Lamor Corporation Plc
Half-Year Financial Report

January–June 2024

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Lamor’s strengthened strategic position supports growth in the Middle East – order book turns to growth

During the second quarter, Lamor significantly strengthened its position regarding environmental protection projects in Saudi Arabia. The strengthened position demonstrates the effectiveness of the company’s 'Land and expand' growth strategy in the Middle East. Revenue and profitability were below the comparison period but grew from the first quarter of the year.

April–June 2024 in brief

- Revenue was EUR 27.1 million (33.8), a decrease of 19.7% from the comparison period
- EBIT was EUR 1.3 million (3.7) or 4.8% of revenue (10.8%), a decrease of 64.5%
- Adjusted EBIT was EUR 1.4 million (3.7) or 5.2% of revenue (11.0%), a decrease of 62.4%
- Net cash flow from operating activities was EUR +1.8 million (+1.1), an increase of 66.8%
- Earnings per share (basic) was EUR -0.02 (0.09)
- Orders received was EUR 69.3 million (9.6), an increase of 619.9%

January–June 2024 in brief

- Revenue was EUR 51.0 million (56.7), a decrease of 9.9%
- EBIT was EUR 1.7 million (3.8) or 3.3% of revenue (6.7%), a decrease of 55,8%
- Adjusted EBIT was EUR 1.9 million (3.9) or 3.7% of revenue (6.9%), a decrease of 52.2%
- Net cash flow from operating activities was EUR -11.3 million (-7.7)
- Earnings per share (basic) was EUR -0.03 (0.07)
- Orders received was EUR 85.3 million (20.4), an increase of 317.1%
- Order backlog at the end of the period amounted to EUR 159.1 million (163.0)

The figures in brackets refer to the comparison period, which is the same period the previous year, unless otherwise stated.

Johan Grön, CEO

For Lamor, the most important development during the second quarter was the major environmental protection project won in Saudi Arabia. The three-year service agreement worth EUR 55 million with NEOM Company is the latest demonstration of the effectiveness of our "Land and expand" growth strategy in the Middle East. The decision of the National Center for Environmental Compliance (NCEC) in April to exercise a four-month extension option for another major project also clearly highlighted our position in Saudi Arabia.

Significant bridgehead projects and the strong local customer relationships created during them form the basis for expanding our business in both existing and in new markets. At the same time, the service agreements help us further build our expertise as well as our global partner network. During the second quarter, this same expansion strategy was visible also in our successful entry into the Norwegian aquaculture industry with advanced water treatment solutions and in the way we are continuing to expand our South American soil remediation and restoration business.

The cumulative order intake during the first half of 2024 surpassed that of the full year of 2023. At the time of reporting, our sales pipeline remains extensive and we are involved in several tendering processes of different sizes, especially in the Middle East, Africa and South America. In terms of tenders, geopolitical uncertainty continues to affect Lamor in two ways. On the one hand, tensions increase the risk of accidents creating a need for environmental services. On the other hand, tensions also create financial uncertainty and instability, which may cause delays in customers' decision-making.

Revenue was below our estimates in the second quarter. The decrease from the previous year was due to postponement of tenders, anticipated lower level of deliveries in the Bangladesh project compared to the comparison period, and an update made to the Kuwait project's total cost estimate, due to which the cumulative revenue and profitability of the project were slightly decreased. We will continue to carefully manage costs and working capital as well as optimize the cleaning process in Kuwait. This project is strategic for Lamor, as well as an important reference that is unique even on a global scale.

In terms of profitability, the decline from the comparison period was most of all the result of a lower level of revenue. We improved our operating profit margin from the first quarter of the year and, excluding the impact of the cumulative update made in the Kuwaiti project, our adjusted EBIT would have been on the comparison period's level. That said, our profitability remains below the targeted level. We have continued to focus on improving operational efficiency and profitability as well as ensuring business scalability with the Next leap program we initiated at the beginning of the year, which has already improved cost control. The important learnings from projects will be incorporated into Lamor's global ways of working from tendering to delivery. I am confident that we have several ways to improve our efficiency. This work will continue in the second half of the year.

Key figures

EUR thousand (unless otherwise noted)	Q2 2024	Q2 2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Revenue	27,142	33,812	-19.7%	51,028	56,659	-9.9%	122,520
EBITDA	3,036	5,349	-43.2%	5,171	7,194	-28.1%	16,182
EBITDA margin %	11.2%	15.8%		10.1%	12.7%		13.2%
Adjusted EBITDA	3,074	5,349	-42.5%	5,246	7,194	-27.1%	18,464
Adjusted EBITDA margin %	11.3%	15.8%		10.3%	12.7%		15.1%
Operating profit or loss (EBIT)	1,302	3,664	-64.5%	1,687	3,817	-55.8%	8,426
Operating profit (EBIT) margin %	4.8%	10.8%		3.3%	6.7%		6.9%
Adjusted operating Profit (EBIT)	1,399	3,723	-62.4%	1,880	3,935	-52.2%	10,943
Adjusted operating Profit (EBIT) margin %	5.2%	11.0%		3.7%	6.9%		8.9%
Profit (loss) for the period	-233	2,404		-626	1,916		2,679
Earnings per share, EPS (basic), euros	-0.02	0.09		-0.03	0.07		0.09
Earnings per share, EPS (diluted), euros	-0.02	0.09		-0.03	0.07		0.09
Return on equity (ROE) %	-0.4%	3.8%		-1.0%	3.0%		4.3%
Return on investment (ROI) %	1.0%	3.9%		1.4%	4.4%		8.7%
Equity ratio %	36.2%	47.5%		36.2%	47.5%		40.0%
Net gearing %	89.9%	36.1%		89.9%	36.1%		60.7%
Net working capital	77,801	51,024	52.5%	77,801	51,024	52.5%	62,245
Orders received	69,250	9,619	619.9%	85,292	20,448	317.1%	43,950
Order backlog	159,108	163,034	-2.4%	159,108	163,034	-2.4%	124,192
Number of employees at the period end	584	676	-13.6%	584	676	-13.6%	840
Number of employees on average	608	658	-7.6%	659	604	9.1%	658

Market outlook

Globally increasing environmental awareness creates continuous demand for sustainable environmental solutions. The objectives set for the green transition emphasise mitigation of climate change, protection of biodiversity and recycling of materials. Increased understanding of the sensitivity of ecosystems has added pressure for the governmental and private sectors to be better prepared for future incidents, to increase material recycling, and to finance the clean-up operations of legacy contamination. Lamor leverages its strong expertise and references to grow in these market segments and further expand its presence. Lamor expects the demand for its solutions to increase significantly also in the future.

