Aspo Plc
Financial Statement Release
February 16, 2022, at 9:30 am

Aspo Group financial statement release, January 1 to December 31, 2021

The highest full-year operating profit in Aspo's history

Figures from the corresponding period in 2020 are presented in brackets.

October–December 2021, continuing operations

- Aspo's net sales increased by 27% to EUR 160.0 (125.6) million.
- Operating profit stood at EUR 8.7 (6.7) million. The operating profit rate was 5.4% (5.3%).
- The Group's combined operating profit, also including the operating profit of EUR 0.1 million of Kauko, which has been classified as a discontinued operation, was EUR 8.8 (7.6) million. *
- Earnings per share increased to EUR 0.17 (0.15).
- The operating profit of ESL Shipping was EUR 9.8 (4.8) million, Telko EUR 4.4 (3.2) million, and Leipurin EUR -3.6 (0.2) million.
- Net cash from operating activities was EUR 10.7 (25.1) million. Free cash flow was EUR 4.1 (21.5) million.
- Aspo's revised strategy and new long-term financial targets were announced in December.

January–December 2021, continuing operations

- Aspo's net sales increased by 21% to EUR 573.3 (474.3) million.
- Operating profit was EUR 36.9 (16.7) million. The operating profit rate was 6.4% (3.5%).
- The Group's combined operating profit, also including the operating loss of EUR -3.0 million of Kauko, which has been classified as a discontinued operation, was EUR 33.9 (19.3) million. *
- Earnings per share almost tripled to EUR 0.86 (0.30).
- The operating profit of ESL Shipping was EUR 26.8 (7.6) million, Telko EUR 20.4 (12.6) million, and Leipurin EUR -2.4 (1.4) million.
- Net cash from operating activities was EUR 44.0 (65.0) million. The impact of the change in working capital was EUR -22.0 (23.0) million. Free cash flow was EUR 27.5 (56.0) million.

The comparability of the 2021 figures (continuing and discontinued operations) is affected by the following items totaling EUR 8.5 million:

- An impairment loss of EUR 4.3 million was recognized on Leipurin's goodwill during the final quarter, of which EUR 3.0 million was allocated to the foodservice business and EUR 1.3 million to the machine manufacturing business of Vulganus.
- An impairment loss and a restoration provision totaling EUR 0.8 million were recognized on the fixed assets of Telko's Rauma terminal in the fourth quarter.
- The impairment loss of EUR 3.4 million recognized on Kauko's goodwill during the third quarter is presented as part of the results of the discontinued operations and hence is not included in the operating profit of continuing operations.

The operating profit adjusted with items affecting comparability (continuing and discontinued operations) would have been EUR 42.4 million.

*The Kauko operating segment has been classified as a discontinued operation, and its results and balance sheet are reported separately from the figures of Aspo Group's continuing operations. With regard to the income statement, comparative periods' figures have been restated.

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.

Proposal of the Board of Directors for the payment of dividends

Aspo's aim is an annually increasing dividend distribution. 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. 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.

More information about the proposed dividend distribution is available under section "Dividend proposal".

Key figures

	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Net sales, MEUR	160.0	125.6	573.3	474.3
Operating profit, MEUR 1), 2), 3)	8.8	7.6	33.9	19.3
Operating profit from continuing operations, MEUR 1), 2)	8.7	6.7	36.9	16.7
Operating profit from discontinued operations, MEUR 3)	0.1	0.9	-3.0	2.6
Operating profit from continuing operations, % 1), 2)	5.4	5.3	6.4	3.5
ESL Shipping, operating profit, MEUR	9.8	4.8	26.8	7.6
Telko, operating profit, MEUR 2)	4.4	3.2	20.4	12.6
Leipurin, operating profit, MEUR 1)	-3.6	0.2	-2.4	1.4
Profit before taxes, MEUR 1), 2)	7.7	5.5	33.0	12.2
Profit for the period, MEUR 1), 2), 3)	5.7	6.1	25.3	13.4
Profit from continuing operations, MEUR 1), 2)	5.6	5.2	28.3	10.8
Profit from discontinued operations, MEUR 3)	0.1	0.9	-3.0	2.6
Earnings per share (EPS), EUR 1), 2), 3), 4)	0.17	0.19	0.76	0.39
EPS from continuing operations, EUR 1), 2)	0.17	0.15	0.86	0.30
EPS from discontinued operations, EUR 3)	0.00	0.04	-0.10	0.09
Net cash from operating activities, MEUR	10.7	25.1	44.0	65.0
Free cash flow, MEUR	4.1	21.5	27.5	56.0
Return on equity (ROE), % 1), 2), 3)			20.8	11.4
Equity ratio, %			32.0	30.1
Gearing, %			129.4	149.0
Equity per share, EUR			4.14	3.63

The comparability of the figures is affected by the following items recognized in 2021:
1) An impairment loss of EUR 4.3 million recognized on Leipurin's goodwill during the final quarter.
2) An impairment loss and a restoration provision totaling EUR 0.8 million recognized on the fixed assets of Telko's Rauma terminal in the fourth quarter.
3) An impairment loss of EUR 3.4 million recognized on Kauko's goodwill during the third quarter, presented as part of the results of discontinued operations and hence not included in the operating profit of continuing operations.
4) The impact of the aforementioned items on the full-year earnings per share of Aspo Group combined was EUR -0.27 per share.

