Annual Report 2025
Lassila & Tikanoja Plc

We unleash the potential of the circular economy

Contents

L&T in brief
Lassila & Tikanoja is a leading Nordic circular economy company committed to unleashing the potential of circularity together with its customers and partners. Our services include waste management and recycling, hazardous waste and remediation services as well as industrial services and water treatment. Our goal is to strengthen an efficient infrastructure in society and promote the sustainable use of materials by transforming waste streams into valuable raw materials. L&T employs approximately 2,200 people in Finland and Sweden and is listed on Nasdaq Helsinki.

CEO's review - a new beginning

The renewed L&T embarks from an excellent position to pursue profitable growth with a focus on the circular economy

We performed well financially in 2025. Our relative profitability and earnings remained at the previous year's level, even though the situation in our domestic markets was challenging. The volumes in retail and construction have been declining for several years, which directly affected our operational volumes, especially in waste management and recycling. In contrast, demand in our project business—restoration and process cleaning services—remained strong throughout the year.

The demand and price levels for recycled raw materials reflected the general economic cycle. Prices for recycled materials increased slightly in the second half of the year, indicating a potential economic turnaround. Nevertheless, prices remained low particularly for recycled plastics. In recent years, a significant amount of plastic recycling capacity has shut down in Europe, as recycled plastics cannot compete in the market against virgin raw materials. Recycled materials therefore need additional market-supporting mechanisms to ensure that recycling remains economically viable in the future.

The municipalisation of waste management progressed as expected and was reflected in the business-to-business market. Municipalisation accelerated consolidation in the sector, as the continuity of operations for local and regional companies has become increasingly dependent on success in public procurement due to the shrinking of the contract-based market.

A renewed ICT infrastructure enables more effective data-driven management

Our new ERP systems were successfully deployed. Although the implementation phase is always demanding and entails extra costs, the final outcome is highly satisfactory. Over the past years we have invested more than EUR 20 million in information systems and digital tools. The new fully cloud-based infrastructure provides us with modern tools for managing our business, offering better visibility into process performance, efficiency, and material flows.

Sustainability efforts focus on what is essential

The European Commission's aim to streamline and reduce unnecessary regulation is welcome. Particularly in the area of sustainability, reporting requirements have been heavy, shifting the focus in part toward the wrong issues. At L&T, the focus of our sustainability work has always been to advance our customers' sustainability efforts through circular-economy solutions. We hope that the reduction of the reporting burden will free up our customers' resources for business renewal—something we can support with our own solutions.

L&T's own sustainability performance continued to develop strongly. The company's carbon footprint (Scope 1–2) decreased by 18% from the 2024 level, and we achieved our target of halving direct emissions five years ahead of schedule. Our long-term climate work is guided by our 2045 net-zero target. Within our supply chain, managing emissions from transport subcontracting and minimising waste incineration remain key focus areas of our climate-mitigation work, and progress in both areas proceeded as planned. Our customers' recycling rates also developed positively. I am particularly pleased that our customer satisfaction (NPS) remained at an excellent level, even though the introduction of new systems caused occasional disruptions.

L&T unlocks the potential of the circular economy

The project launched in December 2024 to separate Lassila & Tikanoja plc's circular economy and real estate services businesses into two independent listed companies was completed as planned on 31 December 2025. The partial demerger marks yet another significant milestone in the company's 120-year history.

We have literally spent our anniversary year working: the deployment of new production control systems and the demerger during a challenging market situation have required immense effort. I would like to take this opportunity to thank all our employees for their outstanding contribution.

At the end of the year, we renewed our brand and updated our strategic targets for the coming years. The renewed L&T will continue to focus solely on the circular economy, where we see substantial untapped potential. With a refreshed identity and structure, we are well positioned to pursue growth. Our strong balance sheet, successful investments in information systems, and long-term efforts to improve productivity create an excellent foundation for strengthening our market position in the growing circular-economy market.

Eero Hautaniemi
President and CEO

WE SUPPORT UN GLOBAL COMPACT

We support the UN Global Compact initiative

Lassila & Tikanoja adheres to the principles of the UN Global Compact Initiative . "We are committed to operating responsibly, and we engage in active co-operation with our stakeholders to build a more sustainable future", says Eero Hautaniemi, President and CEO of Lassila & Tikanoja Plc.

Report by the Board of Directors

Financial performance and governance

Financial Statements 2025 of Lassila & Tikanoja

Lassila & Tikanoja Plc was incorporated through the partial demerger of Luotea Oyj (formerly Lassila & Tikanoja plc), which was completed on 31 December 2025. The consolidated financial information as at 31 December 2025 has been presented using actual figures for the statement of financial position as at 31 December 2025 and on a carve-out basis for the other financial information, such as combined income statement and combined statement of cash flows, and comparative periods.

This carve-out financial information does not necessarily reflect the combined results of operations and financial position that Lassila & Tikanoja would have had if it would have operated as an independent legal group and therefore prepared standalone consolidated financial statements for the periods presented. Nor does the carve-out financial information necessarily indicate the future results of operations, financial position or cash flows of Lassila & Tikanoja.

Information in the consolidated financial statements is presented in millions of euros unless otherwise stated. All figures have been rounded, and therefore the sum of individual figures may differ from the total amount presented. Unless otherwise mentioned, the figures in brackets refer to the corresponding period in the previous year.

Financial performance

Net sales for 2025 were EUR 426.6 million (423.9), an increase of 0.7% year-on-year. Organic decrease in net sales was 1.0%. Net sales in the Waste Management and Recycling service area declined by 1.8% and amounted to EUR 278.1 million (283.1). The challenging economic environment and the decrease in waste management material volumes affected net sales development throughout the financial year. On the other hand, net sales were supported by growth in the pallet business following the acquisition completed in June. Net sales in the Hazardous Waste and Remediation service area increased by 12.0% to EUR 73.0 million (65.2). In remediation, net sales grew due to a strong project pipeline, while demand in hazardous waste remained stable. Net sales in Industrial Services and Water Treatment were in line with the comparison period at EUR 81.3 million (81.3).

Adjusted EBITA was EUR 40.6 million (44.4), representing 9.5% (10.5) of net sales. Adjusted EBITA for the Circular Economy business was EUR 42.1 million (44.7), corresponding to 9.9% (10.5) of net sales. Relative profitability remained at a good level, although the recession in the Finnish economy affected profitability development throughout the financial year. The challenging economic situation particularly affected waste management volumes. Although the net sales of waste management in municipal contracts and producer responsibility organisations increased compared to the previous year, net sales declined in other customer segments. Efficiency measures implemented during the period helped adjust service production costs to lower volumes. Profitability for the year was burdened by approximately EUR 1 million in additional costs related to the implementation of the new ERP system, as well as the start of amortisation related to the system renewal investment, which had a negative earnings impact of approximately EUR 1.1 million.

Operating profit was EUR 34.2 million (40.5), representing 8.0% (9.5) of net sales. Operating profit included EUR 4.5 million in items affecting comparability. Operating profit was improved by a EUR 0.9 million fair value adjustment related to the deferred consideration for the acquisition of Sand & Vattenbläst i Tyringe AB ("SVB"). Operating profit was reduced by expenses totalling EUR 5.4 million in items affecting comparability, mainly related to the preparation of the partial demerger and business acquisitions. Earnings per share were EUR 0.67 (0.83).

Lassila & Tikanoja completed three acquisitions in 2025. In June, L&T acquired the pallet business of Stena Recycling Oy, which has generated annual net sales of approximately EUR 10 million. The acquisition strengthens L&T's service offering and supports the growth of the circular economy business in line with the strategy. Lassila & Tikanoja acquired the shares of Viemärihuolto Reinikka Oy on 1 December 2025. Viemärihuolto Reinikka Oy provides sewer maintenance services in Central Ostrobothnia, employs 10 people, and had net sales of approximately EUR 2 million in 2024. The acquisition strengthens L&T's local service network as well as sewer maintenance services for industrial, SME, and private customers in the Kokkola area. In Sweden, Lassila & Tikanoja expanded its process cleaning business by acquiring RecondConcept i Ånge AB on 1 December 2025. The acquisition strengthens L&T's chemical cleaning and process and energy industry services. In the previous financial year, RecondConcept had net sales of approximately EUR 1.2 million and employed 7 people.

In December, Lassila & Tikanoja announced that it will invest in plastics recycling in Merikarvia. A property lease agreement with the municipality enables the expansion of L&T's plastics recycling operations. At the same time, L&T is purchasing plastic-processing equipment from a bankruptcy estate of a company that previously operated at the site. In addition to the lease agreement and the equipment purchase, L&T is investing more than one million euros in modernising the industrial facility and developing the processing lines. With the new independent plastics recycling plant, L&T's plastics recycling capacity in Merikarvia will increase by approximately 1.5 times.

Net financial expenses for the financial year were EUR -4.6 million (-4.7). The share of the profit of the joint venture Laania Oy was EUR 1.9 million (3.2). Laania's results were burdened by an exceptionally warm spring, which reduced demand for energy wood.

Key figures

In EUR million, unless otherwise indicated	2025 Carve-out	2024 Carve-out	Change %
Net sales	426.6	423.9	0.7
Net salse growth, %	0.7	0.4	
Adjusted EBITDA	84.3	86.0	-2.0
Adjusted EBITDA margin, %	19.8	20.3	
EBITDA	79.8	83.8	-4.8
EBITDA margin, %	18.7	19.8	
Adjusted EBITA	40.6	44.4	-8.6
Adjusted EBITA margin, %	9.5	10.5	
Operating profit	34.2	40.5	-15.4
Result for the period	25.7	31.5	-18.4
Earnings per share, EUR[1]	0.67	0.83	-18.4
Net cash flow from operating activities after investments	41.4	34.3	20.8
Net cash flow from operating activities after investments per share, EUR[1]	1.08	0.90	20.8
Gross capital expenditure	41.7	36.1	15.3

[1] All periods are calculated based on the number of shares at the date of the demerger 31 December 2025.

Net sales by service area

MEUR	2025 Carve-out	2024 Carve-out	Change %
Waste management and recycling	278.1	283.1	-1.8
Hazardous waste and remediation	73.0	65.2	12.0
Industrial and water	81.3	81.3	0.0
Net sales between service areas	-5.9	-5.8	
Total net sales	426.6	423.9	0.7

Financing and capital expenditure

In 2025, net cash flow from operating activities amounted to EUR 73.4 million (74.0). A total of EUR 0.3 million in working capital was tied up during the financial year (EUR 1.5 million released). Net cash flow from operating activities after investments totalled EUR 41.4 million (34.3). Net cash flow from operating activities after investments for the financial year was supported by lower operative investments than in the comparison period and reduced by acquisitions, which had an impact of EUR 11.1 million (1.5).

At the end of the financial year, interest-bearing liabilities amounted to EUR 187.6 million. Net interest-bearing liabilities totalled EUR 150.2 million. The average interest rate on long-term loans, excluding lease liabilities, was 3.2%.

External loans of the company have not been included in the carve-out financial information for the comparative period. As part of the financing arrangements, the EUR 75 million unsecured notes, the EUR 35 million and EUR 15 million term loans, and the EUR 40 million revolving credit facility were transferred to Lassila & Tikanoja in the demerger. At the end of the review period, the committed EUR 40 million revolving credit facility was fully unused. More information on the financing arrangements is presented in Notes 4.1 Financial assets and liablitities and 4.2 Financial risk management in the notes to the consolidated financial statements.

Net financial expenses totalled EUR -4.6 million (-4.7). Net financial expenses were 1.1% (1.1) of net sales.

The equity ratio was 35.0% and gearing was 86.9%. Net debt / adjusted EBITDA was 1.8x. The Group's total equity amounted to EUR 172.8 million. Cash and cash equivalents at the balance sheet date totalled EUR 37.4 million.

Gross capital expenditure for the financial year totalled EUR 41.7 million (36.1). Operative capital expenditure excluding acquisitions amounted to EUR 29.2 million (34.3). The capital expenditure consisted primarily of machine and equipment purchases, as well as investments in information systems. Acquisitions accounted for approximately EUR 12.5 million (1.8) of the gross capital expenditure.

Loans, liabilities and contingent liabilities to related parties

Related-party transactions are accounted for in Note 5.4 Related-party transactions in the notes to the consolidated financial statements. Subsidiary loans and their terms are presented in Note 9 in the notes of the financial statements of the parent company.

Outlook

In 2026, net sales are estimated to be EUR 420–450 million and adjusted EBITA EUR 38–44 million.

Partial demerger of the former Lassila & Tikanoja

On 13 December 2024, the former Lassila & Tikanoja (Demerging Company, Luotea Plc from the date of the demerger) announced, that the Board of Directors of the Company has decided to initiate the planning of the possible separation of its circular economy businesses Environmental and Industrial Services and facility services businesses into two independent listed companies. The plan was to separate the circular economy businesses into a newly listed company through a partial demerger of fhe former Lassila & Tikanoja plc.

According to the preliminary assessment of the Board of Directors' of the Demerging Company, the separation of the circular economy and facility services businesses could increase shareholder value by enabling both businesses to pursue their own strategies and growth opportunities more effectively.

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 in the demerger to New Lassila & Tikanoja Plc to be incorporated in connection with the demerger. According to the demerger plan, the planned completion date of the demerger was 31 December 2025.

On 4 December 2025, the Extraordinary General Meeting of the Demerging Company resolved on the partial demerger of the Demerging Company in accordance with the demerger plan approved by the Board of Directors and signed on 7 August 2025. As part of the demerger resolution, the Extraordinary General Meeting also adopted other resolutions relating to Lassila & Tikanoja. Further information on these resolutions is presented under 'Resolutions by the Extraordinary General Meeting'.

The implementation of Luotea Plc's partial demerger was registered with the Finnish Trade Register on 31 December 2025. Trading in the shares of Lassila & Tikanoja commenced on 2 January 2026 on the official list of Nasdaq Helsinki Ltd under the trading code LASTIK

Resolutions by the Extraordinary General Meeting

The Extraordinary General Meeting of the former Lassila & Tikanoja plc (currently Luotea Plc), which was held on 4 December 2025, resolved on the partial demerger of Lassila & Tikanoja and, as part of the demerger resolution and conditional upon the completion of the demerger, on the establishment of a new independent company to be named Lassila & Tikanoja (the "New Lassila & Tikanoja"), the composition of the Board of Directors of the New Lassila & Tikanoja, authorising the Board of Directors of the New Lassila & Tikanoja to issue shares and special rights entitling to shares in the New Lassila & Tikanoja and to decide on repurchase of the New Lassila & Tikanoja's own shares and on acceptance as pledge of the New Lassila & Tikanoja s own shares. The Extraordinary General Meeting resolved, conditional upon the completion of the demerger, on the remuneration of the Board of Directors, the election and remuneration of the auditor and the verifier of the New Lassila & Tikanoja's sustainability report and the establishment of the Shareholders' Nomination Board of the New Lassila & Tikanoja and adopted the remuneration policy of the New Lassila & Tikanoja.

As part of the demerger resolution and conditional upon the completion of the demerger, the Extraordinary General Meeting confirmed the number of members of the Board of Directors of the New Lassila & Tikanoja as five (5). Jukka Leinonen was elected as Chair of the Board of Directors, Sakari Lassila as Vice Chair of the Board of Directors, and Tuija Kalpala, Teemu Kangas-Kärki and Anna-Maria Tuominen-Reini as members of the Board of Directors of the New Lassila & Tikanoja.

Conditional upon the completion of the demerger, the Extraordinary General Meeting elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the New Lassila & Tikanoja's auditor. PricewaterhouseCoopers Oy has informed the Company that Samuli Perälä, Authorised Public Accountant, would act as the New Lassila & Tikanoja's auditor with principal responsibility. Conditional upon the completion of the demerger, the Extraordinary General Meeting elected PricewaterhouseCoopers Oy, Authorised Sustainability Audit Firm, as the verifier of the New Lassila & Tikanoja's sustainability report. PricewaterhouseCoopers Oy has informed the Company that Samuli Perälä, Authorised Sustainability Auditor, would act as the principal verifier of the New Lassila & Tikanoja's sustainability report.

The resolutions of the Extraordinary General Meeting were announced in more detail in a stock exchange release by Luotea Plc on 4 December 2025.

Events after the financial year

The company announced the composition of Lassila & Tikanoja Plc's Nomination Board on 29 January 2026. Lassila & Tikanoja Plc's three largest shareholders, who are entitled to appoint a representative to Lassila & Tikanoja Plc's Shareholders' Nomination Board are the first groups of shareholders (Evald and Hilda Nissi Foundation and Bergholm Heikki), the second group of shareholders (Chemec Oy, CH-Polymers Oy, Maijala Eeva, Maijala Investment Oy, Maijala Juhani, Maijala Juuso, Maijala Miikka, Maijala Mikko, Maijala Roope and Maijala Tuula) and Nordea Funds Ltd (through 11 funds managed by it).

The following persons have been appointed as their representatives in Lassila & Tikanoja's Nomination Board: Juhani Lassila, Miikka Maijala and Josefin Degerholm. The Chairman of Lassila & Tikanoja Plc's Board of Directors, Jukka Leinonen, acts as the fourth member of the Nomination Board. The Chairman of the Nomination Board is Juhani Lassila.

Lassila & Tikanoja Plc received a notification from Protector Forsikring ASA on 30 January 2026, according to which its shareholding in Lassila & Tikanoja decreased below 5 per cent on 29 January 2026.

Lassila & Tikanoja Plc announced on 16 February 2026, that a member of Lassila & Tikanoja Plc's Group Executive Board, Hilppa Rautpalo (Senior Vice President, Legal, HR and EHSQ), has announced her decision to leave the company to take up a new position outside the organization by August 2026 at the latest.

Lassila & Tikanoja announced on 26 February 2026 Lassila & Tikanoja's Shareholders' Nomination Board proposals for the 2026 Annual General Meeting.

The Shareholders' Nomination Board proposes the Board of Directors to have five (5) members. The Nomination Board proposes that all of the current members, Tuija Kalpala, Teemu Kangas-Kärki, Sakari Lassila, Jukka Leinonen and Anna-Maria Tuominen-Reini be re-elected to the Board of Directors. In addition, the Nomination Board proposes that Jukka Leinonen be re-elected as Chairman of the Board of Directors and Sakari Lassila as Vice Chairman.

The Shareholders' Nomination Board proposes that the remuneration of the members of the Board of Directors be as follows:

- chairman, EUR 70,000 per year (2025: EUR 70,000);
- vice chairman, EUR 47,000 per year (2025: EUR 47,000);
- members, EUR 35,000 per year (2025: EUR 35,000);

However, if a member of the Board of Directors were to serve as the chairman of the Audit Committee or the Personnel and Sustainability Committee, and not simultaneously serve as the chairman or vice chairman of the Board of Directors, their annual remuneration will be EUR 47,000.

Lassila & Tikanoja announced on 27 February 2026 that the Company will launch a share repurchase programme for share-based incentive schemes and remuneration of the Board of Directors. The Board of Directors of Lassila & Tikanoja Plc has decided to exercise the authorisation granted by the Extraordinary General Meeting held on 4 December 2025 to repurchase the Company's own shares. The repurchase of shares will commence at the earliest on 2 March 2026 and end at the latest on 28 April 2026. The maximum number of shares to be repurchased is 150,000, representing approximately 0.39 per cent of all shares in Lassila & Tikanoja Plc.

Lassila & Tikanoja announced on 27 February 2026 that the company's Board of Directors has decided to establish a new long-term share-based incentive scheme for the Group's key employees. The aim of the new scheme is to align the objectives of the Company, shareholders and key employees to increase the value of the Company in the long term, to strengthen the commitment of key employees to the Company and to offer them a competitive reward plan that is based on earning and accumulating the Company's shares as well as on appreciation of the share price.

The Performance Share Plan 2026–2030 comprises three (3) three-year (3) performance periods, covering the calendar years 2026–2028, 2027–2029 and 2028–2030. In the plan, a participant has the opportunity to earn Lassila & Tikanoja Plc shares based on the achievement of performance criteria. The 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. The potential rewards based on the plan will be paid after the end of each performance period. During the performance period 2026–2028, the earning of rewards is based on the following performance criteria:

- Return on capital employed (ROCE) (30 %) during the period 2026–2028;
- Revenue growth (30 %) during the period 2026–2028;
- Total shareholder return (rTSR) (30 %) during the period 2026–2028;
- Reduction of the carbon footprint (ESG) (10 %) during the period 2026–2028.

The rewards to be paid based on the performance period 2026–2028 correspond to the value of approximately 218,677 Lassila & Tikanoja Plc shares in maximum total, also including the portion to be paid in cash. The target group of the Performance Share Plan during the performance period 2026–2028 consists of approximately 25 key employees, including the Group's President and CEO and the Group Executive Board.

Lassila & Tikanoja Plc announced on 19 March 2026, that Eero Hautaniemi, who has served as President and CEO of Lassila & Tikanoja Plc since 2019, has informed the company of his wish to step down from his position no later than 30 June 2027. The Board of Directors of the company has initiated the recruitment process for a new President and CEO.

Medium-term targets

Lassila & Tikanoja's medium-term targets are presented in the table below. Lassila & Tikanoja does not consider its medium-term financial targets to constitute market guidance for any specific year.

Indicator	Target	2025	2024
Annual growth in net sales, %	6 %	0.7 %	0.4 %
Adjusted EBITA margin, %	11 %	9.5 %	10.5 %
Net debt / Adjusted EBITDA	1.5x-2.5x	1.8x	n/a

Dividend policy

Lassila & Tikanoja Plc aims to distribute dividends amounting to at least 50% of the Group's net profit.

Proposal for profit distribution

In 2025, the Group's earnings per share on a carve-out basis were EUR 0.67 (0.83). The Board of Directors proposes to the Annual General Meeting to be held on 28 April 2026 that a dividend of EUR 0.42 per share be paid for the financial year 2025. The Board of Directors proposes that the dividend be paid in two instalments. The first instalment of EUR 0.21 per share would be paid in May 2026 and the second instalment of EUR 0.21 per share in October 2026.

Shares and shareholders

Share capital and number of shares

Lassila & Tikanoja Plc was incorporated through the partial demerger of Luotea Plc (formerly Lassila & Tikanoja Plc), the implementation date of which was 31 December 2025. In connection with the partial demerger, the shareholders of Luotea Plc received, as demerger consideration, one (1) share in Lassila & Tikanoja Plc for each share they held in Luotea Plc. No demerger consideration was given for the treasury shares held by Luotea Plc (587,150 shares as at 31 December 2025). Accordingly, at the commencement of trading, Lassila & Tikanoja Plc had 24,234 shareholders and 38,211,724 shares in issue. Trading in the Company's shares commenced on 2 January 2026 on the official list of Nasdaq Helsinki under the trading symbol LASTIK.

The registered share capital of Lassila & Tikanoja Plc amounts to EUR 80,000. The Company has 38,211,724 shares outstanding. At the end of the financial year, the Company did not hold any treasury shares. Each share carries one vote. The Articles of Association do not specify a maximum number of shares or a maximum share capital. The shares have no nominal value and no accounting par value. The Company's shares are included in the book-entry system maintained by Euroclear Finland Ltd. Euroclear Finland Ltd maintains the Company's official shareholders' register.

Shareholders

At the end of the financial year, the company had 24,234 shareholders. Nominee-registered holdings accounted for 13.2% of the total number of shares.

Holdings of the Board of Directors, the President and CEO and the Executive Board

The members of the Board, the President and CEO and the Executive Board, and organisations under their control held a total of 184,858 shares in the company on 31 December 2025, representing 0.5 per cent of the total number of shares and votes.

Share-based incentive plans

The purpose of the Lassila & Tikanoja's long-term incentive plans is to commit their participants to the long-term interests and to enhance the shareholder value, as well as to offer a competitive, ownership-based reward scheme. The company has the following share-based incentive plan under which share rewards remain to be paid on the balance sheet date:

Performance-based share incentive plan 2023–2027, which includes three-year performance periods 2023–2025, 2024–2026 and 2025–2027. During the performance periods, performance is measured based on the criteria set by the demerged company (old Lassila & Tikanoja, currently Luotea Plc). The rewards payable based on the performance periods will be paid no later than five months after the end of the performance period in a combination of shares and cash.

According to the demerger plan, the Board of Directors of the former Lassila & Tikanoja have resolved on the effects of the demerger on the Performance Share Plan's performance periods in accordance with the terms of the Performance Share Plan. For the 2023–2025 performance period of the Performance Share Plan, the result is calculated as per the number of the former Lassila &Tikanoja's shares and confirmed in euros. The reward amount earned in euros is converted into shares of the Performance Share Plan participant's employer company at the time of payment.

The New Lassila & Tikanoja intends to continue the former Lassila & Tikanoja's existing Performance Share Plan on substantially the same terms, but with the amendment that the rewards will be in the new Lassila & Tikanoja's shares instead of the former Lassila & Tikanoja's shares and the rewards payable, as expressed in number of the new Lassila & Tikanoja shares, will be adjusted accordingly. The rewards payable under the current Performance Share Plan for the performance periods 2024–2026 and 2025–2027 will be converted into shares in the new Lassila & Tikanoja based on the formation of the price of the new Lassila & Tikanoja's shares after the listing.

Following the completion of the demerger, the Board of Directors of the New Lassila & Tikanoja will resolve on the details of the New Lassila & Tikanoja's share-based incentive plans.

Flagging notifications

The company did not receive notifications pursuant to chapter 9, section 5 of the Securities Markets Act during the review period.

Own shares

At the end of the period, the company held no own shares.

Authorisations for the Board of Directors

The Extraordinary General Meeting of the former Lassila & Tikanoja plc (currently Luotea Plc), which was held on 4 December 2025, resolved as part of the demerger resolution and conditional upon the completion of the demerger, on authorising the Board of Directors of the New Lassila & Tikanoja to the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Extraordinary General Meeting authorised the Board of Directors to decide on a share issue and the issuance of special rights entitling their holders to shares.

The Board of Directors is authorised to purchase a maximum of 2,000,000 company shares (5.2% of the total number of shares). The authorisation is valid until the conclusion of the first Annual General Meeting held by the New Lassila & Tikanoja following the completion of the demerger.

The Board of Directors is authorised to decide on the issuance of new shares or shares which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The authorisation is valid until the conclusion of the first Annual General Meeting held by the New Lassila & Tikanoja following the completion of the demerger.

Major shareholders on 31 December 2025, excluding nominee-registered shares

	Shareholder	Number of shares	% of shares and votes
1	Evald ja Hilda Nissi's Foundation	3,496,487	9.2
2	Nordea Nordic Small Cap Fund	2,009,300	5.3
3	Maijala Juhani	1,529,994	4.0
4	Bergholm Heikki	895,057	2.3
5	Ilmarinen Mutual Pension Insurance Company	790,000	2.1
6	Maijala Mikko	730,000	1.9
7	Varma Mutual Pension Insurance Company	729,791	1.9
8	Stiftelsen för Åbo Akademi Sr	645,282	1.7
9	Aktia Capital Fund	580,218	1.5
10	Elo Mutual Pension Insurance Company	574,180	1.5
11	The State Pension Fund	512,000	1.3
12	Turjanmaa Kristiina	469,000	1.2
13	Oy Chemec Ab	420,000	1.1
14	Seligson & Co Phoebus Investment Fund	405,000	1.1
15	Maijala Eeva	370,000	1.0
16	Samfundet folkhälsan i Svenska Finland rf	336,800	0.9
17	Security Trading Oy	330,000	0.9
18	Brotherus Ilkka	285,000	0.7
19	Maijala Investment Oy	210,000	0.5
20	Lassila Juha	184,785	0.5
	20 largest owners total	**15,502,894**	**40.6**

	Number of shareholders	%	Number of shares	% of shares and votes
Breakdown of shareholding by sector on 31 December 2025				
Corporations and housing associations	911	3.8	3,799,596	9.9
Financial and insurance corporations	47	0.2	8,413,697	22.0
General government	15	0.1	2,718,622	7.1
Households	23,007	94.9	16,531,229	43.3
Non-profit institutions serving households	185	0.8	5,731,862	15.0
Foreign shareholders	69	0.3	976,190	2.6
Shares not transferred to the book-entry securities system	0		40,528	0.1
Total	**24,234**	**100**	**38,211,724**	**100**
Nominee registered	10		5,059,005	13.2
Breakdown of shareholding by size of holding on 31 December 2025				
Number of shares				
1–1 000	21,671	89.4	4,710,175	12.3
1 001–5 000	2,092	8.6	4,450,877	11.6
5001–10 000	254	1.0	1,811,223	4.7
10 001–100 000	181	0.7	4,923,984	12.9
100 001–500 000	23	0.1	4,995,375	13.1
over 500 000	13	0.1	17,279,562	45.2
Shares not transferred to the book-entry securities system	0		40,528	0.1
Total	**24,234**	**100**	**38,211,724**	**100**
Nominee registered	10		5,059,005	13.2

Risks and risk management

L&T has a defined risk management process that includes a review of financial, strategic, operational, sustainability-related responsibility risks, as well as damage-related risks.

Key risk management principles

Risk management at L&T aims to identify significant risk factors, prepare for them and manage them in an optimal way. The purpose of risk management is to support management and decision-making so that the objectives set for the company are achieved. Comprehensive risk management endeavours to manage the Group's risk as a whole and not just individual risk factors.
Risk management is carried out by different functions and in accordance with the specified responsibility matrix. Risk assessments carried out at Group level are summarised and prioritised development measures are identified.
In accordance with the risk management process, risks are assessed annually in the following categories:

- Strategic risks
- Financial risks
- Operational risks
- Sustainability risks
- Supply chain risks and
- Information management risks

The risk management process also aims to assess the opportunities presented by the risks.

Responsibilities

The principles of L&T's risk management are approved by the company's Board of Directors. The Board monitors the implementation of risk management and assesses the efficiency of the methods employed. The President and CEO is responsible for the organisation and implementation of risk management. Risk management at L&T Group is controlled by the risk management and insurance policy confirmed by L&T's Board of Directors and the related risk management principles, which are regularly updated. The policy specifies the objectives and principles, organisation and responsibilities, and procedures of the Group's risk management. The Group's financing policy confirmed by L&T's Board of Directors is followed in the management of financial risks. The principles for insurance risk management are specified in the Risk Management and Insurance Policy.

Identification, assessment and reporting of risks

Risks are surveyed regularly and systematically at both the business level and in support functions and functions considered to be critical. The survey also covers risks related to the collection and reporting of sustainability information, such as potential errors in connection with the collection or consolidation of information. The significance of risks is assessed using a risk matrix. Measures for managing and minimising the identified risks are prepared, and responsibility for these measures is allocated to specified individuals or units. The impact of risks is analysed in terms of their effects on EBIT, among other things, and the assessment of the probability of the realisation of the risks takes into account the nature of operations and the risk mitigation measures taken by the Group. The most significant identified risks, and the preparations for those risks, are regularly reported to the President and CEO and the Board of Directors.

Risk analysis

The tables on the following pages describe the most important strategic, operational and sustainability related risks of L&T's business which, if realised, can endanger or prevent the achievement of business objectives. Financial risks are described in Note 4.2 Financial risk management to the consolidated financial statements. Sustainability related risks are discussed in more detail in paragraph ESRS 2 SBM-3 of the Sustainability Report.

Near-term risks and uncertainties

General economic uncertainty may affect the level of economic activity among customers, which may reduce the demand for L&T's services.

Lassila & Tikanoja's business is subject to economic cycle fluctuations, and changing market conditions and fluctuations in L&T's customers' industries may affect the demand for L&T's services and solutions.

Lassila & Tikanoja's operating areas are highly competitive, and increased competition or failure to react to the competitive situation may result in L&T losing market share.

In its business, Lassila & Tikanoja is exposed to fluctuations in the pricing and deliveries of materials, raw materials and commodities.

The Finnish Waste Act was amended in July 2021. Under the reforms to the Waste Act, municipalities take on a larger role in organising the collection of packaging materials and biowaste from housing properties. As a consequence of the reform, L&T's direct customer agreements with housing properties on the separate collection of packaging waste and biowaste will be gradually transferred to municipalities for competitive bidding between 1 July 2022 and 1 July 2025. L&T estimates that, as a result of municipalisation, approximately EUR 100 million of the Finnish waste management market will be moved out of the scope of free competition between 2024 and 2028. L&T participates in the competitive tendering of municipal contracts and is a significant operator in municipal contracts. Nevertheless, L&T estimates that the overall impact of the change will be negative for the company.

Lassila & Tikanoja may be held liable for environmental damage, which could result in significant costs and reputational damage.

Several ERP system deployment stages are in progress at the company. Temporary additional costs related to the deployment of systems and the establishment of the operating model as well as tied-up working capital may weaken the company's profit.

Lassila & Tikanoja's M&A activities expose L&T to various risks that may have a negative impact on its business.

Lassila & Tikanoja operates in a people-intensive sector and failures in recruiting skilled personnel, the loss of senior managers or other key personnel or other disruptions in the availability of personnel or their work ability may have a negative impact on L&T's business and it may not be possible to recruit and/or retain persons with the necessary competence.

Lassila & Tikanoja's operations and the services it provides are largely dependent on information networks and digital solutions, and disruptions to them, and breaches or attacks targeting them, as well as any failure of information system development projects and the lack of adequate data processing agreements, may have an adverse impact on L&T's business and financial position and cause damage to its reputation.

The geopolitical situation involves uncertainty due to ongoing conflicts and various tariff systems. The tensions are also reflected in EU regulations and political priorities. The indirect impacts on energy and raw material prices and demand as well as overall economic activity in Finland and Sweden may have a negative impact on net sales and profit.

Strategic, operational and sustainability risks

Strategic risks

Risk	Risk description	Risk management
Markets	• The general economic development of L&T's operating countries, changes in the competitive landscape and the functioning of the financial markets have an impact on the company's business operations. • Uncertainty in the operating environment slows down investments and the commercialisation of growth concepts • Weak outlook and transformation of traditional process industry in Finland. Finland's competitiveness in industrial investment has varied and will continue to be an uncertainty • Decrease in final disposal volume	• Creating and regularly updating scenarios, regular assessment, sharpening and updating of the strategy, taking industry changes into account and recognising the need for renewal as part of the continuous strategy process. • Active in-house development activity, building solutions and industrial integration • Future growth projects. Design of development roadmaps and close monitoring of the market. • Advocacy work on the Waste Act, the Procurement Act and the Competition Neutrality Act • Adapting operations to demand and controlling external costs. Expansion in Sweden and developing solutions for emerging industrial sectors. • Own efficient treatment centres, capabilities for treating challenging fractions and plans for utilising streams
Regulation	• Municipalisation may limit L&T's ability to provide its services, which may have a negative impact on L&T's business and profitability.	• Active monitoring of legislative developments, anticipating future changes in a timely manner, and dialogue with the public authorities and legislators. • Development of own competitiveness and efficient operating models
Technology	• The expected business benefits of the ERP system reform will not be realised, such as the opportunities offered by the use of data.	• L&T continuously evaluates and develops the capabilities required for the implementation of strategic development projects and, where necessary, acquires the necessary capabilities from external partners. • Resource allocation, prioritisation of activities and active review of opportunities
Employees	• Availability of labour and loss of key personnel • The potential reduction of employee satisfaction may affect L&T's competitive advantage, which is largely based on the work of skilled and motivated personnel.	• Development of the employer image • High-quality management and supervisory work, community and cooperation • Succession planning and growing new key employees • Efficient recruitment networks
Strategic development projects	• Limited capabilities in emerging technologies/commercialisation of new solutions and implementation of large investments. Potential delays in strategic development projects aimed at growth could affect the renewal of business operations, which could slow L&T's future growth. • Failure in inorganic growth	• Careful resource allocation and accurate prioritisation of projects • Allocation of resources/investments to growth • Engaging key personnel • Increasing market knowledge

Operational risks

Risk	Risk description	Risk management
ICT systems, data security and data protection	• Disruptions, delays and functional challenges related to information and communications systems and their deployment may affect L&T's operations and customer service. • The renewal of business-critical systems may cause disruptions in service production. • Cyber crime could pose risks to the company's data security and business continuity.	• Developing the systems environment and ensuring the reliability of the ICT environment by, for example, identifying which systems are critical to operations and defining the allocation of responsibilities between the system vendors and L&T. • Comprehensive planning of the deployment of new systems and related operating models. • Data security guidelines and employee training.
Damage-related risks	• A fire at a recycling plant may result in a momentary or extended interruption of the plant's operations. The significance of the risk of fire is reduced by the fact that individual plants or production lines have no substantial impact on L&T's overall profitability.	• Business continuity planning, developing first-hand fire extinguishing preparedness and training employees on how to respond to a fire or other hazardous situations. • Continuous insurance cover that extends to all of the operating countries and subsidiaries and that includes policies for injuries, property damage, business interruption, third-party liability, environmental damage and transport damage, for example.
Procurement risks	• Rising fuel, electricity and other procurement costs could have a negative impact on L&T's profitability.	• Supply chain management, the diversification of propulsion sources and the improvement of efficiency.
Acquisitions	• The success of acquisitions may affect the achievement of the Group's growth and profitability targets. Failures in acquisitions may impact the Group's competitiveness and profitability and change the Group's risk profile.	• Acquisition agreements, the strategic and financial analysis of potential acquirees' business operations, comprehensive due diligence. • Effectively executed business integration programmes.
Financing risks	• Translation risk, L&T has investments denominated in foreign currencies (SEK)	• More detailed information on the management of financial risks is presented in Note 4.2 Financial risk management to the financial statements.

Sustainability risks

Risk	Risk description	Risk management
Environ-mental risks	• Transition risks related to the green transition and circular economy related to regulation, financing, fuel markets and the development of low-emission technology. • Regulation may cause changes in the pricing of energy and emissions. • The market may develop more slowly than expected in terms of low-emission heavy equipment. • Failure to meet the climate targets may affect the fulfilment of the loan terms.	• L&T's own climate targets, the actions aimed at achieving the targets and the separate climate targets set for the supply chain are in line with the observations made in the scenario analysis. L&T manages transition risks by assessing market changes and responding to them in a timely manner. In addition, we take a proactive approach to influencing regulatory developments in their preparatory stages through the industry's key advocacy organisations, for example. • More detailed information on climate risk management is provided in paragraph E1 SBM-3 of the Sustainability Report.
Social risks	• Safety is at the heart of L&T's operations. Accidents are possible in spite of thorough occupational safety processes and training.	• Comprehensive training, communication, safety management guidelines and principles, as well as regular safety surveys and proactive safety efforts. • Careful compliance with legislation and collective agreements. Careful risk assessment and implementing risk-based preventive measures.
Ethical business	• Involvement in corruption or bribery	• Anti-corruption and anti-bribery policy and other guidelines • Monitoring the training coverage of key personnel in the prevention of corruption and bribery • More detailed information on corruption risk management is provided in paragraph G1 of the Sustainability Report.

Sustainability report

ESRS 2 General disclosures

BP-1 - General basis for preparation of the Sustainability Report

Lassila & Tikanoja Plc (hereinafter referred to as "L&T") is a company that offers circular economy services in Finland and Sweden. The company was established on 31 December 2025 in the partial demerger of Luotea Plc (formerly Lassila & Tikanoja plc). In the partial demerger, the circular economy businesses belonging to the group were demerged into an independent listed company, which will continue under the company name Lassila & Tikanoja Plc.

This first Sustainability Report of L&T, which was established in the demerger, has been prepared in accordance with Commission Delegated Regulation (EU) 2023/2772 (hereinafter referred to as "European Sustainability Reporting Standards") supplementing Directive 2013/34 of the European Parliament and of the Council with regard to sustainability reporting standards (CSRD), the provisions of which concerning sustainability have been implemented in Chapter 7 of the Finnish Accounting Act (1336/1997). This Sustainability report covers all L&T Group companies presented in the consolidated financial statements for the financial year 31 December 2025, p. 104, unless otherwise stated in connection with the reported information.

The information in the Sustainability report is reported in alignment with the accounting policy presented in the Notes to the consolidated financial statements, p. 73. For the financial year, the information in the Sustainability Report is reported at the Group level with the actual figures for 31 December 2025, including, in addition to the parent company Lassila & Tikanoja Plc (hereinafter L&T or the company), all subsidiaries or information reported on carve-out basis that can be directly allocated to L&T. The information concerning the company's own workforce is also divided into country-specific figures. L&T does not report information on a company-specific basis. L&T reports value chain information in accordance with disclosures in relation to specific circumstances. Information concerning trade secrets and intellectual property rights has not affected the reporting of information that is material to L&T.

BP-2 – Disclosures in relation to specific circumstances

The reported sustainability topics and sustainability indicators are based on the double materiality assessment of L&T's circular economy businesses, which was carried out in 2025 before the partial demerger of the former Lassila & Tikanoja Group. The definitions of short-, medium- and long-term presented in section 6.4 of ESRS 1 have been applied in the double materiality assessment. The same definitions of time horizons are followed in this Sustainability Report.

The operating principles and policies related to the company's material impacts, risks and opportunities described in this report were prepared by the demerger committee before the partial demerger of the former Lassila & Tikanoja Group, and L&T's Board of Directors confirmed them at its organisational meeting on 2 January 2026.

The assessment of impacts, risks and opportunities, as well as the company's related policies, actions, targets and metrics, apply, as a rule, to L&T's own operations, with the exception of the following disclosures, which apply to the value chain:

ESRS E1 Climate change
- The carbon handprint describes the emissions avoided through the services provided by L&T to its customers.
- Carbon footprint, which also includes emissions generated in L&T's value chain.

E5 Resource use and circular economy
- L&T's inflows and outflows relate to materials collected from customers.

The calculation principles applicable to each topic and the background data used in the calculations are presented in connection with each topic. The disclosure indexing related to the European Sustainability Reporting Standards (ESRS) is reported in section ESRS 2 IRO-2, pp. 25–35. Aside from the verification of sustainability reporting, L&T has not otherwise certified or obtained third-party assurance for the metrics presented in the Sustainability Report.

No comparative data is presented in L&T's Sustainability Report. For comparative data, L&T utilises the transitional provision concerning comparative values presented in ESRS 1, paragraph 7.1, in the first year of preparing the sustainability report.

With regard to transitional provisions, the Commission's "quick-fix" delegated act concerning the ESRS standard of 11 July 2025 and the list set out in Amendment C to ESRS 1 have been applied, and they are listed in the disclosure index ESRS 2 IRO-2, pp. 25–35. L&T also uses the transitional provision when calculating the anticipated financial impacts related to the SBM-3 disclosure requirements. In addition, L&T applies the transitional provision related to the value chain presented in ESRS 1 paragraph 10.2 in the following topics:
- E1 Biogenic CO_2 emissions in all Scope 3 categories
- E1 Emission data in Scope 3 category 2 (capital goods)

L&T uses the European Commission's delegated "quick fix" regulation for the following topics during the reporting period:
- S1-7 Characteristics of non-employee workers in the undertaking's own workforce
- S1-8 Collective bargaining coverage and social dialogue
- S1-11 Social protection
- S1-13 Training and skills development
- S1-14 Health and safety: non-employees
- S1-14 Health and safety: cases of work-related ill-health and number of days lost to injuries, accidents, fatalities and work-related ill health
- S1-15 Work-life balance metrics
- S2 Workers in the value chain - topical disclosure requirements
- E4 Biodiversity and ecosystem services topical disclosure requirements

With regard to the sustainability matters S2 Workers int the value chain and E4 Biodiversity and ecosystem services, the identified material impacts and opportunities, together with the associated objectives, policies, actions, and metrics, are described in section ESRS 2 SBM-3, pages 17–21.

The Sustainability Report is published annually. The reporting period is the same as for financial reporting, i.e. 31 December 2025 in 2025.

GOV-1 – The role of the administrative, management and supervisory bodies

The Board of Directors and Board committees

L&T's Board of Directors is the most senior body responsible for sustainability. The Board of Directors is responsible for the management of the company, the proper arrangement of the company's operations, and the proper arrangement and supervision of the company's accounting and financial management. The Board of Directors decides upon matters that are of major importance, in view of the scope of the operations of the company. The Board of Directors is also responsible for the duties specified in the Limited Liability Companies Act and the Articles of Association, and in other regulations.

The duties of the Board of Directors include overseeing the company's strategy, major business decisions and the risk management process, and approving key policies and principles pertaining to business conduct. The Board of Directors approves the company's strategic sustainability targets and metrics, the key policies that guide the company's operations, and the results of the company's double materiality assessment, for example. Progress towards strategic targets is presented to the Board of Directors four times per year, in connection with each interim report. In addition, the Board of Directors annually reviews the results of the company's risk management, which also cover the company's climate risks.

The company does not have a separate control procedure in place for managing sustainability-related impacts, risks and opportunities. Instead, the company assesses them as part of the strategic risk management process. The company's climate risks, for example, are assessed in accordance with L&T's risk management process.

The Board of Directors has two committees: an Audit Committee and a Personnel and Sustainability Committee. The Audit Committee and the Personnel and Sustainability Committee consist of three Board members each. The committee members must have the expertise and experience required by the duties of the committee. The Board of Directors confirms the charters of the committees annually. The committees have no independent decision-making authority; the Board of Directors makes the decisions based on the preparation work by the committees. The Personnel and Sustainability Committee prepares the double materiality assessment on behalf of the Board of Directors. The double materiality assessment is then discussed by the Audit Committee and approved by the Board of Directors. The double materiality assessment is updated and approved annually by the Board of Directors. The Chair of the committee reports on the work of the committee at the Board meeting following the committee meeting. Minutes of the committees' meetings are provided to the Board members for information.

Personnel and Sustainability Committee

The focus areas of corporate responsibility and annual development areas are discussed regularly by the Personnel and Sustainability Committee of the Board of Directors. Based on a presentation by L&T's Senior Vice President, Corporate Relations and Responsibility, the committee prepares the results of the company's double materiality assessment, which are based on an assessment of the company's impacts, risks and opportunities. The Personnel and Sustainability Committee also monitors and assesses the development of L&T's business environment, regulation and stakeholder support. The Personnel and Sustainability Committee did not meet during the financial year.

Audit Committee

The charter of the Audit Committee includes monitoring and assessing the development of sustainability in the company and the results of the company's ESG assessments and analyses, and assisting the Board of Directors in the preparation and monitoring of sustainability reporting. The Committee monitors and evaluates sustainability-related target setting in the short and long term and the effectiveness of risk management systems. The Audit Committee did not meet during the financial year.

Diversity and expertise of the Board of Directors

Both genders are represented in the Board of Directors and its committees. The Board of Directors that started on 31 December 2025 consists of 5 members, of whom 3/5 (60%) were male and 2/5 (40%) were female. The age range of the Board members was 45–70 years. None (0%) of the members of the Board of Directors are in an employment relationship with the company. The Board of Directors has assessed that all (100%) of its members are independent of the company.

The members of the Board of Directors are familiar with the circular economy sector. They have extensive experience in different business areas and an understanding of different markets and their special characteristics through their previous experience. The experience and competence of the members of the Board of Directors supports the strategic development of the service business. The Board of Directors has assessed its own operations and competence in the areas that are key to the company.The Board members have assessed how well their competence corresponds to the company's business, industry, services, geographical scope and areas that are material to sustainability. From the perspective of sustainability, the key areas of expertise of the Board of Directors are:

- environmental responsibility (ESRS E1 Climate change, ESRS E4 Biodiversity and ecosystems, ESRS E5 Resource use and circular economy),
- human resource management (ESRS S1 Own workforce),
- corporate governance (ESRS 2 General Disclosures, ESRS G1 Business conduct),
- supply chain management (ESRS S2 Workers in the value chain, ESRS G1 Business conduct),
- International market knowledge (Finnish and Swedish markets) and
- industry expertise (ESRS E5 Resource use and circular economy, ESRS S1 Own workforce).

Chief Executive Officer and Group Executive Board

The President and CEO is responsible for L&T's operations in keeping with the instructions of the Board of Directors, and is in charge of the company's strategy process. The President and CEO reports to L&T's Board of Directors. The President and CEO is assisted by the members of the Group Executive Board, each of whom is, in their own area of responsibility, in charge of the development of sustainability and the management and implementation of the identified development themes. These include, among other things, the policies submitted to the company's Board of Directors for approval, the sustainability targets and related development measures, and the results of the double materiality assessment. L&T's President and CEO monitors the implementation of the sustainability targets and reports to the Board of Directors and its committees on their impacts, risks and opportunities. The members of the Group Executive Board report to L&T's President and CEO.

L&T's sustainability work is guided an developed via the company's strategy and material sustainability impacts, risks and opportunities. The company's targets related to the development of sustainability have been approved by the Board of Directors, and they are derived from the company's material impacts. The focus areas of the programme have been determined based on the impacts of L&T's operations, the expectations of key stakeholders and the Group's strategic priorities. L&T has also taken into account the special characteristics of the operations and business environment of a service company in the environmental sector, as well as the UN's sustainable development principles and the objectives of the Global Compact initiative in sustainability work.

The Group Executive Board steers the development of the sustainability targets and monitors them quarterly. The Senior Vice President, Corporate Relations and Sustainability, and the communications and sustainability organisation operating under their supervision are in charge of the development and practical coordination of sustainability efforts. Sustainability reporting is the responsibility of the Chief Financial Officer and the financial accounting team under them. The businesses and other functions are in charge of the sustainability and compliance of their operations in accordance with the Group's management system. L&T's management system has been certified in accordance with the ISO 9001, ISO 14001 and ISO 45001 standards. On 31 December 2025, L&T's Group Executive Board consisted of seven members, of whom 1 (14%) was female and 6 (86%) were male.

Compliance task force

Policies and principles are prepared by the compliance task force, which operates under L&T's Senior Vice President, HR and Legal, and meets at least four times per year. The President and CEO and the Group Executive Board approve all policies and principles, and some are also subsequently approved by the Board of Directors. The compliance task force also reviews compliance related to sustainability reporting, develops the company's monitoring activities related to legislation, and monitors incidents reported via the company's whistleblowing channels. In 2025, the compliance task force consisted of the Senior Vice President, HR and Legal, and the HR Manager, Environmental Manager, Head of Sustainability and Senior Vice President, Corporate Relations, as permanent members. The compliance task force prepares a separate compliance review for the Group Executive Board at least twice a year and for the Audit Committee at least once a year.

L&T's compliance task force ensures that the company's policies are up to date. Most of the company's sustainability-related policies are public and can be found on the company's website. L&T also has internal plans that guide its operations, such as business-specific diversity plans and guidelines that supplement policies, which can be found via the company's internal communication channels.

The policies were drafted before the partial demerger of the former Lassila & Tikanoja Group, and they were approved by the Board of Directors meeting on 2 January 2026, unless otherwise mentioned in the Sustainability Report. Going forward, the policies will be updated every two years together with experts, and the responsible parties and approvers have been defined for them. The governance-related Employee Code of Conduct and Supplier Code of Conduct, anti-corruption and anti-bribery policy, data protection policy, information security policy, guidelines on gifts and hospitality in procurement activities, and related targets and metrics are described in more detail in section ESRS G1-1, pp. 61–62. The occupational safety policy, personnel policy and human rights policy are described in more detail in section ESRS S1-1, pp. 54–55. The environmental policy is described in more detail in section ESRS E1-2, p. 42.

