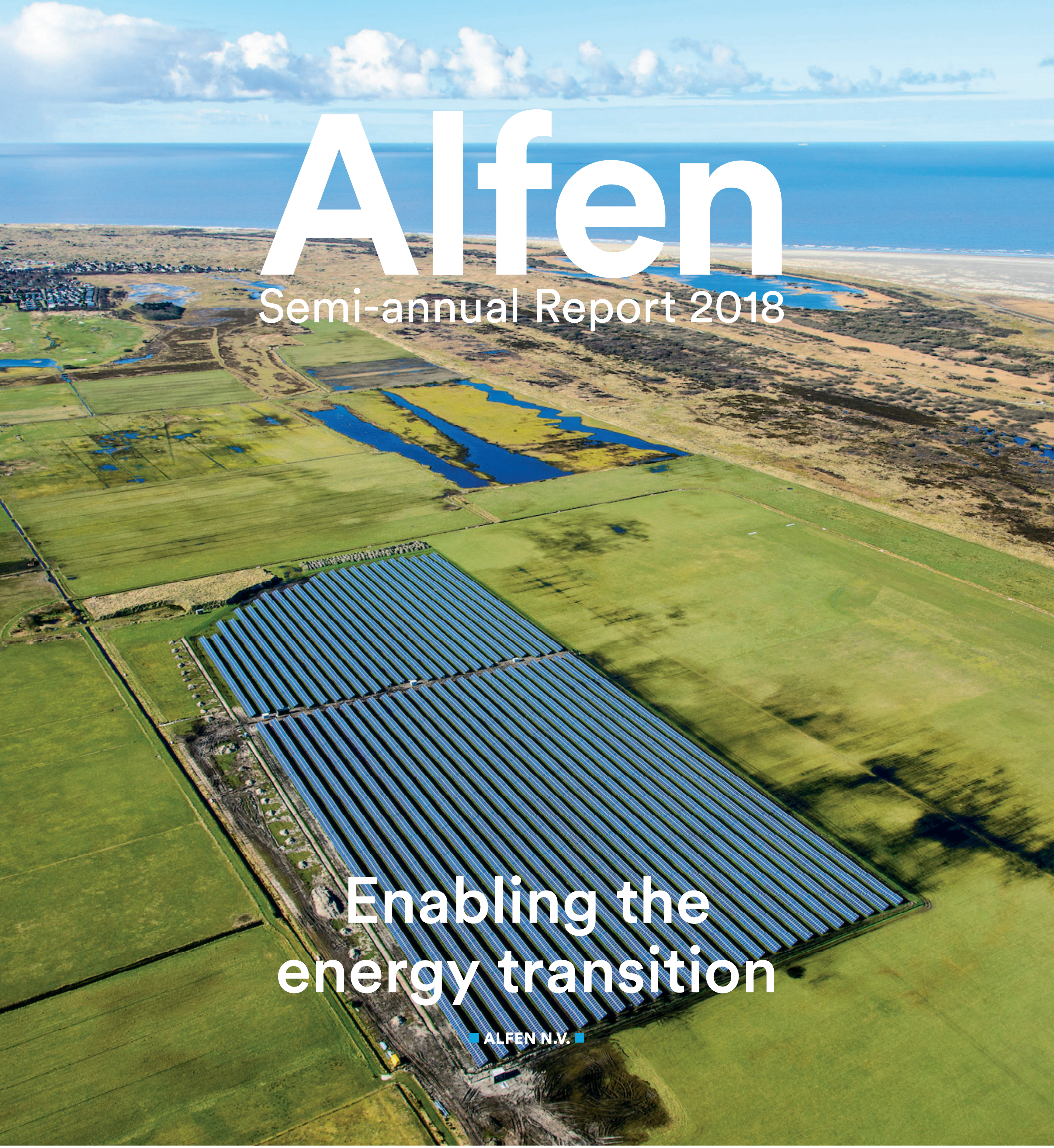


Alfen

Semi-annual Report 2018

Enabling the energy transition

ALFEN N.V.

Unaudited Condensed Interim Consolidated Financial Statements for the Six Months ended 30 June 2018

