Alfen

Annual Report 2021

Enabling the energy transition

ALFEN N.V.

ALFEN


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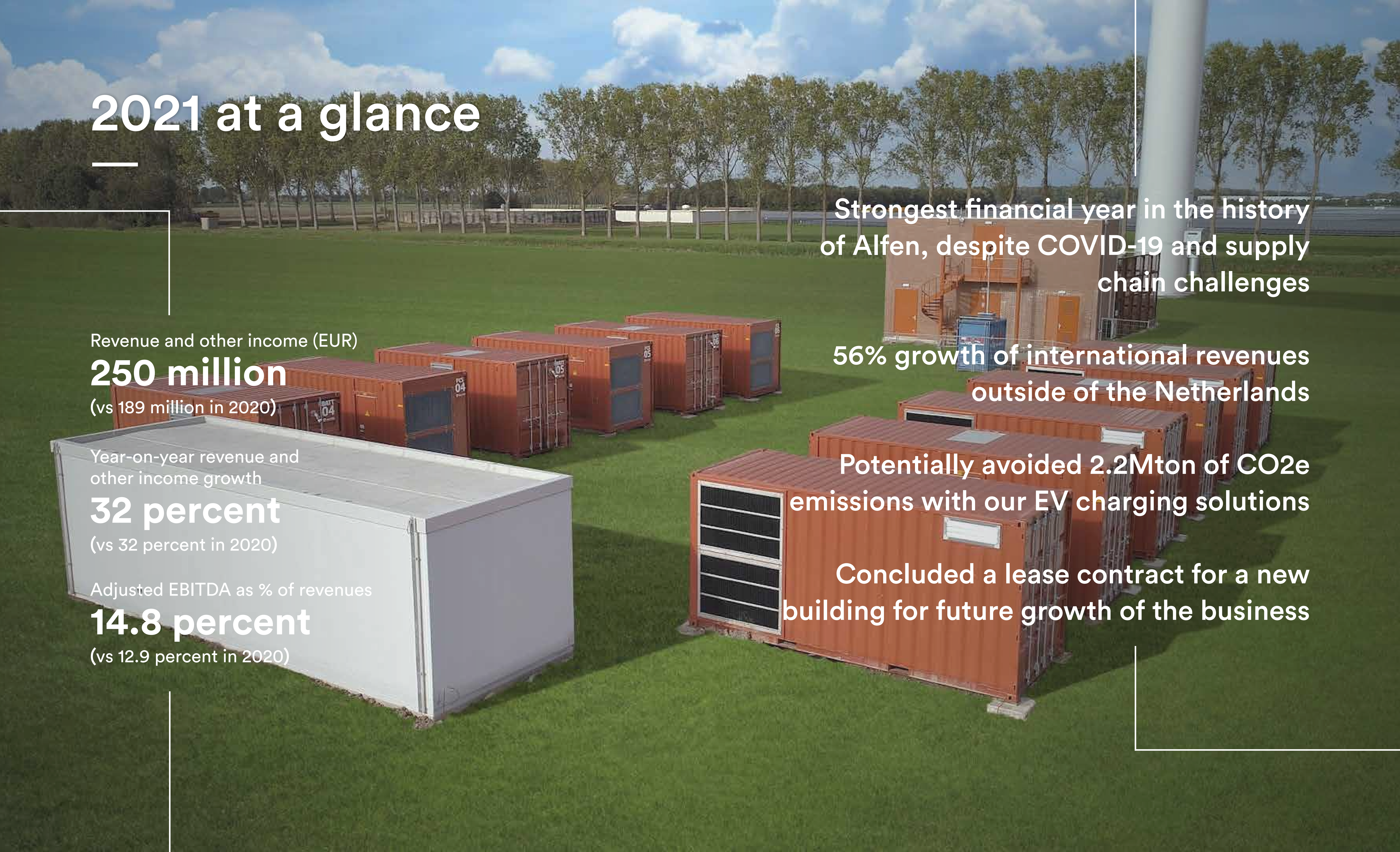


2021 at a glance

Revenue and other income (EUR)
250 million
(vs 189 million in 2020)

Year-on-year revenue and other income growth
32 percent
(vs 32 percent in 2020)

Adjusted EBITDA as % of revenues
14.8 percent
(vs 12.9 percent in 2020)

Strongest financial year in the history of Alfen, despite COVID-19 and supply chain challenges

56% growth of international revenues outside of the Netherlands

Potentially avoided 2.2Mton of CO_2e emissions with our EV charging solutions

Concluded a lease contract for a new building for future growth of the business

About Alfen

Company profile

Alfen operates at the heart of the energy transition providing smart energy solutions to enable the electricity grid of the future: reliable, sustainable and innovative. We have a unique combination of activities as we design, engineer, develop, produce and service smart grids, energy storage systems, and electric vehicle charging equipment. We combine our activities in integrated solutions to address the electricity challenges of our clients.

We build on our vast experience of more than 80 years in the energy industry. We have a market leading position in the Netherlands and experience fast international growth benefitting from our first mover advantage.

We are headquartered in Almere, the Netherlands, where we reside in four buildings with associated production facilities. In addition we are present in Belgium, Finland, France, Germany, Italy, Norway, Poland, Spain, Sweden, and the United Kingdom and serve the rest of Europe through our partners and resellers.

Our growing business

Smart grid solutions

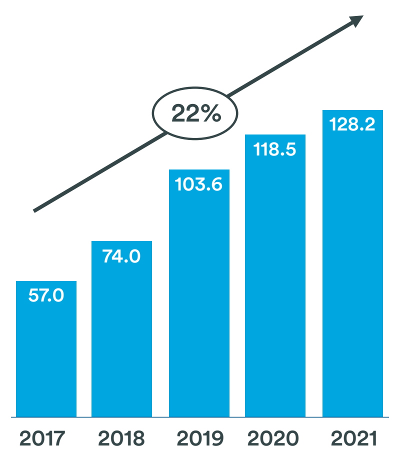
Alfen offers an in-house developed, produced and assembled range of secondary transformer substations. In addition, we have in-house developed and produced devices for grid automation and a proprietary back-end system for remote management and control of electricity grids. We also supply microgrids, grid connections and supplementary offerings for e.g. the greenhouse horticulture sector, EV fast-charging hubs and solar PV farms.

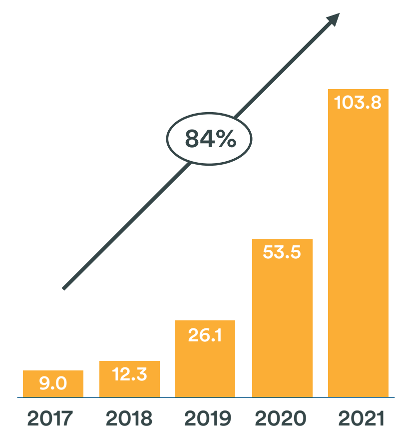
EV charging equipment

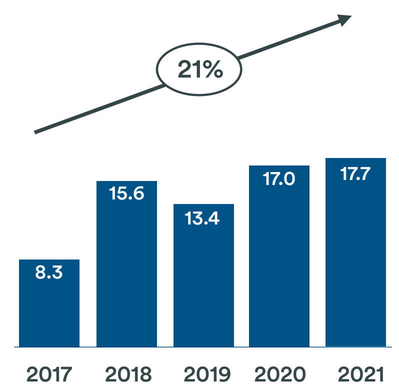
Alfen offers an in-house developed and produced range of smart and connected electric vehicle (EV) chargers for use at home, office and public locations. We have a proprietary online management platform for our charging infrastructure and offer standardised solutions for smart charging, load balancing and charging hubs.

Energy storage systems

Alfen offers an in-house developed and produced range of modular energy storage systems for applications such as load balancing, peak shaving, grid frequency control and energy trading. We offer both stationary and mobile battery energy storage solutions. Our proprietary developed embedded software and back-office enables remote monitoring and control, and supports all major storage applications.





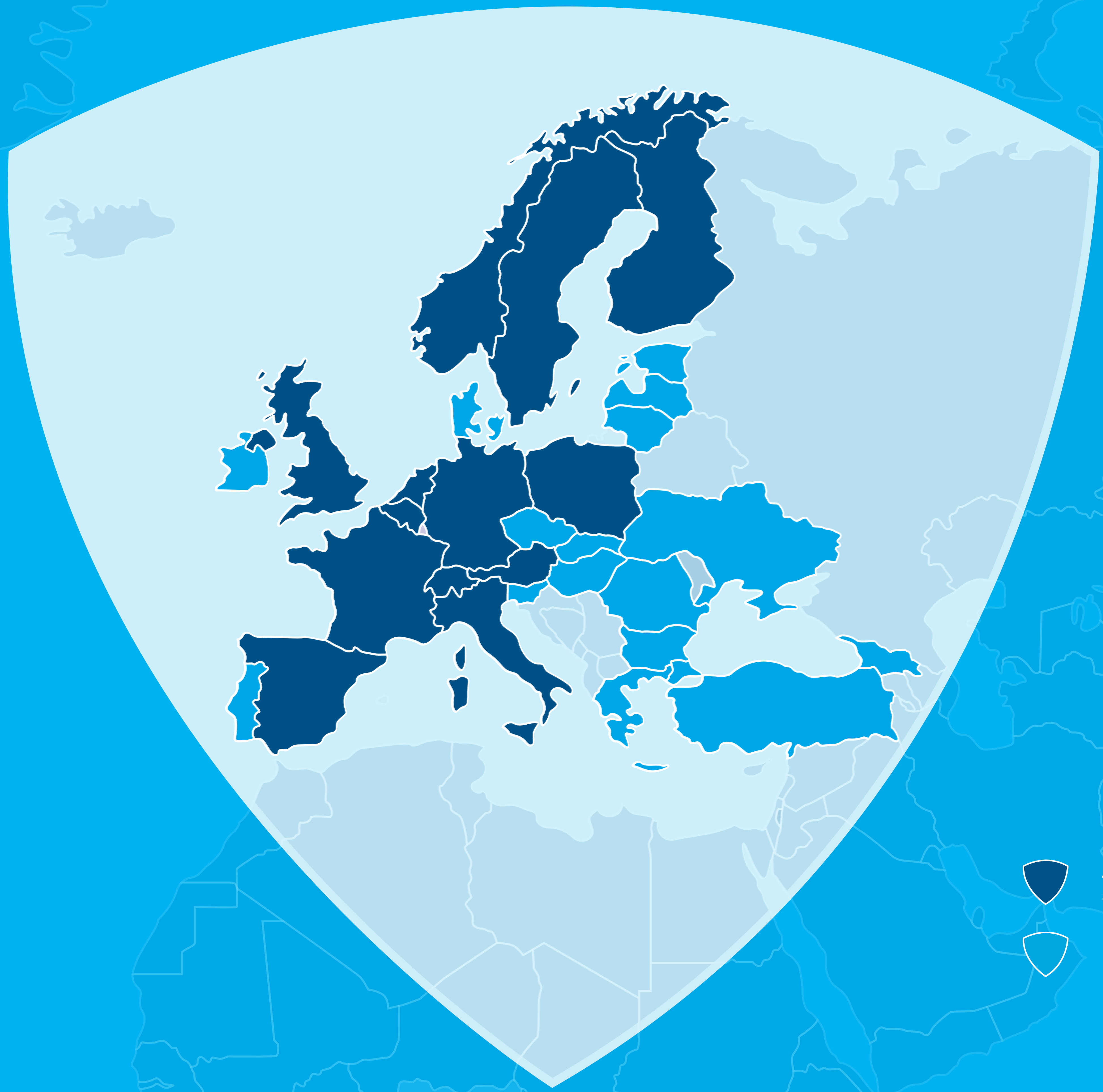


Integrated solutions

Besides offering smart products and services for all three business lines, we also offer integrated solutions across our business lines where we can seamlessly combine and integrate our products and services. This is increasingly needed to address the growing complexity of the energy challenges emerging from the energy transition.

International footprint

We employ staff in 13 countries being Austria, Belgium, Finland, France, Germany, Italy, Norway, Poland, Spain, Sweden, Switzerland, the Netherlands and the United Kingdom, and sell our products and services in more than 25 countries across Europe, and also beyond Europe.



Alfen sales organisation at 31 December 2021

Installed base of Alfen products

Report of the Management Board

Marco Roeleveld
CEO

Jeroen van Rossen
CFO

Michelle Lesh
CCO

Business review

All our markets kept developing favourably as the energy transition is gaining more momentum across Europe. We benefitted from our strong market position across Europe and realised our strongest financial year in the history of the company, despite COVID-19 and supply chain challenges.

Growing the company in a new normal environment

After the COVID-19 crisis of 2020 in which countries worldwide moved into lockdowns, 2021 has been a year where we gradually gained more control over the coronavirus. In an unprecedented global cooperation, various vaccines have been developed and have started to be rolled out, after which strict measures that were put in place across countries could slowly be relaxed or lifted. As a result, the economy has started to recover and has been growing strongly. In this environment, also our markets have been less and less affected by the pandemic.

Our markets have been developing well, although we remain vigilant for new variants that may arise as COVID-19 continued to have some impact on our markets, often indirectly. This materialised predominantly in global supply chains where a quicker than anticipated global economic recovery led to a strong increase in demand for materials and components. This has put pressure on global supply chains not only on component sourcing but also on supply logistics. The situation also caused challenges for Alfen, although we have been able to mitigate these up to this point.

Where possible, we continued to work from home and converted live meetings to virtual ones. We have fully embraced the new normal and started using new ways of working and tools in order to accommodate. We are extremely proud of the flexibility and resilience that our employees have demonstrated and that we were able to further grow our company and profitability.

Favourable market developments for all our business lines

Throughout 2021 all our markets kept developing favourably as the energy transition is gaining more momentum across Europe. It has been the year in which the European Green Deal was further shaped by the European Commission. Both the climate law was agreed and the Fit-for-55 package was launched. The former is an agreement that sets in stone the European ambition to become climate neutral by 2050 and to reduce CO_2 emissions by 55% by 2030 compared to 1990 levels. The latter is a proposed set of policies and regulations to realise the 55% reduction of CO_2 emissions and comprises elements like a more stringent Emission Trading System and a Carbon Border Adjustment Mechanism.

Additionally, the 26th United Nations Climate Change conference (COP26) was held in Glasgow. Leaders of countries throughout the world came together to discuss what we jointly need to do to limit human induced global warming in an endeavour to keep it under 1.5 degrees Celsius. Although the current pledges do not get us to that target yet, it has been another key step in the right direction.

We are looking forward to do our part and to drive decarbonisation with our innovative and sustainable smart energy solutions with our unique position in the heart of the energy transition.

Markets for our Smart grid solutions business line keep growing and it is becoming increasingly clear what the impact on the grid will be as more electricity is produced and consumed. Especially as we increasingly integrate renewables such as solar and wind power, which result in more peak loads and volatile load profiles on the grid. Grid operators progressively talk about how the grid is reaching its limitations and how we need to expand and reinforce it. In the Netherlands alone, it is estimated that €100 billion of investments are needed towards 2050 to make the grid future proof. Still, short-term there could always be some challenges. For instance, we have seen that in the second half of 2021 some projects were delayed as grid connections could not be established in time. Also, supply chain pressures caused cost inflation for solar PV project materials, putting some business cases under further review. Such effects might have some temporary impact, but long-term it is clear that we need to significantly invest in our grids.

Alfen is well positioned to benefit from the ongoing electrification with our grid knowledge and expertise. In this light, we are pleased that we secured the new Liander framework agreement to supply secondary substations for the coming four years with the intent to extend for another four years and to keep supporting the largest grid operator in the Netherlands in building out the grid. Additionally, we keep providing our smart grid solutions to customers with significant private grids, such as solar parks and rooftop solar locations, greenhouses, EV fast charging stations and industrial locations.

Besides securing the Liander framework agreement, other selected commercial successes include a 4-year framework agreement for the supply of secondary substations to Vattenfall Eldistribution in Sweden. The contract can be extended twice with an additional year. Another example is a contract with CHINT Solar Netherlands to provide the transformer substations for multiple solar PV parks that they are developing in the north of the Netherlands which together have a power rating of more than 50MWp.

Markets for our EV charging equipment business line also grew strongly in 2021. Across Europe we have seen positive market developments for electric driving. First, there is a diverse supply of EV's in the market as car manufacturers continue to increase their commitment to the electrification of their portfolios. Second, there are multiple market stimulants, both financial and regulatory, to support the transition to electric driving. For instance, all new buildings in England will be required to install electric vehicle charge points from 2022 onwards.

Alfen benefitted from increasing volumes under framework agreements that have been set-up over the past years, new client wins and further internationalisation. Our internationalisation strategy continued to deliver growth across Europe and in 2021 approximately 60% of EV charging revenues was generated outside of the Netherlands.

Furthermore, we continued to further diversify our customer base. Selected commercial successes are supplying EV charge points to e-commerce company OTTO in Germany, supplying EV charge points to distribution company No Limit in Poland with Naatu Teraz Energia to enable charging of their light duty truck vehicle fleet, and supplying EV chargers to ARVAL lease throughout Belgium with 50Five which is a specialist in EV charging solutions.

The markets for our Energy storage systems business line picked up momentum after COVID-19 headwinds. Now that the markets are less affected, we see momentum increasing, also driven by further maturation of the market, which in Europe is still in a nascent stage.

There are various signs of the growing momentum. In the UK the government simplified planning permission processes reducing lead times from one to two years to a few months. Additionally, they have in place a clear framework for grid stability services. Another example is that we started to see requests for generation capacity, partially considered to be filled with battery energy storage. All together we are convinced of this market potential and our strong market position. To illustrate that we have seen our qualified leads pipeline growing strongly in 2021.

This led to various new contract wins that will support 2022 revenue. For instance, Alfen secured a contract with Agreco Products, specialist in sustainable energy solutions, to provide 3 stationary storage solutions of which the largest is a 20MW/40MWh system as well as 4 mobile energy storage system. Furthermore, our mobile energy storage solution continues to find traction as Greener, a provider of clean mobile battery power, will expand its existing fleet of 43 Alfen TheBattery Mobiles with another 20. Also Bredenoord, specialist in temporary and mobile power solutions, ordered numerous Alfen mobile storage systems to accelerate their path to sustainability.

Navigating through supply chain challenges

Due to the rapidly recovering economy, demand has grown strongly for materials and components. A high demand, especially for electrical components, has put pressure on global supply chains. Throughout the year this pressure has been incremental and introduced challenges to secure deliveries of components and materials to our factories and our contract manufacturers. Moreover, it is not only a matter of securing components, but also a logistical challenge. For instance, we have seen a major port in China close down due to a COVID-19 case, affecting shipping transport. Another example is that the Malasian industry was not able to temporarily meet demand due to COVID-19 cases, while they provide service to the chips industry. As such, chip deliveries were even more affected.

We have deployed various measures to manage the situation. We have setup a daily meeting with an integrated team consisting of purchasing, R&D,

> **"We are extremely proud of the flexibility and resilience that our employees have demonstrated and that we were able to further grow our company and profitability"**

sales and operations that monitors and engages the supply chain closely. This allows us to take purchasing and logistical decisions quickly to secure supply and deliveries. Additionally, we increased the engagement with our suppliers and besides our tier 1 suppliers, we also engage some of our tier 2 and tier 3 suppliers in order to increase our circle of influence and to secure supplies. Another example is that we made strategic long-term commitments for batteries and electrical components to further safeguard and enhance resilience in our global supply chain. These actions together with other efforts, have allowed us to safeguard supply deliveries throughout 2021.

Above all we prioritise delivery to our customers. We focus on pro-active planning with our customers to continue to optimally support them in their business models. We anticipate that the supply chain pressures will continue well into 2022 and potentially even into 2023 before the situation has normalised. As long as this situation lasts, we keep monitoring and managing our supply chain closely.

Continued to deliver our strategy of profitable growth

In 2021 we kept relentless focus on the execution of our strategy of profitable growth. We continued to further build out our presence across Europe. We strengthened our international teams and continued to deliver international revenue growth. The international growth is a result of the internationalisation of our own organisation as well as the internationalisation of our customers. In 2021, our revenues generated outside of the Netherlands year over year increased with 56% which is significantly higher than the overall group revenue growth.

Our rapid growth throughout Europe is currently mostly driven by the expansion of our EV charging business line. As such, we kept expanding our service network for our charge points and significantly strengthened our coverage to support our customers even better.

In order to support further growth, we continued to invest in our organisation. We have significantly expanded our R&D teams in order to drive our innovation roadmap, we expanded our production facilities for EV charging and Smart grids, and we concluded a lease contract for a new building that will contain offices, warehousing and production.

The profitable growth model is based on growing our revenue quicker than our cost base. With our 32% revenue growth in 2021 we were once again able to further leverage our cost base. We achieved a growth of our EBITDA margin from 12.9% in 2020 to 14.8% in 2021.

Sustainability

Alfen's vision is a connected, smart and sustainable energy system for future generations. To deliver this, our mission is to boost the energy transition by engineering, manufacturing, integrating and connecting high quality energy solutions that are innovative, reliable and smart. We have strong impact through enabling sustainable energy developments with our three business lines, but we have been considering it our responsibility to further strengthen this impact through an active Corporate Social Responsibility (CSR) strategy.

We renewed our CSR framework in 2019 and we started reporting our impact since 2020. In 2021, for instance, we potentially avoided 2.2Mtons of CO2 equivalent emissions as our installed charge points power electric vehicles and avoid harmful emissions. This is a strong increase compared to the 1.4Mtons of CO2e we potentially avoided by 2020 demonstrating how we continue to make impact with our EV charging solutions. Moreover, we enabled the supply of renewable energy to around 206,000 households by connecting solar PV farms to the public grid through our Smart grid solutions, which is significantly more compared to 142,000 households previous year.

Additionally, we have a Sustainable Development Policy in place which can be visualised as the umbrella for any Environmental, Social and Governance (ESG) activity or policy within the company. The policy entails seven core themes, which are:

1. Organisational governance;
2. The environment;
3. Human rights;
4. Working conditions;
5. Fair business practices;
6. Consumer and customer matters; and
7. The local community.

To provide more details and transparency of our CSR activities and more non-financial information, we would like to refer you to the chapter "CSR and non-financial information" on page 20.

We are committed to continue to further improve our sustainability performance as we transition towards a truly sustainable society for future generations. As such, we plan to commit to specific sustainability targets of our own business activities, for instance science-based and in line with global warming limitation targets. We plan to communicate this at the end of 2022.

Long-term Shareholder value creation

We operate at the heart of the energy transition with our smart energy solutions. The energy transition is a long-term megatrend and with our strong market position we are convinced that we can deliver value over the long term and as such, also for our Shareholders. In this context, we believe that value is generated by both our financial and non-financial business performance.

Financially, we set the following four medium-term objectives at the time of the IPO in March 2018, to drive shareholder value: (i) grow our topline with an average 40% a year, (ii) increase our adjusted EBITDA margins to mid to high teens, (iii) reduce CAPEX to under 3% of revenues, and (iv) realise more than 50% of revenues outside the Netherlands.

To realise our objectives, we have put in place a long-term growth strategy that consists of four elements. First, we aim to benefit from strong market growth trends and to further grow our market share. Second, we internationalise with a focus on Europe, further strengthening our position in existing countries and entering new countries. Third, we expand our existing service & maintenance offering and benefit from an increasing installed base. Finally, we have the ambition to increase cross-selling across Alfen's three business lines and offering of integrated solutions.

