



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

Lassila & Tikanoja plc: Interim Report 1 January–30 September 2022

POSITIVE DEVELOPMENT IN NET SALES AND ADJUSTED OPERATING PROFIT

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

- Net sales for the third quarter were EUR 204.4 million (198.4). Net sales increased by 3.1%. Net sales growth excluding the renewable energy sources business was 7.0%. Organic growth was 3.7%.
- Adjusted operating profit for the third quarter was EUR 20.3 million (18.5) and operating profit was EUR 20.2 million (18.0). Earnings per share were EUR 0.38 (0.37).
- Industrial Services had a strong quarter, with the division's net sales growing to EUR 38.9 million (29.8) and operating profit amounting to EUR 7.0 million (4.1).
- In Environmental Services, the number of corporate customers continued to grow, and the demand for recycled raw materials remained at a good level.
- In Facility Services in Finland and Sweden, the higher general cost level had a negative effect on the divisions' profitability. Both divisions have programmes under way to simplify and increase the efficiency of their operating models.
- Net sales for January–September totalled EUR 634.0 million (589.0). Adjusted operating profit was EUR 31.3 million (32.3) and operating profit was EUR 30.0 million (32.3). Net cash flow from operating activities amounted to EUR 38.7 million (31.3). Earnings per share were EUR 0.53 (0.64).

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 1 July 2022, the renewable energy sources business is no longer included in consolidated net sales. The business was merged with Neova's corresponding business to create Laania Plc. In the first half of the year, the net sales of L&T's renewable energy sources business amounted to EUR 35.4 million.

PRESIDENT AND CEO EERO HAUTANIEMI:

"Net sales and adjusted operating profit developed favourably in the third quarter. Net sales increased by 7 per cent year-on-year, excluding the effect of the renewable energy sources business, and adjusted operating profit was EUR 20.3 million (18.5). Net cash flow from operating activities was good, as was the company's financial position. This provides the company with a strong position in a business environment characterised by exceptional uncertainty.

Our circular economy businesses achieved a good operating result. In the Industrial Services division, all business lines developed favourably. In hazardous waste business, demand remained at a good level, and the resource allocation of annual maintenance breaks in the process cleaning business was successful. In Environmental Services, the number of corporate customers continued to grow, and the demand for recycled raw materials remained at a good level.

In Facility Services in Finland and Sweden, the higher general cost level and worsening shortage of labour had a negative effect on the divisions' profit performance. In addition to inflation, the result of Facility Services Sweden was affected by the weaker-than-expected sales of additional services. Both divisions have programmes under way to simplify and increase the efficiency of their operating models.

We received international recognition for our sustainability efforts. EcoVadis, a leading ratings platform for assessing sustainability, awarded the highest possible Platinum rating to L&T in its assessment. This means we are in the top 1% of the 90,000 companies analysed by EcoVadis.

L&T's businesses are not particularly sensitive to economic cycles. Nevertheless, inflation and rising interest rates create uncertainty, and the overall level of economic activity affects the demand for the company's services."

GROUP NET SALES AND FINANCIAL PERFORMANCE

July–September

Lassila & Tikanoja's net sales for the third quarter totalled EUR 204.4 million (198.4), an increase of 3.1% year-on-year. Net sales growth excluding the effect of the renewable energy sources business was 7.0%. Organic growth was 3.7%. Adjusted operating profit was EUR 20.3 million (18.5), representing 9.9% (9.3%) of net sales. Operating profit was EUR 20.2 million (18.0), representing 9.9% (9.1%) of net sales. Earnings per share were EUR 0.38 (0.37).

Net sales grew in Industrial Services, Facility Services Finland and Environmental Services, excluding the effect of the renewable energy sources business. Net sales decreased in Facility Services Sweden. Operating profit improved in Environmental Services and Industrial Services, and declined in Facility Services in Finland and Sweden.

The Group's adjusted operating profit was still affected by the higher general cost level. The result for the review period was negatively affected by net financial expenses rising to EUR -1.6 million (-0.8).

January–September

Net sales for January–September totalled EUR 634.0 million (589.0), an increase of 7.6% year-on-year. Net sales growth excluding the effect of the renewable energy sources business was 9.0%. Organic growth was 4.8%. Adjusted operating profit was EUR 31.3 million (32.3), representing 4.9% (5.5%) of net sales. Operating profit was EUR 30.0 million (32.3), representing 4.7% (5.5%) of net sales. Earnings per share were EUR 0.53 (0.64).

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 Industrial Services, and declined in Facility Services in Finland and Sweden.

Throughout the period under review, the Group's adjusted operating profit was negatively affected by the higher general cost level. In the first half of the year, the Group's adjusted operating profit was also negatively affected by increased fuel prices 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 rising to EUR -4.2 million (-2.5).

