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

Published on 23 August 2023, 7:00 CEST

Step change in growth in storage & smart grids; challenging market conditions in EV charging

- **Revenue increase**: Alfen grows H1 2023 revenues by 9% to €223.9m vs. H1 2022 (€205.5m), driven by its Energy Storage Systems (+526%) & Smart Grid Solutions (+20%) businesses, while its EV Charging business declined (-36%).
- **Group gross margin at 30.5%** compared with 35.3% in H1 2022, purely driven by a shift in the business line mix towards Energy Storage Systems.
- **Adjusted EBITDA of €21.1m (9.4% of revenue)** vs. H1 2022 €37.3m (18.1% of revenue).
- Alfen maintains significant head room in its bank overdraft facility.
- **Alfen updates its 2023 full-year revenue outlook from €540-600m to €490-520m** driven by a lower EV charging revenue outlook due to destocking and challenging market conditions.
- **Alfen reconfirms its mid-term financial objectives**. In addition, Alfen quantifies its mid-term objective on its asset light business model: to keep its CAPEX below 5% of revenue.

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 first half-year of 2023.

Marco Roeleveld, CEO of Alfen:
Alfen has a robust business model at the heart of the energy transition that is uniquely diversified across business lines, countries and product segments. In 2023, we see Energy Storage Systems growing
tremendously with Smart Grid Solutions starting to see a step change in growth. In a year with challenging market conditions for EV charging, our diversified portfolio of solutions is clearly paying off. Alfen’s financial position continues to be strong and healthy at a time when other players in the EV Charging market are declaring insolvency or forced to raise capital. To illustrate this further, our cash (including bank overdraft) amounts to €35.2m (credit) at 30 June 2023. Given the current account overdraft facility of €101.5m, our total cash availability amounts to €66.3m.

2023 is really the breakthrough year for energy storage for Alfen. Our first half year revenue grew more than sixfold compared to H1 2022, and our current backlog is over €170m of which more than half is expected to be executed in the second half of 2023. With our stationary and mobile battery solutions, we are well positioned for continued strong growth, underpinning our confidence that we can outperform the European market in 2023.

In Smart Grid Solutions, we see continued momentum with the grid operators and private networks businesses, resulting in 20% revenue growth. Grid operators announced substantially higher ambitions in their 2022 annual reports to roll-out substations until 2030. We expect a step change in growth in this business line into 2024. We are well prepared for this growth. We invested upfront in additional capacity to ensure we are not hampered by production capacity. The construction of our additional production & warehouse facility in Almere is advancing as planned (see photo below) and is on track to be operational Q1 2024.

In EV Charging, the destocking challenge continued through the first half, and we saw market challenges in the home segment in certain geographies, including countries such as the United Kingdom and Germany. Key drivers include the ending of the OZEV grant and KfW440 subsidy respectively. To stay ahead of these challenges, we have a clear operational focus on partnering with and managing our customers both at the
country and customer level to drive growth. We have weekly meetings with customers to manage our joint plans and clarify where to invest and when in joint channel marketing efforts.

We are building on recent innovations such as solar charging, DC destination charging and Plug & Charge (ISO 15118) and continue to prioritise innovation as a way to add value for our customers. Despite these challenges we are seeing the first positive signs from destocking, with some customers beginning to order again after moving through their inventory. We are also seeing ongoing orders in the business and public segment, as you can witness in our new commercial wins. We observe continued strong growth in battery EVs registered in Europe in H1 2023 (+45%) that logically translates into charge point demand in the second half of 2023. We still expect the destocking to be over after the summer months and then turn into increased order intake. However, 2023 will be a transition year for EV Charging and even with an improvement in order intake after destocking, emerging market challenges will be present. We expect Q3 revenues to be in line with Q2 revenues. From Q4 and onwards we expect sequential increases in revenues compared to the preceding quarter.

