



Lassila & Tikanoja plc  
Stock exchange release  
7 August 2024 at 8:00 a.m.

## **Lassila & Tikanoja plc: Half-Year Financial Report 1 January–30 June 2024**

### **ADJUSTED OPERATING PROFIT INCREASED – INDUSTRIAL SERVICES AND FACILITY SERVICES FINLAND IMPROVED YEAR-ON-YEAR**

Unless otherwise mentioned, the figures in brackets refer to the corresponding period in the previous year.

- Net sales for the second quarter were EUR 199.2 million (207.5). Net sales decreased by 4.0%. In Facility Services Sweden, a significant customer relationship ended in late 2023, and the loss of that significant account has not been fully offset by new customer accounts.
- Adjusted operating profit for the second quarter was EUR 12.7 million (9.2) and operating profit was EUR 11.0 million (9.2). Earnings per share were EUR 0.18 (EUR 0.21).
- Net sales for January–June totalled EUR 384.2 million (400.2). Adjusted operating profit was EUR 12.7 million (10.6) and operating profit was EUR 9.3 million (10.6). Earnings per share were EUR 0.16 (EUR 0.24).
- Net cash flow from operating activities after investments was EUR -3.7 million (19.3) and net cash flow from operating activities after investments per share was EUR -0.10 (0.51). Net cash flow from operating activities for the review period was reduced by working capital tied up especially in the first quarter of the year.

### **Outlook for the year 2024, updated 1 August 2024**

Net sales in 2024 are estimated to be at the same level as in the previous year, and adjusted operating profit is estimated to be at the same level or better compared to the previous year.

### **PRESIDENT AND CEO EERO HAUTANIEMI:**

"Net sales in January–June totalled EUR 384.2 million (400.2). The challenging business environment and the political strikes in Finland in the first quarter had a negative impact on the demand for L&T's services. Adjusted operating profit grew to EUR 12.7 million (10.6). Operating profit improved in Industrial Services and Facility Services Finland.

In Environmental Services, the challenging business environment and the political strikes in Finland in the first quarter, reduced the demand for recycling and waste management services. The demand and price level of recycled raw materials stabilised in the first quarter and remained stable in the second quarter. The municipalisation of the collection of packaging waste from housing properties continued, but the measures initiated in the fourth quarter of 2023 to improve the efficiency and profitability of operations largely compensated for the impact of municipalisation. Our position in municipal contracts strengthened.

Demand was strong in all of the Industrial Services division's business lines. Political strikes in Finland postponed maintenance and other services from the first quarter to the second quarter. However, annual maintenance breaks in industry were carried out to the planned extent during the period under review and resourcing of the projects was successful. In Sweden, the Industrial Services division expanded to the Gävleborg region through an acquisition.

In Facility Services Finland, all business lines achieved a better result than in the comparison period. Measures to streamline the cost structure continued and the division's operating profit improved. In Facility Services Sweden, a significant customer relationship ended in late 2023, and the loss of that significant account was not fully offset by new customer accounts during the review period. The division has a programme under way to simplify operating models and adapt them to the changed business environment. The results of the programme are expected to become visible by the end of 2024.

In the customer satisfaction survey conducted in Finland in April, all divisions improved their results and customer satisfaction (NPS) was at a high level, being above 40 in both circular economy businesses. Occupational safety also improved and the total recordable incident frequency (TRIF) decreased by two points year-on-year, which is a significant achievement.

In line with the strategy that was updated in autumn 2023, we began the renewal of our operating model in May and changed the composition of the Group Executive Board. The aim of the measures is to support the growth of circular economy businesses.

The new operating model will be built on L&T's existing strengths. Environmental Services and Industrial Services have a broad shared customer base and they operate in different parts of the same material value chains. Closer cooperation will make it possible to respond to customer needs more flexibly and increase material value more efficiently. Stronger cooperation between the divisions and Group functions will provide a foundation for more efficient operations.

In autumn 2023, the Board of Directors of Lassila & Tikanoja decided, in connection with the strategy update, to evaluate the strategic alternatives for the Facility Services Finland and Facility Services Sweden divisions as part of the development of the business portfolio. This strategic assessment continued as planned in the first half of the year.”

## **GROUP NET SALES AND FINANCIAL PERFORMANCE**

### **April–June**

Net sales for the second quarter amounted to EUR 199.2 million (207.5), representing a year-on-year decrease of 4.0%. The organic decrease in net sales was 4.4%. Adjusted operating profit was EUR 12.7 million (9.2), representing 6.4% (4.4%) of net sales. Operating profit was EUR 11.0 million (9.2), representing 5.5% (4.4%) of net sales. Operating profit includes items affecting comparability totalling EUR 1.7 million. Those items mainly consist of costs arising from business restructurings. Earnings per share were EUR 0.18 (EUR 0.21).

Net sales increased in Industrial Services and were on a par with the comparison period in Environmental Services. Net sales decreased in Facility Services Finland and Facility Services Sweden. Operating profit improved in Industrial Services and Facility Services Finland, and declined in the other divisions.

The result for the review period was negatively affected by net financial expenses rising to EUR -2.2 million (-0.7). The result for the comparison period was positively affected by the fair value of EUR 1.3 million of an interest rate swap being recognised in financial items due to the termination of the interest rate swap. The share of the profit of the joint venture Laania Oy amounted to EUR 0.0 million (0.7) in the second quarter.

### **January–June**

Net sales for January–June amounted to EUR 384.2 million (400.2), a decrease of 4.0% year-on-year. The organic decrease in net sales was 4.3%. Adjusted operating profit was EUR 12.7 million (10.6), representing 3.3% (2.7%) of net sales. Operating profit was EUR 9.3 million (10.6),

representing 2.4% (2.7%) of net sales. Operating profit includes items affecting comparability totalling EUR 3.4 million. Those items mainly consist of costs arising from business restructurings. Earnings per share were EUR 0.16 (0.24).

Net sales increased in Industrial Services and decreased in the other divisions. Operating profit improved in Industrial Services and Facility Services Finland, and declined in the other divisions.

The result for the review period was negatively affected by net financial expenses rising to EUR -4.0 million (-2.3). The result for the comparison period was positively affected by the fair value of EUR 1.3 million of an interest rate swap being recognised in financial items due to the termination of the interest rate swap. The result for the period was positively affected by L&T's EUR 2.1 million (2.2) share of the profit of the joint venture Laania Oy.

## Financial summary

	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Net sales, EUR million	199.2	207.5	-4.0	384.2	400.2	-4.0	802.1
Adjusted operating profit, EUR million	12.7	9.2	38.2	12.7	10.6	19.6	39.0
Adjusted operating margin, %	6.4	4.4		3.3	2.7		4.9
Operating profit, EUR million	11.0	9.2	19.6	9.3	10.6	-12.5	38.4
Operating margin, %	5.5	4.4		2.4	2.7		4.8
EBITDA, EUR million	25.1	23.2	8.1	37.2	38.6	-3.8	95.8
EBITDA, %	12.6	11.2		9.7	9.6		11.9
Earnings per share, EUR	0.18	0.21	-13.2	0.16	0.24	-32.5	0.79
Net cash flow from operating activities after investments per share, EUR	0.15	0.00		-0.10	0.51		1.33
Return on equity (ROE), %				5.6	8.7		13.3
Capital employed, EUR million				432.8	416.9	3.8	425.9
Return on capital employed (ROCE), %				9.8	11.5		10.3
Equity ratio, %				34.6	33.4		36.8
Gearing, %				89.3	86.7		69.3

## NET SALES AND OPERATING PROFIT BY DIVISION

### Environmental Services

#### April-June

The division's net sales for the second quarter amounted to EUR 73.9 million (74.4). Adjusted operating profit was EUR 8.0 million (8.5). Operating profit was EUR 7.8 million (8.5).

#### January-June

The Environmental Services division's net sales for the first half of the year decreased to EUR 139.3 million (140.7). Adjusted operating profit was EUR 10.7 million (11.8). Operating profit was EUR 10.5 million (11.8).

In the Environmental Services division, the challenging business environment and the political strikes in Finland in the first quarter reduced the demand for recycling and waste management services. The division strengthened its position in the producer responsibility organisation customer segment and municipal contracts. The demand and price level of recycled raw materials stabilised in the first quarter and remained stable in the second quarter.

