



Lassila & Tikanoja plc  
Stock exchange release  
27 January 2022 at 8:00 a.m.

## **Lassila & Tikanoja plc: Financial Statements 1 January–31 December 2021**

### **STRONG ORGANIC GROWTH**

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

- Net sales for the final quarter were EUR 223.5 million (199.6). Net sales increased by 12.0 per cent, of which 8.7 percentage points was organic growth. Adjusted operating profit was EUR 10.1 million (9.9), and operating profit was EUR 9.9 million (9.9). Earnings per share were EUR 0.26 (0.20).
- Net sales for 2021 amounted to EUR 812.5 million (751.9). Adjusted operating profit, including a negative impact of EUR 1.0 million due to the change in the accounting principles for cloud computing arrangements, was EUR 42.4 million (39.7), operating profit was EUR 42.2 million (28.2), and earnings per share were EUR 0.90 (0.50).
- Earnings per share were positively influenced by a reduction in net financial expenses to EUR -3.3 million (-4.9). Exchange differences amounted to EUR 0.3 million (-1.4).
- The Board of Directors proposes a dividend of EUR 0.46 per share.

### **Outlook for the year 2022**

The company estimates that the impact of the Omicron variant of COVID-19 will have a negative effect on the Group's result in the first quarter, as customer sites reduce their operations due to the government restrictions and increased sickness-related absence of personnel.

Net sales and adjusted operating profit in 2022 are estimated to be at the same level as in the previous year.

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

“The year 2021 was characterised by the COVID-19 pandemic, and there were many uncertainties in the operating environment. The demand for Lassila & Tikanoja's services began to recover during the second quarter, and strong development continued during the second half of the year. However, the costs of service production were increased by the substantial increase in diesel prices, as well as a worsening labour shortage.

Full-year net sales grew by 8.1% year-on-year. Organic growth was 6.6%. Adjusted operating profit, including a negative impact of EUR 1.0 million due to the change in the accounting principles for cloud computing arrangements, improved year-on-year and totalled EUR 42.4 million (39.7).

All divisions grew organically in 2021, and the growth was also accelerated by three acquisitions in accordance with our strategy. The Environmental Services and Industrial Services divisions achieved a strong result. Performance was weak in the property maintenance and technical services business lines in Facility Services Finland. Measures to simplify the organisational structure and improve cost-efficiency were successfully implemented during the fourth quarter. The measures aim to achieve annual cost savings of a minimum of EUR 3 million starting from 2022.

Customer experience improved significantly from the previous year, and personnel satisfaction developed favourably. In absolute terms, the climate impacts of our own operations were slightly higher than last year, but emissions declined in relation to kilometres driven. Our carbon handprint, or emissions saved through our operations, corresponded to the annual emissions of more than 110,000 Finns. CDP ranked Lassila & Tikanoja “Leadership A-” for its climate activities. Besides L&T, 12 Finnish companies received a Leadership rating. In the reputation survey for the general public, Lassila & Tikanoja’s reputation was better than ever.

During 2021, we reviewed our strategy in relation to changes in the operating environment. The ongoing green transition strongly supports our business. The circular economy plays an increasingly critical role in combatting climate change and biodiversity loss. We identified a lot of growth opportunities in both the materials business and the built environment. The circular economy and sustainable business solutions that support it are at the heart of our strategy.

In the strategy period 2022–2026, L&T seeks growth in its core businesses by strengthening its market share. Our strong balance sheet and customer base, that has grown in all divisions, creates an excellent foundation for organic and inorganic growth during the strategy period.

We want to be the best sustainability partner for our customers and an excellent workplace for the best experts in the field. During the strategy period, we will invest in reforming our operating models, which will enable even more cost-efficient service production.

Even though the COVID-19 pandemic continues to affect our operating environment, the work done in 2021 and the updated strategic guidelines provide a good starting point for 2022.”

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

### **October–December**

Lassila & Tikanoja’s net sales for the fourth quarter amounted to EUR 223.5 million (199.6), an increase of 12.0% year-on-year. The rate of organic growth was 8.7%. Adjusted operating profit was EUR 10.1 million (9.9), representing 4.5% (5.0%) of net sales. Operating profit was EUR 9.9 million (9.9), representing 4.4% (5.0%) of net sales. The change in the accounting principles for cloud computing arrangements in the financial year 2021 had a negative impact of EUR 1.0 million on the result for the last quarter. Earnings per share were EUR 0.26 (0.20).

Net sales grew across all divisions. Comparable operating profit improved in Environmental Services and Industrial Services. In Facility Services, operating profit declined in Finland and Sweden.

### **Year 2021**

Net sales for 2021 amounted to EUR 812.5 million (751.9), up 8.1% year-on-year. The rate of organic growth was 6.6%. Adjusted operating profit was EUR 42.4 million (39.7), representing 5.2% (5.3%) of net sales. Operating profit was EUR 42.2 million (28.2), representing 5.2% (3.8%) of net sales. Earnings per share were EUR 0.90 (0.50).

Net sales grew across all divisions. Operating profit improved in Environmental Services, Industrial Services, and Facility Services Sweden. Operating profit declined year-on-year in Facility Services Finland.

The realisation of occupational accident expenses concerning accidents that took place prior to 2018 had a negative effect of EUR 0.7 million on the Group’s adjusted operating profit. In the comparison period, operating profit was improved by the temporary lowering of pension insurance contributions by 2.6 percentage points from 1 May to 31 December 2020, which had a positive impact of approximately EUR 3.8 million in 2020. Other non-recurring items in the

comparison period had a positive net effect of EUR 1.0 million on the Group's operating profit. The items in question are not included in the figures of the Group's businesses. Operating profit in the comparison period was negatively affected by costs of EUR 9.0 million recognised in relation to the discontinuation of Russian operations. The change in the accounting principles for cloud computing arrangements in the financial year 2021 had a negative impact of EUR 1.0 million on the result for the last quarter. The result for the period was positively influenced by a reduction in net financial expenses to EUR -3.3 million (-4.9). Exchange differences had an impact of EUR +0.3 million (-1.4) on financial expenses.

## Financial summary

	10-12/2021	10-12/2020	Change %	1-12/2021	1-12/2020	Change %
Net sales, EUR million	223.5	199.6	12.0	812.5	751.9	8.1
Adjusted operating profit, EUR million	10.1	9.9	1.9	42.4	39.7	6.9
Adjusted operating margin, %	4.5	5.0		5.2	5.3	
Operating profit, EUR million	9.9	9.9	0.2	42.2	28.2	49.5
Operating margin, %	4.4	5.0		5.2	3.8	
EBITDA, EUR million	23.2	23.5	-1.3	95.1	85.2	11.7
EBITDA, %	10.4	11.8		11.7	11.3	
Profit before tax, EUR million	9.1	9.1	0.4	39.0	23.3	67.2
Earnings per share, EUR	0.26	0.20	30.0	0.90	0.50	79.8
Net cash flow from operating activities after investments per share, EUR	0.55	0.62	-12.1	0.05	1.15	-96.1
EVA, EUR million	3.0	3.8	-20.3	15.9	3.7	332.4
Return on equity (ROE), %				17.1	9.6	
Invested capital, EUR million				406.0	379.2	7.1
Return on invested capital (ROI), %				10.8	7.5	
Equity ratio, %				33.7	33.0	
Gearing, %				79.4	70.9	

## NET SALES AND OPERATING PROFIT BY DIVISION

### Environmental Services

#### October–December

Net sales of Environmental Services for the fourth quarter grew to EUR 89.9 million (72.9). Operating profit was EUR 7.1 million (7.6), and comparable operating profit excluding Russia improved to EUR 7.1 million (6.2). The change in the accounting principles of cloud computing arrangements had a negative impact on profit of EUR 0.2 million.

