Management report 2021

ASPO'S OPERATING MODEL

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

In 2021, Aspo's reportable segments were ESL Shipping, Leipurin and Telko. Other operations consist of Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by businesses.

Aspo announced in December that the Kauko operating segment and Vulganus Oy, part of the Leipurin segment, have been defined as non-core businesses for Aspo. As a result, the Kauko operating segment has been classified as a discontinued operation in the Group reporting in accordance with IFRS, and its results and balance sheet items are reported separately from Aspo Group's continuing operations. In the statement of comprehensive income the figures of the comparative periods have been restated. In the balance sheet, the assets of the Kauko operating segment are reported under "Assets held for sale" and liabilities under "Liabilities related to assets classified as held for sale". Vulganus Oy's assets and liabilities classified as held for sale are presented similarly. In the statement of comprehensive income, Vulganus is reported as part of the Leipurin segment's figures and Aspo Group's continuing operations. The reporting of balance sheet items on separate rows starts at the time of classification, and the comparative period's figures have not been restated.

COMPLEMENTARY REPORTS

Aspo Plc has released a separate 2021 Corporate Governance Statement. In addition, Aspo will release a report on non-financial information as required by the Finnish Accounting Act and information on EU taxonomy in line with the regulation of the European Parliament and of the Council (EU) 2020/852 in form of its Sustainability Report simultaneously with this Management Report. Both reports will be released on the company's website at www.aspo.com/en.

ASPO GROUP KEY FIGURES

	2021	2020	2019	2018	2017
Net sales, MEUR	**573.3***	474.3*	587.7	540.9	502.4
Profit for the period, MEUR	**25.3**	13.4	16.1	14.2	19.4
% of net sales	**4.4**	2.8	2.7	2.6	3.9
Operating profit, MEUR	**36.9***	16.7*	21.1	20.6	23.1
% of net sales	**6.4***	3.5*	3.6	3.8	4.6
Profit before taxes, MEUR	**33.0***	12.2*	18.2	16.4	21.1
% of net sales	**5.8***	2.6*	3.1	3.0	4.2
Earnings per share (EPS), EUR	**0.76**	0.39	0.47	0.42	0.56
Continuing operations EPS, €	**0.86***	0.30*			
Discontinued operations EPS, €	**-0.10**	0.09			
Return on equity (ROE), %	**20.8**	11.4	13.5	12.4	17.1
Equity ratio, %	**32.0**	30.1	30.1	29.5	35.6
Gearing, %	**129.4**	149.0	162.2	154.4	103.9
Net cash flow from operating activities	**44.0**	65.0	52.5	20.3	17.4
Free cash flow	**27.5**	56.0	45.2	-34.8	0.9

* Continuing operations

1) Figures for continuing operations in 2021 include an impairment loss of EUR 4.3 million recognized on Leipurin's goodwill, and an impairment loss and restoration provision totaling EUR 0.8 million recognized on the fixed assets of Telko's Rauma terminal.
2) The profit for the period in 2020 and 2021 includes the results of discontinued operations and, as a result, the figures of 2021 also includes the impairment loss of EUR 3.4 million recognized on Kauko's goodwill.
3) Year 2019 figures are affected by the decision issued by the Administrative Court in December 2019 to reduce the additional taxes imposed on Telko in 2015, which increased the financial income, in particular, and improved earnings per share by EUR 0.05.
4) Year 2018 figures include the impairment loss of EUR 4.8 million recognized on Kauko's goodwill.
5) The comparability of the key figures is affected by the adoption of IFRS 16 – Leases on January 1, 2019.
6) Accounting principles for the key figures are presented on page 71.

NET SALES BY SEGMENT

	2021 MEUR	2020 MEUR	Change MEUR	Change %
ESL Shipping	**191.4**	148.4	43.0	29.0
Telko	**268.8**	224.9	43.9	19.5
Leipurin	**113.1**	101.0	12.1	12.0
Continuing operations, total	**573.3**	474.3	99.0	20.9
Discontinued operations	**13.1**	26.4	-13.3	-50.4
Net sales total	**586.4**	500.7	85.7	17.1

OPERATING PROFIT BY SEGMENT

	2021 MEUR	2020 MEUR	Change MEUR	Change %
ESL Shipping	**26.8**	7.6	19.2	252.6
Telko	**20.4**	12.6	7.8	61.9
Leipurin	**-2.4**	1.4	-3.8	-271.4
Muu toiminta	**-7.9**	-4.9	-3.0	-61.2
Continuing operations, total	**36.9**	16.7	20.2	121.0
Discontinued operations	**-3.0**	2.6	-5.6	-215.4
Total	**33.9**	19.3	14.6	75.6

NET SALES BY MARKET AREA

	2021 MEUR	2020 MEUR	Change MEUR	Change %
Finland	**175.2**	150.6	24.6	16.3
Scandinavia	**109.4**	77.9	31.5	40.4
Baltic countries	**54.8**	46.0	8.8	19.1
Russia, other CIS countries and Ukraine	**155.2**	141.5	13.7	9.7
Other countries	**78.7**	58.3	20.4	35.0
Continuing operations, total	**573.3**	474.3	99.0	20.9
Discontinued operations	**13.1**	26.4	-13.3	-50.4
Total	**586.4**	500.7	85.7	17.1

OPERATING ENVIRONMENT IN 2021

Aspo's operating environment is recovering from the negative business impacts caused by the coronavirus pandemic. Demand for goods and services has grown rapidly, which has improved Aspo's operating conditions. At the same time, however, increased demand, and the shortage of shipping containers and components, has slowed down supply chain operations and increased price pressures. In western markets, business operations have increased rapidly close to the pre-pandemic level. In eastern markets, the Russian ruble has remained weak in relation to the euro, even though the price of oil has increased markedly. Demand has also grown rapidly in Russia, causing prices to increase in almost all sectors, while consumers' real income has decreased. Growing political tensions in Eastern Europe and any escalation of the situation may have a negative impact on the operations of Aspo's subsidiaries in the eastern markets.

Coronavirus restrictions imposed on societies continue to have an impact on consumer behavior and demand. Correspondingly, the pandemic increases costs and decelerates the company's operations and supply chains. Sudden changes in the spread and management of coronavirus may cause the operating environment to change rapidly.

EARNINGS

Operating profit for Aspo Group's continuing operations increased significantly during the financial year to EUR 573.3 (474.3) million. The operating profit of the Group's continuing operations broke a new record at EUR 36.9 (16.7) million. Earnings per share of continuing operations increased to EUR 0.86 (0.30), and return on equity was above the target level of 20% throughout the year.

ESL Shipping's net sales in 2021 increased significantly from the weak comparative period due to the initial shock reaction to the coronavirus pandemic, amounting to EUR 191.4 (148.4) million. ESL Shipping's operating profit for the financial year reached a new record at EUR 26.8 (7.6) million, and its operating profit rate was 14.0% (5.1%). Telko's net sales grew by 20% in 2021 to EUR 268.8 (224.9) million. The significant increase in net sales, rising prices and operational efficiency raised Telko's full-year operating profit clearly to a record-high level. Telko's operating profit increased by 62% to EUR 20.4 (12.6) million. Leipurin's net sales for the financial year increased by 12%, driven by Finland and the Baltic region, amounting to EUR 113.1 (101.0) million. Leipurin's full-year operating loss, including the impairment loss, was EUR -2.4 (1.4) million. The operating result of other operations was EUR -7.9 (-4.9) million.

The Group's main market areas are Finland, Scandinavia, the Baltic countries, and eastern markets (Russia, other CIS countries, and Ukraine). Net sales grew in all market areas. The significant increase in net sales in Scandinavia and the lower increase in net sales in eastern markets than in other market areas resulted from ESL Shipping's rapid growth, Telko's acquisition of ILS Group in the final quarter of 2020 in Sweden, and structural changes in Leipurin's markets in Russia.

CASH FLOW AND FINANCING

The Group's cash flow from operating activities was EUR 44.0 (65.0) million. The impact of the change in working capital on cash flow during the review period was EUR -22.0 (23.0) million, mainly due to an increase in Telko's inventories. Free cash flow was EUR 27.5 (56.0) million. Part of ESL Shipping's dockage investments were postponed to 2021 due to the pandemic, which, in addition to the increase in Telko's inventories, reduced the free cash flow.

MEUR	2021	2020
Interest-bearing liabilities	**185.1**	201.4
Cash and cash equivalents	**17.7**	32.3
Net interest-bearing debt	**167.4**	169.1

Net interest-bearing debt remained at the comparative period's level, and gearing decreased to 129.4% (149.0%). The Group's equity ratio improved and was 32.0% (30.1%) at the end of the year. Lease liabilities accounted for EUR 21.3 (20.6) million of interest-bearing liabilities on the closing date.

Net financial expenses decreased to EUR -3.9 (-4.5) million. The average interest rate of interest-bearing liabilities, excluding lease liabilities, was 1.4% (1.5%).

The Group's liquidity position remained strong. Cash and cash equivalents stood at EUR 17.7 (32.3) million at the end of the year. Committed revolving credit facilities totaled EUR 40.0 million and were fully unused, as in the comparative period. EUR 5 (11) million of Aspo's EUR 80 million commercial paper program were in use.

During the final quarter, Aspo extended the maturity structure of its loans. The company restructured a bilateral bank loan of EUR 15 million, about to mature in 2022, with a new loan agreement which will mature in 2025. The agreement also includes a one-year option. In addition, the company repaid an EUR 11 million private placement bond issued in 2015 and signed a new bilateral loan agreement of EUR 10 million. The loan period is six years, and the agreement includes a one-year option.

FINANCIAL TARGETS

On December 1, 2021, Aspo published new long-term financial targets:

- Operating profit: 8% (previously 6%)
- Annual increase in net sales: 5–10% (new target)
- Return on equity: more than 20%
- Gearing: less than 130%

The operating profit rate of the Group's continuing operations increased significantly in 2021 to 6.4% (3.5%). The Group's operating profit rate, including discontinued operations, was 5.8% (3.9%). Aspo's net sales increased by 21% in 2021, reaching the 2019 level. Return on equity improved significantly and was 20.8% (11.4%). Gearing decreased to 129.4% (149.0%).

EVENTS AFTER THE FINANCIAL YEAR

After the end of the financial year, ESL Shipping sold Espa, its smallest towed barge of 9,000 tonnes, built in 1987, to an Estonian buyer as part of the strategic modernization of its fleet. Sales gains of EUR 1.5 million will be recognized during the first quarter of 2022.

OUTLOOK FOR 2022

The general uncertainty in markets has also continued after the previous year. However, there are signs in the operating environment of becoming accustomed to the uncertainty caused by coronavirus pandemic restrictions on movement, and economic activities have picked up. The decrease in industrial production has stabilized or turned to a slight increase in the main market areas of Aspo's businesses. Raw material prices are expected to remain high or increase moderately. The coronavirus pandemic will continue to have an impact in 2022, while it is still difficult to estimate for how long movement and financial restrictions that reduce business operations remain in force. Growing political tensions in Eastern Europe and any escalation of the situation may have a negative impact on the operations of Aspo's subsidiaries in the eastern markets.

GUIDANCE FOR 2022

Aspo Group's comparable operating profit remains at the same level as in 2021 (EUR 42.4 million).

Comparable operating profit includes the following items: Operating profit +/- capital gains and losses, goodwill impairment losses and other items affecting comparability.

ASPO'S BUSINESS OPERATIONS

ESL Shipping

ESL Shipping is the leading dry bulk cargo company in the Baltic Sea region. ESL Shipping's operations are mainly based on long-term customer contracts and established customer relationships. At the end of the financial year, the shipping company's fleet consisted of 51 vessels with a total capacity of 473,000 deadweight tonnage (dwt). Of these, 24 were wholly owned (74% of the tonnage), two were minority owned (2%), and the remaining 25 vessels (24%) were time-chartered. ESL Shipping's competitive edge is based on its pioneering role and ability to responsibly secure product and raw material transportation for industries and energy production year-round, even in difficult conditions. The shipping company loads and unloads large ocean liners at sea as special services.

The profitability of all the shipping company's vessel categories was strong during the financial year. In contract traffic, demand for transportation remained very strong until the end of the year, and market freight rates were at a high level in all customer segments and vessel categories. The high demand in contract traffic limited opportunities to direct capacity at spot freight rates at the end of the year. During the fourth quarter, demand for the loading and unloading of vessels at sea was high, while its growth was restricted by the lack of capacity suitable for the operations.

ESL Shipping's net sales increased significantly during the financial year from the weak comparative period due to the initial shock reaction to the coronavirus pandemic, amounting to EUR 191.4 (148.4) million. Operating profit increased to record-breaking EUR 26.8 (7.6) million, and the operating profit rate was 14.0% (5.1%).

During the final quarter, a long-term transportation partnership agreement, strategically significant for the shipping company, was confirmed with Metsä Group regarding the transportation of forest industry products and their raw materials. The program for building the new low-emission electric hybrid vessels, ideal for this type of transportation, was announced in September 2021, and it has proceeded as planned. The vessels are expected to start operations from the third quarter of 2023 onwards at three-month intervals.

The long-term development of responsibility and the maintenance of a high level of safety are characteristic to the shipping company's operations. In December, ESL Shipping's new long-term sustainability goals were published, in which environmental activities focus on minimizing emissions to the sea and air. The shipping company aims to halve its carbon dioxide emissions per transportation unit by the end of the decade.

During the financial year, the coronavirus pandemic had an impact on crew changes, maintenance and spare parts deliveries on ESL Shipping's vessels due to insufficient flight connections and various travel restrictions. Advance testing and quarantine arrangements for crew members increased costs. In 2021, dockage days totaled 229 (120). Smaller time-chartered vessels were out of service more than usual because of prolonged docking and coronavirus infections, among other reasons.

ESL Shipping outlook for 2022

Demand for transportation in the company's main market area in Northern Europe was at a good level in all vessel categories. Most of the use of shipping company's transportation capacity has been secured in the Baltic Sea and Northern Europe through long-term agreements. The estimated transportation volumes of the shipping company's contractual customers are high, especially during the first half of the year. The general development of raw material and cargo markets will have the highest impact on the financial performance of the shipping company's largest Supramax vessels. Considering the long-term trend, the cargo prices of large vessels continue to be at a high level.

In the smaller vessel category, the price level of time-chartered vessels has increased significantly for 2022, and the availability of additional capacity is expected to be low, at least during the first half of the year. The cargo price levels of customer agreements, which have increased significantly in part, compensate for the increases in cost levels.

Any coronavirus restrictions on the activities of societies, customers' production plants, and ports may have an impact on demand and the shipping company's operations during the first part of the year, in particular. While the determined preventive measures taken to protect the personnel's health security will continue, a high sick leave rate may result in an acute shortage of crew members and, thus, cause disruptions in vessel operations that will be difficult to predict.

In Northern Europe, there continues to be considerable growth in interest among customers in environmentally friendly maritime transport that produces as low carbon emissions as possible. In addition to ESL Shipping's investments in new highly environmentally friendly vessels, the shipping company is preparing long-term cooperation with leading energy suppliers to provide sea transportation with even lower carbon emissions, and even fossil-free transportation, in the future.

With regard to the order placed for the Green Coaster electric hybrid vessels and its options, the shipping company is investigating investors' interest in the ownership and operations of vessels following the pooling arrangement, which is a common practice in international shipping operations. The aim is to accelerate ESL Shipping's operational growth and improve its profitability and return on capital.

During 2022, three larger and four smaller vessel units will be docked for a total of 100 days. After these dockages, all vessels owned by ESL Shipping will be equipped with ballast water treatment systems that meet new environmental regulations.

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 both in the east and the west. Telko operates in Finland, the Baltic countries, Scandinavia, Poland, Romania, Russia, Belarus, Ukraine, Kazakhstan, Uzbekistan, and China. According to its strategy, Telko participates actively in market consolidation.

Telko's net sales grew by 20% in 2021 to EUR 268.8 (224.9) million. Growth was significant in all business areas: the net sales of the plastics business increased by 19.4% to EUR 146.7 (122.9) million, the net sales of the chemicals business increased by 12.1% to EUR 83.6 (74.6) million, and the net sales of the lubricants business increased by 40.5% to EUR 38.5 (27.4) million.