Financial summary

	7-9/2022	7-9/2021	Change %	1-9/2022	1-9/2021	Change %	1- 12/2021
Net sales, EUR million	204.4	198.4	3.1	634.0	589.0	7.6	812.5
Adjusted operating profit, EUR million	20.3	18.5	9.8	31.3	32.3	-3.0	42.4
Adjusted operating margin, %	9.9	9.3		4.9	5.5		5.2
Operating profit, EUR million	20.2	18.0	12.2	30.0	32.3	-7.0	42.2
Operating margin, %	9.9	9.1		4.7	5.5		5.2
EBITDA, EUR million	34.1	31.4	8.5	71.8	71.9	-0.2	95.1
EBITDA, %	16.7	15.8		11.3	12.2		11.7
Profit before tax, EUR million	18.4	17.1	7.3	25.6	29.8	-14.3	39.0
Earnings per share, EUR	0.38	0.37	4.7	0.53	0.64	-16.7	0.90
Net cash flow from operating activities							
after investments per share, EUR	0.15	0.05	203.6	0.03	-0.50	105.0	0.05
Return on equity (ROE), %				12.9	16.5		17.1
Invested capital, EUR million				440.1	410.0	7.3	406.0
Return on invested capital (ROI), %				9.4	10.9		10.8
Equity ratio, %				32.7	33.1		33.7
Gearing, %				95.0	92.6		79.4

NET SALES AND OPERATING PROFIT BY DIVISION

Environmental Services

July–September

The division's net sales for the third quarter decreased to EUR 75.0 million (77.2). Operating profit rose to EUR 11.1 million (10.3). Excluding the renewable energy sources business, the net sales of the Environmental Services division amounted to EUR 75.0 million (70.1) and operating profit was EUR 11.1 million (10.2).

January–September

The Environmental Services division's net sales for January–September rose to EUR 250.1 million (230.7). Operating profit was EUR 24.1 million (22.7). Excluding the renewable energy sources business, the net sales of the Environmental Services division amounted to EUR 216.0 million (194.2) and operating profit was EUR 23.8 million (22.3).

The number of corporate customers continued to grow in the third quarter in Environmental Services. The prices of recycled raw materials returned to normal after being at an exceptionally high level earlier in the year, and demand remained good.

The Environmental Services division's renewable energy sources business was merged with Neova Oy's corresponding business, and the joint venture Laania started its operations on 1 July 2022.

In the first half of the year, the net sales of the renewable energy sources business was EUR 35.4 million, and the operating profit was EUR 0.3 million. In the financial year 2021, the net sales of the renewable energy sources business was EUR 56.9 million, and the operating profit was EUR 0.9 million. The business is no longer reported as part of the Environmental Services division after the second quarter of 2022. L&T's share of the net profit of the joint venture is consolidated in one line below operating profit.

Industrial Services

July–September

The division's net sales for the third quarter grew to EUR 38.9 million (29.8). Operating profit was EUR 7.0 million (4.1).

January–September

The Industrial Services division's net sales for January–September grew to EUR 95.7 million (76.4). Operating profit was EUR 10.4 million (7.5).

All of the Industrial Services division's business lines developed favourably in the third quarter. In hazardous waste business, demand remained at a good level. In the environmental construction business, several demanding industrial maintenance projects and soil decontamination projects were under way. Due to the COVID-19 pandemic and industrial disputes, annual maintenance breaks for industrial customers were postponed from early 2022 to the autumn. In the process cleaning business, the resource allocation of annual maintenance breaks during the autumn was successful. Several successful industrial water treatment projects were carried out in the process cleaning business in Sweden.

Facility Services Finland

July–September

The division's net sales for the third quarter increased to EUR 60.2 million (59.9). Operating profit declined to EUR 2.0 million (2.9).

January–September

The net sales of Facility Services Finland grew to EUR 191.7 million (180.1) in January–September. Operating profit declined to EUR -1.3 million (1.2).

In the cleaning business, challenges associated with the availability of labour continued, and employee turnover increased in the third quarter. In the property maintenance business, the higher production costs caused by general cost inflation could not be fully passed on to customer prices. The demand for energy management projects was strong.

Measures were continued in the Facility Services Finland division to improve operational efficiency and profitability. The progress of the improvement measures was slower than expected due to the challenging business environment. Change negotiations are under way in the division on local and business line level, which may lead to changes in job descriptions and duties as well as redundancies concerning 83 salaried employees and 78 employees at most.

Facility Services Sweden

July–September

The division's net sales for the third quarter decreased to EUR 31.9 million (32.7). Operating profit declined to EUR 0.2 million (1.5). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR 0.7 million (2.0).

January–September

The net sales of Facility Services Sweden decreased to EUR 100.7 million (106.0) in January–September. Operating profit declined to EUR -0.1 million (2.5). Operating profit before the amortisation of purchase price allocations of acquisitions was EUR 1.4 million (4.1).

Production costs in the Facility Services Sweden division were increased by general cost inflation in the third quarter. The increased production costs could not be passed on to customers in the form of price increases. The result of Facility Services Sweden was affected not only by inflation

but also the weaker-than-expected sales of additional services. Efforts continued in the third quarter to simplify operating models and adapt them to the rapidly changing business environment.

FINANCING

Net cash flow from operating activities amounted to EUR 38.7 million (31.3) in January–September. Net cash flow from operating activities after investments amounted to EUR 1.0 million (-19.1). Net cash flow after investments was reduced by acquisitions, which had a total impact of approximately EUR 13 million (approximately EUR 23 million). A total of EUR 22.3 million in working capital was committed (EUR 27.3 million committed).

At the end of the period, interest-bearing liabilities amounted to EUR 229.6 million (208.8). Net interest-bearing liabilities totalled EUR 199.9 million (186.4). The average interest rate on long-term loans, excluding IFRS 16 liabilities, with interest rate hedging, was 2.5% (1.1%). Of the company's floating rate loans totalling EUR 50 million, EUR 30 million have been converted into fixed rate loans by means of an interest rate swap.

