

Translation

Lamor Corporation Ab

Financial
statements

31

December

2019

Lamor Corporation Ab

Business ID: 2038517-1
Registered office: Porvoo

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REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2019

Business development during the financial period

Lamor Group's revenue grew by 8.5% year-on-year to EUR 47.6 million (EUR 43.9 million in 2018). The group started an interim project at the end of 2018. It aimed to reduce unnecessary costs and improve project profitability. In addition, the company aimed to increase its revenue to more than EUR 50 million. Two of the three objectives were met very well. Gross margin improved significantly and operating costs decreased significantly. This was reflected in a clear improvement in EBITDA.

The group's EBITDA was EUR 6.3 million (EUR 2.7 million in 2018) and net result EUR 0.8 million (EUR -1.5 million in 2018).

The company continues to invest heavily in the development of new business areas. Business is organised into three different business areas: OSR, Waste Management and Water Treatment. The company aims for significant growth over the next few years, especially from waste treatment projects of international oil companies.

As part of the strategy, Lamor's income generation logic will be developed to meet the megatrends of the global economy. Lamor aims to get closer to the customer and strives as far as possible for local equipment and service production. With this new business model, the company will be able to operate much more flexibly, for example in times of crisis, which was also noticed during the coronavirus crisis in 2020.

Corporate structure and changes in it

In July, Corena Group Ab sold its entire stake in the Mexican service companies Corena DPH (51%) and Polyeco Group Mexico (50%).

In September, Lamor Corporation Ab acquired a 30% stake in Lamor Russia Oy. Lamor Russia thus became a 100% subsidiary.

Lamor Group is organised globally so that head office functions are located in the parent company in Finland, and there are also subsidiaries in the USA, China, Spain and the United Kingdom that sell oil spill response equipment. Wholly or partially owned service companies related to the growth strategy now operate in Azerbaijan, Bolivia, Chile, Ecuador, Kazakhstan, Colombia, China, Oman, Panama, Peru, Turkey, Brazil, Ukraine and Russia.

Significant events after the end of the financial period

Due to the simplification of the group structure, Corena Group Ab and Lamor Russia (both 100% subsidiaries) merged with Lamor Corporation Ab on 31 March 2020.

In March 2020, Lamor Corporation Ab established a 60% owned subsidiary in India. The aim is to grow local business in the Indian state's upcoming major oil spill response service contracts. In addition, India is an excellent option for China in the manufacture of certain mass products. The company is also acquiring a minority stake in a local waste treatment company based in Senegal and setting up an associated company in Guyana as part of a possible drilling waste treatment project. In addition, partner negotiations are also taking place in Saudi Arabia and Kuwait.

The coronavirus crisis has had a significant impact on the global economy during March, April and May 2020. During the coronavirus crisis, Lamor Corporation Ab established a COVID-19 Response Team, which consisted of the extended management team and supervisors of the financial, production, marketing and HSSEQ teams. The purpose of this team was to ensure adequate access to information across the organisation during the crisis. The company switched to teleworking mode in March, and this continued until the end of May. So far, the coronavirus crisis has not had a significant impact on Lamor's financial activities, and the beginning of 2020 has been historically good in terms of the number of new orders.

In our view, the crisis will affect Lamor post-cyclically, as new investment projects are currently not being taken forward in the face of economic uncertainty.

As part of its coronavirus strategy, the company set itself the goal of building financial buffers. The company was due to restructure its loan portfolio during spring 2020, but financial market uncertainty did not allow for it. Thus, together with senior financiers, the company decided to extend the current financing agreements until the end of 2020.

Assessment of likely future developments

The company's Board of Directors has set very ambitious growth objectives for the coming years. However, the ongoing coronavirus crisis has presented challenges in implementing the growth plan for this year. The long-term view of the company's development is, however, positive. In addition, the company has prepared an adjustment plan aimed at cost savings if the level of business so requires.

Report on the scope of research and development

Capitalised development expenditure was EUR 1.4 million (EUR 2.2 million in 2018) including the development of oil spill response equipment and service business.

Assessment of the main risks and uncertainties of operations

In its business, the company is exposed to various strategic, operational and financial risks that the company's management actively monitors and protects.

Strategic risks consist of variations in demand, project nature, emerging market transactions and risks related to the political and operating environment.

Operational risks include process, personnel, legal and environmental risks. Measures related to the minimisation of operational risks include the ISO 9001, 14001 and 18001 standardised management system, corporate governance guidelines, insurance cover and a continuous training programme covering the entire personnel.

Financial risks include liquidity, exchange rate, interest rate and credit risks. Liquidity risk arises from strong fluctuations in demand related to the group's business operations, as well as from the payment culture of certain markets, and is managed, for example, by maintaining adequate financial limits. Currency and credit risks are proactively monitored by management and systematically insured and protected. The most significant financial risk is directed at the structure of liabilities. More than 90% of the company's liabilities are short-term, so if business slows down, the company has the potential to drift into a liquidity crisis. Therefore, the company intends to restructure debt financing during 2020.

