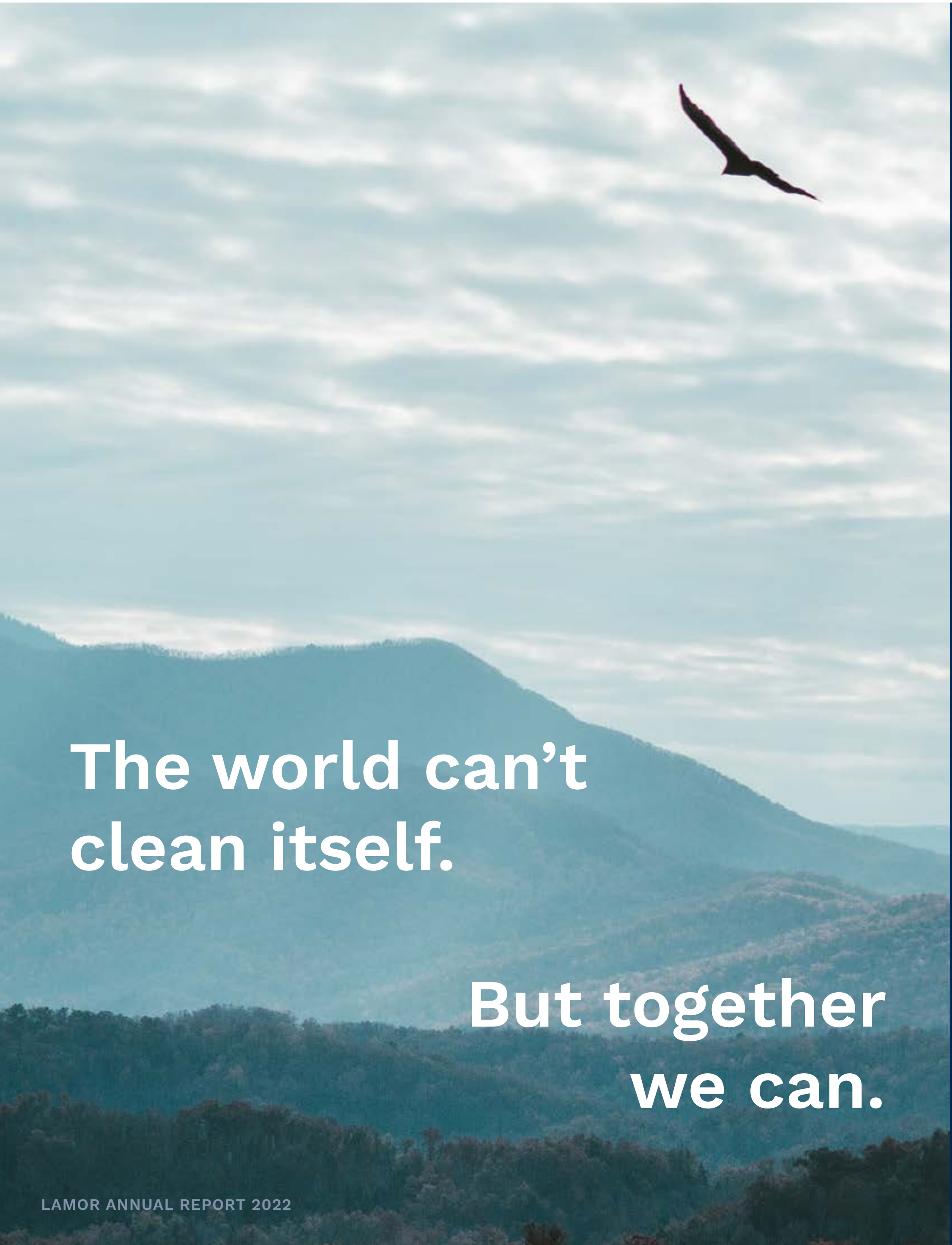
LAMOR

Let’s clean the world

ANNUAL REPORT 2022

Lamor’s Annual Report 2022 consists of five sections: Business overview, Financial review, Sustainable development, Corporate governance statement and Remuneration report.



BUSINESS OVERVIEW

01

Strategy and business

Impact

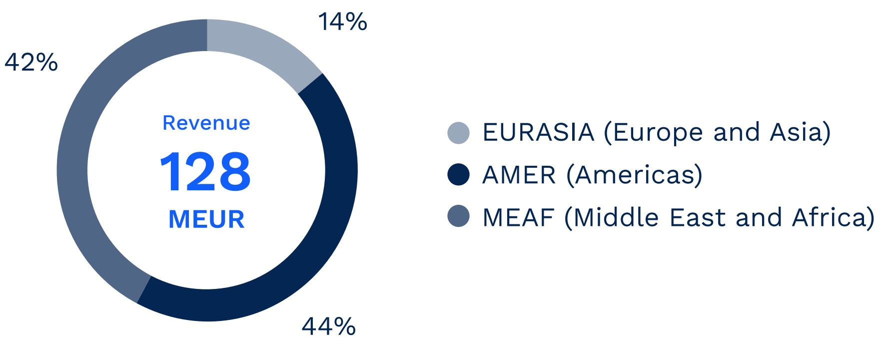
Lamor in brief

Lamor is founded in 1982 in Finland. The company's share is listed on the Nasdaq First North Premier Growth Market Finland marketplace. Lamor is one of the leading global providers of environmental solutions.

Lamor's business consists of solutions related to environmental protection and material recycling. Lamor promotes circular economy, protection of biodiversity and careful use of scarce resources with its solutions and technologies.

We offer expertise and solutions for protecting and cleaning the environment and ecosystems - globally but locally.

GEOGRAPHICAL SPLIT OF THE REVENUE 2022



128 MEUR
Revenue

12.6 MEUR
Adjusted EBIT

203 MEUR
Order backlog

508
Personnel at year end

Highlights from 2022

One of our biggest projects in 2022 was related to the response and clean-up project of a major environmental incident in Peru, where we were able to respond effectively and deliver quality service to the customer in critical conditions with our local organisation and scalable business model.

Lamor signed a contract for a major delivery of oil spill and waste management solutions to Bangladesh. This was an important breakthrough for Lamor in the Asian market.

Lamor started the construction of a chemical recycling plant of plastics together with Resiclo. The investment is a significant step for Lamor in contributing the circular economy.

Lamor defined the material topics in accordance with the GRI standards for the first time and developed its sustainability reporting significantly among other things relating to emission calculation.

Lamor ambitiously implemented green transition initiatives in the form of chemical recycling of plastics, among other things, and was the first Finnish company to receive the Nasdaq Green Equity Designation as a sign of commitment towards green business models and strategies.

NASDAQ GREEN EQUITY DESIGNATION

Lamor's turnover grew 2.5 times compared to the comparison period, affected by large projects in Kuwait, Saudi Arabia and Peru.

Adjusted operating profit was around 12.6 million euros which was more than four times higher than in the previous year.

Lamor's first year on the Nasdaq First North Premier Growth Market Finland marketplace was reached in December 2022.

> Lamor's strong growth in 2022 is a remarkable achievement from the whole organisation and a testament that our strategy is working.

FROM THE CEO

Business volume on a new level

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

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

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

Local presence ensures successful business in all market areas

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

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

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

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

Lamor to invest in chemical recycling of plastics

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

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

Winning significant new projects and taking part in solving the global plastic challenge are also key factors of our three-year strategy period.

The cornerstones of theupdated strategy

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

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

Focus on environmental awarness supporting the business

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

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

Looking towards 2023

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

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

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

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

Mika Pirneskoski
CEO
Lamor Corporation Plc

Lamor’s key figures for 2022

EUR thousand unless otherwise noted	2022	2021	Change
Revenue	**127,656**	51,517	147.8%
EBITDA	**16,659**	6,014	177.0%
EBITDA margin %	**13.1**	11.7	
Adjusted EBITDA	**19,006**	6,692	184.0%
Adjusted EBITDA margin %	**14.9**	13.0	
Operating Profit (EBIT)	**10,018**	1,941	416.0%
Operating Profit (EBIT) margin %	**7.8**	3.8	
Adjusted Operating Profit (EBIT)	**12,608**	2,831	345.4%
Adjusted Operating Profit (EBIT) margin %	**9.9**	5.5	
Profit for the period	**3,535**	869	306.7%
Earnings per share, EPS (basic), euros	**0.13**	0.05	171.3%
Return on equity (ROE) %	**5.8**	1.9	
Return on investment (ROI) %	**12.0**	3.0	
Equity ratio %	**53.0**	56.2	
Net gearing %	**23.2**	-6.9	
Orders received	**87,368**	260,831	-66.5%
Order backlog	**203,069**	226,906	-10.5%
Number of employees at the period end	**508**	290	75.2%
Number of employees on average	**604**	250	141.6%

Towards a cleaner tomorrow through environmental protection and material recycling

Lamor's business consists of solutions related to environmental protection and material recycling. With its solutions and technologies, Lamor promotes circular economy, the protection of biodiversity and the careful use of scarce resources together with its customers and partners.

MEGATRENDS

- Climate change
- Resource scarcity
- Decreasing biodiversity

Why we succeed?

Competitive advantage

LOCAL PRESENCE – LEADING PARTNER NETWORK – LAMOR WAY OF WORKING

Lamor's genuine local presence and expertise enable a unique customer-centric way of working. Lamor operates globally in three market areas: the Middle East and Africa, South and North America, and Europe and Asia.

Lamor's extensive partner network makes the company strong and guarantees customers the best solutions and technologies. Lamor enables global growth opportunities for its partners. This approach engages partners and customers with Lamor as a close cooperation network.

Lamor's way of working includes a global offering, unified operating methods and processes, and an effective model for working as one team with both the customer and partners.

Positive impact through cooperation

Lamor creates a positive impact on the world and society together with customers and partners.

The positive effect manifests itself, for example, in the protection of biodiversity, environmental protection, efficient recycling and increased knowledge. The positive impact is achieved through efficient solutions, extensive cooperation, enabling growth opportunities and value creation.

CUSTOMERS

- Working together to increase the positivie environmental and social impact
- Efficient, fit-for purpose solutions

PARTNERS

- Working together to share and receive global knowhow and best practices
- Enabling global growth opportunities and local success

LAMORIANS

- Inspiring purpose committing ambitious employees
- Innovative teams searching for continuous improvement

OWNERS

- Fast, profitable and sustainable growth
- On a journey towards a cleaner tomorrow

THE EARTH AND SOCIETY

- Protecting biodiversity
- Positive environmental impact
- Efficient recycling of materials
- Increasing competencies

Strategy and vision 2025

Nro 1 partner in selected strategic markets

Three new markets to create a positive environmental impact

5 new projects to solve significant environmental challenges

Plastic recycling with 100 ktn project portfolio to support solving the global plastics problem

Efficient and effective solutions to our customers with our globally local operating model

PREFERRED PARTNER DURING THE JOURNEY TOWARDS A CLEANER TOMORROW

What we focus on to be successful

Continuously developing our offering to help our customers

Enhancing the "Lamor way of working"

Building capabilities and competences for business diversification

VALUES

Solutions built on shared values

Passion • Innovations • Trust

CULTURE

Lamorians solving problems together

Purpose-driven culture

Long-term financial targets and dividend policy

PREFERRED PARTNER DURING THE JOURNEY TOWARDS A CLEANER TOMORROW

Lamor has defined the the following long-term financial targets, which are pursued at the latest during the financial year following the strategy period 2023-2025:

Increase of annual revenue to over

EUR 250 million

Adjusted operating profit (EBIT) margin -% over

14%

CAPITAL STRUCTURE

Achieving a capital structure suitable for the company’s strategy, targets and risk profile by maintaining a strong balance sheet.

DIVIDEND POLICY

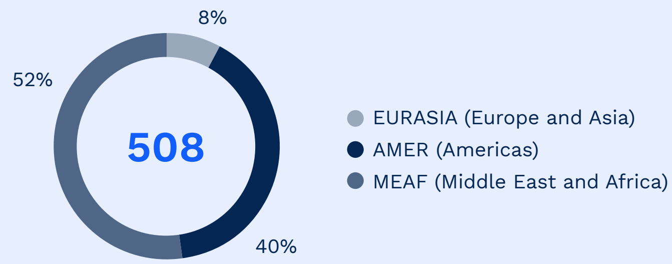
Lamor aims to distribute annual dividends, while keeping growth as the company’s most important target.

The meaningfulness of work at the core of Lamor’s culture

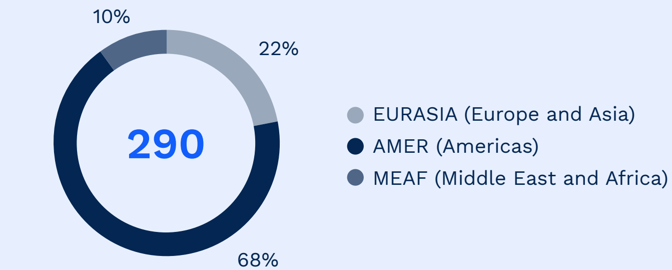
- Lamor has been working for a cleaner tomorrow for the past 40 years with a clear mission Let’s clean the world.
- The increase of environmental awareness and Lamor’s vision about a cleaner tomorrow motivates us to continue our important work together.
- The meaningfulness of work is at the core of our culture and everything we do is guided by our values: passion, innovation and trust.
- We aim for a safe and inspiring working environment where our employees can develop in their own areas of expertise.

> **We have been building global expertise together with our partner network for the past 40 years. We are now prepared to take the next step in our growth path together.**
>
> **Fred Larsen, one of the founders of Lamor and Vice Chair of the Board of the company.**

GEOGRAPHICAL SPLIT OF THE EMPLOYEES AT END OF 2022



GEOGRAPHICAL SPLIT OF THE EMPLOYEES AT END OF 2021







Lamor's business stands out through its high positive net impact

The Upright Project prepared in 2022 an assessment of Lamor's net impact. The net impact shows what resources company uses in its business and what it achieves by using them. When assessing the net impact, it is important to understand the total impact e.g., how much the company is able to create value compared to costs incurred and resources used. The net impact is calculated by assessing the net impacts on society, knowledge, health and environment.

Lamor's net impact value is +66%. The more positive the company is the more sustainable the company's business activities are. We are able to create with limited resources wide positive impacts on environment and health including protecting the biodiversity, decreasing the amount of emissions and waste and saving the scarce natural resources.

Our company aims to improve the net impact ratio continuously by developing more efficient ways of working to increase the positive impact.

The more positive the net impact ratio is, the more sustainable the company's operations are.

IMPACT	NEGATIVE	SCORE	POSITIVE
Society	-0.0	**+3.1**	+3.1
Jobs		+1.1	+1.1
Taxes		+1.4	+1.4
Societal infrastructure		+0.6	+0.6
Societal stability	-0.0	-0.0	+0.0
Equality & human rights	-0.0	+0.0	+0.0
Knowledge	-1.0	**-0.1**	+0.9
Knowledge infrastructure		+0.0	+0.0
Creating knowledge		+0.6	+0.6
Distributing knowledge	-0.0	+0.3	+0.3
Scarce human capital	-1.0	-1.0	
Health	-0.1	**+0.7**	+0.8
Physical diseases	-0.1	+0.6	+0.7
Mental diseases	-0.0	+0.0	+0.0
Nutrition	-0.0	+0.0	+0.0
Relationships	-0.0	+0.0	+0.0
Meaning & joy	-0.0	+0.0	+0.0
Environment	-1.8	**+2.1**	+3.9
GHG emissions	-1.0	+0.0	+1.1
Non-GHG emissions	-0.4	+0.7	+1.1
Scarce natural resources	-0.1	+0.5	+0.5
Biodiversity	-0.1	+0.4	+0.5
Waste	-0.2	+0.4	+0.7

Upright model version 0.7.0
on 23rd Jan. 2023 at 07:19 GMT

+66%

Net impact ratio
Value set: Equal weights

Lamor received Nasdaq Green Equity Designation as the first Finnish company

Lamor was the first Finnish company who received Nasdaq Green Equity Designation on 19 January 2022. The designation supports equity issuers with their green business models and strategies and enhances increased visibility and transparency toward investors looking for sustainable investments.

Lamor wants to be a front-runner and receiving the Nasdaq Green Equity Designation as the first company in Finland is one example of our commitment to act as a trusted partner in environmental protection and material recycling" says Mika Pirneskoski, CEO of Lamor.

With its solutions and technologies Lamor supports protection of biodiversity and careful usage of scarce resources. Lamor strives to respond to the growing global environmental awareness that creates demand for sustainable environmental solutions. Lamor supports its customers in enhancing environmental protection and material recycling and through its business model, Lamor can create significant positive impacts on society and environment.

Sustainability is at the core of Lamor's mission "Let's clean the world". Our vision is a clean tomorrow, where future generations will enjoy clean water and clean soil. Joining the Nasdaq Green Equity Designation further supports our strategy and business activities around sustainability, and it supports us to continue investing in the green business models and solutions going forward.

Johanna Grönroos, Chief Development Officer of Lamor.

Nasdaq Green Equity Designation targets companies that have over 50 percent of their turnover derived from activities considered green and that continue to invest more than 50 percent in green activities. For the application, a qualitative assessment, relating to the company's activities and investments, is performed to assess the company's alignment with the Nasdaq Green Equity Principles by a Nasdaq approved reviewer. Cicero Shades of Green, part of S&P Global, made the review for Lamor. The annual review was made in January 2023 and Lamor continued to meet the criteria of the designation.

Read the whole report:
lamor.com/sustainability

Towards a cleaner tomorrow

Lamor's goal is to protect biodiversity, use the natural resources efficiently and mitigate climate change by delivering effective environmental protection and material recycling solutions together with its partner network.

Lamor has defined material topics for sustainable development value creation according to GRI for the first time in 2022. The material topics are based on Lamor's strategic goals.

Lamor is committed to the UN's Sustainable Development Goals, and is also supporting its customers and partners in their sustainability work.

Learn more on how Lamor is supporting sustainability through its business activities in the following section.

CASE SAUDI ARABIA

Lamor improves oil spill response capabilities in the Red Sea area

In March 2021, Lamor entered into a three-year service agreement with the National Center for Environmental Compliance (NCEC) in Saudi Arabia to strengthen the oil spill response capabilities in the Red Sea area. The services include for instance assessment of the current resources, contingency planning, training of responder resources as well as marine and aviation assets. Lamor's service agreement with NCEC is an integral part of aiming to and achieving the region's environmental protection targets.

The Red Sea coast is now covered by five oil spill response vessels and three aircraft in three bases supported with personnel and OSR equipment standby for emergency response. In 2022, under supervision of NCEC, Lamor responded to oil spills in the Red Sea and conducted marine environmental surveys as well as participated in national exercises and drills in the Red Sea.

To raise the response capabilities and local expertise Lamor has trained about 1,200 local experts and responders in Saudi Arabia. The trainings will continue, and the aim is to train for more than 2,000 local experts from high-level national leaders to local responders. In addition, under NCEC command several technical reports were prepared with various stakeholders to support in raising the oil spill readiness and response in Saudi Arabia.

The Red Sea is one of the world's busiest sea routes and the coastline has pristine environments that could suffer irreparable damage in case of a major oil spill. Increasing Saudi Arabia's ability to respond to incidents is a key mission of NCEC and that of country's Ministry of Environment, Water and Agriculture. With several large projects to develop the Saudi Arabian tourism sector ongoing, focus on environmental protection is paramount.

ENVIRONMENTAL IMPACT:

- Lamor's oil spill response services help to protect sensitive sea areas and coasts from the negative effects of potential oil spill.
- Through the equipment and trained employees, we are taking part in improving oil spill response capabilities in the Red Sea region.

We are proud to support Saudi Arabia in improving oil spill response capabilities. In practice this means, among other things, improving the local management system and capabilities of the local professionals, to act effectively in case of a possible oil spill.

Saad Al Ahmadi, Project Manager of Lamor.

CASE PERU

Lamor providing quick response services to minimize the effects of environmental impact at Repsol's oil refinery in Peru

In January 2022, a significant oil spill took place at Repsol's La Pampilla oil refinery in Peru. The causes of the event are still to be determined by the competent authorities.

Repsol chose Lamor to lead and support all incident command system structure and all oil spill response strategies and operations on the sea, and to act as a one of the specialized equipment and service providers, providing aerial surveillance, risk assessment, weathering and spill modeling, SCAT among others.

Lamor was chosen as a service provider based on its extensive experience, ability to respond rapidly and its unique network of partners. The market development strategy in Peru has been implemented for several years with a target of a permanent presence with a high level of service. Along with this, Lamor Peru has developed a local training program to guarantee the availability of highly trained professionals in emergency response, spill control techniques and tactics in the country as well as crisis management and deployment of equipment in offshore operations.

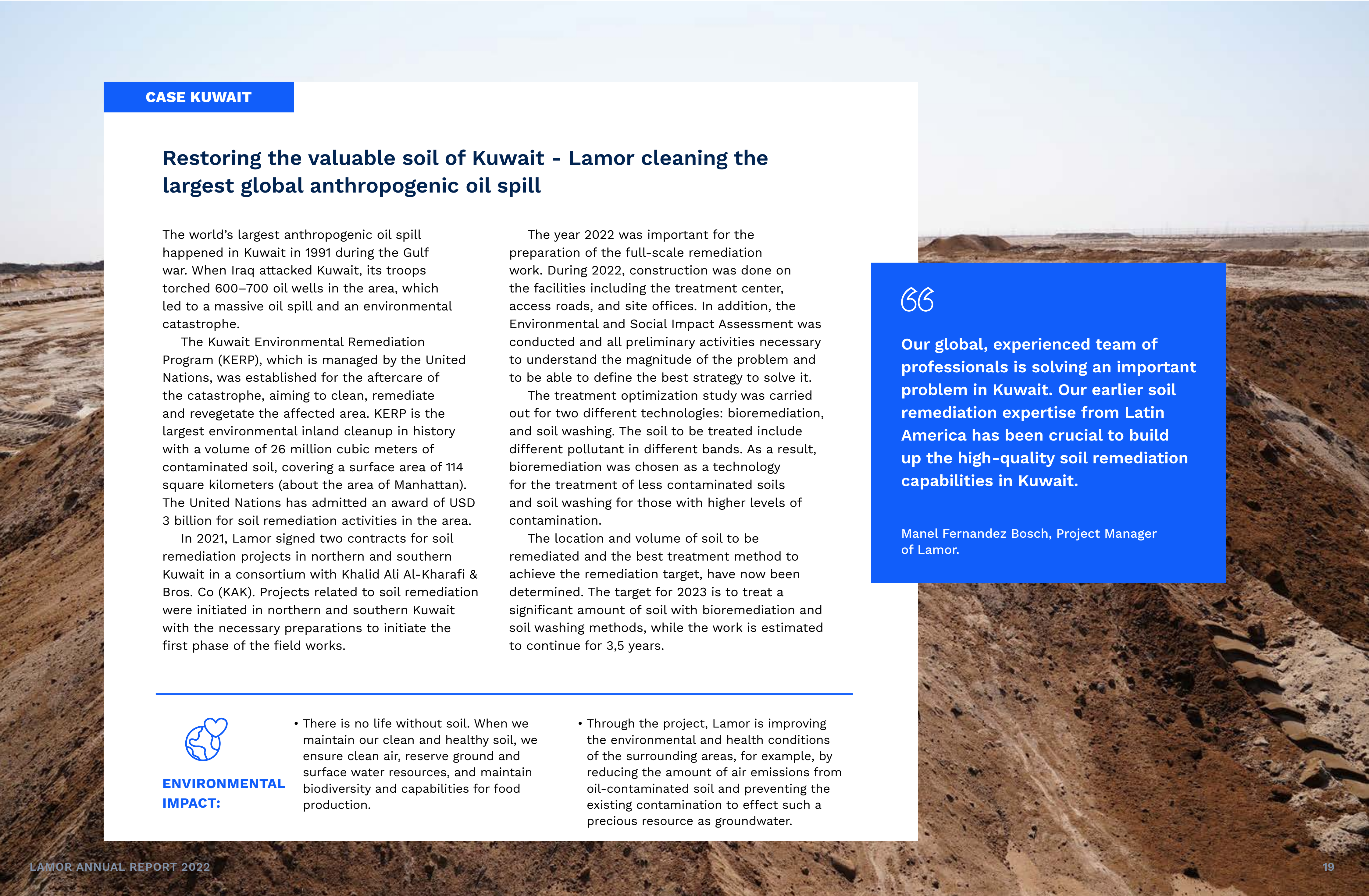
The project has been developed in three phases: first; preparedness and initial response to the spill, second; response and deployment of Lamor's local, regional, and global capacity and third; monitoring and supervision of intervened areas. Lamor has contributed with national and international experts coming from Finland, USA, Spain, Colombia, and Ecuador together with the local expert team in the response bases of Lamor in Peru.

Each spill is different and brings new challenges with it. The features of the shoreline, meteorological marine conditions, spill volume, and type of product make the difference to define the response to the spill. The social components, geography, and topography of the land are one of the many aspects that Lamor assesses to provide services and define field response methods.

> **Lamor's strong presence and record of accomplishment in South America, with a local hub in Peru, were crucial for us. With our leading capabilities, expertise, know-how level and local presence, we have again shown our ability to react efficiently to an environmental event with a short response time.**
>
> Diego Echeverri, Perú Country Manager and AMER OSR Regional Advisor of Lamor.

ENVIRONMENTAL IMPACT:

- Lamor is committed to providing on-time environmental protection with the best possible global expertise supporting the local team with a short notice protecting the environment and biodiversity as effectively as possible.
- When working in developing countries, Lamor always supports and appreciates the local communities by giving them a possibility to work safely in a global group.
- In addition, Lamor is proud to train the local people in new skills around e.g., oil spill response to be prepared also for potential future incidents.



CASE KUWAIT

Restoring the valuable soil of Kuwait - Lamor cleaning the largest global anthropogenic oil spill

The world's largest anthropogenic oil spill happened in Kuwait in 1991 during the Gulf war. When Iraq attacked Kuwait, its troops torched 600–700 oil wells in the area, which led to a massive oil spill and an environmental catastrophe.

The Kuwait Environmental Remediation Program (KERP), which is managed by the United Nations, was established for the aftercare of the catastrophe, aiming to clean, remediate and revegetate the affected area. KERP is the largest environmental inland cleanup in history with a volume of 26 million cubic meters of contaminated soil, covering a surface area of 114 square kilometers (about the area of Manhattan). The United Nations has admitted an award of USD 3 billion for soil remediation activities in the area.

In 2021, Lamor signed two contracts for soil remediation projects in northern and southern Kuwait in a consortium with Khalid Ali Al-Kharafi & Bros. Co (KAK). Projects related to soil remediation were initiated in northern and southern Kuwait with the necessary preparations to initiate the first phase of the field works.

The year 2022 was important for the preparation of the full-scale remediation work. During 2022, construction was done on the facilities including the treatment center, access roads, and site offices. In addition, the Environmental and Social Impact Assessment was conducted and all preliminary activities necessary to understand the magnitude of the problem and to be able to define the best strategy to solve it.

The treatment optimization study was carried out for two different technologies: bioremediation, and soil washing. The soil to be treated include different pollutant in different bands. As a result, bioremediation was chosen as a technology for the treatment of less contaminated soils and soil washing for those with higher levels of contamination.

The location and volume of soil to be remediated and the best treatment method to achieve the remediation target, have now been determined. The target for 2023 is to treat a significant amount of soil with bioremediation and soil washing methods, while the work is estimated to continue for 3,5 years.

> **Our global, experienced team of professionals is solving an important problem in Kuwait. Our earlier soil remediation expertise from Latin America has been crucial to build up the high-quality soil remediation capabilities in Kuwait.**
>
> Manel Fernandez Bosch, Project Manager of Lamor.

ENVIRONMENTAL IMPACT:

- There is no life without soil. When we maintain our clean and healthy soil, we ensure clean air, reserve ground and surface water resources, and maintain biodiversity and capabilities for food production.
- Through the project, Lamor is improving the environmental and health conditions of the surrounding areas, for example, by reducing the amount of air emissions from oil-contaminated soil and preventing the existing contamination to effect such a precious resource as groundwater.

CASE GUYANA

The first full year of operations in Guyana's waste management facility was a success

Lamor is creating positive impact through increasing material recycling in Guyana. In 2020, Lamor entered in a consortium with Gaico Construction and General Services Inc and Guyana Shore Base Inc. The consortium established a company called Sustainable Environmental Solutions Guyana Inc. (SES) that signed a major agreement to provide integrated waste management services to a local energy company Esso Exploration and Production Guyana Limited (EEPGL). A ten-year service contract covers the construction of a waste management facility in Georgetown and its operation. SES is Lamor's associated company, and Lamor owns approximately 24.5 percent of SES.

In January 2022, SES embarked its first full year of operations at its integrated hazardous waste management facility in Georgetown.

Since the beginning, the project has been driven by a circular economy by increasing the reuse of materials. The operation is geared to receiving all hazardous and non-hazardous waste generated by EEPGL with the facility designed to maximize waste material recovery and reuse. Lamor has installed waste processing technologies that recover base oils for new drilling mud production. In addition, separation technologies are used to treat contaminated waters and container washdown waters to separate oil and chemicals and to provide process water for reuse in the facility.

At the end of August 2022, the facility reached a health and safety milestone by achieving 365 Lost Time Injury (LTI) free days of operation. This was a significant achievement, especially during a period of facility start-up, commissioning and ramp up to full operations.

Lamor is developing strong links with the local supply chain to identify long-term initiatives in other waste material reprocessing applications such as reusable plastics and recovered waste oils for secondary fuels.

> **We will be able to manage our clients' waste efficiently and safely, helping them to achieve international environmental compliance whilst at the same time being able to protect the natural resources of Guyana.**
>
> Paul Roach, Head of Waste Management Product Line of Lamor.

ENVIRONMENTAL IMPACT:

- Lamor is creating positive impact through increasing material recycling in Guyana.
- The project highlights Lamor's capabilities to increase reusability and recycling of materials also in areas where the local requirements for waste management are only in the development phase.

CASE KILPILAHTI

Lamor will support material recycling through building a facility for chemical recycling of plastics

Lamor will build a facility for chemical recycling of plastics in Kilpilahti area in Porvoo, Finland together with Resiclo Oy. The project is unique, as no facility on this scale for chemical recycling of plastics has been carried out in Finland before. The recycling plant will produce from waste plastics chemically recycled raw material, which can be used in the petrochemical industry to produce recycled plastics and delivered to suitable refineries for further processing.

Lamor's first phase investment in the Kilpilahti project company was made at the end of 2022, and 2023 will be focused on finalizing the process design with technology supplier, construction of the plant and ramping up the production. Lamor communicated the construction of the chemical recycling facility together with Resiclo on 22 June 2022.

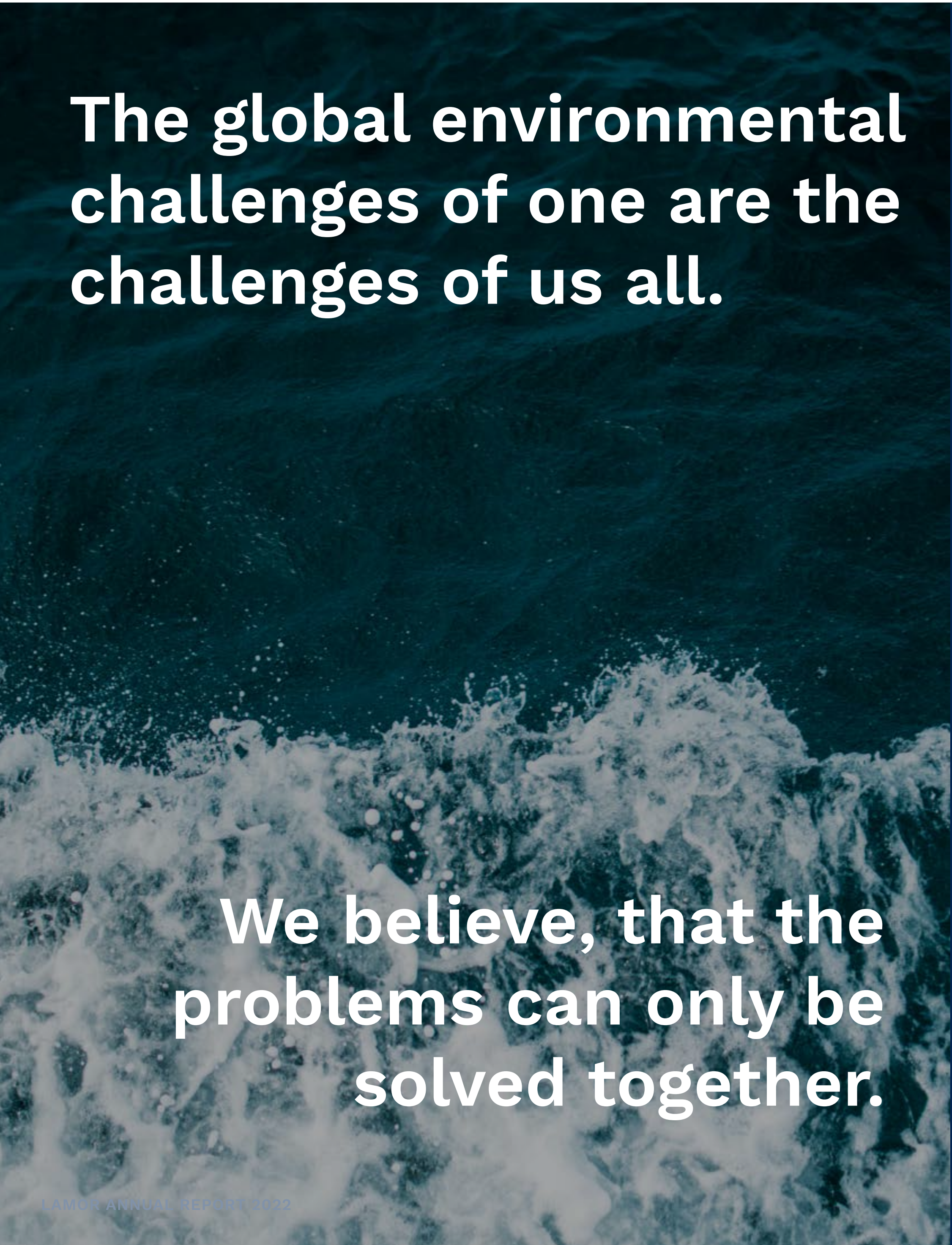
In the first phase, the aim is to build a 10,000-ton annual capacity in the Kilpilahti area in Porvoo, Finland. In the medium term, estimated by the end of 2026, Lamor aims to build a distributed chemical plastics recycling capacity of approximately 40,000 tons in Finland.

