



Lassila & Tikanoja plc
Stock exchange release
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Lassila & Tikanoja plc: Half-Year Financial Report 1 January–30 June 2022

THE POSITIVE DEVELOPMENT OF NET SALES CONTINUED IN THE SECOND QUARTER, AND OPERATING PROFIT IMPROVED SIGNIFICANTLY COMPARED TO THE PREVIOUS QUARTER

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

- Net sales for the second quarter were EUR 219.1 million (198.7). Net sales increased by 10.3%. Organic growth was 5.6%.
- Adjusted operating profit for the second quarter was EUR 11.0 million (10.2) and operating profit was EUR 10.1 million (10.6). Earnings per share were EUR 0.17 (0.21).
- Net sales for January–June totalled EUR 429.5 million (390.7). Adjusted operating profit was EUR 11.0 million (13.8) and operating profit was EUR 9.8 million (14.3). Cash flow from operating activities amounted to EUR 22.5 million (20.4). Earnings per share were EUR 0.15 (0.27).
- In Environmental Services and Industrial Services, the higher fuel prices were successfully passed on to customer prices through price increases carried out in February–April.
- Increased fuel prices, the generally higher cost level and sickness-related absences caused by the COVID-19 pandemic had a negative impact on profitability in the first half of the year. Facility Services in Finland and Sweden were not yet able to pass on to customer prices the rise in costs caused by general inflation.

Outlook for the year 2022

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

Starting from July 1, 2022 the renewable energy sources business will no longer be consolidated to the Group net sales. The renewable energy sources business was merged with Neova Plc's corresponding business and was given the name Laania Plc. The net sales of the renewable energy sources business in January-June were EUR 35.4 million.

PRESIDENT AND CEO EERO HAUTANIEMI:

“In the second quarter, net sales increased by 10.3 per cent year-on-year. Organic growth accounted for 5.6 percentage points.

L&T's circular economy businesses achieved good operative results. In Environmental Services, the number of ordered services and waste volumes both continued to grow in the second quarter. The number of corporate customers grew, and the prices of, and demand for, recycled raw materials were at a good level. In Industrial Services, demand for hazardous waste services was strong in the second quarter. The recycling rate of hazardous waste was high in the first half at almost 70 per cent. In the environmental construction business, several demanding industrial construction projects and soil decontamination projects started during the period under review.

Fuel prices increased sharply in February due to the war in Ukraine, and the higher cost level was successfully passed on to customer prices in Environmental Services and Industrial Services

through price increases carried out in February–April. In Facility Services in Finland and Sweden, the higher general cost level had a negative effect on the divisions' profitability. The COVID-19 pandemic increased the number of sickness-related absences in all divisions during the first quarter. The number of sickness-related absences began to decrease in May, but the absences still weighed down the result of Facility Services Finland in the second quarter.

In May, we issued senior unsecured sustainability-linked notes in the amount of EUR 75 million. The notes will mature in May 2028. The issuance of the notes extends the average maturity of our bond portfolio and provides an incentive towards reaching our ambitious sustainability targets.”

GROUP NET SALES AND FINANCIAL PERFORMANCE

April–June

Lassila & Tikanoja's net sales for the second quarter totalled EUR 219.1 million (198.7), an increase of 10.3% year-on-year. Organic growth was 5.6%. Adjusted operating profit was EUR 11.0 million (10.2), representing 5.0% (5.1%) of net sales. Operating profit was EUR 10.1 million (10.6), representing 4.6% (5.3%) of net sales. Earnings per share were EUR 0.17 (0.21).

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

The Group's adjusted operating profit was still negatively affected by the increase in fuel prices, the higher general cost level and the large number of sickness-related absences caused by the COVID-19 pandemic. The result for the review period was negatively affected by net financial expenses increasing to EUR -1.7 million (-1.1).

January–June

Net sales for January–June totalled EUR 429.5 million (390.7), an increase of 9.9% year-on-year. Organic growth was 5.4%. Adjusted operating profit was EUR 11.0 million (13.8), representing 2.6% (3.5%) of net sales. Operating profit was EUR 9.8 million (14.3), representing 2.3% (3.7%) of net sales. Earnings per share were EUR 0.15 (0.27).

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

Throughout the period under review, the Group's adjusted operating profit was negatively affected by the increase in fuel prices, the higher general cost level and the large number of sickness-related absences caused by the COVID-19 pandemic. The result for the review period was negatively affected by net financial expenses increasing to EUR -2.7 million (-1.6).

Financial summary

	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
Net sales, EUR million	219.1	198.7	10.3	429.5	390.7	9.9	812.5
Adjusted operating profit, EUR million	11.0	10.2	8.1	11.0	13.8	-20.1	42.4
Adjusted operating margin, %	5.0	5.1		2.6	3.5		5.2
Operating profit, EUR million	10.1	10.6	-4.3	9.8	14.3	-31.2	42.2
Operating margin, %	4.6	5.3		2.3	3.7		5.2
EBITDA, EUR million	24.2	24.1	0.4	37.7	40.5	-6.9	95.1
EBITDA, %	11.0	12.1		8.8	10.4		11.7
Profit before tax, EUR million	8.4	9.5	-11.6	7.2	12.7	-43.4	39.0
Earnings per share, EUR	0.17	0.21	-17.8	0.15	0.27	-45.4	0.90
Net cash flow from operating activities after investments per share, EUR	0.03	-0.66	104.2	-0.13	-0.55	76.8	0.05
Return on equity (ROE), %				5.6	11.0		17.1
Invested capital, EUR million				431.3	386.1	11.7	406.0
Return on invested capital (ROI), %				4.7	7.5		10.8
Equity ratio, %				30.1	31.8		33.7
Gearing, %				102.4	97.9		79.4

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

April–June

The division's net sales for the second quarter increased to EUR 87.8 million (77.2). Operating profit rose to EUR 10.0 million (7.8).

January–June

The Environmental Services division's net sales for the first half of the year grew to EUR 175.1 million (153.4). Operating profit was EUR 12.9 million (12.4).

In Environmental Services, the number of ordered services and waste volumes both continued to grow in the second quarter. The number of corporate customers grew and a new office was opened in Seinäjoki. The prices of, and demand for, recycled raw materials remained good.

