

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

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

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

For the 2023 earnings period, the targets were met at 10% overall.

Share-based incentive plan 2022–2024

On February 16, 2022, Aspo Plc's Board of Directors decided to establish a share-based incentive plan for 2022–2024. The 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. On March 29, 2023, Aspo Plc granted 76,050 treasury shares to employees included in the plan. The transfer was based on the share issue authorization of the Annual Shareholders' Meeting held on April 6, 2022.

For the 2023 earnings period, the targets were met at 30% 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. The expense of the share-based incentive plan is recognized in the years 2021–2023.

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 to the company's CEO of equal quantity took place in June 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	22.6.2023	10,000	7.83	7.04
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	28.3.2023	76,050	7.48	8.46
Share-based incentive plan 2023-2025	15.2.2023	6.6.2023			6.95	

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.

5.5 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	2023	2022
Mortgages given	**127,000**	127,000
Guarantees	**20,734**	7,455
Total	**147,734**	134,455
Other commitments	**23,480**	26,762

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 66.0 (51.6) 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 of 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.

5.6 Events after the financial year

On January 2, 2024, Aspo signed a revolving credit facility agreement amounting to EUR 20 million. The credit is being granted by Nordea Bank Abp. The maturity of the revolving credit facility agreement is two years plus an option for one additional year. The agreement will replace a prior revolving credit facility agreement of the same amount which had remained unused.

On February 8, 2024, Aspo announced that Varma Mutual Pension Insurance Company has agreed to co-invest EUR 15 million alongside OP Finland Infrastructure LP in Aspo's subsidiary ESL Shipping. As a result, the combined investment into ESL Shipping managed by OP Finland Infrastructure LP rises to total of EUR 45 million at the closing of the transaction. The combined EUR 45 million investment managed by OP Finland Infrastructure LP will be made against issuance of new shares in ESL Shipping with an agreed pre-money equity valuation of EUR 165 million, corresponding to a 21.43% ownership stake in ESL Shipping.

5.7 Changes in IFRS standards

NEW AND AMENDED STANDARDS ADOPTED DURING THE FINANCIAL YEAR

No new standards have been adopted by the Group for the first time in the annual reporting period commencing January 1, 2023. The following amendments to standards have been applied for the first time in the accounting period commencing January 1, 2023.

- *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 has impact on the consolidated financial statements upon recognition of a lease liability and the corresponding right-of-use asset in accordance with IFRS 16 at the commencement date of a lease. The amendments are effective on January 1, 2023. Deferred tax receivables and deferred tax liabilities arising from lease agreements are presented gross in Note 4.8 Deferred taxes.
- *Classification of Liabilities as Current or Non-Current – Amendment to IAS 1*, which will become effective on January 1, 2024. 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 had no material effect on the classification of Aspo's loans as current and non-current.
- *Non-current Liabilities with Covenants – Amendment to IAS 1*, which will become effective on January 1, 2024. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. Aspo has added information related to covenants to these consolidated financial statements in Note 5.1 Financial risks and the management of financial risks.

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:

- *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 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.
- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements*. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements regarding supplier finance arrangements and liquidity risk information. The amendments are applicable for the annual reporting period beginning on 1 January 2024. The company's management anticipates that the application of these changes could possibly affect the consolidated financial statements in the coming periods, even though the group does not have significant financing arrangements with suppliers or service providers.
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates—Lack of Exchangeability*. The amendments specify when a currency is exchangeable into another currency and when it is not. A currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. A currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency. When a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing. Following the amendments, the group is required to disclose information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. The amendments are effective for the annual reporting period beginning on 1 January 2025. Earlier application is permitted. The company's management anticipates that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Parent company's financial statements

Parent company's income statement

EUR	Note	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Net sales	1.1	**673,144.42**	628,666.56
Other operating income	1.2	**573,680.99**	698,117.32
Employee benefit expenses	1.3	**-2,133,482.37**	-2,982,759.80
Depreciation and amortization	1.4	**-39,972.32**	-30,117.42
Other operating expenses	1.5	**-3,856,496.94**	-3,487,439.99
Operating loss		**-4,783,126.22**	-5,173,533.33
Financial income and expenses	1.6	**4,702,033.67**	10,217,916.42
Profit before appropriations and taxes		**-81,092.55**	5,044,383.09
Appropriations	1.7	**1,550,000.00**	2,500,000.00
Profit for the period		**1,468,907.45**	7,544,383.09

