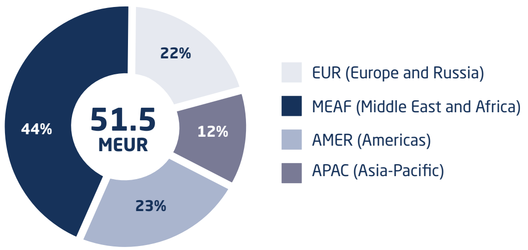
ANNUAL REPORT 2021

CONTENTS

LAMOR IN BRIEF

Geographical split of the revenue 2021



Key figures from 2021

- Revenue 51.5 MEUR
- EBITDA 6.0 MEUR
- Adjusted EBITDA 6.7 MEUR
- Adjusted EBITDA margin 13.0%
- EBIT 1.9 MEUR
- Adjusted EBIT 2.8 MEUR
- Adjusted EBIT margin 5.5%
- Order backlog 226,9 MEUR
- Personnel 290

Lamor is an abbreviation of Larsen Marine Oil Recovery, and it is a family company established in 1982 in Finland. Lamor is **one of the leading global providers of environmental solutions.**

The company's share is listed on Nasdaq First North Premier Growth Market Finland marketplace. We provide expertise and solutions to protect the environment and ecosystems – globally but locally.

Lamor operates in over 100 countries through its subsidiaries and associated companies, as well as its partner and distribution network. Lamor has subsidiaries and associated companies in 21 countries. Due to our local presence, we are able to provide a wide offering of solutions, which can be tailored according to the individual needs of each customer, and we are able to fast respond to the needs of our customers.

We solve global environmental problems locally – from oil spill response to massive refining operations and total waste management and water treatment solutions.

HIGHLIGHTS FROM 2021

Lamor won three major service projects in Middle East : One in Saudi Arabia and two in Kuwait in co-operation with Khalid ali Al-Kharafi & Bros Co.

Lamor's order backlog grew over ten times bigger compared to previous year.

Lamor's sustainability strategy, goals and KPIs were defined and the company's carbon footprint was calculated for the first time.

Lamor applied for the Nasdaq Green Equity Designation and received it in January 2022 as the first Finnish company.

Lamor was listed on Nasdaq First North Premier Growth Market Finland market place

Lamor raised gross proceeds of approximately EUR 35 million in the offering for implementing the growth strategy and strengthening the capital structure.

FROM THE CEO

The order backlog as an indicator of significant future business growth

2021 was a pivotal year for Lamor. We won significant multi-year service contracts and improved our delivery capability to meet the needs of large projects. We also developed our business and sustainability work. To enable our growth strategy, we arranged a successful share offering and listing on the Nasdaq First North Premier Growth Market Finland marketplace in December.

Globally local

Our strategy to be globally local demonstrated its functionality during the year. Thanks to our strategy, we have been able to act very efficiently, even though the coronavirus measures have restricted mobility.

In 2021, our revenue amounted to EUR 52 million, growing 12.9 per cent from the previous year. The NCEC agreement in Saudi Arabia contributed significantly to revenue growth, albeit much of the revenue from the large service project will be recorded in the coming years. We won all major tenders we participated in, so we can be very happy with our performance.

At the end of the year, our order backlog was EUR 227 million, which is more than 10 times higher than in previous years. Of this, the equipment and services to be delivered in 2022 will account for approximately EUR 79 million, and the remaining equipment deliveries of the order backlog and the delivery of service contracts will take place during several coming years.

During the year, we signed a major service agreement to strengthen oil spill response capabilities in the Red Sea region in Saudi Arabia, as well as two project agreements with Kuwait Oil Company. We also participated in several different oil spill response exercises around the world. Exercises play a very important role in maintaining functional capacity: "You play the way you practice" applies both in sports and in oil spill control.

Our adjusted operating profit margin for the full year was 5.5 per cent, which did not yet meet our long-term target of 14 per cent. However, in the second half of the year, profitability improved, and we achieved an adjusted operating profit margin of 10.5 per cent. In line with our scalable business model, revenue growth supports the achievement of the target, and we are determined to achieve the targeted profitability levels.

FROM THE CEO

Listing on the Nasdaq First North Premier marketplace

One of last year's main events was Lamor's listing on the Nasdaq First North Premier marketplace in December. We had been preparing for the IPO for a long time, and it was a great effort from our entire organisation. Our goal with the IPO was to raise funds to implement our growth strategy and strengthen our capital structure. Our extensive service projects require significant working capital, and thanks to the IPO, our balance sheet is now much stronger. We raised gross proceeds of EUR 35 million in the offering and received over 10,000 new shareholders.

Strategic development projects

In addition to the IPO, we started two other important development projects, a growth engine project related to the plastic waste problem and a sustainability reporting development project. The aim of the growth engine project is to help solve the global plastic waste problem. We started the first projects in cooperation with RiverRecycle Oy in Southeast Asia and made an investment in liquefied waste plastic technology. Our goal is to continuously search for and develop new environmental solutions so that we can offer our customers even more comprehensive solutions.

In 2021, we worked hard to develop our sustainability. For the first time, we defined a sustainability strategy and the most important indicators, as well as calculated the carbon footprint and handprint of our operations.

We developed our sustainability reporting, and as a sign of our good work, we were the first Finnish company to get the Nasdaq Green Equity Designation recognition in January 2022. We want to be a model company in the field of sustainability and continue to develop our operations to be increasingly sustainable, for example by designing and building all our waste and water treatment solutions in accordance with the principles of sustainable development.

> "At the end of the year, our order backlog was EUR 227 million, which is more than 10 times higher than in previous years."

Our personnel's job satisfaction and safety are important sustainability themes for us, and our goal is to further develop our leadership expertise so that we can respond well to the changes caused by our growth. We estimate that our number of employees will increase significantly in the coming years, although the number may vary considerably each year depending on the order backlog and project situation.

Towards 2022

In 2022, thanks to large service contracts, our business will have a strong focus in the Middle East, and we believe that these agreements will enable significant organic growth over the next few years. In addition, we have good growth opportunities in South America, where we have been a strong local player for several years. As a result, we are working on two environmental response and cleanup projects in Peru and Ecuador in 2022. After the reporting period, in January 2022, we opened a sales office in Norway to offer our water treatment solutions to the local fish farming market and signed a letter of intent to establish a joint venture company in Saudi Arabia.

Sustainability and environmental values have become strongly emphasised in recent years, and we believe that this development will continue. We estimate that the market for environmental solutions will grow significantly in 2022. Our revenue is growing rapidly, and we expect us to reach the long-term target of EUR 100 million already in 2022.

The unjustified military actions taken by Russia against Ukraine increases the overall uncertainty and impacts the outlook of the world economy. The military actions are exposing especially our business in Russia, but the impact is, however, seen low. In addition, they may create disturbance for instance in our supply chain and logistics. We are following the situation and reacting to it actively.

Mika Pirneskoski
CEO
Lamor Corporation Plc

LAMOR'S KEY FIGURES FOR 2021

KEY FIGURES (EUR thousand)	2021	2020	Change
Revenue	51,517	45,621	12.9%
EBITDA	6,014	5,610	7.2%
EBITDA margin %	11.7	12.3	-
Adjusted EBITDA	6,692	6,399	4.6%
Adjusted EBITDA margin %	13.0	14.0	-
Operating Profit (EBIT)	1,941	2,426	-20.0%
Operating Profit (EBIT) margin %	3.8	5.3	-
Adjusted Operating Profit (EBIT)	2,831	3,438	-17.7%
Adjusted Operating Profit (EBIT) margin %	5.5	7.5	-
Profit for the period	869	840	3.5%
Earnings per share, EPS (basic), euros	0.05	0.03	52.7%
Return on equity (ROE) %	1.9	3.0	-
Return on investment (ROI) %	3.0	5.3	-
Equity ratio %	56.2	46.8	-
Net gearing %	-6.9	41.6	-
Orders received	260.831	42,646	511.6%
Order backlog	226,906	19,400	1 069.6%
Number of employees at the period end	290	432	-32.9%

MISSION, VISION AND VALUES

MISSION

Let's clean the world!
Our mission is based on cooperation and our object is to make the world a cleaner place

VISION

A world with clean waters and soil during our lifetime

VALUES

Passion, innovation and trust guide everything we do

CLEAR STRATEGY FOR PROFITABLE GROWTH

LAMOR

Technological and international expansion of the business areas

- Local companies in strategically chosen locations enable expanding to the surrounding areas.
- Extensive partner network enables additional sales to the existing customers.

Optimisation of resource usage

- Optimising the net impact by increasing the positive impact and decreasing the negative impact.
- Solutions relating to circular economy and using waste as a raw material.

Winning significant new long-term service agreements

- Long-term service contracts increase the predictability and decrease the amount of seasonal variation.
- The anchor agreements enable providing solutions more widely in the target market.

Continuous improvement of operational efficiency and profitability

- The growth of the operations enables the scalability of the processes.
- Utilising resource globally enables efficient management of fixed costs.

LONG-TERM FINANCIAL TARGETS AND DIVIDEND POLICY

LAMOR

Growth

Increase of annualised revenue to over EUR 100 million as soon as possible, and after achieving this, annual growth significantly faster than the market.

Profitability

Adjusted EBITDA margin over 16 per cent. Adjusted operating profit (EBIT) margin over 14 per cent.

Capital structure

Achieve a capital structure suitable for the company's strategy, targets and risk profile by maintaining a strong balance sheet

Dividend policy

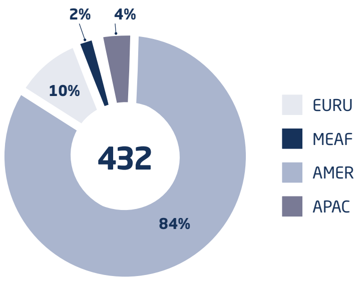
The company aims to distribute annual dividends, while keeping growth as the Company's most important target.

OUR MISSION IS TO CLEAN THE WORLD TOGETHER

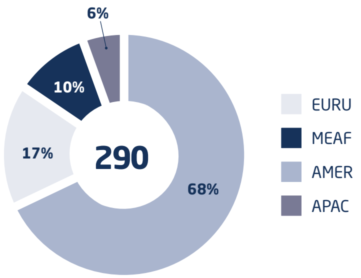
Safe, equal, non-discriminating and attractive place to work

- Lamor provides people with a meaningful job – a workplace with a clear purpose that creates motivation, commitment and willingness to go an extra mile for Lamor's mission to clean the world.
- The safety of our personnel is a key priority for us. We want to ensure sufficient training and instructions for all parties involved in our operations. We keep track of incidents, investigate, mitigate and prevent risks.
- We value open dialogue and trust among people. We organise regular employee satisfaction surveys to identify key development areas.
- The average number of personnel is significantly impacted by the project nature of the Group's operations. In 2020 a labour-intensive service project in Ecuador heavily increased the number of personnel.

Geographical split of the employees 2020



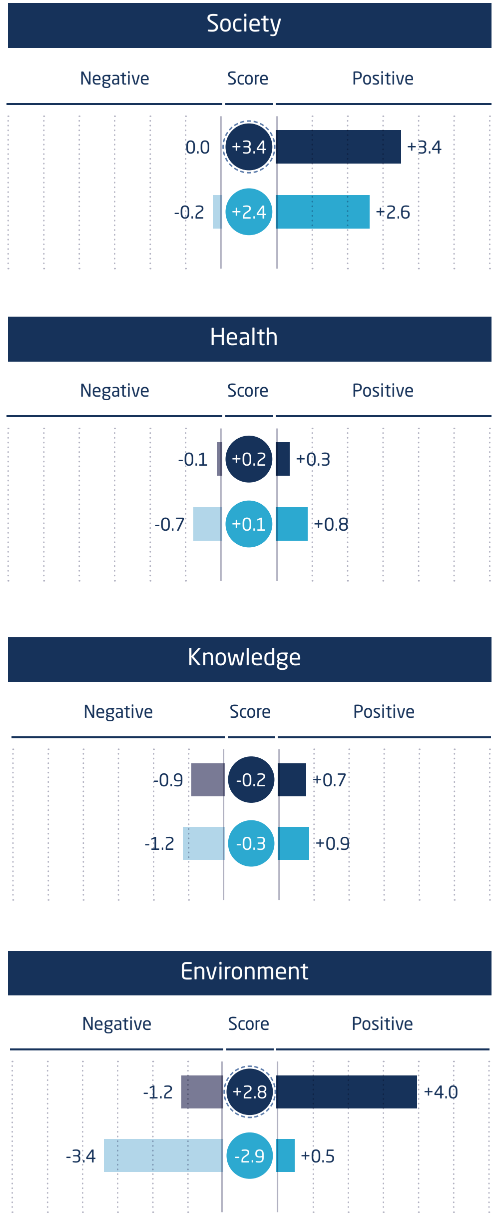
Geographical split of the employees 2021



Our community

Global • Inclusive • Accountable • Entrepreneurial • Strong in networks • Agile • Customer focused

OUR POSITIVE NET IMPACT



Lamor's business stands out through its high positive net impact

The Upright Project prepared in August 2021 an assessment of Lamor's net impact. The net impact highlights the most significant positive and negative impacts on society and environment and linking those impacts together. The net impact shows what resources company uses in its business and what it achieves by using them. When assessing the net impact, it is important to understand the total impact e.g. how much the company is able to create value compared to costs incurred and resources used.

Lamor is able to generate large-scale environmental and health benefits using scarce resources with care. These benefits include e.g. protecting the diversity of the natural environment, decreasing the amount of emissions and waste and supporting the circular economy in its business operations.

Our net impact ratio is +74%

Long-term value is dependent on what kind of resources a company can produce its services and what is the total net impact of the company. The more positive the company is the more sustainable the company's business activities are. The aim of Lamor is to increase the net impact ratio continuously by developing more efficient ways of working to create with the scarce resources maximum amount of positive impacts.

Read the whole report: www.lamor.com/sustainability.

Lamor

Nasdaq Helsinki average

SUSTAINABLE BUSINESS

Lamor received Nasdaq Green Equity Designation as the first Finnish company

Lamor is the first company in Finland who has received Nasdaq Green Equity Designation on 19 January 2022. The designation supports equity issuers with their green business models and strategies and enhances increased visibility and transparency toward investors looking for sustainable investments.

"Lamor has been a front-runner in many ways and receiving the Nasdaq Green Equity Designation as the first company in Finland is one example of our commitment to act as a trusted partner in environmental clean-up projects and provide solutions that help our customers better meet their circular economy targets" says **Mika Pirneskoski**, CEO of Lamor.

Lamor strives to respond to the growing global environmental awareness that creates demand for sustainable environmental solutions. Lamor aims to combat climate change extensively by developing solutions that enable our customers to better prepare for environmental challenges. In addition, Lamor can create significant positive impacts on society and environment through its business activities.

"Sustainability is at the core of Lamor's mission "Let's clean the world". Our vision is a clean tomorrow, where future generations will enjoy clean water and clean soil. Joining the Nasdaq Green Equity Designation program further supports our strategy and business activities around sustainability. It increases transparency of our carbon footprint and at the same time it supports us to further develop our activities increasing our positive carbon handprint." says **Johanna Grönroos**, Chief Development Officer of Lamor.

Nasdaq Green Equity Designation targets **companies that have over 50 percent of their turnover derived from activities considered green** and that continue to invest more than 50 percent in green activities. For the application, a qualitative assessment, relating to the company's activities and investments, is performed to assess the company's alignment with the Nasdaq Green Equity Principles by a Nasdaq approved reviewer. Norwegian company, Cicero Shades of Green, made the review for Lamor.
Read the whole report: **www.lamor.com/sustainability**

BUSINESS OVERVIEW

Specialist in innovative environmental solutions

Lamor is one of the world's leading suppliers of environmental solutions. Our business consists of equipment and services related to oil spill response, waste management and water treatment.

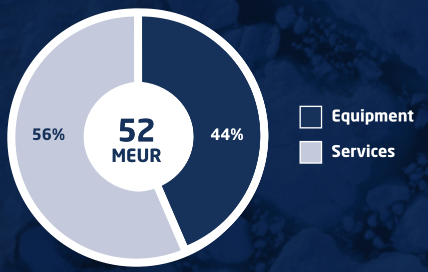
We offer our customers clean-up and preparedness services related to oil spill response and oil spills and other environmental damage, hazardous and non-hazardous waste treatment services as well as tailor-made or customised water purification solutions.

Our goal is to strongly increase the share of services in our business. 56% of our net sales for 2021 were generated by the service business, and on 31 December 2021, 92% of our order backlog consisted of service contracts.

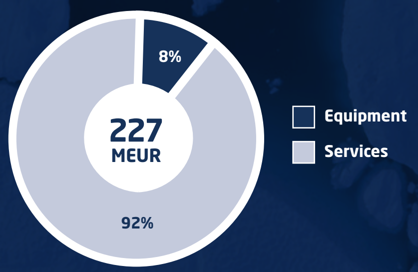
Our extensive customer base consists mainly of public sector customers, such as coast guards and environmental authorities and organisations, as well as large international oil companies.

Our customers also include industrial companies, ports, shipyards and shipping companies. Thanks to our customers and our extensive network of local partners, we have operations in over 100 countries. In 2021, North and South America accounted for 23%, Europe and Russia 22% and Asia-Pacific 12% of our revenue. The Middle East is our major growth area, and it accounted for 44% of revenue in 2021.

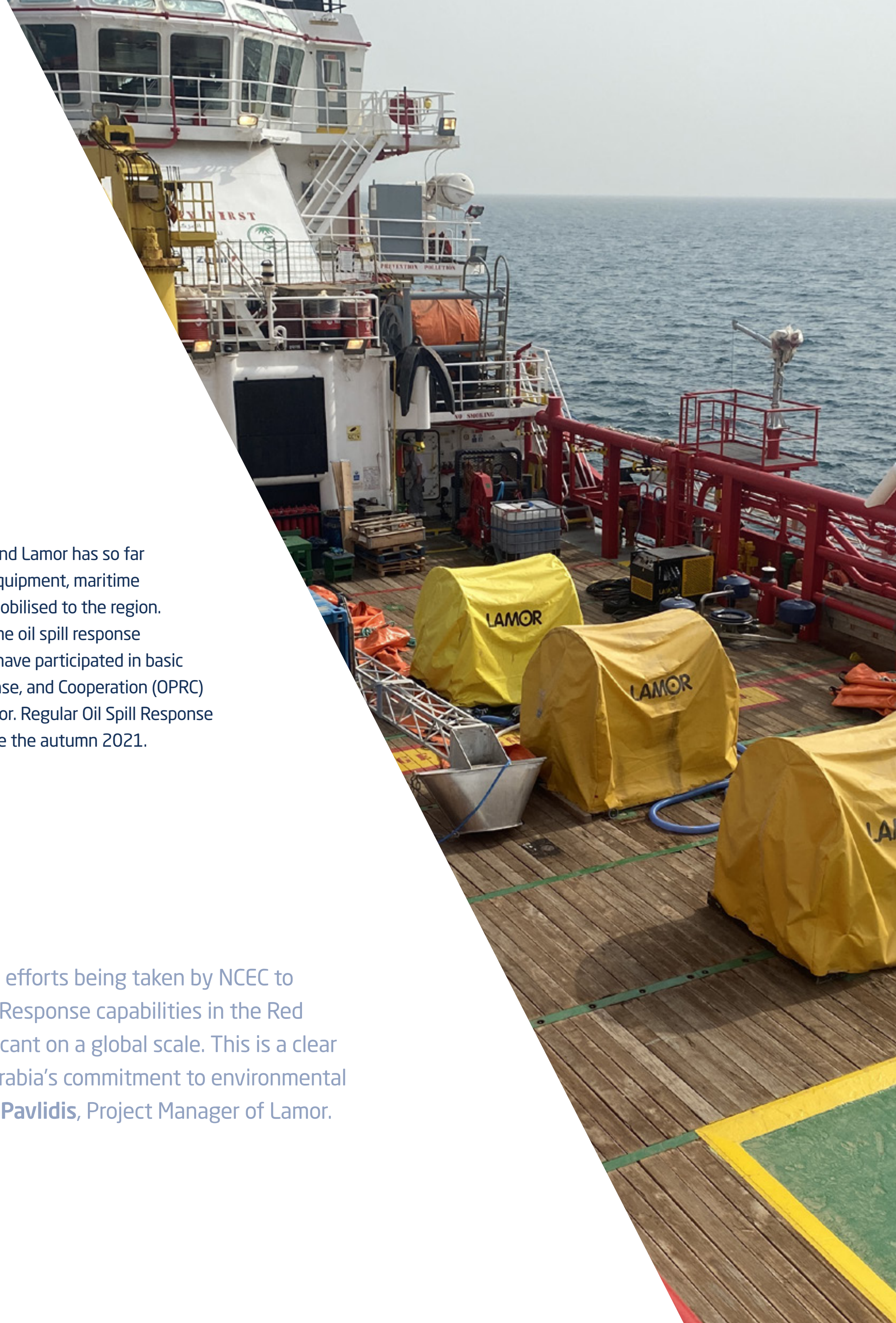
Revenue per business in 2021



Order backlog per business in 2021



SIGNIFICANT LONG-TERM SERVICE CONTRACTS



Lamor improves oil spill response capabilities in the Red Sea area

In March 2021, Lamor entered into a three-year service agreement with the National Center for Environmental Compliance (NCEC) in Saudi Arabia to strengthen the Oil Spill Response capabilities in the Red Sea area. The services include for instance assessment of the current resources, contingency planning, training of responder resources as well as marine and aviation assets. Three oil spill response centers will also be built in the area. The aim of the project is to support the efforts to establish and enhance the environmental services capabilities in the Red Sea area.

The Red Sea is one of the world's busiest sea routes and the coastline has pristine environments that could suffer irreparable damage in case of a major oil spill. Increasing Saudi Arabia's ability to respond to incidents is a key mission of NCEC and the Ministry of Environment, Water and Agriculture. The Red Sea area has many pristine ecosystems and with several large projects to develop the Saudi Arabia's tourism sector, focus on environmental protection is paramount. Lamor's service agreement with NCEC is an integral part of achieving the region's environmental protection targets.

The project started in June 2021 and Lamor has so far supplied a significant amount of equipment, maritime assets and personnel have been mobilised to the region. In addition to the dedicated full time oil spill response personnel, more than 300 people have participated in basic Oil Pollution Preparedness, Response, and Cooperation (OPRC) training courses facilitated by Lamor. Regular Oil Spill Response exercises have also been held since the autumn 2021.

> The investments and efforts being taken by NCEC to enhance the Oil Spill Response capabilities in the Red Sea region are significant on a global scale. This is a clear testimony to Saudi Arabia's commitment to environmental protection, says **Ilias Pavlidis**, Project Manager of Lamor.

