Lamor Corporation Plc

Half-Year Financial Report January–June 2022

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Half-Year Financial Report 1 January–30 June 2022

Revenue growth continued as planned

April–June 2022 in brief

- Revenue increased by 96.4% to EUR 22.2 million (11.3)
- EBITDA was EUR 3.5 million (1.4)
- Adjusted EBITDA increased by 159.6% and totalled EUR 3.5 million (1.4) or 15.9% of revenue
- EBIT was EUR 1.7 million (0.7)
- Adjusted EBIT increased by 187.0% and amounted to EUR 1.8 million (0.6) or 8.0% of revenue
- Net cash flow from operating activities was EUR 6.4 million (-1.4)
- Earnings per share increased to EUR 0.01 (0.00) by 259.7%
- Orders received was EUR 7.3 million (81.9)

January–June 2022 in brief

- Revenue increased by 265.5% to EUR 65.4 million (17.9)
- EBITDA was EUR 9.5 million (0.9)
- Adjusted EBITDA increased by 1239.7% and totalled EUR 11.4 million (0.9) or 17.5% of revenue
- EBIT was EUR 6.2 million (-0.6)
- Adjusted EBIT amounted to EUR 8.3 million (-0.6) or 12.6% of revenue
- Net cash flow from operating activities was EUR -1.4 million (-2.4)
- Earnings per share increased to EUR 0.08 (-0.05)
- Impairment losses from Russian business amounted to EUR 2.0 million
- Orders received was EUR 43.6 million (88.2)

CEO Mika Pirneskoski:

During the second quarter of 2022, we continued on our strong growth path. The revenue of the second quarter almost doubled compared to the previous year and was 22.2 million euros. The main drivers behind the growth were our long-term service projects in the Middle East supported by the volume of our basic business as well as finishing the clean-up project in Peru and Ecuador. Our adjusted EBIT did not reach our targeted level due to lower volume than anticipated and challenges in the invoice acceptance process in Saudi Arabia. We believe, however, that we will reach our guidance i.e., an adjusted EBIT of 14 million euros.

The large-scale service projects in Kuwait and Saudi Arabia advanced mostly as planned also in the second quarter of the year. In Kuwait, we have started the work on the site, and the construction of the treatment centres is well under way. As the transportation of the contaminated soil will start in the second half of the year, the project is expected to advance with a faster pace. In addition, we submitted a bid for the second phase of the SKETR project in Kuwait jointly with our local partner. Our service project contract party in Saudi Arabia is changing. The contract will be transferred to Public Investment Fund's subsidiary Saudi Investment and Recycling Company (SIRC) and the process started at the end of July. We estimate that this has no significant impact on the current contract, but we believe that it will create significant future potential for scope increase and contract extension.

The significant increase in business volume also led to the increase of working capital especially due to large on-going service projects and the final assessment and the timing of the client invoicing of the oil spill clean-up project. The operative cash flow, however, improved significantly during the reporting period.

Investments to tackle the pace of climate change

A part of Lamor' strategy - to be globally local - is based on the idea that we need a strong geographical reach in our business and enough local resources to be able to offer the solutions in the clients' own operating environment fulfilling the global quality standards. Lamor's competitive advantage is based on e.g., the global distribution network and project delivery references for large global corporations. These competitive advantages also enable the expansion of our offering. A great example of that is the decision to invest in the first industrial-scale chemical plastic recycling plant in Finland.

In the first phase we aim to build a 10,000-tonne per year capacity in Kilpilahti by the end of 2023, but our medium-term plan is to build a distributed 40,000-tonne chemical recycling capacity in Finland by the end of 2026 jointly with our partner Resiclo Oy.

Lamor will invest EUR 1.2 million in the company established for the project, Resiclo Kilpilahti Oy which corresponds to 50% of the shares of Resiclo Kilpilahti. The rest of the shares of the company will be owned by Resiclo Oy. The total investment of the first phase of Resiclo Kilpilahti Oy is estimated to be EUR 12 million consisting of equity and debt financing. In addition, we are committed to finance Resiclo Kilpilahti's future investments with a sub-ordinated loan amounting up to a maximum of EUR 3 million. At the same time, Lamor will invest EUR 1.3 million in Resiclo Oy, where it will be acting as a minority shareholder with a 11.8% stake. Resiclo is a Finnish start-up phase recycling company which has been developing chemical recycling projects for plastics waste since 2018. The agreement includes conditions which need to be met before the closing of the agreement. These conditions are expected to be met during the second half of 2022.

Our plan is to build a blueprint of the factory and gain the references needed in Finland, after which we plan to utilise our global network to build similar plants in our strong market areas. Our long-term target is to build an annual chemical recycling capacity of 200,000 tonnes by 2030.

There are significant initiatives globally to reduce the use of virgin crude oil in the petrochemical industry to combat climate change, and the chemical recycling market is expected to be in the magnitude of hundreds of billions euros by 2050.

Strategic targets and transformation

The year 2021 was significant for Lamor in terms of order backlog growth, and as per our financial guidance, the year 2022 will be significant in terms of revenue and profitability growth. We continue our investments to enable profitable future growth.

The next step in the transformation is to take the implementation of the strategy of profitable growth closer to the client interface by leading the operations closer to sales and project execution. In addition, we continue the work in unifying our offering and processes on a global level. We believe that these development actions will help us in reaching our strategic targets.

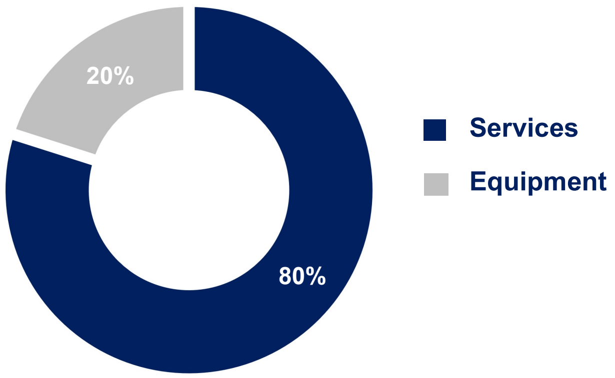
Sustainability is at the heart of everything we do, and we aim to develop our ability to combine sustainability data with financial and operative data. We believe that we can create sustainable competitive advantage by creating an extensive lifecycle assessment model for our whole offering. The model aims to show what is the impact of the solutions being offered from the client perspective. This will help us to differentiate ourselves from the local competitors, whose main advantage is low price.

We have strengthened our organisation greatly over the past year. Our aim is to strengthen, as a part of our strategy, our local presence as well as global operations. The announcement made in July, that Lamor was chosen to deliver three projects in Bangladesh once again highlighted how our strategy works and our competitiveness in international tenders. The total value of these three equipment projects is approximately EUR 25 million. The contracts are estimated to be signed, and the projects added in the order backlog during the third quarter of 2022.

