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# 05

## REMUNERATION REPORT

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# Introduction

This remuneration report contains information on the remuneration of Lamor's Board of Directors and CEO for the period 1 January–31 December 2023, and it is based on the recommendations of the Securities Market Association's Corporate Governance Code in force in Finland and the requirements of the Securities Markets Act and the Finnish Limited Liability Companies Act.

## Lamor's remuneration policy

The remuneration of Lamor's governing bodies is based on the company's current remuneration policy, which was adopted in accordance with the advisory vote of Lamor's Annual General Meeting 2022. The policy is valid for four years from its approval, and it will next be put to an advisory vote at the 2026 Annual General Meeting. The Board of Directors may, at its discretion, submit the remuneration policy to the Annual General Meeting for advisory decision-making already before 2026.

The key objective of the remuneration policy is to promote:

- implementation of Lamor's strategy
- achieving Lamor's long-term financial targets
- favourable development of shareholder value
- individual accountability and fair remuneration

Lamor's remuneration policy is available in its entirety on the company's website.

## Remuneration report for 2023

This remuneration report for Lamor's governing bodies for the year 2023 presents how Lamor's Board of Directors and CEO were remunerated during the financial year 1 January–31 December 2023.

Reporting and remuneration practices have been based on Lamor's current remuneration policy.

The remuneration report for 2023 will be presented at Lamor's Annual General Meeting 2024.

## Shareholders' feedback on Lamor's remuneration policy and report

The proportion of shareholders who participated in the advisory vote on the remuneration policy at the Annual General Meeting 2022 corresponded to approximately 63.57 per cent of all shares and approximately 64.85 per cent of all votes in the company. 100 per cent of the votes cast were cast in favour of the Board's proposal. No votes were cast against the Board's proposal. The number of shares abstaining from voting corresponded to approximately 9.5 per cent of the votes represented at the meeting.

At Lamor's Annual General Meeting held on 4 April 2023, the General Meeting supported the adoption of the presented remuneration report for 2022 in the form proposed by the Board of Directors without a vote. In line with shareholder feedback, the report contained more extensive information than before on the indicators and weights of the CEO's short-term performance-based remuneration and the level of long-term remuneration in relation to other remuneration. This feedback has also been considered in the preparation of the remuneration report for 2023.

# Summary of remuneration, financial year 2023

## Remuneration principles for the financial year 2023

Lamor's remuneration in 2023 has been implemented within the framework of the company's remuneration policy and guided by its key objectives.

The Remuneration Committee of Lamor's Board of Directors supervises the implementation of the remuneration policy and ensures that the remuneration of the company's governing bodies is carried out within the framework of the remuneration policy presented to the General Meeting.

The remuneration of the Board of Directors has been based on the resolutions of Lamor's General Meeting. In accordance with the proposal made by the Shareholders' Nomination Board to the Annual General Meeting 2023, it was resolved to keep the level and structure of the remuneration of the Board of Directors and the Board's committees at the level of the previous term of office. In terms of meeting fees, certain specifications were resolved on, including paying the fees also to the Chairman of the Board of Directors in addition to other members of the Board on their participation in the Board meetings.

Lamor's Board of Directors has decided on the CEO's remuneration and the grounds for it based on proposals prepared by the Remuneration Committee of the Board. In addition to the CEO's fixed remuneration, the Board of Directors has, in accordance with the proposals of the Remuneration Committee, decided on a variable salary component, including short- and long-term incentive plans, for the company's CEO, Management Team and other key employees.

## Effect of the change of CEO on actual remuneration

Lamor's CEO changed in December 2023. The change also affected this remuneration report and the structure of the CEO's remuneration and the actual remuneration presented therein.

Johan Grön was elected as Lamor's new CEO as of the appointment date 15 December 2023. Due to the change, this remuneration report presents both the remuneration of former CEO Mika Pirneskoski during the period 1 January–15 December 2023 and the remuneration of Johan Grön during the period 15–31 December 2023.

In addition to the overall outcome, this remuneration report describes the indicators used in evaluating the performance of both CEOs and the change in the structure of the company's long-term incentive plans with regard to the remuneration of the CEO.