L&T also requires that employees complete online training on policies and principles on a job role-specific basis. Statistics on the completion of these training activities are monitored by the compliance task force and the Group Executive Board. The development of competence is the responsibility of the Senior Vice President, HR and Legal, together with the HR organisation. The HR organisation also prepares company-specific personnel development plans. The company's key policies and principles with relevance to the Sustainability Report are listed in the table "Key policies, responsibilities and training related to policies for managing material sustainability impacts and risks" on p. 13. All of the listed policies and principles, with the exception of the information security policy and tax policy, are publicly available on L&T's website.

Employee representative organisation

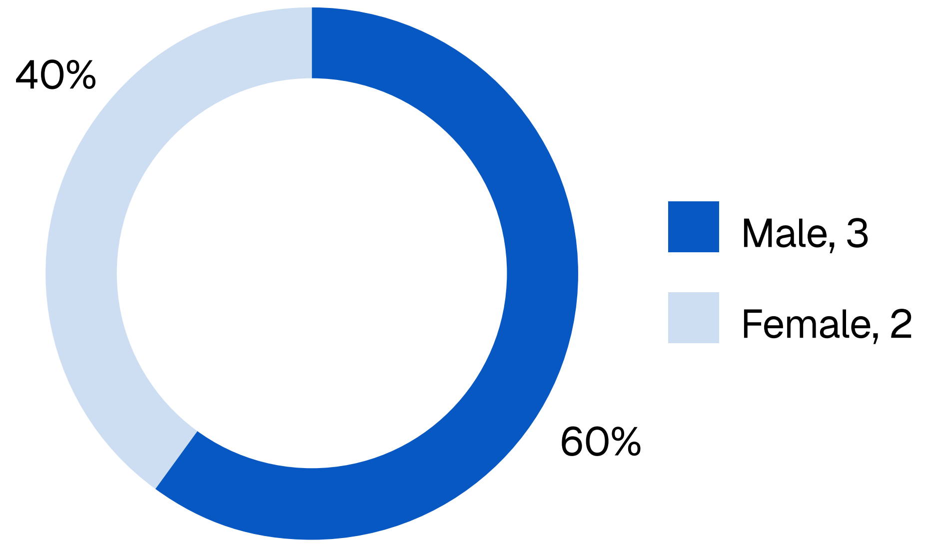
At L&T, employees are primarily represented by shop stewards or representatives elected from among the personnel. The election and duties of shop stewards are laid down in collective agreements and, in part, in labour legislation. The election and duties of the shop steward, on the other hand, are laid down in labour legislation.

Diversity and sustainability expertise of the Board of Directors

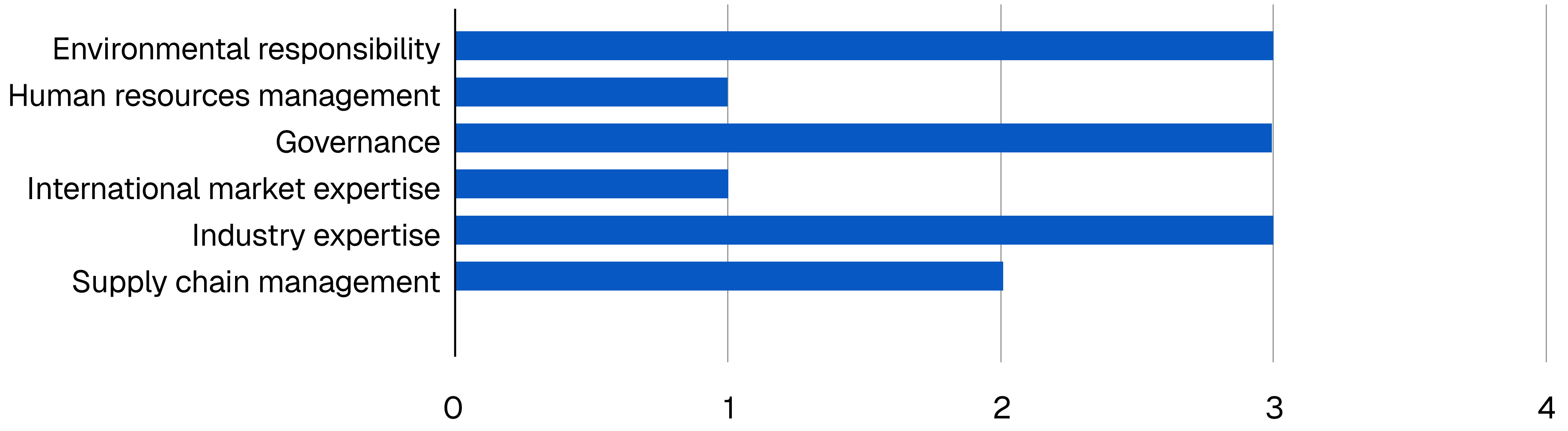
Name	Board member since	Sustainability expertise	Independent of company	Independent of major shareholders	Audit Committee	Personnel and Sustainability Committee	Concurrent Board memberships in listed companies
Jukka Leinonen	2025	• Environmental responsibility (E1, E4, E5) • Human resources management (S1)	●	●		Chair	2
Teemu Kangas-Kärki	2025	• Governance (ESRS 2, G1)	●	●	Chair		1
Tuija Kalpala	2025	• Environmental responsibility (E1, E4, E5) • Industry expertise (E5, S1)	●	●		member	
Sakari Lassila	2025	• Governance (ESRS 2, G1) • Supply chain management (S2, G1) • Industry expertise (E5, S1)	●	●	member	member	
Anna-Maria Tuominen-Reini	2025	• Environmental responsibility (E1, E4, E5) • Governance (ESRS 2, G1) • Industry expertise (E5) • International market expertise (Sweden, Finland)	●	●	member		

The table presents the key areas of expertise of the Board members on 31 December 2025. An area of expertise not being separately listed for a Board member does not mean that the Board member in question does not have this expertise.

Gender distribution



Main sustainability expertise based on self-assessment (number of persons)



GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

L&T's strategy is based on the idea of unlocking the potential of the circular economy. The company's aim is to mitigate climate change and biodiversity loss and promote the sustainable use of raw materials and natural resources. Sustainability issues are a key part of the company's strategy and major business decisions. An annually updated assessment of material sustainability impacts, risks and opportunities provides information for strategy work and is part of the company's risk management process. As part of the risk management process, the Board of Directors monitors that L&T has sufficient capabilities to identify, assess and manage risks effectively. The Board of Directors annually approves the results of L&T's double materiality analysis, which address L&T's material impacts, risks and opportunities. L&T's key sustainability targets are reported to the Board of Directors and the market four times per year in connection with interim reports, and they are part of the company's strategic objectives. In connection with interim reports, the Board of Directors assesses the measures necessary for achieving the targets and metrics. The sustainability risk management process is part of the company's overall risk management process. The due diligence process related to acquisitions is described in more detail in section ESRS 2 GOV-4, p. 14.

During 31 December 2025, the Board of Directors, its committees and the Group Executive Board did not convene and no information related to sustainability issues was submitted to or processed by the Board of Directors or the Group Executive Board.

GOV-3 – Integration of sustainability-related performance in incentive schemes

L&T complies with the Remuneration Policy drawn up by Lassila & Tikanoja Plc's Personnel and Sustainability Committee and approved by the Board of Directors and presented to the Extraordinary General Meeting 2025 preceding the demerger. The Remuneration Policy describes the remuneration principles concerning the company's governing bodies, namely the Board of Directors and the President and CEO. During the financial year 2025, L&T complied with the Remuneration Policy presented to the Annual General Meeting. There were no deviations from the Remuneration Policy and no clawback of remuneration. In accordance with the Remuneration Policy, the aim of the remuneration scheme of the Board of Directors and the President and CEO is to contribute to the positive development of shareholder value, as well as to enhance the company's competitiveness, long-term financial success, and fulfilment of the strategy and goals set by the company.

In accordance with the proposal of the Shareholders' Nomination Board, the Extraordinary General Meeting on 4 December 2025, preceding the demerger, decided on the remuneration of L&T's Board of Directors and the grounds thereof for 2025. The remuneration of the Board of Directors did not include remuneration components related to sustainability matters.

The remuneration of the President and CEO consists of a fixed monthly salary and benefits, and a separate annually decided short-term incentive.

Key policies, responsibilities, and policy-related training for managing material sustainability impacts and risks

Subject area	Policy	Responsibility	The most senior approval body		Training intended for personnel
Governance	Employee Code of Conduct	Senior Vice President, HR and Legal	Board of Directors	2 January 2026	Online training
Governance	Anti-corruption and anti-bribery policy	Senior Vice President, HR and Legal	Board of Directors	2 January 2026	Online training
Governance	Information security policy	Chief Information Officer	CEO and Group Executive Board	to be approved in 2026	Online training
Governance	Data protection policy	Senior Vice President, HR and Legal	Board of Directors	2 January 2026	Part of online training on the information security policy
Governance	Tax policy	CFO	Board of Directors	to be approved in 2026	Part of the induction of separately identified experts
Governance	Policy on gifts and hospitality in procurement	Senior Vice President, Public Affairs and Sustainability	Board of Directors (in the future, CEO and Group Executive Board)	2 January 2026	Part of the induction of separately identified experts
Society	HR policy	Senior Vice President, HR and Legal	Board of Directors	2 January 2026	Part of induction
Society	Occupational safety policy	Senior Vice President, HR and Legal	Board of Directors (in the future, CEO and Group Executive Board)	2 January 2026	Online training
Society	Human rights policy	Senior Vice President, HR and Legal	Board of Directors	2 January 2026	Part of online training on the Code of Conduct
Society	Supplier Code of Conduct	Chief Purchasing Officer	Board of Directors (in the future, CEO and Group Executive Board)	2 January 2026	Part of the contract requirements
Society	Sanctions control policy	Senior Vice President, HR and Legal	Board of Directors (in the future, CEO and Group Executive Board)	2 January 2026	Part of the induction of separately identified experts
Environment	Environmental policy	Senior Vice President, Public Affairs and Sustainability	Board of Directors	2 January 2026	No specific training, implementation through objectives, targets, indicators and monitoring

The objectives of the short-term incentive scheme are set – and their achievement assessed – annually. In addition, the President and CEO is included in the share-based incentive scheme, which serves as a long-term incentive scheme. The Board of Directors decides on the remuneration and financial benefits payable to the President and CEO. Before decision-making by the Board of Directors, the matter is prepared by the Personnel and Sustainability Committee of the Board.

As the company was registered on 31 December 2025 due to a partial demerger, the incentive scheme for the President and CEO for 2025 preceding the demerger, according to which the remuneration will be paid by the company in 2026, is described here. The President and CEO's incentive bonus for the earnings period that corresponds to the financial year 2025 was based on the Group's profit performance and strategic targets defined by the Board of Directors as follows: consolidated operating profit (70% weight), improving working capital (20% weight), and the employee Net Promoter Score (eNPS, 10% weight). Based on the achievement of the earnings criteria for the earnings period that corresponded to the financial year 2025, the incentive bonus was earned at 37.97% of the maximum amount, which represents, by criteria, consolidated operating profit at 33.97%, improving net working capital at 0%, and employee Net Promoter Score at 4%. The President and CEO will be paid EUR 103,658 in the financial year 2026 for the earnings period that corresponds to the financial year 2025.

The long-term incentive scheme includes a share-based incentive programme that covers the financial years 2023–2027. L&T's emission reduction targets (Scopes 1 and 2) are part of the company's strategic goals and they have been taken into account in the long-term incentive scheme for senior management. As a rule, the earnings period of the plan is three calendar years. L&T's Board of Directors decides on the earnings criteria for each earnings period based on the Personnel and Sustainability Committee's proposal. The Board of Directors monitors and evaluates performance annually.

The share-based incentive schemes with the three three-year earnings periods of 2023–2025, 2024–2026 and 2025–2027 are described below:

- The share-based incentive scheme with the financial years 2023–2025 as the earnings period. The reward is based on the Group's average return on capital employed (ROCE) for 2023–2025 (50% weight), the total shareholder return (TSR) of the Lassila & Tikanoja Plc share relative to the stock market index for the Helsinki Stock Exchange (30% weight), and carbon footprint reduction (20% weight). Payment of the rewards under the share-based incentive scheme in question will take place after the three-year earnings period, in 2026.
- The share-based incentive scheme with the financial years 2024–2026 as the earnings period. The reward is based on the Group's average return on capital employed (ROCE) for 2024–2026 (50% weight), the total shareholder return (TSR) of the Lassila & Tikanoja Plc share relative to the stock market index for the Helsinki Stock Exchange (30% weight), and carbon footprint reduction (20% weight). Payment of the rewards under the share-based incentive scheme in question will take place after the three-year earnings period, in 2027.
- The share-based incentive scheme with the financial years 2025–2027 as the earnings period. The reward is based on the Group's average return on capital employed (ROCE) for 2025–2027 (30% weight), the total shareholder return (TSR) of the Lassila & Tikanoja Plc share relative to the stock market index for the Helsinki Stock Exchange (30% weight), carbon footprint reduction (20% weight), and revenue during the period 2025–2027 (20% weight). Payment of the rewards under the share-based incentive scheme in question will take place after the three-year earnings period, in 2028.

GOV-4 – Statement on sustainability due diligence

L&T applies due diligence in its operations. Information related to sustainability themes has been taken into account as part of the company's processes concerning acquisitions, procurement and human rights risk assessment.

Due diligence process in the context of acquisitions

In connection with acquisitions, various practices of the company being acquired are identified and assessed. Examples of these include employment contracts, occupational safety management and occupational health. Depending on the nature of the operations, compliance with environmental permits and the current state of production are also examined, provided that they may have impacts related to L&T's climate targets, for instance. Due diligence always includes a financial and legal evaluation. L&T's due diligence obligation concerning acquisitions is fulfilled at the business management level, in collaboration with the company's Legal Affairs function. If necessary, external M&A professionals are utilised to assist in the evaluation of the subject of the acquisition. The due diligence reports are available to the President and CEO, the Group Executive Board and the Board of Directors when they make the investment decision.

Due diligence process in procurement

Supplier due diligence is taken into account at different stages of the procurement process. L&T's compliance-related expectations are set out in the Supplier Code of Conduct, which is included in the appendices to L&T's procurement agreements. Compliance is verified during the cooperation through self-assessment questionnaires, audits and monitoring in accordance with the Contractor's Liability Act. In addition, the supplier's financial and legal information is reviewed in connection with contract negotiations. L&T uses many long-term suppliers, which promotes the transparency of the chain and enables the long-term development of various operating models. The Group's Chief Purchasing Officer is responsible for supplier cooperation and its development.

Due diligence process in human rights risk assessment

L&T observes the Universal Declaration of Human Rights, workers' rights as defined by the International Labour Organization (ILO), international agreements, and the UN Guiding Principles on Business and Human Rights. L&T is committed to supporting the UN Global Compact initiative and its principles pertaining to human rights and labour rights. Human rights are also taken into account in L&T's public policies and plans, such as the Employee Code of Conduct, Supplier Code of Conduct, human rights policy, occupational safety policy, and internal diversity plan, which were prepared before the partial demerger of the former Lassila & Tikanoja Group. L&T's human rights policy and Employee Code of Conduct will be submitted to Board of Directors for approval in 2026.

L&T's Board of Directors decides on the priorities and targets of sustainability work, which includes human rights work and human rights targets. The implementation of the targets and policies is the responsibility of the line organisation. In close cooperation with the company's HR and procurement functions, L&T's sustainability organisation is responsible for assessing human rights impacts. Human rights issues have also been taken into account in personnel training, such as the online training on the Code of Conduct and occupational safety training.

L&T has an anonymous whistleblowing channel in place. All workers and other operators in the value chain can use it to report suspected misconduct related to working conditions or human rights violations. The whistleblowing channel is described on L&T's public website and intranet, and in the Employee Code of Conduct and Supplier Code of Conduct. A more detailed description of whistleblowing practices and reports is provided in section G1-1, pp. 61–62.

Due diligence process in compliance with international sanctions

In order to identify and comply with international sanctions, L&T has entered into an agreement with the service provider on continuous sanctions monitoring. In 2025, a Group-wide sanctions control policy was prepared for L&T, which will be submitted to the Group Executive Board for approval in 2026.

GOV-5 - Risk management and internal controls over sustainability reporting

Risk management pertaining to sustainability reporting takes into account the processes related to sustainability reporting, the data used and its quality, as well as the necessary internal and external systems and resources. The aim of the risk management model is to ensure the identification, assessment and management of key risks related to the sustainability report. Risks are monitored at all stages of the sustainability reporting process so that they are identified and assessed proactively and any deficiencies can be addressed in a timely manner.

The risk assessment is the responsibility of L&T's sustainability organisation together with L&T's CFO. Its key results are reported annually to the President and CEO and the Group Executive Board, as well as the Audit Committee. This ensures that risk management measures are implemented consistently and support the company's sustainability targets.

The risk assessment model in use includes risk prioritisation methods that involve the assessment of risks based on their impacts and likelihood. The final results also take into account the company's existing policies and practices. The most significant risks are related to topics that are material in terms of their impact or likelihood.

The risks related to sustainability reporting in 2025 were assessed before the partial demerger of the former Lassila & Tikanoja Group. In risk assessment, the most significant risk related to sustainability reporting concerns the demerger of L&T into an independent listed company, prepared in 2025 and completed on

31 December 2025. The partial demerger has effects on the schedule of annual reporting, and this has been taken into account in the planning of sustainability reporting.

L&T conducts internal audits to ensure that the risk management and control systems function as expected and that they are complied with. The risk management process related to sustainability reporting can also be addressed in connection with internal audits. Internal audit results are reported to the President and CEO and the Group Executive Board, as well as the Audit Committee.

SBM-1 - Strategy, business model and value chain

Business model and value chain

L&T's business builds sustainable future growth based on the circular economy and the opportunities it brings, creating added value for customers, investors and other stakeholders. In 2025, the company had three service areas:

- In waste management and recycling, L&T offers comprehensive waste management and recycling solutions to customers in the retail, industry, construction and public sectors, among others. The offering includes waste collection, collection equipment, waste sorting, pre-treatment and treatment with a strong focus on recycling and reuse of materials
- Industrial services and water treatment includes cleaning of industrial and power plant production equipment, sewer maintenance services and survey services for industrial, municipal, private and commercial operators. It also offers solutions for water treatment and decontamination.
- Hazardous waste and remediation covers the collection, treatment and routing of hazardous waste for reuse and recycling. The restoration business cleans and restores contaminated land, treats industrial waste and side streams and takes care of their recycling or safe disposal. In addition, the restoration business builds, closes and operates final disposal areas.

L&T operates in the service sector and is a significant employer. With this in mind, the occupational well-being and work ability of the personnel are key success factors for the company's business. L&T employs 2,236 people in Finland and Sweden. The distribution of personnel by country is presented in section S1-6, p. 58.

In its circular economy business, L&T operates in the waste and side stream value chains of its customers. The customer sites vary from households to large industrial plants.

In the upstream value chain, we help our customers to replace virgin and fossil raw materials with recycled raw materials and offer various solutions for the reuse of materials and products.

At the source of the waste, we offer our customers guidance on waste sorting and offer optimal collection equipment for sorting. After sorting at source, the materials are efficiently collected and directed either directly or through recycling plants, primarily to reuse or recycling.

L&T mainly processes the material streams in its own recycling plants, but also uses its partners' plants. From the recycling plants, the materials are primarily directed to use as industrial raw materials. The aim is to recover non-recyclable material as energy, and if this is not possible, it is disposed of safely. L&T does not have its own energy plants, but final disposal takes place mainly at the company's own landfill sites.

The same operating logic applies to ordinary waste, hazardous waste and industrial side streams.

In the environmental construction business, we treat contaminated land areas and, where possible, use the soil in various infrastructure construction projects. Environmental construction not only restores contaminated areas, but also improves the state of the habitat with various nature solutions.

Strategy

The purpose of L&T's operations is to provide circular economy solutions to mitigate climate change and biodiversity loss. With our services, we ensure the functioning of society's critical infrastructure, and by replacing virgin and fossil natural resources with recycled raw materials, we promote the sufficiency of critical raw materials.

With its business solutions, L&T wants to unleash the full potential of the circular economy and help its customers in their sustainability work.

L&T aims for profitable growth in its strategy (2026–2028). Growth is sought in three main areas:

1. Investments in new technologies and solutions to increase the added value of material
2. Expansion in Sweden
3. Strengthening the market position in the core business in Finland.

Customer orientation, growing markets, and a business model covering the entire value chain are the robust foundation of Lassila & Tikanoja's business operations.

L&T measures the success of its strategy by financial, responsibility and stakeholder targets. The strategy has been prepared while L&T was part of the former Lassila & Tikanoja Group and will be finalised and approved by the President and CEO, the Group Executive Board and the Board of Directors in 2026. In connection with the confirmation of the strategy, the company's strategic sustainability targets will also be decided.

Business environment

The business environment remained challenging in 2025. The expected economic turnaround in construction did not take place, the outlook for industry remained uncertain throughout the year, and the development of consumer purchasing power was not yet reflected in trade volumes. The economic cycle was directly reflected in the volume of material flows.

The same uncertainty also characterised the market for recycled raw materials. The recovery of separately collected materials developed positively due to the tightening of sorting obligations, but recycled raw materials are not competitive with virgin raw materials without steering measures. Market shortages are slowing down the adoption of new technologies in several materials. The aim of the Ecodesign for Sustainable Products Regulation (ESPR) is to strengthen the market for recycled raw materials through various use obligations, but it still lacks industrial impact.

The European Commission's work programme emphasises strengthening competitiveness, security and resilience. The circular economy is strongly linked to the Clean Industrial Deal, which aims to accelerate the clean transition of industry from fossil raw materials to recycled and bio-based raw materials. The new Circular Economy Act expands the focus from waste and side streams to natural resources and raw materials. The proposal for the Act is scheduled for the end of 2026.

The aim is also to improve the competitiveness of European companies by developing regulation. The EU aims to reduce the administrative burden on companies, clarify sustainability regulation and target it at large companies with significant impacts. Regulatory development is implemented through Omnibus initiatives.

The key Omnibus initiatives for L&T's operations are related to environmental and corporate responsibility regulation.

The policy chosen by the EU Commission to ensure the competitiveness of the European economy is vital. L&T strongly supports the Clean Industry Deal vision of modernising European industry. The circular economy has been identified as playing a key role not only in mitigating climate change and biodiversity loss, but also in strengthening the raw material self-sufficiency of industry.

The EU's goals of streamlining regulation, particularly with regard to the Corporate Sustainability Reporting Directive, are also expected to reduce the reporting work in companies and make it possible for sustainability efforts to increasingly focus on the strategic work of companies to reform their business in line with sustainable development and the clean transition. The EU's Sustainable Development Goals remain in force. From the perspective of the predictability of the operating environment and the development of the market, it is important that the long-term goals are maintained.

In Finland, the most important regulation under preparation for L&T's operations was related to the reform of the Waste Act. The aim was to identify ways for Finland to achieve the EU's key recycling targets for municipal waste and packaging waste. Finland faces the EU's sanctions and warning procedure with regard to waste policy. The recycling targets for 2025 will not be achieved in Finland. The recycling rate of materials (CMUR) in Finland is 3.3%, compared to the EU average of 11.7%.

Finland's government programme includes significant reforms concerning the promotion of the circular economy market, which will be implemented by developing waste regulation gradually. In 2025, measures were prepared to increase sorting at source and separate collection of materials as well as to reduce the amount of incinerated waste. In addition, in accordance with the Government Programme objective, the reforms are intended to correct the competition disadvantages that have arisen in municipalities' secondary waste management responsibility and tighten the external sales limits of in-house entities.

The Finnish Government is implementing a reform of the Public Procurement Act, which is important for the entire service sector. The aim is to promote the market for public procurement and open up publicly produced services to competition. The Public Procurement Act aims to set a minimum ownership limit of 10% for the ownership of a municipality's in-house entity, but the company believes that the waste sector would be excluded from this minimum ownership limit.

In this case, the aim is to promote competitive conditions in the waste sector through the Waste Act.

As a company promoting the circular economy, L&T strongly supports initiatives to strengthen the role and position of the circular economy in the clean transition. Circular economy regulation must be integrated into economic and industrial policy in order to achieve industrial impact. L&T considers it important that effective steering measures also create financial incentives for the use of recycled raw materials.

Sustainability work is part of L&T's strategy

Sustainability targets are set for the strategy period and confirmed by the Board. The medium-term development of the operating environment is taken into account in setting the targets. The targets concern L&T's climate targets, the recycling rate, the frequency of occupational safety incidents among the personnel, the health and job satisfaction of the personnel, and the coverage of training on the Code of Conduct. Compliance in the supply chain is measured by the coverage of the Supplier Code of Conduct and related self-assessments.

In addition to L&T's targets for the strategy period, L&T has committed to the 2045 net zero target for climate change mitigation, which was set before the partial demerger of the former Lassila & Tikanoja Group and which will be confirmed in 2026. The targets promote L&T's mission to unlock the potential of the circular economy throughout the value chain.

- L&T is moving towards a fully circular economy together with its customers. Through its services, L&T creates solutions to mitigate climate change and biodiversity loss, promotes the circularity of materials and prevents pollution.
- L&T values diversity and equality at the workplace and invests in well-being at work and occupational safety.
- L&T acts appropriately and transparently throughout the value chain. Good corporate governance is a cornerstone of L&T's sustainability

Commitment to national and international initiatives

L&T is committed to supporting the following key declarations and agreements:
- UN sustainable development principles since 2018
- Global Compact principles
- ILO Declaration on Fundamental Principles and Rights at Work
- Universal Declaration of Human Rights
- Society's commitments to sustainable development.

Key sustainable development goals

L&T is committed to supporting the UN Sustainable Development Goals (SDGs) in its operations. The company has identified the following SDGs as especially relevant to its operations:
- SDG 7: affordable and clean energy
- SDG 8: decent work and economic growth
- SDG 10: reduced inequalities
- SDG 11: sustainable cities and communities
- SDG 12: responsible consumption
- SDG 13: climate action
- SDG 15: life on land.

Key stakeholders and their interests, expectations and engagement

Stakeholder	Key areas of interest in 2025	Engagement
Customers	Customer service and customer satisfaction, operational quality, circular economy, recycling and remediation, sustainability.	A customer survey to measure the net promoter score (NPS) among corporate customers, and several customer-specific surveys. Customer service (telephone, digital service channels) and dialogue with customer relations officers and sales. Marketing communications and events.
Personnel	The employees' physical and mental well-being, ability to cope with work, training and competence development, as well as job satisfaction and the employee experience.	Feedback and development discussions, Fiilinki personnel surveys, co-operation, development workshops, personnel events and internal communication channels such as the intranet and Teams.
Potential employees	Employer brand and the employee experience.	Co-operation with educational institutions, recruitment and career events, development of the employer image and sharing information through social media channels.
Investors and shareholders	Financial performance, the strategy and its progress, the sustainability of operations and ESG ratings, customer satisfaction and employee satisfaction.	Stock exchange releases, financial reports, annual reporting, the Group's website, webcasts, regular investor meetings and the Annual General Meeting.
Decision-makers and influencers (including national and regional decision-makers), industry organisations and employer organisations	Circular economy and climate change mitigation, employment, the functioning of the market and competitive neutrality.	Participation in associations, dialogue with the public authorities and decision-makers, co-operation projects, other projects, responding to surveys, the company website and annual reporting.
Media and NGOs	Practical steps related to the circular economy, actions to promote biodiversity, and human rights.	Press releases, interviews, publications, media events, the company website and social media channels. Dialogue and responding to surveys.
Suppliers and subcontractors	Circular economy, quality, sustainable procurement.	Dialogue, responding to surveys, audits and self-assessments.

Value creation

By investing in the sustainable circular solutions, L&T aims to create increasing value for all of its key stakeholders.

Resources

- L&T has robust expertise in circular economy and remediation services and the development of sustainable products. The company offers diverse services in different areas of the circular economy to facilitate the improved circularity of materials.
- L&T continuously develops new solutions to promote industrial side streams, nature-related services and the circular economy. The solutions improve the efficiency of the customers' operations and reduce environmental impacts.
- L&T looks after the well-being and safety of employees and invests in work ability and well-being. Training opportunities and certifications, such as ISO 9001, ISO 14001 and ISO 45001, support the quality and sustainability of operations.

Results

- Reuse and recycling mitigate the consumption of natural resources and reduce waste.
- The restoration of contaminated soil and enhancing biodiversity in environmental construction strengthen ecosystem services.
- Occupational safety has improved from each year to the next, and L&T also introduces good practices to its subcontractors and partners.
- L&T is the first workplace for many young people.

SBM-2 – Interests and views of stakeholders

The analysis of the key stakeholders for L&T and their interests and views was carried out before L&T demerged from the former Lassila & Tikanoja Group into a separate listed company. L&T stakeholder engagement is focused on the stakeholders who are the most affected by the impacts of the company's operations and whose actions have the greatest influence on the achievement of L&T's business objectives and sustainability targets. Stakeholder expectations are taken into account in L&T's strategy development and business choices. Stakeholder views were also a key part of L&T's double materiality assessment.

The company's key stakeholders include customers, current and potential employees, and investors, as well as national and regional policy-makers and influencers, non-governmental organisations, the media, and suppliers and subcontractors.

L&T engages in active dialogue with its key stakeholders. The company regularly measures stakeholder support by means of customer and employee satisfaction surveys and a reputation survey carried out by a third party. L&T also participates in the Ecovadis corporate responsibility assessment, which measures the quality of L&T's sustainability work and through which L&T receives questions and development suggestions related to corporate responsibility from its customers. Through dialogue and measurements, L&T identifies stakeholder expectations and determines what development measures are necessary. During the reporting period, L&T has not interacted with key stakeholders.

The results of the customer and employee satisfaction survey and the reputation survey, as well as any related development areas, are reported at least once a year to the President and CEO and the Group Executive Board, as well as to the Personnel and Sustainability Committee of the Board of Directors. L&T's current strategy and the targets of the sustainability programme are in line with stakeholder expectations. The sustainability targets are updated regularly, taking into account any changes in the business environment and stakeholder expectations. The key future development areas are described in connection with each topic as part of the company's sustainability reporting.

L&T has summarised stakeholder expectations into the following three perspectives:

- As a leader in its field, L&T is expected to develop the entire industry in the right direction for society and to conduct itself correctly and sustainably in environmental matters.
- As a company in the personnel-intensive service sector, L&T is expected to be a responsible employer that looks after the well-being of its personnel and treats its personnel well and fairly while exercising special care with regard to occupational safety.
- L&T is expected to be a useful partner to its customers, developing new services that mitigate GHG emissions and biodiversity loss and supporting the customers in their work towards their goals, as well as keeping its promises.

L&T takes the interests, views and rights of its own workforce into account in its strategy and business model in many ways. L&T has identified and assessed the impacts, risks and opportunities related to its own workforce. The key themes include employment security; working time; adequate wages; freedom of association; the information, consultation and participation rights of workers; social dialogue; work–life balance; health and safety; and gender equality. Attracting the best professionals in the industry is a strategic priority for L&T, and the well-being of the personnel is a key success factor for the company's business. L&T engages in extensive and diverse dialogue with its personnel, and the views of the personnel are taken into account in drawing up the business strategy. In addition, L&T's Employee Code of Conduct, personnel policy, human rights policy and occupational safety policy guide operations and ensure respect for employees' rights. The company's own workforce is described in section S1, pp. 54–60.

L&T also takes the interests, views and rights of value chain workers and respecting their human rights into account in its operations. L&T's Supplier Code of Conduct lays down minimum requirements that suppliers must respect and adhere to in their own operations and the supply chain. The Supplier Code of Conduct covers topics including respect for workers' rights, occupational safety, and the prohibition of the use of child labour and forced labour, for example. L&T requires its suppliers to commit to these principles, and they are also incorporated into L&T's procurement agreements. L&T also uses a separate self-assessment model to monitor and assess compliance with the Supplier Code of Conduct. The company has also identified and assessed potential human rights risks in the supply chain in cooperation with the procurement function. The assessment is part of the company's human rights principles, and it was carried out before L&T's demerger into a separate listed company from the former Lassila & Tikanoja Group.

L&T has a separate, public and anonymous whistleblowing channel through which value chain workers can report misconduct. L&T processes potential human rights violations in accordance with clear procedures and carries out corrective measures as necessary. The impacts related to value chain workers are described in more detail in section ESRS 2 SBM-3, p. 21.

SBM-3 – Material impacts, risks and opportunities and their interaction with the strategy and business models

The material impacts, risks and opportunities of L&T are based on the double materiality analysis update made in 2025 prior to L&T's demerger into a separate listed company from the former Lassila & Tikanoja Group. The update reviewed materiality both with regard to the former Lassila & Tikanoja Group's sectors' facility services and circular economy business, and the company as a whole. The update work assessed changes in the former Lassila & Tikanoja Group's business operations and business environment and the significance of the changes to the previous materiality assessment carried out in 2024. A summary of the material impacts, risks and opportunities identified for the circular economy business of the current L&T, and where they focus in the value chain, is presented in the table on pp. 18-20.

L&T's material impacts on society and the environment (impact materiality) and sustainability-related risks and opportunities (financial materiality) are related to climate change (E1), biodiversity and ecosystems (E4), resource use and the circular economy (E5), and to the company's own workforce (S1) and workers in the value chain (S2). In addition, the business conduct theme (G1) is material for L&T. All of these themes are also included in L&T's current sustainability work and are linked to the company's strategy.

Impacts, risks and opportunities related to the environment

L&T's environmental impacts are largely related to the company's strategy and business models. L&T's business model promotes the circular economy in society. The services produced for customers reduce emissions and the value chain's dependence on virgin raw materials. For the customers, this is reflected in efficient waste management in which the recycling of materials is the priority, regardless of the type of waste. At the same time, the sustainable use of natural resources is promoted and pressures on ecosystems are mitigated.

The nature-related services produced by the company, such as contaminated soil remediation projects in environmental construction, meadow restoration projects, and the removal of invasive species, have a positive impact on biodiversity. These measures support the preservation of biodiversity and improve the state of the environment, and they are a growth opportunity.

L&T's business units are dependent on energy with regard to logistics, contracting and plants, for example. This also generates a significant amount of carbon dioxide emissions. However, most of the emissions are generated in the supply chain.

E Environment

Material sustainability topics and sub-topics	Sub-sub-topics	Impact, risk or opportunity	Location in the value chain	Description	Time horizon (Short term, Medium term, Long term)
E1 Climate change					
Climate change mitigation		Actual negative impact	across the value chain	Greenhouse gas emissions from L&T's own operations and value chain (Scopes 1-3)	SML
Climate change mitigation		Potential positive impact	across the value chain	Material recycling services can avoid emissions in value chain and customer operations. The avoided emissions constitute the company's carbon handprint.	SML
Climate change mitigation		Risk	own operations, upstream value chain	Transition risks related to regulation, financing, fuel markets and the development of low-emission technology related to the green transition and circular economy. Regulation may cause changes in the pricing of energy and emissions. The market may develop more slowly than expected in terms of low-emission heavy equipment. Failure to meet the climate targets will affect the fulfilment of the loan terms.	SML
E4 Biodiversity and ecosystems					
Impacts and dependencies on ecosystem services	Self-classified sub-topic: Nature services offered by the company and circular economy	Potential positive impact	own operations, downstream value chain	The service offering includes the restoration of contaminated soil, meadowing, and the removal of invasive species, which have a positive impact on the state of ecosystems. Recycling also promotes the sustainable use of natural resources and thereby reduces the dependence on nature.	SML
Impacts and dependencies on ecosystem services	Self-classified sub-topic: Nature services offered by the company and circular economy	Opportunity	own operations	Business opportunities concerning transition and regulation related to environmental construction and customer restoration projects.	SML
E5 Circular economy					
Resource inflows		Actual positive impact	upstream value chain	Customers are instructed in the separate collection of waste so that the materials can be recycled in accordance with the principles of the circular economy, which reduces the entire value chain's dependence on fossil and primary raw materials.	SML
Resource inflows		Opportunity	own operations	The recycling and recycled raw material targets arising from regulation create opportunities for customer relationship development and expert services.	SML
Resource outflows		Actual positive impact	downstream value chain	Materials recycling	SML
Resource outflows		Opportunity	own operations	The recycling and recycled raw material targets arising from regulation create opportunities for material processing and development of recycling.	SML
Waste		Actual negative impact	across the value chain	The amount of energy waste, mixed waste and waste directed to final disposal.	SML

S Society

Material sustainability topics and sub-topics	Sub-sub-topics	Impact, risk or opportunity	Location in the value chain	Description	Time horizon (Short term, Medium term, Long term)
S1 Own workforce					
Working conditions	Secure employment	Actual positive impact	**own operations**	**High percentage of permanent employees**	SML
Working conditions	Working time	Actual negative impact	**own operations**	**Part-time work, number of non-guaranteed hours contracts**	SML
Working conditions	Adequate wages	Actual negative impact	**own operations**	**Some divisions in low-wage sectors**	SML
Working conditions	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Actual positive impact	**own operations**	**Freedom of association, shop steward systems**	SML
Working conditions	Social dialogue	Actual positive impact	**own operations**	**Employee dialogue meeting systems**	SML
Working conditions	Collective bargaining	Actual positive impact	**own operations**	**Almost all personnel are covered by collective agreements**	SML
Working conditions	Health and safety	Potential negative impact	**own operations**	**Deficiencies in occupational health and safety practices could affect the physical and mental work ability of employees.**	SML
Working conditions	Health and safety	Opportunity	**own operations**	**Investing in occupational safety is essential for customers**	SML
Working conditions	Work-life balance	Actual positive impact	**own operations**	**Flexible working hours policy and shift planning**	SML
Equal treatment and equal opportunities for all	Gender equality and equal pay	Actual positive impact	**own operations**	**Pay equality higher than national average**	SML
Equal treatment and equal opportunities for all	Training and skills development	Actual positive impact	**own operations**	**Competent workforce and diverse training offering**	SML
Equal treatment and equal opportunities for all	Measures against violence and harassment in the workplace	Potential negative impact	**own operations**	**Potential harassment, inappropriate behaviour and discrimination in industries with employees from different countries and cultures**	SML
Equal treatment and equal opportunities for all	Diversity	Actual positive	**own operations**	**The work community is multinational with an even age distribution**	SML

Material sustainability topics and sub-topics	Sub-sub-topics	Impact, risk or opportunity	Location in the value chain	Description	Time horizon (Short term, Medium term, Long term)
S2 Workers in the value chain					
Working conditions	Health and safety	Potential negative impact	**upstream and downstream value chain**	**Health and safety of value chain workers in subcontracting and agency work**	SML
Equal treatment and equal opportunities for all	Measures against violence and harassment in the workplace	Potential negative impact	**upstream and downstream value chain**	**Potential harassment, inappropriate behaviour and discrimination in subcontracting and agency work in industries with employees from different countries and cultures**	SML

G Governance

Material sustainability topics and sub-topics	Sub-sub-topics	Impact, risk or opportunity	Location in the value chain	Description	Time horizon (Short term, Medium term, Long term)
G1 Business conduct					
Corporate culture		Actual positive impact	**across the value chain**	**Good and transparent governance and business ethics**	SML
Bribery and corruption	Prevention and detection, including training.	Risk	**own operations, upstream value chain**	**Participation in bribery or corruption**	SML

Climate change mitigation measures are key to reducing these impacts. The carbon handprint reveals the extent to which a company has, through conscious choices and decisions, avoided emissions and adverse environmental impacts compared to its previous operating practices. L&T's goal is to increase the positive climate impact of operations faster than the growth of net sales. The carbon handprint is L&T's entity-specific positive impact and metric.

The potential risks are related to regulation aiming to mitigate climate change, financial drivers supporting regulation and the development of the market. The achievement of L&T's climate targets depends on the development of low-emission fleet technology and the development of the recycled raw material market.

Measures and targets related to biodiversity and ecosystems

L&T has identified services related to restoration and the remediation of contaminated soils as business growth areas. L&T is conducting a project to survey the nature impacts and nature value of L&T's services. The project will continue until the end of 2026. For the time being, L&T has not defined any metrics or targets for the positive nature impacts created through L&T's services. L&T is committed, through its environmental policy, to promoting the objectives set out in the EU Biodiversity Strategy. The principles for safeguarding biodiversity are defined in L&T's environmental policy. During 2026, L&T will specify its measures for the development of restoration services as part of the implementation of its growth strategy.

Impacts, risks and opportunities related to own workforce and value chain workers and business conduct

As a service sector company, our own personnel are a key resource in the implementation of the company's strategy and services. L&T's operations are also dependent on the supply chain and the services and products it produces. Through its operating methods, the company influences the well-being, occupational safety, occupational health, diversity and work practices of its own workforce and value chain workers.

L&T's actions may indirectly affect the workers of direct suppliers in the supply chain. L&T's operations depend on, for instance, subcontracting, such as transport subcontracting, which is used to supplement L&T's own logistics. Typically, subcontracted workers work on L&T's or customers' premises, particularly in logistics, environmental construction projects and process cleaning production tasks, where there may actually be an increased occupational safety risk, for example.

With regard to the value chain, discrimination and exploitation of workers can occur in service sectors that employ a large number of foreign workers. At L&T, these include the subcontracting of cleaning and property maintenance. In addition, the potential impacts may be related to inadequate working conditions, such as unclear working time entries. L&T has assessed that young and foreign workers are the most vulnerable groups in the value chain in terms of material impacts

Potential impacts are minimised through procurement agreements that take into account L&T's Supplier Code of Conduct. In addition, L&T regularly reviews occupational safety observations made at its own or customers' premises together with suppliers and their workers and takes corrective measures, if necessary.

L&T recognises that potential impacts can also occur farther in the value chain, especially in countries where working life practices or legislation are inadequate. These countries are more likely to have violations related to working conditions and human rights than non-high risk countries. Examples of such supply chains include the manufacture of L&T's workwear and the procurement of raw materials for equipment and ICT equipment.

Good governance practices form the basis for L&T's business operations. The key positive impacts of business conduct are related to L&T's good corporate culture, such as the company's ethical principles, anti-corruption and anti-bribery practices, and whistleblowing processes. The company's own policies, principles and instructions guide the practices in both its own operations and the value chain, and the actions in them strengthen the company's reliability in the eyes of customers and stakeholders.

Risks related to corruption and bribery can cause reputational and financial damage to the company. L&T uses regular training, inspections and strict rules to engage the parties. Compliance with the ethical principles offers significant opportunities for L&T. It strengthens the company's reputation as a responsible operator and creates trust among customers and stakeholders.

Measures and targets related to workers in the value chain

So far, L&T has not defined any metrics or targets for potential negative impacts related to workers in L&T's value chain. L&T has set out ethical principles concerning the health and safety of supply chain workers, as well as their fair and non-discriminatory treatment, in its Supplier Code of Conduct, to which L&T requires upstream and downstream suppliers to commit themselves. L&T has not implemented, nor does it have plans to implement, measures specifically aimed at ensuring the health and safety of value chain workers or their appropriate and non-discriminatory treatment.

Financial effects of material impacts, risks and opportunities and impact on strategy and business

The company assesses opportunities and risks annually, as well as their financial effects and risk management methods.

During the reporting period, L&T managed material impacts, risks and opportunities on its financial position, financial performance and cash flows using the company's existing risk management methods and operating principles. There were no significant financial effects from material sustainability risks during the reporting period. No adjustments related to carrying amounts are expected for these during the next financial year. The material opportunities related to the circular economy and biodiversity are related to L&T's existing service business and they have generated financial benefits for L&T during the financial year. The magnitude of the financial benefit has not been assessed in more detail. The actual financial benefits related to occupational safety have not been assessed for the financial year.

The resilience of L&T's strategy and business models to address the company's material impacts, risks and opportunities is expected to be good in the upcoming strategy period 2026-2028. The company has established risk management practices, adaptability to market changes and close monitoring of the business environment. L&T seeks growth in circular economy business operations by investing in business solutions related to the circular economy of materials. Growth is pursued by developing core services and expanding the business in Sweden, as well as possible complementary acquisitions.

The environmentally material sustainability aspects (E1, E4 and E5) are in line with L&T's strategy, which aims to mitigate climate change and biodiversity loss and promote the sustainable use of raw materials. The circular economy plays a key role in achieving these targets. L&T's strategy is also dependent on society and people, which is reflected in the impacts, risks and opportunities of L&T's own workforce (S1) and workers in the value chain (S2). L&T's aim is to provide employees with a balanced daily life in which everyone can be who they are, and to promote human rights in the supply chain. The policies concerning business conduct (G1) and the corporate culture provide the foundation for sustainable business. L&T aims for good and fair governance.

The current and anticipated effects of the company's material impacts, risks and opportunities on its business model, value chain, strategy and decision-making are subject to continuous monitoring. L&T responds to these effects by making changes to its strategy and business model as necessary. L&T has set comprehensive sustainability targets that apply to the entire value chain, especially with regard to the climate. The sustainability of the supply chain is also promoted through requirements set out in procurement agreements and their monitoring.

L&T has also described the material impacts, risks and opportunities related to climate change and own workforce and their interaction with the strategy and business model as part of the following topical ESRS standards:

- The impacts, risks and opportunities related to climate change are also described in section E1 Climate change, under disclosure requirement SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model p. 41.
- The impacts, risks and opportunities related to own workforce are also described in section S1 Own workforce, under disclosure requirement SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and business model p. 54.

IRO-1 – The process to identify and assess material impacts, risks and opportunities

L&T's double materiality assessment focused on L&T's impacts on society, the environment and governance, as well as the financial risks and opportunities associated with these impacts. The analysis is based on the ESRS sustainability topics and their sub-topics and sub-sub-topics.

In 2025, L&T's double materiality analysis was updated as internal expert work before L&T demerged into a separate listed company from the former Lassila & Tikanoja Group. The update was carried out for the then Group as a whole, including the review of both the Group's circular economy and facility services businesses as separate entities. This Sustainability Report only presents the results of the analysis of the circular economy business operations (current L&T).

The company's sustainability, business, EHSQ, procurement, legal and human resources management from both divisions participated in the update.

The update work assessed the coverage and timeliness of the impacts, risks and opportunities arising from the company's operations identified by the former Lassila & Tikanoja Group in the previous assessment, and assessed whether there have been changes in the business environment or business model that would change the previous assessment. The update work was carried out as a workshop. In the workshop, the expert groups reassessed the scoring of the latest double materiality analysis and supplemented the existing list of identified impacts, risks and opportunities. The materiality of the ESRS-aligned themes for L&T was analysed bi-directionally. The review was extended to L&T's value chain and its sustainability impacts.

In addition to own operations, the value chain review included contractual suppliers and waste treatment partners as well as customers. No material changes were identified in the value chain or stakeholders for 2025, so the stakeholder analysis or value chain description were not updated in connection with the update work of the double materiality analysis.

The assessment took into account the results of the human rights risk assessment conducted by the former Lassila & Tikanoja Group in 2024. With regard to the double materiality results, it has been verified that they do not conflict with the human rights assessment.

The views of key stakeholders were collected through targeted interviews. The interviews presented an updated list of material impacts, risks and opportunities for the company to the stakeholders and asked the stakeholders for their assessment of the coverage of the list. More in-depth stakeholder interviews were conducted with key suppliers, customers and other stakeholders, and the aim was to survey stakeholder sustainability expectations and potential development needs more broadly. Stakeholder views were taken into account in the scoring. Stakeholders' views on sustainability topics, impacts, risks and opportunities that are material to L&T were consistent with the company's own internal assessment.

An updated list of the company's material impacts, risks and opportunities was presented to Luotea's European Works Council, discussed by the former Lassila & Tikanoja Group's Executive Board and the Personnel and Sustainability Committee, and finally the Board of Directors confirmed the double materiality of L&T. The update process was carried out by the Group Head of Sustainability, who reported on the methods used in the process, the progress of the process and the results to the steering group assigned for the double materiality analysis three times during the process.

Impact materiality

L&T's assessment of impact materiality took into account the scale, scope and irremediable character of the impacts on a five-point scale, where a score of five was deemed significant for each aspect. The assessment took into account changes in potential impacts in the short term (reporting period), medium term (2–5 years) and long term (over 5 years) and examined the likelihood of occurrence of the potential impacts. The assessment took into account potential negative human rights impacts, the severity of which takes precedence over their likelihood. The materiality threshold was defined as a score of eight (maximum score 15), which meant that the impact would be deemed significant for the company. In addition, the results of stakeholder surveys and interviews were taken into account in the assessment.

Financial materiality

The assessment of L&T's financial effects was based on L&T's risk assessment process. The impact of risks is analysed in terms of their effects, and the assessment of the likelihood of their realisation took into account the nature of operations and the risk mitigation measures taken. The aim of the application of L&T's risk assessment process was to ensure that sustainability-related risks are identified in a similar way to the company's strategic and operational risks. Changes in the markets for recycled raw materials, the development of regulation with regard to waste management, for example (E5 Circular economy) and challenges related to the availability and turnover of labour (S1 Own workforce) have also been taken into account in L&T's strategic risks.

The assessment took into account changes in potential impacts in the short term (reporting period), medium term (2–5 years) and long term (over 5 years) and examined the likelihood of occurrence of the potential impacts. The materiality threshold was defined as a score of eight (maximum score 15), which meant that the risks and opportunities would be deemed significant for the company.

During the double materiality assessment process, L&T reviewed its impacts and dependencies as well as their links to risks and opportunities by analysing the impact of each sustainability topic on the company's business model, current risk management methods, processes and personnel. L&T has also assessed the risks and opportunities caused by changes in legislation. The assessment also took into account dependencies on natural resources, human resources and social resources.

Financial risks related to climate change mitigation are managed by the company's climate-related transition plan, which includes emission reduction targets and the investments required for them. Investments in workplace safety and well-being, in turn, can improve the availability and retention of personnel, which reduces the risks arising from these factors.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

L&T's material impacts, risks and opportunities related to climate change have been assessed as part of the update of the former Lassila & Tikanoja Group's double materiality in 2025, in which the previously prepared scenario analyses were not updated.

Climate impact assessment

The assessment of the company's material impacts related to climate change mitigation is based on the company's energy consumption and the calculation of the carbon footprint and carbon handprint. L&T's management and sustainability organisation monitors the direct emissions arising from its own operations, as well as the entity-specific impact and carbon handprint, at quarterly levels. The emissions generated in the company's value chain are assessed on an annual basis.

Assessment of climate risks and opportunities

The Task Force for Climate-related Financial Disclosures (TCFD) recommendations have been applied in assessing the risks and opportunities related to climate change. The results of L&T's climate scenarios have been used as background material in assessing the impacts of changes in the environment, markets and regulation. Climate risks have been assessed in accordance with L&T's risk model in the short term (reporting period), medium term (2–5 years), and long term (over 5 years), and they were most recently updated in 2024 before the demerger of L&T into a separate listed company from the former Lassila & Tikanoja Group. The impact of risks is analysed through EBIT effects and likelihood, taking into account the nature of the risk and the existing mitigation measures. The short and medium-term horizons correspond to the time horizons applied for the company's strategic risks. The actions are described in more detail in section E1-3, p. 42.