The coronavirus crisis has made deliveries of certain projects more difficult and delayed project payments. To protect against the risk of project payment delays, we received an additional financing package from our senior financiers in April 2020. The company's management is closely monitoring the impact of the coronavirus crisis on the company's financial position, and in case of a crisis situation, management has created a plan for adjustment measures.

Key figures and personnel information

EUR 1,000	Group 2019	2018	2017	Parent company 2019	2018	2017
Revenue	47,632	43,913	40,900	32,344	28,078	27,296
Operating profit (EBIT)	2,649	-539	936	1,908	1,222	-835
Operating profit (EBIT) margin %	6 %	0 %	4 %	6 %	4 %	0 %
EBITDA	6,306	2,721	3,566	4,829	3,782	1,463
Profit (loss) for the financial year	820	-1,477	-981	31	309	12
Equity ratio	37 %	34 %	40 %	41 %	41 %	45 %
Current ratio	1,07	1,04	1,11	0,94	0,93	1,00
Quick ratio	0,80	0,91	0,98	0,72	0,85	0,91
Secured liabilities / EBITDA	1,88	4,40	2,21	2,38	2,78	6,12
Equity	14,520	13,325	15,018	17,707	17,675	17,259
Personnel information						
	Group 2019	2018	2017	Parent company 2019	2018	2017
Average number of employees during the financial period	332	386	163	34	31	33
EUR 1,000						
Wages, salaries and fees for the financial period	5,430	5,681	3,693	2,441	2,136	2,331
Pension and other personnel expenses	678	714	648	411	401	461
Total	6,108	6,395	4,341	2,852	2,538	2,792

Proposal of the Board of Directors for measures concerning the company's result and proposal on the possible distribution of other unrestricted equity

Lamor Corporation Ab's result for the financial period shows a profit of EUR 31,465.70 in the parent company. The Board of Directors proposes to the Annual General Meeting that no dividend be paid and that the result for the financial period be recorded in the Retained earnings account.

Number of shares in the company

The company's share capital is divided into 384,204 shares with an accountable par value of EUR 366,375.40. All shares have an equal right to dividends and company assets.

Own shares held by the parent company on 31 December 2019:

Quantity	Share of share capital	Share of votes
2,081 pcs	0.54%	0.54%

Foreign branches

The group has two registered representative offices in China, Beijing and one representative office in Colombia.

Related parties

Further information on related parties is provided in the notes after liabilities and securities.

Company's Board of Directors, CEO and auditors

During the financial period, the composition of the company's Board of Directors was as follows: Esa Ikäheimonen (Chair), Fred Larsen, Nico Larsen (until 15 July 2019), Matthew Bryza (until 15 July 2019), Timo Rantanen (from 15 July 2019) and Tommi Salunen (from 15 July 2019).

Fred Larsen was CEO until 10 November 2019 and Mika Pirneskoski from 11 November 2019.

The company's auditor was Audit Firm Ernst & Young Oy, with Juha Hilmola, APA, as the principal auditor.

Lamor Corporation Ab

Board of Directors

INCOME STATEMENT		Group		Parent company	
		1 Jan 2019 - 31 Dec 2019	1 Jan 2018 - 31 Dec 2018	1 Jan 2019 - 31 Dec 2019	1 Jan 2018 - 31 Dec 2018
	Note				
Revenue	1	47,632,078.24	43,913,098.88	32,343,933.45	28,077,893.77
Production for own use		1,348,318.06	1,878,125.34	1,262,856.27	1,491,002.04
Other operating income	2	566,507.20	1,611,598.03	562,189.90	1,400,894.33
Materials and services	3	-29,035,860.09	-29,458,025.88	-19,605,828.57	-17,726,728.87
Personnel expenses	4	-6,108,479.64	-6,395,440.62	-2,852,105.71	-2,537,744.10
Depreciation, amortisation and impairment	5	-3,657,163.40	-3,260,274.35	-2,921,143.53	-2,560,645.92
Other operating expenses	6	-8,474,932.93	-9,027,875.38	-6,882,266.27	-6,922,496.80
Share of associated companies' profits	7	378,781.61	199,509.42		
Operating profit (EBIT)		2,649,249.04	-539,284.56	1,907,635.54	1,222,174.45
Financial income and expenses	8	-1,063,375.70	-952,153.77	-990,267.11	-600,501.49
Profit (loss) before appropriations and taxes		1,585,873.34	-1,491,438.33	917,368.43	621,672.96
Appropriations	9	0,00	0,00	-660,000.00	0,00
Profit (loss) before taxes		1,585,873.34	-1,491,438.33	257,368.43	621,672.96
Income taxes	10	-546,711.22	-331,219.63	-225,902.73	-312,990.70
Minority interest	11	-218,880.71	345,782.50		
Profit (loss) for the financial year		820,281.41	-1,476,875.46	31,465.70	308,682.26

