Lamor Corporation Plc
Financial Statements Release

January–December 2023

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Financial Statements Release 1 January–31 December 2023

Large projects progressed well; geopolitical situation slowed the order intake

October–December 2023 in brief

- Revenue increased by 24.3% year on year to EUR 34.8 million (28.0)
- EBIT was EUR 3.0 million (0.8)
- Adjusted EBIT amounted to EUR 4.0 million (1.2) or 11.6% of revenue (4.5%)
- Net cash flow from operating activities was EUR 2.3 million (0.7)
- Earnings per share (basic) was EUR 0.01 (-0.03)
- Orders received decreased by 12.4% and amounted to EUR 10.0 million (11.4)
- Impairments from the Kazakhstan business amounted to EUR 0.8 million

January–December 2023 in brief

- Revenue decreased by 4.0% year on year to EUR 122.5 million (127.7)
- EBIT was EUR 8.4 million (10.0)
- Adjusted EBIT decreased by 13.2% and amounted to EUR 10.9 million (12.6) or 8.9% of revenue
- Net working capital at the end of period was EUR 62.2 million (41.5)
- Net cash flow from operating activities was EUR -12.7 million (-6.5)
- Earnings per share (basic) was EUR 0.09 (0.13)
- Orders received decreased by 49.7% and amounted to EUR 44.0 million (87.4)
- Order backlog at the end of period was EUR 124.2 million (203.1)
- The Board of Director proposes that no dividend be distributed for the financial year 2023

CEO Update

For Lamor, the year 2023 brought with it some great successes but also certain identified needs for improvement. We succeeded in the execution of our large projects in a great way. Our soil remediation projects in Kuwait, the service project for oil spill response preparedness in Saudi Arabia, and the waste handling and oil spill technology delivery project in Bangladesh all progressed as planned – or even better than anticipated. On the other hand, the launching of new customer tender processes and decision-making related to the ongoing tenders were significantly delayed, and we did not win any major tenders during the year. This affected the order intake in 2023, the revenue of the financial year, and the development of the financial results.

Our revenue in 2023 amounted to 123 million euros, decreasing by 4.0 percent from the previous year. Our adjusted EBIT in 2023 was approximately 10.9 million euros or 8.9 percent of revenue. Compared to the previous year, our adjusted EBIT margin decreased by approximately 1.0 percent. As anticipated, the investments for our future growth, for instance in the form of recruitment, weakened our profitability. Although our financial results were in line with our guidance, the order backlog did not develop as we had hoped for. The value of new orders received in 2023 was 44 million euros, which was 49.7 percent less than in 2022. The most significant new orders in 2023 related mainly to equipment delivery projects.

Effects of the geopolitical situation and increased environmental awareness

The geopolitical situation in 2023 was challenging. Due to political instability, many countries in Southern America have suffered from conflicts. This has led to postponements of tender processes and investment decisions in the region. In the Middle East, especially in the Red Sea region, the situation has become even more tense, causing serious threat to the shipping, and the general security situation in the region. Furthermore, the Russian war in Ukraine unfortunately continues. These conflicts and human disasters have affected and will continue to affect in many ways the general market conditions and our business. In addition to the deteriorating the security situation in general, these conflicts significantly increase the risk of oil spills in, for example, the Red Sea, the Arabian Sea, the Persian Gulf, and the Baltic Sea.

Although the situation has been in many ways challenging during the past year, environmental awareness and tightening regulation emphasise that solving environmental problems must be tackled with determination, whatever the situation. This supports our long-term growth, which is based on a strong increase in the demand for environmental protection, soil remediation and chemical plastics recycling solutions, but at the same time, it can affect our business in the form of changes in project schedules and costs.

The importance of successfully delivered large projects for our future growth

Lamor always strives to find the best possible solution to the customer's environmental problem, considering both sustainability and cost-effectiveness. The large projects we delivered in 2023 are good examples of this. Successful large projects are important references in our future growth path and support us in ongoing tenders and identified commercial opportunities. The timing of and success in tenders will affect our revenue and profitability not only in 2024, but also thereafter.

In soil cleaning, the best solution is always case-specific, because each contaminated soil, environment and climate always differ from another. The solution we developed for Kuwait's extreme conditions turned out to be even more effective than we expected. It is a unique combination of biological and mechanical processing, with which the oily soil can be cleaned. In addition, in December we were able to start the ramp up phase of another treatment method, the soil washing plant. This method is used for cleaning more severely contaminated soil.

In accordance with our Red Sea environmental protection service project contract, we have strengthened oil spill response capabilities in the coastal areas of Saudi Arabia. We continued to maintain the preparedness level by securing the operational capability of the oil spill response vessels and aircraft, as well as the operational readiness of the oil spill response equipment. In addition, we trained more than 2,000 local experts in oil spill preparedness in case of possible environmental incidents. Our current contract will expire mid-year 2024 and the possible continuation of the contract is still open.

Our Bangladesh projects, the aim of which is to increase oil spill response preparedness and waste management capabilities in the Mongla Port, have progressed as expected. The agreed delivery scope includes a Port Reception Facility to manage and process various types of waste originated in the ships, offering a new kind of reference for Lamor.

Our chemical plastic recycling project is at an important phase. We tested the process functionality especially during the last quarter of the year, planned its optimisation, and started the construction of our actual pilot facility in Kilpilahti, Porvoo, Finland. The plan is to start the production of recycled oil and the production process optimisation at the facility during the second half of 2024. The duration of these phases will affect our financial results particularly for 2024.

For Lamor, safety is a very important element of our project implementation. Despite the increased magnitude of our projects, we reached the milestone of uninterrupted three million safe working hours in January 2024. This means that no occupational injuries resulting in lost working time in our operations have been reported since February 2023.

Towards the next growth leap

In 2023, we carried out significant capital market transactions that support our long-term growth. In August, we issued a 25-million-euro green bond and in November we moved to the main list of Nasdaq Helsinki. Both transactions are important steps for us, supporting us on our targeted growth path in our strategic period.

The rapid transformation from a family business to a main listed company on Nasdaq Helsinki, significant growth and expansion into new markets and business areas has put us in a new situation. The number of our personnel has increased strongly during 2023 and taking the next growth leap a new kind of management, organisation, and measurement from us.