The significant increase in net sales, rising prices and operational efficiency raised Telko's operating profit clearly to a record-high level. Telko's operating profit grew by

62% to EUR 20.4 (12.6) million. The operating profit rate was 7.6% (5.6%). An impairment loss and a restoration provision totaling EUR 0.8 million were recognized on the fixed assets of Telko's Rauma terminal. Without the aforementioned items affecting comparability, Telko's full-year operating profit would have been EUR 21.2 million, and its operating profit rate would have been 7.9%. As part of Aspo's revised strategy, Telko's operating profit target was raised to 8% (previously 6%), and Telko's growth will be accelerated through acquisitions.

According to the stock exchange release published by Aspo in December, Kauko has been classified as a discontinued operation. As a result, Kauko's figures are no longer reported as part of the Telko segment. Kauko's figures have been eliminated from Telko's actual figures for 2021 and comparative figures have been restated.

Demand remained high in all of Telko's business operations during the financial year, while difficulties in availability restricted the development of business volumes. Prices remained high in all operations.

Telko outlook for 2022

Telko's short-term outlook is positive, albeit it involves significant uncertainties. The availability and logistics issues that dominate the raw material markets are expected to persist at least during the first half of the year. The exceptional uncertainty resulting from the coronavirus pandemic has not been eliminated. This is reflected above all in challenges in imports from Asia, but also in constant bottlenecks in logistics chains within Europe.

Telko's certain customer groups suffer from production difficulties due to the low availability of raw materials and components independent of Telko. This will have an indirect impact on demand for Telko's products. The high prices of energy and crude oil contribute to the high price level of raw materials. Demand for products is expected to remain at a generally good level. Telko's investments in higher added-value products will continue and, as a result, the average profit margin level is expected to increase. Growing political tensions in Eastern Europe and any escalation of the situation may have a negative impact on Telko's operations in the eastern markets.

Telko announced the progress of its strategy at Aspo's Capital Markets Day on December 1, 2021. As a result of the changes made in the business and management model, Telko is ready to move on to a period of stronger growth in its strategy. Starting from 2022, Telko will seek not only organic growth, but also acquisitions that accelerate the achievement of the strategic goals set for Telko.

Leipurin

Leipurin operates as part of the food chain, acquiring raw materials in global markets and domestic companies and supplying them through its effective logistics chain according to customer needs. Leipurin operates in eight countries that have been grouped into three regional organizations, each being responsible for their financial performance: Finland, East, and the Baltic region. Leipurin serves bakery, food industry and foodservice customers by providing raw materials and by supporting product development and recipes for new products. In addition to raw materials, Leipurin's product categories include various supplies and machines for the same customer segments. Leipurin uses leading international manufacturers as its raw material and machinery supply partners.

In the separate machinery business, Vulganus Oy manufactures and maintains refrigeration and freezing solutions in the food industry through its spiral products. Aspo announced in December that it will explore strategic options for Vulganus Oy, part of Leipurin, and it has been defined as a business outside Aspo's core operations. Vulganus has been classified as available for sale, but its results are still reported as part of the Leipurin segment.

An impairment loss of EUR 4.3 million was recognized on Leipurin's goodwill during the final quarter. Of the impairment loss, the foodservice business accounted for EUR 3.0 million and machine manufacturing EUR 1.3 million. The outlook for the foodservice business is more moderate, and the financial performance of the machine manufacturing business has fallen short of its targets.

Leipurin's net sales in 2021 increased by 12% from the previous year, driven by Finland and the Baltic region, to EUR 113.1 (101.0) million, including Vulganus Oy's net sales, and nearly reaching the 2019 level. The product mix of raw materials has been changed in all markets to respond to the changed demand among customers, and the company has been able to operate during the pandemic without losing significant growth. The prices of Leipurin's raw materials generally increased, even though price volatility remained high. The share of technical products has decreased slightly, and relative sales of basic raw materials has increased. Consumer demand has shifted to product groups of lower price levels. Restrictions on travel and gatherings continue to have a negative impact on the completion of product development projects.

Leipurin's full-year operating result, including the impairment loss recognized on goodwill, was EUR -2.4 (1.4) million. The operating profit rate was -2.1% (1.4%). The full-year operating profit, excluding the impairment loss recognized on goodwill, would have increased to EUR 1.9 million, and the operating profit rate would have been 1.7%, while Leipurin's operating profit target is 5%.

In 2021, Vulganus's full-year net sales were EUR 7.0 (5.3) million, and its operating loss was EUR 0.5 (0.4) million. The operating loss rate was 6.7% (7.4%).

Leipurin outlook for 2022

Coronavirus restrictions vary in Leipurin's operating countries. The markets and the situation involving Leipurin's customers are expected to return to normal if restrictions are lifted favorably in the future. While demand in domestic markets will recover, the impact of the lack of tourism will have a negative impact in the Baltic region and Finland, in particular. Increased energy prices for consumers will have a negative impact on demand for more valuable products, at least in the Baltic region.

The impact of the pandemic and extreme weather conditions on global supply chains will be emphasized, affecting the availability of certain raw materials and general delivery times. Raw material prices are increasing rapidly. Sanctions imposed on the eastern markets prevent certain raw materials from being imported from the EU states, which will change the local raw material markets. In addition, growing political tensions and any escalation of the situation may have a negative impact on Leipurin's operations in the eastern markets.

The management of payment defaults and claims has succeeded well at present. If the pandemic is prolonged, risks of payment defaults and bankruptcies will increase among customers and suppliers.

The performance management program launched in 2021 will develop the data management capabilities and help to improve the commercial performance. Group-wide category management is a key tool so that the efficient supply and logistics chains can be used as productively as possible. Improvements related to the management model already increased financial performance during 2021.

Vulganus's order book for 2022 has been confirmed to be excellent.

STRUCTURAL ARRANGEMENTS

Telko acquired all shares in Estonian company Mentum AS, and the transaction was completed on December 31, 2021. Mentum AS is Castrol's strategic Estonian partner which distributes high-quality lubricants in the vehicle, industrial and marine sectors in the Baltic region. The transaction will increase Telko's annual net sales by roughly EUR 10 million.

During the 2021 financial year, AtoBatC Holding AB was merged into its sister company AtoBatC Shipping AB, and ILS Nordic AB and Autolubes Nordic AB were merged into their sister company Telko Sweden AB. In addition, Bomanship Europe Unipessoal Lda, a Portuguese company belonging to the ESL Shipping segment, was discontinued, and new companies AtoBatC Shipping Cyprus Ltd was established in Cyprus and ESL Shipping Russia LLC in Russia.

INVESTMENTS

In 2021, Aspo Group's investments totaled EUR 15.9 (4.7) million. The investments mainly consisted of the docking of ESL Shipping's vessels, during which they were also equipped with new ballast water treatment systems that meet the new environmental regulations.

INVESTMENTS

MEUR	2021	2020	2019
Investments in intangible and tangible assets	**15.9**	4.7	19.9

PERSONNEL

The total employee benefit expenses of the Group in 2021 amounted to EUR 50.7 (42.3) million. The number of Aspo Group's personnel at the end of the year also includes the number of the Kauko operating segment's personnel (22 (22)). Salaries and fees during the financial years 2021 and 2020 represent the amounts of continuing operations and hence do not include the share of Kauko operating segment. More detailed information about the personnel is presented in Aspo's Sustainability Report.

PERSONNEL

	2021	2020	2019
Number of personnel, December 31	**950**	896	931
Average number of personnel	**918**	903	944
Salaries and fees during the financial year, MEUR	**42.5**	36.2	38.5

Remuneration

On February 11, 2021, Aspo's Board of Directors decided to continue the share-based incentive plan for the Group's key personnel and to establish a new share-based incentive plan for 2021–2023. The aim of the plan is to align 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 earnings and accumulating the company's shares.

The rewards to be paid under the 2021–2023 share-based incentive plan are based on the Group's earnings per share (EPS) during the 2021 financial year. The shares paid as remuneration may not be transferred during the restriction period, which will end on December 31, 2023. 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 around 20 people, including the members of the Group Executive Committee. The rewards payable based on the plan correspond to a maximum total value of 204,000 Aspo Plc shares, also including the proportion to be paid in cash. The share-based incentive plan began to accumulate costs from the second quarter.

The EPS target, acting as an earnings criterion for the share-based incentive plan, was fully met during the 2021 financial year. Based on the share-based incentive plan, a total of 67,100 of treasury shares will be transferred and a maximum amount equaling the value of the shares will be paid in cash to cover taxes.

RESEARCH AND DEVELOPMENT

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

SUSTAINABILITY

Aspo's businesses aim to be pioneers in sustainability in their respective sectors. Sustainability is a key factor in guiding our management system and the process of investigating new investment objects. During 2021, Aspo completed a large-scale process to set goals for each business. The process included materiality assessments, stakeholder interviews and a benchmarking analysis, covering each company's industry.

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

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

To support the selected themes and our sustainability commitments, Aspo has defined new ESG targets for significant parts of the Group and its businesses. They are presented in more detail in the Aspo Sustainability Report. In 2022, we will prepare a separate sustainability program for Aspo and develop the collection of sustainability data in our businesses.

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

Since 2018, Aspo has been a member of the UN's Global Compact initiative, and the Group's operations are steered by the ten Global Compact principles related to human rights, working life principles, the environment and the prevention of corruption. Every year, Aspo reports the fulfillment of the Global Compact principles as part of the report on non-financial information in accordance with the requirements set out in the Finnish Accounting Act and EU Directive 2014/95/EU. The Board of Directors of Aspo approves and signs the information annually when approving the financial statements. In 2019, Aspo also became a member of the corporate responsibility network FIBS.

In addition to setting the sustainability targets, Aspo started, during 2021, to investigate the impact of the EU's classification system for environmentally sustainable economic activities (EU taxonomy) on the Group's businesses and reporting practices.

RISKS AND RISK MANAGEMENT

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

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

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

The purpose of risk management is that:

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

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

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

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

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

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

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

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

Financial risks

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

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

A more detailed description of financial risks is presented in Note 5.1 of the consolidated financial statements.

Internal control and risk management

One of the responsibilities of Aspo's Audit Committee is to monitor the efficiency of the Group's internal control, internal audits and risk management systems. The Audit Committee monitors the risk management process and gives instructions 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 task is to ensure the implementation of the Group's strategy, the development of financial results, shareholder value, dividend payment ability, and continuity in business operations. The operational management of each business is responsible for risk management. The management is responsible for specifying sufficient measures and their implementation, and for monitoring and ensuring that the measures are implemented as part of day-to-day operational management. Aspo's Director of Legal Affairs, who reports to the Group CEO, is in charge of risk management.

LEGAL PROCEEDINGS

Aspo Group's companies are party to some legal proceedings and disputes associated with regular business operations. There were no significant changes in these during 2021. 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 standing.

MANAGEMENT AND AUDITORS

Mammu Kaario, Mikael Laine, Salla Pöyry, Tatu Vehmas and Heikki Westerlund were re-elected to the Board of Directors, and Patricia Allam was elected as a new member. At the Board's organizing meeting held after the Annual Shareholders' Meeting, Heikki Westerlund was elected Chair of the Board and Mammu Kaario as Vice Chair. In addition, the Board decided to elect Heikki Westerlund as Chair of the Remuneration Committee, and Salla Pöyry and Tatu Vehmas as its members, and Mammu Kaario as Chair of the Audit Committee, and Patricia Allam, Mikael Laine and Tatu Vehmas as its members. In 2021, the Board of Directors arranged 15 meetings. The participation rate was 98%.

The company's CEO has been Rolf Jansson (M.Sc. (Econ.), M.Sc. (Eng.)) from August 16, 2021. He was preceded by Aki Ojanen, eMBA, until August 15, 2021.

Mikko Heikkilä (M.Sc. (Tech.)) started as Aspo's Vice President of Corporate Development on September 1, 2021. Heikkilä reports to Rolf Jansson, Aspo Group's CEO, and is a member of the Group Executive Committee.

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

BOARD AUTHORIZATIONS

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

The Annual Shareholders' Meeting on April 8, 2021 authorized the Board of Directors to decide on the acquisition of no more than 500,000 treasury shares using the unrestricted equity of the company, representing about 1.6% of all the shares in the company. The authorization includes the right to accept treasury shares as a pledge. The authorization is valid until the Annual Shareholders' Meeting in 2022 but not more than 18 months from the approval at the Annual Shareholders' Meeting. The authorization was not exercised during the 2021 financial year.

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

The Annual Shareholders' Meeting on April 8, 2021 authorized the Board of Directors to decide on a share issue, through one or several lots, to be executed by conveying treasury shares. An aggregate maximum amount of 900,000 shares may be conveyed based on the authorization. The authorization is valid until the Annual Shareholders' Meeting in 2022 but not more than 18 months from the approval at the Annual Shareholders' Meeting. The authorization was not exercised during the 2021 financial year.

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

The Annual Shareholders' Meeting on April 8, 2021 authorized the Board of Directors to decide on a share issue of new shares against payment. The authorization includes the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until the Annual Shareholders' Meeting in 2022 but not more than 18 months from the approval at the Annual Shareholders' Meeting. The authorization was not exercised during the 2021 financial year.

SHARES AND SHAREHOLDERS

Shares and payment of dividends

Aspo Plc's registered share capital on December 31, 2021 was EUR 17,691,729.57, and the total number of shares was 31,419,779, of which the company held 161,650 shares, i.e. 0.5% of the share capital.

In 2021, Aspo distributed EUR 0.35 per share in dividends. The dividend was paid in two installments. The payment date for the first installment of EUR 0.18 per share was April 19, 2021 and the payment date for the second installment of EUR 0.17 per share was November 5, 2021. Aspo Plc has one share series. Each share entitles the shareholder to one vote at the Shareholders' Meeting. Aspo's share is quoted on Nasdaq Helsinki Ltd's Mid Cap segment under basic resources.

During January–December 2021, a total of 4,068,195 Aspo Plc shares, with a market value of EUR 41.0 million, were traded on Nasdaq Helsinki. In other words, 12.9% of the shares changed hands. During the financial year, the share price reached a high of EUR 13.50 and a low of EUR 8.28. The average price was EUR 10.08 and the closing price at the end of the year was EUR 11.36. At the end of 2021, the market value, less treasury shares, was EUR 355.1 million.

Shareholders

Aspo's shares are included in the book-entry system maintained by Euroclear Finland Ltd. The company had 11,659 shareholders at the end of the review period. A total of 1,397,979 shares, or 4.45% of the share capital, were nominee registered or held by non-domestic shareholders.

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

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

On December 31, 2021, the total number of shares owned by the members of Aspo Plc's Board of Directors with entities under their control was 7,096,519 shares, which represents 22.58% of the company's shares and voting rights.

On December 31, 2021, Aspo Plc's CEO and other members of the Group Executive Committee held a total of 187,446 shares, which represents 0.58% of the company's shares and voting rights.