The municipalisation of the collection of packaging waste from housing properties continued, but the measures initiated in the fourth quarter of 2023 to improve the efficiency and profitability of operations largely compensated for the impact of municipalisation.

The customer satisfaction (Net Promoter Score, NPS) of the Environmental Services division improved to 43 in the survey taken in the spring.

## **Industrial Services**

### **April–June**

The division's net sales for the second quarter increased to EUR 42.0 million (38.0). Adjusted operating profit was EUR 5.9 million (3.9). Operating profit was EUR 6.1 million (3.9).

### **January–June**

The Industrial Services division's net sales for the first half of the year increased to EUR 70.1 million (64.1). Adjusted operating profit was EUR 5.8 million (4.0). Operating profit was EUR 5.7 million (4.0).

Demand remained strong in the project business of the environmental construction business line. In the hazardous waste business line, the political strikes in Finland weakened demand slightly in the first quarter.

As a result of the political strikes in Finland, process cleaning work was postponed from the first quarter to the second quarter. However, the annual maintenance breaks were carried out as planned during the review period and resourcing was successful. A larger share of annual maintenance breaks than usual were scheduled for the first half of the year.

The process cleaning business of the Industrial Services division was expanded in Sweden to the Gävleborg region through an acquisition that was completed on 1 February 2024. L&T acquired the entire share capital of PF Industriservice AB, which provides process cleaning services. PF Industriservice had net sales of approximately EUR 2.5 million in the most recent financial year, and it has approximately seven employees. PF Industriservice offers various process cleaning services to customers in the forest industry, energy sector and construction industry. Following the acquisition, the Industrial Services division has approximately 100 employees in Sweden, and process cleaning services are offered to industrial customers in southern and central Sweden.

## **Facility Services Finland**

### **April–June**

The division's net sales for the second quarter totalled EUR 58.5 million (62.7). Operating profit was EUR 2.0 million (-0.0).

### **January–June**

The net sales of Facility Services Finland amounted to EUR 121.8 million (129.8) for the first half of the year. Operating profit was EUR 1.9 million (0.2).

Unprofitable customer agreements ended in Facility Services Finland during the period under review. Measures to streamline the cost structure continued during the period under review. All business lines achieved a stronger result than in the comparison period. The demand for data-driven cleaning services and energy efficiency services increased. The result of Facility Services Finland for the first half of the year was negatively affected by provisions of EUR 0.6 million (0.4) recognised for potential costs arising from disability.

## Facility Services Sweden

### April–June

The division's net sales for the second quarter decreased to EUR 26.2 million (33.8). Operating profit was EUR -2.5 million (-2.0). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR -2.2 million (-1.7).

### January–June

The net sales of the Facility Services Sweden division for the first half of the year decreased to EUR 55.7 million (68.3). Operating profit was EUR -4.6 million (-3.0). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR -4.0 million (-2.4).

Customer agreements in the Swedish business are mostly fixed-price contracts, and the division has not been able to pass the increased production costs on to customer prices. A significant customer relationship ended in the division in late 2023, and the loss of that significant account was not fully offset by new customer accounts during the review period. The division has a programme under way to simplify operating models and adapt them to the changed business environment. The results of the programme to adapt the division's operations are expected to become visible by the end of 2024.

## FINANCING

Net cash flow from operating activities in the first half of 2024 amounted to EUR 19.3 million (38.5). Net cash flow after investments totalled EUR -3.7 million (19.3). Net cash flow after investments for the review period was reduced by acquisitions, which had a total impact of approximately EUR 1.6 million. Net cash flow from operating activities for the review period was reduced by working capital tied up especially in the first quarter of the year. A total of EUR 8.2 million in working capital was tied up during the review period (EUR 1.4 million released). Net cash flow from operating activities for the comparison period was positively impacted by significant tax refunds.

At the end of the review period, interest-bearing liabilities amounted to EUR 214.5 million (209.6). Net interest-bearing liabilities totalled EUR 194.9 million (179.7). The average interest rate on long-term loans, excluding lease liabilities, with interest rate hedging, was 4.0% (3.4%). The company had no interest rate swaps at the end of the review period.

Of the EUR 100.0 million commercial paper programme, EUR 20.0 million was in use at the end of the review period (unused in the comparison period). The account limit totalling EUR 10.0 million and the committed credit limit totalling EUR 40.0 million were not in use, as was the case in the comparison period.

Net financial expenses amounted to EUR -4.0 million (-2.3). The effect of the discounting of environmental provisions decreased net financial expenses by EUR 0.4 million (-0.1). Net financial expenses for the comparison period were affected positively by the fair value of EUR 1.3 million of an interest rate swap being recognised in financial items due to the termination of the interest rate swap. The effect of exchange rate changes on net financial expenses was EUR -0.0 million (-0.1). Net financial expenses were 1.0% (0.6%) of net sales.

The equity ratio was 34.6% (33.4%) and the gearing ratio 89.3% (86.7%). The Group's total equity was EUR 218.3 million (207.3). Equity was reduced by dividends of EUR 18.7 million distributed for the financial year 2023. In accordance with the resolution of the Annual General Meeting held on 21 March 2024, the dividends were paid to shareholders on 3 April 2024. Translation differences

caused by changes in the exchange rate of the Swedish krona affected equity by EUR -1.6 million. Cash and cash equivalents at the end of the period amounted to EUR 19.6 million (29.9).

## DIVIDEND DISTRIBUTION

The Annual General Meeting held on 21 March 2024 resolved that a dividend of EUR 0.49 per share, totalling EUR 18.7 million, be paid on the basis of the balance sheet that was adopted for the financial year 2023. The dividend was paid to shareholders on 3 April 2024.

## CAPITAL EXPENDITURE

Gross capital expenditure for the period under review totalled EUR 21.7 million (31.8). The capital expenditure consisted primarily of machine and equipment purchases, as well as investments in information systems. Acquisitions accounted for approximately EUR 2 million (0) of the gross capital expenditure.

## SUSTAINABILITY

In the first half of the year, L&T's accident frequency indicator (TRIF) decreased by two points year-on-year. During the past year and a half, L&T has invested significantly in the development of occupational safety by training 74 per cent of its personnel in proactive safety work and everyday safety thinking.

### Progress towards sustainability targets

Indicator	1-6/2024	1-6/2023	2023	Target	Target to be achieved by
<b>ENVIRONMENTAL RESPONSIBILITY</b>					
Carbon handprint (tCO <sub>2</sub> e) i.e. emissions prevented	-224,000	-231,000	-453,000	growth faster than net sales	
Carbon footprint (tCO <sub>2</sub> e) Scope 1&2	14,600	15,200	31,200	24,400	2030
Recycling rate of material flows managed by L&T, %	55.5*	57.2	57.8	70	2030
<b>SOCIAL RESPONSIBILITY</b>					
Total recordable incident frequency	20	22	23	15	2030
Sickness-related absences (%)	5.0	5.8	5.1	4	2030

\*Calculation was re-defined beginning of 2024

## PERSONNEL

In January–June, the average number of employees converted into full-time equivalents was 6,390 (6,891). At the end of the review period, L&T had 8,142 (9,124) full-time and part-time employees.

<b>Number of employees at the end of the review period</b>	<b>1-6/2024</b>	<b>1-6/2023</b>	<b>2023</b>
Group	8,142	9,124	8,159
Finland	6,938	7,753	6,891
Sweden	1,204	1,371	1,268
Environmental Services	1,663	1,712	1,576
Industrial Services	747	728	679
Facility Services Finland	4,519	5,267	4,603
Facility Services Sweden	1,100	1,294	1,187
Group administration and other	113	123	114

## SHARES AND SHARE CAPITAL

### Traded volume and price

The volume of trading in L&T's shares in January–June was 3.4 million shares, which is 8.9% (8.0%) of the average number of outstanding shares. The value of trading was EUR 31.3 million (32.3). The highest share price was EUR 10.36 and the lowest EUR 8.44. The closing price was EUR 8.68. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 331.5 million (380.4).

### Own shares

At the end of the period, the company held 609,941 of its own shares, representing 1.6% of all shares and votes.