The cornerstone of Lamor's strategy implementation is to act globally but locally. Lamor offers solutions in the customer's own operating environment meeting global quality standards by utilizing its global distribution network and project delivery references. Building upon these competitive advantages, Lamor is now expanding its offering in plastics recycling.

> **This investment is the first significant step for Lamor to develop recycling of plastics. Our goal is to build a proof-of-concept plant in Finland, after which we aim to scale-up our production platform internationally within targeted market areas. This project is one example of our commitment on the green transition while participating in solving the global plastics problem with a 100-kiloton project portfolio of recycled plastics.**
>
> Johan Grön, Chief Operating Officer of Lamor.

ENVIRONMENTAL IMPACT:

- There are significant initiatives globally to reduce the use of virgin crude oil in the petrochemical industry to combat climate change.
- Lamor's advanced chemical recycling enables increasing the amount of plastics getting recycled and sustainable raw materials in the plastics industry.



BOARD OF DIRECTORS’ REPORT AND FINANCIAL STATEMENTS

02

Contents

Board of Directors' Report 1 January–31 December 2022

2022 in brief

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

Business development in 2022

In 2022, Lamor revenue grew to altogether 128 million euros, which is roughly 2.5 times higher than during the comparison period. The factors behind this growth were the company's strong order backlog and large-scale, long-term service agreements relating to Saudi Arabian environmental preparedness and Kuwait's soil remediation projects. The 2022 revenue was also significantly increased by oil spill clean-up projects in Peru and Ecuador. In addition, Lamor was awarded three large tenders in Bangladesh. Within these projects that started close to the year-end 2022 Lamor is building the first modern reception facility for waste from vessels in Mongla Port and delivering a significant number of oil spill response equipment and vessels to the port authority.

In 2022, Lamor invested in a project aiming to contruct a chemical recycling plant of plastics in the Kilpilahti industrial area located in Porvoo, Finland. In the first phase, the plan is to build a 10,000-tonne chemical recycling plant in Kilpilahti, and the medium-term, estimated by the end of 2026, the plan is to build a decentralised approximately 40,000-tonne chemical plastics recycling capacity in Finland. Within the framework of the investment project, Lamor implemented a corporate transaction on December 30, 2022, in which arrangement Lamor acquired a majority stake in the Kilpilahti plastic chemical recycling project company.

Restructuring of the organisation and the operating model

In 2022, Lamor renewed its organisational structure and operating model and recruited a significant amout of new professionals. With these changes, the company aims to implement the new strategy and to lead operations and support projects even more efficiently and closer to the end customer. The close cooperation between the area organisations and the global functions enables not only efficient project deliveries but helps further develop the company's global offering and a unified way of working on a global scale.

In 2022, Lamor reinforced the companys's Management Team in two different occastions to support the growth strategy implementation. Johan Grön was appointed as the Chied Operating Officer and Member of the Management Team, and he started in this position in May 2022. In November 2022, the Management Team was further reinforced by appointing three new area SVPs. Santiago Gonzalez was appointed to be resposible for the South and North American region, and Pentti Korjonen was appointed to be responsible for the Middle East and African region. In addition, the company's former Chief Commercial Officer Magnus Miemois was appointed to be responsible for the Europe and Asia region.

The cornerstone of Lamor's strategy is the company's global business model combined with local know-how that allows the company to offer its environmental protection and material recycling solutions in our customers' operating environment with global quality standards.

The investments made especially on the Lamor's personnel help in implementing the company's growth strategy and to reach the long-term financial targets, however it is expected that they temporarily lower the company's profitability in 2023. These investments are, however, necessary to increase our revenue to the next level in the coming years.

Strategy for the period 2023–2025 and the long-term financial targets

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

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

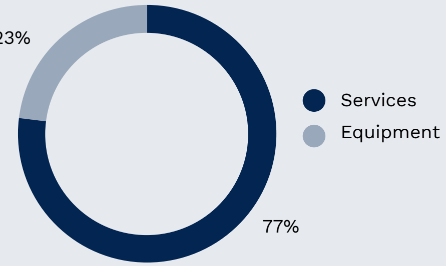
The following long-term financial targets, on which the Lamor Board of Directors resolved on in connection with the Lamor's strategy update are pursued at the latest during the financial year following the strategy period 2023–2025:

- 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 maintai-ning a strong balance sheet.

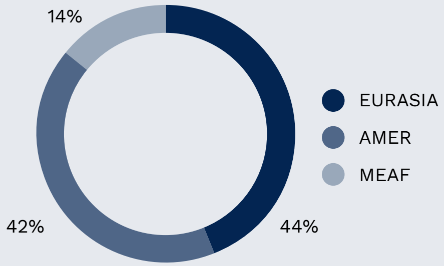
In accordance with the company's dividend policy. Lamor aims to distribute annual dividends, while keeping growth as the company's most important target.

Revenue split 2022

EQUIPMENT AND SERVICES

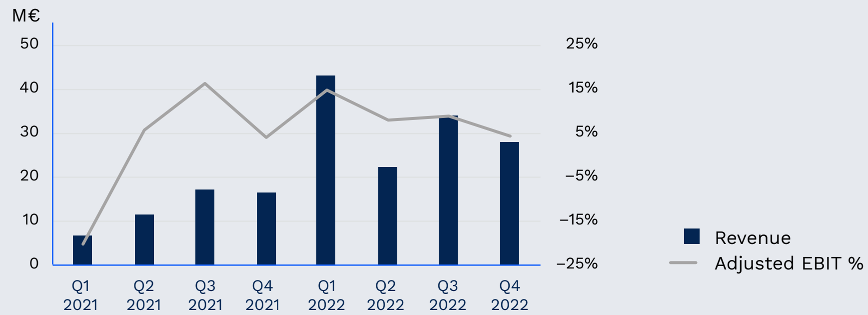


AREAS

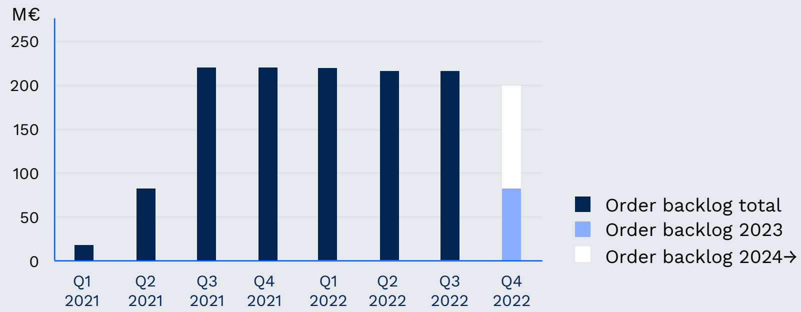


EURASIA = Eurooppa and Asia, AMER = Americas,
MEAF = Middle East ja Africa

REVENUE (EUR million) AND ADJUSTED EBIT % PER QUARTER



ORDER BACKLOG AT THE END OF THE QUARTER (EUR million)



Key figures

EUR thousand unless otherwise noted	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Revenue	**127,656**	51,517	45,621
EBITDA	**16,659**	6,014	5,610
EBITDA margin %	**13,1**	11,7	12,3
Adjusted EBITDA	**19,006**	6,692	6,399
Adjusted EBITDA margin %	**14,9**	13,0	14,0
Operating profit or loss (EBIT)	**10,018**	1,941	2,426
Operating profit (EBIT) margin %	**7,8**	3,8	5,3
Adjusted Operating Profit (EBIT)	**12,608**	2,831	3,438
Adjusted Operating Profit (EBIT) margin %	**9,9**	5,5	7,5
Profit (loss) for the period	**3,535**	869	840
Earnings per share, EPS (basic), euros	**0,13**	0,05	0,03
Earnings per share, EPS (diluted), euros	**0,13**	0,05	0,03
Return on equity (ROE) %	**5,8**	1,9	3,0
Return on investment (ROI) %	**12,0**	3,0	5,3
Equity ratio %	**53,0**	56,2	46,8
Net gearing %	**23,2**	–6,9	41,6
Orders received	**87,368**	260,831	42,646
Order backlog	**203,069**	226,906	19,400
Number of employees at the period end	**508**	290	432
Number of employees on average	**604**	250	432

Formulae for the calculation of key figures are presented at the end of the report of Board of Directors.

Alternative performance measures (APM)

Lamor follows the guidance issued by ESMA in 2016 (European Securities and Markets Authority) about the presentation of alternative performance measures.
Lamor uses alternative key figures 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 the Group.

The Adjusted EBIT and Adjusted EBITDA are calculated as follows:

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Adjusted EBIT and EBITDA			
Operating Profit (EBIT)	**10,018**	**1,941**	**2,426**
Depreciations, amortisations and impairment	6,641	4,072	3,183
EBITDA	**16,659**	**6,014**	**5,610**
Non-recurring Items			
Business combinations expenses	71	79	789
Restructuring expenses	318	0	0
IPO related expenses	0	599	0
Impairment of Russian business	1,958	0	0
Adjusted EBITDA	**19,006**	**6,692**	**6,399**
Depreciations, amortisations and impairment	–6,641	–4,072	–3,183
Amortisation of intangible assets identified in PPA	242	211	223
Adjusted EBIT	**12,608**	**2,831**	**3,438**

Financial performance

Revenue for year 2022 amounted to EUR 127.7 million (51.5) which is 147.8% higher than in the comparison period. During the first half of the year, the growth was mainly related to the environmental response and clean-up projects in Peru and Ecuador. During the year, work on the construction phase of the Kuwaiti soil remediation projects proceeded as planned. Projects in Bangladesh started at the end of the year and progressed also according to plan. The Group's adjusted EBITDA was EUR 19.0 million (6.7) or 14.9% (13.0) of revenue. The South American environmental response projects had a significant impact on the profitability in the beginning of the year. The progress of the projects in Kuwait and the projects in Bangladesh started at the end of the year also significantly affected the EBITDA of the whole year. In the first quarter, Lamor made an impairment of EUR 2.0 million relating to an investment in an associated company in Russia. The expense is presented in Share of results in associated companies, and it is included in the non-recurring items. Adjusted EBIT grew 345.4% year on year and amounted to EUR 12.6 million (2.8) or 9.9% (5.5) of revenue. Depreciations stood at EUR –6.6 million (–4.1) and included EUR –3.9 million (–1.7) depreciations for right-of-use assets (IFRS 16) related mainly to the Group's project in Saudi Arabia. Financial income and expenses were EUR –3.5 million (–1.8). These were mainly related to the valuation of USD-denominated and pegged receivables and debts, USD currency hedging and customary interest and guarantee expenses. The Group's profit before taxes was EUR 6.5 million (0.2). The Group's effective tax rate stood at 45.9% (–387.5). The tax rate increased especially due to the non-tax deductible impairment of Russian operations in the first quarter, the high income tax rate of foreign subsidiaries and the revaluation of deferred tax assets. Net cash flow from operating activities was EUR –6.5 million (–5.4). The environmental response and cleanup project in Peru is being finalised and for the most part, the payments have already been repatriated. A consensus has been reached in the discussions on the sub-tasks of the Saudi project and the delivery scope. As a result, payments are expected to normalise during the first half of 2023. The strongest and more than anticipated increase in working capital was seen in the Kuwaiti projects, where customer billing is strongly tied to the start-up and progress of soil clean-up operations. After the initial start-up funding challenges, our goal is to start the actual remediation work during the first half of 2023.

Cash flow from investments was EUR –8.0 million (–4.3) and consisted mainly of investments in oil response preparedness service equipment, the development of the global network within the Business Finland Growth Engine programme as well as aircraft procurement related to the service project in Saudi Arabia. The Group's equity ratio was 53.0% (56.2) and net gearing stood at 23.2% (–6.9). Both equity ratio and net gearing are impacted by the IFRS 16 lease liabilities. Order backlog at the end of the period totalled EUR 203.1 million (226.9). During the period, new orders received were EUR 87.4 million (260.8). The largest individual projects were the environmental response and cleanup project in Peru and the oil spill response readiness and waste treatment plant projects in Bangladesh.

Investments and R&D activities

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

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

The Group's development costs during the year amounted to EUR 1,1 (1,2) million, consisting of general business development costs and expenses relating to the preparatory stage of the project on the chemical recycling of plastics. Lamor takes part in the Business Finland Growth Engine program, and the related costs of approx. EUR 1,0 million during the financial period, are included in the beforementioned costs. The company did not receive any public grants during the financial period.

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

Financial position

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

The Group's senior priority financing arrangements included a financing limit of EUR 8.0 million, which was fully unused at the end of the reporting period. Other senior company loans totalled EUR 8.4 million; additionally, the company had an overdraft facility of EUR 7.0 million, whereof EUR 1.5 million not in use. The aggregate value of outstanding guarantees totalled

EUR 38.2 million (24.5). When assessing the amount of interest-bearing debt financing, it is good to take into account the amount of the company's total liabilities, including the company's guarantee obligations, which apply especially to large delivery projects.

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

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

Market outlook

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

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

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

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

Guidance for 2023

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

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

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

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

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

Sustainability in the core of Lamor's strategy

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

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

Sustainability reporting

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

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

We want to support sustainable development in everything we do. We will continue to develop our processes and actions to further increase the positive impact of our business activities. Our personnel's job satisfaction and safety are important sustainability themes for us, and our goal is to further develop our leadership expertise so that we can respond to the changes caused by our growth.

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

Green Equity Designation

On 19 January 2022, Lamor was the first company in Finland to receive the Nasdaq Green Equity Designation. The designation supports listed companies with their transition towards green business models and strategies and gives investors increased visibility to the company's green strategy and targets. The Nasdaq Green Equity Designation can be given to listed companies that have over 50 percent of their revenue derived from activities considered green and that invest more than 50 percent in green activities. An independent reviewer Cicero Shades of Green made its annual review of Lamor's business operations in January 2023. Lamor continued to meet the criteria set for the designation and will thus have the designation also in 2023.

Risks and business uncertainties

Risks related to operating environment

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

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

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

Legal and regulatory risks

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

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

Risks related to business operations

Negative changes in the availability and market prices of the components and subcontractors that Lamor uses in its business or in the transportation and production costs of Lamor's equipment could have a material adverse effect on the profitability of Lamor's business.

The prices of components and the transportation and production costs of Lamor's equipment could increase significantly due to, for example, natural disasters and problems in Lamor's supply contracts or a global state of emergency, or due to disruptions in supply chains caused by the aforementioned.

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

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

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

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

Risks related to Lamor's financing and financial position

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

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

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

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

Near-term risks and uncertainties

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

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

Governance

Resolutions of the Annual General Meeting

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

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

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

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

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

The Annual General Meeting resolved to establish a permanent Shareholders' Nomination Board. Upon the organisation of the Shareholders' Nomination Board, Fred Larsen, the Chairman of the Board of Larsen Family Corporation was appointed as the Chair, and as members Jukka Järvelä, Director, Head of Listed Equities, Mandatum Life Insurance Company Limited; Juuso Puolanne, Investment Director, Finnish Industry Investment Ltd. and Mika Ståhlberg, the Chair of Lamor's Board of Directors.

General Meeting's authorisations to the Board of Directors

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

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

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

Organisation of the Board of Directors

The Board of Directors held its organisational meeting after the Annual General Meeting on 28 April 2022 and in connection with its organization, resolved on establishing a remuneration committee. In connection with its organisation, Board of Directors decided on the composition of the Board of Directors and its committees as follows:

Board of Directors

Mika Ståhlberg, Chairman of the Board
Fred Larsen, Vice Chairman of the Board
Nina Ehrnrooth, Member of the Board
Kaisa Lipponen, Member of the Board
Timo Rantanen, Member of the Board

Audit Committee
Timo Rantanen, Chairman
Kaisa Lipponen, Member
Mika Ståhlberg, Member

Remuneration Committee
Timo Rantanen, Chairman
Nina Ehrnrooth, Member
Kaisa Lipponen, Member

Management Team

Mika Pirneskoski, CEO
Timo Koponen, CFO
Johan Grön, COO (as of 1 May 2022)
Johanna Grönroos, CDO
Santiago Gonzalez, SVP, North and South America (as of 1 November 2022)
Pentti Korjonen, SVP, Middle East and Africa (as of 1 November 2022)
Magnus Miemois, SVP, Europe and Asia (as of 1 November 2022, prior to this other roles in the Management Team)

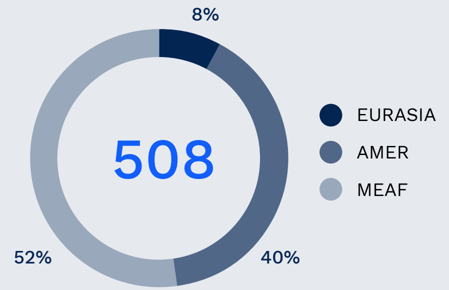
Management Team (Extended)
Mervi Oikkonen, HR Director

Personnel

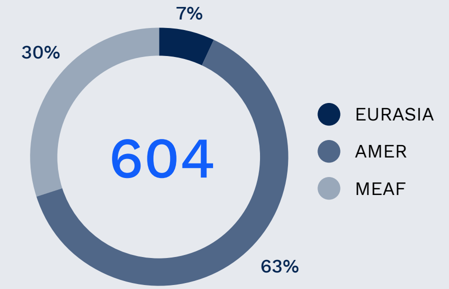
During 2022, Lamor has restructured its organisation and operating model and recruited a significant amount of new professionals.

During January – December 2022, Lamor employed on average 604 (250) persons. The average number of personnel is significantly impacted by the project nature of the Group's operations. The biggest factors behind the increased number of personnel were the Group's oil spill clean-up projects and the related project-based employment contracts in Ecuador and Peru in the beginning of 2022, in addition to which the number of personnel in Kuwait has increased in 2022 due to the progress in the Kuwaiti soil remediation projects. In addition to the project related employees, Lamor has recruited many new professionals in the market areas and global functions to support the company's growth in accordance with the strategy. At the year-end, Lamor employed 508 (290) persons.

NUMBER OF EMPLOYEES AT THE PERIOD END



NUMBER OF EMPLOYEES ON AVERAGE



EURASIA = Eurooppa and Asia, AMER = Americas, MEAF = Middle East ja Africa

Foreign branches

The parent company of the Group has one registered branch, a branch founded in 2021 in Saudi Arabia.

Corporate Governance Statement

The Corporate Governance Statement by Lamor Corporation Plc has been prepared separately from the Board of Directors' report, pursuant to the Finnish Corporate Governance Code. The Statement will be available on Lamor's website on 14 March 2023.

Shares and shareholders

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

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

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

Share-based incentives

In September 2022, the Board of Directors of Lamor decided to establish new share-based incentive plans for the key personnel of Lamor. Six (6) key individuals, including Management Team members and the CEO, were approved as eligible for participating in the plan for the period 2022–2024. The gross rewards to be paid on the basis of the plan for the period 2022–2024 corresponded to the value of approximate maximum total of 110,000 Lamor shares, including also a cash proportion. The threshold for earning a reward was not met from the financial year 2022 and the plan for the period 2022–2024 expired.

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

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

Events after the reporting period

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

Board of Directors' proposal for profit distribution

The parent company's distributable funds on 31 December 2022 EUR was 35,588,503.10 of which the net profit for the financial year was EUR 1,009,015.30. The Board of Directors proposes to the Annual General Meeting that no dividend will be paid by the company and that the profit for the financial year 2022 will be entered in the retained earnings.

Resolution on publishing the financial statements

In its meeting on 27 February 2023, the Lamor Board of Directors has approved the financial statements for the year 2022 to be published. According to the Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements or change them at the next Annual General Meeting.

Formulas of key figures

Key figure		Calculation formula	
EBITDA	=	Operating profit + depreciation and amortisation	
EBITDA %	=	Operating profit + depreciation and amortisation / Revenue	× 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	× 100
Operating Profit (EBIT)	=	Profit for the financial year before financing periods and taxes	
Operating Profit (EBIT) margin %	=	Operating profit / Revenue	× 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	× 100

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

Consolidated Financial Statements (IFRS)

Consolidated Statement of Profit and Loss

EUR Thousand	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Revenue	2.1.	**127,656**	51,517
Materials and services		**–80,279**	–29,919
Other operating income	2.2.	**386**	857
Employee benefit expenses	2.3.	**–19,386**	–9,637
Other operating expenses	2.2.	**–9,909**	–6,618
Share of results in associated companies		**–1,809**	–185
EBITDA		**16,659**	**6,014**
Depreciations, amortisations and impairment	3.3.–3.6.	**–6,641**	–4,072
Operating profit (EBIT)		**10,018**	**1,941**
Financial income	2.4.	**1,468**	434
Financial expenses	2.4.	**–4,947**	–2,197
Profit before tax		**6,540**	**178**
Income tax	2.5.	**–3,005**	691
Profit for the financial period		**3,535**	**869**
Attributable to			
Equity holders of the parent		**3,462**	963
Non-controlling interests		**73**	–94
Earnings per share			
Earnings per share, basic, euros	2.6.	**0.13**	0.05
Earnings per share, diluted, euros	2.6.	**0.13**	0.05

Consolidated Statement of Other Comprehensive Income

EUR Thousand	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Profit for the financial period		**3,535**	**869**
Other comprehensive income, net of taxes:			
Items that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations, net of tax		**627**	510
Other comprehensive income/(loss) for the year, net of tax		**627**	**510**
Total comprehensive income for the financial period		**4,162**	**1,379**
Attributable to			
Equity holders of the parent		**4,090**	1,473
Non-controlling interests	1.1.–1.2	**73**	–94

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

Consolidated statement of Financial Position

EUR thousand	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Goodwill	3.3	**18,634**	18,049
Intangible assets	3.4	**4,016**	4,245
Property, plant and equipment	3.5	**9,636**	4,581
Right of use assets	3.6	**5,293**	5,742
Investments in associated companies	3.2	**1,808**	3,671
Non-Current Receivables	4.3	**1,791**	1,442
Investments in other shares	4.3	**418**	418
Deferred tax assets	2.5	**2,916**	2,944
Total non-current assets		**44,512**	**41,093**
Current assets			
Inventories	3.7	**10,359**	9,069
Trade receivables	3.8	**29,396**	7,556
Contract assets	3.8	**38,448**	14,804
Prepayments and other receivables	3.8	**6,523**	9,098
Short term investments	4.3	**238**	165
Cash and cash equivalents	4.4	**4,889**	28,871
Total current assets		**89,854**	**69,564**
Total assets		**134,366**	**110,657**

EUR thousand	Note	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Equity			
Share capital	4.7	**3,866**	3,866
Translation differences		**719**	92
Reserve for invested unrestricted equity		**44,303**	44,303
Retained earnings / accumulated deficit		**12,720**	12,805
Equity attributable to equity holders of the parent		**61,609**	**61,067**
Non-controlling interests		**1,439**	839
Total equity		**63,048**	**61,905**
Non-current liabilities			
Interest-bearing loans and borrowings	4.3; 4.5	**10,723**	9,178
Lease liabilites	3.6	**2,060**	3,056
Deferred tax liabilities	2.5	**1,640**	879
Other non-current financial liabilities	3.9	**6,977**	2,828
Total non-current liabilities		**21,401**	**15,942**
Current liabilities			
Interest-bearing loans and borrowings	4.3, 4.5	**3,302**	10,019
Lease liabilites	3.6	**3,074**	2,410
Provisions	3.9	**304**	75
Trade payables	3.9	**12,656**	11,844
Contract liabilities	3.9	**18,158**	1,985
Other current liabilities	3.9	**12,424**	6,476
Total current liabilities		**49,918**	**32,810**
Total liabilities		**71,318**	**48,752**
Total equity and liabilities		**134,366**	**110,657**

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

Consolidated statement of Changes in Equity

2022	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 2022	**3,866**	-	**44,303**	**92**	**12,805**	**61,066**	**839**	**61,905**
Profit for the period	-	-	-	-	3,462	**3,462**	73	**3,535**
Other comprehensive income	-	-	-	627	-	**627**	-	**627**
Total comprehensive income	**-**	**-**	**-**	**627**	**3,462**	**4,090**	**73**	**4,162**
Registration of shares	-	-	-	-	-	**-**	-	**-**
New share issue	-	-	-	-	-	**-**	-	-
Expenses related to the share issue	-	-	-	-	-	**-**	-	-
Share-based compensation settled in equity	-	-	-	-	31	**31**	-	**31**
Purchase of own shares	-	-	-	-	-	**-**	-	-
Acquisition of non-controlling interests*	-	-	-	-	–3,515	**–3,515**	-	**–3,515**
Dividends	-	-	-	-	-	**-**	-	-
Other changes	-	-	-	-	–64	**–64**	528	**464**
Equity on 31 Dec 2022	**3,866**	-	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**

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

2021	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 2021	**3,866**	**621**	**11,398**	**–418**	**12,813**	**28,280**	**1,154**	**29,434**
Profit for the period	–	–	–	–	963	**963**	–94	**869**
Other comprehensive income	–	–	–	510	–	**510**	–	**510**
Total comprehensive income	–	–	–	**510**	**963**	**1,473**	**–94**	**1,379**
Registration of shares	–	–621	621	–	–	**-**	–	–
New share issue	–	–	35,420	–	–	**35,420**	–	**35,420**
Expenses related to the share issue	–	–	–3,136	–	–	**–3,136**	–	**–3,136**
Purchase of own shares	–	–	–	–	–614	**–614**	–	**–614**
Acquisition of non-controlling interests	–	–	–	–	–	**-**	–177	**–177**
Dividends	–	–	–	–	–	**-**	–44	**–44**
Other changes	–	–	–	–	–357	**–357**	–	**–357**
Equity on 31 Dec 2021	**3,866**	–	**44,303**	**92**	**12,805**	**61,066**	**839**	**61,905**

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

Consolidated statement of Cash Flows

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Cash flow from operating activities		
Result for the financial year	**3,535**	869
Adjustments for:		
Depreciation, amortisation and impairment	**6,641**	4,072
Finance income and expenses	**3,479**	1,763
Gain on disposal of property, plant and equipment	**–331**	–381
Share of result of associates and joint ventures	**1,809**	185
Taxes	**3,005**	–691
Other non-cash flow adjustments	**1,031**	–41
Total adjustments	**15,633**	4,908
Change in working capital		
Change in trade and other receivables	**–42,253**	–13,395
Change in inventories	**–1,282**	–1,899
Change in trade and other payables	**21,394**	6,332
Total change in working capital	**–22,141**	**–8,962**
Operating cash flow before financial and tax items	**–2,972**	**–3,185**
Interest paid	**–863**	–759
Interest received	**376**	163
Other financial items	**–2,649**	–1,196
Dividends received	**0**	0
Taxes paid	**–378**	–379
Net cash flow from operating activities	**–6,486**	**–5,357**

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Cash flow from investing activities		
Acquisition of subsidiaries and businesses, net of cash acquired	**0**	0
Disposals of subsidiaries and businesses, net of cash acquired	**0**	0
Investments in associates, joint ventures and other shares	**–659**	–884
Purchase of intangible and tangible assets	**–7,840**	–3,433
Proceeds from sale of tangible and intangible assets	**540**	50
Net cash flow from investing activities	**–7,959**	**–4,267**
Cash flow from financing activities		
Proceeds from borrowings	**20,186**	6,163
Repayment of borrowings	**–25,569**	–3,022
Repayment of lease liabilities	**–3,535**	–1,573
Purchase of own shares	**0**	–261
Issue of new shares	**0**	35,420
Costs relating to the IPO share issue	**0**	–3,136
Acquisition of non-controlling interests	**–618**	–379
Net cash flow from financing activities	**–9,537**	**33,213**
Net change in cash and cash equivalents	**–23,982**	**23,589**
Cash and cash equivalents at 1.1.	**28,871**	**5,282**
Cash and cash equivalents at 31.12.	**4,889**	**28,871**
Change	**–23,982**	**23,589**

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

Notes to the consolidated financial statements

1.1. General information

Basic information

Lamor Corporation Plc (the "Company" or the "parent company") and its subsidiaries (together "Lamor", "Lamor Group" or the "Group") form a leading global supplier of environmental technologies. The mission of Lamor is to clean the world, and our business includes environmental protection and material recycling solutions.

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

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

These consolidated financial statements were authorized for issue by Lamor Corporation's Board of Directors on 27 February 2023, after which, in accordance with the Finnish Companies Act, the financial statements are either approved, amended or rejected at the next Annual General Meeting.

Group information

The consolidated financial statements of the Group include the following subsidiaries and associated companies, which provide environmental solutions. More information on the consolidation principles is presented in Note 1.2 Basis of preparation.

		Equity interest, %	
Subsidiaries	Country of incorporation	31 Dec 2022	31 Dec 2021
Lamor USA Corporation	USA	100.00	100.00
Lamor Vostok LLC	Russia	100.00	100.00
Lamor Corporation UK Ltd	United Kingdom	100.00	100.00
Lamor Beijing Co Ltd	China	100.00	100.00
Lamor Americas LLC*	USA	100.00	100.00
Lamor International Sales Corp*	USA	100.00	100.00
Lamor Environmental Solutions Spain S.L	Spain	100.00	100.00
Corena Group Bolivia SRL	Bolivia	100.00	100.00
World Environmental Service Technologies LLC	USA	100.00	100.00
Lamor Colombia SAS	Colombia	92.50	92.50
Lamor Peru SAC	Peru	100.00	100.00
Corporacion Para Los Recursos Naturales Corena S.A	Ecuador	85.01	85.01
Corena Chile SpA	Chile	92.55	92.55
Lamor Middle East LLC	Oman	70.00	70.00
Lamor Environmental Solutions Panama*	Panama	52.00	52.00
Lamor India Private Ltd	India	60.00	60.00
Lamor Water Technology Oy	Finland	50.67	50.67
Resiclo Kilpilahti Oy (now Lamor-Resiclo Oy)	Finland	55.00	0.00

* Inactive

Associated companies

Owned by the Group's parent company	Country of incorporation	Equity interest, % 31 Dec 2022	Equity interest, % 31 Dec 2021
Lamor Do Brazil*	Brazil	50.00	50.00
Lamor NBO LLC*	Azerbaijan	50.00	50.00
Lamor Central Asia LLP	Kazakhstan	40.00	40.00
Shanghai Dongan Water Pollution Control Center Co Ltd	China	28.60	28.60
Lamor Cevre Hizmetleri	Turkey	30.00	30.00
Sawa Petroleum Services Ltd	Senegal	45.00	45.00
Lamor Ukraine LLC	Ukraine	19.90	19.90
Gaico-Corena Environmental Services Inc.	Guyana	49.00	49.00

Owned by Gaico-Corena Environmental Services Inc.	Country of incorporation	Equity interest, % 31 Dec 2022	Equity interest, % 31 Dec 2021
Sustainable Environmental Solutions Guyana Inc (SES)	Guyana	24.50	24.50

Owned by World Environmental Service Technologies LLC	Country of incorporation	Equity interest, % 31 Dec 2022	Equity interest, % 31 Dec 2021
Ecoshelf Ltd	Russia	34.67	26.00

Significant branches of the parent company	Country of operation
Lamor Corporation Plc, Saudi Arabian branch	Saudi-Arabia

* Inactive

For more details relating to associated companies and joint ventures, refer to Note 3.2 Associates and joint arrangements.

1.2. Basis of preparation

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by European Union as of December 31, 2022. The notes to the financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except when otherwise indicated. Therefore, the sum of individual numbers may deviate from the presented sum figure due to rounding differences. The comparative year information is presented in brackets after the information for the current financial year.

Consolidation principles

The consolidated financial statements include the financial statements of the Group and its subsidiaries. Lamor has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control exists when Lamor has a majority of voting rights in a subsidiary or can otherwise demonstrate having control in a subsidiary. Acquired subsidiaries are consolidated from the date on which control is transferred to Lamor Group, and are no longer consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Lamor Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests are presented in the consolidated statement of financial position as within equity, separately from equity attributable to shareholders. Non-controlling interests are separately presented in the statement of other comprehensive income.

Non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are regarded as transactions with equity owners. In the case of purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets acquired in the subsidiary is recorded in shareholders' equity. Gains or losses on disposal to non-controlling interests are also recorded directly in shareholders' equity.

Segment reporting

Lamor has one reportable segment, which comprises of the whole Group. See further information in the note 2.1 Revenue from contracts with customers.

Foreign currencies

Lamor's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Lamor Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by Lamor Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates of the period. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot exchange rate at the reporting date.

1.3. Accounting estimates and judgements applied in the preparation of the financial statements

The preparation of Lamor Group's consolidated financial statements requires management to use judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The most significant accounting policies requiring judgement by the management and the key factors of uncertainty related to estimates are presented in the following notes:

- Revenue from contracts with customers (Note 2.1)
- Deferred tax assets (Note 2.5)
- Business combinations, value of net assets acquired and contingent considerations (Note 3.1)
- Associates and joint arrangements, classification of joint arrangements (Note 3.2)
- Impairment testing (Note 3.3)
- Leases (Note 3.6)
- Inventory valuation (Note 3.7)
- Expected credit losses (Note 3.8)

Due to the Covid-19 pandemic, Lamor has reviewed the the estimates and assumptions used in the preparation of the consolidated financial statements. The estimates used and assumptions reflect management's best judgement on the possible continued impacts on the pandemic.