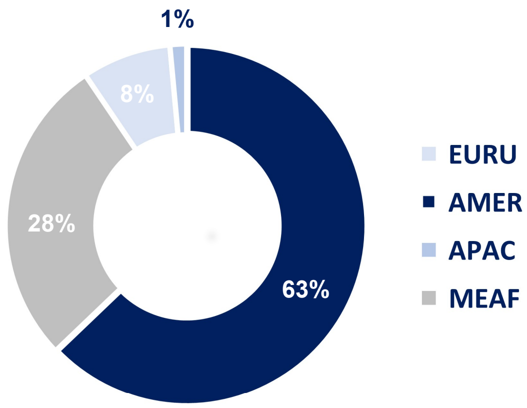
Mika Pirneskoski
CEO
Lamor Corporation Plc

Revenue split January–June 2022

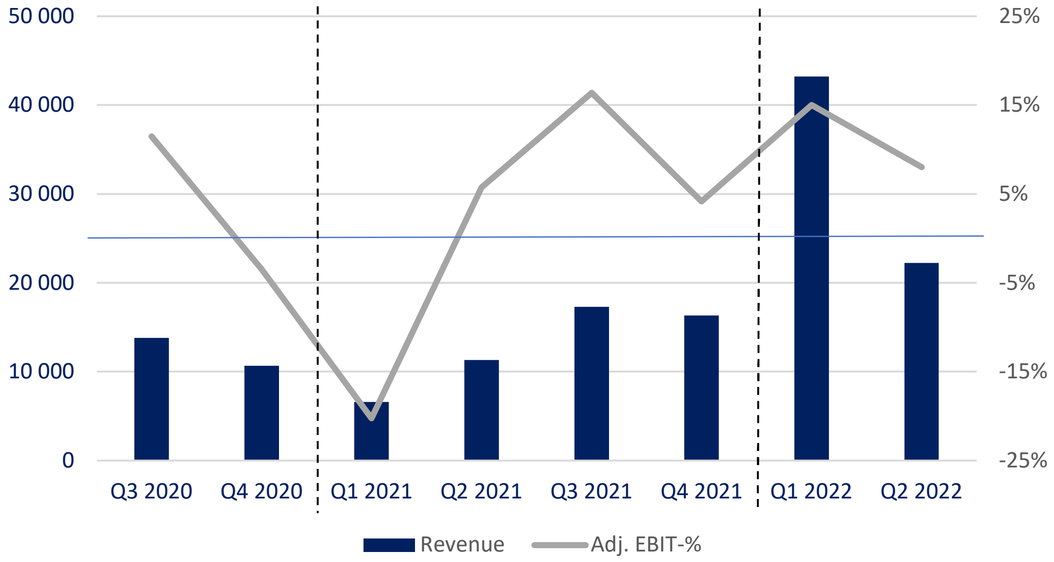
Equipment and services



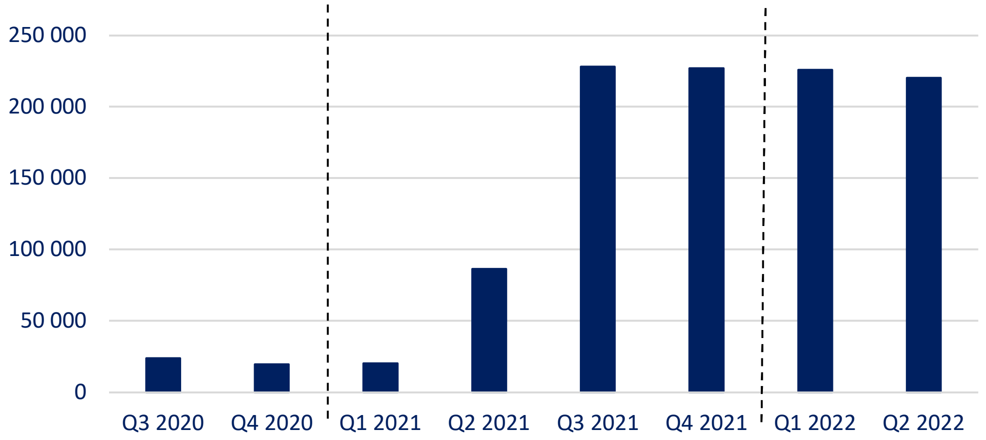
Areas



Revenue (EUR thousand) and adjusted EBIT % per quarter



Order backlog at the end of the quarter (EUR thousand)



Key figures

EUR thousand unless otherwise noted	Q2 2022	Q2 2021	Change %	1–6/2022	1-6/2021	Change %	1–12/2021
Revenue	22,229	11,321	96.4%	65,440	17,904	265.5%	51,517
EBITDA	3,540	1,364	159.6 %	9,488	854	1,010.6%	6,014
EBITDA margin %	15.9%	12.0%		14.5%	4.8%		11.7%
Adjusted EBITDA	3,540	1,364	159.6%	11,446	854	1,239.7%	6,692
Adjusted EBITDA margin %	15.9%	12.0 %		17.5%	4.8%		13.0%
Operating profit or loss (EBIT)	1,725	675	155.6%	6,188	-568	N/A	1,941
Operating profit (EBIT) margin %	7.8%	6.0 %		9.5%	-3.2%		3.8%
Adjusted Operating Profit (EBIT)	1,785	622	187.0%	8,263	-568	N/A	2,831
Adjusted Operating Profit (EBIT) margin %	8.0%	5.5%		12.6%	-3.2%		5.5%
Profit (loss) for the period	439	110	299.0%	2,482	-1,055	N/A	869
Earnings per share, EPS (basic), euros	0.01	0.00	259.7%	0.08	-0.05	N/A	0.05
Return on equity (ROE) %				3.9%	-3.8%		1.9%
Return on investment (ROI) %				7.3%	-1.2%		3.0%
Equity ratio %				52.1%	45.0%		56.2%
Net gearing %				10.3%	62.2%		-6.9%
Orders received	7,328	81,916	-91.1%	43,621	88,205	-50.5%	260,831
Order backlog	220,191	86,476	154.6%	220,191	86,476	154.6%	226,906
Number of employees at the period end	438	230	90.4%	438	230	90.4%	290
Number of employees on average	467	233	100.4%	718	232	209.5%	250

Market outlook

Globally increasing environmental awareness creates market demand for sustainable solutions to clean our soils and waters. Increased awareness has led governments and private sectors to pay attention to uncleaned areas with soil and water contamination. There is a large number of restoration liabilities arising from oil spills on a global level, and a number of large-scale oil spills still remain uncleaned. Increased environmental awareness has also led to tightening environmental legislation, and sufficient oil spill response equipment and service capabilities have a critical role in the future of environmental protection.

With its wide-ranging equipment portfolio and experience of soil remediation and water treatment solutions, Lamor can offer its clients comprehensive solutions to decrease their restoration liability as well as to improve their environmental preparedness capabilities. Despite of a strong ‘green transition’ it has been estimated that the amount of drilling activities will increase in the next 5-year period.

At the same time, the increased understanding of the sensitivity of ecosystems and legacy contamination create a need for the governmental and the private sector to be better prepared for future incidents as well as to finance the cleanup operations of the legacy contamination. Lamor seeks to utilise its wide-ranging expertise to grow in these market segments and areas. Lamor evaluates the demand of its solutions to remain at a good level also in the future.

There are significant initiatives globally to reduce the use of virgin crude oil in the petrochemical industry to combat climate change, and the chemical recycling market is expected to be in the magnitude of hundreds of billions euros by 2050. Lamor’s plan is to build a blueprint of the factory and gain the reference needed in Finland, after which Lamor plans to utilise the global network to build similar plants in our strongest market areas.

Guidance for 2022

As released on 10 May 2022, Lamor estimates its turnover to be at least EUR 120 million in 2022. Adjusted EBIT is estimated to be at least EUR 14 million.

Lamor has a strong order backlog for 2022. Since a significant part of the revenue is generated by large service project deliveries, any major delay in the project progress would have a negative impact on revenue and profit for 2022.

