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REMUNERATION REPORT

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# Introduction

## Lamor's Remuneration Policy

Lamor's Remuneration Policy was adopted after Lamor's 2022 Annual General Meeting.

The voting result for the approval of the Remuneration Policy was advisory. The policy is valid for four years from its adoption and the next time the policy will be brought to an advisory vote is at the 2026 Annual General Meeting. At its discretion, the Board of Directors may decide on bringing the Remuneration Policy to the Annual General Meeting's advisory vote even already before 2026.

The main objectives of Lamor's Remuneration Policy are to promote:

- Implementation of Lamor's strategy
- Achieving Lamor's long-term financial targets
- A favorable development of shareholder value
- Individual accountability and fair remuneration

The full Remuneration Policy is available on Lamor's website.

## Remuneration Report for the year 2022

This Remuneration Report 2022 for the Governing Bodies describes how Lamor's Board of Directors and CEO were remunerated in the financial year 1 January 2022–31 December 2022.

Reporting and remuneration practices are based on the Remuneration Policy, which was adopted at the advisory vote of Lamor's 2022 Annual General Meeting.

The Remuneration Committee of Lamor's Board of Directors has prepared this report in accordance with the requirements set forth by the Finnish Corporate Governance Code 2020.

The result of the advisory vote at Lamor's 2022 Annual General Meeting has been taken into account when preparing the 2022 Remuneration Report. The Remuneration Report for 2022 presents more extensive information regarding performance-based remuneration metrics and their weights than the 2021 Remuneration Report.

The 2022 Remuneration Report will be brought to an advisory vote at Lamor's 2023 Annual General Meeting.

# Summary of remuneration for the financial year 2022

In accordance with the Remuneration Policy, Lamor has been developing a competitive remuneration package.

The remuneration of the Board of Directors in 2022 has been based on the decisions of Lamor's Annual General Meeting resolutions.

The 2022 Annual General Meeting made a resolution to establish a permanent Shareholders' Nomination Board. The Shareholders' Nomination board will be responsible for preparing proposals concerning the composition and remuneration of the Board of Directors for the Annual General Meeting starting from the Annual General Meeting of 2023.

Upon its organisational meeting in April 2022, the Board of Directors resolved to establish a Remuneration Committee. In 2022, the Remuneration Committee has developed Lamor's remuneration based on the remuneration principles and goals defined in the company's Remuneration Policy.

The 2022 Annual General Meeting adjusted the Board's remuneration due to the increased amount of workload of the Chair of the Board, Vice Chair of the Board, if any, and the Board committees.

The overall remuneration package of the CEO and other key personnel was supplemented during 2022. In addition to the short-term incentive plan, the company's Board of Directors resolved in 2022

to establish a long-term Performance Share Plan for the company's CEO and key personnel, covering the financial years 2022-2024. In addition, the Board resolved in 2022 on a personal, one-time, long-term share-based incentive plan for Lamor's CEO, covering the period 2022-2028.

During the financial year 2022, Lamor has not had a situation with a need to defer, cancel, withhold to pay in whole or in part, or recover any fees or incentives paid or decided to be paid to the Board of Directors or the CEO.



## Performance metrics for 2022

- Lamor's revenue and adjusted EBIT were defined as the metrics for all short-term incentive plan participants
- the performance metrics for the Performance Share Plan for the period 2022–2024 was the adjusted Earnings per Share
- the performance metrics for the CEO's personal long-term share-based incentive plan covering the financial periods 2022–2028 is Lamor's market value

Starting from 2022, Lamor has defined its long-term profitability target to be adjusted operating profit (EBIT) %. Due to this change, the adjusted EBITDA is no longer presented in this remuneration report as part of the Lamor Group's financial performance development table.

## Paid salaries and fees and development of Lamor Group's financial performance over a five-year period

In the following table, the development of the remuneration paid for the Board of Directors, CEO, the average compensation for the Group employees as well as the Group's financial performance development are presented over a five-year period covering the financial years 2018-2022. All Board and CEO remuneration is paid by the parent company.

