Lamor Corporation Plc
Interim Financial Report
January–September 2022

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Interim Financial Report 1 January–30 September 2022

Strong growth continued

July–September 2022 in brief

- Revenue increased by 98.0% to EUR 34.2 million (17.3)
- EBITDA was EUR 4.9 million (3.3)
- Adjusted EBITDA increased by 26.9% and totalled EUR 4.9 million (3.9) or 14.3% of revenue
- EBIT was EUR 3.0 million (2.0)
- Adjusted EBIT increased by 18.6% and amounted to EUR 3.1 million (2.6) or 9.0% of revenue
- Net cash flow from operating activities was EUR -5.8 million (-4.1)
- Earnings per share increased to EUR 0.07 (0.06) or by 9.7%
- Orders received was EUR 32.3 million (158.8)

January–September 2022 in brief

- Revenue increased by 183.2% to EUR 99.7 million (35.2)
- EBITDA was EUR 14.4 million (4.2)
- Adjusted EBITDA increased by 246.3% and totalled EUR 16.4 million (4.7) or 16.4% of revenue
- EBIT was EUR 9.2 million (1.4)
- Adjusted EBIT increased by 428.3% and amounted to EUR 11.4 million (2.2) or 11.4% of revenue
- Net cash flow from operating activities was EUR -7.2 million (-6.5)
- Earnings per share increased by 1,092.6% to EUR 0.16 (0.01)
- Impairment losses from Russian business amounted to EUR 2.0 million
- Orders received was EUR 76.0 million (247.0)

CEO Mika Pirneskoski

We continued our strong growth path also during the third quarter of 2022. During the quarter we nearly doubled our revenue compared to the previous year. Correspondingly in January-September 2022, we have almost tripled our revenue to 99.7 million euros. The main drivers behind the revenue growth were our significant long-term service agreements in the Middle East as well as the increased volume of our core business. The soil remediation projects in Kuwait have progressed well and we estimate that the actual remediation work will start in early 2023. Our Saudi Arabian project is in maintenance phase with the new contract party, and we will continue finalising the project handover documentation. These projects and due to our local presence, we aim to strengthen the preconditions for achieving the growth targets in our important market areas, in accordance with our strategy.

The significant increase in the business volume has also led to improvement in profitability. When comparing the profitability level of this year, it is important to notice that during the comparison period, the extraordinary high volume of equipment business led to a high EBIT margin. Along with the growth, the level of working capital has also increased significantly especially in the Kuwaiti projects, where the cash flow is expected to turn positive as the project progresses.

New project in Bangladesh – a significant achievement in Asia

In July we announced having won three significant tenders in Bangladesh and the definitive agreements were signed in September. We are building the first modern MARPOL waste reception facility in the Mongla port, as well as providing a significant amount of oil spill response equipment and vessels for the port authority. The total value of the contract is approximately 25 million euros and most of the revenue will be recognised during 2023.

The project in Bangladesh highlights the synergies between our environmental protection and modern circular economy solutions. The solutions typically share the same clientele; therefore, the businesses support one another extremely well. In connection with the expansion of Mongla port, tenders for service projects may also open later. In addition, there is another larger-scale port expansion project underway in Chittagong, Bangladesh, related to which tenders are possible in the future.

The market in the Middle East is active, and we have participated in significant tenders during the period. Referring to the information given in our half-year report, we expect that the final results of the tendering of the second phase of the SKETR projects in Kuwait will be announced during 2023. All in all, the activity in the Middle East supports our vision that the market area will be an extremely important growth market for Lamor also in the future. In the current energy and geopolitical climate, we see that this is a strength for us.

It is characteristic for the business that substantial project orders do not materialize evenly. In the comparison period, the orders received were exceptionally high due to the Kuwaiti soil remediation project orders which are the largest ones in Lamor´s history.

Strategic targets and growth

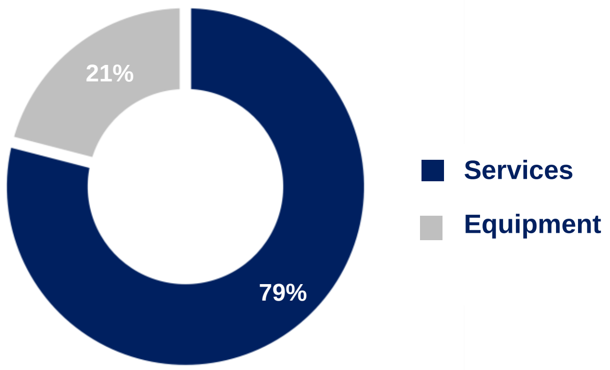
In October, after the closing of the reporting period, we published changes to our Management Team. The aim of strengthening the Management Team is to take the implementation of our strategy of profitable growth closer to the customer interface by leading our operations closer to the customer and project execution. The co-operation of the market areas and global functions will enable efficient project deliveries, further development of our offering and standardisation of processes on a global level. We have invested significantly in our personnel to enable further growth, which could have a negative short-term impact on our profitability. However, we are convinced that these changes will enable profitable growth in the long-term.