Non-financially, we have put in place a CSR framework which was established jointly with key stakeholders of Alfen such as employees, customers, Shareholders and suppliers. Moreover, we have a Sustainable Development Policy in place.

Investments in growth and innovations

We continued to invest in our organisation to prepare for anticipated further growth of the business. As such, our organisation has grown from 588 FTE at 31 December 2020 to 683 FTE at 31 December 2021. Despite a challenging labour market, we were able to

> **"We are looking forward to do our part and to drive decarbonisation with our innovative and sustainable smart energy solutions with our unique position in the heart of the energy transition"**

attract new talent benefitting from our growing brand across Europe, the interest in the energy transition that increasingly gains momentum, and our in-house education program. We further strengthened our organisation as for example we hired more international sales people to further drive our internationalisation, we added production personnel to increase our production capacity and we expanded our R&D department to work on new innovations. Furthermore, we enhanced our staff departments.

In terms of production, we invested in new production lines for EV charging to increase our capacity. Also, we introduced automated testing of our EV charge points at the end of the production line improving production efficiency.

Furthermore, to be ready for future growth, we leased a new building which is located next to our other buildings in Almere. The premisses consists of 33,000m2 and is three times as large as our current largest building. We will build a complete new building that will accommodate new production space, warehousing and offices. The new building is planned to be completed in the first half-year of 2023.

Additionally, we continued to invest in innovations which led to new technologies, features and product developments. For instance, in our Smart grids business line we introduced a new variant of our state-of-the-art Pacto substation especially developed for the new Liander framework agreement, we launched a new innovative prefab walk-in station which we designed for the Benelux market, and we introduced detailed visual KPIs in the smart grid production facility that improves production speed and efficiency.

Selected innovation examples in our EV charging business comprise the introduction of our next generation hardware architecture that provides increased flexibility to accommodate different market requirements and allows accelerated corresponding software developments. We also implemented the ISO 15118 standard which provides more extensive communication between our charge points and electric vehicles and can for instance allow an EV to identify itself without the need for a charge card. Additionally, security is a core value for Alfen and we further improved our security standards and protocols. To illustrate, we offer now password protection for individual charge points which can easily be accessed with our new smartphone app which allows quick and easy installation and configuration of our chargers.

Finally, selected innovations of our Energy storage business include our newly engineered scalable battery energy storage solution which we developed for utility scale applications, an innovative mobile fast charging solution where Alfen developed a mobile skid with a 300kW fast charger and combined it with its TheBattery Mobile so that it can charge heavy duty vehicles anytime and anywhere, and finally, we further modularised our storage solutions as we developed the option to connect multiple Alfen TheBattery mobiles together at a site to increase the power rating and storage capacity.

Such innovations for the future allows us to remain the partner of choice for our customers.

Michelle Lesh as our new CCO

July 1st of 2021, we welcomed Michelle Lesh as our new Chief Commercial Officer, succeeding Richard Jongsma. Michelle brings relevant international commercial and strategic experience after over 20 years in the energy industry. We are convinced that she will help to further drive the growth of Alfen's business in the years to come also with her passion for the energy industry and the energy transition.

We would like to thank Richard Jongsma for everything that he has done for Alfen over the eight years in the role of CCO. We very much valued his professionalism and collegiality, which have contributed greatly to where Alfen is now.

Outlook

We expect that the markets for all our business lines will continue to develop favourably, driven by the energy transition. We are convinced that we are well positioned to benefit from this market growth and to continue to grow our business rapidly as we continue to execute our strategy.

Additionally, we anticipate supply chain pressures to continue well into 2022 and potentially into 2023. As such, we will keep managing our supply chain closely and continue to monitor the situation carefully. Also in 2022, our priority remains to continue delivery to our customers.

As we anticipate further growth of our business in 2022, we plan to further invest in our organisation, our facilities, production and new innovations. Like 2021, we expect our capital investments to exceed depreciation and amortisation. We also anticipate a further increase in the number of personnel. In terms of financing, we continue to closely monitor the supply chain, but for now we do not foresee a change in our working capital credit facility.

At 7 July 2021, we concluded a lease contract for a new production location and office building. As from 1 September 2021, we started 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 in the first half year 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.

Growing together with our partners

We aim to be a powerful forward-thinking leader in developing, producing and connecting the key elements of our future electricity grid. We leverage our vast knowledge and experience in the distribution and storage of electrical energy to provide smart, safe and sustainable products and solutions, working as a reliable and adaptive partner. This is also reflected in the core values we adhere to as a company: Sustainable, Partner, Adaptive, Reliable and Knowledgeable (in summary, 'SPARK').

As we develop, design and produce all our products and systems in-house, we can accommodate maximum flexibility and very rapid time-to-market of new innovations. We are looking forward to continue working on this basis and grow together with our customers and partners on the back of the rapidly evolving energy transition.

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

Corporate Social Responsibility and non-financial information

Alfen's vision is to build 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. Alfen has a strong impact through enabling sustainable energy developments with its Smart grids, EV charging equipment and Energy storage solutions. This section provides further details on Alfen's CSR framework, its performance, and Alfen's QHSE initiatives.

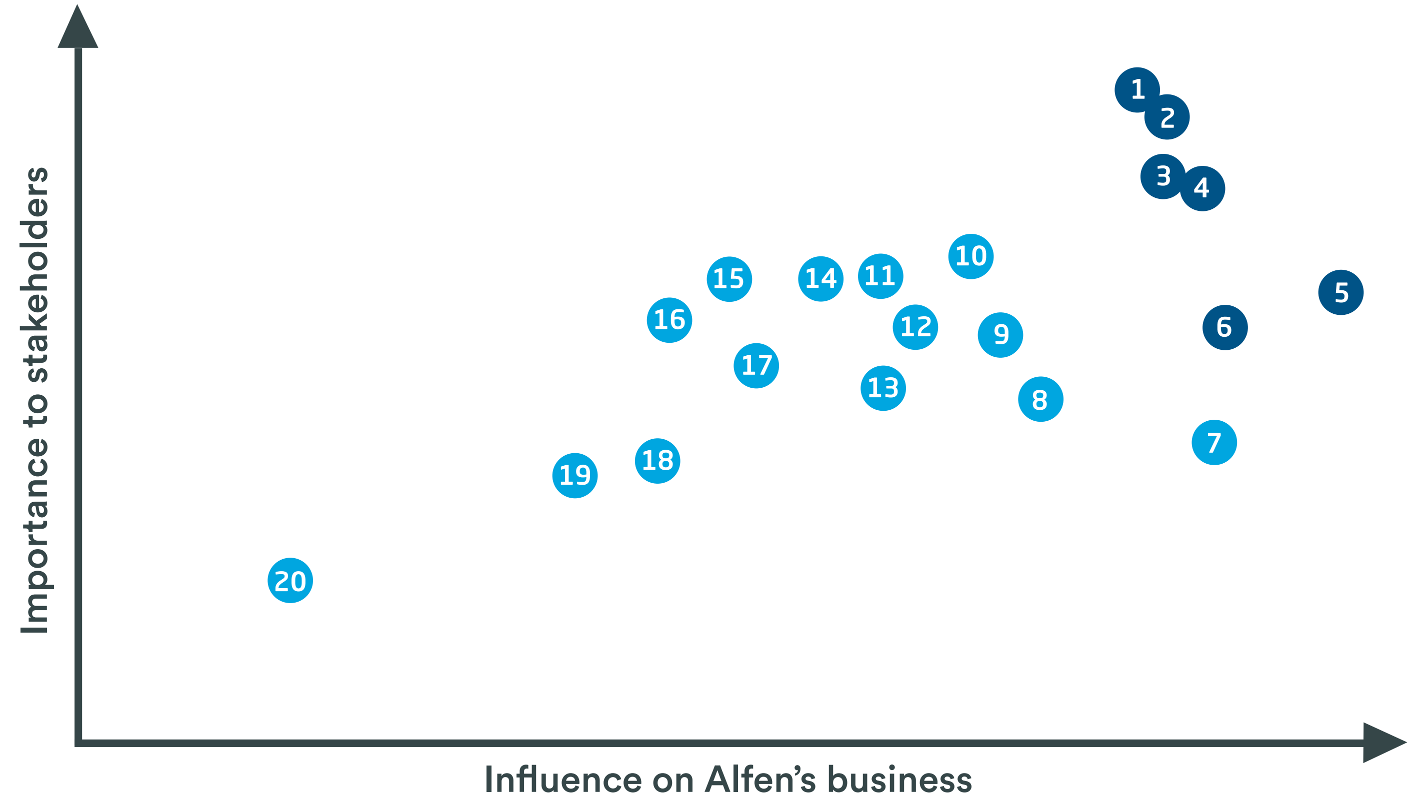
Alfen's CSR framework

In 2019, we updated our Corporate Social Responsibility (CSR) framework. Historically, the Alfen CSR agenda was based on three pillars: product lifecycle approach, footprint minimisation, and people, knowledge & safety. During 2019, a materiality assessment was performed in order to understand stakeholder views of the most important social, environmental and economic factors to Alfen's business success and to re-assess whether the three CSR pillars were still relevant. The outcome of the assessment validated the relevance of the three pillars. Subsequently, the most material topics derived from the assessment have been mapped to the UN Sustainable Development Goals (SDGs) to understand Alfen's relevance to the global priorities and aspirations.

The Materiality assessment and its outcome

A materiality assessment is a formal exercise aimed at engaging stakeholders to establish and rank the importance of environmental, social and economic materiality topics. Alfen identified the materiality topics using internationally recognised frameworks including the Global Reporting Initiative (GRI) Materiality principle and ISO-26000 Guidance on social responsibility.

The materiality assessment resulted in 20 material topics which were derived from environmental, social and economic materiality topics. Of those 20, 6 were identified as most material according to carefully selected stakeholders consisting of clients, employees, investors, suppliers, community members and the Supervisory Board.



1. Occupational health & safety
2. Compliance
3. Business ethics & integrity
4. Product quality performance
5. Management of customer relationship
6. Research & Development
7. Financial performance
8. Resource scarcity
9. Risk management
10. Energy efficiency of end products
11. Employee engagement
12. Information security
13. Training & development
14. Diversity & equal opportunities
15. Carbon neutrality
16. Sustainable supply chain
17. Energy efficiency of operations
18. Product circularity
19. Hazardous substances
20. Social return

The following six topics were scored the highest and were then identified as a priority to Alfen and its key stakeholders:

1. Occupational health & safety
2. Compliance
3. Business ethics & integrity
4. Product quality performance
5. Management of customer relationships
6. Research & development

Subsequently, the material topics were aligned to the UN Sustainable Development Goals (SDGs). The material topics 'Business ethics & integrity' and 'Compliance' are considered core to Alfen's business as we are committed to operating in a responsible, compliant and ethical manner in accordance with our published Code of Conduct. Therefore, together with the supporting company values summarised in 'SPARK' (Sustainable, Partner, Adaptive, Reliable and Knowledgeable), they are captured under Business Resilience as a foundation of Alfen's CSR framework.

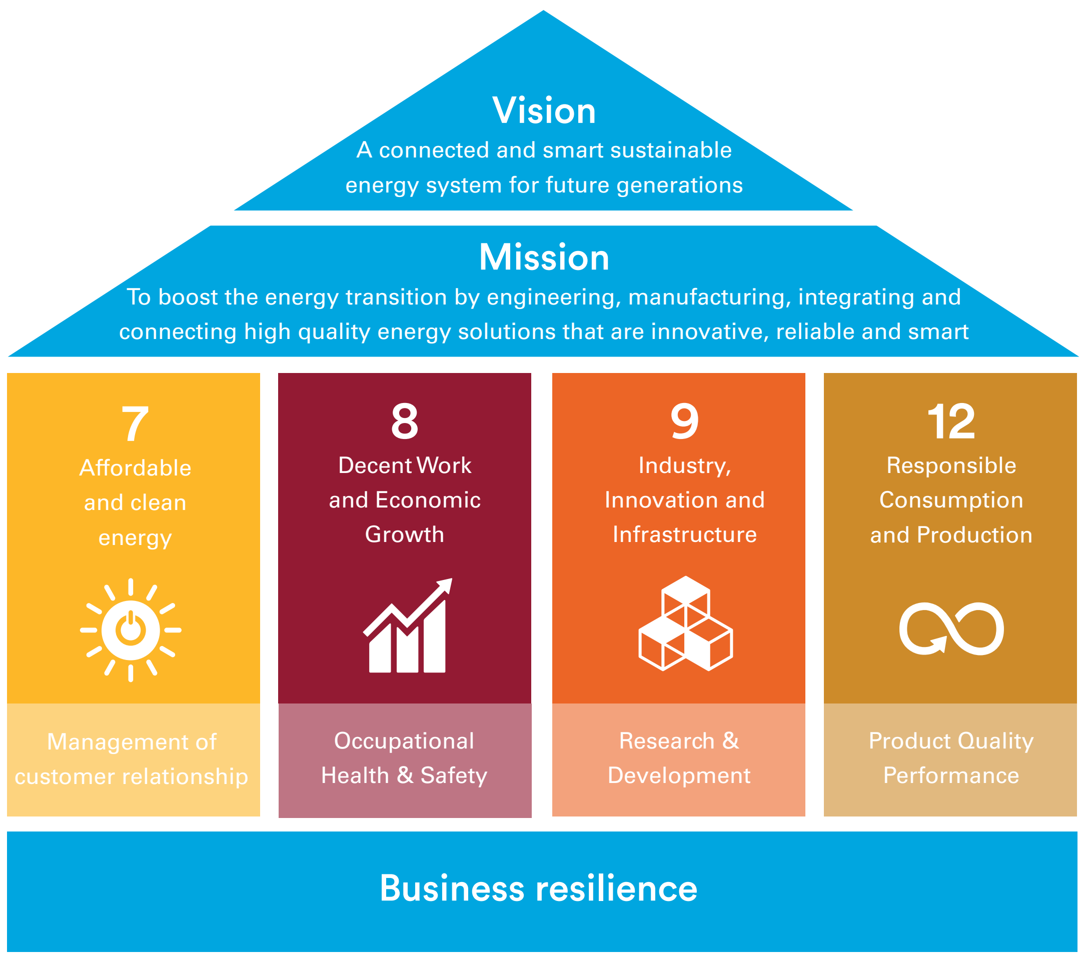
The remaining four most material topics are considered to be key focus areas for Alfen, and therefore are at the heart of the CSR framework. These were mapped to the following four SDGs (i) SDG 7 – Affordable and clean energy, (ii) SDG 8 – Decent work and Economic Growth, (iii) SDG 9 – Industry, innovation and infrastructure, and (iv) SDG 12 – Responsible Consumption and Production.

Based on the outcome of the materiality assessment and the UN SDG alignment, the renewed Alfen CSR framework was shaped.

CSR Framework

The most material topics mapped to four SDGs, together with Business Resilience as well as our vision and mission, collectively comprise the CSR framework which is shown in the figure below. The vision and mission are the guiding beacon for Alfen's journey to a connected and smart sustainable energy system for future generations.

Alfen CSR Framework



To measure our impact under the CSR framework, we report on key performance indicators for each focus area. The KPIs are:

- **For SDG7 – Affordable and Clean Energy:** potentially avoided CO2 emissions by the use of Alfen's EV charging equipment, as well as the potential number of households powered by solar PV parks where Alfen provided its microgrid solution;
- **For SDG8 - Decent Work and Economic Growth:** safe working environment performance captured by the Lost Time Injury Frequency Rate, as well as the sickness absence rate;
- **For SDG9 - Industry, Innovation and Infrastructure:** provide insight through sharing Alfen's investments in R&D together with impactful innovation examples;
- **For SDG12 - Responsible Consumption and Production:** results of Alfen's Operational Excellence program.

Alfen's impact under its CSR framework

As described in the previous section, we measure our impact through a set of key performance indicators under the focus areas.

For SDG 7, we potentially avoided up to 2.2Mtons of CO2 equivalent emissions as our installed charge points power electric vehicles and avoid harmful emissions. This is a strong increase compared to the 1.4Mtons of CO2e we potentially avoided by 2020 demonstrating how we continue to make impact with our EV charging solutions. Moreover, we enabled the supply of renewable energy to around 206,000 households by connecting solar PV farms to the public grid through our Smart grid solutions, which is significantly more compared to 142,000 households previous year.

For SDG 8, our lost time injury (LTI) performance improved compared to last year. In 2021 we launched various safety initiatives such as trainings and pro-actively sharing safety alerts and performance. This has been driving down our LTIFR further after that Alfen performed better than industry average in 2020. Still, Alfen is committed to further improve its safety performance. To illustrate, the IOGP life-saving rules will be adopted as the Alfen safety rules from 2022 onwards.

Also our sickness absence rate improved compared to last year, despite COVID-19 and new variants of which some are more contagious. Since the start of the COVID-19 epidemic, Alfen has taken additional safety measures to safeguard the health and safety of our employees. This resulted in a significantly stronger performance than industry average in 2020.

For SDG 9, we continued to invest in R&D and innovations for the future. In 2021, we invested €16 million compared to €10 million in 2020, a 60% growth. This demonstrates our commitment to drive our technology forward to further enable the energy transition.

For SDG 12, our operational excellence team continued to further optimise our business operations and product quality. Various projects were completed in 2021.
For instance, we implemented an integrated product lifecycle management system to accelerate R&D and manufacturing for new product introductions and we introduced detailed visual KPIs in the smart grid production facility that improves production speed and efficiency.

An overview of our 2021 impact is shown on the next page:

7 Affordable & clean energy
Management of customer relationship

2.2

Million tonnes CO2e emissions avoided

Potentially avoided emissions by Alfen charge points that have been powering electric vehicles and avoiding harmful emissions over the years.

206,000

Households supplied with renewable energy in 2021

Number of households in 2021 that were potentially supplied with green energy from solar PV parks that were grid connected through Alfen's smart grid solutions over the years.

9 Industry, Innovation & Infrastructure
Research & Development

16M€

Invested in R&D and innovations for the future

Smart Grid Solutions

A new innovative prefab walk-in station especially designed for the Benelux market.

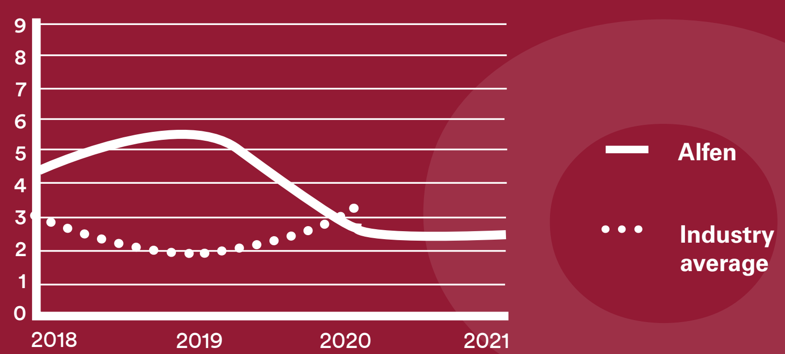
EV Charging Equipment

The introduction of our next generation hardware architecture that provides increased development flexibility.

Energy storage systems

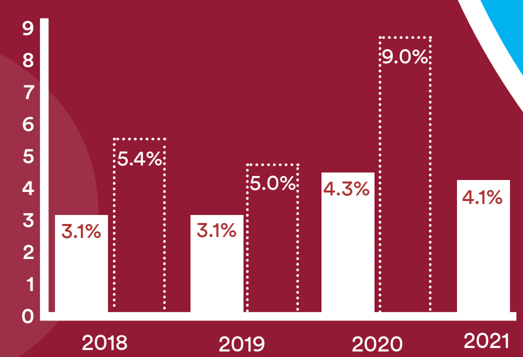
Developed the option to connect multiple Alfen TheBattery mobiles together to increase the power rating and storage capacity.

Alfen's impact



Lost time injury frequence rate

Alfen's LTIFR performance has been improving as a result of various safety initiatives that have been rolled out. For instance, Alfen implemented its updated QHSE policy, conducted safety trainings and is pro-actively sharing safety alerts and performance.



Sickness absence rate

Alfen's sickness absence rate improved compared to last year, despite COVID-19 and new variants of which some are more contagious. With additional safety measures in place, Alfen managed to perform significantly stronger than industry average in 2020.

Note: Alfen recognises a LTI after 24 hours of absence from work as a result of a work-related incident. Industry average as defined by FME, which is the entrepreneurial union for the technology industry in the Netherlands. Data for 2021 not yet available.

Results of operational excellence program

Alfen has a dedicated operational excellence team with the objective to continuously drive improvements of its business operations and product quality. Selected examples of 2021 improvements include:

Modern Workplace

Transitioned to a modern workplace for more effective (remote) collaboration.

Product Lifecyle Management (PLM)

Implemented integrated PLM system to accelerate R&D and manufacturing processes for new product introductions.

Optimisation Smart grids production

Introduced detailed visual KPIs in the smart grid production facility that improves production speed and efficiency.

8 Decent work & economic growth
Occupational Health & Safety

12 Responsible consumption & production
Product quality performance

Corporate Social Responsibility and non-financial information

Sustainable development

Alfen strives to further enable sustainable development to promote a society that makes responsible choices both economically, socially and environmentally. Sustainable development is development that meets the needs of present generations without jeopardising the ability of future generations to meet their needs[1]. Relevant impact includes, but is not limited to, environmental change, poverty and equality, and economic, cultural, technological and political globalisation. As such, we recognise that we, as a company, have the opportunity to create positive environmental and social impact, while at the same time, we need to endeavour to eliminate potential negative impact from our activities and those of our suppliers. We address this through our Sustainable Development Policy.

Sustainable Development Policy and achievements

Alfen's Sustainable Development Policy can be visualised as the umbrella for any Environmental, Social and Governance (ESG) activity or policy within the company. The ambitions and expectations described herein always relate to all Alfen entities, business partners and suppliers. The Alfen Sustainable Development Policy has been set up in accordance with the requirements and expectations of "ISO 26000: 2010 Guideline for social responsibility of organisations". The policy entails seven core themes, which are closely linked to our material topics and hence CSR framework:

1. Organisational governance;
2. The environment;
3. Human rights;
4. Working conditions;
5. Fair business practices;
6. Consumer and customer matters; and
7. The local community.

For all these core themes we have various initiatives running, of which selected highlights and results achieved in 2021 are provided in the next sections.

Organisational governance
The aim is to report on sustainability in a standardised, open and transparent manner and to demonstrate that Alfen adheres to the principles of organisational governance as described in the OECD Guidelines for Multinational enterprises[2]. In order to do so Alfen follows the ISO 26000 standard after having carefully assessed the various frameworks that exist. We are convinced that the ISO 26000 provides a solid basis which is widely recognised.

Going forward, we will comply with the EU taxonomy and from 2023 onwards also a European CSR Directive (CSRD) is expected to be implemented. We are committed to fully comply to these new frameworks and work is ongoing to assess what is needed in order to do so, on top of our ISO 26000 reporting basis.

The environment
Alfen recognises that the economic activities of its business operations can have undesired consequences for the environment. As such, we actively strive to minimise our impact on the environment and to operate responsibly. In relation to the environment, we are specifically committed to four areas:

- Environmental friendly operations;
- Minimise impact of our products and their components;
- Renewable energy use and energy efficiency;
- Circular economy.