The temporary lower volume in EV Charging also impacted our adjusted EBITDA margin: it decreased from 18.1% in H1 2022 to 9.4% in H1 2023. We reiterate that operational leverage is not developing as a linear line. Due to lower volumes, deleverage is also possible as we intentionally do not decrease the fixed cost base proportionally to revenue. In H1 2023, we continued to focus on the long-term, investing in our production, innovation and organisation capabilities to equip us for the step change in growth in our markets. Also, a lower gross margin than in H1 2022, purely driven by a different business line mix, contributed to a lower adjusted EBITDA margin percentage.

Based on our first half year performance and current revenue visibility, Alfen updates its 2023 full-year revenue outlook from €540-600m to €490-520m driven by lower EV charging revenue outlook due to destocking and challenging market conditions. Long-term, Alfen continues to anticipate positive market developments for all of its business lines, and we are confident about our strong market position. Therefore, Alfen reaffirms its mid-term financial objectives.

Diving deeper into one of these objectives; at our Capital Markets Day, we set the qualitative objective to maintain our asset-light business model. With this half-year update, we would like to provide further clarity by translating it into a quantitative objective: to keep CAPEX as % of revenue below 5%. This objective will be maintained in the mid-term (until 2025-2027).”
Financial highlights

Key figures

<table>
<thead>
<tr>
<th>In € millions</th>
<th>Q1 2023</th>
<th>Q2 2023</th>
<th>H1 2023</th>
<th>Q1 2022</th>
<th>Q2 2022</th>
<th>H1 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other income</td>
<td>113.2</td>
<td>110.7</td>
<td>223.9</td>
<td>95.5</td>
<td>110.0</td>
<td>205.5</td>
</tr>
<tr>
<td>Y-o-y growth</td>
<td>19%</td>
<td>1%</td>
<td>9%</td>
<td>77%</td>
<td>79%</td>
<td>78%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>36.4</td>
<td>31.9</td>
<td>68.3</td>
<td>34.1</td>
<td>38.5</td>
<td>72.6</td>
</tr>
<tr>
<td>As % of revenue and other income</td>
<td>32.1%</td>
<td>28.8%</td>
<td>30.5%</td>
<td>35.7%</td>
<td>35.0%</td>
<td>35.3%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>12.7</td>
<td>8.4</td>
<td>21.1</td>
<td>17.1</td>
<td>20.2</td>
<td>37.3</td>
</tr>
<tr>
<td>As % of revenue and other income</td>
<td>11.2%</td>
<td>7.6%</td>
<td>9.4%</td>
<td>17.9%</td>
<td>18.4%</td>
<td>18.1%</td>
</tr>
</tbody>
</table>

Revenue and other income increased by 9% to €223.9m in the first half-year of 2023 from €205.5m in the first half-year of 2022.

Gross margin decreased to 30.5% in the first half-year of 2023 compared with 35.3% in the first half-year of 2022, driven by a revenue mix shift from EV Charging Equipment to Energy Storage Systems.

Personnel costs increased by 36% to €34.9m compared with €25.8m in the first half-year of 2022. Alfen grew from 893 FTEs at 31 December 2022 to 956 FTEs at 30 June 2023, including 81 FTEs at Alfen Elkamo.

Other operating costs increased by 25% to €12.5m compared with €10.0m in the first half-year of 2022.

Adjusted EBITDA amounted to €21.1m (9.4% of revenue), a decrease of 43% compared to €37.3m (18.1% of revenue) in H1 2022. The adjusted EBITDA margin in the first half-year of 2023 deteriorated compared to the first half-year of 2022, mainly driven by a revenue mix shift from EV Charging Equipment to Energy Storage Systems, resulting in a lower gross margin. Furthermore, the fixed cost base within EV Charging deleveraged compared to the first half-year of 2022.

Adjusted net profit decreased 60% to €10.1m in the first half-year 2023 from €25.3m in the first half-year 2022.

