Lamor Corporation Plc
Interim Financial Report

January–September 2023

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Large projects progressed well – decision-making regarding new projects delayed

July–September 2023 in brief

- Revenue decreased by 9.2% year on year to EUR 31.1 million (34.2)
- EBIT was EUR 1.6 million (3.0)
- Adjusted EBIT amounted to EUR 3.0 million (3.1) or 9.6% of revenue (9.0%)
- Net cash flow from operating activities was EUR -7.3 million (-5.8)
- Earnings per share (basic) was EUR 0.01 (0.07)
- Orders received decreased by 58.2% and amounted to EUR 13.5 million (32.4)
- Impairments from the Russian business amounted to EUR 1.2 million

January–September 2023 in brief

- Revenue decreased by 12.0% year on year to EUR 87.7 million (99.7)
- EBIT was EUR 5.4 million (9.2)
- Adjusted EBIT decreased by 39.2% and amounted to EUR 6.9 million (11.4) or 7.9% of revenue
- Net working capital at the period-end was EUR 59.2 million (38.8)
- Net cash flow from operating activities was EUR -15.0 million (-7.2)
- Earnings per share (basic) was EUR 0.08 (0.16)
- Orders received decreased by 55.3% and amounted to EUR 34.0 million (76.0)
- Order backlog at the period-end was EUR 146.1 million (221.2)

CEO Update

The financial result of the third quarter 2023 was as expected. The revenue for the third quarter was 31 million euros, which is slightly below the comparison period (34 million euros). The revenue for the first nine months was 88 million euros, which is 12% less than in 2022. A significant portion of our revenue is still being generated from our service projects in the Middle East. During the comparison period, a significant portion of the revenue was generated from environmental cleanup projects in South America.

As the year 2023 progressed, the increased volume was also reflected in increased profitability. Our adjusted EBIT margin for the third quarter was 9.6%, which increased our adjusted EBIT margin for the whole year to 7.9%.

Good progress in the large projects continues

The remediation works in the Kuwaiti soil cleanup projects have progressed very well and we were able to reach a remediation target for 1 million tons in the beginning of October. Alongside the ongoing bioremediation works, we are about to start soil washing activities for the more contaminated soil. These activities are also progressing as planned.

As an acknowledgement for our successful performance in Kuwait, we have started activities in October to treat additional soil volumes on another remediation site as a subcontractor, together with our project partner Khalid Ali Al-Kharafi & Bros. Co. This subcontracting is a clear indication of how excellent performance creates further business opportunities. We expect to sign a contract relating to this project in November. Lamor's share of the upcoming contract is estimated to be approximately 8 million euros.

The environmental preparedness project in Saudi Arabia is in the maintenance phase. The first contract period ends during the spring of 2024. Potential extension of the contract will be resolved, at latest, by the end of Q1 2024.

We received two important orders in our technology business during the third quarter; we will supply inbuilt oil spill response equipment in Asia and potable water treatment solution in South America. We see a significant potential in water treatment solutions in the coming years, especially in South America, where the availability of clean water varies significantly.

Groundbreaking of the plastics chemical recycling facility in Kilpilahti

We had the groundbreaking ceremony for our chemical recycling facility in August in Kilpilahti, Porvoo, Finland. The ceremony was attended by all technology and value chain partners of the project. We also communicated that the product will be sold to Shell for further refining into a suitable raw material for chemicals producers. These agreements are important to us considering our target to build a 40,000 metric tons chemical recycling capacity for plastics recycling in Finland, as well as 100,000 metric tons project portfolio on a global level during our strategy period.

Our project is progressing according to the plan. The construction work has begun, and the first technology deliveries will arrive in Kilpilahti during the first quarter of 2024. After the delivery, the installation and commissioning work will begin. The current plan is that production, and its optimization shall commence during the summer of 2024.

Strategic targets and growth outlook

We strengthened the execution capabilities of our strategy in August by issuing a EUR 25 million green bond. This is a very important step for us in the public debt capital market. In addition, we communicated our aim to move to the main market of Nasdaq Helsinki during 2023. We believe that the move will have a positive impact on the company's position in the capital market and support long-term shareholder value creation.

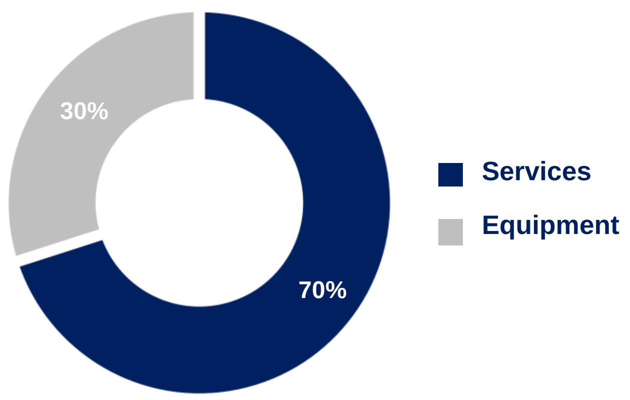
During the quarter our Chief Development Officer Johanna Grönroos and SVP, Europe and Asia Magnus Miemois resigned from their positions. Both will continue in their roles until the end of 2023. We will communicate the new composition of the management team once it has been confirmed.

