Lamor Corporation Plc
Interim Financial Report

January–March 2024

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Interim Financial Report 1 January–31 March 2024

Market activity increasing despite the geopolitical situation

January–March 2024 in brief

- Revenue was EUR 23,9 million and 4.5% higher than in the comparison period (22,8)
- EBIT improved slightly from the comparison period and was EUR 0,4 million (0,2)
- Adjusted EBIT was EUR 0,5 million (0,2) and 2.0% of revenue (0.9%)
- Net cash flow from operating activities was EUR -13.1 million (-8,8)
- Earnings per share (basic) was EUR -0.01 (-0.02)
- Orders received increased by 48.1% and amounted to EUR 16,0 million (10,8)

CEO Johan Grön's update

Our revenue in the first quarter of 2024 amounted to 23,9 million euros, increasing by 4.5 percent from the comparison period. The adjusted EBIT in the first quarter was approximately 0,5 million euros, and adjusted EBIT margin 2.0 percent of revenue. The first quarter revenue was in line with our expectations, and we expect the revenue level to rise as the year progresses. Our profitability did not, however, reach the expected level, and we have initiated actions to improve it. The value of new orders in the first quarter amounted to 16,0 million euros, an increase of approximately 48 percent compared to the comparison period. The most significant orders received during the reporting period were related to equipment deliveries and smaller service projects.

The geopolitical situation has remained challenging also in 2024. The situation has escalated in certain Middle Eastern countries, and instability has also continued in certain South American countries. The circumstances in the Middle East pose severe threats to the security in the region and shipping in the Red Sea. Furthermore, the Russian war against Ukraine unfortunately still continues. In addition to the deteriorated security situation in general, these conflicts impact our business in many ways, and significantly increase for instance the risk of oil spills.

Soil remediation and restoration

In Kuwait, the soil washing plants, used for cleaning more polluted soil, are now fully operational. Soil washing complements the cleaning capacity provided by bioremediation. The successful start of soil washing at our two large processing plants is an important milestone for our projects in Kuwait and allows us to utilise the existing technologies and facilities even after the completion of the current projects to process additional soil, for example as a subcontractor for the other main contractors.

Lamor provides soil remediation services in Latin America and Oman, where we also won a few new, smaller-scale projects in the first quarter. The soil remediation market is currently very active, and we are involved in several other on-going tendering processes of different sizes in the Middle East, Africa, and South America.

Environmental protection

During the first quarter, Lamor participated in three smaller clean-up projects of environmental incidents in Peru and Ecuador. The importance of Lamor's local presence and the response capacity in the region is of essence when an environmental incident occurs, and we aim at expanding this presence further by increasing our rental business.

In the first quarter of 2024 we established a new entity in the Netherlands that focuses on oil spill response technologies. The entity primarily serves the European Maritime Safety Agency's (EMSA) oil spill response preparedness in the North Sea, but with the local warehouse, our aim is to serve other European customers as well, for instance in the form of equipment rental.

After the end of the first quarter, the Saudi Arabian National Center for Environmental Compliance decided to use their 4-month option to continue the ongoing environmental protection project. The original 3-year contract on the enhancement of the oil spill response preparedness in the Saudi Arabian coastline of the Red Sea was signed in March 2021, and Lamor will, in accordance with the extension agreement, provide the service until the end of September 2024. Our customer is currently evaluating how to maintain the preparedness service after the closing of our agreement period.

Material recycling

The delivery of the MARPOL port reception facility and oil spill response technologies to Bangladesh is progressing as planned. The commissioning of the waste treatment facility in accordance with the International Convention for the Prevention of Pollution from Ships in the port of Mongla is planned for the end of 2024.

