Lamor Corporation Ab

Business ID 2038517-1

Financial Statements and report of Board of directors
1 January -31 December 2020

Board of Directors' Report

Business development during the financial year

Lamor's strategy is very much growth-driven, but because of extraordinary situation in 2020 we had to take a side step. Our revenue fell slightly to EUR 45.6 million (EUR 47.6 million in 2019), but improvements in our operational performance started during the interim project from 2018 continued to improve our profitability. We also continued investing in future growth that is also reflected in our expense level. Our adjusted EBITDA was EUR 6.4 million (EUR 6.6 million in 2019), whereas the IFRS EBITDA was EUR 5.6 million. The difference in the adjusted EBITDA is due to transaction expenses in consolidating our South American country units.

We continued investment in all of our three business lines, oil spill response, waste management and water treatment solutions, globally. In order to facilitate the growth and better implement the OneLamor strategy we reshaped our sales organisation. We moved from nine regions to four area teams, where the local sales personnel of our hubs are an important part of the global sales organisation. With the acquisition of Vodaflo in September 2020 we strengthened our capabilities to offer a wider range of water treatment solutions as well as improved our internal technical capabilities. We also signed a licensing agreement with Harbo Technologies to develop our offering for rapid response solutions. Corena Group and Lamor Russia were merged to the parent company in March 2020. In addition, we took part in Business Finland's Competitive Bidding for Growth Engines, and were successful, where we aim to build a 1b EUR ecosystem around utilising plastic waste from rivers, landfills and municipal solid waste to create raw material for the petrochemical industry and possibly biofuels as well. In addition, we are developing capabilities to capture and store CO_2 permanently in our solution. This market is expected to grow exponentially over the next 10 years.

Changes in group structure

During 2020 the group structure has been simplified by merging Lamor Russia Oy and Corena Group Ab with the parent company.

The group also established a subsidiary in India in February 2020 and an associate company in Guyana in September 2020. Lamor completed two acquisitions in 2020; a majority acquisition of Vodaflo Oy in September and a minority acquision in Sawa Petroleum in June 2020.

Lamor continued to increase its ownership in Lamor Peru, Corena S.A. and Corena Colombia in December. The group's ownership decreased in Lamor Ukraine and its consolidated as an associate company.

More information on the business combinations can be found in annexes 1.1. and 4.1.

Event after the reporting period

More information on the events after the reporting period can be found in annex 6.3.

Key figures and personnel

The Group´s key figures are presented on the Key Figure page of the consolidated financial statements.

Personnel information and expenses are described in Note 3.3.

Estimated likely future delevelompent

Looking into 2021, we expect to return to our growth path. The growth is driven by significant prospects in the Middle East from projects where we have been successful in several in public tenders. The final contract negotiations are still on-going, but signing these contracts will significantly increase our order back-log. Our first integrated waste management facility for drilling waste, through a JV, is being built in Guyana. We expect this facility to have a significant impact on our business for the next 10 years. All in all, the increased consciousness of green values and sustainability coupled with the disclosure requirements of non-financial reporting shall drive the demand for our solutions globally. Lamor has been a cleantech company since 1980's and such companies are today more relevant than ever before.

Assessment of key risks and uncertainties in the business

The company faces strategic, operative and financial risks in its business operations. These risks are actively managed and mitigated by company's management.

The most important strategic risks are due to changes in the market demand, political risks in the emerging markets as well other risks in the operating environment. In addition, the company still faces risks due to its short-term project business model, even though the investments in the service business will decrease this risk significantly.

Operative risks are linked with the company's processes, personnel, legislation and environmental regulations. These risks are being managed and mitigated by a group-wide management model, e.g. the use of ISO 9001, 14001 and 45001, corporate governance and internal control guidelines, use of insurance policies where possible as well training the personnel.

More information on the financial risk in note 5.1.

Clarification of the scope of research and development
Capitalised development costs amounted to approximately EUR 1.5 million (EUR 1.3 million in 2019), including the development of oil spill response equipment and service business.

Foreign branches
The group has two registered branch offices in Beijing, China and one branch office in Colombia.

Related parties
Information on related party transactions can be found in Note 6.1.

Shares
The parent company's share capital is comprised of 384.204 shares. All shares have equal voting rights and right to dividend.

Treasury shares held by the parent company on December 31, 2020:

Amount	Ownership	Votes
2081 pcs	0.54%	0.54%

Board of director's proposal for the distribution of distributable equity
Lamor Corporation Ab´s financial statement show a loss of EUR 6,178,988.76 and distributable funds EUR 5,884,612.01. The Board of Directors proposes that no dividend shall be distributed and that the result for the fiscal year be recorded in Retained earnings.

Board of directors, CEO and auditors
The Board of Directors constituted of the following members during the fiscal year: Esa Ikäheimonen (Chairman), Fred Larsen, Timo Rantanen and Tommi Salunen (until 21 August 2020).

Mika Pirneskoski has been acting as the CEO from 11 November 2019.

The company´s auditors are Ernst & Young Oy, Authorized Public Accounting Firm, with Juha Hilmola, Authorized Public Accountant, as Lead Auditor.

Key Figures

EUR thousand	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Revenue	45 621	48 104
EBITDA	5 610	6 618
EBITDA margin -%	12,3 %	13,8 %
Adjusted EBITDA	6 399	6 618
Adjusted EBITDA margin -%	14,0 %	13,8 %
Operating Profit (EBIT)	2 426	3 486
Operating Profit (EBIT) margin -%	5,3 %	7,2 %
Adjusted Operating Profit (EBIT)	3 438	3 713
Adjusted Operating Profit (EBIT) margin -%	7,5 %	7,7 %
Profit for the financial year	840	1 866
Earnings per share, basic, euros	1,75	4,31
Return on equity (ROE) -%	3,0 %	6,8 %
Return on investment (ROI) -%	5,3 %	7,9 %
Equity ratio -%	46,8 %	47,4 %
Net gearing -%	41,6 %	54,4 %
Order backlog	19 400	22 600
Nomber of employees, average	432	332

Alternative Performance Measures (APM)

Lamor applies ESMA (European Securities and Markets Authority) guidelines on alternative performance measures effective from 2016.

Lamor uses and presents the following alternative performance measures to better illustrate the operative development of its business: adjusted EBIT, adjusted EBITDA, ROI, ROE, equity ratio and net gearing.

The items included in the adjusted EBITDA and adjusted EBIT consist of the following:

Adjusted EBIT and EBITDA	**1.1.-31.12.2020**	**1.1.-31.12.2019**
Operating Profit (EBIT)	**2 426**	**3 486**
Depreciations, amortisations and impairment	3 183	3 132
EBITDA	**5 610**	**6 618**
Non Recurring Items		
Business combinations expenses	789	0
Adjusted EBITDA	**6 399**	**6 618**
Depreciations, amortisations and impairment	-3 183	-3 132
Amortisation of intangible assets identified in PPA	223	227
Adjusted EBIT	**3 438**	**3 713**

Formulas of Key Figures

EBITDA = Operating profit + depreciations and amortisation

EBITDA margin, % = $\frac{\text{Operating profit + depreciations and amortisation}}{\text{Revenue}}$ x 100

Operating Profit (EBIT) margin - % = $\frac{\text{Operating profit}}{\text{Revenue}}$ x 100

Earnings per share, basic, euros = $\frac{\text{Profit for the financial year attributable for shareholders of the company}}{\text{Weighted average number of shares outstanding during the period}}$ x 100

Return on equity (ROE) -% = $\frac{\text{Profit for the financial year}}{\text{Average shareholder's equity}}$ x 100

Return on investment (ROI) -% = $\frac{\text{Profit before taxes + financial income and expenses}}{\text{Average shareholder's equity + average interest-bearing loans and borrowings}}$ x 100

Equity ratio, % = $\frac{\text{Shareholders equity}}{\text{Balance sheet total – advances received}}$ x 100

Net gearing, % = $\frac{\text{Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and Non-current investments}}{\text{Shareholders equity}}$ x 100

Number of employees, average = The average number of employees at the end of previous financial year and of each calendar month during the accounting period

Adjusted EBITDA = Reported EBITDA + goodwill impairment + costs related to business combinations and acquisitions + restructuring costs

Adjusted EBIT = Reported EBIT + goodwill impairment + costs related to business combinations and acquisitions + restructuring costs

Consolidated Financial Statements (IFRS)

Consolidated Statement of Profit and Loss

EUR Thousand	Note	1 Jan-31 Dec 2020	1 Jan-31 Dec 2019
Revenue	3.1.	45 621	48 104
Materials and services		-27 840	-29 852
Other operating income	3.2.	398	156
Employee benefit expenses	3.3.	-7 918	-7 201
Other operating expenses	3.2.	-4 759	-4 967
Share of results in associated companies		108	379
EBITDA		**5 610**	**6 618**
Depreciations, amortisations and impairment	4.3.-4.6.	-3 183	-3 132
Operating profit (EBIT)		**2 426**	**3 486**
Financial income	3.4.	47	154
Financial expenses	3.4.	-1 474	-1 255
Profit before tax		**999**	**2 385**
Income tax	3.5.	-159	-519
Profit for the financial year		**840**	**1 866**
Attributable to			
Equity holders of the parent		669	1 647
Non-controlling interests		170	219
Earnings per share			
Earnings per share, basic, EUR	3.6.	1,75	4,31

Consolidated Statement of Other Comprehensive Income

Profit for the financial year		**840**	**1 866**
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		-786	355
Other comprehensive income/(loss) for the year, net of tax		**-786**	**355**
Total comprehensive income for the financial year		**53**	**2 221**
Attributable to			
Equity holders of the parent		-117	2 002
Non-controlling interests	1.1.-1.2.	170	219

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 2020	31 Dec 2019	1 Jan 2019
Assets				
Non-current assets				
Goodwill	4.3	17 892	17 901	17 843
Intangible assets	4.4	4 259	5 034	5 675
Property, plant and equipment	4.5	3 888	4 458	3 952
Right of use assets	4.6	1 010	1 535	1 603
Investments in associated companies	4.2	3 781	3 597	3 221
Investments in other shares	5.3	350	350	350
Deferred tax assets	3.5	1 389	1 027	1 047
Total non-current assets		**32 569**	**33 902**	**33 691**
Current assets				
Inventories	4.7	6 937	8 488	9 198
Trade receivables	4.8	9 475	9 220	10 412
Contract assets	4.8	4 336	3 385	4 281
Prepayments and other receivables	4.8	4 595	3 844	4 313
Short term investments	5.3	194	193	186
Cash and cash equivalents	5.4	5 282	1 718	3 121
Total current assets		**30 818**	**26 849**	**31 511**
Total assets		**63 388**	**60 751**	**65 201**
Equity and liabilities				
Equity				
Share capital	5.7	3 866	366	366
Issue of shares		621	0	0
Translation differences		-418	355	0
Reserve for invested unrestricted equity		11 398	14 898	14 898
Retained earnings / accumulated deficit		12 813	12 659	11 095
Equity attributable to equity holders of the parent		**28 281**	**28 278**	**26 359**
Non-controlling interests		1 154	2 880	2 912
Total equity		**29 435**	**31 157**	**29 272**
Non-current liabilities				
Interest-bearing loans and borrowings	5.3; 5.5	3 543	1 574	1 022
Lease liabilites	4.6	261	888	1 114
Deferred tax liability	3.5	237	308	361
Other non-current financial liabilities	4.9	59	210	367
Total non-current liabilities		**4 100**	**2 981**	**2 864**
Current liabilities				
Interest-bearing loans and borrowings	5.3; 5.5	12 480	13 980	13 590
Lease liabilites	4.6	768	664	489
Provisions	4.9	61	64	89
Trade payables	4.9	8 805	7 467	9 545
Contract liabilities	4.9	3 017	1 079	5 790
Other short-term liabilities	4.9	4 722	3 359	3 563
Total current liabilities		**29 852**	**26 613**	**33 066**
Total liabilities		**33 953**	**29 594**	**35 930**
Total equity and liabilities		**63 388**	**60 751**	**65 201**

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

Consolidated Financial Statements (IFRS)