Increased environmental awareness has led to tightening environmental legislation. Consequently, the demand for oil spill response technology and services related to **environmental protection** has increased. A growing proportion of the demand is targeted to total solutions, which include also training and continuous preparedness as-a-service in addition to consulting and technology. In addition to increasing environmental awareness, demand is driven by on-going crisis, such as those in the Middle East and Europe, which raise the risk of environmental incidents in the Red Sea and the Baltic Sea significantly. The increased risk level can result in a greater inclination to prepare for such risks in the neighbouring regions.

The increasing awareness has also led governments and the private sector to pay attention to legacy soil and water contamination. There is a large number of restoration liabilities arising from earlier environmental incidents on a global level, and for instance a remarkable number of earlier significant oil spills still remain uncleaned. The market in **soil remediation and restoration** is currently very active. Lamor participates in several on-going soil remediation tendering processes of different sizes in the Middle East, Africa, and South America.

As a part of their actions to combat climate change, the petrochemical industry aims at decreasing the need for virgin crude oil. **Material recycling** offers one part of the solution. The amount of plastic waste in the world has doubled in the past 20 years. Currently, approximately only one tenth of all plastic waste is recycled correctly. The chemical plastic recycling market is expected to be in the magnitude of hundreds of billions of euros by 2050. Lamor participates in solving the global plastic waste problem by building a chemical recycling facility for plastics in Finland, with the aim of building similar facilities in its strong market areas by utilising its global network.

Guidance for 2024 (unchanged)

In accordance with the guidance published on 16 February 2024, Lamor estimates that its revenue for the financial year 2024 will be at least at the same level as in 2023 (2023: EUR 122.5 million). Due to the uncertain market situation and uncertainty regarding the schedule of large tenders, Lamor does not provide guidance for profitability.

Long-term financial targets

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

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

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

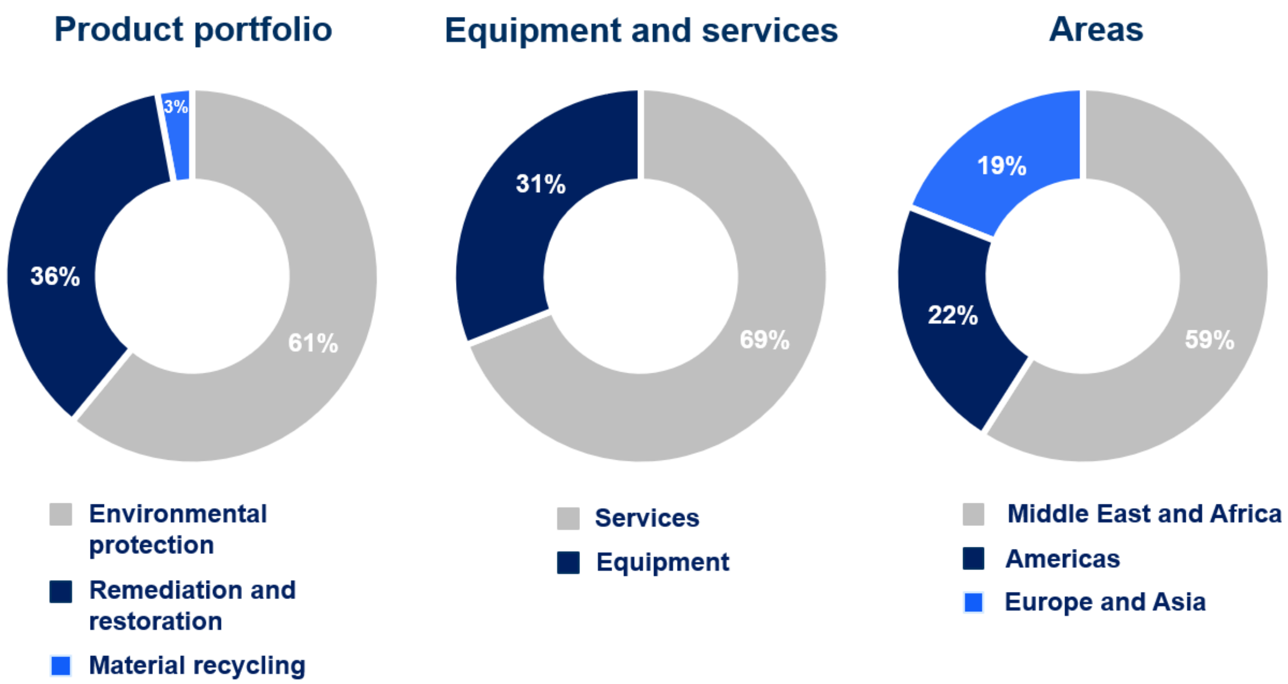
Business review

Lamor is one of the globally leading providers of environmental solutions. The company's revenue is generated from three product lines: **environmental protection, soil remediation and restoration, and material recycling**. Environmental protection includes solutions for preventing and cleaning environmental incidents both at sea and on land. Soil remediation and restoration includes restoration of contaminated land areas, promoting ecological recovery and biodiversity. Furthermore, Lamor develops and delivers waste management and water treatment solutions that support the sustainable use of natural resources and promote circular economy. These include the chemical recycling of plastic.

Lamor aims for significant long-term growth in accordance with its strategy, focusing particularly on the Middle East and South America. Additionally, the company has substantial business operations in Europe, Asia, and North America. In recent years, the company has won several significant multi-year service contracts, especially in the Middle East, and the progress and revenue recognition of these projects can have a significant impact on the company's order backlog, revenue, profitability, and cash flow in individual quarters. Through these projects and in addition to them, Lamor is determinedly growing its recurring equipment and service business by expanding customer relationships and developing both its own sales network and the coverage of its agent network.

Lamor has one reporting segment. In addition, the company reports its revenue by product lines, market areas, and equipment and services.

Revenue split 1-6/2024



Soil remediation and restoration

Lamor aims at being the preferred strategic partner in the remediation and restoration of contaminated soil and to expand its operations into new countries. Lately, the major projects won in the Middle East and South America have been incremental in the growth of this business. They have strengthened both local connections as well as Lamor's technological and operative competencies enabling participation in similar projects globally.

During the second quarter, the focus of the business was especially on the Middle East (Kuwait, Oman) and South America (Chile, Ecuador). In Kuwait, the soil washing facilities used for cleaning the most contaminated soil were fully operational. As per bioremediation, work has continued with higher efficiency than originally expected, while ramping up the process in the soil washing units has taken longer than anticipated, which has also had an impact on the realised costs. In other projects, the company progressed as planned.

Environmental protection

For decades, Lamor has been a strategic partner for local authorities and energy companies helping them improve their environmental protection capabilities around the world. Lamor has also participated in the clean-up and environmental protection projects related to major oil spill incidents, which has strengthened its position as a global leader in oil spill response and control.