## Exceptions and clawbacks

In the financial year 2023, the remuneration policy has been followed, and there have been no deviations from the policy in any respect.

During the financial year 2023, Lamor has not been in a situation where the company would have needed to defer, cancel, withhold to pay in whole or in part, or recover any fees or incentives paid or not paid to the Board of Directors or to the CEO.

## Development of Lamor's financial performance and remuneration

Over the past five years, Lamor's business has grown significantly.

Lamor was listed on Nasdaq Helsinki's First North Premier Growth Market marketplace in 2021 and transferred to the main list of Nasdaq Helsinki in November 2023.

The rapid change from a family business to a listed company and the new requirements set by operating as a listed company have been reflected in the remuneration of the company's Board of Directors and CEO, and since 2021, the remuneration has been moderately increased to correspond to the changed situation.

In accordance with Lamor's remuneration policy and the CEO's remuneration implemented in line with it, a significant part of the remuneration of the company's CEO is linked to the company's financial performance and the favourable development of shareholder value, and therefore remuneration may vary significantly from one financial year to another.

The next page describes in more detail how Lamor's financial performance and remuneration have developed over the past five years and how performance metrics tied to the development of business and shareholder value are reflected in the company's actual remuneration.

## Salaries and fees paid and Lamor Group's financial performance over a five-year period

The fees for the Board of Directors increased significantly in 2022, as the number of Board members was increased and the remuneration of the Board was changed to correspond to the remuneration level of a public company at the end of 2021. The remuneration of the Board of Directors was also increased with the commencement of committee work and the payment of related fees to the members of the Board starting from the Annual General Meeting 2022. In addition, the level of remuneration has been affected by the payment of meeting fees also to the Chairman of the Board of Directors and the small increase in meeting fees for all members starting from the Annual General Meeting 2023.

In accordance with the principles of performance-based remuneration, a significant part of the CEO's remuneration is based on variable remuneration, i.e. short- and long-term incentives. Since these incentives are linked to business performance, result development affects the CEO's remuneration. Based on the strong result for the financial year 2022, the annual performance bonus earned by CEO Mika Pirneskoski in 2023 was over 200% higher than in the previous year, which is a key explanatory factor for the increase in the CEO's remuneration in 2023.

The remuneration of employees is not as variable as that of the CEO, as a significantly smaller part of their total remuneration is based on a variable salary component tied to performance indicators.

EUR thousand, unless otherwise specified (IFRS)	2023	2022	2021	2020	2019
<b>SALARIES AND FEES, TOTAL</b>					
Chair of the Board of Directors	69	47	34	32	29
Change-%	47%	38%	6%	10%	
Other members of the Board, total	192	160	21	27	39
Change-%	20%	662%	-22%	-31%	
CEO, total	402	269	229	125	233
Change-%	49%	17%	83%	-46%	
Average Lamor employee remuneration	36	32	26	16	18
Change-%	13%	22%	63%	-11%	

The table shows the average remuneration of the board of directors and CEO, and the group's personnel fees and the group's financial development during the five previous financial periods 2019-2023. All the board and CEO's fees have been paid by the parent company. Lamor Group averages the payers of wages and bonuses have also been other group companies worldwide.

## Performance metrics for 2023

- Lamor's revenue and adjusted operating profit (adjusted EBIT) were the metrics for all short-term incentive plan participants.
- In addition, the short-term incentive plan has included performance metrics related to personal performance related to the company's financial performance in 2023, success in operations and strategy implementation, and achievement of sustainability targets.
- The performance metrics of the long-term incentive plan PSP 2023–2025 for Lamor's key employees was adjusted Earnings per Share (EPS, diluted). The company's CEO and members of the Leadership Team participated in the incentive plan.
- The performance metrics of CEO Mika Pirneskoski's personal long-term incentive plan was the development of the company's market value.
- The impact of performance metrics on the remuneration of Lamor's CEO is described in additional detail in the section "Remuneration of the CEO in 2023" of this report.

