



New Lassila & Tikanoja

**Set of Carve-out Financial Statements as
at and for the years ended 31 December
2024, 2023 and 2022**

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Combined income statement

1 January - 31 December MEUR	2024	2023	2022	Note
Net sales	423.9	422.1	450.9	1.2
Other operating income	2.7	3.3	5.3	1.4
Materials and services	-123.6	-127.6	-164.5	1.4
Employee benefit expenses	-140.3	-137.0	-129.6	1.3
Other operating expenses	-78.8	-78.2	-78.1	1.4
Depreciation, amortisation and impairment	-43.4	-44.3	-39.4	1.7
Operating profit	40.5	38.3	44.6	
Financial income	0.1	0.4	0.3	
Financial expenses	-4.9	-3.3	-1.9	
Exchange rate differences (net)	-0.0	-0.0	0.1	
Financial income and expenses	-4.7	-2.9	-1.5	1.8
Share of the result of associated companies and joint ventures	3.2	3.6	0.7	
Result before taxes	38.9	39.0	43.8	
Income taxes	-7.4	-6.6	-8.3	1.9
Result for the period	31.5	32.4	35.5	
Attributable to:				
Equity holders of New Lassila & Tikanoja	31.5	32.4	35.5	

Combined statement of comprehensive income

1 January - 31 December MEUR	2024	2023	2022	Note
Result for the period	31.5	32.4	35.5	
Other comprehensive income, net of tax				
Items that may be reclassified to profit or loss				
Currency translation differences	-0.3	0.0	-0.5	4.3
Other comprehensive income, total	-0.3	0.0	-0.5	
Total comprehensive income, after tax	31.2	32.4	35.0	
Attributable to:				
Equity holders of New Lassila & Tikanoja	31.2	32.4	35.0	

Combined statement of financial position

31 December MEUR	2024	2023	2022	Note
ASSETS				
Non-current assets				
Goodwill	118.8	118.2	118.2	3.1
Other intangible assets	35.1	28.6	24.3	3.1
Total intangible assets	153.9	146.9	142.5	
Right-of-use assets	54.8	60.7	54.5	3.4
Other property, plant and equipment	155.3	153.1	140.4	3.3
Total property, plant and equipment	210.1	213.8	195.0	
Shares in associated companies and joint ventures	18.9	17.6	14.0	3.5
Other shares and holdings	0.1	0.1	0.1	3.5
Other non-current receivables	0.4	0.9	1.0	3.5
Total other non-current assets	19.5	18.6	15.1	
Total non-current assets	383.4	379.3	352.6	
Current assets				
Inventories	9.2	7.7	7.7	2.2
Trade receivables	49.4	54.6	58.4	2.1, 4.1
Contract assets	7.2	8.7	5.8	1.2, 2.1
Income tax receivables	0.0	-	6.5	2.1
Cash-pool receivables from related parties	0.1	0.3	20.5	4.1, 5.5
Other current receivables	1.7	1.5	1.9	2.1, 4.1
Cash and cash equivalents	1.9	2.4	2.6	4.1
Total current assets	69.6	75.2	103.3	
Total assets	453.0	454.5	455.9	

Combined statement of financial position

31 December MEUR	2024	2023	2022	Note
INVESTED EQUITY AND LIABILITIES				
Total invested equity	252.1	251.4	257.8	4.3
Liabilities				
Non-current liabilities				
Deferred tax liabilities	21.7	20.6	20.7	1.9
Pension liabilities	0.1	0.1	0.1	1.3
Provisions	6.3	7.2	7.4	2.5
Borrowings	0.3	0.8	1.4	4.1
Lease liabilities	45.2	47.5	41.4	3.4, 4.1
Other liabilities	13.4	13.2	13.3	2.4
Total non-current liabilities	87.0	89.5	84.3	
Current liabilities				
Borrowings	0.5	0.6	0.7	4.1
Cash-pool liabilities to related parties	11.6	1.4	6.9	4.1
Lease liabilities	11.7	14.7	14.4	3.4, 4.1
Trade and other payables	89.4	96.5	91.7	2.3, 4.1
Income tax liabilities	0.1	0.4	0.2	2.3
Provisions	0.6	0.1	-	2.5
Total current liabilities	113.9	113.6	113.9	
Total liabilities	200.9	203.0	198.2	
Total invested equity and liabilities	453.0	454.5	455.9	

Combined statement of cash flows

1 January - 31 December MEUR	2024	2023	2022	Note
Cash flows from operating activities				
Result for the period	31.5	32.4	35.5	
Adjustments				
Income taxes	7.4	6.6	8.3	1.9
Depreciation, amortisation and impairment	43.4	44.3	39.4	1.7
Financial income and expenses	4.7	2.9	1.5	1.8
Gains and losses on sale of tangible and intangible assets	-0.7	-0.2	0.2	
Share of result of associated companies and joint ventures	-3.2	-3.6	-0.7	3.5
Provisions	-0.2	-0.5	-1.0	2.5
Gain from sale of subsidiary's net assets to joint venture	-	-	-4.3	5.4
Impact of the discontinuation of Russian operations	-	-	-0.2	
Other adjustments	1.1	0.5	0.9	
Net cash generated from operating activities before change in working capital	84.0	82.5	79.6	
Change in working capital				
Change in trade and other receivables	7.0	1.4	1.5	
Change in inventories	-1.5	-0.0	-0.9	
Change in trade and other payables	-3.9	0.8	-0.2	
Change in working capital	1.5	2.2	0.4	
Interest and other financial expenses paid	-4.7	-3.1	-1.7	
Interest and other financial income received	0.1	0.4	0.3	
Income taxes paid	-6.9	0.1	-6.7	
Net cash from operating activities	74.0	82.0	71.8	
Cash flows from investing activities				
Acquisitions of subsidiaries and businesses, net of cash acquired	-1.5	-	-13.2	5.3
Proceeds from sale of subsidiaries and businesses, net of sold cash	-	-	-2.0	5.4
Purchases of intangible assets and property, plant and equipment	-41.2	-42.9	-29.7	
Proceeds from sale of intangible assets and property, plant and equipment	1.1	0.3	0.2	
Dividends received from joint venture	1.8	-	-	
Repayment of loan receivables from joint venture	-	-	16.4	
Dividends received from other non-current investments	0.0	-	0.0	
Net cash from investing activities	-39.8	-42.6	-28.2	
Net cash from operating and investing activities	34.3	39.4	43.6	
Cash flows from financing activities				
Cash pool financing with Demerging Company	10.5	14.7	5.7	4.1
Equity financing with Demerging Group, net	-30.7	-39.1	-33.2	
Repayments of long-term borrowings	-0.6	-0.7	-0.9	4.1
Repayments of lease liabilities	-13.9	-14.5	-14.1	
Net cash from financing activities	-34.8	-39.5	-42.4	
Net change in cash and cash equivalents	-0.5	-0.1	1.2	
Cash and cash equivalents at the beginning of the period	2.4	2.6	1.5	
Effect of changes in foreign exchange rates	-0.0	-0.0	-0.1	
Cash and cash equivalents at the end of the period	1.9	2.4	2.6	4.1

Combined statement of changes in invested equity

MEUR	Note	Currency translation differences	Invested equity and retained earnings	Invested equity attributable to equity holders of New Lassila & Tikanoja
Invested equity on 1 January 2022		-	255.9	255.9
Result for the period			35.5	35.5
Translation difference		-0.5		-0.5
Total comprehensive income		-0.5	35.5	35.0
Share-based benefits	1.5		0.1	0.1
Equity transactions with Demerging Group			-33.2	-33.2
Invested equity on 31 December 2022		-0.5	258.3	257.8
Result for the period			32.4	32.4
Translation difference		0.0		0.0
Total comprehensive income		0.0	32.4	32.4
Share-based benefits	1.5		0.3	0.3
Equity transactions with Demerging Group			-39.1	-39.1
Invested equity on 31 December 2023		-0.4	251.9	251.4
Result for the period			31.5	31.5
Translation difference		-0.3		-0.3
Total comprehensive income		-0.3	31.5	31.2
Share-based benefits	1.5		0.2	0.2
Equity transactions with Demerging Group			-30.7	-30.7
Invested equity on 31 December 2024		-0.7	252.8	252.1

For more information on invested equity please refer to note 4.3 Invested equity.

Notes to the carve-out financial statements

Background and basis of preparation

Background

The company registered under the name Lassila & Tikanoja plc as of the date of this set of financial statements (the “Demerging Company”), together with its subsidiaries (the “Demerging Group”), specialises in environmental services as well as property and facility maintenance in Finland and Sweden. On 7 August 2025, the Board of Directors of the Demerging Company approved a demerger plan concerning a partial demerger of the Demerging Company. According to the demerger plan, the Demerging Company will be split so that all assets, liabilities, and obligations related to the circular economy business, or primarily serving the circular economy business, will be transferred to a newly established independent company, which will be named Lassila & Tikanoja Plc (the “New Lassila & Tikanoja Plc”), (the “Demerger”). The New Lassila & Tikanoja Plc and its subsidiaries engaged in circular economy business (the “New Lassila & Tikanoja Companies”) will form the new Lassila & Tikanoja Group (the “New Lassila & Tikanoja” or the “New Lassila & Tikanoja Group”). The facility services businesses of the Demerging Company will remain with the Demerging Company after the Demerger, and the Demerging Company is intended to be renamed Luotea Plc (“Luotea”) in connection with the Demerger.

The demerger is conditional upon the approval of the Demerging Company’s Extraordinary General Meeting. An application is intended to be made to admit the shares of the New Lassila & Tikanoja for trading on the official list of Nasdaq Helsinki Ltd (“Nasdaq Helsinki”). Shareholders of the Demerging Company will receive one share in the New Lassila & Tikanoja Plc for each share they hold in the Demerging Company as demerger consideration. The effective date of the demerger is planned to be 31 December 2025. The trading in the shares of New Lassila & Tikanoja Plc on the official list of Nasdaq Helsinki is expected to begin on 2 January 2026 or as soon as reasonably possible thereafter. As of the signing date of these financial statements, the total number of outstanding shares in the Demerging Company is 38,211,724 shares. In accordance with Chapter 17, Section 16, Subsection 3 of the Finnish Companies Act, no demerger consideration will be issued for the Demerging Company’s own shares held by the company itself. The final number of shares to be issued as demerger consideration in the New Lassila & Tikanoja Plc will be determined based on the number of shares in the Demerging Company (excluding the company’s own shares held in treasury) on the effective date of the Demerger.

The New Lassila & Tikanoja has not previously formed a separate group and has not prepared consolidated financial statements for internal or external reporting prior to the Demerger. In connection with the Demerger, the Demerging Company will separate and transfer the relevant assets and liabilities to the New Lassila & Tikanoja. The Demerging Company has prepared a set of carve-out financial statements, which includes the carve-out financial statements of the New Lassila & Tikanoja as at and for the financial years ended 31 December 2024, 31 December 2023, and 31 December 2022 (“carve-out financial statements”). These financial statements illustrate the performance, assets and liabilities, and cash flows of the business operations to be separated into the New Lassila & Tikanoja.

The future parent company of the New Lassila & Tikanoja, the New Lassila & Tikanoja Plc, will be established on the date the execution of the Demerger is registered with the Trade Register maintained by the Finnish Patent and Registration Office.

The carve-out financial statements have been prepared in accordance with the basis of preparation presented in the following sections and notes. These carve-out financial statements are prepared for inclusion in the Demerger and Listing Prospectus of the New Lassila & Tikanoja Plc, which will be prepared by the Demerging Company for the Extraordinary General Meeting approving the partial demerger and for the listing of New Lassila & Tikanoja Plc’s shares on the official list of Nasdaq Helsinki. The Board of Directors of the Demerging Company has approved these carve-out financial statements for publication on 20 November 2025.

Business of the New Lassila & Tikanoja

The New Lassila & Tikanoja is a multi-service company that brings the circular economy to life. The mission of its Circular Economy Businesses is to keep customers' materials efficiently in circulation at the highest possible level of refinement. The New Lassila & Tikanoja also develops methods for the efficient utilisation of industrial and societal side streams in accordance with circular economy principles, and it restores land areas. The services offered also include process cleaning and sewer maintenance. The New Lassila & Tikanoja promotes the circular economy through a diverse range of recycling, waste management, and industrial services, and operates in Finland and Sweden.

Basis of preparation of the carve-out financial statements

The carve-out financial statements of the New Lassila & Tikanoja as at and for the years ended 31 December 2024, 31 December 2023 and 31 December 2022 have been prepared by combining the historical carrying amounts of income, expenses, assets, liabilities and cash flows attributable to the legal entities forming the New Lassila & Tikanoja, as included in the consolidated financial statements of the Demerging Company. Accordingly, income, expenses, assets, liabilities and cash flows that are directly attributable or allocable to, or that will transfer to, the New Lassila & Tikanoja have been included in the carve-out financial statements. In addition, the carve-out financial statements include certain allocations from the Demerging Group, including income, expenses, assets, liabilities and cash flows of the Demerging Company that are either transferred to the New Lassila & Tikanoja or have been allocated to it for the purpose of preparing these carve-out financial statements.

The carve-out financial statements of the New Lassila & Tikanoja have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union with consideration of the principles described below according to which the assets and liabilities, income and expenses, and cash flows attributable to the New Lassila & Tikanoja have been measured.

As IFRS Accounting Standards do not provide specific guidance on the preparation of carve-out financial statements, certain procedures commonly used in the preparation of historical financial information have been applied in compiling the carve-out financial statements included in the prospectus. These carve-out accounting conventions are described below.

These carve-out financial statements may not necessarily reflect the combined results of operations and financial position that the New Lassila & Tikanoja would have had if it would have operated as an independent legal group from 1 January 2022 and prepared standalone consolidated financial statements for the years 2022–2024. Nor do the carve-out financial statements necessarily indicate the future results of operations, financial position or cash flows of the New Lassila & Tikanoja.

The carve-out financial statements have been prepared on a going concern basis and using historical acquisition costs, except for contingent considerations related to business combinations, which are measured at their probable realisation value.

These carve-out financial statements include the assets, liabilities, income, expenses and cash flows of the following legal entities forming the New Lassila & Tikanoja group and the business operations related to the New Lassila & Tikanoja:

Legal entities:

Finnish subsidiaries

L&T Ympäristöpalvelut Oy

L&T Teollisuuspalvelut Oy

Suomen Keräystuote Oy (from 1 July 2024 onwards, previously an associated company)

Sihvari Oy (until 9 June 2023)

Turun Seudun Hyötykuljetus Oy, Finland (until 1 August 2023)

L&T Biowatti Oy (until 1 July 2022)¹

Foreign subsidiaries

Sand & Vattenbläst i Tyringe AB, Sweden (from 1 February 2022 onwards)
Cisternservice i Hässleholm AB, Sweden (1 February 2022 – 30 December 2024)
PF Industriservice AB, Sweden (1 February 2024 – 30 December 2024)

Joint ventures

Laania Oy, Finland (from 1 July 2022 onwards)¹

Business operations related to the New Lassila & Tikanoja from the following entities:

Demerging Company², the parent company of the Demerging Group
Hankinta Ky²

¹ Information regarding the joint venture and the sale of L&T Biowatti Oy's net assets to the joint venture is presented in the notes to the carve-out financial statements under Note 3.5 Other non-current assets and Note 5.4 Business disposals and assets and liabilities classified as held for sale.

² The assets, liabilities, income, expenses and cash flows attributable to the New Lassila & Tikanoja's business operations originate from the Demerging Company and Hankinta Ky, which was part of the Demerging Group. Hankinta Ky was liquidated in December 2023.

The circular economy business to be transferred to the New Lassila & Tikanoja was managed as separate operating segments (Environmental Services and Industrial Services) within the Demerging Group until the end of 2024. As of the beginning of 2025, Environmental Services and Industrial Services formed a new Circular Economy Business Area within the Demerging Group, which constitutes an independent reportable segment.

The information in the carve-out financial statements is presented in millions of euros unless otherwise stated. All figures presented have been rounded, which may result in the sum of individual figures differing from the total amount presented.

Principles applied in the preparation of the carve-out financial statements

The following sections provide a summary of the accounting and other principles applied in the preparation of the carve-out financial statements.

The carve-out financial statements include allocated income, expenses, assets, liabilities and cash flows, the allocation of which is based on management judgement, assumptions and estimates as described below. The most significant estimates, judgements and assumptions relate to the allocation of costs arising from certain centrally provided services, lease arrangements, shared assets, cash management and financing, the determination of taxes based on taxable income for the period and deferred taxes, as well as invested equity. The New Lassila & Tikanoja does not have any material recurring operational business relationships with the remaining Demerging Group.

The management of the Demerging Company considers that the allocations made in the preparation of the carve-out financial statements have been made on a reasonable basis, but they may not necessarily reflect the income and expenses that would have arisen had the New Lassila & Tikanoja operated as a separate group and prepared its own consolidated financial statements for the periods presented.

Intra-group transactions and related party transactions

Transactions and balances between the entities forming the New Lassila & Tikanoja included in the carve-out financial statements have been eliminated. Transactions and balance sheet items between the New Lassila & Tikanoja and the remaining Demerging Group, which were considered intra-group transactions in the consolidated reporting of the Demerging Company, have been treated as related party transactions in the carve-out financial statements.

Intercompany items of the Demerging Company against the New Lassila & Tikanoja entities have been allocated to the New Lassila & Tikanoja in the preparation of the carve-out financial statements and eliminated as intercompany items between the New Lassila & Tikanoja Plc and other New Lassila & Tikanoja Companies, except for cash pool receivables from and cash pool liabilities to the Demerging Company and related internal interest income and expenses. These items have been treated as related party transactions in the carve-out financial statements. In the Demerger, the cash pool receivables and liabilities of the

Demerging Company from the New Lassila & Tikanoja entities will transfer to New Lassila & Tikanoja Plc, after which they will be eliminated in the consolidated financial statements prepared post-demerger. The carrying amounts of the shares in the subsidiaries owned by the Demerging Company and transferred to New Lassila & Tikanoja Plc in the demerger have been allocated to the New Lassila & Tikanoja in these carve-out financial statements. The acquisition method has been applied to eliminate the acquisition cost of the subsidiaries.

Centrally provided services

The Demerging Company has been responsible for the management and general administration of the Demerging Lassila & Tikanoja Group. In addition, the Demerging Company has provided various centrally delivered services to its subsidiaries. In preparing the carve-out financial statements of the New Lassila & Tikanoja, income and expenses directly attributable to the New Lassila & Tikanoja, or certain historical transactions related to it, have been allocated to the New Lassila & Tikanoja in accordance with the allocation principle, meaning that the allocation follows the origin and nature of the costs.

Historically, the Demerging Company has directly charged its subsidiaries for internal and external costs incurred for services performed on their behalf, as well as a share of common operational costs through management fees. Such services include, among others, IT, finance and treasury, human resources, legal affairs, indirect procurement, real estate, risk management and communications. Certain costs incurred by the parent company, such as insurance premiums, have historically been invoiced directly to the subsidiaries. These costs have been included in the carve-out financial statements based on the amounts historically charged.

The Demerging Group has historically incurred costs related to strategic group-level projects or business restructurings that were not allocated or charged to subsidiaries. These costs have been allocated to the New Lassila & Tikanoja in the carve-out financial statements if the related business operations are transferred to it.

The Demerging Group has also historically incurred certain costs related to operating as a listed company. These costs include board expenses and part of the costs related to group management, strategy, human resources, legal affairs, financial administration, communications and investor relations, as well as IT. These listing-related costs represent group-level expenses that were historically unallocated or uncharged. In the carve-out financial statements, a portion of these costs has been allocated to the New Lassila & Tikanoja to reflect the business-related expenses, using appropriate allocation keys such as revenue or headcount. Management considers these allocation bases to be appropriate.