During the second quarter, NEOM Company chose Lamor to implement a significant environmental protection project in Western Saudi Arabia. The project consists of preparedness services and technologies with a duration of a minimum of three years, and total value of approximately EUR 55 million. Equipment deliveries related to setting up the service capability began in the second quarter. The provision of services and revenue generation are expected to start during the fourth quarter. The start date for service provision depends on the schedule for the approval of the final necessary regulatory permits. In April, the Saudi Arabian National Center for Environmental Compliance (NCEC) signed a further four-month extension to the three-year project, in which Lamor strengthens the oil spill preparedness in the Red Sea region. Negotiations concerning the continuation of the service agreement after September 2024 continued during the period.

In May, Lamor opened a new hub in the Netherlands. The new rental and response center will enhance global availability of oil spill response technologies. European Maritime Safety Agency's (EMSA) Northern Sea response centre, whose operation Lamor won last year, has been located into the same premises. In addition, work continued in three minor clean-up projects related to environmental incidents (Peru, Ecuador) and Lamor made significant technology deliveries in Asia (Hong Kong) and Europe.

Material recycling

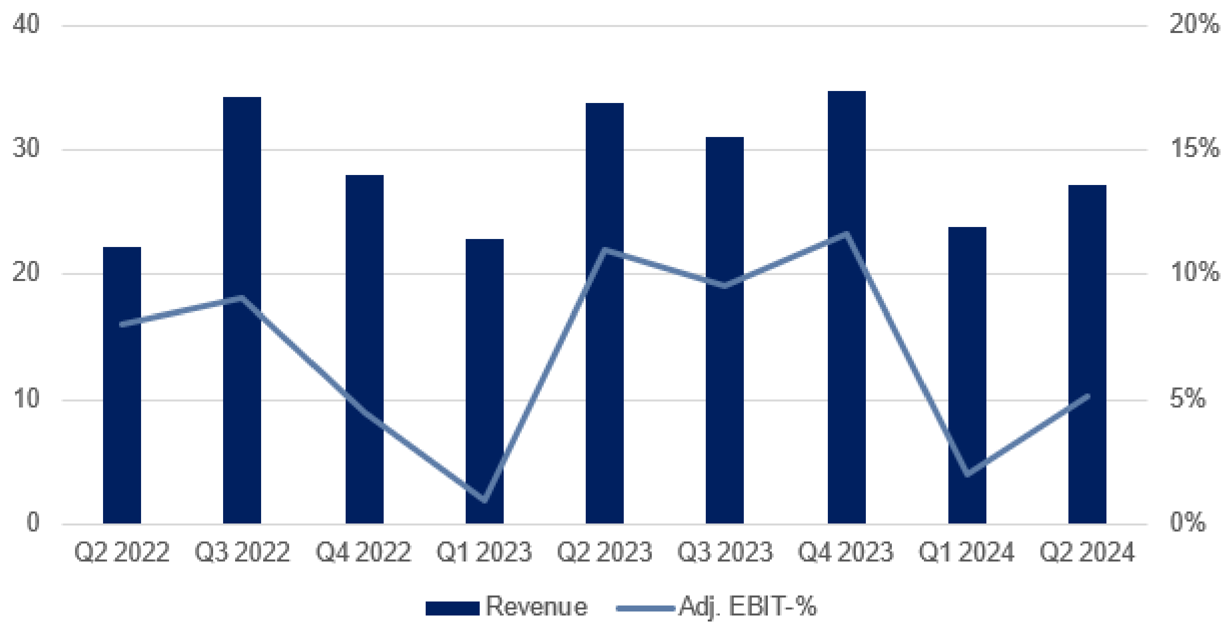
Lamor's material recycling business focusses on the sustainable use of natural resources and promotion of circular economy. The company delivers waste management and water treatment solutions that reduce environmental impact and support sustainable development. Recent significant projects, such as the delivery of the MARPOL waste treatment facility at Mongla Port in Bangladesh, innovative water treatment solutions in aquaculture, and the plastic chemical recycling plant under construction in Finland, are creating new growth opportunities for Lamor. The facility will be the first industrial-scale plastics chemical recycling facility in Finland with its first phase of 10,000 tons of annual processing capacity. It will be a concept facility, with which Lamor targets at 100,000-ton plastic recycling portfolio.

During the second quarter, the waste treatment facility has been delivered to the site for construction in Bangladesh. In plastics recycling, the construction of the chemical recycling facility in

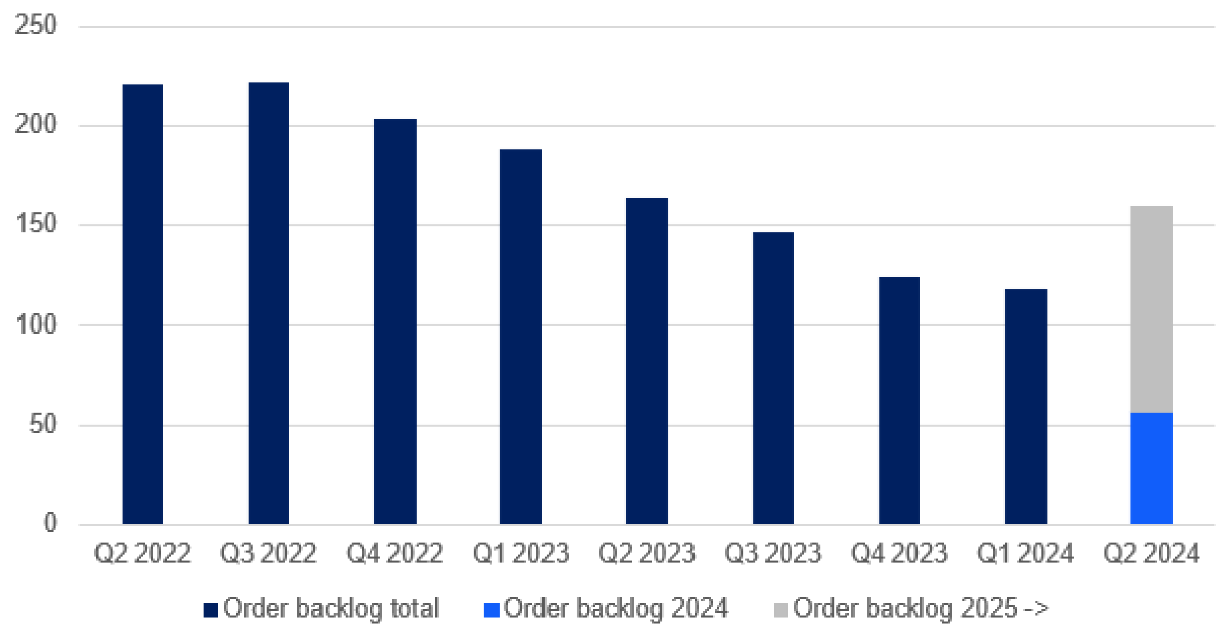
Kilpilahti is nearing completion and the first technology deliveries have commenced. The water treatment project for aquaculture with a Norwegian shipping company is progressing as planned.