Parent company's balance sheet

ASSETS

EUR	Note	Dec 31, 2023	Dec 31, 2022
Non-current assets			
Intangible assets	2.1	**56,122.14**	29,382.32
Tangible assets	2.1	**103,427.53**	106,538.75
Investments	2.2	**81,818,131.57**	81,818,131.57
Total non-current assets		**81,977,681.24**	81,954,052.64
Current assets			
Receivables from Group companies, non-current	2.3	**104,092,786.00**	102,773,786.00
Receivables from Group companies, current	2.3	**7,812,027.55**	15,696,075.74
Other current receivables	2.3	**223,377.72**	384,580.49
Cash and cash equivalents		**13,750,585.05**	9,437,636.18
Total current assets		**125,878,776.32**	128,292,078.41
Total assets		**207,856,457.56**	210,246,131.05

EQUITY AND LIABILITIES

EUR	Note	Dec 31, 2023	Dec 31, 2022
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	**21,150,592.47**	21,370,305.29
Retained earnings	2.4	**7,742,502.38**	14,429,524.05
Profit for the period		**1,468,907.45**	7,544,383.09
Total equity		**52,404,905.51**	65,387,115.64
Provisions	2.5	**57,342.94**	318,262.50
Liabilities			
Non-current liabilities			
Bonds	2.6		14,982,968.75
Hybrid bond	2.6	**30,000,000.00**	30,000,000.00
Loans from financial institutions	2.6	**70,000,000.00**	72,500,000.00
Total non-current liabilities		**100,000,000.00**	117,482,968.75
Current liabilities			
Liabilities to Group companies	2.7	**24,997,410.28**	11,803,547.40
Bonds	2.7	**14,992,778.75**	
Loans from financial institutions	2.7	**12,500,000.00**	12,500,000.00
Accounts payable		**99,487.30**	32,355.69
Other liabilities		**79,730.45**	67,580.94
Deferred liabilities	2.7	**2,724,802.33**	2,654,300.13
Total current liabilities		**55,394,209.11**	27,057,784.16
Total liabilities		**155,394,209.11**	144,540,752.91
Total equity and liabilities		**207,856,457.56**	210,246,131.05

Parent company's cash flow statement

EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flows from/used in operating activities		
Operating loss	**-4,783,126.22**	-5,173,533.33
Adjustments to operating loss	**-220,947.24**	95,051.92
Change in working capital	**-503,635.03**	-999,185.97
Interest paid	**-7,558,673.66**	-4,708,376.29
Interest received	**5,234,524.57**	1,778,131.91
Dividends received	**14,000,000.00**	12,000,000.00
Net cash from operating activities	**6,168,142.42**	2,992,088.24
Cash flows from/used in investing activities		
Investments in tangible and intangible assets	**-65,858.50**	-30,558.63
Aineellisten ja aineettomien hyödykkeiden luovutustulot	**2,257.58**	
Proceeds from sale of subsidiary shares		-968,600.00
Loans granted	**-38,000,000.00**	-48,200,000.00
Proceeds from loans	**36,681,000.00**	47,465,000.00
Net cash used in investing activities	**-1,382,600.92**	-1,734,158.63

EUR	Jan 1–Dec 31, 2023	Jan 1–Dec 31, 2022
Cash flows from/used in financing activities		
Repayment of non-current loans from Group companies		-854,000.00
Proceeds from non-current loans	**30,000,000.00**	
Repayment of non-current loans	**-32,500,000.00**	-2,500,000.00
Change in current receivables from Group companies	**763,990.17**	3,470,711.37
Change in current liabilities to Group companies	**13,214,534.78**	-2,199,993.67
Proceeds from current loans		10,000,000.00
Proceeds from issuance of commercial papers		30,000,000.00
Repayment of commercial papers		-35,000,000.00
Proceeds from Hybrid bond issue		30,000,000.00
Repayment of Hybrid bond		-20,000,000.00
Group contributions received	**2,500,000.00**	3,030,000.00
Dividends paid	**-14,444,211.60**	-14,108,588.05
Omien osakkeiden hankinta	**-308,100.66**	
Proceeds from sale of treasury shares	**301,194.68**	301,100.80
Net cash used in financing activities	**-472,592.63**	2,139,230.45
Change in cash and cash equivalents	**4,312,948.87**	3,397,160.06
Cash and cash equivalents Jan 1	**9,437,636.18**	6,040,476.12
Cash and cash equivalents at year-end	**13,750,585.05**	9,437,636.18