Lamor closely follows how the Russian invasion of Ukraine is affecting the company’s operating environment. Due to the war, Lamor has ceased the sales activities of the products and services in Russia. War-related global cost inflation as well as the shortage of raw materials and components are having an effect also on Lamor’s business. Lamor will continue to monitor the situation carefully.

In addition, any potential virus variant of the COVID-19 could have a negative impact on Lamor’s revenue and result in 2022 by impacting Lamor’s capabilities to deliver projects efficiently.

Long-term financial targets

Lamor’s Board of Directors has defined the following long-term financial targets for the company. The targets are unchanged compared to the targets that have been included in the annual release published on 3 March 2022.

- Growth: Increase of annualised revenue to over EUR 100 million as soon as possible, and after achieving this, annual growth significantly faster the market.
- Profitability: Adjusted EBITDA margin -% of over 16 per cent and adjusted operating profit (EBIT) margin -% over 14 per cent.
- Capital structure: Achieving a capital structure suitable for the company’s strategy, targets and risk profile by maintaining a strong balance sheet.
- Dividend policy: The company aims to distribute annual dividends, while keeping growth as the Company’s most important target.

Financial performance

April–June 2022

During the reporting period, the Group’s revenue was EUR 22.2 million (11.3) and grew by 96.4 per cent. The revenue was impacted by low equipment business volume.

The Group's adjusted EBITDA stood at EUR 3.5 million (1.4). The higher relative share of the fixed expenses was caused by the lower delivery volume during the period. The challenges related to customer invoicing in Saudi Arabian project burdened the profitability as well. On the other hand, the better than anticipated profitability of the South American environmental clean-up projects had a positive impact on the result for the period.

Adjusted EBIT for the period was EUR 1.8 million (0.6) being 8.0 per cent (5.5) of the revenue in the period. In addition to the factors impacting the EBITDA, the EBIT level was affected by higher relative share of depreciations due to lower volume during the period.

The orders received during the period were EUR 7.3 million (81.9). Equipment business orders remained to be weak. The comparison period is heavily boosted by the large Saudi Arabian order won a year earlier. Bangladesh project orders of approximately EUR 25 million announced in July are estimated to be reported as orders received in the third quarter.

January–June 2022

The Group's revenue continued to grow strongly and stood at EUR 65.4 million (17.9) which is 265.5 per cent higher than in the comparative period. During the first half of the year, the growth was mainly related to the environmental response and clean-up projects in Peru and Ecuador where Lamor has had a significant role. The projects were largely concluded by the end of April. The pace of Group's large service project deliveries in Kuwait picked up during the period, and they are expected to further accelerate towards the year end.

The Group's adjusted EBITDA was EUR 11.4 million (0.9). The South American environmental response projects had a significant impact on the profitability during the first half of the year. The projects prove the Group's ability to swiftly mobilise large-scale projects with its global network and to benefit from scale benefits.

In the first quarter, Lamor made an impairment of EUR 2.0 million relating to an investment in an associated company in Russia. The expense is presented in Share of results in associated companies, and it is included in the non-recurring items.

Adjusted EBIT totalled EUR 8.3 million (-0.6). Depreciations stood at EUR -3.3 million (-1.4) and included EUR -2.0 million (-0.4) depreciations for right-of-use assets (IFRS 16) related mainly to the Group's project in Saudi Arabia.

Financial income and expenses were EUR -1.3 million (0.5). These were mainly related to valuation of USD-denominated and pegged receivables and debts, USD currency hedging as well as interest and guarantee expenses.

The Group's profit before taxes was EUR 4.9 million (-1.0). The Group's effective tax rate stood at 49.4 per cent (-3.5). The tax rate increased especially due to the non-tax deductible impairment of Russian operations in the first quarter, the high income tax rate in foreign subsidiaries as well as the revaluation of deferred tax assets.

Net cash flow from operating activities was EUR -1.4 million (-2.4). The final assessment of the Peru oil spill response project invoicing progressed during the period, but part of the invoicing was transferred to be concluded in the third quarter.

Cash flow from investments was EUR -6.1 million (-3.0) and consisted mainly of investments in oil response preparedness equipment, the development of the global network within the Business Finland Growth Engine program as well as aircraft procurement related to the service project in Saudi Arabia.

The Group's equity ratio was 52.5 per cent (45.0) and net gearing stood at 10.1 per cent (62.2). Both equity ratio and net gearing are impacted by the IFRS 16 lease liabilities.

Order backlog at the end of the period totalled EUR 220.2 million (86.5). During the period, new orders received were EUR 43.6 million (88.2). The cyclicality of large orders is characteristic for the business. In addition to the environmental response and clean-up projects in South America during the early part of the year, no other significant large orders were received in the period. Bangladesh project orders of approximately EUR 25 million announced in July are estimated to be reported as orders received in the third quarter.

Investments

Investments in tangible and intangible assets in the period were EUR 6.2 million (2.3).

The amount of right-of-use assets increased and amounted to EUR 7.4 million (0.6) and relate mainly to vessel rentals in the Group's service project in Saudi Arabia.

Depreciation and impairment during the period totalled EUR 3.3 million (1.4).

Financial position

Lamor's interest-bearing liabilities comprise loans from financial institutions, capital loans and lease liabilities under IFRS 16. Lamor's interest-bearing liabilities on 30 June 2022 amounted to EUR 20.2 million (19.8) including lease liabilities for EUR 7.1 million (0.9). The Group's net debt totalled EUR 6.7 million (17.1). At the end of the period, the Group had liquid funds amounting to EUR 13.5 million (2.7). The funding needs in the large service projects have continued to tie working capital despite received significant customer payments.

The Group's senior priority financing arrangements included a financing limit of EUR 8.0 million, of which EUR 1.6 million is in use; loans of EUR 5.4 million, and an overdraft facility of EUR 3.5 million, which is not in use. The aggregate value of outstanding guarantees totalled EUR 29.3 million.

In addition to the aforementioned credit arrangements, at the end of the period Lamor had junior debt financing of EUR 2.2 million and a capital loan of EUR 3.0 million from the State Treasury granted in connection with the Growth Engine competition of Business Finland as well as State Treasury loans of EUR 0.8 million. These arrangements are subordinate to senior financing.

Personnel

In the reporting period, Lamor employed on average 718 persons, compared to 232 persons during the comparison period. The average number of personnel is significantly impacted by the project nature of the Group's operations. At the beginning of the year, the Group's oil spill clean-up projects in Ecuador and Peru had a very strong impact on the number of personnel. These employees have been under time-bound contracts during the project delivery, and the number of personnel has started to decrease after the clean-up projects have been concluded during the second quarter.

Sustainability

Lamor's aim is to clean the world, and the Group has worked towards this since its incorporation. Lamor is committed to applying the highest quality standards to ensure environmental compliance of all its activities. Lamor is continuously developing new methods and solutions to achieve its aim.

In June, Lamor published its decision to invest in the first Finnish industrial scale chemical recycling plant of plastics together with Resiclo. The recycling plant will produce chemically recycled raw material from waste plastics, which can be used in the petrochemical industry to produce recycled plastic, and it can be delivered to suitable refineries for further processing. There are significant initiatives globally to reduce the use of virgin crude oil in the petrochemical industry to combat climate change. The investment supports Lamor's strategy to optimise the usage of raw materials and to increase the company's efforts to combat climate change. In addition, it indicates Lamor's activities to support the green transition.

