



AFARAK GROUP SE
REMUNERATION REPORT FOR
GOVERNING BODIES
2023

Remuneration report 2023

1. Introduction

The Board of Directors of Afarak Group SE ('Afarak') has approved the Remuneration Policy (the 'Remuneration Policy') at its Annual General Meeting in 2020. The Remuneration Policy sets out the framework for the remuneration of the Board of Directors and the executive management team ('EMT') of Afarak. Afarak complies with the recommendations of the Finnish Corporate Governance Code for listed companies and the Shareholders' Rights Directive legislation in the Remuneration Report ('Remuneration Report'). The Board of Directors shall present a revised Remuneration policy in the next Annual General Meeting in 2024.

Afarak operates in a highly competitive sector in terms of human capital with a shortage of highly qualified and experienced executives. The remuneration of Afarak is designed to attract, retain and incentivize high-calibre executives to implement Afarak's business strategy and operational objectives, and to enhance shareholder value.

Afarak strives for transparency and consistency in rewarding. Remuneration across the company, at employee and executive level, is reviewed regularly to secure its fairness and competitiveness in the context of the market.

Afarak had another good results in 2023, despite facing challenging market conditions during the latter half of the year. Remuneration during 2023 increased compared to the previous year, reflecting Company's positive performance during the year.

Deviations from the Remuneration Policy and exercise of Clawback

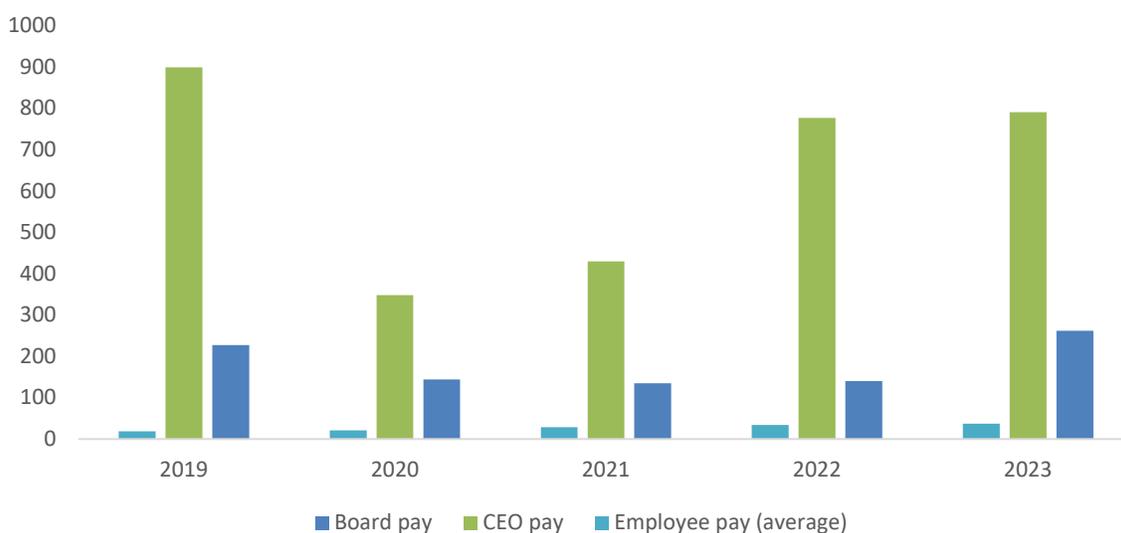
Afarak did not have any deviations from the Remuneration Policy during the 2023.

Development of remuneration and fees

Below is a comparable description of the fees paid to the Board members and CEO and remuneration of employees and the financial performance of the Company.

The total fees paid to the Board members have increased due to the reduction in their fees during the previous year and due to a one-off bonus approved in the Company's Annual General Meeting in 2023. The CEO pay was at the same level as prior year. The employee pay is presented as average annual expenses per employee.