#### Year 2021

Net sales of Environmental Services grew to EUR 320.5 million (289.4). Operating profit increased year-on-year and amounted to EUR 29.8 million (20.0). The comparison figure includes costs of EUR 9.0 million recognised in relation to the discontinuation of Russian operations. Excluding Russia, the operating profit of Environmental Services improved to EUR 29.8 million (28.4). The change in the accounting principles of cloud computing arrangements had a negative impact on profit of EUR 0.2 million.

In Environmental Services, demand for waste management and recycling services started to recover in the second quarter and remained strong for the rest of the year. Demand for separately ordered services as well as the prices of – and demand for – recycled raw materials practically

returned to pre-pandemic levels in the third quarter. The number of corporate customers increased thanks to active sales to new customers, and the Sihvari Oy acquisition in June strengthened the Environmental Services division's market position in the SME customer segment. Production costs were increased by strong price hikes in fuel prices, continuing throughout the year.

## **Industrial Services**

### **October–December**

The division's net sales for the final quarter grew to EUR 28.7 million (27.6). Operating profit improved to EUR 1.7 million (1.5). The change in the accounting principles for cloud computing arrangements had a negative impact of EUR 0.6 million on the result.

### **Year 2021**

The Industrial Services division's net sales grew to EUR 105.1 million (101.8). Operating profit improved year-on-year and amounted to EUR 9.2 million (7.1). The change in the accounting principles for cloud computing arrangements had a negative impact of EUR 0.6 million on the result.

The Industrial Services division strengthened its market position in hazardous waste and process cleaning in 2021. In hazardous waste, volumes gradually returned to normal during the year. The focus on segment expertise brought results especially in the chemical industry segment, where new customer contracts were signed. In the project business, some of the construction projects planned for earlier in the year were postponed due to the COVID-19 pandemic, which made resource allocation more difficult and increased costs. There were fewer contaminated soil area projects started than in the previous year, and price competition intensified. The development of operational methods remained strong in Industrial Services. The COVID-19 pandemic caused changes in the annual industrial maintenance break cycle, and some of the annual maintenance breaks first planned for the beginning of 2021 were transferred to the third quarter. The overlap of annual maintenance breaks in the third quarter made resource optimisation more difficult and increased production costs due to increased subcontracting.

## **Facility Services Finland**

### **October–December**

The division's net sales for the final quarter grew to EUR 63.0 million (60.5). Operating profit declined to EUR 0.6 million (1.9). The change in the accounting principles for cloud computing arrangements had a negative impact on profit of EUR 0.1 million.

### **Year 2021**

The net sales of Facility Services Finland grew to EUR 243.1 million (232.3). Operating profit declined year-on-year to EUR 1.8 million (3.2). The change in the accounting principles for cloud computing arrangements had a negative impact on profit of EUR 0.1 million. In the comparison period, operating profit was improved by the temporary lowering of pension insurance contributions by 2.6 percentage points from 1 May to 31 December 2020, which had a positive impact of approximately EUR 2.1 million in 2020.

The cleaning business developed favourably throughout the year, and the market position strengthened. The market position in the food hygiene segment strengthened following the acquisition of Serveco Oy. The market position strengthened in the retail segment, and the service offering expanded with the acquisition of Spectra Oy. The Responsible Cleaning development programme was launched in the cleaning business during the second quarter, and it was well received by customers. In total, 316 cleaning sites were included in the development programme by the end of 2021, and more than 1,000 cleaners were trained in the use of sustainable cleaning methods during the year.

Performance was weak in the property maintenance and technical services business lines in Finland. Measures to improve cost efficiency and clarify the organisational structure were initiated in these service lines at the end of the third quarter. Four loss-making units were closed, and the business lines for property maintenance and technical services were brought under one management. The aim is to achieve annual cost savings of a minimum of EUR 3 million starting from 2022. The streamlined unit network will improve efficiency, and investments will continue in refrigeration equipment maintenance and energy efficiency services in particular.

## **Facility Services Sweden**

### **October–December**

The division's net sales for the final quarter grew to EUR 43.8 million (40.0). Operating profit was EUR 1.3 million (1.5).

### **Year 2021**

The net sales of Facility Services Sweden grew to EUR 149.8 million (134.5). Operating profit improved year-on-year and amounted to EUR 3.9 million (3.5).

The COVID-19 pandemic situation was difficult in the first quarter. The pandemic situation started to ease from the second quarter, and the market share developed favourably. The market position strengthened in the hospital segment in particular, and especially in the fourth quarter, due to a significant new customer account. Cleaning and food hygiene services also grew.

The COVID-19 pandemic had a negative impact on the demand for additional services in the municipal sector throughout the year. Fewer large technical services projects started than in the years before the pandemic, and some projects were delayed due to the global semiconductor shortage.

## **FINANCING**

Net cash flow from operating activities amounted to EUR 1.7 million (44.0). A total of EUR 15.1 million in working capital was committed (EUR 2.1 million released). Working capital was increased by the growth of customer receivables due to higher net sales. Cash flow was reduced by acquisitions, which had a total impact of approximately EUR 23 million. Cash flow in the comparison period was favourably impacted by the sale of property included in property, plants, and equipment.

At the end of the period, interest-bearing liabilities amounted to EUR 195.6 million (186.7). Net interest-bearing liabilities totalled EUR 167.1 million (136.5). The average interest rate on long-term loans excluding IFRS 16 liabilities, with interest rate hedging, was 1.1% (1.3%).

Of the EUR 100.0 million commercial paper programme, EUR 0.0 million (15.0) was in use at the end of the period. A committed credit limit totalling EUR 30 million was not in use, as was the case in the comparison period. The Group took out a bank loan of EUR 25 million in the third quarter to finance acquisitions.

Net financial expenses in 2021 amounted to EUR -3.3 million (-4.9). The effect of exchange rate changes on net financial expenses was EUR 0.3 million (-1.4). Net financial expenses were 0.4% (0.7%) of net sales.

The equity ratio was 33.7% (33.0%), and the gearing ratio was 79.4% (70.9%). Liquid assets at the end of the period amounted to EUR 28.6 million (50.2). Overdue trade receivables and credit losses have not increased during the pandemic.

## DISTRIBUTION OF ASSETS

The Annual General Meeting held on 18 March 2021 resolved that a dividend of EUR 0.40 per share be paid on the basis of the balance sheet that was adopted for the financial year 2020. The dividend, totalling EUR 15.2 million, was paid to shareholders on 29 March 2021.

## CAPITAL EXPENDITURE

Gross capital expenditure for 2021 amounted to EUR 72.3 million (48.2). Acquisitions accounted for approximately EUR 31 million of the capital expenditure. Other capital expenditure consisted primarily of machine and equipment purchases, as well as investments in information systems and buildings.

## SUSTAINABILITY

### Environmental responsibility

Climate benefits for customers created by L&T

	2021	2020	Target	Target to be achieved by
Carbon handprint (tCO <sub>2</sub> e)	1,103,000	1,230,000	growth faster than net sales	

The carbon handprint illustrates the climate benefits of a product, process or service, meaning 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 biofuels and solid recovered fuels.

Recycling rate and material recovery

	2021	2020	Target	Target to be achieved by
Recycling rate of material flows managed by L&T	58.4%	58.6%	60%	2024

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.

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

	2021	2020	Target	Target to be achieved by
Carbon footprint (tCO <sub>2</sub> e)	37,100	36,700		
Carbon footprint intensity (gCO <sub>2</sub> e/km)	767	818	476	2030

L&T's strategic objective is to halve the carbon footprint of its operations by 2030 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. During 2021, L&T acquired 57 electric vans and the number of biogas-powered heavy-duty vehicles rose to 32 (10).

## Social responsibility

Overall accident frequency

	2021	2020	Interim target	Target to be achieved by
Overall accident frequency (TRIF)	24	24	20	2024

We use effective proactive measures – such as risk assessments, safety observations, Safety Walks and occupational safety sessions – to improve our safety as well as the safety of our customers and other stakeholders, while also eliminating risk factors.

