LAMOR

Lamor Corporation Plc
Interim Financial Report
1 January – 31 March 2023

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Interim Report 1 January–31 March 2023

The year started as expected - large projects progressing as planned, and the full-year guidance remains unchanged

January–March 2023 in brief

- Revenue decreased by 47.1% year on year to EUR 22.8 million (43.2)
- EBIT was EUR 0,2 million (4.5)
- Adjusted EBIT decreased by 96,7% and amounted to EUR 0.2 million (6.5) or 0.9% of revenue
- Net working capital at the period-end was EUR 47.9 million (35.6)
- Net cash flow from operating activities was EUR -8.8 million (-7.7)
- Earnings per share (basic) was EUR -0.02 (0.07)
- Orders received decreased 70.2% and amounted to EUR 10.8 million (36.3)
- Order backlog at the period-end was EUR 188.7 million (225.8)

CEO Mika Pirneskoski

The years 2021 and 2022 have been successful for Lamor. First, the year 2021 in terms of order intake growth and then the year 2022 in terms of revenue and profitability growth. When comparing the first quarter revenue of EUR 23 million, with these earlier successes, this may seem disappointing. The revenue for the first quarter was, however, in line with our expectations. The company's business model includes participating in projects relating to sudden environmental incidents which take place irregularly. The comparison period included two such environmental incident operations, one in Peru and one in Ecuador, generating a revenue of approximately EUR 29 million in the period. When taking this into account, we remain on a remarkable growth track with the revenue related to our base business. The lower revenue for the first quarter and the growth investments lowered the operating profit. However, we expect the situation to improve during the latter part of the year.

During the first quarter, our large projects in Bangladesh, Kuwait and Saudi Arabia progressed as planned. The manufacturing of the vessels and equipment for the projects in Bangladesh have continued according to the plan and the first deliveries will be made during the second half of the year. The enabling works for the Kuwaiti projects were finalised as scheduled and the remediation activities in the treatment area have also begun. The remediation work of the contaminated soil will significantly affect the revenue generation of the project during the second half of the year. The environmental preparedness project in Saudi Arabia is in the maintenance phase and the amount of working capital tied to the project has started to decrease, as expected.

Our project to build a chemical recycling plant of plastics in Kilpilahti area in Porvoo, Finland is progressing as per the plan. Selection of technology providers and other commercial negotiations have been progressing well and we expect to start the construction by the end of the first half of the year. At the time of the first closing of the transaction, Lamor´s share of the company grew slightly and currently Lamor holds 55% of the shares in Lamor Resiclo Oy being responsible for building and operating the facility.

The cornerstones of the updated strategy

Our strategy updated in November 2022 targets towards long-term growth and a leading position in chosen market areas and environmental solutions. Lamor has identified a significant growth potential in all its market areas but is during the 2023–2025 strategy period focusing on achieving growth and an established market position especially in the Middle East and South America. We target to be the preferred partner of our customers in solving their environmental challenges.

On a more concrete level, we aim to start businesses with a positive net impact in three new markets by the end of the strategy period. In addition, we are looking to win five significant projects to solve global environmental challenges. With our new business, we are working towards building a 100,000 tonne project portfolio to solve the global challenge of plastics recycling by the end of the strategy period.

We are seeing positive momentum in all these strategic initiatives. Currently there are significant tenders out in the Middle East and South America, and success in these tenders would contribute significantly to reaching two of the strategic targets. In accordance with our strategy, we have advanced establishing our market position in Saudi Arabia and Kuwait and identified new potential countries with business opportunities in the Middle East as well as in South America.

To make our strategy work, we need to continue the work with our unique globally local partner network business model. In addition, the collaboration between the market area organisations and the global functions is extremely important. With the network and internal collaboration, we can provide our customers the best possible knowhow and technological solutions. With the help of the local partners, we can enable efficient scalability as well as ensure that our solutions are tailored as per the local operating environment. This approach helps us in the transition from project deliveries to continuous local operations and provide added value to our customers and partner network.

All hands on deck

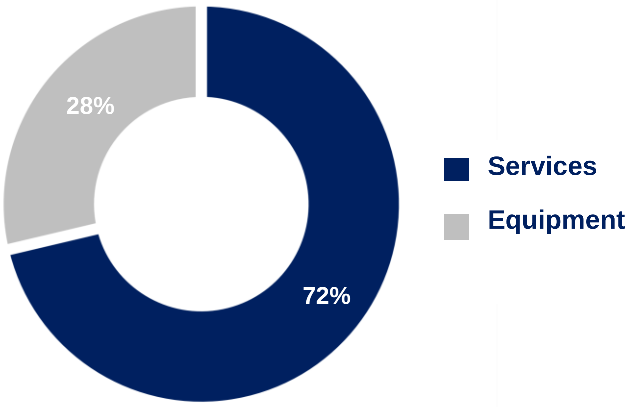
We keep our guidance for 2023 unchanged. Currently we have approximately a total of EUR 96 million in the order book or as revenue recognised for the year 2023. In addition, we have enough projects in the sales funnel which we believe will help us bridge the gap during the latter part of the year.

The development activities of the organisation shall continue throughout the year, but the primary mission for the Lamor management team is to succeed in early victories to reach our strategic targets. The amount of our identified business opportunities and the ongoing tender processes and expected tender requests is bigger than ever before in Lamor´s history. Our success in these tendering processes is crucial for Lamor.