### Share capital and number of shares

The company's registered share capital amounts to EUR 19,399,437 and the number of outstanding shares was 38,188,933 at the end of the period. The average number of shares excluding the shares held by the company was 38,156,045.

### Shareholders

At the end of the review period, the company had 25,030 (25,121) shareholders. Nominee-registered holdings accounted for 9.0% (9.3%) of the total number of shares.

### Authorisations for the Board of Directors

The Annual General Meeting held on 21 March 2024 authorised Lassila & Tikanoja plc's Board of Directors to decide on the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Annual General Meeting authorised the Board of Directors to

decide on a share issue and the issuance of special rights entitling their holders to shares.

The Board of Directors is authorised to purchase a maximum of 2,000,000 company shares (5.2% of the total number of shares). The repurchase authorisation is effective for 18 months.

The Board of Directors is authorised to decide on the issuance of new shares or shares which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The authorisation is effective for 18 months.

## **RESOLUTIONS BY THE ANNUAL GENERAL MEETING**

The Annual General Meeting of Lassila & Tikanoja plc, which was held on 21 March 2024, adopted the financial statements and consolidated financial statements for the financial year 2023, discharged the members of the Board of Directors and the President and CEO from liability and adopted the remuneration report and remuneration policy for the company's governing bodies. The Annual General Meeting resolved on the use of the profit shown on the balance sheet and the payment of dividend, the composition and remuneration of the Board of Directors, the election and remuneration of the auditor, the adoption and remuneration of the sustainability auditor, and authorising the Board of Directors to decide on the repurchase of the company's own shares and on a share issue and the issuance of special rights entitling to shares.

The Annual General Meeting resolved that a dividend of EUR 0.49 per share be paid on the basis of the balance sheet adopted for the financial year 2023. It was decided that the dividend be paid on 3 April 2024.

The Annual General Meeting confirmed the number of members of the Board of Directors as seven (7) in accordance with the proposal of the Shareholders' Nomination Board. Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Jukka Leinonen, Anni Ronkainen and Pasi Tolppanen were re-elected, and Juuso Maijala was elected as a new member to the Board until the end of the following Annual General Meeting. Jukka Leinonen was elected as the Chairman of the Board and Sakari Lassila was elected as the Vice Chairman.

The Annual General Meeting elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor. PricewaterhouseCoopers Oy has announced that it will name Samuli Perälä, Authorised Public Accountant, as the principal auditor. In addition, the company's auditor was adopted also as the company's sustainability auditor to audit the sustainability report for the financial year 2024.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 21 March 2024.

## **BOARD OF DIRECTORS**

The members of Lassila & Tikanoja plc's Board of Directors are Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Jukka Leinonen, Juuso Maijala, Anni Ronkainen and Pasi Tolppanen. Lassila & Tikanoja plc's Annual General Meeting held on 21 March 2024 elected Jukka Leinonen as the Chairman of the Board and Sakari Lassila as the Vice Chairman.

In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected



the members of the Audit Committee and the Personnel and Sustainability Committee from amongst its members. Sakari Lassila (Chairman), Teemu Kangas-Kärki, Juuso Majjala and Anni Ronkainen were elected to the Audit Committee. Jukka Leinonen (Chairman), Laura Lares and Pasi Tolppanen were elected to the Personnel and Sustainability Committee.

## **CHANGES IN THE GROUP EXECUTIVE BOARD**

On 8 April 2024, Lassila & Tikanoja announced that Juha Saarinen, M.Sc.(Tech.) has been appointed as Chief Purchasing Officer and a member of the Group Executive Board effective from 1 August 2024. Saarinen joins L&T from Kamux plc, where he has served as Chief Purchasing Officer.

On 3 May 2024, the company announced that CFO Valtteri Palin had decided to pursue career opportunities outside L&T. On 6 May 2024, the company announced that Joni Sorsanen, M.Sc.(Econ.) had been appointed as Chief Financial Officer (CFO) and a member of the Group Executive Board of Lassila & Tikanoja effective from 10 July 2024 at the latest. Sorsanen joined L&T from Consti plc, where he served as CFO.

On 16 May 2024, the company announced that Petri Salermo, Senior Vice President, Environmental Services, and Sirpa Huopalainen, General Counsel, had decided to pursue career opportunities outside L&T. In addition, Mikko Taipale, Senior Vice President, Facility Services Sweden, would no longer be a member of the Group Executive Board after 16 May, but he would continue to be employed by the company. From 16 May 2024 onwards, Antti Tervo, Senior Vice President, Industrial Services, would also be responsible for the Environmental Services division, and Antti Niitynpää, Senior Vice President, Facility Services Finland, would also be responsible for Facility Services Sweden. Hilppa Rautpalo, Senior Vice President, Human Resources, would also be responsible for legal affairs from 16 May 2024 onwards.

The members of Lassila & Tikanoja's Group Executive Board are as follows:

- Public Affairs, Sustainability and Strategy - Jorma Mikkonen
- Facility Services Finland and Sweden - Antti Niitynpää
- Personnel and Legal Affairs - Hilppa Rautpalo
- Sourcing - Juha Saarinen (from 1 August 2024 onwards)
- ICT - Edward Skärström
- Finance - Joni Sorsanen (from 5 July 2024 onwards)
- Environmental and Industrial Services - Antti Tervo

The changes in the composition of the Group Executive Board do not affect the reporting segments of the Group, which are Environmental Services, Industrial Services, Facility Services Finland and Facility Services Sweden.

## **EVENTS AFTER THE PERIOD**

1 August 2024, the company published a profit warning and updated outlook for the year 2024. The updated outlook is as follows: Net sales in 2024 are estimated to be at the same level as in the previous year, and adjusted operating profit is estimated to be at the same level or better compared to the previous year.

The previous outlook was: Net sales in 2024 are estimated to be at the same level as in the previous year, and operating profit is estimated to be at the same level or better compared to the previous year.

## **NEAR-TERM RISKS AND UNCERTAINTIES**

General economic uncertainty may affect the level of economic activity among customers, which may reduce the demand for L&T's services.

Higher costs, such as the rising prices of fuel and energy, and potential changes in interest rates may have an impact on the company's financial performance.

The Finnish Waste Act was amended in July 2021. Under the reforms to the Waste Act, municipalities take on a larger role in organising the collection of packaging materials and biowaste from housing properties. As a consequence of the reform, L&T's direct customer agreements with housing properties on the separate collection of packaging waste and biowaste will be transferred to municipalities for competitive bidding gradually between 1 July 2022 and 1 July 2025. L&T estimates that, as a result of municipalisation, approximately EUR 30 million of the Finnish waste management market will be moved out of the scope of free competition between 2024 and 2026. L&T participates in the competitive tendering of municipal contracts and is a significant operator in municipal contracts. Nevertheless, L&T estimates that the overall impact of the change will be negative for the company.

The company has several ERP system renewal projects under way. Temporary additional costs arising from system deployments and establishing the operating model may weigh down the company's result.

Production costs may be increased by challenges related to employee turnover and labour availability.

The geopolitical situation involves continued uncertainty due to Russia's war of aggression. The indirect impacts on overall economic activity in Finland and Sweden may have a negative impact on net sales and profit.

The Group company Lassila & Tikanoja FM AB is a claimant and a defendant in legal proceedings in Sweden concerning unpaid receivables invoiced from a former customer of the Group. In June 2022, Lassila & Tikanoja FM AB took legal action in the District Court of Solna against the former customer company of L&T, demanding payment for unpaid receivables. At the end of the review period, the amount of receivables on the company's balance sheet was approximately EUR 1.5 million. The former L&T customer company in question has rejected Lassila & Tikanoja FM AB's claims and the payment obligation, and brought a counterclaim demanding compensation totalling approximately SEK 144 million from Lassila & Tikanoja FM AB. The dispute is still pending. Lassila & Tikanoja considers the counterclaim to be without merit and has not recognised any provisions in relation to it.

More detailed information on Lassila & Tikanoja's risks and risk management will be provided in the 2023 Annual Review and in the Report by the Board of Directors and the consolidated financial statements.