SIGNIFICANT LONG-TERM SERVICE CONTRACTS

Lamor develops Guyana's waste management and circular economy with a 10-year service contract

In July 2020, Lamor signed a major agreement to provide integrated hazardous waste management services in Guyana to a local energy company Esso Exploration and Production Guyana Limited (EEPGL) in a consortium with Gaico Construction and General Services Inc and Guyana Shore Base Inc. A ten-year service contract covers the construction of a waste management facility in Georgetown, as well as its operation. To execute the service agreement, the operating company Sustainable Environmental Solutions Guyana Inc. (SES) was established, of which Lamor indirectly owns approximately 24.5 percent.

In the absence of local waste treatment infrastructure and any organised waste recovery and recycling industries in Guyana, SES has embarked on a close partnership with EEPGL to develop the local waste management and recycling infrastructure. Since the beginning, the project has been driven by circular economy perspective. Waste is seen as a raw material and, for example, waste oil is sold to the customer's supply chain, where it is utilized as drilling mud.

The construction and commissioning of the Guyana Integrated Waste Management Facility was completed in September 2021 and the waste management was initiated in the same month. An integrated system was developed at the facility to deal with combinations of hazardous and non-hazardous waste streams. The solution helps to reduce waste and to increase the efficiency of waste recovery and recycling, so that the amount of waste going to final disposal is kept to a minimum.

> We will be working closely with Exxon and other local stakeholders to create an environment supporting circular economy for the citizens of Georgetown converting the waste materials the Oil and Gas industry discards into future downstream products and services, says **Paul Roach**, Head of Waste Management Business Line of Lamor.

SIGNIFICANT LONG-TERM SERVICE CONTRACTS

Lamor cleaning the largest global anthropogenic oil spill in Kuwait

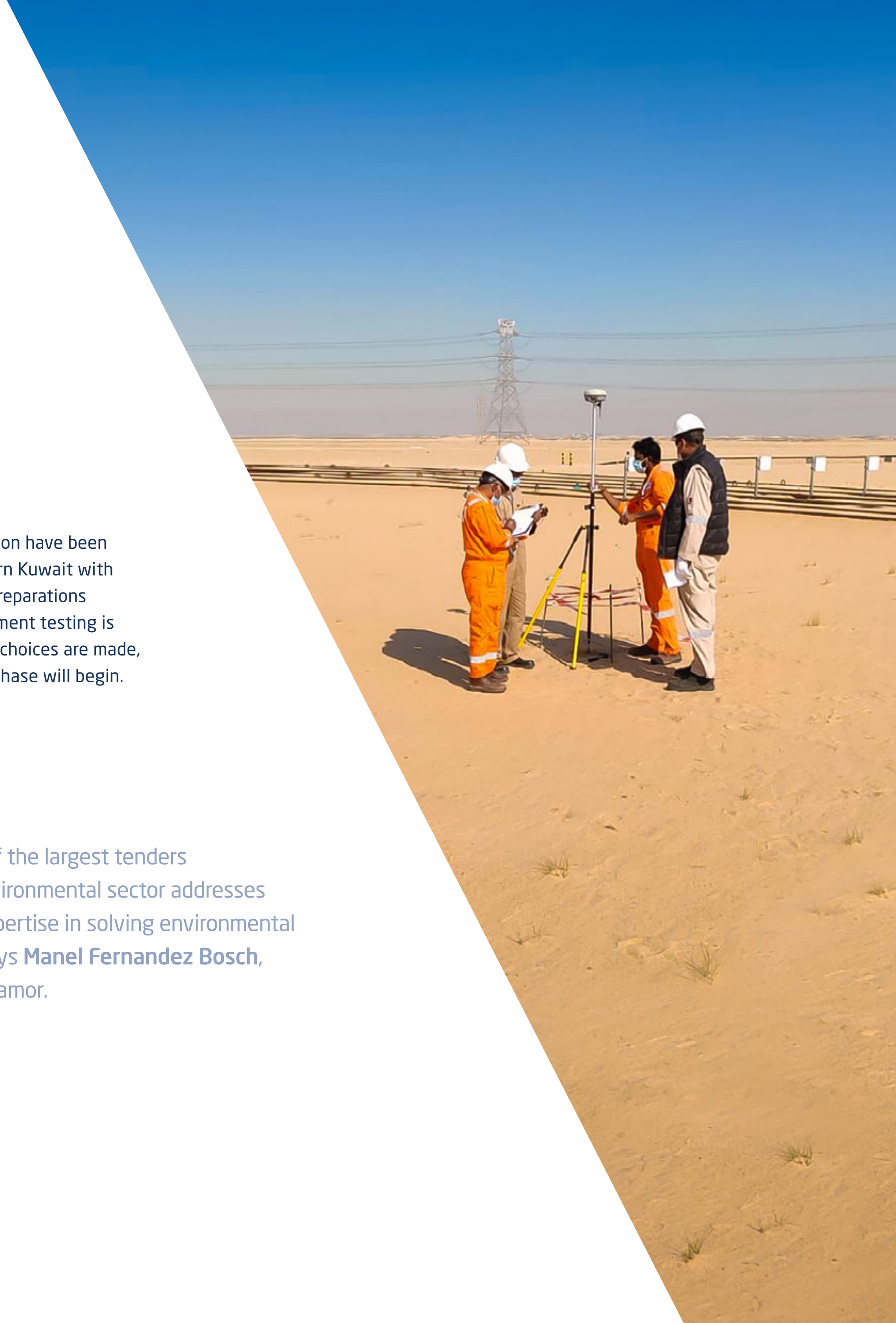
In July 2021, Lamor signed contracts for soil remediation projects in northern and southern Kuwait in a consortium with Khalid Ali Al-Kharafi & Bros. Co.

The world's largest anthropogenic oil spill happened in Kuwait in 1991 during the Gulf war. When Iraq attacked Kuwait in 1991 its troops torched 600–700 oil wells in the area, which led to a massive oil spill and an environmental catastrophe.

The Kuwait Environmental Remediation Program (KERP), which is managed by the United Nations, was established for the aftercare of the catastrophe, aiming to clean, remediate and revegetate the affected area. The United Nations has admitted an award of USD 3 billion for soil remediation activities in the area.

Projects related to soil remediation have been initiated in northern and southern Kuwait with facility construction and other preparations in 2021. During 2022, the treatment testing is performed, the final technology choices are made, and the remediation execution phase will begin.

> Our success in one of the largest tenders within the global environmental sector addresses our reliability and expertise in solving environmental problems globally, says **Manel Fernandez Bosch**, Project Manager of Lamor.



LAMOR AS EMSA'S PARTNER

Lamor acting as a trusted partner providing technical expertise, operational assistance and storage to improve oil pollution preparedness and response capabilities to European Maritime Safety Agency (EMSA).

EMSA was founded after two major oil spills during 1999-2002 devastated the European coastlines from the Atlantic Iberian Peninsula to the Bay of Biscay, resulting in large scale long-term environmental damages. There was a need of a European scale of response capacity to provide additional top-up capacity to help coastal states around Europe to respond quickly, effectively and efficiently to a major oil spill. EMSA developed a public-private partnership approach where commercial vessels could be contracted and pre-fitted to be on stand-by and respond within maximum 24 hours. Subsequently, EMSA has also taken on the role of maintaining a network of equipment stockpiles along the EU coastline covering most of the critical environmentally sensitive and economically important areas. The Equipment Assistance Service (EAS) associated with the stockpile ensures that the equipment items are made available for emergency mobilisation and transportation in less than 12 hours.

When EMSA first announced its new approach, Lamor took the lead and formed a partnership with a Danish shipowner, offering to pre-fit a fleet of five vessels supported by two equipment stockpiles to protect the Baltic Sea area. This successful concept resulted in Lamor winning the tender and being among the first three EMSA contractors in 2005.

Since then, Lamor has worked successfully supplying services and oil pollution response equipment to EMSA and to companies operating stand-by oil spill recovery vessels contracted by EMSA.

In 2021, Lamor has been acting as a trusted partner of EMSA and continued to deliver several kinds of equipment and services for EMSA.

"Today Lamor can be proud of a long history of enhancing the oil pollution preparedness and response along the European coastline with EMSA. Lamor has been the preferred choice for many of EMSA contractors when they have looked for a trusted and capable supplier for oil spill response equipment and vessel pre-fitting expertise. Lamor's equipment has been successfully installed on an icebreaker, several bunker vessels and offshore supply vessels contracted by EMSA on the Baltic Sea, the Atlantic, the Mediterranean and the Black Sea, says **Rune Högström**, Head of Oil Spill Response at Lamor.

INFORMATION FOR SHAREHOLDERS

At the end of 2021, Lamor announced an initial public offering (IPO) and share trading began on the Nasdaq First North Premier Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy on December 8, 2021. In the Offering, Lamor issued 7 281 374 new shares and the number of shareholders rose to more than 10 000 shareholders.

- Market Capitalization 31 December 2021: **EUR 124 million**
- Highest price of the share: **EUR 5.88**
- Subscription price for the Offer Shares: **EUR 4.83**
- Number of Shareholders 31 December 2021: **7 381**
- Lowest price of the share: **EUR 4.14**
- Closing price of the share on 31 December 2021: **EUR 4.61**

INFORMATION FOR SHAREHOLDERS

Annual General Meeting of Lamor Corporation Plc

The Annual General Meeting of Lamor Corporation Plc is planned to be held on Thursday, April 28, 2022.

Board of Directors' proposal for profit distribution

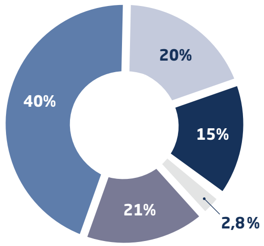
The Company aims to distribute annual dividends, while keeping growth as the Company's most important target. The Board of Directors proposes that no dividend will be paid for the financial year 2021. The parent company's distributable funds total EUR 34,009,086.68 which includes EUR -7,478,375.60 in net loss for the year.

Lamor's Financial Calendar 2022

Lamor publishes its financial results in 2022 as follows:

- Interim report January–March 2022 (Q1)
  Tuesday 17 May 2022
- Half-year report January–June 2022 (H1)
  Tuesday 16 August 2022
- Interim report January–September 2022 (Q3)
  Tuesday 15 November 2022

Shareholders per sector 2021



SHAREHOLDER	Number of shares	Shares %
Larsen Family Corporation Oy	8,705,094	31.65
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,938,850	7.05
Suomen Teollisuussijoitus Oy	1,938,800	7.05
Mandatum Henkivakuutusosakeyhtiö	1,648,246	5.99
Larsen Nico Benjamin	1,539,450	5.60
Larsen Fred Jörgen	1,098,350	3.99
Eläkevakuutusosakeyhtiö Veritas	724,637	2.64
Danske Bank AS Helsinki Branch	709,811	2.58
Sijoitusrahasto Danske Invest Suomi osake	669,118	2.43
Capital Dynamics Oy	621,500	2.26
10 largest shareholders in total	**19,593,856**	**71.24**

BOARD OF DIRECTORS

Esa Ikäheimonen
(born 1963)
Chairman of the Board of Directors
since 2018

- Ikäheimonen also serves as a CFO and as an Executive Director of Genel Energy plc (until 16 March 2022), and as a member of the Board of Directors of IOG plc and Averda International
- In addition, during the previous five years Ikäheimonen has served as a member of the Board of Directors of Energy Infrastructure Company ltd and Vantage Drilling International and before that as a member of the Board of Directors of Ahlstrom Corporation
- Ikäheimonen has more than 30 years of experience mainly in the oil and gas business, including working for Royal Dutch Shell, Pöyry, Transocean and Seadrill
- Master of Laws degree from the University of Turku
- Finnish citizen

Fred Larsen
(born 1968)
Member of the Board of Directors
since 2008

- One of the founders of Lamor, and he has also previously served as the CEO of Lamor between 2010 and 2019 as well as a member of the Management Team between 1998 and 2019
- In addition, Larsen serves as the Chairman of the Board of Directors of Larsen Family Corporation Oy and Krämaretorget Fastighets Ab
- More than 40 years of experience from the industry
- High school diploma
- Citizen of Finland and Denmark

Timo Rantanen
(born 1961)
Member of the Board of Directors
since 2020

- He has previously served as Lamor's interim COO between 2018 and 2020 and CFO between 2001 and 2007
- Rantanen serves also as the Chairman of the Board of Directors and as the CEO of Capital Dynamics Oy, as the Chairman of the Board of Directors of Eksell Holding Oy, Corrosion Control International Oy, companies belonging to Genera Management group as well as a member of the Board of Directors of Petter Larsen Holding Oy, Nurmijärven Linja Oy and companies belonging to Joensuun Tila group
- Rantanen has more than 30 years of experience from strategic planning and financing of business
- Master of Science Degree in Economics from the University of Vaasa
- Finnish citizen

Nina Ehrnrooth
(born 1962)
Member of the Board of Directors
since listing

- CEO of Partioaitta Oy
- Member of Frilufts Retail Europe Management Team
- Ehrnrooth serves also as the Chairman of the Board of Lyra in Africa r.y
- Ehrnrooth has previously served as a HR consultant at Virvo Oy, as a HR manager at Dell Oy as well as a HR and deputy country manager at Stadium Oy
- Master of Science Degree in Economics from the Hanken School of Economics
- Finnish citizen

Kaisa Lipponen
(born 1980)
Member of the Board of Directors
since listing

- Member of the leadership team (SVP, Communications & Sustainability) of Paulig Ltd
- In addition, during the previous five years Lipponen has served as a member of the Board of Directors of ProCom Oy as well as a Communications Director at Neste Corporation
- Master of Arts Degree from the University of Jyväskylä
- Finnish citizen

MANAGEMENT TEAM

Mika Pirneskoski
(born 1978)
CEO since 2019

- Before this Mika has held several management positions in Lamor group
- Master of Science Degree in Economics from the University of Oulu
- Finnish citizen

Timo Koponen
(born 1969)
CFO since 2021

- Before joining Lamor, Timo has served in several positions at Wärtsilä Corporation as well as an external advisor at Bain & Company and Trailmaker Ltd
- Master of Science Degree in Economics from the Turku School of Economics
- Finnish citizen

Johanna Grönroos
(born 1977)
CDO since 2021

- During the previous five years Johanna has served as a partner and as a Senior Manager at Ernst & Young Oy
- Master of Science Degree in Economics from the Turku School of Economics
- Grönroos is also Member of the Board of CarbonLink Oy
- Finnish citizen

Magnus Miemois
(born 1970)
COO since 2020

- Before joining Lamor, Magnus has served in several positions at Wärtsilä Corporation
- Master of Science degree in Technology from the Helsinki University of Technology
- Miemois is also Chairman of the Board and debuty CEO in PMR Performance Oy.
- Finnish citizen

Mervi Oikkonen
(born 1976)
Human Resources Director starting 1/2022

- Before joining Lamor, Mervi has served in HR director positions at Neste Oyj and in different business units at ABB Oy
- Master of Science Degree in Economics from the Helsinki School of Economics
- Finnish citizen

Johan Grön
(born 1966)
Chief Operating Officer starting 5/2022

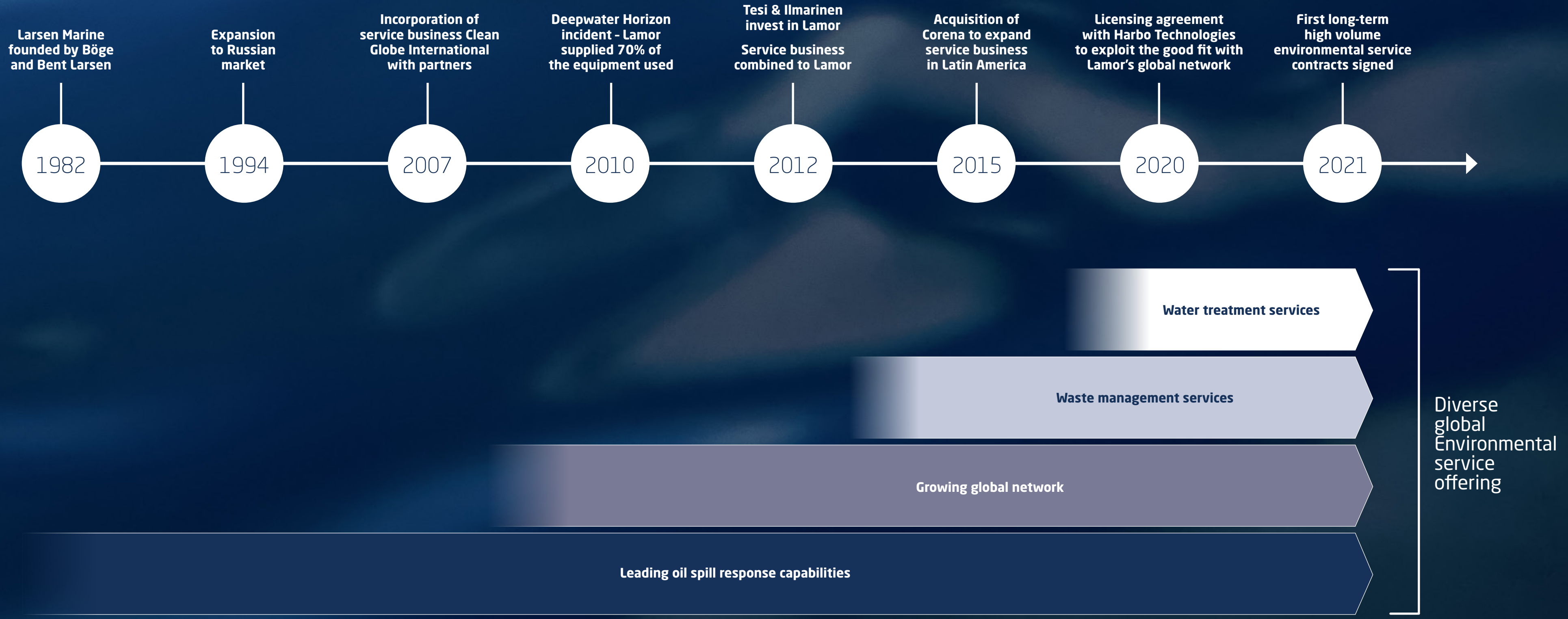
- Before joining Lamor, Johan has served in director positions at Gasum, Outotec and Xylem Inc. In addition, he has held several management positions at companies including Stora Enso and Valmet.
- D.Sc., Chem.Eng. from the Åbo Akademi
- Finnish citizen

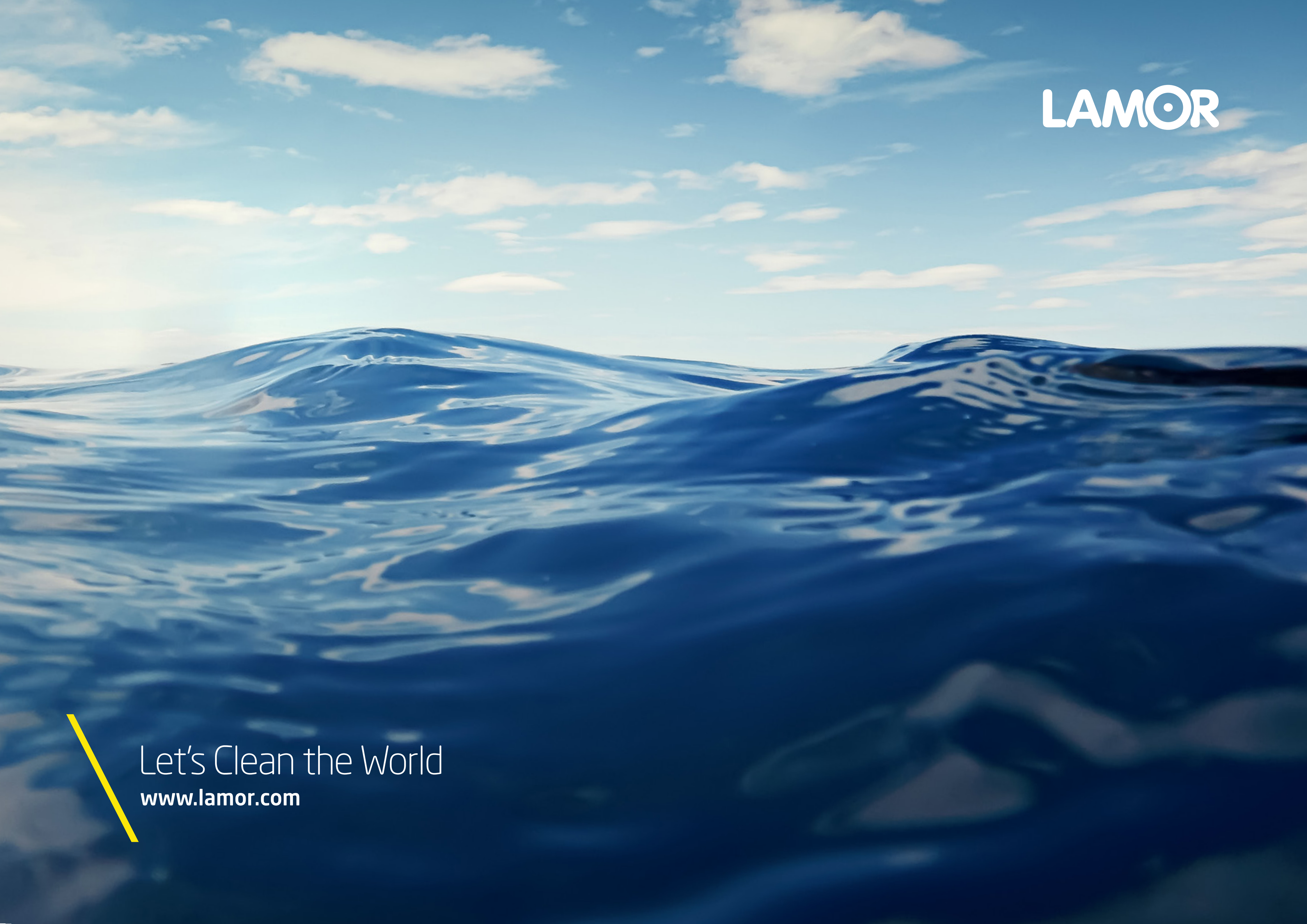
The current Chief Operating Officer Magnus Miemois will continue as Lamor's Chief Commercial Officer when Johan joins Lamor.