In 2021 we made further progress across these themes. To illustrate, we further electrified our company car fleet adding more electric vehicles and we installed additional solar panels on the roofs of our offices to increase our own renewable energy production. Another example is that Alfen was successful in winning the Liander long-term framework agreement for secondary substations partly because of our sustainable initiatives like the fact that we use recycled cement in the production of our concrete housings.

[1] *United Nations, Brundtland Commission report, 1987.*
[2] *Organisation for Economic Co-operation and Development: https://www.oecdguidelines.nl/*

We also kept monitoring our carbon footprint. As part of the assessment of our CO2 performance, Alfen has been certified under the Dutch CO2 performance ladder certification. Under this certification, Alfen scores a 4 out of 5, which is top tier in the energy sector. However, the performance ladder is a Dutch program and not always fully understood by Alfen's stakeholders. Therefore, we have decided to move to the Energy Management standard ISO 50001, which is an internationally recognised standard.

Combined with the already existing ISO 14001 certification which relates to Environmental Management it is our conviction that this will further professionalise our approach in this matter and allow us to operate even more responsible and further reduce our CO2 footprint. Certification for ISO 50001 is currently planned for the first half year of 2022.

Additionally, Alfen further adopted the LiDS wheel as the ECO design tool to assess the circularity and sustainability of its existing and future product portfolio. As part of that, we are in the process of developing more material passports of our products in collaboration with selected customers as well as looking into innovations to use more recyclable materials in our products with our main suppliers.

Human rights
At Alfen, we strongly believe in human rights. We therefore embed non-discriminatory practices, we adhere to international acceptable working conditions and embrace diversity in our work force.

Diversity was high on the agenda in 2021 and our Diversity & Inclusion policy complies with the upcoming new legislation "A more balanced ratio of seats between men and women on the Supervisory Board". New Dutch legislation dictates that more than 30% of the Supervisory Board should consist of women, which Alfen already fully embraced. In 2020, our Supervisory Board welcomed two new Board members Willem Ackermans and Eline Oudenbroek, bringing the women percentage to 33%. Since 2021, also our Senior Management complies as Michelle Lesh joined the team last summer, succeeding Richard Jongsma.

Additionally, we value education and generating added value for the domestic economy. As such, we have partnered with various governmental bodies to facilitate employment and education (Alfen Academy) of young people, unemployed people and temporary asylum visa holders. Also, Alfen aims to use local resources and attract local talent. In 2021, Alfen employed 37 different nationalities compared with 28 different nationalities in 2020.

To further safeguard Human Rights within our sustainable development activities, we plan to assess our supply chain more thoroughly for instance by conducting external audits. The foundation for this is based on the OECD guidelines. The plan was to initially start this in 2021, however, due to COVID-19 and the correlating lock-downs and restrictions that countries put in place, we decided to reschedule the initiative to 2022 when we believe COVID-19 will be under much more control throughout the world.

Working conditions
The objectives for Alfen in relation to the working conditions are:

- To be a company without unacceptable deviations to health & safety procedures;
- To have healthy and happy employees who are employed on a long-term basis; and
- To prevent unacceptable risks to the environment that may result from our activities.

To achieve these objectives Alfen has a Quality, Health, Safety & Environment (QHSE) policy. The policy intents to further drive and strengthen the Alfen culture and as such, to further solidify the safe working conditions at Alfen.

The QHSE policy can be pictured as a wheel with 5 elements which are Knowledge, Organisation, Leadership, Strengthening Culture, and Ambition. At the heart of the wheel lie our values which are summarised under SPARK (Sustainable, Partner, Adaptive, Reliable and Knowledgeable). These core values determine how we meet the needs of our customers and add value to their business models in a safely, qualitative, healthy and sustainable manner.

Alfen's ambition is to have a robust and integrated company QHSE strategy, which in turn is an integral part of the company policy. Ambition is also embedded in the other four framework elements, which are not necessarily sequential, but there is a clear mutual relationship. Implemented integrally, the sum of all QHSE framework components have a greater effect than each of them individually.

In 2021 a 'base case' maturity assessment based on the well-known and proven "Hearts and Minds" methodology was executed which provided insights in the current state of affairs. The outcome of the maturity assessment is being used to develop tools and training to support the SPARK programme. One insight is that the IOGP life-saving rules will be adopted as the Alfen safety rules and will be rolled out in the beginning of 2022. Preparations for this are ongoing.

Fair business practices
Fair business operations are at the core to adequality manage and control business processes within Alfen. It is essential to be able to deliver quality in a responsible way and therefore needs to conform to the Sustainable Development Policy of Alfen. To ensure fair business practices, we are operating with a Code of Conduct for internal guidance and a Suppliers Code of Conduct to guide our supply chain partners. Both documents have been updated in 2021 to include the latest best practices and can be found on our website.

Consumer and customer matters
Our philosophy is to provide our customers with products & services that are sustainable, reliable and safe. In order to do that, we conform to the OECD guidelines. Our products comply with the respective European directives and regulations and are CE[3] certified and marked. Additionally, we endeavour to limit the use of hazardous substances in electrical and electronic equipment and to promote the collection and recycling of our equipment.

Moreover, Alfen has been a member of WEEE Nederland[4] and has concluded collection contracts with the help of this organisation in the countries where Alfen's products are sold in order to increase the recycling and / or reuse of such products. In addition, Alfen is also a member of STIBAT to promote the collection and recycling of industrial batteries.

The local community
The company has been located in Almere since 1983 and has built up a strong, two-way relationship with the municipality. There are various initiatives that Alfen undertakes to strengthen this even more.

Not only does a significant part of our employees live in Almere, we also have our own Alfen Academy where we train and educate our students & employees in cooperation with a public school in order for them to get their accreditation and diplomas. To optimally facilitate and integrate the educational activities, we have our own classroom and practise facilities at our own premises. Founded in 2008, the Alfen Academy continues to grow in size, from 25 students in 2017, to 37 in 2018, 49 in 2019, 60 in 2020 and 75 in 2021. The Alfen Academy is a fundamental asset in our collaboration with the local municipality to help unemployed people get a job at Alfen. The latter is also a diversity objective of Alfen.

Moreover, we sponsor the local, professional football club FC Almere City, which besides being a football club also supports and promotes the physical and sportive development of children.

[3] *CE stands for Conformité Européenne, what means that the product meets the applicable European regulations and legislation.*
[4] *WEEE Nederland organises the collection and recycling of waste electrical and electronic equipment (WEEE, or e-waste) in the Netherlands for our affiliated producers and importers.*

CO2 performance

Alfen aims to have full insights in its CO2 footprint with the ambition to reduce it and report it. In recent years, the business has been growing strongly, and as such, naturally our CO2 emissions would also grow with the growth of our business without any further action. To counter this, we had set ourselves the goal to achieve at least equivalent CO2 emissions per FTE in 2021 compared with 2019, despite the growth.

Various measures have been taken in 2021 to further reduce our CO2 footprint per FTE. All Alfen offices, warehouses and terrains are lighted by means of LED lighting and we invested in additional rooftop solar. Also, we further increased the share of electric vehicles in accordance with our active EV policy and currently roughly 60% of our fleet is fully electric and the rest is largely hybrid (PHEV). Finally, like 2020, COVID-19 reduced Alfen's mobility CO2 emissions as well since we worked more from home, which we anticipate to continue going forward as we have embraced a hybrid working model (home vs office).

The measures that we took in combination with the influence of COVID-19, resulted in a reduction of the absolute CO2 emissions in 2021 compared with 2019. In other words, we were able to drive down the CO2 emissions per FTE, even while the business has been growing rapidly with a 32% revenue growth. Therefore, we have achieved our objective and have beaten the set target.

Looking forward, Alfen anticipates to further grow the business strongly. Therefore, we have decided to maintain the current objective for the next year based on emission levels of 2019. With effect from reporting year 2021, this objective has been divided into three parts: Scope 1, Scope 2 and Scope 3 "business travel". Note that the reporting is based on the Dutch CO2 performance index ("CO2 prestatieladder"). For Scope 3 we report our business travel emissions only, which is in line with the CO2 performance index handbook 3.1. Alfen's performance over the last 3 years is detailed in the tables below.

Table CSR-1: Overview of Alfen CO2-emissions by scope since 2019

CO2-emission (tonne)	2019		2020		2021		Realisation 2021 <-> 2019
Scope 1	1,073	(72%)	854	(86%)	825	(82%)	-23%
Scope 2	214	(14%)	63	(6%)	93	(9%)	-57%
Scope 3*	202	(14%)	82	(8%)	96	(9%)	-52%
Total	1,489		999		1,014		-32%
Emission CO_2e/FTE Scope 1	2.31		1.50		1.30		-44%
Emission CO_2e/FTE Scope 2	0.46		0.11		0.15		-68%
Emission CO_2e/FTE Scope 3*	0.44		0.14		0.15		-65%
Emission CO_2e/FTE Scope 1,2,3*	3.21		1.75		1.60		-50%

** Scope 3 consists of Business Travel, in line with the CO2 performance index handbook 3.1*

Table CSR-2: Overview of CO2-emissions 2021 targets and actual performance

Parameter/KPI	2019 actual	Target 2021	2021 actual
CO_2e/FTE Scope 1 (tonne)	2.31	+ 0%	1.30
CO_2e/FTE Scope 2 (tonne)	0.46	+ 0%	0.15
CO_2e/FTE Scope 3* (tonne)	0.44	+ 0%	0.15
CO_2e/FTE Scope 1,2,3 (tonne)	3.21	+ 0%	1.60

** Scope 3 consists of Business Travel, in line with the CO2 performance index handbook 3.1*

Further details can be found in our CO2 performance report available in the Sustainability section of our website.

EU Taxonomy

Alfen operates at the heart of the energy transition providing smart energy solutions to enable the electricity grid of the future: reliable, sustainable and innovative. We have a unique combination of activities as we design, engineer, develop, produce and service smart grids, energy storage systems, and electric vehicle charging equipment. We combine our activities in integrated solutions to address the electricity challenges of our clients. As such, Alfen's vision is a connected, smart and sustainable energy system for future generations.

In accordance with the Taxonomy regulation delegated act, we applied the simplified reporting requirement for financial year 2021 in which we disclose our expected Taxonomy-eligibility and Taxonomy non-eligibility activities within Revenue, CAPEX and OPEX (comprising a restrictive list of certain operating expenses) contributing to climate adaptation and mitigation. In the coming years the EU Taxonomy regulation and the requirements for non-financial undertakings will continue to change. Next year we will have to report on their alignment in addition to eligibility, four remaining delegate acts will be published and the draft social taxonomy is expected. Furthermore new activities might be added and further guidance could be expected. Alfen will keep monitoring the developments in order to report in line with the requirements.

EU Taxonomy KPI's	Revenue	CAPEX	OPEX
Taxonomy-Eligible Activities (%)	98,8%	90,3%	100%
Taxonomy-Non-Eligible Activities (%)	1,1%	9,7%	-
Total	100%	100%	100%

EU Taxonomy - Revenue
We performed an analysis on the activities and the eligibility under the EU Taxonomy regulation and given our products and services in our Smart Grid, EV charging and Energy Storage business lines we consider these to be Taxonomy-aligned economic activities. However, in Belgium, we provide empty concrete cabinets for example to installers which are used to create a transformer substation for electric power distribution. We consider the delivery of these cabinets not to be in line with the EU Taxonomy. As a result, in 2021 98.9% of our Revenue-activities are considered to be eligible under the EU Taxonomy and 1.1% is considered to be non-eligible.

EU Taxonomy – CAPEX
The majority of our CAPEX is directly contributing - e.g. R&D test facilities, new moulds for Smart grids as well as Production and Warehousing related improvements - or will be directly contributing in the near – e.g. capitalised development - future to our three business lines. However, we also made investments in IT-infrastructure and Data Security, which we labelled as head office costs and are therefore not directly contributing to one of our three business lines. As a result, in 2021 90.3% of our CAPEX-activities are considered to be eligible under the EU Taxonomy and 9.7% is considered to be non-eligible.

EU Taxonomy – OPEX
OPEX-activities under EU Taxonomy comprise a restrictive list of the following operating expenses: direct non-capitalised R&D expenses, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. Our total costs related to these activities amounted to €5.6 million - i.e. 10.4% of our total operating expenses. These costs are directly contributing or will be directly contributing in the near future to our three business lines. As a result, we consider our OPEX-activities 100% eligible under the EU Taxonomy.

Alfen future CSR and sustainability objectives

The 2021 COP26 climate change conference in Glasgow clearly indicated that urgent action is required to minimise the effects of global warming. Globally, we need to do much more and at a quicker pace to achieve this.

We are supplying smart and sustainable energy solutions and are operating at the heart of the energy transition. We also feel responsible to ensure a sustainable future for the next generations. Therefore, we plan to commit to specific sustainability targets of our own business activities, for instance science-based and in line with global warming limitation targets. We plan to make these public at the end of 2022.

Alfen has the ambition to set targets for the three ESG pillars, i.e. Environmental, Social and Governance, which should be in line with/comply to the CSRD.

Delivery of 20MWh storage solution in Uppsala, Sweden

Alfen delivered a 20MWh battery energy storage solution in the Swedish university town of Uppsala that contributes to Vattenfall's mission of 'fossil free living within one generation'. Additionally, Alfen provided its 'TheBattery Connect' energy management system and the local grid connection.

2021 month-by-month

21 January
Alfen and Bee enter partnership for EV smart charging in Sweden

Bee Charging Solutions AB, one of the leading EV charge point operators in Sweden, has chosen Alfen as their supplier to provide the company with smart charge points for electric vehicles. The companies signed a framework agreement for an initial period of three years. The partnership focuses primarily on real estate and companies but may also include home charging and public charging.

26 January
PerPetum Energy selects Alfen as its strategic partner for transformer substations

Alfen signed a framework agreement with PerPetum Energy for the supply of transformer substations to enable PerPetum's wide portfolio of renewable energy projects in the Netherlands. The agreement initially covers a period of three years and can then be extended for successive periods of one year. PerPetum Energy, based in the Netherlands and headquartered in Belgium, is active in the EMEA market and specialised in financing, engineering, designing, installation, and monitoring of solar photovoltaics (PV) projects for industrial customers.

02 February
Centrica Business Solutions enters into framework agreement with Alfen for the supply of battery energy storage solutions

Alfen was selected by Centrica Business Solutions, a leading UK energy and services company, as a preferred partner for the supply of sub 10MW battery energy storage solutions. With this three-year framework agreement, Alfen further expands its collaboration with Centrica after the recent framework agreement to supply charge points for Centrica and its subsidiary British Gas.

10 June
Alfen EV charging stations in the centre of a new, circular, business model

SiRicarica, an innovative Italian start-up, has started to rollout a nationwide network of charging stations for electric cars in Italy. SiRicarica originated from a shared vision of NaturaSì, DriWe and Garage Italia. Three different companies with a common goal: to build a sustainable future for everyone. Alfen has been selected as the main partner to supply smart EV charging stations for this nationwide rollout.

06 July
Alfen helps Rotterdam The Hague Airport to become more sustainable

Together with Rotterdam The Hague Airport (RTHA), Unisun Energy has developed a solar park. The solar park is located on the airfield, along the runways and consists of around 34,000 solar panels. The installation has a total capacity of over 14MWp and generates enough energy to fully provide RTHA and surroundings with renewable energy. The estimated annual energy production exceeds 12.6GWh.

26 November
Alfen awarded with multi-year framework agreement to supply substations to Liander

Liander, the largest grid operator in the Netherlands, and Alfen announced that Alfen has been awarded a framework agreement for the supply of prefab secondary substations to Liander. This is a continuation of a decades-long relationship between Liander and Alfen of offering smart and reliable grid solutions. The agreement will have an initial term of four years and can be extended with four additional years.

Financial performance

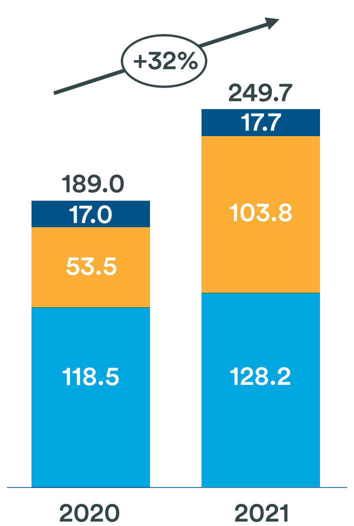
Alfen is operating internationally in the heart of the energy transition, being a specialist in energy solutions for the future. With over 80 years history, Alfen has a unique combination of activities. Alfen designs, engineers, develops, produces and services Smart grid solutions, Energy storage systems and EV chargers and combines these in integrated solutions to address the electricity challenges of its clients. As there is a strong interrelationship between Alfen's different business activities, management reviews the profitability of the Company on an aggregate level.

All financial segment information can be found in the consolidated financial statements.

Revenue and other income

Revenue and other income increased by 32% from €189.0 million in 2020 to €249.7 million in 2021, driven by growth across all business lines, but with a very strong growth in the EV charging equipment business line. Alfen continued to drive its strategy and benefitted from market growth, further internationalisation, cross-selling and service.

Revenue and other income
(in EUR million)



Energy storage systems
EV charging equipment
Smart grid solutions

In the Smart grid solutions business line, 2021 revenues were €128.2 million, a 8% growth compared with €118.5 million in 2020. Alfen's markets kept growing and it becomes increasingly clear what the impact on the grid will be as more electricity is produced and consumed. Especially as more and more renewables are integrated, such as solar and wind power, which result in more peak loads and volatile load profiles on the grid. Grid operators progressively talk about how the grid is reaching its limitations and how it needs to be expanded and reinforced. In the Netherlands alone, it is estimated that €100 billion of investments are needed towards 2050 to make the grid future proof. Still, short-term there could always be some challenges. For instance, Alfen has seen that in the second half of 2021 some projects were delayed as grid connections could not be established in time. Also, supply chain pressures caused cost inflation for solar PV project materials, putting some business cases under further review. Such effects might have some temporary impact, but long-term it is clear that significant grid investments are needed.

In the EV charging equipment business line, 2021 revenues were €103.8 million, a 94% growth compared with €53.5 million in 2020. Across Europe, Alfen has seen positive market developments for electric driving. At one hand because the supply is growing. Car manufacturers increasingly have committed to electrification of their portfolios and are rapidly increasing and diversifying EV supply in the market. At the other hand because stimulants continue to be in place such as financial incentives, but also regulatory stimulants to support the transition to electric driving. For instance, all new buildings in England will be required to install electric vehicle charge points from 2022 onwards. Alfen benefitted from increasing volumes under framework agreements that have been set-up over the past years, new client wins and further internationalisation.

In the Energy storage systems business line, 2021 revenues were €17.7 million, a 4% growth compared with €17.0 million in 2020. The battery energy storage market picked up momentum after COVID-19 headwinds. With markets being less affected, Alfen sees momentum getting stronger and stronger, also driven by further maturation of the market, which in Europe is still in a nascent stage. There are various signs of the growing momentum. In the UK the government simplified planning permission processes reducing lead times from one to two years to a few months. Additionally, the UK has in place a clear framework for grid stability services. Another example is that Alfen started to see requests for generation capacity, partially considered to be filled with battery energy storage. All together Alfen is convinced of this market potential and its strong market position. To illustrate, Alfen has seen its qualified leads pipeline growing strongly in 2021.

Gross margin, EBITDA and net profit (loss)

Gross margin was 36.0% in 2021 compared with 36.7% in 2020. Alfen's strong market position and leverage from increased scale was offset by a challenging supply chain in 2021 as well as by product mix effects within each business line.

EBITDA increased by 52% from €23.8 million in financial year 2020 to €36.2 million in financial year 2021. The EBITDA margin improvement is driven by operational leverage.

Depreciation and amortisation charges increased from €6.5 million in 2020 to €8.5 million in 2021.

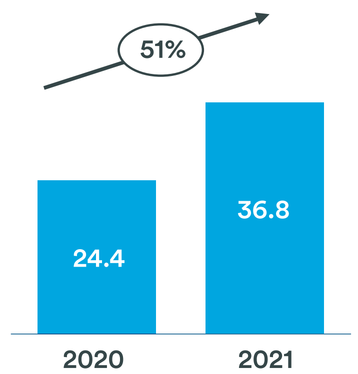
Finance income and costs in financial year 2021 are higher than in prior year, mainly as a result of negative interest charges on the positive cash position.

The effective tax rate for the financial year 2021 decreased significantly compared to financial year 2020, which is mainly driven by first time appliance of the so-called Innovation box facility.

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 positive tax effect of applying the innovation box is 5.8% for financial year 2021, of which 1.5% relates to the retrospective application of this agreement for fiscal years 2019 and 2020 combined and 4.3% for fiscal year 2021.

As a consequence, the net profit of €12.0 million in the financial year 2020 grew 79% to €21.5 million in the financial year 2021.

Adjusted EBITDA
(in EUR million)



In the financial year 2020, Alfen incurred one-off costs and special items of €0.5 million related to share-based payment expenses associated with the Celebration Share Award Plan and Long-Term Incentive Plans and a related party consultancy fee. EBITDA adjustments in financial year 2021 amounted to €0.6 million and only comprised of share-based payment expenses associated with the Long-Term Incentive Plans (see Note 11).

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

In EUR '000	2021	2020
EBITDA	36,204	23,841
Related party consultancy fee	-	32
Share-based payment expenses	641	502
Adjusted EBITDA	36,845	24,375
Net profit / (loss)	21,450	11,987
Aggregated one-off costs and special items after tax	641	526
Adjusted Net profit / (loss)	22,091	12,513

Adjusted EBITDA amounted to €36.8 million, an increase of 51% versus €24.4 million in financial year 2020. Adjusted for one-off costs and special items after tax, net profit amounted to €22.1 million (versus €12.5 million in financial year 2020).

Finance and investments

Net cash position at 31 December 2021 amounted to €28.9 million, compared to a net cash position of €32.4 million at 31 December 2020. The decrease in the net cash position is the result of an increase of the working capital which is mainly related to an increase of our stock level. Given the supply chain challenges we maintain higher safety stock levels, further supported by strategic stock down payments for batteries and electrical components.

The working capital credit facility remained unchanged on €30 million. Also the separate facility for bank guarantees remained unchanged on €10 million. As disclosed in note 25 of the financial statements, Alfen has to meet an EBITDA covenant. This EBITDA-covenant was met as at 31 December 2021.

The solvency ratio (equity divided by total assets) is 49.6% at 31 December 2021 compared to 50.6% at 31 December 2020.

Capital expenditure amounts to €11.7 million (or 4.7% of revenues) compared to €9.6 million (or 5.1% of revenues) in 2020. Capex includes investments in IT-infrastructure and Data Security, R&D test facilities, new moulds for Smart grids as well as Production and Warehousing related improvements. Alfen capitalised €7.7 million of development costs (2020: €5.0 million) which demonstrates the company's continued efforts to invest in innovations for the future.

Largest charging plaza in the Benelux powered by Alfen EV charge points

Eneco and the theme park “the Efteling” have realised the largest charging plaza in the Benelux. 174 electric vehicles can charge simultaneously and are being charged by 100% renewable energy from European wind and solar sources.

Risks and Uncertainties

Risks and Uncertainties

Summary of risks, our risk appetite, likelihood and potential impact.

