



Lassila & Tikanoja plc
Stock exchange release
27 July 2021 at 8:00 a.m.

GOOD GROWTH IN NET SALES

Lassila & Tikanoja plc: Half-Year Report 1 January–30 June 2021

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

- Net sales for the second quarter amounted to EUR 198.7 million (183.2). Net sales increased by 8.5 per cent, of which 6.2 per cent was organic growth. Net sales increased in all divisions.
- Adjusted operating profit was EUR 10.2 million (8.7) and operating profit was EUR 10.6 million (-2.2). Earnings per share were EUR 0.21 (-0.07).
- Net sales in January–June totalled EUR 390.7 million (367.5). Adjusted operating profit was EUR 13.8 million (12.3), operating profit was EUR 14.3 million (0.7) and earnings per share were EUR 0.27 (-0.07).
- Earnings per share were positively influenced by a reduction in net financial expenses to EUR -1.6 million (-3.1). Exchange differences amounted to EUR 0.0 million (-1.2).

Outlook for the year 2021, updated 27 July 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.

PRESIDENT AND CEO EERO HAUTANIEMI:

In the first half of the year, net sales increased by 6.3 per cent from the comparison period. Organic growth accounted for 5.7 per cent. Operating profit increased across all divisions, and in addition to growth in net sales, we succeeded in enhancing our operational efficiency. All of the divisions boosted their results even though the COVID-19 pandemic had a negative impact on all of our businesses throughout the first half of the year. In the second quarter, material volumes began to recover and the prices of secondary raw materials continued to recover. Demand in the industrial segment was strong. We are now focusing on taking advantage of the opportunities presented by the recovery of the markets.

One of our strategic targets is to continuously improve customer satisfaction. In a customer satisfaction survey conducted in Finland in April, we achieved record results and customer satisfaction improved across all of our divisions. Employee satisfaction also improved.

We carried out three business acquisitions in the second quarter, strengthening our position in Environmental Services and Facility Services Finland's food hygiene and retail services in accordance with our strategy. The combined net sales of the acquired businesses amounted to approximately EUR 25 million in 2020. The acquisitions support our goal of annually increasing our net sales organically and through acquisitions by more than 5 per cent.

We received international recognition for our sustainability efforts. EcoVadis, a leading ratings platform for assessing sustainability, awarded the highest possible Platinum rating to L&T in its assessment. This means we are in the top 1% of the 75,000 companies analysed by EcoVadis. We also received recognition in a study by the Financial Times and Statista, which listed European

companies that achieved the highest reduction in emissions relative to net sales in 2020. Lassila & Tikanoja was one of fourteen Finnish corporations on the list.

The new Waste Act entered into force in Finland on 19 July 2021. The new Waste Act implements the EU's new and more ambitious recycling requirements for municipal waste and packaging waste in Finnish legislation and also introduces national reforms to the collection systems concerning materials collected from housing properties. The amendments will enter into force in stages by 2025 and do not have an impact on L&T in 2021.

The expansion of the sorting and separate collection obligations to businesses is estimated to increase the market for collecting and processing materials. The impact of the new Waste Act on the retail and industrial waste streams and the competitive landscape in areas will become clear by the end of 2025.

Municipalities will take on a larger role in collecting packaging materials and biowaste from residential properties. L&T's direct customer agreements with housing properties will be transferred to municipal waste companies by the end of the transition period. The change will not have a direct impact on the collection of mixed waste from housing properties. Housing properties' contractual waste management services accounted for slightly over 10 per cent of the net sales of Environmental Services in 2020. The amendments will enter into force in stages by the end of 2025.

It is still too early to assess the overall impact of the new Waste Act. The trend of municipalisation of waste management for residential properties has reduced the household segment's share of the Environmental Services division's business portfolio significantly over the past 10 years. We have been able to compensate for these losses effectively by focusing on the growing corporate market.

The amendment to the Waste Act will not result in changes in L&T's strategy. We are continuing to focus on the organic growth in the corporate customer market and business acquisitions, with the acquisition of Sihvari Oy's business operations in June being a good example of this.

GROUP NET SALES AND FINANCIAL PERFORMANCE

April–June

Lassila & Tikanoja's net sales for the second quarter amounted to EUR 198.7 million (183.2), up 8.5% year-on-year. Adjusted operating profit was EUR 10.2 million (8.7), representing 5.1% (4.7%) of net sales. Operating profit was EUR 10.6 million (-2.2), representing 5.3% (-1.2%) of net sales. Earnings per share were EUR 0.21 (-0.07).

Net sales grew across all of the Group's business segments. Operating profit increased in Industrial Services and Facility Services Sweden. In Environmental Services and Facility Services Finland, operating profit was on a par with the comparison period.

January–June

Net sales for January–June increased by 6.3% from the comparison period to EUR 390.7 million (367.5). Adjusted operating profit was EUR 13.8 million (12.3), representing 3.5% (3.3%) of net sales. Operating profit was EUR 14.3 million (0.7), representing 3.7% (0.2%) of net sales. Earnings per share amounted to EUR 0.27 (-0.07).

Net sales and comparable operating profit increased across all of the Group's business segments.

The realisation of occupational accident expenses concerning accidents that took place prior to 2018 had a negative effect of EUR 0.8 million on the Group's operating profit. In the comparison period, non-recurring items had a positive net effect of EUR 0.9 million on the Group's operating profit. The items in question are not included in the figures of the Group's businesses. 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. Earnings per share were positively influenced by a reduction of EUR -1.6 million (-3.1) in net financial expenses.

