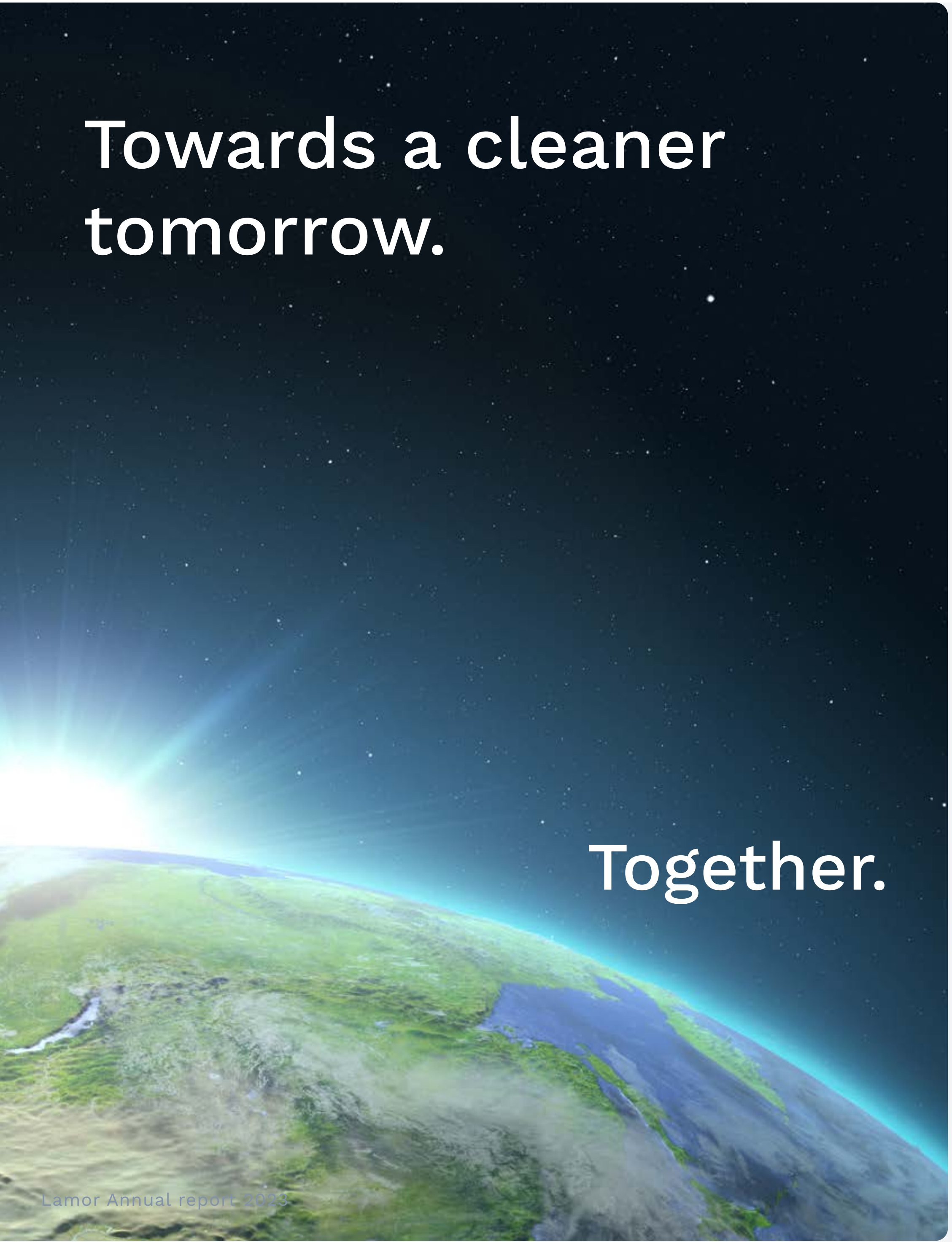
LAMOR

ANNUAL REPORT 2023

Lamor's Annual Report 2023 consists of five sections: Business overview, Sustainability report, Financial review, Corporate governance statement and Remuneration report.



01 BUSINESS OVERVIEW

Lamor in brief

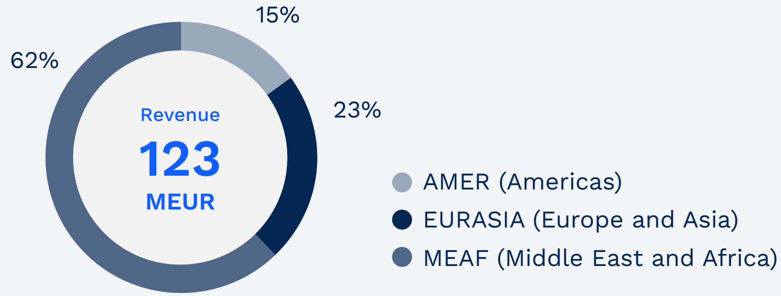
Lamor is one of the world's leading providers of environmental solutions. For four decades, we have worked to clean up and prevent environmental incidents on land and at sea.

In November, we took a significant step: the trading of Lamor's shares transferred to the main list of Nasdaq Helsinki.

Environmental protection, soil remediation and material recycling

Lamor's innovative technologies, services and tailored solutions, ranging from oil spill response, waste management and water treatment to soil remediation and plastic recycling, benefit customers and environments all over the world.

GEOGRAPHICAL SPLIT OF THE REVENUE 2023



Revenue

123 MEUR

Adjusted EBIT

10.9 MEUR

Order backlog

124 MEUR

Personnel at year end

840

Highlights in 2023

Soil remediation breakthrough in Kuwait

The great soil-cleaning project in Kuwait, whose preparations began in 2021, reached their full momentum in 2023. We started both bioremediation operations and soil washing activities on our treatment centers in North and South of Kuwait. The solution we developed for the biological clean-up, i.e. bioremediation, turned out to be even more effective than expected in the harsh desert conditions of Kuwait.

The groundbreaking of the chemical recycling facility of plastic

Our participation in solving the global plastic waste problem took a step forward in August, with the groundbreaking of the chemical recycling facility for plastic that we are constructing in Kilpilahti, Finland. The facility will turn plastic waste into valuable raw matetrial, hence increasing availability of recycled raw materials in plastics production especially for high-hygiene plastic products. With the Kilpilahti pilot facility, we are targeting our strategic 100,000-tonne plastic recycling capacity.

Green bond and transfer to Nasdaq Helsinki main market

In August, we issued our first secured green notes of EUR 25 million. It offers investors the opportunity to support Lamor's targets to protect biodiversity, promote circular economy and mitigate climate change.

In November, the trading in Lamor share transferred to Nasdaq Helsinki's main market from the Nasdaq First North Premier Growth Market Finland, where it had been listed since December 2021.

From the CEO

Large projects progressed well; geopolitical situation slowed the order intake

For Lamor, the year 2023 brought with it some great successes but also certain identified needs for improvement. We succeeded in the execution of our large projects in a great way. Our soil remediation projects in Kuwait, the service project for oil spill response preparedness in Saudi Arabia, and the waste handling and oil spill technology delivery project in Bangladesh all progressed as planned – or even better than anticipated. On the other hand, the launching of new customer tender processes and decision-making related to the ongoing tenders were significantly delayed, and we did not win any major tenders during the year. This affected the order intake in 2023, the revenue of the financial year, and the development of the financial results.

Our revenue in 2023 amounted to 123 million euros, decreasing by 4.0 percent from the previous year. Our adjusted EBIT in 2023 was approximately 10.9 million euros or 8.9 percent of revenue. Compared to the previous year, our adjusted EBIT margin decreased by approximately 1.0 percent. As anticipated, the investments for our future growth, for instance in the form of recruitment, weakened our profitability. Although our financial results were in line with our guidance, the order backlog did not develop as we had hoped for. The value of new orders received in 2023 was 44 million euros, which was 49.7 percent less than in 2022. The most significant new orders in 2023 related mainly to equipment delivery projects.

> **For Lamor, the year 2023 brought with it some great successes but also certain identified needs for improvement. We succeeded in the execution of our large projects in a great way.**

Effects of the geopolitical situation and increased environmental awareness

The geopolitical situation in 2023 was challenging. Due to political instability, many countries in Southern America have suffered from conflicts. This has led to postponements of tender processes and investment decisions in the region. In the Middle East, especially in the Red Sea region, the situation has become even more tense, causing serious threat to the shipping, and the general security situation in the region. Furthermore, the Russian war in Ukraine unfortunately continues. These conflicts and human disasters have affected and will continue to affect in many ways the general market conditions and our business. In addition to the deteriorating the security situation in general, these conflicts significantly increase the risk of oil spills in, for example, the Red Sea, the Arabian Sea, the Persian Gulf, and the Baltic Sea.

Although the situation has been in many ways challenging during the past year, environmental awareness and tightening regulation emphasise that solving environmental problems must be tackled with determination, whatever the situation. This supports our long-term growth, which is based on a strong increase in the demand for environmental protection, soil remediation and chemical plastics recycling solutions, but at the same time, it can affect our business in the form of changes in project schedules and costs.

The importance of successfully delivered large projects for our future growth

Lamor always strives to find the best possible solution to the customer's environmental problem, considering both sustainability and cost-effectiveness. The large projects we delivered in 2023 are good examples of this. Successful large projects are important references in our future growth path and support us in ongoing tenders and identified commercial opportunities. The timing of and success in tenders will affect our revenue and profitability not only in 2024, but also thereafter.

In soil cleaning, the best solution is always case-specific, because each contaminated soil, environment and climate always differ from another. The solution we developed for Kuwait's extreme conditions turned out to be even more effective than we expected. It is a unique combination of biological and mechanical processing, with which the oily soil can be cleaned. In addition, in December we were able to start the ramp up phase of another treatment method, the soil washing plant. This method is used for cleaning more severely contaminated soil.

In accordance with our Red Sea environmental protection service project contract, we have strengthened oil spill response capabilities in the coastal areas of Saudi Arabia. We continued to maintain the preparedness level by securing the operational capability of the oil spill response vessels and aircraft, as well as the operational readiness of the oil spill response equipment. In addition, we trained more than 2,000 local experts in oil spill preparedness in case of possible environmental incidents. Our current contract will expire mid-year 2024 and the possible continuation of the contract is still open.

Our Bangladesh projects, the aim of which is to increase oil spill response preparedness and waste management capabilities in the Mongla Port, have progressed as expected. The agreed delivery scope includes a Port Reception Facility to manage and process various types of waste originated in the ships, offering a new kind of reference for Lamor.

Our chemical plastic recycling project is at an important phase. We tested the process functionality especially during the last quarter of the year, planned its optimisation, and started the construction of our actual pilot facility in Kilpilahti, Porvoo, Finland. The plan is to start the production of recycled oil and the production process optimisation at the facility during the second half of 2024. The duration of these phases will affect our financial results particularly for 2024.

For Lamor, safety is a very important element of our project implementation. Despite the increased magnitude of our projects, we reached the milestone of uninterrupted three million safe working hours in January 2024. This means that no occupational injuries resulting in lost working time in our operations have been reported since February 2023.

Towards the next growth leap

In 2023, we carried out significant capital market transactions that support our long-term growth. In August, we issued a 25-million-euro green bond and in November we moved to the main list of Nasdaq Helsinki. Both transactions are important steps for us, supporting us on our targeted growth path in our strategic period.

The rapid transformation from a family business to a main listed company on Nasdaq Helsinki, significant growth and expansion into new markets and business areas has put us in a new situation. The number of our personnel has increased strongly during 2023 and taking the next growth leap a new kind of management, organisation, and measurement from us.

To reach the target, we decided to supplement our Group Leadership Team in February 2024 and to clarify the operating models and responsibilities of both the Group Leadership Team and the rest of the organisation. It may take time for the effects of the reforms to become visible, and we will review our strategy and our long-term financial goals during the year 2024.

I would like to extend my warm thank you to Lamor's personnel, partners, stakeholders, and shareholders for the past year 2023. The success of our growth strategy requires a lot of work from all of us, as well as favourable development of demand and order backlog. However, I trust our skilled, committed teams, and our good references, and look to the future with optimism. The world needs responsible solutions for environmental protection, soil remediation and material recycling, and we are solving these critical issues for our environment with our customers.

Johan Grön
CEO
Lamor Corporation Plc

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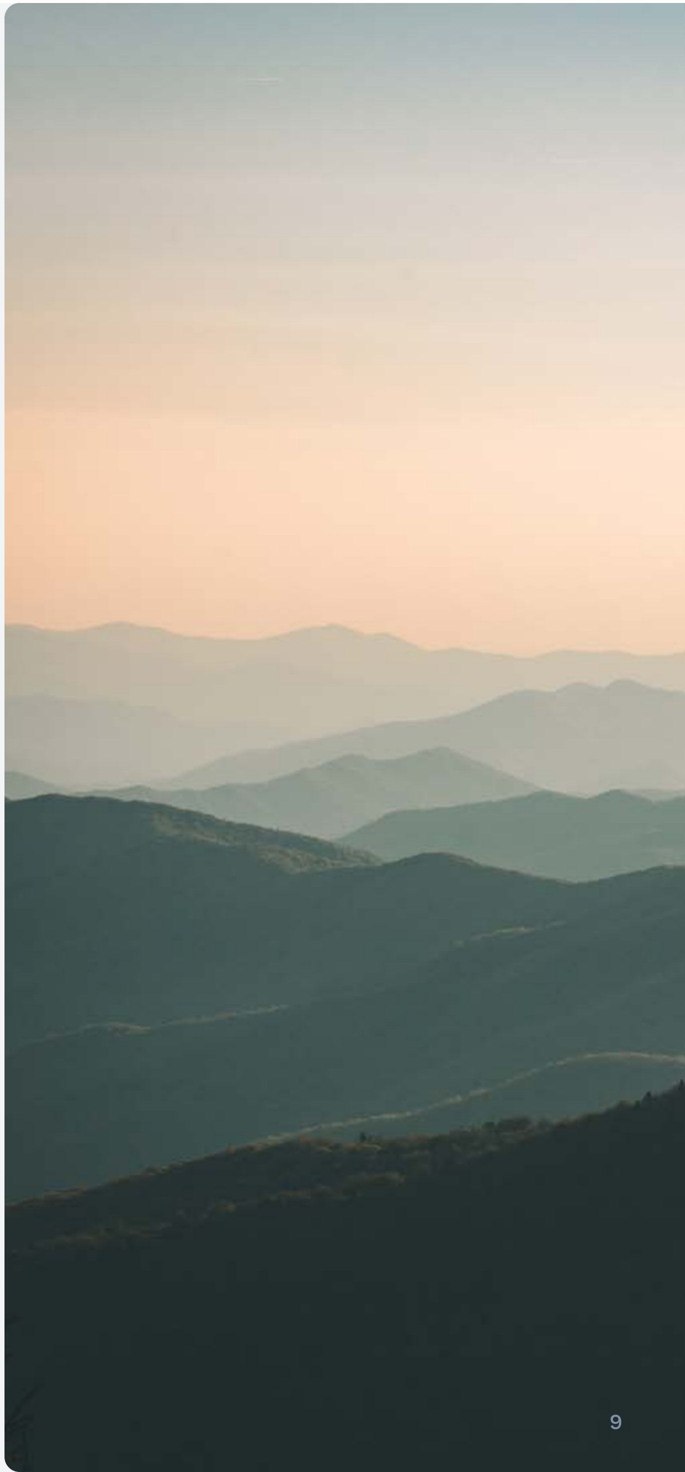
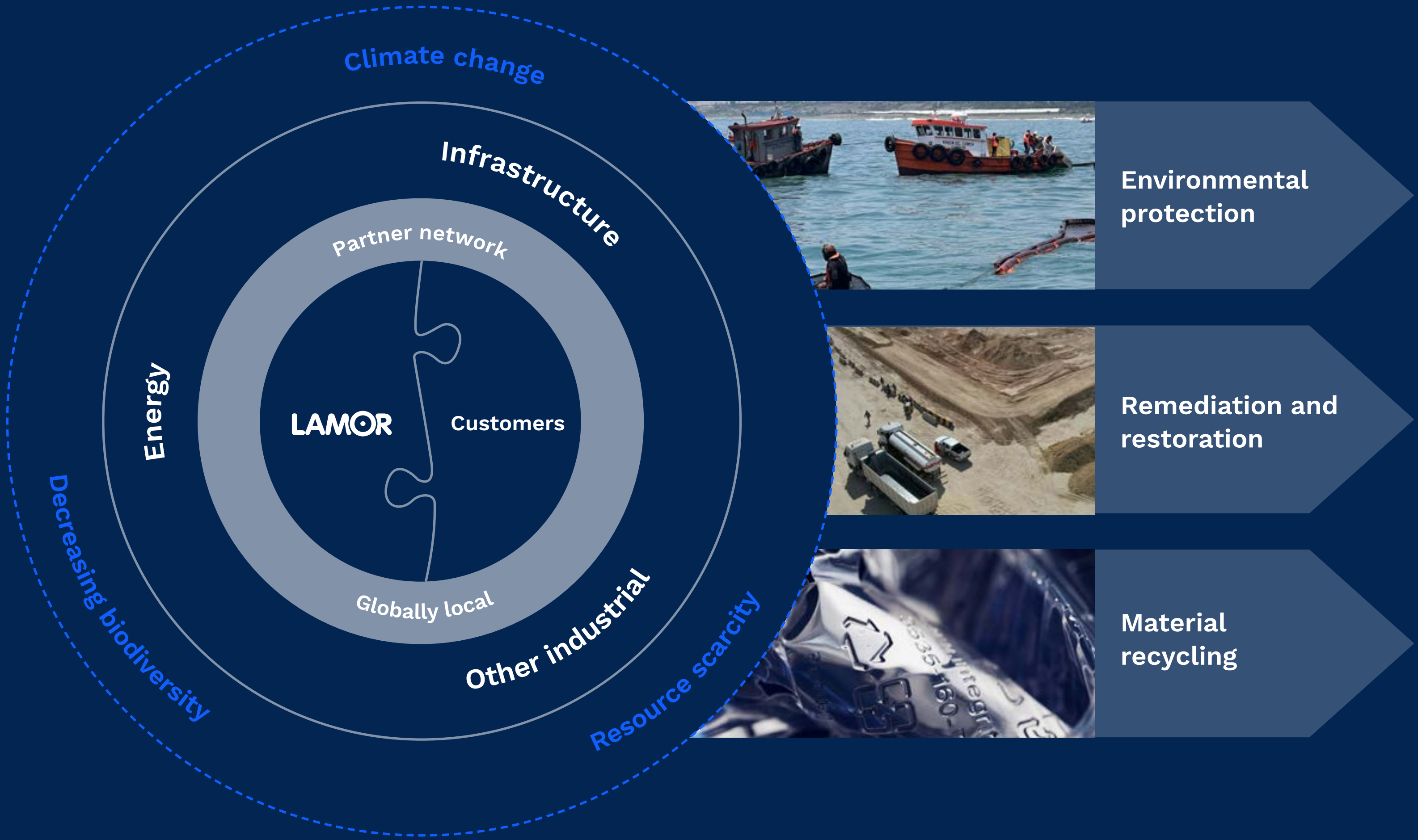
The rapid transformation from a family business to a main listed company on Nasdaq Helsinki, significant growth and expansion have put us in a new situation. Taking the next growth leap a new kind of management, organisation, and measurement from us.

Lamor’s key figures for 2023

EUR thousand (unless otherwise noted)	2023	2022	Change	2021
Revenue	122,520	127,656	-4.0%	51,517
EBITDA	16,182	16,659	-2.9%	6,014
EBITDA margin %	13.2	13.1		11.7
Adjusted EBITDA	18,464	19,006	-2.9%	6,692
Adjusted EBITDA margin %	15.1	14.9		13.0
Operating Profit (EBIT)	8,426	10,018	-15.9%	1,941
Operating Profit (EBIT) margin %	6.9	7.8		3.8
Adjusted Operating Profit (EBIT)	10,943	12,608	-13.2%	2,831
Adjusted Operating Profit (EBIT) margin %	8.9	9.9		5.5
Profit for the period	2,679	3,535	-24.2%	869
Earnings per share, EPS (basic), euros	0.09	0.13	-27.0%	0.05
Return on equity (ROE) %	4.3	5.8		1.9
Return on investment (ROI) %	8.7	12.0		3.0
Equity ratio %	40.0	53.0		56.2
Net gearing %	60.7	23.2		-6.9
Orders received	43,950	87,368	-49.7%	260,831
Order backlog	124,192	203,069	-38.8%	226,906
Number of employees on average	658	604	8.9%	250
Number of employees at the period end	840	508	65.4%	290



The world and what we do



Positive impact

Climate change

Decreasing biodiversity

Resource scarcity

World impacts on Lamor, Lamor impacts on the world

Climate change, loss of biodiversity and scarcity of resources are both the drivers of our work and the targets of our positive impacts. We succeed by helping our customers reduce emissions into air, water and soil and clean up legacy contamination. Our work has a healing impact on the well-being of the planet.

Lamorians are specialists of environmental protection, soil remediation and material recycling. We aim to solve big global problems. Together with our partner and customer network we promote circular economy, protection of biodiversity and careful use of scarce natural resources.

Globally local way of working

Since day one, Lamor has been an international company. Our own expertise, local partners' competencies and efficient co-operation contribute to our success in major projects.

We bring our global knowledge and project management skills into projects. Our local partners, on the other hand, bring understanding of local culture and customs and, for example, the ability to build infrastructure. Cooperation offers our partners global growth opportunities.

Our services, technologies, and solutions

ENVIRONMENTAL PROTECTION: Lamor's roots from four decades ago. We remain committed to assisting our customers in enhancing their readiness for environmental incidents and providing cleanup services both on land and at sea.

SOIL REMEDIATION AND RESTORATION: We clean polluted soil around the world so that life can return to it.

MATERIAL RECYCLING: We deliver waste management and water treatment solutions that help use natural resources in a sustainable manner.

Our customers

ENERGY INDUSTRY: Transition to entirely renewable energy sources is gradually taking place. During the transition, we enable energy companies to operate in a responsible way to decrease the environmental footprint of their current operations.

INFRASTRUCTURE: Our customers want to secure living environments and improve their operations' sustainability. There is a growing demand for our capabilities in environmental protection, cleaning of legacy waste and contaminated soil, material recycling and clean water.

OTHER INDUSTRIES: To maintain competitiveness, industries need to focus on sustainability. We help them implement more sustainable business models and reduce waste and emissions.

Lamor's achievements contribute to sustainability

Lamor is one of the globally leading providers of environmental solutions. We offer expertise and solutions to protect and clean the environment and ecosystems. These solutions support our customers in their efforts to generate positive environmental impacts. Cleaning the world is a joint effort in which we join forces with our customers, partners and regional communities.

We are focused on environmental protection, soil remediation and restoration, and material recycling. We promote circular economy, protection of biodiversity and careful use of scarce resources.

Globally local operations

We are present in over 100 countries through our subsidiaries, associated companies, and our partner and distribution networks. We operate worldwide in three market areas: South and North America, the Middle East and Africa, and Europe and Asia. Our primary strategic focus areas include the Middle East and South America.

Key business drivers and strengths

Globally rising environmental awareness and tightening environmental legislation create demand for our solutions all around the world. As the understanding of the damage caused by environmental incidents has increased, governments are paying more attention to uncleaned areas with legacy soil and water contamination, as well as to seeking for means to fund the clean-up projects. This is a challenge that demands innovative, sustainable environmental solutions.

For instance, in the production chains of liquid fuels and other chemicals, more emphasis is placed on prevention of new incidents and pollution. Our oil spill response technology and services, together with swiftly executed response and restoration operations play a cricial role in environmental protection.

The common understanding of the importance of the well-being of soil creates demand for Lamor's environmentally friendly solutions, for example biological remediation and restoration of soil. Both biodiversity and agriculture depend completely on fertile, clean soil.

A comprehensive range of material recycling solutions complements our sustainable offering portfolio. We are an independent system and process integrator with ability to identify and combine optimal technologies for, for example, the proper treatment of industrial waste or water, in compliance with high standards.

Plastic waste has become a huge global problem, and 300 million tonnes of plastic is still produced every year. Our own step towards solving the plastic challenge is to build a chemical recycling facility in Porvoo, Finland, in which we also integrate different technologies. The facility will be completed in 2024 with an annual input capacity of of 10,000 tonnes. It will be our pilot, which supports us in creating a plastic recycling portfolio of 100,000 tonnes during the strategy period.

Owners

After decades as a family-owned company, the trading in our shares began in Nasdaq First North Premier at the end of 2021. By listing, we gained capital to participate in massive cleaning operations and to compile even wider and more comprehensive capabilities. To increase the attractiveness of our shares among investors, trading of Lamor's shares were transferred to the Nasdaq Helsinki main market in November 2023. At the end of 2023, a total of approximately 6,500 owners from both Finland and abroad owned Lamor shares.

Today, we offer our shareholders the alternative for sustainable investing. We are still in the growth phase, targeting a turnover of 250 million euros in 2026. Our aim is to distribute an annual dividend, taking into account, however, that business growth is among our highest priorities.

Our employees

Lamorians are driven by a strong sense of purpose: we are on a good mission by cleaning the world. Passion makes us very solution-oriented. We purposefully and technology-independently develop solutions for all the challenges that come our way.

Lamor is an exceptionally multicultural company. Citizens of different countries work in our offices worldwide, and we cooperate daily. For example, people of ten different nationalities work at our head office in Finland, which constitutes approximately one-fifth of the personnel working in Porvoo. At Lamor, diversity is reality and strength.

Partners

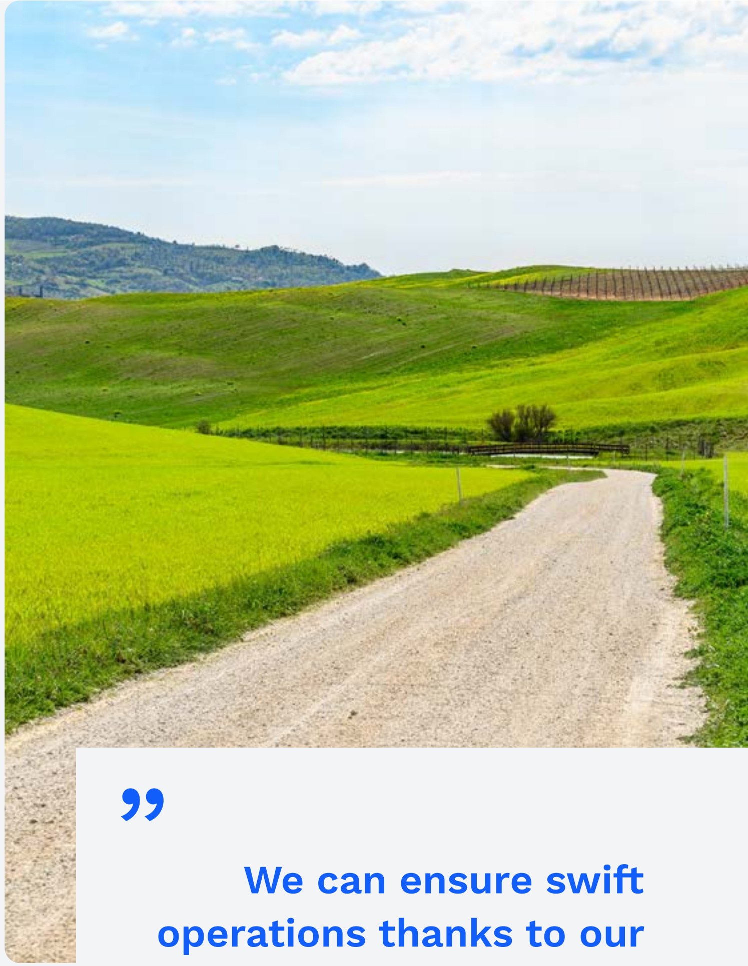
We operate everywhere in the world according to our globally local model. We bring our unique global know-how to the projects, which consists of, for example, different techniques, technologies, project organization and sustainable operational practises. It is complemented by our partner's knowledge of local culture, operating methods, legislation and language in different target countries.

Our partners get "a window and door to the world" through us. They will have access to global growth opportunities with us, but they also succeed locally and accumulate world-class experience in projects.

The world and society

The goal of our work is to clean the world. It benefits regional ecosystems and their inhabitants – nature and people – and more broadly also water bodies, groundwater, and the atmosphere, when the spread of pollutants into water resources and in the air is prevented or reduced.

We help local communities to develop their own capabilities, for example to promote environmental protection and circular economy. We generate positive environmental impacts by returning previously polluted areas usable and inhabitable once again, and at the same time protecting and preserving highly endangered biodiversity.



We can ensure swift operations thanks to our extensive network of capable partners, overseen by our own team of experts.

Strategy: Vision 2025

TARGETS

- No.1 partner in selected strategic countries
- 3 new strategic countries to create a positive environmental impact
- 5 new projects to solve significant environmental challenges
- Plastics recycling with 100 ktn project portfolio to support solving the global plastics problem
- Efficient and effective solutions toour customers withour globally local operating model

PREFERRED PARTNER DURING THE JOURNEY TOWARDS A CLEANER TOMORROW

FOCUS

- Developing sustainable solutions
- Enhancing our integrated way of working
- Increasing capabilities and competences

FOUNDATION

Strong shared values

Passion • Innovation • Trust

Problem-solving culture

driven by a strong sense of purpose

Lamor's strategy aims at growth and creation of positive environmental impacts

There is an ever-growing concern about the state of the environment. That's why the transformative journey we support towards a cleaner tomorrow is increasingly crucial. It is our responsibility to develop the best solutions to clean the world and prevent further pollution — and turn these solutions into reality. To fulfill our mission of cleaning the world, we aim to be our customers' number one partner on the journey towards a cleaner tomorrow.

In recent years, Lamor has transformed from a family-owned company developing oil spill response to a solver of great global challenges such as soil remediation and plastics recycling. A trigger for the transformation has been the problem-solving culture that has always been a part of our mindset. We develop sustainable solutions for every challenge that comes our way. The feeling of doing something very meaningful makes us very determined.

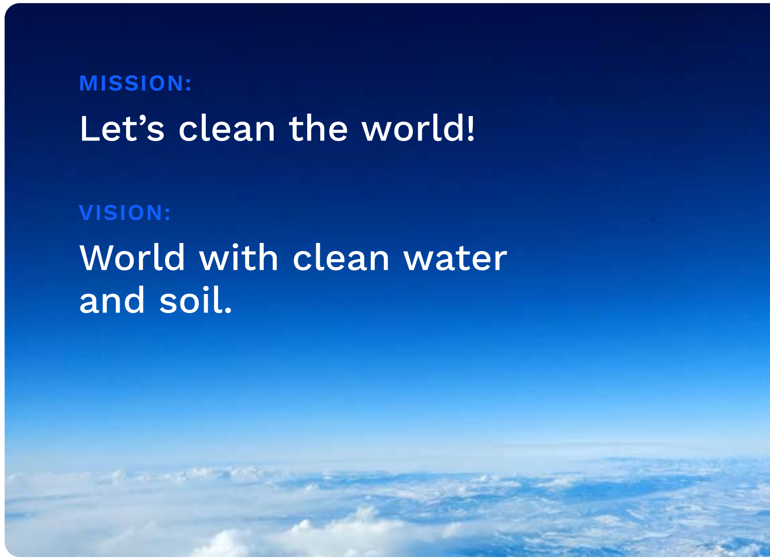
At Lamor, the work community is very multicultural. We are united by our strong shared values: passion, innovation and trust. They help us function smoothly as a team and in cooperation with external stakeholders such as customers and partners.

We have set the following targets to achieve for the strategy period 2023–2025:

1. We are our customers' number one partner in our strategic countries. Our customers know our ability to solve their challenges, because we know them and their operating environment.
2. We have extended operations to three new strategically significant countries to create more positive environmental impacts. Our main targets are in the Middle East and South America.
3. We have won five new projects to solve serious environmental challenges, be it in soil remediation, waste management, water supply or oil spill response.
4. We have a 100,000-tonne project portfolio of plastics recycling. Our first step is to build the Kilpilahti, Finland chemical recycling facility that will be completed in 2024.
5. We provide our customers with efficient and effective solutions following our globally local operating model. We use our global expertise in various solutions, technologies, and project management across all our projects. We continue to work with our local partners to be able to operate in different cultural surroundings fruitfully and profitably, for further expansion of operations.

To be able to reach these targets, we focus internally on the following development areas:

- Developing new sustainable solutions to be tailored to the needs of each individual market area.
- Enhancing our integrated, globally local way of working to supply the best solutions all around the world.
- Increasing capabilities and competencies in environmental protection, soil remediation and material recycling by ensuring that we have the necessary resources and ability to peer learning.



Long-term financial targets and dividend policy

PREFERRED PARTNER DURING THE JOURNEY TOWARDS A CLEANER TOMORROW

Lamor has set 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 per cent

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.

Financial transition is a pre-requisite for green transition

We exceeded the sustainable limits of our planet a long time ago. Now is the time for us to accept the responsibility for the survival of future generations and nature. We must restrain loss of species, climate change and overconsumption. This crisis can only be solved together, by working together.

In addition to legislation, consumption changes and environmental influencing, green finance is the only way to make the world more sustainable. Since changing the laws and finding consensus across nations turns development slowly, the fastest way is to direct investments to projects that adhere to sustainable development.

The prerequisites for financing are constantly changing due to technical innovations and increasing knowledge. For example, earlier the best available technology was the estimated parameter. It often referred more to economic and operational reliability, whereas nowadays it is also significantly affected by the environmental footprint throughout technology's lifecycle. This trend is driven, among other things, by EU taxonomy that defines the environmentally sustainable economic activies that promote green economy, and encourages companies to switch to such business models. In addition, our understanding of the cumulative effect jointly made by various factors on climate change, the loss of biodiversity and the overconsumption of natural resources is constantly growing. Sometimes what was green yesterday is not green today.

The definition of green business activities is not always clear. An example of difficulties to draw the line is that reducing impacts of environmental damage caused by oil industry, and cleaning them up, is not always considered green business, even if the solutions were proven effective and environmentally friendly. In other words, repairing the damage does not contribute to the green transition, if the prevention or cleaning work is paid for by a company active in the oil business; but what would happen if companies like ours didn't clean up oil spills from the seas, coasts, or soil? Would pollution be allowed to remain there, to spoil the natural environments, animals, groundwater, atmosphere?

A large proportion of our business is currently generated by fixing various problems caused by oil: improving the oil spill prevention capabilities of various operators, cleaning up environmental incidents and oil-contaminated soil, and providing safe recycling solutions for oily waste. However, we are also transitioning into businesses that are not connected with the fossil fuels. Among other things, the plastics chemical recycling plant under construction and the cleaning of soil contaminated by other substances than oil are part of our own green transition.

Lamor and green finance framework

The green finance framework enables Lamor to use debt financing to support investments aimed at global protection of the environment and ecosystems and to promote the circular economy.

To achieve our goals, our green finance framework focuses on the development of environmental protection and material recycling solutions, and related investments.

In August 2023, Lamor issued its first green bond, which was immediately fully subscribed. The 25-million-euro bond offered investors the opportunity to support our goals of protecting diversity, increasing material recycling and mitigating climate change.

We find our mission to clean the world very significant and meaningful – and we hope our positive impact resonates well among our stakeholders.

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

The Upright Project assessed Lamor's net impact in 2023. The net impact shows what resources a 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: how much the company is able to create value compared to costs incurred and resources used. The net impact is calculated by assessing the impacts on society, knowledge, health, and environment.

Lamor's net impact value is +64%. With limited resources, we are able to create wide positive impacts on the environment and health including protecting biodiversity, decreasing the amount of emissions and waste and saving scarce natural resources.

We aim to improve the net impact ratio continuously by developing more efficient ways of working to increase the positive impact.

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What we do with limited resources can lead to extensive environmental and health benefits.

IMPACT	NEGATIVE	SCORE	POSITIVE
Society	-0.1	**+8.0**	+8.1
Jobs		+2.6	+2.6
Taxes		+4.9	+4.9
Societal infrastructure		+0.5	+0.5
Societal stability	-0.1	+0.0	+0.0
Equality & human rights	-0.0	+0.0	+0.0
Knowledge	-2.8	**-1.0**	+1.8
Knowledge infrastructure		+0.0	+0.0
Creating knowledge		+1.5	+1.5
Distributing knowledge		+0.3	+0.3
Scarce human capital	-2.8	-2.8	
Health	-0.4	**+2.3**	+2.6
Physical diseases	-0.3	+2.2	+2.4
Mental diseases	-0.1	+0.1	+0.0
Nutrition		+0.0	+0.0
Relationships	-0.0	+0.1	+0.1
Meaning & joy	-0.0	+0.1	+0.1
Environment	-6.3	**+7.5**	+13.7
GHG emissions	-3.5	-0.6	+2.9
Non-GHG emissions	-1.2	+3.3	+4.5
Scarce natural resources	+0.3	+0.0	+0.4
Biodiversity	-0.5	+2.8	+3.3
Waste	-0.7	+1.9	+2.6

+64% **Net Impact Ratio**
Value set: Equal weights

CASE KILPILAHTI

A step towards the solution for the plastic waste challenge

In August 2023, the ground-breaking ceremony of Kilpilahti chemical plastic recycling facility took place in Finland, and the construction works began. The 10,000-ton facility will be Lamor's pilot, with which Lamor targets a 100,000-ton capacity in chemical recycling of plastic waste.

The liquid produced from plastic waste works like virgin oil in the production of new plastic. It is suitable for many purposes for which mechanically recycled plastic granules are not suitable: these are, for example, food packaging that requires perfect hygiene.

The facility includes two main processes: first the plastic is shredded in pre-treatment and then combusted without oxygen in the thermochemical process. The liquid is processed and delivered for further refining to meet the plastics production requirements.

The process technologies will be installed next spring, and the commissioning is estimated to take place in summer 2024. The target is to deliver the first batches of the end product, oil produced from recycled plastics, during the latter part of 2024.

The product will be sold to Shell for further refining to a suitable raw material for chemicals and plastics producers.

Lamor has a long history of combining the best technologies for different industrial processes, for example in our international waste management projects. The construction of chemical recycling facility for plastics is an ambitious yet logical next step towards a cleaner tomorrow.

The facility is constructed and operated by Lamor Recycling Oy, a project company of Lamor and Resiclo.

Environmental impact

- Recycling plastic waste into raw material for refining reduces the need for virgin oil.
- Plastic can be recycled chemically several times unlike in mechanical recycling.
- Chemical recycling reduces the incineration of plastics and its emissions.
- Plastic becomes a raw material with a value, hence less plastic ends up in nature and animals.

> Shell is excited to start this cooperation with Lamor Recycling. The agreement supports our strategy to supply our customers with more circular chemicals.
>
> Danielle Ebentreich, GM Marketing Europe, Shell

CASE KUWAIT

Breakthrough in soil remediation in extreme Kuwaiti conditions

In summer 2023, Lamor made a breakthrough in Kuwait in the cleanup of oil-contaminated soil. The solution developed by company's experts for Kuwaiti conditions successfully cleans the polluted soil even better than anticipated.

In bioremediation, the soil is placed in huge piles. Bacterial strains isolated by Lamor's experts are added, together with amendments that facilitate the bacteria's work, and organic substances that bind water in the process and create optimal operating conditions for the bacteria.

The pollution is a consequence of the Gulf War, when hundreds of oil wells were torched, causing the world's largest anthropogenic oil spill.

The joint venture between Lamor and Khalid Ali Al-Kharafi & Bros. Co. is responsible for the planning and implementation of soil remediation in two individual areas. The work includes developing the optimal solution, constructing treatment facilities, and treating and restoring soil.

The projects started in 2021 and the remediation itself in early 2023. The treatment technologies consist of both biological cleanup, i.e. bioremediation, of less contaminated soil, and soil washing technology for the more contaminated material. In 2023, both soil washing facilities were constructed and completed, and the northern facility became fully operational. The southern unit is in commission phase.

In Kuwait, the UN funds the clean-up of a 114 square kilometer area with about 26 million cubic meters of oil-contaminated soil. Lamor's solutions cleaned 1.5 million tonnes of soil in the reporting year. This equals to approximately 33,300 truckloads.