CASH FLOW STATEMENT

EUR 1,000

	Group		Parent company	
	1 Jan 2019	1 Jan 2018	1 Jan 2019	1 Jan 2018
	-	-	-	-
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Cash flow from operating activities:				
Profit (loss) before extraordinary items (+/-)	1,586	-1,491	917	622
Adjustments:				
Planned depreciation	3,657	3,260	2,921	2,561
Other income and expenses not subject to payment (+/-)	567	524	463	564
Financial income and expenses (+/-)	1,063	952	990	600
Other adjustments (+/-)	-379	-200	0	0
Cash flow before change in working capital	6,494	3,045	5,291	4,347
Change in working capital:				
Increase (-) / decrease (+) in current non-interest-bearing trade receivables	1,925	585	1,472	-1,559
Increase (-) / decrease (+) in inventories	389	-718	378	-261
Increase (-) / decrease (+) in current non-interest-bearing debts	-6,608	2,275	-4,847	2,354
Cash flow from operating activities before financial items and taxes	2,200	5,187	2,294	4,881
Interest paid and payments on other operating financial expenses (-)	-1,054	-948	-906	-711
Interest received on operating activities	147	156	59	95
Direct taxes paid (-)	-429	-210	-20	0
Cash flow from operating activities (A)	864	4,185	1,427	4,265
Cash flow from investments:				
Investments in tangible and intangible assets (-)	-2,863	-3,975	-2,162	-2,680
Investments in other investments (-)	-22	-398	0	-337
Loans granted (-)	-43	-601	-202	-2815
Dividends received on investments		0	89	147
Cash flow from investing activities (B)	-2,928	-4,974	-2,275	-5,685
Cash flow from financing activities:				
Withdrawals/repayments of current loans	2,710	1,202	2,305	663
Repayments of current loans (-)	-606	0	0	0
Withdrawals/repayments of non-current loans	74	778		778
Repayments of non-current loans (-)	-1,517	0	-1,476	0
Cash flow from financing activities (C)	661	1,980	829	1,441
Change in liquid assets (A + B + C) increase (+) / decrease (-)	-1,403	1,191	-19	21
Cash and cash equivalents at 1 January	3,281	2,090	233	212
Transferred cash and cash equivalents	0	0	0	0
Cash and cash equivalents at 31 December	1,878	3,281	214	233
Change in cash and cash equivalents	-1,403	1,191	-19	21

NOTES ON THE PREPARATION OF THE FINANCIAL STATEMENTS

General

The company's financial statements were prepared in accordance with Finnish Accounting Standards (FAS). The financial statements are presented in euros.

Valuation principles

Valuation of non-current assets

Intangible and tangible assets

Intangible and tangible assets are recognised at acquisition cost less depreciation according to plan. Variable costs are included in the acquisition cost. Planned depreciation is calculated as straight-line depreciation based on the useful lives of intangible and tangible assets.

The businesses transferred from the subsidiaries of Clean Globe International Oy and Lamor Technics Oy are seen to have long financial impact periods and the goodwill resulting from their acquisition is thus depreciated in 10 years.

Depreciation periods are:	
Development expenditure	
Product development projects	5 years
Software development projects	5 years
Intangible assets	
Computer programmes	3-5 years
Immaterial rights	5 years
Licence agreements	5 years
Goodwill	5-10 years
Other long-term expenditure	
Renovations	3-10 years
Machinery and equipment	
Oil spill response equipment	5-10 years
Machinery and equipment	3-7 years
Office equipment	5 years
Computer equipment	3 years
Transport equipment	5 years

Shares and holdings are recognised at original acquisition cost.

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.

Recognition of deferred taxes

All material deferred taxes are recognised in the consolidated financial statements.

Lamor USA Corporation has accumulated losses of approx. EUR 3.5 million due in 2035. A tax asset of EUR 158,000 has been recognised for the accumulated losses in the financial period 2019.

Items in foreign currency

Assets and liabilities denominated in foreign currency are converted into euro at the exchange rate at the balance sheet date. Exchange differences related to revenue and purchases are recognised as an adjustment to the corresponding items in the income statement, exchange differences resulting from financial activities are recognised net in financial income and expenses.

Accounting principles for consolidated financial statements

The parent company of Lamor Corporation Ab Group is Larsen Family Corporation Oy (LFC Oy). The company has prepared consolidated financial statements for the financial period.

In the financial period 2019, Lamor Corporation Ab did not establish new subsidiaries. During the financial period, the subsidiary Lamor Russia became a 100% subsidiary. Corena Group sold its entire stake in the Mexican service companies Corena DPH (51%) and Polyeco Group Mexico (50%).

Scope of consolidated financial statements

All group and associated companies except Lamor Ukraine LLC, Lamor Central Asia, Lamor Do Brazil and Lamor Environmental Solutions Panama have been consolidated into the consolidated financial statements. The impact of the non-consolidated companies' business on the result for the financial period is limited. The minority interests of group companies are presented on their own line in the balance sheet. Associated companies (ownership over 20%) have been consolidated using the equity method. The group's share of the associated companies' profit for the financial year is presented on its own line in the consolidated income statement.

Internal shareholding

The consolidated financial statements were prepared using the acquisition cost method.

Internal transactions and margins

Intra-group transactions, unrealised gains on internal deliveries, mutual receivables and liabilities as well as internal profit distribution have been eliminated.