Of the EUR 100.0 million commercial paper programme, EUR 15.0 million (10.0) 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 in May 2022. 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 -4.2 million (-2.5). The increase in net financial expenses was attributable to higher interest-bearing liabilities due to acquisitions, an expense of EUR 0.3 million associated with the redemption of a bond, and the higher general interest rate level. The effect of exchange rate changes on net financial expenses was EUR -0.2 million (0.1). Net financial expenses were 0.7% (0.4%) of net sales.

The equity ratio was 32.7% (33.1%) and the gearing ratio was 95.0% (92.6%). The Group's total equity was EUR 210.5 million (201.2). Translation differences affected equity by EUR -4.1 million and changes in the fair value of hedging instruments by EUR 1.2 million. Cash and cash equivalents at the end of the period amounted to EUR 29.7 million (22.4). 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

In January–September, gross capital expenditure totalled EUR 45.8 million (54.0). Acquisitions accounted for approximately EUR 22 million of the capital expenditure (approximately EUR 27 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

	1-9/2022	1-9/2021	2021	Target	Target to be achieved by
Carbon handprint (tCO ₂ e)	388,000	752,000	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. The carbon handprint of the renewable energy sources business will no longer be reported as part of L&T Group after the second quarter of 2022. The carbon handprint of the renewable energy sources business was 370,000 in January-September 2021.

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

	1-9/2022	1-9/2021	2021	Target	Target to be achieved by
Carbon footprint (tCO ₂ e)	24 200	27 700	37,800		
Carbon footprint intensity (gCO ₂ e/km)	661	763	767	476	2030

L&T's strategic objective is to halve the carbon footprint of its operations from the 2018 level 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 January-September was affected by, among other factors, the change in the fuel distribution obligation 1 January, 2022 in Finland, which lowered diesel emissions in particular. In Finland the fuel distribution obligation was lowered by 7.5 percentage points in 8 July, 2022, which will increase the emissions of L&T' fleet during the latter half of 2022 significantly.

Social responsibility

Overall accident frequency

	1-9/2022	1-9/2021	2021	Target	Target to be achieved by
Overall accident frequency (TRIF)	23	23	24	19	2026

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

	1-9/2022	1-9/2021	2021	Target	Target to be achieved by
Occupational health rate (proportion of employees with no sickness-related absences)	47	55	45	57	2026
Sickness-related absences (%)	5,5	4,6	5,0	4,3	2026

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 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 it was still higher than normal in June. The sickness-related absences during the third quarter were at a normal level.

Current issues related to sustainability

EcoVadis, an international platform for rating corporate sustainability, awarded a Platinum rating to Lassila & Tikanoja. Only 1% of the approximately 90,000 companies assessed by EcoVadis achieve a Platinum rating.

The renewable fuel distribution obligation in Finland was reduced by 7.5 percentage points in July. The change significantly increases transport emissions in Finland and will also have an impact on L&T's transport emissions in 2022. L&T has taken significant action to reduce emissions. For example, the Group has increased the share of renewable diesel and continued to purchase low-emission vehicles.

PERSONNEL

In January–September, the average number of employees converted into full-time equivalents was 7,382 (7,202). At the end of the period, L&T had 8,637 (8,729) full-time and part-time employees. Of these, 7,251 (7,362) worked in Finland and 1,386 (1,367) in Sweden.

SHARES AND SHARE CAPITAL

Traded volume and price

The volume of trading in L&T's shares in January–September was 8.0 million shares, which is 20.9% (21.0%) of the average number of outstanding shares. The value of trading was EUR 89.9 million (115.9). The highest share price was EUR 13.62 and the lowest EUR 9.72. The closing price was EUR 9.97. At the end of the review period, the market capitalisation excluding the shares held by the company was EUR 380.3 million (519.1).

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 38,139,045.

Shareholders

At the end of the period, the company had 23,944 (23,166) shareholders. Nominee-registered holdings accounted for 8.2% (9.1%) 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

Lassila & Tikanoja's 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.

The company announced the composition of Lassila & Tikanoja plc's Nomination Board on 9 September 2022. Lassila & Tikanoja plc's three largest shareholders, which are entitled to appoint a representative to Lassila & Tikanoja plc's Shareholders' Nomination Board, are a group of shareholders (Chemec Oy, CH-Polymers Oy, Maijala Eeva, Maijala Hannele, Maijala Heikki, Maijala Juhani, Maijala Juuso, Maijala Miikka, Maijala Mikko, Maijala Roope and Maijala Tuula), the Evald ja Hilda Nissin Säätiö foundation, and Mandatum Life Insurance Company Limited. These shareholders have appointed Miikka Maijala, Juhani Lassila and Patrick Lapveteläinen as their representatives in Lassila & Tikanoja's Nomination Board. The Chairman of Lassila & Tikanoja plc's Board of Directors, Jukka Leinonen, acts as the fourth member of the Nomination Board. The Chairman of the Nomination Board is Patrick Lapveteläinen.

Long-term targets

In September, Lassila & Tikanoja plc's Board of Directors approved the Group's targets for the strategy period 2023–2026 and decided on the continuing implementation of the Group's strategy. The financial targets and the sustainability and stakeholder targets for the strategy period were unchanged.