Financial summary

	4-6/2021	4-6/2020	Change %	1-6/2021	1-6/2020	Change %	2020
Net sales, EUR million	198.7	183.2	8.5	390.7	367.5	6.3	751.9
Adjusted operating profit, EUR million	10.2	8.7	17.6	13.8	12.3	12.7	39.7
Adjusted operating margin, %	5.1	4.7		3.5	3.3		5.3
Operating profit, EUR million	10.6	-2.2	580.1	14.3	0.7	2,002.1	28.2
Operating margin, %	5.3	-1.2		3.7	0.2		3.8
EBITDA, EUR million	24.1	10.8	122.5	40.5	31.3	29.5	85.2
EBITDA, %	12.1	5.9		10.4	8.5		11.3
Profit before tax, EUR million	9.5	-2.5	477.3	12.7	-2.5	613.8	23.3
Earnings per share, EUR	0.21	-0.07	383.4	0.27	-0.07	483.6	0.50
Net cash flow from operating activities after investments per share, EUR	-0.66	-0.08	-727.7	-0.55	0.38	-243.7	1.15
EVA, EUR million	4.2	-8.2	150.5	1.7	-11.6	114.5	3.7
Return on equity (ROE), %				11.0	-2.9		9.6
Invested capital, EUR million				386.1	362.4	6.5	379.2
Return on invested capital (ROI), %				7.5	0.5		7.5
Equity ratio, %				31.8	30.5		33.0
Gearing, %				97.9	99.4		70.9

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

April-June

The division's net sales for the second quarter increased to EUR 77.2 million (71.9). Operating profit was EUR 7.8 million (-2.6). Operating profit in the comparison period was negatively affected by costs of EUR 10.8 million recognised in relation to the discontinuation of Russian operations. Comparable operating profit was on a par with the previous year at EUR 7.8 million (7.9).

January-June

The Environmental Services division's net sales for the first half of the year grew to EUR 153.4 million (149.0). Operating profit increased year-on-year to EUR 12.4 million (2.1) due to costs of EUR 10.8 million recognised in relation to the discontinuation of Russian operations in the comparison period. Excluding the share of Russian operations, the net sales of Environmental Services increased to EUR 153.4 million (144.6) and its operating profit improved to EUR 12.4 million (12.2).

In the Environmental Services division, demand increased in the waste management and recycling businesses and material volumes began to recover. The prices of secondary raw materials continued to recover and demand grew. Production costs were increased by the significant

increase in fuel prices. Profitability remained stable. The Environmental Services division strengthened its position in the SME market by acquiring Sihvari Oy on 1 June 2021. Investments in the customer experience and digital services continued.

Industrial Services

April–June

The division's net sales for the second quarter increased to EUR 26.9 million (23.4). Operating profit improved to EUR 3.2 million (1.3).

January–June

The Industrial Services division's net sales for the first half of the year grew to EUR 46.5 million (43.7). Operating profit improved year-on-year and amounted to EUR 3.4 million (1.0).

Demand in the industrial segment was strong. The Industrial Services division strengthened its position, particularly with customers in the metal industry. The resourcing and implementation of annual maintenance breaks succeeded well, which improved the profitability of the division. Some of the annual maintenance breaks agreed for the first half of the year were postponed to the second half as a result of the COVID-19 pandemic. Industrial Services carried out active development of methods and invested particularly in supervisor training.

Facility Services Finland

April–June

The division's net sales for the second quarter increased to EUR 59.0 million (56.7). Operating profit was EUR -0.4 million (-0.4).

January–June

The net sales of Facility Services Finland increased in the first half of the year to EUR 120.2 million (114.9). Operating profit improved year-on-year and amounted to EUR -1.7 million (-2.2).

The market position strengthened and customer satisfaction increased in cleaning. The operating profit of Facility Services Finland was burdened by the cost impacts of the snowy winter in the early part of the second quarter, high subcontracting costs and the elimination of the reduction in employer's pension contributions, which was still in effect in the comparison period. Employee satisfaction increased and employee turnover decreased. The market position strengthened in the food hygiene segment 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.

Facility Services Sweden

April–June

The division's net sales for the second quarter increased to EUR 37.1 million (32.7). Operating profit improved to EUR 0.6 million (0.3).

January–June

The net sales of Facility Services Sweden grew to EUR 73.3 million (63.1) in the first half of the year. Operating profit improved year-on-year and amounted to EUR 1.1 million (0.5).

The COVID-19 pandemic situation improved in Sweden in the second quarter and sickness-related absence returned nearly to the normal level. Net sales and operating profit improved due to the growth of the contract portfolio and improved operational efficiency.

FINANCING

Net cash flow from operating activities amounted to EUR -21.0 million (14.6) in the first half of the year. A total of EUR 11.6 million in working capital was committed (EUR 3.4 million committed). The cash flow in the first half of the year was reduced by business acquisitions, with a total impact of approximately EUR 22 million. Cash flow in the comparison period was favourably affected by the sale of property.

At the end of the period, interest-bearing liabilities amounted to EUR 198.6 million (194.8). Net interest-bearing liabilities totalled EUR 183.6 million (166.5). The average interest rate on long-term loans excluding IFRS 16 liabilities, with interest rate hedging, was 1.3% (1.3).

Of the EUR 100.0 million commercial paper programme, EUR 25.0 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.

Net financial expenses in the first half of the year amounted to EUR -1.6 million (-3.1). The effect of exchange rate changes on net financial expenses was EUR 0.0 million (-1.2). Net financial expenses were -0.4% (-0.9%) of net sales.

The equity ratio was 31.8% (30.5%) and the gearing rate was 97.9% (99.4%). Liquid assets at the end of the period amounted to EUR 14.9 million (28.3). In response to the COVID-19 pandemic, the Group has taken measures to ensure its liquidity. 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 in the first half of the year totalled EUR 40.2 million (22.0). The share of business acquisitions from investments was approximately EUR 22 million and other investments 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

	1-6/2021	2020	Target	Target to be achieved by
Carbon handprint (tCO ₂ e)	579,000	1,230,000	growth faster than net sales	2024

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 biofuels and solid recovered fuels. During the period under review, we expanded our calculation to also cover the material services of the Industrial Services division more comprehensively than before.

Recycling rate and material recovery

	1-6/2021	2020	Target	Target to be achieved by
Recycling rate of material flows managed by L&T	59.0%	58.6%	60%	2024

The recycling rate is the weighted average of our customers' recycling rates. It also includes materials that cannot be recycled at present. 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

	1-6/2021	2020	Target	Target to be achieved by
Carbon footprint (tCO ₂ e)	18,500	36,700		
Carbon footprint intensity (gCO ₂ e/km)	782	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. We increased the number of biogas-powered heavy vehicles to 21 (Q1/2021: 18) and started a project to set emission reduction targets in the supply chain.