Fuel prices rose sharply at the end of February due to the war in Ukraine. The higher fuel costs were passed on to customer prices through cost increases carried out in February–April. The COVID-19 pandemic increased the number of sickness-related absences during the first quarter. The number of sickness-related absences returned close to the normal level in May.

The merger of the Environmental Services division's renewable energy sources business with Neova Oy's corresponding business was approved by the Finnish Competition and Consumer Authority in April 2022. The joint venture between Lassila & Tikanoja and Neova was given the name Laania Oy and it started its operations on 1 July 2022.

In the first half of the year, the net sales of the Environmental Services division's renewable energy sources business were EUR 35.4 million, and the operating profit was EUR 0.3 million. In 2021, the net sales of the renewable energy sources business were EUR 56.9 million, and the operating profit was EUR 0.9 million. The business will no longer be reported as part of the Environmental Services division after the second quarter of 2022. Going forward, the net profit of the joint venture will be consolidated in one line.

Industrial Services

April–June

The division's net sales for the second quarter increased to EUR 33.7 million (26.9). Operating profit was EUR 3.3 million (3.2).

January–June

The Industrial Services division's net sales for the first half of the year grew to EUR 56.8 million (46.5). Operating profit was EUR 3.5 million (3.4).

The Industrial Services division strengthened its position in hazardous and non-hazardous waste recycling services by acquiring Fortum's hazardous waste SME business in Finland at the beginning of February. The takeover of the business acquired from Fortum proceeded as planned, and demand for hazardous waste services was solid in the second quarter.

In environmental construction services, several demanding industrial construction projects and soil decontamination projects started during the period under review.

The demand for process cleaning services was on a par with the comparison period in spite of annual maintenance breaks previously scheduled for the spring being postponed to later in the year due to the COVID-19 pandemic and industrial action. The changes in the scheduling of annual maintenance breaks made resource allocation more challenging. In the process cleaning business, the development of the service offering continued in the industrial and energy segments, where other cleaning methods are now offered alongside blast cleaning.

In February, Industrial Services expanded into the Swedish process cleaning services market by acquiring 70% of the shares of Sand & Vattenbläst i Tyringe AB ("SVB"), a provider of process cleaning services in Sweden. The integration of the Swedish business proceeded according to plan in the second quarter.

Fuel prices rose sharply at the end of February due to the war in Ukraine. The higher fuel costs were passed on to customer prices through cost increases carried out in February–April. The COVID-19 pandemic increased the number of sickness-related absences during the first quarter. The number of sickness-related absences returned close to the normal level in May.

Facility Services Finland

April–June

The division's net sales for the second quarter increased to EUR 63.2 million (59.0). Operating profit decreased to EUR -1.0 million (-0.4).

January–June

The net sales of Facility Services Finland increased to EUR 131.4 million (120.2) in the first half of the year. Operating profit decreased to EUR -3.3 million (-1.7).

Especially in the cleaning business, the availability of labour declined and employee turnover increased in the second quarter. In property maintenance, production costs were increased by the higher fuel prices and general cost inflation. The increased production costs could not be fully passed on to customer prices yet. Measures to increase prices and keep rising costs in check will continue during the second half of the year.

Several new projects were launched to improve the availability of labour. Co-operation with municipal employment services and government organisations was intensified. L&T joined forces with Staffpoint to offer jobs to Ukrainian refugees. Approximately 30 Ukrainians started working at L&T's operating locations in April–June. Job interviews were completed in relation to the recruitment of a group of employees from the Philippines for full-time cleaning work under

contracts valid until further notice. The recruits will start their employment at L&T in the final quarter of 2022. Arrangements will be made for each of the persons recruited to work in Finland to have appropriate housing and the necessary personal permits and other documents.

In landscaping services in the property maintenance business, the number of customer projects related to promoting biodiversity – such as turning lawns into meadows – increased. The number of energy management projects increased.

Facility Services Sweden

April–June

The division's net sales for the second quarter decreased to EUR 35.9 million (37.1). Operating profit declined to EUR -0.2 million (0.6). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR 0.4 million (1.2).

January–June

Facility Services Sweden's net sales for the first half of the year decreased to EUR 68.8 million (73.3). Operating profit declined to EUR -0.4 million (1.1). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR 0.7 million (2.1).

Higher fuel prices and inflation increased production costs in Facility Services Sweden in April–June. As customer contracts in the Swedish business are primarily based on fixed prices, the higher prices could not be passed on to customers in the form of price increases during the first half of the year. Adaptation measures in Facility Services Sweden were initiated in the second quarter and will continue in the second half of the year.

FINANCING

Cash flow from operating activities amounted to EUR 22.5 million (20.4) in the first half of the year. Net cash flow from operating and investing activities amounted to EUR -4.9 million (-21.0). Net cash flow after investments was reduced by acquisitions, which had a total impact of approximately EUR 13 million (approximately 18). A total of EUR 8.7 million in working capital was committed (EUR 11.6 million committed).

At the end of the period, interest-bearing liabilities amounted to EUR 234.8 million (198.6). Net interest-bearing liabilities totalled EUR 201.2 million (183.6). The average interest rate on long-term loans, excluding IFRS 16 liabilities, with interest rate hedging, was 2.4% (1.3).

Of the EUR 100.0 million commercial paper programme, EUR 20.0 million (25.0) was in use at the end of the period. A committed credit limit totalling EUR 40.0 million was not in use, as was the case in the comparison period. The Group signed a credit limit linked to responsibility targets during the review period. The credit limit will mature in the first quarter of 2025. The company issued senior unsecured sustainability-linked notes in the amount of EUR 75 million in May. The new notes will mature in the second quarter of 2028 and bear fixed annual interest at the rate of 3.375 per cent.

Net financial expenses amounted to EUR -2.7 million (-1.6). The increase in net financial expenses was attributable to higher interest-bearing liabilities due to acquisitions, bond redemption costs totalling EUR 0.3 million and the higher general interest rate level. The effect of exchange rate changes on net financial expenses was EUR -0.1 million (0.0). Net financial expenses were 0.6% (0.4) of net sales.

