



## **INVITATION TO THE ANNUAL GENERAL MEETING**

Afarak Group plc invites shareholders to the Annual General Meeting to be held on 23 May 2017, starting at 10:00 a.m. (Finnish time) at Klaus K Hotel, Erottajankatu 4 C, 00120, Helsinki, Finland.

Registration begins at 9:30 a.m.

### **A. MATTERS ON THE AGENDA OF THE ANNUAL GENERAL MEETING:**

- 1. Opening**
- 2. Election of the Chairman and of the Secretary**
- 3. Approval of the Agenda**
- 4. Election of the scrutinizer of the minutes and vote counting supervisor**
- 5. Recording the legality and quorum of the meeting**
- 6. Adoption of voting lists**
- 7. Review by the Management of the Company**
- 8. Presentation of the Financial Statements for the year 2016 and the Report of the Board of Directors**
- 9. Presentation of the Auditor's Report**
- 10. Adoption of the Group Financial Statements**
- 11. Resolution on the use of the profit shown on the Balance Sheet and capital redemption**

The Board of Directors proposed to the Annual General Meeting held in 2016 a dividend policy through which the Group will in future review its distributions to shareholders either through a capital redemption or dividend twice yearly at the time of full year and the half year announcements. This policy will allow the Board to take prudent decisions based on market conditions whilst continuing to share its positive results with shareholders.

Based on the results of 2016 no distribution for the year ending 2016 is being recommended. The Board of Directors proposes that no dividend is paid.

However, due to the exceptional results in quarter one 2017, a EUR 0.02 per share distribution from the invested unrestricted equity fund is now being recommended. Shareholders Joensuun Kauppa ja Kone Oy and other shareholders represented by Mr. Kyösti Kakkonen, Atkey Ltd, Kermas Ltd, have expressed their support to this proposal and will vote at the upcoming AGM in favor of it. These shareholders represent 63.66% of the share capital of the company. In line with the distribution policy, a second distribution will be considered by the Board of Directors at the time of the half-year announcement and, if recommended, a further distribution will be proposed to shareholders by the Board of Directors.

The capital redemption will be made from the company's fund for invested unrestricted equity. The capital redemption is repaid to the shareholders who are registered on the company's shareholder register maintained by Euroclear Finland Ltd on the record date for payment, i.e. 1 June 2017. Shares will commence trading without the right to the capital redemption payment on 31 May 2017 in London and Helsinki. The Board of Directors proposes to the Annual General Meeting that the capital redemption will be paid by the Company on 10 June 2017.

**12. Resolution on the discharge of the members of the Board of Directors and the CEO from liability**

**13. Resolution on the remuneration of the members of the Board of Directors and of the Auditor**

It is proposed to the Annual General Meeting that the current remuneration package would be kept. The Chairman of the Board shall be paid EUR 4,500 per month, the Chairman of the Audit and Risk Management Committee shall be paid EUR 5,550 per month and all Board Members are paid EUR 3,500 per month. Non-executive Board Members who serve on the Board's Committees shall be paid additional EUR 1,500 per month for committee work.

The Board of Directors proposes to the Annual General Meeting that the company will pay the auditor's fee as stated in the Annual Report.

**14. Resolution on the number of the members of the Board of Directors**

The Nomination and Remuneration Committee proposes to the Annual General Meeting that the number of members of the Board of Directors shall be 5.

**15. Election of the members of the Board of Directors**

The Nomination and Remuneration Committee proposes to the Annual General Meeting that Dr Jelena Manojlovic, Ivan Jakovic and Barry Rourke will be re-elected and Thomas Hoyer and Thorstein Abrahamsen will be elected as new members for the next mandate that begins from the end of the General Meeting and ends at the end of the Annual General Meeting in 2018. Shareholders Joensuun Kauppa ja Kone Oy and other shareholders represented by Mr. Kyösti Kakkonen, Atkey Ltd, Kermas Ltd, have expressed their support to this proposal and will vote at the upcoming AGM in favor of it. These shareholders represent 63.66% of the share capital of the company.

**16. Election of the Auditor**

The Board of Directors proposes to the Annual General Meeting according to the recommendation by the company's Audit Committee that Authorized Public Accountant Firm Ernst & Young Oy would be re-elected as the auditor of the company. Ernst & Young Oy has proposed that the auditor with the main responsibility would be APA Erkkä Talvinko.

**17. Authorizing the Board of Directors to decide upon share issue and upon issuing other special rights that entitle to shares**

The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to issue ordinary shares and issue stock options and other special rights that entitle to shares.

By virtue of the authorization shares could be issued in one or more tranches up to a maximum of 25,000,000 new shares or shares owned by the company. This equates approximately 9.6 % of the company's current registered shares. The Board of Directors would, by virtue of the authorization, be entitled to decide on the share issues and on the issuing of stock options and other special rights that entitle to shares.

The Board of Directors may use the authorization among other things to raise additional finance and enabling corporate and business acquisitions or other arrangements and investments of business activity or for employee incentive and commitment schemes. The Board of Directors proposes that, by virtue of the authorization, the Board of Directors can decide both on share issue against payment and on share issue without payment. The payment of the subscription price could also be made with other consideration than money. The authorization would contain right to decide on derogating from shareholders' pre-emptive right to share subscription provided that the conditions set in the Companies' Act are fulfilled.