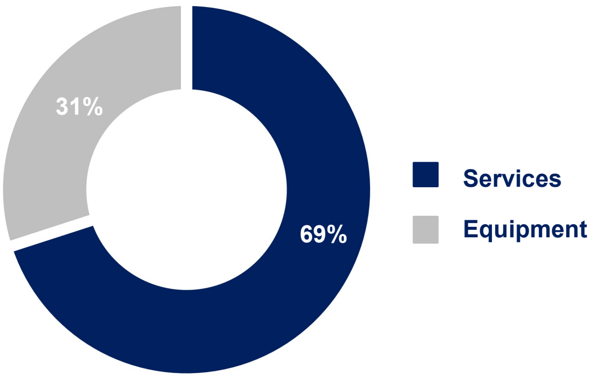
To reach the target, we decided to supplement our Group Leadership Team in February 2024 and to clarify the operating models and responsibilities of both the Group Leadership Team and the rest of the organisation. It may take time for the effects of the reforms to become visible, and we will review our strategy and our long-term financial goals during the year 2024.

I would like to extend my warm thank you to Lamor's personnel, partners, stakeholders, and shareholders for the past year 2023. The success of our growth strategy requires a lot of work from all of us, as well as favourable development of demand and order backlog. However, I trust our skilled, committed teams, and our good references, and look to the future with optimism. The world needs responsible solutions for environmental protection, soil remediation and material recycling, and we are solving these critical issues for our environment with our customers.

