Lamor Corporation Plc
Financial Statements Release
1 January–31 December 2022

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A great year of growth behind - growth investments in line with the strategy continue

October–December 2022 in brief

- Revenue increased by 71.4% to EUR 28.0 million (16.3)
- EBITDA was EUR 2.3 million (1.9)
- Adjusted EBITDA increased by 34.7% and totalled EUR 2.7 million (2.0) or 9.5% of revenue
- EBIT was EUR 0.8 million (0.5)
- Adjusted EBIT increased by 83.1% and amounted to EUR 1.2 million (0.7) or 4.5% of revenue
- Net cash flow from operating activities was EUR 0.7 million (1.1)
- Earnings per share (basic) was EUR -0.03 (0.03)
- Orders received was EUR 11.4 million (13.9)

January–December 2022 in brief

- Revenue increased by 147.8% to EUR 127.7 million (51.5)
- EBITDA was EUR 16.7 million (6.0)
- Adjusted EBITDA increased by 184.0% and totalled EUR 19.0 million (6.7) or 14.9% of revenue
- EBIT was EUR 10.0 million (1.9)
- Adjusted EBIT increased by 345.4% and amounted to EUR 12.6 million (2.8) or 9.9% of revenue
- Net cash flow from operating activities was EUR -6.5 million (-5.4)
- Earnings per share (basic) increased by 171.3% to EUR 0.13 (0.05)
- Impairment losses from Russian business amounted to EUR 2.0 million
- Orders received was EUR 87.4 million (260.8)
- Order backlog at the year-end was EUR 203.1 million (226.9)
- The Board of Directors proposes that no dividend will be paid for the financial year 2022

CEO Mika Pirneskoski

In 2021, Lamor's order backlog reached completely new heights. Followingly, year 2022 was a game changer in terms of revenue, which was roughly 2.5 times higher than during the comparison period. Significant clean-up projects in Peru and Ecuador, large-scale service agreements in Saudi Arabia and Kuwait as well as growth in other business operations increased the revenue to 128 million euros.

Lamor's strong growth in 2022 is a remarkable achievement from the whole organisation and a testament that our strategy is working. The cornerstone of our strategy is a global business model combined with local know-how that allows us to offer our solutions in our customers' operating environment with global quality standards.

Thanks to our scalable business model, the revenue growth also supports longer-term positive development of our profitability. The adjusted EBIT for 2022 was 9.9 per cent, which is, however, below our long-term target of 14 per cent. We are determined to continue our efforts to reach the target profitability level.

Local presence ensures successful business in all market areas

One of our largest projects in 2022, and an example of our scalable business model, was related to a large environmental incident in a Repsol terminal in Peru in January 2022. At the time of the incident, we had fewer than 30 full-time employees in our local organisation and most of our assets and personnel were already assigned to other customer projects. Our quickly scalable business model allowed us to engage a team of 800 people in Peru to work on the incident. Our customer was extremely satisfied with the quality of our service as well as our flexibility during the fast-changing situation. The learnings from the sizeable operation in Peru will be very useful for us also in the future.

The soil remediation projects in Kuwait progressed as planned during 2022 and our aim is to start the actual remediation work during the first half of 2023 as originally planned. The second phase of the Kuwait excavation, transportation and remediation projects is expected to be awarded during the first half of 2023. The ongoing projects in Kuwait are excellent references for Lamor and through our local presence we expect them to open other interesting business opportunities in the market area in the coming years.

The environmental preparedness project in Saudi Arabia moved to maintenance phase in 2022. The project has tied up more working capital than initially estimated, but we expect the situation to normalise during the first part of 2023. Saudi Arabia has set targets to further expand their environmental preparedness capabilities, which may bring additional business opportunities for us also in the future.

In July, we communicated having been awarded three large tenders in Bangladesh. We are building the first modern reception facility for waste from vessels in Mongla Port; we are also delivering a significant number of oil spill response equipment and vessels to the port authority. The projects started close to the year-end 2022 and they are a great example of the synergies between Lamor's environmental protection and material recycling solutions. The solutions typically have the same clientele, which creates great business synergies between the solutions. The expansion activities of the Bangladesh ports are expected to continue during the coming years, and the on-going projects may enable us to expand our business outside the Mongla port as a solution provider for both environmental protection and material recycling.

Lamor to invest in chemical recycling of plastics

In June, we communicated our plan to invest in Finland's first industrial-scale chemical recycling plant of plastics in the Kilpilahti industrial area located in Porvoo, Finland. In the first phase, the plan is to build a 10,000-tonne chemical recycling plant in Kilpilahti, and the medium-term plan is to build a decentralised 40,000-tonne chemical plastics recycling capacity in Finland. The first-phase investment of the project was made in the final days of 2022 and the project is moving forward with full speed in 2023 with the technology selection and detailed process planning. Our plan is to start the actual construction work during the latter part of the first half of 2023.

Our plan is to create a proof-of-concept chemical recycling plant of plastics and references in Finland, after which we aim to utilise our global presence and partner network to build similar plants in our strong market areas. Our target is to develop a recycled plastics project portfolio of 100,000 tonnes during the strategy period 2023–2025.

The cornerstones of the updated strategy

In November, we updated our strategy, which aims for long-term growth and a leading market position in selected market areas and environmental solutions. Lamor has identified significant business potential in all its market areas but will concentrate on achieving growth and solid market position especially in the Middle East and South America. Winning significant new projects and taking part in solving the global plastic challenge are also key factors of our three-year strategy period.

The cornerstone of our strategy is Lamor's unique globally local partner network model. Utilising the network will allow us to bring our customers the best knowhow and technology. On the other hand, working with local partners will enable us efficient scaling and compatibility with local conditions and customs. With this operating model we will be able to achieve a successful transition from project deliveries to recurring local operations and to contribute positively to our customers and partner network.

Focus on environmental awareness supporting the business

Sustainability and environmental awareness have been strongly emphasised over the past few years and we expect the trend to continue. We have committed in our business to support the green transition and as a highlight of this, we were the first Finnish company to receive Nasdaq Green Equity Designation in January 2022. Our business consists of environmental protection and material recycling solutions, and we are promoting circular economy, protection of biodiversity and careful use of scarce resources with our solutions.

We have further developed our sustainability reporting during the year and our goal is to find ways to decrease our negative impact and increase our positive impact also during the coming years.

Looking towards 2023

In 2022, we took significant steps in restructuring our organisation as well as our operating model and recruited many new professionals. With these changes we will be able to execute our strategy more effectively as well as to manage our operations and project execution more efficiently and closer to the customers. The extensive co-operation between the market areas and global functions enables not only efficient project deliveries but also further development of our offering as well as harmonising our processes on a global level. We believe that this change will help us to reach our profitable growth targets.

The investments made especially on the personnel helps us to implement our growth strategy and to reach our long-term financial targets, but we expect them to temporarily lower our profitability in 2023. These investments are, however, necessary to increase our revenue to the next level in the coming years.

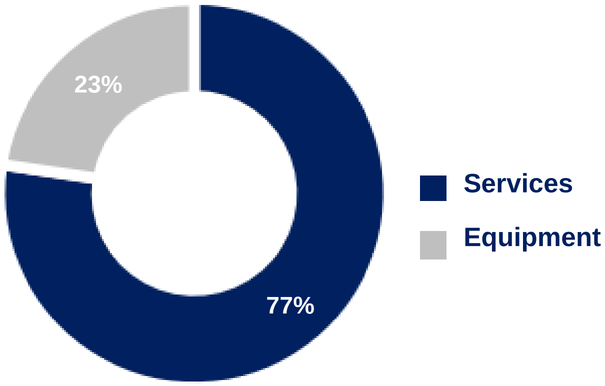
Due to the favourable market development of environmental solutions, we strongly believe that Lamor will successfully continue on its growth path. The global political situation will still cause uncertainty especially in the supply chains and possibly through continued cost inflation also for Lamor's business.