Management believes that the allocations reasonably reflect the use of centrally provided services. These allocated costs have been influenced by arrangements in place within the Demerging Group and may not necessarily reflect the future situation in the New Lassila & Tikanoja.

Shared assets, liabilities and lease arrangements with the remaining Demerging Group's operations

Lease agreements under which the New Lassila & Tikanoja entities have had control or have been the primary users, and which will transfer to the New Lassila & Tikanoja in the Demerger, have been presented as leases in the carve-out financial statements.

Historically, the New Lassila & Tikanoja and the remaining Demerging Group have operated in shared leased premises and offices in certain locations. For these premises, the legal lessee has charged the other entities using the premises a proportionate share of the costs based on usage. For premises where the New Lassila & Tikanoja entities are not the legal lessee and the lease agreement will not transfer to the New Lassila & Tikanoja in the Demerger, the cost related to the use of such premises has been included in the carve-out financial statements and presented as other operating expenses in the carve-out financial statements as related party transactions. For premises where the New Lassila & Tikanoja entities are the legal lessee and the lease agreement will transfer to the New Lassila & Tikanoja in the Demerger, and the remaining Demerging Group has used the premises, the portion of the premises used by the remaining Demerging Group has been included as income in the carve-out financial statements and presented as related party transactions.

The New Lassila & Tikanoja and the remaining Demerging Group have also historically shared certain fixed assets (machinery and equipment), which have been allocated to the New Lassila & Tikanoja and included in

property, plant and equipment in the carve-out financial statements if the asset is expected to transfer to the New Lassila & Tikanoja as part of the Demerger. If the asset is not expected to transfer to the new Lassila & Tikanoja in the Demerger, but the New Lassila & Tikanoja has used the asset in its operations, the cost related to the use of the asset has been included in the carve-out financial statements based on an applicable allocation key (such as square metres or headcount).

The assets and lease arrangements presented in the carve-out financial statements may differ significantly from the future needs of the New Lassila & Tikanoja as a standalone company. The New Lassila & Tikanoja will enter into new lease agreements related to shared assets upon completion of the Demerger, based on the future needs of the business.

Share-based payments

Key personnel of the New Lassila & Tikanoja have historically participated in the share-based incentive programmes of the Demerging Company. Expenses related to share-based incentive programmes for individuals directly employed by the New Lassila & Tikanoja Companies have been fully included in the carve-out financial statements. The carve-out financial statements also include an allocated portion of the share-based incentive expenses for individuals involved in the group functions of the Demerging Company, using the same allocation principles as for centrally provided services, which management considers an appropriate method for allocating share-based payment expenses.

Allocations based on historical expenses may not necessarily reflect the costs that will arise from incentive schemes to be established for key personnel of the New Lassila & Tikanoja in the future. Further information on share-based payments is presented in Note 1.5 Share-based payments.

Pension obligations

The majority of the Demerging Group's pension arrangements have historically been defined contribution plans. The expenses related to these arrangements have been included in the carve-out financial statements based on the actual headcount of each legal entity forming the New Lassila & Tikanoja. The carve-out financial statements also include an allocated portion of pension expenses for individuals involved in the group functions of the Demerging Company, using the same allocation principles as for centrally provided services, which management considers an appropriate method for allocating pension-related expenses.

The Demerging Group also has a limited number of defined benefit pension arrangements, mainly acquired through business combinations. These arrangements and the related obligations will remain with the remaining Demerging Group following the Demerger and have not been included in the carve-out financial statements.

In Sweden, the Demerging Group has made pension deposits for a few individuals, for which the group has neither a legal nor constructive obligation to make additional payments. The assets related to these arrangements have been recognised under non-current receivables in the balance sheet, with a corresponding liability recorded under pension obligations. The portion attributable to the New Lassila & Tikanoja entities has been included in the carve-out financial statements.

Further information on employee benefit expenses and pension obligations is presented in Note 1.3 Employee benefit expenses.

Cash Management and Financing

The Demerging Group has historically employed centralised cash management and addressed the Group's financing needs through cash pool arrangements and internal loans. The cash and cash equivalents of the New Lassila & Tikanoja consist of cash held by the legal entities of the New Lassila & Tikanoja. In connection with the demerger, a certain amount of the Demerging Company's cash and cash equivalents will be transferred to the New Lassila & Tikanoja in accordance with the principles described in the demerger plan. No portion of the Demerging Company's cash and cash equivalents has been allocated to these carve-out financial statements, as the share attributable to the New Lassila & Tikanoja cannot be reliably allocated.

The external financing of the Demerging Group is centralised and managed by the Demerging Company. The working capital required by the subsidiaries has historically been financed mainly through cash pool arrangements. To illustrate the effects of the New Lassila & Tikanoja Companies' historical intra-group

financing, cash pool liabilities to and cash pool receivables from the Demerging Company have been included in these carve-out financial statements as financial liabilities and assets and are presented as related party transactions. Interest income and expenses related to the New Lassila & Tikanoja companies' cash pool receivables and liabilities are presented as related party transactions in the carve-out financial statements. In the demerger, these Demerging Company's intra-group loan receivables from and liabilities to the New Lassila & Tikanoja Companies will be transferred to the New Lassila & Tikanoja Plc. Accordingly, these intra-group receivables and liabilities will be fully eliminated from the consolidated financial statements of the New Lassila & Tikanoja after the demerger.

The carve-out financial statements include the existing external financing arrangements of the New Lassila & Tikanoja Companies and the related interest expenses. The Demerging Company's external financing arrangements have not previously been drawn or directly allocated to the business of the New Lassila & Tikanoja, and the Demerging Company's external financing cannot be reliably allocated to the New Lassila & Tikanoja in the carve-out financial statements. Accordingly, financial income and expenses related to the Demerging Company's external financing have not been allocated to the New Lassila & Tikanoja. The Demerging Company has agreed with its creditors that, in connection with the demerger, a certain amount of the Demerging Company's external debt will be transferred to the New Lassila & Tikanoja in accordance with the demerger plan. The carve-out financial statements have not been adjusted to reflect the share of the Demerging Company's debt to be transferred to the New Lassila & Tikanoja in the demerger.

The financing presented in the carve-out financial statements may differ significantly from the financing needs of the New Lassila & Tikanoja as an independent company in the future. It should be noted that the finance costs included in the carve-out financial statements do not necessarily reflect what the finance costs would have been had the New Lassila & Tikanoja historically obtained financing independently, nor do they necessarily represent the future finance costs of the New Lassila & Tikanoja.

Invested Equity

The New Lassila & Tikanoja has not previously constituted a separate legal group nor prepared separate consolidated financial statements, and therefore it is not meaningful to present share capital or a breakdown of equity reserves. The net assets attributable to the New Lassila & Tikanoja are represented in the combined statement of financial position as invested equity, which consists of currency translation differences, invested equity, and retained earnings.

Changes in the net assets allocated to the New Lassila & Tikanoja are presented separately in the combined statement of changes in invested equity under the line item "Equity transactions with the Demerging Group" and in the combined statement of cash flows under the line item "Equity financing with Demerging Group, net". These reflect intra-group equity financing between the Demerging Group and the New Lassila & Tikanoja during the periods presented. The amount of invested equity is affected by the net assets allocated to the New Lassila & Tikanoja, which comprise income and expenses, assets and liabilities allocated from the Demerging Company and other companies in the Demerging Group to the New Lassila & Tikanoja.

Translation differences are recognised in a separate accumulated currency translation differences item included in the total invested equity, and changes in these are presented in other comprehensive income.

The capital structure allocated to the New Lassila & Tikanoja for the purposes of preparing the carve-out financial statements, i.e. invested equity, does not as such reflect the capital structure that the New Lassila & Tikanoja would have required had it operated as a separate group during the periods presented. The equity of the New Lassila & Tikanoja will be formed upon completion of the demerger, and the New Lassila & Tikanoja Plc will have share capital and other reserves as described in the demerger plan.

Income Taxes

The subsidiaries belonging to the New Lassila & Tikanoja Group have operated as separate taxable entities during the financial periods presented in these carve-out financial statements. For these companies, the tax expenses as well as tax liabilities and receivables included in the carve-out financial statements are based on actual taxation.

New Lassila & Tikanoja Plc, which will be established through the partial demerger from the Demerging Company, has not filed separate tax returns during the periods presented. The tax expense presented in these carve-out financial statements includes an additional tax expense calculated as if New Lassila &

Tikanoja Plc had been a separate taxable entity. This tax expense is presented in the carve-out financial statements as a tax expense in the income statement and, in the statement of financial position, as a transaction with the remaining Demerging Group, which has been recognised in invested equity.

The line item "Income taxes paid" in the combined statement of cash flows reflects taxes based on the taxable income of all New Lassila & Tikanoja companies for the period, as they are considered to have been paid by the respective companies. To the extent that such taxes have not historically been paid in cash, these taxes are considered to represent investments made by, or distributions of assets to, the Demerging Group, and are deemed to be settled immediately through equity. Such equity-settled transactions are presented in the financing cash flows of the combined statement of cash flows under "Equity financing with Demerging Group, net".

The tax expenses presented in the combined income statement do not necessarily reflect the tax expenses that may arise in the future when the New Lassila & Tikanoja companies operate as separate taxable entities.

Foreign Currency Transactions

The carve-out financial statements are presented in euros, which is the functional and reporting currency of the parent company of the New Lassila & Tikanoja. The New Lassila & Tikanoja Group also includes foreign subsidiaries whose functional currency is the Swedish krona. At each reporting date, the income statements of the foreign New Lassila & Tikanoja companies are translated into euros at the average exchange rate for the financial period, and the balance sheets are translated at the exchange rate prevailing on the balance sheet date. Foreign currency transactions are recognised at the exchange rate prevailing on the date of the transaction.

The items in the statement of financial position and income statement translated into euros have been allocated either to the New Lassila & Tikanoja or to the remaining Demerging Group. The translation difference related to the allocated items is recognised in invested equity, and changes in the translation difference are presented in the combined statement of comprehensive income.

Earnings per share

The carve-out financial statements have been prepared in accordance with the carve-out principle, and therefore it is not possible to determine earnings per share. The New Lassila & Tikanoja has not had share capital during the periods presented in these carve-out financial statements, nor can it be allocated a portion of the Demerging Company's outstanding shares. For these reasons, management considers that it is not possible to accurately calculate the earnings per share of the New Lassila & Tikanoja based on the carve-out figures, and thus the requirement to present earnings per share under IAS 33 "Earnings per Share" has not been applied.

New and amended standards and interpretations applied

New and amended standards and interpretations adopted in 2022

The New Lassila & Tikanoja has adopted the following new and amended standards and interpretations issued by the IASB, which are to be applied from 1 January 2022:

- Annual Improvements to IFRS Accounting Standards 2018–2020: The amendment to IFRS 9 Financial Instruments clarifies whether a modification of a financial liability results in the derecognition of the existing liability and the recognition of a new liability. The annual improvements to other standards are not material to New Lassila & Tikanoja.
- Amendments to IAS 16 Property, Plant and Equipment: The amended standard clarifies how proceeds from selling items produced while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management should be recognised. According to the clarification, such proceeds should be reported as revenue and not as a deduction from costs.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: The amended standard clarifies that the cost of fulfilling a contract includes costs that relate directly to the contract, including incremental costs such as labour and materials, and an allocation of other costs

that relate directly to fulfilling contracts, such as the depreciation of assets used in fulfilling the contract.

The amendments to standards that came into force on 1 January 2022 have had no impact on the past financial year and are not expected to have a material impact on future financial years or on anticipated business transactions.

New and amended standards and interpretations adopted in 2023

The New Lassila & Tikanoja has adopted the following new and amended standards and interpretations issued by the IASB, which are to be applied from 1 January 2023:

- Amendments to IAS 12 Income Taxes – Deferred Taxes related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how deferred taxes should be recognised for a single transaction, such as a lease.
- Amendments to IAS 1 Presentation of Financial Statements: The amendment clarifies in which circumstances a change in accounting policy is material and must be disclosed.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: The amendment clarifies the definition and application of an accounting estimate.
- Amendments to IAS 12 Income Taxes – International Tax Reform: Pillar Two is an OECD initiative to address tax challenges arising from the digitalisation of the global economy by introducing Global Anti-Base Erosion (GloBE) rules and a related 15 per cent global minimum tax. In December 2022, the Council of the European Union adopted Directive (EU) 2022/2523, requiring EU Member States to incorporate the GloBE rules into national legislation by 31 December 2023. The New Lassila & Tikanoja has applied the exemption provided in paragraph 4A of IAS 12 and has not recognised or disclosed information on deferred tax assets or liabilities related to Pillar Two income taxes. According to management's assessment, the Group's exposure to additional tax is limited, as the Group operates in Finland and Sweden, both of which have a corporate tax rate exceeding 15 per cent.

The amended standards that came into force on 1 January 2023 have had no impact on the past financial year and are not expected to have a material impact on future financial years or anticipated business transactions.

New and amended standards and interpretations adopted in 2024

The New Lassila & Tikanoja has adopted the following new and amended standards and interpretations issued by the IASB, which are to be applied from 1 January 2024:

- Amendments to IAS 1 Presentation of Financial Statements: The amended standard clarifies that loan covenants which are required to be complied with and assessed only after the reporting date do not affect the classification of a liability as current or non-current at the reporting date. However, covenants that must be met on or before the balance sheet date must be considered in the classification of the liability as current or non-current, even if compliance with the covenant is assessed only after the reporting date.
- Amendments to IFRS 16 Leases: The amendment clarifies the accounting treatment and measurement of sale and leaseback transactions, particularly regarding the value of the right-of-use asset, which the seller-lessee measures based on the retained economic benefits.

The amended standards that came into force on 1 January 2024 have had no impact on the past financial year and are not expected to have a material impact on future financial years or anticipated business transactions.

New and amended standards and interpretations to be applied in future financial periods

The New Lassila & Tikanoja will adopt new standards and interpretations from their effective date, or, if the effective date is other than the first day of the financial year, from the beginning of the financial year following the effective date.

On 9 April 2024, the International Accounting Standards Board (the IASB) issued IFRS 18 "Presentation and Disclosure in Financial Statements". The standard replaces IAS 1 "Presentation of Financial Statements" and it also introduces amendments to several other IFRS Accounting Standards, such as IAS 7 "Statement of

Cash Flows” and IAS 8 ”Accounting Policies, Changes in Accounting Estimates and Errors”. The standard includes:

- new required totals, subtotals and categories in the statement of profit or loss,
- new requirements for disclosures regarding management-defined performance measures, and
- guidance on aggregation and disaggregation of information to be presented.

The company is currently analysing the requirements of the new standard and the changes it will require to systems and chart of accounts.

The standard must be applied for financial years beginning on or after 1 January 2027. Earlier application is also permitted. The New Lassila & Tikanoja will begin applying the standard for the financial year starting on 1 January 2027.

No other new or amended standards or amendments known to be adopted in the future are expected to have a material impact on the financial reporting of New Lassila & Tikanoja.

Critical judgements by Management

In addition to the carve-out principles applied in the carve-out financial statements and related estimates and assumptions, in preparing the IFRS financial statements, the management of the New Lassila & Tikanoja is required to make estimates and assumptions about the future, the outcomes of which may differ from those estimates and assumptions. Management must also exercise judgement when making decisions regarding the selection and application of accounting principles.

Judgement-based decisions particularly concern cases where the applicable IFRS Accounting Standards provide alternative methods for recognition, measurement, or presentation.

The preparation of financial statements requires management to use estimates and assumptions that affect the amounts of assets and liabilities at the balance sheet date, as well as the income and expenses for the financial period. The estimates and assumptions are based on management’s best knowledge at the time of preparing the financial statements, previous experience, and the most probable assumptions regarding the future at the balance sheet date. The most significant area in which management has exercised such judgement relates to the measurement of assets and liabilities recognised in connection with acquired businesses.

The key assumptions concerning the future and the key sources of estimation uncertainty relating to the balances at the reporting date, which present the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed in the following notes:

- 1.2 Revenue from contracts with customers
- 2.4 Other non-current liabilities
- 2.5 Provisions
- 3.2 Goodwill impairment testing
- 3.4 Right-of-use assets and lease liabilities
- 5.3 Business acquisitions

1. Financial result

1.1 Segment reporting

Accounting policy

Segment information is reported in a manner consistent with the internal reporting and management structure provided to the chief operating decision-maker. The segment data in the carve-out financial statements has been reported in accordance with the reporting structure of the Demerging Group as of 31 December 2024, and the chief operating decision-maker has been the CEO of the Demerging Company, who is responsible for allocating resources to operating segments and assessing their performance. The chief operating decision-maker evaluates the performance of operating segments based on adjusted operating profit and operating profit. Additionally, capital employed and gross capital expenditure of the segments have been reported monthly to the chief operating decision maker.

Capital employed consists of equity plus interest-bearing financial liabilities. The segment's capital employed is defined based on the assets and liabilities that the segment uses in its operations and that can be reasonably allocated to the segment. Gross capital expenditure consists of investments in intangible assets and property, plant and equipment, including business acquisitions. For right-of-use assets, only acquisitions of heavy rental equipment are included in gross capital expenditure.

The item "Unallocated items and eliminations" includes the portion of the Demerging Company's group administration income and expenses allocated to the New Lassila & Tikanoja, which have not been allocated to segments. These income and expenses include items common to the entire Demerging Group, such as group management expenses and costs arising from operating as a listed company. The capital employed corresponding to these income and expenses is also included in the "Unallocated items and eliminations" item. In addition, this item includes lease liabilities and eliminations as well as carve-out adjustments.

Operating segments

The new Lassila & Tikanoja has historically as part of the Demerging Group consisted of two operating and reportable segments: Environmental Services and Industrial Services.

The Environmental Services division consists of waste management and recycling business, the sale and maintenance of waste containers, and new circular economy solutions. This division operates exclusively in Finland.

The Industrial Services division comprises material recovery solutions focused on material flows generated in industrial processes and their utilization, specialized process cleaning services for industrial processes, the collection and treatment of hazardous waste, and sewer maintenance and inspection services. The division operates in both Finland and Sweden.

