

Alfen

Semi-annual Report 2023



Enabling the
energy transition

■ ALFEN N.V. ■



Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 30 June 2023

Alfen N.V.
Amsterdam, the Netherlands

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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 2023 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.

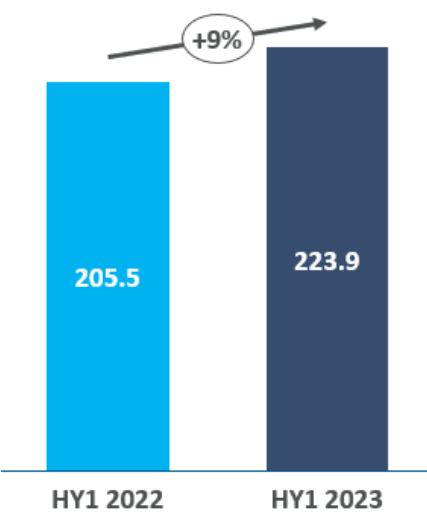
The Management Board hereby declares that to the best of its knowledge, the semi-annual report of the Management Board gives a fair review of the information required pursuant to section 5:25d sub 8-9 of the Dutch Financial Markets Supervision Act (“Wet op het financieel toezicht”) and the Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2023, 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 9% to €223.9 million in the first half-year of 2023 from €205.5 million in the first half-year of 2022.

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.

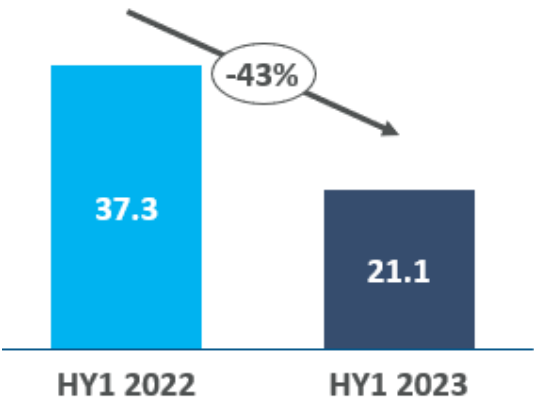
The European market for EV charge points has a long-term growth trend with a CAGR of 15-20% from 2022 to 2027 (source: Guidehouse & BNEF). This long-term growth trend is also reflected in the first half of 2023 with growing EV adoption in European markets: 45% more battery EVs were registered than in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

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

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.

Adjusted EBITDA
(in EUR million)



EBITDA and net profit

Profitability in the first half-year of 2023 deteriorated compared to the first half-year of 2022, mainly driven by a revenue mix shift from EV charging equipment to Energy storage systems. Consequently, the consolidated gross margin decreased and the fixed cost base within our EV charging equipment business line deleveraged compared to the first half-year of 2022.

EBITDA decreased with 44% from €36.4 million in HY1 2022 to €20.4 million in HY1 2023.

EBITDA adjustments in the first half-year of 2023 amounted to €0.7 million (versus €0.9 million in the first half-year of 2022) and solely comprised of share-based payment expenses associated with the Long-Term Incentive Plans (see Note 7).

Adjusted EBITDA amounted to €21.1 million, a decrease of 43% versus €37.3 million in the first half-year of 2022.

Net profit in the first half-year of 2023 amounted to €9.4 million (versus €24.6 million in the first half-year of 2022). Adjusted for one-off costs and special items after tax, net profit amounted to €10.1 million (versus €25.3 million in the first half-year of 2022).

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

(in EUR '000)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
EBITDA	20,382	36,416
Alfen's 85 Years Anniversary	—	453
Share-based payment expenses	700	432
Adjusted EBITDA	21,082	37,301
Net profit / (loss)	9,380	24,552
Aggregated one-off costs and special items after tax	700	768
Adjusted Net profit / (loss)	10,080	25,320

Finance income and costs increased from €0.5 million in the first half-year of 2022 to €1.1 million in the first half-year of 2023 as a result of intensified working capital financing.

The effective tax rate increased from 21.0% in the first half-year of 2022 to 25.1% in the first half-year of 2023. This increase is mainly driven by our decreased profitability compared to the first half-year of 2022, which consequently resulted in a lower tax deduction from the innovation box facility.

Finance and investments

Net debt position at 30 June 2023 amounted to €78.7 million, compared to a net cash position of €4.4 million at 31 December 2022. The shift from net cash to net debt is primarily driven by a steep increase in working capital and an increase in bank loans related to construction of a new warehouse/production facility (Hefbrugweg 79) and purchase of a new production facility (Damsluisweg 70).

