



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

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Alfen: driving profitable growth forward in a challenging 2020

- **FY 2020 revenues of €189.0m, a growth of 32%** compared with FY 2019 (€143.2m), driven by growth across all business lines: Smart grids (+14%), EV charging (+105%) and Energy storage (+26%).
- **Adjusted EBITDA of €24.4m (12.9% of revenues), up 68%** versus €14.5m (10.1% of revenues) in 2019.
- **Adjusted net profit grew with 102% to €12.5m** versus €6.2m in 2019.
- **Important new project and client wins**, amongst which:
 - a 3-year framework agreement with PerPetum Energy for the supply of transformer substations for their renewable energy projects in the Netherlands;
 - a 3-year framework agreement with British Gas, UK's largest energy supplier, to supply EV chargers for its own business and also for customers of its parent Centrica; and
 - a 3-year framework agreement with the German energy supplier EnBW to supply Alfen's full portfolio of energy storage solutions.
- **COVID-19 update:** Alfen's number one priority remains the health & safety of its employees and partners. To continue safe and responsible operations, Alfen continues to enforce strict safety measures. Up to this point, Alfen has managed to keep its supply chain intact and its production up and running. However, Alfen's end-markets experience some impact as a result of COVID-19. Thus order intake and revenue growth may be impacted in the short-term, although the long-term energy transition drivers remain strong.

- **Alfen reconfirms its strategy and medium-term objectives** supported by anticipated growth in all its business lines.
- **Alfen provides full-year 2021 revenue outlook of €225-250m**, based on the ongoing energy transition while taking into account the impact of COVID-19.

ALMERE, THE NETHERLANDS – Alfen N.V. (AEX: ALFEN), specialist in energy solutions for the future, today reports its consolidated financial statements for 2020 with continued profitable growth.

Marco Roeleveld, CEO of Alfen, said:

“2020 has been an eventful year. We celebrated various records like the 100,000th produced charge point in March, our growing international footprint with presence in 13 European countries and financially, 2020 was again the strongest year in the history of Alfen, both from a revenue and profitability perspective. At the same time, the global COVID-19 pandemic has significantly impacted people’s lives and the wider economy, including Alfen’s end-markets.

It has been a challenging year for everyone as we had to get used to a new normal where we needed to re-invent how we work together while safeguarding the health and safety of all of us: our employees, our customers, our suppliers and everyone around us. We take great pride in how in these circumstances we truly showed our Power to Adapt and we want to thank our employees for their continued commitment and dedication.

Despite the COVID-19 pandemic we have been able to grow our revenues with 32% to €189m in 2020 compared with 2019 driven by all our business lines and our unique capability to offer integrated solutions for the increasingly complex energy challenges of our clients. Additionally, we have been able to improve our profitability as we drive forward our strategy of operational leverage. Our adjusted EBITDA increased to €24.4m or 12.9% of revenues in 2020 versus €14.5m or 10.1% of revenues in 2019.

We continue to execute our strategy and expect our markets to grow further, although we do not expect them to reach their full growth potential until the COVID-19 pandemic is behind us. Nonetheless, the long-term opportunity for Alfen remains strong and as such we continue to invest in our organisation, new innovations and our production facilities. For 2021, we expect our revenues to be between €225m to €250m based on the ongoing energy transition while taking into account the impact of COVID-19.”

Financial highlights

Key figures

| <i>In € millions</i> | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------|-------|-------|-------|-------|
| Revenues and other income | 61.5 | 74.3 | 101.9 | 143.2 | 189.0 |
| <i>Y-o-y growth</i> | 22% | 21% | 37% | 41% | 32% |
| Gross margin | 17.0 | 21.6 | 30.2 | 50.3 | 69.3 |
| <i>As % of revenues and other income</i> | 27.6% | 29.1% | 29.6% | 35.1% | 36.7% |
| Operational expenses | 14.2 | 17.6 | 27.8 | 36.4 | 45.5 |
| <i>As % of revenues and other income</i> | 23.1 % | 23.7% | 27.3% | 25.4% | 24.1% |
| Adjusted EBITDA | 3.1 | 4.9 | 3.6 | 14.5 | 24.4 |
| <i>As % of revenues and other income</i> | 5.0% | 6.6% | 3.6% | 10.1% | 12.9% |

Revenues and other income increased by 32% from €143.2m in 2019 to €189.0m in 2020, driven by growth across all business lines: Smart grids (+14%), EV charging (+105%) and Energy storage (+26%). Alfen continued to drive its strategy and benefitted from market growth, further internationalisation, cross-selling and service.

Gross margin was 36.7% in 2020 compared with 35.1% in 2019. Alfen benefitted from its strong market position, further leverage from increased scale, a shift towards increasingly complex solutions and favourable product mix effects within each business line.

Personnel costs increased by 27% to €34.4m compared with €27.2m in 2019. Average FTEs increased from 464 in 2019 to 571 in 2020.

