



Lassila & Tikanoja plc  
Stock exchange release  
26 October 2021 at 8:00 a.m.

## **Lassila & Tikanoja plc: Interim Report 1 January–30 September 2021**

### **STRONG GROWTH IN ALL DIVISIONS**

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

- Net sales for the third quarter amounted to EUR 198.4 million (184.8). Net sales increased by 7.4 per cent, of which 3.8 percentage points was organic growth. Adjusted operating profit was EUR 18.5 million (17.5) and operating profit was EUR 18.0 million (17.6). Earnings per share were EUR 0.37 (0.37).
- Net sales in January–September totalled EUR 589.0 million (552.3). Adjusted operating profit was EUR 32.3 million (29.7), operating profit was EUR 32.3 million (18.3) and earnings per share were EUR 0.64 (0.30).
- Earnings per share were positively influenced by a reduction in net financial expenses to EUR -2.5 million (-4.1). Exchange differences amounted to EUR 0.1 million (-1.3).

### **Outlook for the year 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:**

Lassila & Tikanoja's services saw continued strong demand in the third quarter. In July–September, net sales increased by 7.4 per cent year-on-year, with organic growth amounting to 3.8 per cent. Adjusted operating profit improved year-on-year and totalled EUR 18.5 million (17.5).

The negative impacts of the COVID-19 pandemic on customer demand and the prices of secondary raw materials continued to dissipate in the third quarter. At the same time, the costs of service production were increased by the substantial increase in diesel prices as well as worsening labour shortages.

In spite of the cost pressures, the Environmental Services and Industrial Services divisions achieved a strong result. Performance remained weak in the property maintenance and technical services business lines in Facility Services Finland. Measures to simplify the organisational structure and improve cost efficiency were initiated in these business lines in August and will be completed during the fourth quarter. The aim is to achieve cost savings of approximately EUR 3 million annually starting from 2022.

In the third quarter, the EU Commission published its new climate targets along with proposals on key actions for achieving the targets. The proposals strengthen the role of the circular economy as a driver of the green transition, thereby supporting L&T's business. Increasingly ambitious climate targets will also guide L&T's operations in the coming years. We already acquired 50 electric vans during the reporting period.

## GROUP NET SALES AND FINANCIAL PERFORMANCE

### July–September

Lassila & Tikanoja's net sales for the third quarter amounted to EUR 198.4 million (184.8), up 7.4% year-on-year. The rate of organic growth was 3.8%. Adjusted operating profit was EUR 18.5 million (17.5), representing 9.3% (9.5%) of net sales. Operating profit was EUR 18.0 million (17.6), representing 9.1% (9.5%) of net sales. Earnings per share were EUR 0.37 (0.37).

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

### January–September

Net sales for January–September increased by 6.6% year-on-year and amounted to EUR 589.0 million (552.3). The rate of organic growth was 5.9%. Adjusted operating profit was EUR 32.3 million (29.7), representing 5.5% (5.4%) of net sales. Operating profit was EUR 32.3 million (18.3), representing 5.5% (3.3%) of net sales. Earnings per share were EUR 0.64 (0.30).

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

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. The result for the period was positively influenced by a reduction in net financial expenses to EUR -2.5 million (-4.1). Exchange differences had an impact of EUR +0.1 million (-1.3) on financial expenses.

### Financial summary

	7–9/2021	7–9/2020	Change %	1–9/2021	1–9/2020	Change %	2020
Net sales, EUR million	198.4	184.8	7.4	589.0	552.3	6.6	751.9
Adjusted operating profit, EUR million	18.5	17.5	5.6	32.3	29.7	8.5	39.7
Adjusted operating margin, %	9.3	9.5		5.5	5.4		5.3
Operating profit, EUR million	18.0	17.6	2.0	32.3	18.3	76.3	28.2
Operating margin, %	9.1	9.5		5.5	3.3		3.8
EBITDA, EUR million	31.4	30.4	3.4	71.9	61.7	16.7	85.2
EBITDA, %	15.8	16.4		12.2	11.2		11.3
Profit before tax, EUR million	17.1	16.7	2.8	29.8	14.2	110.0	23.3
Earnings per share, EUR	0.37	0.37	-1.3	0.64	0.30	113.2	0.50
Net cash flow from operating activities after investments per share, EUR	0.05	0.15	-65.9	-0.50	0.53	-194.3	1.15
EVA, EUR million	11.2	11.5	-2.6	12.9	-0.1		3.7
Return on equity (ROE), %				16.5	7.9		9.6
Invested capital, EUR million				410.0	372.5	10.1	379.2
Return on invested capital (ROI), %				10.9	6.6		7.5
Equity ratio, %				33.1	32.2		33.0
Gearing, %				92.6	89.3		70.9

## NET SALES AND OPERATING PROFIT BY DIVISION

### Environmental Services

#### July–September

The division's net sales for the third quarter increased to EUR 77.2 million (67.5). Operating profit was EUR 10.3 million (10.3) and comparable operating profit excluding Russia was EUR 10.3 million (10.0).

#### January–September

The Environmental Services division's net sales grew to EUR 230.7 million (216.5). Operating profit increased year-on-year and amounted to EUR 22.7 million (12.4). The comparison figure includes costs of EUR 10.4 million recognised in relation to the discontinuation of Russian operations. Excluding Russia, the operating profit of Environmental Services improved to EUR 22.7 million (22.2).

