Alfen

Semi-annual Report 2021

Enabling the energy transition

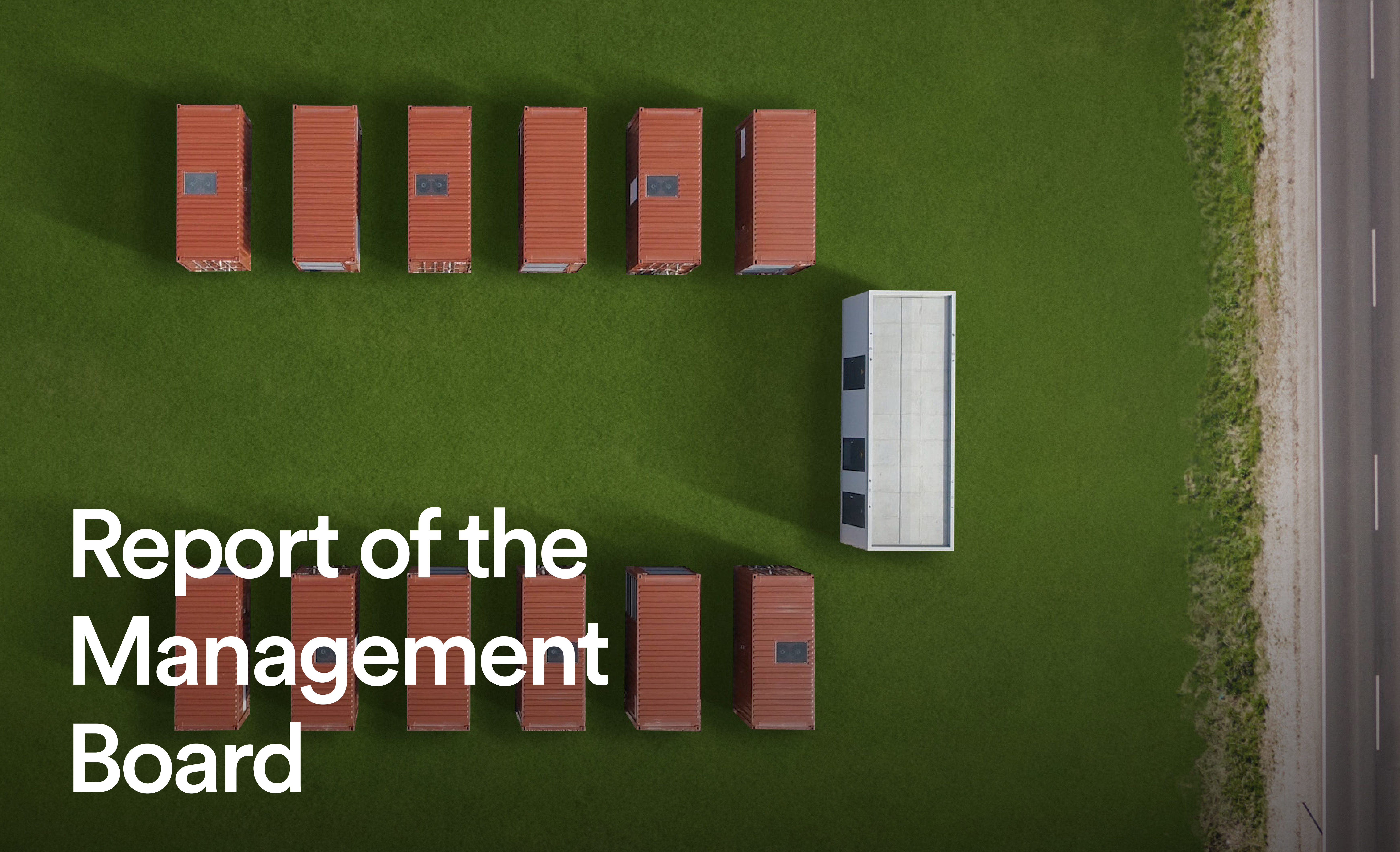
ALFEN N.V.