Rolf Jansson, CEO of Aspo Group, comments on the fourth quarter and the whole year 2021:

Strong growth in Aspo's net sales and financial performance continued during the final quarter. The Group's operating profit for the final quarter increased to EUR 8.8 (7.6) million, and the full-year operating profit broke a new record at EUR 33.9 (19.3) million. The operating profit for both continuing and discontinued operations adjusted by items of EUR 8.5 million that affect the comparability would have been EUR 42.4 million. Earnings per share in January–December increased to EUR 0.76 (0.39) and return on equity was above the target level of 20% throughout the year.

We announced Aspo's sharpened strategy, new financial targets, and the outlook of Aspo's businesses at our Capital Markets Day in December. We are seeking growth and a better and more even financial performance by being more active in mergers, acquisitions, and other restructuring activities and by shifting towards a compounder profile in accordance with our strategy. Aspo's strong financial performance lays a solid foundation for growth and planned investments.

Demand for ESL Shipping's transportation services remained high, and market freight rates were at a good level in all customer segments. The shipping company's operating profit for the final quarter more than doubled from the comparative period, driving the full-year operating profit to a record-high level at EUR 26.8 million. This performance is the result of ESL Shipping's long-term development activities, pioneering role and partnership strategy. ESL Shipping's growth will be accelerated by the approximately EUR 70 million growth investments in a series of six energy-efficient and environmentally friendly next-generation electric hybrid vessels, as announced in September.

Telko's demand and price level continued to remain high during the final quarter, also driving Telko's full-year operating profit to an all-time high at EUR 20.4 million. Growing demand, combined with an increase in the sale of higher-value-added products in accordance with the strategy and efficient operations, supported the record-breaking financial performance, although availability issues in raw material markets and disruptions in logistics restricted the development of volumes throughout the year. The acquisition of Mentum, completed on the last day of 2021, is an indication of Telko's aim to participate actively in industry consolidation.

Leipurin's net sales increased, driven by the recovered bakery business and the high-capacity operating rate in Leipurin's own machine manufacturing. Growth accelerated towards the end of the year, and profitability also continued to improve as the impact of the coronavirus pandemic decreased. Leipurin will continue its systematic efforts in the development of its operating results. The ceasing of the coronavirus pandemic will revive Leipurin's markets and, at the same time, the structural changes, such as the shifting of sales to in-store bakeries, accelerated by the pandemic will have an impact on Leipurin's operating environment.

Sustainability is one of the cornerstones of our strategy and management system, also playing a significant role in the identification of new investment objects. During our Capital Markets Day, we announced new sustainability targets for Aspo and its businesses as a result of the large-scale target-setting process. As part of the development of our sustainability program, sustainability targets will be an even more integral part of the personnel's remuneration scheme.

Throughout Aspo's history, courage and people have been the defining characteristics of the company's operations. While the positive general economic development supported Aspo's record-breaking results, our personnel worked in exceptional market conditions throughout the year, with the pandemic. In some of our operating countries official restrictions are still affecting business. I would like to thank all our employees for these record-high results.

ASPO GROUP

Financial results and 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%).

Aspo Group's combined result for continuing and discontinued operations

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 5-standard, and its results and balance sheet items are reported separately from Aspo Group's continuing operations. In the profit and loss statement 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 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.

Net sales and operating profit margin, combined

	10-12/2021 MEUR	**10-12/2020** MEUR	**1-12/2021** MEUR	**1-12/2020** MEUR
Net sales, combined	163.2	133.5	586.4	500.7
Net sales, continuing operations	160.0	125.6	573.3	474.3
Net sales, discontinued operations	3.2	7.9	13.1	26.4
Operating profit, combined	8.8	7.6	33.9	19.3
Operating profit, combined, %	5.4	5.7	5.8	3.9
Items affecting comparability*)	5.1		8.5	
Operating profit, combined, excl. items affecting comparability	13.9	7.6	42.4	19.3
Operating profit, combined, excl. items affecting comparability, %	8.5	5.7	7.2	3.9

Operating profit, combined

	10-12/2021 MEUR	10-12/2020 MEUR	1-12/2021 MEUR	1-12/2020 MEUR
ESL Shipping	9.8	4.8	26.8	7.6
Telko	4.4	3.2	20.4	12.6
Leipurin	-3.6	0.2	-2.4	1.4
Other operations	-1.9	-1.5	-7.9	-4.9
Operating profit from continuing operations	8.7	6.7	36.9	16.7
Operating profit from discontinued operations	0.1	0.9	-3.0	2.6
Operating profit, combined	8.8	7.6	33.9	19.3
Items affecting comparability*)	5.1		8.5	
Operating profit, combined, excl. items affecting comparability	13.9	7.6	42.4	19.3

*) The items affecting comparability totaling EUR 8.5 million include the impairment loss of EUR 4.3 million recognized on Leipurin's goodwill, and the impairment loss and restoration provision of EUR 0.8 million recognized on the fixed assets of Telko's terminal in Rauma in the fourth quarter, and the impairment loss of EUR 3.4 million recognized on Kauko's goodwill during the third quarter, which is reported as part of the results of the discontinued operations.