Capital expenditure amounted to €20.1m (9.0% of revenue) as compared to €10.1m (4.9% of revenue) in the same period of 2022. CAPEX in the first half-year of 2023 includes the acquisition of a new building, with a purchase price of €10.0m, at Damsluisweg 70 in Almere, to further facilitate the growth of our Energy Storage business line. Furthermore, Alfen invested in production and warehouse tooling, including product line automation for EV Charging, IT infrastructure and data security, as well as in moulds for our Smart Grids business line. Alfen capitalised €4.9m (versus €4.8m in the first half-year of 2022) of development costs, demonstrating the Company’s continued efforts to invest in innovations for the future.
Working capital\textsuperscript{[1]} increased to €135.1m on 30 June 2023 (from €87.6m on 31 December 2022), primarily related to increased stock levels and strategic stock down payments.

\begin{tabular}{|l|c|c|c|}
\hline
 & 30 June 2023 (Unaudited) & 31 Dec 2022 (Audited) & 30 June 2022 (Unaudited) \\
\hline
Inventory – On hand & 155,411 & 131,815 & 64,519 \\
Inventory – Down payments & 39,242 & 15,415 & 11,630 \\
Total inventory, including Down payments & 194,653 & 147,230 & 76,149 \\
\hline
\end{tabular}

Given the growth expected within our Energy Storage Systems business line in conjunction with a solid backlog for the second half of 2023, Alfen is maintaining higher stock levels, further supported by strategic stock down payments for batteries, inverters and containers for both the TheBattery Elements and Mobile storage solutions.

Operating cash flow was €47.0m negative, compared with €1.1m negative in the first half of 2022, mainly due to the increase in our working capital.

Net debt position on 30 June 2023 amounted to €78.7m, compared to a net cash position of €4.4m on 31 December 2022. The shift from net cash to net debt is driven by the steep increase in working capital and an increase in bank loans for constructing our new warehouse & production facility (Hefbrugweg 79) and purchasing a new production facility for Energy Storage Systems (Damsluisweg 70).

Segmental review
In the EV Charging Equipment business line, H1 2023 revenue was €79.6m compared with €125.0m in the first half of 2022. This is a decline of 36%, driven by lower volume as the market destocks excess inventories from 2022.

In H1 2023, Alfen generated 60% of its EV Charging Equipment revenue from outside of the Netherlands. This decrease compared to earlier periods is related to challenging market conditions in countries such as Germany and the United Kingdom.

The European market for EV charge points has a long-term growth trend with a CAGR of 15-20% from 2022 to 2027 (source: Guidehouse & BNEF). This long-term growth trend is also reflected in the first half of 2023 with growing EV adoption in European markets: 45% more battery EVs registered than in the same period last year (source: ACEA).

\textsuperscript{[1]} Calculated as total current assets excluding cash and cash equivalents, minus total current liabilities excluding bank overdrafts.

\textsuperscript{[1]}
Commerically, Alfen won new clients across Europe in the first half of 2023. Selected examples of commercial successes include winning a contract with partners Virta & Eiffage to supply all public and private parking owned by SNCF (French railway operator) over coming 3 years. Alfen was selected as partner by Aral Pulse to supply charge points in business and public segment, starting with Germany but with an international approach in mind. As a last example, Alfen won a framework contract with EDRI for 4 years for the supply of public chargers. EDRI is a subsidiary of E.on and present in multiple countries in Europe.

In H1 2023, Alfen produced approximately 76,400 charge points, a decline of 49% from H1 2022 (approximately 149,600 charge points). Gross margin for EV Charging Equipment amounted to 40%. For both Q1 and Q2 2023, this was at the midpoint of the 35%-45% range provided at our Capital Markets Day for this business line.

In the Smart Grid Solutions business line, H1 2023 revenue grew 20% to €85.5m compared with €71.1m in the first half of 2022. Grid operators continued to expand and reinforce the distribution grid to support the energy transition. Alfen continued to benefit from these plans with existing framework agreements with grid operators. Both the grid operator and the private networks segments contributed to our revenue growth. Alfen continues to prepare for a step change in growth in coming years as the grid operators scale up in their investment plans.

Selected examples of commercial successes include signing a multi-year framework agreement with Stedin (the 3rd largest grid operator of the Netherlands), signed new contracts with Ionity for multiple fast charging locations, signing new contracts with Harvest House for 6 greenhouse sites to deliver transformer substations to connect e-boiler and LED grow light systems and signing a new contract for expansion of the biogas plant with Bio Energy Coevorden in the Netherlands.