Organic growth strengthened in Environmental Services in the third quarter. Demand for separately ordered services as well as the prices of and demand for recycled raw materials returned to pre-pandemic levels. The number of corporate customers increased because of active sales to new customers. The Sihvari Oy acquisition strengthened the Environmental Services division's market position in the SME customer segment. Production costs were increased by higher fuel prices. In the recycled paper, logistics expenses were increased by the continued contraction in domestic demand.

### Industrial Services

#### July–September

The division's net sales for the third quarter decreased to EUR 29.8 million (30.6). Operating profit declined to EUR 4.1 million (4.5).

#### January–September

The Industrial Services division's net sales grew to EUR 76.4 million (74.2). Operating profit improved year-on-year and amounted to EUR 7.5 million (5.6).

The Industrial Services division strengthened its market position in process cleaning and in hazardous waste. New customer agreements were also signed in the chemical industry, for example. Due to the COVID-19 pandemic, some of the annual maintenance projects originally planned for earlier in the year were postponed to the third quarter. The overlap of annual maintenance projects in the third quarter made resource optimisation more difficult and increased production costs due to increased subcontracting. In the project business, some of the construction projects planned for earlier in the year were also postponed due to the pandemic, which made resource allocation more difficult and increased costs.

### Facility Services Finland

#### July–September

The division's net sales for the third quarter grew to EUR 59.9 million (56.9). Operating profit was EUR 2.9 million (3.6).

#### January–September

The net sales of Facility Services Finland grew to EUR 180.1 million (171.7). Operating profit declined year-on-year to EUR 1.2 million (1.3).

Good development continued in the cleaning business, with the division strengthening its market position particularly in the food industry and retail services. The number of customer sites included in the *More sustainable cleaning* development programme increased by 170 in July–

September. Performance remained weak in property maintenance and technical services. Measures to improve cost efficiency and simplify the organisational structure were initiated in these business lines in August and will be completed during the fourth quarter. The aim is to achieve cost savings of approximately EUR 3 million annually starting from 2022.

## **Facility Services Sweden**

### **July–September**

The division's net sales for the third quarter increased to EUR 32.7 million (31.5). Operating profit was EUR 1.5 million (1.5).

### **January–September**

The net sales of Facility Services Sweden grew to EUR 106.0 million (94.5). Operating profit improved year-on-year and amounted to EUR 2.5 million (2.0).

The COVID-19 pandemic situation in Sweden continued to improve and the division's market share developed favourably in the hospital customer segment. The COVID-19 pandemic continued to have a negative impact on the demand for additional services among customers in the municipal sector.

## **FINANCING**

Net cash flow from operating and investing activities amounted to EUR -19.1 million (20.3) in the reporting period. A total of EUR 27.3 million in working capital was committed (EUR 12.4 million committed). Working capital was increased by the growth of customer receivables due to higher net sales as well as a reduction in trade payables and other liabilities. Cash flow was reduced by acquisitions, which had a total impact of approximately EUR 23 million. Cash flow in the comparison period was favourably impacted by the sale of property included in property, plant and equipment.

At the end of the period, interest-bearing liabilities amounted to EUR 208.8 million (191.4). Net interest-bearing liabilities totalled EUR 186.4 million (161.7). The average interest rate on long-term loans excluding IFRS 16 liabilities, with interest rate hedging, was 1.1% (1.3%).

Of the EUR 100.0 million commercial paper programme, EUR 10.0 million (15.0) was in use at the end of the period. A committed credit limit totalling EUR 30 million was not in use, as was the case in the comparison period. The Group took out a bank loan of EUR 25 million in the third quarter to finance acquisitions.

Net financial expenses in the first three quarters of the year amounted to EUR -2.5 million (-4.1). The impact of exchange rate changes on net financial expenses was EUR 0.1 million (-1.3). Net financial expenses were -0.4% (-0.7%) of net sales.

The equity ratio was 33.1% (32.2%) and the gearing rate was 92.6% (89.3%). Liquid assets at the end of the period amounted to EUR 22.4 million (29.8). Overdue trade receivables and credit losses have not increased during the pandemic.

## **DISTRIBUTION OF ASSETS**

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

## CAPITAL EXPENDITURE

Gross capital expenditure for the reporting period amounted to EUR 54.0 million (32.8). Acquisitions accounted for approximately EUR 23 million of the capital expenditure. Other capital expenditure consisting 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

	1-9/2021	2020	Target	Target to be achieved by
Carbon handprint (tCO <sub>2</sub> e)	751,000	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.

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

	1-9/2021	2020	Target	Target to be achieved by
Carbon footprint (tCO <sub>2</sub> e)	27,700	36,700		
Carbon footprint intensity (gCO <sub>2</sub> e/km)	763	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. In the third quarter, we purchased 50 new electric vans for our business operations in Sweden.

### Social responsibility

Overall accident frequency

	1-9/2021	2020	Interim target	Interim target to be achieved by
Overall accident frequency (TRIF)	23	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

	1-9/2021	2020	Interim target	Interim target to be achieved by
Occupational health rate (proportion of employees with no sickness-related absences)	55	50	45	2024
Sickness-related absences (%)	4.7	4.7	4.5	2024

In January-September, the sickness rate among employees was one percentage point higher than in the comparison period and the occupational health rate stayed on the same level, 55 per cent (55%).