The equity ratio was 30.1% (31.8) and the gearing ratio was 102.4% (97.9). Cash and cash equivalents at the end of the period amounted to EUR 33.6 million (14.9). Overdue trade

receivables and credit losses have not increased as a result of the COVID-19 pandemic or the war in Ukraine.

DISTRIBUTION OF ASSETS

The Annual General Meeting held on 17 March 2022 resolved that a dividend of EUR 0.46 per share, totalling EUR 17.5 million, be paid on the basis of the balance sheet that was adopted for the financial year 2021. The dividend was paid to shareholders on 28 March 2022.

CAPITAL EXPENDITURE

Gross capital expenditure for the first half of the year came to EUR 35.7 million (40.2). Acquisitions accounted for approximately EUR 21 million of the capital expenditure (approximately EUR 21 million). 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

	H1/2022	H1/2021	2021	Target	Target to be achieved by
Carbon handprint (tCO ₂ e)	604,000	579,000	1,100,000	growth faster than net sales	

The carbon handprint illustrates the climate benefits of a product, process or service, i.e. the emission reduction potential for the user. L&T's carbon handprint reduces the customer's carbon footprint. Our services generated emission reductions for customers through, for example, customers replacing virgin raw materials with secondary raw materials, and fossil fuels with biofuels and solid recovered fuels.

Recycling rate and material recovery

	H1/2022	H1/2021	2021	Target	Target to be achieved by
Recycling rate of material flows managed by L&T (%)	57.4	59	58.4	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

	H1/2022	H1/2021	2021	Target	Target to be achieved by
Carbon footprint (tCO ₂ e)	16,400	18,500	37,800		
Carbon footprint intensity (gCO ₂ e/km)	670	780	767	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. The carbon footprint during the review period was affected among other things by the change in the renewable fuel distribution obligation, which lowered diesel emissions in particular.

Social responsibility

Overall accident frequency

	H1/2022	H1/2021	2021	Target	Target to be achieved by
Overall accident frequency (TRIF)	24	24	24	20	2024

L&T eliminates hazards and improves its own safety as well as the safety of customers and other stakeholders through effective proactive measures, such as risk assessments, safety observations, Safety Walks and occupational safety sessions.

Well-being at work

	H1/2022	H1/2021	2021	Target	Target to be achieved by
Occupational health rate (proportion of employees with no sickness-related absences)	51	66	45	45	2024
Sickness-related absences (%)	5.8	4.6	5.0	4.5	2024

The objective of L&T's personnel policies and plans is to ensure that the number, competence and retention of personnel are at the level required for effective performance. For a labour-intensive company, employees' ability to work and function and maintain it throughout their careers until retirement on old-age pension is important. The coronavirus pandemic significantly increased employees' sickness-related absence during the first quarter in all divisions. Sickness-related absences declined in the second quarter but were still on a level higher than normal.

Current issues related to sustainability

In May, Lassila & Tikanoja launched a Sustainability-Linked Bond Framework and subsequently issued new fixed rate notes under it. In the framework, the financial characteristics of notes are linked to the achievement of two Sustainability Performance Targets, namely reducing GHG emissions from L&T's own operations (Scope 1 and 2) and contractors' fuel consumption for transportation (Scope 3).

The Sustainability-Linked Bond Framework was reviewed by Sustainalytics, a second opinion provider, confirming the alignment with the Sustainability-Linked Bond Principles published by ICMA. Sustainalytics found that the Sustainability Performance Targets in the framework are ambitious and the related Key Performance Indicators are strong, also due to the direct emission target having been validated by the Science Based Target initiative (SBTi).

Lassila & Tikanoja is one of 10 Finnish companies selected for a pilot programme coordinated by FIBS and Sitra to test the Science Based Targets Network's guidance concerning science-based nature targets. The new guidance that is currently in development responds to companies' need for practical tools to support genuinely impactful and comparable nature efforts. The companies

selected for the pilot will get to try setting nature targets with the help of the guidance as well as influence the final guidance by providing feedback on their experiences during the pilot.

L&T joined the Green Deal agreement on construction plastics. The aim of the Green Deal is to accelerate the circular economy for construction plastics through concrete measures. L&T made a commitment to increase the separate collection of plastic film and to develop plastic-related processing technologies to promote reuse and closed loops.

PERSONNEL

In the first half of the year, the average number of employees converted into full-time equivalents was 7,098 (6,846). At the end of the period, L&T had 9,099 (8,737) full-time and part-time employees. Of these, 7,680 (7,314) worked in Finland and 1,419 (1,423) in Sweden.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading in L&T's shares in January–June was 7.0 million shares, which is 18.3% (16.2) of the average number of outstanding shares. The value of trading was EUR 79.3 million (89.6). The highest share price was EUR 13.62 and the lowest EUR 9.75. The closing price was EUR 10.74. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 409.7 million (539.7).

Own shares

At the end of the period, the company held 653,256 of its own shares, representing 1.7% of all shares and votes.

Share capital and number of shares

The company's registered share capital was EUR 19,399,437 and the number of outstanding shares was 38,145,618 at the end of the period. The average number of shares excluding the shares held by the company was 38,135,705.

Shareholders

At the end of the period, the company had 23,894 (23,533) shareholders. Nominee-registered holdings accounted for 8.1% (9.3%) of the total number of shares.

Authorisations for the Board of Directors

The Annual General Meeting held on 17 March 2022 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 was held on 17 March 2022. The resolutions of the Annual General Meeting were announced in more detail in a stock exchange release on 17 March 2022.

BOARD OF DIRECTORS

The members of Lassila & Tikanoja plc's Board of Directors are 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 Jukka Leinonen 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 and Laura Tarkka as the members of the committee. The Board elected Jukka Leinonen as the Chairman of the Personnel and Sustainability Committee, with Laura Tarkka and Pasi Tolppanen as the members of the committee.

EVENTS AFTER THE REVIEW PERIOD

The merger of the Environmental Services division's renewable energy sources business with Neova Oy's corresponding business was approved by the Finnish Competition and Consumer Authority in April 2022. The joint venture between Lassila & Tikanoja and Neova was given the name Laania Oy and it started its operations on 1 July 2022.