EUR thousand, unless otherwise specified (IFRS)	2023	2022	2021	2020	2019
<b>KEY PERFORMANCE METRICS</b>					
Revenue, EUR million	123	128	52	46	48
Change-%	-4%	148%	13%	-5%	
Adjusted EBIT, EUR million	11	13	3	3	7
Change-%	-13%	345%	-18%	-48%	
Earnings per share (EPS, diluted), EUR	0.09	0.13	0.05	0.03	
Change-%	-28%	171%	53%		
Market value, EUR million	70	121	124		
Change-%	-42%	-2%			

# Remuneration of the Board of Directors in 2023

## Basis for fees for Board work

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. The remuneration of the Board of Directors in 2023 was based on two different resolutions of the Annual General Meeting:

- During the period 1 January–3 April 2023, the Board of Directors was paid meeting and annual fees as well as fees for committee work in accordance with the resolution of Lamor's Annual General Meeting on 28 April 2022, as described in the 2022 remuneration report. The proposal was made to the Annual General Meeting by shareholders who together owned more than 45% of the company's shares and votes.
- During the period 4 April–31 December 2023, the Board of Directors was paid meeting and annual fees as well as fees for committee work in accordance with the decision of the Annual General Meeting 2023. The proposal to the Annual General Meeting was made by the Shareholders' Nomination Board.

## In accordance with the resolution of the Annual General Meeting 2023, the fees for the Board of Directors have been as follows:

### Annual fees for the Board of Directors

- Chair of the Board EUR 50,000
- Vice Chair of the Board EUR 45,000
- Other Board members EUR 20,000

### Annual fees for the Board's committees

- 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

- meeting fee for the members of the Board of Directors and the Chair of the Board EUR 1,000 for each Board meeting
- no separate meeting fee was paid for committee meetings

In addition, travel expenses were reimbursed in accordance with the company's travel policy and the Finnish Tax Administration's reimbursement criteria for tax-exempt travel expenses.

## Outcome of the Board remuneration in 2023

The following table shows the annual Board and Board committee fees paid to the members of the Board of Directors, as well as the meeting fees, presented in thousands of euros (EUR thousand). The remuneration was paid in full in cash.

Board Member	Board annual fees	Audit Committee	Remuneration Committee	Meeting fees	Total
Mika Ståhlberg, Chair*	50.0	5.0		14.0	69.0
Fred Larsen, Vice Chair	45.0			15.5	60.5
Nina Ehrnrooth	20.0		2.5	15.5	38.0
Kaisa Lipponen	20.0	5.0	2.5	15.5	43.0
Timo Rantanen	20.0	10.0	5.0	15.5	50.5
Total, EUR thousand	155.0	20.0	10.0	76.0	261.0

\* Meeting fees have been paid to the Chair of the Board starting from the decision of the General Meeting on 4 April 4, 2023

## Other financial benefits paid to the members of the Board of Directors in the financial year 2023

None of the Board members have had an employment relationship with the company in the financial year 2023. The members of the Board of Directors have not been included in the company's performance-based remuneration, and they do not have a supplementary pension, or other benefits arranged by Lamor.

In 2023, the members of the Board of Directors were paid consultancy fees for non-Board work as follows:

- Board member Nina Ehrnrooth was paid consultancy fees totalling EUR 6,000 for Lamor's senior management development project carried out by order of the Board of Directors in autumn 2023. The project was a one-off project.
- Larsen Family Corporation Oy, a company controlled by Vice Chairman of the Board, Fred Larsen, was paid consultancy fees totalling EUR 324,000 based on a consulting agreement valid until further notice.

# Remuneration of the CEO in 2023

## Basis for the remuneration of the CEO

The basis for the remuneration of Lamor’s CEO in the financial year 2023 has been as follows:

- In accordance with the company’s remuneration policy, the remuneration of the CEO includes a fixed monthly salary, customary fringe benefits and incentives valid for each CEO.
- In addition, the same principles apply to the remuneration of Lamor’s CEO and possible deputy CEO as to the remuneration of personnel.
- Lamor’s CEOs in 2023 have been Mika Pirneskoski until 15 December 2023 and Johan Grön since 15 December 2023.
- The company has not had a deputy CEO.