Our business volume over the past 12 months has been nearly 120 million euros. As a part of our annual strategy update, we will also update our long-term financial targets. This update aims to give a better visibility of our growth targets to our investors.

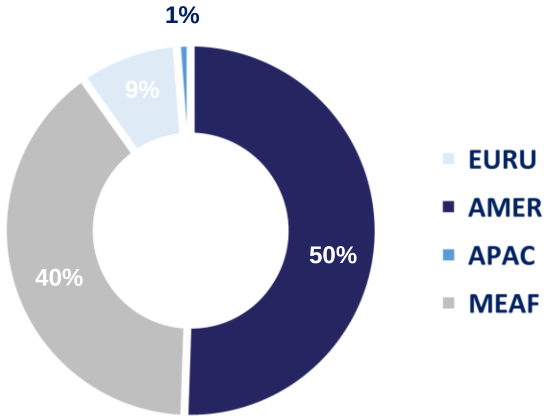
Mika Pirneskoski
CEO
Lamor Corporation Plc

Revenue split January–September 2022

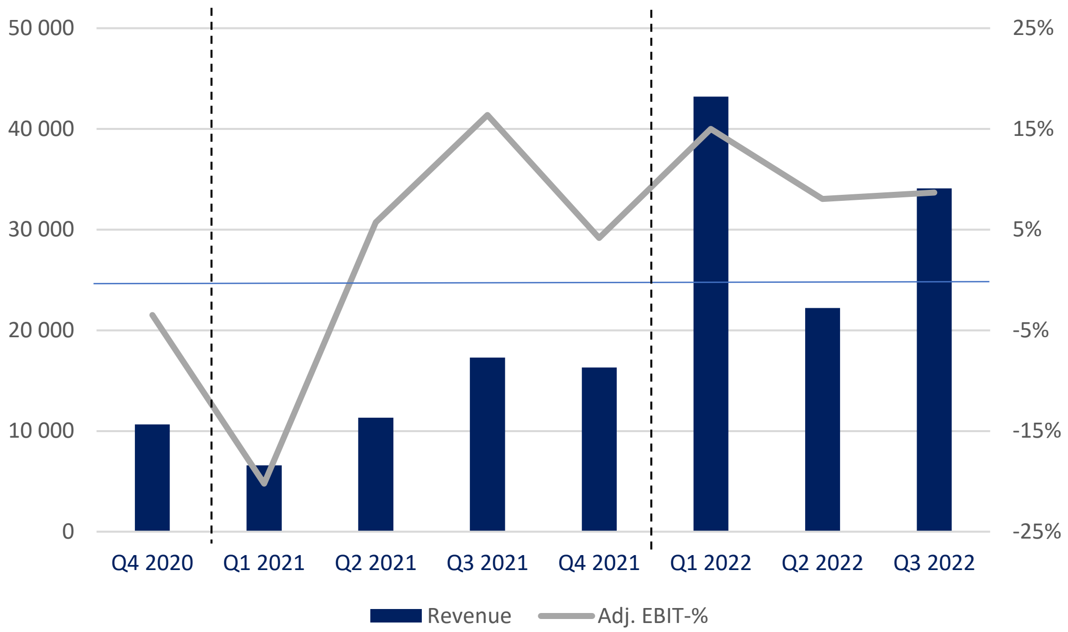
Equipment and services



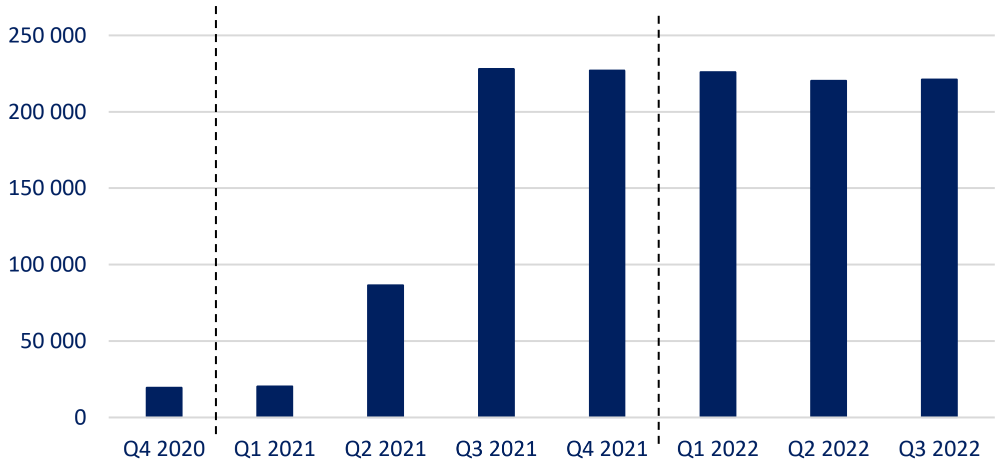
Areas



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	Q3 2022	Q3 2021	Change %	1–9/2022	1-9/2021	Change %	1–12/2021
Revenue	34,240	17,295	98.0%	99,680	35,199	183.2%	51,517
EBITDA	4,909	3,306	48.5 %	14,397	4,160	246.1%	6,014
EBITDA margin %	14.3%	19.1%		14.4%	11.8%		11.7%
Adjusted EBITDA	4,909	3,869	26.9%	16,355	4,723	246.3%	6,692
Adjusted EBITDA margin %	14.3%	22.4 %		16.4%	13.4%		13.0%
Operating profit or loss (EBIT)	3,035	1,996	52.1%	9,223	1,428	545.8%	1,941
Operating profit (EBIT) margin %	8.9%	11.5 %		9.3%	4.1%		3.8%
Adjusted Operating Profit (EBIT)	3,099	2,613	18.6%	11,362	2,151	428.3%	2,831
Adjusted Operating Profit (EBIT) margin %	9.0%	15.1%		11.4%	6.1%		5.5%
Profit (loss) for the period	1,921	1,240	54.8%	4,403	186	2,271.5 %	869
Earnings per share, EPS (basic), euros	0.07	0.06	9.7%	0.16	0.01	1,092.6%	0.05
Return on equity (ROE) %	2.9%	4.4%		7.0%	0.7%		1.9%
Return on investment (ROI) %	3.5%	3.8%		10.4%	2.7%		3.0%
Equity ratio %	49.9%	37.2%		49.9%	37.2%		56.2%
Net gearing %	20.3%	98.3%		20.3%	98.3%		-6.9%
Orders received	32,364	158,807	-79.6%	75,985	246,979	-69.2%	260,831
Order backlog	221,159	228,031	-3.0%	221,159	228,031	-3.0%	226,906
Number of employees at the period end	475	264		475	264		290
Number of employees on average	477	244		637	236		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 technology portfolio and experience of soil remediation and water treatment solutions, Lamor can offer its clients comprehensive solutions to decrease their restoration liability, to enhance the recycling of materials as well as to improve their environmental preparedness capabilities. The ongoing ´green transition´ will further support the demand for these technologies and solutions.

At the same time, the increased understanding of the sensitivity of ecosystems and legacy soil contamination create a need for the governmental and the private sector to be better prepared for future incidents as well as to finance the clean-up 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 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 of 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 the company´s 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, unpredictable 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 than 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.

As a part of the ongoing annual strategy update, Lamor will also update its long-term financial targets, which will be announced at a later date.

Financial performance

July–September 2022