MAJOR SHAREHOLDERS ON DECEMBER 31, 2021

	Number of shares	% of shares and voting rights
Havsudden Oy Ab	3,262,941	10.38
AEV Capital Holding Oy	3,213,535	10.23
Keskinäinen työeläkevakuutusyhtiö Varma	1,423,076	4.53
Vehmas Tapio	1,275,827	4.06
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	875,226	2.79
Nyberg Gustav	851,524	2.71
Sijoitusrahasto Nordea Nordic Small Cap	726,040	2.31
Procurator-Holding Oy	514,882	1.64
Mandatum Henkivakuutusosakeyhtiö	422,796	1.35
AC Invest Oy	360,000	1.15
Ten major shareholders, total	**12,925,847**	**41.14**

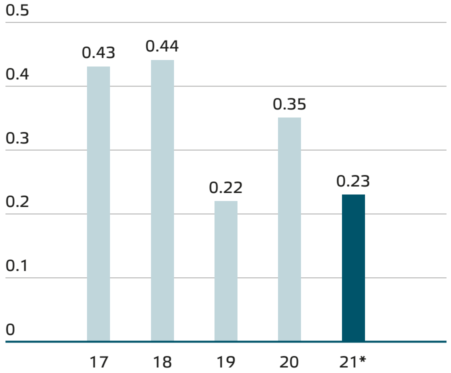
DISTRIBUTION OF SHARE OWNERSHIP ON DECEMBER 31, 2021 BY NUMBER OF SHARES

Number of shares	Number of owners	Share of owners %	Total shares	% of shares
1–100	2,840	24.36	149,774	0.48
101–500	4,377	37.55	1,204,744	3.83
501–1,000	1,812	15.54	1,384,788	4.41
1,001–5,000	2,108	18.08	4,526,595	14.41
5,001–10,000	295	2.53	2,108,416	6.71
10,001–50,000	180	1.54	3,562,645	11.34
50,001–100,000	15	0.13	1,077,914	3.43
100,001–500,000	22	0.19	4,568,324	14.54
500,001–	9	0.08	12,832,115	40.84
Total in joint accounts			4,464	0.01
Total	**11,658**	**100.00**	**31,419,779**	**100.00**

DISTRIBUTION OF SHARE OWNERSHIP ON DECEMBER 31, 2021 BY OWNER GROUP

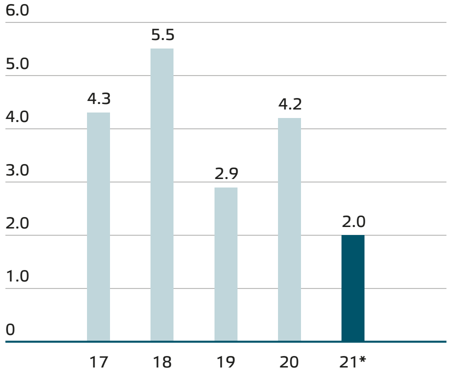
	Ownership %	Shares %
1. Households	94.8	50.8
2. Companies	3.7	27.9
3. Financial and insurance institutions	0.2	9.0
4. Non-profit organizations	0.8	3.4
5. Public organizations	0.1	7.6
6. Non-domestic	0.4	1.4
Total	**100.0**	**100.0**

DIVIDEND PER SHARE, EUR



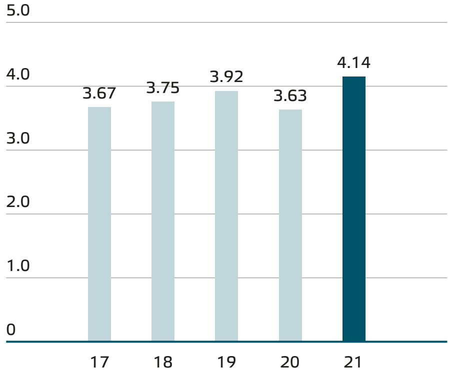
* Board proposal to the Annual Shareholders' Meeting

EFFECTIVE DIVIDEND YIELD, %

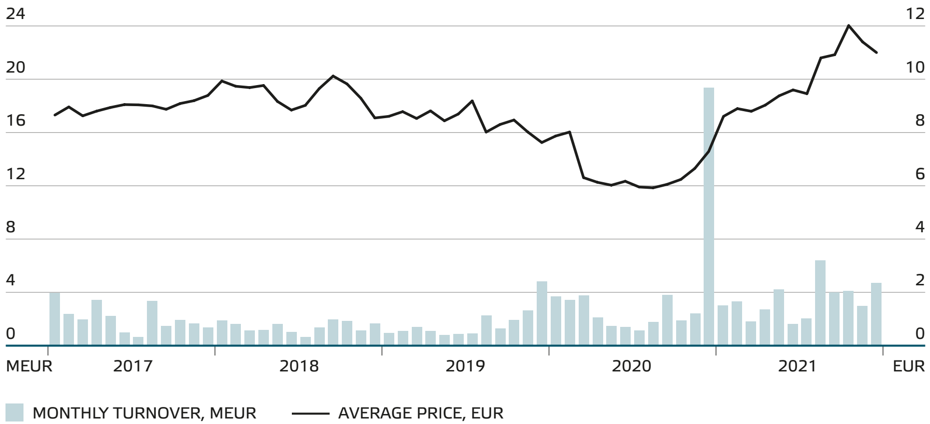


* Board proposal to the Annual Shareholders' Meeting

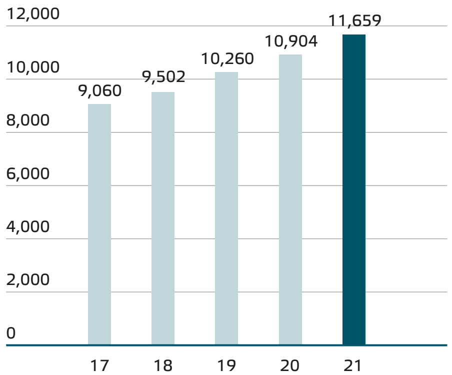
EQUITY PER SHARE, EUR



SHARE TRADING AND AVERAGE PRICE



NUMBER OF SHAREHOLDERS



SHARE-SPECIFIC KEY FIGURES

	2021	2020	2019	2018	2017
Equity per share, EUR	**4.14**	3.63	3.92	3.75	3.67
Dividend per share, EUR (2021 proposal by the Board of Directors)	**0.23**	0.35	0.22	0.44	0.43
Dividend/earnings, %	**30.1**	91.0	46.4	106.7	76.3
Effective dividend yield, %	**2.0**	4.2	2.9	5.5	4.3
Price/earnings ratio (P/E)	**14.9**	21.8	16.1	19.1	17.7
Share price development, EUR					
Average price	**10.08**	6.80	8.20	9.51	8.91
Lowest price	**8.28**	5.50	7.52	7.90	8.20
Highest price	**13.50**	8.56	9.42	10.80	10.00
Closing price	**11.36**	8.40	7.62	7.96	10.00
Market value of shares, Dec. 31, MEUR	**355.1**	262.6	237.2	247.7	306.1
Share trading, 1,000 shares	**4,068**	6,798	2,454	1,809	2,851
Share trading, MEUR	**41.0**	46.3	20.1	17.2	25.4
Share trading/number of shares, %	**12.9**	21.6	7.8	5.8	9.2
Total number of shares on the closing date, 1,000 shares	**31,420**	31,420	31,420	31,420	30,976
Shares held by the company	**162**	162	297	304	370
Outstanding shares	**31,258**	31,258	31,123	31,115	30,605
Average number of shares (outstanding), 1,000 shares	**31,258**	31,191	31,121	30,809	30,599

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 key figures, the company releases other commonly used key figures (alternative key figures) which are mainly derived from the consolidated statement of comprehensive income and consolidated balance sheet. According to management, the alternative key figures clarify and complement the picture that the consolidated statement of comprehensive income, consolidated balance sheet and IFRS key figures provide of Aspo's financial performance and financial position.

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

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

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

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

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

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

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

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

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

DIVIDEND PROPOSAL BY THE BOARD OF DIRECTORS

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

The Board of Directors proposes to the Annual Shareholders' Meeting of Aspo Plc to be held on April 6, 2022, that EUR 0.23 (0.35) per share be distributed in dividends for the 2021 financial year, and that no dividend will be paid for shares held by Aspo Plc. In addition, the Board of Directors proposes that the Annual Shareholders' Meeting authorizes the Board of Directors to decide on another dividend distribution in the maximum amount of EUR 0.22 per share at a later time. The authorization would be valid until the next Annual Shareholders' Meeting.

On December 31, 2021, the parent company's distributable funds totalled EUR 49,607,316.59, with the profit for the financial year totalling EUR 15,919,603.70. There are a total of 31,258,129 shares entitling to dividends on the publication date of the financial statement release.

The dividend of EUR 0.23 per share will be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date of April 8, 2022. The Board of Directors proposes that the dividend be paid on April 19, 2022. The Board of Directors will decide at its meeting to be held on November 2, 2022, about the second dividend distribution in the maximum amount of EUR 0.22 per share, which would be paid in November 2022 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.

Signature of the Financial Statements and the Management Report

Helsinki, February 16, 2022

Heikki Westerlund
Chairman of the Board

Patricia Allam
Board member

Mammu Kaario
Board member

Mikael Laine
Board member

Salla Pöyry
Board member

Tatu Vehmas
Board member

Rolf Jansson
CEO

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Consolidated financial statements

Consolidated statement of comprehensive income

1,000 EUR	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Continuing operations			
Net sales	3.1	**573,288**	474,282
Other operating income	3.2	**473**	505
Share of profits accounted for using the equity method	3.3	**-57**	-362
Materials and services	3.4	**-349,420**	-295,384
Employee benefit expenses	3.6	**-50,684**	-42,286
Depreciation, amortization and impairment losses	3.7	**-20,781**	-15,814
Depreciation and amortization, leased assets	3.7	**-13,761**	-12,939
Other operating expenses	3.5	**-102,132**	-91,286
Operating profit		**36,926**	16,716
Financial income	3.8	**487**	834
Financial expenses	3.8	**-4,365**	-5,330
Financial income and expenses		**-3,878**	-4,496
Profit before taxes		**33,048**	12,220
Income taxes	3.9	**-4,733**	-1,396
Profit from continuing operations		**28,315**	10,824
Profit from discontinued operations (attributable to equity holders of the company)	1.3	**-3,032**	2,600
Profit for the period		**25,283**	13,424

1,000 EUR	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences		**2,174**	-7,787
Cash flow hedges			86
Other comprehensive income for the period, net of taxes		**2,174**	-7,701
Total comprehensive income		**27,457**	5,723
Profit for the period attributable to			
Parent company shareholders		**25,283**	13,424
Total comprehensive income attributable to			
Parent company shareholders		**27,457**	5,723
Earnings per share attributable to parent company shareholders, EUR			
Basic earnings per share			
Continuing operations	2.7	**0.86**	0.30
Discontinued operations	2.7	**-0.10**	0.09
Total	2.7	**0.76**	0.39
Diluted earnings per share			
Continuing operations	2.7	**0.86**	0.30
Discontinued operations	2.7	**-0.10**	0.09
Total	2.7	**0.76**	0.39

Consolidated balance sheet

ASSETS

1,000 EUR	Note	Dec 31, 2021	Dec 31, 2020
Non-current assets			
Intangible assets	4.2	**45,845**	55,282
Tangible assets	4.1	**168,886**	169,070
Leased assets	2.5	**20,748**	20,124
Investments accounted for using the equity method	3.3	**701**	972
Other financial assets		**321**	328
Deferred tax assets	4.8	**645**	441
Total non-current assets		**237,146**	246,217
Current assets			
Inventories	4.4	**68,626**	42,370
Accounts receivable and other receivables	4.5	**74,035**	62,528
Current tax assets		**433**	682
Cash and cash equivalents	2.2	**17,697**	32,303
		160,791	137,883
Assets held for sale		**8,373**	
Total current assets		**169,164**	137,883
Total assets		**406,310**	384,100

EQUITY AND LIABILITIES

1,000 EUR	Note	Dec 31, 2021	Dec 31, 2020
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		**16,474**	16,475
Hybrid bond	2.6	**20,000**	20,000
Translation differences		**-24,786**	-26,961
Retained earnings		**95,658**	81,940
Total equity		**129,389**	113,497
Non-current liabilities			
Deferred tax liabilities	4.8	**5,241**	4,319
Provisions	4.7	**586**	112
Loans and overdraft facilities	2.3	**142,381**	149,137
Lease liabilities	2.5	**6,869**	7,198
Other liabilities		**59**	39
Total non-current liabilities		**155,136**	160,805
Current liabilities			
Provisions	4.7	**77**	59
Loans and overdraft facilities	2.3	**21,465**	32,500
Lease liabilities	2.5	**14,411**	13,385
Accounts payable and other liabilities	4.6	**78,077**	63,280
Current tax liabilities		**985**	574
		115,015	109,798
Liabilities directly associated with assets classified as held for sale		**6,770**	
Total current liabilities		**121,785**	109,798
Total liabilities		**276,921**	270,603
Total equity and liabilities		**406,310**	384,100

Consolidated cash flow statement

1,000 EUR	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flows from/used in operating activities			
Operating profit from continuing operations		**36,926**	16,716
Operating profit from discontinued operations	1.3	**-3,016**	2,630
Operating profit total		**33,910**	19,346
Adjustments to operating profit:			
Depreciation, amortization and impairment losses	3.7	**38,134**	29,096
Gains (-) and losses (+) on sale of tangible assets		**-205**	-148
Share of profits accounted for using the equity method	3.3	**57**	362
Share-based incentive plan		**1,126**	-484
Increase (+) / decrease (-) in provisions	4.7	**655**	-69
Unrealized foreign exchange gains and losses on operating activities		**-164**	435
Change in working capital:			
Increase (-) / decrease (+) in inventories		**-23,886**	9,938
Increase (-) / decrease (+) in accounts receivable and other receivables		**-13,294**	8,845
Increase (+) / decrease (-) in accounts payable and other liabilities		**15,178**	4,188
Interest paid		**-4,395**	-4,436
Interest received		**357**	661
Income taxes paid		**-3,475**	-2,769
Net cash from operating activities		**43,998**	64,965

1,000 EUR	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flows from/used in investing activities			
Investments in tangible and intangible assets	4.1	**-16,887**	-7,197
Investment subsidies	4.1	**1,009**	2,542
Proceeds from sale of tangible assets		**225**	229
Acquisitions, net of cash	1.2	**-1,067**	-4,672
Dividends received		**216**	105
Net cash used in investing activities		**-16,504**	-8,993
Cash flows from/used in financing activities			
Proceeds from loans		**37,007**	768
Repayments of loans		**-47,513**	-8,847
Proceeds from issuance of commercial papers		**28,000**	54,000
Repayment of commercial papers		**-34,000**	-64,000
Payment of lease liabilities		**-13,798**	-13,013
Proceeds from Hybrid bond issue	2.6		20,000
Hybrid bond repayment	2.6		-25,000
Hybrid bond, interest paid	2.6	**-1,750**	-1,596
Hybrid bond, transaction costs paid	2.6		-270
Dividends paid		**-10,940**	-6,863
Net cash used in financing activities		**-42,994**	-44,821
Change in cash and cash equivalents		**-15,500**	11,151
Cash and cash equivalents Jan. 1		**32,303**	23,666
Translation differences		**921**	-2,514
Cash and cash equivalents at year-end *)		**17,724**	32,303

*) Cash and cash equivalents of continuing operations total EUR 17 697 thousand and cash and cash equivalents included in assets held for sale total EUR 28 thousand.

Consolidated statement of changes in equity

1,000 EUR	Note	Share capital	Share premium reserve	Other reserves	Hybrid bond	Translation differences	Retained earnings	Total
Equity January 1, 2021		**17,692**	**4,351**	**16,475**	**20,000**	**-26,961**	**81,940**	**113,497**
Comprehensive income								
Profit for the period							25,283	25,283
Other comprehensive income, net of taxes								
Translation differences				-1		2,175		2,174
Total comprehensive income				**-1**		**2,175**	**25,283**	**27,457**
Transactions with owners								
Dividend distribution							-10,940	-10,940
Hybrid bond interest	2.6						-1,750	-1,750
Share-based incentive plan							1,125	1,125
Total transactions with owners							**-11,565**	**-11,565**
Equity December 31, 2021		**17,692**	**4,351**	**16,474**	**20,000**	**-24,786**	**95,658**	**129,389**

1,000 EUR	Note	Share capital	Share premium reserve	Other reserves	Hybrid bond	Translation differences	Retained earnings	Total
Equity January 1, 2020		**17,692**	**4,351**	**16,397**	**25,000**	**-19,182**	**77,811**	**122,069**
Comprehensive income								
Profit for the period							13,424	13,424
Other comprehensive income, net of taxes								
Cash flow hedges				86				86
Translation differences				-8		-7,779		-7,787
Total comprehensive income				**78**		**-7,779**	**13,424**	**5,723**
Transactions with owners								
Dividend distribution							-6,862	-6,862
Hybrid bond	2.6				-5,000			-5,000
Hybrid bond interest and transaction costs	2.6						-1,949	-1,949
Share-based incentive plan							-484	-484
Total transactions with owners					**-5,000**		**-9,295**	**-14,295**
Equity December 31, 2020		**17,692**	**4,351**	**16,475**	**20,000**	**-26,961**	**81,940**	**113,497**

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 2021. 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 presentation of the financial statements was changed in 2020 to make the financial statements more readable and to present different themes more clearly. The selected presentation also aims to better highlight the activities and special characteristics of Aspo Group.

ACCOUNTING PRINCIPLES

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

ESTIMATES AND MANAGEMENT'S JUDGEMENT

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

INFORMATION OF THE COMPANY AND OF THE FINANCIAL STATEMENTS

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

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

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

In its meeting on February 16, 2022, 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, 2021. The notes to the consolidated financial statements also comply with Finnish Accounting Standards and company law.