Consolidated statement of Changes in Equity

2020

EUR thousand	Share capital	Issue of shares	Fund for unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the equity holders of the parent							
Equity on 1 Jan 2020	**366**		**14 898**	**355**	**12 659**	**28 278**	**2 880**	**31 157**
Profit for the financial year					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 4.1)*		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

2019

EUR thousand	Share capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the equity holders of the parent						
Equity on 1 Jan 2019 before IFRS adjustments	**366**	**14 898**		**-1 939**	**13 325**	**2 912**	**16 238**
IFRS 9 ECL (Note 2.1)				-2 435	-2 435		-2 435
IFRS 3 (Note 2.1)				15 782	15 782		15 782
Other Adjustments				-314	-314		-314
Adjusted equity on 1 Jan 2019	**366**	**14 898**		**11 095**	**26 359**	**2 912**	**29 272**
Profit for the financial year				1 647	1 647	219	1 866
Other comprehensive income			355		355		355
Total comprehensive income			**355**	**1 647**	**2 002**	**219**	**2 221**
Dividends to non-controlling interests						-177	-177
Change of non-controlling interests						-74	-74
Other changes				-84	-84		-84
Equity on 31 Dec 2019	**366**	**14 898**	**355**	**12 659**	**28 278**	**2 880**	**31 157**

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

Consolidated Financial Statements (IFRS)

Consolidated statement of Cash Flows

EUR thousand	2020	2019
Cash flow from operating activities		
Profit for the financial year	**840**	**1 866**
Adjustments for:		
Depreciation, amortisation and impairment	3 183	3 132
Finance income and expenses	1 428	1 101
Gain on disposal of Property, Plant and equipment	-77	-74
Share of result of associates and joint ventures	-108	-379
Taxes	159	519
Other non-cash flow adjustments	1 031	507
Total Adjustments	**5 616**	**4 806**
Change in working capital		
Change in Trade and other receivables	-1 382	-1 968
Change in Inventories	1 551	710
Change in Trade and other payables	1 319	-3 014
Total change in working capital	**1 488**	**-4 272**
Operating cash flow before financial and tax items	**7 944**	**2 400**
Interest paid	-1 178	-955
Interest received	19	147
Dividends received	76	0
Taxes paid	-825	-369
Net cash flow from operating activities	**6 036**	**1 222**
Cash flow from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	-94	0
Disposals of subsidiaries and businesses, net of cash acquired	0	177
Acquisition of assiciates and joint ventures	-54	0
Purchase of intangible and tangible assets	-2 107	-2 863
Proceeds from sale of tangible and intangible assets	246	80
Net cash flow from investing activities	**-2 010**	**-2 606**
Cash flow from financing activities		
Proceeds from borrowings	3 633	2 502
Repayment of borrowings	-3 299	-1 694
Repayment of lease liabilities	-756	-650
Dividends paid to non-controlling interests	-39	-177
Net cash flow from financial activities	**-463**	**-19**
Net change in cash and cash equivalents	**3 564**	**-1 403**
Cash and cash equivalents at 1 January	**1 718**	**3 121**
Cash and cash equivalents at 31 December	**5 282**	**1 718**
Change	**3 564**	**-1 403**

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

Notes to the consolidated financial statements

1.1. General information

Corporate information

Lamor is principally engaged in providing comprehesive environment solutions including oil spill response, waste management and water treatment. Lamor has one operating segment that is comprehensive environment solutions. More information on about the operating segment is presented in Note 3.1 Revenue from contracts with customers.

The Group's parent company, Lamor Corporation Ab, is a limited liability company constituted in accordance with the laws of Finland with a business ID of 2038517-1. The company is incorporated in Finland and its registered office is located in Porvoo. The consolidated financial statements of Lamor Corporation Ab and its subsidiaries (collectively, the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 11 June 2021, after which, in accordance with the Finnish Limited Liability Act, the financial statements are either approved, amended or rejected at the next Annual General Meeting. Copies of Lamor Corporation Ab's and the consolidated financial statements are available at Lamor Corporation Ab, visiting address: Rihkamatori 2, 06100 Porvoo, Finland.

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.

Subsidiaries	Country of incorporation	Equity interest, % 2020	2019
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	100,00
Corena Group Oy*	Finland	merged	100,00
Corena Colombia SAS	Colombia	92,50	75,00
Lamor Peru SAC	Peru	85,01	50,01
Corporacion Para Los Recursos Naturales Corer	Ecuador	85,01	50,01
Corena Chile SpA	Chile	92,55	75,00
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	-
Vodaflo Oy**	Finland	50,67	-
Gaico-Corena Environmental Services Inc.***	Guyana	50,00	-

* During 2020, Lamor Russia Oy and Corena Group Oy were merged into Lamor Corporation Ab.
** Vodaflo Oy has been consolidated to Lamor Group as of 9/2020.
*** Lamor India and Gaico Corena has been established 7/2020 and 9/2020 respectively.

Associated companies	Country of incorporation	Equity interest, % 2020	2019
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
Ecoself Sakhalin	Russia	26,00	26,00
Sawa Petroleum Services Ltd****	Senegal	20,00	-
Lamor Ukraine LLC	Ukraine	19,90	19,90

**** Sawa Petroleum Services has been consolidated to Lamor Group as of 6/2020.

For more details relating to associated companies and joint ventures, refer to Note 4.2 Shares in associates and joint ventures.

1.2. Basis of preparation

Basis of preparation and adoption of IFRS

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, 2020. The notes to the financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on a historical 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.

The consolidated financial statements as of December 31, 2020 are Lamor Group's first financial statements prepared in accordance with International Financial Reporting Standards, the date of transition to IFRS being January 1, 2019. The consolidated financial statements as of December 31, 2020 contain comparative information for the period ended December 31, 2019. An additional statement of financial position as at January 1, 2019 is presented in these consolidated financial statements due to the first time adoption of IFRS. Previously Lamor Group has applied Finnish Accounting standards. The impact of the transition to IFRS standards on Group's reported financial position and financial performance is disclosed in Note 2 First Time Adoption of IFRS Standards.

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 assets 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 3.1 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 translated 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.

In the transition to IFRSs, in accordance with the exemptions of IFRS 1 for first-time adoption, Lamor has decided to apply the exemption for cumulative translation differences where the cumulative translation differences for all foreign subsidiaries are deemed to be zero at the date of transition to IFRSs. In accordance with the exemption, the gain or loss on a subsequent disposal of any foreign subsidiary is excluding any translation differences that arose before the date of transition to IFRSs.

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.

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 jugdement by the management and the key factors of uncertainty related to estimates are presented in the following notes:

- Revenue from contracts with customers (Note 3.1)
- Deferred tax assets (Note 3.5)
- Business combinations, value of net assets acquired and contingent considerations (Note 4.1)
- Impairment testing (Note 4.3)
- Leases (Note 4.6)
- Inventory valuation (Note 4.7)
- Expected credit losses (Note 4.8)

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

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 2021 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 2021 or later. Only the amendments relevant from Lamor's perspective have been included in the summary below.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. This amendment will not have an impact on the classification of the liabilities.

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.

Additionally IFRS 17 Insurance contracts and amendments IFRS 1 and IAS 41 have been issued but they will not have impact on Lamor's financial statements.

2. First-time adoption of IFRS standards

2.1. IFRS impact: The transition effects and exemptions applied

First-time adoption of IFRS
Lamor Corporation Ab's financial statements, for the year ended 31 December 2020, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2019, the Group prepared its financial statements in accordance with Finnish Accounting standards (FAS).

Accordingly, Lamor Corporation Ab has prepared financial statements that comply with IFRS applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2019, as described in the summary of significant accounting policies. In preparing the financial statements, Lamor's opening statement of financial position was prepared as at 1 January 2019, the Group's date of transition to IFRS.

This note explains the principal adjustments made by Lamor in restating its local GAAP financial statements, including the statement of financial position as at 1 January 2019 and the financial statements for the year ended 31 December 2019. Additionally, Lamor has applied certain exemptions in IFRS 1 First-time Adoption of International Financial Reporting Standards, which have been described below.

1. Reclassifications

1.1 Reclassifications relating to government grants
In accordance with FAS, Lamor has recorded the received government grants as deferred income and recorded them as income during the period the costs, for which the grant has been received, have been expensed. In connection with the IFRS conversion, Lamor has changed the accounting policy and thus, government grants are recorded to deduct the carrying amount of the asset. The grant is recognised in the income statement over the life of the depreciable asset as a reduced depreciation expense.

As of 1 January 2019, an adjustment of EUR 1 640 thousand was recorded to decrease the amount of development expenses and accrued expenses to follow the deduction method introduced by IFRS. For the period ending 31 December 2019, the capitalised development expenses were decreased by EUR 1 570 thousand, whereas the prepayments and other receivables increased by EUR 50 thousand and the accrued expenses were decreased by EUR 1 492 thousand. 1 January 2019 - 31 December 2019 P&L statement items, the above mentioned recordings have been adjusted by reclassifying other operating income by amount of EUR 1 673 thousand into materials and services, employee benefits, other operating expenses and depreciation, amortisations and impairment P&L items. For 2019 balances, a deferred tax asset has been recorded.

1.2 Translation differences
Lamor has applied the exemption provided by IFRS 1 for cumulative translation differences and therefore, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRSs. Any gain or loss on a subsequent disposal of any foreign operations after the adoption of IFRSs will exclude translation differences that arose before the date of transition but will include later translation differences.

In Lamor's FAS financial statements, the cumulative translation difference has been presented within retained earnings. For IFRS reporting purposes, as of 31 December 2019, an adjustment of EUR 306 thousand has been recorded and the total balance of translation differences amounts to EUR 355 thousand as of 31 December 2019.

1.3 Other reclassifications
Deferred tax reclassifications
In accordance with FAS, Lamor has presented deferred tax assets in current assets amounting to of EUR 403 thousand in 1 January 2019 and EUR 365 thousand in 31 December 2019. For IFRS reporting purposes, deferred tax assets have been transferred to non-current assets from the current assets. Also a reclassification of EUR 128 thousand from prepayments and other receivables to deferred tax assets has been recorded as of 31 December 2019.

Reclassification of an investment fund & Hailer Oy investment
In FAS, an investment of EUR 350 thousand in Hailer Oy has been recognised as an investment in associated companies. In IFRS, Lamor's investment in Hailer Oy does not meet the criteria of an associated company. For IFRS reporting purposes, the investment has been reclassified to investments in other shares as of 1 Januar 2019 and 31 December 2019.

In accordance with FAS, Lamor has recorded a Nordea fund investment valued at cost of EUR 158 thousand to cash and cash equivalents. According to IFRS 9, Nordea fund has been reclassified as a short term investment treated at fair value through other comprehensive income as of 1 January 2019 and 31 December 2019. As of 1 January 2019 fair value of EUR 186 thousand and as of 31 December 2019 EUR 193 thousand has been recorded in short term investments with respective value increases recorded through OCI. In addition a deferred tax liability has been recorded for the value increase.

Contract asset and other receivable reclassification
Regarding to FAS entries, a proportion of trade receivables have been reclassified in IFRS into contract assets and other receivables. As of 1 January 2019 a contract asset of EUR 4 095 thousand has been reclassified to contract assets from trade receivables and a respective reclassification of EUR 3 385 thousand has been made in 31 December 2019.

In addition as of 31 December 2019 a reclassification of EUR 138 thousand from trade receivables to other receivables has been recorded.

2. Business combinations

2.1 Acquisition of CGI (Clean Globe International Oy)

CGI was founded in 2006 to develop environmental centers to offer local services for oil companies and authorities especially in Russia and CIS-countries.

Lamor obtained control over CGI in 2011 when acquiring an additional share of 23,32% of CGI. Prior to the additional acquisition, Lamor had a 30,17% ownership in CGI. In accordance with IFRS 3, in a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in profit or loss or other comprehensive income. Therefore, Lamor's previous equity interest in CGI is measured at fair value in the PPA.

According to IFRS, non-controlling interest can be measured either by the proportionate share of the fair value of identifiable net assets or by fair value. The non-controlling interest has chosen to be reported based on non-controlling interest's share in the net assets, resulting in a value of EUR 200 thousand for non-controlling interests.