The assessment took into account physical risks and transition risks and their impact on L&T's own personnel and business. The value chain impacts are mainly based on changes in the service offering of the businesses. Physical risks may arise from the effects of natural phenomena, such as temperature changes (chronic risk) or potential flooding (acute risk). These are expected to intensify due to climate change. Transition risks include the potential impacts of regulatory and market changes on L&T's key business areas, as well as the impacts of new technologies, particularly on the development of L&T's low-emission fleet. L&T regularly assesses climate risks as part of its risk assessment and adapts its strategy accordingly. The climate scenarios and the related assumptions have not had significant impacts on the company's financial statements or key financial figures.

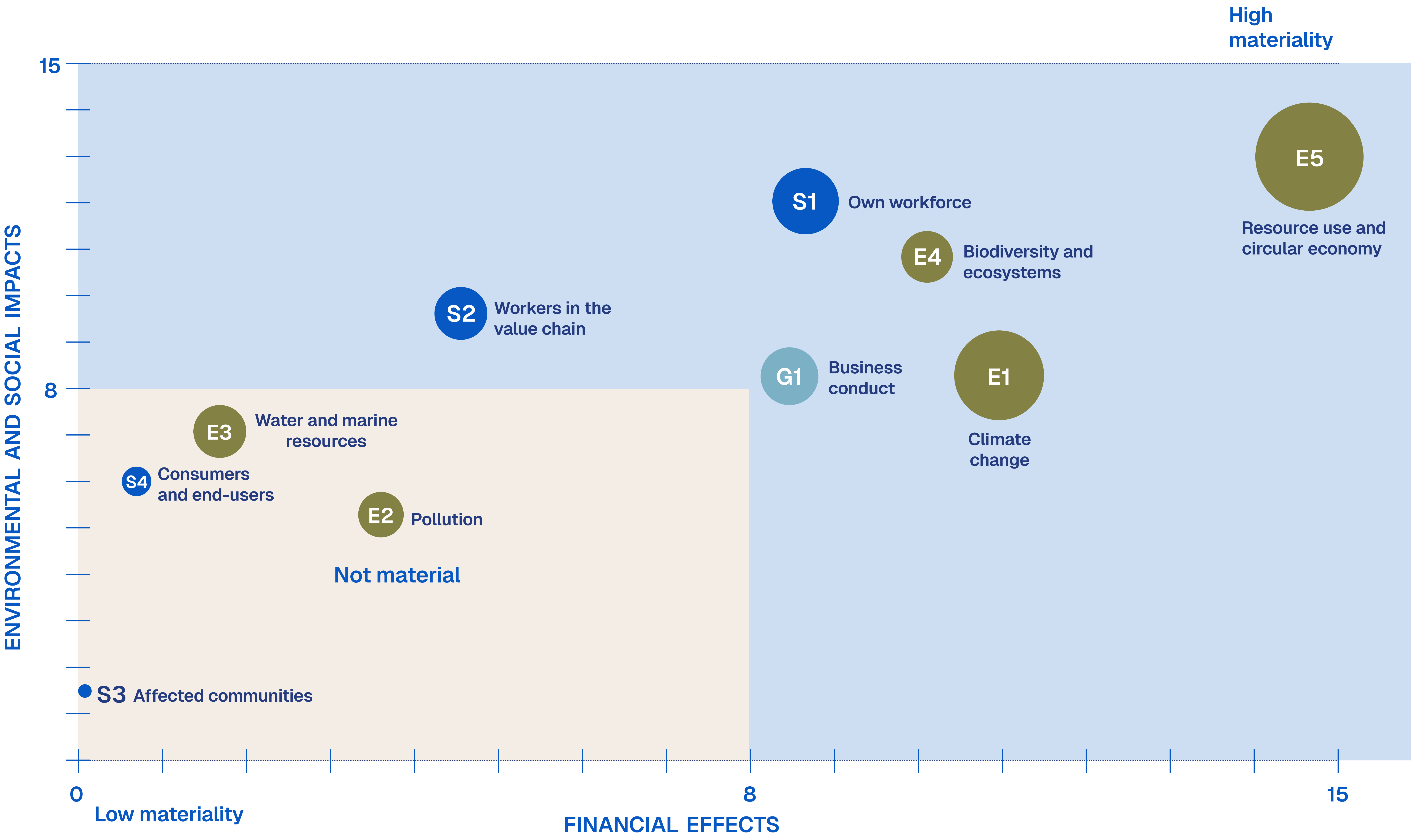
Physical risks

L&T's physical risks related to climate change were assessed in the resilience analysis of the former Lassila & Tikanoja Group. Chronic climate risks, such as rising temperatures and an increase in extreme weather, have been identified as potential impacts on the company's logistics and the energy efficiency of properties. The analysis is based on IPCC's RCP scenarios (1.5°C, <2°C and 4°C) and IEA's APS, NZE2050 and STEPS scenarios, which have been mirrored to weather fluctuations in Finland and Sweden. The review covers the short-term (5 years) and long-term (until 2035) impacts.

The impacts of acute climate risks, such as flooding, on L&T's properties have been estimated to be minimal, as the sites are not located in particularly flood-sensitive areas. The geographical review covered operations in Finland and Sweden. Based on the analysis, no significant risks were identified that would prevent the achievement of the company's climate targets.

According to L&T's assessment, the company's assets and businesses are not sensitive to these climate-related risks to a significant extent. L&T's operations are evenly distributed across Finland and Sweden, which means that operations can be temporarily relocated as necessary in the event of a disturbance, with the exception of recycling facilities. In addition, L&T's properties and movable property are insured.

Results of the double materiality analysis



Overview of the results

The double materiality assessment separately examined the impacts, risks and opportunities of each sustainability topic, sub-topic and sub-sub-topic on L&T's operations. In addition, the impacts, risks and opportunities of L&T's operations on the environment, people and society were examined for each sustainability topic, sub-topic and sub-sub-topic, on a scale of 0–15.

All sub-topics and sub-sub-topics whose score exceeded the threshold value for impact materiality or financial materiality were considered to be material topics. The threshold value was eight for both impact materiality and financial materiality. The materiality threshold is indicated by a blue background colour in the graph. In the graph, the X and Y axes take into account the maximum scores assigned to each ESRS sustainability topic, even if they consist of different sub-topics.

The average score of the impact assessment of the ESRS sustainability topics is expressed in the graph by the size of the point. This makes it possible to identify how large a proportion of the sub-topics or sub-sub-topics under each topic were identified as material in the double materiality assessment. For example, E4 Biodiversity and ecosystems is a topic that is identified as material, but the average score for the topic is relatively low, which means that only a few sub-sub-topics were identified as material in the assessment.

Colour coding

- Material sub-topics
- Non-material sub-topics
- Environment (E)
- Society (S)
- Governance (G)

Transition risks

The material transition risks are related to regulatory changes that affect, in particular, the carbon neutrality goals of transport and the promotion of the circular economy, as well as potential market changes that may affect the availability of renewable fuels or the development of low-emission technologies. In L&T's risk assessment, the background factors behind regulatory risks include the price development of emission rights, bioeconomy and low-carbon economy scenarios, the EU's circular economy package, potential changes in national waste legislation, and national recycling and reuse targets. The reference framework used in the assessment was a climate scenario in which global warming can be limited to 1.5°C.

L&T has assessed the exposure and sensitivity of its businesses to identified transition events. The assessment takes into account the likelihood, scope and duration of transition risks. These transition risks are significant for L&T's materials business in particular. L&T's activities and business models are sensitive to changes in legislation, as the waste industry is subject to strong regulatory steering. Investments made by energy sector operators, particularly in renewable fuels, or the growing adoption of new technologies in the use of heavy equipment, for example, will, in turn, influence the achievement of L&T's emission targets and the company's climate transition plan. These also indirectly affect the fulfilment of the loan terms linked to the company's climate targets.

The current targets, operating models and measures increase L&T's resilience in the changing business environment. The company has a strong market position in all of its business areas. In addition, the climate transition plan enables the effective implementation of changes. Increasing the use of renewable energy sources and sustainable raw materials, and phasing out fossil carbon, particularly in transport, will continue to be key focal points. Risk management is enhanced by assessing regulatory and market changes and reacting to them in a timely manner. The company seeks to proactively influence legislative processes through key industry advocacy organisations, for example.

Description of the processes to identify and assess material impacts, risks and opportunities related to pollution and water and marine resources

As part of the double materiality analysis of the former Lassila & Tikanoja Group, L&T's impacts on the sub-topics and sub-sub-topics of E2 Pollution and E3 Water and marine resources were also assessed. The assessment of pollution and water and marine resources took into account the location and ownership of sites. L&T's actual and potential impacts, risks and opportunities were assessed on the basis of the location, the assessment of environmental aspects related to the operations of the sites, and the environmental observations made at the sites. With regard to the value chain, the review was limited to L&T's direct suppliers and the impacts potentially related to these sectors in terms of the sustainability topic. No material impacts were identified for the most significant procurements. No separate stakeholder consultation related to these topics was organised in connection with the assessment.

Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities

The material impacts, risks and opportunities related to biodiversity and ecosystems of L&T's own operations were updated in connection with the double materiality analysis before the partial demerger of the former Lassila & Tikanoja Group. The identification of environmental impacts used the company's environmental assessments, information obtained from the environmental permit process, customer feedback, particularly with regard to production sites, and geographical information on the locations of the sites in relation to valuable natural sites. L&T has consulted the affected communities regarding potential negative environmental impacts related to the sites during the environmental permit applications. No actual impacts on local communities have been identified in the consultations. All valid environmental permit decisions have been received before the partial demerger. No separate stakeholder consultation related to the sustainability topic was organised in connection with the double materiality assessment.

In 2025, the impacts and dependencies related to L&T's divisions and value chain were examined using the TNFD leap framework and the ENCORE analysis tool. The analysis clarified the understanding of the industry's nature impacts with regard to own operations and aimed to identify significant nature impacts with regard to the value chain. The review was carried out before L&T demerged from the former Lassila & Tikanoja Group into a separate listed company, but it was limited to circular economy business operations.

Based on the geographical data analysis, L&T has identified locations that are close to biodiversity-sensitive areas. With regard to the operations of sites in the vicinity of biologically sensitive areas, the impact materiality of negative impacts on the deterioration of natural habitats and the habitats of species was assessed as internal expert work based on the environmental permit entries, internal control procedures and stakeholder feedback received. Based on the assessment, it is estimated that L&T's sites have a low impact on the environment in biologically sensitive areas. No mitigating measures related to biodiversity have been imposed separately on L&T's sites by the authorities.

L&T has not assessed the physical, transition and systemic risks of the company's identified impacts and dependencies on biodiversity and ecosystems, but they have been considered indirectly as part of climate risks. Climate change is a significant driver of biodiversity loss and the deterioration of ecosystem services, on which L&T has a direct impact through its own emissions and those of its value chain. The climate risk assessment assesses the financial effects of extreme weather on the company's own operations. The deterioration of ecosystem services may also lead to an increase or intensification of extreme weather and related effects, such as flooding or droughts.

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

L&T identified and assessed material impacts, risks and opportunities related to resource inflows and outflows and waste as part of the double materiality analysis. L&T analysed its operations to identify and assess the actual and potential impacts, risks and opportunities in its own operations and the value chain. The material impacts and opportunities related to resource use and the circular economy are focused on discontinued operations and are listed in the table in section ESRS 2 SBM-3, p. 28.

L&T has analysed its assets and operations to identify the actual and potential impacts, risks and opportunities in its own operations and the upstream and downstream value chain. The information used in the analysis included environmental permits concerning the company's operations, information about inflows and outflows of waste received from customers, general national and international reports and studies, and stakeholder consultations in various forums.

L&T did not separately consult the local communities around recycling plants or processing centres as part of the double materiality assessment. The company engages in regular dialogue with local residents about the environmental impacts of its sites within the environmental permit processes for sites and regional co-operation.

Description of the processes to identify and assess material impacts, risks and opportunities related to the company's own workforce

In its double materiality assessment, L&T has identified and assessed the impacts, risks and opportunities related to its own workforce. L&T has established an understanding of the impacts and risks related to workers through, for example, regular dialogue, the identification of special groups and the assessment of occupational safety risks and observations and the human rights review carried out by the former Lassila & Tikanoja Group in 2024.

Material impacts and opportunities related to the following sub-sub-topics were identified and assessed: employment security, occupational health and safety, working hours, adequate wages and pay equality, work-life balance, freedom of association, the existence of works councils, employees' access to information, rights of consultation and participation, competence development, support for diversity and prevention of harassment, inappropriate behaviour and discrimination. These topics play a key role in L&T's strategy and business model, and they have a direct impact on the company's operations and its adaptation. The material impacts, risks and opportunities related to the company's own workforce are described in more detail in section S1 SBM-3, p. 54.

Description of the processes to identify and assess material impacts, risks and opportunities related to value chain workers

L&T has identified and assessed the material impacts, risks and opportunities concerning value chain workers as part of the double materiality assessment. The assessment was based on the results of the human rights risk assessment prepared in 2024, an assessment of the nature of L&T's subcontracting work and risks related to occupational safety, procurement co-operation and L&T's own supplier risk assessment. Material impacts related to the following sub-sub-topics were identified and assessed: occupational safety and well-being of value chain workers and discrimination against value chain workers.

L&T has identified that certain value chain workers who possess particular characteristics, who work under particular conditions, or who engage in particular activities, may be at greater risk of harm. Among workers in subcontracting, workers with a foreign background may have inadequate language proficiency in particular, which can make it more difficult to understand and implement the appropriate occupational safety practices. They may also have inadequate knowledge of national work practices. Young employees who lack previous work experience can also be more vulnerable to various types of violations. In addition, workers who work at L&T's or customers' premises, particularly in logistics, environmental construction projects, and process cleaning and property maintenance in production-related tasks, which may involve an actual elevated occupational safety risk, may be at risk of harm. Potential impacts may also be related to the inadequate implementation of work practices, such as unclear records of working time.

Description of the processes to identify and assess material impacts, risks and opportunities related to business conduct

The material impacts and risks identified in the double materiality assessment were related to the following sub-topics and sub-sub-topics: corporate culture and the prevention, detection and incidents of corruption and bribery. The geographical location, activities, industry and business structure of L&T's businesses have been taken into account as background data in the assessment of the related material impacts.

Corporate culture emerged as a material topic on the basis of impact materiality in the double materiality assessment. With regard to financial materiality, the prevention of corruption and bribery emerged as a material risk related to business conduct.

Updating the double materiality assessment

The double materiality assessment process is integrated into L&T's risk management process and implemented in co-operation with business-level specialists, risk management functions and financial organisations. The impacts, risks and opportunities associated with sustainability matters are assessed during the process, taking into account potential changes in the business environment.

The results of the assessment will be updated annually, and they will be discussed and approved by L&T's Group Executive Board and Board of Directors.

The next update to the double materiality assessment will be carried out in 2026.

IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statements

The following tables provide a list of the disclosure requirements of the Sustainability Reporting Standard (ESRS) that L&T has complied with in preparing this Sustainability Report on the basis of double materiality, as well as information on the disclosure requirements that L&T has assessed as not material on the basis of double materiality. The table also includes L&T's entity-specific disclosures.
The tables can be used to navigate to information on a specific disclosure requirement in the Sustainability Report.
If L&T has not had to report information related to a specific disclosure requirement on the basis of double materiality, this is indicated by a dash. The absence of information with regard to material disclosure requirements is specified in an explanation.

Disclosure requirement		Paragraph/included reference and page number	Material/Non-material
ESRS 2 General disclosures			
BP-1	General basis for preparation of sustainability statements	Sustainability Report ESRS 2 General Disclosures, p. 10	Material
BP-2	Disclosures in relation to specific circumstances	Sustainability Report ESRS 2 General Disclosures, p. 10	Material
GOV-1	The role of the administrative, management and supervisory bodies	Sustainability Report ESRS 2 General Disclosures, p. 10	Material
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability Report ESRS 2 General Disclosures, p. 13	Material
GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability Report ESRS 2 General Disclosures, p. 13	Material
GOV-4	Statement on due diligence	Sustainability Report ESRS 2 General Disclosures, p. 14	Material
GOV-5	Risk management and internal controls over sustainability reporting	Sustainability Report ESRS 2 General Disclosures, p. 14	Material
SBM-1	Strategy, business model and value chain	Sustainability Report ESRS 2 General Disclosures, p. 15	
SBM-2	Interests and views of stakeholders	Sustainability Report ESRS 2 General Disclosures, p. 17	Material
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Report ESRS 2 General Disclosures, p. 17	Material
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Sustainability Report ESRS 2 General Disclosures, p. 21	Material
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Sustainability Report ESRS 2 General Disclosures, p. 25	Material

Disclosure requirement		Paragraph/included reference and page number	Material/Non-material
ESRS E1 Climate change			
E1 ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability Report ESRS 2 General Disclosures, p. 13	Material
E1-1	Transition plan for climate change mitigation	Sustainability Report ESRS E1 Climate change, p. 41	Material
E1 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Report ESRS E1 Climate change, p. 41	Material
E1 ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Sustainability Report ESRS 2 General Disclosures, p. 21	Material
E1-2	Policies related to climate change mitigation and adaptation	Sustainability Report ESRS E1 Climate change, p. 42	Material
E1-3	Actions and resources in relation to climate change policies	Sustainability Report ESRS E1 Climate change, p. 42	Material
E1-4	Targets related to climate change mitigation and adaptation	Sustainability Report ESRS E1 Climate change, p. 42	Material
E1-5	Energy consumption and mix	Sustainability Report ESRS E1 Climate change, p. 43	Material

Disclosure requirement		Paragraph/included reference and page number	Material/Non-material
ESRS E1 Climate change			
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Sustainability Report ESRS E1 Climate change, p. 44	Material
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	L&T has no plans to purchase climate units from the voluntary market, and L&T does not promote greenhouse gas emissions removal or storage projects in its own operations or value chain.	Non-material
E1-8	Internal carbon pricing	L&T does not use an internal carbon pricing mechanism	Non-material
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	L&T makes use of the transitional provision with regard to the required disclosures and does not report for 2025	Material
ESRS E2 Pollution			
E2 ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Sustainability Report ESRS 2 General Disclosures, p. 21	Material
E2-1	Policies related to pollution	-	Non-material
E2-2	Actions and resources related to pollution	-	Non-material
E2-3	Targets related to pollution	-	Non-material
E2-4	Pollution of air, water and soil	-	Non-material
E2-5	Substances of concern and substances of very high concern	-	Non-material
E2-6	Impact metrics related to biodiversity and ecosystems change	-	Non-material
ESRS E3 Water and marine resources			
E3 ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Sustainability Report ESRS 2 General Disclosures, p. 21	Material
E3-1	Policies related to water and marine resources	-	Non-material
E3-2	Actions and resources related to water and marine resources	-	Non-material
E3-3	Targets related to water and marine resources	-	Non-material
E3-4	Water consumption	-	Non-material
E3-5	Anticipated financial effects of impacts, risks and opportunities related to water and marine resources	-	Non-material

Disclosure requirement		Paragraph/included reference and page number	Material/Non-material
ESRS E4 Biodiversity and ecosystems			
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
E4 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Report ESRS 2 General Disclosures, p. 17	Material
E4 ESRS 2 IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Sustainability Report ESRS 2 General Disclosures, p. 21	Material
E4-2	Policies related to biodiversity and ecosystems	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
E4-3	Actions and resources related to biodiversity and ecosystems	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
E4-4	Targets related to biodiversity and ecosystems	L&T uses the “quick-fix” delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
E4-5	Impact metrics related to biodiversity and ecosystems change	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	L&T makes use of the transitional provision with regard to the required disclosures and does not report for 2025	Material
E5 Resource use and circular economy			
E5 ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Sustainability Report ESRS 2 General Disclosures, p. 21	Material
E5-1	Policies related to resource use and circular economy	Sustainability Report ESRS E5 Resource use and circular economy, p. 50	Material
E5-2	Actions and resources related to resource use and circular economy	Sustainability Report ESRS E5 Resource use and circular economy, p. 50	Material
E5-3	Targets related to resource use and circular economy	Sustainability Report ESRS E5 Resource use and circular economy, p. 51	Material
E5-4	Resource inflows	Sustainability Report ESRS E5 Resource use and circular economy, p. 51	Material
E5-5	Resource outflows	Sustainability Report ESRS E5 Resource use and circular economy, p. 51	Material
E5-6	Anticipated financial effects of impacts, risks and opportunities related to resource use and circular economy	L&T makes use of the transitional provision with regard to the required disclosures and does not report for 2025	Material

Disclosure requirement		Paragraph/included reference and page number	Material/Non-material
ESRS S1 Own workforce			
S1. ESRS 2 SBM-2	Interests and views of stakeholders	Sustainability Report ESRS 2 General Disclosures, p. 17	Material
S1. ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Report ESRS S1 Own workforce, p. 54	Material
S1-1	Policies related to own workforce	Sustainability Report ESRS S1 Own workforce, p. 54	Material
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Sustainability Report ESRS S1 Own workforce, p. 55	Material
S1-3	Processes to remediate negative impacts and channels for L&T's own workers to raise concerns	Sustainability Report ESRS S1 Own workforce, p. 55	Material
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Sustainability Report ESRS S1 Own workforce, p. 56	Material
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Sustainability Report ESRS S1 Own workforce, p. 57	Material
S1-6	Characteristics of the undertaking's employees	Sustainability Report ESRS S1 Own workforce, p. 57	Material
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	L&T makes use of the transitional provision with regard to the required disclosures	Material
S1-8	Collective bargaining coverage and social dialogue	L&T makes use of the transitional provision with regard to the required disclosures	Material
S1-9	Diversity metrics	Sustainability Report ESRS S1 Own workforce, p. 59	Material
S1-10	Adequate wages	Sustainability Report ESRS S1 Own workforce, p. 59	Material
S1-11	Social protection	L&T makes use of the transitional provision with regard to the required disclosures	Material
S1-12	Persons with disabilities	-	Non-material
S1-13	Training and skills development metrics	L&T makes use of the transitional provision with regard to the required disclosures	Material
S1-14	Health and safety metrics	Sustainability Report ESRS S1 Own workforce, p. 59. L&T makes use of the transitional provision 88 d and e with regard to the disclosures	Material
S1-15	Work-life balance metrics	L&T makes use of the transitional provision with regard to the required disclosures	Material
S1-16	Compensation metrics (pay gap and total compensation)	Sustainability Report ESRS S1 Own workforce, p. 59	Material
S1-17	Incidents, complaints and severe human rights impacts	Sustainability Report ESRS S1 Own workforce, p. 60	Material

Disclosure requirement		Paragraph/included reference and page number	Material/Non-material
ESRS S2 Workers in the value chain			
S2 ESRS 2 SBM-2	Interests and views of stakeholders	Sustainability Report ESRS 2 General Disclosures, p. 17	Material
S2 ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability Report ESRS 2 General Disclosures p. 17	Material
S2-1	Policies related to value chain workers	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
S2-2	Processes for engaging with value chain workers about impacts	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	L&T uses the "quick-fix" delegated act concerning the ESRS standard issued on 11 July 2025 and does not report for 2025	Material
ESRS S3 Affected communities			
ESRS 2 SBM-2	Interests and views of stakeholders	-	Non-material
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	-	Non-material
S3-1	Policies related to affected communities	-	Non-material
S3-2	Processes for engaging with affected communities about impacts	-	Non-material
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	-	Non-material
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	-	Non-material
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-	Non-material

Disclosure requirement		Paragraph/included reference and page number	Material/Non-material
ESRS S4 Consumers and end-users			
ESRS 2 SBM-2	Interests and views of stakeholders	-	Non-material
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	-	Non-material
S4-1	Policies related to consumers and end-users	-	Non-material
S4-2	Processes for engaging with consumers and end-users about impacts	-	Non-material
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	-	Non-material
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	-	Non-material
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-	Non-material
G1 Business conduct			
G1 ESRS GOV-1	The role of the administrative, management and supervisory bodies	Sustainability Report ESRS 2 General Disclosures, p. 10	Material
G1 ESRS IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Sustainability Report ESRS 2 General Disclosures, p. 21	Material
G1-1	Corporate culture and business conduct policies and corporate culture	Sustainability Report ESRS G1 Business conduct, p. 61	Material
G1-2	Management of relationships with suppliers	-	Non-material
G1-3	Prevention and detection of corruption and bribery	Sustainability Report ESRS G1 Business conduct, p. 62	Material
G1-4	Confirmed incidents of corruption or bribery	Sustainability Report ESRS G1 Business conduct, p. 62	Material
G1-5	Political Influence and lobbying activities	-	Non-material
G1-6	Payment practices	-	Non-material

Disclosures stemming from other legislation

The following table contains all other data points derived from EU legislation listed in Appendix B of ESRS 2. The table shows where the data points can be found in our report and which data points have been assessed to be non-material on the basis of the double materiality assessment. If L&T does not yet have information related to a specific data point, it is indicated with a dash (-).

				Reference to other EU legislation			
Disclosure requirement	Data point	Sustainability disclosure	Location and page	SFDR	Pillar 3	Benchmark Regulation	EU Climate Act
ESRS 2 GOV-1	21 (d)	Board's gender diversity	GOV-1 – The role of the administrative, management and supervisory bodies, p. 10	x		x	
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent	GOV-1 – The role of the administrative, management and supervisory bodies, p. 10			x	
ESRS 2 GOV-4	30	Statement on due diligence	GOV-4 – Statement on sustainability due diligence, p. 14	x			
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	Non-material	x	x	x	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	Non-material	x		x	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	Non-material	x		x	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco	Non-material			x	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050	E1-1 – Transition plan for climate change mitigation, p. 41				x
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks	Not applicable		x	x	
ESRS E1-4	34	GHG emission reduction targets	E1-4 – Targets related to climate change mitigation and adaptation, p. 42	x	x	x	
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	E1-5 – Energy consumption and mix, p. 43	x			
ESRS E1-5	37	Energy consumption and mix	E1-5 – Energy consumption and mix, p. 43	x			
ESRS E1-5	40–43	Energy intensity associated with activities in high climate impact sectors	E1-5 – Energy consumption and mix, p. 43	x			

				Reference to other EU legislation			
Disclosure requirement	Data point	Sustainability disclosure	Location and page	SFDR	Pillar 3	Benchmark Regulation	EU Climate Act
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions, p. 44	x	x	x	
ESRS E1-6	53–55	Gross GHG emissions intensity	E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions, p. 44	x	x	x	
ESRS E1-7	56	GHG removals and carbon credits	Non-material				x
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks	L&T makes use of the transitional provision with regard to the required disclosures			x	
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk	L&T makes use of the transitional provision with regard to the required disclosures		x		
ESRS E1-9	67 (c)	Breakdown of the carrying value of the undertaking's real estate assets by energy-efficiency class	L&T makes use of the transitional provision with regard to the required disclosures		x		
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities	L&T makes use of the transitional provision with regard to the required disclosures			x	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	Non-material	x			
ESRS E3-1	9	Water and marine resources	Non-material	x			
ESRS E3-1	13	Dedicated policy	Non-material	x			
ESRS E3-1	14	Sustainable oceans and seas	Non-material	x			
ESRS E3-4	28 (c)	Total water recycled and reused	Non-material	x			
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	Non-material	x			
ESRS 2 SBM-3 – E4	16 (a)	List of material sites in own operations	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS 2 SBM-3 – E4	16 (b)	Sites located in affected biodiversity-sensitive areas	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS 2 SBM-3 – E4	16 (c)	Operations that affect threatened species	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	L&T makes use of the transitional provision with regard to the required disclosures	x			

				Reference to other EU legislation			
Disclosure requirement	Data point	Sustainability disclosure	Location and page	SFDR	Pillar 3	Benchmark Regulation	EU Climate Act
ESRS E4-2	24 (d)	Policies to address deforestation	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS E5-5	37 (d)	Non-recycled waste	E5-5 - Resource outflows, p. 51	x			
ESRS E5-5	39	Hazardous waste and radioactive waste	E5-5 - Resource outflows, p. 51	x			
ESRS 2 SBM-3 – S1	14 (f)	Risk of incidents of forced labour	S1 SBM-3 – Impacts, risks and opportunities from the perspective of the strategy and business model, p. 54	x			
ESRS 2 SBM-3 – S1	14 (g)	Risk of incidents of child labour	S1 SBM-3 – Impacts, risks and opportunities from the perspective of the strategy and business model, p. 54	x			
ESRS S1-1	20	Human rights policy commitments	S1-1 – Policies related to own workforce, p. 54	x			
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	GOV-4 – Statement on sustainability due diligence, p. 14			x	
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	S1-1 – Policies related to own workforce, p. 54	x			
ESRS S1-1	23	Workplace accident prevention policy or management system	S1-1 – Policies related to own workforce, p. 54	x			
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	S1-3 – Processes to remediate negative impacts and channels for L&T's own workforce to raise concerns, p. 55	x			
ESRS S1-14	88 (b) & (c)	Number of fatalities and number and rate of work-related accidents	S1-14 – Health and safety metrics, p. 59	x		x	
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	S1-14 – Health and safety metrics, p. 59	x			
ESRS S1-16	97 (a)	Unbalanced gender pay gap	S1-16 – Compensation metrics (pay gap and total compensation), p. 59	x		x	
ESRS S1-16	97 (b)	Excessive CEO pay ratio	S1-16 – Compensation metrics (pay gap and total compensation), p. 59	x			
ESRS S1-17	103 (a)	Incidents of discrimination	S1-17 – Incidents, complaints and severe human rights impacts, p. 60	x			

				Reference to other EU legislation			
Disclosure requirement	Data point	Sustainability disclosure	Location and page	SFDR	Pillar 3	Benchmark Regulation	EU Climate Act
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	Non-material	x		x	
ESRS 2 SBM-3 – S2	11 (b)	Significant risk of child labour or forced labour in the value chain	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS S2-1	17	Human rights policy commitments	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS S2-1	18	Policies related to value chain workers	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	Non-material	x		x	
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8	GOV-4 – Statement on sustainability due diligence, p. 14			x	
ESRS S2-4	36	Human rights issues and incidents connected to upstream and downstream value chain	L&T makes use of the transitional provision with regard to the required disclosures	x			
ESRS S3-1	16	Human rights policy commitments	Non-material	x			
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD Guidelines	Non-material	x		x	
ESRS S3-4	36	Human rights issues and incidents	Non-material	x			
ESRS S4-1	16	Policies related to consumers and end-users	Non-material	x			
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	Non-material	x		x	
ESRS S4-4	35	Human rights issues and incidents	Non-material	x			
ESRS G1-1	10 (b)	Anti-corruption and anti-bribery principles aligned with the United Nations Convention against Corruption	Non-material	x			
ESRS G1-1	10 (d)	Protection of whistleblowers	Non-material	x			
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	G1-4 - Corruption and bribery, p. 62	x		x	
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	G1-3 – Prevention and detection of corruption and bribery, p. 62	x			

EU Taxonomy

In this section, L&T discloses information on environmentally sustainable economic activities in accordance with the EU Taxonomy. The information is based on Regulation (EU) 2020/852 of the European Parliament and of the Council (Taxonomy Regulation). The Regulation contains key figures that companies are required to report on their environmentally sustainable economic activities.

The EU Taxonomy specifies six key environmental objectives on the basis of which the company's various business operations are assessed. The environmental objectives include climate change mitigation, climate change adaptation, water and marine resources, circular economy, pollution, and biodiversity and ecosystems. Lassila & Tikanoja Plc was founded on 31.12.2025. L&T has reported taxonomy-aligned, taxonomy-eligible and non-taxonomy-eligible proportions of its business activities for three key performance indicators (turnover, operating expenditure and capital expenditure) on a carve-out basis. Carve-out based reporting is discussed in more detail in section ESRS 2 BP-1, p. 10. The company's taxonomy reporting does not use the reliefs provided by the European Commission's Omnibus package.

Taxonomy alignment reflects the extent to which the company's business in question supports the environmental goals. An activity is considered to be taxonomy-aligned if it substantially contributes to one of the specified environmental objectives while doing no significant harm (DNSH) to the other objectives. In addition, the activity must comply with the criteria for minimum safeguards.

L&T's assessment

Assessments of taxonomy eligibility and taxonomy alignment have been carried out by L&T on the basis of the best interpretation of the EU Taxonomy Regulation, the Climate Delegated Act, the Complementary Climate Delegated Act and the Environmental Delegated Act, as well as the currently available guidelines issued by the European Commission.

Taxonomy eligibility has been assessed on the basis of the descriptions of economic activities and related NACE codes in accordance with the European Commission's delegated regulations. The taxonomy-related assessment covers turnover, capital expenditure and operating expenditure from business operations, as specified in relation to the six environmental objectives of the EU Taxonomy. L&T has no business activities related to nuclear energy or fossil natural gas.

The financial indicators related to the taxonomy are based on figures obtained from financial and ERP systems. When calculating the proportion of turnover of taxonomy-aligned and taxonomy-eligible economic activities (note 1.2 to the financial statements), L&T takes into account revenue from services and products that have a clear connection to the identified economic activities. For capital expenditure and operating expenditure, the entries for the reporting year are reviewed and the alignment between the assessment criteria and the recorded data is assessed.

L&T's capital expenditure consists of additions in tangible fixed assets, intangible assets and right-of-use assets, including additions arising from acquisitions. (notes 3.1, 3.3 and 3.4 to the financial statements). Operating expenditure consists of non-capitalised direct expenses that are necessary to ensure the continuous and efficient operation of property, plant and equipment. These expenses include maintenance, repair and maintenance costs of equipment and buildings, short-term leases and similar expenses and other direct costs related to the maintenance of assets. Assessments of taxonomy eligibility and alignment take into account only those operating and capital expenditures that meet the technical requirements for the activities. L&T has no separate capital or operating expenditure plans for the taxonomy.

L&T reports on taxonomy at Group level. Specialists from each division and representatives of business functions have assessed whether the economic activities identified in the taxonomy meet the criteria for taxonomy alignment. The assessment is based on the activity-specific technical screening criteria described in the DNSH criteria and the Taxonomy Regulation. L&T's climate risks are described in section E1 SBM-3, p. 41.

L&T's business is regulated and requires separate environmental permits that specify environmental requirements for water, soil pollution and nature. Environmental permits apply to L&T's processing and storage areas and waste disposal plants. L&T strives to comply with all environmental requirements applicable to its operations.

L&T uses a management system that covers all of L&T's services with regard to the ISO 9001, ISO 14001 and ISO 45001 certificates. The EHSQ management model ensures that L&T's operations comply with the permit conditions, which are monitored and reported regularly. In addition, L&T aims to manage and reduce the environmental impacts of its operations through training and technical solutions. The technical screening criteria have been reviewed in parallel to ensure that the reporting is as consistent as possible and to avoid double calculation.

Minimum safeguards

In addition to technical screening criteria, the Taxonomy Regulation provides for minimum safeguards covering labour and human rights, prevention of corruption and bribery, fair competition and taxation. At L&T, the minimum safeguards have been assessed at Group level.

L&T respects the human rights defined in the UN Declaration of Human Rights, the rights of workers of the International Labour Organisation (ILO), international conventions and the UN Guiding Principles on Business and Human Rights. In addition, L&T complies with the six steps of the OECD Guidelines for Multinational Enterprises. L&T's human rights impacts are discussed in more detail in section ESRS 2 GOV-4, p. 14.

In the prevention of corruption and bribery, L&T complies with national legislation and agreements. These principles are also documented in a separate anti-corruption and anti-bribery policy, which prohibits bribery, the receipt and giving of gifts, and other unethical activities. L&T's guidelines for receiving gifts and hospitality are public and available on the company's website and intranet. The prevention of corruption and bribery is discussed in more detail in section G1-3, p. 62.

The main principles concerning taxation are described in the tax policy approved by L&T's Board of Directors. The tax policy covers all of L&T's divisions in all operating countries and applies to all employees. L&T complies with local legislation in the payment, collection, accounting and reporting of taxes. A key principle is the high-quality and timely reporting of tax forms and other statutory reports to the authorities.

L&T pays and collects taxes in the countries in which it operates and creates value, and does not shift value to low-tax jurisdictions. The pricing of intra-Group transactions complies with the applicable transfer pricing legislation, the OECD guidelines and recommendations of the tax administration. All L&T's investment and location decisions are based on business needs. Tax impacts are analysed and taken into account as part of decision-making, and business operations and group structures are reviewed on the basis of their financial content. L&T does not participate in arrangements made solely for tax reasons without a business substance.

L&T operates in Finland and Sweden, supports fair competition and complies with good business conduct and the rules of competition law in all of its business operations. All business activities undertaken by L&T either in full or in part are structurally transparent and financially justified. In its acquisition processes, L&T complies with competition law, carries out due diligence on the subjects of acquisition, and submits the legally required notifications to the competition authorities.

L&T's Code of Conduct includes basic rules on compliance with competition law and legislation. In addition, L&T provides training on competition law for employees whose role involves an identified need for more in-depth training. The purpose of the training is to help the personnel to identify situations that may be questionable or prohibited from the perspective of the rules of competition law, and to provide more detailed instructions on the course of action to take in different situations.

L&T has due diligence processes in place with regard to taxation, anti-corruption, anti-bribery and fair competition. Requirements concerning human rights, labour rights and corruption have been taken into account as separate principles, included in the Code of Conduct and training. In addition, these principles have been taken into consideration in the company's procurement processes and guidelines. The Group-level policies apply to all of L&T's business operations in Finland and Sweden.

Identified taxonomy-eligible activities

The taxonomy-eligible and taxonomy-aligned activities of L&T's Environmental Services and Industrial Services divisions include, among other things, the collection and transport of waste, recovery of materials from non-hazardous waste, hazardous waste treatment, wastewater collection and treatment, sale of second-hand goods, and environmental construction services related to the remediation of contaminated sites and areas. These circular economy businesses include activities related to climate change mitigation 5.5 (Collection and transport of non-hazardous waste in source segregated fractions) and 5.9 (Material recovery from non-hazardous waste). Activities related to the transition to a circular economy and the prevention and recycling of waste 2.3 (Collection and transport of non-hazardous and hazardous waste), 2.7 (Non-hazardous waste sorting and material recovery) and 5.4 (Sale of second-hand goods). Activities related to pollution prevention and control 2.1 (Collection and transport of hazardous waste), 2.2 (Hazardous waste treatment) and 2.4 (Remediation of contaminated sites and areas).

Transitional activities (nuclear power and natural gas)

A transitional activity is an economic activity that supports the transition to a climate-neutral economy and for which there are no technologically and economically feasible low-carbon alternatives. L&T does not have any taxonomy-eligible or non-taxonomy-eligible nuclear power or natural gas-related economic activities as described in the Complementary Climate Delegated Act. Consequently, Template 1: Nuclear and fossil gas-related activities (Complementary Climate Delegated Act, Annex III) is presented on the right, and templates 2–5 are omitted.

Nuclear energy-related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas-related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat or cooling using fossil gaseous fuels.	No

Turnover

Financial year N		2025		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	Turnover	Proportion of Turnover, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2.) proportion of turnover, year N-1	Category enabling activity	Category transitional activity
		(MEUR)	(%)	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N	Y; N	Y; N	Y; N	Y; N;	Y; N	Y; N	(%)	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	12.2	2.9%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	2.7 %		
Material recovery from non-hazardous waste	CCM 5.9	1.8	0.4%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.6 %		
Collection and transport of hazardous waste	PPC 2.1	22.4	5.2%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	4.9 %		
Treatment of hazardous waste	PPC 2.2	4.7	1.1%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	1.1 %		
Remediation of contaminated sites and areas	PPC 2.4	3.4	0.8%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.8 %		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	25.9	6.1%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	7.8 %		
Sorting and material recovery of non-hazardous waste	CE 2.7	10.7	2.5%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	2.7 %		
Sale of second-hand goods	CE 5.4	16.0	3.7%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	2.1 %		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		96.9	22.7%	3.3%	0.0%	0.0%	7.1%	12.3%	0.0%	Y	Y	Y	Y	Y	Y	Y	22.8 %		
Of which Enabling		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0 %	E	
Of which Transitional		0	0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0 %		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Material recovery from non-hazardous waste	CCM 5.9	0.4	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1 %		
Collection and transport of hazardous waste	PPC 2.1	1.7	0.4%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.4 %		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	9.0	2.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.4 %		
Sorting and material recovery of non-hazardous waste	CE 2.7	8.2	1.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.8 %		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19.2	4.5%	0.1%	0.0%	0.00%	0.4%	4.0%	0.0%								4.7 %		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		116.2	27.2%	3.4%	0.0%	0.00%	7.5%	16.3%	0.0%								27.4 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		310.5	72.8%																
TOTAL (A+B)		426.6	100%																

Code: CCM = Climate Change Mitigation, PPC = Pollution Prevention and Control, CE = Circular Economy.
A.1: Y – Yes, a taxonomy-eligible and taxonomy-aligned activity with regard to the environmental objective in question, N – No, a taxonomy-eligible but not taxonomy-aligned activity with regard to the environmental objective in question, N/A - Not applicable, a non-taxonomy-eligible activity with regard to the environmental objective in question
A.2: EL – A taxonomy-eligible activity with regard to the objective, N/EL – A non-taxonomy-eligible activity with regard to the objective

Capital Expenditure

Financial year N		2025		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	CapEx	Proportion of CapEx, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2.) proportion of CapEx year N-1	Category enabling activity	Category transitional activity
		(MEUR)	(%)	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N	Y; N	Y; N	Y; N	Y; N;	Y; N	Y; N	(%)	E	T
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	0.2	0.4%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	3.5 %		
Material recovery from non-hazardous waste	CCM 5.9	0.7	1.2%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	1.7 %		
Collection and transport of hazardous waste	PPC 2.1	2.0	3.5%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	4.4 %		
Treatment of hazardous waste	PPC 2.2	0.2	0.4%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.9 %		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	2.2	3.9%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	7.3 %		
Sorting and material recovery of non-hazardous waste	CE 2.7	0.9	1.6%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	2.6 %		
Sale of second-hand goods	CE 5.4	1.3	2.4%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	2.0 %		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		7.5	13.3%	1.6%	0.0%	0.0%	3.9%	7.9%	0.0%	Y	Y	Y	Y	Y	Y	Y	22.3 %		
Of which Enabling		0.0	0.0%	0.0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.0 %	E	
Of which Transitional		0.0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0 %		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Material recovery from non-hazardous waste	CCM 5.9	0.2	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4 %		
Collection and transport of hazardous waste	PPC 2.1	0.1	0.3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.3 %		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	0.8	1.3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.2 %		
Sorting and material recovery of non-hazardous waste	CE 2.7	0.7	1.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.7 %		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.8	3.1%	0.3%	0.0%	0.00%	0.3%	2.6%	0.0%								4.6 %		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		9.3	16.5%	1.9%	0.0%	0.00%	4.2%	10.4%	0.0%								26.9 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		47.2	83.5%																
TOTAL		56.5	100%																

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A.1: Y – Yes, a taxonomy-eligible and taxonomy-aligned activity with regard to the environmental objective in question, N – No, a taxonomy-eligible but not taxonomy-aligned activity with regard to the environmental objective in question, N/A - Not applicable, a non-taxonomy-eligible activity with regard to the environmental objective in question
A.2: EL – A taxonomy-eligible activity with regard to the objective, N/EL – A non-taxonomy-eligible activity with regard to the objective

Operating Expenditure

Financial year N		2025		Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	OpEx	Proportion of OpEx, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) proportion of OpEx, year N-1	Category enabling activity	Category transitional activity
		(MEUR)	(%)	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N; N/A	Y; N	Y; N	Y; N	Y; N	Y; N;	Y; N	Y; N	(%)	E	T
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5	0.8	2.8%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.7 %		
Material recovery from non-hazardous waste	CCM 5.9	0.02	0.1%	Y	N/A	N/A	N/A	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.0 %		
Collection and transport of hazardous waste	PPC 2.1	0.7	2.6%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.6 %		
Treatment of hazardous waste	PPC 2.2	0.2	0.5%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.1 %		
Remediation of contaminated sites and areas	PPC 2.4	0.03	0.1%	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	Y	Y	Y	Y	Y	0.0 %		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	1.9	6.7%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	2.1 %		
Sorting and material recovery of non-hazardous waste	CE 2.7	0.8	2.8%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	0.8 %		
Sale of second-hand goods	CE 5.4	1.2	4.1%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y	0.6 %		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5.6	19.7%	2.9%	0.0%	0.0%	3.3%	13.5%	0.0%	Y	Y	Y	Y	Y	Y	Y	5.0 %		
Of which Enabling		0.0	0.0%	0.0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.0 %	E	
Of which Transitional		0.0	0.0%	0.0%						Y	Y	Y	Y	Y	Y	Y	0.0 %		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Material recovery from non-hazardous waste	CCM 5.9	0.005	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0 %		
Collection and transport of hazardous waste	PPC 2.1	0.1	0.2%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.0 %		
Collection and transport of non-hazardous and hazardous waste	CE 2.3	0.7	2.3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.7 %		
Sorting and material recovery of non-hazardous waste	CE 2.7	0.6	2.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.5 %		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1.3	4.6%	0.0%	0.0%	0.00%	0.2%	4.4%	0.0%								1.2 %		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		6.9	24.3%	2.9%	0.0%	0.00%	3.5%	17.9%	0.0%								6.2 %		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		21.5	75.7%																
TOTAL		28.4	100%																

Code: CCM = Climate Change Mitigation, PPC = Pollution Prevention and Control, CE = Circular Economy.
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A.2: EL – A taxonomy-eligible activity with regard to the objective, N/EL – A non-taxonomy-eligible activity with regard to the objective

E1 Climate change

E1-1 – Transition plan for climate change mitigation

L&T's target is to achieve net zero for its own operations and the entire supply chain by 2045. The target is recorded in L&T's environmental policy, which has been approved by the Board of Directors of L&T. The plan for climate change mitigation is part of L&T's strategy, and it also includes phasing out fossil fuels in the long term. L&T's planned climate targets are described in more detail in section E1-4, p. 42. The net zero target is in line with the Paris Agreement. L&T is not excluded from the EU's Paris Agreement benchmarks.

To achieve the net zero emissions level, L&T has drawn up a separate climate transition plan that includes an assessment of the key measures concerning L&T's own operations and supply chain until 2030. The transition plan was prepared before L&T's demerger into a separate listed company from the former L&T Group, and it will be updated and confirmed by the Board of Directors in 2026.

The key aspects of the transition plan are related to the company's measures to phase out fossil carbon in transport operations with respect to both fuel use and the fleet, so that by 2030, nearly one-half of the energy used by the company's fleet is renewable or emission-free, in addition to which the number of electric equipment is increased each year.

In addition to its own operations, L&T seeks to promote the value chain emission reduction targets concerning the value chain by intensifying its cooperation with value chain partners, especially in transport and earthworks subcontracting. L&T will continue this work in 2026.

The lock-in of potential GHG emissions is not estimated to cause a significant transition risk or prevent the achievement of emission reduction targets in respect of the company's own operations, as the power source of the fleet in use can be adjusted during use, for example by replacing fossil energy with renewable energy. Moreover, the availability of renewable energy is expected to remain good in the future.

The transition examines the effectiveness of the key measures targeted at the company's own operations in relation to the emission targets, and their potential financial effects. The plan takes into account the anticipated capital and operating expenditure to achieve the climate targets set for the company's own operations by the end of 2030. The long-term measures extending to 2045 are not yet at a sufficiently detailed level due to difficulty of forecasting. The adequacy of the measures and the related financing plan will be reviewed annually as part of L&T's investment decisions.

The most significant capital expenditure required to implement L&T's planned measures is related to increasing the relative share of low-emission equipment in the fleet by 2030. The planned measures will increase L&T's annual capital expenditure, which in turn will increase depreciation and amortisation in L&T's income statement. As a counterbalance to increasing depreciation and amortisation, L&T anticipates that low-emission equipment will reduce the annual operating expenditure of the fleet in the income statement. During this financial period, the investments pursuant to the transition plan have not had material effects on the financial statements. Increasing the use of renewable fuels in will have an effect on operating expenditure due to the higher price of renewable fuels compared to fossil fuels. This measure is expected to increase annual fuel expenditure in L&T's income statement by a maximum of 5% by 2030. The effects of climate change on income and balance sheet are taken into account in the setting of short- and medium-term objectives.

The alignment of the company's economic activities with the criteria established in Commission Delegated Regulation (EU) 2021/2139 is mainly focused on the renewal of the fleet, which is expected to reduce the company's general environmental impact. Although the renewal of the fleet is not directly related to the activities specified in the taxonomy to a significant degree, it supports the company's aim of operating more sustainably.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business models

Based on the double materiality assessment, L&T's material impacts and risks related to climate change were related to climate change mitigation and improving energy efficiency. L&T's entity-specific disclosure obligations apply to the carbon handprint and carbon intensity (gCO2 /km), which is also one of the sustainability conditions of L&T's bond issued in 2022. The bond was transferred to L&T in the partial demerger.

The company's positive impacts arise from services provided by its businesses that produce solutions that facilitate the transition to a low-carbon circular economy, by promoting the recycling of materials and raw materials and reducing the amount of waste directed to final disposal and incineration.

The negative impacts of L&T's own operations arise from transport-related emissions and emissions in the value chain. L&T's own operations (Scope 1 and 2) account for approximately 9% of total emissions, of which approximately 98% are generated by transport (Scope 1 emissions). Scope 2 emissions accounted for 2% of the emissions in L&T's own operations. Scope 2 emissions include all greenhouse gas (GHG) emissions arising from the use of electricity, heating and cooling energy at L&T's properties. The majority, approximately 91%, of L&T's total emissions are generated in the value chain (Scope 3). L&T's emissions for 2025 are reported in detail in this Sustainability Report on a carve-out basis. More information on carve-out-based reporting is described in section ESRS 2 BP-1, p. 10.

The transition to a low-emission fleet and significantly increasing the use of renewable energy are key measures for reducing L&T's emissions. L&T's material transition risks are also associated with these, namely delays in the technological development of low-emission and electrically powered heavy equipment and the availability and price of renewable fuels in the long term.

The positive climate impact of the services is measured using the carbon handprint. It describes the emissions avoided through companies' conscious choices and solutions relative to previous operating practices. L&T's carbon handprint is created through services produced for customers, such as material recycling and production of solid recovered fuel.

The monitoring of the outcomes of climate change related to business operations is integrated in L&T's strategy process. The company has assessed the impacts of climate change both during the short strategy period of five years and in the long term, extending to 2035. The resilience analysis is based on a qualitative assessment of the uncertainties in the business environment, which takes into account changes in the market and the operating environment and their significant financial effects. The most recent scenario review was carried out in 2023 before L&T demerged from the former Lassila & Tikanoja Group.

The resilience analysis was focused on L&T's own operations. With regard to transition risks, it considered changes in markets and regulation and, with regard to physical risks, it considered weather fluctuations in Finland and Sweden. The analysis takes into account L&T's own climate targets and related measures, such as L&T's emissions reduction measures in logistics as well as fleet investments and measures promoting the recycling of materials.