We have set ambitious growth targets for our 2023–2025 strategy period and reaching those goals will require winning significant new business during the years to come. We are moving to 2023 with a strong order book and the on-going large-scale projects will support our growth targets both from the customer reference as well as from the local presence perspective.

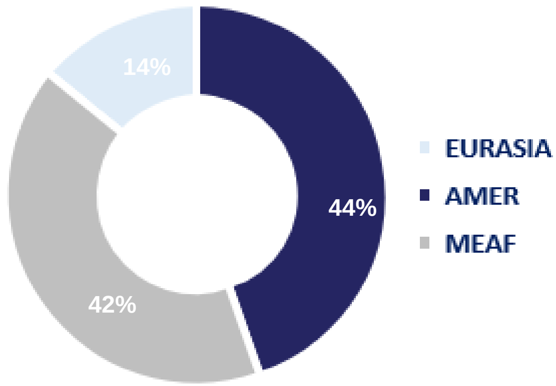
Mika Pirneskoski
CEO
Lamor Corporation Plc

Revenue split January–December 2022

Equipment and services

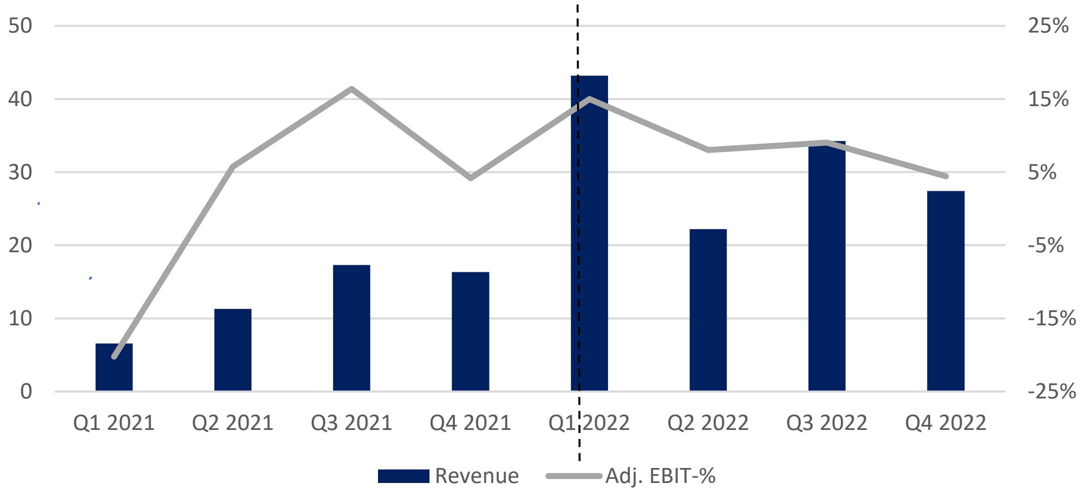


Areas*

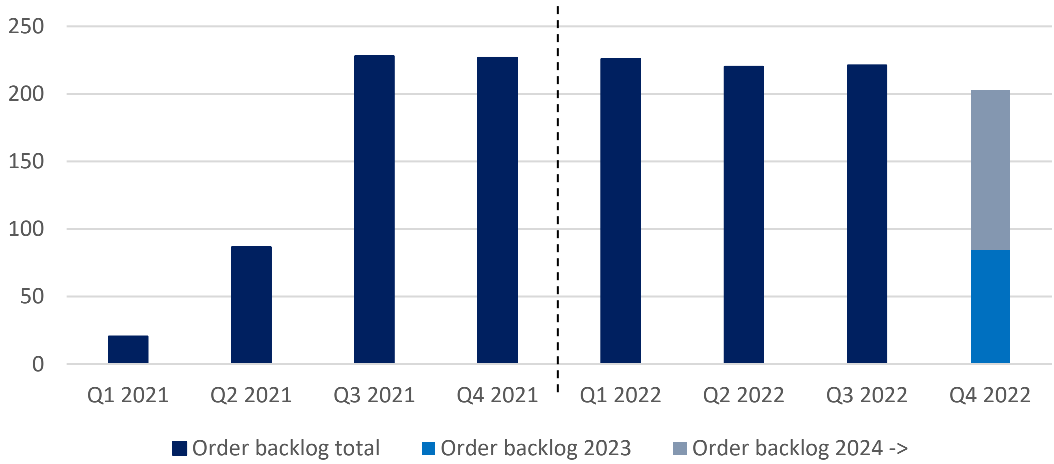


*EURASIA = Europe and Asia, AMER = Americas, MEAF = Middle East and Africa

Revenue (EUR million) and adjusted EBIT % per quarter



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



Key figures

EUR thousand unless otherwise noted	Q4 2022	Q4 2021	Change %	1–12/2022	1–12/2021	Change %
Revenue	27,976	16,318	71.4%	127,656	51,517	147.8%
EBITDA	2,262	1,854	22.0 %	16,659	6,014	177.0%
EBITDA margin %	8.1%	11.4%		13.1%	11.7%	
Adjusted EBITDA	2,651	1,968	34.7%	19,006	6,692	184.0%
Adjusted EBITDA margin %	9.5%	12.1 %		14.9%	13.0%	
Operating profit or loss (EBIT)	795	513	54.9%	10,018	1,941	416.0%
Operating profit (EBIT) margin %	2.8%	3.1 %		7.8%	3.8%	
Adjusted Operating Profit (EBIT)	1,246	680	83.1%	12,608	2,831	345.4%
Adjusted Operating Profit (EBIT) margin %	4.5%	4.2%		9.9%	5.5%	
Profit (loss) for the period	-868	684	-227.0%	3,535	869	306.7 %
Earnings per share, EPS (basic), euros	-0.03	0.03	-184.9%	0.13	0.05	171.3 %
Earnings per share, EPS (diluted), euros	-0.03	0.03	-183.0%	0.13	0.05	169.2 %
Return on equity (ROE) %	-1.4%	1.5%		5.8%	1.9%	
Return on investment (ROI) %	0.9%	0.7%		12.0%	3.0%	
Equity ratio %	53,0%	56.2%		53.0%	56.2%	
Net gearing %	23.2%	-6.9%		23.2%	-6.9%	
Orders received	11,383	13,852	-17.8%	87,368	260,831	-66.5%
Order backlog	203,069	226,906	-10.5%	203,069	226,906	-10.5%
Number of employees at the period end	508	290	75.2%	508	290	75.2%
Number of employees on average	504	290	73.8%	604	250	141.6%

Market outlook

Globally increasing environmental awareness creates market demand for sustainable solutions to clean our soils and waters. Increased awareness has led governments and private sectors to pay attention to uncleaned areas with soil and water contamination. There is a large number of restoration liabilities arising from oil spills on a global level, and a number of large-scale oil spills still remain uncleaned. In addition, increased environmental awareness has also led to tightening environmental legislation, and for instance sufficient oil spill response equipment and service capabilities have a critical role in the future of environmental protection.

With its wide-ranging technology portfolio and experience of soil remediation and water treatment solutions, Lamor can offer its clients comprehensive solutions to decrease their restoration liability, to protect the biodiversity, to enhance the recycling of materials as well as to improve their environmental preparedness capabilities. Lamor's business model that supports sustainable development meets this demand well and the ongoing green transition will further support the demand for Lamor's technologies and solutions.