In 2011, Lamor has measured the cost of CGI acquisition at the fair value of the considerations paid to CGI. Based on an analysis made in accordance with IFRS 3, the acquisition cost has been recorded as goodwill. The return on investment was based on three identified factors: Synergies of merging two global organisations, expansion outside of CIS-countries, which was not possible with the old shareholders structure and utilisation of the client relationship from Lamor's equipment sales business.

EUR thousand	**CGI**
Transaction consideration	
Consideration paid in cash (for the purchased 23,32% ownership)	6 705
Fair value of Lamor's previous 30,17% ownership	8 674
Fair value of non-controlling interest	13 373
Cost of business combination	**28 752**
Net assets	-485
Purchase consideration to be allocated	**29 238**
Lamor's share	**15 639**
Fair value of assets and liabilities recognised on the CGI acquisition	
Assets	
Fixed assets	3 113
Other assets	1 490
Cash and cash equivalents	70
Total assets	**4 674**
Liabilities	
Non-interest bearing liabilities	2 239
Interest bearing liabilities	2 920
Net assets excluding goodwill, opening balance sheet	-485
Fair value adjustment	-
Deferred tax liability	-
Fair value of net assets excluding goodwill	-485
Residual goodwill from the acquisition	15 639
Net assets including goodwill	**15 154**

2.2. Acquisition of Corena S.A

Corena S.A is an Ecuadorian full-service environmental contractor that specializes in inland, near-shore, and waste remediation. Lamor's acquisition of Corena was extremely important in order to establish a service hub in South America.

Lamor acquired 30,01% of Corena S.A's shares on 8.1.2015 and based on the shareholder's agreement, Lamor obtained control over Corena S.A when having the 30,01% ownership.

According to IFRS, non-controlling interest can be measured either by the proportionate share of the fair value of identifiable net assets or by fair value. The non-controlling interest is reported based on fair value.

Lamor has measured the cost of Corena acquisition at the fair value of the considerations paid to Corena, allocating that cost to the acquired identifiable assets and liabilities on the basis of their fair values and the rest of the cost has been recorded as goodwill.

In the Corena transaction, intangible and tangible assets were identified, and the cost has been allocated to the identified assets. These identified intangible assets are amortized within their underlying useful life between 5–10 years. During 2019, the amortisations relating to acquired intangible assets was EUR 223 thousand.

Since Corena's PPA has been prepared in USD, the currency conversions for group reporting purposes are made at reporting date following the conversion methods of FX translation methods in accordance with IAS 21. The below table presents the initial PPA calculation converted to euros at time of transition to IFRSs.

	Corena S.A	
EUR thousand	**1 January 2019**	**31 December 201**
Purchase price Consideration paid in cash (for the acquired 30,01% share)	1 677	1 710
Fair value of remaining ownership share (69,99%)	3 912	3 987
Cost of business combination	**5 589**	**5 697**
Net assets	1 666	1 698
Paid consideration to be allocated	**3 924**	**3 999**
Fair value of assets and liabilities recognised on the Corena acquisition		
Assets		
Intangible assets	2 175	2 217
Fixed assets	910	928
Other assets	1 797	1 832
Cash and cash equivalents	354	361
Total assets	**5 237**	**5 337**
Liabilities		
Non-interest bearing liabilities	1 015	1 035
Deferred tax liability arising from PPA	539	550
Interest bearing liabilities	104	106
Total liabilities	**1 659**	**1 690**
Total identifiable net assets at fair value	3 578	3 647
Non-controlling interest	3 912	3 987
Goodwill arising from the business acquisition	2 011	2 050
Purchase consideration transferred	**1 677**	**1 710**

2.3. Reversal of goodwill amortisations

In accordance with FAS, goodwill has been amortised using straight-line method. Since goodwill is not depreciated in IFRS but tested for impairment in accordance with IAS 36, the amortisation of goodwill has been reversed as of 31 December 2019. The amount of goodwill amortisations reversed for the period ending of 31 December 2019 was EUR 993 thousand.

Since Lamor has elected not to apply the transition exemption of IFRS 1 Appendix C Exemptions for business combinations and will apply IFRS 3 retrospectively to past business combinations occurred from 2011, Lamor restates business combinations made since 2011. Therefore, Lamor has tested goodwill from year 2011 onwards. Based on the impairment calculations for each year, no goodwill impairment was deemed necessary on any of these prior periods.

3. Leases

Lamor's leasing assets mainly consist of properties and vehicles. Before the transitions to IFRSs, Lamor's lease agreements were treated as off-balance sheet items and disclosed in notes of the financial statements. Under FAS, the lease payments have been recognised as other operating expenses in the income statement on a straight-line basis over the lease term.

In the transition to IFRSs, Lamor has applied the IFRS 1 recognition exemption i.e. Lamor uses the modified retrospective approach as of 1 January 2019. Accordingly, Lamor has recognised a right-of-use asset and a lease liability in its balance sheet at the date of transition to IFRSs. Lamor measures the lease liability at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or Lamor's incremental borrowing rate at the date of transition to IFRSs. Lamor measures the right-of-use asset at the transition date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Lamor's lease contracts have mainly a fixed lease period or alternatively a fixed lease period with an option to extend the contract. For these contracts, management estimates the probability of exercising the option.

The Group applies the exemptions applicable to short-term lease contracts (lease period less than 12 months), and for lease contracts for which the underlying asset is of low value. Lamor recognises lease payments associated with such leases as an expense on a straight-line basis.

In accordance with IFRS 16, initial recognition for the right-of-use assets and the lease liabilities amounted EUR 1,603 thousand at 1 January 2019. As of 31 Decembe 2019, the right-of-use asset amounted to EUR 1,535 thousand and the lease liability amounted to EUR 1,552 thousand. The net impact on the income statement for th period 1 January-31 December 2019 was EUR -14 thousand. A deferred tax asset relating to the adjustment, has been recorded as of 31 December 2019.

4. Revenue from Contracts with Customers

In the transition to IFRSs, Lamor adopted the percentage of completion method for Lamor's built-for-purpose projects. Due to the adoption of the percentage of completion method, revenue for on-going projects meeting the criteria of over time revenue recognition has been adjusted.

As of 1 January 2019, an increase of EUR 297 thousand has been recorded to inventories and the amount of contract assets increased by EUR 185 thousand. The impact on retained earnings was EUR 140 thousand and an adjustment of EUR 657 thousand has been recorded to contract liabilities. A deferred tax asset amounting to EUR 45 thousand and a deferred tax liability of EUR 10 thousand has been recorded.

For the period ending 31 December 2019 a revenue increase of EUR 471 thousand and an increase of materials and services of EUR 297 thousand has been recorded with a net impact of EUR 140 thousand in profit for the financial period.

5. Expected credit losses

In the transition to IFRSs, Lamor has adopted the expected credit loss matrix as required by IFRS 9. The expected credit loss method has not been applied in FAS. Lamor uses a provision matrix for estimating the expected credit loss where receivables are segregated depending on the ageing category and the origin of the receivable. Please refer to the note 4.6 Trade receivables and contract assets for more specific information regarding to ECL calculations.

As of 1 January 2019, an ECL adjustment on trade receivables amounting to EUR -1,454 thousand has been recorded with an impact of EUR -1,163 thousand on retained earnings. A deferred tax asset amounting to EUR 291 thousand has been recorded. For the period ending 31 December 2019, the ECL adjustment on trade receivables amounts to EUR -1,480 thousand and the impact on retained earnings is EUR -1,184 thousand. In addition a deferred tax asset of EUR 296 thousand has been recorded.

6. Warranty provisions

Due to the nature of Lamor's business, a warranty provision has been recorded. In the opening balance sheet, Lamor has recorded a provision of EUR 89 thousand and thus, resulting in an adjustment of EUR -71 thousand in retained earnings. A deferred tax asset amounting to EUR 18 thousand has been recorded.

As of 31 December 2019, an adjustment to the provisions at amount of EUR 64 thousand has been recorded and a deferred tax asset amounting to EUR 13 thousand has been recorded. The net impact on Lamor's income statement amounts to EUR 20 thousand.

7. Investment write-down

In the opening balance sheet as of 1 January 2019, an impairment of investments amounting to EUR 453 thousand affecting retained earnings with the same amount has been recorded. The impairment has been made in compliance with IFRS 9 Financial instruments. Similar impairment adjustment has also been made as of 31 December 2019.

8. Inventory write-down

An inventory write-down of EUR 94 thousand and a deferred tax asset of EUR 19 thousand has been recorded for the opening balance of 2019 in accordance with IAS 2 to comply with the net realizable value of the inventory items.

For 31 December 2019, inventory write-down of EUR 24 thousand and a change in the deferred tax asset of EUR 5 thousand has been recorded.

9. Other FAS adjustments

Cost reclassification

A reclassification of employee related costs of EUR 1,522 thousand has been made for the period ending 31 December 2019 P&L statement. The presentation in FAS has been different compared to IFRS.

Adjustment of trade receivables and trade payables

In accordance with IFRS 9, an adjustment of EUR 1,069 thousand has been recorded for the opening balance 1 January 2019 decreasing the amount of trade receivables and trade payables. For the 31 December 2019, a corresponding adjustment amounting to EUR 977 thousand has been recorded.

Subsidiary consolidation

The consolidation of Corena Chile has been updated to comply with IFRS as of 1 January 2019 and 31 December 2019. The adjustment impacted 1 January 2019 and retained earnings by EUR - 71 thousand. As of 31 December 2019, the adjustments impacted retained earnings at amount of EUR -233 thousand, difference being recorded as a translation difference through OCI (EUR 14 thousand).

In addition, a small adjustment relating to Lamor Panama's consolidation has been recorded. The adjustment decreased total assets and liabilities by EUR 46 thousand 1 January 2019 and -115 EUR thousand 31 December 2019.

2. First-time adoption of IFRS Standards
2.2. IFRS impact: Consolidated Statement of Financial Position as at 31 Dec 2019 and 1 Jan 2019

Consolidated Statement of Financial Position as at 31 Dec 2019

EUR Thousand	Note	FAS as at 31 Dec 2019	1.1 Reclassifications of government grants	1.2 Translation differences	1.3 Other reclassifications	2.1. Acquisition of CGI (PPA)	2.2. Acquisition of Corena S.A (PPA)	2.3. Reversal of goodwill amortisations	3. Leases	4. Revenue from Contracts with Custom	5. Expected credit losses	6. Warranty provisions	7. Investment write-down	8. Inventory write-down	9. Other adjustments	Effects of IFRS adjustments, Total	IFRS as at 31 Dec 2019
Assets																	
Non-current assets																	
Goodwill	2.1, 2.2, 2.3	2 309				13 515	1 084	993								15 592	17 901
Intangible assets	1.1, 2.2, 9	5 518	-1 570				1 094								-8	-484	5 034
Deferred tax assets	1.1, 1.3, 3, 5, 6, 8	0	6		493				3		488	13		24		1 027	1 027
Property, plant and equipment	2.2, 9	4 191					276								-10	267	4 458
Right of use assets	3	0							1 535							1 535	1 535
Investments in other shares	1.3	0			350											350	350
Investments in associated companies	1.3, 7, 9	4 638			-350								-453		-237	-1 041	3 597
Total non-current assets		**16 656**	**-1 565**	**0**	**493**	**13 515**	**2 454**	**993**	**1 538**	**0**	**488**	**13**	**-453**	**24**	**-255**	**17 246**	**33 902**
Current assets																	
Inventories	8	8 607												-119		-119	8 488
Trade receivables	1.3, 5, 9	15 201			-3 523						-1 480				-977	-5 981	9 220
Contract assets	1.3	0			3 385											3 385	3 385
Deferred tax assets	1.3	365			-365											-365	0
Prepayments and other receivables	1.1, 1.3, 5, 9	4 921	50		56						-1 087				-96	-1 077	3 844
Short term investments	1.3	0			193											193	193
Cash and cash equivalents	1.3, 9	1 879			-158										-2	-161	1 718
Total current assets		**30 973**	**50**	**0**	**-412**	**0**	**0**	**0**	**0**	**0**	**-2 567**	**0**	**0**	**-119**	**-1 076**	**-4 124**	**26 849**
Total assets		**47 629**	**-1 515**	**0**	**81**	**13 515**	**2 454**	**993**	**1 538**	**0**	**-2 079**	**13**	**-453**	**-95**	**-1 331**	**13 122**	**60 751**
Equity and liabilities																	
Equity																	
Share capital		366														0	366
Translation differences	1.2, 2.2, 9	0		306			63								-14	355	355
Reserve for invested unrestricted equity		15 076														0	15 076
Retained earnings / accumulated defici	1.1-3, 5-9	-922	-23	-306	28	13 515	2 090	993	-14		-2 079	-51	-453	-95	-201	13 403	12 481
Total share holders equity		**14 520**	**-23**	**0**	**28**	**13 515**	**2 153**	**993**	**-14**	**0**	**-2 079**	**-51**	**-453**	**-95**	**-215**	**13 758**	**28 278**
Non controlling interest		**2 880**															**2 880**
Total equity		**17 399**															**31 157**
Non-current liabilities																	
Interest-bearing loans and borrowings		1 574														0	1 574
Lease liabilities	3	0							888							888	888
Deferred tax liabilities	1.3, 2.2	0			7		302									308	308
Other non-current financial liabilities		210														0	210
Total non-current liabilities		**1 784**	**0**	**0**	**7**	**0**	**302**		**888**	**0**	**0**	**0**	**0**	**0**	**0**	**1 196**	**2 981**
Current liabilities																	
Interest-bearing loans and borrowings		13 980														0	13 980
Lease liabilities	3	0							664							664	664
Trade payables	9	8 444													-978	-978	7 467
Contract liabilities		1 079														0	1 079
Provisions	6	0										64				64	64
Other current liabilities	1.1, 1.3, 9	4 942	-1 492		46										-138	-1 583	3 359
Total current liabilities		**28 446**	**-1 492**		**46**	**0**	**0**	**0**	**664**	**0**	**0**	**64**	**0**	**0**	**-1 116**	**-1 833**	**26 613**
Total liabilities		**30 230**	**-1 492**		**53**	**0**	**302**	**0**	**1 552**	**0**	**0**	**64**	**0**	**0**	**-1 116**	**-636**	**29 594**
Total equity and liabilities		**47 629**	**-1 515**		**81**	**13 515**	**2 454**	**993**	**1 538**	**0**	**-2 079**	**13**	**-453**	**-95**	**-1 331**	**13 122**	**60 751**

