



Alfen 2024 Q3 trading update

Webcast

7 November 2024



Disclaimer

This communication 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, 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, 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 N.V. (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 can be found in Alfen's annual report 2023 which can be found on Alfen's website, www.alfen.com.

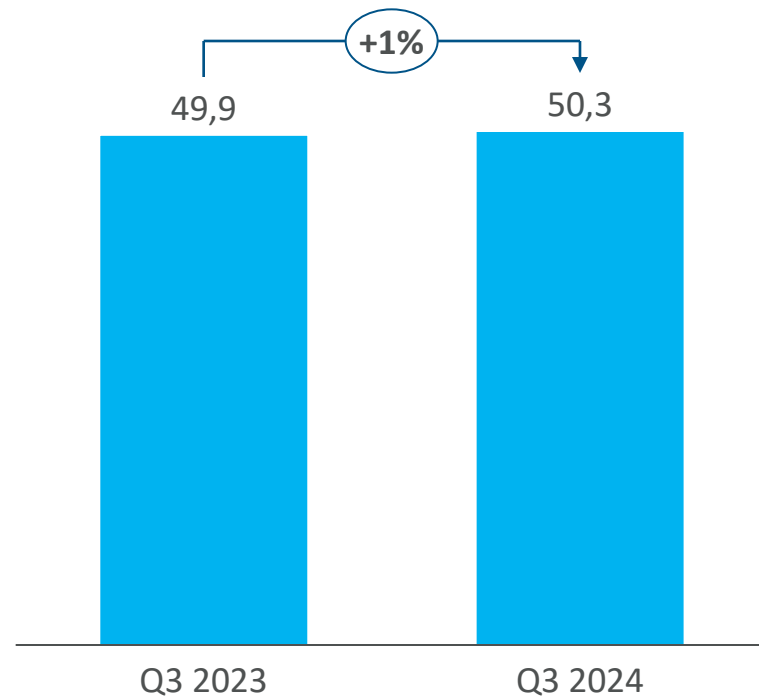
The reported data in this webcast have not been audited.

Alfen's highlights of Q3 2024

- > **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.

Segmental review | Smart grid solutions

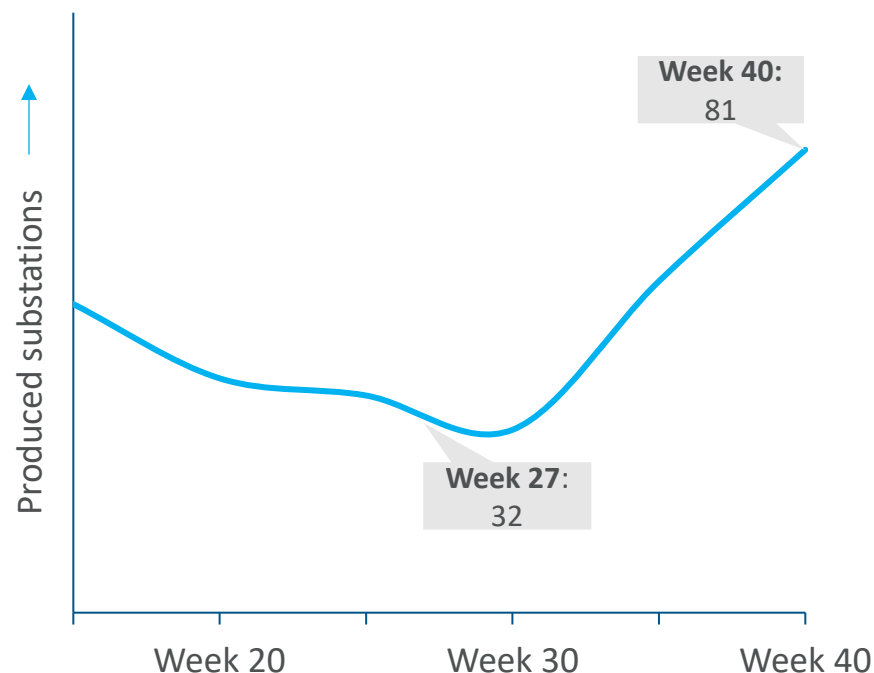
Revenues and other income (€ million)