## Current issues related to sustainability

Lassila & Tikanoja achieved its highest-ever score in the trust and reputation survey conducted by T-Media that was published in September. The reputation score was 3.53, with 5 being the highest score and 1 being the lowest.

The guidelines set out to mitigate the COVID-19 pandemic – such as the remote work recommendation for office workers, maintaining safe distances to others and wearing face masks at L&T's operating locations – remained in effect until the end of the third quarter.

## PERSONNEL

In the first three quarters of the year, the average number of employees converted into full-time equivalents was 7,202 (7,249). At the end of the period, L&T had 8,729 (8,440) full-time and part-time employees. Of these, 7,362 (6,930) worked in Finland and 1,367 (1,510) in other countries.

## SHARES AND SHARE CAPITAL

### Traded volume and price

The volume of trading during the first half of the year was 8.0 million shares, which is 21.0% (24.0%) of the average number of outstanding shares. The value of trading was EUR 115.9 million (123.8). The highest share price was EUR 16.10 and the lowest EUR 13.40. The closing price was EUR 13.62. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 519.1 million (493.8).

### 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 38,110,918.

### Shareholders

At the end of the period, the company had 23,166 (18,964) shareholders. Nominee-registered holdings accounted for 9.1% (10.4%) of the total number of shares.

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

The Annual General Meeting held on 18 March 2021 authorised Lassila & Tikanoja plc's Board of Directors to decide on the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Annual General Meeting authorised the Board of Directors to decide on a share issue and the issuance of special rights entitling their holders to shares.

The Board of Directors is authorised to purchase a maximum of 2,000,000 company shares (5.2% of the total number of shares). The repurchase authorisation is effective for 18 months.

The Board of Directors is authorised to decide on the issuance of new shares or shares which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The authorisation is effective for 18 months.

## **RESOLUTIONS BY THE ANNUAL GENERAL MEETING**

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

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

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

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

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

## **BOARD OF DIRECTORS**

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

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

## Long-term targets

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

### Financial targets

Measure	Target
Net Sales Growth, %	5 %
Return on Invested Capital, %	15 %
Gearing, %	Below 125 %

### Sustainability and stakeholder targets

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

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

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

## KEY EVENTS DURING THE REVIEW PERIOD

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

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

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



## **EVENTS AFTER THE REVIEW PERIOD**

The company's management is not aware of any events of material importance after the review period that might have affected the preparation of this release.

## **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.

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

The company has several ERP system renewal projects under way. Temporary additional costs arising from system deployments and establishing the operating model may weigh down the company's result.

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

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

## **Outlook for the year 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.

Helsinki, 25 October 2021

LASSILA & TIKANOJA PLC

Board of Directors  
Eero Hautaniemi  
President and CEO

## KEY FIGURES

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Earnings per share, EUR	0.37	0.37	0.64	0.30	0.50
Diluted earnings per share, EUR	0.37	0.37	0.64	0.30	0.50
Cash from operating activities after investments/share, EUR	0.05	0.15	-0.50	0.53	1.15
EVA, MEUR *	11.2	11.5	12.9	-0.1	3.7
Operating profit, MEUR	18.0	17.6	32.3	18.3	28.2
Adjusted operating profit, MEUR**	18.5	17.5	32.3	29.7	39.7
Gross capital expenditure, MEUR	13.8	10.9	54.0	32.8	48.2
Depreciation, amortisation and impairment, MEUR	13.4	12.8	39.7	43.3	57.0
Equity per share, EUR			5.28	4.75	5.05
Return on equity (ROE), %			16.5	7.9	9.6
Invested capital, MEUR			410.0	372.5	379.2
Return on invested capital (ROI), %			10.9	6.6	7.5
Equity ratio, %			33.1	32.2	33.0
Gearing, %			92.6	89.3	70.9
Net interest-bearing liabilities, MEUR			186.4	161.7	136.5
Average number of employees in full-time equivalents			7,202	7,249	7,197
Total number of full-time and part-time employees at end of the period			8,729	8,440	8,139
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,111	38,102	38,103
at the end of the period			38,112	38,105	38,105
average during the period, diluted			38,129	38,112	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	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Net sales</b>	198.4	184.8	589.0	552.3	751.9
Other operating income	0.5	0.5	2.3	8.6	9.3
Change of inventory	2.5	3.0	1.7	8.8	8.7
Materials and services	-64.9	-61.2	-200.7	-192.2	-263.9
Employee benefit expenses	-81.8	-74.9	-252.9	-235.0	-315.1
Other operating expenses	-23.1	-21.7	-67.5	-80.8	-105.6
Depreciation, amortisation and impairment	-13.4	-12.8	-39.7	-43.3	-57.0
<b>Operating profit</b>	18.0	17.6	32.3	18.3	28.2
Financial income and expenses	-0.8	-1.0	-2.5	-4.1	-4.9
Share of the result of associated companies	0.0	0.0	0.0	0.0	0.0
<b>Profit before tax</b>	17.1	16.7	29.8	14.2	23.3
Income taxes	-3.2	-2.7	-5.4	-2.9	-4.3
<b>Profit for the period</b>	14.0	14.0	24.4	11.3	19.0
<b>Attributable to:</b>					
Equity holders of the company	14.0	14.1	24.4	11.4	19.1
Non-controlling interest	-	-0.1	-	-0.1	-0.1
<b>Earnings per share attributable to equity holders of the parent company:</b>					
Earnings per share, EUR	0.37	0.37	0.64	0.30	0.50
Diluted earnings per share, EUR	0.37	0.37	0.64	0.30	0.50