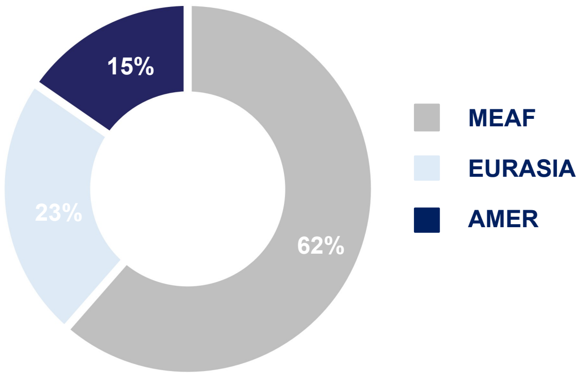
Johan Grön
CEO
Lamor Corporation Plc

Revenue split January–December 2023

Equipment and services

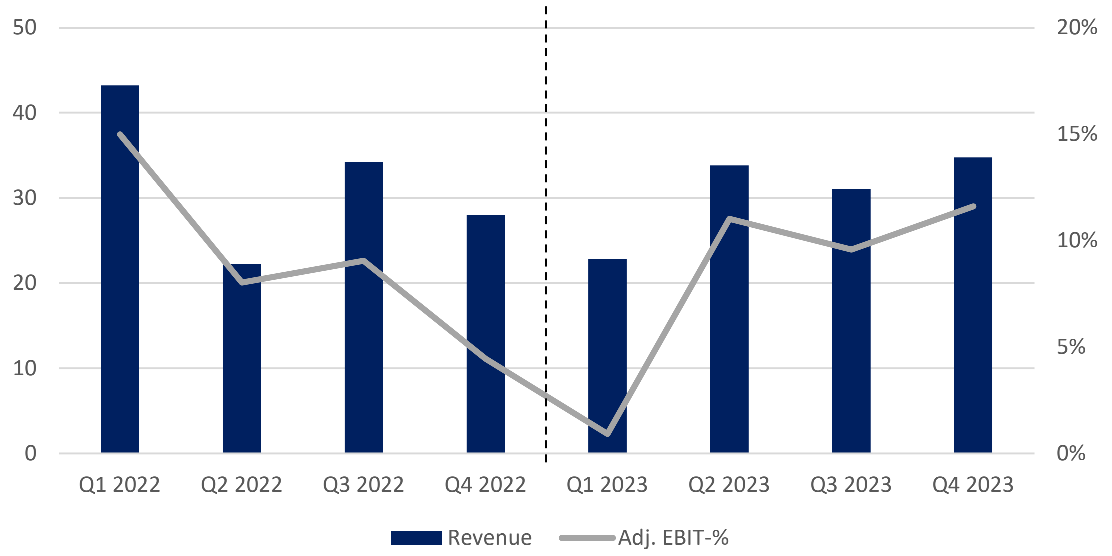


Areas*

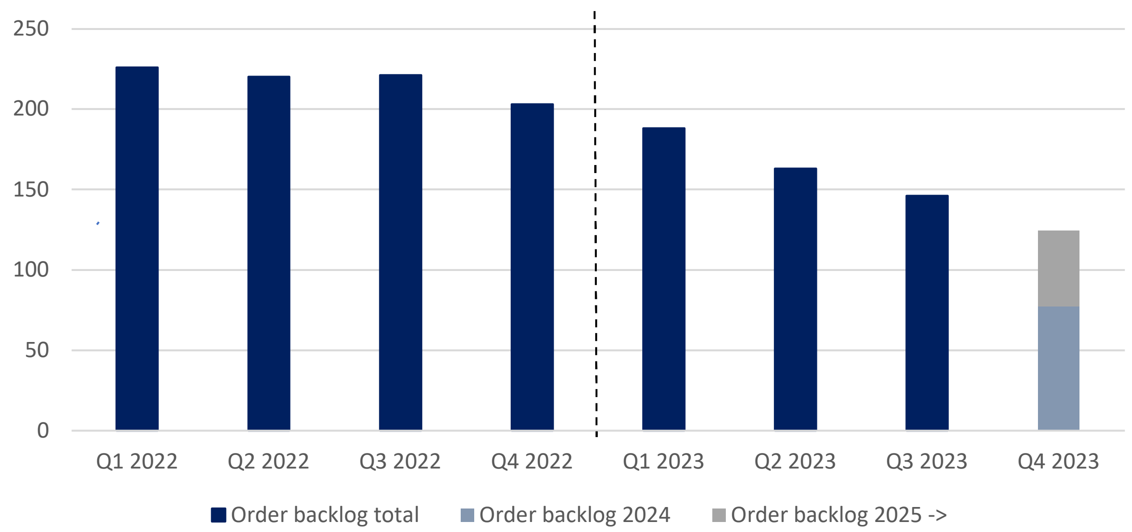


*EURASIA = Europe and Asia, AMER = Americas, MEAF = Middle East and Africa

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	Q4 2023	Q4 2022	Change %	1-12/2023	1-12/2022	Change %
Revenue	34,775	27,976	24.3%	122,520	127,656	-4.0%
EBITDA	5,710	2,262	152.4%	16,182	16,659	-2.9%
EBITDA margin %	16.4%	8.1%		13.2%	13.1%	
Adjusted EBITDA	6,645	2,651	150.7%	18,464	19,006	-2.9%
Adjusted EBITDA margin %	19.1%	9.5%		15.1%	14.9%	
Operating profit or loss (EBIT)	3,039	795	282.3%	8,426	10,018	-15.9%
Operating profit (EBIT) margin %	8.7%	2.8%		6.9%	7.8%	
Adjusted operating Profit (EBIT)	4,033	1,246	223.8%	10,943	12,608	-13.2%
Adjusted operating Profit (EBIT) margin %	11.6%	4.5%		8.9%	9.9%	
Profit (loss) for the period	382	-868		2,679	3,535	-24.2%
Earnings per share, EPS (basic), euros	0.01	-0.03		0.09	0.13	-27.0%
Earnings per share, EPS (diluted), euros	0.01	-0.03		0.09	0.13	-28.0%
Return on equity (ROE) %	0.6%	-1.4%		4.3%	5.8%	
Return on investment (ROI) %	2,8%	0.9%		8.7%	12.0%	
Equity ratio %	40.0%	53.0%		40.0%	53.0%	
Net gearing %	60.7%	23.2%		60.7%	23.2%	
Net working capital	62,245	41,490	50.0%	62,245	41,490	50.0%
Orders received	9,970	11,383	-12.4%	43,950	87,368	-49.7%
Order backlog	124,192	203,069	-38.8%	124,192	203,069	-38.8%
Number of employees at the period end	840	508	65.4%	840	508	65.4%
Number of employees on average	743	504	47.4%	658	604	8.9%

Market outlook

Globally increasing environmental awareness creates continuous demand for sustainable environmental solutions. The objectives set for the green transition emphasise 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 to finance the clean-up operations of 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 leverages its strong expertise and references to grow in these market segments and further expand its presence. Lamor expects the demand for its solutions to increase significantly also in the future.

In addition to general environmental awareness, the current global crises in the Middle East and Europe, for example, significantly increase the risk of environmental damage in areas such as the Red Sea and the Baltic Sea. An increase in the risk level may possibly increase the willingness in neighbouring regions to prepare for these risks.

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 mainly from production of plastics accounts for over 3% of all global emissions, and 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 participates in solving the global plastic waste problem by building a chemical recycling facility for plastics in Finland, with the aim of building similar facilities in its strong market areas by utilising its global network.

Guidance for 2024

Lamor estimates that its revenue for the financial year 2024 will be at least at the same level as in 2023 (2023: EUR 122.5 million). Due to the uncertain market situation and uncertainty regarding the schedule of large tenders, Lamor does not provide guidance for profitability.

Long-term financial targets

On 22 November 2022, Lamor communicated the decision of the company’s Board of Directors on the company’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

October–December 2023

During the reporting period, the Group’s revenue was EUR 34.8 million (28.0). The growth from the comparison period was 24.3%. At comparable exchange rates, the revenue increased by 29.9%. Revenue continued to be generated particularly from projects in Kuwait and Bangladesh. The year end was active in the smaller equipment delivery projects, as expected. In addition, the recovery project of the oil spill occurred in Ecuador in November contributed the last quarter.

In the reporting period, Lamor made a total of EUR 0.8 million write off relating to its operations in Kazakhstan. The respective amount is presented in Other operating expenses and included in the non-recurring items.

In the reporting period, adjusted EBIT was very strong, amounting to EUR 4.0 million (1.2) or 11.6% (4.5%) of revenue. Significantly higher revenue than in the comparison period and good profitability development in the projects supported this development.

The Group's profit before taxes was EUR 0.6 million (-0.6). Earnings per share (EPS) in the reporting period was EUR 0.01 (-0.03). Profit for the period and earnings per share were decreased particularly due to the financial expenses related to the transfer to the main list.

Despite of the non-recurring financial items in the reporting period, the cash flow from operations turned positive as expected and was EUR 2.3 million (0.7)

The value of new orders received during the reporting period was EUR 10.0 million (11.4), which is 12.4% less than in the comparison period. At comparable exchange rates, the decrease was 7.5%.

January–December 2023

During the reporting period, the Group's revenue amounted to EUR 122.5 million (127.7) during the reporting period, decreasing by 4.0% from the comparison period. At comparable exchange rates, revenue decreased by 1.5%. Long-term projects in Kuwait and Saudi Arabia as well as equipment delivery projects in Bangladesh progressed as planned. The progress in soil remediation projects in Kuwait was even better than anticipated. In 2022, 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 by 13.2% year on year and amounted to EUR 10.9 million (12.6) or 8.9% (9.9%) of revenue. The profitability of projects in Kuwait developed particularly positively in the second half of the year.

In 2023, Lamor booked EUR 1.2 million in impairment charges related to its Russian subsidiaries and associated companies. The respective amount is included in non-recurring items. After the impairment charges, the assets related to the Russian business have been entirely written down in the Group.

Order backlog at the end of the period totalled EUR 124.2 million (203.1). The value of new orders received during the reporting period was EUR 44.0 million (87.4), which is 49.7% less than in the comparison period. At comparable exchange rates, the decrease was 48.7%. The starts of the customer tendering processes and the decision making concerning the ongoing processes were delayed significantly. Additionally, Lamor did not win any new projects during the period for example in Kuwait where the company participated in a large tendering of the next phase soil remediation projects. Additional subcontracted soil remediation works in Kuwait have not been agreed upon either.

Depreciations stood at EUR -7.8 million (-6.6) and included EUR -4.2 million (-4.3) depreciations of right-of-use assets (IFRS 16), mainly related to the Group's project in Saudi Arabia.