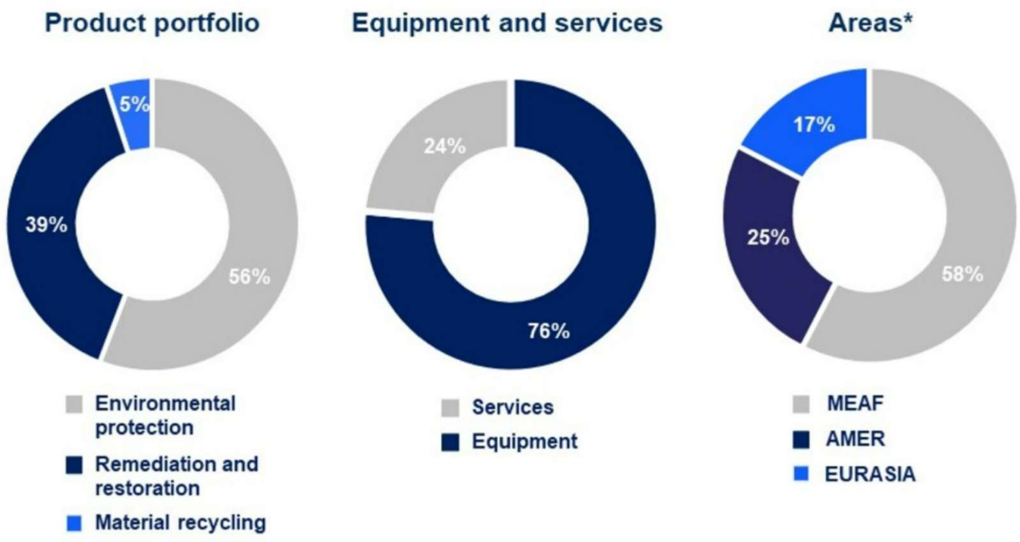
During the first quarter, we entered into an agreement with Remeo, an environmental management company, to ensure the supply of sorted plastic waste suitable as feedstock for our chemical recycling concept facility of plastic. The agreement guarantees the supply of the right kind of plastic waste to our concept facility that is being constructed in Kilpilahti, Finland, and possibly also to our future sites in Finland. We now have agreed on all the aspects of the process, from feedstock procurement to technology and the end customer. The installation of technologies is expected to begin during the latter half of the year, and the production process and plastics recycling to commence towards the end of the year 2024.

Solutions related to water treatment in different forms are part of Lamor's material recycling solution portfolio. In the first quarter, the Norwegian shipping company Frøy placed an order with us for a retrofitted reverse osmosis-based system to its vessel where it produces fresh water from seawater to remove harmful parasites from farmed salmons. The deal is an important indication that our wide product portfolio and partner network enables our expansion in important markets and into new business segments.

During the first quarter, in addition to sales activities relating to large projects, we have started to systematically increase sales activities related to our equipment business by developing both the ability of our own sales network and the coverage of our agent network. This way we will ensure that in addition to and with the help of our large projects, also our basic business will reach its growth targets. This, together with the sharpened organisational operating models, supports us in achieving both our profitability and growth targets. It may take time for the effects of these reforms to become visible, and we will review our strategy and long-term financial goals during the year 2024.

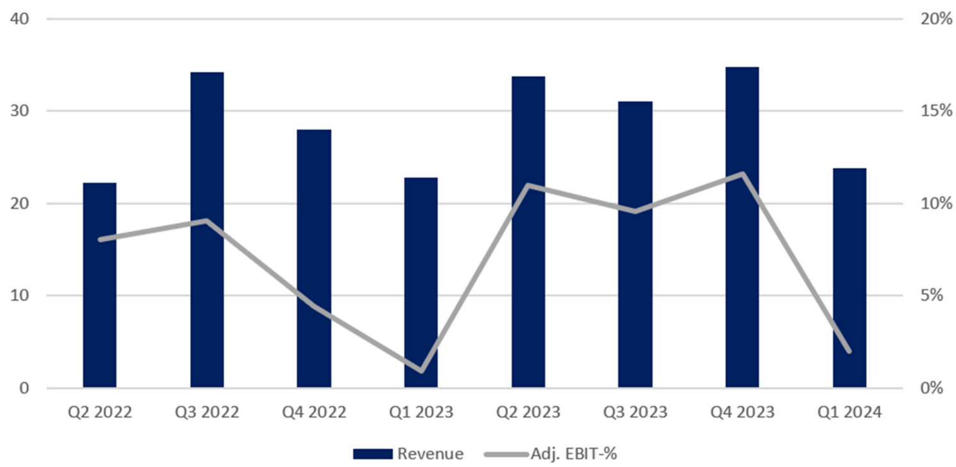
Johan Grön
CEO
Lamor Corporation Plc

Revenue split January–March 2024

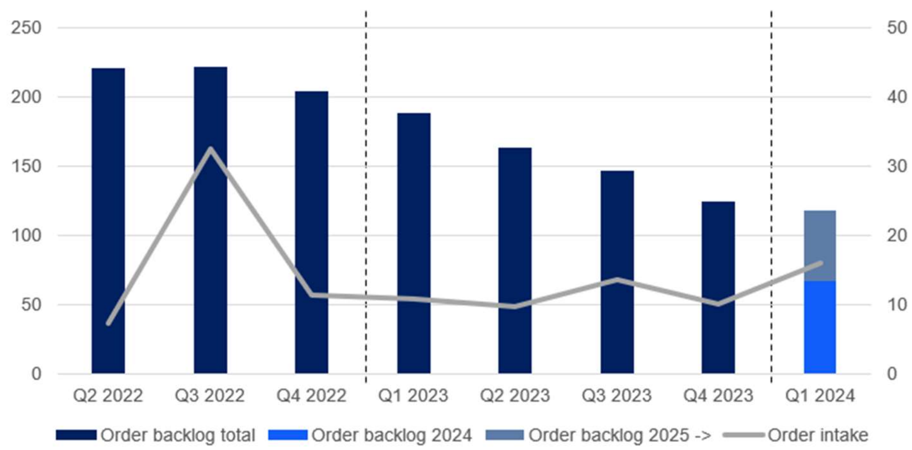


*EURASIA = Europe and Asia, AMER = Americas, MEAF = Middle East and Africa

Revenue (EUR million) and adjusted EBIT % per quarter



Order backlog and order intake per quarter (EUR million)