We completed our annual strategy review, and analysis of the progress of strategy execution, during the quarter. We are still in an early phase of our strategy period, and as the result of the review, we decided to keep the strategic targets unchanged. The review strengthened our understanding that the amount of identified commercial leads has increased significantly during the past year. Currently the most important action is to focus on the ongoing and upcoming tenders that are critical in achieving our strategic growth targets. There are further delays in some of the ongoing tenders process and the order intake has not developed as expected in 2023, hence we will continue to actively pursue to win new orders.

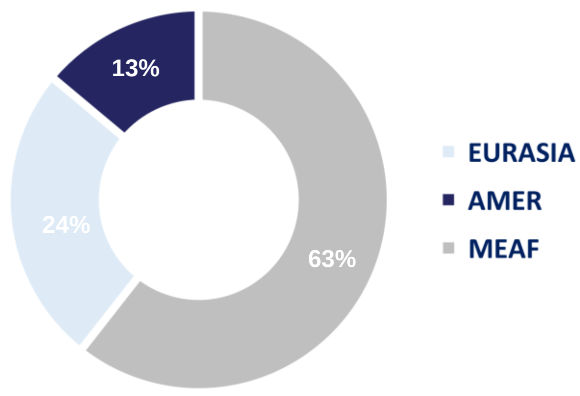
Mika Pirneskoski
CEO
Lamor Corporation Plc