Sustainability actions

The increasing environmental awareness and development of sustainable business models provide competitive advantages for Lamor. During the first half of the year, Lamor has defined clear goals and targets for 2022. These targets include e.g., creating a life-cycle assessment model to assess the net impact of Lamor's solutions. With the model, Lamor is able to create added value to the customers and support them in developing sustainable business models as well as analysing the net impact of the services provided by Lamor. In addition to calculating the carbon footprint and handprint, the aim is to always develop for the customer as efficient solution as possible considering also other environmental impacts.

During the first half of 2022, Lamor has developed the processes to collect emission data regularly from all market areas. In addition, Lamor has for the first time collected emission data during the period.

Green Equity Designation

On 19 January 2022, Lamor was the first company in Finland to receive Nasdaq Green Equity Designation. The designation supports equity issuers with their transition towards green business models and strategies and enables for investors increased visibility to the company's green strategy and targets. The Nasdaq Green Equity Designation can be given to listed companies that have over 50 percent of their turnover derived from activities considered green and that invest more than 50 percent in green activities.

Governance

Resolutions of the Annual General Meeting

The Annual General Meeting of Lamor Corporation Plc was held on 28 April 2022 under special arrangements.

The Annual General Meeting adopted the Company's 2021 financial statements, resolved not to distribute dividend and discharged the Board members and the Managing Director from liability for the financial year 2021.

The Annual General Meeting confirmed that, in accordance with the Shareholders' proposal made to the Annual General Meeting, the number of members of the Board of Directors shall be five (5) and resolved on the re-election of Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen and Timo Rantanen as members of the Board of Directors and the election of Mika Ståhlberg as a new member of the Board of Directors. The term of the members of the Board of Directors ends at the close of the next Annual General Meeting.

The Annual General Meeting resolved that the remuneration payable to the members of the Board of Directors shall be EUR 20,000 annually for each member of the Board, except for the Chairman of the Board, who shall be paid EUR 50,000 annually, and the possible Vice Chairman of the Board, who shall be paid EUR 45,000 annually. In addition, the Chairman of the Audit Committee shall be paid a fixed annual remuneration of EUR 10,000 and each member of the Audit Committee EUR 5,000. In case the Chairman of the Audit Committee acts as the Chairman or as the Vice Chairman of the Board of Directors, no remuneration related to the committee work shall be paid. The Chairman of the Remuneration Committee shall be paid a fixed annual remuneration of EUR 5,000 and each member of the Remuneration Committee EUR 2,500. In case the Chairman of the Remuneration Committee acts as the Chairman or as the Vice Chairman of the Board of Directors, no remuneration related to the committee work shall be paid. In addition, the meeting fees payable to all the other members of the Board of Directors, except for the Chairman of the Board, shall be EUR 1,000 per each meeting. When a member participates in a meeting via remote connection, the meeting fee shall be EUR 750.

The Annual General Meeting re-elected the firm of authorised public accountants Ernst & Young Oy as the Company's Auditor to serve for a term ending at the close of the next Annual General Meeting, with APA Juha Hilmola continuing as the auditor with principal responsibility.

The Annual General Meeting resolved to authorise the Board of Directors to decide on the issuance of new shares or treasury shares. Under the authorisation, a maximum of 2,750,000 shares, which corresponds to approximately 10 per cent of all of the shares at the time of the proposal, may be issued.

The Annual General Meeting resolved to authorise the Board of Directors to decide on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Companies Act in such a way that the shares to be issued either directly or on the basis of option rights and other special rights under the authorisation shall not exceed 550,000 shares in aggregate, which would correspond to approximately two (2) per cent of all the Company's shares at the time of the proposal. The shares, option rights and other special rights entitling to shares may be issued in one or more tranches. The authorisation can be used to issue shares, option rights and other special rights as part of the management and employee incentive schemes of the Company.

The Annual General Meeting resolved to authorise the Board of Directors to decide on the acquisition of the Company's own shares in such a way that the number of own shares to be repurchased shall not exceed 2,750,000 shares. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company.

The Annual General Meeting resolved to establish a permanent Shareholders' Nomination Board.

Shares and share capital

Lamor has one share class. Each share has equal voting rights, and all shares of the company provide equal rights to dividend. There are no voting restrictions related to the shares. The shares do not have a nominal value. The shares have been issued in accordance with Finnish laws, and all shares have been paid in full. The shares are denominated in euros.

At the end of the reporting period on 30 June 2022, Lamor's share capital was EUR 3,866,375.40 and total number of shares outstanding was 26,959,974 excluding shares held in treasury. On 30 June 2022, Lamor held 542,450 of its own shares.

The closing price of the share on the last trading day of the reporting period on 30 June 2022 was EUR 4.548. The highest price of the share in the reporting period was EUR 4.99 and the lowest EUR 4.05. Share turnover on First North Premier in January–June 2022 was approximately 2.2 million shares. The value of the share turnover was approximately EUR 10.3 million. On 30 June 2022, Lamor's market capitalisation was approximately EUR 122.6 million, and the company had 6,892 shareholders.

Risks and business uncertainties

Risks related to operating environment

Lamor's operations are affected by various strategic, regulatory, operational and financial risks. Lamor takes measures to exploit emerging opportunities and to limit the adverse effects of potential threats. The objective of Lamor's risk management is to ensure the implementation of an effective and successful strategy for achieving both long- and short-term goals. The task of Lamor's management is to regulate risk appetite.

Lamor operates in over 100 countries through its subsidiaries and associated companies and its partner and distribution networks. Lamor has subsidiaries and associated companies in 21 countries, and the company carries out its business on all continents. In addition, Lamor aims to grow and expand its business also in the future. Since Lamor has business operations across the world, it is exposed to, for example, the political, economic, legislative, and social conditions in each country in which it conducts its business. Due to the international nature of its operations, Lamor is exposed to the impacts of risks related to international trade. In addition, the development of Lamor's business is partly dependent on the general development of the public finances and the political decision steering them.

Global epidemics and pandemics, such as the current pandemic caused by the coronavirus disease (COVID-19), may have a significant impact on the global economy and the financial markets. The coronavirus pandemic has caused significant uncertainty in the global economy and financial markets. In addition, the pandemic has caused challenges in Lamor's supply chain and logistics. Lamor will continue to monitor the situation carefully.

Lamor follows closely how the Russian invasion of Ukraine is affecting the company's operating environment. Due to the war, Lamor has ceased the sales activities of its products and services in Russia. The global cost inflation as well as the shortage of raw materials and components caused by the war is having an effect also on Lamor's business.

Legal and regulatory risks

Lamor operates in a highly regulated industry, which is also under constant pressure to change due to increasing environmental awareness, among other factors. Therefore, Lamor must comply with a large volume of legislation governing the industry, as well as various standards and regulations concerning, for example, the handling of waste and harmful substances, operating permits, health and safety, data protection, public procurements, the use of labour, competition, business activities in general and taxation. The global nature of Lamor's business materially increases the amount of various regulations it is subject to, as the content of regulations and regulations may vary significantly from one country to another.

In their operations, Lamor and its subcontractors must comply with laws, regulations, permit terms and conditions, official guidelines and standards that concern, among other things, the cleaning up of contaminated areas, the handling and disposal of hazardous and harmful substances, and the reception, handling, and transportation of waste. The most significant environmental risks are related to the potential release into the soil or water of environmentally harmful substances, such as collected oil, used chemicals or the fuels of heavy machinery and vessels used in Lamor's and its subcontractors' activities.

