

Additional Information

SHARE INFORMATION

Afarak Group Plc's shares are listed on NASDAQ Helsinki (AFAGR) and on the Main Market of the London Stock Exchange (AFRK).

On 31 December 2017, the registered number of Afarak Group Plc shares was 263,040,695 (263,040,695) and the share capital was EUR 23,642,049.59 (23,642,049.59).

On 31 December 2017, the Company had 3,354,161 (3,744,717) own shares in treasury, which was equivalent to 1.27% (1.42%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 31 December 2017, was 259,686,534 (259,295,978).

At the beginning of the period under review, the Company's share price was EUR 0.78 on NASDAQ Helsinki and GBP 0.38 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.85 and GBP 0.73 respectively. During 2017 the Company's share price on NASDAQ Helsinki ranged from EUR 0.72 to 1.15 per share and the market capitalisation, as at 31 December 2017, was EUR 222.3 (1 January 2017: 203.9) million. For the same period on the London Stock Exchange the share price range was GBP 0.55 to GBP 0.93 per share and the market

capitalisation, as at 31 December 2017 was GBP 190.7 (1 January 2017: 98.6) million.

FLAGGING NOTIFICATIONS

On 17 March 2017, Afarak received a flagging notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from shareholders Joensuun Kauppa ja Kone Oy and Esa Hukkanen (the "shareholders"). In accordance with the flagging notification, the shareholders have agreed to use their voting rights together in Afarak Group Plc and their agreement has resulted in them having their shareholding to be above 5%, becoming a 6.05% per cent holder of the shares and voting rights in Afarak.

On 22 March 2017, Afarak received a flagging notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from a group of shareholders ("the shareholders"). In accordance with the flagging notification, the shareholders have agreed to use their voting rights together in Afarak Group Plc and their agreement has resulted in them having their shareholding to be above the 10% benchmark, becoming a 10.01% per cent holder of the shares and voting rights in Afarak. Their total of shares and voting rights stands at 26,325,048.



Remuneration Report

This report sets out the remuneration policy and practices for Afarak's Board and Executive Management Team ("EMT"), and provides details of their remuneration and share interests for the year ended 31 December 2017.

REMUNERATION POLICY

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

The policy seeks to align the interests of the business and shareholders by rewarding executives appropriately for achieving individual and group targets and thereby ensuring long-term value creation for the benefit of all shareholders.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee makes recommendations to the Board regarding executive remuneration, and submits proposals to the Annual General Meeting of shareholders regarding the Board's remuneration.

The committee is responsible for the overall direction of the remuneration policy, as well as determining, within agreed terms of reference, the specific remuneration packages of the EMT. This includes pension rights, executive incentive schemes and any compensation payments. To ensure that the Group's remuneration packages are both appropriate and competitive, the committee evaluates information on market-based remuneration levels for comparable companies.

The members of the committee in 2017 were Ivan Jakovcic (Committee Chairman), Dr Jelena Manojlovic and Barry Rourke.

CEO SERVICE AGREEMENT

The Board appoints the Chief Executive Officer (CEO) to manage, develop, guide and supervise the Group's activities and lead the EMT. The Board decides upon the CEO's remuneration based on the recommendations made by the Committee.

The CEO receive a service fee of EUR 360,000. He shall also receive 500,000 Company shares as an incentive for each completed year of service acting as CEO. In 2017, the CEO received a signing bonus of EUR 70,000.

