

The background of the slide is a photograph of a construction site. Two workers in high-visibility orange and blue uniforms and hard hats are standing on a gravel path next to a concrete retaining wall. One worker is holding a tablet. In the background, there are green trees and a portion of an orange excavator is visible on the left.

Business Review January-March 2022

**First-quarter net sales down 6%,
operating result EUR -9.8 million**

January-March in brief

LEHTO

Net sales declined, operation loss weak as expected

Intensive work for the company's future

Operative changes

Change negotiations

Preparing for the process of selling the pipeline renovations business

Negotiations on financing

Preparatory work on issuing a convertible bond

Updated strategy

**Intending to
improve the
company's
profitability and
secure financing**





January – March 2022 in brief

Net sales for January–March declined by 6.2% a year-on-year to EUR 82.2 (87.6) million. Net sales decreased in both service areas due to a reduction in the number of construction projects.

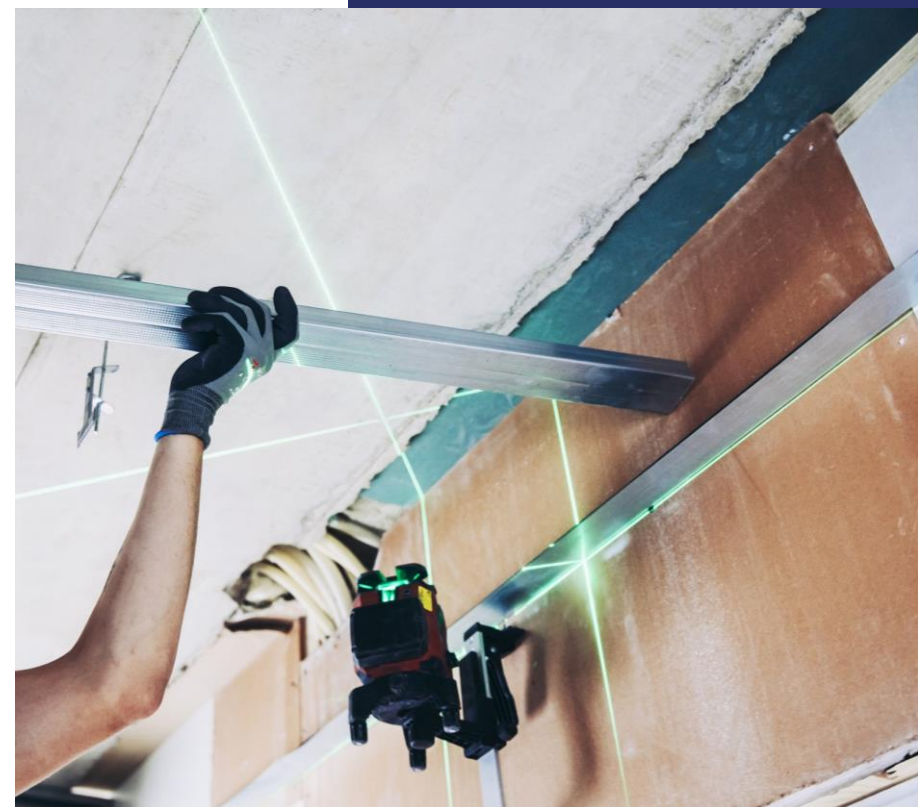
The operating loss was EUR -9.8 million (operating loss of EUR -1.4 million). The main reasons behind the operating loss are business premises projects with loss-making results or weak margins as well as the low volume in the Housing service area in the first quarter.

The balance sheet position remained good.