Opening Consolidated Statement of Financial Position as at 1 Jan 2019

EUR Thousand	Note	FAS as at 1 Jan 2019	1.1 Reclassifications of government grants	1.2 Translation differences	1.3 Other reclassifications	2.1. Acquisition of CGI (PPA)	2.2. Acquisition of Corena S.A (PPA)	2.3. Reversal of goodwill amortisations	3. Leases	4. Revenue from Contracts with Custom	5. Expected credit losses	6. Warranty provisions	7. Investment write-down	8. Inventory write-down	9. Other adjustments	Effects of IFRS adjustments, Total	IFRS as at 1 Jan 2019
Assets																	
Non-current assets																	
Goodwill	**2.2, 2.1**	3 283				13 515	1 045									14 560	17 843
Intangible assets	**1.1, 2.2, 9**	6 035	-1 640				1 288								-7	-360	5 675
Deferred tax assets	**1.3, 4, 5, 6, 8**	0			403					45	483	18		19		968	968
Property, plant and equipment	**2.2, 9**	3 682					280								-10	270	3 952
Right of use assets	**3**	0							1 603							1 603	1 603
Investments in other shares	**1.3**	0			350											350	350
Investments in associated companies	**1.3, 7.9**	4 095			-350								-453		-71	-874	3 221
Total non-current assets		**17 095**	**-1 640**	**0**	**403**	**13 515**	**2 612**	**0**	**1 603**	**45**	**483**	**18**	**-453**	**19**	**-88**	**16 516**	**33 611**
Current assets																	
Inventories	**4, 8**	8 996								297				-94		202	9 198
Trade receivables	**1.3, 5, 9**	17 030			-4 095						-1 454				-1 069	-6 618	10 412
Contract assets	**1.3, 4**	0			4 095					185						4 281	4 281
Deferred tax assets	**1.3**	403			-403											-403	0
Prepayments and other receivables	**5, 9**	5 430									-1 010				-27	-1 037	4 392
Short term investments	**1.3**	0			186											186	186
Cash and cash equivalents	**1.3, 9**	3 282			-158										-2	-161	3 121
Total current assets		**35 140**	**0**	**0**	**-375**	**0**	**0**	**0**	**0**	**482**	**-2 464**	**0**	**0**	**-94**	**-1 098**	**-3 550**	**31 590**
Total assets		**52 235**	**-1 640**	**0**	**28**	**13 515**	**2 612**	**0**	**1 603**	**527**	**-1 981**	**18**	**-453**	**-75**	**-1 186**	**12 967**	**65 201**
Equity and liabilities																	
Equity																	
Share capital		366														0	366
Translation differences		0														0	0
Reserve for invested unrestricted equity		15 072														0	15 072
Retained earnings / accumulated deficit	**1.3-2.2, 4-9**	-2 113			22	13 515	2 267			-140	-1 981	-71	-453	-75	-49	13 034	10 921
Total share holders equity		**13 325**	**0**	**0**	**22**	**13 515**	**2 267**	**0**	**0**	**-140**	**-1 981**	**-71**	**-453**	**-75**	**-49**	**13 034**	**26 359**
Non controlling interest		**2 912**															**2 912**
Total equity		**16 238**															**29 272**
Non-current liabilities																	
Interest-bearing loans and borrowings		1 022														0	1 022
Lease liabilities	**3**	0							1 114							1 114	1 114
Deferred tax liabilities	**2.2, 4**	0			6		345			10						361	361
Other non-current financial liabilities		367														0	367
Total non-current liabilities		**1 390**	**0**	**0**	**6**	**0**	**345**	**0**	**1 114**	**10**	**0**	**0**	**0**	**0**	**0**	**1 474**	**2 864**
Current liabilities																	
Interest-bearing loans and borrowings		13 590														0	13 590
Lease liabilities	**3**	0							489							489	489
Trade payables	**9**	10 614													-1 069	-1 069	9 545
Contract liabilities	**4**	5 133								657						657	5 790
Provisions	**6**	0										89				89	89
Other current liabilities	**1.1, 9**	5 271	-1 640												-68	-1 708	3 563
Total current liabilities		**34 608**	**-1 640**	**0**	**0**	**0**	**0**	**0**	**489**	**657**	**0**	**89**	**0**	**0**	**-1 137**	**-1 542**	**33 066**
Total liabilities		**35 997**	**-1 640**	**0**	**6**	**0**	**345**	**0**	**1 603**	**667**	**0**	**89**	**0**	**0**	**-1 137**	**-68**	**35 930**
Total equity and liabilities		**52 235**	**-1 640**	**0**	**28**	**13 515**	**2 612**	**0**	**1 603**	**527**	**-1 981**	**18**	**-453**	**-75**	**-1 186**	**12 967**	**65 201**

2. First-time adoption of IFRS Standards
2.3. IFRS impact: Consolidated Statement of Profit and Loss and Other Comprehensive Income 1 Jan - 31 Dec 2019

EUR Thousand	Note	FAS 1 Jan-31 Dec 2019	1.1 Reclassifications of government grants	1.2 Translation differences	1.3 Other reclassifications	2.1. Acquisition of CGI (PPA)	2.2. Acquisition of Corena S.A (PPA)	2.3. Reversal of goodwill amortisations	3. Leases	4. Revenue from Contracts with Customers	5. Expected credit losses	6. Warranty provisions	7. 7. Investment write-down	8. Inventory write-down	9. Other adjustments	Effects of IFRS adjustments, Total	IFRS 1 Jan-31 Dec 2019
Revenue	**1.1**	**47 632**								**471**						**471**	**48 104**
Materials and services	**1.1, 9**	-31 115	37							-297		25		-24	1 522	1 263	-29 852
Other operating income	**1.1, 3, 5**	1 915	-1 759													-1 759	156
Employee benefits		-6 108	430												-1 522	-1 092	-7 201
Other operating expenses		-6 395	881						650		-103					1 428	-4 967
Share of profit in associated companies		379														0	379
EBITDA		**6 306**	**-410**	**0**	**0**	**0**	**0**	**0**	**650**	**175**	**-103**	**25**	**0**	**-24**	**0**	**312**	**6 618**
Depreciations, amortisations and impairment	**1.1, 2.2, 2.3, 3**	-3 657	381				-227	993	-622							525	-3 132
EBIT		**2 649**	**-29**	**0**	**0**	**0**	**-227**	**993**	**27**	**175**	**-103**	**25**	**0**	**-24**	**0**	**836**	**3 486**
Financial income		147			7											7	154
Financial expenses	**3**	-1 211							-44							-44	-1 255
Profit before tax		**1 586**	**-29**	**0**	**7**	**0**	**-227**	**993**	**-17**	**175**	**-103**	**25**	**0**	**-24**	**0**	**799**	**2 385**
Income tax	**1.1, 1.3, 2.2, 3, 4, 5, 6, 8**	-547	6		-1		50		3	-35	5	-5		5		28	-519
Profit for the financial year		**1 039**	**-23**	**0**	**5**	**0**	**-177**	**993**	**-14**	**140**	**-98**	**20**	**0**	**-20**	**0**	**827**	**1 866**
Attributable to:																	
Equity holders of Lamor Corporation AB		**820**															**1 647**
Non-controlling interests		**219**															**219**
Other Comprehensive Income																	
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods																	
Exchange differences on translation of foreign operations	**1.3, 2.2, 9**			306			63								-14	355	355
Other comprehensive income, net of tax		**0**	**0**	**306**	**0**	**0**	**63**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-14**	**355**	**355**
																0	**0**
Total comprehensive income for the financial year		**1 039**	**-23**	**306**	**5**	**0**	**-115**	**993**	**-14**	**140**	**-98**	**20**	**0**	**-20**	**-14**	**1 182**	**2 221**

3.1. Revenue from contracts with customers

Accounting principles

Segment information
Lamor provides comprehensive environment solutions for protecting and cleaning the environment. Lamor's business is based on three different business lines that are oil spill response, waste management and water treatment.

Lamor Group's profitability is followed by One Lamor approach. The Chief Operating Decision maker, that is the CEO, follows the business operations of both Lamor's solutions that are equipment sales and services rendered to the customers. Management reporting is aggregated to group level for which discrete financial information is available and the reports followed by the management are consistent with Lamor's consolidated IFRS figures. 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.

Revenue recognition
In accordance with IFRS 15, 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.

Lamor's contracts with customers include four different types of contracts:
- Built-for-purpose equipment and system delivery projects
- Standard equipment deliveries
- Service projects
- Equipment rental

Built-for-purpose equipment and system delivery projects
Lamor's built-for-purpose equipment and system deliveries include equipment and related services. The range of deliveries vary by contract from single equipment deliveries to deliveries of larger scale solutions. The deliveries typically include several distinct products and equipment with possible 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 system delivery projects are considered as one performance obligation.

When Lamor provides the customer a built-for-purpose system, where the equipment does not have alternative use for Lamor and Lamor has 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 sales is recorded after measuring the accumulated costs to the budgeted total costs to complete the project. The estimated sales, accumulated costs and budgeted costs are regularly reviewed by the management.

Lamor may also have smaller built-for-purpose equipment and system deliveries for which the revenue is recognised at a point in time based on the delivery terms when the control has transferred to the customer. In these smaller projects, the equipment is more standardized in nature having an alternative use for Lamor.

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.

Service projects
In Lamor's service contracts, the services are mainly related to installation, commissioning, maintenance relating to systems and equipment as well as 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 between contracts. The lease contracts are 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 recognises the lease payments as revenue on a straight-line basis over the lease term.

Transaction price and 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 2020 and 2019, 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 4.8. 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.