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Profit for the period</b>	14.0	14.0	24.4	11.3	19.0
<b>Items not to be recognised through profit or loss</b>					
Items arising from re-measurement of defined benefit plans	-	-	-	-	0.0
Items not to be recognised through profit or loss, total	-	-	-	-	0.0
<b>Items potentially to be recognised through profit or loss</b>					
Hedging reserve, change in fair value	0.0	0.0	0.2	0.0	0.1
Currency translation differences	-0.4	-0.5	-0.9	-0.9	2.9
Currency translation differences recognised through profit and loss	-	0.0	-	2.6	2.6
Currency translation differences, non-controlling interest	-	0.0	-	-	-0.1
Items potentially to be recognised through profit or loss, total	-0.4	-0.4	-0.7	1.7	5.4
Other comprehensive income, total	-0.4	-0.4	-0.7	1.7	5.4
Total comprehensive income, after tax	13.6	13.6	23.6	13.0	24.4
<b>Attributable to:</b>					
Equity holders of the company	13.6	13.7	23.6	13.1	24.6
Non-controlling interest	-	-0.1	-	-0.1	-0.2

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	9/2021	9/2020	12/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	172.1	152.1	154.0
Other intangible assets	34.2	28.5	28.9
	206.3	180.6	182.9
Property, plant and equipment	145.8	130.9	139.8
Right-of-use assets	74.2	75.5	70.9
	220.0	206.5	210.7
Other non-current assets			
Deferred tax assets	5.7	4.3	4.5
Other receivables	1.4	1.3	1.3
	7.1	5.6	5.8
<b>Total non-current assets</b>	<b>433.4</b>	<b>392.7</b>	<b>399.4</b>
<b>Current assets</b>			
Inventories	34.5	30.8	30.7
Trade receivables	82.3	72.1	82.9
Contract assets	34.5	32.8	19.4
Income tax receivables	3.0	4.1	3.1
Other receivables	10.7	11.6	10.9
Cash and cash equivalents	22.4	29.8	50.2
<b>Total current assets</b>	<b>187.4</b>	<b>181.1</b>	<b>197.2</b>
<b>Total assets</b>	<b>620.8</b>	<b>573.8</b>	<b>596.6</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	9/2021	9/2020	12/2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent company			
Share capital	19.4	19.4	19.4
Other reserves	-5.7	-8.7	-5.0
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	186.8	169.8	177.5
<b>Total equity</b>	<b>201.2</b>	<b>181.1</b>	<b>192.6</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	28.7	26.0	28.3
Retirement benefit obligations	1.3	1.3	1.4
Provisions	6.8	5.4	7.1
Financial liabilities	179.9	159.7	155.4
Other liabilities	0.2	0.3	0.1
	217.0	192.7	192.3
<b>Current liabilities</b>			
Financial liabilities	28.9	31.7	31.3
Trade and other payables	171.1	166.1	177.7
Income tax liabilities	0.0	0.0	0.3
Provisions	2.6	2.2	2.4
	202.6	200.0	211.8
<b>Total liabilities</b>	<b>419.6</b>	<b>392.7</b>	<b>404.0</b>
<b>Total equity and liabilities</b>	<b>620.8</b>	<b>573.8</b>	<b>596.6</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	1-9/2021	1-9/2020	1-12/2020
<b>Cash flow from operating activities</b>			
Profit for the period	24.4	11.3	19.0
<b>Adjustments</b>			
Income taxes	5.4	2.9	4.3
Depreciation, amortisation and impairment	39.7	43.3	57.0
Financial income and expenses	2.5	4.4	4.9
Gain on sale of property	-	-5.7	-5.7
Impact of the discontinuation of Russian operations	-1.9	10.4	8.9
Other	-0.7	-1.6	0.7
Net cash generated from operating activities before change in working capital	69.3	65.1	89.0
Change in working capital			
Change in trade and other receivables	-8.8	-3.7	0.6
Change in inventories	-3.9	-9.4	-9.2
Change in trade and other payables	-14.6	0.7	10.7
Change in working capital	-27.3	-12.4	2.1
Interest paid	-3.0	-3.1	-3.9
Interest received	0.1	0.2	0.4
Income taxes	-7.9	-6.9	-4.5
<b>Net cash from operating activities</b>	31.3	43.0	83.0
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries and businesses, net of cash acquired	-22.7	-1.5	-1.6
Purchases of property, plant and equipment and intangible assets	-28.4	-28.6	-45.0
Proceeds from the sale of property, plant and equipment and intangible assets	0.7	7.3	7.5
Change in other non-current receivables	-	0.1	0.1
<b>Net cash used in investing activities</b>	-50.4	-22.7	-39.0
<b>Net cash flow from operating and investing activities</b>	-19.1	20.3	44.0
<b>Cash flow from financing activities</b>			
Proceeds from short-term borrowings	40.0	35.1	35.0
Repayments of short-term borrowings	-45.0	-20.0	-20.0
Proceeds from long-term borrowings	25.0	-	-
Repayments of long-term borrowings	0.1	0.1	0.1
Repayments of lease liabilities	-13.5	-12.2	-16.2
Dividends paid	-15.2	-35.0	-35.0
<b>Net cash generated from financing activities</b>	-8.7	-32.1	-36.2
<b>Net change in liquid assets</b>	-27.8	-11.8	7.8
Liquid assets at beginning of period	50.2	41.8	41.8
Effect of changes in foreign exchange rates	-0.0	-0.3	0.6
<b>Liquid assets at end of period</b>	22.4	29.8	50.2