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. More contagious variants of COVID-19 may lead to increased sickness-related absences in the future, which can cause disruptions in L&T's service production and increase costs.

As the company has no operations or holdings in Russia, Belarus or Ukraine, and there are no significant Russian-owned companies in the customer base, the immediate effects of the war in Ukraine will be minor. However, indirect impacts on overall economic activity in Finland and Sweden may have a negative impact on net sales and profit.

Higher costs, especially fuel prices, may have a negative impact on the company's financial performance. 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.

Potential interest rate hikes may increase the company's interest costs.

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.

Helsinki, 21 July 2022

LASSILA & TIKANOJA PLC

Board of Directors
Eero Hautaniemi
President and CEO

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The Group's key figures

Key figures

	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Earnings per share, EUR	0.17	0.21	0.15	0.27	0.90
Diluted earnings per share, EUR	0.17	0.21	0.15	0.27	0.90
Net cash flow from operating activities after investments per share, EUR	0.03	-0.66	-0.13	-0.55	0.05
EVA, MEUR	3.1	4.2	-3.9	1.7	15.9
Adjusted operating profit, MEUR	11.0	10.2	11.0	13.8	42.4
Operating profit, MEUR	10.1	10.6	9.8	14.3	42.2
Gross capital expenditure, MEUR	7.2	30.8	35.7	40.2	72.3
Equity per share, EUR			5.15	4.92	5.52
Return on equity (ROE), %			5.6	11.0	17.1
Invested capital, MEUR			431.3	386.1	406.0
Return on invested capital (ROI), %			4.7	7.5	10.8
Equity ratio, %			30.1	31.8	33.7
Gearing, %			102.4	97.9	79.4
Net interest-bearing liabilities, MEUR			201.2	183.6	167.1
Average number of employees in full-time equivalents			7,098	6,846	7,319
Total number of full-time and part-time employees at end of the period			9,099	8,737	8,171
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,136	38,108	38,111
at the end of the period			38,146	38,112	38,112
average during the period, diluted			38,168	38,123	38,127

Reconciliation of alternative performance measures

RECONCILIATION OF EVA RESULT TO OPERATING PROFIT

MEUR	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Operating profit	10.1	10.6	9.8	14.3	42.2
Invested capital (rolling 12-month quarterly average)	415.1	375.3	415.1	375.3	391.4
Cost calculated on invested capital	-7.1	-6.4	-13.7	-12.6	-26.3
EVA	3.1	4.2	-3.9	1.7	15.9

RECONCILIATION OF ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

MEUR	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Operating profit	10.1	10.6	9.8	14.3	42.2
Items affecting comparability:					
- costs arising from the discontinuation of business*	0.0	-1.0	-0.2	-1.7	-2.1
- costs arising from business restructurings	-	0.1	-	0.6	0.6
- costs arising from acquisitions	0.9	0.6	1.4	0.6	1.7
Adjusted operating profit	11.0	10.2	11.0	13.8	42.4

* In 2020, Lassila & Tikanoja decided on the discontinuation of its Russian operations. In 2021, L&T sold its shares in Russian subsidiaries. The costs related to the discontinuation were revised by EUR +2.1 million in 2021 and by EUR +0.2 million during the first quarter of 2022.

RECONCILIATION OF GROSS CAPITAL EXPENDITURE

MEUR	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Intangible and tangible assets from business acquisitions	-0.7	25.7	21.9	25.7	31.4
- increases to right-of-use assets excl. heavy vehicles from business acquisitions	-0.0	-4.4	-1.4	-4.4	-0.3
Other increases to intangible and tangible assets	10.9	12.9	24.9	30.1	64.4
- increases to right-of-use assets excl. heavy vehicles	-2.1	-2.9	-8.0	-10.0	-19.1
- other adjustments	-0.9	-0.6	-1.7	-1.2	-3.9
Gross capital expenditure	7.2	30.8	35.7	40.2	72.3

Calculation of key figures

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

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

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

EVA: operating profit - cost calculated on invested capital (average of four quarters)

WACC 2022: 6.62% and 2021: 6.72%

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

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

EBITDA: operating profit + depreciation + impairments

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

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

Invested capital: equity + interest-bearing financial liabilities

Return on invested capital, % (ROI): (result before taxes + financial expenses + net foreign exchange rate gains/losses from financial items) / equity + Interest bearing financial liabilities (average of the beginning of the period and at 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 - cash and cash equivalents

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

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

Primary financial statements

Consolidated income statement

MEUR	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Net sales	219.1	198.7	429.5	390.7	812.5
Other operating income	0.9	1.2	1.4	1.8	3.8
Materials and services	-72.5	-64.9	-153.8	-136.5	-282.5
Employee benefit expenses	-92.4	-88.2	-181.1	-171.1	-342.6
Other operating expenses	-30.9	-22.6	-58.4	-44.3	-95.9
Depreciation, amortisation and impairment	-14.1	-13.5	-27.9	-26.2	-52.9
Operating profit	10.1	10.6	9.8	14.3	42.2
Financial income	0.0	0.0	0.0	0.1	0.3
Financial expenses	-1.6	-0.9	-2.6	-1.7	-3.8
Exchange rate differences (net)	-0.1	-0.2	-0.1	0.0	0.3
Financial income and expenses	-1.7	-1.1	-2.7	-1.6	-3.3
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
Result before taxes	8.4	9.5	7.2	12.7	39.0
Income taxes	-2.0	-1.7	-1.5	-2.3	-4.6
Result for the period	6.4	7.8	5.7	10.4	34.4
Attributable to:					
Equity holders of the company	6.4	7.8	5.7	10.4	34.4
Earnings per share attributable to the equity holders of the parent company:					
Earnings per share, EUR	0.17	0.21	0.15	0.27	0.90
Diluted earnings per share, EUR	0.17	0.21	0.15	0.27	0.90

