



## P R E S S   R E L E A S E

Published on 21 August 2024, 18:00 CEST

# Alfen reports HY2024 results in line with updated guidance

- **Revenue increase:** Alfen increased H1 2024 revenue by 10% to €245.7m vs. H1 2023 (€223.9m), mainly driven by its Energy Storage Systems & Smart Grid Solutions businesses.
- **Group adjusted gross margin at 28.9%** compared with 30.5% in H1 2023. Note: gross margin after one-off costs stands at 22.3% in H1 2024, while no one-off costs were incurred in H1 2023.
- **Adjusted EBITDA of €13.5m (5.5% of revenue)** vs. H1 2023 €21.1m (9.4% of revenue).
- **Alfen has started the strategy validation and organizational right-sizing project and will continue this assessment in Q3 2024.** Alfen will communicate an update on progress during its Q3 trading update on November 7.
- **Alfen obtained a pre-emptive waiver up to Q3 2024 for a breach of the bank covenant.** In Q4 Alfen will continue the constructive conversation with the bank to conclude an updated covenant based on a revised business plan, in which our organizational right-sizing effort has been taken into account.
- **Alfen's Supervisory Board has decided to appoint Onno Krap as CFO and statutory board member per 1 January 2025.**
- **Alfen reconfirms its 2024 updated full-year revenue outlook (€485-520m), adjusted EBITDA margin outlook (mid-single digit) and FCF outlook (negative FCF but improvement compared to -€27.2m in 2023).**

**ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), a specialist in energy solutions for the future, today reports its condensed interim consolidated financial statements for the H1 2024.**

**Marco Roeleveld, CEO of Alfen:**

*“The markets that we operate in developed more slowly than anticipated in the first half of 2024, as we communicated at the end of June when we updated our guidance for the year. Since the end of June, our markets, revenue and costs have developed in accordance with our updated guidance. While we expect the markets to inevitably bounce back, we are taking the necessary measures in our business lines and our operations.*

*The primary factor affecting revenue is Energy Storage. As a result of rapidly declining battery prices, a significant number of large deals that we anticipated to sign in Q2 were postponed. Oversupply of batteries in the market due to slower than expected growth of EV sales leads to a competitive market environment for energy storage systems. We expect conditions to normalize when EV sales pick up again.*

*Lower prices have also resulted in more volume. We see stronger momentum in the market with a funnel of qualified opportunities that has considerably increased in value compared to a year ago. We continue to close the deals we expect, differentiating ourselves with our turn-key approach for our customers. That includes technical consulting upfront, project management in the construction phase and our service proposition after commissioning.*

*To improve visibility on this business line, we have decided to start communicating our backlog on a quarterly basis. At the end of Q2, the value of our total ESS backlog of signed projects was €72.4m, which will convert into revenue in 2024 and 2025. Early July, we closed four anticipated deals that will contribute to 2024 revenue as expected. As of mid-August, we stand at €88.3m backlog. We have sufficient backlog to cover the revenue guidance for ESS in 2024.*

*Last year revenue for Energy Storage was strongly backloaded in the second half of the year, while this year Energy Storage revenue is more equally distributed between H1 and H2. Hence, despite 23% growth in H1, we still expect an approximately 20% decline for 2024 overall.*

*Regarding Smart Grid Solutions, as indicated earlier, we will use Q3 to ramp up to be at anticipated capacity in Q4. Due to the moisture issue, our concrete manufacturer has not been able to build stock before their summer closure. As a consequence, the Alfen production in the first 6 weeks of the 3<sup>rd</sup> quarter has been an average 37 of new stations a week. With the summer closure now finished, Alfen will ramp the production week by week up to the end of December 2024 to more than 100 substations a week.*

With regard to the moisture issue, we have three workstreams: new builds, rebuild of existing stations not installed in the field yet, and substations installed in the field. The first priority to get production up and running again for new builds has been achieved. The remaining part of 2024 will be used to further optimize our processes that are needed to warrant the required quality of the new build concrete products. In order to prioritize the new substations, the second workstream to rebuild substations has been spread over time from now until Q1 2025. For the third workstream, some repairs on site have been executed, but this will also run into next year. For these reasons, only a small portion (€1.1m) of the provision has been used in H1 2024.

The lower than expected revenue negatively impacted our adjusted EBITDA margin. We have taken considerate action with a number of profitability measures, for instance related to travel, procurement costs and strict controls on new hirings. In addition, we have selected and started the engagement with an external management consulting firm to support Alfen in a strategy validation (refinement of our markets and target segments) as well as right-sizing the organization. We will take a balanced approach between improving profitability for 2025 and having the right resources and capabilities to capture growth as the markets bounce back.

The expected lower adjusted EBITDA, combined with the one-off items, required a reassessment of the external debt position to stay within the bank covenant for the revolving credit facility. Alfen obtained a pre-emptive waiver up to Q3 2024 for a breach of the bank covenant. In Q4 Alfen will continue the constructive conversations with the bank to conclude an updated covenant based on a revised business plan, in which our organizational right-sizing effort has been taken into account.

Lastly, we are very happy with Onno Krap becoming our permanent CFO. We value his expertise and what he brings to the team. We are looking forward to continue our cooperation and executing on our profitable growth strategy together.”

## Financial highlights

### Key figures

In € millions	Q1 2024	Q2 2024	H1 2024	Q1 2023	Q2 2023	H1 2023
<b>Revenue and other income</b>	116.8	128.9	245.7	113.2	110.7	223.9
<i>Y-o-y growth</i>	3%	16%	10%	19%	1%	9%
<b>Adjusted gross margin</b>	37.4	33.6	71.0	36.4	31.9	68.3
<i>As % of revenue and other income</i>	32.0%	26.1%	28.9%	32.1%	28.8%	30.5%
<b>Adjusted EBITDA</b>	9.6	3.9	13.5	12.7	8.4	21.1
<i>As % of revenue and other income</i>	8.2%	3.1%	5.5%	11.2%	7.6%	9.4%

**Revenue and other income** increased by 10% to €245.7m in H1 2024 from €223.9m in H1 2023.

**Gross margin** dropped from 30.5% in H1 2023 to 22.3% in H1 2024, mainly driven by a significant one-off item related to the warranty provision accounted for at €12.5m to cover the potential impact of the substation moisture issue within our Smart Grid Solutions business line. The usage of this provision in H1 2024 was €1.1m. This effect is further amplified by a provision for obsolete inventory of €3.6m within our EV Charging Equipment business line. Although these specific components are still used in Alfen's products, a thorough analysis of all inventories with updated sales run rates indicated that it is unlikely that these components will be fully consumed and are hence provided for.

**Adjusted gross margin** excluding one-off costs stands at €71.0m (28.9% of revenue). The decrease as compared to H1 2023 is primarily driven by the shift in our business line mix from EV Charging Equipment to Energy Storage Systems.

**EBITDA** decreased significantly from €20.4m profit in H1 2023 to a €3.8m loss in H1 2024 due to higher OPEX and provisions. **Adjusted EBITDA** amounted to €13.5m, a decrease of 36% versus €21.1m in H1 2023. EBITDA adjustments in H1 2024 amounted to €17.3m (versus €0.7m in H1 2023) and comprised of the provision for moisture and a provision for obsolete EV charging components of €12.5m and €3.6m, respectively. In addition, EBITDA has been adjusted for restructuring expenses (€0.9m) as well as share-based payment expenses (€0.3m) associated with the Long-Term Incentive Plans.

**Personnel costs** increased by 22% to €42.6m compared with €34.9m in H1 2023, as Alfen had been anticipating on faster growth of its markets. Alfen grew from 931 FTEs at 31 December 2023 to 1,059 FTEs at 30 June 2024.

**Other operating costs** increased by 28% to €16.0m compared with €12.5m in H1 2023.

**Net profit** in H1 2023 €9.4m pivoted to a loss of €11.1m in H1 2024. Adjusted for one-off costs and special items after tax, net profit amounted to €1.9m (versus €10.1m in H1 2023).

The following summary reconciles EBITDA and net profit with the adjusted EBITDA and adjusted net profit:

In € millions	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
<b>EBITDA</b>	<b>(3,825)</b>	<b>20,382</b>
Provision for moisture	12,500	-
Obsolete inventory EV charging components	3,593	-
H1 restructuring expenses	908	-
Share-based payment expenses	340	700
<b>Adjusted EBITDA</b>	<b>13,516</b>	<b>21,082</b>
<b>Net profit / (loss)</b>	<b>(11,065)</b>	<b>9,380</b>
Aggregated one-off costs and special items after tax	12,955	700
<b>Adjusted net profit / (loss)</b>	<b>1,890</b>	<b>10,080</b>

**Capital expenditure** amounted to €15.6m as compared to €20.1m in the same period of 2023. CapEx in the H1 2024 includes investments in our new production location and offices at Hefbrugweg 79 and Damsluisweg 70. Furthermore, investments were made in IT infrastructure and data security, as well as in moulds for our Smart Grids business line. Alfen capitalised €5.4m (versus €5.0m in H1 2023) of development costs, demonstrating the Company's continued efforts to invest in innovations for the future.

