



Lassila & Tikanoja plc
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Lassila & Tikanoja plc: Interim Report 1 January–30 September 2024

SOLID PROFIT PERFORMANCE IN A CHALLENGING BUSINESS CYCLE

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

- Net sales for the third quarter were EUR 192.3 million (200.9). Net sales decreased by 4.3%.
- Adjusted operating profit for the third quarter was EUR 20.0 million (21.2) and operating profit was EUR 18.9 million (21.1). Earnings per share were EUR 0.35 (EUR 0.41).
- Net sales for January–September totalled EUR 576.5 million (601.2). Adjusted operating profit was EUR 32.7 million (31.8) and operating profit was EUR 28.2 million (31.7). Earnings per share were EUR 0.51 (EUR 0.65).
- Net cash flow from operating activities after investments for January–September was EUR 12.2 million (28.1) and net cash flow from operating activities after investments per share was EUR 0.32 (0.74). In the first quarter of the year, net cash flow from operating activities was lower compared to the comparison period. In the second and third quarter, net cash flow from operating activities after investments strengthened clearly compared to the comparison period.

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 for the third quarter amounted to EUR 192.3 million (200.9). Adjusted operating profit was EUR 20.0 million (21.2). The business operations in Finland achieved a solid result despite the challenging business environment.

In Environmental Services, the challenging business environment was reflected in the demand for recycling and waste management services throughout the review period. The division's market share remained strong in corporate and producer responsibility organisation customers. The efficiency improvement measures implemented in the first half of the year have successfully adapted the costs of service production to the current market situation.

In Industrial Services, the hazardous waste business line saw strong demand. In the process cleaning business line, the annual maintenance breaks were carried out as planned and resourcing was successful. In the environmental construction business line, two extensive soil remediation projects were successfully completed. The weak economic situation in the construction customer segment was reflected in a decrease in the volumes of material flows delivered to the material treatment centres.

In Facility Services Finland, all business lines achieved a better result than in the comparison period, and the division's operating profit improved. Measures to streamline the cost structure continued during the period under review. The number of employees in the division has decreased by more than 600 people compared to the comparison period. 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 the cost level. The number of employees in the division has decreased by approximately 120 compared to the comparison period.

L&T's key sustainability indicators, carbon footprint and total recordable incident frequency, developed favourably.

We launched work to renew our operating model in accordance with the strategy updated in autumn 2023, and the new Group Executive Board started its work at the beginning of the third quarter. The aim of the measures is to support the growth of circular economy business operations by intensifying cooperation between Environmental Services and Industrial Services and improving the efficiency of business operations.

In autumn 2023, the Board of Directors of Lassila & Tikanoja decided, in connection with their strategy review, to evaluate the strategic alternatives for the Facility Services Finland and Facility Services Sweden divisions as part of the development of the business portfolio. The strategic review continued during the review period.”

GROUP NET SALES AND FINANCIAL PERFORMANCE

July–September

Net sales for the third quarter amounted to EUR 192.3 million (200.9), representing a year-on-year decrease of 4.3%. The organic decrease in net sales was 4.7%. Adjusted operating profit was EUR 20.0 million (21.2), representing 10.4% (10.6%) of net sales. Operating profit was EUR 18.9 million (21.1), representing 9.8% (10.5%) of net sales. Operating profit included items affecting comparability totalling EUR 1.0 million, consisting mainly of expenses arising from the restructuring of business operations. Earnings per share were EUR 0.35 (EUR 0.41).

Net sales were on a par with the comparison period in Industrial Services and decreased in the other divisions. Operating profit improved in 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 (-1.8). The share of the profit of the joint venture Laania Oy amounted to EUR 0.2 million (0.3) in the third quarter.

January–September

Net sales for January–September amounted to EUR 576.5 million (601.2), a decrease of 4.1% year-on-year. The organic decrease in net sales was 4.4%. Adjusted operating profit was EUR 32.7 million (31.8), representing 5.7% (5.3%) of net sales. Operating profit was EUR 28.2 million (31.7), representing 4.9% (5.3%) of net sales. Operating profit included items affecting comparability totalling EUR 4.5 million, consisting mainly of expenses arising from the restructuring of business operations. Earnings per share were EUR 0.51 (EUR 0.65).

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 Environmental Services and Facility Services Sweden.

The result for the review period was negatively affected by net financial expenses rising to EUR -6.2 million (-4.2). 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 2.3 million (2.5) share of the profit of the joint venture Laania Oy.