Financial income and expenses of EUR -5.2 million (-3.5) 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 increase from the comparison period was due to the interest expenses related to the bond issued during the reporting period. In addition, non-recurring expenses for the period were caused by the bond issuance in the third quarter and the transfer to the main list of the Nasdaq Helsinki in November 2023.

The Group's profit before taxes was EUR 3.2 million (6.5). Earnings per share in the period from January to December 2023 was EUR 0.09 (0.13).

Net cash flow from operating activities was EUR -12.7 million (-6.5). Net working capital tied at the end of the period was EUR 62.2 million (41.5). The Kuwaiti projects continued to be the biggest contributor in tying up working capital, but the amount has not increased during the fourth quarter. On the other hand, the monthly payments in the Saudi Arabian project fell behind and that burdened the working capital and the cash flow accumulation.

The transaction expenses of the bond issued in August 2023 as well as the transfer to the main list of the Stock Exchange burdened the cash flow in the financial period. These costs were non-recurring. In addition, tax payments in South America burdened the cashflow during the financial period.

Cash flow from investments was EUR -6.9 million (-8.0).

The Group's equity ratio was 40.0% (53.0%) and net gearing stood at 60.7% (23.2%). Net gearing was impacted by the issuance of the green bond of EUR 25 million in August 2023.

Investments

In January–December 2023, investments in tangible and intangible assets were EUR 7.4 million (8.4). The increase during the second half of the year was impacted by the investments and development expenses for the Kilpilahti project. Other investments consisted of investments in oil spill response service equipment, the development of the global network and business development within the Business Finland Growth Engine programme.

Right-of-use assets related to vessels used in the service project in Saudi Arabia and to the Kilpilahti land lease agreement, a new item capitalised during the third quarter amounted to EUR 5.0 million (5.3) at the end of the period.

In January–December 2023, depreciation, amortisation, and impairment totalled EUR -7.8 million (-6.6).

Financial position

Lamor's financial position in 2023 was significantly impacted by the secured green bond of EUR 25 million issued in August. The planned maturity of the bond is 3 years.

Lamor's interest-bearing liabilities comprise loans from financial institutions, the bond, capital loans and lease liabilities under IFRS 16. On 31 December 2023, Lamor's interest-bearing liabilities amounted to EUR 44.3 million (19.2), of which lease liabilities were EUR 5.4 million (5.1). The Group's net debt totalled EUR 38.8 million (14.3). At the end of the reporting period, the Group had liquid funds amounting to EUR 11.0 million (4.9).

The green bond of EUR 25.0 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 5.5 million. The Group has a financing limit of EUR 8.0 million and an overdraft facility of EUR 7.0 million. At the end of reporting period, on 31 December 2023, EUR 3.5 million of the financing limit and EUR 6.0 million of the overdraft facility were in use. In addition, Lamor had undrawn loans for the plastics chemical recycling facility investment project totalling to EUR 12.0 million.

At the end of the reporting period, other bank loans amounted to EUR 0.6 million. At the end of the period, the aggregate value of outstanding guarantees was EUR 42.9 million (38.2). When estimating the amount of interest-bearing debt financing, it is good to consider the amount of the company's total liabilities, including the company's guarantee obligations, which apply especially to large delivery projects.

During the period, Lamor repaid entirely the junior debt 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 is subordinate to senior funding and is not included in the covenant calculation.

Personnel

During January–December 2023, Lamor employed on average 658 (604) persons. At the end of the period, Lamor employed 840 (508) persons.

The number of personnel fluctuates according to the major projects Lamor has on-going at each time. In 2023, especially the progress of the Kuwaiti projects from the preparation phase to the actual soil-cleaning phase increased the number of employees. Additionally, the environmental incident in Ecuador at the end of 2023 increased the number of our personnel at the end of the reporting period.

In 2023, Lamor also continued to recruit new professionals in different market areas and global functions to support the company´s growth in accordance with the strategic targets set.

Sustainability

Sustainability is at the core of Lamor’s strategy. The company's sustainable business model steers towards its vision of a cleaner tomorrow. Lamor aims to increase positive environmental impacts with solutions relating to environmental protection, soil remediation and restoration, and material recycling.

Lamor’s solutions help the company, its customers and partners promote circular economy and careful use of scarce natural resources as well as protect biodiversity. The company's sustainable business is based on strategic cooperation with customers and partners and continuous innovation.

Lamor issued a EUR 25 million green bond

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

In August, Lamor issued a green bond of EUR 25 million where the Green Finance Framework is applied. The company 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 prepare for the implementation of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standard (ESRS) and to assess how these changes affect its development targets, Lamor has started assessing the impacts of them. The company is currently determining the necessary measures to meet the new reporting requirements for 2024 and the information needs of different stakeholders of Lamor.

The non-climate environmental objectives of the EU Taxonomy, published in summer 2023, provide significant opportunities for Lamor to substantially contribute to green transition. For the first time for the period ending 31 December 2023, Lamor reports to what extent its current activities are covered by the EU Taxonomy (Taxonomy-eligibility). For 2024, the company will also report which of its solutions comply with the applicable technical screening criteria.

The double materiality assessment required by the new EU legislation helps Lamor to define material focus areas for the company. Lamor has conducted the assessment for the first time in 2023, which will affect its sustainable development targets already during the year 2024. In the double materiality assessment, not only combatting climate change but also pollution prevention, water resources, biodiversity and circular economy are highlighted. In addition, Lamor’s own workforce, workers in Lamor's subcontractor network, affected communities, as well as the company's ethical principles, based on which it prevents corruption and money laundering, are material topics for Lamor. Because of the nature of Lamor's business activities, there may be either positive or negative impacts associated with many of these material topics.

Focus areas for environmental sustainability

Pollution poses significant threats to biodiversity, leading to species extinction and adverse health effects, especially among vulnerable populations. Addressing existing pollution is crucial for environmental protection and improving overall environmental conditions. In 2023, Lamor's large soil remediation project in Kuwait progressed well especially concerning the bioremediation, and the company cleaned up over 1.5 million tonnes of oil-contaminated soil.