## The CEO’s fixed salary component

Fixed salary for Lamor’s CEO, like for other members of the Management Team, consists of a fixed monthly salary and customary fringe benefits included in the reported fixed salary. In addition, the company has a medical expenses insurance, which also covers the company’s CEO.

The pension benefits of the company’s CEO and other members of the Management Team are determined in accordance with the law and general practice. The company has not had any valid supplementary pensions for the CEO or other members of the Management Team.

The CEO’s notice period is six (6) months for both the CEO and the company. The CEO’s contract does not include a separate severance pay.

In connection with Johan Grön’s appointment as CEO on 15 December 2023, his previous COO contract was replaced by a CEO contract in accordance with the terms described above.

The table shows Mika Pirneskoski’s and Johan Grön’s remuneration for the respective periods of their term as CEO in 2023:

EUR thousand	FIXED SALARY	VARIABLE COMPONENTS		
	Fixed salary	Short-term incentives	Long-term share-based incentives	Remuneration total in 2023
CEO Mika Pirneskoski 1 Jan.–15 Dec. 2023 *	233.8	158.7	0	392.5
CEO Johan Grön 15–31 Dec. 2023 **	9.5	0	0	9.5
TOTAL	243.3	158.7	0	402.0

\* In addition to lunch and phone benefits, CEO Mika Pirneskoski had a free car benefit, bicycle benefit and housing benefit, which was considered in determining his fixed monthly salary. Mika Pirneskoski’s salary for the six (6) months’ notice period for the period 15 December 2023–15 June 2024 has not been included in the fees presented.

\*\* CEO Johan Grön’s fixed basic salary includes lunch and phone benefits. Based on Johan Grön’s previous role as COO, the annual performance bonus earned by him for 2022 and paid before the start of his term as CEO in 2023 is not included in the presented fees.

## Fees due and payable in the financial year 2024

Variable remuneration based on performance

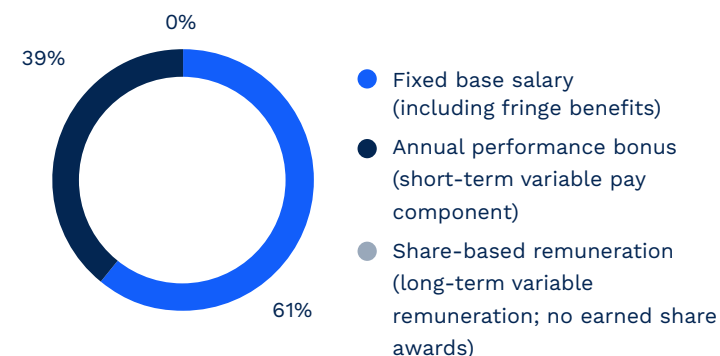
The following annual performance bonuses earned in 2023, totalling EUR 70.7 thousand, will be paid in 2024:

- Mika Pirneskoski, EUR 46.4 thousand
- Johan Grön, EUR 24.3 thousand

Mika Pirneskoski will also be paid notice period pay in accordance with his fixed basic salary until 15 June 2024.

Neither Mika Pirneskoski nor Johan Grön have any valid stock options or earned share rewards.

## Division of the CEO’s remuneration into fixed and variable remuneration components in 2023





# Short-term incentive plan

The company’s key personnel, including the CEO and the members of the Leadership Team, are covered by the annual short-term incentive plan approved by the Board of Directors. The Board of Directors annually sets and evaluates the targets to be used in the plan for the participants. The performance metrics of this incentive plan include targets related to both the company’s financial result and personal performance. The targets are related to the company’s financial performance, success in operative functions and strategy implementation, and the achievement of sustainability targets. The weighting of objectives may vary from year to year depending on the priorities for each year. The maximum amount of the earning opportunity varies, and it depends on the position and role of the person participating in the incentive plan in the organisation.

