



# AFARAK GROUP SE REMUNERATION REPORT FOR GOVERNING BODIES 2024

# Remuneration report 2024

## 1. Introduction

The Annual General Meeting of Afarak Group SE ('Afarak') has approved the Remuneration Policy (the 'Remuneration Policy') at its Annual General Meeting in 2024. 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.

Afarak faced challenging market conditions during the year. As a result, remuneration during 2024 decreased compared to the previous year.

### Deviations from the Remuneration Policy and exercise of Clawback

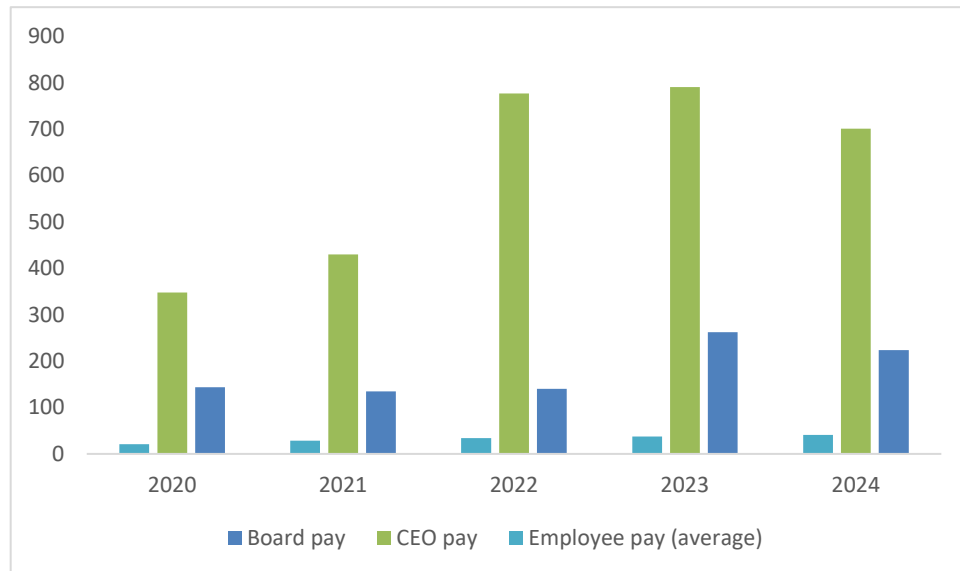
Afarak did not have any deviations from the Remuneration Policy during the 2024.

### 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 fees paid to the Board members was same as the previous year, however a lower one-off bonus approved in the Company's Annual General Meeting was paid in 2024. The CEO pay was also lower than prior year due to lower bonus. The employee pay is presented as average annual expenses per employee.