Financial targets

<u>Measure</u>	<u>Target</u>
Annual growth in net sales, %	5%
Return on investment, % (ROI)	15%
Gearing, %	Below 125%

Sustainability and stakeholder targets

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

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

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

EVENTS AFTER THE REVIEW PERIOD

The company management is not aware of any events of material importance that might have affected the preparation of the interim report.

NEAR-TERM RISKS AND UNCERTAINTIES

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.

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. COVID-19 may lead to increased sickness-related absences, 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.

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, 26 October 2022

LASSILA & TIKANOJA PLC

Board of Directors
Eero Hautaniemi
President and CEO

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The Group's key figures

Key figures

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Earnings per share, EUR	0.38	0.37	0.53	0.64	0.90
Diluted earnings per share, EUR	0.38	0.37	0.53	0.64	0.90
Net cash flow from operating activities after investments per share, EUR	0.15	0.05	0.03	-0.50	0.05
EVA, MEUR	12.9	11.2	9.0	12.9	15.9
Adjusted operating profit, MEUR	20.3	18.5	31.3	32.3	42.4
Operating profit, MEUR	20.2	18.0	30.0	32.3	42.2
Gross capital expenditure, MEUR	10.1	13.8	45.8	54.0	72.3
Equity per share, EUR			5.52	5.28	5.52
Return on equity (ROE), %			12.9	16.5	17.1
Invested capital, MEUR			440.1	410.0	406.0
Return on invested capital (ROI), %			9.4	10.9	10.8
Equity ratio, %			32.7	33.1	33.7
Gearing, %			95.0	92.6	79.4
Net interest-bearing liabilities, MEUR			199.9	186.4	167.1
Average number of employees in full-time equivalents			7,382	7,202	7,319
Total number of full-time and part-time employees at end of the period			8,637	8,729	8,171
Number of outstanding shares adjusted for issues, 1,000 shares					
average during the period			38,139	38,111	38,111
at the end of the period			38,146	38,112	38,112
average during the period, diluted			38,172	38,129	38,127

Reconciliation of alternative performance measures

RECONCILIATION OF EVA RESULT TO OPERATING PROFIT

MEUR	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Operating profit	20.2	18.0	30.0	32.3	42.2
Invested capital (rolling 12-month quarterly average)	422.6	384.7	422.6	384.7	391.4
Cost calculated on invested capital	-7.2	-6.8	-21.0	-19.4	-26.3
EVA	12.9	11.2	9.0	12.9	15.9

RECONCILIATION OF ADJUSTED OPERATING PROFIT TO OPERATING PROFIT

MEUR	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Operating profit	20.2	18.0	30.0	32.3	42.2
Items affecting comparability:					
- costs arising from the discontinuation of business*	-	-0.2	-0.2	-1.9	-2.1
- costs arising from business restructurings	-	0.0	-	0.6	0.6
- costs arising from acquisitions	0.1	0.7	1.5	1.3	1.7
Adjusted operating profit	20.3	18.5	31.3	32.3	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	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Intangible and tangible assets from business acquisitions	1.3	5.7	23.3	31.4	31.4
- increases to right-of-use assets excl. heavy vehicles from business acquisitions	-	0.0	-1.4	-4.4	-0.3
Other increases to intangible and tangible assets	13.8	14.9	38.8	45.0	64.4
- increases to right-of-use assets excl. heavy vehicles	-4.7	-5.8	-12.8	-15.8	-19.1
- other adjustments	-0.4	-0.9	-2.1	-2.2	-3.9
Gross capital expenditure	10.1	13.8	45.8	54.0	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	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Net sales	204.4	198.4	634.0	589.0	812.5
Other operating income	0.5	0.5	2.0	2.3	3.8
Materials and services	-62.0	-62.5	-215.8	-199.0	-282.5
Employee benefit expenses	-83.2	-81.8	-264.3	-252.9	-342.6
Other operating expenses	-25.7	-23.1	-84.0	-67.5	-95.9
Depreciation, amortisation and impairment	-13.9	-13.4	-41.8	-39.7	-52.9
Operating profit	20.2	18.0	30.0	32.3	42.2
Financial income	0.1	0.0	0.2	0.1	0.3
Financial expenses	-1.6	-1.0	-4.2	-2.7	-3.8
Exchange rate differences (net)	-0.1	0.1	-0.2	0.1	0.3
Financial income and expenses	-1.6	-0.8	-4.2	-2.5	-3.3
Share of the result of associated companies and joint ventures	-0.2	0.0	-0.2	0.0	0.0
Result before taxes	18.4	17.1	25.6	29.8	39.0
Income taxes	-3.8	-3.2	-5.3	-5.4	-4.6
Result for the period	14.6	14.0	20.3	24.4	34.4
Attributable to:					
Equity holders of the company	14.6	14.0	20.3	24.4	34.4
Earnings per share attributable to the equity holders of the parent company:					
Earnings per share, EUR	0.38	0.37	0.53	0.64	0.90
Diluted earnings per share, EUR	0.38	0.37	0.53	0.64	0.90