Revenue split January–September 2023

Equipment and services

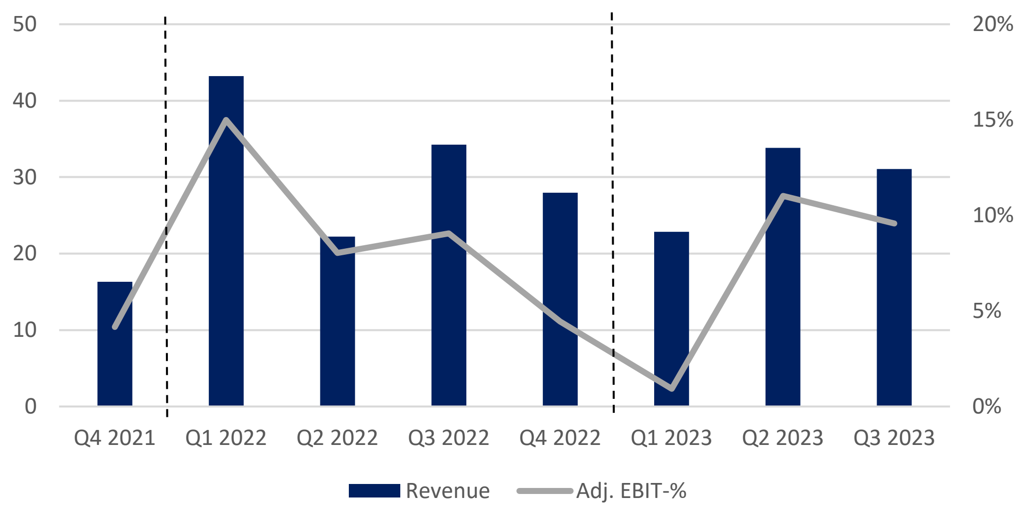


Areas*

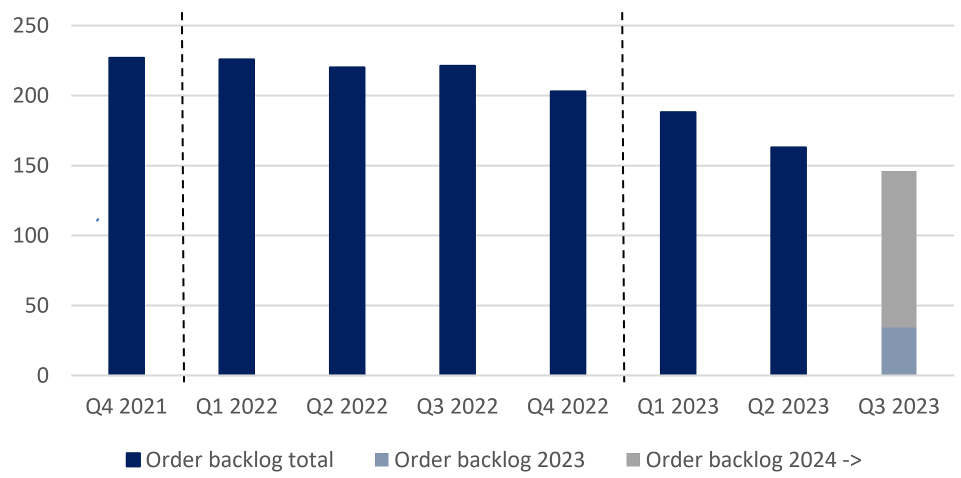


*EURASIA = Europe and Asia, AMER = Americas, MEAF = Middle East and Africa

Revenue (EUR million) and adjusted EBIT % per quarter



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



Key figures

EUR thousand unless otherwise noted	Q3 2023	Q3 2022	Change %	1-9/2023	1-9/2022	Change %	1–12/2022
Revenue	31,086	34,240	-9.2%	87,745	99,680	-12,0%	127,656
EBITDA	3,278	4,909	-33.2%	10,472	14,397	-27,3%	16,659
EBITDA margin %	10.5%	14.3%		11.9%	14.4%		13.1%
Adjusted EBITDA	4,625	4,909	-5.8%	11,819	16,355	-27,7%	19,006
Adjusted EBITDA margin %	14.9%	14.3%		13.5%	16.4%		14.9%
Operating profit or loss (EBIT)	1,570	3,035	-48.3%	5,387	9,223	-41,6%	10,018
Operating profit (EBIT) margin %	5.1%	8.9%		6.1%	9.3%		7.8%
Adjusted Operating Profit (EBIT)	2,975	3,099	-4.0%	6,910	11,362	-39,2%	12,608
Adjusted Operating Profit (EBIT) margin %	9.6%	9.0%		7.9%	11.4%		9.9%
Profit (loss) for the period	381	1,921	-80.2%	2,296	4,403	-47,8%	3,535
Earnings per share, EPS (basic), euros	0.01	0.07	-81.6%	0.08	0.16	-45,4%	0.13
Earnings per share, EPS (diluted), euros	0.01	0.07	-81.9%	0.08	0.16	-46,5%	0.13
Return on equity (ROE) %	0.6%	2.9%		3.6%	7.0%		5.8%
Return on investment (ROI) %	1.6%	3.5%		5.8%	10.4%		12.0%
Equity ratio %	46.1%	49.9%		46.1%	49.9%		53.0%
Net gearing %	51.9%	20.3%		51.9%	20.3%		23.2%
Net working capital	59,224	38,768	52.8%	59,224	38,768	52.8%	41,490
Orders received	13,532	32,364	-58.2%	33,980	75,985	-55.3%	87,368
Order backlog	146,063	221,159	-34.0%	146,063	221,159	-34.0%	203,069
Number of employees at the period end	660	475	38.9%	660	475	38.9%	508
Number of employees on average	682	477	43.0%	630	637	-1.1%	604

Market outlook

Globally increasing environmental awareness creates continuous demand for sustainable environmental solutions. The objectives set for the green transition emphasize mitigation of climate change, protection of biodiversity and recycling of materials. Increased understanding of the sensitivity of ecosystems has added pressure for the governmental and private sectors to be better prepared for future incidents and finance the clean-up operations of the legacy contamination.

Increased environmental awareness has led to tightening environmental legislation. For instance, sufficient oil spill response equipment and service capabilities have a critical role in the future of environmental protection. The shift has led governments and private sector to pay attention to uncleaned areas with soil and water contamination. There is a large number of restoration liabilities arising from earlier environmental incidents on a global level, and for instance a remarkable number of earlier significant oil spills still remain uncleaned. Lamor seeks to utilise its strong expertise and references to grow in these market segments and areas. Lamor expects the demand for its solutions to increase significantly also in the future.

With its wide-ranging technology portfolio and experience of soil remediation and water treatment solutions, Lamor can offer its clients comprehensive solutions to improve their environmental preparedness capabilities, to decrease their restoration liability and to enhance the recycling of materials.

As a part of their actions to combat climate change, the petrochemical industry aims at decreasing the need for virgin crude oil. The share of global emissions from plastics production accounts for over 3 per cent of all global emissions, as the amount of plastic waste in the world has doubled in the past 20 years. Currently, only a tenth of all plastic waste is recycled correctly. The chemical plastic recycling market is expected to be in the magnitude of hundreds of billions of euros by 2050. Lamor is expanding its material recycling operations by building a blueprint factory for chemical recycling of plastics in Finland, with the aim of building similar facilities in its strong market areas by utilising its global network.

Guidance for 2023

In accordance with the guidance published on 28 February 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

July–September 2023

During the third quarter, the Group's revenue was EUR 31.1 million (34.2). The decrease from the comparison period was 9.2%. At comparable exchange rates, the revenue decreased by 2.8%. Revenue continued to be generated particularly from our projects in Kuwait and Bangladesh.

In the period, Lamor made a total of EUR 1.2 million write off relating to its subsidiary and to its associated company in Russia. The respective amounts are presented in other operating expenses and share of results in associated companies. Both items are included in the non-recurring items. Following the write off, all assets related to Lamor's Russian operations have been fully impaired.

Adjusted EBIT remained at the same level with the comparison period and amounted to EUR 3.0 million (3.1) or 9.6% (9.0%) of revenue.

The Group's profit before taxes was EUR 0.5 million (2.2). Earnings per share (EPS) in the period was EUR 0.01 (0.07). The profit in the period and consequently earnings per share were decreased particularly by the impairment related to the Russian operations.

The value of new orders received during the reporting period was EUR 13.5 million (32.4), which is 58.2% less than in the comparison period. At comparable exchange rates, the increase was 56.6%.

January–September 2023

The Group's revenue amounted to EUR 87.7 million (99.7) during the reporting period. The decrease from the comparison period was 12.0%. At comparable exchange rates, the revenue decreased by 10.1%. The revenue was generated primarily by our long-term projects in Kuwait and Saudi Arabia as well as the delivery projects in Bangladesh which all progressed according to plan. In 2022, the full year revenue was significantly impacted by the environmental response and clean-up projects early in the year in Peru and Ecuador**.**

Adjusted EBIT decreased 39.2% year on year and amounted to EUR 6.9 million (11.4) or 7.9% (11.4%) of revenue.

Depreciations stood at EUR -5.1 million (-5.2) and included EUR -2.7 million (-3.2) depreciations of right-of-use assets (IFRS 16), mainly related to the Group's project in Saudi Arabia.

Financial income and expenses of EUR -2.8 million (-2.1) related to interest- and guarantee expenses for funding the operations as well as valuation of USD- denominated and pegged receivables and debts, and related hedging.