Consolidated statement of comprehensive income

MEUR	4-6/2022	4-6/2021	1-6/2022	1-6/2021	1-12/2021
Result for the period	6.4	7.8	5.7	10.4	34.4
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
Items not to be recognised through profit or loss, total	-	-0.0	0.0	0.0	-0.0
Items potentially to be recognised through profit or loss					
Hedging reserve, change in fair value	0.3	0.0	0.7	0.1	0.3
Currency translation differences	-2.5	0.9	-3.0	-0.5	-1.6
Items potentially to be recognised through profit or loss, total	-2.2	1.0	-2.3	-0.4	-1.3
Other comprehensive income, total	-2.2	0.9	-2.3	-0.4	-1.4
Total comprehensive income, after tax	4.2	8.7	3.4	10.1	33.0
Attributable to:					
Equity holders of the company	4.2	8.7	3.4	10.1	33.0

Consolidated statement of financial position

MEUR	6/2022	6/2021	12/2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	180.7	169.1	172.1
Other intangible assets	36.5	32.6	32.5
	217.2	201.7	204.6
Tangible assets	156.5	145.0	153.0
Right-of-use assets	69.0	73.9	69.8
	225.5	218.9	222.8
Other non-current assets			
Deferred tax assets	6.5	5.7	5.6
Other receivables	2.1	1.4	2.2
	8.7	7.1	7.8
Total non-current assets	451.3	427.7	435.2
Current assets			
Inventories	6.6	31.5	5.9
Trade receivables	89.8	78.0	86.8
Contract assets	33.4	29.2	22.8
Income tax receivables	5.8	3.7	7.3
Other receivables	11.1	16.1	10.4
Cash and cash equivalents	33.6	14.9	28.6
	180.4	173.4	161.8
Assets classified as held for sale	31.7	-	38.3
Total current assets	212.1	173.4	200.0
Total assets	663.5	601.1	635.3

Consolidated statement of financial position

MEUR	6/2022	6/2021	12/2021
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-8.6	-5.3	-6.3
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	185.0	172.8	196.7
Total equity	196.5	187.5	210.4
Liabilities			
Non-current liabilities			
Deferred tax liabilities	30.8	28.3	30.2
Retirement benefit obligations	1.5	1.3	1.4
Provisions	8.1	7.0	8.1
Financial liabilities	194.2	155.3	175.8
Other liabilities	3.6	0.1	0.1
	238.2	192.1	215.5
Current liabilities			
Financial liabilities	40.6	43.3	19.9
Trade and other payables	176.2	175.1	172.3
Income tax liabilities	1.1	-	3.3
Provisions	2.3	3.0	2.7
	220.3	221.4	198.1
Liabilities related to assets classified as held for sale	8.5	-	11.2
Total liabilities	466.9	413.6	424.9
Total equity and liabilities	663.5	601.1	635.3

Consolidated statement of cash flows

MEUR	1-6/2022	1-6/2021	1-12/2021
Cash flow from operating activities			
Result for the period	5.7	10.4	34.4
Adjustments			
Income taxes	1.5	2.3	4.6
Depreciation, amortisation and impairment	27.9	26.2	52.9
Financial income and expenses	2.7	1.6	3.3
Impact of the discontinuation of Russian operations	-0.2	-1.7	-2.1
Other	-0.4	-0.2	-2.2
Net cash generated from operating activities before change in working capital	37.1	38.6	90.9
Change in working capital			
Change in trade and other receivables	-8.6	-1.4	-12.1
Change in inventories	0.3	-0.8	-1.9
Change in trade and other payables	-0.4	-9.4	-1.0
Change in working capital	-8.7	-11.6	-15.1
Interest paid	-2.3	-1.4	-3.7
Interest received	0.0	0.1	0.3
Income taxes paid	-3.7	-5.3	-6.7
Net cash from operating activities	22.5	20.4	65.6
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-13.2	-18.3	-23.2
Prepayment for Group companies and business	-	-3.7	-
Purchases of tangible and intangible assets	-14.8	-19.9	-42.3
Proceeds from the sale of tangible and intangible assets	0.3	0.5	1.7
Change in other non-current receivables	0.3	-	-0.1
Net cash used in investing activities	-27.4	-41.4	-63.9
Net cash flow from operating and investing activities	-4.9	-21.0	1.7
Cash flow from financing activities			
Proceeds from short-term borrowings	20.0	25.0	40.0
Repayments of short-term borrowings	-	-15.0	-55.0
Proceeds from long-term borrowings	75.0	-	25.0
Repayments of long-term borrowings	-57.6	0.1	-
Repayments of lease liabilities	-9.9	-9.1	-18.1
Dividends paid	-17.5	-15.2	-15.2
Net cash generated from financing activities	9.9	-14.3	-23.4
Net change in cash and cash equivalents	5.0	-35.3	-21.7
Cash and cash equivalents at beginning of the period	28.6	50.2	50.2
Effect of changes in foreign exchange rates	0.0	-0.0	-0.0
Cash and cash equivalents at end of the period	33.6	14.9	28.6

Consolidated statement of changes in equity

MEUR	Share capital	Currency translation differences	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Total equity
Equity 1 January 2022	19.4	-5.9	-0.4	0.6	196.7	210.4
Total comprehensive income						
Result for the period					5.7	5.7
Other comprehensive income		-3.0	0.7		0.0	-2.3
Total comprehensive income	-	-3.0	0.7	-	5.7	3.4
Transactions with shareholders						
Share-based benefits					0.2	0.2
Dividends paid					-17.5	-17.5
Returned dividends					0.0	0.0
Transactions with shareholders, total	-	-	-	-	-17.3	-17.3
Equity 30 June 2022	19.4	-8.9	0.3	0.6	185.0	196.5
Equity 1 January 2021	19.4	-4.3	-0.7	0.6	177.5	192.6
Total comprehensive income						
Result for the period					10.4	10.4
Other comprehensive income		-0.5	0.1		0.0	-0.4
Total comprehensive income	-	-0.5	0.1	-	10.4	10.1
Transactions with shareholders						
Share-based benefits					0.0	0.0
Dividends paid					-15.2	-15.2
Returned dividends					0.0	0.0
Transactions with shareholders, total	-	-	-	-	-15.2	-15.2
Other changes					0.2	0.2
Equity 30 June 2021	19.4	-4.8	-0.5	0.6	172.8	187.5

Notes

1. Accounting policies

This Half-Year Financial report is in compliance with the IAS 34 Interim Financial Reporting standard. The Half-Year Financial Report has been prepared with application of the IFRS standards and interpretations in effect on 31 December 2021 and the new and amended standards and interpretations entered into force on 1 January 2022. From year 2022 onwards, change in inventory is not presented separately on the face of the consolidated income statement, it is included in line Materials and services. The information presented in this Half-Year Financial Report has not been audited.