Sustainability

Sustainability is a key factor in Aspo's management system and the process of investigating new investment objects. Aspo's businesses aim to be pioneers in sustainability in their respective sectors. To support the sustainability commitments, Aspo published new environmental, social and corporate governance (ESG) targets for the Group and significant parts of its businesses. The key target is to reduce the emission intensity, CO_2e (tn) per net sales (EUR thousand), by 30% by 2025. The starting point (2020) is 0.44, while the target level (2025) is 0.30. In 2021, the emission intensity improved, due to the growth of the businesses being 0.42. Another key target is to improve the Lost Time Injury Frequency Rate. In 2021 the LTIF2 was 8.8 and the target for 2022 is 7.0.

Operating environment

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.

Net sales by market area, continuing operations

	1-12/2021 MEUR	Share %	1-12/2020 MEUR	Share %	Change %
Finland	175.2	31	150.6	32	16
Scandinavia	109.4	19	77.9	16	40
Baltic countries	54.8	9	46.0	10	19
Russia, other CIS countries and Ukraine	155.2	27	141.5	30	10
Other countries	78.7	14	58.3	12	35
Total	573.3	100	474.3	100	21

The Group's main market areas are Finland, Scandinavia, the Baltic countries, and eastern markets (Russia, other CIS countries, and Ukraine). Net sales increased in all market areas, but there were some changes in the relative share of total net sales between market areas. The relative increase in net sales in Scandinavia and the relative decrease in net sales in eastern markets 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 net cash flow from operating activities in January–December 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 also reduced the free cash flow.

	12/2021 MEUR	12/2020 MEUR
Interest-bearing liabilities, inlc. lease liabilities	185.1	201.4
Cash and cash equivalents	17.7	32.3
Net interest-bearing debt	167.4	169.1

Net interest-bearing liabilities 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.

Net financial expenses in January–December 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 were 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 interest-bearing liabilities. The company 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.

Short-term risks and uncertainties in business operations

Globally, there are many geopolitical risk clusters, the development of which is difficult to predict. Changes in these regions may be rapid and unpredictable, which is why it is difficult to estimate their potential impact 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 financial activities have caused the prices of many raw materials, components, and logistics services to increase rapidly, and increased uncertainties over the functioning of logistics in certain market situations. Aspo may temporarily benefit from this increase in prices, while the prices of purchased raw materials or leased capacity, such as leased vessels, are increasing at the same time. Longer delivery times for spare parts, components and raw materials, and any rapid price changes in different market situations, are also increasing risks. Growing inflation and rising interest rates may decelerate general economic growth and reduce demand for Aspo's businesses.

In line with its renewed strategy, Aspo aims to increase its steady 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.

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

ASPO'S BUSINESSES

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 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.

	10-12/2021	10-12/2020	Change,%	1-12/2021	1-12/2020	Change,%
Net sales, MEUR	54.7	41.2	32.8	191.4	148.4	29.0
Operating profit, MEUR	9.8	4.8	104.2	26.8	7.6	252.6
Operating profit, %	17.9	11.7		14.0	5.1	

The fourth quarter was the strongest in ESL Shipping's history. Net sales increased by 33% from the comparative period to EUR 54.7 (41.2) million. Operating profit for the quarter more than doubled to record-breaking EUR 9.8 (4.8) million. The operating profit rate achieved during the fourth quarter was excellent at 17.9% (11.7%). This is a good indication of the effectiveness of the shipping company's long-term development and partnership strategy, as well as the entire personnel's operational success in challenging operating conditions. The number of cargoes transported by the shipping company only increased slightly from the comparative period to 3.9 (3.8) million tonnes. This mostly resulted from the longer distances traveled by larger vessels than during the comparative period and the large number of waiting days due to congested ports.

The profitability of all the shipping company's vessel categories was historically strong during the fourth quarter. In contract traffic, demand for transportation remained very strong, 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. 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. The shipping company's vessels have operated in their most ideal regions, including the Northeast Passage in the Arctic region which is demanding for the crew and fleet alike.

During the fourth 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, has proceeded as planned. The vessels are expected to start operations from the third quarter of 2023 onwards at three-month intervals.

With regard to ship fuels, the price of diesel has doubled and that of LNG, which suffered the most from disruptions in European energy markets, more than tripled from the comparative period, but the impact of the price increases on costs has been offset through fuel clauses in transportation agreements.

The long-term development of sustainability and the maintenance of a high level of safety are essential to the shipping company's operations. During the fourth quarter, ESL Shipping's new long-term sustainability targets 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 2030. Long-term target is to have Net zero operations by 2050.

The coronavirus pandemic continued to have 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. An approximately 20-day dockage of a larger vessel was started at the end of the fourth quarter. 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's net sales in January–December 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. The full-year operating profit was record-high at EUR 26.8 (7.6) million. The operating profit rate for January–December was 14.0% (5.1%).

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.

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 the 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 within a 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 equity.

During 2022, three larger and four smaller vessel units will be docked for approximately one hundred 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 responsible partner in the value chain by bringing together well-known international principals and customers. 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.

	10-12/2021	10-12/2020	Change,%	1-12/2021	1-12/2020	Change,%
Net sales, MEUR	73.6	57.8	27.3	268.8	224.9	19.5
Operating profit, MEUR	4.4	3.2	37.5	20.4	12.6	61.9
Operating profit, %	6,0	5,5		7,6	5,6	

During the fourth quarter, Telko's net sales grew by 27% to EUR 73.6 (57.8) million. Operating profit for the fourth quarter was EUR 4.4 (3.2) million. The operating profit rate was 6.0% (5.5%). An impairment loss and a restoration provision totaling EUR 0.8 million were recognized on the fixed assets of Telko's Rauma terminal. Excluding the aforementioned items affecting comparability, Telko's operating profit during the fourth quarter would have been EUR 5.2 million, and its operating profit rate would have been 7.1%.