All figures in the consolidated financial statements are presented in thousands of euros and are based on the original cost of transactions unless otherwise stated in the accounting principles. Figures from the comparative period 2020 are presented in brackets.

CHANGES IN ACCOUNTING PRINCIPLES IN 2021

During the financial year, Aspo began to apply IFRS 5 standard Non-current Assets Held for Sale and Discontinued Operations. As a result, the income statement line items in the financial statements represent continuing operations, unless otherwise stated, and the 2021 balance sheet line items exclude the assets and liabilities held for sale, which are presented as separate line items. The accounting principle is presented in Note 1.3 Discontinued operations and divestments. Otherwise, there were no changes in the accounting principles of Aspo in 2021.

ACCOUNTING ESTIMATES AND MANAGEMENT'S JUDGEMENT

The preparation of financial statements requires the use of accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. Changes in the factors that form the basis of the estimates may cause that the final outcome significantly deviates from the estimates in the consolidated financial statements.

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

As in 2020, the coronavirus pandemic also had an impact on estimates for 2021. It particularly affected the measurement of accounts receivable and inventories, however the impact in 2021 has been lesser. Furthermore, potential future impact of the coronavirus pandemic is still causing uncertainties over future cash flows in the value in use calculations which are used in the measurement of goodwill and brands.

SIGNIFICANT ESTIMATES AND DECISIONS BASED ON JUDGEMENT

Item	Estimate	Judgement	Note
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	Recoverability of inventories	Yes	4.4
Accounts receivable	Recoverability 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, Leipurin and Kauko – are strong corporate brands in the trade and logistics sectors, and they aim for the leading position in their respective markets. They are responsible for their own operations and customer relationships, as well as for developing these. Kauko is reported as discontinued operations in accordance with IFRS 5 standard, and the figures in the income statement have been restated accordingly. The Group's main market areas are Finland, Scandinavia, the Baltic countries and eastern markets (Russia, other CIS countries and Ukraine). Aspo has a 100% ownership in all its subsidiaries.

GROUP COMPANIES

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

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

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

Company	Domicile
Leipurin	
Leipurin Plc	FI
Leipurien Tukku Oy	FI
Vulganus Oy	FI
Leipurin Estonia AS	EE
SIA Leipurin	LV
UAB Leipurin	LT
OOO Leipurien Tukku	RU
OOO NPK Leipurin	RU
FLLC Leipurin	BY
LLC Leipurin	UA
TOO Leipurin	KZ

Company	Domicile
Kauko	
Kauko Oy	FI
Kauko GmbH	DE

ASSOCIATED COMPANIES

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

CONSOLIDATION

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

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

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

FOREIGN SUBSIDIARIES

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

In the consolidated financial statements, the income statements of foreign subsidiaries are translated into euro by using the average exchange rates of the financial year. Balance sheet items are translated into euro by using the exchange rates at the reporting date. Translation differences are presented as a separate item under equity.

When an interest in a subsidiary is divested in its entirety or partially so that control is lost, the accumulated translation differences are reclassified to the statement of comprehensive income as part of the sales gain or loss.

1.2 Acquisitions

ACQUISITIONS

Acquisitions in 2021

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

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

PRELIMINARY ACQUISITION CALCULATION OF MENTUM

1,000 EUR	2021
Consideration	
Paid in cash	1,466
Total consideration	**1,466**

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

OTHER RESTRUCTURING

During the 2021 financial year, ILS Nordic AB and Autolubes Nordic AB were merged into their sister company Telko Sweden AB. In addition, the operations of Telko in Azerbaijan were discontinued during the reporting period.

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

Leiconcept Oy was merged with its parent company Leipurin Oyj during year 2020.

Acquisitions in 2020

On October 1, 2020, Telko strengthened its position in the lubricant markets in Sweden and Norway by acquiring all shares in Swedish ILS Nordic AB and its subsidiary Autolubes Nordic AB.

The purchase price of EUR 5.6 million was paid in full in cash. The assets and liabilities of the acquired companies were measured at fair value upon acquisition. A fair value adjustment of EUR 1.4 million was made to intangible assets based on principal agreements, and a fair value adjustment of EUR 0.1 million was made to inventories. The carrying amount of other acquired assets and liabilities were deemed to correspond to their fair values. The acquisition increased Telko's goodwill by EUR 2.8 million which represents synergies that are expected to arise as a result of the transaction. The acquisition-related costs of EUR 0.2 million were recognized as other operating expenses.

The combined net sales of the acquired companies in 2020 were EUR 9.2 million, and their profit before taxes was EUR 0.9 million. Aspo Group's figures include the post-acquisition net sales and profit of the acquired companies for the last three months of the year. Consolidated net sales of the acquired companies were EUR 2.4 million, and the consolidated profit before taxes EUR 0.2 million.

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.

ACQUISITION OF ILS NORDIC

1,000 EUR	2020
Consideration	
Paid in cash	5,577
Total consideration	**5,577**
Recognized amounts of identifiable assets acquired and liabilities assumed	**Fair value**
Intangible assets (principals)	1,422
Tangible assets	26
Leased assets	136
Inventories	916
Accounts receivable and other receivables	1,589
Cash and cash equivalents	898
Total assets	**4,987**
Lease liabilities	136
Accounts payable and other liabilities	1,777
Deferred tax liabilities	321
Total liabilities	**2,234**
Net assets acquired	**2,753**
Goodwill	**2,824**
Total	**5,577**
Acquisition-related costs	239

1.3 Discontinued operations and divestments

In December 2021, Aspo announced that the Kauko operating segment and Vulganus Oy, part of the Leipurin segment, have been defined as non-core businesses for Aspo. As a result, the Kauko operating segment was classified as a discontinued operation in accordance with IFRS 5 standard, and its results and balance sheet items are reported separately from Aspo Group's continuing operations. In the consolidated statement of comprehensive income, the figures of the comparative period have been restated. In the balance sheet, the assets of the Kauko operating segment are reported under "Assets held for sale" and liabilities under "Liabilities related to assets classified as held for sale". Vulganus Oy's assets and liabilities classified as held for sale are presented similarly. In the profit and loss statement, Vulganus is reported as part of the Leipurin segment's figures and Aspo Group's continuing operations. The reporting of balance sheet items on separate rows starts at the time of classification, and the comparative period's figures have not been restated.

DISCONTINUED OPERATION

The Kauko operating segment, which has previously been reported as part of the Telko segment, has been classified as a discontinued operation. Kauko is a specialist in applications, devices and services for demanding work environments in mobile knowledge work. The Kauko operating segment is no longer part of Aspo's core businesses, and, over the years, it has become fairly small in size compared to Aspo's other businesses. A new owner for Kauko is actively being sought, and the aim is to complete its sale by the end of summer 2022.

PROFIT FROM DISCONTINUED OPERATIONS

1,000 EUR	2021	2020
Net sales and other operating income	**13,124**	26,476
Materials and services	**-9,610**	-20,434
Employee benefit expenses	**-1,698**	-1,692
Depreciation, amortization and impairment losses	**-3,477**	-33
Depreciation, leased assets	**-115**	-310
Other operating expenses	**-1,240**	-1,377
Operating profit	**-3,016**	2,630
Financial income and expenses	**-10**	-16
Profit before taxes	**-3,026**	2,614
Income taxes	**-6**	-14
Result for the period	**-3,032**	2,600

Profit from discontinued operations includes the income and expenses of Kauko operating segment, insofar as they are considered to transfer outside Aspo Group in conjunction with the divestment. Therefore, the profit from discontinued operations does not include all internal administrative charges of Aspo Group allocated to Kauko operating segment. As a result, the profit from discontinued operations in 2021 is EUR 0.4 (0.3) million higher than the Kauko operating segment's profit.

NET CASH FLOWS OF DISCONTINUED OPERATIONS

1,000 EUR	2021	2020
Net cash inflow from operating activities	**432**	5,890
Net cash inflow/outflow(-) from investing activities	**-7**	-84
Net cash inflow/outflow(-) from financing activities	**-1,623**	-1,648
Net change in cash generated by the discontinued operation	**-1,198**	4,158

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

DISPOSAL GROUPS HELD FOR SALE

Vulganus Oy, a manufacturer specializing in freezing and cooling machines, has been classified as a disposal group held for sale. Vulganus Oy's results are still included in the Leipurin segment's results, while its assets and liabilities are reported separately. Several potential buyers for Vulganus have been identified, and the sale is expected to be completed by the end of June 2022.

The assets and liabilities of Kauko operating segment and Vulganus Oy, both classified as held for sale during the reporting period, have been measured at their carrying amount. The recognition of depreciation ended at the time of classification as held for sale on December 1, 2021.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

Assets and liabilities of discontinued operations include the figures of Kauko operating segment. The other assets held for sale with associated liabilities pertain to Vulganus Oy. The classification includes the share of the assets and liabilities of Aspo Group that belongs to Kauko operating segment and Vulganus Oy, excluding internal assets and liabilities that have been eliminated in consolidation.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

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

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

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

2 CAPITAL STRUCTURE

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

CAPITAL MANAGEMENT

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

ASPO'S CAPITAL

1,000 EUR	2021	2020
Total equity	**129,389**	113,497
Loans and overdraft facilities	**163,846**	181,637
Government loan (interest-free)		-768
Lease liabilities	**21,280**	20,583
Interest-bearing liabilities, total	**185,126**	201,452
Equity and interest-bearing liabilities, total	**314,515**	314,949
Interest-bearing liabilities, total	**185,126**	201,452
- Cash and cash equivalents	**17,697**	32,303
Net debt	**167,429**	169,149
Gearing, %	**129.4%**	149.0%
Total equity	**129,389**	113,497
Equity and liabilities, total	**406,310**	384,100
Advances received	**1,695**	6,709
Equity ratio, %	**32.0%**	30.1%

On December 31, 2021, the equity ratio was 32.0% (30.1%) and gearing stood at 129.4% (149.0%). Calculation principles for key figures are presented in the Management report on page 71.

NET DEBT

Net debt is calculated by deducting cash and cash equivalents from interest bearing liabilities. In 2021, the Group's net debt remained at the comparative period's level. At the end of the year, net debt totaled EUR 167.4 (169.1) million.

CASH FLOWS

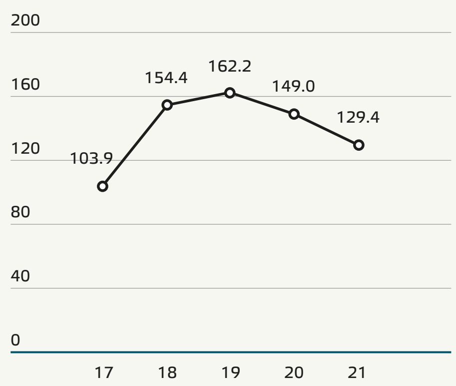
The Group's net cash flow from operating activities was EUR 44.0 (65.0) million. The impact of the change in working capital on cash flow during the financial year was EUR -22.0 (23.0) million, mainly due to an increase in Telko's inventories.

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 was EUR 27.5 (56.0) million. Part of ESL Shipping's dockage investments were postponed to 2021 due to the pandemic, which reduced the free cash flow.

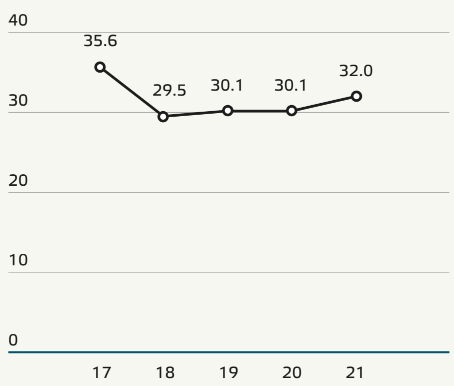
FREE CASH FLOW

1,000 EUR	2021	2020
Net cash from operating activities	**43,998**	64,965
Net cash used in investing activities	**-16,504**	-8,993
Free cash flow	**27,494**	55,972

GEARING, %



EQUITY RATIO, %



2.1 Financial assets and liabilities

FINANCIAL ASSETS AND LIABILITIES

1,000 EUR	Liitetieto	2021	2020
Financial assets			
Measured at amortized cost			
Loan receivables		**72**	118
Accounts receivable and other receivables*		**58,911**	47,929
Cash and cash equivalents	2.2	**17,697**	32,303
Measured at fair value through profit and loss			
Other financial assets		**147**	147
Financial assets, total		**76,827**	80,497
Financial liabilities			
Measured at amortized cost			
Loans and overdraft facilities	2.3	**163,846**	181,637
Accounts payable and other liabilities*		**52,049**	36,058
Lease liabilities	2.5	**21,280**	20,583
Financial liabilities, total		**237,175**	238,278

* 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.

FAIR VALUE HIERARCHY

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

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

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

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

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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.

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

Financial liabilities measured at fair value through other comprehensive income include derivatives in hedge accounting. They are measured at fair value through other comprehensive income. In year 2021, there were no derivatives in hedge accounting in the Group. The latest interest rate swap was dissolved in the financial year 2020.

2.2 Cash and cash equivalents

CASH AND CASH EQUIVALENTS AND UNUTILIZED COMMITTED REVOLVING CREDIT FACILITIES

1,000 EUR	2021	2020
Cash and cash equivalents	**17,697**	32,303
Revolving credit facilities	**40,000**	55,000
Total	**57,697**	87,303

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 17.7 (32.3) million. Utilized credit facilities are presented in non-current and current loans, see Note 2.3 Loans.

On the closing date, committed revolving credit facilities totaled EUR 40 (55) million, and were fully unused.

2.3 Loans

LOANS AND OVERDRAFT FACILITIES IN USE

1,000 EUR	2021	2020
Non-current		
Loans	**126,567**	121,026
Pension loans		1,429
Bonds	**14,928**	25,869
Overdraft facilities in use	**886**	813
	142,381	149,137
Current		
Loans	**20,670**	30,304
Pension loans		1,428
Government loan		768
Overdraft facilities in use	**795**	
	21,465	32,500
Total		
Loans	**147,237**	151,330
Pension loans		2,857
Bonds	**14,928**	25,869
Government loan		768
Overdraft facilities in use	**1,681**	813
Total	**163,846**	181,637

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

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

At the reporting date, Aspo Plc had a EUR 80 million domestic commercial paper program of which EUR 5 (11) million were in use.

In 2020, Telko's Polish subsidiary received a non-interest-bearing loan of PLN 3.5 million (EUR 0.8 million) from the government due to the financial consequences of the coronavirus pandemic. If the conditions for the loan had been met, the loan could have been partially waived. However, the conditions were not met, and the loan was repaid in full in 2021.

2.4 Maturity

LIQUIDITY AND REFINANCING RISK

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

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

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

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

In April, Aspo issued a hybrid bond of EUR 20 million, which is classified as equity. The bond has no maturity, but the company is entitled to redeem it in May 2022 at the earliest.

MATURITY ANALYSIS

2021

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

2020

1,000 EUR	Carrying value Dec 31,2020	Cash flow 2021	2022	2023	2024	2025–
Loans	-180,824	-34,757	-43,601	-37,721	-70,378	
Overdraft facilities in use	-813	-813				
Accounts payable and other liabilities	-36,058	-36,058				
Lease liabilities	-20,583	-13,680	-4,143	-1,836	-625	-816

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 rented. 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.

Right-of-use assets in accordance with IFRS 16 standard have been renamed as leased assets in Aspo's consolidated financial statements starting from January 1, 2021. Aspo changed its accounting principles relating to lease agreements starting from January 1, 2020, when it started to apply the IFRS 16 standard also to leases of intangible assets. The change was not applied retroactively, instead the effect of the change shows as an increase in the leased assets and lease liability in year 2020.

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

LEASED ASSETS

1,000 EUR	2021	2020
Intangible assets	**964**	1,540
Land	**860**	954
Buildings	**5,655**	5,895
Machinery and equipment	**1,848**	1,760
Vessels	**11,414**	9,964
Other assets	**7**	11
Total	**20,748**	20,124

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. Additions to the leased assets during the financial year were EUR 17,113 (14,413) thousand.