Due to the war started by Russia in Ukraine, Lamor has reviewed the the estimates and assumptions used in the preparation of the consolidated financial statements. The estimates used and assumptions reflect management's best judgement on the possible impacts of the war and the economic sanctions imposed on Russia. As a consequence of the war, Lamor has stopped sales of its products and services in Russia.

1.4. New and updated IFRS standards not yet effective

Lamor adopts the new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards that become effective of 1 January 2023 or later are not expected to have an impact on Lamor's consolidated financial statements.

The following new and amended standards have been issued and become effective on 1 January 2023 or later. Only the amendments relevant from Lamor's perspective have been included in the summary below.

Adoption of new and amended standards and interpretations applicable in future financial years

* = not yet endorsed for use by the European Union as of 31 December 2022

IFRS 17 Insurance Contracts*

(to be applied from 1 January 2023)
The new standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. This standard replaces IFRS 4 standard. The impact of the standard on Lamor's consolidated financial statements is not expected to be significant.

Amendments to IFRS 17 – Comparative Information*

(effective for financial years beginning on or after 1 January 2023)
Amendment to IFRS 17 to alleviate mismatches in comparative information arising from the different transition requirements of IFRS 9 and IFRS 17. The impacts of the amendments on Lamor's consolidated financial statements are not expected to be significant.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

(effective for financial years beginning on or after 1 January 2023, early application is permitted)
The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. The impacts of the amendments on Lamor's consolidated financial statements are not expected to be significant.

Amendments to IAS 1 – Disclosure of Accounting Policies*

(effective for financial years beginning on or after 1 January 2023, early application is permitted)
The amendments clarify the application of materiality to disclosure of accounting policies to help companies provide useful accounting policy disclosures. The impacts of the amendments on Lamor's consolidated financial statements are not expected to be significant.

Amendments to IAS 8 – Definition of Accounting Estimates*

(effective for financial years beginning on or after 1 January 2023, early application is permitted)
The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The impacts of the amendments on Lamor's consolidated financial statements are not expected to be significant.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

(effective for financial years beginning on or after 1 January 2023, early application is permitted)
The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences. The impacts of the amendments on Lamor's consolidated financial statements are not expected to be significant.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

(available for optional adoption, effective date deferred indefinitely)
The amendments address the conflict between the existing guidance on consolidation and equity accounting and require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations. The standard change is not expected to have a significant impact on the consolidated financial statements of Lamor.

2.1. Revenue from contracts with customers

Accounting principles

Revenue, segment reporting and geographical information

Lamor is one of the leading global suppliers of environmental technologies. The mission of Lamor is to clean the world, together with clients and partners, by providing environmental protection and material recycling solutions.

The profitability of the Group is based on the One Lamor approach. The CEO, who is the chief operating decision maker of the Group, monitors the Equipment and Service businesses and the geographical split of revenue. 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 reporting principles that are consistent with the IFRS accounting principles of the Group. The chief operating decision maker uses performance-related key figures, most importantly order intake, revenue, EBITDA and operating profit, to support the decision making. 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 key figures 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 the Group.

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.

Revenue recognition

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The control is transferred either at point in time or over time. Lamor acts mainly as a principal in its revenue arrangements, as it typically controls the goods or services being transferred to the customers.

Lamor's contracts with customers include five different types of contracts:

- Environmental solutions
- Built-for-purpose environmental solutions
- Standard equipment deliveries
- Service projects
- Equipment rental

Environmental solutions including both equipment and services

Lamor's environmental solutions include large-scale projects with turnkey solutions for the customers. They typically include design, equipment, installation, commissioning, training, and maintenance of a certain environmental solution. Environmental solution can also include an overall solution, e.g. for building and maintenance of environmental protection capabilities in a certain area or for a soil remediation project. The pricing method may vary between fixed price and fixed unit price depending on the type of the solution.

The environmental solution does not have an alternative use for Lamor and Lamor has an enforceable right to payment for the performance completed to date. Thus, Lamor recognises the revenue over time by using the percentage of completion method. Lamor measures the progress using the cost-to-cost method, where revenue is recorded after measuring the accumulated costs to the budgeted total costs to complete the project. When recognising revenue over time, the estimated amount of revenue, accumulated costs, and budgeted costs are regularly reviewed by the management to assess the correctness of the timing and amount of the revenue recognition.

Built-for-purpose equipment deliveries

Lamor's built-for-purpose equipment and system deliveries include equipment and related services. The deliveries typically include built-for-purpose equipment or solution developed based on customer needs and set criteria. The range of deliveries varies by contract from single equipment deliveries to deliveries of larger scale solutions. The delivery typically include several distinct products and equipment with related installation and commissioning services. The equipment provided to the customer together with the services rendered constitute one combined output and thus, the built-for-purpose equipment and solution delivery projects are considered as one performance obligation.

When Lamor provides the customer a built-for-purpose system, where the equipment does not have an alternative use for Lamor and Lamor has an enforceable right to payment for the performance completed, Lamor recognises the revenue over time by using the percentage of completion method. Lamor measures the progress using the cost-to-cost method, where revenue is recorded after measuring the accumulated costs to the budgeted total costs to complete the project. When recognising revenue over time, the estimated amount of revenue, accumulated costs, and budgeted costs are regularly reviewed by the management to assess the correctness of the timing and amount of the revenue recognition.

Standard equipment deliveries

Lamor's standard equipment deliveries typically consist of distinct equipment delivered to the customer whereas each equipment constitutes a distinct performance obligation. Revenue is recognised at a point in time when control of the goods is transferred to the customer. Transfer of control is typically defined based on the Incoterms. In case the contract includes e.g. commissioning, a separate analysis of the timing of revenue recognition is made and revenue is recognised when the control is transferred to the customer.

Services

Lamor's service contracts mainly include services related to oil spill response services, installation, commissioning, maintenance, and training services. The services provided to the customers are distinct and therefore, each service component in a contract typically constitutes a distinct performance obligation. Revenue from services is recognised over time as customer simultaneously receives and consumes the benefits as Lamor performs the services.

Equipment rental

In Lamor's equipment rental contracts, the combination of equipment provided to the customer varies depending on the needs of the customer. The leased assets vary from oil spill response equipment to vessel rental agreements. A case-by-case analysis of the classification of the rental contract is always made to assess whether the contract is an operational or a financial lease.

The lease contracts are, in most of the cases, classified as operating leases since substantially all of the risks and rewards incidental to the ownership of the equipment are not transferred to the customer and the lease term does not cover substantially all of the useful life of the asset. Therefore, Lamor in most cases recognises the lease payments as revenue on a straight-line basis over the lease term.

Variable consideration

Lamor's customer contracts may include penalties related to delays in equipment deliveries. At the contract inception, Lamor evaluates the possibility of a variable consideration and the amount of variable consideration is assessed at each reporting period.

Other principles

Lamor does not provide any warranties to its customers that would be considered as separate performance obligation. The warranties provided are normal warranties that provide the customer assurance that the delivered equipment function as promised. The contracts do not include significant financing components.

In 2022, Lamor had three customers, the revenue from which exceeded 10% of the consolidated revenue: Kuwait Oil Company (Kuwait), Repsol (Peru) and the National Center for Environmental Compliance (Saudi Arabia). The aggregated revenue from these customers comprised 60.3 % of the Group's total revenue.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Lamor recognizes a contract asset, if it transfers goods or services to a customer before the customer pays consideration for the delivery or before the right to invoicing of a payment post exists. See note 3.8. for more information.

Trade receivables

A receivable represents Lamor's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to note 3.8. Trade receivables and contract assets for more detailed information relating to trade receivables.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which Lamor has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Lamor transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when Lamor performs under the contract.

Distribution of revenue

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

Revenue by business line

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Equipment	28,782	22,884
Services	98,874	28,632
Total revenue from contracts with customers	**127,656**	**51,517**

Timing of revenue recognition

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Transferred at a point in time	24,242	21,126
Transferred over time	103,415	30,390
Total revenue from contracts with customers	**127,656**	**51,517**

Revenue by geography*

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
EURASIA	17,837	17,283
AMER	56,713	11,626
MEAF	53,107	22,608
Total revenue from contracts with customers	**127,656**	**51,517**

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

According to the November 2022 strategy update, Lamor's operational structure changed from four areas to three. Therefore, above are presented both splits.

Revenue by geography*

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
EURU	9,605	11,249
AMER	56,713	11,626
APAC	8,231	6,034
MEAF	53,107	22,608
Total revenue from contracts with customers	**127,656**	**51,517**

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

Summary of contract balances

EUR thousand	31 Dec 2022	31 Dec 2021
Trade receivables (Note 3.8)	29,396	7,556
Contract assets (Note 3.8)	38,448	14,804
Contract liabilities (Note 3.9)	18,158	1,985

Trade receivables are non-interest bearing and generally the payment terms vary between 14 and 90 days. As of 31.12.2022, Lamor has recorded an expected credit loss related to trade receivables and contract assets amounting to EUR 1,390 thousand (EUR 2,257 thousand in 2021). Please refer to note 3.8 Trade receivables and contract assets for further information relating to the ECL calculations.

Contract liabilities consist mainly of prepayments received from the customers relating to the environmental solution deliveries and built-for-purpose equipment delivery projects.

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Revenue recognised from projects that were started but not finished during the previous periods	51,051	1,197
Revenue not yet recognised from projects that were ongoing at the end the reporting period	148,709	152,641

Accounting estimates and the management's judgement

Lamor has applied management judgement relating to the timing of revenue recognition and estimating the amount of variable consideration. Revenue recognised at a point in time is based on the transfer of control that is mainly based on the delivery terms of the contracts. Customer contracts including e.g. penalties of late delivery require management judgment and Lamor assesses the amount of variable consideration at each reporting period based on e.g. earlier experience.

Regarding projects for which revenue is recognised based on the percentage of completion method (cost-to-cost method), Lamor estimates the total sales, costs and margin to complete the project. The estimated sales, accumulated costs and budgeted costs are regularly reviewed by the management. In addition,

Lamor applies management judgement when estimating the ECL for trade receivables and contract assets according to IFRS 9.

2.2. Other operating income and expenses

Accounting principles

Other operating income
Other operating income includes income that does not directly relate to income from Group's operating activities. Other operating income consist mainly of capital gains on fixed assets and government grants.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants related to capitalised development costs are netted with the costs incurred before the capitalisation (see Note 3.4.)

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Gain on sale of fixed assets	227	381
Government grants	-	-
Other income	159	475
Total other operating income	**386**	**857**

Other operating expenses
Other operating expenses include other expenses than costs of goods sold. Lamor's other operating expenses consist mainly of administrative expenses and external services.

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Other personnel expenses	–562	–517
Short-term and low value leases	–371	–63
Sales and marketing	–539	–386
Expenses for office facilities	–169	–110
Admin expenses	–1,671	–1,220
Travel and accomodation	–862	–292
External services	–3,047	–2,646
Other expenses	–2,688	–1,384
Total other operating expenses	**–9,909**	**–6,618**

Audit fees

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Audit fees	302	255
Other audit-related assignments	3	249
Tax services	5	3
Other services	28	382
Total audit fees	**338**	**889**

2.3. Employee benefit expenses

Accounting principles

The most post-employment benefit plans in the Group are contribution-based. In the defined contribution plans, Lamor pays fixed contributions to an insurance company. After that, the Group does not have legal obligations to pay any additional amounts related to the defined contribution plans. The payments made on the defined contribution plans are recognised in the profit and loss statement during a financial period to which they relate.

In Ecuador, Lamor has a defined benefit plan for local employees. The terms of the arrangement are based on local labor legislation, which gives employees a right to a retirement benefit after a certain number of years of continuous service for the employer. Lamor recognises the net defined benefit liability (asset) and the related changes in it in accordance with IAS 19, based on a calculation by a qualified external actuary. At the end of the reporting period, the net defined benefit liability arising from the plan amounted to EUR 227 thousand. The related service cost and the financing cost of the defined benefit plan during the period were EUR 22 thousand and EUR 10 thousand, respectively, and actuarial loss in the period amounted to EUR 10 thousand.

Local employee benefits relating to e.g. years of service payments and jubilee payments are recognised as liabilities.

Employee benefit expenses

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Wages and salaries	–16,051	–7,939
Social security costs	–2,149	–974
Pension expenses	–1,185	–724
Total employee benefit expenses	**–19,386**	**–9,637**

Number of employees

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Number of employees at the end of period	508	290
Average number of employees during the period	604	250

Share-based payments

Lamor has share-based compansation plans for the CEO and its key personnel. See note 5.1. for more information. No payments were made based on the plans during 2022.

Salaries, fees and benefits paid for the Board of Directors and for the Group management

Please see the note 5.2. Related party transactions for information regarding compensation to Board of Directors, Group CEO and the Group management.

2.4. Financial income and financial expenses

Accounting principles

The financial income of the Group consist mainly of interest income and foreign currency exchange gains. The financial expenses relate mostly to loans from credit institutions, guarantee provisions relating to customer projects and foreign currency exchange losses. Foreign exchange gains and losses include the gains and losses from FX forward contracts.

Financial income and expenses are recognised in the period during which they are incurred. Interest income and expenses are recognised using the effective interest method. More information regarding the financial instruments is presented in the sections 4.1, 4.2 and 4.3.

Financial income

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Interest income	472	107
Foreign currency exchange gains	936	327
Gains from fair valuation of financial instruments	61	0
Total financial income	**1,468**	**434**

Financial expenses

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Interest on debts and borrowings	–658	–631
Interest expenses from leases	–187	–96
Foreign currency exchange losses	–2,691	–240
Guarantee and other credit arrangement expenses	–1,286	–1,038
Other finance costs	–124	–192
Total financial expenses	**–4,947**	**–2,197**

2.5. Income tax

Accounting principles

Current income tax

Lamor's income taxes comprise of tax recognized on the taxable income for the financial year as well as deferred taxes. Taxes for the items recognised in the statement of profit and loss are included in income taxes in the statement of profit and loss. For items recognised directly in the other comprehensive income statement (OCI), also the tax effect is recognised in other comprehensive income (OCI).

Taxes based on taxable income are recorded according to the local tax rules of each country using the applicable tax rate. If there is uncertainty included in interpretations of the income tax rules, Lamor estimates if a company is able to fully utilize the tax position that is stated in the income tax calculations and the tax recordings are adjusted if necessary.

Deferred tax

Deferred tax asset or liability is recorded on temporary differences arising between the tax bases of assets and liabilities and their financial statement carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Lamor records a deferred tax liability for all taxable temporary differences. Typical temporary differences arise mainly from leases, business combinations and fair valuation of financial assets and liabilities through profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised in the balance sheet in full.

Lamor offsets the deferred tax assets and deferred liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity.

Direct taxes

The major components of income tax expense for the years ended 31 December 2022 and 31 December 2021 are:

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Income tax on operations	–2,163	–190
Tax for previous accounting periods	–328	-
Deferred taxes	–513	881
Income tax total	**–3,005**	**691**

Tax rate reconciliation

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Profit before income tax	**6,540**	**178**
Tax calculated at parent's tax rate of 20%	–1,308	–36
Tax for previous years	–328	–6
Effect on different tax rates in foreign subsidiaries	–477	–193
Non-deductible expenses	–902	–293
Income not subject to tax	82	678
Other	–71	540
Income taxes	**–3,005**	**691**

Income tax receivables and payables

EUR thousand	31 Dec 2022	31 Dec 2021
Income tax receivables	107	102
Income tax payable	2,124	47

Deferred tax

Deferred tax assets 2022

EUR thousand	1 Jan 2022	Recognised in profit or loss	Currency translation	31 Dec 2022
Leases	2	–13	-	–11
Expected credit losses	192	–185	-	7
Loss carry-forwards	2,708	367	–242	2,832
Other temporary differences	43	45	0	88
Total	**2,944**	**213**	**–242**	**2,916**

Deferred tax assets 2021

EUR thousand	1 Jan 2021	Recognised in profit or loss	Currency translation	31 Dec 2021
Leases	4	–2	-	2
Expected credit losses	602	–410	-	192
Loss carry-forwards	753	1,887	68	2,708
Other temporary differences	30	30	–17	43
Total	**1,389**	**1,505**	**50**	**2,944**

Deferred tax liabilities 2022

EUR thousand	1 Jan 2022	Recognised in profit or loss	Currency translation	31 Dec 2022
Revaluation of financial assets at fair value through profit and loss	-	12	-	12
Allocation of transaction related fair values	200	–49	-	151
Other temporary differences	679	770	27	1,476
Total	**879**	**733**	**27**	**1,640**

Deferred tax liabilities 2021

EUR thousand	1 Jan 2021	Recognised in profit or loss	Currency translation	31 Dec 2021
Revaluation of financial assets at fair value through profit and loss	7	–7	-	-
Allocation of transaction related fair values	230	–47	17	200
Other temporary differences	0	678	1	679
Total	**237**	**624**	**18**	**879**

Accounting estimates and the management's judgement

Management judgement is applied in determining the deferred tax assets as Lamor is required to make estimations about future taxable profit, the recoverability of the loss carry-forwards and potential changes to tax laws in countries where Lamor operates. Lamor has loss carry-forwards that mainly derive from the Finnish parent company and from subsidiaries located in the USA and Ecuador. The deferred tax assets have been calculated by using the local tax rates. Lamor estimates that in the future periods there will be taxable profit against which the deferred tax assets can be utilised. Loss carry-forwards expires mainly in 5–10 years. Temporary differences in Lamor's financial statements arise mainly from leases and allocations of transaction related fair values.

2.6. Earnings per share

Accounting principles

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The weighted average number of ordinary shares for diluted EPS of 2022 includes the impact of the Group's share-based compensation plans (see note 5.1).

Earnings per share, basic

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Profit attributable to ordinary equity holders of the parent	3,462,262	963,028
Weighted average number of ordinary shares*	26,959,974	20,345,794
Earnings per share, basic	**0.13**	**0.05**

Earnings per share, diluted

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Profit attributable to ordinary equity holders of the parent	3,462,262	963,028
Weighted average number of ordinary shares*	27,170,807	20,345,794
Earnings per share, diluted	**0.13**	**0.05**

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. The numbers have been adjusted for stock split effective from November 2021.

3.1. Business Combinations

Accounting principles

Acquired subsidiaries are consolidated in the Group financial statements from the date when Lamor obtained control over the acquired entity. Business combinations are accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. The Group measures the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

Acquisition-related costs are expensed as incurred and included in the statement of profit and loss as other operating expenses.

A contingent consideration recognised in a business combination is initially measured at its fair value. Subsequently, it is measured in accordance with the requirements in IFRS 9 Financial Instruments.

Acquisitions in 2022

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

EUR thousand	Resiclo Kilpilahti Oy
Purchase price	
Consideration to be paid in cash	1,000
Fair value of assets and liabilities recognised on the acquisition	
Assets	
Current receivables	1,000
Total assets	**1,000**
Liabilities	
Interest and Non interest-bearing liabilities	0
Total liabilities	
Total identifiable net assets at fair value	**1,000**
Non-controlling interest (45.0 per cent of net assets)	450
Goodwill arising on acquisition (Note 3.3)	450
Purchase consideration transferred	**1,000**

Cash flow impact of acquisitions
The acquisition did not have an impact on cash flows in the reporting period.

Acquisitions in 2021

Lamor did not have any acquistions during the year.

Accounting estimates and the management's judgement

Net assets acquired in the business combinations are measured at fair value, which is determined based on the market value of similar assets (tangible assets) or an estimate of the expected future cash flows (intangible assets). This valuation is based on the current repurchase values, expected cash flows or estimated selling prices and it has required management's judgement. The Group's management believes that the estimates and assumptions used are sufficiently reliable for determination of fair values.

3.2. Associates and joint arrangements

Accounting principles

An associate is a company over which Lamor has significant influence but not control. In Lamor, significant influence represents 20–50% of the voting shares or otherwise significant influence over the company. The Group's investments in its associate and joint venture are accounted for using the equity method.

A joint operation is a joint arrangement in which the Group has rights and obligations to the sales, purchases, assets and liabilities of the arrangement in proportion to its share of ownership or other contract. The Group consolidates its share of these items in the consolidated financial statements.

An associated company's or a joint venture's profit or loss for the period is presented before operating profit in the consolidated statement of profit or loss.

Companies that are not consolidated by using any of the mentioned methods are treated as investments in Lamor's financial statements which are valued at cost and recognised as equity investments.

EUR thousand	2022	2021
Carrying amount on 1 January	3,671	3,781
Share of Results	149	–185
Dividends	0	0
Additions	11	75
Transfers	–64	0
Impairment	–1,958	0
Translation difference	0	0
Carrying amount on 31 December	**1,808**	**3,671**

31 Dec 2022

Name of entity	Domicile	Holding %	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Profit/(loss) for the financial period
EUR thousand									
Associates									
Lamor Cevre Hizmetleri	Turkey	30.0%	0	116	–558	0	674	88	–142
Shanghai Dongan Water Pollution Control Center Co Ltd	China	28.6%	336	3,953	1,079	153	3,056	10,366	–919
Ecoshelf Ltd	Russia	34.7%	3,241	3,024	5,396	0	870	4,610	224
Gaico-Corena Environmental Services Inc.	Guyana	49.0%	1	1,926	1	1,926	0	0	0
Associates owned by Gaico-Corena Environmental Services Inc.									
Sustainable Environmental Solutions Guyana Inc. (SES)	Guyana	24.5%	16,231	3,537	1,161	15,985	2,622	10,925	1,687

31 Dec 2021

Name of entity	Domicile	Holding %	Non-current assets	Current assets	Equity	Non-current liabilities	Current liabilities	Revenue	Profit/(loss) for the financial period
EUR thousand									
Associates									
Lamor Cevre Hizmetleri	Turkey	30.0%	1	182	–382	0	565	124	–131
Shanghai Dongan Water Pollution Control Center Co Ltd	China	28.6%	418	3,378	2,007	154	1,635	9,437	101
Ecoshelf Ltd	Russia	26.0%	3,155	3,622	4,811	0	1,965	7,706	–895
Gaico-Corena Environmental Services Inc.	Guyana	49.0%	1,810	0	1	1,809	0	0	0
Associates owned by Gaico-Corena Environmental Services Inc.									
Sustainable Environmental Solutions Guyana Inc. (SES)	Guyana	24.5%	14,647	2,228	–273	14,665	2,484	1,354	75

Lamor Cevre manufactures and sells equipment for group companies and external clients. Shanghai Dongan operates in China oil spill market. Ecoshelf Ltd operates in soil cleaning in Russia. Gaico-Corena owns a 50% share of Sustainable Environmental Services Inc., which provides oilfield waste management services in Guyana. The increase in Lamor's ownership in Ecoshelf Ltd in 2022 is due to redemption of shares by the company from another shareholder.

Lamor group also includes the following associates and joint ventures: Lamor Ukraine LLC, Sawa Petroleum Senegal, Lamor Do Brazil, Lamor NBO (Azerbaizan) and Lamor Central Asia (Kazakhstan). These companies are not active and their business transactions are not significant.

In 2021 Lamor established a joint arrangement in Kuwait with a local partner with the purpose of providing soil remediation services to the local customer. Lamor's share of the arrangement is 45%. The joint arrangement operates under the name KAK-Lamor Consortium with its domicile in Kuwait. The Group has analyzed its contractual rights and obligations in the arrangement, and based on the analysis, classifies it as a joint operation in accordance with IFRS 11.15. Therefore, Lamor consolidates the sales, purchases, assets and liabilities of the joint operation in proportion to its share in the arrangement.

3.3. Goodwill and impairment testing

Accounting principles

Goodwill arises from the business combinations, and it corresponds to the amount that the consideration transferred exceeds the fair value of identifiable net assets as of the acquisition date. Goodwill from business combinations is allocated for impairment testing to the cash generating unit that is expected to gain benefit from the synergies created by the business combination. Goodwill is related to the Services CGU and thus it is allocated to the Services CGU.

Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate a possible impairment. The carrying amount of the cash-generating unit (CGU) including goodwill is compared to the recoverable amount which is the higher of the fair value less costs of disposal or the value in use. Possible impairment is recognised as an expense in the statement of profit and loss with immediate effect, and it will not be reversed later.

If the recoverable amount of an asset is less than its carrying amount, the impairment loss is recorded so that the carrying amount of the asset is equal to its recoverable amount.

EUR thousand	31 Dec 2022	31 Dec 2021
Acquisition cost at 1 Jan	**18,049**	**17,892**
Goodwill from business acquisitions	450	0
Translation differences	135	157
Acquisition cost at 31 Dec	**18,634**	**18,049**

Goodwill is tested following the IFRS guidance for impairment testing. Lamor does not have any intangible assets that has indefinite useful life. Relating to goodwill impairment testing, Lamor has assessed that it has two cash-generating units, Services and Technology Sales. As the goodwill is related to the Services CGU, all goodwill is allocated to the Services CGU.

Lamor has in the reporting period tested goodwill for impairment at 31.12.2022 and 31.12.2021. As Lamor applied IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of the transition to IFRSs, Lamor has performed goodwill impairment tests annually since 2011 for the historical periods.

The recoverable amount from the cash generating unit is determined based on value-in-use calculations. The calculations are prepared following the discounted cash flow method using the management approved estimates for the following year and subsequent development derived from the strategic plans that are based on the information gathered from the area sales teams. Terminal year value has been defined based on the long-term strategic plans.

Cash flows beyond the 5-year period are calculated using the terminal value method. The terminal growth rate of 2,0 percent (2,0%) used in projections is based on management's assessment on conservative long term growth. The estimates have been prepared to reflect Lamor's past performance and expectations for the future considering Lamor's market position and the general economic environment.

The applied discount rate is the weighted average cost of capital (WACC). It takes into account the expected return on both debt and equity and has been derived from the WACC on comparable peer industry betas, capital structure, and tax rates. The components of the WACC are risk-free rate, market risk premium, company specific factor, and industry specific beta, cost of debt and debt/equity ratio. The post-tax WACC of 14.3 percent (15.3 percent in 2021) has been used in the calculations.

As a result of the impairment tests, no impairment loss for the CGU was recognized for the financial periods ended 31.12.2022 and 31.12.2021.The key assumptions used in assessing the recoverable amount are the following:

%	31 Dec 2022	31 Dec 2021
Sales growth range in five-year estimate period	–18.7%–30.6%	4.5%–121.6%
EBITDA % range in five-year estimate period	17.8%	23.1%–27.7%
Growth rate in the terminal period	2.0%	2.0%
Post-tax WACC	14.3%	15.3%
Pre-tax WACC	18.1%	18.6%

Values assigned to key assumptions reflect past experience and the management's expectations on the future sales, which are based on the current sales volumes and the capacity of the CGU.

Sensitivity analysis

Lamor has performed sensitivity analysis around the key assumptions for the impairment testing. The management has assessed that any reasonable possible changes in the key assumptions would not cause the carrying amount of the Services CGU to exceed its recoverable amounts. Based on the testing at 31 December 2022, the recoverable amount of the Services CGU exceeded its carrying amount by EUR 36.2 million. The sensitivity to impairment of the calculations was tested in the following scenarios:

- Scenario 1: increasing WACC by 2 percentage points in year 2022 (2 percentage points in 2021)
- Scenario 2: reducing EBITDA with 3 percentage points in year 2022 (3 percentage points in 2021)

Impact on the CGU's value in use

%	31 Dec 2022	31 Dec 2021
WACC increase by 2 percentage points	–13.8%	–14.1%
EBITDA decrease by 3 percentage points	–24.0%	–15.8%

The sensitivity analysis include also projections on break-even levels of EBITDA % and WACC. If EBITDA % would decrease for the forecast and terminal period by 4.6 %-points (6.6% in 2021), the value-in-use would equal to the carrying amount. Applying a discount rate of 21.7% (39.1% in 2021) would also lead to break-even level.

Accounting estimates and management's judgements

The management uses significant estimates and judgement when determining whether there are indications of impairment of goodwill. Management judgement has also been used when defining the amount of cash generating units.

The cash flow projections are based on budgets and financial estimates approved by management covering a 5-year period. Cash flow forecasts are based on Group's existing business structure, actual results and the management's best estimates on future sales, cost development, general market conditions and applicable tax rates. The growth rates are based on the management's estimates on future growth of the business.

Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses as described above in this note.

3.4. Intangible assets

Accounting principles

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The expected useful life lives for the asset classes are as follows:
- Development costs: 5 years
- Other intangible assets: 5–10 years

For the Group's accounting policy on impairment for goodwill, refer to Note 3.3. Goodwill and impairment testing.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Accounting for cloud services

In April 2021, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision on the accounting treatment of configuration and customization costs for acquired cloud services. In its decision, the IFRIC considered whether the customer would recognize an intangible asset in accordance with IAS 38 and, if the intangible asset is not recognised, how the customer would account for the costs of setting up the system. Agenda decisions do not have an entry into force, so they are expected to apply as soon as possible. Lamor has cloud service arrangements in place. The accounting principles applied have been analyzed and specified for the implementation phase of the systems, and the change did not have a material impact in the 2022 consolidated financial statements.

Research and development costs

Research costs are expensed in the reporting period during which they occur. Development costs are capitalised when it is probable that the development project will generate future economic benefits for Lamor and when the related criteria, including commercial and technological feasibility, have been met. These projects involve the development of new or significantly improved products or production processes. Earlier expensed development costs are not capitalised.

Capitalised development costs are measured at cost less accumulated amortisations and impairment. Capitalised development costs are amortised on a straight-line basis over their expected useful lives of 5 years. Amortisations are started when the developent project starts and costs are accumulated. Government grants related to capitalised development costs are netted with the costs incurred before the capitalisation.

Lamor's significant governmental grants are mainly related to business development projects. Currently there are no unfulfilled conditions or contingencies attached to these grants.

EUR thousand	Development costs	Other intangibles	Total
Cost			
1 Jan 2021	**5,499**	**3,663**	**9,162**
Additions	1,215	702	1,917
Government grants	–440	0	–440
Translation differences	0	53	53
31 Dec 2021	**6,274**	**4,418**	**10,692**
Additions	102	1,214	1,316
Government Grants	0	0	0
Translation differences	2	43	45
31 Dec 2022	**6,378**	**5,675**	**12,053**
Amortisation and impairment			
1 Jan 2021	**–3,722**	**–1,182**	**–4,904**
Amortisation	–946	–596	–1,543
31 Dec 2021	**–4,668**	**–1,779**	**–6,447**
Amortisation	–792	–798	–1,590
Translation differences			
31 Dec 2022	**–5,460**	**–2,577**	**–8,037**
Net book value			
31 Dec 2022	918	3,098	4,016
31 Dec 2021	1,606	2,640	4,245

3.5. Property, plant and equipmentet

Accounting principles

Property, plant and equipment consist mainly of land, buildings and machinery & equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation of property, plant and equipment is charged on a straight-line basis over the estimated useful lives to their residual value, as follows:

- Land is not depreciated and it will be assessed for impairment annually
- Buildings 20 years
- Machinery and equipment 3–10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Sales gains and losses on disposal or transfer of tangible assets are presented in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

EUR thousand	Land	Buildings	Machinery & equipment	Total
Acquisition cost				
1 Jan 2021	**481**	**120**	**5,645**	**6,246**
Additions	110	0	1,406	1,516
Business combinations (Note 4.1)	-	-	0	0
Disposals	-	-	–83	–83
Transfers	-	137	–194	–57
Translation differences	25	36	232	292
31 Dec 2021	**616**	**293**	**7,006**	**7,914**
Additions	43	11	7,025	7,080
Disposals	-	-	–231	–231
Scrapped	-	-	–647	–647
Transfers	-	0	–665	–665
Translation differences	23	33	174	229
31 Dec 2022	**681**	**337**	**12,663**	**13,681**
Depreciation and impairment				
1 Jan 2021	**-**	**–46**	**–2,311**	**–2,357**
Depreciation charge for the year	-	–19	–813	–832
Impairment	-	-	-	-
Disposals	-	-	–22	–22
Transfers	-	-	-	-
Translation differences	-	–4	–118	–122
31 Dec 2021	**-**	**–69**	**–3,264**	**–3,333**
Depreciation charge for the year	-	–24	–1,156	–1,180
Impairment	-	-	-	-
Disposals	-	-	22	22
Scrapped	-	-	602	602
Transfers	-	-	–16	–16
Translation differences	-	–3	–135	–139
31 Dec 2022	**-**	**–96**	**–3,948**	**–4,044**
Net book value				
31 Dec 2022	681	241	8,714	9,636
31 Dec 2021	616	224	3,741	4,581

3.6. Leases

Accounting principles

The lease contracts of Lamor consist mainly of office and warehouse buildings, vessels and vehicles. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset and a lease liability corresponding to the present value of the future lease payments are recognised in the consolidated statement of financial position at the commencement date of the lease.

Measurement and recognition of right-of use assets

The right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date (less any incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Typically, Lamor's lease contracts do not include any direct costs, dismantling or restoration costs.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Lamor applies the recognition exemption provided for short-term lease contracts and leases for which the underlaying asset is of low value. Lease payments for leases of low value assets and short-term lease contracts are expensed in the income statement on a straight-line basis.

Lease liabilities

At the commencement date of the lease, Lamor measures the lease liability at the present value of the future lease payments to be made over the lease term. When calculating the present value of the future lease payments, the interest rate implicit in the lease is applied if readily available. In most of Lamor's lease contracts the interest rate implicit in the lease is not available. In such cases, Lamor uses its incremental borrowing rate which reflects the rate that at which Lamor could borrow an amount similar to the value of the right-of-use asset, in the same currency, over the same term, and with similar collateral. The incremental borrowing rate comprises the risk free reference rate, credit spread and country and currency premium if applicable.