HISTORY

LAMOR

Lamor history from humble beginnings to a global network with megaproject capabilities




LAMOR
Let's Clean the World
www.lamor.com

FINANCIAL STATEMENTS 2021

Table of content

Board of Directors' Report 1 January–31 December 2021

2021 in brief

- Orders received increased by 511.2% and was EUR 260.8 million (42.6)
- Order backlog increased strongly and was EUR 226.9 million (19.4)
- Revenue grew by 12.9% and was EUR 51.5 million (45.6)
- EBITDA totalled EUR 6.0 million (5.6)
- Adjusted EBITDA increased by 4.6% and was EUR 6.7 million (6.4) (adjusted with IPO related expenses of EUR 0.6 million)
- EBIT was EUR 1.9 million (2.4)
- Adjusted EBIT totalled EUR 2.8 (3.4)
- Net cash flow from operating activities was EUR -5.4 million (6.0)
- Earnings per share increased to 0.05 euro (0.03)
- The Board of Directors proposes that no dividend will be paid for the financial year 2021.

Review of business in 2021

2021 was a pivotal year for Lamor. We won significant multi-year service contracts and improved our delivery capability to meet the needs of large projects. We also developed our business and sustainability work. To enable our growth strategy, we arranged a successful share offering and listing on the Nasdaq First North Premier Growth Market Finland marketplace in December.

Our strategy to be globally local demonstrated its functionality during the year. Thanks to our strategy, we have been able to act very efficiently, even though the coronavirus measures have restricted mobility.

In 2021, our revenue amounted to EUR 52 million, growing 12.9 per cent from the previous year. The NCEC agreement in Saudi Arabia contributed significantly to revenue growth, albeit much of the revenue from the large service project will be recorded in the coming years. We won all major tenders we participated in, so we can be very happy with our performance.

At the end of the year, our order backlog was EUR 227 million, which is more than 10 times higher than in previous years. Of this, the equipment and services to be delivered in 2022 will account for approximately EUR 79 million, and the remaining equipment deliveries of the order backlog and the delivery of service contracts will take place during several coming years.

During the year, we signed a major service agreement to strengthen oil spill response capabilities in the Red Sea region in Saudi Arabia, as well as two project agreements with Kuwait Oil Company. We also participated in several different oil spill response exercises around the world. Exercises play a very important role in maintaining functional capacity: "You play the way you practice" applies both in sports and in oil spill control.

Our adjusted operating profit margin for the full year was 5.5 per cent, which did not yet meet our long-term target of 14 per cent. However, in the second half of the year, profitability improved, and we achieved an adjusted operating profit margin of 10.5 per cent. In line with our scalable business model, revenue growth supports the achievement of the target, and we are determined to achieve the targeted profitability levels.

One of last year's main events was Lamor's listing on the Nasdaq First North Premier marketplace in December. We had been preparing for the IPO for a long time, and it was a great effort from our entire organisation. Our goal with the IPO was to raise funds to implement our growth strategy and strengthen our capital structure. Our extensive service projects require significant working capital, and thanks to the IPO, our balance sheet is now much stronger. We raised gross proceeds of EUR 35 million in the offering and received over 10,000 new shareholders.

In addition to the IPO, we started two other important development projects, a growth engine project related to the plastic waste problem and a sustainability reporting development project.

Board of Directors' Report 1 January–31 December 2021

The aim of the growth engine project is to help solve the global plastic waste problem. We started the first projects in cooperation with RiverRecycle Oy in Southeast Asia and made an investment in liquefied waste plastic technology. Our goal is to continuously search for and develop new environmental solutions so that we can offer our customers even more comprehensive solutions.

In 2021, we worked hard to develop our sustainability. For the first time, we defined a sustainability strategy and the most important indicators, as well as calculated the carbon footprint and handprint of our operations. We developed our sustainability reporting, and as a sign of our good work, we were the first Finnish company to get the Nasdaq Green Equity Designation recognition in January 2022. We want to be a model company in the field of sustainability and continue to develop our operations to be increasingly sustainable, for example by designing and building all our waste and water treatment solutions in accordance with the principles of sustainable development.

Our personnel's job satisfaction and safety are important sustainability themes for us, and our goal is to further develop our leadership expertise so that we can respond well to the changes caused by our growth. We estimate that our number of employees will increase significantly in the coming years, although the number may vary considerably each year depending on the order backlog and project situation.

In 2022, thanks to large service contracts, our business will have a strong focus in the Middle East, and we believe that these agreements will enable significant organic growth over the next few years. In addition, we have good growth opportunities in South America, where we have been a strong local player for several years. As a result, we are working on two environmental response and cleanup projects in Peru and Ecuador, whose combined value is at least 22.5 million euros. After the reporting period, in January 2022, we opened a sales office in Norway to offer our water treatment solutions to the local fish farming market and signed a letter of intent to establish a joint venture company in Saudi Arabia.

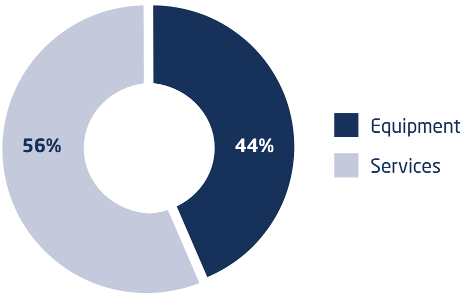
Sustainability and environmental values have become strongly emphasised in recent years, and we believe that this development will continue. We estimate that the market for environmental solutions will grow significantly in 2022. Our revenue is growing rapidly, and we expect us to reach the long-term target of EUR 100 million already in 2022.

The unjustified military actions taken by Russia against Ukraine increases the overall uncertainty and impacts the outlook of the world economy. The military actions are exposing especially our business in Russia, but the impact is, however, seen low. In addition, they may create disturbance for instance in our supply chain and logistics. We are following the situation and reacting to it actively.

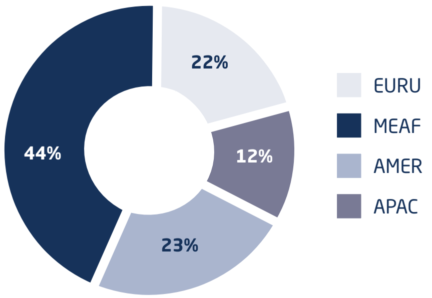
Board of Directors' Report 1 January–31 December 2021

Revenue split 2021

Equipment and Services



Area



Key figures

EUR thousand unless otherwise noted	Jan-Dec 2021	Jan-Dec 2020	Change %
Revenue	51,517	45,621	12.9%
EBITDA	6,014	5,610	7.2%
EBITDA margin %	11.7%	12.3%	
Adjusted EBITDA	6,692	6,399	4.6%
Adjusted EBITDA margin %	13.0%	14.0%	
Operating Profit (EBIT)	1,941	2,426	-20.0%
Operating Profit (EBIT) margin %	3.8%	5.3%	
Adjusted Operating Profit (EBIT)	2,831	3,438	-17.7%
Adjusted Operating Profit (EBIT) margin %	5.5%	7.5%	
Profit for the period	869	840	3.5%
Earnings per share, EPS (basic), euros	0.05	0.03	52.7%
Return on equity (ROE) %	1.95%	3.0%	
Return on investment (ROI) %	2.96%	5.3%	
Equity ratio %	56.2%	46.8%	
Net gearing %	-6.9%	41.6%	
Orders received	260,831	42,646	511.6%
Order backlog	226,906	19,400	1,069.6%
Number of employees at the period end	290	432	-32.9%

Formulae for the calculation of key figures are presented at the end of the report of Board of Directors.

Alternative performance measures

Lamor follows the guidance issued by ESMA in 2016 (European Securities and Markets Authority) about the presentation of alternative performance measures.

Lamor uses alternative key figures EBITDA, Adjusted EBITDA, Operating Profit (EBIT) and Adjusted Operating Profit (EBIT), as part of regulated financial information to enable the users of financial information to meaningful analyses of the performance of the Group.

The Adjusted EBIT and Adjusted EBITDA are calculated as follows:

Adjusted EBIT and EBITDA EUR thousand	Q4 2021	Q4 2020	1 Jan- 31 Dec 2021	1 Jan- 31 Dec 2020
Operating Profit (EBIT)	**513**	**-592**	**1,941**	**2,426**
Depreciations, amortisations and impairment	1,341	890	4,072	3 183
EBITDA	**1,854**	**298**	**6,014**	**5,610**
Non-recurring Items				
Business combinations expenses	-	789	79	789
IPO related expenses	114	-	599	0
Adjusted EBITDA	**1,968**	**1,087**	**6,692**	**6,399**
Depreciations, amortisations and impairment	-1,341	-890	-4,072	-3,183
Amortisation of intangible assets identified in PPA	53	56	211	223
Adjusted EBIT	**680**	**252**	**2,831**	**3,438**

Board of Directors' Report 1 January–31 December 2021

Market outlook

Globally increasing environmental awareness creates market demand for sustainable solutions to clean our soils and waters. Increased awareness has led governments and private sectors to pay attention to uncleaned areas with soil and water contamination. There is a large number of restoration liabilities arising from oil spills on a global level and a number of large-scale oil spills still remain uncleaned.

For instance, there are approximately 3.5 million abandoned oil and gas wells in North America and over 1 million contaminated sites in Europe. Lamor expects that activities related to the clean-up of legacy spills will create a significant market for innovative, sustainable and comprehensive environmental solutions. Increased environmental awareness has also led to tightening environmental legislation, and sufficient oil spill response equipment and service capabilities have a critical role in the future of environmental protection.

With its wide-ranging equipment portfolio and experience of soil remediation and water treatment solutions, Lamor can offer its clients comprehensive solutions to decrease their restoration liability as well as to improve their environmental preparedness capabilities. It has been estimated that the amount of drilling activities will increase in the next 5-year period. At the same time the increased understanding of the sensitivity of ecosystems and legacy contamination create a need for the governmental and the private sector to be better prepared for future incidents as well as to finance the clean-up operations of the legacy contamination. Lamor seeks to utilise its wide-ranging expertise to grow in these market segments and areas.

Increased environmental awareness and more specifically the adoption of ESG performance indicators are significant competitive advantages for Lamor. Oil and gas companies are facing a strong pressure to develop sustainable solutions in their respective business areas. We believe that environmental investments will grow relatively more in oil, gas and petrochemical industries compared to other industries. Lamor is developing ways to support its customers to collect indirect emission data (so called Scope 3 emission data), enabling many large companies to estimate the carbon footprint of their projects with the required and desired accuracy.

Guidance for 2022

Lamor estimates its revenue to be at least 110 million for the full year 2022. Adjusted EBIT is estimated to be at least EUR 12 million.

Lamor has a high order backlog coverage to back up its revenue and result for 2022. Since a significant part of the revenue is generated by large service project deliveries, any major delay in the timing of the project progress is posing a risk for 2022 performance.

The unjustified military actions taken by Russia against Ukraine increases the overall uncertainty and impacts the outlook of the world economy. The military actions are exposing especially Lamor's business in Russia, but the impact is, however, assessed to be low. In addition, the military actions may create disturbance for instance in Lamor's supply chain and logistics.

In addition, any potential virus variant of Covid-19 could have a negative impact on Lamor's revenue and result in 2022 by impacting Lamor's capabilities to deliver projects efficiently.

Long-term financial targets

Lamor's Board of Directors has defined the following financial targets for the company:

- Growth: Increase of annualised revenue to over EUR 100 million as soon as possible, and after achieving this, annual growth significantly faster the market.
- Profitability: Adjusted EBITDA margin -% of over 16 per cent and adjusted operating profit (EBIT) margin -% over 14 per cent.
- Capital structure: Achieving a capital structure suitable for the company's strategy, targets and risk profile by maintaining a strong balance sheet.
- Dividend policy: The company aims to distribute annual dividends, while keeping growth as the Company's most important target.

Board of Directors' Report 1 January–31 December 2021

Financial performance

January - December 2021

The Group's revenue increased 12.9% and stood at EUR 51.5 million (45.6). Following the pattern from earlier years, a large part of the Group's revenue was generated during the second half of the year. The Group's service project deliveries in Saudi Arabia and Kuwait contributed significantly to the revenue during the second half of the year. During the period we experienced continued subdued activity levels in the Group's services operations in South America due to lower activities in local drilling operations.

The Group's adjusted EBITDA was EUR 6.7 million (6.4) being 4.6% higher than in the comparative period. The costs related to strengthening the organisation together with significantly weaker performance in the associated companies undermined the positive development elsewhere. The comparative period was positively impacted by a highly profitable oil spill recovery project in the Amazon area in Ecuador. Higher revenue during the second half of the year highlights the Group's ability to scale up its operations and gain from the positive operational leverage.

Adjusted EBIT totalled EUR 2.8 million (3.4). In addition to the above-mentioned cost increase, EBIT was also impacted by Saudi Arabia project related right-of-use asset depreciations (IFRS 16) by EUR -1.0 million during the period.

Financial income and expenses were EUR -1.8 million (-1.4). Financial expenses included EUR -1.0 million for guarantee expenses (-0.6) and EUR -0.6 million (-0.6) interest expenses. In addition, financial expenses included interest expenses for lease liabilities for EUR -0.1 million (0.0).

The Group's profit before taxes was EUR 0.2 million (1.0).

Net cash flow from operating activities was EUR -5.4 million (6.0). Cash flow was negatively impacted by the timely mismatch between project procurement and customer payment instalments in the beginning of the Saudi Arabia service project delivery. Large service projects typically employ working capital at the early phase of the delivery process.

Cash flow from investments was EUR -4.3 million (-2.0) and consisted of investments in the development of the global network within the Business Finland Growth Engine program as well as investments in service business asset base. During the period Lamor also invested EUR 0.4 million in the Pyroplast Energy technology company.

The Group's equity ratio was 56.2 (46.8) percent and net gearing was -6.9 percent (41.6). In addition to increased indebtedness, equity ratio and net gearing were impacted by IFRS 16 lease liabilities for the oil spill response vessels in the Saudi Arabian project.

Order backlog at the end of the period was EUR 226.9 million (19.4). During the reporting period, new orders received were EUR 260.8 million (42.6). The most significant new projects include one Saudi Arabian and two Kuwaiti service projects, which were registered in April and July respectively. Revenue recognition for these projects will happen during the next 3 to 5 years.

Investments and R&D activities

The amount of investments in intangible and tangible assets in 2021 was EUR 3.4 million (2.1). The capitalized development expenses amounted to EUR 0.8 million (1.8). Lamor made an investment of EUR 0.4 million in the shares of technology company Pyroplast Energy. The addition of EUR 6.2 million (0.2) in right of use assets relates for a major part to vessel rentals in the Group's Saudi Arabian service project.

Depreciation and amortisation during the period amounted to EUR 4.1 million (3.2).

The Group's development costs during the year amounted to EUR 1.2 (1.4) million, for which public research and development grants amounting to EUR 0.4 (0.6) million were received. The received public grants have been deducted from the capitalized development costs. The development activities encompassed development of oil spill response equipment and service business.

Financial position

Lamor's interest-bearing liabilities mainly comprise loans from financial institutions, capital loans and lease liabilities under IFRS 16. Lamor's interest-bearing liabilities on 31 December 2021 amounted to EUR 24.7 million (17.1) including lease liabilities for EUR 5.5 million (1.0), and its net debt totalled EUR -4.2 million (11.8). At the end of the period, the Group had liquid funds, consisting of cash and cash equivalents, amounting to EUR 28.9 million (5.3). Lamor's liabilities increased in 2021 due to the funding needs for working capital caused by the Group's large projects and due to an increase in the Group's lease liabilities related to the project in Saudi Arabia.

Board of Directors' Report 1 January–31 December 2021

The Group's loans from financial institutions at the end of the period consisted of senior priority financing arrangements, entered into in June 2021, which include a financing limit of EUR 8.0 million, of which EUR 6.7 million is in use; bank loans of EUR 8.0 million, and an overdraft facility of EUR 3.5 million, which is not used. The aggregate value of outstanding guarantees totalled EUR 22.9 million.

In addition to credit arrangements, Lamor had debt financing of EUR 2.5 million of which EUR 2.3 million was outstanding as of 31 December 2021 and a capital loan of EUR 3.0 million from the State Treasury granted in connection with the Growth Engine competition of Business Finland. These arrangements are subordinate to senior financing.

Personnel

In 2021, Lamor employed on average 290 persons (432). The average number of personnel is significantly impacted by the project nature of the Group's operations. In 2020 a labour-intensive service project in Ecuador heavily increased the number of personnel.

Sustainability

Lamor's aim is to clean the world, and the Group has worked towards this since its incorporation. Lamor is committed to applying the highest quality standards to ensure environmental compliance of all its activities. Lamor is continuously developing new methods and solutions to achieve its aim.

Green Equity Designation

Lamor was the first company in Finland to receive Nasdaq Green Equity Designation. The designation supports equity issuers with their green business models and strategies and enhances increased visibility and transparency toward investors looking for sustainable investments.

Nasdaq Green Equity Designation targets companies that have over 50 percent of their turnover derived from activities considered green and that continue to invest more than 50 percent in green activities. For the application, a qualitative assessment, relating to the company's activities and investments, is performed to assess the company's alignment with the Nasdaq Green Equity Principles by a Nasdaq approved reviewer. A Norwegian company, Cicero Shades of Green, made the review for Lamor.

Sustainability is at the core of Lamor's mission "Let's clean the world". Lamor's vision is a clean tomorrow, where future generations will enjoy clean water and clean soil. Joining the Nasdaq Green Equity Designation program supports Lamor's strategy and business activities around sustainability. It increases the transparency of Lamor's carbon footprint and at the same time, it supports Lamor to further develop the activities with the aim of increasing the positive carbon handprint.

Lamor was approved as part of the Nasdaq Green Equity Designation as of 19 January 2022.

Positive net impact

With its business, Lamor delivers a positive net impact on the environment and society. This was evaluated by a survey conducted by The Upright Project, a partner of Nasdaq in the evaluation of the net impact of companies.

As a result of its operations and by using minimal resources, Lamor is able to generate large-scale environmental and health benefits, including protecting biodiversity, reducing emissions and waste along with conserving scarce natural resources. Compared to public companies listed on the Nasdaq Helsinki, Lamor's business stands out through its high net impact ratio, which is +74 per cent, whereas the average ratio on Nasdaq Helsinki is -13 per cent. The net impact ratio indicates the difference between positive and negative social impacts in relation to the positive social impacts.

Sustainability activities

The environmental awareness and particularly the application of ESG indicators provide significant competitive advantages for Lamor. Lamor has invested into increasing its capabilities for monitoring sustainability in a systematic manner. Lamor has created a sustainability strategy, calculated sustainability indicators, and defined its sustainability goals and targets.

During 2021, Lamor conducted a materiality assessment analysing its stakeholder opinions and data, including external assessments by Cicero and Upright, crucially relevant for the Group's sustainability work. Based on this analysis, Lamor formed its sustainability

Board of Directors' Report 1 January–31 December 2021

agenda, which is built on combining the business activities and their handprint with environmental and social targets aiming to reduce our footprint.

Lamor will publish its first sustainability report for 2021 in March 2022. Going forward, Lamor is committed to following its environmental development and is continuously working towards being an even more sustainable market player using the most significant sustainability indicators.

Governance

Resolutions of Annual General Meeting

The Annual General Meeting of Lamor Corporation was held in Porvoo, in Finland on 29 June 2021.

The Annual General Meeting adopted the Financial Statements for 2020 and discharged the members of the Board of Directors and the CEO from liability for the financial year 2020.

The Annual General Meeting confirmed the number of Board members as three and appointed Esa Ikäheimonen as the Chairman of the Board of Directors. Timo Rantanen and Fred Larsen continued as Board members. The term of office of the members of the Board of Directors expires at the close of the Annual General Meeting 2022.

Authorized Public Accountant firm Ernst & Young Oy was elected as the Company's auditor for a term expiring at the end of the next Annual General Meeting.

Extraordinary General Meeting

The Extraordinary General Meeting of Lamor Corporation Plc was held in Porvoo, Finland on 1 October 2021.

Lamor's Extraordinary General Meeting, held on 1 October 2021, elected unanimously, as conditional on the completion of the Listing and the Offering, Nina Ehrnrooth and Kaisa Lipponen as the new members of the Company's Board of Directors.

Lamor's Extraordinary General Meeting resolved that the shares of the company would be entered in the book-entry securities system maintained by Euroclear Finland and that the Articles of Association would be updated to enable this action.

In addition, the Extraordinary General Meeting resolved to change the company to a public limited liability company and approve the suggestions made by the Board of Directors to change the Articles of Association to comply with the listing requirements.

Other Shareholders' Resolutions

The shareholders' of Lamor made on 15 November 2021 a written resolution in a matter included in the decision-making power of the General Meeting.

The shareholders of Lamor resolved that shares would be issued for subscription in a directed issue in proportion to their existing holdings of the shares in the Company. Each shareholder would thus receive 49 shares per share meaning that the total amount of shares at the date of the resolution was to be 19,816,629. It was also decided that the reconciliation date in the book-entry register would be 17 November 2021.

The Board of Directors were authorised to decide on an issue of a maximum of 15,000,000 new shares to execute the initial public offering on Nasdaq First North Premier Growth Market Finland marketplace in connection with the initial public offering. The authorisation could be used in one or several phases by way of derogation from the pre-emptive right. The Board was authorised to decide on all the other terms of the share issue. The authorisation was valid until 31 December 2021.

Board of Directors

Lamor's Board of Directors constitute of Chairman of the Board Esa Ikäheimonen, and Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen and Timo Rantanen. The Audit Committee consists of Chairman Timo Rantanen, Nina Ehrnrooth and Kaisa Lipponen.

Auditor

The auditor of Lamor is an Authorized Public Accountant firm Ernst & Young Oy. Ernst & Young Oy has appointed Authorized Public Accountant Juha Hilmola as the responsible auditor.

Corporate Governance Statement

The Corporate Governance Statement by Lamor Corporation Plc has been prepared separately from the Board of Directors' report, pursuant to the Finnish Corporate Governance Code. The Statement will be available on Lamor's website at https://investors.lamor.com/governance on 31 March 2022.

Board of Directors' Report 1 January–31 December 2021

IPO 2021

On 11 November 2021, Lamor Corporation Plc announced that it was planning an initial public offering (IPO) and a listing of its shares on the Nasdaq First North Premier Growth Market Finland.

The Board of Directors of Lamor Corporation Plc decided on 7 December 2021 on the completion of the initial public offering.

The subscription price for the Offer Shares was EUR 4.83 per share in the Institutional Offering and the Public Offering, and EUR 4.35 per share in the Personnel Offering, which in total corresponded to a market capitalisation of approximately EUR 130 million for Lamor immediately following the Offering.

In the Offering, Lamor issued 7,281,374 new shares, corresponding to approximately 27.0 per cent of the total number of issued and outstanding Shares in Lamor after the Offering. Lamor received gross proceeds of approximately EUR 35.0 million from the Offering. Share issue related expenses of EUR 3.1 million were deducted from the gross proceeds received.

Demand in the Offering was extremely strong from both Finnish and international investors and the Offering was oversubscribed multiple times. In the Public Offering, subscriptions were received from over 10,000 investors.