Alfen N.V.
Amsterdam, the Netherlands

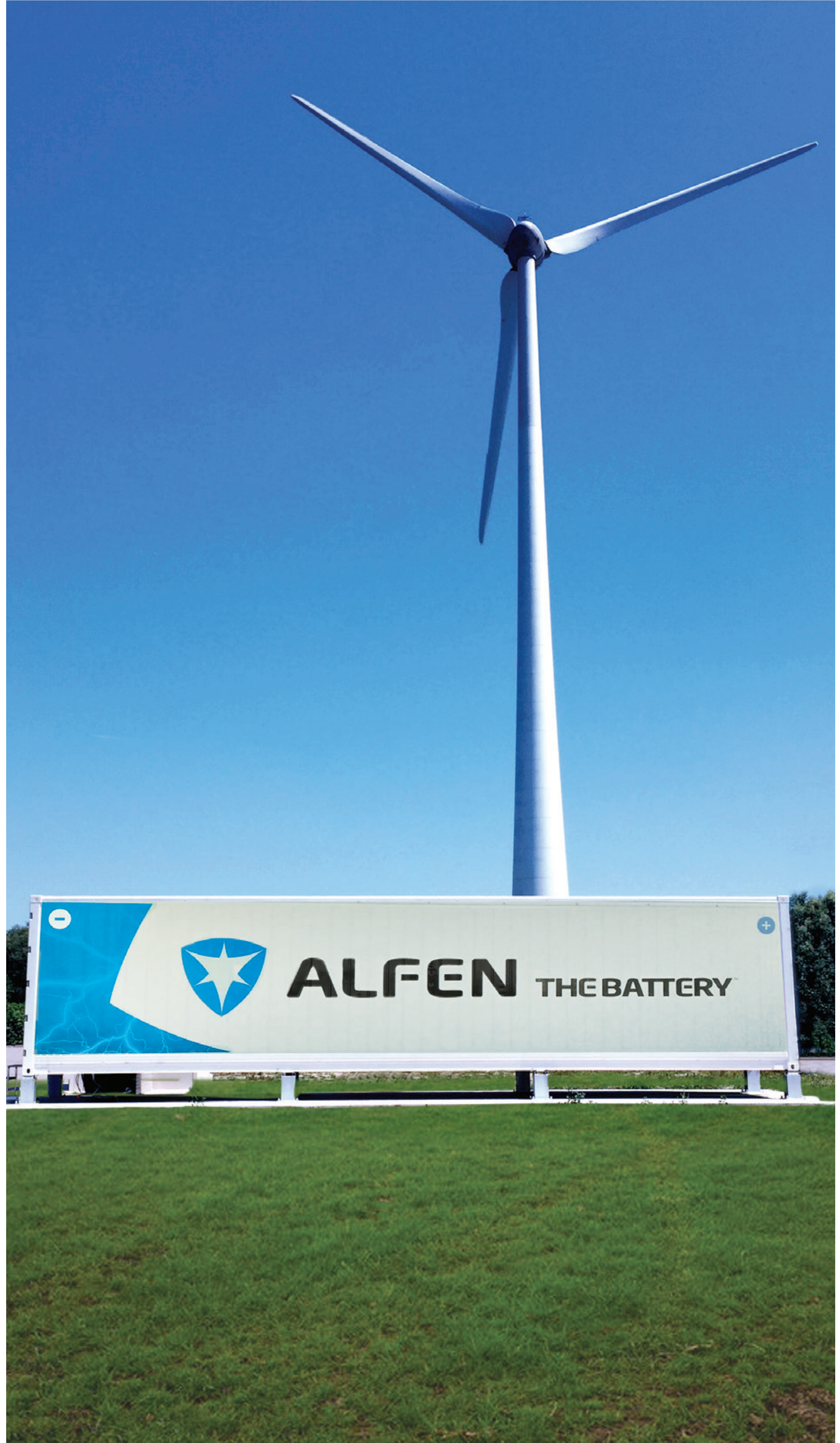
Report of the Management Board

Report of the Management Board

This semi-annual report of Alfen N.V. (hereafter "Alfen" or "the Company") for the six months ended 30 June 2018 consists of the semi-annual report of the management board of the Company (the "Management Board"), including the responsibility statement by the Management Board, and the Condensed Interim Consolidated Financial Statements and the accompanying notes. All information included in this report is unaudited.

The Management Board hereby declares that to the best of its knowledge, the semi-annual report of the Management Board gives a fair review of the information required pursuant to section 5:25d sub 8-9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht") and the Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2018, which have been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole.

As per 22 March 2018 Alfen is listed on the Amsterdam Stock Exchange.



Financial performance

Revenue and other income
Revenue and other income increased by 32.4% from € 31.0 million in the first half-year of 2017 to € 41.0 million[1] in the first half-year of 2018 driven by strong market growth across our business lines, further bolstered by internationalisation, cross-selling and service.