2024, MEUR	Environmental services	Industrial Services	Unallocated items and eliminations	New Lassila & Tikanoja
External net sales	280.8	143.0	-	423.9
Inter-division net sales	0.7	2.1	-2.7	-
Net sales	281.5	145.1	-2.7	423.9
Materials and services	-82.1	-43.9	2.4	-123.6
Employee benefit expenses	-88.9	-46.3	-5.1	-140.3
Other operating expenses	-56.6	-26.6	4.4	-78.8
Operating profit	26.2	15.1	-0.8	40.5
Items affecting comparability ¹	0.5	1.1	0.6	
Adjusted operating profit	26.6	16.2	-0.2	
Financial income and expenses				-4.7
Share of the result of associated companies and joint ventures				3.2
Result before taxes				38.9
Income taxes				-7.4
Result for the period				31.5
Capital employed	207.3	92.4	21.7	
Gross capital expenditure	18.4	17.4	0.3	
Depreciation, amortisation and impairments	30.1	13.4	-0.1	43.4

2023, MEUR	Environmental services	Industrial Services	Unallocated items and eliminations	New Lassila & Tikanoja
External net sales	282.9	139.2	-	422.1
Inter-division net sales	0.8	1.8	-2.6	-
Net sales	283.7	141.0	-2.6	422.1
Materials and services	-85.1	-44.8	2.2	-127.6
Employee benefit expenses	-87.3	-44.1	-5.6	-137.0
Other operating expenses	-56.7	-26.0	4.5	-78.2
Operating profit	25.9	13.8	-1.4	38.3
Items affecting comparability ¹	-	0.2	0.1	
Adjusted operating profit	25.9	14.0	-1.4	
Financial income and expenses				-2.9
Share of the result of associated companies and joint ventures				3.6
Result before taxes				39.0
Income taxes				-6.6
Result for the period				32.4
Capital employed	208.0	92.2	16.2	
Gross capital expenditure	40.2	17.5	0.6	
Depreciation, amortisation and impairments ²	31.5	12.8	-0.0	44.3

2022, MEUR	Environmental services	Industrial Services	Unallocated items and eliminations	New Lassila & Tikanoja
External net sales	320.6	130.3	-	450.9
Inter-division net sales	0.6	1.8	-2.4	-
Net sales	321.2	132.0	-2.4	450.9
Materials and services	-124.7	-41.8	2.0	-164.5
Employee benefit expenses	-83.8	-40.7	-5.1	-129.6
Other operating expenses	-56.4	-24.7	3.0	-78.1
Operating profit	30.3	12.7	1.7	44.6
Items affecting comparability ¹	-	0.8	-2.9	
Adjusted operating profit	30.3	13.6	-1.2	
Financial income and expenses				-1.5
Share of the result of associated companies and joint ventures				0.7
Result before taxes				43.8
Income taxes				-8.3
Result for the period				35.5
Capital employed	197.3	95.2	30.0	
Gross capital expenditure	20.3	34.6	0.5	
Depreciation, amortisation and impairments	26.9	12.3	0.3	39.4

¹ Items affecting comparability mainly include expenses related to business acquisitions, including changes in the fair value of the deferred consideration related to the acquisition of Sand & Vattenbläst i Tyringe AB ("SVB"), as well as expenses related to business restructurings. In addition, the items affecting comparability in Unallocated items and eliminations in 2022 include a EUR 4.3 million gain on the sale of the fuel wood business to the joint venture Laania. Further information on the valuation of the deferred consideration related to SVB is presented in Note 2.4 Other non-current liabilities, and on the sale of the fuel wood business in Note 5.4 Business disposals and assets and liabilities classified as held for sale.

² The figure for Environmental Services in 2023 includes an impairment of intangible assets totalling EUR 1.9 million. The impairment consists of expenses of the previous supplier of the new ERP system capitalised in prepayments and construction in progress.

Information on the geographical areas

Accounting policy

The New Lassila & Tikanoja operates in Finland and Sweden. Net sales of geographical areas are reported based on the geographical location of the customer, and assets are reported by geographical location of the assets.

MEUR	2024	2023	2022
Net sales			
Finland	393.3	398.6	429.9
Sweden	21.2	16.8	15.9
Other countries	9.4	6.7	5.2
Total	423.9	422.1	450.9
Assets			
Finland	441.1	443.7	446.7
Sweden	11.9	10.8	9.2
Total	453.0	454.5	455.9
Gross capital expenditure			
Finland	31.9	56.0	39.3
Sweden	4.2	2.2	16.1

1.2 Revenue from contracts with customers

Accounting policy

Revenue from contracts with customers is recognised when or as the performance obligation is satisfied by transferring a promised good or service to the customer. A good or a service is transferred when the customer obtains control of the good or service. Revenue is recognised based on the transaction price to which L&T expects to be entitled in exchange for transferring the good or service.

The New Lassila & Tikanoja acts as a principal in all of its contracts with customers.

The New Lassila & Tikanoja applies the practical expedient and does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period. This is because the contract period in the customer contracts for project deliveries is typically short. However, in long-term service agreements the contract period can be several years. For these contracts the New Lassila & Tikanoja applies the practical expedient according to which the New Lassila & Tikanoja is entitled to a consideration from the customer that corresponds directly with the value to the customer from the New Lassila & Tikanoja's performance completed to date. In these contracts the New Lassila & Tikanoja recognises revenue for the amount that it is entitled to invoice.

Critical judgements by Management

The amount and timing of revenue recognition involves management's judgement especially in the following areas:

- Timing of revenue recognition in services and project business
- Treatment of repurchase agreements relating to compactors and balers including the assessment of the materiality of financing component
- Measurement of variable consideration

These judgements have been described in more detail in the description relating to revenue recognition.

Services business

Services business comprises of long-term service agreements and separately ordered services.

Long-term service agreements include for example waste management and recycling services. Long-term service agreements include one or more performance obligations depending on the amount of distinct services provided to the customer. A typical characteristic of long-term services is that services are delivered evenly throughout the contract term. Each service is a distinct performance obligation as the customer can benefit from the services on its own and could order the services from different service providers. If a contract contains more than one distinct performance obligation, the transaction price is allocated to each performance obligation based on the stand-alone selling prices.

In addition to the long-term service agreements, the New Lassila & Tikanoja offers services which are separately ordered. Compared to the long-term service agreements, services that are ordered separately are typically short-term in nature and they are provided either occasionally or on a non-recurring basis.

Revenue from services business is recognised over time, as the customer simultaneously receives and consumes the benefits from the services provided. Revenue from services that are invoiced with a fixed-term fee is recognised evenly over the contract term as also the work is performed evenly over the term. Revenue from services that are invoiced based on hourly fees is recognised based on the work performed.

The environmental construction business line receives contaminated soil from customers, for which the performance obligation is the receipt and processing of soil. Measuring progress towards complete satisfaction of the performance obligation is based on the output method. Revenue is recognised based on the amount of processed soil. Customer is invoiced when soil is received and the payment received from the customer is treated as a contract liability.

Project business

Project business of the New Lassila & Tikanoja includes projects for industrial process cleaning and closing of landfills. In project business the customer orders the entire project at once and the project is considered as a single performance obligation. In some cases, a contract can also consist of several different locations and each location creates a distinct performance obligation. If the contract contains more than one distinct performance obligation, the transaction price is allocated to each performance obligation based on the stand-alone selling prices.

Revenue from project business is recognised over time as the projects mainly relate to enhancing an asset that the customer controls. In project business the input method based on costs incurred is used for measuring the progress towards complete satisfaction of the performance obligation. The management has estimated that the costs incurred for a project can be determined reliably. Also, due to the contract structure in project business the management has determined that the New Lassila & Tikanoja has an enforceable right to payment for performance completed to date. In project business, invoicing is typically based on a predetermined payment schedule.

Sale of equipment and materials

Sale of equipment consists of sale of compactors and balers to customers. Sale of materials consists of sale of wood-based fuels and recycled fuels as well as of sale of other recycled raw materials. Each equipment or material delivery creates a distinct performance obligation in the sale of equipment and materials. The equipment delivered by the New Lassila & Tikanoja does not involve any additional warranties that would be considered as a distinct performance obligation.

Control of the delivered product is transferred when the physical possession of the product has been transferred to the customer, which typically occurs at delivery. The New Lassila & Tikanoja delivers wood-based fuels and recycled fuels to customers. The consideration received from a customer is based on the amount of delivered fuel and the energy level of the fuel or on the amount of the delivered material. In some cases, the final transaction price is determined after the customer has measured the amount of fuel delivered, and, thus, there is uncertainty relating to the amount of final transaction price. Management has estimated that the level of uncertainty related to the transaction price is low and any adjustments to be made to the transaction price when the uncertainty is resolved are not considered to be material.

Lease income

In addition to the sale of compactors and balers, customers can also lease the equipment through an external financing company. The agreement made between the New Lassila & Tikanoja and the financing company includes a repurchase obligation at the end of the lease period with a predetermined residual value. Due to the repurchase obligation management has determined that all the risks and rewards incidental to ownership of the assets are not transferred substantially to the customer and, thus, the leased equipment is treated as tangible assets. At the inception of the lease, advances received from the financing company as well as the residual value of the asset are recognised as a liability in the balance sheet. Lease income is recognised monthly during the lease term. Management has estimated that the amount of payment received from the financing company does not include a significant financing component based on the low amount of lease income.

Estimating variable consideration

The contracts with customers may include components of variable considerations, such as bonuses and penalties for delay. Based on historical data, management has assessed that the level of uncertainty relating to the variable consideration is generally low, and the variable consideration has been fully included in the amount to be recognised as revenue. The estimate of the amount of variable considerations is reassessed at the end of each reporting period.

Contract balances

Contract assets and trade receivables

A contract asset is a right to consideration in exchange for goods or services that are transferred to a customer. If goods or services are transferred to a customer before the invoice is sent to the customer, the amount is recognised as a contract asset. If the New Lassila & Tikanoja has an unconditional right to the consideration, a trade receivable is recognised in the statement of financial position.

Contract assets and trade receivables are assessed for impairment. The general payment term for customers is 14 days, but it can vary depending on the specific case.

Contract liabilities

A contract liability is an obligation to transfer goods or services to a customer for which the New Lassila & Tikanoja has received consideration from the customer. If a customer pays consideration before goods or services are transferred to the customer, a contract liability is recognised in the statement of financial position when the payment is made by the customer.

Incremental costs of obtaining a contract

The New Lassila & Tikanoja does not have material incremental costs to obtain a contract. The New Lassila & Tikanoja applies a practical expedient which allows the costs to obtain a contract to be recognised when they occur.

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.

MEUR	2024	2023	2022
Long-term service agreements	289.4	292.5	280.6
Separately ordered services	66.0	58.5	59.0
Project business	9.9	11.8	9.7
Sales of equipment and materials	55.1	55.7	98.3
Lease income	3.5	3.5	3.3
Total net sales	423.9	422.1	450.9

Contract balances

MEUR	2024	2023	2022
Trade receivables	49.4	54.6	58.4
Contract assets	7.2	8.7	5.8
Contract liabilities	7.3	8.5	6.4

Contract assets consist of uninvoiced sales, which will be invoiced during the following reporting period and related to which the New Lassila & Tikanoja does not have unconditional right to consideration at balance sheet date.

Contract liabilities are mainly related to the long-term service agreements and are recognised as revenue entirely during the following period. Contract liabilities are included in the balance sheet item Trade and other payables.

No revenue was recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.

1.3 Employee benefit expenses

Accounting policy

The New Lassila & Tikanoja's employee benefits include wages, salaries and bonuses paid to employees, post-employment benefits (defined contribution plans), share-based payments and other personnel expenses (statutory social security costs).

Under defined contribution plans, the New Lassila & Tikanoja pays fixed contributions for pensions, and it has no legal or factual obligation to pay further contributions. Contributions to defined contribution plans are recognised in the income statement in the financial period to which they relate.

Details on share-based payments are disclosed in note 1.5 Share-based payments. The employee benefits of the top management are disclosed in note 5.5 Related-party transactions.

Carve-out principle

The tables below include the personnel directly employed by the New Lassila & Tikanoja and the related expenses. In addition, for the preparation of the carve-out financial statements, a portion of the expenses related to the management and corporate functions of the Demerging Company has been allocated to the New Lassila & Tikanoja. The allocation key used is a relevant identifier for each corporate function, such as revenue or headcount. Half of the Demerging Company's total headcount has been allocated to the New Lassila & Tikanoja for the purposes of preparing the carve-out financial statements. Management considers these allocation principles to be appropriate.

MEUR	2024	2023	2022
Wages, salaries and bonuses	115.4	111.8	105.9
Pension costs	21.7	20.7	19.7
Share-based payments	0.2	0.3	0.1
Other personnel expenses	3.0	4.1	4.0
Total	140.3	137.0	129.6

The New Lassila & Tikanoja has in Sweden pension deposits concerning a few people. The New Lassila & Tikanoja has no legal or factual obligation to pay further contributions to these arrangements. The value of the deposits is recognised in other non-current receivables and a corresponding liability is recognised in pension liabilities.

Average number of employees in full-time equivalents

	2024	2023	2022
Finland	1,789	1,810	1,907
Sweden	86	80	74
Total	1,875	1,890	1,981

1.4 Materials and services and other operating income and expenses

Accounting policy

Materials and services mainly consist of costs related to equipment, supplies and raw materials, short-term production-related rental expenses, waste management fees, subcontracted services, and costs of temporary agency labour.

Other operating income includes items that are not considered as being directly related to the New Lassila & Tikanoja's normal business, such as gains from sales of assets and business activities and received compensations. Other operating expenses include, for instance, fees for expert and consulting services, losses from sales of assets and business activities, bad debts and changes in allowances for credit losses, expenses related to the use of vehicles and machinery, ICT costs, voluntary social security costs, travel costs, real estate costs and implementation costs of cloud computing arrangements.

Government grants

Government grants or other grants relating to actual costs are recognised in the income statement when the New Lassila & Tikanoja complies with the conditions attached to them and there is reasonable assurance that the grants will be received. They are presented in other operating income. Government grants directly associated with the recruitment of personnel, such as employment grants, apprenticeship grants and the like, are recognised as reductions in personnel expenses.

Grants for acquisition of property, plant and equipment are recognised as deductions of historical cost. The grant is recognised as income over the economic life of a depreciable asset, by way of a reduced depreciation charge.

MEUR	2024	2023	2022
Materials and services			
Materials and supplies	83.6	87.6	111.8
Subcontracted services	38.0	37.5	50.2
Production-related rental expenses	1.8	2.2	2.2
Purchases from the Demerging Group	0.2	0.3	0.3
Total	123.6	127.6	164.5

MEUR	2024	2023	2022
Other operating income			
Gains on sales of property, plant and equipment	1.0	0.2	0.3
Gain from sale of subsidiary's net assets to joint venture	-	-	4.3
Reimbursements and government grants ¹	0.2	1.9	0.3
Other	1.4	1.2	0.4
Total	2.7	3.3	5.3

¹ The figure in 2023 includes a compensation totalling EUR 1.6 million paid by the previous supplier of a new ERP system relating to the termination of the co-operation.

MEUR	2024	2023	2022
Other operating expenses			
ICT costs	8.0	7.7	7.2
Travel costs	5.2	5.4	4.4
Bad debts and changes in allowances for credit losses	0.6	0.4	0.3
Fuels for vehicles and machinery	23.1	24.9	26.1
Maintenance and repair of vehicles and machinery	22.3	21.7	18.0
Insurances	2.6	2.4	3.3
Property maintenance costs	5.6	5.3	5.3
Expert fees ¹	2.2	2.4	4.3
Voluntary social security costs	3.1	3.3	3.4
Marketing costs	1.1	1.1	1.3
Losses on sales of intangible and tangible assets	0.3	0.1	0.4
Other ²	4.7	3.6	4.1
Total	78.8	78.2	78.1

¹ The figure in 2023 includes a compensation totalling EUR 0.9 million paid by the previous supplier of a new ERP system relating to the termination of the co-operation.

² The figure in 2023 includes a compensation totalling EUR 0.5 million paid by the previous supplier of a new ERP system relating to the termination of the co-operation.

1.5 Share-based payments

Accounting policy

The Demerging Group has historically had several incentive schemes for which payments are made either as equity instruments or cash. The benefits granted under the arrangements are measured at fair value on the grant date and recognised as expense evenly over the vesting period. The effect of the scheme on profit and loss is recognised under employee benefit expenses.

Carve-out principle

Certain key personnel among those transferring directly with New Lassila & Tikanoja Plc's subsidiaries in the Demerger have historically participated in the Demerging Company's share-based incentive schemes. The share and personnel figures presented in the tables below include only these individuals. The expenses recognised for the share-based incentive schemes also include the portion belonging to the New Lassila & Tikanoja attributable to individuals involved in the Demerging Company's group functions. The allocation of these expenses has followed the same principles used for centrally provided services, which management considers an appropriate method for allocating costs related to share-based payments. Part of these individuals in the Demerging Company's group functions will be transferred to the New Lassila & Tikanoja in the demerger.

The historical cost allocations may not be indicative of the future expenses that will arise through incentive schemes that will be established for the New Lassila & Tikanoja's key personnel in the future.

Share-based incentive programme 2021

The Demerging Company's Board of Directors decided at a meeting held on 27 January 2021 on a new share-based incentive programme. Potential rewards were based on the EVA result and the carbon handprint of the Demerging Group.

Based on the decision by the board of directors of the Demerging Company, a total of 5,312 Demerging Company's shares were granted in 2022 from the share-based incentive programme of year 2021 to the persons to be transferred to the New Lassila & Tikanoja.

Share-based incentive programme 2022

The Demerging Company's Board of Directors decided at a meeting held on 26 January 2022 on a new share-based incentive programme. Potential rewards are based on the EVA result and the carbon handprint of the Demerging Group.

The performance criteria for the share-based incentive programme 2022 were not met, and no Demerging Company's shares were granted from the share-based incentive programme.

Performance Share Plan 2023–2027

The Demerging Company's Board of Directors decided at a meeting held on 14 December 2022 on a new share-based incentive programme aimed at key employees of the Demerging Group, including the Demerging Group's President and CEO and the Group Executive Board. The Performance Share Plan 2023–2027 comprises three three-year performance periods covering the calendar years 2023–2025, 2024–2026 and 2025–2027. The Board of Directors of the Demerging Company decides on the performance criteria of the plan and the performance levels to be set for each performance criterion at the beginning of a performance period.

Potential rewards of performance period 2023-2025 will be based on the Demerging Group's return on capital employed (ROCE), total shareholder return (TSR) and reduction of the carbon footprint (ESG) during the period 2023-2025.

Potential rewards of performance period 2024-2026 will be based on the Demerging Group's return on capital employed (ROCE), total shareholder return (TSR) and reduction of the carbon footprint (ESG) during the period 2024-2026.

Potential rewards of performance period 2025-2027 will be based on the Demerging Company's total shareholder return (TSR), the Demerging Group's return on capital employed (ROCE), reduction of the carbon footprint (ESG), and revenue during the period 2025-2027.

Bridge Plan 2023–2026

The Demerging Company's Board of Directors decided at a meeting held on 14 December 2022 on a new share-based incentive programme. The Bridge Plan 2023–2026 has two (2) one-year (1) performance periods covering the calendar years 2023 and 2024. A performance period is followed by a two-year retention period. The aim of the plan is to support the transition from the old Performance Share Plan to the new Performance Share Plan. The target group of the Bridge Plan consists of the Demerging Group's President and CEO and the Group Executive Board. The Demerging Company's Board of Directors decides on the performance criteria of the plan and the performance levels to be set for each performance criterion at the beginning of a performance period.

Rewards of performance period 2023 were based on the Demerging Group's return on capital employed (ROCE) and reduction of the carbon footprint (ESG) in 2023.

Potential rewards of performance period 2024 were based on return on the Demerging Group's capital employed (ROCE) and reduction of the carbon footprint (ESG) in 2024.

Information on the share-based incentive programmes

Share-based incentive programme	Performance share plan 2023-2027		
	Performance period 2025-2027	Performance period 2024-2026	Performance period 2023-2025
Grant date	-	17 Jan 2024	16 Jan 2023
Start of the earnings period	1 Jan 2025	1 Jan 2024	1 Jan 2023
End of the earnings period	31 Dec 2027	31 Dec 2026	31 Dec 2025
Average share price at grant date	-	9.88	11.48
Maximum number of shares	68,477	52,015	46,083
Realisation on closing date, shares			
Returned shares			
Obligation to hold shares, years	-	-	-
Release date of shares	-	-	-
Number of persons included	14	14	14

Share-based incentive programme	Bridge plan 2023-2026			
	Performance period 2024	Performance period 2023	2022	2021
Grant date	17 Jan 2024	16 Jan 2023	26 Jan 2022	27 Jan 2021
Start of the earnings period	1 Jan 2024	1 Jan 2023	1 Jan 2022	1 Jan 2021
End of the earnings period	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Average share price at grant date	9.88	11.48	13.06	15.40
Maximum number of shares	7,600	15,200	7,600	7,600
Realisation on closing date, shares	-	7,800	-	5,312
Returned shares			-	-
Obligation to hold shares, years	2	2	2	2
Release date of shares	31 Mar 2027	31 Mar 2026	31 Mar 2025	31 Mar 2024
Number of persons included	1	2	2	2

Expenses arising from share-based incentive programmes, MEUR

	2024	2023	2022
Share component	0.2	0.3	0.1
Total	0.2	0.3	0.1

1.6 Expenses related to leases

Accounting policy

The New Lassila & Tikanoja leases production and office premises including related land areas, vehicles and ICT equipment. At the commencement date of a lease contract, a right-of-use asset and a lease liability, measured as the present value of the remaining lease payments, is recognised in the statement of financial position.