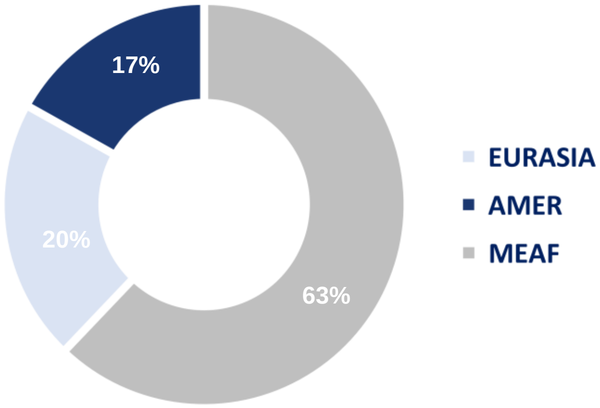
Mika Pirneskoski
CEO
Lamor Corporation Plc

Revenue split January–March 2023

Equipment and services

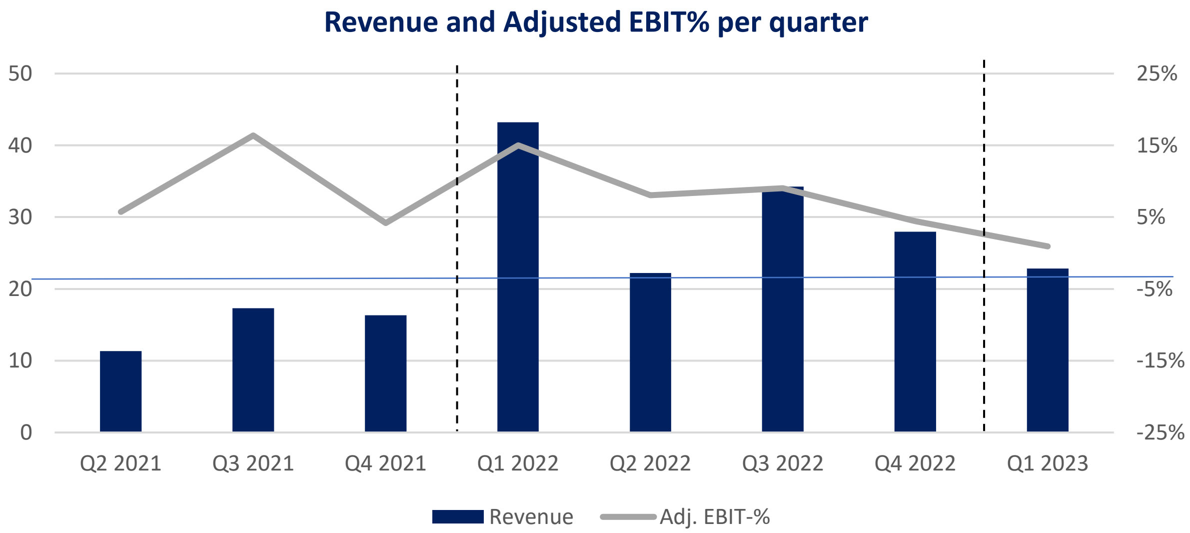


Areas*

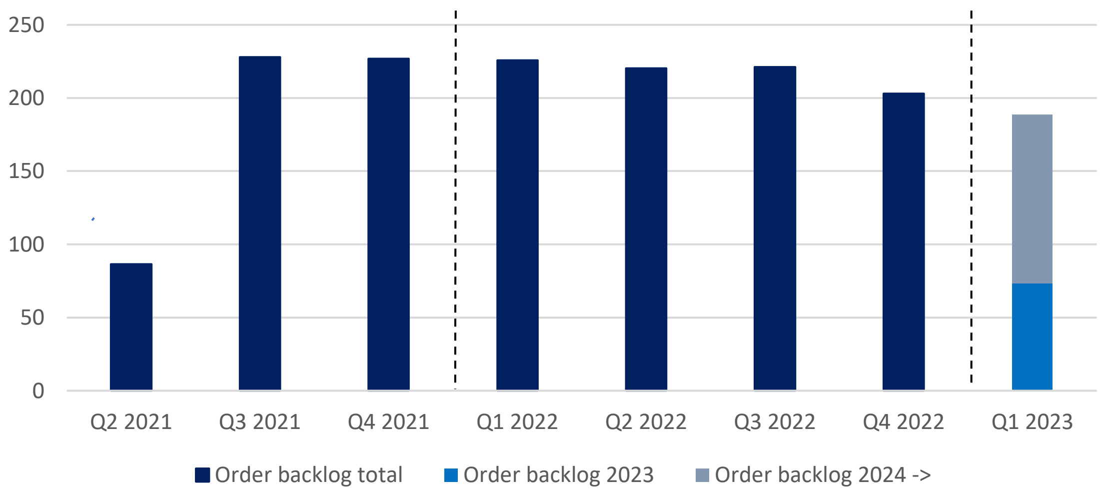


*EURASIA = Europe and Asia, AMER = Americas, MEAF = Middle East and Africa

Revenue (EUR million) and adjusted EBIT % per quarter



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



Key figures

EUR thousand unless otherwise noted	Q1 2023	Q1 2022	Change %	1–12/2022
Revenue	22,847	43,211	-47.1%	127,656
EBITDA	1,845	5,948	-69.0%	16,659
EBITDA margin %	8.1%	13.8%		13.1%
Adjusted EBITDA	1,845	7,906	-76.7%	19,006
Adjusted EBITDA margin %	8.1%	18.3%		14.9%
Operating profit or loss (EBIT)	153	4,463	-96.6%	10,018
Operating profit (EBIT) margin %	0.7%	10.3%		7.8%
Adjusted Operating Profit (EBIT)	212	6,478	-96.7%	12,608
Adjusted Operating Profit (EBIT) margin %	0.9%	15.0%		9.9%
Profit (loss) for the period	-489	2,043	-123.9%	3,535
Earnings per share, EPS (basic), euros	-0.02	0.07	-128.2%	0.13
Earnings per share, EPS (diluted), euros	-0.02	0.07	-127.6%	0.13
Return on equity (ROE) %	-0.8%	3.3%		5.8%
Return on investment (ROI) %	0.2%	5.3%		12.0%
Equity ratio %	46.6%	50.4%		53.0%
Net gearing %	38.5%	15.5%		23.2%
Net working capital	47,867	35,611	34.4%	41,490
Orders received	10,829	36,293	-70.2%	87,368
Order backlog	188,685	225,838	-16.5%	203,069
Number of employees at the period end	550	1,177	-53.3%	508
Number of employees on average	549	968	-43.3%	604