EUR thousand, unless otherwise specified	2022 (IFRS)	2021 (IFRS)	2020 (IFRS)	2019 (IFRS)	2018 (IFRS)
<b>SALARIES AND FEES TOTAL</b>					
Chair of the Board of Directors	47	34	32	29	35
Other members of the Board of Directors total	160	21	27	39	87
CEO total remuneration*	269	229	125	233	232
Average Lamor employee remuneration**	26	26	16	18	14
<b>PERFORMANCE METRICS</b>					
Revenue, EUR millions	128	52	46	48	44
Change %	148	13	-5	10	
Adjusted EBIT***, EUR millions	13	3	3	7	3
Change %	345	-18	-48	144	
Earnings per share (EPS, diluted)****, EUR	0,13	0.05	0.03		
Change %	171	53			
Market value, EUR million	121	124			
Change %	-2				

\* Includes remuneration based on consultancy contract fees in 2018 and 2019

\*\* Calculated based on the total amount of salaries and fees included in the consolidated financial statements, divided by the average number of employees (excl. the CEO and the Board of Directors)

\*\*\* Adjusted EBIT in 2019-2022, EBIT in 2017-2018

\*\*\*\* Performance metrics for the Performance Share Plan (PSP), starting from 2022

\*\*\*\*\* Performance metrics for CEO's share-based incentive plan (CEO-LTI), starting from 2022

# Remuneration of the Board of Directors in 2022

## Meeting and annual fees paid for Board and Board Committee work in the financial year 2022

According to the Finnish Limited Liability Companies Act, the General Meeting resolves on the fees to be paid to the members of the Board of Directors and their rationale. Remuneration of the Board of Directors in 2022 was based on two shareholder resolutions:

- for the period 1 January – 28 April 2022 the meeting and annual fees of the Board of Directors were paid based on the 1 October 2022 Extraordinary General Meeting resolution as described in the 2021 Remuneration Report.
- for the period 28 April 2022 – 31 December 2022 the Board of Directors were paid based on the resolution of the 2022 Annual General Meeting. The proposal to the Annual General Meeting was made by shareholders, who together own over 45% of the shares and votes.

According to the resolution of the 2022 Annual General Meeting, the fees for the Board of Directors have been as follows:

### Board annual fees

- Chair of the Board EUR 50,000
- Vice Chair of the Board EUR 45,000
- other Board Members EUR 20,000

### Board committees' annual fees

- Audit Committee: Chair EUR 10,000 and each Member EUR 5,000
- Remuneration Committee: Chair EUR 5,000 and each Member EUR 2,500

### Board meeting fees

- the Board Members (excl. Chair of the Board) a meeting fee for each Board meeting EUR 1,000 or EUR 750 for remote participation

The remuneration of the Board of Directors for the financial year 2022 was paid in full in cash.

### Other financial benefits paid to the members of the Board of Directors in the financial year 2022

None of the members of the Board of Directors have had an employment relationship with the company in the financial year 2022. The members of the Board of Directors have not been covered by the company's performance-based remuneration and do not have any supplementary pension arranged by Lamor or other benefits.

In 2022, a total of EUR 308 thousand consulting fees were paid to Larsen Family Corporation Oy, a controlled entity by the Board Member Fred Larsen, based on a consulting contract for non-board work.

## Outcome of the Board remuneration in 2022

The following table shows the annual and meeting fees paid to the members of the Board of Directors in the financial year 2022, as well as the fees paid for the Board committee work from 28 April 2022 onwards, presented in thousands of euros (EUR thousand):

