



Alfen H1 2023 results

Webcast

23 August 2023



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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 revenue will be realised and the actual revenue for the financial year 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.

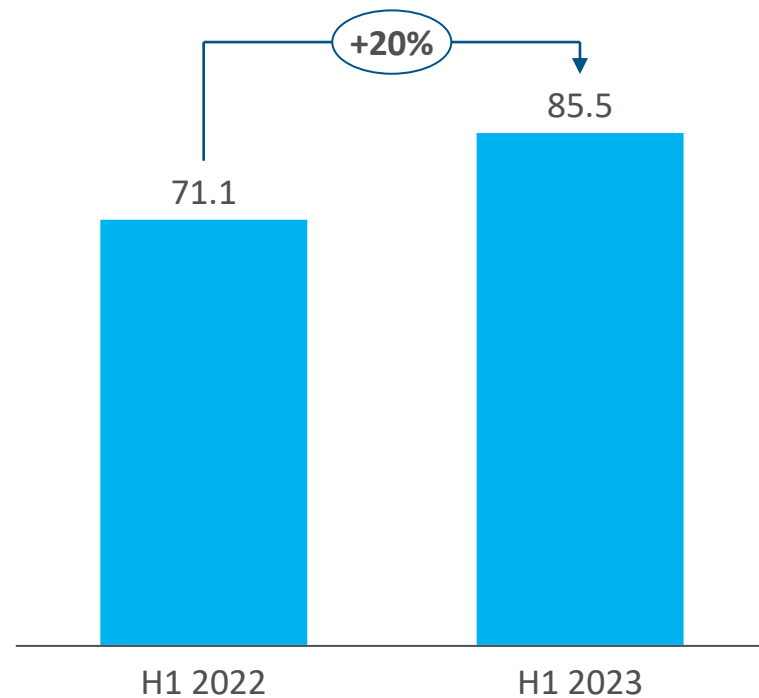
More details on Alfen's H1 2023 performance can be found in the 2023 semi-annual report and the H1 2023 results press release, published together with this presentation. A more comprehensive discussion of the risk factors affecting Alfen's business can be found in Alfen's annual report 2022 which can be found on Alfen's website, www.alfen.com.

Highlights of the first half-year

- > **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.

Segmental review | Smart grid solutions

Revenue and other income (€ million)



- 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.
- Both the grid operator and the private networks segments contributed to our revenue growth.
- 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. Alfen continues to prepare for a step change in growth in coming years as the grid operators scale up in their investment plans.
- 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.

Update | Construction of Hefbrugweg 79 in Almere



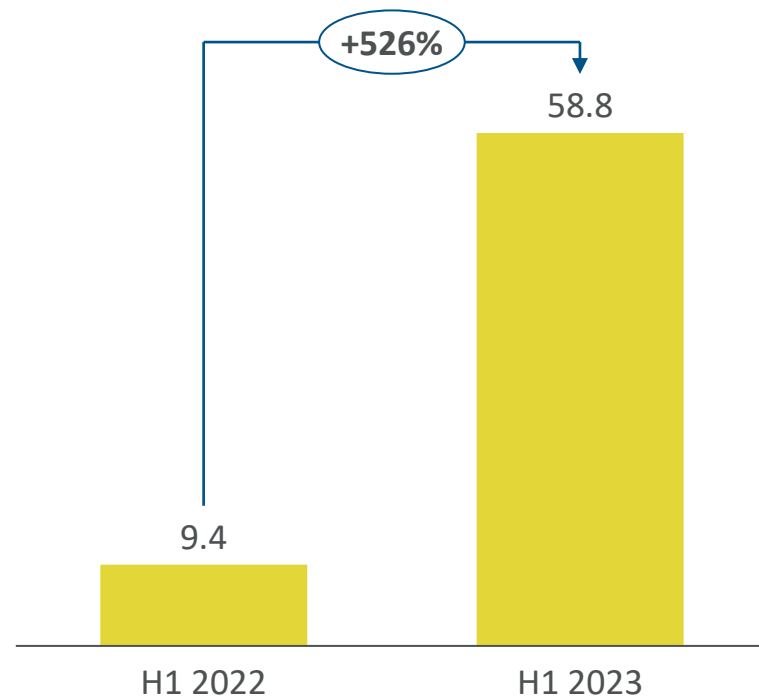
- Grid operators announced substantially higher ambitions in their 2022 annual reports to roll-out substations until 2030.
- We expect a step change in growth in this business line into 2024. We are well prepared for this growth.
- We invested upfront in additional capacity to ensure we are not hampered by production capacity.
- The construction of our additional production & warehouse facility in Almere is advancing as planned and is on track to be operational Q1 2024.