In total 7,021,422 shares were allocated to institutional investors in Finland and internationally in the institutional offering, and 1,000,000 shares were allocated to private individuals and entities in Finland in the public offering. In addition, 352,158 shares were allocated in the personnel offering to employees. The total number of issued and outstanding shares in Lamor increased to 26,959,974 shares and the total number of shares in Lamor (including shares held in treasury) increased to 27,502,424 shares after the new shares offered in the offering were registered in the trade register upheld by the Patent and Registration Office on 7 December 2021.

Trading in the shares in Lamor commenced on Nasdaq First North Premier Growth Market Finland maintained by Nasdaq Helsinki Ltd on 8 December 2021. The trading code of the shares in Lamor is LAMOR.

Shares and share capital

Lamor has one share class. Each Share has equal voting rights and all shares of the company provide equal rights to dividend. There are no voting restrictions related to the shares. The shares do not have a nominal value. The shares have been issued in accordance with Finnish laws and all shares have been paid in full. The shares are denominated in euros.

At the end of the reporting period on 31 December 2021, Lamor's share capital was EUR 3,866,375.40 and total number of shares outstanding was 26,959,974 excluding shares held in treasury. In addition, as of 31 December 2021, Lamor holds 542,450 of its own Shares.

Trading of shares Trading of Lamor's share commenced on the Nasdaq Helsinki First North Premier on 8 December 2021. The opening price of the share was EUR 5.88 on the first trading day. The closing price of the share on the last trading day of the reporting period on 31 December 2021 was EUR 4.61. The highest price of the share in 2021 was EUR 5.88 and the lowest EUR 4.14. Share turnover on First North Premier in December 2021 was approximately 4.0 million shares. The value of the share turnover was approximately EUR 19 million. Lamor's market capitalisation was approximately EUR 124 million on 31 December 2021 and number of shareholders 7,381.

Risks and business uncertainties

Lamor's operations are affected by various strategic, regulatory, operational and financial risks. Lamor takes measures to exploit emerging opportunities and to limit the adverse effects of potential threats. The objective of Lamor's risk management is to ensure the implementation of an effective and successful strategy for achieving both long- and short-term goals. The task of Lamor's management is to regulate risk appetite.

Risks related to operating environment

Lamor operates in over 100 counties through its subsidiaries and associated companies and its partner and distribution networks. Lamor has subsidiaries and associated companies in 21 countries, and Lamor carries out its business on all continents. In addition, Lamor aims to grow and expand its business also in the future. Since Lamor has business operations across the world, it is exposed to, for example, the political, economic, legislative and social conditions in each country in which it conducts its business. Due to the international nature of its operations, Lamor is exposed to the impacts of risks related to international trade. In addition, the development of

Lamor's business is partly dependent on the general development of the public finances and the political decision steering them.

Global epidemics and pandemics, such as the current pandemic caused by the coronavirus disease (COVID-19), may have a significant impact on the global economy and the financial markets. The coronavirus pandemic has caused significant uncertainty in the global economy and financial markets, and it is estimated that, if further prolonged, it could lead to a renewed downturn in the global economy. Travel restrictions imposed because of the coronavirus pandemic have negatively impacted Lamor's business especially through delays in projects, although Lamor has not been forced to cancel its projects because of the exceptional circumstances. Movement restrictions have affected the execution of service contracts especially in South America. Major investment projects have progressed more slowly than normally across the globe because of the coronavirus pandemic. The equipment business has also suffered from delays and its volume declined due to the coronavirus pandemic.

In addition, Lamor closely follows the development of the increased uncertainty related to the Russian and Ukrainian situation.

Legal and regulatory risks

Lamor operates in a highly regulated industry, which is also under constant pressure to change due to increasing environmental awareness, among other factors. Therefore, Lamor must comply with a large volume of legislation governing the industry, as well as various standards and regulations concerning, for example, the handling of waste and harmful substances, operating permits, health and safety, data protection, public procurements, the use of labour, competition, business activities in general and taxation. The global nature of Lamor's business materially increases the amount of various regulations it is subject to, as the content of regulations and regulations may vary significantly from one country to another.

In their operations, Lamor and its subcontractors must comply with laws, regulations, permit terms and conditions, official guidelines and standards that concern, among other things, the cleaning up of contaminated areas, the handling and disposal of hazardous and harmful substances, and the reception, handling and transportation of waste. The most significant environmental risks are related to the potential release into the soil or water of environmentally harmful substances, such as collected oil, used chemicals or the fuels of heavy machinery and vessels used in Lamor's and its subcontractors' activities.

Risks related to business operations

Negative changes in the availability and market prices of the components and subcontractors Lamor uses in its business or in the transportation and production costs of Lamor's equipment could have a material adverse effect on the profitability of Lamor's business. The prices of components and the transportation and production costs of Lamor's equipment could increase significantly due to, for example, natural catastrophes and problems in Lamor's supply contracts or a global state of emergency, such as the coronavirus pandemic, or due to disruptions in supply chains caused by the aforementioned.

Since Lamor's reporting currency is the euro, it is exposed to the risk of fluctuations in exchange rates every time it makes or receives payments in a currency other than the euro. For Lamor, the most significant risk related to an individual currency is the fluctuation of the US dollar rate.

Lamor's business is project oriented. Lamor is globally responsible for several demanding projects relating to environmental clean-up simultaneously, and furthermore, Lamor aims to expand its service business significantly in the near future. Due to this, successful project management has a significant impact on the profitability of Lamor's business and the company's future prospects.

Risks related to Lamor's financing and financial position

Lamor's business requires a significant amount of working capital, and Lamor is currently expanding its operations significantly, which will further increase Lamor's need for working capital. Achieving significant growth in the business will require significant investments in equipment and personnel, among other things, even though the fixed costs of Lamor's business are partially scalable. Lamor's ability to finance its business depends on several factors, such as cash flows from operating activities, the Company's ability to generate profits and uncertainties concerning its profitability, creditworthiness and the availability of new debt and equity financing.

Lamor is exposed to the credit risk related to, for example, unfinished projects and customer receivables as well as prepayments paid to suppliers. Any downturn in the economy could weaken the solvency of Lamor's contractual counterparties, which could have an adverse effect on Lamor's ability to collect its receivables in full or at maturity.

Board of Directors' Report 1 January–31 December 2021

Lamor tests its tangible and intangible assets for impairment annually on the balance sheet date as well as when events or changes in circumstances indicate that the value of a certain asset would be impaired. If the book value of an asset is higher than its estimated recoverable amount, its book value will be written down immediately so that it corresponds to the recoverable amount.

Near-term risks and uncertainties

during the past months we have seen positive indications in our equipment business meaning that the market conditions are returning to the levels seen before the global pandemic. Work related travel is still complicated in certain areas, but the situation has improved in the last quarter of the financial year. We believe that our operations will return to normal operating conditions at the latest during the first half of 2022. Global pandemic has also complicated the training of new personnel, but the situation has improved clearly during the past quarter.

The most significant short-term risks relate to the timing of the cash flows of the large-scale service projects. As a result of the initial public offering in December 2021, Company has significantly strengthened its balance sheet improving the capabilities to cover working capital requirements in the upcoming projects.

The unjustified military actions taken by Russia against Ukraine increases the overall uncertainty and impacts the outlook of the world economy. The military actions are exposing especially Lamor's business in Russia but the impact is, however, assessed to be low. In addition, the military actions may create disturbance for instance in Lamor's supply chain and logistics.

Events after the reporting period

the year 2022 has started well from a business perspective. As one indication of this, Lamor entered into an agreement for a significant role in an environmental response and cleanup project in Peru as released by Lamor in February 2022. Lamor's share of the total project is estimated to be at least EUR 18 million.

In addition to the project in Peru, Lamor has as part of its normal business activities taken part in an environmental response and cleanup project of an oil spill in Ecuador. The incident occurred at the end of January 2022. Lamor's share of the total value of the project, which is estimated to be delivered by mid-March 2022, is at least EUR 4.5 million. The cleanup work may continue after this.

As released by Lamor in January 2022, Lamor reinforces its Management Team to strengthen the implementation of the company's growth strategy. Dr. Johan Grön (D.Sc., Chem.Eng.) has been appointed as Lamor's Chief Operating Officer and as a member of the Management Team. He will start in his role latest as of 30 April 2022. Johan will join the team from Gasum where he has been leading the biogas business unit and has been a member of the Gasum Management Team since 2019.

In February 2022, Lamor Zamil entered into an agreement with the aim of establishing a joint venture with Zamil Operations & Maintenance Co (ZOMCO), a part of the Zamil Group located in Saudi Arabia. With this establishment, co-operating with a major local partner, Lamor will intensify the execution of its strategy being globally local and increase its presence in a key growth market.

Foreign branches

The parent company of the Group has three registered branches, in Beijing, China, in Colombia and a branch founded in 2021 in Saudi Arabia.

Board of directors' proposal for profit distribution

the Company aims to distribute annual dividends, while keeping growth as the Company's most important target. The Board of Directors proposes that no dividend will be paid for the financial year 2021. The parent company's distributable funds total EUR 34,009,086.68 which includes EUR -7,478,375.60 in net loss for the year.

Board of Directors' Report 1 January–31 December 2021

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 + IPO related expenses / 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
Operating Profit (EBIT) margin %	=	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	

Key figure		Calculation formula	
Adjusted Operating Profit (EBIT) %	=	Reported EBIT + goodwill impairment charges and depreciation of allocations related to business combinations + restructuring income/expense + gains or losses related to sale of businesses or non-current assets outside normal course of business + indemnity payments/income + transaction costs related to business combinations + costs from listing on security market / Revenue	x 100
Earnings per share (EPS), basic, euros	=	Profit for the financial year attributable for shareholders of the company / Weighted average number of shares outstanding during the period	x 100
Equity ratio %	=	Shareholders' equity / Balance sheet total – advances received	x 100
Return on equity (ROE) %	=	Profit for the period / Average shareholder's equity	x 100
Return on investment (ROI) %	=	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
Order intake	=	The total value of customer orders received during the period.	
Orders received	=	Total value of customer orders to be delivered in the future	
Average number of employees	=	Average number of personnel at the end of the previous financial year and at the end of the calendar month of each reporting period	

Consolidated financial statements (IFRS)

Consolidated Statement of Profit and Loss

EUR Thousand	Note	1 Jan-31 Dec 2021	1 Jan-31 Dec 2021
Revenue	**2.1**	**51,517**	**45,621**
Materials and services		-29,919	-27,840
Other operating income	2.2	857	398
Employee benefit expenses	2.3	-9,637	-7,918
Other operating expenses	2.2	-6,618	-4,759
Share of results in associated companies		-185	108
EBITDA		**6,014**	**5,610**
Depreciations, amortisations and impairment	3.3-3.6	-4,072	-3,183
Operating profit (EBIT)		**1,941**	**2,426**
Financial income	2.4	434	47
Financial expenses	2.4	-2,197	-1,474
Profit before tax		**178**	**999**
Income tax	2.5	691	-159
Profit for the financial period		**869**	**840**
ATTRIBUTABLE TO			
Equity holders of the parent		963	669
Non-controlling interests		-94	170
EARNINGS PER SHARE			
Earnings per share, basic	2.6	0,05	0,03

Consolidated Statement of Other Comprehensive Income

EUR Thousand	Note	1 Jan-31 Dec 2021	1 Jan-31 Dec 2021
Profit for the financial period		**869**	**840**
OTHER COMPREHENSIVE INCOME, NET OF TAXES:			
Items that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations, net of tax		510	-786
Other comprehensive income/(loss) for the year, net of tax		**510**	**-786**
Total comprehensive income for the financial period		**1,379**	**53**
ATTRIBUTABLE TO			
Equity holders of the parent		963	669
Non-controlling interests		-94	170

The notes are an integral part of these consolidated financial statements.

Consolidated financial statements (IFRS)

Consolidated statement of Financial Position

EUR Thousand	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	3.3	18,049	17,892
Intangible assets	3.3	4,245	4,259
Property, plant and equipment	3.5	4,581	3,888
Right of use assets	3.6	5,742	1,010
Investments in associated companies	3.2	3,671	3,781
Non-Current Receivables	4.3	1,442	-
Investments in other shares	4.3	418	350
Deferred tax assets	2.5	2,944	1,389
Total non-current assets		**41,093**	**32,569**
Current assets			
Inventories	3.7	9,069	6,937
Trade receivables	3.8	7,556	9,475
Contract assets	3.8	14,804	4,336
Prepayments and other receivables	3.8	9,098	4,595
Short term investments	4.3	165	194
Cash and cash equivalents	4.4	28,871	5,282
Total current assets		**69,564**	**30,818**
Total assets		**110,657**	**63,388**

EUR Thousand	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	4.7	3,866	3,866
Issue of shares		-	621
Translation differences		92	-418
Reserve for invested unrestricted equity		44,303	11,398
Retained earnings / accumulated deficit		12,805	12,813
Equity attributable to equity holders of the parent		**61,067**	**28,281**
Non-controlling interests		839	1 154
Total equity		**61,905**	**29,435**
Non-current liabilities			
Interest-bearing loans and borrowings	4.3, 4.5	9,178	3 543
Lease liabilites	3.6	3,056	261
Deferred tax liabilities	2.5	879	237
Other non-current financial liabilities	3.9	2,828	59
Total non-current liabilities		**15,942**	**4,100**

Consolidated financial statements (IFRS)

EUR Thousand	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	4.3, 4.5	10,019	12,480
Lease liabilites	3.6	2,410	768
Provisions	3.9	75	61
Trade payables	3.9	11,844	8,805
Contract liabilities	3.9	1,985	3,017
Other current liabilities	3.9	6,476	4,722
Total current liabilities		**32,810**	**29,852**
Total liabilities		**48,752**	**33,953**
Total equity and liabilities		**110,657**	**63,388**

The notes are an integral part of these consolidated financial statements.

Consolidated financial statements (IFRS)

Consolidated statement of Changes in Equity

2021	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT							
EUR thousand	Share capital	Issue of shares	Fund for unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 Jan 2021	**3,866**	**621**	**11,398**	**-418**	**12,813**	**28,280**	**1,154**	**29,434**
Profit for the period	-	-	-	-	963	963	-94	869
Other comprehensive income	-	-	-	510	-	510	-	510
Total comprehensive income	**-**	**-**	**-**	**510**	**963**	**1,473**	**-94**	**1,379**
Registration of shares	-	-621	621	-	-	-	-	-
New share issue	-	-	35,420	-	-	35,420	-	35,420
Costs related to the share issue	-	-	-3,136	-	-	-3,136	-	-3,136
Purchase of own shares	-	-	-	-	-614	-614	-	-614
Acquisition of non-controlling interests*	-	-	-	-	-	-	-177	-177
Dividends	-	-	-	-	-	-	-44	-44
Other changes	-	-	-	-	-357	-357	-	-357
Equity on 31 Dec 2021	**3,866**	**-**	**44,303**	**92**	**12,805**	**61,066**	**839**	**61,905**

**Lamor Peru*

Consolidated financial statements (IFRS)

2020	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT							
EUR thousand	**Share capital**	**Issue of shares**	**Fund for unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity on 1 Jan 2020	**366**	**-**	**14,898**	**355**	**12,659**	**28,278**	**2,880**	**31,157**
Profit for the period	-	-	-	-	669	669	170	840
Other comprehensive income	-	-	-	-786	-	-786	-	-786
Total comprehensive income	-	-	-	**-786**	**669**	**-117**	**170**	**53**
Dividends to non-controlling interests	-	-	-	-	-	-	-39	-39
Increase of share capital	3,500	-	-3,500	-	-	-	-	0
Acquisition of non-controlling interests (Note 3.1)*	-	621	-	-	-237	384	-1,856	-1,473
Other changes	-	-	-	14	-278	-264	-	-264
Equity on 31 Dec 2020	**3,866**	**621**	**11,398**	**-418**	**12,813**	**28,280**	**1 154**	**29,435**

**Corena SA, Corena Colombia and Lamor Peru*

The notes are an integral part of these consolidated financial statements.

Consolidated financial statements (IFRS)

Consolidated statement of Cash Flows

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Result for the financial year	**869**	**840**
Adjustments for:		
Depreciation, amortisation and impairment	4,072	3,183
Finance income and expenses	1,763	1,428
Gain on disposal of property, plant and equipment	-381	-77
Share of result of associates and joint ventures	185	-108
Taxes	-691	159
Other non-cash flow adjustments	-41	1,031
Total adjustments	**4,908**	**5,616**
Change in working capital		
Change in trade and other receivables	-13,395	-1,382
Change in inventories	-1,899	1,551
Change in trade and other payables	6,332	1,319
Total change in working capital	**-8,962**	**1,488**
OPERATING CASH FLOW BEFORE FINANCIAL AND TAX ITEMS	**-3,185**	**7,944**
Interest paid	-1,956	-1,178
Interest received	163	19
Dividends received	0	76
Taxes paid	-379	-825
Net cash flow from operating activities	**-5,357**	**6,036**

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries and businesses, net of cash acquired	0	-94
Disposals of subsidiaries and businesses, net of cash acquired	0	0
Investments in associates, joint ventures and other shares	-884	-54
Purchase of intangible and tangible assets	-3,433	-2,107
Proceeds from sale of tangible and intangible assets	50	246
Net cash flow from investing activities	**-4,267**	**-2,010**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds and repayments from borrowings	**3,141**	**333**
Repayment of lease liabilities	-1,573	-756
Purchase of own shares	-261	0
Issue of new shares	35,420	0
Costs relating to the IPO share issue	-3,136	0
Acquisition of non-controlling interests	-379	0
Dividends paid to non-controlling interests	0	-39
Net cash flow from financing activities	**33,213**	**-463**
Net change in cash and cash equivalents	**23,589**	**3,564**
Cash and cash equivalents at 1 Jan	**5,282**	**1,718**
Cash and cash equivalents at 31 Dec	**28,871**	**5,282**
Change	**23,589**	**3,564**

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1.1 General information

Basic information

Lamor Corporation Plc (the "Company" or the "parent company") and its subsidiaries (together "Lamor", "Lamor Group" or the "Group") form a leading global supplier of environmental technologies. The mission of Lamor is to clean the world, through its three business lines: oil spill response, waste management and water treatment, including related services.

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

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

These consolidated financial statements were authorized for issue by Lamor Corporation's Board of Directors on 2 March 2022, after which, in accordance with the Finnish Companies Act, the financial statements are either approved, amended or rejected at the next Annual General Meeting.

Group information

The consolidated financial statements of the Group include the following subsidiaries and associated companies, which provide environmental solutions. More information on the consolidation principles is presented in Note 1.2 Basis of preparation.

		EQUITY INTEREST, %	
Subsidiaries	**Country of incorporation**	**2021**	**2020**
Lamor USA Corporation	USA	100.00	100.00
Lamor Vostok LLC	Russia	100.00	100.00
Lamor Corporation UK Ltd	United Kingdom	100.00	100.00
Lamor Beijing Co Ltd	China	100.00	100.00
Lamor Americas LLC*	USA	100.00	100.00
Lamor International Sales Corp*	USA	100.00	100.00
Lamor Environmental Solutions Spain S.L	Spain	100.00	100.00
Corena Group Bolivia SRL	Bolivia	100.00	100.00
World Environmental Service Technologies LLC	Russia	100.00	100.00
Lamor Russia Oy	Finland	merged	merged
Corena Group Oy	Finland	merged	merged
Corena Colombia SAS	Colombia	92.50	92.50
Lamor Peru SAC	Peru	100.00	85.01
Corporacion Para Los Recursos Naturales Corena S.A	Ecuador	85.01	85.01
Corena Chile SpA	Chile	92.55	92.55
Lamor Middle East LLC	Oman	70.00	70.00
Lamor Environmental Solutions Panama*	Panama	52.00	52.00
Lamor India Private Ltd	India	60.00	60.00
Lamor Water Technology Oy (formerly Vodaflo Oy)	Finland	50.67	50.67

**Inactive*

Notes to the consolidated financial statements

For more details relating to associated companies and joint ventures, refer to Note 3.2 Shares in associates and joint ventures.

		EQUITY INTEREST, %	
Owned by the Group's parent company	**Country of incorporation**	**2021**	**2020**
Lamor Do Brazil*	Brazil	50.00	50.00
Lamor NBO LLC*	Azerbaijan	50.00	50.00
Lamor Central Asia LLP	Kazakhstan	40.00	40.00
Shanghai Dong An Offshore Oil Emergency Ltd	China	28.60	28.60
Lamor Cevre Hizmetleri	Turkey	31.00	31.00
Sawa Petroleum Services Ltd	Senegal	45.00	20.00
Lamor Ukraine LLC	Ukraine	19.90	19.90
Gaico-Corena Environmental Services Inc.	Guyana	49.00	49.00
Owned by Gaico-Corena Environmental Services Inc.	**Country of incorporation**	**2021**	**2020**
Sustainable Envisonmental Solutions Guyana Inc (SES)	Guyana	24.50	24.50
Owned by World Environmental Service Technologies LLC	**Country of incorporation**	**2021**	**2020**
Ecoself Sakhalin	Russia	26.00	26.00
Significant branches of the parent company	**Country of incorporation**	**2021**	**2020**
Lamor Corporation Plc, Saudi Arabian branch	Saudi Arabia		

**Inactive*

Notes to the consolidated financial statements

1.2 Basis of preparation

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by European Union as of December 31, 2021. The notes to the financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on a histori-cal cost basis, unless otherwise stated in the accounting policies below. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except when otherwise indicated. Therefore, the sum of individual numbers may deviate from the presented sum figure due to rounding differences. The comparative year information is presented in brackets after the information for the current financial year.

Consolidation principles

The consolidated financial statements include the financial statements of the Group and its subsidiaries. Lamor has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control exists when Lamor has a majority of voting rights in a subsidiary or can otherwise demonstrate having control in a subsidiary. Acquired subsidiaries are consolidated from the date on which control is transferred to Lamor Group, and are no longer consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Lamor Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests are presented in the consolidated statement of financial position as within equity, separately from equity attributable to shareholders. Non-controlling interests are separately presented in the statement of other comprehensive income.

Non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are regarded as transactions with equity owners. In the case of purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net as-sets acquired in the subsidiary is recorded in shareholders' equity. Gains or losses on disposal to non-controlling interests are also recorded directly in shareholders' equity.

Segment reporting

Lamor has one reportable segment, which comprises of the whole Group. See further information in the note 2.1 Revenue from contracts with customers.

Foreign currencies

Lamor's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Lamor Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by Lamor Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations are trans-lated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates of the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot exchange rate at the reporting date.