LEASE LIABILITIES

1,000 EUR	2021	2020
Non-current	**6,869**	7,198
Current	**14,411**	13,385
Total	**21,280**	20,583

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	2021	2020
Depreciation and amortization, leased assets	**13,761**	12,939
Interest expenses	**440**	430
Expenses relating to short-term leases	**150**	100
Expenses relating to leases of low-value assets	**197**	224
Expenses total	**14,548**	13,693
Rental income from operating sub-leases	**33**	33

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

The lease payments relating to leased assets amounted to EUR 14.0 (13.3) million, of which EUR 0.4 (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 14.6 (13.8) 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. Lease assets are not used as security for borrowing purposes.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

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

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

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

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

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

LEASES

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

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

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

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

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

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

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

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

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

Leases are charged to 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 charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

2.6 Equity

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

SHARE CAPITAL AND SHARE PREMIUM RESERVE

	Number of shares in 1,000s	Share capital 1,000 EUR	Share premium reserve 1,000 EUR
Dec 31, 2021	**31,420**	**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, 2021, 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, 2021, and 2020.

TREASURY SHARES

	Number of shares in 1,000s	Treasury shares 1,000 EUR
Jan 1, 2020	297	-1,688
Share-based incentive plan	-135	768
Dec 31, 2020	**162**	**-920**
Jan 1, 2021	162	-920
Dec 31, 2021	**162**	**-920**

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

OTHER RESERVES

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

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

HYBRID BOND

1,000 EUR	2021	2020
Jan 1	**20,000**	25,000
Repurchase of the old hybrid bond		-18,400
Repayment of the old hybrid bond		-6,600
Issuance of the new hybrid bond		20,000
Dec 31	**20,000**	20,000

In April 2020, Aspo issued a hybrid bond of EUR 20 million. The coupon rate of the bond is 8.75% per annum. The bond has no maturity, but the company is entitled to redeem it in May 2022 at the earliest.

In the beginning of the 2020 financial year, Aspo also had an EUR 25 million hybrid bond, issued in May 2016. The coupon rate of this hybrid bond was 6.75%. Aspo repurchased part of this hybrid bond of EUR 25 million at EUR 18.4 million in accordance with the tender offer regarding the bond. The repurchase was conditional on the issuance of the new hybrid bond. The unpurchased part of the former hybrid bond of EUR 6.6 million was repaid on May 27, 2020.

During the financial period, hybrid bonds accrued EUR 1.8 (1.8) million in interest. Expenses from the issuance of the hybrid in 2020 were EUR 0.2 million. These items have been recognized as reduction of retained earnings. EUR 1.8 (1.6) million have been paid in interest on hybrid bonds.

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

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 2021 and 2020.

EARNINGS PER SHARE

1,000 EUR	2021	2020
Profit for the period attributable to parent company shareholders, continuing operations	**28,315**	10,824
Interest of the hybrid bond (adjusted by tax effect), continuing operations	**-1,400**	-1,406
Profit for the period attributable to parent company shareholders, discontinued operations	**-3,032**	2,600
Total	**23,883**	12,018
Average number of shares outstandning during the financial period (1,000)	**31,258**	31,191
Basic and diluted earnings per share, EUR		
Earnings per share, continuing operations	**0.86**	0.30
Earnings per share, discontinued operations	**-0.10**	0.09
Total	**0.76**	0.39

DIVIDEND DISTRIBUTION
The Board of Directors has proposed that a dividend of EUR 0.23 per share (0.35) is distributed for the financial year 2021, and that the dividend is paid in April. In addition, the Board of Directors has proposed that the Annual Shareholders' Meeting authorizes the Board of Directors to decide on another dividend distribution in the maximum amount of EUR 0.22 per share at a later time. The authorization would be valid until the next Annual Shareholders' Meeting.

According to the decision of the Annual Shareholders' Meeting held on April 8, 2021, a total dividend of EUR 0.35 per share was distributed for 2020. The first installment of the dividend was paid in April and the second installment was paid in November 2021.

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

3 BUSINESS OPERATIONS AND PROFITABILITY

ASPO

ESL SHIPPING

TELKO

LEIPURIN

OPERATING SEGMENTS

The operating and reportable segments of Aspo Group's continuing operations are ESL Shipping, Telko and Leipurin. The Board of Directors, which is the chief operating decision maker, 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.

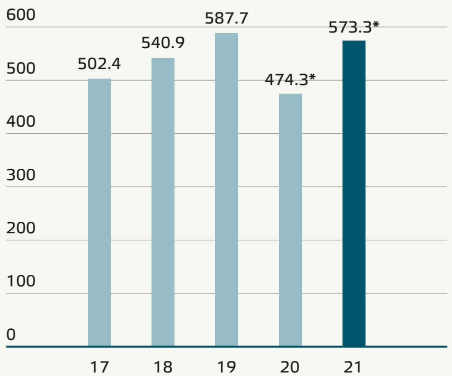
- **ESL Shipping** conducts sea transportation of raw materials for industry and the energy sector and offers related services.
- **Telko** acquires and supplies plastic raw materials, chemicals and lubricants to industry. Its extensive customer service also covers technical support and the development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

Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other operations not covered by the reportable segments.

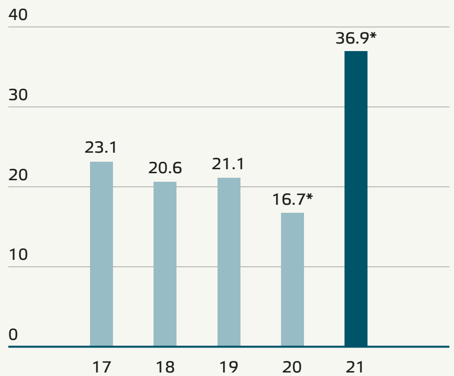
PROFITABILITY

Within the Group, the evaluation of segment results is based on each segment's operating profit and net sales from outside the Group. Segment reporting is prepared in accordance with the same recognition and measurement principles as the consolidated financial statements.

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

2021

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

2020

1,000 EUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	7,612	12,568	1,443	-4,907	16,716
Net financial expenses				-4,496	-4,496
Profit before taxes					**12,220**

SEGMENT ASSETS AND LIABILITIES

1,000 EUR	ESL Shipping	Telko	Leipurin	Unallocated items	Held for sale	Group total
Segment assets Jan 1, 2021	210,399	77,663	59,854	36,184		384,100
Segment assets Dec 31, 2021	215,806	106,595	54,729	20,807	8,373	406,310
Segment liabilities Jan 1, 2021	27,717	32,717	19,896	190,273		270,603
Segment liabilities Dec 31, 2021	31,453	47,921	15,399	175,378	6,770	276,921

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. Income statement and balance sheet items not allocated to segments consist of items associated with income taxes and centralized financing. Transactions between segments are based on fair market prices. There are no considerable inter-segment transactions.

3.1 Net sales

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

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

The external net sales of the segments equal the net sales recognized in the consolidated statement of comprehensive income; there are no net sales that had not been allocated to the segments. Aspo does not depend on any individual significant customers, however, in the ESL Shipping segment the purchases of one customer in the steel industry accounts for slightly more than ten percent of the consolidated net sales.

Aspo specifies net sales from contracts with customers by business areas, timing of revenue recognition and by market area.

NET SALES BY BUSINESS AREA

1,000 EUR	2021	2020
ESL Shipping	**191,444**	148,447
Plastics business	**146,694**	122,900
Chemicals business	**83,622**	74,622
Lubricants business	**38,464**	27,360
Telko	**268,780**	224,882
Leipurin	**113,064**	100,953
Total	**573,288**	474,282

Aspo Group's net sales in 2021 increased by 21% from the previous year as the impact of the coronavirus pandemic decreased. ESL Shipping's net sales increased by 29% from the weak comparative period due to the initial shock caused by the coronavirus pandemic. Telko's net sales increased by 20%, mainly as a result of increased prices and high demand. Leipurin's net sales increased by 12%, driven by Finland and the Baltic countries.

NET SALES BY TIMING OF RECOGNITION

1,000 EUR	2021	2020
ESL Shipping		
At a point in time	**3,582**	2,279
Over time	**187,862**	146,168
	191,444	148,447
Telko		
At a point in time	**268,444**	224,515
Over time	**336**	367
	268,780	224,882
Leipurin		
At a point in time	**107,424**	97,145
Over time	**5,640**	3,808
	113,064	100,953
Total		
At a point in time	**379,450**	323,939
Over time	**193,838**	150,343
Total	**573,288**	474,282

Most of the Group's net sales, 66% (70), is 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 187.9 (146.2) million.

CONTRACT ASSETS AND LIABILITIES

Contract assets include revenue from machine construction projects in Leipurin's business operations which are based on individual orders but have not yet been delivered to customers. The contract assets and liabilities show annual variation depending on project completion schedules. In the 2021 financial statements, all contract assets of EUR 1.6 million belong to Vulganus Oy, and they are therefore presented in assets classified as held for sale. Construction projects ongoing on the closing date are expected to be delivered to customers during the following year, which is the reason for not disclosing the transaction price of the performance obligations relating to the unsatisfied contracts at the end of the reporting period. All projects related to contract assets in 2020 were delivered during 2021.

Contract liabilities comprise advance payments received from projects and other advance payments received, the products or services related to which have not been delivered or rendered yet. Advances received are usually recognized as revenue during the following year. Advances received by Kauko and Vulganus, totaling EUR 0.6 million, are presented in liabilities directly associated with assets classified as held for sale.

CONTRACT ASSETS

1,000 EUR	2021	2020
Revenue recognized from non-delivered projects		1,207
Total		1,207

CONTRACT LIABILITIES

1,000 EUR	2021	2020
Advances received	**1,694**	6,709
Total	**1,694**	6,709

INFORMATION RELATED TO GEOGRAPHICAL REGIONS

The Group monitors its net sales in accordance with the following geographical division: Finland, Scandinavia, the Baltic countries, Russia, other CIS countries and Ukraine, and other countries. Net sales of the geographical regions are presented as per customer location and their assets as per location of the assets

Net sales grew in all market areas. The significant increase in net sales in Scandinavia and the lower increase in net sales in eastern markets than in other market areas resulted from ESL Shipping's rapid growth, Telko's acquisition of ILS Group in the final quarter of 2020 in Sweden, and structural changes in Leipurin's markets in Russia.

NET SALES BY MARKET AREA

1,000 EUR	2021	2020
ESL Shipping		
Finland	**84,333**	69,433
Scandinavia	**54,089**	41,298
Baltic countries	**3,487**	2,208
Russia, other CIS countries and Ukraine	**2,482**	5,414
Other countries	**47,053**	30,094
	191,444	148,447
Telko		
Finland	**47,582**	41,421
Scandinavia	**52,404**	36,591
Baltic countries	**20,451**	15,885
Russia, other CIS countries and Ukraine	**117,273**	104,406
Other countries	**31,070**	26,579
	268,780	224,882
Leipurin		
Finland	**43,257**	39,783
Scandinavia	**2,891**	32
Baltic countries	**30,921**	27,938
Russia, other CIS countries and Ukraine	**35,394**	31,697
Other countries	**601**	1,503
	113,064	100,953
Total		
Finland	**175,172**	150,637
Scandinavia	**109,384**	77,921
Baltic countries	**54,859**	46,031
Russia, other CIS countries and Ukraine	**155,149**	141,517
Other countries	**78,724**	58,176
Total	**573,288**	474,282

NON-CURRENT ASSETS BY MARKET AREA

1,000 EUR	2021	2020
Finland	**218,034**	233,238
Scandinavia	**17,361**	11,341
Baltic countries	**308**	330
Russia, other CIS countries and Ukraine	**763**	830
Other countries	**35**	37
Total	**236,501**	245,776

The non-current assets exclude financial assets and assets related to taxes.

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.

Revenue and expenses from construction projects produced in accordance with individual orders are recognized based on the percentage of completion when the outcome of the project can be assessed reliably. The percentage of completion is defined as the proportion of design, production and installation hours incurred by the time of review from the project's estimated total design, production, and installation hours. Accrued costs from construction projects not recognized as revenue yet are recognized as incomplete projects in inventories. When it is likely that a project generates losses, the losses are recognized as expenses immediately. In Aspo Group's construction projects are related to Leipurin's own machine production, which comprises only a small part of the Group's net sales, and the assets and liabilities of which, have been classified as assets and liabilities held for sale in the reporting period.

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	2021	2020
Gains on sale of tangible assets	**239**	165
Rents and related remunerations	**48**	68
Leasing agreement related compensation	**44**	94
Other income	**142**	178
Total	**473**	505

3.3 Associated companies

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

ASSOCIATED COMPANIES

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

Both companies own one dry bulk cargo vessel. The income of the companies consists of rent income from the vessels owned. The combined total assets of the companies at the acquisition date were EUR 7.1 million. 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.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

1,000 EUR	2021	2020
Balance Jan 1	**972**	1,438
Dividends received	**-214**	-104
Share of profits for the the financial year	**-57**	-362
Carrying amount Dec 31	**701**	972

Aspo's share of the results of the associated companies for 2021 was EUR -57 thousand. In 2020, Aspo's share of the results of the associated companies was EUR -109 thousand. The remaining share of the 2020 result of EUR -253 thousand was associated with an adjustment in results for previous financial periods due to a calculation error.

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.

TRANSACTIONS WITH RELATED PARTIES - ASSOCIATED COMPANIES

1,000 EUR	2021	2020
Rent expenses for time-chartered vessels	**2,630**	2,326
Accounts receivable and other receivables	**133**	36

3.4 Materials and services

MATERIALS AND SERVICES

1,000 EUR	2021	2020
Purchases during the period		
ESL Shipping	**36,436**	23,575
Telko	**241,775**	181,622
Leipurin	**91,781**	77,321
Total	**369,992**	282,518
Change in inventories	**-26,972**	6,799
Services acquired		
ESL Shipping		1
Telko	**3,207**	3,076
Leipurin	**3,193**	2,990
Total	**6,400**	6,067
Materials and services, total	**349,420**	295,384

3.5 Other operating expenses

OTHER OPERATING EXPENSES

1,000 EUR	2021	2020
ESL Shipping	**84,394**	75,677
Telko	**8,635**	7,581
Leipurin	**5,728**	5,334
Other operations	**3,375**	2,694
Total	**102,132**	91,286

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.

AUDITORS' FEES

1,000 EUR	2021	2020
Audit firm of the parent company		
Audit	**336**	304
Other services	**135**	17
Other audit firms		
Audit	**53**	68
Tax advice	**7**	45
Other services	**28**	48
Total	**559**	482

The authorized public accountant firm Deloitte Oy is Aspo Plc's auditor. Deloitte's audit fee for 2021 was EUR 0.3 (0.3) million, and its fees relating to other services totaled EUR 0.1 (0.0) million. In 2021, other services mainly included services related to sustainability. In 2020, other services included the auditing of an EU settlement.

3.6 Employee benefit expenses and number of employees

EMPLOYEE BENEFIT EXPENSES

1,000 EUR	2021	2020
Wages and salaries	**41,396**	35,911
Pension expenses, defined contribution plans	**5,009**	3,784
Share-based payments	**1,125**	307
Other employee benefit expenses	**3,154**	2,284
Total	**50,684**	42,286

Employee benefit expenses are decreased by the government subsidy for merchant vessels 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 5.5 (5.4) million.

In Finland the statutory pension provision is arranged by insurances from pension insurance companies. In foreign units, the pension provision is arranged in accordance with local legislation and social security regulations. The Group's pension schemes are defined contribution plans and the contributions are recognized as employee benefit expense in the financial period they relate to. Information regarding the employee benefits of key management personnel is presented in Note 5.2 Related parties.

NUMBER OF EMPLOYEES

At the end of the financial year, the number of employees of Aspo Group was 950 (896), while the average number of personnel during the financial year was 918 (903).