Social responsibility

Overall accident frequency

	1-6/2021	2020	Interim target	Interim 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

	1-6/2021	2020	Interim target	Interim target to be achieved by
Occupational health rate (proportion of employees with no sickness-related absences)	66	50	45	2024
Sickness-related absences (%)	4.6	4.7	4.5	2024
Employee Net Promoter Score (%)	83	82	>80	2024

In the first half of the year, the sickness rate among employees was lower than in the comparison period and the occupational health rate improved by two percentage points to 66 per cent (64%). Supervisors received training on remote management practices and employee well-being was supported by a dedicated COVID-19 helpline and digital discussion services to help them cope with the situation psychologically. L&T also provided COVID-19 vaccinations to employees through the occupational health provider in locations where the municipalities' arrangements made this possible.

Current issues related to sustainability

EcoVadis, an international platform for rating corporate sustainability, awarded a Platinum rating to Lassila & Tikanoja. Only 1% of the approximately 75,000 companies assessed by EcoVadis achieve a Platinum rating. In the second quarter, the Financial Times published a list of the European companies that achieved the highest reduction in emissions relative to net sales in 2020. Lassila & Tikanoja made the list along with 13 other Finnish companies. The Upright Project, which assesses the net social impact of businesses, awarded a net impact rating of AA+/Excellent+ to L&T (on a scale of C to AAA). L&T's rating is higher than 93.5 per cent of the rated companies. Only 5.4 per cent of the companies listed on Nasdaq Helsinki have achieved the same or higher net impact rating.

L&T updated its assessment related to the EU taxonomy on the proportion of our business operations that is related to the mitigation of, and adaptation to, climate change. We are monitoring the development of the taxonomy and will update our assessment regularly, available on our website.

In May, Facility Services launched the *More sustainable cleaning* development programme aimed at promoting social and environmental responsibility at L&T and throughout the cleaning industry. L&T is participating in the CO-CARBON project, which began in spring 2021 and focuses on measuring and modelling the carbon sequestration of urban green infrastructure.

PERSONNEL

In the first half of the year, the average number of employees converted into full-time equivalents was 6,846 (7,132). At the end of the period, L&T had 8,737 (8,501) full-time and part-time employees. Of these, 7,314 (6,918) worked in Finland and 1,423 (1,583) in other countries.

Employee satisfaction developed favourably. Satisfaction with supervisory work improved in particular. Some 83 per cent of our personnel would recommend L&T as an employer.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading during the first half of the year was 6.2 million shares, which is 16.2% (20.0%) of the average number of outstanding shares. The value of trading was EUR 89.6 million (103.7). The highest share price was EUR 16.10 and the lowest EUR 13.46. The closing price was EUR 14.16. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 539.7 million (498.4).

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 38,107,763.

Shareholders

At the end of the period, the company had 23,533 (18,668) shareholders. Nominee-registered holdings accounted for 9.3% (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 and Sustainability Committee and Laura Tarkka and Pasi Tolppanen as members.

KEY EVENTS DURING THE REVIEW PERIOD

The key events are discussed in the other sections of this release.

EVENTS AFTER THE REVIEW PERIOD

The amended Waste Act entered into force in Finland on 19 July 2021.

The European Commission approved the new Action Plan for a Circular Economy in December 2015, aimed at speeding up Europe's transition towards the circular economy, improving competitiveness, supporting sustainable economic growth and creating new jobs. As part of the Action Plan for a Circular Economy, the EU approved a waste regulation package in summer 2018, with its key goal being to enhance compliance with the waste hierarchy, or order of priority, and increase the resource-efficient use and recycling of materials. The aim is for 55 per cent of municipal waste by weight to be prepared for reuse or recycling in 2025, 60 per cent by weight in 2030 and 65 per cent by weight in 2035. The goals for the recycling rate of packaging waste were also tightened.

The EU's new more ambitious recycling requirements for municipal and packaging waste will be implemented in Finland with the amendment to the Waste Act issued on 19 July 2021 and decrees issued under it. New obligations relating to the separate collection of waste fractions considerably stricter than the current ones will be adopted in order to achieve the recycling objectives.

In L&T's view, stricter recycling targets that increase sorting at source, the separate collection of waste and the recycling business in Finland represent important steps forward.

However, still approximately 40% of Finns are left outside the tightening sorting obligations, living in small properties, and effective market-based instruments and incentives still under preparation are needed alongside the obligations.

The reform of the Waste Act will see municipalities take on a larger role in organising the collection of packaging materials and biowaste from housing properties. As a consequence of the reform, L&T's direct customer agreements on the separate collection of packaging waste and biowaste with housing properties will be transferred to municipalities for competitive bidding. With regard to mixed waste, the possibility of a dual waste transport system for housing properties will remain in place, but its importance will decrease with the increase in the separate collection of packaging and biowaste. Housing properties' contractual waste management services accounted for slightly over 10 per cent of the net sales of Environmental Services in 2020.

It is still too early to assess the overall impact of the reform. The expansion of the sorting and separate collection obligations to businesses is estimated to increase the market for collecting and processing materials. In the housing property segment, the amendments will restrict the free market. In addition to the market-based instruments, the overall impacts will be influenced by the development of the volumes of separate collections with the tightening of the obligations. The amendments will enter into force in stages between 1 July 2022 and 1 July 2024. The amendments will not have an impact on the operations of L&T in 2021.

In the future, municipalities will put up waste management services for residential properties for tender more frequently and L&T will participate in these tendering processes along with other operators. The trend of municipalisation of waste management services for residential properties has reduced the household segment's share of the Environmental Services division's business portfolio significantly over the past 10 years. L&T has been able to compensate for these losses by focusing on the growing corporate market. We are continuing to focus in the corporate customer segment and execute acquisitions, with the acquisition of Sihvari Oy's business operations effective from 1 June 2021 being a good example of this.

L&T published an updated outlook for the year 2021 on 27 July 2021. The updated outlook is as follows: 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.