Financial performance

Revenue (EUR million) and adjusted EBIT % per quarter



Order backlog and order intake per quarter (EUR million)



April–June 2024

The group's turnover in the second quarter was EUR 27.1 million (33.8). In the second quarter of 2024, the revenue was accumulated especially by projects in Kuwait, Saudi Arabia and Bangladesh, as well as the equipment delivery to Hong Kong. Turnover decreased by 19.7% from the comparison period and by 20.0% at comparable exchange rates.

The decrease in turnover from the comparison period was affected by the postponement of tenders, the significant deliveries included in the comparison period related to the Mongla port project in Bangladesh, and the update made to the total project cost estimate for the Kuwait project in the second quarter of 2024, as a result of which the project's cumulative revenue recognition decreased slightly. The update had a negative effect of EUR 1.9 million on the turnover and operating profit of the second quarter. The decrease in reported revenue was partly compensated by a significant increase in equipment sales from the comparison period.

Adjusted operating profit (EBIT) was 1.4 million euros and 5.2% of turnover (3.7 and 11.0%). Adjusted operating profit decreased by 62.4% from the comparison period. Excluding the impact of the cumulative update made in the Kuwaiti project, our adjusted EBIT would have been 11.4% during the second quarter. The group's profit before taxes was EUR -0.2 million (2.8).

The value of new orders received during the review period was EUR 69.3 million (9.6), which is 619.9% more than in the comparison period. The EUR 55 million three-year service contract order received from NEOM Corporation and the use of the four-month extension option agreed in the service contract of the National Environmental Control Center in Saudi Arabia were the largest single items that affected the April-June order collection. The increase in comparable exchange rates was 614.8%.

January–June 2024

The group's turnover in the period was EUR 51.0 million (56.7). The decrease from the comparison period was 9.9%. At comparable exchange rates, net sales decreased by 9.9%. The ongoing land cleanup in Kuwait, the environmental protection project in Saudi Arabia, deliveries to Bangladesh, and the cleanup of environmental damage in South America and the delivery of equipment to Hong Kong were the most significant individual projects that affected the turnover of the first half of the year.

Adjusted operating profit (EBIT) was EUR 1.9 million (3.9) and 3.7% of the period's turnover (6.9%).

The order backlog at the end of the period was EUR 159.1 million (163.0). The value of new orders received during the review period was EUR 85.3 million (20.4), which is 317.1% more than in the comparison period. At comparable exchange rates, the increase in new orders was 317.7%.

The amount of depreciation was 3.5 million euros (3.4) and included 2.1 million euros (1.8) of depreciation of right-of-use assets (IFRS 16), which are mainly related to the vessels used in the group's projects in Saudi Arabia.

Financial income and expenses, EUR -2.7 million (-1.7), consisted of interest and guarantee costs for business financing, as well as valuations of US dollar-denominated and dollar-linked receivables and liabilities and related currency hedging. The increase from the comparison period was caused by the interest costs of the green bond issued in August 2023.

The group's profit before taxes was EUR -1.0 million (2.1). Earnings per share (undiluted) in January-June 2024 was -0.03 euros (0.07).

Net cash flow from operations was EUR -11.3 million (-7.7). The committed net working capital on June 30, 2024 was EUR 77.8 million (51.0). The increase in working capital compared to the comparison period was still mainly due to slower invoicing than the progress of the land clean-up project in Kuwait. During the second quarter, Saudi Arabia's monthly payment posts were again delayed from the expected payment schedule, which partly eroded the improvement made during the first quarter. Cash flow from investments was EUR -5.9 million (-1.6).

The group's equity ratio was 36.2% (47.5%) and the net debt ratio was 89.9% (36.1%). The development of the net indebtedness ratio is particularly affected by the EUR 25 million green bond issued in August 2023.

Investments

In January–June 2024, investments in tangible and intangible assets were 7.5 million euros (1.7). The growth in the first half of the year was especially influenced by the investments and development costs of the pilot plant for chemical recycling of plastic in Kilpilahti. During the reporting period, the company received a state grant of 1.6 million euros for its plastic recycling investment in Kilpilahti.

The right-of-use assets, which are mainly related to the vessels used in the service project in Saudi Arabia and the land lease agreement for the Kilpilahti plastic recycling facility, amounted to EUR 4.2 million (3.6) at the end of the period.

In January–June 2024, depreciation and impairment totaled EUR 3.5 million (3.4).

Financial position

Lamor's interest-bearing liabilities consist of bank loans, bonds, capital loans and lease contract liabilities according to the IFRS 16 standard. Lamor's interest-bearing liabilities on June 30, 2024 were EUR 66.4 million (30.3), of which lease liabilities were EUR 4.6 million (3.6). The group's net liabilities were EUR 57.6 million (23.2). At the end of the review period, the group's cash and cash equivalents were EUR 8.8 million (7.1).

Lamor's senior conditional financing included a EUR 25.0 million green bond issued in August 2023, whose payments are secured by a post-mortgage for Lamor's corporate mortgages. In addition, it included a total of EUR 12.5 million in financial institution loans, including Lamor Recycling's EUR 2.5 million loan and a short-term loan of EUR 5.0 million taken out in the first quarter. The group has a financing limit of 11.0 million euros and a credit account of 7.0 million euros in its financial reserve. At the end of the review period on June 30, 2024, 7.5 million euros were used from the financing limit and 6.0 million euros from the credit account. In addition, Lamor had a total of EUR 4.5 million worth of undrawn loans related to the investment project of a plastic chemical recycling plant.

At the end of the review period, there were 1.0 million euros in other financial institution loans. The value of the guarantees given at the end of the period was EUR 33.3 million (40.7). When evaluating the amount of interest-bearing debt financing, it is good to also take into account the amount of the company's total liabilities, including the company's guarantee obligations, which especially apply to large delivery projects.

At the end of the review period, the company had a total of 10.5 million euros in capital loans. The capital loan granted by the State Treasury related to Business Finland's growth engine competition was 5.5 million euros. In addition, the Climate Fund has granted a capital loan for the company's plastic chemical recycling project, from which the company has withdrawn 5.0 million euros. Capital loans have a secondary position compared to senior financing and are not taken into account in the covenant calculation.

Personnel

During January–June 2024, Lamor employed on average 659 (604) persons. At the end of the period, Lamor employed 584 (676) persons.

The number of personnel fluctuates according to the major projects Lamor has on-going at each time.

Sustainability

Sustainability is at the core of Lamor's strategy. The company's vision about a cleaner tomorrow highlights its sustainable business model. Lamor aims to increase positive environmental impacts with solutions relating to environmental protection, remediation and restoration, and material recycling. Lamor's solutions help the company, its customers and partners promote circular economy and careful use of scarce natural resources as well as protect biodiversity. The company's strategic co-operation with customers and partners reinforced with continuous innovation is the key to sustainable business.