Well-being at work

	2021	2020	Interim target	Interim target to be achieved by
Occupational health rate Finland (proportion of employees with no sickness-related absences)	45	50	45	2024
Sickness-related absences Finland (%)	5.0	4.7	4.5	2024

In 2021, the sickness rate of personnel was at a low level until the last month of 2021. The Omicron variant of COVID-19 increased the sickness rate in December.

## Current issues related to sustainability

CDP ranked Lassila & Tikanoja “Leadership A-” for its climate activities. Besides L&T, 12 Finnish companies received a Leadership rating.

## PERSONNEL

In 2021, the average number of employees converted into full-time equivalents was 7,319 (7,197). At the end of the period, L&T had 8,171 (8,139) full-time and part-time employees. Of these, 7,003 (6,673) worked in Finland and 1,168 (1,466) in other countries.

## PROPOSAL FOR THE DISTRIBUTION OF ASSETS

According to the financial statements, Lassila & Tikanoja plc's unrestricted equity amounts to EUR 67,190,797.35, with the operating profit for the period representing EUR 13,253,020.79 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 assets.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.46 per share be paid for the financial year 2021. The dividend is to be paid to shareholders included in the company shareholder register maintained by Euroclear Finland Oy on the record date, 21 March

2022. The Board proposes to the Annual General Meeting that the dividend be paid on 28 March 2022.

No dividend shall be paid on shares held by the company on the record date of 21 March 2022.

On the day the proposal for the distribution of assets was made, the number of shares entitling to dividend was 38,112,478, which means the total amount of the dividend would be EUR 17,531,739.88. Earnings per share amounted to EUR 0.90. The proposed dividend, EUR 0.46 per share, is 51.0% of the earnings per share.

Lassila & Tikanoja's Annual Report, which includes the report by the Board of Directors and the financial statements for 2021, will be published in week 8 at [www.lt.fi/en](http://www.lt.fi/en).

## **SHARES AND SHARE CAPITAL**

### **Traded volume and price**

The volume of trading during the year 2021 was 9.6 million shares, which is 25.2% (32.2%) of the average number of outstanding shares. The value of trading was EUR 137.6 million (166.1). The highest share price was EUR 16.10 and the lowest EUR 12.82. The closing price was EUR 13.44. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 512.2 million (573.9).

### **Own shares**

At the end of the period, the company held 686,396 of its own shares, representing 1.8% 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 is 38,112,478. The average number of shares excluding the shares held by the company was 38,111,312.

### **Shareholders**

At the end of the period, the company had 23,087 (20,731) shareholders. Nominee-registered holdings accounted for 9.6% (10.1%) of the total number of shares.

### **Authorisations for the Board of Directors**

The Annual General Meeting held on 18 March 2021 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, which was held on 18 March 2021, adopted the financial statements and consolidated financial statements for 2020, released the members of the Board of Directors and the President and CEO from liability, and approved the Remuneration Report for the Governing Bodies.

The Annual General Meeting resolved that a dividend of EUR 0.40 per share, totalling EUR 15.2 million, be paid on the basis of the balance sheet adopted for the financial year 2020. It was decided that the dividend be paid on 29 March 2021.

The Annual General Meeting confirmed the number of members of the Board of Directors as seven. Heikki Bergholm, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Laura Tarkka, and Pasi Tolppanen were re-elected to the Board until the end of the following Annual General Meeting, and Jukka Leinonen was elected as a new member.

KPMG Oy Ab, Authorised Public Accountants, was elected auditor. KPMG Oy Ab named Leenakaisa Winberg, Authorised Public Accountant, as its principal auditor.

The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 18 March 2021.

## BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are Heikki Bergholm, Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Jukka Leinonen, Laura Tarkka, and Pasi Tolppanen. At its constitutive meeting after the Annual General Meeting, the Board of Directors elected Heikki Bergholm as Chairman of the Board and Sakari Lassila as Vice Chairman.

Sakari Lassila was elected as the Chairman of the Audit Committee and Teemu Kangas-Kärki, Laura Lares, and Jukka Leinonen as members. Heikki Bergholm was elected as the Chairman of the Personnel Committee and Laura Tarkka and Pasi Tolppanen as members.

## Long-term targets

In October, Lassila & Tikanoja plc's Board of Directors approved the updated targets for the strategy period 2022-2026 and decided on the continuing implementation of the Group strategy. The Group's financial targets remain the same for the strategy period. The sustainability and stakeholder targets were updated to provide a more transparent view of the progress of the strategy, and the target levels were set on a higher level.

### Financial targets

<u>Measure</u>	<u>Target</u>
Net Sales Growth, %	5%
Return on investment, % (ROI)	15%
Gearing, %	Below 125%

## Sustainability and stakeholder targets

Measure	Target
Net Promoter Score, NPS	>50 by 2026
Employee Net Promoter Score, eNPS	>50 by 2026
Carbon handprint	Growth faster than net sales
Carbon footprint	-50% by 2030 in comparison to 2018

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

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

### KEY EVENTS DURING THE REVIEW PERIOD

On 27 July 2021, the company issued a positive profit warning and updated its net sales outlook for 2021. Net sales in 2021 are estimated to grow, and adjusted operating profit is estimated to be at the same level or better compared to the previous year.

On 30 July 2021, Antti Niitynpää (eMBA) was appointed Senior Vice President, Facility Services Finland and a member of the Group Executive Board, effective from 30 July 2021. His predecessor Tuomas Mäkipeska resigned and continued his career outside the company.

On 17 September 2021, the company announced the composition of Lassila & Tikanoja plc's Nomination Board. Lassila & Tikanoja plc's three largest shareholders, which are entitled to appoint a representative to Lassila & Tikanoja plc's Shareholders' Nomination Board, are 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), Mandatum Life Insurance Company Limited, and the Evald ja Hilda Nissin Säätiö foundation. These shareholders have appointed Miikka Maijala, Patrick Lapveteläinen and Juhani Lassila as their representatives in Lassila & Tikanoja's Nomination Board. The Chairman of Lassila & Tikanoja plc's Board of Directors, Heikki Bergholm, acts as the fourth member of the Nomination Board. The Chairman of the Nomination Board is Patrick Lapveteläinen.

### EVENTS AFTER THE REVIEW PERIOD

On 12 January 2022, the company announced that Lassila & Tikanoja's Shareholders' Nomination Board, established by the Annual General Meeting on 12 March 2020, proposes to the Annual General Meeting to be held on 17 March 2022 that the Board of Directors have six (6) members. The Nomination Board proposes that Teemu Kangas-Kärki, Laura Lares, Sakari Lassila, Jukka Leinonen, Laura Tarkka, and Pasi Tolppanen are elected to the Board of Directors from among the current members.

The Chairman of the Board of Directors, Heikki Bergholm, has announced that he is no longer available for the election of the members of the Board of Directors. The candidates have informed the company that if they are elected, they will elect Jukka Leinonen as Chairman of the Board of Directors and Sakari Lassila as Vice Chairman.

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

The measures and recommendations issued by the authorities to restrict the COVID-19 pandemic, and the resulting customer-specific production restrictions and adjustment measures are still expected to cause disruptions in service production during 2022. The new coronavirus variants can spread more rapidly than the previous variants and increase the employee sickness rate. This can cause disturbances in service production.

Fluctuations in the price of oil influence both fuel costs and the prices of oil-based secondary raw materials, such as recycled plastic and regenerated lubricants.

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.

Challenges related to the availability of labour may increase production costs.

More detailed information on Lassila & Tikanoja's risks and risk management will be provided in the 2021 Annual Report and in the Report of the Board of Directors and the consolidated financial statements.