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 and other shares and participations included in non-current investments 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 the company's own 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	2023	2022
Net sales	**673,144.42**	628,666.56
Distribution of net sales by market area %		
Finland	**100**	100

1.2 Other operating income

OTHER OPERATING INCOME

EUR	2023	2022
Rental income from Group companies	**524,932.10**	627,386.21
Other operating income	**48,748.89**	70,731.11
Total	**573,680.99**	698,117.32

1.3 Information about personnel and management

EMPLOYEE BENEFIT EXPENSES

EUR	2023	2022
Wages and salaries	**-1,572,569.76**	-1,983,249.77
Share-based payments	**-129,326.74**	-440,562.11
Profit bonus paid to the personnel fund	**-27,516.73**	-19,202.64
Pension expenses	**-430,695.50**	-462,829.23
Other social security expenses	**26,626.36**	-76,916.05
Total	**-2,133,482.37**	-2,982,759.80

MANAGEMENT COMPENSATION

EUR	2023	2022
CEOs, salaries	**442,764.60**	437,308.08
CEO, share-based payments	**521,613.50**	151,854.00
CEO, bonuses	**174,903.00**	78,246.00
Members of the Board of Directors, remunerations	**319,616.65**	304,673.68
Total	**1,458,897.75**	972,081.76

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

	2023	2022
Office staff	**8**	9

1.4 Depreciation and amortization

DEPRECIATION AND AMORTIZATION

EUR	2023	2022
Amortization, other long-term expenditure	**-39,118.68**	-25,946.76
Depreciation, machinery and equipment	**-853.64**	-4,170.66
Total	**-39,972.32**	-30,117.42

1.5 Other operating expenses

OTHER OPERATING EXPENSES

EUR	2023	2022
Rents	**-844,061.31**	-867,178.28
Administration and consultancy services	**-2,323,314.22**	-2,000,091.65
Other expenses	**-689,121.41**	-620,170.06
Total	**-3,856,496.94**	-3,487,439.99

AUDITOR'S FEES

EUR	2023	2022
Audit fees	**50,000.00**	73,863.33
Other services	**56,550.00**	20,840.50
Total	**106,550.00**	94,703.83

The authorized public accountant firm Deloitte Oy is the company's auditor. The audit fee was EUR 50 (74) thousand.

1.6 Financial income and expenses

FINANCIAL INCOME AND EXPENSES

EUR	2023	2022
Financial income		
Dividend income		
From Group companies	**7,600,000.00**	16,000,000.00
Total	**7,600,000.00**	16,000,000.00
Other interest and financial income		
From Group companies	**4,816,994.16**	1,798,242.55
Guarantee service fee	**117,730.60**	
Exchange rate gains	**5,213.41**	576.08
From others	**290,169.96**	24,820.92
Total	**5,230,108.13**	1,823,639.55
Total financial income	**12,830,108.13**	17,823,639.55
Financial expenses		
Interest expenses and other financial expenses		
To Group companies	**-403,003.21**	-34,429.08
To others	**-7,725,071.25**	-7,571,294.05
Total	**-8,128,074.46**	-7,605,723.13
Total financial expenses	**-8,128,074.46**	-7,605,723.13
Total financial income and expenses	**4,702,033.67**	10,217,916.42

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

1.7 Appropriations

APPROPRIATIONS

EUR	2023	2022
Group contributions received	**1,550,000.00**	2,500,000.00
Total	**1,550,000.00**	2,500,000.00

2.1 Intangible and tangible assets

INTANGIBLE AND TANGIBLE ASSETS 2023

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	1,907.55	12,142.02	170,841.18	103,136.46	288,027.21
Additions		1,530.00	1,530.00					
Transfers between classes		64,328.50	64,328.50					
Decreases		-124,008.84	-124,008.84			-145,817.62	-2,257.58	-148,075.20
Acquisition cost, Dec. 31	**201,058.04**	**77,309.10**	**278,367.14**	**1,907.55**	**12,142.02**	**25,023.56**	**100,878.88**	**139,952.01**
Accumulated depreciation, Jan. 1	-201,058.04	-106,077.12	-307,135.16		-12,142.02	-169,346.44		-181,488.46
Accumulated depreciation of decreases		124,008.84	124,008.84			145,817.62		145,817.62
Depreciation and amortization for the period		-39,118.68	-39,118.68			-853.64		-853.64
Accumulated depreciation, Dec. 31	**-201,058.04**	**-21,186.96**	**-222,245.00**		**-12,142.02**	**-24,382.46**		**-36,524.48**
Carrying amount, Dec. 31, 2023	**0.00**	**56,122.14**	**56,122.14**	**1,907.55**	**0.00**	**641.10**	**100,878.88**	**103,427.53**