Notes to the consolidated financial statements

1.3 Accounting estimates and judgements applied in the preparation of the financial statements

The preparation of Lamor Group's consolidated financial statements requires management to use judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The most significant accounting policies requiring judgement by the management and the key factors of uncertainty related to estimates are presented in the following notes:

- Revenue from contracts with customers (Note 2.1)
- Deferred tax assets (Note 2.5)
- Business combinations, value of net assets acquired and contingent considerations (Note 3.1)
- Impairment testing (Note 3.3)
- Leases (Note 3.6)
- Inventory valuation (Note 3.7)
- Expected credit losses (Note 3.8)

Due to the Covid-19 pandemic, Lamor has reviewed the the estimates and assumptions used in the preparation of the consolidated financial statements.The possible impact of the Covid-19 pandemic on relevant factors in estimates and assumptions has been considered. The estimates used and assumptions reflect management's best judgement on the possible impacts on the pandemic.

1.4 New and updated IFRS standards not yet effective

Lamor adopts the new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards that become effective of 1 January 2022 or later are not expected to have an impact on Lamor's consolidated financial statements.

The following new and amended standards have been issued and become effective on 1 January 2022 or later. Only the amendments relevant from Lamor's perspective have been included in the summary below.

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

Under the amendment, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

Under the amendment, when assessing whether a contract is onerous or loss-making, an entity needs to include both the direct costs as well as incremental costs and an allocation of costs directly related to contract activities.

Amendments to IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment to IFRS 9 clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability to determine whether to derecognise the existing financial liability.

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendment provides temporary reliefs related to financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR).

Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements to an updated version issued in 2018 without significantly changing its requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for accounting periods beginning on or after 1 January 2023).

The amendment introduces a new definition of accounting estimates to distinguish them more clearly from changes in accounting policies and corrections of errors. An accounting estimate would be a change in input or valuation technique from a certain point in time.

Notes to the consolidated financial statements

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for accounting periods beginning on or after 1 January 2023).

Significant accounting principles will be replaced by material accounting principles. The amendment also includes guidance and examples for assessing materiality in the presentation of accounting principles.

Amendments to IAS 12 Income taxes (effective for accounting periods beginning on or after 1 January 2023).

The amendment narrows the scope of the initial recognition exception of deferred taxes so that it no longer applies to transactions which give rise to an equal temporary difference between taxable and deductible taxes. It would apply to assets and liabilities arising from individual transactions, such as right-of-use assets and lease liabilities or asset retirement obligations and corresponding asset components, if their deferred taxes are not equal. The effect on deferred taxes would be presented from the beginning of the earliest comparison year.

Amendments to IAS 1 Presentation of Financial Statements (effective tentatively for accounting periods beginning on or after 1 January 2024).

The amendments clarify that the Group has the right to defer settlement of a liability at the end of the reporting period if it meets the conditions specified on that date. The classification of a liability as current or non-current is unaffected by the likelihood that the Group will exercise its deferral right.

The above listed or other standards that become effective on or after 1 January 2022 are not expected to have an impact on Lamor's consolidated financial statements.

2.1 Revenue from contracts with customers

Accounting principles
Revenue, segment reporting and geographical information

Lamor is one of the leading global suppliers of environmental technologies. The mission of Lamor is to clean the world, through its three business lines: oil spill response, waste management and water treatment, including related services.

The profitability of the Group is based on the One Lamor approach. The CEO, who is the chief operating decision maker of the Group, monitors the Equipment and Service businesses. Reporting to the management is aggregated at the Group level. Therefore, due to the management structure and how the business is operated and managed, Lamor Group as a whole is considered as one operating segment that is also the reportable segment.

The chief operating decision maker follows the profitability of the Group and uses reporting principles that are consistent with the IFRS accounting principles of the Group. The chief operating decision maker uses performance-related key figures, most importantly order intake, revenue, EBITDA and operating profit, to support the decision making. In addition, performance is monitored by adjusted EBITDA and adjusted operating profit (EBIT), which are adjusted for income and expenses of the Group that reduce comparability of performance between reporting periods. Lamor uses alternative key figures EBITDA, adjusted EBITDA, operating profit (EBIT) and adjusted operating profit (EBIT), as part of regulated financial information to enable the users of financial information to meaningful analyses of the performance of the Group.

Items affecting comparability consist of certain income and expenses incurred outside normal course of business, such as goodwill impairment charges and depreciation of allocations related to business combinations, restructuring gains and losses, gains or losses on sale of businesses or non-current assets outside the normal course of business, indemnity payments and returns, transaction costs related to business combinations and listing on security market.

Revenue recognition

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The control is transferred either at point in time or over time. Lamor acts mainly as a principal in its revenue arrangements, as it typically controls the goods or services being transferred to the customers.

Notes to the consolidated financial statements

Lamor's contracts with customers include four different types of contracts:

- Environmental solutions
- Built-for-purpose environmental solutions
- Standard equipment deliveries
- Service projects
- Equipment rental

Environmental solutions including both equipment and services

Lamor's environmental solutions include large-scale projects with turnkey solutions for the custome. They typically include design, equipment, installation, commissioning, training, and maintenance of a certain environmental solution. The pricing method may vary between fixed price and fixed unit price depending on the type of the solution.

The environmental solution does not have an alternative use for Lamor and Lamor has an enforceable right to payment for the performance completed to date. Thus, Lamor recognises the revenue over time by using the percentage of completion method. Lamor measures the progress using the cost-to-cost method, where revenue is recorded after measuring the accumulated costs to the budgeted total costs to complete the project. When recognising revenue over time, the estimated amount of revenue, accumulated costs, and budgeted costs are regularly reviewed by the management to assess the correctness of the timing and amount of the revenue recognition.

Built-for-purpose equipment deliveries

Lamor's built-for-purpose equipment and system deliveries include equipment and related services. The deliveries typically include built-for-purpose equipment or solution developed based on customer needs and set criteria. The range of deliveries varies by contract from single equipment deliveries to deliveries of larger scale solutions. The delivery typically include several distinct products and equipment with related installation and commissioning services. The equipment provided to the customer together with the services rendered constitute one combined output and thus, the built-for-purpose equipment and solution delivery projects are considered as one performance obligation.

When Lamor provides the customer a built-for-purpose system, where the equipment does not have an alternative use for Lamor and Lamor has an enforceable right to payment for the performance completed, Lamor recognises the revenue over time by using the percentage of completion method. Lamor measures the progress using the cost-to-cost method, where revenue is recorded after measuring the accumulated costs to the budgeted total costs to complete the project. When recognising revenue over time, the estimated amount of revenue, accumulated costs, and budgeted costs are regularly reviewed by the management to assess the correctness of the timing and amount of the revenue recognition.

Standard equipment deliveries

Lamor's standard equipment deliveries typically consist of distinct equipment delivered to the customer whereas each equipment constitutes a distinct performance obligation. Revenue is recognised at a point in time when control of the goods is transferred to the customer. Transfer of control is typically defined based on the Incoterms. In case the contract includes e.g. commissioning, a separate analysis of the timing of revenue recognition is made and revenue is recognised when the control is transferred to the customer.

Services

Lamor's service contracts mainly include services related to oil spill response services, installation, commissioning, maintenance, and training services. The services provided to the customers are distinct and therefore, each service component in a contract typically constitutes a distinct performance obligation. Revenue from services is recognised over time as customer simultaneously receives and consumes the benefits as Lamor performs the services.

Equipment rental

In Lamor's equipment rental contracts, the combination of equipment provided to the customer varies depending on the needs of the customer. The leased assets vary from oil spill response equipment to vessel rental agreements. A case-by-case analysis of the classification of the rental contract is always made to assess whether the contract is an operational or a financial lease.

The lease contracts are, in most of the cases, classified as operating leases since substantially all of the risks and rewards incidental to the ownership of the equipment are not transferred to the customer and the lease term does not cover substantially all of the useful life of the asset. Therefore, Lamor in most cases recognises the lease payments as revenue on a straight-line basis over the lease term.

Notes to the consolidated financial statements

Variable consideration

Lamor's customer contracts may include penalties related to delays in equipment deliveries. At the contract inception, Lamor evaluates the possibility of a variable consideration and the amount of variable consideration is assessed at each reporting period.

Other principles

Lamor does not provide any warranties to its customers that would be considered as separate performance obligation. The warranties provided are normal warranties that provide the customer assurance that the delivered equipment function as promised. The contracts do not include significant financing components.

In 2021 and 2020, Lamor did not have any single customer whose sales would have exceeded 10% of consolidated sales.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If Lamor performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents Lamor's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 3.8. Trade receivables and contract assets for more detailed information relating to trade receivables.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which Lamor has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Lamor transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when Lamor performs under the contract.

Notes to the consolidated financial statements

Distribution of revenue

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

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
REVENUE BY BUSINESS LINE		
Equipment	22,884	30,692
Services	28,632	14,930
Total revenue from contracts with customers	**51,517**	**45,621**
TIMING OF REVENUE RECOGNITION		
Transferred at a point in time	21,126	21,694
Transferred over time	30,390	23,927
Total revenue from contracts with customers	**51,517**	**45,621**
REVENUE BY GEOGRAPHY*		
EURU	11,249	16,513
AMER	11,626	20,441
APAC	6,034	3,720
MEAF	22,608	4,946
Total revenue from contracts with customers	**51,517**	**45,621**

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

Notes to the consolidated financial statements

Trade receivables are non-interest bearing and generally the payment terms vary between 14 and 90 days. As of 31.12.2021, Lamor has recorded an expected credit loss related to trade receivables and contract assets amounting to EUR 2,257 thousand (EUR 2,192 thousand in 2020). Please refer to note 3.8 Trade receivables and contract assets for further information relating to the ECL calculations.

Contract liabilities consist mainly of prepayments received from the customers relating to the environmental solution deliveries and built-for-purpose equipment delivery projects.

Accounting estimates and the management's judgement

Lamor has applied management judgement relating to the timing of revenue recognition and estimating the amount of variable consideration. Revenue recognised at a point in time is based on the transfer of control that is mainly based on the delivery terms of the contracts. Customer contracts including e.g. penalties of late delivery require management judgment and Lamor assesses the amount of variable consideration at each reporting period based on e.g. earlier experience.

Regarding projects for which revenue is recognised based on the percentage of completion method (cost-to-cost method), Lamor estimates the total sales, costs and margin to complete the project. The estimated sales, accumulated costs and budgeted costs are regularly reviewed by the management. In addition,

Lamor applies management judgement when estimating the ECL for trade receivables and contract assets according to IFRS 9.

EUR thousand	31 Dec 2021	31 Dec 2020
SUMMARY OF CONTRACT BALANCES		
Trade receivables (Note 3.8)	7,556	9,475
Contract assets (Note 3.8)	14,804	4,336
Contract liabilities (Note 3.9)	1,985	3,017

EUR thousand	2021	2020
Revenue recognised from projects that were started but not finished during the previous periods	1,197	739

Notes to the consolidated financial statements

2.2 Other operating income and expenses

Accounting principles

Other operating income

Other operating income includes income that does not directly relate to income from Group's operating activities. Other operating income consist mainly of capital gains on fixed assets and government grants.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants related to capitalised development costs are netted with the costs incurred before the capitalisation (see Note 3.4).

Other operating expenses

Other operating expenses include other expenses than costs of goods sold. Lamor's other operating expenses consist mainly of administrative expenses and external services.

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
OTHER OPERATING INCOME		
Gain on sale of fixed assets	381	77
Government grants	-	33
Other income	475	289
Total other operating income	**857**	**398**
OTHER OPERATING EXPENSES		
Other personnel expenses	-517	-354
Short-term and low value leases	-63	-32
Sales and marketing	-386	-169
Expenses for office facilities	-110	-151
Admin expenses	-1,220	-1,272
Travel and accomodation	-292	-279
External services	-2,646	-1,560
Other expenses	-1,384	-943
Total other operating expenses	**-6,618**	**-4,759**
AUDIT FEES		
Audit fees	255	66
Other audit-related assignments	249	-
Tax services	3	4
Other services	382	14
Total audit fees	**889**	**84**

Notes to the consolidated financial statements

2.3 Employee benefit expenses

Accounting principles

The post-employment benefit plans in the Group are contribution-based. In the defined contribution plans, Lamor pays fixed contributions to an insurance company. After that, the Group does not have legal obligations to pay any additional amounts related to the defined contribution plans. The payments made on the defined contribution plans are recognised in the profit and loss statement during a financial period to which they relate.

Local employee benefits relating to e.g. years of service payments and jubilee payments are recognised as liabilities.

Share-based payments

Lamor do not have any share-based arrangements.

Salaries, fees and benefits paid for the Board of Directors and for the Group management

Please see the note 5.1 Related party transactions for information regarding compensation to Board of Directors, Group CEO and the Group management.

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
EMPLOYEE BENEFIT EXPENSES		
Wages and salaries	-7,939	-6,884
Social security costs	-974	-172
Pension expenses	-724	-863
Total employee benefit expenses	**-9,637**	**-7,918**
AVERAGE NUMBER OF EMPLOYEES		
Average number of employees during the period	290	432

Notes to the consolidated financial statements

2.4 Financial income and financial expenses

Accounting principles

The financial income of the Group consist mainly of interest income and foreign currency exchange gains. The financial expenses relate mostly to loans from credit institutions, guarantee provisions relating to customer projects and foreign currency exchange losses.

Financial income and expenses are recognised in the period during which they are incurred. Interest income and expenses are recognised using the effective interest method. More information regarding the financial instruments is presented in the sections 4.1, 4.2 and 4.3.

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
FINANCIAL INCOME		
Interest income	107	24
Foreign currency exchange gains	327	22
Gains from fair valuation of financial instruments	0	1
Total financial income	**434**	**47**
FINANCIAL EXPENSES		
Interest on debts and borrowings	-631	-603
Interest expenses from leases	-96	-37
Foreign currency exchange losses	-240	-205
Guarantee and other credit arrangement expenses	-1,038	-460
Other finance costs	-191	-170
Total financial expenses	**-2,196**	**-1,474**

2.5 Income tax

Accounting principles

Current income tax

Lamor's income taxes comprise of tax recognized on the taxable income for the financial year as well as deferred taxes. Taxes for the items recognised in the statement of profit and loss are included in income taxes in the statement of profit and loss. For items recognised directly in the other comprehensive income statement (OCI), also the tax effect is recognised in other comprehensive income (OCI).

Taxes based on taxable income are recorded according to the local tax rules of each country using the applicable tax rate. If there is uncertainty included in interpretations of the income tax rules, Lamor estimates if a company is able to fully utilize the tax position that is stated in the income tax calculations and the tax recordings are adjusted if necessary.

Deferred tax

Deferred tax asset or liability is recorded on temporary differences arising between the tax bases of assets and liabilities and their financial statement carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Lamor records a deferred tax liability for all taxable temporary differences. Typical temporary differences arise mainly from leases, business combinations and fair valuation of financial assets and liabilities through profit or loss.

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
DIRECT TAXES		
The major components of income tax expense for the years ended 31 December 2021 and 31 December 2020 are:		
Income tax on operations	-190	-665
Tax for previous accounting periods	-	-8
Deferred taxes	881	515
Income tax total	**691**	**-159**
TAX RATE RECONCILIATION		
Profit before income tax	178	999
Tax calculated at parent's tax rate of 20% (2020 20%)	-36	-200
Tax for previous years	-6	-49
Effect on different tax rates in foreign subsidiaries	-193	-101
Non-deductible expenses	-293	-194
Income not subject to tax	678	153
Other	540	232
Income taxes	**691**	**-159**
INCOME TAX RECEIVABLES AND PAYABLES		
Income tax receivables	102	100
Income tax payable	47	-

Notes to the consolidated financial statements

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised in the balance sheet in full.

Lamor offsets the deferred tax assets and deferred liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity.

EUR thousand	1 Jan 2021	Recognised in profit or loss	Currency translation	31 Dec 2021
DEFERRED TAX				
Deferred tax assets 2021				
Leases	4	-2	-	2
Expected credit losses	602	-410	-	192
Loss carry-forwards	753	1,887	68	2 708
Other temporary differences	30	30	-17	43
Total	**1,389**	**1,505**	**50**	**2,944**

EUR thousand	1 Jan 2020	Recognised in profit or loss	Currency translation	31 Dec 2020
Deferred tax assets 2020				
Leases	3	1	-	4
Expected credit losses	488	114	-	602
Loss carry-forwards	380	372	-	753
Other temporary differences	155	-125	-	30
Total	**1,027**	**362**	**-**	**1,389**

Accounting estimates and the management's judgement

Management judgement is applied in determining the deferred tax assets as Lamor is required to make estimations about future taxable profit, the recoverability of the loss carry-forwards and potential changes to tax laws in countries where Lamor operates. Lamor has loss carry-forwards that derive from the Finnish parent company and from subsidiaries located in the USA, China and Spain. The deferred tax assets have been calculated by using the local tax rates. Lamor estimates that in the future periods there will be taxable profit against which the deferred tax assets can be utilised. Loss carry-forwards expires mainly in 5-10 years. Temporary differences in Lamor's financial statements arise mainly from leases and allocations of transaction related fair values.

EUR thousand	1 Jan 2021	Recognised in profit or loss	Currency translation	31 Dec 2021
Deferred tax liabilities 2021				
Revaluation of financial assets at fair value through profit and loss	7	-7	-	-
Allocation of transaction related fair values	230	-47	17	200
Other temporary differences	0	678	1	679
Total	**237**	**624**	**18**	**879**

EUR thousand	1 Jan 2020	Recognised in profit or loss	Business acquisitions	31 Dec 2020
Deferred tax liabilities 2020				
Revaluation of financial assets at fair value through profit and loss	7	0	0	7
Allocation of transaction related fair values	302	0	-71	230
Total	**308**	**0**	**-71**	**237**

Notes to the consolidated financial statements

2.6 Earnings per share

Accounting principles

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. There were no diluting effects in 2021 and 2020.

On 11 November, 2021 Lamor announced that it is planning an initial public offering (IPO) and a listing of its shares on the Nasdaq First North Premier Growth Market Finland. The Board of Directors decided on 7 December 2021 on the completion of the initial public offering. In the offering, Lamor issued 7,281,374 new shares. Lamor received gross proceeds of approximately EUR 35.0 million from the offering. Trading in the shares of Lamor commenced on Nasdaq First North Premier Growth Market Finland maintained by Nasdaq Helsinki Ltd on 8 December 2021. At the end of the reporting period on 31 December 2021, Lamor's share capital was EUR 3,866,375.40 and total number of shares outstanding was 26,959,974 excluding shares held in treasury. In addition, as of 31 December 2021, Lamor holds 542,450 of its own shares.

Lamor decided on share split (50:1) in November 2021. The share numbers presented above are adjusted for the split.

	2021	2020
EARNINGS PER SHARE, BASIC		
Profit attributable to ordinary equity holders of the parent	963,028	669,243
Weighted average number of ordinary shares*	20,345,794	19,172,309
Earnings per share, basic	**0.05**	**0.03**

**The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. The numbers have been adjusted for stock split effective from November 2021.*

Notes to the consolidated financial statements

3.1 Business Combinations

Accounting principles

Acquired subsidiaries are consolidated in the Group financial statements from the date when Lamor obtained control over the acquired entity. Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. The Group measures the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

Acquisition-related costs are expensed as incurred and included in the statement of profit and loss as other operating expenses.

A contingent consideration recognised in a business combination is initially measured at its fair value. Subsequently, it is measured in accordance with the requirements in IFRS 9 Financial Instruments.

ACQUISITIONS IN 2021	
Lamor did not have any acquistions during the year.	

EUR thousand	Vodaflo Oy
ACQUISITIONS IN 2020	
Purchase price	
Consideration paid in cash	257
FAIR VALUE OF ASSETS AND LIABILITIES RECOGNISED ON THE VODAFLO ACQUISITION	
Assets	
Tangible assets	33
Investments	7
Other assets	45
Cash and cash equivalents	118
Total assets	**203**
Liabilities	
Interest and Non interest-bearing liabilities	20
Total liabilities	20

Contingent considerations

During 2020, Lamor acquired additional 35% of Corena S.A's shares, 35% of Lamor Peru's shares and 17.5% of Corena Colombia's shares. As part of the additional non-controlling interest puchases, a contingent consideration was agreed and the amount of contingent consideration is based on the above mentioned companies' profit for the upcoming three years. Please refer to note 5.5 for more information relating to the contingent consideration.

Accounting estimates and the management's judgement

Net assets acquired in the business combinations are measured at fair value, which is determined based on the market value of similar assets (tangible assets) or an estimate of the expected future cash flows (intangible assets). This valuation is based on the current repurchase values, expected cash flows or estimated selling prices and it has required management's judgement. The Group's management believes that the estimates and assumptions used are sufficiently reliable for determination of fair values.

EUR thousand	Vodaflo Oy
FAIR VALUE OF ASSETS AND LIABILITIES RECOGNISED ON THE VODAFLO ACQUISITION	
Total identifiable net assets at fair value	183
Non-controlling interest (49.33% of net assets)	90
Goodwill arising on acquisition (Note 4.3)	164
Purchase consideration transferred	**257**
Cash flow impact of acquisitions	
Paid in cash	257
Short-term liability	45
Cash and cash equivalents	-118
Net cash flow on acquisition	**94**

Notes to the consolidated financial statements

3.2 Associates and joint arrangements

Accounting principles

An associate is a company over which Lamor has significant influence but not control. In Lamor, significant influence represents 20-50% of the voting shares or otherwise significant influence over the company. The Group's investments in its associate and joint venture are accounted for using the equity method.

A joint operation is a joint arrangement in which the Group has rights and obligations to the sales, purchases, assets and liabilities of the arrangement in proportion to its share of ownership or other contract. The Group consolidates its share of these items in the consolidated financial statements.

An associated company's or a joint venture's profit or loss for the period is presented before operating profit in the consolidated statement of profit or loss.

Companies that are not consolidated by using any of the mentioned methods are treated as investments in Lamor's financial statements which are valued at cost and recognised as equity investments.