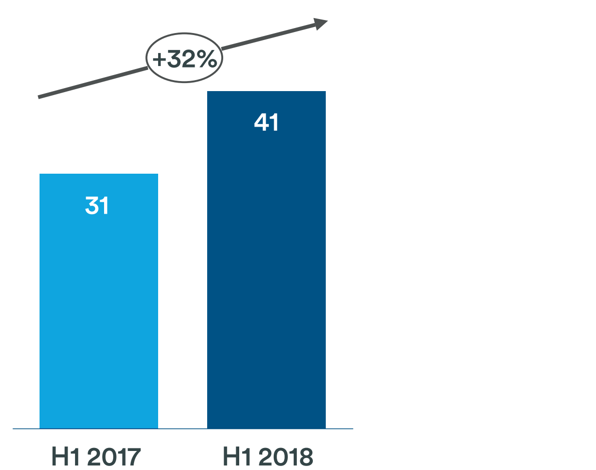
Our Smart grid solutions business line is benefiting from continued grid investments and a strong market environment for projects in the solar PV sector. As a result, Smart grid solutions revenues for the first half of 2018 grew with 18% to € 29.8 million, compared to € 25.2 million in the first half-year of 2017.

Revenues in our EV charging equipment business line grew with 54% from € 3.6 million in the first half-year of 2017 to € 5.6 million in the first half-year of 2018, driven by a growing market for electric vehicles, important new client wins and further internationalisation.

Revenues and other income in our Energy storage systems business line grew with 162% from € 2.2 million in the first half-year of 2017 to € 5.6 million in the first half-year of 2018, driven by a proven track record across different applications for energy storage, repeat projects for clients, important new client wins and an overall stronger market environment as compared to the first half-year of 2017.

Revenue and other income

(in EUR million)

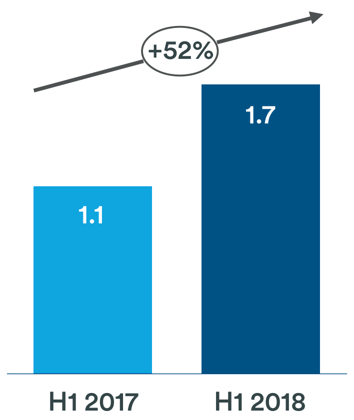


[1] The percentages presented in this semi-annual report are calculated on the basis of the exact financial data and not on the basis of the financial information included in this report, which has been subjected to rounding adjustments.

EBITDA and net profit (loss)
EBITDA increased by 88% from € 0.6 million in the first half-year of 2017 to € 1.2 million in the first half-year of 2018. The net loss of € 0.2 million in the first half-year of 2017 changed to a net profit of € 0.2 million in the first half-year of 2018. In the first half-year of 2017, Alfen incurred one-off costs and special items of € 0.5 million related to business development, company branding and a related party consultancy fee. In the first half-year of 2018, one-off costs and special items were € 0.6 million and comprised of an audit fee related to Alfen's listing on the Amsterdam stock exchange, pre-acquisition costs for Elkamo, settlement payment regarding a property rental claim, share-based payment expenses associated with a Celebration Share Award Plan for all Company employees (see Note 7) and a related party consultancy fee (see Note 10).

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

Adjusted EBITDA
(in EUR million)



In EUR '000	For the six months ended 30 June 2018 (Unaudited)	 30 June 2017 (Unaudited)
EBITDA	1,152	613
Related party consultancy fee	125	125
Business development and company branding	-	387
Audit fee related to Alfen's public listing	147	-
Pre-acquisition costs Elkamo	73	-
Settlement property rental claim	74	-
Share-based payment expenses	142	-
Adjusted EBITDA	1,713	1,125
Net profit / (loss)	183	(188)
Aggregated one-off costs and special items after tax	456	384
Adjusted Net profit / (loss)	639	196

Adjusted EBITDA increased by 52% from € 1.1 million in the first half-year of 2017 to € 1.7 million in the first half-year of 2018. The adjusted net profit of € 0.2 million in the first half-year of 2017 increased to € 0.6 million in the first half-year of 2018. The increase in adjusted EBITDA and net profit is due to the revenue growth and improved gross margins.

Finance costs in the first half-year of 2018 increased with € 26 thousand to € 75 thousand compared to € 49 thousand in the first half-year of 2017 as a result of the increased net debt position. Finance income relates to a revaluation of the existing loans under IFRS 9 as a result of a re-financing arrangement in January 2018.

The effective tax rate in the first half-year of 2018 increased compared to the first half-year of 2017, mainly caused by non-deductible share-based payment expenses relating to a Celebration Share Award Plan.

Finance and investments
Net debt at 30 June 2018 was € 6.3 million, an increase of 104% compared with the € 3.1 million at the end of December 2017, due to the increased (and partly utilised) working capital credit facility and two new loans with each principle amounts of € 875 thousand and a duration of 10 years. In addition, a new loan (€ 5.0 million, redemption in 7 years) was obtained for the acquisition of Elkamo at 1 July 2018. At 30 June 2018 this amount was included in cash and cash equivalents of which € 4.5 million was in escrow in order to transfer the shares at 1 July 2018. Solvency (equity divided by total assets) stood at 17.6% at the end of June 2018 compared to 22.8% at the end of December 2017, mainly as a result of the abovementioned financing of the acquisition of Elkamo.

Capital expenditure amounted to € 2.1 million in the first half-year of 2018 (first half-year 2017: € 1.9 million), comprising capitalisation of development costs of € 1.4 million (first half-year 2017: € 0.9 million) and € 0.7 million (first half-year 2017: € 1.0 million) of other CAPEX.

Related party transactions
Transactions with the most important related parties are disclosed in Note 10 of the condensed interim consolidated financial statements.

Principle risks and uncertainties

In our Annual Report 2017 as well as in the prospectus dated 12 March 2018 related to our IPO (which can be downloaded at ipo.alfen.com), we have extensively described certain risks and uncertainties, which could have a material adverse effect on our financial position and results. We believe that the risks identified for the second half of 2018 are unchanged compared to the risks that were presented in our Annual Report 2017 and aforementioned prospectus. In particular we highlight the following principle risks and uncertainties related to the second half of 2018, each of which may have a material adverse effect on Alfen's business, financial condition, results of operations and prospects:

- Alfen depends on its ability to hire and retain management, key employees and other qualified and skilled employees and may not be able to attract and retain such personnel;
- Alfen is dependent on third-party suppliers to deliver raw materials and components for its products. If any of Alfen's suppliers are unable to meet their obligations under purchase orders or supply agreements, including due to their own production capacity limitations or otherwise limited supply of materials as a result of their obligations to other clients, Alfen may be confronted with longer lead times, forced to pay higher prices to obtain the necessary raw materials from other suppliers, change suppliers, or may not be able to locate suitable alternatives at all;
- Alfen has a limited operating history in the energy storage sector which may result in uncertainty. Alfen's activities are partly dependent on decisions made by third parties involved in the projects that Alfen is working on and who may have limited experience in energy storage systems. Such decisions could have an impact on the timing of delivery of a project, which in turn will have an effect on the moment that the revenue for such a project is realised by Alfen;
- Competition in the industries and market segments in which Alfen operates may materially adversely affect its market shares, margins and overall profitability;
- Failure to properly manage projects, or project delays, may result in additional costs or claims and adversely affect or delay revenues, profits and cash flows; and
- Technology is constantly evolving and Alfen must successfully develop, manufacture and market products that improve upon existing technologies and gain market acceptance in order to remain competitive. Developing and rolling out new technologies may take longer and involve more cost than anticipated.

Investments

Our organisation grew from 234 FTEs at 31 December 2017 to 262 FTEs at 30 June 2018. Anticipating further growth and internationalisation, we expect a further increase in FTEs for the second half-year of 2018. Investment plans for the second half-year of 2018 primarily relate to R&D as well as further investments in property and equipment, specifically related to additional moulds to facilitate the growth of our Smart grid solutions business line and the refurbishment of a newly rented facility of 3,300 square meters to expand our production of energy storage systems.

Outlook

We continue to anticipate positive market developments in all our business lines. Our Smart grid solutions business line is expected to continue to benefit from grid investments by grid operators as well as continued investments in solar PV. Our EV charging business line is expected to benefit from various new EV models that are announced to come to the market, further driving the need for EV charging equipment. Driven by the increased penetration of EVs and continued roll-out of renewables, we expect the demand for energy storage to also further increase.

In addition, we increasingly benefit from repeat customers and our capability to offer integrated solutions across our business lines. An example is the football stadium in The Hague, for which we delivered a fully integrated energy solution, consisting of an EV charging hub, energy storage system and local smart grid. As such, the energy generated during the day from the rooftop solar panels on the stadium can be stored and used during the evening to light the stadium or charge the EVs during the night.

We are ready to further reap the benefits from our recent and new innovations. Examples include our 'Eichrecht' (German regulation related to data) compliant EV charger for the German public charging market, a special substation which was developed to facilitate large-scale solar PV farms and newly developed applications for TheBattery related to mobile applications (e.g. at festivals), ultrafast EV charging and data centres.

We expect to further benefit from our expanded international footprint and plan to continue expanding our international salesforce. In addition, our recent acquisition of Elkamo (see details in Note 11) will further add to our international footprint in our Smart grid solutions business line. We also intend to use Alfen Elkamo as a platform to grow our EV charging and energy storage businesses in the Nordics.

Alfen's revenue for the first half-year is traditionally lower than the second half-year and is mainly driven by seasonal trends within the Smart grid solutions and Energy storage systems business lines.

Based on our first half-year performance and current visibility, we reconfirm our full-year 2018 revenue visibility of over €99 million, with expected additional positive impact from the Elkamo acquisition in the second half-year of 2018.

Almere, 27 August 2018

Board of Directors

Marco Roeleveld	**Jeroen van Rossen**
CEO	CFO

Condensed Interim Consolidated Financial Statements for the Six Months ended 30 June 2018

Condensed interim consolidated statement of comprehensive income

In EUR '000	Note	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Continuing operations			
Revenue	6	39,860	30,909
Other income	6	1,159	70
		41,019	30,979
Operating expenses			
Costs of raw materials and consumables		(26,497)	(21,131)
Costs of outsourced work and other external costs		(1,979)	(1,078)
Personnel expenses		(7,799)	(6,074)
Amortisation on intangible fixed assets		(511)	(515)
Depreciation on property, plant and equipment		(351)	(280)
Other operating costs	7	(3,592)	(2,083)
		(40,729)	(31,161)
Operating profit		290	(182)
Finance income		71	-
Finance costs		(75)	(49)
Finance income (costs) - net		(4)	(49)
Profit (loss) before income tax		286	(231)
Income tax expense	8	(103)	43
Profit (loss) for the period		183	(188)
Other comprehensive income for the period		-	-
Total comprehensive income for the period		183	(188)
Total comprehensive income for the period (attributable to the owners of the Company)		183	(188)
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share		0.02	(10.44)
Diluted earnings per share		0.02	(10.44)
Weighted average number of outstanding ordinary shares			
Basic		11,350,344	18,000
Diluted		11,350,344	18,000

The above statement of comprehensive income should be read in conjunction with the accompanying notes. The weighted average number of outstanding ordinary shares in 2018 is based on 18,000 shares as of 1 January 2018, 2,000,000 shares as of 1 March 2018 and 20,000,000 shares as of 22 March 2018 (date of public listing).

Condensed interim consolidated statement of financial position

In EUR '000	Note	30 June 2018 (Unaudited)	31 December 2017 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		4,789	4,435
Intangible assets		4,807	3,948
Deferred tax assets		486	424
Receivables		45	23
Total non-current assets		10,127	8,830
Current assets			
Inventories		7,502	3,487
Trade and other receivables		20,769	17,539
Current tax receivables		114	-
Cash and cash equivalents		2,085	-
Total current assets		30,470	21,026
Total assets		40,597	29,856
Group equity			
Share capital		2,000	18
Share premium		1,913	3,895
Retained earnings	7	3,035	1,172
Result for the year		183	1,721
Total group equity		7,131	6,806
Liabilities			
Non-current liabilities			
Borrowings		7,360	1,660
Deferred tax liabilities		1,239	1,024
Provisions		29	29
Total non-current liabilities		8,628	2,713
Current liabilities			
Trade and other payables		23,764	18,536
Currrent tax liabilities		-	255
Bank overdraft		-	1,224
Borrowings		1,048	210
Deferred revenue		26	112
Total current liabilities		24,838	20,337
Total liabilities		33,466	23,050
Total equity and liabilities		40,597	29,856

The above statement of financial position should be read in conjunction with the accompanying notes.

Condensed interim consolidated statement of changes in equity

In EUR '000	Note	Attributable to equity owners of Alfen N.V.				
		Share capital	Share premium	Retained earnings	Result for the year	Total equity
Balance - 1 January 2017		18	3,895	37	1,135	5,085
Profit (loss) for the period		-	-	-	1,721	1,721
Other comprehensive income (loss)		-	-	-	-	-
Other comprehensive income (loss) for the period		-	-	-	1,721	1,721
Transactions with owners in their capacity as owners						
Dividend		-	-	-	-	-
Allocation of profit (loss)		-	-	1,135	(1,135)	-
Balance - 31 December 2017 (Audited)		18	3,895	1,172	1,721	6,806
Profit (loss) for the period		-	-	-	183	183
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	183	183
Transactions with owners in their capacity as owners						
Issuance of ordinary shares		1,982	(1,982)	-	-	-
Share-based payment transactions	7	-	-	142	-	142
Dividend		-	-	-	-	-
Allocation of profit (loss)		-	-	1,721	(1,721)	-
Balance - 30 June 2018 (Unaudited)		2,000	1,913	3,035	183	7,131

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed interim consolidated statement of cash flows

In EUR '000	Note	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Cash flows from operating activities			
Operating profit		290	(182)
Adjustments for:			
Depreciation, amortisation and impairment expenses		862	795
Change in provision		-	-
Change in non-current receivables		(22)	(1)
Share-based payment expenses	7	142	-
Changes in operating assets and liabilities:			
(Increase)/decrease inventories		(4,015)	(536)
(Increase)/decrease construction contracts		(1,217)	1,064
(Increase)/decrease trade and other receivables		(245)	(1,879)
Increase/(decrease) trade and other payables		3,380	(1,371)
Cash generated from operations		(825)	(2,110)
Income taxes (paid)/received		(319)	(212)
Interest (paid)		(81)	(46)
Interest received		-	-
Net cash inflow/(outflow) from operating activities		(1,225)	(2,368)
Cash flows from investing activities			
Payment for property, plant and equipment		(704)	(995)
Payment for intangible assets		(1,370)	(873)
Net cash inflow/(outflow) from investing activities		(2,074)	(1,868)
Cash flows from financing activities			
Proceeds from issuance of shares		-	-
Proceeds from borrowings		6,750	-
Repayments of borrowings		(142)	(105)
Dividends paid to company's shareholders		-	-
Net cash inflow/(outflow) from financing activities		6,608	(105)
Net increase/(decrease) in cash and cash equivalents		3,309	(4,341)
Cash and cash equivalents at the beginning of the financial year		(1,224)	1,408
Cash and cash equivalents at the end of the half-year		2,085	(2,933)

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed interim consolidated financial statements

Note 1 General information

Alfen N.V. (hereafter "Alfen" or "the Company") is a public limited liability company (N.V.) which main activity is to develop, produce and sell products, systems and services related to the electricity grid, including smart grid solutions, charging equipment for electric vehicles and energy storage systems. Alfen's main geographic focus is the Netherlands, followed by Belgium, Germany, the United Kingdom and the rest of Europe.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as "the Group"). The condensed interim consolidated financial statements are unaudited.

Alfen is the holding company of the Group. Alfen was listed on the Amsterdam Stock Exchange on 22 March 2018 and has its registered office at Hefbrugweg 28, 1332 AP, Almere, the Netherlands. The statutory seat is in Amsterdam, the Netherlands.

This semi-annual report was authorised for issue by the Company's Board of Directors and approved by the Supervisory Board on 27 August 2018.

Note 2 Summary of significant accounting policies

Basis of preparation

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with Alfen's Annual Report 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Basis of measurement

The accounting policies adopted are consistent with those applied in the IFRS consolidated financial statements as at and for the years ended 31 December 2017, 2016 and 2015, except for the accounting policies related to IFRS 9 and IFRS 15 for which this is the first set of financial statements in which they have been applied. Changes to significant accounting policies are described in Note 4.

Note 3 Critical accounting estimates and judgements

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported periods. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty, if any, related to the application of IFRS 9 and IFRS 15. Changes to significant accounting policies are described in Note 4.

Note 4 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those applied in the IFRS consolidated financial statements as at and for the years ended 31 December 2017, 2016 and 2015, except for the accounting policies described below.

The changes in accounting policies are also expected to be reflected in the Company's consolidated financial statements as at and for the year ending 31 December 2018.

The Company has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018 ("the date of initial application"). A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Company's condensed interim consolidated financial statements.

IFRS 9 Financial Instruments

Nature of change and transitional provisions

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Company has adopted IFRS 9 using retrospective application by applying the following practical expedients:

- The Company assessed the determination of the business model in which a financial asset is held based on the facts and circumstances that existed at the date of initial application;
- The Company has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement - including impairment - requirements. Therefore, comparative periods have not been restated and differences, if any, resulting from the transition to IFRS 9 are recognised in retained earnings as at the date of initial application. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.

Impact on the condensed interim consolidated financial statements

The Company does not have (complex) instruments that triggered a change in accounting and does not apply any form of hedge accounting. Furthermore, based on the analysis of both historical and forward-looking information the impact of the expected loss evaluation for receivables and contract assets is considered insignificant and hence did not resulted in an opening balance adjustment. However, based on the new debt modification guidance under IFRS 9 for non-substantial changes the Company recognised a gain of € 71 thousand under Finance Income as a result of the revaluation of the existing loans due to a re-financing arrangement in January 2018.

In conclusion, the initial application of IFRS 9 has, except for the revaluation gain of € 71 thousand, no significant impact on the Company's (i) condensed interim consolidated statement of comprehensive income, including basic and diluted earnings per share, (ii) condensed interim consolidated statement of financial position and (iii) total net cash inflow/outflow from operating, investing and financing activities as disclosed in the condensed interim consolidated statement of cash flows as at and for the six months ended 30 June 2018. However, IFRS 9 also requires new qualitative and quantitative disclosure requirements, which will have limited impact on the Company's consolidated financial statements as at and for the year ending 31 December 2018.

IFRS 15 Revenue from Contracts with Customers

Nature of change and transitional provisions

IFRS 15 establishes a comprehensive framework - the five-step model - for determining whether, how much and when revenue is recognised and is based on when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards. Under the new standard revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations.

The Company has adopted IFRS 15 using the cumulative effect method on all contracts that were not yet completed at the date of initial application and applied the contract modification practical expedient, in which the Company is not required to separately evaluate the effects of contract modifications before the date of initial application. Accordingly, the effect of initially applying this standard is recognised at the date of initial application and the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 11, IAS 18 and related interpretations.