During the reporting period, the Group's revenue amounted to EUR 34.2 million (17.3). The growth from the comparison period was 98.0 per cent. Remarkable progress in the construction phase of Kuwaiti soil remediation projects increased the revenue significantly during the period.

The Group's adjusted EBITDA stood at EUR 4.9 million (3.9). The Kuwait projects´ volume also had a significant positive impact on the EBITDA during the period.

Adjusted EBIT for the period was EUR 3.1 million (2.6) or 9.0 per cent (15.1) of revenue. The higher EBIT percentage of the comparison period was affected significantly by the sales mix.

Orders received during the period were EUR 32.3 million (158.8). The order intake of the third quarter includes the approximately EUR 25 million project orders to Bangladesh, which the company announced in July. The orders received during the comparison period were affected by the soil remediation projects' order intake in Kuwait. It is characteristic for the business that substantial project orders do not materialize evenly

January–September 2022

The Group's revenue continued to grow as planned and stood at EUR 99.7 million (35.2) which is 183.2 per cent higher than in the comparison 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. The pace of the Group's large service project deliveries in Kuwait accelerated after the summer period as anticipated.

The Group's adjusted EBITDA was EUR 16.4 million (4.7). The South American environmental response projects had a significant impact on the profitability in the beginning of the year. The progress of the projects in Kuwait, on the other hand, affected the EBITDA in the third quarter.

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 11.4 million (2.2) or 11.4 per cent (6.1) of the revenue. Depreciations stood at EUR -5.2 million (-2.7) and included EUR -3.2 million (-1.0) depreciations for right-of-use assets (IFRS 16) related mainly to the Group's project in Saudi Arabia.

Financial income and expenses were EUR -2.1 million (-1.0). 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 7.1 million (0.4). The Group's effective tax rate stood at 38.1 per cent (57.3). 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. The effect of these on the tax rate is expected to decrease during the second half of the year.

Net cash flow from operating activities was EUR -7.2 million (-6.5). The final assessment and the final invoicing of the Peru oil spill response project progressed further during the period, hence releasing company´s working capital. The working capital continues to be tied related to the project in Saudi Arabia, where part of the payments was transferred to the fourth quarter especially due to the change in the customer contractual counterparty. Most strongly the tying of the working capital increased in the projects in Kuwait, where customer invoicing is strongly connected to the starting and progressing of soil remediation activities.

Cash flow from investments was EUR -6.5 million (-3.8) and consisted mainly of investments in oil response preparedness equipment, the development of the global network within the Business Finland Growth Engine programme as well as aircraft procurement related to the service project in Saudi Arabia.