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. In addition, increased environmental awareness has also led to tightening environmental legislation, and for instance 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 protect the biodiversity, to enhance the recycling of materials as well as to improve their environmental preparedness capabilities. Lamor’s business model that supports sustainable development meets this demand well and the ongoing green transition will further support the demand for Lamor’s 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 and 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 expects the demand of its solutions to increase significantly 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 plastic 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 chemical plastic recycling reference in Finland, after which Lamor plans to utilise its global network to build similar plants in the company´s strong market areas.

Guidance for 2023

Lamor estimates that its revenue for 2023 will be in the range of EUR 120–135 million and that the adjusted operating profit (EBIT) margin for the full year 2023 will be in the range of 8–11%.

Lamor has a strong order backlog for 2023. Since a significant part of the revenue is generated by large service project deliveries, any major changes in the project progress would have an impact on revenue and profit for 2023.

Lamor is participating in several major tendering related discussions and expects requests for tendering to open and the decisions in the tenders to be made during 2023. The timing of the tenders as well as Lamor's success in the processes will have an impact on the revenue and profitability in 2023.

Lamor has recruited a significant number of new professionals in 2022. This will support reaching the company's long-term financial targets but will increase the relative share of fixed expenses in 2023.

Lamor follows closely the changes in the geopolitical environment in its operating countries. These changes may have either a negative or a positive impact on Lamor's business, for instance through changes in the schedules or cost structures of the projects.

Long-term financial targets

On 22 November 2022, Lamor communicated the decision of the company's Board of Directors on Lamor´s long-term financial targets. These targets are pursued at the latest during the financial year following the strategy period 2023-2025 as follows:

- Growth: Increase of annual revenue to over EUR 250 million
- Profitability: 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.

In accordance with the company´s dividend policy. Lamor aims to distribute annual dividends, while keeping growth as the company's most important target.

Financial performance

January–March 2023

During the reporting period, the Group's revenue amounted to EUR 22.8 million (43.2). The decrease from the comparison period was 47.1%. At comparable exchange rates, the revenue decreased by 49.1%. Revenue was generated mainly through our long-term projects in Kuwait and

Saudi Arabia, which progressed as planned. The project work of the three projects in Bangladesh also continued according to plan. Although the revenue decreased from the comparison period, it still met our expectations. In the comparison period, revenue was significantly impacted by the environmental response and clean-up projects in Peru and Ecuador**.**

Adjusted EBIT decreased 96.7% year on year and amounted to EUR 0.2 million (6.5) or 0.9% (15.0%) of revenue. Due to low revenue, profitability was burdened by the higher relative share of fixed expenses.

Depreciations stood at EUR -1.7 million (-1.5) and included EUR -0.9 million (-0.8) depreciations of right-of-use assets (IFRS 16), mainly related to the Group's project in Saudi Arabia.

Financial income and expenses of EUR -0.9 million (-0.6) were mainly related to valuation of USD-denominated and pegged receivables and debts, and related hedging and customary interest and guarantee expenses.

The Group's profit before taxes was EUR -0.7 million (3.9).

Net cash flow from operating activities was EUR -8.8 million (-7.7). In Saudi Arabia, the payments have started to normalise and after the end of the reporting period Lamor has received a significant payment of EUR 6,8 million from the customer. The Kuwaiti projects continued to tie up working capital. In Kuwait, customer billing is strongly tied to the start-up and progress of soil clean-up operations. Now that the initial construction work has been completed, the actual remediation work has also begun during the first quarter.

Cash flow from investments was EUR -0.8 million (-3.4), which mainly consisted of investments in oil spill response service equipment and the development of the global network and business within the Business Finland Growth Engine programme.

The Group's equity ratio was 46.6% (50.4%) and net gearing stood at 38.5% (15.5%).

Order backlog at the end of the period totalled EUR 188.7 million (225.8). The value of new orders received during the reporting period was EUR 10.8 million (36.3), which is 70.2% less than in the comparison period. At comparable exchange rates, the decrease was 71.1%. The number of ongoing and expected tendering is, however, significant.

Investments

In January–March 2023, investments in tangible and intangible assets were EUR 0.9 million (3.4).

Right-of-use assets, mostly related to vessels used in the service project in Saudi Arabia, amounted to EUR 4.5 million (7.9) at the end of the period.

In January–March, depreciation and impairment totalled EUR -1.7 million (-1.5).

Financial position

Lamor´s interest-bearing liabilities comprise loans from financial institutions, capital loans and lease liabilities under IFRS 16. On 31 March 2023, Lamor´s interest-bearing liabilities amounted to EUR 31.4 million (20.9), of which lease liabilities were EUR 4.4 million (7.6). The Group´s net debt totalled EUR 23.8 million (9.8). At the end of the reporting period, the Group had liquid funds amounting to EUR 7.6 million (11.1). Financing of large service projects has continued to tie up working capital despite significant customer payments received.