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	Share capital	Currency trans-lation differences	Hedging reserve	Invested unrestricted equity reserve	Retained earnings	Equity attributable to equity holders of the parent company	Non-controlling interest	Total equity
<b>Equity on 1 January 2020</b>	19.4	-9.7	-0.7	0.6	193.2	202.8	0.2	203.0
Total comprehensive income								
Result for the period					11.4	11.4	-0.1	11.3
Other comprehensive income		1.7	0.0		0.0	1.7	0.0	1.7
Total comprehensive income		1.7	0.0		11.4	13.1	-0.1	13.0
Transactions with shareholders								
Share-based benefits				-	0.2	0.2		0.2
Dividends paid					-35.0	-35.0		-35.0
Returned dividends					0.0	0.0		0.0
Transactions with shareholders, total				-	-34.9	-34.9		-34.9
Other changes					0.0	0.0		0.0
<b>Equity on 30 September 2020</b>	19.4	-8.1	-0.7	0.6	169.8	181.1	-	181.1
Result for the period					7.7	7.7		7.7
Other comprehensive income		3.8	0.0		-0.0	3.7		3.7
Total comprehensive income		3.8	0.0	-	7.6	11.4	-	11.4
Transactions with shareholders								
Share-based benefits				-	0.0	0.0		0.0
Transactions with shareholders, total				-	0.0	0.0		0.0
Other changes					0.0	0.0		0.0
<b>Equity on 31 December 2020</b>	19.4	-4.3	-0.7	0.6	177.5	192.6	-	192.6
Total comprehensive income								
Result for the period					24.4	24.4		24.4
Other comprehensive income		-0.9	0.2		-	-0.7		-0.7
Total comprehensive income		-0.9	0.2		24.4	23.6	-	23.6
Transactions with shareholders								
Share-based benefits					0.0	0.0		0.0
Dividends paid					-15.2	-15.2		-15.2
Returned dividends					0.0	0.0		0.0
Transactions with shareholders, total					-15.2	-15.2		-15.2
Other changes					0.2	0.2		0.2
<b>Equity on 30 September 2021</b>	19.4	-5.2	-0.5	0.6	186.8	201.2	-	201.2



## ACCOUNTING POLICIES

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

The interim report has been prepared with application of the IFRS standards and interpretations in effect on 31 December 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 during 2021, and the possible impacts will be implemented retrospectively in the financial statements 2021.

The Alternative Performance Measures reported by the company are EVA, cash flow from operating activities after investments 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 interim report.

The information presented in the interim report has not been audited.

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

## THE IMPACTS 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 2021, the costs related to the discontinuation were revised by EUR +1.9 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.

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

MEUR	1-9/2021	1-9/2020	1-12/2020
Original write-down	-	-10.8	-10.8
Change	1.9	0.5	1.9
Write-down total	1.9	-10.3	-8.9

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

## SEGMENT INFORMATION

### Net sales

MEUR	7-9/2021	7-9/2020	Change %	1-9/2021	1-9/2020	Change %	1-12/2020
Environmental Services	77.2	67.5	14.5	230.7	216.5	6.5	289.4
Industrial Services	29.8	30.6	-2.4	76.4	74.2	2.9	101.8
Facility Services Finland	59.9	56.9	5.3	180.1	171.7	4.9	232.3
Facility Services Sweden	32.7	31.5	4.0	106.0	94.5	12.1	134.5
Eliminations	-1.3	-1.6	-13.9	-4.1	-4.7	-11.8	-6.1
<b>Total</b>	<b>198.4</b>	<b>184.8</b>	<b>7.4</b>	<b>589.0</b>	<b>552.3</b>	<b>6.6</b>	<b>751.9</b>

### Operating profit

MEUR	7-9/2021	%	7-9/2020	%	1-9/2021	%	1-9/2020	%	1-12/2020	%
Environmental Services	10.3	13.4	10.3	15.3	22.7	9.8	12.4	5.7	20.0	6.9
Industrial Services	4.1	13.6	4.5	14.8	7.5	9.8	5.6	7.5	7.1	7.0
Facility Services Finland	2.9	4.9	3.6	6.3	1.2	0.7	1.3	0.8	3.2	1.4
Facility Services Sweden	1.5	4.5	1.5	4.7	2.5	2.4	2.0	2.1	3.5	2.6
Group administration and other *	-0.8		-2.3		-1.6		-3.0		-5.6	
<b>Total</b>	<b>18.0</b>	<b>9.1</b>	<b>17.6</b>	<b>9.5</b>	<b>32.3</b>	<b>5.5</b>	<b>18.3</b>	<b>3.3</b>	<b>28.2</b>	<b>3.8</b>