ALFEN

Unaudited condensed interim consolidated financial statements for the six months ended 30 June 2021

Alfen N.V.
Amsterdam, the Netherlands

Report of the Management Board



Report of the Management Board

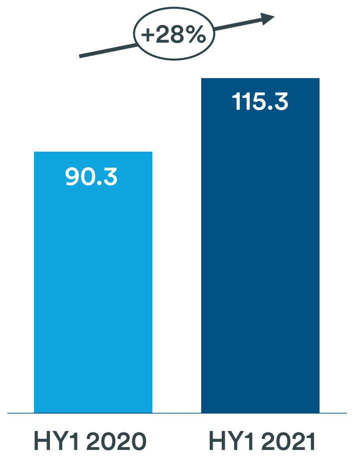
This semi-annual report of Alfen N.V. (hereafter “Alfen” or “the Company”) for the six months ended 30 June 2021 consists of the semi-annual report of the management board of the Company (the “Management Board”), including the responsibility statement by the Management Board, and the Condensed Interim Consolidated Financial Statements and the accompanying notes. All information included in this report is unaudited.

The Management Board hereby declares that to the best of its knowledge, the semi-annual report of the Management Board gives a fair review of the information required pursuant to section 5:25d sub 8-9 of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”) and the Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2021, which have been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole.

Alfen is listed on the Amsterdam Stock Exchange.

Financial performance

Revenue and other income
(in EUR million)



Revenue and other income increased by 28% to €115.3 million in the first half-year of 2021 from €90.3 million in the first half-year of 2020, driven by growth across all business lines.

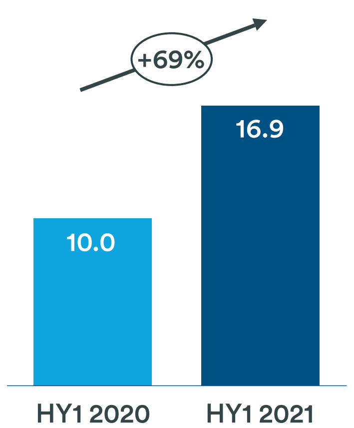
In the Smart grid solutions business line, HY1 2021 revenues were €62.5 million, a growth of 8% compared with €57.8 million in the first half-year of 2020. After relatively flat growth of the business line in the first quarter of this year, revenues in the second quarter increased with 15% compared with the same period in 2020. Having introduced the new and innovative substation range in the first quarter this year, Alfen continued to benefit through its existing framework agreements with grid operators which continued to further 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.

In the EV charging equipment business line, HY1 2021 revenues were €41.3 million, compared with €24.7 million in the first half-year 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 further grow 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 HY1 2021, more than 60% of revenues was generated outside of the Netherlands.

In the Energy storage systems business line, HY1 2021 revenues were €11.5 million, a growth of 47% compared with €7.8 million in the first half-year 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.

Adjusted EBITDA

(in EUR million)



EBITDA and net profit

Profitability in the first half-year of 2021 improved compared to the first half-year of 2020, driven by revenue growth and leverage from increased scale.

EBITDA increased by 72% from €9.7 million in HY1 2020 to €16.6 million in HY1 2021. EBITDA adjustments in the first half-year of 2021 amounted to €0.3 million (versus €0.4 million in the first half-year of 2020) and solely comprised of share-based payment expenses associated with the Long-Term Incentive Plans (see Note 7). Adjusted EBITDA amounted to €16.9 million, an increase of 69% versus €10.0 million in the first half-year of 2020.

Net profit in the first half-year of 2021 amounted to €9.0 million (versus €4.9 million in the first half-year of 2020). Adjusted for one-off costs and special items after tax, net profit amounted to €9.3 million (versus €5.3 million in the first half-year of 2020).

The following summary reconciles EBITDA and net profit with the adjusted EBITDA and adjusted net profit:

In EUR '000	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
EBITDA	16,646	9,654
Related party consultancy fee	-	32
Share-based payment expenses	271	337
Adjusted EBITDA	16,917	10,023
Net profit / (loss)	9,024	4,896
Aggregated one-off costs and special items after tax	271	361
Adjusted Net profit / (loss)	9,295	5,257

In the first half-year of 2021, finance income and costs increased with €90 thousand to €444 thousand, compared to €354 thousand in the first half-year of 2021. Following the share issuance in June 2020, our average net cash position during the first half-year of 2021 significantly improved compared to the first half-year of 2020 resulting in additional interest expenses on excess cash. In addition, lease liabilities increased significantly during the second half-year of 2020, driving the 2021 interest expenses related to lease liabilities upwards.