The measurement of the lease liability include fixed lease payments, variable payments that depend on an index or rate, and potential expected payments under residual guarantees. Penalties for terminating the lease are included if Lamor is reasonably certain to exercise the termination option and that is reflected in the lease term. The non-lease (service) component is excluded from the lease payments and thus, the non-lease components are not included in the measurement of the lease liability when the amount of the non-lease component can be measured reliably.

The lease term is defined as the period when the lease is non-cancellable. The lease term includes also periods covered by an option to extend or terminate the lease, if Lamor is reasonably certain to exercise the option. Lamor's lease contracts have mainly a fixed lease period or alternatively a fixed lease period with an option to extend the contract.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Interest expense on lease liabilities are recognized in financial items in the statement of profit and loss over the lease term. The lease liabilities are subsequently measured at initial recognition less lease payments that are allocated to the principal.

Accounting estimates and management's judgements

The most significant management judgment relates to lease agreements that include options to extend the lease. For these contracts, management estimates the probability of exercising the option, which may significantly affect the estimated lease term and thus, also the amounts of right-of-use asset and lease liability as well as the related depreciation and interest expense. Additionally, management judgment is applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

Right-of-use assets

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

EUR thousand	Machinery and Equipment	Others	Total
Acquisition cost			
1 Jan 2021	**2,354**	**-**	**2,354**
Additions	455	5,778	6,233
Disposals	-	-	-
Translation differences	23	250	273
31 Dec 2021	**2,832**	**6,028**	**8,860**
Additions	15	3,089	3,104
Disposals	-	-	-
Translation differences	28	325	353
31 Dec 2022	**2,875**	**9,441**	**12,317**
Depreciation			
1 Jan 2021	**–1,344**	**-**	**–1,344**
Depreciation charge for the year	–744	–963	–1,707
Disposals	-	-	-
Translation differences	–25	–42	–67
31 Dec 2021	**–2,113**	**–1,005**	**–3,118**
Depreciation charge for the year	–589	–3,286	–3,875
Translation differences	–20	–11	–30
31 Dec 2022	–2,722	–4,301	–7,023
Net book value			
31 Dec 2022	153	5,140	5,293
31 Dec 2021	719	5,023	5,742

Lease liabilities

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

EUR thousand	2022	2021
1 Jan	**5,466**	**1,029**
Additions	2,917	5,914
Translation differences	113	0
Lease payments	–3,549	–1,573
Interest expenses	187	96
31 Dec	**5,134**	**5,466**

Additions mainly pertain to new leases entered during the year in Saudi Arabia.

EUR thousand	31 Dec 2022	31 Dec 2021
Non-current lease liabilities	2,060	3,056
Current lease liabilities	3,074	2,410
31 Dec 2022	**5,134**	**5,466**

The maturity analysis of lease liabilities is disclosed in Note 4.5 Borrowings and lease liabilities.

Impact of leases on profit and loss statement

The following expenses have been recognised in profit or loss:

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Low value and short-term leases	–371	–63
Depreciations of right-of-use assets	–3,875	–1,707
Interest expenses from lease liabilities	–187	–96
Total	**–4,433**	**–1,866**

The Group had total cash outflows for leases of EUR 3,535 thousand in 2022 (EUR 1,573 thousand in 2021).

3.7. Inventory

Accounting principles

Inventories are valued at the lower of historical cost or net realizable value. The cost of inventories is based on the weighted average cost method and includes all costs incurred in bringing the inventories to their present location.

In the cost of inventories, Lamor includes the purchase price of the materials and supplies relating to projects that are not recognised over time. Relating to projects recognised over time, other costs such as import duties and transportation costs are recorded for the project and therefore, these costs are included in WIP as cost to the project.

EUR thousand	31 Dec 2022	31 Dec 2021
Materials and supplies	9,933	8,683
Work-in-progress	426	387
Total inventories	**10,359**	**9,069**

Materials and supplies consist mainly of acquires materials for customer projects. Work-in-progress consists of equipment, direct labour and other project costs for a specific project.

An allowance is recorded for obsolete items based on management's estimate of expected net realizable value at the end of each reporting period individually. Lamor has booked an allowance for obsolete items of EUR 92 thousand in 2022, EUR 62 thousand in 2021.

Accounting estimates and the management's judgement

Inventory valuation requires managements judgement of impairment provisions and the determination of the foreseeable potential sales price and sales cost in different market situations taking into account company's business environment.

3.8. Trade receivables and contract assets

Accounting principle

Trade receivables

Lamor's trade receivables are measured at amortised cost, which is the original invoiced amount less an estimated allowance for impairment. Lamor assesses any possible increase in the credit risk for financial assets measured at amortised cost at the end of each reporting period individually. Trade receivables are non-interest bearing and and the payment terms mostly vary between 14 an 90 days.

For trade receivables and contract assets, a simplified approach is applied to calculate expected credit losses (ECL) according to IFRS 9. The loss allowance is measured as an estimate of the lifetime expected credit losses. Lamor uses a provision matrix for estimating the expected credit loss, where receivables are divided to classes depending on their ageing profile and the origin of the receivable. Lamor has an effective collection process in place, which decreases the possible risk of credit losses. In calculating the expected credit loss rates, Lamor considers historical loss rates for each category, and adjusts them for forward looking macroeconomic and customer specific data. Based on the analysis, from current to a maximum of 360 days overdue trade receivables and current contract assets, the impairment of 0.1%–25% is made. In addition, trade receivables more than 360 days old are assessed individually for impairment. Examples of events giving rise to impairment include a debtor's serious financial problems, and a debtor's probable bankruptcy or other financial arrangement. Trade receivables are permanently derecognised when there is no reasonable expectation for recovery.

Contract assets and liabilities

Contract assets relate primarily to the Lamor's right to consideration for transferred goods or services, but which are not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. When the customer pays consideration in advance, or when the consideration is due before transferring the contractual performance obligation, the amount received in advance is presented as a contract liability. The contract assets are assessed for impairment with trade receivables. Contract liabilities are recognized as revenue when Lamor performs under the contract. Advances received and deferred revenue relate to payments received or invoicing in excess of revenue recognized. The increase in contract assets and liabilities arises from usual business-related project variations.

Trade receivables by ageing category

Expected credit loss 31.12.2022

EUR thousand	Gross value	Expected credit loss	Net value
Not past due	23,184	43	23,141
1–30 days	635	2	633
31–180 days	2,868	50	2,818
181–360 days	1,671	41	1,630
Over 360 days	2,427	1,254	1,174
Total	**30,786**	**1,390**	**29,396**

Expected credit loss 31.12.2021

EUR thousand	Gross value	Expected credit loss	Net value
Not past due	3,570	99	3,471
1–30 days	1,619	9	1,610
31–180 days	1,062	31	1,032
181–360 days	786	32	754
Over 360 days	2,776	2,087	689
Total	**9,814**	**2,258**	**7,556**

Lamor Group did not experience any major unexpected credit losses in 2022. Lamor's management also critically assessed the level of the expected credit loss accrual in accordance with IFRS 9 at year-end closing. Overall, Group management assessed the Group's credit risk position to be at approximately on par with the previous year's level. Credit losses and impairment of receivables amounted to EUR 1.4 million (2.3 million in 2021). The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2022) is the carrying amount of the financial assets. There are EUR 2.4 million (2.7 million in 2021) overdue receivables that are more than 360 days old. The majority of these receivables is related to contracts with government backed entities eg. large national oil companies. Receivables and the related risk are monitored on a regular basis and risk assessments are updated always when the surrounding circumstances change.

Credit risk associated with Lamor's receivables and ability to recover its contract assets has been evaluated under the uncertainty caused by the COVID-19 pandemic. Due to the Covid-19 crisis and its potential effects, Group management critically assessed the structure of the Group's trade receivables and particularly its overdue trade receivables at year-end closing. There has not been any significant indication of change in customer payment behavior, and therefore same principles have been applied for expected credit loss recognition in 2022 as in 2021. The collection of trade receivables has been emphasized. The risk associated to recovery of the contract assets is not seen to have significantly increased. As of the reporting date, Lamor has not received any significant cancellations for projects or long-term agreements under execution.

Other receivables

Accounting principle

Other non-interest bearing receivables are recognized in the balance sheet at fair value which can be subsequently written down due to impairment.

Other receivables and accruals

EUR thousand	31 Dec 2022	31.12.2021
Prepayments and other receivables	6,523	9,098
Total	**6,523**	**9,098**

3.9. Provisions, Trade and other payables and contract liabilities

EUR thousand	31 Dec 2022	31 Dec 2021
Provisions		
Warranty provisions	304	75
Provisions total	**304**	**75**

Warranty provisions include estimated future warranty costs relating to products delivered. The amount of future warranty costs is based on accumulated historical experience. Typically, the standard warranty period is one year from the delivery onwards.

EUR thousand	31 Dec 2022	31 Dec 2021
Other non-current payables		
Contingent consideration	3,788	0
Other liabilities	3,189	2,828
Other non-current payables total	**6,977**	**2,828**

Other liabilities are related to the Kuwait joint arrangement.

EUR thousand	31 Dec 2022	31 Dec 2021
Current trade and other payables		
Trade payables	12,656	11,844
Contract liabilities	18,158	1,985
Accrued expenses and other liabilities	12,424	6,476
Current trade and other payables total	**43,237**	**20,306**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

The definitions for contract liabilities is presented in note 2.1 Revenue from contracts with customers.

Accrued expenses and other liablities mainly consist of short-term payments for a business acquisition from 2022, payroll and interest liabilities.

4.1. Financial risk management

Financial risk management objectives and policies

Lamor is a global company which is exposed for various financial risks. Principal risk factors are changes in the market and customer behavior. Risks affecting Lamor's financial assets are mainly related to changes in counterparty payment behavior, credit risk and foreign currency risk.

Lamor's financial liabilities which comprise floating rate loans are effected by changes in the interest rate, and are thus exposed to interest rate risk.

Lamor is assessing the risk framework periodically and the management oversees these risks in accordance to the Lamor's financial risk governance framework. Lamor has appropriate policies and procedures and financial risks are identified, measured and managed in accordance with Lamor's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Lamor may use derivative instruments for hedging foreign exchange and interest rate risks. Currently, Lamor does not hold any derivative instruments.

Sensitivity analysis

In relation to the risk management policy Lamor estimates the exposure to the relevant market risk's by performing a sensitivity analysis periodically at each reporting date. The sensitivity analyses have been prepared on the basis that variables, such as, the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2022.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022.

Market risk

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate because of changes in market prices or market conditions. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits..

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Lamor's exposure to the interest rate fluctuations relates primarily to the portion of Lamor's long-term debt obligations that have floating interest rates. Lamor's long-term bank loans that have floating interest rates are linked to Euribor rates. Changes in market interest rates have a direct effect on the Group's future interest payments.

Lamor's policy of reducing the effects of interest rate risk is to maintain a predefined balance between the total amount of loan facilities acquired and liquidity position. The management assesses the interest rate risk at each reporting date to establish the actions required to maintain a stable interest rate environment. Group has the ability to renegotiate the terms of the financial instruments in case the market environment and interest rate environment changes.

Lamor may use derivative instruments for hedging interest rate risks. Currently, Lamor does not hold any derivative instruments.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. Sensitivity analysis has been performed based on the assumption of a positive reference interest rate and outstanding loan amount at the end of the reporting period excluding any future amortisations. The changes in the interest rate level are shown in full without considering the effects of possible contractual interest rate floors related to loans. With all other variables held constant and the interest rate is changed by 1 percetage point, Lamor's profit before tax and equity would be affected through the impact on floating rate borrowings, as follows:

EUR thousand	Increase/decrease in %	Effect on profit before tax	Pre-tax effect on Equity
2022			
6 month Euribor	+1%	–96	–96
6 month Euribor	–1%	96	96

Foreign currency risk

The Lamor Group consists of the parent company in Finland and the most significant subsidiaries are located in USA, China, Ecuador, Peru and Oman.

Transaction risk

According to the Lamor's financial policy, transactions between the parent company and the foreign subsidiaries are primarily carried out in the local currency of the subsidiary, and the transaction risk is carried by the parent company and therefore foreign subsidiaries do not have a significant currency risk. Exceptions are subsidiaries, which have other than local currency transactions and balances due to the nature of business activities. In this case transactions between the parent company and the subsidiary are carried out in a currency appropriate for the Group currency exposure. Most of the sales of the group are denominated in USD or EUR based on the preference of the clients and the nature of the oil business. The transaction exposure of the parent company and the subsidiaries with non-local currency items comprises of the foreign currency denominated receivables and payables in the statement of financial position and the foreign currency denominated binding purchase and sales contracts. Lamor may use foreign exchange derivatives, such as forward contract, to hedge against the risk arising from significant foreign currency exposures.

Translation risk

In the statements of financial position, foreign subsidiaries are translated into Euro using the European Central Bank's closing rates and the income statements using the average rate for the year. The impacts of the exchange rate fluctuations arising on translation of the subsidiaries' income statements and statements of financial position are recorded as translation differences in other comprehensive income and in the translation reserve in equity. Lamor's total comprehensive income was positively affected by translation differences on foreign operations by EUR 0.6 million (Positively affected by EUR 0.5 million in 2021).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the base currency against the quote currency, with all other variables held constant, of the Lamor's profit before tax due to changes of FX exposure on 31 December 2022. A reasonably possible change is assumed to be a 10% base currency appreciation or depreciation against the quote currency. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

EUR thousand	Increase/decrease in FX rate	Effect on profit before tax
USD/EUR	+10%	2,254
USD/EUR	–10%	–1,845

EUR thousand	Increase/decrease in FX rate	Pre-tax effect on Equity
USD/EUR	+10%	721
USD/EUR	–10%	–882
CNY/EUR	+10%	–84
CNY/EUR	–10%	103
SAR/EUR	+10%	529
SAR/EUR	–10%	–647
KWD/EUR	+10%	–289
KWD/EUR	–10%	353

The following table demonstrates the sensitivity to a reasonably possible change in the base currency against the quote currency, with all other variables held constant, of the fair value of foreign exchange forwards Lamor held on 31 December 2022. A reasonably possible change is assumed to be a 10% base currency appreciation or depreciation against the quote currency. The instruments are measured at fair value through profit and loss.

EUR thousand	Increase/decrease in FX rate	Effect on profit before tax	Pre-tax effect on Equity
USD / EUR	10%	665	665
USD / EUR	–10%	–89	–89

Credit risk

Credit risk arises from counterparties, who are not able to meet their obligations under a financial instrument or customer contract, leading to a financial loss for Lamor. Responsibility for managing the credit risks associated with ordinary commercial activities lies with the Businesses and the Group companies. Major trade and projects' credit risks are minimised by transferring risks to banks and export credit organisations.

Lamor's operational credit risk arises from outstanding receivable balances and long-term agreements with customers. Customer base and the nature of commercial contracts are different in each country, and local teams are responsible for ongoing monitoring of customer specific credit risk. The receivables are divided into two baskets of clients between equipment and service. Both of these baskets involve a separate careful estimate of the future expected credit losses.

The Group manages credit risk relating to operating items, for instance, by advance payments, payment guarantees and careful assessment of the credit quality of the customer. Majority of Lamor Group's operating activities are based on established, reliable customer relationships and generally accepted contractual terms. The payment terms of the invoices are mainly from 14 to 90 days. Credit background of new customers is assessed comprehensively and when necessary, guarantees are required and client's payment behavior is monitored actively.

Additionally, group is exposed to a counterparty risk, which is managed alongside the credit risk, by recognising the customer prior the trading or by receiving a prepayment for the services. Group trades only with recognised and creditworthy parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets.

Lamor Group largest concentrations of receivables and contract assets are related to governmental or government owned entities in the Middle East, which limits the credit risk of the Group.

Expected credit losses

The Group assessess the status of the trade receivables at each reporting date on a quarterly basis. The Group uses the simplified method of assessing the potential expected credit losses (ECL) from it's trade receivables, please see Note 3.8 Trade receivables for further details.

Liquidity risk

Lamor monitors its available funds and maturity analysis as the basis for concluding the cash requirements. The management assesses the business forecast and the related cash flows to maintain the liquidity requirements.

Lamor's objective is to maintain a balance between continuity of funding and flexibility through the use of bank balances, and if necessary bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded the risk to be low. Lamor has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing or new lenders. The Group has unsecured loans with underlying covenants, such as equity ratio and interest bearing debt to EBITDA.

Please see further information regarding the liquid assets in the note 4.4. Cash and cash equivalents.

The maturity analysis of the financial liabilities is presented as a maturity distribution table, which presents the relevant cash outflows for the forseeable future in the note 4.5. Borrowings and lease liabilities.

Lamor had EUR 9.5 million unused credit limits available for use as at 31 December 2022.

4.2. Fair value measurement

Lamor measures financial instruments at fair value at each balance sheet date. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in note 3.1. Business combinations.

Accounting principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Lamor uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value estimation

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

Level 1:

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

- Lamor does not any level 1 financial instruments

Level 2:

The fair value of these assets or liabilities is based on valuation techniques, for which the lowest level input that is significant to the fair value measurement and it is directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available source. Financial instruments in level 2 fair value include:

- Investments in funds
- Foreign exchange forward contracts

Level 3:

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and require independent consideration and judgement from the valuation perspective. Lamor had no material instruments that would be classified as Level 3 fair value instruments in 31.12.2022. In 31.12.2022 and 31.12.2021 the Group had level 3 financial instruments, which include:

- Unlisted equity investments
- Contingent consideration

These investments do not include any significant valuation uncertainty.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, Lamor determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the balance sheet date, Lamor has only Level 2 and 3 financial instruments and there has not been any transfers between levels during the financial periods.

At each reporting date, Lamor's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, Lamor has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair values

Financial instruments' tabular presentation portrays a comparison of Groups financial instruments by class indicating the difference between the carrying values and fair values, except for those instruments for which the carrying amounts are a reasonable approximations of the fair values. Please see the tabular presentation in Note 4.3. Financial assets and liabilities.

4.3. Financial assets and liabilities

Accounting principles

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Lamor's financial assets are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification is based on the contractual cash flow characteristics of the financial asset and Lamor's business model for managing the instruments. The impairment of the financial assets is discussed in detail in the risk management section in Note 4.1 Financial risk management.

Amortised cost

Financial assets are classified at amortised cost, if the objective of holding the asset is to collect contractual cash flows and if the cash flows are solely payments of principal and interest. Financial assets which fulfill both of the conditions are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Any gains or losses from these financial assets are recognised in profit or loss when the asset is derecognised, modified or impaired.

Lamor's financial assets at amortised cost include cash an cash equivalents, trade receivables, and other receivables.

Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit and loss when the financial assets are held for trading and when the collection of cash flows are not based on payments of principal and interest and do not pass the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative financial instruments entered into by the Lamor that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Additionally, this category includes investments in funds.

Financial assets at fair value through Other comprehensive income (OCI)

Debt instruments are classified and measured at fair value through other comprehensive income if the objective of holding the financial asset fulfills both to collect contractual cashflows and to sell the financial asset, and if the cash flows are solely payments of principal and interest. Interest income is recognised in income statement using the EIR method. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recorded in profit or loss.

Currently Lamor does not hold any investments in debt instruments classified at fair value through OCI.

At initial recognition Lamor can make an irrevocable election to classify and measure its equity investments designated at fair value through other comprehensive income when these instruments are not held for sale and when these financial instruments fulfill the requirements of investments to equity instruments under IAS 32. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when Lamor benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Lamor has made an irrevocable election to classify investments in other shares at fair value through OCI.

Derecognition of financial assets

The Group derecognises a financial assets when, and only when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for de-recognition.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

Financial liabilities

Lamor recognises a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provision of the instrument. Group's financial liabilities are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortised cost and fair value through profit or loss. The financial liabilities are classified to their respective current and non-current accounts.

At amortised cost

Lamor's financial liabilities classified at amortised cost, such as interest-bearing loans and trade payables are initially recognised at fair value less any related transaction cost, and are subsequently measured using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by Lamor that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Lamor has recorded at FVTPL contingent consideration related to the acquisition of Corena SA, Lamor Colombia SAS and Lamor Peru SAC non-controlling interests in accordance with IFRS 9. Contingent consideration recorded according to the SHA agreement signed in December 2020.

Derecognition of financial liabilities

Lamor derecognises financial liabilities when, and only when the obligation of a financial liability specified in its respective contract is discharged, cancelled or it expires. This includes a situation where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss. Lamor has not derecognised any liabilities during the financial period or the comparable financial periods.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. Lamor does not offset its financial instruments.

Financial instruments by classification 31 Dec 2022

Financial assets, 2022

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets							
Investments in unlisted shares	4.1.	3	-	418	-	418	418
Loan receivable from associate			-	-	1,791	1,791	1,791
Non-current financial assets total			**-**	**418**	**1,791**	**2,209**	**2,209**
Current financial assets							
Trade receivables	3.8.		-	-	29,396	29,396	29,396
Contract assets	3.8.		-	-	38,448	38,448	38,448
Derivative instruments	4.1.	2	61	-	-	61	61
Investments in funds	4.2.	2	177	-	-	177	177
Cash and cash equivalents	4.4.		-	-	4,889	4,889	4,889
Current financial assets total			**238**	**-**	**72,733**	**72,972**	**72,972**
Financial assets total			**238**	**418**	**74,524**	**75,180**	**75,180**

Financial liabilities, 2022

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities							
Interest-bearing loans and borrowings	4.5.		-	-	10,723	10,723	10,723
Lease liabilities	3.6.		-	-	2,060	2,060	2,060
Contingent consideration	4.3.	3	3,788	-	-	3,788	3,788
Other payables	3.9.		-	-	3,189	3,189	3,189
Non-current financial liabilities total			**3,788**	**-**	**15,972**	**19,761**	**19,761**
Current financial liabilities							
Interest-bearing loans and borrowings	4.5.		-	-	3,302	3,302	3,302
Lease liabilities	3.6.		-	-	3,074	3,074	3,074
Derivative instruments	4.1.	2	-	-	-	-	-
Contingent consideration	4.3.	3	-	-	-	-	-
Trade payables	3.9.		-	-	12,656	12,656	12,656
Contract liabilities	3.9.		-	-	18,158	18,158	18,158
Other current liabilities	3.9. & 4.5.		-	-	12,424	12,424	12,424
Current financial liabilities total			**-**	**-**	**49,613**	**49,613**	**49,613**
Financial liabilities total			**3,788**	**-**	**65,586**	**69,374**	**69,374**

Financial instruments by classification 31 Dec 2021

Financial assets, 2021

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial assets							
Investments in unlisted shares	4.1.	3	-	418	-	418	418
Loan Receivable from Associate			-	-	1,442	1,442	1,442
Non-current financial assets total			**-**	**418**	**1,442**	**1,860**	**1,860**
Current financial assets							
Trade receivables	3.8.		-	-	7,556	7,556	7,556
Contract assets	3.8.		-	-	14,804	14,804	14,804
Investments in funds	4.2.	2	165	-	-	165	165
Cash and cash equivalents	4.4.		-	-	28,871	28,871	28,871
Current financial assets total			**165**	**-**	**51,231**	**51,396**	**51,396**
Financial assets total			**165**	**418**	**52,674**	**53,256**	**53,256**

Financial liabilities, 2021

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
Non-current financial liabilities							
Interest-bearing loans and borrowings	4.5.		-	-	9,178	9,178	9,178
Lease liabilities	3.6.		-	-	3,056	3,056	3,056
Other payables	3.9.		-	-	2,828	2,828	2,828
Non-current financial liabilities total			**-**	**-**	**15,063**	**15,063**	**15,063**
Current financial liabilities							
Interest-bearing loans and borrowings	4.5.		-	-	10,019	10,019	10,019
Lease liabilities	3.6.		-	-	2,410	2,410	2,410
Derivative instruments	4.1.	2	4	-	-	4	4
Contingent consideration	4.3.	3	274	-	-	274	274
Trade payables	3.9.		-	-	11,844	11,844	11,844
Contract liabilities	3.9.		-	-	1,985	1,985	1,985
Other current liabilities	3.9. & 4.5.		-	-	6,199	6,199	6,199
Current financial liabilities total			**277**	**-**	**32,458**	**32,735**	**32,735**
Financial liabilities total			**277**	**-**	**47,520**	**47,798**	**47,798**

4.4. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less. Cash and cash equivalents are subject to an insignificant risk of changes in value.

EUR thousand	31 Dec 2022	31 Dec 2021
Cash at banks and on hand	3,816	28,577
Short-term deposits	1,074	294
Total	**4,889**	**28,871**

At the reporting date, the Group had EUR 343 thousand of cash in its Russian subsidiary. Transfer of these funds is limited due to the international sanctions imposed on Russia.

4.5. Borrowings and lease liabilities

Interest-bearing liabilities and net debt

Net debt

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

Changes in the interest-bearing liabilities

31 Dec 2022

EUR thousand	Opening balance 1 Jan	Cash flows	Non cash changes	Reporting date balance 31 Dec
Interest-bearing loans and borrowings	19,197	–5,383	211	14,025
Lease liabilities	5,466	–3,535	3,204	5,134
Total changes in interest-bearing liabilities	**24,663**	**–8,918**	**3,415**	**19,160**

31 Dec 2021

EUR thousand	Opening balance 1 Jan	Cash flows	Non cash changes	Reporting date balance 31 Dec
Interest-bearing loans and borrowings	16,023	3,141	34	19,197
Lease liabilities	1,029	–1,573	6,010	5,466
Total changes in interest-bearing liabilities	**17,052**	**1,569**	**6,043**	**24,663**

Contingent consideration

Lamor has recorded at FVTPL contingent consideration related to the acquisition in accordance with IFRS 3. For the purchase of the additional shares of Corena SA, Corena Colombia and Lamor Peru, the company has a contingent liability of EUR 3,788 thousand, which has been estimated on the basis of the three years' profit in the companies excluding any negative profit over the calculation period.

Maturity Distibution of Financial liabilities

The maturity distribution of the financial liabilities is presenting the cash outflows in relation to the Group's financial liabilities. The objective is to present the liquidity requirements for meeting the upcoming outflows on an annual basis. The maturity analysis involves the interest-bearing financial liabilities, IFRS 16 lease liabilities and other liabilities in order to present the actual out flows in relation to all Group's liabilities.

Based on the maturity distribution position the Group management facilitates the credit position and liquidity requirement and adjusts the company's credit risk policy.

31 Dec 2022

EUR thousand	Carrying amount	2023	2024	2025	2026	2027	Over 5 years	Total cash Outflows
Interest-bearing loans and borrowings	14,025	3,302	2,748	3,476	2,600	1,100	800	14,025
Lease liabilities	5,134	3,467	2,126	20	5	-	-	5,617
Trade and other payables	25,080	25,080	-	-	-	-	-	25,080
Contingent liabilities	3,788	-	3,788	-	-	-	-	3,788
Total	**48,028**	**31,849**	**8,662**	**3,495**	**2,605**	**1,100**	**800**	**48,511**

31 Dec 2021

EUR thousand	Carrying amount	2023	2024	2025	2026	2027	Over 5 years	Total cash Outflows
Interest-bearing loans and borrowings	19,197	10,019	2,519	2,007	1,653	-	3,000	19,197
Lease liabilities	5,466	3,005	2,547	1,482	20	5	-	7,060
Trade and other payables	18,321	18,321	-	-	-	-	-	18,321
Contingent liabilities	274	274	-	-	-	-	-	274
Total	**43,258**	**31,619**	**5,066**	**3,489**	**1,673**	**5**	**3,000**	**44,852**

4.6. Capital management

For the purpose of Lamor's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of Lamor's capital management is to maximise the shareholder value.

Lamor manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, Lamor may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Lamor monitors capital structure using gearing and equity ratio.

Interest-bearing net debt is presented separately in note 4.5. Borrowings and lease liabilities.

EUR thousand	31 Dec 2022	31 Dec 2021
Net debt (note 4.5.)	14,270	–4,208
Shareholders equity	61,609	61,067
Gearing ratio	23.2%	–6.9%
Equity ratio	53.0%	56.2%

Lamor's senior priority financing arrangement includes customary covenants relating to, among other things, the Company's gearing and equity ratio. Pursuant to the covenants, the ratio between the Company's senior debt and EBITDA shall be less than 3 and the equity ratio over 35 per cent. The ratio between senior debt and EBITDA as well as the equity ratio are reviewed quarterly. Lamor did not breach the covenants relating to its interest-bearing liabilities in 2022 or 2021.

4.7. Equity

Equity and capital reserves

Equity consists of share capital, reserve for unrestricted equity, exchange differences on translation of foreign operations and retained earnings net of treasury shares. The company has one series of shares and the shares do not have a nominal value.

Number of shares	2022	2021
Total number of shares at the beginning of the period	**27,502,424**	**19,937,950**
Shares issued during the period	-	7,564,474
Total number of shares at the end of the period	**27,502,424**	**27,502,424**
Own shares held in the beginning of period	542,450	104,050
Shares repurchased during the period	-	438,400
Own shares held at the end of period	542,450	542,450
Shares outstanding at the beginning of reporting period	**26,959,974**	**26,959,974**
Shares outstanding at the end of reporting period	**26,959,974**	**26,959,974**

At the end of the reporting period on 31 December 2021, Lamor's share capital was EUR 3,866,375.40, which was fully paid, and total number of shares outstanding was 26,959,974 excluding shares held in treasury. In addition, as of 31 December 2022, Lamor held 542,450 of its own shares.

Lamor decided on share split (50:1) in November 2021. The share numbers presented above are adjusted for the split.

Dividends

The Board of Directors proposes to the Annual General Meeting that for the financial year ended 31 December 2022 no dividend will be paid.

Reserve for invested non-restricted equity

The reserve for invested non-restricted equity contains the other equity-related investments and share subscription prices to the extent not to be credited to the share capital.

Exchange differences on translation of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. the euro) are recognised in other comprehensive income in the equity.

5.1. Share-based compensation

During the period, the Board of Directors of Lamor decided on two new share-based incentive plans: a Performance Share Plan 2022–2024 for Key Personnel and a one-time Long-term Incentive Plan 2022–2028 for the CEO. The objective of the plans is to align the interests of the key personnel and Lamor's shareholders and to steer them toward achieving the company's strategic objectives and strengthen the financial performance to increase the company value in the long term as well as to retain the key personnel and to offer them with competitive performance-based compensation.

The rewards from the plans will primarily be paid partly in Lamor shares and partly in cash. The cash proportions of the rewards are intended for covering taxes and statutory social security contributions arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

In the Performance Share Plan, the members of the Management Team and the CEO were given an opportunity to earn Lamor's shares based on achievement of performance target set for adjusted earnings per share (adjusted EPS) from the financial year 2022. The threshold for earning a reward on the basis on EPS in 2022 was not met and the plan expired.

In the Long-term Incentive Plan for the CEO, the CEO is given an opportunity to earn Lamor shares as a reward based on the increase of Lamor's market value. The reward payment is dependent on exceeding and maintaining the market value thresholds of EUR 200 million, EUR 300 million, EUR 400 million and EUR 500 million set by the Board. The potential rewards will be paid in two or several instalments during the financial years 2024–2029 after each of the set targets have been reached. The rewards paid for each market value threshold will be paid in two instalments: 50 percent of the reward is paid after the market value threshold has been achieved and the remaining 50 percent is paid only if the company's market value is on the required level at the end of the respective reward payment year or at the end of any following year end during the plan.

The CEO is obliged to hold 50 per cent of the received reward shares, until the total value of the CEO's shareholding in Lamor equals to 100 per cent of the CEO's annual base salary of the calendar year preceding the reward payment. Such number of Lamor shares must be held as long as the position as a CEO continues and also for the following 12 months thereafter.

The following table presents a summary of the share-based compensation plans during the period 2022.

EUR thousand	CEO Personal LTI Plan 2022–2028	Performance Share Plan 2022–2024
Initial amount, pcs	550,000	110,000
Initial allocation date	22 Sep 2022	22 Sep 2022
Estimated vesting date	30 Apr 2028 (50%) and 30 Apr 2029 (50%)	30 Apr 2025
Maximum contractual life, yrs	6.6	2.6
Remaining contractual life, yrs	6.3	0.0
Number of persons at the end of reporting year	1	0
Payment method	Equity and cash (net settlement)	Equity and cash (net settlement)

Changes during period

Pcs	CEO Personal LTI Plan 2022–2028	Performance Share Plan 2022–2024
Outstanding at 1 Jan 2022	0	0
Changes during period:		
Granted	550,000	110,000
Forfeited	0	110,000
Exercised	0	0
Outstanding at 31 Dec 2022	550,000	0

Fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The pricing of the share based incentives granted during the period was determined by the following inputs and had the following effect:

Valuation parameters for instruments granted during period	CEO Personal LTI Plan 2022–2028
Share price at grant, EUR	4.11
Expected volatility *	39%
Maturity, years	5.9
Risk-free rate	2.2%
Expected dividends, EUR	0.00
Valuation model	Monte Carlo
Fair value, EUR	1.24

* Expected volatility was determined by a combination of the volatility of the Group`s share and of the comparable companies to the extent the historical volatility for the Group's share was not available using over corresponding maturity

Effect of Share-based incentives on the result and financial position during period

EUR thousand	CEO Personal LTI Plan 2022–2028
Expenses for the financial year, share-based payments	31
Expenses for the financial year, share-based payments, equity-settled	0
Liabilities arising from share-based payments 31 Dec 2022	0
Estimated amount of taxes to be paid in the plans, 31 Dec 2022	618

5.2. Related party transactions

The Group's related parties consist of the company's major shareholders, the Board of Directors, the CEO as well as the other members of the management team and the close members of the family of the before mentioned persons as well as their controlled entities, associated companies and joint ventures. In addition, the Group's related parties include associated companies and joint ventures in which the Group has investments.