The Group´s senior priority financing arrangements included a loan of EUR 7.0 million and a financing limit of EUR 8.0 million, of which EUR 2.0 million remained unused at the end of the reporting period. Additionally, the company has an overdraft facility of EUR 7.0 million, of which EUR

6.7 million was in use. At the end of the reporting period, other bank loans amounted to EUR 0.7 million. At the end of the period, the aggregate value of outstanding guarantees was EUR 36.8 million (28.8). When estimating the amount of interest-bearing debt financing, it is good to take into account the amount of the company´s total liabilities, including the company´s guarantee obligations, which apply especially to large delivery projects.

In addition to the aforementioned credit arrangements, at the end of the reporting period Lamor had junior debt financing of EUR 1.9 million, a capital loan of EUR 4.3 million from the State Treasury granted in connection with the Growth Engine competition of Business Finland, and a loan of EUR 0.4 million granted by the State Treasury. These credit arrangements, totalling EUR 6.6 million, are subordinate to senior funding and are not included in the covenant calculation.

Personnel

During January – March 2023, Lamor employed on average 549 (968) persons.

The average number of personnel is significantly impacted by the nature of Lamor´s business in terms of sudden environmental incidents and the project nature of the Group’s operations. The biggest factors behind the increased number of personnel in the comparison period were the Group’s oil spill clean-up projects and the related project-based employment contracts in Ecuador and Peru.

Sustainability

Sustainability is in the core of Lamor’s strategy. Through its strategy and environmental protection and material recycling offering, Lamor aims to increase its positive impact, and our vision about a cleaner tomorrow highlights sustainable development and our business model that promotes environmental protection. By using resources efficiently in Lamor´s business, we can create wide positive impacts on environment and health, including among others protection of biodiversity, reduced emissions and waste, promotion of circular economy, and careful use and saving of scarce natural resources.

In accordance with our strategy, sustainable development is always based on co-operation with our customers and partners as well continuous innovation and with these factors we are also able to create financial added value.

One example of Lamor´s commitment to the green transition its investment in the first Finnish industrial scale chemical recycling plant of plastics. 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 is one example of an optimal usage of raw materials and of increasing the efforts to combat climate change, and Lamor´s ability to find new solutions with which it can create financial added value for its owners and other stakeholders also in the long term.

Our development in sustainability reporting

In terms of sustainability reporting for 2022, Lamor prepared its sustainability reporting in accordance with the Global Reporting Initiative (GRI) framework and by doing so, significantly extended its reporting scope from before. Lamor strives to support sustainable development in all the activities, and the material topics defined at the adoption of the GRI standards guide the company further in the sustainable development path in the coming years.

To be able to clearly define the effects of our operations, we have significantly improved our sustainability reporting for 2022. We defined the material topics for Lamor´s sustainable development, clarified the sustainable development target setting and metrics, and calculated the material positive and negative impacts of our operations.

During 2023, we have further developed our processes to monitor the positive and negative impacts. Going forward, Lamor will collect this data on a quarterly basis. This will enable Lamor to identify development areas more efficiently, and to create ways to decrease the negative and to increase the positive impacts. By creating prerequisites for sustainable business, we will increase our capabilities for creating long-term added value for all our stakeholders.

Nasdaq Green Equity Designation

In 2022, Lamor was the first company in Finland to receive the Nasdaq Green Equity Designation. An independent reviewer Cicero Shades of Green made its annual review of Lamor’s business operations in January 2023. Lamor continued to meet the criteria set for the designation.

The Nasdaq Green Equity Designation supports listed companies with their transition towards green business models and strategies and gives investors increased visibility to the company’s green strategy and targets. The designation can be given to listed companies that have over 50 percent of their revenue 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 4 April 2023 as a hybrid meeting in accordance with the Finnish Companies Act. As an alternative to participating in the General Meeting at the meeting venue, shareholders could exercise their rights fully during the meeting remotely.

The Annual General Meeting adopted the 2022 financial statements, resolved not to distribute dividend and discharged the Board members and the Managing Director from liability for the financial year 2022.

The Annual General Meeting confirmed that, in accordance with the proposal made by the Shareholders’ Nomination Board 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, Timo Rantanen and Mika Ståhlberg as members 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 will be EUR 20,000 annually for each member of the Board, except for the Chairman of the Board, who will be paid EUR 50,000 annually, and the possible Vice Chairman of the Board, who will be paid EUR 45,000 annually. In addition, the Chairman of the Audit Committee will be paid a fixed annual remuneration of EUR 10,000 and each member of the Audit Committee EUR 5,000. The Chairman of the Remuneration Committee will 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 Audit Committee or Remuneration Committee acts as the Chairman or as the Vice Chairman of the Board of Directors, no remuneration related to the committee work will be paid. In addition, the meeting fees payable to all members and the Chairman of the Board of Directors will be EUR 1,000 per each Board meeting.

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 on amending Lamor's Articles of Association by updating the company´s line of business, by amending the rights to represent the company, by supplementing the heading and content of the section regarding the notice, registration and venue of the General Meeting to include the possibility to hold a General Meeting in Helsinki or Porvoo and, upon a resolution by the Board of Directors, as a remote meeting without a meeting place, and on a technical amendment of a section on the recording of the company's shares in the book-entry system.

General Meeting's authorisations to the Board of Directors

The Annual General Meeting resolved on 4 April 2023 to authorise the Board of Directors to decide on the issuance of new shares or treasury shares. Under the authorisation, a maximum of 2,500,000 shares, which corresponds to approximately 9 per cent of all of the shares at the time of the proposal, may be issued. The share issue may be targeted, in deviation from the shareholders' pre-emptive rights, provided that there is a weighty financial reason for the company to do so, such as using the shares to develop the company's capital structure, as compensation in connection with possible acquisitions or other corporate transactions, to finance investments or to be used as part of the company's incentive scheme, provided that a directed share issue is in the interest of the company and its shareholders.

