Lassila & Tikanoja plc
Stock exchange release
9 February 2024 at 8:00 a.m.

Lassila & Tikanoja plc: Financial Statements Release 1 January–31 December 2023

EFFICIENCY MEASURES IMPROVED PROFITABILITY IN FACILITY SERVICES FINLAND, PROFITABILITY DECREASED IN ENVIRONMENTAL SERVICES

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

- Net sales for the final quarter were EUR 200.9 million (210.1). Net sales decreased by 4.4%.
- Adjusted operating profit for the final quarter was EUR 7.2 million (9.6) and operating profit was EUR 6.7 million (12.9). The operating profit for the comparison period was improved by a gain of EUR 4.3 million from the sale of the renewable energy sources business. Earnings per share were EUR 0.14 (0.29).
- Net sales for 2023 amounted to EUR 802.1 million (844.1). The comparison period included EUR 35.4 million of net sales from the renewable energy sources business. Adjusted operating profit was EUR 39.0 million (40.9) and operating profit was EUR 38.4 million (42.9). The operating profit for the comparison year was improved by a gain of EUR 4.3 million from the sale of the renewable energy sources business. Earnings per share were EUR 0.79 (0.83).
- Net cash flow from operating activities after investments was strong at EUR 50.9 million (41.1) and net cash flow from operating activities after investments per share was EUR 1.33 (1.08).
- The Board of Directors proposes a dividend of EUR 0.49 per share.

Outlook for the year 2024

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.

PRESIDENT AND CEO EERO HAUTANIEMI:

“Net sales for 2023 amounted to EUR 802.1 million (844.1). The comparison period included EUR 35.4 million of net sales from the renewable energy sources business. Adjusted operating profit was EUR 39.0 million (40.9). Net cash flow from operating activities was strong at EUR 93.6 million (71.8), as was the Group’s financial position. In 2023, the increase in production costs affected all of L&T’s divisions, as did the labour market decisions reached in the late spring, which included one-off items.

In the Environmental Services division, the decline in general economic activity was reflected in lower waste volumes and the prices of recycled raw materials throughout the year. The decrease in the prices and volumes of recycled raw materials burdened the net sales of the division and had a negative effect of EUR 4.5 million on the operating profit.

The Finnish Waste Act was amended in July 2021. Under the reform, municipalities take on a larger role in organising the collection of packaging material waste and biowaste from housing properties. As a consequence of the reform, L&T’s direct customer agreements with residential properties on the separate collection of packaging waste and biowaste are transferred to municipalities for competitive bidding gradually between 1 July 2022 and 1 July 2025.

As a result of municipalisation, EUR 40 million of the value of the Finnish waste management market was moved out of the scope of free competition to municipal waste companies during 2022-2023. The effects of this change were fully visible on the division starting from the latter half of 2023. L&T estimates that based on decisions made by the end of year 2023, a further EUR 30 million will be moved out of the scope of free competition to municipal waste companies between 2024 and 2026.

In the latter half of the year, the collection of packaging waste from residential properties was transferred to municipal waste companies in several geographical areas that are significant to L&T. L&T participates in the competitive tendering of municipal contracts. During 2023 competitive tendering of municipal contracts is estimated to have amounted to EUR 15-20 million and the Group won municipal contracts amounting to EUR 8 million. Nevertheless, the change transferred the ownership of the waste material collected from these residential properties, decreased additional sales and reduced the efficiency of L&T's waste collection logistics increasing production costs. The change had a total negative impact of approximately EUR 2.5 million on operating profit in 2023.

L&T aims to compensate for the impacts of municipalisation by growing the corporate customer business and continuing to improve the efficiency of operations during the next three years. In the division, measures to improve operational efficiency and profitability were initiated during the latter half of the year. The employment relationship of approximately 50 salaried employees are terminated as a result of change negotiations and other jointly agreed measures latest by the end of the first quarter of 2024.

The Industrial Services division achieved a good result. Net sales increased in all of the division's business lines. We carried out several large projects in the market for demanding industrial soil remediation projects in particular. Business operations in Sweden developed favorably despite the challenging market environment.

The operating profit of Facility Services Finland improved significantly in 2023. Measures to streamline the cost structure and improve operational efficiency continued. Progress was achieved in digitalisation with the number of sites within the scope of data-driven cleaning increasing in 2023. In building technology services, the demand for energy efficiency services increased during the period under review.

The customer agreements in Facility Services Sweden are mostly fixed-price contracts, and the division has not been able to pass the increased production costs on to customer prices. The division has a programme under way to simplify operating models and adapt them to the changed business environment. The results are expected to become visible by the end of 2024.

In October 2023, Lassila & Tikanoja plc's Board of Directors approved the company's renewed strategy. Under the renewed strategy, the Environmental Services and Industrial Services divisions will seek new growth especially by focusing on business opportunities related to the circular economy of materials. Growth will be sought through organic development and potential selective acquisitions. In connection with the strategy review, the Board of Directors decided to evaluate the strategic alternatives for Facility Services Finland and Facility Services Sweden as part of the company's business portfolio development. The sale of operations is one possible option. This strategic evaluation progressed according to plan in the fourth quarter."

GROUP NET SALES AND FINANCIAL PERFORMANCE

October–December

Net sales for the fourth quarter amounted to EUR 200.9 million (210.1), representing a year-on-year decrease of 4.4%. Adjusted operating profit was EUR 7.2 million (9.6), representing 3.6% (4.6%) of net sales. Operating profit was EUR 6.7 million (12.9), or 3.3% (6.2%) of net sales. Earnings per share were EUR 0.14 (0.29).

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 fourth quarter was affected positively by L&T's EUR 1.1 million (0.9) share of the profit of the joint venture Laania Oy. The operating profit for the comparison period was improved by a gain of EUR 4.3 million from the sale of the renewable energy sources business.

Year 2023

Net sales for 2023 amounted to EUR 802.1 million (844.1), a decrease of 5.0% year-on-year. Excluding the effect of the renewable energy sources business, net sales were on a par with the comparison period and the rate of organic growth was -0.9%. Adjusted operating profit was EUR 39.0 million (40.9), representing 4.9% (4.8%) of net sales. Operating profit was EUR 38.4 million (42.9), or 4.8% (5.1%) of net sales. Earnings per share were EUR 0.79 (0.83).

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 financial year was 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 result for the period was also affected positively by L&T's EUR 3.6 million (0.7) share of the profit of the joint venture Laania Oy. The operating profit for the comparison year was improved by a gain of EUR 4.3 million from the sale of the renewable energy sources business.

Financial summary

	10–12/2023	10–12/2022	Change %	1–12/2023	1–12/2022	Change %
Net sales, EUR million	200.9	210.1	-4.4	802.1	844.1	-5.0
Adjusted operating profit, EUR million	7.2	9.6	-25.4	39.0	40.9	-4.7
Adjusted operating margin, %	3.6	4.6		4.9	4.8	
Operating profit, EUR million	6.7	12.9	-48.6	38.4	42.9	-10.6
Operating margin, %	3.3	6.2		4.8	5.1	
EBITDA, EUR million	20.5	26.5	-22.7	95.8	98.3	-2.6
EBITDA, %	10.2	12.6		11.9	11.6	
Earnings per share, EUR	0.14	0.29	-54.0	0.79	0.83	-4.6
Net cash flow from operating activities after investments per share, EUR	0.60	1.05	-43.3	1.33	1.08	23.7
Return on equity (ROE), %				13.3	14.6	
Capital employed, EUR million				425.9	437.2	-2.6
Return on capital employed (ROCE), %				10.3	10.4	
Equity ratio, %				36.8	34.3	
Gearing, %				69.3	75.9	

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

October–December
The division's net sales for the fourth quarter decreased to EUR 68.9 million (71.1). Operating profit was EUR 3.6 million (6.2).