Conversion differences

The income statements of foreign group companies have been changed to the average exchange rate at the end of the financial period, and the balance sheets have been converted into Finnish currency at the exchange rate at the balance sheet date. The exchange rate differences resulting from the conversion, as well as the conversion differences resulting from the conversion of foreign subsidiaries' equity, are presented under 'Retained earnings'. The conversion differences caused by equity are included in the group's unrestricted equity.

Notes to the income statement	Group		Parent company	
	1 Jan 2019 - 31 Dec 2019	1 Jan 2018 - 31 Dec 2018	1 Jan 2019 - 31 Dec 2019	1 Jan 2018 - 31 Dec 2018
1. Revenue				
Breakdown of revenue by market area				
Domestic	3,076,484.66	2,987,588.35	3,076,484.66	2,948,978.35
EU sales	5,561,120.03	7,558,597.26	5,294,132.62	7,216,878.54
Sales outside the EU	26,034,051.89	23,605,816.98	23,380,366.03	17,384,071.93
Service sales	12,960,421.66	9,761,096.29	592,950.14	527,964.95
Total	<u>47,632,078.24</u>	<u>43,913,098.88</u>	<u>32,343,933.45</u>	<u>28,077,893.77</u>
2. Other operating income				
Product development grants	410,443.11	303,901.24	410,443.11	303,901.24
Capital gains	74,330.64	236,113.11	8,273.20	45,820.00
Other operating income	81,733.45	1,071,583.68	143,473.59	1,051,173.09
Total	<u>566,507.20</u>	<u>1,611,598.03</u>	<u>562,189.90</u>	<u>1,400,894.33</u>
3. Materials and services				
Purchases during the period	-25,010,341.81	-24,044,596.21	-18,124,664.87	-16,523,066.28
Change in inventory	601,090.77	952,287.89	227,881.34	64,295.97
Materials and supplies	-24,409,251.04	-23,092,308.32	-17,896,783.53	-16,458,770.31
External services	-4,626,609.05	-6,365,717.56	-1,709,045.04	-1,267,958.56
Total	<u>-29,035,860.09</u>	<u>-29,458,025.88</u>	<u>-19,605,828.57</u>	<u>-17,726,728.87</u>
4. Personnel expenses				
Wages, salaries and fees	-5,430,718.14	-5,681,027.58	-2,441,426.90	-2,135,921.94
Pension expenses	-492,865.01	-528,064.34	-373,378.93	-364,780.67
Other personnel expenses	-184,896.49	-186,348.70	-37,299.88	-37,041.49
Total	<u>-6,108,479.64</u>	<u>-6,395,440.62</u>	<u>-2,852,105.71</u>	<u>-2,537,744.10</u>
Average number of employees during the financial period	332	386	34	31
Executive pay and remuneration				
Pay and remuneration for CEO and Board members	298,509.66	300,933.51	112,173.36	125,000.13
5. Depreciation, amortisation and impairment				
Planned depreciation	-3,657,163.40	-3,260,274.35	-2,921,143.53	-2,560,645.92
Total	<u>-3,657,163.40</u>	<u>-3,260,274.35</u>	<u>-2,921,143.53</u>	<u>-2,560,645.92</u>
6. Other operating expenses				
Voluntary personnel expenses	-273,000.25	-775,235.33	-856,383.66	-821,769.70
Lease expenses	-751,030.24	-736,520.51	-445,107.29	-472,193.63
Travel expenses	-874,202.88	-1,025,844.18	-425,796.37	-386,537.56
Transport expenses	-904,666.93	-718,217.45	-882,474.91	-674,310.58
Advertising and PR expenses	-422,848.19	-613,748.88	-332,621.44	-448,520.38
Operating and maintenance expenses	-118,029.49	-149,362.02	-43,021.03	-65,819.24
Commissions and royalties	-1,182,242.09	-1,410,485.22	-1,177,987.33	-1,371,848.59
Administrative expenses	-632,651.34	-439,979.69	-199,223.55	-265,953.92
Purchased services	-2,371,597.13	-1,884,822.82	-2,125,927.59	-1,748,723.02
Other operating expenses	-944,664.39	-1,273,659.28	-393,723.10	-666,820.18
Total	<u>-8,474,932.93</u>	<u>-9,027,875.38</u>	<u>-6,882,266.27</u>	<u>-6,922,496.80</u>
Auditor's fees				
Audit	-64,839.93	-66,587.09	-47,700.00	-41,776.89
Other services (tax and special services)	-34,044.00	-6,751.00	-34,044.00	-6,751.00
Total	<u>-98,883.93</u>	<u>-73,338.09</u>	<u>-81,744.00</u>	<u>-48,527.89</u>