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**

2.2 Investments

INVESTMENTS

EUR	Subsidiary shares	Other shares	Total
Carrying amount, Jan. 1	81,657,131.12	161,000.45	81,818,131.57
Carrying amount, Dec. 31, 2023	**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
Lisäykset/myynnit	-1,586,338.33		-1,586,338.33
Carrying amount, Dec. 31, 2022	**81,657,131.12**	**161,000.45**	**81,818,131.57**

Kauko Oy's shares were sold during the 2022 financial year.

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

2.3 Receivables

NON-CURRENT RECEIVABLES

EUR	2023	2022
Receivables from Group companies		
Loan receivables	**104,092,786.00**	102,773,786.00
Total non-current receivables	**104,092,786.00**	102,773,786.00

CURRENT RECEIVABLES

EUR	2023	2022
Receivables from Group companies		
Interest receivables	**47,583.56**	52,000.00
Dividend receivables	**5,600,000.00**	12,000,000.00
Group contribution receivables	**1,550,000.00**	2,500,000.00
Cash pool receivables	**380,085.57**	1,144,075.74
Accounts receivables	**234,358.42**	
Total	**7,812,027.55**	15,696,075.74
Other receivables	**15,707.84**	138,437.28
Deferred receivables		
Personnel costs		3,002.80
Other deferred receivables	**207,669.88**	243,140.41
Total other current receivables	**223,377.72**	384,580.49
Total current receivables	**8,035,405.27**	16,080,656.23

2.4 Equity

EQUITY

EUR	2023	2022
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	**21,370,305.29**	21,324,170.25
Share-based payments, gain on sale of treasury shares	**88,387.84**	46,135.04
Purchase of own shares	**-308,100.66**	
Invested unrestricted equity reserve, Dec. 31	**21,150,592.47**	21,370,305.29
Retained earnings, Jan. 1	**21,973,907.14**	28,283,146.34
Share-based payments	**212,806.84**	254,965.76
Dividend distribution	**-14,444,211.60**	-14,108,588.05
Retained earnings, Dec. 31	**7,742,502.38**	14,429,524.05
Profit for the period	**1,468,907.45**	7,544,383.09
Total equity	**52,404,905.51**	65,387,115.64

CALCULATION REGARDING DISTRIBUTABLE EQUITY

EUR	2023	2022
Invested unrestricted equity reserve	**21,150,592.47**	21,370,305.29
Retained earnings	**7,742,502.38**	14,429,524.05
Profit for the period	**1,468,907.45**	7,544,383.09
Total	**30,362,002.30**	43,344,212.43

2.5 Provisions

PROVISIONS

EUR	2023	2022
Share based incentive plan	**57,342.94**	318,262.50
Total	**57,342.94**	318,262.50

2.6 Non-current liabilities

NON-CURRENT LIABILITIES

EUR	2023	2022
Bonds		14,982,968.75
Hybrid bond	**30,000,000.00**	30,000,000.00
Loans from financial institutions	**70,000,000.00**	72,500,000.00
Yhteensä	**100,000,000.00**	117,482,968.75
Total non-current liabilities	**100,000,000.00**	117,482,968.75

In the reporting period Aspo signed a loan agreement of EUR 30 million for a three-year loan period extending the maturity of Aspo's loan portfolio. The loan was taken for general corporate purposes and for refinancing a loan of similar value. The loan will be paid back at the end of the loan period.

During 2022, 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 2022, 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.

2.7 Current liabilities

CURRENT LIABILITIES

EUR	2023	2022
Loans from financial institutions		
Loans from financial institutions	**12,500,000.00**	12,500,000.00
Bonds	**14,992,778.75**	
Total	**27,492,778.75**	12,500,000.00

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.