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, while difficulties in availability continued to restrict the development of business volumes. Prices remained high in all operations.

The net sales of the plastics business increased by 25% during the fourth quarter to EUR 39.7 (31.8) million. The strategic shift to more demanding value-added products also continued during the final quarter. Demand exceeded availability in all markets. Production difficulties, challenges in international logistics and exceptionally low interim stocks in the value chain have kept the prices of many products at a fairly high level.

During the fourth quarter, the net sales of the chemicals business increased by 38% to EUR 23.4 (16.9) million. Demand continued to be high in Telko's main markets during the final quarter of 2021. The investments made in the development of the Life Science business were realized in terms of increased sales. Furthermore, the increase in general price levels accelerated sales. While the availability of products has improved gradually, demand is still higher than supply in certain product groups. Logistics issues have also expanded to transportation within Europe, and delays in deliveries have increased. Also, transportation prices are increasing clearly in Europe.

During the final quarter, the net sales of the lubricants business increased by 15% to EUR 10.5 (9.1) million. Sales increased in all key product groups. Sales of ILS Group, acquired in October 2020, were mostly included in the comparative figures of the fourth quarter, which means that the increase in lubricant sales appears smaller than in previous quarters. Prices of lubricants remained stable during the fourth quarter. Availability issues have not been as significant as in other business areas.

Telko's net sales in January–December increased by 20% 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 grew by 62% to EUR 20.4 (12.6) million. The operating profit rate was 7.6% (5.6%). Excluding the impairment loss and provision related to the Rauma terminal, the full-year operating profit would have been EUR 21.2 million, and the 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 mergers and acquisitions.

Telko acquired all shares in Estonian 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.

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. Production difficulties due to the availability of raw materials and components independent of Telko will have a negative impact on Telko's certain customer groups. This will have an indirect impact on demand for products offered by Telko. 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-value-added 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 targets 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 research and development and recipes for new products. Leipurin's other product categories include various supplies and machines for the same customer segments. Leipurin uses leading international producers and 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. Vulganus has been classified as available for sale, but its results are still reported as part of the Leipurin segment.

	10-12/2021	10-12/2020	Change,%	1-12/2021	1-12/2020	Change,%
Net sales, MEUR	31.7	26.6	19.2	113.1	101.0	12.0
Operating profit, MEUR	-3.6	0.2	-1900.0	-2.4	1.4	-271.4
Operating profit, %	-11.4	0.8		-2.1	1.4	

Leipurin's net sales increased by 19% in the final quarter, amounting to EUR 31.7 (26.6) million. In Finland, net sales increased by 9% to EUR 11.3 (10.3) million. In the Baltic region, net sales increased by 14% to EUR 8.5 (7.5) million. Sales in East picked up by 13% during the fourth quarter, although the development of net sales was moderate at an annual level due to the decrease in demand resulting from the coronavirus pandemic and structural changes in markets, such as the shifting of sales to in-store bakeries. During the final quarter, sales to bakeries increased by 7% to EUR 20.3 (19.0) million. Growth was accelerated by the decrease in coronavirus restrictions and their impact. During the final quarter, sales to the food industry increased by 23% to EUR 3.1 (2.5) million. Growth investments in the still fairly small customer segment for Leipurin are reflected in this development.

The pandemic continued to have a significant impact especially in the Baltic countries, but also in the east. The temporary change in the product mix of raw materials to produce a lower profit margin reduced results in all operating countries, especially in the eastern markets. The east has witnessed the strongest shift in consumer demand towards more affordable products and low-cost raw materials.

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. Aspo announced in December that it will explore strategic options for Vulganus Oy, and it has been defined as a non-core business for Aspo.

Leipurin's operating profit during the final quarter was EUR -3.6 (0.2) million, and the operating profit rate was -11.4% (0.8%). Excluding the impairment loss recognized on goodwill, the full-year operating profit would have been EUR 0.7 million, and the operating profit rate would have been 2.3%.

Rising market prices for steel raw materials, slow progress in after sales during the first part of the year and underestimated workloads in certain projects significantly reduced the profitability of Vulganus Oy's machine manufacturing operations. Vulganus's net sales during the fourth quarter stood at EUR 2.6 (0.8) million, and its operating loss was EUR -0.1 (-0.3) million.

Leipurin's net sales in January–December increased by 12%, driven by Finland and the Baltic region, to EUR 113.1 (101.0) million, including Vulganus Oy's sales, and thus 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 significant loss of net sales. The prices of Leipurin's raw materials generally increased, even though price volatility remained high. The percentage 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 category. Restrictions on travel and gatherings continue to have a negative impact on the completion of R&D projects.

Leipurin's full-year operating profit, including the impairment loss, 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, would have increased to EUR 1.9 million and the operating profit rate would have been 1.7%. Leipurin targets an operating profit rate of 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

Restrictions related to the coronavirus pandemic 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 steeply. 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 financial performance management program launched during the second quarter of 2021 will develop the capacity of knowledge management 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.

Other operations

Other operations include Aspo Group's administration, the financial and ICT service center, and a small number of other functions not covered by business units. The operating result for other operations was EUR -1.9 (-1.5) million in the final quarter.

COMPANY INFORMATION

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

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

Share capital and shares

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.