During the second quarter, the company focused on the implementation of European Sustainability Reporting Standards (ESRS) as well as the assessment and updating of sustainable development processes and policies. The double materiality assessment continued, considering the interest of a wide range of stakeholders, including employees, customers, communities and shareholders. During the assessment, Lamor has identified several improvement measures related to supply chain management and Due Diligence processes. The company also continued to identify and select ESG key performance indicators and targets.

Governance

Resolutions of the Annual General Meeting

The Annual General Meeting of Lamor was held on 26 March 2024 as a virtual meeting in accordance with the Finnish Companies Act. The Annual General Meeting was in favour of all proposals submitted to the General Meeting by the Board of Directors and the Shareholders' Nomination Board.

The Annual General Meeting adopted the 2023 financial statements, resolved not to distribute dividend, discharged the Board members and the Managing Director from liability, and approved the 2023 Remuneration Report for Governing Bodies.

The Annual General Meeting resolved on the remuneration payable to the members of the Board of Directors, and the number of members of the Board of Directors, and re-elected Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen, Timo Rantanen and Mika Ståhlberg as members of the Board of Directors. The firm of authorised public accountants Ernst & Young Oy was elected as the Company's Auditor and the sustainability reporting assurance provider, with APA Mikko Rytilahti as the auditor and the sustainability reporting assurance provider with principal responsibility.

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

Annual General Meeting's authorisations to the Board of Directors

The Annual General Meeting resolved on 26 March 2024 to authorise the Board of Directors to decide on the issuance of new shares or treasury shares, on the terms defined in the resolution. Under the authorisation, a maximum of 2,500,000 shares, which corresponds to approximately 9 per cent of all of the shares at the time of the proposal, may be issued. The share issue may be targeted, in deviation from the shareholders' pre-emptive rights, provided that there is a weighty financial reason for the company to do so and provided that a directed share issue is in the interest of the company and its shareholders.

The Annual General Meeting resolved on 26 March 2024 to authorise the Board of Directors to decide on the acquisition of the company's own shares in such a way that the number of own shares to be repurchased shall not exceed 2,500,000 shares, on the terms defined in the resolution.

However, the company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the company.

The Annual General Meeting resolved on 26 March 2024 to authorise the Board of Directors to decide on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Companies Act and on the terms defined in the resolution in such a way that the shares to be issued either directly or on the basis of option rights and other special rights under the authorisation shall not exceed 300,000 shares in aggregate, which would correspond to approximately one (1) per cent of all the company’s shares at the time of the proposal.

The authorisations are valid until the close of next Annual General Meeting, however no longer than until 30 June 2025.

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

Organisation of the company’s governing bodies

Convening after the Annual General Meeting on 26 March 2024 to its organisational meeting, the Board of Directors re-elected Mika Ståhlberg as its Chair and Fred Larsen as the Deputy Chair. The Board resolved on the committee members as the following: Audit Committee: Chair Timo Rantanen, members Kaisa Lipponen and Mika Ståhlberg; Remuneration Committee: Chair Nina Ehrnrooth, members Kaisa Lipponen and Timo Rantanen.

Shares and share capital

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

Share capital and the number of shares and the shareholders

	30 June 2024	30 June 2023
Share capital, EUR	3,866,375.40	3,866,375.40
Shares total	27,502,424	27,502,424
of which treasury shares	542,450	542,450
Market value, EUR million	55.0	106.2
Number of shareholders	6,249	6,623

Trading

Trading of Lamor shares in Nasdaq Helsinki	1–6/2024	1–6/2023
Share turnover, million shares	0.9	0.9
Value of trading, EUR million	2.1	4.1
Closing price on the last trading day, EUR	2.04	3.94
Highest price, EUR	2.66	4.75
Lowest price, EUR	2.02	3.78

Share-based incentives

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

Risks and business uncertainties

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

Risks related to operating environment

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

Lamor operates in over 100 countries through its subsidiaries and associated companies and its partner and distribution networks. Lamor has subsidiaries and associated companies in over 20 countries, and the company carries out its business on all continents. In addition, Lamor aims to grow and expand its business also in the future. Since Lamor has business operations across the world, it is exposed to, for example, the political, economic, legislative, and social conditions in each country in which it conducts its business. Due to the global nature of its operations, Lamor is exposed to the impacts of risks related to international trade. In addition, the development of Lamor's business is partly dependent on the general development of the public finances and the political decisions steering them.

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

Legal and regulatory risks

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

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

Risks related to business operations

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

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

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

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

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

Risks related to Lamor's financing and financial position

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

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

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

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

Near-term risks and uncertainties

Lamor's business is global, and the company is exposed to political, economic, legislative and social conditions and risks related those in its operating countries. The development of Lamor's business also partly depends on the general development of the public finances and the political decision-making that guides the public finances.

The geopolitical situation has continued to be challenging in 2024. The situation has escalated in certain countries in the Middle East, and the instability has also continued in certain South American countries. In addition, the Russian war in Ukraine continues. In addition to the deteriorated security situation in general, these conflicts impact our business in many ways, and significantly increase for instance the risk of oil spills. The situation may also have a negative impact on Lamor's business changing for instance the schedules and costs of the projects as well as the supply chains and the local operating possibilities. Furthermore, escalated situations may affect the security of the company's personnel. Lamor follows these situations particularly closely for example in its operating regions.

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

Inflation and slow-down of the economy cause uncertainties also in Lamor's operating environment. Interest rates that remain high for a long time may increase Lamor's financing costs also in the longer term.

Events after the reporting period

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

Financial calendar for 2024

Interim Report for January–September 2024 will be published on 24 October 2024.

Webcast for shareholders, analysts and media

Webcast for shareholders, analysts and media on the results for the financial period January–June 2024 will be arranged on 25 July 2024 at 10:00 a.m. EEST. The webcast includes a Q&A session, and participants can ask questions in English and Finnish via the event chat room. The webcast can be followed at https://lamor.videosync.fi/q2-2024.