EUR	2023	2022
Liabilities to Group companies		
Cash pool accounts	**24,997,364.15**	11,782,829.37
Accounts payable	**46.13**	20,718.03
Total	**24,997,410.28**	11,803,547.40
Deferred liabilities		
Interest	**2,194,951.13**	1,635,360.33
Personnel expenses	**422,175.63**	917,058.18
Other	**107,675.57**	101,881.62
Total	**2,724,802.33**	2,654,300.13

2.8 Guarantees and contingent liabilities

LEASE LIABILITIES

EUR	2023	2022
Payable within one year	**1,035,556.90**	1,008,918.84
Payable later	**2,737,718.48**	276,626.72
Total	**3,773,275.38**	1,285,545.56

GUARANTEES ON OWN BEHALF

EUR	2023	2022
Guarantees	**117,439.40**	94,911.34
Total	**117,439.40**	94,911.34

GUARANTEES ON BEHALF OF GROUP COMPANIES

EUR	2023	2022
Guarantees	**86,643,167.89**	78,467,668.35
Total	**86,643,167.89**	78,467,668.35

Signature of the Financial Statements and the Management Report

Helsinki, February 15, 2024

Heikki Westerlund
Chairman of the Board

Patricia Allam
Board member

Tapio Kolunsarka
Board member

Mikael Laine
Board member

Salla Pöyry
Board member

Kaarina Ståhlberg
Board member

Tatu Vehmas
Board member

Rolf Jansson
CEO

The Auditor's note

Our auditor's report has been issued today.

Helsinki, 15 February 2024

Deloitte Oy
Authorised public accountants

Jukka Vattulainen
APA

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 2023. 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 material 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, financial position and cashflows in accordance with International Financial Reporting Standards 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Goodwill impairment testing
Refer to the Aspo Oyj's consolidated financial statements' note 4.3.</td></tr>
<tr><td>Consolidated financial statements as of 31.12.2023 includes Goodwill amounting to EUR 38,9 million (EUR 36,9 million). Management has conducted goodwill impairment testing and as a result of the testing conducted has not accounted for impairment over goodwill during financial year 1.1.-31.12.2023.

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 of the cash generating units;
• 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.</td><td>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 31.12.2023 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; and
• 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.</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Discontinued Operations
Refer to the Aspo Oyj's consolidated financial statements' note 1.3.</td></tr>
<tr><td>In the beginning of the year 2023, Aspo established a new reporting segment called Non-core businesses which consists of Telko Russia and Belarus as well as Kauko GmbH previously reported in the Telko segment, Leipurin Russia, Belarus and Kazakhstan previously reported in the Leipurin segments well as SEL Shipping Russia previously reported In the ESL Shipping segment.

Telko's subsidiary in Russia, which was part of the Non-core segment, was sold in April 2023 and operations of Telko's subsidiary located in Belarus were discontinued and was no longer consolidated to Aspo Group from 31.8.2023 onwards.

In addition, due to the current circumstances, Aspo has concluded that it has lost the control in accordance with IFRS 10 over Leipurin Russia, Belarus and Kazakhstan entities as per 31.12.2023.

Negative impact on profit and loss for the financial year 1.1.-31.12.2023 resulting from sales and loss of control described above was EUR 14.5 million, which is disclosed as part of result from discontinued operations.

Changes in group structure and accounting treatment of discontinued operations is a key audit matter due to the substantial management judgement required, and significant impact on the consolidated financial statements resulting from accounting treatment of changes in group structure in accordance with IFRS 10 and classification of discontinued operations and assets held for sale in accordance with IFRS 5.</td><td>Our audit procedures have consisted e.g. the following amongst others:
• We gained an understanding of the group's accounting principles related to divestments and loss of control;
• Regarding the major divested and discontinues businesses, we assessed how the management has applied accounting principles and assumptions related to accounting principles with relation to requirements of IFRS 10;
• Regarding the major divested and discontinued businesses, we tested the sales result determined by the management and the effect of the transaction on goodwill and translation differences on consolidated financial statements; and
• We evaluate the appropriate presentation of discontinued operations in the financial statements in accordance with IFRS 5.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (continuing operations) Refer to consolidated financial statements' note 3.1.	
In the financial year 2023 Aspo Group's revenue from continuing operations amounted to EUR 536,4 million (EUR 560,7 million), which mainly consists of sale of goods, but also from services sold to customers. Revenue from sale of goods is recognized when the control of the underlying products has 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 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 4 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 2023 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 2023 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 2024

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)