Risk category	Risk description	Risk appetite	Likelihood	Impact
Strategic and commercial	The energy transition embodied by current trends towards alternative energy sources may be addressed by various solutions and there is no certainty that any of the solutions offered by Alfen will prove to be acceptable for addressing these.	High	Low	High
	The market for electric vehicles is rapidly developing and evolving which makes it difficult to predict the future demand for charging equipment as well as charging behaviour.	High	Low	High
	The market for energy storage is still nascent and developing which may result in uncertainty regarding the future performance of its Energy storage business line.	Medium	Medium	Medium
	Competition in the industries and market segments in which Alfen operates may materially adversely affect its market shares, margins and overall profitability.	High	Medium	Medium
	Alfen's business depends, in part, on contracts with certain significant clients. If one or more of such contracts were discontinued, Alfen's financial position and results of operation could be materially adversely affected.	Medium	Low	Low
	Alfen may be unsuccessful in adequately protecting its technological know-how and trade secrets.	Medium	Low	Medium
	The COVID-19 pandemic might slow down the energy transition and as such the markets that Alfen operates in, which could adversely affect or delay revenues, profits and cash flows.	High	Low	Low
Operational	Alfen depends on its ability to hire and retain management, key employees and other qualified and skilled employees and may not be able to attract and retain such personnel.	Medium	Medium	Medium
	Failure to properly manage projects, or project delays, may result in additional costs or claims and adversely affect or delay revenues, profits and cash flows.	Medium	Medium	Medium
	Alfen is dependent on third-party suppliers to deliver raw materials and components for its products and may experience supply problems.	Low	High	Medium
	Disruptions of Alfen's information technology systems could have a material adverse effect on its business.	Low	Low	High
	Alfen's IT systems' security could be breached by a third party that might misuse or hijack Alfen assets or information which could have a material adverse effect on its business.	Low	Medium	High
Compliance	Alfen is exposed to risks associated with product liability, warranties, recall claims or other lawsuits or claims that may be brought against it.	Medium	Low	Medium
	Alfen may not fully comply to laws and regulations across multiple jurisdictions, which are becoming increasingly stringent, particularly related to environmental, health and safety and transportation.	Low	Medium	Medium

For information about Alfen's credit risk, liquidity and market risks as well as the capital management structure, please refer to the information outlined in note 3 and 4 of the financial statements. Furthermore, risks related to external reporting are considered limited due to the limited amount of estimates in the financial statements, and because Alfen was not faced with any indication for impairment in financial year 2021.

Risks and Uncertainties

Strategic and commercial risks and uncertainties

The energy transition embodied by the current trends towards alternative energy sources may be addressed by various solutions and there is no certainty that any of the solutions offered by Alfen will prove to be acceptable for addressing these.

Various solutions are and may be brought to market to address the energy transition and current trends affecting the energy landscape. Technologies such as hydrogen storage or fuel cells may compete with Alfen's products, systems and solutions of its Energy storage or EV charging business lines. If Alfen fails to achieve market acceptance for its products, systems or services as solutions to current trends, Alfen's business, financial condition, results of operations and prospects could be materially adversely affected.

To mitigate this risk, Alfen continuously monitors market developments and initiates R&D efforts accordingly. Through its open-architecture approach and its technology-agnostic solutions it is relatively flexible to adapt its products and solutions to changing market trends.

The market for electric vehicles is rapidly developing and evolving which makes it difficult to predict the future demand for charging equipment as well as charging behaviour.

The market for electric vehicles is rapidly developing and is continuously evolving. As such, it is characterised by changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements and changing consumer demand and behaviour. Future developments in technology trends can be uncertain.

A slower than anticipated increase, or even a decrease, in the sales of electric vehicles in the countries in which Alfen operates could lead to a slower than anticipated growth of revenues in Alfen's EV charging business line, which may have a material adverse effect on Alfen's business, financial condition, results of operations and prospects.

To mitigate this risk, Alfen continuously monitors market developments with regard to EV charging behaviour and initiates new R&D projects to address possible future trends with regard to EV charging. In addition, as a result of its internationalisation strategy, Alfen is becoming less dependent on country-specific, often regulation or subsidy related, fluctuations in demand patterns for EVs or EV charging equipment.

The market for energy storage is still nascent and developing which may result in uncertainty regarding the future performance of its Energy storage business line.

Alfen started its activities in the development, production and installation of energy storage systems in 2011 and released its first meaningful commercial successes in 2016, in a relatively new market. The market has since then been maturing but is still in a relative nascent stage. As such, the development and expansion of this business line may be subject to significant uncertainty and volatility. In addition, as the market evolves, the costs involved in developing the Energy storage business line may be significantly greater than currently anticipated and the estimated amount of capital expenditures required may be insufficient to cover the actual cost due to cost overruns or other unexpected expenses.

This risk is reducing over time, as the market for energy storage is gradually maturing and Alfen's customers are gaining more experience with energy storage projects, including business case development, internal approval procedures and project management. Alfen further reduces this risk by continuously focusing on expanding its range of storage applications, making it less vulnerable to a change in business case dynamics for a specific storage application. In addition, as a result of its internationalisation strategy, Alfen is becoming less dependent on country-specific, often regulation or subsidy related, fluctuations in demand patterns for energy storage systems.

Competition in the industries and market segments in which Alfen operates may materially adversely affect its market shares, margins and overall profitability.

Alfen's industries and market segments are highly competitive, and it faces significant competition from large international competitors as well as smaller regional competitors in certain markets. In addition, certain industry players who currently do not compete with Alfen in terms of quality and market share may enter Alfen's market and disrupt the competitive environment which may reduce Alfen's market share. Current clients may decide to develop or acquire certain capabilities in-house, reducing demand for Alfen's products, systems and services.

If Alfen is unable to compete successfully in its product and geographic markets, its business, financial condition, results of operations and prospects could be materially adversely affected.

To mitigate this risk, Alfen is continuously focusing on product upgrades and new product development, cost engineering and purchasing savings. In addition, Alfen continuously monitors its competitive environment and, through SWOT analyses, seeks to identify its unique selling points that are valuable to its customers. Alfen also increasingly focusses on integrated solutions covering multiple business lines, in order to further differentiate from the majority of its competitors who focus on individual business lines only.

Alfen's business depends, in part, on contracts with certain significant clients. If one or more of such contracts were discontinued, Alfen's financial position and results of operation could be materially adversely affected.

The success of Alfen's business depends, in part, on significant customer contracts entered into with a limited number of grid operators and large companies. Alfen may not be able to renew such contracts upon their expiry which could have a negative impact on Alfen's revenue and profits.

This risk is mitigated by a continuous effort to further diversify its customer base. The clients Enexis and Alliander, representing a large part of the Smart grid solutions business line, separated their commercial activities into separate entities, which further contributes to a diversification of customers. This risk is further mitigated by a structured approach to tenders in the market supported by multi-disciplinary tender teams.

Alfen may be unsuccessful in adequately protecting its technological know-how and trade secrets.

Alfen relies on certain technology, know-how and business and trade secrets. There is a risk that third parties, in particular competitors, may copy such technology and know-how or develop it independently and later challenge Alfen's use of it. In addition, employees who in the course of their employment with Alfen have access to important proprietary information which may or may not be protected by intellectual property rights may leave to go work for a competitor.

To mitigate this risk Alfen relies on confidentiality agreements with suppliers and customers, non-compete clauses in contracts with employees and technical precautions to protect its technology, know-how and other proprietary information. However, there is no guarantee that these agreements and precautions or Alfen's ability to enforce its contractual rights, will provide sufficient protection in the case of any unauthorised access or use, misappropriation or disclosure of such information. Defending against any unauthorised access or use may result in lengthy and costly litigation or administrative proceedings and cause significant disruption to the business and operations of Alfen.

A global health pandemic might slow down the energy transition and as such the markets that Alfen operates in, or could significantly reduce our production capacity, which could adversely affect or delay revenues, profits and cash flows.

A global health pandemic such as COVID-19 might impact the wider economy and also the end-markets of Alfen. This could have the effect that businesses in these markets reduce their capital expenditures in light of such pandemic, which in return may result in lower order intake for Alfen. Additionally, there is the risk that Alfen needs to reduce or even completely stop its production to safeguard the health and safety of its employees. These events could materially impact revenue, profits and cash flows.

To mitigate this risk, Alfen is continuously diversifying its customer base. Not only in the markets Alfen currently operates in, but also by further internationalising in Europe. To safeguard the health and safety of its employees, Alfen complies to all relevant national and international guidelines, standards and policies for health and safety. Also, Alfen can implement additional safety measures where required to continue safe and responsible operations during a pandemic, as evidenced during the COVID-19 crisis.

Operational risks and uncertainties

Alfen depends on its ability to hire and retain management, key employees and other qualified and skilled employees and may not be able to attract and retain such personnel.

Alfen's future performance depends in significant part on the continued service of the Senior Management and other key personnel, including the heads of Alfen's business lines and other employees involved in research and development, staff, marketing and sales personnel and employees with critical know-how and expertise. The loss of the services of one or more members of Senior Management or other key personnel could have a material adverse effect on Alfen's business, financial condition, results of operations and prospects.

Alfen's success also depends on its continuing ability to attract, retain and develop qualified and skilled personnel, including scientists, designers, technical employees and engineers with the requisite technical background. This is especially important given the expected high growth in the segments in which Alfen is active. Competition for such personnel is intense, in particular for technical and industrial employees. This is particularly relevant in the Netherlands, since it is the country where Alfen has its headquarters, significant business operations and research and development activities.

To mitigate this risk, Alfen seeks to make optimally use of its increased public profile after the IPO and the widespread interest in the energy transition in order to attract talent. Retention and development are key focus areas of the HR department and management. Through Alfen's in-house Academy (for which it was awarded a prize for best program in the Netherlands in 2017) important personnel continues to be attracted and incentivised to further develop at Alfen.

Failure to properly manage projects, or project delays, may result in additional costs or claims and adversely affect or delay revenues, profits and cash flows.

Alfen generates part of its business by participating in projects for the installation of its products, systems and solutions, and it expects that in the future there will be an increase in the number and size of the projects that it undertakes. Alfen may not be successful in executing these projects or its project management services, or a project may be delayed by events beyond its control which may lead to delays in revenue streams that may adversely affect Alfen's profits or cash flows.

Alfen mitigates this risk by continuously working on further professionalisation of its project management department, supply chain management and the interrelation between these two by, for example, weekly meetings in which project management together with supply chain management identified and determined bottlenecks and priorities, respectively.

Alfen is dependent on third-party suppliers to deliver raw materials and components for its products and may experience supply problems.

Alfen's production and assembly processes depend on the availability and timely supply of raw materials, components and finished goods, from third-party suppliers. Alfen obtains a significant portion of certain of its processed raw materials from a limited number of key suppliers.

If any of Alfen's suppliers are unable to meet their obligations under purchase orders or supply agreements, Alfen may be forced to pay higher prices to obtain the necessary raw materials from other suppliers, change suppliers, or may not be able to locate suitable alternatives at all. Supply interruption could lead to interruption of Alfen's own production at one or more production facilities. This could be particularly relevant for the supply of batteries, since the rapidly developing market for energy storage projects and the roll-out of EVs may put significant pressure on the production and supply capacities of a relatively small number of global battery suppliers.

Alfen may experience supply problems and may be unable to fill clients' orders on a timely and cost-effective basis or in the required quantities, which could result in damage claims, order cancellations, decreased sales or loss of market share and damage to Alfen's reputation.

To mitigate this risk, Alfen seeks to have multiple interchangeable suppliers for its key purchases. Alfen is in continuous dialogue with its key suppliers to discuss potential supply chain challenges and, in case of any disruptions, seeks to jointly address these and return to normal course of business as quickly as possible. Any potential disruptions can further be mitigated by, temporarily, increasing stock levels and adjusting working procedures. In case of more structural challenges with certain suppliers, Alfen has the in-house capabilities to adjust product design and configurations to develop alternatives.

Disruptions of Alfen's information technology systems could have a material adverse effect on its business.

Alfen depends on its information technology systems to, among other things, conduct operations, to interface with clients (for example through its web shop) and to maintain financial records and accuracy. Alfen also develops and supplies software to clients. Information technology systems failures could disrupt operations leading to increased costs. In addition, Alfen's computer systems, including its back-up systems, could be damaged, hacked or interrupted which could impair its ability to effectively and timely provide products, systems, solutions and services, and could damage Alfen's reputation.

The mitigation of these risks starts with an IT security policy that is in place and sufficient resources to manage the IT related risks. As such, Alfen further strengthened the IT department and continues to do so in 2022. To further mitigate the risks related to privacy related information as well as data protection in general several actions have been taken and Alfen maintains a cyber-security insurance policy.

Alfen's IT systems' security could be breached by a third party that might misuse or hijack Alfen assets or information which could have a material adverse effect on its business.

Alfen's business activities are increasingly online. It uses collaborative software and data in the cloud and its IT systems are increasingly accessible remotely for more efficient operations. Also, its smart energy solutions are more and more connected to the internet of things to allow remote monitoring and operation of its products and services. Third parties might be able to breach security and get access to Alfen's IT systems and/or products, and as such, they could hijack or misuse sensitive information or they could hijack or misuse Alfen's products. This could impair Alfen's ability to effectively and timely conduct its business and/or damage Alfen's reputation.

To mitigate this risk, Alfen uses cloud based solutions for its own IT systems from suppliers that have proven and tested security which they continuously update to protect it from the latest threads. Furthermore, to mitigate the risks related to privacy related information as well as data protection in general several actions have been taken and Alfen maintains a cyber-security insurance policy. Additionally, Alfen has implemented an information security policy to safeguard and secure remote communication and operation of its products & services. For this, Alfen is certified by ISO 27001.

Compliance risks and uncertainties

Alfen is exposed to risks associated with product liability, warranties, recall claims or other lawsuits or claims that may be brought against it.

In the normal course of business Alfen is exposed to product liability, warranty and recall claims, lawsuits and any other claims that might lead to higher costs and/ or reputational damage.

Furthermore, Alfen may become subject to other proceedings alleging violations of due care, safety provisions and claims arising from breaches of contract or fines imposed by government or regulatory authorities in relation to its customised and semi-customised products, systems and solutions.

To mitigate this risk, Alfen aims to have back-to-back agreements in place with its suppliers. Furthermore, throughout the design and production phases, there is a continuous focus on quality with quality assurance being an integral part of Alfen's working processes. Moreover Alfen is able to continuously improve its products and services through valuable performance information obtained from its integrated service offering. Finally, Alfen has insurance policies in place to limit the costs of manufacturing defaults and design flaws.

Alfen may not fully comply to laws and regulations across multiple jurisdictions, which are becoming increasingly stringent, particularly related to environmental, health and safety and transportation.

Alfen is subject to numerous environmental, health and safety laws and regulations across multiple jurisdictions, which are becoming increasingly stringent. Additionally, Alfen's products and business operations are subject to a broad range of local, state, national and multi-national laws and regulations in the jurisdictions in which it operates and markets its products. Amendments or revisions to such laws and regulations may require changes to Alfen's product designs or production processes and may lead to additional costs or failure to comply.

To mitigate this risk, the quality of Alfen's products and compliance to the relevant safety and quality certificates is strictly monitored by the QHSE-department. Additionally, Alfen's in-house general counsel monitors or requests specialist assistance from foreign outside counsel about laws and regulations across multiple jurisdictions. Finally, in order to increase the safety awareness and accreditations of its personnel Alfen uses its in-house education centre to train its people in a controlled environment where real-life situations can be simulated.

Risk management and control systems

Management Board responsibility and approach towards risk management

The Management Board is responsible for the control environment, including risk management and internal control systems in order to properly manage the strategic, operational and other risks and uncertainties that could have a material adverse effect on Alfen's business and day-to-day operations. The applicable risks and uncertainties for Alfen are evaluated on a periodic basis by the Management Board and discussed with the Supervisory Board.

The Management Board is convinced that actual control should start with setting the right mind-set ('tone at the top'), allocating the right responsibilities and implementing day-to-day working procedures for all employees within Alfen.

The Management Board recognises the importance of a formalised approach towards risk management for a rapidly growing organisation like Alfen. In practice this means that it is important to maintain the right balance between formalised systems and procedures and the informal hands-on approach that is necessary to further boost the growth of the company. Alfen's corporate culture is also an important 'soft-control' to mitigate risks and fraud.

During financial year 2021, Alfen continued to support its corporate culture and other foundations of its risk management and control systems with its Code of Conduct, Whistle blower policy, insider trading policy, safety and quality certifications, periodic reports and meetings. In addition, further consolidation and professionalisation has been achieved in financial year 2021 by means of the introduced and implemented Alfen Integrated Management System ("AIM"), in which our business processes as well as our day-to-day working procedures are formally documented in one central system.

Risks and Uncertainties

The Management Board, to the best of its knowledge, is not aware of any significant deficiencies in its control environment, including risk management and internal control systems.

Management Board responsibility and approach towards fraud

The Management Board has the primary responsibility for the prevention and detection of fraud, including designing and implementing appropriate (group) programs and controls to identify, assess and mitigate inherent fraud risks and the creation of proper awareness and attitude towards fraud incentives and corresponding fraud risks.

Creating the proper awareness and attitude towards fraud ('tone at the top') within the Company starts with establishing and promoting a culture of honesty and ethical behaviour by means of leading by example from The Management Board, further supported by compliance training. This culture is further formally enforced by Alfen's Code of Conduct, the Whistle blower policy, the Insider trading policy and the annual fraud risk assessment process, including assessment of mitigating (anti-fraud) controls.

Code of Conduct

Alfen has a Code of Conduct that applies to all employees. The principles and best practices established in the Code of Conduct reflect the corporate culture that the Management Board wants to embed in the day-to-day routines of all employees. The core values included in the Code of Conduct are related to professional conduct, flexibility, reliability and integrity and safety. The Code of Conduct includes topics including acting with integrity, gifts, anti-bribery, corporate social responsibility and health and safety. The Code of Conduct can be found on Alfen's website. Alfen also has a Supplier Code of Conduct in order to ensure our supply chain abides by our culture and values. Without impacting its content the Code of Conduct and the Supplier Code of Conduct have been reviewed and refreshed in 2021. Furthermore, a Code of Conduct online training has been initiated for new employees and the management team received a Code of Conduct refresh training. No violations of the Code of Conduct were reported in the financial year 2021.

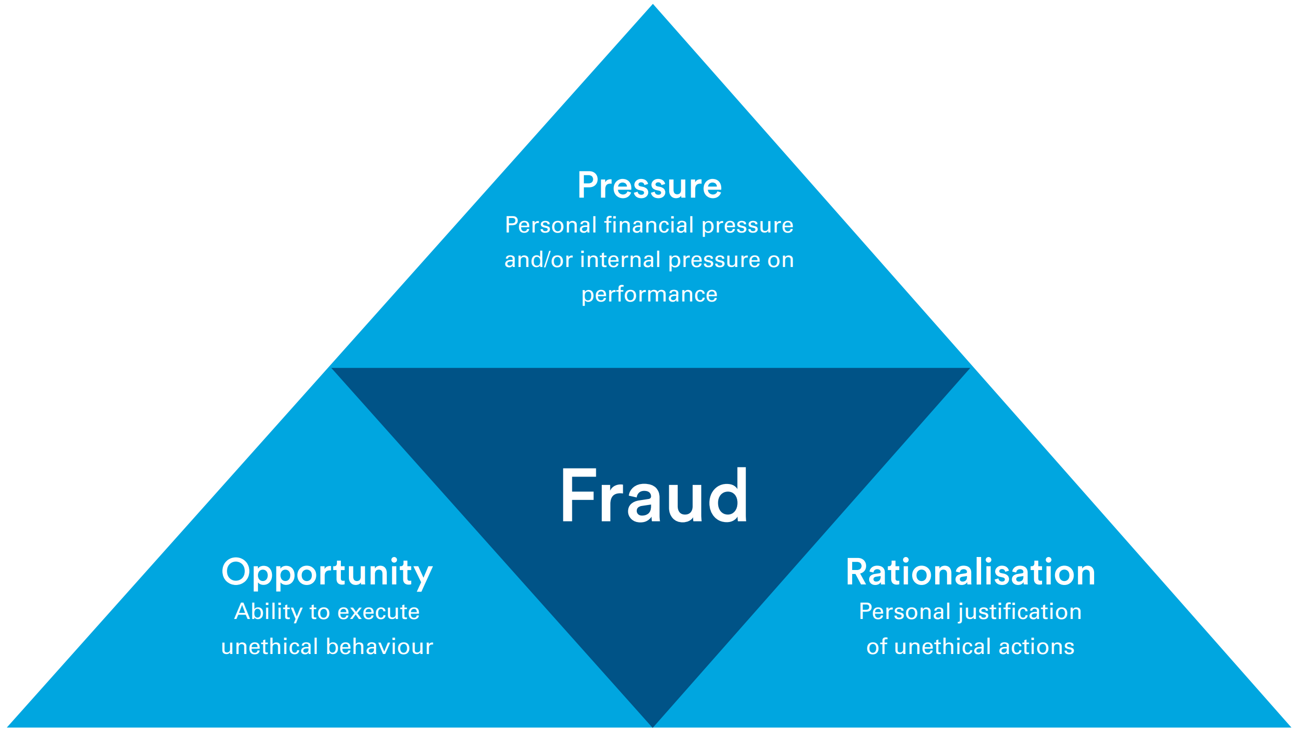
Whistle-blower policy

Alfen employees are offered the opportunity to report irregularities or suspicions with regards to violations of the Code of Conduct, the law, safety policies, the environment or any other forms of misbehaviour without bringing their (legal) position in jeopardy. Reporting of such instances by Alfen employees can be either by designated 'persons of trust' or in complete anonymity through a prescribed website. No violations or irregularities were reported under the Whistle blower policy in financial year 2021.

Insider trading policy

Alfen continues to adhere to its implemented regulations covering security transactions by the members of the Management Board and Supervisory Board, the Management Team, independent contractors and other designated employees that have insight into market-sensitive information. The Insider trading policy is published on Alfen's website. Alfen's Insider trading policy aims to promote compliance with the relevant obligations and restrictions under applicable securities law, including The European Market Abuse Regulation ((EU) No 596/2014) and intends to limit the risk of Alfen's good reputation and business integrity being harmed as a result of prohibited or undesirable dealing in Alfen Securities. During the financial year 2021, several questions were asked about the insider trading policy and addressed by the compliance officer. No violations or irregularities were reported in financial year 2021.

Fraud risk assessment process



Alfen's fraud risk assessment started with an initial assessment made in a joint-effort between the Finance department, including the CFO, and Director Strategy & IR by means of several discussions and brainstorm sessions held, in which the fraud triangle was taken into account to determine inherent fraud risks that Alfen is facing and the appropriate mitigating actions that are already in place or require implementation, if any.

Subsequently, identical sessions, including a thorough explanation of the fraud triangle, were held with the business line directors in order to validate the completeness of initial fraud risks identified. As such, the initial identified risks were not provided upfront with the business line directors in order to avoid possible anchoring bias.

The identified fraud risks on business line level were assessed on their significance related to the Company as a whole and included in Alfen's fraud risk assessment document, presented to and discussed with the Management Board in detail. After approval by the Management Board, the fraud risk assessment document was also formally presented and discussed in the Supervisory Board meeting of 10 December 2021.