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

Porvoo, 25 July 2024
Lamor Corporation Plc
Board of Directors

Further enquiries

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Lamor Half-Year Financial Report January–June 2024

Consolidated statement of profit and loss

EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Revenue	**27,142**	**33,812**	**51,028**	**56,659**	**122,520**
Materials and services	-16,094	-21,732	-29,544	-35,347	-69,844
Other operating income	11	37	99	103	238
Employee benefit expenses	-5,348	-4,762	-10,682	-9,710	-23,871
Other operating expenses	-2,687	-2,164	-5,873	-4,806	-12,284
Share of associated companies' profits	12	158	143	296	-578
EBITDA	**3,036**	**5,349**	**5,171**	**7,194**	**16,182**
Depreciation, amortization, and impairment	-1,734	-1,685	-3,484	-3,377	-7,756
Operating profit (EBIT)	**1,302**	**3,664**	**1,687**	**3,817**	**8,426**
Financial income	327	383	903	540	2,159
Financial expenses	-1,807	-1,235	-3,554	-2,288	-7,401
Profit before tax	**-178**	**2,812**	**-964**	**2,069**	**3,184**
Income tax	-55	-408	338	-154	-505
Profit for the financial year	**-233**	**2,404**	**-626**	**1,916**	**2,679**
Attributable to					
Equity holders of the parent	-496	2,468	-681	1,936	2,527
Non-controlling interests	262	-63	55	-21	152
Earnings per share					
Earnings per share, basic, EUR	-0.02	0.09	-0.03	0.07	0.09
Earnings per share, diluted, EUR	-0.02	0.09	-0.03	0.07	0.09
Profit for the financial year	**-233**	**2,404**	**-626**	**1,916**	**2,679**
Other comprehensive income, net of taxes:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	344	-52	935	-325	-982
Other comprehensive income (loss) for the year, net of tax	**344**	**-52**	**935**	**-325**	**-982**
Total comprehensive income for the financial period	**111**	**2,353**	**309**	**1,590**	**1,697**
Attributable to					
Equity holders of the parent	-151	2,416	255	1,611	1,545
Non-controlling interests	262	-63	55	-21	152

Consolidated statement of financial position

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Assets			
Non-current assets			
Goodwill	18,551	18,630	18,559
Intangible assets	4,698	4,098	5,087
Property, plant and equipment	16,835	9,496	12,324
Right-of-use assets	4,221	3,577	4,974
Investments in associated companies and joint ventures	1,338	2,104	1,210
Non-current receivables	1,463	1,536	1,070
Investments in other shares	411	411	411
Deferred tax assets	6,352	4,494	4,117
Assets	**53,869**	**44,346**	**47,752**
Current assets			
Inventories	18,520	9,277	14,224
Trade receivables	29,669	23,570	26,458
Contract assets	65,240	46,597	55,858
Prepayments and other receivables	8,499	8,325	8,194
Short-term investments	3	17	100
Cash and cash equivalents	8,772	7,118	10,965
Total current assets	**130,703**	**94,905**	**115,799**
Total assets	**184,573**	**139,251**	**163,550**

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Equity and liabilities			
Equity			
Share capital	3,866	3,866	3,866
Translation differences	673	394	-262
Reserve for invested unrestricted equity	44,303	44,303	44,303
Retained earnings / accumulated deficit	15,229	15,599	16,026
Equity attributable to equity holders of the parent	**64,071**	**64,163**	**63,934**
Non-controlling interests	2,161	1,381	1,993
Total equity	**66,232**	**65,545**	**65,927**
Non-current liabilities			
Interest-bearing loans and borrowings	40,471	10,771	32,262
Lease liabilities	2,374	362	2,683
Deferred tax liability	4,524	2,622	3,192
Other non-current financial liabilities	2,992	3,864	1,952
Total non-current liabilities	**50,361**	**17,618**	**40,089**
Current liabilities			
Interest-bearing loans and borrowings	21,372	15,891	12,049
Lease liabilities	2,179	3,251	2,757
Provisions	301	201	240
Trade payables	14,112	10,816	21,554
Contract liabilities	7,828	12,081	4,378
Other short-term liabilities	22,188	13,848	16,556
Total current liabilities	**67,980**	**56,088**	**57,535**
Total liabilities	**118,341**	**73,707**	**97,624**
Total equity and liabilities	**184,573**	**139,251**	**163,550**

Consolidated statement of changes in equity

2024	Attributable to the equity holders of the parent							
EUR thousand	**Share capital**	**Issue of shares**	**Fund for unrestricted equity**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity on 1 Jan 2024	**3,866**	**-**	**44,303**	**-262**	**16,026**	**63,934**	**1,993**	**65,927**
Profit for the financial year	-	-	-	-	-681	**-681**	55	**-626**
Other comprehensive income	-	-	-	935	-	**935**	-	**935**
Total comprehensive income	**-**	**-**	**-**	**935**	**-681**	**255**	**55**	**309**
Share-based compensation settled in equity	-	-	-	-	26	**26**	-	**26**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	-34	**-34**	-	**-34**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-	**-**
Other changes	**-**	**-**	**-**	**-**	-109	**-109**	113	**4**
Equity on 30 Jun 2024	**3,866**	**-**	**44,303**	**673**	**15,229**	**64,071**	**2,161**	**66,232**

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

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

EUR thousand	Share capital	Issue of shares	Fund for unre-stricted equity	Trans-lation diffe-rences	Retained earnings	Total	Non-control-ling interests	Total equity
Equity on 1 Jan 2023	**3,866**	**-**	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**
Profit for the financial year	-	-	-	-	1,936	**1,936**	-21	**1,916**
Other comprehensive income	-	-	-	**-325**	-	**-325**	-	**-325**
Total comprehensive income	**-**	**-**	**-**	**-325**	**1,936**	**1,611**	**-21**	**1,590**
Share-based compensation settled in equity	-	-	-	-	76	**76**	-	**76**
Purchase of own shares	-	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests*	-	-	-	-	911	**911**	-	**911**
Dividends to non-controlling interests	-	-	-	-	-	**-**	-43	**-43**
Other changes	-	-	-	-	-44	**-44**	6	**-38**
Equity on 30 Jun 2023	**3,866**	-	**44,303**	**394**	**15,599**	**64,163**	**1,381**	**65,545**