The Board of Directors proposes that the authorization replaces all previous authorizations and that it is valid two (2) years as from the decision of the General Meeting.

**18. Authorizing the Board of Directors to decide on the acquiring of own shares**

The Board of Directors proposes to the Annual General Meeting that the Board of Directors would be authorized to decide on the acquiring of company's own shares.

By virtue of the authorization for the acquisition of own shares, a maximum of 15,000,000 own shares could be acquired with the funds from the Company's unrestricted shareholders' equity, however, in such a way that the total number of own shares, which the Company and its subsidiaries have in their possession or as a pledge, does not exceed one tenth of all shares in accordance with Section 11 of Chapter 15 of the Finnish Companies Act. The authorization covers acquisition of shares in public trade in NASDAQ Helsinki Oy and also outside of the public trade. The compensation paid for acquired shares shall be based on the market value.

Derivative contracts, share loan agreements or other agreements may be made within laws and regulations if they are customary to capital market. The authorization entitles the Board of Directors to make a resolution on acquisition otherwise than in the relation of the shares owned by the shareholders (directed acquisition) according the preconditions set forth in the Companies Act.

The Board of Directors proposes that the authorization concerning the acquisition of own shares would among other things be used in developing the company's capital structure, in financing and executing corporate acquisitions and other arrangements, in executing the company's share-based incentive systems or otherwise in being transferred or cancelled. The acquisition of shares reduces the company's distributable non-restricted shareholders' equity.

The Board of Directors proposes that the authorization replaces all previous authorizations and that it is valid 18 months as from the decision of the General Meeting.

**19. Closing of the Meeting**

**B. DOCUMENTS OF THE GENERAL MEETING**



Documents to be kept on view in accordance with the Finnish Companies Act are available for the shareholders' inspection no later than a week before the Annual General Meeting at the Company's headquarters at the address Unioninkatu 20-22, 00130 Helsinki, Finland. In addition, the documents will be available no later than 21 days before the Annual General Meeting on the Company's website at the address [www.afarak.com](http://www.afarak.com). Copies of these documents will be sent to the shareholders on request.

The minutes of the Meeting will be available on the above mentioned website at the latest from 6 June 2017.

## **C. INSTRUCTIONS FOR THE PARTICIPANTS IN THE ANNUAL GENERAL MEETING**

### **1 Right to attend**

A shareholder who no later than on 10 May 2017 is registered as the Company's shareholder in a shareholder register held by Euroclear Finland Ltd has the right to participate in the Annual General Meeting. A shareholder whose shares are registered on his/her personal Finnish book-entry account is registered in the Company's shareholder register.

### **2 Notice to attend**

A shareholder wishing to attend the Annual General Meeting shall give notice to attend the meeting to the Company no later than by 4:00 p.m. Helsinki time on 18 May 2017, either:

- by letter to Afarak Group Plc, Unioninkatu 20-22, 00130 Helsinki, Finland;
- by e-mail to [ilmo@afarak.com](mailto:ilmo@afarak.com); or
- by fax to +358 10 440 7001.

The notice shall be at the Company before the deadline of the notice to attend.

In addition to his/her name, a shareholder is also requested to inform the Company of his/her identity number or business ID, address, phone number and the name of a possible representative. The personal data of shareholders shall be used only for purposes related to the general meeting and necessary registration related thereto.

Shareholders attending the general meeting have a right to request information concerning matters which are dealt with by the meeting as stated in the Finnish Companies Act, chapter 5, section 25.



### **3 Using representative and proxies**

A shareholder has a right to attend the meeting and use his rights via a representative. A proxy representative must present a dated proxy or must otherwise, in a reliable way, prove that he/she has a right to represent a shareholder. The Company does not have a proxy template available for shareholders. If a shareholder participates in the Annual General Meeting by means of several proxy representatives representing the shareholder with shares on different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration.

Proxy documents should be delivered (as originals) together with the notice to attend to: Afarak Group Plc, Unioninkatu 20-22, 00130 Helsinki, Finland no later than 4:00 p.m. on 18 May 2017.

### **4 Holders of nominee registered shares**

A holder of nominee registered shares is advised to request in good time in advance necessary instructions regarding the registration in the Company's shareholder register, issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank. The account management organisation of the custodian bank will register a holder of nominee registered shares, who wants to participate in the Annual General Meeting, to be entered into the Company's temporary shareholder register no later than 10:00 a.m. on 18 May 2017.

### **5 Other instructions and information**

Afarak Group Plc has at the date of invitation, 2 May 2017, in total 263,040,695 shares in issue and of which 263,040,695 have voting rights. The company holds in total 3,744,717 shares in treasury.

Afarak Group Plc has published the Report by the Board of Directors, the Financial Statements 2016, the Auditor's Report, the Corporate Governance Statement and the Remuneration Report in English and in Finnish. Shareholders may order the documents by phone from number +358 50 372 1130 on weekdays between 10:00 a.m. and 4:00 p.m. Helsinki time. The documents can also be found from the company website from address [www.afarak.com](http://www.afarak.com).

IN HELSINKI, ON 2 May 2017.  
AFARAK GROUP PLC  
BOARD OF DIRECTORS