



P R E S S R E L E A S E

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Alfen increases revenues 19% in Q1 and achieves 285% growth in the breakthrough year of Energy Storage Systems

ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), a specialist in energy solutions for the future, today publishes its trading update for the first quarter of 2023.

Highlights:

- **Q1 2023 revenues amounted to €113.2m, a 19% growth** versus Q1 2022 (€95.5m). This growth was driven by its Energy storage systems (+285%) and Smart grid solutions businesses (+22%). The European EV charging market is still hampered by destocking in the distribution channels, leading to a temporary slowdown at EV Charging (-14%).
- **Gross margin at 32.1%** compared with 35.7% in Q1 2022, purely driven by a shift in the business line mix towards Energy Storage Systems.
- **Adjusted EBITDA declined 26% to €12.7m (11.2% of revenues)** from Q1 2022 (€17.1m, 17.9% of revenues).
- **Alfen will be awarded a long-term contract with the Netherlands' third largest grid operator (Stedin) for its Smart grid solutions.**

- **Alfen reconfirms its 2023 full-year revenue outlook of €540-600m** supported by a strong backlog in energy storage systems exceeding €165m of which a major part is expected to execute in 2023.
- **Alfen set new mid-term financial objectives** during its Capital Markets Day on May 10.

Marco Roeleveld, CEO of Alfen, said:

“The first quarter of 2023 was a remarkably strong quarter for our Energy storage systems and Smart grid solutions businesses. 2023 is really the breakthrough year for energy storage for Alfen: the market is expected to grow ~60% in MWh in Europe in utility & commercial storage (source: BNEF). We almost quadrupled our revenues in Q1, and have order backlog in excess of €165m of which a major part is expected to execute in 2023. With our stationary and mobile solutions, we are well positioned to grow strongly, underpinning our confidence that we can outperform the European market in 2023.

In Smart grid solutions, we see continued growth with the grid operators and private networks businesses, resulting in 22% revenue growth. The grid operators announced substantially higher ambitions in their 2022 annual reports to roll-out substations until 2030. We are ready to serve them and are scaling up with an additional production facility that will be operational Q1 2024. In our private networks business, we saw strong growth in Q1 after supply chain pressures hampered growth throughout 2022.

On the other hand, we saw a temporary slowdown at our EV charging business. This was impacted by two factors. Firstly, the comparison to an extraordinary period in 2022 (with the ending of COVID-19 mobility measures). Secondly, the market faces excess inventory in the distribution channels, particularly in the home segment. We expected the destocking to go faster than we see currently happening. However, we do expect the market to improve after summer due to positive signals we hear from customers and the increase in BEVs registered. The market of registered BEVs grew 33% in Europe in Q1 2023 compared to Q1 2022 (source: ACEA).

The temporary lower volume in EV charging also affected our adjusted EBITDA margin: it dropped from 17.9% in Q1 2022 to 11.2% in Q1 2023. We reiterate that operational leverage is not a linear line. In a quarter with temporary lower volumes deleverage is also possible as we intentionally do not decrease the fixed cost base with the same speed. Also in this quarter, we continued to focus on the long-term, investing in our capabilities to be equipped for the next growth wave in our markets. Also, a lower gross margin than in Q1 2022, purely driven by a different business line mix, contributed to a lower adjusted EBITDA margin.

We reconfirm our 2023 full-year revenue outlook of €540-600m. Currently, we do expect it will be more likely to end up in the lower half of the bandwidth than in the upper half.”

Financial highlights

<i>In € millions</i>	22Q1	22Q2	22Q3	22Q4	22FY	23Q1
Revenue and other income	95.5	110.0	123.2	111.1	439.9	113.2
<i>Y-o-y growth</i>	77%	79%	103%	51%	76%	19%
Gross margin	34.1	38.5	42.9	38.1	153.5	36.4
<i>As % of revenues and other income</i>	35.7%	35.0%	34.8%	34.2%	34.9%	32.1%
Adjusted EBITDA	17.1	20.2	24.5	17.6	79.4	12.7
<i>As % of revenues and other income</i>	17.9%	18.4%	19.9%	15.8%	18.0%	11.2%

Segmental review

In the **EV charging equipment** business line, Q1 revenues were €47.0m (-14% from €54.9m in Q1 2022). Note that 2022 was an extraordinary year with extremely high demand for charge points as COVID-19 mobility measures were coming to an end. Alfen experiences temporary revenue impact due to excess inventory in the market, particularly in the home segment. In the first quarter, approximately 65% of revenues were generated from outside the Netherlands.