Risks related to business operations

Negative changes in the availability and market prices of the components and subcontractors that Lamor uses in its business or in the transportation and production costs of Lamor's equipment could have a material adverse effect on the profitability of Lamor's business. The prices of components and the transportation and production costs of Lamor's equipment could increase significantly due to, for example, natural catastrophes and problems in Lamor's supply contracts or a global state of emergency, or due to disruptions in supply chains caused by the aforementioned.

Since Lamor's reporting currency is the euro, it is exposed to the risk of fluctuations in exchange rates every time it makes or receives payments in a currency other than the euro. For Lamor, the most significant risk related to an individual currency is the fluctuation of the U.S. dollar rate.

Lamor's business is project oriented. Lamor is globally responsible for several demanding projects relating to environmental clean-up simultaneously, and furthermore, the company aims to expand its service business significantly in the near future. Due to this, successful project management has a significant impact on the profitability of Lamor's business and the company's future prospects.

Risks related to Lamor's financing and financial position

Lamor's business requires a significant amount of working capital, and Lamor is currently expanding its operations significantly, which will further increase Lamor's need for working capital. Achieving significant growth in the business will require significant investments in equipment and personnel, among other things, even though the fixed costs of Lamor's business are partially scalable. Lamor's ability to finance its business depends on several factors, such as cash flows from operating activities, the company's ability to generate profits and uncertainties concerning its profitability, creditworthiness and the availability of new debt and equity financing.

Lamor is exposed to the credit risk related to, for example, unfinished projects and customer receivables as well as prepayments paid to suppliers. Any downturn in the economy could weaken the solvency of Lamor's contractual counterparties, which could have an adverse effect on Lamor's ability to collect its receivables in full or at maturity.

Lamor tests its tangible and intangible assets for impairment annually on the balance sheet date as well as when events or changes in circumstances indicate that the value of a certain asset would be impaired. If the book value of an asset is higher than its estimated recoverable amount, its book value will be written down immediately so that it corresponds to the recoverable amount.

Near-term risks and uncertainties

The coronavirus pandemic has caused significant uncertainty in the global economy and the financial markets. The recent development in China caused by the pandemic has caused challenges in Lamor's production and logistics chains, and the Group has accelerated its efforts to find alternative sourcing channels.

Lamor follows closely how the Russian invasion of Ukraine is affecting the company's operating environment. Due to the war, the company has ceased the sales activities of its products and services in Russia. The global cost inflation as well as the shortage of raw materials and components caused by the Russian invasion is having an effect also on Lamor's business by increasing the prices and in certain cases extending the delivery times. Lamor is aiming to increase the sales prices and is continuously searching for alternative components to decrease the impact of price increases and shortage of raw materials to decrease the total impact.

Events after the reporting period

The governmental authority of Bangladesh, Cabinet Committee on Government Purchase (CCGP), approved three public tenders provided by Lamor to deliver projects for Mongla Port Authority (MPA) aiming to increase the preparedness for oil spill response and the level of waste management in the Mongla Port in Bangladesh. The total value of these three equipment projects is approximately EUR 25 million. The projects are estimated to be awarded, contracts signed, and the projects added in the order backlog during the third quarter of 2022. Lamor communicated the decision on 20 July 2022.

Financial calendar 2022

In 2022, Lamor will publish financial releases as follows:

Interim Report for January–September 2022 will be published on 15 November 2022.

Webcast for shareholders, analysts and media

Webcast for shareholders, analysts and media will be arranged on 16 August 2022 at 10:00 EEST. The result will be presented by CEO Mika Pirneskoski and CFO Timo Koponen. The webcast includes a Q&A session, and participants can ask questions in English and Finnish via the event chat room. The webcast can be followed at [https://lamor.videosync.fi/q2-2022-interimreport.](https://lamor.videosync.fi/q2-2022-interimreport)

A recording of the webcast will be available later at the company's website at investors.lamor.com/reports-and-presentations.

Porvoo, 16 August 2022
Lamor Corporation Plc
Board of Directors

Further enquiries

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Consolidated statement of profit and loss

EUR thousand	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Revenue	22,229	11,321	65,440	17,904	51,517
Materials and services	-13,861	-7,285	-40,493	-11,060	-29,919
Other operating income	144	301	173	369	857
Employee benefit expenses	-3,291	-1,941	-9,232	-3,657	-9,637
Other operating expenses	-2,017	-1,032	-4,782	-2,375	-6,618
Share of associated companies' profits	337	0	-1,617	-327	-185
EBITDA	**3,540**	**1,364**	**9,488**	**854**	**6,014**
Depreciation, amortization, and impairment	-1,815	-689	-3,300	-1,422	-4,072
Operating profit (EBIT)	**1,725**	**675**	**6,188**	**-568**	**1,941**
Financial income	581	7	785	79	434
Financial expenses	-1,266	-307	-2,069	-531	-2,197
Profit before tax	**1,039**	**375**	**4,904**	**-1,019**	**178**
Income tax	-600	-265	-2,422	-35	691
Profit for the financial year	**439**	**110**	**2,482**	**-1,055**	**869**
Attributable to					
Equity holders of the parent	398	111	2,283	-1,013	963
Non-controlling interests	41	-1	199	-42	-94
Earnings per share					
Earnings per share, basic, EUR	0.01	0.00	0.08	-0.05	0.05
Weighted average number of shares outstanding, million *	26.96	19.80	26.96	19.80	20.35
Profit for the financial year	**439**	**110**	**2,482**	**-1,055**	**869**
Other comprehensive income, net of taxes:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	1,144	-34	1,490	367	510
Other comprehensive income (loss) for the year, net of tax	**1,144**	**-34**	**1,490**	**367**	**510**
Total comprehensive income for the financial period	**1,583**	**76**	**3,972**	**-687**	**1,379**
Attributable to					
Equity holders of the parent	1,542	77	3,773	-646	1,473
Non-controlling interests	41	-1	199	-42	-94

* The number of shares has been adjusted for share split, effective from November 2021, for all periods presented

Consolidated statement of financial position

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Assets			
Non-current assets			
Goodwill	18,233	17,953	18,049
Intangible assets	4,047	4,667	4,245
Property, plant and equipment	9,444	4,515	4,581
Right-of-use assets	7,432	646	5,742
Investments in associated companies and joint ventures	2,000	4,056	3,671
Non-current receivables	1,962	-	1,442
Investments in other shares	418	350	418
Deferred tax assets	3,158	1,504	2,944
Assets	**46,694**	**33,691**	**41,093**
Current assets			
Inventories	11,699	8,677	9,069
Trade receivables	21,853	9,652	7,556
Contract assets	34,833	1,749	14,804
Prepayments and other receivables	6,342	6,321	9,098
Short-term investments	165	-	165
Cash and cash equivalents	13,474	2,655	28,871
Total current assets	**88,366**	**29,054**	**69,564**
Total assets	**135,060**	**62,745**	**110,657**

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Equity and liabilities			
Equity			
Share capital	3,866	3,866	3,866
Translation differences	1,582	-50	92
Reserve for invested unrestricted equity	44,303	12,439	44,303
Retained earnings / accumulated deficit	14,902	11,257	12,805
Equity attributable to equity holders of the parent	**64,654**	**27,512**	**61,067**
Non-controlling interests	1,135	865	839
Total equity	**65,789**	**28,377**	**61,905**
Non-current liabilities			
Interest-bearing loans and borrowings	8,283	9,907	9,178
Lease liabilities	3,686	186	3,056
Deferred tax liability	486	223	879
Other non-current financial liabilities	2,686	57	2,828
Total non-current liabilities	**15,140**	**10,372**	**15,942**
Current liabilities			
Interest-bearing loans and borrowings	4,723	9,210	10,019
Lease liabilities	3,459	456	2,410
Provisions	50	73	75
Trade payables	23,772	9,160	11,844
Contract liabilities	10,940	1,556	1,985
Other short-term liabilities	11,187	3,541	6,476
Total current liabilities	**54,130**	**23,996**	**32,810**
Total liabilities	**69,271**	**34,368**	**48,752**
Total equity and liabilities	**135,060**	**62,745**	**110,657**