The Annual General Meeting resolved on 4 April 2023 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 2,500,000 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. Own shares can on the terms defined in the resolution be repurchased, inter alia, to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the company's capital structure, to be transferred in connection with possible acquisitions, to be used in incentive schemes or to be cancelled, provided that the repurchase is in the interest of the company and its shareholders.

The Annual General Meeting resolved on 4 April 2023 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.

Organisation of the Board of Directors

Convening after the Annual General Meeting on 4 April 2023, 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.

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. Lamor´s shares are registered in the Finnish book-entry system maintained by Euroclear Finland.

At the end of the reporting period on 31 March 2023, Lamor's share capital was EUR 3,866,375.40 (3,866,375.40) and total number of shares outstanding was 26,959,974 (26,959,974) excluding shares held in treasury. On 31 March 2023, Lamor held 542,450 (542,450) of its own shares.

The closing price of the share on the last trading day of the reporting period on 31 March 2023 was EUR 4.25 (4.77) The highest price of the share in the reporting period January–March 2023 was EUR 4.70 (4.86) and the lowest one EUR 4.09 (4.05). Share turnover on Nasdaq First North Premier in January–March 2023 was approximately 0.2 (1.4) million shares. The value of the share turnover was approximately EUR 0.5 (6.3) million. On 31 March 2023, Lamor's market capitalisation was approximately EUR 115 (128) million, and the company had 6,683 (6,969) shareholders.

Share-based incentives

In 2022, the Board of Directors of Lamor decided to establish new share-based incentive plans for the key personnel of Lamor.

Maximum of ten (10) key individuals, including Management Team members and the CEO, have been approved as eligible for participating in the plan period 2023–2025. The gross rewards to be paid on the basis of the plan period 2023–2025 correspond to the value of approximate maximum total of 140,000 Lamor shares, including also a 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 a cash proportion.

The Board of Directors decides at the potential reward payments whether the share proportions will be paid by using existing treasury shares or new Lamor shares to be issued.

Risks and business uncertainties

Risks related to operating environment

Lamor's operations are affected by various strategic, regulatory, operational and financial risks. Lamor seeks 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 Board of Directors 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 over 20 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 decisions steering them.

Due to the Russian invasion, 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 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, 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 disasters 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, the company 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 especially at this growth stage project oriented. Lamor is globally responsible for several demanding projects relating to environmental clean-up simultaneously. Due to this, successful project management has a significant impact on the profitability of Lamor's business and future prospects.

Lamor is building the first large scale facility for chemical recycling of plastics in Finland. Limited experience in the treatment process in Finland may cause a risk relating to the completion schedule of the facility.

The impacts of the climate change are causing changes also in Lamor's business environment. Climate change may cause extreme phenomena like heavy rainfall and extreme daught that may complicate Lamor's project deliveries for instance during extremely hot or rainy periods. Part of Lamor's business operations are related to the oil and gas industry and decreased usage of oil may impact Lamor's business opportunities in the longer term. Lamor has, however, expanded its service offering to ensure the growth of its business despite of this change.

Risks related to Lamor's financing and financial position

Lamor's business is working capital intensive. Even though the fixed costs of Lamor's business are mainly scalable, achieving significant growth in the business will require investments in equipment and personnel, among other things. In addition, Lamor's new plant projects related to the chemical recycling of plastics will require significant investments in the future. 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, 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 and 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.

Persistently high inflation and slow-down of the economy impact also Lamor's business environment. The rise in interest rates will also increase Lamor's financing costs.

Near-term risks and uncertainties

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 war 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.

Persistently high inflation and slow-down of the economy impact also Lamor's business environment. The rise in interest rates will also increase Lamor's financing costs.

Main events published during the first quarter of 2023

On 14 March 2023, Lamor communicated on a commencement of a new performance period in the performance share plan, covering the financial years 2023–2025.

Events after the reporting period

Lamor´s Annual General Meeting was held on 4 April 2023, and Lamor communicated on the resolutions of the Annual General Meeting and the Organisational Meeting of the Board of Directors on the same day. The Annual General Meeting was in favour of all proposals submitted to the General Meeting by the Board of Directors and the Shareholders' Nomination Board.

Financial calendar for 2023

Half-year Report for January–June 2023 will be published on 25 July 2023.
Interim Report for January–September 2023 will be published on 31 October 2023.

Webcast for shareholders, analysts and media

Webcast for shareholders, analysts and media will be arranged on 4 May 2023 at 10:00 a.m. EEST. The January-March 2023 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/q1-2023-result.

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

Porvoo, 4 May 2023
Lamor Corporation Plc
Board of Directors

Further enquiries

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Lamor Financial Statements Release January–March 2023