Environmental impact

- When oil is cleaned from the soil, hydrocarbons no longer evaporate to air or threaten the soil or the groundwater.
- Cleaning the soil increases the land area that can be safely used.
- The remediated soil is restored, and the flora and fauna can return.

> During the nine months of bioremediation in 2023, Lamor has successfully cleaned more than 1.5 million tonnes of soil, exceeding the targets set for the year.

Manel Fernandez, Project Director, Lamor

> Ultrafiltration containers were easily deployed, and our end-customer in Brazil was very pleased with the quality of water they produce. They are happy to distribute very clean water to the network.
>
> Ville Välimäki, Technical Director, Lamor

WATER CONTAINERS

Clean drinking water even in challenging places

Climate change is causing extreme weather phenomena and erosion around the world, which makes access to clean water even more difficult in many areas. As a solution, Lamor developed an ultrafiltration system built into a sea container, which effectively removes impurities from water. The system is easily relocated and commissioned.

There is a great need for clean water produced by containers, for example in remote areas of Brazil. Brazil is the fifth largest country in the world, both in terms of area and population. Although 80 percent of the population lives in cities, millions of people lack proper water supply.

In December 2023, two ultrafiltration containers were installed on the outskirts of Rio de Janeiro in Mangaratiba, where people have until now used highly chlorinated raw water from the highlands and rivers.

In the containers, the water first passes through pre-filtration, goes to the main process, which is ultrafiltration, and finally it is disinfected by the customer's chosen method. The containers produce 360,000 liters of high-quality potable water per hour, which has been cleaned of raw water solids, fungi, molds, protozoa, bacteria and viruses. The water suffices for the needs of almost 60,000 people.

Ultrafiltration containers are multipurpose. Moreover, in areas lacking water utility services, they can serve as supplementary capacity for water treatment plants or function as alternative cleaning solutions during maintenance shutdowns.

In total, seven ultrafilter containers were delivered to Brazil in 2023. Three of these units will be installed adjacent to the water treatment plant to enhance its capacity. They generate additional clean water when the utility's own capacity is inadequate.

Environmental impact

- People have access to safe, clean water, which improves the quality of life and reduces the risk of serious diseases spread by contaminated water.
- Less chlorine, which is harmful to health, is needed, so that it does not end up on people or animals using water.
- Less corrosion is caused to the water supply network, when sediment and high chlorine content no longer burden it.

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We take pride in our good cooperation with EMSA. We have worked for 20 years together to protect the seas, taking advantage of Lamor's capabilities in the development of oil spill response.

Mathias Lindroos, Director, Environmental Protection Technology, Lamor

CASE EMSA

Cooperation to protect European seas

Lamor has a longstanding relationship with the European Maritime Safety Agency (EMSA), having successfully won calls for tenders dating back to the Agency's establishment. In 2023, Lamor won a contract to operate EMSA's Equipment Assistance Service (EAS) stockpile in the Netherlands. The operation of this North Sea base transfers to Lamor in January 2024.

The Equipment Assistance Service (EAS) consists of stand-alone oil pollution response equipment stockpiles in selected areas around Europe. This service complements the response capacity available through EMSA's network of oil spill response vessels. The EAS equipment is on stand-by, ready to be mobilised around-the-clock anywhere in European waters and shared sea basins. EMSA has a total of five equipment assistance service stockpiles around the coastlines of Europe.

Following a request for assistance, the maximum mobilisation time required is 12 hours. In addition to the equipment, the requesting party can also hire technical support personnel to assist with the equipment familiarisation.

The operation of the Northern Baltic Sea base was also extended from the beginning of 2023. Having successfully won the call for tender twice, Lamor has been responsible for the operation of the base since 2019. The depot is located in Porvoo, near Lamor's assembly and storage hall.

EMSA is an EU organization whose purpose is to ensure a high, uniform and effective level of maritime safety, maritime security, prevention of, and response to, pollution caused by ships as well as response to marine pollution caused by oil and gas installations.

For more than two decades, Lamor has successfully won calls for tender to equip EMSA standby vessels with oil spill response equipment, helping create contingency plans and standards, and participating in prevention work.

In addition to EMSA, Lamor has directly cooperated with all Baltic Sea states to increase their oil spill response capabilities.

Environmental impact

- Europe's seas, coastlines and nature are as well protected as possible against potential impacts of environmental incidents.
- As EMSA's contractor, Lamor provides quick response, understanding of the spread mechanisms of oil spills and strong response experience helping to plan the right measures and minimising harmful impacts.

PORT WASTE SOLUTION

A waste management solution to Mongla port in Bangladesh to protect the sea

Lamor helps Mongla port in Bangladesh to comply with international requirements for management of waste that originates from vessels. The agreement was signed in the latter half of 2022. Many of its deliveries started in 2023 and will be completed in 2024. Over the course of the year, representatives of Mongla port visited various of Lamor's manufacturing locations, to monitor the completion of orders.

During voyages, vessels produce a variety of waste and garbage, bilge water and waste from engine rooms or cargo tanks, which may contain petroleum products and oil. The MARPOL Convention, which combats marine pollution, stipulates that all ports must have appropriate equipment for treating waste, so that it does not end up in the sea.

Since joining the MARPOL Convention, Bangladesh started to equip its ports with appropriate solutions for collecting, receiving and treatment of waste, as required by the convention.

Lamor will provide Mongla port with a waste treatment solution that will process all waste from the vessels. Different types of waste are collected and treated appropriately in a multi-step process with systems specifically designed for the purpose. Oily waste is separately processed in equipment that is specialised in separation of emulsion, water, and sediment.

The first stage included oil spill response vessels and containerised systems ready for rapid response. In phase two, we will deliver and install Bangladesh's first-ever port reception facility to handle and process various waste from vessels. The third delivery includes a technically advanced, 24-metre-long MARPOL collection vessel.

Environmental impact

- Specifically designed vessels and the port reception facility will minimise the environmental impact of maritime transport and the port operations.
- Wastewater treatment in a two-stage bioreactor ensures the proper purity of the water discharged into the river and enables its use in industry.
- Solid waste that cannot be recycled locally will be incinerated alongside waste from other treatment units within the port reception facility to minimize environmental impact.

> Mongla is the first port in Bangladesh to invest in the latest European PRF technologies and a specialised MARPOL collection vessel. This will have a tremendous impact on protecting the local environment.

Stephen Reilly, VP, Global Business, Lamor

Towards a sustainable future.

02

SUSTAINABILITY REPORT

A cleaner tomorrow for generations to come

A cleaner tomorrow for generations to come

There is an ever-growing concern about the state of the environment. That's why the transformative journey we support towards a cleaner tomorrow is increasingly crucial. It is our responsibility to develop the best solutions to clean the world and prevent further pollution — and turn these solutions into reality. To fulfill our mission of cleaning the world, we aim to be our customers' number one partner on the journey towards a cleaner tomorrow.

Sustainability is at the core of Lamor's strategy. Our goal is to enhance positive environmental impacts through our solutions for environmental protection, soil remediation, restoration, and material recycling. The solutions we develop support us, our customers, and partners in promoting a circular economy, sustainable use of scarce natural resources, and biodiversity conservation. Our sustainable business thrives on strategic collaboration with customers and partners, coupled with continuous innovation.

One of our most significant environmental protection projects in 2023 focused on safeguarding the Red Sea through our oil spill response preparedness services. In Kuwait, we were cleaning up soil to restore life to the oil-polluted areas. Additionally, we started deliveries of a port reception facility for marine waste and multi-functional vessels with oil spill response technology to Bangladesh. Furthermore, we supplied a large number of oil spill response equipment worldwide, ensuring readiness to protect nature in the event of an incident.

The year 2023 was particularly significant for us in terms of advancing sustainable solutions for the future. We started concretely our project to construct a chemical recycling facility for plastic in Kilpilahti, Porvoo area, Finland. Through this initiative, we aim to promote material recycling and reduce reliance on fossil raw materials. Our goal is to complete the first facility with a 10,000-tonne capacity by 2024. Next, we will lay the groundwork for expanding our capacity in Finland and explore opportunities in strategic regions such as the Middle East and South America.

Pioneering requires — in addition to capabilities and courage — financing. To facilitate growth, we established a green finance framework. For our private investors, the use of green finance serves as proof of our sustainable business models and our desire to support the green transition. In 2023, we issued a 25-million-euro green bond based on this framework. With the proceeds, we particularly funded our projects in chemical recycling of plastic and soil remediation in Kuwait in 2023.

In addition to the environment, our sustainability efforts strongly prioritize endorsing human rights and preventing corruption. Some countries where we operate present certain risks related to these issues. Nevertheless, it is important for us to promote people's well-being in terms of human rights, beyond merely ensuring a clean environment. We consistently work to improve these topics, and our efforts have achieved remarkable results in 2023.

We are never ready when it comes to sustainability. We are still searching for ways to do things more efficiently to increase our positive impact and decrease the negative impacts. Only by acting and solving issues together can we reach our target of a cleaner tomorrow – and we are proceeding towards that target determinedly.

It is our responsibility to develop the best solutions to clean the world and prevent further pollution.

GENERAL DISCLOSURES

1. Basis for preparation

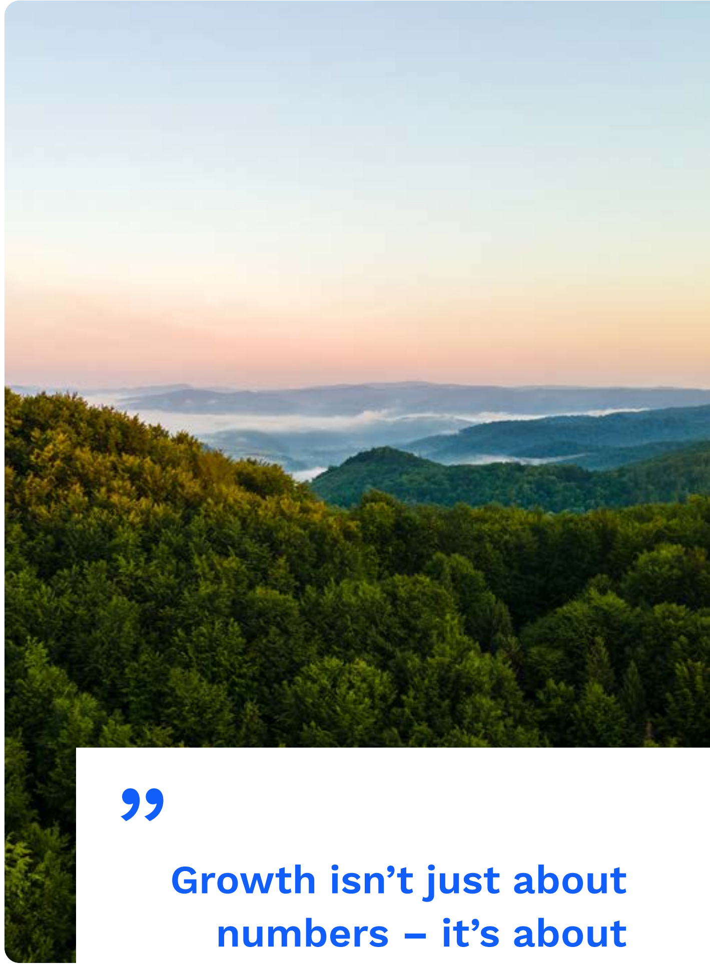
Lamor reports its sustainable development annually as part of its annual report. In addition, Lamor highlights sustainable development in its quarterly reporting. This is the second year Lamor is following GRI (Global Reporting Initiative) standard for annual sustainability results. At the same time, we are looking forward and have taken steps to adjust our reporting to the new EU regulation, CSRD and ESRS.

Lamor was listed on the Nasdaq Helsinki main market in November 2023 and thus the non-financial reporting directive (NFRD) is also applicable for Lamor for the first time for the period ending 31 December 2023. The non-financial information is presented in this report. Also the EU taxonomy is applicable for Lamor and we are reporting taxonomy eligibility of revenue, CapEx and OpEx, as well as CapEx plan for taxonomy aligned activities for 2023.

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 companies included in the sustainability reporting are listed in the financial statements for 2023, section 1.1 General information.

The reported figures are included in the sustainability reporting in full for the subsidiaries. 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.



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Growth isn't just about numbers – it's about how we grow.

Downstream value chain - Customers

Lamor's downstream value chain includes both public and private sector customers. Lamor always strives to find the best possible solution to the customer's environmental problems, both in terms of sustainability and cost-effectiveness.

The private sector customers represent a diverse customer group including, among others, industrial companies, oil sector, port operators and shipyards. Correspondingly, the public sector customers also represent a diverse customer group including, among others, cross-border and regional governmental organisations, local authorities and coast guards.

Lamor's global sales channels and network include both a direct sale to the end-customer, and indirect sales via sales agents and distributors. The different Lamor Group entities and the versatile partner network also provide for a local customer service.

To ensure that the customers' needs and expectations are met, and to build a basis for long-term customer relationships and recurring business and long-term positive impacts, we collect customers' feedback on project deliveries, products, service, and operations, and act upon the feedback.

Upstream value chain - Partners and sub-contractors

Lamor's approach in the provision of environmental solutions and services is to be "globally local". Lamor's global partner network includes companies, who have shared brands with Lamor, companies partially owned by Lamor, Lamor-based spin-off companies, companies with technologies integrated into Lamor's solutions and companies providing services which are integrated into Lamor's services.

In addition to its own personnel and personnel of the companies included in the partner network, Lamor uses subcontractors in the execution of its projects for producing components and subassemblies used in its business.

While agreements between Lamor and its subcontractors are mainly project specific and therefore the number of subcontractors and their geographic locations varies depending on the projects which Lamor has ongoing at a certain point of time, Lamor also has long-term subcontracting relationships with certain subcontractors it uses frequently.

Improvements and restatement of information

In 2023, sustainability team has increased its co-operation with the finance department to make sure our GHG emissions inventory is synchronised with our financial reporting. As a result of this co-operation Lamor has made some changes in its GHG measurement methodologies and will restate some of its 2022 reported GHG emissions. All applicable restatements are disclosed under relevant GHG Scope of this report. Lamor will continue to improve the reliability of its sustainability data in 2024.

With reliable data we have also best possibilities to increase our positive and decrease our negative impacts in the coming years.

Third-party review of the report

This report has been reviewed by an external party with limited assurance and covers the scope that has been determined in the assurance report. The assurance has been prepared in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 Revised') and the scope determined for this work. The report has been attached to this sustainability report.

The assurance has been provided by Ernst & Young Oy who are independend from Lamor. They are also the auditor of Lamor.

How to read this report

This sustainability report covers Lamor's material impacts, risks and opportunities related to the environment, society, and governance. Even though this report does not apply the new European Sustainability Reporting Standard (ESRS), the initial double materiality assessment prepared by Lamor is already impacting our reporting for 2023.

Lamor's material topics have been defined following ESRS double materiality assessment which covers Lamor's upstream and downstream value chain. Lamor's double materiality assessment is performed based on the sustainability matters covered by ESRS.

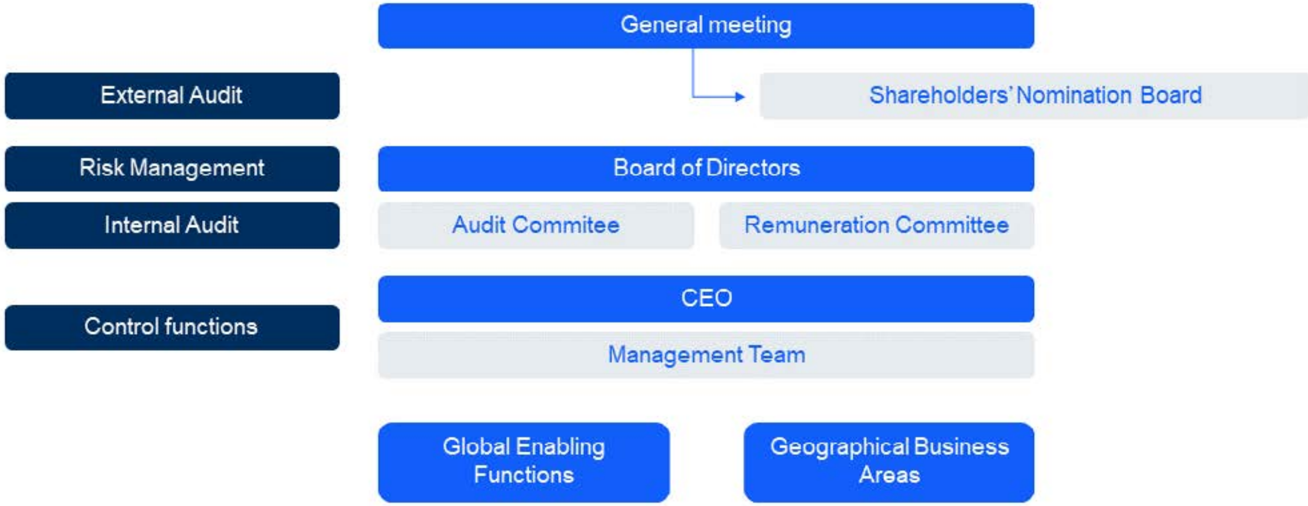
A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term.

A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking.

When Lamor has defined a sustainability matter to be material based on its materiality assessment the information related to that specific sustainability matter is disclosed under relevant section of the report.

GENERAL DISCLOSURES

2. Decision making and governance



Lamor's strategy, sustainability goals and targets as well as the material topics are taken annually to the Board of Directors for approval. The CEO, together with the Management Team, are responsible for executing their implementation and follow-up and reporting on the progress.

The material topics for 2023 have been defined following the ESRS double materiality principles and they are also in compliance with the GRI requirements.

The Chief Strategy Officer, who is part of the Management Team, leads the sustainability work including impacts, risks and opportunities, working together with the Sustainability Manager. The sustainability work is supported by a team of sales, R&D, offering, sourcing, logistics, project execution, finance, compliance, and HR functions.

The Management Team reports on the efforts taken and the targets achieved for the Board of Directors and the Audit Committee regularly. The outcomes are reported for the external stakeholders annually as part of the annual reporting. Progress is followed regularly, and sustainability reporting is an integral part of Lamor's activities.

The impacts Lamor is creating on the economy, environment, and society are managed by the Chief Strategy 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 reported KPIs.

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. Starting from 2023, Lamor is also involving local finance and operational departments in data collection, especially regarding environmental and social data points, and thus they are getting a better understanding of Lamor's environmental and social risks and opportunities.

The sustainability data is analysed and reviewed by the sustainability team. The results are reported to 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 sustainability reporting with a scope defined in their report.

In 2023, Lamor was part of Nasdaq Green Equity Designation program which promotes green transition. S&P Shades of Green categorises Lamor's revenue and investments as green, yellow or red following their own shading methodology. The report prepared by S&P Shades of Green is published annually on Lamor's and Nasdaq's webpage.

Governance processes, controls and procedures in monitoring, managing and overseeing impacts, risks and opportunities

The objective of Lamor's risk management is to support the strategy and the achievement of targets by anticipating potential business threats and opportunities and responding to them. Risk management covers all areas of the organization including the strategic, financial, and operational risks, taking into consideration project-specific risk management processes.

The Board of Directors approves Lamor's risk management principles and certain risk management policies and practices and supervises their implementation.

The CFO is responsible for coordinating the annual risk assessment process, and the results of the assessment are handled by the Board's Audit Committee as well as brought to the attention of the entire Board of Directors.

Internal control is a critical part of Lamor's risk management, and Lamor's internal control operating models are aligned with the risk management processes. Lamor's control environment consists of a set of policies, standards, processes, procedures and structures that provide the basis for carrying out internal control across the whole organization.

Further, control activities are the actions established through policies and procedures that help ensure that management's actions mitigate risks. The identified sustainability related risks, their impact and severity, are described in more detail in section 4. Impact, risk and opportunity management.

The CEO is responsible for the implementation of internal control, and the effectiveness of Lamor's control framework and control activities is regularly reviewed by the executive management. In 2023, also a separate Internal Audit function was established to support the monitoring and development of Lamor's control environment. In addition to the regular assessments in accordance with the annual action plans, the Audit Committee and the Board of Directors may also decide on additional assessments in case of identified significant risks facing the company.

Governance of Lamor's Green Financing

In 2023, Lamor issued its first secured green notes which support Lamor in the company's objectives to protect biodiversity, increase material recycling and combat climate change. The Green Finance Framework adopted by Lamor in 2023 defines the eligibility of the projects and the governance model for the allocated green funds.

S&P Shades of Green has rated our Green Finance Framework CICERO Medium Green.

Lamor's sustainability targets are integrated in the company's remuneration in a form of the annually set incentive plan performance metrics.

Competencies, performance assessment and remuneration related to the sustainable development

In addition to the sustainability-linked officers and personnel, the Management Team and the Members of the Lamor Board of Directors – individually and collectively – are expected to advance their collective knowledge, skills, and experience on sustainable development to advance meeting of Lamor's sustainability goals. The composition, roles, competencies, diversity, assessment and nomination of the Board of Directors and the composition and roles of the Management Team are described in Lamor's Corporate Governance Statement.

Lamor's sustainability targets are integrated in the company's remuneration in a form of the annually set incentive plan performance metrics. In 2023, the main sustainability targets covered human rights, anti-corruption and personnel satisfaction related KPI's.

The performance monitoring and the performance evaluations are conducted by supervisors in accordance with Lamor's HR policies and procedures. In connection with the annual performance evaluations, assessment of each employee's performance is conducted against the set KPIs. In case of the CEO, the performance monitoring and assessment is conducted by the Board of Directors and the Board's Remuneration Committee. In 2023, the Board of Directors carried out its annual performance evaluation in the form of an internal self-evaluation.

Lamor's Remuneration Policy as well as the basis and outcomes of Lamor's remuneration in 2023 are described in more detail in the company's Remuneration Report.

Global partner network as a growth accelerator

Lamor's globally local partner network is one of the cornerstones of the strategy. Lamor can deliver the best know-how and technologies to the customers together with its partners. Working with local partners enables efficient scalability and compatibility for Lamor. This way of working enables a successful transition from project deliveries to ongoing local business operations and creates significant added value for the customer and partner network.

Compliance with legal and ethical standards is ensured through the Business Partner Code of Conduct, covering aspects such as labor and human rights, safety, and health. Lamor expects all its business partners, including distributors, wholesalers, resellers, agents, suppliers, and affiliates, to adhere to these standards.

GENERAL DISCLOSURES

3. Strategy

We believe that the global environmental challenges of one are the challenges of us all.

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 a hundred 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.

Sustainability is in the core of Lamor's strategy

Lamor focuses on investing in sustainable solutions, enhancing our integrated approach, and expanding our capabilities in environmental protection, remediation, and recycling. All of these strategic focus areas promote also our sustainable development.

Our strategic goals are ambitious: to be the number one partner in selected countries, expand into new strategic countries and win significant environmental projects, and to build a chemical recycling portfolio for plastics. Growth isn't, however, just about numbers – it's about how we grow. We aim to enhance our globally local operating model, delivering efficient and effective results.

Positive impact through cooperation

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.

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.

Our collaborative business model generates significant positive impact for both the Earth and society. Our solutions contribute to preserving biodiversity, fostering a healthier environment and efficiently utilizing resources, thereby conserving virgin raw materials. Additionally, we provide education on environmental protection and response worldwide, fostering a positive societal impact.

We want to demonstrate how business can be successful by being globally local and collaboratively impactful. Our journey is more than chasing success – it's about setting new industry standards and redefining the relationship between business and planet.

Diversifying and developing our offering

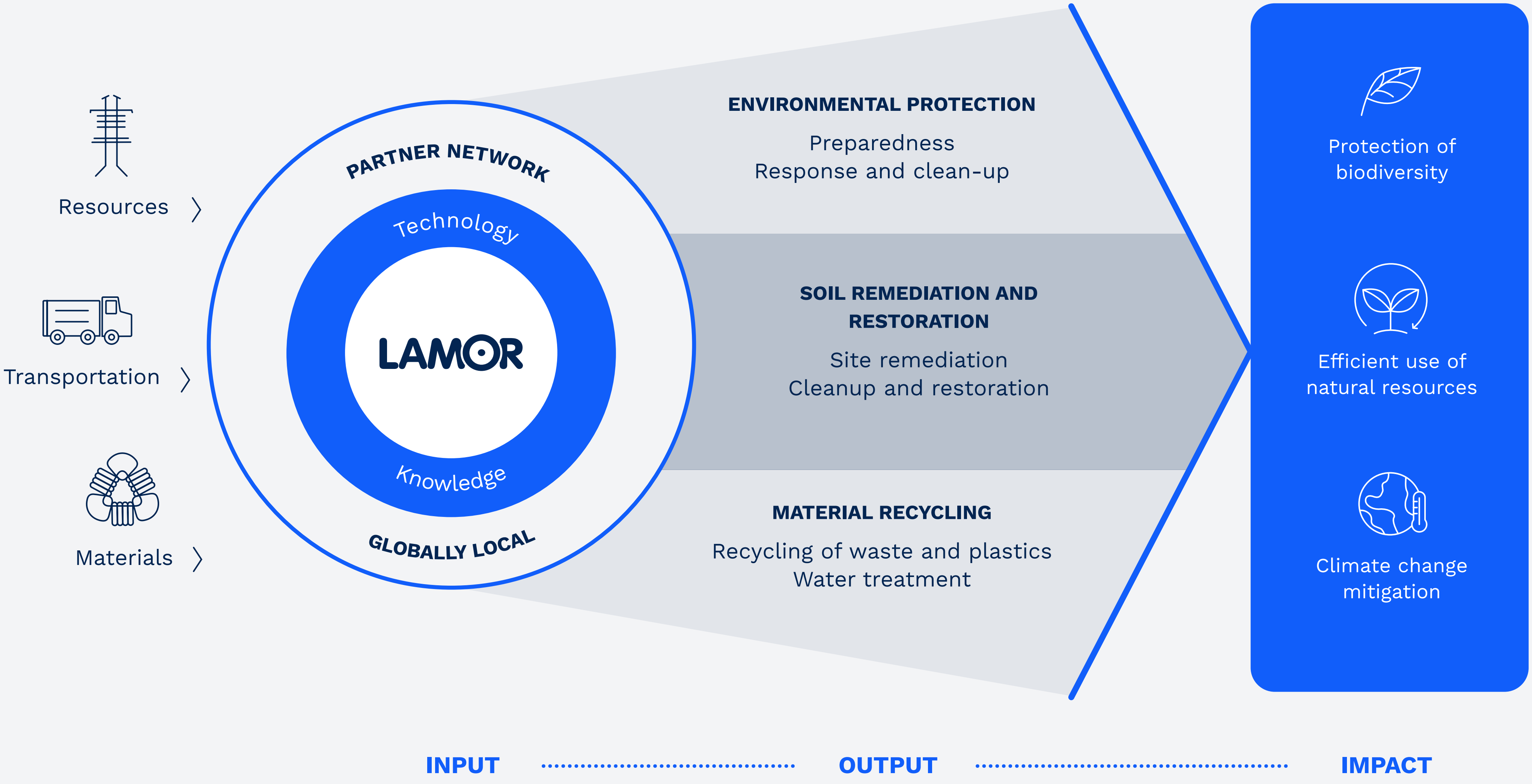
We recognise that since our environmental protection solutions are relating to oil spill mitigation and clean-up, there are transition risks when the world is moving away from fossil fuels. To avoid this risk to materialise, we have developed further for instance our soil remediation and restoration capabilities.

Clean soil is a necessity for biodiversity, healthy people and the ability to produce food and it is also mitigating climate change. The amount of polluted soil areas is significant and the increased understanding of the negative effects of pollution is also increasing our business opportunities.

In addition, Lamor is entering into a new business area – chemical recycling of plastics. With this initiative, we want to be supporting transfer away from fossil based raw materials enabling using recycled plastics more widely in the plastics production for instance in the food packaging. These solutions are heavily supporting the green transition and thus our core strategy is an integral part of our sustainability strategy.

At the same time, despite of the acknowledged transition, we believe that it is essential and important to continue protecting our environment from oil spills as long as oil is used as a raw material and thus environmental protection continues to be an integral part of our strategy.

Lamor's business model and value creation



GENERAL DISCLOSURES

EU Taxonomy disclosure

The EU Taxonomy serves as a classification system for environmentally sustainable economic activities, directing investments towards more sustainable practices. Lamor was listed on the Nasdaq Helsinki main market in November 2023 and meets the thresholds for disclosing information according to the Non-Financial Reporting Directive (NFRD).

Assessment on taxonomy-eligible turnover

In 2023, EU published the new Taxonomy activities for the four remaining environmental objectives. For these four environmental objectives Lamor is required to report Taxonomy-eligibility for 2023, and alignment is to be reported from 2024 onwards. Lamor has identified several business activities that fit the new environmental objectives, which will be screened for Taxonomy alignment during 2024.

Lamor's revenue amounted to a total of EUR 122.5 million in 2023 of which EUR 86.9 million (71%) was eligible (see note 2.1. of the Financial Statements).

In 2023 Lamor did not have taxonomy-eligible revenue related to the first two environmental objetives (climate change mitigation and adaptation).

Transition to a circular economy

Lamor has identified its rental oil spill response equipment activities as eligible for this environmental objective under EU activity 5.5. Product-as-a-service and other circular use- and result-oriented service models. Lamor manufactures its skimmers, booms, power packs and pumps in its value chain and provides customers with access to these products through service models. The ownership of equipment remains with Lamor and the product is leased/rented. The main components of Lamor's products are metals, plastics and rubber. Thus, Lamor will report its revenue from its rental business as eligible under the circular economy objective.

Another EU Taxonomy activity under this objective identified as relevant for Lamor is 2.3. Collection and transport of non-hazardous and hazardous waste. In 2023 Lamor initiated construction of a waste management facility, which will serve as reception facility for different kinds of waste generated on ships and vessels. The collected waste will be waste prepared for re-use and recycling. The revenue recognised from this project will be reported as eligible under the circular economy objective.

Pollution prevention and control

Lamor's main business activities are Taxonomy eligible under this environmental objective. Lamor has identified its environmental protection activities i.e. oil spill response and preparedness, as well as its remediation and restoration activities fitting the activity description of 2.4. Remediation of contaminated sites and areas.

In 2023 Lamor has made a significant progress in Kuwait soil remediation project where Lamor takes care of ex situ decontamination and remediation of soils of a contaminated industrial site. Lamor has recognised revenue from projects meeting this description also in other locations. In addition Lamor is taking care of in situ soil remediation in Latin America.

As regards the cleaning up of oil spills, Lamor has during 2023 participated in a spill response operation in Latin America where pollutants were cleaned up from land. In Lamor's ongoing oil spill response and preparedness project in Saudi Arabia, Lamor has been enabling and ensuring efficient oil spill response in the Red Sea area. In this project Lamor is continuously participating in other specialised pollution-control activities which increases the capabilities of local authorities to prevent future oil spill incidents.

Lamor will report revenue from its soil remediation and restoration as well as oil spill response activities as eligible under the pollution prevention and control objective. Lamor has chosen not to report revenue from deliveries of oil spill response equipment under this objective, since wholesale of machinery and equipment does not fit in the remediation of contaminated sites and areas activity description, even though Lamor considers its equipment playing a crucial role in pollution prevention and control.

Sustainable use and protection of water and marine resources

In 2023 Lamor provided water supply systems, intended for human consumption, to Latin America. Lamor manufactures and delivers containers for water collection, treatment and supply, but does not operate the system. The activity description for 2.1. Water supply is currently vague, and it is not clear if only delivering of such water supply equipment is to be classified as eligible and whether manufacturing of water supply containers can be considered as construction of water collection, treatment and supply systems. Lamor has chosen to provide water supply in the form of containers, to efficiently meet the local needs of water supply, which very often requires relocation of water supply systems. Lamor has considered its water activities meeting the activity description of 2.1. Water supply, since the company contributes to water supply for local communities. Thus, Lamor will report the revenue from this project as eligible under the environmental objective of sustainable use and protection of water and marine resources.

Assessment on taxonomy-eligible CapEx

Lamor reports its CapEx related to its rental equipment business (downstream lease) as Taxonomy eligible CapEx under EU activity 5.5. Product-as-a-service and other circular use- and result-oriented service models. Lamor also reports CapEx related to leased equipment used in Lamor's own operations (upstream lease), as Taxonomy eligible under EU activity 2.4. Remediation of contaminated sites and areas.

In 2023 Lamor reports eligible revenue related to CapEx from activities 5.5 and 2.4. Lamor is not reporting Taxonomy alignment for environmental objectives published in 2023.

Lamor's CapEx amounted to a total of EUR 11 million in 2023 of which EUR 6.5 million (59%) was eligible and EUR 2.6 million (23%) was Taxonomy aligned. (see note 3.4.-3.6. of the Financial Statements).

Assessment on taxonomy-eligible OpEx

Lamor reports OpEx from research and development, short-term lease, maintenance and repair of equipment related to the soil remediation projects as taxonomy-eligibile OpEx, since Lamor is not reporting Taxonomy alignment for environmental objectives published in 2023. Currently OpEx of Taxonomy-non-eligible activities include short-term lease expenses. Lamor will continue the assessment of Taxonomy-non-eligible OpEx in 2024.

Assessment on taxonomy-aligned CapEx

Lamor strives to be the best partner for a climate resilient and sustainable future. It is our responsibility to develop the best solutions to clean the world and prevent further pollution. This is why Lamor is continuously working on diversifying and developing its offering and has entered a new business - chemical recycling of plastics. With this activity, Lamor wants to support the transfer away from fossil-based raw materials and enabling use of recycled plastics in production.

CapEx plan

From EU Taxonomy perspective, the economic activity 3.17. The manufacture of plastics in primary form was found to be best suited for Lamor's chemical plastic recycling business. This economic activity is regarded to make a substantial contribution to climate change mitigation objective. Since Lamor has not recognised any revenue from this activity, Lamor reports its CapEx related to this activity as a CapEx plan. This plan aims to expand Lamor's Taxonomy-aligned economic activities ('CapEx plan') as referred to in Category B. The construction of the chemical plastic recycling facility is planned to be finalised during 2024 and the recycling process has not yet started.

In 2023 Lamor has reported its capital expenditure associated with this Taxonomy-aligned economic activity, consisting of tangible assets (EUR 3.5 million), intangible assets (EUR 1.5 million) and right-of-used assets (EUR 1.5 million).

Technical screening (substantial contribution and do no significant harm criteria)

Lamor has reviewed the technical screening criteria for economic activity 3.17. and assessed Lamor's business activity to be aligned. In its future process of chemical recycling Lamor intends to meet the substantial contribution criteria by manufacturing plastic in its primary form by chemical recycling of plastic waste, when mechanical recycling has been assessed not to be technically feasible or economically viable. One of the financiers of the project is the Finnish Climate Fund. When assessing whether the project meets the financing criteria of the fund, Lamor's alignment was reviewed by screening both Lamor's substantial contribution criteria and do no significant harm criteria (DNSH). Further a third party was involved in the life cycle assessment conducted for this business activity.

The majority of emission reduction arises from avoiding the incineration of waste plastic in district heating production. This assumes that plastic is replaced with lower-emission alternatives in district heating production. Practically, the remaining portion of emission reduction comes from avoiding upstream emissions in the production of virgin oil. According to the current plan, the company's liquefied plastic would be sent to petrochemical refineries, replacing virgin raw materials in production of plastics.

The majority of operational emissions originate from the combustion of pyrolysis gas produced as a byproduct, which is used to generate electricity and heat for the process. The emissions from Lamor's operations also account for electricity consumption and emissions from logistics. The developed process of Lamor's chemical recycling of plastics will enable emission reduction in comparison to use of virgin raw materials. The initial emission reduction potential per tonne of processed waste was estimated to be approximately 1.8 tonnes of CO_2e.

The accuracy of emission reduction potential will improve as the project proceeds and the final Taxonomy alignment of this activity depends on the processes implemented by Lamor or its downstream partners.

Taxonomy abbreviations: Y = Yes, Taxonomy-eligible and Taxonomy-aligned, N = No, Taxonomy-eligible but not Taxonomy-aligned, N/EL = Taxonomy non-eligible, EL = Taxonomy eligible.

Turnover

Financial year N		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		KEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Water supply	WTR 2.1.	2 013	2%	N/EL	N/EL	**EL**	N/EL	N/EL	N/EL								N/A		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5.	3 608	3%	N/EL	N/EL	N/EL	N/EL	**EL**	N/EL								N/A		
Collection and transport of non-hazardous and hazardous waste	CE 2.3.	5 947	5%	N/EL	N/EL	N/EL	N/EL	**EL**	N/EL								N/A		
Remediation of contaminated sites and areas	PPC 2.4.	75 341	61%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								N/A		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		86 909	71%	0%	0%	2%	61%	8%	0%								N/A		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		86 909	71%	0%	0%	2%	61%	8%	0%								N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		35 612	29%																
TOTAL		122 521	100%																

For environmental objectives published in 2023, Lamor is required to report Taxonomy-eligibility for 2023, and alignment is to be reported from 2024 onwards. In 2023 Lamor did not have taxonomy-eligible revenue related to the first two environmental objetives (climate change mitigation and adaptation).

CapEx

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm') (h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		KEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of plastics in primary form	CCM 3.17.	6 477	59%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	N/A		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		6 477	59%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	N/A		
Of which Enabling		0	0%														N/A	E	
Of which Transitional		6 477	59%	Y						Y	Y	Y	Y	Y	Y	Y	N/A		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5.	1 145	10%	N/EL	N/EL	N/EL	N/EL	**EL**	N/EL								N/A		
Remediation of contaminated sites and areas	PPC 2.4.	1 407	13%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2 553	23%	0%	0%	0%	13%	10%	0%								N/A		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		9 030	82%	59%	0%	0%	13%	10%	0%								N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		1 988	18%																
TOTAL		11 018	**100%**																

For environmental objectives published in 2023, Lamor is required to report Taxonomy-eligibility for 2023, and alignment is to be reported from 2024 onwards.

OpEx

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		KEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Remediation of contaminated sites and areas	PPC 2.4.	13 109	97%	N/EL	N/EL	N/EL	**EL**	N/EL	N/EL								N/A		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		13 109	97%	0%	0%	0%	97%	0%	0%								N/A		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		13 109	97%	0%	0%	0%	97%	0%	0%								N/A		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		411	3%																
TOTAL		13 520	**100%**																

For environmental objectives published in 2023, Lamor is required to report Taxonomy-eligibility for 2023, and alignment is to be reported from 2024 onwards. In 2023 Lamor did not have taxonomy-eligible OpEx related to the first two environmental objetives (climate change mitigation and adaptation).

GENERAL DISCLOSURES

4. Impact, risk and opportunity management

Process to identify and assess material impacts, risks and opportunities

Lamor assesses its materiality on a regular basis. In 2022 Lamor identified following topics to be material for the company:

1: Enabling environmental protection

2: Efficient material recycling

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

4: Social sustainability as part of Lamor's culture

5: Financial value creation

To align these topics with the new CSRD and ESRS requirements, Lamor re-assessed the material topics in 2023. The Upright Project's (Upright) wide scientific data supported the assessment of Lamor's double materiality.

Description of the applied double materiality methodology

The Upright Project has made the assessment based on data and information provided by Lamor and several interviews have been conducted to make sure all the relevant information has been available when defining the double materiality of Lamor.

Impact materiality

The Upright data engine evaluates impact materiality at both the product and company levels, giving priority to the product level. Materiality triggers determine if a topic is significant for either a product or the company. If these triggers are activated, the topic is deemed material either for the product or the company.

Materiality can be triggered among others by significant portion of revenue (e.g., more than 5%) coming from products related to a specific topic, business activities in a specific country, EU taxonomy and UN SDG metrics, as well as other specific data points.

Upright has developed its data engine based on CSRD regulation and the triggering criteria have been constructed taking into account the likelihood, scale, scope, and irremediable character of the (potential) impact. It also incorporates all parts of the value chain and relevant time horizons as defined in the ESRS.

Financial materiality

Financial materiality is assessed in terms of risks and opportunities. Financial materiality for a topic is triggered when risks or opportunities related to a given topic are deemed sufficiently significant.