Helsinki, 6 August 2024

**LASSILA & TIKANOJA PLC**

Board of Directors  
Eero Hautaniemi  
President and CEO

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# Key figures of the Group

## Key figures

	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Earnings per share, EUR	0.18	0.21	0.16	0.24	0.79
Diluted earnings per share, EUR	0.18	0.21	0.16	0.24	0.79
Net cash flow from operating activities after investments per share, EUR	0.15	0.00	-0.10	0.51	1.33
Adjusted operating profit, MEUR	12.7	9.2	12.7	10.6	39.0
Operating profit, MEUR	11.0	9.2	9.3	10.6	38.4
Gross capital expenditure, MEUR <sup>1</sup>	10.5	17.9	21.7	31.8	60.3
Equity per share, EUR			5.72	5.43	6.09
Return on equity (ROE), %			5.6	8.7	13.3
Capital employed, MEUR			432.8	416.9	425.9
Return on capital employed (ROCE), %			9.8	11.5	10.3
Equity ratio, %			34.6	33.4	36.8
Gearing, %			89.3	86.7	69.3
Net interest-bearing liabilities, MEUR			194.9	179.7	160.9
Average number of employees in full-time equivalents			6,390	6,891	6,743
Total number of full-time and part-time employees at end of the period			8,142	9,124	8,159
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,156	38,124	38,127
at the end of the period			38,189	38,154	38,154
average during the period, diluted			38,247	38,254	38,232

<sup>1</sup> The figure for year 2023 has been adjusted.

## Reconciliation of alternative performance measures

The company discloses certain other widely used performance measures that can for the most part be derived from the income statement and balance sheet. The formulas for these performance measures are provided in the section Calculation of key figures. In the company's view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

### RECONCILIATION OF ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

MEUR	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
<b>Operating profit</b>	11.0	9.2	9.3	10.6	38.4
Items affecting comparability:					
- costs arising from business restructurings	1.7	-	3.1	-	0.3
- costs arising from acquisitions	0.1	-	0.3	-	0.3
<b>Adjusted operating profit</b>	12.7	9.2	12.7	10.6	39.0

### RECONCILIATION OF GROSS CAPITAL EXPENDITURE

MEUR	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Intangible and tangible assets from business acquisitions	-0.0	-	2.0	-	-
- increases of right-of-use assets excl. heavy vehicles from business acquisitions	0.0	-	-0.1	-	-
Other increases to intangible and tangible assets	13.1	20.8	34.2	39.9	81.1
- increases of right-of-use assets excl. heavy vehicles	-2.1	-2.6	-13.2	-7.2	-18.1
- other adjustments	-0.4	-0.3	-1.2	-1.0	-2.7
<b>Gross capital expenditure</b>	10.5	17.9	21.7	31.8	60.3

## RETURN ON CAPITAL EMPLOYED (ROCE), %, BY SEGMENT

30 Jun 2024 30 Jun 2023 31 Dec 2023

	30 Jun 2024	30 Jun 2023	31 Dec 2023
<b>Environmental Services</b>			
Capital employed (MEUR)	210.7	210.0	203.1
Operating profit (rolling 12 months)	25.8	29.1	27.1
+ financial income (rolling 12 months)	0.3	0.2	0.3
Return on capital employed, MEUR	26.1	29.3	27.4
<b>Return on capital employed (ROCE), %</b>	12.4	13.9	13.5
<b>Industrial Services</b>			
Capital employed (MEUR)	94.3	90.7	93.7
Operating profit (rolling 12 months)	15.4	13.3	13.8
+ financial income (rolling 12 months)	0.0	0.0	0.0
Return on capital employed, MEUR	15.5	13.3	13.8
<b>Return on capital employed (ROCE), %</b>	16.4	14.7	14.7
<b>Facility Services Finland</b>			
Capital employed (MEUR)	22.8	28.2	25.0
Operating profit (rolling 12 months)	6.1	3.0	4.4
+ financial income (rolling 12 months)	0.5	0.4	0.4
Return on capital employed, MEUR	6.7	3.4	4.8
<b>Return on capital employed (ROCE), %</b>	29.2	12.1	19.4
<b>Facility Services Sweden</b>			
Capital employed (MEUR)	56.9	61.1	61.0
Operating profit (rolling 12 months)	-5.3	-2.2	-3.7
+ financial income (rolling 12 months)	0.1	0.1	0.1
Return on capital employed, MEUR	-5.2	-2.1	-3.6
<b>Return on capital employed (ROCE), %</b>	-9.2	-3.4	-5.9

## Calculation of key figures

**Earnings per share:** result for the period attributable to the equity holders of the parent company / adjusted average basic number of shares

**Diluted earnings per share:** result for the period attributable to the equity holders of the parent company / adjusted average diluted number of shares

**Net cash flow from operating activities after investments/share:** Net cash flow from operating and investing activities / adjusted average basic number of shares

**Market capitalization:** Basic number of shares at the balance sheet date excluding treasury shares x closing price of the financial period

**Adjusted operating profit:** operating profit +/- items affecting comparability

**Items affecting comparability:** substantial costs arising from business restructurings or acquisitions, gains and losses from divestments and costs arising from the discontinuation of businesses

**EBITDA:** operating profit + depreciation, amortisation and impairment

**Equity per share:** equity attributable to the equity holders of the parent company / adjusted basic number of shares at the balance sheet date

**Return on equity, % (ROE):** (result for the period / equity (average)) x 100

**Capital employed:** equity + interest-bearing financial liabilities

**Return on capital employed, % (ROCE):** (operating profit + financial income + share of result in associated companies and joint ventures, rolling 12 months) / equity + Interest bearing financial liabilities (average of the end of the period and at the end of the comparison period) x 100

**Equity ratio, %:** equity / (total equity and liabilities - advances received) x 100

**Gearing, %:** net interest-bearing liabilities / equity x 100

**Net interest-bearing liabilities:** interest-bearing liabilities - cash and cash equivalents

**Gross capital expenditure:** Investments in intangible and tangible assets excluding right-of-use assets and other adjustments, including leased heavy vehicles and assets acquired through acquisitions

**Organic growth, %:** (Net sales for the reporting period - net sales from business acquisitions during previous 12 months - net sales for the comparative period + net sales from divestments during previous 12 months) / (net sales for the comparative period - net sales from divestments during previous 12 months) x 100

# Primary financial statements

## Consolidated income statement

MEUR	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
<b>Net sales</b>	199.2	207.5	384.2	400.2	802.1
Other operating income	0.6	0.9	2.5	1.8	6.2
Materials and services	-56.3	-62.7	-114.0	-125.1	-246.5
Employee benefit expenses	-89.8	-92.8	-177.0	-179.6	-352.8
Other operating expenses	-28.7	-29.7	-58.5	-58.7	-113.1
Depreciation, amortisation and impairment	-14.1	-14.0	-27.9	-28.0	-57.4
<b>Operating profit</b>	11.0	9.2	9.3	10.6	38.4
Financial income	0.2	1.4	0.4	1.9	2.5
Financial expenses	-2.4	-2.1	-4.4	-4.1	-8.7
Exchange rate differences (net)	0.0	-0.0	-0.0	-0.1	-0.0
Financial income and expenses	-2.2	-0.7	-4.0	-2.3	-6.3
Share of the result of associated companies and joint ventures	-0.0	0.7	2.1	2.2	3.6
<b>Result before taxes</b>	8.8	9.1	7.4	10.5	35.7
Income taxes	-1.7	-1.0	-1.1	-1.2	-5.7
<b>Result for the period</b>	7.1	8.1	6.3	9.3	30.1
<b>Attributable to:</b>					
Equity holders of the company	7.1	8.1	6.3	9.3	30.1
<b>Earnings per share attributable to the equity holders of the parent company:</b>					
Earnings per share, EUR	0.18	0.21	0.16	0.24	0.79
Diluted earnings per share, EUR	0.18	0.21	0.16	0.24	0.79