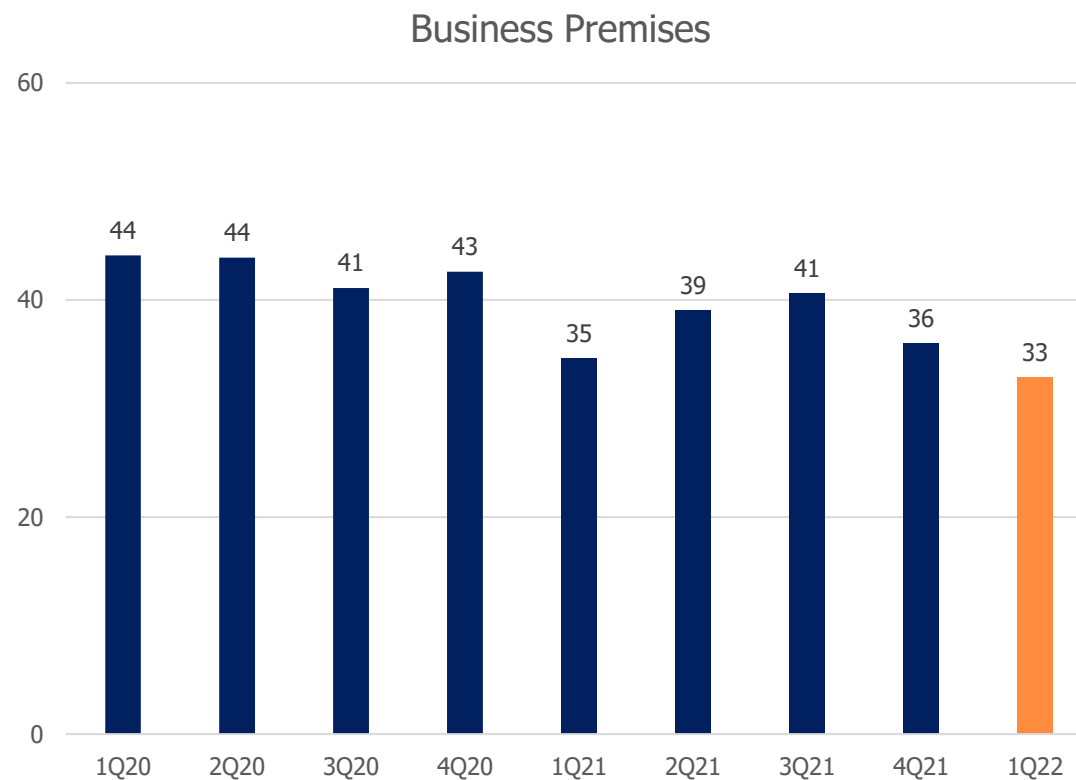
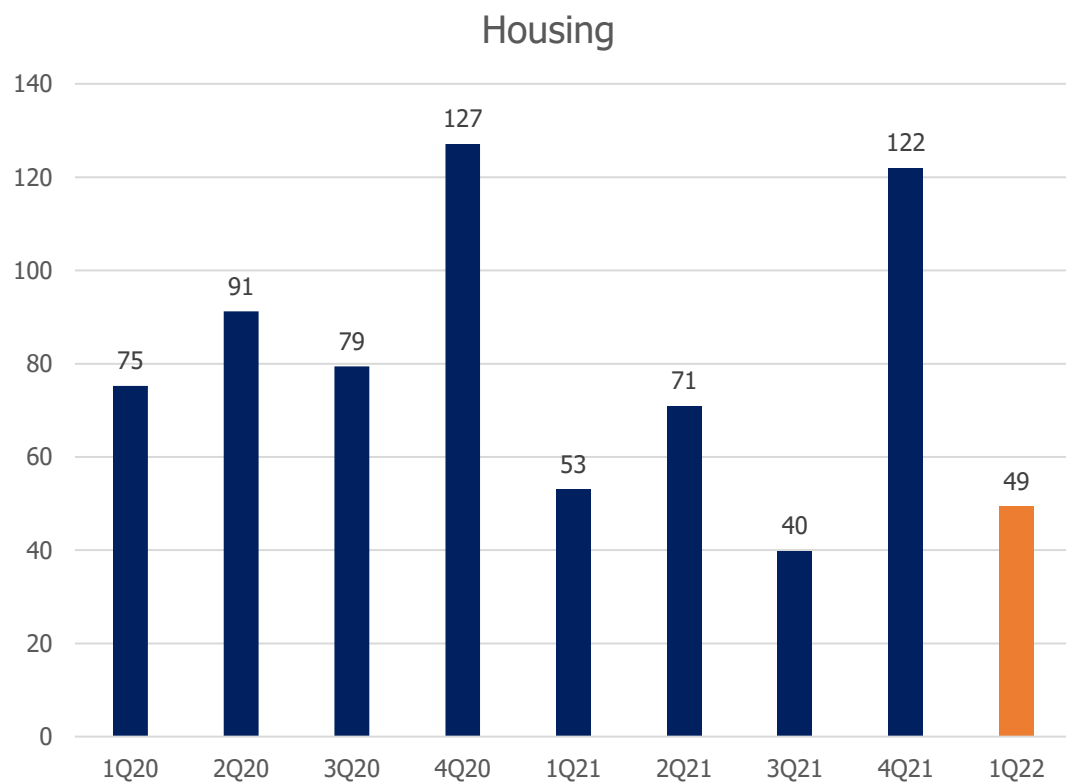
The order backlog declined to EUR 429.6 million.