Financial materiality is determined by assessing risks and opportunities associated with a particular topic. Two categories define these risks and opportunities:

- Impact-driven risks/opportunities arise from a company's material impact, such as negative effects on biodiversity leading to potential reduced demand due to increased consumer awareness.
- Dependency-driven risks/opportunities are linked to a company's reliance on natural, human, or social resources, like a headquarters located in a flood-prone area due to climate change.

Within Upright's data engine, impact-driven factors are recognized through patterns that link impacts to risks and opportunities. In contrast, dependency-driven factors are identified through specific triggers at either the product or company level.

Identified material impacts, risks and opportunities

On the following pages we present Lamor's material impacts, risk and opportunities identified in Lamor's value chain. These topics are also separately disclosed under each relevant section of the report.

Material impacts, risks and opportunities

ESRS topic	Impact materiality	Financial materiality	Actual/potential impact
Environment / Climate change / Climate change mitigation	Material	Material	Actual impact
Environment / Climate change / Energy	Material	Material	Actual impact
Environment / Pollution / Pollution of air	Material	Material	Actual impact
Environment / Pollution / Pollution of water	Material	Material	Both actual and potential impacts
Environment / Pollution / Pollution of soil	Material	Material	Both actual and potential impacts
Environment / Pollution / Pollution of living organisms and food resources	Material	Material	Both actual and potential impacts
Environment / Pollution / Substances of concern	Material	Material	Potential impact
Environment / Pollution / Substances of very high concern	Material	Material	Potential impact
Environment / Water and marine resources / Water / Water withdrawals	Material	Material	Actual impact
Environment / Water and marine resources / Water / Water consumption	Material	Material	Actual impact
Environment / Water and marine resources / Water / Water discharges	Material	Not material	Actual impact
Environment / Water and marine resources / Water / Water discharges in the oceans	Material	Not material	Actual impact
Environment / Biodiversity / Direct impact drivers of biodiversity loss / Climate change	Material	Material	Actual impact
Environment / Biodiversity / Direct impact drivers of biodiversity loss / Land-use change, fresh water-use change and sea-use change	Material	Material	Potential impact
Environment / Biodiversity / Direct impact drivers of biodiversity loss / Pollution	Material	Material	Both actual and potential impacts
Environment / Biodiversity / Impact on the state of species	Material	Material	Potential impact
Environment / Biodiversity / Impacts on the extent and condition of ecosystems	Material	Material	Potential impact
Environment / Biodiversity / Impacts and dependencies on ecosystem services	Material	Material	Potential impact
Environment / Circular economy / Resources inflows, including resource use	Material	Material	Actual impact
Environment / Circular economy / Resource outflows related to products and services	Material	Material	Actual impact
Environment / Circular economy / Waste	Material	Material	Actual impact
Society / Own workforce / Working conditions / Health and safety	Material	Material	Actual impact
Society / Own workforce / Equal treatment and opportunity for all / Gender equality and equal pay for work of equal value	Material	Not material	Potential impact
Society / Own workforce / Equal treatment and opportunity for all / Measures against violence and harassment in the workplace	Material	Not material	Potential impact
Society / Own workforce / Equal treatment and opportunity for all / Diversity	Material	Material	Actual impact
Society / Workers in the value chain / Working conditions / Secure employment	Material	Material	Potential impact

ESRS topic	Impact materiality	Financial materiality	Actual/potential impact
Society / Workers in the value chain / Working conditions / Working time	Material	Material	Potential impact
Society / Workers in the value chain / Working conditions / Adequate wages	Material	Material	Potential impact
Society / Workers in the value chain / Working conditions / Health and safety	Material	Material	Potential impact
Society / Affected communities / Communities' economic, social and cultural rights / Adequate food	Material	Material	Potential impact
Society / Affected communities / Communities' economic, social and cultural rights / Water and sanitation	Material	Material	Actual impact
Society / Affected communities / Communities' economic, social and cultural rights / Land-related impacts	Material	Material	Actual impact
Society / Affected communities / Communities' economic, social and cultural rights / Security-related impacts	Material	Material	Actual impact
Governance / Business conduct / Corruption and bribery	Material	Material	Potential impact
Other topics			
Knowledge / Creating knowledge	Material	Material	Actual impact
Health / Physical diseases	Material	Material	Actual impact

Policies adopted to manage material sustainability matters

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.

Internationally recognised human rights as declared in the UN Universal Declaration of Human Rights are the cornerstone of Lamor's social sustainability and are covered by our codes of conduct.

Lamor's codes of conduct are publicly available on the company's website.

Embedding policy commitments

Lamor employees receive annual training on the company's codes 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 which are expected to comply with Lamor's codes of conduct and to adhere to the same level of ethical standards in all their business activities including but not limited to Respect for Labor and Human Rights.

Additionally, Lamor has a Business Partner Screening Procedure that requires conducting certain transparent and well-documented, risk-based due diligence and approval actions related to evaluating and selecting business partners and further managing, monitoring and renewing the engagement of such partner(s).

Health, Safety, Security, Environment and Quality (HSSEQ) management system

Lamor is an ISO 9001 (Quality), 14001 (Environment) and 45001 (health and safety) certified company. Lamor has developed and implemented policies and procedures through an Integrated Management System (IMS) to ensure that it follows the highest standards regarding health and safety, security, environment and quality in its operations. The IMS covers all Lamor activities and locations where Lamor operates.

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.

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.

Actions and resources in relation to material sustainability matters

Lamor has an annual risk assessment process in place to identify different kinds of risks associated with Lamor and Lamor's business operations. The severity, estimated monetary impact and duration of each of the identified risks is being assessed. The annual risk assessment process also includes identification and planning of different actions to mitigate these identified risks, be they strategic, financial, operational or ESG related.

Lamor has recently introduced an internal location-based risk assessment procedure. The purpose of this procedure is to make sure that Lamor is aware of different risks it faces in the countries or areas in which it operates and to plan how these risks are prevented, detected and mitigated on an on-going basis.

Lamor implements an annual schedule for the performance of management reviews, internal audits, safety audits and drills/exercises. The schedule is prepared at the end of each year for the actions of next year. The objective is to ensure the compliance of Lamor with the three ISO standards (9001, 14001 & 45001) and the implementation of the relevant Lamor procedures.

Mechanisms for seeking advice and raising concerns

It is the 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 be submitted by using Lamor's Whistleblowing channel for identifying misconduct. All reported matters are treated confidentially to the extent permitted by law.

Lamor's Whistleblowing channel can also be used as 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.

Metrics in relation to material sustainability matters

Lamor's Integrated Management System (IMS) defines relevant KPIs to evaluate Lamor's performance in health and safety, quality and environment. Lamor's Management Team reviews the performance of the company on a quarterly basis and supports the continual improvement of the system.

Sustainable development targets

Environmental	Value chain	Target	KPI	2023	Time horizon
Climate Change	Upstream, internal and downstream	Implement a transition plan for climate change mitigation	Taken actions during reporting period	Construction of facility for chemical recycling of plastics initiated	Long-term
		Reduce Lamor's GHG emission intensity	Total amount of GHG emissions (tonnes) / revenue (KEUR)	31% The soil remediation operations in Kuwait increased Lamor's intensity	Long-term
		Increase usage of renewable energy	% of Clean enery / Total energy consumed	1%	Medium-term
Pollution	Upstream, internal, downstream	Increase implementation of high environmental standards in operations	Number of completed environmental assessments / number of active operations	Applicable from 2024	Medium-term
		Decrease pollution by remediation and treatment of hazardous and non-hazardous waste	Metric tonnes of polluted soil and water treated	1.6 million metric tonnes of waste treated	Long-term
Water	Upstream, internal and downstream	Reduce consumption of freshwater resources	Quantity of freshwater consumed	Applicable from 2024	Medium-term
		Increase reuse and recycling of water in operations	% recycled the water / water used in operations	Applicable from 2024	Medium-term
Biodiversity and ecosystems	Upstream, internal and downstream	Increase positive impact on biodiversity by delivering environmental solutions	Amount of taxonomy-eligible / aligned revenue (EUR) % of taxonomy-eligible or aligned / total revenue	EUR 86 909 thousand (eligible) 71% (eligible)	Long-term
		Increase positive impacts on biodiversity by investmenting in green business activites	% of taxonomy eligible or aligned CapEx / total CapEx	59% (aligned) 23% (eligible)	Long-term
		Increase land and sea remediation projects	Areas cleaned up from pollution (m^2)	2 238 733 m^2	Long-term

Circular economy and resourse use	Upstream, internal and downstream	Reduce waste produced in own operations	% of waste going to landfill / quantity of waste generated	Applicable from 2024	Short-term
		Increase share of recycled materials used	% of recycled materials / total resourse inflow or use	No progress	Long-term
		Increase life time of equipment	% of rental equipment deals / total equipment deals % of equipment delivery projects having maintenance implemented	Applicable from 2024	Medium-term
		Increase amount of plastic waste diverted from disposal	Amount of plastic recycled in our operations	Applicable from 2024	Medium-term
Social	**Value chain**	**Target**	**KPI**	**2023**	**Time horizon**
Health and safety	Internal	Provide a safe, healthy and secure workplace for all employees with a target of zero high-consequence injuries	Rate of high-consequence injuries	0	Short-term
		Increase occupational health coverage	% of employees with occupational health coverage / total number of employees	Applicable from 2024	Medium-term
Working conditions	Internal	Improved employee experience, mid-term Lit-Index 85 (max. 100)	LIT Index, which is an average of the realisation of the most important things to the employee	77	Medium-term
Gender equality and diversity	Internal	Increase the rate of female representatives in supervisory roles	% of female representatives in the supervisory roles / total amount supervisory positions	Applicable from 2024	Long-term
		Increase equal treatment of genders	Equal pay for eaqul position	Applicable from 2024	Long-term
Human Rights / working condistions	Upstream, internal and downstream	Ensure possibility to report violations covering grievance/whistleblowing	Number of operations where training and information are provided regularly / total number of operations	Whistleblowing extended to cover external parties	Medium-term
		Ensure proper monitoring of respect for human rights	% of locations complying with location based risk assessment procedure % of locations performing human rights audit	Location based risk assessment procedure developed	Medium-term
Governance	**Value chain**	**Target**	**KPI**	**2023**	**Time horizon**
Business conduct	Internal	Ensure proper screening for anti-corruption	% of screened external parties / total amount of external parties per year	New procedure implemented, new partners screened for anti-corruption	Short-term

ENVIRONMENTAL DISCLOSURES

Pollution

Lamor reduces pollution which poses significant threats to biodiversity, leading to species extinction and adverse health effects, especially among vulnerable populations. Addressing existing pollution is crucial for environmental protection and improving overall environmental conditions.

Hazardous waste presents greater risks to both the environment and human health compared to non-hazardous waste. Therefore, the proper collection, treatment, and remediation of hazardous waste, as well as addressing abandoned or illegal waste sites, are essential for achieving a sustainable future.

Mitigation of negative impacts

Lamor's negative impacts on air, water, soil and living organisms are mainly caused by the production and use of our equipment that are sold and used in operations. Lamor is mitigating these impacts by increasing operational efficiency, providing effective technology, and selecting proper methodology and technology for execution.

Working with chemicals, such as handling oil and use of chemicals in operations triggers impacts on substances of concern and of very high concern. Lamor mitigates these impacts by paying very high attention to its health and safety management and procedures, which are presented in detail social disclosures section.

Lamor's material impacts related to pollution

Topic	Impact	Actual/potential	Time horizon	Value chains
Pollution of air	Both positive and negative	Actual impact	Medium-to-long-term	Upstream, internal and downstream
Pollution of water	Both positive and negative	Both actual and potential impacts	Short-to-long-term	Upstream, internal and downstream
Pollution of soil	Both positive and negative	Both actual and potential impacts	Short-to-medium-term	Upstream, internal and downstream
Pollution of living organisms and food resources	Both positive and negative	Both actual and potential impacts	Medium-term	Upstream, internal and downstream
Substances of concern	Negative	Potential impact	Short-term	Internal and downstream
Substances of very high concern	Negative	Potential impact	Short-term	Internal and downstream

Lamor generates positive impact through its environmental solutions

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

With a diversified offering, Lamor supports 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, should the local standard be lower.

ENVIRONMENTAL DISCLOSURES: POLLUTION

Reducing pollution through oil spill preparedness

Oil spill preparedness decreases negative environmental impacts. Lamor always 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 training ensure an efficient response to environmental incidents. Proper preparedness reduces the environmental damage of a clean-up operation, as well as its costs.

Having the 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 high risk market areas. This would efficiently serve both the environment and people, increasing the positive impact on the economy.

The core of Lamor's business is to deliver environmental solutions and technology, consultation, planning, and training, based on solid experience. In a well organised preparedness, 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.

Fostering environmental awareness by training

Lamor provides essential environmental training to its customers and partners, focusing on enhancing oil spill response capabilities and environmental awareness. Environmental awareness promotes the responsible use and conservation of natural resources, including water, air, land, and biodiversity, reducing waste, pollution, and environmental degradation.

Promoting health and safety

Training ensures that responders possess the necessary knowledge, skills, and tools to contain and clean up oil spills efficiently, thereby minimizing environmental damage and human health risks. Emphasizing safety protocols, training mitigates injury risks during response activities, while fostering collaboration among stakeholders.

Efficiency and cost savings

Regular drills and evaluations promote continuous improvement and preparedness for future oil spill events, ensuring compliance with regulations and overall effectiveness in mitigating environmental impacts.

Improving the oil spill response preparedness in the Red Sea region

Since 2021, Lamor has supported the National Center for Environmental Compliance (NCEC) in Saudi Arabia to strengthen their oil spill response capabilities within the Red Sea area. The agreement covers services such as resource assessment, contingency planning, responder resource training, as well as marine and aviation asset management.

As a result of our agreement, there are now five oil spill response vessels and three aircraft stationed along the Red Sea coast. Under the supervision of NCEC, we have promptly responded to oil spills in the Red Sea, conducted marine environmental surveys, and taken part in national exercises and drills within the area. Additionally, we have trained more than 2,000 local experts and responders.

Lamor's oil spill response services are helping to protect sensitive sea areas and coastlines from the harmful impacts of oil spills.

READ MORE

ENVIRONMENTAL DISCLOSURES: POLLUTION

Reducing pollution through oil spill response

Best available techniques combined with efficient project execution ensure the best results in an environmental incident.

Oil spill response operations are usually energy and resource intensive, due to the urgency of required actions and decreased opportunities to mitigate negative impacts of a clean-up operation. If the spill reaches the shores, other kinds of equipment need to be deployed for e.g. cleaning up or transporting contaminated soil. A fast response diminishes the contaminated area and the response capacity needed. Thus, the ultimate response usually involves building up preparedness capacity for future spill response.

Lamor uses the best available techniques for response and clean-up of oil spills. 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.

In addition, Lamor addresses its negative impacts by optimising its solutions through efficient project execution. When delivering 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 delivers tailor-made capacity for the customer and for the area, and carefully plans its operations, which ensures an efficient and environmentally friendly response to environmental incidents.

Recent extreme weather events have shown that climate change has caused unprecedented spills, which are likely to become common in future. Being prepared for spills plays a big role in climate change adaptation.

Lamor's pollution prevention and control KPIs

KPI	Unit	2023	2022	2021
Distributed skimming response capacity (calculated based on maximum recovery capacity of delivered equipment)	m^3 per hour	8 621	11 034	11 681
Distributed kilometers of booms (Technology)	km	6745	50 822	N/A*
Distributed response capacity as a service * (calculated based on maximum recovery capacity of rental equipment)	m^3 per hour	2 740	N/A*	N/A*
Distributed response personnel as a service (Number of personnel * days on site dedicated to a customer)	number	12 495	N/A*	N/A*
Built-up response capacity as a service (preparedness)	m^3 per hour	1 142	1 142	N/A*
Hours of environmental training provided to external parties	hours	27 243	23 167	N/A*
Number of spill response operations participated in (including call-outs)	number	42	3	N/A*
Volume of oil recovered as part of a spill response operation	m^3	288	1 653	N/A*
Areas cleaned up from a spill or remidiated	m^2	2 238 733	85 183	N/A*

* Comparative information not available

The reported number for 2022 includes only spill response operations Lamor has participated in. For 2023 we are also reporting data on participation in spill alerts and call-outs, which did not nececerally lead to oil recovery. During 2023 Lamor mostly participated in spill alerts where the company applied needed measures to prevent oil spills.

In 2023 Lamor has increased its equipment lease and rental services globally and added a new KPI to monitor its development.

ENVIRONMENTAL DISCLOSURES: POLLUTION

Reducing pollution through soil remediation and restoration

Lamor's remediation and restoration solutions prevent groundwater contamination, decrease landfilling and incineration, restore ecology of the direct area of influence and its surroundings.

Additionally, the projects have a positive impact on people through reduction of risk for human health, generation of local employment and distribution of environmental knowledge among the population.

All projects, including remediation and restoration projects, generate various impacts in the region where they are executed. Lamor has established environmentally friendly methodologies that allow us to maximise the positive impacts. For every location Lamor has select the right remediation methodologies and technologies which optimises resource use in the projects. 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.

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. This is, however, not always possible, or economically feasible.

Remediation and restoration usually require use of chemicals, heavy equipment and advanced technology. Use of natural resources such as water and fossil fuels for transportation and excavation is still common in areas where Lamor operates. To mitigate these negative impacts, Lamor has various measures in place that allows for recycling of water and reduction of fuel and chemical use. In addition, whenever possible, Lamor strives to utilise bioremediation methods that considerably decreases water, energy and chemicals use.

In 2023 Lamor has conducted a life cycle assessment of its bioremediation method in order to enable better understanding of its impacts. The study has not been critically reviewed as required by ISO 14040 and 14044 standards. Thus the results of the study are presented as indicative impacts on the following page. The study compares Lamor's bioremediation to waste inceneration.

Kuwait-specific soil remediation and restoration KPIs for 2023

This table demonstrates Lamor's progress in the soil remediation project in Kuwait during 2023.

KPI	Unit	2023
Areas remediated	m²	2 204 983
Quantity of hazardous solid waste treated	Metric tonnes	1 536 926

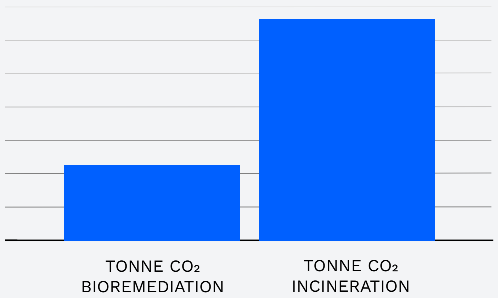
In Kuwait, we are cleaning two separate land areas whose oil-contamination originates from the Gulf war in the 1990s. We are working together with Khalid Ali Al-Kharafi & Bros. Co. on the projects using both biological clean-up, i.e. bioremediation, and soil washing for higher contaminated soil. The UN funded projects will contribute to improved health of soil, flora and fauna, and people in the area.

READ MORE

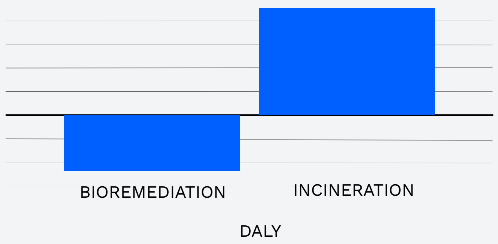
Indicative impact assessment of Lamor's bioremediation project in Kuwait

Lamor's bioremediation of 797 thousand metric tonnes of soil compared to waste inceneration

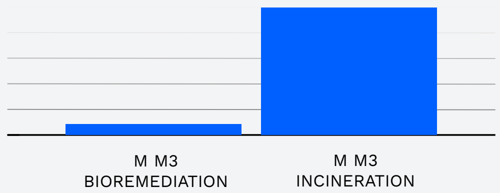
Climate change



Damage to Human Health



Water use

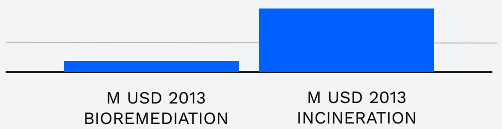


Assumptions and key metrics

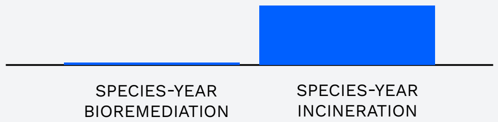
Lamor has assessed its impacts of remediating 1 tonne of contaminated soil with Lamor's bioremediation method and compared it to impacts from incineration. Lamor's unique bioremediation recipe uses and produces local bacteria to decrease use of chemicals and damage to ecosystems. Furthermore, bioremediation consumes low amount of water as Lamor has implemented measures for reducing evaporation. The calculation uses as an assumption hydrocarbon reduction from 2% to 1%.

- **Resources used in the assessment**: Site construction materials, treatment chemicals and amendments, water and energy consumption.
- **Estimated amount of soil to be treated during the project**: about 3 million metric tonnes.
- **Project status:** ongoing

Damage to Resource availability



Damage to Ecosystem



Not critically reviewed comparison of impacts

Impact on climate change
Bioremediation is assumed to have over 50% less negative impact on climate change compared to incineration.

Impacts on human health
Bioremediation is assumed to have over 100% more positive impact on human health compared to incineration.

Impacts on resource availability
Bioremediation is assumed to generate more than 50% less damage to resource availability compared to incineration.

Impacts on ecosystems
Bioremediation is assumed to have over 90% less damage to ecosystems compared to incineration.

Impacts on water use
Bioremediation is assumed to use more than 90% less water compared to incineration.

ENVIRONMENTAL DISCLOSURES

Water and marine resources

The way we treat and use water in our processes aims at recycling and reuse. We also have solutions to provide potable water to areas with insufficient infrastructure.

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 local standards or recommended by international guidelines.

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.

Lamor's interaction with water

Lamor uses water in its soil remediation and restoration operations, as well as material recycling. Lamor monitors its water withdrawals, consumption and discharges, as well as their sources. Where the water is purchased directly by Lamor, the company uses industrial water i.e. water not suitable for potable water, in order to reduce any impacts on water scarcity.

Lamor recycles the water used in its operation, whenever reuse is possible. For example, in Kuwait soil remediation project water recycling rate is set to 70%. In Latin America, Lamor receives wastewater which the company remediates for its own use. Lamor has limited water discharges, since most of the water is consumed in its operation.

Lamor's material impacts related to water and marine resources

Topic	Impact	Actual/potential	Time horizon	Value chains
Water withdrawals	Both positive and negative	Actual impact	Short-to-medium-term	Upstream, internal and downstream
Water consumption	Both positive and negative	Actual impact	Short-to-medium-term	Upstream, internal and downstream
Water discharges	Positive	Actual impact	Short-to-medium-term	Upstream and downstream
Water discharges in the oceans	Positive	Actual impact	Medium-term	Upstream

Our ultrafiltration containers provide clean water even in challenging environments and are easily relocated when necessary. They give people access to potable water that is safe and will not harm their health.

READ MORE

Water withdrawal, consumption and discharge KPIs

These tables demonstrate Lamor's water withdrawal, consumption and discharge collected globally from Lamor's operations which use significant amount of water in their processes. Data includes soil remediation and restoration and waste treatment projects. Monitoring of these KPI started in 2023, thus data related to previous years is not available.

In order to mitigate impacts on water stress in the soil remediation project in Kuwait, Lamor has chosen to use industrial water instead of freshwater.

Third-party produced water in Ecuador is an upstream received waste water, which is treated by Lamor to the extent it is allowed to be discharged as surface water. This water is used for irrigation of surrounding natural environment.

Water withdrawal

Location of operation	Water withdrawal	All areas, in megaliters	Areas with water stress, in megaliters	Water source
Kuwait	Third-party water withdrawal	248.1	248.1	Seawater
Saudi Arabia	Third-party water withdrawal	3.6	3.6	Unknown
Oman	Third-party water withdrawal	225.9	225.9	Unknown
Ecuador	Third-party water withdrawal	4.5	N/A	Surface water
	Direct water withdrawal	3.2	N/A	Groundwater
	Third party water withdrawal	15.0	N/A	Produced water
Total		500.2	477.5	

Water discharge

Location of operation	Water discharge by destination	All areas, in megaliters
Kuwait	N/A	N/A
Saudi Arabia	N/A	N/A
Oman	N/A	N/A
Ecuador	Surface water	15.0
Total		15.0

Water consumption

Location of operation	All areas, in megaliters	Areas with water stress, in megaliters
Kuwait	248.1	248.1
Saudi Arabia	3.6	3.6
Oman	225.9	225.9
Ecuador	7.7	N/A
Total	485.2	477.5

ENVIRONMENTAL DISCLOSURES

Biodiversity

Lamor generates positive impacts on biodiversity by reducing pollution and enabling the environment to regenerate.

Like most human activity, also Lamor's operations cause negative impacts on biodiversity and ecosystems mainly through its upstream activities, but also directly. Mitigation of negative impacts is always our starting point. Heavy equipment used in Lamor's operations are emission-intensive. For its deliveries Lamor uses transportation infrastructure, which also has a negative impact on biodiversity.

Lamor supports activities within the environmental boundaries and actively tracks its direct, indirect, actual and potential impacts. Environmental assessment is an essential part of Lamor's project execution, as Lamor is an ISO 9001 (Quality), 14001 (Environment) and 45001 (health and safety) certified company.

Furthermore Lamor's GHG emission calculations and life cycle assessment (LCA) initiated in 2023 allow the company to define its carbon hotspots and provides the company with alternatives for improvement.

Lamor's material impacts related to biodiversity

Topic	Impact	Actual/potential	Time horizon	Value chains
Direct impact drivers of biodiversity loss / Climate change	Both positive and negative	Actual impact	Long-term	Upstream, internal and downstream
Direct impact drivers of biodiversity loss / Land-use change, fresh water-use change and sea-use change	Positive	Potential impact	Medium-term	Downstream
Direct impact drivers of biodiversity loss / Pollution	Both positive and negative	Both actual and potential impacts	Short-to-long-term	Upstream, internal and downstream
Impact on the state of species	Positive	Potential impact	Medium-term	Downstream
Impacts on the extent and condition of ecosystems	Positive	Potential impact	Medium-term	Downstream
Impacts and dependencies on ecosystem services	Positive	Potential impact	Medium-term	Downstream

Targeting protection of biodiversity

Decreasing biodiversity is not only material for Lamor, but for the whole world in general. Cleaning up existing pollution has a significant potential to improve the state of the environment. Effective and timely response for example to oil spills is crucial for minimizing harm to marine and terrestrial ecosystems, including sensitive habitats and species.

Through its technologies and solutions, Lamor contributes to implementing preventive measures aimed at reducing the risk of oil spills, thereby helping to protect biodiversity and ecosystems from potential adverse impacts.

Lamor's environmental solutions clean the environment which enables it to regenerate and restore, by allowing species and vegetation to grow. Well-functioning biodiversity and ecosystems can in turn contribute to climate change mitigation.

ENVIRONMENTAL DISCLOSURES

Resource use and circular economy

The transition to a circular economy is an enabler of environmental sustainability that generates significant benefits for the sustainable management of water, the protection and conservation of biodiversity, the prevention and control of pollution and the mitigation of climate change.

Lamor promotes circular economy of plastics

Lamor focuses on addressing global resource depletion by expanding into the chemical recycling of plastics. Recognizing the environmental threat posed by plastic waste, Lamor sees an opportunity to contribute with solutions. Lamor's initiative is groundbreaking in Finland, aiming to produce raw materials for the petrochemical industry and reduce reliance on fossil fuels for plastic production. Ultimately, Lamor aims to offer a less emission-intensive alternative to meet the growing demand for plastics while combating environmental pollution.

Mitigation of negative impacts

In Lamor's value chain, natural resources are used to manufacture equipment. Equipment use in Lamor's own operations as well as downstream is heavily dependent on fossil fuels.

Lamor mitigates its negative impacts by increasing circularity in its activities. In 2023 Lamor has increased its product-as-a-service business, providing customers with access to oil spill response equipment through service models.

Furthermore, Lamor's solutions facilitate reuse of water, soil, and extracted fossil materials, benefiting production processes, infrastructure, and local communities. This recycling and reusing approach addresses critical challenges like water scarcity and climate change while promoting efficient industrial activities that positively impact people and human rights.

Lamor's material impacts related to resource use and circular economy

Topic	Impact	Actual/potential	Time horizon	Value chains
Resources inflows, including resource use	Negative	Actual impact	Short-term	Upstream and internal
Resource outflows related to products and services	Both positive and negative	Actual impact	Short-term	Downstream
Waste	Both positive and negative	Actual impact	Short-term	Internal and downstream

Lamor is building a 10,000 metric ton plastic recycling facility in Porvoo, Finland. The liquid produced from plastic waste works like virgin oil in the production of new plastic. It is suitable for many purposes for which mechanically recycled plastic granules are not suitable: these are, for example, food packaging that requires perfect hygiene. The product will be sold for further refining into a suitable raw material for plastics producers, hence decreasing the need for virgin oil.

READ MORE

ENVIRONMENTAL DISCLOSURES: RESOURCE USE AND CIRCULAR ECONOMY

Treatment of waste through Lamor material recycling

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.

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 provides its expertise globally.

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.

Material recycling, remediation and restoration KPIs

This table demonstrates Lamor's global results from material recycling and soil remediation and restoration. Please note that Kuwait specific soil remediation and restoration KPIs for 2023 are also included in these statistics, thus the increase of diverting hazardous solid waste from disposal is significant during 2023.

KPI	Recovery operation	On site/Off site	Unit	2023	2022	2021
Total volume of hazardous solid waste diverted from disposal	Preparation for reuse	Off site	Metric tonnes	1 562 254	34 797	56 069
Total volume of hazardous liquid waste diverted from disposal	Preparation for reuse	Off site	Metric tonnes	9 913	20 388	17 855
Total volume of non-hazardous solid waste diverted from disposal	Preparation for reuse	Off site	Metric tonnes	54 254	16 832	15 381
Total volume of non-hazardous liquid waste diverted from disposal	Preparation for reuse	Off site	Metric tonnes	1 823	4 313	12 681
Total volume of waste diverted from disposal	Preparation for reuse	Off site	Metric tonnes	1 628 245	76 329	101 987

ENVIRONMENTAL DISCLOSURES

Climate change

Lamor addresses climate change by focusing on sustainable practices such as chemical recycling of plastics to reduce reliance on fossil fuels, promoting resource efficiency through the reuse of materials, and implementing innovative technologies for environmental remediation and waste management. In addition, Lamor's soil remediation activities have a significant impact on climate change mitigation since the biodiversity is able to return in the clean-up areas.

Lamor engages stakeholders, fosters collaboration and partnerships to address climate change challenges, share best practices, and drive collective action. Lamor complies with regulations and emphasizes continuous improvement to minimize its environmental footprint and contribute to global climate change mitigation efforts.

Energy consumption within the organization in Gigajoules (GJ)

	2023	2022
Total fuel consumption from non-renewable sources (diesel, petrol, aviation turbine fuel)	56 686	20 333
Total fuel consumption from renewable sources	0	0
Total electricity consumption	1 730	1 285
Total heating consumption	623	806
Total energy consumption	59 039	22 424

The energy consumption for 2023 is more accurate that 2022 reported data. In 2022 the energy consumption from 448,890 kilometres driven with company owned vehicles was excluded from the report.

For conversions of kWh electricity and heating consumption into Gigajoules (GJ) UK Government GHG Conversion Factors for Company Reporting (2023) and SI/metric units have been used. For conversion of fuel consumption to Gigajoules generic conversion factors and SI/metric units have been used.

Lamor's GHG emissions intensity based on revenue

	2023
GHG emissions intensity ratio for Scope 1	3%
GHG emissions intensity ratio for Scope 2	0%
GHG emissions intensity ratio for Scope 3	28%
GHG emissions intensity ratio for the organisation	31%

Lamor has used figures reported in it's Scope 1, 2 and 3 as absolute tonnes of GHG emissions (the numerator), and divided these by its revenue of EUR 122 520 thousand as the organization-specific metric (the denominator) to calculate Lamor's GHG emissions intensity. Gases included in the calculation are CO2, CH4 and N2O.

Lamor's material impacts related to climate change

Topic	Impact	Actual/potential	Time horizon	Value chains
Climate change / Climate change mitigation	Both positive and negative	Actual impact	Long-term	Upstream, internal and downstream
Climate change / Energy	Both positive and negative	Actual impact	Medium-term	Upstream, internal and downstream

ENVIRONMENTAL DISCLOSURES: CLIMATE CHANGE

Lamor's GHG emission inventory

Lamor calculates its GHG emissions in line with the Greenhouse Gas (GHG) Protocol. 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). Emissions are calculated for services and equipment delivered by Lamor, covering all relevant geographic locations.

For 2022, Lamor reports Scope 1, Scope 2 and Scope 3 emissions covering categories 1, 2, 4, 6 and 8. Lamor has defined this inventory scope based on its materiality assessment, by accounting for categories where the company has most impacts.

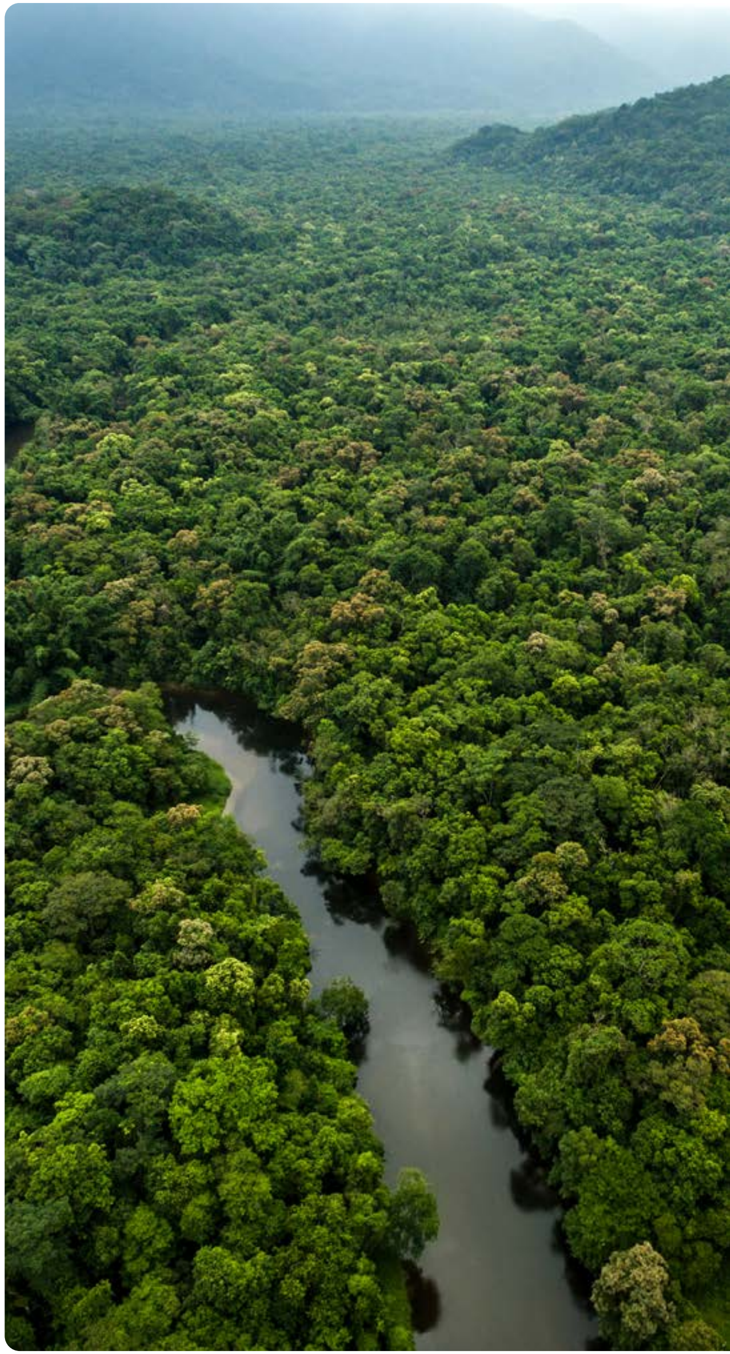
Lamor accounts for and reports on all material GHG emission sources and activities within the chosen inventory boundary. Any specific exclusions, e.g., data not available or defined to be immaterial, are disclosed.

The increase of our business volume always affects the environmental impacts both positively, in terms of cleaned-up pollution and negatively, in terms of emissions. Thus the progress of soil remediation project in Kuwait also increases amount of emissions for 2023 compared to reporting year of 2022.

Lamor strives to build a sustainable business model where the environmental handprint of our solutions is combined with as a low footprint as possible. Thus we always aim to control carbon hotspots and reduce emissions the company has influence over in order to mitigate Lamor's risk exposure related to climate change.

Total Scope 1, 2, 3 GHG emissions in metric tonnes of CO_2 equivalent

	2023	2022	2021
Scope 1	3 943.2	1 507.9	378.3
Scope 2	63.4	71.8	137.3
Scope 3	34 309.8	12 391.6	5 637.0
Total	38 316.3	13 971.3	6 152.6



ENVIRONMENTAL DISCLOSURES: CLIMATE CHANGE

Direct (Scope 1) GHG emissions

Gross GHG emissions in metric tonnes of CO_2 equivalent

AREA	Country	2023	2022	2021
Europe and Asia EURASIA	Finland	7.2	6.4	5.9
	China	3.3	6.6	2.8
	India	0.0	0.0	N/A
	UK	1.4	1.4	N/A
North and South America AMER	Ecuador	610.8	974.4	295.7
	Chile	55.1	45.6	51.5
	Colombia	0.0	0.0	0.0
	Peru	0.0	16.4	0.8
	USA	0.0	0.0	0.0
Middle East and Africa MEAF	Kuwait	3 159.4	391.7	N/A
	Oman	47.8	28.6	21.5
	Saudi Arabia	58.2	36.7	N/A
Total		3 943.2	1 507.9	378.3

Direct GHG emissions include emissions from Lamor's own or financially controlled mobile combustion and stationary combustion such as generators and power packs.

GHG emissions are reported in CO_2 equivalents (CO_2 eq). Gases included in the calculation are CO_2, CH_4 and N_2O. The resulting emissions are calculated from fuel used in mobile and stationary combustion, as well as, kilometres driven and converted to CO_2 eq emissions. SI/metric units have been used for conversion. UK Government GHG Conversion Factors for Company Reporting (2023) have been used as the emission factor and conversion source.

The amount of Scope 1 emissions has increased significantly compared to previous years. This is mainly due to Lamor's progress in the soil remediation project in Kuwait. The construction of remediation site was finalized in the end of 2022 and the remediation operations begun in 2023. Main Scope 1 emission sources are fuel used for transportation of soil, heavy machine equipment and generators.

What influenced the total emissions of Lamor in 2023

In 2023, Lamor's major projects were related to soil remediation in Kuwait and an environmental protection project in Saudi Arabia. Additionally, Lamor delivered a significant amount of equipment and services, especially for oil spill response but also related to water and waste management.

Despite numerous emission reduction measures implemented, our overall emissions increased compared to the previous year. In Kuwait Lamor is participating in one of the largest soil remediation projects in the history, where Lamor operates vast clean-up operations. Running projects on this scale also increase the amount of emissions.

In the Kuwait project, oil-contaminated soil is being cleaned in separate treatment areas (ex situ). The construction of the soil washing plant, in particular, contributed significantly to emissions in 2023. Additional impacts come from transportation of soil to the treatment areas, and fossil fuel-operated equipment used in soil processing. Chemicals are also required for bio-remediation to induce the cleaning reaction.

Despite taken efforts in Kuwait to minimise emissions through efficient processes, decrease and replacement of carbon intensive materials and equipment, this project notably increases the level of Scope 1 and Scope 3 emissions. Reducing emissions in such projects is slow because the infrastructure for using electric devices and transport equipment is not yet in place. On the other hand, the positive impact achieved by the Kuwait project in the form of cleaned land areas is significant, allowing, among other things, the restoration of biodiversity in previously polluted areas.