EUR thousand	2021	2020
Carrying amount on 1st January	3,781	3,597
Share of Results	-185	108
Dividends	0	-76
Additions	75	147
Translation difference	0	4
Carrying amount on 31st December	3,671	3,781

Notes to the consolidated financial statements

31 Dec 2021

Name of entity EUR thousand	Domicile	Holding %	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Profit (loss) for the financial period
ASSOCIATES									
Lamor Cevre Hizmetleri	Turkey	31%	1	182	-382	0	565	124	-131
Shanghai Dongan Offshore Oil Emergency Ltd.	China	29%	418	3,378	2,007	154	1,635	9,437	101
Ecoshelf Sakhalin	Russia	26%	3,155	3,622	4,811	0	1,965	7,706	-895
Gaico-Corena Environmental Services Inc.	Guyana	49%	1,810	0	1	1,809	0	0	0
ASSOCIATES OWNED BY GAICO-CORENA ENVIRONMENTAL SERVICES INC.									
Sustainable Environmental Solutions Guyana Inc. (SES)	Guyana	24.5%	14,647	2,228	-273	14,665	2,484	1,354	75

Notes to the consolidated financial statements

31 Dec 2020

Name of entity EUR thousand	Domicile	Holding %	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Profit (loss) for the financial period
ASSOCIATES									
Lamor Cevre Hizmetleri	Turkey	31%	3	257	-487	0	747	648	-220
Shanghai Dongan Offshore Oil Emergency Ltd.	China	29%	312	1,928	1,702	121	416	1,094	131
Ecoshelf Sakhalin	Russia	26%	3,553	3,140	4,413	0	2,279	8,453	271

Lamor Cevre manufactures and sells equipment for group companies and external clients. Shanghai Dongan operates in China oil spill market. Ecoshelf Sakhalin operates in soil cleaning in Russia. Gaico-Corena owns a 50% share of Sustainable Environmental Services Inc., which provides oilfield waste management services in Guyana.

Lamor group also includes the following associates and joint ventures: Lamor Ukraine LLC, Sawa Petroleum Senegal, Lamor Do Brazil, Lamor NBO (Azerbaizan) and Lamor Central Asia (Kazakhstan). These companies are not active and their business transactions are not significant.

In 2021, Lamor has agreed to establish a joint arrangement in Kuwait with a local partner with the purpose of providing soil remediation services to the local customer. Lamor's share of the arrangement is 45%. The Group has analyzed its contractual rights and obligations in the arrangement, and based on the analysis, classifies it as a joint operation in accordance with IFRS 11.15. Therefore, Lamor consolidates the sales, purchases, assets and liabilities of the joint operation in proportion to its share in the arrangement.

3.3 Goodwill and impairment testing

Accounting principles

Goodwill arises from the business combinations, and it corresponds to the amount that the consideration transferred exceeds the fair value of identifiable net assets as of the acquisition date. Goodwill from business combinations is allocated for impairment testing to the cash generating unit that is expected to gain benefit from the synergies created by the business combination. Goodwill is related to the Services CGU and thus it is allocated to the Services CGU.

Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate a possible impairment. The carrying amount of the cash-generating unit (CGU) including goodwill is compared to the recoverable amount which is the higher of the fair value less costs of disposal or the value in use. Possible impairment is recognised as an expense in the statement of profit and loss with immediate effect, and it will not be reversed later.

If the recoverable amount of an asset is less than its carrying amount, the impairment loss is recorded so that the carrying amount of the asset is equal to its recoverable amount.

Goodwill is tested following the IFRS guidance for impairment testing. Lamor does not have any intangible assets that has indefinite useful life. Relating to goodwill impairment testing, Lamor has assessed that it has two cash-generating units, Services and Technology Sales. As the goodwill is related to the Services CGU, all goodwill is allocated to the Services CGU.

EUR thousand	31 Dec 2021	31 Dec 2020
Acquisition cost at 1 Jan	**17,892**	**17,901**
Goodwill from business acquisitions	0	164
Translation differences	157	-173
Acquisition cost at 31 Dec	**18,049**	**17,892**

Lamor has in the reporting period tested goodwill for impairment at 31.12.2021 and 31.12.2020. As Lamor applied IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of the transition to IFRSs, Lamor has performed goodwill impairment tests annually since 2011 for the historical periods.

The recoverable amount from the cash generating unit is determined based on value-in-use calculations. The calculations are prepared following the discounted cash flow method using the management approved estimates for the following year and subsequent development derived from the strategic plans that are based on the information gathered from the area sales teams. Terminal year value has been defined based on the long-term strategic plans.

Cash flows beyond the 5-year period are calculated using the terminal value method. The terminal growth rate of 2.0 percent (2.0%) used in projections is based on management's assessment on conservative long term growth. The estimates have been prepared to reflect Lamor's past performance and expectations for the future considering Lamor's market position and the general economic environment.

The applied discount rate is the weighted average cost of capital (WACC). It takes into account the expected return on both debt and equity and has been derived from the WACC on comparable peer industry betas, capital structure, and tax rates. The components of the WACC are risk-free rate, market risk premium, company specific factor, and industry specific beta, cost of debt and debt/equity ratio. The post-tax WACC of 15.3 percent (17.0% in 2020) has been used in the calculations.

Values assigned to key assumptions reflect past experience and the management's expectations on the future sales, which are based on the current sales volumes and the capacity of the CGU.

Sensitivity analysis

Lamor has performed sensitivity analysis around the key assumptions for the impairment testing. The management has assessed that any reasonable possible changes in the key assumptions would not cause the carrying amount of the Services CGU to exceed its recoverable amounts. The sensitivity to impairment of the calculations was tested in the following scenarios:

- Scenario 1: increasing WACC by 2.0 percentage points in year 2021(2 percentage points in 2020)
- Scenario 2: reducing EBITDA with 3.0 percentage points in year 2021(3 percentage points in 2020)

The sensitivity analysis include also projections on break-even levels of EBITDA % and WACC. If EBITDA % would decrease for the forecast and terminal period by 6.6%-points (10.3% in 2020), the value-in-use would equal to the carrying amount. Applying a discount rate of 39.1 % (42.5% in 2020) would also lead to break-even level.

%	31 Dec 2021	31 Dec 2020
Sales growth range in five-year estimate period	4.5% - 121.6%	4.5% - 160.5%
EBITDA % range in five-year estimate period	23.1% - 27.7%	19.0% - 22.0%
Growth rate in the terminal period	2.0%	2.0%
Post-tax WACC	15.3%	17.0%
Pre-tax WACC	18.6%	22.1%
IMPACT ON THE CGU'S VALUE IN USE		
WACC increase by 2 percentage points	-14.1%	-12.9%
EBITDA decrease by 3 percentage points	-15.8%	-19.7%

Accounting estimates and management's judgements

The management uses significant estimates and judgement when determining whether there are indications of impairment of goodwill. Management judgement has also been used when defining the amount of cash generating units.

The cash flow projections are based on budgets and financial estimates approved by management covering a 5-year period.

Cash flow forecasts are based on Group's existing business structure, actual results and the management's best estimates on future sales, cost development, general market conditions and applicable tax rates. The growth rates are based on the management's estimates on future growth of the business.

Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses as described above in this note.

Notes to the consolidated financial statements

3.4 Intangible assets

Accounting principles

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The expected useful life lives for the asset classes are as follows:

- Development costs: 5 years
- Other intangible assets: 5-10 years

For the Group's accounting policy on impairment for goodwill, refer to Note 3.3 Goodwill and impairment testing.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Accounting for cloud services

In April 2021, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision on the accounting treatment of configuration and customization costs for acquired cloud services. In its decision, the IFRIC considered whether the customer would recognize an intangible asset in accordance with IAS 38 and, if the intangible asset is not recognised, how the customer would account for the costs of setting up the system. Agenda decisions do not have an entry into force, so they are expected to apply as soon as possible. Lamor has cloud service arrangements in place. The accounting principles applied have been analyzed and specified for the implementation phase of the systems, and the change did not have a material impact in the 2021 consolidated financial statements.

Notes to the consolidated financial statements

Research and development costs

Research costs are expensed in the reporting period during which they occur. Development costs are capitalised when it is probable that the development project will generate future economic benefits for Lamor and when the related criteria, including commercial and technological feasibility, have been met. These projects involve the development of new or significantly improved products or production processes. Earlier expensed development costs are not capitalised.

Capitalised development costs are measured at cost less accumulated amortisations and impairment. Capitalised development costs are amortised on a straight-line basis over their expected useful lives of 5 years. Amortisations are started when the developent project starts and costs are accumulated. Government grants related to capitalised development costs are netted with the costs incurred before the capitalisation.

Lamor's significant governmental grants are mainly related to business development projects. Currently there are no unfulfilled conditions or contingencies attached to these grants.

EUR thousand	Development costs	Other intangibles	Total
COST			
1 Jan 2020	**4,729**	**3,532**	**8,260**
Additions	1,357	132	1,489
Government Grants	-586	0	-586
31 Dec 2020	**5,499**	**3,663**	**9,162**
Additions	1,215	702	1,917
Government Grants			
Translation differences	-440	0	-440
31 Dec 2021	**6,274**	**4,418**	**10,692**
AMORTISATION AND IMPAIRMENT			
1 Jan 2020	**-2,557**	**-670**	**-3,226**
Amortisation	-1,165	-513	-1,678
31 Dec 2020	**-3,722**	**-1,182**	**-4,904**
Amortisation	-946	-596	-1,543
31 Dec 2021	**-4,668**	**-1,779**	**-6,447**
NET BOOK VALUE			
31 Dec 2021	1,606	2,640	4,245
31 Dec 2020	1,777	2,481	4,258

3.5 Property, plant and equipment

Accounting principles

Property, plant and equipment consist mainly of land, buildings and machinery & equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

EUR thousand	Land	Buildings	Machinery & equipment	Total
ACQUISITION COST				
1 Jan 2020	**500**	**105**	**5,435**	**6,040**
Additions	-	20	589	609
Business combinations (Note 4.1)	-	-	33	33
Disposals	-	-	-197	-197
Transfers	-	-	-19	-19
Translation differences	-20	-5	-195	-220
31 Dec 2020	**481**	**120**	**5,645**	**6,246**
Additions	110	-	1,406	1,516
Disposals	-	-	-83	-83
Transfers	-	137	-194	-57
Translation differences	25	36	232	292
31 Dec 2021	**616**	**293**	**7,006**	**7,914**

Notes to the consolidated financial statements

Depreciation of property, plant and equipment is charged on a straight-line basis over the estimated useful lives to their residual value, as follows:

- Land is not depreciated and it will be assessed for impairment annually
- Buildings 20 years
- Machinery and equipment 3-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Sales gains and losses on disposal or transfer of tangible assets are presented in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

EUR thousand	Land	Buildings	Machinery & equipment	Total
DEPRECIATION AND IMPAIRMENT				
1 Jan 2020	**-**	**-49**	**-1,533**	**-1,582**
Depreciation charge for the year	-	3	-779	-775
Impairment	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
Translation differences	-	-	-	-
31 Dec 2020	**-**	**-46**	**-2,311**	**-2,357**
Depreciation charge for the year	-	-19	-813	-832
Impairment	-	-	-	-
Disposals	-	-	-22	-22
Transfers	-	-	-	-
Translation differences	-	-4	-118	-122
31 Dec 2021	**-**	**-69**	**-3,264**	**-3,333**
Net book value				
31 Dec 2021	616	224	3,741	4,581
31 Dec 2020	481	75	3,333	3,888

3.6 Leases

Accounting principles

The lease contracts of Lamor consist mainly of office and warehouse buildings, vessels and vehicles. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset and a lease liability corresponding to the present value of the future lease payments are recognised in the consolidated statement of financial position at the commencement date of the lease.

Measurement and recognition of right-of use assets

The right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date (less any incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Typically, Lamor's lease contracts do not include any direct costs, dismantling or restoration costs.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Lamor applies the recognition exemption provided for short-term lease contracts and leases for which the underlaying asset is of low value. Lease payments for leases of low value assets and short-term lease contracts are expensed in the income statement on a straight-line basis.

Lease liabilities

At the commencement date of the lease, Lamor measures the lease liability at the present value of the future lease payments to be made over the lease term. When calculating the present value of the future lease payments, the interest rate implicit in the lease is applied if readily available. In most of Lamor's lease contracts the interest rate implicit in the lease is not available. In such cases, Lamor uses its incremental borrowing rate which reflects the rate that at which Lamor could borrow an amount similar to the value of the right-of-use asset, in the same currency, over the same term, and with similar collateral. The incremental borrowing rate comprises the risk free reference rate, credit spread and country and currency premium if applicable.

The measurement of the lease liability include fixed lease payments, variable payments that depend on an index or rate, and potential expected payments under residual guarantees. Penalties for terminating the lease are included if Lamor is reasonably certain to exercise the termination option and that is reflected in the lease term. The non-lease (service) component is excluded from the lease payments and thus, the non-lease components are not included in the measurement of the lease liability when the amount of the non-lease component can be measured reliably.

The lease term is defined as the period when the lease is non-cancellable. The lease term includes also periods covered by an option to extend or terminate the lease, if Lamor is reasonably certain to exercise the option. Lamor's lease contracts have mainly a fixed lease period or alternatively a fixed lease period with an option to extend the contract.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Interest expense on lease liabilities are recognized in financial items in the statement of profit and loss over the lease term. The lease liabilities are subsequently measured at initial recognition less lease payments that are allocated to the principal.

Accounting estimates and management's judgements

The most significant management judgment relates to lease agreements that include options to extend the lease. For these contracts, management estimates the probability of exercising the option, which may significantly affect the estimated lease term and thus, also the amounts of right-of-use asset and lease liability as well as the related depreciation and interest expense. Additionally, management judgment is applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

Notes to the consolidated financial statements

Right-of-use assets

Set out below are the carrying amounts of right-to-use assets recognised and the movements during the period.

EUR thousand	Right-of-use assets, total
1 Jan 2020	1,535
Additions	197
Disposals	0
Depreciations for the financial year	-722
At 31 Dec 2020	**1,010**
1 Jan 2021	1,010
Additions	6,233
Disposals	0
Depreciations for the financial year	-1,707
Translation differences	206
At 31 Dec 2021	**5,742**

Lease liabilities

Set out beside are the carrying amounts of lease liabilites and the movements during the period. The maturity analysis of lease liabilities is disclosed in Note 4.5 Borrowings and lease liabilities.

EUR thousand	2021	2020
1 Jan	**1,029**	**1,552**
Additions	5,914	197
Lease payments	-1,573	-756
Interest expenses	96	37
31 Dec	**5,466**	**1,029**

The increase in right-of-use assets and liabilities are primarily due to leasing of vessels related to the project in Saudi Arabia.

EUR thousand	31 Dec 2021	31 Dec 2020
Non-current lease liabilities	3,056	261
Current lease liabilities	2,410	768
31 Dec 2021	**5,466**	**1,029**

Impact of leases on profit and loss statement

The following expenses have been recognised in profit or loss:

EUR thousand	1 Jan-31 Dec 2021	1 Jan-31 Dec 2020
Low value and short-term leases	0	-32
Depreciations of right-of-use assets	-1,707	-721
Interest expenses from lease liabilities	-96	-37
Total	**-1,803**	**-790**

The Group had total cash outflows for leases of EUR 1,697 thousand in 2021 (EUR 788 thousand in 2020).

The increase in lease liabilities and leased assets in 2021 is mainly due to vessels leased for the project in Saudi Arabia.

3.7 Inventory

Accounting principles

Inventories are valued at the lower of historical cost or net realizable value. The cost of inventories is based on the weighted average cost method and includes all costs incurred in bringing the inventories to their present location.

In the cost of inventories, Lamor includes the purchase price of the materials and supplies relating to projects that are not recognised over time. Relating to projects recognised over time, other costs such as import duties and transportation costs are recorded for the project and therefore, these costs are included in WIP as cost to the project.

Materials and supplies consist mainly of acquires materials for customer projects. Work-in-progress consists of equipment, direct labour and other project costs for a specific project.

An allowance is recorded for obsolete items based on management's estimate of expected net realizable value at the end of each reporting period individually. Lamor has booked an allowance for obsolete items of EUR 62 thousand in 2021, EUR 119 thousand in 2020.

Accounting estimates and the management's judgement

Inventory valuation requires managements judgement of impairment provisions and the determination of the foreseeable potential sales price and sales cost in different market situations taking into account company's business environment.

EUR thousand	31 Dec 2021	31 Dec 2020
Materials and supplies	8,683	6,448
Work-in-progress	387	489
Total inventories	**9,069**	**6,937**

Notes to the consolidated financial statements

3.8 Trade receivables and contract assets

Accounting principle

Trade receivables

Lamor's trade receivables are measured at amortised cost, which is the original invoiced amount less an estimated allowance for impairment. Lamor assesses any possible increase in the credit risk for financial assets measured at amortised cost at the end of each reporting period individually. Trade receivables are non-interest bearing and and the payment terms vary between 14 and 90 days.

For trade receivables and contract assets, a simplified approach is applied to calculate expected credit losses (ECL) according to IFRS 9. The loss allowance is measured as an estimate of the lifetime expected credit losses. Lamor uses a provision matrix for estimating the expected credit loss, where receivables are divided to classes depending on their ageing profile and the origin of the receivable. Lamor has an effective collection process in place, which decreases the possible risk of credit losses. In calculating the expected credit loss rates, Lamor considers historical loss rates for each category, and adjusts them for forward looking macroeconomic and customer specific data. Based on the analysis, from current to a maximum of 360 days overdue trade receivables and current contract assets, the impairment of 0.1%-25% is made. In addition, trade receivables more than 360 days old are assessed individually for impairment. Examples of events giving rise to impairment include a debtor's serious financial problems, and a debtor's probable bankruptcy or other financial arrangement. Trade receivables are permanently derecognised when there is no reasonable expectation for recovery.

EUR thousand	Gross value	Expected credit loss	Net value
TRADE RECEIVABLES BY AGEING CATEGORY			
Expected credit loss 31 Dec 2021			
Not past due	3,570	99	3,471
1-30 days	1,619	9	1,610
31-180 days	1,062	31	1,032
181-360 days	786	32	754
Over 360 days	2,776	2,087	689
Total	**9,814**	**2,258**	**7,556**
Expected credit loss 31 Dec 2020			
Not past due	7,175	101	7,073
1-30 days	982	5	977
31-180 days	808	81	727
181-360 days	467	263	204
Over 360 days	2,235	1,742	493
Total	**11,667**	**2,192**	**9,475**

Contract assets and liabilities

Contract assets relate primarily to the Lamor's right to consideration for transferred goods or services, but which are not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. When the customer pays consideration in advance, or when the consideration is due before transferring the contractual performance obligation, the amount received in advance is presented as a contract liability. The contract assets are assessed for impairment with trade receivables. Contract liabilities are recognized as revenue when Lamor performs under the contract. Advances received and deferred revenue relate to payments received or invoicing in excess of revenue recognized. The increase in contract assets and liabilities arises from usual business-related project variations.

Lamor Group did not experience any major unexpected credit losses in 2021. Lamor's management also critically assessed the level of the expected credit loss accrual in accordance with IFRS 9 at year-end closing. Overall, Group management assessed the Group's credit risk position to be at approximately on par with the previous year's level. Credit losses and impairment of receivables amounted to EUR 2.3 million (2.2 million in 2020). The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2021) is the carrying amount of the financial assets. There are EUR 2.7 million (2.2 million in 2020) overdue receivables that are more than 360 days old. The majority of these receivables is related to contracts with government backed entities eg. large national oil companies. Receivables and the related risk are monitored on a regular basis and risk assessments are updated always when the surrounding circumstances change.

Credit risk associated with Lamor's receivables and ability to recover its contract assets has been evaluated under the uncertainty caused by the COVID-19 pandemic. Due to the Covid-19 crisis and its potential effects, Group management critically assessed the structure of the Group's trade receivables and particularly its overdue trade receivables at year-end closing. There has not been any significant indication of change in customer payment behavior, and therefore same principles have been applied for expected credit loss recognition in 2021 as in 2020. The collection of trade receivables has been emphasized. The risk associated to recovery of the contract assets is not seen to have significantly increased. As of the reporting date, Lamor has not received any significant cancellations for projects or long-term agreements under execution.

EUR thousand	31 Dec 2021	31 Dec 2020
OTHER RECEIVABLES AND ACCRUALS		
Prepayments and other receivables	9,098	4,595
Total	**9,098**	**4,595**

Other receivables

Accounting principle

Other non-interest bearing receivables are recognized in the balance sheet at fair value which can be subsequently written down due to impairment.

3.9 Provisions, trade and other payables and contract liabilities

Warranty provisions include estimated future warranty costs relating to products delivered. The amount of future warranty costs is based on accumulated historical experience. Typically, the standard warranty period is one year from the delivery onwards.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

The definitions for contract liabilities is presented in note 2.1 Revenue from contracts with customers.

Accrued expenses and other liablities mainly consist of short-term payments for a business acquisition from 2021, payroll and interest liabilities.

EUR thousand	31 Dec 2021	31 Dec 2020
PROVISIONS		
Warranty provisions	75	61
Provisions total	**75**	**61**
OTHER NON-CURRENT PAYABLES		
Other liabilities	2,828	59
Other non-current payables total	**2,828**	**59**
CURRENT TRADE AND OTHER PAYABLES		
Trade payables	11,844	8,805
Contract liabilities	1,985	3,017
Accrued expenses and other liabilities	6,476	4,722
Current trade and other payables total	**20,306**	**16,544**

Notes to the consolidated financial statements

4.1 Financial risk management

Financial risk management objectives and policies

Lamor is a global company which is exposed for various financial risks. Principal risk factors are changes in the market and customer behavior. Risks affecting Lamor's financial assets are mainly related to changes in counterparty payment behavior, credit risk and foreign currency risk

Lamor's financial liabilities which comprise floating rate loans are effected by changes in the interest rate, and are thus exposed to interest rate risk.

Lamor is assessing the risk framework periodically and the management oversees these risks in accordance to the Lamor's financial risk governance framework. Lamor has appropriate policies and procedures and financial risks are identified, measured and managed in accordance with Lamor's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Lamor may use derivative instruments for hedging foreign exchange and interest rate risks. Currently, Lamor does not hold any derivative instruments.

Sensitivity analysis

In relation to the risk management policy Lamor estimates the exposure to the relevant market risk's by performing a sensitivity analysis periodically at each reporting date. The sensitivity analyses have been prepared on the basis that variables, such as, the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2021.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2021.

Market risk

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate because of changes in market prices or market conditions. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Lamor's exposure to the interest rate fluctuations relates primarily to the portion of Lamor's long-term debt obligations that have floating interest rates. Lamor's long-term bank loans that have floating interest rates are linked to Euribor rates. Changes in market interest rates have a direct effect on the Group's future interest payments.

Lamor's policy of reducing the effects of interest rate risk is to maintain a predefined balance between the total amount of loan facilities acquired and liquidity position. The management assesses the interest rate risk at each reporting date to establish the actions required to maintain a stable interest rate environment. Group has the ability to renegotiate the terms of the financial instruments in case the market environment and interest rate environment changes.

Lamor may use derivative instruments for hedging interest rate risks. Currently, Lamor does not hold any derivative instruments.

Notes to the consolidated financial statements

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. Sensitivity analysis has been performed based on the assumption of a positive reference interest rate and outstanding loan amount at the end of the reporting period excluding any future amortisations. The changes in the interest rate level are shown in full without considering the effects of possible contractual interest rate floors related to loans. With all other variables held constant and the interest rate is changed by 1 percetage point, Lamor's profit before tax and equity would be affected through the impact on floating rate borrowings, as follows:

EUR thousand	Increase/decrease in %	Effect on profit before tax	Pre-tax effect on Equity
2021			
6 month Euribor	+1%	-74	-74
6 month Euribor	-1%	74	74

Foreign currency risk

The Lamor Group consists of the parent company in Finland and the most significant subsidiaries are located in USA, China, Ecuador, Peru and Oman.