The Group's equity ratio was 49.9 per cent (37.2) and net gearing stood at 20.3 per cent (98.3). Both equity ratio and net gearing are impacted by the IFRS 16 lease liabilities.

Order backlog at the end of the period totalled EUR 221.2 million (228.0). During the period, new orders received were EUR 76.0 million (247.0). The Bangladesh project orders of approximately EUR 25 million announced in July are reported as orders received in the third quarter.

Investments

Investments in tangible and intangible assets in January – September were EUR 6.5 million (2.8).

The amount of right-of-use assets amounted to EUR 6.8 million (6.0) and relate mainly to vessel rentals in the Group's service project in Saudi Arabia.

In January – September, depreciation and impairment totalled EUR 5.2 million (2.7).

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 September 2022 amounted to EUR 25.5 million (30.3) including lease liabilities for EUR 6.6 million (5.6). The Group's net debt totalled EUR 13.3 million (28.0). At the end of the period, the Group had liquid funds amounting to EUR 12.2 million (2.4). The funding needs in the large service projects have continued to tie working capital despite significant received customer payments.

The Group's senior priority financing arrangements included a financing limit of EUR 8.0 million, which was fully in use at the end of the reporting period. Other senior company loans totalled EUR 5.0 million; additionally, the company had an overdraft facility of EUR 3.5 million, which is not in use. The aggregate value of outstanding guarantees totalled EUR 35.6 million.

In addition to the aforementioned credit arrangements, at the end of the period Lamor had junior debt financing of EUR 2.1 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.

After the reporting period in October 2022, Lamor signed a new financing agreement. By the agreement the overdraft facility was increased by EUR 3.5 million and the long-term senior loan facility was increased by EUR 4.1 million.

Personnel

During January – September, Lamor employed on average 637 persons, compared to 244 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.

Sustainability

Lamor's aim is to clean the world, and the company has worked towards this since its incorporation. Helping customers and partners to take care of the environment and to increase the material recycling is at the core of Lamor´s business. Lamor is also committed to applying the highest quality standards itself 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 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 regularly collect emission data from all market areas. In addition, Lamor has for the first time collected emission data during the period. Working towards extending the calculation of the emission data and the scope of the sustainability reporting has been ongoing throughout the whole year.

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 establish a permanent Shareholders' Nomination Board.

Organisation of the governing bodies of the company

Convening after the 28 April 2022 Annual General Meeting, the Board of Directors elected Mika Ståhlberg as its Chair and Fred Larsen as the Deputy Chair. In addition to the Audit Committee, the Board decided to establish a Remuneration Committee. The Board appointed from among its members the following members to the committees: Audit Committee: Chair Timo Rantanen, Kaisa Lipponen, Mika Ståhlberg Remuneration Committee: Chair Timo Rantanen, Nina Ehrnrooth, Kaisa Lipponen

Upon the organisation of the Shareholders´ Nomination Board, Fred Larsen, the Chairman of the Board of Larsen Family Corporation was appointed as the Chair, and as members Jukka Järvelä, Director, Head of Listed Equities, Mandatum Life Insurance Company Limited; Juuso Puolanne, Investment Director, Finnish Industry Investment Ltd. and Mika Ståhlberg, the Chair of Lamor's Board of Directors. Lamor announced the decision on 28 September 2022.

General Meeting's authorisations to the Board of Directors

The Annual General Meeting resolved on 28 April 2022 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 on 28 April 2022 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 on 28.4.2022 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.

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 September 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 September 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 September 2022 was EUR 3.93. The highest price of the share in the reporting period January–September 2022 was EUR 5.04 and the lowest EUR 3.80. Share turnover on Nasdaq First North Premier in January–September 2022 was approximately 2.7 million shares. The value of the share turnover was approximately EUR 12.6 million. On 30 September 2022, Lamor's market capitalisation was approximately EUR 106.0 million, and the company had 6,765 shareholders.

Share-based incentives

The Board of Directors of Lamor has decided to establish new share-based incentive plans for the key personnel of Lamor. Six (6) key individuals, including Management Team members and the CEO, have been approved as eligible for participating in the plan period 2022–2024. The gross rewards to be paid on the basis of the plan period 2022–2024 correspond to the value of approximate maximum total of 110,000 Lamor shares, including also the cash proportion.

Long-term Incentive Plan for the CEO is a one-time plan covering the financial years 2022–2028. The potential rewards will be paid in two or several instalments during the financial years 2024–2029 after each of the set targets of the increase of Lamor's market value have been reached. The gross rewards to be paid to the CEO on the basis of the plan correspond to the value of maximum total of 550,000 Lamor shares, including also the cash proportion.

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.

Interest rate increases by central banks to curb inflation threaten to slow down the economy and increase the risk of a recession. The rise in interest rates will also increase Lamor's financing costs.