Year 2023
The full-year net sales of the Environmental Services division decreased to EUR 283.7 million (321.2) in 2023. Operating profit was EUR 27.1 million (30.3). Excluding the effect of the renewable energy sources business, net sales decreased by 1.2%. The renewable energy sources business was reported as a part of the Environmental Services division until the end of the second quarter of 2022.

The focus of the Environmental Services division is heavily on corporate customers and producer responsibility organisation customers, and their number grew in the beginning of the year and stabilised in the fourth quarter. In the Environmental Services division, the decline in general economic activity was reflected in lower waste volumes and the prices of recycled raw materials throughout the year. The decrease in the prices and volumes of recycled raw materials burdened the net sales of the division and had a negative effect of EUR 4.5 million on the operating profit.

The Finnish Waste Act was amended in July 2021. Under the reform, municipalities take on a larger role in organising the collection of packaging material waste and biowaste from housing properties. As a consequence of the reform, L&T's direct customer agreements with residential properties on the separate collection of packaging waste and biowaste are transferred to municipalities for competitive bidding gradually between 1 July 2022 and 1 July 2025.

As a result of municipalisation, EUR 40 million of the value of the Finnish waste management market was moved out of the scope of free competition to municipal waste companies during 2022-2023. The effects of this change were fully visible on the division starting from the latter half of 2023. L&T estimates that based on decisions made by the end of year 2023, a further EUR 30 million will be moved out of the scope of free competition to municipal waste companies between 2024 and 2026.

In the latter half of the year, the collection of packaging waste from residential properties was transferred to municipal waste companies in several geographical areas that are significant to L&T. L&T participates in the competitive tendering of municipal contracts. During 2023 competitive tendering of municipal contracts is estimated to have amounted to EUR 15-20 million and the Group won municipal contracts amounting to EUR 8 million. Nevertheless, the change transferred the ownership of the waste material collected from these residential properties, decreased additional sales and reduced the efficiency of L&T's waste collection logistics increasing production costs. The change had a total negative impact of approximately EUR 2.5 million on operating profit in 2023.

L&T aims to compensate for the impacts of municipalisation by growing the corporate customer business and continuing to improve the efficiency of operations during the next three years. In the division, measures to improve operational efficiency and profitability were initiated during the latter half of the year. The employment relationship of approximately 50 salaried employees are terminated as a result of change negotiations and other jointly agreed measures latest by the end of the first quarter of 2024.

The division aims to shift its focus increasingly to the materials business in the circular economy value chain. Related assessments were initiated in the latter part of the year.

There is a significant systems renewal project under way in Environmental Services, which will also include the deployment of a new ERP system. The systems renewal project increased the division's fixed costs in 2023. The supplier of the ERP system was changed in 2022 and, during the period under review, the previous supplier paid a one-off compensation relating to the termination of the co-operation. Expenses capitalised during the co-operation with the previous supplier were written down on the balance sheet during the review period. The one-off compensation and the related costs and write-down did not have a significant effect on the division's operating profit. The system is scheduled to enter the deployment stage in the second half of 2024. The total investment in the system projects is estimated at approximately EUR 16.9 million, of which approximately EUR 14,2 million was realised by the end of 2023.

Industrial Services

October–December

The division's net sales for the final quarter were EUR 37.9 million (36.3). Adjusted operating profit was EUR 3.8 million (3.1) and operating profit was EUR 3.6 million (2.3). Operating profit was reduced by a change of EUR 0.2 million in the fair value of the deferred consideration related to the acquisition of Sand & Vattenbläst i Tyringe AB ("SVB") recognised in the fourth quarter of 2023. The change in the fair value is due to SVB's improved result which increases the final acquisition price recognised as liability. In the comparison period, the fair value change recognised in the deferred consideration related to the acquisition reduced operating profit by EUR 0.8 million.

Year 2023

The Industrial Services division's full-year net sales in 2023 grew to EUR 141.0 million (132.0). Adjusted operating profit was EUR 14.0 million (13.6). Operating profit was EUR 13.8 million (12.7). Operating profit was reduced by a change of EUR 0.2 million in the fair value of the deferred consideration related to the acquisition of Sand & Vattenbläst i Tyringe AB ("SVB") recognised in the fourth quarter of 2023. The change in the fair value is due to SVB's improved result which increases the final acquisition price recognised as liability. In the comparison period, the fair value change recognised in the deferred consideration related to the acquisition reduced operating profit by EUR 0.8 million.

Demand was strong in all of the Industrial Services division's business lines. The environmental construction business line was highlighted as a focus area in L&T's renewed strategy in the autumn, and several large customer projects, especially in demanding soil remediation, were carried out in the business line during the period under review. The customer volume increased in hazardous waste services. In process cleaning in Finland, the demand related to annual maintenance breaks was strong, and the resource allocation was successful. Business operations in Sweden developed favorably despite the challenging market environment.

Facility Services Finland

October–December

The division's net sales for the final quarter were EUR 61.4 million (64.6). Operating profit was EUR 1.1 million (0.8).

Year 2023

The full-year net sales of the Environmental Services division decreased to EUR 250.0 million (256.3) in 2023. Operating profit improved to EUR 4.4 million (-0.5).

In Facility Services Finland the measures initiated in the second half of 2022 to streamline the cost structure and improve operational efficiency continued in the division throughout the period under review.

In 2023, the efficiency of production improved and personnel turnover decreased in cleaning services. Good progress was achieved in digitalisation with the number of sites within the scope of data-driven cleaning increasing in 2023. In building technology services, the demand for energy efficiency services increased during the period under review. The rising costs caused by high inflation were, for the most part, passed on to customer prices.

Facility Services Sweden

October–December

The division's net sales for the final quarter decreased to EUR 34.5 million (39.8). Operating profit was EUR -0.9 million (0.5). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR -0.6 million (0.8).

Year 2023

The net sales of Facility Services Sweden amounted to EUR 133.2 million (140.4) in 2023. The decrease in net sales was due to the depreciation of the Swedish krona. Net sales denominated in the Swedish krona increased. Operating profit declined to EUR -3.7 million (0.4). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR -2.5 million (2.2).

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. In the fourth quarter, the uncertainty in the business environment was reflected in customer demand, and fewer new projects were started than in the comparison period. The division has a programme under way to simplify operating models and adapt them to the changed business environment. The results are expected to become visible by the end of 2024.

FINANCING

In 2023, net cash flow from operating activities amounted to EUR 93.6 million (71.8). Net cash flow after investments totalled EUR 50.9 million (41.1). In the comparison period, net cash flow after investments was reduced by acquisitions, which had a total impact of approximately EUR 13 million. A total of EUR 5.1 million in working capital was released (EUR 6.2 million committed).

At the end of the financial year, interest-bearing liabilities amounted to EUR 193.7 million (216.8). Net interest-bearing liabilities totalled EUR 160.9 million (167.3). The average interest rate on long-term loans, excluding lease liabilities, with interest rate hedging, was 4.0% (2.5%). In the second quarter, the company refinanced a EUR 50 million bank loan that would have matured in the third quarter of 2024. The new bank loan is in the amount of EUR 40 million and will mature in the third quarter of 2026. In addition to the usual financial covenants, the new bank loan is linked to sustainability targets, namely L&T's carbon footprint and accident frequency. The interest rate swap used by the company to convert part of the EUR 50 million bank loan into a fixed interest loan was terminated in connection with the refinancing of the bank loan. The fair value of the interest rate swap, EUR 1.3 million, was recognised in financial income in the second quarter. The company had no interest rate swaps at the end of the financial year. In the third quarter, the company repaid the remaining amount of EUR 17.7 million of the bond issued in 2018.