The company's resilience analysis applies the IPCC scenarios of climate warming of 1.5°C, less than 2°C and 4°C by the end of the century (RCP 2.6 and RCP 6.0), which have been assessed in relation to the latest climate research data on changes in weather in Finland. The International Energy Agency's (IEA) background data and assumptions (APS, NZE2050 and STEPS) have also been utilised in the analysis.

The evaluated scenarios included a business environment in which legislation and measures support and guide companies towards targets aligned with the net zero objective. The other extreme was a business environment in which change slows down and the necessary measures are implemented slowly. The business effects of climate change were assessed in the different scenarios through aspects of change in the industry related to regulation, the business model and technological development.

The uncertainties in the resilience analysis are related to regulatory changes and market changes. They have been taken into account in the background of L&T's climate transition plan as influencing factors related to low-emission fleet investments. The flexibility of the business model in the operating environments outlined in the different climate scenarios is on a stable foundation. The reference scenario was a business environment in which the status quo supports the 1.5°C climate path in the short term and the long term. The resilience analysis will be updated in 2026 in connection with the update of the transition plan.

E1-2 – Policies related to climate change mitigation

L&T's long-term net zero target is recorded in the company's environmental policy, which describes not only L&T's own operations but also the principles pertaining to the value chain. The environmental policy, which is published on L&T's website, has been approved by L&T's Board of Directors.

L&T's environmental policy describes the company's material targets and principles with regard to climate change mitigation, the use of renewable energy and the promotion of energy efficiency. L&T is committed to net zero targets by 2045 and also encourages its partners to set their own climate targets and reduce their dependence on fossil raw materials. In addition, emissions generated in L&T's own operations and the value chain are reduced by promoting the use of renewable raw materials and improving energy efficiency. The environmental policy takes into account customer solutions by which L&T promotes its customers' climate targets. The positive climate impact of the value chain arises when the company's services are used to replace virgin raw materials with recycled and renewable raw materials. At the same time, L&T's own carbon handprint increases.

The principles laid down in the policy are reviewed regularly, at two-year intervals. The responsibility for updating the policy and its content lies with the company's SVP, Public Affairs and Sustainability, who prepares the key principles of the policy together with L&T's specialists. Other stakeholders have not been engaged for the time being. L&T's divisions and units look after the implementation of the policy and allocating the necessary resources in their respective operations. Climate targets concerning the supply chain have been taken into account in L&T's new procurement agreements.

E1-3 – Actions and resources in relation to climate change policies

L&T's environmental policy and net zero target are put into action through L&T's transition plan and circular economy solutions implemented for customers. The progress of the transition plan is regularly reviewed by the Group Executive Board and the Board of Directors, and the SVP, Public Affairs and Sustainability, Chief Procurement Officer and Chief Financial Officer are responsible for the progress of emission reductions. In addition, climate targets and their monitoring are one of the key themes of L&T's communications, and the progress towards the targets is monitored quarterly and the results are presented to the entire personnel in personnel briefings.

Measures to reduce emissions caused by L&T's own operations

Information on the company's measures to reduce emissions is reported on a carve-out basis in accordance with section ESRS 2 BP-2, p. 10. The key measures related to climate change mitigation and renewable energy deployment in L&T's own operations are focused on the deployment of low-emission equipment and the use of renewable fuel in the fleet. Energy efficiency is also supported by statutory training on driving and the use of the equipment for drivers. The measures support L&T's efforts to phase out fossil carbon both in the long term (by 2045).

L&T's emissions from its own operations were 19.9 tCO_2e in 2025. The renewal of the fleet and a significant increase in the use of renewable fuels had a substantial impact on the Scope 1 emissions caused by L&T's own operations.

The following measures were taken in 2025 to promote the targets related to L&T's own operations, for example:

- Driving style monitoring equipment had been installed in all 1,345 vehicles by the end of 2025.
- L&T has 91 low-emission heavy-duty vehicles and work machines that run on either biogas or electricity.
- L&T pioneered the deployment of electric heavy equipment in the Nordic countries, including an electric suction jetting combination vehicle.
- 28% of the diesel oil used by L&T in transport operations was replaced with HVO (Hydrotreated Vegetable Oil) made from renewable raw materials.
- L&T engages in route planning on an ongoing basis. It has enabled L&T to improve the efficiency of operations and reduce emissions, kilometres driven and working hours.

L&T's properties will switch to renewable electricity by 2030. Currently, the electricity used in Finland is produced with nuclear energy and certified with guarantees of origin. The energy efficiency of properties is being improved, for example, by optimising the controls of building systems, LED lighting modernisations, renovations of ventilation equipment, and building automation and changes in heating methods. In 2025, energy efficiency measures were taken at 13 properties. The measures have led to emission reductions of 121 tCO_2e, corresponding to approximately 26.6% of Scope 2 emissions.

L&T's carbon handprint

L&T's carbon handprint is created by services that promote the circular economy in the value chain and replace fossil or virgin materials with recycled materials. L&T also offers a blast cleaning method for the cleaning of boilers in industrial power plants, which reduces emissions and improves efficiency.

In 2025, the carbon handprint of L&T's operations was 377.5 $MtCO_2eq$. The decrease in the carbon handprint was particularly attributable to a decrease in the volume of municipal and construction waste and decreased demand for solid recovered fuels.

Climate efforts in the supply chain

Most of L&T's total emissions consist of supply chain emissions, such as emissions arising from purchased goods and services, waste processing and transport contracting. L&T has analysed the most significant sources of Scope 3 emissions in the supply chain and prepared an action plan extending to 2030 as part of the climate transition plan. The measures contribute to climate change mitigation, promote the deployment of renewable energy, and reduce the value chain's dependence on fossil carbon.

Approximately 58% of L&T's scope 3 emissions arise from the incineration of waste, such as plastics contained in mixed waste and waste-to-energy material, and the disposal of hazardous waste. The company's goal is to enhance sorting at source in cooperation with customers by facilitating the recycling of raw materials in mixed waste and waste-to-energy material, which also reduces the climate impact of the waste. L&T also develops solutions to improve the recycling of hazardous waste. It is also key to improve the quality of supply chain data so that emissions calculations are increasingly based on primary data received from suppliers.

A significant proportion of L&T's Scope 3 emissions are generated during transport subcontracting. In 2025, emissions from transport subcontracting decreased by 5% when compared to the previous year's emissions, and they were 11.6% lower than the emissions in the base year (2020).

Going forward, L&T will increase cooperation with its suppliers to accelerate the emission reductions of transport subcontracting.

Anticipated financial effects

The emission reduction measures related to L&T's own operations require financial capital and operating expenditure that L&T's taxonomy reporting does not fully take into account, as some of the measures are not taxonomy-eligible due to the sector classification included in the Taxonomy Regulation. The most significant capital expenditures are allocated particularly to low-emission fleet investments in accordance with the transition plan, while the key operating expenditures include the costs incurred from the use of renewable fuel, for example. The significant capital and operational expenditures of L&T's measures are described as part of the financial analysis of the transition plan in section E1-1, pp. 41. Disclosures required by the Taxonomy Regulation are reported as part of the taxonomy, pp. 36-40.

L&T's measures are also partially dependent on external factors, such as market development, technological innovations and changes in legislation, which may either promote or hinder the achievement of climate targets. The company closely monitors the development of the business environment and adapts its strategy accordingly.

Future development areas

In addition to the existing measures, L&T will focus particularly on developing the monitoring of the supply chain's climate targets and the practical implementation of emission reduction measures.

E1-4 - Targets related to climate change mitigation and adaptation

L&T's operations are guided by the net zero target throughout the value chain (Scopes 1, 2 and 3) in such a way that absolute greenhouse gas emissions across the chain will be reduced by at least 90% by 2045. The target is part of L&T's environmental policy, which has been approved by L&T's Board of Directors. The target requires offsetting the remaining emissions after emission reductions through carbon sinks, climate positive projects or carbon sequestration. The base years for the target will be set in 2026 in connection with the update of the transition plan. L&T will set short- and medium-term climate targets in connection with the confirmation of the company's strategy in 2026. No separate stakeholder consultations have been conducted in connection with the setting of targets.

L&T's former Group company issued a EUR 75 million bond linked to the company's sustainability targets in May 2022. The financial characteristics of the bond are linked to the following targets through interest rate development:

- L&T's GHG intensity per kilometre driven (gCO2eq/km) will decrease by 37.5% from the 2018 level by 2027 (2018: 1,590 gCO2eq/km).
- 21% reduction in emissions from transport subcontracting by 2027 compared to 2020 (2020: 16,881 tCO_2eq).

In 2025, the terms and conditions of the bond were amended in connection with the partial demerger and the new terms and conditions will apply from 31 December 2025. As a result of the demerger, the sustainability targets of the bonds were revised, limiting the baseline values to correspond to the emission volumes of L&T, which was established in the demerger and to which the obligations and responsibilities related to the bonds were transferred on 31 December 2025.

The net zero 2045 climate target is aligned with the goal of limiting global warming to 1.5°C in accordance with the Paris Agreement and the European Union's climate targets.

The key decarbonisation levers of the emission targets are described in more detail in section E1-1, p. 41. The net zero 2045 climate targets take into account GHG removal or GHG emission mitigation projects as possible measures. In 2025, L&T had no such initiatives to offset its own emissions. The company does not apply internal carbon pricing schemes in measures related to its targets. The results of the previously presented scenario analysis and the expectations of external stakeholders, which have been surveyed in connection with L&T's double materiality assessment process, for example, have been taken into account as background data for the targets.

Acquisitions, divestments or changes in calculation principles and methods may affect the recalculation of the emission values for the benchmark years selected for the climate targets. The long-term climate target and transition plan were set before L&T demerged from the former Lassila & Tikanoja Group as an independent listed company and will be updated as necessary in 2026. The emission calculation principles are presented in section E1-6, p. 44.

E1-5 - Energy consumption and mix

Renewable energy accounted for 31% of total energy consumption. In L&T's operations, fuels account for 83% of total energy consumption, and the amount of renewable energy produced by the company itself came to 119 MWh.

In 2025, the energy consumption of L&T's properties in Finland was 30,600 MWh, of which 78% was emission-free. The origin of the purchased electricity used by L&T in Finland is certified with guarantees of origin. L&T's own energy consumption is disaggregated in the attached table.

Calculation principles

The energy consumption calculation has been made on a carve-out basis for the period from 1 January to 31 December 2025, and it includes all energy purchased and produced by L&T, measured in MWh. The end-use of energy includes the fuel purchased by L&T during the reporting year, renewable electricity produced by L&T itself and the amount of purchased electricity and heat. The information is obtained from L&T's own systems and the energy suppliers' reporting systems. The calculation excludes the energy use of leased premises where the use of electricity or district heat is included in the lease costs and L&T does not have an agreement with the energy supplier.

Local factors are used to calculate the energy content of different fuels. The origin of L&T's purchased electricity in Finland is certified with guarantees of origin. In Sweden, L&T uses multiple electricity suppliers, and the origin of the purchased electricity depends on the agreement. Purchased electricity is classified as fossil when the electricity production method is a mixture of nuclear energy and renewable energy, or contains fossil production. 78% of the energy purchased by L&T has been certified to be emission-free by means of an agreement or guarantees of origin acquired from the market afterwards.

The energy intensity is calculated on operations in industries that have significant climate impacts. Commission Delegated Regulation (EU) 2022/1288 defines high-impact climate sectors as the NACE sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

The calculation of L&T's energy intensity is based on the Group's total energy consumption and total net sales, as the reporting of energy consumption does not currently enable categorisation according to NACE classification. L&T's total net sales amounted to EUR 426.6 million (note 1.2 to the financial statements). The following table lists, at the two-digit level of detail, the NACE sectors in which L&T has significant operations:

NACE Rev.2 classification	Description
C16	Manufacture of wood and of products of wood and cork except furniture; manufacture of articles of straw and plaiting materials
C22	Manufacture of rubber and plastic products
E37	Sewerage
E38	Waste collection, treatment and disposal activities; materials recovery
E39	Remediation activities and other waste management services
F43	Specialised construction activities
N71	Architectural and engineering activities; technical testing and analysis

Own energy consumption, MWh	2025
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	93,850
Fuel consumption from natural gas	0
Fuel consumption from other fossil sources	0
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	6,640
Total fossil energy consumption	100,500
Share of fossil energy sources in total energy consumption, %	56
Consumption from nuclear sources	24,000
Share of consumption from nuclear sources in total energy consumption, %	13
Fuel consumption for renewable sources including biomass	54,990
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	190
Consumption of self-generated non-fuel renewable energy	120
Total renewable energy consumption	55,300
Share of renewable sources in total energy consumption, %	31
Total energy consumption	179,800

Aggregate consumption data reporting is based on raw data.

Energy intensity	2025
Total energy consumption from activities in high climate impact sectors, MWh	179,800
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors, MWh/MEUR	421

E1-6 – Gross Scope 1, 2, 3 and Total GHG emissions

In 2025, the emissions of L&T's own operations amounted to 19,900 tCO_2eq, of which 98% was generated by the fuel consumption of the fleet. L&T reports Scope 2 emissions using the market-based approach, as it better reflects the company's choices regarding purchased energy and the emissions arising from energy production.

The majority of L&T's total emissions arise in the supply chain (Scope 3), including the procurement of purchased products and services, fuel consumption by contractors and emissions generated by the final processing of materials. Scope 3 emissions accounted for 91% of L&T's total emissions in 2025. L&T did not carry out any GHG removal during the reporting period, and L&T did not have any contractual emissions related to purchased energy.

Biogenic emissions arise from the use of bio-based fuel, such as renewable diesel. For 2025, L&T only reports the biogenic emissions of its own operations.

In 2025, L&T reports emissions data on a carve-out basis for the period 1 January 2025-31 December 2025.

GHG calculation principles

GHG emissions are calculated in accordance with the GHG Protocol and they are based on the reporting requirements of the GHG Protocol Corporate Standard and Scope 3. Biogenic CO2 emissions arise from the combustion of biofuels and organic materials. Scope 1 and Scope 2 biogenic carbon dioxide emissions are determined in accordance with the fuel classification of Statistics Finland so that Scope 1 emissions are based directly on the fuel classification and Scope 2 emissions from district heating are derived from emissions factors pursuant to the same classification.

Financial control has been used as the consolidation method in L&T's GHG calculations. The report covers the Scope 1 emissions of all of L&T's production plants and vehicles. Scope 2 emissions are reported using both the market-based and location-based approaches. Scope 3 emissions are reported for L&T as a whole. 22% of the calculation of Scope 3 emissions is based on information obtained from suppliers.

GHG calculation includes all greenhouse gases covered by the GHG Protocol (CO_2, CH_4, N_2O, HFCs, PFCs, SF6 and NF3). Emissions have been converted into carbon dioxide equivalents based on the Global Warming Potential (GWP) factors of different greenhouse gases, as specified in the IPCC Fifth Assessment Report.

	Retrospective			Milestones and target years		
GHG emissions	Base year	2025	%N/N-1	2030	2045	Annual target
Scope 1 GHG emissions						
Gross scope 1 GHG emissions, tCO_2eq		19,480				
Scope 1 GHG emissions from regulated emission trading schemes, %		0				
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions, tCO_2eq		2,300				
Gross market-based Scope 2 GHG emissions, tCO_2eq		460				
Significant Scope 3 GHG emissions						
Total gross indirect (scope 3) GHG emissions, tCO_2e		196,600				
1 Purchased goods and services		53,950				
2 Capital goods		1,080				
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)		8,650				
4 Upstream transportation and distribution	16,881 (2020)	14,930				
6 Business travel		650				
7 Employee commuting		1,880				
12 End-of-life treatment of sold products		115,500				
Total GHG emissions						
Total GHG emissions (location-based), tCO_2eq		218,400				
Total GHG emissions (market-based), tCO_2eq		216,500				

The base years for L&T's Scope 1 and Scope 2 emission reduction targets will be set in connection with the emission reduction targets in 2026. The base year for the Scope 3 category 4 emission reduction targets is 2020. L&T's bond is tied to this target.
Aggregate emissions data reporting is based on raw data.

GHG intensity	2025
GHG intensity based on net revenue, Scope 1 and 2 (market-based), tCO_2eq/MEUR	47
GHG intensity based on net revenue, Scope 1, 2 and 3 (market-based), tCO_2eq/MEUR	508
GHG intensity based on kilometres driven, Scope 1 and 2 (market-based), tCO_2eq/km	637

Biogenic CO_2 emissions, tCO_2	2025
Biogenic Scope 1 CO_2 emissions	18,200
Biogenic Scope 2 CO_2 emissions	5,800

GHG intensity based on kilometres driven: an entity-specific metric established on the basis of the double materiality assessment

GHG intensity based on kilometres driven is a metric that indicates the amount of GHG emissions generated by the company in relation to the kilometres driven during its operations. The calculation is based on the principles of the GHG Protocol and takes into account the emissions of the company's own operations and the data on kilometres driven collected by the fleet's on-board computers. The metric does not take biogenic emissions into account.

In 2025, L&T's GHG intensity per kilometre driven was 637 gCO2eq/km. Emission intensity has decreased due to the electrification of light vehicles and the increased use of renewable fuels in heavy vehicles. More detailed emissions data is presented in the tables on page 44.

Carbon handprint: an entity-specific metric established on the basis of the double materiality assessment

The carbon handprint measures the positive climate impacts of L&T's services. Emission reductions are created when fossil and virgin raw materials are replaced by renewable and recycled raw materials or when the energy efficiency of customers' operations is improved. The calculations take into account the entire value chain from waste collection to the use of secondary raw material. Increasing the carbon handprint is a key long-term target for L&T and a metric of circular economy impact.

In 2025, emissions avoided as a result of L&T's operations totalled -377.5 tCO_2eq. Intensity describes the carbon handprint generated by services relative to the Group's total net sales. In 2025, L&T's carbon handprint intensity was -885 tCO_2eq/EUR million. The decline in the carbon handprint is particularly attributable to the decline in the volume of commercial and municipal waste, which has reduced the volume of recyclable materials processed by L&T, and to the decline in the demand for solid recovered fuels. The carbon handprint and carbon handprint intensity are reported on a carve-out basis.

Calculation principles

The carbon handprint describes the computational avoided emissions attributable to L&T's services. L&T's carbon handprint calculation takes into account emissions avoided through waste recycling, energy production and blast cleaning.

For recycled materials, the carbon handprint has been calculated on a material-specific basis, and it is based on the degree to which the recycled material reduces emissions compared to the corresponding production using virgin raw materials. Data on the weight of materials is obtained from L&T's own systems. For waste, the emission data for recycled materials is based on a scientific study of the emission factors of separately collected waste materials diverted from disposal. The emission factors are generic, and there is a high degree of uncertainty related to the assumed carbon handprint of recycled materials. The carbon handprint of products refined by L&T from oil-based waste has been calculated by L&T's experts and is based on L&T's own emissions calculation and emissions from alternative final treatment.

In energy production, GHG emissions are reduced when fossil fuels are replaced with biofuels and solid recovered fuels. For fuels, the carbon handprint takes into account L&T's solid recovered fuel deliveries and the resulting greenhouse gas emissions compared to producing the corresponding amount of energy using fossil fuels. The reference values used in the calculations are primarily based on coal. The emission factors are based on Statistics Finland's fuel classification 2025.

Blast cleaning carried out by L&T's process cleaning services improves the energy efficiency of power boilers. GHG emissions are reduced when less fuel is used for producing energy. The calculation is based on a model created by VTT Technical Research Centre of Finland regarding the effects of cleaning on the energy efficiency and CO2 emissions of power boilers.

Calculated reductions in emissions have been calculated using the model created by VTT for the entire value chain, from the collection of waste to the use of the secondary raw material or fuel.

Carbon handprint, MCO_2eq	2025
Material recycling	-289.4
Biofuel and recovered fuel deliveries	-85.5
Energy efficiency measures	-2.6
Total	**-377.5**
Carbon handprint intensity, tCO_2eq/MEUR	-885

Summary of Scope 3 calculations	
List of Scope 3 categories included in the report	**Category 1: Purchased goods and services** **Category 2: Capital goods (fleet)** **Category 3: Indirect emissions from purchased energy (other than Scope 1 and Scope 2)** **Category 4: Emissions from subcontracted transport** **Category 6: Business travel Category** **Category 7: Employee commuting Category** **Category 12: Final treatment of materials**
List of Scope 3 activities excluded from the report and the reasons for their exclusion	**Category 5: Waste generated in own operations - excluded** • L&T processes its own waste alongside the waste it processes on behalf of its customers. Their emissions are reported in Scope 3 Category 12. Based on a qualitative assessment, these emissions are less than 2% of the company's Scope 3 Category 12 emissions and are therefore not reported on a disaggregated basis. **Category 8: Upstream leased assets – excluded** • Based on a qualitative assessment, this category is not relevant. L&T does not have leased assets that are not yet included in Scope 1 or 2 calculations or other Scope 3 activities. **Category 9: Downstream transportation and distribution – excluded** • Based on a qualitative assessment, this category is not relevant. Due to the current system limitations, it is not possible to make a precise distinction between upstream and downstream transportation based on the participation of the transport subcontractor, and therefore emissions related to downstream transport subcontracting are reported in their entirety in scope 3 category 4. **Category 10: Processing of sold products – excluded** • Based on a qualitative assessment, this category is not relevant. L&T primarily produces services. Emissions related to the processing of sold products are estimated to be minimal (less than 2%) compared to the other Scope 3 categories. Emissions from waste materials sold for recycling are included in the calculations for category 12. **Category 11: Use of sold products – excluded** • According to a quantitative assessment, the emissions during use of products and equipment sold by L&T are less than 1% of the company's total Scope 3 emissions, so they have been excluded from the calculation. This estimate is based on the energy consumption of the equipment and the emission factors of electricity production in Finland. **Category 13: Downstream leased assets – excluded** • Based on a qualitative assessment, the category is not relevant, as L&T does not have leased assets that are not yet included in Scope 1 or 2 calculations or other Scope 3 activities. **Category 14: Franchises – excluded** • Based on a qualitative assessment, the category is not relevant, as L&T does not have a franchising chain owned by the company. **Category 15: Investments - excluded** • Based on a qualitative assessment, this category is not relevant. L&T has no emissions related to investments that are not yet included in Scope 1 or 2 calculations or other Scope 3 activities. L&T does not provide financial services.

Scope	Description of the data types and sources used in calculating emissions	Description of the calculation principles, allocation methods and assumptions used in calculating emissions
Scope 1, Direct emissions	Activity data (primary data): • Finland: Fuel data measured in kilogrammes or litres and registered in the Alekstra (SaaS) reporting system or the supplier's system • Sweden: Fuel data measured in kilogrammes or litres collected from the fuel supplier's invoices	Emission factors (secondary data): • Finland: Finland: Statistics Finland Fuel Classification 2025[1] • Sweden: Swedish Energy Agency – drivmedel 2024[2]
Scope 2, Emissions from the production of purchased energy	Activity data (primary data): • Finland: Energy consumption data measured in kWh and entered in the Enerkey reporting system (SaaS) • Sweden: Energy consumption data collected from the energy suppliers' invoices (kWh)	Emission factors (secondary data): Market-based, Finland: • Electricity: L&T's purchases Guarantees of origin for electricity (Veni) • District heating: Supplier-specific emission data from the Enerkey reporting system (SaaS) Market-based, Sweden: • Electricity: Supplier-specific emission data based on energy supply agreements • District heating: Supplier-specific emission data collected from the energy supplier Location-based, Finland: • Electricity: Motiva[3] • District heating: Motiva[3] Location-based, Sweden: • Electricity: Swedish Energy Agency[4] • District heating: Energiföretagen Sverige (industry organisation)[5]

Scope	Description of the data types and sources used in calculating emissions	Description of the calculation principles, allocation methods and assumptions used in calculating emissions
Upstream Scope 3 emissions		
1: Purchased products and services	Activity data (primary data): Quantities (weight or volume) and amounts (EUR) of purchases obtained from L&T's procurement data. Emission factors (secondary data): ENVIMAT 2019 publication (euro-based emission factors adjusted for annual inflation)[6]	The calculation of purchased products and services includes all materials and services that are not included in Scope 1, 2 or other Scope 3 calculations. Emission calculations for products and services are based on purchase data and euro-based emission factors. The emission factors have been obtained from external publicly available sources (literature) and adjusted for annual inflation. Coverage: All activities in Finland and Sweden
2: Capital goods	Activity data (primary data): Quantities obtained from L&T procurement data (weight or volume) and the amount of purchases (EUR) Emission factors (secondary data): ENVIMAT 2019 publication (euro-based emission factors adjusted for annual inflation)[6]	The calculation of capital goods includes the procurement of production equipment and is based on purchase data and euro-based emission factors. The calculation includes all fleet-related purchases that are considered to be capital goods. The emission factors have been obtained from external publicly available sources (literature) and adjusted for annual inflation. Coverage: All activities in Finland and Sweden
3: Activities related to fuel and energy (not included in Scope 1 or 2)	Activity data (primary data): Fuel and energy consumption data as measured and entered in suppliers' reporting systems Emission factors (secondary data): DEFRA 2025: WTT and T&D emission factors for fuels, electricity and heat[7]	Indirect energy emissions (other than Scope 1 and Scope 2) include upstream emissions from energy production and distribution and WTT emissions for purchased fuels. The emission factors are based on DEFRA's location-based public data, and the basic data is the amount of fuel/energy purchased during the reporting year. Coverage: All activities in Finland and Sweden
4: Upstream transportation and distribution	Activity data (primary data): Fuel consumption data provided by the supplier or, if the data is not available, the monetary purchase amounts (in euros) from L&T's procurement system. Emission factors (secondary data): Statistics Finland Fuel Classification 2025[1], DEFRA 2025: WTT emission factors for fuels[7], Cost Index of Road Transport of Goods 2025[8]	The emission calculations of transport and machinery contractors are based on procurement data and estimated fuel consumption, as well as actual fuel consumption data provided by contractors. The data is combined with fuel classification data published by Statistics Finland and the WTT emission data for fuels published by DEFRA. Coverage: All divisions in Finland. There are no significant purchases related to transport contracting in Sweden
6: Business travel	Activity data (primary data): CWT travel agency, monetary purchase amounts obtained from L&T's procurement systems (in euros), kilometre allowances entered in L&T's HR system Emission factors (secondary data): DEFRA 2025: Passenger car emissions/km[7]	The information concerning business travel is based on total emission data for flights and train journeys received from the travel service provider (travel-based). Emissions generated by taxi journeys are estimated on the basis of taxi travel costs. All purchases of taxi journeys are compared to the average price per taxi kilometre, supplemented by the WTW emission factors for passenger car transport per kilometre driven published by DEFRA. Business travel by private car is based on kilometre allowances paid, combined with the WTW emission factors per kilometre driven provided by DEFRA. Coverage: All divisions in Finland

Scope	Description of the data types and sources used in calculating emissions	Description of the calculation principles, allocation methods and assumptions used in calculating emissions
7: Employee commuting	Activity data (primary data): Employee's home address, Traficom's national commuting survey[9] Emission factors (secondary data): DEFRA 2025: Passenger travel emission data and WTT emission factors for fuels[7], Aalto University study: Public transport emissions/km[10]	Emissions from commuting are calculated on the basis of the postal code provided by the employee to the employer. The average commute and form of commuting were assessed on the basis of a national transport survey, which examined the share of different modes of transport and daily journeys in cities and communities of different sizes. The annual working days of part-time employees were estimated on the basis of average weekly working hours. The calculation method and the sources used involve a significant amount of uncertainties, so they can only be used as a very high-level estimate of the climate impacts of commuting by L&T employees. Coverage: All activities in Finland and Sweden. For Swedish personnel, commuting emissions were estimated based on the number of personnel and the calculated average commuting emissions of Finnish personnel. The estimate accounts for 4% of the total reported commuting emissions.
Downstream Scope 3 emissions		
12: End-of-life treatment of sold products	Activity data (primary data): Waste data from L&T's ERP system Recovered fuels directed to co-incineration plants and biowaste are excluded from the calculation, as they function as industrial raw materials. Of the materials directed to recycling, only hazardous waste (such as WEEE) is included, as there is significant uncertainty about their recovery as materials. The calculation also includes uncertainties regarding the limitations of material masses. Emission factors (secondary data): Emission factors reported by the suppliers, Ecoinvent 3.11, Statistics Finland Fuel Classification 2025[1], SYKE[11]	The end-use of products includes waste fractions delivered to L&T's partners, mainly for energy incineration, earthworks, landfill or final disposal. The calculation is based on the provided tonnage data. The emission factors were obtained from partners or publicly available sources when supplier-specific information was not available. Emissions from waste collection and transport are included in L&T's own direct emissions, and the processing emissions of external recipients are not taken into account. The further processing of materials is excluded from the calculation. Recovered fuels directed to co-incineration plants and biowaste are excluded from the calculation, as they function as industrial raw materials. Of the materials directed to recycling, only hazardous waste is included, as there is significant uncertainty about their recovery as materials. The calculation also includes uncertainties regarding the limitations of material masses. Coverage: All operations in Finland and Sweden.

Sources:
1) Statistics Finland: Fuel Classification 2025, https://stat.fi/tup/khkinv/khkaasut_polttoaineluokitus.html
2)Swedish Energy Agency, https://www.energimyndigheten.se/statistik/ovrig-energistatistik/statistik-om-biobranslen-och-drivmedel/
3) Motiva, https://www.motiva.fi/ratkaisut/energiankaytto_suomessa/co2-paastokertoimet
4) Swedish Energy Agency, https://www.energimyndigheten.se/klimat/hallbarhetskriterier/fragor-och-svar-om-hallbarhetskriterier/
5) Energiföretagen, https://www.energiforetagen.se/statistik/fjarrvarmestatistik/miljovardering-av-fjarrvarme/
6) Finnish Environment Institute: The carbon footprint and natural resource usage of public procurement and household consumption, http://hdl.handle.net/10138/300737
7) DEFRA (2025) , https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025
8) Cost Index of Road Transport of Goods (2025), https://stat.fi/tup/kustannusindeksit/kuorma-autoliikenteen-kustannusindeksi.html
9) Traficom: Henkilöliikennetutkimus 2021, https://www.traficom.fi/fi/julkaisut/henkiloliikennetutkimus-2021-suomalaisten-liikkuminen
10) Sree Manikanta Kumar Kanujula Kanujula (2022) Carbon Emission Estimator for Public Transportation in Finland. Aalto University, https://urn.fi/URN:NBN:fi:aalto-202301291841
11) Finnish Environment Institute (SYKE) Y-Hiilari, https://www.syke.fi/fi/ymparistotieto/laskurit-ja-tyokalut#y-hiilari-%E2%80%93-hiilijalanj%C3%A4ljen-laskentaan-yrityksille

E5 Resource use and circular economy

E5-1 - Policies related to resource use

L&T's activities, material impacts, risks and opportunities related to resource use and the circular economy are managed by means of L&T's business strategy, Environmental Policy, obligations laid down in environmental permits, and internal operating instructions and certifications.

The purpose of L&T's operations is to provide circular economy solutions to mitigate climate change and biodiversity loss. With our services, we promote the adequacy of critical raw materials by replacing virgin and fossil natural resources with recycled raw materials. With its business solutions, L&T wants to unleash the full potential of the circular economy and help its customers in their sustainability work. L&T implements this strategic intent in its strategy 2026–2028 by investing in new technologies and solutions to increase the value added of materials.

Environmental Policy

L&T's Environmental Policy describes the key targets and key objectives related to resource use and the circular economy, which the company follows in its business operations with regard to its own operations and the value chain. The Environmental Policy applies to all of L&T's business operations in all operating countries. The Environmental Policy is public and it has been approved by the Board of Directors.

L&T's environmental policy does not include policies concerning the process of monitoring targets. The company monitors the development of significant non-financial targets at the quarterly, half-yearly or yearly level.

L&T's Environmental Policy does not address the transition away from the use of primary resources, but it takes into account the increased use of secondary resources in the value chain. In its Environmental Policy, the company commits to promoting the sustainable use of natural resources by preventing waste, managing the recovery of materials to be recycled and reused and by replacing fossil fuels with bio-based and recycled raw materials.

L&T's circular economy-related targets and environmental policy principles are put into action through circular economy services and solutions offered to customers. The implementation is the responsibility of the business units with the support of the strategy, EHSQ and sustainability functions. Recycling and waste management services, circular economy-related consulting and environmental construction are among the company's core businesses, which include separate commercial business unit and division-specific targets in addition to Group-level targets.

The monitoring of the implementation of L&T's policies concerning the circular economy is based on L&T's ISO 9001 and ISO 14001-certified management systems. All of L&T's operations are certified and meet the requirements of the ISO 9001 and ISO 14001 standards, the administration of which is the responsibility of the Group's Senior Vice President in charge of risk management.

L&T's Senior Vice President, Public Affairs and Sustainability, is in charge of the environmental policy. L&T's business lines and units are responsible for the implementation of the Policy and the allocation of the necessary resources in their respective operations. Stakeholders have not been separately consulted in connection with the preparation of the Environmental Policy. The principles of the Environmental Policy are reviewed regularly, at two-year intervals.

E5-2 – Actions and resources related to resource use and circular economy

L&T promotes the sustainable use of natural resources by preventing waste, managing the recovery of materials to be recycled and reused and by replacing fossil fuels with bio-based and recycled raw materials. The company also strives to promote the preconditions of the circular economy in its operating environment. L&T promotes the implementation of the principles of circular economy in its services, and its strategic target is to increase the recycling rate of the materials it collects and processes. The monitoring of the recycling rate is presented in more detail in section E5-3, p. 51.

L&T influences the operating conditions of the circular economy among its customers and the end-users of secondary raw materials. L&T takes care of the collection of waste from customer sites and directs the material flows it collects for treatment in accordance with the priority order of the waste hierarchy. The company provides the pre-treatment of materials received from customers as a service, and the company has recycling plants of its own where recycled raw materials are produced for industrial use from the materials collected from customers. Waste fractions for which L&T does not have its own processing facilities are forwarded to partners that have an environmental permit and the expertise required for processing the waste fraction in question.

Resources inflows and outflows directly related to L&T's own operations are relatively minimal. Examples of such inflows include products and equipment purchased by L&T, while the outflows directly related to L&T's own operations include the company's own waste flows.

L&T's measures to achieve the targets and objectives are related to the prevention and reuse of waste, preparation for reuse, recycling, other recovery, and disposal in accordance with the EU's waste hierarchy. L&T's inflows and outflows are presented on page 52.

The company's recycling facilities are geographically located in Finland, where there is comprehensive environmental legislation and the operations are subject to site-specific environmental permits. The environmental permit process includes consultation of stakeholders. Any environmental incidents caused by the operations are addressed together with the Finnish environmental authorities, and the authorities approve the remedies for potential environmental incidents. L&T monitors its disposal sites after the closure of each site, and the company has recognised the necessary provisions in its financial accounts for potential future remedies.

L&T's business model and operations are founded on promoting the circular economy. In 2025, L&T implemented the following measures (reported on a carve-out basis in accordance with ESRS 2 BP-1, p. 10) or is planning the following measures to achieve the targets and objectives of the aforementioned policies related to resource use and the circular economy:

Preventing the generation of waste

L&T supports and consults its corporate customers on waste prevention. The company's comprehensive customer reporting tools provide customers with visibility into the waste streams generated in their operations, enabling the customer to take measures to reduce the generation of waste. A total of 340 customers were supported in waste prevention and source separation during 2025.

Preparation for reuse

L&T engages in reuse business activities that involve repairing damaged pallets and returning them to use. In 2025, L&T expanded its pallet repair business when the competition authorities approved the acquisition of Stena Recycling's pallet repair business. In the coming strategy period, L&T will seek growth in the reuse business, invest in the service development of packaging and transport platforms and investigate new processing solutions and technologies.

Recycling

With its expert services, L&T supports and develops its customers' sorting at source and other circular economy-related upstream activities in the value chain in order to direct customers' waste and side streams to recycling. L&T forwards separately collected waste fractions from customers to be utilised with the highest possible degree of processing.

In 2025, L&T organised several training activities, customer events and webinars related to the development of the circular economy and the correct sorting of different waste fractions. The company engaged in active dialogue with corporate customers and partners on the technological choices and opportunities related to the recycling of plastic packaging. In 2026, the company will continue its work with customers to improve the efficiency of separate collection.

L&T has its own waste pre-treatment facilities that process different waste fractions, such as fibres, wood waste, glass and metals, and treatment plants that produce secondary raw materials, such as plastic granulates.

In 2025, the company had ongoing several research and development projects seeking to increase the degree of processing of materials and increasing reuse and recycling. In addition to investments in the pallet business, the company had ongoing projects to develop recycling solutions for wood, and the company has investigated the use of recycled wood in the production of biochar. The company will continue the development projects in 2026.

The separate collection of packaging plastics has developed positively in 2025, and the company has developed its mechanical recycling process and investigated the possibilities of chemical recycling. In 2025, the company decided to expand its plastics recycling business in Merikarvia by leasing an industrial property located in Tuorila from the municipality of Merikarvia and acquiring equipment for plastics processing from the bankruptcy estate of the company that had previously operated there. In the upcoming strategy period, the company intends to increase its plastic recycling capacity and develop its plastic pretreatment process.

Contaminated soil masses at customer sites are cleaned in the environmental construction business. The soil masses are processed at the customer site or transported to L&T's treatment centres for processing. After cleaning, the soil masses are returned to the site, used in earthworks at another site or disposed of. The company aims to maximise the use of recycled materials in environmental construction.

The company has also expanded its service offering in water treatment solutions to remove harmful substances from various types of contaminated water. During the strategy period, L&T will invest in scaling mobile water solutions and offering new water treatment solutions to industry.

A research project is also underway to find solutions for the treatment and recycling of waste containing PFASs.

L&T's own sites have comprehensive sorting opportunities for waste fractions generated in the company's own operations, and the fractions are recycled in accordance with the priority order of the waste hierarchy. The amount of material flows related to L&T's own operations is very small compared to the customer material flows handled by the company.

Other recovery

L&T produces recycled fuel from customers' non-recyclable waste materials to replace fossil fuels in, e.g. district heat production. During the strategy period, L&T will prepare for changes in the incineration market and legislation by increasingly efficiently directing energy-recovered fractions to recycling.

L&T received approval for the end of waste classification in its hazardous waste productisation project in 2025. Going forward, the L&T Tehomix product will enable the refinement and recycling of a number of solid hazardous wastes in a new way. In the coming years, L&T will continue to develop and expand its refinement process.

Disposal

The company has its own disposal sites for soil masses and fractions that cannot be safely reused or recycled. A new final disposal site was completed at the Munaistenmetsä processing centre in Uusikaupunki in 2025. Another expansion of a disposal site is also under construction in Pori's Kipsikorpi, which is expected to be completed in 2026–2027.

E5-3 – Targets related to resource use and circular economy

L&T monitors the recycling rates of the materials processed by the company and sets short- and medium-term targets for recycling rates as part of its strategic targets and a longer-term target as part of its Environmental Policy. In its environmental policy, L&T has set a target of increasing the recycling rate of the materials processed by the company to 70% by 2030. The target applies in particular to separately collected and sorted waste fractions. L&T's Board of Directors sets the short- and long-term goals. The recycling rate is the weight-based sum of the recycling rates of materials collected and processed by L&T's customers'. L&T reports the recycling rate of all materials it processes, both separately collected and sorted waste. The latter includes municipal waste collected from L&T's corporate customers, hazardous waste, industrial waste and construction waste in Finland. It also includes materials that cannot be recycled, such as hazardous waste containing PFAS compounds. The calculation of the recycling rate of separately collected and sorted fractions does not take into account industrial side streams and contaminated soil received by environmental construction and sludge generated from process cleaning and sewer maintenance.

The recycling rate is related to resource outflows. The development of the recycling rate ultimately depends on the recycling and material choices made by L&T's customers and the industries they operate in. L&T's goal is to provide customers with the opportunity to process different waste fractions in accordance with the highest possible level of the waste hierarchy. The final decision on the processing of each waste fraction is always made by the customer. The industries of L&T's customers also differ in the waste fractions generated by the business activities. For example, the commerce sector achieves a higher recycling rate than the construction industry due to the different nature of the business and the associated material flows. There are still several waste fractions that cannot be recycled safely, and some hazardous waste is processed at an incineration plant that is authorised to process hazardous waste.

Developing the recycling rate of separately collected and sorted waste fractions supports L&T's policy of promoting the circular economy and recycling by increasing the proportion of secondary raw materials used in the value chain. The recycling target is related to the "recycling" section of the order of priority laid down in the waste hierarchy. L&T also encourages and supports its customers to set a recycling rate target for their waste.

In 2025, the carve-out-based recycling rate of L&T's separately collected and sorted waste fractions was 61.8%. The recycling rate was influenced by a decrease in the volume of materials directed to incineration and an increase in the volume of municipal waste directed to recycling.

The carve-out-based recycling rate of all materials received by L&T was 49.8%. The tonnage of contaminated soil masses handled by L&T's environmental construction project business varies significantly from year to year, depending on the number and profile of project sites. The tonnage of contaminated soil masses is substantially larger in magnitude than other material recycling streams, such as plastic, wood or fibre material streams, and therefore, they significantly affect the overall recycling rate.

E5-4 - Resource inflows

L&T is a service company that collects, processes and refines various types of waste and raw materials. L&T processes and refines waste and raw materials received from corporate customers at its premises. Examples of such waste and raw materials include plastic, wood, glass, cardboard and paper, as well as hazardous waste, such as oil and treated wastewater. Products produced by L&T are recycled plastic granulates, recovered fuels, recycled products processed from hazardous waste and reusable pallets. L&T also receives industrial ash, which it uses in its own operations in the stabilisation of soluble waste to replace cement. Stabilisation processes the soluble properties of waste so that the waste can be placed in the final disposal area.

The procurement of biological materials required for service production and products is low, and the procurement of renewable fuels is described in section E1-3, p. 42. The technical materials used for the production of products and services are related to transport equipment and collection containers. L&T has its own repair operations for these products used in service production and the life cycle of the products is kept as long as possible. The total weight of the technical materials and biological materials used for products during the reporting period has not been estimated as material in L&T's double materiality analysis.

As L&T is a recycling and waste management operator, some of the customers' waste streams could also be defined as resource inflows. To avoid double counting, L&T addresses all flows in section E5-5, p. 51.

Inflows of materials directly related to L&T's own operations are low. An example of such an inflow are the products acquired by L&T, which the company uses to produce its services.

Packaging or packaging waste is not material for L&T's own operations.

E5-5 - Resource outflows

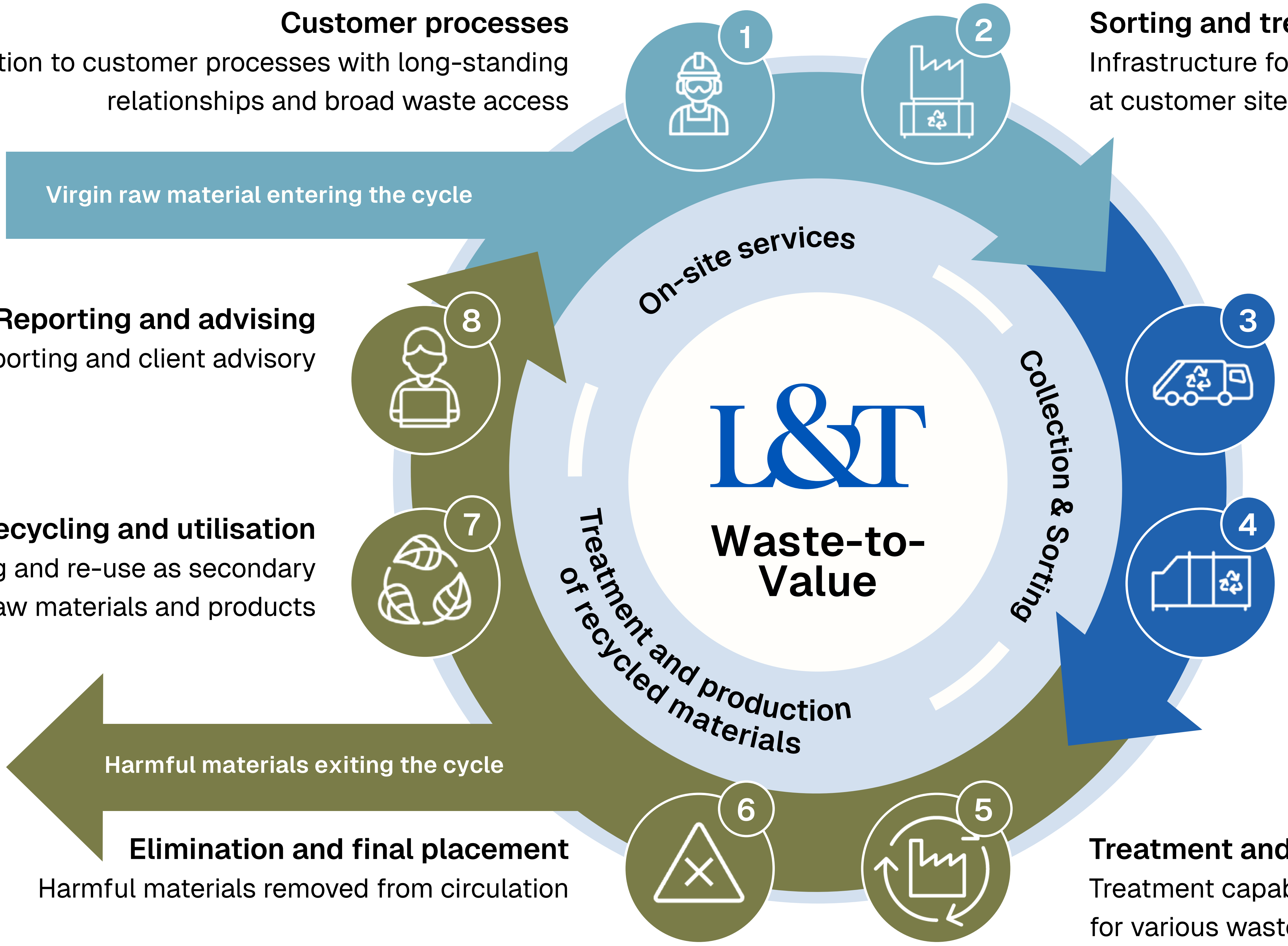
As a recycling and waste management operator, L&T collects and processes significant amounts of various waste materials and soil masses from its customers. Waste materials and soil masses are processed, recycled or forwarded as they are for further use by the same customer or a different customer.

The significant material flows forwarded to reuse and recycling consisted mainly of municipal waste collected from corporate customers, such as plastic, paper, cardboard and biowaste, hazardous waste sorted at source, industrial waste and construction waste in Finland. In addition, L&T produces solid recovered fuel and forwards waste to incineration. The disposal of waste mainly takes place in disposal sites owned by L&T. The waste streams processed by L&T are affected by the industries in which the company's customers operate and the development of their business.

L&T is a producer of recycled raw materials. The company's plastics refinery in Merikarvia produces plastic granulates from customers' plastic waste, which can be used to manufacture new plastic products. The company recycles hazardous waste, such as glycol and waste oil, for reuse.

The total amounts of waste collected and received by L&T are shown by processing method in the table on p. 53.

L&T provides circular economy solutions for all stages of the value chain



Customer processes
Integration to customer processes with long-standing relationships and broad waste access

Sorting and treatment at the source
Infrastructure for sorting and treatment at customer sites

Collection
Nationwide presence with well-invested infrastructure

Sorting and recovery
Intermediate storing and sorting of fractions for treatment

Treatment and processing
Treatment capabilities across segments and for various waste types

Elimination and final placement
Harmful materials removed from circulation

Recycling and utilisation
Recycling and re-use as secondary raw materials and products

Reporting and advising
Industry leading reporting and client advisory

Calculation principles

The reporting of data on waste and materials includes waste and materials collected from L&T's customers and the waste generated at L&T's own sites. The data is obtained from L&T's own ERP systems. The amounts indicated in tonnes in the reporting are based on either the actual weighed weight or assumed weights based on container-specific average weight measurements. Waste quantities are stated inclusive of moisture.

In determining the waste treatment method, information received from the recipients of the materials on the waste treatment method or waste fraction-specific assumptions on the waste treatment method are used to the extent that supplier-specific information is not available. It is estimated that there are no significant differences between the assumed and actual treatment methods at the level of Group reporting.

Waste and material flows managed by Lassila & Tikanoja in 2025

1,000 kg	Non-hazardous waste	Hazardous waste	Total[1]
Waste and material flows	902,000	164,000	1,066,000
Materials redirected from disposal	742,700	52,200	795,000
Preparation for reuse	44,600	0	44,600
Recycling	447,000	40,000	487,000
Other recovery	251,100	12,300	263,400
Materials directed to disposal	159,200	111,900	271,000
Incineration	1,690	16,700	18,400
Landfill disposal	155,500	91,400	247,000
Other disposal	2,000	3,700	5,700
Non-recycled waste	410,300	124 100	534,500
Non-recycled waste, %	45	76	50

[1]The figures in the column are based on data that has not been rounded

S1 Own workforce

SBM-3 - Impacts, risks and opportunities from the perspective of the strategy and business model

In its double materiality assessment, L&T has identified and assessed the impacts, risks and opportunities related to its own workforce with reference to the sub-topics and sub-sub-topics of the European Sustainability Reporting Standards. The identified material impacts, risks and opportunities included employment security, working time, adequate wages, freedom of association, the existence of works councils and the information, consultation and participation rights of workers, social dialogue, collective bargaining, work-life balance, health and safety, gender equality and equal pay for work of equal value, training and skills development, measures against violence and harassment in the workplace, and diversity. A description of the material impacts, risks and opportunities is presented in the ESRS 2 section, in the table in section ESRS 2 SBM-3, p. 17.

L&T operates in the service sector and is a significant employer. With this in mind, the well-being of its personnel is a key success factor and asset for the company's business. One of L&T's strategic priorities is to attract the industry's best professionals from the employment sector. Personnel's decreased well-being or motivation can impair the company's business, as L&T's services and the customer experience it provides are created through interactions with motivated and competent employees. For a company that operates in the service sector, the availability of personnel is a key factor that can either enable or limit the growth of the business. In the competition for suitable employees, a sustainable personnel policy and sustainable operating practices are very important. The company engages in continuous and diverse dialogue with its personnel.

The company's goal is to ensure that L&T's personnel have the right competence, and that the amount, quality and retention of personnel are at a level required for profitable operations. The work community is diverse and equal, the personnel's work ability and ability to function are maintained throughout their working life. In addition, the members of the personnel are encouraged and motivated to perform at a high level so that the company's goals can be achieved.

In this Sustainability Report, L&T's own workforce covers employees and non-employee workers. Employees refer to persons employed by an L&T company in Finland or Sweden. Non-employees are workers who work for L&T companies as temporary workers or self-employed persons. The definition of own workforce does not include subcontractors.

L&T strives to provide its personnel with an excellent employee experience, a safe and healthy work community, high-quality management and opportunities to increase their competence and develop in their work. Taking the company's policies, activities and geographical location into account, the potential negative impacts on the personnel are not widespread or systemic.