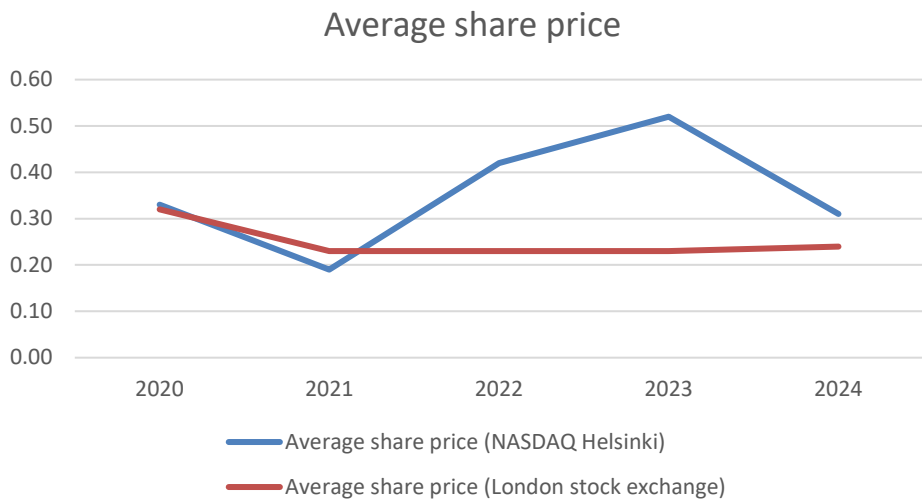
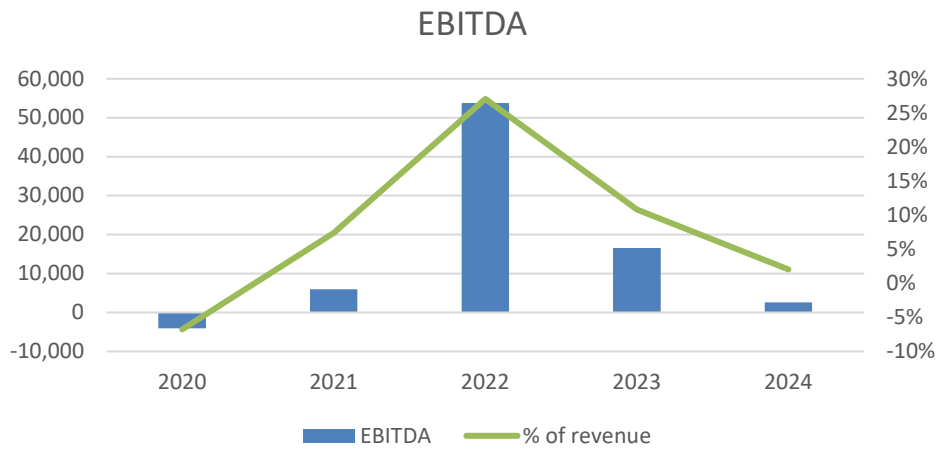
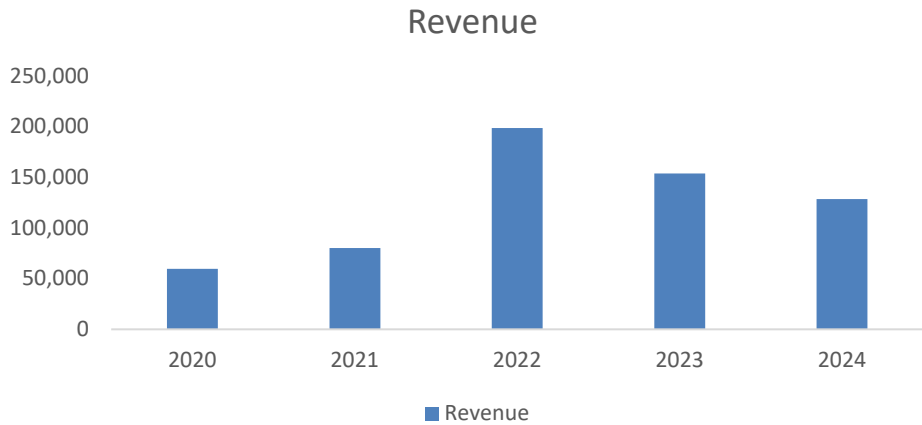
€000	2024	2023	2022	2021	2020
Total Board pay <sup>1</sup>	224	262	140	135	144
CEO pay <sup>2</sup>	701	791	777	430	348
Employee pay (average) <sup>3</sup>	41	37	34	28	21
Revenue	128,641	153,665	198,691	80,256	59,805
EBITDA	2,607	16,594	53,747	5,940	-4,050
Share price (NASDAQ Helsinki), €	0.31	0.52	0.42	0.19	0.33



<sup>1</sup> Total annual fees of Board members.

<sup>2</sup> The total annual remuneration of the CEO.

<sup>3</sup> 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.

In the General Meeting 31 May 2024 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 2024 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 25,000 each as a one-off retroactive additional compensation for additional work as approved during the Annual General Meeting on 31 May 2024. The payments made in 2024 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 2024 Annual fee, (EUR)
<b>Abrahamsen Thorstein</b> <i>Chairman of the Board</i>	121,000
<b>Manojlovic Jelena</b> <i>Member</i>	103,000
<b>TOTAL</b>	<b>224,000</b>

### 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 Company shares as an incentive based on the overall performance KPIs.

In 2024 the CEO was paid a total fee of EUR 701,000 out of which EUR 197,000 was share-based remuneration and a Company bonus of EUR 60,000. The CEO's remuneration consisted of the following in 2024:

- salary
- share-based remuneration
- Company bonus

Element	Paid fees in 2024	Fees due in 2025
Fixed base salary	444,000	-
Company bonus	60,000	-
Shares (#)	500,000	400,000

#### Share-based remuneration

As part of the remuneration packages of its CEOs, Afarak pays a share-based compensation based on the overall performance KPIs. Guy Konsbruck, received 500,000 Company shares on 22 January 2024. On 15 January 2024, the Group extended for another year the CEO contract. For the year 2024, 400,000 company shares are to be transferred after reporting period. These shares have a lock-up period of two years from subscription date.