Net sales by service area, EUR million

Service area	1-3/2022	1-3/2021	1-12/2021
Housing	49.4	53.0	286.1
Business Premises	32.8	34.6	149.8
TOTAL	82.2	87.6	435.9

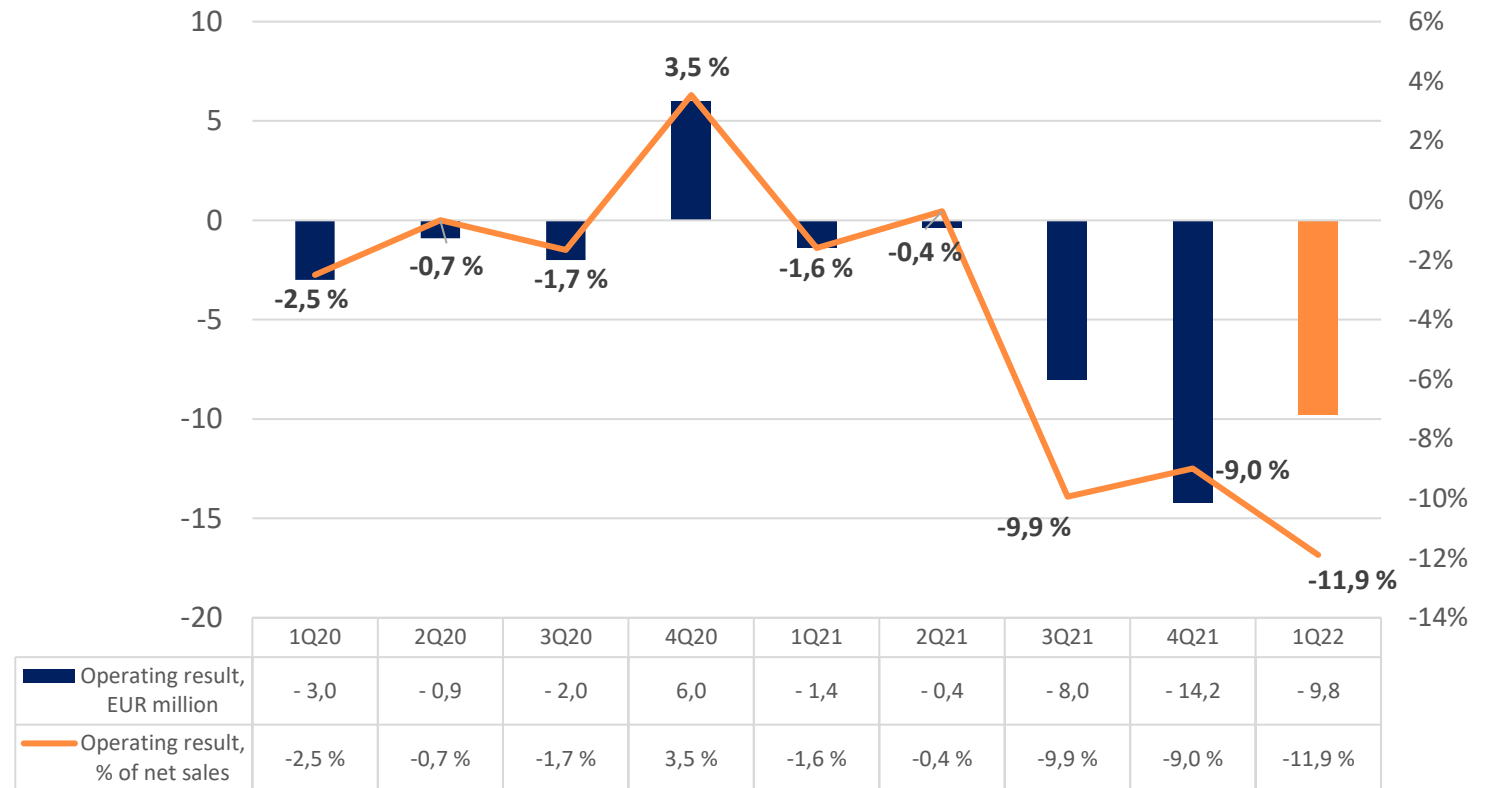


Net sales by quarter and service area, EUR million



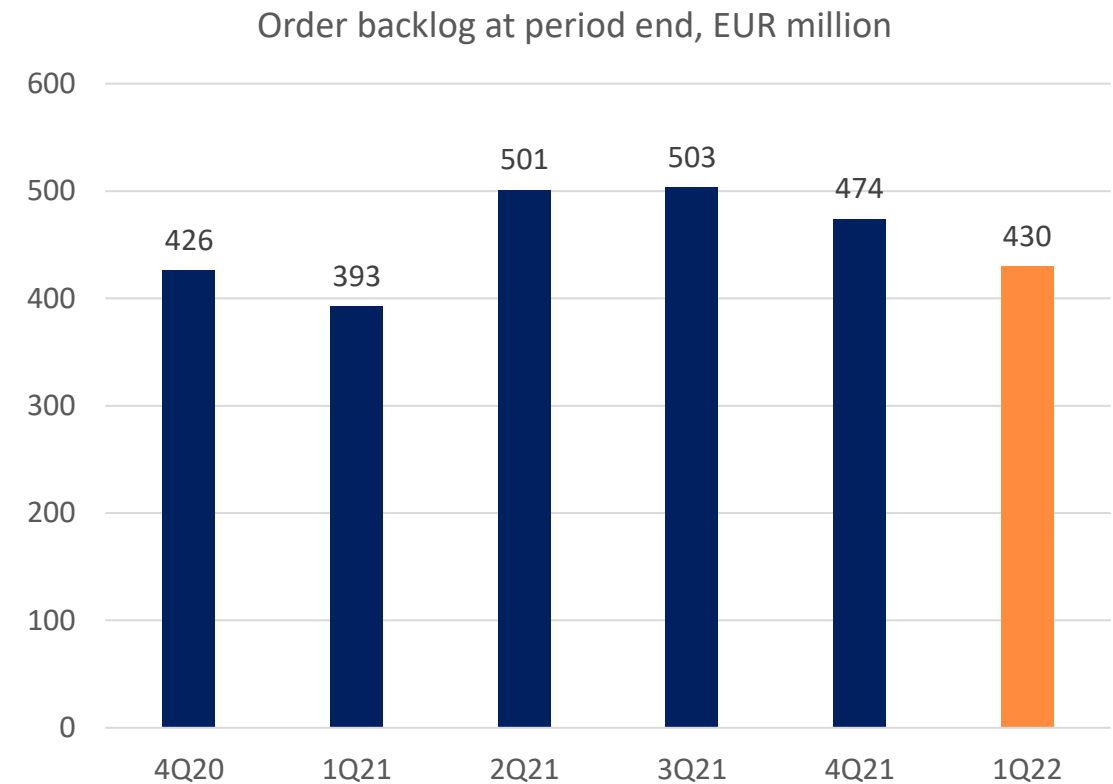
1Q operating result

- The operating result in 1Q was - 9.8 EUR million (-1.4 EUR million 1Q/2021)
- The main reasons behind the operating loss are business premises projects with loss-making results or weak margins as well as the low volume in the Housing service area in the first quarter.