## **Outlook for the year 2022**

The company estimates that the impact of the Omicron variant of COVID-19 will have a negative effect on the Group's result in the first quarter, as customer sites reduce their operations due to the government restrictions and increased sickness-related absence of personnel.

Net sales and adjusted operating profit in 2022 are estimated to be at the same level as in the previous year.

Helsinki, 26 January 2022

LASSILA & TIKANOJA PLC

Board of Directors  
Eero Hautaniemi  
President and CEO

## KEY FIGURES

	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Earnings per share, EUR	0.26	0.20	0.90	0.50
Diluted earnings per share, EUR	0.26	0.20	0.90	0.50
Net cash flow from operating activities after investments per share, EUR	0.55	0.62	0.05	1.15
EVA, MEUR *	3.0	3.8	15.9	3.7
Adjusted operating profit, MEUR**	10.1	9.9	42.4	39.7
Operating profit, MEUR	9.9	9.9	42.2	28.2
Gross capital expenditure, MEUR	18.3	15.4	72.3	48.2
Depreciation, amortisation and impairment, MEUR	13.3	13.6	52.9	57.0
Equity per share, EUR			5.52	5.05
Dividend/share, EUR***			0.46	0.40
Dividend/earnings, %			51.0	79.7
Effective dividend yield, %			3.4	2.7
P/E ratio			14.9	30.0
Return on equity (ROE), %			17.1	9.6
Invested capital, MEUR			406.0	379.2
Return on invested capital (ROI), %			10.8	7.5
Equity ratio, %			33.7	33.0
Gearing, %			79.4	70.9
Net interest-bearing liabilities, MEUR			167.1	136.5
Average number of employees in full-time equivalents			7,319	7,197
Total number of full-time and part-time employees at end of the period			8,171	8,139
Number of outstanding shares adjusted for issues, 1,000 shares				
average during the period			38,111	38,103
at the end of the period			38,112	38,105
average during the period, diluted			38,127	38,118

\* EVA = operating profit - cost calculated on invested capital (average of four quarters) WACC: 2021 6.72%, 2020 6.64%

\*\* Adjusted operating profit = operating profit +/- items affecting comparability

\*\*\* Proposal by the Board of Directors 2021

## CONSOLIDATED INCOME STATEMENT

MEUR	10-12/2021	10-12/2020	1-12/2021	1-12/2020
<b>Net sales</b>	223.5	199.6	812.5	751.9
Other operating income	1.5	0.7	3.8	9.3
Change in inventory	-2.6	-0.1	-0.9	8.7
Materials and services	-80.9	-71.7	-281.7	-263.9
Employee benefit expenses	-89.7	-80.1	-342.6	-315.1
Other operating expenses	-28.5	-24.8	-95.9	-105.6
Depreciation, amortisation and impairment	-13.3	-13.6	-52.9	-57.0
<b>Operating profit</b>	9.9	9.9	42.2	28.2
Financial income and expenses	-0.8	-0.8	-3.3	-4.9
Share of the result of associated companies	0.0	0.0	0.0	0.0
<b>Result before taxes</b>	9.1	9.1	39.0	23.3
Income taxes	0.8	-1.4	-4.6	-4.3
<b>Result for the period</b>	10.0	7.7	34.4	19.0
<b>Attributable to:</b>				
Equity holders of the company	10.0	7.7	34.4	19.1
Non-controlling interest	-	0.0	-	-0.1
<b>Earnings per share attributable to equity holders of the parent company:</b>				
Earnings per share, EUR	0.26	0.20	0.90	0.50
Diluted earnings per share, EUR	0.26	0.20	0.90	0.50

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	10-12/2021	10-12/2020	1-12/2021	1-12/2020
<b>Result for the period</b>	10.0	7.7	34.4	19.0
<b>Items not to be recognised through profit or loss</b>				
Items arising from re-measurement of defined benefit plans	-0.0	-0.0	-0.0	-0.0
Items not to be recognised through profit or loss, total	-0.0	-0.0	-0.0	-0.0
<b>Items potentially to be recognised through profit or loss</b>				
Hedging reserve, change in fair value	0.1	0.0	0.3	0.1
Currency translation differences	-0.7	3.8	-1.6	2.9
Currency translation differences recognised through profit and loss	-	-0.0	-	2.6
Currency translation differences, non-controlling interest	-	-	-	-0.1
Items potentially to be recognised through profit or loss, total	-0.6	3.8	-1.3	5.4
Other comprehensive income, total	-0.6	3.7	-1.4	5.4
Total comprehensive income, after tax	9.3	11.4	33.0	24.4
<b>Attributable to:</b>				
Equity holders of the company	9.3	11.5	33.0	24.6
Non-controlling interest	-	-0.1	-	-0.2

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	12/2021	12/2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Goodwill	172.1	154.0
Other intangible assets	32.5	28.9
	<hr/>	<hr/>
	204.6	182.9
Property, plant and equipment	153.0	139.8
Right-of-use assets	69.8	70.9
	<hr/>	<hr/>
	222.8	210.7
Other non-current assets		
Deferred tax assets	5.6	4.5
Other receivables	2.2	1.3
	<hr/>	<hr/>
	7.8	5.8
<b>Total non-current assets</b>	435.2	399.4
<b>Current assets</b>		
Inventories	5.9	30.7
Trade receivables	86.8	82.9
Contract assets	22.8	19.4
Income tax receivables	7.3	3.1
Other receivables	10.4	10.9
Cash and cash equivalents	28.6	50.2
	<hr/>	<hr/>
	161.8	197.2
Assets classified as held for sale	38.3	-
	<hr/>	<hr/>
<b>Total current assets</b>	200.0	197.2
<b>Total assets</b>	635.3	596.6

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	12/2021	12/2020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to equity holders of the parent company		
Share capital	19.4	19.4
Other reserves	-6.3	-5.0
Invested unrestricted equity reserve	0.6	0.6
Retained earnings	196.7	177.5
<b>Total equity</b>	<b>210.4</b>	<b>192.6</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	30.2	28.3
Retirement benefit obligations	1.4	1.4
Provisions	8.1	7.1
Financial liabilities	175.8	155.4
Other liabilities	0.1	0.1
	215.5	192.3
<b>Current liabilities</b>		
Financial liabilities	19.9	31.3
Trade and other payables	172.3	177.7
Income tax liabilities	3.3	0.3
Provisions	2.7	2.4
	198.1	211.8
Liabilities classified as held for sale	11.2	-
<b>Total liabilities</b>	<b>424.9</b>	<b>404.0</b>
<b>Total equity and liabilities</b>	<b>635.3</b>	<b>596.6</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	1-12/2021	1-12/2020
<b>Cash flow from operating activities</b>		
Result for the period	34.4	19.0
<b>Adjustments</b>		
Income taxes	4.6	4.3
Depreciation, amortisation and impairment	52.9	57.0
Financial income and expenses	3.3	4.9
Gain on sale of property	-	-5.7
Impact of the discontinuation of Russian operations	-2.1	8.9
Other	-2.2	0.7
Net cash generated from operating activities before change in working capital	90.9	89.0
Change in working capital		
Change in trade and other receivables	-12.1	0.6
Change in inventories	-1.9	-9.2
Change in trade and other payables	-1.0	10.7
Change in working capital	-15.1	2.1
Interest paid	-3.7	-3.9
Interest received	0.3	0.4
Income taxes	-6.7	-4.5
<b>Net cash from operating activities</b>	65.6	83.0
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries and businesses, net of cash acquired	-23.2	-1.6
Purchases of property, plant and equipment and intangible assets	-42.3	-45.0
Proceeds from the sale of property, plant and equipment and intangible assets	1.7	7.5
Change in other non-current receivables	-0.1	0.1
<b>Net cash used in investing activities</b>	-63.9	-39.0
<b>Net cash flow from operating and investing activities</b>	1.7	44.0
<b>Cash flow from financing activities</b>		
Proceeds from short-term borrowings	40.0	35.0
Repayments of short-term borrowings	-55.0	-20.0
Proceeds from long-term borrowings	25.0	-
Repayments of long-term borrowings	-	0.1
Repayments of lease liabilities	-18.1	-16.2
Dividends paid	-15.2	-35.0
<b>Net cash generated from financing activities</b>	-23.4	-36.2
<b>Net change in liquid assets</b>	-21.7	7.8
Liquid assets at beginning of period	50.2	41.8
Effect of changes in foreign exchange rates	-0.0	0.6
<b>Liquid assets at end of period</b>	28.6	50.2