L&T's personnel responsibility perspectives are in line with national laws, agreements and other obligations. We respect human rights as defined by the Universal Declaration of Human Rights and workers' rights as defined by the International Labour Organization (ILO). In addition, we comply with international conventions and the UN Guiding Principles on Business and Human Rights. We are also committed to supporting the UN Global Compact initiative and its principles pertaining to human rights and labour.

L&T has more than 2,200 employees in Finland and Sweden. The largest groups of employees are drivers. The company also has approximately 670 employees in various roles in sales, customer service, financial management, communications, IT and HR, service production and other expert roles. L&T uses temporary workers and subcontractors in some of its business operations, especially in annual maintenance work in process cleaning. Temporary workers are trained for their duties in the same way as employees, and they are covered by L&T's occupational safety systems.

L&T has assessed potential negative impacts on the company's various personnel groups. L&T has recognised that young summer workers could be at greater risk in terms of occupational safety than other personnel groups if the induction training of young seasonal workers is not carried out as required by the company's occupational safety guidelines.

L&T operates in Finland and Sweden, where the legal requirements related to working conditions, such as reasonable working hours, occupational safety, annual holiday, parental leave and part-time work, are at a high level. All employees in both operating countries have the right to belong to, or not belong to, a trade union. L&T does not operate in countries where the risk of forced labour or child labour is high. However, the company actively monitors incidents in different industries and actively updates its risk assessments.

In Finland and Sweden, legislation, collective agreements and the supervisory activities of the authorities establish minimum requirements for occupational safety and health. Potential negative impacts related to working conditions could, if realised, weaken employees' physical and mental work ability and worsen their financial position. L&T could also face legal and/or financial consequences. Should they materialise, such impacts could have a detrimental effect on the employer's reputation. This, in turn, would reduce labour availability and increase personnel turnover. The impacts are managed by means of standardised processes and contract templates, as well as regular supervisor training. Employment contracts are always concluded in writing.

L&T is also a member of employer organisations in the industries it operates in. Through its membership in industry organisations, L&T also demonstrates its commitment to the applicable collective agreements and ensures that the employer has access to the latest interpretations on the application of collective agreements.

L&T monitors compliance with collective agreements, environmental legislation, labour law, occupational safety legislation, and regulations pertaining to financial management. L&T also complies with the applicable local legislation governing contractors' obligations and liability, and requires the same of its suppliers. L&T's Code of Conduct emphasises fair and equal treatment and respect for the human dignity, privacy and rights of each individual. Supervisor training, support for supervisors, and measures such as the monitoring of working hours ensure that supervisors act in accordance with the applicable rules and guidelines and know how to support the personnel in urgent situations.

As a service industry company, L&T is dependent on its own personnel resources. A description of the material impacts, opportunities and dependencies related to L&T's own workforce is presented in the table in section ESRS 2 SBM-3, p. 19 and has been identified in accordance with the double materiality analysis process presented on page 24.

S1-1 - Policies related to own workforce

L&T's actions, impacts and risk management related to the company's own workforce are guided by the public Code of Conduct, business strategy, HR Policy, Human Rights Policy, Occupational Safety Policy and various guidelines. The principles and policies apply to all business operations in all operating countries.

Code of Conduct

L&T's Code of Conduct sets expectations for sustainable and ethical conduct by L&T's personnel. The Code of Conduct calls for compliance with laws, rules and regulations, integrity and transparency, respect for human rights and colleagues, and safety at work, among other things. The Code of Conduct is approved by the company's Board of Directors and updated at two-year intervals. The Code of Conduct applies to L&T Group. The company has a separate Supplier Code of Conduct for the supply chain. The Senior Vice President, HR and Legal, is in charge of the implementation of the Code of Conduct, and the Group Executive Board monitors compliance with it. The Code of Conduct for personnel is available on L&T's website and intranet, as well as on the notice boards of the company's operating locations. The Code of Conduct has been the subject of dialogue with employee representatives when L&T was part of the former Lassila & Tikanoja Group.

HR Policy

Objectives related to L&T's own workforce are guided by the Group's HR Policy. In the HR Policy, L&T commits to compliance with national legislation, collective labour agreements, internationally recognised human rights, and the core principles of the International Labour Organization (ILO). The Policy lays down L&T's commitment to equality and to combating the use of child labour and all forms of discrimination. The HR Policy is updated on a regular basis at two-year intervals. The Senior Vice President, HR and Legal, is in charge of its implementation together with the HR organisation. The HR Policy is put into action as part of the Group's personnel management processes. The HR Policy has been discussed with the company's shop stewards before its entry into force.

Human Rights Policy

L&T's Human Rights Policy aims to influence the company's potential direct or indirect human rights impacts concerning its personnel, supply chain and customers. In the Human Rights Policy, L&T commits to respecting human rights as defined by the Universal Declaration of Human Rights, workers' rights as defined by the International Labour Organization (ILO), the OECD Guidelines and the UN Guiding Principles on Business and Human Rights. The HR Policy describes the company's commitment to supporting the UN Global Compact initiative and its principles concerning human rights and labour rights, and to complying with national laws, agreements and other obligations.

L&T does not, under any circumstances, tolerate trafficking in human beings, forced labour, the use of child labour in violation of children's rights, or modern slavery in its own operations or in the activities of its supply chain. The Human Rights Policy also establishes zero tolerance for all forms of inappropriate behaviour, harassment and discrimination in our own operations and in our supply chain. At L&T, no one is discriminated against on the basis of gender, pregnancy, childbirth, gender identity, gender expression, age, ethnicity, nationality, language, religion, ideology, opinion, political activities, union activities, family relations, health, disability, sexual orientation or any other reason pertaining to an individual. Race, ethnic origin, skin colour and national or social origin are also prohibited grounds for discrimination.

The Human Rights Policy has been approved by the company's Board of Directors, and L&T's senior management is committed to respecting and promoting human rights. The Human Rights Policy has been discussed with the company's shop stewards when L&T was part of the former Lassila & Tikanoja Group. Responsibility for the Human Rights Policy lies with the Group's Senior Vice President, HR and Legal, and it is implemented as part of the company's HR processes. The Policy covers all L&T Group companies and divisions in all operating countries, and it applies to the entire personnel. The Policy is updated at two-year intervals. The company does not have a separate compensation mechanism for human rights violations. Instead, L&T complies with Finnish and Swedish legislation with regard to any compensation.

Occupational Safety Policy

L&T's Occupational Safety Policy covers both the Group's own operations and the company's supplier network. The Policy describes the key occupational safety goals, responsibilities and organisation, as well as our commitment to complying with legislation and regulatory requirements concerning our operations. The Occupational Safety Policy is the responsibility of the Senior Vice President, HR and Legal, who puts the Policy into action together with the occupational safety organisation. The goal of L&T's occupational safety activities is to guarantee a safe workplace for all personnel. The company is committed to the idea of zero accidents and believes that all accidents can be prevented. In the event of any action or conduct in violation of the applicable legislation, orders issued by the authorities or instructions, the company takes immediate action in accordance with mutually agreed rules. L&T's Occupational Safety Policy is discussed together with the Group's shop stewards, it has been approved by the Board of Directors, and it is updated at two-year intervals.

Guidelines and plans

L&T's policies are supplemented by division-specific and country-specific guidelines and plans, which apply only to employees as a rule. In Finland, the company has drawn up guidelines on the prevention of inappropriate behaviour, harassment and discrimination that apply to the entire personnel, as well as an occupational health and safety action plan, an occupational health care action plan, and a substance abuse programme. L&T also prepares division-specific equality and non-discrimination plans in Finland, as well as wage surveys in accordance with the Equality Act. The company has a process for conducting target-setting and development discussions. In addition, L&T has an EHSQ manual that contains the company's operating instructions related to occupational health and safety, among other things. The purpose of the manual is to make it easier to find information and to ensure that all information is up to date. The information in the manual is reviewed at least once a year or whenever the operating models in the area in question are updated.

In Sweden, the process cleaning business has its own non-discrimination guidelines, substance abuse policy, operating guidelines and occupational safety guidelines.

S1-2 - Engaging with own workers and their representatives

L&T's own workforce constitutes one of the company's most important stakeholders. L&T engages in diverse and close engagement with the company's own workers and their representatives. The company primarily engages with its own workers at the local level, in the units and teams, between the personnel, personnel representatives and supervisors. The primary methods of engagement include the company's intranet and notice boards, internal newsletters, personnel briefings, strategy days and other events, supervisor communications, target-setting and development discussions, and, in Finland, the activities of L&T Finland's Group Cooperation Forum and industry-specific dialogue in accordance with the Act on Co-operation within Undertakings.

Planning the process of engaging with the company's own workers and their representatives is the responsibility of the Senior Vice President, HR and Legal, and the plan is prepared in close cooperation with communications experts. In addition to the Senior Vice President, HR and Legal, engagement with workers' representatives in Finland is the responsibility of the Senior Vice Presidents in charge of each division, who are members of the Group Executive Board; the employee relations team, which works under the Senior Vice President, HR and Legal; and the occupational safety team, which includes the occupational safety manager. In Sweden, engagement with workers and their representatives is the responsibility of the HR Manager for Sweden.

In Finland, engagement with workers' representatives on actual and potential material impacts on the company's own workforce takes place in quarterly dialogue pursuant to the Act on Co-operation within Undertakings, in change negotiations pursuant to the Act on Co-operation within Undertakings, in the twice-yearly meetings of the Finnish Group Co-operation Forum, or in the quarterly meetings of occupational safety and health committees.

The meetings are organised at the Group level, legal entity level or unit level, depending on the topic and forum. For personnel groups that do not have a representative, direct engagement with the employees belonging to the personnel group in question is used instead.

Each L&T company also has its own occupational safety and health committee. The occupational safety and health committees discuss themes related to occupational safety and health in particular. Each committee convenes in accordance with the legally required meeting schedule.

L&T engages in dialogue with internal and external stakeholders on the promotion of human rights. Employee representatives in Finland and Sweden have been consulted in drawing up L&T's Human Rights Policy.

Fiilinki personnel survey

All of L&T's personnel have the opportunity to give feedback on themes related to their work and management through the annual Fiilinki personnel satisfaction survey. The survey is conducted annually. The personnel satisfaction survey can be completed in Finnish, Swedish, English, Estonian and Russian. The survey is anonymous.

S1-3 - Processes to remediate negative impacts and channels for L&T's own workforce to raise concerns

L&T aims for an organisational culture in which everyone can speak up if they suspect or observe any violations of the law or L&T's policies and instructions.

The personnel are encouraged to report any grievances they observe and potential violations related to L&T's activities. Grievances and incidents can be reported to one's direct supervisor or by using the whistleblowing channel, which runs on the technical platform of an external service provider. In addition, all reported incidents of harassment are recorded in a separate electronic harassment reporting system in Finland and Sweden.

Suspected incidents of misconduct can be reported anonymously via the whistleblowing channel. Instructions concerning the whistleblowing channel and guidelines for the prevention of harassment, discrimination and inappropriate behaviour are available to all of the company's personnel on the intranet. The instructions concerning the whistleblowing channel are also available on the company's external website. Updates to the instructions concerning the whistleblowing channel are discussed in dialogue with employee representatives, and the representatives have the opportunity to ask questions and comment on any planned changes.

Employee representatives and employees also have the opportunity to raise concerns to the management in regular dialogue meetings and other formal and informal discussions with management. The annual personnel satisfaction survey also provides the opportunity to anonymously raise concerns through answers given to open-ended questions.

All violations and suspicions of inappropriate conduct that L&T becomes aware of are appropriately investigated. Reports of suspected misconduct received via the whistleblowing channel are handled confidentially by the Legal Affairs department, by a separately designated individual holding a Master's degree in law. Reports of suspected misconduct are reviewed by the Compliance team and with the President and CEO, and reported to the Audit Committee of the Board of Directors. L&T decides on any further measures, takes corrective measures and issues instructions, if necessary, and monitors their effectiveness by the persons responsible for the matter.

Persons belonging to L&T's own workforce who may be subject to potential negative impacts can use the channels at the level of the company in which they are employed or have been hired to work. The whistleblowing channel can also be used to report suspected misconduct concerning operations carried out by another L&T Group company.

L&T prohibits retaliation against any person who submits a whistleblower report in good faith, and it takes disciplinary action against anyone found to have been guilty of retaliation. This is separately mentioned in the instructions concerning the whistleblowing channel and in the company's Human Rights Policy and Anti-corruption and Anti-bribery Policy.

Third-party mechanisms, such as those maintained by the state, NGOs, industry associations and other co-operation initiatives to raise concerns, are available to all members of the company's own workforce and their representatives. L&T does not prevent the use of such mechanisms unless the matter concerns a trade secret, for example, in which case the requirement for non-disclosure could restrict the use of such mechanisms. L&T regularly monitors any complaints made regarding the company through the OECD National Contact Point and reports of suspected misconduct received in the OECD database.

L&T Group has a grievance mechanism for processing employee-related matters in Finland and Sweden as required by Regulation (EU) 2022/1288.

S1-4 - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The material aspects related to L&T's own workforce include increasing employee satisfaction, strengthening the work ability of the personnel, developing diversity and improving occupational safety. The Employee Net Promoter Score (eNPS) is one of the key metrics of social responsibility for L&T. The Board of Directors sets the target level for the strategy period. The most significant impacts related to the company's own workforce in L&T's business environment concern occupational safety. The company also strives to maintain a non-discriminatory, harassment-free and equal workplace.

The company's impacts and opportunities related to its own workforce are described in more detail in section ESRS 2 SBM-3, p. 17.

L&T is a diverse work community that accepts and respects differences. At L&T, we believe that our extensive diversity work strengthens the employee experience of everyone at L&T. We develop the culture and operating practices so that everyone finds it easy to join L&T and to enjoy being part of the work community.

L&T prevents discrimination and inappropriate behaviour, and it builds an equal work community by various means, including processes, wages that are in line with the applicable collective agreements, job classification based on how demanding each role is, and provision of guidance and training to the personnel, and to supervisors in particular.

Atypical employment relationships, such as part-time and fixed-term employment relationships may pose particular human rights risks from the perspective of adequate wages and working hours. The use of such employment relationships at L&T is always based on legislation, the nature of the business and customer needs.

Development of job satisfaction and strengthening the work ability of the personnel

Employees with a high level of work ability and well-being are L&T's most important asset and one of its key success factors. Well-being encompasses physical, mental and social well-being. The work performed by L&T's employees is primarily physically strenuous, but mental resources are also significant. The company helps its personnel find their own way of looking after their well-being. As an employer, L&T also constantly looks for ways to develop work and the working environment to support work ability.

One of L&T's targets for work ability management is to reduce sickness-related absences. The targets for the strategy period will be confirmed by the Board of Directors in 2026. Reducing sickness-related absences requires purposeful actions to promote healthy and safe working conditions.

Among L&T's operating countries, occupational health care is a statutory right in Finland. The company provides its personnel with preventive and statutory occupational health care and medical care through its occupational health provider. The company also complements its occupational health care services with the company's sickness fund in Finland. During the reporting period, occupational health services covered all of the Group's personnel in Finland. Leased employees are covered by statutory occupational health care through their respective employers. In Sweden, the personnel are covered by the national health care system.

In co-operation with the occupational health provider, the company promotes musculoskeletal health and prevents prolonged symptoms, expedites the start of rehabilitation, and influences working methods and working conditions. Measures related to ergonomics and work arrangements are implemented according to local and job-specific needs.

Mental well-being is supported through low-threshold services that employees can take advantage of during times of stress or change, relationship crises, or challenges related to supervisory work. For more complicated challenges related to mental well-being and mental health, employees are provided with support and short-form therapy by an occupational health psychologist.

L&T aims to reduce sickness-related absences by using L&T's early care model and diverse measures to support employees' return to work. During the reporting period, no reportable data was accumulated with regard to sickness absences for the operations in Finland and Sweden.

According to the early care model, potential challenges related to work ability are addressed through co-operation between the employee, the supervisor and occupational health services at the earliest possible stage. The implementation of early care discussions is monitored by using the early care implementation percentage as the indicator. There were no reportable discussions during the reporting period.

L&T organises regular work ability briefings. They involve supervisors having unit-specific meetings to discuss practical measures related to early support, interaction and supporting health and well-being with other supervisors and the personnel. L&T also regularly organises training related to the early care model. The aim is to improve the supervisors' ability to enhance interaction, address problems, and seek solutions to difficult situations and potential challenges related to work ability.

The company supports returning to work after extended sickness-related absences and uses various support measures to this end. These typically include supporting the employee's return to their previous job or a similar position by temporarily adapting the work duties, as well as using partial sickness allowance or workplace rehabilitation. If the current job is no longer suitable for the employee, they can receive assistance in finding a more suitable position that corresponds to their work ability and skills through vocational rehabilitation or the Suitable Work operating model.

Target-setting and development discussions are a key tool for developing job satisfaction. The aim of the discussions is to ensure that everyone at L&T has targets that promote the achievement of the shared objectives. The discussions also ensure that job descriptions are clear and that employees have the required competencies and conditions for successful performance. These measures support job satisfaction.

As a rule, a target-setting and development discussion is held with all employees at least once a year. The discussion is voluntary for employees on fixed-term employment relationships of less than one year, and for part-time employees whose weekly working hours do not exceed 20 hours. The purpose of the discussions is to evaluate the past period, set targets for the upcoming period and discuss the employee's workload, well-being, competence and career wishes. No reportable data was collected for the target-setting and development discussions during the reporting period.

The quality of supervisory work has a significant impact on the development of job satisfaction. Good leadership requires effective dialogue between supervisors and employees, as well as between coworkers.

L&T provides support for success in supervisory work through various training activities, for example. The company organises regular training for new supervisors to familiarise them with L&T's supervisory practices and help them manage success. Supervisors are also offered brief training activities on topics such as employment relationships, managing teams and holding successful target-setting and development discussions. In the divisions, the development of leadership and supervisory work is closely linked to enabling the achievement of strategic goals.

Diversity

L&T has made a long-term commitment to promoting the employment of people with reduced work ability. The company constantly looks for new ways to reach a broader audience of applicants in population groups that have previously not been recognised in society as skilled workers. To achieve good results, it is important to seek progress by focusing on carefully selected groups of people with reduced work ability. This makes it possible to plan the best possible support for people with reduced work ability employed by L&T, and to ensure in advance that supervisors have sufficient capability to support such employees at work.

Occupational safety

At L&T, occupational safety work is carried out systematically in all units and teams. The prevention of safety risks is the key to occupational safety work. The majority of the personnel work at customer sites, which is why site-specific risk assessments are carried out in cooperation with the customers. The results of the risk assessments are reviewed with the employees working at each site as part of induction training or occupational safety briefings.
The key measures during the review period include regular safety briefings for employees in production roles, safety walks to observe potential risk areas in the working environment, and safety observations and various risk surveys for all personnel. Every L&T employee has access to a system for making occupational safety observations on a mobile phone. The observations are forwarded to the supervisor for further processing. The reporting of proactive safety measures is based on information obtained from L&T's systems. In this Sustainability Report, proactive safety measures are reported on a carve-out basis for the period 1 January-31 December 2025 in accordance with ESRS 2 BP-1, p. 10.

Proactive safety measures	2025
Safety observations	14,338
Safety Walks	6,805
Occupational safety sessions	5,328
Risk assessments	415
Total	26,886

The employees' awareness of occupational safety and risks is increased already as part of the induction training, by using online occupational safety training and clear guidelines, as well as by providing regular briefings on instructions and operating models. It is also carefully ensured that the subcontractors who work at our operating locations are trained in occupational safety. L&T's employees also participate in occupational safety training organised by customers to ensure that we always adhere to the occupational safety instructions of each operating location.

If an accident occurs in spite of the proactive measures, it is investigated. Accident investigations are conducted using a method that helps us better identify the root causes of accidents and target corrective actions appropriately. In addition to accident investigations, accident panels carry out a further review of accidents to ensure that the corrective actions are sufficient.

Resource allocation for the management of material risks and opportunities arising from the personnel

L&T has allocated a wide range of resources for the management of material risks arising from the personnel. L&T has an adequate and comprehensive HR management organisation and occupational health and safety organisation in all of its operating countries. The organisation includes the work ability team, employee relations team, payroll administration, business-specific HR Business Partners, HR service team, competence development team and HR system team. Each division also has its own occupational safety manager.

In Finland, L&T has also provided medical care as part of occupational health care services and a comprehensive sickness fund.

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The targets and target levels related to the company's own workforce for the strategy period will be set by the company's Board of Directors in 2026. The targets are time-linked, performance-oriented, and apply to the entire Group. The targets concern the development of the eNPS, TRIF, and sickness-related absence rate indicators and they are the subject of regular dialogue with personnel representatives through dialogue meetings held in L&T's Finnish companies. The personnel representatives have the opportunity to share their thoughts regarding development measures that promote achievement of the targets. The indicators related to the company's own workforce are reported on a carve-out basis for the period 1 January-31 December 2025 in accordance with ESRS 2 BP-1, p. 10.

The development of the indicators related to the company's own workforce, and progress towards the targets derived from them, is monitored on a quarterly basis, and the results are presented to the entire personnel in personnel briefings.

The results of the personnel satisfaction survey are discussed in team-specific workshops. The workshop participants together agree on concrete measures for the team to increase employee satisfaction and develop supervisory work in day-to-day operations.

S1-6 – Characteristics of the undertaking's employees

In reporting, an employee refers to a person who is in an employment relationship with an L&T company in Finland or Sweden. The term "personnel" is used to refer to employees. The term "own workforce" covers employees and non-employees. Non-employees refer to persons who work in L&T companies as leased employees or self-employed people. The definition of own workforce does not include subcontractors.

L&T uses temporary workforce only as necessary. Fixed-term employment contracts are typically used for seasonal roles, such as summer jobs, and to balance out seasonal fluctuations in Industrial Services. Long-term temporary employees are mainly used in project-type roles or as substitutes in connection with family leave. Fixed-term employees are provided social benefits and other employment benefits that correspond to those of permanent employees and are offered on the same terms.

L&T aims to offer full-time employment where possible. The number of employees on part-time and "zero hours" contracts varies by division. Part-time work is common among the youngest and oldest wage-earners. As a rule, part-time duties include process cleaning work in Industrial Services, and customer service and lorry driver roles in Environmental Services.

The number of employees on "zero hours" contracts is very low. In the Environmental Services division, part-time employees work under "zero hours" contracts and, as a rule, at their own request. L&T has surveyed the reasons for part-time positions in a selective manner. Typically, part-time positions in Environmental Services are sought by students and people looking for additional work and in the Industrial Services division, part-time positions are sought by project workers.

Key figure	outcome in 2025
eNPS	27
Sickness absences (%)	5.2
TRIF	22

Personnel in figures	2025
Men	1,911
Women	324
Other[1]	0
Not specified	1
Total number of employees	2,236
Finland	2,133
Sweden	103
Average number of employees, reported as full-time equivalents	1,907

[1] Gender, self-reported by the employees

Employee turnover	2025
Number of employees who have left the undertaking during the reporting period	209
Employee turnover, %	9

Calculation principles

The reporting is based on information obtained from the HR systems of the L&T Group and its subsidiaries.

The number of employees is reported as the head count, unless otherwise stated. The reporting does not include employees on long-term absences. L&T employs approximately 200 seasonal summer workers, thesis workers and trainees per year, not all of whom are in an employment relationship at the end of the reporting period, when the number of employees is calculated.

The calculation of the average number of personnel (FTE) is based on actual working days. Working days are based on all days worked, regardless of the duration of the working day. In other words, if an employee works one hour in a day, this counts as one actual working day in the calculations. The calculation does not take overtime into account, which means that a person cannot count for more than 1 FTE in the report.

Non-guaranteed hours employees

Non-guaranteed hours employees refers to persons who are called in when necessary. Personnel called in when necessary are often called in to work at short notice. It is typical of this type of work that the parties have not made an advance commitment to offering work repeatedly, or coming to work. The employment contracts of personnel called in when necessary may be temporary or valid until further notice.

In Finland, employees called in when necessary refers to employees who are on a "zero hours" contract and have no fixed weekly working time obligation. The reporting on non-guaranteed hours employees does not include employment contracts that specify a variable number of weekly working hours (e.g. 10–20 hours/week), as the HR system used by L&T's companies in Finland does not recognise these types of range-based contracts/variable working hours. However, persons on these types of contracts are reported as part-time employees.

In Sweden, employees called in when necessary refer to employees who are on a temporary employment contract with a zero-percent employment relationship. This means that they do not have guaranteed working hours and are called in according to their employer's needs. The employer submits work requests at the agreed hourly wage.

Exit turnover of the personnel

The exit turnover of the personnel is reported on a carve-out basis. Reporting on the exit turnover of the personnel includes employment relationships terminated on the employee's initiative. This refers to the termination of a trial period on the employee's initiative, resignation, retirement, death, or the cancellation of an employment relationship. Fixed-term employment relationships are not included in the reporting of exit turnover. This means that summer workers, for example, are not included. The reported exit turnover also includes employment relationships terminated on the employer's initiative, such as dismissals on personal and collective grounds, terminations of trial periods on the employer's initiative, cancellations of employment contracts, and severance agreements. L&T's exit turnover of the personnel is calculated as follows: The total number of employment relationships terminated at the employee's initiative and those terminated at the employer's initiative during the reporting period, divided by the total number of employment relationships in force on the last day of the reporting period.

Employees by gender, reported by head count

2025	Women	Men	Other[1]	Not specified	Total
'Number of employees	324	1,911	0	1	2,236
Number of permanent employees	273	1,805	0	1	2,079
Number of temporary employees	51	106	0	0	157
Number of non-guaranteed hours employees	21	75	0	0	96
Number of full-time employees	280	1,809	0	1	2,090
Number of part-time employees	23	27	0	0	50

[1] Gender, self-reported by the employees

Employees by country, reported by head count

2025	Finland	Sweden	Total
Number of employees	2,133	103	2,236
Number of permanent employees	1,976	103	2,079
Number of temporary employees	157	0	157
Number of non-guaranteed hours employees	96	0	96
Number of full-time employees	1,990	100	2,090
Number of part-time employees	47	3	50

Distribution of employees by age group, number of persons	2025
Under 30 years old	422
30–50 years old	1,236
Over 50 years old	578

Gender distribution at top management level	2025	
	Number	Percentage
Men	6	85.7
Women	1	14.3

S1-9 – Diversity

At L&T, we believe that purposefully building a diverse workplace community is one way of ensuring sustainable growth. Our objective is to increase diversity in all of our personnel groups.

At L&T, men and women are employed in different roles in a balanced manner, and the company offers work for people of different ages and at different career stages.

Calculation principles

The reporting is based on information obtained from the HR systems of the L&T Group and its subsidiaries. In the reporting, senior management comprises the members of L&T's Group Executive Board.

S1-10 - Adequate wages

In Finland and Sweden, all L&T employees with an employment contract are paid wages in accordance with the applicable collective agreement.

We assess the realisation of pay equality between the genders as part of our two-year diversity plans.

Remuneration at L&T is influenced by, for example, the content and demands of the job, the employee's competence, performance and experience, and the provisions of any applicable collective agreement. At L&T, non-discrimination in remuneration is promoted by ensuring that remuneration is based on the demands of the role, which are assessed by means of objective criteria. The categories used for the demands of each role and wages are based on the collective agreements applied at L&T, for example.

L&T operates in a number of different industries, which is why average pay is not an appropriate indicator for the level of structure of wages. During the reporting period, L&T continued to prepare for the amendments to the EU's Pay Transparency Directive, which will be implemented in Finnish legislation by 7 June 2026.

S1-14 - Health and safety metrics

L&T's occupational safety target is zero accidents. The company's health and safety targets for the strategy period will be set by the Board of Directors in 2026. The number of occupational accidents among L&T's employees is reported on a carve-out basis. Safety is on the agenda of meetings from the Group Executive Board down, and it is also linked to personal bonuses of most service production supervisors. The development of occupational safety is reported on a monthly basis to the Group Executive Board, the Board of Directors and the divisions, down to the unit level.

L&T's occupational safety activities are certified and audited by a third party. L&T's occupational safety activities are guided by an ISO 45001 certified management system and occupational safety policy. The certification covers 100 per cent of L&T's business operations and personnel.

The company engages in effective co-operation with the personnel, and each L&T company has its own occupational safety committee. Each committee convenes in accordance with the legally required meeting schedule.

Calculation principles

The reporting is based on information obtained from the EHSQ systems of the L&T Group and its subsidiaries. The number of occupational accidents, the number of fatal accidents and the total recordable incident frequency (TRIF) cover both employees and non-employees. The accident frequency has been calculated per million working hours.

Entity-specific metric: Sickness-related absence rate

The sickness-related absence rate measures the working hours lost due to illness or accident in relation to the planned working hours for the reporting period. The sickness-related absence rate is reported on a carve-out basis.

Calculation principles

The reporting is based on information obtained from the HR systems of the L&T Group and its subsidiaries. The calculation takes into account absences of persons working at L&T due to an illness or accident. Absences related to a child's illness or care are excluded from the calculation. The calculation takes into account absences with a medical certificate issued by a health care professional and sickness-related absences reported by employees themselves.

Entity-specific metric: Employee Net Promoter Score (eNPS)

The Employee Net Promoter Score (eNPS) is an indicator of the employees' satisfaction with their employer. The Employee Net Promoter Score is measured by means of an annual online survey that is sent to all employees. The survey is available in Finnish, Swedish and English. The personnel survey measures personnel motivation, the day-to-day work of the teams, teamwork, supervisory work and leadership, as well as the personnel's willingness to recommend L&T. The employee Net Promoter Score is reported on a carve-out basis.

Calculation principles

The reporting is based on information obtained from the internal systems of the L&T Group and its subsidiaries.

S1-16 – Compensation metrics (pay gap and total compensation)

L&T reports the percentage-based gender pay gap of its employees by personnel group. The personnel groups used are "blue-collar employees" and "white-collar employees", with the latter category including all of L&T's white-collar employees,

Occupational health and safety	2025
Total reportable incident frequency (TRIF)	22
Employees	22
Finland	20
Sweden	72
Number of accidents	94
Employees	94
Finland	81
Sweden	13
Fatal accidents	0
Cases of occupational illnesses	0
Occupational diseases resulting in death	0
Working hours, million hours	4.3
Employees	4.3
Finland	4.1
Sweden	0.2
Other workers	0.07
Finland	0.03
Sweden	0.04
Occupational health and safety management system coverage, all employees, %	100
Finland	100
Sweden	100

Entity-specific metric: Sickness-related absence rate	2025
Sickness-related absence %	5.2
Finland	5.2
Sweden	7.0

senior white-collar employees and executives. The percentage-based pay gap is also reported on a country-specific basis for Finland and Sweden. The reporting of the pay comparison between hourly paid male and female workers is based on payroll data for positions for which pay comparisons in accordance with the Equality Act can be reliably conducted without compromising the protection of privacy. The wage survey will be conducted in 2026 as part of L&T's diversity plans.

Calculation principles

The reporting is based on information obtained from the HR systems of the L&T Group and its subsidiaries.

Ratio between the remuneration of female and male employees

L&T reports the percentage-based gender pay gap of its employees by personnel group. The pay is based on total hourly wages, average hourly earnings and, for employees on monthly salaries, the total salary.

The personnel groups used are "blue-collar employees" and "white-collar employees", with the latter category including all of L&T's white-collar employees, senior white-collar employees and executives. Persons who have indicated a gender other than male or female in the HR system, or who have not specified any gender information, are not included in the figures. In other words, the comparison is based on the pay of men and women. The percentage-based pay gap is also reported on a country-specific basis for Finland and Sweden.

L&T's Swedish operations report information on pay in the local currency. The necessary currency conversions are carried out after the end of the reporting period using the average exchange rate for the reporting period.

Annual total remuneration ratio

The calculation takes into account the taxable pay of all employees. L&T's Swedish operations report information on pay in the local currency. The necessary currency conversions are carried out after the end of the reporting period using the average exchange rate for the reporting period.

S1-17 – Incidents, complaints and severe human rights impacts

L&T does not tolerate any kind of discrimination, harassment, bullying, racism or inappropriate treatment. The company does not approve the use of child labour, any form of forced labour or any other practices in violation with basic human rights in its own operations or in its supply chain.

No confirmed incidents of discrimination or harassment, and no serious human rights incidents, were reported to L&T during the reporting period. No other discrimination-related reports were reported to L&T during the reporting period. Consequently, L&T did not pay any fines, penalties or compensation for damages in relation to complaints and incidents of misconduct. In the reported information, a "reported incident of discrimination or harassment" refers to a suspected incident of harassment or discrimination on the basis of gender, pregnancy, childbirth, gender identity, gender expression, age, ethnicity, nationality, language, religion, ideology, opinion, political activities, union activities, family relations, health, disability, sexual orientation or any other reason pertaining to an individual, or any other form of inappropriate behaviour or harassment brought to the attention of the company.

Calculation principles

L&T's Finnish companies have their own electronic harassment reporting system. The Swedish Industrial Services company SVB has no electronic harassment reporting systems in place. The number of reported incidents is monitored and maintained at the Group level using the company's internal system.

Ratio between the remuneration of the highest paid individual and the median remuneration for employees	2025
Ratio between the annual remuneration of the highest paid individual and the median annual remuneration for employees (excluding the highest paid individual)	15

Ratio between the remuneration of female and male employees, %	2025	
	Finland	Sweden
Total	-6	-3
Blue-collar employees	9	4
White-collar employees	21	15

The difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees

Incidents and human rights violations reported via the whistleblowing channel	2025
Incidents of discrimination or harassment reported during the reporting period	4
Confirmed incidents of discrimination and harassment	0
Other complaints	0
Total amount of fines, penalties and compensation for damages as a result of confirmed incidents, €	0

G1 Business conduct

G1-1 - Business conduct policies and corporate culture

L&T's the compliance and corporate culture of business conduct are guided by applicable legislation and by the company's own policies and principles. The policies and principles concerning governance and corporate culture include the principles of good governance, which the company adheres to in all of its operations and in all countries of operation.

L&T is committed to supporting the UN Global Compact initiative and its principles concerning human rights, employees, the environment and anti-corruption.

L&T's Code of Conduct, human rights policy, disclosure, data protection, anti-corruption and anti-bribery policies, the corporate governance code for listed companies and other Group-wide policies concerning corporate culture and business operations have been approved by the company's Board of Directors. Going forward, certain Group-wide policies, such as procurement and supply chain policies and guidelines, will be approved by the President and CEO and the Group Executive Board.

The Senior Vice President, HR and Legal, who is a member of the Group Executive Board, is responsible for preparing and updating policies that create and develop L&T's corporate culture. The implementation of the policies is the responsibility of the line organisation with the support of the Legal unit, which reports to the Senior Vice President, HR and Legal.

At L&T, corporate culture is created, developed and promoted through various measures. Training ensures that employees are aware of the policies and principles that they are required to follow. The training covers examples of situations that the personnel may encounter. Course completion is recorded so that HR and Legal can ensure that employees have completed the trainings that are relevant to their role. L&T has separate training courses on topics such as the Code of Conduct, data security including data protection and the prevention of corruption and bribery, including guidance on receiving gifts and hospitality in procurement.

Internal communications and personnel briefings are used to develop and promote L&T's corporate culture. Themes related to ethical business conduct are regularly discussed on L&T's intranet and in internal newsletters and personnel briefings. The company's senior management communicates its commitment to the principles and leads by example in demonstrating the importance of the principles in the company.

Corporate culture and commitment to the Code of Conduct will be assessed annually as part of the employee satisfaction survey, which provides all employees with an opportunity to give anonymous feedback on supervisory work, the company's commitment to sustainability, day-to-day operations and various changing themes.

The results of the personnel survey are discussed by the company's Board of Directors, the Group Executive Board and team level. The results of the survey are analysed and actions are taken on the basis of the results at both team and Group level. L&T has not defined goals or actions for the year 2025.

Policies, principles and guidelines that are essential to corporate culture

Code of Conduct for employees

L&T's Code of Conduct for employees guides the responsible and ethical conduct of its personnel. The Code of Conduct requires compliance with laws, rules and regulations, acting integrity and transparently, respecting human rights and colleagues, and working safely. The Code of Conduct is included in the personnel policy and the Code of Conduct guideline for personnel, both of which have been approved by the company's Board of Directors and are updated every two years. The Senior Vice President, HR and Legal, is responsible for implementing the Code of Conduct, while compliance with the Code is monitored by the Group Executive Board. The Code of Conduct for employees is public and available on L&T's website, intranet, and the notice boards at the operating locations. The Code of Conduct was discussed in dialogue with employee representatives while L&T was still part of the former Lassila & Tikanoja Group.

L&T has an online training course for employees on the Code of Conduct, which covers the content of the ethical operating principles and practical examples. L&T's Board of Directors will set Group-wide targets for employee Code of Conduct training coverage in 2026.

The Code of Conduct online training is a mandatory part of the onboarding process for every new employee. Separate online courses are available for white-collar and blue-collar employees. In Finland, the course can also be completed on a mobile device, which makes it easier for employees working remotely to participate.

Code of Conduct for suppliers

L&T has a separate Code of Conduct guideline for suppliers, which defines the ethical operating principles and expectations for representatives of the supply chain. The company requires suppliers to familiarise themselves with the Code of Conduct for suppliers, adhere to it and continuously develop their operations in line with it. The Code of Conduct for suppliers covers issues such as corruption, bribery, data security, compliance, human and labour rights, health and safety, supplier self-assessment and whistleblowing.

Suppliers are responsible for ensuring that their personnel, suppliers and subcontractors adhere to this Code. Suppliers are required to inform L&T of the use of subcontractors. L&T may ask suppliers to conduct a self-assessment at the start of or during the cooperation. The Supplier Code of Conduct has been approved by the Board of Directors, and in the future it will be approved by the CEO and the Group Executive Board. The company's Chief Purchasing Officer is responsible for implementing the Code, and the procurement management team monitors compliance with it. The Code of Conduct for suppliers is public and available on L&T's website. The Code is also incorporated into procurement contracts.

To monitor the implementation and effectiveness of the Code, L&T's Board of Directors sets targets for the supply chain's commitment to the Code of Conduct for suppliers and for the coverage of the supplier self-assessments in 2026. From 2026 onwards, the Code of Conduct for suppliers will be included in every new agreement, and the operating principles will be submitted separately for approval by suppliers that already have an existing agreement.

Anti-corruption and anti-bribery policy

L&T's anti-corruption and anti-bribery policy defines the Group's rules for preventing corruption and bribery. The company complies with applicable legislation in all its operations. L&T is committed to the principles of the UN Convention against Corruption. The company prohibits all forms of bribery and corruption. In its policy, L&T takes a position on lawful and ethical business conduct, fair competition, acceptable hospitality, avoidance of conflicts of interest and the identification and prevention of corruption and bribery.

L&T's anti-corruption and anti-bribery policy has been approved by the Board of Directors. Responsibility for and implementation of the anti-corruption and anti-bribery policy lies with the Senior Vice President, HR and Legal, and its effectiveness is monitored by the Group Executive Board. L&T updates the policy every two years. The policy covers all of the Group's companies and divisions and applies to L&T's own workforce in all operating countries and other parties participating in the business, such as consultants. The policy has been the subject of dialogues with employees and employee representatives and it has been discussed in at a European Works Council meeting when L&T was part of the former Lassila & Tikanoja Group. The policy will be submitted to the Group Executive Board for approval in 2026.

The company has assessed that among its internal functions, procurement, sales and business management are more vulnerable to corruption and bribery. In these roles, completion of the anti-corruption and bribery online course is monitored particularly closely. If an employee fails to complete the course within the deadline, a separate anti-corruption and bribery discussion will be held with the person. The anti-corruption and anti-bribery policy is public and available on L&T's website and intranet. Actions to prevent and detect corruption and bribery are described in more detail in section G1-3, p. 62.

L&T's target is for all employees to comply with the policy. The company will also ensure that the white-collar employees and executives identified as particularly relevant to the company's operations in Finland and Sweden have completed the online training on the content of the policy.

Data protection and information security policies

The data protection policy defines L&T's internally approved data protection principles to be followed when processing the personal data of customers, partners and other stakeholders as well as employees and job applicants. L&T aims to ensure the lawful processing of personal data and an appropriate level of data protection by means of the data protection policy and function-specific data protection instructions derived from the policy. The data protection policy is supplemented by a separate information security policy, which is guided by external and internal requirements, such as requirements set by legislation and authorities, contractual requirements and the general situation and development related to information security and threats to it. L&T is subject to the Cybersecurity Act. The implementation of the information security policy is supported by supplementary information security guidelines, specifications, plans and training. The data protection and information security policies apply to the entire company.

The data protection policy has been approved by the Board of Directors and the information security policy is approved by the CEO and the Group Executive Board. The policies are reviewed and updated every two years as necessary. The Senior Vice President, HR and Legal, is responsible for implementing the data protection policy and monitoring compliance with data protection legislation and guidelines at L&T. The Chief Information Officer is responsible for implementing and monitoring the information security policy.

Due to the nature of the policies, L&T has not engaged in direct dialogue with the personnel. The data protection policy is public and available on L&T's website and intranet. The information security policy is intended for internal use and is available to employees on the intranet.

L&T provides its employees with instruction and training on data protection and information security. Every employee must know and comply with the data protection and information security obligations related to their work duties.

Guidelines concerning gifts and hospitality in procurement

L&T has a separate guideline on receiving gifts from suppliers and hospitality. The guideline complements the company's Code of Conduct for employees and anti-corruption and anti-bribery policy. It defines what is a reasonable gift or hospitality and when no hospitality of any kind can be accepted. The guideline applies to L&T's management and all procurement personnel. It has been approved by the Board of Directors, and in the future it will be approved by the CEO and the Group Executive Board, and it will be updated every two years. The Chief Purchasing Officer is responsible for the implementation. No separate goals have been set for the guideline.

Guidelines on authorisation on the basis of position

L&T's position-based authorisation guideline defines the decision-making bodies and the order of decision-making. The guideline defines who can decide on matters and up to what euro amount. It also defines situations in which a decision must be escalated or consulted with Legal or another expert organisation before making a decision. Decisions must be made in accordance with the defined guidelines. The Senior Vice President, HR and Legal, is responsible for the guidelines on authorisation on the basis of position with support of Legal Affairs. The guideline applies to all employees and is approved by the CEO and the Group Executive Board.

Reporting prohibited conduct

If employees observe or suspect prohibited activities at L&T, such as corruption, bribery or conflicts of interest, they must report the matter to their supervisor, HR or Legal Affairs. Reports can also be submitted via L&T's whistleblowing channel. Reports via the whistleblowing channel can be submitted anonymously. The link and instructions for the whistleblowing channel can be found on the company's intranet and website, in the Code of Conduct guidelines for employees and suppliers, and on notice boards.

L&T investigates all suspected incidents of misconduct. Anyone who, in good faith, reports their suspicions within the scope of the whistleblowing legislation and participates in the investigation and clarification of possible suspicions of misconduct will not suffer negative consequences as a result, such as the risk of subsequent discrimination or being placed in a disadvantageous position. L&T will take disciplinary action against anyone found guilty of any prohibited retaliation.

Reports submitted via the whistleblowing channel are investigated by the Legal Affairs or other individuals with a Master's degree in law, reporting to the Senior Vice President, HR and Legal. L&T's compliance team processes all reports leadind to an investigation, and the team reports all violations and critical incidents to the Audit Committee of the Board of Directors.

G1-3 - Prevention and detection of corruption and bribery

L&T has a separate anti-bribery and anti-corruption policy approved by the President and CEO and the Group Executive Board. The Senior Vice President, HR and Legal, is responsible for implementing the policy together with the Legal. The Legal Affairs is supported in the implementation by the business functions.

The company has identified roles where the exposure to corruption is greater than other roles, such as roles in procurement, sales and business management, including the Group Executive Board. All persons working in these roles (99%) are trained in the content of L&T's anti-bribery and anti-corruption policy and case examples, and the completion of training is monitored. During 2026, L&T's Board of Directors will also complete an online training course on the prevention of corruption and bribery. A more detailed description of the operating principles is provided in section G1-1, p. 61.

The company has a separate online training course on the prevention of corruption and bribery. The training specifies prohibited practices, provides case examples of these and provides instructions on how to act if the organisation encounters or suspects corruption or bribery. The training takes approximately 30 minutes. No reportable anti-corruption and anti-bribery training has been completed during the reporting period.

Suspicions of corruption and bribery can be reported to one's supervisor, HR, or the Legal Affairs function, or through the whistleblowing channel. Reports can be submitted anonymously via the whistleblowing channel.

Reports are processed by the Legal Affairs function or other persons with a Master's degree in law, who report to the Senior Vice President, HR and Legal. The persons processing the reports do not process reports concerning their own organisation and are thus separate from the chain of command involved.

Reports are processed by L&T's Compliance team and reported to the Audit Committee of the Board of Directors once a year.

G1-4 - Incidents of corruption or bribery

During the reporting period, L&T has no reported violations related to corruption or bribery and the company has not paid any fines or sanctions related to corruption or bribery. No L&T's management representative has not been convicted of bribery or corruption.

Key figures

Key figures of the Group

Key figures per share

In EUR million, unless otherwise indicated	1-12/2025 Carve-out	1-12/2024 Carve-out	1-12/2023 Carve-out
Earnings per share, EUR[1]	0.67	0.83	0.85
Diluted earnings per share, EUR1	0.67	0.82	0.85
Equity / share, EUR[1]	4.52	n/a	n/a
Dividend/share, EUR[2]	0.42	n/a	n/a
Payout ratio, %[2]	62.4	n/a	n/a
Effective dividend yield, %[2]	5.2	n/a	n/a
P/E Ratio	12.0	n/a	n/a
Net cash flow from operating activities after investments per share, EUR[1]	1.08	0.90	1.03
Market capitalization[3]	308.2	n/a	n/a
Share issue-adjusted number of shares, 1,000 shares			
average during the period	38,212	n/a	n/a
at the end of the period	38,212	n/a	n/a
average during the period, diluted	38,320	n/a	n/a

[1] All periods are calculated based on the number of shares at the date of the demerger 31 December 2025.
[2] Proposal by the Board of Directors
[3] Calculated based on the closing price on the first trading day (2 January 2026).

Key figures on financial performace

In EUR million, unless otherwise indicated	1-12/2025 Carve-out	1-12/2024 Carve-out	1-12/2023 Carve-out
Net sales	426.6	423.9	422.1
Net salse growth, %	0.7	0.4	-6.4
Adjusted EBITDA	84.3	86.0	82.9
Adjusted EBITDA margin, %	19.8	20.3	19.6
EBITDA	79.8	83.8	82.6
EBITDA margin, %	18.7	19.8	19.6
Adjusted EBITA	40.6	44.4	40.5
Adjusted EBITA margin, %	9.5	10.5	9.6
Operating profit	34.2	40.5	38.3
Result for the period	25.7	31.5	32.4
Net cash flow from operating activities after investments	41.4	34.3	39.4
Gross capital expenditure	41.7	36.1	58.2
Capital employed[1]	360.4	321.4	316.4
Return on capital employed, % (ROCE)	10.6	13.7	13.2
Return on equity, % (ROE)	12.1	n/a	n/a
Net interest-bearing liabilities[1]	150.2	67.4	62.3
Net debt / Adjusted EBITDA	1.8x	n/a	n/a
Equity ratio, %[1]	35.0	n/a	n/a
Gearing, %[1]	86.9	n/a	n/a
Average number of employees in full-time equivalents (FTEs)	1,907	1,875	1,890
Number of employees at the end of the period	2,236	2,219	2,312

[1] The key figure of year 2025 is based on actual figures..

Differences between the actual figures and the carve-out principles affect the presentation of certain key performance indicators. Key figures based on equity, interest-bearing liabilities and net interest-bearing liabilities are presented only as at 31 December 2025, as the information for earlier periods prepared on a carve-out basis does not reflect the capital and financing structure of Lassila & Tikanoja.

Reconciliation of alternative performance measures

The company discloses certain other widely used performance measures that can for the most part be derived from the income statement and balance sheet. The formulas for these performance measures are provided in the section Calculation of key figures. In the company's view, these measures clarify the result of operations and financial position based on the income statement and balance sheet.

EBITDA and Adjusted EBITDA to operating profit

MEUR	1-12/2025 Carve-out	1-12/2024 Carve-out
Operating profit	34.2	40.5
+ Depreciation, amortisation and impairment	45.5	43.4
EBITDA	79.8	83.8
Items affecting comparability:		
- Expenses arising from business restructurings	4.8	0.8
- Items related to the acquisition of business activities	-0.6	1.3
- Other items	0.3	-
Items affecting comparability total[1]	4.5	2.2
Adjusted EBITDA	84.3	86.0

Adjusted EBITA to operating profit

MEUR	1-12/2025 Carve-out	1-12/2024 Carve-out
Operating profit	34.2	40.5
+ Amortisation of purchase price allocations to intangible assets from acquisitions	1.9	1.8
Items affecting comparability:		
- Expenses arising from business restructurings	4.8	0.8
- Items related to the acquisition of business activities	-0.6	1.3
- Other items	0.3	-
Items affecting comparability total[1]	4.5	2.2
Adjusted EBITA	40.6	44.4

[1]In 2025, the items affecting comparability include expenses relating to the demerger totalling EUR 4.7 million.

Return on capital employed, % (ROCE)

MEUR	1-12/2025 Carve-out	1-12/2024 Carve-out
Capital employed, average at the end of the reporting period and the end of the comparison period	340.9	318.9
Operating profit	34.2	40.5
+ Financial income	0.2	0.1
+ Share of result of joint ventures	1.9	3.2
Return on capital employed (MEUR)	36.3	43.7
Return on capital employed, %	10.6	13.7

Return on equity, % (ROE)

MEUR	1-12/2025 Carve-out
Result for the period (rolling 12 months)	25.7
Equity (average at the end of the reporting period and the end of the comparison period)	212.5
Return on equity, % (ROE)	12.1

Net interest-bearing liabilities[1]

MEUR	31 Dec 2025	31 Dec 2024 Carve-out
Borrowings	125.0	0.3
Lease liabilities	48.6	45.2
Non-current interest-bearing liabilities	173.6	45.5
Lease liabilities	13.8	11.7
Cash pool liabilities to related parties	-	11.6
Borrowings	0.2	0.5
Current interest-bearing liabilities	13.9	23.8
Total interest-bearing liabilities	187.6	69.4
Cash pool receivables from related barties	-	0.1
cash and cash equivalents	37.4	1.9
Net interest-bearing liabilities	150.2	67.4

[1] In connection with the demerger, loans and cash and cash equivalents were transferred from Luotea (formerly Lassila & Tikanoja) to Lassila & Tikanoja. Further information is provided in Note 4.1 Financial assets and liabilities in the notes to the consolidated financial statements.

Gearing, %

	31 Dec 2025
Net interest-bearing liabilities, MEUR	150.2
Equity, MEUR	172.8
Gearing, %	86.9

Gross capital expenditure reconciliation

MEUR	1-12/2025 Carve-out	1-12/2024 Carve-out
Intangible assets of acquired businesses	11.5	1.5
Property, plant and equipment of acquired businesses	1.0	0.4
Other additions to intangible assets	2.4	9.3
Other additions to property, plant and equipment	21.2	28.7
- adjustments[1]	-3.4	-4.2
Acquisition of heavy rental equipment included in right-of-use assets	9.1	0.5
Gross capital expenditure	41.7	36.1

[1] The structural additions related to environmental provisions and the equipment additions related to presses and balers leased from the financing company, as well as equipment additions arising from the redemption of heavy metal rental equipment.

