



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

Published on 6 November 2024, 19:00 CEST

Alfen reports Q3 results and reaches agreement on bank covenant

ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), a specialist in energy solutions for the future, today publishes its trading update for the third quarter of 2024.

Highlights:

- **Q3 2024 revenues of €106.2m, declined 22%** versus Q3 2023 (€136.4m) mainly driven by lower Energy Storage Systems revenue, in line with updated guidance.
- **Gross margin at 32.7%** compared with 29.4% in Q3 2023 driven by a positive one-off timing effect in margin recognition in Energy Storage.
- **Adjusted EBITDA of €7.2m (6.8% of revenues)** compared with €17.3m in Q3 2023 (12.7% of revenues), driven by tempered growth in EV Charging and Energy Storage markets.
- **Continued focus on cost-saving program to improve adjusted EBITDA** by reducing labour and other operating costs, with projected P&L impact starting 1 January 2025.
- **Alfen reached an agreement with the bank on a new financing arrangement.**
- **Alfen projects 2024 full-year revenue to reach the low end of its updated outlook (€485-520m)**, because increased softness in EV market is expected to impact Q4 revenue in EV Charging. **Alfen reconfirms adjusted EBITDA margin outlook** (mid-single digit) **and FCF outlook** (negative FCF but

improvement compared to -€27.2m in 2023). One-off restructuring provision will be taken in Q4 2024.

Marco Roeleveld, CEO of Alfen, said:

“Our Q3 results illustrate the fragmented and increasingly non-linear development of the energy transition for our customers and therefore for us. Whereas in 2022 and 2023, the energy transition was in full swing, our customers are now experiencing uncertainties in terms of labour and materials costs, availability of the electricity grid, energy transition regulations and policies, and geopolitical developments. We maintain close contact with our customers, and understand their considerations well. As indicated before, for Alfen and many of our customers, 2024 is a year to weather the volatility of the energy transition and the postponed impact on revenue.

We performed a disciplined ramp-up of substation production resulting in a revenue level that is almost equal to Q1 2024. However, in Q3 we saw softness in the EV market and a volatile Energy Storage market, putting pressure on our revenue figures in these business lines.

As communicated on October 15, we are in the final stages of our strategy validation and organizational right-sizing efforts. To reduce overall costs, we have taken a diverse set of measures across all parts of the organisation. We are also looking at labour costs and anticipate up to 15% reduction in jobs. The conversations with the Works Council and Unions in the Netherlands progress as planned, and we expect to execute the restructuring in late 2024. During this difficult time we continue to find the balance in speed of decision-making and continued care and support for our people.

Our strategy validation will result in a more focussed approach on markets and products within our portfolio. Combined with simplifying our organisation, it will reposition us for renewed profitable growth in 2025. In the meantime, we continue to manage costs rigorously to achieve our mid-single digit adjusted EBITDA margin in 2024. Related financial one-off items will be booked in Q4 2024.

In the third quarter we generated a free cash flow of €1.6m which is a positive development relative to our end position of H1, as anticipated.

We will provide full details about Alfen’s strategy validation, right-sizing program, 2024 financial one-off impact and renewed medium-term objectives at our 2024 FY Results on February 12, 2025.”

Financial highlights

<i>In € millions</i>	23Q3	23Q4	23FY	24Q1	24Q2	24Q3	24YTD
Revenues and other income	136.4	144.2	504.5	116.8	128.9	106.2	352.0
<i>Y-o-y growth</i>	11%	3%	-1%	3%	16%	-22%	-2.3%
Adjusted gross margin	40.1	42.7	151.1	37.4	33.6	34.7	105.7
<i>As % of revenues and other income</i>	29.4%	29.6%	30.0%	32.0%	26.1%	32.7%	30.0%
Adjusted EBITDA	17.3	18.7	57.1	9.6	3.9	7.2	20.7
<i>As % of revenues and other income</i>	12.7%	13.0%	11.3%	8.2%	3.1%	6.8%	5.9%

Gross margin and adjusted EBITDA and bank covenant

Gross margin in Q3 2024 was 32.7%, compared with 29.4% in Q3 2023. This is the result of a one-off positive timing effect from margin of projects in Energy Storage Systems recognised in Q3 instead of Q2. Adjusted EBITDA was €7.2m (6.8% of revenues) compared with €17.3m (12.7% of revenues) in Q3 2023. The decline was caused by a decrease in revenue, while OPEX increased. Alfen has a cost saving program in place to turn this negative trend in 2025, aiming for a high single digit adjusted EBITDA margin.