Consolidated statement of profit and loss

EUR thousand	1-3/2023	1-3/2022	1–12/2022
Revenue	22,847	43,211	127,656
Materials and services	-13,615	-26,632	-80,279
Other operating income	66	29	386
Employee benefit expenses	-4,949	-5,941	-19,386
Other operating expenses	-2,642	-2,765	-9,909
Share of associated companies' profits	138	-1,954	-1,809
EBITDA	**1,845**	**5,948**	**16,659**
Depreciation, amortization, and impairment	-1,692	-1,485	-6,641
Operating profit (EBIT)	**153**	**4,463**	**10,018**
Financial income	157	204	1,468
Financial expenses	-1,053	-803	-4,947
Profit before tax	**-743**	**3,865**	**6,540**
Income tax	254	-1,822	-3,005
Profit for the financial year	**-489**	**2,043**	**3,535**
Attributable to			
Equity holders of the parent	-531	1,884	3,462
Non-controlling interests	42	159	73
Earnings per share*			
Earnings per share, basic, EUR	-0.02	0.07	0.13
Earnings per share, diluted, EUR	-0.02	0.07	0.13
Profit for the financial year	**-489**	**2,043**	**3,535**
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	-274	346	627
Other comprehensive income (loss) for the year, net of tax	**-274**	**346**	**627**
Total comprehensive income for the financial period	**-762**	**2,389**	**4,162**
Attributable to			
Equity holders of the parent	-805	2,231	4,090
Non-controlling interests	42	159	73

* Earnings per share has been adjusted for share split, effective from November 2021, for all periods presented

Consolidated statement of financial position

EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets			
Non-current assets			
Goodwill	18,583	18,090	18,634
Intangible assets	4,116	4,073	4,016
Property, plant and equipment	9,446	7,482	9,636
Right-of-use assets	4,451	7,944	5,293
Investments in associated companies and joint ventures	2,051	1,663	1,808
Non-current receivables	550	1,783	1,791
Investments in other shares	411	418	418
Deferred tax assets	3,589	3,231	2,916
Assets	**43,198**	**44,684**	**44,512**
Current assets			
Inventories	10,370	10,158	10,359
Trade receivables	30,252	17,684	29,396
Contract assets	37,662	38,892	38,448
Prepayments and other receivables	9,030	7,097	6,523
Short-term investments	746	184	238
Cash and cash equivalents	7,644	11,116	4,889
Total current assets	**95,703**	**85,130**	**89,854**
Total assets	**138,900**	**129,814**	**134,366**

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EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Equity and liabilities			
Equity			
Share capital	3,866	3,866	3,866
Translation differences	446	483	719
Reserve for invested unrestricted equity	44,303	44,303	44,303
Retained earnings / accumulated deficit	13,161	14,662	12,720
Equity attributable to equity holders of the parent	**61,776**	**63,269**	**61,609**
Non-controlling interests	1,381	1,043	1,439
Total equity	**63,157**	**64,312**	**63,048**
Non-current liabilities			
Interest-bearing loans and borrowings	11,202	8,903	10,723
Lease liabilities	1,335	4,166	2,060
Deferred tax liability	1,837	1,088	1,640
Other non-current financial liabilities	2,824	5,224	6,977
Total non-current liabilities	**17,199**	**19,380**	**21,401**
Current liabilities			
Interest-bearing loans and borrowings	15,835	4,422	3,302
Lease liabilities	3,060	3,401	3,074
Provisions	203	79	304
Trade payables	10,527	26,152	12,656
Contract liabilities	12,897	4,265	18,158
Other short-term liabilities	16,022	7,802	12,424
Total current liabilities	**58,544**	**46,121**	**49,918**
Total liabilities	**75,744**	**65,501**	**71,318**
Total equity and liabilities	**138,900**	**129,814**	**134,366**

Consolidated statement of changes in equity

2023 **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 2023	**3,866**	**-**	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**
Profit for the financial year	-	-	-	-	-446	**-446**	-42	**-489**
Other comprehensive income	-	-	-	-274	-	**-274**	**-**	**-274**
Total comprehensive income	**-**	**-**	**-**	**-274**	**-446**	**-720**	**-42**	**-762**
Share-based compensation settled in equity	-	-	-	-	28	**28**	-	**28**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	839	**839**	-	**839**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	**-**	**-**	**-**	**-**	20	**20**	-16	**4**
Equity on 31 Mar 2023	**3,866**	**-**	**44,303**	**446**	**13,161**	**61,776**	**1,381**	**63,157**

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

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	-	-	-	-	1,884	**1,884**	159	**2,043**
Other comprehensive income	-	-	-	346	-	**346**	-	**346**
Total comprehensive income	**-**	**-**	**-**	**346**	**1,884**	**2,231**	**159**	**2,389**
Registration of shares	-	-	-	-	-	**-**	-	**-**
New share issue	-	-	-	-	-	**-**	-	**-**
Expenses related to the share issue	-	-	-	-	-	**-**	-	**-**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests	-	-	-	-	-	**-**	-	**-**

Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	-28	**-28**	46	**18**
Equity on 31 Mar 2022	**3,866**	-	**44,303**	**438**	**14,662**	**63,269**	**1,043**	**64,312**

Consolidated statement of cash flows

EUR thousand	1-3/2023	1-3/2022	1–12/2022
Cash flow from operating activities			
Profit for the financial year	**-489**	**2,043**	**3,535**
Adjustments for:			
Depreciation, amortisation, and impairment	1,692	1,485	6,641
Finance income and expenses	896	598	3,479
Gain on disposal of property, plant, and equipment	-15	-	-331
Share of profit from associated companies and joint ventures	-138	1,954	1,809
Taxes	-254	1,822	3,005
Other non-cash flow related adjustments	108	271	1,031
Total adjustments	**2,289**	**6,130**	**15,633**
Change in working capital			
Change in trade and other receivables	-1,064	-30,550	-42,253
Change in inventories	-156	-1,043	-1,282
Change in trade and other payables	-7,228	16,057	21,394
Total change in working capital	**-8,448**	**-15,536**	**-22,141**
Operating cash flow before financial and tax items	**-6,648**	**-7,363**	**-2,972**
Interest paid	-322	-348	-863
Interest received	23	30	376
Other financing items	-284	-	-2,649
Taxes paid	-1,522	-47	-378
Net cash flow from operating activities	**-8,754**	**-7,727**	**-6,486**
Cash flow from investing activities			
Acquisition of associates, joint ventures, and other shares	-	-	-659
Purchase of intangible and tangible assets	-868	-3,350	-7,840
Proceeds from sale of tangible and intangible assets	63	12	540
Loans granted	-	-	-
Net cash flow from investing activities	**-805**	**-3,338**	**-7,959**
Cash flow from financing activities			
Proceeds and repayments from borrowings	12,964	-5,936	-5,383
Repayment of lease liabilities	-651	-754	-3,535
Purchase of own shares	-	-	-
Issue of new shares	-	-	-
IPO costs	-	-	-
Acquisition of non-controlling interests	-	-	-618
Net cash flow from financing activities	**12,313**	**-6,690**	**-9,537**
Net change in cash and cash equivalents	**2,754**	**-17,755**	**-23,982**
Cash and cash equivalents, beginning of period	**4,889**	**28,871**	**28,871**
Cash and cash equivalents, end of period	**7,644**	**11,116**	**4,889**