The right-of use asset is subsequently measured at cost less accumulated depreciation and less any accumulated impairment losses and adjusted for any remeasurements of the lease liability. Depreciation is calculated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the right-of-use asset. The depreciations of right-of-use assets are presented in depreciation, amortisation and impairments in the income statement.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or price level or if the New Lassila & Tikanoja changes its assessment of whether it will exercise a purchase, extension or termination option. The interest expense on the lease liability is included in the financial income and expenses in the income statement. In the statement of cash flows, the amortisation of lease liabilities is presented in the cash flows from financing activities and the interest paid in the cash flows from operating activities.

The New Lassila & Tikanoja applies the exemption for short-term leases to production and office premises leases and the exemption for low-value assets to leases of ICT equipment. For these leases, the right-of-use asset and lease liability is not recognised. The lease payments of low-value assets and short-term leases are included in Other operating expenses and Materials and services in the income statement.

Carve-out principle

Lease agreements over which New Lassila & Tikanoja companies have control, or where the New Lassila & Tikanoja has been the primary user and which will transfer to the New Lassila & Tikanoja in the demerger, have been presented as lease agreements in the carve-out financial statements.

New Lassila & Tikanoja and the remaining businesses of the Demerging Company have historically operated in shared leased premises and offices in certain locations. For these premises, the legal lessee has invoiced the other companies using the premises for their proportional share of the costs. For premises where New Lassila & Tikanoja companies are not the legal lessee and the lease agreement will not transfer to New Lassila & Tikanoja in the demerger, the cost related to the use of such premises has been included in New Lassila & Tikanoja's carve-out financial statements and presented under other operating expenses as a related party transaction. For premises where New Lassila & Tikanoja companies are the legal lessee and the lease agreement will transfer to New Lassila & Tikanoja in the demerger, and the remaining businesses of the Demerging Group use the premises, the portion of the premises used by the remaining businesses of the Demerging Group has been included as income in New Lassila & Tikanoja's carve-out financial statements and presented as a related party transaction.

MEUR	2024	2023	2022
Depreciation expense of right-of-use assets	-14.5	-14.7	-12.8
Interest expenses on lease liabilities	-2.3	-1.8	-1.1
Expenses related to leases of low-value assets	-1.5	-1.8	-2.0
Total	-18.4	-18.4	-15.9

The cash flows related to leases totalled EUR -17.8 million in 2024, EUR -18.2 million in 2023 and EUR -17.2 million in 2022.

1.7 Depreciation, amortisation and impairments

Accounting policy

Depreciation and amortisation

Depreciation and amortisation is recognised on a straight-line basis over the economic useful life of an asset, or over the lease period, if shorter.

Intangible assets: 5-10 years

Intangible assets from acquisitions: 3-13 years

Buildings and structures: 5-30 years

Vehicles: 6-15 years

Machinery and equipment: 4-15 years

Goodwill is not amortised, but is tested annually for impairment during the last quarter of the year. For completed landfills the Group applies the units of production method, which involves depreciation on the basis of the volume of waste received. Land is not depreciated.

Impairments

On each balance sheet date, the New Lassila & Tikanoja assesses the carrying amounts of its assets for any impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is made.

The recoverable amount is the higher of an asset's fair value less selling costs and its value-in-use. Value-in-use refers to the estimated future net cash flows available from an asset, discounted to the present value. The discount rate used is the pre-tax rate, which reflects the market view of the time value of money and the risks associated with the asset.

An impairment loss is recognised in the income statement when an asset's carrying amount exceeds its recoverable amount. Impairment losses attributable to a cash-generating unit are used for deducting first the goodwill allocated to the cash-generating unit and, thereafter, the other assets of the unit on an equal basis.

Intangible assets under construction are software projects that cannot be tested separately for impairment, as they do not generate separate cash flows. There is no need for impairment if, at the end of the financial period, it is clear that the projects will be completed and the software will be introduced. Intangible assets under construction are, however, tested for impairment as part of the cash generating unit to which they belong.

An impairment loss of an asset other than goodwill recognised in prior periods is reversed if there is a change in circumstances and the recoverable amount has changed. An impairment loss recognised on goodwill is not reversed. Goodwill impairment testing is described in note 3.2. Goodwill impairment testing.

Gains and losses on sales of assets

Gains and losses on sales and disposal of assets are recognised through profit or loss and are presented in other operating income or expenses.

MEUR	2024	2023	2022
Depreciation and amortisation			
Intangible assets	-3.4	-3.4	-3.0
Buildings	-5.1	-5.4	-6.0
Machinery and equipment	-20.3	-18.8	-17.4
Right-of-use assets	-14.5	-14.7	-12.8
Other tangible assets	0.0	0.0	0.0
Total	-43.4	-42.4	-39.4

MEUR	2024	2023	2022
Impairments¹			
Intangible assets	-	-1.9	-
Total	-	-1.9	-
Gains / losses on sales of intangible and tangible assets			
Gain on sales of intangible and tangible assets	1.0	0.2	0.3
Loss on sales of intangible and tangible assets	-0.3	-0.1	-0.4
Total	0.7	0.2	-0.2

¹Impairment of intangible assets in 2023 consists of expenses of the previous supplier of the new ERP system capitalised in prepayments and construction in progress.

1.8 Financial income and expenses

Accounting policy

Exchange rate gains and losses arising from foreign-currency transactions and the translation of monetary items are recognised in the income statement. Foreign exchange gains and losses on business transactions are included in the respective items above operating profit. Foreign exchange gains and losses on financial assets and liabilities are included in financial income and expenses.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the acquisition cost of that asset. There were no such costs capitalised at the end of the reporting periods covered by the carve-out financial statements.

Transaction costs directly attributable to borrowing are included in the historical cost of the liability and recognised as an interest expense during the expected life of the liability applying the effective interest method.

Carve-out principle

Interest income and expenses from related parties have been determined based on the interest income and charges recognised directly by the New Lassila & Tikanoja legal entities. Interest expenses related to the lease agreements transferring to the New Lassila & Tikanoja at the Demerger are included in the finance expenses in the carve-out financial statements.

Finance expenses included in these carve-out financial statements may not necessarily represent what the finance expenses would have been, had the New Lassila & Tikanoja historically obtained financing on a stand-alone bases. These expenses may not be indicative of the cost of financing that will arise for the New Lassila & Tikanoja in the future.

MEUR	2024	2023	2022
Financial income			
Interest income on loans and other receivables	0.1	0.3	0.0
Interest income from related parties	0.1	0.1	0.1
Interest income from joint ventures	-	-	0.2
Dividend income	0.0	-	0.0
Foreign exchange gains	-	-	0.1
Total financial income	0.1	0.4	0.4
Financial expenses			
Interest expenses on borrowings measured at amortised cost	-0.1	-0.1	-0.1
Interest expenses on cash pool liabilities to related parties	-1.7	-0.7	-0.3
Interest expenses on lease liabilities	-2.3	-1.8	-1.1
Expenses related to factoring	-0.4	-0.3	-0.1
Other financial expenses	-0.3	-0.3	-0.3
Losses on foreign exchange	-0.0	-0.0	-
Total financial expenses	-4.9	-3.3	-1.9
Financial income and expenses	-4.7	-2.9	-1.5

1.9 Income taxes

Accounting policy

The New Lassila & Tikanoja's income taxes consist of current taxes and deferred taxes. Tax expenses are recognised in the income statement, with the exception of items directly recognised in equity or comprehensive result, in which case the tax effect is recognised in the corresponding item. Current taxes for the taxable profit for the period are determined according to prevailing tax rates in each country. Taxes are adjusted by current taxes related to previous periods, if any.

Deferred tax assets and liabilities are recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts. The deferred taxes are determined using tax rates enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or liability settled. No deferred tax is recognised for impairment of goodwill that is not tax-deductible. A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilised.

The most significant temporary differences arise from fair value measurements related to acquisitions and new intangible assets.

Carve-out principle

The subsidiaries belonging to the New Lassila & Tikanoja have operated as separate tax entities during the financial periods presented in these carve-out financial statements. For these companies, the tax expenses as well as tax liabilities and receivables included in the carve-out financial statements are based on actual taxation.

The New Lassila & Tikanoja Plc, which will be formed through a partial demerger from the Demerging Company, has not filed separate tax returns during the presented financial periods. The tax expense presented in these carve-out financial statements includes the tax expense of New Lassila & Tikanoja Plc, which has been determined as if New Lassila & Tikanoja Plc had been a separate taxable entity. This tax expense is presented in the carve-out financial statements as a tax expense in New Lassila & Tikanoja's income statement and as a transaction with the remaining Demerging Company in the balance sheet, recognised in invested equity.

Income tax in the income statement

MEUR	2024	2023	2022
Income tax for the period	-6.6	-6.5	-6.6
Income tax for previous periods	0.0	-0.1	-0.0
Change in deferred tax	-0.8	0.0	-1.7
Total	-7.4	-6.6	-8.3

The reconciliation of income tax expense recognised in the income statement and income tax calculated at the statutory tax rate in Finland

MEUR	2024	2023	2022
Profit before tax	38.9	39.0	43.8
Income tax at Finnish tax rate 20%	-7.8	-7.8	-8.8
Difference between tax rate in Finland and in other countries	-0.0	-0.0	-0.0
Tax-exempt income	0.7	1.3	1.1
Non-deductible expenses	-0.3	-0.1	-0.0
Income tax for previous periods	0.0	0.0	-0.1
Unrecognised deferred tax on loss for the period	-	-	-0.0
Utilisation of previously unrecognised tax losses	-	-	0.1
Other items	-0.0	-0.0	-0.6
Total	-7.4	-6.6	-8.3

Deferred taxes in the statement of financial position

MEUR	2024	2023	2022
Deferred tax liabilities	21.7	20.6	20.7
Deferred taxes, net	21.7	20.6	20.7

Deferred tax assets and liabilities

MEUR	2023	Recognised in income statement	Exchange rate differences	Business acquisitions	2024
Deferred tax assets					
Provisions	0.8	0.1			0.9
Unused depreciation	1.5	-0.0			1.5
Lease liabilities	12.4	-1.1			11.4
Other temporary differences	3.2	-0.4			2.8
Netting of deferred taxes	-18.0				-16.5
Total	0.0	-1.4	-	-	0.0

Deferred tax liabilities					
Acquisitions	20.2	0.3	0.0	-0.2	20.3
Appropriations	6.2	0.5			6.7
Right-of-use assets	12.1	-1.2			11.0
Other temporary differences	0.0	0.2			0.2
Netting of deferred taxes	-18.0				-16.5
Total	20.6	-0.2	0.0	-0.2	21.7

MEUR	2022	Recognised in income statement	Exchange rate differences	Business acquisitions	2023
Deferred tax assets					
Provisions	0.7	0.1			0.8
Unused depreciation	1.3	0.3			1.5
Lease liabilities	11.1	1.3			12.4
Other temporary differences	0.2	3.0			3.2
Netting of deferred taxes	-13.3				-18.0
Total	0.0	4.6	-	-	0.0

Deferred tax liabilities					
Acquisitions	17.6	2.6	0.0		20.2
Appropriations	5.4	0.8			6.2
Right-of-use assets	10.9	1.2			12.1
Other temporary differences	0.1	-0.0			0.0
Netting of deferred taxes	-13.3				-18.0
Total	20.7	4.6	0.0	-	20.6

MEUR	2021	Recognised in income statement	Exchange rate differences	Business acquisitions	2022
Deferred tax assets					
Provisions	1.5	-0.8			0.7
Unused depreciation	1.2	0.1			1.3
Lease liabilities	10.9	0.3			11.1
Other temporary differences	0.1	0.1			0.2
Netting of deferred taxes	-13.6				-13.3
Total	0.0	-0.3	-	-	0.0
Deferred tax liabilities					
Acquisitions	16.6	1.9	0.0	-0.9	17.6
Appropriations	4.4	1.0			5.4
Lease liabilities	10.7	0.3			10.9
Other temporary differences	-	0.1		0.0	0.1
Netting of deferred taxes	-13.6				-13.3
Total	18.1	3.2	0.0	-0.9	20.7

On 31 December 2022, the New Lassila & Tikanoja companies had tax losses totalling EUR 0.4 million, on which no deferred tax asset has been recognised as the realisation of the tax benefit is not considered probable. At the end of 2023 and 2024, the New Lassila & Tikanoja companies did not have such tax losses.

Deferred taxes are recognised in the statement of financial position as tax assets and tax liabilities. Deferred tax assets and deferred tax liabilities are set off when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The New Lassila & Tikanoja has not recognised any tax expense in 2024 related to the top-up tax under the OECD Pillar Two model rules. The New Lassila & Tikanoja has applied a temporary mandatory relief from deferred tax accounting for the potential impacts of the top-up tax and would account for it as a current tax if it would incur. According to the company's assessment, the New Lassila & Tikanoja's exposure to the top-up tax is limited, as its operations are located in Finland and Sweden, both of which have a corporate tax rate exceeding 15 per cent.

2. Operational assets and liabilities

2.1 Trade receivables and other receivables

Accounting policy

Trade receivables are measured at historical cost less expected credit losses. The receivables are non-interest bearing and the New Lassila & Tikanoja's general payment term for customers is 14 days. Trade receivables include also uninvoiced sales, when the New Lassila & Tikanoja has satisfied the performance obligations and has an unconditional right to the consideration. Trade receivables are classified as financial assets, that are explained in more detail in notes 4.1 Financial assets and liabilities and 4.2 Financial risk management.

MEUR	2024	2023	2022
Trade receivables	49.4	54.6	58.4
Contract assets	7.2	8.7	5.8
Cash pool receivables from related parties	0.1	0.3	20.5
Accrued income	1.4	1.4	1.6
Prepayments	0.1	0.1	0.1
Income tax receivables	0.0	-	6.5
Other receivables	0.2	0.0	0.1
Total	58.5	65.1	93.1

¹ Cash-pool receivables from related parties consist of cash pool receivables of the New Lassila & Tikanoja legal companies from the Demerging Company at the balance sheet dates of the carve-out financial statements.

Accounting policy

A simplified impairment model allowed by IFRS 9 standard is applied to the recognition of expected credit losses. Expected credit losses are calculated by dividing trade receivables into categories based on maturity and by multiplying said categories with the credit loss percentages, which are based on historical data on credit losses realised from trade receivables and the outlook for the short-term future. This impairment model covers the company's trade receivables and contract assets.

An allowance of impairment is recognised based on historical data and the outlook for the short-term future. The credit loss percentages applied in the carve-out financial statements are presented in the table below. Trade receivables due over 360 days are written down completely. If the customer has become insolvent, such as in the case of bankruptcy or debt restructuring, the trade receivable is written down as a final credit loss when a payment can no longer be expected with reasonable certainty.

Credit loss percentages

%	2024	2023	2022
Trade receivables and contract assets not past due	0.1	0.1	0.1
Past due 1-90 days	0.7	0.8	0.7
Past due 91-365 days	17.7-18.1	11.6-23.1	8.6-25.0
Past due over 365 days	100.0	100.0	100.0

Expected credit losses from accounts receivable and contract assets

	Gross value	of which the allowance for impairment	Net value on balance sheet
31 Dec 2024, MEUR			
Trade receivables and contract assets not past due	52.8	0.0	52.7
Past due 1-90 days	3.7	0.0	3.7
Past due 91-365 days	0.2	0.0	0.2
Past due over 365 days	0.2	0.2	0.0
Total	56.9	0.3	56.6

	Gross value	of which the allowance for impairment	Net value on balance sheet
31 Dec 2023, MEUR			
Trade receivables and contract assets not past due	57.4	0.0	57.4
Past due 1-90 days	5.9	0.0	5.8
Past due 91-365 days	0.1	0.0	0.1
Past due over 365 days	0.2	0.2	0.0
Total	63.6	0.3	63.3

	Gross value	of which the allowance for impairment	Net value on balance sheet
31 Dec 2022, MEUR			
Trade receivables and contract assets not past due	58.4	0.0	58.3
Past due 1-90 days	5.5	0.0	5.4
Past due 91-365 days	0.5	0.1	0.4
Past due over 365 days	0.1	0.1	0.0
Total	64.5	0.2	64.2

Change in allowance for impairment

MEUR	2024	2023	2022
Allowance for impairment, 1 January	0.3	0.2	0.1
Change in the income statement	-0.0	0.1	0.1
Allowance for impairment, 31 December	0.3	0.3	0.2

Impairment losses and changes in allowance for impairment are presented in note 1.4 Materials and services and other operating income and expenses.

Financial assets are not collateralised. No impairment was recognised on other financial assets.

2.2 Inventories

Accounting policy

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The inventories of Environmental Products of Waste Management business are measured using the weighted average cost method. The value of other inventories is determined using the FIFO method.

At the recycling plants, recyclable materials are processed into secondary raw materials for sale. The cost of the inventories of these materials comprises raw materials, direct labour costs, other direct costs of manufacturing and a proportion of variable and fixed production overheads based on normal operating capacity.

MEUR	2024	2023	2022
Raw materials and consumables	4.2	2.9	2.9
Finished goods	1.2	1.0	1.8
Other inventories	3.8	3.8	2.9
Total	9.2	7.7	7.7

The carrying value of the inventories was written down to the net realisable value, and the expense of EUR 0.0 million in 2022, EUR 0.0 million in 2023 and EUR 0.0 million in 2024 is included in Materials and services in the income statement.

2.3 Trade and other current payables

Accounting policy

Trade and other current non-interest-bearing liabilities are recognised in the balance sheet at historical cost. The impact of discounting is not essential considering the maturity of the payables. Trade payables are classified as financial liabilities that are presented in notes 4.1 Financial assets and liabilities and 4.2 Financial risk management.

MEUR	2024	2023	2022
Advances received	9.5	10.8	8.8
Trade payables	32.8	40.8	35.8
Income tax liabilities	0.1	0.4	0.2
Other liabilities	11.7	9.4	12.3
Accrued expenses and deferred income	35.4	35.4	34.9
Total	89.5	96.9	92.0
<u>Accrued expenses and deferred income</u>			
Liabilities related to personnel expenses ¹	32.2	31.9	31.1
Other accrued expenses	3.2	3.5	3.8
Total	35.4	35.4	34.9

¹ Liabilities related to personnel expenses include ordinary accruals for salaries, pensions and other statutory personnel expenses.

The advances received include contract liabilities as well as advances received for rental payments. The fair values of trade and other current payables equal their book values.