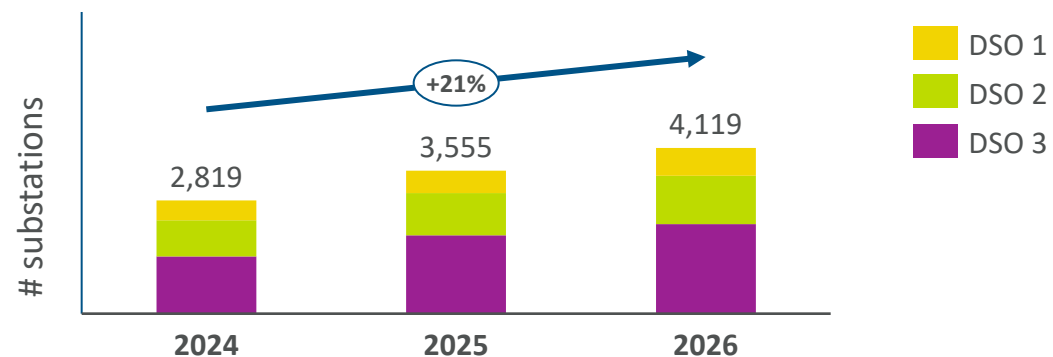
- Q3 revenues were €50.3m (+1% from €49.9m in Q3 2023). In Q3, grid operators expanded and reinforced the distribution grid further.
- Ramp-up of substation production in Q3 ran according to plan - from 32 substations per week in the first week of July towards 81 per week in the last week of September.
- 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.

Smart Grid Solutions – Strong ramp-up in Q3 supports growth in grid operator segment, while private segment remains flattish

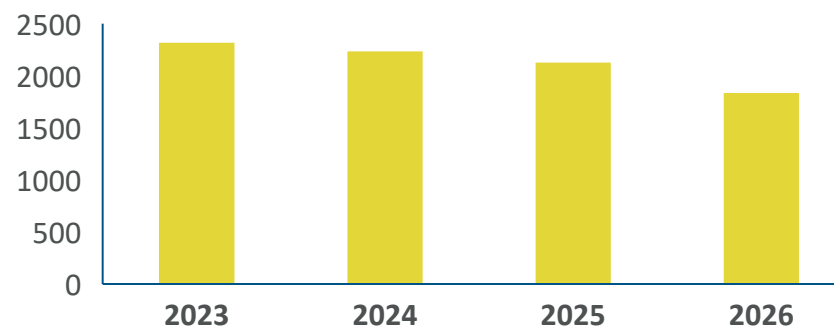
Alfen's ramp-up in substations is on track



Annual substation investments Dutch DSOs continues to grow

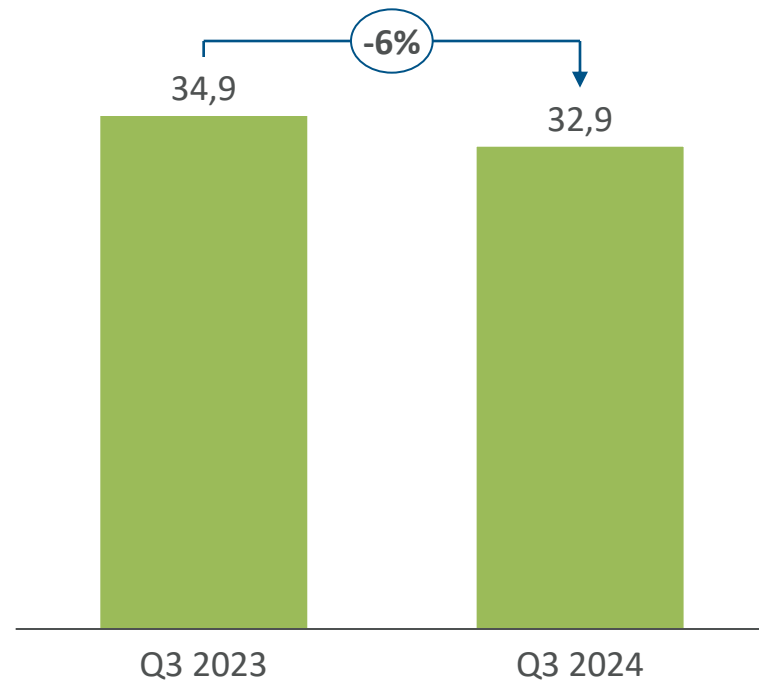


Illustrative private domain segment: Annual capacity additions Dutch solar in business market segment remain flattish (in MWp)



Segmental review | EV charging equipment

Revenues and other income (€ million)



- 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 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.
- This is business line with less visibility (flow business): current backlog does not support Alfen's FY guidance for EV charging.
- Given EV market, Alfen does not expect an order uptake in Q4 this year or Q1 next year.
- Alfen downward adjusts its revenue outlook for EVC from 5-10% growth in 2024 to up to 5% decline.
- 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.