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. Lamor’s vision is a clean tomorrow, and Lamor strives to this vision together with its customers and partners through environmental protection and material recycling solutions.

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

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

This financial statements release is unaudited.

Basis of preparation

The financial information included in this financial statements release for January–March 2023ö 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 2023, Lamor Group has adopted new or amended IFRS’s and interpretations, as issued by IASB, effective for financial periods commencing on 1 January 2023. Except for the changes presented above, the accounting policies applied in the preparation of this financial statements release are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

In this financial statements release, 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 environmental protection and material recycling solutions.

The profitability and result reporting of the Group are 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 in decision making reporting principles that are consistent with the IFRS accounting principles of the Group. The chief operating decision maker uses performance-related key figures to support the decision making, most importantly order intake, revenue, EBITDA and operating profit (EBIT). 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 Lamor.

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	1-3/2023	1-3/2022	1–12/2022
Operating profit (EBIT)	**153**	**4,463**	**10,018**
Depreciations, amortisations and impairment	1,692	1,485	6,641
EBITDA	**1,845**	**5,948**	**16,659**
Non-recurring Items			
Business combinations expenses	-	-	71
Restructuring expenses	-	-	318
IPO related expenses	-	-	-
Impairment of Russian business	-	1,958	1,958
Adjusted EBITDA	**1,845**	**7,906**	**19,006**
Depreciations, amortisations and impairment	-1,692	-1,485	-6,641
Amortisation of intangible assets identified in PPA	59	57	242
Adjusted EBIT	**212**	**6,478**	**12,608**

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	1-3/2023	1-3/2022	Change %	1–12/2022
Equipment	6,363	4,479	42 %	28,782
Services	16,484	38,732	-57 %	98,874
Total revenue from contracts with customers	**22,847**	**43,211**	**-47 %**	**127,656**

Timing of revenue recognition

EUR thousand	1-3/2023	1-3/2022	Change %	1–12/2022
Transferred at a point in time	4,014	4,270	-6 %	24,242
Transferred over time	18,832	38,941	-52 %	103,415
Total revenue from contracts with customers	**22,847**	**43,211**	**-47 %**	**127,656**

Revenue by geographical area

EUR thousand	1-3/2023	1-3/2022	Change %	1–12/2022
Europe and Asia (EURASIA)	4,654	2,351	98 %	17,837
North and South America (AMER)	3,750	32,760	-89 %	56,713
Middle East and Africa (MEAF)	14,443	8,099	78 %	53,107
Total revenue from contracts with customers	**22,847**	**43,211**	**-47 %**	**127,656**

Summary of contract balances

EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Trade receivables	30,252	17,684	29,396
Contract assets	37,662	38,892	38,448
Contract liabilities	12,897	4,265	18,158

Contract assets mainly comprise receivables related to ongoing projects in the Middle East.

Lamor Group did not experience any major unexpected credit losses in January – March 2023. 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 2022.

Lamor has recorded an expected credit loss related to trade receivables and contract assets, amounting to EUR 1.4 million on 31 March 2023 (EUR 1.0 million on 31 March 2022).

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

Change in goodwill

EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Carrying value at the beginning of the year	**18,643**	**18,049**	**18,049**
Impairment	-	-	
Additions	-	-	
Acquired in business combinations	-	-	450
Exchange differences	-50	41	135
Other changes and disposals	-	-	
Carrying value at the end of the year	**18,583**	**18,090**	**18,643**

The increase in goodwill during 2022 was due to acquisition of Resiclo Kilpilahti Oy (now Lamor-Resiclo Oy).

Change in tangible and intangible assets

EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Carrying value at the beginning of the year	**13,653**	**8,827**	**8,827**
Depreciation, amortization and impairment charges	-785	-569	-2,770
Additions	871	3,350	8,395
Transfers between balance sheet items	-	-	-680
Exchange differences	-127	117	135
Grants received and disposals	-50	-170	-254
Carrying value at the end of the year	**13,562**	**11,555**	**13,653**

Change in right-of-use assets

EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Carrying value at the beginning of the year	**5,293**	**5,742**	**5,742**
Depreciation, amortization and impairment charges	-912	-916	-3,875
Additions	164	2,908	3,104
Exchange differences	-94	121	322
Other changes	-	89	-
Carrying value at the end of the year	**4,451**	**7,944**	**5,293**

The increase in right-of-use assets in 2022 was primarily due to leasing of vessels related to the project in Saudi Arabia.