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 expected to potentially cause disruptions in service production during 2021. Customers are adapting their service agreements to the changing circumstances and the volumes of waste and secondary raw materials decrease when customer volumes decline. The uncertainty caused by the COVID-19 pandemic is reflected particularly in the demand for separately ordered services and makes it difficult to predict.

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.

More detailed information on Lassila & Tikanoja's risks and risk management will be provided in the 2020 Annual Report and in the Report of the Board of Directors and the consolidated financial statements.

Outlook for the year 2021, updated 27 July 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.

Previous outlook for the year 2021 (January 28, 2021)

Net sales in 2021 are estimated to be at the same level and adjusted operating profit at the same level or better compared to the previous year.

Helsinki, 27 July 2021

LASSILA & TIKANOJA PLC

Board of Directors
Eero Hautaniemi
President and CEO

KEY FIGURES

	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Earnings per share, EUR	0.21	-0.07	0.27	-0.07	0.50
Diluted earnings per share, EUR	0.21	-0.07	0.27	-0.07	0.50
Cash from operating activities after investments/share, EUR	-0.66	-0.08	-0.55	0.38	1.15
EVA, MEUR *	4.2	-8.2	1.7	-11.6	3.7
Operating profit, MEUR	10.6	-2.2	14.3	0.7	28.2
Adjusted operating profit, MEUR**	10.2	8.7	13.8	12.3	39.7
Gross capital expenditure, MEUR	30.8	13.0	40.2	22.0	48.2
Depreciation, amortisation and impairment, MEUR	13.5	13.0	26.2	30.6	57.0
Equity per share, EUR			4.92	4.40	5.05
Return on equity (ROE), %			11.0	-2.9	9.6
Invested capital, MEUR			386.1	362.4	379.2
Return on invested capital (ROI), %			7.5	0.5	7.5
Equity ratio, %			31.8	30.5	33.0
Gearing, %			97.9	99.4	70.9
Net interest-bearing liabilities, MEUR			183.6	166.5	136.5
Average number of employees in full-time equivalents			6,846	7,132	7,197
Total number of full-time and part-time employees at end of period			8,737	8,501	8,139
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,108	38,101	38,103
at end of period			38,112	38,105	38,105
average during the period, diluted			38,123	38,109	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

CONSOLIDATED INCOME STATEMENT

MEUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Net sales	198.7	183.2	390.7	367.5	751.9
Other operating income	1.2	0.6	1.8	8.1	9.3
Change of inventory	-1.0	4.0	-0.7	5.8	8.7
Materials and services	-64.0	-64.3	-135.8	-131.0	-263.9
Employee benefit expenses	-88.2	-79.0	-171.1	-160.1	-315.1
Other operating expenses	-22.6	-33.6	-44.3	-59.1	-105.6
Depreciation and impairment	-13.5	-13.0	-26.2	-30.6	-57.0
Operating profit	10.6	-2.2	14.3	0.7	28.2
Financial income and expenses	-1.1	-0.3	-1.6	-3.1	-4.9
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
Profit before tax	9.5	-2.5	12.7	-2.5	23.3
Income taxes	-1.7	-0.3	-2.3	-0.3	-4.3
Profit for the period	7.8	-2.8	10.4	-2.7	19.0
Attributable to:					
Equity holders of the company	7.8	-2.8	10.4	-2.7	19.1
Non-controlling interest	0.0	0.0	0.0	0.0	-0.1
Earnings per share attributable to equity holders of the parent company:					
Earnings per share, EUR	0.21	-0.07	0.27	-0.07	0.50
Diluted earnings per share, EUR	0.21	-0.07	0.27	-0.07	0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Profit for the period	7.8	-2.8	10.4	-2.7	19.0
Items not to be recognised through profit or loss					
Items arising from re-measurement of defined benefit plans	0.0	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	0.0
Items potentially to be recognised through profit or loss					
Hedging reserve, change in fair value	0.0	0.0	0.1	0.0	0.1
Currency translation differences	0.9	3.6	-0.5	-0.4	2.9
Currency translation differences recognized through profit and loss	-	2.6	-	2.6	2.6
Currency translation differences, non-controlling interest	-	0.0	-	0.0	-0.1
Items potentially to be recognised through profit or loss, total	1.0	6.2	-0.4	2.1	5.4
Total comprehensive income, after tax	8.7	3.4	10.1	-0.6	24.4
Attributable to:					
Equity holders of the company	8.7	3.4	10.1	-0.6	24.6
Non-controlling interest	-	0.0	-	-0.1	-0.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	6/2021	6/2020	12/2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	169.1	152.3	154.0
Other intangible assets	32.6	30.2	28.9
	201.7	182.5	182.9
Property, plant and equipment	145.0	126.9	139.8
Right-of-use asset	73.9	79.3	8.9
	218.9	206.3	210.7
Other non-current assets			
Deferred tax assets	5.7	4.4	4.5
Other receivables	1.4	1.3	1.3
	7.1	5.7	5.8
Total non-current assets	427.7	394.4	399.4
Current assets			
Inventories	31.5	27.4	30.7
Trade receivables	78.0	63.6	82.9
Contract assets	29.2	30.5	19.4
Other receivables	19.8	16.8	14.0
Cash and cash equivalents	14.9	28.3	50.2
Total current assets	173.4	166.6	197.2
Total assets	601.1	561.0	596.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	6/2021	6/2020	12/2020
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-5.3	-8.3	-5.0
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	172.8	155.7	177.5
	187.5	167.4	192.6
Non-controlling interest	-	0.1	-
Total equity	187.5	167.5	192.6
Liabilities			
Non-current liabilities			
Deferred tax liabilities	28.3	26.7	28.3
Retirement benefit obligations	1.3	1.3	1.4
Provisions	7.0	5.4	7.1
Financial liabilities	155.3	163.1	155.4
Other liabilities	0.1	0.3	0.1
	192.1	196.8	192.3
Current liabilities			
Financial liabilities	43.3	31.7	31.3
Trade and other payables	175.1	162.7	178.0
Provisions	3.0	2.2	2.4
	221.4	196.6	211.8
Total liabilities	413.6	393.4	404.0
Total equity and liabilities	601.1	561.0	596.6