Financial summary

	7-9/2024	7-9/2023	Change %	1-9/2024	1-9/2023	Change %	1-12/2023
Net sales, EUR million	192.3	200.9	-4.3	576.5	601.2	-4.1	802.1
Adjusted operating profit, EUR million	20.0	21.2	-5.8	32.7	31.8	2.7	39.0
Adjusted operating margin, %	10.4	10.6		5.7	5.3		4.9
Operating profit, EUR million	18.9	21.1	-10.3	28.2	31.7	-11.0	38.4
Operating margin, %	9.8	10.5		4.9	5.3		4.8
EBITDA, EUR million	32.7	36.7	-10.8	69.9	75.3	-7.2	95.8
EBITDA, %	17.0	18.3		12.1	12.5		11.9
Earnings per share, EUR	0.35	0.41	-14.9	0.51	0.65	-21.5	0.79
Net cash flow from operating activities after investments per share, EUR	0.42	0.23		0.32	0.74		1.33
Return on equity (ROE), %				11.3	14.9		13.3
Capital employed, EUR million				441.2	425.1	3.8	425.9
Return on capital employed (ROCE), %				9.0	11.7		10.3
Equity ratio, %				36.8	35.8		36.8
Gearing, %				77.0	77.9		69.3

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

July–September

The division's net sales for the third quarter amounted to EUR 72.3 million (74.1). Adjusted operating profit was EUR 10.5 million (11.7). Operating profit was EUR 10.5 million (11.7).

January–September

The Environmental Services division's net sales for January–September amounted to EUR 211.6 million (214.8). Adjusted operating profit was EUR 21.2 million (23.5). Operating profit was EUR 21.0 million (23.5).

In the Environmental Services division, the challenging business environment was reflected in the demand for recycling and waste management services, especially in the construction industry customer segment. The division's market share has remained strong in corporate and producer responsibility organisation customers. The efficiency improvement measures implemented in the first half of the year continued and the costs of service production have been successfully adapted to the current market situation.

Industrial Services

July–September

The division's net sales for the third quarter totalled EUR 38.8 million (39.0). Adjusted operating profit was EUR 5.9 million (6.1). Operating profit was EUR 5.7 million (6.1).

January–September

The Industrial Services division's net sales for January–September increased to EUR 108.9 million (103.1). Adjusted operating profit was EUR 11.7 million (10.2). Operating profit was EUR 11.3 million (10.2).

In Industrial Services, the hazardous waste business line saw strong demand. In the process cleaning business, the annual maintenance breaks were carried out as planned and resourcing was successful. In the environmental construction business, two extensive soil remediation projects were completed. The weak economic situation in the construction industry customer

segment was reflected in a decrease in the volumes of material flows delivered to material treatment centres.

Facility Services Finland

July–September

The division's net sales for the third quarter totalled EUR 57.4 million (58.8). Operating profit was EUR 4.9 million (3.2).

January–September

The net sales of Facility Services Finland were EUR 179.2 million (188.6) in January–September. Operating profit was EUR 6.8 million (3.4).

In Facility Services Finland, all business lines achieved a better result than in the comparison period. There was strong demand for data-driven cleaning services and AI-assisted energy efficiency services in the division. Measures to streamline the cost structure continued and the division's operating profit improved clearly. The number of employees in the division has decreased by more than 600 compared to the comparison period.

Facility Services Sweden

July–September

The division's net sales for the third quarter decreased to EUR 25.2 million (30.3). Operating profit was EUR -1.5 million (0.2). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR -1.1 million (0.5).

January–September

The net sales of the Facility Services Sweden division decreased to EUR 80.9 million (98.7) in January–September. Adjusted operating profit was EUR -6.0 million (-2.8). Operating profit was EUR -6.1 million (-2.8). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR -5.1 million (-1.9).

Customer agreements in the public sector 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 the cost level. The results of the programme to adapt the division's operations are expected to become visible during the first half of 2025. The number of employees in the division decreased by approximately 120 from the comparison period.

FINANCING

Net cash flow from operating activities in January–September amounted to EUR 44.1 million (58.5). Net cash flow after investments totalled EUR 12.2 million (28.1). Net cash flow after investments for the review period was reduced by acquisitions, which had a total impact of approximately EUR 1.5 million. Net cash from operating activities for the review period was reduced by working capital tied up in the first quarter of the year. A total of EUR 12.7 million in working capital was tied up during January–September (EUR 12.3 million tied up). 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 209.1 million (200.6). Net interest-bearing liabilities totalled EUR 178.8 million (174.9). The average interest rate on long-term loans, excluding lease liabilities, with interest rate hedging, was 3.8% (4.0%). 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 (10.0). 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 -6.2 million (-4.2). The effect of the discounting of environmental provisions decreased net financial expenses by EUR 0.3 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 1.1% (0.7%) of net sales.

The equity ratio was 36.8% (35.8%) and the gearing ratio was 77.0% (77.9%). The Group's total equity was EUR 232.0 million (224.5). 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 -1.2 million. Cash and cash equivalents at the end of the period amounted to EUR 30.4 million (25.6).

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 29.7 million (46.0). 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

L&T's key sustainability indicators, carbon footprint and Total Recordable Incident Frequency developed favourably. The reduction in carbon footprint can be attributed to efforts in driver training and the increased use of renewable fuels. In terms of occupational safety, the company has extensively trained personnel on proactive safety measures and everyday safety thinking.