Impact on the condensed interim consolidated financial statements

The Company has only a very limited number of contracts with multiple performance obligations, which were already identified and accounted for under IAS 11, IAS 18 and related interpretations. Furthermore, the Company has no significant variable consideration clauses nor significant financing components that influence the determination of the transaction price. The impact of multiple performance obligations and the subsequent allocation of the transaction price is therefore considered insignificant.

With respect to the timing of revenue recognition for Smart grid solutions and Energy storage systems, the Company maintain the already under IAS 11 applied percentage of completion method - i.e. over time revenue recognition - in which the stage of completion is determined on the basis of the costs incurred compared with the expected total costs. The timing of revenue recognition for EV charging equipment has been changed from over time to point-in-time revenue recognition. However, the impact upon initial application of IFRS 15 is deemed insignificant because of the small contract asset balance as at the date of initial application. The impact for the six months ended 30 June 2018 is also deemed insignificant due to the short manufacturing cycle times and subsequent transfer of control.

The presentation of contract assets and liabilities remain unchanged and are hence reported as Amounts due *from* customers from contract work and Amounts due *to* customers from contract work under Trade and other receivables and Trade and other payables, respectively.

In conclusion, the initial application of IFRS 15 has no significant impact on the Company's (i) condensed interim consolidated statement of comprehensive income, including basic and diluted earnings per share, (ii) condensed interim consolidated statement of financial position and (iii) total net cash inflow/outflow from operating, investing and financing activities as disclosed in the condensed interim consolidated statement of cash flows as at and for the six months ended 30 June 2018. However, IFRS 15 also requires new qualitative and quantitative disclosure requirements, resulting in additional disclosures in Alfen's Annual Report 2018 with respect to contract assets and liabilities and revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partly unsatisfied) at the reporting date.

Impact on critical accounting estimates and judgements

Under IFRS 15 critical accounting estimates and judgements are made with regard to the timing of revenue recognition and measurement based on the percentage of completion method. However, the Company already considered this as a critical accounting estimate and judgement under IAS 11. The initial application of IFRS 15 has therefore no significant impact on the Company's critical accounting estimates and judgements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods starting on or after 1 January 2018 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Nature of change	Impact	Mandatory application date
IFRS 16 Leases		
IFRS 16 principally requires lessees to recognise assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. Going forward, lessees will therefore no longer be required to make the distinction between finance and operating leases that was required in the past in accordance with IAS 17. For all leases, the lessee will recognise a lease liability in its statement of financial position for the obligation to make future lease payments. At the same time, the lessee will capitalise a right of use to the underlying asset, which is generally equivalent to the present value of the future lease payments plus directly attributable expenditure.	The Company has some material lease contracts. Existing lease contracts mainly relate to a facility of 3,300 square meters to expand our production of energy storage systems, company cars, warehouse equipment and office (printing) equipment. The assessed impact of IFRS 16, including property rental contracts for Elkamo, is estimated to be approximately between 10% and 15% of the balance sheet total at 30 June 2018.	Mandatory for financial years commencing on or after 1 January 2019. Expected date of adoption by the Company: 1 January 2019.

There are no other standards that are not yet effective for which it is expected that they have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Note 5

Segment information

The Company is engaged in the business of developing, producing and selling various products, systems and services related to the electricity grid. There is a strong interrelationship between the Company's different business activities, hence Management reviews the overall business based on the Company's profitability.

All financial segment information can be found in the condensed interim consolidated financial statements.

Note 6

Revenue and other income

The Company's operations and main revenue streams from contracts with customers are those described in Alfen's Annual Report 2017. The nature and effect of initially applying IFRS 15 on the Company's condensed interim consolidated financial statements are disclosed in Note 4.

The Company derives the following revenues and other income per business line:

	For the six months ended	
	30 June 2018 (Unaudited)	**30 June 2017 (Unaudited)**
Smart grid solutions	29,768	25,180
Energy storage systems	5,637	2,152
EV charging equipment	5,614	3,647
	41,019	30,979

Revenue and other income by region based on the destination of products and location of projects:

	For the six months ended	
	30 June 2018 (Unaudited)	**30 June 2017 (Unaudited)**
The Netherlands	32,347	27,122
Other European Union countries	4,458	3,499
Rest of Europe	198	104
Outside Europe	4,015	255
	41,019	30,979

Notes to the condensed interim consolidated financial statements

EV charging equipment revenue is considered point-in-time revenue, whereas Smart grid solutions and Energy storage systems revenue is considered to be over time revenue for which the percentage of completion method is applied by the Company.

Other income comprise of a government grant and relate to the subsidy for a project to realise an off-grid energy system in rural Africa that combines solar and energy storage.

Note 7

Share-based payments

Celebration Share Award Plan

On 22 March 2018, the Management Board of Alfen granted to all eligible employees conditional rights to acquire a cumulative total of 118,429 existing Ordinary Shares or 0.6% of the issued share capital of the Company for no consideration under a one-off share incentive.