CONSOLIDATED STATEMENT OF CASH FLOW

MEUR	1-6/2021	1-6/2020	1-12/2020
Cash flow from operating activities			
Profit for the period	10.4	-2.7	19.0
Adjustments			
Income taxes	2.3	0.3	4.3
Depreciation and impairment	26.2	30.6	57.0
Financial income and expenses	1.6	3.1	4.9
Gain on sale of property	-	-5.7	-5.7
Impact of the discontinuation of Russian operations	-1.7	10.8	8.9
Other	-0.2	0.6	0.7
Net cash generated from operating activities before change in working capital	38.6	36.9	89.0
Change in working capital			
Change in trade and other receivables	-1.4	2.4	0.6
Change in inventories	-0.8	-6.1	-9.2
Change in trade and other payables	-9.4	0.3	10.7
Change in working capital	-11.6	-3.4	2.1
Interest paid	-1.4	-2.2	-3.9
Interest received	0.1	0.2	0.4
Income taxes	-5.3	-4.4	-4.5
Net cash from operating activities	20.4	27.1	83.0
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-18.3	-0.7	-1.6
Prepayment for Group companies and business	-3.7	-	-
Purchases of property, plant and equipment and intangible assets	-19.9	-19.0	-45.0
Proceeds from the sale of property, plant and equipment and intangible assets	0.5	7.2	7.5
Investments in associated companies	-	0.0	0.0
Change in other non-current receivables	-	0.1	0.1
Net cash used in investing activities	-41.4	-12.5	-39.0
Net cash flow from operating and investing activities	-21.0	14.6	44.0
Cash flow from financing activities			
Proceeds from short-term borrowings	25.0	20.1	35.0
Repayments of short-term borrowings	-15.0	-5.0	-20.0
Repayments of long-term borrowings	0.1	0.1	0.1
Repayments of lease liabilities	-9.1	-8.2	-16.2
Dividends paid	-15.2	-35.0	-35.0
Net cash generated from financing activities	-14.3	-28.1	-36.2
Net change in liquid assets	-35.3	-13.5	7.8
Liquid assets at beginning of period	50.2	41.8	41.8
Effect of changes in foreign exchange rates	0.0	0.0	0.6
Liquid assets at end of period	14.9	28.3	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
Equity on 1 January 2020	19.4	-9.7	-0.7	0.6	193.2	202.8	0.2	203.0
Total comprehensive income								
Result for the period					-2.7	-2.7	0.0	-2.7
Other comprehensive income items		2.1	0.0		0.0	2.1	0.0	2.1
Total comprehensive income		2.1	0.0		-2.7	-0.6	-0.1	-0.6
Transactions with shareholders								
Share-based benefits				0.0	0.1	0.1		0.1
Dividends paid					-35.0	-35.0		-35.0
Returned dividend					0.0	0.0		0.0
Transactions with shareholders, total				0.0	-34.9	-34.9		-34.9
Other changes					0.1	0.1		0.1
Equity on 30 June 2020	19.4	-7.6	-0.7	0.6	155.7	167.4	0.1	167.5
Result for the period					21.8	21.8	-0.1	21.7
Other comprehensive income items		3.3	0.1		0.0	3.3	0.0	3.3
Total comprehensive income		3.3	0.1	0.0	21.8	25.1	-0.1	25.0
Transactions with shareholders								
Share-based benefits				0.0	0.0	0.0		0.0
Transactions with shareholders, total				0.0	0.0	0.0		0.0
Other changes					0.0	0.0		0.0
Equity on 31 December 2020	19.4	-4.3	-0.7	0.6	177.5	192.6	-	192.6
Total comprehensive income								
Result for the period					10.4	10.4		10.4
Other comprehensive income items		-0.5	0.1		0.0	-0.4		-0.4
Total comprehensive income		-0.5	0.1		10.4	10.1		10.1
Transactions with shareholders								
Share-based benefits				0.0	0.0	0.0		0.0
Dividends paid					-15.2	-15.2		-15.2
Returned dividend					0.0	0.0		0.0
Transactions with shareholders, total				0.0	-15.2	-15.2		-15.2
Other changes					0.2	0.2		0.2
Equity on 30 June 2021	19.4	-4.8	-0.5	0.6	172.8	187.5	-	187.5

ACCOUNTING POLICIES

This half-year report is in compliance with the IAS 34 (Interim Financial Reporting) standard.

The half-year report 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.

IFRS IC finalized in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision IFRS IC considered, whether, applying IAS 38, an intangible asset in relation to configuration or customisation of the application software is recognised, and if an intangible asset is not recognized, how the configuration or customisation costs are accounted for. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the Group has cloud computing arrangements in place, it has started to analyse, if this agenda decision has an impact to the accounting policies applied to implementation costs in cloud computing arrangements. The Group will undertake this analysis under the fall 2021, and the possible impacts will be implemented retrospectively in the financial statements 2021 at the latest.

The Alternative Performance Measures reported by the company are EVA, cash flow from operating activities per share and EBITDA. Adjusted operating profit was introduced as a new alternative performance measure in September 2020.

The calculation formulas for the performance measures are presented at the end of the half-year report.

The information presented in the half-year report has not been audited.

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

THE EFFECTS OF THE COVID-19 PANDEMIC ON FINANCIAL REPORTING

The Group's management has closely monitored the development of the COVID-19 pandemic and assessed its potential impacts on the financial outlook and the valuation principles of balance sheet items. Based on the management's estimates, the effects of the COVID-19 pandemic have been found to be moderate and, according to the current information, they have not led to a need to adjust the long-term financial forecasts underpinning the value-in-use of the Group's businesses.

Based on the sensitivity analysis conducted as part of goodwill impairment testing in the final quarter of the financial year 2020, the value-in-use was twice as high as the carrying amount for all cash-generating units. Based on the Group's assessment, no reasonably likely change in the key growth assumptions and WACC specifications would lead to the value-in-use of a cash-generating unit being lower than its carrying amount. Consequently, the COVID-19 pandemic is not seen to have a significant impact on the future cash flow forecasts used in goodwill 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. Overdue customer receivables have not increased due to the COVID-19 pandemic 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 Group's financial position is good and, based on the current information, the COVID-19 pandemic is not expected to have a negative impact on the financial position.