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

Consolidated statement of cash flows

EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Cash flow from operating activities					
Profit for the financial year	**-233**	**2,404**	**-626**	**1,916**	**2,679**
Adjustments for:					
Depreciation, amortisation, and impairment	1,734	1,685	3,484	3,377	7,756
Finance income and expenses	1,480	852	2,651	1,748	5,242
Gain on disposal of property, plant, and equipment	-6	-31	-104	-46	-41
Share of profit from associated companies and joint ventures	-12	-158	-143	-296	578
Taxes	55	408	-338	154	505
Other non-cash flow related adjustments	112	164	332	272	929
Total adjustments	**3,364**	**2,920**	**5,882**	**5,209**	**14,969**
Change in working capital					
Change in trade and other receivables	-2,443	-1,997	-11,492	-3,061	-15,745
Change in inventories	-2,519	1,001	-4,128	845	-4,165
Change in trade and other payables	4,456	-2,575	1,960	-9,803	-1,028
Total change in working capital	**-506**	**-3,571**	**-13,660**	**-12,019**	**-20,937**
Operating cash flow before financial and tax items	**2,625**	**1,753**	**-8,404**	**-4,895**	**-3,290**
Interest paid	-477	-362	-1,783	-684	-1,383
Interest received	16	8	31	30	53
Other financing items	-392	-396	-845	-680	-3,872
Taxes paid	22	72	-317	-1,450	-4,169
Net cash flow from operating activities	**1,793**	**1,075**	**-11,319**	**-7,679**	**-12,661**
Cash flow from investing activities					
Acquisition of associates, joint ventures, and other shares	-	-	-	-	-
Purchase of intangible and tangible assets	-3,824	-818	-7,481	-1,686	-7,355
Receipt of government grants	912	-	1,551	-	-
Proceeds from sale of tangible and intangible assets	6	38	397	100	117
Loans granted	-535	-	-535	-	-175
Repayment of loan receivables	165	-	165	-	467
Net cash flow from investing activities	**-3,275**	**-780**	**-5,903**	**-1,586**	**-6,947**
Cash flow from financing activities					
Proceeds from borrowings	13,227	6,468	32,581	20,092	58,323
Repayment of borrowings	-9,888	-6,500	-15,204	-7,160	-27,770
Repayment of lease liabilities	-145	-788	-1,128	-1,439	-3,619
Acquisition of non-controlling interests	-306	-	-1,221	-	-1,236
Dividends paid to non-controlling interests	-	-	-	-	-15
Net cash flow from financing activities	**2,889**	**-820**	**15,028**	**11,493**	**25,684**
Net change in cash and cash equivalents	**1,407**	**-525**	**-2,194**	**2,229**	**6,076**
Cash and cash equivalents, beginning of period	**7,365**	**7,644**	**10,965**	**4,889**	**4,889**
Cash and cash equivalents, end of period	**8,772**	**7,118**	**8,772**	**7,118**	**10,965**

Accounting principles

General information

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

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

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

This interim financial report is unaudited.

Basis of preparation

The financial information included in this interim financial report for January–March 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting* standard and the International Financial Reporting Standards (IFRS) as adopted by the European Union.

From the beginning of the year 2024, Lamor Group has adopted new or amended IFRS’s and interpretations, as issued by IASB, effective for financial periods commencing on 1 January 2024. Except for the changes presented above, the accounting policies applied in the preparation of this financial statement release are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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

Revenue, segment reporting, adjusted key figures and geographical information

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

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

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

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

Alternative performance measures

Adjusted EBIT and EBITDA EUR thousand	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Operating profit (EBIT)	**1,302**	**3,664**	**1,687**	**3,817**	**8,426**
Depreciations, amortisations and impairment	1,734	1,685	3,484	3,377	7,756
EBITDA	**3,036**	**5,349**	**5,171**	**7,194**	**16,182**
Non-recurring Items					
Business combinations expenses	-	-	-	-	-
Restructuring expenses	38	-	75	-	944
IPO related expenses	-	-	-	-	-
Impairment of Russian business	-	-	-	-	1,338
Adjusted EBITDA	**3,074**	**5,349**	**5,246**	**7,194**	**18,464**
Depreciations, amortisations and impairment	-1,734	-1,685	-3,484	-3,377	-7,756
Amortisation of intangible assets identified in PPA	59	59	118	118	235
Adjusted EBIT	**1,399**	**3,723**	**1,880**	**3,935**	**10,943**

Revenue split

Distribution of revenue

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

Revenue split by product portfolio

EUR thousand	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Environmental protection	17,984	14,942	20 %	31,323	27,282	15 %	58,206
Material recycling	347	3,000	-88 %	1,569	4,364	-64 %	9,444
Remediation & restoration	8,810	15,871	-44 %	18,136	25,012	-27 %	54,871
Total revenue from contracts with customers	**27,142**	**33,812**	**-20 %**	**51,028**	**56,659**	**-10 %**	**122,520**

Revenue split by equipment and services

EUR thousand	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Equipment	10,198	10,285	-1 %	15,822	16,647	-5 %	38,156
Services	16,944	23,527	-28 %	35,206	40,011	-12%	84,364
Total revenue from contracts with customers	**27,142**	**33,812**	**-20 %**	**51,028**	**56,659**	**-10 %**	**122,520**

Revenue split by geographical area

EUR thousand	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Europe and Asia (EURASIA)	5,794	9,497	-39 %	9,920	14,151	-30 %	28,415
North and South America (AMER)	5,099	3,993	28 %	11,137	7,743	44 %	18,878
Middle East and Africa (MEAF)	16,249	20,322	-20 %	29,970	34,765	-14 %	75,228
Total revenue from contracts with customers	**27,142**	**33,812**	**-20 %**	**51,028**	**56,659**	**-10 %**	**122,520**

Timing of the revenue recognition

EUR thousand	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Transferred at a point in time	9,549	4,358	119 %	13,674	8,372	63 %	23,661
Transferred over time	17,592	29,454	-40 %	37,353	48,286	-23 %	98,860
Total revenue from contracts with customers	**27,142**	**33,812**	**-20 %**	**51,028**	**56,659**	**-10 %**	**122,520**

Summary of contract balances

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Trade receivables	29,669	23,570	26,458
Contract assets	65,240	46,597	55,858
Contract liabilities	7,828	12,081	4,378

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

Lamor Group did not experience any major unexpected credit losses in the reporting period. Lamor's management critically assesses the level of the expected credit loss accrual in accordance with IFRS 9 at the end of reporting period. Overall, Group management assessed the Group’s calculatory credit risk position to be approximately on the same level as in 2023.

Lamor has recorded an expected credit loss related to trade receivables and contract assets, amounting to EUR 1.4 million on 30 June 2024 (EUR 1.5 million on 30 June 2023).

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

Change in goodwill

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Carrying value at the beginning of the year	**18,559**	**18,634**	**18,634**
Impairment	-	-	-
Additions	-	-	-
Acquired in business combinations	-	-	-
Exchange differences	-8	-3	-75
Other changes and disposals	-	-	-
Carrying value at the end of the year	**18,551**	**18,630**	**18,559**

Change in tangible and intangible assets

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Carrying value at the beginning of the year	**17,411**	**13,653**	**13,653**
Depreciation, amortization and impairment charges	-1,391	-1,586	-3,650
Additions	7,481	1,686	7,355
Transfers between balance sheet items	-93	-9	426
Exchange differences	146	-81	-285
Grants received and disposals	-2,021	-69	-89
Carrying value at the end of the year	**21,533**	**13,594**	**17,411**

Grants received include a government grant of EUR 1,551 thousand, which Lamor received for its plastic recycling investment in Kilpilahti, Finland, during the reporting period.

Change in right-of-use assets

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Carrying value at the beginning of the year	**4,974**	**5,293**	**5,293**
Depreciation, amortization and impairment charges	-2,093	-1,775	-4,107
Additions	1,242	162	3,891
Exchange differences	98	-104	-103
Other changes	-	-	-
Carrying value at the end of the year	**4,221**	**3,577**	**4,974**

The increase in right-of-use assets in 2024 was primarily due to the extension of lease period for vessels used in Saudi Arabia, and in 2023 increase was primarily due to a land lease agreement in Kilpilahti, Finland.