€000	2023	2022	2021	2020	2019
Total Board pay ¹	262	140	135	144	227
CEO pay ²	791	777	430	348	899
Employee pay (average) ³	37	34	28	21	19
Revenue	153,665	198,691	80,256	59,805	97,894
EBITDA	16,594	53,747	5,940	-4,050	-5,432
Share price (NASDAQ Helsinki), €	0.52	0.42	0.19	0.33	0.90

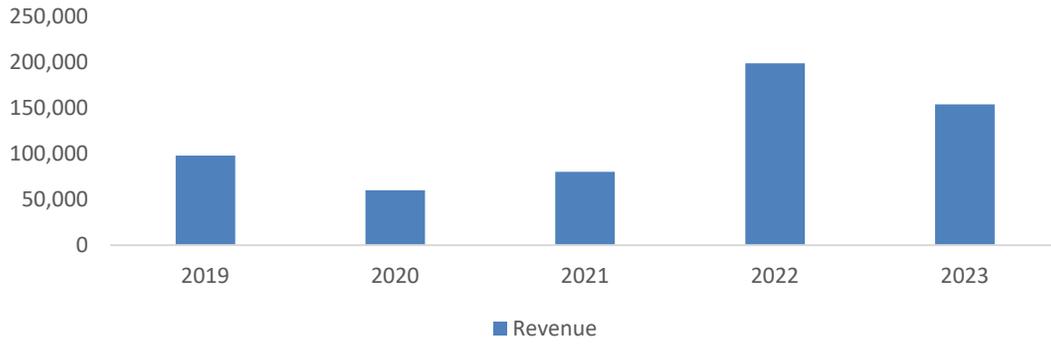


¹ Total annual fees of Board members.

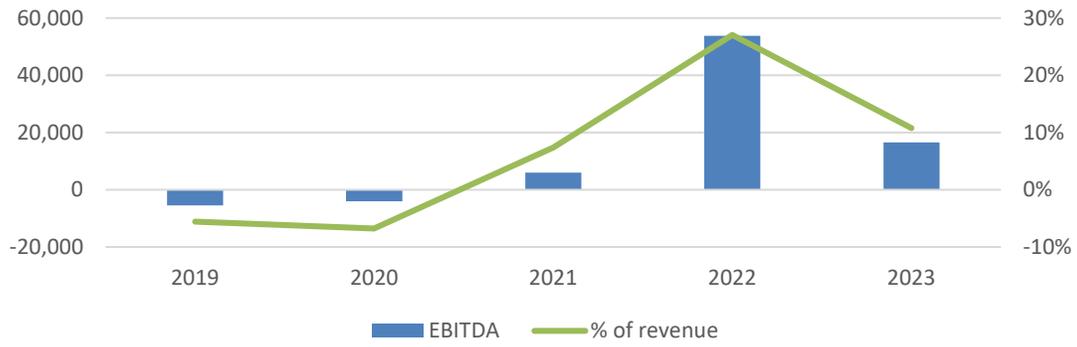
² The total annual remuneration of the CEO.

³ Personnel costs according to the company's financial statements divided by the number of employees (FTE).

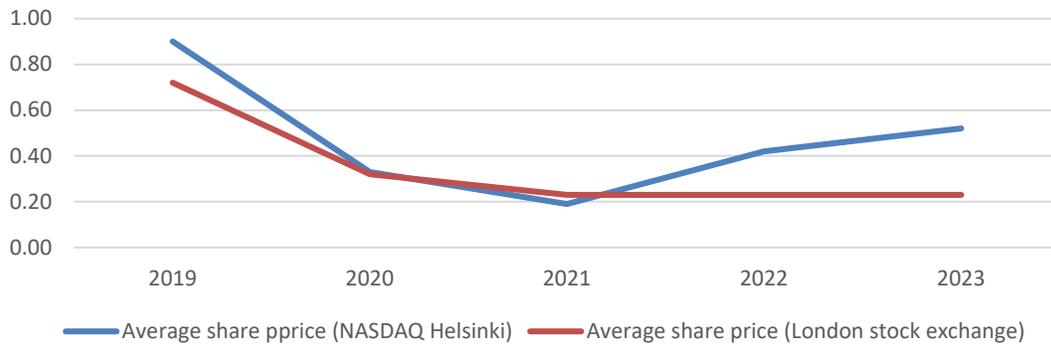
Revenue



EBITDA



Average share price



2. Remuneration of the Board of Directors

The remuneration of the members of Afarak's Board of Directors is decided by the shareholders of Afarak in Annual General Meeting, taking into account the recommendations and proposals submitted to the Annual General Meeting by the Nomination and Remuneration Committee.