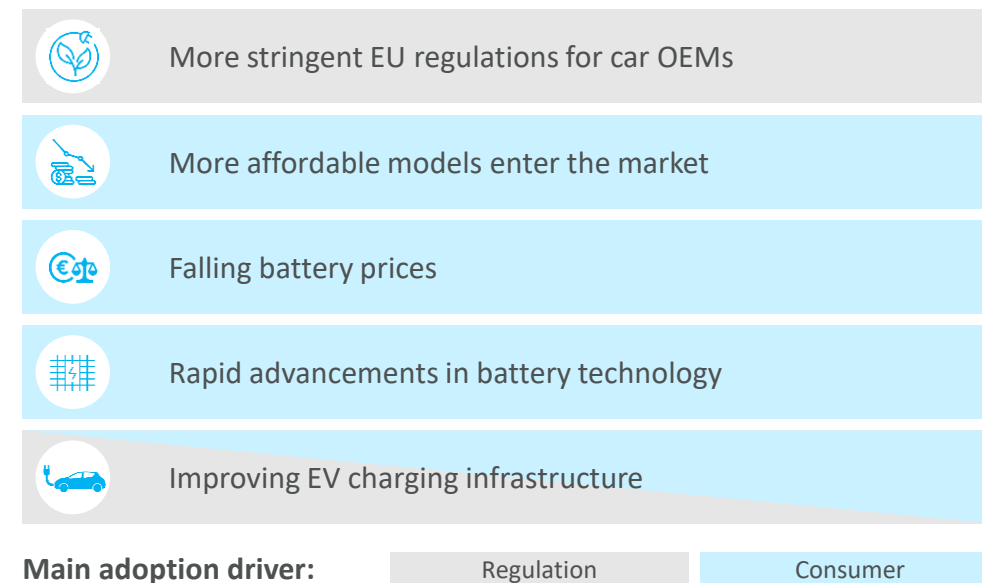
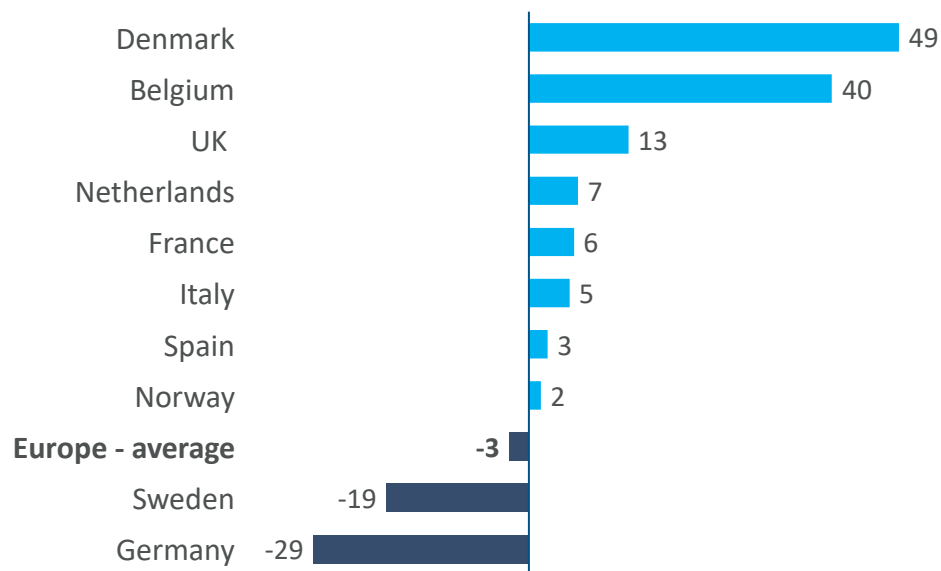
EV Charging - despite current market situation the long-term trend towards electric vehicles is inevitable

Electric vehicle market is stagnating in first nine months of 2024 (-3% y-o-y)..