At the same time, the increased understanding of the sensitivity of ecosystems and legacy soil contamination create a need for the governmental and the private sector to be better prepared for future incidents and to finance the clean-up operations of the legacy contamination. Lamor seeks to utilise its wide-ranging expertise to grow in these market segments and areas. Lamor expects the demand of its solutions to increase significantly also in the future.

There are significant initiatives to reduce the use of virgin crude oil in the petrochemical industry to combat climate change, and the chemical plastic recycling market is expected to be in the magnitude of hundreds of billions of euros by 2050. Lamor's plan is to build a blueprint of the factory and gain the chemical plastic recycling reference in Finland, after which Lamor plans to utilise its global network to build similar plants in the company´s strong market areas.

Guidance for 2023

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

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

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

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

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

Long-term financial targets

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

- Growth: Increase of annual revenue to over EUR 250 million
- Profitability: Adjusted operating profit (EBIT) margin -% over 14 per cent.
- Capital structure: Achieving a capital structure suitable for the company's strategy, targets and risk profile by maintaining a strong balance sheet.

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

Financial performance

October–December 2022

During the reporting period, the Group's revenue amounted to EUR 28.0 million (16.3). The growth from the comparison period was 71.4% continuing the development of the previous quarters.

The Group's adjusted EBITDA stood at EUR 2.7 million (2.0) or 9.5% (12.1) of revenue. At the end of the reporting period the result was significantly burdened by the negative exchange rate changes in the receivables caused by the rapid depreciation of the USD and USD-linked currencies against the euro.

Adjusted EBIT for the period was EUR 1.2 million (0.7) or 4.5% (4.2) of revenue.

Orders received during the period were EUR 11.4 million (13.9).

January–December 2022

Revenue for year 2022 amounted to EUR 127.7 million (51.5) which is 147.8% higher than in the comparison period. During the first half of the year, the growth was mainly related to the environmental response and clean-up projects in Peru and Ecuador. During the year, work on the construction phase of the Kuwaiti soil remediation projects proceeded as planned. Projects in Bangladesh started at the end of the year and progressed also according to plan.

The Group's adjusted EBITDA was EUR 19.0 million (6.7) or 14.9% (13.0) of revenue. The South American environmental response projects had a significant impact on the profitability in the beginning of the year. The progress of the projects in Kuwait and the projects in Bangladesh started at the end of the year also significantly affected the EBITDA of the whole year.

In the first quarter, Lamor made an impairment of EUR 2.0 million relating to an investment in an associated company in Russia. The expense is presented in Share of results in associated companies, and it is included in the non-recurring items.

Adjusted EBIT grew 345.4% year on year and amounted to EUR 12.6 million (2.8) or 9.9% (5.5) of revenue. Depreciations stood at EUR -6.6 million (-4.1) and included EUR -3.9 million (-1.7) depreciations for right-of-use assets (IFRS 16) related mainly to the Group's project in Saudi Arabia.

Financial income and expenses were EUR -3.5 million (-1.8). These were mainly related to the valuation of USD-denominated and pegged receivables and debts, USD currency hedging and customary interest and guarantee expenses.

The Group's profit before taxes was EUR 6.5 million (0.2). The Group's effective tax rate stood at 45.9% (-387.5). The tax rate increased especially due to the non-tax deductible impairment of Russian operations in the first quarter, the high income tax rate of foreign subsidiaries and the revaluation of deferred tax assets.

Net cash flow from operating activities was EUR -6.5 million (-5.4). The environmental response and cleanup project in Peru is being finalised and for the most part, the payments have already been repatriated. A consensus has been reached in the discussions on the sub-tasks of the Saudi project and the delivery scope. As a result, payments are expected to normalise during the first half of 2023. The strongest and more than anticipated increase in working capital was seen in the Kuwaiti projects, where customer billing is strongly tied to the start-up and progress of soil clean-up operations. After the initial start-up funding challenges, our goal is to start the actual remediation work during the first half of 2023.

Cash flow from investments was EUR -8.0 million (-4.3) and consisted mainly of investments in oil response preparedness service equipment, the development of the global network within the Business Finland Growth Engine programme as well as aircraft procurement related to the service project in Saudi Arabia.

The Group's equity ratio was 53.0% (56.2) and net gearing stood at 23.2% (-6.9). Both equity ratio and net gearing are impacted by the IFRS 16 lease liabilities.

Order backlog at the end of the period totalled EUR 203.1 million (226.9). During the period, new orders received were EUR 87.4 million (260.8). The largest individual projects were the environmental response and cleanup project in Peru and the oil spill response readiness and waste treatment plant projects in Bangladesh.

Investments

In January–December 2022, investments in tangible and intangible assets were EUR 7.8 million (3.4). In addition, on 30 December 2022, Lamor carried out a transaction in which it acquired a majority stake in the Kilpilahti project company, which focuses on chemical recycling of plastics. The transaction generated EUR 0.5 million of goodwill, which has been recognised in the consolidated financial statements at the end of the period.

The amount of right-of-use assets amounted to EUR 5.3 million (5.7) and relate mainly to vessel rentals in the Group's service project in Saudi Arabia.

In January–December, depreciation and impairment totalled EUR -6.6 million (-4.1).

Financial position

Lamor's interest-bearing liabilities comprise loans from financial institutions, capital loans and lease liabilities under IFRS 16. On 31 December 2022, Lamor's interest-bearing liabilities amounted to EUR 19.2 million (24.7) including lease liabilities for EUR 5.1 million (5.5). The Group's net debt totalled EUR 14.3 million (-4.2). At the end of the period, the Group had liquid funds amounting to EUR 4.9 million (28.9). The funding needs in the large service projects have continued to tie working capital despite significant received customer payments.

The Group's senior priority financing arrangements included a financing limit of EUR 8.0 million, which was fully unused at the end of the reporting period. Other senior company loans totalled EUR 8.4 million; additionally, the company had an overdraft facility of EUR 7.0 million, whereof EUR 1.5 million not in use. The aggregate value of outstanding guarantees totalled EUR 38.2 million (24.5). When assessing the amount of interest-bearing debt financing, it is good to take into account the amount of the company's total liabilities, including the company's guarantee obligations, which apply especially to large delivery projects.

In addition to the aforementioned credit arrangements, at the end of the period Lamor had junior debt financing of EUR 2.1 million, a capital loan of EUR 3.0 million from the State Treasury granted in connection with the Growth Engine competition of Business Finland, and a loan from the State Treasury of EUR 0.4 million. These arrangements are subordinate to senior financing.

In October 2022, Lamor signed a new financing agreement. By the agreement the overdraft facility was increased by EUR 3.5 million and the long-term senior loan facility was increased by EUR 4.1 million.

Personnel

During January – December 2022, Lamor employed on average 604 (250) persons. The average number of personnel is significantly impacted by the project nature of the Group's operations. The biggest factors behind the increased number of personnel were the Group's oil spill clean-up projects and the related project-based employment contracts in Ecuador and Peru in the beginning of 2022, in addition to which the number of personnel in Kuwait has increased in 2022 due to the progress in the Kuwaiti soil remediation projects. In addition to the project related employees, Lamor has recruited many new professionals in the market areas and global functions to support the company's growth in accordance with the strategy.

At the year-end, Lamor employed 508 (290) persons.