ENVIRONMENTAL DISCLOSURES: CLIMATE CHANGE

Energy indirect (Scope 2) GHG emissions

Gross GHG emissions in metric tonnes of CO_2 equivalent

AREA	Country	2023	2022	2021
Europe and Asia EURASIA	Finland (market-based)	10.2	11.5	16.3
	China (location based)	6.4	26.1	83.1
	India (location based)	5.2	N/A	N/A
	UK (market-based)	0.0	0.0	0.0
North and South America AMER	Ecuador (location based)	25.1	17.1	15.2
	Chile (location based)	2.3	1.7	2.2
	Colombia (location based)	0.2	0.3	0.3
	Peru (location based)	0.8	0.5	0.5
	USA (location based)	3.3	4.6	10.5
Middle East and Africa MEAF	Kuwait (location based)	0.0	0.0	N/A
	Oman (location based)	9.5	7.8	9.2
	Saudi Arabia (location based)	0.4	2.2	N/A
Total		63.4	71.8	137.3

Energy indirect GHG inventory include emissions from the generation of purchased electricity and heating, consumed by Lamor in company owned or controlled offices and warehouses.

GHG emissions for the reporting year of 2023 are reported in CO_2 equivalents (CO_2 eq). Gases included in the calculation are CO_2, CH_4 and N_2O. The resulting emissions are based on invoicing and converted from kWh to CO_2 eq 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.

2023 reflects normal fluctuations of energy consumption in Lamor premises. The decrease of emissions in China is achieved by Lamor by decreasing the amount of premises during 2023.

In 2022 Lamor reported electricity provided by a leased generator in Kuwait in Scope 2. We have corrected this data during 2023 by removing the reported emissions for Kuwait electricity consumption for 2022 from Scope 2 and adding these emissions to Scope 3, Category 8 inventory.

ENVIRONMENTAL DISCLOSURES: CLIMATE CHANGE

Other indirect (Scope 3) GHG emissions / Total and global

Gross GHG emissions in metric tonnes of CO_2 equivalent

	2023	2022	2021
Category 1: Purchased goods and services	25 365.3	4 561.0	3 103.0
Category 2: Capital goods	225.7	306.4	N/A
Category 4: Upstream transportation and distribution	899.6	1 076.0	596.0
Category 6: Business travel (air)	505.2	365.0	123.0
Category 8: Upstream leased assets	7 313.9	6 083.2	1 815.0
Total	34 309.8	12 391.6	5 637.0

Other indirect (Scope 3) GHG emissions / Total per AREA

Gross GHG emissions in metric tonnes of CO_2 equivalent

		2023
Europe and Asia EURASIA	Category 1: Purchased goods and services	1 855.3
	Category 2: Capital goods	106.0
	Category 4: Upstream transportation and distribution	395.0
	Category 6: Business travel (air)	295.8
	Category 8: Upstream leased assets	0.0
	Total	2 652.2
North and South America AMER	Category 1: Purchased goods and services	497.1
	Category 2: Capital goods	119.7
	Category 4: Upstream transportation and distribution	465.0
	Category 6: Business travel (air)	204.7
	Category 8: Upstream leased assets	2.3
	Total	1 288.8
Middle East and Africa MEAF	Category 1: Purchased goods and services	23 012.9
	Category 2: Capital goods	0.0
	Category 4: Upstream transportation and distribution	39.5
	Category 6: Business travel (air)	4.7
	Category 8: Upstream leased assets	7 311.7
	Total	30 368.7

Category 1: Purchased goods and services

This category includes upstream production emissions from purchased products (tangible goods) in 2023. Only products exceeding material economic value are included in the scope of calculations. This category includes main materials and equipment purchased globally by Lamor in the reporting period. Emissions of separately purchased services, such as consultancy, installation, banking, custom and insurance, as well as measurement and analytical testing services are excluded from the scope of calculations 2023.

For calculations Lamor has used spend-based method, which estimates emissions by collecting data on the economic value of goods purchased and multiplying it by relevant secondary (e.g., industry average) emission factors (e.g., average emissions per monetary value of goods). Where data for average-data method was available, Lamor used the average-data method, which estimates emissions by collecting data on the mass and material, or other relevant units of goods purchased and multiplying it by the relevant secondary (e.g., industry average) emission factors.

To estimate the emissions of Lamors oil spill response products, Lamor reviewed its products 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 2023. The reliability of the emissions calculated for Lamor's oil spill equipment is indicative, since emissions are not calculated for each purchased good and service separately, but only based on allocation. Emissions of these products are calculated using the average-data method.

GHG emissions are reported in CO_2 equivalents (CO_2 eq). Gases included in the calculation are CO_2, CH_4 and N_2O. Emission factor sources used are both publicly available data sources such as Finnish Environment Institute SYKE and UK Government GHG Conversion Factors for Company Reporting (2023), as well as, sources as Earthster, Ecoinvent version 3.10 and USEEIO version 2.1.

The significant increase in Category 1 emissions compared to previous years' data is associated with with an increased amount of purchased goods for Kuwait remediation project, which is accountable for over 90% of the Scope 3, Category 1 emissions in 2023.

ENVIRONMENTAL DISCLOSURES: CLIMATE CHANGE

Category 2: Capital goods

This category includes upstream emissions from the production of capital goods (equipment, machinery and mobile assets) purchased by Lamor in 2023. Emissions are calculated based on the main materials used in the composition of purchased capital goods.

For calculations Lamor has used spend-based method, which estimates emissions by collecting data on the economic value of goods purchased and multiplying it by relevant secondary (e.g., industry average) emission factors (e.g., average emissions per monetary value of goods). Where data for average-data method was available, Lamor used the average-data method, which estimates emissions by collecting data on the mass and material, or other relevant units of goods purchased and multiplying it by the relevant secondary (e.g., industry average) emission factors.

GHG emissions are reported in CO_2 equivalents (CO_2 eq). Gases included in the calculation are CO_2, CH_4 and N_2O. Emission factor sources used are both publicly available data sources such as Finnish Environment Institute SYKE and UK Government GHG Conversion Factors for Company Reporting (2023), as well as, sources as Earthester, Ecoinvent version 3.10 and USEEIO version 2.1.

During 2023 Lamor noticed a mistake made in the reported data for 2022. The report included goods which are not intended to be capitalised. Lamor has corrected this mistake in the 2023 report by moving these emissions from Category 2 to Category 1.

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_2 eq). Gases included in the calculation are CO_2, CH_4 and N_2O.

For emissions calculations by Lamor, the EcoTransIT World calculator has been used. The calculator is compliant with the ISO 14083 and uses various emission factor sources like IMO 2020, INFRAS, IVE 2014 and EUROCONTROL, depending on the transportation mode of shipment.

This category also includes emission calculations from road transportation purchased by Lamor, which are calculated based on the vehicle type used and kilometers driven. The emission factors source used in these calculations is UK Government GHG Conversion Factors for Company Reporting (2023).

Lamor managed to decrease the amount of emissions from 2022 level. The decrease in emissions is mainly caused by the reduction in purchased air transportation in comparison to 2022.

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. GHG emissions are reported in CO_2 equivalents (CO_2 eq). Gases included in the calculation are CO_2, CH_4 and N_2O.

Business travel emissions are based on CO2e emission calculations provided by travel agencies used by Lamor and travel data reported by Lamor travellers. To the extent that emissions have been calculated by Lamor, Lamor has used the ICAO Carbon Emissions Calculator to calculate CO_2 emissions and has then converted these CO_2 gases to CO_2 equivalents by multiplying them by their global warming potential (GWP). The source for this conversion is Intergovernmental Panel on Climate Change (IPCC), Fourth Assessment Report (AR4), 2007.

Business travel of Lamor has increased in 2023, mainly due to employment of more personnel, but also with a slight increase amount of travels. This resulted in a slight increase in 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_2 eq). The resulting emissions are based on fuel used in mobile and stationary combustion and converted to CO_2 eq emissions. SI/metric units have been used for conversion. Gases included in the calculation are CO_2, CH_4 and N_2O. The UK Government GHG Conversion Factors for Company Reporting (2023) have been used as emission factor and conversion source.

There is an increase in amount of Category 8 emissions in 2023. The increase is affected by Lamor's operations in the Middle East, where the progress in soil remediation project in Kuwait plays a significant role.

SOCIAL DISCLOSURES

Own workforce and workers in the value chain

Social sustainability is a 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.

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.

Lamor's commitment to social sustainability

Lamor places importance on health, safety, and human rights throughout its value chain. Efforts to improve respect for human rights involve a structured procedure and reporting mechanisms for any violations or grievances. Lamor's Whistleblowing channel serves as both an avenue for reporting misconduct and a grievance mechanism, ensuring confidentiality and resolution of concerns.

In terms of workers' health and safety, Lamor has implemented a comprehensive procedure to identify and control work-related hazards, emphasizing ongoing training and experience to ensure effectiveness. The company empowers all workers to halt unsafe tasks, reinforcing a culture of safety and continuous improvement. The incident reporting system reflects Lamor's dedication to learning from incidents, promoting equal treatment, and prioritizing environmental stewardship.

Securing a safe working environment

Due to the nature and particularities of both Lamor's business, its service portfolio, and its geographical areas of operations, many of Lamor's employees work in challenging environments and conditions.

One of Lamor's sustainability development targets for the year 2023 was to focus on providing a safe working environment irrespective of the working location and in this regard, we achieved many significant results. Despite several on-going large projects with a record number of employees this, we reached an uninterrupted record period of three million safe working hours in early 2024. No accidents have been reported during operations in Lamor since February 2023.

"Lamor places great importance on health, safety, and human rights throughout its value chain."

Lamor’s material impacts related to own workers and workers in the value chain

Topic	Impact	Actual/potential	Time horizon	Value chains
Own workforce / Working conditions / Health and safety	Negative	Actual impact	Short-term	Internal
Own workforce / Equal treatment and opportunity for all / Gender equality and equal pay for work of equal value	Negative	Potential impact	Short-term	Internal
Own workforce / Equal treatment and opportunity for all / Measures against violence and harassment in the workplace	Negative	Potential impact	Short-term	Internal
Own workforce / Equal treatment and opportunity for all / Diversity	Negative	Actual impact	Short-term	Internal
Workers in the value chain / Working conditions / Secure employment	Negative	Potential impact	Short-term	Upstream
Workers in the value chain / Working conditions / Working time	Negative	Potential impact	Short-term	Upstream
Workers in the value chain / Working conditions / Adequate wages	Negative	Potential impact	Short-term	Upstream
Workers in the value chain / Working conditions / Health and safety	Negative	Potential impact	Short-term	Upstream
Other topic				
Health / Physical diseases	Positive	Actual impact	Long-term	Downstream

People as our foundation

Our values: passion, innovation and trust guide everything we do.

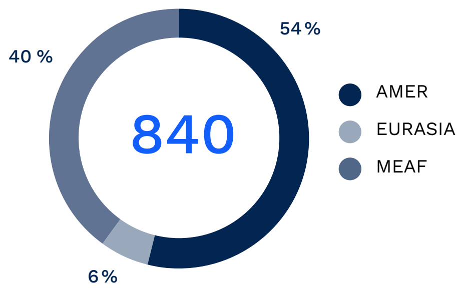
Lamor offers a workplace with a clear purpose that creates motivation and willingness to go an extra mile for Lamor's mission to clean the world.

Our people mission is to make people feel valued with us and have possibilities to grow. We believe that excellent collaboration leads us to success.

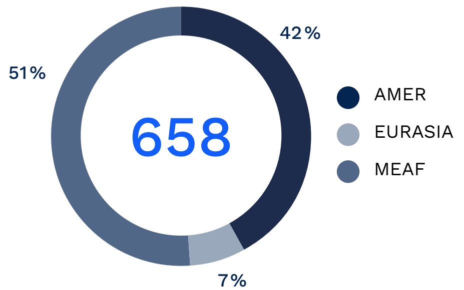
We want our people to feel pride for our inspiring workplace.

Lamor aims to create a safe and inspiring work environment to foster personal development.

NUMBER OF EMPLOYEES AT THE END OF 2023



NUMBER OF EMPLOYEES ON AVERAGE DURING 2023



EURASIA = Europe & Asia, AMER = North & South America, MEAF = Middle East & Africa

Information on personnel

	2023	2022	2021
Average number of employees in the period (FTE)*	658	508	290
Number of employees at the year end (FTE)*	840	604	250
Employees, percentage of female/male	20/80%	20/80%	
Management Team, percentage of female/male**	15/85%	15/85%	25/75%
Country Managers, percentage of female/male	0/100%	0/100%	0/100%
Board of Directors, percentage of female/male	40/60%	40/60%	40/60%
Employee Net Promoter Score (eNPS)***	31%	22%	***
Passion and motivation level of employees (Lit-index)***	77%	76%	***

* Incl. 45% of the Kuwait Joint Venture personnel, the temporary oil-spill response personnel, and Ecuador and Peru rotative personnel

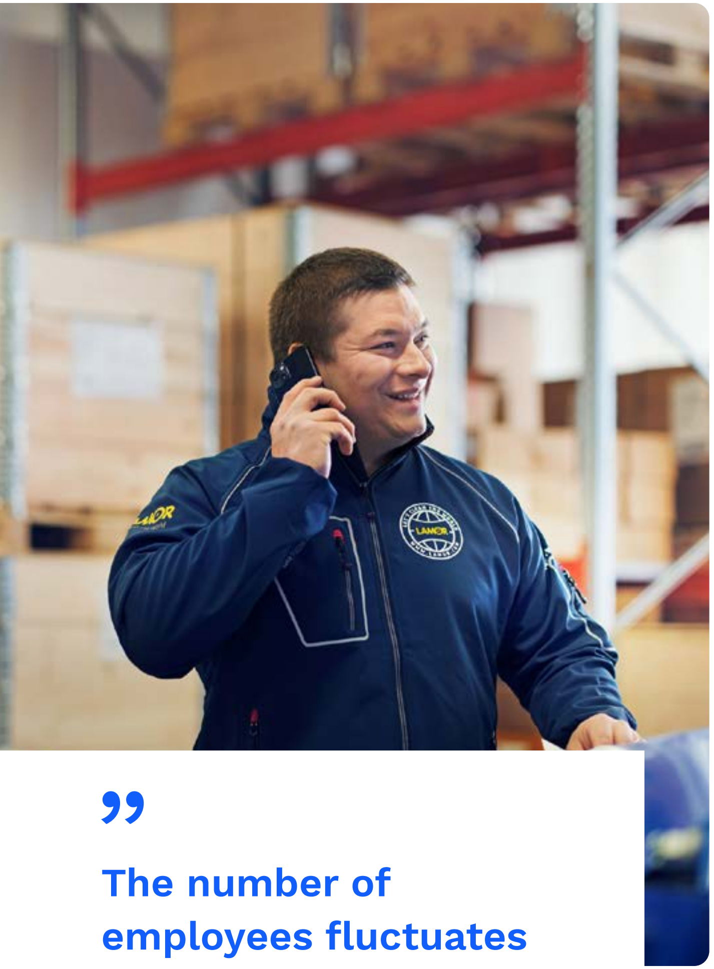
** Including Extended Management Team

*** Information not available for 2021

Breakdown of information on personnel at Lamor and its subsidiaries

	Breakdown by gender			Total	Breakdown by region			Total
2023	Male	Female	Other/Not disclosed		EURASIA	MEAF	AMER	
Permanent employees	161	57	2	220	97	9	117	223
Temporary employees	65	17	0	82	4	37	38	79
Non-guaranteed hours employees	9	2	0	11	8	3	0	11
Total	**235**	**76**	**2**	**313**	**109**	**49**	**155**	**313**
Full-time employees	223	71	2	296	97	46	153	296
Part-time employees	3	3	0	6	4	0	2	6
Non-guaranteed hours employees	9	2	0	11	8	3	0	11
Total	**235**	**76**	**2**	**313**	**109**	**49**	**155**	**313**

The data in the table above includes only personnel employed by Lamor or its subsidiaries, thus the female/male ratio is indicative.



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

Own workforce

In 2023, Lamor employed on average 658 (604) persons. At the end of the year, Lamor employed 840 (508) persons.

Lamor continued to recruit new professionals in the market areas and global functions to support the company’s growth in accordance with the strategy.

For example in Finland, new recruitments included obtaining the necessary expertise and personnel for the construction and starting of the operations in the new facility for the chemical recycling is plastics, the construction of which new production site was started in August 2023.

Fluctuations in the number and breakdown of employees

In 2023, Lamor had several large projects on-going, which contributed to a significant increase in both the average numbers of employees as well as the number of employees at the year end.

During 2023, especially the progress of the Kuwaiti projects from the construction phase to soil-cleaning phase increased the number of employees. In addition, the environmental incident in Ecuador and the respective Lamor’s clean-up project contributed to the increased number of personnel at the end of the year.

Temporary employment

Lamor delivers significant projects, and the company is also participating in response operations. The projects and response work require temporary personnel who will work for Lamor during the specific engagement. While working for Lamor, they are trained, and they receive valuable competencies and capabilities.

In Ecuador and Peru, a rotative programme has also been established for the employment of a specific target group of local indigenous people. Within this programme, a total approximate of 120 participants each had a 3-6 month employment period at Lamor in 2023.

Furthermore, the legislation of some countries, such as Saudi Arabia, affects the way in which employment relationship is defined as either permanent or fixed-term.

Non-employee personnel

There is a certain amount of people who Lamor considers an own workforce and an integral part of the Lamor organization although they are not technically employed by Lamor. Different reasons for such arrangements include e.g. self-employment.

As of 31.12.2023, the percentage of non-employee workforce in Lamor’s controlled entities was approximately 3% which reflects the previous year. The roles and types of work the non-employees perform at Lamor included various types of specialist and management roles in sales, operations, project management, administration and consulting. The non-employee workforce is included in the FTE numbers and the breakdowns by gender and by region in Lamor’s controlled entities.

Employee data

As part of the development of HR operating models, also our system architecture was re-designed. In Q3 2023, a new HR system was deployed globally, helping us to gain improved efficiency, quality, transparency, reliability and comparability of the employee data. Further, the deployment of a new HRM system supports Lamor’s systematic approach to the operation of HR processes and the supervisory work.

In addition to the HRM system, a global recruitment system and certain local time management and payroll systems were deployed. Through the system architecture development and improved HR data, the aim is also to support Lamor in measuring the meeting its social, employee related targets.

Culture in Lamor

Lamor's strategy is aiming for more unified operating methods. To support this change, Lamor has trained its supervisors and further enhanced leadership practices. Professional leaders care for people and have a passion to exceed business targets.

Through common operating models, we support the quality of leadership and make it consistent – we create a common culture. Lamor is a truly multicultural community with many subcultures. In 2023, we launched our own Culture book to describe all current and future Lamor employees the fundamentals of our company and culture: how we work together, what are our values, and what drives us.

Employee experience

The competence and experience of Lamor's employees are significant factors for the development and success of the company. To succeed in recruiting new talents as well as in securing the commitment of Lamor's employees to the company, Lamor must ensure its position as an attractive employer.

Lamor has created global leadership models that are important elements on the way to the excellent employee experience and business success we are striving for.

The employee experience is measured annually using the Signi personnel survey to understand which themes are the most significant to our personnel and how they are realized (LIT index). Based on the results, company and team-specific development plans are created, and the progress monitored throughout the year.

The indexes and KPIs used to measure the satisfaction are:

- Signi LIT-index: Lit-Index is describing the passion and motivation levels of your employees (employee experience). The Lit-Index is an average of the realization of the 5 most important things to the employee.
- Signi eNPS: Employee Net Promoter Score is an internationally comparable score and calculated as follows: promoters (9-10) – detractors (0-6) / all respondents. The NPS score is based on a question How likely you would promote this company as a workplace to your friend or colleague?

Based on the 2023 signi survey, our company-level LIT index was 77 (76), which is close to our goal > 80 (max =100) and improved slightly from the previous year (comparison period 2022 in brackets). Our company level strengths were "equal treatment of employees" and "professional colleagues" and improvement areas "open communication" and "opportunities for career development". The Net Promoter Score – eNPS – increased significantly from the previous year and was 31 (22).

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 2023, no reports of discrimination were made or observed at Lamor.

> We want our people to feel proud of their workplace with a clear purpose to clean the world.

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 responsible for implementing and supervising the IMS and ISO certification 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.

Hazard identification, risk assessment and incident investigation

To mitigate potential health and safety risks in case of an accident, human error or misconduct by company's employees or subcontractors, Lamor has occupational health and safety regulations and guidelines, rescue plans, continuous monitoring, risk assessments, and supervision at different levels of the operations.

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.

These processes' quality is ensured through adequate training 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 aims at providing occupational health services in locations where it operates, either through health insurance or in collaboration with external partners locally. Employees in Finland and Ecuador 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. The assigned medical staff is responsible for defining the additional necessary examinations for each employee based on working position, formal qualifications and relevant risk assessment. Other locations have their own local procedures.

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 on additional meetings. Workers, which are not employees, are represented in the committee through a safety representative selected by them.

Lamor respects the freedom of association of workers, in each case within the relevant national legal framework. In Finland, Lamor's employees are covered by the generally binding collective agreements of the technology industry. In other countries, local practices are followed.

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 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. Also, training on specific work-related hazards, hazardous activities, or hazardous situations is continuously provided to workers 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 according to their needs.

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

Lamor's strategy is based on its globally operating local partner network, consisting of joint ventures and project-based consortiums. Whether Lamor has a controlling or non-controlling position, it enforces its safety procedures and advocates for fair working conditions in all projects.

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

	2023	2022
Number and percentage of employees and workers who are covered by the system	1 283/100%	715/100%
Number and percentage of employees and workers who are covered by the system that has been internally audited	1 283/100%	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	1 283/100%	715/100%

All Lamor's employees and workers (including non-employees of Lamor as well as those workers in Lamor's value chain who are covered by Lamor's HSSEQ) 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 2023 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.

During the incident investigation and root cause analysis process it was identified that the main reasons for the two accidents occurred in 2023 were:

- Lack of written work instructions for geomembrane handling
- Improper securing of geomembrane against movements
- Lack of communication
- Not following the procedure/bad body placement
- Inadequate pre-job planning/assessment of needs

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

- Written work instructions for Geomembrane handling prepared and communicated to employees
- Securing of Geomembrane against movements using sandbags
- Additional training regarding flagmen duties and avoiding the line of fire of loaders
- Proper pre-job planning and communication to all involved employees

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.

Lamor reached an uninterrupted record period of three million safe working hours.

Work-related injuries
For all employees and workers (also non-employees of Lamor)

	2023	2022
Number of fatalities	0	0
Rate of fatalities	0	0
Number of high-consequence injuries	0	0
Rate of high-consequence injuries	0	0
Number of lost time injuries (LTI)	2	0
Rate of lost time injuries (LTIR)	0.12	0
Number of recordable injuries (TRI)	2	3
Rate of recordable injuries (TRIR)	0.12	0.37
Main types of injuries	• Slip, trip & fall • Hit by heavy machinery	• Light face injury • Light hand injury • Ankle sprain due to slip
Number of hours worked	3 208 969	1 642 612

Enhancing social responsibility: Lamor's integrated HSSEQ processes and extended grievance mechanism accessibility in 2023

To promote positive social impacts, Lamor tightened its ethical principles in 2023. The work towards ensuring human rights and equality was also progressed through the extension of Lamor's whistleblowing channel to cover external parties.

Lamor provides information on and access to its grievance mechanism also for workers in its value chain who are not employed by Lamor, integrating it into its HSSEQ (Health, Safety, Security, Environment, and Quality) processes and reporting.

In 2023, Lamor's HSSEQ processes covered a total of 1283 individuals globally, including those not directly employed by Lamor but within its value chain. 100% of the joint operation workers in Kuwait were covered by Lamor's HSSEQ system, were informed and had access to Lamor's grievance mechanism, although only 45% of them are considered as Lamor employees in Lamor's FTE figures for 2023.

Safe working conditions as a top priority

Many of Lamor's employees work in challenging environments, which are prone to hazards and occupational accidents.

Lamor's employees work outdoors and at sea in challenging conditions in tasks related to, for example, clean-up of water and soil as well as oil and other pollutants. Conditions may be especially challenging either due to the terrain and/or difficult weather conditions, including extreme heat.

Some of the Company's employees also work in former war zones, which involve a risk of undetonated explosives left in the soil or water. Furthermore, some of the company's employees work in industrial environments involving a risk of occupational accidents.

In 2023, political instability and conflicts in some of Lamor's operating areas have further increased safety and security related risks for certain Lamor employees who work in or close to such areas.

The health and safety of the personnel and network partners are of utmost importance at Lamor. Lamor aims at providing a safe working environment irrespective of the working location, and has paid special attention to this topic in 2023.

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Through significant projects and response operations, Lamor strives to enhance safety awareness and foster valuable competencies.

SOCIAL DISCLOSURES

Affected communities

In several geographic areas, Lamor has operations involving local communities and vulnerable groups, such as indigenous people in Ecuador. Impacts on local communities vary based on the context of individual projects and collaborations, but in general Lamor creates positive impacts locally in the following ways:

Employment opportunities

Lamor's operations and projects create job opportunities for local residents, ranging from skilled positions in engineering and technology to manual labor roles in projects.

Training and skill development

Collaborations with local communities involve training programs to equip individuals with skills related to oil spill response, environmental management, and other relevant fields, enhancing local capacity and expertise.

Environmental protection

Lamor contributes to protecting local ecosystems and natural resources, which are vital for the livelihoods and well-being of communities dependent on them. Lamor also helps to mitigate risks associated with potential environmental incidents, protecting communities from adverse impacts on health, safety, and livelihoods.

Community Engagement and Collaboration

Lamor engages with local communities through consultation processes, partnerships, and community outreach initiatives to ensure that its operations and projects align with community needs, priorities, and concerns.

Economic Impact

Lamor's presence in local communities stimulates economic activity through partnerships with local suppliers, service providers, and businesses, as well as contributions to local tax revenues.

By the end of 2023, in Ecuador, 88% of Lamor's local workforce come from the local communities, demonstrating our commitment to employ and involve the local workforce. 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.

Lamor's material impacts related to affected communities

Topic	Impact	Actual/potential	Time horizon	Value chains
Affected communities / Communities' economic, social and cultural rights / Adequate food	Positive	Potential impact	Medium-term	Downstream
Affected communities / Communities' economic, social and cultural rights / Water and sanitation	Positive	Actual impact	Medium-term	Downstream
Affected communities / Communities' economic, social and cultural rights / Land-related impacts	Positive	Actual impact	Medium-term	Downstream
Affected communities / Communities' economic, social and cultural rights / Security-related impacts	Positive	Actual impact	Medium-term	Downstream

GOVERNANCE DISCLOSURES

Business conduct

Processes to avoid negative impacts

Lamor aims at ensuring that any negative impact its business may cause is identified and remediated. Principles for responsible business conduct are implemented through Lamor's operational policies and procedures, which guarantees early action for prevention and mitigation of potential negative impacts.

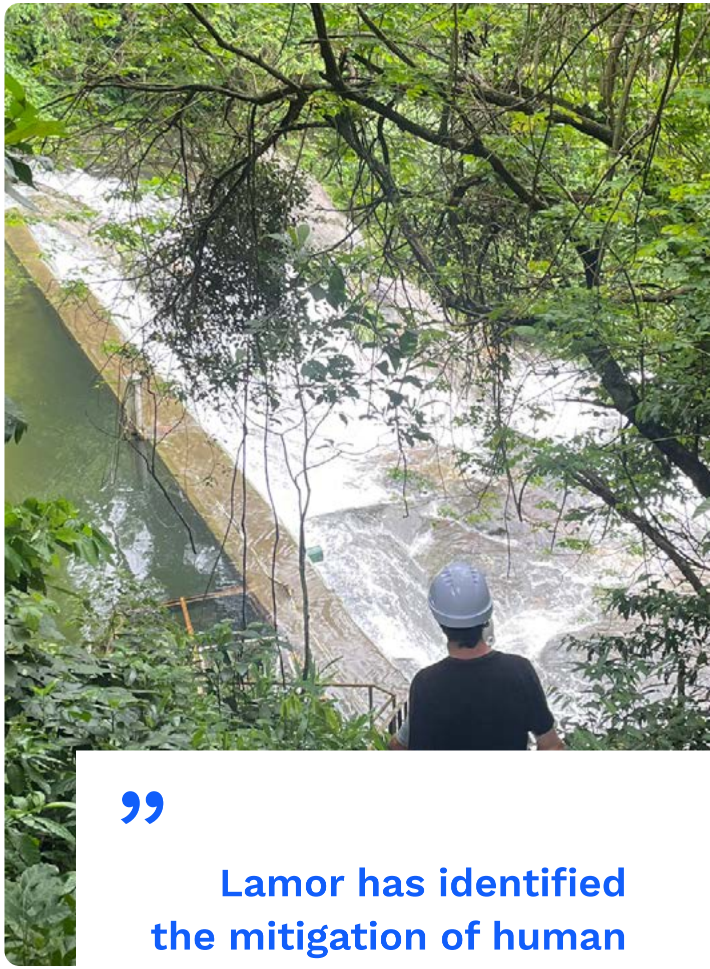
Corruption and bribery are strictly forbidden at Lamor

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.

Lamor has zero tolerance for corruption in any form and the company requires its business partners to operate in the same manner. Anti-corruption obligation is integrated in our Code of Conduct and Business Partner Code of Conduct, and 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 related to these issues.

Enhanced business partner compliance mechanisms

In 2023, Lamor tightened its ethical principles, compliance approach, pre-selection and screening criteria of the external parties. Lamor's Business Partner Screening and Know Your Customer procedures are applicable to any person or entity with whom Lamor plans to engage in a business relationship, such as e.g. suppliers, agents, customers, consultants, distributors, resellers, intermediaries, co-owners and joint venture parties, service providers and to planned engagement of any business partner.



"Lamor has identified the mitigation of human rights, bribery and corruption related risks as a significant part of its corporate responsibility.

Lamor's material impacts related to business conduct

Topic	Impact	Actual/potential	Time horizon	Value chains
Governance / Business conduct / Corruption and bribery	Negative	Potential impact	Short-term	Internal

Business partner screening

Lamor has deployed a SaaS service to enhance and automate the assessment and regular screening of its business partners globally. Enhanced business partner screening enables Lamor to effectively assess and monitor its partners, ensure compliance with applicable regulation and to secure a desired screening level of different types of business partners, and better understand and mitigate the potential risks relating to Lamor's business. The process is aligned with Lamor's Codes of Conduct and supports Lamor in meeting its sustainability targets and standards.

Pre-qualification criteria for critical suppliers / contractors

A distinctive pre-qualification process is applied to Lamor's critical suppliers / contractors. When assessing potential suppliers, commitment to Lamor's Code of Conduct and HSSEQ standards as well several factors such as ISO certifications, are confirmed, and backgrounds of potential suppliers are checked according to Lamor's pre-selection procedure prior to supplier approval.

Communication and training about anticorruption policies and procedures

For Lamor employees, introduction and commitment to Lamor's Code of Conduct is part of the induction procedures, and Lamor employees receive Code of Conduct training annually. In 2023, 96% of all Lamor's white-collar employees in different Lamor's controlled entities globally have confirmed having conducted a Code of Conduct training, including information about anti-corruption.

For those workers in Lamor's value chain who are covered in Lamor's HSSEQ management system, information on Lamor's the Code of Conduct is provided as part of the project management and operating procedures.

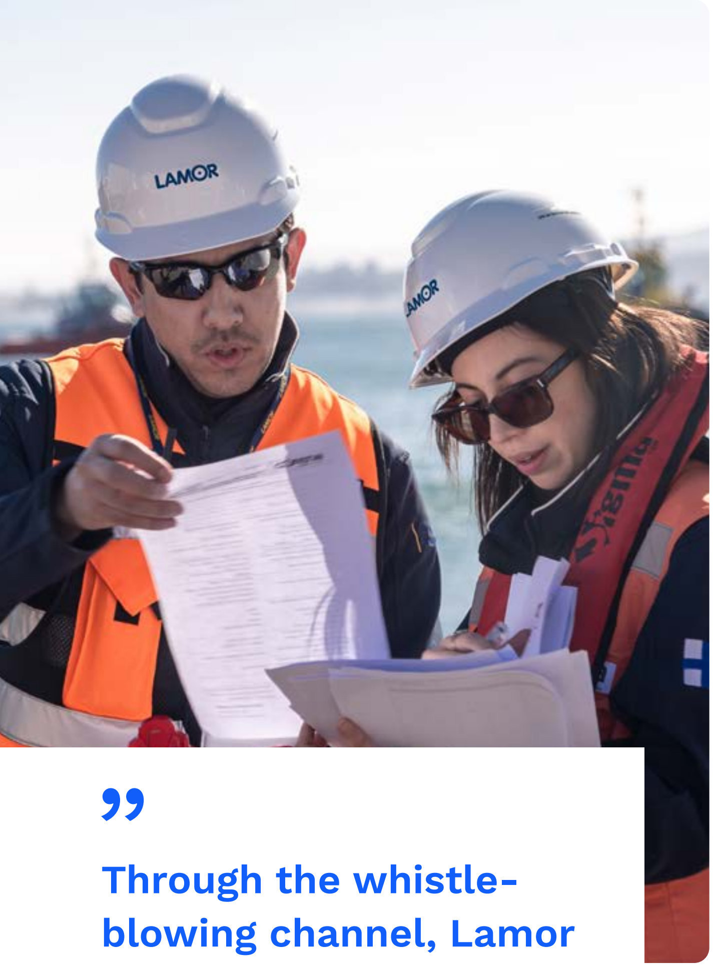
In 2023, Lamor increased the Business Code of Conduct related communication among internal and external stakeholders, for example in connection with partnership and contract negotiations. Lamor aims to contractually bind its partners to Lamor's Business Partner Code of Conduct and to reserve the right to terminate the partnership in case of any non-compliance.

Lamor will continue the Business Code of Conduct related communication and training among its business partners also in 2024, and this will be continued to be included in Lamor's sustainable development goals. Additionally, quantitave measuring of these activities will be improved in 2024.

The table below describes the anti-corruption training participation at Lamor in 2023. In the figures presented in the table, Lamor's personnel in all geographical areas are included. The data does not include field personnel at the company's different working sites, who do not have access to the company's data network, through which the training was carried out and verified.

Furthermore, Lamor provided additional location or function based Code of Coduct training and comminication for its emloyees in 2023. As these target group participants are included in the presented table, no separate statistics is provided.

Provided Code of Conduct training in 2023	Coverage
Governance body members (such as the Board of Directors, Management Team) that have received training on anti-corruption	100% (13/13)
Employees that have passed training on anti-corruption*	96% (153/159)
*Lamor and its subsidaries, excluding on-site employees	



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Through the whistle-blowing channel, Lamor employees and external parties may report any identified violation of laws, policies, or human rights.

Grievance mechanism and raising concern

Each Lamor employee is expected to promptly report any identified violations of the law or Lamor's policy commitments. As a standard procedure, such reporting is addressed to the employee´s 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 2023, Lamor extended its whistleblowing channel to cover external parties, such as workers in Lamor's value chain not employed by Lamor but by a supplier or any other third-party or a community. Through whistleblowing channel, any identified violation of laws, policies, or human rights can be reported.

Lamor's Chief Development Officer was responsible for handling the reported incidents until December 2023, after which the grievance mechanism has been part of the duties of the company's internal audit function. All incidents reported through the whistleblowing channel are investigated, and when necessary escalated within the organization in accordance with the agreed procedures.

Reported misconduct or other non-compliance

There were no confirmed incidents of corruption, bribery, or any other violation of Lamor of Conduct in 2023.

One report was submitted through Lamor's whistleblowing channel, and consequently processed, on a suspected misconduct of Lamor's Code of Conduct.

Lamor has initiated corrective actions in a few cases where a risk of non-compliance of anti-corruption or respect of human rights has been raised. These actions have been taken irrespective of the fact that no official reporting on the matters has been received.

Lamor operations have not resulted in non-compliance cases or other sanctions in 2023, and the company has not received fines or other sanctions.

Procedures to avoid conflicts of interest

The company's Code of Conduct, decision-making processes, work orders of the board and its committees, and the company's remuneration policy contain principles and procedures for preventing conflicts of interest and mitigating the effects of any identified conflicts of interest among Lamor and its stakeholders.

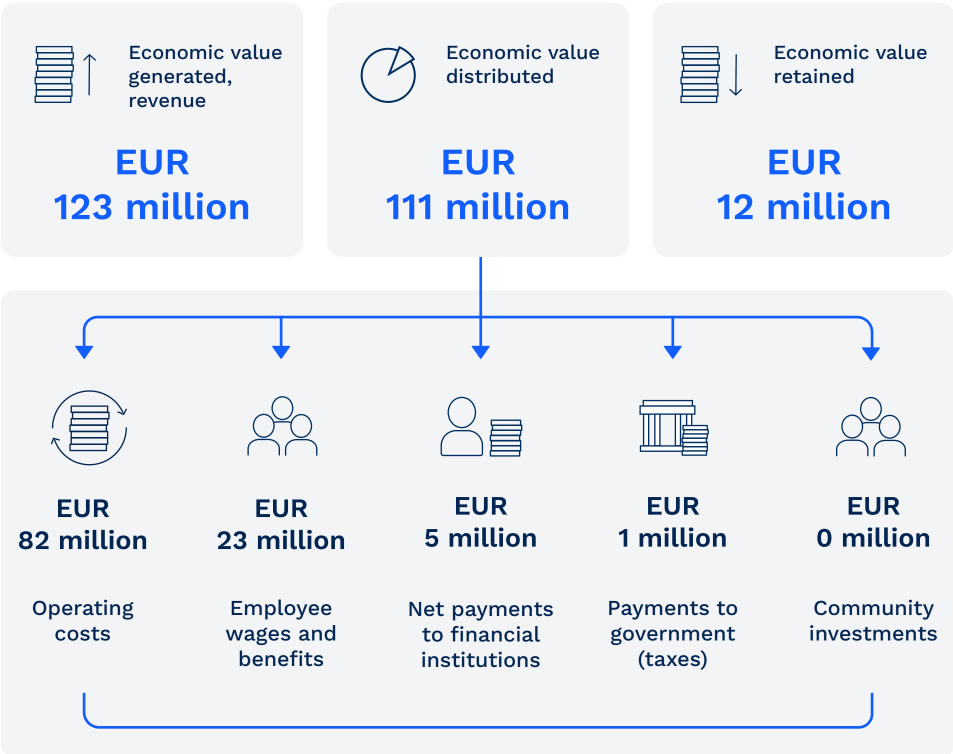
Regarding governance body members – Board of Directors and the Management Team, Lamor conducts an annual set of confirmatory procedures to identify and confirm potential conflicts of interest. These procedures are regarding the person's own or their closely related parties´ connections to parties in business relations with Lamor, including cross-shareholding or controlling ownership, possible cross-board membership or other decision-making position, contractual arrangements, political affiliations or other matters that may affect the person's impartiality or decision-making. The evaluation is updated as needed.

The key positions of duty and trust of the members of the Board of Directors, and regarding the Board of Directors, also the assessment of the member's independence of the company and its major shareholders, are published on Lamor's website.

Financial value creation and financial materiality

The financial added value generated by Lamor

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



Financial materiality - impacts on financial performance

Financial materiality is assessed in terms of risks and opportunities. Lamor assesses the risks posed by sustainability matters as part of its risk management. Lamor also offers services to oil industry and operates in oil spill response. In the long term this poses a risk as the use of fossil fuels decreases. The company is actively monitoring this risk and developing green transition-related activities to reduce the risk in the long term.

The company's Management Team prepares the risk matrix annually, which assesses the possible negative financial effects and mitigation actions. The Audit Committee and the Board of Directors annually review the risk matrix and the mitigation measures proposed.

The main risks and opportunities in sustainability are presented in the table on the following pages. The analysis is made as part of the dual materiality analysis. Financial materiality is triggered when there are any risks or opportunities exceeding thresholds which is a combination of risk probability and magnitude. Most of the topics that are material in terms of impact are also material financially. The analysis finds no topics that would be financially material but not material in terms of impact. For Lamor, the analysis finds both risks and opportunities within the material topics. An important finding within the financial materiality is that Lamor's positive impact is found to reduce risk and increase opportunities stemming from customers, investors and employees. This results in the fact that most of the negative financial materiality, e.g. risks, stems from regulatory pressures and changes, rather than other stakeholders.