..but the long-term trend is inevitable with acceleration expected from 2025 onwards

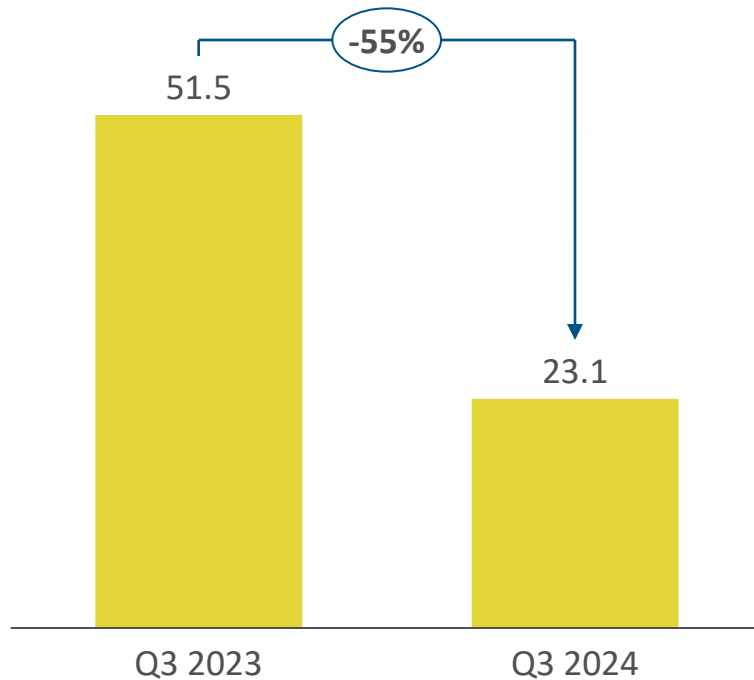
BEV registrations growth in first 9 months of 2024 show large deficits
In [%] y-o-y compared to first 9 months of 2023

Bloomberg forecasts 23% growth for EVs in H1 2025 versus H1 2024
Passenger cars (BEV + PHEV) in Europe



Segmental review | Energy storage systems

Revenues and other income (€ million)

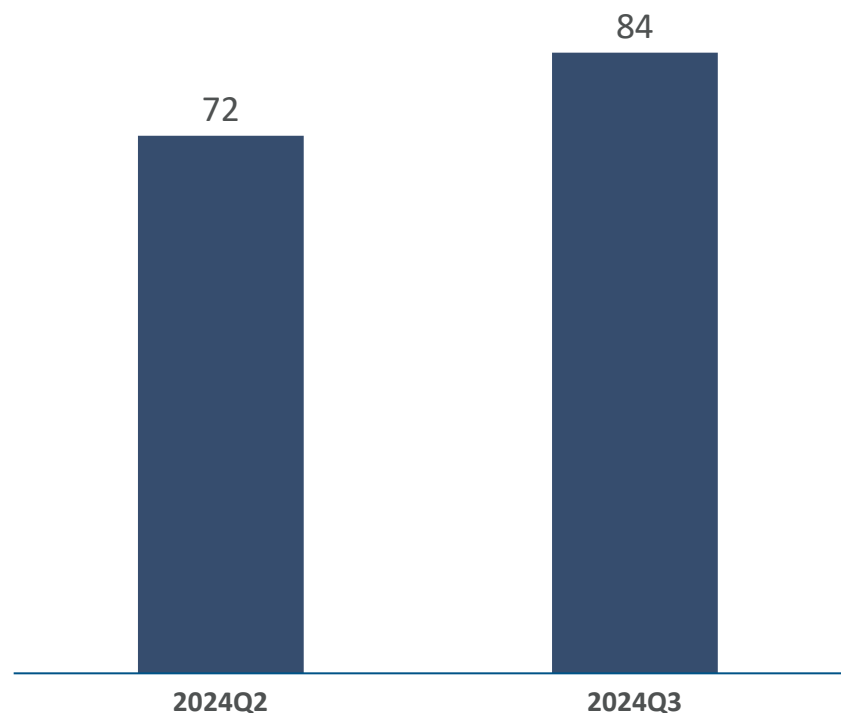


- Q3 revenues were €23.1m (-55% from €51.5m in Q3 2023) due to a backloaded 2023 in terms of revenue and postponed deal closure in H1 2024
- Alfen's revenue outlook for 2024 is fully supported by backlog.
- Alfen expects revenue in ESS in 2024 to decline approximately 20% in line with our updated outlook.
- 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.
- Alfen wants to have substantial backlog coverage of its 2025 revenue guidance at the start of the year.