Board Member	Board annual fees	Board committees' annual fees	Meeting fees	Total
Mika Ståhlberg, Chair of the Board from 28.4.2022	33.8	3.4	-	37.2
Fred Larsen, Vice Chair of the Board from 28.4.2022, Member until 28.4.2022	36.9	-	11.3	48.1
Nina Ehrnrooth	20.0	1.7	11.3	32.9
Kaisa Lipponen	20.0	5.1	10.8	35.8
Timo Rantanen	20.0	10.1	11.3	41.4
<i>Esa Ikäheimonen, Chair of the Board until 28.4.2022</i>	10.0	-	2.0	12.0
<b>Total, EUR thousand</b>	<b>140,7</b>	<b>20,3</b>	<b>46,5</b>	<b>207,4</b>

# Remuneration of the CEO in 2022

Lamor's Board of Directors decides on the CEO's remuneration, and from 28 April 2022, the Board's Remuneration Committee has been responsible for preparing proposals for the CEO's remuneration. The available remuneration components are defined in the company's Remuneration Policy.

The same principles that are applied to rewarding personnel are also applied to rewarding the CEO and his potential deputy. Mika Pirneskoski has acted as the company's CEO throughout the financial year 2022. The company has not had a deputy CEO.

In 2022, the fixed portion of the CEO's remuneration has consisted, in addition to the monthly salary, of a housing benefit which is counted as part of the fixed salary along with other usual benefits. The company does not have valid supplementary pensions or other exceptional pension plans for the CEO, but pension benefits are determined in accordance with the law and general practice.

The variable portion of the CEO's remuneration has consisted of a short-term incentive plan for the 2022 earnings period, in addition to which, starting in September 2022, the CEO's remuneration components have included two share-based long-term incentive plans decided by Lamor's Board of Directors. These incentive plans are described in more detail in the following pages of this report.

## Annual earnings paid to the CEO in the financial year 2022

The remuneration paid to the CEO in 2022 is presented in the following table:

Financial year 2022, EUR thousand	Fixed salary*	%	Short-term variable incentive	%	Long-term variable incentive	%	Total	%
CEO Mika Pirneskoski	217	81	52*	19	0	0	269	100

\* including a housing benefit and other fringe benefits

\*\* CEO's bonus fee based on the financial year 2021 short-term incentive plan

The CEO's short-term incentive fee based on the 2022 short-term incentive plan, EUR 159 thousand, will be due in the financial year 2023.

The CEO does not have valid stock options or other special rights related to shares.



**According to the Remuneration Policy, the CEO's total compensation consists of a fixed salary component and of variable remuneration, including the available short-term and long-term incentives valid at any given time."**

# Short-term incentive plan

## Targets and outcome in 2022

The CEO is covered by the annual short-term incentive plan approved by the Board of Directors. The Board sets and assesses the annual targets for the CEO.

In accordance with Lamor's Remuneration Policy, the Board defines the maximum amount of the short-term incentive opportunity annually based on market practice and performance, subject to an overall cap of 100% of the fixed salary. The maximum earning level for 2022 was set at 100% of annual salary. Based on the performance against the target set, the Board confirmed the CEO's performance short-term incentive payment to be 73.7% of his fixed annual salary in 2022. The incentive is due in 2023 following the company policies.

The CEO's short-term performance metrics for 2022 included targets for both company and personal performance.

For the CEO, the weighting of the targets was divided into company-specific (80%) and personal (20%) targets as described in the following table, and he was estimated to have achieved the set targets in 2022 as follows:

## Company performance metrics - 80% of the CEO's remuneration

Performance metrics 2022	Criteria	Target, %	Outcome, %
<b>Value creation metrics</b>			
Revenue	Based on thresholds set by the Board	25.0%	25.0%
Order intake	Based on thresholds set by the Board	25.0%	17.1%
Adjusted EBIT	Based on thresholds set by the Board	25.0%	22.5%
<b>Project delivery metrics</b>			
Saudi Arabian and Kuwaiti projects' outcome	Based on the criteria set by the Board	25.0%	8.8%
		<b>100.0%</b>	<b>73.4%</b>