Sustainability in the core of Lamor's strategy

Sustainability is in the core of Lamor's strategy. Our vision about a cleaner tomorrow highlights sustainable development and our business model that promotes environmental protection. Lamor's strategy is aiming to increase positive impact through environmental protection and material recycling solutions and to create at the same time economical added value. Through its solutions, Lamor is promoting material recycling, protection of biodiversity and careful usage of scarce resources. In accordance with our strategy sustainable development is always based on co-operation with our customers and partners as well continuous innovation and with these factors we are also able to create financial added value.

In June 2022, Lamor published its decision to invest in the first Finnish industrial scale chemical recycling plant of plastics together with Resiclo. The recycling plant will produce chemically recycled raw material from waste plastics, which can be used in the petrochemical industry to produce recycled plastic, and it can be delivered to suitable refineries for further processing. There are significant initiatives to reduce the use of virgin crude oil in the petrochemical industry to combat climate change. The investment supports Lamor's strategy to optimise the usage of raw materials and to increase the company's efforts to combat climate change. The investment is one of the examples indicating Lamor's commitment to support the green transition and its ability to find new solutions with which it can create financial added value for its owners and other stakeholders also in the long term.

Sustainability reporting

Supporting its customer and partner network's capabilities to protect the environment and to increase material re-use is in the core of Lamor's business model. Lamor is also committed to high quality to ensure that its business model is sustainable. In 2022, Lamor has concentrated in expanding the emission calculation and to collect data on all the positive and negative impacts with a structured way of working.

In 2022, we have clarified our sustainability strategy, sustainability targets and indicators, and calculated our carbon footprint and other material positive and negative impacts of our operations. For the first time for the period ending 2022, Lamor is reporting the results of its sustainability actions results with reference to GRI. This is a significant step for us and guides our sustainability work further also during the coming years.

We want to support sustainable development in everything we do. We will continue to develop our processes and actions to further increase the positive impact of our business activities. 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 to the changes caused by our growth.

During 2022, we have enhanced our processes to collect emission data with a wide scope regularly also for indirect emissions. Going forward, Lamor will collect both positive and negative impacts on a quarterly basis. This will enable Lamor to identify development areas more efficiently, and to create ways to decrease the negative and to increase the positive impacts. By creating prerequisites for sustainable business models, we are able to increase our capabilities for creating long-term added value for all our stakeholders.

Green Equity Designation

On 19 January 2022, Lamor was the first company in Finland to receive the Nasdaq Green Equity Designation. The designation supports listed companies with their transition towards green business models and strategies and gives investors increased visibility to the company's green strategy and targets. The Nasdaq Green Equity Designation can be given to listed companies that have over 50 percent of their revenue derived from activities considered green and that invest more than 50 percent in green activities.

An independent reviewer Cicero Shades of Green made its annual review of Lamor's business operations in January 2023. Lamor continued to meet the criteria set for the designation and will thus have the designation also in 2023.

Governance

Resolutions of the Annual General Meeting

The Annual General Meeting of Lamor Corporation Plc was held on 28 April 2022 under special arrangements.

The Annual General Meeting adopted the Company's 2021 financial statements, resolved not to distribute dividend and discharged the Board members and the Managing Director from liability for the financial year 2021.

The Annual General Meeting confirmed that, in accordance with the Shareholders' proposal made to the Annual General Meeting, the number of members of the Board of Directors shall be five (5) and resolved on the re-election of Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen and Timo Rantanen as members of the Board of Directors and the election of Mika Ståhlberg as a new member of the Board of Directors. The term of the members of the Board of Directors ends at the close of the next Annual General Meeting.

The Annual General Meeting resolved that the remuneration payable to the members of the Board of Directors shall be EUR 20,000 annually for each member of the Board, except for the Chairman of the Board, who shall be paid EUR 50,000 annually, and the possible Vice Chairman of the Board, who shall be paid EUR 45,000 annually. In addition, the Chairman of the Audit Committee shall be paid a fixed annual remuneration of EUR 10,000 and each member of the Audit Committee EUR 5,000. In case the Chairman of the Audit Committee acts as the Chairman or as the Vice Chairman of the Board of Directors, no remuneration related to the committee work shall be paid. The Chairman of the Remuneration Committee shall be paid a fixed annual remuneration of EUR 5,000 and each member of the Remuneration Committee EUR 2,500. In case the Chairman of the Remuneration Committee acts as the Chairman or as the Vice Chairman of the Board of Directors, no remuneration related to the committee work shall be paid. In addition, the meeting fees payable to all the other members of the Board of Directors, except for the Chairman of the Board, shall be EUR 1,000 per each meeting. When a member participates in a meeting via remote connection, the meeting fee shall be EUR 750.

The Annual General Meeting re-elected the firm of authorised public accountants Ernst & Young Oy as the Company's Auditor to serve for a term ending at the close of the next Annual General Meeting, with APA Juha Hilmola continuing as the auditor with principal responsibility.

The Annual General Meeting resolved to establish a permanent Shareholders' Nomination Board.

Organisation of the governing bodies of the company

Convening after the 28 April 2022 Annual General Meeting, the Board of Directors elected Mika Ståhlberg as its Chair and Fred Larsen as the Deputy Chair. In addition to the Audit Committee, the Board decided to establish a Remuneration Committee. The Board appointed from among its members the following members to the committees: Audit Committee: Chair Timo Rantanen, Kaisa Lipponen, Mika Ståhlberg Remuneration Committee: Chair Timo Rantanen, Nina Ehrnrooth, Kaisa Lipponen

Upon the organisation of the Shareholders´ Nomination Board, Fred Larsen, the Chairman of the Board of Larsen Family Corporation was appointed as the Chair, and as members Jukka Järvelä, Director, Head of Listed Equities, Mandatum Life Insurance Company Limited; Juuso Puolanne, Investment Director, Finnish Industry Investment Ltd. and Mika Ståhlberg, the Chair of Lamor's Board of Directors. Lamor announced the decision on 28 September 2022.

General Meeting's authorisations to the Board of Directors

The Annual General Meeting resolved on 28 April 2022 to authorise the Board of Directors to decide on the issuance of new shares or treasury shares. Under the authorisation, a maximum of 2,750,000 shares, which corresponds to approximately 10 per cent of all of the shares at the time of the proposal, may be issued.

The Annual General Meeting resolved on 28 April 2022 to authorise the Board of Directors to decide on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Companies Act in such a way that the shares to be issued either directly or on the basis of option rights and other special rights under the authorisation shall not exceed 550,000 shares in aggregate, which would correspond to approximately two (2) per cent of all the company's shares at the time of the proposal. The shares, option rights and other special rights entitling to shares may be issued in one or more tranches. The authorisation can be used to issue shares, option rights and other special rights as part of the management and employee incentive schemes of the company.

The Annual General Meeting resolved on 28.4.2022 to authorise the Board of Directors to decide on the acquisition of the company's own shares in such a way that the number of own shares to be repurchased shall not exceed 2,750,000 shares. However, the company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the company.

Shares and share capital

Lamor has one share class. Each share has equal voting rights, and all shares of the company provide equal rights to dividend. There are no voting restrictions related to the shares. The shares do not have a nominal value. The shares have been issued in accordance with Finnish laws, and all shares have been paid in full. The shares are denominated in euros. Lamor´s shares are registered in the Finnish book-entry system maintained by Euroclear Finland.

At the end of the reporting period on 31 December 2022, Lamor's share capital was EUR 3,866,375.40 (3,866,375.40) and total number of shares outstanding was 26,959,974 (26,959,974) excluding shares held in treasury. On 31 December 2022, Lamor held 542,450 (542,450) of its own shares.