Distribution of revenue

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

EUR thousand	For the year ended 31 December 2020		
Timing of revenue recognition per type of goods or service	**Equipment**	**Services**	**Total**
Transferred at a point in time	21 694	0	21 694
Transferred over time	8 998	14 930	23 927
Total revenue from contracts with customers	**30 692**	**14 930**	**45 621**

Revenue by geography*	**Equipment**	**Services**	**Total**
EURU	12 444	341	12 785
AMER	7 013	13 724	20 738
APAC	8 999	266	9 265
MEAF	2 236	598	2 834
Total revenue from contracts with customers	**30 692**	**14 930**	**45 621**

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

EUR thousand	For the year ended 31 December 2019		
Timing of revenue recognition per type of goods or service	**Equipment**	**Services**	**Total**
Transferred at a point in time	33 904	0	33 904
Transferred over time	615	13 585	14 199
Total revenue from contracts with customers	**34 519**	**13 585**	**48 104**

Revenue by geography*	**Equipment**	**Services**	**Total**
EURU	18 782	237	19 020
AMER	2 625	12 605	15 230
APAC	11 425	203	11 627
MEAF	1 687	539	2 226
Total revenue from contracts with customers	**34 519**	**13 585**	**48 104**

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

Summary of contract balances

EUR thousand	**31 Dec 2020**	**31 Dec 2019**	**1 Jan 2019**
Trade receivables (Note 4.8)	9 475	9 220	10 412
Contract assets (Note 4.8)	4 336	3 385	4 281
Contract liabilities (Note 4.9)	3 017	1 079	5 790

Trade receivables are non-interest bearing and generally the payment terms are 14 to 90 days. As of 31 December 2020, Lamor has recorded an expected credit loss related to trade receivables and contract assets amounting to EUR 2,192 thousand (EUR 1,493 thousand in 2019). Please refer to note 4.8 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 built-for-purpose equipment and services delivery projects.

EUR thousand	**2020**	**2019**
Revenue recognised from contract liabilities during the reporting period	739	4 669
Revenue recognised from projects that were started but not finished during the previous periods	0	615

Accounting estimates and the management's judgement

Lamor has applied management judgement relating to 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.

3.2. 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 government grants and capital gains on fixed assets.

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 4.4.)

EUR thousand	**2020**	**2019**
Government grants	33	0
Gain on sale of Fixed asset	77	74
Other income	289	82
Total other operating income	**398**	**156**

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	**2020**	**2019**
Other personnel expenses	-354	-219
Short-term and low value leases	-32	-101
Sales and marketing	-169	-423
Expenses for office facilities	-151	-118
Admin expenses	-1 272	-1 074
Travel and accomodation	-279	-857
External services	-1 560	-1 436
Other expenses	-943	-739
Total other operating expenses	**-4 759**	**-4 967**

Audit fees

EUR thousand	**2020**	**2019**
Audit fees	66	65
Tax services	4	0
Other services	14	34
Total audit fees	**84**	**99**

3.3. 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.

Employee benefit expenses

EUR thousand	**2020**	**2019**
Wages and salaries	-6 884	-6 168
Social security costs	-172	-210
Pension expenses	-863	-822
Total employee benefit expenses	-7 918	-7 201

Average number of employees

	2020	**2019**
Average number of employees during the period	432	332

Share-based payments

Currently 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 6.1. Related party transactions for information regarding compensation to Board and Directors and the Group management.

3.4. 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 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 5.1, 5.2 and 5.3.

Financial income

EUR thousand	**2020**	**2019**
Interest income	24	31
Foreign currency exchange gains	22	116
Gains from fair valuation of financial instruments	1	7
Total financial income	**47**	**154**

Financial expenses

EUR thousand	**2020**	**2019**
Interest on debts and borrowings	-603	-545
Interest expenses from leases	-37	-44
Foreign currency exchange losses	-205	-86
Other finance costs	-630	-579
Total financial expenses	**-1 474**	**-1 255**

3.5. 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.

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.

Direct taxes

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

EUR thousand	**2020**	**2019**
Income tax on operations	-665	-225
Tax for previous accounting periods	-8	-2
Deferred taxes	515	-292
Income tax total	**-159**	**-519**

Tax rate reconciliation

EUR thousand	**2020**	**2019**
Profit before income tax	**999**	**2 385**
Tax calculated at parent's tax rate of 20% (2019 20%)	-200	-477
Tax for previous years	-49	-2
Effect on different tax rates in foreign subsidiaries	-101	-59
Non-deductible expenses	-194	-304
Income not subject to tax	153	155
Other	232	168
Income taxes	**-159**	**-519**

Income tax receivables and payables

EUR thousand	**31 Dec 2020**	**31 Dec 2019**	**1 Jan 2019**
Income tax receivables	100	0	0
Income tax payable	0	178	0

Deferred tax

Deferred tax assets 2020

EUR thousand	**1 Jan 2020**	**Recognised in profit or loss**	**31 Dec 2020**
Leases	3	0	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**

Deferred tax assets 2019

EUR thousand	1 Jan 2019	Recognised in profit or loss	31 Dec 2019
Leases	0	3	3
Expected credit losses	483	5	488
Loss carry-forwards	274	106	380
Other temporary differences	290	-135	155
Total	**1 047**	**-20**	**1 027**

Deferred tax liabilities 2020

EUR thousand	1 Jan 2020	Recognised in profit or loss	Business acquisitions	31 Dec 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**

Deferred tax liabilities 2019

EUR thousand	1 Jan 2019	Recognised in profit or loss	Business acquisitions	31 Dec 2019
Revaluation of financial assets at fair value through profit and loss	6	1	0	7
Allocation of transaction related fair values	345	0	-43	302
Other	10	-10		0
Total	**361**	**-9**	**-43**	**308**

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.

3.6. 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 2020 and 2019.

Earnings per share, basic

	2020	**2019**
Profit attributable to ordinary equity holders of the parent	669 243	1 647 124
Weighted average number of ordinary shares*	382 123	382 123
Earnings per share, basic	**1,75**	**4,31**

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

The parent company has issued new shares in 2020 that will be registered in 2021. See Note 6.3 Events after the reporting period for further details.

4.1. 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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit. More information about goodwill and imparment testing is provided in the note 4.3. Goodwill and impairment testing.

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 2020

Acquisition of Vodaflo Oy

On September 25, 2020, Lamor acquired 50.67 % of the shares of Vodaflo Oy, an unlisted company based in Finland and specialising in water treatment technologies, in exchance for a cash consideration. The acquisition significantly enlarges the range of products and services in water treatment portfolio that can be offered by Lamor to its clients. In addition, the acquisition strengthens Lamor's capability to plan and execute large-scale waste management contracts, where water is always an important waste stream.

The identifiable assets acquired and liabilities assumed are measured at fair value as of the acquisition date. For the Vodaflo acquisition, no fair value adjustments have been made and the residual goodwill of EUR 164 thousand includes e.g. knowhow, employees, future customer relationships and acquirer-specific synergies such as cross-selling to Lamor's existing customers.

The net sales of the acquired business included in the Group's statement of profit and loss since the acquisition date amounted EUR 24 thousand and result for the period was EUR -86 thousand. Net sales of Vodaflo for the year 2020 were EUR 247 thousand and the operating profit EUR 14 thousand. The fair values of the identifiable assets and liabilities at the date of acquisition have been presented in the table below.

EUR thousand	**Vodaflo Oy**
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**
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**

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. The value of the estimated earnout at the acquisition date amonted to 593 thousand and the contingent consideration is measured and recorded in accordance with IFRS 9 *Financial Instruments.* Please refer to note 5.5 for more information relating to the contingent consideration.

Acquisitions in 2019

Lamor did not have any acquisitions in 2019.

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.

4.2 Shares in associates and joint ventures

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.

Associated company'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 the equity method are treated as investments in Lamor's financial statements which are valued at cost and recognised as equity investments.

EUR thousand	2020	2019
Carrying amount on 1st January	3 597	3 221
Share of Results	108	379
Dividends	-76	0
Additions	147	0
Translation difference	4	-2
Carrying amount on 31 December	3 781	3 597

31 Dec 2020

Name of entity	Domicile	Holding %	Non-current Asset	Current Asset	Equity	Non-current liabilities	Current liabilities	Revenue	Profit/(loss) for the financial period
EUR thousand									
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.

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.

31 Dec 2019

Name of entity	Domicile	Holding %	Non-current Asset	Current Asset	Equity	Non-current liabilities	Current liabilities	Revenue	Profit/(loss) for the financial period
EUR thousand									
Associates									
Lamor Cevre Hizmetleri	Turkey	31 %	4	484	-389	0	876	93	-142
Shanghai Dongan Offshore Oil Emergency Ltd.	China	29 %	371	2 025	1 620	130	646	1 065	187
Ecoshelf Sakhalin	Russia	26 %	4 794	4 955	5 895	0	3 854	11 654	1 248

1 Jan 2019

Name of entity	Domicile	Holding %	Non-current Asset	Current Asset	Equity	Non-current liabilities	Current liabilities	Revenue	Profit/(loss) for the financial period
EUR thousand									
Associates									
Lamor Cevre Hizmetleri	Turkey	31 %	3	388	-334	0	725	82	-107
Shanghai Dongan Offshore Oil Emergency Ltd.	China	29 %	408	1 982	1 425	965	0	580	81
Ecoshelf Sakhalin	Russia	26 %	4 076	2 670	4 089	0	2 658	7 625	677

4.3. 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.

EUR thousand	31 Dec 2020	1 Dec 2019
Acquisition cost at 1 January	**17 901**	**17 843**
Goodwill from business acquisitions	164	0
Translation differences	-173	58
Acquisition cost at 1 December	**17 892**	**17 901**

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.

Lamor has in the reporting period tested goodwill for impairment at 31 December 2020, 31 December 2019 and 1 January 2019. 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 17.1 percent (13.4% in 2019) has been used in the calculations.

As a result of the impairment tests, no impairment loss for the CGU was recognized for the financial periods ended 31 Dec 2020, 31 Dec 2019 and the opening balance as of 1 January 2019. The key assumptions used in assessing the recoverable amount are the following:

%	31 Dec 2020	31 Dec 2019	1 Jan 2019
Sales growth range in five-year estimate period	4.5% - 160.5%	12.5% - 36.8%	11.1% - 34.9%
EBITDA % range in five-year estimate period	19.0% - 22.0%	21.9% - 22.1%	21.9% - 22.2%
Growth rate in the terminal period	2,0 %	2,0 %	2,0 %
Post-tax WACC	17,0 %	13,4 %	14,1 %
Pre-tax WACC	22,1 %	17,3 %	18,3 %

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 years 2020 and 2019 (0.5 percentage points in 2018)
- Scenario 2: reducing EBITDA with 3.0 percentage points in years 2020 and 2019 (0.7 percentage points in 2018)

Impact on the CGU's value in use

%	31 Dec 2020	31 Dec 2019	1 Jan 2019
WACC increase by 2 percentage points	-12,9 %	-15,0 %	-15,2 %
EBITDA decrease by 3 percentage points	-19,7 %	-15,7 %	-17,0 %

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 10.3%-points (4.6% in 2019), the value-in-use would equal to the carrying amount. Applying a discount rate of 42.5% (17.0% in 2019) would also lead to break-even level.

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.

4.4. 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 4.3. 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.

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 2019	**4 008**	**3 138**	**7 146**
Additions	983	393	1 376
Government Grants	-262	0	-262
31 Dec 2019	**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**
Amortisation and impairment			
1 Jan 2019	**-1 280**	**-190**	**-1 471**
Amortisation	-1 276	-479	-1 755
31 Dec 2019	**-2 557**	**-670**	-3 226
Amortisation	-1 165	-513	-1 678
31 Dec 2020	**-3 722**	**-1 182**	**-4 904**
Net book value			
31 Dec 2020	1 777	2 481	4 258
31 Dec 2019	2 172	2 862	5 034
1 Jan 2019	2 727	2 948	5 675

4.5. 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.