The increase in working capital is primarily related to our increased stock levels and strategic stock down payments (presented under Trade and other receivables) as shown below.

(in EUR '000)	30 June 2023 (Unaudited)	31 December 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

Given the growth perspective within our Energy storage business line in conjunction with a solid backlog for the second half of 2023, we maintained higher stock levels, further supported by strategic stock down payments for batteries, inverters and containers for both our TheBattery Elements and Mobile storage solutions.

Solvency (equity divided by total assets) stood at 40.0% at the end of June 2023 compared to 46.9% at the end of December 2022.

Capital expenditure amounted to €20.1 million as compared to €10.1 million in the same period of 2022.

CapEx in the first half-year of 2023 includes the acquisition of a new building, with a purchase price of €10.0 million, at Damsluisweg 70 in Almere, to further facilitate the growth of our Energy storage business line. Furthermore, Alfen invested in production and warehouse tooling, including product line automation for EV Charging, IT infrastructure and data security, as well as in moulds for our Smart Grids business line.

Alfen capitalised €4.9m (versus €4.8m in the first half-year of 2022) of development costs, demonstrating 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 2022, 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 2023 are unchanged compared to the risks that were presented in our Annual Report 2022.

Investments

Our organisation grew from 893 FTEs at 31 December 2022 to 956 FTEs at 30 June 2023, including 81 FTEs at Alfen Elkamo. Anticipating future growth, we do expect a further increase in FTEs for the second half-year of 2023 primarily to support the growth of the Smart grids and Energy storage business lines.

Investment plans for the second half-year of 2023 primarily relate to R&D as well as further investments in property, plant and equipment, specifically related to our new buildings at Hefbrugweg 79 and Damsluisweg 70, IT-infrastructure and Data Security and moulds for our Smart grids business line.

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 a 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.

Almere, 22 August 2023

Board of Directors

Marco Roeleveld (CEO),
Michelle Lesh (CCO),
Jeroen van Rossen (CFO)



Condensed interim consolidated financial statements for the six months ended 30 June 2023

Condensed Interim Consolidated Statement of Comprehensive Income

In EUR '000	Note	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Continuing operations			
Revenue	6	223,938	205,529
		223,938	205,529
Operating expenses			
Costs of raw materials and consumables		(142,542)	(121,353)
Costs of outsourced work and other external costs		(13,100)	(11,569)
Personnel expenses		(34,923)	(25,762)
Amortisation on intangible assets		(2,916)	(1,946)
Depreciation on property, plant and equipment		(3,858)	(2,950)
Impairment loss on trade receivables and contract assets		(466)	(455)
Other operating costs	7	(12,525)	(9,974)
		(210,330)	(174,009)
Operating profit		13,608	31,520
Finance income		3	14
Finance costs		(1,081)	(471)
Finance income (costs) - net		(1,078)	(457)
Profit (loss) before income tax		12,530	31,063
Income tax expense	8	(3,150)	(6,511)
Profit (loss) for the period		9,380	24,552
Other comprehensive income for the period		—	—
Total comprehensive income for the period		9,380	24,552
Total comprehensive income for the period (attributable to the owners of the Company)		9,380	24,552
Earnings per share for profit attributable to the ordinary equity holders			
Basic earnings per share		0.43	1.13
Diluted earnings per share		0.43	1.13
Weighted average number of outstanding ordinary shares			
Basic		21,716,696	21,695,153
Diluted		21,764,070	21,781,929

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 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		47,016	33,556
Intangible assets and goodwill		25,582	23,533
Deferred tax assets		—	—
Other financial assets		13,158	1,589
Total non-current assets		85,756	58,678
Current assets			
Inventories		155,411	131,815
Trade and other receivables		153,671	107,686
Current tax receivables		58	54
Cash and cash equivalents		2,915	22,841
Total current assets		312,055	262,396
Total assets		397,811	321,074
Group equity			
Share capital		2,175	2,175
Share premium		48,943	50,651
Retained earnings	7	98,457	44,710
Result for the year		9,380	53,047
Total group equity		158,955	150,583
Liabilities			
Non-current liabilities			
Borrowings	9	20,402	12,793
Deferred tax liabilities		6,303	5,742
Provisions		47	47
Total non-current liabilities		26,752	18,582
Current liabilities			
Trade and other payables		150,316	136,077
Current tax liabilities		557	10,221
Bank overdrafts		38,093	—
Borrowings	9	23,138	5,611
Total current liabilities		212,104	151,909
Total liabilities		238,856	170,491
Total equity and liabilities		397,811	321,074

