



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

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Alfen H1 2021: revenue growth of 28% with strong increase in profitability

- **H1 2021 revenues of €115.3m, a growth of 28%** versus H1 2020 (€90.3m), predominantly driven by strong growth of EV charging (+68%) and Energy storage (+47%).
- **Strong increase in profitability:** adjusted EBITDA grew 69% to €16.9m (14.7% of revenues) versus €10.0m (11.1% of revenues) in H1 2020. Adjusted net profit of €9.3m, up 77% versus €5.3m in H1 2020.
- **New important project and client wins** further diversifying Alfen's client base.
- **Alfen reconfirms its 2021 full-year revenue outlook of €225-250m.**

ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), specialist in energy solutions for the future, today reports its condensed interim consolidated financial statements for the first half-year of 2021.

Marco Roeleveld, CEO of Alfen, said:

"We delivered a good first half-year of 2021 where we further increased our revenues and profitability. We managed to accelerate our revenue growth in the second quarter compared to the first quarter of 2021 driven by the favourable market growth for all our business lines. Our markets are less and less affected by COVID-19 as vaccination schemes progress well across Europe. Still, we continue to be vigilant about new variants that may arise and therefore we continue to enforce strict safety measures."

The energy transition momentum keeps getting stronger. The Fit for 55 package was launched in July under the European Green Deal after the climate law has been agreed earlier this year which sets the objective for the EU to become climate-neutral by 2050. The Fit for 55 package is a set of policy initiatives that aims to achieve a 55% CO₂ emissions reduction by 2030 compared with 1990 levels. This is an acceleration as the target used to be 40% and is expected to further boost zero-carbon energy investments. We are looking forward to enable this 55% reduction through our innovative and sustainable smart energy solutions with our unique position in the heart of the energy transition.

To further grow our business, we continued to further strengthen our organisation and marketing efforts across Europe. We also kept investing in innovations for the future. For instance, we successfully introduced a new and innovative substation range, we added various EV charging solutions to our broad international portfolio and we introduced a new large-scale battery energy storage solution.

From a supply chain perspective, a high demand for components, especially electrical ones, is putting pressure on the supply chain throughout the world. We also experience supply chain challenges, which we have been able to mitigate up to this point. We have an integrated team that monitors and engages the supply chain and takes purchasing decisions on a daily basis in order to secure supplies. Still, we anticipate some adverse impact in the second half of the year. We continue to be on top of the situation as we expect incremental supply chain pressure to continue well into 2022.

Looking forward, we continue to anticipate further growth of all our business lines. We reconfirm our 2021 revenue guidance of €225-250m.”

Financial highlights

Key figures

<i>In € millions</i>	Q1 2021	Q2 2021	H1 2021	Q1 2020	Q2 2020	H1 2020
Revenues and other income	53.8	61.5	115.3	44.1	46.2	90.3
<i>Y-o-y growth</i>	22%	33%	28%	58%	38%	47%
Gross margin	19.6	22.4	42.0	15.3	16.7	32.0
<i>As % of revenues and other income</i>	36.5%	36.4%	36.4%	34.8%	36.2%	35.5%
Adjusted EBITDA	7.2	9.7	16.9	4.6	5.4	10.0
<i>As % of revenues and other income</i>	13.3%	15.9%	14.7%	10.4%	11.7%	11.1%

Revenues and other income increased by 28% to €115.3m in the first half-year of 2021 from €90.3m in the first half-year of 2020, driven by growth across all business lines: Smart grids (+8%), EV charging (+68%) and Energy storage (+47%).

Gross margin increased to 36.4% in the first half-year of 2021 compared with 35.5% in the first half-year of 2020. Despite challenges in the global supply chain, up to this point Alfen was able to further leverage its growing scale on top of its strong market position.

Personnel costs increased by 15% to €19.6m compared with €17.1m in the first half-year of 2020. FTEs increased from 563 at 30 June 2020 to 621 at 30 June 2021.

Other operating costs increased by 9% to €5.8m compared with €5.3m in the first half-year of 2020.

Adjusted EBITDA amounted to €16.9m (14.7% of revenues), an increase of 69% compared to €10.0m (11.1% of revenues) in H1 2020. The adjusted EBITDA margin improvement is a result of higher gross margins as well as the operational leverage strategy. EBITDA adjustments in the first half-year 2021 amounted to €0.3m (versus €0.4m in H1 2020) and solely comprised of share-based payment expenses.