PERSONNEL BY SEGMENT, ON AVERAGE

	2021	2020
ESL Shipping	**292**	278
Telko	**303**	292
Leipurin	**267**	280
Other operations	**34**	30
Continuing operations, total	**896**	880
Discontinued operation	**22**	23
Total	**918**	903

PERSONNEL BY SEGMENT AT YEAR-END

	2021	2020
ESL Shipping	**294**	295
Telko	**327**	286
Leipurin	**272**	262
Other operations	**35**	31
Continuing operations, total	**928**	874
Discontinued operation	**22**	22
Total	**950**	896

PERSONNEL BY GEOGRAPHICAL AREA AT YEAR-END

	2021	2020
Finland	**436**	426
Scandinavia	**57**	56
Baltic countries	**102**	84
Russia, other CIS countries and Ukraine	**309**	282
Other countries	**24**	26
Continuing operations, total	**928**	874
Discontinued operation	**22**	22
Total	**950**	896

3.7 Depreciation, amortization and impairment losses

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

1 000 €	2021	2020
Depreciation and amortization, tangible and intangible assets		
Intangible assets	**451**	341
Buildings	**379**	403
Vessels	**14,535**	14,335
Machinery and equipment	**661**	667
Other tangible assets	**34**	32
Total	**16,060**	15,778
Impairment losses		
Goodwill	**4,330**	36
Buildings	**391**	
Total	**4,721**	36
Total depreciation, amortization and impairment losses	**20,781**	15,814

DEPRECIATION AND AMORTIZATION, LEASED ASSETS

1,000 EUR	2021	2020
Intangible assets	**623**	368
Land	**96**	98
Buildings	**2,338**	2,570
Vessels	**9,709**	8,917
Machinery and equipment	**990**	973
Other tangible assets	**5**	13
Total	**13,761**	12,939

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

An impairment loss of EUR 4.3 million was recognized on Leipurin's goodwill. An impairment loss of EUR 0.4 million was recognized on the buildings of Telko's Rauma terminal.

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

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES BY SEGMENT

	2021					2020				
1,000 EUR	**ESL Shipping**	**Telko**	**Leipurin**	**Other operations**	**Group total**	**ESL Shipping**	**Telko**	**Leipurin**	**Other operations**	**Group total**
Intangible assets	151	187	4,443		4,781	152	77	112	36	377
Tangible assets	14,567	1,124	271	38	16,000	14,363	731	293	50	15,437
	14,718	1,311	4,714	38	20,781	14,515	808	405	86	15,814
Leased assets	10,064	1,314	1,577	806	13,761	9,301	1,401	1,710	527	12,939

3.8 Financial income and expenses

FINANCIAL INCOME AND EXPENSES

1,000 EUR	2021	2020
Interest income from loans and other receivables	**255**	325
Foreign exchange gains	**232**	509
Financial income	**487**	834
Interest expenses on leases	**-440**	-430
Interest and other financial expenses	**-3,580**	-3,998
Foreign exchange losses	**-345**	-902
Financial expenses	**-4,365**	-5,330
Financial income and expenses	**-3,878**	-4,496

Operating profit includes EUR 0.1 (-1.0) million of exchange rate differences from sales and purchase transactions.

3.9 Income taxes

TAXES IN THE STATEMENT OF COMPREHENSIVE INCOME

1,000 EUR	2021	2020
Taxes for the period	**-4,094**	-2,558
Change in deferred tax assets and liabilities	**-737**	1,143
Taxes from previous financial years	**98**	19
Total	**-4,733**	-1,396

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

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

1,000 EUR	2021	2020
Profit before taxes	**33,029**	12,220
Taxes calculated using the parent company's tax rate	**-6,606**	-2,444
Impact of foreign subsidiaries' tax rates	**595**	256
Impact of tonnage taxation	**5,364**	1,859
Losses for which no deferred tax asset was recognized	**-1,376**	-1,417
Utilization of previously unrecognized tax losses	**118**	84
Deferred tax liability on retained earnings of foreign subsidiaries	**-1,042**	
Taxes from previous financial years	**98**	19
Withholding taxes	**-135**	-460
Timing differences, tax-free and non-deductible items	**-1,749**	707
Taxes in the statement of comprehensive income	**-4,733**	-1,396
Effective tax rate	**14%**	11%

A limited liability company which is obliged to pay taxes in Finland 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 taxation is based on the tonnage taxation regime. Also in Sweden, shipping companies can join the tonnage taxation system under certain conditions. AtoBatC Shipping AB joined the tonnage taxation system from the beginning of 2020. The inclusion of ESL Shipping and AtoBatC within the scope of tonnage taxation significantly reduces the Group's effective tax rate.

Aspo Group's effective tax rate 14% (11%) was higher than in the comparative year, mainly due to the recognition of a deferred tax liability related to the retained earnings of Estonian companies during the financial year. In addition, there were more non-deductible items in the subsidiaries relating, for example, to provisions and impairment losses.

4 INVESTED CAPITAL

INVESTED CAPITAL

1,000 EUR	Notes	2021	2020
Intangible assets	4.2	**45,845**	55,282
Tangible assets	4.1	**168,886**	169,070
Leased assets	2.5	**20,748**	20,124
Inventories	4.4	**68,626**	42,370
Accounts receivable and other receivables	4.5	**74,035**	62,528
Other assets		**1,455**	1,982
Cash and cash equivalents	2.2	**17,697**	32,303
Accounts payable and other liabilities	4.6	**-78,077**	-63,280
Other liabilities		**-1,707**	-1,552
Deferred tax assets and liabilities, net	4.8	**-4,596**	-3,878
Assets and liabilities classified as held for sale		**3,032**	
Total		**315,944**	314,949

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 169.9 million. Goodwill and other intangible assets account for EUR 45.8 million of invested capital. Goodwill and other intangible assets, such as customer relationships and brands, are generated, on Aspo's balance sheet, when it develops the Group structure through acquisitions according to the strategy. Furthermore, working capital makes up EUR 77.6 million, and cash and cash equivalents EUR 17.7 million of invested capital.

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.

In 2021, working capital increased by EUR 26 million, mainly as a result of the increase in Telko's inventories. The change in working capital, including working capital items classified as held for sale, was EUR 22 million.

WORKING CAPITAL

1,000 EUR	Note	2021	2020
Inventories	4.4	**68,626**	42,370
Accounts receivable	4.5	**58,911**	47,929
Accounts payable	4.6	**-48,218**	-32,065
Advances received	4.6	**-1,695**	-6,709
Total		**77,624**	51,525

INVESTMENTS BY SEGMENT

1,000 EUR	2021	2020
ESL Shipping	**15,235**	4,164
Telko	**509**	360
Leipurin	**121**	41
Other operations	**5**	5
Continuing operations, total	**15,870**	4,570
Discontinued operation	**8**	85
Total	**15,878**	4,655

Investments consist of additions in tangible assets and intangible assets that will be used during more than one financial year, excluding additions through acquisitions. Additions of leased assets are disclosed in Note 2.5 Leases. The investments mainly consisted of the docking of ESL Shipping's vessels, during which they were also equipped with new ballast water treatment systems that meet the new environmental regulations.

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

4.1 Tangible assets

TANGIBLE ASSETS 2021

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

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

TANGIBLE ASSETS 2020

1,000 EUR	Land	Buildings	Machinery and equipment	Vessels	Other tangible assets	Work in progress and advance payments	Total
Acquisition cost, Jan 1	54	6,589	8,190	298,281	756	128	313,998
Translation differences		-38	-779			-5	-822
Additions, business combinations			68				68
Additions		82	446	3,114	3	1,043	4,688
Decreases			-293	-1,948		-24	-2,265
Transfers between classes			75			-75	0
Acquisition cost, Dec 31	**54**	**6,633**	**7,707**	**299,447**	**759**	**1,067**	**315,667**
Accumulated depreciation, Jan 1		-3,808	-6,139	-123,485	-382		-133,814
Translation differences		12	518				530
Accumulated depreciation, business combinations			-42				-42
Accumulated depreciation of decreases			251	1,948			2,199
Depreciation for the period		-419	-683	-14,335	-33		-15,470
Accumulated depreciation, Dec 31		**-4,215**	**-6,095**	**-135,872**	**-415**		**-146,597**
Carrying amount, Dec 31	**54**	**2,418**	**1,612**	**163,575**	**344**	**1,067**	**169,070**

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

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

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

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

TANGIBLE ASSETS

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

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

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

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

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

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

SUBSIDIES

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

4.2 Intangible assets

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

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.

INTANGIBLE ASSETS

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

2020 1,000 EUR	Goodwill	Intangible rights	Other intangible assets	Total
Acquisition cost, Jan 1	56,623	7,387	14,977	78,987
Translation differences	190	-14	-3	173
Additions, business combinations	2,831		1,422	4,253
Additions		9		9
Decreases		-78	-16	-94
Acquisition cost, Dec 31	**59,644**	**7,304**	**16,380**	**83,328**
Accumulated amortization and impairment, Jan 1	-13,296	-1,742	-12,679	-27,717
Translation differences	-67	11	59	3
Accumulated amortization of decreases		29	16	45
Amortization and impairment for the period	-36	-59	-282	-377
Accumulated amortization and impairment, Dec 31	**-13,399**	**-1,761**	**-12,886**	**-28,046**
Carrying amount, Dec 31	**46,245**	**5,543**	**3,494**	**55,282**

With regard to goodwill, the row amortization and impairment in 2021 includes impairment losses, of which EUR 4.3 million were recognized for the Leipurin segment and EUR 3.4 million for the Kauko operating segment.

GOODWILL AND BRANDS

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

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

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

OTHER INTANGIBLE ASSETS

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

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

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

RESEARCH AND DEVELOPMENT COSTS

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

4.3 Impairment test of goodwill and brands

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

Goodwill is allocated to the cash-generating units as follows:

GOODWILL BY SEGMENT

1,000 EUR	2021	2020
ESL Shipping	**6,337**	6,337
Telko	**8,433**	8,520
Leipurin	**22,354**	26,684
Kauko		4,704
Total	**37,124**	46,245

The goodwill of Kauko amounted to EUR 1.3 million at the end of the financial year and is presented as assets held for sale.

BRANDS BY SEGMENT

1,000 EUR	2021	2020
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 2022 and the financial plans for 2023–2025 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% (1%).

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.

POST-TAX WACC PER SEGMENT

	2021	2020
ESL Shipping	**8.61%**	5.62%
Telko	**11.39%**	13.52%
Leipurin	**10.86%**	11.52%
Kauko	**9.96%**	9.76%

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 total carrying amount of goodwill and brands for each operating segment, and the carrying amounts are therefore considered to be justified.

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

A significant negative change in future cash flows, a significant increase in interest rates or a high tying-up rate of capital could result in another impairment loss to be recognized on the Leipurin segment's goodwill.

Discontinued operation

The goodwill of the Kauko operating segment, reported as discontinued operations, underwent impairment testing during the strategy process, and new strategy-based figures were found to generate a lower cash flow than previously estimated. This can be explained by Kauko's low profitability following the peak in 2020, which was driven by business operations associated with the coronavirus pandemic. In testing, Kauko's carrying amount was found to be EUR 3.4 million higher than the recoverable amount, resulting in the recognition of an impairment loss, which is presented in the consolidated income statement as part of the results of discontinued operations and forms most of the discontinued operations' loss for the period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

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

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

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

4.4 Inventories

INVENTORIES

1,000 EUR	2021	2020
Materials and supplies	**3,003**	2,398
Finished goods	**62,534**	36,564
Other inventories	**3,089**	3,408
Total	**68,626**	42,370

INVENTORIES BY SEGMENT

1,000 EUR	2021	2020
ESL Shipping	**2,870**	1,937
Telko	**52,403**	26,384
Leipurin	**13,353**	14,049
Total	**68,626**	42,370

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

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

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

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

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. The measurement and recognition principles for construction projects are discussed in Note 3.1 Net sales.

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

4.5 Accounts receivable and other receivables

ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

1,000 EUR	2021	2020
Accounts receivable	**58,911**	47,929
Accounts receivable on non-delivered projects		1,207
Refund from the Ministry of Transport and Communications	**3,106**	3,392
Advance payments	**2,414**	2,129
VAT receivable	**1,110**	1,275
Loan receivables	**22**	61
Other deferred receivables	**8,472**	6,535
Total	**74,035**	62,528

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENT

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

Businesses make sales- and customer-specific assessment based on the nature of sales and the credit rating of customers, as well as their service history, to define to whom products and services are sold, and which payment terms are used. If necessary, an advance payment is used as the payment term. Allowance for expected credit losses is recognized proactively based on each segment's credit loss history. In addition, emphasis has been placed on the monitoring and evaluation of each customer's payment ability due to the coronavirus pandemic, as the management sees that the pandemic has an impact on customers' payment behavior and solvency.

AGEING ANALYSIS OF ACCOUNTS RECEIVABLE

2021

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

2020

1,000 EUR	Accounts receivable	Allowance for credit losses	Carrying amount
Not matured	41,207	-28	41,179
Matured 1–30 days ago	5,570	-17	5,553
Matured 31–60 days ago	487	-4	483
Matured 61–90 days ago	347	-4	343
Matured 91–180 days ago	342	-27	315
Matured more than 181 days ago	2,087	-2,031	56
Total	50,040	-2,111	47,929

According to management's judgement accounts receivable do not involve significant credit loss risks. During the year, a total of EUR 0.3 (1.0) 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	2021	2020
Accounts payable	**48,218**	32,065
Advances received	**1,695**	6,709
Salaries and social security contributions	**10,921**	8,805
Employer contributions	**1,370**	1,448
Accrued interest	**1,450**	1,698
VAT liability	**3,987**	3,508
Other current liabilities	**1,011**	847
Other current deferred liabilities	**9,425**	8,200
Total	**78,077**	63,280

4.7 Provisions

NON-CURRENT PROVISIONS

1,000 EUR	Tax provisions	Restoration provisions	Pension provisions	Total
December 31, 2020			112	112
Change in provisions	10	466	-2	474
December 31, 2021	**10**	**466**	**110**	**586**

CURRENT PROVISIONS

1,000 EUR	Warranties and maintenance services	Other provisions	Total
December 31, 2020	59		59
Change in provisions	-59	77	18
December 31, 2021	**0**	**77**	**77**

During the 2021 financial year, a restoration provision was recognized in non-current provisions relating to the Rauma terminal area and reported in the Telko segment. Rauma Terminal Services Oy, a company belonging to Aspo Group, is obligated to restore the land areas leased from the Town of Rauma, so that they are in the same condition as before the lease. The obligation is expected to be realized in 2030, when the land lease agreement ends.

Other provisions are related to the discontinuation of Telko's operations in Azerbaijan.

Warranty provisions are mainly associated with the Group's product warranties and pension provisions to direct pension liabilities granted by the Group. Warranty provisions include the cost of product repair or replacement if the warranty period is still effective at the reporting date. Warranty and maintenance obligations usually extend over 1–2 years. Warranty provisions are determined based on historical experience and the estimates are based on the best knowledge at year-end.

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	2021	2020
Leases	**87**	70
Employee benefits	**21**	
Allowance for credit losses	**108**	117
Other provisions	**100**	4
Losses carried forward	**145**	84
Other temporary differences	**184**	166
Total	**645**	441

CHANGES IN DEFERRED TAX ASSETS

1,000 EUR	2021	2020
Deferred tax assets, Jan 1	**441**	382
Items recognized in the statement of comprehensive income		
Employee benefits	**21**	
Leases	**17**	26
Allowance for credit losses	**-9**	98
Other provisions	**96**	-22
Losses carried forward	**61**	
Other temporary differences	**18**	-43
Deferred tax assets, Dec 31	**645**	441

During the 2021 financial year, the most significant change in deferred tax assets of EUR 93 thousand related to the recognition of the restoration provision for the Rauma terminal. In 2020, the change in deferred tax assets mainly related to the increase in the expected credit loss allowance.

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

The Group had EUR 2.8 (2.4) million losses carried forward in foreign subsidiaries, for which no deferred tax assets have been recognized because the Group is unlikely to accumulate taxable income against which the losses could be utilized before they expire. The loss expiry period varies from one country to another, while some losses do not expire within the scope of the current legislation.

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

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

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

DEFERRED TAX LIABILITIES

1,000 EUR	2021	2020
Depreciation in excess of plan and Swedish tax reserves	**1,461**	1,443
Tangible and intangible assets	**2,700**	2,808
Retained earnings of foreign subsidiaries	**1,042**	
Other temporary differences	**38**	68
Total	**5,241**	4,319

CHANGES IN DEFERRED TAX LIABILITIES

1,000 EUR	2021	2020
Deferred tax liabilities, Jan 1	**4,319**	4,849
Items recognized in the statement of comprehensive income		
Depreciation in excess of plan and Swedish tax reserves	**18**	-172
Retained earnings of foreign subsidiaries	**1,042**	
Deferred tax liability due to tonnage taxation		-618
Tangible and intangible assets	**-140**	-237
Business combinations	**32**	469
Other temporary differences	**-30**	28
Deferred tax liabilities, Dec 31	**5,241**	4,319

During the financial year, a deferred tax liability of EUR 1.0 million in total was recognized based on the retained earnings of the Estonian subsidiaries of Telko and Leipurin. A deferred tax liability of EUR 1.8 (2.4) million has not been recognized based on the retained earnings of foreign subsidiaries because they are permanently invested in the countries in question.