In accordance with Lamor’s remuneration policy, the Board of Directors determines the maximum amount of the short-term incentive opportunity for the CEO annually based on market practices and performance so that the level cannot exceed 100 per cent of their fixed annual salary. For Mika Pirneskoski, the maximum earning level in 2023 was 100 per cent.

For Johan Grön, the short-term performance indicators or the terms of the annual performance bonus, such as the maximum earning opportunity in relation to his fixed annual earnings, were not changed for 2023. For Mr. Grön, the maximum level was 50 per cent, which was based on the maximum earning potential of the annual performance bonus corresponding to six (6) months’ salary of the members of the Leadership Team in accordance with his previous role.

## Targets and outcome of performance bonuses under the short-term incentive plan in 2023

The CEO’s 2023 short-term performance indicators included targets for both the company’s financial performance and personal performance.

Depending on the performance metrics, the actual results were based either on the thresholds set by the Board of Directors for numerical targets or on the achievement of the qualitative sub-targets set.

In addition, individual qualitative measures were subject to the discretion of the Board of Directors. Based on the achievement of the targets, the Board confirmed the short-term annual performance bonuses for both CEO Mika Pirneskoski (1 January–15 December 2023) and CEO Johan Grön (15–31 December 2023) as follows:

- Mika Pirneskoski: short-term annual performance bonus totalling EUR 46.4 thousand, corresponding to 21.5 per cent of his twelve (12) months’ fixed annual salary in 2023. The incentive will be paid in 2024 in accordance with the company’s policy.
- Johan Grön: short-term annual performance bonus totalling EUR 24.3 thousand, corresponding to 27.0 per cent of his six (6) months fixed annual salary in 2023. The incentive will be paid in 2024 in accordance with the company’s policy.

For both CEOs, the weighting of the targets was divided into company-specific (80%) and personal (20%) targets, as presented in the table, and the Board confirmed that they achieved the set targets in 2023 as follows:

Company’s key performance metrics (KPIs) 2023	Target %	Outcome %
Revenue	20.0%	0.0%
Order intake	10.0%	0.0%
Adjusted EBIT	20.0%	0.0%
Personnel satisfaction (LIT index, eNPS)	10.0%	7.0%
Sustainability targets (anti-corruption actions and promotion of human rights)	10.0%	5.0%
Progress of projects	10.0%	5.0%
<b>Targets and outcome total</b>	<b>80.0%</b>	<b>17.0%</b>

Mika Pirneskoski’s personal KPIs 2023	Target %	Outcome %
Implementation of the strategy (sub-goals)	10.0%	1.0%
The progress of the 2023 sustainability goals	5.0%	3.5%
Development of management practices	5.0%	0.0%
<b>Targets and outcome total</b>	<b>20.0%</b>	<b>4.5%</b>

Johan Grön’s personal KPIs 2023	Target %	Outcome %
Global strategic partnerships	10.0%	0.0%
Sustainability goals (work safety)	5.0%	5.0%
Development of project implementation processes	5.0%	5.0%
<b>Targets and outcome total</b>	<b>20.0%</b>	<b>10.0%</b>

Outcome of company and personal performance in 2023 in total	
Mika Pirneskoski	21.5%
Johan Grön	27.0%

# Long-term incentive plans

In accordance with Lamor's remuneration policy, the objective of the long-term incentive plans is to align the interests of key employees and Lamor's shareholders, to encourage key employees to achieve the targets set in the strategy and to increase the company's financial performance to increase the value of the company and to retain key employees by offering competitive performance-based remuneration.

The long-term incentive plans in force during 2023 for Lamor's CEO and other key employees have been based on the following decisions made by Lamor's Board of Directors in 2022 to establish share-based incentive plans for the company's key employees:

- A Performance Share Plan directed at the company's key employees, under which the participants had during different annually decided plan periods the opportunity to earn a certain maximum number of Lamor's shares in proportion to each participant's fixed annual salary based on reaching the thresholds set by the Board of Directors. Mika Pirneskoski and Johan Grön participated in the plan.
- CEO Mika Pirneskoski's personal, one-time long-term incentive plan, under which he had the opportunity to earn Lamor's shares as a reward based on the thresholds set for the increase and preservation of the company's market value.