Consolidated statement of comprehensive income

MEUR	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Result for the period	14.6	14.0	20.3	24.4	34.4
Items not to be recognised through profit or loss					
Items arising from re-measurement of defined benefit plans	-	-	0.0	-	-0.0
Items not to be recognised through profit or loss, total	-	-	0.0	-	-0.0
Items potentially to be recognised through profit or loss					
Hedging reserve, change in fair value	0.5	0.0	1.2	0.2	0.3
Currency translation differences	-1.2	-0.4	-4.1	-0.9	-1.6
Items potentially to be recognised through profit or loss, total	-0.7	-0.4	-2.9	-0.7	-1.3
Other comprehensive income, total	-0.7	-0.4	-2.9	-0.7	-1.4
Total comprehensive income, after tax	14.0	13.6	17.4	23.6	33.0
Attributable to:					
Equity holders of the company	14.0	13.6	17.4	23.6	33.0

Consolidated statement of financial position

MEUR	9/2022	9/2021	12/2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	181.6	172.1	172.1
Other intangible assets	35.8	34.2	32.5
	217.4	206.3	204.6
Tangible assets	156.8	145.8	153.0
Right-of-use assets	68.8	74.2	69.8
	225.6	220.0	222.8
Other non-current assets			
Shares in associated companies and joint ventures	6.2	0.0	0.0
Other shares and holdings	0.2	0.2	0.2
Loan receivables from joint ventures	19.0	-	-
Deferred tax assets	6.7	5.7	5.6
Other receivables	1.9	1.1	2.0
	34.1	7.1	7.8
Total non-current assets	477.1	433.4	435.2
Current assets			
Inventories	6.9	34.5	5.9
Trade receivables	79.6	82.3	86.8
Contract assets	43.9	34.5	22.8
Income tax receivables	4.8	3.0	7.3
Other receivables	11.3	10.7	10.4
Cash and cash equivalents	29.7	22.4	28.6
	176.2	187.4	161.8
Assets classified as held for sale	-	-	38.3
Total current assets	176.2	187.4	200.0
Total assets	653.3	620.8	635.3

Consolidated statement of financial position

MEUR	9/2022	9/2021	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	-9.2	-5.7	-6.3
Invested unrestricted equity reserve	0.6	0.6	0.6
Retained earnings	199.7	186.8	196.7
Total equity	210.5	201.2	210.4
Liabilities			
Non-current liabilities			
Deferred tax liabilities	30.8	28.7	30.2
Retirement benefit obligations	1.5	1.3	1.4
Provisions	8.0	6.8	8.1
Financial liabilities	176.2	179.9	175.8
Other liabilities	5.1	0.2	0.1
	221.5	217.0	215.5
Current liabilities			
Financial liabilities	53.4	28.9	19.9
Trade and other payables	164.3	171.1	172.3
Income tax liabilities	1.5	-	3.3
Provisions	2.2	2.6	2.7
	221.3	202.6	198.1
Liabilities related to assets classified as held for sale	-	-	11.2
Total liabilities	442.8	419.6	424.9
Total equity and liabilities	653.3	620.8	635.3

Consolidated statement of cash flows

MEUR	1-9/2022	1-9/2021	1-12/2021
Cash flow from operating activities			
Result for the period	20.3	24.4	34.4
Adjustments			
Income taxes	5.3	5.4	4.6
Depreciation, amortisation and impairment	41.8	39.7	52.9
Financial income and expenses	4.2	2.5	3.3
Impact of the discontinuation of Russian operations	-0.2	-1.9	-2.1
Other	-0.6	-0.7	-2.2
Net cash generated from operating activities before change in working capital	70.8	69.3	90.9
Change in working capital			
Change in trade and other receivables	-10.1	-8.8	-12.1
Change in inventories	-0.0	-3.9	-1.9
Change in trade and other payables	-12.1	-14.6	-1.0
Change in working capital	-22.3	-27.3	-15.1
Interest paid	-3.5	-3.0	-3.7
Interest received	0.1	0.1	0.3
Income taxes paid	-6.3	-7.9	-6.7
Net cash from operating activities	38.7	31.3	65.6
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	-13.2	-22.7	-23.2
Proceeds from sale of subsidiaries and businesses, net of sold cash	-2.0	-	-
Purchases of tangible and intangible assets	-23.1	-28.4	-42.3
Proceeds from the sale of tangible and intangible assets	0.5	0.7	1.7
Change in other non-current receivables	0.0	-	-0.1
Net cash from investing activities	-37.8	-50.4	-63.9
Net cash flow from operating and investing activities	1.0	-19.1	1.7
Cash flow from financing activities			
Proceeds from short-term borrowings	35.0	40.0	40.0
Repayments of short-term borrowings	-20.0	-45.0	-55.0
Proceeds from long-term borrowings	75.0	25.0	25.0
Repayments of long-term borrowings	-57.9	0.1	-
Repayments of lease liabilities	-14.5	-13.5	-18.1
Dividends paid	-17.5	-15.2	-15.2
Net cash from financing activities	0.1	-8.7	-23.4
Net change in cash and cash equivalents	1.0	-27.8	-21.7
Cash and cash equivalents at beginning of the period	28.6	50.2	50.2
Effect of changes in foreign exchange rates	0.1	-0.0	-0.0
Cash and cash equivalents at end of the period	29.7	22.4	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					20.3	20.3
Other comprehensive income		-4.1	1.2		0.0	-2.9
Total comprehensive income	-	-4.1	1.2	-	20.3	17.4
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 September 2022	19.4	-10.1	0.8	0.6	199.7	210.5
Equity 1 January 2021	19.4	-4.3	-0.7	0.6	177.5	192.6
Total comprehensive income						
Result for the period					24.4	24.4
Other comprehensive income		-0.9	0.2		-	-0.7
Total comprehensive income	-	-0.9	0.2	-	24.4	23.6
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 September 2021	19.4	-5.2	-0.5	0.6	186.8	201.2

Notes

1. 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 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 Interim 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 & Tikanaja plc as of 31 December 2021.