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**
Acquisition cost				
1 Jan 2019	**496**	**104**	**4 180**	**4 780**
Additions	0	0	1 789	1 789
Business combinations (Note 4.1)	0	0	0	0
Disposals	0	0	-558	-558
Transfers	0	0	-4	-4
Translation differences	4	1	28	34
31 Dec 2019	**500**	**105**	**5 435**	**6 040**
Additions	0	20	588	608
Business combinations (Note 4.1)	0	0	33	33
Disposals	0	0	-197	-197
Transfers	0	0	-19	-19
Translation differences	-20	-5	-195	-220
31 Dec 2020	**481**	**120**	**5 644**	**6 245**
Depreciation and impairment				
1 Jan 2019	**0**	**-35**	**-792**	**-827**
Depreciation charge for the year	0	-14	-741	-755
Impairment	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Translation differences	0	0	0	0
31 Dec 2019	**0**	**-49**	**-1 533**	**-1 582**
Depreciation charge for the year	0	3	-779	-775
Impairment	0	0	0	0
Disposals	0	0	0	0
Transfers	0	0	0	0
Translation differences	0	0	0	0
31 Dec 2020	**0**	**-46**	**-2 311**	**-2 357**
Net book value				
31 Dec 2020	481	75	3 332	3 888
31 Dec 2019	500	56	3 902	4 458
1 Jan 2019	496	69	3 388	3 952

4.6. Leases

Accounting principles
The lease contracts of Lamor consist mainly of office and warehouse buildings 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.

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

Vast majority of the right-of-use assets consist of office and warehouse buildings.

EUR thousand	**Right-of-use assets, total**
At 1 Jan 2019	**1 603**
Additions	554
Disposals	0
Depreciations for the financial year	-622
At 31 Dec 2019	**1 535**
1 Jan 2020	**1 535**
Additions	197
Disposals	0
Depreciations for the financial year	-721
At 31 Dec 2020	**1 010**

Lease liabilities
Set out below are the carrying amounts of lease liabilites and the movements during the period.

EUR thousand	**2020**	**2019**
1 Jan	**1 552**	**1 603**
Additions	197	554
Lease payments	-756	-650
Interest expenses	37	44
31 Dec	**1 029**	**1 552**

EUR thousand	**31 Dec 2020**	**31 Dec 2019**	**1 Jan 2019**
Non-current lease liabilities	261	888	1 114
Current lease liabilities	768	664	489
31 Dec 2020	**1 029**	**1 552**	**1 603**

The maturity analysis of lease liabilities is disclosed in Note 5.5 Borrowings and lease liabilities.

Impact of leases on profit and loss statement
The following expenses have been recognised in profit or loss:

EUR thousand	**1 Jan-31 Dec 2020**	**1 Jan-31 Dec 2019**
Low value and short-term leases	-32	-101
Depreciations of right-of-use assets	-721	-622
Interest expenses from lease liabilities	-37	-44
Total	**-790**	**-768**

The Group had total cash outflows for leases of EUR 788 thousand in 2020 (EUR 751 thousand in 2019).

Reconciliation to the operating lease commitments	
EUR thousand	
Operating lease commitments on 31 December 2018	**1 693**
- Commitments related to short-term leases	-7
- Commitments related to low value assets	0
Weighted average incremental borrowing rate as at 1 January 2019	2,6 %
Discounted operating lease liabilities	1 603
Lease liabilities on 1 January 2019	**1 603**

4.7. 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.

EUR thousand	31 Dec 2020	31 Dec 2019	1 Jan 2019
Materials and supplies	6 448	7 927	8 507
Work-in-progress	489	561	691
Total inventories	**6 937**	**8 488**	**9 198**

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 119 thousand in 2020, EUR 25 thousand in 2019 and EUR 94 thousand in 2018.

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.

4.8. 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 are generally on terms of 14 to 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.

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.

Trade receivables by ageing category

Expected Credit Loss 31 Dec 2020

EUR thousand	Gross value	Expected credit loss	Net value
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**

Expected Credit Loss 31 Dec 2019

EUR thousand	Gross value	Expected credit loss	Net value
Not past due	7 283	3	7 280
1-30 days	526	2	523
31-180 days	718	17	701
181-360 days	671	123	547
Over 360 days	1 516	1 348	169
Total	**10 714**	**1 493**	**9 220**

Expected Credit Loss 1 Jan 2019

EUR thousand	Gross value	Expected credit loss	Net value
Not past due	7 193	2	7 191
1-30 days	624	1	623
31-180 days	843	11	833
181-360 days	1 158	182	976
Over 360 days	1 980	1 191	789
Total	**11 798**	**1 387**	**10 412**

Lamor Group did not experience any major unexpected credit losses in 2020. 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 2,2 million (1,5 million in 2019). The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2020) is the carrying amount of the financial assets. There are EUR 2,2 million (1,5 million in 2019) 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 2020 as in 2019. 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.

4.9. Provisions, Trade and other payables and contract liabilities

EUR thousand	31 Dec 2020	31 Dec 2019	1 Jan 2019
Provisions			
Warranty provisions	61	64	89
Provisions total	**61**	**64**	**89**

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.

EUR thousand	31 Dec 2020	31 Dec 2019	1 Jan 2019
Other non-current payables			
Other liabilities	59	210	367
Other non-current payables total	**59**	**210**	**367**

Other non-current payables consist of long-term payments for a business acquisition from 2018.

EUR thousand	31 Dec 2020	31 Dec 2019	1 Jan 2019
Current trade and other payables			
Trade payables	8 805	7 467	9 545
Contract liabilities	3 017	1 079	5 790
Accrued expenses and other liabilities	4 722	3 359	3 563
Current trade and other payables total	**16 544**	**11 905**	**18 898**

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 3.1 Revenue from contracts with customers.

Accrued expenses and other liablities mainly consist of short-term payments for a business acquisition from 2020, payroll and interest liabilities.

5.1. 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 2020.

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 2020.

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.

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%, Lamor’s profit before tax and equity is 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**
2020			
6 month Euribor	+1%	32	32
6 month Euribor	-1%	-32	-32

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 is not currently using any hedging instruments.

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 negatively affected by translation differences on foreign operations by EUR 0,8 million (positively affected by EUR 0,4 million in 2019).

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 2020. FX exposure is estimated based on foreign currency working capital items. 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**	**Pre-tax effect on Equity**
USD / EUR	10 %	27	27
USD / EUR	-10 %	-34	-34
CNY / EUR	10 %	44	44
CNY / EUR	-10 %	-54	-54
SOL / EUR	10 %	-84	-84
SOL / EUR	-10 %	103	103
CLP / EUR	10 %	-40	-40
CLP / EUR	-10 %	48	48
RUB / EUR	10 %	1	1
RUB / EUR	-10 %	-2	-2

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.

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 4.8 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 5.4. 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 5.5. Borrowings and lease liabilities.

Lamor has EUR 4,2 million unused credit limits available for use at 31 December 2020.

5.2. 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 4.1. 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

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 as at 31 December 2020. As at 31 December 2019 and 1 January 2019, 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 1 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 5.3. Financial assets and liabilities.

5.3. 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 5.1 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.

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 de-recognition.

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.

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.

5.3. Financial assets and liabilities (continues)

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 in unlisted shares	**5.1.**	**3**	0	350	0	350	350
Non-current financial assets total			**0**	**350**	**0**	**350**	**350**
Current financial assets							
Trade receivables	**4.8.**		0	0	9 475	9 475	9 475
Contract assets	**4.8.**		0	0	4 336	4 336	4 336
Investments in funds	**5.2.**	**2**	194	0		194	194
Cash and cash equivalents	**5.4.**		0	0	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	**5.3.**		0	0	3 543	3 543	3 543
Lease liabilities	**5.3.**		0	0	261	261	261
Other payables	**4.9. & 5.3.**		0	0	59	59	59
Non-current financial liabilities total			**0**	**0**	**3 863**	**3 863**	**3 863**
Current financial liabilities							
Interest-bearing loans and borrowings	**5.5.**		0	0	12 480	12 480	12 480
Lease liabilities	**5.5.**		0	0	768	768	768
Contingent consideration	**5.5.**	**3**	593	0	0	593	593
Trade payables	**4.9.**		0	0	8 805	8 805	8 805
Contract liabilities	**4.9.**		0	0	3 017	3 017	3 017
Other current liabilities	**4.9. & 5.5.**		0	0	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**

Financial instruments by classification 31 Dec 2019

Financial assets, 2019

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	**5.1.**	**3**	0	350	0	350	350
Other receivables			0	0	0	0	0
Non-current financial assets total			**0**	**350**	**0**	**350**	**350**
Current financial assets							
Trade receivables	**4.8.**		0	0	9 220	9 220	9 220
Contract assets	**4.8.**		0	0	3 385	3 385	3 385
Investments in funds	**5.1.**	**2**	193	0		193	193
Cash and cash equivalents	**5.4.**		0	0	1 718	1 718	1 718
Current financial assets total			**193**	**0**	**14 324**	**14 517**	**14 517**
Financial assets total			**193**	**350**	**14 324**	**14 867**	**14 867**

Financial liabilities, 2019

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	**5.3.**		0	0	1 574	1 574	1 574
Lease liabilities	**5.3.**		0	0	888	888	888
Other payables	**4.7. & 5.3.**	**1**	0	0	210	210	210
Non-current financial liabilities total			**0**	**0**	**2 672**	**2 672**	**2 672**
Current financial liabilities							
Interest-bearing loans and borrowings	**5.3.**		0	0	13 980	13 980	13 980
Lease liabilities	**5.3.**		0	0	664	664	664
Trade payables	**4.7.**		0	0	7 467	7 467	7 467
Contract liabilities			0	0	1 079	1 079	1 079
Other current liabilities	**4.7. & 5.3.**		0	0	3 423	3 423	3 423
Current financial liabilities total			**0**	**0**	**26 613**	**26 613**	**26 613**
Financial liabilities total			**0**	**0**	**29 285**	**29 285**	**29 285**

Financial instruments by classification 1 Jan 2019

Financial assets, IFRS opening balance sheet 1 Jan 2019

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	**5.1.**	**3**	0	350	0	350	350
Other receivables			0	0	0	0	0
Non-current financial assets total			**0**	**350**	**0**	**350**	**350**
Current financial assets							
Trade receivables	**4.8.**		0	0	10 412	10 412	10 412
Contract assets	**4.8.**		0	0	4 281	4 281	4 281
Investments in funds	**5.1.**	**2**	186	0		186	186
Cash and cash equivalents	**5.4.**		0	0	3 121	3 121	3 121
Current financial assets total			**186**	**0**	**17 814**	**18 000**	**18 000**
Financial assets total			**186**	**350**	**17 814**	**18 350**	**18 350**

Financial liabilities, IFRS opening balance sheet 1 Jan 2019

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	**5.6.**		0	0	1 022	1 022	1 022
Lease liabilities	**5.6.**		0	0	1 114	1 114	1 114
Other payables	**4.7. & 5.3.**		0	0	367	367	367
Non-current financial liabilities total			**0**	**0**	**2 503**	**2 503**	**2 503**
Current financial liabilities							
Interest-bearing loans and borrowings	**5.6.**		0	0	13 590	13 590	13 590
Lease liabilities	**5.6.**		0	0	489	489	489
Trade payables	**4.7.**		0	0	9 545	9 545	9 545
Contract liabilities			0	0	5 790	5 790	5 790
Other current liabilities	**4.7. & 5.6.**		0	0	3 652	3 652	3 652
Current financial liabilities total			**0**	**0**	**33 066**	**33 066**	**33 066**
Financial liabilities total			**0**	**0**	**35 569**	**35 569**	**35 569**

5.4. 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 2020**	**31 Dec 2019**	**1 Jan 2019**
Cash at banks and on hand	2 721	1 696	3 121
Short-term deposits	2 562	22	0
Total	**5 282**	**1 718**	**3 121**

5.5. Borrowings and lease liabilities

Interest-bearing liabilities and net debt

Net debt

EUR thousand	31 Dec 2020	31 Dec 2019	1 Jan 2019
Non-current interest-bearing loans and borrowings	3 543	1 574	1 022
Non-current lease liabilities	261	888	1 114
Current interest-bearing loans and borrowings	12 480	13 980	13 590
Current Lease liabilities	768	664	489
Liquid funds	-5 282	-1 718	-3 121
Net debt total	**11 769**	**15 387**	**13 094**

Changes in the interest-bearing liabilities

31 Dec 2020

EUR thousand	Opening balance 1 Jan	Cash flows	Non cash changes	Reporting date balance 31 Dec
Non-current interest-bearing loans and borrowings	1 574	1 969	0	3 543
Current interest-bearing loans and borrowings	13 980	-1 636	136	12 480
Lease liabilities	1 552	-720	197	1 029
Total changes in interest-bearing liabilities	**17 106**	**-387**	**333**	**17 052**

31 Dec 2019

EUR thousand	Opening balance 1 Jan	Cash flows	Non cash changes	Reporting date balance 31 Dec
Non-current interest-bearing loans and borrowings	1 022	552	0	1 574
Current interest-bearing loans and borrowings	13 590	258	132	13 980
Lease liabilities	1 603	-605	554	1 552
Total changes in interest-bearing liabilities	**16 215**	**204**	**687**	**17 106**

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 593 thousand, which has been estimated on the basis of the three years' profit in the companies excluding any negative profit over the calculation period. The amount is divided between the companies as follows: EUR 517 thousand for Corena SA, EUR 48 thousand for Lamor Peru and EUR 28 thousand for Corona Colombia.