## Consolidated statement of comprehensive income

MEUR	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
<b>Result for the period</b>	7.1	8.1	6.3	9.3	30.1
<b>Other comprehensive income, net of tax</b>					
<b>Items not to be recognised through profit or loss</b>					
Items arising from re-measurement of defined benefit plans	-	-	-	-	-0.0
Items not to be recognised through profit or loss, total	-	-	-	-	-0.0
<b>Items potentially to be recognised through profit</b>					
Hedging reserve, change in fair value	-	0.1	-	0.1	0.1
Change in fair value of interest rate swap, reclassified to profit and loss	-	-1.0	-	-1.0	-1.0
Currency translation differences	0.9	-2.9	-1.6	-3.9	0.1
Items potentially to be recognised through profit or loss, total	0.9	-3.8	-1.6	-4.8	-0.9
<b>Other comprehensive income, total</b>	0.9	-3.8	-1.6	-4.8	-0.9
<b>Total comprehensive income, after tax</b>	7.9	4.3	4.7	4.5	29.2
<b>Attributable to:</b>					
Equity holders of the company	7.9	4.3	4.7	4.5	29.2

## Consolidated statement of financial position

MEUR	30 Jun 2024	30 Jun 2023	31 Dec 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	180.7	178.3	180.8
Other intangible assets	41.4	37.4	38.2
	<hr/>	<hr/>	<hr/>
	222.0	215.7	219.0
Tangible assets	166.7	157.6	166.0
Right-of-use assets	76.7	74.3	76.0
	<hr/>	<hr/>	<hr/>
	243.4	231.9	242.0
Other non-current assets			
Shares in associated companies and joint ventures	17.9	16.2	17.6
Other shares and holdings	0.2	0.2	0.2
Deferred tax assets	4.9	3.3	3.1
Other receivables	1.1	1.6	1.5
	<hr/>	<hr/>	<hr/>
	24.1	21.4	22.5
<b>Total non-current assets</b>	<hr/>	<hr/>	<hr/>
	489.5	469.0	483.5
<b>Current assets</b>			
Inventories	8.5	8.7	7.8
Trade receivables	86.2	80.5	85.9
Contract assets	34.7	39.9	30.8
Income tax receivables	2.0	3.0	1.2
Other receivables	7.5	8.2	7.9
Cash and cash equivalents	19.6	29.9	32.9
	<hr/>	<hr/>	<hr/>
	158.5	170.2	166.5
<b>Total current assets</b>	<hr/>	<hr/>	<hr/>
	158.5	170.2	166.5
<b>Total assets</b>	<hr/>	<hr/>	<hr/>
	647.9	639.2	649.9

## Consolidated statement of financial position

MEUR	30 Jun 2024	30 Jun 2023	31 Dec 2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to the equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-13.0	-15.4	-11.5
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	211.3	202.7	223.6
<b>Total equity</b>	<b>218.3</b>	<b>207.3</b>	<b>232.2</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	28.1	27.2	28.5
Retirement benefit obligations	1.1	1.2	1.2
Provisions	6.7	7.2	7.2
Financial liabilities	173.1	169.8	171.7
Other liabilities	12.3	12.6	13.2
	221.4	218.0	221.7
<b>Current liabilities</b>			
Financial liabilities	41.4	39.8	22.1
Trade and other payables	164.3	171.7	172.8
Income tax liabilities	1.2	1.6	0.3
Provisions	1.3	0.8	0.9
	208.2	213.9	196.1
<b>Total liabilities</b>	<b>429.6</b>	<b>431.9</b>	<b>417.7</b>
<b>Total equity and liabilities</b>	<b>647.9</b>	<b>639.2</b>	<b>649.9</b>

## Consolidated statement of cash flows

MEUR	1-6/2024	1-6/2023	1-12/2023
<b>Cash flow from operating activities</b>			
Result for the period	6.3	9.3	30.1
<b>Adjustments</b>			
Income taxes	1.1	1.2	5.7
Depreciation, amortisation and impairment	27.9	28.0	57.4
Financial income and expenses	4.0	2.3	6.3
Gains and losses on sale of tangible and intangible assets	-1.0	-0.7	-1.6
Share of result of associated companies and joint ventures	-2.1	-2.2	-3.6
Other adjustments	0.5	-0.8	-0.5
Net cash generated from operating activities before change in working capital	36.6	37.1	93.6
Change in working capital			
Change in trade and other receivables	-3.9	1.3	7.2
Change in inventories	-0.7	-0.9	0.0
Change in trade and other payables	-3.5	1.0	-2.1
Change in working capital	-8.2	1.4	5.1
Interest and other financial expenses paid	-6.2	-4.8	-8.2
Interest and other financial income received	0.4	1.8	2.5
Income taxes paid	-3.3	3.0	0.5
<b>Net cash from operating activities</b>	19.3	38.5	93.6
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired	-1.6	-	-
Purchases of tangible and intangible assets	-24.5	-20.0	-44.9
Proceeds from the sale of tangible and intangible assets	1.2	0.8	2.2
Dividends received from joint venture	1.8	-	-
<b>Net cash from investing activities</b>	-23.1	-19.2	-42.7
<b>Net cash flow from operating and investing activities</b>	-3.7	19.3	50.9
<b>Cash flow from financing activities</b>			
Proceeds from short-term borrowings	40.0	-	10.0
Repayments of short-term borrowings	-20.0	-	-10.0
Proceeds from long-term borrowings	-	40.0	40.0
Repayments of long-term borrowings	-0.3	-50.3	-68.4
Repayments of lease liabilities	-10.5	-10.6	-21.2
Dividends paid	-18.7	-17.9	-17.9
<b>Net cash from financing activities</b>	-9.5	-38.9	-67.5
<b>Net change in cash and cash equivalents</b>	-13.2	-19.5	-16.6
Cash and cash equivalents at the beginning of the period	32.9	49.5	49.5
Effect of changes in foreign exchange rates	-0.1	-0.1	0.0
<b>Cash and cash equivalents at the end of the period</b>	19.6	29.9	32.9

## Consolidated statement of changes in equity

MEUR	Share capital	Currency translation differences	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Total equity
<b>Equity 1 January 2024</b>	19.4	-11.5	-	0.6	223.6	232.2
Total comprehensive income						
Result for the period					6.3	6.3
Other comprehensive income		-1.6			-	-1.6
Total comprehensive income	-	-1.6	-	-	6.3	4.7
Transactions with shareholders						
Share-based benefits					0.1	0.1
Dividends paid					-18.7	-18.7
Returned dividends					0.0	0.0
Transactions with shareholders, total	-	-	-	-	-18.6	-18.6
<b>Equity 30 June 2024</b>	19.4	-13.0	-	0.6	211.3	218.3
<b>Equity 1 January 2023</b>	19.4	-11.5	0.9	0.6	211.0	220.4
Total comprehensive income						
Result for the period					9.3	9.3
Other comprehensive income		-3.9	-0.9		-	-4.8
Total comprehensive income	-	-3.9	-0.9	-	9.3	4.5
Transactions with shareholders						
Share-based benefits					0.3	0.3
Dividends paid					-17.9	-17.9
Returned dividends					0.0	0.0
Transactions with shareholders, total	-	-	-	-	-17.6	-17.6
<b>Equity 30 June 2023</b>	19.4	-15.4	-	0.6	202.7	207.3

# Notes

## 1. Accounting policies

This Half-Year Financial Report is in compliance with the IAS 34 Interim Financial Reporting standard. The Half-Year Financial Report has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2023 and the new and amended standards and interpretations entered into force on 1 January 2024. The information presented in this Half-Year Financial Report has not been audited.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc as of 31 December 2023.