## Personal performance metrics - 20% of the CEO's remuneration

Performance metrics 2022	Criteria	Target, %	Outcome, %
<b>Value creation metrics</b>			
Strategy update and the organization in place	Based on the Board's discretion	25.0%	12.5%
ESG Performance – maintaining Nasdaq Green Equity designation	Yes / No	25.0%	25.0%
HSE Performance – improvement from the previous year	Based on the criteria set by the Board	25.0%	12.5%
One new megaproject won	Based on thresholds set by the Board	25.0%	25.0%
		<b>100.0%</b>	<b>75.0%</b>

# Long-term incentive plans

## Personal share-based incentive plan for the CEO

In 2022, Lamor's Board of Directors resolved to establish a personal one-time long-term incentive plan for the CEO, covering the financial years 2022–2028. In the plan, the CEO has the opportunity to earn Lamor shares as a reward based on the increase of Lamor's market value.

The gross rewards to be paid to the CEO on the basis of the plan correspond to a maximum of 550,000 Lamor shares, including the cash portion. The reward payment is dependent on exceeding and maintaining the thresholds set by the Board for Lamor's market value as attached in the table.

The reward paid for each market value threshold will be paid in two instalments: 50 percent of the reward is paid if Lamor's market value is achieved or exceeds the set performance level. The remaining 50 percent is only paid if Lamor's market value is at the required level at the end of the respective reward payment year or at the end of any following year during the plan.

The CEO is obliged to hold 50 percent of the received reward shares as long as the position as a CEO continues and for the following 12 months thereafter.

The CEO's personal long-term incentive plan has not been gapped in relation to the CEO's fixed annual remuneration. In the plan, the CEO is rewarded for Lamor's long-term value increase, hence the Board of Directors considers that the plan promotes the positive development of the shareholder value and the achievement of the company's long-term goals in accordance with Lamor's remuneration policy. The attached table indicates the approximate potential reward for different achieved market value thresholds.

The set performance levels were not achieved during 2022, and based on the plan, no rewards payable were accrued in the reporting period.

The earning opportunity and the outcome during the reporting period 2022 is presented in the below table as a gross number of shares before the deduction of any applicable taxes arising from the reward:

Performance Level – Company's Market Value	First instalment - shares (gross)	Second instalment - shares (gross)	Cumulative amount of shares, total	Indicative reward (MEUR)	Outcome at the end of the financial year 2022
200 MEUR	68,750	68,750	137,500	1.0	0
300 MEUR	68,750	68,750	275,000	3.0	0
400 MEUR	68,750	68,750	412,500	6.0	0
500 MEUR	68,750	68,750	550,000	10.0	0

## Performance Share Plan PSP 2022-2024

In 2022, The Board of Directors resolved on a Performance Share Plan for the period 2022–2024 and approved approved six (6) key individuals, including Management Team members and the CEO, as eligible participants. The PSP 2022–2024 participants were given an opportunity to earn Lamor's shares based on achievement of performance targets set by the Board of Directors.

The gross rewards to be paid on the basis of the plan period 2022–2024 corresponded to a maximum value of 40% of the CEO's annual fixed salary.

According to the terms of the PSP plan, the CEO was obliged to hold 50 percent of the received reward shares, until the total value of the CEO's shareholding in Lamor equals to 100 percent of the CEO's annual base salary in the calendar year preceding the reward payment. Such number of Lamor shares was obliged to be held as long as the position as a CEO or the membership in the Management Team would continue and for the following 12 months thereafter.

In accordance with the terms of the PSP 2022–2024 plan, the payment date for the rewards for the plan period PSP 2022–2024 was spring 2025, provided that the performance targets set by the Board of Directors for the plan are achieved.

As a general rule, validity of the participant's employment or management contract at the time of the payment of the reward was set as a prerequisite for the reward payment.

The performance target set for the period covering the financial years 2022–2024 was adjusted earnings per share (EPS, adjusted) in the financial year 2022. The threshold for earning a reward on the basis of EPS in 2022 was not met and the plan expired.

Plan	Payment year	Performance target	Weight	Outcome
PSP 2022-2024	2025	Earnings Per Share (EPS, adjusted) 2022	100%	0



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