Identified material risks and opportunities

Based on the financial materiality assessment the risks are relating to:

- Environment: climate change, pollution, biodiversity and circular economy
- Society: own workforce, workers in the value chain and working conditions
- Governance: Business conduct including corruption and bribery

Based on the financial materiality assessment the opportunities are relating to:

- Environment: pollution, water and marine resources, biodiversity
- Society: affected communities

In addition, Upright has defined material opportunities for Lamor which are relating to health in the form of physical diseases and knowledge in the form of creating knowledge.

GOVERNANCE DISCLOSURES

Lamor's risks related to sustainable development

ESRS topic	Risk driver	Risk	Risk probability	Risk magnitude
Environment / Climate change	Employees	Risk of having to pay (an increasing) premium for impact-sensitive employees as they become increasingly averse to negative impacts related to this topic	Low	Medium
	Investors	Risk of increasing cost of capital due to investors becoming increasingly averse to negative impacts related to this topic	Low	Medium
Environment / Climate change	Regulators	Risk of increasing costs imposed by regulation aimed at reducing the private sector's negative impacts related to this topic	Medium	Low-Medium
Environment / Pollution	Regulators	Risk of increasing costs imposed by regulation aimed at reducing the private sector's negative impacts related to this topic	Medium	Low-Medium
Environment / Biodiversity	Regulators	Risk of increasing costs imposed by regulation aimed at reducing the private sector's negative impacts related to this topic		
Environment / Circular economy	Regulators	Risk of increasing costs imposed by regulation aimed at reducing the private sector's negative impacts related to this topic	Medium	Low-Medium
Society / Own workforce: - Working conditions / Health and safety - Equal treatment and opportunity for all / Diversity	Employees	Risk of having to pay (an increasing) premium for impact-sensitive employees as they become increasingly averse to negative impacts related to this topic	Medium	Medium
Society / Own workforce: - Working conditions / Health and safety - Equal treatment and opportunity for all / Diversity	Regulators	Risk of increasing costs imposed by regulation aimed at reducing the private sector's negative impacts related to this topic	Medium	Medium
Society / Workers in the value chain / Working conditions: - Secure employment - Working time - Adequate wages - Health and safety	Regulators	Risk of increasing costs imposed by regulation aimed at reducing the private sector's negative impacts related to this topic	Medium	Low-Medium
Governance / Business conduct / Corruption and bribery	Regulators	Risk of increasing costs imposed by regulation aimed at reducing the private sector's negative impacts related to this topic	Medium	Medium

Risk analysis

The risk analysis suggests that Lamor has risk related to incresed employee costs, if focus on certain environmental and social topics is not increased. There is a growing trend where employees are not only concerned about their salaries but also about the broader impact and ethical aspects of the work they are involved in. To mitigate this risk Lamor needs to focus on proactively implementing sustainable practices both for its workforce and workers in the value chain.

The strictening ESG regulation suggests that there is an increasing demand to continously adress both environmental and social matters in order to avoid incresing costs imposed by regulation. Additionally there is a riks of increasing cost of capital impacted by climate change.

To mitigate the risk of increasing costs Lamor focuses on proactively complying with existing and upcoming rules and regulations, adopting sustainable practices, conducting regular risk assessments, and investing in innovation. Lamor is also continously deversifying its offering to ensure its progress in green transition.

Lamor's opportunities related to sustainable development

ESRS topic	Opportunity driver	Opportunity	Opportunity level
Environment / Pollution: Pollution of water, soil and living organisms and food resources	Investors	Opportunity to decrease the company's cost of capital by attracting impact-sensitive investors by increasing the company's positive impact related to this topic	Medium
	Employees	Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Medium
Environment / Water and marine resources: Water withdrawals and consumption	Investors	Opportunity to decrease the company's cost of capital by attracting impact-sensitive investors by increasing the company's positive impact related to this topic	Medium
	Employees	Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Medium
Environment / Biodiversity: Direct impact drivers of biodiversity loss and impact on the state of species, as well as on the extent and condition of ecosystems	Investors	Opportunity to decrease the company's cost of capital by attracting impact-sensitive investors by increasing the company's positive impact related to this topic	Medium
	Employees	Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Medium
Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Investors	Opportunity to decrease the company's cost of capital by attracting impact-sensitive investors by increasing the company's positive impact related to this topic	Medium
	Employees	Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Medium
Society / Affected communities / Communities' economic, social and cultural rights: Adequate food, water and sanitation, land-related impacts, security-related impacts	Investors	Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Medium
	Employees	Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Medium

Other topic	Opportunity driver	Opportunity	Opportunity level
Health / Physical diseases	Investors	Opportunity to decrease the company's cost of capital by attracting impact-sensitive investors by increasing the company's positive impact related to this topic	Medium
	Employees	Opportunity to increasingly attract impact-sensitive employees by increasing the company's positive impact related to this topic	Medium
Knowledge / Creating knowledge	Investors	Opportunity to decrease the company's cost of capital by attracting impact-sensitive investors by increasing the company's positive impact related to this topic	Medium

Opportunity analysis

Lamor has extensive opportunities related to both environmental as well as soical topics. The nature of Lamor's business suggests that Lamor can attract both investors and employees by its:

- market growth in environmental solutions
- expansion into regions with a focus on sustainability
- diversification into emerging technologies like chemical recycling of plastics
- enhanced brand value through a strong sustainability reputation
- responding to the growing awareness and demand for sustainable solutions
- creating and distributing knowledge of environmental awareness

By strategically aligning with these opportunities, Lamor can not only contribute to sustainable development but also strengthen its competitive position in a market that is increasingly valuing environmental responsibility.

GRI content index

Statement of use Lamor Corporation Plc has reported in accordance with the GRI standards for the period 1 January 1–31 December 2023

GRI 1 used GRI 1: Foundation 2021

GRI standard	Disclosure	Location	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Financial review: Pages 104-105			
	2-2 Entities included in the organization's sustainability reporting	Financial review: Pages 104-105 General disclosures: Page 26			
	2-3 Reporting period, frequency and contact point	General disclosures: Page 26 Contact point: ir@lamor.com			
	2-4 Restatements of information	General disclosures: Page 27 Environmental disclosures: Pages 57-59			
	2-5 External assurance	Sustainability report: Pages 81-82			
	2-6 Activities, value chain and other business relationships	General disclosures: Pages 27, 30, 32			
	2-7 Employees	Social disclosures: Pages 62-63			
	2-8 Workers who are not employees	Social disclosures: Pages 62-63			
	2-9 Governance structure and composition	Corporate governance statement: Pages 174-181			
	2-10 Nomination and selection of the highest governance body	Corporate Governance statement: Pages 175-176			
	2-11 Chair of the highest governance body	Remuneration report: Page 191 Corporate Governance statement: Page 179			

GRI standard	Disclosure	Location	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
	2-12 Role of the highest governance body in overseeing the management of impacts	General disclosures: Pages 28-30			
	2-13 Delegation of responsibility for managing impacts	General disclosures: Pages 28-30			
	2-14 Role of the highest governance body in sustainability reporting	General disclosures: Pages 28-30			
	2-15 Conflicts of interest	Governance disclosures: Page 72			
	2-16 Communication of critical concerns	General disclosures: Pages 28-30			
	2-17 Collective knowledge of the highest governance body	Corporate governance statement: Page 178			
	2-18 Evaluation of the performance of the highest governance body	Corporate governance statement: Page 177			
	2-19 Remuneration policies	General disclosures: Page 30 Corporate Governance statement: Pages 177-178 Remuneration report: Page 188			
	2-20 Process to determine remuneration	General disclosures: Page 30 Corporate Governance statement: Pages 177-178 Remuneration report: Pages 188-195			
	2-21 Annual total compensation ratio	Remuneration report: Page 190	Disclosure 2-21	Information unavailable/ incomplete	Information not presented in ratio
	2-22 Statement on sustainable development strategy	General disclosures: Page 31			
	2-23 Policy commitments	General disclosures: Page 41			
	2-24 Embedding policy commitments	General disclosures: Page 41			
	2-25 Processes to remediate negative impacts	General disclosures: Page 41			
	2-26 Mechanisms for seeking advice and raising concerns	General disclosures: Page 41			
	2-27 Compliance with laws and regulations	Governance disclosures: Pages 70-72			

GRI standard	Disclosure	Location	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
	2-28 Membership associations	N/A	Disclosure 2-28	Not applicable	Not applicable memberships as defined in the GRI standard
	2-29 Approach to stakeholder engagement	General disclosures: Pages 27, 30-31			
	2-30 Collective bargaining agreements	Social disclosures: Page 65	Disclosure 2-30-a., b.	Information unavailable / incomplete	No data on coverage or main terms available
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	General disclosures: Page 38			
	3-2 List of material topics	General disclosures: Pages 39-40			
	3-3 Management of material topics	General disclosures: Pages 41-43			
Water and marine resources					
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental disclosures: Page 49			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resourcel	Environmental disclosures: Page 49			
	303-3 Water withdrawal	Environmental disclosures: Page 50	303-3-c.	Information unavailable/ incomplete	Breakdown in fresh/other water is incomplete.
	303-4 Water discharge	Environmental disclosures: Page 50	303-4-b.-d.	Information unavailable/ incomplete	Breakdown in fresh/other water is incomplete. Information on substances of consern incomplete.
	303-5 Water consumption	Environmental disclosures: Page 50	303-5-c.	Information unavailable/ incomplete	Changes in water storage will be more relevant in 2024
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental disclosures: Page 51			
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Environmental disclosures: Page 51			

GRI standard	Disclosure	Location	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
Resource use and circular economy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental disclosures: Page 52			
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Environmental disclosures: Page 53			
Climate					
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental disclosures: Pages 54-56			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental disclosures: Page 54	302-1-c. iii and iv 302-1-d.	Not applicable	Lamor does not have any cooling and steam consumption or energy sold
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental disclosures: Page 56			
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental disclosures: Page 57			
	305-3 Other indirect (Scope 3) GHG emissions	Environmental disclosures: Pages 58-59			
	305-4 GHG emissions intensity	Environmental disclosures: Page 54			
Own workforce and workers in the value chain					
GRI 3: Material Topics 2021	3-3 Management of material topics	Social disclosures: Pages 60-64			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Social disclosures: Page 64			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social disclosures: Page 69			

GRI standard	Disclosure	Location	Omission: Requirements ommitted	Omission: Reason	Omission: Explanation
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Social disclosures: Page 65			
	403-2 Hazard identification, risk assessment, and incident investigation	Social disclosures: Page 65			
	403-3 Occupational health services	Social disclosures: Page 65			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Social disclosures: Page 65			
	403-5 Worker training on occupational health and safety	Social disclosures: Page 66			
	403-6 Promotion of worker health	Social disclosures: Page 66			
GRI 403: Occupational health and safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social disclosures: Page 66			
	403-8 Workers covered by an occupational health and safety management system	Social disclosures: Page 66			
	403-9 Work-related injuries	Social disclosures: Page 67			
Business conduct					
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance disclosures: Page 70			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Governance disclosures: Page 71	205-2-b.-e.	Information unavailable/ incomplete	Breakdown by region incomplete Number and percentage of business partners incomplete
	205-3 Confirmed incidents of corruption and actions taken	Governance disclosures: Page 72			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Governance disclosures: Page 73			
	201-2 Financial implications and other risks and opportunities due to climate change	Governance disclosures: Pages 73-75			

Independent accountant's assurance report

(Translated from the original report in Finnish language)

To the Management of Lamor Corporation Oyj

Scope

We have been engaged by Lamor Corporation Oyj (hereafter "Lamor") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Lamor's selected sustainability indicators in the Sustainability Statement of Lamor's Annual Report 2023 for the period 1.1.-31.12.2023 (the "Subject Matter"). The Subject Matter included the following GRI indicators:

- GRI 2 General disclosures
  - 2-7 Employees
  - 2-8 Workers who are not employees
- GRI 205 Anti-corruption
  - 205-2 Communication and training about anti-corruption policies and procedures
- GRI 302 Energy
  - GRI 302-1 Energy consumption within the organization
- GRI 303 Water and effluents
  - GRI 303-3 Water withdrawal
  - GRI 303-4 Water discharge
  - GRI 303-5 Water consumption
- GRI 304 Biodiversity
  - GRI 304-2 Significant impacts of activities, products and services on biodiversity
- GRI 305 Emissions
  - GRI 305-1 Direct (scope 1) greenhouse gas emissions
  - GRI 305-2 Energy indirect (scope 2) greenhouse gas emissions
  - GRI 305-3 Other indirect (scope 3) greenhouse gas emissions
  - GRI 305-4 Greenhouse gas emissions intensity
- GRI 306 Waste
  - GRI 306-4 Waste diverted from disposal
- GRI 403 Occupational health and safety
  - GRI 403-1 Occupational health and safety management
  - GRI 403-2 Hazard identification, risk assessment and incident investigation
  - GRI 403-3 Occupational health services
  - GRI 403-4 Worker participation, consultation and communication on occupational health
  - GRI 403-5 Worker training on occupational health and safety
  - GRI 403-6 Promotion of worker health
  - GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
  - GRI 403-8 Workers covered by an occupational health and safety management system
  - GRI 403-9 Work-related injuries

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 Global Reporting Initiative (GRI) Sustainability Reporting Standards (the "Criteria") and Lamor's own internal reporting principles. 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 Subject Matter, 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.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 Revised'), 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 express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be 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 conclusions.

Our independence and quality management

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 engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or 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.

The Green House 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.

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.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

a) Gathering an understanding of Lamor's material sustainability reporting topics, organization and activities,

b) Interview with senior management to understand Lamor's sustainability management,

c) Interviews with personnel responsible for gathering and consolidation of the Subject Matter to understand the systems, processes and controls related to gathering and consolidating the information,

d) Assessing sustainability data from internal and external sources and checking the data to reporting information on a sample basis to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

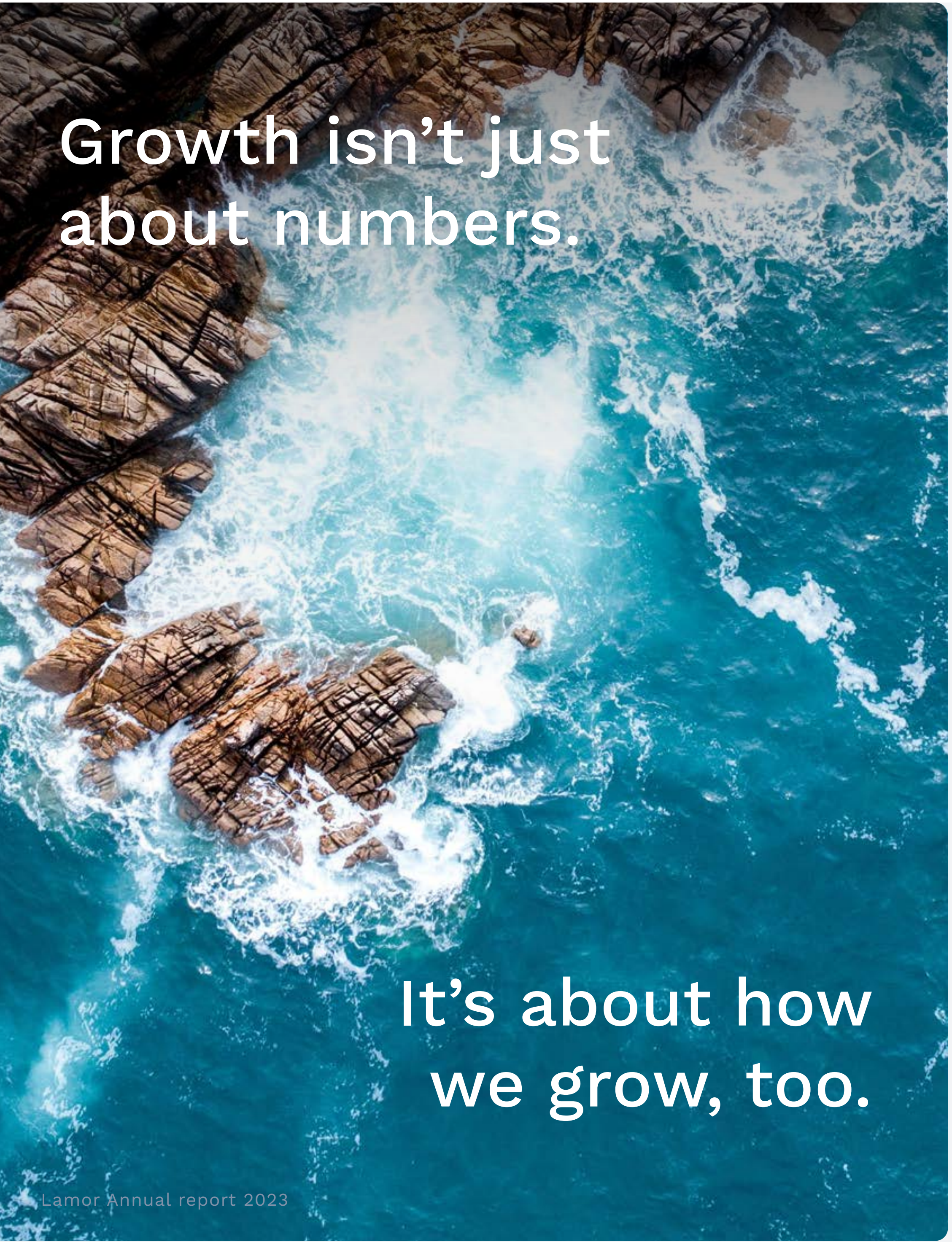
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter in Lamor's sustainability report for the period 1.1.-31.12.2023, in order for it to be in accordance with the Criteria.

Helsinki, 28.2.2024

Ernst & Young Oy

Authorized Public Accountant Firm

Juha Hilmola	Nathalie Clément
Authorized Public Accountant	Leader of Climate Change and Sustainability Services



03

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Contents

Report by the Board of Directors 1 Jan–31 Dec 2023

2023 in brief

- Revenue decreased by 4.0% year on year to EUR 122.5 million (127.7)
- EBIT was EUR 8.4 million (10.0)
- Adjusted EBIT decreased by 13.2% and amounted to EUR 10.9 million (12.6) or 8.9% of revenue
- Net working capital at the end of period was EUR 62.2 million (41.5)
- Net cash flow from operating activities was EUR –12.7 million (–6.5)
- Earnings per share (basic) was EUR 0.09 (0.13)
- Orders received decreased by 49.7% and amounted to EUR 44.0 million (87.4)
- Order backlog at the end of period was EUR 124.2 million (203.1)
- The Board of Director proposes that no dividend be distributed for the financial year 2023

Business development in 2023

In 2023, Lamor continued to deliver efficient and effective environmental solutions to its customers globally, locally, in line with its strategy. Lamor had several simultaneous large projects underway, which together accounted for a very significant share of revenue for the financial year. The most important of these were the soil remediation projects in Kuwait, the service projects for oil spill response preparedness in Saudi Arabia and the waste handling and oil spill technology delivery projects in Bangladesh, which progressed as planned in terms of operations during 2023, and the soil remediation projects in Kuwait even better than planned.

In soil cleaning, the best solution is always case-specific, because each contaminated soil, environment and climate always differ from another. Lamor's soil cleaning solution for Kuwait's extreme conditions, which includes biological and mechanical processing, turned out to be even more effective than expected, and in December 2023 the company was able to start the ramp up phase of another treatment method, the soil washing plant. This method is used for cleaning more severely contaminated soil.

In accordance with its service agreement, Lamor has in 2023 continued to strengthen oil spill response capabilities in the coastal areas of Saudi Arabia and to maintain the preparedness level by securing the operational capability of the oil spill response vessels and aircraft, as well as the operational readiness of the oil spill response equipment. In addition, the company trained more than 2,000 local experts in oil spill response preparedness in case of possible incidents.

In terms of various project deliveries in Bangladesh, Lamor continued the delivery projects of the oil spill response vessels included in the package, the Port Reception Facility and the MARPOL collection vessel equipped with oil spill response equipment.

The most significant project in the water purification business was the seven filtration containers delivered to Brazil in 2023. Three of these will be located in connection with the water treatment plant as an expansion of treatment capacity. They will produce more clean water when the treatment plants' own capacity is insufficient.

The most significant new orders in 2023 were mainly related to equipment delivery projects. In terms of the oil spill response business, a significant indication of Lamor's strong market position was, among other things, the two-year agreement with the European Maritime Safety Agency (EMSA) to manage EMSA's Equipment Assistance Service (EAS) stockpile in the Netherlands. Responsibility for this North Sea base was transferred to Lamor in January 2024. The contract for the operation of the Northern Baltic Sea base was also extended from the beginning of 2023. Lamor has been responsible for its operation since 2019.

In 2023, Lamor's Board of Directors decided on investments in line with the strategy to build a chemical plastic recycling plant in Kilpilahti, Porvoo, Finland. The project progressed as planned during the year, and as a result of the financing arrangements made, Lamor's ownership in the project company increased to 70%.

The order backlog did not develop as hoped for during 2023. The launching of customers' tendering processes and decision-making related to ongoing tenders were significantly delayed, and Lamor did not win any major tenders during the year. The option extension of the company's oil spill response preparedness service agreement for the project ending in mid-2024 is also still open.

In 2023, slower-than-expected order intake impacted not only the number of new orders received, but also net sales and profit development for the financial year. In addition, Lamor's profitability during the financial year 2023 was burdened as expected by the company's investments in achieving long-term financial targets, including recruitment.

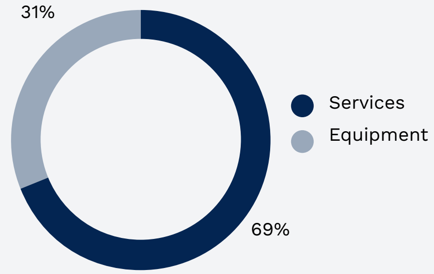
Capital market transactions supporting the company's growth

In May 2023, Lamor published its Green Finance Framework, which enables the company to leverage debt capital to promote solutions related to the protection and restoration of the environment and ecosystems, as well as material recycling.

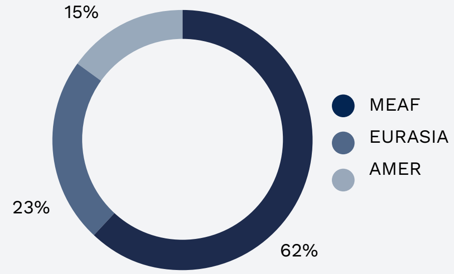
At the end of November 2023, the trading in Lamor's shares was transferred to the official list of Nasdaq Helsinki. Prior to this, Lamor's shares were listed on the Premier Segment of First North Growth Market Finland marketplace maintained by Nasdaq Helsinki. The purpose of the transfer is to support Lamor in implementing its strategic targets, contribute to the expansion of Lamor's shareholder base and to the increase in the liquidity of Lamor's shares in the long term, and improve the awareness of Lamor among different stakeholder groups.

Revenue split 2023

EQUIPMENT AND SERVICES

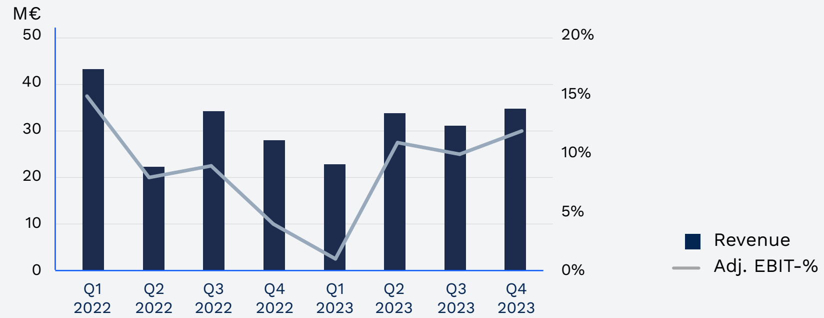


AREAS*

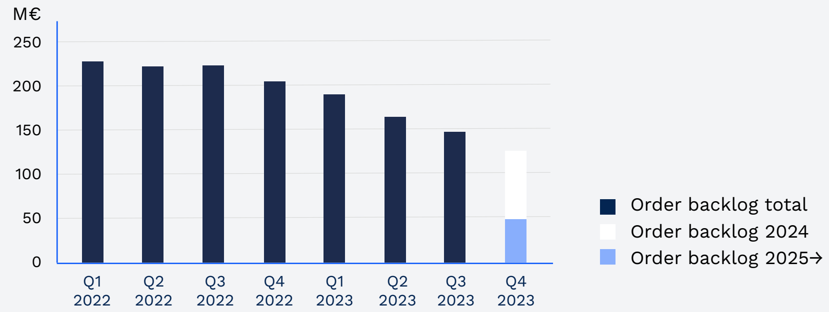


EURASIA = Europe and Asia, AMER = Americas, MEAF = Middle East and Africa

REVENUE (EUR MILLION) AND ADJUSTED EBIT % PER QUARTER



ORDER BACKLOG AT THE END OF EACH QUARTER (EUR MILLION)



Strategic targets and progress

No significant changes were made to Lamor's strategy in 2023. 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 environmental 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.

In 2023, the company focused especially on the implementation of the updated strategy and the new operational mode, as well as on creating even stronger integrated way of operating to ensure business growth and the realization of financial goals. One of the key focus areas was the monitoring of the progress of the measures defined to achieve the strategic and financial goals, and the identifying and appointing appropriate human resources to secure the meeting of these goals.

In line with the strategy, the company promoted achieving an established market position in key markets by, among other things, strengthening its local presence in Saudi Arabia, where the company was granted a permanent business license at the end of 2023. In addition, significant business opportunities were identified in Kuwait and elsewhere in the Middle East region.

In South America, there was significant demand for Lamor's various products and services, but inter alia the growing political uncertainty in the company's operating countries slowed down commercial progress in the region.

Long-term financial targets

In connection with the strategy update, the Lamor's Board of Directors has defined the following long-term financial targets for the company, which 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 maintaining a strong balance sheet.

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

Key figures

EUR thousand (unless otherwise noted)	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Revenue	122,520	127,656	51,517
EBITDA	16,182	16,659	6,014
EBITDA %	13.2%	13.1%	11.7%
Adjusted EBITDA	18,464	19,006	6,692
Adjusted EBITDA %	15.1%	14.9%	13.0%
Operating profit or loss (EBIT)	8,426	10,018	1,941
Operating profit or loss (EBIT) margin %	6.9%	7.8%	3.8%
Adjusted Operating Profit (EBIT)	10,943	12,608	2,831
Adjusted Operating Profit (EBIT) margin %	8.9%	9.9%	5.5%
Profit (loss) for the period	2,679	3,535	869
Earnings per share, EPS (basic), euros	0.09	0.13	0.05
Earnings per share, EPS (diluted), euros	0.09	0.13	0.05
Return on equity (ROE) %	4.3%	5.8%	1.9%
Return on investment (ROI) %	8.7%	12.0%	3.0%
Equity ratio %	40.0%	53.0%	56.2%
Net gearing %	60.7%	23.2%	–6.9%
Net working capital	62,245	41,490	20,222
Orders received	43,950	87,368	260,831
Order backlog	124,192	203,069	226,906
Number of employees at the period end	840	508	290
Number of employees on average	658	604	250

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 and presents the following alternative performance measures to better illustrate the performance of Lamor: adjusted operating profit (EBIT), adjusted EBITDA, ROI, ROE, equity ratio and net gearing.

The Adjusted EBIT and Adjusted EBITDA are calculated as follows:

Adjusted EBIT and EBITDA EUR thousand	**1 Jan–31 Dec 2023**	**1 Jan–31 Dec 2022**	**1 Jan–31 Dec 2021**
Operating profit (EBIT)	**8,426**	**10,018**	**1,941**
Depreciations, amortisations and impairment	7,756	6,641	4,072
EBITDA	**16,182**	**16,659**	**6,014**
Non-recurring Items			
Business combinations expenses	-	71	79
Restructuring expenses	944	318	-
IPO related expenses	-	-	599
Impairment of Russian business	1,338	1,958	-
Adjusted EBITDA	**18,464**	**19,006**	**6,692**
Depreciations, amortisations and impairment	–7,756	–6,641	–4,072
Amortisation of intangible assets identified in PPA	235	242	211
Adjusted EBIT	**10,943**	**12,608**	**2,831**

Financial performance

During the reporting period, the Group's revenue amounted to EUR 122.5 million (127.7) during the reporting period, decreasing by 4.0% from the comparison period. At comparable exchange rates, revenue decreased by 1.5%. Long-term projects in Kuwait and Saudi Arabia as well as equipment delivery projects in Bangladesh progressed as planned. The progress in soil remediation projects in Kuwait was even better than anticipated. In 2022, full year revenue was significantly impacted by the environmental response and clean-up projects early in the year in Peru and Ecuador.

Adjusted EBIT decreased by 13.2% year on year and amounted to EUR 10.9 million (12.6) or 8.9% (9.9%) of revenue. The profitability of projects in Kuwait developed particularly positively in the second half of the year.

In 2023, Lamor booked EUR 1.2 million in impairment charges related to its Russian subsidiaries and associated companies. The respective amount is included in non-recurring items. After the impairment charges, the assets related to the Russian business have been entirely written down in the Group.

Order backlog at the end of the period totalled EUR 124.2 million (203.1). The value of new orders received during the reporting period was EUR 44.0 million (87.4), which is 49.7% less than in the comparison period. At comparable exchange rates, the decrease was 48.7%. The starts of the customer tendering processes and the decision making concerning the ongoing processes were delayed significantly. Additionally, Lamor did not win any new projects during the period for example in Kuwait where the company participated in a large tendering of the next phase soil remediation projects. Additional subcontracted soil remediation works in Kuwait have not been agreed upon either.

Depreciations stood at EUR –7.8 million (–6.6) and included EUR –4.2 million (–4.3) depreciations of right-of-use assets (IFRS 16), mainly related to the Group's project in Saudi Arabia.

Financial income and expenses of EUR –5.2 million (–3.5) related to interest and guarantee expenses for funding the operations as well as valuation of USD-denominated and pegged receivables and debts, and related hedging. The increase from the comparison period was due to the interest expenses related to the bond issued during the reporting period. In addition, nonrecurring expenses for the period were caused by the bond issuance in the third quarter and the transfer to the main list of the Nasdaq Helsinki in November 2023.

The Group's profit before taxes was EUR 3.2 million (6.5). Earnings per share in the period from January to December 2023 was EUR 0.09 (0.13).

Net cash flow from operating activities was EUR –12.7 million (–6.5). Net working capital tied at the end of the period was EUR 62.2 million (41.5). The Kuwaiti projects continued to be the biggest contributor in tying up working capital, but the amount has not increased during the fourth quarter. On the other hand, the monthly payments in the Saudi Arabian project fell behind and that burdened the working capital and the cash flow accumulation.

The transaction expenses of the bond issued in August 2023 as well as the transfer to the main list of the Stock Exchange burdened the cash flow in the financial period. These costs were nonrecurring. In addition, tax payments in South America burdened the cashflow during the financial period.

Cash flow from investments was EUR –6.9 million (–8.0).

The Group's equity ratio was 40.0% (53.0%) and net gearing stood at 60.7% (23.2%). Net gearing was impacted by the issuance of the green bond of EUR 25 million in August 2023.

Investments and R&D activities

In January–December 2023, investments in tangible and intangible assets were EUR 7.4 million (8.4). The increase during the second half of the year was impacted by the investments and development expenses for the Kilpilahti project. Other investments consisted of investments in oil spill response service equipment, the development of the global network and business development within the Business Finland Growth Engine programme.

Right-of-use assets related to vessels used in the service project in Saudi Arabia and to the Kilpilahti land lease agreement, a new item capitalised during the third quarter amounted to EUR 5.0 million (5.3) at the end of the period.

The Group's development costs during the year amounted to EUR 2,8 (1,1) 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 1,3 (1,0) million, are included in the beforementioned costs.

The company did not receive any public reasearch and development grants during the financial period.

In January–December 2023, depreciation, amortisation, and impairment totalled EUR –7.8 million (–6.6).

The purpose of Lamor's research and development activities is to support the project operations and growth targets of the business, as well as to create new operating models. Lamor strives to continuously develop new solutions for the environmental challenges of its customers, and furthermore, it aims to find new applications for its existing solutions.

Financial position

Lamor's financial position in 2023 was significantly impacted by the secured green bond of EUR 25 million issued in August. The planned maturity of the bond is 3 years.

Lamor's interest-bearing liabilities comprise loans from financial institutions, the bond, capital loans and lease liabilities under IFRS 16. On 31 December 2023, Lamor's interest-bearing liabilities amounted to EUR 44.3 million (19.2), of which lease liabilities were EUR 5.4 million (5.1). The Group's net debt totalled EUR 38.8 million (14.3). At the end of the reporting period, the Group had liquid funds amounting to EUR 11.0 million (4.9).

The green bond of EUR 25.0 million issued by Lamor is senior priority and has second-lien business mortgage. The Group's senior priority financing arrangements also include a loan of EUR 5.5 million. The Group has a financing limit of EUR 8.0 million and an overdraft facility of EUR 7.0 million. At the end of reporting period, on 31 December 2023, EUR 3.5 million of the financing limit and EUR 6.0 million of the overdraft facility were in use. In addition, Lamor had undrawn loans for the plastics chemical recycling facility investment project totalling to EUR 12.0 million.

At the end of the reporting period, other bank loans amounted to EUR 0.6 million. At the end of the period, the aggregate value of outstanding guarantees was EUR 42.9 million (38.2). When estimating the amount of interest-bearing debt financing, it is good to consider the amount of the company's total liabilities, including the company's guarantee obligations, which apply especially to large delivery projects.

During the period, Lamor repaid entirely the junior debt of EUR 1.9 million. A capital loan of EUR 4.3 million from the State Treasury granted in connection with the Growth Engine competition of Business Finland is subordinate to senior funding and is not included in the covenant calculation.

Market outlook

Globally increasing environmental awareness creates continuous demand for sustainable environmental solutions. The objectives set for the green transition emphasise mitigation of climate change, protection of biodiversity and recycling of materials. Increased understanding of the sensitivity of ecosystems has added pressure for the governmental and private sectors to be better prepared for future incidents and to finance the clean-up operations of legacy contamination.

Increased environmental awareness has led to tightening environmental legislation. For instance, sufficient oil spill response equipment and service capabilities have a critical role in the future of environmental protection. The shift has led governments and private sector to pay attention to uncleaned areas with soil and water contamination.There is a large number of restoration liabilities arising from earlier environmental incidents on a global level, and for instance a remarkable number of earlier significant oil spills still remain uncleaned. Lamor leverages its strong expertise and references to grow in these market segments and further expand its presence. Lamor expects the demand for its solutions to increase significantly also in the future.

In addition to general environmental awareness, the current global crises in the Middle East and Europe, for example, significantly increase the risk of environmental damage in areas such as the Red Sea and the Baltic Sea. An increase in the risk level may possibly increase the willingness in neighbouring regions to prepare for these risks.

As a part of their actions to combat climate change, the petrochemical industry aims at decreasing the need for virgin crude oil. The share of global emissions mainly from production of plastics accounts for over 3% of all global emissions, and the amount of plastic waste in the world has doubled in the past 20 years. Currently, only a tenth of all plastic waste is recycled correctly. The chemical plastic recycling market is expected to be in the magnitude of hundreds of billions of euros by 2050. Lamor participates in solving the global plastic waste problem by building a chemical recycling facility for plastics in Finland, with the aim of building similar facilities in its strong market areas by utilising its global network.

Guidance for 2024

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

Sustainability

Sustainability is at the core of Lamor's strategy. The company's sustainable business model steers towards its vision of a cleaner tomorrow. Lamor aims to increase positive environmental impacts with solutions relating to environmental protection, soil remediation and restoration, and material recycling.

Lamor's solutions help the company, its customers and partners promote circular economy and careful use of scarce natural resources as well as protect biodiversity. The company's sustainable business is based on strategic cooperation with customers and partners and continuous innovation.

Impact, risk and opportunity management

Significant changes in sustainability regulation are taking place. They will affect the way Lamor defines its sustainability management. To prepare for the implementation of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standard (ESRS) and to assess how these changes affect its development targets, Lamor has started assessing the impacts of them. The company is currently determining the necessary measures to meet the new reporting requirements for 2024 and the information needs of different stakeholders of Lamor.

The non-climate environmental objectives of the EU Taxonomy, published in summer 2023, provide significant opportunities for Lamor to substantially contribute to green transition. For the first time for the period ending 31 December 2023, Lamor reports to what extent its current activities are covered by the EU Taxonomy (Taxonomy-eligibility). For 2024, the company will also report which of its solutions comply with the applicable technical screening criteria.

The double materiality assessment required by the new EU legislation helps Lamor to define material focus areas for the company. Lamor has conducted the assessment for the first time in 2023, which will affect its sustainable development targets already during the year 2024. In the double materiality assessment, not only combatting climate change but also pollution prevention, water resources, biodiversity and circular economy are highlighted. In addition, Lamor's own workforce, workers in Lamor's subcontractor network, affected communities, as well as the company's ethical principles, based on which it prevents corruption and money laundering, are material topics for Lamor. Because of the nature of Lamor's business activities, there may be either positive or negative impacts associated with many of these material topics.

Focus areas for environmental sustainability

Pollution poses significant threats to biodiversity, leading to species extinction and adverse health effects, especially among vulnerable populations. Addressing existing pollution is crucial for environmental protection and improving overall environmental conditions.

In 2023, Lamor's large soil remediation project in Kuwait progressed well especially concerning the bioremediation, and the company cleaned up over 1.5 million tonnes of oil-contaminated soil.

By recovering oil spills and contaminations, Lamor mitigates negative environmental impact of pollution of air, water, soil and living organisms. Lamor also encourages its customers to be prepared for environmental incidents as efficiently as possible. In 2023, Lamor sold a significant amount of oil spill response equipment and managed several oil spill response preparedness service projects, the largest of which was related to maintaining the Saudi Arabian state's oil spill response preparedness.

In 2023 Lamor has expanded its focus on addressing global resource depletion. Lamor has started a chemical recycling business for plastics and is thus involved in developing solutions to the identified environmental threat posed by plastic waste. Lamor's initiative is ground-breaking in Finland, and its goal is to produce raw materials for the petrochemical industry and reduce reliance on fossil fuels for plastic production. The first facility will be built in Kilpilahti, Porvoo, with an annual input capacity of 10 kilotonnes. The facility is expected to start producing raw material for the plastics industry in the second half of 2024.

Promoting social sustainability

Social sustainability is part of Lamor's culture. It is essential for Lamor to continuously develop social sustainability and the management of it

In accordance with its social sustainability targets for 2023, Lamor has in particular advanced the ensuring of safe working conditions irrespective of the working location, enhanced measures for anticorruption and for the realisation of respecting human rights in Lamor's whole value chain and extending the access to the whistleblowing channel also to third parties.

Social sustainability targets have been advanced in 2023 as below:

PROMOTING OCCUPATIONAL SAFETY

In terms of occupational safety, many significant results were achieved in 2023. During the year, Lamor had several large projects underway with a record number of employees. Despite this, the company achieved a record period of three million continuous safe working hours in early 2024. No lost-time incidents have been reported in connection with Lamor's operations since February 2023, and the Lost Time Incident Rate (LTIR), which measures working hours lost due to accidents, has been significantly lower than the minimum criteria usually set in competitive tendering for different projects in the sector.

RESPECT FOR ETHICAL PRINCIPLES AND REPORTING GRIEVANCES

In 2023, Lamor tightened its ethical principles, good governance practices and criteria for selecting external partners. In addition, the company developed and automated the assessment and regular screening of its business partners globally during 2023. Streamlined processes also help Lamor understand and mitigate risks related to, for example, corruption and human rights violations

Lamor also expanded the grievance reporting procedure by offering also parties outside the

company the opportunity to anonymously bring any grievances or violations of the Code of Conduct to Lamor's attention and to be handled appropriately through Lamor's whistleblowing channel. These parties include employees in Lamor's value chain who are not Lamor's employees.