By recovering oil spills and contaminations, Lamor mitigates negative environmental impact of pollution of air, water, soil and living organisms. Lamor also encourages its customers to be prepared for environmental incidents as efficiently as possible. In 2023, Lamor sold a significant amount of oil spill response equipment and managed several oil spill response preparedness service projects, the largest of which was related to maintaining the Saudi Arabian state's oil spill response preparedness.

In 2023 Lamor has expanded its focus on addressing global resource depletion. Lamor has started a chemical recycling business for plastics and is thus involved in developing solutions to the identified environmental threat posed by plastic waste. Lamor's initiative is ground-breaking in Finland, and its goal is to produce raw materials for the petrochemical industry and reduce reliance on fossil fuels for plastic production. The first facility will be built in Kilpilahti, Porvoo, with an annual input capacity of 10 kilotonnes. The facility is expected to start producing raw material for the plastics industry in the second half of 2024.

Promoting social sustainability

Social sustainability is part of Lamor's culture. It is essential for Lamor to continuously develop social sustainability and the management of it.

In accordance with its social sustainability targets for 2023, Lamor has in particular advanced the ensuring of safe working conditions irrespective of the working location, enhanced measures for anti-corruption and for the realisation of respecting human rights in Lamor's whole value chain and extending the access to the whistleblowing channel also to third parties.

Social sustainability targets have been advanced in 2023 as below:

Promoting occupational safety

In terms of occupational safety, many significant results were achieved in 2023. During the year, Lamor had several large projects underway with a record number of employees. Despite this, the company achieved a record period of three million continuous safe working hours in early 2024. No lost-time incidents have been reported in connection with Lamor's operations since February 2023, and the Lost Time Incident Rate (LTIR), which measures working hours lost due to accidents, has been significantly lower than the minimum criteria usually set in competitive tendering for different projects in the sector.

Respect for ethical principles and reporting grievances

In 2023, Lamor tightened its ethical principles, good governance practices and criteria for selecting external partners. In addition, the company developed and automated the assessment and regular screening of its business partners globally during 2023. Streamlined processes also help Lamor understand and mitigate risks related to, for example, corruption and human rights violations.

Lamor also expanded the grievance reporting procedure by offering also parties outside the company the opportunity to anonymously bring any grievances or violations of the Code of Conduct to Lamor's attention and to be handled appropriately through Lamor's whistleblowing channel. These parties include employees in Lamor's value chain who are not Lamor's employees.

Governance

Resolutions of the Annual General Meeting

The Annual General Meeting of Lamor 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 resolutions by and minutes of the Annual General Meeting are available in their entirety on the company's website.

Annual 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 authorisations during January–December 2023.

Resolutions of the Extraordinary General Meeting

The Extraordinary General Meeting of Lamor Corporation Plc was held on 1 November 2023 as a hybrid meeting in accordance with the Finnish Companies Act. The General Meeting was in favour of the proposal by the Board of Directors to amend the company's Articles of Association to enable the company's targeted transfer to the official list of Nasdaq Helsinki.

The resolutions by and minutes of the Extraordinary General Meeting are available in their entirety on the company's website.

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 organised 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

Trading in Lamor's share was transferred to the main list of Nasdaq Helsinki Ltd on 23 November 2023. Prior to this, until 22 November 2023, Lamor shares were traded in the Premier segment of the First North marketplace.

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 December 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 December 2023, Lamor held 542,450 (542,450) treasury shares.

The closing price of the share on the last trading day of the reporting period on 29 December 2023 was EUR 2.59 (4.50). The highest price of the share in the reporting period January–December 2023 was EUR 4.85 (5.04) and the lowest one EUR 2.33 (3.80).

Share turnover on Nasdaq First North Premier during 1 January–22 November 2023 was approximately 1.42 million shares and on the main list of Nasdaq Helsinki during 23 November–31 December 2023 approximately 0.28 (0) million shares. In total, Lamor's share turnover during January –December 2023 was approximately 1.7 million (3.1) shares.

The value of the share turnover during the financial year 2023 was approximately EUR 6.4 (14.1) million. On 31 December 2023, Lamor's market capitalisation was approximately EUR 69.8 (121.3) million, and the company had 6,486 (6,775) shareholders.

Share-based incentives

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

A maximum of ten (10) key individuals, including Management Team members and the CEO, were 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 corresponded to the value of approximate maximum total of 140,000 Lamor shares, also including a cash proportion. The threshold for earning a reward was not met in 2023 and the plan expired without a reward payment.

In addition, the CEO Mika Pirneskoski had a personal, one-time long-term incentive plan, which expired upon the change of Lamor's CEO on 15 December 2023 without any reward payment. The plan covered the financial years 2022–2028 and based on the plan and on reaching the set market value thresholds, the CEO had an opportunity to earn a gross reward with a value of maximum total of 550,000 Lamor shares, also including a cash proportion.

Risks and business uncertainties

The risks assessed by Lamor and the identified business uncertainties have remained largely unchanged throughout 2023. However, the geopolitical risk level has increased during the year due to several global conflicts and political instability.

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, and 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 industrial scale facility for chemical recycling of plastics in Finland. Limited experience in the treatment process 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 in 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 the company is 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 carefully follows the global changes in geopolitical environment. They may have a negative impact on Lamor’s business, changing for instance the schedules, costs and supply chains of its projects. Furthermore, escalated situations may affect the security of the company’s personnel. Lamor follows these situations particularly closely for example in certain Middle East and South American countries.

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

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

Main events published during 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 would complete 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.

On 22 November 2023, Lamor communicated that Nasdaq Helsinki Oy had accepted the company´s listing application, and that the trading of the company’s shares would be transferred from the Premier Segment of First North Growth Market Finland marketplace maintained by Nasdaq Helsinki to the official list of Nasdaq Helsinki on 23 November 2023.

Earlier on 29 September 2023 Lamor announced its aim to pursue transferring trading in the company’s shares to the main list of Nasdaq Helsinki by the end of 2023, on 15 November 2023 the filing of the listing application to the Nasdaq Helsinki on that day, and further, on 17 November 2023, the publication of its listing prospectus approved by the Finnish Financial Supervisory Authority. In connection with communicating the contemplated potential transfer, Lamor announced that it was not considering issuing new shares in connection with the transfer to the main list of Nasdaq Helsinki.