2.4 Other non-current liabilities

MEUR	2024	2023	2022
Advances received	6.7	7.2	7.6
Deferred consideration	6.7	5.9	5.7
Other liabilities	0.0	0.0	0.0
Total	13.4	13.2	13.3

Deferred consideration is related to the acquisition of 70 per cent share of Sand & Vattenbläst i Tyringe AB ("SVB") that offers process cleaning services in Sweden. The acquisition took place on 1 February 2022. SVB is consolidated with 100 per cent share in the New Lassila & Tikanoja and, in connection with the arrangement, the New Lassila & Tikanoja has recognised in financial liabilities an estimate of the deferred consideration for the acquisition. The deferred consideration relates to the acquisition of non-controlling interest and is measured at fair value, which is reflected in the present value of the estimated liability. It will mature on 1 February 2026 at the earliest. A reconciliation of the changes in the deferred consideration is presented in note 4.1 Financial assets and liabilities.

Critical judgements by Management

The preparation of calculations used in valuation of the deferred consideration requires the use of management judgement. The EBITDA forecast used in the calculations is based on actual development and management's view on the growth outlook for the business. Changes in the EBITDA forecast affect the value of the deferred consideration with a multiplier of 6.1. Though the assumptions used are appropriate according to the management's judgement, the EBITDA forecasts used in the calculation may differ materially from the actual figures realised in the future.

2.5 Provisions

Accounting policy

A provision is recognised when the New Lassila & Tikanoja has a legal or factual obligation towards a third party resulting from an earlier event, fulfilment of the payment obligation is probable, and its amount can be reliably estimated. Provisions are measured at the current value of the expenditure required to settle the obligation. Increase in provisions due to the passage of time is recognised as interest expense. Changes in provisions are recognised in the income statement in the same item in which the provision is originally recognised.

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. Provisions related to environmental restoration are recognised when a new waste treatment area is taken into use. The estimated expenses on which the provision is based are capitalised under buildings and structures in the property, plant and equipment in the balance sheet and depreciated over the useful life of the asset. Changes in the estimates related to the amount of the provision are recognised as adjustments to the capitalised costs.

Provisions are discounted to their present value using a risk-free interest rate that excludes default risk. The determination of the risk-free rate takes into account both current and future economic conditions as well as the expected timing of the expenses. Changes in the provision due to discounting are recognised under financial items in the income statement.

Critical judgements by Management

Recognition and measurement of provisions require management to assess the best estimate of the expenditure needed to settle the present obligation at the end of the reporting period. The actual amount and timing of the expenditure might differ from the estimates made. The carrying amounts of provisions are reviewed regularly and adjusted when needed to consider changes in cost estimates, regulations, applied technologies and conditions.

Environmental provisions are particularly characterised by the fact that the expenses may be incurred far into the future or over a long period of time, which increases the uncertainty of the estimates. In the balance sheet, the largest environmental provisions in euro terms are those related to the covering costs of landfill sites and contaminated land treatment areas. Significant assumptions in determining these provisions include, among others, the estimated future costs of covering, closing, and aftercare of the landfill. Estimates are prepared by internal and external experts and are reviewed at least once a year. The estimates take into account, among other things, the regulatory requirements applicable to each site.

Estimated obligations are valued using present value techniques that take into account assumptions and factors that market participants would use in determining the estimates. These include, for example, inflation, cost levels, uncertainties related to the timing of work, information received from third parties, actual and reported prices of similar work, and expert assessments. Inflation assumptions are based on management's assessment of current and future economic conditions as well as the timing of the expenses. Environmental provisions are expected to be realised over a period of 3 to 50 years. The realisation period is reviewed annually and whenever there is an indication that changes may occur.

MEUR	2024	2023	2022
Non-current provisions	6.3	7.2	7.4
Current provisions	0.6	0.1	-
Total	6.9	7.2	7.4

Obligations covered by the environmental provisions

The New Lassila & Tikanoja has leased site that it uses as landfill from the city of Kotka. In Varkaus the New Lassila & Tikanoja 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 New Lassila & Tikanoja is responsible for site restoration comprising landscaping and post-closure environmental monitoring called for in the terms and conditions of environmental permits.

The Munaistenmetsä landfill site in Uusikaupunki serves as a final disposal area for municipal waste, contaminated soil and industrial by-products. The new processing site for hazardous waste, in accordance with the new environmental permit, was completed in December 2024. The area receives its operational permit during early 2025.

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 New Lassila & Tikanoja acquired a new landfill in Pori. At first, the landfill area received various types of waste from the seller, including gypsum, construction and demolition waste as well as contaminated soil and other smaller items. The update of the environmental permit was received in September 2022, after which the reception was expanded to cover other vendors of similar waste fractions. The application prepared for the new environmental permit will be sent for processing to the regional state administrative agency in early 2025. The application seeks extensive reception and handling operations for both non-hazardous and hazardous waste.

Other provisions

Other provisions consist mainly of provisions for restructuring as well as restoration provisions for leased premises.

MEUR	Environmental provisions	Other provisions	Total
Provisions at 1 Jan 2024	7.2	0.1	7.2
Additions	0.6	0.6	1.2
Used during the year	-0.4	-0.1	-0.5
Effect of discounting	-1.0	-	-1.0
Provisions at 31 Dec 2024	6.3	0.6	6.9

MEUR	Environmental provisions	Other provisions	Total
Provisions at 1 Jan 2023	7.4	-	7.4
Additions	0.2	0.1	0.3
Used during the year	-0.3	-	-0.3
Reversals	-0.2	-	-0.2
Effect of discounting	0.1	-	0.1
Provisions at 31 Dec 2023	7.2	0.1	7.2

MEUR	Environmental provisions	Other provisions	Total
Provisions at 1 Jan 2022	8.1	0.1	8.2
Additions	0.1	-	0.1
Used during the year	-0.5	-0.1	-0.6
Reversals	-0.4	0.0	-0.4
Effect of discounting	0.1	-	0.1
Provisions at 31 Dec 2022	7.4	-	7.4

3. Intangible and tangible assets and other non-current assets

3.1 Goodwill and other intangible assets

Accounting policy

Goodwill represents the portion of the acquisition cost by which the aggregate of the consideration given, the share of non-controlling owners in the acquired entity and the previously owned share exceed the fair value of the acquired net assets at the time of acquisition. Goodwill is not amortised, but is tested annually for impairment during the last quarter of the year. Goodwill is presented in the statement of financial position at historical cost less impairment losses, if any.

Intangible assets acquired in a business combination are measured at fair value. The useful lives of intangible assets are estimated to be either finite or indefinite. In the New Lassila & Tikanoja, the intangible assets recognised in business combinations include mainly customer relationships. The amortisation period for customer relationships is on average 10 years.

Other intangible assets are recognised at historical cost less accumulated amortisation and impairment losses. Other intangible assets are amortised using the straight-line method over their estimated useful economic life. The costs of software projects are recognised in other intangible assets starting from the time when the projects move out of the research phase into the development phase and the outcome of a project is an identifiable intangible asset. Such an intangible asset must provide the New Lassila & Tikanoja with future economic benefit that exceeds the costs of its development. The cost comprises all directly attributable costs necessary for preparing the asset to be capable of operating in the manner intended by the management. The largest cost items are consultancy fees paid to third parties.

The amortisation period for computer software and software licences is five to ten years.

Goodwill impairment testing is described in note 3.2 Goodwill impairment testing and amortisation and impairment of other intangible assets is described in note 1.7. Depreciation, amortisation and impairments.

2024, MEUR	Goodwill	Items acquired through business combinations	Intangible rights	Other intangible assets	Prepayments and construction in progress	Total
Acquisition cost, 1 Jan	118.2	38.3	1.0	13.5	13.9	184.9
Additions	-	-	0.0	0.1	9.1	9.3
Business acquisitions	0.8	0.7	-	-	-	1.5
Disposals	-	-	-0.0	-0.1	-	-0.1
Transfers between items	-	-	-	2.3	-2.3	-
Exchange differences	-0.3	-0.1	-0.0	-	-	-0.3
Acquisition cost, 31 Dec	118.8	38.9	1.0	15.8	20.7	195.2
Accumulated amortisation, 1 Jan	-	-27.8	-0.2	-10.0		-38.1
Accumulated amortisation on disposals and transfers		-	0.0	0.1	-	0.1
Amortisation charge		-1.8	-0.1	-1.5	-	-3.4
Exchange differences		0.0	0.0	-	-	0.0
Accumulated amortisation, 31 Dec	-	-29.6	-0.3	-11.4		-41.3
Carrying amount at 31 Dec	118.8	9.3	0.8	4.4	20.7	153.9

2023, MEUR	Goodwill	Items acquired through business combinations	Intangible rights	Other intangible assets	Prepayments and construction in progress	Total
Acquisition cost, 1 Jan	118.2	58.1	0.8	12.0	7.8	196.9
Additions	-	-	0.2	0.1	9.5	9.7
Disposals	-	-19.7	-0.0	-0.0	-	-19.8
Impairments	-	-	-	-	-1.9	-1.9
Transfers between items	-	-	-	1.4	-1.4	-
Exchange differences	0.0	0.0	0.0	-	-	0.0
Acquisition cost, 31 Dec	118.2	38.3	1.0	13.5	13.9	184.9
Accumulated amortisation, 1 Jan		-45.6	-0.1	-8.6		-54.4
Accumulated amortisation on disposals and transfers		19.7	0.0	0.0		19.8
Amortisation charge		-1.9	-0.1	-1.4		-3.4
Exchange differences		-0.0	-0.0	-		-0.0
Accumulated amortisation, 31 Dec	-	-27.8	-0.2	-10.0		-38.1
Carrying amount at 31 Dec	118.2	10.5	0.8	3.4	13.9	146.9

2022, MEUR	Goodwill	Items acquired through business combinations	Intangible rights	Other intangible assets	Prepayments and construction in progress	Total
Acquisition cost, 1 Jan	106.7	52.6	0.6	11.2	3.1	174.2
Additions	-0.0	-	0.3	0.1	5.6	5.9
Business acquisitions	11.5	5.5	-	0.0	-	17.0
Disposals	-	-	-0.1	-0.2	-	-0.2
Transfers between items	-	-	-	0.9	-0.9	-0.0
Acquisition cost, 31 Dec	118.2	58.1	0.8	12.0	7.8	196.9
Accumulated amortisation, 1 Jan		-44.2	-0.2	-7.3		-51.6
Accumulated amortisation on disposals and transfers		-	0.0	0.1		0.1
Amortisation charge		-1.5	-0.0	-1.5		-3.0
Exchange differences		0.0	0.0	-0.0		0.0
Accumulated amortisation, 31 Dec	-	-45.6	-0.1	-8.6		-54.4
Carrying amount at 31 Dec	118.2	12.4	0.7	3.4	7.8	142.5

Other intangible assets consist primarily of software and software licences.

Contractual commitments related to intangible assets totalled EUR 0.1 million in 2024, EUR 0.0 million in 2023 and EUR 1.0 million in 2022.

3.2 Goodwill impairment testing

Accounting policy

The goodwill impairment testing is conducted at least annually during the last quarter of the year or more frequently if there is any indication that goodwill may be impaired. Impairment testing is conducted according to the business structure in force at the time of the impairment testing.

In impairment testing, recoverable amounts are estimated on the basis of an asset's value-in-use. Future cash flows are based on annual estimates of income statements and maintenance investments made by the management in connection with the strategy process for a four-year period. The management bases its estimates on actual development and views on the growth outlook for the industry (general market development and unit profitability, pricing, municipalisation decisions, personnel costs and raw material costs). Approved investment decisions are taken into account in the growth estimates.

Cash flows extending beyond the four-year forecast period are calculated using the so-called terminal value method. The growth rates used in the calculations are based on the management's estimates of long-term growth and development of profitability.

Carve-out principle

As these carve-out financial statements have been prepared on a carve-out basis from historical Demerging Group's consolidated financial statements, the goodwill impairment testing results presented below are based on the historical goodwill impairment testing performed by the Demerging Group on the Circular Economy CGU's.

Critical judgements by Management

The preparation of value-in-use based calculations used in goodwill impairment testing requires the use of management judgement. The future cash flows are based on forecasts for the strategy period approved by the Board of Directors of the Demerging Company. These forecasts are based on actual development and management's view on the growth outlook for the industry. The terminal growth rate is based on the management's view on the long-term growth outlook for the business. The discount rates used reflect the best estimate of the weighted average cost of capital. Though the assumptions used are appropriate according to the management's judgement, the estimated cash flows may fundamentally differ from those realised in the future.

Goodwill allocation

The carrying amounts of goodwill are allocated to cash-generating units in accordance with the table below:

MEUR	2024	2023	2022
Environmental Services	87.6	87.6	87.6
Industrial Services	31.2	30.6	30.6
Total	118.8	118.2	118.2

Goodwill Impairment testing in 2022-2024

The goodwill impairment testing has been prepared based on value-in-use calculations in which future cash flows are discounted to net present value. The key assumptions used in assessing the recoverable amount are the sales growth in the estimate period, EBITDA % in the estimate period and the terminal growth rate. The terminal growth rate used in the value-in-use calculations of cash-generating units is 2.0 per cent in years 2023 and 2024 and 1.9 per cent in 2022. These terminal growth rates correspond to the mid-term inflation goal of the European Central Bank at the testing dates. The same terminal growth rate is used in both cash-generating units based on similar business environment.

Key assumptions used in the calculations

%	2024	2023	2022
Environmental Services			
Sales growth in four years estimate period	1.7	1.3	-1.5
EBITDA% in four years estimate period on average	19.1	19.8	19.2
Terminal growth rate	2.0	2.0	1.9
Industrial Services			
Sales growth in four years estimate period	5.7	3.7	3.0
EBITDA% in four years estimate period on average	19.4	19.6	20.0
Terminal growth rate	2.0	2.0	1.9

The discount rates used in calculations are based on the Demerging Group's weighted average cost of capital (WACC). Factors in WACC are risk-free interest rate, market risk premium, company-specific beta, cost of capital as well as the ratio between equity and liabilities. A discount rate has been defined for each cash generating unit.

Discount rates used in the calculations (pre tax)

%	2024	2023	2022
Environmental Services	8.9	9.4	8.5
Industrial Services	8.9	9.4	8.5

The value in use of the cash generating units of the New Lassila & Tikanoja exceeded the carrying amounts of the tested assets at each impairment testing date. Thus, no impairments on goodwill allocated to them were recognised in 2022-2024.

Sensitivity analyses of impairment testing

A sensitivity analysis of each cash-generating unit was performed, during which the key calculation assumptions were tested. The key assumptions used in the testing were discount rate and EBITDA per cent used in calculation of the terminal value. The EBITDA per cent was based on the historical development of the cash-generating unit. In the sensitivity analysis, a key assumption was tested by changing the threshold values to a value at which the value-in-use would equal the carrying amount. Based on the sensitivity analysis, no reasonably possible change in key assumptions for either cash-generating unit would result in the carrying amount of the cash-generating unit exceeding its value in use.

3.3 Property, plant and equipment

Accounting policy

Property, plant and equipment are recognised at historical cost less accumulated depreciation and impairment losses. The historical cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs immediately arising from the acquisition, construction or manufacture of tangible assets that meet the conditions are capitalised as part of the asset's acquisition cost. Possible restoration costs are also included in the acquisition cost.

In business combinations, property, plant and equipment are measured at fair value on the acquisition date. In the statement of financial position, property, plant and equipment are shown less accumulated depreciation and impairment, if any.

Property, plant and equipment are depreciated using the straight-line method over their expected useful lives, excluding new landfills. For completed landfills the New Lassila & Tikanoja applies the units of production method, which involves depreciation on the basis of the volume of waste received. The expected useful lives are reviewed on each balance sheet date, and, if expectations differ materially from previous estimates, the depreciation periods are adjusted to reflect the changes in expectations of future economic benefits.

Depreciation in the financial statements is based on the following expected useful lives:

Buildings and structures	5–30 years
Vehicles	6–15 years
Machinery and equipment	4–15 years

Land is not depreciated.

When an asset included in property, plant and equipment consists of several components with different estimated useful lives, each component is treated as a separate asset. Ordinary repair and maintenance costs are recognised in the income statement during the period in which they are incurred. Costs of significant modification and improvement projects are capitalised if it is probable that the projects will result in future economic benefits to the New Lassila & Tikanoja.

Depreciation and impairment of property, plant and equipment is described in note 1.7 Depreciation, amortisation and impairments.

2024, MEUR	Land	Buildings	Machinery and equipment	Other tangible assets	Pre-payments and construction in progress	Total
Acquisition cost, 1 Jan	7.6	125.2	321.4	0.2	16.0	470.3
Additions	0.0	0.7	9.5	0.0	18.5	28.7
Business acquisitions	-	-	0.3	0.0	-	0.4
Disposals	-	-3.6	-16.0	-	-0.1	-19.7
Transfers between items	-	9.5	16.9	-	-26.4	-
Exchange differences	-	-0.0	-0.2	-0.0	-0.0	-0.2
Acquisition cost, 31 Dec	7.6	131.7	331.9	0.2	8.0	479.5
Accumulated depreciation, 1 Jan		-94.0	-223.2	-0.1		-317.2
Accumulated depreciation on disposals and transfers		2.6	15.8	-		18.4
Depreciation for the period		-5.1	-20.3	-0.0		-25.5
Exchange differences		0.0	0.0	0.0		0.0
Accumulated depreciation, 31 Dec	-	-96.5	-227.7	-0.1	-	-324.3
Carrying amount at 31 Dec	7.6	35.3	104.2	0.1	8.0	155.3

					Pre-payments and construction in progress	
			Machinery and equipment	Other tangible assets		
2023, MEUR	Land	Buildings				Total
Acquisition cost, 1 Jan	7.6	120.6	310.4	0.2	8.9	447.7
Additions	0.0	0.7	14.0	0.0	22.4	37.1
Disposals	-	-0.1	-14.3	-	-0.0	-14.4
Transfers between items	-	4.0	11.3	-	-15.3	-
Exchange differences	-	0.0	0.0	0.0	0.0	0.0
Acquisition cost, 31 Dec	7.6	125.2	321.4	0.2	16.0	470.3
Accumulated depreciation, 1 Jan		-88.7	-218.6	-0.0		-307.2
Accumulated depreciation on disposals and transfers		0.1	14.2	-		14.3
Depreciation for the period		-5.4	-18.8	-0.0		-24.3
Exchange differences		-0.0	-0.0	-0.0		-0.0
Accumulated depreciation, 31 Dec	-	-94.0	-223.2	-0.1	-	-317.2
Carrying amount at 31 Dec	7.6	31.2	98.2	0.2	16.0	153.1

					Pre-payments and construction in progress	
			Machinery and equipment	Other tangible assets		
2022, MEUR	Land	Buildings				Total
Acquisition cost, 1 Jan	6.8	118.0	297.2	0.0	10.0	432.0
Additions	0.8	0.6	11.6	0.1	12.3	25.3
Business acquisitions	-	0.2	4.3	0.1	-	4.6
Disposals	-0.1	-1.7	-12.4	-0.0	-0.1	-14.3
Transfers between items	-	3.6	9.8	-	-13.4	0.0
Acquisition cost, 31 Dec	7.6	120.6	310.4	0.2	8.9	447.7
Accumulated depreciation, 1 Jan		-84.2	-213.2	-		-297.4
Accumulated depreciation on disposals and transfers		0.6	11.7	0.0		12.3
Depreciation for the period		-5.0	-17.1	-0.0		-22.1
Exchange differences		0.0	0.0	0.0		0.0
Accumulated depreciation, 31 Dec	-	-88.7	-218.6	-0.0	-	-307.2
Carrying amount at 31 Dec	7.6	32.0	91.8	0.2	8.9	140.4

The carrying amount of machinery and equipment includes compactors and balers sold through an external financing company. Due to the repurchase obligation the leased equipment is treated as tangible assets. The carrying amount of the equipment was EUR 12.0 million at the end of 2024, EUR 11.9 million at the end of 2023 and EUR 12.6 million at the end of 2022.