The EUR 100.0 million commercial paper programme was unused at the end of the financial year, as was the case 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 -6.3 million (-5.8). Net financial expenses were increased by the rise in the general interest rate level, which was compensated by the fair value of EUR 1.3 million of an interest rate swap being recognised due to the termination of the interest rate swap. The effect of exchange rate changes on net financial expenses was EUR -0.0 million (-0.2). Net financial expenses were 0.8% (0.7%) of net sales.

The equity ratio was 36.8% (34.3%) and the gearing ratio was 69.3% (75.9%). The Group's total equity was EUR 232.2 million (220.4). Cash and cash equivalents amounted to EUR 32.9 million (49.5) at the end of the financial year.

DIVIDEND DISTRIBUTION

The Annual General Meeting held on 23 March 2023 resolved that a dividend of EUR 0.47 per share, totalling EUR 17.9 million, be paid on the basis of the balance sheet that was adopted for the financial year 2022. The dividend was paid to shareholders on 3 April 2023.

CAPITAL EXPENDITURE

Gross capital expenditure for 2023 came to EUR 61.1 million (58.2). The capital expenditure consisted primarily of machine and equipment purchases, as well as investments in information systems. Acquisitions accounted for approximately EUR 21 million of the gross capital expenditure in the comparison period.

SUSTAINABILITY

Environmental responsibility

Climate benefits for customers created by L&T

	2023	2022	Target
Carbon handprint (tCO_2e)	-453,000	-534,500	growth faster than net sales

The carbon handprint illustrates the climate benefits of a product, process or service, i.e. the emission reduction potential for the user. L&T's carbon handprint reduces the customer's carbon footprint. Our services generated emission reductions for customers through, for example, customers replacing virgin raw materials with secondary raw materials, and fossil fuels with solid recovered fuels. The decline in L&T's carbon handprint was due to the decline in waste material volumes, particularly in the construction segment, that reduces the amount material directed to recycling.

The carbon handprint of the renewable energy sources business and the joint venture Laania is not reported as part of L&T's carbon handprint for 2022. The renewable energy sources business was transferred to Laania joint venture in July 2022.

Progress towards science-based emission reduction targets, using 2018 as the baseline

	2023	2022	Target	Target to be achieved by
Carbon footprint (tCO_2e)	31,200	34,200	24,400	2030

L&T's strategic objective is to halve the carbon footprint of its operations by 2030, using 2018 as the baseline, and to reduce the indirect emissions generated by its supply chain. The emission reduction target set by L&T has been validated by the Science Based Targets initiative. The achievement of this objective will be promoted by switching to zero-emission transport technologies and fuels and by opting for renewable energy at L&T's properties. Transport operations account for 95 per cent of the emissions generated by L&T's own operations. The use of renewable fuels increased significantly year-on-year, particularly in the Industrial Services division's fleet of heavy vehicles.

The fuel distribution obligation was adjusted in 2022 by reducing the biofuel component by 7.5 percentage points. The change was not taken into account in the emissions calculations reported in L&T's annual report published in March 2023, as Statistics Finland had not yet updated its fuel classification data in accordance with the change. Statistics Finland published the updated fuel classification data later in spring 2023, and they have been taken into account in the emission calculations in this report.

Recycling rate and material recovery

	2023	2022	Target	Target to be achieved by
Recycling rate of material flows managed by L&T, %	57.8	59.4	65	2026

The recycling rate is the weighted average of our customers' recycling rates. It also includes materials that cannot yet be recycled. To increase our reuse and recycling rate, we actively look for new material streams whose refining rate we can increase. Reporting covers municipal waste collected from corporate customers, hazardous waste, industrial waste and construction waste in Finland. Slurry, contaminated soil and ash are excluded from reporting.

Social responsibility

Total recordable incident frequency (TRIF)

	2023	2022	Target	Target to be achieved by
Total recordable incident frequency	23	23	15	2030

L&T eliminates hazards and improves its own safety as well as the safety of customers and other stakeholders through effective proactive measures, such as risk assessments, safety observations, Safety Walks and occupational safety sessions. L&T has provided training on building workplace safety culture to over 80% of the company's supervisors in Finland as part of the *Safety under the helmet* training initiative.

Well-being at work

	2023	2022	Target	Target to be achieved by
Occupational health rate (proportion of employees with no sickness-related absences)	41	40	57	2026
Sickness-related absences (%)	5.1	5.6	4	2030

The objective of L&T's personnel policies and plans is to ensure that the number, competence and retention of personnel are at the level required for effective performance. For a labour-intensive company, employees' ability to work and function and maintain it throughout their careers until retirement on old-age pension is important.

CURRENT ISSUES RELATED TO SUSTAINABILITY

L&T updated its environmental sustainability target in October 2023. The goal is to halve the emissions of L&T's own operations by 2030 from the level in 2018 and to reduce indirect (Scope 3) emissions by 18% by 2030 from the level in 2022. The company has set a target of net-zero emissions by 2045.

L&T was awarded Gold, which is the second-best rating, in the international EcoVadis sustainability assessment. Each year, EcoVadis assesses approximately 90,000 globally operating companies, of which only 5% reach the Gold level.

The sustainability results presented in this report have not yet been verified. L&T's verified sustainability figures will be published in the Annual Report in week 9.

PERSONNEL

The average number of employees converted into full-time equivalents was 6,743 (6,820). At the end of the review period, L&T had 8,159 (8,371) full-time and part-time employees. Of these, 6,891 (7,020) worked in Finland and 1,268 (1,351) in Sweden.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading in 2023 was 5.6 million shares, which is 14.8% (24.7%) of the average number of outstanding shares. The value of trading was EUR 57.1 million (104.9). The highest share price was EUR 11.84 and the lowest EUR 9.00. The closing price was EUR 9.80. At the end of the financial year, the market capitalisation excluding the shares held by the company was EUR 373.9 million (405.9).

Own shares

At the end of the period, the company held 644,772 of its own shares, representing 1.7% 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 38,154,102 at the end of the period. The average number of shares excluding the shares held by the company was 38,126,791.

Share-based incentive plans

In December 2022, the Board of Directors of Lassila & Tikanoja plc decided to establish two new long-term share-based incentive plans for the Group's key employees. The aim of the new plans is to align the objectives of the company, shareholders and key employees in order to increase the value of the company in the long term, to retain the key employees at the company and to offer them competitive reward plans that are based on earning and accumulating the company's shares as well as on appreciation of the share price. The Performance Share Plan 2023–2027 comprises three (3) three-year (3) performance periods covering the calendar years 2023–2025, 2024–2026 and 2025–2027.

During the performance period 2023–2025, the earning of rewards is based on the following performance criteria: return on capital employed (ROCE), total shareholder return (TSR) and reduction of the carbon footprint (ESG). The target group of the Performance Share Plan during the performance period 2023–2025 consists of approximately 38 key employees, including the Group's President and CEO and the Group Executive Board.

During the performance period 2024–2026, the earning of rewards is based on the following performance criteria: return on capital employed (ROCE), total shareholder return (TSR) and reduction of the carbon footprint (ESG). The target group of the Performance Share Plan during the performance period 2024–2026 consists of approximately 50 key employees, including the Group's President and CEO and the Group Executive Board.