Transaction risk

According to the Lamor's financial policy, transactions between the parent company and the foreign subsidiaries are primarily carried out in the local currency of the subsidiary, and the transaction risk is carried by the parent company and therefore foreign subsidiaries do not have a significant currency risk. Exceptions are subsidiaries, which have other than local currency transactions and balances due to the nature of business activities. In this case transactions between the parent company and the subsidiary are carried out in a currency appropriate for the Group currency exposure. Most of the sales of the group are denominated in USD or EUR based on the preference of the clients and the nature of the oil business. The transaction exposure of the parent company and the subsidiaries with non-local currency items comprises of the foreign currency denominated receivables and payables in the statement of financial position and the foreign currency denominated binding purchase and sales contracts. Lamor may use foreign exchange derivatives, such as forward contract, to hedge against the risk arising from significant foreign currency exposures.

Translation risk

In the statements of financial position, foreign subsidiaries are translated into Euro using the European Central Bank's closing rates and the income statements using the average rate for the year. The impacts of the exchange rate fluctuations arising on translation of the subsidiaries' income statements and statements of financial position are recorded as translation differences in other comprehensive income and in the translation reserve in equity. Lamor's total comprehensive income was positively affected by translation differences on foreign operations by EUR 0,5 million (negatively affected by EUR 0,8 million in 2020).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the base currency against the quote currency, with all other variables held constant, of the Lamor's profit before tax due to changes of FX exposure on 31 December 2021. A reasonably possible change is assumed to be a 10% base currency appreciation or depreciation against the quote currency. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

EUR thousand	Increase/decrease in FX rate	Effect on profit before tax
USD/EUR	+10%	167
USD/EUR	-10%	-204

EUR thousand	Increase/decrease in FX rate	Pre-tax effect on Equity
USD/EUR	+10%	-456
USD/EUR	-10%	558
CNY/EUR	+10%	68
CNY/EUR	-10%	-83
SAR/EUR	+10%	242
SAR/EUR	-10%	-295
KWD/EUR	+10%	119
KWD/EUR	-10%	-145

The following table demonstrates the sensitivity to a reasonably possible change in the base currency against the quote currency, with all other variables held constant, of the fair value of foreign exchange forwards Lamor held on 31 December 2021. A reasonably possible change is assumed to be a 10% base currency appreciation or depreciation against the quote currency. The instruments are measured at fair value through profit and loss.

EUR thousand	Increase/decrease in FX rate	Effect on profit before tax	Pre-tax effect on Equity
USD/EUR	+10%	2,694	2,694
USD/EUR	-10%	-381	-381

Credit risk

Credit risk arises from counterparties, who are not able to meet their obligations under a financial instrument or customer contract, leading to a financial loss for Lamor. Lamor is exposed to credit risk from its operating activities, which primarily include trade receivables, bank balances and short term investments. Responsibility for managing the credit risks associated with ordinary commercial activities lies with the Businesses and the Group companies. Major trade and projects' credit risks are minimised by transferring risks to banks and export credit organisations.

Lamor's operational credit risk arises from outstanding receivable balances and long-term agreements with customers. Customer base and the nature of commercial contracts are different in each country, and local teams are responsible for ongoing monitoring of customer specific credit risk. The receivables are divided into two baskets of clients between equipment and service. Both of these baskets involve a separate careful estimate of the future expected credit losses.

The Group manages credit risk relating to operating items, for instance, by advance payments, payment guarantees and careful assessment of the credit quality of the customer. Majority of Lamor Group's operating activities are based on established, reliable customer relationships and generally accepted contractual terms. The payment terms of the invoices are mainly from 14 to 90 days. Credit background of new customers is assessed comprehensively and when necessary, guarantees are required and client's payment behavior is monitored actively.

Additionally, group is exposed to a counterparty risk, which is managed alongside the credit risk, by recognising the customer prior the trading or by receiving a prepayment for the services. Group trades only with recognised and creditworthy parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets.

Lamor Group does not have any significant concentrations of credit risk as the clientele is broad and geographically spread into the countries, in which the Group operates.

Expected credit losses

The Group assessess the status of the trade receivables at each reporting date on a quarterly basis. The Group uses the simplified method of assessing the potential expected credit losses (ECL) from it's trade receivables, please see Note 3.8 Trade receivables for further details.

Liquidity risk

Lamor monitors its available funds and maturity analysis as the basis for concluding the cash requirements. The management assesses the business forecast and the related cash flows to maintain the liquidity requirements.

Lamor's objective is to maintain a balance between continuity of funding and flexibility through the use of bank balances, and if necessary bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded the risk to be low. Lamor has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing or new lenders. The Group has unsecured loans with underlying covenants, such as equity ratio and interest bearing debt to EBITDA.

Please see further information regarding the liquid assets in the note 4.4. Cash and cash equivalents.

The maturity analysis of the financial liabilities is presented as a maturity distribution table, which presents the relevant cash outflows for the forseeable future in the note 4.5. Borrowings and lease liabilities.

Lamor has EUR 4.1 million unused credit limits available for use per 31.12.2021.

4.2 Fair value measurement

Lamor measures financial instruments at fair value at each balance sheet date. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in note 3.1 Business combinations.

Accounting principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Lamor uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value estimation

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 in level 1 fair value include:

- Lamor does not any level 1 financial instruments

Level 2:

The fair value of these assets or liabilities is based on valuation techniques, for which the lowest level input that is significant to the fair value measurement and it is directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available source. Financial instruments in level 2 fair value include:

- Investments in funds
- Foreign exchange forward contracts

Level 3:

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and require independent consideration and judgement from the valuation perspective. Lamor had no material instruments that would be classified as Level 3 fair value instruments in 31.12.2021. In 31.12.2021 and 31.12.2020 the Group had level 3 financial instruments, which include:

- Unlisted equity investments
- Contingent consideration

These investments do not include any significant valuation uncertainty. For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, Lamor determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the balance sheet date, Lamor has only Level 2 and 3 financial instruments and there has not been any transfers between levels during the financial periods.

At each reporting date, Lamor's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, Lamor has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair values

Financial instruments' tabular presentation portrays a comparison of Groups financial instruments by class indicating the difference between the carrying values and fair values, except for those instruments for which the carrying amounts are a reasonable approximations of the fair values. Please see the tabular presentation in Note 4.3 Financial assets and liabilities.

Notes to the consolidated financial statements

4.3 Financial assets and liabilities

Accounting principles

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Lamor's financial assets are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification is based on the contractual cash flow characteristics of the financial asset and Lamor's business model for managing the instruments. The impairment of the financial assets is discussed in detail in the risk management section in Note 4.1 Financial risk management.

Amortised cost

Financial assets are classified at amortised cost, if the objective of holding the asset is to collect contractual cash flows and if the cash flows are solely payments of principal and interest. Financial assets which fulfill both of the conditions are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Any gains or losses from these financial assets are recognised in profit or loss when the asset is derecognised, modified or impaired.

Lamor's financial assets at amortised cost include cash an cash equivalents, trade receivables, and other receivables.

Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit and loss when the financial assets are held for trading and when the collection of cash flows are not based on payments of principal and interest and do not pass the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative financial instruments entered into by the Lamor that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Currently, Lamor does not have any derivative instruments. Additionally, this category includes investments in funds.

Financial assets at fair value through Other comprehensive income (OCI)

Debt instruments are classified and measured at fair value through other comprehensive income if the objective of holding the financial asset fulfills both to collect contractual cashflows and to sell the financial asset, and if the cash flows are solely payments of principal and interest. Interest income is recognised in income statement using the EIR method. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recorded in profit or loss.

Currently Lamor does not hold any investments in debt instruments classified at fair value through OCI.

At initial recognition Lamor can make an irrevocable election to classify and measure its equity investments designated at fair value through other comprehensive income when these instruments are not held for sale and when these financial instruments fulfill the requirements of investments to equity instruments under IAS 32. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when Lamor benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Lamor has made an irrevocable election to classify investments in other shares at fair value through OCI.

Derecognition of financial assets

The Group derecognises a financial assets when, and only when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

Notes to the consolidated financial statements

Financial liabilities

Lamor recognises a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provision of the instrument. Group's financial liabilities are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortised cost and fair value through profit or loss. The financial liabilities are classified to their respective current and non-current accounts.

At amortised cost

Lamor's financial liabilities classified at amortised cost, such as interest-bearing loans and trade payables are initially recognised at fair value less any related transaction cost, and are subsequently measured using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by Lamor that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Currently Lamor does not hold any derivative instruments.

Lamor has recorded at FVTPL contingent consideration related to the acquisition of Corena SA, Corena Colombia and Lamor Peru non-controlling interests in accordance with IFRS 9. Contingent consideration recorded according to the SHA agreement signed on December 2020.

De-recognition of financial liabilities

Lamor de-recognises financial liabilities when, and only when the obligation of a financial liability specified in its respective contract is discharged, cancelled or it expires. This includes a situation where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss. Lamor has not de-recognised any liabilities during the financial period or the comparable financial periods.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. Lamor does not offset its financial instruments.

Reference rate reform: Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases

The second phase amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest ratio (RFR). A practical expedient requires contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate. If any other changes made at the same time are assessed as substantial, the instrument is derecognised. If not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument to profit or loss. The reference rate reform has not had an impact on Lamor's consolidated financial statements.

4.3 Financial assets and liabilities (continues)

Financial instruments by classification 31 Dec 2021

Financial assets, 2021

EUR thousand	Note	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	4.3	3	-	418	-	418	418
Loan Receivable from Associate			-	-	1,442	1,442	1,442
Non-current financial assets total			**0**	**418**	**1,442**	**1,860**	**1,860**
Current financial assets							
Trade receivables	3.8		-	-	7,556	7,556	7,556
Contract assets	3.8		-	-	14,804	14,804	14,804
Investments in funds	4.2	2	165	-	-	165	165
Cash and cash equivalents	4.4		-	-	28,871	28,871	28,871
Current financial assets total			**165**	**0**	**51,231**	**51,396**	**51,396**
Financial assets total			**165**	**418**	**52,674**	**53,256**	**53,256**

Financial liabilities, 2021

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities							
Interest-bearing loans and borrowings	4.5		-	-	9,178	9,178	9,178
Lease liabilities	4.5		-	-	3,056	3,056	3,056
Other payables	3.9 & 4.3		-	-	2,828	2,828	2,828
Non-current financial liabilities total			**0**	**0**	**15,063**	**15,063**	**15,063**
Current financial liabilities							
Interest-bearing loans and borrowings	4.5		-	-	10,019	10,019	10,019
Lease liabilities	4.5		-	-	2,410	2,410	2,410
Derivative instruments	4.3	2	4	0	0	4	4
Contingent consideration	4.5	3	274	-	0	274	274
Trade payables	3.9		-	-	11,844	11,844	11,844
Contract liabilities	3.9		-	-	1,985	1,985	1,985
Other current liabilities	3.9 & 4.5		-	-	6,476	6,476	6,476
Current financial liabilities total			**277**	**0**	**32,735**	**33,012**	**33,012**
Financial liabilities total			**277**	**0**	**47,798**	**48,075**	**48,075**

Notes to the consolidated financial statements

Financial instruments by classification 31 Dec 2020

Financial assets, 2020

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets							
Investments	4.1	3	-	350	-	350	350
Other receivables			-	0	-	0	0
Non-current financial assets total			**0**	**350**	**0**	**350**	**350**
Current financial assets							
Trade receivables	3.8		-	-	9,475	9,475	9,475
Contract assets	3.8		-	-	4,336	4,336	4,336
Investments in funds	4.2	2	194	-	-	194	194
Cash and cash equivalents	4.4		-	-	5,282	5,282	5,282
Current financial assets total			**194**	**0**	**19,093**	**19,286**	**19,286**
Financial assets total			**194**	**350**	**19,093**	**19,636**	**19,636**

Financial liabilities, 2020

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities							
Interest-bearing loans and borrowings	4.5		-	-	3,543	3,543	3,543
Lease liabilities	4.5		-	-	261	261	261
Other payables	3.9 & 4.3		-	-	59	59	59
Non-current financial liabilities total			**0**	**0**	**3,863**	**3,863**	**3,863**
Current financial liabilities							
Interest-bearing loans and borrowings	4.5		-	-	12,480	12,480	12,480
Lease liabilities	4.5		-	-	768	768	768
Contingent consideration	4.5	3	593	0	0	593	593
Trade payables	3.9		-	-	8,805	8,805	8,805
Contract liabilities	3.9		-	-	3,017	3,017	3,017
Other current liabilities	3.9 & 4.5		-	-	4,190	4,190	4,190
Current financial liabilities total			**593**	**0**	**29,259**	**29,852**	**29,852**
Financial liabilities total			**593**	**0**	**33,122**	**33,715**	**33,715**

Notes to the consolidated financial statements

4.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less. Cash and cash equivalents are subject to an insignificant risk of changes in value.

EUR thousand	31 Dec 2021	31 Dec 2020
Cash at banks and on hand	28,577	2,721
Short-term deposits	294	2,562
Total	**28,871**	**5,282**

4.5 Borrowings and lease liabilities

Interest-bearing liabilities and net debt

EUR thousand	31 Dec 2021	31 Dec 2020
Net debt		
Non-current interest-bearing loans and borrowings	9,178	3,543
Non-current lease liabilities	3,056	261
Current interest-bearing loans and borrowings	10,019	12,480
Current Lease liabilities	2,410	768
Liquid funds	-28,871	-5,282
Net debt total	**-4,208**	**11,769**

EUR thousand	Opening balance 1 Jan	Cash flows	Non cash changes	Reporting date balance 31 Dec
Changes in the interest-bearing liabilities 31 Dec 2021				
Interest-bearing loans and borrowings	16,023	3,141		19,197
Lease liabilities	1,029	-1,573	6,010	5,466
Total changes in interest-bearing liabilities	**17,052**	**1,569**	**6,043**	**24,663**
Changes in the interest-bearing liabilities 31 Dec 2020				
Interest-bearing loans and borrowings	15,554	333	136	16,023
Lease liabilities	1,552	-720	197	1,029
Total changes in interest-bearing liabilities	**17,106**	**-387**	**333**	**17,052**

Notes to the consolidated financial statements

EUR thousand	Carrying amount	2022	2023	2024	2025	2026	Over 5 years	Total cash Outflows
31 Dec 2021								
Interest-bearing loans and borrowings	19,197	10,019	2,519	2,007	1,653	-	3,000	19,197
Lease liabilities	5,466	3,005	2,547	1,482	20	5	-	7,060
Trade and other payables	18,321	18,321	-	-	-	-	-	18,321
Contingent liabilities	274	274	-	-	-	-	-	274
Total	**43,258**	**31,619**	**5,066**	**3,489**	**1,673**	**5**	**3,000**	**44,852**

EUR thousand	Book value	2021	2022	2023	2024	2025	Over 5 years	Total cash Outflows
31 Dec 2020								
Interest-bearing loans and borrowings	16,023	11,411	2,057	1,536	1,019	-	-	16,023
Lease liabilities	1,029	756	193	60	35	18	5	1,067
Trade and other payables	10,631	10,631	-	-	-	-	-	10,631
Contingent liabilities	593	198	198	198	-	-	-	593
Total	**28,276**	**22,996**	**2,448**	**1,794**	**1,054**	**18**	**5**	**28,315**

Contingent consideration

Lamor has recorded at FVTPL contingent consideration related to the acquisition in accordance with IFRS 3. For the purchase of the additional shares of Corena SA, Corena Colombia and Lamor Peru, the company has a contingent liability of EUR 274 thousand, which has been estimated on the basis of the three years' profit in the companies excluding any negative profit over the calculation period.

Maturity Distibution of Financial liabilities

The maturity distribution of the financial liabilities is presenting the cash outflows in relation to the Group's financial liabilities. The objective is to present the liquidity requirements for meeting the upcoming outflows on an annual basis. The maturity analysis involves the interest-bearing financial liabilities, IFRS 16 lease liabilities and other liabilities in order to present the actual out flows in relation to all Group's liabilities.

Based on the maturity distribution position the Group management facilitates the credit position and liquidity requirement and adjusts the company's credit risk policy.

Notes to the consolidated financial statements

4.6 Capital management

For the purpose of Lamor's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of Lamor's capital management is to maximise the shareholder value.

Lamor manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, Lamor may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Lamor monitors capital structure using gearing and equity ratio.

Interest-bearing net debt is presented separately in note 4.5 Borrowings and lease liabilities.

Lamor's senior priority financing arrangement includes customary covenants relating to, among other things, the Company's gearing and equity ratio. Pursuant to the covenants, the ratio between the Company's senior debt and EBITDA shall be less than 3 and the equity ratio over 35 per cent. The ratio between senior debt and EBITDA as well as the equity ratio are reviewed quarterly. Lamor did not breach the covenants relating to its interest-bearing liabilities in 2021 or 2020.

EUR thousand	31 Dec 2021	31 Dec 2020
Net debt (note 4.5)	-4,208	11,769
Shareholders equity	61,067	28,281
Gearing ratio	-6.9%	41.6%
Equity ratio	56.2%	46.8%

Notes to the consolidated financial statements

4.7 Equity

Equity and capital reserves

Equity consists of share capital, reserve for unrestricted equity, exchange differences on translation of foreign operations and retained earnings net of treasury shares. The company has one series of shares

On 11 November, 2021 Lamor announced that it is planning an initial public offering (IPO) and a listing of its shares on the Nasdaq First North Premier Growth Market Finland. The Board of Directors decided on 7 December 2021 on the completion of the initial public offering. In the offering, Lamor issued 7,281,374 new shares. Lamor received gross proceeds of approximately EUR 35.0 million from the offering. Trading in the shares of Lamor commenced on Nasdaq First North Premier Growth Market Finland maintained by Nasdaq Helsinki Ltd on 8 December 2021. At the end of the reporting period on 31 December 2021, Lamor's share capital was EUR 3,866,375.40 and total number of shares outstanding was 26,959,974 excluding shares held in treasury. In addition, as of 31 December 2021, Lamor holds 542,450 of its own shares.

Lamor decided on share split (50:1) in November 2021. The share numbers presented above are adjusted for the split.

Number of shares	31 Dec 2021	31 Dec 2020
Total number of shares at the beginning of the period	**19,937,950**	**19,210,200**
Shares issued during the period	7,564,474	727,750
Total number of shares at the end of the period	**27,502,424**	**19,937,950**
Own shares held in the beginning of period	104,050	104,050
Shares repurchased during the period	438,400	-
Own shares held at the end of period	**542,450**	**104,050**
Shares outstanding at the beginning of reporting period	**26,959,974**	**19,833,900**
Shares outstanding at the end of reporting period	**26,959,974**	**19,833,900**

Dividends

The Board of Directors proposes to the Annual General Meeting that for the financial year ended 31.12.2021 no dividend will be paid.

Reserve for invested non-restricted equity

The reserve for invested non-restricted equity contains the other equity-related investments and share subscription prices to the extent not to be credited to the share capital.

Exchange differences on translation of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. euro) are recognised in other comprehensive income in the equity.

Notes to the consolidated financial statements

5.1 Related party transactions

The Group's related parties comprise the Board of Directors, the CEO as well as the other members of the management team and the close members of the family of the before mentioned persons as well as their controlled entities, associated companies and joint ventures. In addition, the Group's related parties include associated companies and joint ventures in which the Group has investments.

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 in this note.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Compensation of key management personnel

Key management personnel consist of the members of the Board of Directors, Group CEO and members of the Group management team. The following table sets out the amounts paid as compensation to the key management personnel during the year.

EUR thousand	31 Dec 2021	31 Dec 2020
Transactions with related parties		
Sales to related parties	834	320
Purchases from related parties	1,690	1,504
Receivables	1,563	916
Liabilities	8	16
The sales to and purchases from related parties are carried out on usual commercial terms.		
Loans receivable from and payable to related parties		
Amounts receivable from related parties	1,442	474
Amounts payable to related parties	271	2,394
Compensation of the members of the Board of Directors		
Chairman	34	32
Board Members	21	27
Total	**56**	**59**
Group CEO and Group management team		
Short-term employee benefits	604	277
Total	**604**	**277**
Total compensation paid to key management personnel	**660**	**336**
Consultancy remuneration, total	517	380

5.2 Contingent liabilities and other commitments

Commitments

At 31 December 2021, the Group had corporate mortgages as colleteral for its loans of EUR 51.8 million (EUR 21.8 million 31 December 2020).

Lease Commitments

The Group has various lease contracts that have not yet commenced as of 31 December 2021. The future lease payments for these non-cancellable lease contracts are EUR 8.5 (0.0) million, of which EUR 3.2 (0.0) million is due within one year and the remaining amount within five years.

Relating to leases of low-value and short-term leases, the amount of lease payments maturing within 1 year is EUR 6 thousand.

Legal claim contingency

An overseas previous distributor has commerced an Legal action in Colombia against the Group. The final trial has not been set.

The Group has been advised by its legal counsel that it is highly unlikely that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

Guarantees

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

EUR thousand	31 Dec 2021	31 Dec 2020
Performance and warranty guarantees	21,522	578
Advance payment and payment guarantees	2,077	1,893
Tender and bid bond guarantees	861	3,882
Total other commitments	**24,460**	**6,353**

No liability is expected to arise from the guarantees.

Notes to the consolidated financial statements

5.3 Events after reporting period

Lamor entered into an agreement for a significant role in an environmental response and cleanup project in Peru in early February 2022. Lamor's share of the total value of the first phase is estimated to be at least EUR 18 million. In addition to the project in Peru, Lamor has as part of its normal business activities taken part in an environmental response and cleanup project of an oil spill in Ecuador. The incident occurred at the end of January 2022. Lamor's share of the total value of the project, which is estimated to be delivered by mid-March 2022, is at least EUR 4.5 million. The cleanup work may continue after this

As released by Lamor in January 2022, Lamor reinforces its Management Team to strengthen the implementation of the company's growth strategy. Dr. Johan Grön (D.Sc., Chem.Eng.) has been appointed as Lamor's Chief Operating Officer and as a member of the Management Team. He will start in his role latest as of 30 April 2022.

In February 2022, Lamor entered into an agreement with the aim of establishing a joint venture with Zamil Operations & Maintenance Co (ZOMCO), a part of the Zamil Group located in Saudi Arabia. With this establishment, co-operating with a major local partner, Lamor will intensify the execution of its strategy being globally local and increase its presence in a key growth market.