Net debt / Adjusted EBITDA (rolling 12 months)

MEUR	1-12/2025 Carve-out
Net interest-bearing liabilities	150.2
Adjusted EBITDA (rolling 12 months)	84.3
Net debt / Adjusted EBITDA (rolling 12 months)	1.8x

Equity ratio, %

MEUR	31 Dec 2025
Equity	172.8
Statement of financial position total	509.7
Advances received	-16.1
Total	493.7
Equity ratio, %	35.0

Definitions and reasons for the use of key figures

Key figures per share

Key figure	Definition	Reason for the use
Earnings per share (EUR)	Result for the period attributable to the equity holders of the parent company / adjusted average basic number of shares	
Diluted earnings per share (EUR)	Result for the period attributable to the equity holders of the parent company / adjusted average diluted number of shares	
Equity per share (EUR)	Equity attributable to the equity holders of the parent company / adjusted basic number of shares at the balance sheet date	
Dividend per share	Dividend for the financial year / Adjusted basic number of shares at the balance sheet date	
Payout ratio, %	Dividend per share / earnings per share x 100	
Effective dividend yield, %	Dividend per share / closing price of the financial period	
P/E Ratio	Closing price of the financial period / earnings per share	
Net cash flow from operating activities after investments per share, EUR	Net cash flow from operating activities after investments per share, EUR / adjusted average basic number of shares	Net cash flow from operating activities after investments provides information on Lassila & Tikanoja's ability to generate cash from its operations after investments to service debt or pay dividends.
Market capitalization	Adjusted basic number of shares at the balance sheet date x closing price of the financial period	

Key figures on financial performace

Key figure	Definition	Reason for the use
Operating profit	Operating profit as presented in the income statement	Operating profit reflects the result generated by Lassila & Tikanoja's business operations excluding financing, shares of the result of associated companies and joint ventures and taxes.
EBITDA	Operating profit excluding depreciation, amortisation and impairment	Management uses EBITDA to monitor the profitability excluding non-cash capital expenses of Lassila & Tikanoja's core business operations.
EBITDA margin, %	EBITDA as a percentage of net sales	Management uses EBITDA to monitor the profitability excluding non-cash capital expenses of Lassila & Tikanoja's core business operations.
Items affecting comparability	Substantial costs arising from business restructurings or acquisitions, gains and losses from divestments and costs arising from the discontinuation of businesses as well as other material items outside ordinary course of business	Items that are not directly related to Lassila & Tikanoja's ordinary course of business are reported separately in order to assess the performance and comparability between reporting periods of its core business operations.
Adjusted EBITDA	EBITDA adjusted for items affecting comparability	Adjusted EBITDA, adjusted EBITA and related margins are presented in addition to operating profit and EBITDA to reflect underlying business performance and to enhance comparability from period to period. Management believes that these adjusted performance measures provide meaningful supplemental information by excluding items outside the ordinary course of business, which reduce comparability between periods.

Key figure	Definition	Reason for the use
Adjusted EBITDA margin, %	Adjusted EBITDA as a percentage of net sales	Adjusted EBITA measures profitability excluding acquisition-related amortisation and impairment, reflecting underlying business performance and enhancing comparability between periods.
Adjusted EBITA	Operating profit excluding amortisation and impairments of acquisition-related intangible assets, adjusted for items affecting comparability	Adjusted EBITA measures profitability excluding acquisition-related amortisation and impairment, reflecting underlying business performance and enhancing comparability between periods.
Adjusted EBITA margin, %	Adjusted EBITA as a percentage of net sales	Adjusted EBITA measures profitability excluding acquisition-related amortisation and impairment, reflecting underlying business performance and enhancing comparability between periods. This measure is one of Lassila & Tikanoja's mid-term financial targets.
Net cash flow from operating activities after investments	Net cash flow from operating activities according to the combined cash flow statement, less net cash flow from investing activities as presented in the cash flow statement	Net cash flow from operating activities after investments provides information on Lassila & Tikanoja's ability to generate cash from its operations after investments to service debt or pay dividends.
Interest-bearing liabilities	Borrowings + lease liabilities + cash pool liabilites to related parties	Component of capital employed, return on capital employed and net interest-bearing liabilities.
Capital employed	Equity + interest-bearing liabilities	Capital employed reflects the total investment in Lassila & Tikanoja's business operations and it is used to calculate return on capital employed.
Return on capital employed, % (ROCE)	(Operating profit + financial income + share of the result of joint ventures, rolling 12 months) / (equity + interest-bearing liabilities ((average of the end of the reporting period and at the end of the comparison period))	Return on capital employed is a profitability metric that Lassila & Tikanoja uses to measure how efficiently it uses invested capital to generate profits.

Key figure	Definition	Reason for the use
Gross capital expenditure	Investments in intangible assets, acquisitions of heavy rental equipment included in right-of- use assets, and investments in property, plant and equipment, excluding additions to constructions related to environmental provisions, excluding additions of equipment related to compactors and balers leased from finance companies, as well as respective assets acquired through business combinations	Gross capital expenditure indicate investments in operational, rental and strategic projects aimed at maintaining service production capacity and supporting growth of business operations.
Return on equity, % (ROE)	Result for the period (rolling 12 months) / equity (average at end of the reporting period and the end of the comparison period)	This metric measures Lassila & Tikanoja's relative profitability, i.e. return on equity.
Net interest-bearing liabilities	Interest-bearing liabilities - cash pool receivables from related parties - cash and cash equivalents	Net interest-bearing liabilities is a liquidity measure used by management to monitor Lassila & Tikanoja's ability to pay its debts in the short-term.
Net debt / Adjusted EBITDA	Net interest-bearing liabilities / adjusted EBITDA (rolling 12 months)	This measure is an indicator of Lassila & Tikanoja's indebtedness in relation to its operational financial performance. This measure is one of Lassila & Tikanoja's mid-term financial targets.
Gearing, %	Net interest-bearing liabilities / Equity	This measure is an indicator of Lassila & Tikanoja's indebtedness by comparing equity invested by shareholders to interest-bearing liabilities borrowed from financiers.
Equity ratio, %	Equity / (statement of financial position total - advances received)	This measure indicates the relative proportion of equity used to finance Lassila & Tikanoja's assets, which helps to monitor the indebtedness of Lassila & Tikanoja.
Average number of employees in full-time equivalents (FTEs)	Average number of full-time equivalent employees during the reporting period	Average number of employees in full-time equivalents (FTE) provides information about the overall staff size of Lassila & Tikanoja and FTE reflects the total number of working hours of all employees. Management believes that this provided information can be useful when analysing workforce costs, productivity or staffing needs.
Number of employees at the end of the period	Number of employees at the end of the review period, total full-time and part-time employees	

Financial statements

Combined income statement

1 January - 31 December MEUR	2025 Carve-out	2024 Carve-out	Note
Net sales	426.6	423.9	1.2
Other operating income	3.4	2.7	1.4
Materials and services	-126.2	-123.6	1.4
Employee benefit expenses	-141.9	-140.3	1.3
Other operating expenses	-82.2	-78.8	1.4
Depreciation, amortisation and impairment	-45.5	-43.4	1.7
Operating profit	34.2	40.5	
Financial income	0.2	0.1	
Financial expenses	-4.9	-4.9	
Exchange rate differences (net)	0.1	-0.0	
Financial income and expenses	-4.6	-4.7	1.8
Share of the result of joint ventures	1.9	3.2	
Result before taxes	31.6	38.9	
Income taxes	-5.8	-7.4	1.9
Result for the period	25.7	31.5	
Attributable to:			
Equity holders of the parent company	25.7	31.5	
Earnings per share for result attributable to the equity holders of the parent company, EUR:			
Basic[1]	0.67	0.83	4.4
Diluted[1]	0.67	0.82	4.4

[1] The comparative period is calculated based on the number of shares at the date of the demerger 31 December 2025.

Combined statement of comprehensive income

1 January - 31 December MEUR	2025 Carve-out	2024 Carve-out	Note
Result for the period	25.7	31.5	
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Currency translation differences	0.5	-0.3	4.3
Other comprehensive income, total	0.5	-0.3	
Total comprehensive income, after tax	26.3	31.2	
Attributable to:			
Equity holders of the parent company	26.3	31.2	

Combined statement of financial position

31 December MEUR	2025	2024 Carve-out	Note
ASSETS			
Non-current assets			
Goodwill	125.7	118.8	3.1
Other intangible assets	38.2	35.1	3.1
Total intangible assets	163.8	153.9	
Right-of-use assets	60.1	54.8	3.4
Other property, plant and equipment	150.9	155.3	3.3
Total property, plant and equipment	211.0	210.1	
Shares in joint ventures	19.2	18.9	3.5
Other shares and holdings	0.1	0.1	3.5
Other non-current receivables	0.4	0.4	3.5
Total other non-current assets	19.8	19.5	
Total non-current assets	394.6	383.4	
Current assets			
Inventories	9.9	9.2	2.2
Trade receivables	51.5	49.4	2.1, 4.1
Contract assets	12.3	7.2	1.2, 2.1
Income tax receivables	-	0.0	2.1
Cash-pool receivables from related parties	-	0.1	4.1, 5.4
Other current receivables	4.1	1.7	2.1, 4.1
Cash and cash equivalents	37.4	1.9	4.1
Total current assets	115.2	69.6	
TOTAL ASSETS	509.7	453.0	

31 December MEUR	2025	2024 Carve-out	Note
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company			
Share capital	0.1	-	
Currency translation differences	-0.2	-0.7	
Invested unrestricted equity reserve	19.0	-	
Invested equity	-	252.8	
Retained earnings	154.0	-	
Total Equity	172.8	252.1	4.3
Liabilities			
Deferred tax liabilities	22.4	21.7	1.9
Pension liabilities	0.1	0.1	1.3
Provisions	6.3	6.3	2.5
Borrowings	125.0	0.3	4.1
Lease liabilities	48.6	45.2	3.4, 4.1
Other liabilities	7.0	13.4	2.4
Total non-current liabilities	209.5	87.0	
Borrowings	0.2	0.5	4.1
Cash-pool liabilities to related parties	-	11.6	4.1, 5.4
Lease liabilities	13.8	11.7	3.4, 4.1
Trade and other payables	108.0	89.4	2.3, 4.1
Income tax liabilities	5.3	0.1	2.3
Provisions	0.3	0.6	2.5
Total current liabilities	127.4	113.9	
Total liabilities	336.9	200.9	
TOTAL EQUITY AND LIABILITIES	509.7	453.0	

Combined statement of cash flows

1 January - 31 December MEUR	2025 Carve-out	2024 Carve-out	Note
Cash flows from operating activities			
Result for the period	25.7	31.5	
Adjustments			
Income taxes	5.8	7.4	1.9
Depreciation, amortisation and impairment	45.5	43.4	1.7
Financial income and expenses	4.6	4.7	1.8
Gains and losses on sale of tangible and intangible assets	-0.2	-0.7	
Share of result of joint ventures	-1.9	-3.2	3.5
Provisions	-0.8	-0.2	2.5
Other adjustments	-0.5	1.1	
Net cash generated from operating activities before change in working capital	78.4	84.0	
Change in working capital			
Change in trade and other receivables	-8.8	7.0	
Change in inventories	-0.2	-1.5	
Change in trade and other payables	8.7	-3.9	
Change in working capital	-0.3	1.5	
Interest and other financial expenses paid	-4.7	-4.7	
Interest and other financial income received	0.2	0.1	
Income taxes paid	-0.1	-6.9	
Net cash from operating activities	73.4	74.0	

1 January - 31 December MEUR	2025 Carve-out	2024 Carve-out	Note
Cash flows from investing activities			
Acquisitions of subsidiaries and businesses, net of cash acquired	-11.1	-1.5	5.3
Purchases of intangible assets and property, plant and equipment	-22.8	-41.2	
Proceeds from sale of intangible assets and property, plant and equipment	0.3	1.1	
Dividends received from joint venture	1.6	1.8	
Dividends received from other non-current investments	0.0	0.0	
Net cash from investing activities	-32.0	-39.8	
Net cash from operating and investing activities	41.4	34.3	
Cash flows from financing activities			
Cash pool financing with the former Lassila & Tikanoja	-11.6	10.5	4.1
Equity financing with the former Lassila & Tikanoja, net	20.5	-30.7	
Repayments of long-term borrowings	-0.9	-0.6	4.1
Repayments of lease liabilities	-13.7	-13.9	
Net cash from financing activities	-5.7	-34.8	
Net change in cash and cash equivalents	35.7	-0.5	
Cash and cash equivalents at the beginning of the period	1.9	2.4	
Effect of changes in foreign exchange rates	-0.2	-0.0	
Cash and cash equivalents at the end of the period	37.4	1.9	4.1

Consolidated statement of changes in equity

MEUR	Invested equity and retained earnings	Share capital	Currency translation differences	Invested unrestricted equity reserve	Retained earnings	Total equity	Note
Invested equity on 1 January 2024	251.9	-	-0.4	-	-	251.4	
Result for the period	31.5					31.5	
Translation difference			-0.3			-0.3	
Total comprehensive income	31.5	-	-0.3	-	-	31.2	
Share-based benefits	0.2					0.2	1.5
Equity transactions with the former Lassila & Tikanoja Group	-30.7					-30.7	
Invested equity on 31 December 2024	252.8	-	-0.7	-	-	252.1	
Invested equity on 1 January 2025	252.8	-	-0.7	-	-	252.1	
Result for the period	25.7					25.7	
Translation difference			0.5			0.5	
Total comprehensive income	25.7	-	0.5	-	-	26.3	
Share-based benefits	0.4					0.4	1.5
Equity transactions with the former Lassila & Tikanoja Group	20.5					20.5	
Demerger	-299.5	0.1		19.0	154.0	-126.4	
Equity on 31 December 2025	-	0.1	-0.2	19.0	154.0	172.8	

In the demerger, and in accordance with the Demerger Plan, Luotea's (the former Lassila & Tikanoja) financing arrangements transferred to Lassila & Tikanoja comprised EUR 75 million unsecured notes, term loans totalling EUR 35 million and EUR 15 million, as well as the related accrued interest liabilities. These items have not been included in the company's comparative period carve-out financial information. As a result, at the demerger date of 31 December 2025, the company's equity decreased and the amount of liabilities increased.

For more information on equity please refer to Note 4.3 Equity.

Notes to the consolidated financial statements

Background

Lassila & Tikanoja Plc was incorporated through the partial demerger of Luotea Oyj (formerly Lassila & Tikanoja plc), which was completed on 31 December 2025. Trading in the Company's shares commenced on 2 January 2026 on the official list of Nasdaq Helsinki under the trading symbol LASTIK. Lassila & Tikanoja Plc (Business ID 3555336-9) is a Finnish public limited company domiciled in Helsinki, Finland, with its registered address at Valimotie 16, FI-00380 Helsinki, Finland.

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. 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. Lassila & Tikanoja promotes the circular economy through a diverse range of recycling, waste management, and industrial services, and operates in Finland and Sweden.

A copy of the consolidated financial statements is available on the company website at www.lt.fi or from the head office of the Group's parent company at Valimotie 16, FI-00380 Helsinki, Finland.

These consolidated financial statements have been approved for issue by the Board of Directors of Lassila & Tikanoja Plc on 30 March 2026.

Basis of preparation

Lassila & Tikanoja Plc was established on 31 December 2025 and has not previously formed a separate group or prepared consolidated financial statements. The consolidated financial information as at 31 December 2025 has been presented using actual figures for the statement of financial position as at 31 December 2025 and on a carve-out basis for the other financial information and comparative periods. The carve-out principles are described below under 'Basis of preparation of the carve-out financial information'.

The consolidated financial statements of Lassila & Tikanoja Plc have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. International Financial Reporting Standards refer to the standards and interpretations adopted for application within the EU in accordance with the procedure laid down in EC Regulation No. 1606/2002, as referred to in the Finnish Accounting Act and the regulations issued thereunder. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation that supplements the IFRS requirements.

The consolidated financial statements have been prepared on a going-concern basis and at historical cost, except for contingent and deferred considerations relating to business combinations, which are measured at their probable realisation value.

Information in the consolidated financial statements is presented in millions of euros unless otherwise stated. All figures have been rounded, and therefore the sum of individual figures may differ from the total amount presented.

The accounting policies applied in preparing the consolidated financial statements are presented in the accompanying notes.

Application of new or amended IFRS standards

New and amended standards adopted in 2025

Lassila & Tikanoja has applied the amendments to standards and interpretations applicable to Lassila & Tikanoja that became effective during the financial year. These had no impact on the financial year and are not expected to have a material effect on future financial years or foreseeable business transactions.

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

Lassila & Tikanoja adopts new standards and interpretations from their effective dates 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 IASB issued the IFRS 18 'Presentation and Disclosure in Financial Statements'. The standard replaces the current IAS 1 'Presentation of Financial Statements' and amends several other IFRS standards, such as IAS 7 'Statement of Cash Flows' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The standard introduces:

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

According to the preliminary assessment, IFRS 18 will affect, in particular, the presentation and disaggregation of information in the Group's income statement, cash flow statement and notes. Cash flows from operating activities will start from operating profit instead of net profit. Interest paid will be presented as financing cash flows and interest received as investing cash flows, instead of both being presented within operating cash flows as currently. Due to the new subtotals and categories, certain changes will be required in the chart of accounts. A more detailed impact assessment will be completed during 2026.

The standard is effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted. Lassila & Tikanoja will adopt the standard for the financial period beginning on 1 January 2027.

No other new or amended standards or amendments expected to be adopted at a later date are considered to have a material impact on Lassila & Tikanoja's financial reporting.

Basis of preparation of the carve-out financial information

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

The carve-out financial statements of Lassila & Tikanoja (the New Lassila & Tikanoja) as at and for the year ended 31 December 2024 as well as the carve-out income statement and cash flows for 2025 have been prepared by combining the historical carrying amounts of income, expenses, assets, liabilities and cash flows attributable to the legal Lassila & Tikanoja entities, that were included in the consolidated financial statements of Luotea (former Lassila & Tikanoja, the demerged company). Accordingly, income, expenses, assets, liabilities and cash flows that are directly attributable or allocable to, or that transferred to Lassila & Tikanoja in the demerger, have been included in the carve-out financial information. In addition, the carve-out financial information includes certain allocations from the Luotea Group, including income, expenses, assets, liabilities and cash flows of the Luotea Group that are either transferred to Lassila & Tikanoja or allocated to it for the purpose of preparing the carve-out financial information.

The carve-out financial information of 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 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 information. These carve-out accounting conventions are described below.

This carve-out financial information does not necessarily reflect the combined results of operations and financial position that Lassila & Tikanoja would have had if it would have operated as an independent legal group from 1 January 2024 and therefore prepared standalone consolidated financial statements for the periods presented. Nor does the carve-out financial information necessarily indicate the future results of operations, financial position or cash flows of Lassila & Tikanoja.

The carve-out financial information has 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.

This carve-out financial information includes the assets, liabilities, income, expenses and cash flows of the following legal entities forming the Lassila & Tikanoja group and the business operations related to Lassila & Tikanoja:

Subsidiaries:
L&T Ympäristöpalvelut Oy, Finland
L&T Teollisuuspalvelut Oy, Finland
Suomen Keräystuote Oy, Finland (from 1 July 2024 onwards, previously an associated company)
Viemärihuolto Reinikka Oy, Finland (from 1 December 2025 onwards)
Sand & Vattenbläst i Tyringe AB, Sweden
Cisternservice i Hässleholm AB, Sweden (1 February 2022 – 30 December 2024)
PF Industriservice AB, Sweden (1 February 2024 – 30 December 2024)
RecondConcept I Ånge AB (from 1 December 2025 onwards)

Joint ventures:
Laania Oy, Finland

Business operations related to Lassila & Tikanoja from the following entities:
Luotea Plc (former Lassila & Tikanoja plc)[1], the parent company of the Demerging Group

[2] The assets, liabilities, income, expenses and cash flows attributable to Lassila & Tikanoja's business operations originating from Luotea Plc.

Information in the carve-out financial information is presented in millions of euros unless otherwise stated. All figures have been rounded, and therefore the sum of individual figures may differ from the total amount presented.

The carve-out financial information includes 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. Lassila & Tikanoja does not have any material recurring operational business relationships with the Luotea Group.

Intra-group transactions and related party transactions

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

Intercompany items of Luotea against Lassila & Tikanoja entities have been allocated to Lassila & Tikanoja in the preparation of the carve-out financial information and eliminated as intercompany items between Lassila & Tikanoja Plc and other Lassila & Tikanoja companies, except for cash pool receivables from and cash pool liabilities to Luotea and related internal interest income and expenses. These items have been treated as related party transactions in the carve-out financial information. In the demerger, the cash pool receivables and liabilities of Luotea from Lassila & Tikanoja entities transferred to Lassila & Tikanoja Plc, after which they are eliminated in the consolidated financial statements prepared post-demerger.

The carrying amounts of the shares in the subsidiaries owned by Luotea and transferred to Lassila & Tikanoja Plc in the demerger have been allocated to Lassila & Tikanoja in the carve-out financial information. The acquisition method has been applied to eliminate the acquisition cost of the subsidiaries.

Centrally provided services

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

Historically, Luotea 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 information based on the amounts historically charged.

Luotea 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 Lassila & Tikanoja in the carve-out financial information if the related business operations are transferred to it.

Luotea has 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 information, a portion of these costs has been allocated to 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 Luotea and may not necessarily reflect the future situation in Lassila & Tikanoja.

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

Lease agreements under which Lassila & Tikanoja entities have had control or have been the primary users, and which transferred to Lassila & Tikanoja in the demerger, have been presented as leases in the carve-out financial information.

Historically, Lassila & Tikanoja and Luotea 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 Lassila & Tikanoja entities are not the legal lessee and the lease agreement did not transfer to Lassila & Tikanoja in the demerger, the cost related to the use of such premises has been included in the carve-out financial information and presented as other operating expenses in the carve-out financial information as related party transactions. For premises where Lassila & Tikanoja entities are the legal lessee and the lease agreement transferred to Lassila & Tikanoja in the demerger, and Luotea has used the premises, the portion of the premises used by Luotea has been included as income in the carve-out financial information and presented as related party transactions.

Lassila & Tikanoja and Luotea have also historically shared certain fixed assets (machinery and equipment), which have been allocated to Lassila & Tikanoja and included in property, plant and equipment in the carve-out financial information if the asset transferred to Lassila & Tikanoja as part of the demerger. If the asset did not transfer to Lassila & Tikanoja in the demerger, but 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 information based on an applicable allocation key (such as square metres or headcount).

The assets and lease arrangements presented in the carve-out financial information may differ significantly from the future needs of Lassila & Tikanoja as a standalone company.

Share-based payments

Key personnel of Lassila & Tikanoja have historically participated in the share-based incentive programmes of Luotea. Expenses related to share-based incentive programmes for individuals directly employed by Lassila & Tikanoja companies have been fully included in the carve-out financial information. The carve-out financial information also includes an allocated portion of the share-based incentive expenses for individuals involved in the group functions of Luotea, 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 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 Luotea's pension arrangements have historically been defined contribution plans. The expenses related to these arrangements have been included in the carve-out financial information based on the actual headcount of each Lassila & Tikanoja company. The carve-out financial information also includes an allocated portion of pension expenses for individuals involved in the group functions of Luotea, using the same allocation principles as for centrally provided services, which management considers an appropriate method for allocating pension-related expenses.

Luotea also has a limited number of defined benefit pension arrangements, mainly acquired through business combinations. These arrangements and the related obligations remained with Luotea following the demerger and have not been included in the carve-out financial information.

In Sweden, Luotea 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 statement of financial position, with a corresponding liability recognised under pension obligations. The portion attributable to Lassila & Tikanoja entities has been included in the carve-out financial information.

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

Cash management and financing

Luotea 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 Lassila & Tikanoja consist of cash held by the legal entities of Lassila & Tikanoja. No portion of Luotea's cash and cash equivalents has been allocated to the carve-out financial information, as the share attributable to Lassila & Tikanoja cannot be reliably allocated.

The external financing of the Luotea Group is centralised and managed by Luotea. The working capital required by the subsidiaries has historically been financed mainly through cash pool arrangements. To illustrate the effects of Lassila & Tikanoja companies' historical intra-group financing, cash pool liabilities to and cash pool receivables from Luotea have been included in the carve-out financial information as financial liabilities and assets and are presented as related party transactions. Interest income and expenses related to Lassila & Tikanoja companies' cash pool receivables and liabilities are presented as related party transactions in the carve-out financial information. In the demerger, these Luotea's intra-group loan receivables from and liabilities to Lassila & Tikanoja companies transferred to Lassila & Tikanoja Plc. Accordingly, these intra-group receivables and liabilities are fully eliminated from the consolidated financial statements of Lassila & Tikanoja after the demerger.

The carve-out financial information includes the existing external financing arrangements of Lassila & Tikanoja companies and the related interest expenses. Luotea's external financing arrangements have not previously been drawn or directly allocated to the business of Lassila & Tikanoja, and Luotea's external financing cannot be reliably allocated to Lassila & Tikanoja in the carve-out financial information. Accordingly, financial income and expenses related to Luotea's external financing have not been allocated to Lassila & Tikanoja. In connection with the demerger, a certain amount of Luotea's external debt transferred to Lassila & Tikanoja in accordance with the demerger plan. The carve-out financial information has not been adjusted to reflect the share of Luotea's debt transferred to Lassila & Tikanoja in the demerger.

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

Invested equity

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 Lassila & Tikanoja are represented in the combined statement of financial position as invested equity, which consists of accumulated translation differences, invested equity, and retained earnings.

Changes in the net assets allocated to Lassila & Tikanoja are presented separately in the combined statement of changes in invested equity under the line item "Equity transactions with the former Lassila & Tikanoja Group" and in the combined statement of cash flows under the line item "Equity financing with the former Lassila & Tikanoja, net". These reflect intra-group equity financing between Luotea and Lassila & Tikanoja during the periods presented. The amount of invested equity is affected by the net assets allocated to Lassila & Tikanoja, which comprise income and expenses, assets and liabilities allocated from Luotea and other companies in the Luotea Group to 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 Lassila & Tikanoja for the purposes of preparing the carve-out financial information, i.e. invested equity, does not as such reflect the capital structure that Lassila & Tikanoja would have required had it operated as a separate group during the periods presented. The equity of Lassila & Tikanoja formed upon completion of the demerger on 31 December 2025, and Lassila & Tikanoja Plc has share capital and other reserves as described in the statement of financial position.

Income taxes

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

Lassila & Tikanoja Plc, which was established through the partial demerger from Luotea Plc, has not filed separate tax returns during the periods presented. The tax expense presented in the carve-out financial information includes an additional tax expense calculated as if Lassila & Tikanoja Plc had been a separate taxable entity. This tax expense is presented in the carve-out financial information as a tax expense in the income statement and, in the statement of financial position, as a transaction with Luotea, 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 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, Luotea, 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 the former Lassila & Tikanoja, net".

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

Foreign currency transactions

The carve-out financial information is presented in euros, which is the functional and reporting currency of the parent company of Lassila & Tikanoja. Lassila & Tikanoja Group also includes foreign subsidiaries whose functional currency is the Swedish krona. At each reporting date, the income statements of the foreign 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 Lassila & Tikanoja or to Luotea. 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.

Critical judgements by Management

In preparing the IFRS financial statements and the carve-out financial information, Lassila & Tikanoja's management is required to make estimates and assumptions about the future, the outcomes of which may differ from those estimates and assumptions. Management is also required to exercise judgement when making decisions regarding the selection and application of accounting policies for the financial statements and the carve-out financial information.

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

The preparation of the financial statements requires management to use estimates and assumptions that affect the amounts of assets and liabilities reported in the statement of financial position at the reporting date as well as the amounts of income and expenses recognised during the financial year. The estimates and assumptions are based on management's best knowledge at the reporting date and rely on historical experience and the most probable assumptions concerning the future at that time. The most significant area in which such judgement has been applied 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 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, and 5.3 Business acquisitions.

Geopolitical risks

The geopolitical situation involves uncertainty due to Russia's war of aggression, the conflict involving Iran, and the U.S. customs policy. The indirect impacts on overall economic activity and the price level in Finland and Sweden may adversely affect net sales and profitability. According to management's assessment, these risks do not have an impact on valuation in the financial statements.

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. Lassila & Tikanoja has one operating and reportable segment, consisting of items related to the Circular Economy business. The chief operating decision-maker is the Chief Executive Officer of the company, who is responsible for allocating resources to the business and assessing the performance of the business. The chief operating decision-maker evaluates the performance of the business based on adjusted EBITA and operating profit. Additionally, capital employed and gross capital expenditure have been reported monthly to the chief operating decision maker. Until the demerger, the Chief Executive Officer of the former Lassila & Tikanoja (currently Luotea) acted as the chief operating decision-maker.

Capital employed consists of equity plus interest-bearing financial liabilities. 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 Former Lassila & Tikanoja’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 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.

2025, MEUR	Circular Economy Business	Unallocated items and eliminations	Lassila & Tikanoja
External net sales	426.6		426.6
Inter-division net sales	0.1	-0.1	-
Net sales	426.7	-0.1	426.6
Materials and services	-126.2	-	-126.2
Employee benefit expenses	-135.1	-6.8	-141.9
Other operating expenses	-83.4	1.2	-82.2
Operating profit	40.4	-6.2	34.2
Items affecting comparability[1]	-0.2	4.7	
Adjusted EBITA	42.1	-1.5	
Financial income and expenses			-4.6
Share of the result of joint ventures			1.9
Result before taxes			31.6
Income taxes			-5.8
Result for the period			25.7
Capital employed	351.0	9.4	
Gross capital expenditure	40.3	1.4	
Depreciation, amortisation and impairments	45.1	0.5	45.5

2024, MEUR	Circular Economy Business	Unallocated items and eliminations	Lassila & Tikanoja
External net sales	423.9		423.9
Inter-division net sales	0.1	-0.1	-
Net sales	424.0	-0.1	423.9
Materials and services	-123.6	-	-123.6
Employee benefit expenses	-135.3	-5.1	-140.3
Other operating expenses	-82.9	4.1	-78.8
Operating profit	41.2	-0.8	40.5
Items affecting comparability[1]	1.6	0.6	
Adjusted EBITA	44.7	-0.2	
Financial income and expenses			-4.7
Share of the result of joint ventures			3.2
Result before taxes			38.9
Income taxes			-7.4
Result for the period			31.5
Capital employed	299.7	21.7	
Gross capital expenditure	35.9	0.3	
Depreciation, amortisation and impairments	43.1	0.3	-43.4

[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 2025, the items affecting comparability include expenses relating to the demerger totalling EUR 4.7 million. Further information on the valuation of the deferred consideration related to SVB is presented in Note 4.1 Financial assets and liabilities.

Information on the geographical areas

Accounting policy

The Group 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	2025 Carve-out	2024 Carve-out
Net sales		
Finland	395.7	393.3
Sweden	21.6	21.2
Other countries	9.4	9.4
Total	426.6	423.9
Assets		
Finland	494.4	441.1
Sweden	15.4	11.9
Total	509.7	453.0
Gross capital expenditure		
Finland	38.4	31.9
Sweden	3.3	4.2

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 Lassila & Tikanoja expects to be entitled in exchange for transferring the good or service.

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

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 Lassila & Tikanoja applies the practical expedient according to which Lassila & Tikanoja is entitled to a consideration from the customer that corresponds directly with the value to the customer from Lassila & Tikanoja's performance completed to date. In these contracts Lassila & Tikanoja recognises revenue for the amount that it is entitled to invoice.

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, 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

Lassila & Tikanoja's project business 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 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 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. 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 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 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 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

Lassila & Tikanoja does not have material incremental costs to obtain a contract. 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.

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.

MEUR	2025 Carve-out	2024 Carve-out
Long-term service agreements	282.1	289.4
Separately ordered services	74.7	66.0
Project business	10.2	9.9
Sales of equipment and materials	56.2	55.1
Lease income	3.4	3.5
Total net sales	426.6	423.9

Contract balances

MEUR	2025	2024 Carve-out
Trade receivables	51.5	49.4
Contract assets	12.3	7.2
Contract liabilities	8.2	7.3

Contract assets consist of uninvoiced sales, which will be invoiced during the following reporting period and related to which 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

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, 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 5.4 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 former Lassila & Tikanoja 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 former Lassila & Tikanoja's total headcount has been allocated to the New Lassila & Tikanoja for the purposes of preparing the carve-out financial information. Management considers these allocation principles to be appropriate.

MEUR	2025 Carve-out	2024 Carve-out
Wages, salaries and bonuses	116.3	115.4
Pension costs	21.6	21.7
Share-based payments	0.4	0.2
Other personnel expenses	3.5	3.0
Total	141.9	140.3

The Group has in Sweden pension deposits concerning a few people. The Group 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

	2025 Carve-out	2024 Carve-out
Finland	1,803	1,789
Sweden	104	86
Total	1,907	1,875

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 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 Group 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.

Materials and services

MEUR	2025 Carve-out	2024 Carve-out
Materials and supplies	86.3	83.6
Subcontracted services	37.9	38.0
Production-related rental expenses	1.7	1.8
Purchases from the Demerging Group	0.2	0.2
Total	126.2	123.6

Other operating income

MEUR	2025 Carve-out	2024 Carve-out
Gains on sales of property, plant and equipment	0.2	1.0
Reimbursements and government grants	0.2	0.2
Other	3.0	1.4
Total	3.4	2.7

Other operating expenses

MEUR	2025 Carve-out	2024 Carve-out
ICT costs	9.4	8.0
Travel costs	5.4	5.2
Bad debts and changes in allowances for credit losses	0.5	0.6
Fuels for vehicles and machinery	21.5	23.1
Maintenance and repair of vehicles and machinery	22.5	22.3
Insurances	2.7	2.6
Property maintenance costs	5.5	5.6
Expert fees	6.9	2.2
Voluntary social security costs	3.2	3.1
Marketing costs	0.8	1.1
Losses on sales of intangible and tangible assets	0.0	0.3
Other	3.8	4.7
Total	82.2	78.8

1.5 Share-based payments

Accounting policy

Lassila & Tikanoja's long-term incentive schemes are targeted at the Group's top management and other key employees. The share-based incentive scheme comprises a benefit settled in Lassila & Tikanoja shares and/or in cash, subject to the fulfilment of the predefined conditions of the programme. The number of shares to be delivered is reduced by the applicable taxes and tax-related charges prior to the delivery of shares to the participants. The cash-settled component is determined so as to cover the taxes and tax-related charges arising from the scheme.

The long-term incentive schemes are classified as equity-settled. The benefits granted under the arrangements are measured at fair value at the grant date. The fair value is based on the share price at the grant date and is recognised as an expense on a straight-line basis over the vesting period. The amount recognised as an expense is based on management's estimate of the number of shares expected to vest. The effects of non-market performance conditions are not included in the fair value of the benefits granted, but are instead taken into account in estimating the number of shares expected to vest. Changes in estimates are recognised in the income statement at the date of the change. The expense arising from the arrangements is presented within employee benefit expenses.

Carve-out principle

Certain key personnel among those transferring directly with Lassila & Tikanoja Plc's subsidiaries in the demerger have historically participated in Luotea's (former Lassila & Tikanoja, the demerged company) share-based incentive schemes. The share and personnel figures presented in the following tables include only these individuals. The expenses recognised for the share-based incentive schemes also include the portion belonging to Lassila & Tikanoja attributable to individuals involved in Luotea'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 Luotea's group functions were transferd to 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 Lassila & Tikanoja's key personnel in the future.

Performance Share Plan 2023–2027

The former Lassila & Tikanoja'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 former Lassila & Tikanoja, including the 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 former Lassila & Tikanoja has decided 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 demerged 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 demerged 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 demerged company's total shareholder return (TSR), the demerged 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 former Lassila & Tikanoja'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 demerged Group's President and CEO and the Group Executive Board. The former Lassila & Tikanoja's Board of Directors has decided 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 demerged Group's return on capital employed (ROCE) and reduction of the carbon footprint (ESG) in 2023.

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

The New Lassila & Tikanoja intends to continue the former Lassila & Tikanoja's existing Performance Share Plan on substantially the same terms, but with the amendment that the rewards will be in the new Lassila & Tikanoja's shares instead of the former Lassila & Tikanoja's shares and the rewards payable, as expressed in number of the new Lassila & Tikanoja shares, will be adjusted accordingly. The rewards payable under the current Performance Share Plan for the performance periods 2024–2026 and 2025–2027 will be converted into shares in the new Lassila & Tikanoja based on the formation of the price of the new Lassila & Tikanoja's shares after the listing.

Following the completion of the demerger, the Board of Directors of the New Lassila & Tikanoja will resolve on the details of the New Lassila & Tikanoja's share-based incentive plans.

Expenses arising from share-based incentive programmes, MEUR

MEUR	2025 Carve-out	2024 Carve-out
Share component	0.4	0.2
Total	0.4	0.2

Information on the share-based incentive programme

	Performance share plan 2023-2027			Bridge plan 2023-2026	
Share-based incentive programme	Performance period 2025-2027	Performance period 2024-2026	Performance period 2023-2025	Performance period 2024	Performance period 2023
Grant date	14 Mar 2025	17 Jan 2024	16 Jan 2023	17 Jan 2024	16 Jan 2023
Start of the earnings period	1 Jan 2025	1 Jan 2024	1 Jan 2023	1 Jan 2024	1 Jan 2023
End of the earnings period	31 Dec 2027	31 Dec 2026	31 Dec 2025	31 Dec 2024	31 Dec 2023
Average share price at grant date	8.91	9.88	11.48	9.88	11.48
Maximum number of shares	76,723	49,273	43,681	7,600	15,200
Realisation on closing date, shares				1,788	7,800
Returned shares					
Obligation to hold shares, years	-	-	-	2	2
Release date of shares	-	-	-	31 Mar 2027	31 Mar 2026
Number of persons included	18	12	12	1	2

1.6 Expenses related to leases

Accounting policy

The Group 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 Lassila & Tikanoja changes its assessment of whether it will exercise a purchase, extention 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 liabilites is presented in the cash flows from financing activities and the interest paid in the cash flows from operating activities.

The Group 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 Lassila & Tikanoja companies have control, or where Lassila & Tikanoja has been the primary user and which were transferred to Lassila & Tikanoja in the demerger, have been presented as lease agreements in the carve-out financial statements.

Lassila & Tikanoja and the remaining businesses of the demerged 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 Lassila & Tikanoja companies are not the legal lessee and the lease agreement did not transfer to Lassila & Tikanoja in the demerger, the cost related to the use of such premises has been included in Lassila & Tikanoja's carve-out financial information and presented under other operating expenses as a related party transaction. For premises where Lassila & Tikanoja companies are the legal lessee and the lease agreement was transferred to Lassila & Tikanoja in the demerger, and the remaining businesses of the demerged Group use the premises, the portion of the premises used by the remaining businesses of the demerged Group has been included as income in Lassila & Tikanoja's carve-out financial information and presented as a related party transaction.

MEUR	2025 Carve-out	2024 Carve-out
Depreciation expense of right-of-use assets	-14.0	-14.5
Interest expenses on lease liabilities	-2.1	-2.3
Expenses related to leases of low-value assets	-1.5	-1.5
Total	-17.6	-18.4

In 2025, the cash flows related to leases totalled EUR -17.4 million (17.8).

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, 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	2025 Carve-out	2024 Carve-out
Depreciation and amortisation		
Intangible assets	-4.9	-3.4
Buildings and structures	-5.7	-5.1
Machinery and equipment	-20.9	-20.3
Right-of-use assets	-14.0	-14.5
Other tangible assets	0.0	0.0
Total	-45.5	-43.4
Gains / losses on sales of intangible and tangible assets		
Gain on sales of intangible and tangible assets	0.2	1.0
Loss on sales of intangible and tangible assets	0.0	-0.3
Total	0.2	0.7

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 period or in the comparative period.

Transaction costs directly attributable to borrowings 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 Lassila & Tikanoja legal entities. Interest expenses related to the lease agreements transferred to Lassila & Tikanoja in the demerger are included in the finance expenses in the carve-out financial information. Interest expenses for the financial year or the comparative period do not include interest expenses related to the financing arrangements that were transferred to Lassila & Tikanoja in the demerger in accordance with the demerger plan. Further information on the financing arrangements is provided in Notes 4.1 Financial assets and liabilities and 4.2 Financial risk management.

Finance expenses included in the carve-out financial information may not necessarily represent what the finance expenses would have been, had 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 Lassila & Tikanoja in the future.

MEUR	2025 Carve-out	2024 Carve-out
Financial income		
Interest income on loans and other receivables	0.1	0.1
Interest income from related parties	0.1	0.1
Dividend income	0.0	0.0
Foreign exchange gains	0.1	-
Total financial income	0.3	0.1
Financial expenses		
Interest expenses on borrowings measured at amortised cost	-0.0	-0.1
Interest expenses on cash pool liabilities to related parties	-2.1	-1.7
Interest expenses on lease liabilities	-2.1	-2.3
Expenses related to factoring	-0.3	-0.4
Other financial expenses	-0.3	-0.3
Losses on foreign exchange	-	-0.0
Total financial expenses	-4.9	-4.9
Financial income and expenses	-4.6	-4.7

1.9 Income taxes

Accounting policy
The Group'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 other comprehensive income, 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 Lassila & Tikanoja have operated as separate tax entities during the financial periods presented in these carve-out financial information. For these companies, the tax expenses as well as tax liabilities and receivables included in the carve-out financial information are based on actual taxation.

Lassila & Tikanoja Plc, which was formed through a partial demerger from Luotea Plc (former Lassila & Tikanoja Oyj), has not filed separate tax returns during the presented financial periods. The tax expense presented in this carve-out financial information includes the tax expense of Lassila & Tikanoja Plc, which has been determined as if Lassila & Tikanoja Plc had been a separate taxable entity. This tax expense is presented in the carve-out financial information as a tax expense in Lassila & Tikanoja's income statement and as a transaction with the remaining Luotea Plc in the statement of financial position, recognised in invested equity.

Income tax in the income statement

MEUR	2025 Carve-out	2024 Carve-out
Income tax for the period	-5.7	-6.6
Income tax for previous periods	0.0	0.0
Change in deferred tax	-0.1	-0.8
Total	-5.8	-7.4

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

MEUR	2025 Carve-out	2024 Carve-out
Profit before tax	31.6	38.9
Income tax at Finnish tax rate 20%	-6.3	-7.8
Difference between tax rate in Finland and in other countries	-0.0	-0.0
Tax-exempt income	0.5	0.7
Non-deductible expenses	-0.1	-0.3
Income tax for previous periods	0.0	0.0
Other items	0.0	-0.0
Total	-5.8	-7.4

Deferred taxes in the statement of financial position

MEUR	2025	2024 Carve-out
Deferred tax liabilities	22.4	21.7
Deferred taxes, net	22.4	21.7

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.

Lassila & Tikanoja has not recognised any tax expense in 2025 or 2024 related to the top-up tax under the OECD Pillar Two model rules. 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 Group'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.

Deferred tax assets and liabilities

MEUR	2024	Recognised in income statement	Exchange rate differences	Business acquisitions	2025
Deferred tax assets					
Provisions	0.9	-0.0			0.8
Unused depreciation	1.5	0.1			1.6
Lease liabilities	11.4	1.1			12.5
Other temporary differences	2.8	-0.2			2.6
Netting of deferred taxes	-16.5				-17.5
Total	-	1.0	-	-	-
Deferred tax liabilities					
Acquisitions	20.3	-0.1	0.0	0.3	20.5
Appropriations	6.7	0.2	0.0		6.9
Right-of-use assets	11.0	1.1			12.0
Other temporary differences	0.2	0.2			0.4
Netting of deferred taxes	-16.5				-17.5
Total	21.7	1.4	0.0	0.3	22.4

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	-	-1.4	-	-	-
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

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 Lassila & Tikanoja's general payment term for customers is 14 days. Trade receivables include also uninvoiced sales, when 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.

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

%	2025	2024
Trade receivables and contract assets not past due	0.1	0.1
Past due 1-90 days	1.4	0.7
Past due 91-365 days	17.1-45.0	17.7-18.1
Past due over 365 days	100.0	100.0

MEUR	2025	2024 Carve-out
Trade receivables	51.5	49.4
Contract assets	12.3	7.2
Cash pool receivables from related parties[1]	-	0.1
Accrued income	2.8	1.4
Prepayments	0.1	0.1
Income tax receivables	-	0.0
Other receivables	1.2	0.2
Total	67.9	58.5

[1] Cash-pool receivables from related parties consist of cash pool receivables of Lassila & Tikanoja legal companies from Luotea (former Lassila & Tikanoja, the demerged company) at the balance sheet date of the carve-out financial statements.

Expected credit losses from accounts receivable and contract assets

31 Dec 2025, MEUR	Gross value	of which the allowance for impairment	Net value on balance sheet
Trade receivables and contract assets not past due	59.3	0.1	59.2
Past due 1-90 days	4.4	0.1	4.3
Past due 91-365 days	0.4	0.2	0.3
Past due over 365 days	0.0	0.0	0.0
Total	64.1	0.3	63.8

31 Dec 2024, MEUR	Gross value	of which the allowance for impairment	Net value on balance sheet
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

Change in allowance for impairment

MEUR	2025	2024 Carve-out
Allowance for impairment, 1 January	0.3	0.3
Change in the income statement	0.0	-0.0
Allowance for impairment, 31 December	0.3	0.3

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	2025	2024 Carve-out
Raw materials and consumables	4.7	4.2
Finished goods	0.7	1.2
Other inventories	4.5	3.8
Total	9.9	9.2

The carrying value of the inventories was written down to the net realisable value, and the expense of EUR 0.1 million (0.0) 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 statement of financial position 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	2025	2024 Carve-out
Advances received	10.2	9.5
Trade payables	36.5	32.8
Income tax liabilities	5.3	0.1
Other liabilities[1]	24.8	11.7
Accrued expenses and deferred income	36.4	35.4
Total	113.2	89.5
Accrued expenses and deferred income		
Liabilities related to personnel expenses[2]	31.1	32.2
Other accrued expenses	5.3	3.2
Total	36.4	35.4

[1] Includes a deferred consideration of EUR 6.2 million related to the acquisition of a 70 per cent share in Sand & Vattenblåst i Tyringe AB ("SVB") on 1 February 2022. The deferred consideration is expected to be paid during the first half of 2026. More information on the deferred consideration is presented in Note 4.1 Financial assets and liabilities.

[2] 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	2025	2024 Carve-out
Advances received	5.8	6.7
Deferred / contingent consideration	1.1	6.7
Other liabilities	-	0.0
Total	7.0	13.4

Deferred consideration in 2024 is related to the acquisition of 70 per cent share of Sand & Vattenblåst i Tyringe AB ("SVB") on 1 February 2022. More information on deferred consideration is presented in Notes 2.3 Trade and other current payables and 4.1 Financial assets and liabilities.

Contingent consideration (earn-out) in 2025 is related to the acquisition of RecondConcept i Ånge AB in December 2025. The contingent consideration is measured at fair value, which is based on the development of RecondConcept i Ånge AB's EBITDA in 2026 and 2027. More information on the contingent consideration is presented in Note 4.1 Financial assets and liabilities.

Critical judgements by Management

The preparation of calculations used in valuation of deferred and contingent considerations 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. 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 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.

MEUR	2025	2024 Carve-out
Non-current provisions	6.3	6.3
Current provisions	0.3	0.6
Total	6.6	6.9

Obligations covered by the environmental provisions

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

The Munaistenmetsä landfill site in Uusikaupunki serves as a final disposal area for municipal waste, contaminated soil and industrial by-products.

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

The landfill area in Pori receives and processes gypsum, construction and demolition waste as well as contaminated soil and other smaller items. The new environmental permit became legally valid in December 2025. The new environmental permit covers the applied-for new reception and processing operations for both non-hazardous and hazardous waste. Construction of the hazardous waste operations will commence in spring 2026.

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 2025	6.3	0.6	6.9
Additions	0.5	0.2	0.7
Used during the year	-0.4	-0.5	-0.8
Effect of discounting	-0.1	-	-0.1
Provisions at 31 Dec 2025	6.3	0.3	6.6

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

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.

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 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 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.

2025, MEUR	Goodwill	Items acquired through business combinations	Intangible rights	Other intangible assets	Prepayments and construction in progress	Total
Acquisition cost, 1 Jan	118.8	38.9	1.0	15.8	20.7	195.2
Additions	-	-	0.0	0.1	2.2	2.4
Business acquisitions	6.4	5.1	-	-	-	11.5
Disposals	-	-	-0.0	-0.9	-	-1.0
Transfers between items	-	-	-	21.1	-21.1	-
Exchange differences	0.5	0.2	0.0	-	-	0.7
Acquisition cost, 31 Dec	125.7	44.2	1.1	36.2	1.7	208.8
Accumulated amortisation, 1 Jan		-29.6	-0.3	-11.4		-41.3
Accumulated amortisation on disposals and transfers		-	0.0	1.3		1.3
Amortisation charge		-1.9	-0.1	-2.9		-4.9
Exchange differences		-0.1	-0.0	-		-0.1
Accumulated amortisation, 31 Dec	-	-31.6	-0.3	-13.1	-	-45.0
Carrying amount at 31 Dec	125.7	12.6	0.7	23.1	1.7	163.8

Other intangible assets consist primarily of software and software licences.
Contractual commitments related to intangible assets totalled EUR 0.1 million (0.1).

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
Disposals	0.8	0.7	-	-	-	1.5
Impairments	-	-	-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

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 the figures prior to the date of the demerger 31 December 2025 in these financial statements have been prepared on a carve-out basis from historical Luotea's (former Lassila & Tikanoja) consolidated financial statements, the goodwill impairment testing results presented below concerning the comparative period are based on the historical goodwill impairment testing performed by Luotea 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 former Lassila & Tikanoja. 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

Lassila & Tikanoja has one cash-generating unit. The carrying amounts of goodwill are presented in the following table:

MEUR	2025	2024 Carve-out
Circular Economy Business	125.7	118.8

Goodwill Impairment testing in 2025

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, which corresponds to the mid-term inflation goal of the European Central Bank.

The discount rate used in calculations is based on the 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.

The key assumptions used in the calculations are presented in the table below. The comparative period figures represent weighted averages of the key assumptions determined on a cash-generating unit basis at the 2024 impairment testing date.

Key assumptions used in the calculations

%	2025	2024
Sales growth in four years estimate period	3.5	3.1
EBITDA% in four years estimate period on average	19.2	19.2
Terminal growth rate	2.0	2.0
Discount rate (pre tax)	8.2	8.9

The value in use of the Circular Economy Business exceeded the carrying amounts of the tested assets. Thus, no impairment on goodwill was recognised in 2025.

Sensitivity analyses of impairment testing

In connection with the impairment testing, a sensitivity analysis of the 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 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 Group 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 Lassila & Tikanoja.