The transitional share-based incentive scheme 2023–2026 consists of two (2) earnings periods of one (1) year each, corresponding to the calendar years 2023 and 2024. The earnings period is followed by a two-year retention period. The aim of the scheme is to support the transition from the old share-based incentive scheme to the new share-based incentive scheme. The earning of rewards for the 2023 and 2024 earnings periods is based the return on capital employed (ROCE) and the reduction of the carbon footprint (ESG). The target group of the transitional share-based incentive scheme for the earnings periods 2023 and 2024 consists of approximately 10 key employees, including the Group's President and CEO and the Group Executive Board.

Shareholders

At the end of the review period, the company had 24,959 (24,556) shareholders. Nominee-registered holdings accounted for 10.2% (7.0%) of the total number of shares.

Flagging notifications

On 26 June 2023, Lassila & Tikanoja plc received a notification indicating that Mandatum Life Insurance Company Limited's shareholding in Lassila & Tikanoja fell below the 5% threshold on 26 June 2023.

Authorisations for the Board of Directors

The Annual General Meeting held on 23 March 2023 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 that 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 23 March 2023, adopted the financial statements and consolidated financial statements for the financial year 2022, discharged the members of the Board of Directors and the President and CEO from liability and adopted the remuneration report 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, amendment of Articles of Association, 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 0.47 per share be paid on the basis of the balance sheet to be adopted for the financial year 2022. It was decided that the dividend be paid on 3 April 2023.

The Annual General Meeting confirmed the number of members of the Board of Directors as six in accordance with the proposal of the Shareholders' Nomination Board. Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Jukka Leinonen and Pasi Tolppanen were re-elected, and Anni Ronkainen was elected as a new member, to the Board for a term ending at the conclusion of the next 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.

The Annual General Meeting resolved to amend Article 10 of the Articles of Association to enable the holding of a general meeting without a meeting venue, as a remote meeting.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 23 March 2023.

BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Jukka Leinonen, Anni Ronkainen and Pasi Tolppanen. Lassila & Tikanoja plc's Annual General Meeting held on 23 March 2023 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 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 19 September 2023. 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 Hannele, Maijala Heikki, Maijala Juhani, Maijala Juuso, Maijala Miikka, Maijala Mikko, Maijala Roope and Maijala Tuula), and Nordea Funds Ltd (through 11 funds managed by it). 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.

Long-term targets

Financial targets

Indicator	Target
Annual growth in net sales, %	5%
Return on capital employed, % (ROCE)	15%
Gearing, %	Less than 125%

Lassila & Tikanoja does not consider the long-term financial targets as guidance for any fiscal year.

Sustainability and stakeholder targets

Measure	Target
Net Promoter Score, NPS	>50 by 2026
Employee Net Promoter Score, eNPS	>50 by 2026
Carbon footprint	-50% by 2030, using 2018 as the baseline

L&T updated its environmental sustainability target in October 2023. The goal is to halve the emissions of L&T's own operations by 2030 from the level in 2018 and to reduce indirect (Scope 3) emissions by 18% by 2030 from the level in 2022. The company has set a target of net-zero emissions by 2045.

Sustainability and stakeholder measures are reported as part of the Group's quarterly and annual reporting.

Strategy

In October, Lassila & Tikanoja plc's Board of Directors approved the company's updated strategy. Under the updated strategy, the Environmental Services and Industrial Services divisions will seek new growth especially by focusing on business opportunities related to the circular economy of materials. Growth will be sought through business development and potential complementary acquisitions.

The Environmental Services division's strong market position, broad customer base and significant material volumes provide a good basis for growing the materials business. As for material streams, the division will continue to focus on plastic, wood waste and metals, but opportunities related to other streams are also being explored.

In the Industrial Services division, new business opportunities are emerging around the processing and value increase of industrial flows, as well as the restoration of the built environment. Growth is also sought in the Swedish market in industrial services and material value chains.

Facility Services Finland and Facility Services Sweden will focus on improving profitability. In October 2023, Lassila & Tikanoja announced that the company's Board of Directors had decided to evaluate the strategic options for Facility Services Finland and Facility Services Sweden as part of the company's business portfolio development. The sale of operations is one possible option. The review is expected to be completed by the end of 2024. The review will not necessarily lead to any measures, and Lassila & Tikanoja will disclose more information on the matter as necessary.

The company discussed its updated strategy in more detail at a Capital Markets Day organised on 23 November 2023. The recording and presentation materials are available on the Group website.

CHANGES IN THE GROUP EXECUTIVE BOARD

On 31 March 2023, the company announced that Tina Hellstadius, the Senior Vice President for Facility Services Sweden, will leave Lassila & Tikanoja on 31 March 2023.

On 18 April 2023, the company announced that Mikko Taipale (Master of Laws) has been appointed Senior Vice President, Facility Services Sweden and a member of the Group Executive Board effective from 19 April 2023.

EVENTS AFTER THE FINANCIAL YEAR

On 11 January 2024, the company announced that Lassila & Tikanoja's Shareholders' Nomination Board proposes to the Annual General Meeting to be held on 21 March 2024 that the Board of Directors have seven (7) members. The Nomination Board proposes that Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Jukka Leinonen, Anni Ronkainen and Pasi Tolppanen be re-elected to the Board of Directors and that Juuso Maijala be elected as a new member. A presentation of Juuso Maijala is available on L&T's website. In addition, the Nomination Board proposes that Jukka Leinonen be elected as Chairman of the Board of Directors and Sakari Lassila as Vice Chairman.

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 waste materials and biowaste from residential properties. As a consequence of the reform, L&T's direct customer agreements with residential 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. 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 and to municipally owned companies between the years 2024-2026. The Environmental Services division participates in competitive tendering for municipal contracts and is a significant player in municipal contracts, but the Group estimates that the overall impact of the change will be negative.

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 balance sheet date, the carrying amount of the receivables in the Company's balance sheet was approximately EUR 1.5 million. L&T's former 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 116 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 is provided in the 2022 Annual Review and in the Report by the Board of Directors and the consolidated financial statements.

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

According to the financial statements, Lassila & Tikanoja plc's unrestricted equity amounts to EUR 51,335,173.21, with the profit for the period representing EUR 7,420,038.45 of this total. There were no substantial changes in the financial standing of the company after the end of the period, and the solvency test referred to in Chapter 13, Section 2 of the Companies Act does not affect the amount of distributable profits.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.49 per share be paid for the financial year 2023. The dividend will be paid to shareholders entered in the company's shareholder register maintained by Euroclear Finland Oy on the record date, 25 March 2024. The Board proposes to the Annual General Meeting that the dividend be paid on 3 April 2024.

No dividend shall be paid on shares held by the company on the record date of the dividend payment, 25 March 2024.

On the day the proposal for the distribution of profit was made, the number of shares entitling to dividend was 38,154,102, which means the total amount of the dividend would be EUR 18,695,509.98. The Group's earnings per share amounted to EUR 0.79. The proposed dividend, EUR 0.49 per share, is 62.1% of the Group's earnings per share.

Lassila & Tikanoja's Annual Report, which includes the Report by the Board of Directors and the financial statements for 2023, will be published in week 9 at vuosikertomus.lt.fi/en.