THE IMPACT OF THE DISCONTINUATION OF RUSSIAN OPERATIONS ON THE CONSOLIDATED BALANCE SHEET

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. In final two quarters of 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, was recognised in other operating expenses in the income statement in year 2020. In the first half of the current year, the costs related to the discontinuation were revised by EUR +1.7 million.

On the balance sheet date, the discontinuation of the Russian operations is still in process. The management estimates that the process is finalized during the financial year 2021.

Effect of the write-down on the result for the financial period

MEUR	1-6/2021	1-12/2020
Original write-down	-	-10.8
Change	1.7	1.9
Write-down total	1.7	-8.9

MEUR	Write-down 6/2020
Non-current assets	
Intangible assets	-0.1
Property, plant and equipment	-3.2
Other non-current assets	-0.3
Current assets	
Inventories	-0.2
Trade receivables	-3.3
Other receivables	-0.9
Cash and cash equivalents	
Total assets	-8.0
Equity	
Other reserves	2.6
Profit for the period	-10.8
Liabilities	
Non-current liabilities	
Deferred tax liabilities	0.0
Current liabilities	
Trade and other payables	
Provisions	0.3
Total liabilities	0.3
Total equity and liabilities	-8.0

SEGMENT INFORMATION

Net sales

MEUR	4-6/2021	4-6/2020	Change %	1-6/2021	1-6/2020	Change %	1-12/2020
Environmental Services	77.2	71.9	7.4	153.4	149.0	2.9	289.4
Industrial Services	26.9	23.4	14.8	46.5	43.7	6.6	101.8
Facility Services Finland	59.0	56.7	4.1	120.2	114.9	4.7	232.3
Facility Services Sweden	37.1	32.7	13.3	73.3	63.1	16.2	134.5
Eliminations	-1.5	-1.6	-2.2	-2.8	-3.1	-10.9	-6.1
Total	198.7	183.2	8.5	390.7	367.5	6.3	751.9

Operating profit

MEUR	4-6/2021	%	4-6/2020	%	1-6/2021	%	1-6/2020	%	1-12/2020	%
Environmental Services	7.8	10.2	-2.6	-3.6	12.4	8.1	2.1	1.4	20.0	6.9
Industrial Services	3.2	11.9	1.3	5.7	3.4	7.3	1.0	2.3	7.1	7.0
Facility Services Finland	-0.4	-0.7	-0.4	-0.7	-1.7	-1.4	-2.2	-1.9	3.2	1.4
Facility Services Sweden	0.6	1.7	0.3	0.9	1.1	1.4	0.5	0.8	3.5	2.6
Group administration and other *	-0.7	-0.8	-0.8		-0.8		-0.7		-5.6	
Total	10.6	5.3	-2.2	-1.2	14.3	3.7	0.7	0.2	28.2	3.8

EBITDA

MEUR	4-6/2021	%	4-6/2020	%	1-6/2021	%	1-6/2020	%	1-12/2020	%
Environmental Services	14.8	19.1	3.8	5.2	25.7	16.8	15.0	10.1	45.6	15.8
Industrial Services	5.4	20.1	3.7	15.9	7.9	17.0	6.0	13.6	17.3	17.0
Facility Services Finland	1.9	3.3	2.7	4.8	3.0	2.5	3.9	3.4	13.5	5.8
Facility Services Sweden	2.3	6.3	1.5	4.5	4.1	5.5	3.0	4.7	8.4	6.2
Group administration and other *	-0.3		-0.8		-0.2		3.5		0.4	
Total	24.1	12.1	10.8	5.9	40.5	10.4	31.3	8.5	85.2	11.3

Other segment information

MEUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
Capital expenditure					
Environmental Services	23.2	8.3	29.5	13.0	23.7
Industrial Services	2.2	4.1	4.4	7.9	17.4
Facility Services Finland	4.7	0.6	5.1	1.1	5.1
Facility Services Sweden	0.4	0.8	0.9	0.8	1.5
Group administration and other	0.2	-0.8	0.4	-0.8	0.6
Total	30.8	13.0	40.2	22.0	48.2
Depreciation and amortisation					
Environmental Services	6.9	6.4	13.3	12.9	25.6
Industrial Services	2.2	2.4	4.5	4.9	10.2
Facility Services Finland	2.3	3.1	4.7	6.1	10.3
Facility Services Sweden	1.7	1.2	3.0	2.5	4.9
Group administration and other **	0.3	0.0	0.7	4.2	6.1
Total	13.5	13.0	26.2	30.6	57.0

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

** Group administration and other includes impairments of EUR 4.1 million recognized in the first quarter of the financial year 2020 and EUR 0.6 million recognized in the third quarter.

MEUR	6/2021	6/2020	12/2020
Assets			
Environmental Services	302.8	261.6	263.8
Industrial Services	101.3	97.9	103.5
Facility Services Finland	87.2	86.1	86.0
Facility Services Sweden	85.5	79.5	86.4
Group administration and other	24.3	35.8	56.8
Total	601.1	561.0	596.6
Liabilities			
Environmental Services	87.5	83.5	83.5
Industrial Services	38.5	37.4	40.2
Facility Services Finland	54.9	49.6	53.3
Facility Services Sweden	22.9	21.5	27.8
Group administration and other	209.8	201.5	199.2
Total	413.6	393.4	404.0
Invested capital			
Environmental Services	215.3	178.2	180.3
Industrial Services	62.8	60.6	63.3
Facility Services Finland	32.3	36.5	32.7
Facility Services Sweden	62.6	58.0	58.6
Group administration and other	13.1	29.1	44.3
Total	386.1	362.4	379.2

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 6/2020	Deferred taxes	Specification of previously unallocated funds	Adjusted 6/2020
Assets				
Environmental Services	262.2	1.0	-1.6	261.6
Industrial Services	96.4	1.5	0.1	97.9
Facility Services Finland	78.6	0.1	7.5	86.1
Facility Services Sweden	84.2	0.7	-5.4	79.5
Group administration and other	39.6	1.2	-4.9	35.8
Total	561.0	4.4	-4.4	561.0