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

Climate Transition Plan

Lassila & Tikanojalla 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.

2025, MEUR	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and construction in progress	Total
Acquisition cost, 1 Jan	7.6	131.7	331.9	0.2	8.0	479.5
Additions	0.0	1.1	8.5	0.0	11.5	21.2
Business acquisitions	-	-	1.0	0.0	-	1.0
Disposals	-	-0.9	-12.6	0.8	-	-12.7
Transfers between items	-	3.7	3.4	-	-7.1	-
Exchange differences	-	0.0	0.5	0.0	0.0	0.6
Acquisition cost, 31 Dec	7.6	135.7	332.8	1.1	12.5	489.6
Accumulated depreciation, 1 Jan		-96.5	-227.7	-0.1		-324.3
Accumulated depreciation on disposals and transfers		0.6	12.5	-0.8		12.4
Depreciation for the period		-5.7	-20.9	-0.0		-26.7
Exchange differences		-0.0	-0.2	-0.0		-0.2
Accumulated depreciation, 31 Dec	-	-101.6	-236.3	-0.9	-	-338.8
Carrying amount at 31 Dec	7.6	34.1	96.5	0.2	12.5	150.9

The carrying amount of buildings and structures include capitalised costs related to the environmental provisions. 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 11.6 million (12.0) at the end balance sheet date. Contractual commitments related to property, plant and equipment totalled EUR 9.0 million (8.6).

2024, MEUR	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments 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

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 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. Lassila & Tikanoja has determined the incremental borrowing rate taking into consideration the lease term and the financial environment of the lease.

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 Group's lease agreements do not include significant variable rents or residual value guarantees.

2025, MEUR	Land	Buildings	Machinery and equipment	Total
Acquisition cost, 1 Jan	11.0	36.8	50.5	98.3
Additions	1.0	10.8	9.7	21.4
Business acquisitions	0.0	0.9	0.0	1.0
Disposals	-0.4	-5.5	-11.0	-16.9
Exchange differences	-	0.1	0.0	0.2
Acquisition cost, 31 Dec	11.7	43.0	49.2	103.9
Accumulated depreciation, 1 Jan	-2.6	-14.7	-26.2	-43.5
Accumulated depreciation on disposals and transfers	0.1	4.2	9.4	13.7
Depreciation for the period	-0.9	-6.4	-6.6	-14.0
Exchange differences	-	-0.1	-0.0	-0.1
Accumulated depreciation, 31 Dec	-3.4	-17.0	-23.4	-43.8
Carrying amount at 31 Dec	8.2	26.1	25.8	60.1

2024, MEUR	Land	Buildings	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

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.

Critical judgements by Management

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, 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 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.

3.5 Other non-current assets

Accounting policy

Lassila & Tikanoja's other non-current assets consist of shares in joint ventures as well as other shares and holdings. The Group's interests in joint ventures are accounted for using the equity method of accounting. The Group's share of its joint ventures' post-acquisition profits or losses after tax are recognised in the income statement and as adjustment to investment in joint ventures in the statement of financial position accordingly. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the 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.

On 1 July 2024, 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 Lassila & Tikanoja's ownership was 40 per cent. The transaction did not have a significant impact on Lassila & Tikanoja's figures.

MEUR	Shares in joint ventures	Other shares and holdings	Other receivables
Acquisition cost, 1 Jan 2025	18.9	0.1	0.4
Additions	-	0.0	0.1
Disposals	-	-	-0.1
Share of the result of joint ventures	1.9	-	-
Received dividends	-1.6	-	-
Exchange differences	-	-	0.0
Acquisition cost, 31 Dec 2025	19.2	0.1	0.4

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

Information about the substantial joint venture

Nimi	Domicile	Direct ownership (%) 2025	Direct ownership (%) 2024
Laania Oy	Helsinki	55	55

Financial information about the substantial joint venture

MEUR	2025	2024
Intangible and tangible assets	2.9	3.5
Right-of-use assets	1.8	2.6
Other non-current receivables	0.0	0.0
Inventories	52.5	52.8
Trade and other receivables	30.0	28.8
Assets total	87.2	87.8
Non-current interest bearing liabilities	21.9	22.7
Deferred tax liabilities	0.4	-
Trade payables	14.4	13.4
Other current payables	15.7	17.3
Liabilities total	52.3	53.4
Net sales	148.7	151.3
Depreciation and amortisation	-1.6	-1.5
Financial income and expenses	-1.0	-1.0
Income taxes	-0.9	-1.4
Result for the period	3.4	5.8
Average number of personnel during the financial year	120	123
The reconciliation of the joint venture's financial information to the carrying amount recognised by the Group:		
The Group's ownership, %	55.0	55.0
The Group's share of net assets	19.2	18.9
The value of the joint venture in the consolidated statement of financial position	19.2	18.9

4 Financial risks and capital structure

4.1 Financial assets and liabilities

Accounting policy

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

Fair value through profit and loss

- Other shares and holdings
- Deferred and contingent considerations relating to acquisitions

Amortised cost

- Cash and cash equivalents
- Trade and other receivables
- Interest-bearing liabilities, such as bank loans, unsecured notes, 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 Group.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets mesured 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 the financial period, 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 Lassila & Tikanoja will not be able to collect all amounts due according to the original terms of the receivables. 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 Group 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 and contingent considerations are usually non-current liabilities with maturity more than 12 months. Measurement of fair value of such 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 Group, 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. In addition, the Group holds equity interests in a small number of minor entities, which are measured at fair value and categorised in hierarchy level 3.

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

MEUR	2025	2024
Carrying amount 1 Jan	6.7	5.9
Deferred consideration at the date of the acquisition	1.1	0.0
Change in fair value	-0.9	1.0
Exchange differences	0.4	-0.2
Carrying amount 31 Dec	7.3	6.7

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 Lassila & Tikanoja and, in connection with the arrangement, 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. 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 of year 2025. The deferred consideration is expected to be paid during the first half of 2026.

Addition in 2025 is related to the acquisition of RecondConcept i Ånge AB in December 2025. In connection with the transaction, Lassila & Tikanoja recognised a EUR 1.1 million contingent consideration (earn-out) within non-current liabilities. The contingent consideration is measured at fair value, which is based on the development of RecondConcept i Ånge AB's EBITDA in 2026 and 2027.

There were no changes in financial assets measured at fair value according to the level 3 during the financial year or the comparative period.

MEUR	2025 Amortised cost	2025 Fair value through profit or loss	2025 Carrying amounts by balance sheet item	2024 Carve-out Amortised cost	2024 Carve-out Fair value through profit or loss	2024 Carve-out Carrying amounts by balance sheet item	Fair value hierarchy level	Note
Non-current financial assets								
Other shares and holdings		0.1	0.1		0.1	0.1	3	3.5
Other receivables	0.3		0.3	0.3		0.3		
Current financial assets								
Trade and other receivables	51.5		51.5	49.6		49.6		2.1
Cash pool receivables from related parties	-		-	0.1		0.1		
Cash and cash equivalents	37.4		37.4	1.9		1.9		
Total financial assets	89.1	0.1	89.3	51.9	0.1	52.0		
Non-current financial liabilities								
Borrowings	125.0		125.0	0.3		0.3	2	
Lease liabilities	48.6		48.6	45.2		45.2		4.2
Contingent consideration (earn-out)		1.1	1.1				3	
Deferred consideration		-	-		6.7	6.7	3	
Current financial liabilities								
Borrowings	0.2		0.2	0.5		0.5	2	
Cash pool liabilities to related parties	-		-	11.6		11.6		
Lease liabilities	13.8		13.8	11.7		11.7		4.2
Interest liabilities	1.7		1.7	-		-		
Deferred consideration		6.2	6.2		-	-	3	
Trade and other payables	39.0		39.0	35.2		35.2		2.3
Total financial liabilities	228.3	7.3	235.7	104.6	6.7	111.3		

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

Net interest-bearing liabilities

MEUR	2025	2024 Carve-out
Borrowings	125.0	0.3
Lease liabilities	48.6	45.2
Non-current interest-bearing liabilities	173.6	45.5
Lease liabilities	13.8	11.7
Cash-pool liabilities to related parties	-	11.6
Borrowings	0.2	0.5
Current interest-bearing liabilities	13.9	23.8
Total interest-bearing liabilities	187.6	69.4
Cash-pool receivables from related parties	-	0.1
Cash and cash equivalents	37.4	1.9
Net interest-bearing liabilities	150.2	67.4

Change in net interest-bearing liabilities

MEUR	2025 Borrow-ings	2025 Cash-pool receiva-bles and liabilities	2025 Lease liabilities	2025 Cash and cash equiva-lents	2025 Total	2024 Carve-out Borrow-ings	2024 Carve-out Cash-pool receiva-bles and liabilities	2024 Carve-out Lease liabilities	2024 Carve-out Cash and cash equiva-lents	2024 Carve-out Total
Carrying amount on 1 Jan	0.8	11.6	56.9	-1.9	67.4	1.4	1.1	62.2	-2.4	62.3
Change in net interest-bearing liabilities, cash:										
Repayments of non-current loans	-0.9				-0.9	-0.6				-0.6
Change in cash-pool receivables and liabilities		-11.6			-11.6		10.5			10.5
Repayments of lease liabilities			-13.7		-13.7			-13.9		-13.9
Change in cash and cash equivalents				-35.7	-35.7				0.5	0.5
Total cash flows	-0.9	-11.6	-13.7	-35.7	-61.9	-0.6	10.5	-13.9	0.5	-3.5
Change in net interest-bearing liabilities, non-cash:										
Change in lease liabilities			19.3		19.3			8.6		8.6
Demerger	124.7				124.7					-
Business acquisitions	0.5				0.5					-
Other changes	0.0			0.2	0.2	0.0			0.0	0.0
Total non-cash movements	125.2	-	19.3	0.2	144.7	0.0	-	8.6	0.0	8.7
Carrying amount on 31 Dec	125.2	-	62.4	-37.4	150.2	0.8	11.6	56.9	-1.9	67.4

4.2 Financial risk management

Lassila & Tikanoja's financial risks are managed centrally by the Group's finance function, which is led by the Group's CFO. The principles for financial risk management are defined in the treasury policy approved by the Board of Directors of Lassila & Tikanoja Plc. 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 Group's result.

Foreign exchange risk

Lassila & Tikanoja comprises a parent company operating in Finland and subsidiaries operating in Finland and Sweden. The functional and reporting currency of the parent company and the Finnish subsidiaries is the euro, while the functional and reporting currency of the Swedish subsidiaries is the Swedish krona. Consequently, fluctuations in exchange rates affect the Group's result and 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.

In 2025, translation differences totalling EUR 0.5 million (-0.3) were accumulated in the 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 13.5 million (11.8).

Transaction risk

The business operations of the foreign subsidiaries are carried out almost completely in their functional currency and thus does not cause any transaction risk. The policy of the Group is to hold cash reserves primarily in the Group's operating currency, thereby avoiding exposure to exchange rate risk. The Group 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 Group is small, and thus does not cause significant transaction risk.

Lassila & Tikanoja has recognised in financial liabilities an estimate of a deferred consideration related to the acquisition of Sand & Vattenbläst i Tyringe AB and an estimate of a contingent consideration related to the acquisition of RecondConcept i Ånge AB. These items are Swedish krona denominated and expose the Group to a foreign exchange risk.

Price risk of investments

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 Group 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 it's carrying amount in the balance sheet was EUR 19.2 million (18.9) at the end of the reporting period. More information on the joint venture and its measurement can be found in Note 3.5 Other non-current assets. 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 income statement, statement of financial position, and statement of cash flows.

Interest rate risk mainly relates to borrowings that are linked to variable interest rates, the resulting cash flows of which fluctuate as interest rates change. The aim is to keep interest expenses as stable as possible. Therefore, more than half of the Company's long-term borrowings are targeted to be fixed-rate. At the end of the financial year, 60 per cent of long-term borrowings were fixed-rate and 40 per cent were variable-rate. Consequently, changes in interest rates do not have a full impact on interest expenses. The average interest rate on long-term borrowings, excluding lease liabilities, was 3.2 per cent.

At the balance sheet date, Lassila & Tikanoja's interest-bearing liabilities consist of loans from financial institutions, unsecured notes and lease liabilities. A potential change of one percentage point in the interest rate level would have an impact of approximately +/- EUR 0.4 million on the Group's profit.

Most of the Lassila & Tikanoja's net sales are generated by long-term service agreements. Due to good cash flow predictability, the 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.

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 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 Group's finance function. The foreign subsidiaries manage the collection of their trade receivables locally.

Financial assets and related credit risk

MEUR	2025	2024 Carve-out
Other shares and holdings	0.1	0.1
Other non-current receivables	0.3	0.3
Trade receivables	51.5	49.4
Other current receivables	0.0	0.2
Cash pool receivables from related parties	-	0.1
Cash and cash equivalents	37.4	1.9

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 Group aims to maintain strong liquidity through efficient cash management. Liquidity is monitored in real time and forecasted using cash flow projections. The Group uses a group bank account system that supports cash management. The availability of financing is secured by engaging multiple banks in financing activities. Refinancing risk is managed by a broad-based maturity profile of loans and by maintaining the level of the average duration of the loan portfolio for at least two years.
The Group aims to keep its cash balances at a relatively low level, with liquidity managed through sufficient credit facilities. To cover short-term liquidity needs arising from cash flow fluctuations, the Company has a EUR 10 million overdraft facility, which was undrawn at the end of the financial year. At the end of the financial year, the Group's liquid funds amounted to EUR 37.4 million (1.9).

External loans of the company have not been included in the carve-out financial information for the comparative period. As part of the financing arrangements, the EUR 75 million unsecured notes, the EUR 35 million and EUR 15 million term loans, and the EUR 40 million revolving credit facility were transferred to Lassila & Tikanoja in the demerger. At the end of the review period, the committed EUR 40 million revolving credit facility was fully unused.

The unsecured notes will mature in the second quarter of 2028 and bear fixed annual interest at the rate of 3.375 per cent. The notes are linked to sustainability targets, which include reducing the company's own greenhouse gas emissions (Scope 1 and 2) and reducing subcontractors' fuel usage in transportation (Scope 3).

The EUR 35 million and EUR 15 million term loans as well as 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 the net debt to EBITDA ratio. Compliance with the covenant terms is monitored on a quarterly basis.

After the financial year, on 19 February 2026, Lassila & Tikanoja Plc entered into an agreement for a domestic EUR 100 million commercial paper program. Under the programme, the company may issue commercial papers with maturities of less than one year. The financing arrangement broadens Lassila & Tikanoja Plc's funding base and ensures the Group's normal working capital financing.

The following table shows the Group'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 2025	Carrying amount	Contractual cash flows	2026	2027	2028	2029	2030 and later
Borrowings	125.2	125.0	0.0	-	125.0	-	-
Interest liabilities	1.7	11.3	4.0	4.0	3.3	-	-
Lease liabilities	62.4	65.8	14.8	12.1	8.1	7.6	23.3
Deferred and contingent consideration	7.3	7.3	6.2	-	1.1	-	-
Trade and other payables	39.0	39.0	39.0	-	-	-	-
Total	235.7	248.5	64.0	16.1	137.5	7.6	23.3

MEUR 2024	Carrying amount	Contractual cash flows	2025	2026	2027	2028	2029 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	23.5
Deferred consideration	6.7	6.7	-	6.7	-	-	-
Trade and other payables	35.2	35.2	35.2	-	-	-	-
Total	111.3	115.3	61.7	17.5	6.6	5.9	23.5

4.3 Equity

Accounting policy

Ordinary shares are presented as share capital. Any expenses arising from the issue or acquisition of treasury shares are presented as a valuation allowance within equity. If the Group repurchases any equity instruments, the acquisition cost of such instruments is deducted from equity.

Share capital and the number of shares

Lassila & Tikanoja Plc has one class of shares. Under the Articles of Association, the shares have no maximum number and the company has no maximum share capital. The shares have no nominal value or accounting par value. All shares issued have been fully paid. At the end of the financial year, the company's share capital amounted to EUR 80,000 and consisted of 38,211,724 shares. The company did not hold any treasury shares at the end of the financial year.

The Extraordinary General Meeting of the former Lassila & Tikanoja plc (currently Luotea Plc), which was held on 4 December 2025, resolved as part of the demerger resolution and conditional upon the completion of the demerger, on authorising the Board of Directors of the New Lassila & Tikanoja to the repurchase of the company's own shares using the company's unrestricted equity. In addition, the Extraordinary General Meeting authorised the Board of Directors to decide on a share issue and the issuance of special rights entitling their holders to shares.

The Board of Directors is authorised to purchase a maximum of 2,000,000 company shares (5.2% of the total number of shares). The authorisation is valid until the conclusion of the first Annual General Meeting held by Lassila & Tikanoja following the completion of the demerger.

The Board of Directors is authorised to decide on the issuance of new shares or shares which may be held by the company through a share issue and/or issuance of option rights or other special rights conferring entitlement to shares, referred to in Chapter 10, Section 1 of the Finnish Companies Act, so that under the authorisation, a maximum of 2,000,000 shares (5.2% of the total number of shares) may be issued and/or conveyed. The authorisation is valid until the conclusion of the first Annual General Meeting held by Lassila & Tikanoja following the completion of the demerger.

The invested unrestricted equity reserve comprises other equity-type investments and the subscription price of shares to the extent that, based on an explicit resolution, it is not recognised in share capital.

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.

Capital management

The objective of the Group's capital management is to secure the continuity of operations and maintain an optimal capital structure to enable investments, taking the cost of capital into account. The capital includes equity and liabilities less advances received. The development of the capital structure is monitored quarterly using the equity ratio and gearing.

4.4 Earnings per share and dividend per share

Accounting policy

Earnings per share is calculated by dividing the result for the financial year attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the period, adjusted for share issues and excluding shares held by the company itself. In calculating diluted earnings per share, the weighted average number of shares is adjusted to reflect the dilutive effect of all potential ordinary shares.

MEUR	2025	2024
Result attributable to equity holders of the company, MEUR	25.7	31.5
Adjusted weighted average number of ordinary shares outstanding during the year, million shares[1]	38.2	38.2
Earnings per share, EUR	0.67	0.83
Dilutive effect of the share-based incentive programme, million shares	0.1	0.1
Adjusted average number of shares during the period, diluted, million shares[1]	38.3	38.3
Earnings per share, diluted, EUR	0.67	0.82

[1] The number of shares at the date of the demerger 31 December 2025 also for the comparative period.

The Board of Directors of the Company proposes to the Annual General Meeting that a dividend of EUR 0.42 per share be paid for the financial year 2025. The Board of Directors proposes that the dividend be paid in two instalments. The first instalment of EUR 0.21 per share would be paid in May 2026 and the second instalment of EUR 0.21 per share in October 2026.

4.5 Commitments and contingent liabilities

MEUR	2025	2024 Carve-out
Collaterals for own commitments		
Mortgages on rights of tenancy[1]	0.2	0.2
Company mortgages	0.5	0.5
Other securities	0.0	0.0
Bank guarantees required for environmental permits	26.2	25.0
Other bank guarantees	7.8	5.7
Liabilities on behalf of the joint venture		
Bank guarantees	-	16.5
Future lease payments		
Within one year	0.3	0.0
Over one year	0.2	0.0

[1] Figure of the comparison period has been adjusted.

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 Lassila & Tikanoja's share of the maximum amount of liability, in relation to Lassila & Tikanoja's holding. In the final quarter of 2025, the guarantees provided for Laania's financing arrangements were released.

Future lease payments consist of minimum leasing commitments related to lease agreements for low-value assets, to which 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.

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 Lassila & Tikanoja's financial position.

5 Consolidation and other notes

5.1 Consolidation

Subsidiaries

The consolidated financial statements include the parent company Lassila & Tikanoja Oyj and all subsidiaries over which the Group has control. The carve-out financial information comprises the assets, liabilities, income and expenses, as well as cash flows attributable to Lassila & Tikanoja's business from the former Lassila & Tikanoja (the demerged company) and the subsidiaries transferred to Lassila & Tikanoja in the demerger over which Lassila & Tikanoja has control. The criteria for control are fulfilled when 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 Group 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 Lassila & Tikanoja until the date that control ceases.

The profit or loss for the period and the comprehensive income are attributed to 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. 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 Group 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 Group companies, are eliminated in the consolidated 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 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 Group has significant influence but no control. 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 Group has joint control. At the balance sheet date, Lassila & Tikanoja did not have associated companies.

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 Group's share of its associated companies' or joint ventures' post-acquisition profits or losses after tax are recognised in the income statement. When the Group's share of losses in an associated company or a joint venture equals or exceeds its interest in the associated company or joint venture, 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 Group companies are specified in the currency of the economic operating environment in which the company primarily operates (functional currency). The consolidated financial statements are presented in euros, which is functional and presentation currency of Lassila & Tikanoja Plc.

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 Group 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 Group 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 differences within equity.

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 Group companies

	The Group's holding of shares and votes, %
The parent company of the Group	
Lassila & Tikanoja Plc	
Finnish subsidiaries	
L&T Ympäristöpalvelut Oy	100.0
L&T Teollisuuspalvelut Oy	100.0
Viemärihuolto Reinikka Oy (from 1.12.2025 onwards)	100.0
Suomen Keräystuote Oy (1.7.2024 alkaen)	100.0
Foreign subsidiaries	
Sand & Vattenbläst i Tyringe AB, Sweden	70.0
RecondConcept i Ånge AB, Sweden (From 1 December 2025 onwards)	100.0
Joint ventures	
Laania Oy Finland[1]	55.0

[1] Information on the joint venture is disclosed in Note 3.5 Other non-current assets

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 Group.

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, 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 2025

On June 2, 2025, Lassila & Tikanoja Plc's subsidiary L&T Ympäristöpalvelut Oy acquired the pallet business of Stena Recycling Oy. The annual net sales of the business have been approximately EUR 10 million. The acquisition strengthens Lassila & Tikanoja's service offering and supports the growth of its circular economy business in line with L&T's growth strategy. As a result of the business acquisition, 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.

On 1 December 2025, Lassila & Tikanoja Plc's subsidiary L&T Teollisuuspalvelut Oy acquired the entire share capital of Viemärihuolto Reinikka Oy. In the fair value measurement, intangible assets based on customer relationships amounting to EUR 0.9 million and goodwill amounting to EUR 1.4 million were identified. The goodwill is primarily based on a broader service network, a strengthened service offering and future growth prospects.

On 1 December 2025, Lassila & Tikanoja Plc's Swedish subsidiary Sand & Vattenblåst i Tyringe AB (SVB) acquired the entire share capital of RecondConcept i Ånge AB, a company providing process-cleaning services in Sweden. In the fair value measurement, intangible assets based on customer relationships amounting to EUR 0.4 million and goodwill amounting to EUR 1.6 million were identified. The goodwill is primarily based on a strengthened service offering and future growth prospects. In connection with the transaction, Lassila & Tikanoja recognised a EUR 1.1 million contingent consideration (earn-out) within non-current liabilities. The contingent consideration is measured at fair value, which is based on the development of RecondConcept i Ånge AB's EBITDA in 2026 and 2027.

In the reporting period, the business acquisitions had a EUR 7.1 million impact on Lassila & Tikanoja's net sales and EUR 0.3 million on operating profit. If the acquisitions had been completed on 1 January 2025, Lassila & Tikanoja's net sales would have been approximately EUR 434.6 million and operating profit approximately EUR 35.1 million. In the reporting period, transaction costs totalling EUR 0.3 million (in 2024: 0.3) related to the acquisitions were recognised in other operating expenses.

Business acquisitions 2024

On 1 February 2024, Lassila & Tikanoja acquired all of the shares of PF Industriservice AB, a company that provides process cleaning services in Sweden. Through the acquisition, 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, Lassila & Tikanoja's subsidiary 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 Lassila & Tikanoja's ownership was 40 per cent. The transaction did not have a significant impact on Lassila & Tikanoja's figures.

In 2024, business acquisitions had a EUR 2.6 million impact on 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, 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, fair value total, MEUR	2025	2024
Intangible assets	5.1	0.7
Property, plant and equipment	1.0	0.4
Right-of-use assets	1.0	0.1
Inventories	0.5	-
Receivables	0.6	0.2
Cash and cash equivalents	0.8	0.5
Total assets	9.0	1.9
Lease liabilities	0.9	0.1
Other liabilities	1.1	0.2
Deferred tax liabilities	0.3	0.2
Total liabilities	2.3	0.6
Net assets acquired	6.7	1.2
Total consideration	13.0	2.1
Goodwill	6.4	0.8
Impact on cash flow		
Total consideration	-13.0	-2.1
Contingent consideration	1.1	-
Consideration paid in cash	-11.9	-2.1
Cash and cash equivalents of the acquired company	0.8	0.5
Total impact on cash flow	-11.1	-1.6

The acquisition calculations for 2025 are preliminary. The fair value of net assets acquired from the acquisitions completed in December will be finalised during the first half of 2026. The figures for such acquired businesses, that are not material to the Group when considered separately, are stated in aggregate.

5.4 Related-party transactions

Related parties of Lassila & Tikanoja comprise the Group's subsidiaries, the associated company (Suomen Keräystuote Oy until 1 July 2024), the joint venture (Laania Oy) as well as L&T Sickness Fund, which was established on 31 December 2025 in the partial demerger of the former L&T Sickness Fund (currently Luotea Sickness Fund). Related parties also include the key management personnel of the Lassila & Tikanoja Group (members of the Board of Directors, the President and CEO and members of the Group Executive Board) and their close family members and entities over which they exercise control. List of companies belonging to Lassila & Tikanoja is presented in Note 5.2 Group companies.

Until the date of the demerger, the former Lassila & Tikanoja plc and the former Lassila & Tikanoja Group's subsidiaries that did not belong to the New Lassila & Tikanoja, the key management personnel of the former Lassila & Tikanoja Group and their close family members and entities over which they exercise control, as well as the former L&T Sickness Fund were considered related parties of the new Lassila & Tikanoja in the carve-out financial information. The contributions paid by the New Lassila & Tikanoja companies to the former L&T Sickness Fund during the reporting period amounted to EUR 0.5 million (0.5).

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

Transactions with the former Lassila & Tikanoja Group

Lassila & Tikanoja's business transactions with the former Lassila & Tikanoja Group until the date of the demerger are presented in the following table. Transactions with the former Lassila & Tikanoja are conducted at arm's lenght prices.

MEUR	2025	2024
Net sales	1.0	1.0
Purchases of materials and services	-0.2	-0.2
Other operating expenses	-0.5	-0.8
Financial income	0.1	0.1
Financial expenses	-2.1	-1.7
Cash pool receivables	-	0.1
Trade and other receivables	-	0.3
Cash pool liabilities	-	11.6
Trade and other payables	-	0.1

Sales by Lassila & Tikanoja to companies belonging to the former Lassila & Tikanoja 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 Group's business transactions with Laania Oy are presented in the following table. The former Lassila & Tikanoja has also provided guarantees for Laania's financing arrangements. These guarantees have been allocated to the New Lassila & Tikanoja in the carve-out financial information. In the final quarter of 2025, the guarantees for Laania's financing arrangements provided by the former Lassila & Tikanoja were released. In 2025, Laania paid dividends totalling EUR 1.6 million (1.8) to Lassila & Tikanoja.

MEUR	2025	2024
Net sales	2.7	3.1
Purchases of materials and services	-0.8	-0.9
Trade and other receivables	0.0	0.0

Management remuneration

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

TEUR	2025	2024
Salaries and other short-term employee benefits	1,136.0	990.3
Bonuses	139.2	124.9
Termination benefits	-	494.7
Share-based payments	73.5	193.9
Pension expenses, statutory	97.4	104.2
Total	1,446.1	1,908.0

In addition, the carve-out financial information includes an allocation of salaries and remunerations paid to the members of the Board of Directors of Luotea (former Lassila & Tikanoja) totalling EUR 236 thousand in 2025 and EUR 204 thousand euros in 2024.

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 Lassila & Tikanoja.

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

5.5 Auditing costs

MEUR	2025 Carve-out	2024 Carve-out
Auditing	0.2	0.1
Other assignments in accordance with the auditing act	0.0	0.0
Tax consulting services	0.0	0.0
Other services	0.0	0.1
Total	0.2	0.2

Non-audit services provided by the statutory auditor, PricewaterhouseCoopers Oy, and allocated to Lassila & Tikanoja's carve-out financial information amounted to a total of EUR 44 thousand in the financial year 2025 (EUR 133 thousand in the financial year 2024).

5.6 Events after the balance sheet date

The company announced the composition of Lassila & Tikanoja Plc's Nomination Board on 29 January 2026. Lassila & Tikanoja Plc's three largest shareholders, who are entitled to appoint a representative to Lassila & Tikanoja Plc's Shareholders' Nomination Board are the first groups of shareholders (Evald and Hilda Nissi Foundation and Bergholm Heikki), the second group of shareholders (Chemec Oy, CH-Polymers Oy, Maijala Eeva, Maijala Investment Oy, Maijala Juhani, Maijala Juuso, Maijala Miikka, Maijala Mikko, Maijala Roope and Maijala Tuula) and Nordea Funds Ltd (through 11 funds managed by it).

The following persons have been appointed as their representatives in Lassila & Tikanoja's Nomination Board: Juhani Lassila, Miikka Maijala and Josefin Degerholm. The Chairman of Lassila & Tikanoja Plc's Board of Directors, Jukka Leinonen, acts as the fourth member of the Nomination Board. The Chairman of the Nomination Board is Juhani Lassila.

Lassila & Tikanoja Plc received a notification from Protector Forsikring ASA on 30 January 2026, according to which its shareholding in Lassila & Tikanoja decreased below 5 per cent on 29 January 2026.

Lassila & Tikanoja Plc announced on 16 February 2026, that a member of Lassila & Tikanoja Plc's Group Executive Board, Hilppa Rautpalo (Senior Vice President, Legal, HR and EHSQ), has announced her decision to leave the company to take up a new position outside the organization by August 2026 at the latest.

Lassila & Tikanoja announced on 26 February 2026 Lassila & Tikanoja's Shareholders' Nomination Board proposals for the 2026 Annual General Meeting.

The Shareholders' Nomination Board proposes the Board of Directors to have five (5) members. The Nomination Board proposes that all of the current members, Tuija Kalpala, Teemu Kangas-Kärki, Sakari Lassila, Jukka Leinonen and Anna-Maria Tuominen-Reini be re-elected to the Board of Directors. In addition, the Nomination Board proposes that Jukka Leinonen be re-elected as Chairman of the Board of Directors and Sakari Lassila as Vice Chairman.

The Shareholders' Nomination Board proposes that the remuneration of the members of the Board of Directors be as follows:

- chairman, EUR 70,000 per year (2025: EUR 70,000);
- vice chairman, EUR 47,000 per year (2025: EUR 47,000);
- members, EUR 35,000 per year (2025: EUR 35,000);

However, if a member of the Board of Directors were to serve as the chairman of the Audit Committee or the Personnel and Sustainability Committee, and not simultaneously serve as the chairman or vice chairman of the Board of Directors, their annual remuneration will be EUR 47,000.

Lassila & Tikanoja announced on 27 February 2026 that the Company will launch a share repurchase programme for share-based incentive schemes and remuneration of the Board of Directors. The Board of Directors of Lassila & Tikanoja Plc has decided to exercise the authorisation granted by the Extraordinary General Meeting held on 4 December 2025 to repurchase the Company's own shares. The repurchase of shares will commence at the earliest on 2 March 2026 and end at the latest on 28 April 2026. The maximum number of shares to be repurchased is 150,000, representing approximately 0.39 per cent of all shares in Lassila & Tikanoja Plc.

Lassila & Tikanoja announced on 27 February 2026 that the company's Board of Directors has decided to establish a new long-term share-based incentive scheme for the Group's key employees. The aim of the new scheme is to align the objectives of the Company, shareholders and key employees to increase the value of the Company in the long term, to strengthen the commitment of key employees to the Company and to offer them a competitive reward plan that is based on earning and accumulating the Company's shares as well as on appreciation of the share price.

The Performance Share Plan 2026–2030 comprises three (3) three-year (3) performance periods, covering the calendar years 2026–2028, 2027–2029 and 2028–2030. In the plan, a participant has the opportunity to earn Lassila & Tikanoja Plc shares based on the achievement of performance criteria. The 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. The potential rewards based on the plan will be paid after the end of each performance period. During the performance period 2026–2028, the earning of rewards is based on the following performance criteria:

- Return on capital employed (ROCE) (30 %) during the period 2026–2028;
- Revenue growth (30 %) during the period 2026–2028;
- Total shareholder return (rTSR) (30 %) during the period 2026–2028;
- Reduction of the carbon footprint (ESG) (10 %) during the period 2026–2028.

The rewards to be paid based on the performance period 2026–2028 correspond to the value of approximately 218,677 Lassila & Tikanoja Plc shares in maximum total, also including the portion to be paid in cash. The target group of the Performance Share Plan during the performance period 2026–2028 consists of approximately 25 key employees, including the Group's President and CEO and the Group Executive Board.

Lassila & Tikanoja Plc announced on 19 March 2026, that Eero Hautaniemi, who has served as President and CEO of Lassila & Tikanoja Plc since 2019, has informed the company of his wish to step down from his position no later than 30 June 2027. The Board of Directors of the company has initiated the recruitment process for a new President and CEO.

Financial statements of the parent company

Income statement of the parent company

EUR thousand	2025	Note
Other operating expenses	-4,242.0	3
Operating result	-4,242.0	
Result before appropriations and taxes	-4,242.0	
Appropriations		4
Group contribution	24,700.0	
	24,700.0	
Income taxes	-4,091.6	5
Result for the period	16,366.4	

Balance sheet of the parent company

EUR thousand	2025	Note
ASSETS		
Non-current assets		
Intangible assets		6
Other intangible assets	1,260.9	
Advance payments and construction in progress	1,048.5	
	2,309.4	
Tangible assets		7
Machinery and equipment	90.9	
Other tangible assets	39.7	
Advance payments and construction in progress	172.9	
	303.4	
Investments		8
Shares in group companies	89,075.3	
Shares in joint venture	9,946.8	
Other shares and holdings	100.0	
	99,122.1	
Total non-current assets	101,734.8	
Current assets		
Non-current receivables		
Receivables from group companies	4,204.6	9
Prepaid expenses and accrued income	165.7	
Deferred tax assets	6.6	10
	4,376.9	
Current receivables		
Receivables from group companies	74,700.0	9
Other receivables	1,081.7	
Prepaid expenses and accrued income	648.0	9
	76,429.7	
Cash and cash equivalents	18,465.2	
Total current assets	99,271.7	
Total assets	201,006.6	

EUR thousand	2025	Note
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		11
Share capital	80.0	
Invested non-restricted equity reserve	18,966.5	
Retained earnings	6,983.3	
Profit for the period	16,366.4	
	42,396.2	
Accumulated appropriations		
Depreciation difference	137.7	
Obligatory provisions		12
Current	9.7	
	9.7	
Liabilities		13
Non-current		
Loans from credit intitutions	50,000.0	
Unsecured notes	75,000.0	
	125,000.0	
Current		
Trade payables	164.7	
Liabilities to group companies	18,623.2	
Other liabilities	6,932.9	
Accrued expenses and deferred income	7,742.1	
	33,463.0	
Total liabilities	158,463.0	
Total shareholders' equity and liabilities	201,006.6	

Cash flow statement of the parent company

EUR thousand	2025
Operating activities	
Profit (+)/ loss (-) before appropriations and taxes	-4,242.0
Cash flow before change in working capital	-4,242.0
Change in working capital	
Increase/decrease in current non-interest-bearing receivables	-1,081.7
Increase/decrease in current non-interest-bearing liabilities	5,323.8
Change in working capital	4,242.0
Cash flow from operating activities	-
Cash flow from investing activities	-
Cash flow from financing activities	-
Change in cash and cash equivalents	-
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents transferred in the demerger	18,465.2
Cash and cash equivalents at the end of the period	18,465.2
Cash and cash equivalents at 31 December	
Cash and cash equivalents	18,465.2

Accounting policies of the parent company

Basis of preparation

Lassila & Tikanoja Plc was established through the partial demerger of Luotea Plc (formerly Lassila & Tikanoja plc), with the effective date of the demerger being 31 December 2025. Accordingly, the Company's first financial period comprises one day. Lassila & Tikanoja Plc is the parent company of the Lassila & Tikanoja Group and is domiciled in Helsinki. The Company provides administrative services to the group companies, which have been centralised to be produced by the parent company.

The financial statements of Lassila & Tikanoja Plc have been prepared in accordance with the Finnish Accounting Act (FAS). The financial statements are presented in euros, and the items included therein have been measured at historical cost. The opening balances of the balance sheet were transferred at their carrying amounts from the demerging company on the effective date of the demerger, 31 December 2025.

When appropriate, the financial statements of Lassila & Tikanoja Plc comply with the Group's accounting policies based on IFRS. The accounting policies of the consolidated financial statements are presented in the notes to the consolidated financial statements. The accounting policies of Lassila & Tikanoja Plc described in the following chapters differ from the accounting policies of the consolidated financial statements.

Subsidiary shares

Subsidiary shares in the balance sheet are measured at historical cost less impairment losses. The carrying amounts of the subsidiary shares are assessed as part of the Group's impairment testing, where cash flow forecasts based on value-in-use calculations are prepared for the Group's cash-generating units. In the impairment testing of subsidiary shares, the cash flows are further allocated to subsidiaries' recoverable amounts. An impairment loss is recognised, if the carrying amount of the subsidiary shares and the amount of net loan receivables from the subsidiary exceed the recoverable amount of the corresponding assets.

Shares in joint venture and other shares and holdings

Shares in joint venture and other shares and holdings are recognised in the balance sheet at historical cost, less any impairment losses recognised.

Loans from credit institutions and unsecured notes

Loans are recognised in the balance sheet at their original acquisition cost. Issue costs related to the loans and other costs directly attributable to the raising of financing are capitalised as prepaid expenses and amortised on a straight-line basis over the term of the loan. Interest on loans is recognised as an expense in the financial period to which it relates.

Leases

The lease payments of the lease contracts are expensed over the rental period, and they are included in other operating expenses. Assets leased and related liabilities are not recognised in the parent company's balance sheet.

Share-based incentives

Share-based incentives settled in shares are recognised, at the date of settlement, as a transfer from the reserve for treasury shares within equity to retained earnings. Cash-settled share-based incentives are recognised as an expense in personnel expenses in the income statement and as a liability until they are paid.

Research and development expenditure

Research and development expenditure is recognised as an expense.

Obligatory provisions

Obligatory provisions in the balance sheet are based on legal or contractual obligations towards third parties, that have not been realised, are related to the past or current financial period and at the balance sheet date it is certain or probable, that the obligation will be realised, but the exact amount and timing are uncertain and the corresponding income from the obligation is neither certain nor probable. The changes in obligatory provisions are included in the income statement.

Notes to the financial statements of the parent company

1. Personnel and administrative bodies

	2025
Average number of personnel	
Salaried employees	63
Total	63

Management salaries, remuneration and pension benefits are described in Note 5.4 Related party transactions to the consolidated financial statements.

No loans were granted to the related parties of the group companies.

2. Auditor's fees

EUR thousand	2025
Auditing	52.5
Total	52.5

3. Liiketoiminnan muut kulut

EUR thousand	2025
Other operating expenses	
Expenses related to the demerger	4,242.0
Total	4,242.0

4. Appropriations

Tuhat euroa	2025
Group contribution	
Group contribution received	24,700.0
Total group contributions	24,700.0
Total appropriations	24,700.0

5. Income taxes

EUR thousand	2025
Income taxes on operations for the financial year	4,091.6
Total	4,091.6

6. Intangible assets

2025 EUR thousand	Intangible rights	Other intangible assets	Prepayments and construction in progress	Total
Transfers from the partial demerger	38.1	2,421.1	1,048.5	3,507.7
Acquisition cost, 31 Dec	38.1	2,421.1	1,048.5	3,507.7
Transfers from the partial demerger	-38,1	-1 160,2		-1 198,3
Accumulated amortisation, 31 Dec	-38.1	-1,160.2		-1,198.3
Total carrying amount	-	1,260.9	1,048.5	2,309.4

Other intangible assets includes several ICT projects.

7. Tangible assets

2025 EUR thousand	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Transfers from the partial demerger	127.0	39.7	172.9	339.5
Acquisition cost, 31 Dec	127.0	39.7	172.9	339.5
Transfers from the partial demerger	-36.1			-36.1
Accumulated depreciation, 31 Dec	-36.1			-36.1
Total carrying amount	90.9	39.7	172.9	303.4

8. Investments

2025 EUR thousand	Shares in Group companies	Shares in joint ventures	Other shares and holdings	Total
Transfers from the partial demerger	89,075.3	9,946.8	100.0	99,122.1
Acquisition cost, 31 Dec	89,075.3	9,946.8	100.0	99,122.1
Total carrying amount	89,075.3	9,946.8	100.0	99,122.1

	Holding of shares and votes, %
Subsidiaries	
L&T Teollisuuspalvelut Oy, Helsinki	100.0
L&T Ympäristöpalvelut Oy, Helsinki	100.0
Sand&VattenBläst i Tyringe AB, Hässleholm, Ruotsi	70.0
Joint Ventures	
Laania Oy, Helsinki	55.0

9. Long-term and short-term receivables

EUR thousand	2025
Long term receivables from Group Companies	
Loan receivables[1]	4,204.6
Accrued expenses and deferred income	
Unsecured notes, accruals	165.7
Short-term receivables From Group Companies	
Loan receivables[2]	50,000.0
Group contribution receivable	24,700.0
Total	74,700.0
Prepaid expenses and accrued income	
Licences	502.7
Other	127.3
Total	648.0

[1] Lassila & Tikanoja Plc granted an unsecured shareholder loan totalling SEK 45,5 million to its subsidiary Sand & Vattenbläst i Tyringe Ab (70% ownership). The interest on the shareholder loan is linked to the 12 month Euribor and is reviewed annually on 1 January. The loan agreement may not be assigned to a third party without the consent of the parties. The shareholder loan has no fixed maturity and is repayable on demand together with accrued interest.
[2] The Company has a EUR 30 million loan receivable from L&T Ympäristöpalvelut Oy and a EUR 20 million loan receivable from L&T Teollisuuspalvelut Oy. The loans are unsecured and bear interest linked to the 6-month Euribor. The loans mature on 30 June 2026.

10. Deferred tax assets

EUR thousand	2025
Obligatory provisions	1.9
Impairment of non-current assets	4.6
Total	6.6

11. Shareholders' equity

EUR thousand	2025
Restricted equity	
Transferred in the partial demerger 31 Dec	80.0
Restricted equity, total	80.0
Non-restricted equity	
Transferred in the partial demerger 31 Dec	18,966.5
Invested non-restricted equity reserve 31 Dec	18,966.5
Transferred in the partial demerger 31 Dec	6,983.3
Retained earnings at 31 Dec	6,983.3
Profit for the period	16,366.4
Non-restricted equity total	42,316.2
Shareholders' equity at 31 Dec	42,396.2
Distributable funds	
Retained earnings	6,983.3
Profit for the period	16,366.4
Invested non-restricted equity reserve	18,966.5
Total distributable funds	42,316.2

12. Obligatory provisions

EUR thousand	2025
Restructuring provisions	9.7
Total	9.7

13. Liabilities

Repayments of non-current liabilities in coming years

EUR thousand	2025
Loans from credit institutions	50,000.0
Unsecured notes	75,000.0
Total	125,000.0

EUR thousand	2025
Short term liabilities to Group Companies	
Cash pool liabilities	18,465.2
Accrued expenses and deferred income	158.1
Total	18,623.2
Short term liabilities to others	
Trade payables	164.7
Other short-term liabilities[1]	6,932.9
Accrued expenses and deferred income	7,742.1
Total	14,839.7
Accrued expenses and deferred income	
Personnel expenses	1,912.1
Interest expenses	1,738.4
Taxes	4,091.6
Other expenses	0.0
Total	7,742.1

[1] Liabilities to Luotea Plc related to the partial demerger.

The long-term loans mature in 2028. Their terms are described in more detail in Note 4.2 Financial risk management to the consolidated financial statements.

14. Contingent liabilities

EUR thousand	2025
Lease liabilities	
Maturity within 1 year	708.6
Maturity in subsequent years	1,847.2
Total	2,555.8
Guarantees for group companies	33,948.8
Other bank guarantees	105.3

[1] The guarantee limits amount to a total of EUR 45,000.0 thousand, of which EUR 10,945.9 thousand remains unused. The portion of the guarantee limits currently in use is presented above.

According to the shareholders' agreement, the Company is committed to acquire the remaining 30 per cent share of Sand & Vattenbläst i Tyringe AB. The remaining 30 per cent share will be acquired during the first half of 2026. The estimated value of the commitment at the end of the reporting period totalled EUR 6,198.1 thousand.

Proposal by the Board of Directors for distribution of profit

According to the financial statements, Lassila & Tikanoja Plc's unrestricted equity amounts to EUR 42,316,205.58 with the result for the period representing EUR 16,366,364.95 of this total. There were no substantial changes in the financial position of the company after the end of the period, and the solvency test referred to in Chapter 13, Section 2 of the Companies Act does not affect the amount of distributable profits.

The Board of Directors proposes to the Annual General Meeting to be held on 28 April 2026 that a dividend of EUR 0.42 per share be paid for the financial year 2025. The Board of Directors proposes that the dividend be paid in two instalments.

The first dividend instalment of EUR 0.21 per share will be paid to shareholders who on the record date of the first dividend instalment, 30 April 2026, are registered in the Company's shareholders' register held by Euroclear Finland Oy. The Board of Directors proposes that the dividend be paid on 8 May 2026.

The record date and payment date of the second dividend instalment shall be resolved by the Board of Directors in its meeting preliminarily scheduled for 18 September 2026. The record date of the second dividend instalment would then be on or about 22 September 2026, and the payment date of the second instalment on or about 1 October 2026.

On the day the proposal for the distribution of profit was made, the number of shares entitling to dividend was 38,076,012. Accordingly, the total amount of the dividend would be EUR 15,991,925.04, and the remaining distributable funds would amount to EUR 26,324,280.54.

Statements of the Board of Directors and signatures to the Report of the Board of Directors and the Financial Statements for the year 2025

The financial statements have been prepared in accordance with applicable accounting regulations and provide a true and fair view of the assets, liabilities, financial position, and results of operations of both the company and the entities included in the consolidated financial statements. The report by the board of directors includes a fair review of the development and performance of the business of the company and the entities included in the consolidated financial statements, along with a description of the principal risks and uncertainties and other relevant information. The sustainability report included in the report by the board of directors has been prepared in accordance with the requirements set forth in Chapter 7 of the accounting act as well as the article 8 of the taxonomy regulation.

Helsinki on 30 March 2026

Jukka Leinonen

Sakari Lassila

Teemu Kangas-Kärki

Tuija Kalpala

Anna-Maria Tuominen-Reini

Eero Hautaniemi
President and CEO

The Auditor's Note

We have today submitted our report on the audit conducted by us.

Helsinki on 2 April 2026

PricewaterhouseCoopers Oy

Samuli Perälä
APA

Auditor’s Report (Translation of the Finnish Original)

To the Annual General Meeting of Lassila & Tikanoja Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Lassila & Tikanoja Oyj (business identity code 3555336-9) for the financial year 31 December 2025 to 31 December 2025. The financial statements comprise:

- the consolidated balance sheet as of 31 December 2025, combined income statement, combined statement of comprehensive income, statement of changes in equity, combined statement of cash flows and notes , which include material accounting policy information and other explanatory information for the period 1 January 2025 to 31 December 2025
- the parent company’s balance sheet, income statement, cash flow statement and notes for the period 31 December 2025 to 31 December 2025.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the 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 the parent company and of the group companies in accordance 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.

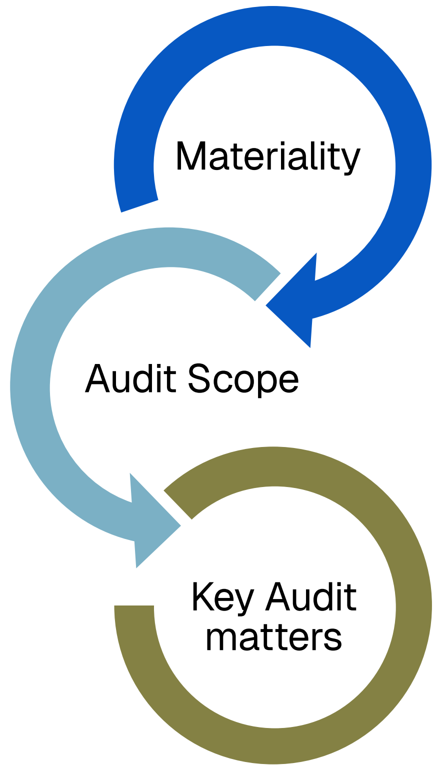
To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in Note 5.5. to the Financial Statements.

Emphasis of matter

We draw attention to the section “Basis of preparation of the consolidated financial statements” in the notes to the Lassila & Tikanoja Group consolidated financial statements, which describes that the financial figures of the consolidated statement of financial position as of December 31, 2025, are presented based on actual figures as of December 31, 2025, and on a carve-out basis for other financial information and comparative periods. Our opinion is not modified with respect to this matter.

Our Audit Approach

Overview



- Overall group materiality: € 3 600 000

- The group audit scope included the most significant group companies and covered a sufficient share of group’s revenues, assets, and liabilities.

- Revenue recognition
- Valuation of goodwill
- Valuation of shares in group companies and receivables from group companies in the parent company financial statements

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 3 600 000
How we determined it	We used net sales as benchmark to determine overall group materiality
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is the appropriate benchmark that users of the financial statements regularly use to evaluate the group's performance.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Lassila & Tikanoja Group, the accounting processes and controls, and the industry in which the group operates.

The Group has one reportable segments: Circular Economy business, its main markets being Finland and Sweden. We have scoped our audit to obtain sufficient audit coverage of Lassila & Tikanoja Group’s consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group'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 financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a 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 good auditing practice 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Revenue recognition Refer to Note 1.1 and 1.2 in the consolidated financial statements The Group's total net sales amounted to EUR 427 million. Revenue from contracts with customers is generated from multiple revenue streams as described in Note 1.2. Revenue recognition principles vary depending on the nature of the revenue stream. Revenue recognition is considered a key audit matter due to the significance of revenue to the financial statements and due to management judgment involved in selecting the appropriate revenue recognition method for the different revenue streams.	**Our audit procedures included, for example, the following:** • We obtained an understanding of the company's revenue recognition policies and compared these to the respective IFRS standards • We obtained an understanding of the internal controls that the company uses to assess the completeness, accuracy, and timing of revenues • We tested revenue transactions on a sample basis • We tested, on a sample basis, revenue related balance sheet items such as contract assets and liabilities.
Valuation of goodwill Refer to Note 3.1 and 3.2 in the consolidated financial statements As of 31.12.2025, Goodwill in the consolidated balance sheet amounted to EUR 126 million. Goodwill is not amortised, but is tested at least annually for impairment. Goodwill impairment testing has been prepared based on value-in-use calculations in which future cash flows are discounted to current value. Value-in-use calculations include significant management judgment in respect of profitability levels, long-term growth rates and discount rates. The valuation of goodwill is considered a key audit matter due to its significance as well as due to the management judgment involved in the impairment testing.	**Our audit procedures included, for example, the following:** • We obtained an understanding of the methodology and assumptions used in the goodwill impairment testing • We tested the mathematical accuracy of the calculations • We assessed the reasonableness of the estimated future profitability levels and their consistency with the budgets and forecasts made by the management in connection with the strategy process • We assessed the reasonableness of the discount rates, long-term growth rates and certain other assumptions by e.g., comparing the inputs to observable market data • We assessed management's sensitivity analysis to ascertain the extent of change in key assumptions that either individually or collectively could result in an impairment of goodwill • We assessed the adequacy of the disclosures.