	Group		Parent company	
	1 Jan 2019 - 31 Dec 2019	1 Jan 2018 - 31 Dec 2018	1 Jan 2019 - 31 Dec 2019	1 Jan 2018 - 31 Dec 2018
7. Share of associated companies' profits				
Shanghai Dong An Offshore	54,367.54	23,415.24	0.00	0.00
West LLC / Echoself Sakhalin	324,414.07	176,094.18	0.00	0.00
Total	378,781.61	199,509.42	0.00	0.00
8. Financial income and expenses				
Dividend income	0,00	0,00	0,00	146,642.19
Financial income				
Interest income	31,258.80	12,027.32	25,855.97	9,235.30
Interest income from group companies	0.00	0.00	30,975.95	42,141.81
Exchange rate gains	116,222.65	114,758.05	2,667.27	43,140.72
Total	147,481.45	126,785.37	59,499.19	94,517.83
Financial expenses				
Interest expenses	-570,250.37	-621,981.45	-547,378.83	-436,403.44
Exchange rate losses	-64,803.61	-56,176.42	-31,726.68	-10,207.16
Other financial expenses	-549,157.68	-400,781.27	-470,660.79	-395,050.91
Total	-1,184,211.65	-1,078,939.14	-1,049,766.30	-841,661.51
Other financial expenses				
Impairments on investments in non-current assets	-26,645.50	0.00	0.00	0.00
9. Appropriations				
Group contributions	0.00	0.00	-660,000.00	0.00
Total	0.00	0.00	-660,000.00	0.00
10. Income taxes				
Income taxes on ordinary operations	-184,150.99	-294,358.67	-18,587.87	0.00
Income taxes for previous financial periods	-1,511.05	-1,265.73	-1,511.05	-1,177.34
Other taxes	-41,107.76	-10,377.91	-381.87	0.00
Change in deferred tax liabilities	-319,941.42	-25,217.32	-205,421.94	-311,813.36
Total	-546,711.22	-331,219.63	-225,902.73	-312,990.70
11. Minority interest				
Lamor Peru	-65,535.02	210,787.99	0.00	0.00
Lamor Middle East LLC	-26,221.04	-30,863.29	0.00	0.00
Corena S.A.	214,263.07	178,511.46	0.00	0.00
Corena Group Oy (group)	-341,387.72	-12,653.66	0.00	0.00
Total	-218,880.71	345,782.50	0.00	0.00
Notes to balance sheet assets				
12. Intangible assets				
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Development expenditure				
Acquisition cost 1 Jan	4,539,699.07	3,542,153.93	3,948,726.73	3,287,342.63
Increases	1,412,754.87	2,278,006.14	1,325,858.83	1,890,882.84
Decreases	0.00	0.00	0.00	0.00
Acquisition cost 31 Dec	5,952,453.94	5,820,160.07	5,274,585.56	5,178,225.47
Depreciation for the financial period	-1,726,829.63	-1,280,461.00	-1,581,350.27	-1,229,498.74
Accumulated depreciation and impairment 31 Dec	-1,726,829.63	-1,280,461.00	-1,581,350.27	-1,229,498.74
Book value 31 Dec	4,225,624.31	4,539,699.07	3,693,235.29	3,948,726.73
Immaterial rights				
Acquisition cost 1 Jan	1,495,049.36	839,475.80	1,396,025.95	877,957.28
Increases	8,159.07	845,984.95	0.00	699,574.86
Decreases	-10,904.54	0.00	0.00	0.00
Acquisition cost 31 Dec	1,492,303.89	1,685,460.75	1,396,025.95	1,577,532.14
Depreciation for the financial period	-200,138.16	-190,411.39	-188,685.09	-181,506.19
Accumulated depreciation and impairment 31 Dec	-200,138.16	-190,411.39	-188,685.09	-181,506.19
Book value 31 Dec	1,292,165.72	1,495,049.36	1,207,340.86	1,396,025.95

	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Other long-term expenditure				
Acquisition cost 1 Jan	0.00	128,486.88	0.00	0.00
Increases	0.00	0.00	0.00	0.00
Decreases	0.00	-128,486.88	0.00	0.00
Acquisition cost 31 Dec	0.00	0.00	0.00	0.00
Depreciation for the financial period	0.00	0.00	0.00	0.00
Accumulated depreciation and impairment 31 Dec	0.00	0.00	0.00	0.00
Book value 31 Dec	0.00	0.00	0.00	0.00
Goodwill				
Acquisition cost 1 Jan	3,282,557.41	4,277,892.44	3,039,778.86	3,964,202.70
Increases	10,904.54	0.00	0.00	0.00
Decreases	0.00	-13,630.65	0.00	0.00
Acquisition cost 31 Dec	3,293,461.95	4,264,261.79	3,039,778.86	3,964,202.70
Depreciation for the financial period	-984,430.54	-981,704.38	-924,423.84	-924,423.84
Accumulated depreciation and impairment 31 Dec	-984,430.54	-981,704.38	-924,423.84	-924,423.84
Book value 31 Dec	2,309,031.41	3,282,557.41	2,115,355.02	3,039,778.86
Total intangible assets	7,826,821.44	9,317,305.84	7,015,931.17	8,384,531.54
13. Tangible assets				
Machinery and equipment				
Acquisition cost 1 Jan	3,682,474.58	3,496,236.92	475,198.13	610,441.74
Increases	1,220,143.62	1,019,036.24	683,747.22	115,074.54
Decreases	-35,694.82	-25,101.00	-35,694.82	-25,101.00
Acquisition cost 31 Dec	4,866,923.38	4,490,172.16	1,123,250.53	700,415.28
Depreciation for the financial period	-740,451.09	-807,697.58	-226,684.33	-225,217.15
Accumulated depreciation and impairment 31 Dec	-740,451.09	-807,697.58	-226,684.33	-225,217.15
Book value 31 Dec	4,126,472.29	3,682,474.58	896,566.20	475,198.13
Buildings and structures				
Acquisition cost 1 Jan	0.00	0.00	0.00	0.00
Increases	69,969.86	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00
Acquisition cost 31 Dec	69,969.86	0.00	0.00	0.00
Depreciation for the financial period	-5,313.98	0.00	0.00	0.00
Accumulated depreciation and impairment 31 Dec	-5,313.98	0.00	0.00	0.00
Book value 31 Dec	64,655.88	0.00	0.00	0.00
Total tangible assets	64,655.89	0.00	0.00	0.00
Total tangible assets	4,191,128.18	3,682,474.58	896,566.20	475,198.13
14. Investments				
Holdings in group companies				
Acquisition cost 1 Jan	0.00	0.00	7,152,551.89	7,286,945.03
Increases	0.00	0.00	122,152.28	20,331.72
Decreases	0.00	0.00	0.00	-60,676.42
Transfers between items	0.00	0.00	0.00	-94,048.44
Acquisition cost 31 Dec	0.00	0.00	7,274,704.17	7,152,551.89