The effective tax rate increased from 21.3% in the first half-year of 2020 to 25.8% in the first half-year of 2021. In previous year we realised a tax deductible related to the issuance of ordinary shares (see Note 8). No such deductibles have been realised in the first half-year of 2021.

Finance and investments

Net cash position at 30 June 2021 amounted to €29.2 million, compared to €32.4 million at 31 December 2020. The decreased net cash position is primarily caused by the working capital increase 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 electronical components of €5.5 million (presented under Trade and other receivables) in order to safeguard and enhance resilience in our global supply chain. Furthermore, contract balances increased as a result of a timing effect in triggering payment milestones.

Solvency (equity divided by total assets) stood at 51.2% at the end of June 2021 compared to 50.6% at the end of December 2020 driven by increased profitability in the first half-year of 2021.

Capital expenditure amounted to €5.4 million as compared to €4.9 million in the same period of 2020. Capex in the first half-year of 2021 includes investments in IT-infrastructure and Data Security, R&D test facilities, new moulds for the 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 the Company's continued efforts to invest in innovations for the future.

Related party transactions

Transactions with the most important related parties are disclosed in Note 11 of the condensed interim consolidated financial statements.

Principle risks and uncertainties

In our Annual Report 2020, we have extensively described certain risks and uncertainties, which could have a material adverse effect on our financial position and results. We believe that the risks identified for the second half-year of 2021 are unchanged compared to the risks that were presented in our Annual Report 2020

However, we would like to report on the following risks and uncertainties in addition to our Annual Report 2020.

Alfen's number one priority remains the health & safety of its employees and partners. Up to this point, Alfen has managed to keep its business going. To continue safe and responsible operations, it continues to enforce strict safety measures. While being less and less affected by COVID-19 as vaccination schemes progress further and as restrictions can increasingly be lifted across Europe there still remains a macro-economic uncertainty for the second half-year of 2021 and further which could have, to some extent, adverse impact on our order intake.

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.

Investments

Our organisation grew from 588 FTEs at 31 December 2020 to 621 FTEs at 30 June 2021, including 75 FTEs at Alfen Elkamo. Anticipating further growth and internationalisation, we expect a further increase in FTEs for the second half-year of 2021. Investment plans for the second half-year of 2021 primarily relate to R&D as well as further investments in property, plant and equipment, specifically related to IT-infrastructure and Data Security and moulds for the Smart grids business line.

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.

At 7 July 2021, Alfen concluded a lease contract for a new production location and office building. As from 1 September 2021, Alfen will start leasing part of the total premises for warehousing purposes. During the construction period of the new production location and office building, financing will be provided by Alfen. The construction period is expected to be finalised around the end of 2022 / the beginning of 2023. After finalisation of the construction period the financing provided by Alfen will be repaid. At that same moment, a lease will start for a period of 15 years, comprising the land, the production location and the office building.

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

Almere, 26 August 2021

Board of Directors

Marco Roeleveld CEO	**Jeroen van Rossen** CFO

Photo: Greenchoice

Condensed interim consolidated financial statements for the six months ended 30 June 2021