A more extensive statement of non-financial information, including classification related to the EU taxonomy, has been reported in a separate sustainability report. Lamor reports non-financial information in accordance with the Finnish Accounting Act for the first time for the financial year 2023, when Lamor became a main listed company on the stock exchange and exceeded the size limits set by legislation.

Risks and business uncertainties

The risks assessed by Lamor and the identified business uncertainties have remained largely unchanged throughout 2023. However, the geopolitical risk level has increased during the year due to several global conflicts and political instability.

Risks related to operating environment

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

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

Since the Russian attack to Ukraine, Lamor Corporation and entities controlled by it have ceased the sale and deliveries of any technologies, services or solutions to Russia.

Legal and regulatory risks

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

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

Risks related to business operations

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

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

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

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

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

Risks related to Lamor's financing and financial position

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

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

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

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

Near-term risks and uncertainties

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

Lamor carefully follows the global changes in geopolitical environment. They may have a negative impact on Lamor's business, changing for instance the schedules, costs and supply chains of its projects. Furthermore, escalated situations may affect the security of the company's personnel. Lamor follows these situations particularly closely for example in certain Middle East and South American countries.

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

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

Governance

Resolutions of the Annual General Meeting

The Annual General Meeting of Lamor was held on 4 April 2023 as a hybrid meeting in accordance with the Finnish Companies Act. The Annual General Meeting was in favour of all proposals submitted to the General Meeting by the Board of Directors and the Shareholders' Nomination Board.

The Annual General Meeting adopted the 2022 financial statements, resolved not to distribute dividend, discharged the Board members and the Managing Director from liability, and approved the 2022 Remuneration Report for Governing Bodies.

The Annual General Meeting resolved on the remuneration payable to the members of the Board of Directors, and the number of members of the Board of Directors, and re-elected Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen, Timo Rantanen and Mika Ståhlberg as members of the Board of Directors. The firm of authorised public accountants Ernst & Young Oy was re-elected as the Company's Auditor, with APA Juha Hilmola continuing as the auditor with principal responsibility. In addition, the Annual General Meeting resolved on certain amendments to Lamor's Articles of Association.

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

Annual General Meeting's authorisations to the Board of Directors

The Annual General Meeting resolved on 4 April 2023 to authorise the Board of Directors to decide on the issuance of new shares or treasury shares, on the terms defined in the resolution. Under the authorisation, a maximum of 2,500,000 shares, which corresponds to approximately 9 per cent of all of the shares at the time of the proposal, may be issued. The share issue may be targeted, in deviation from the shareholders' pre-emptive rights, provided that there is a weighty financial reason for the company to do so and provided that a directed share issue is in the interest of the company
and its shareholders.

The Annual General Meeting resolved on 4 April 2023 to authorise the Board of Directors to decide on the acquisition of the company's own shares in such a way that the number of own shares to be repurchased shall not exceed 2,500,000 shares, on the terms defined in the resolution. However, the company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the company.

The Annual General Meeting resolved on 4 April 2023 to authorise the Board of Directors to decide on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Companies Act and on the terms defined in the resolution in such a way that the shares to be issued either directly or on the basis of option rights and other special rights under the authorisation shall not exceed 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 authorisations are valid until the close of next Annual General Meeting, however no longer than until 30 June 2024. The Board of Directors did not use the authorisations during January–December 2023.

Resolutions of the Extraordinary General Meeting

The Extraordinary General Meeting of Lamor Corporation Plc was held on 1 November 2023 as a hybrid meeting in accordance with the Finnish Companies Act. The General Meeting was in favour of the proposal by the Board of Directors to amend the company's Articles of Association to enable the company's targeted transfer to the official list of Nasdaq Helsinki.

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

Organisation of the company's governing bodies

Organisation of the Board of Directors

The Board of Directors held its organisational meeting after the Annual General Meeting on 4 April 2023 and in connection with its organisation, Board of Directors decided on the composition of the Board of Directors and its committees as follows:

In he organisational meeting of the Board of Directors on 4 April 2023, Mika Ståhlberg was re-elected as the Chairman of the Board and Fred Larsen was re-elected as the Vice Chairman of the Board.

The composition of the committees of the Board of Directors was resolved as follows:

- Audit Committee: Chairman Timo Rantanen; Kaisa Lipponen; Mika Ståhlberg
- Remuneration Committee: Chairman Timo Rantanen; Nina Ehrnrooth; Kaisa Lipponen.

Organisation of the Shareholders' Nomination Board

The Shareholders' Nomination Board was organised as the following: Fred Larsen (Chairman of the Board of Larsen Family Corporation Oy) was appointed as the Chair, and as members Annika Ekman (Head of Direct Equity Investments, Ilmarinen Mutual Pension Insurance Company); Juuso Puolanne, Investment Director (Finnish Industry Investment Ltd.) and Mika Ståhlberg (Chairman of Lamor's Board of Directors). Lamor announced the composition on 25 September 2023.

Changes in the Group Management Team

Lamor's Board of Directors decided on 15 December 2023 on the appointment of D.Sc. (Chem.Eng.) Johan Grön as CEO of the company as of 15 December 2023. Mr. Grön previously served as Lamor's Chief Operating Officer and member of the Management Team since May 2022. Mika Pirneskoski served as the company's CEO until 15 December 2023.

Additionally, Lamor announced the following changes in the Group Management Team during 2023:

Johanna Grönroos was appointed Lamor's Chief Strategy Officer as of 20 December 2023. Previously, Ms. Grönroos served as the company's Development Director and a member of the Group Management Team.

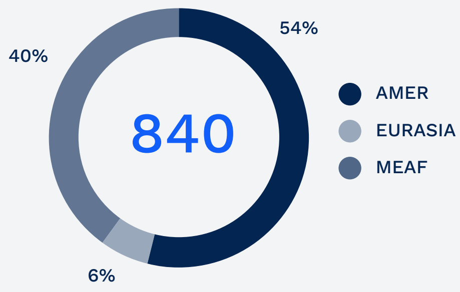
Timo Koponen, CFO, and Magnus Miemois, SVP for Europe and Asia, announced their resignations. It was communicated that both Management Team members would continue in their positions until the last day of their employment.

On 31 December 2023, the members of the Group Management Team were:

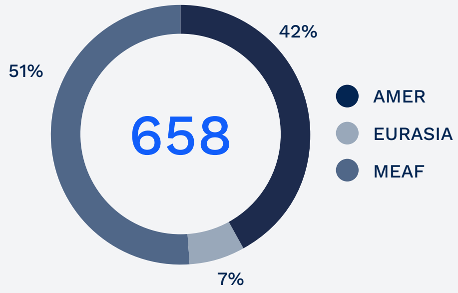
- Johan Grön, Chief Executive Officer
- Timo Koponen, Chief Financial Officer
- Johanna Grönroos, Chief Strategy Officer
- Santiago Gonzalez, SVP, North and South America
- Pentti Korjonen, SVP, Middle East and Africa
- Magnus Miemois, SVP, Europe and Asia

In addition, HR Director Mervi Oikkonen has been part of the company's Extended Management Team.

NUMBER OF EMPLOYEES AT THE PERIOD END



NUMBER OF EMPLOYEES ON AVERAGE



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

Personnel

During January–December 2023, Lamor employed on average 658 (604) persons. At the end of the period, Lamor employed 840 (508) persons.

The number of personnel fluctuates according to the major projects Lamor has on-going at each time. In 2023, especially the progress of the Kuwaiti projects from the preparation phase to the actual soil-cleaning phase increased the number of employees. Additionally, the environmental incident in Ecuador at the end of 2023 increased the number of Lamor's personnel at the end of the reporting period.

In 2023, Lamor also continued to recruit new professionals in different market areas and global functions to support the company´s growth in accordance with the strategic targets set.

The total salaries and fees paid to Lamor's personnel in the financial year 2023 amounted to EUR 20,586 thousand.

Group structure

During the financial year 2023, Lamor established a 100% owned subsidiary in the Netherlands. The company will provide environmental protection services and serve as a central warehouse for customers in the area.

Since Russia's attack to Ukraine, neither Lamor nor its controlled companies have sold or supplied technologies, services or solutions to Russia. Lamor has had an associated company in Russia, Ecoshelf Ltd. As Lamor is no longer involved in the management or operations of Ecoshelf Ltd and therefore does not have significant influence over the company, Lamor has classified it as a share investment during 2023. In addition, all assets related to the Russian business have been written down by 31 December 2023.

There were no other significant changes in Lamor's Group structure during the financial year 2023.

Foreign branches

During the financial year 2023, Lamor established a 100% owned subsidiary in the Netherlands. The company will provide environmental protection services and serve as a central warehouse for customers in the area.

Corporate Governance Statement

Lamor will publish a separate Corporate Governance Statement for 2023 in accordance with the recommendations of the Finnish Corporate Governance Code. A separate report will be available on Lamor's website as of 5 March 2024.

Shares and trading in company's shares

Trading in Lamor's share was transferred to the main list of Nasdaq Helsinki Ltd on 23 November 2023. Prior to this, until 22 November 2023, Lamor shares were traded in the Premier segment of the First North marketplace.

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 2023, 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 2023, Lamor held 542,450 (542,450) treasury shares.

The closing price of the share on the last trading day of the reporting period on 29 December 2023 was EUR 2.59 (4.50). The highest price of the share in the reporting period January–December 2023 was EUR 4.85 (5.04) and the lowest one EUR 2.33 (3.80).

Share turnover on Nasdaq First North Premier during 1 January–22 November 2023 was approximately 1.42 million shares and on the main list of Nasdaq Helsinki during 23 November–31 December 2023 approximately 0.28 (0) million shares. In total, Lamor's share turnover

The largest registered shareholders on 31 December 2023

	Owner	Shares and votes (pcs)	% of shares and votes
1	Larsen Family Corporation Oy*	9,500,577	34.54
2	Finnish Industry Investment Ltd.	1,938,800	7.05
3	Ilmarinen Mutual Pension Insurance Company	1,738,850	6.32
4	Mandatum Life Insurance Company Limited	1,665,287	6.06
5	Larsen Nico Benjamin	1,478,142	5.37
6	Larsen Fred Jörgen	1,098,350	3.99
7	Skandinaviska Enskilda Banken AB	898,220	3.27
8	Veritas Pension Insurance Company Ltd.	724,637	2.63
9	Capital Dynamics Oy	631,850	2.30
10	Citibank Europe PLC	583,275	2.12
	10 largest shareholders total	22,914,743	83.32
	100 largest shareholders total	24,454,914	88.92
	Nominee registered total	1,488,919	5.41
	Number of shares total	**27,502,424**	**100.00**

Larsen Family Corporation Oy is Fred Larsen's controlled entity.

Shareholding by shareholder category on 31 December 2023

Number of shares	Owners (pcs)	% of owners	Shares (pcs)	% of shares
1–100	3,686	56.83	225,607	0.82
101–500	2,009	30.97	465,382	1.69
501–1,000	397	6.12	302,588	1.10
1,001–5,000	313	4.83	656,423	2.39
5,001–10,000	31	0.48	232,864	0.85
10,001–50,000	19	0.29	395,084	1.44
50,001–100,000	5	0.08	315,938	1.15
100,001–500,000	15	0.23	4,108,100	14.94
500,001–above	11	0.17	20,800,438	75.63
Total	**6,486**	**100.00**	**27,502,424**	**100.00**

during January–December 2023 was approximately 1.7 million (3.1) shares.

The value of the share turnover during the financial year 2023 was approximately EUR 6.4 (14.1) million. On 31 December 2023, Lamor's market capitalisation was approximately EUR 69.8 (121.3) million.

Shareholders

At the end of the reporting period 2023, Lamor had 6 486 (6 775) shareholders.

The company's ten (10) largest shareholders and the distribution of shares by shareholder category is presented in the following tables:

Lamor is not directly or indirectly owned or controlled by any person (as control is defined in Chapter 2, Section 4 of the Finnish Securities Market Act) and the company is not aware of any arrangement the operation of which could result in a change of control of the company.

Changes in company's shareholding and voting rights

In 2023, there were no major changes in Lamor's shareholding or voting rights.

The obligation for shareholders and for persons comparable to a shareholder to notify the company of major changes in shareholding and voting rights took effect from 23 November 2023, in connection with Lamor's transfer to the official list of Nasdaq Helsinki.

Share-based incentives

In 2022, the Board of Directors of Lamor decided to establish two share-based incentive plans for the key personnel of the company.

A maximum of ten (10) key individuals, including Management Team members and the CEO, were approved as eligible for participating in the plan period 2023–2025. The gross rewards to be paid on the basis of the plan period 2023–2025 corresponded to the value of approximate maximum total of 140,000 Lamor shares, also including a cash proportion. The threshold for earning a reward was not met in 2023 and the plan expired without a reward payment.

In addition, the CEO Mika Pirneskoski had a personal, one-time long-term incentive plan, which expired upon the change of Lamor's CEO on 15 December 2023 without any reward payment. The

plan covered the financial years 2022–2028 and based on the plan and on reaching the set market value thresholds, the CEO had an opportunity to earn a gross reward with a value of maximum total of 550,000 Lamor shares, also including a cash proportion.

Events after the reporting period

Lamor appointed Vesa Leino, M.Sc. (Econ.), as Lamor's interim Chief Financial Officer and member of the Group Leadership Team. Lamor communicated the change on 15 February 2024. Leino will assume his new role as of 1 March 2024.

Lamor appointed Juha Korhonen, M.Sc. (Eng.), as Vice President, Supply Chain and Project Management, and Östen Lindell, M.Sc. (Econ.), as Senior Vice President of Lamor's market area Europe and Asia. Lamor communicated the changes on 16 February 2024 and the appointments were effective from the same date.

Lamor's Board of Directors resolved on establishing a new share-based incentive plan for the company's key employees. The performance-based share incentive plan has one earning period that covers the fiscal years 2024–2026. The program's target group includes approximately 9 key employees, including the members of the Group Leadership Team and the CEO. The potential rewards to be paid based on the plan correspond to the value of a maximum of 700,000 Lamor's shares, including the portion paid in cash. Any rewards earned from the plan will be paid during the financial years 2025–2027. The company communicated on the plan on 16 February 2024.

Board of Directors' proposal for profit distribution

The parent company's distributable funds on 31 December 2023 EUR were 26,397,933.18 of which net profit for the financial year was EUR –7,250,634.80. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed and that the result for the financial year 2023 be entered in the retained earnings.

Formulas of key figures

Key figure		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 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
Operating profit (EBIT)	=	Profit for the financial year before financing periods and taxes	
Operating profit (EBIT) %	=	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		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 / Shareholders' equity, average during the period	× 100
Return on investment (ROI), %	=	Profit before taxes + financial income and expenses / Shareholders' equity + interest-bearing loans and borrowings, average during the period	× 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
Net working capital	=	Inventories + Current non-interest bearing receivables - Current non-interest bearing liabilities, excluding provisions	
Orders received	=	The total value of customer orders received during the period.	
Order 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 2023	1 Jan–31 Dec 2022
Revenue	2.1.	**122,520**	**127,656**
Materials and services		–69,844	–80,279
Other operating income	2.2.	238	386
Employee benefit expenses	2.3.	–23,871	–19,386
Other operating expenses	2.2.	–12,284	–9,909
Share of results in associated companies		–578	–1,809
EBITDA		**16,182**	**16,659**
Depreciations, amortisations and impairment	3.3.–3.6.	–7,756	–6,641
Operating profit (EBIT)		**8,426**	**10,018**
Financial income	2.4.	2,159	1,468
Financial expenses	2.4.	–7,401	–4,947
Profit before tax		**3,184**	**6,540**
Income tax	2.5.	–505	–3,005
Profit for the financial period		**2,679**	**3,535**
Attributable to			
Equity holders of the parent		2,527	3,462
Non-controlling interests		152	73
Earnings per share			
Earnings per share, basic, euros	2.6.	0.09	0.13
Earnings per share, diluted, euros	2.6.	0.09	0.13

Consolidated Statement of Other Comprehensive Income

EUR Thousand	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Profit for the financial period		**2,679**	**3,535**
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		–982	627
Other comprehensive income/(loss) for the year, net of tax		**–982**	**627**
Total comprehensive income for the financial period		**1,697**	**4,162**
Attributable to			
Equity holders of the parent		1,545	4,090
Non-controlling interests	1.1.–1.2.	152	73

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

Consolidated statement of Financial Position

EUR thousand	Note	31 Dec 2023	31 Dec 2022
Assets			
Non-current assets			
Goodwill	3.3	18,559	18,634
Intangible assets	3.4	5,087	4,016
Property, plant and equipment	3.5	12,324	9,636
Right of use assets	3.6	4,974	5,293
Investments in associated companies	3.2	1,210	1,808
Non-Current Receivables	4.3	1,070	1,791
Investments in other shares	4.3	411	418
Deferred tax assets	2.5	4,117	2,916
Total non-current assets		**47,752**	**44,512**
Current assets			
Inventories	3.7	14,224	10,359
Trade receivables	3.8	26,458	29,396
Contract assets	3.8	55,858	38,448
Prepayments and other receivables	3.8	8,194	6,523
Short term investments	4.3	100	238
Cash and cash equivalents	4.4	10,965	4,889
Total current assets		**115,799**	**89,854**
Total assets		**163,550**	**134,366**

EUR thousand	Note	31 Dec 2023	31 Dec 2022
Equity and liabilities			
Equity			
Share capital	4.7	3,866	3,866
Translation differences		–262	719
Reserve for invested unrestricted equity		44,303	44,303
Retained earnings / accumulated deficit		16,026	12,720
Equity attributable to equity holders of the parent		**63,934**	**61,609**
Non-controlling interests		1,993	1,439
Total equity		**65,927**	**63,048**
Non-current liabilities			
Interest-bearing loans and borrowings	4.3, 4.5	32,262	10,723
Lease liabilites	3.6	2,683	2,060
Deferred tax liabilities	2.5	3,192	1,640
Other non-current financial liabilities	3.9	1,952	6,977
Total non-current liabilities		**40,089**	**21,401**
Current liabilities			
Interest-bearing loans and borrowings	4.3, 4.5	12,049	3,302
Lease liabilites	3.6	2,757	3,074
Provisions	3.9	240	304
Trade payables	3.9	21,554	12,656
Contract liabilities	3.9	4,378	18,158
Other current liabilities	3.9	16,556	12,424
Total current liabilities		**57,535**	**49,918**
Total liabilities		**97,624**	**71,318**
Total equity and liabilities		**163,550**	**134,366**

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

Consolidated statement of Changes in Equity

2023	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 2023	**3,866**	**0**	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**
Profit for the period	-	-	-	-	2,527	**2,527**	152	**2,679**
Other comprehensive income	-	-	-	–982	-	**–982**	-	**–982**
Total comprehensive income	**-**	**-**	**-**	**–982**	**2,527**	**1,545**	**152**	**1,697**
Share-based compensation settled in equity	-	-	-	-	–31	**–31**	-	**–31**
Purchase of own shares	-	-	-	-	-	**-**	-	**0**
Acquisition of non-controlling interests*	-	-	-	-	1,228	**1,228**	-	**1,228**
Dividends	-	-	-	-	-	**-**	–42	**–42**
Other changes	-	-	-	-	–417	**–417**	444	**27**
Equity on 31 Dec 2023	**3,866**	**0**	**44,303**	**–262**	**16,026**	**63,934**	**1,993**	**65,927**

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

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**	**0**	**44,303**	**92**	**12,805**	**61,067**	**839**	**61,905**
Profit for the period	-	-	-	-	3,462	**3,462**	73	**3,535**
Other comprehensive income	-	-	-	627	-	**627**	-	**627**
Total comprehensive income	**0**	**0**	**0**	**627**	**3,462**	**4,090**	**73**	**4,162**
Share-based compensation settled in equity	-	-	0		31	**31**	-	**31**
Purchase of own shares	-	-	-	-	0	**0**	-	**0**
Acquisition of non-controlling interests*	-	-	-	-	−3,515	**−3,515**	0	**−3,515**
Dividends	-	-	-	-	-	**-**	0	**0**
Other changes	-	-	-	-	−64	**−64**	528	**464**
Equity on 31 Dec 2022	**3,866**	**0**	**44,303**	**719**	**12,720**	**61,609**	**1,439**	**63,048**

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

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

Consolidated statement of Cash Flows

EUR thousand	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from operating activities			
Result for the financial year		**2,679**	**3,535**
Adjustments for:			
Depreciation, amortisation and impairment	3.3.–3.6	7,756	6,641
Finance income and expenses	2.4.	5,242	3,479
Gain on disposal of property, plant and equipment		–41	–331
Share of result of associates and joint ventures		578	1,809
Taxes	2.5.	505	3,005
Other non-cash flow adjustments		929	1,031
Total adjustments		**14,969**	**15,633**
Change in working capital			
Change in trade and other receivables		–15,745	–42,253
Change in inventories		–4,165	–1,282
Change in trade and other payables		–1,028	21,394
Total change in working capital		**–20,937**	**–22,141**
Operating cash flow before financial and tax items		**–3,290**	**–2,972**
Interest paid		–1,383	–863
Interest received		53	376
Other financial items		–3,872	–2,649
Taxes paid		–4,169	-378
Net cash flow from operating activities		**–12,661**	**–6,486**

EUR thousand	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from investing activities			
Investments in associates, joint ventures and other shares		0	–659
Purchase of intangible and tangible assets	3.3.–3.4.	–7,355	–7,840
Proceeds from sale of tangible and intangible assets	3.3.–3.4.	117	540
Loans granted		–175	0
Repayment of loans receivable		467	0
Net cash flow from investing activities		**–6,947**	**–7,959**
Cash flow from financing activities			
Proceeds from borrowings	4.5.	58,323	20,186
Repayment of borrowings	4.5.	–27,770	–25,569
Repayment of lease liabilities	3.6.	–3,619	–3,535
Acquisition of non-controlling interests		–1,236	–618
Dividends paid to non-controlling interests		–15	0
Net cash flow from financing activities		**25,684**	**–9,537**
Net change in cash and cash equivalents		**6,076**	**–23,982**
Cash and cash equivalents at 1 January		**4,889**	**28,871**
Cash and cash equivalents at 31 December	**4.4.**	**10,965**	**4,889**
Change		**6,076**	**–23,982**

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 OMX Helsinki stock exchange 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 1 March 2024, 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 2023	31 Dec 2022
Lamor USA Corporation	USA	100.00	100.00
Lamor Corporation UK Ltd	United Kingdom	100.00	100.00
Lamor Beijing Co Ltd	China	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 India Private Ltd	India	60.00	60.00
Lamor Water Technology Oy	Finland	50.67	50.67
Lamor Recycling Oy	Finland	70.00	55.00
Lamor Environmental Services LLC	United Arab Emirates	100.00	-
Lamor Netherlands B.V.	Netherlands	100.00	-
Lamor Vostok LLC*	Russia	100.00	100.00
Lamor Americas LLC*	USA	100.00	100.00
Lamor International Sales Corp*	USA	100.00	100.00
Lamor Environmental Solutions Panama*	Panama	52.00	52.00

* Inactive

Associated companies		Equity interest, %	
Owned by the Group's parent company	Country of incorporation	31 Dec 2023	31 Dec 2022
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

* Inactive

		Equity interest, %	
Owned by Gaico-Corena Environmental Services Inc.	Country of incorporation	31 Dec 2023	31 Dec 2022
Sustainable Environmental Solutions Guyana Inc (SES)	Guyana	24.50	24.50

		Equity interest, %	
Owned by World Environmental Service Technologies LLC	Country of incorporation	31 Dec 2023	31 Dec 2022
Ecoshelf Ltd**	Russia	34.67	34.67

** From 2023, Lamor classifies its holding in the Russian company Ecoshelf Ltd in other holdings as it no longer has a significant influence in the company.

Olennaiset emoyhtiön sivuliikkeet	Country of incorporation
Lamor Corporation Plc, Saudi Arabian branch	Saudi Arabia

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, 2023. 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 parent company 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 jugdement 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 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 2024 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 2024 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 2023

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

(effective for financial years beginning on or after 1 January 2024, 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 IFRS 16 – Lease Liability in a Sale and Leaseback

(effective for financial years beginning on or after 1 January 2024, early application is permitted)
The amendment to IFRS 16 *Leases* specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The impacts of the amendments on Lamor's consolidated financial statements are not expected to be significant.

Amendments to IAS 7 and IFRS 7 – Disclosures on Supplier Finance Arrangements*

(effective for financial years beginning on or after 1 January 2024, early application is permitted)
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The impacts of the amendments on Lamor's consolidated financial statements are not expected to be significant.

Amendments to IAS 21 – Lack of exchangeability*

(effective for financial years beginning on or after 1 January 2025, 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 amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. 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 2023, Lamor had three customers, the revenue from which exceeded 10% of the consolidated revenue: Kuwait Oil Company (Kuwait), Bangladesh Port Authority (Bangladesh) and the National Center for Environmental Compliance (Saudi Arabia). The aggregated revenue from these customers comprised 66.1 % 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 2023	1 Jan–31 Dec 2022
Equipment	38,156	28,782
Services	84,364	98,874
Total revenue from contracts with customers	**122,520**	**127,656**

Timing of revenue recognition

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Transferred at a point in time	23,661	24,242
Transferred over time	98,860	103,415
Total revenue from contracts with customers	**122,520**	**127,656**

Revenue by geography*

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
EURASIA	28,415	17,837
AMER	18,878	56,713
MEAF	75,228	53,107
Total revenue from contracts with customers	**122,520**	**127,656**

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

Summary of contract balances

EUR thousand	31 Dec 2023	31 Dec 2022
Trade receivables (Note 3.8)	26,458	29,396
Contract assets (Note 3.8)	55,858	38,448
Contract liabilities (Note 3.9)	4,378	18,158

Trade receivables are non-interest bearing and generally the payment terms vary between 14 and 90 days. As of 31.12.2023, Lamor has recorded an expected credit loss related to trade receivables and contract assets amounting to EUR 1,077 thousand (EUR 1,390 thousand in 2022). 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 2023	1 Jan–31 Dec 2022
Revenue recognised from projects that were started but not finished during the previous periods	83,229	51,051
Revenue not yet recognised from projects that were ongoing at the end the reporting period	81,557	148,709

Revenue not yet recognised from projects that were ongoing at the end the reporting period

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 2023	1 Jan–31 Dec 2022
Gain on sale of fixed assets	73	227
Government grants	-	0
Other income	164	159
Total other operating income	**238**	**386**

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 2023	1 Jan–31 Dec 2022
Other personnel expenses	–617	–562
Short-term and low value leases	–411	–371
Sales and marketing	–562	–539
Expenses for office facilities	–79	–169
Admin expenses	–1,263	–1,671
Travel and accomodation	–1,177	–862
External services	–4,680	–3,047
Other expenses	–3,493	–2,688
Total other operating expenses	**–12,284**	**–9,909**

Audit fees

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Audit fees	324	302
Other audit-related assignments	1	3
Tax services	0	5
Other services	69	28
Total audit fees	**394**	**338**

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 223 (227) thousand. The related service cost and the financing cost of the defined benefit plan during the period were EUR 48 (22) thousand and EUR 14 (10) thousand, respectively, and actuarial gain in the period amounted to EUR 63 thousand (loss of 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 2023	1 Jan–31 Dec 2022
Wages and salaries	–20,586	–16,051
Social security costs	–2,127	–2,149
Pension expenses	–1,158	–1,185
Total employee benefit expenses	**–23,871**	**–19,386**

Number of employees

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Number of employees at the end of period	840	508
Average number of employees during the period	658	604

Share-based payments

Lamor has had 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 2023.

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 2023	1 Jan–31 Dec 2022
Interest income	53	472
Foreign currency exchange gains	1,804	936
Gains from fair valuation of financial instruments	303	61
Total financial income	**2,159**	**1,468**

Financial expenses

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Interest on debts and borrowings	–2,090	–658
Interest expenses from leases	–249	–187
Foreign currency exchange losses	–2,648	–2,691
Guarantee and other credit arrangement expenses	–1,519	–1,286
Other finance costs	–894	–124
Total financial expenses	**–7,401**	**–4,947**

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 2023 and 31 December 2022 are:

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Income tax on operations	557	–2,163
Tax for previous accounting periods	–449	–328
Deferred taxes	–614	–513
Income tax total	**–505**	**–3,005**

Tax rate reconciliation

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Profit before income tax	**3,184**	**6,540**
Tax calculated at parent's tax rate of 20%	–637	–1,308
Tax for previous years	–449	–328
Effect on different tax rates in foreign subsidiaries	803	–477
Non-deductible expenses	–351	–902
Income not subject to tax	248	82
Other	–119	–71
Income taxes	**–505**	**–3,005**

Income tax receivables and payables

EUR thousand	31 Dec 2023	31 Dec 2022
Income tax receivables	2,683	107
Income tax payable	398	2,124

DEFERRED TAX

Deferred tax assets 2023

EUR thousand	1 Jan 2023	Recognised in profit or loss	Currency translation	31 Dec 2023
Leases	–11	79	-	68
Expected credit losses	7	0	-	7
Loss carry-forwards	2,832	886	134	3,852
Other temporary differences	88	96	6	190
Total	**2,916**	**1,061**	**140**	**4,117**

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 liabilities 2023

EUR thousand	1 Jan 2023	Recognised in profit or loss	Currency translation	31 Dec 2023
Revaluation of financial assets at fair value through profit and loss	12	8	-	20
Allocation of transaction related fair values	151	–13	–43	96
Other temporary differences	1,476	1,688	–87	3,077
Total	**1,640**	**1,682**	**–130**	**3,192**

Deferred tax liabilities 2022

EUR thousand	1 Jan 2022	Recognised in profit or loss	Business acquisitions	31 Dec 2022
Revaluation of financial assets at fair value through profit and loss	0	12	0	12
Allocation of transaction related fair values	200	–49	0	151
Other temporary differences	679	770	27	1,476
Total	**879**	**733**	**27**	**1,640**

The EUR 68 thousand of net deferred tax assets on leases at the end of period included deferred tax assets of EUR 726 thousand and deferred tax liabilities of EUR 657 thousand on a gross basis.

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 expire 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 includes the impact of the Group's share-based compensation plans (see note 5.1).

Earnings per share, basic

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Profit attributable to ordinary equity holders of the parent	2,527,034	3,462,262
Weighted average number of ordinary shares	26,959,974	26,959,974
Earnings per share, basic	**0.09**	**0.13**

Earnings per share, diluted

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Profit attributable to ordinary equity holders of the parent	2,527,034	3,462,262
Weighted average number of ordinary shares	27,557,474	27,170,807
Earnings per share, diluted	**0.09**	**0.13**

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 2023

Lamor did not have any acquistions during the year.

Acquisitions in 2022

On 30 December 2022, Lamor acquired a majority shareholding in Resiclo Kilpilahti Oy (now Lamor Recycling 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 of did not have an impact on cash flows in the reporting period.	

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 usually 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	2023	2022
Carrying amount on 1 January	1,808	3,671
Share of Results	153	149
Dividends	0	0
Additions	0	11
Transfers	0	–64
Impairment	–730	–1,958
Translation difference	–20	0
Carrying amount on 31 December	**1,210**	**1,808**

31 Dec 2023

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	156	–626	0	782	169	–294
Shanghai Dongan Water Pollution Control Center Co Ltd	China	28.6%	243	2,942	58	155	2,972	9,188	–973
Gaico-Corena Environmental Services Inc.	Guyana	49.0%	1	1,048	1	1,048	0	0	0
Associates owned by Gaico-Corena Environmental Services Inc.									
Sustainable Environmental Solutions Guyana Inc. (SES)	Guyana	24.5%	16,261	4,201	2,113	16,342	2,007	11,436	1,769

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

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. From 2023, Lamor classifies its holding in Ecoshelf Ltd in other holdings as it no longer has a significant influence in the company.

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 2023	31 Dec 2022
Acquisition cost at 1.1.	**18,634**	**18,049**
Goodwill from business acquisitions	0	450
Translation differences	–75	135
Acquisition cost at 31.12.	**18,559**	**18,634**

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 31.12.2023 and 31.12.2022. 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 13.7 percent (14.3 percent in 2022) 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 December 2023 and 31 December 2022. The key assumptions used in assessing the recoverable amount are the following:

%	31 Dec 2023	31 Dec 2022
Sales growth range in five-year estimate period	–10.5%–22.2%	–18.7%–30.6%
EBITDA % range in five-year estimate period	20.1%–23.1%	17.8%
Growth rate in the terminal period	2.0%	2.0%
Post-tax WACC	13.7%	14.3%
Pre-tax WACC	16.3%	18.1%

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 2023, the recoverable amount of the Services CGU exceeded its carrying amount by EUR 61.0 million. The sensitivity to impairment of the calculations was tested in the following scenarios:

- Scenario 1: increasing WACC by 2 percentage points in 2023 (2 percentage points in 2022)
- Scenario 2: reducing EBITDA with 3 percentage points in 2023 (3 percentage points in 2022)

Impact on the CGU's value in use

%	31 Dec 2023	31 Dec 2022
WACC increase by 2 percentage points	–14.1%	–13.8%
EBITDA decrease by 3 percentage points	–20.2%	–24.0%

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 7.7 %-points (4.6% in 2022), the value-in-use would equal to the carrying amount. Applying a discount rate of 27.5% (21.7% in 2022) 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 2022	**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**
Additions	2,781	111	2,892
Scrapped	0	–2	–2
Transfers	1,366	–1,365	1
Government Grants	0	0	0
Translation differences	–1	–12	–13
31 Dec 2023	**10,523**	**4,407**	**14,931**
Amortisation and impairment			
1 Jan 2022	**–4,668**	**–1,779**	**–6,447**
Amortisation	–792	–798	–1,590
Translation differences	0	0	0
31 Dec 2022	**–5,460**	**–2,577**	**–8,037**
Amortisation	–1,133	–677	–1,810
Scrapped	0	2	2
Transfers	–145	145	0
Translation differences	1	0	1
31 Dec 2023	**–6,737**	**–3,107**	**–9,844**
Net book value			
31 Dec 2023	3,786	1,301	5,087
31 Dec 2022	918	3,098	4,016

3.5. Property, plant and equipment

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 2022	**616**	**293**	**7,006**	**7,914**
Additions	43	11	7,025	7,080
Disposals	-	0	–231	–231
Scrapped	-	0	–647	–647
Transfers	-	0	–665	–665
Translation differences	23	33	174	229
31 Dec 2022	**681**	**337**	**12,663**	**13,681**

EUR thousand	Land	Buildings	Machinery & equipment	Total
Additions	0	0	736	736
Disposals	-	-	–79	–79
Work in progress	-	-	3,502	3,502
Scrapped	-	-	–42	–42
Transfers	650	0	–15	635
Translation differences	–28	–19	–305	–352
31 Dec 2023	**1,303**	**317**	**16,460**	**18,080**
Depreciation and impairment				
1 Jan 2022	**-**	**–69**	**–3,264**	**–3,333**
Depreciation charge for the year	-	–24	–1,156	–1,180
Impairment	-	-	-	-
Disposals	-	-	22	22
Scrapped	-	-	602	602
Transfers	-	-	–18	–18
Translation differences	-	–3	–133	–136
31 Dec 2022	**-**	**–96**	**–3,948**	**–4,044**
Depreciation charge for the year	-	–24	–1,824	–1,847
Impairment	-	-	–28	–28
Disposals	-	-	3	3
Scrapped	-	-	27	27
Transfers	-	-	0	0
Translation differences	-	3	131	134
31 Dec 2023	**-**	**–117**	**–5,639**	**–5,756**
Net book value				
31 Dec 2023	1,303	201	10,821	12,324
31 Dec 2022	681	241	8,715	9,636

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 2022	**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**
Additions	3,888	0	3,888
Disposals	-	-	-
Translation differences	–52	–328	–380
31 Dec 2023	**6,712**	**9,113**	**15,825**
Depreciation			
1 Jan 2022	**–2,113**	**–1,005**	**–3,118**
Depreciation charge for the year	–589	–3,286	–3,875
Disposals	-	-	-
Translation differences	–20	–11	–30
31 Dec 2022	**–2,722**	**–4,301**	**–7,023**
Depreciation charge for the year	–752	–3,341	–4,093
Disposals	-	-	-
Translation differences	49	216	265
31 Dec 2023	–3,425	–7,426	–10,851
Net book value			
31 Dec 2023	3,287	1,688	4,974
31 Dec 2022	153	5,140	5,293

Lease liabilities

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

EUR thousand	2023	2022
1 January	**5,134**	**5,466**
Additions	3,896	2,917
Decrease	–106	0
Translation differences	–114	113
Lease payments	–3,619	–3,549
Interest expenses	249	187
31 December	**5,441**	**5,134**

Additions in 2023 mainly pertain to property leases and in 2022, new leases entered into in Saudi Arabia.

EUR thousand	31 Dec 2023	31 Dec 2022
Non-current lease liabilities	2,683	2,060
Current lease liabilities	2,757	3,074
Total	**5,441**	**5,134**

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	31 Dec 2023	31 Dec 2022
Low value and short-term leases	–411	–371
Depreciations of right-of-use assets	–4,093	–3,875
Interest expenses from lease liabilities	–249	–187
Total	**–4,753**	**–4,433**

The Group had total cash outflows for leases of EUR 4,390 thousand in 2023 (EUR 4,210 thousand in 2022).

3.7. Inventory

Inventory

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 2023	31 Dec 2022
Materials and supplies	13,970	9,933
Work-in-progress	254	426
Total inventories	**14,224**	**10,359**

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 115 thousand in 2023, EUR 92 thousand in 2022.

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 (see note 2.1) 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 Dec 2023

EUR thousand	Gross value	Expected credit loss	Net value
Not past due	17,676	44	17,632
1–30 days	2,266	12	2,254
31–180 days	2,388	49	2,339
181–360 days	2,018	165	1,853
Over 360 days	3,187	807	2,380
Total	**27,534**	**1,077**	**26,458**

Expected credit loss 31 Dec 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**

Lamor Group did not experience any major unexpected credit losses in 2023. 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 1.1 million (1.4 million in 2022). The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2023) is the carrying amount of the financial assets. There are EUR 3.2 million (2.4 million in 2022) 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.

The 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 2023 as in 2022. 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

OTHER RECEIVABLES

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 2023	31 Dec 2022
Prepayments and other receivables	8,194	6,523
Total	**8,194**	**6,523**

3.9. Provisions, Trade and other payables and contract liabilities

EUR thousand	31 Dec 2023	31 Dec 2022
Provisions		
Warranty provisions	240	304
Provisions total	**240**	**304**

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 2023	31 Dec 2022
Other non-current payables		
Contingent consideration	0	3,788
Other liabilities	1,952	3,189
Other non-current payables total	**1,952**	**6,977**

Other liabilities are related to the Kuwait joint arrangement.

EUR thousand	31 Dec 2023	31 Dec 2022
Current trade and other payables		
Trade payables	21,554	12,656
Contract liabilities	4,378	18,158
Contingent consideration	1,324	0
Accrued expenses and other liabilities	15,232	12,424
Current trade and other payables total	**42,489**	**43,237**

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 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 2023.

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 2023.

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.

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 2 percetage points, 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
2023			
6 month Euribor	+2%	–299	299
6 month Euribor	–2%	299	–299

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 negatively affected by translation differences on foreign operations by EUR 1.0 million (Positively affected by EUR 0.6 million in 2022).

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 2023. 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%	–1,877
USD/EUR	–10%	2,294

EUR thousand	Increase/decrease in FX rate	Pre-tax effect on Equity
USD/EUR	+10%	–722
USD/EUR	–10%	882
CNY/EUR	+10%	89
CNY/EUR	–10%	–109
SAR/EUR	+10%	–656
SAR/EUR	–10%	802
KWD/EUR	+10%	–823
KWD/EUR	–10%	1,006

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 and foreign currency options that Lamor held on 31 December 2023. 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
Forward contracts:			
USD / EUR	+10%	761	761
USD / EUR	–10%	–880	–880
Option contracts:			
USD / EUR	+10%	–138	–138
USD / EUR	–10%	582	582

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 17.5 million unused credit limits available for use as at 31 December 2023.