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	50.1%
Lamor Environ. Solutions Spain	Spain	100%
Corena S.A.	Ecuador	50.01%
Corena Group Ab	Finland	100%
Lamor Russia Oy	Finland	100%
Lamor Environ. Solutions Panama	Panama	52%
Lamor Ukraine LLC	Ukraine	51%
Owned by Corena Group Ab	Registered office	Group ownership %
Corena Colombia S.A.S	Colombia	75%
Corena Chile	Chile	75%
Corena Bolivia	Bolivia	100%

Holdings in associated companies		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018		
Acquisition cost 1 Jan		3,252,273.80	2,878,022.21	1,908,771.46	1,713,194.05		
Increases		542,838.30	279,728.15	27.00	101,053.97		
Decreases		0.00	0.00	0.00	0.00		
Transfers between items		0.00	94,523.44	0.00	94,523.44		
Acquisition cost 31 Dec		<u>3,795,112.10</u>	<u>3,252,273.80</u>	<u>1,908,798.46</u>	<u>1,908,771.46</u>		
Group							
Associated companies	Registered office	ownership %					
Shanghai Dong An Offshore	China	28.6%					
West LLC / Echoseif Sakhalin	Russia	26%					
Lamor Cevre Hizmetleri	Turkey	31%					
Lamor Central Asia	Kazakhstan	40%					
Lamor Do Brazil	Brazil	50.00%					
Other shares and holdings							
Acquisition cost 1 Jan		842,961.00	472,674.88	802,297.56	452,343.17		
Increases		0.00	370,286.12	0.00	349,954.39		
Acquisition cost 31 Dec		<u>842,961.00</u>	<u>842,961.00</u>	<u>802,297.56</u>	<u>802,297.56</u>		
Partner enterprises							
	Registered office	Ownership %	Financial period	Profit for the financial year	Equity		
Corrosion Control International Oy	Finland	19.9%	1 Jul 2018-30 Jun 2019	10,874.84	3,722.72		
Hailer Oy	Finland	6.4%	1 Oct 2017-30 Sep 2018	3,152.00	1,183,792.22		
Total investments				<u>4,638,073.10</u>	<u>4,095,234.80</u>	<u>9,985,800.19</u>	<u>9,863,620.91</u>
15. Inventories							
Materials and supplies		8,045,753.95	8,601,254.54	5,482,296.43	5,925,480.85		
Unfinished products		561,214.99	394,581.10	459,913.65	394,581.10		
Total		<u>8,606,968.93</u>	<u>8,995,835.64</u>	<u>5,942,210.08</u>	<u>6,320,061.95</u>		
16. Non-current receivables							
Non-current receivables from group companies							
Loan receivables		0.00	0.00	1,002,583.48	1,471,046.32		
Capital loan receivables		0.00	0.00	1,320,000.00	1,320,000.00		
Total		<u>0.00</u>	<u>0.00</u>	<u>2,322,583.48</u>	<u>2,791,046.32</u>		
Non-current receivables from other companies							
Loan receivables from shareholders		171,596.22	171,596.22	171,596.22	171,596.22		
Loan receivables from related parties		0.00	168,365.61	0.00	168,365.61		
Loan receivables from associated companies		399,161.28	356,161.28	399,161.28	356,161.28		
Total		<u>570,757.50</u>	<u>696,123.11</u>	<u>570,757.50</u>	<u>696,123.11</u>		
The company has granted loans to finance personnel ownership arrangements during the financial periods 2014 and 2018. The capital of the loans at the balance sheet date is EUR 171,596.22.							
Total non-current receivables		<u>570,757.50</u>	<u>696,123.11</u>	<u>2,893,340.98</u>	<u>3,487,169.43</u>		
17. Current receivables							
Current receivables from group companies							
Trade receivables		0.00	0.00	5,491,858.09	4,150,472.90		
Other receivables		0.00	0.00	2,786,654.02	2,522,544.67		
Total		<u>0.00</u>	<u>0.00</u>	<u>8,278,512.11</u>	<u>6,673,017.57</u>		
Current receivables from other companies							
Trade receivables		15,201,091.48	17,029,749.92	6,052,546.20	13,232,941.28		
Advance payments		654,231.54	1,626,686.88	295,923.53	1,269,317.58		
Other receivables		2,404,022.69	1,694,289.80	1,659,080.84	3,895,434.07		
Accrued income		1,292,297.53	1,412,464.75	383,192.02	425,431.11		
Total		<u>19,551,643.24</u>	<u>21,763,191.35</u>	<u>8,390,742.59</u>	<u>18,823,124.04</u>		
Total current receivables		<u>19,551,643.24</u>	<u>21,763,191.35</u>	<u>16,669,254.70</u>	<u>18,823,124.04</u>		