Condensed interim consolidated statement of comprehensive income

In EUR '000	Note	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Continuing operations			
Revenue	6	115,345	90,327
Other income	6	-	-
		115,345	90,327
Operating expenses			
Costs of raw materials and consumables		(68,393)	(54,531)
Costs of outsourced work and other external costs		(4,931)	(3,756)
Personnel expenses		(19,645)	(17,107)
Amortisation on intangible assets		(1,636)	(1,291)
Depreciation on property, plant and equipment		(2,408)	(1,791)
Impairment loss on trade receivables and contract assets		43	-
Other operating costs	7	(5,773)	(5,279)
		(102,743)	(83,755)
Operating profit		12,602	6,572
Finance income		1	3
Finance costs		(445)	(357)
Finance income (costs) - net		(444)	(354)
Profit (loss) before income tax		12,158	6,218
Income tax expense	8	(3,134)	(1,322)
Profit (loss) for the period		9,024	4,896
Other comprehensive income for the period		-	-
Total comprehensive income for the period		9,024	4,896
Total comprehensive income for the period (attributable to the owners of the Company)		9,024	4,896
Earnings per share for profit attributable to the ordinary equity holders			
Basic earnings per share		0.42	0.24
Diluted earnings per share		0.41	0.24
Weighted average number of outstanding ordinary shares			
Basic		21,694,584	20,075,131
Diluted		21,769,039	20,116,294

The above statement of comprehensive income should be read in conjunction with the accompanying notes. The notes are integral part of the semi-annual report.

Condensed interim consolidated statement of financial position

In EUR '000	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		24,155	24,056
Intangible assets and goodwill		15,301	13,602
Deferred tax assets		75	11
Receivables		152	137
Total non-current assets		39,683	37,806
Current assets			
Inventories		17,757	19,988
Trade and other receivables		56,631	36,414
Current tax receivables		5	-
Cash and cash equivalents		48,952	52,344
Total current assets		123,345	108,746
Total assets		163,028	146,552
Group equity			
Share capital		2,175	2,175
Share premium		50,429	50,429
Retained earnings	7	21,895	9,637
Result for the year		9,024	11,987
Total group equity		83,528	74,228
Liabilities			
Non-current liabilities			
Borrowings	9	14,243	15,467
Deferred tax liabilities		3,268	2,921
Provisions		42	42
Total non-current liabilities		17,553	18,430
Current liabilities			
Trade and other payables		53,569	45,619
Current tax liabilities		2,385	3,309
Bank overdrafts		-	-
Borrowings	9	5,501	4,521
Deferred revenue		497	445
Total current liabilities		61,952	53,894
Total liabilities		79,505	72,324
Total equity and liabilities		163,028	146,552

The above statement of financial position should be read in conjunction with the accompanying notes. The notes are integral part of the semi-annual report.

Condensed interim consolidated statement of changes in equity

In EUR '000	Note	Attributable to equity owners of Alfen N.V.				
		Share capital *	Share premium	Retained earnings	Result for the year	Total equity
Balance - 1 January 2020 (audited)		2,000	1,913	3,510	5,625	13,048
Profit (loss) for the period		-	-	-	11,987	11,987
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	11,987	11,987
Transactions with owners in their capacity as owners						
Issuance of ordinary shares, net of tax		175	49,531	-	-	49,706
Purchase of treasury shares		-	(1,015)	-	-	(1,015)
Share-based payment transactions	7	-	-	502	-	502
Dividend		-	-	-	-	-
Allocation of profit (loss)		-	-	5,625	(5,625)	-
Balance - 31 December 2020 (audited)		2,175	50,429	9,637	11,987	74,228
Profit (loss) for the period		-	-	-	9,024	9,024
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	9,024	9,024
Transactions with owners in their capacity as owners						
Issuance of ordinary shares, net of tax		-	-	-	-	-
Purchase of treasury shares		-	-	-	-	-
Share-based payment transactions	7	-	-	271	-	271
Dividend		-	-	-	-	-
Allocation of profit (loss)		-	-	11,987	(11,987)	-
Balance - 30 June 2021 (unaudited)		2,175	50,429	21,895	9,024	83,523

** The outstanding ordinary shares of 21,750,000 includes 55,416 treasury shares as per 30 June 2021 (31 December 2020: 55,416).*

The above statement of changes in equity should be read in conjunction with the accompanying notes.
The notes are integral part of the semi-annual report.