The conditional rights to acquire existing Ordinary Shares granted will be exercisable in exchange for Ordinary Shares on the day that is two years after the grant date, on the condition that the relevant employee of Alfen continues to be employed by the Company on this date (subject to certain arrangements for exceptional circumstances, such as death of the employee).

The Company entered into an agreement with the Selling Shareholders on 12 March 2018 pursuant to which Alfen has the right to acquire from the Selling Shareholders for no consideration a number of Ordinary Shares equal to the number of conditional rights exercised by eligible employees, being no more than 120,000 Ordinary Shares.

Summary of changes in outstanding shares

Changes in outstanding shares for the period:

	2018 (Unaudited)	2017 (Unaudited)
Balance -1 January	-	-
Celebration Share Awards - Granted	118,429	-
Celebration Share Awards - Forfeited	(3,301)	-
Celebration Share Awards - Exercised	-	-
Celebration Share Awards - Expired	-	-
Balance - 30 June	115,128	-

None of the outstanding Celebration Shares Awards are exercisable at 30 June 2018.

Fair value measurement

The Company used the Black & Scholes model to determine the fair value of the Celebration Share Awards at grant date. The market price of the Company's Ordinary Shares at grant date for the Celebration Share Award Plan was € 10.

The present value for expected dividend over the two-year vesting period is nil, because the Company has currently no intention to distribute dividends in the foreseeable future in order to be able to further invest in the growth of the Company. Consequently and in conjunction with an exercise price of nil, both the expected volatility and risk-free-rate have no impact on the fair value determination at grant date.

Share-based payment expenses

Share-based payment expenses recognised as other operating expenses in the statement of comprehensive income:

	For the six months ended	
	30 June 2018 (Unaudited)	30 June 2017 (Unaudited)
Celebration Share Award Plan	142	-
Total	142	-

Note 8 Income tax expense

The Company's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2018 was 36.0% (six months ended 30 June 2017 18.6%). The effective tax rate in the first half-year of 2018 increased compared to the first half-year of 2017, mainly caused by non-deductible share-based payment expenses relating to the Celebration Share Award Plan.

Note 9 Financial instruments by category

The Company has no financial assets or liabilities measured at fair value.

At 30 June 2018 and 31 December 2017, the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of the long-term debt are not materially different from the carrying amounts as the interest rate risk is a floating rate plus spread where the spread equals the current market spread.

Note 10 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control, jointly control or significantly influence the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

Intercompany transactions are carried out at arm's length.

The following transactions were carried out with related parties:

- Key management compensation;
- Share based payments (Note 7).

The following transactions were carried out with related parties Infestos Energy Transition B.V. and Infestos Holding M B.V.:

- Infestos Energy Transition B.V. and Infestos Holding M B.V. provide advisory and consulting services related to strategic decision making, change management projects and processes and various other services, including those related to legal, financial, organisational matters and other relevant expertise, for which a management fee was charged to the Company of € 125 thousand for the six months ended 30 June 2018 (30 June 2017: € 125 thousand).

Note 11 Events after the reporting period

Subsequent events were evaluated up to 27 August 2018, which is the date the condensed interim consolidated financial statements were approved.

On 1 July 2018 Alfen acquired 100% of the shares of Oy Elkamo Ab and its subsidiary Elsteel Oy (together referred to as "Elkamo") in Finland. Elkamo strengthens Alfen's position in Smart grid solutions. In addition, Alfen intends to use Elkamo as a platform to grow its electric vehicle EV charging and energy storage businesses in the Nordics. This acquisition is consistent with Alfen's strategy of further internationalisation and of cross-selling its broad offering to customers.

The acquisition price for Elkamo amounts to € 4.5 million. The contingent consideration (to be paid in 2019) consists of an earn-out which is capped at € 1.2 million and is related to the EBITDA of Elkamo in 2018. The subsidiaries will be included in the consolidation as per 1 July 2018. Since the Company is currently in the process to perform a purchase price allocation under IFRS 3 Business Combinations, the additional information to prepare the full IFRS 3 disclosure is currently not yet available and hence will be disclosed in our Annual Report 2018.

Colophon

Alfen Semi-annual Report 2018
Alfen N.V.

Visiting address
Hefbrugweg 28
1332 AP Almere
The Netherlands

P.O. Box
Postbus 1042
1300 BA Almere
The Netherlands

Contact
Jeroen van Rossen, CFO
j.vanrossen@alfen.com

Disclaimer

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Alfen's revenue outlook estimates are management estimates resulting from Alfen's pursuit of its strategy. Alfen can provide no assurances that the estimated future revenues will be realised and the actual revenue for 2018 could differ materially. The expected revenues have 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 projects, which may materially differ from the success rates for any future 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.

Alfen

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