Financial Statements Release 1 January - 31 December 2023: Tables

Contents

Key figures of the Group

Key figures

	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Earnings per share, EUR	0.14	0.29	0.79	0.83
Diluted earnings per share, EUR	0.13	0.29	0.79	0.83
Net cash flow from operating activities after investments per share, EUR	0.60	1.05	1.33	1.08
Adjusted operating profit, MEUR	7.2	9.6	39.0	40.9
Operating profit, MEUR	6.7	12.9	38.4	42.9
Gross capital expenditure, MEUR	15.1	12.4	61.1	58.2
Equity per share, EUR			6.09	5.78
Dividend/share, EUR[1]			0.49	0.47
Dividend/earnings, %[1]			62.1	56.9
Effective dividend yield, %[1]			5.0	4.4
P/E ratio			12.4	12.9
Return on equity (ROE), %			13.3	14.6
Capital employed, MEUR			425.9	437.2
Return on capital employed (ROCE), %			10.3	10.4
Equity ratio, %			36.8	34.3
Gearing, %			69.3	75.9
Net interest-bearing liabilities, MEUR			160.9	167.3
Average number of employees in full-time equivalents[2]			6,743	6,820
Total number of full-time and part-time employees at end of the period			8,159	8,371
Number of outstanding shares adjusted for issues, 1,000 shares				
average during the period			38,127	38,116
at the end of the period			38,154	38,146
average during the period, diluted			38,232	38,128

[1] 2023 proposal by the Board of Directors

[2] The calculation of the average number of employees in full-time equivalents was re-defined in 2023. The figure for 2022 has been adjusted accordingly.

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	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Operating profit	6.7	12.9	38.4	42.9
Items affecting comparability:				
- costs arising from the discontinuation of business	-	-	-	-0.2
- costs arising from business restructurings	0.2	-	0.3	-
- gains or losses arising from business disposals[1]	-	-4.3	-	-4.3
- costs arising from acquisitions	0.3	1.0	0.3	2.5
Adjusted operating profit	7.2	9.6	39.0	40.9

[1] In 2022, Lassila & Tikanoja ja Neova merged their fuel wood businesses into a joint venture named Laania. The transaction was finalised in the fourth quarter of year 2022 and L&T recognised a gain totalling EUR 4.3 million from the transaction.

RECONCILIATION OF GROSS CAPITAL EXPENDITURE

MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Intangible and tangible assets from business acquisitions	-	-0.4	-	22.9
- increases of right-of-use assets excl. heavy vehicles from business acquisitions	-	-	-	-1.4
Other increases to intangible and tangible assets	24.6	16.4	81.1	55.2
- increases of right-of-use assets excl. heavy vehicles	-8.8	-3.1	-18.1	-15.8
- other adjustments	-0.8	-0.6	-2.0	-2.7
Gross capital expenditure	15.1	12.4	61.1	58.2

RETURN ON CAPITAL EMPLOYED (ROCE), %, BY SEGMENT[1]

	31 Dec 2023	31 Dec 2022
Environmental Services		
Capital employed (MEUR), average of the beginning and the end of the period	203.1	211.3
Operating profit	27.1	30.3
+ financial income	0.3	0.1
Return on capital employed, MEUR	27.4	30.4
Return on capital employed (ROCE), %	13.5	14.4
Industrial Services		
Capital employed (MEUR), average of the beginning and the end of the period	93.7	81.7
Operating profit	13.8	12.7
+ financial income	0.0	0.0
Return on capital employed, MEUR	13.8	12.8
Return on capital employed (ROCE), %	14.7	15.6
Facility Services Finland		
Capital employed (MEUR), average of the beginning and the end of the period	25.0	28.4
Operating profit	4.4	-0.5
+ financial income	0.4	0.3
Return on capital employed, MEUR	4.8	-0.2
Return on capital employed (ROCE), %	19.4	-0.8
Facility Services Sweden		
Capital employed (MEUR), average of the beginning and the end of the period	61.0	64.6
Operating profit	-3.7	0.4
+ financial income	0.1	0.1
Return on capital employed, MEUR	-3.6	0.5
Return on capital employed (ROCE), %	-5.9	0.8

[1] From 2023 onwards, the allocation of assets and liabilities to the reporting segments has been adjusted. The comparative figures have been updated accordingly.

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

Dividend per share: Dividend for the financial year / Adjusted basic number of shares at the balance sheet date

Payout ratio, %: Dividend per share / earnings per share x 100

Effective dividend yield, %: Dividend per share / Closing price of the financial period x 100

P/E ratio: Closing price of the financial period / Earnings per share

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	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	200.9	210.1	802.1	844.1
Other operating income	1.8	6.7	6.2	8.7
Materials and services	-63.7	-70.9	-246.5	-286.7
Employee benefit expenses	-88.9	-88.7	-352.8	-353.1
Other operating expenses	-29.6	-30.7	-113.1	-114.7
Depreciation, amortisation and impairment	-13.8	-13.6	-57.4	-55.4
Operating profit	6.7	12.9	38.4	42.9
Financial income	0.2	0.2	2.5	0.4
Financial expenses	-2.3	-1.8	-8.7	-6.0
Exchange rate differences (net)	0.0	-0.0	-0.0	-0.2
Financial income and expenses	-2.1	-1.6	-6.3	-5.8
Share of the result of associated companies and joint ventures	1.1	0.9	3.6	0.7
Result before taxes	5.7	12.2	35.7	37.8
Income taxes	-0.5	-1.0	-5.7	-6.3
Result for the period	5.1	11.2	30.1	31.5
Attributable to:				
Equity holders of the company	5.1	11.2	30.1	31.5
Earnings per share attributable to the equity holders of the parent company:				
Earnings per share, EUR	0.14	0.29	0.79	0.83
Diluted earnings per share, EUR	0.13	0.29	0.79	0.83

Consolidated statement of comprehensive income

MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Result for the period	5.1	11.2	30.1	31.5
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	0.2	-0.0	0.2
Items not to be recognised through profit or loss, total	-0.0	0.2	-0.0	0.2
Items potentially to be recognised through profit or				
Hedging reserve, change in fair value	-	0.1	0.1	1.3
Change in fair value of interest rate swap, reclassified to profit and loss	-	-	-1.0	-
Currency translation differences	2.5	-1.6	0.1	-5.7
Currency translation differences recognised through profit and loss	-	0.1	-	0.1
Items potentially to be recognised through profit or loss, total	2.5	-1.3	-0.9	-4.3
Other comprehensive income, total	2.5	-1.2	-0.9	-4.1
Total comprehensive income, after tax	7.6	10.0	29.2	27.4
Attributable to:				
Equity holders of the company	7.6	10.0	29.2	27.4

Consolidated statement of financial position

MEUR	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	180.8	180.7
Other intangible assets	38.2	36.5
	219.0	217.2
Tangible assets	166.0	155.3
Right-of-use assets	76.0	71.2
	242.0	226.6
Other non-current assets		
Shares in associated companies and joint ventures	17.6	14.0
Other shares and holdings	0.2	0.2
Deferred tax assets	3.1	1.9
Other receivables	1.5	1.9
	22.5	17.9
Total non-current assets	483.5	461.7
Current assets		
Inventories	7.8	7.8
Trade receivables	85.9	91.0
Contract assets	30.8	30.8
Income tax receivables	1.2	8.7
Other receivables	7.9	11.0
Cash and cash equivalents	32.9	49.5
	166.5	198.8
Total current assets	166.5	198.8
Total assets	649.9	660.5

Consolidated statement of financial position

MEUR	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company		
Share capital	19.4	19.4
Other reserves	-11.5	-10.6
Invested unrestricted equity reserve	0.6	0.6
Retained earnings	223.6	211.0
Total equity	232.2	220.4
Liabilities		
Non-current liabilities		
Deferred tax liabilities	28.5	28.1
Retirement benefit obligations	1.2	1.2
Provisions	7.2	7.4
Financial liabilities	171.7	177.5
Other liabilities	13.2	13.3
	221.7	227.5
Current liabilities		
Financial liabilities	22.1	39.3
Trade and other payables	172.8	170.5
Income tax liabilities	0.3	1.0
Provisions	0.9	1.7
	196.1	212.6
Total liabilities	417.7	440.1
Total equity and liabilities	649.9	660.5

Consolidated statement of cash flows

MEUR	1-12/2023	1-12/2022
Cash flow from operating activities		
Result for the period	30.1	31.5
Adjustments		
Income taxes	5.7	6.3
Depreciation, amortisation and impairment	57.4	55.4
Financial income and expenses	6.3	5.8
Gains and losses on sale of tangible and intangible assets	-1.6	-1.2
Share of result of associated companies and joint ventures	-3.6	-0.7
Gain from sale of subsidiary's net assets to joint venture	-	-4.3
Impact of the discontinuation of Russian operations	-	-0.2
Other	-0.5	-0.7
Net cash generated from operating activities before change in working capital	93.6	91.9
Change in working capital		
Change in trade and other receivables	7.2	-7.0
Change in inventories	0.0	-0.8
Change in trade and other payables	-2.1	1.7
Change in working capital	5.1	-6.2
Interest and other financial expenses paid	-8.2	-4.8
Interest and other financial income received	2.5	0.4
Income taxes paid	0.5	-9.6
Net cash from operating activities	93.6	71.8
Cash flow from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	-	-13.2
Proceeds from sale of subsidiaries and businesses, net of sold cash	-	-2.0
Purchases of tangible and intangible assets	-44.9	-33.8
Proceeds from the sale of tangible and intangible assets	2.2	2.0
Repayment of loan receivables from joint venture	-	16.4
Change in other non-current investments	-	0.0
Net cash from investing activities	-42.7	-30.6
Net cash flow from operating and investing activities	50.9	41.1
Cash flow from financing activities		
Proceeds from short-term borrowings	10.0	35.0
Repayments of short-term borrowings	-10.0	-35.0
Proceeds from long-term borrowings	40.0	75.0
Repayments of long-term borrowings	-68.4	-58.1
Repayments of lease liabilities	-21.2	-19.4
Dividends paid	-17.9	-17.5
Net cash from financing activities	-67.5	-20.1
Net change in cash and cash equivalents	-16.6	21.0
Cash and cash equivalents at the beginning of the period	49.5	28.6
Effect of changes in foreign exchange rates	0.0	-0.1
Cash and cash equivalents at the end of the period	32.9	49.5

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 2023	19.4	-11.5	0.9	0.6	211.0	220.4
Total comprehensive income						
Result for the period					30.1	30.1
Other comprehensive income		0.1	-0.9		-0.0	-0.9
Total comprehensive income	-	0.1	-0.9	-	30.1	29.2
Transactions with shareholders						
Share-based benefits					0.5	0.5
Dividends paid					-17.9	-17.9
Returned dividends					0.0	0.0
Transactions with shareholders, total	-	-	-	-	-17.4	-17.4
Equity 31 December 2023	19.4	-11.5	-	0.6	223.6	232.2
Equity 1 January 2022	19.4	-5.9	-0.4	0.6	196.7	210.4
Total comprehensive income						
Result for the period					31.5	31.5
Other comprehensive income		-5.6	1.3		0.2	-4.1
Total comprehensive income	-	-5.6	1.3	-	31.7	27.4
Transactions with shareholders						
Share-based benefits					0.2	0.2
Dividends paid					-17.5	-17.5
Returned dividends					0.0	0.0
Transactions with shareholders, total	-	-	-	-	-17.3	-17.3
Equity 31 December 2022	19.4	-11.5	0.9	0.6	211.0	220.4

Notes

1. Accounting policies

This Financial Statements Release is in compliance with the IAS 34 Interim Financial Reporting standard. The Financial Statements Release has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2022 and the new and amended standards and interpretations entered into force on 1 January 2023. The information presented in this Financial Statements Release 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 2022.

2. Segment information

MEUR	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Net sales						
Environmental Services	68.9	71.1	-3.2	283.7	321.2	-11.7
Industrial Services	37.9	36.3	4.3	141.0	132.0	6.8
Facility Services Finland	61.4	64.6	-5.0	250.0	256.3	-2.5
Facility Services Sweden	34.5	39.8	-13.2	133.2	140.4	-5.1
Interdivisional net sales	-1.8	-1.8		-5.8	-6.0	
The Group total	200.9	210.1	-4.4	802.1	844.1	-5.0
Operating profit						
Environmental Services	3.6	6.2	-42.1	27.1	30.3	-10.6
Industrial Services	3.6	2.3	58.4	13.8	12.7	8.2
Facility Services Finland	1.1	0.8	36.2	4.4	-0.5	
Facility Services Sweden	-0.9	0.5		-3.7	0.4	
Group administration and other	-0.7	3.2		-3.2	0.1	
The Group total	6.7	12.9	-48.6	38.4	42.9	-10.6
Adjusted operating profit						
Environmental Services	3.6	6.2	-42.1	27.1	30.3	-10.6
Industrial Services	3.8	3.1	22.7	14.0	13.6	3.1
Facility Services Finland	1.1	0.8	36.2	4.4	-0.5	
Facility Services Sweden	-0.9	0.5		-3.7	0.4	
Group administration and other	-0.4	-1.0		-2.8	-2.8	
The Group total	7.2	9.6	-25.4	39.0	40.9	-4.7
EBITDA						
Environmental Services	10.8	12.7	-14.7	57.5	57.1	0.6
Industrial Services	6.9	5.6	24.4	26.6	25.0	6.5
Facility Services Finland	2.8	3.0	-6.2	12.5	8.5	47.0
Facility Services Sweden	0.5	1.8	-73.9	1.3	6.3	-78.8
Group administration and other	-0.5	3.5		-2.2	1.4	
The Group total	20.5	26.5	-22.7	95.8	98.3	-2.6

%	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Operating margin				
Environmental Services	5.2	8.7	9.5	9.4
Industrial Services	9.5	6.3	9.8	9.6
Facility Services Finland	1.8	1.2	1.8	-0.2
Facility Services Sweden	-2.7	1.3	-2.8	0.3
The Group total	3.3	6.2	4.8	5.1
Adjusted operating margin				
Environmental Services	5.2	8.7	9.5	9.4
Industrial Services	10.1	8.6	9.9	10.3
Facility Services Finland	1.8	1.2	1.8	-0.2
Facility Services Sweden	-2.7	1.3	-2.8	0.3
The Group total	3.6	4.6	4.9	4.8
EBITDA margin				
Environmental Services	15.7	17.8	20.3	17.8
Industrial Services	18.2	15.3	18.9	18.9
Facility Services Finland	4.6	4.7	5.0	3.3
Facility Services Sweden	1.3	4.4	1.0	4.5
The Group total	10.2	12.6	11.9	11.6

Other segment information

MEUR	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Gross capital expenditure				
Environmental Services	9.3	8.6	40.9	20.3
Industrial Services	4.7	2.8	17.5	34.6
Facility Services Finland	0.5	0.4	1.0	1.5
Facility Services Sweden	0.2	0.1	0.5	0.4
Group administration and other	0.4	0.5	1.2	1.3
The Group total	15.1	12.4	61.1	58.2
Depreciation and amortisation				
Environmental Services	7.2	6.5	30.4	26.9
Industrial Services	3.3	3.3	12.8	12.3
Facility Services Finland	1.7	2.2	8.1	9.1
Facility Services Sweden	1.4	1.2	5.0	5.9
Group administration and other	0.2	0.3	1.0	1.3
The Group total	13.8	13.6	57.4	55.4

MEUR	31 Dec 2023	31 Dec 2022
Assets[1]		
Environmental Services	291.6	278.6
Industrial Services	151.0	145.3
Facility Services Finland	78.7	84.5
Facility Services Sweden	83.5	88.4
Group administration and other	45.1	63.7
The Group total	649.9	660.5
Liabilities[1]		
Environmental Services	82.7	81.3
Industrial Services	60.2	52.2
Facility Services Finland	56.9	56.2
Facility Services Sweden	23.6	26.4
Group administration and other	194.3	224.0
The Group total	417.7	440.1
Capital employed[1]		
Environmental Services	208.9	197.3
Industrial Services	92.2	95.2
Facility Services Finland	21.7	28.3
Facility Services Sweden	59.9	62.1
Group administration and other	43.2	54.4
The Group total	425.9	437.2

%	31 Dec 2023	31 Dec 2022
Return on capital employed (ROCE)[1]		
Environmental Services	13.5	14.4
Industrial Services	14.7	15.6
Facility Services Finland	19.4	-0.8
Facility Services Sweden	-5.9	0.8
The Group total	10.3	10.4

[1] The allocation of assets and liabilities to the Group's reporting segments was re-defined from the beginning of 2023 onwards. The figures for the comparison periods have been adjusted accordingly.

3. Segment information by quarter

MEUR	10-12/2023	7-9/2023	4-6/2023	1-3/2023	10-12/2022
Net sales					
Environmental Services	68.9	74.1	74.4	66.3	71.1
Industrial Services	37.9	39.0	38.0	26.1	36.3
Facility Services Finland	61.4	58.8	62.7	67.1	64.6
Facility Services Sweden	34.5	30.3	33.8	34.5	39.8
Interdivisional net sales	-1.8	-1.3	-1.5	-1.2	-1.8
The Group total	200.9	200.9	207.5	192.7	210.1
Operating profit					
Environmental Services	3.6	11.7	8.5	3.2	6.2
Industrial Services	3.6	6.1	3.9	0.1	2.3
Facility Services Finland	1.1	3.2	-0.0	0.2	0.8
Facility Services Sweden	-0.9	0.2	-2.0	-1.0	0.5
Group administration and other	-0.7	-0.1	-1.3	-1.1	3.2
The Group total	6.7	21.1	9.2	1.4	12.9
Adjusted operating profit					
Environmental Services	3.6	11.7	8.5	3.2	6.2
Industrial Services	3.8	6.1	3.9	0.1	3.1
Facility Services Finland	1.1	3.2	-0.0	0.2	0.8
Facility Services Sweden	-0.9	0.2	-2.0	-1.0	0.5
Group administration and other	-0.4	-0.0	-1.3	-1.1	-1.0
The Group total	7.2	21.2	9.2	1.4	9.6
EBITDA					
Environmental Services	10.8	20.7	15.7	10.3	12.7
Industrial Services	6.9	9.3	7.1	3.3	5.6
Facility Services Finland	2.8	5.1	2.1	2.4	3.0
Facility Services Sweden	0.5	1.4	-0.8	0.2	1.8
Group administration and other	-0.5	0.1	-1.0	-0.8	3.5
The Group total	20.5	36.7	23.2	15.4	26.5
Operating margin, %					
Environmental Services	5.2	15.8	11.5	4.9	8.7
Industrial Services	9.5	15.7	10.3	0.5	6.3
Facility Services Finland	1.8	5.4	-0.0	0.3	1.2
Facility Services Sweden	-2.7	0.7	-5.8	-3.0	1.3
The Group total	3.3	10.5	4.4	0.7	6.2
Adjusted operating margin, %					
Environmental Services	5.2	15.8	11.5	4.9	8.7
Industrial Services	10.1	15.7	10.3	0.5	8.6
Facility Services Finland	1.8	5.4	-0.0	0.3	1.2
Facility Services Sweden	-2.7	0.7	-5.8	-3.0	1.3
The Group total	3.6	10.6	4.4	0.7	4.6
EBITDA margin, %					
Environmental Services	15.7	28.0	21.0	15.5	17.8
Industrial Services	18.2	23.8	18.8	12.6	15.3
Facility Services Finland	4.6	8.7	3.4	3.6	4.7
Facility Services Sweden	1.3	4.7	-2.2	0.6	4.4
The Group total	10.2	18.3	11.2	8.0	12.6

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.

1-12/2023, 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

1-12/2022, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	225.3			92.7	3.3	321.2
Industrial Services	57.7	59.0	9.7	5.6		132.0
Facility Services Finland	182.3	68.8	5.2			256.3
Facility Services Sweden	61.1	74.9	4.4			140.4
Total	526.4	202.7	19.4	98.3	3.3	850.0
Interdivisional sales						-6.0
External net sales, total						844.1

5. Business acquisitions

Business acquisitions 2023

There were no business acquisitions in 2023.

Business acquisitions 2022

On 1 February 2022, Lassila & Tikanoja's Industrial Services division acquired 70 per cent of the shares of Sand & Vattenbläst i Tyringe AB ("SVB"), a company that provides process cleaning services in Sweden. The transaction also included Cisternservice i Hässleholm AB, owned by SVB. Through the acquisition, L&T's Industrial Services division entered the Swedish process cleaning market. In the fair value measurement, intangible assets based on customer relationships with a value of EUR 2.8 million, agreements on prohibition of competition with a value of EUR 0.1 million, as well as goodwill with a value of EUR 8.3 million were identified. The goodwill is mainly based on the strong regional position of the acquired business and its future development prospects. 100 per cent share of SVB is consolidated in the L&T Group and, in connection with the arrangement, L&T has recognised in the financial liabilities an estimate of the deferred consideration related to the acquisition of the non-controlling interest. The deferred consideration is measured at fair value through profit or loss. An increase of EUR 0.2 million (increase of EUR 0.8 million) was recognised in the deferred consideration in the final quarter of 2023.

L&T acquired the business operations of Fortum Waste Solutions Oy's small and medium-sized business segment for hazardous and non-hazardous waste on 1 February 2022.

Fair value total, MEUR	Business acquisitions 1-12/2023	Business acquisitions 1-12/2022
Intangible assets	-	5.6
Tangible assets	-	4.9
Right-of-use assets	-	1.4
Inventories	-	0.1
Receivables	-	1.8
Cash and cash equivalents	-	1.2
Total assets	-	15.0
Other liabilities	-	6.4
Deferred tax liabilities	-	1.0
Total liabilities	-	7.4
Net assets acquired	-	7.6
Total consideration	-	19.6
Goodwill	-	11.9
Impact on cash flow		
Total consideration	-	-19.6
Deferred consideration	-	5.1
Consideration paid in cash	-	-14.4
Cash and cash equivalents of the acquired company	-	1.2
Total impact on cash flow	-	-13.2

The initial accounting of the businesses acquired in 2022 is final. The figures for such acquired businesses, that are not material to the Group when considered separately, are stated in aggregate.

6. Business disposals and assets and liabilities classified as held for sale

In 2023, L&T did not have any business disposals or assets or liabilities classified as held for sale.

On December 17, 2021, Lassila & Tikanoja plc and Neova Oy signed an agreement to merge their fuel wood businesses. According to the agreement, Neova's fuel wood business was transferred to L&T Biowatti Oy on 1 July 2022. After the merger, the company continued as an independent limited company called Laania Oy. L&T's share of the joint venture is 55 per cent and Neova's 45 per cent, but based on the agreement both parties have joint control over the joint venture. In the first half of 2022, the business was reported as part of Environmental Services. After this, the Group's share of the joint venture's net result is recognised in the income statement on a separate line.

Investment in joint venture

At the acquisition date, Lassila & Tikanoja's investment in joint venture totalled EUR 13.3 million. It is recognised on line Shares in associated companies and joint ventures in the consolidated statement of financial position. The transactions is valued according to the IAS 28. In the last quarter of 2022, the transaction was finalised and L&T recognised a gain totalling EUR 4.3 million on the transaction.

Net assets disposed of

MEUR	1-12/2022
Intangible and tangible assets	0.4
Right-of-use assets	0.7
Other non-current receivables	0.3
Inventories	24.7
Trade and other receivables	6.1
Cash and cash equivalents	2.0
Assets Total	34.0
Non-current financial liabilities	14.8
Current financial liabilities	0.1
Trade and other payables	10.1
Liabilities Total	25.0
Net assets disposed of	9.0

Gain on sale

MEUR	1-12/2022
Fair value of the shares in joint venture received	13.3
Net assets disposed of	-9.0
Total	4.3

Cash flow impact

MEUR	1-12/2022
Consideration received in cash	-
Cash and cash equivalents of the business sold	-2.0
Total	-2.0

7. Intangible and tangible assets

Changes in goodwill

MEUR	1-12/2023	1-12/2022
Carrying amount at the beginning of the period	180.7	172.1
Business acquisitions	-	11.5
Exchange differences	0.1	-2.9
Carrying amount at the end of the period	180.8	180.7

Changes in other intangible assets

MEUR	1-12/2023	1-12/2022
Carrying amount at the beginning of the period	36.5	32.5
Business acquisitions	-	5.5
Other capital expenditure	10.6	7.1
Disposals	-0.0	-0.1
Depreciation, amortisation and impairment	-8.7	-7.8
Transfers between items	-0.1	-0.0
Exchange differences	-0.0	-0.7
Carrying amount at the end of the period	38.2	36.5

Changes in tangible assets

MEUR	1-12/2023	1-12/2022
Carrying amount at the beginning of the period	155.3	153.0
Business acquisitions	-	4.6
Other capital expenditure	38.3	26.7
Disposals	-0.6	-2.3
Depreciation, amortisation and impairment	-27.1	-28.1
Transfers between items	0.1	0.0
Exchange differences	-0.0	1.3
Carrying amount at the end of the period	166.0	155.3

Changes in right-of-use assets

MEUR	1-12/2023	1-12/2022
Carrying amount at the beginning of the period	71.2	69.8
Business acquisitions	-	1.3
Other capital expenditure	32.2	21.4
Disposals	-5.7	-1.3
Depreciation, amortisation and impairment	-21.6	-19.5
Exchange differences	-0.1	-0.5
Carrying amount at the end of the period	76.0	71.2

8. Capital commitments

MEUR	31 Dec 2023	31 Dec 2022
Intangible assets	-	1.0
Tangible assets	14.0	19.7
Total	14.0	20.7

9. Provisions

The Group's provision 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 summer 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 lisenced for receipt and processing of both normal and hazardous waste.

Provisions in the statement of financial position

MEUR	31 Dec 2023	31 Dec 2022
Non-current provisions	7.2	7.4
Current provisions	0.9	1.7
Total	8.1	9.1

Changes in provisions

MEUR	Environmental provisions	Other provisions	Total
Provisions 1 Jan 2023	7.4	1.7	9.1
Additions	0.2	0.7	0.9
Used	-0.3	-0.7	-1.0
Reversals	-0.2	-0.9	-1.1
Effect of discounting	0.1	-	0.1
Provisions 31 Dec 2023	7.2	0.9	8.1

MEUR	Environmental provisions	Other provisions	Total
Provisions at 1 Jan 2022	8.1	2.7	10.8
Additions	0.1	0.7	0.8
Used	-0.5	-1.3	-1.8
Reversals	-0.4	-0.5	-0.8
Effect of discounting	0.1	-	0.1
Provisions 31 Dec 2022	7.4	1.7	9.1

10. Financial assets and liabilities by category

31 December 2023, MEUR	Amortised costs	Derivatives under hedge accounting	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets					
Other receivables	1.3			1.3	
Current financial assets					
Trade and other receivables	85.9			85.9	
Cash and cash equivalents	32.9			32.9	
Total financial assets	120.1	-	-	120.1	
Non-current financial liabilities					
Borrowings	115.5			115.5	2
Lease liabilities	56.1			56.1	
Deferred consideration			5.9	5.9	3
Current financial liabilities					
Borrowings	0.6			0.6	2
Lease liabilities	21.5			21.5	
Trade and other payables	69.4			69.4	
Total financial liabilities	263.1	-	5.9	269.1	

31 December 2022, MEUR	Amortised costs	Derivatives under hedge accounting	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	91.3			91.3	
Derivative receivables		1.2		1.2	2
Cash and cash equivalents	49.5			49.5	
Total financial assets	142.1	1.2	-	143.3	
Non-current financial liabilities					
Borrowings	126.0			126.0	2
Lease liabilities	51.5			51.5	
Deferred consideration			5.7	5.7	3
Current financial liabilities					
Borrowings	18.3			18.3	2
Lease liabilities	21.0			21.0	
Trade and other payables	65.8			65.8	
Total financial liabilities	282.6	-	5.7	288.3	

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	1-12/2023	1-12/2022
Carrying amount at the beginning of the period	5.7	-
Deferred consideration at the date of the acquisition	-	5.1
Change in fair value	0.2	0.8
Exchange differences	0.0	-0.2
Carrying amount at the end of the period	5.9	5.7

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. In the last quarter of 2023, an increase of EUR 0.2 million was recognised in the deferred consideration (increase of EUR 0.8 million).

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.

11. 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 1.0 million (1.0). 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 12. The Group has no significant transactions with other related parties.

Business transactions with the joint venture

MEUR	1-12/2023	7-12/2022
Net sales	2.2	0.6
Other operating income	-	0.3
Purchases of materials and services	-1.3	-0.7
Trade- and other receivables	0.0	0.0

12. Commitments and contingent liabilities

MEUR	31 Dec 2023	31 Dec 2022
Securities for own commitments		
Mortgages on rights of tenancy	0.1	0.1
Company mortgages	0.5	2.0
Other securities	0.0	0.0
Bank guarantees required for environmental permits	26.6	17.4
Other bank guarantees	6.5	5.8
Mortgages under own control		
Company mortgages	0.2	0.3
Liabilities on behalf of the joint venture		
Account limit	2.8	2.8
Bank guarantees	16.5	16.5
Term loan facility guarantee	11.0	16.5
Revolving credit facility	5.5	-
Future lease payments		
Within one year	0.9	0.9
Over one year	0.7	0.9

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.

Future lease payments consist of minimum leasing commitments related to lease agreements for low-value assets, to which the Group has elected to apply recognition exemption permitted by IFRS 16.

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 116 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

MEUR	31 Dec 2023	31 Dec 2022
Nominal value of interest rate swap		
Maturity not later than one year	-	-
Maturity later than one year and not later than two years	-	30.0
Total	-	30.0
Fair value	-	1.2

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, 8 February 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
Valtteri Palin, CFO, tel. +358 40 734 7749

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.