Financial Statements of the Parent Company (FAS)

Income statement

	Note	1 Jan 2021–31 Dec 2021	1 Jan 2020–31 Dec 2020
Revenue	**1**	**29,075,843.04**	**24,520,794.27**
Production for own use		0.00	1,521,643.47
Other operating income	2	465,860.61	228,568.22
Materials and services	3	-21,271,715.58	-15,111,896.81
Personnel expenses	4	-4,007,398.55	-3,140,332.74
Depreciations	5	-2,648,202.16	-2,718,396.51
Other operating expenses	6	-7,552,775.64	-10,011,935.35
Operating profit		**-5,938,388.28**	**-4,711,555.45**
Financial income and expenses	7	-3,902,121.25	-1,631,022.59
Profit (loss) before appropriations		-9,840,509.53	**-6,342,578.04**
Appropriations	8	0.00	0.00
Profit (loss) before tax		**-9,840,509.53**	**-6,342,578.04**
Income taxes	9	2,362,133.93	163,589.28
Profit (loss) for the financial year		**-7,478,375.60**	**-6,178,988.76**

Financial Statements of the Parent Company (FAS)

Balance sheet

	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	10	4,297,909.78	5,134,420.39
Tangible assets	11	1,638,134.70	1,033,625.40
Investments	12	11,629,242.76	11,849,360.73
Total non-current assets		**17,565,287.24**	**18,017,406.52**
Current assets			
Inventories	13	4,734,045.15	4,425,959.72
Non-current receivables	14	5,242,615.40	716,964.21
Current receivables	15	15,369,477.67	14,445,072.16
Deferred tax assets	16	2,646,811.36	212,767.87
Cash and cash equivalents		26,445,198.73	236,880.05
Total current assets		**54,438,148.31**	**20,037,644.01**
TOTAL ASSETS		**72,003,435.55**	**38,055,050.53**

	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity	17		
Share capital		3,866,375.40	3,866,375.40
Reserve for invested unrestricted equity		47,439,004.23	11,397,934.64
Issue of shares		0.00	621,061.85
Retained earnings		-4,345,974.88	2,442,533.94
Profit (loss) for the financial year		-7,478,375.60	-6,178,988.76
Total equity		**39,481,029.15**	**12,148,917.07**
Liabilities			
Non-current liablities	18	8,593,641.00	3,233,291.08
Interest bearing liablities		8,593,641.00	3,176,129.08
Non-interest bearing liabilities		0.00	57,162.00
Current liabilities	19	23,928,765.40	22,672,842.38
Interest bearing liablities		9,327,989.08	11,606,176.14
Non-interest bearing liabilities		14,600,776.32	11,066,666.24
Total liabilities		**32,522,406.40**	**25,906,133.46**
TOTAL EQUITY AND LIABILITIES		**72,003,435.55**	**38,055,050.53**

Financial Statements of the Parent Company (FAS)

Lamor Corporation Plc

Accounting principles for the parent company 's financial statements

Lamor Corporation's financial statements have been prepared in accordance with Finnish Accounting Standards (FAS).

Valuation and accrual principles and methods

Valuation of non-current assets

Depreciation according to plan has been deducted from the acquisition cost of intangible and tangible assets entered in the balance sheet. Acquisition cost includes variable costs incurred in acquisition and manufacturing. Grants received have been recorded as a deduction from the acquisition cost. Depreciation according to plan is calculated as straight-line depreciation based on the economic life of intangible and tangible assets. Depreciation has been made since the month the asset was taken into use.

Depreciation times are:

- Goodwill 5-10 years
- Development expenses 5 years
- Other intangible assets 3-10 years
- Machinery and equipment 3-10 years

The acquisition costs of non-current fixed assets with a probable useful life of less than 3 years and minor acquisitions have been recognized in full as an expense during the acquisition period.

Valuation of inventories

Inventories are recorded in the balance sheet in accordance with the FIFO principle at their acquisition cost or at a lower replacement cost or probable sale price.

Valuation of financial instruments

Financial instruments are valued at the lower of cost or probable value.

Accrual of product development and long-term expenses

Research and development expenses are recognized as annual expenses in the year in which they are incurred. Product development costs that generate income for three or more years have been capitalized in the balance sheet as development costs and are depreciated over 5 years. Grants received are deducted from the capitalized acquisition cost.

Recognition of deferred taxes

Deferred tax liabilities and assets have been calculated for the differences between taxation and the financial statements using the tax rate established at the balance sheet date for the following years. The balance sheet includes a deferred tax asset in the amount of the estimated probable receivable from confirmed losses.

Branches

In 2021, the company established a branch in Saudi Arabia. The transactions of the branch are included in the financial statements. Transactions between the principal and the branch have been eliminated in preparing the financial statements. The company also has branches in China and Colombia.

Financial Statements of the Parent Company (FAS)

Notes to the income statement

	1 Jan 2021-31 Dec 2021	1 Jan 2020-31 Dec 2020
1. REVENUE		
Revenue by geography		
EURU	10,095,481.87	11,911,108.31
AMER	2,395,516.53	3,609,880.03
APAC	3,920,064.64	6,849,967.56
MEAF	12,664,780.00	2,149,838.37
Total revenue	**29,075,843.04**	**24,520,794.27**
2. OTHER OPERATING INCOME		
Government grants	0.00	21,585.29
Gain of sale of fixed assets	282,810.61	76,596.46
Other income	183,050.00	130,386.47
Total operating income	**465,860.61**	**228,568.22**
3. MATERIALS AND SERVICES		
Purchases during the financial year	-15,544,934.55	-12,923,423.12
Change in inventories	313,045.73	-1,313,048.19
Materials and supplies	-15,231,888.82	-14,236,471.31
External services	-6,039,826.76	-875,425.50
Total	**-21,271,715.58**	**-15,111,896.81**

	1 Jan 2021-31 Dec 2021	1 Jan 2020-31 Dec 2020
4. PERSONNEL EXPENSES		
Wages and salaries	-3,290,977.86	-2,712,527.28
Pension expenses	-615,339.58	-367,866.89
Social security costs	-101,081.11	-59,938.57
Total personnel expenses	**-4,007,398.55**	**-3,140,332.74**
Average number of employees during the period	42	42
Salaries and fees paid to Board of Directors and CEO		
Salaries, fees and benefits paid for the Board of Directors and for the CEO	285,139.26	183,883.52
5. DEPRECIATIONS		
Depreciations according to plan	-2,648,202.16	-2,718,396.51
Total depreciations	**-2,648,202.16**	**-2,718,396.51**

Financial Statements of the Parent Company (FAS)

	1 Jan 2021-31 Dec 2021	1 Jan 2020-31 Dec 2020
6. OTHER OPERATING EXPENSES		
Other personnel expenses	-187,300.98	-915,044.29
Leases	-568,451.10	-524,006.66
Travel and accomondation	-126,584.76	-152,963.48
Transportation	-831,421.34	-527,355.47
Sales and marketing	-275,254.22	-124,279.65
Operating and maintenance costs	-38,438.39	-102,978.57
Provisions and royalties	-996,030.08	-950,952.06
Administration	-649,430.54	-556,985.23
External services	-2,429,675.26	-2,359,388.17
Other operating expenses	-1,450,188.97	-3,797,951.78
Total other operating expenses	**-7,552,775.64**	**-10,011,905.36**
Audit fees		
Audit fees	-212,175.60	-61,100.00
Other audit-related assignments	-249,353.00	0.00
Tax services	0.00	0.00
Other services (tax- and special services)	-382,435.65	-23,181.31
Total audit fees	**-843,964.25**	**-84,281.31**

	1 Jan 2021-31 Dec 2021	1 Jan 2020-31 Dec 2020
7. FINANCIAL INCOME AND EXPENSES		
Dividend income	**539,749.21**	**210,867.24**
Financial income		
Interest income	16,279.44	18,691.83
Interest income, group companies	2,469.48	6,113.18,
Foreign currency exchange gains	293,401.89	0.00
Financial income total	**312,150.81**	**24,805.01**
Financial expenses		
Interest expenses	-625,531.39	-578,057.83
Foreign currency exchange losses	-281,079.49	-237,705.74
Other finance costs	-3,847,410.39	-815,259.02
Financial expenses total	**-4,754,021.27**	**-1,631,022.59**

Other financial expenses include EUR 3.1 million related to the IPO in December.

Other financing expenses		
Impairment losses on investments in non - current assets	0.00	-547,528.48

Financial Statements of the Parent Company (FAS)

	1 Jan 2021-31 Dec 2021	1 Jan 2020-31 Dec 2020
8. APPROPRIATIONS		
Group contributions granted	0.00	0.00
Total appropriations	**0.00**	**0.00**
9. INCOME TAXES		
Income tax on operations	0.00	0.00
Tax for previous accounting periods	0.00	-11 925,97
Other taxes	-73,000.37	-37,252.62
Deferred taxes	2,435,134.30	212,767.87
Total income taxes	**2,362,133.93**	**163,589.28**
Notes to assets		
10. INTANGIBLE ASSETS		
Development expenses		
Acquisition cost 1 Jan	1,776,867.81	3,693,235.29
Additions	774,784.17	1,788,647.80
Disposal	0.00	-1,840,191.42
Transfers	0.00	-698,871.84
Acquisition cost 31 Dec	**2,551,651.98**	**2,942,819.83**
Depreciation for the financial year	-946,084.91	-1,165,952.02
Accumulated depreciation and impairment 31 Dec	**-946,084.91**	**-1,165,952.02**
Book value 31 Dec	**1,605,567.07**	**1,776,867.81**

	1 Jan 2021-31 Dec 2021	1 Jan 2020-31 Dec 2020
Immaterial rights		
Acquisition cost 1 Jan	1,618,956.25	1,207,340.86
Additions	702,161.35	227,580.60
Disposal		0.00
Transfers		482,655.69
Acquisition cost 31 Dec	**2,321,117.60**	**1,917,577.15**
Depreciation for the financial year	-383,740.34	-298,620.90
Accumulated depreciation and impairment 31 Dec	**-383,740.34**	**-298,620.90**
Book value 31 Dec	**1,937,377.26**	**1,618,956.25**
Goodwill	,	
Acquisition cost 1 Jan	1,738,596.33	2,115,355.02
Additions	0.00	592,070.43
Disposal	0.00	0.00
Acquisition cost 31 Dec	**1,738,596.33**	**2,707,425.45**
Depreciation for the financial year	-983,630.88	-968,829.12
Accumulated depreciation and impairment 31 Dec	**-983,630.88**	**-968,829.12**
Book value 31 Dec	**754,965.45**	**1,738,596.33**
Total intangible assets	**4,297,909.78**	**5,134,420.39**

Financial Statements of the Parent Company (FAS)

	1 Jan 2021-31 Dec 2021	1 Jan 2020-31 Dec 2020
11. TANGIBLE ASSETS		
Machinery and equipment		
Acquisition cost 1 Jan	1,033,625.40	896,566.20
Additions	739,746.08	564,826.81
Disposal	-15,588.61	-198,075.65
Transfers	215,097.86	55,302.51
Acquisition cost 31 Dec	**1,972,880.73**	**1,318,619.87**
Depreciation for the financial year	-334,746.03	-284,994.47
Accumulated depreciation and impairment 31 Dec	**-334,746.03**	**-284,994.47**
Book value 31 Dec	**1,638,134.70**	**1,033,625.40**
Total tangible assets	**1,638,134.70**	**1,033,625.40**
12. INVESTMENTS		
Investments in subsidiaries		
Acquisition cost 1 Jan	9,501,550.90	7,274,704.17
Additions	67,958.80	2,448,572.79
Disposals	-367,322.78	-181,062.62
Transfers		-40,663.44
Acquisition cost 31 Dec	**9,202,186.92**	**9,501,550.90**

	Domicile	Holding %
Name of entity		
Lamor USA Corporation	USA	100%
Lamor Vostok	Russia	100%
Lamor Corporation UK Ltd.	United Kingdom	100%
Lamor Middle East LLC	Oman	70%
Lamor Beijing Co Ltd.	China	100%
Lamor Americas LLC	USA	100%
Lamor International Sales Corp.	USA	100%
Lamor Peru S.A.C	Peru	100%
Lamor Environ. Solutions Spain	Spain	100%
Corena S.A.	Ecuador	85.01%
Lamor Environ. Solutions Panama	Panama	52%
Lamor India Private Ltd	India	60%
Lamor Water Technology Oy	Finland	50.67%
Corena Colombia S.A.S	Colombia	92.50%
Corena Chile	Chile	92.55%
Corena Bolivia	Bolivia	100%
World Environmental Service Technologies LLC	USA	100%

Financial Statements of the Parent Company (FAS)

	31 Dec 2021	31 Dec 2020
Shares in associates		
Acquisition cost 1 Jan	1,994,682.69	1,908,798.46
Additions	62,906.01	139,269.23
Disposals	-41,881.77	-94,048.44
Transfers		40,663.44
Acquisition cost 31 Dec	**2,015,706.93**	**1,994,682.69**

Associates	Domicile	Holding %
Direct ownership		
Shanghai Dong An Offshore	China	29%
Lamor Cevre Hitzmetleri	Turkey	31%
Lamor Central Asia	Kazakhstan	40%
Lamor Do Brazil	Brazil	50%
Lamor NBO LLC	Azerbaijan	50%
Sawa Petroleum Senegal	Senegal	45%
Lamor Ukraine LLC	Ukraine	19%
Gaico-Corena Environmental Services Inc.	Guyana	49%
Owned by Gaico-Corena Environmental Services Inc.		
Sustainable Environmental Solutions Guayana Inc. (SES)	Guyana	24.5%
Owned by World Environmental Service Technologies LLC		
Ecoself Sakhalin	Russia	26%

Financial Statements of the Parent Company (FAS)

	31 Dec 2021	31 Dec 2020
Other shares		
Acquisition cost 1 Jan	353,127.14	802,297.56
Additions	408,176.16	0.00
Disposals	-349,954.39	-449,170.42
Acquisition cost 31 Dec	**411,348.91**	**353,127.14**
Investments total	**11,629,242.76**	**11,849,360.73**
13. INVENTORIES		
Materials and supplies	4,474,938.83	4,082,952.54
Work-in-progress	259,106.32	343,007.18
Total inventories	**4,734,045.15**	**4,425,959.72**
14. NON-CURRENT RECEIVABLES		
Non-current receivables from group companies		
Loan receivables	2,339,660.16	146,206.71
Capital loan receivables	0.00	0.00
Total non-current receivables	**2,339,660.16**	**146,206.71**

During the financial year, a 6.4% stake in Hailer Oy was sold.

	31 Dec 2021	31 Dec 2020
Non-current receivables from ohters		
Loan receivables from shareholders	0.00	171,596.22
Loan receivables from associates and joint ventures	2,902,955.24	399,161.28
Non-current receivables from others total	**2,902,955.24**	**570,757.50**
Non-current receivables total	**5,242,615.40**	**716,964.21**
15. CURRENT RECEIVABLES		
Current receivables from group companies		
Trade receivables	4,388,419.20	4,808,262.88
Other receivables	0.00	2,266,512.71
Current receivables from group companies total	**4,388,419.20**	**7,074,775.59**
Current receivables from associates		
Loan receivables	0.00	0.00
Current receivables from associates total	**0.00**	**0.00**

The company has granted loans to finance staff ownership arrangements during the financial years 2014 and 2018. The principal of the loans at the balance sheet date was EUR 0.00 (171,596.22).

Financial Statements of the Parent Company (FAS)

	31 Dec 2021	31 Dec 2020
Current receivables from others		
Trade receivables	3,953,821.75	5,619,780.66
Advance payments	2,470,892.95	585,288.35
VAT receivables	829,806.20	155,712.53
Other receivables	487,124.87	580,736.17
Accrued income	3,239,412.70	428,778.86
Current receivables from others total	**10,981,058.47**	**7,370,296.57**
Current receivables total	**15,369,477.67**	**14,445,072.16**
Current accrued income		
Government grants	203,917.75	0.00
Contract assets	2,812,965.30	0.00
Other accured income	222,529.65	428,778.86
Current accrued income total	**3,239,412.70**	**428,778.86**
16. DEFERRED TAX ASSETS		
Deferred tax assets for confirmed losses	2,646,811.36	212,767.87

Notes to equity and liabilities

	31 Dec 2021	31 Dec 2020
17. EQUITY		
Restricted equity		
Share capital 1 Jan	3,866,375.40	366,375.40
Transfers	0.00	3,500,000.00
Share capital 31 Dec	**3,866,375.40**	**3,866,375.40**
Restricted equity total	**3,866,375.40**	**3,866,375.40**
	,	,
Unrestricted equity		
Reserve for invested unrestricted equity 1 Jan	11,397,934.64	14,897,934.64
Additions	36,041,069.59	0.00
Transfers	0.00	-3,500,000.00
Reserve for invested unrestricted equity 31 Dec	**47,439,004.23**	**11,397,934.64**
Issue of shares	0.00	621,061.85
Retained earnings 1 Jan	-3,736,454.82	2,442,533.94
Sales of own shares (+) / acquisitions (-)	-613,883.33	0.00
Translation differences on branch operations	4,363.27	0.00
Retained earnings 31 Dec	**-4,345,974.88**	**2,442,533.94**
Profit (loss) for the financial year	-7,478,375.60	-6,178,988.76
Unrestricted equity total	**35,614,653.75**	**8,282,541.67**
Equity total	**39,481,029.15**	**12,148,917.07**

Financial Statements of the Parent Company (FAS)

On 11 November, 2021 Lamor announced that it is planning an initial public offering (IPO) and a listing of its shares on the Nasdaq First North Premier Growth Market Finland. The Board of Directors decided on 7 December 2021 on the completion of the initial public offering. In the offering, Lamor issued 7,281,374 new shares. Lamor received gross proceeds of approximately EUR 35.0 million from the offering. Trading in the shares of Lamor commenced on Nasdaq First North Premier Growth Market Finland maintained by Nasdaq Helsinki Ltd on 8 December 2021. In addition Lamor decided on share split (50:1) in November 2021.

At the end of the reporting period on 31 December 2021, Lamor's share capital was EUR 3,866,375.40 and total number of shares outstanding was 26,959,974 excluding shares held in treasury. In addition, as of 31 December 2021, Lamor holds 542,450 of its own shares.

	31 Dec 2021	31 Dec 2020
Calculation of distributable equity		
Retained earnings	-4,345,974.88	2,442,533.94
Profit (loss) for the financial year	-7,478,375.60	-6,178,988.76
Reserve for invested unrestricted equity	47,439,004.23	11,397,934.64
Capitalized development expenses	-1,605,567.07	-1,776,867.81
Total	**34,009,086.68**	**5,884,612.01**
18. NON-CURRENT LIABILITIES		
Interest-bearing liabilities		
Loans from financial institutions	5,207,500.00	2,403,846.08
Others	3,386,141.00	772,283.00
Total	**8,593,641.00**	**3,176,129.08**
Interest-bearing liabilities total	**8,593,641.00**	**3,176,129.08**
Non-interest bearing liabilities		
Others	0.00	57,162.00
Total	**0.00**	**57,162.00**
Non-interest bearing liabilities total	**0.00**	**57,162.00**
Interest and non-interest bearing liabilities total	**8,593,641.00**	**3,233,291.08**
Liabilities maturing after more than five years		
Loans from financial institutions	**3,000,000.00**	**0.00**

	31 Dec 2021	31 Dec 2020
19. CURRENT LIABILITIES		
Interest-bearing current liabilities		
Loans from financial institutions	8,691,846.08	9,500,567.10
Shareholders	250,000.00	250,000.00
Others	386,141.00	1,855,609.04
Total	**9,327,987.08**	**11,606,176.14**
Interest-bearing current liabilities total	**9,327,987.08**	**11,606,176.14**
Non-interest bearing liabilities to group companies		
Trade payables	556,724.37	148,346.47
Other payables	0.00	0.00
Total	**556,724.37**	**148,346.47**
Non-interest bearing liabilities to others		
Advance payments	1,484,589.86	2,403,332.04
Trade payables	9,629,193.71	5,363,250.68
Other payables	380,073.63	61,781.44
Derivative liabilities	3,663.00	0.00
Accruals	2,546,531.75	3,089,955.61
Total	**14,044,051.95**	**10,918,319.77**

	31 Dec 2021	31 Dec 2020
Accruals		
Holiday pay accrued, including social costs	533,545.77	428,651.83
Salaries accrued, including social costs	575,870.10	0.00
Interest accurals	120,235.01	708,564.05
Other current accruals	1,316,880.87	1,952,739.73
Total	**2,546,531.75**	**3,089,955.61**
Non-interest bearing liabilities total	**14,600,776.32**	**11,066,666.24**
Interest and non-interest bearing current liabilities total	**23,928,763.40**	**22,672,842.38**
Notes on collateral and contingent liabilities		
20. COLLATERAL PROVIDED		
Business mortgages	51,806,375.84	21,806,375.84
Liabilities secured by mortgages or liens		
Credit account (limit 3.5 MEUR)	0.00	1,581,182.46
Loans from financial institutions	15,919,346.08	10,323,231.72
Total	**15,919,346.08**	**11,904,414.18**

	31 Dec 2021	31 Dec 2020
21. CONTINGENT LIABILITIES AND OTHER LIABILITIES		
Payable under leasing contracts		
Payable next financial year	54,736.22	31,465.27
Payable later	64,202.93	26,848.30
Total	**118,939.15**	**58,313.57**
Gurantees		
On behalf of companies belonging to the same group	1,527,452.61	0.00
Tender and performance guarantees	22,932,992.50	6,353,401.23
Total	**24,460,445.11**	**6,353,401.23**
	,	,
Rental commitments		
Payable, next financial year	247,835.44	225,680.00
Payable, later	0.00	0.00
Total	**247,835.44**	**225,680.00**

Signatures to the Board of Directors' Report and the Financial Statements

The parent company's distributable funds total EUR 34,009,086.68 which includes EUR -7,478,375.60 in net loss for the year. The Board of Directors proposes to the Annual General Meeting that no dividend will be distributed and that the loss for the financial year shall be transferred to retained earnings.

Porvoo, 2 March 2022

Esa Ikäheimonen

Chairman of the Board

Nina Ehrnrooth

Member of the Board

Fred Larsen

Member of the Board

Kaisa Lipponen

Member of the Board

Timo Rantanen

Member of the Board

Mika Pirneskoski

CEO

Auditor's note

A report on the audit performed has been issued today.

Ernst & Young Oy Authorised Public Accountant Firm

Juha Hilmola

Authorised Public Accountant

Auditor's report
Translation of the Finnish original

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lamor Corporation Plc (business identity code 2038517-1) (former Lamor Corporation Ab) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

n preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor’s report
Translation of the Finnish original

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor’s report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 2.3.2022 Ernst & Young Oy

Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant