

Remuneration report 2019

The remuneration policy applicable to the Management Board was determined by the AGM in March 2018 at the time of the IPO. Any subsequent amendments to this remuneration policy are subject to approval by the AGM.

Alfen's remuneration policy aims to attract, motivate and retain qualified employees and reward them with a market competitive remuneration package that is encouraging achieving sustainable profitable growth in line with the long term strategy of the company.

In 2019 the remuneration of the Management Board consists of a base salary, including pension and other benefits.

Annual base pay

This represents a fixed cash payment including holiday allowance and relates to the responsibility of the Management Board members.

Pension and other benefits

The Managing Directors are allowed to participate in the Company's pension scheme similar to other employees in the Netherlands. Other benefits are a company car and participation in a collective health insurance plan. The Company has also arranged a Director liability insurance for the members of the Management Board.

Severance

In line with current employment arrangements, the maximum severance payment applicable to the Management Board members is one year base pay in the proceeding financial year. No severance payment will be paid if the agreement is terminated earlier at the request or in the event of a seriously negligent behaviour of the Director.

Management Board remuneration over 2019

For the financial year 2019 the gross annual base salary of Marco Roeleveld is €250.000 and for Jeroen van Rossen €210.000. This is equal to the remuneration of 2018. The company has not provided any personnel loans, advances or guarantees to the members of the Management board.

Internal pay ratio

| (in EUR '000) | 2019 | 2018 |
|--------------------------------------|---------------|---------------|
| Management Board compensation | | |
| Salaries and wages | 460 | 447 |
| Social security contributions | 28 | 29 |
| Pension contributions (DC) | 50 | 49 |
| Total | 538 | 525 |
| Average number of FTE's | 2 | 2 |
| Average compensation | 269 | 262 |
| Employee compensation | | |
| Salaries and wages | 23.169 | 15.086 |
| Social security contributions | 3.098 | 2.211 |
| Pension contributions (DC) | 2.103 | 1.380 |
| Total | 28.370 | 18.677 |
| Average number of FTE's | 462 | 350 |
| Average compensation | 61 | 53 |
| Internal pay ratio | 4,4 | 4,9 |

When drafting the remuneration policy for the Management Board, Alfen takes into account the pay ratio within the organisation. The Alfen internal pay ratio is calculated by dividing the average total Management Board compensation by the average employee compensation. The average employee compensation is based on the total personnel cost (defined as salaries and wages, social security contributions and pension contributions) and the average number of FTE's excluding the Management Board (see also Note 11 and Note 17 of the Consolidated Financial Statements)¹.

The internal pay ratio declined from 4.9 in 2018 to 4.4 in 2019.

5-year comparison

| (in EUR '000) | 2019 | 2018 | Δ (%) |
|---------------------------------------|---------|---------|-------|
| Revenue and other income | 143.169 | 101.893 | 41% |
| Adjusted EBITDA excluding IFRS 16 | 12.646 | 3.623 | 249% |
| Average Management Board compensation | 269 | 262 | 3% |
| Average employee compensation | 61 | 53 | 15% |

As Alfen was listed on 22 March 2018 the 5-year comparison of average compensation and business performance started in 2018. The business performance of Alfen is related to the strategy of profitable growth. The suitable criteria to measure the business performance are defined as growth in revenue and other income as well as growth in adjusted EBITDA. These parameters show an increase from 2018 to 2019 of 41% and 249% (excluding IFRS 16), respectively. Average compensation for the employees increased with 15% in the same period whereas average compensation for the Management Board increased with 3%.

¹ In light of transparency and clarity, Alfen applies a methodology to calculate the internal pay ratio that is IFRS-driven and thus is linked to Alfen's Notes to the Consolidated Financial Statements

Benchmark analysis remuneration policy

In 2019 the Supervisory Board has asked an external agency to assess a benchmark analysis of the existing remuneration policy of the Management Board.

Based on this input and that of various stakeholders, the Supervisory Board will present a new remuneration policy to the Annual General Meeting in April 2020 for adoption and approval.

Remuneration information for the Supervisory Board

The remuneration of the Supervisory Board may not be dependent on the company's results. The members will not receive ordinary shares or rights to ordinary shares as remuneration.

The compensation for the chairman has been set at €50.000 per year and the compensation for Edmond van der Arend at €30.000 per year. Erwin Riefel is employed by Infestos, which is a major shareholder of Alfen. He does not receive compensation for his Supervisory Board activities.

Henk ten Hove, Edmond van der Arend en Erwin Riefel

19 February, 2020