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.

31 Dec 2020

EUR thousand	Carrying amount	2021	2022	2023	2024	2025	Over 5 years	Total Cash Outflows
Interest-bearing loans and borrowings	16 023	11 411	2 057	1 536	1 019	0	0	16 023
Lease liabilities	1 029	756	193	60	35	18	5	1 067
Trade and other payables	10 631	10 631	0	0	0	0	0	10 631
Contingent liabilities	593	198	198	198	0	0	0	593
Total	**28 276**	**22 996**	**2 448**	**1 794**	**1 054**	**18**	**5**	**28 315**

31 Dec 2019

EUR thousand	Book value	2020	2021	2022	2023	2024	Over 5 years	Total Cash Outflows
Interest-bearing loans and borrowings	15 554	12 610	1 434	940	400	169	0	15 554
Lease liabilities	1 552	720	676	148	20	20	25	1 609
Trade and other payables	7 895	7 895	0	0	0	0	0	7 895
Total	**25 001**	**21 226**	**2 111**	**1 088**	**420**	**189**	**25**	**25 059**

1 Jan 2019

EUR thousand	Book value	2019	2020	2021	2022	2023	Over 5 years	Total Cash Outflows
Interest-bearing loans and borrowings	14 612	10 736	1 652	1 402	554	269	0	14 612
Lease liabilities	1 603	505	509	500	108	20	44	1 686
Trade and other payables	10 128	10 128	0	0	0	0	0	10 128
Total	**26 343**	**21 369**	**2 160**	**1 902**	**662**	**289**	**44**	**26 426**

5.6. 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 5.5. Borrowings and lease liabilities.

EUR thousand	**31 Dec 2020**	**31 Dec 2019**	**1 Jan 2019**
Net debt (note 5.5.)	11 769	15 387	13 094
Shareholders equity	28 281	28 278	26 359
Gearing ratio	41,6 %	54,4 %	49,7 %
Equity ratio	46,8 %	47,4 %	44,4 %

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. The covenants were in breach per 31 December 2018. Waiver from the bank was acquired in Q2 2019 and the breach did not have any financial consequetions except reclassification of EUR 1.4 million loan from long-term to short-term. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in 2019 or 2020.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

5.7. 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.

Number of shares	2020	2019
Total number of shares at the beginning of the period	**384 204**	**384 204**
Own shares held at the beginning of period	2 081	2 081
Total number of shares at the end of the period	**384 204**	**384 204**
Own shares held at the end of period	**2 081**	**2 081**
Shares outstanding at the end of reporting period	**382 123**	**382 123**

Lamor Corporation Ab has issued 14 555 new shares in late 2020, these shares are not included in the share amounts and EPS calculations per 31 Dec 2020 as they will be registered in 2021.

Dividends

The Board of Directors proposes to the Annual General Meeting that for the financial year ended 31 Dec 2020 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.

6.1. 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 and joint ventures and associates.

Balances and transactions between the parent and its subsidiaries, 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.

Transactions with related parties

EUR thousand	**2020**	**2019**
Sales to related parties	40	39
Purchases from related parties	1 151	1 279
Receivables	173	133
Liabilities	13	208

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

Loans fom related parties

EUR thousand	**2020**	**2019**
Amounts owed to related parties	2 394	2 571
Total	**2 394**	**2 571**

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.

Compensation of the members of the Board of Directors

EUR thousand	**2020**	**2019**
Chairman	32	29
Board Members	27	39
Total	**59**	**68**

Group CEO and Group management team

EUR thousand	**2020**	**2019**
Short-term employee benefits	277	192
Total compensation paid to key management personnel	**277**	**192**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

6.2. Contingent liabilities and other commitments

Commitments
At 31 December 2020, the Group had corporate mortgages as colleteral for its loans of EUR 21.8 million (EUR 21.8 million 31 December 2019 and 1 January 2019).

Lease Commitments
The Group has various lease contracts that have not yet commenced as of 31 December 2020. The future lease payments for these non-cancellable lease contracts are EUR 21 thousand within one year and EUR 40 thousand 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. A 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	**2020**	**2019**	**1 Jan 2019**
Performance and warranty guarantees	578	422	611
Advance payment and payment guarantees	1 893	3 482	3 641
Tender and bid bond guarantees	3 882	22	12
Total other commitments	**6 353**	**3 926**	**4 264**

No liability is expected to arise from the guarantees.

6.3. Events after reporting period

Lamor shall rearrange the credit facilities and bank guarantees during Q2 2021. The first instalment of the capital loan for the Business Finland Competitive Bidding for Growth Engines was received in January. The second instalment is expected to be paid in Q3 2021. The investment for developing the ecosystem started in January and shall continue throughout the next five years. The organisation has been strengthened during the Q1 when the company hired a new CFO Timo Koponen in March 2021.

The 14,555 new issued shares of the parent company have been registered in 2021. The parent company has also acquired 3,855 of its own shares in 2021 from previous employees.

The group has increased its ownership in Sawa Petroleum in 2021.

During the first months of the year the company have been successful in three major contracts. These contracts have a total value of over EUR 400 million and all the definitive agreements are expected to be signed latest within Q3 2021. The first one in Saudi Arabia was signed in April. The company is in the process of opening a branch in Saudi Arabia as well as a joint venture in Kuwait.

The global pandemic has affected the amount of order intake during Q1 2021 for oil spill response equipment business. In addition, there have been effects on our service operations in our South American business units as well as the building of the integrated waste management facility in Guyana.

Lamor Corporation Ab

Parent company financial statements

INCOME STATEMENT (FAS)

	Note	1 Jan 2020 - 31 Dec 2020	1 Jan 2019 - 31 Dec 2019
Revenue	1	**24 520 794,27**	**32 343 933,45**
Production for own use		1 521 643,47	1 262 856,27
Other operating income	2	228 568,22	562 189,90
Materials and services	3	-15 111 896,81	-19 605 828,57
Personnel expenses	4	-3 140 332,74	-2 852 105,71
Depreciation, amortisation and impairment	5	-2 718 396,51	-2 921 143,53
Other operating expenses	6	-10 011 935,35	-6 882 266,27
Operating profit (EBIT)		**-4 711 555,45**	**1 907 635,54**
Financial income and expenses	7	-1 631 022,59	-990 267,11
Profit (loss) before appropriations and taxes		**-6 342 578,04**	**917 368,43**
Appropriations	8	0,00	-660 000,00
Profit (loss) before taxes		**-6 342 578,04**	**257 368,43**
Income taxes	9	163 589,28	-225 902,73
Profit (loss) for the financial year		**-6 178 988,76**	**31 465,70**

Lamor Corporation Ab

BALANCE SHEET (FAS)

	Note	1 Jan 2020 - 31 Dec 2020	1 Jan 2019 - 31 Dec 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	5 134 420,39	7 015 931,17
Tangible assets	11	1 033 625,40	896 566,20
Investments	12	11 849 360,73	9 985 800,19
Total non-current assets		**18 017 406,52**	**17 898 297,56**
CURRENT ASSETS			
Inventories	13	4 425 959,72	5 942 210,08
Non-current receivables	14	716 964,21	2 893 340,98
Current receivables	15	14 445 072,16	16 669 254,70
Deferred tax assets	16	212 767,87	0,00
Cash and cash equivalents		236 880,05	213 579,38
Total current assets		**20 037 644,01**	**25 718 385,14**
TOTAL ASSETS		**38 055 050,53**	**43 616 682,70**
EQUITY AND LIABILITIES			
EQUITY	17		
Share capital		3 866 375,40	366 375,40
Reserve for invested unrestricted equity		11 397 934,64	14 897 934,64
Issue of shares		621 061,85	0,00
Retained earnings (loss)		2 442 533,94	2 411 068,24
Profit (loss) for the financial year		-6 178 988,76	31 465,70
Total equity		**12 148 917,07**	**17 706 843,98**
LIABILITIES			
Non-current liabilities	18	3 233 291,08	1 746 080,31
Interest-bearing liabilities		3 176 129,08	1 541 513,72
Interest-free liabilities		57 162,00	204 566,59
Current liabilities	19	22 672 842,38	24 163 758,41
Interest-bearing liabilities		11 606 176,14	13 112 056,54
Interest-free liabilities		11 066 666,24	11 051 701,87
Total liabilities		**25 906 133,46**	**25 909 838,72**
TOTAL EQUITY AND LIABILITIES		**38 055 050,53**	**43 616 682,70**

Accounting principles for the parent company's financial statements

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

Lamor Group has switched to IFRS reporting, see accounting principles for consolidated financial statements and transition note 2.1 - 2.3 for more information.

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. Planned depreciation is calculated as straight-line depreciation based on the useful lives of intangible and tangible assets. Depreciation has been made from the month the asset was taken into use.

Depreciation periods are:
Goodwill 5-10 years
Development costs 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 recognised in full as an expense during the acquisition period.

Valuation of inventories
Inventories are recognised in accordance with the FIFO principle at their acquisition cost or at a lower replacement cost or probable selling price.

Valuation of financial instruments

Financial instruments are valued at acquisition cost or at a lower probable value.

Accrual of product development and long-term expenses

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

Comparability of information from the previous financial period

During the financial period, the company has changed the accounting policy for its development projects subject to a grant and presents them in the balance sheet net without grants. Previously, these grants were recognised as accrued liabilities and recognised as income in the amortisation period of the corresponding development expenses. Due to the change in accounting policy, the balance sheet value of development projects has been adjusted by EUR 1.8 million in 2020.

During the 2020 financial period, the parent company has recorded non-recurring write-downs on receivables and investments, as a result of which other operating expenses have increased significantly compared to the 2019 financial period.

The company has also recorded a merger loss of 626,176.98 on the merger of Lamor Russian Oy in other expenses.