The deferred tax liability on the transition to tonnage taxation was relieved in form of government subsidies received during the validity period of the tonnage taxation, when the preconditions for the subsidy were met. The amount of the tax relief was EUR 0.6 million in 2020, and cumulatively EUR 6.0 million in 2011–2019. This tax benefit ended in year 2020, as it was fully utilized.

DEFERRED TAXES

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

5 OTHER NOTES

5.1 Financial risks and the management of financial risks

FINANCIAL RISK MANAGEMENT PRINCIPLES AND ORGANIZATION

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

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

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

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

MARKET RISKS

Currency risk

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

At the business unit level, currency risk mainly occurs when a unit sells products and services with its domestic currency, but the costs are realized in a foreign currency.

In Aspo Group, a significant part of the net sales of Telko and Leipurin come from the eastern markets, although the region's relative share of the Group's total net sales has decreased. Up to half of Leipurin's purchases in the eastern markets are made in the local currency. For Telko, euro-denominated imports account for the majority of purchases in the eastern markets. Aspo's highest exchange rate risk concerns the Russian ruble. If the ruble weakened against the euro, the net sales of the Telko and Leipurin segments generated in Russia would decrease. Then again, if the ruble strengthened, net sales would increase. The Russian ruble has remained weak in relation to the euro, even though the price of oil has increased markedly.

In previous years, ESL Shipping's exchange rate risks were mainly associated with the USD-denominated vessel investments. In 2021 and 2020, the shipping company did not have any significant investments denominated in foreign currencies. ESL Shipping's new electric hybrid vessel investments are denominated in euro.

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

LOANS AND OVERDRAFT FACILITIES IN USE BY CURRENCY

1,000 EUR	2021	2020
EUR	**162,165**	180,056
USD	**886**	813
PLN	**795**	768
Total	**163,846**	181,637

Most of Aspo Group's accounts receivable are denominated in euro. Ruble- and hryvnia-denominated receivables together comprise the second largest item because a significant part of the operations of Telko and Leipurin takes place in Russia and Ukraine. 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 are carried out in USD, and certain fuel purchases are denominated in USD.

ACCOUNTS RECEIVABLE BY CURRENCY

1,000 EUR	2021	2020
EUR	**41,442**	33,870
SEK	**2,514**	1,878
DKK	**2,441**	1,546
PLN	**366**	222
RUB	**3,665**	3,132
UAH	**3,353**	3,925
USD	**2,770**	1,364
Other	**2,360**	1,992
Total	**58,911**	47,929

ACCOUNTS PAYABLE AND ADVANCES RECEIVED BY CURRENCY

1,000 EUR	2021	2020
EUR	**37,788**	30,254
SEK	**2,255**	2,110
DKK	**368**	1,179
PLN	**59**	22
RUB	**2,576**	1,317
UAH	**564**	689
USD	**5,082**	2,380
Other	**1,221**	823
Total	**49,913**	38,774

ITEMS DENOMINATED IN FOREIGN CURRENCIES

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

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

EQUITY OF FOREIGN SUBSIDIARIES BY CURRENCY

1,000 EUR	Equity 2021	Equity 2020
EUR	**27,330**	18,341
SEK	**5,166**	1,139
DKK	**6,410**	6,297
RUB	**16,605**	13,052
NOK	**451**	264
UAH	**5,020**	1,719
PLN	**3,180**	2,129
BYN	**362**	-1,203
CNY	**1,790**	1,249
KZT	**81**	-363
AZN	**-338**	-219
IRR	**-176**	-163
UZS	**219**	-219
RON	**-91**	-37
Total	**66,009**	41,986

Aspo Group has made investments in foreign subsidiaries. The equity of the foreign subsidiaries changes based on their business results. The total equity of the Group's foreign subsidiaries at the reporting date was EUR 66.0 (42.0) million. Ruble-denominated investments of EUR 16.6 (13.1) million in subsidiaries operating in Russia were the biggest foreign currency investment. Despite the significant share of equity being denominated in the Russian ruble, the Group deems that diversification is at a sufficient level, and there is no need to hedge the translation position associated with the equities of its foreign subsidiaries. The table shows the Group's share in the subsidiaries' equity by currency.

In addition, Group internal non-current loan receivables from Telko's Belarusian, Ukrainian and Kazakhstani subsidiaries have been classified as non-current net investments in foreign operations. The total amount of these loan receivables is EUR 8.1 (12.5) million. During the 2021 financial year, non-current internal loan receivables from Ukraine were repaid by EUR 3.6 million, and EUR 0.8 million of the non-current loan receivables from Belarus were converted into the Belarusian company's equity.

Interest rate risk

To finance its operations, Aspo Group uses both fixed-rate and floating-rate borrowings the latter of which causes an interest rate risk in Aspo Group's cash flow and profit when changes in the interest rate level take place. In addition to fixed-rate borrowings, Aspo Group uses interest rate derivatives to decrease a possible growth in future cash outflows caused by an increase in short-term market interest rates. On December 31, 2021, the Group's interest-bearing liabilities totaled EUR 185.1 (201.4) million and cash and cash equivalents stood at EUR 17.7 (32.3) million. The share of lease liabilities included in the amount of interest-bearing liabilities was EUR 21.3 (20.6) 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 1.4% (1.5), the duration of interest rate position was 0.6 years (0.8), the average loan maturity was 2.7 years (2.6).

SENSITIVITY TO MARKET RISKS

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

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

SENSITIVITY ANALYSIS FOR FOREIGN CURRENCY AND INTEREST RATE RISK

	2021		2020	
1,000 EUR	Profit and loss	Equity	Profit and loss	Equity
Currency risk				
+ 30 % strengthening of EUR against RUB	**-735**	**-3,809**	-32	-3,012
- 30 % weakening of EUR against RUB	**396**	**7,074**	17	5,594
Interest rate risk				
Change of +100 basic points in the market interest rates	**-1,469**		-1,475	
Change of -100 basic points in the market interest rates	**1,472**		1,477	

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

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

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

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

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

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

CREDIT AND COUNTERPARTY RISKS

The Group has credit risk from accounts receivable. Telko and Leipurin segments have an international and highly diversified customer base, and no considerable customer risk concentrations exist. 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 Related parties

RELATED PARTIES AND MANAGEMENT COMPENSATION

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

EXPENSES FOR KEY MANAGEMENT COMPENSATION

1,000 EUR	2021	2020
Salaries and other short-term employee benefits	**2,196**	1,855
Post-employment benefits	**518**	466
Termination benefits	**1,420**	
Share-based payments	**671**	285
Total	**4,805**	2,606

Aki Ojanen was Aspo Group's CEO until August 15, 2021. Expenses of EUR 1.4 million were recognized in 2021 regarding Ojanen's retirement, and they are presented under Termination benefits in the table above.

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

SALARIES AND BENEFITS OF BOARD MEMBERS AND CEO

	2021		2020	
1,000 EUR	Salaries and remunerations	Pensions	Salaries and remunerations	Pensions
CEO Jansson Rolf, salaries	**157**	**26**		
CEO Ojanen Aki, salaries	**445**		438	
CEO Ojanen Aki, bonuses	**141**		85	
CEO Ojanen Aki, pensions		**198**		188
CEO Ojanen Aki, share-based payments			468	
CEO Ojanen Aki, termination benefits	**1,420**			
Board of Directors:				
Westerlund Heikki, Chairman of the Board	**61**		26	
Nyberg Gustav, Chairman of the Board	**19**		70	
Kaario Mammu, Vice Chairman of the Board	**53**		52	
Laine Mikael	**36**		36	
Pöyry Salla	**37**		39	
Salo Risto****			12	
Vehmas Tatu	**40**		40	
Allam Patricia***	**26**			
Total	**2,435**	**224**	1,266	188

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

Pension benefits include both statutory and voluntary pension payments.

Aspo's former CEO Aki Ojanen had a supplementary defined contribution pension plan in which the pension was determined in accordance with the accumulated insurance savings at the time of retirement. Aki Ojanen's pension expenses related to statutory pension amounting to EUR 95 thousand and voluntary pension of EUR 103 thousand.

5.3 Share-based payments

SHARE-BASED PAYMENT EXPENSES RECOGNIZED

1,000 EUR	2021	2020
Recognized in employee benefit expenses	**1,126**	307

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 and to establish a new share-based incentive plan for 2021–2023. The aim of the plan is to align 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 earnings and accumulating the company's shares.

The reward to be paid under the 2021–2023 share-based incentive plan is based on the Group's earnings per share (EPS) during the 2021 financial year. The shares paid as remuneration may not be transferred during the restriction period, which will end on December 31, 2023. 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 around 20 people, including the members of the Group Executive Committee. The rewards payable based on the plan correspond to a maximum total value of 204,000 Aspo Plc shares, also including the proportion to be paid in cash. The share-based incentive plan began to accumulate costs from the second quarter.

The EPS target, acting as an earnings criterion for the share-based incentive plan, was fully met during the 2021 financial year. Based on the share-based incentive plan, a total of 67,100 of treasury shares will be transferred and a maximum amount equaling the value of the shares will be paid in cash to cover taxes.

Restricted Share Plan 2020

On June 18, 2020, Aspo Plc's Board of Directors resolved on a new share-based incentive plan for the Group's key personnel. The reward from the Restricted Share Plan 2020 is based on the participant's valid employment or service and continuation of employment during the vesting period of 36 months and is paid in company shares and a cash contribution not exceeding the value of the shares. The rewards payable under the plan correspond to a maximum total value of 340,000 Aspo Plc shares including the proportion to be paid in cash.

The cash proportion to be paid in addition to the company's shares is intended to cover taxes and tax-like payments arising from the remuneration to the key personnel, in addition to which no other cash contributions are paid to the key personnel. If a key person resigns during the vesting period, he or she must, as a general rule, return the shares issued as a reward to the company free of charge. The shares paid as a reward may not be transferred during the vesting period, which ends three years after the transfer of the shares to the key employee. The Restricted Share Plan 2020 is directed to approximately 10 people, including the members of the Group Executive Committee.

Based on the share issue authorization of the Annual Shareholders' Meeting, Aspo Plc granted 130,000 treasury shares on June 29, 2020, and 5,000 treasury shares on August 14, 2020 to employees included in the Restricted Share Plan 2020. The shares have been transferred according to the terms of the share-based incentive plan without compensation.

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	18.6.2020					
		24.6.2020	29.6.2020	130,000	5.84	5.85
		7.8.2020	14.8.2020	5,000	5.92	5.88
Share-based incentive plan 2021–2023	11.2.2021					
		1.4.2021		67,100	8.99	

Share-based incentive plans 2018–2020

The 2018–2020 share-based incentive plans have ended. There were three plans:

- Share-based incentive plan 2018–2020
- Executive Committee share-based incentive plan 2018–2020
- Restricted share-based incentive plan 2018

With regard to these plans, no treasury shares were transferred during the reporting period or comparative period as the earning criteria were not met.

SHARE-BASED PAYMENTS

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

5.4 Contingent assets and liabilities, and other commitments

OTHER COMMITMENTS

Collaterals and Commitments

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

COLLATERAL FOR OWN DEBT AND OTHER COMMITMENTS

1,000 EUR	2021	2020
Mortgages given	**129,000**	129,000
Guarantees	**12,456**	16,252
Total	**141,456**	145,252
Other commitments	**22,917**	24,685

Other commitments consist mainly of commitments relating to temporary maritime personnel of time-chartered vessels.

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 64.5 (70.3) million.

CONTINGENT ASSETS AND LIABILITIES

Tax positions

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

Legal proceedings

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

5.5 Events after the financial year

After the end of the financial year, ESL Shipping sold Espa, its smallest towed barge of 9,000 tonnes, built in 1987, to an Estonian buyer as part of the strategic modernization of its fleet. Sales gains of EUR 1.5 million will be recognized during the first quarter of 2022.

5.6 Changes in IFRS standards

NEW AND AMENDED STANDARDS ADOPTED DURING THE FINANCIAL YEAR

No new standards or amendments to standards have been adopted by the Group for the first time in the annual reporting period commencing January 1, 2021.

Also, the Group has not adopted the COVID 19 Related Rent Concessions Amendment to IFRS 16, which became effective on June 1, 2020, nor the related IFRS 16 standard amendment which was issued in March 2021.

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

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

- *Classification of Liabilities as Current or Non-Current – Amendment to IAS 1, which will become effective on January 1, 2023.* The amendment clarifies that the classification of loans as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by management's expectations or events after the reporting date. The amendment may have an impact on the classification of Aspo's loans as current and non-current.
- Amendments to IFRS 3: *Reference to the Conceptual Framework*, which will become effective on January 1, 2022. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. In addition, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The change may have an impact on consolidated financial statements in future financial years when business acquisitions are made.
- 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.

- Small amendments to IAS 16 and IAS 37 standards, which become effective on January 1, 2022. Amendments to IAS 16 – *Proceeds before Intended Use*, clarifies how proceeds from selling items produced before that asset is available for use should be accounted for. Amendments to IAS 37 – *Onerous Contracts—Cost of Fulfilling a Contract*, clarifies the composition of costs of fulfilling a contract. These changes are not expected to have an impact on the consolidated financial statements of Aspo.
- *Annual Improvements to IFRS Standards* 2018–2020, most of which will become effective on January 1, 2022: IFRS 9 Financial instruments and IFRS 16 Leases. The changes are not expected to have a significant impact on the consolidated financial statements of Aspo.
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*: A description of material accounting policy information is added to the standard. Accounting policy information is material when, it can reasonably be expected to influence decisions that the primary users make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective on 1 January 2023. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.
- Amendments to IAS 8 *Definition of Accounting Estimates*, which become effective on January 1, 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". However, the change will concern the following: a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. These terminological changes are not expected to have any impact on Aspo's consolidated financial statements.
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities Arising from a Single Transaction*. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendment may have an impact on the consolidated financial statements upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. However, the change is not expected to have any particularly significant impact on Aspo, as the Group's lease agreements are mainly related to vessels that are within the scope of tonnage taxation, and no deferred taxes are therefore recognized on them. For Aspo Plc and the Leipurin segment, the recoverability criteria are not met regarding deferred tax receivables, which means that the amendment only concerns Telko's lease agreements. The amendments are effective on January 1, 2023, and comparative period's information is restated.