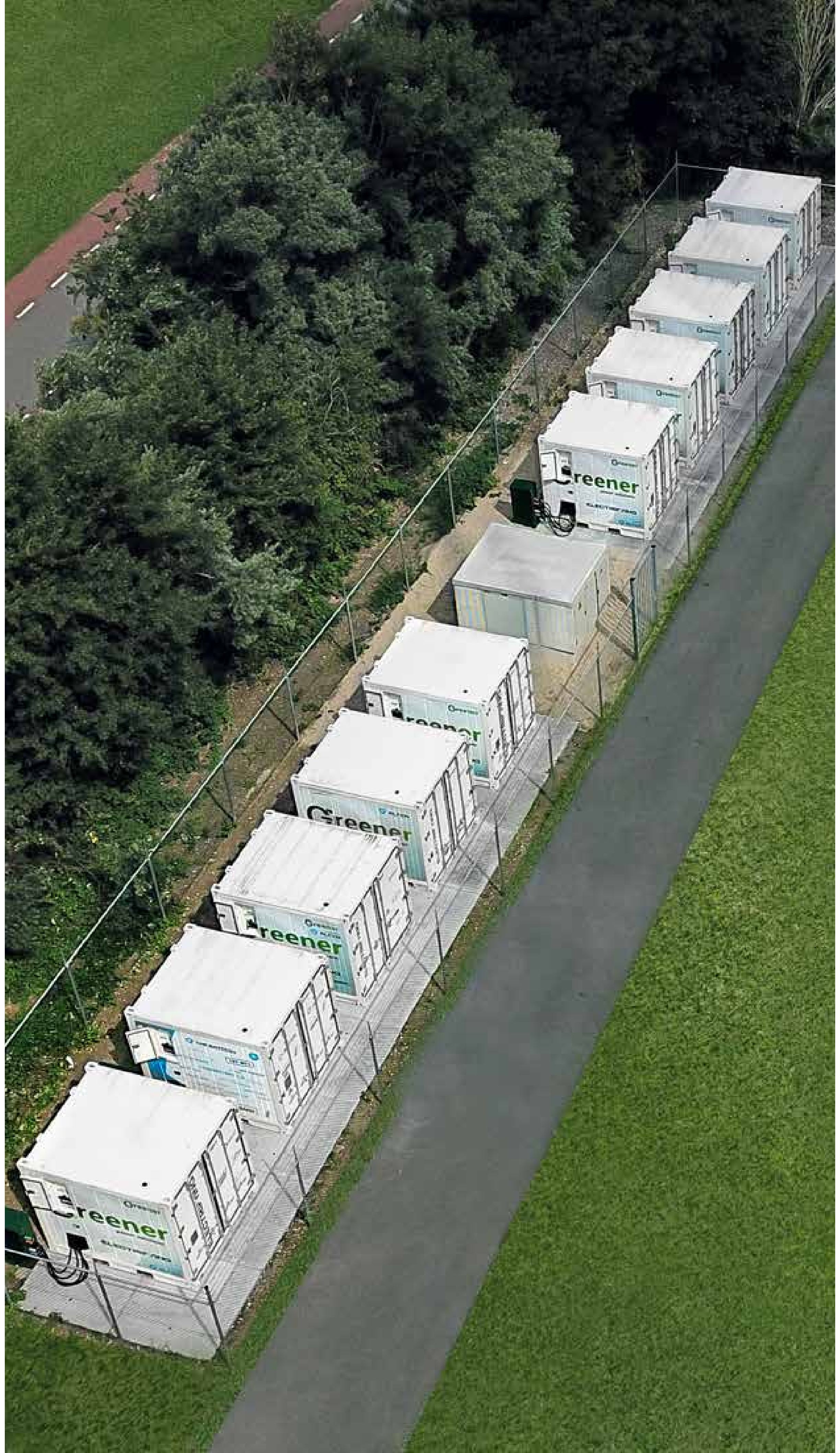
Safety and quality certifications

Alfen has been awarded with several ISO certifications and possesses other relevant safety and quality certificates. The quality of Alfen's products and compliance to the relevant safety and quality certificates is strictly monitored by the QHSE-department.

Alfen will continue to supply its substations to Liander

Alfen has been awarded a long-term framework agreement for the supply of prefab secondary substations to Liander, the largest grid operator in the Netherlands. This is a continuation of a decades-long relationship between Liander and Alfen of offering smart and reliable grid solutions.

Corporate governance



General

Alfen N.V. is a publicly limited liability company incorporated under the laws of the Netherlands, with its registered seat in Amsterdam and its offices at Hefbrugweg 28, 1332 AP Almere, the Netherlands ("Alfen" or the "Company"). For details regarding Alfen's share capital, reference is made to the section "Capital Structure".

Alfen, as the ultimate parent company, directly holds all the shares of Alfen B.V., Alfen ICU B.V., Alfen Projects B.V. and Alfen International B.V., and indirectly holds all the shares of Alfen België BV and Alfen Elkamo Oy Ab. Alfen has a works council. According to the annual accounts 2020 and 2021 of Alfen N.V., both the Company and Alfen B.V. meet all three criteria as laid down in Section 2:263 paragraph 2 of the Dutch Civil Code regarding the large company regime ("structuurregime"). The Company and Alfen B.V. have therefore deposited the statement as referred to in Section 2:263 paragraph 1 of the Dutch Civil Code with the Chamber of Commerce on 26 April 2021. The Company will amend its articles of associations in accordance with the statutory requirements in connection with the large company regime in 2024.

Corporate governance within Alfen is based on statutory requirements applicable to public limited liability companies in the Netherlands as well as Alfen's articles of association. Alfen's articles of association are published on the Investor Relations section of its website www.alfen.com (Articles of Association) (the "Articles of Association").

This section gives an overview of the information concerning the Management Board, the Supervisory Board and the General Meeting of Shareholders. Alfen has a two-tier board structure consisting of the Management Board and the Supervisory Board. The Management Board together with one senior manager of the Company forms the senior management of the Company ("Senior Management") which Senior Management team is responsible for the day-to-day management of the Company. The Management Board and the Supervisory Board are jointly responsible for the governance structure of Alfen.

Management Board

Powers, responsibilities and functioning

The Management Board is the executive body and is entrusted with the management of Alfen and responsible for the continuity of Alfen, under the supervision of the Supervisory Board.

The Management Board timely provides the Supervisory Board with the information necessary for the performance of the Supervisory Board's duties. The Management Board keeps the Supervisory Board informed and consults with the Supervisory Board on important matters. The Management Board has informed the Supervisory Board of the main outlines of the Company's strategic policy, the general and financial risks, and the risk management and control systems. Two Managing Directors are jointly authorised to represent Alfen. Pursuant to the Articles of Association, the Management Board may grant one or more persons, whether or not employed by the Company, a power of attorney or other form of continuing authority to represent the Company or to grant one or more persons such titles as it sees fit. No long term powers of attorney have been granted.

The General Meeting of Shareholders (the "General Meeting") appoints the Managing Directors who constitute the Management Board. A resolution of the General Meeting to appoint a Managing Director can be adopted by a majority of the votes cast, without a quorum being required. The Articles of Association provide that a Managing Director may be suspended or dismissed by the General Meeting at any time. A resolution of the General Meeting to suspend or dismiss a Managing Director can be adopted by a majority of the votes cast, without a quorum being required.

The Supervisory Board has appointed one of the Managing Directors as CEO (Chief Executive Officer). In addition, the Supervisory Board has appointed one of the Managing Directors as CFO (Chief Financial Officer) to specifically oversee the Company's financial affairs.

Members of the Management Board

The Management Board is composed of the following members:

Name	Age	Position	Member since	End of current term
Mr Marco Roeleveld	60	CEO and COO	November 2015	AGM of 2022
Mr Jeroen van Rossen	48	CFO	August 2017	AGM of 2022

Marco Roeleveld (born 1962, Dutch) is Alfen's CEO (Chief Executive Officer) and COO (Chief Operations Officer). Marco Roeleveld is a member of the Management Board since the Company's incorporation in November 2015. He joined the subsidiary of the Company, Alfen B.V., as a Managing Director in 1997. Prior to joining Alfen, Marco Roeleveld was commercial director of Hitec Power Protection in the Netherlands. He holds a master of science degree in Business Administration from the Technical University in Eindhoven, the Netherlands.

Jeroen van Rossen (born 1973, Dutch) is Alfen's CFO (Chief Financial Officer) since September 2015 and a member of the Management Board since August 2017. Prior to joining Alfen, he was a partner at KPMG (2010-2015) and worked as an auditor and advisor for a number of large and mid-size companies in the Netherlands. Jeroen van Rossen holds an accounting degree from Nyenrode University in Breukelen, the Netherlands.

Senior Management

The members of the Management Board comprise the Senior Management of the Company together with the following non-statutory member:

Name	Age	Position	Member since	End of current term
Mr Richard Jongsma	53	CCO	August 2013	July 2021
Ms Michelle Lesh	43	CCO	July 2021	N/A

Richard Jongsma (born 1968, Dutch) was Alfen's CCO (Chief Commercial Officer) since 2013 until July 2021 when he resigned from his position. Prior to joining Alfen, he gained experience as managing director at Joolz, global sales director at Bugaboo International and global sales and marketing director at De Beer Car Refinishes, a Valspar Corporation brand. Richard Jongsma holds a bachelor's degree in Marketing, Economics and Management from Ryerson University in Toronto, Canada. In 2017, he was also appointed as a board member of Dutch Power, a foundation promoting cooperation and discussion between market parties in the energy sector. He resigned from this position in November 2021.

Michelle Lesh (born 1978, American) was appointed as Alfen's new CCO (Chief Commercial Officer) per July 2021 when Richard Jongsma resigned from this position. Prior to joining Alfen, she gained experience as the Chief Commercial Officer for GE Digital's Grid Software business supporting electric utility customers globally. Prior to that she held various commercial roles across General Electric's business units focused on the energy sector, including power generation and Transmission & Distribution hardware and software. Michelle Lesh has a Mechanical Engineering degree from Bucknell University and earned her MBA from University of California, Irvine.

The business address of the Senior Management of the Company is Hefbrugweg 28, 1332 AP in Almere, the Netherlands.

Supervisory Board

Powers, responsibilities and functioning

The Supervisory Board supervises the Management Board and the general course of affairs of the Company, its subsidiaries and the business affiliated therewith. The Supervisory Board is accountable for these matters to the General Meeting. The Supervisory Board also provides advice to the Management Board. In performing its duties, the Supervisory Directors focus on the effectiveness of the Alfen's internal risk management and control systems and the integrity and quality of the financial reporting. The Supervisory Directors assists the Management Board with advice on general policies related to the activities of Alfen. In the fulfilment of their duty, the Supervisory Directors focusses on the interests of the Company and its related business.

Members of the Supervisory Board

The Supervisory Board is composed of the following members:

Name	Age	Position	Member since	End of current term
Mr Henk ten Hove	69	Chairman	22 March 2018	AGM of 2022
Ms Eline Oudenbroek	52	Member	6 July 2020	AGM of 2023
Mr Willem Ackermans	66	Member	6 July 2020	AGM of 2024

The business address of the Supervisory Board of the Company is Hefbrugweg 28, 1332 AP in Almere, the Netherlands.

Henk ten Hove (born 1952, Dutch) is the Chairman of the Supervisory Board since 22 March 2018. He held a supervisory board position at the publicly listed company Kendrion from 2013 until 12 April 2021 (as chairman) and still holds a supervisory board position at Unica since 2014. After stepping down from his supervisory board position with Kendrion since April 2021, he is the chairman of the publicly listed company Stern. He is also chairman of the foundation owning the shares in BDR Thermea group. Henk ten Hove has spent most of his career at Wavin, where he started in 1982 and held various positions over time, including that of financial manager, general manager Germany, member of the executive board and, between 2010 and 2013, CEO of the group. Henk ten Hove is independent within the meaning of the corporate governance code. He does not hold any shares in the Company. Henk ten Hove holds a master's degree in Economics from the University of Amsterdam, the Netherlands.

Willem Ackermans (born 1955, Dutch) is a member of the Supervisory Board since 6 July 2020. He is also a member of the investment committees of BOM and FSFE Fûns Skjinne Fryske Enerzjy. He is further a member of the Advisory Board of GBM Works, a member of the Board of Norges Bank Investment Management for Offshore Wind Project Borssele I+II and he is the chairman of the Supervisory Board for the Ludwig Cardiology clinic in Groningen. He has worked as Treasurer/Finance Director at Boskalis International B.V., as Corporate Treasurer at Koninklijke KPN N.V., as CFO at KPN International and KPNQwest N.V., and as Director Corporate Development, Strategy & Innovations at Eneco N.V. Willem Ackermans is independent within the meaning of the corporate governance code. He does not hold any shares in the Company. Willem Ackermans holds a degree in Construction and Architecture from the Technical University of Delft, the Netherlands.

Eline Oudenbroek (born 1969, Dutch) is a member of the Supervisory Board since 6 July 2020. She is Vice President Operations EMEA at Interface Inc. She is also the president of the Supervisory Board of Tauw Group B.V. Previously she worked as operations manager at The Royal Dutch Mint N.V. and Gelderblom CNC Machines AV and as Managing Director at Elysee Dental Solutions B.V. and Holland Lift International B.V. Eline Oudenbroek is independent within the meaning of the corporate governance code. She does not hold any shares in the Company. Eline Oudenbroek holds a degree in Chemical Engineering (MSc) from the Technical University in Eindhoven.

Remuneration

The remuneration policy applicable to the Management Board and the Supervisory Board (the “Remuneration Policy”) was adopted by the General Meeting on 8 April 2020 after the Works Council had been granted the opportunity to determine its point of view thereon. A subsequent amendment to this remuneration policy will be proposed for adoption by the General Meeting in April of 2022. The current remuneration of, and other agreements with, the Managing Directors have been determined by the Supervisory Board in 2021, with due observance of the remuneration policy.

The Remuneration Policy aims to attract, motivate and retain highly qualified individuals and reward them with a market competitive remuneration package that focuses on achieving sustainable financial results aligned with the long-term business strategy of the Company. The Remuneration Policy fosters alignment of interests of the Managing Directors with its shareholders and other stakeholders. It is designed in the context of competitive market trends, statutory requirements, corporate governance best practice, the societal context around remuneration and the interests of the Company’s shareholders and other stakeholders.

Based on the Remuneration Policy, the remuneration of the Managing Directors consists of the following components: annual base pay, a share-based long-term incentive plan (LTIP), a short term incentive plan (STIP) and pension and other benefits. A summary of the remuneration of the Management Board is available on ir.alfen.com and is set out in the Remuneration Report of the Supervisory Board below.

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;
- Remuneration of the Management Board and Supervisory Board.

Share award plans

The Management Board recognised the importance of its key employees to the future success of the Company. Therefore, on 4 October 2018, a long-term incentive plan (‘LTIP’) was introduced for a number of designated employees within the group of the Company. The third grant under this plan was made at 1 January 2021 and comprises of a total of 8,147 Ordinary Shares for no consideration.

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.

None of the outstanding shares related to the LTIP are exercisable at 31 December 2021.

Remuneration of the Management Board and Supervisory Board

Details of the remuneration of the Management Board and Supervisory Board can be found in the Remuneration Report by the Supervisory Board.

The transactions which were carried out with related parties are also set out in Note 30 in the Consolidated Financial Statements.

General Meetings of Shareholders

General Meetings must be held in Almere or Amsterdam, each in the Netherlands. The 2021 Annual General Meeting of Shareholders was announced on 25 February 2021 to be held electronically at the head offices of Alfen N.V., Hefbrugweg 28 in Almere, the Netherlands on Thursday 8 April 2021 (the “AGM”). In accordance with the provisions of the Temporary Act Covid-19 Justice and Safety, shareholders were only able to attend the meeting electronically through an audio webcast, which also provided the opportunity to ask questions. Votes for the meeting could only be cast by proxy to the Notary. During the Annual Meeting, the following agenda items were scheduled, whereby the * Items were put on the agenda for voting:

1. 2020 Annual Report
    a. Report of the Management Board for 2020
    b. Remuneration report for 2020 *
2. Proposal to adopt the Financial Statements for 2020 as included in the 2020 Annual Report *
3. Reservation and Dividend
    a. Explanation of dividend and reserve policy
    b. Explanation of reservation of profits for 2020
4. Discharge of the members of the Management Board and the Supervisory Board from liability for the exercise of their respective duties
    a. Proposal to discharge the members of the Management Board from liability *
    b. Proposal to discharge the (current and former) members of the Supervisory Board from liability *
5. Extension of the authorities of the Management Board
    a. Proposal to extend the designation of the Management Board to issue shares and/or grant rights to subscribe for shares and to limit or exclude pre-emptive rights for a period of 18 months *
    b. Proposal to authorise the Management Board to cause the Company to acquire own shares for a period of 18 months *
6. Proposal to appoint the external auditor PwC for 2022 *

During the Annual Meeting, the Shareholders voted to:

- Adopt the Remuneration Report for 2020, as included in the 2020 Annual Report;
- Adopt the Financial Statements for 2020 as included in the 2020 Annual Report;

- Discharge of members of the Management Board from liability as stipulated in article 30 of the Articles of Association, insofar as the exercise of such duties was reflected in the 2020 Annual Report or information was otherwise disclosed to the General Meeting of Shareholders prior to the adoption of the Financial Statements. The scope of the release from liability shall be subject to limitations by virtue of the law;
- Discharge the members of the Supervisory Board from liability for the exercise of their respective duties, as stipulated in article 30 of the Articles of Association, insofar as the exercise of such duties was reflected in the 2020 Annual Report or information was otherwise disclosed to the General Meeting of Shareholders prior to the adoption of the Financial Statements. The scope of the release from liability shall be subject to limitations by virtue of the law;
- Extend the designation of the Management Board to issue shares and/or grant rights to subscribe for shares for a period of 18 months following the Annual Meeting 2021, subject to the approval of the Supervisory Board, and to limit or exclude pre-emptive rights of existing shareholders up to a maximum of 10% of the issued share capital on 8 April 2021, which authorisation will therefore end on 8 October 2022;
- Authorise the Management Board, subject to the approval of the Supervisory Board, to cause the Company to acquire its own shares up to a maximum of 10% of the issued share capital on 8 April 2021, either through a purchase on a stock exchange or otherwise at a price, excluding expenses, not lower than the nominal value of the shares and not higher than the opening price on Euronext Amsterdam on the day of the repurchase plus 10%, for a period of 18 months following the Annual Meeting 2021, which authorisation will therefore end on 8 October 2022;
- Re-appoint PwC as the external auditor for the financial reporting year 2022.

Whenever the Company's interests so require, the Supervisory Board or the Management Board may convene extraordinary General Meetings. In addition to the rights of the Supervisory Board and the Management Board, shareholders representing alone or in aggregate at least one-tenth of the issued and outstanding share capital may, pursuant to the Dutch Civil Code, request that a General Meeting be convened. If no General Meeting has been held within eight weeks of the shareholders making such request, the shareholders making such request may, upon their request, be authorised by the district court in summary proceedings to convene a General Meeting.

The convocation of the General Meeting must be published through an announcement by electronic means. Notice of a General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. The notice convening any General Meeting must include, among other items, the subjects to be dealt with, the venue and time of the General Meeting, the requirements for admittance to the General Meeting, the address of the Company's website and such other information as may be required by Dutch law. The agenda for the annual General Meeting must contain certain subjects, including, among other things, the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the results, insofar as these are at the disposal of the General Meeting. In addition, the agenda must include such items as have been included therein by the Management Board, the Supervisory Board or shareholders (with due observance of Dutch law as described below). Shareholders holding at least 3% of the Company's issued and outstanding share capital may request by a motivated request that an item is added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution, and must be received by the Company at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those that have been included in the agenda (unless the resolution would be adopted unanimously during a meeting where the entire issued capital of the Company is present or represented).

Shareholders who, individually or with other shareholders, hold Ordinary Shares that represent at least 3% (three percent) of the issued and outstanding share capital may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting, provided that the Company has done a so-called "identification round" in accordance with the provisions of the Securities (Bank Giro Transactions) Act. The Company can only refuse disseminating such information, if received less than seven business days prior to the day of the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

More information about the authority of the General Meeting of Shareholders and the Articles of Association can be found on Alfen's website.

Special provisions relating to shares

Unless indicated otherwise, there are no restrictions on the transfer of shares, the exercise of voting rights or the term for exercising those rights, and there are no special controlling rights attached to shares.

Diversity policy

The diversity policy of Alfen has been in effect since its adoption by the Supervisory Board on 26 March 2018 and is in accordance with best practice provision 2.1.5 of the Dutch Corporate Governance Code (the Policy).

The Management Board and the Supervisory Board collectively are considered diverse and balanced from an educational background and work experience. The Management Board and the Supervisory Board consist of people with a good mix of sector knowledge, financial expertise and management capabilities. Annually, the Supervisory Board assesses the composition of the Supervisory Board and of the Management Board. The Supervisory Board agrees to measurable objectives for achieving diversity on the Boards. The Supervisory Board comprises of two men and one woman. The Management Board comprises of two men and therefore the Supervisory Board meets the quota as previously prescribed by Section 2:166 of the Dutch Civil Code, but the Management Board does not meet this quota. The Company's policy is to improve the gender diversity such that also at least 30% of the Management Board will be comprised of women.

Where searches for appointment to the Management Board or to Senior Management are conducted by the Company or by search firms, they will identify and present a long list of candidates who are considered to meet the essential criteria for the relevant vacancy, including qualified females and people with different cultural backgrounds. The Boards will consider suitably qualified candidates for positions from as wide a pool as appropriate, including candidates with little or no previous listed company board experience but whose skills and experience will add value to the relevant Board. As such, upon the resignation of the CCO, we have been able to appoint the best qualified candidate which in this instance was a woman with a different cultural background as Alfen's new CCO.

In a broader sense, Alfen has a very diverse group of employees with men and women from different backgrounds, cultures and religions.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code, as amended, entered into force on, and applies to any financial year starting on or after, 1 January 2017, and finds its statutory basis in Book 2 of the Dutch Civil Code (the "Dutch Corporate Governance Code"). The Dutch Corporate Governance Code applies to Alfen as Alfen has its registered office in the Netherlands and its Ordinary Shares are listed on Euronext Amsterdam.

The Dutch Corporate Governance Code is based on the 'comply or explain' principle. Accordingly, companies are required to disclose in their management report whether or not they are complying with the various best practice principles of the Dutch Corporate Governance Code that are addressed to the Management Board or, if applicable, the Supervisory Board of the company. If a company deviates from a best practice principle in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management report. No violations of the Corporate Governance Code were reported in the financial year 2021. If Alfen does not indicate below that the Company deviates from a certain best practice principle, the Company complies with the best practice principle of the Dutch Corporate Governance Code.

Deviations from the best practice principles of the Dutch Corporate Governance Code

The Company acknowledges the importance of good corporate governance. The Company agrees with the general approach and with the majority of the provisions of the Dutch Corporate Governance Code. However, considering Alfen's interests and the interest of its stakeholders, the Company deviates from two best practice principles, which are the following:

- The Company is not in compliance with the best practice principle 2.3.3 to appoint an audit, remuneration, selection and appointment committee. Under the bylaws of the Supervisory Board, the Supervisory Board may, and will do so when it consists of more than four members. No such committees have been established due to the fact that the Supervisory Board still only consists of three members. However, the following two members of the Supervisory Board have a specific focus area: Willem Ackermans - Finance and audits, Eline Oudenbroek - Remuneration, selection and appointments;
- The Company is not in compliance with best practice principle 5.3.1-5.3.3 that requires the external auditor and the audit committee to be involved in drawing up the work schedule of the internal auditor. The current size of the Company does not justify the appointment of an internal auditor. In 2021 the Supervisory Board has reassessed the need for an internal auditor. Based on this review, the Supervisory Board has recommended the Management Board that the current size of the Company still does not justify the appointment of an internal auditor.