Lamor Corporation Ab

Notes to the income statement		**1 Jan 2020 - 31 Dec 2020**	**1 Jan 2019 - 31 Dec 2019**
1.	Revenue		
	Breakdown of revenue by market area		
	EURU	11 911 108,31	18 393 279,62
	AMER	3 609 880,03	2 542 418,41
	APAC	6 849 967,56	9 872 062,03
	MEAF	2 149 838,37	1 536 173,39
	Total	24 520 794,27	32 343 933,45
2.	Other operating income		
	Product development grants	21 585,29	410 443,11
	Capital gains	76 596,46	8 273,20
	Other operating income	130 386,47	143 473,59
	Total	228 568,22	562 189,90
3.	Materials and services		
	Purchases during the financial period	-12 923 423,12	-18 124 664,87
	Change in inventory	-1 313 048,19	227 881,34
	Materials and supplies	-14 236 471,31	-17 896 783,53
	External services	-875 425,50	-1 709 045,04
	Total	-15 111 896,81	-19 605 828,57
4.	Personnel expenses		
	Wages, salaries and fees	-2 712 527,28	-2 441 426,90
	Pension expenses	-367 866,89	-373 378,93
	Other personnel expenses	-59 938,57	-37 299,88
	Total	-3 140 332,74	-2 852 105,71
	Average number of employees during the financial period	42	34
	Executive pay and remuneration		
	Pay and remuneration for CEO and Board members	183 883,52	112 173,36
5.	Depreciation, amortisation and impairment		
	Planned depreciation	-2 718 396,51	-2 921 143,53
	Total	-2 718 396,51	-2 921 143,53
6.	Other operating expenses		
	Voluntary personnel expenses	-915 044,29	-856 383,66
	Lease expenses	-524 006,66	-445 107,29
	Travel expenses	-152 963,48	-425 796,37
	Transport expenses	-527 355,47	-882 474,91
	Advertising and PR expenses	-124 279,65	-332 621,44
	Operating and maintenance expenses	-102 978,57	-43 021,03
	Commissions and royalties	-950 952,06	-1 177 987,33
	Administrative expenses	-556 985,23	-199 223,55
	Purchased services	-2 359 388,17	-2 125 927,59
	Other operating expenses	-3 797 981,77	-393 723,10
	Total	-10 011 935,35	-6 882 266,27
	Auditor's fees		
	Audit	-61 100,00	-47 700,00
	Other services (tax and special services)	-23 181,31	-34 044,00
	Total	-84 281,31	-81 744,00
7.	Share of profits in associated companies		
	Shanghai Dong An Offshore	0,00	0,00
	West LLC / Echoself Sakhalin	0,00	0,00
	Corena S.A.	0,00	0,00
	Yhteensä	0,00	0,00

		1 Jan 2020 - 31 Dec 2020	1 Jan 2019 - 31 Dec 2019
7.	Financial income and expenses		
	Dividend income	210 867,24	0,00
	Financial income		
	Interest income	18 691,83	25 855,97
	Interest income from group companies	6 113,18	30 975,95
	Exchange rate gains	0,00	2 667,27
	Total	24 805,01	59 499,19
	Financial expenses		
	Interest expenses	-578 057,83	-547 378,83
	Exchange rate losses	-237 705,74	-31 726,68
	Other financial expenses	-815 259,02	-470 660,79
	Total	-1 631 022,59	-1 049 766,30
	Other financial expenses		
	Impairments on investments in non-current assets	-547 528,48	0,00
8.	Appropriations		
	Group contributions	0,00	-660 000,00
	Total	0,00	-660 000,00
9.	Income taxes		
	Income taxes on ordinary operations	0,00	-18 587,87
	Income taxes for previous financial periods	-11 925,97	-1 511,05
	Other taxes	-37 252,62	-381,87
	Change in deferred tax liabilities	212 767,87	-205 421,94
	Total	163 589,28	-225 902,73

Notes to balance sheet assets

		31 Dec 2020	31 Dec 2019
10.	Intangible assets		
	Development expenditure		
	Acquisition cost 1 Jan	3 693 235,29	3 948 726,73
	Increases	1 788 647,80	1 325 858,83
	Decreases	-1 840 191,42	0,00
	Transfers between items	-698 871,84	0,00
	Acquisition cost 31 Dec	2 942 819,83	5 274 585,56
	Depreciation for the financial period	-1 165 952,02	-1 581 350,27
	Accumulated depreciation and impairment 31 Dec	-1 165 952,02	-1 581 350,27
	Book value 31 Dec	1 776 867,81	3 693 235,29
	Immaterial rights		
	Acquisition cost 1 Jan	1 207 340,86	1 396 025,95
	Increases	227 580,60	0,00
	Decreases	0,00	0,00
	Transfers between items	482 655,69	0,00
	Acquisition cost 31 Dec	1 917 577,15	1 396 025,95
	Depreciation for the financial period	-298 620,90	-188 685,09
	Accumulated depreciation and impairment 31 Dec	-298 620,90	-188 685,09
	Book value 31 Dec	1 618 956,25	1 207 340,86
	Goodwill		
	Acquisition cost 1 Jan	2 115 355,02	3 039 778,86
	Increases, merger loss	592 070,43	0,00
	Decreases	0,00	0,00
	Acquisition cost 31 Dec	2 707 425,45	3 039 778,86
	Depreciation for the financial period	-968 829,12	-924 423,84
	Accumulated depreciation and impairment 31 Dec	-968 829,12	-924 423,84
	Book value 31 Dec	1 738 596,33	2 115 355,02
	Total intangible assets	5 134 420,39	7 015 931,17

11. Tangible assets

	31 Dec 2020	31 Dec 2019
Machinery and equipment		
Acquisition cost 1 Jan	896 566,20	475 198,13
Increases	564 826,81	683 747,22
Decreases	-198 075,65	-35 694,82
Transfers between items (transfer from inventories)	55 302,51	0,00
Acquisition cost 31 Dec	1 318 619,87	1 123 250,53
Depreciation for the financial period	-284 994,47	-226 684,33
Accumulated depreciation and impairment 31 Dec	-284 994,47	-226 684,33
Book value 31 Dec	1 033 625,40	896 566,20
Total tangible assets	1 033 625,40	896 566,20

12. Investments

	31 Dec 2020	31 Dec 2019
Holdings in group companies		
Acquisition cost 1 Jan	7 274 704,17	7 152 551,89
Increases	2 448 572,79	122 152,28
Decreases	-181 062,62	0,00
Transfers between items	-40 663,44	0,00
Acquisition cost 31 Dec	9 501 550,90	7 274 704,17

Group companies	Registered office	Group ownership %
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	85,01 %
Lamor Environ. Solutions Spain	Spain	100 %
Corena S.A.	Ecuador	85,01 %
Lamor Environ. Solutions Panama	Panama	52 %
Lamor India Private Ltd	India	60 %
Vodaflo Oy	Finland	50,67 %
Corena Colombia S.A.S	Colombia	92,50 %
Corena Chile	Chile	92,55 %
Corena Bolivia	Bolivia	100 %

Holdings in associated companies

	31 Dec 2020	31 Dec 2019
Acquisition cost 1 Jan	1 908 798,46	1 908 771,46
Increases	139 269,23	27,00
Decreases	-94 048,44	0,00
Transfers between items	40 663,44	0,00
	0,00	0,00
Acquisition cost 31 Dec	1 994 682,69	1 908 798,46

Associated companies	Registered office	Group ownership %
Shanghai Dong An Offshore	China	28,6 %
West LLC / Echoself Sakhalin	Russia	26 %
Lamor Cevre Hitzmetleri	Turkey	31 %
Lamor Central Asia	Kazakhstan	40 %
Lamor Do Brazil	Brazil	50 %
Lamor NBO LLC	Azerbaijan	50 %
Sawa Petroleum Senegal	Senegal	20 %
Lamor Ukraine LLC	Ukraine	19 %
Gaico-Corena Environmental Services	Guyana	50 %

Other shares and holdings

Acquisition cost 1 Jan	802 297,56	802 297,56
	0,00	0,00
Decreases	-449 170,42	0,00
	0,00	0,00
Acquisition cost 31 Dec	353 127,14	802 297,56

Associated companies

			Equity	Profit for the financial year
Corrosion Control International Oy	Finland	19,9 %	423 154,85	419 432,13
Hailer Oy	Finland	6,4 %	1 133 666,08	8 782,64

Total investments	11 849 360,73	9 985 800,19

13. Inventories

Materials and supplies	4 082 952,54	5 482 296,43
Unfinished products	343 007,18	459 913,65
Total	4 425 959,72	5 942 210,08

Non-current receivables

14. Non-current receivables from group companies

Loan receivables	146 206,71	1 002 583,48
Capital loan receivables	0,00	1 320 000,00
Total	146 206,71	2 322 583,48

Non-current receivables from other companies

Loan receivables from shareholders	171 596,22	171 596,22
Loan receivables from associated companies	399 161,28	399 161,28
Total	570 757,50	570 757,50

The company has granted loans to finance personnel ownership arrangements during the financial periods 2014 and 2018. The capital of th loans at the balance sheet date is EUR 171,596.22.

Total non-current receivables	716 964,21	2 893 340,98

Current receivables

15. Current receivables from group companies

Trade receivables	4 808 262,88	5 491 858,09
Other receivables	2 266 512,71	2 786 654,02
Total	7 074 775,59	8 278 512,11

Current receivables from other companies

Trade receivables	5 619 780,66	6 052 546,20
Advance payments	585 288,35	295 923,53
Other receivables	580 736,17	1 659 080,84
Accrued income	584 491,39	383 192,02
Total	7 370 296,57	8 390 742,59

Total current receivables	14 445 072,16	16 669 254,70

Current accrued income

VAT assets	155 712,53	290 618,52
Other	428 778,86	92 573,50
Total	584 491,39	383 192,02

Deferred tax assets

16. Deferred tax assets from established losses	212 767,87	0,00

Notes to balance sheet equity and liabilities

		31 Dec 2020	31 Dec 2019
17.	EQUITY		
	Restricted equity		
	Share capital 1 Jan	366 375,40	366 375,40
	Increase, transfer from reserve for invested unrestricted equity	3 500 000,00	0,00
	Share capital 31 Dec	3 866 375,40	366 375,40
	Share issue, unregistered	621 061,85	0,00
	Total restricted equity	4 487 437,25	366 375,40
	Unrestricted equity		
	Reserve for invested unrestricted equity 1 Jan	14 897 934,64	14 897 934,64
	Decrease, transfer to share capital	-3 500 000,00	0,00
	Reserve for invested unrestricted equity 31 Dec	11 397 934,64	14 897 934,64
	Retained earnings 1 Jan	2 442 533,94	2 411 068,24
	Total unrestricted equity	7 661 479,82	17 340 468,58
	Total equity	12 148 917,07	17 706 843,98
	Calculation of distributable equity		
	Retained earnings	2 442 533,94	2 411 068,24
	Profit (loss) for the financial year	-6 178 988,76	31 465,70
	Invested unrestricted equity fund	11 397 934,64	14 897 934,64
	Capitalised development expenditure	-1 776 867,81	-3 693 235,29
	Total	5 884 612,01	13 647 233,29
	Non-current liabilities		
18.	Interest-bearing non-current liabilities		
	To financial institutions	2 403 846,08	769 230,72
	To others	772 283,00	772 283,00
	Total	3 176 129,08	1 541 513,72
	Total interest-bearing non-current liabilities	3 176 129,08	1 541 513,72
	Interest-free non-current liabilities		
	To others	57 162,00	204 566,59
	Total	57 162,00	204 566,59
	Total interest-free non-current liabilities	57 162,00	204 566,59
	Total interest-bearing and interest-free non-current liabilities	3 233 291,08	1 746 080,31
	Liabilities due in more than five years		
	Loans from financial institutions	0,00	0,00
	Current liabilities		
19.	Interest-bearing current liabilities		
	To financial institutions	9 500 567,10	10 706 447,50
	To shareholders	250 000,00	250 000,00
	To others	1 855 609,04	2 155 609,04
	Total	11 606 176,14	13 112 056,54
	Total interest-bearing current liabilities	11 606 176,14	13 112 056,54

Interest-free current liabilities to group companies	31 Dec 2020	31 Dec 2019
Trade payables	148 346,47	891 964,37
Total	148 346,47	891 964,37

Interest-free current liabilities to other companies		
Advances received	2 403 332,04	739 314,41
Trade payables	5 363 250,68	6 190 625,23
Other liabilities	61 781,44	54 027,81
Accruals	3 089 955,61	3 175 770,05
Total	10 918 319,77	10 159 737,50

Accruals		
Holiday pay debt with social costs	428 651,83	362 026,85
Pay debt with social costs	0,00	35 758,69
Grant projects	0,00	1 491 576,98
Deferred interest	708 564,05	611 626,21
Total	3 089 955,61	3 175 770,05

Total interest-free current liabilities	11 066 666,24	11 051 701,87
Total interest-bearing and interest-free current liabilities	22 672 842,38	24 163 758,41

Notes on securities and contingent liabilities

	31 Dec 2020	31 Dec 2019
Securities granted		
Business mortgages	21 806 375,84	21 806 375,84

Liabilities backed by mortgages or pledges		
Credit account (limit EUR 3.5 million)	1 581 182,46	2 585 062,86
Loans from financial institutions	10 323 230,72	8 890 615,36
Total	11 904 413,18	11 475 678,22

Amounts payable for leasing contracts		
Payable in the following financial period	31 465,27	32 328,11
Payable later	26 848,30	37 019,48
Total	58 313,57	69 347,59

Guarantees		
Guarantees provided on behalf of group companies	0,00	238 716,35
Offer and delivery guarantees for others	6 353 401,23	3 687 157,72
Total	6 353 401,23	3 925 874,07

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

The parent company´s distributable funds are EUR 5.884.612,01 of which the loss for the financial year is EUR 6.178 988,76. 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 June 11, 2021

Esa Ikäheimonen
Chairman of the Board

Fred Larsen
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