Consolidated statement of changes in equity

2022 **Attributable to the equity holders of the parent**

EUR thousand	Share capital	Issue of shares	Fund for unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 Jan 2022	**3,866**	**-**	**44,303**	**92**	**12,805**	**61,066**	**839**	**61,905**
Profit for the financial year	-	-	-	-	2,283	**2,283**	199	**2,482**
Other comprehensive income	-	-	-	1,490	-	**1,490**	**-**	**1,490**
Total comprehensive income	**-**	**-**	**-**	**1,490**	**2,283**	**3,773**	**199**	**3,972**
Registration of shares	-	-	-	**-**	-	**-**	**-**	**-**
New share issue	-	-	-	-			-	**-**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	**-**	**-**	**-**	**-**	-186	**-186**	97	**-88**
Equity on 30 Jun 2022	**3,866**	**-**	**44,303**	**1,582**	**14,902**	**64,564**	**1,135**	**65,789**

2021 **Attributable to the equity holders of the parent**

EUR thousand	Share capital	Issue of shares	Fund for unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 Jan 2021	**3,866**	**621**	**11,398**	**-418**	**12,813**	**28,281**	**1,154**	**29,434**
Profit for the financial year	-	-	-	-	-1,013	**-1,013**	-42	**-1,055**
Other comprehensive income	-	-	-	367	-	**367**	-	**367**
Total comprehensive income	**-**	**-**	**-**	**367**	**-1,013**	**-646**	**-42**	**-687**
Registration of shares	-	-621	621	-	-	**-**	-	**-**
New share issue	-	-	420	-	-	**420**	-	**420**
Purchase of own shares	-	-	-	-	-336	**-336**	-	**-336**
Acquisition of non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	-208	**-208**	-247	**-455**
Equity on 30 Jun 2021	**3,866**	-	**12,439**	**-50**	**11,257**	**27,512**	**865**	**28,377**

Consolidated statement of cash flows

EUR thousand	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Cash flow from operating activities					
Profit for the financial year	**439**	**110**	**2,482**	**-1,055**	**869**
Adjustments for:					
Depreciation, amortisation, and impairment	1,815	689	3,300	1,422	4,072
Finance income and expenses	686	300	1,284	452	1,763
Gain on disposal of property, plant, and equipment	-136	-283	-136	-283	-381
Share of profit from associated companies and joint ventures	-337	-	1,617	327	185
Taxes	600	265	2,422	35	-691
Other non-cash flow related adjustments	204	70	475	62	-41
Total adjustments	**2,832**	**1,041**	**8,926**	**2,015**	**4,908**
Change in working capital					
Change in trade and other receivables	526	-2,901	-30,024	1,359	-13,395
Change in inventories	-1,428	673	-2,471	-2,505	-1,899
Change in trade and other payables	4,271	19	20,328	-1,633	6,332
Total change in working capital	**3,369**	**-2,208**	**-12,167**	**-2,779**	**-8,962**
Operating cash flow before financial and tax items	**6,640**	**-1,058**	**-723**	**-1,819**	**-3,185**
Interest paid	-543	-251	-891	-474	-1,956
Interest received	104	-57	134	0	163
Taxes paid	154	-37	107	-85	-379
Net cash flow from operating activities	**6,355**	**-1,402**	**-1,372**	**-2,377**	**-5,357**
Cash flow from investing activities					
Acquisition of associates, joint ventures, and other shares	-	-31	-	-505	-884
Purchase of intangible and tangible assets	-2,781	-1,042	-6,132	-2,036	-3,433
Proceeds from sale of tangible and intangible assets	306	-	319	-	50
Loans granted	-289	-411	-289	-411	-
Net cash flow from investing activities	**-2,746**	**-1,484**	**-6,102**	**-2,952**	**-4,267**
Cash flow from financing activities					
Proceeds and repayments from borrowings	-364	1,628	-6,300	3,094	3,141
Repayment of lease liabilities	-868	-199	-1,623	-388	-1,573
Purchase of own shares	-	-252	-	-252	-261
Issue of new shares	-	420	-	420	35,420
IPO costs	-	-	-	-	-3,136
Acquisition of non-controlling interests	-	206	-	-173	-379
Net cash flow from financing activities	**-1,233**	**1,803**	**-7,923**	**2,702**	**33,213**
Net change in cash and cash equivalents	**2,358**	**-1,083**	**-15,397**	**-2,628**	**23,589**
Cash and cash equivalents, beginning of period	**11,116**	**3,738**	**28,871**	**5,282**	**5,282**
Cash and cash equivalents, end of period	**13,474**	**2,655**	**13,474**	**2,655**	**28,871**

Accounting principles

General information

Lamor Corporation Plc (the “Company” or the “parent company”) and its subsidiaries (together “Lamor”, “Lamor Group” or the “Group”) form a leading global supplier of environmental technologies. The mission of Lamor is to clean the world, through its three business lines: oil spill response, waste management and water treatment, including related services.

Lamor Corporation Plc is a publicly listed company with its shares listed on Nasdaq First North Premier Growth Market Finland under the trading code LAMOR.

Lamor Corporation Plc is domiciled in Porvoo, and its registered address is Rihkamatori 2, 06100 Porvoo, Finland.

The interim financial report is unaudited.

Basis of preparation

The financial information included in this half-year financial report for January–June 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting standard and the International Financial Reporting Standards (IFRS) as adopted by the European Union.

From the beginning of the year 2022, Lamor Group has adopted new or amended IFRS’s and interpretations, as issued by IASB and IFRIC, effective for financial periods commencing on 1 January 2022. Except for the above, the accounting policies applied in the preparation of this financial statement release are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

In this financial statement release, the figures are presented in thousand euros subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals. Figures presented in this interim report have been rounded from exact figures and therefore the sum of figures presented individually may deviate from the presented sum figure.

Revenue, segment reporting, adjusted key figures and geographical information

Lamor is one of the leading global suppliers of environmental technologies. The mission of Lamor is to clean the world, through its three business lines: oil spill response, waste management and water treatment, including related services.

The profitability of the Group is based on the One Lamor approach. The CEO, who is the chief operating decision maker of the Group, monitors the equipment and service businesses. Reporting to the management is aggregated at the Group level. Therefore, due to the management structure and how the business is operated and managed, Lamor Group as a whole is considered as one operating segment that is also the reportable segment.

The chief operating decision maker follows the profitability of the Group and uses reporting principles that are consistent with the IFRS accounting principles of the Group. The chief operating decision maker uses performance-related key figures, most importantly order intake, revenue, EBITDA and operating profit, to support the decision making. In addition, performance is monitored by Adjusted EBITDA and Adjusted Operating Profit (EBIT), which are adjusted for income and expenses of the Group that reduce comparability of performance between reporting periods. Lamor uses alternative performance measures EBITDA, Adjusted EBITDA, Operating Profit (EBIT) and Adjusted Operating Profit (EBIT), as part of regulated financial information to enable the users of financial information to meaningful analyses of the performance of the Group.