Parent company's financial statements

Parent company's income statement

EUR	Note	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Net sales	1.1	**600,500.00**	600,500.00
Other operating income	1.2	**671,340.89**	694,585.08
Employee benefit expenses	1.3	**-3,865,217.34**	-2,679,933.39
Depreciation and amortization	1.4	**-36,264.21**	-48,021.54
Other operating expenses	1.5	**-4,090,695.34**	-3,236,035.38
Operating loss		**-6,720,336.00**	-4,668,905.23
Financial income and expenses	1.6	**19,609,939.70**	9,525,503.41
Profit before appropriations and taxes		**12,889,603.70**	4,856,598.18
Appropriations	1.7	**3,030,000.00**	2,360,000.00
Profit for the period		**15,919,603.70**	7,216,598.18

Parent company's balance sheet

ASSETS

EUR	Notes	Dec 31, 2021	Dec 31, 2020
Non-current assets			
Intangible assets	2.1	**55,329.08**	81,275.84
Tangible assets	2.1	**80,150.78**	90,468.23
Investments	2.2	**83,404,469.90**	83,404,469.90
Total non-current assets		**83,539,949.76**	83,576,213.97
Current assets			
Receivables from Group companies, non-current	2.3	**102,038,786.00**	113,223,786.00
Receivables from Group companies, current	2.3	**15,644,787.11**	10,146,054.20
Other current receivables	2.3	**330,861.25**	431,811.56
Cash and cash equivalents		**6,040,476.12**	11,884,427.87
Total current assets		**124,054,910.48**	135,686,079.63
Total assets		**207,594,860.24**	219,262,293.60

EQUITY AND LIABILITIES

EUR	Notes	Dec 31, 2021	Dec 31, 2020
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	**21,324,170.25**	21,324,170.25
Retained earnings	2.4	**12,363,542.64**	16,087,289.61
Profit for the period		**15,919,603.70**	7,216,598.18
Total equity		**71,650,219.80**	66,670,961.25
Provisions	2.5	**253,328.00**	0.00
Liabilities			
Non-current liabilities			
Bonds	2.6	**14,973,158.75**	25,963,348.75
Hybrid bond	2.6	**20,000,000.00**	20,000,000.00
Loans from financial institutions	2.6	**75,000,000.00**	67,500,000.00
Loans from Group companies	2.6	**854,000.00**	2,284,571.36
Total non-current liabilities		**110,827,158.75**	115,747,920.11
Current liabilities			
Liabilities to Group companies	2.7	**14,008,818.94**	21,083,647.26
Loans from financial institutions	2.7	**7,500,000.00**	13,500,000.00
Accounts payable		**213,911.07**	174,516.62
Other liabilities		**75,932.89**	52,684.05
Deferred liabilities	2.7	**3,065,490.79**	2,032,564.31
Total current liabilities		**24,864,153.69**	36,843,412.24
Total liabilities		**135,691,312.44**	152,591,332.35
Total equity and liabilities		**207,594,860.24**	219,262,293.60

Parent company's cash flow statement

EUR	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flows from/used in operating activities		
Operating loss	**-6,720,336.00**	-4,668,905.23
Adjustments to operating loss	**288,247.82**	46,235.94
Change in working capital	**1,326,107.36**	227,131.15
Interest paid	**-4,240,585.92**	-4,332,066.70
Interest received	**1,826,814.97**	1,947,089.45
Dividends received	**20,900,000.00**	18,100,004.80
Net cash from operating activities	**13,380,248.23**	11,319,489.41
Cash flows from/used in investing activities		
Investments in tangible and intangible assets		-3,075.00
Net cash used in investing activities		-3,075.00

EUR	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flows from/used in financing activities		
Repayment of non-current loans from Group companies	**-1,430,571.36**	-3,369,002.82
Proceeds from non-current loans	**25,000,000.00**	
Repayment of non-current loans	**-17,500,000.00**	
Change in non-current receivables from Group companies	**11,185,000.00**	7,200,000.00
Change in current receivables from Group companies	**-3,828,732.91**	-207,653.00
Change in current liabilities to Group companies	**-7,069,550.56**	12,698,536.41
Repayment of a bond loan	**-11,000,000.00**	
Proceeds from issuance of commercial papers	**28,000,000.00**	54,000,000.00
Repayment of commercial papers	**-34,000,000.00**	-64,000,000.00
Proceeds from Hybrid bond issue		20,000,000.00
Repayment of Hybrid bond		-25,000,000.00
Group contributions received	**2,360,000.00**	2,630,000.00
Dividends paid	**-10,940,345.15**	-6,861,938.38
Proceeds from sale of treasury shares		263,602.00
Net cash used in financing activities	**-19,224,199.98**	-2,646,455.79
Change in cash and cash equivalents	**-5,843,951.75**	8,669,958.62
Cash and cash equivalents Jan 1	**11,884,427.87**	3,214,469.25
Cash and cash equivalents at year-end	**6,040,476.12**	11,884,427.87

Notes to the parent company's financial statements

ACCOUNTING PRINCIPLES

Basis of accounting

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

Investments

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

Leasing

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

Provisions

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

Share-based payments

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

Income taxes

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

Hybrid bond

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

Cash pool arrangement

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

Measurement of financial instruments

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

1.1 Net sales

NET SALES

EUR	2021	2020
Net sales	**600,500.00**	600,500.00
Distribution of net sales by market area %		
Finland	**100**	100

1.2 Other operating income

OTHER OPERATING INCOME

EUR	2021	2020
Rental income from Group companies	**625,633.46**	599,145.95
Exchange rate gains	**4.97**	
Other operating income	**45,702.46**	95,439.13
Total	**671,340.89**	694,585.08

1.3 Information about personnel and management

EMPLOYEE BENEFIT EXPENSES

EUR	2021	2020
Wages and salaries	**2,853,243.03**	1,625,395.13
Share-based payments	**253,328.00**	526,941.00
Profit bonus paid to the personnel fund	**4,704.12**	9,395.39
Pension expenses	**651,337.65**	432,980.95
Other social security expenses	**102,604.54**	85,220.92
Total	**3,865,217.34**	2,679,933.39

MANAGEMENT COMPENSATION

EUR	2021	2020
CEOs, salaries	**604,592.91**	437,654.60
CEO, share-based payments		468,392.00
CEO, bonuses	**140,820.88**	84,952.18
Members of the Board of Directors, remunerations	**242,400.00**	274,500.00
Total	**987,813.79**	1,265,498.78

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

	2021	2020
Office staff	**9**	6

1.4 Depreciation and amortization

DEPRECIATION AND AMORTIZATION

EUR	2021	2020
Amortization, other long-term expenditure	**25,946.76**	25,946.76
Depreciation, machinery and equipment	**10,317.45**	22,074.78
Total	**36,264.21**	48,021.54

1.5 Other operating expenses

OTHER OPERATING EXPENSES

EUR	2021	2020
Rents	**881,807.87**	871,838.56
Administration and consultancy services	**2,261,134.39**	1,628,243.09
Other expenses	**947,753.08**	735,953.73
Total	**4,090,695.34**	3,236,035.38

AUDITOR'S FEES

EUR	2021	2020
Audit fees	**37,000.00**	37,000.00
Other services	**125,900.00**	
Total	**162,900.00**	37,000.00

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

1.6 Financial income and expenses

FINANCIAL INCOME AND EXPENSES

EUR	2021	2020
Financial income		
Dividend income		
From Group companies	**21,900,000.00**	12,100,000.00
From others		4.80
Total	**21,900,000.00**	12,100,004.80
Other interest and financial income		
From Group companies	**1,826,616.38**	1,937,186.12
Exchange rate gains	**547.63**	
From others	**241.46**	1,067.00
Total	**1,827,405.47**	1,938,253.12
Total financial income	**23,727,405.47**	14,038,257.92
Financial expenses		
Impairment loss on non-current investments		
Impairment loss on shares		-22,200.81
Interest expenses and other financial expenses		
To Group companies	**-29,817.49**	-61,728.46
To others	**-4,087,648.28**	-4,428,825.24
Total	**-4,117,465.77**	-4,490,553.70
Total financial expenses	**-4,117,465.77**	-4,512,754.51
Total financial income and expenses	**19,609,939.70**	9,525,503.41

1.7 Appropriations

APPROPRIATIONS

EUR	2021	2020
Group contributions received	**3,030,000.00**	2,360,000.00
Total	**3,030,000.00**	2,360,000.00

2.1 Intangible and tangible assets

INTANGIBLE AND TANGIBLE ASSETS 2021

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

INTANGIBLE AND TANGIBLE ASSETS 2020

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	167,766.52	73,097.83	254,393.92
Additions						3,075.00		3,075.00
Acquisition cost, Dec. 31	**201,058.04**	**135,459.44**	**336,517.48**	**1,387.55**	**12,142.02**	**170,841.52**	**73,097.83**	**257,468.92**
Accumulated depreciation, Jan. 1	-201,058.04	-28,236.84	-229,294.88		-12,142.02	-132,783.89		-145,138.69
Depreciation and amortization for the period		-25,946.76	-25,946.76			-22,074.78		-22,074.78
Accumulated depreciation, Dec. 31	**-201,058.04**	**-54,183.60**	**-255,241.64**		**-12,142.02**	**-154,858.67**		**-167,000.69**
Carrying amount, Dec. 31, 2020	**0.00**	**81,275.84**	**81,275.84**	**1,387.55**	**0.00**	**15,982.85**	**73,097.83**	**90,468.23**

2.2 Investments

SIJOITUKSET

EUR	Subsidiary shares	Other shares	Total
Carrying amount, Jan. 1	83,243,469.45	161,000.45	83,404,469.90
Kirjanpitoarvo 31.12.2021	**83,243,469.45**	**161,000.45**	**83,404,469.90**
Carrying amount, Jan. 1	83,243,469.45	183,201.26	83,426,670.71
Impairment loss		-22,200.81	-22,200.81
Carrying amount, Dec. 31, 2020	**83,243,469.45**	**161,000.45**	**83,404,469.90**

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

2.3 Non-current and current receivables

NON-CURRENT RECEIVABLES

EUR	2021	2020
Receivables from Group companies		
Loan receivables	**102,038,786.00**	113,223,786.00
Total	**102,038,786.00**	113,223,786.00
Total non-current receivables	**102,038,786.00**	113,223,786.00

CURRENT RECEIVABLES

EUR	2021	2020
Receivables from Group companies		
Dividend receivables	**8,000,000.00**	7,000,000.00
Group contribution receivables	**3,030,000.00**	2,360,000.00
Cash pool receivables	**4,614,787.11**	786,054.20
Total	**15,644,787.11**	10,146,054.20
Other receivables	**128,145.77**	140,003.20
Deferred receivables		
Interest	**6,492.36**	5,901.86
Personnel costs	**1,335.81**	
Other deferred receivables	**194,887.31**	285,906.50
Total	**202,715.48**	291,808.36
Total current receivables	**15,975,648.36**	10,577,865.76

2.4 Equity

EQUITY

EUR	2021	2020
Share capital, Jan. 1	**17,691,729.57**	17,691,729.57
Share capital, Dec. 31	**17,691,729.57**	17,691,729.57
Share premium reserve, Jan. 1	**4,351,173.64**	4,351,173.64
Share premium reserve, Dec. 31	**4,351,173.64**	4,351,173.64
Invested unrestricted equity reserve, Jan. 1	**21,324,170.25**	21,316,587.98
Share-based payments, gain on sale of treasury shares		7,582.27
Invested unrestricted equity reserve, Dec. 31	**21,324,170.25**	21,324,170.25
Retained earnings, Jan. 1	**23,303,887.79**	22,693,208.26
Share-based payments		256,019.73
Dividend distribution	**-10,940,345.15**	-6,861,938.38
Retained earnings, Dec. 31	**12,363,542.64**	16,087,289.61
Profit for the period	**15,919,603.70**	7,216,598.18
Total equity	**71,650,219.80**	66,670,961.25

CALCULATION REGARDING DISTRIBUTABLE EQUITY

EUR	2021	2020
Invested unrestricted equity reserve	**21,324,170.25**	21,324,170.25
Retained earnings	**12,363,542.64**	16,087,289.61
Profit for the period	**15,919,603.70**	7,216,598.18
Total	**49,607,316.59**	44,628,058.04

2.5 Provisions

PROVISIONS

EUR	2021	2020
Share based incentive plan	**253,328.00**	
Total	**253,328.00**	

2.6 Non-current liabilities

NON-CURRENT LIABILITIES

EUR	2021	2020
Bonds	**14,973,158.75**	25,963,348.75
Hybrid bond	**20,000,000.00**	20,000,000.00
Loans from financial institutions	**75,000,000.00**	67,500,000.00
Yhteensä	**109,973,158.75**	113,463,348.75
Liabilities to Group companies		
Loans	**854,000.00**	2,284,571.36
Total	**854,000.00**	2,284,571.36
Total non-current liabilities	**110,827,158.75**	115,747,920.11

LIABILITIES MATURING AFTER FIVE YEARS

EUR	2021	2020
Loans	**10,000,000.00**	

On April 30, 2020, Aspo Plc issued a EUR 20 million hybrid bond. The bond has no maturity, but the company may exercise an early redemption option after two years. The coupon rate of the bond is 8.75% per annum.

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.

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

2.7 Current liabilities

CURRENT LIABILITIES

EUR	2021	2020
Loans from financial institutions	**2,500,000.00**	2,500,000.00
Commercial papers	**5,000,000.00**	11,000,000.00
Total	**7,500,000.00**	13,500,000.00

EUR	2021	2020
Liabilities to Group companies		
Loans	**2,428,571.36**	1,428,571.44
Cash pool accounts	**11,508,185.73**	19,644,520.19
Accounts payable	**66,783.98**	
Deferred liabilities	**5,277.87**	10,555.63
Total	**14,008,818.94**	21,083,647.26
Deferred liabilities		
Interest	**1,297,483.95**	1,425,136.34
Personnel expenses	**787,194.52**	481,030.93
Other	**980,812.32**	126,397.04
Total	**3,065,490.79**	2,032,564.31

2.8 Guarantees and contingent liabilities

FUTURE LEASE PAYMENTS

EUR	2021	2020
Payable within one year	**82,304.99**	124,366.24
Payable later	**89,585.06**	164,087.69
Total	**171,890.05**	288,453.93

OTHER RENTAL LIABILITIES

EUR	2021	2020
Payable within one year	**1,049,882.04**	1,038,929.12
Payable later	**1,375,138.79**	2,038,514.46
Total	**2,425,020.83**	3,077,443.58

GUARANTEES ON OWN BEHALF

EUR	2021	2020
Guarantees	**94,911.34**	101,823.84
Total	**94,911.34**	101,823.84

GUARANTEES ON BEHALF OF GROUP COMPANIES

EUR	2021	2020
Guarantees	**76,869,557.36**	86,128,408.77
Total	**76,869,557.36**	86,128,408.77

Auditor's report

(Translation from the Finnish original)

To the Shareholders' 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, 2021. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

In our opinion

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

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

Basis for opinion

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

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

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

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment testing We refer to the Aspo Oyj's consolidated financial statements' note 4.3.	
Consolidated financial statements as of 31.12.2021 includes Goodwill amounting to EUR 38,3 million (EUR 46,2 million). Management has conducted goodwill impairment testing and as a result of the testing conducted has accounted for impairment over goodwill amounting EUR 7,8 million as at 31.12.2021. Goodwill impairment testing requires substantial management judgment over the recoverable amounts which are for example associated to following assumptions and estimates: • estimations over the projected future cash flow; • long term growth assumptions; and • applied discount rate. Further details over the goodwill impairment testing conducted by the management is presented in the note 4.3. within the consolidated financial statements. This matter is regarded as significant risk of material misstatement in accordance with EU Audit Regulation (537/2014) Article 10 paragraph 2 c.	As part of our audit procedures we have critically evaluated the estimates over the future recoverable cash flows and we have compared, that the forecasts used in the impairment tests are based on approved long-term forecast and budgets approved. We have assessed appropriateness of impairment testing calculations. We have assessed the impairment testing of goodwill booked to the consolidated financial statements as at 31.12.2021 by: • evaluating the key assumptions applied per segment • assessing the growth estimates and comparing them to historical performance • comparing applied discount rates to independent third party sources • assessing the sensitivity analysis over the long term assumptions and discount rate. • We have used Deloitte's fair value specialist to ensure that the discount rates and long-term growth assumptions are in line with the market information. We have also assessed the sensitivity analysis, which is disclosed in the consolidated financial statements note 4.3. for the factors where a reasonably possible change in certain variables could lead to significant impairment.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (continuing operations) We refer to the consolidated financial statements' note 3.1	
In the financial year 2021 Aspo Group's revenue from continuing operations amounted to EUR 573,3 million (EUR 474,3 million), which mainly consists of sale of goods, but also from services sold to customers. Minor part of the revenue consists of revenue recognized from order customer specific projects on which revenue is recognized over time in Leipurin-segment. Revenue from sale of goods is recognized when the control of the underlying products have been transferred to the customer. Revenue from services is recognized after the service has been rendered. Revenue is the 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 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 sales transactions in the bookkeeping records against customer contracts and verification of acceptance of deliveries. We have assessed appropriateness and adequacy of consolidated financial statement notes related to revenue.
We have not identified significant risks of material misstatement in accordance with EU Audit Regulation (537/2014) Article 10 paragraph 2 c in the parent company's financial statements.	

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

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

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

Auditor's responsibilities in the audit of financial statements

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

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

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

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

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

OTHER REPORTING REQUIREMENTS

Information on our audit engagement
We have been appointed as auditors by the Shareholders' Meeting of Aspo Oyj on 4 May 2020, and our appointment represents a total period of uninterrupted engagement of 2 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 2021 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 2021 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, 16 February 2022

Deloitte Oy
Audit Firm

Jukka Vattulainen
Authorised Public Accountant (KHT)