Tax practices

Alfen regards taxation as part of its social responsibility and follows the principle of responsible tax practices whereby the interests of all stakeholders (including customers, shareholders, local governments and communities in the countries in which Alfen operates) are taken into consideration. We strive to comply with the letter and spirit of applicable laws, are guided by relevant international standards and do not use 'artificial' structures in tax haven jurisdictions to avoid taxes. The design of the Alfen organisation is based on operational considerations, not on taxation. This means that taxes are paid where factual economic activities are executed and that transactions should have a business rationale.

Takeover Directive (Article 10)

In the context of the EU Takeover Directive (Article 10) Decree, the following notifications must be given insofar as they are not included in this Annual Report.

Capital structure

The Company's share capital at 31 December 2021 of €2,175,000 is divided into 21,750,000 ordinary shares, fully paid-up, with a par value of €0.1 each (the "Ordinary Shares"). 55,416 treasury shares are held by the Company. The remainder of the Ordinary Shares: 21,694,584 are outstanding. Each share confers the right to cast one vote.

Limitations on the transfer of shares

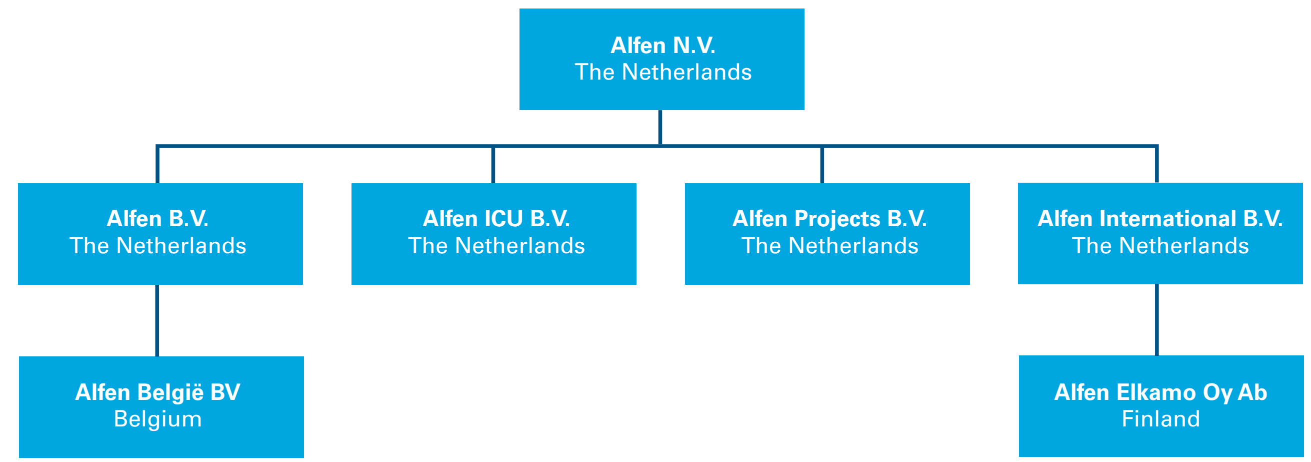
Alfen has not imposed any limitations on the transfer of its shares and therefore there are no outstanding or potential protection measures against a takeover of control of the company. No depositary receipts for shares have been issued with the cooperation of the company.

Coporate governance

Substantial holdings

See 'Shareholders'.

Material subsidiaries of Alfen



Special controlling rights

No special controlling rights are attached to the shares in the company.

Long term incentive plan

The Management Board recognised the importance of its key employees to the future success of the Company. Therefore, on 4 October 2018, a long-term incentive plan ('LTIP') was introduced for a number of designated employees within the group of the Company. The third grant under this plan was made at 1 January 2021 and comprise of a total of 8,147 Ordinary Shares for no consideration.

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.

In addition, a discretionary grant of 825 Ordinary Shares for no consideration was made on 6 April 2021 to key management with a service vesting condition up to and including 31 December 2021. Furthermore, a grant of 638 Ordinary Shares for no consideration was made on 22 July 2021, which has similar service and non-market based performance vesting conditions, including an one year holding period after vesting date, as the Long-term incentive plan for the Board of Directors.

None of the outstanding shares related to the LTIP are exercisable at 31 December 2021.

Limitations on voting rights

Each share confers the right to cast one vote. The voting rights attached to the shares in the company are not restricted, and neither are the terms in which voting rights may be exercised restricted.

Agreements on limitations on the transfer of shares

Eligible and selected managers of the Company have been given the opportunity to participate indirectly in the share capital of the Company. These indirect share investments were held via a foundation ("Stichting Administratiekantoor"), which has issued Depositary Receipts ("DRs") to participating managers. This management participation plan is classified as an equity-settled share-based payment arrangement.

As of the IPO date these DRs have been cancelled as a result of which these participating managers ultimately received Ordinary Shares and cash. These Ordinary Shares of the key managers and certain members of senior management of the Company were subject to lock-up restrictions. The Ordinary Shares transferred to the key managers and certain members of senior management of the Company are released from the lock-up restrictions as follows: 60% of the Ordinary Shares have been unconditionally released from the lock-up restrictions on the day that was one year after the first day of trading after the IPO, 20% of the Ordinary Shares have been unconditionally released from the lock-up restrictions on the day that is two years after the first day of trading after the IPO, and the final 20% of the Ordinary Shares were unconditionally released from the lock-up restrictions on the day that was three years after the first day of trading after the IPO. As such no lock-up restrictions exists anymore per 31 December 2021.

Appointment and dismissal of Management Board members and Supervisory Directors and amendment of the Articles of Association

The General Meeting appoints the Managing Directors. A resolution of the General Meeting to appoint a Managing Director can be adopted by a majority of the votes cast, without a quorum being required. The Articles of Association provide that a Managing Director may be suspended or dismissed by the General Meeting at any time. A resolution of the General Meeting to suspend or dismiss a Managing Director can be adopted by a majority of the votes cast, without a quorum being required.

The Articles of Association provide that the number of Managing Directors is determined by the Supervisory Board after consultation with the Management Board, but there will be at least two Managing Directors. The Supervisory Board has appointed one of the Managing Directors as CEO (chief executive officer). In addition, the Supervisory Board has appointed one of the Managing Directors as CFO (chief financial officer) to specifically oversee the Company's financial affairs.

The Supervisory Board Rules provide that the Supervisory Board must consist of a minimum of three members. The exact number of Supervisory Directors shall be determined by the Supervisory Board. The Supervisory Board currently consists of three members. Only natural persons may be appointed as Supervisory Directors.

In accordance with the Articles of Association, the Supervisory Board has prepared a profile for its size and composition, taking account the nature and activities of the business, the desired expertise and background of the Supervisory Directors, the desired mixed composition and the size of the Supervisory Board and the independence of the Supervisory Directors. The Company's diversity policy is also taken into account.

The General Meeting appoints the Supervisory Directors. A resolution of the General Meeting to appoint a Supervisory Director can be adopted by a majority of the votes cast. A Supervisory Director may be suspended or dismissed by the General Meeting at any time.

The General Meeting may pass a resolution to amend the Articles of Association with an absolute majority of the votes cast, but only (i) on a proposal of the Management Board that has been approved by the Supervisory Board or (ii) in the absence of such a proposal, with the explicit approval of the Management Board and the Supervisory Board or (iii) on the proposal of a Shareholder, or Shareholders acting jointly provided that they belong to the same group, for as long as they solely or jointly represent at least 30% of the issued capital of the Company. Any such proposal must be stated in the notice of the General Meeting.

In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by shareholders and other persons holding meeting rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other persons holding meeting rights from the day it was deposited until the day of the meeting. A resolution by the General Meeting to amend the Articles of Association requires an absolute majority of the votes cast. A resolution of the General Meeting to amend the Articles of Association that has the effect of reducing the rights attributable to holders of shares of a particular class, is subject to approval of the meeting of holders of shares.

The Management Board's powers especially to issue shares

On the 8th of April, 2021 the General Meeting of Shareholders granted the Management Board the authority to, subject to the prior approval of the Supervisory Board, (i) issue shares or grant rights to subscribe for shares and/ or (ii) cause the Company to acquire its own shares (including shares issued as stock dividend) both for a period of 18 months following the Annual Meeting. The Management Board did not use this authority in 2021.

Significant agreements and changes in the control of the company

Alfen's credit facility agreement, contains events of default customary for this type of facility, including change of control events.

Redundancy agreements in the event of a public takeover bid

Alfen has not concluded any agreements with a Management Board member or employee that provides for any severance pay in the case of a termination of employment in connection with a public bid within the meaning of Article 5:70 of the Financial Supervision Act.

Shareholders

As of 31 December 2021, there are 21,750,000 shares outstanding in the market. Pursuant to the Dutch Disclosure of Major Holdings in Listed Companies Act (Wet Melding Zeggenschap, or WMZ), interests in the issued capital of Alfen of 3% or more are required to be disclosed to the Netherlands Authority for the Financial Markets (AFM). At year-end 2021, the following shareholders were known to hold interests of at least 3% directly in the Company (as per AFM disclosure on 31 December 2021):

Shareholder	Interest	Notification date
Capital Research & Management Company	6.38%	22 Mar. 2018
Mirova	3.94%	18 July 2019
Schroders Plc	3.18%	16 Nov. 2018
KBC Asset Management N.V.	3.10%	16 Nov. 2018
NN Group N.V.	3.08%	12 Nov. 2021
Mitsubishi UFJ Financial Group Inc	3.04%	17 June 2021

Dividend policy

The dividend policy is to reserve all profits until the policy is revised. Alfen does not pay dividends to its Shareholders at this moment in time.

Financial calendar

Date	Event
16 February 2022	Publication full year results 2021
7 April 2022	Annual General Meeting of Shareholders
11 May 2022	Q1 2022 trading update
25 August 2022	Publication half-year results 2022
9 November 2022	Q3 2022 trading update

Coporate governance

The following closed periods are applicable for transactions directly or indirectly, relating to, shares and other financial instruments in Alfen :

- From 16th of January until 16th of February 2022
- From 11th of April until 11th of May 2022
- From 25th of July until 25th of August 2022
- From 9th of October until 9th of November 2021

In accordance with best practice provision 1.4.3. of the Corporate Governance Code, the Management Board states to the best of its knowledge that:

- *the report provides sufficient insight into any shortcomings in the effectiveness of the internal risk management and control systems;*
- *those systems provide reasonable assurance that the financial report does not contain any material misstatements;*
- *in the current situation, it is appropriate for the financial report to be prepared on a going concern basis; and*
- *the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.*

As required by the relevant statutory provisions, the Management Board hereby declares that to the best of its knowledge:

- *The Report of the Management Board provides a true and fair view of the position of Alfen and its subsidiaries included in the consolidation on the reporting date and of the course of their affairs during the financial year. The Report of the Management Board provides information on any material risks to which Alfen is exposed;*
- *The Consolidated Financial Statements as at and for the year ended 31 December 2021, give a true and fair view of the assets, liabilities, financial position and result of the financial year of Alfen and its subsidiaries included in the consolidation as a whole.*

Almere, 15 February 2022

Management Board

Marco Roeleveld	**Jeroen van Rossen**
CEO	CFO

Report of the Supervisory Board

Henk ten Hove
Chairman

Eline Oudenbroek

Willem Ackermans

Report of the Supervisory Board

"In spite of challenging circumstances much progress was made in 2021"
- Henk ten Hove, Chairman

2021 in summary

In 2021 COVID-19 was still with us, but with the measures and equal discipline of our employees, the number of infections have been limited and all colleagues recovered. The health of the employees was and will be top priority of management. The business was partly affected by COVID-19, especially in the supply chain with extended lead times and price increases. Management has been very proactive to anticipate by pre-stocking and organising back up suppliers. This has not avoided, but limited the impact of the supply chain challenges. The flexible attitude of our customers and employees was very helpful in dealing with all the national and international restrictions.

Business wise the growth in the EV Charging business unit hardly hampered, but in the Smart grid and Energy Storage business, some of the decision making processes of key projects were delayed. We are however very pleased that at year end, the Liander tender was won under which we will supply the majority of the transformer substations. With all plusses and minuses Alfen has been able to reinforce its position in key markets, realised a healthy top line growth and an excellent result.

Mid-year 2021, our Chief Commercial Officer Richard Jongsma left the company. He has been very instrumental for the commercial development and especially the internationalisation of Alfen. We are grateful for his contribution to the growth and the positioning of the company. We are also glad that we were able to recruit Michelle Lesh as his successor. She is very experienced and knowledgeable and a strong contribution to the Senior Management.

For 2021, the Supervisory Board selected 4 areas of special attention with the following status:

- **Monitoring internationalisation and the related business and organisational challenges**
  Overall international revenue grew from 32 to 38%, with EV Charging as the major contributor. Further steps have been taken in key countries to strengthen the company's commercial activities. High attention is being paid by recruitment to safeguard the knowledge and experience of the local markets and culture. Governance is being addressed from the start.
- **Monitoring the developments in the Energy Storage market and the positioning of Alfen in the chain**
  The Energy Storage market is still in its early days. Stagnation in the decision making processes has limited the growth until now. The Supervisory Board had intensive discussions with management about the positioning, the product portfolio and the geographical scope. We are convinced that Energy Storage will be one of the essential pillars of the energy transition and for Alfen going forward.

- **Reviewing strategic priorities against the growing visibility of the EU plans to address climate change**
  Midyear the Supervisory Board had an intensive interaction with the Management Board about the long term strategy, sharpening the focus and scope per segment. We also discussed the priorities for the 3 year mid-term plan, giving further guidance to local presence, innovation projects and production capacity. We supported the decision for a substantial extension of the production facilities in Almere in 2023.
- **Corona and lessons learned post Corona**
  We are still learning, but the Company managed to keep going, in spite of the (changing) corona restrictions. The ongoing priority remains the health and safety of our employees.

Improvements have been made in working in hybrid forms and addressing critical parts in the supply chain, both in logistics and dependency.

For 2022, the Supervisory Board will focus its attention on the following topics:

- **Recruitment and retention of key personnel**
  With the fast growth and further internationalisation, a skilled and flexible workforce is a key factor. To attract and keep key employees, Alfen needs to continue to be the employer of choice in the sector, reflected in elements like company culture, development opportunities, working atmosphere and a competitive remuneration package.
- **Monitoring the commercial expansion of EV Charging and Energy Storage in our key markets**
  The ongoing internationalisation is making Alfen a different company with another mix of customer demand and behaviour in terms of specifications and conditions, but also in cultural aspects. Awareness of the different demands and behaviours should be addressed proactively.
- **Monitoring the step up in Energy Storage**
  The sector may be less mature but provides ample opportunities and equal challenges. 2022 should bring us a few breakthroughs in the nascent market to support the necessary step up.
- **Organisational development**
  Because of the growth and the internationalisation, the organisation needs to keep track with these developments. It requires a management view on the organisational set up going forward, the strength of the business units, the level of integration of the supply chain and the balance between central versus decentral organised activities.

Responsibility and composition

The Supervisory Board provides oversight, evaluates progress and performance, maintains a sound and transparent system of checks and balances and advises the Management Board, when appropriate. The focus is on long-term value creation to the best interest of all stakeholders of the company.

Name	Age	Position	Member since	End of current term
Mr Henk ten Hove	69	Chairman	22 March 2018	AGM of 2022
Ms Eline Oudenbroek	52	Member	6 July 2020	AGM of 2023
Mr Willem Ackermans	66	Member	6 July 2020	AGM of 2024

The Supervisory Board operates independently from the Management Board, any other participating interests and each other. Each of the Supervisory Board members has the necessary expertise, experience and background to perform his or her tasks and responsibilities.

All three members of the Supervisory Board are independent within the meaning of the Dutch Corporate Governance Code.

Meetings and attendance

In 2021, the Supervisory Board held 7 regular meetings, all with an attendance of 100%. The agenda of the meetings covered standard items like financial and operational performance, personnel and organisation, governance and compliance and risks associated with operations. During every meeting we invited one or two key managers to update the Supervisory Board about plans and progress of their responsibility. This year, we covered the BU EV Charging, the Finnish business, IT, HR and sales. One of the 7 meetings concerned the budget for 2022, where the opportunities and challenges for the upcoming year were discussed. Mid-year we had a special full day session with management to discuss the ins and outs of the strategic mid-term plan. This year extra attention has been given to the recruitment process of the new CCO, the benchmark of the remuneration policy and the remuneration of management. An external consultant was used to facilitate these processes.

In addition to the regular meetings, the Chairman holds monthly meetings with the CEO and once a year a meeting with key managers reporting to the Management Board. Willem Ackermans, as finance and control specialist and Eline Oudenbroek with a focus on remuneration, selection and appointments, meet with the CFO regarding their focus areas on a regular basis.

Evaluation Supervisory Board and the Management Board

Once every 3 years, the evaluation of the Supervisory Board is facilitated by an external consultant, which was the case this year. The main takeaways are the following:

The frequency of the Supervisory Board meetings, including the pre-meetings without the Management Board, was considered sufficient, albeit that some of the meetings had to take place online due to COVID-19. We hope this will change in 2022.

The Supervisory Board is happy with the content of the meetings and the input of the Management Board. The regular contributions and presentations by other key managers are appreciated as well. An attention point is keeping the right balance between presentations and interaction. The Supervisory Board will further enhance the attention paid to the non-financials in reporting and in the regular meetings. The dialogue with the Management Board, in and outside the meetings, is perceived as open, transparent and constructive. Because of the fast growth and internationalisation of the Company, in 2022 we will evaluate in more detail the required competence matrix and the size of the Supervisory Board going forward. Assuming Covid restrictions will be downsized, more factory visits will be planned. Extra attention will be paid to the recent new composition of Senior Management and to safeguard the chemistry between Senior Management and the Supervisory board.

As the annual general meeting was a webcast meeting, the Supervisory and Management Board missed the physical interaction with shareholders but are content with the webcast session and the online participation by the shareholders as next best alternative.

The evaluation and performance of the Management Board took place on an individual basis. We discussed last year's performance and observations as well as spearheads for 2022, including the relevant KPI's and key attention points.

Selection and Remuneration Committees

Under the bylaws of the Supervisory Board, the Supervisory Board may appoint committees. At this moment, the Supervisory Board has not established a selection and remuneration committee due to the fact that the Supervisory Board only consist of three members.

In the absence of the committees, Eline Oudenbroek has a specific focus on selection, remuneration and other HR matters. In 2021, she was intensively involved in the selection and appointment of Michelle Lesh as the new CCO and with the establishment of a new remuneration policy, which will be submitted to the AGM for adoption by the AGM in April 2022.

Remuneration report

During the annual general meeting of shareholders of the Company on 8 April 2020 the Shareholders adopted (i) the Company's amended remuneration policy with effect as from 1 January 2020 (the Remuneration Policy) and (ii) the long-term incentive plan for the Management Board. In conformity with paragraph 3.4.2

Report of the Supervisory Board

of the Dutch Corporate Governance Code, the essential elements of the agreements between the Company on one side and Marco Roeleveld and Jeroen van Rossen on the other side are summarised below and the amounts for 2021 are specified.

The Supervisory Board reviewed the remuneration arrangements of the Managing Directors supported by an external advisor, taking both the internal and external perspective into consideration. The rapid growth of Alfen came up as an important factor in both perspectives. The new remuneration policy will be submitted for approval to the General Meeting of Shareholders of Alfen on 7 April 2022 supported by a positive advice from the Works Council.

In 2021 the Company was able to perform in line with its financial guidance and able to realise its planned expansion program. As a consequence, Alfen did not have to apply for governmental support. Therefore, the Supervisory Board will stick to the agreed Short Term and Long Term bonus schemes and approves the cash bonus for 2021, which will result as outcome of the calculation of the KPI's.

The Remuneration Policy and business strategy have been aligned through the creation of specific short and long term targets that link each Managing Director's variable pay to the success of the Company. As such, both the short term and long term incentive plans are linked to the business strategy and accordingly to longer term value creation and sustainability of the Company. Reference is made to the STIP and LTIP paragraphs below on target setting. Variable remuneration is higher when targets are exceeded and no variable remuneration is payable if threshold targets are not met. This helps to ensure the alignment of the Managing Directors' interests with that of the Company's stakeholders and create a true pay-for-performance culture.

Before setting proposed targets the Supervisory Board carried out scenario analyses of the possible financial outcomes of meeting target levels as well as maximum performance levels and how they may affect the total remuneration of the Management Board.

Fixed remuneration

In accordance with the Remuneration policy, the fixed gross remuneration for the Management Board is as follows:

Board member	Annual base fee as per 1 January 2021
Marco Roeleveld - CEO	€356,000
Jeroen van Rossen - CFO	€277,000

Pension and other benefits

The Managing Directors will participate in the pension scheme of the industry wide pension fund for Metalektro, whereby the pensionable compensation is capped in line with the Dutch fiscal regime. Other benefits are a company car and participation in a collective health insurance plan. The Company has also arranged a Director liability insurance for the members of the Management Board.

Notice period

The management agreements for the Managing Directors are entered into for an indefinite term. The notice period for the Managing Directors is three months and for Alfen N.V. six months.

Severance payment

In line with current employment arrangements, the maximum severance payment, applicable to the Management Board members, is one year base pay in the proceeding financial year. No severance payment will be paid if the agreement is terminated earlier at the request or in the event of a seriously negligent behaviour of the Director. No such severance payments were made in 2021.

The variable remuneration

The variable remuneration consists of a short-term incentive ("STI") and a long-term incentive ("LTI").

STI Plan Summary

- The STI allows Managing Directors to receive annual awards in cash;
- The 'at target' amount of the STI is 10% of the annual base fee with a bandwidth of 5-15%, whereby the performance conditions, weighting and bonus percentages for 2021 are set out below;
- A one-year performance period applies.

STI performance KPI's 2021 for the CEO - Marco Roeleveld		Weight	Realisation	Net Bonus
Financial performance conditions	Revenues and other income	35%	10.58%	3.70%
	Adjusted EBITDA	35%	10.92%	3.83%
Non-financial performance conditions	Strategy and organisational structure	15%	10.00%	1.50%
	Footprint reduction	15%	15.00%	2.25%
STI 2021		100%		11.28%

The revenues and other income in 2021 amount to €249.7 million. The on target bonus was set on €246.8 million thus resulting in a bonus of 10.58%. The adjusted EBITDA in 2021 amounts to €36.8 million. The on target bonus was set on €35.5 million thus resulting in a bonus of 10.92%. The strategy and organisational structure update is evaluated by the Supervisory Board as an on target performance, resulting in a bonus of 10%. With regard to the footprint reduction the maximum bonus of 15% is achieved.

Based on the realised STI bonus percentage multiplied by the fixed remuneration the cash bonus for 2021 amounts to €40 thousand (2020: €30 thousand).

STI performance KPI's 2021 for the CFO - Jeroen van Rossen		Weight	Realisation	Net Bonus
Financial performance conditions	Revenues and other income	35%	10.58%	3.70%
	Adjusted EBITDA	35%	10.92%	3.83%
Non-financial performance conditions	Procurement	15%	15.00%	2.25%
	Strategy and organisational structure	15%	10.00%	1.50%
STI 2021		100%		11.28%

The revenues and other income in 2021 amount to €249.7 million. The on target bonus was set on €246.8 million thus resulting in a bonus of 10.58%. The adjusted EBITDA in 2021 amounts to €36.8 million. The on target bonus was set on €35.5 million thus resulting in a bonus of 10.92%. The strategy and organisational structure update is evaluated by the Supervisory Board as an on target performance, resulting in a bonus of 10%. With regard to procurement the maximum bonus of 15% is achieved.