On 15 December 2023, Lamor communicated the nomination of D.Sc. (Chem.Eng.) Johan Grön as the company’s new CEO from the date on the announcement. Grön had earlier acted as Lamor's COO and as a member of the management team since May 2022.

Further, Lamor communicated earlier on other changes in the company’s Management Team as below:

On 20 December 2023, Lamor communicated the nomination of Johanna Grönroos as the Chief Strategy Officer. Earlier on 28 September 2023 the company had announced that she will step down from her role as the Chief Development Officer.

On 29 September 2023, Lamor communicated that the SVP for Europa and Asia Magnus Miemois would step down from his position, and on 4 December 2023 that the CFO Timo Koponen would step down from his position. It was communicated that both Management Team members would continue in their positions until the last day of their employment.

Events after the reporting period

Lamor appointed Vesa Leino, M.Sc. (Econ.), as Lamor's interim Chief Financial Officer and member of the Group Leadership Team. Lamor communicated the change on 15 February 2024. Leino will assume his new role as of 1 March 2024.

Lamor appointed Juha Korhonen, M.Sc. (Eng.), as Vice President, Supply Chain and Project Management, and Östen Lindell, M.Sc. (Econ.), as Senior Vice President of Lamor's market area Europe and Asia. Lamor communicated the changes on 16 February 2024 and the appointments were effective from the same date.

Lamor's Board of Directors resolved on establishing a new share-based incentive plan for the company's key employees. The performance-based share incentive plan has one earning period that covers the fiscal years 2024—2026. The program's target group includes approximately 9 key employees, including the members of the Group Leadership Team and the CEO. The potential rewards to be paid based on the plan correspond to the value of a maximum of 700,000 Lamor's shares, including the portion paid in cash. Any rewards earned from the plan will be paid during the financial years 2025—2027. The company communicated on the plan on 16 February 2024.

Board of Directors' proposal for profit distribution

The parent company's distributable funds on 31 December 2023 EUR were 26,397,933.18 of which net profit for the financial year was EUR –7,250,634.80. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed and that the result for the financial year 2023 be entered in the retained earnings.

Annual General Meeting

Lamor's Annual General Meeting is planned to be held on Tuesday 26 March 2024 starting at 10 a.m. EET. Lamor plans to publish the notice to convene the Annual General Meeting on the company's website and as a stock exchange and company release on 5 March 2024.

Annual Report for 2023

Lamor's annual report for 2023, including a business review, financial statements and report by the Board of Directors, sustainability report, corporate governance statement and remuneration report for governing bodies, will be published on Lamor's website on 5 March 2024.

Financial calendar for 2024

Interim Report for January–March 2024 will be published on 26 April 2024.
Half-year Report for January–June 2024 will be published on 25 July 2024.
Interim Report for January–September 2024 will be published on 24 October 2024.

Webcast for shareholders, analysts and media

Webcast for shareholders, analysts and media on the results for the financial period 2023 will be arranged on 16 February 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/q4-2023/register.

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

Porvoo, 16 February 2024
Lamor Corporation Plc
Board of Directors

Further enquiries

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Lamor Financial Statements Release January–December 2023

Consolidated statement of profit and loss

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1–12/2022
Revenue	34,775	27,976	122 520	127,656
Materials and services	-17,208	-16,705	-69 844	-80,279
Other operating income	132	95	238	386
Employee benefit expenses	-7,518	-5,792	-23 871	-19,386
Other operating expenses	-4,335	-2,929	-12 284	-9,909
Share of associated companies' profits	-138	-383	-578	-1,809
EBITDA	**5,710**	**2,262**	**16 182**	**16,659**
Depreciation, amortization, and impairment	-2,671	-1,467	-7 756	-6,641
Operating profit (EBIT)	**3,039**	**795**	**8 426**	**10,018**
Financial income	675	192	2 159	1,468
Financial expenses	-3,081	-1,555	-7 401	-4,947
Profit before tax	**632**	**-567**	**3 184**	**6,540**
Income tax	-250	-300	-505	-3,005
Profit for the financial year	**382**	**-868**	**2,679**	**3,535**
Attributable to				
Equity holders of the parent	238	-730	2,527	3,462
Non-controlling interests	144	-138	152	73
Earnings per share				
Earnings per share, basic, EUR	0.01	-0.03	0.09	0.13
Earnings per share, diluted, EUR	0.01	-0.03	0.09	0.13
Profit for the financial year	**382**	**-868**	**2,679**	**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	-1,215	-2,177	-982	627
Other comprehensive income (loss) for the year, net of tax	**-1,215**	**-2,177**	**-982**	**627**
Total comprehensive income for the financial period	**-833**	**-3,045**	**1,697**	**4,162**
Attributable to				
Equity holders of the parent	-977	-2,908	1,545	4,090
Non-controlling interests	144	-138	152	73

Consolidated statement of financial position

EUR thousand	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Goodwill	18,559	18,634
Intangible assets	5,087	4,016
Property, plant and equipment	12,324	9,636
Right-of-use assets	4,974	5,293
Investments in associated companies and joint ventures	1,210	1,808
Non-current receivables	1,070	1,791
Investments in other shares	411	418
Deferred tax assets	4,117	2,916
Assets	**47,752**	**44,512**
Current assets		
Inventories	14,224	10,359
Trade receivables	26,458	29,396
Contract assets	55,858	38,448
Prepayments and other receivables	8,194	6,523
Short-term investments	100	238
Cash and cash equivalents	10,965	4,889
Total current assets	**115,799**	**89,854**
Total assets	**163,550**	**134,366**