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 2022 (audited)		2,175	50,429	22,265	21,450	96,319
Profit (loss) for the period		—	—	—	53,047	53,047
Other comprehensive income (loss)		—	—	—	—	—
Total comprehensive income (loss) for the period		—	—	—	53,047	53,047
Transactions with owners in their capacity as owners						
Issuance of ordinary shares, net of tax		—	—	—	—	—
Purchase of treasury shares		—	222	—	—	222
Share-based payment transactions	7	—	—	995	—	995
Dividend		—	—	—	—	—
Allocation of profit (loss)		—	—	21,450	(21,450)	—
Balance - 31 December 2022 (audited)		2,175	50,651	44,710	53,047	150,583
Profit (loss) for the period		—	—	—	9,380	9,380
Other comprehensive income (loss)		—	—	—	—	—
Total comprehensive income (loss) for the period		—	—	—	9,380	9,380
Transactions with owners in their capacity as owners						
Issuance of ordinary shares, net of tax		—	—	—	—	—
Purchase of treasury shares		—	(1,708)	—	—	(1,708)
Share-based payment transactions	7	—	—	700	—	700
Dividend		—	—	—	—	—
Allocation of profit (loss)		—	—	53,047	(53,047)	—
Balance - 30 June 2023 (unaudited)		2,175	48,943	98,457	9,380	158,955

* The outstanding ordinary shares of 21,750,000 includes 30.388 treasury shares as per 30 June 2023 (31 December 2022: 54,643)

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 2023 (Unaudited)	30 June 2022 (Unaudited)
Cash flows from operating activities			
Operating profit		13,607	31,521
<i>Adjustments for:</i>			
- Depreciation, amortisation and impairment expenses		6,774	4,896
- Change in provision		—	—
- Change in other financial assets		(24)	(578)
- Share-based payment expenses	7	700	400
<i>Changes in operating assets and liabilities:</i>			
- (Increase)/decrease inventories		(23,596)	(22,937)
- (Increase)/decrease contract assets and liabilities		19,442	(2,201)
- (Increase)/decrease trade and other receivables		(43,394)	(33,825)
- Increase/(decrease) trade and other payables		(8,020)	26,535
Cash generated from operations		(34,511)	3,811
Income taxes (paid)/ received		(11,895)	(4,590)
Interest paid		(641)	(287)
Interest received		3	14
Net cash inflow/ (outflow) from operating activities		(47,044)	(1,052)
Cash flows from investing activities			
Payment for property, plant and equipment		(15,179)	(5,229)
Payment for intangible assets		(4,961)	(4,822)
Net cash inflow/ (outflow) from investing activities		(20,140)	(10,051)
Cash flows from financing activities			
Proceeds from issuance of shares		—	—
Purchase of treasury shares		(2,071)	—
Issued loan		(11,546)	—
Proceeds from borrowings	9	25,185	479
Repayments of borrowings	9	(2,404)	(2,229)
Dividends paid to company's shareholders		—	—
Net cash inflow/ (outflow) from financing activities		9,164	(1,750)
Net increase/ (decrease) in cash and cash equivalents		(58,020)	(12,853)
Cash and cash equivalents at the beginning of the half-year		22,841	47,277
Cash and cash equivalents at the end of the half-year		(35,179)	34,424

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 2023 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 22 August 2023.

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 2023 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 2022.

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 2022.

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 2022.

A number of new amendments to standards are effective from 1 January 2023 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 2023 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

Operating segments

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

The Company's operations and main revenue streams from contracts with customers are those described in Alfen's Annual Report 2022.

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

In EUR '000	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Smart grid solutions	85,538	71,149
Energy storage systems	58,815	9,391
EV charging equipment	79,585	124,989
Total	223,938	205,529

Smart grid solutions and Energy storage systems revenue generated by entities domiciling in the Netherlands and Belgium amounting to €125.5 and €5.9 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. €12.9 million - as well as the Company's EV charging equipment revenue of €79.6 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 is as follows:

In EUR '000	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
The Netherlands	144,399	102,596
Other European Union countries	75,124	86,919
Rest of Europe	4,400	15,984
Outside Europe	15	30
Total	223,938	205,529

Note 7 Share-based payments

Share award plans

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

Grant date	Number of Awards Granted	Exercise price
1 January 2020	38,434	Nil
1 January 2021	8,147	Nil
1 January 2022	9,747	Nil
1 January 2023	14,806	Nil

The conditional rights to receive 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 remuneration policy, which has been adopted by the general meeting of shareholders on 7 April 2022, a long-term incentive plan for the Board of Directors is applicable in order to increase the alignment between shareholder's interest and the interest of the Board of Directors.