The Group's profit before taxes was EUR 2.6 million (7,1). Earnings per share in the period from January to September was EUR 0.08 (0.16).

Net cash flow from operating activities was EUR -15.0 million (-7.2). The Kuwaiti projects continued to tie up working capital during the third quarter but is expected to decrease during the last quarter. The deployment of the soil washing equipment accelerates the treatment of soil and is estimated to positively impact the cash flow accumulation.

The transaction expenses of the bond issued in August and tax payments in South America impacted the cashflow negatively during the third quarter.

Cash flow from investments was EUR -3.4 million (-6.5). The increase during the third quarter was impacted by the investments and development expenses for the Kilpilahti project. Other investments 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 46.1% (49.9%) and net gearing stood at 51.9% (20.3%). Net gearing was increased by the issuance of the green bond of EUR 25 million.

Order backlog at the end of the period totalled EUR 146.1 million (221.2). The value of new orders received during the reporting period was EUR 34.0 million (76.0), which is 55.3% less than in the comparison period. At comparable exchange rates, the decrease was 54.6%. The number of ongoing and expected tendering is still significant, however the decision making is moving towards the year end and partly to next year.

Investments

In January–September 2023, investments in tangible and intangible assets were EUR 3.8 million (6.5).

Right-of-use assets amounted to EUR 4.3 million (6.8) at the end of the period. The right-of-use assets related to vessels used in the service project in Saudi Arabia and to the Kilpilahti land lease agreement which was capitalized during the third quarter.

In January–September, depreciation, amortisation, and impairment totalled EUR -5.1 million (-5.2).

Financial position

Lamor's financial position was impacted significantly by the secured green bond of EUR 25 million. The planned maturity of the bond is 3 years.

Lamor's interest-bearing liabilities comprise loans from financial institutions, bond, capital loans and lease liabilities under IFRS 16. On 30 September 2023, Lamor's interest-bearing liabilities amounted to EUR 40.7 million (25.5), of which lease liabilities were EUR 4.4 million (6.6). The Group's net debt totalled EUR 33.8 million (13.3). At the end of the reporting period, the Group had liquid funds amounting to EUR 6.9 million (12.2).

The green bond of EUR 25 million issued by Lamor is senior priority and has second-lien business mortgage. The Group's senior priority financing arrangements also include a loan of EUR 6.5 million. The Group has an unused financing limit of EUR 8.0 million and an overdraft facility of EUR 7.0 million, of which EUR 0.5 million was in use on 30 September 2023.

At the end of the reporting period, other bank loans amounted to EUR 0.5 million. At the end of the period, the aggregate value of outstanding guarantees was EUR 42.7 million (35.6). 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.

Lamor repaid entirely the junior debt of EUR 1.9 million during the third quarter. Both 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, EUR 4.7 million in total, are subordinate to senior funding and are not included in the covenant calculation.

Personnel

During January–September 2023, Lamor employed on average 630 (637) persons. At the end of the period, Lamor employed 660 (475) persons.

The number of personnel fluctuates according to the major projects Lamor has on-going at each time. During the period, especially the progress of the Kuwaiti projects from the construction phase to soil-cleaning phase increased the number of employees.

Sustainability

Sustainability is at the core of Lamor's strategy. Our vision about a cleaner tomorrow highlights our sustainable business model. Lamor aims to increase positive environmental impacts with solutions relating to environmental protection, remediation and restoration, and material recycling.

Our solutions help us, our customers and partners promote circular economy and careful use of scarce natural resources as well as protect biodiversity. Our strategic co-operation with customers and partners reinforced with continuous innovation is the key to sustainable business.

Lamor issued Green Bond

In May 2023, Lamor published its Green Finance Framework, which enables Lamor to raise debt capital for solutions related to global protection and restoration of environment and ecosystems, as well as material recycling solutions.

In August Lamor issued a Green Bond of EUR 25 million where the Green Finance Framework is applied. Lamor will report the usage of the proceeds and the achieved impacts for the first time for the period ending 31 December 2023.

Impact, risk and opportunity management

Significant changes in sustainability regulation are taking place. They will affect the way Lamor defines its sustainability management. To reflect how these changes impact on our strategy and development targets, Lamor has started preparing for the assessment of the implementation of the CSRD, ESRS and EU Taxonomy requirements. We are currently determining the necessary measures to meet the future legislative requirements and the information needs of different stakeholders of Lamor.

The recently published non-climate environmental objectives of the EU Taxonomy provide significant opportunities for Lamor to substantially contribute to green transition. We are assessing to what extent its current activities are covered by the EU Taxonomy (Taxonomy-eligibility) and whether its core solutions comply with the applicable technical screening criteria.

Double materiality assessment according to the new EU legislation helps companies to find focus and implement a more efficient KPI management. For an efficient double materiality assessment Lamor has engaged with the Upright Project's platform, which will reinforce our data with scientific research.

Additionally, Lamor is taking part in the Environmental Impact Academy program to train our personnel for quantification of our environmental impacts. This will equip Lamor with solid impact quantification tools and resources. We will also be able to provide our stakeholders with better insights into our solutions. The overall target of this exercise is to empower Lamor's partners to increase their positive and decrease their negative environmental impacts.

Lamor's work towards its social targets

Social sustainability is part of Lamor's culture. It is essential for us to continuously work on its progress and develop the management of these topics.