The closing price of the share on the last trading day of the reporting period on 30 December 2022 was EUR 4.50 (4.61). The highest price of the share in the reporting period January–December 2022 was EUR 5.04 (5.88) and the lowest one EUR 3.80 (4.14). Share turnover on Nasdaq First North Premier in January–December 2022 was approximately 3.1 (4.0) million shares. The value of the share turnover was approximately EUR 14.1 (19.1) million. On 31 December 2022, Lamor's market capitalisation was approximately EUR 121.3 (124.3) million, and the company had 6,775 (7,381) shareholders.

Share-based incentives

In September 2022, the Board of Directors of Lamor decided to establish new share-based incentive plans for the key personnel of Lamor. Six (6) key individuals, including Management Team members and the CEO, have been approved as eligible for participating in the plan period 2022–2024. The gross rewards to be paid on the basis of the plan period 2022–2024 correspond to the value of approximate maximum total of 110,000 Lamor shares, including also a cash proportion.

Long-term Incentive Plan for the CEO is a one-time plan covering the financial years 2022–2028. The potential rewards will be paid in two or several instalments during the financial years 2024–2029 after each of the set targets of the increase of Lamor's market value have been reached. The gross rewards to be paid to the CEO on the basis of the plan correspond to the value of maximum total of 550,000 Lamor shares, including also a cash proportion.

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

Risks and business uncertainties

Risks related to operating environment

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

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

Due to the Russian invasion, Lamor has ceased the sales activities of its products and services in Russia. The global cost inflation as well as the shortage of raw materials and components caused by the war is having an effect also on Lamor's business.

Legal and regulatory risks

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

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

Risks related to business operations

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

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

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

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

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

Risks related to Lamor's financing and financial position

Lamor's business is working capital intensive. Even though the fixed costs of Lamor's business are mainly scalable, achieving significant growth in the business will require investments in equipment and personnel, among other things. In addition, Lamor's new plant projects related to the chemical recycling of plastics will require significant investments in the future. Lamor's ability to finance its business depends on several factors, such as cash flows from operating activities, the company's ability to generate profits, creditworthiness and the availability of new debt and equity financing.

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

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

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

Near-term risks and uncertainties

Lamor follows closely how the Russian invasion of Ukraine is affecting the company's operating environment. Due to the war, the company has ceased the sales activities of its products and services in Russia. The global cost inflation as well as the shortage of raw materials and components caused by the war is having an effect also on Lamor's business by increasing the prices and in certain cases extending the delivery times. Lamor is aiming to increase the sales prices and is continuously searching for alternative components to decrease the impact of price increases and shortage of raw materials.

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

Main events published during the fourth quarter of 2022

On 13 October 2022, Lamor communicated on reinforcing its Management Team to strengthen the implementation of the company's growth strategy. As of 1 November 2022, Santiago Gonzalez was appointed to the Management Team as a new member, responsible for the company's business in South and North America, and Pentti Korjonen, responsible for the business in the Middle East and Africa. Additionally, Magnus Miemois, who previously acted as a Chief Commercial Officer, started being responsible for the business in Europe and Asia.

On 22 November 2022, Lamor communicated on the company´s updated strategy for the period 2023-2025 and the long-term financial targets pursued at the latest during the financial year following the strategy period 2023-2025. Lamor's five main targets for the strategy period 2023–2025 are:

- To be the preferred partner in selected strategic markets, especially in the Middle East and South America.
- To enter three new markets to create a positive environmental impact.
- To win five new significant projects to strengthen local presence and to solve significant environmental challenges.
- To be part of solving the global plastics problem with a 100 kilotonne project portfolio of recycled plastics.
- To deliver efficient and effective solutions to customers with the globally local operating model.

On the same day, Lamor held the company´s Capital Markets Day 2022, a recording of which event is available at the company's website at investors.lamor.com/reports-and-presentations.

On 19 December 2022, Lamor communicated a profit warning and lowered its guidance for adjusted EBIT for 2022. According to the updated guidance, Lamor estimated the adjusted EBIT to be in the range of EUR 11-13 million for the full year 2022. Earlier the adjusted EBIT was estimated to be at least EUR 14 million for the full year 2022. Lamor maintained its guidance relating to revenue and estimated its revenue to be at least 120 million for the full year 2022.

Events after the reporting period

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

Board of Directors' proposal for profit distribution

The parent company's distributable funds on 31 December 2022 EUR was 35,588,503.10 of which the net profit for the financial year was EUR 1,009,015.30. The Board of Directors proposes to the

Annual General Meeting that no dividend will be paid by the company and that the profit for the financial year 2022 will be entered in the retained earnings.

Annual General Meeting

Lamor´s Annual General Meeting will be held in Porvoo, on 4 April 2023 starting at 10 a.m. EET. Lamor will publish the notice to convene the Annual General Meeting on the company´s website and as a company release on 14 March 2023.

Annual Report for 2022

Lamor´s annual report 2022, including a business review, financial statements and report by the Board of Directors, sustainability report, corporate governance statement and remuneration report for governing bodies, will be published on Lamor´s website on 14 March 2023.

Financial calendar for 2023

Interim Report for January–March 2023 will be published on 4 May 2023.
Half-year Report for January–June 2023 will be published on 25 July 2023.
Interim Report for January–September 2023 will be published on 31 October 2023.

Webcast for shareholders, analysts and media

Webcast for shareholders, analysts and media will be arranged on 28 February 2023 at 10:00 a.m. EET. The 2022 result will be presented by CEO Mika Pirneskoski and CFO Timo Koponen. The webcast includes a Q&A session, and participants can ask questions in English and Finnish via the event chat room. The webcast can be followed at https://lamor.videosync.fi/q4-2022.

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

Porvoo, 27 February 2023
Lamor Corporation Plc
Board of Directors

Further enquiries

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Lamor Financial Statements Release January–December 2022

Consolidated statement of profit and loss

EUR thousand	10-12/2022	10-12/2021	1–12/2022	1–12/2021
Revenue	27,976	16,318	127,656	51,517
Materials and services	-16,705	-8,922	-80,279	-29,919
Other operating income	95	268	386	857
Employee benefit expenses	-5,792	-3,740	-19,386	-9,637
Other operating expenses	-2,929	-2,239	-9,909	-6,618
Share of associated companies' profits	-383	169	-1,809	-185
EBITDA	**2,262**	**1,854**	**16,659**	**6,014**
Depreciation, amortization, and impairment	-1,467	-1,341	-6,641	-4,072
Operating profit (EBIT)	**795**	**513**	**10,018**	**1,941**
Financial income	192	185	1,468	434
Financial expenses	-1,555	-955	-4,947	-2,197
Profit before tax	**-567**	**-257**	**6,540**	**178**
Income tax	-300	940	-3,005	691
Profit for the financial year	**-868**	**684**	**3,535**	**869**
Attributable to				
Equity holders of the parent	-730	705	3,462	963
Non-controlling interests	-138	-22	73	-94
Earnings per share*				
Earnings per share, basic, EUR	-0.03	0.03	0.13	0.05
Earnings per share, diluted, EUR	-0.03	0.03	0.13	0.05
Profit for the financial year	**-868**	**684**	**3,535**	**869**
Other comprehensive income, net of taxes:				
Items that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	-2,178	117	627	510
Other comprehensive income (loss) for the year, net of tax	**-2,178**	**117**	**627**	**510**
Total comprehensive income for the financial period	**-3,045**	**801**	**4,162**	**1,379**
Attributable to				
Equity holders of the parent	-2,908	823	4,090	1,473
Non-controlling interests	-138	-22	73	-94