← *Drone view on construction works late July*

Segmental review | Energy storage systems

Revenues and other income

(€ million)

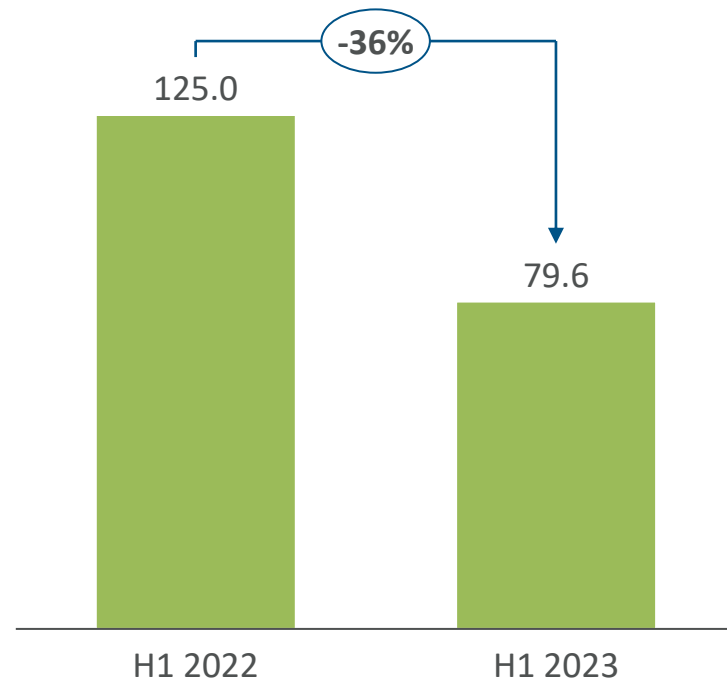


- In the Energy Storage Systems business line, H1 2023 revenue increased 526% to €58.8m compared with €9.4m in the first half of 2022.
- The momentum in the energy storage market is powerful, mostly driven by continuous renewables growth and the need to balance electricity demand and supply.
- This revenue 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.
- 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.

Segmental review | EV charging equipment

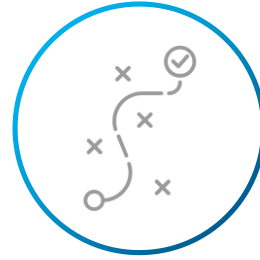
Revenue and other income

(€ million)



- 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.
- The destocking challenge continued through H1 2023, and we saw market challenges in the home segment in certain geographies, including countries such as UK and the Germany. Key drivers include the ending of the OZEV grant and KfW440 subsidy respectively.
- In H1 2023, Alfen generated 60% of its EV Charging Equipment revenue from outside of the Netherlands.
- 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.

Actions in place to stay ahead of the challenges



Country and customer level plans



Partnering with customers



Joint channel marketing

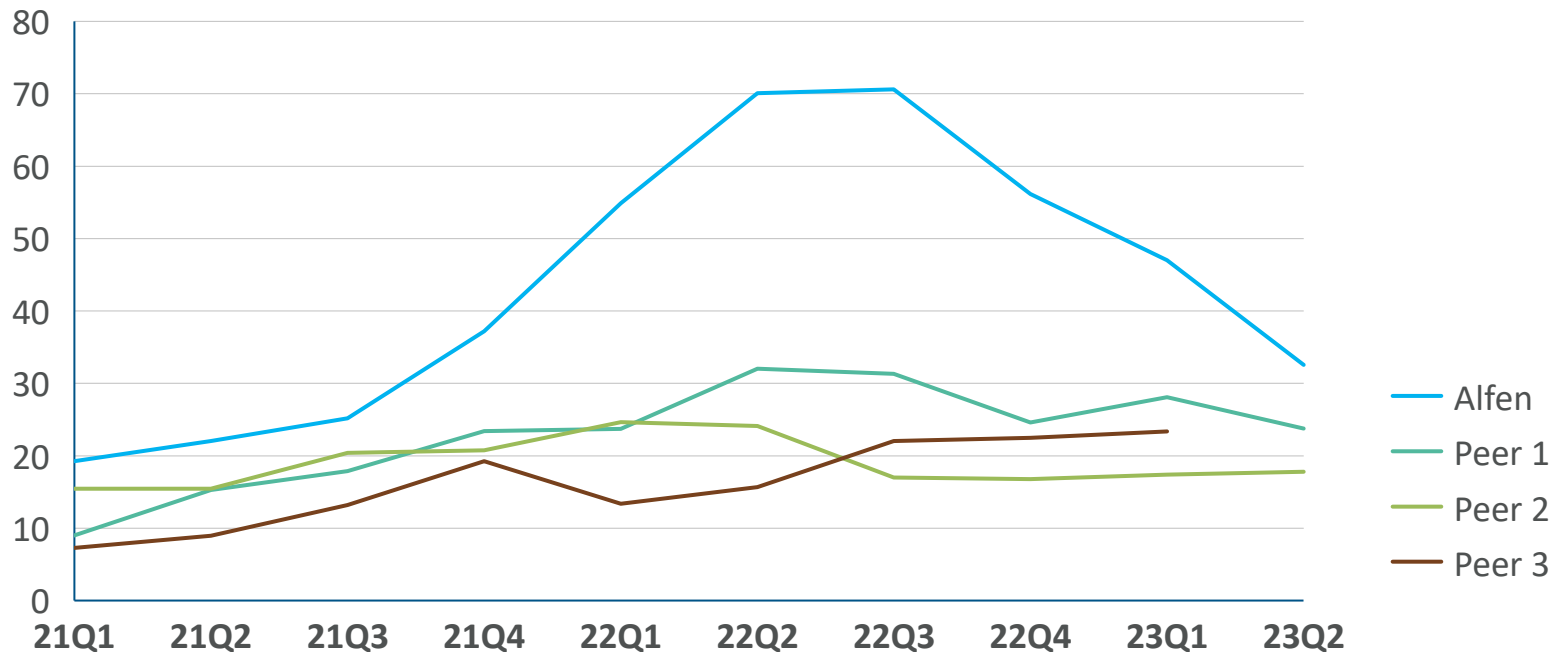


Leveraging recent innovations

Alfen remains largest among listed peers in H1 2023, but is more affected by destocking due to fast scaling in 2022