EUR thousand	31 Dec 2023	31 Dec 2022
Equity and liabilities		
Equity		
Share capital	3,866	3,866
Translation differences	-262	719
Reserve for invested unrestricted equity	44,303	44,303
Retained earnings / accumulated deficit	16,026	12,720
Equity attributable to equity holders of the parent	**63,934**	**61,609**
Non-controlling interests	1,993	1,439
Total equity	**65,927**	**63,048**
Non-current liabilities		
Interest-bearing loans and borrowings	32,262	10,723
Lease liabilities	2,683	2,060
Deferred tax liability	3,192	1,640
Other non-current financial liabilities	1,952	6,977
Total non-current liabilities	**40,089**	**21,401**
Current liabilities		
Interest-bearing loans and borrowings	12,049	3,302
Lease liabilities	2,757	3,074
Provisions	240	304
Trade payables	21,554	12,656
Contract liabilities	4,378	18,158
Other short-term liabilities	16,556	12,424
Total current liabilities	**57,535**	**49,918**
Total liabilities	**97,624**	**71,318**
Total equity and liabilities	**163,550**	**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	-	-	-	-	2,527	**2,527**	152	**2,679**
Other comprehensive income	-	-	-	-982	-	**-982**	**-**	**-982**
Total comprehensive income	**-**	**-**	**-**	**-982**	**2,527**	**1,545**	**152**	**1,697**
Share-based compensation settled in equity	-	-	-	-	-31	**-31**	-	**-31**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	1,228	**1,228**	-	**1,228**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-42	**-42**
Other changes	**-**	**-**	**-**	**-**	-417	**-417**	444	**27**
Equity on 31 Dec 2023	**3,866**	**-**	**44,303**	**-262**	**16,026**	**63,934**	**1,993**	**65,926**

*) Includes the 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	-	-	-	-	3,462	**3,462**	73	**3,535**
Other comprehensive income	-	-	-	**627**	-	**627**	-	**627**
Total comprehensive income	**-**	**-**	**-**	**627**	**3,462**	**4,090**	**73**	**4,162**
Registration of shares	-	-	-	-	-	**-**	-	**-**
New share issue	-	-	-	-	-	**-**	-	**-**
Expenses related to the share issue	-	-	-	-	-	**-**	-	**-**
Share-based compensation settled in equity	-	-	-	-	31	**31**	-	**31**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	-3,515	**-3,515**	-	**-3,515**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	-64	**-64**	528	**464**
Equity on 31 Dec 2022	**3,866**	-	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**

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

Consolidated statement of cash flows

EUR thousand	10-12/2023	10-12/2022	1-12/2023	1–12/2022
Cash flow from operating activities				
Profit for the financial year	**382**	**-868**	**2,679**	**3,535**
Adjustments for:				
Depreciation, amortisation, and impairment	2,671	1,467	7,756	6,641
Finance income and expenses	2,407	1,362	5,242	3,479
Gain on disposal of property, plant, and equipment	-11	-121	-41	-331
Share of profit from associated companies and joint ventures	138	383	578	1,809
Taxes	250	300	505	3,005
Other non-cash flow related adjustments	204	404	929	1,031
Total adjustments	**5,658**	**3,797**	**14,969**	**15,633**
Change in working capital				
Change in trade and other receivables	-10,942	-1,133	-15,745	-42,253
Change in inventories	-3,511	1,183	-4,165	-1,282
Change in trade and other payables	13,453	-211	-1,028	21,394
Total change in working capital	**-999**	**-162**	**-20,937**	**-22,141**
Operating cash flow before financial and tax items	**5,041**	**2,767**	**-3,290**	**-2,972**
Interest paid	-410	-253	-1,383	-863
Interest received	14	-6	53	376
Other financing items	-1,723	-1,276	-3,872	-2,649
Taxes paid	-580	516	-4,169	-378
Net cash flow from operating activities	**2,341**	**716**	**-12,661**	**-6,486**
Cash flow from investing activities				
Acquisition of associates, joint ventures, and other shares	-	-659	-	-659
Purchase of intangible and tangible assets	-3,570	-1,295	-7,355	-7,840
Proceeds from sale of tangible and intangible assets	15	160	117	540
Loans granted	50	289	-175	-
Repayment of loan receivables	-	-	467	--
Net cash flow from investing activities	**-3,505**	**-1,505**	**-6,947**	**-7,959**
Cash flow from financing activities				
Proceeds from borrowings	9,203	7,897	58,323	20,186
Repayment of borrowings	-1,450	-12,824	-27,770	-25,569
Repayment of lease liabilities	-1,288	-927	-3,619	-3,535
Acquisition of non-controlling interests	-1,236	-618	-1,236	-618
Dividends paid to non-controlling interests	-15	-	-15	-
Net cash flow from financing activities	**5,214**	**-6,472**	**25,684**	**-9,537**
Net change in cash and cash equivalents	**4,050**	**-7,261**	**6,076**	**-23,982**
Cash and cash equivalents, beginning of period	**6,915**	**12,150**	**4,889**	**28,871**
Cash and cash equivalents, end of period	**10,965**	**4,889**	**10,965**	**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 financial statement release is unaudited.

Basis of preparation

The financial information included in this financial statement release for January–December 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 financial statement release are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

In this financial statement release, the figures are presented in thousand euros subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

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 revenue split of geographical areas as well as 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**	**10-12/2023**	**10-12/2022**	**1-12/2023**	**1–12/2022**
Operating profit (EBIT)	**3,039**	**795**	**8,426**	**10,018**
Depreciations, amortisations and impairment	2,671	1,467	7,756	6,641
EBITDA	**5,710**	**2,262**	**16,182**	**16,659**
Non-recurring Items				
Business combinations expenses	-	71	-	71
Restructuring expenses	845	318	944	318
IPO related expenses	-	-	-	-
Impairment of Russian business	91	-	1,338	1,958
Adjusted EBITDA	**6,645**	**2,651**	**18,464**	**19,006**
Depreciations, amortisations and impairment	-2,671	-1,467	-7,756	-6,641
Amortisation of intangible assets identified in PPA	59	62	235	242
Adjusted EBIT	**4,033**	**1,246**	**10,943**	**12,608**

Revenue

Distribution of revenue

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

EUR thousand	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Equipment	12,240	7,742	58 %	38,156	28,782	33 %
Services	22,536	20,234	11 %	84,364	98,874	-15 %
Total revenue from contracts with customers	**34,775**	**27,976**	**24 %**	**122,520**	**127,656**	**-4%**

EUR thousand	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Transferred at a point in time	9,268	7,683	21 %	23,661	24,242	-2 %
Transferred over time	25,508	20,293	26 %	98,860	103,415	-4 %
Total revenue from contracts with customers	**34,775**	**27,976**	**24 %**	**122,520**	**127,656**	**-4 %**

Revenue by geographical area

EUR thousand	7-9/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Europe and Asia (EURASIA)	7,093	7,930	-11 %	28,415	17,837	59%
North and South America (AMER)	7,218	6,391	13 %	18,878	56,713	-67 %
Middle East and Africa (MEAF)	20,464	13,656	50 %	75,228	53,107	42 %
Total revenue from contracts with customers	**34,775**	**27,976**	**24 %**	**122,520**	**127,656**	**-4 %**

In addition to the previous information, the distribution of revenue by product portfolio is also presented below.