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 in this note.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Transactions with related parties

EUR thousand	2022	2021
Sales to related parties	131	834
Purchases from related parties	683	1,690
Receivables	1,808	1,563
Liabilities	3,899	8

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	2022	2021
Amounts receivable from related parties	1,481	1,442
Amounts payable to related parties	0	271

Compensation of key management personnel

Key management personnel consist of the members of the Board of Directors and Group CEO. The following table sets out the amounts paid as compensation to the key management personnel during the year.

Compensation of the members of the Board of Directors

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Chairman	49	34
Board Members	158	21
Total	**207**	**56**

Group CEO, employee benefits

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Short-term employee benefits	269	229
Total	**269**	**229**

From 2022, Lamor has a share-based compensation plan for the CEO. No payments were made based on the plan in 2022. See note 5.1 for more information on the plan.

Total compensation paid to key management personnel	**476**	**285**

The purchases from the related parties include the following amounts, which the members of the Board of Directors or their controlled entites have received as remunerations from consultancy agreements and not relating to the work performed as members of Lamor's Board of Directors.

EUR thousand	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Consultancy remuneration, total	308	517

5.3. Contingent liabilities and other commitments

Commitments

At 31 December 2022, the Group had corporate mortgages as colleteral for its loans of EUR 91.8 million (EUR 51.8 million at 31 December 2021).

Legal claim contingency

An overseas previous distributor has commerced a legal action in Colombia against the Group. The final trial has not been set.

The Group has been advised by its legal counsel that it is highly unlikely that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

Guarantees

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

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

No liability is expected to arise from the guarantees.

5.4. Events after reporting period

The company has had no significant events after the end of the reporting period.

Financial Statements of the Parent Company (FAS)

Profit and loss statement

	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Revenue	1	**47,474,418.53**	**29,075,843.04**
Production for own use		0.00	0.00
Other operating income	2	7,943,070.14	465,860.61
Materials and services	3	–28,458,573.72	–21,271,715.58
Personnel expenses	4	–7,259,190.02	–4,007,398.55
Depreciations	5	–2,334,826.36	–2,648,202.16
Other operating expenses	6	–11,940,257.80	–7,552,775.64
Operating profit (loss)		**5,424,640.77**	**–5,938,388.28**
Financial income and expenses	7	–3,263,679.53	–3,902,121.25
Profit (loss) before appropriations and tax		**2,160,961.24**	**–9,840,509.53**
Appropriations	8	0.00	0.00
Profit (loss) before tax		**2,160,961.24**	**–9,840,509.53**
Income tax	9	–1,151,945.94	2,362,133.93
Profit (loss) for the period		**1,009,015.30**	**–7,478,375.60**

Balance sheet

	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	3,910,174.33	4,297,909.78
Tangible assets	11	5,930,056.50	1,638,134.70
Investments	12	15,024,123.92	11,629,242.76
Non-current assets total		**24,864,354.75**	**17,565,287.24**
CURRENT ASSETS			
Inventories	13	5,867,374.23	4,734,045.15
Non-current receivables	14	13,721,774.71	5,242,615.40
Current receivables	15	38,333,184.81	15,369,477.67
Deferred tax assets	16	2,493,884.60	2,646,811.36
Cash and bank equivalents		2,141,786.15	26,445,198.73
Current assets total		**62,558,004.50**	**54,438,148.31**
TOTAL ASSETS		**87,422,359.25**	**72,003,435.55**

	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
EQUITY AND LIABILITIES			
EQUITY	17		
Share capital		3,866,375.40	3,866,375.40
Reserve for invested unrestricted equity		47,439,004.23	47,439,004.23
Issue of shares		0.00	0.00
Retained earnings		–11,990,725.28	–4,345,974.88
Profit (-loss) for the period		1,009,015.30	–7,478,375.60
Total equity		**40,323,669.65**	**39,481,029.15**
LIABILITIES			
Non-current liablities	18	10,280,000.00	8,593,641.00
Interest bearing liabilities		10,280,000.00	8,593,641.00
Non-interest bearing liabilities		0.00	0.00
Current liabilities	19	36,818,689.60	23,928,765.40
Interest bearing liablities		8,255,956.20	9,327,989.08
Non-interest bearing liabilities		28,562,733.40	14,600,776.32
Total liabilities		**47,098,689.60**	**32,522,406.40**
TOTAL EQUITY AND LIABILITIES		**87,422,359.25**	**72,003,435.55**

Notes to the parent company financial statements

Accounting principles for the parent company's financial statements

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

Valuation and accrual principles and methods

Valuation of non-current assets

Depreciation according to plan has been deducted from the acquisition cost of intangible and tangible assets entered in the balance sheet. Acquisition cost includes variable costs incurred in acquisition and manufacturing. Grants received have been recorded as a deduction from the acquisition cost. Depreciation according to plan is calculated as straight-line depreciation based on the economic life of intangible and tangible assets. Depreciation has been made since the month the asset was taken into use.

Depreciation times are:

- Goodwill 5–10 years
- Development expenses 5 years
- Other intangible assets 3–10 years
- Machinery and equipment 3–10 years

The acquisition costs of non-current fixed assets with a probable useful life of less than 3 years and minor acquisitions have been recognized in full as an expense during the acquisition period.

Valuation of inventories

Inventories are recorded in the balance sheet in accordance with the FIFO principle at their acquisition cost or at a lower replacement cost or probable sale price.

Valuation of financial instruments

Financial instruments are valued at the lower of cost or probable value.

Accrual of product development and long-term expenses

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

Recognition of deferred taxes

Deferred tax liabilities and assets have been calculated for the differences between taxation and the financial statements using the tax rate established at the balance sheet date for the following years. The balance sheet includes a deferred tax asset in the amount of the estimated probable receivable from confirmed losses.

Branches

The transactions of the branch are included in the financial statements. Transactions between the principal and the branch have been eliminated in preparing the financial statements. The company has a branch in Saudi Arabia.

Notes to the profit and loss statement

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
1. Revenue		
Revenue by geography		
EURU	7,756,300.34	10,095,481.87
AMER	7,738,737.52	2,395,516.53
APAC	1,573,892.94	3,920,064.64
MEAF	30,405,487.73	12,664,780.00
Total revenue	**47,474,418.53**	**29,075,843.04**
2. Other operating income		
Gain of sale of fixed assets	139,883.62	282,810.61
Other income	7,803,186.52	183,050.00
Total operating income	**7,943,070.14**	**465,860.61**
3. Materials and services		
Purchases	–15,150,890.41	–15,544,934.55
Change in inventory	1,133,329.08	313,045.73
Materials and supplies	–14,017,561.33	–15,231,888.82
External services	–14,441,012.39	–6,039,826.76
Total materials and services	**–28,458,573.72**	**–21,271,715.58**

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
4. Personnel expenses		
Wages and salaries	–6,202,778.49	–3,290,977.86
Pension expenses	–626,667.91	–615,339.58
Social security costs	–429,743.62	–101,081.11
Total personnel expenses	**–7,259,190.02**	**–4,007,398.55**
Average number of employees during the period	77	42
Salaries and fees paid to Board of Directors and CEO		
Salaries, fees and benefits paid for the Board of Directors and for the CEO	476,201.96	285,139.26
5. Depreciations		
Depreciations according to plan	–2,334,826.36	–2,648,202.16
Total depreciations	**–2,334,826.36**	**–2,648,202.16**

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
6. Other operating expenses		
Other personnel expenses	–418,911.06	–187,300.98
Leases	–680,275.47	–568,451.10
Travel expenses	–620,236.75	–126,584.76
Transportation	–1,836,919.29	–831,421.34
Sales and marketing	–358,650.40	–275,254.22
Operating and maintenance costs	–76,932.12	–38,438.39
Provisions and royalties	–1,439,826.13	–996,030.08
Administration	–633,716.61	–649,430.54
External services	–3,193,835.51	–2,429,675.26
Other operating expenses	–2,680,954.46	–1,450,188.97
Total other operating expenses	**–11,940,257.80**	**–7,552,775.64**
Audit fees		
Audit fees	226,260.50	212,175.60
Other audit-related assignments	3,140.00	249,353.00
Tax services	0.00	0.00
Other services (tax and special services)	12,480.00	382,435.65
Total audit fees	**241,880.50**	**843,964.25**

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
7. Financial income and expenses		
Dividend income	**0.00**	**539,749.21**
Financial income		
Interest income	470,665.06	16,279.44
Interest income, group companies	2,790.96	2,469.48
Foreign currency exchange gains	1,158,665.48	293,401.89
Financial income total	**1,632,121.50**	**312,150.81**
Financial expenses		
Interest expenses	–587,015.96	–625,531.39
Foreign currency exchange losses	–2,195,885.10	–281,079.49
Other finance costs	–2,112,899.97	–3,847,410.39
Financial expenses total	**–4,895,801.03**	**–4,754,021.27**

Other financial expenses in 2022 include EUR 1.1 million of impairment losses on non-current investments and in 2021, EUR 3.1 million of expenses related to the IPO in December.

	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
8. Appropriations		
Group grants awarded	0.00	0.00
Total appropriations	**0.00**	**0.00**
9. Income tax		
Income tax on operations	0.00	0.00
Tax for previous accounting periods	–429,155.31	0.00
Other taxes	–32,597.86	–73,000.37
Deferred taxes	–690,192.77	2,435,134.30
Total income taxes	**–1,151,945.94**	**2,362,133.93**

Notes to assets

	31 Dec 2022	31 Dec 2021
10. Intangible assets		
Development expenses		
Book value, 1 Jan	1,605,567.07	1,776,867.81
Additions	51,000.00	774,784.17
Disposal	0.00	0.00
Transfers	0.00	0.00
Depreciation for the financial year	–787,775.92	–946,084.91
Book value, 31 Dec	**868,791.15**	**1,605,567.07**
Immaterial rights		
Book value, 1 Jan	1,937,377.26	1,618,956.25
Additions	1,213,218.93	702,161.35
Disposal	0.00	0.00
Transfers	0.00	0.00
Depreciation for the financial year	–556,274.20	–383,740.34
Book value, 31 Dec	**2,594,321.99**	**1,937,377.26**

	31 Dec 2022	31 Dec 2021
Goodwill		
Book value, 1 Jan	754,965.45	1,738,596.33
Additions	0.00	0.00
Disposal	0.00	0.00
Depreciation for the financial year	–307,904.25	–983,630.88
Book value, 31 Dec	**447,061.19**	**754,965.45**
Total intangible assets	**3,910,174.33**	**4,297,909.78**

11. Tangible assets

	31 Dec 2022	31 Dec 2021
Machinery and equipment		
Book value, 1 Jan	1,638,134.70	1,033,625.40
Additions	4,913,207.40	739,746.08
Disposal	–185,873.78	–15,588.61
Transfers	247,460.16	215,097.86
Depreciation for the financial year	–682,871.98	–334,746.03
Book value, 31 Dec	5,930,056.50	1,638,134.70
Total tangible assets	**5,930,056.50**	**1,638,134.70**

12. Investments

	31 Dec 2022	31 Dec 2021
Investments in subsidiaries		
Acquisition cost, 1 Jan	9,202,186.92	9,501,550.90
Additions	4,525,497.97	67,958.80
Disposals	–1,130,616.81	–367,322.78
Transfers	0.00	0.00
Acquisition cost, 31 Dec	**12,597,068.08**	**9,202,186.92**

	Domicile	Holding %
Name of entity		
Lamor USA Corporation	USA	100.00%
Lamor Vostok	Russia	100.00%
Lamor Corporation UK Ltd.	United Kingdom	100.00%
Lamor Middle East LLC	Oman	70.00%
Lamor Beijing Co Ltd.	China	100.00%
Lamor Americas LLC	USA	100.00%
Lamor International Sales Corp.	USA	100.00%
Lamor Peru S.A.C	Peru	100.00%
Lamor Environ. Solutions Spain	Spain	100.00%
Corena S.A.	Ecuador	85.01%
Lamor Environ. Solutions Panama	Panama	52.00%
Lamor India Private Ltd	India	60.00%
Lamor Water Technology Oy	Finland	50.67%
Lamor Colombia SAS	Colombia	92.50%
Corena Chile	Chile	92.55%
CorenaGroup Bolivia	Bolivia	100.00%
World Environmental Service Technologies LLC	USA	100.00%
Resiclo Kilpilahti Oy	Finland	55.00%

	31 Dec 2022	31 Dec 2021
Shares in associates		
Acquisition cost, 1 Jan	2,015,706.93	1,994,682.69
Additions	0.00	62,906.01
Disposals	0.00	–41,881.77
Transfers	0.00	0.00
Acquisition cost, 31 Dec	**2,015,706.93**	**2,015,706.93**

	Domicile	Holding %
Associates		
Direct ownership		
Shanghai Dong An Offshore	China	28.60%
Lamor Cevre Hitzmetleri	Turkey	30.00%
Lamor Central Asia	Kazakhstan	40.00%
Lamor Do Brazil	Brazil	50.00%
Lamor NBO LLC	Azerbaijan	50.00%
Sawa Petroleum Senegal	Senegal	45.00%
Lamor Ukraine LLC	Ukraine	19.90%
Gaico-Corena Environmental Services Inc.	Guyana	49.00%
Owned by Gaico-Corena Environmental Services Inc.		
Sustainable Environmental Solutions Guayana Inc. (SES)	Guyana	24.50%
Owned by World Environmental Service Technologies LLC		
Ecoself Sakhalin	Russia	34.67%

	31 Dec 2022	31 Dec 2021
Other shares		
Acquisition cost 1 Jan	411,348.91	353,127.14
Additions	0.00	408,176.16
Disposals	0.00	–349,954.39
Acquisition cost 31 Dec	**411,348.91**	**411,348.91**
During the 2021 financial year, a 6.4% stake in Hailer Oy was sold.		
Investments total	**15,024,123.92**	**11,629,242.76**

13. Inventories

	31 Dec 2022	31 Dec 2021
Materials and supplies	5,441,151.02	4,474,938.83
Work-in-progress	426,223.21	259,106.32
Total inventories	**5,867,374.23**	**4,734,045.15**

	31 Dec 2022	31 Dec 2021
14. Non-current receivables		
Non-current receivables from group companies		
Loan receivables	1,993,960.83	2,339,660.16
Non-current receivables from associates and joint ventures		
Loan receivables from associates and joint ventures	11,425,687.54	2,902,955.24
Non-current receivables from others		
Loan receivables	302,126.34	0.00
Non-current receivables total	**13,721,774.71**	**5,242,615.40**

	31 Dec 2022	31 Dec 2021
15. Current receivables		
Current receivables from group companies		
Trade receivables	12,871,010.31	4,388,419.20
Other receivables	85,160.05	0.00
Current receivables from group companies total	**12,956,170.36**	**4,388,419.20**
Current receivables from others		
Trade receivables	20,234,162.98	3,953,821.75
Advance payments	3,545,010.82	2,470,892.95
VAT receivables	354,286.62	829,806.20
Other receivables	735,488.42	487,124.87
Accrued income	508,065.61	3,239,412.70
Current receivables from others total	**25,377,014.45**	**10,981,058.47**
Current receivables total	**38,333,184.81**	**15,369,477.67**
Current accrued income		
Government grants	203,917.75	203,917.75
Contract assets	0.00	2,812,965.30
Other accured income	304,147.86	222,529.65
Current accrued income total	**508,065.61**	**3,239,412.70**
16. Deferred tax assets		
Deferred tax assets for confirmed losses	2,493,884.60	2,646,811.36

	31 Dec 2022	31 Dec 2021
Notes to equity and liabilities		
17. Equity		
Restricted equity		
Share capital, 1 Jan	3,866,375.40	3,866,375.40
Transfers	0.00	0.00
Share capital, 31 Dec	**3,866,375.40**	**3,866,375.40**
Restricted equity total	**3,866,375.40**	**3,866,375.40**
Unrestricted equity		
Reserve for invested unrestricted equity, 1 Jan	47,439,004.23	11,397,934.64
Additions	0.00	36,041,069.59
Transfers	0.00	0.00
Reserve for invested unrestricted equity, 31 Dec	**47,439,004.23**	**47,439,004.23**
Issue of shares	0.00	0.00
Retained earnings, 1 Jan	–11,824,350.48	–3,736,454.82
Sales of own shares (+) / acquisitions (-)	0.00	–613,883.33
Translation differences on branch operations	–166,374.80	4,363.27
Retained earnings, 31 Dec	**–11,990,725.28**	**–4,345,974.88**
Profit for the period	1,009,015.30	–7,478,375.60
Unrestricted equity total	**36,457,294.25**	**35,614,653.75**
Equity total	**40,323,669.65**	**39,481,029.15**

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

On 11 November, 2021 Lamor announced that it is planning an initial public offering (IPO) and a listing of its shares on the Nasdaq First North Premier Growth Market Finland. The Board of Directors decided on 7 December 2021 on the completion of the initial public offering. In the offering, Lamor issued 7,281,374 new shares. Lamor received gross proceeds of approximately EUR 35.0 million from the offering. Trading in the shares of Lamor commenced on Nasdaq First North Premier Growth Market Finland maintained by Nasdaq Helsinki Ltd on 8 December 2021. In addition Lamor decided on share split (50:1) in November 2021.

	31 Dec 2022	31 Dec 2021
Calculation of distributable equity		
Retained earnings	–11,990,725.28	–4,345,974.88
Profit for the period	1,009,015.30	–7,478,375.60
Reserve for invested unrestricted equity	47,439,004.23	47,439,004.23
Capitalized development expenses	–868,791.15	–1,605,567.07
Total	**35,588,503.10**	**34,009,086.68**

	31 Dec 2022	31 Dec 2021
18. Non-current liabilities		
Interest-bearing liabilities		
Loans from financial institutions	7,280,000.00	5,207,500.00
Others	3,000,000.00	3,386,141.00
Interest-bearing liabilities total	**10,280,000.00**	**8,593,641.00**
Interest-bearing liabilities total	**10,280,000.00**	**8,593,641.00**
Non-interest bearing liabilities		
Others	0.00	0.00
Total	**0.00**	**0.00**
Non-interest bearing liabilities total	**0.00**	**0.00**
Interest and non-interest bearing liabilities total	**10,280,000.00**	**8,593,641.00**
Liabilities maturing after more than five years		
Loans from financial institutions	800,000.00	3,000,000.00

	31 Dec 2022	31 Dec 2021
19. Current liabilities		
Interest-bearing current liabilities		
Loans from financial institutions	7,869,814.20	8,691,846.08
Shareholders	0.00	250,000.00
Others	386,142.00	386,141.00
Total	**8,255,956.20**	**9,327,987.08**
Interest-bearing current liabilities total	**8,255,956.20**	**9,327,987.08**
Non-interest bearing liabilities to group companies		
Trade payables	1,072,558.57	556,724.37
Other payables	1,000,000.00	0.00
Total	**2,072,558.57**	**556,724.37**
Non-interest bearing liabilities to others		
Advance payments	6,977,622.37	1,484,589.86
Trade payables	8,247,350.49	9,629,193.71
Other payables	1,752,021.03	380,073.63
Derivative liabilities	0.00	3,663.00
Accruals	9,513,180.94	2,546,531.75
Total	**26,490,174.83**	**14,044,051.95**

	31 Dec 2022	31 Dec 2021
Accruals		
Salary payable with social costs	670,886.36	533,545.77
Avustushankkeet	855,682.20	575,870.10
Verovelka	111,349.11	120,235.01
Accrued liabilities from M&A transactions	3,907,377.14	1,003,856.03
Other current accruals	3,967,885.93	313,024.84
Total	**9,513,180.94**	**2,546,531.75**
Non-interest bearing liabilities total	**28,562,733.40**	**14,600,776.32**
Interest and non-interest bearing current liabilities total	**36,818,689.60**	**23,928,763.40**

Notes on collateral and contingent liabilities

20. Collateral provided

	31 Dec 2022	31 Dec 2021
Business mortgages	91,806,375.84	51,806,375.84
Liabilities secured by mortgages or liens		
Credit account (limit 7.0 MEUR)	5,549,814.20	0.00
Loans from financial institutions	9,600,000.00	13,899,346.08
Total	**15,149,814.20**	**13,899,346.08**

21. Contingent liabilities and other liabilities

	31 Dec 2022	31 Dec 2021
Payable under leasing contracts		
Payable next financial year	63,039.14	54,736.22
Payable later	65,583.39	64,202.93
Total	**128,622.53**	**118,939.15**
Guarantees		
On behalf of companies belonging to the same group	1,212,236.47	1,527,452.61
Tender and performance guarantees	36,952,542.62	22,932,992.50
Total	**38,164,779.09**	**24,460,445.11**
Leasing liabilities		
Payable, next financial year	264,798.10	247,835.44
Payable, later	0.00	0.00
Total	**264,798.10**	**247,835.44**

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

At the reporting date, the parent company's distributable funds total EUR 35,588,503.10 which includes the net profit of EUR 1,009,015.30 for the year. The Board of Directors proposes to the Annual General Meeting that no dividend will be distributed and that the profit for the financial year shall be transferred to retained earnings.

Porvoo, 27 February 2023

MIKA STÅHLBERG
Chairman of the Board

FRED LARSEN
Vice Chairman of the Board

NINA EHRNROOTH
Member of the Board

KAISA LIPPONEN
Member of the Board

TIMO RANTANEN
Member of the Board

MIKA PIRNESKOSKI
CEO

Auditor's note

A report on the audit performed has been issued today.

Helsinki, 27 February 2023

Ernst & Young Oy
Authorised Public Accountant Firm

JUHA HILMOLA
Authorised Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Lamor Corporation Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lamor Corporation Plc (business identity code 2038517-1) for the year ended 31 December, 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 27.2.2023

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant

Information to the shareholders

Lamor's financial calendar for 2023

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

Annual General Meeting 2023

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

Shares and shareholders

Basic share information 31 December 2022

Listed on: Nasdaq Helsinki First North GM Finland
Trading code: LAMOR
ISIN code: FI4000512488
Green Equity Designation: yes
Shares outstanding: 26,959,974
The company's shares held in treasury: 542,450
Listing date: 8 December 2021
Share capital: EUR 3,866,375.40
Number of shareholders (total): 6,775
Market value: 121.3 EUR million

Lamor's share trading and performance 2022

Trading volume (pcs) total: 3.1 million
Trading value total: 14.1 EUR million
Highest share price: EUR 5.04
Lowest share price: EUR 3.80
Closing price: EUR 4.50

Breakdown by shareholder category on 31 December 2022

Holding, %	2022
Non-financial corporations	43.47
Private investors (Households)	21.06
General government	18.81
Financial and insurance corporations	14.60
Rest of the world	1.99
Non-profit institutions	0.08
Total*	**100.00**

* Excluding nominee registered shareholders

Breakdown by shareholder category on 31 December 2022

Number of shares	Share-holders	% of share-holders	Shares and votes (pcs)	% of shares and votes
1–100	3,998	59.01	249,130	0.91
101–500	2,070	30.55	476,036	1.73
501–1,000	380	5.61	286,625	1.04
1,001–5,000	256	3.78	533,443	1.94
5,001–10,000	24	0.35	185,671	0.68
10,001–50,000	18	0.27	406,611	1.48
50,001–100,000	4	0.06	255,938	0.93
100,001–500,000	15	0.22	4,234,303	15.40
500,001–over	10	0.15	20,874,667	75.90
Total	**6,775**	**100.00**	**27,502,424**	**100.00**

Largest shareholders on 31 December 2022

	Owner	Shares and votes (pcs)	% of shares and voting rights
1	Larsen Family Corporation Oy	9,500,577	34.55
2	Mandatum Life Insurance Company Limited	2,171,519	7.90
3	Suomen Teollisuussijoitus Oy	1,938,800	7.05
4	Ilmarinen Mutual Pension Insurance Company	1,738,850	6.32
5	Larsen Nico Benjamin	1,537,425	5.59
6	Larsen Fred Jörgen	1,098,350	3.99
7	Veritas Pension Insurance Company Ltd.	724,637	2.64
8	Capital Dynamics Oy	631,850	2.30
9	Lamor Corporation Oyj	542,450	1.97
10	Ahlstrom Invest B.V	487,690	1.77
11	Varma Mutual Pension Insurance Company	480,000	1.75
12	Pirneskoski Mika Olavi	446,400	1.62
13	Kaleva Mutual Insurance Company	429,475	1.56
14	Säästöpankki Kotimaa	371,118	1.35
15	Kildishov Nikolay	303,900	1.11
16	Danske Invest Finnish Equity Fund	267,620	0.97
17	Sijoitusrahasto Säästöpankki Pienyhtiöt	250,000	0.91
18	Jukka Suominen	248,600	0.90
19	Elo Mutual Pension Insurance Company	225,000	0.82
20	Imove Capital Oy	212,200	0.77
	20 largest shareholders total	23,606,461	85.83
	100 largest shareholders total	25,092,199	91.24
	Nominee registered total	995,090	3.62
	Number of shares total	**27,502,424**	**100.00**

Towards a sustainable future.

SUSTAINABLE DEVELOPMENT

03

Value creation at the core of the strategy

Sustainability is at the core of Lamor's strategy. Our vision about a cleaner tomorrow highlights our sustainable business model to protect the nature and environment.

Lamor's strategy is aiming to increase positive impact with solutions relating to environmental protection and material recycling. With its solutions and technologies, Lamor promotes circular economy, protection of biodiversity and careful use of scarce resources. In accordance with the strategy, the key to sustainable business is co-operation with customers and partners reinforced with continuous innovation.

To be able to quantify the impacts of our activities clearly, we have developed our sustainability reporting methods. We have defined a clear sustainability strategy, sustainability goals and indicators, as well as calculated the carbon footprint and other material positive and negative impacts of our operations.

Lamor has for the first time for the period ending 2022 reported the sustainability results in accordance with GRI (Global Reporting Initiative). This is a significant step for us and guides our sustainability work further also during the coming years.

We were the first Finnish company to receive the Nasdaq Green Equity Designation recognition in January 2022. This was a great achievement for Lamor and it shows our commitment to develop our sustainable business also going forward.

We want to support sustainable development in everything we do. Our personnel's job satisfaction and safety are important sustainability themes for us, and our goal is to further develop our leadership expertise so that we can respond to the changes caused by our growth. Additionally, we are working to support human rights and anti-corruption, which are material for our business.

A lot of work and development is to be done, but only with reliable reporting method and a clear plan can we reach our targets.

With limited resources we are able to create wide positive impacts on environment and society including protecting the biodiversity, decreasing the amount of emissions and waste and saving the scarce natural resources. We want to develop our business determinedly and the identified material topics will support us in this work during the coming years.

Johanna Grönroos, Chief Development Officer of Lamor

Sustainable development targets

These targets have been defined for the first time for 2023 and the progress of the targets will be reported for the first time in the 2023 report.

Material topic	Sustainable Development Goals	Medium / Long-term target	KPI
Material topic 1: **Enabling environmental protection** Material topic 2: **Efficient material recycling** Material topic 3: **Targeting protection of biodiversity, efficient use of natural resources and climate change mitigation**		Increase the amount of green enviromental solutions delivered	Amount of green revenue
		Increase the amount of green investments	Amount of green investments
		Increase the share of recycled or renewable raw materials in the sources used	Revenue from products utilising recycled or renewable raw materials
		Reduce CO_2 emissions from solutions provided	Increase the relative consumption of green electricity
			Increase the amount of electrical equipment used in the service delivery
			Decrease of emissions in project transportation based on optimisation
			Actions taken to optimise purchased logistics
Material topic 4: **Social sustainability as part of Lamor's culture** Material topic 5: **Financial value creation**		Safe working environment irrespective of the working location	Number of high consequence injury 0
		Leadership development	LIT index
		Screen significant high-risk business partners for anti-corruption and respect for human rights	Amount of screenings performed and actions taken
		Business partner code of conduct in use for all partners	Amount of partners applying Lamor code of conduct
		Increase reliability in the greavance mechanism	Increase knowledge and practises relating to grievance mechanisms

Sustainability management

LOCAL PRESENCE – LEADING PARTNER NETWORK – LAMOR WAY OF WORKING

Entities included in the sustainability reporting

The entities included in the scope of the sustainability reporting are the entities consolidated as subsidiaries or as joint operations in the financial statements of Lamor. Associated companies are excluded from the reporting. The list of companies included in the sustainability reporting are listed in the financial statements for 2022 on page 40.

The reported figures are included in the sustainability reporting in full for the subsidiaries and the non-controlling interests have not been excluded from the calculations. However, for the joint operations, only the share owned by Lamor is included in the reported data. Acquired and disposed companies are taken into account following the methods applied in IFRS, e.g., starting from the date Lamor receives control over the acquired entity until the date Lamor has control over the entity disposed of.

Decision making and governance

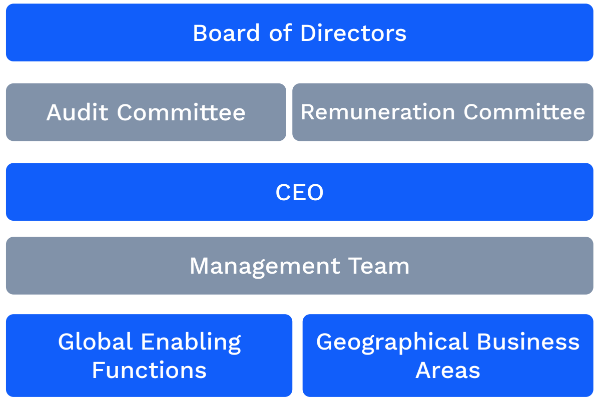
Lamor's strategy is approved by the Board of Directors. The CEO is responsible for executing the approved strategy together with the Management Team. The Board of Directors also approves the sustainability goals and targets as well as the material topics defined by the management in accordance with GRI.

The Management Team reports the efforts taken as well as targets achieved for the Board of Directors regularly. The outcomes are reported for the external stakeholders annually as part of the annual reporting. The progress is followed regularly and sustainability reporting is an integral part of Lamor's activities. In addition, since Lamor is part of Nasdaq Green Equity Designation which promotes green transition, Cicero Shades of Green categorises Lamor's revenue and investments as green, yellow or red following their own shading methodology. The report prepared by Cicero Shades of Green is published annually on Lamor's and Nasdaq's webpage.

The Chief Development Officer who is part of the Management Team leads the sustainability work together with a Sustainability Manager. The sustainability work is supported by a team of R&D, sourcing, project execution, logistics, sales and HR functions.

The sustainability data is collected by the area organisations with representatives from each country Lamor is operating in. The reporting is based on instructions and reporting methods provided by the group management and the sustainability team. The sustainability data is analysed and reviewed by the sustainability team. The results are reported for the Management Team and finally the Audit Committee and the Board of Directors approve the sustainability reporting annually. An external auditor has also given limited assurance on the emission reporting.

The impacts Lamor is creating on the economy, environment, and people are managed by the Chief Development Officer together with the Management Team, area organisations and global support functions. The Management Team reviews the impacts semi-annually or annually depending on the type of the reported KPIs. In addition, the Audit Committee and the Board of Directors reviews the sustainability progress regularly.



Positive impact through cooperation

Lamor works locally and in cooperation with customers to find efficient and sustainable solutions to customers' problems. Lamor's extensive partner network strengthens the company and guarantees the best solutions and technologies for the customers. Lamor enables global growth opportunities for its partners. The way of working binds partners and customers into a close cooperation network with Lamor.

Employees are extremely important for Lamor. Lamor's vision of a cleaner tomorrow motivates and engages employees. In addition to financial benefits, Lamor creates long-term added value for its owners and enables participation in creating a positive impact.

Lamor's most important stakeholders include customers, partners, Lamorians, owners and at the same time the whole world and society. Stakeholders have been defined based on Lamor's strategy.