Liabilities				
Environmental Services	70.3	13.2	0.0	83.5
Industrial Services	33.9	3.4	0.0	37.4
Facility Services Finland	46.8	2.8	-0.1	49.6
Facility Services Sweden	15.0	4.1	2.3	21.5
Group administration and other	227.4	3.1	-28.9	201.5
Total	393.4	26.7	-26.7	393.4

MEUR	Reported 12/2020	Deferred taxes	Specification of previously unallocated liabilities	Adjusted 12/2020
Assets				
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
Total	596.6	4.5	-4.5	596.6
Liabilities				
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
Total	404.0	28.3	-28.3	404.0

SEGMENT INFORMATION BY QUARTER

MEUR	4-6/2021	1-3/2021	10-12/2020	7-9/2020	4-6/2020
Net sales					
Environmental Services	77.2	76.2	72.9	67.5	71.9
Industrial Services	26.9	19.6	27.6	30.6	23.4
Facility Services Finland	59.0	61.2	60.5	56.9	56.7
Facility Services Sweden	37.1	36.2	40.0	31.5	32.7
Inter-division net sales	-1.5	-1.2	-1.4	-1.6	-1.6
Total	198.7	192.0	199.6	184.8	183.2
Operating profit					
Environmental Services	7.8	4.5	7.6	10.3	-2.6
Industrial Services	3.2	0.2	1.5	4.5	1.3
Facility Services Finland	-0.4	-1.3	1.9	3.6	-0.4
Facility Services Sweden	0.6	0.4	1.5	1.5	0.3
Group administration and other	-0.7	-0.1	-2.7	-2.3	-0.8
Total	10.6	3.7	9.9	17.6	-2.2
EBITDA					
Environmental Services	14.8	10.9	14.1	16.5	3.8
Industrial Services	5.4	2.5	4.4	6.9	3.7
Facility Services Finland	1.9	1.1	3.1	6.5	2.7
Facility Services Sweden	2.3	1.7	2.7	2.7	1.5
Group administration and other	-0.3	0.2	-0.8	-2.3	-0.8
Total	24.1	16.4	23.5	30.4	10.8
Operating margin					
Environmental Services	10.2	6.0	10.5	15.3	-3.6
Industrial Services	11.9	1.1	5.6	14.8	5.7
Facility Services Finland	-0.7	-2.1	3.2	6.3	-0.7
Facility Services Sweden	1.7	1.1	3.8	4.7	0.9
Total	5.3	1.9	5.0	9.5	-1.2
EBITDA margin					
Environmental Services	19.1	14.3	19.3	24.5	5.2
Industrial Services	20.1	12.8	15.9	22.6	15.9
Facility Services Finland	3.3	1.7	5.1	11.5	4.8
Facility Services Sweden	6.3	4.8	6.8	8.5	4.5
Total	12.1	8.5	11.8	16.4	5.9

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.

4-6/2021, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	52.5			23.9	0.9	77.2
Industrial Services	12.7	13.0	0.2	1.0		26.9
Facility Services Finland	40.9	16.4	1.7			59.0
Facility Services Sweden	16.7	19.0	1.4			37.1
Total	122.8	48.4	3.3	24.9	0.9	200.2
Interdivision						-1.5
External net sales, total						198.7

4-6/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	51.0			20.1	0.7	71.9
Industrial Services	10.8	10.5	1.6	0.5		23.4
Facility Services Finland	39.0	16.2	1.5			56.7
Facility Services Sweden	14.3	17.3	1.1			32.7
Total	115.1	44.0	4.2	20.7	0.7	184.7
Interdivision						-1.6
External net sales, total						183.2

1-6/2021, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	96.9			54.9	1.6	153.4
Industrial Services	21.9	22.3	0.3	2.0		46.5
Facility Services Finland	82.8	33.2	4.2			120.2
Facility Services Sweden	33.0	38.1	2.3			73.3
Total	234.6	93.6	6.8	56.9	1.6	393.4
Interdivision						-2.8
External net sales, total						390.7

1-6/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	100.0			47.6	1.5	149.0
Industrial Services	20.8	19.7	1.9	1.2		43.7
Facility Services Finland	81.6	29.5	3.7			114.9
Facility Services Sweden	28.8	32.1	2.2			63.1
Total	231.3	81.4	7.8	48.8	1.5	370.7
Interdivision						-3.1
External net sales, total						367.5

1-12/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
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
Total	467.0	179.1	19.1	89.8	3.0	758.0
Interdivision						-6.1
External net sales, total						751.9

BUSINESS ACQUISITIONS

BUSINESS ACQUISITIONS, SIHVARI

Lassila & Tikanoja purchased total stocks of Sihvari Oy 1 June 2021. The purchase also includes the fully owned Turun Seudun Hyötykuljetus Oy. The IFRS acquisition price calculations are not yet final. Changes in acquisition costs may arise on the basis of terms and conditions related to the acquisition price in the deeds of sale and due to incompleteness of the values of the purchased balances, therefore the acquisition price calculations are preliminary.

Fair value, MEUR	1-6/2021
Intangible assets	3.3
Property, plant and equipment	1.7
Right-of-use assets	4.4
Investments	-
Receivables	2.7
Cash and cash equivalents	0.2
Total assets	12.3
Other liabilities	8.6
Deferred tax liabilities	0.7
Total liabilities	9.2
Net assets acquired	3.0
Total consideration	15.0
Goodwill	12.0
Effect on cash flow	
Consideration paid in cash	-15.0
Unpaid	-
Cash and cash equivalents of the acquired company	0.2
Cash flow from investing activities	-14.8

OTHER BUSINESS ACQUISITIONS, COMBINED

Fair value total, MEUR	1-6/2021	1-6/2020	1-12/2020
Intangible assets	0.9	0.2	0.5
Property, plant and equipment	0.1	0.2	0.9
Investments	-	-	0.0
Receivables	1.0	-	0.6
Cash and cash equivalents	0.8	-	0.1
Total assets	2.8	0.4	2.1
Other liabilities	1.2	-	1.0
Deferred tax liabilities	0.2	-	0.0
Total liabilities	1.3	-	1.0
Net assets acquired	1.5	0.4	1.0
Total consideration	4.9	1.0	1.7
Goodwill	3.4	0.6	0.7
Effect on cash flow			
Consideration paid in cash	-4.9	-1.0	-1.7
Unpaid	0.6	0.3	0.0
Cash and cash equivalents of the acquired company	0.8	-	0.1
Cash flow from investing activities	-3.5	-0.7	-1.6

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

The above table "Other business acquisition combined" does not include prepayments for business acquisitions paid during the reporting period. These business acquisitions are consolidated after the reporting period.