Key figures

EUR thousand unless otherwise noted	Q1 2024	Q1 2023	Change %	1-12/2023
Revenue	23,886	22,847	4.5%	122,520
EBITDA	2,135	1,845	15.7%	16,182
EBITDA margin %	8.9%	8.1%		13.2%
Adjusted EBITDA	2,172	1,845	17.7%	18,464
Adjusted EBITDA margin %	9.1%	8.1%		15.1%
Operating profit or loss (EBIT)	385	153	152.0%	8,426
Operating profit (EBIT) margin %	1.6%	0.7%		6.9%
Adjusted operating Profit (EBIT)	481	212	127.1%	10,943
Adjusted operating Profit (EBIT) margin %	2,0%	0.9%		8.9%
Profit (loss) for the period	-393	-489		2,679
Earnings per share, EPS (basic), euros	-0.01	-0.02		0.09
Earnings per share, EPS (diluted), euros	-0.01	-0.02		0.09
Return on equity (ROE) %	-0.6%	-0.8%		4.3%
Return on investment (ROI) %	0,3%	0.2%		8.7%
Equity ratio %	37.7%	46.6%		40.0%
Net gearing %	86.4%	38.5%		60.7%
Net working capital	77,120	47,867	61.1%	62,245
Orders received	16,042	10,829	48.1%	43,950
Order backlog	117,461	188,685	-37.7%	124,192
Number of employees at the period end	754	550	37.1%	840
Number of employees on average	710	549	29.3%	658

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

In accordance with the guidance published on 16 February 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

January–March 2024

During the reporting period, the Group's revenue amounted to EUR 23,9 million (22,8). Increase from the comparison period was 4.5%. At comparable exchange rates, revenue increased by 5.2%. The soil remediation projects ongoing in Kuwait and the environmental protection project in Saudi Arabia, the equipment delivery projects in Bangladesh and the ongoing clean-up projects of environmental incidents in Latin America were the major items impacting the first quarter revenue.

Adjusted EBIT was EUR 0,5 million (0,2) and 2.0% (0.9%) of revenue.

Order backlog at the end of the period totalled EUR 117,5 million (188,7). The value of new orders received during the reporting period was EUR 16,0 million (10,8), which is 48.1% more than in the comparison period. At comparable exchange rates, the increase was 49.5%.

Depreciations stood at EUR -1,7 million (-1,7) and included EUR - 1,0 million (-0,9) depreciations of right-of-use assets (IFRS 16), mainly related to the vessels used in Saudi Arabia projects of the Group.

Financial income and expenses of EUR -1,2 million (-0,9) consisted of 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 green bond issued in August 2023.

The Group's profit before taxes was EUR -0,8 million (-0,7). Earnings per share in the period from January to March 2024 was EUR -0.01 (-0.02).

Net cash flow from operating activities was EUR -13,1 million (-8,8). Net working capital tied on 31 March 2024 was EUR 77,1 million (47,9). Growth in the net working capital was resulting almost entirely from the work in Kuwait projects proceeding faster than the related invoicing. The monthly payments in the Saudi Arabian project falling previously behind were instead catched up during the first quarter. Cash flow from investments was EUR -2,6 million (-0,8).

The Group's equity ratio was 37.7% (46.6%) and net gearing stood at 86.4% (38.5%). Net gearing was impacted by the issuance of the green bond of EUR 25 million in August 2023.

Investments

In January–March 2024, investments in tangible and intangible assets were EUR 3,7 million (0,9). The increase during the first quarter of the year was impacted especially by the investments and development expenses for our chemical recycling facility of plastic in Kilpilahti. During the reporting period, the company received a state grant of EUR 0,6 million for its plastic recycling investment in Kilpilahti.

Right-of-use assets related to vessels used in the service project in Saudi Arabia and to the land lease agreement in Kilpilahti plastic recycling facility were in the end of the period EUR 4,0 million (4,5).

In January–March 2024, depreciation, amortisation, and impairment totalled EUR 1,7 million (1,7).