CUSTOMERS

- Working together to increase the positivie environmental and social impact
- Efficient, fit-for purpose solutions

PARTNERS

- Working together to share and receive global knowhow and best practices
- Enabling global growth opportunities and local success

LAMORIANS

- Inspiring purpose committing ambitious employees
- Innovative teams searching for continuous improvement

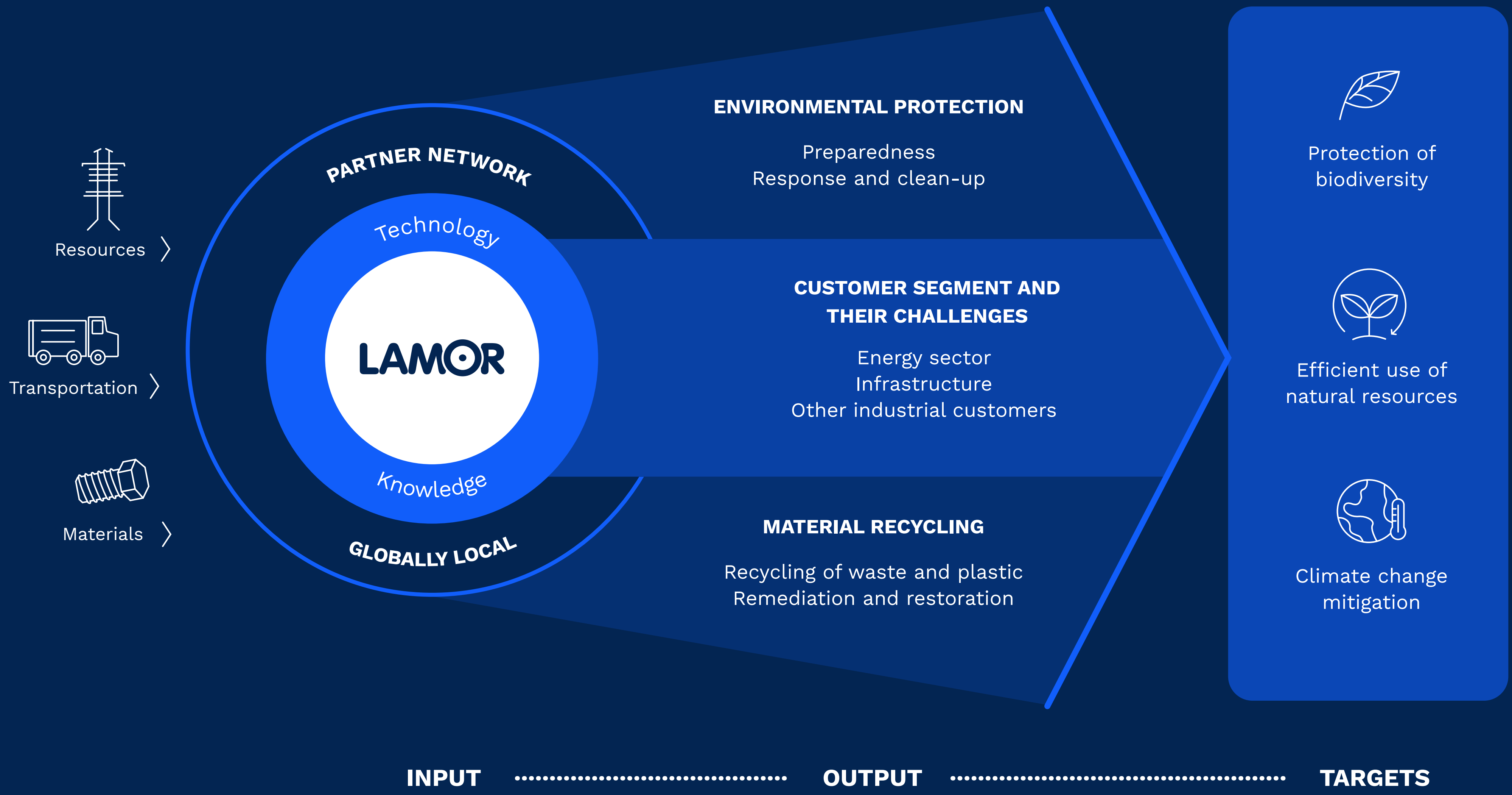
OWNERS

- Fast, profitable and sustainable growth
- On a journey towards a cleaner tomorrow

THE EARTH AND SOCIETY

- Protecting biodiversity
- Positive environmental impact
- Efficient recycling of materials
- Increasing competencies

Lamor's value creation



Material topics

Lamor has analysed its activities and business relationships and defined the sustainability context in which these occur. This provided the company with critical information for identifying its actual and potential impacts.

Lamor operates in a strong network of customers and partners and has reviewed its impacts through the engagement with these stakeholders. Lamor has used GRI 11: Oil and Gas Sector 2021 as one of the information sources when defining its material topics.

Additionally, Lamor has been externally assessed by the Norwegian CICERO Shades of Green, a part of S&P Global. As a result of this assessment, Lamor has in 2022 received the Nasdaq Green Equity Designation, which was renewed in 2023. For Lamor this means an even stronger commitment towards green transition and to achieving its environmental targets. Read more about the designation in the business overview on page 15.

Lamor has also engaged with The Upright Project which has carried out an external assessment of the company's business activities. The Upright Project analyses impacts through their effect on society, knowledge, health, and environment. Lamor's net impact ratio (the company's positive impacts less its negative impacts) for 2022 has been identified as highly positive with a total score of +66%. The result of this assessment supports the choice of Lamor's identified material topics and the progress towards achieving the goals. Read more about Lamor's positivie impact in the business overview on page 14.

Lamor believes that the global environmental challenges of one are the challenges of us all. At Lamor we have always believed that the problems we face together can only be solved together. Lamor brings together smart minds, advanced technology, and local knowledge to conserve our environment and to generate growth for businesses and communities. From preventing oil spills to massive clean-ups, and from material recycling to water and soil treatment, we are there to solve global problems locally, with an ecosystem of partners that spans over 100 countries. The world can't clean itself and we can't clean it alone, but together we can create a cleaner tomorrow for future generations to enjoy.

IDENTIFIED MATERIAL TOPICS:

1: Enabling environmental protection

2: Efficient material recycling

Lamor's purpose has always been to provide efficient environmental solutions. Historically Lamor has been recognised as one of the leading global oil spill response technology providers. However, with four decades of built-up experience and know-how, Lamor has made determined progress towards offering broader environmental solutions in the areas of both environmental protection and efficient material recycling.

Lamor is an environmental technology and solution provider, which means that Lamor generates only a small portion of its emissions directly through its own activities, and the largest negative impacts are generated as a result of its business relationships. Since Lamor is transforming its activities towards an increased service offering with reduced amount of equipment deliveries, Lamor's direct emissions are also increasing in line with its other emissions. It is nevertheless part of Lamor's strategy to address both its direct and indirect negative impacts on climate change.

IDENTIFIED MATERIAL TOPICS:

3: Targeting protection of biodiversity, efficient use of natural resources and climate change mitigation

Lamor's updated strategy defines a clear path towards the company's vision – a world with clean water and soil during our lifetime.

Lamor has identified its customer segments as the energy sector, infrastructure, and other industrial sectors. The most significant challenges for customer segments include, for example, transitioning to more sustainable operating models and securing good living conditions and business environments.

Lamor's strategic goals and customer challenges also guide the identification of its material topics.

Lamor has defined material topics which target these megatrends within its own activities and provide an offering that supports the company's customers and partners in their sustainability actions.

Currently we are all faced with green transition and the need to protect natural resources and biodiversity. For Lamor, sustainability means the ability to sustain its customers' business over a long term, in addition to fostering the company's own sustainable development.

Mika Pirneskoski, CEO of Lamor

IDENTIFIED MATERIAL TOPICS:

4: Social sustainability as part of Lamor's culture

5: Financial value creation

Lamor is a global company, with local presence. The Lamor way of working has always fostered non-discrimination and care for Lamor's personnel and all people involved in its operations. The Lamor family is an international family prioritising well-being, as well as health and safety, in addition to profitable business.

Being an organisation with diverse global operations, Lamor operates in countries which potentially have a higher risk for human rights violations, bribery, and corruption. Lamor has identified these issues as a significant part of its corporate responsibility. Local presence with global ways of working enables reaching the company's growth targets and mitigates the company's risks.

In 2022, Lamor continued to grow creating economic value to the society. Lamor creates jobs in countries with a low education level and high unemployment rate, where the company also employs migrant workers.

MATERIAL TOPIC 1:

Enabling environmental protection

Building up preparedness + response and clean-up of spills

Significant positive impacts:

- Prevents pollution
- Protects natural resources
- Mitigates threats to biodiversity
- Protects human health and possibility to carry on with commercial activity

Controlled negative impacts:

When building up preparedness the negative impacts, such as emissions and resource use, are much easier to control and mitigate.

Response and clean-up of spills without preparedness

Lower positive impacts:

Without being prepared for a spill the mitigation of negative impacts has less effect, since pollution can in a short time spread to bigger areas.

Larger negative impacts:

A clean-up operation without preparedness capacity is a much slower process, requiring many more resources and culminating much more pollution, such as spreading to groundwater, affecting human health and commercial activity.

Building up preparedness

Lamor encourages its customers to be prepared for environmental incidents as efficiently as possible. A fit-for-purpose solution together with carefully planned operational response and comprehensive training ensure an efficient response to environmental incidents. The core of Lamor's business is to deliver environmental solutions and technology, consultation, expert, planning and training services, based on solid experience. Preparedness reduces the environmental damage of a clean-up operation, as well as its costs.

Having capacity to efficiently respond to environmental incidents is particularly important in high-traffic areas and areas with water stress, as an incident can have a paralysing effect on the whole region. One of the targets of Lamor's vision 2025 is to increase the preparedness services in selected market areas. This would efficiently serve both the environment and people, increasing the positive impact on the economy.

Building up an efficient preparedness capacity involves use of energy and other resources which are mainly generated from production of spill response equipment and use of equipment and fleet in the exercises and drills. In well organised preparedness services many negative impacts can be mitigated by optimising resource use and equipment delivery logistics. Lamor also offers equipment leasing and sharing services, which drastically reduces the environmental footprint and costs of having a preparedness capacity.

KPI	Unit	2022	2021
Distributed skimming response capacity*	m^3 per hour	**11,034**	11,681
Distributed booms**	km	**50,822**	N/A
Response preparedness delivered as a service**	m^3 per hour	**1,142**	N/A
Hours of environmental training provided to external parties**	hours	**23,167**	N/A

Calculated based on maximum recovery capacity of delivered equipment
** *Comparative information not available*

Response and clean-up of spills

By recovering oil spills and contaminations, Lamor mitigates negative environmental impact. Lamor offers environmental solutions that make removal of hazardous waste and contaminations possible at every stage of an environmental incident, preventing the loss of biodiversity and environmental degradation.

Oil spill response operations are usually energy and resource intensive, due to the urgency of required measures and decreased opportunities to mitigate negative impacts. Such operations require the use of vessels for deployment of booms and skimmers and possibly airplanes for distributing dispersants. If the spill reaches the shores, also other kinds of equipment need to be deployed for e.g. cleaning up or transporting contaminated soil.

A large portion of emissions can be avoided by building up preparedness capacity for future spill response. A fast response reduces the contaminated area, which reduces negative impacts caused and needed response capacity.

In addition, Lamor addresses negative impacts by optimising its solutions and through efficient project execution. When delivering its solutions, Lamor acts globally, using its local networks, enabling the availability of trained personnel and response capacity on demand, close to the incident site. Lamor's equipment is designed to be energy efficient, with an optimised operational recovery capacity, i.e., faster recovery by a higher oil and a lower water intake. Lamor delivers optimised capacity tailor-made for the customer and for the area, and carefully plans its operations, which ensures an efficient and environmentally friendly response to environmental incidents.

The green transition will not happen overnight, but an efficient oil spill response and clean-up is a step towards a cleaner environment. Uncleaned spills increase health problems, threaten biodiversity and pollute soil and groundwater. Furthermore, recent extreme weather events have shown that climate change has caused unprecedented spills and pollution, and these events are likely to become more common over the near future. Being prepared for spills is part of climate change adaptation.

KPI	Unit	2022	2021
Number of spill response operations participated in	number	**3**	-
Areas cleaned up from a spill	m^2	**85,183**	-
Volume of oil recovered as part of a spill response operation	m^3	**1,653**	-

Largest environmental incidents where Lamor provided spill response services during 2022 took place in South America.

Lamor encourages its customers to be prepared for environmental incidents as efficiently as possible. When damage is rapidly repaired with the help of nearby equipment and competent personnel, the negative impacts decrease.

MATERIAL TOPIC 2:

Efficient material recycling

Recycling of materials

Significant positive impacts:

- Recycling and reusing of waste mitigates natural resource depletion.
- Recycling waste directly prevents future needs of recovery, remediation and restoration of impacted areas.

Controlled negative impacts:

A recycling operation is usually less resource and energy intensive than a remediation or restoration operation.

Remediation and restoration

Lower positive impacts:

Not all areas or all waste can be fully recovered or remediated or areas restored to initial position. Waste usually spreads to affect a larger area when left untreated.

Increased negative impacts:

Remediation and restoration usually required use of chemicals, heavy equipment and advanced technology. Very often it requires large amount of natural resources such as water, as well as, use of fossil fuels for transportation and excavation.

Recycling of waste and plastics

In the current waste-intensive world material recycling has become a priority. Efficient recycling is closely related to Lamor's other solutions to tackle natural resource depletion and to increase resource use efficiency.

For instance, oil and gas activities typically generate high volumes of hazardous waste. Waste streams may contaminate surface water, groundwater, seawater and negatively impact plant and animal species as well as human health. Lamor offers solutions that enable diverting hazardous waste from disposal and avoid contamination of land and water, making the materials present in the waste streams available for future use.

Lamor has the best available technologies to treat waste and aims to add value through recovery, reuse and recycling. Our processes are guided by the waste hierarchy, with a focus on maximising recovery and recycling rates. Lamor delivers recycling solutions to its customers and partners where pollutants like oil as well as water and solid substances are separated and treated. This reduces local pollution and enables reuse of these resources in production processes and local communities.

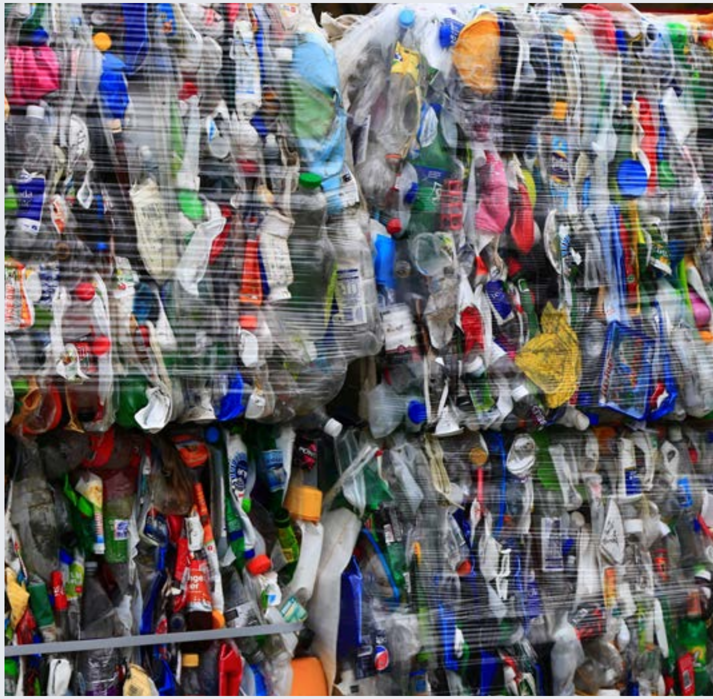
Lamor's water treatment solutions contribute to increased water reuse, which will be increasingly important to tackle water security. Lamor's process separates contaminated materials from water to meet the degree of treatment required by international standards. In water treatment, Lamor searches for a closed water circulation to be able to produce and make it suitable for a specific end-use: drinking water, industrial water supply, irrigation, river flow maintenance, water recreation and many other uses, including being safely returned to the environment.

Plastic waste – valuable raw material

Plastic waste is one of the biggest environmental threats of our lifetime, with huge amounts of plastic waste accumulated in the environment and only less than 10 percent of it recycled globally. Lamor considers this as a huge problem that it wants to be involved in solving.

Lamor is initiating activities in the plastics recycling business as an extension to its offering for combating environmental pollution. The project is unique, as no facility of chemical recycling of plastics on this scale has been carried out in Finland before. The recycling plant will produce raw material for use in the petrochemical industry to produce recycled plastics and for suitable refineries for further processing.

Climate change mitigation is driving companies to avoid extraction of fossil raw materials for use in their products, with a still growing demand for plastics to be produced. Lamor's aim is to develop a less emission-intensive raw material for plastics.



KPI	Unit	Recovery operation	Onsite/offsite	2022	2021
Total volume of waste diverted from disposal	m^3	preparation for reuse	-	59,194	80,745
Total volume of hazardous solid waste diverted from disposal	m^3	preparation for reuse	Offsite	25,215	40,630
Total volume of hazardous liquid waste diverted from disposal	m^3	preparation for reuse	Offsite	16,990	14,879
Total volume of non-hazardous solid waste diverted from disposal	m^3	preparation for reuse	Onsite	12,197	11,146
Total volume of non-hazardous liquid waste diverted from disposal	m^3	preparation for reuse	Offsite	4,792	14,090
Built up capacity for diverting waste from disposal	metric tonnes	preparation for reuse	Not in use during 2022	1,152,000	N/A

There is no life without soil. By preserving our soil, we ensure clean air, ground and surface water, and maintain biological diversity and capabilities for food production.

Remediation and restoration

When untreated, waste can have negative impacts, which usually extend beyond the locations where waste is generated and discarded – increasing the area for remediation and restoration. Lamor has many years of experience in handling remediation projects and can provide its expertise globally.

All projects generate various impacts in the region where they are executed, including remediation and restoration projects. Companies have to establish environmentally friendly methodologies that allow to maximise the positive impacts of the projects and minimise the negative ones. Thus, it is essential to select the right remediation methodologies and technologies and to optimise the resources for the project. Each site has its own particularities that make it different from others. That is why Lamor always seeks to provide a tailor-made solution according to each local environmental problem.

The remediation projects themselves have a positive impact on the environment in which they are executed. Positive impacts include prevention of groundwater contamination, minimisation of hazardous waste sent to landfills and restored ecology of the direct area of influence and its surroundings. Additionally, the projects have a positive impact on people through generation of local employment, distribution of environmental knowledge among the population and reduction of risk for human health.

Remediation and restoration usually require use of chemicals, heavy equipment and advanced technology. Use of natural resources such as water and of fossil fuels for transportation and excavation is still common, especially in areas where Lamor operates. To mitigate the negative impacts of the projects, Lamor has various measures in place that will allow, for example, recycling around 70 per cent of the water used in the soil washing process, or optimising road transportation to reduce the amount of fuel needed to run the project. Likewise, remediation processes are optimised to minimise the amount of chemicals used. Depending on market availability, chemicals are sourced locally to reduce both the impact of transportation and the associated costs, which also positively contributes to the local economy. In addition, whenever possible, Lamor strives to utilise bioremediation methods that allow for a considerably lower usage of water, energy and chemicals.

Lamor prioritises on site and in situ soil remediation techniques which eliminate hazardous waste transportation and its negative impacts. This also eliminates the negative impacts of building new dedicated treatment facilities to new areas. This is, however, not always possible or economically feasible.

With a diversified offering, Lamor is able to support its customers in combating a larger scale of environmental pollution. Having the available resources and expertise at hand, Lamor always aims for a higher quality than locally required.

MATERIAL TOPIC 3:

Targeting protection of biodiversity, efficient use of natural resources and climate change mitigation

Impacts on biodiversity

Decreasing biodiversity is not only material for Lamor, but for the whole world in general.

CASE SAUDI ARABIA

Through its activities, Lamor wants to directly target the challenges of the decreasing biodiversity. Lamor seeks to protect biodiversity with its current solutions which are primarily developed to prevent pollution of and other adverse effects on the environment.

Read more >

CASE KUWAIT AND PERU

Cleaning up and restoring contaminated land and water areas allows the species to return to their natural habitat and the ecological processes to function properly. In 2022, Lamor promoted clean-up and restoration in Peru and Kuwait.

Read more about Peru > Read more about Kuwait >

Like most human activity, also Lamor's operations cause negative impacts on biodiversity. The negative impacts are mainly contributed to as a result of its business relationships, but partly also directly through Lamor's own activities. In Lamor's value chain, natural resources are used to manufacture equipment. We use heavy equipment and fleet in our operations, the usage and manufacturing of which are emission-intensive and require use of manufacturing plants. For the delivery of equipment and other material Lamor uses transportation infrastructure, which also has a negative impact on biodiversity.

Lamor supports activities within the environmental boundaries and actively tracks its direct and indirect, actual and potential negative impacts. With its offering Lamor aims to prevent the decrease of biodiversity. Protection of biodiversity is additionally one of the reasons why Lamor in 2020 initiated its GHG emission calculations, which allows for not only defining its carbon hotspots, but also provides the company with insights on its potential negative impacts on biodiversity. Both environmental and social assessments are an essential part of Lamor's project execution. Lamor is an ISO 9001 (Quality), 14001 (Environment) and 45001 (health and safety) certified company.

CASE KILPILAHTI

Lamor's material recycling solutions decrease the need for extraction of natural resources by circulating already extracted resources in the economy. In 2022, Lamor decided to participate in solving the challenges of plastics recycling and to start building a chemical recycling facility of plastics in Finland.

Read more >

Resource scarcity

Lamor's vision and strategy focuses on tackling the global resource depletion and to provide recycled material for a globally growing demand of natural resources. Lamor allows the reuse of remediated water and soil, and already extracted fossil materials in the petrochemical industry, to be reused in production processes, infrastructure and local communities.

Recycling and reusing of resources tackle the most severe problems of our lifetime, such as increased water scarcity and climate change. Recycling enables continuance of efficient industrial activities, which in turn has an impact on people and human rights.

Climate change mitigation is driving companies to avoid extracting fossil raw materials for use in their products. To tackle the global resource scarcity Lamor is extending its offering of recycling solutions with the chemical recycling of plastics.

Impacts on climate change

As sustainability is at the heart of Lamor's business, Lamor aims to assess all its operations to design measures compliant with the Do no significant harm (DNSH) criterion of the EU taxonomy. So far, the nature of Lamor's operations which often require a very urgent reaction to environmental incidents, limits the opportunity for choosing the most environmentally friendly alternative. By adopting the best available levels of environmental performance combined with increased preparedness, Lamor's actions can demonstrate DNSH.

Many negative impacts in Lamor's value chain can be mitigated when technological decarbonisation development advances to the level of being an economically feasible option for our customers. Availability of low carbon materials and fuels will play a significant role in reduction of Lamor's carbon footprint.

Since Lamor also operates in countries where environmental awareness is not yet at the same level as for example in Europe, development is slow in some respect. Lamor strives to increase its customers' environmental awareness and always aims to deliver solutions at the internationally accepted sustainable level.

In 2022, Lamor's turnover increased 2.5 times compared to the previous year. The growth is significant and the increase in business volume also affects the total amount of emissions. In addition, the increase in the share of services in, among others, Kuwait and Saudi Arabia increases the total amount of emissions.

Lamor's energy consumption

The table below describes Lamor's energy consumption and mix by energy source:

	Amount in Gigajoules (GJ)
Total fuel consumption from non-renewable sources (diesel, petrol)	20,333
Total fuel consumption from renewable sources	0
Total electricity consumption	1,285
Total heating consumption	806
Total energy consumption	22,424

UK Government GHG Conversion Factors for Company Reporting (2022) and SI/metric units have been used for conversions of kWh electricity and heating consumption into Gigajoules (GJ). For conversion of fuel consumption to Gigajoules generic conversion factors and SI/metric units have been used. The energy consumption from 448,890 kilometres driven with company owned vehicles is excluded from the report since fuel consumption for these vehicles was not monitored during 2022.

Lamor's GHG emission inventory

Lamor calculates its GHG emissions in line with the Greenhouse Gas (GHG) Protocol. For 2022, Lamor reports Scope 1, Scope 2 and Scope 3 emissions covering categories 1, 2, 4, 6 and 8. Emissions are calculated for services and equipment delivered by Lamor, covering all relevant geographic locations. During the reporting period, Lamor has together with a software developer built a digital platform for its emission inventory to add efficiency to its global emission reporting.

Lamor has chosen a financial control approach, and thus the emission inventory is limited to companies where Lamor has financial control (subsidiary) or joint control in a form of joint operation. Associated companies are excluded from the inventory. The definitions of control and joint operation are aligned with the International Financial Reporting Standards (IFRS). Lamor accounts for and reports on all material GHG emission sources and activities within the chosen inventory boundary. Any specific exclusions, e.g., data not available or defined to be immaterial, are disclosed.

The chosen approach reflects Lamor's main sustainability goal – to reduce the most significant emissions the company has influence over and to mitigate Lamor's risk exposure related to climate change. We strive to build a sustainable business model where the environmental handprint of our solutions is combined with as a low footprint as possible.

In 2022, Lamor's turnover increased 2.5 times compared to the previous year. The growth is significant and the increase in business volume also affects the total amount of emissions. In addition, the increase in the share of services in, among others, Kuwait and Saudi Arabia increases the total amount of emissions.

Direct (Scope 1) GHG emissions

Gross direct (Scope 1) GHG emissions in metric tonnes of CO_2 equivalent

		2022	Base year 2021
Europe and Asia EURASIA	Finland	6.4	5.9
	China	6.6	2.8
	UK	1.4	0.0
North and South America AMER	Ecuador	974.4	295.7
	Chile	45.6	51.5
	Colombia	0.0	0.0
	Peru	16.4	0.8
	USA	0.0	0.0
Middle East and Africa MEAF	Kuwait	391.7	0.0
	Oman	28.6	21.5
	Saudi Arabia	36.7	0.0
Total		1 507.9	378.3

Direct GHG emissions include emissions from Lamor's own or financially controlled mobile combustion i.e. vehicles, vessels, heavy machine equipment, and stationary combustion such as generators and power packs.

GHG emissions are reported in CO_2 equivalents (CO_2eq). Gases included in the calculation are CO_2, CH4 and N2O. The resulting emissions are based on kilometres driven, as well as fuel used in mobile and stationary combustion and converted to CO_2eq emissions. SI/metric units have been used for conversion. UK Government GHG Conversion Factors for Company Reporting (2022) has been used as the emission factor and conversion source.

Lamor recalculates emissions if significant errors are discovered. During 2022, Lamor discovered an error in the 2021 base year calculation of Direct (Scope 1) emissions. The calculations were limited to emissions from kilometres driven with company owned and financially controlled vehicles, but did not cover emissions from fuel combustion in other owned or financially controlled sources. These 2021 Scope 1 emissions were recalculated and are included in the base year amount of Scope 1 emissions in the current report.

The amount of Scope 1 emissions has increased significantly compared to previous year. This is mainly due to Lamor's participation in two major oil spill response operations in South America and the construction of remediation site initiated in Kuwait in 2022.

Energy indirect (Scope 2) GHG emissions

Gross indirect (Scope 2) GHG emissions in metric tonnes of CO_2 equivalent

		2022	Base year 2021
Europe and Asia EURASIA	Finland (market-based)	11.5	16.3
	China (location based)	26.1	83.1
	UK (market-based)	0.0	0.0
North and South America AMER	Ecuador (location based)	17.1	15.2
	Chile (location based)	1.7	2.2
	Colombia (location based)	0.3	0.3
	Peru (location based)	0.5	0.5
	USA (location based)	4.6	10.5
Middle East and Africa MEAF	Kuwait (location based)	61.2	0.0
	Oman (location based)	7.8	9.2
	Saudi Arabia (location based)	2.2	0.0
Total		133.0	137.3

Scope 2 GHG emissions include emissions from the generation of purchased electricity and heating, consumed by Lamor in its own or financially controlled offices and warehouses.

GHG emissions for the reporting year of 2022 are reported in CO_2 equivalents (CO_2eq). Gases included in the calculation are CO_2, CH4 and N2O. The resulting emissions are based on invoicing and converted from kWh to CO_2eq emissions. SI/metric units have been used for conversion. The IEA (2021), Emission Factors have been used as a source for emission factors. In calculations for market-based emissions, supplier-specific emission factors have been used.

In 2022 Lamor has decreased the amount of carbon intensive premises in China. Since Lamor initiated its operations in Kuwait in 2022, where the main energy source for electricity is fossil fuel, the amount of Scope 2 emissions in total has not significantly decreased in 2022.

Other indirect (Scope 3) GHG emissions

Gross indirect (Scope 3) GHG emissions in metric tonnes of CO_2 equivalent

	2022	Base year 2021
Category 1: Purchased goods and services	3,368	3,103
Category 2: Capital goods	815	N/A
Category 4: Upstream transportation and distribution	1,076	596
Category 6: Business travel (air)	365	123
Category 8: Upstream leased assets	6,022	1,815
Total	11,647	5,637

Scope 3 emission calculations cover Categories 1, 2, 4, 6 and 8 emissions. Lamor identified these categories relevant for managing GHG risks and identifying emission reduction opportunities. Additionally, access to reliable data impacted the choice of categories for reporting.

The Scope 3 categories are presented in more detail on the following pages.

Category 1: Purchased goods and services

This category includes emissions of main materials purchased globally by Lamor in the reporting period. To estimate the emissions, Lamor reviewed its products and services based on their function, material composition and mass and created product categories for which production emissions were calculated. Product deliveries were then allocated under relevant product categories to estimate total emissions of purchased materials during the reporting period. Lamor used the GHG Protocol Average-data calculation method, i.e., collection of data on the mass and material of purchased goods multiplied by relevant secondary (e.g. industry average) emission factor.

This category also includes the emissions of IT device leases. Respiratory protective equipment and chemicals are not included in the emission calculations due to limited access to correct conversion factors and reliability of such calculations.

The reliability of the calculated emissions is indicative, since emissions are not calculated for each purchased good and service separately, but only based on allocation. Emissions from products are calculated based on the main materials used in the composition of a product.

GHG emissions are reported in CO_2 equivalents (CO_2eq). Gases included in the calculation are CO_2, CH4 and N2O. Emission factor sources used are publicly available data sources such as Finnish Environment Institute SYKE and UK Government GHG Conversion Factors for Company Reporting (2022).

There is a slight increase in Category 1 emissions compared to 2021, since the comparison period did not account for Lamor's purchases globally, while the 2022 emissions are based on global purchases. Additionally, the initiated construction of the remediation site in Kuwait in 2022, increased the emissions in category 1 in 2022.

Category 2: Capital goods

This category includes emission calculation from the production of capital goods (equipment, machinery and mobile assets) purchased by Lamor during the reporting period. Emissions are calculated based on the main materials used in the composition of purchased capital goods. Lamor used the GHG Protocol Average-data method, which involves estimating emissions for goods by collecting data on the mass of goods purchased and multiplying by relevant secondary (e.g., industry average) emission factors.

GHG emissions are reported in CO_2 equivalents (CO_2eq). Gases included in the calculation are CO_2, CH4 and N2O. Emission factor sources used are publicly available data sources such as Finnish Environment Institute SYKE and UK Government GHG Conversion Factors for Company Reporting (2022).

Category 2 has been added to the emission inventory for 2022 since the amount of capital goods purchased have increased significantly in 2022. Purchased capital goods for the remediation project in Kuwait, which started in 2022, are the biggest contributors to the increase in emissions.

Category 4: Upstream transportation and distribution

This category includes emission calculation from third-party transportation and distribution services purchased by Lamor in the reporting period. The calculation is based on both third party emission calculations and emissions calculated by Lamor based on statistics on the distance, gross weight transported and transportation mode received from the logistics service providers.

GHG emissions are reported in CO_2 equivalents (CO_2eq). For transportation emissions calculated by Lamor, a calculator compliant with the GHG Protocol has been used.

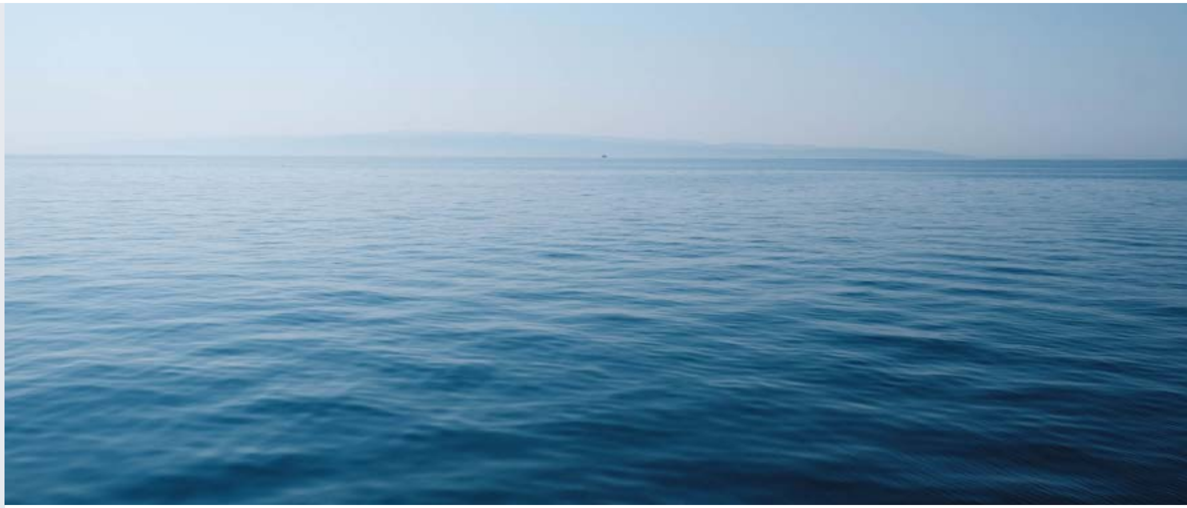
The level of 2022 emissions has nearly doubled compared to 2021 emissions. The increase in emissions is mainly caused by the growth in purchased air transportation, as a consequence of Lamor's participation in the spill response operations in South America. This project requred very urgent equipment deliveries.

Category 6: Business travel

Lamor monitors and accounts for emissions from business travel made by air. The reporting covers all relevant business units defined in accordance with the financial control approach. Business travel emissions are based on emission calculations provided by travel agencies used by Lamor and data reported by Lamor travellers.

To the extent that emissions have been calculated by Lamor, Lamor has made the calculations in accordance with the GHG Protocol using the distance-based method. For this purpose the ICAO Carbon Emissions Calculator has been used.

The amount of business travel made by air was still limited in 2021 due to Covid-19. Since most travel restrictions were removed in 2022, the business travel of Lamor increased, which also increased the amount of emissions.



Category 8: Upstream leased assets

Emissions from upstream leased assets are generated from e.g. vessels, generators and vehicles leased by Lamor. Emissions from leased premises are included in Scope 2 calculations.

GHG emissions are reported in CO_2 equivalents (CO_2eq). The resulting emissions are based on fuel used in mobile and stationary combustion and converted to CO_2eq emissions. SI/metric units have been used for conversion. The UK Government GHG Conversion Factors for Company Reporting (2022)' has been used as emission factor and conversion source.

The project for providing preparedness services in Saudi Arabia was fully operational during 2022 and thus there is a rise in the amount of emissions compared to 2021. The increase is mainly due to frequently performed oil spill response exercises with a focus on building up preparedness for efficient response in the region. Additionally Lamor's participation in two major oil spill response operations in South America increased the amount of emissions compared to previous year. Additionally, the construction of the remediation site in Kuwait started in 2022, which significantly increased the emissions.