Financial instruments

Net debt

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Non-current interest-bearing loans and borrowings	40,471	10,771	32,262
Non-current lease liabilities	2,374	362	2,683
Current interest-bearing loans and borrowings	21,372	15,891	12,049
Current lease liabilities	2,179	3,251	2,757
Liquid funds	-8,772	-7,118	-10,965
Net debt total	**57,624**	**23,156**	**38,786**

Classification of financial assets and liabilities

Financial assets on 30 June 2024

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets						
Investments in unlisted shares	**3**	-	411	-	411	411
Other receivables		-	-	1,463	1,463	1,463
Non-current financial assets total		**-**	**411**	**1,463**	**1,874**	**1,874**
Current financial assets						
Trade receivables		-	-	29,669	29,669	29,669
Contract assets		-	-	65,240	65,240	65,240
Derivative instruments	**2**	-	-	-	-	-
Investments in funds	**2**	3	-	-	3	3
Cash and cash equivalents		-	-	8,772	8,772	8,772
Current financial assets total		**3**	**-**	**103,681**	**103,684**	**103,684**
Financial assets total		**3**	**411**	**105,144**	**105,558**	**105,558**

Financial liabilities on 30 June 2024

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities						
Corporate bonds	**1**	-	-	24,407	24,407	25,000
Interest-bearing loans from financial institutions	**2**	-	-	16,064	16,064	16,064
Lease liabilities		-	-	2,374	2,374	2,374
Other payables		-	-	2,992	2,992	2,992
Non-current financial liabilities total		**-**	**-**	**45,837**	**45,837**	**46,430**
Current financial liabilities						
Interest-bearing loans from financial institutions	**2**	-	-	21,372	21,372	21,372
Lease liabilities		-	-	2,179	2,179	2,179
Trade payables		-	-	14,112	14,112	14,112
Contract liabilities		-	-	7,828	7,828	7,828
Contingent consideration	**3**	256	-	-	256	256
Other current liabilities		-	-	21,933	21,933	21,933
Current financial liabilities total		**256**	**-**	**67,423**	**67,679**	**67,679**
Financial liabilities total		**256**	**-**	**113,260**	**113,516**	**114,109**

Financial assets on 31 December 2023

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets						
Investments in unlisted shares	**3**	-	411	-	411	411
Non-current receivables		-	-	1,070	1,070	1,070
Non-current financial assets total		**-**	**411**	**1,070**	**1,481**	**1,481**
Current financial assets						
Trade receivables		-	-	26,458	26,458	26,458
Contract assets		-	-	55,858	55,858	55,858
Derivative instruments	**2**	99	-	-	99	99
Investments in funds	**2**	0	-	-	0	0
Cash and cash equivalents		-	-	10,965	10,965	10,965
Current financial assets total		**100**	**-**	**93,281**	**93,381**	**93,381**
Financial assets total		**100**	**411**	**94,351**	**94,862**	**94,862**

Financial liabilities on 31 December 2023

EUR thousand	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities						
Corporate bonds	**1**	-	-	24,270	24,270	25,000
Interest-bearing loans from financial institutions	**2**	-	-	7,992	7,992	7,992
Lease liabilities		-	-	2,683	2,683	2,683
Other payables		-	-	1,952	1,952	1,952
Non-current financial liabilities total		**-**	**-**	**36,897**	**36,897**	**37,627**
Current financial liabilities						
Interest-bearing loans from financial institutions	**2**	-	-	12,049	12,049	12,049
Lease liabilities		-	-	2,757	2,757	2,757
Trade payables		-	-	21,554	21,554	21,554
Contract liabilities		-	-	4,378	4,378	4,378
Contingent consideration	**3**	1,324	-	-	1,324	1,324
Other current liabilities		-	-	15,232	15,232	15,232
Current financial liabilities total		**1,324**	**-**	**55,970**	**57,294**	**57,294**
Financial liabilities total		**1,324**	**-**	**92,867**	**94,191**	**94,921**

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

Level 1: The fair value of these assets or liabilities is based on available quoted (unadjusted) market prices in active markets for identical assets or liabilities. Financial instruments classified at level 1 include corporate bonds.

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

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

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

In addition, a liability related to the acquisition of a non-controlling interest has been classified at level 3. In 2020, Lamor acquired an additional 35 per cent share of equity in Corena S.A., an additional 35 per cent share of equity in Lamor Peru S.A. and a 17.5 per cent share of equity in Corena Colombia SAS. In connection to the additional purchases of the non-controlling interests, a contingent consideration was agreed upon, based on the performance of the mentioned companies in the years 2021 to 2023. EUR 2.5 million of the consideration had been paid by the end of the reporting period. At the reporting date, Lamor estimates the value of the remaining contingent consideration at EUR 256 thousand. The amount of the contingent consideration is estimated and recognised at the end of each reporting period, in accordance with IFRS 9 *Financial Instruments*.

Related party transactions

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

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

Transactions with related parties

EUR thousand	1-6/2024	1-6/2023	1-12/2023
Sales to associated companies and joint ventures	11	104	304
Sales to other related parties	-	-	-
Purchases from associated companies and joint ventures	-	37	45
Purchases from other related parties*	733	418	1,392

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

Receivables and liabilities from related parties

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Receivables from associated companies and joint ventures	608	1,633	223
Receivables from other related parties	213	220	219
Liabilities to associated companies and joint ventures	-	-	-
Liabilities to other related parties	192	3,537	1,345

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

Loans receivable from and payable to related parties

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Amounts receivable from associates and joint ventures	524	987	675
Amounts receivable from other related parties*	150	-	-
Amounts payable to associates and joint ventures	-	-	-
Amounts payable to other related parties	-	-	-

* Consists of an interest-bearing, secured loan granted to the CEO. The loan has been used to acquire shares of Lamor Corporation Plc.

Contingent liabilities and other commitments

Commitments

At the reporting date, 30 June 2024, Lamor had corporate mortgages of EUR 91.8 million (EUR 91.8 million on 30 June 2023) as collateral for its loans.

Contingent liabilities related to legal claims

A prior overseas distributor of Lamor has in 2019 initiated legal proceedings against the Group, related to its business in Colombia. The final trial has not been set.

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

Guarantees

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

EUR thousand	30 Jun 2024	30 Jun 2023	31 Dec 2023
Performance and warranty guarantee	25,060	25,210	24,540
Advance payment and payment guarantee	8,239	15,287	18,361
Tender and bid bond guarantees	5	218	-
Total	**33,304**	**40,715**	**42,901**

In addition, Lamor has given a loan guarantee of EUR 1.3 million on behalf of its associated company Sustainable Environmental Solutions Guyana Inc. in Guyana.

No liability is expected to arise from the guarantees.

Formulas of key figures

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

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