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Currency translation differences	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
<b>Equity on 1 January 2020</b>	19.4	-9.7	-0.7	0.6	193.2	202.8	0.2	203.0
Total comprehensive income								
Result for the period					19.1	19.1	-0.1	19.0
Other comprehensive income		5.4	0.1		-0.0	5.4	-0.1	5.4
Total comprehensive income		5.4	0.1		19.1	24.6	-0.2	24.4
Transactions with shareholders								
Share-based benefits				-	0.2	0.2		0.2
Dividends paid					-35.0	-35.0		-35.0
Returned dividends					0.0	0.0		0.0
Transactions with shareholders, total				-	-34.9	-34.9		-34.9
Other changes					0.0	0.0		0.0
<b>Equity on 31 December 2020</b>	19.4	-4.3	-0.7	0.6	177.5	192.6	-	192.6
Total comprehensive income								
Result for the period					34.4	34.4	-	34.4
Other comprehensive income		-1.6	0.3		-0.0	-1.4	-	-1.4
Total comprehensive income		-1.6	0.3	-	34.3	33.0	-	33.0
Transactions with shareholders								
Share-based benefits					0.0	0.0		0.0
Dividends paid					-15.2	-15.2		-15.2
Returned dividends					0.0	0.0		0.0
Transactions with shareholders, total		-	-	-	-15.2	-15.2	-	-15.2
<b>Equity on 31 December 2021</b>	19.4	-5.9	-0.4	0.6	196.7	210.4	-	210.4

## 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 2020 and the new and amended provisions that entered into force on 1 January 2021. The information presented in the financial statements release has not been audited.

In March 2021, IFRS Interpretations Committee issued the agenda decision "Configuration or Customisation costs in a Cloud Computing Arrangement". This agenda decision deals with the question on how entities should account for the configuration and customisation costs relating to cloud services (Software as a Service -arrangements). The IFRIC agenda decisions do not change the requirements of the IFRSs, their aim is to clarify the application of the effective IFRSs.

Due to the agenda decision, the Group analysed the items capitalised as an intangible asset as well as the on-going implementation projects of cloud services. At first it was evaluated whether the solution is a SaaS -arrangement or an on-premise solution. In this evaluation, the Group also considered the instructions of the earlier agenda decision issued in 2019 by IFRS IC. For those projects, that were identified as SaaS -arrangements, it was analysed, whether the configuration and customisation costs meet the definition of an intangible asset, which L&T controls and from which L&T has the right to obtain the future economic benefits. If the definition of an intangible asset was not met it was evaluated whether the configuration and customisation costs are distinct from the actual cloud service.

Based on the analysis, the Group clarified the accounting policies on how the implementation costs of Cloud Computing arrangements are accounted for. Such configuration and customisation costs, that are not distinct from the actual cloud service, are capitalised and expensed over the estimated SaaS term. Such configuration and customisation costs, that are distinct from the actual cloud service, are expensed when the configuration service is delivered.

According to the analysis, the clarification of the accounting policies would not have had a significant impact on the profits or the asset values in the previous years' financial statements. In the last quarter of 2021, the Group recognised a total of EUR 1.0 million from other intangible assets to other operating expenses in the consolidated income statement. A total of EUR 1.6 million was reclassified from other intangible assets to advance payments in the consolidated balance sheet. In the consolidated income statement, a total of EUR 0.5 million was reclassified from amortisations to other operating expenses. The analysis was prepared according to the management's best judgement based on the interpretation of IFRS IC. The Group may further clarify the accounting policies, if the market convention relating to the interpretation of the IFRIC agenda decision changes. This may lead to write-downs of already activated costs in the future reporting periods.

The impact from other new and amended standards and interpretations issued during financial year 2021 are not considered to be material to the Group's financial reporting.

The Alternative Performance Measures reported by the company are EVA, net cash flow from operating activities after investments per share, Gross capital expenditure, EBITDA and adjusted operating profit. The calculation formulas for the performance measures are presented at the end of this financial statements release.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc as of 31 December 2020.

## **THE IMPACTS OF THE COVID-19 PANDEMIC ON FINANCIAL REPORTING**

The company's management has closely monitored the effects of the coronavirus pandemic and evaluated its potential impacts on forecasts and the valuation of balance sheet items. The measures and recommendations issued by the authorities to restrict the COVID-19 pandemic, and the resulting customer-specific production restrictions and adjustment measures are still expected to cause disruptions in service production during 2022. The new coronavirus variants can spread more rapidly than the previous variants and increase the employee sickness rate. This can cause disturbances in service production. However, based on the management's monitoring and evaluation activities, the impacts of the COVID-19 pandemic have been found to be moderate and short-term, affecting the current financial year. According to the current information, the impacts of the pandemic have not led to a need to adjust the company's long-term forecasts.

Based on the sensitivity analysis conducted as part of goodwill impairment testing in the final quarter of the financial year 2021, the value-in-use exceeded the carrying amount clearly for all cash-generating units. Based on the company's assessment, provided that future cash flow forecasts remain unchanged, no change in the central assumptions that would be considered as somewhat likely could result in the accounting value of a cash-generating unit exceeding the value-in-use. The analysis of the current financial impacts of the COVID-19 pandemic suggests that they do not affect the future cash flow forecasts used in testing calculations.

The monitoring of the lease portfolio has not indicated pandemic-related changes in the size or duration of the portfolio. Consequently, the remeasurement of the right-of-use asset item has not been considered necessary.

The company has monitored customer receivables on a weekly basis during the COVID-19 pandemic. The pandemic has not resulted in an increase in overdue customer receivables and the analysis of the maturity distribution of receivables has not indicated a negative effect on receivables turnover. Consequently, the company has not found it necessary to change the definition principles concerning provisions for expected credit losses.

The company's financial position is good and, based on the current information, the coronavirus pandemic is not expected to have a negative impact on the financial position.

## THE IMPACT OF THE DISCONTINUATION OF RUSSIAN OPERATIONS

On 24 April 2020, Lassila & Tikanoja issued a stock exchange release to announce that its Russian operations will be discontinued within 2020. Due to waste management reforms introduced by the Russian state in 2019, the company's operating area in Russia was allocated to two operators. In April 2020, the company was informed that one of the two operators will start operating waste logistics in the area, which will reduce Lassila & Tikanoja's net sales in Russia by more than half by the beginning of September.

In connection with the decision to discontinue the Group's business in Russia, the management assessed that the value of the balance sheet items in Russia had materially reduced to the extent that the liquidation of the assets would only cover the liabilities of the Russian subsidiaries. Based on this assessment, the company recognised a write-down of EUR 8.0 million on the balance sheet items in question as at 30 June 2020. In addition, the cumulative exchange difference of EUR -2.6 million associated with the Russian operations was recognised through profit or loss in its entirety because, following the impairment of balance sheet items and the measures required to discontinue the business, the effect of the remaining operations has been judged to be immaterial for the Group. A further provision of EUR 0.3 million was recognised with regard to the costs of discontinuing the operations and presented in current provisions on the balance sheet.

During the final two quarters of the year 2020 the costs related to the discontinuation were revised by EUR +1.9 million. The costs of the discontinuation, totalling EUR 8.9 million, were recognised in other operating expenses in the income statement in year 2020.