CHANGES IN INTANGIBLE ASSETS

MEUR	1-6/2021	1-6/2020	1-12/2020
Carrying amount at beginning of period	182.9	188.0	188.0
Business acquisitions	19.6	0.8	1.1
Other capital expenditure	3.4	2.3	5.3
Disposals	-0.1	-0.3	-0.9
Depreciation, amortisation and impairment	-3.8	-8.1	-12.6
Transfers between items	0.2	0.0	0.0
Exchange differences	-0.4	-0.2	1.9
Carrying amount at end of period	201.7	182.5	182.9

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

MEUR	1-6/2021	1-6/2020	1-12/2020
Carrying amount at beginning of period	210.7	206.7	206.7
Business acquisitions	6.1	0.2	0.9
Other capital expenditure	26.7	27.9	57.1
Disposals	-2.0	-5.6	-9.2
Depreciation, amortisation and impairment	-22.4	-22.5	-44.4
Transfers between items	-0.2	0.0	0.0
Exchange differences	0.0	-0.5	-0.4
Carrying amount at end of period	218.9	206.3	210.7

The carrying amount of property, plant and equipment at the end of the reporting period includes IFRS 16 items totalling EUR 73,9 million (79,3) and depreciation in the amount of EUR 9,1 million (8,7).

CAPITAL COMMITMENTS

MEUR	6/2021	6/2020	12/2020
Intangible assets	9.2	2.7	3.2
Property, plant and equipment	8.3	13.0	10.1
Total	17.5	15.7	13.4

ALTERNATIVE PERFORMANCE MEASURES

MATCHING THE EVA RESULT TO OPERATING PROFIT

MEUR	1-6/2021	1-6/2020	1-12/2020
Operating profit	14.3	0.7	28.2
Invested capital (rolling 12-month quarterly average)	375.3	370.4	369.7
Cost calculated on invested capital	-12.6	-12.3	-24.5
EVA	1.7	-11.6	3.7

MATCHING THE ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

MEUR	1-6/2021	1-6/2020	1-12/2020
Operating profit	14.3	0.7	28.2
Items affecting comparability:			
- costs arising from the discontinuation of business	-1.7	10.8	9.0
- costs arising from business restructuring	0.6	0.1	1.7
- gains or losses arising from divestments	-	0.0	0.0
- cost arising from acquisitions *	0.6	0.7	0.7
Adjusted operating profit	13.8	12.3	39.7

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

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

MEUR	6/2021	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets					
		1.3		1.3	
Current financial assets					
		107.8		107.8	
		14.9		14.9	
		124.1		124.1	
Non-current financial liabilities					
		99.8		99.8	2
		55.4		55.4	
Current financial liabilities					
		25.1		25.1	2
		18.2		18.2	
		76.1		76.1	
			0.7	0.7	2
		274.6	0.7	275.3	

MEUR	6/2020	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets					
		1.3		1.3	
Current financial assets					
		94.6		94.6	
		28.3		28.3	
		124.2		124.2	
Non-current financial liabilities					
		99.6		99.6	2
		63.5		63.5	
Current financial liabilities					
		15.0		15.0	2
		16.6		16.6	
		74.2		74.2	
			0.9	0.9	2
		268.9	0.9	269.9	

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

CONTINGENT LIABILITIES

MEUR	6/2021	6/2020	12/2020
Securities for own commitments			
Mortgages on rights of tenancy	0.1	0.1	0.1
Other securities	0.0	0.0	0.0
Bank guarantees required for environmental permits	14.0	11.4	12.4
Other bank guarantees	11.7	6.2	10.6

Other securities are security deposits.

Liabilities associated with derivative agreements

Interest rate swaps

MEUR	6/2021	6/2020	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	30.0
Maturity later than five years	-	-	-
Total	30.0	30.0	30.0
Fair value	-0.8	-1.0	-0.9

The interest rate swaps are used for the hedging of cash flow related to floating rate loans, and hedge accounting under IFRS 9 has been applied to them. 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.

Commodity derivatives

MEUR	6/2021	6/2020	12/2020
Nominal values of diesel swaps			
Maturity not later than one year	-	0.0	-
Maturity later than one year and not later than five years	-	-	-
Total	-	0.0	-
Fair value	-	0.0	-

Commodity derivative contracts were signed for the hedging of future diesel oil purchases. IFRS 9 compliant hedge accounting is applied to these contracts, and the effective change in fair value is recognised in the hedging reserve within equity. The fair values of commodity derivatives are based on market prices on the balance sheet date. During year 2019 the Group decided to no longer hedge of future diesel oil purchases.

CALCULATION OF KEY FIGURES

Earnings per share:

profit attributable to equity holders of the parent company / adjusted average basic number of shares

Diluted earnings per share:

profit 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:

profit attributable to equity holders of the parent company / adjusted basic number of shares at end of period

Return on equity, % (ROE):

(profit for the period / equity (average)) x 100

Invested capital: equity + interest-bearing financial liabilities

Return on invested capital, % (ROI):

(pre-tax profit/loss + 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

Helsinki, 27 July 2021

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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. We help our customers maintain the value of their properties and materials while protecting the environment. We achieve this by delivering responsible and sustainable service solutions that make the daily lives of our customers easier. We operate in Finland and Sweden. L&T employs 8,100 people. Net sales in 2020 amounted to EUR 751.9 million. L&T is listed on Nasdaq Helsinki.

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