During the quarter, Lamor deployed a SaaS service to enhance and automate the assessment and regular screening of our business partners globally. This will enable us to effectively assess and monitor our partners. It will also help us to understand and mitigate the potential risks relating to our business.

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. 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.

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

The Annual General Meeting resolved on the remuneration payable to the members of the Board of Directors, and the number of members of the Board of Directors, and re-elected Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen, Timo Rantanen and Mika Ståhlberg as members of the Board of Directors. The firm of authorised public accountants Ernst & Young Oy was re-elected as the Company's Auditor, with APA Juha Hilmola continuing as the auditor with principal responsibility. In addition, the Annual General Meeting resolved on certain amendments to Lamor's Articles of Association.

The Annual General Meeting resolutions are available in their entirety on the company´s website.

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, on the terms defined in the resolution. 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 and 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, on the terms defined in the resolution. However, the company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the company.

The Annual General Meeting resolved 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 and on the terms defined in the resolution 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 authorisations are valid until the close of next Annual General Meeting, however no longer than until 30 June 2024. The Board of Directors did not use the authorizations during January–September 2023.

Organisation of the company´s governing bodies

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. The Board resolved on the committee members as the following: Audit Committee: Chair Timo Rantanen, Kaisa Lipponen, Mika Ståhlberg; Remuneration Committee: Chair Timo Rantanen, Nina Ehrnrooth, Kaisa Lipponen.

The Shareholders´ Nomination Board was organized as the following: Fred Larsen (Chairman of the Board of Larsen Family Corporation Oy) was appointed as the Chair, and as members Annika Ekman (Head of Direct Equity Investments, Ilmarinen Mutual Pension Insurance Company); Juuso Puolanne, Investment Director (Finnish Industry Investment Ltd.) and Mika Ståhlberg (Chairman of Lamor's Board of Directors). Lamor announced the composition on 25 September 2023.

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 30 September 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 30 September 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 29 September 2023 was EUR 3.53 (3.93). The highest price of the share in the reporting period January–September 2023 was EUR 4.75 (5.04) and the lowest one EUR 3.25 (3.80). Share turnover on Nasdaq First North Premier in January–September 2023 was approximately 1.2 (2.7) million shares. The value of the share turnover was approximately EUR 5.0 (12.6) million. On 30 September 2023, Lamor's market capitalisation was approximately EUR 95.2 (106.0) million, and the company had 6,602 (6,765) 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 business environment related, 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 efficient and successful strategy implementation 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 global 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.

Since the Russian attack to Ukraine, Lamor Corporation and entities controlled by it have ceased the sale and deliveries of any technologies, services or solutions to Russia.

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 number 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.

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 and U.S dollar linked rates.

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 draught 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 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 cause uncertainties also on Lamor's operating environment. The rise in interest rates will increase Lamor's financial expenses.

Near-term risks and uncertainties

Lamor's business is global and exposed to political, economic, legislative and social conditions and risks related those in its operating countries. The development of Lamor's business also partly depends on the general development of the public finances and the political decision-making that guides the public finances.

Lamor follows carefully the changes in geopolitical environment in its operating countries. They may have a negative impact on Lamor's business, changing for instance the schedules, costs and supply chains of our projects.

A significant part of Lamor's business consists of large projects based on tenders. Uncertainties related to the timing and success of tenders affect Lamor's revenue and profitability.

Since the Russian attack to Ukraine, Lamor Corporation and entities controlled by it have ceased the sale and deliveries of any technologies, services or solutions to Russia.

Persistently high inflation and slow-down of the economy cause uncertainties also on Lamor's operating environment. The rise in interest rates will increase Lamor's financial expenses.

Main events published during the first three quarters 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.

On 17 August 2023, Lamor published an offering of senior secured green notes and a prospectus. Later on the same day, Lamor announced that it completes the offering and issues new euro-denominated fixed-rate senior secured green notes in the aggregate principal amount of EUR 25 million to be traded on the First North Bond Market Finland multilateral trading facility maintained by Nasdaq Helsinki Ltd. Earlier Lamor communicated on its contemplated issuance of green notes on 22 May 2023 and 7 June 2023.

Lamor communicated on the changes in the company´s Management Team composition as the following: on 28 September 2023 the company announced that the CDO Johanna Grönroos has stepped down from her role and on 29 September 2023 the company announced that the SVP for Europa and Asia will step down from his position. Both Management Team members will continue in their positions until 31 December 2023, and the Management Team composition will remain unchanged until the last day of their employment.

On 29 September 2023, Lamor announced its aim to pursue transferring trading in the company's shares to Nasdaq Helsinki's main market by the end of 2023. Lamor is not considering issuing new shares in connection with the potential transfer.

Events after the reporting period

The company has not had any significant events after the reporting period.

Extraordinary General Meeting

Lamor´s Extraordinary General Meeting will be held on 1 November 2023 starting at 10.30 a.m. EET. The meeting will be held as a hybrid meeting in accordance with the Limited Liability Companies Act. Lamor published the notice to convene the Extraordinary General Meeting on the company´s website and as a company release on 29 September 2023.

Financial calendar for 2023

Lamor will publish its 2023 last quarter and full-year results on 16 February 2024.

Webcast for shareholders, analysts and media

Webcast for shareholders, analysts and media on the results of the first half of the year will be arranged on 31 October 2023 at 10:00 a.m. EET. 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/q3-2023-results.