Progress towards sustainability targets

Indicator	1-9/2024	1-9/2023	2023	Target	Target to be achieved by
ENVIRONMENTAL RESPONSIBILITY					
Carbon handprint (tCO ₂ e) i.e. emissions prevented	-322,000	-339,000	-453,000	growth faster than net sales	
Carbon footprint (tCO ₂ e) Scope 1&2	20,900	23,400	31,200	24,400	2030
SOCIAL RESPONSIBILITY					
Total recordable incident frequency	19	23	23	15	2030
Sickness-related absences (%)	4.7	4.9	5.1	4	2030

PERSONNEL

In January–September, the average number of employees converted into full-time equivalents was 6,180 (6,707). At the end of the review period, L&T had 7,726 (8,540) full-time and part-time employees.

Number of employees at the end of the review period	1-9/2024	1-9/2023	2023
Group	7,726	8,540	8,159
Finland	6,475	7,197	6,891
Sweden	1,251	1,343	1,268
Environmental Services	1,544	1,624	1,576
Industrial Services	732	713	679
Facility Services Finland	4,196	4,816	4,603
Facility Services Sweden	1,149	1,267	1,187
Group administration and other	105	120	114

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading in L&T's shares in January–September was 6.3 million shares, which is 16.5% (10.1%) of the average number of outstanding shares. The value of trading was EUR 56.8 million (40.0). The highest share price was EUR 10.36 and the lowest EUR 8.44. The closing price was EUR 8.89. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 339.5 million (371.6).

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 38,161,282.

Shareholders

At the end of the review period, the company had 24,932 (25,218) shareholders. Nominee-registered holdings accounted for 14.0% (9.5%) of the total number of shares.

Flagging notifications

On 26 August 2024, Lassila & Tikanoja plc received a notification pursuant to chapter 9, section 5 of the Securities Markets Act, according to which Protector Forsikring ASA's shareholding in Lassila & Tikanoja increased above the 5% limit on 23 August 2024.

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 Majjala 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 Maijala 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.

The company announced the composition of Lassila & Tikanoja plc's Nomination Board on 27 September 2024. Lassila & Tikanoja plc's three largest shareholders, who are entitled to appoint a representative to Lassila & Tikanoja plc's Shareholders' Nomination Board are the Evald and Hilda Nissin Säätiö foundation, a group of shareholders (Chemec Oy, CH-Polymers Oy, Maijala Eeva, Maijala Eeva, Maijala Investment Oy, Maijala Juhani, Maijala Juuso, Maijala Miikka, Maijala Mikko, Maijala Roope and Maijala Tuula), and Nordea Nordic Small cap Fund. These shareholders have appointed Juhani Lassila, Miikka Maijala and Tanja Eronen as their representatives in Lassila & Tikanoja's Nomination Board. The Chairman of Lassila & Tikanoja plc's Board of Directors, Jukka Leinonen, acts as the fourth member of the Nomination Board. The Chairman of the Nomination Board is Juhani Lassila.

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 joined L&T from Kamux plc, where he 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. He took up his post on 10 July 2024. Sorsanen joined L&T from Consti plc, where he served as CFO.

On 16 May 2024, the company announced that Petri Salerno, Senior Vice President, Environmental Services, and Sirpa Huopainen, 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, has also been responsible for the Environmental Services division, and Antti Niitynpää, Senior Vice President, Facility Services Finland, has also been responsible for Facility Services Sweden. Hilppa Rautpalo, Senior Vice President, Human Resources, has also been responsible for legal affairs from 16 May 2024 onwards.

EVENTS AFTER THE REVIEW PERIOD

On 16 October 2024, the company announced that it had signed an agreement to acquire Stena Recycling Oy's pallet business. The net sales of Stena Recycling Oy's pallet business amounted to approximately EUR 10.5 million in 2023. The business includes the plant areas in Klaukkala and Lieto, and it employs approximately 13 people. The transaction is subject to the approval of the competition and consumer authority.

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.

Changes in costs, such as the price of fuel and energy and 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 regional 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 L&T. 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, 24 October 2024

LASSILA & TIKANOJA PLC

Board of Directors
Eero Hautaniemi
President and CEO

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Key figures of the Group

Key figures

	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Earnings per share, EUR	0.35	0.41	0.51	0.65	0.79
Diluted earnings per share, EUR	0.35	0.41	0.51	0.65	0.79
Net cash flow from operating activities after investments per share, EUR	0.42	0.23	0.32	0.74	1.33
Adjusted operating profit, MEUR	20.0	21.2	32.7	31.8	39.0
Operating profit, MEUR	18.9	21.1	28.2	31.7	38.4
Gross capital expenditure, MEUR ¹	8.0	14.2	29.7	46.0	60.3
Equity per share, EUR			6.08	5.88	6.09
Return on equity (ROE), %			11.3	14.9	13.3
Capital employed, MEUR			441.2	425.1	425.9
Return on capital employed (ROCE), %			9.0	11.7	10.3
Equity ratio, %			36.8	35.8	36.8
Gearing, %			77.0	77.9	69.3
Net interest-bearing liabilities, MEUR			178.8	174.9	160.9
Average number of employees in full-time equivalents			6,180	6,707	6,743
Total number of full-time and part-time employees at end of the period			7,726	8,540	8,159
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,161	38,126	38,127
at the end of the period			38,189	38,154	38,154
average during the period, diluted			38,256	38,270	38,232