Financial position

Lamor’s interest-bearing liabilities comprise loans from financial institutions, the bond, capital loans and lease liabilities under IFRS 16. On 31 March 2024, Lamor’s interest-bearing liabilities amounted to EUR 62,9 million (31,4), of which lease liabilities were EUR 4,5 million (4,4). The Group’s net debt totalled EUR 55,6 million (23,8). At the end of the reporting period, the Group had liquid funds amounting to EUR 7,4 million (7,6).

Lamor's senior priority financing arrangements included a EUR 25,0 million green bond issued in August 2023, whose payments are secured by a post-mortgage for Lamor's corporate mortgages. In addition, it included a total of EUR 8,0 million in financial institution loans and short-term financing of EUR 5,0 million raised during the quarter. The group has a financing limit of EUR 8,0 million and a credit account of EUR 7,0 million in its financial reserve. At the end of the reporting period on 31 March 2024, 7,0 million euros were used from the financing limit and 4,9 million euros from the credit account. In addition, Lamor had a total of EUR 7,0 million worth of undrawn loans related to the investment project of a plastic chemical recycling plant.

At the end of the reporting period, there were 1,0 million euros in other financial institution loans. The value of the guarantees given at the end of the period was EUR 41,5 million (36,8). When evaluating the amount of interest-bearing debt financing, it is good to also take into account the amount of the company's total liabilities, including the company's guarantee obligations, which especially apply to large delivery projects.

At the end of the reporting period, the company had capital loans totalling EUR 8,0 million. The capital loan granted by the State Treasury related to Business Finland's growth engine competition was 5,5 million euros. In addition, the Climate Fund has granted a capital loan for the company's plastic chemical recycling project, from which the company has withdrawn 2,5 million euros. Capital loans have a secondary position compared to senior financing and are not taken into account in the covenant calculation.

Personnel

During January–March 2024, Lamor employed on average 710 (549) persons. At the end of the period, Lamor employed 754 (550) persons.

The number of personnel fluctuates according to the major projects Lamor has on-going at each time. In addition to the soil remediation projects in Kuwait, the environmental incidents in Ecuador and Peru have temporarily increased the number of personnel during the reporting period.

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. 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 strategic co-operation with customers and partners reinforced with continuous innovation is the key to sustainable business.

Lamor’s sustainability reporting and compliance

Lamor published its sustainability report for 2023 as part of the company’s annual report on 5 March 2024. The scope of the sustainability report was extended compared to 2022, and its limited assurance covered, in addition to greenhouse gas emissions, more GRI indicators as reported by the company. Also, new reporting requirements imposed by CSRD were partly applied, as Lamor prepared a double materiality assessment according to the ESRS methodology and included it in the sustainability report. The double materiality assessment effects on Lamor’s sustainability work in 2024.

Lamor is aware of the big leap the companies will need to take in implementation of the ESRS requirements and has thus increased its resources directed to sustainability. The company’s work with ESRS disclosure requirements is in good progress since the imposed regulation is strongly supporting the company’s strategy and business model. Lamor does not see CSRD and ESRS only as a reporting requirement; these new environmental and social objectives will be utilised for long-term value creation in the company’s business, including its customers and partners.

Annual assessment of Nasdaq Green Equity Designation

Lamor has been part of Nasdaq Green Equity Designation program since 2022. The designation includes an annual assessment of whether the company complies with the criteria of the program. In 2023, Lamor’s business activities were assessed to be almost completely green. The share of green revenue was 92% and investments 94%. The green revenue consists mainly of revenue originating from the remediation of legacy contamination, environmental preparedness solutions and MARPOL waste management facility delivery.

In their assessment prepared for 2023, the external reviewer S&P Global Ratings assessed that Lamor no longer fulfils the designation's criteria in terms of the revenue shading. A prerequisite for the designation is that less than 5% of the revenue origins from business related to fossil fuel activities. For Lamor, the reviewer includes the sale of oil spill response technology, oil spill preparedness services and the rental of equipment to customers acting in on-going oil and gas industry in this red category. In addition, cleaning of oil spills to such customers is included in this category. Approximately 6 percent of Lamor's revenue has been included in this red category in 2023. The amount consists mainly of oil spill clean-up and equipment rental activities in Latin America.

To demonstrate commitment to green business models, Lamor applies for Nasdaq Green Equity Transition Designation. In this designation, the limit for fossil fuel related revenue is 50 percent. At the same time, Lamor continues to make interpretations on EU Taxonomy and seeks also clarification on regulators' interpretations relating to, for example, whether revenue from oil spill clean-up can interpreted as taxonomy-aligned revenue, also when the cleanup is paid by a customer acting in on-going oil and gas industry.