Items affecting comparability consist of certain income and expenses incurred outside normal course of business, such as goodwill impairment charges and depreciation of allocations related to business combinations, restructuring gains and losses, gains or losses on sale of businesses or non-current assets outside the normal course of business, indemnity payments and returns, transaction costs related to business combinations and listing on security market.

Alternative performance measures

Adjusted EBIT and EBITDA **EUR thousand**	**4–6/2022**	**4–6/2021**	**1–6/2022**	**1–6/2021**	**1–12/2021**
Operating Profit (EBIT)	**1,725**	**675**	**6,188**	**-568**	**1,941**
Depreciations, amortisations and impairment	1,815	689	3,300	1,422	4,072
EBITDA	**3,540**	**1,364**	**9,488**	**854**	**6,014**
Non-recurring Items					
Business combinations expenses	-	-	-	-	79
IPO related expenses	-	-	-	-	599
Impairment of Russian business	-	-	1,958	-	-
Adjusted EBITDA	**3,540**	**1,364**	**11,446**	**854**	**6,692**
Depreciations, amortisations and impairment	-1,815	-689	-3,300	-1,422	-4,072
Amortisation of intangible assets identified in PPA	60	-53	117	-	211
Adjusted EBIT	**1,785**	**622**	**8,263**	**-568**	**2,831**

Revenue

Distribution of revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Revenue by business line

EUR thousand	**4-6/2022**	**4–6/2021**	**Change %**	**1–6/2022**	**1–6/2021**	**Change %**	**1–12/2021**
Equipment	8,669	10,748	-19%	13,148	15,324	-14%	22,884
Services	13,560	573	2265%	52,293	2,581	1,926%	28,632
Total revenue from contracts with customers	**22,229**	**11,321**	**96%**	**65,441**	**17,904**	**265%**	**51,517**

Timing of revenue recognition

EUR thousand	4–6/2022	4–6/2021	Change %	1–6/2022	1–6/2021	Change %	1–12/2021
Transferred at a point in time	8,039	7,036	14%	12,309	10,422	18%	21,126
Transferred over time	14,190	4,284	231%	53,132	7,483	610%	30,390
Total revenue from contracts with customers	**22,229**	**11,321**	**96%**	**65,440**	**17,904**	**265%**	**51,517**

Revenue by geographical area

EUR thousand	4–6/2022	4–6/2021	Change %	1–6/2022	1–6/2021	Change %	1–12/2021
EURU	3,073	4,563	-33%	5,198	6,409	-19%	11,249
AMER	8,381	2,434	244%	41,141	4,817	754%	11,626
APAC	753	1,756	-57%	979	3,322	-71%	6,034
MEAF	10,023	2,568	290%	18,122	3,357	440%	22,608
Total revenue from contracts with customers	**22,229**	**11,321**	**96%**	**65,440**	**17,904**	**265%**	**51,517**

* EURU = Europe and Russia, AMER = Americas, APAC = Asia-Pacific, MEAF = Middle East and Africa

Summary of contract balances

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Trade receivables	21,853	9,652	7,556
Contract assets	34,833	1,749	14,804
Contract liabilities	10,940	1,556	1,985

Contract assets mainly comprise receivables related to the Group’s ongoing project in Saudi Arabia.

Lamor Group did not experience any major unexpected credit losses in January–June 2022. Lamor's management also critically assesses the level of the expected credit loss accrual in accordance with IFRS 9 at the end of reporting period. Overall, Group management assessed the Group’s credit risk position to be approximately on the prior year’s level.

Lamor has recorded an expected credit loss related to trade receivables and contract assets, amounting to EUR 1.0 million on 30 June 2022 (EUR 2.2 million on 30 June 2021).

Contract liabilities consist mainly of prepayments received from the customers relating to build-for-purpose equipment and service delivery projects.

Business combinations

Lamor did not make acquisitions or divestments of businesses during the period of January–June 2022.

Change in goodwill

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Carrying value at the beginning of the year	**18,049**	**17,892**	**17,892**
Impairment	-	-	-
Additions	-	-	-
Acquired in business combinations	-	-	-
Exchange differences	184	61	157
Other changes and disposals	-	-	-
Carrying value at the end of the year	**18,233**	**17,953**	**18,049**

Change in tangible and intangible assets

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Carrying value at the beginning of the year	**8,827**	**8,147**	**8,147**
Depreciation, amortization and impairment charges	-1,459	-1,054	-2,483
Additions	6,172	2,264	3,433
Acquired in business combinations	-	-	-
Exchange differences	453	73	226
Grants received and disposals	-502	-248	-497
Carrying value at the end of the year	**13,491**	**9,181**	**8,827**

The increase in tangible assets during the period is mainly due to procurement of airplanes related to the project in Saudi Arabia.

Change in right-of-use assets

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Carrying value at the beginning of the year	**5,742**	**1,010**	**1,010**
Depreciation, amortization and impairment charges	-2,019	-368	-1,707
Additions	2,989	-	6,233
Acquired in business combinations	-	-	-
Exchange differences	710	4	234
Other changes	9	-	-28
Carrying value at the end of the year	**7,432**	**646**	**5,742**

The increase in right-of-use assets is primarily due to leasing of vessels related to the project in Saudi Arabia.

Financial instruments

Net debt

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current interest-bearing loans and borrowings	8,283	9,907	9,178
Non-current lease liabilities	3,686	186	3,056
Current interest-bearing loans and borrowings	4,723	9,210	10,019
Current lease liabilities	3,459	456	2,410
Liquid funds	-13,474	-2,655	-28,871
Net debt total	**6,678**	**17,104**	**-4,208**

Classification of financial assets and liabilities

Financial assets on 30 June 2022

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets						
Investments in unlisted shares	**3**	-	418	-	418	418
Non-Current Receivables		-	-	1,962	1,962	1,962
Non-current financial assets total		**-**	**418**	**1,962**	**2,380**	**2,380**
Current financial assets						
Trade receivables		-	-	21,853	21,853	21,853
Contract assets		-	-	34,833	34,833	34,833
Investments in funds	**2**	165	-	-	165	165
Cash and cash equivalents		-	-	13,474	13,474	13,474
Current financial assets total		**165**	**-**	**70,160**	**70,325**	**70,325**
Financial assets total		**165**	**418**	**72,122**	**72,706**	**72,706**

Financial liabilities on 30 June 2022

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities						
Interest-bearing loans and borrowings		-	-	8,283	8,283	8,283
Lease liabilities		-	-	3,686	3,686	3,686
Other payables		-	-	2,686	2,686	2,686
Non-current financial liabilities total		**-**	**-**	**14,655**	**14,655**	**14,655**
Current financial liabilities						
Interest-bearing loans and borrowings		-	-	4,723	4,723	4,723
Lease liabilities		-	-	3,459	3,459	3,459
Derivative Instruments	**2**	757	-	-	757	757
Contingent consideration	**3**	298	-	-	298	298
Trade payables		-	-	23,772	23,772	23,772
Contract liabilities		-	-	10,940	10,940	10,940
Other current liabilities		-	-	11,187	11,187	11,187
Current financial liabilities total		**1,056**	**-**	**54,081**	**55,137**	**55,137**
Financial liabilities total		**1,056**	**-**	**68,736**	**69,791**	**69,791**