¹ 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	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Operating profit	18.9	21.1	28.2	31.7	38.4
Items affecting comparability:					
- costs arising from business restructurings	0.8	0.1	3.9	0.1	0.3
- costs arising from acquisitions	0.3	-	0.6	-	0.3
Adjusted operating profit	20.0	21.2	32.7	31.8	39.0

RECONCILIATION OF GROSS CAPITAL EXPENDITURE

MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	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	10.9	16.6	45.1	56.5	81.1
- increases of right-of-use assets excl. heavy vehicles	-1.4	-2.1	-14.6	-9.3	-18.1
- other adjustments	-1.5	-0.3	-2.7	-1.2	-2.7
Gross capital expenditure	8.0	14.2	29.7	46.0	60.3

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

	30 Sep 2024	30 Sep 2023	31 Dec 2023
Environmental Services			
Capital employed (MEUR)	206.5	197.3	203.1
Operating profit (rolling 12 months)	24.6	29.7	27.1
+ financial income (rolling 12 months)	0.1	0.4	0.3
Return on capital employed, MEUR	24.6	30.1	27.4
Return on capital employed (ROCE), %	11.9	15.2	13.5
Industrial Services			
Capital employed (MEUR)	97.5	96.9	93.7
Operating profit (rolling 12 months)	14.9	12.4	13.8
+ financial income (rolling 12 months)	0.1	0.0	0.0
Return on capital employed, MEUR	15.0	12.5	13.8
Return on capital employed (ROCE), %	15.4	12.9	14.7
Facility Services Finland			
Capital employed (MEUR)	24.9	30.5	25.0
Operating profit (rolling 12 months)	7.9	4.2	4.4
+ financial income (rolling 12 months)	0.6	0.5	0.4
Return on capital employed, MEUR	8.4	4.7	4.8
Return on capital employed (ROCE), %	33.8	15.3	19.4
Facility Services Sweden			
Capital employed (MEUR)	59.0	62.7	61.0
Operating profit (rolling 12 months)	-7.0	-2.3	-3.7
+ financial income (rolling 12 months)	0.1	0.2	0.1
Return on capital employed, MEUR	-6.9	-2.1	-3.6
Return on capital employed (ROCE), %	-11.7	-3.3	-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	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales	192.3	200.9	576.5	601.2	802.1
Other operating income	0.5	2.6	2.9	4.3	6.2
Materials and services	-54.6	-57.7	-168.6	-182.8	-246.5
Employee benefit expenses	-80.2	-84.4	-257.2	-264.0	-352.8
Other operating expenses	-25.3	-24.8	-83.8	-83.5	-113.1
Depreciation, amortisation and impairment	-13.8	-15.6	-41.6	-43.6	-57.4
Operating profit	18.9	21.1	28.2	31.7	38.4
Financial income	0.2	0.4	0.5	2.3	2.5
Financial expenses	-2.4	-2.2	-6.8	-6.4	-8.7
Exchange rate differences (net)	0.0	0.0	-0.0	-0.1	-0.0
Financial income and expenses	-2.2	-1.8	-6.2	-4.2	-6.3
Share of the result of associated companies and joint ventures	0.2	0.3	2.3	2.5	3.6
Result before taxes	16.9	19.6	24.3	30.0	35.7
Income taxes	-3.6	-3.9	-4.7	-5.1	-5.7
Result for the period	13.3	15.6	19.6	24.9	30.1
Attributable to:					
Equity holders of the company	13.3	15.6	19.6	24.9	30.1
Earnings per share attributable to the equity holders of the parent company:					
Earnings per share, EUR	0.35	0.41	0.51	0.65	0.79
Diluted earnings per share, EUR	0.35	0.41	0.51	0.65	0.79

Consolidated statement of comprehensive income

MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Result for the period	13.3	15.6	19.6	24.9	30.1
Other comprehensive income, net of tax					
Items not to be recognised through profit or loss					
Items arising from re-measurement of defined benefit plans	-	-	-	-	-0.0
Items not to be recognised through profit or loss, total	-	-	-	-	-0.0
Items potentially to be recognised through profit					
Hedging reserve, change in fair value	-	-	-	0.1	0.1
Change in fair value of interest rate swap, reclassified to profit and loss	-	-	-	-1.0	-1.0
Currency translation differences	0.3	1.5	-1.2	-2.4	0.1
Items potentially to be recognised through profit or loss, total	0.3	1.5	-1.2	-3.4	-0.9
Other comprehensive income, total	0.3	1.5	-1.2	-3.4	-0.9
Total comprehensive income, after tax	13.6	17.1	18.4	21.5	29.2
Attributable to:					
Equity holders of the company	13.6	17.1	18.4	21.5	29.2