Governance

Resolutions of the Annual General Meeting

The Annual General Meeting of Lamor was held on 26 March 2024 as a virtual 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 2023 financial statements, resolved not to distribute dividend, discharged the Board members and the Managing Director from liability, and approved the 2023 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 elected as the Company's Auditor and the sustainability reporting assurance provider, with APA Mikko Rytilahti as the auditor and the sustainability reporting assurance provider with principal responsibility.

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 26 March 2024 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 26 March 2024 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 26 March 2024 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 300,000 shares in aggregate, which would correspond to approximately one (1) 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 2025.

The Board of Directors did not use the authorisations by the 2023 or 2024 Annual General Meetings during the reporting period.

Organisation of the company’s governing bodies

Convening after the Annual General Meeting on 26 March 2024 to its organisational meeting, the Board of Directors re-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, members Kaisa Lipponen and Mika Ståhlberg; Remuneration Committee: Chair Nina Ehrnrooth, members Kaisa Lipponen and Timo Rantanen.

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, and they are traded on the main list of Nasdaq Helsinki Ltd.

At the end of the reporting period on 31 March 2024, Lamor’s share capital was EUR 3,866,375.40 (3,866,375.40) and total number of shares outstanding was 26,959,974 (26,959,974) excluding shares held in treasury. On 31 March 2024, Lamor held 542,450 (542,450) treasury shares.

The closing price of the share on the last trading day of the reporting period on 28 March 2024 was EUR 2.25 (4.25). The highest price of the share in the reporting period January–March 2024 was EUR 2.66 (4.70) and the lowest one EUR 2.16 (4.09). The share turnover during January–March 2024 was approximately 0.2 (0.2) million shares. The value of the share turnover during January–March 2024 was approximately EUR 0.5 (0.9) million. On 31 March 2024, Lamor’s market capitalisation was approximately EUR 60,7 (114,6) million, and the company had 6,319 (6,683) shareholders.

Share-based incentives

In February 2024, 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.

Risks and business uncertainties

The risks assessed by Lamor and the identified business uncertainties have remained largely unchanged as compared to 2023. The geopolitical risk level remains increased 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.

The geopolitical situation may have a negative impact on Lamor's business, changing for instance the schedules and costs of the projects as well as the supply chains and the local operating possibilities. Furthermore, escalated situations may affect the security of the company's personnel.

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.

The geopolitical situation has continued to be challenging in 2024. The situation has escalated in certain countries in the Middle East, and the instability has also continued in certain South American countries. In addition, the Russian war in Ukraine continues.

The situation may have a negative impact on Lamor’s business changing for instance the schedules and costs of the projects as well as the supply chains and the local operating possibilities.

Furthermore, escalated situations may affect the security of the company's personnel. Lamor follows these situations particularly closely for example in its operating regions.

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. Interest rates that remain high for a long time may increase Lamor's financing costs also in the longer term.

Other main events during 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 assumed 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.

Events after the reporting period

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

Financial calendar for 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 January–March 2024 will be arranged on 26 April 2024 at 10:00 a.m. EEST. The webcast includes a Q&A session, and participants can ask questions in English and Finnish via the event chat room. The webcast can be followed at https://lamor.videosync.fi/q1-2024.

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

Porvoo, 26 April 2024
Lamor Corporation Plc
Board of Directors

Further enquiries

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Lamor Financial Statements Release January–March 2024

Consolidated statement of profit and loss

EUR thousand	1-3/2024	1-3/2023	1-12/2023
Revenue	**23,886**	**22,847**	**122 520**
Materials and services	-13,450	-13,615	-69 844
Other operating income	88	66	238
Employee benefit expenses	-5,334	-4,949	-23 871
Other operating expenses	-3,186	-2,642	-12 284
Share of associated companies' profits	131	138	-578
EBITDA	**2,135**	**1,845**	**16 182**
Depreciation, amortization, and impairment	-1,750	-1,692	-7 756
Operating profit (EBIT)	**385**	**153**	**8 426**
Financial income	576	157	2 159
Financial expenses	-1,747	-1,053	-7 401
Profit before tax	**-786**	**-743**	**3 184**
Income tax	393	254	-505
Profit for the financial year	**-393**	**-489**	**2,679**
Attributable to			
Equity holders of the parent	-185	-531	2,527
Non-controlling interests	-208	42	152
Earnings per share			
Earnings per share, basic, EUR	-0.01	-0.02	0.09
Earnings per share, diluted, EUR	-0.01	-0.02	0.09
Profit for the financial year	**-393**	**-489**	**2,679**
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	591	-274	-982
Other comprehensive income (loss) for the year, net of tax	**591**	**-274**	**-982**
Total comprehensive income for the financial period	**198**	**-762**	**1,697**
Attributable to			
Equity holders of the parent	406	-805	1,545
Non-controlling interests	-208	42	152