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, 13.0% of the shares changed hands. During the review period, 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 review period was EUR 11.36. At the end of the review period, the market value, less treasury shares, was EUR 355.1 million.

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.

Dividend proposal

Aspo's aim is an annually increasing dividend distribution, while leaving room for strategic investments. Aspo started to pay dividends twice a year in 2017.

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 this 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.

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 reward 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 to cover taxes.

Decisions of the Annual Shareholders' Meeting

Dividend

Aspo Plc's Annual Shareholders' Meeting held on April 8, 2021, decided, as proposed by the Board of Directors, that EUR 0.35 per share be distributed in dividends for the 2020 financial year, and that no dividend be paid for shares held by Aspo Plc. The dividend was paid in two installments. The payment date for the first installment of EUR 0.22 per share was April 19, 2021, and the payment date for the second installment of EUR 0.22 per share was November 5, 2021.

Board of Directors, CEO and auditor

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.

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 around 1.6% of all the shares in the company. The authorization includes the right to accept treasury shares as a pledge. The authorization is valid until the Annual Shareholders' Meeting in 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 an issue of new shares against payment. The authorization includes the right of the Board of Directors to decide on all of the other terms and conditions of the conveyance and thus also includes the right to decide on a directed share issue, in deviation from the shareholders' pre-emptive right, if a compelling financial reason exists for the company to do so. The total number of new shares to be offered for subscription may not exceed 1,500,000. The authorization is valid until the Annual Shareholders' Meeting in 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.

Proposals of the shareholders' Nomination Board for the Shareholders' Meeting

The shareholders' Nomination Board consists of the representatives of the four largest shareholders. According to the list of shareholders as of August 31, 2021, the following representatives of the largest shareholders were members of the Nomination Board which prepared proposals for the 2022 Annual Shareholders' Meeting: Roberto Lencioni, chair (Vehmas family, including AEV Capital Holding Oy); Gustav Nyberg (Nyberg family, including Oy Havsudden Ab); Pekka Pajamo (Varma Mutual Pension Insurance Company); and Annika Ekman (Ilmarinen Mutual Pension Insurance Company). In addition, Heikki Westerlund, chairman of Aspo's Board of Directors, has acted as an expert member of the Nomination Board.

Members of the Board

The Nomination Board of Aspo Plc's shareholders proposes to the Annual Shareholders' Meeting of Aspo Plc to be held on April 6, 2022 that the Board of Directors will have seven members.

The Nomination Board proposes that Patricia Allam, Mammu Kaario, Mikael Laine, Salla Pöyry, Tatu Vehmas and Heikki Westerlund, current members of the company's Board of Directors, be re-elected as members of the Board of Directors for the term closing at the end of the 2023 Annual Shareholders' Meeting, and that Tapio Kolunsarka be elected as a new member.

All of the aforementioned individuals proposed as members of the Board of Directors have given their consent to their appointment. The members of the Board of Directors elect a Chairman and a Vice

Chairman from among its members. The proposed individuals have announced to the company that, if they are elected, they will elect Heikki Westerlund as the Chairman of the Board of Directors and Mammu Kaario as the Vice Chairman.

Remuneration paid to the members of the Board of Directors

The Nomination Board proposes that the monthly fees paid to members of the Board of Directors remain unchanged, being as follows:

- EUR 2,700 per month for members of the Board of Directors
- EUR 4,050 per month for the Vice Chairman
- EUR 5,400 per month for the Chairman

In addition, the Nomination Board proposes that the meeting fees paid to members and chairs of the Audit Committee and Remuneration Committee remain unchanged. The Nomination Board proposes that a meeting fee of EUR 700 per meeting be paid to members of the committees and a meeting fee of EUR 1,050 per meeting be paid to chairs of the committees. If the chair of a committee is also the Chairman or the Vice Chairman of the Board of Directors, the Nomination Board proposes that the fee paid to the chair of the committee be the same as that paid to members of the committee. Board members having a full-time position in an Aspo Group company are not paid a fee.

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FINANCIAL INFORMATION

Aspo Group's condensed consolidated statement of comprehensive income

	10-12/2021 MEUR	10-12/2020 MEUR	1-12/2021 MEUR	1-12/2020 MEUR
Continuing operations				
Net sales	**160.0**	**125.6**	**573.3**	**474.3**
Other operating income	0.1	0.2	0.5	0.5
Share of profits accounted for using the equity method	0.0	-0.3	-0.1	-0.4
Materials and services	-97.3	-75.7	-349.4	-295.4
Employee benefit expenses	-13.0	-11.5	-50.7	-42.3
Depreciation, amortization and impairment losses	-8.8	-4.0	-20.8	-15.8
Depreciation, leased assets	-3.8	-3.3	-13.7	-12.9
Other operating expenses	-28.5	-24.3	-102.2	-91.3
Operating profit	**8.7**	**6.7**	**36.9**	**16.7**
Financial income and expenses	-1.0	-1.2	-3.9	-4.5
Profit before taxes	**7.7**	**5.5**	**33.0**	**12.2**
Income taxes	-2.1	-0.3	-4.7	-1.4
Profit from continuing operations	**5.6**	**5.2**	**28.3**	**10.8**
Profit from discontinued operations (attributable to equity holders of the company)	0.1	0.9	-3.0	2.6
Profit for the period	**5.7**	**6.1**	**25.3**	**13.4**
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	-0.1	-0.3	2.2	-7.8
Cash flow hedging				0.1
Other comprehensive income for the period, net of taxes	-0.1	-0.3	2.2	-7.7
Total comprehensive income	**5.6**	**5.8**	**27.5**	**5.7**
Profit attributable to parent company shareholders	5.7	6.1	25.3	13.4
Total comprehensive income attributable to parent company shareholders	5.6	5.8	27.5	5.7
Earnings per share attributable to parent company shareholders, EUR				
Basic earnings per share				
Continuing operations	0.17	0.15	0.86	0.30
Discontinued operations	0.00	0.04	-0.10	0.09
Total	**0.17**	**0.19**	**0.76**	**0.39**
Diluted earnings per share				
Continuing operations	0.17	0.15	0.86	0.30
Discontinued operations	0.00	0.04	-0.10	0.09
Total	**0.17**	**0.19**	**0.76**	**0.39**