Consolidated statement of financial position

MEUR	30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	180.9	179.2	180.8
Other intangible assets	41.7	36.1	38.2
	222.5	215.3	219.0
Tangible assets	167.2	161.5	166.0
Right-of-use assets	71.3	72.9	76.0
	238.5	234.3	242.0
Other non-current assets			
Shares in associated companies and joint ventures	18.1	16.5	17.6
Other shares and holdings	0.2	0.2	0.2
Deferred tax assets	4.9	4.1	3.1
Other receivables	1.0	1.6	1.5
	24.2	22.4	22.5
Total non-current assets	485.2	472.0	483.5
Current assets			
Inventories	9.1	8.2	7.8
Trade receivables	78.2	83.8	85.9
Contract assets	35.5	41.4	30.8
Income tax receivables	1.3	3.5	1.2
Other receivables	7.0	9.4	7.9
Cash and cash equivalents	30.4	25.6	32.9
	161.5	172.0	166.5
Total current assets	161.5	172.0	166.5
Total assets	646.7	644.0	649.9

Consolidated statement of financial position

MEUR	30 Sep 2024	30 Sep 2023	31 Dec 2023
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-12.7	-14.0	-11.5
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	224.7	218.4	223.6
Total equity	232.0	224.5	232.2
Liabilities			
Non-current liabilities			
Deferred tax liabilities	27.9	28.0	28.5
Retirement benefit obligations	1.1	1.2	1.2
Provisions	6.7	7.2	7.2
Financial liabilities	169.8	167.9	171.7
Other liabilities	12.7	12.6	13.2
	218.2	216.9	221.7
Current liabilities			
Financial liabilities	39.3	32.6	22.1
Trade and other payables	153.0	164.3	172.8
Income tax liabilities	2.9	5.1	0.3
Provisions	1.3	0.6	0.9
	196.5	202.6	196.1
Total liabilities	414.6	419.5	417.7
Total equity and liabilities	646.7	644.0	649.9

Consolidated statement of cash flows

MEUR	1-9/2024	1-9/2023	1-12/2023
Cash flow from operating activities			
Result for the period	19.6	24.9	30.1
Adjustments			
Income taxes	4.7	5.1	5.7
Depreciation, amortisation and impairment	41.6	43.6	57.4
Financial income and expenses	6.2	4.2	6.3
Gains and losses on sale of tangible and intangible assets	-1.0	-0.9	-1.6
Share of result of associated companies and joint ventures	-2.3	-2.5	-3.6
Other adjustments	0.6	-0.9	-0.5
Net cash generated from operating activities before change in working capital	69.4	73.5	93.6
Change in working capital			
Change in trade and other receivables	4.0	-4.1	7.2
Change in inventories	-1.3	-0.4	0.0
Change in trade and other payables	-15.4	-7.9	-2.1
Change in working capital	-12.7	-12.3	5.1
Interest and other financial expenses paid	-8.3	-7.0	-8.2
Interest and other financial income received	0.5	2.3	2.5
Income taxes paid	-4.8	2.1	0.5
Net cash from operating activities	44.1	58.5	93.6
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-1.5	-	-
Purchases of tangible and intangible assets	-33.5	-31.5	-44.9
Proceeds from the sale of tangible and intangible assets	1.3	1.1	2.2
Dividends received from joint venture	1.8	-	-
Dividends received from other non-current investments	0.0	-	-
Net cash from investing activities	-31.9	-30.4	-42.7
Net cash flow from operating and investing activities	12.2	28.1	50.9
Cash flow from financing activities			
Proceeds from short-term borrowings	60.0	10.0	10.0
Repayments of short-term borrowings	-40.0	-	-10.0
Proceeds from long-term borrowings	-	40.0	40.0
Repayments of long-term borrowings	-0.5	-68.2	-68.4
Repayments of lease liabilities	-15.5	-15.8	-21.2
Dividends paid	-18.7	-17.9	-17.9
Net cash from financing activities	-14.6	-51.8	-67.5
Net change in cash and cash equivalents	-2.4	-23.8	-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
Cash and cash equivalents at the end of the period	30.4	25.6	32.9

Consolidated statement of changes in equity

MEUR	Share capital	Currency translation differences	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity 1 January 2024	19.4	-11.5	-	0.6	223.6	232.2
Total comprehensive income						
Result for the period					19.6	19.6
Other comprehensive income		-1.2			-	-1.2
Total comprehensive income	-	-1.2	-	-	19.6	18.4
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	-	-	-	-	-18.5	-18.5
Equity 30 September 2024	19.4	-12.7	-	0.6	224.7	232.0
Equity 1 January 2023	19.4	-11.5	0.9	0.6	211.0	220.4
Total comprehensive income						
Result for the period					24.9	24.9
Other comprehensive income		-2.4	-0.9		-	-3.4
Total comprehensive income	-	-2.4	-0.9	-	24.9	21.5
Transactions with shareholders						
Share-based benefits					0.4	0.4
Dividends paid					-17.9	-17.9
Returned dividends					0.0	0.0
Transactions with shareholders, total	-	-	-	-	-17.5	-17.5
Equity 30 September 2023	19.4	-14.0	-	0.6	218.4	224.5