In 2021, the costs related to the discontinuation were revised by EUR +2.1 million. In May 2021, L&T sold its shares in The Russian-Finnish Company Ecosystem LLC to a local operator. In December 2021 L&T sold its share in L&T LLC to the management of the company.

### The impact of the write-down on the result for the financial period

MEUR	1-12/2021	1-12/2020
Original write-down	-	-10.8
Change	2.1	1.9
Write-down total	2.1	-8.9
<b>MEUR</b>		<b>Write-down 6/2020</b>
<b>Non-current assets</b>		
Intangible assets		-0.1
Property, plant and equipment		-3.2
Other non-current assets		-0.3
<b>Current assets</b>		
Inventories		-0.2
Trade receivables		-3.3
Other receivables		-0.9
<b>Total assets</b>		<b>-8.0</b>
<b>Equity</b>		
Other reserves		2.6
Profit for the period		-10.8
<b>Liabilities</b>		
Non-current liabilities		
Deferred tax liabilities		0.0
Current liabilities		
Provisions		0.3
<b>Total liabilities</b>		<b>0.3</b>
<b>Total equity and liabilities</b>		<b>-8.0</b>

## SEGMENT INFORMATION

### Net sales

MEUR	10-12/2021	10-12/2020	Change %	1-12/2021	1-12/2020	Change %
Environmental Services	89.9	72.9	23.3	320.5	289.4	10.8
Industrial Services	28.7	27.6	4.2	105.1	101.8	3.2
Facility Services Finland	63.0	60.5	4.1	243.1	232.3	4.7
Facility Services Sweden	43.8	40.0	9.4	149.8	134.5	11.3
Eliminations	-2.0	-1.4		-6.1	-6.1	
<b>Total</b>	<b>223.5</b>	<b>199.6</b>	<b>12.0</b>	<b>812.5</b>	<b>751.9</b>	<b>8.1</b>

### Operating profit

MEUR	10-12/2021	%	10-12/2020	%	1-12/2021	%	1-12/2020	%
Environmental Services	7.1	7.9	7.6	10.5	29.8	9.3	20.0	6.9
Industrial Services	1.7	5.9	1.5	5.6	9.2	8.7	7.1	7.0
Facility Services Finland	0.6	1.0	1.9	3.2	1.8	0.7	3.2	1.4
Facility Services Sweden	1.3	3.1	1.5	3.8	3.9	2.6	3.5	2.6
Group administration and other *	-0.8		-2.7		-2.4		-5.6	
<b>Total</b>	<b>9.9</b>	<b>4.4</b>	<b>9.9</b>	<b>5.0</b>	<b>42.2</b>	<b>5.2</b>	<b>28.2</b>	<b>3.8</b>

### EBITDA

MEUR	10-12/2021	%	10-12/2020	%	1-12/2021	%	1-12/2020	%
Environmental Services	13.6	15.2	14.1	19.3	56.5	17.6	45.6	15.8
Industrial Services	4.3	14.8	4.4	15.9	18.6	17.7	17.3	17.0
Facility Services Finland	2.7	4.3	3.1	5.1	11.0	4.5	13.5	5.8
Facility Services Sweden	3.2	7.4	2.7	6.8	10.4	6.9	8.4	6.2
Group administration and other *	-0.6		-0.8		-1.2		0.4	
<b>Total</b>	<b>23.2</b>	<b>10.4</b>	<b>23.5</b>	<b>11.8</b>	<b>95.1</b>	<b>11.7</b>	<b>85.2</b>	<b>11.3</b>

\* Group administration and other includes a capital gain of EUR 5.7 million recognised in the first quarter of 2020 due to the sale of property.

## Other segment information

MEUR	10-12/2021	10-12/2020	1-12/2021	1-12/2020
<b>Capital expenditure</b>				
Environmental Services	7.6	5.7	41.7	23.7
Industrial Services	7.1	4.5	14.5	17.4
Facility Services Finland	3.3	3.4	13.6	5.1
Facility Services Sweden	0.5	0.6	1.8	1.5
Group administration and other	-0.2	1.3	0.6	0.6
<b>Total</b>	<b>18.3</b>	<b>15.4</b>	<b>72.3</b>	<b>48.2</b>
<b>Depreciation and amortisation</b>				
Environmental Services	6.5	6.5	26.7	25.6
Industrial Services	2.6	2.9	9.4	10.2
Facility Services Finland	2.1	1.2	9.1	10.3
Facility Services Sweden	1.9	1.2	6.5	4.9
Group administration and other **	0.2	1.9	1.2	6.1
<b>Total</b>	<b>13.3</b>	<b>13.6</b>	<b>52.9</b>	<b>57.0</b>

\*\* Group administration and other includes impairments of EUR 4.1 million recognised in the first quarter of 2020 and EUR 0.6 million recognised in the third quarter of 2020.

MEUR	12/2021	12/2020
<b>Assets</b>		
Environmental Services	314.5	263.8
Industrial Services	110.5	103.5
Facility Services Finland	83.9	86.0
Facility Services Sweden	94.5	86.4
Group administration and other	32.0	56.8
<b>Total</b>	<b>635.3</b>	<b>596.6</b>
<b>Liabilities</b>		
Environmental Services	89.1	83.5
Industrial Services	42.3	40.2
Facility Services Finland	55.4	53.3
Facility Services Sweden	27.4	27.8
Group administration and other	210.7	199.2
<b>Total</b>	<b>424.9</b>	<b>404.0</b>
<b>Invested capital</b>		
Environmental Services	225.3	180.3
Industrial Services	68.2	63.3
Facility Services Finland	28.4	32.7
Facility Services Sweden	67.1	58.6
Group administration and other	17.0	44.3
<b>Total</b>	<b>406.0</b>	<b>379.2</b>

#### Bridge calculation of specifications

The management has specified the allocation of previously unallocated Group assets and liabilities to the segments. The specification has been made effective from the beginning of 2021 and the presentation of figures for the comparison year has been adjusted accordingly. The presentation of the segments assets has been further refined in the second quarter of the year. A bridge calculation of the specifications is presented below.

MEUR	Reported 12/2020	Deferred taxes	Specification of previously unallocated liabilities	Adjusted 12/2020
<b>Assets</b>				
Environmental Services	264.9	1.0	-2.1	263.8
Industrial Services	101.8	1.7	0.0	103.5
Facility Services Finland	79.8	0.0	6.2	86.0
Facility Services Sweden	91.4	0.7	-5.6	86.4
Group administration and other	58.7	1.1	-3.0	56.8
<b>Total</b>	<b>596.6</b>	<b>4.5</b>	<b>-4.5</b>	<b>596.6</b>
<b>Liabilities</b>				
Environmental Services	72.3	13.8	-2.6	83.5
Industrial Services	36.0	4.2	0.0	40.2
Facility Services Finland	50.3	3.1	-0.1	53.3
Facility Services Sweden	20.0	3.5	4.3	27.8
Group administration and other	225.3	3.8	-29.9	199.2
<b>Total</b>	<b>404.0</b>	<b>28.3</b>	<b>-28.3</b>	<b>404.0</b>