In Q1 2023, Alfen produced approximately 43,800 charge points, a decline of 32% from Q1 2022 with approximately 64,600 charge points. Gross margin for EV charging equipment amounted to 41%.

In the **Smart grid solutions** business line, Q1 revenues were €41.7m (+22% from €34.3m in Q1 2022). Both the grid operator and the private networks businesses contributed to revenue growth. Alfen continues to see a long-term growth trend in smart grids solutions underpinned by electrification of society's energy needs.

Alfen is in the final stages with Stedin, the third largest grid operator in the Netherlands, to sign a multi-year framework contract for its smart grid solutions. The objection period has passed with the signing taking place soon. Alfen will be awarded 50% of a 4-year tender with an option for two 2-year extensions.

In Q1 2023, Alfen produced approximately 777 substations, a 8% decrease compared with Q1 2022 with approximately 845 substations. The start-up of the Liander tender caused a lower number of substations to be produced in Q1 2023. Also Alfen sees a trend towards higher value substations. Gross margin for Smart grid solutions amounted to 31%.

In the **Energy storage systems** business line, Q1 revenues were €24.5m (+285% from €6.4m in Q1 2022). This increase in revenues was driven by both our stationary systems ("TheBattery Elements") and our mobile systems ("TheBattery Mobile"). The momentum in the market continues to grow, and Alfen's backlog continues to grow significantly, now exceeding €165m of which a major part is expected to execute in 2023. Gross margin for Energy storage systems amounted to 18%. This is at the lower end of the 15% - 30% range

provided at our Capital Markets Day for this business line due to a relatively high proportion of large-scale projects running in Q1.

Gross margin and adjusted EBITDA

Gross margin in Q1 2023 was 32.1%, compared with 35.7% in Q1 2022. This decline in the blended gross margin rate is purely caused by a changing revenue mix with relatively more revenue from Energy storage systems. Adjusted EBITDA was €12.7m (11.2% of revenues), compared with €17.1m (17.9% of revenues) in Q1 2022. The main driver for this adjusted EBITDA decrease is lower volume in our EV charging business line, while Alfen keeps investing in its capabilities across business lines to capture the next wave of growth.

Outlook

The transition to a carbon-free energy system that is not dependent on fossil fuels is building more and more momentum across Europe. Alfen continues to anticipate long-term positive market developments for all of its business lines and it continues to invest in its organisation, production facilities and innovations for the future. For 2023, Alfen reconfirms its full-year revenue outlook of €540-600m. In addition, Alfen updated in its financial mid-term objectives to be achieved from 2025 to 2027 at its Capital Markets Day on May 10. Its revenue objective is to reach at least a revenue of 1 billion euros in this time frame. The adjusted EBITDA margin objective is to maintain an adjusted EBITDA margin in the range of 15 -20%.

Webcast

Alfen will host a webcast at 9:00 CEST this morning to comment on the 2023 Q1 trading update. Please see ir.alfen.com for details to participate.

Financial calendar

HY 2023 results:	23 August 2023
Q3 2023 trading update:	8 November 2023

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 more than 85 years of expertise in the electricity grid, Alfen has a unique combination of energy solutions. Alfen designs, develops and produces smart grids, energy storage systems, and electric vehicle charging equipment, and it combines these products into integrated solutions to address its customers' electricity challenges. Alfen has a market leading position in the Netherlands and is

experiencing fast international growth benefitting from its first mover advantage. For further information see Alfen's website at: <https://alfen.com/>.

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Notes to the press release

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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, expected, step up, announced, continued, incremental, on track, accelerating, ongoing, innovation, drives, growth, optimising, new, to develop, further, strengthening, implementing, well positioned, roll-out, expanding, improvements, 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 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 2023 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.