Notes

1. Accounting policies

This Interim Report is in compliance with the IAS 34 Interim Financial Reporting standard. The Interim 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 Interim 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	7-9/2024	7-9/2023	Change %	1-9/2024	1-9/2023	Change %	1-12/2023
Net sales							
Environmental Services	72.3	74.1	-2.4	211.6	214.8	-1.5	283.7
Industrial Services	38.8	39.0	-0.7	108.9	103.1	5.6	141.0
Facility Services Finland	57.4	58.8	-2.3	179.2	188.6	-5.0	250.0
Facility Services Sweden	25.2	30.3	-17.1	80.9	98.7	-18.1	133.2
Interdivisional net sales	-1.3	-1.3		-4.0	-4.0		-5.8
The Group total	192.3	200.9	-4.3	576.5	601.2	-4.1	802.1
Operating profit							
Environmental Services	10.5	11.7	-10.5	21.0	23.5	-10.5	27.1
Industrial Services	5.7	6.1	-7.5	11.3	10.2	11.5	13.8
Facility Services Finland	4.9	3.2	55.1	6.8	3.4	101.8	4.4
Facility Services Sweden	-1.5	0.2		-6.1	-2.8	-118.4	-3.7
Group administration and other	-0.7	-0.1		-4.8	-2.5		-3.2
The Group total	18.9	21.1	-10.3	28.2	31.7	-11.0	38.4
Adjusted operating profit							
Environmental Services	10.5	11.7	-10.5	21.2	23.5	-9.6	27.1
Industrial Services	5.9	6.1	-4.0	11.7	10.2	15.4	14.0
Facility Services Finland	4.9	3.2	55.1	6.8	3.4	101.8	4.4
Facility Services Sweden	-1.5	0.2		-6.0	-2.8	-117.9	-3.7
Group administration and other	0.1	-0.0		-1.0	-2.4		-2.8
The Group total	20.0	21.2	-5.8	32.7	31.8	2.7	39.0
EBITDA							
Environmental Services	17.9	20.7	-13.4	43.4	46.7	-7.0	57.5
Industrial Services	9.0	9.3	-3.0	21.3	19.7	8.1	26.6
Facility Services Finland	6.6	5.1	28.7	11.8	9.7	21.8	12.5
Facility Services Sweden	-0.4	1.4		-2.5	0.9		1.3
Group administration and other	-0.5	0.1		-4.2	-1.7		-2.2
The Group total	32.7	36.7	-10.8	69.9	75.3	-7.2	95.8

%	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Operating margin					
Environmental Services	14.5	15.8	9.9	10.9	9.5
Industrial Services	14.6	15.7	10.4	9.9	9.8
Facility Services Finland	8.6	5.4	3.8	1.8	1.8
Facility Services Sweden	-5.8	0.7	-7.5	-2.8	-2.8
The Group total	9.8	10.5	4.9	5.3	4.8
Adjusted operating margin					
Environmental Services	14.5	15.8	10.0	10.9	9.5
Industrial Services	15.2	15.7	10.8	9.9	9.9
Facility Services Finland	8.6	5.4	3.8	1.8	1.8
Facility Services Sweden	-5.8	0.7	-7.5	-2.8	-2.8
The Group total	10.4	10.6	5.7	5.3	4.9
EBITDA margin					
Environmental Services	24.8	28.0	20.5	21.7	20.3
Industrial Services	23.2	23.8	19.6	19.1	18.9
Facility Services Finland	11.5	8.7	6.6	5.2	5.0
Facility Services Sweden	-1.4	4.7	-3.1	0.9	1.0
The Group total	17.0	18.3	12.1	12.5	11.9

Other segment information

MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Gross capital expenditure					
Environmental Services	2.5	8.5	14.1	31.6	40.2
Industrial Services	4.9	5.1	14.1	12.7	17.5
Facility Services Finland	0.6	0.2	1.1	0.5	1.0
Facility Services Sweden	0.0	0.1	0.1	0.3	0.5
Group administration and other	0.0	0.3	0.3	0.8	1.2
The Group total	8.0	14.2	29.7	46.0	60.3
Depreciation, amortisation and impairment					
Environmental Services	7.4	9.0	22.4	23.2	30.4
Industrial Services	3.3	3.2	10.0	9.5	12.8
Facility Services Finland	1.7	2.0	5.1	6.4	8.1
Facility Services Sweden	1.1	1.2	3.6	3.7	5.0
Group administration and other	0.2	0.3	0.6	0.8	1.0
The Group total	13.8	15.6	41.6	43.6	57.4

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

Environmental Services	295.0	287.9	291.6
Industrial Services	156.5	154.6	151.0
Facility Services Finland	72.9	78.0	78.7
Facility Services Sweden	74.5	83.8	83.5
Group administration and other	47.7	39.8	45.1
The Group total	646.7	644.0	649.9

Liabilities

Environmental Services	83.9	85.9	82.7
Industrial Services	58.4	60.3	60.2
Facility Services Finland	50.7	50.3	56.9
Facility Services Sweden	15.8	24.5	23.6
Group administration and other	205.8	198.5	194.3
The Group total	414.6	419.5	417.7

Capital employed

Environmental Services	211.1	202.0	208.9
Industrial Services	99.1	95.9	92.2
Facility Services Finland	22.2	27.7	21.7
Facility Services Sweden	58.7	59.2	59.9
Group administration and other	50.1	40.3	43.2
The Group total	441.2	425.1	425.9