Order backlog

- The order backlog declined to EUR 429.6 million (EUR 474.1 million on 31 December 2021).
- The order backlog decreased in both service areas.



Balance sheet

- The balance sheet total fell slightly from the 2021 closing date
- Inventories grew especially as the company acquired land plots for housing projects and costs were accrued to projects in progress.
- The decrease in cash was due to growth in net working capital and the repayment of financial liabilities.
- Financial liabilities was EUR 46.2 million.

Consolidated balance sheet, EUR million	31 Mar 2022	31 Mar 2021	31 Dec 2021
Non-current assets	48.1	58.6	49.2
Current assets			
Inventories, excluding IFRS 16 assets	125.5	122.3	108.3
Inventories, IFRS 16 assets	86.5	53.5	86.6
Current receivables	87.8	93.9	90.1
Cash and cash equivalents	9.5	70.5	32.8
Total assets	357.4	398.7	367.0
Equity	80.1	121.0	90.9
Financial liabilities	46.2	72.8	45.8
Lease liabilities	90.0	58.4	90.4
Advances received	45.5	77.9	32.4
Other payables	95.4	68.5	107.4
Total equity and liabilities	357.4	398.7	367.0

Housing

Net sales decreased by 6.8% from the comparison period to EUR 49.4 (53.0) million.

A total of 134 (643) housing units were sold during the review period. Significantly fewer apartments were sold to investors than in the comparison period.

During the review period 258 (148) housing units were completed and the construction of 106 (152) new units was started.

The pipeline renovation business has remained stable and 7 (4) were completed during the review period. 14 (9) properties were under construction at the end of the review period.

One (0) care home was completed during the review period. At period-end, no traditional care homes (3) were under construction, but assisted living units were under construction as part of housing construction projects.



Business Premises

Net sales declined by 5.1% a year-on-year to EUR 32.8 (34.6) million.

One business premise was completed and handed over during the review period (1 in 1-3/2020).

At the end of the review period, 15 (17) projects were under construction, most notably a local service centre in Kivistö, Vantaa; a twin tower in Malmi, Helsinki; an office building for Fennovoima in Pyhäjoki; a pulp warehouse at the Port of Kemi; and school projects in Ivalo and Kouvola.

The order backlog decreased to EUR 175.4 million (EUR 202.0 million on 31 December 2021).

The school business progressed in line with plans during the review period. No (1) projects were handed over during the review period and two (2) projects were under construction at the end of the period: in Ivalo and Kouvola.





Outlook for 2022

Lehto updated its financial guidance in a stock exchange release published on 28 April 2022 as follows:

Lehto has signed an agreement to sell its pipeline renovation business. Lehto will report pipeline renovation business as discontinuing operation in the financial reports that lowers the net sales and operating result of continuing operations.

The sale of pipeline renovation business will decline Lehto's net sales from continuing operations by approximately EUR 36 million and operating result from continuing operations by approximately EUR 5 million.

In addition to effects caused by the sale of pipeline renovation business Lehto estimates that the war in Ukraine has caused risks related to the general market demand and material prices. These risks cannot be exactly estimated but Lehto is taking these into account in 2022 financial guidance.

Lehto estimates that Net Sales from continuing operations in year 2022 will be slightly lower than in 2021 (EUR 404.1 million in 2021) and operating result from continuing operations will be EUR 15-20 million negative (EUR -24.0 million in 2021).

**Forebuilder of a better
tomorrow**