	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Current accrued income				
VAT assets	909,690.42	911,449.23	290,618.52	376,180.81
Other	382,607.11	501,015.52	92,573.50	49,250.30
Total	1,292,297.53	1,412,464.75	383,192.02	425,431.11
18. Deferred tax assets				
Deferred tax assets from established losses	364,961.38	402,860.99	0,00	26,933.22
Notes to balance sheet equity and liabilities				
19. EQUITY				
Restricted equity				
Share capital 1 Jan	366,375.40	366,375.40	366,375.40	366,375.40
Change	0.00	0.00	0.00	0.00
Share capital 31 Dec	366,375.40	366,375.40	366,375.40	366,375.40
Total restricted equity	366,375.40	366,375.40	366,375.40	366,375.40
Unrestricted equity				
Reserve for invested unrestricted equity 1 Jan	15,072,265.57	14,897,934.64	14,897,934.64	14,897,934.64
Increase, transfer from profits	0.00	174,330.93	0.00	0.00
Reserve for invested unrestricted equity 31 Dec	15,072,265.57	15,072,265.57	14,897,934.64	14,897,934.64
Retained earnings 1 Jan	-2,113,473.85	-246,629.21	2,411,068.24	1,994,548.14
Decrease, transfer to reserve for invested unrestricted equity	0.00	-174,330.93	0.00	0.00
Dividends paid	0.00	26,329.49	0.00	26,329.49
Corrections to previous financial periods	0.00	0.00	0.00	0.00
Sales (+) / acquisitions (-) of own shares	0.00	81,508.35	0.00	81,508.35
Conversion differences and other changes	374,142.00	-323,476.09	0.00	0.00
Retained earnings 31 Dec	-1,739,331.86	-636,598.39	2,411,068.24	2,102,385.98
Profit (loss) for the financial year	820,281.41	-1,476,875.46	31,465.70	308,682.26
Total unrestricted equity	14,153,215.12	12,958,791.72	17,340,468.58	17,309,002.88
Total equity	14,519,590.53	13,325,167.12	17,706,843.98	17,675,378.28
Calculation of distributable equity				
Retained earnings	0.00	0.00	2,411,068.24	2,102,385.98
Profit (loss) for the financial year	0.00	0.00	31,465.70	308,682.26
Reserve for invested unrestricted equity	0.00	0.00	14,897,934.64	14,897,934.64
Capitalised development expenditure	0.00	0.00	-3,693,235.29	-3,948,726.73
Total	0.00	0.00	13,647,233.29	13,360,276.15
20. Non-current liabilities				
Interest-bearing non-current liabilities				
To financial institutions	801,869.67	1,384,615.36	769,230.72	1,384,615.36
To shareholders	0.00	250,000.00	0.00	250,000.00
To others	772,283.00	789,665.81	772,283.00	784,166.25
Total	1,574,152.67	2,424,281.17	1,541,513.72	2,418,781.61
Total interest-bearing non-current liabilities	1,574,152.67	2,424,281.17	1,541,513.72	2,418,781.61
Non-interest-bearing non-current liabilities				
To others	210,191.40	350,000.00	204,566.59	350,000.00
Total	210,191.40	350,000.00	204,566.59	350,000.00
Total non-interest-bearing non-current liabilities	210,191.40	350,000.00	204,566.59	350,000.00
Total interest-bearing and non-interest-bearing non-current liabilities	1,784,344.07	2,774,281.17	1,746,080.31	2,768,781.61
Liabilities due in more than five years				
Loans from financial institutions	0.00	0.00	0.00	0.00
21. Current liabilities				
Interest-bearing current liabilities				
To financial institutions	11,047,240.31	9,554,545.28	10,706,447.50	9,012,524.31
To shareholders	250,000.00	0.00	250,000.00	0.00
To others	2,155,609.04	2,255,609.04	2,155,609.04	2,255,609.04
Total	13,452,849.35	11,810,154.32	13,112,056.54	11,268,133.35
Total interest-bearing current liabilities	13,452,849.35	11,810,154.32	13,112,056.54	11,268,133.35

Non-interest-bearing current liabilities to group companies	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Trade payables	0.00	0.00	891,964.37	755,583.89
Other liabilities	0.00	0.00	0.00	24,685.87
Total	0.00	0.00	891,964.37	780,269.76