Adjusted net profit grew with 77% from €5.3m in the first half-year 2020 to €9.3m in the first half-year 2021.

Capex amounted to €5.4m (4.6% of revenues) as compared with €4.9m (5.4% of revenues) in the first half-year of 2020. Capex includes investments in IT-infrastructure and Data Security, R&D test facilities, new moulds for Smart grids as well as Production and Warehousing related improvements. Additionally, Alfen capitalised €3.3 million (versus €2.5 million in the first half-year of 2020) of development costs, which demonstrates Alfen's continued efforts to invest in innovations for the future.

Operating cash flow was €2.9m positive, compared with €4.3m negative in the first half-year of 2020.

Working capital¹ increased from €2.5 million at 31 December 2020 to €12.4 million at 30 June 2021, driven by strategic stock down payments for batteries and electrical components of €5.5 million in order to safeguard and enhance resilience in Alfen's global supply chain. Furthermore, contract balances increased as a result of a timing effect in triggering payment milestones.

Net cash position at 30 June 2021 amounted to €29.2m, compared with €32.4m at 31 December 2020. The decreased net cash position is primarily caused by the working capital increase.

¹ Calculated as total current assets excluding cash and cash equivalents, minus total current liabilities excluding bank overdrafts

Segmental review

In the **Smart grid solutions** business line, H1 2021 revenues were €62.5m, a growth of 8% compared with €57.8m in the first half of 2020. After relatively flat growth of the business line in the first quarter of this year, revenues in the second quarter increased with 15% compared to the same period in 2020. Having introduced the new and innovative substation range in the first quarter, Alfen continued to benefit through its existing framework agreements with grid operators which continued to expand and reinforce the grid for the energy transition. Additionally, the momentum in the microgrids business has further recovered. Here, Alfen benefitted from existing framework agreements, repeat customers and new client wins.

Selected examples of commercial successes include a contract closed with Pfalzsolar GmbH to provide the grid solution for a 60MWp solar PV park in Terneuzen in the Netherlands, a contract to help Rotterdam The Hague airport becoming a “next generation airport” by providing a smart grid solution for their new solar PV park, and supplying newly engineered switching stations especially designed for onshore wind installations to Jämtkraft and Power Forze in Sweden.

In H1 2021, Alfen produced approximately 1,615 substations, a decline of 1% compared to H1 2020 with approximately 1,630 substations².

In the **EV charging equipment** business line, H1 2021 revenues were €41.3m, compared with €24.7m in the first half of 2020. A growth of 68%, driven by increasing volumes under existing framework agreements, new client wins and further internationalisation. The EV charging market continued to grow favourably in the first half-year of 2021 on the back of the strongly growing EV adoption predominantly in Western European markets. To enable growth in the EV charging business Alfen further strengthened its organisation, its marketing efforts and also added various new EV charging solutions to its broad international portfolio. In H1 2021, more than 60% of revenues was generated outside of the Netherlands.

From a supply chain perspective, a high demand for components, especially electrical ones, is putting pressure on the supply chain throughout the world. Alfen also experiences supply chain challenges, which it has been able to mitigate up to this point. Alfen has an integrated team that monitors and engages the supply chain and takes purchasing decisions on a daily basis in order to secure supplies. Still, Alfen anticipates some adverse impact in the second half of the year.

Commercially, Alfen has been able to win new clients while further internationalising in the first half of 2021. Selected examples of commercial successes include a 3-year framework agreement with Mitsui for the supply of charge points in Ireland, a new framework agreement with ESTG which is a wholesaler that distributes sustainable products throughout Europe, and supplying EV chargers to Porsche Moon Power which they will use for their e-mobility solutions.

In H1 2021, Alfen produced approximately 46,600 charge points, a growth of 79% from H1 2020 with approximately 26,000 charge points.

² In Q2 2021, production mounted to approximately 925 substations. In Q1 2021, Alfen produced approximately 690 substations.

In the **Energy storage systems** business line, H1 2021 revenues were €11.5m, a growth of 47% compared with €7.8m in the first half of 2020. The momentum in the energy storage market continued to develop favourably mostly driven by the growth of renewables and the need to balance the offset between energy demand and supply. Alfen benefitted from earlier secured contracts and framework agreements. For the latter, Alfen will be delivering its first two energy storage systems later this year. With its deep expertise and proven track-record Alfen is well positioned to further benefit from the growing momentum.