Based on the realised STI bonus percentage multiplied by the fixed remuneration the cash bonus for 2021 amounts to €31 thousand (2020: €26 thousand).

LTI Plan Summary

- The LTI allows Managing Directors to receive annual conditional awards of performance shares, i.e. fully paid ordinary shares in the capital of the Company;
- The value of the ‘at target’ number of performance shares is 40% of the annual base fee at the start of the performance period with a bandwidth of 30-50% taking into account the value of a fully paid ordinary share in the capital of the Company, based on the average closing share price of the last three trading days of the preceding year, at the start of the performance period;
- A three year performance period applies;
- Dependent on the actual achievement of the performance criteria after the three years performance period and, subject to continued engagement, the Managing Directors will be granted an unconditional award of performance shares;
- In case the performance shares are unconditionally granted, an additional holding period applies for one year.

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

Board member	Grant date	Number of Awards Granted *	Grant date fair value	Exercise price
CEO - Marco Roeleveld	8 April 2020	7,848	€24.55	Nil
CEO - Marco Roeleveld	29 April 2021	1,752	€68.75	Nil
CFO - Jeroen van Rossen	8 April 2020	5,935	€24.55	Nil
CFO - Jeroen van Rossen	29 April 2021	1,363	€68.75	Nil

** At 100% realisation of the applicable performance conditions. The actual number of Awards that will vest can range between 0% realisation and 125% realisation.*

The LTI grants for the financial year 2021 and 2020 are subject to the following selection of performance conditions as determined by the Supervisory Board:

LTI performance KPI’s for the CEO and CFO (i.e. under the long-term incentive plan)		Weight
Financial performance conditions	Revenues and other income	32,50%
	Adjusted EBITDA percentage	32,50%
Non financial performance conditions	Internationalisation	11,67%
	HSE evaluation	11,67%
	Footprint reduction and CO2 emissions	11,67%

Please note that the realisation of the LTI grant of 2021 and 2020 will be based on the outcome of financial year 2023 and 2022, respectively, and thus cannot be determined yet.

Total remuneration

The total remuneration of the Management Board, split by component and presented in relative proportion between fixed and variable remuneration is as follows:

	M. Roeleveld - CEO		J. van Rossen - CFO	
In EUR '000	**2021**	**2020**	**2021**	**2020**
Salaries and wages	356	322	277	242
Short-term incentive plan	40	30	31	26
Social security contributions	18	16	16	14
Pension contributions (DC)	21	19	17	15
Share-based payments	88	52	67	39
Other	34	21	27	18
Total	557	460	435	354
Percentage of variable remuneration	23%	18%	23%	18%

Internal pay ratio

In EUR '000	2021	2020
Management Board compensation		
Salaries and wages	633	564
Short-term incentive plan	71	56
Social security contributions	34	30
Pension contributions (DC)	38	34
Share-based payments	155	91
Total	931	775
Average number of FTE's	2	2
Average compensation	466	388
Employee compensation		
Salaries and wages	33,905	29,090
Social security contributions	4,906	3,930
Pension contributions (DC)	3,500	2,835
Share-based payments	486	411
Total	42,797	36,266
Average number of FTE's	634	569
Average compensation	68	64
Internal pay ratio	6.9	6.1

The Remuneration policy for the Management Board takes into account the pay ratio within the organisation. The Alfen internal pay ratio is calculated by dividing the average total Management Board compensation by the average employee compensation. The average employee compensation is based on the total personnel cost (defined as salaries and wages, social security contributions, pension contributions and share-based payment costs) and the average number of FTE's excluding the Management Board (see also Note 9, Note 11 and Note 15 of the Consolidated Financial Statements)[5].

The internal pay ratio increased from 6.1 in 2020 to 6.9 in 2021 as a result of the remuneration policy for the Management Board as adopted in the AGM of April 2020.

5-year comparison

In EUR '000	2021		2020		2019		2018	
	Actual	△(%)	Actual	△(%)	Actual	△(%)	Actual	△(%)
Revenue and other income	249,679	32%	189,010	32%	143,169	41%	101,893	n/a
Adjusted EBITDA *	36,845	51%	24,374	68%	14,525	301%	3,623	n/a
Average Management Board compensation	466	20%	388	44%	269	3%	262	n/a
Average employee compensation **	68	6%	64	3%	62	15%	54	n/a

* *Adjusted EBITDA in 2018 is excluding IFRS 16 as this standard was not yet adopted by the Company.*
** *2019 and 2018 are adjusted for comparison purposes.*

As Alfen was listed on 22 March 2018 the 5-year comparison of average compensation and business performance started in 2018. The business performance of Alfen is related to the strategy of profitable growth. The suitable criteria to measure the business performance are defined as growth in revenue and other income as well as growth in adjusted EBITDA.

Benchmark analysis remuneration policy

In 2021 the Supervisory Board asked an external agency to assess a benchmark analysis of the existing remuneration policy of the Management Board. Based on this input and that of various stakeholders, the Supervisory Board will present an adjusted remuneration policy to the Annual General Meeting in April 2022.

[5] *In light of transparency and clarity, Alfen applies a methodology to calculate the internal pay ratio that is IFRS-driven and thus is linked to Alfen's Notes to the Consolidated Financial Statements.*

Remuneration information for the Supervisory Board

The remuneration of the Supervisory Board is not dependent on the company's results. The members will not receive ordinary shares or rights to ordinary shares as remuneration.

The total remuneration of the members of the Supervisory Board is shown below:

In EUR '000	2021	2020
H. ten Hove	50	50
E.Q. van der Arend - Date of discharge: 6 July 2020	-	15
D.W.E. Riefel - Date of discharge: 6 July 2020	-	-
W.W.M. Ackermans - Date of entry: 6 July 2020	40	20
E.M. Oudenbroek - Date of entry: 6 July 2020	40	20
Total	130	105

No options have been awarded to the Supervisory Board, nor any loans, advances or guarantees.

Internal audit function

Alfen does not have an internal audit function. The need for an internal audit function is assessed on a yearly basis by the Supervisory Board. The Supervisory Board concluded that the size of the company and the combination of a finance and control department with accounting and audit knowledge, are presently covering the requirements sufficiently.

Audit Committee

Under the bylaws of the Supervisory Board, the Supervisory Board may appoint an audit committee when it consists of more than four members. No such committees have been established due to the fact that the Supervisory Board only consist of three members. However, in the absence of an audit committee, Willem Ackermans has audits as its focus area and was involved in the discussion with the external auditor on the audit plan for financial year 2021 and the Management letter over 2021. On behalf of the Supervisory Board he is also paying special attention to risk management and other financial and IT items.

Financial statements and auditor's opinion

The financial statements 2021, included in this Annual report, have been audited by PwC who has given their unqualified opinion. They have discussed their audit and conclusions in detail with the Supervisory Board.

As a result, the Supervisory Board is of the opinion that the financial statements meet all the necessary requirements for transparency and correctness. Therefore the Supervisory Board recommends to the Annual General Meeting of Shareholders, to be held on 7 April 2022, to approve the financial statements.

Related Party Transactions assessment

The transactions which were carried out with related parties are set out in Note 30 in the Consolidated

Financial Statements. During Supervisory Board meetings, the Supervisory Board periodically assesses if these Related Party Transactions are concluded in the ordinary course of business and on normal market conditions. The conclusion of the Supervisory Board is that the Related Party Transactions are all concluded at arm's length in the ordinary course of business.

Result appropriation

Over 2021 Alfen realised a profit of €21.5 million. The proposal to the Annual General Meeting is to recognise this profit as retained earnings. The members of the Supervisory Board have signed the financial statements to comply with their statutory obligation pursuant to article 2:101, paragraph 2 of the Dutch Civil Code.

In summary

2021 was again a memorable year where Alfen made important steps in realising its ambitions, keeping the right balance between top and bottom line. We are on track and are determined to realise our ambitions, albeit still with ongoing COVID-19 restrictions. The trust of our customers is key, especially with the current supply chain challenges, so we very much appreciate their ongoing support and understanding. Our employees are the essential asset to realise our plans, we need their skills and creativity to drive Alfen forward, establishing a prominent position in the energy transition process. We are grateful for their motivation and flexibility. Our international shareholder base has shown ongoing trust in the ambitions and plans of Alfen for the next few years, which is perceived as a big support.

Almere, 15 February 2022

The Supervisory Board
Henk ten Hove (Chairman),
Eline Oudenbroek,
Willem Ackermans

Financial statements

Consolidated financial statements

Alfen N.V.
Amsterdam, the Netherlands

Consolidated financial statements
for the year ended 31 December 2021

Consolidated financial statements

Consolidated statement of comprehensive income

In EUR '000	Note	2021	2020
Continuing operations			
Revenue	8	249,679	189,010
		249,679	189,010
Operating expenses			
Costs of raw materials and consumables		(148,594)	(111,066)
Costs of outsourced work and other external costs		(11,287)	(8,615)
Personnel expenses	9	(40,051)	(34,401)
Amortisation on intangible assets	17	(3,408)	(2,614)
Depreciation on property, plant and equipment	16	(5,105)	(3,876)
Impairment loss on trade receivables and contract assets	3	50	(2)
Other operating costs	10	(13,594)	(11,085)
		(221,989)	(171,659)
Operating profit		27,690	17,351
Finance income	12	4	5
Finance costs	12	(996)	(778)
Finance income (costs) - net		(992)	(773)
Profit (loss) before income tax		26,698	16,578
Income tax expense	13	(5,248)	(4,591)
Profit (loss) for the period		21,450	11,987
Other comprehensive income for the period		-	-
Total comprehensive income for the period		21,450	11,987
Total comprehensive income for the period (attributable to the owners of the Company)		21,450	11,987
Earnings per share for profit attributable to the ordinary equity holders	14		
Basic earnings per share		0.99	0.57
Diluted earnings per share		0.99	0.57
Weighted average number of outstanding ordinary shares	14		
Basic		21,694,584	20,891,513
Diluted		21,774,962	20,951,898

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

In EUR '000	Note	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	16	24,955	24,056
Intangible assets and goodwill	17	17,848	13,602
Deferred tax assets	18	-	11
Other financial assets	19	316	137
Total non-current assets		43,119	37,806
Current assets			
Inventories	20	41,582	19,988
Trade and other receivables	22	62,197	36,414
Current tax receivables		9	-
Cash and cash equivalents	23	47,277	52,344
Total current assets		151,065	108,746
Total assets		194,184	146,552
Group equity	24		
Share capital		2,175	2,175
Share premium		50,429	50,429
Retained earnings		22,265	9,637
Result for the year		21,450	11,987
Total group equity		96,319	74,228
Liabilities			
Non-current liabilities			
Borrowings	25	13,639	15,467
Deferred tax liabilities	18	4,221	2,921
Provisions	26	56	42
Total non-current liabilities		17,916	18,430
Current liabilities			
Trade and other payables	27	71,384	45,619
Current tax liabilities		3,804	3,309
Bank overdrafts	23	-	-
Borrowings	25	4,761	4,521
Deferred revenue		-	445
Total current liabilities		79,949	53,894
Total liabilities		97,865	72,324
Total equity and liabilities		194,184	146,552

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

In EUR '000	Note	Share capital *	Share premium	Retained earnings	Result for the year	Total equity
		Attributable to equity owners of Alfen N.V.				
Balance - 1 January 2020		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	11	-	-	502	-	502
Dividend		-	-	-	-	-
Allocation of profit (loss)		-	-	5,625	(5,625)	-
Balance - 31 December 2020		2,175	50,429	9,637	11,987	74,228
Profit (loss) for the period		-	-	-	21,450	21,450
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	21,450	21,450
Transactions with owners in their capacity as owners						
Issuance of ordinary shares, net of tax		-	-	-	-	-
Purchase of treasury shares		-	-	-	-	-
Share-based payment transactions	11	-	-	641	-	641
Dividend		-	-	-	-	-
Allocation of profit (loss)		-	-	11,987	(11,987)	-
Balance - 31 December 2021	24	2,175	50,429	22,265	21,450	96,319

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

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

In EUR '000	Note	2021	2020
Cash flows from operating activities			
Operating profit		27,690	17,351
Adjustments for:			
Depreciation, amortisation and impairment expenses	16/17	8,514	6,490
Change in provision	26	14	3
Change in other financial assets	19	(179)	(25)
Share-based payment expenses	11	641	502
Changes in operating assets and liabilities:			
(Increase)/decrease inventories	20	(21,596)	(5,577)
(Increase)/decrease contract assets and liabilities	22	6,781	75
(Increase)/decrease trade and other receivables	22	(28,275)	(2,080)
Increase/(decrease) trade and other payables	27	21,026	5,002
Cash generated from operations		14,616	21,741
Income taxes (paid)/received	13	(3,452)	(1,117)
Interest paid	12/25	(630)	(518)
Interest received	12	4	5
Net cash inflow/(outflow) from operating activities		10,538	20,111
Cash flows from investing activities			
Payment for property, plant and equipment	16	(4,028)	(4,625)
Payment for intangible assets	17	(7,654)	(4,992)
Net cash inflow/(outflow) from investing activities		(11,682)	(9,617)
Cash flows from financing activities			
Proceeds from issuance of shares		-	49,358
Purchase of treasury shares		-	(1,015)
Repayments of borrowings	4/25	(3,923)	(3,360)
Dividends paid to company's shareholders		-	-
Net cash inflow/(outflow) from financing activities		(3,923)	44,983
Net increase/(decrease) in cash and cash equivalents		(5,067)	55,477
Cash and cash equivalents at the beginning of the financial year		52,344	(3,133)
Cash and cash equivalents at the end of the financial year		47,277	52,344

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the 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.

Alfen is the holding company of the Group. The companies included in the consolidated financial statements are the following:

Company name	Location and country of incorporation	Shareholding in %
Alfen B.V.	Almere, the Netherlands	100%
Alfen ICU B.V.	Almere, the Netherlands	100%
Alfen Projects B.V.	Almere, the Netherlands	100%
Alfen België BV	Gent, Belgium	100%
Alfen International B.V.	Almere, the Netherlands	100%
Alfen Elkamo Oy Ab	Pietarsaari, Finland	100%

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. Before the listing, Alfen was a private limited liability company named Alfen Beheer B.V. with its statutory seat in Almere, the Netherlands. Alfen converted into a public company with limited liability with its statutory seat in Amsterdam, the Netherlands, and was renamed to Alfen N.V. as per the date of the listing.

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

The Group's financial year covers the first day of January and ends on the last day of December of each year.

This annual report was authorised for issue by the Company's Board of Directors and approved by the Supervisory Board on 15 February 2022. The annual report will be presented to the Annual General Meeting of Shareholders for their adoption on 7 April 2022.

Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Alfen N.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They also comply with the financial reporting requirements included in section 9 of Book 2 of the Dutch Civil Code.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention, unless stated otherwise. The consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Changes in accounting policies and disclosures

New standards and interpretations adopted

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 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.

Principles for consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases.

The financial data of the subsidiaries and other entities included in the consolidation have been included in full, to the exclusion of intercompany relationships, intercompany profit and intercompany receivables and liabilities between subsidiaries and other entities included in the consolidation, to the extent that the results are not realised by a third party outside the Group. Unrealised losses on intercompany transactions are eliminated unless they concern impairments.

Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Group. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Negative goodwill arising from an acquisition is recognised directly in the income statement. Acquisition-related costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred and the liabilities incurred to the former shareholders of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in the income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the income statement.

Changes in ownership interests in subsidiaries without change of control

Transactions with subsidiaries that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

If the Group ceases to have control of an entity, any retained interest in the entity is remeasured to fair value at the date when control is lost with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or other financial asset. Amounts previously recognised in other comprehensive income are reclassified to profit or loss. Deconsolidation occurs when the Group no longer controls a subsidiary.

Foreign currency translation

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the functional currency of all companies within the Group and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income, within finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated by recognising the difference between historical cost and the estimated residual values using the straight-line method over their estimated useful life in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparable periods are as follows:

Building	5 – 30 years
Furniture, fittings and equipment	5 – 10 years
Other fixed operating assets	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The costs of future replacement are capitalised based on the component approach. Under this approach the total costs are allocated to the 'component assets'. Government grants on investments are deducted from the purchase price or manufacturing price of the assets to which the government grants relate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within the income statement.

Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at historical cost less accumulated impairment losses. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Other intangible assets

Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products and systems controlled by the Company are recognised as intangible assets only if all of the following conditions are met:

- it is technically feasible to complete the product or system so that it will be available for use;
- management intends to complete the product or system and use or sell it;
- there is an ability to use or sell the product or system;
- it can be demonstrated how the product or system will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product or system are available; and
- the expenditure attributable to the product or system during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product include the development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Expenditure on research activities is recognised as expense in the period in which it is incurred.

Customer related intangibles

Customer related intangibles that are acquired by the Company with finite useful lives are recognised at fair value at the acquisition date and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation of intangible assets is calculated by recognising the difference between historical cost and the estimated residual values using the straight-line method over their estimated useful lives in the income statement. Amortisation is recognised in the income statement on a straight-line basis and commences as soon as the assets are ready for use.

The estimated useful lives of intangible assets for current and comparable periods are as follows:

Development costs	5 years
Customer related intangibles	1 – 7 years

The expected useful life and the amortisation method are reviewed each reporting period.

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Capitalised development projects in progress are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial instruments

Financial assets - Classification and measurement

The Company classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through OCI or through profit or loss), and
(ii) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets - Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurements

At initial recognition the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments: (i) Amortised cost, (ii) Fair value through profit or loss; and (iii) Fair value through other comprehensive income.

The Company only has financial assets at amortised cost and makes no use of derivative financial instruments.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses.

Financial assets - Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

The Company has no trade receivables nor amounts due from customers for contract work including a significant finance component and is therefore required to apply the simplified approach under IFRS 9, in which the credit losses are measured using a lifetime expected loss allowance for all trade receivables and amounts due from customers for contract work.

Information about the Company's exposure to credit risk and measurement of impairment losses for trade receivables and amounts due from customers for contract work is included in Note 3.

Financial liabilities - Recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

The Company only has financial liabilities at amortised cost and makes no use of derivative financial instruments.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include trade and other payables and long-term debt. Trade and other payables and long-term debt are initially recognised at fair value equalling the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables and long-term debt are measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities due to their short-term nature, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Financial liabilities - Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. However, when the cash flows of the modified liability are not substantially different, the Company (i) recalculates the amortised cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate and (ii) recognises any adjustment in the income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company does not have any legally enforceable right to offset the recognised amounts in the balance sheet.

Notes to the consolidated financial statements

Inventories

Inventories mainly relate to raw materials and are valued at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs are determined using the weighted average price method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Contract assets and liabilities

Contract assets and liabilities comprise of revenue recognised (based on the costs for contract work performed plus the profit recognised to date) less progress billings when the Company constructs an asset that is built on the customers site or when the costs incurred are related to a product or project with no alternative use and for which the Company has an enforceable right to payment.

Contract assets are stated as a receivable (amounts due from customers for contract work) when the balance is positive. If negative, it is stated as a contract liability (amounts due to customers for contract work).

Contract assets are subject to the expected credit losses, for which the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance in line with trade and other receivables. Please refer to note 3 for further information.

Trade and other receivables

Trade and other receivables are amounts due from customers for products delivered and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement immediately and therefore all classified as current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value. Cash and cash equivalents include cash at banks and cash in hand. In the cash flow statement cash and cash equivalents comprises cash at banks, cash in hand and bank overdrafts.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Jubilee provision

Based on the collective labour agreement, a provision for jubilee benefits for employees is recognised based on the estimated future cost, using actuarial calculations to determine the amount to be recognised.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of expected costs of terminating the contract and the expected net costs of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the asset associated with that contract.

Trade and other payables

These amounts represent liabilities provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The Company has no specific obligations for returns, refund clauses nor any other similar obligations specified in the contract with customers. However, standard product compliance warranty is provided to customers, which is not considered a separate performance obligation.

The following paragraphs provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies per business line. For all revenue streams, invoices are usually payable within 30 days. In general there are no variable consideration clauses, such are volume related discounts, included in the contracts with customers. However, direct discounts can be provided on a customer-by-customer basis.

Smart grid solutions

Revenue within the Smart grid solutions business line is classified as contract manufacturing, meaning that every designed and manufactured transformer substation or series of transformer substations by the Company is tailor-made for a specific customer and has as such no alternative use. If in addition, the Company has an enforceable right to payment, revenue is recognised over time - i.e. before delivered to the customers' premises - in the income statement using the cost-to-cost method.

In case the Company does not have an enforceable right to payment, revenue is recognised at a point-in-time when control of the products are transferred to the customer, being when the goods are delivered to the customer and when there is no unfulfilled obligation that could affect the customers' acceptance of the product.

Within the Smart grid solutions business line, the Company always acts as a principal, because all purchased (input) materials are subsequently integrated into end products for which the Company provides significant integration services.

Uninvoiced amounts are presented as amounts due from customers for contract work, while advances received are included in the amounts due to customers for contract work.

Service related revenue within Smart grid solutions comprises additional service and/or maintenance sold to a customer by means of a separate contract for periods up to 4 years. Revenues generated through services rendered are recognised over time in the income statement as customers simultaneously receive and consume the benefits when the Company performs the services.

Energy storage systems

Energy storage systems revenue comprise of tailor-made energy storage systems for a specific customer or a commingling of multiple tailor-made energy storage systems designed and manufactured by the Company in combination with third party purchased manufactured products for which the Company subsequently provides overall project management and significant system integration services. For this reason, the Company acts as a principle for the third party purchased manufactured products.

Energy storage systems are always tailor-made for a specific customer and have as such no alternative use. For these contracts, the Company always has an enforceable right to payment. Consequently, revenue is recognised over time - i.e. before delivered to the customers' premises - in the income statement using the cost-to-cost method.

Uninvoiced amounts are presented as amounts due from customers for contract work, while advances received are included in the amounts due to customers for contract work.

Service related revenue within Energy storage systems comprises additional service and/or maintenance sold to a customer by means of a separate contract for periods usually up to 5 years. Revenues generated through services rendered are recognised over time in the income statement as customers simultaneously receive and consume the benefits when the Company performs the services.

EV charging equipment

The Company sells products related to charging equipment for electric vehicles. Revenue from the sale of these goods sold is recognised at a point-in-time when control of the products is transferred to the customer, being when the goods are delivered to the customer and when there is no unfulfilled obligation that could affect the customers' acceptance of the product.

Service related revenue within EV charging equipment comprises additional service and/or maintenance sold to a customer by means of a separate contract for periods usually between 3 and 5 years. Revenues generated through services rendered are recognised over time on a straight-line basis in the income statement as customers simultaneously receive and consume the benefits when the Company performs the services.

Employee benefits

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, when they are due to employees and the tax authorities respectively.

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

Pension obligations

The Company has a multi-employer pension plan which is a defined benefit plan for which there is insufficient information available for the Company to account for the pension plan as a defined benefit plan. There is not sufficient information available as the pension fund does not administer the pension plan on a company-by-company basis. Therefore, the Company accounts for this pension plan as a defined contribution plan.