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

Lamor communicated on 13 October 2022 on reinforcing its Management Team to strengthen the implementation of the company's growth strategy. Santiago Gonzalez and Pentti Korjonen have been appointed as new members of Lamor's Management Team as of 1 November 2022. Santiago Gonzalez and Pentti Korjonen have been appointed as new members of Lamor's Management Team as of 1 November 2022. Santiago Gonzalez will be responsible for the company's business in South and North America. He has founded the current Lamor subsidiary, Corena Ecuador, and has been working at Lamor since 2006. Pentti Korjonen will be responsible for the business s in the Middle East and Africa. He has worked earlier for a long time in leadership positions in the Middle East and in Africa at Metso-Outotec, Outotec, and Nokia Networks. Chief Commercial Officer Magnus Miemois will continue in the Management Team and will be responsible for business in Europe and Asia.

Financial calendar

Lamor will publish its 2022 last quarter and full-year results on 28 February 2023.

Webcast for shareholders, analysts and media

Webcast for shareholders, analysts and media will be arranged on 15 November 2022 at 10:00 a.m. EET. 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/results-q3-2022/.

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

Capital Markets Day for shareholders, analysts and media

Lamor's Capital Markets Day 2022 will be held on Tuesday 22 November 2022 at 2:00 – 4:30 p.m. EET. The event can be followed at https://lamor.videosync.fi/cmd-2022/.

Porvoo, 15 November 2022
Lamor Corporation Plc
Board of Directors

Further enquiries

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Lamor Interim Report January–September 2022

Consolidated statement of profit and loss

EUR thousand	7-9/2022	7-9/2021	1–9/2022	1–9/2021	1–12/2021
Revenue	34,240	17,295	99,680	35,199	51,517
Materials and services	-23,081	-9,936	-63,575	-20,997	-29,919
Other operating income	119	219	292	588	857
Employee benefit expenses	-4,362	-2,241	-13,594	-5,897	-9,637
Other operating expenses	-2,197	-2,004	-6,979	-4,379	-6,618
Share of associated companies' profits	191	-27	-1,426	-355	-185
EBITDA	**4,909**	**3,306**	**14,397**	**4,160**	**6,014**
Depreciation, amortization, and impairment	-1,874	-1,310	-5,174	-2,732	-4,072
Operating profit (EBIT)	**3,035**	**1,996**	**9,223**	**1,428**	**1,941**
Financial income	491	170	1,276	249	434
Financial expenses	-1,323	-711	-3,392	-1,242	-2,197
Profit before tax	**2,203**	**1,454**	**7,107**	**435**	**178**
Income tax	-282	-214	-2,704	-249	691
Profit for the financial year	**1,921**	**1,240**	**4,403**	**186**	**869**
Attributable to					
Equity holders of the parent	1,910	1,271	4,193	258	963
Non-controlling interests	11	-30	210	-72	-94
Earnings per share					
Earnings per share, basic, EUR	0.07	0.06	0.16	0.01	0.05
Weighted average number of shares outstanding, million *	26.96	19.68	26.96	19.76	20.35
Profit for the financial year	**1,921**	**1,240**	**4,403**	**186**	**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	1,315	25	2,805	392	510
Other comprehensive income (loss) for the year, net of tax	**1,315**	**25**	**2,805**	**392**	**510**
Total comprehensive income for the financial period	**3,236**	**1,265**	**7,208**	**578**	**1,379**
Attributable to					
Equity holders of the parent	3,225	1,295	6,997	650	1,473
Non-controlling interests	11	-30	210	-72	-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 Sep 2022	30 Sep 2021	31 Dec 2021
Assets			
Non-current assets			
Goodwill	18,385	18,004	18,049
Intangible assets	3,848	4,247	4,245
Property, plant and equipment	8,911	4,668	4,581
Right-of-use assets	6,843	6,004	5,742
Investments in associated companies and joint ventures	2,191	3,784	3,671
Non-current receivables	1,891	-	1,442
Investments in other shares	418	418	418
Deferred tax assets	3,730	1,528	2,944
Assets	**46,215**	**38,653**	**41,093**
Current assets			
Inventories	11,792	9,421	9,069
Trade receivables	27,491	7,529	7,556
Contract assets	43,724	15,329	14,804
Prepayments and other receivables	6,813	4,639	9,098
Short-term investments	168	125	165
Cash and cash equivalents	12,150	2,354	28,871
Total current assets	**102,138**	**39,398**	**69,564**
Total assets	**148,353**	**78,051**	**110,657**