Selected examples of commercial successes include a contract to supply three energy systems of 2MW to Vital Energi which will be deployed at three different hospitals in the UK, the supply of a mobile energy storage solution to EnBW which they intent to use for various events as well as grid services, and a 10MW storage solution for SemperPower at Koegorspolder in Terneuzen, the Netherlands, which is scheduled to be installed later this year.

Progress against strategy

Alfen is making strong progress in executing its growth strategy:

1) **benefitting from strong market growth:** Alfen has been able to grow the revenue in all its business lines, driven by its growing markets, and continues to anticipate strong market growth for all its end-markets further supported by the European Green Deal. The Green Deal ambition to become climate-neutral by 2050 has been set with the accepted climate law. In order to get there the Fit for 55 package was launched in July which is geared to enable a 55% CO₂ reduction by 2030 compared with 1990 emission levels.

Going forward, the grid operators are expected to further increase grid investments as they need to expand and reinforce the grid for the energy transition. Also, solar PV installations in the Netherlands are expected to grow with 26% per annum from 2020 to 2024³. Annual installed EV charge points in Europe are expected to grow with 17% year-on-year from 2020 to 2030⁴. Annual industrial-scale battery energy storage system installations across Western Europe are expected to grow with 45% from 2020 to 2025³.

2) **further internationalisation:** Alfen continues to successfully pursue its internationalisation strategy and has been able to grow revenue outside of the Netherlands 65% from €26.3m in H1 2020 to €43.3m in H1 2021. This revenue growth is predominantly driven by Alfen's EV charging business line.

Alfen's international organisation covers 13 countries, having entered Italy, Spain and Poland in 2020. Additionally, Alfen further strengthened its organisation in countries it already operated in. Besides its own organisational presence, Alfen benefitted from clients with an international footprint and has its products installed in almost 30 European countries.

³ Source: SolarPower Europe

⁴ Source: Guidehouse June 2021

- 3) **expanding its service offering:** Alfen has further expanded and optimised its service offering across its business lines. For EV charging, Alfen offers remote and on-site service throughout Europe, where the company has international service partners lined up in Finland, France, Germany, Italy, Norway, Portugal, Spain, Sweden and the United Kingdom. Alfen increasingly benefitted from its growing installed base, both through existing and new customers.
- 4) **increasing cross-selling opportunities between its three business lines:** Alfen believes to be unique in the fact that it offers integrated solutions across its three business lines. Therefore, Alfen not only benefits from positive market dynamics in each of its business lines, but also from cross-selling and integrating solutions between its business lines. An example of an integrated solution is a combined solar PV park with Alfen's innovative energy storage plaza for mobile storage systems. Alfen developed and is finalising the installation of a plaza where a maximum of 22 mobile energy storage systems of Greener Power Solutions can provide grid stability services. The plaza is integrated with the 13.5MWp solar PV park De Dijken for which Alfen supplied the microgrid including the grid connection in a contract with Prosoldiga. When required, the mobile energy storage systems can be deployed at any location charged with renewable solar energy. As the energy transition evolves, more and more complex challenges arise for which a holistic integrated approach is required.

Outlook

Alfen expects that its markets will continue to grow throughout 2021 while they are being less and less affected by COVID-19 as vaccination schemes progress further and as restrictions can increasingly be lifted across Europe.

From a supply chain perspective, a high demand for components, especially electrical ones, is putting pressure on the supply chain throughout the world. Alfen also experiences supply chain challenges, which it has been able to mitigate up to this point. Alfen has an integrated team that monitors and engages the supply chain and takes purchasing decisions on a daily basis in order to secure supplies. Still, Alfen anticipates some adverse impact in the second half of the year. Alfen continues to be on top of the situation as it expects incremental supply chain pressure to continue well into 2022.

Long-term, Alfen continues to anticipate positive market developments for all its business lines. Underpinned by the agreed climate law and the launch of the Fit for 55 package under the European Green Deal which is expected to further accelerate growth of Alfen's end markets in the years to come. As such, Alfen continues to further invest in its organisation, innovations and production facilities.

Based on the first half year performance and current revenue visibility, Alfen reconfirms its full-year 2021 revenue outlook of €225m to €250m.

Analyst call / webcast

Alfen will host an analyst call and webcast at 9:00 CEST on 27 August 2021 to comment on the 2021 half-year results. Please see ir.alfen.com for details to participate.

Financial calendar

Q3 trading update: 11 November 2021

FY 2021 results: 16 February 2022

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 its 80-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.

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 2021 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.