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

Consolidated statement of financial position

EUR thousand	31 Dec 2022	31 Dec 2021
Assets		
Non-current assets		
Goodwill	18,634	18,049
Intangible assets	4,016	4,245
Property, plant and equipment	9,636	4,581
Right-of-use assets	5,293	5,742
Investments in associated companies and joint ventures	1,808	3,671
Non-current receivables	1,791	1,442
Investments in other shares	418	418
Deferred tax assets	2,916	2,944
Assets	**44,512**	**41,093**
Current assets		
Inventories	10,359	9,069
Trade receivables	29,396	7,556
Contract assets	38,448	14,804
Prepayments and other receivables	6,523	9,098
Short-term investments	238	165
Cash and cash equivalents	4,889	28,871
Total current assets	**89,854**	**69,564**
Total assets	**134,366**	**110,657**

EUR thousand	31 Dec 2022	31 Dec 2021
Equity and liabilities		
Equity		
Share capital	3,866	3,866
Translation differences	719	92
Reserve for invested unrestricted equity	44,303	44,303
Retained earnings / accumulated deficit	12,720	12,805
Equity attributable to equity holders of the parent	**61,609**	**61,067**
Non-controlling interests	1,439	839
Total equity	**63,048**	**61,905**
Non-current liabilities		
Interest-bearing loans and borrowings	10,723	9,178
Lease liabilities	2,060	3,056
Deferred tax liability	1,640	879
Other non-current financial liabilities	6,977	2,828
Total non-current liabilities	**21,401**	**15,942**
Current liabilities		
Interest-bearing loans and borrowings	3,302	10,019
Lease liabilities	3,074	2,410
Provisions	304	75
Trade payables	12,656	11,844
Contract liabilities	18,158	1,985
Other short-term liabilities	12,424	6,476
Total current liabilities	**49,918**	**32,810**
Total liabilities	**71,318**	**48,752**
Total equity and liabilities	**134,366**	**110,657**

Consolidated statement of changes in equity

2022 **Attributable to the equity holders of the parent**

EUR thousand	Share capital	Issue of shares	Fund for unre-stricted equity	Trans-lation diffe-rences	Retained earnings	Total	Non-control-ling interests	Total equity
Equity on 1 Jan 2022	**3,866**	**-**	**44,303**	**92**	**12,805**	**61,066**	**839**	**61,905**
Profit for the financial year	-	-	-	-	3,462	**3,462**	73	**3,535**
Other comprehensive income	-	-	-	627	-	**627**	**-**	**627**
Total comprehensive income	**-**	**-**	**-**	**627**	**3,462**	**4,090**	**73**	**4,162**
Share-based compensation settled in equity	-	-	-	-	31	**31**	-	**31**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	-3,515	**-3,515**	-	**-3,515**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	**-**	**-**	**-**	**-**	-64	**-64**	528	**464**
Equity on 31 Dec 2022	**3,866**	**-**	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**

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

2021 **Attributable to the equity holders of the parent**

EUR thousand	Share capital	Issue of shares	Fund for unre-stricted equity	Trans-lation diffe-rences	Retained earnings	Total	Non-control-ling interests	Total equity
Equity on 1 Jan 2021	**3,866**	**621**	**11,398**	**-418**	**12,813**	**28,280**	**1,154**	**29,434**
Profit for the financial year	-	-	-	-	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**
Expenses 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 to non-controlling interests	-	-	-	-	-	**-**	-44	**-44**
Other changes	-	-	-	-	-357	**-357**	-	**-357**
Equity on 31 Dec 2021	**3,866**	-	**44,303**	**92**	**12,805**	**61,066**	**839**	**61,905**

Consolidated statement of cash flows

EUR thousand	10-12/2022	10-12/2021	1–12/2022	1–12/2021
Cash flow from operating activities				
Profit for the financial year	**-868**	**684**	**3,535**	**869**
Adjustments for:				
Depreciation, amortisation, and impairment	1,467	1,341	6,641	4,072
Finance income and expenses	1,362	770	3,479	1,763
Gain on disposal of property, plant, and equipment	-121	-331	-331	-381
Share of profit from associated companies and joint ventures	383	-169	1,809	185
Taxes	300	-940	3,005	-691
Other non-cash flow related adjustments	404	-101	1,031	-41
Total adjustments	**3,797**	**568**	**15,633**	**4,908**
Change in working capital				
Change in trade and other receivables	-1,133	-4,759	-42,253	-13,395
Change in inventories	1,183	479	-1,282	-1,899
Change in trade and other payables	-211	5,354	21,394	6,332
Total change in working capital	**-162**	**1,074**	**-22,141**	**-8,962**
Operating cash flow before financial and tax items	**2,767**	**2,326**	**-2,972**	**-3,185**
Interest paid	-253	-407	-863	-759
Interest received	-6	57	376	163
Other financing items	-1,276	-643	-2,649	-1,196
Taxes paid	-516	-210	-378	-379
Net cash flow from operating activities	**716**	**1,123**	**-6,486**	**-5,357**
Cash flow from investing activities				
Acquisition of associates, joint ventures, and other shares	-659	-198	-659	-884
Purchase of intangible and tangible assets	-1,295	-711	-7,840	-3,433
Proceeds from sale of tangible and intangible assets	160	-	540	50
Loans granted	289	448	-	-
Net cash flow from investing activities	**-1,505**	**-461**	**-7,959**	**-4,267**
Cash flow from financing activities				
Proceeds and repayments from borrowings	-4,927	-5,406	-5,383	3,141
Repayment of lease liabilities	-927	-598	-3,535	-1,573
Purchase of own shares	-	-6	-	-261
Issue of new shares	-	35,000	-	35,420
IPO costs	-	-3,136	-	-3,136
Acquisition of non-controlling interests	-618	-	-618	-379
Net cash flow from financing activities	**-6,472**	**25,855**	**-9,537**	**33,213**
Net change in cash and cash equivalents	**-7,261**	**26,517**	**-23,982**	**23,589**
Cash and cash equivalents, beginning of period	**12,150**	**2,354**	**28,871**	**5,282**
Cash and cash equivalents, end of period	**4,889**	**28,871**	**4,889**	**28,871**

Accounting principles

General information

Lamor Corporation Plc (the “Company” or the “parent company”) and its subsidiaries (together “Lamor”, “Lamor Group” or the “Group”) form a leading global supplier of environmental technologies. Lamor’s vision is a clean tomorrow, and Lamor strives to this vision together with its customers and partners through environmental protection and material recycling solutions.

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

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

This financial statements release is unaudited.

Basis of preparation

The financial information included in this financial statements release for January–December 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting* standard and the International Financial Reporting Standards (IFRS) as adopted by the European Union.

From the beginning of the year 2022, Lamor Group has adopted new or amended IFRS’s and interpretations, as issued by IASB, effective for financial periods commencing on 1 January 2022. Except for the changes presented above, the accounting policies applied in the preparation of this financial statements release are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

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

Share-based compensation plans (IFRS 2)

On 22 September 2022, Lamor has established share-based compensation plans for its key employees, including the Group CEO and the members of the Management team. The persons entitled to the plans have an opportunity to receive equity instruments as compensation for their service. There are two compensation plans, of which the share-based performance plan for key persons encompasses three vesting periods for the years 2022–2026 and its vesting conditions are non-market based. The CEO’s long-term incentive plan has one vesting period for the years 2022–2029 and its vesting conditions include market-based conditions.