When preparing the Interim 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 Interim Report.

2. Segment information

MEUR	7-9/2022	7-9/2021	Change %	1-9/2022	1-9/2021	Change %	1-12/2021
Net sales							
Environmental Services	75.0	77.2	-2.9	250.1	230.7	8.4	320.5
Industrial Services	38.9	29.8	30.4	95.7	76.4	25.3	105.1
Facility Services Finland	60.2	59.9	0.5	191.7	180.1	6.4	243.1
Facility Services Sweden	31.9	32.7	-2.6	100.7	106.0	-5.0	149.8
Interdivisional net sales	-1.6	-1.3		-4.2	-4.1		-6.1
Total	204.4	198.4	3.1	634.0	589.0	7.6	812.5
Operating profit							
Environmental Services	11.1	10.3	8.0	24.1	22.7	6.1	29.8
Industrial Services	7.0	4.1	71.7	10.4	7.5	39.8	9.2
Facility Services Finland	2.0	2.9	-30.4	-1.3	1.2	-210.0	1.8
Facility Services Sweden	0.2	1.5	-84.6	-0.1	2.5	-105.2	3.9
Group administration and other	-0.2	-0.8		-3.1	-1.6		-2.4
Total	20.2	18.0	12.2	30.0	32.3	-7.0	42.2
EBITDA							
Environmental Services	17.9	17.2	4.2	44.4	42.9	3.6	56.5
Industrial Services	10.2	6.4	59.0	19.4	14.3	35.9	18.6
Facility Services Finland	4.3	5.2	-17.5	5.5	8.2	-32.8	11.0
Facility Services Sweden	1.6	3.1	-49.0	4.6	7.1	-36.0	10.4
Group administration and other	0.1	-0.4		-2.2	-0.6		-1.2
Total	34.1	31.4	8.5	71.8	71.9	-0.2	95.1

% **7-9/2022 7-9/2021 1-9/2022 1-9/2021 1-12/2021**

Operating margin

Environmental Services	14.9	13.4	9.6	9.8	9.3
Industrial Services	17.9	13.6	10.9	9.8	8.7
Facility Services Finland	3.4	4.9	-0.7	0.7	0.7
Facility Services Sweden	0.7	4.5	-0.1	2.4	2.6
Total	9.9	9.1	4.7	5.5	5.2

EBITDA margin

Environmental Services	23.9	22.2	17.8	18.6	17.6
Industrial Services	26.2	21.4	20.3	18.7	17.7
Facility Services Finland	7.2	8.7	2.9	4.6	4.5
Facility Services Sweden	4.9	9.3	4.5	6.7	6.9
Total	16.7	15.8	11.3	12.2	11.7

Other segment information

MEUR **7-9/2022 7-9/2021 1-9/2022 1-9/2021 1-12/2021**

Gross capital expenditure

Environmental Services	3.7	4.7	11.7	34.1	41.7
Industrial Services	5.8	3.0	31.9	7.4	14.5
Facility Services Finland	0.2	5.3	1.1	10.4	13.6
Facility Services Sweden	0.1	0.5	0.4	1.4	1.8
Group administration and other	0.3	0.4	0.8	0.8	0.6
Total	10.1	13.8	45.8	54.0	72.3

Depreciation and amortisation

Environmental Services	6.8	6.9	20.3	20.2	26.7
Industrial Services	3.2	2.3	9.0	6.8	9.4
Facility Services Finland	2.3	2.3	6.8	7.0	9.1
Facility Services Sweden	1.3	1.6	4.7	4.6	6.5
Group administration and other	0.3	0.3	0.9	1.0	1.2
Total	13.9	13.4	41.8	39.7	52.9

MEUR	9/2022	9/2021	12/2021
Assets			
Environmental Services	273.9	311.0	314.5
Industrial Services	148.8	107.3	110.5
Facility Services Finland	83.3	86.1	83.9
Facility Services Sweden	87.2	88.2	94.5
Group administration and other	60.1	28.2	32.0
Total	653.3	620.8	635.3
Liabilities			
Environmental Services	81.2	85.8	89.1
Industrial Services	53.3	41.8	42.3
Facility Services Finland	49.9	51.4	55.4
Facility Services Sweden	21.0	20.8	27.4
Group administration and other	237.4	219.8	210.7
Total	442.8	419.6	424.9
Invested capital			
Environmental Services	192.7	225.2	225.3
Industrial Services	97.9	65.5	68.2
Facility Services Finland	33.4	34.7	28.4
Facility Services Sweden	66.1	67.4	67.1
Group administration and other	50.0	17.1	17.0
Total	440.1	410.0	406.0