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 alternative performance measures and the calculation formulas for the measures are presented in section Key figures.

More detailed information on accounting policies is presented in the consolidated financial statements of Lassila & Tikanoja plc as of 31 December 2021.

When preparing the Half-Year Financial Report, the Group has taken the coronavirus pandemic and the war in Ukraine into account. The potential impacts of the continuation of the pandemic and the war in Ukraine have been taken into account according to the management's best understanding, for example, in the valuation of assets. On the basis of management's monitoring and estimates, these have not had a material impact on the preparation of the Half-Year Financial Report.

2. Segment information

MEUR	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
Net sales							
Environmental Services	87.8	77.2	13.7	175.1	153.4	14.2	320.5
Industrial Services	33.7	26.9	25.4	56.8	46.5	22.0	105.1
Facility Services Finland	63.2	59.0	7.0	131.4	120.2	9.4	243.1
Facility Services Sweden	35.9	37.1	-3.2	68.8	73.3	-6.1	149.8
Interdivisional net sales	-1.5	-1.5		-2.6	-2.8		-6.1
Total	219.1	198.7	10.3	429.5	390.7	9.9	812.5
Operating profit							
Environmental Services	10.0	7.8	28.0	12.9	12.4	4.5	29.8
Industrial Services	3.3	3.2	2.5	3.5	3.4	1.9	9.2
Facility Services Finland	-1.0	-0.4	-150.2	-3.3	-1.7	-94.2	1.8
Facility Services Sweden	-0.2	0.6	-125.5	-0.4	1.1	-133.7	3.9
Group administration and other	-2.0	-0.7		-2.9	-0.8		-2.4
Total	10.1	10.6	-4.3	9.8	14.3	-31.2	42.2
EBITDA							
Environmental Services	16.8	14.8	14.0	26.5	25.7	3.2	56.5
Industrial Services	6.3	5.4	16.9	9.3	7.9	17.2	18.6
Facility Services Finland	1.2	1.9	-36.5	1.2	3.0	-59.5	11.0
Facility Services Sweden	1.5	2.3	-35.4	3.0	4.1	-26.3	10.4
Group administration and other	-1.7	-0.3		-2.3	-0.2		-1.2
Total	24.2	24.1	0.4	37.7	40.5	-6.9	95.1

% **4-6/2022 4-6/2021 1-6/2022 1-6/2021 1-12/2021**

Operating margin

Environmental Services	11.4	10.2	7.4	8.1	9.3
Industrial Services	9.7	11.9	6.1	7.3	8.7
Facility Services Finland	-1.7	-0.7	-2.5	-1.4	0.7
Facility Services Sweden	-0.5	1.7	-0.5	1.4	2.6
Total	4.6	5.3	2.3	3.7	5.2

EBITDA margin

Environmental Services	19.2	19.1	15.1	16.8	17.6
Industrial Services	18.7	20.1	16.3	17.0	17.7
Facility Services Finland	1.9	3.3	0.9	2.5	4.5
Facility Services Sweden	4.2	6.3	4.4	5.5	6.9
Total	11.0	12.1	8.8	10.4	11.7

Other segment information

MEUR **4-6/2022 4-6/2021 1-6/2022 1-6/2021 1-12/2021**

Gross capital expenditure

Environmental Services	4.2	23.2	8.0	29.5	41.7
Industrial Services	2.0	2.2	26.1	4.4	14.5
Facility Services Finland	0.6	4.7	0.9	5.1	13.6
Facility Services Sweden	0.1	0.4	0.3	0.9	1.8
Group administration and other	0.3	0.2	0.5	0.4	0.6
Total	7.2	30.8	35.7	40.2	72.3

Depreciation and amortisation

Environmental Services	6.8	6.9	13.6	13.3	26.7
Industrial Services	3.0	2.2	5.8	4.5	9.4
Facility Services Finland	2.3	2.3	4.6	4.7	9.1
Facility Services Sweden	1.7	1.7	3.4	3.0	6.5
Group administration and other	0.3	0.3	0.6	0.7	1.2
Total	14.1	13.5	27.9	26.2	52.9

MEUR	6/2022	6/2021	12/2021
Assets			
Environmental Services	307.8	302.8	314.5
Industrial Services	138.7	101.3	110.5
Facility Services Finland	87.6	87.2	83.9
Facility Services Sweden	91.8	85.5	94.5
Group administration and other	37.6	24.3	32.0
Total	663.5	601.1	635.3
Liabilities			
Environmental Services	91.8	87.5	89.1
Industrial Services	49.9	38.5	42.3
Facility Services Finland	55.3	54.9	55.4
Facility Services Sweden	25.2	22.9	27.4
Group administration and other	244.8	209.8	210.7
Total	466.9	413.6	424.9
Invested capital			
Environmental Services	216.0	215.5	225.3
Industrial Services	91.3	62.8	68.2
Facility Services Finland	32.3	32.3	28.4
Facility Services Sweden	66.6	62.6	67.1
Group administration and other	25.1	12.9	17.0
Total	431.3	386.1	406.0