The remuneration of the Board of Directors consists of a monthly fixed fee. An increased monthly fee is typically paid to the Chair of the Board of Directors. Additionally, members of the Board of Directors who sit on Afarak's committees, namely the Audit and Risk Management Committee, the Nomination and Remuneration Committee and the Health, Safety and Sustainability Committee may receive additional remuneration for committee work.

In the General Meeting 21 June 2023, the following fees were decided to be remunerated to Board members:

	Fee (EUR)
Monthly fee of Chair of the Board	1,500
Monthly fee of member of the Board	5,000
Additional monthly fee of Board Committee member	1,500

Members of the Board of Directors who are executives of Afarak are, subject to the decision of the general meeting, not entitled to receive any remuneration for committee memberships and their position on Afarak's Board of Directors.

Board Members shall be compensated for travel and accommodation expenses as well as other costs directly related to Board and Committee work in accordance with the company's travel rules. Afarak also provides D&O insurance to the member of the Board of Directors and to senior executives. Non-executive directors do not have service contracts with the company.

In 2023 the Board of Directors had 3 members. The fees to the Board were paid fully in cash. The non-executive Board members were paid an additional EUR 50,000 each as a one-off retroactive additional compensation for additional work as approved during the Annual General Meeting on 21 June 2023. The payments made in 2023 for two Board members are described in the table below. The third Board member is the group CEO and these fees are described in next section.

All fees paid to the Company's Board of Directors are made within the framework of the effective Remuneration Policy for governing bodies presented to the Annual General Meeting.

	Paid in 2023 Annual fee, (EUR)
Abrahamsen Thorstein <i>Chairman of the Board</i>	137,500
Manojlovic Jelena <i>Member</i>	125,167
TOTAL	262,667

3. Remuneration of the Group CEO

Afarak's CEO is appointed by the Board of Directors to manage, develop, guide and supervise Afarak Group's activities and to lead the EMT. The remuneration of the CEO is decided upon by Afarak's Board of Directors on the basis of the recommendations and proposals submitted to the Board of Directors by the Nomination and Remuneration Committee. CEO remuneration has complied with the valid remuneration policy.

The CEO is engaged to Afarak by virtue of a service contract. The remuneration of Afarak's CEO consists of an annual fixed remuneration together with Afarak shares as an incentive for each completed year of service as CEO as per the agreement entered into between Afarak and the CEO. These above-mentioned incentive shares must be retained by the CEO by minimum period of one year commencing from receipt. The CEO's service contract defines the CEO's notice period including compensation paid for the notice period and other customary conditions of service.

Afarak makes no pension arrangements for the CEO beyond the statutory pension coverage and there is no set retirement age.

The CEO has an annual salary of €444,000. He shall also receive 500,000 Company shares as an incentive for each completed year of service acting as CEO.

In 2023 the CEO was paid a total fee of EUR 797,000 out of which EUR 242,000 was share-based remuneration and a Company bonus of EUR 175,000. The CEO's remuneration consisted of the following in 2023:

- salary
- share-based remuneration
- Company bonus

Element	Paid fees in 2023	Fees due in 2024
Fixed base salary	374,636	-
Company bonus	175,000	-
Shares (#)	500,000	500,000

Share-based remuneration

As part of the remuneration packages of its CEOs, Afarak pays a share-based compensation of 500,000 shares for every completed year. Guy Konsbruck, received 500,000 Company shares on 10 February 2022. On January 2023, the Group extended for another year the CEO contract and granted 500,000 shares in the Company. These shares have effectively been received after reporting period on 22 January 2024. These shares have a lock-up period of two years from subscription date.