Financial assets on 31 December 2021

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets						
Investments in unlisted shares	**3**	-	418	-	418	418
Other receivables		-	-	1,442	1,442	1,442
Non-current financial assets total		**-**	**418**	**1,442**	**1,860**	**1,860**
Current financial assets						
Trade receivables		-	-	7,556	7,556	7,556
Contract assets		-	-	14,804	14,804	14,804
Investments in funds	**2**	165	-		165	165
Cash and cash equivalents		-	-	28,871	28,871	28,871
Current financial assets total		**165**	-	**51,231**	**51,396**	**51,396**
Financial assets total		**165**	**418**	**52,674**	**53,256**	**53,256**

Financial liabilities on 31 December 2021

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities						
Interest-bearing loans and borrowings		-	-	9,178	9,178	9,178
Lease liabilities		-	-	3,056	3,056	3,056
Other payables		-	-	2,828	2,828	2,828
Non-current financial liabilities total		**-**	**-**	**15,063**	**15,063**	**15,063**
Current financial liabilities						
Interest-bearing loans and borrowings		-	-	10,019	10,019	10,019
Lease liabilities		-	-	2,410	2,410	2,410
Derivative instruments	**2**	4	-	-	4	4
Contingent consideration	**3**	274	-	-	274	274
Trade payables		-	-	11,844	11,844	11,844
Contract liabilities		-	-	1,985	1,985	1,985
Other current liabilities		-	-	6,476	6,476	6,476
Current financial liabilities total		**277**	**-**	**32,735**	**33,012**	**33,012**
Financial liabilities total		**277**	**-**	**47,798**	**48,075**	**48,075**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: The fair value of these assets or liabilities is based on available quoted (unadjusted) market prices in active markets for identical assets or liabilities. Lamor does not currently hold any financial instruments classified at level 1.

Level 2: The fair value of these assets or liabilities is based on valuation techniques, for which there are inputs that are significant to the fair value measurement and these inputs are directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available sources. Financial instruments classified at level 2 include derivative instruments (foreign exchange forward contracts) and investments in funds.

Level 3: The fair value of these assets or liabilities is based on unobservable inputs that are significant to the fair value measurement. The related valuation techniques require making independent estimates.

Lamor has made an investment in Pyroplast Energy Ltd in 2021. This investment has been classified at level 3. The investment was made in June 2021 at fair value and Lamor estimates that the value of the instrument has remained unchanged at the reporting date.

In addition, a liability related to the acquisition of a non-controlling interest, in the amount of EUR 298 thousand, has been classified at level 3. In 2020, Lamor acquired an additional 35 per cent share of equity in Corena S.A., an additional 35 per cent share of equity in Lamor Peru S.A. and a 17.5 per cent share of equity in Corena Colombia SAS. In connection to the additional purchases of the non-controlling interests, a contingent consideration was agreed upon, based on the performance of the mentioned companies over the next three years. At the reporting date, Lamor estimates the value of the contingent consideration at EUR 298 thousand. The amount of the contingent consideration is estimated and recognised at the end of each reporting period, in accordance with IFRS 9 *Financial Instruments*.

Related party transactions

The Group's related parties comprise the parent company Lamor Corporation Oyj, subsidiaries fully owned by the parent company, as well as key members of the management, including their family members and entities with controlling interests. In addition, the Group's related parties include associated companies and joint ventures in which the Group has investments.

The following table provides the total amounts of transactions that have been entered into with related parties for the periods reported. Balances and transactions between the parent and its subsidiaries or joint operations where the Group is a party, which are related parties, have been eliminated on consolidation and are not disclosed below.

Transactions with related parties

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Sales to associated companies and joint ventures	153	643	834
Sales to other related parties	41	-	-
Purchases from associated companies and joint ventures	37	190	218
Purchases from other related parties*	263	672	1,472

* Include lease payments which are reported as depreciations and finance expenses

Receivables and liabilities from related parties

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Receivables from associated companies and joint ventures	1,421	1,142	1,390
Receivables from other related parties	213	173	173
Liabilities to associated companies and joint ventures	12	8	6
Liabilities to other related parties	6	126	2

The sales to and purchases from related parties are carried out on usual commercial terms.

Loans receivable from and payable to related parties

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Amounts receivable from associates and joint ventures	1,526	912	1,442
Amounts receivable from other related parties	-	-	-
Amounts payable to associates and joint ventures	-	-	-
Amounts payable to other related parties	-	2,464	271

Contingent liabilities and other commitments

Commitments

At the reporting date, 30 June 2022, Lamor had corporate mortgages of EUR 51.8 million (EUR 51.8 million on 30 June 2021) as collateral for its loans.

Contingent liabilities related to legal claims

A prior overseas distributor of Lamor has initiated legal proceedings against the Group, related to its business in Colombia. The final trial has not been set.

The Group has been advised by its legal counsel that the proceedings are highly unlikely to be successful. Accordingly, no provision for any liability has been made in these condensed consolidated financial statements.

Guarantees

The Group has provided the following bank guarantees given to its customers:

EUR thousand	30 Jun 2022	30 Jun 2021	31 Dec 2021
Performance and warranty guarantee	23,576	5,595	21,522
Advance payment and payment guarantee	4,763	2,475	2,077
Tender and bid bond guarantees	935	3,295	861
Total other commitments	**29,274**	**11,365**	**24,460**

No liability is expected to arise from the guarantees.

Formulas of key figures

Key figure		Calculation formula	
EBITDA	=	Operating profit + depreciation and amortisation	
EBITDA %	=	Operating profit + depreciation and amortisation / Revenue	x 100
Adjusted EBITDA	=	Reported EBITDA + restructuring income/expense + gains or losses related to sale of businesses or non-current assets outside normal course of business + indemnity payments/income + transaction costs related to business combinations + costs from listing on security market	
Adjusted (EBITDA) %	=	Reported EBITDA + restructuring profit/costs + sales profit/- loss of tangible assets related to business combinations or other than day-to-day business + profits/costs from compensation for damages + transaction costs related to business combinations + costs from listing on security market / Revenue	x 100
Operating Profit (EBIT)	=	Profit for the financial year before financing periods and taxes	
Operating Profit (EBIT) margin %	=	Operating profit / Revenue	x 100
Adjusted Operating Profit (EBIT)	=	Reported EBIT + goodwill impairment charges and depreciation of allocations related to business combinations + restructuring income/expense + gains or losses related to sale of businesses or non-current assets outside normal course of business + indemnity payments/income + transaction costs related to business combinations + costs from listing on security market	
Adjusted Operating Profit (EBIT) %	=	Reported EBIT + goodwill impairment charges and depreciation of allocations related to business combinations + restructuring income/expense + gains or losses related to sale of businesses or non-current assets outside normal course of business + indemnity payments/income + transaction costs related to business combinations + costs from listing on security market / Revenue	x 100
Earnings per share (EPS), basic, euros	=	Profit for the financial year attributable for shareholders of the company / Weighted average number of shares outstanding during the period	x 100
Equity ratio %	=	Shareholders' equity / Balance sheet total – advances received	x 100
Return on equity (ROE) %	=	Profit for the period / Average shareholder's equity	x 100

Return on investment (ROI) %	=	$\dfrac{\text{Profit before taxes + financial income and expenses}}{\text{Average shareholder's equity + average interest-bearing loans and borrowings}}$	x 100
Net gearing, %	=	$\dfrac{\text{Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and non-current investments}}{\text{Shareholders' equity}}$	x 100
Order intake	=	The total value of customer orders received during the period.	
Orders received	=	Total value of customer orders to be delivered in the future	
Average number of employees	=	Average number of personnel at the end of the previous financial year and at the end of the calendar month of each reporting period	