**Working capital** increased with €9.3 million to €143.9 million at 30 June 2024 as compared to €134.7 million at 31 December 2023. The increase has several levers as shown below, but in essence primarily driven by the increase in our current tax position.

In € millions	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)	Working capital movements
Inventories	121.895	150.776	-28.881
Trade and other receivables	131.633	135.935	-4.302
- of which: Amounts due from customers for contract work - Mainly ESS	32.689	28.195	4.494
Current tax receivables	8.940	-	8.940
Trade and other payables	-118.147	-148.567	30.420
- of which: Amounts due to customers for contract work - Mainly ESS	-30.559	-43.104	12.545
Current tax liabilities	-393	-3.471	3.078
<b>Net working capital</b>	<b>143.928</b>	<b>134.673</b>	<b>9.255</b>

Despite this working capital increase, Alfen was able to significantly bring down its overall stock levels and strategic stock down payments (presented under Trade and other receivables) in H1 2024 as shown below:

<i>In € millions</i>	<b>30 June 2024 (Unaudited)</b>	<b>31 Dec 2023 (Audited)</b>	<b>30 June 2023 (Unaudited)</b>
Inventory – On hand	121,895	150,776	155,411
Inventory – Down payments	21,871	23,615	39,242
<b>Total inventory, including Down payments</b>	<b>143,766</b>	<b>174,391</b>	<b>194,653</b>

**Operating cash flow** was €1.6m positive, compared with €47.0m negative in the first half of 2023, mainly due a significant decrease in our overall stock level and strategic stock down payments.

**Net debt position** at 30 June 2024 amounted to €76.0m, compared to a net debt position of €55.1m at 31 December 2023. The step-up in net debt is mainly impacted by intensified working capital financing and lower profitability, which drove our overall cash plus bank overdraft position up to €22.6m (negative) as compared to €4.3m (negative) at 31 December 2023.

#### Segmental review

In the **EV Charging Equipment** business line, H1 2024 revenue was €80.1m compared with €79.6m in the first half of 2023. This is an increase of 1% compared to the same period last year.

In H1 2024, Alfen generated 60% of its EV Charging Equipment revenue from outside of the Netherlands, which was the same in H1 2023. Momentum per country varies quite significantly in the first half of 2024. For instance, Alfen sees market strength in Belgium and France, while the German market is currently more challenging.

The European market for EV charge points has a long-term growth trend with a CAGR of 15-20% from 2023 to 2030 (source: BNEF & LCP Delta). In H1 2024, there is a temporary slowdown to this long-term growth trend: 2% more battery EVs were registered compared to the same period last year (source: ACEA). EV sales are likely to accelerate again in 2025 once affordable models are launched (starting end of 2024, continuing into 2025), benefiting from lower battery prices and CO<sub>2</sub> emission performance standards for cars will become ~15% stricter per 2025. This will lead to more EV sales, as most car manufacturers currently do not meet the 2025 targets.

Alfen had commercial successes across Europe in H1 2024. For instance, Alfen continued to drive the rollout of public charging in the Netherlands, amongst others with its partner OpCharge with whom it has installed over 7000 charge points. Alfen's partner Bouygues Energies & Services (an entity of EQUANS group) won a

contract with EFFIA (major player in parking) in the business segment in France until 2025. Bouygues already successfully installed 100 chargepoints and total volume is indicated to be up to 1600 chargepoints in 2024. Alfen continued to drive EV charging across residential parking garages in Denmark with its partner drivee, installing 500 charge points so far.

In H1 2024, Alfen produced approximately 79,800 charge points, an increase of 4% from H1 2023 (approximately 76,400 charge points). Adjusted gross margin for EV Charging Equipment amounted to 38% (vs. 40% in H1 2023). This was somewhat below the midpoint of the 35% - 45% range provided at our Capital Markets Day for this business line due to higher share of Alfen's mid-range home product.

In the **Smart Grid Solutions** business line, H1 2024 revenue grew 9% to €93.5m compared with €85.5m in H1 2023. Growth is supported by the grid operator segment and private network grid operators continued to expand the distribution grid to support the energy transition. Alfen continued to benefit from these plans with existing framework agreements with grid operators. Alfen continues to scale production to meet the increasing demand from grid operators as expressed also in their investment plans.

Selected examples of commercial successes include signing a two year framework agreement with Belgian public transport company TEC to deliver customised walk-in station for about 50 fast e-bus charging locations, supplying Looye (greenhouse horticulture segment) with multiple compact stations on its site building on a relationship that spans more than a decade and delivering a 10kV transport distribution substation to Enexis of which many more are needed in coming years.

In H1 2024, Alfen produced approximately 1,548 substations, a decline of 2% from H1 2023 (approximately 1,573 substations). Average sales price of the substations is increasing, as the trend in the market is towards larger substations to cope with the demands of the energy transition. While in Q1 the volume of substations increased with 18% year-on-year, Q2 was impacted by lower production quantities due to a production stop and ramp-up related to the moisture issue in Alfen's Pacto substation. Adjusted gross margin for Smart Grid Solutions amounted to 27%, which is at the lower end of the 25-40% range provided at our Capital Markets Day for this business line due to inefficiencies related to the moisture issue and a somewhat higher share of revenue with the grid operators.

In the **Energy Storage Systems** business line, H1 2024 revenue increased 23% to €72.2m compared with €58.8m in H1 2023. The momentum in the energy storage market remains with a growing funnel of opportunities. This is driven by continuous renewables growth and the need to balance electricity demand and supply.

Selected examples of commercial successes include winning a project to supply Rabbalshede Kraft, one of Sweden's leading players in renewable energy, with a 20MW/20MWh Alfen TheBattery Elements system at

their wind farm in Femstenaberg. Alfen also signed a new agreement with Ellevio to design, engineer, install and commission a 40MW/40MWh system in Sweden. As a last example, Alfen won a contract with Odura and the Brabantse Ontwikkelings Maatschappij for a 10MW / 18MWh system to be located in the Netherlands.

Adjusted gross margin for Energy Storage Systems amounted to 22%, which is in the middle of the 15-30% range provided at our Capital Markets Day for this business line. This gross margin shows that also in medium-sized utility scale projects Alfen is able to maintain a fair gross margin.

### **Innovations update**

Alfen continues to invest in innovation to remain at the technology forefront across its three business lines, which is illustrated below by a selection of our implemented innovations.

In EV Charging, Alfen continues to stand out as a pioneer in the industry as the first European AC charging station manufacturer to secure certification for 2 crucial modules: Core and Advanced Security. OCPP 2.0.1 is the latest update in the communication standard between a charger and a charging station management system (CSMS). Earning this achievement holds significant benefits for Alfen's customers: incorporating OCPP 2.0.1 into its in-house developed Alfen Hardware Platform on our latest public chargers, Twin 5 and its new Twin 5 Plus enhances security and functionality for users.

In Smart Grid Solutions, Alfen has started a project with a Dutch technical university and a Dutch grid operator into the solid state transformer substation. In a solid state transformer substation the voltage transformation is done by power electronics instead of the transformer, which is better equipped for changing directions of the electricity flow. Bidirectional flows are critical in the electricity grid of the future, given decentral renewables. A solid state transformer is today already technically feasible, but its reliability is low. Research will focus on reliability, scalability and lifetime of components.

In Energy Storage Systems, Alfen has become the first Mobile storage system producer with a fire propagation certificate. In order to receive this certification, Alfen has developed its own battery housing to include battery packs in a fire-safe manner.

### **Appointment Onno Krap as permanent CFO**

The Supervisory Board has unanimously decided to appoint current interim CFO Onno Krap on a permanent basis. Per 1 January 2025, Onno Krap will become statutory board member. This decision will be formally announced to the General Meeting of Shareholders in H2 2024. Onno Krap (born 1965, Dutch) joined Alfen as interim CFO in May 2024. Prior to joining Alfen Onno was the CFO of Kinly, Exact Software and Crucell.