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

Porvoo, 31 October 2023
Lamor Corporation Plc
Board of Directors

Further enquiries

Mika Pirneskoski, CEO, Lamor Corporation Plc, tel. +358 40 757 2151

Timo Koponen, CFO, Lamor Corporation Plc, tel. +358 40 749 2986

Certified advisor

Danske Bank A/S, Finland Branch

Lamor Half-Year Financial Report January–September 2023

Consolidated statement of profit and loss

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1–12/2022
Revenue	31,086	34,240	87,745	99,680	127,656
Materials and services	-17,289	-23,081	-52,636	-63,575	-80,279
Other operating income	3	119	106	292	386
Employee benefit expenses	-6,643	-4,362	-16,353	-13,594	-19,386
Other operating expenses	-3,143	-2,197	-7,949	-6,979	-9,909
Share of associated companies' profits	-736	191	-440	-1,426	-1,809
EBITDA	**3,278**	**4,909**	**10,472**	**14,397**	**16,659**
Depreciation, amortization, and impairment	-1,708	-1,874	-5,085	-5,174	-6,641
Operating profit (EBIT)	**1,570**	**3,035**	**5,387**	**9,223**	**10,018**
Financial income	944	491	1,484	1,276	1,468
Financial expenses	-2,031	-1,323	-4,320	-3,392	-4,947
Profit before tax	**482**	**2,203**	**2,552**	**7,107**	**6,540**
Income tax	-102	-282	-255	-2,704	-3,005
Profit for the financial year	**381**	**1,921**	**2,296**	**4,403**	**3,535**
Attributable to					
Equity holders of the parent	352	1,910	2,289	4,193	3,462
Non-controlling interests	29	11	8	210	73
Earnings per share					
Earnings per share, basic, EUR	0.01	0.07	0.08	0.16	0.13
Earnings per share, diluted, EUR	0.01	0.07	0.08	0.16	0.13
Profit for the financial year	**381**	**1,921**	**2,296**	**4,403**	**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	559	1,315	233	2,805	627
Other comprehensive income (loss) for the year, net of tax	**559**	**1,315**	**233**	**2,805**	**627**
Total comprehensive income for the financial period	**940**	**3,236**	**2,530**	**7,208**	**4,162**
Attributable to					
Equity holders of the parent	911	3,225	2,522	6,997	4,090
Non-controlling interests	29	11	8	210	73

Consolidated statement of financial position

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Assets			
Non-current assets			
Goodwill	18,648	18,385	18,634
Intangible assets	4,247	3,848	4,016
Property, plant and equipment	10,697	8,911	9,636
Right-of-use assets	4,257	6,843	5,293
Investments in associated companies and joint ventures	1,368	2,191	1,808
Non-current receivables	1,549	1,891	1,791
Investments in other shares	501	418	418
Deferred tax assets	4,880	3,730	2,916
Assets	**46,148**	**46,215**	**44,512**
Current assets			
Inventories	10,714	11,792	10,359
Trade receivables	24,292	27,491	29,396
Contract assets	49,267	43,724	38,448
Prepayments and other receivables	8,404	6,813	6,523
Short-term investments	75	168	238
Cash and cash equivalents	6,915	12,150	4,889
Total current assets	**99,667**	**102,138**	**89,854**
Total assets	**145,815**	**148,353**	**134,366**

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity and liabilities			
Equity			
Share capital	3,866	3,866	3,866
Translation differences	953	2 897	719
Reserve for invested unrestricted equity	44,303	44 303	44,303
Retained earnings / accumulated deficit	16,116	14 555	12,720
Equity attributable to equity holders of the parent	**65,238**	**65,621**	**61,609**
Non-controlling interests	1,561	1,207	1,439
Total equity	**66,799**	**66,829**	**63,048**
Non-current liabilities			
Interest-bearing loans and borrowings	33,262	7 852	10,723
Lease liabilities	1,536	3 076	2,060
Deferred tax liability	2,825	979	1,640
Other non-current financial liabilities	1,895	3 875	6,977
Total non-current liabilities	**39,517**	**15,782**	**21,401**
Current liabilities			
Interest-bearing loans and borrowings	3,114	11 052	3,302
Lease liabilities	2,835	3 486	3,074
Provisions	96	153	304
Trade payables	12,197	21 087	12,656
Contract liabilities	5,665	16 778	18,158
Other short-term liabilities	15,591	13 187	12,424
Total current liabilities	**39,498**	**65,742**	**49,918**
Total liabilities	**79,015**	**81,524**	**71,318**
Total equity and liabilities	**145,815**	**148,353**	**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 unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling 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	-	-	-	-	2,304	**2,304**	-8	**2,296**
Other comprehensive income	-	-	-	233	-	**233**	**-**	**233**
Total comprehensive income	**-**	**-**	**-**	**233**	**2,304**	**2,538**	**-8**	**2,530**
Share-based compensation settled in equity	-	-	-	-	125	**125**	-	**125**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	1,089	**1,089**	-	**1,089**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-43	**-43**
Other changes	**-**	**-**	**-**	**-**	-123	**-123**	173	**50**
Equity on 30 Sep 2023	**3,866**	**-**	**44,303**	**953**	**16,116**	**65,238**	**1,561**	**66,799**