## 2. Segment information

MEUR	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
<b>Net sales</b>							
Environmental Services	73.9	74.4	-0.6	139.3	140.7	-1.0	283.7
Industrial Services	42.0	38.0	10.5	70.1	64.1	9.4	141.0
Facility Services Finland	58.5	62.7	-6.7	121.8	129.8	-6.2	250.0
Facility Services Sweden	26.2	33.8	-22.5	55.7	68.3	-18.5	133.2
Interdivisional net sales	-1.4	-1.5		-2.6	-2.7		-5.8
The Group total	199.2	207.5	-4.0	384.2	400.2	-4.0	802.1
<b>Operating profit</b>							
Environmental Services	7.8	8.5	-8.2	10.5	11.8	-10.5	27.1
Industrial Services	6.1	3.9	55.6	5.7	4.0	40.5	13.8
Facility Services Finland	2.0	-0.0		1.9	0.2	894.7	4.4
Facility Services Sweden	-2.5	-2.0		-4.6	-3.0		-3.7
Group administration and other	-2.4	-1.3		-4.1	-2.4		-3.2
The Group total	11.0	9.2	19.6	9.3	10.6	-12.5	38.4
<b>Adjusted operating profit</b>							
Environmental Services	8.0	8.5	-5.7	10.7	11.8	-8.7	27.1
Industrial Services	5.9	3.9	52.7	5.8	4.0	45.0	14.0
Facility Services Finland	2.0	-0.0		1.9	0.2	894.7	4.4
Facility Services Sweden	-2.5	-2.0		-4.6	-3.0		-3.7
Group administration and other	-0.8	-1.3		-1.1	-2.4		-2.8
The Group total	12.7	9.2	38.2	12.7	10.6	19.6	39.0
<b>EBITDA</b>							
Environmental Services	15.4	15.7	-1.9	25.5	26.0	-1.8	57.5
Industrial Services	9.5	7.1	32.6	12.3	10.4	18.0	26.6
Facility Services Finland	3.7	2.1	70.5	5.2	4.6	14.1	12.5
Facility Services Sweden	-1.3	-0.8		-2.1	-0.5		1.3
Group administration and other	-2.2	-1.0		-3.7	-1.8		-2.2
The Group total	25.1	23.2	8.1	37.2	38.6	-3.8	95.8

%	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
<b>Operating margin</b>					
Environmental Services	10.6	11.5	7.6	8.4	9.5
Industrial Services	14.4	10.3	8.1	6.3	9.8
Facility Services Finland	3.4	-0.0	1.5	0.1	1.8
Facility Services Sweden	-9.6	-5.8	-8.3	-4.4	-2.8
The Group total	5.5	4.4	2.4	2.7	4.8
<b>Adjusted operating margin</b>					
Environmental Services	10.9	11.5	7.7	8.4	9.5
Industrial Services	14.2	10.3	8.3	6.3	9.9
Facility Services Finland	3.4	-0.0	1.5	0.1	1.8
Facility Services Sweden	-9.6	-5.8	-8.3	-4.4	-2.8
The Group total	6.4	4.4	3.3	2.7	4.9
<b>EBITDA margin</b>					
Environmental Services	20.8	21.0	18.3	18.4	20.3
Industrial Services	22.5	18.8	17.5	16.3	18.9
Facility Services Finland	6.3	3.4	4.3	3.5	5.0
Facility Services Sweden	-4.8	-2.2	-3.8	-0.8	1.0
The Group total	12.6	11.2	9.7	9.6	11.9

#### Other segment information

MEUR	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
<b>Gross capital expenditure</b>					
Environmental Services	5.1	12.9	11.7	23.1	40.2
Industrial Services	5.0	4.6	9.2	7.6	17.5
Facility Services Finland	0.4	0.1	0.5	0.4	1.0
Facility Services Sweden	0.0	0.1	0.0	0.2	0.5
Group administration and other	0.1	0.3	0.3	0.5	1.2
The Group total	10.5	17.9	21.7	31.8	60.3
<b>Depreciation and amortisation</b>					
Environmental Services	7.5	7.1	14.9	14.2	30.4
Industrial Services	3.4	3.2	6.6	6.4	12.8
Facility Services Finland	1.7	2.2	3.4	4.4	8.1
Facility Services Sweden	1.3	1.2	2.5	2.4	5.0
Group administration and other	0.2	0.3	0.4	0.6	1.0
The Group total	14.1	14.0	27.9	28.0	57.4

**MEUR****30 Jun 2024 30 Jun 2023 31 Dec 2023****Assets**

Environmental Services	301.7	290.4	291.6
Industrial Services	157.4	147.4	151.0
Facility Services Finland	75.4	80.9	78.7
Facility Services Sweden	76.2	78.0	83.5
Group administration and other	37.3	42.6	45.1
<b>The Group total</b>	<b>647.9</b>	<b>639.2</b>	<b>649.9</b>

**Liabilities**

Environmental Services	84.3	86.4	82.7
Industrial Services	60.1	58.8	60.2
Facility Services Finland	54.1	56.6	56.9
Facility Services Sweden	18.0	22.4	23.6
Group administration and other	213.1	207.7	194.3
<b>The Group total</b>	<b>429.6</b>	<b>431.9</b>	<b>417.7</b>

**Capital employed**

Environmental Services	217.4	204.0	208.9
Industrial Services	98.5	90.2	92.2
Facility Services Finland	21.3	24.2	21.7
Facility Services Sweden	58.2	55.7	59.9
Group administration and other	37.5	42.9	43.2
<b>The Group total</b>	<b>432.8</b>	<b>416.9</b>	<b>425.9</b>

**%****30 Jun 2024 30 Jun 2023 31 Dec 2023****Return on capital employed (ROCE)**

Environmental Services	12.4	13.9	13.5
Industrial Services	16.4	14.7	14.7
Facility Services Finland	29.2	12.1	19.4
Facility Services Sweden	-9.2	-3.4	-5.9
<b>The Group total</b>	<b>9.8</b>	<b>11.5</b>	<b>10.3</b>



### 3. Segment information by quarter

MEUR	4-6/2024	1-3/2024	10-12/2023	7-9/2023	4-6/2023
<b>Net sales</b>					
Environmental Services	73.9	65.4	68.9	74.1	74.4
Industrial Services	42.0	28.1	37.9	39.0	38.0
Facility Services Finland	58.5	63.3	61.4	58.8	62.7
Facility Services Sweden	26.2	29.5	34.5	30.3	33.8
Interdivisional net sales	-1.4	-1.2	-1.8	-1.3	-1.5
The Group total	199.2	185.0	200.9	200.9	207.5
<b>Operating profit</b>					
Environmental Services	7.8	2.7	3.6	11.7	8.5
Industrial Services	6.1	-0.4	3.6	6.1	3.9
Facility Services Finland	2.0	-0.1	1.1	3.2	-0.0
Facility Services Sweden	-2.5	-2.1	-0.9	0.2	-2.0
Group administration and other	-2.4	-1.8	-0.7	-0.1	-1.3
The Group total	11.0	-1.7	6.7	21.1	9.2
<b>Adjusted operating profit</b>					
Environmental Services	8.0	2.7	3.6	11.7	8.5
Industrial Services	5.9	-0.1	3.8	6.1	3.9
Facility Services Finland	2.0	-0.1	1.1	3.2	-0.0
Facility Services Sweden	-2.5	-2.1	-0.9	0.2	-2.0
Group administration and other	-0.8	-0.4	-0.4	-0.0	-1.3
The Group total	12.7	0.0	7.2	21.2	9.2
<b>EBITDA</b>					
Environmental Services	15.4	10.1	10.8	20.7	15.7
Industrial Services	9.5	2.8	6.9	9.3	7.1
Facility Services Finland	3.7	1.6	2.8	5.1	2.1
Facility Services Sweden	-1.3	-0.9	0.5	1.4	-0.8
Group administration and other	-2.2	-1.6	-0.5	0.1	-1.0
The Group total	25.1	12.1	20.5	36.7	23.2
<b>Operating margin, %</b>					
Environmental Services	10.6	4.1	5.2	15.8	11.5
Industrial Services	14.4	-1.4	9.5	15.7	10.3
Facility Services Finland	3.4	-0.2	1.8	5.4	-0.0
Facility Services Sweden	-9.6	-7.1	-2.7	0.7	-5.8
The Group total	5.5	-0.9	3.3	10.5	4.4
<b>Adjusted operating margin, %</b>					
Environmental Services	10.9	4.1	5.2	15.8	11.5
Industrial Services	14.2	-0.4	10.1	15.7	10.3
Facility Services Finland	3.4	-0.2	1.8	5.4	-0.0
Facility Services Sweden	-9.6	-7.1	-2.7	0.7	-5.8
The Group total	6.4	0.0	3.6	10.6	4.4
<b>EBITDA margin, %</b>					
Environmental Services	20.8	15.5	15.7	28.0	21.0
Industrial Services	22.5	10.1	18.2	23.8	18.8
Facility Services Finland	6.3	2.5	4.6	8.7	3.4
Facility Services Sweden	-4.8	-3.0	1.3	4.7	-2.2
The Group total	12.6	6.5	10.2	18.3	11.2

## 4. Disaggregation of revenue

Net sales consist of services for which revenue is recognised over time, products for which revenue is recognised at a point in time as well as lease income. Services for which revenue is recognised over time include sales revenue from long-term service agreements, separately ordered services and the project business. Services for which revenue is recognised at a point in time include revenue from the sale of equipment and materials.