3. Segment information by quarter

MEUR	4-6/2022	1-3/2022	10-12/2021	7-9/2021	4-6/2021
Net sales					
Environmental Services	87.8	87.3	89.9	77.2	77.2
Industrial Services	33.7	23.1	28.7	29.8	26.9
Facility Services Finland	63.2	68.3	63.0	59.9	59.0
Facility Services Sweden	35.9	32.9	43.8	32.7	37.1
Interdivisional net sales	-1.5	-1.2	-2.0	-1.3	-1.5
Total	219.1	210.4	223.5	198.4	198.7
Operating profit					
Environmental Services	10.0	2.9	7.1	10.3	7.8
Industrial Services	3.3	0.2	1.7	4.1	3.2
Facility Services Finland	-1.0	-2.3	0.6	2.9	-0.4
Facility Services Sweden	-0.2	-0.2	1.3	1.5	0.6
Group administration and other	-2.0	-0.9	-0.8	-0.8	-0.7
Total	10.1	-0.3	9.9	18.0	10.6
EBITDA					
Environmental Services	16.8	9.7	13.6	17.2	14.8
Industrial Services	6.3	3.0	4.3	6.4	5.4
Facility Services Finland	1.2	-0.0	2.7	5.2	1.9
Facility Services Sweden	1.5	1.5	3.2	3.1	2.3
Group administration and other	-1.7	-0.6	-0.6	-0.4	-0.4
Total	24.2	13.5	23.2	31.4	24.1
Operating margin, %					
Environmental Services	11.4	3.3	7.9	13.4	10.2
Industrial Services	9.7	0.9	5.9	13.6	11.9
Facility Services Finland	-1.7	-3.4	1.0	4.9	-0.7
Facility Services Sweden	-0.5	-0.6	3.1	4.5	1.7
Total	4.6	-0.1	4.4	9.1	5.3
EBITDA margin, %					
Environmental Services	19.2	11.1	15.2	22.2	19.1
Industrial Services	18.7	12.8	14.8	21.4	20.1
Facility Services Finland	1.9	-0.0	4.3	8.7	3.3
Facility Services Sweden	4.2	4.5	7.4	9.3	6.3
Total	11.0	6.4	10.4	15.8	12.1

4. Disaggregation of revenue

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

1-6/2022, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	109.1			64.3	1.7	175.1
Industrial Services	25.9	26.2	2.1	2.7		56.8
Facility Services Finland	91.4	37.4	2.7			131.4
Facility Services Sweden	31.0	35.7	2.1			68.8
Total	257.4	99.2	6.9	67.0	1.7	432.2
Interdivisional sales						-2.6
External net sales, total						429.5

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	21.8	0.8	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	93.1	7.3	56.9	1.6	393.4
Interdivisional sales						-2.8
External net sales, total						390.7

1-12/2021, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
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
Total	490.4	196.4	14.6	113.9	3.2	818.6
Interdivisional sales						-6.1
External net sales, total						812.5

5. Business acquisitions

BUSINESS ACQUISITIONS 2022

On 1 February 2022, Lassila & Tikanoja's Industrial Services division acquired 70 per cent of the shares of Sand & Vattenbläst i Tyringe AB ("SVB") that offers process cleaning services in Sweden. The acquisition also includes SVB owned Cisternservice i Hässleholm AB. Through the acquisition, L&T's Industrial Services division enters the Swedish process cleaning market. SVB is consolidated with 100 per cent share to the Group and L&T has recognised in financial liabilities an estimated value of deferred consideration for the acquisition. The deferred consideration is measured at fair value through profit or loss.

L&T acquired the business operations of Fortum Waste Solutions Oy's small and medium-sized business segment for hazardous and non-hazardous waste on 1 February 2022. Following the acquisition, L&T will have new customers across Finland.

The acquisition price calculations prepared according to IFRSs are still preliminary.

In the first quarter of the year 2022, the fair values of Sihvari's assets were adjusted by EUR 0.4 million. The adjustment is included in the table in column Business acquisitions 1-6/2022.

BUSINESS ACQUISITIONS 2021

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.

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

On 1 July 2021, Lassila & Tikanoja acquired the entire share capital of Spectra Oy.

Fair value total, MEUR	Business	Sihvari Oy	Other	Sihvari Oy	Other
	acquisitions	1-6/2021	business	1-12/2021	business
	1-6/2022	1-6/2021	1-6/2021	1-12/2021	1-12/2021
Intangible assets	5.6	3.3	0.9	6.0	1.4
Tangible assets	4.9	1.7	0.1	1.7	0.3
Right-of-use assets	1.4	4.4	-	3.1	-
Inventories	0.1	0.5	-	0.5	-
Receivables	1.8	2.2	1.0	2.2	1.4
Cash and cash equivalents	1.2	0.2	0.8	0.2	2.4
Total assets	15.0	12.3	2.8	13.8	5.4
Other liabilities	6.4	8.6	1.2	8.3	2.5
Deferred tax liabilities	1.0	0.7	0.2	1.2	0.2
Total liabilities	7.4	9.2	1.3	9.6	2.7
Net assets acquired	7.6	3.0	1.5	4.2	2.7
Total consideration	18.0	15.0	4.9	17.0	8.8
Goodwill	10.4	12.0	3.4	12.8	6.1
Effect on cash flow					
Total consideration	-18.0	-15.0	-4.9	-17.0	-8.8
Deferred consideration	3.6	-	-	-	-
Consideration paid in cash	-14.4	-15.0	-4.9	-17.0	-8.8
Unpaid consideration	-	-	0.6	-	-
Cash and cash equivalents of the acquired company	1.2	0.2	0.8	0.2	2.4
Cash flow from investing activities	-13.2	-14.8	-3.5	-16.8	-6.4

The figures for such acquired businesses, that are not material to the Group when considered separately, are stated in aggregate.

6. 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. According to the agreement, Neova's fuel wood business will be transferred to L&T Biowatti Oy. L&T's share of the joint venture will be 55 per cent and Neova's 45 per cent, but based on the agreement both parties will have joint control over the joint venture. The approval of the Competition and Consumer Authority required for the establishment of the joint venture was received on 29 April 2022. L&T classifies L&T Biowatti Oy's assets and liabilities as held for sale until the merger. The items are measured at the lower of probable sales price less costs of sales and the book value. After the reporting period, on 1 July 2022, Neova's fuel wood business was transferred to L&T Biowatti Oy. With the merger the company continued as an independent limited company called Laania Oy. L&T Biowatti Oy is reported as part of Environmental Services segment until the merger. From 1 July 2022 onwards, L&T accounts for its interest in the joint venture using the equity method of accounting. L&T's share of joint venture's profits or losses is recognised in the income statement on a separate line.