Aspo Group's condensed consolidated balance sheet

Assets	12/2021 MEUR	12/2020 MEUR
Intangible assets	45.9	55.2
Tangible assets	168.9	169.1
Leased assets	20.7	20.1
Investments accounted for using the equity method	0.7	1.0
Other non-current assets	1.0	0.8
Total non-current assets	237.2	246.2
Inventories	68.6	42.4
Accounts receivable and other receivables	74.4	63.2
Cash and cash equivalents	17.7	32.3
Total current assets	160.7	137.9
Assets held for sale	8.4	
Total current assets	169.1	137.9
Total assets	**406.3**	**384.1**
Equity and liabilities		
Share capital and premium	22.0	22.0
Other equity	107.4	91.5
Total equity	129.4	113.5
Loans and overdraft facilities	142.4	149.1
Lease liabilities	6.9	7.2
Other liabilities	5.7	4.5
Total non-current liabilities	155.0	160.8
Loans and overdraft facilities	21.4	32.5
Lease liabilities	14.4	13.4
Accounts payable and other liabilities	79.3	63.9
Total current liabilities	115.1	109.8
Liabilities directly associated with assets classified as held for sale	6.8	
Total current liabilities	121.9	109.8
Total equity and liabilities	**406.3**	**384.1**

*) Right-of-use assets in accordance with IFRS 16 standard have been renamed leased assets starting from January 1, 2021.

Aspo Group's condensed consolidated cash flow statement

	1-12/2021 MEUR	1-12/2020 MEUR
CASH FLOWS FROM/USED IN OPERATING ACTIVITIES		
Operating profit from continuing operations	36.9	16.7
Operating profit from discontinued operations	-3.0	2.6
Operating profit total	33.9	19.3
Adjustments to operating profit	39.6	29.2
Change in working capital	-22.0	23.0
Interest paid	-4.4	-4.4
Interest received	0.4	0.7
Income taxes paid	-3.5	-2.8
Net cash from operating activities	**44.0**	**65.0**
CASH FLOWS FROM/USED IN INVESTING ACTIVITIES		
Investments	-16.9	-7.2
Investment subsidy*)	1.0	2.5
Proceeds from sale of tangible assets	0.3	0.2
Acquisition of businesses	-1.1	-4.7
Dividends received	0.2	0.1
Net cash used in investing activities	**-16.5**	**-9.0**
CASH FLOWS FROM/USED IN FINANCING ACTIVITIES		
Proceeds from loans	37.0	0.8
Repayment of loans	-47.5	-8.9
Net change in commercial papers	-6.0	-10.0
Payments of lease liabilities	-13.8	-13.0
Hybrid bond repayment		-25.0
Proceeds from Hybrid bond issue		20.0
Hybrid bond, interest paid	-1.8	-1.6
Hybrid bond, transaction costs paid		-0.3
Dividends paid	-10.9	-6.9
Net cash used in financing activities	**-43.0**	**-44.9**
Change in cash and cash equivalents	**-15.5**	**11.1**
Cash and cash equivalents January 1	32.3	23.7
Translation differences	0.9	-2.5
Cash and cash equivalents at period-end	**17.7**	**32.3**

*) The EU has subsidized ESL Shipping's energy-efficiency and environmental investments regarding the LNG-fueled vessels deployed in 2018. To obtain the subsidy, it was required that the activities listed in the agreement are carried out and that the arising costs are 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 has been 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.

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Aspo Group consolidated statement of changes in equity

MEUR	Share capital and premium	Other reserves	Hybrid bond	Translation differences	Retained earnings	Total
Equity January 1, 2021	**22.0**	**16.5**	**20.0**	**-26.9**	**81.9**	**113.5**
Comprehensive income:						
Profit for the period					25.3	25.3
Translation differences				2.2		2.2
Total comprehensive income				2.2	25.3	27.5
Transactions with owners:						
Dividend payment					-10.9	-10.9
Interest on hybrid bond					-1.8	-1.8
Share-based incentive plan					1.1	1.1
Total transactions with owners					-11.6	-11.6
Equity December 31, 2021	**22.0**	**16.5**	**20.0**	**-24.7**	**95.6**	**129.4**
Equity January 1, 2020	**22.0**	**16.4**	**25.0**	**-19.2**	**77.8**	**122.1**
Comprehensive income:						
Profit for the period					13.4	13.4
Translation differences				-7.8		-7.8
Cash flow hedging		0.1				0.1
Total comprehensive income		0.1		-7.8	13.4	5.7
Transactions with owners:						
Dividend payment					-6.9	-6.9
Hybrid bond			-5.0			-5.0
Hybrid bond interest and transaction costs					-2.0	-2.0
Share-based incentive plan					-0.5	-0.5
Total transactions with owners			-5.0		-9.3	-14.3
Equity December 31, 2020	**22.0**	**16.5**	**20.0**	**-27.0**	**81.9**	**113.5**