Comparison quarterly European revenues of listed peers

In million euro



Insights

- 1 Alfen saw rapid growth in 2022
- 2 This created a larger destocking challenge for Alfen
- 3 Despite the excess stock we are still one of the largest amongst our peers

We have seen stock levels normalize within some of our key channels and are on track to see recovery after summer.

The European market for EV charge points has a CAGR of 15-20% from 2022 to 2027 (source: Guidehouse & BNEF). This is also reflected in H1 2023 with 45% more battery EVs registered than in the same period last year (source: ACEA).

Alfen had further commercial successes in H1 2023

Selected examples

EV charging



Won a contract with partners Virta & Eiffage to supply all public and private parking owned by SNCF (French railway operator) over coming 3 years.



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.



Alfen was selected as partner by Aral Pulse to supply charge points in business and public segment, starting with Germany but with international approach in mind

Smart grids



Signed 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.



Signed new contracts with Harvest House for 6 greenhouse sites to deliver transformer substations to connect e-boiler and LED grow light systems.

Energy storage



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.



Won a contract with SemperPower to build the largest battery energy storage system in the Netherlands (30M/68MWh system).



Won a project with Glenmونت Partners and Ilmatar for a 30MW/41MWh battery storage facility next to the Glenmونت wind farm in Central Finland.

Innovation update across our three business lines



SGS | Altro walk-in substation

- Introduced in March and now available to customers.
- Designed to support customers who need MV grid connections.
- Commercial win: ELECTRA ordered 20 substations to grid connect their fast-charging stations in Belgium.



EV Charging | DC 30kW charger

- 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.
- Chargers are being installed at select customer locations for technical validation.



ESS | Mobile X

- Mobile X is Alfen's 4th generation mobile energy storage solution.
- Offers increased capacity of 720 kWh in the same 10ft container (vs. 422 kWh in 3rd generation) with integrated transformer and switchgear.
- The Mobile X is currently being installed at select customer locations.

Financials | Income statement

In € '000	H1 2023	H1 2022
Revenue and other income	223,938	205,529
<i>Smart grids</i>	<i>85,538</i>	<i>71,149</i>
<i>EV charging</i>	<i>79,585</i>	<i>124,989</i>
<i>Energy storage</i>	<i>58,815</i>	<i>9,391</i>
Gross margin	68,295	72,607
<i>as % of revenue</i>	<i>30.5%</i>	<i>35.3%</i>
Personnel cost	34,923	25,762
Other operating cost	12,525	9,974
EBITDA	20,382	36,416
<i>as % of revenue</i>	<i>9.1%</i>	<i>17.7%</i>
Adjusted EBITDA	21,082	37,301
<i>as % of revenue</i>	<i>9.4%</i>	<i>18.1%</i>
Adjusted net profit	10,080	25,320

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.

Adjusted EBITDA amounted to €21.1m (9.4% of revenue), compared to €37.3m (18.1% of revenue) in H1 2022. Two main drivers: 1. Revenue mix shift from EV Charging Equipment to Energy Storage Systems 2. Fixed cost base within EV Charging caused deleverage.

Financials | Balance sheet

In € '000	30 June 2023 ¹	31 Dec 2022
Non-current assets	85,756	58,678
Current assets (excl. cash)	309,140	239,555
Cash and cash equivalents	2,915	22,841
Total assets	397,811	321,074
Non-current liabilities	26,752	18,582
Current liabilities (excl. overdrafts)	174,011	151,909
Bank overdrafts	38,093	-
Equity	158,955	150,583
Total equity and liabilities	397,811	321,074

- **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 H1 2023 is high due to 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. Alfen capitalised €4.9m (versus €4.8m in H1 2022) of development costs, demonstrating the Company's continued efforts to invest in innovations for the future.
- **Alfen quantifies its mid-term objective on the asset light business model:** to keep its CAPEX below 5% of revenue.
- **Working capital²** 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.

1. Unaudited

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

Increase in working capital primarily related to increased stock levels and strategic stock down payments

In € millions

	30 June 2023 (Unaudited)	31 Dec 2022 (Audited)	30 June 2022 (Unaudited)
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

Working capital 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.

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.

As a result, cash (including bank overdraft) amounts to €35.2m (credit) at 30 June 2023. Given the current account overdraft facility of €101.5m, Alfen's total cash availability amounts to €66.3m. Therefore, Alfen maintains significant head room in its bank overdraft facility.

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.



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