EUR thousand	30 Sep 2022	30 Sep 2021	31 Dec 2021
Equity and liabilities			
Equity			
Share capital	3,866	3,866	3,866
Translation differences	2,897	-25	92
Reserve for invested unrestricted equity	44,303	12,439	44,303
Retained earnings / accumulated deficit	14,555	12,173	12,805
Equity attributable to equity holders of the parent	**65,621**	**28,453**	**61,067**
Non-controlling interests	1,207	847	839
Total equity	**66,829**	**29,301**	**61,905**
Non-current liabilities			
Interest-bearing loans and borrowings	7,852	10,090	9,178
Lease liabilities	3,076	3,392	3,056
Deferred tax liability	979	208	879
Other non-current financial liabilities	3,875	361	2,828
Total non-current liabilities	**15,782**	**14,051**	**15,942**
Current liabilities			
Interest-bearing loans and borrowings	11,052	14,581	10,019
Lease liabilities	3,486	2,249	2,410
Provisions	153	48	75
Trade payables	21,087	9,044	11,844
Contract liabilities	16,778	1,552	1,985
Other short-term liabilities	13,187	7,225	6,476
Total current liabilities	**65,742**	**34,699**	**32,810**
Total liabilities	**81,524**	**48,750**	**48,752**
Total equity and liabilities	**148,353**	**78,051**	**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 unre-stricted equity	Trans-lation diffe-rences	Retained earnings	Total	Non-control-ling 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	-	-	-	-	4,193	**4,193**	210	**4,403**
Other comprehensive income	-	-	-	2,805	-	**2,805**	**-**	**2,805**
Total comprehensive income	**-**	**-**	**-**	**2,805**	**4,193**	**6,997**	**210**	**7,208**
Share-based compensation settled in equity	-	-	-	-	4	**4**	-	**4**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	-2,236	**-2,236**	-	**-2,236**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	**-**	**-**	**-**	**-**	-211	**-211**	159	**-52**
Equity on 30 Sep 2022	**3,866**	**-**	**44,303**	**2,897**	**14,555**	**65,621**	**1,207**	**66,828**

*) Revaluation of the contingent consideration related to the purchase of non-controlling interests in Corena S.A., Lamor Perú SAC and Corena Colombia SAS.

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

EUR thousand	Share capital	Issue of shares	Fund for unre-stricted equity	Trans-lation diffe-rences	Retained earnings	Total	Non-control-ling interests	Total equity
Equity on 1 Jan 2021	**3,866**	**621**	**11,398**	**-418**	**12,813**	**28,281**	**1,154**	**29,435**
Profit for the financial year	-	-	-	-	258	**258**	-72	**186**
Other comprehensive income	-	-	-	392	-	**392**	-	**392**
Total comprehensive income	**-**	**-**	**-**	**392**	**258**	**-650**	**-72**	**-578**
Registration of shares	-	-621	621	-	-	**-**	-	**-**
New share issue	-	-	420	-	-	**420**	-	**420**
Purchase of own shares	-	-	-	-	-614	**-614**	-	**-614**
Acquisition of non-controlling interests	-	-	-	-	-	**-**	-177	**-177**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-58	**-58**

Other changes	-	-	-	-	-284	**-284**	-	**-284**
Equity on 30 Sep 2021	**3,866**	-	**12,439**	**-25**	**12,173**	**28,453**	**847**	**29,301**

Consolidated statement of cash flows

EUR thousand	7-9/2022	7-9/2021	1–9/2022	1–9/2021	1–12/2021
Cash flow from operating activities					
Profit for the financial year	**1,921**	**1,240**	**4,403**	**186**	**869**
Adjustments for:					
Depreciation, amortisation, and impairment	1,874	1,310	5,174	2,732	4,072
Finance income and expenses	832	542	2,116	993	1,763
Gain on disposal of property, plant, and equipment	-74	233	-211	-50	-381
Share of profit from associated companies and joint ventures	-191	27	1,426	355	185
Taxes	282	214	2,704	249	-691
Other non-cash flow related adjustments	151	-2	627	60	-41
Total adjustments	**2,875**	**2,324**	**11,837**	**4,339**	**4,908**
Change in working capital					
Change in trade and other receivables	-11,095	-9,995	-41,119	-8,636	-13,395
Change in inventories	6	127	-2,465	-2,379	-1,899
Change in trade and other payables	1,278	2,621	21,605	979	6,332
Total change in working capital	**-9,812**	**-7,248**	**-21,979**	**-10,036**	**-8,962**
Operating cash flow before financial and tax items	**-5,017**	**-3,683**	**-5,740**	**-5,511**	**-3,185**
Interest paid	-1,092	-432	-1,983	-906	-1,956
Interest received	249	106	383	106	163
Taxes paid	31	-84	138	-169	-379
Net cash flow from operating activities	**-5,829**	**-4,094**	**-7,202**	**-6,481**	**-5,357**
Cash flow from investing activities					
Acquisition of associates, joint ventures, and other shares	-	-181	-	-686	-884
Purchase of intangible and tangible assets	-413	-690	-6,545	-2,722	-3,433
Proceeds from sale of tangible and intangible assets	61	45	380	50	50
Loans granted	-	-37	-289	-448	-
Net cash flow from investing activities	**-352**	**-863**	**-6,454**	**-3,806**	**-4,267**
Cash flow from financing activities					
Proceeds and repayments from borrowings	5,844	5,453	-456	8,547	3,141
Repayment of lease liabilities	-986	-587	-2,609	-975	-1,573
Purchase of own shares	-	-3	-	-255	-261
Issue of new shares	-	-	-	420	35,420
IPO costs	-	-	-	-	-3,136
Acquisition of non-controlling interests	-	-206	-	-379	-379
Net cash flow from financing activities	**4,858**	**4,656**	**-3,065**	**7,358**	**33,213**
Net change in cash and cash equivalents	**-1,323**	**-301**	**-16,721**	**-2,928**	**23,589**
Cash and cash equivalents, beginning of period	**13,474**	**2,655**	**28,871**	**5,282**	**5,282**
Cash and cash equivalents, end of period	**12,150**	**2,354**	**12,150**	**2,354**	**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.