Contractual commitments related to property, plant and equipment totalled EUR 8.6 million in 2024, EUR 12.5 million in 2023 and EUR 18.5 million in 2022.

Climate Transition Plan

The Demerging Group has a transition plan in place to reduce emissions. The primary focus of the measures concerning the Group's own emissions is on reducing emissions generated during transportation. Key actions include transitioning to low-emission vehicles and investing in the use of renewable fuels. The transition will be implemented in connection with investments in fleet, and investments in low-emission vehicles are not expected to have a material impact on the financial statements. Existing vehicles will be used until the end of their useful life, and the transition plan does not require changes to depreciation periods. So far, the transition plan does not significantly affect investment levels for heavy-duty vehicles. For other vehicles, such as vans, the New Lassila & Tikanoja has been investing in electric vehicles for several years.

3.4 Right-of-use assets and lease liabilities

Accounting policy

A right-of-use asset is recognised from a lease contract at the commencement date of the lease, which is the date that the underlying asset is made available for use. Right-of-use assets are measured at cost less any cumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The cost of the right-of-use asset includes the amount of lease liability recognised, any initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Possible restoration obligations are also considered in the cost of the right-of-use asset. At each balance sheet date, the carrying amounts of right-of-use assets are assessed for any impairment, as described in note 1.7 Depreciation, amortisation and impairments.

The lessee recognises the lease liability at the inception of the contract by discounting the future minimum lease payments to the present value. Since the interest rate implicit in the lease is not readily available in most of the New Lassila & Tikanoja's lease contracts, the future minimum lease payments are discounted using the incremental borrowing rate. According to the standard, the incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic situation. The New Lassila & Tikanoja has determined the incremental borrowing rate taking into consideration the lease term and the financial environment of the lease.

The New Lassila & Tikanoja's lease liability covers the lease liabilities of commodities leased through a financial company as well as the lease liabilities of other lease agreements excluding the short-term leases or leases for low-value assets, for which the right-of-use asset and lease liability is not recognised.

The New Lassila & Tikanoja's lease agreements do not include significant variable rents or residual value guarantees.

Critical judgements by Management

The New Lassila & Tikanoja has lease contracts relating mainly to real estate and land areas which are valid until further notice. For such contracts, the management evaluates the lease term on a lease-by-lease basis. In evaluating the lease term the New Lassila & Tikanoja considers e.g. any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the New Lassila & Tikanoja's operations taking into account, for example, whether the underlying asset is a specialised asset, the location of the underlying asset and the availability of suitable alternatives. The lease term is reassessed in future periods to ensure that the lease term reflects the current circumstances.

2024, MEUR	Buildings and Land constructions		Machinery and equipment	Total
Acquisition cost, 1 Jan	12.5	29.7	62.9	105.1
Additions	0.3	11.0	1.1	12.4
Business acquisitions	-	0.1	0.0	0.1
Disposals	-1.8	-4.0	-13.5	-19.3
Exchange differences	-	-0.1	-0.0	-0.1
Acquisition cost, 31 Dec	11.0	36.8	50.5	98.3
Accumulated depreciation, 1 Jan	-2.0	-11.7	-30.6	-44.4
Accumulated depreciation on disposals and transfers	0.4	3.1	11.9	15.4
Depreciation for the period	-1.0	-6.0	-7.5	-14.5
Exchange differences	-	0.0	0.0	0.0
Accumulated depreciation, 31 Dec	-2.6	-14.7	-26.2	-43.5
Carrying amount at 31 Dec	8.4	22.1	24.3	54.8

2023, MEUR	Land	Buildings and constructions	Machinery and equipment	Total
Acquisition cost, 1 Jan	13.8	23.5	54.2	91.5
Additions	1.2	9.7	14.7	25.5
Disposals	-2.4	-3.5	-6.0	-12.0
Exchange differences	-	0.0	0.0	0.0
Acquisition cost, 31 Dec	12.5	29.7	62.9	105.1
Accumulated depreciation, 1 Jan	-1.2	-8.1	-27.6	-36.9
Accumulated depreciation on disposals and transfers	0.2	1.9	5.2	7.3
Depreciation for the period	-1.0	-5.5	-8.3	-14.7
Exchange differences	-	-0.0	-0.0	-0.0
Accumulated depreciation, 31 Dec	-2.0	-11.7	-30.6	-44.4
Carrying amount at 31 Dec	10.5	17.9	32.3	60.7

2022, MEUR	Land	Buildings and constructions	Machinery and equipment	Total
Acquisition cost, 1 Jan	10.4	18.9	49.1	78.4
Additions	3.3	3.9	5.8	13.0
Business acquisitions	-	1.2	0.1	1.3
Disposals	0.1	-0.6	-0.8	-1.3
Acquisition cost, 31 Dec	13.8	23.5	54.2	91.5
Accumulated depreciation, 1 Jan	-0.3	-3.2	-21.5	-25.0
Accumulated depreciation on disposals and transfers	-	0.2	0.7	1.0
Depreciation for the period	-1.0	-5.2	-6.8	-12.9
Exchange differences	-	0.0	0.0	0.0
Accumulated depreciation, 31 Dec	-1.2	-8.1	-27.6	-36.9
Carrying amount at 31 Dec	12.6	15.4	26.6	54.5

On the balance sheet date, no new lease agreements are known which will become valid in the coming financial years that would have a significant impact on the amount of debt resulting from a right-of-use asset or a lease agreement.

Lease liabilities and their maturity have been presented in notes 4.1 Financial assets and liabilities and 4.2 Financial risk management.

For more information about the expenses related to leases, please refer to note 1.6 Expenses related to leases.

3.5 Other non-current assets

Accounting policy

The New Lassila & Tikanoja's other non-current assets consist of shares in associated companies and joint ventures as well as other shares and holdings. The New Lassila & Tikanoja's interests in associated companies and joint ventures are accounted for using the equity method of accounting. The New Lassila & Tikanoja's share of its associated companies' or joint ventures' post-acquisition profits or losses after tax are recognised in the income statement and as adjustment to investment in associated companies or joint ventures in the balance sheet accordingly. When the New Lassila & Tikanoja's share of losses in an associated company or a joint venture equals or exceeds its interest in the associated company or joint venture, the New Lassila & Tikanoja does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture. Other shares and holdings include shares in a few smaller companies, and they are measured at fair value through profit or loss. Other receivables mainly include deposits related to pension obligations in Sweden as well as non-current advance payments.

MEUR	Shares in associated companies and joint ventures	Other shares and holdings	Other receivables
Acquisition cost, 1 Jan 2024	17.6	0.1	0.9
Disposals	-0.0	-	-0.4
Share of the result of associated companies and joint ventures	3.2	-	-
Received dividends	-1.8	-	-
Exchange differences	-	-	-0.0
Acquisition cost, 31 Dec 2024	18.9	0.1	0.4

MEUR	Shares in associated companies and joint ventures	Other shares and holdings	Other receivables
Acquisition cost, 1 Jan 2023	14.0	0.1	1.0
Disposals	-	-	-0.1
Share of the result of associated companies and joint ventures	3.6	-	-
Exchange differences	-	-	0.0
Acquisition cost, 31 Dec 2023	17.6	0.1	0.9

MEUR	Shares in associated companies and joint ventures	Other shares and holdings	Other receivables
Acquisition cost, 1 Jan 2022	0.0	0.1	1.0
Additions	13.3	-	0.2
Disposals	-	-0.0	-0.2
Share of the result of associated companies and joint ventures	0.7	-	-
Acquisition cost, 31 Dec 2022	14.0	0.1	1.0

On 1 July 2024, New Lassila & Tikanoja company L&T Ympäristöpalvelut Oy acquired the rest 60 per cent of the shares of Suomen Keräystuote Oy. Previously Suomen Keräystuote Oy was an associated company, of which the New Lassila & Tikanoja's ownership was 40 per cent. The transaction does not have a significant impact on the New Lassila & Tikanoja's figures.

Information about the substantial joint venture

Name	Domicile	Direct ownership (%)		
		2024	2023	2022
Laania Oy	Helsinki	55.0	55.0	55.0

Financial information about the substantial joint venture

MEUR	2024	2023	2022
Intangible and tangible assets	3.5	3.3	3.3
Right-of-use assets	2.6	2.4	2.4
Other non-current receivables	0.0	0.0	0.0
Inventories	52.8	40.7	51.4
Trade and other receivables	28.8	40.2	27.3
Assets total	87.8	86.7	84.4
Non-current interest bearing liabilities	22.7	22.4	32.5
Trade payables	13.4	14.4	11.6
Other current payables	17.3	17.9	15.1
Liabilities total	53.4	54.8	59.1
Net sales	151.3	153.4	89.7
Depreciation and amortisation	-1.5	-1.4	-0.8
Financial income and expenses	-1.0	-1.2	-0.5
Income taxes	-1.4	-1.6	-0.3
Result for the period	5.8	6.5	1.3
Average number of personnel during the financial year	123	113	90

The reconciliation of the joint venture's financial information to the carrying amount recognised by the New Lassila & Tikanoja:

The New Lassila & Tikanoja's ownership, %	55.0	55.0	55.0
The New Lassila & Tikanoja's share of net assets	18.9	17.6	14.0
The value of the joint venture in the consolidated statement of financial position	18.9	17.6	14.0

For more information on the joint venture please refer to note 5.4 Business disposals and assets and liabilities classified as held for sale.

4. Financial risks and capital structure

4.1 Financial assets and liabilities

Accounting policy

The New Lassila & Tikanoja's financial assets and liabilities include cash and cash equivalents, trade and other receivables, trade and other payables, bank loans, cash-pool receivables and liabilities from related parties as well as lease liabilities. The New Lassila & Tikanoja's financial assets and liabilities are classified into following measurement categories:

Fair value through profit and loss

- Deferred considerations relating to acquisitions

Amortised cost

- Cash and cash equivalents
- Trade and other receivables
- Interest-bearing liabilities, such as bank loans, cash-pool receivables and liabilities from related parties, lease liabilities
- Trade and other payables

This classification is performed when the asset or liability is acquired. The classification of financial assets into different measurement categories depends on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset acquired. The classification of financial liabilities into different measurement categories depends on the purpose for which the financial liabilities were initially acquired.

A financial asset is derecognised when the rights to the cash flows from the asset expire, or when all material risks and rewards of the ownership of the asset have been transferred outside the New Lassila & Tikanoja. A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets measured at amortised cost

Cash and cash equivalents consist of cash on hand, bank deposits redeemable on demand and other short-term liquid investments. Their maturity is no longer than three months from the acquisition date. They are recognised as of the settlement date and measured at historical cost. Foreign currency transactions are translated into euros using the exchange rates prevailing on the balance sheet date. The used credit limits are included in current interest-bearing liabilities. At the end of years 2022, 2023 and 2024, the credit limits were not in use.

Trade and other receivables are measured at amortised cost. Receivables are classified as current financial assets unless their maturity date is more than 12 months from the balance sheet date. Trade receivables are recognised at historical cost less allowances for impairment. A valuation allowance for impairment of trade receivables is recognised when there is objective evidence that the New Lassila & Tikanoja will not be able to collect all amounts due according to the original terms of the receivables. The New Lassila & Tikanoja applies the simplified approach to providing for expected credit losses. Impairments are recognised as an expense in the income statement. Sold non-recourse trade receivables' credit risk and contractual rights are transferred from the New Lassila & Tikanoja on the selling date and related expenses are recognised as financial expenses. More information about allowance for impairment of trade receivables is presented in note 2.1 Trade and other receivables.

Financial liabilities measured at fair value through profit or loss

Deferred considerations are usually non-current liabilities with maturity more than 12 months. Measurement of fair value of the deferred considerations depends on the sale and purchase agreement. Both realised and unrealised gains and losses arising from the changes in fair value are recognised in the income statement for the financial period during which they incurred.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised in the statement of financial position on the settlement date at fair value, on the basis of the consideration received. Transaction costs directly attributable to the acquisition or issue of a loan are included in the original carrying amount of financial liabilities. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in the income statement using the effective interest rate method. Financial liabilities that expire within 12 months from the balance sheet date, including bank overdrafts in use, are recognised within current interest-bearing liabilities, and those expiring in a period exceeding 12 months, are recognised within non-current interest-bearing liabilities.

Lease liabilities

Fair value of lease liabilities is calculated by discounting future cash flows using the incremental borrowing rate. More information on the accounting policies for lease liabilities is presented in note 3.4 Right-of-use assets and lease liabilities.

Fair value hierarchy of financial assets and liabilities measured at fair value

Financial assets and liabilities recognised at fair value must be categorised by using a three-level fair value hierarchy that reflects the significance of the input data used in fair value measurement. Hierarchy level 1 includes such financial instruments, whose fair value is directly based on quoted prices in active markets. Financial instruments of hierarchy level 2 include over-the-counter (OTC) derivatives as well as loan receivables and loans measured at amortised cost. A financial instrument is categorised to level 3 if its fair value cannot be determined based on observable market information.

In the New Lassila & Tikanoja, deferred considerations relating to acquisitions are recognised at fair value. The fair values of deferred considerations are categorised in hierarchy level 3. The valuation is described in more detail in section Reconciliation of financial liabilities recognised at fair value according to the level 3.

31 Dec 2024, MEUR	Amortised cost	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level	Note
Non-current financial assets					
Other receivables	0.4		0.4		
Current financial assets					
Trade and other receivables	49.6		49.6		2.1
Cash pool receivables from related parties	0.1		0.1		
Cash and cash equivalents	1.9		1.9		
Total financial assets	52.0	-	52.0		
Non-current financial liabilities					
Borrowings	0.3		0.3	2	
Lease liabilities	45.2		45.2		4.2
Deferred consideration		6.7	6.7	3	
Current financial liabilities					
Borrowings	0.5		0.5	2	
Cash pool liabilities to related parties	11.6		11.6		
Lease liabilities	11.7		11.7		4.2
Trade and other payables	35.2		35.2		2.3
Total financial liabilities	104.6	6.7	111.3		

31 Dec 2023, MEUR	Amortised cost	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level	Note
Non-current financial assets					
Other receivables	0.7		0.7		
Current financial assets					
Trade and other receivables	54.6		54.6		2.1
Cash pool receivables from related parties	0.3		0.3		
Cash and cash equivalents	2.4		2.4		
Total financial assets	58.1	-	58.1		
Non-current financial liabilities					
Borrowings	0.8		0.8	2	
Lease liabilities	47.5		47.5		4.2
Deferred consideration		5.9	5.9	3	
Current financial liabilities					
Borrowings	0.6		0.6	2	
Cash pool liabilities to related parties	1.4		1.4		
Lease liabilities	14.7		14.7		4.2
Trade and other payables	43.4		43.4		2.3
Total financial liabilities	108.3	5.9	114.3		

31 Dec 2022, MEUR	Amortised cost	Fair value through profit or loss	Carrying amounts by balance sheet item	Fair value hierarchy level	Note
Non-current financial assets					
Other receivables	0.8		0.8		
Current financial assets					
Trade and other receivables	58.5		58.5		2.1
Cash pool receivables from related parties	20.5		20.5		
Cash and cash equivalents	2.6		2.6		
Total financial assets	82.3	-	82.3		
Non-current financial liabilities					
Borrowings	1.4		1.4	2	
Lease liabilities	41.4		41.4		4.2
Deferred consideration		5.7	5.7	3	
Current financial liabilities					
Borrowings	0.7		0.7	2	
Cash pool liabilities to related parties	6.9		6.9		
Lease liabilities	14.4		14.4		4.2
Trade and other payables	38.2		38.2		2.3
Total financial liabilities	103.0	5.7	108.7		

Trade and other receivables do not include tax receivables and accruals, and trade and other payables do not include statutory liabilities (e.g. tax liabilities), accrued expenses and deferred income. The fair values of balance sheet items do not differ significantly from the carrying amounts of the balance sheet items.

Reconciliation of financial liabilities recognised at fair value according to the level 3

MEUR	2024	2023	2022
Carrying amount 1 Jan	5.9	5.7	-
Deferred consideration at the date of the acquisition	-	-	5.1
Change in fair value	1.0	0.2	0.8
Exchange differences	-0.2	0.0	-0.2
Carrying amount 31 Dec	6.7	5.9	5.7

Deferred consideration is related to the acquisition of 70 per cent share of Sand & Vattenbläst i Tyringe AB ("SVB") that offers process cleaning services in Sweden. The acquisition took place on 1 February 2022. SVB is consolidated with 100 per cent share in the New Lassila & Tikanoja and, in connection with the arrangement, the New Lassila & Tikanoja has recognised in financial liabilities an estimate of the deferred consideration for the acquisition. The deferred consideration relates to the acquisition of non-controlling interest and is measured at fair value, which is reflected in the present value of the estimated liability. It will mature on 1 February 2026 at the earliest.

The valuation of the deferred consideration is based on the shareholder agreement and is affected by the acquired company's balance sheet structure and EBITDA forecast for 2025. More information on the deferred consideration is presented in note 2.4 Other non-current liabilities.

Net interest-bearing liabilities

MEUR	2024	2023	2022
Borrowings	0.3	0.8	1.4
Lease liabilities	45.2	47.5	41.4
Non-current interest-bearing liabilities	45.5	48.4	42.8
Lease liabilities	11.7	14.7	14.4
Cash-pool liabilities to related parties	11.6	1.4	6.9
Borrowings	0.5	0.6	0.7
Current interest-bearing liabilities	23.8	16.6	21.9
Total interest-bearing liabilities	69.4	65.0	64.7
Cash-pool receivables from related parties	0.1	0.3	20.5
Cash and cash equivalents	1.9	2.4	2.6
Net interest-bearing liabilities	67.4	62.3	41.7

Change in net interest-bearing liabilities

2024, MEUR	Borrowings	Cash-pool receivables and liabilities	Lease liabilities	Cash and cash equivalents	Total
Carrying amount on 1 Jan	1.4	1.1	62.2	-2.4	62.3
Change in net interest-bearing liabilities, cash:					
Repayments of non-current loans	-0.6				-0.6
Change in cash-pool receivables and liabilities		10.5			10.5
Repayments of lease liabilities			-13.9		-13.9
Change in cash and cash equivalents				0.5	0.5
Total cash flows	-0.6	10.5	-13.9	0.5	-3.5
Change in net interest-bearing liabilities, non-cash:					
Change in lease liabilities			8.6		8.6
Other changes	0.0			0.0	0.0
Total non-cash movements	0.0	-	8.6	0.0	8.7
Carrying amount on 31 Dec	0.8	11.6	56.9	-1.9	67.4

Change in net interest-bearing liabilities

2023, MEUR	Borrowings	Cash-pool receivables and liabilities	Lease liabilities	Cash and cash equivalents	Total
Carrying amount on 1 Jan	2.1	-13.6	55.8	-2.6	41.7
Change in net interest-bearing liabilities, cash:					
Repayments of non-current loans	-0.7				-0.7
Change in cash-pool receivables and liabilities		14.7			14.7
Repayments of lease liabilities			-14.5		-14.5
Change in cash and cash equivalent				0.1	0.1
Total cash flows	-0.7	14.7	-14.5	0.1	-0.3
Change in net interest-bearing liabilities, non-cash:					
Change in lease liabilities			20.9		20.9
Other changes	-0.0			0.0	-0.0
Total non-cash movements	-0.0	-	20.9	0.0	20.9
Carrying amount on 31 Dec	1.4	1.1	62.2	-2.4	62.3

Change in net interest-bearing liabilities

2022, MEUR	Borrowings	Cash-pool receivables and liabilities	Lease liabilities	Cash and cash equivalents	Total
Carrying amount on 1 Jan	-	-19.3	54.3	-1.5	33.5
Change in net interest-bearing liabilities, cash:					
Repayments of non-current loans	-0.9				-0.9
Change in cash-pool receivables and liabilities		5.7			5.7
Repayments of lease liabilities			-14.1		-14.1
Change in cash and cash equivalent				-1.2	-1.2
Total cash flows	-0.9	5.7	-14.1	-1.2	-10.4
Change in net interest-bearing liabilities, non-cash:					
Change in lease liabilities			15.5		15.5
Other changes	2.9			0.1	3.1
Total non-cash movements	2.9	-	15.5	0.1	18.6
Carrying amount on 31 Dec	2.1	-13.6	55.8	-2.6	41.7

4.2 Financial risk management

The New Lassila & Tikanoja has historically been part of the Demerging Group and its financial risks have been managed centrally by Demerging Group's finance function, which is managed by the Demerging Group's CFO. The principles for financial risk management are defined in the treasury policy approved by the Board of Directors of the Demerging Company. The purpose of financial risk management is to mitigate significant financial risks and strive to reduce the unfavourable effects of fluctuations in the financial market and other risk factors on the Demerging Group's result. In connection with the demerger, New Lassila & Tikanoja will establish its own finance function and develop its own financial risk management policy to maintain an effective risk management function.