In H1 2023, Alfen produced approximately 1,573 substations, a decline of 3% from H1 2022 (approximately 1,615 substations). Starting the delivery on the new Liander contract led to a lower number of substations produced in Q1 2023. Gross margin for Smart Grid Solutions amounted to 29%, which is at the lower end of the 25-40% range provided at our Capital Markets Day for this business line due to the product mix.

In the Energy Storage Systems business line, H1 2023 revenue increased 526% to €58.8m compared with €9.4m in the first half of 2022. The momentum in the energy storage market is powerful, mostly driven by continuous renewables growth and the need to balance electricity demand and supply. This revenue increase was driven by both our stationary systems ("TheBattery Elements") and our mobile systems ("TheBattery Mobile"). The pipeline of qualified leads and order intake continues to develop in a healthy manner. Current backlog is over €170m, with more than half expected to be executed in the remainder of 2023.
Selected examples of commercial success include winning three projects with Swedish Ingrid Capacity and BW ESS for a total size of 45MW/45MWh. Primary application of the three energy storage systems is ancillary services. Alfen also won a contract with Centrica for its first battery storage project in Belgium to supply a 24MW/54MWh system that will contribute to the country’s capacity market. Alfen signed a contract with SemperPower to build the largest battery energy storage system in the Netherlands (30M/68MWh system). Lastly, Alfen won a project with Glennmont Partners and Ilmatar for a 30MW/41MWh battery storage facility next to the Glennmont wind farm in Central Finland.

Gross margin for Energy Storage Systems amounted to 19%, which 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 H1.

Innovations update

Alfen continues to invest in innovation to remain at the technology forefront. Three highlights spread across the three business lines, include the 30 kW DC destination charger, the TheBatteryMobile X energy storage solution and the Altro walk-in substation.

The 30 kW DC destination charger fits in Alfen’s existing destination charging product portfolio with its smart charging capabilities, compact housing, Plug & Charge functionality and reliability. When introduced later this year, this DC charger can be installed at locations next to AC chargers at locations where EV drivers reside for 30 minutes to 2 hours, for instance supermarkets, shopping malls & visitor parking at offices. Chargers are being installed at select customer locations for technical validation.

Introduced in June, TheBatteryMobile X is Alfen’s 4th generation mobile energy storage solution. It offers increased capacity of 720 kWh in the same 10ft container (vs. 422 kWh in the previous generation) with integrated transformer and switchgear. It also touts improved safety features and is plug-and-play. The Mobile X is currently being installed at select customer locations.

Introduced in March, the Altro is Alfen’s first walk-in substation (compared to our existing compact substations). It has been designed completely to support customers in the Netherlands and Belgium who need medium voltage grid connections. The walk-in station’s innovative IAC-AB solution enhances safety for users and mechanics. This substation is now available to customers. One of our first commercial wins with the Altro has been with ELECTRA who ordered 20 substations to grid connect their fast charging stations in Belgium.
Outlook
Alfen expects that the Energy Storage Systems and Smart Grid Solutions markets will continue to grow throughout 2023 as Europe’s transition to a carbon-free energy system that is not dependent on fossil fuels continues to gain momentum. For EV Charging, 2023 is considered a bridge year after extraordinary demand in 2022.

Based on our first half year performance and current revenue visibility, Alfen updates its 2023 full-year revenue outlook from €540-600m to €490-520m driven by lower EV charging revenue outlook due to destocking and challenging market conditions.

Long-term, Alfen continues to anticipate positive market developments for all of its business lines. New legislation is pushing the energy transition further and faster. As such, Alfen continues to invest in its organisation, product innovation and production facilities in a balanced way; aligned with expected growth in the various business lines.


Analyst call / webcast
Alfen will host an analyst call and webcast at 9:00 CEST on 23 August 2023 to comment on the 2023 half-year results. Please see ir.alfen.com for details to participate.

Financial calendar
Q3 2023 trading update: 8 November 2023
FY 2023 results: 14 February 2024

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
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, 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 revenue will be realised and the actual revenue for 2023 could differ materially. The expected revenue 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 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.