Consolidated statement of financial position

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets			
Non-current assets			
Goodwill	18,530	18 583	18,559
Intangible assets	5,002	4 116	5,087
Property, plant and equipment	14,550	9 446	12,324
Right-of-use assets	4,003	4 451	4,974
Investments in associated companies and joint ventures	1,340	2 051	1,210
Non-current receivables	1,419	550	1,070
Investments in other shares	411	411	411
Deferred tax assets	5,780	3 589	4,117
Assets	**51,035**	**43 198**	**47,752**
Current assets			
Inventories	15,942	10 370	14,224
Trade receivables	25,618	30 252	26,458
Contract assets	67,057	37 662	55,858
Prepayments and other receivables	8,008	9 030	8,194
Short-term investments	3	746	100
Cash and cash equivalents	7,365	7 644	10,965
Total current assets	**123,993**	**95 703**	**115,799**
Total assets	**175,028**	**138 900**	**163,550**

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Equity and liabilities			
Equity			
Share capital	3,866	3,866	3,866
Translation differences	328	446	-262
Reserve for invested unrestricted equity	44,303	44,303	44,303
Retained earnings / accumulated deficit	15,830	13,161	16,026
Equity attributable to equity holders of the parent	**64,328**	**61,776**	**63,934**
Non-controlling interests	1,892	1,381	1,993
Total equity	**66,220**	**63,157**	**65,927**
Non-current liabilities			
Interest-bearing loans and borrowings	38,459	11,202	32,262
Lease liabilities	2,803	1,335	2,683
Deferred tax liability	4,148	1,837	3,192
Other non-current financial liabilities	1,985	2,824	1,952
Total non-current liabilities	**47,395**	**17,199**	**40,089**
Current liabilities			
Interest-bearing loans and borrowings	19,968	15,835	12,049
Lease liabilities	1,705	3,060	2,757
Provisions	236	203	240
Trade payables	21,898	10,527	21,554
Contract liabilities	4,869	12,897	4,378
Other short-term liabilities	12,739	16,022	16,556
Total current liabilities	**61,413**	**58,544**	**57,535**
Total liabilities	**108,808**	**75,744**	**97,624**
Total equity and liabilities	**175,028**	**138,900**	**163,550**

Consolidated statement of changes in equity

2024 **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 2024	**3,866**	**-**	**44,303**	**-262**	**16,026**	**63,934**	**1,993**	**65,927**
Profit for the financial year	-	-	-	-	-185	**-185**	-208	**-393**
Other comprehensive income	-	-	-	591	-	**591**	**-**	**591**
Total comprehensive income	**-**	**-**	**-**	**591**	**-185**	**406**	**-208**	**198**
Share-based compensation settled in equity	-	-	-	-	4	**4**	-	**4**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	-34	**-34**	-	**-34**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	**-**	**-**	**-**	**-**	19	**19**	107	**126**
Equity on 31 Mar 2024	**3,866**	**-**	**44,303**	**328**	**15,830**	**64,329**	**1,892**	**66,221**

*) 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.

2023 **Attributable to the equity holders of the parent**

EUR thousand	Share capital	Issue of shares	Fund for unre-stricted equity	Trans-lation diffe-rences	Retained earnings	Total	Non-control-ling interests	Total equity
Equity on 1 Jan 2023	**3,866**	**-**	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**
Profit for the financial year	-	-	-	-	-446	**-446**	-42	**-489**
Other comprehensive income	-	-	-	**-274**	-	**-274**	-	**-274**
Total comprehensive income	**-**	**-**	**-**	**-274**	**-446**	**-720**	**-42**	**-762**
Share-based compensation settled in equity	-	-	-	-	28	**28**	-	**28**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	839	**839**	-	**839**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	20	**20**	-16	**4**
Equity on 31 Mar 2023	**3,866**	-	**44,303**	**446**	**13,161**	**61,776**	**1,381**	**63,157**