Condensed interim consolidated statement of cash flows

In EUR '000	Note	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Cash flows from operating activities			
Operating profit		12,602	6,572
Adjustments for:			
Depreciation, amortisation and impairment expenses		4,044	3,082
Change in provision		-	-
Change in non-current receivables		(15)	(13)
Share-based payment expenses	7	271	337
Changes in operating assets and liabilities:			
(Increase)/decrease inventories		2,231	(7,393)
(Increase)/decrease contract balances		(5,614)	(3,062)
(Increase)/decrease trade and other receivables		(13,421)	(4,838)
Increase/(decrease) trade and other payables		6,807	2,360
Cash generated from operations		6,905	(2,955)
Income taxes (paid)/received		(3,780)	(1,051)
Interest paid		(255)	(273)
Interest received		1	3
Net cash inflow/(outflow) from operating activities		2,871	(4,276)
Cash flows from investing activities			
Payment for property, plant and equipment		(2,016)	(2,373)
Payment for intangible assets		(3,335)	(2,486)
Net cash inflow/(outflow) from investing activities		(5,351)	(4,859)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		-	49,434
Purchase of treasury shares		-	(1,015)
Proceeds from borrowings	9	1,008	772
Repayments of borrowings	9	(1,920)	(1,648)
Dividends paid to company's shareholders		-	-
Net cash inflow/(outflow) from financing activities		(912)	47,542
Net increase/(decrease) in cash and cash equivalents		(3,392)	38,407
Cash and cash equivalents at the beginning of the half-year		52,344	(3,133)
Cash and cash equivalents at the end of the half-year		48,952	35,274

The above statement of cash flows should be read in conjunction with the accompanying notes.
The notes are integral part of the semi-annual report.

Notes to the condensed interim consolidated financial statements

Note 1 General information

Alfen N.V. (hereafter "Alfen" or "the Company") is a public limited liability company (N.V.) which main activity is to develop, produce and sell products, systems and services related to the electricity grid, including smart grid solutions, charging equipment for electric vehicles and energy storage systems. Alfen's main geographic focus is the Netherlands, followed by Finland, Belgium, Germany, the United Kingdom, France and the rest of Europe.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as "the Group"). The condensed interim consolidated financial statements are unaudited.

Alfen is the holding company of the Group. Alfen was listed on the Amsterdam Stock Exchange on 22 March 2018 and has its registered office at Hefbrugweg 28, 1332 AP, Almere, the Netherlands. The statutory seat is in Amsterdam, the Netherlands.

Alfen is registered in the Chamber of Commerce under number 644.62.846.

This semi-annual report was authorised for issue by the Company's Board of Directors and approved by the Supervisory Board on 26 August 2021.

Note 2 Summary of significant accounting policies

Basis of preparation

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with Alfen's Annual Report 2020.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Basis of measurement

The accounting policies adopted are consistent with those applied in the IFRS consolidated financial statements as at and for the year ended 31 December 2020.

Note 3 Critical accounting estimates and judgements

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported periods. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Note 4 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those applied in the IFRS consolidated financial statements as at and for the year ended 31 December 2020.

A number of new amendments to standards are effective from 1 January 2021 but they do not have a material effect on the Company's condensed interim consolidated financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods starting on or after 1 January 2021 and have not been early adopted by the Company. For none of these standards that are not yet effective it is expected that they have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Note 5 Segment information

The Company is engaged in the business of developing, producing and selling various products, systems and services related to the electricity grid. There is a strong interrelationship between our three product groups - i.e. Smart grid solutions, EV charging equipment and Energy storage systems.

IFRS 8 requires disclosures of segment information in alignment with internal management reporting to the Chief Operating Decision Maker ('CODM'). Alfen's CEO is considered the CODM, who is ultimately responsible for reviewing and assessing the performance of the three separately identified product groups.

The CODM monitors the performance of the three product groups, despite the split in revenue, solely on an aggregated basis for resource allocation and overall performance measurement. All financial segment information can therefore be found in the condensed interim consolidated financial statements.

Note 6

Revenue and other income

The Company's operations and main revenue streams from contracts with customers are those described in Alfen's Annual Report 2020.