EUR thousand	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Environmental protection	15,536	12,769	22 %	58,206	85,576	-32 %
Material recycling	3,344	2,435	37 %	9,444	3,491	171 %
Remediation & restoration	15,896	12,772	24 %	54,871	38,589	42 %
Total revenue from contracts with customers	**34,775**	**27,976**	**24 %**	**122,520**	**127,656**	**-4 %**

Summary of contract balances

EUR thousand	31 Dec 2023	31 Dec 2022
Trade receivables	26,458	29,396
Contract assets	55,858	38,448
Contract liabilities	4,378	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 31 December 2023 (EUR 1.4 million on 31 December 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 Dec 2023	31 Dec 2022
Carrying value at the beginning of the year	**18,634**	**18,049**
Impairment	-	-
Additions	-	-
Acquired in business combinations	-	450
Exchange differences	-75	135
Other changes and disposals	-	-
Carrying value at the end of the year	**18,559**	**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	31 Dec 2023	31 Dec 2022
Carrying value at the beginning of the year	**13,653**	**8,827**
Depreciation, amortization and impairment charges	-3,650	-2,770
Additions	7,355	8,395
Transfers between balance sheet items	426	-680
Exchange differences	-285	135

Grants received and disposals	-89	-254
Carrying value at the end of the year	**17,411**	**13,653**

Change in right-of-use assets

EUR thousand	31 Dec 2023	31 Dec 2022
Carrying value at the beginning of the year	**5,293**	**5,742**
Depreciation, amortization and impairment charges	-4,107	-3,875
Additions	3,891	3,104
Exchange differences	-103	322
Other changes	-	-
Carrying value at the end of the year	**4,974**	**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	31 Dec 2023	31 Dec 2022
Non-current interest-bearing loans and borrowings	32,262	10,723
Non-current lease liabilities	2,683	2,060
Current interest-bearing loans and borrowings	12,049	3,302
Current lease liabilities	2,757	3,074
Liquid funds	-10,965	-4,889
Net debt total	**38,786**	**14,270**

Classification of financial assets and liabilities

Financial assets on 31 December 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		-	-	1,070	1,070	1,070
Non-current financial assets total		**-**	**411**	**1,070**	**1,481**	**1,481**

Current financial assets						
Trade receivables		-	-	26,458	26,458	26,458
Contract assets		-	-	55,858	55,858	55,858
Derivative instruments	**2**	99	-	-	99	99
Investments in funds	**2**	0	-	-	0	0
Cash and cash equivalents		-	-	10,965	10,965	10,965
Current financial assets total		**100**	**-**	**93,281**	**93,381**	**93,381**
Financial assets total		**100**	**411**	**94,351**	**94,862**	**94,862**

Financial liabilities on 31 December 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**	-	-	24,270	24,270	25,000
Interest-bearing loans from financial institutions	**2**	-	-	7,992	7,992	7,992
Lease liabilities		-	-	2,683	2,683	2,683
Other payables		-	-	1,952	1,952	1,952
Non-current financial liabilities total		**-**	**-**	**36,897**	**36,897**	**37,627**
Current financial liabilities						
Interest-bearing loans from financial institutions	**2**	-	-	12,049	12,049	12,049
Lease liabilities		-	-	2,757	2,757	2,757
Trade payables		-	-	21,554	21,554	21,554
Contract liabilities		-	-	4,378	4,378	4,378
Contingent consideration	**3**	1,324	-	-	1,324	1,324
Other current liabilities		-	-	15,232	15,232	15,232
Current financial liabilities total		**1,324**	**-**	**55,970**	**57,294**	**57,294**
Financial liabilities total		**1,324**	**-**	**92,867**	**94,191**	**94,921**

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. Financial instruments classified at level 1 include corporate bonds.

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 and option 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. The first part of the consideration of EUR 1,236 thousand, was paid in 2023. At the reporting date, Lamor estimates the value of the remaining contingent consideration at EUR 1,324 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 Dec 2023	31 Dec 2022
Sales to associated companies and joint ventures	304	90
Sales to other related parties	-	41
Purchases from associated companies and joint ventures	45	46
Purchases from other related parties*	1,392	637

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

Receivables and liabilities from related parties

EUR thousand	31 Dec 2023	31 Dec 2022
Receivables from associated companies and joint ventures	223	1,595
Receivables from other related parties	219	214
Liabilities to associated companies and joint ventures	-	12
Liabilities to other related parties	1,345	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 Dec 2023	31 Dec 2022
Amounts receivable from associates and joint ventures	675	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 December 2023, Lamor had corporate mortgages of EUR 91.8 million (EUR 91.8 million on 31 December 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	31 Dec 2023	31 Dec 2022
Performance and warranty guarantee	24,540	25,472
Advance payment and payment guarantee	18,361	10,720
Tender and bid bond guarantees	-	1,972
Total	**42,901**	**38,165**

In addition, Lamor has given a loan guarantee of EUR 1.3 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) %	=	$\frac{\text{Profit for the period}}{\text{Average shareholder's equity}}$	x 100
Return on investment (ROI) %	=	$\frac{\text{Profit before taxes + financial income and expenses}}{\text{Average shareholder's equity + average interest-bearing loans and borrowings}}$	x 100
Net gearing, %	=	$\frac{\text{Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and non-current investments}}{\text{Shareholders' equity}}$	x 100
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	