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Accounting principles

Aspo Plc's financial statement release has been prepared in accordance with the principles of IAS 34 – Interim Financial Reporting. As of the beginning of the financial year, Aspo applies certain new or amended IFRS standards and IFRIC interpretations as described in the 2020 consolidated financial statements. During the financial year, Aspo started to apply IFRS 5 -standard (Non-current Assets Held for Sale and Discontinued Operations). The accounting principle is described under note "Discontinued operations and other disposal groups held for sale". In other respects, the same accounting and measurement principles have been applied as in the consolidated financial statements of December 31, 2020. The information in this financial statement release is unaudited.

Aspo Plc applies the guidance on alternative key figures issued by ESMA. In addition to IFRS figures, the company releases other commonly used key figures, which are mainly derived from the statement of comprehensive income and balance sheet. According to the management, key figures clarify the view drawn by the statement of comprehensive income and balance sheet of Aspo's financial performance and financial position. The calculation principles of key figures are explained on page 60 of the *Aspo's Year 2020* publication.

Personnel

At the end of the year, Aspo Group had 950 (896) employees, of which the discontinued operation accounted for 22 (22).

Segment information

Aspo Group's reportable segments are ESL Shipping, Telko and Leipurin.

Reconciliation of segment operating profit to the group's profit before taxes

1-12/2021

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	26.8	20.4	-2.4	-7.9	36.9
Net financial expenses				-3.9	-3.9
Profit before taxes					33.0

1-12/2020

MEUR	ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Operating profit	7.6	12.6	1.4	-4.9	16.7
Net financial expenses				-4.5	-4.5
Profit before taxes					12.2

Investments by segment

MEUR		ESL Shipping	Telko	Leipurin	Unallocated items	Group total
Investments	1-12/2021	15.3	0.5	0.1		15.9
Investments	1-12/2020	4.2	0.5			4.7

Investment commitment

AtoB@C 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.

Segment assets and liabilities

MEUR	ESL Shipping	Telko	Leipurin	Held for sale	Unallocated items	Group total
Assets Jan 1, 2021	210.4	77.7	59.9		36.1	384.1
Assets Dec 31, 2021	215.8	106.6	54.7	8.4	20.8	406.3
Liabilities Jan 1, 2021	27.7	32.7	19.9		190.3	270.6
Liabilities Dec 31, 2021	31.5	47.9	15.4	6.8	175.3	276.9

Aspo Group disaggregation of net sales, from continuing operations

Net sales by business area

	10-12/2021 MEUR	10-12/2020 MEUR	Change,%	1-12/2021 MEUR	1-12/2020 MEUR	Change,%
ESL Shipping						
ESL Shipping	54.7	41.2	32.8	191.4	148.4	29.0
	54.7	41.2	32.8	191.4	148.4	29.0
Telko						
Plastics business	39.7	31.8	24.8	146.7	122.9	19.4
Chemicals business	23.4	16.9	38.5	83.6	74.6	12.1
Lubricants business	10.5	9.1	15.4	38.5	27.4	40.5
	73.6	57.8	27.3	268.8	224.9	19.5
Leipurin						
Leipurin	31.7	26.6	19.2	113.1	101.0	12.0
	31.7	26.6	19.2	113.1	101.0	12.0
Total	160.0	125.6	27.4	573.3	474.3	20.9

Leipurin net sales

	10-12/2021 MEUR	10-12/2020 MEUR	Change,%	1-12/2021 MEUR	1-12/2020 MEUR	Change,%
Regions:						
Finland	11.3	10.3	9.4	40.4	37.0	9.2
Baltics	8.5	7.5	14.0	30.6	27.9	9.5
East	9.1	8.1	13.2	30.7	30.2	1.9
Total	29.0	25.9	11.9	101.7	95.1	6.9
of which:						
Bakeries	20.3	19.0	6.9	73.2	70.5	3.8
Food Industry	3.1	2.5	23.1	11.0	9.1	20.6
Others	5.5	4.3	27.6	17.4	15.3	13.7
Machinery trading Russia	2.0			7.3	0.7	942.9
Vulganus	0.7	0.7	-2.2	4.1	5.2	-21.2
Leipurin total	31.7	26.6	19.2	113.1	101.0	12.0

Net sales by timing of revenue recognition

	10-12/2021 MEUR	10-12/2020 MEUR	1-12/2021 MEUR	1-12/2020 MEUR
ESL Shipping				
At a point in time	0.9	0.7	3.6	2.3
Over time	53.8	40.5	187.8	146.1
	54.7	41.2	191.4	148.4
Telko				
At a point in time	73.5	57.7	268.5	224.5
Over time	0.1	0.1	0.3	0.4
	73.6	57.8	268.8	224.9
Leipurin				
At a point in time	29.7	26.3	107.5	97.2
Over time	2.0	0.3	5.6	3.8
	31.7	26.6	113.1	101.0
Total				
At a point in time	104.1	84.7	379.6	324.0
Over time	55.9	40.9	193.7	150.3
	160.0	125.6	573.3	474.3