Foreign exchange risk

The New Lassila & Tikanoja consists of the items allocated from the Demerging Company operating in Finland and the New Lassila & Tikanoja companies operating in Finland and Sweden. The Demerging Company's and the Finnish New Lassila & Tikanoja companies' functional and reporting currency is the euro. The Swedish New Lassila & Tikanoja companies' functional and reporting currency is Swedish krona. Thus, changes in foreign exchange rates have impact on the New Lassila & Tikanoja's result and invested equity.

Translation risk

The exposure to translation risk consists of net investments in foreign subsidiaries, which include equity investments and retained earnings. The position of net investments in foreign subsidiaries is not hedged, as these holdings are considered long-term strategic investments.

Translation differences totalling EUR -0.3 million in 2024, EUR 0.0 million in 2023 and EUR -0.5 million in 2022 were accumulated in the invested equity due to the fluctuations of currency rates. The translation difference is totally related to the Swedish business. At the balance sheet date, the Swedish krona denominated translation position was EUR 11.8 million in 2024, EUR 9.6 million in 2023 and EUR 8.5 million in 2022.

Transaction risk

The business operations of the New Lassila & Tikanoja's foreign subsidiaries are carried out almost completely in their functional currency and thus does not cause any transaction risk. The policy of the Demerging Group is to hold cash reserves primarily in the Group's operating currency, thereby avoiding exposure to exchange rate risk. The New Lassila & Tikanoja companies operating in Finland use euro as the invoicing currency for sales almost exclusively. Financing for subsidiaries is mainly provided through intra-Group loans that are denominated in the functional currency of each subsidiary. The amount of the internal loans within the New Lassila & Tikanoja is small, and thus does not cause significant transaction risk.

The New Lassila & Tikanoja has recognised in financial liabilities an estimate of a deferred consideration related to the acquisition of Sand & Vattenbläst i Tyringe AB. The Swedish krona denominated deferred consideration exposes the New Lassila & Tikanoja to a foreign exchange risk.

Price risk of investments

The New Lassila & Tikanoja has not invested in listed securities, the value of which changes as the market prices change, and is thus not exposed to securities price risk. The New Lassila & Tikanoja has a 55% holding in Laania Oy, a joint venture established on 1 July 2022 with Neova. The investment in the joint venture is accounted for using the equity method of accounting, and its carrying amount in the balance sheet was EUR 18.9 million at the end of 2024, EUR 17.6 million at the end of 2023 and EUR 14.0 million at the end of 2022. More information on the joint venture and its measurement can be found in note 3.5 Other non-current assets. The New Lassila & Tikanoja's other holdings in unlisted shares are not material, and there is no substantial price risk related to these shares.

Commodity price risk

The fluctuations of the world market price of crude oil are reflected in the price of fuel used in production equipment as well as in the purchase prices of environmental products through oil-based raw materials. In waste management, some customer contracts specify such invoicing periods and contract terms that the sales prices cannot be raised monthly. This means that the rise in fuel prices is passed on to service prices with a delay.

The Group manages the raw material price risk for environmental products through fixing sales prices for a period not exceeding the period for which the suppliers' purchase prices are valid.

Interest rate risk

Fluctuations in market interest rates affect interest payments as well as the fair value of interest-bearing receivables and liabilities. The objective of interest rate risk management is to reduce the impact of interest rate fluctuations on the combined income statement, statement of financial position, and statement of cash flows.

In the carve-out financial statements, the New Lassila & Tikanoja's interest-bearing liabilities mainly consist of lease liabilities and cash-pool liabilities to the Demerging Company. The impact of a potential one percentage point change in the interest rate on the New Lassila & Tikanoja's result during the carve-out financial periods would have been insignificant. In the demerger, a substantial amount of external loans will transfer to the New Lassila & Tikanoja, after which the interest rate risk will become more significant.

Most of the New Lassila & Tikanoja's net sales are generated by long-term service agreements. Due to good cash flow predictability, the Demerging Group's treasury policy specifies that the company shall seek to ensure adequate level of liquid assets in proportion to the current short-term financing requirements.

Credit and counterparty risk

Financial instruments involve the risk of the counterparty being unable to fulfil its contractual commitments. Counterparty risk is managed by making financial contracts with major Nordic banks only.

In the carve-out financial statements, the New Lassila & Tikanoja has receivables and liabilities from related parties, which mainly consist of intra-group receivables and liabilities from the Demerging Company. These receivables and liabilities will be settled in the demerger and will no longer exist after the demerger.

The New Lassila & Tikanoja has a wide customer base consisting of companies, industrial plants, housing corporations, public sector organisations and households. Its accounts receivable consist mostly of a high number of relatively small receivables and there are no significant concentrations of credit risk. The Demerging Group has credit control guidelines to ensure that services and products are sold only to customers with an appropriate credit standing or, if a customer's creditworthiness is inadequate, prepayment is required. Most customer relationships are based on long-term service contracts, and customers are not generally required to provide collateral.

A simplified credit loss model is used for trade receivables and contract assets. The amount of expected credit losses is based on the lifetime expected credit losses of receivables. The model is based on historical observed default amounts over the expected life of the trade receivables and is adjusted for forward-looking estimates depending on the overdue of the receivables. More information on allowance for expected credit losses can be found in note 2.1 Trade and other receivables.

With regard to Finnish trade receivables, collection operations are managed centrally by the Demerging Group's finance function. The foreign subsidiaries manage the collection of their trade receivables locally.

Financial assets and related credit risk

MEUR	2024	2023	2022
Other non-current receivables	0.4	0.7	0.8
Trade receivables	49.4	54.6	58.4
Other current receivables	0.2	0.0	0.1
Cash pool receivables from related parties	0.1	0.3	20.5
Cash and cash equivalents	1.9	2.4	2.6

Liquidity and refinancing risk

Liquidity risk management ensures that the Group can continuously meet its financial obligations related to operations at the lowest possible cost. The Demerging Group aims to maintain strong liquidity through efficient cash management. Liquidity is monitored in real time and forecasted using cash flow projections. The Demerging Group has previously centrally supervised and managed the liquidity and refinancing risk of the New Lassila & Tikanoja companies. The Demerging Group uses a group bank account system that supports cash management. The availability of financing is secured by engaging multiple banks in financing activities.

No portion of the Demerging Company's cash and cash equivalents has been allocated to these carve-out financial statements, as the New Lassila & Tikanoja's share of them cannot be reliably attributed to the New Lassila & Tikanoja. The New Lassila & Tikanoja's cash and cash equivalents consist of cash held by the legal entities of the New Lassila & Tikanoja. The New Lassila & Tikanoja's cash and cash equivalents amounted to EUR 1.9 million at the end of 2024, EUR 2.4 million at the end of 2023, and EUR 2.6 million at the end of 2022. In connection with the demerger, a certain amount of the Demerging Company's cash and cash equivalents will be transferred to the New Lassila & Tikanoja in accordance with the principles described in the demerger plan.

The following table shows the New Lassila & Tikanoja's financial liabilities classified according to contractual maturity dates at the balance sheet date. The figures shown are undiscounted contractual cash flows.

Maturity of financial liabilities

MEUR 2024	Carrying amount	Contractual cash flows	2025	2026	2027	2028	2029	2030 and later
Borrowings	0.8	0.8	0.5	0.3	0.1	0.0	-	-
Cash pool liabilities to related parties	11.6	11.6	11.6	-	-	-	-	-
Lease liabilities	56.9	60.9	14.4	10.5	6.6	5.9	5.5	18.0
Trade and other payables	35.2	35.2	35.2	-	-	-	-	-
Total	104.6	108.6	61.7	10.8	6.6	5.9	5.5	18.0

MEUR 2023	Carrying amount	Contractual cash flows	2024	2025	2026	2027	2028	2029 and later
Borrowings	1.4	1.5	0.6	0.5	0.3	0.1	0.0	-
Cash pool liabilities to related parties	1.4	1.4	1.4	-	-	-	-	-
Lease liabilities	62.2	65.4	15.1	12.0	7.5	5.5	5.1	20.3
Trade and other payables	43.4	43.4	43.4	-	-	-	-	-
Total	108.3	111.7	60.5	12.5	7.8	5.5	5.1	20.3

MEUR 2022	Carrying amount	Contractual cash flows	2023	2024	2025	2026	2027	2028 and later
Borrowings	2.1	2.3	0.8	0.6	0.5	0.3	0.1	0.0
Cash pool liabilities to related parties	6.9	6.9	6.9	-	-	-	-	-
Lease liabilities	55.8	62.5	14.4	11.9	8.5	4.5	2.6	20.6
Trade and other payables	38.2	38.2	38.2	-	-	-	-	-
Total	103.0	109.9	60.3	12.5	9.0	4.8	2.6	20.6

4.3 Invested Equity

Share capital and the number of shares

As New Lassila & Tikanoja Plc is being established through the partial demerger of the Demerging Company, and the carve-out financial statements have been prepared in accordance with the accounting principles presented in section 'Background and Basis of Preparation' of the notes to the carve-out financial statements, share capital is not presented separately for prior periods. As demerger consideration, the shareholders of the Demerging Company will receive one (1) share in New Lassila & Tikanoja Plc for each share they hold in the Demerging Company.

The final total number of New Lassila & Tikanoja shares to be issued as demerger consideration will be determined on the Effective Date of the Demerger based on the number of shares in the Demerging Company not held by the Demerging Company itself. Based on the situation as of the date of these carve-out financial statements, the total number of New Lassila & Tikanoja shares to be issued as demerger consideration would therefore be 38,211,724 shares. The final total number of shares may be affected, among other things, by changes in the number of shares issued by the Demerging Company, including, for example, if the Demerging Company issues new shares or acquires its own shares before the Effective Date. Shares may be transferred before the Effective Date, for example, to pay share-based incentives under share-based incentive schemes.

Translation differences

Translation differences arise from the translation of the equity and earnings of foreign subsidiaries into euros. Translation differences are recognised in translation differences within the total invested equity and the changes in the translation differences are presented in other comprehensive income.

4.4 Commitments and contingent liabilities

MEUR	2024	2023	2022
Collaterals for own commitments			
Company mortgages	0.5	0.5	2.0
Other securities	0.0	0.0	0.0
Bank guarantees required for environmental permits	25.0	26.6	17.4
Other bank guarantees	5.7	5.3	4.3
Liabilities on behalf of the joint venture			
Account limit	-	2.8	2.8
Bank guarantees	16.5	16.5	16.5
Term loan facility guarantee	-	11.0	16.5
Revolving credit facility	-	5.5	-
Future lease payments			
Within one year	0.0	0.0	0.0
Over one year	0.0	0.0	0.1

The New Lassila & Tikanoja has a 55% holding in Laania Oy, a joint venture established on 1 July 2022 together with Neova. The amount of the liabilities on behalf of the joint venture is disclosed as the New Lassila & Tikanoja's share of the maximum amount of liability, in relation to the New Lassila & Tikanoja's holding.

Future lease payments consist of minimum leasing commitments related to lease agreements for low-value assets, to which the New Lassila & Tikanoja has elected to apply recognition exemption permitted by IFRS 16. For more information on leases please refer to notes 1.6 Expenses related to leases and 3.4 Right-of-use assets and lease liabilities.

The New Lassila & Tikanoja is involved in a few disputes related to the ordinary business operations, the outcomes of which are not expected to have a material impact on the New Lassila & Tikanoja's financial position.

5. Consolidation and other notes

5.1 Consolidation

Subsidiaries

The carve-out financial statements include the assets, liabilities, income, expenses, and cash flows related to the New Lassila & Tikanoja's business from the Demerging Company and Hankinta Ky, as well as all New Lassila & Tikanoja entities in which the New Lassila & Tikanoja has control. The criteria for control are fulfilled when the New Lassila & Tikanoja is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

The shareholdings between the New Lassila & Tikanoja companies are eliminated using the acquisition method. Consideration given and the identifiable assets and liabilities of an acquired company are recognised at fair value on the date of acquisition. Any costs associated with the acquisition, with the exception of costs arising from the issuance of debt securities or equity instruments, are recognised as expenses. Any conditional additional sale price is measured at fair value on the date of the acquisition and classified as a liability or as equity. Additional sales price classified as a liability is measured at fair value on the closing day of each reporting period, and the resulting gains or losses are recognised through profit or loss. Additional sales price classified as equity will not be re-measured. Any non-controlling interests in the acquired entity are recognised either at fair value or at the proportionate share of non-controlling interests in the acquired entity's net identifiable assets. The principle applied in measurement is specified separately for each acquisition. The treatment of goodwill from acquisition of subsidiaries is explained in note 3.1 Goodwill and other intangible assets.

The subsidiaries are fully consolidated from the date on which control is transferred to the New Lassila & Tikanoja until the date that control ceases.

The profit or loss for the period and the comprehensive income are attributed to the New Lassila & Tikanoja's shareholders and non-controlling interests, even if this would result in the non-controlling interest being negative. Equity attributable to non-controlling interests is presented as a separate item in the statement of financial position, as an equity component. Changes in the parent company's holdings in the subsidiary not resulting in loss of controlling interest are recognised as equity transactions. The New Lassila & Tikanoja has no non-controlling interests.

In an acquisition achieved in stages, the previous holdings are measured at fair value and the resulting gains or losses are recognised through profit or loss. If the New Lassila & Tikanoja loses its controlling interest in the subsidiary, its remaining holdings are measured at fair value on the date when control ceases, and the difference is recognised through profit or loss.

All inter-company transactions, receivables, liabilities and unrealised gains, as well as distribution of profits between the New Lassila & Tikanoja companies, are eliminated in the carve-out financial statements. Unrealised losses due to impairment of assets are not eliminated. The distribution of profit or loss for the period between equity holders of the New Lassila & Tikanoja and the non-controlling interest is presented separately in the income statement and the statement of comprehensive income, and the share of equity belonging to the non-controlling interest is presented as a separate item in the statement of financial position under equity.

Associated companies and joint ventures

Associated companies are entities over which the New Lassila & Tikanoja has significant influence but no control. The New Lassila & Tikanoja has significant influence when it holds more than 20% of the voting rights or otherwise has significant influence but not a non-controlling interest. Joint ventures are arrangements in which the New Lassila & Tikanoja has joint control.

The New Lassila & Tikanoja's interests in associated companies and joint ventures are accounted for using the equity method of accounting. Investments in associated companies and joint ventures are initially measured at fair value. The New Lassila & Tikanoja's share of its associated companies' or joint ventures' post-acquisition profits or losses after tax are recognised in the income statement. When the New Lassila & Tikanoja's share of losses in an associated company or a joint venture equals or exceeds its interest in the associated company or joint venture, the New Lassila & Tikanoja does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

Foreign currency translation

Figures indicating the performance and financial position of the New Lassila & Tikanoja companies are specified in the currency of the economic operating environment in which the company primarily operates (functional currency). The carve-out financial statements are presented in euros, which is the New Lassila & Tikanoja's reporting currency.

Any transactions in foreign currencies are recognised in the functional currency using the exchange rate in effect on the transaction date. In practice, it is customary to use a rate that is close enough to the transaction day rate. Monetary assets denominated in foreign currency are translated into euros using the exchange rates in effect on the balance sheet date. Non-monetary assets are translated using the exchange rate in effect on the transaction date. The New Lassila & Tikanoja has no non-monetary assets denominated in foreign currency that are measured at fair value. Exchange rate gains and losses arising from foreign-currency transactions and the translation of monetary items are recognised in the income statement. Foreign exchange gains and losses on business transactions are included in the respective items above operating profit. Foreign exchange gains and losses on financial assets and liabilities are included in financial income and expenses.

The income statements of the New Lassila & Tikanoja companies whose functional currency is not the euro are translated into euros at average exchange rates for the period, and the statements of financial position at the exchange rates in effect at the balance sheet date. The difference in exchange rates applicable to the translation of profit in the income statement and statement of comprehensive income result in a translation difference recognised in the currency translation differences within invested equity. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries, as well as translation differences in equity items accumulating after the acquisition, are recognised in the translation difference reserve.

Goodwill and fair value adjustments to the carrying amounts of the assets and liabilities arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into euros at the closing rate.

5.2 New Lassila & Tikanoja companies

The New Lassila & Tikanoja's holding of shares and votes, %

Allocated share of the Demerging Company

Items allocated from the Demerging Company¹

Finnish subsidiaries

L&T Ympäristöpalvelut Oy	100.0
L&T Teollisuusspalvelut Oy	100.0
Suomen Keräystuote Oy (from 1.7.2024 onwards, previously an associated company)	100.0
Sihvari Oy (until 9.6.2023)	100.0
Turun Seudun Hyötykuljetus Oy, Finland (until 1.8.2023)	100.0
L&T Biowatti Oy (until 1.7.2022)	100.0
Hankinta Ky ¹	

Foreign subsidiaries

Sand & Vattenbläst i Tyringe AB, Sweden (from 1.2.2022 onwards)	70.0
Cisternservice i Hässleholm AB, Sweden (1 February 2022 - 30 December 2024)	70.0
PF Industriservice AB, Sweden (1 February 2024 - 30 December 2024)	70.0

Joint ventures

Laania Oy Finland (from 1.7.2022 onwards) ²	55.0
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¹ The assets, liabilities, income, expenses, and cash flows related to the New Lassila & Tikanoja's business from the Demerging Company and Hankinta Ky. Hankinta Ky was liquidated in December 2023.

² Information on the joint venture and the sale of net assets of L&T Biowatti Oy to the joint venture is disclosed in notes 3.5 Other non-current assets and 5.4 Business disposals and assets and liabilities classified as held for sale.

In 2024, Cisternservice i Hässleholm AB and PF Industriservice AB were merged to Sand & Vattenbläst i Tyringe AB.

In 2023, Turun Seudun Hyötykuljetus Oy was merged to L&T Ympäristöpalvelut Oy and Sihvari Oy was liquidated.

5.3 Business acquisitions

Accounting policy

In business combinations, all property, plant and equipment acquired is measured at fair value on the basis of the market prices of similar assets, taking into account the age of the assets, wear and tear and similar factors. Tangible assets will be depreciated over their useful life according to the management's estimate, taking into account the depreciation principles followed within the New Lassila & Tikanoja.