The Company derives the following revenues and other income per business line:

In EUR '000	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Smart grid solutions	62,500	57,832
Energy storage systems	11,496	7,814
EV charging equipment	41,349	24,681
	115,345	90,327

Smart grid solutions and Energy storage systems revenue generated by entities domiciling in the Netherlands and Belgium amounting to €62.3 and €2.0 million, respectively, is considered to be over time revenue for which the cost-to-cost method is applied by the Company. Smart grid solutions revenue generated by Alfen Elkamo - i.e. €9.7 million - as well as the Company's EV charging equipment revenue of €41.3 million is considered to be point-in-time revenue.

Revenue and other income by region based on the destination of products and location of projects:

In EUR '000	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
The Netherlands	72,022	64,045
Other European Union countries	41,886	25,612
Rest of Europe	1,373	661
Outside Europe	64	9
	115,345	90,327

Note 7

Share-based payments

Share award plans

Celebration Share Award Plan
On 22 March 2018, the Management Board of Alfen granted to all eligible employees conditional rights to acquire a cumulative total of 118,429 existing Ordinary Shares or 0.6% of the issued share capital of the Company for no consideration under a one-off share incentive.

The conditional rights to acquire existing Ordinary Shares granted were exercisable in exchange for Ordinary Shares on the day that is two years after the grant date, on the condition that the relevant employee of Alfen continued to be employed by the Company on this date (subject to certain arrangements for exceptional circumstances, such as death of the employee).

The Company entered into an agreement with the Selling Shareholders on 12 March 2018 pursuant to which Alfen has the right to acquire from the Selling Shareholders for no consideration a number of Ordinary Shares equal to the number of conditional rights exercised by eligible employees, being no more than 120,000 Ordinary Shares.

The Celebration Share Award Plan was settled on 22 March 2020.

Long-term incentive plan – Key employees
The Management Board of Alfen recognises the importance of its key employees to the future success of the Company. Therefore, on 4 October 2018, a long-term incentive plan ('LTIP Key employees') was introduced for a number of designated employees within the group of the Company.

The following grants, comprising of Ordinary Shares in the Company, have been made under this plan:

Grant date	Number of Awards Granted	Exercise price
1 January 2019	37,316	Nil
1 January 2020	38,434	Nil
1 January 2021	8,147	Nil

The conditional rights to acquire existing Ordinary Shares granted will be exercisable in exchange for Ordinary Shares on the day that is four years after the grant date, on the condition that the relevant employee of Alfen continues to be employed by the Company on this date (subject to certain arrangements for exceptional circumstances, such as death of the employee). Besides the aforementioned service vesting condition no other vesting conditions are applicable for the LTIP Key employees.

Long-term incentive plan – Board of Directors
As part of the introduced remuneration policy, which has been adopted by the general meeting of shareholders on 8 April 2020, a long-term incentive plan for the Board of Directors ('LTIP Board of Directors') was introduced in order to increase the alignment between shareholder's interest and the interest of the Board of Directors.

The following grants, comprising of Ordinary Shares in the Company, have been made under this plan:

Grant date	Number of Awards Granted*	Exercise price
8 April 2020	13,783	Nil
29 April 2021	3,115	Nil

** At 100% realisation of the applicable performance conditions. The actual number of Awards that will vest can range from nil for both grants (at 0% realisation) up to 17,229 and 3,893 (at 125% realisation) for the 2020 and 2021 grants, respectively.*

The conditional rights to acquire existing Ordinary Shares granted will be exercisable in exchange for Ordinary Shares on the day that is three years after inception of the service and performance period, subject to continued employment as a member of the Board of Directors and certain non-market based performance vesting conditions.

The service and performance period are starting on the 1st of January of the applicable financial year, in which the grant has been made. Besides the aforementioned service and performance vesting conditions there is one additional condition in place, which is an one year holding period for the Board of Directors after vesting date.

Summary of changes in outstanding shares

Changes in outstanding shares for the period:

	LTIP Key employees	LTIP Board of Directors	Celebration Share Award Plan
Balance - 1 January 2020 (audited)	35,131	-	94,238
Granted	38,434	13,783	-
Forfeited	(3,193)	-	-
Exercised	-	-	(94,238)
Expired	-	-	-
Balance - 31 December 2020 (audited)	70,372	13,783	-
Granted	8,147	3,115	-
Forfeited	(349)	-	-
Exercised	-	-	-
Expired	-	-	-
Balance - 30 June 2021 (unaudited)	78,170	16,898	-

None of the outstanding shares related to the LTIP Key employees and LTIP Board of Directors are exercisable at 30 June 2021.