This interim financial report is unaudited.

Basis of preparation

The financial information included in this interim financial report for January–September 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 interim financial report are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

Share-based compensation plans (IFRS 2)

Lamor has, on 22 September 2022, established share-based compensation plans for its key employees, including the Group CEO and the members of the executive team. The persons entitled to the plans have an opportunity to receive equity instruments as compensation for their service. There are two compensation plans, of which the share-based performance plan for key persons encompasses three vesting periods for the years 2022–2026 and its vesting conditions are non-market based. The CEO’s long-term incentive plan has one vesting period for the years 2022–2029 and its vesting conditions include market-based conditions.

Since the grant date, 22 September 2022, Lamor accounts for the plans in accordance with IFRS 2 *Share-based Payment*. The expense arising from the equity-settled compensation is based on the fair value determined at the grant date, which has been done using an appropriate valuation model. The expense is recognised as employee benefits in the income statement and in equity (retained earnings) at a rate equivalent to the fulfilment of service conditions. The accrued amount of the compensation at the reporting date reflects the Group’s best estimate of the amount to be ultimately settled in equity after the end of the vesting period, and for the CEO’s long-term incentive plan, the fair value of the earning opportunity expensed over the vesting period. The expense (income) recognised in profit and loss in the period therefore represents the change in the cumulative expense between the beginning and end of the period. No expense is recognised for compensation plans that are forfeited during the vesting period.

In this interim financial report, the figures are presented in thousand euros subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals. 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	7-9/2022	7-9/2021	1–9/2022	1–9/2021	1–12/2021
Operating Profit (EBIT)	**3,035**	**1,996**	**9,223**	**1,428**	**1,941**
Depreciations, amortisations and impairment	1,874	1,310	5,174	2,732	4,072
EBITDA	**4,909**	**3,306**	**14,397**	**4,160**	**6,014**
Non-recurring Items					
Business combinations expenses	-	79	-	79	79
IPO related expenses	-	484	-	484	599
Impairment of Russian business	-	-	1,958	-	-
Adjusted EBITDA	**4,909**	**3,869**	**16,355**	**4,723**	**6,692**
Depreciations, amortisations and impairment	-1,874	-1,310	-5,174	-2,732	-4,072
Amortisation of intangible assets identified in PPA	63	53	181	159	211
Adjusted EBIT	**3,099**	**2,613**	**11,362**	**2,151**	**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	7-9/2022	7-9/2021	Change %	1–9/2022	1–9/2021	Change %	1–12/2021
Equipment	7,892	4,098	93%	21,039	17,000	24%	22,884
Services	26,348	13,196	100%	78,641	18,199	332%	28,632
Total revenue from contracts with customers	**34,240**	**17,295**	**98%**	**99,680**	**35,199**	**183%**	**51,517**

Timing of revenue recognition

EUR thousand	7-9/2022	7-9/2021	Change %	1–9/2022	1–9/2021	Change %	1–12/2021
Transferred at a point in time	5,247	4,098	28%	16,558	14,520	14%	21,126
Transferred over time	28,992	13,196	120%	83,122	20,679	302%	30,390
Total revenue from contracts with customers	**34,240**	**17,295**	**98%**	**99,680**	**35,199**	**183%**	**51,517**

Revenue by geographical area

EUR thousand	7-9/2022	7-9/2021	Change %	1–9/2022	1–9/2021	Change %	1–12/2021
EURU	3,381	2,604	30%	8,579	9,016	-5%	11,249
AMER	9,181	2,707	239%	50,322	7,729	551%	11,626
APAC	349	957	-63%	1,328	4,251	-69%	6,034
MEAF	21,328	11,026	93%	39,451	14,203	178%	22,608
Total revenue from contracts with customers	**34,240**	**17,295**	**98%**	**99,680**	**35,199**	**183%**	**51,517**

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

Summary of contract balances

EUR thousand	30 Sep 2022	30 Sep 2021	31 Dec 2021
Trade receivables	27,491	7,529	7,556
Contract assets	43,724	15,329	14,804
Contract liabilities	16,778	1,552	1,985

Contract assets mainly comprise receivables related to the Group's ongoing projects in Middle East and Peru.

Lamor Group did not experience any major unexpected credit losses in January – September 2022. Lamor's management 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 calculatory credit risk position to be approximately on the same level as in 2021.

Lamor has recorded an expected credit loss related to trade receivables and contract assets, amounting to EUR 1.2 million on 30 September 2022 (EUR 2.3 million on 30 September 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–September 2022.