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

Environmental Services	11.9	15.2	13.5
Industrial Services	15.4	12.9	14.7
Facility Services Finland	33.8	15.3	19.4
Facility Services Sweden	-11.7	-3.3	-5.9
The Group total	9.0	11.7	10.3

3. Segment information by quarter

MEUR	7-9/2024	4-6/2024	1-3/2024	10-12/2023	7-9/2023
Net sales					
Environmental Services	72.3	73.9	65.4	68.9	74.1
Industrial Services	38.8	42.0	28.1	37.9	39.0
Facility Services Finland	57.4	58.5	63.3	61.4	58.8
Facility Services Sweden	25.2	26.2	29.5	34.5	30.3
Interdivisional net sales	-1.3	-1.4	-1.2	-1.8	-1.3
The Group total	192.3	199.2	185.0	200.9	200.9
Operating profit					
Environmental Services	10.5	7.8	2.7	3.6	11.7
Industrial Services	5.7	6.1	-0.4	3.6	6.1
Facility Services Finland	4.9	2.0	-0.1	1.1	3.2
Facility Services Sweden	-1.5	-2.5	-2.1	-0.9	0.2
Group administration and other	-0.7	-2.4	-1.8	-0.7	-0.1
The Group total	18.9	11.0	-1.7	6.7	21.1
Adjusted operating profit					
Environmental Services	10.5	8.0	2.7	3.6	11.7
Industrial Services	5.9	5.9	-0.1	3.8	6.1
Facility Services Finland	4.9	2.0	-0.1	1.1	3.2
Facility Services Sweden	-1.5	-2.5	-2.1	-0.9	0.2
Group administration and other	0.1	-0.8	-0.4	-0.4	-0.0
The Group total	20.0	12.7	0.0	7.2	21.2
EBITDA					
Environmental Services	17.9	15.4	10.1	10.8	20.7
Industrial Services	9.0	9.5	2.8	6.9	9.3
Facility Services Finland	6.6	3.7	1.6	2.8	5.1
Facility Services Sweden	-0.4	-1.3	-0.9	0.5	1.4
Group administration and other	-0.5	-2.2	-1.6	-0.5	0.1
The Group total	32.7	25.1	12.1	20.5	36.7
Operating margin, %					
Environmental Services	14.5	10.6	4.1	5.2	15.8
Industrial Services	14.6	14.4	-1.4	9.5	15.7
Facility Services Finland	8.6	3.4	-0.2	1.8	5.4
Facility Services Sweden	-5.8	-9.6	-7.1	-2.7	0.7
The Group total	9.8	5.5	-0.9	3.3	10.5
Adjusted operating margin, %					
Environmental Services	14.5	10.9	4.1	5.2	15.8
Industrial Services	15.2	14.2	-0.4	10.1	15.7
Facility Services Finland	8.6	3.4	-0.2	1.8	5.4
Facility Services Sweden	-5.8	-9.6	-7.1	-2.7	0.7
The Group total	10.4	6.4	0.0	3.6	10.6
EBITDA margin, %					
Environmental Services	24.8	20.8	15.5	15.7	28.0
Industrial Services	23.2	22.5	10.1	18.2	23.8
Facility Services Finland	11.5	6.3	2.5	4.6	8.7
Facility Services Sweden	-1.4	-4.8	-3.0	1.3	4.7
The Group total	17.0	12.6	6.5	10.2	18.3

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.

1-9/2024, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	172.0			37.0	2.7	211.6
Industrial Services	48.0	48.8	7.9	4.2		108.9
Facility Services Finland	127.0	46.9	5.2			179.2
Facility Services Sweden	35.0	44.1	1.8			80.9
Total	381.9	139.8	15.0	41.2	2.7	580.5
Interdivisional sales						-4.0
External net sales, total						576.5

1-9/2023, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	173.5			38.6	2.7	214.8
Industrial Services	48.7	42.4	8.1	3.9		103.1
Facility Services Finland	137.4	47.3	3.8			188.6
Facility Services Sweden	42.6	53.9	2.2			98.7
Total	402.3	143.6	14.1	42.5	2.7	605.2
Interdivisional sales						-4.0
External net sales, total						601.2

1-12/2023, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
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
Total	532.6	196.8	19.2	55.7	3.5	807.9
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.

1.7.2024 Lassila & Tikanoja's Environmental Services division acquired the rest 60 per cent of the shares of Suomen Keräystuote Oy. Previously Suomen Keräystuote Oy was L&T's associated company, of which L&T's ownership was 40 per cent. The transaction does not have a significant impact on the Group's figures.

Business acquisitions 2023

There were no business acquisitions in 2023.

Fair value total, MEUR	Business acquisitions ¹	Business acquisitions
	1-9/2024	1-9/2023
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	-

¹ Includes the acquisition price calculation for PF Industriservice AB.