## SEGMENT INFORMATION BY QUARTER

MEUR	10-12/2021	7-9/2021	4-6/2021	1-3/2021	10-12/2020
<b>Net sales</b>					
Environmental Services	89.9	77.2	77.2	76.2	72.9
Industrial Services	28.7	29.8	26.9	19.6	27.6
Facility Services Finland	63.0	59.9	59.0	61.2	60.5
Facility Services Sweden	43.8	32.7	37.1	36.2	40.0
Inter-division net sales	-2.0	-1.3	-1.6	-1.2	-1.4
<b>Total</b>	<b>223.5</b>	<b>198.4</b>	<b>198.6</b>	<b>192.0</b>	<b>199.6</b>
<b>Operating profit</b>					
Environmental Services	7.1	10.3	7.8	4.5	7.6
Industrial Services	1.7	4.1	3.2	0.2	1.5
Facility Services Finland	0.6	2.9	-0.4	-1.3	1.9
Facility Services Sweden	1.3	1.5	0.6	0.4	1.5
Group administration and other	-0.8	-0.8	-0.7	-0.1	-2.7
<b>Total</b>	<b>9.9</b>	<b>18.0</b>	<b>10.6</b>	<b>3.7</b>	<b>9.9</b>
<b>EBITDA</b>					
Environmental Services	13.6	17.2	14.8	10.9	14.1
Industrial Services	4.3	6.4	5.4	2.5	4.4
Facility Services Finland	2.7	5.2	1.9	1.1	3.1
Facility Services Sweden	3.2	3.1	2.3	1.7	2.7
Group administration and other	-0.6	-0.4	-0.4	0.2	-0.8
<b>Total</b>	<b>23.2</b>	<b>31.4</b>	<b>24.1</b>	<b>16.4</b>	<b>23.5</b>
<b>Operating margin</b>					
Environmental Services	7.9	13.4	10.2	6.0	10.5
Industrial Services	5.9	13.6	11.9	1.1	5.6
Facility Services Finland	1.0	4.9	-0.7	-2.1	3.2
Facility Services Sweden	3.1	4.5	1.7	1.1	3.8
<b>Total</b>	<b>4.4</b>	<b>9.1</b>	<b>5.3</b>	<b>1.9</b>	<b>5.0</b>
<b>EBITDA margin</b>					
Environmental Services	15.2	22.2	19.1	14.3	19.3
Industrial Services	14.8	21.4	20.1	12.8	15.9
Facility Services Finland	4.3	8.7	3.3	1.7	5.1
Facility Services Sweden	7.4	9.3	6.3	4.8	6.8
<b>Total</b>	<b>10.4</b>	<b>15.8</b>	<b>12.1</b>	<b>8.5</b>	<b>11.8</b>

## DISAGGREGATION OF REVENUE

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

<b>10-12/2021, MEUR</b>	<b>Long-term service agreements</b>	<b>Separately ordered services</b>	<b>Project business</b>	<b>Sales of equipment and materials</b>	<b>Lease income</b>	<b>Total net sales</b>
Environmental Services	54.9			34.2	0.8	89.9
Industrial Services	13.2	13.3	1.2	1.1		28.7
Facility Services Finland	44.9	17.3	0.8			63.0
Facility Services Sweden	15.7	26.5	1.5			43.8
<b>Total</b>	<b>128.8</b>	<b>57.1</b>	<b>3.5</b>	<b>35.3</b>	<b>0.8</b>	<b>225.4</b>
Interdivision						-2.0
External net sales, total						223.5
<b>10-12/2020, MEUR</b>	<b>Long-term service agreements</b>	<b>Separately ordered services</b>	<b>Project business</b>	<b>Sales of equipment and materials</b>	<b>Lease income</b>	<b>Total net sales</b>
Environmental Services	48.7			23.4	0.8	72.9
Industrial Services	12.2	12.4	2.2	0.9		27.6
Facility Services Finland	40.8	19.2	0.5			60.5
Facility Services Sweden	15.9	21.9	2.2			40.0
<b>Total</b>	<b>117.6</b>	<b>53.5</b>	<b>4.9</b>	<b>24.3</b>	<b>0.8</b>	<b>201.0</b>
Interdivision						-1.4
External net sales, total						199.6
<b>1-12/2021, MEUR</b>	<b>Long-term service agreements</b>	<b>Separately ordered services</b>	<b>Project business</b>	<b>Sales of equipment and materials</b>	<b>Lease income</b>	<b>Total net sales</b>
Environmental Services	207.8			109.5	3.2	320.5
Industrial Services	47.5	49.7	3.5	4.4		105.1
Facility Services Finland	170.6	66.3	6.3			243.1
Facility Services Sweden	64.5	80.4	4.9			149.8
<b>Total</b>	<b>490.4</b>	<b>196.4</b>	<b>14.6</b>	<b>113.9</b>	<b>3.2</b>	<b>818.6</b>
Interdivision						-6.1
External net sales, total						812.5
<b>1-12/2020, MEUR</b>	<b>Long-term service agreements</b>	<b>Separately ordered services</b>	<b>Project business</b>	<b>Sales of equipment and materials</b>	<b>Lease income</b>	<b>Total net sales</b>
Environmental Services	199.3			87.1	3.0	289.4
Industrial Services	44.6	47.0	7.5	2.7		101.8
Facility Services Finland	161.5	64.7	6.0			232.3
Facility Services Sweden	61.5	67.4	5.6			134.5
<b>Total</b>	<b>467.0</b>	<b>179.1</b>	<b>19.1</b>	<b>89.8</b>	<b>3.0</b>	<b>758.0</b>
Interdivision						-6.1
External net sales, total						751.9

## BUSINESS ACQUISITIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

### BUSINESS ACQUISITIONS

On 31 March 2021, Lassila & Tikanoja acquired the waste management and recycling business of Someron Kiinteistöhuolto Järvinen Ky.

On 30 April 2021, Lassila & Tikanoja acquired the entire share capital of Serveco Oy. Serveco Oy, established in 2007, provides real estate and facility services and has strong competence in food hygiene and daily maintenance services.

On 1 June 2021, Lassila & Tikanoja acquired the entire share capital of Sihvari Oy. The shares of Turun Seudun Hyötykuljetus Oy, owned by Sihvari, are also included in the acquisition.

On 1 July 2021, Lassila & Tikanoja acquired the entire share capital of Spectra Oy, a company offering support services for retail sector. Spectra Oy is a Finnish family business, which provides maintenance and support services for the largest Finnish grocery stores and shopping centres.

Lassila & Tikanoja acquired the waste management and recycling business of Kuusamon Jätehuolto Oy on 1 June 2020.

On 1 July 2020, Lassila & Tikanoja acquired the entire share capital of Oakland Service Oy, which specialised in industrial cleaning. Oakland Service Oy provided demanding special cleaning services for industrial facilities, the construction sector and the maritime trade as well as sewer maintenance services for businesses and housing companies.

The business acquisition of M.E. Jäte & Trans Oy was completed on 1 November 2020. As a result of the acquisition, the company's waste service in the Parainen area was transferred to L&T.

Business acquisitions had an EUR 15.0 million (1.4) million impact on the Group's net sales for the financial period and EUR 0.7 million (0.0) on operating profit. If the acquisitions in 2021 had been completed on 1 January 2021, the Groups net sales would be approximately EUR 822.9 million and operating profit EUR 42.6 million.

### BUSINESS ACQUISITIONS, SIHVARI

Fair value, MEUR	1-12/2021
Intangible assets	6.0
Property, plant and equipment	1.7
Right-of-use assets	3.1
Inventories	0.5
Receivables	2.2
Cash and cash equivalents	0.2
<b>Total assets</b>	<b>13.8</b>
Other liabilities	8.3
Deferred tax liabilities	1.2
<b>Total liabilities</b>	<b>9.6</b>
<b>Net assets acquired</b>	<b>4.2</b>
Total consideration	17.0
Goodwill	12.8
Effect on cash flow	
Consideration paid in cash	-17.0
Cash and cash equivalents of the acquired company	0.2
<b>Cash flow from investing activities</b>	<b>-16.8</b>

## OTHER BUSINESS ACQUISITIONS, COMBINED

Fair value total, MEUR	1-12/2021	1-12/2020
Intangible assets	1.4	0.5
Property, plant and equipment	0.3	0.9
Receivables	1.4	0.6
Cash and cash equivalents	2.4	0.1
<b>Total assets</b>	<b>5.4</b>	<b>2.1</b>
Other liabilities	2.5	1.0
Deferred tax liabilities	0.2	0.0
<b>Total liabilities</b>	<b>2.7</b>	<b>1.0</b>
<b>Net assets acquired</b>	<b>2.7</b>	<b>1.0</b>
Total consideration	8.8	1.7
Goodwill	6.1	0.7
Effect on cash flow		
Consideration paid in cash	-8.8	-1.7
Unpaid	-	0.0
Cash and cash equivalents of the acquired company	2.4	0.1
<b>Cash flow from investing activities</b>	<b>-6.4</b>	<b>-1.6</b>

The figures for other acquired businesses are stated in aggregate, as none of them is of material importance when considered separately.