Other operating costs increased by 21% to €11.1m compared with €9.2m in 2019.

Adjusted EBITDA amounted to €24.4m (12.9% of revenues), an increase of 68% compared to €14.5m (10.1% of revenues) in 2019. The adjusted EBITDA margin improvement is a result of higher gross margins as well as the operational leverage strategy. EBITDA adjustments in 2020 amounted to €0.5m (versus €0.7m in 2019) and comprised of share-based payment expenses and a related party consultancy fee.

Adjusted net profit grew with 102% from €6.2m in 2019 to €12.5m in 2020.

Capex amounted to €9.6m (5.1% of revenues) as compared to €6.7m (4.7% of revenues) in 2019. Capex in 2020 includes investments in new moulds for Smart grids as well as investments in a new and significantly larger EV charging production facility. Additionally, Alfen capitalised €5.0m of development costs which demonstrates the company's continued efforts to invest in innovations for the future.

Working capital¹ decreased to €2.5m (versus €3.1m at 31 December 2019). Inventory increased due to some strategic stock for additional resilience related to COVID-19 as well as increased stock levels reflecting further growth of the business which was offset mainly by an increase of the trade and other payables.

Operating cash flow increased to €20.1m, compared with €14.1m in 2019.

Net cash position at 31 December 2020 amounted to €32.4m, compared with a net debt position of €19.3m at 31 December 2019. This increase is mainly the result of the capital that Alfen raised in June 2020 of which the proceeds are used to further strengthen Alfen's leading position as a provider of smart energy solutions.

Segmental review

In the **Smart grid solutions** business line, 2020 revenues were €118.5m, a growth of 14% compared with €103.6m in 2019. Grid operators continued to further expand the grid to accommodate the growing number of decentralised wind and solar PV installations on the supply side as well as the ongoing electrification of the demand side through for instance electric vehicles. Alfen benefitted through its existing framework agreements with grid operators and through new contract and client wins in its microgrid business.

Although the number of the renewables developments are growing considerably, some projects have been delayed as a result of COVID-19, which affected order intake and thus revenue.

Alfen's customer base has been further diversified in 2020. Commercial successes include a 3-year framework agreement with PerPetum Energy, specialist in sustainable energy projects, for the supply of transformer substations for their renewable energy projects in the Netherlands, a framework agreement with Dutch DSO Enexis for 4 years (which can be extended with 4 additional years) and a 3-year framework agreement in Finland to yearly supply 300 substations to three grid operators in the eastern part of Finland.

Innovation highlights of 2020 include a new advanced transformer substation for the Dutch market, Alfen Elkamo developed an innovative substation especially for onshore wind farms, and Alfen started a pilot to use recycled cement in its substations to further reduce its impact on the environment.

In 2020, Alfen produced approximately 3,320 substations, a growth of 13% compared to 2019 with approximately 2,930 substations.

In the **EV charging equipment** business line, 2020 revenues were €53.5m, a growth of 105% compared with €26.1m in 2019. It has been a challenging year for the automotive industry due to COVID-19. Demand dropped and car factories had to be closed for multiple weeks during the initial lockdown in spring. To support the automotive sector, European governments made available extensive support packages for the industry, often with sustainability conditions. Additionally, governments have further stimulated the

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

decarbonisation of the transportation sector by increasing subsidies, grants, tax breaks and other incentives for electric vehicles. This has resulted in a strong rise in EV adoption across Europe, further boosting the need for EV charge points. Alfen benefitted from increasing volumes under framework agreements that have been set-up over the years, new client wins and further internationalisation. For instance, Alfen further strengthened its international organisation and expanded to Italy, Spain and Poland.

Selected examples of commercial successes are a 3-year framework agreement with British Gas, UK's largest energy supplier, to supply EV chargers for its own business and also for customers of its parent Centrica, a framework agreement to supply charge points to one of Sweden's leading charge point operators Bee, and a 3-year framework agreement with Engie S.A. to supply EV charge points to their customers throughout Europe via Engie's European subsidiaries.

Alfen continued to invest in innovations. For instance, Alfen introduced direct payment functionality in Germany, which can be further rolled out throughout Europe, Alfen implemented the new Open Charge Point Protocol (OCPP) 2.0 that replaces the existing OCPP 1.6 version and the company introduced cementless concrete foundations for its charge points, reducing its CO2 impact.

In 2020, Alfen produced approximately 55,500 charge points, a growth of 115% from 2019 with approximately 25,800 produced charge points.

In the **Energy storage systems** business line, revenues were €17.0m, a growth of 26% compared with €13.4m in 2019. COVID-19 introduced headwinds after strong momentum at the end of 2019 and in the first quarter of 2020. The coronavirus slowed down the growth of the energy storage markets as businesses rethink their capital expenditure programs. Although energy storage is an essential component of the future sustainable energy system, for some businesses it is not yet deemed business critical, which has delayed investments and projects. Yet, energy storage solution costs are coming down and the market appears to be recovering. On the back of this, Alfen has been able to secure new contracts and framework agreements towards the end of 2020 based on its strong market position, such as a 3-year framework agreement with Centrica to supply energy storage solutions across Europe, a 3-year framework agreement with the German energy supplier EnBW to supply Alfen's full portfolio of energy storage solutions, and a 5-year framework agreement for the supply of energy storage solutions with SemperPower.