*) 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	-	-	-	-	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**
Registration of shares	-	-	-	-	-	**-**	-	**-**
New share issue	-	-	-	-	-	**-**	-	**-**
Expenses related to the share issue	-	-	-	-	-	**-**	-	**-**
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**

Consolidated statement of cash flows

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1–12/2022
Cash flow from operating activities					
Profit for the financial year	**381**	**1,921**	**2,296**	**4,403**	**3,535**
Adjustments for:					
Depreciation, amortisation, and impairment	1,708	1,874	5,085	5,174	6,641
Finance income and expenses	1,088	832	2,835	2,116	3,479
Gain on disposal of property, plant, and equipment	16	-74	-30	-211	-331
Share of profit from associated companies and joint ventures	736	-191	440	1,426	1,809
Taxes	102	282	255	2,704	3,005
Other non-cash flow related adjustments	453	151	725	627	1,031
Total adjustments	**4,102**	**2,875**	**9,311**	**11,837**	**15,633**
Change in working capital					
Change in trade and other receivables	-1,742	-11,095	-4,803	-41,119	-42,253
Change in inventories	-1,498	6	-654	-2,465	-1,282
Change in trade and other payables	-4,679	1,278	-14,481	21,605	21,394
Total change in working capital	**-7,919**	**-9,812**	**-19,938**	**-21,979**	**-22,141**
Operating cash flow before financial and tax items	**-3,436**	**-5,017**	**-8,331**	**-5,740**	**-2,972**
Interest paid	-289	281	-973	-609	-863
Interest received	9	249	39	383	376
Other financing items	-1,469	-1,373	-2,149	-1,373	-2,649
Taxes paid	-2,139	31	-3,589	138	-378
Net cash flow from operating activities	**-7,324**	**-5,829**	**-15,003**	**-7,202**	**-6,486**
Cash flow from investing activities					
Acquisition of associates, joint ventures, and other shares	-	0	-	0	-659
Purchase of intangible and tangible assets	-2,098	-413	-3,785	-6,545	-7,840
Proceeds from sale of tangible and intangible assets	2	61	102	380	540
Loans granted	-226	-	-226	-289	-
Repayment of loan receivables	467	-	467		--
Net cash flow from investing activities	**-1,856**	**-352**	**-3,442**	**-6,454**	**-7,959**
Cash flow from financing activities					
Proceeds from borrowings	29,029	11,381	49,121	12,289	20,186
Repayment of borrowings	-19,160	-5,538	-26,320	-12,745	-25,569
Repayment of lease liabilities	-892	-986	-2,331	-2,609	-3,535
Purchase of own shares	-	-	-	-	-
Issue of new shares	-	-	-	-	-
IPO costs	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-618
Net cash flow from financing activities	**8,977**	**4,858**	**20,470**	**-3,065**	**-9,537**
Net change in cash and cash equivalents	**-203**	**-1,323**	**2,026**	**-16,721**	**-23,982**
Cash and cash equivalents, beginning of period	**7,118**	**13,474**	**4,889**	**28,871**	**28,871**
Cash and cash equivalents, end of period	**6,915**	**12,150**	**6,915**	**12,150**	**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 solutions and technologies. Lamor’s vision is a clean tomorrow, and Lamor strives to this vision together with its customers and partners through environmental protection, soil remediation and restoration, 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 interim financial report is unaudited.

Basis of preparation

The financial information included in this interim financial report for January–September 2023 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 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 2022.

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 solutions and 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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1–12/2022
Operating profit (EBIT)	**1,570**	**3,035**	**5,387**	**9,223**	**10,018**
Depreciations, amortisations and impairment	1,708	1,874	5,085	5,174	6,641
EBITDA	**3,278**	**4,909**	**10,472**	**14,397**	**16,659**
Non-recurring Items					
Business combinations expenses	-	-	0	-	71
Restructuring expenses	100	-	100	-	318
IPO related expenses	-	-	0	-	-
Impairment of Russian business	1,247	-	1,247	1,958	1,958
Adjusted EBITDA	**4,625**	**4,909**	**11,819**	**16,355**	**19,006**
Depreciations, amortisations and impairment	-1,708	-1,874	-5,085	-5,174	-6,641
Amortisation of intangible assets identified in PPA	59	63	177	181	242
Adjusted EBIT	**2,975**	**3,099**	**6,910**	**11,362**	**12,608**

Revenue

Distribution of revenue

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

Revenue distribution: equipment and services

EUR thousand	7-9/2023	7-9/2022	Change %	1-9/2023		1-9/2022	Change %	1–12/2022
Equipment	9,269	7,892	17%	25,917		21,039	23%	28,782
Services	21,817	26,348	-17%	61,828		78,641	-21%	98,874
Total revenue from contracts with customers	**31,086**	**34,240**		**-9%**	**87,745**	**99,680**	**-12%**	**127,656**

Timing of revenue recognition

EUR thousand	7-9/2023	7-9/2022	Change %	1-9/2023	1-9/2022	Change %	1–12/2022
Transferred at a point in time	8,446	5,247	61 %	16,818	16,558	2 %	24,242
Transferred over time	22,641	28,992	-22 %	70,927	83,122	-15 %	103,415
Total revenue from contracts with customers	**31,086**	**34,240**	**-9 %**	**87,745**	**99,680**	**-12 %**	**127,656**