MATERIAL TOPIC 4:

Social sustainability as part of Lamor's culture

Lamor aims to be a safe, equal and attractive place to work for all employees and partners. Lamor provides people with a meaningful job - a workplace with a clear purpose that creates motivation and commitment to go an extra mile for Lamor's mission to clean the world. The year 2022 was a year of change for Lamor with a rapidly grown business volume and organisation. Lamor has strengthened its competences, renewed the operating model and recruited several new Lamorians to promote the growth and accelerate the journey towards a cleaner tomorrow.

Information on personnel	2022	2021
Number of employees at the year end (FTE)	508	290
Employees, percentage of female/male*	20/80%	N/A
Management Team, percentage of female/male	15/85%	25/75%
Country Managers, percentage of female/male	0/100%	0/100%
Board of Directors, percentage of female/male	40/60%	40/60%
Employee Net Promoter Score (eNPS)*	22%	N/A
Passion and motivation level of employees (Lit-index)*	76%	N/A

** Information not available for the reference period*

Our way of working:

- Lamor offers a workplace with a clear purpose that creates motivation and willingness to go an extra mile for Lamor's mission to clean the world.
- Lamor aims to create a safe and inspiring work environment to foster personal development.
- The meaningfulness of work is at the core of Lamor's culture guided by our values: passion, innovation and trust.
- Lamor's strategy is aiming for more unified operating methods. To support this change, Lamor has trained its supervisors and further enhanced leadership practices.
- The employee experience is a matter of our heart. We invest in it through regular open dialogue and personnel feedback.

Lamor's business ethics

Lamor's ethical principles are reflected in its codes of conduct and form the basis for its daily activities and operations. The guidelines define Lamor's commitment to sustainable development, responsible business conduct and compliance with laws and regulations. The codes have been developed by the management and have been approved by the most senior level of the organisation - Lamor's Board of Directors.

Lamor's codes of conduct are publicly available on the company's website.
Lamor Code of Conduct
Lamor Business Partner Code of Conduct

Internationally recognised human rights as declared in the UN Universal Declaration of Human Rights are the cornerstone of social sustainability and are covered by Lamor's codes of conduct. Furthermore, Lamor has zero tolerance for corruption in any form and the company requires its business partners to operate in the same manner. Lamor expects both its employees and business partners to comply with its ethical standards and has reserved the right of conducting due diligence to identify, prevent, mitigate, and account for negative impacts.

Lamor employees receive annual training on the company's Code of Conduct, which is also part of the induction process for new employees. Lamor's ethical principles and expectations are communicated to its business partners. Additionally, Lamor has established a screening procedure for prequalification and annual assessment of suppliers and partners. In 2023, Lamor will establish a training programme to ensure that its ethical principles are properly communicated to its business partners, including respect for human rights and anti-corruption.

Communication and training about anti-corruption policies and procedures

The information below covers all Lamor's geographical business areas.

Parties trained	Total number and percentage
Governance body members (such as the Board of Directors, Management Team) that the organisation's anti-corruption policies and procedures have been communicated to	100%
Employees that the organisation's anti-corruption policies and procedures have been communicated to	100%
Business partners that the organisation's anti-corruption policies and procedures have been communicated to	0%
Governance body members that have received training on anti-corruption	100%
Employees that have received training on anti-corruption	about 50%

Processes to avoid negative impacts

Lamor wants to ensure that any negative impact is identified and remediated. Being an ISO 9001 (Quality), 14001 (Environment) and 45001 (health and safety) certified company, Lamor has an Integrated Management System (IMS) to ensure that people at all organisational levels act responsibly and with awareness of and respect for human rights. Principles for responsible business conduct, including the respect for human rights, are implemented through Lamor's operational policies and procedures, which guarantees early action for prevention and mitigation of potential negative impacts.

It is further a responsibility of each employee to promptly report violations of the law or Lamor's policy commitments to their direct supervisor. If anonymity is desired, a report can also be submitted by using Lamor's Whistleblowing channel for identifying misconduct. All reported matters are treated confidentially to the extent permitted by law. In 2022, no reports of suspected misconduct were made at Lamor.

Lamor has also established a grievance mechanism to receive and facilitate resolution of grievances arising from a worker, a supplier or any other third-party or a community. Lamor aims to process any received grievance and to establish an appropriate solution to them in cooperation with the party who raised the concern.

Non-discrimination and care for local communities

Incidents of discrimination and corrective actions taken

Lamor is a global company with operations and value chain spanning many geographic regions. Operating in such an international environment naturally involves inclusion of different cultures, religions and social origin. Thus, equality and non-discrimination are an important part of Lamor's social culture.

At Lamor everyone is equal – regardless of the person's background their rights are of equal value and worth to Lamor. In 2022, no reports of discrimination were made or observed at Lamor.

Operations with local community engagement, impact assessments, and development programs

In several geographic areas Lamor has operations involving local communities and vulnerable groups, such as indigenous people in Ecuador. Through its established local network Lamor is able to effectively engage with the community and to identify and manage its impacts on it. All Lamor projects are subject to social and environmental impact assessments prior to project execution, but their public disclosure is often limited by project confidentiality.

Lamor has implemented activities aiming to increase positive economic, social, cultural, and environmental impact on local communities. From the Peruvian and Ecuadorian Amazon jungles to the fjords of Tierra del Fuego in Chile, Lamor works with local communities, providing jobs and economic development to the sectors where it operates. Currently, in Ecuador, 85 % of our local workforce come from the local communities, demonstrating our commitment to employ and involve the local workforce.

Lamor furthermore provides training to the communities where it operates, for instance on environment and safety, hygiene and health, water care and first aid. Lamor has also promoted the economic growth and development of women, being a pioneer in social programs such as "Entrepreneur Women", where Lamor, through the Junior Achievement Foundation, provided women in the local communities with financial skills. Lamor has also focused its resources on the abolition of child labour and offered technology support in remediation projects and community farms.

Finally, Lamor Ecuador has been a member of the United Nations Global Compact since 2014, where it has demonstrated its commitment to different objectives of the SDGs.

Occupational health and safety

Occupational health and safety management system

Lamor wants to follow the highest standards regarding health and safety, security, environment and quality. Lamor is thus an ISO 9001 (Quality), 14001 (Environment) and 45001 (health and safety) certified company and has developed and implemented an Integrated Management System (IMS) to comply with these standards. The IMS covers all Lamor activities and locations where Lamor operates. When relevant, Lamor treats all workers involved in its operations as its employees. These cover for instance all the safety related matters.

Lamor has dedicated persons who are responsible for the implementation of the IMS, the certification per ISO standards and the supervision of the IMS on a global and headquarters level. Each Lamor group company and branch has a Health, Safety, Security, Environment and Quality (HSSEQ) representative to ensure and supervise compliance with Lamor standards.

The IMS defines metrics and KPIs to evaluate Lamor‘s performance in health and safety, quality and environment. Lamor’s Management Team reviews the performance of the company and supports the continual improvement of the system.

Hazard identification, risk assessment and incident investigation

Lamor has developed and implemented a procedure which defines measures for the on-going identification of work-related hazards and environmental impacts, assessment of risks and necessary controls. Measures to reduce and control risks and impacts are developed considering the hierarchy of controls. Lamor performs risk assessments for all its operations and projects.

The quality of these processes is ensured through adequate training for and experience of the team that carries out the activities. The results of the risk assessments and the control measures are communicated to the employees.

According to Lamor’s IMS policy, all workers working for Lamor have the right and obligation to stop any task or procedure that they believe is unsafe. If the problem cannot be resolved or corrected in a responsible and safe manner by the individuals performing the task, the unsafe situation must be immediately reported to the management. The management is obligated to timely and properly react to such reports.

Additionally, Lamor has a system in place for incident reporting and recording of immediate action taken. This enables Lamor to define needed corrective action, a responsible person and a deadline for implementation of the corrective action. Lamor properly investigates all the incidents to eliminate or reduce their number, to develop the process based on lessons learned, and to identify and implement corrective measures.

Occupational health services

Lamor offers occupational health services everywhere it operates, either through health insurance or in collaboration with external partners locally. All Lamor employees are required to undergo an entry check at the beginning of their employment relationship and thereafter to participate in periodic medical examinations and health monitoring. Assigned medical staff is responsible to define the additional necessary examinations for each employee based on working position, formal qualifications and relevant risk assessment. Personal health information and examination data are subject to strict confidentiality according to applicable legislation.

Worker participation, consultation, and communication on occupational health and safety

Lamor has developed and implemented a procedure to ensure the workers’ participation and consultation in the development, implementation and evaluation of the occupational health and safety management system. The procedure provides guidelines for the formal joint management and worker health and safety committees and encourages employees to proactively make suggestions and recommendations. The committees meet at least once per year, with a recommendation for the local management to decide for additional meetings. Workers, which are not employees, are represented in the committee through a safety representative selected by them.

Worker training on occupational health and safety

In Finland, Lamor’s employees are covered by the generally binding collective agreements of the technology industry. In other countries, local practices are followed.

Lamor aims to be a safe, equal and attractive place to work for all employees and partners. Our work is motivated by our vision of a cleaner tomorrow.

Worker training on occupational health and safety

Lamor has developed and implemented a procedure to ensure that all employees and workers (also non-employees of Lamor) participating in its operations are adequately trained for their role in all aspects of health and safety. All new employees and workers receive induction training on health, safety, quality and the environment with respect to their job functions. Employees are annually evaluated for their competency and effectiveness in their performance, training requirements identified, and training received.

Personnel whose work can cause an actual or a potential significant health, safety, environmental and quality impact are recruited based on appropriate education, skills and experience. Additionally, training on specific work-related hazards, hazardous activities, or hazardous situations is continuously provided to workers that are involved in relevant activities. Lamor also ensures that occupational health and safety issues are efficiently and frequently communicated by project supervisors prior to commencing any work which contains higher than usual risk or requires a specific method for safe completion.

Additional training is planned and implemented as required based on audit findings, non-conformances, legislative changes, customer complaints and technological improvements, among others. All training is recorded on a training record maintained by the HR department. Lamor uses several methodologies to evaluate the effectiveness of its training, for instance written, oral or practical tests, interviews and observations of employees while performing the assigned tasks.

Promotion of worker health

Employees at Lamor's headquarters are provided with an opportunity for additional non-occupational medical and healthcare services. The medical services include 24/7 services for acute illnesses or accidents that might occur during the employees' time off work. To promote work well-being and productivity, the medical service provider also offers service packages for e.g. work community training, exercise, sleep, nutrition and situations of change, which also benefit the employee personally and can be tailored to their needs.

Lamor's management wants to improve the wellbeing of all employees globally and hence a Global Wellbeing Team was formed in 2022. This group's task is to increase wellbeing at work. Activities have included e.g. cultural and physical work-out activities as well as after-work get-togethers.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

In cases where Lamor has no control over a work or workplace, Lamor still takes responsibility to prevent and mitigate negative occupational health and safety impacts.

Before the commencement of any large project, Lamor's management has to prepare a Health, Safety and Environment plan to identify and assess the project risks, decide on the control measures and their implementation.

Workers covered by an occupational health and safety management system

Number and percentage of employees and workers who are covered by the system.	715 100%
Number and percentage of employees and workers who are covered by the system that has been internally audited.	715 100%
Number and percentage of employees and workers who are covered by the system that has been audited or certified by an external party.	715 100%

All Lamor's employees and workers (also non-employees of Lamor) are included in the table presented above. Lamor's business units and hubs report health and safety data on a monthly basis. All data is supported by relevant documentation and the reports are properly reviewed by the HSSEQ management team on a quarterly basis and by the top management every six months.

Work-related injuries

Lamor has a system in place for incident reporting and for recording immediately implemented actions. Lamor investigates all such cases in order to reduce injuries, develop a process based on identified deficiencies, and define and implement corrective actions.

The incidents of 2022 and their causes and corrective measures taken are presented below. The rates are calculated based on 200,000 hours worked. All workers are included in the above data since Lamor treats all workers as Lamor employees.

The work-related hazards that posed a risk of high-consequence have been defined before the commencement of operations.

The work-related hazards that posed a risk of high-consequence have been defined before the commencement of operations.

During the incident investigation and root cause analysis process it was identified that the reasons for the three accidents occurred in 2022 were:

- Improper use of PPE due to lack of training
- Miscommunication between boat masters due to inadequate planning
- Slip due to work haste

Lamor's hierarchy of controls suggested the following corrective actions to eliminate the risks and minimise the impacts of similar incidents in the future:

- Additional training regarding the importance of the use of PPE
- Additional training regarding detailed work planning
- Additional training reminding that no task is so urgent that it cannot be performed safely

All Lamor's business units and hubs submit the relevant data, supported by documentation, on a monthly basis. The HSSEQ reports are carefully reviewed by the HSSEQ management team on a quarterly basis and by top management twice a year.

For all employees and workers (also non-employees of Lamor)	
Number of fatalities	0
Rate of fatalities	0
Number of high-consequence injuries (LTI)	0
Rate of high-consequence injuries (LTIR)	0
Number of recordable injuries (TRI)	3
Rate of recordable injuries (TRIR)	0.37
Main types of injuries	- Light face injury due to improper use of PPE - Light hand injury (hand caught between two boats due to miscommunication and collision of them) - Ankle sprain due to slip
Number of hours worked	1,642,612

MATERIAL TOPIC 5:

Economic value creation

The financial added value generated by Lamor

The chart below illustrates the distribution and amounts of financial added value that Lamor generates:

Economic value generated, revenue	Economic value distributed	Economic value retained
EUR 128 million	**EUR 116 million**	**EUR 12 million**

EUR 90 million	**EUR 19 million**	**EUR 3 million**	**EUR 3 million**	**EUR 0 million**
Operating costs	Employee wages and benefits	Net payments to financial institutions	Payments to government (taxes)	Community investments

Economic impacts, risks and opportunities caused by climate change

As part of its risk management, Lamor also assesses the risks posed by climate change. These risks are related to the availability of materials, pricing, reducing the carbon footprint and extreme weather conditions. In addition, Lamor's operations in oil spill response pose a risk as an industry, which the company is actively monitoring and planning green transition-related activities to reduce the risk in the long term.

The company's Management Team prepares the risk matrix annually. The matrix contains an assessment of the possible negative effects of risks, as well as actions to minimise risks. The Audit Committee and the Board of Directors annually review the risk matrix and assess the risks and the measures proposed to manage and avoid them and, if necessary, define additional measures to manage the risks. As part of the assessment, they also evaluate the economic impact of the materialisation of a risk, how long it would prevail and the types of action and investment required to prevent or minimise the risk.

The main climate-related risks and opportunities are presented in the following table on page 128.

Financial implications and other risks and opportunities due to climate change

Climate-related risks

Category	Description	Financial impact	Time horizon
Transitional risks			
Access to capital	Increased sustainability requirements and higher cost of investment	Intermediate	Short
Technology and solutions	Lock-in of uncompetetive and carbon intensive processes and products and oil and gas related services in case the assets cannot be used for other purposes	Intermediate	Medium
Policy and Legal	Increased supply chain costs from new and tightened carbon pricing policies and border tax adjustment policies	Intermediate	Medium
	Increased insurance premiums due to risk of negative impact on local environment caused by handling large quantities of hazardous and non-hazardous waste	Low	Medium
Reputation	Reduced interest of investing in Lamor caused by shifting investor preferences due to indirect connection to oil and gas sector	Intermediate	Short
Market	Potential risk of financial consequences from loss of environmental protection activity caused by reduced need for oil and gas.	Low	Long
	Falling behind from emission reduction target while investors, regulators and customers are assuming all the companies committing to decreasing the emissions from the operations	Intermediate	Long
Physical risks			
Acute	Reduced revenue from decreased operational capacity caused by extreme precipitation and flooding, water scarcity	Low	Medium
Chronic	Increased supply chain costs (both downstream and upstream) due to exposure to disruptions from extreme weather condition	Low	Medium
Chronic	Increased operating costs and inability to work caused by extreme weather conditions like high temparature particularly in operations in the Asia Pacific and Middle East and Africa	High	Medium

Climate-related opportunities

Category	Description	Financial impact	Time horizon
Transitional opportunities			
Markets	Increased demand for material recycling and remediation, as well as environmental protection due to increased willingness to reduce pollution caused by e.g. industrial operations and extreme weather conditions	Intermediate	Medium
Technology and solutions	Better competitive position from developing new environmental solutions with e.g. recycling of plastics	Intermediate	Short
Resource efficiency	Increased demand of recycling solutions due to depletion of natural resources	Intermediate	Medium
Resilience	Increased reliability and transparency through sustainability reporting due to stricter requirements.	Intermediate	Short
Low emission sources	Better competitive position through offering new technologies using lower-emission source of energy in environmetal solutions	Low	Long

Principles of taxation in Lamor

Lamor pays taxes to the countries in which it operates in accordance with their tax legislation. In 2022, the total amount of taxes paid by Lamor was EUR 3 million. The largest operating countries in 2022 were Finland, Ecuador, Peru, Saudi Arabia, and Kuwait.

Lamor is committed to responsible tax management in accordance with laws and regulations. This is crucial for our shareholders, local communities, and employees. Since taxation is always the result of doing business, our approach to tax planning always starts from business needs. By taking different stakeholders into account, we also ensure the legitimacy of our operations, the realisation of investments, the efficiency of operations and the returns paid to stakeholders.

In accordance with the Lamor principles, the company pays taxes on the profit, production, and employment of each of its Group companies according to the local regulations of each country. Lamor acts in the interests of its shareholders and takes into account tax considerations by providing procedures in support of Lamor's overall strategy. This is done by ensuring that tax matters are conducted in accordance with applicable laws and regulations and by paying particular attention to transparent, correct and timely information provided to tax authorities and investors in accordance with the regulations.

Lamor's goal is to handle tax matters appropriately. Tax considerations are taken into account when decisions are taken and may affect, for example, the choice of the country where investments are to be made. Lamor does not practice aggressive tax planning, with the goal to artificially lower the Group's taxable income. We are therefore not, for example, taking advantage of possible shortcomings in the international tax system to transfer profits to countries where we have little or no production or where little or no tax is paid. Lamor has business operations in developing countries and it is paying taxes and other social chargers in these countries as well.

Key elements of our tax principles:

- We are committed to continuous development to ensure responsible management of tax matters and sustainable principles.
- When it comes to tax planning, we respect the purpose of the law. We also respect the interests of shareholders and strive to eliminate double taxation.
- We are committed to ensuring that our stakeholders understand the important factors related to our taxation and that the information we provide about taxation is relevant and correct.

The management and control of tax matters is centralised in the Group's finance department, which is responsible for the procedures applied in taxation and tax reporting together with the business areas and units. The CFO regularly reports on tax-related matters to Lamor's Audit Committee and the Board of Directors.

GRI content index

Statement of use — Lamor has reported in accordance with the GRI standards for the period January 1 - December 31, 2022.
GRI used — GRI 1: Foundation 2021

GRI standard	Disclosure	Location	SDG	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
General disclosures						
GRI 2: General Disclosures 2021	Disclosure 2-1 Organizational details	Financial review: Page 40				
	Disclosure 2-2 Entities included in the organization's sustainability reporting	Sustainable development: Page 103				
	Disclosure 2-3 Reporting period, frequency and contact point	Sustainable development: Page 103 The report is published annually. The 2022 report published on March 14, 2023. Contact point: ir@lamor.com				
	Disclosure 2-4 Restatements of information	Sustainable development: Page 117				
	Disclosure 2-5 External assurance	Corporate Governance statement: Page 149 Financial review: Pages 96-97 Sustainable development: Pages 135-136				
	Disclosure 2-6 Activities, value chain and other business relationships	Sustainable development: Page 105				
	Disclosure 2-7 Employees	Sustainable development: Page 121 Financial review: Page 32		Disclosure 2-7 b	Information unavailable / incomplete	Breakdowns missing. Reporting will be developed in 2023
	Disclosure 2-8 Workers who are not employees	Sustainable development: Page 125		Disclosure 2-8 a-c	Information unavailable / incomplete	Worker information missing. Reporting will be developed in 2023
	Disclosure 2-9 Governance structure and composition	Corporate Governance statement: Pages 139-149				
	Disclosure 2-10 Nomination and selection of the highest governance body	Corporate Governance statement: Pages 139-144				
	Disclosure 2-11 Chair of the highest governance body	Remuneration report: Page 154				

				Omission		
GRI standard	**Disclosure**	**Location**	**SDG**	**Requirements ommitted**	**Reason**	**Explanation**
	Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable development: Page 103				
	Disclosure 2-13 Delegation of responsibility for managing impacts	Sustainable development: Page 103				
	Disclosure 2-14 Role of the highest governance body in sustainability reporting	Sustainable development: Page 103				
	Disclosure 2-15 Conflicts of interest	Corporate Governance statement: Page 149				
	Disclosure 2-16 Communication of critical concerns	Sustainable development: Page 103				
	Disclosure 2-17 Collective knowledge of the highest governance body			Disclosure 2-17 a	Information unavailable / incomplete	Impementation of activities will begin in 2023
	Disclosure 2-18 Evaluation of the performance of the highest governance body			Disclosure 2-18 a-c	Information unavailable / incomplete	Impementation of activities will begin in 2023
	Disclosure 2-19 Remuneration policies	Remuneration report: Pages 151-157 Financial review: Page 33		Disclosure 2-19 a-b	Information unavailable / incomplete	Data incomplete for short-term remuneration for the rest of the management team
	Disclosure 2-20 Process to determine remuneration	Remuneration report: Pages 152-157				
	Disclosure 2-21 Annual total compensation ratio	Remuneration report: Page 153		Disclosure 2-21 Information not presented in ratio	Information unavailable / incomplete	Information will be presented in ratio in 2023 report
	Disclosure 2-22 Statement on sustainable development strategy	Business overview: Page 11 Sustainable development: Page 102				
	Disclosure 2-23 Policy commitments	Sustainable development: Page 122				
	Disclosure 2-24 Embedding policy commitments	Sustainable development: Page 122				
	Disclosure 2-25 Processes to remediate negative impacts	Sustainable development: Page 122				
	Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Sustainable development: Page 122				
	Disclosure 2-27 Compliance with laws and regulations	Corporate Governance statement: Page 147				

GRI standard	Disclosure	Location	SDG	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
	Disclosure 2-28 Membership associations			Disclosure 2-28	Not applicable	Not applicable memberships as defined in the GRI standard
	Disclosure 2-29 Approach to stakeholder engagement	Sustainable development: Pages 104-106				
	Disclosure 2-30 Collective bargaining agreements	Sustainable development: Page 124				
Material topics						
GRI 3: Material Topics 2021	Disclosure 3-1 Process to determine material topics	Sustainable development: Pages 105-107	6, 8, 12, 13, 14, 15, 16, 17			
	Disclosure 3-2 List of material topics	Sustainable development: Pages 107				
Material topic 1: Enabling environmental protection						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Sustainable development: Page 108-110	6, 12, 13, 14, 15			
Material topic 2: Efficient material recycling						
GRI 306: Waste 2020	Disclosure 3-3 Management of material topics	Sustainable development: Page 111-113	6, 12, 13, 14, 15			
	Disclosure 306-4 Waste diverted from disposal	Sustainable development: Page 112-113				
Material topic 3: Targeting protection of biodiversity, efficient use of natural resources and climate change mitigation						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Sustainable development: Page 114-116	12, 13, 14, 15			
GRI 304: Biodiversity 2016	Disclosure 304-2 Significant impacts of activities, products and services on biodiversity	Sustainable development: Page 114				
GRI 302: Energy 2016	Disclosure 302-1 Energy consumption within the organization	Sustainable development: Page 116		Total fuel consumption from non-renewable sources	Information unavailable / incomplete	The energy consumption from 448,890 kilometres driven excluded from the report since fuel consumption not monitored during 2022. Correction will be made for 2023.

GRI standard	Disclosure	Location	SDG	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
GRI 305: Emissions 2016	Disclosure 305-1 Direct (Scope 1) GHG emissions	Sustainable development: Page 117				
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Sustainable development: Page 118				
	Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Sustainable development 2022: Pages 118-120				
	Disclosure 305-4 GHG emissions intensity			Disclosure 305-4 GHG emissions intensity	Information unavailable / incomplete	Data incomplete for 2022. Intensity calculations will be initiated during 2023.
	Disclosure 305-5 Reduction of GHG emissions			Disclosure 305-5 Reduction of GHG emissions	Information unavailable / incomplete	No reduction of GHG emissions has been calculated during 2022. Reduction calculations will be initiated during 2023.
Material topic 4: Social sustainability as part of Lamor's culture						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Sustainable development 2022: Page 121-126	8, 16, 17			
GRI 205: Anti-corruption 2016	Disclosure 205-1 Operations assessed for risks related to corruption			Disclosure 205-1 Operations assessed for risks related to corruption	Information unavailable / incomplete	Data incomplete for 2022. Assessment of operations will be initiated during 2023.
	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	Sustainable development 2022: Page 122				
GRI 406: Non-discrimination 2016	Disclosure 406-1 Incidents of discrimination and corrective actions taken	Sustainable development 2022: Page 123				
GRI 413: Local Communities 2016	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	Sustainable development 2022: Page 123				

				Omission		
GRI standard	**Disclosure**	**Location**	**SDG**	**Requirements ommitted**	**Reason**	**Explanation**
GRI 403: Occupational health and safety 2018	Disclosure 403-1 Occupational health and safety management system	Sustainable development 2022: Page 124				
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	Sustainable development 2022: Page 124				
	Disclosure 403-3 Occupational health services	Sustainable development 2022: Page 124				
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainable development 2022: Page 124				
	Disclosure 403-5 Worker training on occupational health and safety	Sustainable development 2022: Page 125				
	Disclosure 403-6 Promotion of worker health	Sustainable development 2022: Page 125				
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainable development 2022: Page 125				
	Disclosure 403-8 Workers covered by an occupational health and safety management system	Sustainable development 2022: Page 125				
	Disclosure 403-9 Work-related injuries	Sustainable development 2022: Page 126				
Material topic 5: Financial value creation						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Sustainable development 2022: Page 127	8, 16, 17			
GRI 201: Economic performance 2016	Disclosure 201-1 Direct economic value generated and distributed	Sustainable development 2022: Page 127				
	Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	Sustainable development 2022: Page 128				
GRI 207: Tax 2019	Disclosure 207-1 Approach to tax	Sustainable development 2022: Page 129				
	Disclosure 207-2 Tax governance, control, and risk management			Disclosure 207-2 Tax governance, control, and risk management	Information unavailable / incomplete	Data incomplete for 2022. Collection on data will be initiated during 2023.

Independent accountant’s assurance report

Independent accountant’s assurance report on Lamor Corporation Plc’s Greenhouse Gas (GHG) Statement

(Translated from the original report in Finnish language)

To the management of Lamor Corporation Plc

Scope

We have undertaken a limited assurance engagement of the accompanying GHG reporting of Lamor Corporation Plc (Lamor) as of 1.1.2022 to 31.12.2022, comprising greenhouse gas reporting (Scope 1, Scope 2 and Scope 3) in Lamor’s Annual Report 2022 (in the section Lamor’s GHG emission inventory) (the“Subject Matter”).

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Lamor

In preparing the Subject Matter, Lamor applied the GHG Protocol standards (Corporate Accounting and Reporting Standard, Scope 2 Guidance, Corporate Value Chain Scope 3 Accounting and Reporting) and Lamor’s internal reporting guidelines (Criteria). As a result, the subject matter information may not be suitable for another purpose.

Lamor’s responsibilities

Lamor’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard for Assurance Engagements on Greenhouse Gas Statements (‘ISAE 3410’) and the terms of reference for this engagement as agreed with Lamor on 13.12.2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance review.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the GHG reporting and related information in Lamor's Annual Report 2022 and related information, as well as applying analytical and other relevant procedures.

Our procedures included:

a) Gathering an understanding of Lamor's material GHG reporting topics, the organization, and its activities,

b) Interviews with senior management to understand Lamor's GHG management,

c) Interviews with personnel responsible for gathering and consolidation of the GHG information to understand the systems and processes related to gathering and consolidating the information,

d) Assessing GHG data from internal and external sources and checking the data to reporting information of a sample basis,

We also performed such other procedures as we considered necessary in the circumstances.

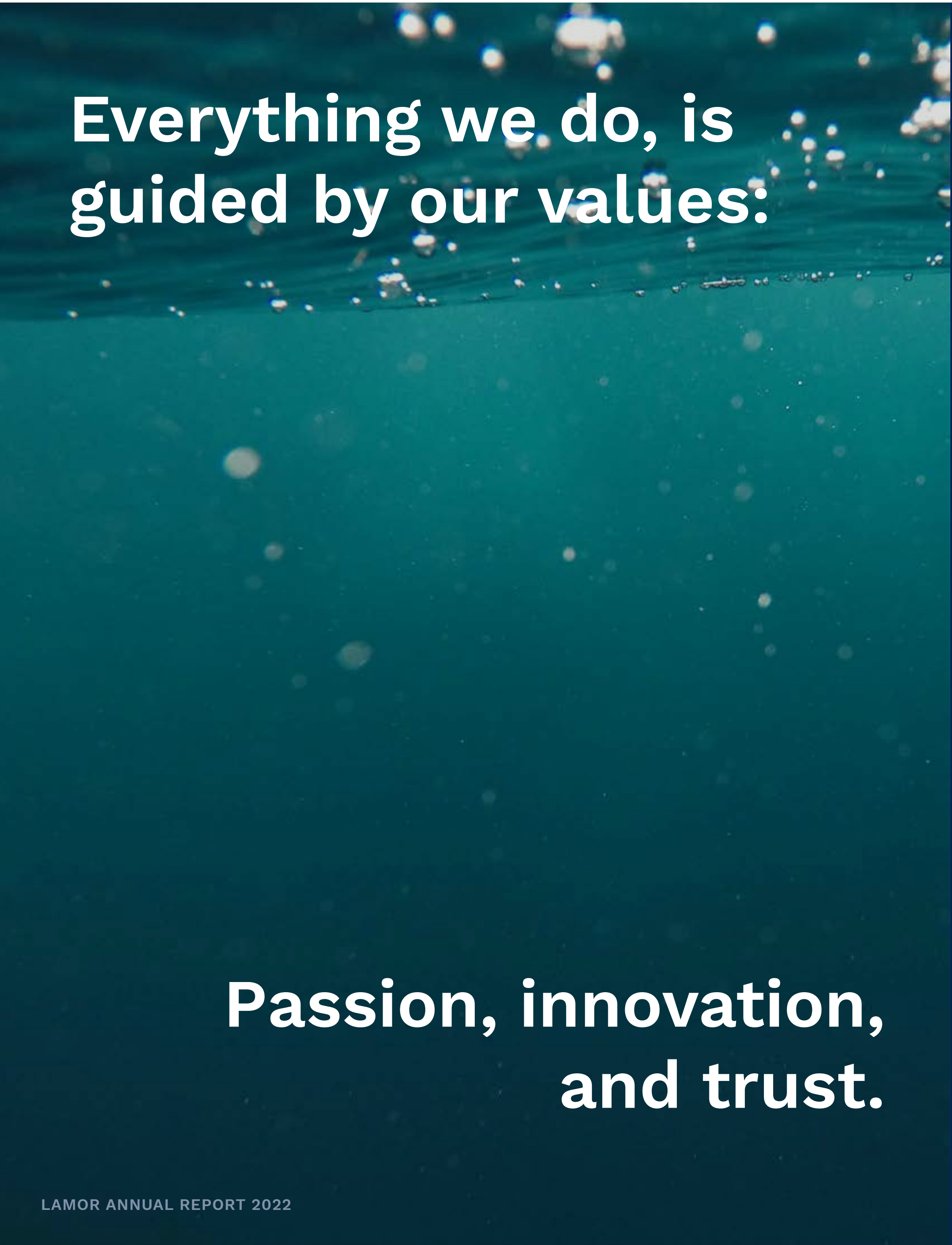
Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the GHG information in the Annual Report 2022 for the period 1.1.-31.12.2022, in order for it to be in accordance with the Criteria.

Helsinki, 7 March 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola Authorized Public Accountant	Nathalie Clément Leader of Climate Change & Sustainability Services



CORPORATE GOVERNANCE STATEMENT

04

Introduction

Lamor Corporation Plc´s (“Lamor”) Corporate governance statement has been prepared in accordance with the current laws and regulations and is issued separately from the Board of Directors’ report. This statement has been reviewed by the Board of Directors’ Audit Committee.

Regulations affecting Lamor´s Corporate Governance

Lamor’s corporate governance is guided by different external regulations and internal policies and procedures, the most significant of which are presented below.

External regulation

In addition to applicable EU and Finnish legislation for public limited liability companies, Lamor complies with the Finnish Corporate Governance Code (“Corporate Governance Code”) issued by the Finnish Securities Market Association and available at **www.cgfinland.fi**. Lamor follows the Corporate Governance Code as applicable to the First North Growth Market Premier segment of Nasdaq Helsinki Oy (“Nasdaq Helsinki”). Lamor´s financial reports, including consolidated financial statements, are prepared in accordance with the International Financial Reporting Standards (IFRS), IFRIC Interpretations as adopted by the European Union, as well as the regulations issued by the Financial Supervisory Authority and the rules of Nasdaq Helsinki.

In addition, Lamor complies with Nasdaq Helsinki’s First North Growth Market rules for the issuers of shares to the extent applicable to the Premier segment, Nasdaq Helsinki’s insider guidelines and the instructions and regulations of the European Securities Market Authority and the Finnish Financial Supervisory Authority. From 2022 onwards, Lamor also uses the Global Reporting Initiative’s General Disclosures 2021 guidelines as a framework for the company´s sustainable development reporting.