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

Grant date	Number of Awards Granted *	Exercise price
29 April 2021	3,115	Nil
22 July 2021**	638	Nil
26 April 2022	4,720	Nil
25 April 2023	5,310	Nil

* At 100% realisation of the applicable performance conditions. The actual number of Awards that will vest can range between nil (at 0% realisation) and 17,228 (at 125% realisation).

** Transferred from Key employees to Board of Directors in alignment with the appointment of Michelle Lesh (CCO) as member of the Board of Directors.

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 and a two year holding period after vesting date for grants made in 2021 and 2022-2023, respectively.

Summary of changes in outstanding shares

Changes in outstanding shares for the period:

In EUR '000	LTIP Key employees	LTIP Board of Directors
Balance - 1 January 2022 (audited)	79,633	16,898
Granted	9,747	4,720
Performance adjustment	—	1,974
Forfeited	(5,787)	—
Exercised	(1,225)	—
Transferred *	(638)	638
Expired	—	—
Balance - 31 December 2022 (audited)	81,730	24,230
Granted	14,806	5,310
Forfeited	(4,304)	—
Exercised	(32,698)	(15,757)
Expired	—	—
Balance - 30 June 2023 (unaudited)	59,534	13,783

* Transferred from Key employees to Board of Directors in alignment with the appointment of Michelle Lesh (CCO) as member of the Board of Directors.

None of the outstanding shares are exercisable at 30 June 2023.

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
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 - Key employees	1 January 2022	€88.25
Long-term Incentive Plan - Key employees	1 January 2023	€84.20
Long-term Incentive Plan - Board of Directors	29 April 2021	€68.75
Long-term Incentive Plan - Board of Directors *	22 July 2021	€80.25
Long-term Incentive Plan - Board of Directors	26 April 2022	€82.54
Long-term Incentive Plan - Board of Directors	25 April 2023	€74.70

* Transferred from Key employees to Board of Directors in alignment with the appointment of Michelle Lesh (CCO) as member of the Board of Directors.

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 costs in the statement of comprehensive income:

In EUR '000	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Long-term Incentive Plan - Key employees	537	284
Long-term Incentive Plan - Board of Directors	163	148
Total	700	432

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 2023 (Unaudited)	30 June 2022 (Unaudited)
Result from continuing operations	9,380	24,552
Total income tax	(3,150)	(6,511)
Profit (loss) before income tax	12,530	31,063
Tax calculated based on Dutch tax rate	25.8%	25.8%
Tax effects of:		
Adjustments for previous years	—%	0.3%
Effect of tax rates in other countries	(0.1%)	0.2%
Effect of tax incentives	(1.3%)	(6.1%)
Non-taxable expenses	1.6%	0.5%
Other differences	(0.9%)	0.3%
Effective tax rate	25.1%	21.0%
Applicable tax rate	25.8%	25.8%

Effect of tax incentives

To drive innovation, Dutch corporate income tax law provides a specific tax incentive scheme known as the Innovation Box facility. Based on this facility, qualified income associated with R&D activities is subject to an effective tax rate of 9% as compared to the Dutch statutory rate of 25.8%.

In financial year 2021, Alfen concluded an agreement with the Dutch tax authorities, in which the application of the innovation box benefit is determined in alignment with Dutch corporate income tax law. This agreement applies for the years 2019 through 2024 assuming facts and circumstances do not change.

The total tax effect of applying the innovation box is 1.3% for the first half-year of 2023.

Non-taxable expenses

Non-taxable expenses 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 2023 (Unaudited)	31 December 2022 (Audited)
Borrowings	28,219	3,738
Factoring Alfén Elkamo	1,999	1,814
Lease liabilities	13,322	12,852
Total	43,540	18,404

The repayment obligations as per 30 June 2023 and 31 December 2022 are as follows:

Breakdown current (<1 year)	23,138	5,611
Borrowings	18,048	1,048
Factoring Alfén Elkamo	1,999	1,814
Lease liabilities	3,091	2,749

Note 10 Financial instruments by category

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

At 30 June 2023 and 31 December 2022, 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:

- Share-based payments (Note 7);
- Remuneration of the Management Board and Supervisory Board.

Note 12 Events after the reporting period

There are no events after the reporting period.

Colophon

Alfen Semi-annual Report 2023
Alfen N.V.

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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 2023 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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