Revenue by geographical area

EUR thousand	7-9/2023	7-9/2022	Change %	1-9/2023	1-9/2022	Change %	1–12/2022
Europe and Asia (EURASIA)	7,170	3,730	92 %	21,321	9,907	115 %	17,837
North and South America (AMER)	3,918	9,181	-57 %	11,660	50,322	-77 %	56,713
Middle East and Africa (MEAF)	19,999	21,328	-6 %	54,763	39,451	39 %	53,107
Total revenue from contracts with customers	**31,086**	**34,240**	**-9 %**	**87,745**	**99,680**	**-12 %**	**127,656**

Summary of contract balances

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Trade receivables	24,292	27,491	29,396
Contract assets	49,267	43,724	38,448
Contract liabilities	5,665	16,778	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 the reporting period. 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 1.1 million on 30 September 2023 (EUR 1.2 million on 30 September 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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Carrying value at the beginning of the year	**18,634**	**18,049**	**18,049**
Impairment	-	-	-
Additions	-	-	-
Acquired in business combinations	-	-	450
Exchange differences	15	336	135
Other changes and disposals	-	-	-
Carrying value at the end of the year	**18,648**	**18,385**	**18,634**

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

Change in tangible and intangible assets

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Carrying value at the beginning of the year	**13,653**	**8,827**	**8,827**
Depreciation, amortization and impairment charges	-2,357	-2,293	-2,770
Additions	3,785	6,543	8,395
Transfers between balance sheet items	-11	-622	-680
Exchange differences	-41	812	135
Grants received and disposals	-85	-508	-254
Carrying value at the end of the year	**14,944**	**12,759**	**13,653**

Change in right-of-use assets

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Carrying value at the beginning of the year	**5,293**	**5,742**	**5,742**
Depreciation, amortization and impairment charges	-2,728	-2,873	-3,875
Additions	1,472	3,086	3,104
Exchange differences	221	890	322
Other changes	-	-3	-
Carrying value at the end of the year	**4,257**	**6,843**	**5,293**

The increase in right-of-use assets in 2023 was primarily due to a land lease agreement in Kilpilahti, Finland and in 2022 to leasing of vessels related to the project in Saudi Arabia.

Financial instruments

Net debt

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current interest-bearing loans and borrowings	33,262	7 852	10,723
Non-current lease liabilities	1,536	3 076	2,060
Current interest-bearing loans and borrowings	3,114	11 052	3,302
Current lease liabilities	2,835	3 486	3,074
Liquid funds	-6,915	-12 150	-4,889
Net debt total	**33,831**	**13,316**	**14,270**

Classification of financial assets and liabilities

Financial assets on 30 September 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**	-	501	-	501	501
Non-current receivables		-	-	1,549	1,549	1,549
Non-current financial assets total		**-**	**501**	**1,549**	**2,050**	**2,050**
Current financial assets						
Trade receivables		-	-	24,292	24,292	24,292
Contract assets		-	-	49,267	49,267	49,267
Derivative instruments	**2**	75	-	-	75	75
Investments in funds		-	-	-	-	-
Cash and cash equivalents		-	-	6,915	6,915	6,915
Current financial assets total		**75**	**-**	**80,474**	**80,549**	**80,549**
Financial assets total		**75**	**501**	**82,023**	**82,599**	**82,599**

Financial liabilities on 30 September 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						
Corporate bonds	**1**	-	-	24,202	24,202	25,000
Interest-bearing loans from financial institutions	**2**	-	-	9,060	9,060	9,060
Lease liabilities		-	-	1,536	1,536	1,536
Other payables		-	-	1,895	1,895	1,895
Non-current financial liabilities total		**-**	**-**	**36,693**	**36,693**	**36,693**
Current financial liabilities						
Interest-bearing loans from financial institutions	**2**	-	-	3,114	3,114	3,114
Lease liabilities		-	-	2,835	2,835	2,835
Trade payables		-	-	12,197	12,197	12,197
Contract liabilities		-	-	5,665	5,665	5,665
Contingent consideration	**3**	2,549	-	-	2,549	2,549
Other current liabilities		-	-	13,041	13,041	13,041
Current financial liabilities total		**2,549**	**-**	**36,852**	**39,402**	**39,402**
Financial liabilities total		**2,549**	**-**	**73,545**	**76,094**	**76,094**

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 from financial institutions	**2**	-	-	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 from financial institutions	**2**	-	-	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 2,549 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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Sales to associated companies and joint ventures	120	89	90
Sales to other related parties	-	41	41
Purchases from associated companies and joint ventures	45	46	46
Purchases from other related parties*	1,208	463	637

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

Receivables and liabilities from related parties

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Receivables from associated companies and joint ventures	997	1,243	1,595
Receivables from other related parties	220	214	214
Liabilities to associated companies and joint ventures	-	12	12
Liabilities to other related parties	2,648	-	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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Amounts receivable from associates and joint ventures	1,000	1,593	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, 30 September 2023, Lamor had corporate mortgages of EUR 91.8 million (EUR 51.8 million on 30 September 2022) as collateral for its loans.

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 2023	30 Sep 2022	31 Dec 2022
Performance and warranty guarantee	25,619	27,503	25,472
Advance payment and payment guarantee	17,060	5,039	10,720
Tender and bid bond guarantees	-	3,062	1,972
Total	**42,679**	**35,603**	**38,165**

In addition, Lamor has given a loan guarantee of EUR 1.4 million on behalf of its associated company Sustainable Environmental Solutions Guyana Inc. in Guyana.

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	