Due to corrective measures taken in 2021 and 2022, Lamor has since the 2022 Annual General Meeting and the following constitutive meeting of the Board of Directors held on 28 April 2022 not deviated from Recommendation 10 of the Corporate Governance Code concerning the independence of the members of the Board of Directors but has since complied with the Code in its entirety. This matter and corrective measures are described in more detail in the section concerning the composition of the Board of Directors as of 31 December 2022 on page 143.

Internal regulation

The most significant internal regulations, policies and rules affecting Lamor’s Corporate Governance include:

- Articles of Association
- Code of Conduct
- Corporate Governance policies and instructions
- Board Charter and Board Committee Charters

Governance Structure

Lamor's governance structure

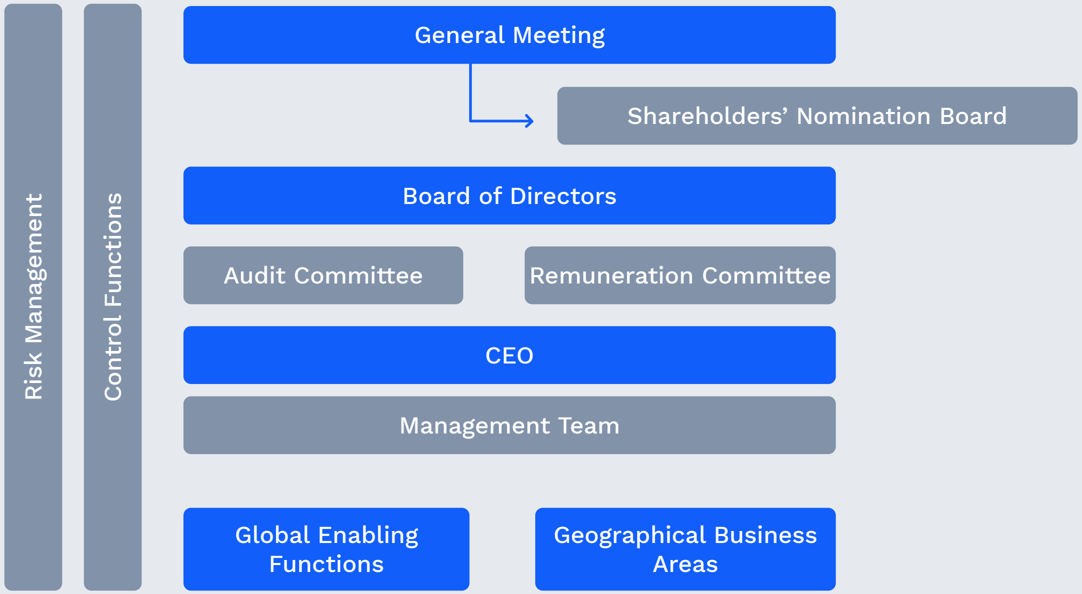
In accordance with the Companies Act, responsibility for Lamor's management and administration is divided between the General Meeting and the Board of Directors. Lamor's governing bodies include the General Meeting, the Shareholders' Nomination Board which in 2022 was established as Lamor's permanent governing body, the company's Board of Directors with its committees, and the CEO. In addition, Lamor's Management Team assists the CEO in managing the company's business.

The shareholders have the ultimate decision-making power at the General Meeting where, among other resolutions as determined by the Companies Act, the Board members and Lamor's auditor are appointed annually. The shareholders' nomination committee established in 2022 will make its first proposal for the composition and remuneration of the Board of Directors to Lamor's Annual General Meeting 2023.

Lamor's Board of Directors decides on the appointment of the company's CEO and the terms their contract of duty, as well as the remuneration as a whole as described in more detail in Lamor's remuneration report 2022. In addition, based on the CEO's proposal, the Board also decides on the composition and remuneration of the company's Management Team.

The Board directs and supervises the management of the CEO and the Management Team to ensure securing of Lamor Group's defined strategic, financial, shareholder value development and business responsibility goals for the global enabling functions and the different geographical business areas.

In 2022, the Lamor's governance structure was further developed as a continuation to the measures taken as part of the company's listing process and to reflect the company's updated strategy.



General Meeting

The General Meeting is Lamor's highest decision-making body. At the General Meeting, all shareholders of the company may participate in the company's supervision and exercise their right to vote, speak and present questions. The Annual General Meeting is held annually on a date determined by the Board of Directors, however no later than six (6) from the end of the company's financial year. The General Meeting resolves on matters belonging to it in accordance with the Finnish Limited Liability Companies Act and the company's Articles of Association. Resolutions are generally passed with a simple majority of votes.

The Chairman of the Board of Directors, the members of the Board of Directors and the CEO are required to be present at the General Meeting. In addition, the auditor is present at the Annual General Meeting. A person nominated as a member of the Board of Directors is expected to be present at the General Meeting resolving on the election. If the above attendances do not occur for one or more individuals, Lamor notifies the General Meeting of the absence. Other members of Lamor's Management Team can participate in the General Meeting if possible.

To participate in the General Meeting, the shareholder must be registered in Lamor's shareholder register maintained by Euroclear Finland Ltd on the record date of the General Meeting. If the Board of Directors so decides, the shareholder shall, to participate in the General Meeting, register with the company before the end of the registration period specified in the notice of the Meeting. The registration period may be set to end no earlier than ten (10) days before the meeting.

A shareholder has the right, in accordance with the Finnish Limited Liability Companies Act, to have a matter belonging to the General Meeting on the agenda of the General Meeting, if he or she requests it in writing from the Board of Directors in sufficient time for the matter to be included in the notice of the Meeting. On its website, the company announces the date by which the shareholder must present the matter required for consideration by the Annual General Meeting to the Board of Directors. The date will be announced no later than the end of the financial year preceding the Annual General Meeting.

According to Lamor's Articles of Association, the notice of General Meetings of shareholders shall be delivered to shareholders no earlier than three (3) months and at least one (1) week before the record date of the General Meeting referred to in the Finnish Limited Liability Companies Act. The invitation shall be delivered by publishing it on the company's website or by delivering it by email or otherwise in writing informed to the company by the shareholder. In addition, Lamor shall publish the notice of the General Meeting of shareholders as a company release after the Board of Directors resolves on convening the General Meeting.

The agenda of the General Meeting, the decision-making proposals and the meeting materials are available on the company's website from the time the meeting was convened. The General Meeting documents are kept on the website for at least five (5) years from the General Meeting. The minutes of the General Meeting will be published on the company's website within two (2) weeks of the General Meeting.

Annual General Meeting 2022

Lamor's Annual General Meeting 2022 was held in Porvoo on 28 April 2022 with exceptional meeting procedures based on the temporary legislative act to limit the spread of the Covid-19 pandemic, so that to ensure health and safety the General Meeting was organized without shareholders' and their proxy representatives' presence at the meeting venue. Shareholders participated in the General Meeting and had the opportunity to use their shareholder rights in the meeting by voting in advance (either personally or through a proxy representative), by submitting counterproposals in advance and by asking questions in advance in the specified manner. A total of 14 shareholders representing 70.26% of the company's votes participated in the advance voting either in person or by proxy.

Lamor's Annual General Meeting 2022 elected five members to the Board of Directors of Lamor Corporation: Mika Ståhlberg as a new member of the Board of Directors and Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen and Timo Rantanen as re-elected members of the Board of Directors to serve until the end of the Lamor's Annual General Meeting 2023. The proposals for the General Meeting on the composition and remuneration of the Board of Directors were made by the shareholders of the company who controlled over 45 per cent of the shares and votes of the company. In addition, based on the proposals by the Board of Directors, Lamor´s General Meeting resolved to authorize the Board to decide on the acquisition of the company's own shares, the issuance of new shares or treasury shares and on the issuance of shares, option rights or special rights entitling to shares; approved the remuneration policy for governing bodies and the remuneration report for governing bodies for 2021 in an advisory vote; and resolved to establish a permanent Shareholders' Nomination Board.

More information of Lamor's Annual General Meeting 2022 is available on Lamor's website.

Shareholders' Nomination Board

The Shareholders' Nomination Board is a permanent corporate body of Lamor established by the Annual General Meeting 2022. The duties of the Nomination Board include the annual preparing and presenting for the Annual General Meeting, and when necessary to the Extraordinary General Meeting, proposals on the remuneration, number of the members in and the members of the Board of Directors. Further, the duties of the Nomination Board include searching possible candidates for new members of the Board of Directors.

The Nomination Board consists of in principle four (4) members, of whom the company's three (3) largest shareholders are each entitled to nominate one member. The Chair of the Board of Directors convenes the first meeting of the Nomination Board after the annual nomination process and serves as its fourth member. The person nominated by the largest shareholder shall act as the Chair of the Nomination Board, unless otherwise decided by the Nomination Board, and shall convene the Nomination Board thereafter.

The full Nomination Board Charter is available on Lamor's website.

Composition of the Nomination Board in 2022

Based on the 1 September 2022 shareholding, Lamor´s three largest shareholders appointed the Shareholders' Nomination Board members as below:

Shareholder	Share ownership on 1 Sep 2022	Representative	Position	Member since	Meeting attendance in 2022
Larsen Family Corporation Oy	34.55%	Fred Larsen, Chairman of the Board	Chair	2022	1/1
Mandatum Life Insurance Company Limited	7.88%	Jukka Järvelä, Director, Head of Listed Equities	Member	2022	1/1
Finnish Industry Investment Ltd	7.05%	Juuso Puolanne, Investment Director	Member	2022	1/1

In addition, the Nomination Board includes the Chair of Lamor's Board of Directors, Mika Ståhlberg (meeting attendance in 2022: 1/1).

Nomination Board's proposals for the Annual General Meeting 2023

On 11 January 2023, the Nomination Board provided Lamor's Board with its proposal for the Annual General Meeting 2023 to be held on 4 April 2023.

Lamor's Board of Directors will include all the above-mentioned proposals in the notice of the Annual General Meeting of 2023.

Board composition

The Nomination Board proposes the number of the members of the Board of Directors to be confirmed at five (5), and that Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen, Timo Rantanen and Mika Ståhlberg be re-elected as Board members.

The Board's term of office will commence at the end of the Annual General Meeting 2023 and will expire at the closure of the next Annual General Meeting. All Board member candidates have given their consent to be elected.

As regards the selection procedure for the members of the Board of Directors, the Shareholders' Nomination Board recommends that shareholders take a position on the proposal as a whole at the General Meeting to ensure that the proposed Board of Directors as a whole also has the best possible expertise and experience for the company and that the composition of the Board also meets other requirements of the Finnish Corporate Governance Code for listed companies.

Additional information about the persons proposed by the Nomination Board and their independence from the company and its significant shareholders is provided on the company's website at **www.investors.lamor.com**.

Board remuneration

The Nomination Board proposes that the remuneration to the Board members for the following term 2023 be as follows (2022 remuneration in brackets):

Annual fees

Board members will be paid the following fixed annual fees:

- for the Chair of the Board EUR 50,000 (50,000)
- for the potential Vice Chair of the Board EUR 45,000 (45,000)
- for a Board Member EUR 20,000 (20,000)

Committee fees

In addition to the fixed annual Board fees mentioned above, fixed annual fees for committee work will be paid as follows:

Audit Committee

- for the Chair EUR 10,000 (10,000)
- for a Member EUR 5,000 (5,000)

Remuneration Committee

- for the Chair EUR 5,000 (5,000)
- for a Member EUR 2,500 (2,500)

If the Chair of the Audit Committee or the Chair of the Remuneration Committee acts as the Chair or as the Vice Chair of the Board of Directors, no remuneration related to the committee work shall be paid.

Meeting fees

In addition to the fixed annual fees mentioned above, the following meeting fees will be paid for participation in the Board meetings:

- EUR 1,000 (1,000/750/0) for the Chair and the Members of the Board of Directors for each Board meeting
- No separate meeting fee shall be paid for Committee meetings

Travel expenses will be reimbursed in accordance with the company's travel policy and the official decision of the Finnish Tax Administration on tax-exempt allowances.

Mika Ståhlberg did not participate in the decision-making concerning the remuneration of the Board members.

Board of Directors

The Board of Directors is responsible for a proper organization of Lamor’s governance and operation. The Board’s responsibilities and obligations are primarily defined in Lamor’s Articles of Association and in the Limited Liability Companies Act. The operating principles and rules are described in the written Charter approved by the Lamor Board of Directors.

According to Lamor’s Articles of Association, the company’s Board of Directors consists of at least three (3) and a maximum of eight (8) ordinary members, and the term of office of the members of the Board of Directors ends at the end of the Annual General Meeting following the election. There is a quorum when more than half of the Board members are present. Disqualified members shall not be taken into account when calculating the quorum.

Lamor´s Board of Directors has two permanent committees: the Audit Committee and the Remuneration Committee. The purpose of the committees is to assist the Board of Directors by preparing matters falling within the competence of the Board of Directors.

The Board appoints the committee chairs and members from among its members in connection with its annual constitutional meeting and supervises their work during the term of office.

The Board’s tasks and work in 2022

In addition to duties based on the law or Lamor’s Articles of Association, the tasks of Lamor’s Board of Directors includes:

Strategy and financial targets

- decides on Lamor’s strategy and the company´s strategic and financial targets
- determines Lamor’s dividend policy

Supervising and ensuring the compliance of operations

- supervises and controls Lamor’s management and operations
- approves/confirms the written Charters of the Board and the Board Committees

Risk Management

- approves Lamor’s risk management principles and certain risk management policies and practices and supervises their implementation

Investments

- decides on significant investments, acquisitions and divestments

Financial reporting and sustainability reporting

- oversees Lamor’s financial reporting and approves Lamor’s interim and half-year reports, annual reports and financial statements
- approves Lamor’s sustainablity principles and oversees the company’s sustainability reporting

Management remuneration

- decides on the remuneration, incentive schemes and performance metrics of the CEO and the Management Team, in accordance with Lamor’s remuneration policy

Other matters to be decided by the Board

- decides on other significant issues concerning Lamor´s operations

In 2022, the Board´s work focused mainly on deciding on the update of Lamor´s strategy and on the strategic and financial targets for the period 2023–2025, as well as on the investments and decisions regarding the company´s management model, human resources, and Lamor Group’s structure to ensure the achievement of the strategic and financial targets.

In addition, an essential part of the Board´s work was to continue developing the Corporate Governance structure as a continuation to the measures taken as part of the company´s listing process at the end of 2021. In 2022, the Board for instance decided to establish the Remuneration Committee. One of the key tasks of the Committee was to prepare the Board´s decision to establish a long-term share-based incentive plan for Lamor´s CEO and other key personnel. In 2022, the Board also decided on a deeper integration of sustainability reporting into Lamor´s management and reporting systems, on external assurance of the company´s emission calculations, and on using the GRI standards as a framework for sustainability reporting and determining the material topics.

Lamor’s Board of Directors and its committees convened as planned, in addition to which additional meetings were held as necessary. In 2022, there were a total of fourteen (14) Board meetings. In its meetings, the Board received up-to-date information about Lamor’s operations, finances and risks. The CEO and CFO participated in Board meetings, unless a matter concerning them was dealt with at the meeting. Minutes were kept of all Board meetings.

Factors to be considered regarding the composition of the Board of Directors

Diversity of the Board of Directors

When identifying suitable candidates for the Board of Directors, the primary criteria is to assess the Board of Directors' collective competence to perform its duties in the best possible way. Lamor aims that the Board possesses versatile capabilities, expertise, and experience from various fields of business, to reflect the needs and requirements of the company's operations and development stage.

To secure diverse perspectives, alongside professional competence, other aspects such as the age and gender composition of the Board are also considered. Currently, two (2) out of five (5) members of the Board of Directors are female, and the goal is to maintain a similar gender ratio. While preparing its proposal to the General Meeting relating to the composition of the Board of Directors, the Shareholders´ Nomination Board shall take into consideration the diversity principles and as necessary and propose any changes regarding them.

Independence of the members of the Board of Directors

In 2021, Lamor reported its deviation from Recommendation 10 of the Corporate Governance Code, according to which the majority of the members of the Board of Directors should be independent of the company, and at least two (2) of this majority should be independent of the company's significant shareholders. Due to the corrective measures in connection with the company´s listing and due to the resolution on the composition of the Board taken in the Annual General Meeting 2022, since 28 April 2022 the company no longer deviates from the Corporate Governance Code's recommendations concerning the independence of the members of the Board of Directors.

Information on the independence of each Board member is presented in connection with the composition of the Board on page 144 of this report.

Committees of the Board of Directors

Audit Committee

The Audit Committee prepares matters relating to, among other things, financial reporting, risk management, monitoring and evaluation of related party transactions, auditors, internal audit as well as the compliance with laws and regulations. The Board of Directors has confirmed the main duties and operating principles of the Audit Committee in a written charter.

Lamor's Board of Directors appoints the chairman and the members of the Audit Committee. The Audit Committee consists of at least two (2) members of the Board, whose term is one (1) year, and the term of the Committee ends at the close of the Annual General Meeting following the election. A majority of the members of the Audit Committee must be independent of Lamor and at least one (1) member of the Committee must be independent of Lamor's significant shareholders. A person who participates in the day-to-day management of Lamor or another company in the same group of companies for example as the CEO, cannot be appointed to the Audit Committee.

The members of the Audit Committee must have sufficient expertise and experience with respect to the Committee's area of responsibility and the mandatory tasks relating to auditing. At least one (1) Audit Committee member must have expertise in accounting or auditing.

In connection with its constitutive meeting held on 28 April 2022, the Board of Directors re-elected Timo Rantanen as the Chairman of the Audit Committee, Kaisa Lipponen was re-elected and Mika Ståhlberg was elected as a new member of the Audit Committee for a term of office ending at the close of the Annual General Meeting 2023.

Remuneration Committee

The duties of the Remuneration Committee include preparing remuneration matters to be considered by the Board relating to the appointment and remuneration of the CEO and other key individuals at Lamor as well as Lamor's general remuneration principles and incentive schemes. The Board of Directors has defined the main duties and operating principles of the Remuneration Committee in the written Charter.

The members and the Chairman of the Remuneration Committee are appointed by the Board of Directors. The Remuneration Committee comprises a minimum of two (2) members with a term of one year, and the term of the Committee ends at the close of the next Annual General Meeting following the election. The majority of the members of the Committee shall be independent of the company. A person who participates in the day-to-day management of Lamor or another company in the same group of companies for example as a CEO, cannot be appointed to the Remuneration Committee.

The members of the Remuneration Committee shall possess sufficient competence and experience considering the Committee's area of duty.

In its organisational meeting held on 28 April 2022, the Board of Directors has elected Timo Rantanen as the Chairman and Nina Ehrnrooth and Kaisa Lipponen as the members of the Remuneration Committee for a term of office ending at the close of the Annual General Meeting 2023.

Composition of the Board of Directors

Mika Ståhlberg

Chair of the Board of Directors since 2022
Member of the Audit Committee since 2022

Born: 1969
Nationality: Finnish
Education: LL.B, Attorney of Law

Main positions of duty and of trust: Partner and Head of Mergers & Acquisitions practice at law firm Krogerus

Independence: Independent of the company and the company's major shareholders

Meeting attendance in 2022:
11/11 Board meetings
4/4 Audit Committee meetings

Shareholding on December 31, 2021*:
11,500

Fred Larsen

Vice Chair of the Board of Directors since 2022
Member of the Board of Directors since 2008

Born: 1968
Nationality: Finnish and Danish
Education: High school diploma

Main positions of duty and of trust: Chairman of the Board of Directors of Larsen Family Corporation Oy and Krämaretorget Fastighets Ab

Independence: Not independent of the company and the company's major shareholders

Meeting attendance in 2022:
14/14 Board meetings

Shareholding on December 31, 2021*:
10,895,650

Nina Ehrnrooth

Member of the Board of Directors since 2021
Member of the Remuneration Committee since 2022
Member of the Audit Committee in 2021-2022

Born: 1962
Nationality: Finnish
Education: M.Sc. (Econ.)

Main positions of duty and of trust: CEO of Partioaitta Oy

Independence: Independent of the company and the company's major shareholders

Meeting attendance in 2022:
14/14 Board meetings
3/3 Remuneration Committee meetings
2/2 Audit Committee meetings

Shareholding on December 31, 2021:
23,000

Kaisa Lipponen

Member of the Board of Directors since 2021
Member of the Audit Committee since 2021
Member of the Remuneration Committee since 2022

Born: 1980
Nationality: Finnish
Education: MA

Main positions of duty and of trust: SVP, Communications & Sustainability, Paulig Ab; Member of the Board of Directors at Third Rock Finland Oy

Independence: Independent of the company and the company's major shareholders

Meeting attendance in 2022:
14/14 Board meetings
6/6 Audit Committee meetings
3/3 Remuneration Committee meetings

Shareholding on December 31, 2021:
3,500

Timo Rantanen

Member of the Board of Directors since 2020
Chair of the Audit Committee since 2021
Chair of the Remuneration Committee since 2022

Born: 1961
Nationality: Finnish
Education: M.Sc. (Econ.)

Main positions of duty and of trust: CEO of Capital Dynamics Oy; Chairman of the Board of Directors of Genera Group companies

Independence: Independent of the company and the company's major shareholders

Meeting attendance in 2022:
14/14 Board meetings
6/6 Audit Committee meetings
3/3 Remuneration Committee meetings

Shareholding on December 31, 2021*:
631,850

In addition, LL.M Esa Ikäheimonen acted as the Chair of the Board of Directors until 28 April 2022. During this period, Ikäheimonen attended in 3/3 Board meetings.

\) Including direct ownership and indirect ownership through controlled entity

CEO and the Group Management Team

CEO

The CEO's duties are mainly governed by the Limited Liability Companies Act. The CEO is responsible for managing, directing and overseeing Lamor's operations. In addition, the CEO is responsible for Lamor's day-to-day management in accordance with the instructions and regulations issued by the Board of Directors. The CEO is also responsible for ensuring that Lamor's accounting practice complies with applicable legislation and that the financial management of the company is organized in a reliable manner.

The CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The Board of Directors elects and dismisses the CEO and decides on the terms and conditions for the CEO.

Mika Pirneskoski has acted as the company's CEO. throughout the financial year 2022. The company has not had a deputy CEO.

Group Management Team

The Management Team is not a governing body regulated by law or in the company's Articles of Association, but it has a central role in the management of the company.

The task of Lamor Group's Management Team is to support the CEO in the business planning and operational management. In addition, the Management Team prepares possible investments, acquisitions and development projects.

The members of the Management Team have been given broad mandates in their areas of responsibility, and they have a duty to develop Lamor's operations in accordance with the goals set by the Board of Directors and the CEO.

In 2022, Lamor reinforced its Management Team in two different occasions to further the implementation of the company's growth strategy. In May 2022, the Management Team was reinforced with a new Chief Operating Officer. In the beginning of November 2022, Lamor divided its business in three geographical areas, which are Europa and Asia, the Americas, and the Middle East and Africa. Regional SVP´s were appointed to these areas, and they became members of Lamor´s Management Team. The aim of this change was to bring decision-making closer to the end customer.

In 2022, the Management Team focused especially on updating the strategy, on the adoption and implementation of the company´s new operating model, creating even stronger unified operating methods, and on implementing business growth financial goals. The Management Team convened regularly during the year.

Lamor's goal is to grow the business strongly and create even stronger unified operating models. Our management team, reinforced in 2022, has a strong representation of business and market area expertise.

Group Management Team composition

Mika Pirneskoski
CEO

Born: 1978
Nationality: Finnish
Education:
M.Sc. (Econ.)

Other key experience:
before the current position, several management positions at Lamor group

Shareholding on December 31, 2021:
446,400

Timo Koponen
CFO

Born: 1969
Nationality: Finnish
Education:
M.Sc. (Econ.)

Other key experience:
several earlier positions at Wärtsilä as well as an external advisor at Bain & Company and Trailmaker Ltd

Shareholding on December 31, 2021:
115,450

Johan Grön
COO

Born: 1966
Nationality: Finnish
Education:
D.Sc., Chem.Eng.

Other key experience:
several earlier director or management positions at Gasum, Outotec and Xylem Inc., Stora Enso and Valmet

Shareholding on December 31, 2021:
0

Johanna Grönroos
CDO

Born: 1977
Nationality: Finnish
Education:
M.Sc. (Econ.)

Other key experience:
earlier positions as a partner at Ernst & Young Oy and a specialist in Kesko's Group administration

Shareholding on December 31, 2021:
57,500

Santiago Gonzalez
SVP, North and South America

Born: 1962
Nationality: Columbian and Spanish
Education: Industrial Engineer

Other key experience:
before the current position, served as a General Manager of Corena Ecuador, member of Lamor Group

Shareholding on December 31, 2021:
722,627

Magnus Miemois
SVP, Europe and Asia

Born: 1970
Nationality: Finnish
Education: M.Sc. (Tech.)

Other key experience:
earlier director positions at Lamor; before joining Lamor served in several positions at Wärtsilä

Shareholding on December 31, 2021:
63,438

Pentti Korjonen
SVP, Middle East and Africa

Born: 1963
Nationality: Finnish
Education: Industrial Marketing Degree

Other key experience:
earlier director positions at Metso Outotec, Outotec and Nokia Networks

Shareholding on December 31, 2021:
0

In addition, HR Director Mervi Oikkonen was part of the Management Team until 31 October 2022. Since 1 November 2022, she has been a part of the company's Extended Management Team.

Compliance management

Compliance and operating principles (Code of Conduct)

Lamor's ethical principles and Code of Conduct form the basis of the daily business operations. The guidelines define Lamor's commitment to sustainability, sustainable development and compliance in all operations. All Lamor employees must commit to following these principles. They ensure consistent decision-making in daily work and that Lamor is a responsible and reliable partner. Lamor's operating principles bring together important guidelines for compliance, anti-corruption, anti-corruption, security, and information disclosure.

Code of Conduct training is organized annually for all Lamor employees. The training is a mandatory part of the induction process for new employees.

It is the responsibility of each employee of Lamor to promptly report violations of the law or Lamor's compliance or Code of Conduct to their direct supervisor or, if anonymity is desired, a report can also be submitted by using the company's Whistleblowing channel for identifying misconduct. All reported breaches are treated confidentially to the extent permitted by law. In 2022, no reports of suspected misconduct were made at Lamor.

INFO

The key function of Lamor's control system is to support the compliance and transparency of the company's operations. The company's Code of Conduct, internal control environment and risk management support and secure that Lamor's financial and strategic goals are met and prevent events, which might have a negative impact the outcome.

Internal control and risk management

Components of internal control

Internal control seeks to ensure the company's compliance with applicable laws, regulations, Code of Conduct, and with other recommendations as well as the reliability of financial and operational reporting. In addition, internal control aims to safeguard the company's assets and to ensure the overall effectiveness and efficiency of its operations to achieve strategic, operational and financial targets.

Internal control operating models are aligned with the risk management process. The objective of risk management is to support the strategy and the achievement of targets by anticipating potential business threats and opportunities and responding to them. Internal control and risk management related to financial reporting seek sufficient assurance regarding the reliability of financial reporting and that the financial statements have been prepared in accordance with applicable laws and regulations, financial statement principles (IFRS) and other set requirements.

The components of internal control are the control environment, risk assessment, control activities, communications, and monitoring.

In 2022, there were no reported significant cases of non-compliance or other violations resulting from Lamor's operations, and no fines or other sanctions were imposed on the company.

Control environment

The Board of Directors is primarily responsible for the internal control of financial reporting. The Rules of Procedure adopted in writing by the Board of Directors specify the responsibilities of the Board of Directors and define the division of duties within the Board of Directors and its committees. The task of the Audit Committee appointed by the Board of Directors is to ensure that the principles defined for financial reporting, risk management and internal control are respected and to enable proper auditing. The CEO is responsible for the organization of an efficient control environment and for continuous internal control related to financial reporting. The management of financial risks is coordinated by the CFO of the company. If necessary, risks and related changes will be reported to the Board of Directors.

The purpose of internal control is to ensure that the company complies with applicable laws, regulations, ethical guidelines and other recommendations, as well as to ensure the reliability of operational reporting. The goal is to protect the company's and its business units' resources from misconduct, to ensure the appropriateness of business transactions, to support the management of IT systems, and to ensure the reliability of financial reporting. In addition, internal control aims to safeguard the company's assets and to ensure the overall effectiveness and efficiency of its operations to achieve strategic, operational and financial targets.

Internal control is essential to ensure the company's operational capability, a critical part of risk management, and it enables the creation and maintenance of the value of the company.

The objective of Lamor's internal control and risk management approach to financial reporting is to provide sufficient assurance on the reliability of financial reporting and that the financial statements have been prepared in accordance with applicable laws and regulations, approved accounting principles (IFRS at Group level, local GAAP in each country) and other applicable requirements.

The most important tools for guiding financial reporting are the Code of Conduct, approval policy, disclosure policy, accounting principles and other accounting and reporting rules.

Risk assessment

Risk management covers all areas of the organization including the strategic, financial, and operational risks, taking into consideration project-specific risk management processes. The goal is to systematically identify and assess the most significant threat factors at the Group, operations, and process levels.

Risk management supports the achievement of Lamor's strategic and business targets. It ensures the continuity of operations even in changing conditions. The main risks and opportunities are identified and evaluated in relation to business targets and are an important part of both long-term and short-term business planning. Lamor´s near-term risks and business uncertainties are described in more detail on the Board of Deirectors´report, published as part of the financial review.

Control activities

The CEO is responsible for the implementation of internal control. Internal control related to the financials as well as the business and governance control have been integrated into the company's business processes. The company has defined and documented significant internal controls related to the reporting process of financial statements as part of business processes. Key internal control activities include approval mechanisms, access rights, separation of tasks, authorizations, reconciliations and monitoring of financial reporting.

The financial organization ensures that interim and half-year reporting and financial statements correspond to the company's principles and guidelines and that all financial reporting is prepared according to the schedule. The management monitors the achievement of goals through monthly management reporting.

The company does not have a separate internal audit function, and internal audit responsibilities have been divided inside the company among different bodies and functions. The Board of Directors may use external experts to conduct separate evaluations of the control environment or control functions.

Communications

Lamor aims to ensure the openness, transparency, accuracy, and timeliness of the company's internal and external communications. The disclosure policy defines how and when information needs to be disclosed, who discloses it, and the accuracy and completeness of the information disclosed to fulfil the information disclosure requirements. The current Code of Conduct, disclosure policy and insider guidelines are available on the company's webpage.

Monitoring

The Board of Directors, the Audit Committee and the CEO supervise the effectiveness of financial reporting control. The supervision covers the monitoring of monthly financial reports, the review of rolling forecasts and plans, and the auditors' reports.

The CEO, the Group's Management Team and the management of the subsidiaries and associated companies are responsible for the compliance and for maintaining an effective control environment. This includes monitoring monthly financial reports, reviewing rolling forecasts and plans, and taking into account the recommendations of the external audit.

Auditor and auditor's fees

According to the Articles of Association, Lamor has one (1) auditor, which must be an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins at the General Meeting at which the auditor was elected and ends at the close of the Annual General Meeting following the election.

The General Meeting elects an auditor and decides on the auditor's fees.

The Annual General Meeting on 28 April 2022 re-elected the firm of authorised public accountants Ernst & Young Oy as the company's Auditor to serve for a term ending at the close of the next Annual General Meeting, with APA Juha Hilmola continuing as the auditor with principal responsibility.

The Annual General Meeting resolved that the Auditor shall be paid reasonable remuneration in accordance with the invoice approved by the company.

Audit fees

EUR thousand	2022	2021
Audit fees	302	255
Other audit assignments	3	249
Tax advisory services	5	3
Other fees	28	382
Audit fees total	338	889

Insiders

When needed, Lamor maintains project and event-specific insider lists. The managers defined by Lamor are subject to a closed period of 30 calendar days before the publication of interim reports, half-year financial reports, financial statement releases and financial statements. The closed period ends at the end of the day following publication. A closed window also applies to persons involved in preparing those reports.

The Board of Directors, the CEO and other members of the Management Team have been defined as the persons liable to report their transactions. The company's Chief Development Officer is responsible for insider matters, training on them, the preparation and maintenance of project and event-specific registers, and control.

The CEO, CFO and CDO, two (2) together, may decide to postpone the disclosure of inside information when the conditions set out in the Market Abuse Regulation (MAR) are met. At the same time, a list of insiders per project or event will be established. The project or event specific insider lists to be drawn up at any given time include those persons who receive inside information on a particular project or event.

Conflicts of Interests

The company's decision making processes, the Charters of the Board Directors and its Committees, and the company's remuneration policy include procedures to prevent and mitigate possible identified conflicts of interests.

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 Audit Committee must separately assess each related party transaction that is not conducted in the ordinary course of business or is not implemented under arm's-length terms. In addition, the Board of Directors must approve such related party transactions.

Lamor's related party transactions in 2022 are presented in the financial statements, published as part of the financial review. In addition, in connection with the annual Remuneration Report the company discloses any possible amounts, which the members of the Board of Directors or their controlled entites have received as remunerations from consultancy agreements and not relating to the work performed as members of Lamor's Board of Directors. Lamor's related party transactions in 2022 have been carried out on usual commercial terms, taking into account the generally followed and accepted operating principles in Lamor's industry and the interests of the company.

REMUNERATION REPORT

05

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)
SALARIES AND FEES TOTAL					
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
PERFORMANCE METRICS					
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 owner 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

Boad 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
Esa Ikäheimonen, Chair of the Board until 28.4.2022	*10.0*	-	*2.0*	*12.0*
Total, EUR thousand	**140,7**	**20,3**	**46,5**	**207,4**

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, %
Value creation metrics			
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%
Project delivery metrics			
Saudi Arabian and Kuwaiti projects' outcome	Based on the criteria set by the Board	25.0%	8.8%
		100.0%	**73.4%**

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

Performance metrics 2022	Criteria	Target, %	Outcome, %
Value creation metrics			
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%
		100.0%	**75.0%**

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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