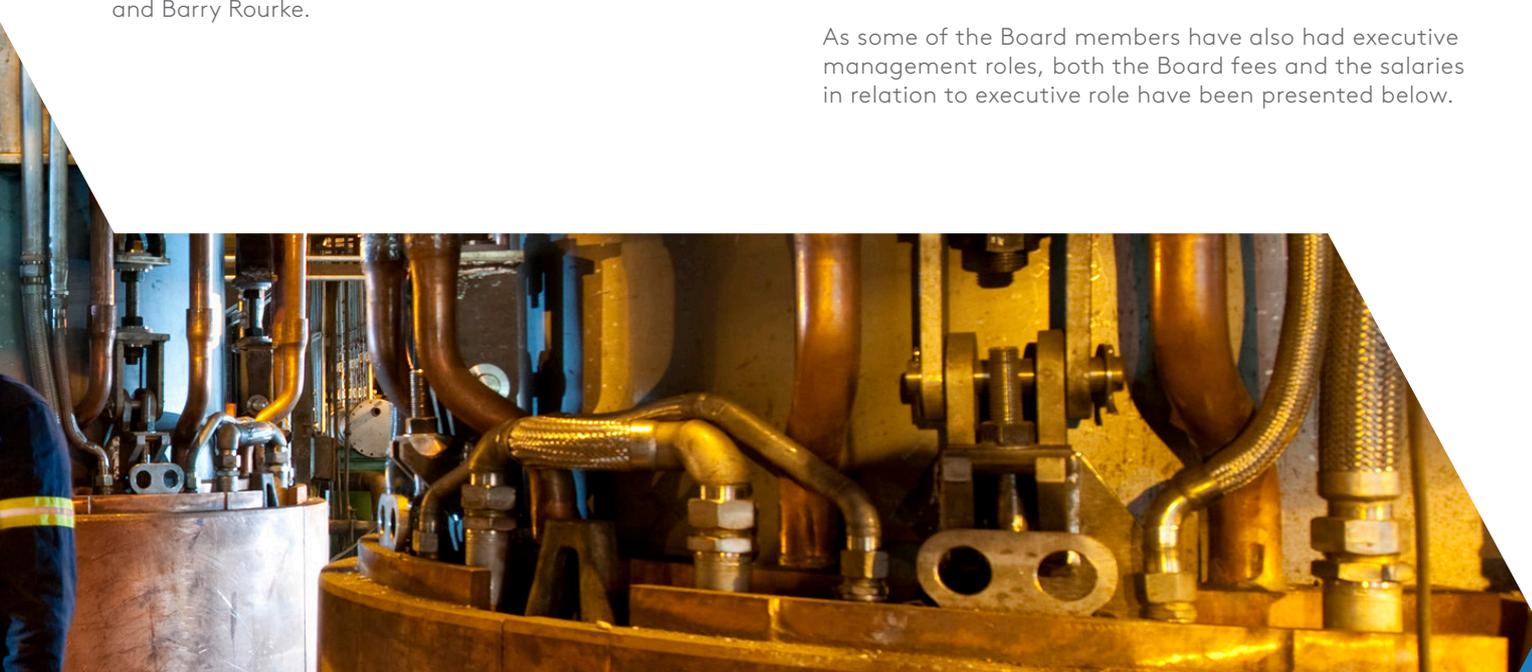
The Group makes no pension arrangements for the CEO beyond the statutory pension coverage and there is no set retirement age.

NON-EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The remuneration of members of the Board of Directors is agreed at the Company's General Meetings. Directors' remuneration consists of monthly fixed fees. The Annual General Meeting held on May 23, 2017 resolved 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 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. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for Board membership.

Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for Board or committee membership.

As some of the Board members have also had executive management roles, both the Board fees and the salaries in relation to executive role have been presented below.



RELATED PARTY TRANSACTION WITH PERSONS BELONGING TO GROUP BOARD AND MANAGEMENT

EUR '000		2017			2016		
		Salaries	Fees	Share-based remuneration	Salaries	Fees	Share-based remuneration
CEO							
Ruiters Alistair	Board member 8.5.2015 - 23.5.2017, CEO 21.5.2015 - 15.1.2017	14		145	360		178
Konsbruck Guy	CEO 15.1.2017 onwards		415	583			
BOARD MEMBERS							
Abrahamsen Thorstein	Board member 23.5.2017 onwards		36				
Djakov Milan	Board member 12.5.2016 - 23.5.2017		24			35	
Hoyer Thomas	Board member 23.5.2017 onwards		36				
Jakovcic Ivan	Board member 8.5.2015 onwards, Chairman 12.5.2016 - 5.2.2018		65			68	
Kankaala Markku	Board member 30.6.2003 -17.3.2017		15			60	
Lillja Michael	Board member 11.2.2013 - 12.5.2016				54		
Jelena Manojlovic	Board member 11.7.2008 onwards, Chairman 5.2.2018 onwards		67			60	
Parodi Alfredo	Board member 11.2.2013 - 12.5.2016, Chairman 8.5.2015 - 12.5.2016					26	
Rourke Barry	Board member 8.5.2015 onwards		85			80	
Scott Keith	Board member 12.5.2016 - 9.12.2016					35	
Total		14	743	728	414	363	178