Innovation highlights of 2020 are Alfen's second generation mobile energy storage solution with new and improved features of which various systems are already in operation, a high density energy storage solution that allows up to 50% more storage capacity per storage unit, and the development of a new SCADA system based on the most relevant communication protocols for industrial applications, for optimal integration in the energy management systems of Alfen's customers.

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, although COVID-19 did have a slowing affect. Alfen believes that only after COVID-19, its markets for Smart grids, EV charging and Energy storage will be able to reach their full growth potential.

For the coming years the market outlook is strong for all Alfen's business line. The grid operators are expected to further increase grid investments as decarbonisation of the energy system continues to drive up demand for electricity and solar PV installations in the Netherlands are expected to grow with 37% per annum towards 2023². Annual installed EV charge points in Europe are expected to grow with 25% year-on-year from 2019 to 2025³, also driven by the European Union's target to have at least 30 million electric cars on the road by 2030. Annual industrial-scale battery energy storage system installations across Western Europe are expected to growth with 38% from 2020 to 2025³.

Alfen is well positioned to benefit from this growth based on its strong market position and credentials.

- 2) **further internationalisation:** Alfen continues to pursue its internationalisation strategy and has been able to grow its revenues outside of the Netherlands in Europe with 57% from €39.1m in 2019 to €61.4m in 2020. 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 more than 25 European countries.

- 3) **expanding its service offering:** Alfen has further expanded and optimised its service offering across its business lines in 2020. For instance, Alfen widened its service offering for Smart grids and for its EV charging business and Alfen further optimised its service proposition to fulfil customer needs even better. 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 cross-selling is Centrica, for which Alfen won a framework agreement for the supply of EV charge points as well as a framework agreement for energy storage solutions. An example of an integrated solution is PZEM, for which Alfen supplied an energy storage system in combination with grid integration and a charging plaza for electric vehicles at

² Source: SolarPower Europe

³ Source: Guidehouse Jan 2021

its office in the Middelburg municipality. As the energy transition evolves, more and more complex challenges arise for which a holistic integrated approach is required.

Sustainability

Alfen's vision is a connected, smart and sustainable energy system for future generations. To deliver this, Alfen's mission is to boost the energy transition by engineering, manufacturing, integrating and connecting high quality energy solutions that are innovative, reliable and smart. The company has strong impact through enabling sustainable energy developments with its three business lines, but Alfen has been considering it its responsibility to further strengthen this impact through an active Corporate Social Responsibility (CSR) strategy. Under this strategy, Alfen has also aligned itself to the United Nations' sustainable development framework with a key focus on four Sustainable Development Goals (SDGs): SDG 7 (affordable and clean energy), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure) and SDG 12 (responsible consumption and production).

For these four focus SDGs, Alfen monitors and started reporting its impact as a result of its activities. For instance, over the years Alfen managed to avoid up to 1.4 million tonnes CO₂e emissions as its installed charge points power electric vehicles and avoid harmful emissions. Furthermore, Alfen enabled the supply of renewable energy to up to 142,000 households in 2020 by the solar PV farms that Alfen connected over the years to the public grid through its Smart grids solutions.

Alfen is committed to continue to further improve its sustainability performance in the transition towards a truly sustainable society for future generations.

Outlook

Alfen expects that, in 2021, COVID-19 will continue to impact the wider economy and its end-markets, which may impact order intake and revenue growth. To what extent, depends on the duration of the pandemic and how quickly vaccines can successfully be rolled out and get the virus under control, as well as any measures adopted by governments.

At the same time, Alfen expects the energy transition to keep building further momentum as European governments increasingly take action to further support the European Union's Green Deal to become climate neutral by 2050. As such, Alfen continues to anticipate long-term positive market developments in all its business lines and in 2021, plans to further invest in its organisation, new innovations and further optimisation of its production facilities.

Alfen expects 2021 revenues to be between €225m to €250m based on the ongoing energy transition while taking into account the impact of COVID-19.

The 2020 Annual Report report is available in the Investor Relations section of the website www.alfen.com.

Analyst call / webcast

Alfen will host an analyst call and webcast at 9:00 CET on 17 February 2021 to comment on the 2020 full year results. Please see ir.alfen.com for details to participate.

Financial calendar

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|-------------------------|---|
| Annual General Meeting: | 8 April 2021 - invitation and agenda will be announced on Alfen's website |
| Q1 trading update: | 12 May 2021 |
| HY 2021 results: | 27 August 2021 |
| Q3 trading update: | 11 November 2021 |

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.