## Assets and 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. Neova's fuel wood business will be transferred to L&T Biowatti Oy, and with the merger the company will continue as an independent limited company. L&T's share of the joint venture will be 55% and Neova's 45%, but based on the agreement both parties will have joint control over the joint venture. The establishment of a joint venture requires an approval of the Competition and Consumer Authority and until then the parties will continue their own business activities independently as separate companies. The merger of the businesses is expected to be finalised by the end of 2022. L&T has decided to classify L&T Biowatti Oy's assets and liabilities as held for sale. The items are measured at the lower of probable sales price less costs of sales and the book value. L&T Biowatti Oy is reported as part of Environmental Services segment.

MEUR	2021
Intangible assets and property, plant and equipment	0.4
Right-of-use assets	0.5
Other non-current receivables	0.4
Inventories	25.7
Trade and other receivables	11.3
<b>Assets Total</b>	<b>38.3</b>
Non-current financial liabilities	0.4
Current financial liabilities	0.1
Trade payables	7.1
Other payables	3.6
<b>Liabilities Total</b>	<b>11.2</b>

## CHANGES IN INTANGIBLE ASSETS

MEUR	1-12/2021	1-12/2020
Carrying amount at the beginning of the period	182.9	188.0
Business acquisitions	26.3	1.1
Other capital expenditure	5.7	5.3
Disposals	-2.2	-0.9
Depreciation, amortisation and impairment	-7.1	-12.6
Transfers between items	0.2	-0.0
Exchange differences	-1.0	1.9
Carrying amount at the end of the period	204.6	182.9

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

MEUR	1-12/2021	1-12/2020
Carrying amount at the beginning of the period	210.7	206.7
Business acquisitions	5.1	0.9
Other capital expenditure	58.7	57.1
Disposals	-5.6	-9.2
Depreciation, amortisation and impairment	-45.9	-44.4
Transfers between items	-0.2	0.0
Exchange differences	-0.0	-0.4
Carrying amount at the end of the period	222.8	210.7

The carrying amount of property, plant and equipment at the end of the reporting period includes IFRS 16 items totalling EUR 69.8 million (70.9) and depreciation in the amount of EUR 19.1 million (17.3).

## CAPITAL COMMITMENTS

MEUR	12/2021	12/2020
Intangible assets	0.0	3.2
Property, plant and equipment	17.2	10.1
Total	17.2	13.4

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

### RECONCILIATION OF THE EVA RESULT TO THE OPERATING PROFIT

MEUR	1-12/2021	1-12/2020
<b>Operating profit</b>	42.2	28.2
Invested capital (rolling 12-month quarterly average)	391.4	369.7
Cost calculated on invested capital	-26.3	-24.5
<b>EVA</b>	15.9	3.7

### RECONCILIATION OF THE ADJUSTED OPERATING PROFIT TO THE OPERATING PROFIT

MEUR	1-12/2021	1-12/2020
<b>Operating profit</b>	42.2	28.2
Items affecting comparability:		
- costs arising from the discontinuation of business	-2.1	9.0
- costs arising from business restructurings	0.6	1.7
- gains or losses arising from divestments	-	0.0
- costs arising from acquisitions *	1.7	0.7
<b>Adjusted operating profit</b>	42.4	39.7

\* The management has specified the calculation of the adjusted operating profit and the costs arising from acquisitions have been added to items affecting comparability during the second quarter. The comparative periods have been adjusted accordingly.

## FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

MEUR	12/2021	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>					
	Other receivables	1.4		1.4	
<b>Current financial assets</b>					
	Trade and other receivables	110.1		110.1	
	Cash and cash equivalents	28.6		28.6	
	<b>Total financial assets</b>	<b>140.0</b>		<b>140.0</b>	
<b>Non-current financial liabilities</b>					
	Borrowings	124.8		124.8	2
	Lease liabilities	51.0		51.0	
<b>Current financial liabilities</b>					
	Borrowings	0.0		0.0	2
	Lease liabilities	19.9		19.9	
	Trade and other payables	82.0		82.0	
	Derivative liabilities		0.5	0.5	2
	<b>Total financial liabilities</b>	<b>277.7</b>	<b>0.5</b>	<b>278.1</b>	
MEUR	12/2020	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>					
	Other receivables	1.3		1.3	
<b>Current financial assets</b>					
	Trade and other receivables	104.0		104.0	
	Cash and cash equivalents	50.2		50.2	
	<b>Total financial assets</b>	<b>155.5</b>		<b>155.5</b>	
<b>Non-current financial liabilities</b>					
	Borrowings	99.7		99.7	2
	Finance lease payables	55.7		55.7	
<b>Current financial liabilities</b>					
	Borrowings	15.0		15.0	2
	Finance lease payables	16.3		16.3	
	Trade and other payables	86.8		86.8	
	Derivative liabilities		0.8	0.8	2
	<b>Total financial liabilities</b>	<b>273.5</b>	<b>0.8</b>	<b>274.3</b>	

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

## CONTINGENT LIABILITIES

MEUR	12/2021	12/2020
<b>Securities for own commitments</b>		
Mortgages on rights of tenancy	1.4	0.1
Other securities	0.1	0.0
Bank guarantees required for environmental permits	16.7	12.4
Other bank guarantees	11.0	10.6
<b>Mortgages under own control</b>		
Company mortgages	0.2	0.2

Other securities are security deposits.

## Liabilities associated with derivative agreements

### Interest rate swaps

MEUR	12/2021	12/2020
Nominal values of interest rate swaps		
Maturity not later than one year	-	-
Maturity later than one year and not later than five years	30.0	30.0
Maturity later than five years	-	-
Total	30.0	30.0
Fair value	-0.5	-0.9

The interest rate swaps are used for hedging cash flows related to floating rate loans. The hedges have been effective, and the changes in their fair values are shown on the consolidated statement of comprehensive income for the period. The fair values of the swap contracts are based on the market data on the balance sheet date.

## 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) and the L&T sickness fund.

The contributions paid by the group companies to the L&T sickness fund during the financial year amounted to EUR 0.8 million (0.7). The Group has transactions between the group companies in the ordinary course of business. The Group has no significant business transactions with other related parties.

## CALCULATION OF KEY FIGURES

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

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

Cash flow from operating activities/share: cash flow from operating activities as in the statement of cash flow / adjusted average basic number of shares

EVA: operating profit - cost calculated on invested capital (average of four quarters)  
WACC 2021: 6.72% and 2020: 6.64%

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

Items affecting comparability = substantial costs arising from business restructuring or acquisition, gains and losses from divestments and costs arising from the discontinuation of businesses

EBITDA: operating profit + depreciation + impairment

Equity per share: result attributable to equity holders of the parent company / adjusted basic number of shares at end of period

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

Invested capital: equity + interest-bearing financial liabilities

Return on invested capital, % (ROI): (result before taxes + financial expenses) / Equity + interest-bearing financial liabilities (average of the beginning of the period and the end of the 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 - liquid assets

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

Helsinki, 26 January 2022

LASSILA & TIKANOJA PLC  
Board of Directors

Eero Hautaniemi  
President and CEO

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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 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 8,171 people. Net sales in 2021 amounted to EUR 812.5 million. L&T is listed on Nasdaq Helsinki.

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