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:

- Publicly listed debt 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 derivative 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. In 31.12.2023 and 31.12.2022 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 Level 1, 2 and 3 financial instruments and there have 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 effective interest rate (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 de-recognised 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 2023

Financial assets, 2023

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	-	411	-	411	411
Non-current receivables			-	-	1,070	1,070	1,070
Non-current financial assets total			**0**	**411**	**1,070**	**1,481**	**1,481**
Current financial assets							
Trade receivables	3.8.		-	-	26,458	26,458	26,458
Contract assets	3.8.		-	-	55,858	55,858	55,858
Derivative instruments	4.1.	2	99	-	-	99	99
Investments in funds	4.2.	2	0	-	-	0	0
Cash and cash equivalents	4.4.		-	-	10,965	10,965	10,965
Current financial assets total			**100**	**0**	**93,281**	**93,381**	**93,381**
Financial assets total			**100**	**411**	**94,351**	**94,862**	**94,862**

At the end of reporting period, Lamor had foreign exchange forward contracts and foreign exchange options, which are used to hedge against foreign currency risk. The total nominal amount of the forward contracts amounted to EUR 9.4 million, with a fair value of EUR 24 thousand. The foreign exchange options included call and put options employed in a collar stategy, which reduces both gains and losses from Lamor’s foreign currency exposures. The nominal amount of these option contracts was EUR 13.5 million in both directions and their total fair value was EUR 75 thousand.

Financial liabilities, 2023

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							
Corporate bonds	4.5.	1	-	-	24,270	24,270	25,000
Interest-bearing loans from financial institutions	4.5.	2	-	-	7,992	7,992	7,992
Lease liabilities	3.6.		-	-	2,683	2,683	2,683
Other payables	3.9.		-	-	1,952	1,952	1,952
Non-current financial liabilities total			**0**	**0**	**36,897**	**36,897**	**37,627**
Current financial liabilities							
Interest-bearing loans from financial institutions	4.5.	2	-	-	12,049	12,049	12,049
Lease liabilities	3.6.		-	-	2,757	2,757	2,757
Contingent consideration	4.5.	3	1,324	-	0	1,324	1,324
Trade payables	3.9.		-	-	21,554	21,554	21,554
Contract liabilities	3.9.		-	-	4,378	4,378	4,378
Other current liabilities	3.9. & 4.5.		-	-	15,232	15,232	15,232
Current financial liabilities total			**1,324**	**0**	**55,970**	**57,294**	**57,294**
Financial liabilities total			**1,324**	**0**	**92,867**	**94,191**	**94,921**

Amortised cost of the corporate bonds is reduced by EUR 825 thousand of directly attributable arrangement costs, which are expensed in profit and loss and capitalized over the term of bond.

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			**0**	**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**	**0**	**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 from financial institutions	4.5.	2	-	-	10,723	10,723	10,723
Lease liabilities	3.6.		-	-	2,060	2,060	2,060
Contingent consideration	4.5.	3	3,788	-	-	3,788	3,788
Other payables	3.9.		-	-	3,189	3,189	3,189
Non-current financial liabilities total			**3,788**	**0**	**15,972**	**19,761**	**19,761**
Current financial liabilities							
Interest-bearing loans from financial institutions	4.5.	2	-	-	3,302	3,302	3,302
Lease liabilities	3.6.		-	-	3,074	3,074	3,074
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			**0**	**0**	**49,613**	**49,613**	**49,613**
Financial liabilities total			**3,788**	**0**	**65,586**	**69,374**	**69,374**

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 2023	31 Dec 2022
Cash at banks and on hand	10,786	3,816
Short-term deposits	180	1,074
Total	**10,965**	**4,889**

4.5. Borrowings and lease liabilities

Interest-bearing liabilities and net debt

Interest-bearing liabilities and net debt

EUR thousand	31 Dec 2023	31 Dec 2022
Non-current interest-bearing loans and borrowings	32,262	10,723
Non-current lease liabilities	2,683	2,060
Current interest-bearing loans and borrowings	12,049	3,302
Current Lease liabilities	2,757	3,074
Liquid funds	–10,965	–4,889
Net debt total	**38,786**	**14,270**

Changes in the interest-bearing liabilities

31 Dec 2023

EUR thousand	Opening balance 1 Jan	Cash flows	Non cash changes	Reporting date balance 31 Dec
Interest-bearing loans and borrowings	14,025	30,554	–269	44,310
Lease liabilities	5,134	–3,619	3,925	5,441
Total changes in interest-bearing liabilities	**19,160**	**26,935**	**3,657**	**49,751**

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**

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 S.A., Corena Colombia and Lamor Peru, the company has a contingent liability of EUR 1,324 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 2023

EUR thousand	Carrying amount	2024	2025	2026	2027	2028	Over 5 years	Total cash Outflows
Corporate bonds	24,270	2,500	2,500	27,500	-	-	-	32,500
Interest-bearing loans from financial institutions	20,041	12,475	2,417	2,782	1,195	1,162	979	21,009
Lease liabilities	5,441	2,270	163	149	344	344	3,257	6,526
Trade and other payables	38,110	38,110	-	-	-	-	-	38,110
Contingent liabilities	1,324	1,324	-	-	-	-	-	1,324
Total	**64,916**	**54,179**	**2,581**	**2,931**	**1,538**	**1,505**	**4,235**	**66,969**

31 Dec 2022

EUR thousand	Carrying amount	2024	2025	2026	2027	2028	Over 5 years	Total cash Outflows
Interest-bearing loans from financial institutions	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**

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 2023	31 Dec 2022
Net debt (note 4.5.)	38,786	14,270
Shareholders equity	63,934	61,609
Gearing ratio	60.7%	23.2%
Equity ratio	40.0%	53.0%

Lamor's senior green notes, issued in 2023, and the senior priority financing arrangement include 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 adjusted EBITDA shall be less than 3.5 and the equity ratio over 30 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 2023 or 2022.

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	2023	2022
Total number of shares at the beginning of the period	**27,502,424**	**27,502,424**
Shares issued during the period	-	-
Total number of shares at the end of the period	**27,502,424**	**27,502,42**
Own shares held in the beginning of period	542,450	542,450
Shares repurchased during the period	-	-
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 2023, 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 2023, Lamor held 542,450 of its own shares.

Dividends

The Board of Directors proposes to the Annual General Meeting that for the financial year ended 31 December 2023 no dividend will be paid.

Reserve for invested non-restricted equity

The reserve for invested non-restricted equity contains the other equity investments that are not included in 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, Lamor had two share-based incentive plans in operation: a Performance Share Plan 2023–2025 for the CEO and Key Personnel and a one-time Long-term Incentive Plan 2022–2028 for the CEO. The objective of the plans has been 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.

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 2023. The threshold for earning a reward on the basis on EPS in 2023 was not met and the plan expired.

In the Long-term Incentive Plan for the CEO, the CEO was given an opportunity to earn Lamor shares as a reward based on the increase of Lamor's market value. However, also the plan for the CEO expired during the period, as the plan terms stipulate that no reward is paid if the participant's employment or director contract is terminated before the reward payment.

The following table presents a summary of the share-based compensation plans during the period 2023.

EUR thousand	CEO Personal LTI Plan 2022–2028	Performance Share Plan 2023–2025
Initial amount, pcs	550,000	140,000
Initial allocation date	22 Sep 2022	14 Mar 2023
Estimated vesting date	30 Apr 2028 (50%), 30 Apr 2029 (50%)	30 Apr 2026
Maximum contractual life, yrs	6.6	3.1
Remaining contractual life, yrs	0.0	0.0
Number of persons at the end of reporting year	0	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 2023–2025
Outstanding at 1 Jan 2023	550,000	0
Changes during period:		
Granted	0	140,000
Forfeited	550,000	140,000
Exercised	0	0
Outstanding at 31 Dec 2023	0	0

Fair value determination

The share-based incentives granted during the period expired as the threshold for earnings per share was not met. The effect of the share-based incentives granted during the period to the financial statements of 31 Dec 2023 was zero.

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

EUR thousand	CEO Personal LTI Plan 2022–2028
Expense (income) for the financial year, share-based payments	–31
Expense (income) for the financial year, share-based payments, equity-settled	–31
Liabilities arising from share-based payments 31 Dec 2023	0
Estimated amount of taxes to be paid in the plans, 31 Dec 2023	0

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	1 Jan –31 Dec 2023	1 Jan–31 Dec 2022
Sales to related parties	304	131
Purchases from related parties	1,437	683
Receivables	443	1,808
Liabilities	1,345	3,899

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	31 Dec 2023	31 Dec 2022
Amounts receivable from related parties	675	1,481
Amounts payable to related parties	0	0

Compensation of key management personnel

Key management personnel consist of the members of the Board of Directors, Group CEO and members of the Group management team. 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	2023	2022
Chairman	69	49
Board Members	192	158
Total	**261**	**207**

Group CEO, employee benefits

EUR thousand	2023	2022
Fixed pay / Non-variable pay	243	217
Short-term employee benefits	159	52
Total	**402**	**269**

Group management team, employee benefits

EUR thousand	2023	2022
Fixed pay / Non-variable pay	1,522	861
Short-term employee benefits	299	56
Total	**1,821**	**916**

From 2022, Lamor has had two different long-term share-based compensation plans: performance share plan for the CEO and the Group Management Team, and a personal incentive plan for the previous CEO Mika Pirneskoski until 15 December 2023. No payments were made based on these plans in 2022 or 2023. See note 5.1 for more information on the plans.

In addition to the above benefits, at the year-end, Lamor has recognized a liability of EUR 212 thousand due to termination benefits to be paid to the former CEO.

Total compensation paid to key management personnel	**2,484**	**1,392**

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 or other consultancy assignments and not relating to the work performed as members of Lamor's Board of Directors.

EUR thousand	2023	2022
Consultancy remuneration, total	330	308

5.3. Contingent liabilities and other commitments

Commitments

At 31 December 2023, the Group had corporate mortgages as colleteral for its loans of EUR 91.8 million (EUR 91.8 million at 31 December 2022).

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 2023	31 Dec 2022
Performance and warranty guarantees	24,540	25,472
Advance payment and payment guarantees	18,361	10,720
Tender and bid bond guarantees	0	1,972
Total other commitments	**42,901**	**38,165**

No liability is expected to arise from the guarantees.

5.4. Events after reporting period

Lamor has appointed Vesa Leino, M.Sc. (Econ.), as interim Chief Financial Officer of the company and member of the Group Leadership Team. The appointment was announced on 15 February 2024. Leino will assume his new role as of 1 March 2024.

Lamor has appoointed Juha Korhonen, M.Sc. (Eng.), as Vice President, Supply Chain and Project Management, and Östen Lindell, M.Sc. (Econ.), as Senior Vice President, Europe and Asia area. The appointments were announced on 16 February 2024, with immediate effect.

Lamor's Board of Directors resolved to establish a new share-based incentive plan its key personnel. The Performance Share Plan consists of one performance period, covering the financial years 2024–2026. The target group of the plan consists of approximately 9 key employees, including the members of the Group Leadership Team and the CEO. The value of the rewards to be paid on the basis of the plan corresponds to a maximum total of 700,000 Lamor shares, including the portion to be paid in cash. The potential rewards from the plan will be paid during the financial years 2025–2027. The plan was announced by the company on 16 February 2024.

Parent company financial statements (FAS)

Profit and loss statement

	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	1	**61,237,878.41**	**47,474,418.53**
Production for own use		0.00	0.00
Other operating income	2	608,875.56	7,943,070.14
Materials and services	3	–38,877,073.33	–28,458,573.72
Personnel expenses	4	–7,833,263.20	–7,259,190.02
Depreciations	5	–2,563,925.23	–2,334,826.36
Other operating expenses	6	–15,348,799.81	–11,940,257.80
Operating profit		**–2,776,307.60**	**5,424,640.77**
Financial income and expenses	7	–5,568,364.98	–3,263,679.53
Profit before appropriations and tax		**–8,344,672.58**	**2,160,961.24**
Appropriations		0.00	0.00
Profit before tax		**–8,344,672.58**	**2,160,961.24**
Income tax	8	1,094,037.78	–1,151,945.94
Profit for the period		**–7,250,634.80**	**1,009,015.30**

Balance sheet

	Note	31 Dec 2023	31 Dec 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	3,689,574.69	3,910,174.33
Tangible assets	10	5,159,835.62	5,930,056.50
Investments	11	15,053,650.46	15,024,123.92
Non-current assets total		**23,903,060.77**	**24,864,354.75**
CURRENT ASSETS			
Inventories	12	6,537,108.84	5,867,374.23
Non-current receivables	13	21,724,126.09	13,721,774.71
Current receivables	14	42,832,280.37	38,333,184.81
Deferred tax assets	15	5,138,075.30	2,493,884.60
Cash and bank equivalents		2,755,067.78	2,141,786.15
Current assets total		**78,986,658.38**	**62,558,004.50**
TOTAL ASSETS		**102,889,719.15**	**87,422,359.25**

	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
EQUITY	16		
Share capital		3,866,375.40	3,866,375.40
Reserve for invested unrestricted equity		47,439,004.23	47,439,004.23
Retained earnings		–11,543,779.56	–11,990,725.28
Profit (-loss) for the period		–7,250,634.80	1,009,015.30
Total equity		**32,510,965.27**	**40,323,669.65**
LIABILITIES			
Non-current liablities	17	32,750,000.00	10,280,000.00
Interest bearing liabilities		32,750,000.00	10,280,000.00
Non-interest bearing liabilities		0.00	0.00
Current liabilities	18	37,628,753.88	36,818,689.60
Interest bearing liablities		11,473,899.19	8,255,956.20
Non-interest bearing liabilities		26,154,854.69	28,562,733.40
Total liabilities		**70,378,753.88**	**47,098,689.60**
TOTAL EQUITY AND LIABILITIES		**102,889,719.15**	**87,422,359.25**

Statement of Cash Flows

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from operating activities		
Result for the financial year	**–7,251**	**1,009**
Adjustments for:		
Depreciation, amortisation and impairment	2,564	2,335
Finance income and expenses	5,568	3,264
Gain on disposal of property, plant and equipment	–65	–140
Taxes	–1,094	1,152
Other non-cash flow adjustments	1,724	1,289
Total adjustments	**1,447**	**8,909**
Change in working capital		
Change in trade and other receivables	–1,763	–22,964
Change in inventories	–670	–1,133
Change in trade and other payables	–3,676	11,087
Total change in working capital	**–6,109**	**–13,010**
Operating cash flow before financial and tax items	**–4,663**	**–4,101**
Interest paid	–1,092	–578
Interest received	11	355
Other financial items	–3,021	–982
Dividends received	0	0
Taxes paid	–499	–462
Net cash flow from operating activities	**–9,264**	**–5,769**

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from investing activities		
Acquisition of subsidiaries and businesses	–4,223	0
Loans granted	–10,536	–8,832
Repayment of loans receivable	464	0
Purchase of intangible and tangible assets	–1,624	–5,092
Proceeds from sale of tangible and intangible assets	108	326
Net cash flow from investing activities	**–15,810**	**–13,599**
Cash flow from financing activities		
Proceeds from borrowings	53,174	19,338
Repayment of borrowings	–27,486	–24,273
Net cash flow from financing activities	**25,688**	**–4,935**
Net change in cash and cash equivalents	**613**	**–24,303**
Cash and cash equivalents at 1.1.	**2,142**	**26,445**
Cash and cash equivalents at 31.12.	**2,755**	**2,142**
Change	**613**	**–24,303**

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 2023	1 Jan–31 Dec 2022
1. Revenue		
Revenue by geography		
EURA	30,196,752.22	9,330,193.28
AMER	5,306,546.74	7,738,737.52
MEAF	25,734,579.45	30,405,487.73
Total revenue	**61,237,878.41**	**47,474,418.53**
2. Other operating income		
Gain of sale of fixed assets	64,924.72	139,883.62
Other income	543,950.84	7,803,186.52
Total operating income	**608,875.56**	**7,943,070.14**
3. Materials and services		
Purchases	–22,869,832.35	–15,150,890.41
Change in Inventory	667,204.07	1,133,329.08
Materials and supplies	–22,202,628.28	–14,017,561.33
External services	–16,674,445.05	–14,441,012.39
Total materials and services	**–38,877,073.33**	**–28,458,573.72**

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
4. Personnel expenses		
Wages and salaries	–6,701,043.42	–6,202,778.49
Pension expenses	–1,017,166.94	–626,667.91
Social security costs	–115,052.84	–429,743.62
Total personnel expenses	**–7,833,263.20**	**–7,259,190.02**
Average number of employees during the period	101	77
Salaries and fees paid to Board of Directors and CEO		
Salaries, fees and benefits paid for the Board of Directors and for the CEO	663,035.00	476,201.96
5. Depreciations		
Depreciations according to plan	–2,563,925.23	–2,334,826.36
Total depreciations	**–2,563,925.23**	**–2,334,826.36**

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
6. Other operating expenses		
Other personnel expenses	–460,855.73	–418,911.06
Leases	–673,781.44	–680,275.47
Travel and accomondation	–662,241.20	–620,236.75
Transportation	–610,257.72	–1,836,919.29
Sales and marketing	–363,893.84	–358,650.40
Operating and maintenance costs	–98,645.01	–76,932.12
Provisions and royalties	–3,041,249.03	–1,439,826.13
Administration	–716,103.86	–633,716.61
External services	–4,316,910.27	–3,193,835.51
Other operating expenses	–4,404,861.71	–2,680,954.46
Total other operating expenses	**–15,348,799.81**	**–11,940,257.80**
Audit fees		
Audit fees	293,815.00	226,260.50
Other audit-related assignments	600.00	3,140.00
Tax services	0.00	0.00
Other services (tax- and special services)	24,200.00	12,480.00
Total audit fees	**318,615.00**	**241,880.50**

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
7. Financial income and expenses		
Financial income		
Dividend income, group companies	225,461.58	0.00
Interest income	32,250.76	470,665.06
Interest income, group companies	23,360.54	2,790.96
Foreign currency exchange gains	1,763,567.13	1,158,665.48
Financial income total	**2,044,640.01**	**1,632,121.50**
Financial expenses		
Interest expenses	–2,055,986.51	–587,015.96
Foreign currency exchange losses	–2,537,641.19	–2,195,885.10
Other finance costs	–3,019,377.29	–2,112,899.97
Financial expenses total	**–7,613,004.99**	**–4,895,801.03**
Financial income and expenses total	**–5,568,364.98**	**–3,263,679.53**

Other financial expenses in 2023 include EUR 0.7 million impairment losses on non-current investments and EUR 1.1 million in 2022.

	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
8. Income tax		
Income tax on operations	0.00	0.00
Tax for previous accounting periods	–1,652.54	–429,155.31
Other taxes	–497,599.45	–32,597.86
Deferred taxes	1,593,289.77	–690,192.77
Total income taxes	**1,094,037.78**	**–1,151,945.94**

Notes to assets

	31 Dec 2023	31 Dec 2022
9. Intangible assets		
Development expenses		
Book value 1.1	868,791.15	1,605,567.07
Additions	1,296,677.02	51,000.00
Disposal	0.00	0.00
Transfers	1,199,304.86	0.00
Depreciation for the financial year	–1,118,116.34	–787,775.92
Book value 31.12	**2,246,656.69**	**868,791.15**
Immaterial rights		
Book value 1.1	2,594,321.99	1,937,377.26
Additions	110,661.63	1,213,218.93
Disposal	0.00	0.00
Transfers	–1,199,304.86	0.00
Depreciation for the financial year	–441,709.71	–556,274.20
Book value 31.12	**1,063,969.05**	**2,594,321.99**
Goodwill		
Book value 1.1	447,061.19	754,965.45
Additions	0.00	0.00
Disposal	0.00	0.00
Depreciation for the financial year	–68,112.24	–307,904.26
Book value 31.12	**378,948.95**	**447,061.19**
Total intangible assets	**3,689,574.69**	**3,910,174.33**

	31 Dec 2023	31 Dec 2022
10. Tangible assets		
Machinery and equipment		
Book value 1.1	5,930,056,50	1,638,134,70
Additions	216,180.62	4,913,207.40
Disposal	–42,621.12	–185,873.78
Transfers	88,162.37	247,460.16
Exchange differences	–95,955.81	0.00
Depreciation for the financial year	–935,986.94	–682,871.98
Book value 31.12	5,159,835.62	5,930,056.50
Total tangible assets	**5,159,835.62**	**5,930,056.50**
11. Investments		
Investments in subsidiaries		
Acquisition cost 1.1	12,597,068.08	9,202,186.92
Additions	1,986,515.20	4,525,497.97
Disposals	–1,228,101.70	0.00
Impairment	–627,507.96	–1,130,616.81
Acquisition cost 31.12	**12,727,973.62**	**12,597,068.08**

The impairment was related to the Group's holdings in Russia. The disposals were related to an acquisition of minority interests in three foreign subsidiaries (Corena S.A., Lamor Peru S.A.C., Lamor Colombia SAS) and the revaluation of a related contingent consideration.

Name of entity	Domicile	Holding %
Lamor USA Corporation	USA	100.00%
Lamor Corporation UK Ltd.	United Kingdom	100.00%
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 Group Bolivia SRL	Bolivia	100.00%
World Environmental Service Technologies LLC	USA	100.00%
Lamor Environmental Services L.L.C.	UAE	100.00%
Lamor Netherlands B.V.	Netherlands	100.00%
Lamor Vostok	Russia	100.00%
Corena Chile SpA	Chile	92.55%
Lamor Colombia SAS	Colombia	92.50%
Corporacion Para Los Recursos Naturales Corena S.A.	Ecuador	85.01%
Lamor Recycling Oy	Finland	70.00%
Lamor Middle East LLC	Oman	70.00%
Lamor India Private Ltd	India	60.00%
Lamor Environmental Solutions Panama	Panama	52.00%
Lamor Water Technology Oy	Finland	50.67%

Shares in associates	31 Dec 2023	31 Dec 2022
Acquisition cost 1.1	2,015,706.93	2,015,706.93
Additions	0.00	0.00
Disposals	–101,379.00	0.00
Transfers	0.00	0.00
Acquisition cost 31.12	1,914,327.93	2,015,706.93

Associates	Domicile	Holding %
Direct ownership		
Shanghai Dongan Water Pollution Control Center Co Ltd	China	28.60%
Lamor Cevre Hitzmetleri Sanayi ve Ticaret Anonim Sirketi	Turkey	30.00%
Lamor Central Asia LLP	Kazakhstan	40.00%
Lamor Do Brazil	Brazil	50.00%
Lamor NBO LLC	Azerbaijan	50.00%
Sawa Petroleum Services Ltd	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%

Other shares	31 Dec 2023	31 Dec 2022
Acquisition cost 1.1	411,348,91	411,348,91
Additions	0.00	0.00
Disposals	0.00	0.00
Acquisition cost 31.12	411,348.91	411,348.91
Investments total	**15,053,650.46**	**15,024,123.92**

12. Inventories

Materials and supplies	6,483,817.39	5,441,151.02
Work-in-progress	53,291.45	426,223.21
Total inventories	**6,537,108.84**	**5,867,374.23**

	31 Dec 2023	31 Dec 2022
13. Non-current receivables		
Non-current receivables from group companies		
Loan receivables	1,272,981.59	1,993,960.83
Non-current receivables from associates and joint ventures		
Loan receivables from associates and joint ventures	20,134,568.12	11,425,687.54
Non-current receivables from others		
Loan receivables	316,576.38	302,126.34
Non-current receivables total	**21,724,126.09**	**13,721,774.71**

	31 Dec 2023	31 Dec 2022
14. Current receivables		
Current receivables from group companies		
Trade receivables	5,241,730.51	12,871,010.31
Other receivables	858,522.36	85,160.05
Current receivables from group companies total	**6,100,252.87**	**12,956,170.36**
Current receivables from others		
Trade receivables	25,133,557.57	20,234,162.98
Advance payments	2,552,901.44	972,010.82
Contract assets	6,651,959.25	2,573,000.00
VAT receivables	417,918.82	354,286.62
Other receivables	1,010,225.72	735,488.42
Accrued income	965,464.70	508,065.61
Current receivables from others total	**36,732,027.50**	**25,377,014.45**
Current receivables total	**42,832,280.37**	**38,333,184.81**
Current accrued income		
Government grants	203,917.75	203,917.75
Other accured income	761,546.95	304,147.86
Current accrued income total	**965,464.70**	**508,065.61**
15. Deferred tax assets		
Deferred tax assets for confirmed losses	5,138,075.30	2,493,884.60

	31 Dec 2023	31 Dec 2022
Deferred tax assets for confirmed losses		
16. Equity		
Restricted equity		
Share capital 1.1	3,866,375.40	3,866,375.40
Transfers	0.00	0.00
Share capital 31.12	**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 1.1	47,439,004.23	47,439,004.23
Additions	0.00	0.00
Transfers	0.00	0.00
Reserve for invested unrestricted equity 31.12	**47,439,004.23**	**47,439,004.23**
Retained earnings 1.1	–10,981,709.98	–11,824,350.48
Translation differences on branch operations	–562,069.58	–166,374.80
Retained earnings 31.12	**–11,543,779.56**	**–11,990,725.28**
Profit for the period	–7,250,634.80	1,009,015.30
Unrestricted equity total	**28,644,589.87**	**36,457,294.25**
Unrestricted equity total	**32,510,965.27**	**40,323,669.65**

At the end of the reporting period on 31 December 2023, 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 2023, Lamor holds 542,450 of its own shares.

	31 Dec 2023	31 Dec 2022
Calculation of distributable equity		
Retained earnings	–11,543,779.56	–11,990,725.28
Profit for the period	–7,250,634.80	1,009,015.30
Reserve for invested unrestricted equity	47,439,004.23	47,439,004.23
Capitalized development expenses	–2,246,656.69	–868,791.15
Total	**26,397,933.18**	**35,588,503.10**

	31 Dec 2023	31 Dec 2022
17. Non-current liabilities		
Interest-bearing liabilities		
Corporate bonds	25,000,000.00	0.00
Loans from financial institutions	3,500,000.00	7,280,000.00
Others	4,250,000.00	3,000,000.00
Interest-bearing liabilities total	**32,750,000.00**	**10,280,000.00**
Interest-bearing liabilities total	**32,750,000.00**	**10,280,000.00**
Interest and non-interest bearing liabilities total	**32,750,000.00**	**10,280,000.00**
Liabilities maturing after more than five years		
Loans from financial institutions	950,000.00	800,000.00

	31 Dec 2023	31 Dec 2022
18. Current liabilities		
Interest-bearing current liabilities		
Loans from financial institutions	11,473,899.19	7,869,814.20
Shareholders	0.00	0.00
Others	0.00	386,142.00
Total	**11,473,899.19**	**8,255,956.20**
Interest-bearing current liabilities total	**11,473,899.19**	**8,255,956.20**
Non-interest bearing liabilities to group companies		
Trade payables	1,153,033.44	1,072,558.57
Other payables	0.00	1,000,000.00
Total	**1,153,033.44**	**2,072,558.57**
Non-interest bearing liabilities to others		
Advance payments	2,033,118.69	6,977,622.37
Trade payables	9,062,363.95	8,247,350.49
Other payables	1,664,617.65	1,752,021.03
Derivative liabilities	0.00	0.00
Accruals	12,241,720.96	9,513,180.94
Total	**25,001,821.25**	**26,490,174.83**

	31 Dec 2023	31 Dec 2022
Accruals		
Salary payable with social costs	809,017.21	670,886.56
Avustushankkeet	445,894.38	855,682.20
Verovelka	1,074,877.15	111,349.11
Accrued liabilities from M&A transactions	1,438,967.44	3,907,377.14
Accrued liabilities from ongoing projects	7,892,169.14	2,580,672.22
Other current accruals	580,795.64	1,387,213.71
Total	**12,241,720.96**	**9,513,180.94**
Non-interest bearing liabilities total	**26,154,854.69**	**28,562,733.40**
Interest and non-interest bearing current liabilities total	**37,628,753.88**	**36,818,689.60**

Notes on collateral and contingent liabilities

19. Collateral provided

Business mortgages	91,806,375.84	91,806,375.84
Liabilities secured by mortgages or liens		
Credit account (limit 7.0 MEUR)	5,973,899.19	5,549,814.20
Loans from financial institutions	9,000,000.00	9,600,000.00
Corporate bonds	25,000,000.00	0.00
Total	**39,973,899.19**	**15,149,814.20**

20. Contingent liabilities and other commitments

	31 Dec 2023	31 Dec 2022
Payable under leasing contracts		
Payable next financial year	64,530.30	63,039.14
Payable later	47,215.10	65,583.39
Total	**111,745.40**	**128,622.53**
Guarantees		
On behalf of companies belonging to the same group	1,481,087.92	1,212,236.47
Tender and performance guarantees	41,769,784.91	36,952,542.62
Total	**43,250,872.83**	**38,164,779.09**
Rental commitments		
Payable, next financial year	285,460.52	264,798.10
Payable, later	0.00	0.00
Total	**285,460.52**	**264,798.10**

Signatures to the report of the Board of Directors and the financial statements

At the reporting date, the parent company's distributable funds total EUR 26,397,933.18 which includes the net loss of EUR –7,250,634.80 for the year. The Board of Directors proposes to the Annual General Meeting that no dividend will be distributed and that the loss for the financial year shall be transferred to retained earnings.

Porvoo, 1 March 2024

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

JOHAN GRÖN
CEO

Auditor's note

A report on the audit performed has been issued today.

Porvoo, 1 March 2024

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 2023. The financial statements comprise of the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards 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.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. Non-audit services to the parent company or the subsidiaries are disclosed in note 2.2 of the consolidated financial statements and note 6 of the parent company financial statements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>

Revenue recognition of long-term contracts
We refer to Note 2.1 Revenue from contracts with customers in the consolidated accounts.

In accordance with its accounting principles, Lamor Corporation applies the percentage of completion (PoC) method (performance obligations satisfied over time) for recognizing revenue from long-term projects. The percentage of completion is based on the cost-to-cost method.
We identified revenue recognition of project deliveries as a significant risk as it contains significant management judgment.
The percentage of completion method of accounting involves the use of significant management assumptions, estimates and projections, principally relating to estimates on costs incurred by the end of the reporting period in relation to the estimated overall costs of a contract
In year 2023, approximately 52% percent of the sales of 122,5 million euro were recognized under the PoC method.
Revenue recognition of long-term contracts is a key audit matter and a significant risk of misstatement as defined by EU Regulation No 537/2014, point (c) of Article 10(2).

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Our audit procedures to address the risk of material misstatement in respect of the long-term contracts included among others:

- Assessing the Group's accounting policies over revenue recognition of long-term contracts;
- Gaining an understanding of the PoC revenue recognition process;
- Examination of the project documentation and haphazardly testing the PoC calculations and inputs of estimates in the calculations and comparing the estimates to actuals;
- Analytical procedures;
- Assessing significant judgments made by management based on an examination of the associated project documentation and discussion on the status of ongoing projects with the finance department and project managers of the Company; and
- Assessing the Group's disclosures in respect of revenue recognition.

</td></tr>
<tr><td>

Valuation of goodwill
We refer to Note 3.3 Goodwill and impairment testing in the consolidated accounts.

At the balance sheet date, the value of goodwill amounted to 18,6 M€ (18,6M€) representing 38,9 % (41,9 %) of the total assets.
Procedures regarding management's annual impairment test were a key audit matter because the valuation includes estimates. The Group management use assumptions in respect of future market and economic conditions such as revenue and margin developments.
Valuation of goodwill and intangible assets was also a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2).

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Our audit procedures to address the risk of material misstatement relating to valuation of goodwill included among others:

- Involvement of EY valuation specialists to assist us in evaluating methodologies, impairment calculations and underlying assumptions applied by the management in impairment testing;
- Testing of the mathematical accuracy of the impairment calculations;
- We focused on how much recoverable amounts exceeded the carrying amounts of cash-generating units, and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount;
- Assessing the adequacy of the Group's disclosures on goodwill.

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</table>

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 IFRS Accounting Standards 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 parent company or the group 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 17 May 2016, and our appointment represents a total period of uninterrupted engagement of 8 years. Lamor Corporation Plc became a Public Interest Entity on 23 November 2023.

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 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 1.3.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant

Independent Auditor's Report on Lamor Corporation Oyj's -Consolidated Financial Statements

(Translation of the Finnish original)

To the Board of Directors of Lamor Corporation Oyj

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files LAMOR-2023-12-31-fi.zip of Lamor Corporation Oyj (business identity code: 2038517-1) for the financial year 1.1.–31.12.2023 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESESF RTS. This responsibility includes:

- Preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- Tagging the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included within the ESEF-financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements.

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

Auditor's Independence and Quality Management

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

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.
The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements.

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

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

Opinion

In our opinion the tagging of the primary financial statements, notes to the financial statements and the entity identifier information in the consolidated financial statements included in the ESEF financial statements LAMOR-2023-12-31-fi.zip of Lamor Corporation Oyj for the year ended 1.1.–31.12.2023 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Lamor Corporation Oyj for the year ended 1.1.–31.12.2023 is included in our Independent Auditor's Report dated 1.3.2024. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

Helsinki 5.3.2024
Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant

Information for Lamor's shareholders

Lamor Corporation Plc's shares are traded on the official list of Nasdaq Helsinki Ltd., with trading code LAMOR.

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

Dividend policy

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

Annual General Meeting 2024

Lamor's Annual General Meeting is planned to be held on Tuesday 26 March 2024 starting at 10 a.m. EET. Lamor plans to publish the notice to convene the Annual General Meeting on 5 March 2024. The meeting notice will be published on the company's website, and as a stock exchange release.

The notice includes the proposals of the Board of Directors and the Shareholders' Nomination Board to Lamor's Annual General Meeting 2024, and additionally information to the shareholders, proxy representatives, and the holders of nominee-registered shares on their meeting registration and attendance.

Board of Director's proposal for profit distribution

The parent company's distributable funds on 31 December 2023 EUR were 26,397,933.18 of which net profit for the financial year was EUR –7,250,634.80. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed and that the result for the financial year 2023 be entered in the retained earnings.

Lamor's financial calendar for 2024

In 2024, Lamor will publish its financial reports as the following:

- Interim Report for January–March 2024 will be published on Friday 26 April 2024.
- Half-year Report for January–June 2024 will be published on Thursday 25 July 2024.
- Interim Report for January–September 2024 will be published on Thursday 24 October 2024.

Financial reports are available on Lamor's website from the publishing date.

Results publication event

Before the publication of each financial report, Lamor informs its shareholders and other stakeholders of the possibility to participate in the financial results publication event. Any additional material and/or recording will be available on Lamor's website after the event.

Subscribing to Lamor's releases

Subscription to Lamor's releases can be done using the release subscription form available on the company's website.

In addition to stock exchange releases and press releases, Lamor publishes company releases in accordance with the terms and conditions of the Nasdaq Helsinki Bond Market, as Lamor's first green bond was noted on the said marketplace in 2023.

Silent period

Lamor adheres to a 30-day silent period preceding the publication of interim reports, half-year reports, and financial statements bulletin. During this period, Lamor does not give comments to the media or other parties on its financial position, markets or future outlook or meet with capital markets or financial media representatives.

Shares and trading

The trading of Lamor's shares was transferred to the official list of Nasdaq Helsinki Ltd. on 23 November 2023. Prior to this, Lamor's shares were traded on the First North Premier Growth Market Finland marketplace maintained by Nasdaq Helsinki between 8 December 2021 and 22 November 2023.

There were no changes in the total number of Lamor's shares or the number of shares held by the company during 2023, and there were no open commitments regarding the company's shares or their issuance at the end of the financial year 2023.

- No new shares were issued in connection with Lamor's transfer to the official list of Nasdaq Helsinki.
- During 2023, the Board of Directors of Lamor did not use the authorisations by the Annual General Meeting to the Board to decide on the issuance of new shares or treasury shares, on the acquisition of the company's own shares, or on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares.
- No share rewards have been paid or accrued based on the company's share-based incentive plans.
- The company's shares are not subject to open stock options.

Analysts

Up-to-date information on the analysts following the company is provided on Lamor's website.

Investor Relations

Lamor's Chief Executive Officer, Chief Financial Officer, and Chief Strategy Officer are responsible for the company's investor relations.

Lamor IR contacts: Ir@lamor.com

Basic share information 31 December 2023

Listed on*	Nasdaq Helsinki
Trading code	LAMOR
ISIN code	FI4000512488
Sector	Utilities
Segment	Small
Listing date*	23 November 2023
Shares total	27,502,424
Shares outstanding	26,959,974
The company's shares held in treasury	542,450
Share capital	EUR 3,866,375.40
Market value**	EUR 69.8 million
Number of shareholders (total)	6,486

Lamor's share trading and performance 2023

Trading volume total	1,7 million (pcs)
Trading value total	EUR 6,4 million
Highest share price	EUR 4.85
Lowest share price	EUR 2.33
Closing price on the last trading day in 2023, on 29 December 2023	EUR 2.59

*On the First North Premier Growth Market Finland marketplace maintained by Nasdaq Helsinki between 8 December 2021 and 22 November 2023.

** Excluding the company's shares held in treasury.

Breakdown by shareholder category 31.12.2023

		Shares and votes (pcs)	% of shares and votes
1	Non-financial corporations	11,948,887	45.93
2	Households	5,944,740	22.85
3	Public institutions	5,172,287	19.88
4	Financial and insurance corporations	2,389,884	9.19
5	Rest of the world	545,096	2.10
6	Non-profit institutions	12,611	0.05
	Total	**26,013,505**	**100.00**
	Nominee registered total	1,488,919	5.41
	Number of shares total	27,502,424	0.00

Breakdown by shareholder category 31.12.2023

Number of shares	Share-holders (pcs)	% of sharehol-ders	Shares and votes (pcs)	% of shares and votes
1–100	3,686	56.83	225,607	0.82
101–500	2,009	30.97	465,382	1.69
501–1,000	397	6.12	302,588	1.10
1,001–5,000	313	4.83	656,423	2.39
5,001–10,000	31	0.48	232,864	0.85
10,001–50,000	19	0.29	395,084	1.44
50,001–100,000	5	0.08	315,938	1.15
100,001–500,000	15	0.23	4,108,100	14.94
500,001– above	11	0.17	20,800,438	75.63
Total	**6,486**	**100.00**	**27,502,424**	**100.00**

Largest shareholders on 31 December 2023

	Shareholder	Shares and votes (pcs)	% of shares and votes
1	Larsen Family Corporation Oy*	9,500,577	34.54
2	Finnish Industry Investment Ltd	1,938,800	7.05
3	Ilmarinen Mutual Pension Insurance Company	1,738,850	6.32
4	Mandatum Life Insurance Company Limited	1,665,287	6.06
5	Larsen Nico Benjamin	1,478,142	5.37
6	Larsen Fred Jörgen	1,098,350	3.99
7	Skandinaviska Enskilda Banken AB	898,220	3.27
8	Veritas Pension Insurance Company Ltd.	724,637	2.63
9	Capital Dynamics Oy	631,850	2.30
10	Citibank Europe PLC	583,275	2.12
11	Lamor Corporation Plc	542,450	1.97
12	Ahlstrom Invest B.V	487,690	1.77
13	Varma Mutual Pension Insurance Company	480,000	1.75
14	Pirneskoski Mika Olavi	446,400	1.62
15	Säästöpankki Kotimaa -sijoitusrahasto	371,118	1.35
16	Kaleva Mutual Insurance Company	363,599	1.32
17	Kildishov Nikolay	303,900	1.10
18	Sijoitusrahasto Säästöpankki Pienyhtiöt	250,000	0.91
19	Jukka Suominen	248,600	0.90
20	Elo Mutual Pension Insurance Company	225,000	0.82
	20 largest shareholders total	22,914,743	83.32
	100 largest shareholders total	24,454,914	88.92
	Nominee registered total	1,488,919	5.41
	Number of shares total	**27,502,424**	**100.00**

* Larsen Family Corporation Oy is Fred Larsen's controlled entity.