Net sales by market area

	10-12/2021 MEUR	10-12/2020 MEUR	1-12/2021 MEUR	1-12/2020 MEUR
ESL Shipping				
Finland	20.2	18.8	84.3	69.4
Scandinavia	17.4	11.4	54.1	41.3
Baltic countries	2.3	1.0	3.5	2.2
Russia, other CIS countries and Ukraine	0.6	2.2	2.5	5.4
Other countries	14.2	7.8	47.0	30.1
	54.7	41.2	191.4	148.4
Telko				
Finland	12.4	9.7	47.6	41.4
Scandinavia	14.1	10.3	52.4	36.6
Baltic countries	5.0	3.6	20.4	15.9
Russia, other CIS countries and Ukraine	34.0	27.4	117.3	104.4
Other countries	8.1	6.8	31.1	26.6
	73.6	57.8	268.8	224.9
Leipurin				
Finland	12.8	10.7	43.3	39.8
Scandinavia	0.7	0.0	2.9	0.0
Baltic countries	8.7	7.4	30.9	27.9
Russia, other CIS countries and Ukraine	9.3	8.1	35.4	31.7
Other countries	0.2	0.4	0.6	1.6
	31.7	26.6	113.1	101.0
Total				
Finland	45.4	39.2	175.2	150.6
Scandinavia	32.2	21.7	109.4	77.9
Baltic countries	16.0	12.0	54.8	46.0
Russia, other CIS countries and Ukraine	43.9	37.7	155.2	141.5
Other countries	22.5	15.0	78.7	58.3
	160.0	125.6	573.3	474.3

Discontinued operations and other disposal groups held for sale

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 group reporting in accordance with IFRS 5-standard, and its results and balance sheet items are reported separately from the continuing operations of Aspo Group. In the profit and loss statement 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 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.

Profit from discontinued operations

	10-12/2021 MEUR	10-12/2020 MEUR	1-12/2021 MEUR	1-12/2020 MEUR
Net sales	3.2	7.9	13.1	26.4
Materials and services	-2.3	-6.1	-9.6	-20.4
Employee benefit expenses	-0.4	-0.5	-1.7	-1.7

Depreciation, amortization and impairment losses			-3.5	
Depreciation, leased assets		-0.1	-0.1	-0.3
Other operating expenses	-0.4	-0.3	-1.2	-1.4
Operating profit	**0.1**	**0.9**	**-3.0**	**2.6**
Financial income and expenses				
Profit before taxes	**0.1**	**0.9**	**-3.0**	**2.6**
Income taxes				
Profit for the period	**0.1**	**0.9**	**-3.0**	**2.6**

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. Vulganus Oy's profit is included in the Leipurin segment's profit.

Assets and liabilities classified as held for sale

	12/2021 MEUR
Assets of discontinued operations	5.5
Other assets held for sale	2.9
Assets classified as held for sale, total	**8.4**
Liabilities of discontinued operations	4.9
Liabilities directly associated with assets classified as held for sale	1,9
Liabilities directly associated with assets classified as held for sale, total	**6,8**

Assets and liabilities of discontinued operations include the figures of Kauko 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. Assets and liabilities 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.

Net cash flows of discontinued operations

	1-12/2021 MEUR	1-12/2020 MEUR
Net cash inflow from operating activities	0.4	5.9
Net cash inflow/outflow(-) from investing activities	0.0	-0.1
Net cash inflow/outflow(-) from financing activities	-1.6	-1.6
Net change in cash generated by the discontinued operations	**-1.2**	**4.2**

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

ASPO

Acquisition of Mentum

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

The purchase price was EUR 1.5 million and it is paid in full in cash. The assets and liabilities of the acquired company were measured at fair value at the acquisition date. An allocation of fair value of EUR 0.2 million was made in intangible assets based on principal agreements, and a minor allocation of fair value was made in the inventory value. Otherwise, the carrying amounts of the 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

	12/2021 MEUR
Consideration	
Paid in cash	1.5
Total consideration	**1.5**
Assets acquired and liabilities assumed, fair value	
Intangible and tangible assets	0.2
Leased assets	0.2
Inventories	2.7
Accounts receivable and other receivables	0.8
Total assets	**3.9**
Lease liabilities	0.2
Accounts payable and other liabilities	2.2
Total liabilities	**2.4**
Net assets acquired	**1.5**
Acquisition-related costs	0.1

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.

Helsinki, February 16, 2022

Aspo Plc
Board of Directors

Press and analyst conference

A press conference for analysts, investors and media will be held on Wednesday, February 16, 2022 at 2 p.m. The Financial Statement Release will be presented by CEO Rolf Jansson.

The press conference will be held in Finnish, and it can be followed by a live webcast at https://aspo.videosync.fi/q4_2021 or by calling +358 9 817 10310 (71344087#) 5 to 10 minutes before the beginning of the press conference. The recording of the event will be available on the company's website later on the same day.

The presentation material will be available at www.aspo.com/en before the press conference.

Helsinki, February 16, 2022

Aspo Plc

Rolf Jansson	Arto Meitsalo
CEO	CFO

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Aspo produces value by owning and developing its businesses responsibly in the long term. The target of the owned businesses is to be the market leaders in their respective fields. The businesses are responsible for their operations, customer relationships and their development, aiming to reach a leading position in sustainability. Aspo supports the success and growth of its businesses through its best capabilities. Aspo Group has business operations in 18 different countries, and it employs approximately 950 professionals.