Energy Storage Systems – sharp decline in battery system prices main driver for storage demand moving forward

Energy storage backlog

in € Millions



Market commentary

Market dynamics leading to temporary over-supply in 2024



Manufacturers increased capacity faster than market grew



Softer Electric Vehicle market leading to more battery's available for stationary applications

Long-term improving fundamentals



Price decline of batteries



Technology advancements (e.g., density increases)

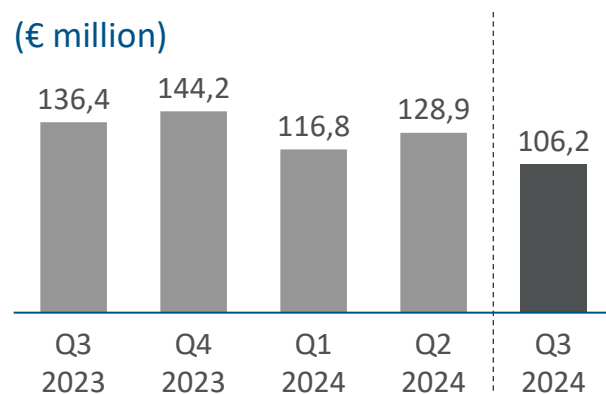
Source: Alfen internal data, BNEF Energy storage forecast 2024 H1

Note: Growth in GWh does not equal revenue growth potential for Alfen due to price decline of systems.

Group financials

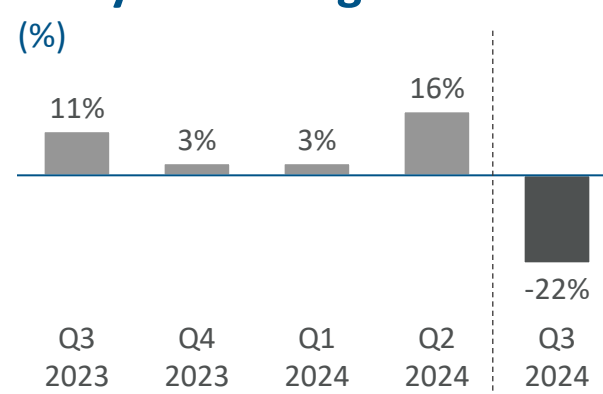
Revenues

(€ million)



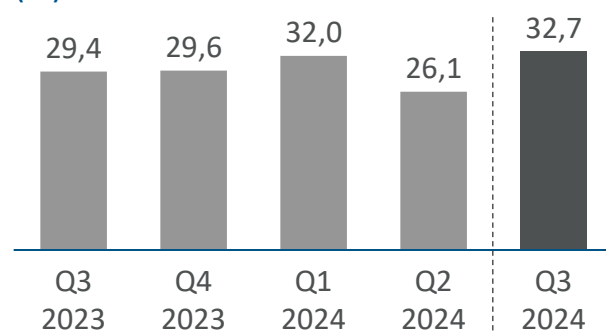
Y-o-y revenue growth

(%)



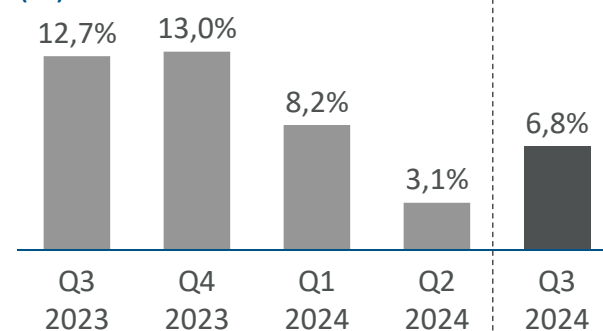
Adjusted gross margin

(%)



Adjusted EBITDA

(%)



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.

Cash flow: free cash flow of €1.6m which is a positive development relative to our end position of H1, as anticipated.

Alfen reached an agreement with the bank on a new financing arrangement



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.

Update on strategy validation and organizational right-sizing (see October 15 publication)

- 1 As communicated on October 15, we are in the **final stages** of our strategy validation and organizational right-sizing efforts.
- 2 To **reduce overall costs**, we have taken a diverse set of measures across all parts of the organisation.
 - A cost price saving program
 - A cost saving program on other operating costs
 - Labour costs included and anticipate up to 15% reduction in jobs. We expect to execute the restructuring in late 2024.
- 3 Our strategy validation will result in more focus on markets and products within our portfolio. Combined with simplifying our organisation, it will reposition us for **renewed profitable growth in 2025**.
- 4 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.
 - Related financial one-off items will be booked in Q4 2024.

Outlook for Q4 and 2025

- 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.



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