The terms and conditions of the plans include the payment procedure for the share rewards, according to which the share rewards are primarily paid partly in Lamor's shares and partly in cash to cover taxes and social security expenses.

In connection with the payment of possible share-based incentives, the Board of Directors may decide whether the share portion of the rewards will be paid with shares held by the company or with new shares to be issued, within the limits of the authorisations granted to the Board by the General Meeting.

As a rule, no rewards related to long-term incentive plans will be paid if the thresholds for performance indicators set by the Board of Directors are not reached, or if the participant's employment or director contract ends before the reward payment.

The terms and conditions of the plans include possible transfer restrictions for the CEO and the members of the Management Team in relation to their fixed annual salary in the year preceding the reward payment. For the CEO, the transfer restriction has corresponded to twelve (12) months' salary and for the rest of the Management Team, to six (6) months' salary.

The long-term share-based incentive plans decided by Lamor's Board of Directors in 2022 and 2023 and the opportunity to earn the company's shares offered to the company's key employees within the framework of the plans are presented in more detail on the following page. The plans expired without reward payment, and in February 2024, Lamor's Board of Directors decided on a new long-term share-based incentive plan for the company's key employees, including Lamor's CEO and members of the Management Team.



### Performance Share Plan PSP 2023–2025

In 2023, the Board of Directors approved a Performance Share Plan covering the financial years 2023–2025 for six (6) key employees, including the members of the Leadership Team and the CEO. The participants of the PSP 2023–2025 had the opportunity to earn Lamor’s shares based on the achievement of targets set by the Board of Directors.

The gross rewards to be paid based on the period 2023–2025 corresponded to a maximum of 40% of the fixed annual salary of both the CEO and other members of the Leadership Team participating in the plan.

In accordance with the terms and conditions of the plan, the reward will be paid in spring 2026, provided that the performance targets for the plan set by the Board of Directors are achieved.

The earnings criterion for the period covering the financial years 2023–2025 was adjusted earnings per share (EPS, adjusted) for the financial year 2023. The conditions entitling to payment were not met with for the financial year 2023, and the plan for the period 2023–2025 expired without the payment of rewards.

Also, after the previous plan for the financial periods 2022–2024 expired without reward payment, neither the CEO nor the other members of the Leadership Team participating in the plan had any performance-based share rewards on 31 December 2023.

### Short-term performance-based share bonus programme (Performance Share Plan, PSP)

Programme period	Performance target	Weight	Outcome	Payment year
PSP 2023-2025	Earnings per share (EPS, adjusted), 2023	100%	0	No payment in 2026
PSP 2022-2024	Earnings per share (EPS, adjusted), 2022	100%	0	No payment in 2026

### Personal share-based incentive plan for CEO Mika Pirneskoski

In September 2022, Lamor’s Board of Directors decided to establish a personal one-time long-term incentive plan for the CEO Mika Pirneskoski, covering the financial years 2022–2028. Under the plan, he had the opportunity to earn Lamor’s shares as a reward subject to exceeding and maintaining the limits set by the Board of Directors for the company’s market capitalisation.

The earning opportunity corresponded to a maximum total value of 550,000 Lamor’s shares, including a cash portion. The cumulative number of shares in the earning opportunity and the indicative euro-denominated reward amount are presented in the table below.

The amount of the CEO Mika Pirneskoski’s personal long-term remuneration program was not limited in relation to his fixed annual salary. The potential remuneration of the CEO was tied to Lamor’s long-term value increase, which is why the Board of Directors considered that the plan promoted favourable development of shareholder value and the achievement of Lamor’s long-term targets in accordance with the company’s remuneration policy.

The set thresholds were not reached, and the plan expired without payment of remuneration with the change of Lamor’s CEO on 15 December 2023.

Performance level - market value	Cumulative earning potential	Indicative pre-mium amount (MEUR)	Outcome at end of progamme 15 Dec. 2023
200 MEUR	137,500	1.0	0
300 MEUR	275,000	3.0	0
400 MEUR	412,500	6.0	0
500 MEUR	550,000	10.0	0



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