<b>1-6/2024, MEUR</b>	<b>Long-term service agreements</b>	<b>Separately ordered services</b>	<b>Project business</b>	<b>Sales of equipment and materials</b>	<b>Lease income</b>	<b>Total net sales</b>
Environmental Services	112.5			25.0	1.8	139.3
Industrial Services	31.2	31.7	4.4	2.8		70.1
Facility Services Finland	86.3	31.9	3.5			121.8
Facility Services Sweden	23.7	30.7	1.2			55.7
<b>Total</b>	<b>253.8</b>	<b>94.3</b>	<b>9.2</b>	<b>27.8</b>	<b>1.8</b>	<b>386.9</b>
Interdivisional sales						-2.6
External net sales, total						384.2

<b>1-6/2023, MEUR</b>	<b>Long-term service agreements</b>	<b>Separately ordered services</b>	<b>Project business</b>	<b>Sales of equipment and materials</b>	<b>Lease income</b>	<b>Total net sales</b>
Environmental Services	113.2			25.7	1.8	140.7
Industrial Services	31.4	25.6	4.4	2.7		64.1
Facility Services Finland	93.9	33.0	2.9			129.8
Facility Services Sweden	29.0	37.7	1.7			68.3
<b>Total</b>	<b>267.5</b>	<b>96.3</b>	<b>8.9</b>	<b>28.4</b>	<b>1.8</b>	<b>402.9</b>
Interdivisional sales						-2.7
External net sales, total						400.2

<b>1-12/2023, MEUR</b>	<b>Long-term service agreements</b>	<b>Separately ordered services</b>	<b>Project business</b>	<b>Sales of equipment and materials</b>	<b>Lease income</b>	<b>Total net sales</b>
Environmental Services	229.6			50.5	3.5	283.7
Industrial Services	65.5	58.5	11.8	5.2		141.0
Facility Services Finland	181.5	64.2	4.3			250.0
Facility Services Sweden	56.1	74.0	3.1			133.2
<b>Total</b>	<b>532.6</b>	<b>196.8</b>	<b>19.2</b>	<b>55.7</b>	<b>3.5</b>	<b>807.9</b>
Interdivisional sales						-5.8
External net sales, total						802.1

## 5. Business acquisitions

### Business acquisitions 2024

On 1 February 2024, Lassila & Tikanoja's Industrial Services division acquired all of the shares of PF Industriservice AB, a company that provides process cleaning services in Sweden. Through the acquisition, L&T's Industrial Services division's process cleaning services business expands to the Gävleborg area in Sweden. In the fair value measurement, intangible assets based on customer relationships with a value of EUR 0.7 million, as well as goodwill with a value of EUR 0.8 million were identified. The goodwill is mainly based on the regional position of the acquired business and its future development prospects.

### Business acquisitions 2023

There were no business acquisitions in 2023.

Fair value total, MEUR	Business	Business
	acquisitions	acquisitions
	1-6/2024	1-6/2023
Intangible assets	0.7	-
Tangible assets	0.4	-
Right-of-use assets	0.1	-
Receivables	0.2	-
Cash and cash equivalents	0.5	-
Total assets	1.9	-
Other liabilities	0.4	-
Deferred tax liabilities	0.2	-
Total liabilities	0.6	-
Net assets acquired	1.2	-
Total consideration	2.1	-
Goodwill	0.8	-
Impact on cash flow		-
Total consideration	-2.1	-
Consideration paid in cash	-2.1	-
Cash and cash equivalents of the acquired company	0.5	-
Total impact on cash flow	-1.6	-

The acquisition price calculations prepared according to IFRSs are still preliminary. The figures for such acquired businesses, that are not material to the Group when considered separately, are stated in aggregate.

The acquisition price calculation for PF Industriservice AB was adjusted during the second quarter of 2024. The adjustment was due to the revised final consideration, that was paid at the end of June. The adjustment did not have significant impact on the calculation.

## 6. Intangible and tangible assets

### Changes in goodwill

MEUR	1-6/2024	1-6/2023	1-12/2023
Carrying amount at the beginning of the period	180.8	180.7	180.7
Business acquisitions	0.8	-	-
Exchange differences	-1.0	-2.4	0.1
Carrying amount at the end of the period	180.7	178.3	180.8

### Changes in other intangible assets

MEUR	1-6/2024	1-6/2023	1-12/2023
Carrying amount at the beginning of the period	38.2	36.5	36.5
Business acquisitions	0.7	-	-
Other capital expenditure	5.7	5.2	10.6
Disposals	-0.0	-	-0.0
Amortisation and impairment	-3.0	-3.7	-8.7
Transfers between items	-	-	-0.1
Exchange differences	-0.2	-0.6	-0.0
Carrying amount at the end of the period	41.4	37.4	38.2

### Changes in tangible assets

MEUR	1-6/2024	1-6/2023	1-12/2023
Carrying amount at the beginning of the period	166.0	155.3	155.3
Business acquisitions	0.4	-	-
Other capital expenditure	14.8	16.3	38.3
Disposals	-0.3	-0.1	-0.6
Depreciation and impairment	-14.0	-13.6	-27.1
Transfers between items	-	-	0.1
Exchange differences	-0.2	-0.3	-0.0
Carrying amount at the end of the period	166.7	157.6	166.0

### Changes in right-of-use assets

MEUR	1-6/2024	1-6/2023	1-12/2023
Carrying amount at the beginning of the period	76.0	71.2	71.2
Business acquisitions	0.1	-	-
Other capital expenditure	13.7	18.3	32.2
Disposals	-2.1	-4.2	-5.7
Depreciation and impairment	-10.9	-10.7	-21.6
Exchange differences	-0.2	-0.5	-0.1
Carrying amount at the end of the period	76.7	74.3	76.0

## 7. Capital commitments

MEUR	30 Jun 2024	30 Jun 2023	31 Dec 2023
Intangible assets	3.1	1.2	-
Tangible assets	12.4	20.7	14.0
Total	15.5	21.9	14.0

## 8. Provisions

The Group's provisions include environmental provisions and other provisions. The most significant provisions recognised in the statement of financial position are the site restoration provisions for landfills and contaminated soil processing sites. Other provisions consist mainly of provisions for restructuring and accident insurance contribution.

Environmental provisions are recognised when the Group has an existing obligation that is likely to result in a payment obligation, the amount of which can be reliably estimated. Environmental provisions related to the restoration of sites are made at the commencement of each project. The costs recognised as a provision, as well as the original acquisition cost of assets, are depreciated over the useful life of the asset, and provisions are discounted to present value.

### Obligations covered by the environmental provisions

The Group has leased site that it uses as landfill from the city of Kotka. In Varkaus the Group uses a site for intermediate storing, processing and final disposal of contaminated soil. At the expiry of the leases or at the discontinuation of operations, the Group is responsible for site restoration comprising landscaping and post-closure environmental monitoring called for in the terms and conditions of environmental permits.

The Munaistenmetsä landfill site in Uusikaupunki serves as a final disposal area for municipal waste, contaminated soil and industrial by-products. After the receipt of a new environmental permit, a construction of a processing site for hazardous waste has been started in the area. The utilisation of the new hazardous waste landfill and treatment area will be started in the autumn of 2024.

The material recycling centre in the landfill area in Oulu receives, processes and recovers various types of waste and side streams, such as industrial waste, contaminated soil, construction and demolition waste as well as municipal waste.

The landfill area in Pori receives and processes gypsum, construction and demolition waste as well as contaminated soil and other smaller items. The environmental impact assessment process for the area has been completed and a reasoned conclusion has been received from the contact authorities. The preparation of an application for a new environmental permit is currently ongoing. With the permit the area will be licenced for receipt and processing of both normal and hazardous waste.