Intangible assets arising from business combinations are recognised separately from goodwill at fair value at the time of acquisition if they are identifiable. In connection with acquired business operations, the New Lassila & Tikanoja mostly has acquired agreements on prohibition of competition and customer relationships as well as environmental permits. The fair value of customer agreements and customer relationships associated with them has been determined on the basis of estimated duration of customer relationships and discounted net cash flows arising from current customer relationships. The value of agreements on prohibition of competition is calculated in a similar manner through cash flows over the duration of the agreement. Intangible assets are amortised over their useful life according to the agreement or the management's estimate.

Critical judgements by Management

Assets and liabilities acquired in business combinations as well as assets and liabilities classified as held for sale are measured at fair value. Whenever possible, the management uses available market values when determining the fair values. When this is not possible, the measurement is based on the historical income from the asset. In particular, the measurement of intangible assets is based on discounted cash flows and requires the management to make estimates on future cash flows. Although these estimates are based on the management's best knowledge, actual results may differ from the estimates. The carrying amounts of assets are reviewed continuously for impairment. More information on this is provided in note 1.7. Depreciation, amortisation and impairments.

Business acquisitions 2024

On 1 February 2024, the New Lassila & Tikanoja acquired all of the shares of PF Industriservice AB, a company that provides process cleaning services in Sweden. Through the acquisition, the New Lassila & Tikanoja's process cleaning services business expanded to the Gävleborg area in Sweden. In the fair value measurement, intangible assets based on customer relationships with a value of EUR 0.7 million, as well as goodwill with a value of EUR 0.8 million were identified. The goodwill is mainly based on the regional position of the acquired business and its future development prospects.

On 1 July 2024, New Lassila & Tikanoja company L&T Ympäristöpalvelut Oy acquired the rest 60 per cent of the shares of Suomen Keräystuote Oy. Previously Suomen Keräystuote Oy was an associated company, of which the New Lassila & Tikanoja's ownership was 40 per cent. The transaction does not have a significant impact on the The New Lassila & Tikanoja's figures.

In 2024, business acquisitions had an EUR 2.6 million impact on the New Lassila & Tikanoja's net sales for the financial period and EUR 0.2 million on operating profit. If the acquisitions in 2024 had been completed on 1 January 2024, the New Lassila & Tikanoja's net sales would have been approximately EUR 424.0 million and operating profit approximately EUR 40.5 million.

In 2024, expenses totalling EUR 0.1 million related to the acquisitions were recognised in the income statement.

Business acquisitions 2023

There were no business acquisitions in 2023.

Business acquisitions 2022

On 1 February 2022, the New Lassila & Tikanoja acquired 70 per cent of the shares of Sand & Vattenbläst i Tyringe AB ("SVB"), a company that provides process cleaning services in Sweden. The transaction also includes Cisternservice i Hässleholm AB, owned by SVB. Through the acquisition, the New Lassila & Tikanoja's Industrial Services division entered the Swedish process cleaning market. In the fair value measurement, intangible assets based on customer relationships with a value of EUR 2.8 million, agreements on prohibition of competition with a value of EUR 0.1 million, as well as goodwill with a value of EUR 8.3 million were identified. The goodwill is mainly based on the strong regional position of the acquired business and its future development prospects. 100 per cent share of SVB is consolidated in the New Lassila & Tikanoja and, in connection with the arrangement, the New Lassila & Tikanoja has recognised in the financial liabilities an estimate of the deferred consideration related to the acquisition of the non-controlling interest. The deferred consideration is measured at fair value through profit or loss.

The New Lassila & Tikanoja 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. Through the acquisition, the New Lassila & Tikanoja's Circular Economy businesses received new customers across Finland.

In 2022 business acquisitions had an EUR 19.9 million impact on the New Lassila & Tikanoja's net sales for the financial period and EUR 2.5 million on operating profit. If the acquisitions in 2022 had been completed on 1 January 2022, the New Lassila & Tikanoja's net sales would have been approximately EUR 451.7 million and operating profit approximately EUR 44.5 million.

In 2022, expenses totalling EUR 0.4 million related to the acquisitions were recognised in the income statement.

Fair value, MEUR	Business acquisitions 2024	Business acquisitions 2023	Business acquisitions 2022
Intangible assets	0.7	-	5.6
Property, plant and equipment	0.4	-	4.9
Right-of-use assets	0.1	-	1.4
Inventories	-	-	0.1
Receivables	0.2	-	1.8
Cash and cash equivalents	0.5	-	1.2
Total assets	1.9	-	15.0
Other liabilities	0.4	-	6.4
Deferred tax liabilities	0.2	-	1.0
Total liabilities	0.6	-	7.4
Net assets acquired	1.2	-	7.6
Total consideration	2.1	-	19.6
Goodwill	0.8	-	11.9
Impact on cash flow			
Total consideration	-2.1	-	-19.6
Deferred consideration	-	-	5.1
Consideration paid in cash	-2.1	-	-14.4
Cash and cash equivalents of the acquired company	0.5	-	1.2
Total impact on cash flow	-1.6	-	-13.2

The acquisition price calculations prepared according to IFRSs are final. The figures for such acquired businesses, that are not material when considered separately, are stated in aggregate.

5.4 Business disposals and assets and liabilities classified as held for sale

Accounting policy

Assets and liabilities held for sale are measured at lower of the carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and their sale is highly probable. The non-current assets classified as held for sale are not depreciated.

In 2023 and 2024, the New Lassila & Tikanoja did not have any business disposals or assets or liabilities classified as held for sale.

On December 17, 2021, the New Lassila & Tikanoja and Neova Oy signed an agreement to merge their fuel wood businesses. According to the agreement, Neova's fuel wood business was transferred to L&T Biowatti Oy on 1 July 2022. After the merger, the company continued as an independent limited company called Laania Oy. The New Lassila & Tikanoja's share of the joint venture is 55 per cent and Neova's 45 per cent, but based on the agreement both parties have joint control over the joint venture. In the first half of 2022, L&T Biowatti Oy was fully consolidated to the carve-out financial statements as a subsidiary. After this, the New Lassila & Tikanoja's share of the joint venture's net result is recognised in the income statement on a separate line. In the Demerger, the shares of Laania will transfer to the New Lassila & Tikanoja.

Investment in joint venture

At the acquisition date, the New Lassila & Tikanoja's investment in joint venture totalled EUR 13.3 million. It is recognised on line Shares in associated companies and joint ventures in the combined statement of financial position. The transaction is valued according to the IAS 28. In the last quarter of 2022, the transaction was finalised and the New Lassila & Tikanoja recognised a gain totalling EUR 4.3 million on the transaction. The gain on sale was included in other operating income in the New Lassila & Tikanoja's income statement. In 2022, expenses totalling EUR 0.5 million related to the transaction were recognised in the income statement. More information on the joint venture is presented in note 3.5.

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	14.8
Current financial liabilities	0.1
Trade and other payables	10.1
Liabilities Total	25.0
Net assets disposed of	9.0

Gain on sale

MEUR	2022
Fair value of the shares in joint venture received	13.3
Net assets disposed of	-9.0
Total	4.3

Cash flow impact

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

5.5 Related-party transactions

Related parties of the New Lassila & Tikanoja include the subsidiaries belonging to the New Lassila & Tikanoja, the Demerging Company and its subsidiaries, the associated company (Suomen Keräystuote Oy until 1 July 2024), the joint venture (Laania Oy), and the L&T Sickness Fund. Related parties also comprise the New Lassila & Tikanoja's as well as the Demerging Groups key management personnel (members of the Board of Directors, the CEO, and members of the management team), their close family members and entities under their control.

Lists of the companies belonging to the New Lassila & Tikanoja as well as associated companies and joint ventures are presented in the carve-out principles section of the basis of preparation as well as in note 5.2. New Lassila & Tikanoja companies.

The contributions paid by the New Lassila & Tikanoja companies to the L&T sickness fund amounted to EUR 0.5 million in 2024, EUR 0.4 million in 2023 and EUR 0.4 million in 2022.

No loans were granted and no guarantees nor other securities given to persons belonging to the related parties of the New Lassila & Tikanoja.

Transactions with Demerging Group

The New Lassila & Tikanoja's business transactions with the Demerging Group are presented in the following table. Transactions with the Demerging Group are conducted at arm's length prices.

MEUR	2024	2023	2022
Net sales	1.0	1.1	1.4
Purchases of materials and services	-0.2	-0.3	-0.3
Other operating expenses	-0.8	-0.7	-0.7
Financial income	0.1	0.1	0.1
Financial expenses	-1.7	-0.7	-0.3
Cash pool receivables	0.1	0.3	20.5
Trade and other receivables	0.3	0.3	0.1
Cash pool liabilities	11.6	1.4	6.9
Trade and other payables	0.1	0.1	0.2

Sales by the New Lassila & Tikanoja to companies belonging to the Demerging Group consist of items typical of ordinary business operations, such as subcontracting services and sales of materials and supplies. Purchases and other operating expenses mainly comprise subcontracting service fees and other service purchases. Financial income and expenses consist of interest related to cash pool receivables and liabilities. Trade and other receivables as well as trade and other payables consist of items arising from ordinary business operations.

Transactions with the joint venture

The New Lassila & Tikanoja's business transactions with Laania Oy are presented in the following table. In the first quarter of 2024, Laania paid dividends totalling EUR 1.8 million to the New Lassila & Tikanoja. In the final quarter of 2022, Laania paid loans totalling EUR 16.4 million to the New Lassila & Tikanoja. The Demerging Group has also provided guarantees for Laania's financing arrangements. These guarantees have been allocated to the New Lassila & Tikanoja in these carve-out financial statements and are specified in note 4.4 Commitments and contingent liabilities.

MEUR	2024	2023	2022
Net sales	3.1	2.2	0.6
Other operating income	-	-	0.3
Purchases of materials and services	-0.9	-1.3	-0.7
Trade and other receivables	0.0	0.0	0.0

Management remuneration

The table below presents the portion of costs allocated to the New Lassila & Tikanoja from key management personnel of the Demerging Company for the preparation of the carve-out financial statements, reflecting management's contribution to the New Lassila & Tikanoja's business. The allocation key used is a relevant identifier for each corporate function, such as revenue or headcount.

TEUR	2024	2023	2022
Salaries and other short-term employee benefits	990.3	1,215.1	1,054.7
Bonuses	124.9	136.0	211.7
Termination benefits	494.7	-	-
Share-based payments	193.9	-	338.3
Pension expenses, statutory	104.2	106.5	84.0
Total	1,908.0	1,457.7	1,688.7

In addition, the carve-out financial statements include an allocation of salaries and remunerations paid to the members of the Demerging Company's Board of Directors as follows: 204 thousand euros in 2024, 141 thousand euros in 2023, and 150 thousand euros in 2022.

The New Lassila & Tikanoja has not operated as an independent public limited company during the presented financial periods; therefore, the figures shown above should not be considered indicative of the future remuneration of key management personnel of the New Lassila & Tikanoja.

The New Lassila & Tikanoja has not had any significant related party transactions other than those presented above.

5.6 Auditing costs

Carve-out principle

The carve-out financial statements include the portion of the Demerging Group's auditing costs that can be directly allocated to the New Lassila & Tikanoja companies, as well as half of the Demerging Company's auditing costs.

MEUR	2024	2023	2022
Auditing	0.1	0.1	0.1
Other assignments in accordance with the auditing act	0.0	0.0	0.0
Tax consulting services	0.0	0.0	0.0
Other services	0.1	0.0	0.1
Total	0.2	0.2	0.3

PricewaterhouseCoopers Oy acted as statutory auditor of the Demerging Company in the financial years 2022-2024.

Non-audit services performed by the statutory auditor PricewaterhouseCoopers Oy totalled EUR 113 thousand in 2024, EUR 45 thousand in 2023 and EUR 147 thousand in 2022.

5.7 Events after the reporting period

On 7 August 2025, the Demerging Company announced that its Board of Directors has approved a demerger plan, pursuant to which the Demerging Company will demerge so that all assets, debts and liabilities relating to the Circular Economy business area will be transferred to a newly incorporated company to be named Lassila & Tikanoja Plc. According to the demerger plan, the planned completion date of the demerger is 31 December 2025. Trading in the shares of New Lassila & Tikanoja on Nasdaq Helsinki is expected to commence on or about 2 January 2026, or as soon as practicable thereafter.

The Demerging Company will hold an Extraordinary General Meeting on 4 December 2025 to resolve on the demerger and other proposals by the Board of Directors based on the demerger plan.

In accordance with the recommendation of the Shareholders' Nomination Board, the Board of Directors of the Demerging Company proposes to the Extraordinary General Meeting that Jukka Leinonen be elected Chair of the Board of Directors of New Lassila & Tikanoja Plc, Sakari Lassila as Vice Chair, and that Tuija Kalpala, Teemu Kangas-Kärki and Anna-Maria Tuominen-Reini be elected as members of the Board of Directors of New Lassila & Tikanoja Plc. Subject to the completion of the demerger, it is intended that Jukka Leinonen, Tuija Kalpala, Teemu Kangas-Kärki, Sakari Lassila and Anna-Maria Tuominen-Reini would not continue as members of the Board of Directors of the Demerging Company.

On 9 June 2025, the Demerging Company announced that the Board of Directors of the Demerging Company has proposed that Eero Hautaniemi be appointed President and CEO of the independent New Lassila & Tikanoja Plc, and Joni Sorsanen be appointed CFO of the independent New Lassila & Tikanoja Plc, subject to the completion of the demerger. Eero Hautaniemi and Joni Sorsanen will continue in their current roles at the Demerging Company until the planned completion of the demerger, at which time the appointments related to the demerger will become effective.

On 27 June 2025, the Demerging Company announced that it has entered into financing commitments related to an EUR 80 million bridge loan and a non-binding additional financing option for the existing EUR 75 million unsecured bond. Following the demerger, the financing of New Lassila & Tikanoja Plc would primarily consist of the EUR 75 million unsecured notes, provided that the bondholders do not exercise their early redemption right triggered by the partial demerger, as well as new EUR 35 million and EUR 15 million term loans and a EUR 40 million revolving credit facility.

The EUR 35 million term loan, the EUR 15 million term loan and the EUR 40 million revolving credit facility will mature in the second quarter of 2028, with a two-year extension option included in the agreements. The financing arrangements include following financial covenants: equity ratio and net debt to EBITDA ratio. Compliance with the covenant terms is monitored on a quarterly basis.

On 7 August 2025, the Demerging Company announced that it will initiate a written procedure to obtain consents, waivers and decisions on amendments related to its EUR 75 million sustainability-linked bond maturing in 2028. According to the proposal, all obligations and liabilities of the issuer arising from or relating to the bonds would be transferred in the demerger exclusively to the receiving company, which would become the new issuer of the bonds. Consequently, all references to the "issuer" in the bond terms and otherwise in relation to the bonds shall be deemed to refer to the receiving company.

On 29 August 2025, the Demerging Company announced that the required majority of bondholders participating in the written procedure had voted in favour of the proposal, and the proposal was thereby approved. 100 per cent of the votes cast supported the proposal, representing 99 per cent of the outstanding bonds. Following the approval of the proposal through the written procedure, the Demerging Company cancelled the EUR 80 million bridge loan in September 2025.

Business acquisitions after the reporting period

On 2 June 2025, New Lassila & Tikanoja company L&T Ympäristöpalvelut Oy acquired the pallet business of Stena Recycling Oy. The annual net sales of the business has been approximately EUR 10 million. The acquisition strengthens the New Lassila & Tikanoja's service offering and supports the growth of its circular economy business in line with the strategy. As a result of the business acquisition, the New Lassila & Tikanoja's pallet business will employ just over 30 people across four locations. In the fair value measurement, intangible assets based on customer relationships amounting to EUR 3.7 million and goodwill amounting to EUR 3.4 million were identified. Goodwill is primarily based on a broader service network, a stronger service offering, and future development prospects. The goodwill is tax-deductible.

Fair value total, MEUR	Business acquisitions 1-9/2025
Intangible assets	3.8
Property, plant and equipment	0.4
Right-of-use assets	0.9
Inventories	0.5
Receivables	-
Cash and cash equivalents	-
Total assets	5.6
Other liabilities	1.0
Deferred tax liabilities	-
Total liabilities	1.0
Net assets acquired	4.6
Total consideration	8.0
Goodwill	3.4
Impact on cash flow	
Total consideration	-8.0
Consideration paid in cash	-8.0
Total impact on cash flow	-8.0

Signatures of the Carve-out Financial Statements

Helsinki, 20 November 2025

Jukka Leinonen
Chairman of the Board

Sakari Lassila
Vice Chairman of the Board

Tuija Kalpala
Member of the Board

Teemu Kangas-Kärki
Member of the Board

Juuso Majjala
Member of the Board

Anna-Maria Ronkainen
Member of the Board

Pasi Tolppanen
Member of the Board

Anna-Maria Tuominen-Reini
Member of the Board

Eero Hautaniemi
President and CEO

Independent auditor's report (Translation of the Finnish Original)

To the Board of Directors of Lassila & Tikanoja plc

Opinion

In our opinion each carve-out financial statement included in the set of carve-out financial statements give a true and fair view of New Lassila & Tikanoja's combined financial position and combined financial performance and combined cash flows in accordance with IFRS Accounting Standards as adopted by the EU and in accordance with carve-out principles described in the notes to the set of carve-out financial statements.

What we have audited

We have audited the carve-out financial statements for the years ended 31 December 2024, 31 December 2023 and 31 December 2022 ("carve-out financial statements") included in the set of carve-out financial statements ("set of carve-out financial statements") prepared for Lassila & Tikanoja plc's circular economy business to be carved out and transferred from Lassila & Tikanoja plc in a demerger to a new public company Lassila & Tikanoja Plc ("New Lassila & Tikanoja") established in the demerger. Each carve-out financial statement included in the set of carve-out financial statements includes a combined statement of financial position, a combined income statement, a combined statement of comprehensive income, a combined statement of cash flows, a combined statement of changes in invested equity and notes to the carve-out financial statements, which include material accounting policy information on the carve-out financial statements and other explanatory information.

The set of carve-out financial statements has been prepared solely for the inclusion in New Lassila & Tikanoja's demerger and listing prospectus described in the notes to the set of carve-out financial statements, which Lassila & Tikanoja plc will prepare.

This auditor's report is provided for inclusion in the above-mentioned demerger and listing prospectus only.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the Auditor's responsibilities for the audit of the carve-out financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Lassila & Tikanoja plc with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter

We draw attention to the note Background and basis of preparation in the set of carve-out financial statements. The note includes a description of the principles applied with regards to the designation of assets and liabilities, income and expenses as well as cash flows directly attributable to New Lassila & Tikanoja. In addition, the note explains that New Lassila & Tikanoja has not formed a separate legal group of entities during the years presented. Thus, the separate carve-out financial statements included in the set of carve-out financial

statements are not necessarily indicative of the financial position, financial performance and cash flows of New Lassila & Tikanoja if it had operated as a separate legal group of entities during the financial years presented, nor future performance. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors and the Managing Director for the carve-out financial statements

Lassila & Tikanoja plc's Board of Directors and Managing Director are responsible for the preparation of each carve-out financial statement included in the set of carve-out financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and in accordance with carve-out principles described in the notes of the set of carve-out financial statements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, the Board of Directors and the Managing Director are responsible for assessing New Lassila & Tikanoja's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The carve-out financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate New Lassila & Tikanoja or to cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities for the audit of the carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Lassila & Tikanoja's internal control.
- Evaluate the appropriateness of accounting principles applied in the carve-out financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on New Lassila & Tikanoja's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause New Lassila & Tikanoja to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events so that the carve-out financial statements give a true and fair view.
- Plan and perform the audit of the carve-out financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units included in the carve-out financial statements as a basis for forming an opinion on the carve-out financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the carve-out financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki 20 November 2025

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)