3. Segment information by quarter

MEUR	7-9/2022	4-6/2022	1-3/2022	10-12/2021	7-9/2021
Net sales					
Environmental Services	75.0	87.8	87.3	89.9	77.2
Industrial Services	38.9	33.7	23.1	28.7	29.8
Facility Services Finland	60.2	63.2	68.3	63.0	59.9
Facility Services Sweden	31.9	35.9	32.9	43.8	32.7
Interdivisional net sales	-1.6	-1.5	-1.2	-2.0	-1.3
Total	204.4	219.1	210.4	223.5	198.4
Operating profit					
Environmental Services	11.1	10.0	2.9	7.1	10.3
Industrial Services	7.0	3.3	0.2	1.7	4.1
Facility Services Finland	2.0	-1.0	-2.3	0.6	2.9
Facility Services Sweden	0.2	-0.2	-0.2	1.3	1.5
Group administration and other	-0.2	-2.0	-0.9	-0.8	-0.8
Total	20.2	10.1	-0.3	9.9	18.0
EBITDA					
Environmental Services	17.9	16.8	9.7	13.6	17.2
Industrial Services	10.2	6.3	3.0	4.3	6.4
Facility Services Finland	4.3	1.2	-0.0	2.7	5.2
Facility Services Sweden	1.6	1.5	1.5	3.2	3.1
Group administration and other	0.1	-1.7	-0.6	-0.6	-0.4
Total	34.1	24.2	13.5	23.2	31.4
Operating margin, %					
Environmental Services	14.9	11.4	3.3	7.9	13.4
Industrial Services	17.9	9.7	0.9	5.9	13.6
Facility Services Finland	3.4	-1.7	-3.4	1.0	4.9
Facility Services Sweden	0.7	-0.5	-0.6	3.1	4.5
Total	9.9	4.6	-0.1	4.4	9.1
EBITDA margin, %					
Environmental Services	23.9	19.2	11.1	15.2	22.2
Industrial Services	26.2	18.7	12.8	14.8	21.4
Facility Services Finland	7.2	1.9	-0.0	4.3	8.7
Facility Services Sweden	4.9	4.2	4.5	7.4	9.3
Total	16.7	11.0	6.4	10.4	15.8

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.

1-9/2022, MEUR	Long-term service agreements	Separately ordered services	Project business	Sales of equipment and materials	Lease income	Total net sales
Environmental Services	168.4			79.2	2.5	250.1
Industrial Services	42.6	42.7	6.1	4.2		95.7
Facility Services Finland	135.2	52.3	4.2			191.7
Facility Services Sweden	46.2	51.4	3.0			100.7
Total	392.4	146.4	13.4	83.4	2.5	638.2
Interdivisional sales						-4.2
External net sales, total						634.0

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
Interdivisional sales						-4.1
External net sales, total						589.0

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. According to the shareholders' agreement L&T will purchase the remaining 30 per cent of the company in February 2026 at the earliest. 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. In the third quarter of 2022, the acquisition price calculation of SVB was updated due to an updated enterprise value. The adjustments are included in the table in column Business acquisitions 1-9/2022.

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	Other		Other	
	acquisitions	Sihvari Oy	business	Sihvari Oy	business
	1-9/2022	1-9/2021	1-9/2021	1-12/2021	1-12/2021
Intangible assets	5.6	5.1	1.4	6.0	1.4
Tangible assets	4.9	1.7	0.3	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	1.4	2.2	1.4
Cash and cash equivalents	1.2	0.2	2.4	0.2	2.4
Total assets	15.0	14.1	5.4	13.8	5.4
Other liabilities	6.4	8.6	2.5	8.3	2.5
Deferred tax liabilities	1.0	1.0	0.2	1.2	0.2
Total liabilities	7.4	9.6	2.7	9.6	2.7
Net assets acquired	7.6	4.5	2.7	4.2	2.7
Total consideration	19.6	17.0	8.8	17.0	8.8
Goodwill	11.9	12.5	6.1	12.8	6.1
Impact on cash flow					
Total consideration	-19.6	-17.0	-8.8	-17.0	-8.8
Deferred consideration	5.1	-	-	-	-
Consideration paid in cash	-14.4	-17.0	-8.8	-17.0	-8.8
Unpaid consideration	-	-	0.5	-	-
Cash and cash equivalents of the acquired company	1.2	0.2	2.4	0.2	2.4
Total impact on cash flow	-13.2	-16.8	-5.9	-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. Business disposals and 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 is 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 classified L&T Biowatti Oy's assets and liabilities as held for sale until the merger. 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 was 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 after the operating profit.

Net assets disposed of

MEUR	2022
Intangible and tangible assets	0.4
Right-of-use assets	0.7
Other non-current receivables	0.3
Inventories	24.7
Trade and other receivables	6.1
Cash and cash equivalents	2.0
Assets Total	34.0
Non-current financial liabilities	19.4
Current financial liabilities	0.1
Trade and other payables	8.0
Liabilities Total	27.6
Net assets disposed of	6.4

No gain or loss on disposal was recognised in the third quarter. The final consideration from the transaction will be finalised during the last quarter of the year 2022.

Cash flow impact

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

Investment in joint venture

Lassila & Tikanoja's investment in joint venture is recognised on line Shares in associated companies and joint ventures. The transactions is valued according to the IAS 28. The transaction will be finalised during the last quarter of year 2022, which might also have an impact on the valuation of the investment. L&T has financed the joint venture through a shareholder loan totalling EUR 19 million. The loan is recognised on a separate line loan receivables from joint ventures in the statement of financial position.