### EBITDA

MEUR	7-9/2021	%	7-9/2020	%	1-9/2021	%	1-9/2020	%	1-12/2020	%
Environmental Services	17.2	22.2	16.5	24.5	42.9	18.6	31.5	14.6	45.6	15.8
Industrial Services	6.4	21.4	6.9	22.6	14.3	18.7	12.9	17.3	17.3	17.0
Facility Services Finland	5.2	8.7	6.5	11.5	8.2	4.6	10.4	6.1	13.5	5.8
Facility Services Sweden	3.1	9.3	2.7	8.5	7.1	6.7	5.6	6.0	8.4	6.2
Group administration and other *	-0.4		-2.3		-0.6		1.2		0.4	
<b>Total</b>	<b>31.4</b>	<b>15.8</b>	<b>30.4</b>	<b>16.4</b>	<b>71.9</b>	<b>12.2</b>	<b>61.7</b>	<b>11.2</b>	<b>85.2</b>	<b>11.3</b>

## Other segment information

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Capital expenditure</b>					
Environmental Services	4.7	5.0	34.1	18.0	23.7
Industrial Services	3.0	5.0	7.4	12.9	17.4
Facility Services Finland	5.3	0.6	10.4	1.7	5.1
Facility Services Sweden	0.5	0.1	1.4	0.9	1.5
Group administration and other	0.4	0.1	0.8	-0.6	0.6
<b>Total</b>	<b>13.8</b>	<b>10.9</b>	<b>54.0</b>	<b>32.8</b>	<b>48.2</b>
<b>Depreciation and amortisation</b>					
Environmental Services	6.9	6.2	20.2	19.1	25.6
Industrial Services	2.3	2.4	6.8	7.3	10.2
Facility Services Finland	2.3	3.0	7.0	9.1	10.3
Facility Services Sweden	1.6	1.2	4.6	3.6	4.9
Group administration and other **	0.3	0.0	1.0	4.2	6.1
<b>Total</b>	<b>13.4</b>	<b>12.8</b>	<b>39.7</b>	<b>43.3</b>	<b>57.0</b>

\* Group administration and other includes a capital gain of EUR 5.7 million recognised 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 recognised in the first quarter of the financial year 2020 and EUR 0.6 million recognised in the third quarter.

MEUR	9/2021	9/2020	12/2020
<b>Assets</b>			
Environmental Services	311.0	266.7	263.8
Industrial Services	107.3	104.5	103.5
Facility Services Finland	86.1	85.1	86.0
Facility Services Sweden	88.2	80.6	86.4
Group administration and other	28.2	36.8	56.8
<b>Total</b>	<b>620.8</b>	<b>573.8</b>	<b>596.6</b>
<b>Liabilities</b>			
Environmental Services	85.8	84.9	83.5
Industrial Services	41.8	40.3	40.2
Facility Services Finland	51.4	47.7	53.3
Facility Services Sweden	20.8	19.9	27.8
Group administration and other	219.8	199.9	199.2
<b>Total</b>	<b>419.6</b>	<b>392.7</b>	<b>404.0</b>
<b>Invested capital</b>			
Environmental Services	225.2	181.8	180.3
Industrial Services	65.5	64.2	63.3
Facility Services Finland	34.7	37.5	32.7
Facility Services Sweden	67.4	60.7	58.6
Group administration and other	17.1	28.3	44.3
<b>Total</b>	<b>410.0</b>	<b>372.5</b>	<b>379.2</b>

### Bridge calculation of specifications

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

MEUR	Reported 9/2020	Deferred taxes	Specification of previously unallocated funds	Adjusted 9/2020
<b>Assets</b>				
Environmental Services	267.0	1.0	-1.3	266.7
Industrial Services	103.5	1.4	-0.4	104.5
Facility Services Finland	77.8	0.1	7.3	85.1
Facility Services Sweden	85.3	0.6	-5.3	80.6
Group administration and other	40.1	1.2	-4.5	36.8
<b>Total</b>	<b>573.8</b>	<b>4.3</b>	<b>-4.3</b>	<b>573.8</b>
<b>Liabilities</b>				
Environmental Services	73.3	13.3	-1.7	84.9
Industrial Services	36.8	3.5	0.0	40.3
Facility Services Finland	44.9	2.8	-0.1	47.7
Facility Services Sweden	14.9	3.1	1.9	19.9
Group administration and other	222.8	3.3	-26.2	199.9
<b>Total</b>	<b>392.7</b>	<b>26.0</b>	<b>-26.0</b>	<b>392.7</b>

  