*) 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	1-3/2024	1-3/2023	1-12/2023
Cash flow from operating activities			
Profit for the financial year	**-393**	**-489**	**2,679**
Adjustments for:			
Depreciation, amortisation, and impairment	1,750	1,692	7,756
Finance income and expenses	1,171	896	5,242
Gain on disposal of property, plant, and equipment	-98	-15	-41
Share of profit from associated companies and joint ventures	-131	-138	578
Taxes	-393	-254	505
Other non-cash flow related adjustments	220	108	929
Total adjustments	**2,518**	**2,289**	**14,969**
Change in working capital			
Change in trade and other receivables	-9,050	-1,064	-15,745
Change in inventories	-1,609	-156	-4,165
Change in trade and other payables	-2,496	-7,228	-1,028
Total change in working capital	**-13,155**	**-8,448**	**-20,937**
Operating cash flow before financial and tax items	**-11,029**	**-6,648**	**-3,290**
Interest paid	-1,306	-322	-1,383
Interest received	15	23	53
Other financing items	-453	-284	-3,872
Taxes paid	-340	-1,522	-4,169
Net cash flow from operating activities	**-13,113**	**-8,754**	**-12,661**
Cash flow from investing activities			
Acquisition of associates, joint ventures, and other shares	-	-	-
Purchase of intangible and tangible assets	-3,658	-868	-7,355
Receipt of government grants	639	-	-
Proceeds from sale of tangible and intangible assets	391	63	117
Loans granted	-	-	-175
Repayment of loan receivables	-	-	467
Net cash flow from investing activities	**-2,627**	**-805**	**-6,947**
Cash flow from financing activities			
Proceeds from borrowings	19,354	13,624	58,323
Repayment of borrowings	-5,316	-660	-27,770
Repayment of lease liabilities	-983	-651	-3,619
Acquisition of non-controlling interests	-915	-	-1,236
Dividends paid to non-controlling interests	-	-	-15
Net cash flow from financing activities	**12,140**	**12,313**	**25,684**
Net change in cash and cash equivalents	**-3,600**	**2,754**	**6,076**
Cash and cash equivalents, beginning of period	**10,965**	**4,889**	**4,889**
Cash and cash equivalents, end of period	**7,365**	**7,644**	**10,965**

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–March 2024 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 2024, Lamor Group has adopted new or amended IFRS’s and interpretations, as issued by IASB, effective for financial periods commencing on 1 January 2024. 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 2023.

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	1-3/2024	1-3/2023	1-12/2023
Operating profit (EBIT)	**385**	**153**	**8,426**
Depreciations, amortisations and impairment	1,750	1,692	7,756
EBITDA	**2,135**	**1,845**	**16,182**
Non-recurring Items			
Business combinations expenses	-	-	-
Restructuring expenses	37	-	944
IPO related expenses	-	-	-
Impairment of Russian business	-	-	1,338
Adjusted EBITDA	**2,172**	**1,845**	**18,464**
Depreciations, amortisations and impairment	-1,750	-1,692	-7,756
Amortisation of intangible assets identified in PPA	59	59	235
Adjusted EBIT	**481**	**212**	**10,943**

Revenue split

Distribution of revenue

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

Revenue split by product portfolio

EUR thousand	1-3/2024	1-3/2023	Change %	1-12/2023
Environmental protection	13,339	12,341	8 %	58,206
Material recycling	1,221	1,365	-11 %	9,444
Remediation & restoration	9,326	9,142	2 %	54,871
Total revenue from contracts with customers	**23,886**	**22,847**	**5 %**	**122,520**

Revenue split by equipment and services

EUR thousand	1-3/2024	1-3/2023	Change %	1-12/2023
Equipment	5,624	6,363	-12 %	38,156
Services	18,262	16,484	11 %	84,364
Total revenue from contracts with customers	**23,886**	**22,847**	**5 %**	**122,520**

Revenue split by geographical area

EUR thousand	1-3/2024	1-3/2023	Change %	1-12/2023
Europe and Asia (EURASIA)	4,126	4,654	-11 %	28,415
North and South America (AMER)	6,039	3,750	61 %	18,878
Middle East and Africa (MEAF)	13,721	14,443	-5 %	75,228
Total revenue from contracts with customers	**23,886**	**22,847**	**5 %**	**122,520**

Timing of the revenue recognition

EUR thousand	1-3/2024	1-3/2023	Change %	1-12/2023
Transferred at a point in time	4,125	4,014	3 %	23,661
Transferred over time	19,761	18,832	5 %	98,860
Total revenue from contracts with customers	**23,886**	**22,847**	**5 %**	**122,520**

Summary of contract balances

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Trade receivables	25,618	30,252	26,458
Contract assets	67,057	37,662	55,858
Contract liabilities	4,869	12,897	4,378

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 2023.

Lamor has recorded an expected credit loss related to trade receivables and contract assets, amounting to EUR 1.3 million on 31 March 2024 (EUR 1.4 million on 31 March 2023).

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

Change in goodwill

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Carrying value at the beginning of the year	**18,559**	**18,634**	**18,634**
Impairment	-	-	-
Additions	-	-	-
Acquired in business combinations	-	-	-
Exchange differences	-29	-50	-75
Other changes and disposals	-	-	-
Carrying value at the end of the year	**18,530**	**18,583**	**18,559**

Change in tangible and intangible assets

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Carrying value at the beginning of the year	**17,411**	**13,653**	**13,653**
Depreciation, amortization and impairment charges	-725	-785	-3,650
Additions	3,658	871	7,355
Transfers between balance sheet items	-1	-	426
Exchange differences	143	-127	-285
Grants received and disposals	-932	-50	-89
Carrying value at the end of the year	**19,552**	**13,562**	**17,411**

Grants received include a government grant of EUR 639 thousand, which Lamor received for its plastic recycling investment in Kilpilahti, Finland, during the reporting period.