**Henk ten Hove, Chair of the Supervisory Board said:**

*“The Supervisory Board believes that Onno brings rich experience to the table and has demonstrated great added value to the company in a short period of time. After consultation with Onno and the ExCom, the Supervisory Board believes it is in the best interest of Alfen to create a definitive commitment with Onno with immediate effect. We are content with Onno’s role in the team and he has managed to be an effective Alfen leader in a short period of time. The collaboration with the Supervisory Board and within the ExCom is strong. We also see that Alfen employees are supportive of this decision.”*

**Outlook**

Alfen has updated its 2024 revenue guidance at the end of June to €485-520m. Alfen expects that revenue in ESS in 2024 declines with approximately 20% (vs 2023 at €163.0m), EVC revenue to grow in the range of 5-10% (vs 2023 at €153.1m) and SGS revenue to grow with approximately 5% (vs 2023 at €188.4m). The adjusted EBITDA margin for 2024 is expected to be mid-single digit. Alfen expects its FCF to be negative in 2024, but improved compared to -€27.2m in 2023.

Alfen is not in breach with the applicable financial covenant as per 30 June 2024. However, the negative EBITDA realised in H1 2024 and a less favourable outlook for the second half of 2024 will likely result in a covenant breach. Therefore, a waiver from the bank has been obtained up to Q3. In Q4 Alfen will continue the constructive conversation with the bank to conclude an updated covenant based on a revised business plan, in which our organizational right-sizing effort has been taken into account.

Related to the organizational right-sizing, Alfen expects one-off restructuring costs to occur in H2 2024 with cash outflow mainly in Q1 2025. The extent of these costs is dependent on the outcome of a revised business plan and organizational right-sizing.

Long-term, Alfen continues to anticipate positive market developments for all of its business lines, given electrification of household and businesses, electricity market redesigns and increased adoption of renewables at utility-scale and in industrial & commercial locations. This will stimulate the demand for EV chargepoints, smart grid solutions and energy storage systems.

With the anticipated further growth of the business, Alfen plans to further invest in its people, production and innovations in a balanced manner.

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*The 2024 Semi-Annual Report is available in the Investor Relations section of the website [www.alfen.com](http://www.alfen.com).*

#### *Analyst call / webcast*

Alfen will host an analyst call and webcast at 9:00 CEST on 22 August 2024 to comment on the 2024 half-year results. Please see [ir.alfen.com](http://ir.alfen.com) for details to participate.

#### *Financial calendar*

Q3 2024 trading update: 7 November 2024

FY 2024 results: 13 February 2025

#### *About Alfen*

Netherlands-based Alfen is operating internationally in the heart of the energy transition, as a specialist in energy solutions for the future. With 85+ years history, Alfen has a unique combination of activities. Alfen designs, develops and produces smart grids, energy storage systems, and electric vehicle charging equipment and combines these in integrated solutions to address the electricity challenges of its clients. Alfen has a market leading position in the Netherlands and experiences fast international growth benefitting from its first mover advantage. For further information see Alfen's website at: [www.alfen.com](http://www.alfen.com).

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#### *Notes to the press release*

This is a public announcement by Alfen N.V. pursuant to section 17 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Alfen N.V.

The reported data in this press release have not been audited.

### *Forward looking statements*

This press release may include forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms such as guidance, expects, aims, step up, announced, continued, incremental, on track, accelerating, ongoing, innovation, drives, growth, optimising, new, to develop, further, strengthening, implementing, well positioned, roll-out, expanding, improve, promising, to offer, more, to be or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Alfen's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Alfen's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward-looking statements reflect the current views of Alfen and assumptions based on information currently available to Alfen. Forward-looking statements speak only as of the date they are made, and Alfen does not assume any obligation to update such statements, except as required by law.

Alfen's revenue, adjusted EBITDA margin and free cash flow guidance is based on management estimates resulting from Alfen's pursuit of its strategy. Alfen can provide no assurances that the guidance will be realised and the actual results for 2024 could differ materially. The guidance has also been determined based on assumptions and estimates that Alfen considered reasonable at the date these were made. These estimates and assumptions are inherently uncertain and reflect management's views which are also based on its historic success of being assigned orders and projects, which may materially differ from the success rates for any future orders and projects. These estimates and assumptions may change as a result of uncertainties related to the economic, financial or competitive environment and as a result of future business decisions of Alfen or its clients, such as cancellations or delays, as well as the occurrence of certain other events. A more comprehensive discussion of the risk factors affecting Alfen's business as well as reconciliation of EBITDA with adjusted EBITDA can be found in Alfen's annual report 2023 which can be found on Alfen's website.