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

## SEGMENT INFORMATION BY QUARTER

MEUR	7-9/2021	4-6/2021	1-3/2021	10-12/2020	7-9/2020
<b>Net sales</b>					
Environmental Services	77.2	77.2	76.2	72.9	67.5
Industrial Services	29.8	26.9	19.6	27.6	30.6
Facility Services Finland	59.9	59.0	61.2	60.5	56.9
Facility Services Sweden	32.7	37.1	36.2	40.0	31.5
Inter-division net sales	-1.3	-1.6	-1.2	-1.4	-1.6
<b>Total</b>	<b>198.4</b>	<b>198.6</b>	<b>192.0</b>	<b>199.6</b>	<b>184.8</b>
<b>Operating profit</b>					
Environmental Services	10.3	7.8	4.5	7.6	10.3
Industrial Services	4.1	3.2	0.2	1.5	4.5
Facility Services Finland	2.9	-0.4	-1.3	1.9	3.6
Facility Services Sweden	1.5	0.6	0.4	1.5	1.5
Group administration and other	-0.8	-0.7	-0.1	-2.7	-2.3
<b>Total</b>	<b>18.0</b>	<b>10.6</b>	<b>3.7</b>	<b>9.9</b>	<b>17.6</b>
<b>EBITDA</b>					
Environmental Services	17.2	14.8	10.9	14.1	16.5
Industrial Services	6.4	5.4	2.5	4.4	6.9
Facility Services Finland	5.2	1.9	1.1	3.1	6.5
Facility Services Sweden	3.1	2.3	1.7	2.7	2.7
Group administration and other	-0.4	-0.4	0.2	-0.8	-2.3
<b>Total</b>	<b>31.4</b>	<b>24.1</b>	<b>16.4</b>	<b>23.5</b>	<b>30.4</b>
<b>Operating margin</b>					
Environmental Services	13.4	10.2	6.0	10.5	15.3
Industrial Services	13.6	11.9	1.1	5.6	14.8
Facility Services Finland	4.9	-0.7	-2.1	3.2	6.3
Facility Services Sweden	4.5	1.7	1.1	3.8	4.7
<b>Total</b>	<b>9.1</b>	<b>5.3</b>	<b>1.9</b>	<b>5.0</b>	<b>9.5</b>
<b>EBITDA margin</b>					
Environmental Services	22.2	19.1	14.3	19.3	24.5
Industrial Services	21.4	20.1	12.8	15.9	22.6
Facility Services Finland	8.7	3.3	1.7	5.1	11.5
Facility Services Sweden	9.3	6.3	4.8	6.8	8.5
<b>Total</b>	<b>15.8</b>	<b>12.1</b>	<b>8.5</b>	<b>11.8</b>	<b>16.4</b>

## DISAGGREGATION OF REVENUE

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

7-9/2021, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	56.0			20.5	0.8	77.2
Industrial Services	12.4	14.2	2.1	1.3		29.8
Facility Services Finland	42.9	15.7	1.3			59.9
Facility Services Sweden	15.8	15.8	1.1			32.7
Total	127.1	45.7	4.4	21.7	0.8	199.7
Interdivision						-1.3
External net sales, total						198.4

  

7-9/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	50.5			16.2	0.7	67.4
Industrial Services	11.6	14.9	3.4	0.7		30.6
Facility Services Finland	38.9	16.0	2.0			56.9
Facility Services Sweden	5.2	24.2	2.0			31.5
Total	106.2	55.1	7.4	16.9	0.7	186.3
Interdivision						-1.6
External net sales, total						184.8

  

1-9/2021, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	152.9			75.3	2.4	230.7
Industrial Services	34.3	36.5	2.4	3.3		76.4
Facility Services Finland	125.7	49.0	5.5			180.1
Facility Services Sweden	48.8	53.8	3.4			106.0
Total	361.7	139.3	11.2	78.6	2.4	593.2
Interdivision						-4.1
External net sales, total						589.0

  

1-9/2020, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	150.5			63.8	2.2	216.5
Industrial Services	32.4	34.6	5.4	1.9		74.3
Facility Services Finland	120.5	45.5	5.7			171.7
Facility Services Sweden	25.5	65.6	3.4			94.5
Total	328.9	145.8	14.4	65.7	2.2	557.0
Interdivision						-4.7
External net sales, total						552.3

  

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 the shares of Sihvari Oy 1 June 2021. The purchase also includes the shares of Turun Seudun Hyötykuljetus Oy owned by Sihvari. The acquisition price calculations are preliminary, as changes in final acquisition costs may arise on the basis of terms and conditions related to the acquisition price as well as due to incompleteness of the valuation of the acquired balances.

Fair value, MEUR	1-9/2021
Intangible assets	5.1
Property, plant and equipment	1.7
Right-of-use assets	4.4
Receivables	2.7
Cash and cash equivalents	0.2
<b>Total assets</b>	<b>14.1</b>
Other liabilities	8.6
Deferred tax liabilities	1.0
<b>Total liabilities</b>	<b>9.6</b>
Net assets acquired	4.5
Total consideration	17.0
Goodwill	12.5
Effect on cash flow	
Consideration paid in cash	-17.0
Cash and cash equivalents of the acquired company	0.2
<b>Cash flow from investing activities</b>	<b>-16.8</b>

### OTHER BUSINESS ACQUISITIONS, COMBINED

Fair value total, MEUR	1-9/2021	1-9/2020	1-12/2020
Intangible assets	1.4	0.4	0.5
Property, plant and equipment	0.3	0.8	0.9
Receivables	1.4	0.6	0.6
Cash and cash equivalents	2.4	0.1	0.1
<b>Total assets</b>	<b>5.4</b>	<b>1.8</b>	<b>2.1</b>
Other liabilities	2.5	1.0	1.0
Deferred tax liabilities	0.2	0.0	0.0
<b>Total liabilities</b>	<b>2.7</b>	<b>1.0</b>	<b>1.0</b>
Net assets acquired	2.7	0.8	1.0
Total consideration	8.8	1.6	1.7
Goodwill	6.1	0.8	0.7
Effect on cash flow			
Consideration paid in cash	-8.8	-1.6	-1.7
Unpaid	0.5	-	0.0
Cash and cash equivalents of the acquired company	2.4	0.1	0.1
<b>Cash flow from investing activities</b>	<b>-5.9</b>	<b>-1.5</b>	<b>-1.6</b>