OTHER EMT MEMBERS' SERVICE CONTRACTS

As Afarak operates within highly competitive environment, its performance depends on the individual contributions of the executive directors and other senior employees. The remuneration packages are designed to attract, motivate and retain executives to manage the Group's operations effectively and to reward them for enhancing shareholder value.

The EMT remuneration package is a combination of a base salary and long-term based incentives, fringe benefits include

liability insurance, traveller's insurance and telephony services. There are no early retirement options in the EMT's employment contracts and the notice period and/or non-compete period is normally six months, unless otherwise agreed.

The table below includes the EMT but excludes the CEO since the compensation for Board members and CEO has been presented separately.

None of Afarak's executive directors have received any compensation for serving as a NED in other companies.

Management remuneration

EUR '000	2017	2016
Fixed salaries and fees	482	366
Variable performance related compensation	195	0
Total	677	366

SHARE-BASED COMPENSATION

Share options

The Company had an incentive-related option scheme, I/2011 which expired on 1 August 2017 and no options were exercised. The scheme was granted to the key personnel of the Company, as recommended by the Board. The scheme entitled the option holders to subscribe for a maximum of 6,900,000 shares in the Company. The vesting period was from 1 July 2014 to 1 August 2017 for various option series denoted with different letters and years. The share subscription price was calculated by a formula based on the Volume Weighted Average Price of the Company's share and varied between the option series. All options have been treated according to the principles set forth in IFRS 2 Share-based Payments standard. The main terms of the option arrangements are detailed in the table below.

In May 2015 the Group granted the outgoing CEO, Alistair Ruiters 1,000,000 shares in the Company. The agreement provided that these would be awarded in two tranches and vested based on completed year of service. The first 500,000 Company shares have effectively been received on 14 September 2016. The second 500,000 Company shares had to be received by the employee on 22 May 2017 after

completing his second year as CEO. As the full term was not completed the second 500,000 were given in December 2017 prorata over the second year which resulted to 335,000 shares. These shares have a lock-up period of two years from subscription date. The fair value of the granted shares is determined based on the market price of Afarak Group share at the grant date which was EUR 0.40 per share.

In December 2016 the Group has granted the new CEO, Guy Konsbruck 1,000,000 shares in the Company. These will be awarded in two tranches and vested based on completed year of service. The first 500,000 Company shares fell due to be received on 15 January 2018. The second 500,000 Company shares shall be received by the employee on 15 January 2019. These shares have a lock-up period of two years from subscription date. The fair value of the granted shares is determined based on the market price of Afarak Group share at the grant date which was EUR 0.81 per share. The value at year end was EUR 582,534.25.

In July 2017 the Group has granted Alistair Ruiters Incentive shares in the company amounting to 400,000 shares, which will be given pa on each completed year of service commencing on the effective date. The value at year end was EUR 173,413.70.

DIRECTORS' AND EMT MEMBERS' SHAREHOLDINGS AND OPTIONS AT 31 DECEMBER 2017

	Title	Shares	Related Party Shares	Options
Members of the Board				
Jelena Manojlovic	Chairman & Dependent Non-Executive Director	150,000	0	0
Barry Rourke	Non-Executive Director	150,000	0	0
Ivan Jakovcic	Non-Executive Director	0	0	0
Thomas Hoyer	Non-Executive Director	25,000	0	0
Thorstein Abrahamsen	Non-Executive Director	0	0	0
Auditors				
Erkka Talvinko	Auditor	0	0	0
Other Insiders				
Danko Koncar	Executive	0	70,945,967	0
		325,000	70,945,967	0