## Provisions in the statement of financial position

<b>MEUR</b>	<b>30 Jun 2024</b>	<b>30 Jun 2023</b>	<b>30 Jun 2023</b>
Non-current provisions	6.7	7.2	7.2
Current provisions	1.3	0.8	0.9
<b>Total</b>	<b>8.0</b>	<b>8.0</b>	<b>8.1</b>

## Changes in provisions

<b>MEUR</b>	<b>Environmental provisions</b>	<b>Other provisions</b>	<b>Total</b>
Provisions 1 Jan 2024	7.2	0.9	8.1
Additions	-	0.7	0.7
Used	-0.1	-0.3	-0.4
Effect of discounting	-0.4	-	-0.4
<b>Provisions 30 Jun 2024</b>	<b>6.7</b>	<b>1.3</b>	<b>8.0</b>

<b>MEUR</b>	<b>Environmental provisions</b>	<b>Other provisions</b>	<b>Total</b>
Provisions at 1 Jan 2023	7.4	1.7	9.1
Additions	-	0.6	0.6
Used	-0.2	-1.5	-1.7
Effect of discounting	0.1	-	0.1
<b>Provisions 30 Jun 2023</b>	<b>7.2</b>	<b>0.8</b>	<b>8.0</b>

## 9. Financial assets and liabilities by category

30 June 2024, MEUR	Amortised costs	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>				
Other receivables	1.0		1.0	
<b>Current financial assets</b>				
Trade and other receivables	86.5		86.5	
Cash and cash equivalents	19.6		19.6	
<b>Total financial assets</b>	<b>107.0</b>	-	<b>107.0</b>	
<b>Non-current financial liabilities</b>				
Borrowings	115.2		115.2	2
Lease liabilities	57.9		57.9	
Deferred consideration		5.9	5.9	3
<b>Current financial liabilities</b>				
Borrowings	20.7		20.7	2
Lease liabilities	20.7		20.7	
Trade and other payables	57.2		57.2	
<b>Total financial liabilities</b>	<b>271.7</b>	<b>5.9</b>	<b>277.6</b>	

30 June 2023, MEUR	Amortised costs	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>				
Other receivables	1.3		1.3	
<b>Current financial assets</b>				
Trade and other receivables	80.6		80.6	
Cash and cash equivalents	29.9		29.9	
<b>Total financial assets</b>	<b>111.8</b>	-	<b>111.8</b>	
<b>Non-current financial liabilities</b>				
Borrowings	115.7		115.7	2
Lease liabilities	54.1		54.1	
Deferred consideration		5.4	5.4	3
<b>Current financial liabilities</b>				
Borrowings	18.3		18.3	2
Lease liabilities	21.5		21.5	
Trade and other payables	61.7		61.7	
<b>Total financial liabilities</b>	<b>271.2</b>	<b>5.4</b>	<b>276.6</b>	

The fair values of the balance sheet items measured at amortised cost do not significantly differ from the carrying amounts.

### Reconciliation of financial liabilities recognised at fair value according to the level 3

MEUR	1-6/2024	1-6/2023	1-12/2023
Carrying amount at the beginning of the period	5.9	5.7	5.7
Change in fair value	0.1	-	0.2
Exchange differences	-0.1	-0.3	0.0
Carrying amount at the end of the period	5.9	5.4	5.9

Deferred consideration is related to the acquisition of 70 per cent share of Sand & Vattenbläst i Tyringe AB ("SVB") that offers process cleaning services in Sweden. The acquisition took place on 1 February 2022. SVB is consolidated with 100 per cent share in the Group and, in connection with the arrangement, L&T has recognised in financial liabilities an estimate of the deferred consideration for the acquisition. The deferred consideration relates to the acquisition of non-controlling interest and is measured at fair value, which is reflected in the present value of the estimated liability. It will mature on 1 February 2026 at the earliest.

The valuation of the deferred consideration is based on the shareholder agreement and is affected by the acquired company's balance sheet structure and EBITDA forecast for 2025.

## 10. Related party transactions

The related parties of the Lassila & Tikanoja Group are the senior management (members of the Board of Directors, President and CEO of the Lassila & Tikanoja plc and the other members of the Group Executive Board) and the immediate family of the senior management and companies controlled by the aforementioned persons, the Group's subsidiaries, the associated company (Suomen Keräystuote Oy), the joint venture (Laania Oy) and the L&T sickness fund.

The contributions paid by the group companies to the L&T sickness fund during the reporting period amounted to EUR 0.5 million (0.5). The Group has transactions between the group companies in the ordinary course of business. The Group's transactions with Laania Oy are presented in the following table. In addition, the Group has provided guarantees for Laania's financing arrangements, which are specified in note 11. In the first quarter of 2024, Laania paid dividends totalling EUR 1.8 million to Lassila & Tikanoja. The Group has no significant transactions with other related parties.

### Business transactions with the joint venture

MEUR	1-6/2024	1-6/2023	1-12/2023
Net sales	2.3	1.3	2.2
Purchases of materials and services	-0.5	-0.7	-1.3
Trade- and other receivables	0.2	0.0	0.0



## 11. Commitments and contingent liabilities

MEUR	30 Jun 2024	30 Jun 2023	31 Dec 2023
<b>Securities for own commitments</b>			
Mortgages on rights of tenancy	0.1	0.1	0.1
Company mortgages	0.5	0.5	0.5
Other securities	0.0	0.0	0.0
Bank guarantees required for environmental permits	25.2	21.0	26.6
Other bank guarantees	7.4	5.8	6.5
<b>Mortgages under own control</b>			
Company mortgages	0.2	0.2	0.2
<b>Liabilities on behalf of the joint venture</b>			
Account limit	2.8	2.8	2.8
Bank guarantees	16.5	16.5	16.5
Term loan facility guarantee	11.0	11.0	11.0
Revolving credit facility	5.5	5.5	5.5

Other securities are security deposits.

The Group has a 55% holding in Laania Oy, a joint venture established on 1 July 2022 together with Neova. The amount of the liabilities on behalf of the joint venture is disclosed as the Group's share of the maximum amount of liability, in relation to the Group's holding.

The Group company Lassila & Tikanoja FM AB is a claimant and a defendant in legal proceedings in Sweden concerning unpaid receivables invoiced from a former customer of the Group. In June 2022, Lassila & Tikanoja FM AB took legal action in the District Court of Solna against the former customer company of L&T, demanding payment for unpaid receivables. At the balance sheet date, the carrying amount of the receivables in the Company's balance sheet was approximately EUR 1.5 million. The former L&T customer company in question has rejected Lassila & Tikanoja FM AB's claims and the payment obligation, and brought a counterclaim demanding compensation totalling approximately SEK 144 million from Lassila & Tikanoja FM AB. The dispute is still pending. L&T considers the counterclaim to be without merit and has not recognised any provisions relating to it.

### Liabilities associated with derivative agreements

#### Interest rate swap

The interest rate swap that was used for hedging cash flows related to floating rate loans was terminated in June 2023 in conjunction with the refinancing of the hedged loan. The fair value of the interest rate swap totalling EUR 1.3 million was recognised as finance income in the income statement. In the comparison period, the hedge was effective, and the changes in the fair value of interest rate swap were presented in other comprehensive income for the period. The fair value of the swap contract was based on the market data on the balance sheet date.

Helsinki, 6 August 2024

LASSILA & TIKANOJA PLC  
Board of Directors

Eero Hautaniemi  
President and CEO

For additional information, please contact:  
Eero Hautaniemi, President and CEO, tel. +358 10 636 2810  
Joni Sorsanen, CFO, tel. +358 50 443 3045

Lassila & Tikanoja is a service company that is putting the circular economy into practice. Together with our customers, we keep materials, manufacturing sites and properties in productive use for as long as possible and we enhance the use of raw materials and energy. This is to create more value with the circular economy for our customers, personnel and society in a broader sense. Achieving this also means growth in value for our shareholders. Our objective is to continuously grow our actions' carbon handprint, our positive effect on the climate. We assume our social responsibility by looking after the work ability of our personnel as well as offering jobs to those who are struggling to find employment, for example. With operations in Finland and Sweden, L&T employs approximately 8,160 people. Net sales in 2023 amounted to EUR 802.1 million. L&T is listed on Nasdaq Helsinki.

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