04 CORPORATE GOVERNANCE STATEMENT

Introduction

Lamor Corporation Plc´s ("Lamor") Corporate governance statement has been prepared in accordance with the current laws and regulations and it 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

During 2023, Lamor implemented two capital market transactions, both of which brought changes to the internal and external regulations affecting Lamor's corporate governance system: in August 2023, Lamor issued a green bond on the First North Bond Market marketplace maintained by Nasdaq Helsinki, and in November 2023, Lamor's share trading was transferred to the Nasdaq Helsinki official list from the Premier segment of the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki.

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 in full.

Lamor has additionally followed the instructions and regulations of the European Securities Market Authority and the Finnish Financial Supervisory Authority as well as Nasdaq Helsinki's insider guidelines and rules as follows:

- The rules of Nasdaq Helsinki's First North Growth Market for the issuers of shares, to the extent applicable to the Premier segment, during 1 January–22 November 2023
- Nasdaq Helsinki's rules for issuers of shares as of 15 November 2023

In addition, Lamor started complying with the Nasdaq Helsinki Bond market rules for the issuers of notes as of 17 August 2023.

Lamor's financial reports, including consolidated financial statements, are prepared in accordance with the International Financial Reporting Standards (IFRS) and their IFRIC Interpretations as adopted by the European Union.

Internal regulation

The most significant internal regulations, policies and rules affecting Lamor's corporate governance in 2023 include:

- Articles of Association
- Code of Conduct
- Policies and instructions concerning corporate governance
- Charters of the Board of Directors and those of the Board Committees
- Charter of the Shareholders' Nomination Board
- Green Finance Framework

> **In 2023, regulation on Lamor's corporate governance was particularly affected by the transfer to the official list of Nasdaq Helsinki and the issuance of the green bond.**

Governance structure

Lamor’s governance structure

In accordance with the Finnish Limited Liability Companies Act, the 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 is established as a permanent governing body of the shareholders, 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. The Annual General Meeting resolves on the election of the Board of Directors and the auditor as well as on other matters, in accordance with the Finnish Limited Liability Companies Act and Lamor’s Articles of Association and falling within the competence of the General Meeting.

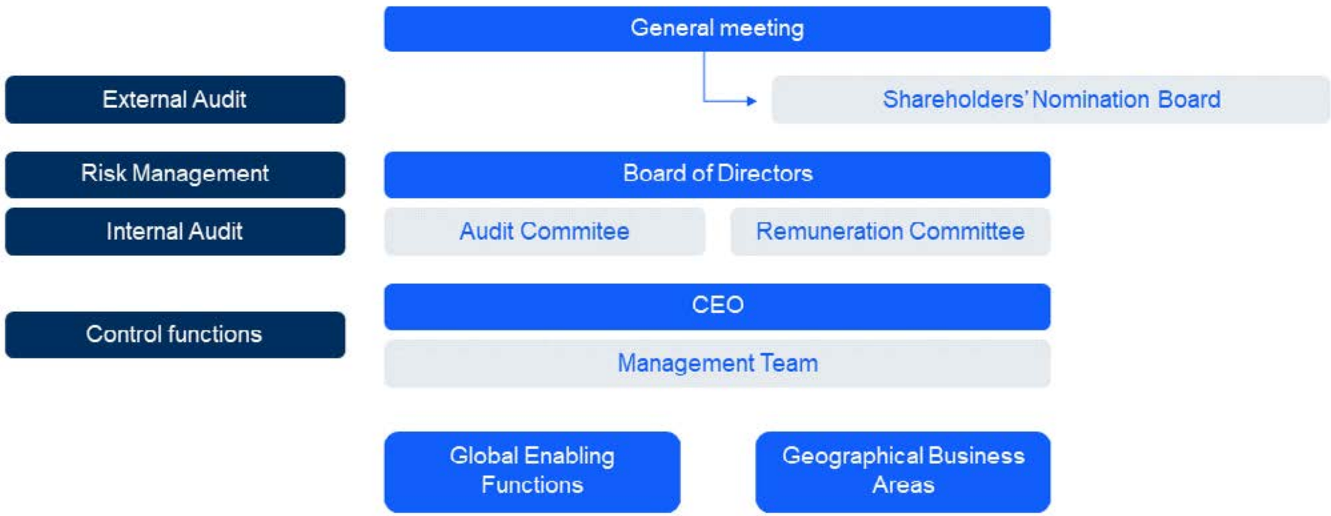
The Shareholders’ Nomination Board is a permanent committee established in 2022. The committee made its first proposal for the composition and remuneration of the Board of Directors to Lamor’s Annual General Meeting 2023.

Lamor’s Board of Directors decides on the appointment of the company’s CEO as well as on the terms of the CEO’s contract of duty and remuneration, in accordance with the remuneration policy approved by the General Meeting. 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 of Directors steers and supervises the management of the CEO and the Management Team as well as the achievement of the objectives for the strategic and financial targets defined for Lamor Group’s global support functions and geographical business areas, as well as those concerning shareholder value development and business responsibility.

The Board’s committees prepare proposals to the Board and carry out tasks as delegated by the Board to their committees in accordance with the respective areas of responsibility.

During 2023, internal audit was separated from Lamor’s risk management as an independent function. This is described in more detail in the Control system section.



General Meeting

The General Meeting is Lamor's highest decision-making body. It makes decisions on the matters pertaining to it in accordance with the Finnish Limited Liability Companies Act and the company's Articles of Association. 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. Resolutions are generally passed with a simple majority of votes.

The General Meeting is convened by the company's Board of Directors. In addition to the Annual General Meeting, the Board can convene an Extraordinary General Meeting on its own initiative. An Extraordinary General Meeting must also be convened if requested by the company's auditor or shareholders who represent at least ten (10) percent of all company shares.

In accordance with the amendment to the Articles of Association resolved by Lamor's Extraordinary General Meeting on 1 November 2023, the notice of the General Meeting shall be sent to the shareholders by publishing it on the company's website no earlier than three (3) months before the record date of the General Meeting as referred to in the Finnish Limited Liability Companies Act and no later than three (3) weeks before the General Meeting, however no later than nine (9) days before the record date of the General Meeting referred to in the Finnish Limited Liability Companies Act. In addition, Lamor publishes the notice of the meeting as a stock exchange release.

The documents and proposals for the resolutions to be presented to the General Meeting are published on Lamor's website.

To participate in a General Meeting, a shareholder must be registered in Lamor's shareholder register maintained by Euroclear Finland Ltd on the record date of the General Meeting. Each share corresponds to one vote. Instructions on the participation of nominee-registered shareholders in the General Meeting are included in the notice of the meeting.

Annual General Meeting

The Annual General Meeting is held annually on a date determined by the Board of Directors, however no later than six (6) months 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 dated 1 November 2023, including:

- adopting the financial statements, including the consolidated financial statements
- resolving on the use of the profit shown in the balance sheet, such as the distribution of dividends
- resolving on the discharge of Board members and the CEO from liability
- resolving on the election of the members of the Board of Directors and the auditor
- resolving on the remuneration of the Board of Directors and the auditor, including the basis for reimbursement of travel expenses
- approving the remuneration report of the governing bodies and, if necessary, the remuneration policy (advisory resolution)
- other proposals to the General Meeting made by the Board of Directors or shareholders, including for instance amending the Articles of Association or giving authorisations to the Board of Directors, for example, in relation to the company's shares, their issuance or acquisition

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 a shareholder must present a 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.

The Chairman of the Board of Directors, the members of the Board of Directors, the CEO and the auditor are required to be present at the Annual General Meeting, as well as persons nominated as new members of the Board of Directors.

General Meetings held during 2023

Lamor had two General Meetings in 2023. The minutes of the General Meetings and other documents related to the General Meetings are available on the company's website.

Annual General Meeting 2023

Lamor's Annual General Meeting was held on 4 April 2023 as a hybrid meeting. As an alternative to participating in the General Meeting at the meeting venue in Porvoo, Finland, shareholders could exercise their rights fully also remotely. The General Meeting was in favour of all proposals submitted to the General Meeting by the Board of Directors and the Shareholders' Nomination Board.

The Annual General Meeting adopted the financial statements for the year 2022 and resolved not to distribute dividends. The Annual General Meeting discharged the Board members and the CEO from liability, approved the 2022 remuneration report of the governing bodies and approved the amendments to the Articles of Association as proposed by the Board of Directors.

In addition, Lamor's Annual General Meeting 2023 decided, in accordance with the Board's proposals, to authorize the Board to decide on the acquisition of own shares, the issuance of shares and the granting of special rights in accordance with the terms approved by the General Meeting.

The General Meeting resolved, in accordance with the Shareholders' Nomination Board's proposal, on the remuneration for the Board of Directors, confirmed the number of Board members to be five (5) and re-elected Nina Ehrnrooth, Fred Larsen, Kaisa Lipponen, Timo Rantanen and Mika Ståhlberg as the Board members.

Public accountants Ernst & Young Oy were re-elected as the company's auditor, with APA Juha Hilmola as the auditor with principal responsibility.

Extraordinary General Meeting 2023

Lamor's Extraordinary General Meeting was held on 1 November 2023 as a hybrid meeting in accordance with the Finnish Limited Liability Companies Act. As an alternative to participating in the General Meeting at the meeting venue in Helsinki, Finland, shareholders could exercise their rights fully also remotely.

The Extraordinary General Meeting was arranged for resolving on certain technical changes to the Articles of Association to enable the company's planned transfer to the official list of Nasdaq Helsinki. The General Meeting was in favour of the Board's proposal to amend the Articles of Association.

Shareholders' Nomination Board

The Shareholders' Nomination Board was established by a resolution of the Annual General Meeting 2022 as a permanent corporate body of Lamor. As a rule, the Nomination Board has four (4) members, of whom the company's three (3) largest shareholders are each entitled to nominate one member.

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 and the members of the Board of Directors. Further, the duties include searching for possible candidates for new members of the Board of Directors.

When preparing a proposal for the composition of Lamor's Board of Directors, in addition to evaluating the complementary competences and independence of the proposed persons, as well as other set criteria, the Nomination Board must consider the principles regarding the diversity of Lamor's Board members, and if necessary, propose changes to them.

When preparing a proposal on remuneration for the Board of Directors, the Nomination Board must consider the remuneration policy approved in the advisory vote of Lamor's General Meeting.

The charter of the Nomination Board, as approved by the General Meeting, is available in its entirety on Lamor's website.

Organisation of the Nomination Board

In accordance with the charter of the Shareholders' Nomination Board, the Chairman of the Board of Directors of Lamor ensures on behalf of the Board that the Shareholders' Nomination Board is appointed annually. In addition, the Chairman of Lamor's Board convenes the first meeting of the Nomination Board after the annual nomination process and acts as the fourth member of the Nomination Board.

The person appointed by the largest shareholder serves as the Chairman of the Nomination Board, unless the Nomination Board decides otherwise, and is responsible for convening the Nomination Board after organisation.

Activities and composition of the Nomination Board

The members of the Nomination Board during 2023 have been appointed by Lamor's three largest shareholders, based on the nomination right as determined based on the share ownership as of 1 September of each term of office.

The Nomination Board appointed in 2022 convened once (1) during 2023, and on 4 January 2023, informed the Lamor Board of Directors of its proposal for Lamor's Annual General Meeting 2023 regarding the composition and remuneration of the Board.

The Nomination Board appointed in 2023 convened once (1) during 2023.

All members of the Nomination Board (100%) participated in the meeting.

Proposals by the Shareholders' Nomination Board to the Annual General Meeting 2024

On 24 January 2024, the Shareholders' Nomination Board notified Lamor's Board of Directors of its proposal for Lamor's Annual General Meeting 2024 regarding the Board's composition and remuneration. Lamor announced the proposals as a stock exchange release on the same day.

The Nomination Board's proposals are included in the notice of the Annual General Meeting. The proposals and additional information about the proposed persons are also available on Lamor's website.

The composition of the Nomination Board for the term starting in 2023

Shareholder	Representative	Position	Member since
Larsen Family Corporation Oy	Fred Larsen, Chairman of the Board	Chairman	2022
Finnish Industry Investment Ltd.	Juuso Puolanne, Investment Director	Member	2022
Ilmarinen Mutual Pension Insurance Company	Annika Ekman, Head of Direct Equity Investments	Member	2023
Lamor Corporation Oyj	Mika Ståhlberg, Chairman of the Board	Member	2022

Board of Directors

The Board of Directors is responsible for appropriate organisation of Lamor's governance and operations.

According to Lamor's Articles of Association, the company's Board of Directors has 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.

The operating procedures and rules of Lamor's Board of Directors are described in the charter approved by the Board. The charter was updated in connection with the transfer to the official list of Nasdaq Helsinki at the end of 2023 to include a requirement for Lamor's Board to convene monthly, i.e. at least twelve (12) times annually.

There is a quorum when more than half of the Board members are present. Disqualified members shall not be considered when calculating the quorum.

The Board's tasks

The Board's responsibilities and obligations are primarily defined in Lamor's Articles of Association and in the Finnish Limited Liability Companies Act. In accordance with its charter, the duties of the Board of Directors also include:

Strategy and financial targets

- deciding on Lamor's strategy and the company´s strategic and financial targets
- determining Lamor's dividend policy

Supervising and ensuring the compliance of operations

- supervising and controlling Lamor's management and operations
- confirming the charters of the Board and the Board Committees

Risk management

- approving Lamor's risk management principles and certain risk management policies and practices and supervising their implementation

Investments

- deciding on significant investments, acquisitions and divestments

Financial reporting and sustainability reporting

- overseeing Lamor's financial reporting and approving Lamor's interim and half-year reports, annual reports and financial statements
- approving Lamor's sustainability principles and overseeing the company's sustainability reporting

Management remuneration

- deciding 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

- deciding on other significant issues concerning Lamor's operations

Activities of the Board of Directors in 2023

In 2023, the key focus area of the Board's work was to monitor the progress of the measures defined to achieve the strategic and financial goals set for Lamor's strategy period 2023–2025, as well as to decide on the necessary measures and investments to support the implementation of the strategy. As the most significant investment, the Board decided in accordance with the strategy to invest in the construction of a chemical plastic recycling plant in Kilpilahti, Porvoo, Finland.

In May 2023, the Board approved Lamor's Green Finance Framework. CICERO Shades of Green assessed Lamor's Green Finance Framework and its governance to be on the level of CICERO Medium Green. Within the Green Finance Framework, the Board decided in August 2023 on the offering and issuing Lamor's first green bond on the First North Bond Market marketplace maintained by Nasdaq Helsinki.

In November 2023, Lamor's Board of Directors decided to apply for the listing of its shares on the Nasdaq Helsinki official list, and after Nasdaq Helsinki accepted the application, trading of Lamor's shares on the stock exchange list began on 23 November 2023. The purpose of the transfer to the official list was to support Lamor in reaching its strategic targets, to contribute to the expansion of Lamor's shareholder base and to support the increase in the liquidity of Lamor's shares in the long term as well as to improve the awareness of Lamor among different stakeholder groups. In connection with the transfer, no new shares were issued.

In connection with both the issuance of the green bond and the transfer to the official list, Lamor's Board of Directors decided on certain updates to the company's corporate governance and related policies to comply with the applicable regulation for the companies listed on the First North Bond Market marketplace and on the official list of Nasdaq Helsinki.

Towards the end of 2023, the key focus area of Lamor's Board of Directors' work was also to ensure appropriate human resources at the senior management level to implement the company's growth strategy and to lead the company towards its long-term financial goals. In December 2023, the Board decided on changing the company's CEO.

The assessment of the Board's work was carried out in a form of internal assessment.

The meetings of the Board of Directors

In 2023, a total of eighteen (18) Board meetings were held. Eleven (11) of the meetings were regular meetings and seven (7) were additional internal Board meetings. In connection with the regular meetings, the Board received up-to-date information on Lamor's operations, financial situation and risks. The CEO and CFO and, depending on the issues discussed, other members of the Management Team also participated in the meetings. In connection with the internal meetings of the Board, in particular issues concerning the evaluation of senior management and succession planning were discussed. Minutes were kept of all Board meetings.

Committees of the Board of Directors

Lamor's Board of Directors has two permanent committees: the Audit Committee and the Remuneration Committee.

The main tasks and operating principles of the committees are defined in written charters, which the Board approves in connection with its annual organisation and which are updated when necessary.

The election of the members and the work of both committees are guided by the following principles:

- The Board's committees prepare proposals to the Board and carry out tasks delegated by the Board and in accordance with the Corporate Governance Code, within their respective areas of responsibility.
- The Board has confirmed the main tasks and operating principles of the committees in their written charters.
- The Board elects the chairmen and members of the committees from among themselves at its constitutive meeting and supervises their work during their term of office.
- Each committee has at least three (3) Board members.
- The term of office of the committees is one (1) year, and their term of office ends at the end of the Annual General Meeting following the election.
- A person who participates in the day-to-day management of Lamor or a company belonging to the same group of companies as it, for example as CEO, cannot be accepted as a committee member.
- If necessary, the committees may consult external experts to the extent agreed with the company and the Board of Directors and taking into consideration independence factors

Audit Committee

The Audit Committee prepares matters relating to, among other things, financial reporting, risk management, monitoring and evaluation of related party transactions, audit and auditors, internal audit as well as compliance of these matters with laws and regulations.

The 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.

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.

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 majority of the members of the Committee shall be independent of the company.

The members of the Remuneration Committee shall possess sufficient competence and experience considering the committee's area of responsibility.

Expertise and diversity of the Board of Directors

The members of the Board were elected at the 2023 Annual General Meeting in accordance with the recommendation of the Shareholders' Nomination Board regarding the Board's election procedure, so that the shareholders took a position at the General Meeting on the composition of the Board as a whole. The aim of the recommendation was to ensure that, in addition to the qualifications of the individual members of the Board, the proposed Board as a whole would have appropriate expertise and experience for the company, and that the composition of the Board would meet the requirements of the Finnish Corporate Governance Code.

In order to secure diverse perspectives, in addition to professional competence, other aspects have also been considered, such as the age and gender distribution of the Board. In 2023, two (2) out of five (5) Board members were women, and the goal has been to maintain the corresponding ratio of different genders.

In addition, Lamor's Board of Directors decided on a policy update in 2023, in accordance with which the members of the Board of Directors are expected to jointly and separately develop their sustainability-related competencies.

Independence of the members of the Board of Directors

The assessment of the independence of the Board of Directors is carried out at least annually and when needed. The information on the independence of each Board member is included in this report as part of the information regarding the composition of the Board of Directors in 2023.

Composition of the Board of Directors 31.12.2023

Mika Ståhlberg

Chair of the Board 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, law firm Krogerus

Independence: Independent of the company and the company's main shareholders

Meeting attendance in 2023:
18/18 Board meetings
6/6 Audit Committee meetings

Shareholding on 31 December 2023*:
11 500

Fred Larsen

Vice Chair of the Board since 2022
Member of the Board since 1998

Born: 1968
Nationality: Finnish and Danish
Education: High school diploma

Main positions of duty and of trust: Chair of the Board, Larsen Family Corporation Oy; Chair of the Board, Fastighets Ab Krämaretorget

Independence: Not independent of the company and the company's main shareholders

Meeting attendance in 2023:
18/18 Board meetings

Shareholding on 31 December 2023*:
10 895 650

Nina Ehrnrooth

Member of the Board 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: Advisor, Frilufts Retail Europe AB; Chair of the Board, Oy Bonnina Ab; Member of the Board, Ori Solution Oy

Independence: Independent of the company and the company's main shareholders

Meeting attendance in 2023:
18/18 Board meetings
3/3 Remuneration Committee Meetings

Shareholding on 31 December 2023:
23 000

Kaisa Lipponen

Member of the Board 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, Third Rock Finland Oy

Independence: Independent of the company and the company's main shareholders

Meeting attendance in 2023:
18/18 Board meetings
6/6 Audit Committee meetings
3/3 Remuneration Committee Meetings

Shareholding on 31 December 2023:
3 500

Timo Rantanen

Member of the Board since 2019
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, Capital Dynamics Oy; Chair of the Board, Genera group companies; other Board memberships in several companies

Independence: Independent of the company and the company's main shareholders

Meeting attendance in 2023:
18/18 Board meetings
6/6 Audit Committee meetings
3/3 Remuneration Committee Meetings

Shareholding on 31 December 2023*:
631 850

*) Including direct ownership and indirect ownership through controlled entity

CEO and Management Team

CEO

The CEO's duties are mainly governed by the Finnish Limited Liability Companies Act. The CEO is responsible for managing, directing and supervising Lamor's business. In addition, the CEO is responsible for the day-to-day management of Lamor 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 company's financial management is organised in a reliable manner.

The CEO must provide the Board and its members with the information necessary to perform the Board's duties.

The Board selects and dismisses the CEO and decides on the terms of the CEO's employment.

Mika Pirneskoski served as CEO of Lamor until 15 December 2023, and Johan Grön was the CEO from 15 December 2023. The company has not had a deputy CEO.

Management Team

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. The position of the Management Team is not regulated by law or in the company's Articles of Association, but it has a key role in the management of the company.

During the financial year 2023, Lamor's Management Team operated in its earlier composition as decided in 2022, apart from the change of CEO in December 2023. In addition to the CEO, CFO, COO and CDO (from 20 December 2023, Chief Strategy Officeqr), Lamor's Management Team included the SVPs of the company's three geographical business areas. In addition, Lamor's HR Director served on the company's extended management team.

The activities of the Management Team in 2023

In 2023, the Management Team focused especially on the implementation of the company's updated strategy and the new operational mode, as well as on creating an even stronger integrated way of operating to ensure business growth and the achievement of financial goals. To monitor the implementation of the strategy, the Management Team defined strategic key projects, the progress of which were monitored at monthly Management Team meetings.

In the Management Team's work, emphasis was on the assessment of new business opportunities, the adequacy of the competencies needed in them, personnel issues and the monitoring of critical project deliveries. In their meetings, the Management Team also regularly discussed issues related to financial forecast and reporting, as well as financing and sustainability. As a new matter, the Management Team also began to monitor the progress of the chemical plastic recycling plant project. They also regularly discussed the development of sales and sales potential and reviewed the observations of the project steering groups regarding the progress of the projects and possible risks.

During 2023, the Management Team defined the company's Green Finance Framework, as well as ensured the company's readiness and compliance regarding both the issuance of the company's first green bond and transfer to the official list of Nasdaq The Management Team convened regularly during the year, at least monthly or more frequently, if needed.

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In the Management Team's work, the emphasis was on the assessment of new business opportunities, the adequacy of the competencies needed in them, personnel issues and the monitoring of critical project deliveries.

Group Management Team composition 31.12.2023

Johan Grön
CEO since 15 December 2023
COO until 15 December 2023

Born: 1966
Nationality: Finnish
Education: D.Sc. (Chem. Eng.)

Other key experience: several earlier director or management positions at Gasum, Outotec, Kemira, Xylem Inc., Stora Enso and Valmet

Shareholding on 31 December 2023:
0

Timo Koponen
CFO

Born: 1969
Nationality: Finnish
Education: M.Sc. (Econ.)

Other key experience: several earlier positions at Wärtsilä; external advisor at Bain & Company and Trailmaker Oy

Shareholding on 31 December 2023:
115,450

Johanna Grönroos
Chief Strategy Officer since 20 December 2023
CDO until 20 December 2023

Born: 1977
Nationality: Finnish
Education:M.Sc. (Econ.)

Other key experience: earlier positions as partner at Ernst & Young Oy; specialist at Kesko Group administration

Shareholding on 31 December 2023:
57,500

Santiago Gonzalez
SVP, North and South America

Born: 1962
Nationality: Columbian and Spanish
Education: Industrial Engineer

Other key experience: previously General Manager of Corena Ecuador, part of Lamor Group

Shareholding on 31 December 2023:
722,627

Magnus Miemois
SVP, Europe and Asia

Born: 1970
Nationality: Finnish
Education: DI

Other key experience: earlier diretor positions at Lamor; before joining Lamor, several positions at Wärtsilä

Shareholding on 31 December 2023:
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 31 December 2023:
0

Extended Management Team

Mervi Oikkonen
HR Director

Born: 1976
Nationality: Finnish
Education: M.Sc. (Econ.)

Other key experience: earlier HR director positions at Neste Oyj and in different business units at ABB

Shareholding on 31 December 2023:
0

In addition, Mika Pirneskoski served as the company CEO until 15 December 2023.

Control system

Starting points and objectives

The main function of Lamor's control system is to support the compliance and transparency of the company's operations.

The objective of Lamor's internal control and risk management operating model related to financial reporting is to provide sufficient assurance about the reliability of financial reporting and that the financial statements have been prepared in accordance with the applicable laws and regulations, accepted accounting principles (IFRS standard at the Group level, local accounting standards in each country) and the other applicable requirements for listed companies.

Compliance and operating principles

Lamor's ethical principles (Code of Conduct) and other operating principles form the basis for daily business operations. Lamor and all its employees are expected to comply with all local laws and regulations in all their activities and to create and maintain ethical relationships with their customers, suppliers and other stakeholders.

Lamor's ethical principles (Code of Conduct) define the company's ethical business practices, environmental values, human rights and employee rights also in the company's entire value chain.

The Lamor's operating principles, internal control environment and risk management support and secure the achievement of the company's financial and strategic targets and prevent events that could have a negative impact on the realisation.

Principles of internal control and risk management related to the financial reporting process

Internal control is essential in ensuring the company's operational capability. It is a critical part of risk management, enabling the creation and maintenance of the company's value.

Internal control aims to ensure that the company complies with applicable laws, regulations, ethical principles (Code of Conduct) and other instructions and recommendations. In addition, internal control aims to ensure the reliability of the company's financial and operational reporting.

The operating models of internal control are aligned with the risk management process. The aim of the risk management is to support the strategy and the achievement of targets by identifying possible business threats and opportunities and mitigating them.

The key objectives of internal control and risk management related to financial reporting are, among other things, to ensure:

- sufficient certainty about the reliability of financial reporting
- preparation of financial statements in accordance with applicable laws and regulations, accounting principles (IFRS) and other set requirements
- securing the company's funds and assets
- the effectiveness and overall efficiency of the company's operations to achieve strategic, operational and financial goals
- protecting the resources of the company and its business units from misuse
- propriety of transactions
- proper functionality and management of IT systems and information security

Areas of internal control

The areas of internal control are the control environment, risk assessment, control functions, communication and monitoring. This report presents the control environment that is part of Lamor's control system, especially from the point of view of financial reporting. The description of the control system for non-financial information is presented in additional detail in the section on sustainability.

Control environment

The main responsibility for the internal control of Lamor's financial reporting rests with the company's Board of Directors. The Board's responsibilities and the internal division of labour between the Board and its committees are defined in the working order confirmed in writing by the Board. The task of the Audit Committee appointed by the Board is to ensure that the principles defined for financial reporting, risk management and internal control are followed, and to enable an appropriate audit.

The CEO is responsible for organising an effective control environment and continuous operation of internal control related to financial reporting, as well as appropriate allocation of resources. Financial risk management is coordinated by the company's CFO. Risks and related changes are reported to the company's Board if necessary.

The most important tools that guide financial reporting are the Code of Conduct, approval policy, disclosure policy, accounting principles and other accounting and reporting rules and standards.

Risk assessment

Risk management supports the achievement of Lamor's strategic and business goals. Risk management covers all areas of the organisation and considers strategic, financial and operational risks, including project-specific risk management processes. The goal is to systematically identify and evaluate the most significant threat factors at the level of the Group, operations and processes. Effective risk management ensures the continuity of operations even in changing conditions.

The Board of Directors approves Lamor's risk management principles, certain risk management policies and practices and supervises their implementation. Main risks and opportunities are identified and evaluated annually in relation to business goals, and they are an important part of both long- and short-term business planning. The most important risks and business uncertainties identified by Lamor are described in the interim financial reports and also in the Board of Director's report published as part of the financial statements.

Control activities

The CEO is responsible for implementing internal control. Finance-related internal control as well as business and administration control are integrated into the company's business processes. The company has defined and documented significant internal control measures related to the interim and financial statement reporting process as part of the business processes. Key internal control measures include approval mechanisms, access rights, segregation of duties, authorisations, reconciliations and regular unit and Group level monitoring of financial reporting.

Financial reporting is prepared monthly with appropriate monitoring. The management monitors the achievement of goals through monthly management reporting. The consolidated interim reports are prepared quarterly, and financial statements annually. The financial reports and statements must give a correct and sufficient picture of the results of the Group's operations. The financial organisation ensures that the quarterly and half-yearly reporting as well as the financial statements correspond to the company's principles and guidelines and that all financial reporting is prepared according to the schedule.

From November 2023, the company will have a separate internal audit function. The Board can also use external experts for a separate evaluation of the control environment or control functions.

Communications

The company's internal communication supports the coverage and accuracy of financial reporting. All employees in the Group's various units dealing with the related matters are given information for example about the company's financial reporting goals and internal control requirements, operating instructions and procedures related to accounting and financial reporting, changes to reporting principles, reporting and disclosure obligations.

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

Financial monitoring includes systematic processes and formal and informal procedures applied by management to monitor, analyse, and control Lamor's financial performance in relation to budgets and plans. The monitoring includes the monitoring of monthly financial reports, the review of rolling forecasts and plans, and the auditors' and internal audit's reports.

The budgeting process is carried out annually. Realised values are compared to the budget every month. In addition, a quarterly forecast is prepared to ensure that the budget is valid, and it is revised if necessary. In addition, implementation and financial monitoring of the largest projects are carried out in separate project steering groups.

Division of monitoring duties

The CEO, the group's Management Team and the management of subsidiaries and associated companies are responsible for compliance, taking into account financial regulation, accounting standards (IFRS) and public market rules and regulations, as well as maintaining an effective control environment. The Board of Directors, the Audit Committee and the CEO monitor the effectiveness of internal control over financial reporting.

In addition to Lamor's internal control, the internal audit function has an independent role to monitor and regularly evaluate the effectiveness and functionality of Lamor's management, risk management and internal control of financial reporting. The evaluation takes place in accordance with the charter of the internal audit as approved by the Audit Committee.

Audit functions

Internal audit

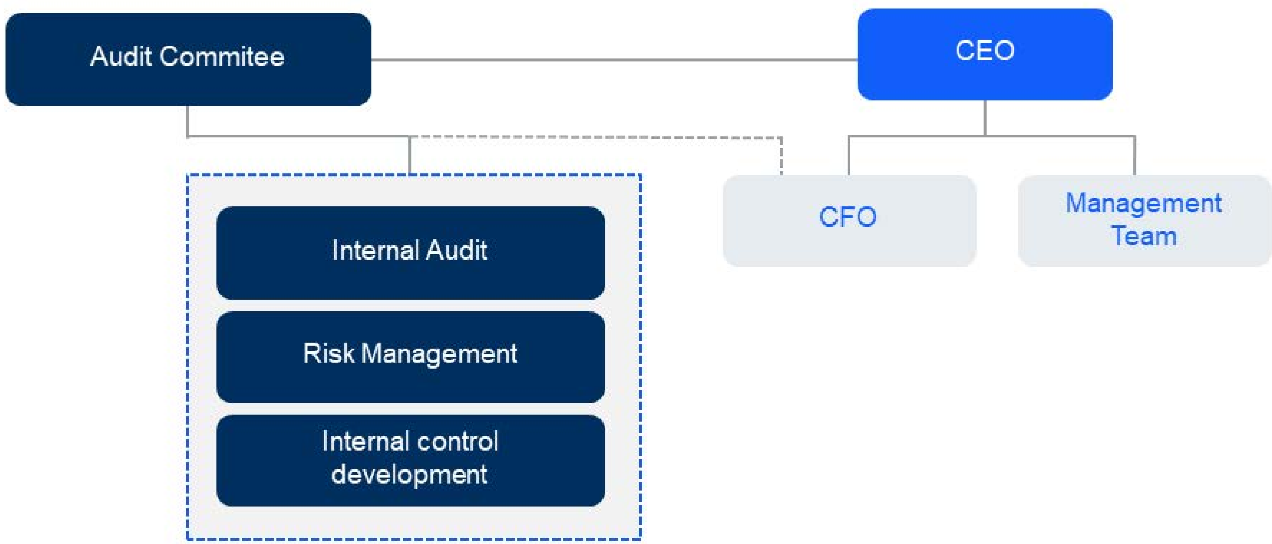
In October 2023, Lamor's Board of Directors decided to establish a separate internal audit function, as part of the company's preparation to move to the main list of the stock exchange. Before this, the company did not have a separate internal audit role, but internal audit responsibilities were divided within the company between different bodies and functions.

Lamor's internal audit is an independent and impartial verification and consulting function, the goal of which is to generate added value for Lamor and improve its operations. Internal audit supports the organisation in achieving its goals by providing a systematic approach to evaluating and developing the effectiveness of the organisation's risk management, control and management processes.

Lamor's Board of Directors decides on the operating principles of the internal audit, which are defined in the charter of the internal audit prepared by the Audit Committee. In addition, the Audit Committee approves the annual internal audit plan, considering the results of the annual risk assessment, various business needs and feedback from management and the Audit Committee and the Board. The internal audit plan is updated if necessary, and separate audit assignments are also carried out if necessary.

The audit findings, recommendations and management's corrective measures are regularly reported to the Audit Committee. The internal audit function reports functionally to the Audit Committee and administratively to the CFO.

In 2023, the internal audit function was established as a separate function from Lamor's risk management. The independent and impartial internal audit function reports to the Audit Committee of the Board of Directors.



External audit

According to the company's Articles of Association, Lamor has one (1) auditor, who must be an auditing firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins at the General Meeting where the auditor is elected, and ends at the end of the Annual General Meeting following the election. The General Meeting elects the auditor and resolves on the auditor's remuneration.

The Annual General Meeting held on April 4, 2023 re-elected the auditing firm Ernst & Young Oy as the company's auditor for a term that ends at the end of the next Annual General Meeting. APA Juha Hilmola continued as the company's principal auditor. The general meeting further resolved that the auditor will be paid according to a reasonable invoice approved by the company.

The resolution of Lamor's 2023 Annual General Meeting on the election of the auditor and the auditor's fees was made in accordance with the Articles of Association in force at the time of the Annual General Meeting. In accordance with the new Articles of Association approved at Lamor's Extraordinary General Meeting on 1 November 2023, the General Meeting will in the future also resolve on the basis for reimbursement of auditors' travel expenses.

After the trading of Lamor's shares transferred to the Nasdaq Helsinki stock exchange list, the audit plan for 2023 was supplemented by defining Key Audit Matters (KAM), the audit of which and possible audit findings are described in connection with the auditor's report for the financial year 2023.

Lamor's Audit Committee monitors and evaluates the auditor's activities and monitors and approves the auditor's assignments and fees related to activities other than auditing.

Fees paid to the auditor

Thousand euros	2023	2022
Audit services	324	302
Other inspection services	1	3
Tax services	0	5
Other services	69	28
Audit fees total	394	338

Management of insider issues

Lamor has drawn up insider guidelines, the purpose of which is to create clear operating principles for, among other things, the management of insider information, the maintenance of insider lists, and the reporting of transactions by persons subject to reporting obligations.

Lamor's insider guide complements the market abuse regulation (MAR) and other regulations, such as the criminal law and the securities market act, Nasdaq Helsinki Oy's insider guide, Nasdaq Helsinki Oy's rules for issuers of shares, Nasdaq Helsinki's First North Bond Market rules and the Financial Supervisory Authority's instructions on insider matters.

During the reporting period, Lamor's CDO (from 20 December 2023 Chief Strategy Officer) has been responsible for Lamor's insider guidelines and the general organisation and training of insider matters, the preparation and maintenance of project- and event-specific registers, and supervision. Lamor's CFO has served as their deputy.

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In connection with the issuance of Lamor's green bond and the transfer to the official list of Nasdaq Helsinki, the company's external audit scope and as well as certain corporate governance policies and procedures were updated.

Project-specific insiders

If necessary, Lamor maintains project- and event-specific insider lists.

The CEO, CFO and CDO (from 20 December 2023 Chief Strategy Officer), two (2) together, have decided to postpone the publication of insider information when the conditions according to the Market Abuse Regulation (MAR) are met. At the same time, a project- or event-specific insider list is established.

The project- or event-specific insider lists drawn up each time include the persons who receive insider information about a specific project or event.

Closed window

The managers defined by Lamor are subject to a closed period of 30 calendar days before the publication of interim reports, half-yearly reports, financial statements release and financial statements. The closed period ends at the end of the day following publication. The closed period also applies to persons who participate in the preparation of the reports in question. During this time, Lamor does not comment on its financial results, markets or market prospects, nor do they meet representatives of the capital markets or financial media.

Transactions between Lamor and its management or those related to management.

Insider trading

Lamor has defined the Chairman of the Board of Directors and the possible Vice Chairman as well as other members and deputies of the Board, the CEO of the company and his possible deputy and the members of the company's Management Team, including the possible members of the Extended Management Team, as persons discharging managerial responsibilities and are required to report their transactions in accordance with the Market Abuse regulation (MAR).

Persons discharging managerial responsibilities and persons closely associated with them must notify Lamor and the Finnish Financial Supervisory Authority of transactions concerning Lamor's financial instruments. The notification shall be made without delay and no later than three (3) days after the date of execution of the transaction. Only such transactions that exceed the annual limit of 5,000 euros must be reported to the Finnish Financial Supervisory Authority. However, all transactions must be reported to Lamor.

Lamor publishes notifications regarding the transactions of persons discharging managerial responsibilities and persons closely associated with them without delay and at the latest within two (2) working days of receiving the notification regarding the transaction.

Lamor maintains a list of persons discharging managerial responsibilities and persons closely associated with them in accordance with the Market Abuse regulation. The list is not public.

Transactions between Lamor and its management or those related to management.

According to the company's definition, the Group's close circle consists of Lamor's significant shareholders, the Board of Directors, the CEO and the rest of the company's Management Team and their family members, as well as the entities and associated and joint ventures controlled by them. In addition, the Group's related parties include associated and joint ventures in which the Group is the owner.

Lamor's financial organisation monitors related party transactions as part of the company's normal reporting and control practices. The Audit Committee must separately deal with a related party transaction that is not part of the company's usual business or that is not based on market conditions. In addition, the Board must approve such a related party transaction.

The members of Lamor's Board of Directors, CEO, members of the Management Team and significant shareholders confirm annually whether they or their related parties as defined in the IAS 24 standard have had related party transactions during the past financial year.

The related party transactions of Lamor in 2023 are presented in the financial review as part of the published interim reports and financial statements. In addition, in connection with the company's remuneration report, any remuneration received by members of the company's Board of Directors or their related companies other than for Board work is reported annually.

Avoidance of conflicts of interests

The company's decision making processes and the charters of the Board Directors and its Committees include procedures to prevent and mitigate possible identified conflicts of interests.

We award for good work and for creating shareholder value.

05

REMUNERATION REPORT

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 othewise specified (IFRS)	2023	2022	2021	2020	2019
SALARIES AND FEES, TOTAL					
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 othewise specified (IFRS)	2023	2022	2021	2020	2019
KEY PERFORMANCE METRICS					
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 Ehrnooth	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:

	FIXED SALARY	VARIABLE COMPONENTS		
EUR thousand	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

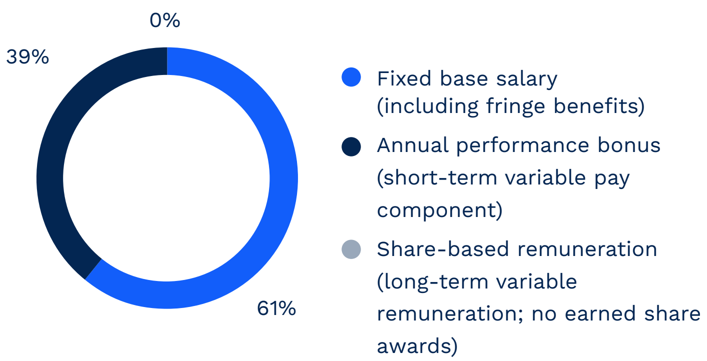
The following annual performance bonuses earned in 2023, totalling EUR 70.7 thousand, will be paid in 2024:

- 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%
Targets and outcome total	**80.0%**	**17.0%**

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%
Targets and outcome total	**20.0%**	**4.5%**

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%
Targets and outcome total	**20.0%**	**10.0%**

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.

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.

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

Performance level - market value	Cumulative earning potential	Indicative premium 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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