Change in right-of-use assets

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Carrying value at the beginning of the year	**4,974**	**5,293**	**5,293**
Depreciation, amortization and impairment charges	-1,025	-912	-4,107
Additions	-	164	3,891
Exchange differences	57	-94	-103
Other changes	-4	-	-
Carrying value at the end of the year	**4,003**	**4,451**	**4,974**

The increase in right-of-use assets in 2023 was primarily due to a land lease agreement in Kilpilahti, Finland.

Financial instruments

Net debt

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Non-current interest-bearing loans and borrowings	38,459	11,202	32,262
Non-current lease liabilities	2,803	1,335	2,683
Current interest-bearing loans and borrowings	19,968	15,835	12,049
Current lease liabilities	1,705	3,060	2,757
Liquid funds	-7,365	-7,644	-10,965
Net debt total	**55,570**	**23,789**	**38,786**

Classification of financial assets and liabilities

Financial assets on 31 March 2024

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
Other receivables		-	-	1,419	1,419	1,419
Non-current financial assets total		**-**	**411**	**1,419**	**1,830**	**1,830**
Current financial assets						
Trade receivables		-	-	25,618	25,618	25,618
Contract assets		-	-	67,057	67,057	67,057
Derivative instruments	**2**	-	-	-	-	-
Investments in funds	**2**	3	-	-	3	3
Cash and cash equivalents		-	-	7,365	7,365	7,365
Current financial assets total		**3**	**-**	**100,040**	**100,043**	**100,043**
Financial assets total		**3**	**411**	**101,458**	**101,873**	**101,873**

Financial liabilities on 31 March 2024

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**	-	-	24,338	24,338	25,000
Interest-bearing loans from financial institutions	**2**	-	-	14,121	14,121	14,121
Lease liabilities		-	-	2,803	2,803	2,803
Other payables		-	-	1,985	1,985	1,985
Non-current financial liabilities total		**-**	**-**	**43,247**	**43,247**	**43,910**
Current financial liabilities						
Interest-bearing loans from financial institutions	**2**	-	-	19,968	19,968	19,968
Lease liabilities		-	-	1,705	1,705	1,705
Trade payables		-	-	21,898	21,898	21,898
Contract liabilities		-	-	4,869	4,869	4,869
Contingent consideration	**3**	561	-	-	561	561
Other current liabilities		-	-	12,178	12,178	12,178
Current financial liabilities total		**561**	**-**	**60,617**	**61,177**	**61,177**
Financial liabilities total		**561**	**-**	**103,864**	**104,425**	**105,087**

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**

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 in the years 2021 to 2023. EUR 2.2 million of the consideration had been paid by the end of the reporting period. At the reporting date, Lamor estimates the value of the remaining contingent consideration at EUR 561 thousand. The amount of the contingent consideration is estimated and recognised at the end of each reporting period, in accordance with IFRS 9 *Financial Instruments*.

Related party transactions

The Group's related parties consist of the company's major shareholders, the members of the Board of Directors, the CEO and the rest of the Management Team and their close family members as well as their controlled entities and associated companies and joint ventures. In addition, the associated companies and joint ventures, in which the Group is an owner, are considered the Group's related parties.

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

Transactions with related parties

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Sales to associated companies and joint ventures	1	104	304
Sales to other related parties	-	-	-
Purchases from associated companies and joint ventures	-	-	45
Purchases from other related parties*	453	-	1,392

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

Receivables and liabilities from related parties

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Receivables from associated companies and joint ventures	40	1,661	223
Receivables from other related parties	213	220	219
Liabilities to associated companies and joint ventures	-	-	-
Liabilities to other related parties	614	3,263	1,345

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

Loans receivable from and payable to related parties

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Amounts receivable from associates and joint ventures	687	1,460	675
Amounts receivable from other related parties	-	-	-
Amounts payable to associates and joint ventures	-	-	-
Amounts payable to other related parties	-	-	-

Contingent liabilities and other commitments

Commitments

At the reporting date, 31 March 2024, Lamor had corporate mortgages of EUR 91.8 million (EUR 91.8 million on 31 March 2023) as collateral for its loans.

Contingent liabilities related to legal claims

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

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

Guarantees

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

EUR thousand	31 Mar 2024	31 Mar 2023	31 Dec 2023
Performance and warranty guarantee	24,856	24,739	24,540
Advance payment and payment guarantee	16,605	11,710	18,361
Tender and bid bond guarantees	2	379	-
Total	**41,463**	**36,827**	**42,901**

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) %	=	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	