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

## CHANGES IN INTANGIBLE ASSETS

MEUR	1-9/2021	1-9/2020	1-12/2020
Carrying amount at beginning of period	182.9	188.0	188.0
Business acquisitions	25.0	1.0	1.1
Other capital expenditure	4.6	3.1	5.3
Disposals	-0.1	-0.9	-0.9
Depreciation, amortisation and impairment	-5.7	-10.1	-12.6
Transfers between items	0.2	0.0	0.0
Exchange differences	-0.7	-0.6	1.9
Carrying amount at end of period	206.3	180.6	182.9

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

MEUR	1-9/2021	1-9/2020	1-12/2020
Carrying amount at beginning of period	210.7	206.7	206.7
Business acquisitions	6.3	1.0	0.9
Other capital expenditure	40.4	38.7	57.1
Disposals	-3.2	-6.1	-9.2
Depreciation, amortisation and impairment	-33.9	-33.3	-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	220.0	206.5	210.7

The carrying amount of property, plant and equipment at the end of the reporting period includes IFRS 16 items totalling EUR 74.2 million (75.5) and depreciation in the amount of EUR 13.9 million (13.0).

## CAPITAL COMMITMENTS

MEUR	9/2021	9/2020	12/2020
Intangible assets	1.3	2.5	3.2
Property, plant and equipment	14.5	9.0	10.1
Total	15.8	11.5	13.4

## ALTERNATIVE PERFORMANCE MEASURES

### MATCHING THE EVA RESULT TO OPERATING PROFIT

MEUR	1-9/2021	1-9/2020	1-12/2020
<b>Operating profit</b>	32.3	18.3	28.2
Invested capital (rolling 12-month quarterly average)	384.7	370.0	369.7
Cost calculated on invested capital	-19.4	-18.4	-24.5
<b>EVA</b>	12.9	-0.1	3.7

### MATCHING THE ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

MEUR	1-9/2021	1-9/2020	1-12/2020
<b>Operating profit</b>	32.3	18.3	28.2
Items affecting comparability:			
- costs arising from the discontinuation of business	-1.9	10.4	9.0
- costs arising from business restructuring	0.6	0.3	1.7
- gains or losses arising from divestments	-	0.0	0.0
- cost arising from acquisitions *	1.3	0.7	0.7
<b>Adjusted operating profit</b>	32.3	29.7	39.7

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

## FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

MEUR	9/2021	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>					
	Other receivables	1.3		1.3	
<b>Current financial assets</b>					
	Trade and other receivables	117.1		117.1	
	Cash and cash equivalents	22.4		22.4	
	<b>Total financial assets</b>	<b>140.9</b>		<b>140.9</b>	
<b>Non-current financial liabilities</b>					
	Borrowings	124.8		124.8	2
	Lease liabilities	55.1		55.1	
<b>Current financial liabilities</b>					
	Borrowings	10.0		10.0	2
	Lease liabilities	18.9		18.9	
	Trade and other payables	77.9		77.9	
	Derivative liabilities		0.6	0.6	2
	<b>Total financial liabilities</b>	<b>286.7</b>	<b>0.6</b>	<b>287.3</b>	
MEUR	9/2020	Amortised costs	Derivatives under hedge accounting	Carrying amounts by balance sheet item	Fair value hierarchy level
<b>Non-current financial assets</b>					
	Other receivables	1.3		1.3	
<b>Current financial assets</b>					
	Trade and other receivables	105.3		105.3	
	Cash and cash equivalents	29.8		29.8	
	<b>Total financial assets</b>	<b>136.3</b>		<b>136.3</b>	
<b>Non-current financial liabilities</b>					
	Borrowings	99.7		99.7	2
	Finance lease payables	60.0		60.0	
<b>Current financial liabilities</b>					
	Borrowings	15.0		15.0	2
	Finance lease payables	16.6		16.6	
	Trade and other payables	78.0		78.0	
	Derivative liabilities		0.8	0.8	2
	<b>Total financial liabilities</b>	<b>269.2</b>	<b>0.8</b>	<b>270.1</b>	

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

## CONTINGENT LIABILITIES

MEUR	9/2021	9/2020	12/2020
<b>Securities for own commitments</b>			
Mortgages on rights of tenancy	0.2	0.1	0.1
Other securities	0.0	0.0	0.0
Bank guarantees required for environmental permits	14.2	12.4	12.4
Other bank guarantees	13.0	8.2	10.6

Other securities are security deposits.

### Liabilities associated with derivative agreements

#### Interest rate swaps

MEUR	9/2021	9/2020	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	-0.6	-0.9	-0.9

The interest rate swaps are used for hedging cash flows 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.

## 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, 25 October 2021

LASSILA & TIKANOJA PLC  
Board of Directors

Eero Hautaniemi  
President and CEO

For additional information, please contact:  
Eero Hautaniemi, President and CEO, tel. +358 10 636 2810  
Valtteri Palin, CFO, tel. +358 40 734 7749

Lassila & Tikanoja is a service company that is putting the circular economy into practice. Together with our customers, we keep materials 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.

Distribution:  
Nasdaq Helsinki  
Major media  
[www.lt.fi](http://www.lt.fi)