Fair value measurement

The Company used the Black & Scholes model to determine the fair value of the share-based payments plans at grant date. The market price of the Company's Ordinary Shares for the different plans at grant date was:

Share award plans	Grant date	Grant date fair value
Celebration Share Award Plan	22 March 2018	€10.00
Long-term Incentive Plan - Key employees	1 January 2019	€12.31
Long-term Incentive Plan - Key employees	1 January 2020	€16.44
Long-term Incentive Plan - Key employees	1 January 2021	€82.60
Long-term Incentive Plan - Board of Directors	8 April 2020	€24.55
Long-term Incentive Plan - Board of Directors	29 April 2021	€68.75

The present value for expected dividend over the vesting period for all plans is nil, because the Company has currently no intention to distribute dividends in the foreseeable future in order to be able to further invest in the growth of the Company. Consequently and in conjunction with an exercise price of nil, both the expected volatility and risk-free-rate have no impact on the fair value determination at grant date.

Share-based payment expenses

Share-based payment expenses recognised as other operating expenses in the statement of comprehensive income:

In EUR '000	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Celebration Share Award Plan	-	167
LTIP Key employees	197	125
LTIP Board of Directors	74	45
Total	271	337

Note 8 Income tax expense

The tax on the Company's profit before tax differs from the statutory amount that would arise using the tax rate applicable to profits of the entity. The reconciliation of the effective tax rate is as follows:

In EUR '000	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Result from continuing operations	9,024	4,896
Total income tax	(3,134)	(1,322)
Profit (loss) before income tax	12,158	6,218
Tax calculated based on Dutch tax rate	25.0%	25.0%
Tax effects of:		
- adjustments for previous years	0.0%	(0.4%)
- effect of tax rates in other countries	0.3%	0.7%
- non-taxable expenses	0.7%	1.6%
- deductible expenses recognised in equity	0.0%	(5.3%)
- other differences	(0.2%)	(0.3%)
Effective tax rate	25.8%	21.3%
Applicable tax rate	25.0%	25.0%

Non-taxable items are mainly related to non-deductible share-based payment expenses relating to the Long-term incentive plans.

Note 9 Borrowings

In EUR '000	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Borrowings	5,299	5,827
Factoring Alfen Elkamo	2,127	1,119
Lease liabilities	12,319	13,042
Total	19,744	19,988

The repayment obligations as per 30 June 2021 and 31 December 2020 are as follows:

Breakdown current (<1 year)	**5,501**	**4,521**
Borrowings	1,047	1,062
Factoring Alfen Elkamo	2,127	1,119
Lease liabilities	2,327	2,340

Note 10 Financial instruments by category

The Company has no financial assets or liabilities measured at fair value.

At 30 June 2021 and 31 December 2020, the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of the long-term debt are not materially different from the carrying amounts as the interest rate risk is a floating rate plus spread where the spread equals the current market spread.

Note 11 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control, jointly control or significantly influence the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

Intercompany transactions are carried out at arm's length.

The following transactions were carried out with related parties:

- Key management compensation;
- Share-based payments (Note 7).

In the first half-year of 2020 the following transactions were carried out with related parties Infestos Energy Transition B.V. and Infestos Holding M B.V.:

- Infestos Energy Transition B.V. and Infestos Holding M B.V. provided advisory and consulting services related to strategic decision making, change management projects and processes and various other services, including those related to legal, financial, organisational matters and other relevant expertise, for which a management fee was charged to the Company of €32 thousand for the six months ended 30 June 2020.

As this agreement ended on 30 June 2020, no transactions were carried out with Infestos Energy Transition B.V. and Infestos Holding M B.V. in the first half-year of 2021.

Note 12 Events after the reporting period

There are no events after the reporting period.

Colophon

Alfen Semi-annual Report 2021
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Disclaimer

This semi-annual report 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, on-going, innovation, drives, growth, optimizing, 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.

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