Alfen reached an agreement with the bank on a new financing arrangement, continuing the current facility (revolving credit facility of €100m) with some adjustments in the calculation of the covenants. The 2024 one-off items have been excluded from the covenant calculation. For 2025 and onwards, more flexibility on covenant calculation has been included.

Segmental review

In the **Smart Grid Solutions** business line, Q3 revenues were €50.3m (+1% from €49.9m in Q3 2023). Alfen produced approximately 803 substations, an increase of 2% compared with Q3 2023 with approximately 789 substations. In Q3, grid operators expanded and reinforced the distribution grid further to support the energy transition, and Alfen continued to benefit from these plans with existing framework agreements. Ramp-up of substation production in Q3 ran according to plan - from 32 substations per week in the first week of July towards 81 per week in the last week of September. Alfen has defined a stretch target of 100 substations per week at the end of Q4 to catch up on production delays; market demand from grid operators in 2025 is lower than our current production rate, as grid operators are in the process of ramping up their installation capacity.

In the private domain, Alfen observes limited growth in the Dutch market at this stage driven by restricted grid connection capacity for fast charging and no growth in solar energy. Alfen expects this situation to persist in 2025. Overall, Alfen upward adjusts its revenue outlook for SGS from approximately 5% growth in 2024 to approximately 10% growth.

In the **EV Charging Equipment** business line, Q3 revenues were €32.9m (-6% from €34.9m in Q3 2023). This decline is due to ongoing softness of EV sales and increased competition in the home segment.

In the third quarter, approximately 61% of our revenues were generated outside the Netherlands. Alfen produced approximately 31,000 charge points, a decline of 14% compared to Q3 2023 with approximately 36,000 charge points.

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 Q3 2024, we continued to see a temporary slowdown to this long-term growth trend: 10% fewer battery EVs were registered compared to Q3 2023 (source: ACEA). Over the first nine months of 2024, that is a decline of 3% y-o-y. EV sales are expected to accelerate again in 2025 once affordable models start to launch in 2025, benefiting from lower battery prices and CO₂ emission performance standards for cars that will become ~15% stricter. This will lead to more EV sales, as most car manufacturers currently do not meet the 2025 targets.

The current backlog does not support Alfen's FY guidance for EV charging. As a result of the softness in the EV market, Alfen does not expect an order uptake in Q4 this year or Q1 next year. Therefore, Alfen downward adjusts its revenue outlook for EVC from 5-10% growth in 2024 to up to 5% decline.

In the **Energy Storage Systems** business line, Q3 revenues were €23.1m (-55% from €51.5m in Q3 2023). Last year's revenue were heavily backloaded towards Q3 and Q4. Additionally, in H1 2024, a significant number of large deals that we anticipated to sign, were postponed due to rapidly declining battery prices. Alfen observes the rate of battery price decline has stabilised, but deal cycles continue to take longer as our customers derisk the project execution phase by ensuring that all critical project elements such as permits are in place.

Alfen expects revenue in ESS in 2024 to decline approximately 20% in line with our updated outlook. Alfen's revenue outlook for 2024 is fully supported by backlog. Alfen grew its backlog from €72.4m at the end of Q2 to €83.6m at the end of Q3. However, executional risk remains as we can influence some elements but we cannot entirely control everything such as supply chain, third-party civil works, and weather conditions. Alfen's 2025 backlog stands at €47.5m, and we want to have substantial backlog coverage of its 2025 revenue guidance at the start of the year. Alfen is working on several substantial deals to build sufficient backlog but at the same time Alfen sees delays in deal closures that could affect 2025 revenue. The long-term momentum in the energy storage market remains powerful, mostly driven by lower battery prices, continuous renewables growth and the need to balance electricity demand and supply.

Outlook

For 2024, Alfen projects 2024 full-year revenue to reach the low end of its updated outlook (€485-520m) driven by increased EV market softness. Alfen reconfirms its adjusted EBITDA margin outlook (mid-single digit) and FCF outlook (negative FCF but improvement compared to -€27.2m in 2023).

Alfen expects limited revenue growth in 2025. While the grid operators continue to grow, the private domain has a relatively flat outlook next year. In EV Charging and Energy Storage, Alfen continues to foresee constrained market growth in 2025 and expects limited revenue growth also partly due to its strategic choice to apply further focus on its markets and products within its portfolio.

Webcast

Alfen will host a webcast at 9:00 CEST on Thursday morning November 7 to comment on the 2024 Q3 trading update. Please see ir.alfen.com for details to participate.

Financial calendar

12 February 2025:	FY 2024 results
12 May 2025:	Q1 2025 trading update
20 August 2025:	HY 2025 results
4 November 2025:	Q3 2025 trading update

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.

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Notes to the press release

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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.