Key audit matter in the audit of the parent company	How our audit addressed the key audit matter
Valuation of shares in group companies and receivables from group companies in the parent company financial statements Refer to the accounting policies of the parent company and Note 8 and 9. The investments in shares in group companies amounted to EUR 89 million and non-current and current receivables from group companies to EUR 79 million. The valuation of shares in group companies and receivables from group companies is assessed annually and tested for impairment when necessary. Impairment testing is performed using the discounted cash flow model. Valuation of shares in group companies and receivables from group companies is considered a key audit matter in the audit of the parent company due to the significance of these investments to the financial statements and due to management judgment involved in the impairment testing of these investments.	**Our audit procedures included, for example, the following:** • We assessed the reasonableness of the management estimates by e.g. checking their consistency with the approved budgets and forecasts • We assessed the methodology used in determining the discount rates and long-term growth rates by e.g., comparing the inputs to observable market data.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

- 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 the parent company's or the group's ability to continue as a 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 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 the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We have acted as the auditor appointed by the extraordinary general meeting since 31 December 2025.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki 2 April 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Assurance Report on the Sustainability Report

To the Annual General Meeting of Lassila & Tikanoja Plc

We have performed a limited assurance engagement on the group sustainability report of Lassila & Tikanoja Plc (business identity code 3555336-9) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the reporting period ended 31.12.2025.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS), and
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Lassila & Tikanoja Plc has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment).

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that requirement in the absence of requirements for the tagging of sustainability information in the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Group Sustainability Auditor section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We draw attention to the fact that the group sustainability report of Lassila & Tikanoja Plc that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the reporting period ended 31.12.2025. Our opinion does not cover the comparative information that has been presented in the group sustainability report. Our opinion is not modified in respect of this matter.

Authorised Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorised group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorised sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Lassila & Tikanoja Plc are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified,
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, and for
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of assumptions that have been disclosed in the sustainability report about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Authorised Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. 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 decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain 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.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of

material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Our procedures included for example the following:

- We interviewed the company's management and the individuals responsible for collecting and reporting the information contained in the group sustainability report at different levels of the organization to gain an understanding of the sustainability reporting process and the related internal controls and information systems.
- We familiarised ourselves with the background documentation and records prepared by the company where applicable, and assessed whether they support the information contained in the group sustainability report.
- We assessed the company's double materiality assessment process in relation to the requirements of the ESRS standards, as well as whether the information provided about the assessment process complies with the ESRS standards.
- We assessed whether the sustainability information contained in the group sustainability report complies with the ESRS standards.
- Regarding the EU taxonomy information, we gained an understanding of the process by which the company has identified the group's taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided with the regulations.

Helsinki on 2 April, 2026

PricewaterhouseCoopers Oy
Authorised Sustainability Auditors

Samuli Perälä
Authorised Sustainability Auditor

Corporate Governance

Corporate Governance Statement 2025

This is a Corporate Governance Statement in accordance with the Corporate Governance Code of the Finnish Securities Market Association, which entered into force on 1 January 2025. This and other information presented in accordance with the Corporate Governance Code are published at www.lt.fi/en/investors/corporate-governance. The full Corporate Governance Code is available at www.cgfinland.fi. L&T has not deviated from the recommendations of the Code.

This statement has been reviewed by the Audit Committee of L&T's Board of Directors and approved by the Board. The company's auditor has verified that the descriptions of the main features of the internal control and risk management systems relating to the financial reporting process included in the statement are consistent with the financial statements. Due to the partial demerger of Lassila & Tikanoja Plc, which entered into force on 31 December 2025, this statement contains a description of the company's corporate governance system for the financial year 2025. The financial period was one (1) day.

Descriptions concerning corporate governance

General Meeting

The Annual General Meeting is the supreme decision-making body of L&T. The Annual General Meeting decides on the matters stipulated in the Limited Liability Companies Act, such as the adoption of the financial statements and proposed dividend, the discharge from liability of members of the Board of Directors and the President and CEO, the election of the members of the Board of Directors and the auditors, and the compensation paid to them. The Annual General Meeting is held by the end of April as determined by the Board of Directors. Each share of Lassila & Tikanoja Plc entitles the holder to one vote.

The notice to the meeting and other Annual General Meeting documents, including the Board of Directors' proposals to the Annual General Meeting, are disclosed to the shareholders at the latest three weeks before the meeting on the company's website at www.lt.fi/en/investors/corporate-governance/general-meeting. The notice to the meeting is also disclosed in a stock exchange release. The members of the Board of Directors, President and CEO, principal auditor and prospective members of the board attend the General Meeting, unless there are well-founded reasons for their absence.

The minutes of the General Meeting will be available on the company's website within two weeks of the General Meeting. The resolutions by the General Meeting will be published in a stock exchange release immediately after the meeting. In 2025, the company did not hold an Annual General Meeting due to the partial demerger of Lassila & Tikanoja, which entered into force on 31 December 2025, and the duration of the company's financial year.

Shareholders' Nomination Board

The Nomination Board is responsible for preparing and presenting proposals covering the remuneration and number of members of the Company's Board of Directors, as well as proposals on the members, Chair and Vice Chair of the Board of Directors to the Annual General Meeting and, where needed, to an Extraordinary General Meeting. The Nomination Board is also responsible for identifying successors to existing Board members.

The Nomination Board consists of four members, three of whom are appointed by the Company's three largest shareholders, who appoint one member each The Chair of the Company's Board of Directors serves as the fourth member of the Nomination Board.

The Nomination Board was established to operate until further notice. Its members are elected annually and their term of office ends when new members are elected to replace them. The Shareholders' Nomination Board's selection process, composition and duties are described in detail in the charter, which is available at www.lt.fi/en/investors/corporate-governance/shareholders-nomination-board.

Composition of the Nomination Board confirmed by the Extraordinary General Meeting of 2025

The Extraordinary General meeting of the former Lassila & Tikanoja, now Luotea Plc, resolved with regard to the Shareholders' Nomination Board that the first appointment of members of the Nomination Board be carried out in deviation from the adopted Charter so that the largest shareholders entitled to appoint members to the Nomination Board shall be determined based on registered holdings in the shareholder register held by Euroclear Finland Ltd. on 14 January 2026. The composition of the Nomination Board was announced on 29 January 2026. The Nomination Board did not convene in 2025.

Board of Directors

Composition and election of the Board of Directors

According to the Articles of Association, the Board of Directors of Lassila & Tikanoja Plc consists of a minimum of three and a maximum of eight members. The members of the Board are elected by the Annual General Meeting. The term of office of the members of the Board of Directors ends at the close of the Annual General Meeting following the election.

Members of the Board

The following five (5) persons were elected to the Board of Directors at the Extraordinary General Meeting of the former Lassila & Tikanoja plc, now Luotea Plc on 4 December 2025:

Jukka Leinonen, Chair (born 1962)

Independent of the company and major shareholders
Gender: male
Board member: since 2025
Board Committees: Chair of the Personnel and Sustainability Committee
Education: M.Sc. (Tech.)
Key work experience: Telenor ASA, EVP and Head of Nordics, Member of Telenor's Group Executive Management 2019–2022; DNA Oyj, CEO 2013–2021 and Vice President, Corporate Business 2010–2013; TeliaSonera, various management positions in corporate business sales, marketing and product management 2002–2009; Sonera Oyj, management positions 2000–2002; Sonera Solutions Oy (Yritysverkot Oy), President and CEO 1996–1999
Membership on other Boards: Pihlajalinna Oyj, Chair of the Board 2023–; Posti Group Oyj, Vice Chair of the board 2022–; Lassila & Tikanoja plc, Member of the Board 2021–2022, Chair of the Board 2022–2025; DNA Oyj, Chair of the Board 2021–2022; Confederation of Finnish Industries, Member of the Representative Council 2020–2021; Altia Oyj, Member of the Board 2020–2021; Ficom ry, Chair of the Board 2019–2021 and Member of the Board 2013–2018; Service Sector Employers PALTA ry, Member of the Board 2013–2017

Sakari Lassila, Vice Chair (born 1955)

Independent of the company and major shareholders
Gender: male
Board member: since 2025
Board Committees: member of the Audit Committee and the Personnel and Sustainability Committee
Education: M.Sc. (Econ.)
Key work experience: Indcrea Oy, Managing Director 2008–2018; Cupori Group Oy: member of the Management Board 2008–2014, Managing Director of Cupori AB 2012–2014; Carnegie Investment Bank AB, Finland Branch, executive positions 2002–2005; Alfred Berg Finland Oyj, executive positions within investment banking 1994–2002; Citibank Oy: head of corporate bank 1991–1994; Union Bank of Finland, supervisory and executive positions 1983–1991
Membership on other Boards: Aplagon Oy, Chair of the Board 2009–; Evald and Hilda Nissi Foundation, Vice Chair of the Board and Member 1987–; Lassila &

Tikanoja plc, Member of the Board 2011–2016, Vice Chair of the Board 2017–2025;

Tuija Kalpala (born 1980)

Independent of the company and major shareholders
Gender: female
Board member: since 2025
Board Committees: member of the Personnel and Sustainability Committee
Primary occupation: Betolar Plc, President and CEO
Education: M.Sc. (Econ.)
Key work experience: Betolar Plc, President and CEO 2024-; Chief Operating Officer 2023-2024, Neste Corporation, Vice President, Marketing, Data & Insights, Marketing & Services 2023; Head of Strategy Development and Execution, Renewable Polymers and Chemicals (Germany) 2021-2023; Commercial Operations Manager, North America, Global Logistics and Operations 2017-2021 and other roles related to business development, procurement and trading 2004-2017
Membership on other Boards: Lassila & Tikanoja plc, Member of the Board 2025

Teemu Kangas-Kärki (born 1966)

Independent of the company and major shareholders
Gender: male
Board member: since 2025
Board Committees: Chair of the Audit Committee
Education: M.Sc. (Econ.)
Key work experience: Nokian Tyres Oyj, CFO 2018–2023; Fiskars Oyj, Chief Financial Officer, Chief Operating Officer, Deputy to the CEO, and Business Area President 2008–2018; Alma Media Corporation, CFO 2003–2008; Kesko Oyj, Vice President, Corporate Controller 2002–2003 and Corporate Business Controller 2000–2001; Nestlé Finland Oy, Finance Director 1999–2000; Smith & Nephew Oy, Finance Manager 1996–1998; Unilever Oy & GmbH, Marketing Controller & Internal Auditor 1992–1996
Membership on other Boards: Marimekko Oyj, Vice Chair of the Board, Chair of the Audit and Remuneration Committee 2022–; Lassila & Tikanoja plc, Member of the Board 2016–2025

Anna-Maria Tuominen-Reini (born 1974)

Independent of the company and major shareholders
Gender: female
Board member: since 2025
Board Committees: member of the Audit Committee
Main occupation: Scanfil Oyj, Chief Supply Chain Officer and Hanken School of Economics, Doctoral Researcher, Commercial Law
Education: M.Sc. (Econ.)
Key work experience: Billerud AB, Senior Vice President, Procurement and Wood Supply, 2024–2025; Executive Vice President, Procurement and Wood Supply 2021–2023; AB Marmaskog, Managing Director 2021–2024; Metso Outotec plc, Vice President, Procurement, BA Services 2020–2021; Outotec, Senior Vice President, Sourcing and Manufacturing 2019–2020; Stora Enso plc, Senior Vice President, Supply Chain, Packaging Solutions and other roles 2011–2019; Unilever plc, Supply Chain Director and other roles 2007–2011; Huhtamaki plc, Demand Manager, Foodservice Europe and other roles in marketing and supply chain 2003–2007; Cebal (Pechiney Group), various roles in marketing, sales and supply chain 1997–2003
Membership on other Boards: Aisti Corporation, member of the board 2025–; Varova Oy, member of the board 2025–; Metsäkuutio Oy, member of the Board 2025–; Henkilöstöpalvelu Heimo, member of the board 2024–; Lassila & Tikanoja plc, Member of the Board 2025; Cinis Fertilizer, member of the board 2023–2026; Bergvik Skog Öst, member of the board 2021–2024

Diversity of the Board of Directors

The company considers diversity essential to achieving its strategic targets. Diversity is also viewed from several perspectives when planning the composition of the Board of Directors. In the election of Board members, the aim is to ensure that the Board of Directors as a whole supports the company's business and its development. It is important from the point of view of the effective operation of the Board of Directors that the Board of Directors is sufficiently diverse and comprised of an adequate number of members, and that the members have diverse expertise and experience to complement each other.

When assessing the composition of the Board of Directors, it is considered, among other things, whether the Board of Directors is sufficiently diverse in terms of professional and educational background and gender and age distribution and whether it represents a suitable proportion of decision-making ability, skills and experience in order to be able to meet the requirements set by the company's business operations and strategic objectives. The company's aim is that both genders are represented in the Board of Directors. The principles regarding the diversity of the Board of Directors are taken into consideration in the successor planning of Board members.

There is no representative of the personnel in the Board of Directors.

Both genders have been represented in the Board of Directors for a long time. In 2025, three of the Board members were male and two were female. The age range of the Board members was 45–70 years. Men represented 60 per cent of the members and women 40 per cent.

Independence of the members of the Board of Directors

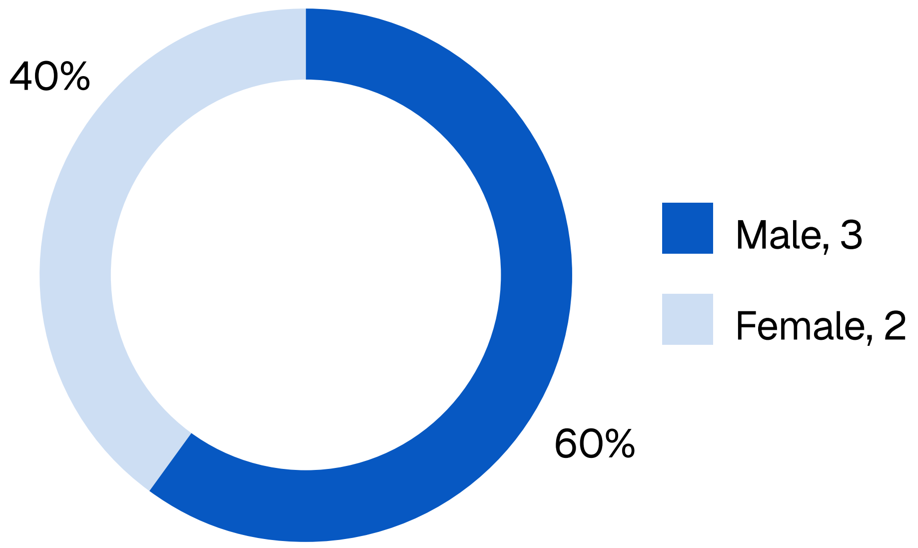
None of the members of the Board of Directors are in an employment relationship with the company. The Board of Directors has assessed that all of its members (100%) are independent of the company. All of the members of the Board of Directors are also independent of the company's major shareholders.

Diversity and sustainability expertise of the Board of Directors

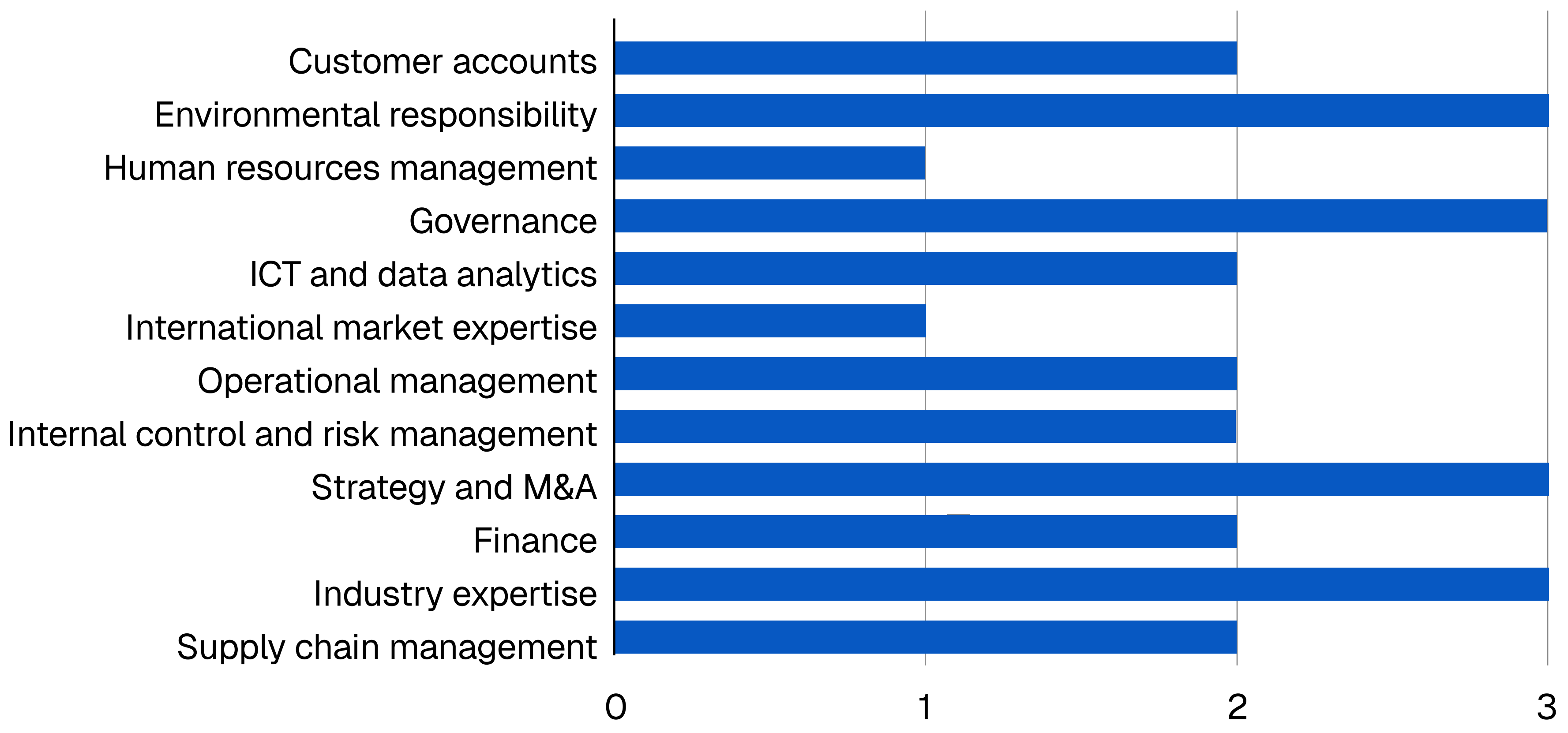
Name	Board member since	Expertise	Independent of company	Independent of major shareholders	Audit Committee	Personnel and Sustainability Committee	Concurrent Board memberships in listed companies
Jukka Leinonen	2025	Customer accounts, environmental responsibility, human resources management, ICT and data analytics, operational management, strategy and M&A	●	●		Chair	2
Sakari Lassila	2025	Governance, internal control and risk management, strategy and M&A, finance, supply chain management, industry expertise	●	●	member	member	
Tuija Kalpala	2025	Customer accounts and customer experience, environmental responsibility, operational management, strategy and M&A, industry expertise	●	●		member	
Teemu Kangas-Kärki	2025	Governance, ICT and data analytics, internal control and risk management, strategy and M&A, finance	●	●	Chair		1
Anna-Maria Tuominen-Reini	2025	Governance, environmental responsibility, international market expertise, industry expertise, supply chain management	●	●	member		

The table presents the key areas of expertise of the Board members on 31 December 2025. An area of expertise not being separately listed for a Board member does not mean that the Board member in question does not have this expertise.

Gender distribution



Primary areas of expertise



Board members' shareholding on 31 December 2025

Shares in the company held by the Board members and any corporations over which they exercise control have been taken into account in terms of shareholding. Board members do not hold shares in any group companies other than Lassila & Tikanoja Plc. Information about the Board members' remuneration is disclosed in the Remuneration Report of the Governing Bodies, which is published as part of the Annual Review and is available at https://www.lt.fi/en/investors/lt-as-an-investment.

Board members' shareholdings	31 December 2025
Jukka Leinonen	45,833
Sakari Lassila	27,110
Tuija Kalpala	1,486
Teemu Kangas-Kärki	10,693
Anna-Maria Tuominen-Reini	1,486
Total	86,608

Duties of the Board of Directors

The Board of Directors is responsible for the management of the company, the proper arrangement of the company's operations, and the proper arrangement and supervision of the company's accounting and financial management. The Board of Directors decides upon matters that are of major importance, in view of the scope of the operations of the company. The Board of Directors is also responsible for the duties specified in the Limited Liability Companies Act and the Articles of Association, and in other regulations. The Board of Directors has drawn up a written charter for its work. It governs the Board's work in addition to the company's Articles of Association and Finnish laws and regulations.

According to the charter, the duties of the Board of Directors include, for example:

- being responsible for the development of shareholder value
- confirming the company's targets
- deciding on the corporate strategy and confirming divisional strategies
- deciding on the Group structure and organisation
- ensuring the operation of the management system
- reviewing and confirming interim reports, half-year financial reports, financial statements and report by the Board of Directors including the sustainability report of the company
- confirming the Group's operating plan, budget and investment plan
- deciding on strategically or financially significant investments, corporate acquisitions, and disposals or other arrangements, as well as financing arrangements and contingent liabilities
- drawing up the dividend policy
- confirming treasury, investment, tax, disclosure, risk management and insurance policies, as well as the principles of internal control
- approving the sustainability programme
- nominating and dismissing the President and CEO and monitoring and evaluating their work
- deciding on the nomination, remuneration and other financial benefits of the President and CEO's immediate subordinates.

The evaluation of the performance and working methods of the Board is conducted annually as an internal self-evaluation.

Meetings of the Board of Directors

Board meetings are held at the company's head office in Helsinki, other group locations or other places decided on by the Board of Directors. If necessary, the Board of Directors may also hold meetings virtually and make decisions without convening. The Board of Directors convenes as often as its tasks require.

The Board of Directors confirms its regular meetings annually. Regular meetings are held annually prior to the publication of the financial statements and each interim report, as well as strategy, budget and other meetings confirmed in the annual programme of the Board, are considered regular meetings. In addition to regular meetings, the Board can hold extraordinary meetings. The company's President and CEO and CFO usually attend Board meetings.

Where necessary, such as in conjunction with discussing the strategy or budget, the meetings are also attended by other members of Lassila & Tikanoja Plc's Group Executive Board. The company's General Counsel, SVP, Legal, HR and EHSQ acts as the secretary of the Board of Directors.

Minutes are prepared of Board meetings, subject to the signature of members of the Board of Directors participating in the meeting, as well as the President and CEO of the company and secretary to the Board.

The President and CEO is responsible for ensuring that the Board is provided with sufficient information to assess the operations and financial situation of the company. The President and CEO also supervises and reports to the Board on the implementation of the Board's decisions.

Activities of the Board of Directors in 2025

The Board of Directors did not meet in the financial year 2025. However, the Board of Directors held one (1) meeting on 18 December 2025, while still part of Luotea Plc, in which it was decided to approve the implementation and registration of the demerger in the Trade Register and the granting of representation rights to the company created on 31 December 2025. The Board of Directors held its organisational meeting on 2 January 2026.

Committees of the Board of Directors

The Board has an Audit Committee and a Personnel and Sustainability Committee. The Audit Committee consists of three (3) Board members, and the Personnel and Sustainability Committee consists of three (3) Board members. At its organisational meeting after the Annual General Meeting, the Board of Directors elects chairs and members of the Committees from among its number for a term of one year at a time. The committee members must have the expertise and experience required by the duties of the committee. The Board of Directors confirms the charters of the committees annually. The committees have no independent decision-making authority; the Board of Directors makes the decisions based on the preparation work by the committees. The chairman of the committee reports on the work of the committee at the Board meeting following the committee meeting. Minutes of the committees' meetings are provided to the Board members for information.

Audit Committee

In its organisational meeting on 2 January 2026, the Board of Directors appointed Teemu Kangas-Kärki (Chair), Sakari Lassila and Anna-Maria Tuominen-Reini as members of the Audit Committee. All of the members of the Audit Committee are independent of the company and its major shareholders. The Audit Committee will convene regularly at least four times a year.

The duties of the Audit Committee pursuant to the charter include:

- monitoring the financial position and financing of the Group
- monitoring the reporting process of financial statements
- supervising the financial reporting process
- monitoring the efficiency of the company's internal control, internal audit and risk management systems
- reviewing the operating principles of the company's internal control
- reviewing the plans and reports of the company's internal audit
- reviewing the company's corporate governance statement
- monitoring related-party transactions
- monitoring the statutory audit of the financial statements and consolidated financial statements
- evaluating the independence of the auditing firm
- evaluating the provision of non-audit services to the company by the auditing firm
- preparing the proposal and/or recommendation concerning the auditor of the company as well as maintaining contact with the company's auditor and reviewing the reports prepared for the committee by the auditor
- preparation of the proposal regarding the appointment of the company's sustainability reporting auditor
- assessing compliance with laws and provisions
- monitoring and assessing the sustainability performance and reporting

The Audit Committee did not meet in 2025.

Personnel and Sustainability Committee

At its organisational meeting on 2 January 2026, the Board of Directors appointed Jukka Leinonen (Chair), Sakari Lassila and Tuija Kalpala as members of the Personnel and Sustainability Committee. All of the members of the Committee are independent of the company and its major shareholders. The Personnel and Sustainability Committee meets at least four times a year.

The duties of the Personnel and Sustainability Committee pursuant to the charter include:

- reviewing, evaluating and making statements on the salary structure of the Group management and personnel as well as remuneration and incentive schemes
- monitoring the functionality of the remuneration systems to ensure that the management's incentive schemes promote the achievement of the company's targets and are based on personal performance
- reviewing and preparing executive appointment issues for consideration by the Board of Directors
- discussing and preparing matters related to the organisational structure and the development of management and human resources
- dealing with management succession plans
- prepare the remuneration policy of the company's governing bodies and the remuneration report
- presenting the governing bodies' remuneration policy and reporting to the Annual General Meeting and answering related questions
- monitoring and evaluating the development of sustainability in the Group and ESG assessments
- monitoring developments in the business environment and regulation
- monitoring and evaluating the development of occupational safety and work ability issues in the Group
- monitoring the development of stakeholder support (employee and customer experience as well as other external stakeholders)
- monitoring and evaluating the development of diversity in the workplace community.

The Committee did not meet in 2025.

President and CEO

Lassila & Tikanoja Plc's President and CEO is appointed by the Board of Directors. The President and CEO is responsible for day-to-day operations in keeping with the instructions of the Board of Directors. They are also responsible for the strategy process. M.Sc. (Econ.) Eero Hautaniemi has served as President and CEO since 31 December 2025.

The more detailed personal and shareholding information of the President and CEO is disclosed below in connection with the personal and shareholding information of the members of the Group Executive Board.

Group Executive Board

The Group Executive Board assists the President and CEO in the management of the company. The Group Executive Board has no authority based on legislation or the Articles of Association. The Group Executive Board is comprised of the President and CEO as the Chair and Group executives confirmed by the Board of Directors. The members of the Group Executive Board report to the President and CEO. The Group Executive Board convenes at least once a month.

On the date of this statement, the Group Executive Board was comprised of the following seven (7) persons:

Eero Hautaniemi (born 1965)

President and CEO
Gender: male
Member of the Group Executive Board since: 31 December 2025
Education: M.Sc. (Econ.)
Key work experience: Lassila & Tikanoja plc, President and CEO 2019–2025; Oriola plc, President and CEO 2006–2017; GE Healthcare Finland Oy, President 2004–2005 and GE Healthcare IT, General Manager, Oximetry, Supplies and Accessories business area 2003–2004; Instrumentarium plc, specialist and executive positions 1990–2003
Membership on other Boards: Helsinki Region Chamber of Commerce, Member of the Board 2025-; Ruoto Invest Oy, Chair of the Board 2024-; Laania Oy, Member of the Board 2022–; Ilmarinen Mutual Pension Insurance Company, Member of the Supervisory Board 2019–

Jorma Mikkonen (born 1963)

Senior Vice President, Public Affairs and Sustainability
Gender: male
Member of the Group Executive Board since: 31 December 2025
Education: Master of Laws
Key work experience: Lassila & Tikanoja plc, Senior Vice President, Public Affairs and Sustainability 2012–2025, Vice President, Environmental Services 2009–2012 and Vice President, Industrial Services 2000–2009; Säkkiväline Oy, Administrative Director 1999–2000 and Corporate Lawyer 1992–1999; Finnish Savings Bank: Corporate Lawyer 1991–1992
Membership on other Boards: Chamber of Commerce, Member of the Economic and Climate Committee 2024–; Chemical Industry Federation of Finland, Vice Member of the Board 2023–; Laania Oy, Member of the Board 2022–; The Recycling Industries of Finland, Member of the Board 2013–; Employers' Federation of Road Transport (ALT), Member of the Board 2001–; LähiTapiola, Member of Supervisory Board 2008–2025

Hilppa Rautpalo (born 1974)

Senior Vice President, Legal Affairs, Human Resources and EHSQ
Gender: female
Member of the Group Executive Board since: 31 December 2025
Education: Master of Laws, trained at the bench
Key work experience: Lassila & Tikanoja plc, Senior Vice President, Legal Affairs, Human Resources and EHSQ 2024-2025, Senior Vice President, Human Resources 2020-2024; Arctia Ltd, Senior Vice President, Human Resources and Legal Affairs 2018–2019; Unisport-Saltex Group, General Counsel and Senior Vice President, Human Resources 2017–2018; Ekokem Ltd, General Counsel and Senior Vice President, Human Resources 2013–2017; Amer Sports Oyj, Senior Legal Counsel 2007–2009; Metsä Group, Group Legal Counsel 2000–2007
Membership on other Boards: Finnpilot Pilotage Oy, Member of the Board 2020-

Juha Saarinen (born 1974)

Chief Purchasing Officer
Gender: male
Member of the Group Executive Board since: 31 December 2025
Education: M.Sc. (Tech.)
Key work experience: Lassila & Tikanoja plc, Chief Purchasing Officer 2024–2025; Kamux plc, Chief Purchasing Officer 2022–2024; Metso plc, Vice President, Indirect Procurement 2019–2022; KONE plc, Head of Indirect Sourcing and other roles 2011–2019; Nokia Mobile Phones, Head of Smart Devices Mechanics Sourcing and other roles 1999–2011

Edward Skärström (born 1974)

Chief Information Officer
Gender: male
Member of the Group Executive Board since: 31 December 2025
Education: Bachelor of Economic Sciences, Information Systems
Key work experience: Lassila & Tikanoja plc, Chief Information Officer 2023–2025; Teknos, Chief Information Officer 2017–2022 and ICT Manager 2015–2017; IFS Finland, Consulting Manager 2007–2014, Application Consultant and Project Manager 1999–2006

Joni Sorsanen (born 1983)

CFO
Gender: male
Member of the Group Executive Board since: 31 December 2025
Education: M.Sc. (Econ.)
Key work experience: Lassila & Tikanoja plc, CFO 2024–2025; Consti plc, CFO 2018–2024; Caverion Corporation, Head of Group Project Control 2017–2018; Consti plc, Head of Investor Relations and Group Controller 2016–2017; Cramo Plc, tasks relating to the finance and development function of the Group, including Business Controller role 2009–2016; Ernst & Young Oy, Finance Consultant 2007–2008

Antti Tervo (born 1978)

Senior Vice President, Growth and Operations
Gender: male
Member of the Group Executive Board since: 31 December 2025
Education: M.Sc. (Econ.)
Key work experience: Lassila & Tikanoja plc, Senior Vice President, Environmental and Industrial Services 2024–2025, Senior Vice President,

Industrial Services 2014–2024, Chief Officer Responsible for Procurement and Supply Chain, 2012–2014; Siemens, North West Europe, Head of Commodity Management 2009–2012 and Project Manager, Procurement & Supply Chain Management 2008–2009; Siemens Oy, Director, Procurement 2005–2009, Procurement Manager 2003–2005 and Supply Chain Consultant 2001–2003

Group Executive Board members' shareholdings	31 December 2025
Eero Hautaniemi	58,572
Jorma Mikkonen	8,753
Hilppa Rautpalo	4,804
Juha Saarinen	516
Edward Skärström	1,646
Joni Sorsanen	10,259
Antti Tervo	13,700
Total	98,250

Shares in the company held by the Group Executive Board members and any corporations over which they exercise control have been taken into account in terms of shareholding. Group Executive Board members do not hold shares in any group companies other than Lassila & Tikanoja Plc. Information on the President and CEO's remuneration is provided in the remuneration report. The remuneration report and information on the Group Executive Board's remuneration is available online at www.lt.fi/en/investors/lt-as-an-investment.

Descriptions of internal control procedures and main features of the risk management system

The Group's financial reporting

The financial reporting principles represent an essential element of L&T's Integrated Management System. The financial information of the Group and its divisions is reported and analysed internally within the Group monthly and disclosed as interim reports, half-year financial reports and financial statements releases. The Group's and its divisions' budgets and long-term financial plans are updated annually.

The Group's financial reporting process includes both financial accounting and management accounting. The internal control and risk management processes and procedures pertaining to the financial reporting process are explained in more detail below. Their purpose is to ensure that the information disclosed in the financial reports published by the company is essentially correct.

Audit Committee

The Board of Directors' Audit Committee supervises and monitors the efficiency of L&T's financial reporting process and internal control systems. The Audit Committee has reviewed L&T's internal control policy and the Board of Directors has approved it.

The Audit Committee meets at least four times a year before the publication of interim reports and the financial statements release. In its meetings, the Audit Committee reviews the financial information presented by the Chief Financial Officer, as well as interim and half-year financial reports and financial statements releases. The auditor is also invited to attend the meetings. The Audit Committee is presented in more detail in the Committees section.

L&T's financial reporting process

A significant proportion of L&T's business is conducted in Finland. Functions related to accounting, accounts payable and receivable, payments, taxation and financing in the financial reporting process in Finland are centralised. Organisation of these functions into different teams allows the separation of various finance-related tasks. In Finland, the consistent process is supported by a centralised accounting system and common operational practices.

L&T's foreign subsidiaries each have independent financial management departments operating in compliance with the accounting principles and reporting instructions issued by the Group's financial management. L&T's domestic business segments and foreign subsidiaries submit a monthly reporting package to the Group according to the Group's instructions.

Controllers supervise the financial reports of domestic business segments and foreign subsidiaries. L&T's Group financial management is responsible for preparing and updating the Group accounting policies and instructions, and for preparing reporting schedules. The financial management department consolidates subsidiaries' financial statements into consolidated financial statements, which include notes to the financial statements, and prepares interim and half-year financial reports, financial statements releases and the annual financial statements. Public financial reporting is realised with the same principles, and it is subject to the same control methods as monthly internal financial reporting. The Audit Committee reviews the interim report, half-year financial report and financial statements and proposes its recommendation on their processing to the Board of Directors. The Board of Directors approves the interim report, half-year financial report, financial statements release and financial statements prior to their publication.

Internal control

Internal control is a material part of the Group's administration and management. The purpose of internal control is to ensure the reliability of the Group's financial reporting, efficiency and profitability of operations and compliance with legislation and other regulations.

Tools of internal control include policies and principles, guidelines, manual and IT system-based automatic controls, follow-up reports and inspections or audits. The company's Board of Directors has ratified L&T's internal control policy.

The Board of Directors and the President and CEO are responsible for the organisation of internal control. The Audit Committee of the Board of Directors monitors the efficiency and performance of internal control and correctness of financial reporting. The financial development of the company is monitored monthly by an operational reporting system covering the whole Group.

In addition to actual data, the system provides budgets, forecasts and investment reports. L&T's operations and financial reports are monitored and compared against budgets and forecasts at different organisational levels. The Group management, divisional management and area management, as well as business unit management, analyse the results and any nonconformities. Those responsible for finances at the divisions also analyse the financial reports and prepare reports for management use. Their duties also include supervision of the accuracy of financial reports and analysis of results.

Risk management

L&T has a risk management and insurance policy approved by the Board of Directors' organisational meeting on 2 January 2026 that defines financial, strategic and operational risks. Risk management at L&T aims to identify significant risk factors, prepare for them, and manage them in an optimal way so that the achievement of the company's strategic and financial objectives is not compromised. Comprehensive risk management endeavours to manage the Group's risk as a whole and not just individual risk factors.

Responsibilities

The Board of Directors approves the principles risk management and monitors the implementation of risk management and assesses the efficiency of the methods employed. The President and CEO is responsible for the organisation and implementation of risk management. Risk management at L&T Group is controlled by the risk management and insurance policy confirmed by L&T's Board of Directors. The policy specifies the objectives and principles, organisation and responsibilities, and procedures of the Group's risk management. The Group's financing policy confirmed by L&T's Board of Directors is followed in the management of financial risks. The principles for insurance risk management are specified in the Risk Management and Insurance Policy.

Identification, assessment and reporting of risks

Risks are surveyed regularly and systematically at both the division and company levels and in functions considered to be critical. The significance of risks is assessed using a risk matrix. Measures for managing and minimising the identified risks are prepared, and responsibility for these measures is allocated to specified individuals or units. The most significant identified risks, and the preparations for those risks, are regularly reported to the President and CEO and the Board of Directors.

Other information disclosed in the CG statement

Internal audit

The internal audit is responsible for the independent evaluation and assurance function required of a listed company, which systematically examines and verifies the effectiveness of risk management, control, management and governance. The Board of Directors approved the operating instructions for the internal audit on 2 January 2026. The CFO of the company has been appointed to coordinate L&T's internal audit. The Board will assess the organisation of internal audit after the demerger in 2026.

Insider guidelines

The company complies with the Market Abuse Regulation (596/2014, "MAR") and the Securities Market Act and related regulations and guidelines issued by the European Securities Markets Authority, the Finnish Financial Supervisory Authority and Nasdaq Helsinki Ltd. Moreover, the Board of L&T's verified on 2 January 2026 insider guidelines to supplement the Guidelines for Insiders issued by Nasdaq Helsinki Ltd. Certain key aspects of the insider guidelines are described below.

The insider guidelines clearly specify certain practices and decision-making procedures to ensure that the company's insider management has been arranged in a consistent and reliable way. The Senior Vice President, HR and Legal, is responsible for insider issues in the company. L&T maintains an internal non-public list of the persons discharging managerial duties and the persons closely associated with them who, pursuant to MAR, are under an obligation to disclose their transactions involving L&T's financial instruments.

L&T has defined the company's Board of Directors and the President and CEO as persons discharging managerial duties pursuant to the Market Abuse Regulation, and each of these persons has been instructed to inform the persons closely associated with them of the notification obligation concerning transactions.

Transactions by managers and the persons closely associated with them are published as stock exchange releases via the company website.

The company maintains separate project-specific insider lists pursuant to MAR on significant projects that may have a significant impact on the value of financial instruments issued by L&T. Such lists are established and maintained following the decision to postpone the disclosure of inside information.

Persons who are entered in a project-specific insider list or other persons in possession of inside information concerning L&T may not trade in financial instruments issued by L&T. In addition, L&T's aforementioned persons discharging managerial duties may not trade in L&T's financial instruments for a closed period of 30 days preceding the publication of the company's interim reports, half-year financial report and financial statements release, including the date of publication.

The closed period preceding result announcements and the restriction on carrying out transactions during the closed period also apply to the persons who participate in the preparation of interim reports and the financial statements release, or who otherwise have regular access to L&T's undisclosed financial information.

Transactions with related parties

The company and its Board of Directors evaluate and monitor transactions between the company and its related parties, and aims to ensure that any conflicts of interest are taken into consideration in decision-making. If the related-party transactions are material to the company and deviate from the company's ordinary business operations or are made in deviation from ordinary market terms, the company must report the decision-making procedure concerning such related-party transactions.

L&T's Board of Directors approved the company's insider guideline on 2 January 2026. L&T's related-party transactions are described in Note 5.4 to the financial statements. L&T did not carry out any business transactions with related parties that were material to the company, deviated from its normal business operations or were not made on market or market equivalent terms in 2025.

Auditor

Auditing is carried out by an auditor elected by the Annual General Meeting. The auditor's term expires at the close of the next Annual General Meeting of Shareholders following their election. During the financial year 31 December 2025–31 December 2025, PricewaterhouseCoopers Oy served as the auditor, with Samuli Perälä, Authorised Public Accountant, as the principal auditor. The auditor of the company also served as a sustainability auditor and performed the assurance of the sustainability report for the financial year 2025.

The Audit Committee of the Board of Directors processes the audit plan annually and reviews the audit findings with the Board of Directors. The fees to be paid for the Group's statutory auditing concerning year 2025 totalled EUR 0.2 million. The fees to be paid to the auditing company and companies belonging to the same group for non-audit services totalled EUR 0.0 million. The non-audit services include the assurance of the sustainability report.

Remuneration Report 2025

This Remuneration Report has been prepared in accordance with the applicable legislation and the Securities Market Association's Finnish Corporate Governance Code for Finnish listed companies, which entered into force on 1 January 2025. This report describes the remuneration of the Company's governing bodies, namely the Board of Directors and the President and CEO, for the financial year 2025. The Personnel and Sustainability Committee of the Board of Directors has discussed this report, and it will be presented to the 2026 Annual General Meeting of Lassila & Tikanoja Plc (hereinafter referred to as "L&T" or "the company"). The resolution of the Annual General Meeting concerning the Remuneration Report is advisory.

Lassila & Tikanoja Plc commenced its operations in connection with the partial demerger that took effect on 31 December 2025, and as a result, this remuneration report contains a limited description of remuneration for the financial year 2025, during which the length of the Company's financial period was one (1) day. This Remuneration Report, other information disclosed in accordance with the Corporate Governance Code and information on the remuneration of the members of the Group Executive Board are available on the company's website.

Introduction

Lassila & Tikanoja Plc's Personnel and Sustainability Committee has drafted and the Board of Directors has approved the Remuneration Policy, presented to the 2025 Extraordinary General Meeting preceding the demerger. The Remuneration Policy describes the remuneration principles concerning the company's governing bodies, namely the Board of Directors and the President and CEO. During the financial year 2025, Lassila & Tikanoja Plc complied with the Remuneration Policy presented to the Annual General Meeting.

There were no deviations from the Remuneration Policy and no clawback of remuneration. In accordance with the Remuneration Policy, the aim of the remuneration scheme of the Board of Directors and the President and CEO is to contribute to the positive development of shareholder value, as well as to enhance the company's competitiveness, long-term financial success, and fulfilment of the strategy and goals set by the company.

The key principle of the Remuneration Policy is that remuneration of the Board of Directors and the President and CEO shall contribute to the achievement of the above-mentioned goals and provide – in terms of both level and structure – a fair and competitive package that promotes commitment and retention and is in line with market practices. The aim of all remuneration throughout Lassila & Tikanoja Group is to promote good performance and to motivate personnel to engage in long-term efforts to promote the achievement of the company's goals.

Remuneration is one factor through which the company strives to ensure the availability of skilled and motivated persons for all positions at all levels of the organisation. These principles also apply to the remuneration of the members of the Board of Directors and the President and CEO, and thereby they receive no salary, pension benefits, other financial benefits associated with employment or service, or other emoluments or fees not associated with Board work from the company.

The members of the Board are not included in the company's share-based incentive schemes and they do not have any pension contracts with the company. The company was registered on 31 December 2025 and the Board of Directors did not meet during the 31 December 2025 financial year, so no annual fees or meeting fees were paid to the Board of Directors for the financial year 2025.

Fees paid to the Board of Directors for the financial year 2025

The Annual General Meeting annually determines the annual fees and meeting fees payable to the members of the Board of Directors for Board and committee work. The Shareholders' Nomination Board prepares proposals on remuneration for the Annual General Meeting to be held in the spring 2026.

Annual fees, meeting fees for Board and committee meetings, and other financial benefits

The Extraordinary General Meeting preceding the demerger decided on the remuneration of the Board of Directors on 4 December 2025 as follows:

- Chair of the Board EUR 70,000
- Vice Chair of the Board EUR 47,000
- members EUR 35,000.

However, if a member of the Board of Directors of Lassila & Tikanoja Plc who is not the Chair or Vice Chair of the Board of Directors of Lassila & Tikanoja Plc serves as the Chair of the Audit Committee or the Personnel and Sustainability Committee, their annual remuneration is EUR 47,000.

The fees are paid so that 40% of the annual fee is paid in Lassila & Tikanoja Plc shares held by the company or, if this is not feasible, shares acquired from the market, and 60% is paid in cash.

In addition, meeting fees are paid to the members of the Board of Directors as follows: EUR 1,000 to the Chair, EUR 700 to the Vice Chair, and EUR 500 to each member for each meeting. Meeting fees are also paid to the Chairs and members of committees established by the Board of Directors: EUR 700 to the Chair of a committee and EUR 500 to each member for each meeting.

None of the members of the Board of the Directors is employed by the company or a company belonging to the same group of companies as the company or acts as the company's adviser, and thereby they receive no salary, pension benefits, other financial benefits associated with employment or service, or other emoluments or fees not associated with Board work from the company.

Remuneration of the President and CEO for the financial year 2025

The Board of Directors decides on the remuneration and financial benefits payable to the President and CEO. Before decision-making by the Board of Directors, the matter is prepared by the Personnel and Sustainability Committee of the Board. Eero Hautaniemi has served as the company's President and CEO since 31 December 2025. The company did not have a Deputy CEO.

Key remuneration principles

The remuneration of the President and CEO consists of a fixed monthly salary and benefits, and a separate annually decided short-term incentive. In addition, the President and CEO is included in the share-based incentive scheme, which serves as a long-term incentive scheme. The short-term incentive scheme and the share-based incentive scheme that serves as a long-term incentive scheme constitute the variable components of the President and CEO's remuneration.

Short-term incentive scheme

The short-term incentive bonus for the President and CEO corresponds to seven months' salary at maximum. The objectives of the short-term incentive scheme are set – and their achievement assessed – annually. Any incentive bonus will be paid as soon as possible after the bonus has been confirmed, but in any event no later than by the end of May of the calendar year following the relevant performance period. The precondition for payment is that the President and CEO is employed by the company at the time.

As the company was registered on 31 December 2025 due to a partial demerger, the incentive scheme for the President and CEO for 2025 preceding the demerger, according to which the remuneration will be paid by the company in 2026, is described here. The President and CEO's incentive bonus for the earnings period that corresponds to the financial year 2025 was based on the Group's profit performance and strategic targets defined by the Board of Directors as follows: consolidated operating profit (70% weight), improving working capital (20% weight), and the employee Net Promoter Score (eNPS, 10% weight). Based on the achievement of the earnings criteria for the earnings period that corresponded to the financial year 2025, the incentive bonus was earned at 37.97% of the maximum amount, which represents, by criteria, consolidated operating profit at 33.97%, improving net working capital at 0%, and employee Net Promoter Score at 4%. The President and CEO will be paid EUR 103,658 in the financial year 2026 for the earnings period that corresponds to the financial year 2025.

Long-term incentive scheme

The President and CEO's long-term incentive scheme is the company's share-based incentive scheme. The Board of Directors decides on the share-based incentive scheme as part of the overall incentive and retention scheme. As a rule, the earnings period of the plan is three calendar years. The Board of Directors decides on the earning criteria for each earnings period based on the Personnel and Sustainability Committee's proposal. The final numbers of shares issued based on meeting the earnings criteria are decided by the Board of Directors at the beginning of the year following the earnings period.

Rewards are paid to the participants as soon as possible after confirming the reward, but at the latests by the end of May of the calendar year following the earnings period. The rewards are paid partly as shares and partly in cash. The cash component is intended to cover the taxes and tax-like payments incurred from the share-based reward.

The precondition for payment is that the President and CEO is employed by the company at the time of the payment. Any shares earned through the one-year incentive scheme must be held for a minimum period of two years following payment (retention period). After the two-year retention period, shares must continue to be held at a value corresponding to the President and CEO's gross salary for six months, as long as the President and CEO is employed by the company. If the President and CEO resigns during the retention period at his own initiative, he is obligated to return the received shares without compensation.

The company was established due to a partial demerger on 31 December 2025, and the following share-based incentive schemes for the President and CEO and the executive management were transferred to the company:

The share-based incentive schemes with the three three-year earnings periods of 2023–2025, 2024–2026 and 2025–2027 are described below:

- The share-based incentive scheme with the financial years 2023–2025 as the earnings period. The reward is based on the Group's average return on capital employed (ROCE) for 2023–2025 (50% weight), the total shareholder return (TSR) of the Lassila & Tikanoja Plc share relative to the stock market index for the Helsinki Stock Exchange (30% weight), and carbon footprint reduction (20% weight). Payment of the rewards under the share-based incentive scheme in question will take place after the three-year earnings period, in 2026.
- The share-based incentive scheme with the financial years 2024–2026 as the earnings period. The reward is based on the Group's average return on capital employed (ROCE) for 2024–2026 (50% weight), the total shareholder return (TSR) of the Lassila & Tikanoja Plc share relative to the stock market index for the Helsinki Stock Exchange (30% weight), and carbon footprint reduction (20% weight). Payment of the rewards under the share-based incentive scheme in question will take place after the three-year earnings period, in 2027.
- The share-based incentive scheme with the financial years 2025–2027 as the earnings period. The reward is based on the Group's average return on capital employed (ROCE) for 2025–2027 (30% weight), the total shareholder return (TSR) of the Lassila & Tikanoja Plc share relative to the stock market index for the Helsinki Stock Exchange (30% weight), carbon footprint reduction (20% weight), and revenue during the period 2025–2027 (20% weight). Payment of the rewards under the share-based incentive scheme in question will take place after the three-year earnings period, in 2028.

Other key terms and conditions

A written service contract has been drawn up for the President and CEO. According to the contract, the period of notice is six months should the company terminate the contract, and six months should the President and CEO terminate the contract. In the event that the company terminates the contract, the President and CEO will be paid compensation amounting to twelve (12) months' salary. Separate rewards are not paid to the President and CEO for memberships of the Boards of Directors of the company's subsidiaries, and the President and CEO receives no remuneration from L&T Group companies other than the parent company. The President and CEO's pension is determined according to the Employees Pensions Act.

Remuneration paid to the President and CEO

As the company was established due to a partial demerger on 31 December 2025, no incentive bonuses were paid to the President and CEO during the financial year in question. The President and CEO has EUR 103,658 incentive bonuses due for the financial year 2025. No supplementary pensions were paid.

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