Non-interest-bearing current liabilities to other companies

Advances received	1,079,129.04	5,133,058.26	739,314.41	4,761,839.49
Trade payables	8,444,474.75	10,613,721.62	6,190,625.23	7,205,496.52
Other liabilities	428,502.26	583,856.88	54,027.81	25,803.81
Accruals	5,040,617.12	5,082,307.70	3,175,770.05	3,128,333.79
Total	14,992,723.16	21,412,944.46	10,159,737.50	15,121,473.61

Accruals

Holiday pay debt with social costs	750,569.96	503,160.92	362,026.85	275,171.92
Pay debt with social costs	277,521.55	310,233.41	35,758.69	42,054.86
Grant projects	1,491,576.98	1,751,475.09	1,491,576.98	1,751,475.09
Dividend debt	148,372.72	327,004.18	0.00	7,407.04
Deferred interest	611,626.21	496,135.40	611,626.21	468,232.60
Tax liability	652,115.17	254,919.92	178,488.71	0.00
Other current accruals	1,108,834.53	1,439,378.77	496,292.61	583,992.28
Total	5,040,617.12	5,082,307.70	3,175,770.05	3,128,333.79

Total non-interest-bearing current liabilities	14,992,723.16	21,412,944.46	11,051,701.87	15,901,743.37
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Total interest-bearing and non-interest-bearing current liabilities	28,445,572.51	33,223,098.77	24,163,758.41	27,169,876.72
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Notes on securities and contingent liabilities

Securities granted	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Business mortgages	21,806,375.84	21,806,375.84	21,806,375.84	21,806,375.84

Liabilities backed by mortgages or pledges

Credit account (limit EUR 3.5 million)	2,585,062.86	1,336,028.59	2,585,062.86	1,336,028.59
Loans from financial institutions	8,890,615.36	9,061,111.08	8,890,615.36	9,061,111.08
Total	11,475,678.22	10,397,139.67	11,475,678.22	10,397,139.67

Contingent and other liabilities

Amounts payable for leasing contracts

Payable in the following financial period	45,121.66	66,095.28	32,328.11	50,948.84
Payable later	39,062.39	25,985.61	37,019.48	17,988.72
Total	84,184.05	92,080.89	69,347.59	68,937.56

Guarantees

Guarantees provided on behalf of group companies

	238,716.35	990,486.31	238,716.35	990,486.31
Offer and delivery guarantees for others	3,687,157.72	5,735,368.08	3,687,157.72	5,735,368.08
Total	3,925,874.07	6,725,854.39	3,925,874.07	6,725,854.39

Lease liabilities

Payable in the following financial period	183,823.52	176,440.03	164,035.38	158,251.38
Payable later	3,332.74	22,684.72	0.00	0.00
Total	187,156.26	199,124.75	164,035.38	158,251.38

Related party transactions

The company has no significant related party transactions that would not have been carried out under normal commercial terms.

So-called related party income constitutes EUR 39,319.52 (EUR 4,478.04 in 2018) of the company's other income. Related party receivables at the balance sheet date are EUR 132,966.54 (EUR 266,490.67 in 2018). The company has purchases of EUR 1,244,280.44 (EUR 957,206.83 in 2018) from related parties during the financial period. At the balance sheet date, liabilities to related parties are EUR 2,779,489.24 (EUR 2,698,091.54 in 2018).

Formulas for calculating key figures in accordance with the company's financing agreements

Equity ratio	$\frac{\text{Equity (including minority interest)}}{\text{Balance sheet total - advances received}} \times 100$
Current ratio	$\frac{\text{Inventories + financial assets}}{\text{Current liabilities}}$
Quick ratio	$\frac{\text{Cash and current receivables}}{\text{Current liabilities - advances received}}$
Secured liabilities / EBITDA	$\frac{\text{Interest-bearing liabilities from financial institutions}}{\text{EBITDA}}$ (-/+ gains or losses on the sale of assets related to other than day-to-day business)

SIGNATURES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019 AND THE REPORT OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS' SIGNATURES

The Board of Directors proposes that the profit for the financial period of EUR 31,465.70 be transferred to retained earnings and that no dividend be paid.

Porvoo, day Month 2020

Esa Ikäheimonen
Chair of the Board

Fred Larsen
Member of the Board

Timo Rantanen
Member of the Board

Tommi Salunen
Member of the Board

AUDITOR'S NOTE

A report has been submitted today on the audit carried out.

Place and date

Audit firm Ernst & Young Oy

Juha Hilmola
APA

LIST OF ACCOUNTING BOOKS AND VOUCHER TYPES

Accounting books		Voucher
type	Storage method	Balance sheet book
		Bound
Journal and general ledger		Computer
Accounts receivable		Computer
Accounts payable		Computer
Accounts receivable vouchers		MY, 3, 98
	Computer / paper vouchers	
Accounts payable vouchers	WF, OL, JA, 4, 99	Computer / paper
vouchers		
Bank and cash vouchers	1, 2, 5, 6, 7	Paper vouchers
Wages, salaries and holiday pay provision		PA, LV Paper vouchers
Travel invoices and credit cards		TR, EC Computer / paper vouchers
Memo vouchers	9	Paper vouchers