Change in goodwill

EUR thousand	30 Sep 2022	30 Sep 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	336	112	157
Other changes and disposals	-	-	-
Carrying value at the end of the year	**18,385**	**18,004**	**18,049**

Change in tangible and intangible assets

EUR thousand	30 Sep 2022	30 Sep 2021	31 Dec 2021
Carrying value at the beginning of the year	**8,827**	**8,147**	**8,147**
Depreciation, amortization and impairment charges	-2,293	-1,673	-2,483
Additions	6,543	2,751	3,433
Transfers between balance sheet items	-622	-	-
Exchange differences	812	60	226
Grants received and disposals	-508	-371	-497
Carrying value at the end of the year	**12,759**	**8,915**	**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 Sep 2022	30 Sep 2021	31 Dec 2021
Carrying value at the beginning of the year	**5,742**	**1,010**	**1,010**
Depreciation, amortization and impairment charges	-2,873	-1,020	-1,707
Additions	3,086	5,859	6,233
Acquired in business combinations	-	-	-
Exchange differences	890	181	234
Other changes	-3	-26	-28
Carrying value at the end of the year	**6,843**	**6,004**	**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 Sep 2022	30 Sep 2021	31 Dec 2021
Non-current interest-bearing loans and borrowings	7,852	10,090	9,178
Non-current lease liabilities	3,076	3,392	3,056
Current interest-bearing loans and borrowings	11,052	14,581	10,019
Current lease liabilities	3,486	2,249	2,410
Liquid funds	-12,150	-2,354	-28,871
Net debt total	**13,316**	**27,959**	**-4,208**

Classification of financial assets and liabilities

Financial assets on 30 September 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		-	-	1,891	1,891	1,891
Non-current financial assets total		**-**	**418**	**1,891**	**2,308**	**2,308**
Current financial assets						
Trade receivables		-	-	27,491	27,491	27,491
Contract assets		-	-	43,724	43,724	43,724
Investments in funds	**2**	168	-	-	168	168
Cash and cash equivalents		-	-	12,150	12,150	12,150
Current financial assets total		**168**	**-**	**83,365**	**83,533**	**83,533**
Financial assets total		**168**	**418**	**85,256**	**85,842**	**85,842**

Financial liabilities on 30 September 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		-	-	7,852	7,852	7,852
Lease liabilities		-	-	3,076	3,076	3,076
Contingent consideration	**3**	2,554	-	-	2,554	2,554
Other payables		-	-	1,321	1,321	1,321
Non-current financial liabilities total		**2,554**	**-**	**12,249**	**14,803**	**14,803**
Current financial liabilities						
Interest-bearing loans and borrowings		-	-	11,052	11,052	11,052
Lease liabilities		-	-	3,486	3,486	3,486
Derivative instruments	**2**	802	-	-	802	802
Trade payables		-	-	21,087	21,087	21,087
Contract liabilities		-	-	16,778	16,778	16,778
Other current liabilities		-	-	12,385	12,385	12,385
Current financial liabilities total		**802**	**-**	**64,788**	**65,590**	**65,590**
Financial liabilities total		**3,356**	**-**	**80,393**	**80,393**	**80,393**

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		-	-	6,199	6,199	6,199
Current financial liabilities total		**277**	**-**	**32,458**	**32,735**	**32,735**
Financial liabilities total		**277**	**-**	**47,520**	**47,798**	**47,798**

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 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 2,554 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 Sep 2022	30 Sep 2021	31 Dec 2021
Sales to associated companies and joint ventures	89	822	834
Sales to other related parties	41	-	-
Purchases from associated companies and joint ventures	46	218	218
Purchases from other related parties*	463	1,120	1,472

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

Receivables and liabilities from related parties

EUR thousand	30 Sep 2022	30 Sep 2021	31 Dec 2021
Receivables from associated companies and joint ventures	1,243	1,345	1,390
Receivables from other related parties	214	173	173
Liabilities to associated companies and joint ventures	12	9	6
Liabilities to other related parties	-	165	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 Sep 2022	30 Sep 2021	31 Dec 2021
Amounts receivable from associates and joint ventures	1,593	1,087	1,442
Amounts receivable from other related parties	-	-	-
Amounts payable to associates and joint ventures	-	-	-
Amounts payable to other related parties	-	2,499	271

Contingent liabilities and other commitments

Commitments

At the reporting date, 30 September 2022, Lamor had corporate mortgages of EUR 51.8 million (EUR 51.8 million on 30 September 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 Sep 2022	30 Sep 2021	31 Dec 2021
Performance and warranty guarantee	27,503	35,010	21,522
Advance payment and payment guarantee	5,039	1,933	2,077
Tender and bid bond guarantees	3,062	69	861
Total other commitments	**35,603**	**37,012**	**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) %	=	$\frac{\text{Profit before taxes + financial income and expenses}}{\text{Average shareholder's equity + average interest-bearing loans and borrowings}}$	x 100
Net gearing, %	=	$\frac{\text{Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and non-current investments}}{\text{Shareholders' equity}}$	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	