



AFARAK GROUP PLC
REMUNERATION REPORT FOR
GOVERNING BODIES
2021

Remuneration report 2021

1. Introduction

The Board of Directors of Afarak Group Plc ('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').

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.

2021 was a rather successful turnaround year for Afarak in spite of the pandemic. We managed to produce positive results and to reduce our debt. Remuneration during 2021 was at the same level of the previous year following the reduced headcount in South Africa during 2020.

Deviations from the Remuneration Policy and exercise of Clawback

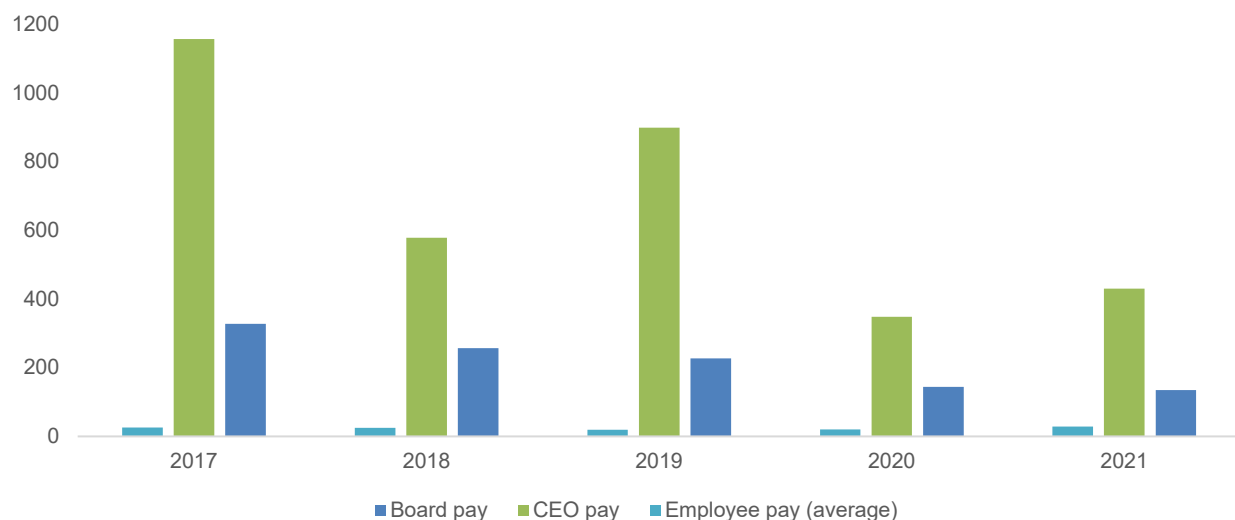
The CEO salary and share-based remuneration was self-reduced by one fifth in 2019 until the market recovers. In 2020 the CEO was paid reduced salary and share-based remuneration until the second half of 2021, were the CEO was paid as per the CEO service agreement.

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 decreased due to lower fees paid to Board members during 2021. The CEO pay returned to the original CEO service agreement during the second half of 2021. The employee pay is presented as average annual expenses per employee.