Assets and liabilities classified as held for sale

At the end of the reporting period and at the end of the comparison period L&T did not have any assets or liabilities classified as held for sale. At the end of 2021, Biowatti Oy's assets and liabilities were classified as held for sale.

MEUR	12/2021
Intangible and tangible assets	0.4
Right-of-use assets	0.5
Other non-current receivables	0.4
Inventories	25.7
Trade and other receivables	11.3
Assets Total	38.3
Non-current financial liabilities	0.4
Current financial liabilities	0.1
Trade payables and advances received	7.1
Other payables	3.6
Liabilities Total	11.2

7. Changes in intangible assets

MEUR	1-9/2022	1-9/2021	1-12/2021
Carrying amount at the beginning of the period	204.6	182.9	182.9
Business acquisitions	17.2	25.0	26.3
Other capital expenditure	4.4	4.6	5.7
Disposals	-2.6	-0.1	-2.2
Depreciation, amortisation and impairment	-3.4	-5.7	-7.1
Transfers between items	-0.0	0.2	0.2
Exchange differences	-2.8	-0.7	-1.0
Carrying amount at the end of the period	217.4	206.3	204.6

8. Changes in tangible assets

MEUR	1-9/2022	1-9/2021	1-12/2021
Carrying amount at the beginning of the period	222.8	210.7	210.7
Business acquisitions	6.1	6.3	5.1
Other capital expenditure	34.4	40.4	58.7
Disposals	-2.8	-3.2	-5.6
Depreciation, amortisation and impairment	-34.5	-33.9	-45.9
Transfers between items	0.0	-0.2	-0.2
Exchange differences	-0.4	-0.0	-0.0
Carrying amount at the end of the period	225.6	220.0	222.8

The carrying amount of tangible assets at the end of the reporting period includes right-of-use assets totalling EUR 68.8 million (74.2) and depreciation in the amount of EUR 14.6 million (13.9).

9. Capital commitments

MEUR	9/2022	9/2021	12/2021
Intangible assets	0.2	1.3	0.0
Tangible assets	19.4	14.5	17.2
Total	19.5	15.8	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 gypsum, 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. Environmental impact assessment is currently ongoing in the area. After the assessment, the landfill area will also be licensed for receipt and processing of hazardous waste.

MEUR	9/2022	9/2021	12/2021
Non-current provisions	8.0	6.8	8.1
Current provisions	2.2	2.6	2.7
Total	10.2	9.4	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	-0.2	-1.1	-1.3
Reversals	-	-0.2	-0.2
Effect of discounting	0.1	-	0.1
Provisions 30 Sep 2022	8.0	2.2	10.2

MEUR	Environmental provisions	Other provisions	Total
Provisions 1 Jan 2021	7.0	2.4	9.5
Additions	0.4	0.4	0.9
Used	-0.8	-0.2	-1.0
Effect of discounting	0.1	-	0.1
Provisions 30 Sep 2021	6.8	2.6	9.4

11. Financial assets and liabilities by category

MEUR	9/2022	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						
	Loan receivables from joint ventures	19.0			19.0	2
	Other receivables	1.4			1.4	
Current financial assets						
	Trade and other receivables	123.9			123.9	
	Derivative receivables		1.0		1.0	2
	Cash and cash equivalents	29.7			29.7	
	Total financial assets	174.0	1.0	-	175.0	
Non-current financial liabilities						
	Borrowings	126.1			126.1	2
	Lease liabilities	50.1			50.1	
	Deferred consideration*			5.0	5.0	3
Current financial liabilities						
	Borrowings	33.4			33.4	2
	Lease liabilities	20.0			20.0	
	Trade and other payables	77.4			77.4	
	Total financial liabilities	307.0	-	5.0	312.0	

* 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	9/2021	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	117.1			117.1	
	Cash and cash equivalents	22.4			22.4	
	Total financial assets	140.9	-	-	140.9	
Non-current financial liabilities						
	Borrowings	124.8			124.8	2
	Lease liabilities	55.1			55.1	
Current financial liabilities						
	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
	Total financial liabilities	286.7	0.6	-	287.3	

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

12. Contingent liabilities

MEUR	9/2022	9/2021	12/2021
Securities for own commitments			
Mortgages on rights of tenancy*	0.1	0.1	0.1
Company mortgages*	2.1	1.7	1.8
Other securities	0.0	0.0	0.1
Bank guarantees required for environmental permits	17.8	14.2	16.7
Other bank guarantees*	18.1	13.0	11.0
Mortgages under own control			
Company mortgages*	0.4	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	9/2022	9/2021	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	1.0	-0.6	-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), the joint venture (Laania Oy) and the L&T sickness fund.

The contributions paid by the group companies to the L&T sickness fund during the reporting period amounted to EUR 0.7 million (0.6). The Group has transactions between the group companies in the ordinary course of business. The Group's business transactions with Laania Oy are presented in the following table. The Group has no significant business transactions with other related parties.

Business transactions with the joint venture

MEUR	7-9/2022
Net sales	0.0
Other operating income	0.2
Purchases of materials and services	-0.3
Loan receivables	19.0
Trade- and other receivables	0.2
Trade- and other liabilities	0.0

Helsinki, 26 October 2022

LASSILA & TIKANOJA PLC
Board of Directors

Eero Hautaniemi
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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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