Since the grant date, 22 September 2022, Lamor accounts for the plans in accordance with IFRS 2 *Share-based Payments*. The expense arising from the equity-settled compensation is based on the fair value determined at the grant date, which has been done using an appropriate valuation model. The expense is recognised as employee benefits in the income statement and in equity (retained earnings) at a rate equivalent to the fulfilment of service conditions. The accrued amount of the compensation at the reporting date reflects the Group’s best estimate of the amount to be ultimately settled in equity after the end of the vesting period, and for the CEO’s long-term incentive plan, the fair value of the earning opportunity expensed over the vesting period. The expense (income) recognised in profit and loss in the period therefore represents the change in the cumulative expense between the beginning and end of the period. No expense is recognised for compensation plans that are forfeited during the vesting period.

Revenue, segment reporting, adjusted key figures and geographical information

Lamor is one of the leading global suppliers of environmental technologies. The mission of Lamor is to clean the world, through its environmental protection and material recycling solutions.

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

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

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

Alternative performance measures

Adjusted EBIT and EBITDA EUR thousand	10-12/2022	10-12/2021	1–12/2022	1–12/2021
Operating profit (EBIT)	**795**	**513**	**10,018**	**1,941**
Depreciations, amortisations and impairment	1,467	1,341	6,641	4,072
EBITDA	**2,262**	**1,854**	**16,659**	**6,014**
Non-recurring Items				
Business combinations expenses	71	-	71	79
Restructuring expenses	318	-	318	-
IPO related expenses	-	114	-	599
Impairment of Russian business	-	-	1,958	-
Adjusted EBITDA	**2,651**	**1,968**	**19,006**	**6,692**
Depreciations, amortisations and impairment	-1,467	-1,341	-6,641	-4,072
Amortisation of intangible assets identified in PPA	62	53	242	211
Adjusted EBIT	**1,246**	**680**	**12,608**	**2,831**

Revenue

Distribution of revenue

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

Revenue by business line

EUR thousand	10-12/2022	10-12/2021	Change %	1–12/2022	1–12/2021	Change %
Equipment	7,742	5,884	32%	28,782	22,884	26%
Services	20,234	10,433	94%	98,874	28,632	245%
Total revenue from contracts with customers	**27,976**	**16,318**	**71%**	**127,656**	**51,517**	**148%**

Timing of revenue recognition

EUR thousand	10-12/2022	10-12/2021	Change %	1–12/2022	1–12/2021	Change %
Transferred at a point in time	7,683	6,606	16%	24,242	21,126	15%
Transferred over time	20,293	9,711	109%	103,415	30,390	240%
Total revenue from contracts with customers	**27,976**	**16,318**	**71%**	**127,656**	**51,517**	**148%**

Revenue by geographical area

EUR thousand	10-12/2022	10-12/2021	Change %	1–12/2022	1–12/2021	Change %
Europe and Asia (EURASIA)	7,930	4,016	97%	17,837	17,283	3%
North and South America (AMER)	6,391	3,897	64%	56,713	11,626	388%
Middle East and Africa (MEAF)	13,656	8,405	62%	53,107	22,608	135%
Total revenue from contracts with customers	**27,976**	**16,318**	**71%**	**127,656**	**51,517**	**148%**

Revenue by geographical area

EUR thousand	10-12/2022	10-12/2021	Change %	1–12/2022	1–12/2021	Change %
Europe and Russia (EURU)	1,026	2,233	-54%	9,605	11,249	-15%
North and South America AMER	6,391	3,897	64%	56,713	11,626	388%
Asia-Pacific (APAC)	6,903	1,783	287%	8,231	6,034	36%
Middle East and Africa (MEAF)	13,656	8,405	62%	53,107	22,608	135%
Total revenue from contracts with customers	**27,976**	**16,318**	**71%**	**127,656**	**51,517**	**148%**

In connection with November 2022 strategy update, Lamor's operational structure changed from four areas to three. The distribution of revenue is presented in these tables divided both into three and four geographical areas, according to the previous and new structure.

Summary of contract balances

EUR thousand	31 Dec 2022	31 Dec 2021
Trade receivables	29,396	7,556
Contract assets	38,448	14,804
Contract liabilities	18,158	1,985

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

Lamor Group did not experience any major unexpected credit losses in January – September 2022. Lamor's management critically assesses the level of the expected credit loss accrual in accordance with IFRS 9 at the end of reporting period. Overall, Group management assessed the Group's calculatory credit risk position to be approximately on the same level as in 2021.

Lamor has recorded an expected credit loss related to trade receivables and contract assets, amounting to EUR 1.4 million on 31 December 2022 (EUR 2.3 million on 31 December 2021).

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

Business combinations

On 30 December 2022, Lamor acquired a majority shareholding in Resiclo Kilpilahti Oy (currently: Lamor Resiclo Oy), whose main business is chemical recycling of plastics. The purchase price allocation made for the acquired company business at the end of reporting period is preliminary.

EUR thousand	Resiclo Kilpilahti Oy
Purchase price	
Consideration paid in cash	1 000
Fair value of assets and liabilities recognised on the acquisition	
Assets	
Current receivables	1 000
Total assets	**1 000**
Liabilities	
Interest and non interest-bearing liabilities	0
Total liabilities	**0**
Total identifiable net assets at fair value	**1 000**

Non-controlling interest (45.0 per cent of net assets)	450
Goodwill	450
Purchase consideration transferred	**1 000**

Cash flow impact of acquisitions

The acquisition did not have an impact on cash flows in the reporting period.

Change in goodwill

EUR thousand	31 Dec 2022	31 Dec 2021
Carrying value at the beginning of the year	**18,049**	**17,892**
Impairment	-	-
Additions	-	-
Acquired in business combinations	450	-
Exchange differences	135	157
Other changes and disposals	-	-
Carrying value at the end of the year	**18,643**	**18,049**

The increase in goodwill during the period is due to acquisition of Resiclo Kilpilahti Oy.

Change in tangible and intangible assets

EUR thousand	31 Dec 2022	31 Dec 2021
Carrying value at the beginning of the year	**8,827**	**8,147**
Depreciation, amortization and impairment charges	-2,770	-2,483
Additions	8,395	3,433
Transfers between balance sheet items	-680	-
Exchange differences	135	226
Grants received and disposals	-254	-497
Carrying value at the end of the year	**13,653**	**8,827**

The increase in tangible assets during the period is mainly due to procurement of airplanes related to the project in Saudi Arabia.

Change in right-of-use assets

EUR thousand	31 Dec 2022	31 Dec 2021
Carrying value at the beginning of the year	**5,742**	**1,010**
Depreciation, amortization and impairment charges	-3,875	-1,707
Additions	3,104	6,233
Exchange differences	322	234
Other changes	-	-28
Carrying value at the end of the year	**5,293**	**5,742**

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

Financial instruments

Net debt

EUR thousand	31 Dec 2022	31 Dec 2021
Non-current interest-bearing loans and borrowings	10,723	9,178
Non-current lease liabilities	2,060	3,056
Current interest-bearing loans and borrowings	3,302	10,019
Current lease liabilities	3,074	2,410
Liquid funds	-4,889	-28,871
Net debt total	**14,270**	**-4,208**

Classification of financial assets and liabilities

Financial assets on 31 December 2022

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets						
Investments in unlisted shares	**3**	-	418	-	418	418
Non-current receivables		-	-	1,791	1,791	1,791
Non-current financial assets total		**-**	**418**	**1,791**	**2,209**	**2,209**