Financial instruments

Net debt

EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current interest-bearing loans and borrowings	11,202	8,903	10,723
Non-current lease liabilities	1,335	4,166	2,060
Current interest-bearing loans and borrowings	15,835	4,422	3,302
Current lease liabilities	3,060	3,401	3,074
Liquid funds	-7,644	-11,116	-4,889
Net debt total	**23,789**	**9,777**	**14,270**

Classification of financial assets and liabilities

Financial assets on 31 March 2023

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**	-	411	-	411	411
Non-current receivables		-	-	550	550	550
Non-current financial assets total		**-**	**411**	**550**	**961**	**961**
Current financial assets						
Trade receivables		-	-	30,252	30,252	30,252
Contract assets		-	-	37,662	37,662	37,662
Derivative instruments	**2**	106	-	-	106	106
Investments in funds	**2**	640	-	-	640	640
Cash and cash equivalents		-	-	7,644	7,644	7,644
Current financial assets total		**746**	**-**	**75,557**	**76,303**	**76,303**
Financial assets total		**746**	**411**	**76,107**	**77,264**	**77,264**

Financial liabilities on 31 March 2023

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		-	-	11,202	11,202	11,202
Lease liabilities		-	-	1,335	1,335	1,335
Other payables		-	-	2,824	2,824	2,824
Non-current financial liabilities total		**-**	**-**	**15,362**	**15,362**	**15,362**
Current financial liabilities						
Interest-bearing loans and borrowings		-	-	15,835	15,835	15,835
Lease liabilities		-	-	3,060	3,060	3,060
Trade payables		-	-	10,527	10,527	10,527
Contract liabilities		-	-	12,897	12,897	12,897
Contingent consideration	**3**	2,950	-	-	2,950	2,950
Other current liabilities		-	-	13,073	13,073	13,073
Current financial liabilities total		**2,950**	**-**	**55,392**	**58,341**	**58,341**
Financial liabilities total		**2,950**	**-**	**70,754**	**73,704**	**73,704**

Financial assets on 31 December 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
Other receivables		-	-	1,791	1,791	1,791
Non-current financial assets total		**-**	**418**	**1,791**	**2,209**	**2,209**
Current financial assets						
Trade receivables		-	-	29,396	29,396	29,396
Contract assets		-	-	38,448	38,448	38,448
Derivative instruments	2	61	-	-	61	61
Investments in funds	2	177	-	-	177	177
Cash and cash equivalents		-	-	4,889	4,889	4,889
Current financial assets total		**238**	**-**	**72,733**	**72,972**	**72,972**
Financial assets total		**238**	**418**	**74,524**	**75,180**	**75,180**

Financial liabilities on 31 December 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		-	-	10,723	10,723	10,723
Lease liabilities		-	-	2,060	2,060	2,060
Contingent consideration	3	3,788	-	-	3,788	3,788
Other payables		-	-	3,189	3,189	3,189
Non-current financial liabilities total		**3,788**	**-**	**15,972**	**19,761**	**19,761**
Current financial liabilities						
Interest-bearing loans and borrowings		-	-	3,302	3,302	3,302
Lease liabilities		-	-	3,074	3,074	3,074
Trade payables		-	-	12,656	12,656	12,656
Contract liabilities		-	-	18,158	18,158	18,158
Other current liabilities		-	-	12,424	12,424	12,424
Current financial liabilities total		**-**	**-**	**49,613**	**49,613**	**49,613**
Financial liabilities total		**3,788**	**-**	**65,586**	**69,374**	**69,374**

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 owns a share of Pyroplast Energy Ltd. 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 2,950 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 consist of the company´s major shareholders, the members of the Board of Directors, the CEO and the rest of the Management Team and their close family members as well as their controlled entities and associated companies and joint ventures. In addition, the associated companies and joint ventures, in which the Group is an owner, are considered the Group’s related parties.

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	31 Mar 2023	31 Mar 2022	31 Dec 2022
Sales to associated companies and joint ventures	104	90	90
Sales to other related parties	-	41	41
Purchases from associated companies and joint ventures	-	21	46
Purchases from other related parties*	-	124	637

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

Receivables and liabilities from related parties

EUR thousand	31 Mar 2023	31 Mar 2022	31 Dec 2022
Receivables from associated companies and joint ventures	1,661	70	1,595
Receivables from other related parties	220	213	214
Liabilities to associated companies and joint ventures	-	17	12
Liabilities to other related parties	3,263	4	3,888

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	31 Mar 2023	31 Mar 2022	31 Dec 2022
Amounts receivable from associates and joint ventures	1,460	1,461	1,481
Amounts receivable from other related parties	-	-	-
Amounts payable to associates and joint ventures	-	-	-
Amounts payable to other related parties	-	-	-

Contingent liabilities and other commitments

Commitments

At the reporting date, 31 March 2023, Lamor had corporate mortgages of EUR 91.8 million (EUR 51.8 million on 31 March 2022) 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	31 Mar 2023	31 Mar 2022	31 Dec 2022
Performance and warranty guarantee	24,739	22,024	25,472
Advance payment and payment guarantee	11,710	5,909	10,720
Tender and bid bond guarantees	379	890	1,972
Total other commitments	**36,827**	**28,824**	**38,165**

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
Earnings per share (EPS), diluted, euros	=	Profit for the financial year attributable for shareholders of the company / Weighted average number of shares outstanding during the period, including potential shares	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) %	=	Profit before taxes + financial income and expenses / Average shareholder's equity + average interest-bearing loans and borrowings	x 100
Net gearing, %	=	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 / Shareholders’ equity	x 100
Net working capital	=	Inventories + Current non-interest bearing receivables - Current non-interest bearing liabilities, excluding provisions	
Orders received	=	The total value of customer orders received during the period.	
Orders backlog	=	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	