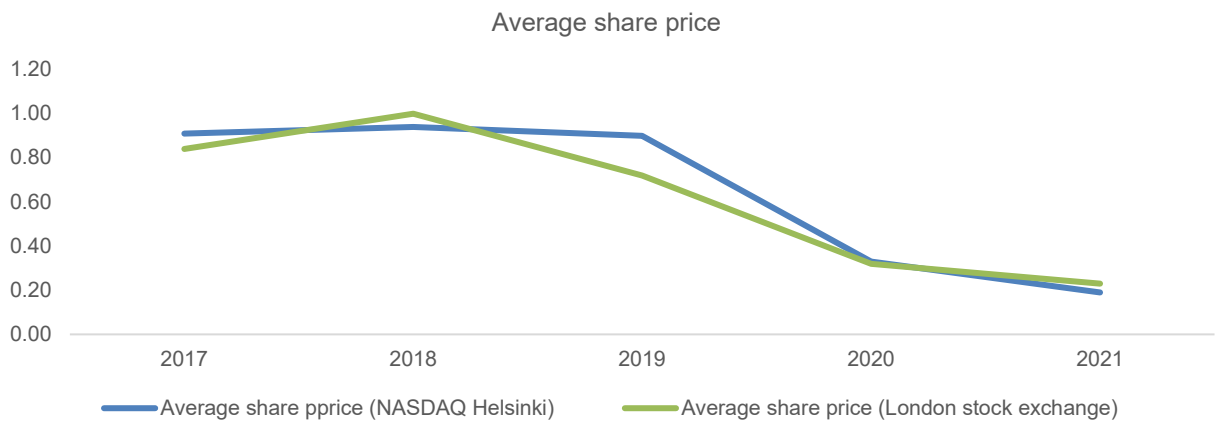
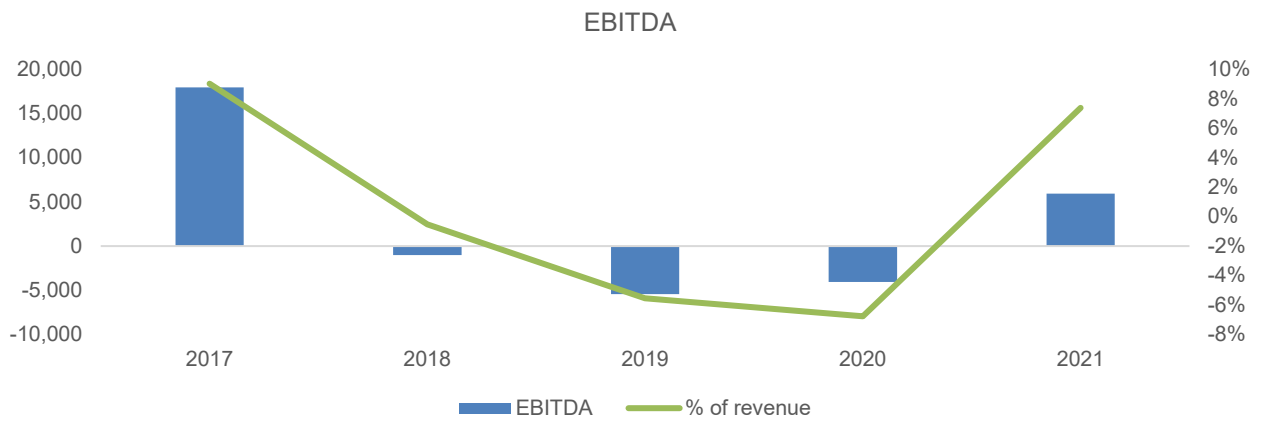
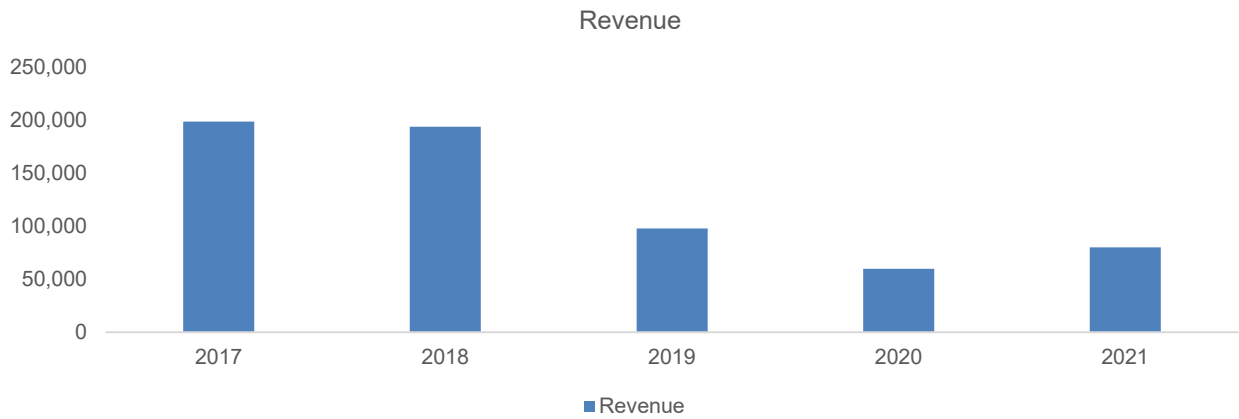
€000	2021	2020	2019	2018	2017
Total Board pay ¹	135	144	227	257	328
CEO pay ²	430	348	899	579	1 157
Employee pay (average) ³	28	21	19	25	26
Revenue	80,256	59,805	97,894	194,013	198,814
EBITDA	5,940	-4,050	-5,432	-1,017	17,969
Share price (NASDAQ Helsinki), €	0.19	0.33	0.90	0.94	0.91



¹ Total annual fees of Board members.

² The total annual remuneration of the CEO. The 2017 includes fees paid to two different CEOs.

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



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. An increased monthly fee is typically paid the Chair of the Audit and Risk Management Committee.

In the General Meeting 29 June 2021 the following fees were decided to be remunerated to Board members:

	Fee (EUR)
Monthly fee of Chair of the Board	4,500
Monthly fee of member of the Board	3,000
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 2021 the Board of Directors had 3 members. The fees to the Board were paid fully in cash. There are no additional financial benefits paid to the Board members in 2021. The payments made in 2021 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 2021 Annual fee, (EUR)
Abrahamsen Thorstein <i>Chairman of the Board</i>	78,000
Manojlovic Jelena <i>Member</i>	57,000
TOTAL	135,000

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 salary was self-reduced from €30,000 to €24,000 per month in 2019 until the market recovers, however as from April 2020 he was being paid €6,000 per month and the difference of €18,000 was to be paid until the market recovers. As from August 2021, the CEO salary was increased again to the original salary amounting to €30,000, however he was still being paid €6,000 per month and the difference of €24,000 was to be paid until the market recovers.

In 2021 the CEO was paid a total fee of EUR 430,000 out of which EUR 112,000 was share-based remuneration. The CEO's remuneration consisted of the following in 2021:

- salary
- share-based remuneration.

Element	Paid fees in 2021	Fees due in 2022
Fixed base salary	318,000	-
Shares (#)	400,000	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, after completing his first year as CEO in 2018 received 500,000 in share-based compensation and another 500,000 shares in 2019 for his second year as CEO. He received another 400,000 shares (self-reduced from 500,000 to 400,000) for his third year of service in 2020 and another 400,000 shares (self-reduced from 500,000 to 400,000) for his fourth year of service in 2021. Another 500,000 shares were transferred to the CEO for his fifth year of service acting as the Chief Executive Officer. These shares have a lock-up period of two years from subscription date.