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

Financial liabilities on 31 December 2022

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities						
Interest-bearing loans and borrowings		-	-	10,723	10,723	10,723
Lease liabilities		-	-	2,060	2,060	2,060
Contingent consideration	**3**	3,788	-	-	3,788	3,788
Other payables		-	-	3,189	3,189	3,189
Non-current financial liabilities total		**3,788**	**-**	**15,972**	**19,761**	**19,761**
Current financial liabilities						
Interest-bearing loans and borrowings		-	-	3,302	3,302	3,302
Lease liabilities		-	-	3,074	3,074	3,074
Trade payables		-	-	12,656	12,656	12,656
Contract liabilities		-	-	18,158	18,158	18,158
Other current liabilities		-	-	12,424	12,424	12,424
Current financial liabilities total		**-**	**-**	**49,613**	**49,613**	**49,613**
Financial liabilities total		**3,788**	**-**	**65,586**	**69,374**	**69,374**

Financial assets on 31 December 2021

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets						
Investments in unlisted shares	**3**	-	418	-	418	418
Other receivables		-	-	1,442	1,442	1,442
Non-current financial assets total		**-**	**418**	**1,442**	**1,860**	**1,860**
Current financial assets						
Trade receivables		-	-	7,556	7,556	7,556
Contract assets		-	-	14,804	14,804	14,804
Investments in funds	**2**	165	-	-	165	165
Cash and cash equivalents		-	-	28,871	28,871	28,871
Current financial assets total		**165**	**-**	**51,231**	**51,396**	**51,396**
Financial assets total		**165**	**418**	**52,674**	**53,256**	**53,256**

Financial liabilities on 31 December 2021

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities						
Interest-bearing loans and borrowings		-	-	9,178	9,178	9,178
Lease liabilities		-	-	3,056	3,056	3,056
Other payables		-	-	2,828	2,828	2,828
Non-current financial liabilities total		**-**	**-**	**15,063**	**15,063**	**15,063**
Current financial liabilities						
Interest-bearing loans and borrowings		-	-	10,019	10,019	10,019
Lease liabilities		-	-	2,410	2,410	2,410
Derivative instruments	**2**	4	-	-	4	4
Contingent consideration	**3**	274	-	-	274	274
Trade payables		-	-	11,844	11,844	11,844
Contract liabilities		-	-	1,985	1,985	1,985
Other current liabilities		-	-	6,199	6,199	6,199
Current financial liabilities total		**277**	**-**	**32,458**	**32,735**	**32,735**
Financial liabilities total		**277**	**-**	**47,520**	**47,798**	**47,798**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: The fair value of these assets or liabilities is based on available quoted (unadjusted) market prices in active markets for identical assets or liabilities. Lamor does not currently hold any financial instruments classified at level 1.

Level 2: The fair value of these assets or liabilities is based on valuation techniques, for which there are inputs that are significant to the fair value measurement and these inputs are directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available sources. Financial instruments classified at level 2 include derivative instruments (foreign exchange forward contracts) and investments in funds.

Level 3: The fair value of these assets or liabilities is based on unobservable inputs that are significant to the fair value measurement. The related valuation techniques require making independent estimates.

Lamor has made an investment in Pyroplast Energy Ltd in 2021. This investment has been classified at level 3. The investment was made in June 2021 at fair value and Lamor estimates that the value of the instrument has remained unchanged at the reporting date.

In addition, a liability related to the acquisition of a non-controlling interest has been classified at level 3. In 2020, Lamor acquired an additional 35 per cent share of equity in Corena S.A., an additional 35 per cent share of equity in Lamor Peru S.A. and a 17.5 per cent share of equity in Corena Colombia SAS. In connection to the additional purchases of the non-controlling interests, a contingent consideration was agreed upon, based on the performance of the mentioned companies over the next three years. At the reporting date, Lamor estimates the value of the contingent consideration at EUR 3,778 thousand. The amount of the contingent consideration is estimated and recognised at the end of each reporting period, in accordance with IFRS 9 *Financial Instruments*.

Related party transactions

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

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

Transactions with related parties

EUR thousand	31 Dec 2022	31 Dec 2021
Sales to associated companies and joint ventures	90	834
Sales to other related parties	41	-
Purchases from associated companies and joint ventures	46	218
Purchases from other related parties*	637	1,472

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

Receivables and liabilities from related parties

EUR thousand	31 Dec 2022	31 Dec 2021
Receivables from associated companies and joint ventures	1,595	1,390
Receivables from other related parties	214	173
Liabilities to associated companies and joint ventures	12	6
Liabilities to other related parties	3,888	2

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

Loans receivable from and payable to related parties

EUR thousand	31 Dec 2022	31 Dec 2021
Amounts receivable from associates and joint ventures	1,481	1,442
Amounts receivable from other related parties	-	-
Amounts payable to associates and joint ventures	-	-
Amounts payable to other related parties	-	271

Contingent liabilities and other commitments

Commitments

At the reporting date, 31 December 2022, Lamor had corporate mortgages of EUR 91.8 million (EUR 51.8 million on 31 December 2021) as collateral for its loans.

Contingent liabilities related to legal claims

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

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

Guarantees

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

EUR thousand	31 Dec 2022	31 Dec 2021
Performance and warranty guarantee	25,472	21,522
Advance payment and payment guarantee	10,720	2,077
Tender and bid bond guarantees	1,972	861
Total other commitments	**38,165**	**24,460**

No liability is expected to arise from the guarantees.

Formulas of key figures

Key figure		Calculation formula	
EBITDA	=	Operating profit + depreciation and amortisation	
EBITDA %	=	Operating profit + depreciation and amortisation / Revenue	x 100
Adjusted EBITDA	=	Reported EBITDA + restructuring income/expense + gains or losses related to sale of businesses or non-current assets outside normal course of business + indemnity payments/income + transaction costs related to business combinations + costs from listing on security market	
Adjusted (EBITDA) %	=	Reported EBITDA + restructuring profit/costs + sales profit/- loss of tangible assets related to business combinations or other than day-to-day business + profits/costs from compensation for damages + transaction costs related to business combinations + costs from listing on security market / Revenue	x 100
Operating Profit (EBIT)	=	Profit for the financial year before financing periods and taxes	
Operating Profit (EBIT) margin %	=	Operating profit / Revenue	x 100
Adjusted Operating Profit (EBIT)	=	Reported EBIT + goodwill impairment charges and depreciation of allocations related to business combinations + restructuring income/expense + gains or losses related to sale of businesses or non-current assets outside normal course of business + indemnity payments/income + transaction costs related to business combinations + costs from listing on security market	
Adjusted Operating Profit (EBIT) %	=	Reported EBIT + goodwill impairment charges and depreciation of allocations related to business combinations + restructuring income/expense + gains or losses related to sale of businesses or non-current assets outside normal course of business + indemnity payments/income + transaction costs related to business combinations + costs from listing on security market / Revenue	x 100
Earnings per share (EPS), basic, euros	=	Profit for the financial year attributable for shareholders of the company / Weighted average number of shares outstanding during the period	x 100
Earnings per share (EPS), diluted, euros	=	Profit for the financial year attributable for shareholders of the company / Weighted average number of shares outstanding during the period, including potential shares	x 100
Equity ratio %	=	Shareholders' equity / Balance sheet total – advances received	x 100

Return on equity (ROE) %	=	Profit for the period / Average shareholder's equity	x 100
Return on investment (ROI) %	=	Profit before taxes + financial income and expenses / Average shareholder's equity + average interest-bearing loans and borrowings	x 100
Net gearing, %	=	Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and non-current investments / Shareholders’ equity	x 100
Orders received	=	The total value of customer orders received during the period.	
Orders backlog	=	Total value of customer orders to be delivered in the future	
Average number of employees	=	Average number of personnel at the end of the previous financial year and at the end of the calendar month of each reporting period	