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	1-9/2024	1-9/2023	1-12/2023
Carrying amount at the beginning of the period	180.8	180.7	180.7
Business acquisitions	0.8	-	-
Exchange differences	-0.8	-1.5	0.1
Carrying amount at the end of the period	180.9	179.2	180.8

Changes in other intangible assets

MEUR	1-9/2024	1-9/2023	1-12/2023
Carrying amount at the beginning of the period	38.2	36.5	36.5
Business acquisitions	0.7	-	-
Other capital expenditure	7.5	7.3	10.6
Disposals	-0.0	-0.0	-0.0
Amortisation and impairment	-4.5	-7.3	-8.7
Transfers between items	-	-0.1	-0.1
Exchange differences	-0.2	-0.4	-0.0
Carrying amount at the end of the period	41.7	36.1	38.2

Changes in tangible assets

MEUR	1-9/2024	1-9/2023	1-12/2023
Carrying amount at the beginning of the period	166.0	155.3	155.3
Business acquisitions	0.4	-	-
Other capital expenditure	22.5	26.7	38.3
Disposals	-0.4	-0.2	-0.6
Depreciation and impairment	-21.1	-20.3	-27.1
Transfers between items	-	0.1	0.1
Exchange differences	-0.1	-0.2	-0.0
Carrying amount at the end of the period	167.2	161.5	166.0

Changes in right-of-use assets

MEUR	1-9/2024	1-9/2023	1-12/2023
Carrying amount at the beginning of the period	76.0	71.2	71.2
Business acquisitions	0.1	-	-
Other capital expenditure	15.1	22.4	32.2
Disposals	-3.8	-4.5	-5.7
Depreciation and impairment	-16.0	-16.0	-21.6
Exchange differences	-0.2	-0.3	-0.1
Carrying amount at the end of the period	71.3	72.9	76.0

7. Capital commitments

MEUR	30 Sep 2024	30 Sep 2023	31 Dec 2023
Intangible assets	1.3	0.0	-
Tangible assets	8.7	11.6	14.0
Total	10.0	11.7	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 licensed for receipt and processing of both normal and hazardous waste.

Provisions in the statement of financial position

MEUR	30 Sep 2024	30 Sep 2023	31 Dec 2023
Non-current provisions	6.7	7.2	7.2
Current provisions	1.3	0.6	0.9
Total	8.0	7.8	8.1

Changes in provisions

MEUR	Environmental provisions	Other provisions	Total
Provisions 1 Jan 2024	7.2	0.9	8.1
Additions	-	0.7	0.7
Used	-0.2	-0.3	-0.5
Effect of discounting	-0.3	-	-0.3
Provisions 30 Sep 2024	6.7	1.3	8.0

MEUR	Environmental provisions	Other provisions	Total
Provisions at 1 Jan 2023	7.4	1.7	9.1
Additions	-	0.4	0.4
Used	-0.2	-1.5	-1.8
Effect of discounting	0.1	-	0.1
Provisions 30 Sep 2023	7.2	0.6	7.8

9. Financial assets and liabilities by category

30 September 2024, MEUR	Amortised costs	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets				
Other receivables	0.9		0.9	
Current financial assets				
Trade and other receivables	78.2		78.2	
Cash and cash equivalents	30.4		30.4	
Total financial assets	109.5	-	109.5	
Non-current financial liabilities				
Borrowings	115.0		115.0	2
Lease liabilities	54.8		54.8	
Deferred consideration		6.2	6.2	3
Current financial liabilities				
Borrowings	20.7		20.7	2
Lease liabilities	18.6		18.6	
Trade and other payables	57.9		57.9	
Total financial liabilities	267.0	6.2	273.2	

30 September 2023, MEUR	Amortised costs	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets				
Other receivables	1.4		1.4	
Current financial assets				
Trade and other receivables	85.3		85.3	
Cash and cash equivalents	25.6		25.6	
Total financial assets	112.3	-	112.3	
Non-current financial liabilities				
Borrowings	115.6		115.6	2
Lease liabilities	52.3		52.3	
Deferred consideration		5.5	5.5	3
Current financial liabilities				
Borrowings	10.6		10.6	2
Lease liabilities	22.0		22.0	
Trade and other payables	62.4		62.4	
Total financial liabilities	263.0	5.5	268.5	

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	1-9/2024	1-9/2023	1-12/2023
Carrying amount at the beginning of the period	5.9	5.7	5.7
Change in fair value	0.3	-	0.2
Exchange differences	-0.1	-0.2	0.0
Carrying amount at the end of the period	6.2	5.5	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 until 1 July 2024), 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 0.7 million (0.7). 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	1-9/2024	1-9/2023	1-12/2023
Net sales	2.6	1.5	2.2
Purchases of materials and services	-0.7	-1.0	-1.3
Trade- and other receivables	0.1	0.0	0.0

11. Commitments and contingent liabilities

MEUR	30 Sep 2024	30 Sep 2023	31 Dec 2023
Securities for own commitments			
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	27.4	26.6
Other bank guarantees	7.7	6.3	6.5
Mortgages under own control			
Company mortgages	0.2	0.2	0.2
Liabilities on behalf of the joint venture			
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, 24 October 2024

LASSILA & TIKANOJA PLC
Board of Directors

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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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