MEUR	1-6/2022	1-6/2021	1-12/2021
Intangible and tangible assets	0.3	-	0.4
Right-of-use assets	0.6	-	0.5
Other non-current receivables	0.3	-	0.4
Inventories	24.7	-	25.7
Trade and other receivables	5.9	-	11.3
Assets Total	31.7	-	38.3
Non-current financial liabilities	0.4	-	0.4
Current financial liabilities	0.1	-	0.1
Trade payables and advances received	6.6	-	7.1
Other payables	1.3	-	3.6
Liabilities Total	8.5	-	11.2

7. Changes in intangible assets

MEUR	1-6/2022	1-6/2021	1-12/2021
Carrying amount at the beginning of the period	204.6	182.9	182.9
Business acquisitions	15.8	19.6	26.3
Other capital expenditure	2.9	3.4	5.7
Disposals	-0.0	-0.1	-2.2
Depreciation, amortisation and impairment	-4.0	-3.8	-7.1
Transfers between items	-0.0	0.2	0.2
Exchange differences	-2.1	-0.4	-1.0
Carrying amount at the end of the period	217.2	201.7	204.6

8. Changes in tangible assets

MEUR	1-6/2022	1-6/2021	1-12/2021
Carrying amount at the beginning of the period	222.8	210.7	210.7
Business acquisitions	6.1	6.1	5.1
Other capital expenditure	22.0	26.7	58.7
Disposals	-1.2	-2.0	-5.6
Depreciation, amortisation and impairment	-23.8	-22.4	-45.9
Transfers between items	-0.1	-0.2	-0.2
Exchange differences	-0.3	-0.0	-0.0
Carrying amount at the end of the period	225.5	218.9	222.8

The carrying amount of tangible assets at the end of the reporting period includes right-of-use assets totalling EUR 69.0 million (73.9) and depreciation in the amount of EUR 9.9 million (9.1).

9. Capital commitments

MEUR	6/2022	6/2021	12/2021
Intangible assets	0.2	9.2	0.0
Tangible assets	20.8	8.3	17.2
Total	20.9	17.5	17.2

10. Provisions

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

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

Obligations covered by the environmental provisions

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

The Group owns the Munaistenmetsä landfill in Uusikaupunki and the land area associated with it. The landfill site serves as a final disposal area for municipal waste, contaminated soil and industrial by-products.

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

In December 2021, the Group acquired a new landfill in Pori. At first, the landfill area receives various types of waste from the seller, including plaster, construction and demolition waste as well as contaminated soil and other smaller items. After the update of the environmental permit in the second half of 2022, the reception will be expanded to cover other vendors of similar waste fractions. At the same time, the landfill area will also be licenced for receipt and processing of hazardous waste.

MEUR	6/2022	6/2021	12/2021
Non-current provisions	8.1	7.0	8.1
Current provisions	2.3	3.0	2.7
Total	10.4	10.1	10.8

MEUR	Environmental provisions	Other provisions	Total
Provisions 1 Jan 2022	8.1	2.7	10.8
Additions	0.1	0.7	0.8
Used	-0.1	-1.0	-1.0
Reversals	-	-0.2	-0.2
Effect of discounting	0.1	-	0.1
Provisions 30 Jun 2022	8.1	2.3	10.4

MEUR	Environmental provisions	Other provisions	Total
Provisions 1 Jan 2021	7.0	2.4	9.5
Additions	0.1	0.9	0.9
Used	-0.4	-0.1	-0.4
Effect of discounting	0.1	0.0	0.1
Provisions 30 Jun 2021	6.8	3.2	10.1

11. Financial assets and liabilities by category

MEUR	6/2022	Amortised costs	Derivatives under hedge accounting	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets						
	Other receivables	1.5			1.5	
Current financial assets						
	Trade and other receivables	123.5			123.5	
	Derivative receivables		0.4		0.4	2
	Cash and cash equivalents	33.6			33.6	
	Total financial assets	158.6	0.4	-	159.0	
Non-current financial liabilities						
	Borrowings	143.9			143.9	2
	Lease liabilities	50.2			50.2	
	Deferred consideration*			3.5	3.5	3
Current financial liabilities						
	Borrowings	20.8			20.8	2
	Lease liabilities	19.9			19.9	
	Trade and other payables	77.9			77.9	
	Total financial liabilities	312.7	-	3.5	316.2	

* Deferred consideration is related to the acquisition of Sand & Vattenbläst i Tyringe AB ("SVB") on 1 February 2022. SVB offers process cleaning services in Sweden. SVB is consolidated with 100 per cent share to the Group and L&T has recognised in financial liabilities an estimated value of deferred consideration for the acquisition. The deferred consideration is measured at fair value through profit or loss and it matures on 1 February 2026 at the earliest.

MEUR	6/2021	Amortised costs	Derivatives under hedge accounting	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level
Non-current financial assets						
	Other receivables	1.3			1.3	
Current financial assets						
	Trade and other receivables	107.8			107.8	
	Cash and cash equivalents	14.9			14.9	
	Total financial assets	124.1	-	-	124.1	
Non-current financial liabilities						
	Borrowings	99.8			99.8	2
	Lease liabilities	55.4			55.4	
Current financial liabilities						
	Borrowings	25.1			25.1	2
	Lease liabilities	18.2			18.2	
	Trade and other payables	76.1			76.1	
	Derivative liabilities		0.7		0.7	2
	Total financial liabilities	274.6	0.7	-	275.3	

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

12. Contingent liabilities

MEUR	6/2022	6/2021	12/2021
Securities for own commitments			
Mortgages on rights of tenancy*	0.1	0.1	0.1
Company mortgages*	2.2	1.7	1.8
Other securities	0.0	0.0	0.1
Bank guarantees required for environmental permits	18.2	14.0	16.7
Other bank guarantees*	14.8	12.0	11.0
Mortgages under own control			
Company mortgages*	6.4	6.3	6.3

Other securities are security deposits.

*The figures of the comparison period have been adjusted.

Liabilities associated with derivative agreements

Interest rate swaps

MEUR	6/2022	6/2021	12/2021
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	0.4	-0.8	-0.5

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.

13. 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 reporting period amounted to EUR 0.5 million (0.4). 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.

Helsinki, 21 July 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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