For the defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory and contractual basis. The Company has no further payment obligations once the contributions have been paid.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards.

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The Company has no share-based payment awards with non-vesting conditions nor with market performance conditions.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are recognised in the statement of income over the period necessary to match them with the costs they are intended to compensate.

Expenses

Expenses arising from the Company's business operations are accounted for in the year incurred.

Leases

At the inception of an agreement, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company, as a lessee, recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments at the lease commencement date.

However, the Company elected to apply the recognition exemption for both short-term and low value leases – e.g. office equipment. As such, the Company recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Subsequently, the lease liability is increased by the interest costs on the lease liability and decreased by lease payments made.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment whether a purchase or renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured as abovementioned, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company's right-of-use assets and lease liabilities are presented under Property, plant and equipment and Borrowings, respectively.

Finance income and expenses

Finance income and expenses are recognised using the effective interest method. Financial expenses include interest incurred on borrowings calculated using the effective interest method and interest accruals for provisions that are recognised in the income statement.

In calculating finance income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Corporate income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Non-cash transactions are not included in the statement of cash flows.

Note 3 Financial risk management

As result of regular business practices, the Company holds positions in a variety of financial instruments. The financial instruments are presented in the balance sheet and consists of cash and cash equivalents, receivables and other receivables, interest-bearing loans, trade payables and other payables.

The Company does not use foreign exchange contracts and/or foreign exchange options and does not deal with such financial derivatives. On each balance date, financial instruments are reviewed to see whether or not an objective indication exists for the impairment of a financial asset or a group of financial assets. If an objective indication for impairment exists, the company determines the amount of impairment losses and charges this amount to the income statement. As a result of the use of financial instruments, the company incurs credit risks, liquidity risks and market risks.

The market risks consist of currency risks, price risks and interest risks. The company has a strict policy that aims to minimise and control these risks as much as possible.

Credit risk

Credit risk is the risk of a financial loss in case a customer does not comply with the contractual obligations. Credit risks are mainly incurred from receivables to customers. The company executes a strict policy to minimise credit risks. To control these risks, the company makes use of information from licensed credit agencies. If necessary, credit risks will be mitigated by the use of credit insurances, bank guarantees, prepayments and other insurances. Cash- and cash equivalents may be placed by a number of banks.

The company determines the credit risk of cash- and cash equivalents that are placed with these banks, by solely doing business with highly respectable banks. The Company evaluates the concentration risk with respect to trade receivables and amounts due from customers for contract work as low.

Expected credit losses

The Company has two types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables
- Amounts due from customers for contract work

Trade and other receivables and amounts due from customers for contract work

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and amounts due from customers for contract work.

To measure the expected credit losses, trade and other receivables and amounts due from customers for contract work have been grouped based on shared credit risk characteristics and the days past due. The amounts due from customers for contract work relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade and other receivables are a reasonable approximation of the loss rates for the amounts due from customers for contract work.

The expected loss rates used at 31 December 2021 and at 31 December 2020 are based on the payment profiles of sales over a period of 12 months of the preceding financial year and the corresponding historical credit losses experienced related to these sales.

The historical loss rates are adjusted to reflect current and forward-looking information based on macro-economic factors affecting the ability of the customers to settle the receivables. The Company retrieves the latter from externally available information from credit rating agencies. Credit insured amounts are excluded from the determination of the loss allowance.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for both trade and other receivables and amounts due from customers for contract work:

In EUR '000			31 December 2021		
	Current amount	Overdue < 30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
Expected loss rate	0.1%	0.1%	0.1%	0.3%	3.5%
Gross carrying amount - trade receivables and other receivables	43,757	7,131	3,320	765	794
Gross carrying amount - amounts due from customers for contract work	6,492	-	-	-	-
Loss allowance	26	4	2	2	28
			31 December 2020		
	Current amount	Overdue < 30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
Expected loss rate	0.3%	0.1%	0.1%	0.3%	20.5%
Gross carrying amount - trade receivables and other receivables	20,013	5,995	1,067	338	211
Gross carrying amount - amounts due from customers for contract work	8,984	-	-	-	-
Loss allowance	61	6	1	1	43

The movement in the loss allowance in respect of trade and other receivables and amounts due from customers for contract work during the year was as follows.

In EUR '000	2021	2020
Balance - At 1 January	112	110
Amounts written off	-	-
Net remeasurement of loss allowance	(50)	2
Balance - At 31 December	62	112

Trade and other receivables and amounts due from customers for contract work are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments.

Impairment losses on trade and other receivables and amounts due from customers for contract work are recognised in the income statement as a separate line item. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. The Company's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its obligations when they become due, avoiding unacceptable losses or damages to the Company's reputation. The Company monitors its liquidity risk on an ongoing basis. Management believes the current capital structure of the Group will safeguard the Group's ability to continue as a going concern.

The liquidity planning considers the maturity of the financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations. Due to the nature of the business, the use of cash- and cash equivalents is not highly sensitive to liquidity risks. However, the Company does notice a seasonal pattern in liquidity risks.

The tables below analyses the Company's financial liabilities on their contractual maturities for all non-derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows.

In EUR '000	31 December 2021				
	Less than 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables (excluding deferred revenue)	70,950	434	-	-	71,384
Borrowings	286	849	2,652	1,289	5,076
Factoring Alfen Elkamo	1,188	-	-	-	1,188
Lease liabilities	663	1,864	6,704	3,205	12,436
Total non-derivatives	73,087	3,147	9,356	4,494	90,084

	31 December 2020				
	Less than 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables (excluding deferred revenue)	45,217	401	-	-	45,618
Borrowings	293	845	3,564	1,436	6,138
Factoring Alfen Elkamo	1,121	-	-	-	1,121
Lease liabilities	588	1,753	6,586	4,115	13,042
Total non-derivatives	47,219	2,999	10,150	5,551	65,919

Market risk

Foreign exchange risk

The Company mainly operates in the European Union, in which the Euro is the basis currency (see Note 22 and 27 for further details). The currency risk is limited and largely concerns positions and (future) transactions in euros. Management has determined, based on a risk assessment, that these currency risks do not need to be hedged. The Company's net exposure to other foreign exchange movements is not significant and therefore no sensitivity analysis is included. The concentration risk is therefore considered as low.

Price risk

The Company incurs price risks on the purchase of (raw) materials and subcontracting for the difference between the market price at the time of the purchase and during the actual performance. For purchases related to larger projects, the companies policy aims to use indexation clauses in its sales contracts. If indexation is impossible, prices and conditions are negotiated with existing (key) suppliers to minimise price risk.

In addition, the company controls price risk by using framework purchase agreements, tender procedures and other high valued information sources. The Company evaluates the concentration risk with respect to prices as low.

In case the costs of raw materials and consumables and costs of outsourced work and other external costs prices increase with 1%, the impact on profit before tax is €1.6 million.

Interest rate risk

The Company is exposed to interest rate risks on its borrowings. Management has determined, based on a risk assessment, that the interest rate risks on its borrowings do not need to be hedged.

In case the Company's interest rate increases with 1%, the impact on profit before tax is €250 thousand.

Notes to the consolidated financial statements

Note 4 Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the Company's capital structure, the Company may adjust its dividend policy, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents.

Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

In EUR '000	31 December 2021	31 December 2020
Borrowings (note 25)	18,400	19,988
Less: cash and cash equivalents (note 23)	(47,277)	(52,344)
Net debt (cash)	(28,877)	(32,356)
Total equity	96,319	74,228
Total capital	67,442	41,872
Gearing ratio	(30)%	(44)%

The gearing ratio increased during 2021 as a result of the increasing working capital.

Below table sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the periods presented.

In EUR '000	Cash and bank overdrafts	Borrowings	Factoring Alfen Elkamo	Lease liabilities	Net cash/ (debt)
Net cash/(debt) - 1 January 2020	(3,133)	(6,902)	(952)	(8,267)	(19,254)
Cash flows	55,477	1,086	(167)	2,441	58,837
New leases and remeasurements	-	-	-	(6,947)	(6,947)
Other changes	-	(11)	-	(269)	(280)
Net cash/(debt) - 31 December 2020	52,344	(5,827)	(1,119)	(13,042)	32,356
Cash flows	(5,067)	1,059	(67)	2,931	(1,144)
New leases and remeasurements	-	-	-	(1,980)	(1,980)
Other changes	-	(10)	-	(345)	(355)
Net cash/(debt) - 31 December 2021	47,277	(4,778)	(1,186)	(12,436)	28,877

Other changes comprise a non-cash movement and relates to effective interest accounting on borrowings and lease liabilities.

Note 5 Fair value estimation

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

At 31 December 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 6 Critical accounting estimates and judgements

The preparation of the 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.

Development costs

The capitalised development costs are based on management judgements taken into account:

- the technical feasibility to complete the product or system so that it will be available for use;
- management intends to complete the product or system and use or sell it;
- the ability to use or sell the product or system;
- the availability of adequate technical, financial and other resources to complete the development.

In determining the development costs to be capitalised, the Company estimates the expected future economic benefits of the respective product or system that is the result of a development project. Furthermore management estimates the useful life of such product or system.

The carrying amount of capitalised development costs is €16.3 and €11.6 million at 31 December 2021 and 31 December 2020, respectively. The Company estimates the useful life of the development costs to be at 5 years based on the expected lifetime of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on innovations, market developments and competitor actions.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Further details about impairment testing are included in Note 17.

Estimates in contract work

The Company recognises revenue and costs over time - i.e. before delivered to the customers' premises - in the income statement using the cost-to-cost method. Under this method, actual costs are compared with the total estimated costs to measure progress towards complete satisfaction of the performance obligation.

To measure the progress toward complete satisfaction of the performance obligation, the Company has a robust process and system for cost estimating, forecasting and revenue and costs reporting. The system also requires a consistent forecast of the project profitability, including variance analyses of forecasted profitability compared to budget and earlier assessment dates. Estimates are an inherent part of this assessment and actual future outcome may deviate from the estimated outcome, specifically for major and complex contracts. However, historical experience has shown that estimates in total are sufficiently reliable.

Note 7 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 consolidated financial statements.

Entity wide disclosures

Geographic information

The following table is summarising (i) revenue and other income and (ii) non-current assets, excluding financial instruments and deferred tax assets, attributable to the Company's countries of domicile.

In EUR '000 Revenue	2021	2020
The Netherlands	226,472	165,457
Finland	19,155	18,808
Belgium	4,052	4,745
Total	249,679	189,010

Non-current assets	31 December 2021	31 December 2020
The Netherlands	35,708	29,710
Finland	6,857	7,715
Belgium	238	233
Total	42,803	37,658

Revenue and other income by region based on the destination of products and location of projects is presented in Note 8.

Major customers

There is one customer who individually accounts for more than 10% of the Company's consolidated revenue. The total amount of revenue for this customer is €31.6 million.

Note 8 Revenue

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

In EUR '000	2021	2020
Smart grid solutions	128,178	118,472
Energy storage systems	17,732	16,991
EV charging equipment	103,769	53,547
Total	249,679	189,010

Smart grid solutions and Energy storage systems revenue generated by entities domiciling in the Netherlands and Belgium amounting to €122.6 and €4.1 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. €19.2 million - as well as the Company's EV charging equipment revenue of €103.8 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	2021	2020
The Netherlands	153,708	127,531
Other European Union countries	83,622	59,542
Rest of Europe	12,179	1,858
Outside Europe	170	79
Total	249,679	189,010

Note 9

Personnel expenses

The personnel expenses can be divided into the following cost categories:

In EUR '000	2021	2020
Salaries and wages	34,538	29,654
Social security contributions	4,940	3,960
Pension contributions (DC)	3,538	2,868
Hire indirect personnel	1,690	1,217
Capitalised personnel expense	(4,655)	(3,298)
Total	40,051	34,401

The average number of FTE's are:

	2021	2020
Direct employees	330	304
Indirect employees	306	267
Total	636	571

As per 31 December 2021, a total of 108 employees were employed outside the Netherlands.

Dutch pensions

The company has a defined contribution scheme and a defined benefit scheme. The defined benefit plan is a multi-employer (industry) pension plan, based on average salary pay, for which insufficient information is available to account for as a defined benefit plan. Therefore, the Company accounts for this pension plan as a defined contribution plan. The pension schemes are financed through monthly contributions to the pension providers, being the insurance companies and the industry pension fund (PME). The contribution with the industry pension fund is calculated using a maximum annual gross salary level and a premium of approximately 27.6% for 2021.

In 2018, the industry pension fund announced a recovery plan to strengthen the fund, for which an additional premium is no longer applicable (2020: 3.7%).

The base premium for 2022 is set at approximately 28.0%. Total expected contributions for 2022 amount to €4.5 million. The company applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the income statement and is classified as costs of personnel.

Alfen has approximately 637 active participants in the industry pension plan, which has 166,000 active participants in the total plan. The industry pension fund has a deficit and the coverage ratio per December 2021 is 103.2%. The company does not have any commitments for additional contributions in case of a deficit of the pension fund, other than paying increased future premiums. If applicable, the industry-wide pension fund applies an annual indexation for the pension fund.

Aside from the premium payables, the company does not have any additional obligations in respect to the pension schemes.

Finnish pensions

Alfen Elkamo has a defined contribution scheme, in which the pension contribution is predetermined and based on the gross salary of the individual employee.

The annual net contribution for 2021 is 18% (2020: 18%). The pension contributions are paid on a monthly basis to the pension fund. The expected net contribution for 2022 amounts to €589 thousand. The premium payable during the financial year is charged to the income statement and is classified as costs of personnel.

Aside from premium payables, Alfen Elkamo does not have any additional obligations in respect to the pension schemes.

Key management compensation

Key management includes directors, having authority and responsibility for planning, directing and controlling the activities of the Company.

In EUR '000	2021	2020
Salaries and wages	925	826
Short-term incentive plan	117	56
Social security contributions	40	30
Pension costs	46	34
Share-based payments	231	91
Other	75	60
Total	1,434	1,097

Key management collectively hold 127,851 Ordinary Shares (2020: 350,000) in the share capital of the Company.

In addition, key management collectively hold conditional rights, granted under the long-term incentive plan for the Board of Directors and subject to certain performance conditions, to acquire 17,536 (at 100% realisation) existing Ordinary Shares. Reference is made to Note 11 for further details.

Note 10 Other operating costs

The operating costs can be divided into the following cost categories:

In EUR '000	2021	2020
Housing expenses	1,329	1,433
Other personnel expenses	2,948	2,423
Development expenses	865	639
Other general expenses	8,452	6,590
Total	13,594	11,085

Note 11 Share-based payments

Share award plans

Depositary Receipts

Eligible and selected managers of the Company were given the opportunity to participate indirectly in the share capital of the Company. These indirect share investments were held via a foundation ("Stichting Administratiekantoor"), which has issued Depositary Receipts ("DRs") to participating managers. This management participation plan was classified as an equity-settled share-based payment arrangement.

As of the date of the Company's public listing on the Amsterdam Stock Exchange on 22 March 2018 ("First Trading Date") these DRs have been cancelled as a result of which these participating managers ultimately received Ordinary Shares and cash, meaning that they realised part of their indirect investment in the Company. As a result of this, the key managers and certain members of senior management no longer held an indirect economic interest of 10.36% in the capital of the Company through DRs, but directly held Ordinary Shares which jointly amounted to 7.77% or 1,554,000 shares of the share capital of the Company.

These Ordinary Shares of the key managers and certain members of senior management of the Company were subject to lock-up restrictions. The Ordinary Shares transferred to the key managers and certain members of senior management of the Company were released from the lock-up restrictions as follows: 60% of the Ordinary Shares have been unconditionally released from the lock-up restrictions on the day that was one year after the First Trading Date, 20% of the Ordinary Shares have been unconditionally released from the lock-up restrictions on the day that is two years after the First Trading Date, and the remaining 20% of the Ordinary Shares have been unconditionally released from the lock-up restrictions on 22 March 2021.

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.

In addition, the following grants have been made to key management:

Grant date	Number of Awards Granted	Exercise price
6 April 2021	825	Nil
22 July 2021	638	Nil

The discretionary grant made on 6 April 2021 has a service vesting condition up to and including 31 December 2021, while the grant made on 22 July 2021 concerns a long-term incentive grant with similar service and non-market based performance vesting conditions, including an one year holding period after vesting date, as the Long-term incentive plan for the Board of Directors.

Long-term incentive plan - Board of Directors

As part of the newly 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 between nil (at 0% realisation) and 21,123 (at 125% realisation).*

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	35,131	-	94,238
Granted	38,434	13,783	-
Forfeited	(3,193)	-	-
Exercised	-	-	(94,238)
Expired	-	-	-
Balance - 31 December 2020	70,372	13,783	-
Granted	9,610	3,115	-
Forfeited	(349)	-	-
Exercised	-	-	-
Expired	-	-	-
Balance - 31 December 2021	79,633	16,898	-

None of the outstanding shares related to the LTIP Key employees and LTIP Board of Directors are exercisable at 31 December 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 - Key employees	6 April 2021	€74.25
Long-term Incentive Plan - Key employees	20 July 2021	€80.25
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 costs in the statement of comprehensive income:

In EUR '000	2021	2020
Celebration Share Award Plan	-	167
Long-term Incentive Plan - Key employees	486	244
Long-term Incentive Plan - Board of Directors	155	91
Total	641	502

Note 12 Finance income and costs

In EUR '000	2021	2020
Finance costs		
Interest expenses related to lease liabilities	(345)	(269)
Other interest expenses	(651)	(509)
Total finance costs	(996)	(778)
Finance income		
Other interest income	4	5
Total finance income	4	5
Net finance income/(costs)	(992)	(773)

Note 13 Income tax expense

This note provides an analysis of the Company's income tax expense, showing how the tax expense is affected by non-deductible items. It also explains significant estimates made in relation to the Company's tax position.

In EUR '000	2021	2020
Current tax		
Current tax on profits for the year	(4,051)	(3,859)
Adjustments for previous years	113	25
Total current tax expense	(3,938)	(3,834)
Deferred income tax		
Income tax on continuing operations	(1,187)	(422)
Change in tax rates	(123)	(335)
Total deferred tax (expense)/benefit	(1,310)	(757)
Total income tax expense	(5,248)	(4,591)

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	2021	2020
Result from continuing operations	21,450	11,987
Total income tax	(5,248)	(4,591)
Profit (loss) before income tax	26,698	16,578
Tax calculated based on Dutch tax rate	25.0%	25.0%
Tax effects of:		
Adjustments for previous years	(0.4%)	(0.2%)
Effect of tax rates in other countries	0.1%	0.0%
Effect of tax incentives	(5.8%)	0.0%
Non-taxable expenses	0.7%	1.0%
Change in tax rates	0.5%	2.0%
Other differences	(0.4%)	(0.1%)
Effective tax rate	19.7%	27.7%
Applicable tax rate	25.0%	25.0%

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%.

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 5.8% for financial year 2021, of which 1.5% relates to the retrospective application of this agreement for fiscal years 2019 and 2020 combined and 4.3% for fiscal year 2021.

Non-taxable expenses

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

Note 14 Earnings per share

	2021	2020
Weighted average number of ordinary shares in issue (x1)	21,694,584	20,891,513
Net result attributable to shareholders (in EUR)	21,449,990	11,986,815
Basic earnings per share (in EUR)	0.99	0.57

Allowing for dilution, the earnings per share are as follows:		
Weighted average number of ordinary shares in issue (x1)	21,774,962	20,951,898
Net result attributable to shareholders (in EUR)	21,449,990	11,986,815
Diluted earnings per share (in EUR)	0.99	0.57

Note 15 Remuneration of the Management Board and Supervisory Board

Management Board

The following statement shows how the remuneration policy was applied in practice during the reporting period.

	M. Roeleveld - CEO		J. van Rossen - CFO	
In EUR '000	**2021**	**2020**	**2021**	**2020**
Salaries and wages	356	322	277	242
Short-term incentive plan	40	30	31	26
Social security contributions	18	16	16	14
Pension contributions (DC)	21	19	17	15
Share-based payments	88	52	67	39
Other	34	21	27	18
Total	557	460	435	354

The following table sets out the shareholdings of the Management Board.

	Number of ordinary shares
M. Roeleveld - CEO	120,582
J. van Rossen - CFO	6,730

The following table sets out the grant made under the long-term incentive plan for the Management Board.

Number of Awards Granted *	2021	2020
M. Roeleveld - CEO	1,752	7,848
J. van Rossen - CFO	1,363	5,935

** At 100% realisation of the applicable performance conditions. The actual number of Awards that will vest can range between 0% realisation and 125% realisation.*

The number of Awards granted to the Management Board are subject to certain performance conditions as described in Note 11.

No other options have been awarded to the Management Board, nor any loans, advances or guarantees.

Supervisory Board

The total remuneration of the members of the Supervisory Board is shown below:

In EUR '000	2021	2020
H. ten Hove	50	50
E.Q. van der Arend - Date of discharge: 6 July 2020	-	15
D.W.E. Riefel - Date of discharge: 6 July 2020	-	-
W.W.M. Ackermans - Date of entry: 6 July 2020	40	20
E.M. Oudenbroek - Date of entry: 6 July 2020	40	20
Total	130	105

No options have been awarded to the Supervisory Board, nor any loans, advances or guarantees.

Note 16 Property, plant and equipment

Property, plant and equipment can be divided into:

In EUR '000	31 December 2021	31 December 2020
Property, plant and equipment - Owned	12,635	11,033
Property, plant and equipment - Right-of-Use	12,320	13,023
Total net book value	24,955	24,056

The movement in property, plant and equipment during the years was as follows:

Owned assets

In EUR '000	Buildings	Furniture, fittings and equipment	Assets under construction	Total
At 1 January 2020				
Cost	6,723	9,959	468	17,150
Accumulated impairments and depreciation	(2,789)	(6,323)	-	(9,112)
Net book value	3,934	3,636	468	8,038
Year ended 31 December 2020				
Opening net book value	3,934	3,636	468	8,038
Additions	33	2,978	1,614	4,625
Reclassification assets under construction	317	151	(468)	-
Disposal	(40)	(3,678)	-	(3,718)
Depreciation for the year	(344)	(1,286)	-	(1,630)
Depreciation of disposal	40	3,678	-	3,718
Consolidation and deconsolidation	-	-	-	-
Closing net book value	3,940	5,479	1,614	11,033
At 1 January 2021				
Cost	7,033	9,410	1,614	18,057
Accumulated impairments and depreciation	(3,093)	(3,931)	-	(7,024)
Closing net book value	3,940	5,479	1,614	11,033
Year ended 31 December 2021				
Opening net book value	3,940	5,479	1,614	11,033
Additions	-	3,567	461	4,028
Reclassification assets under construction	939	500	(1,439)	-
Disposal	-	(348)	-	(348)
Depreciation for the year	(444)	(1,982)	-	(2,426)
Depreciation of disposal	-	348	-	348
Consolidation and deconsolidation	-	-	-	-
Closing net book value	4,435	7,564	636	12,635
At 31 December 2021				
Cost	7,972	13,129	636	21,737
Accumulated impairments and depreciation	(3,537)	(5,565)	-	(9,102)
Closing net book value	4,435	7,564	636	12,635

Right-of-use assets

In EUR '000	Land and buildings	Manufacturing equipment	Cars	Total
At 1 January 2020				
Cost	5,804	1,044	3,320	10,168
Accumulated impairments and depreciation	(656)	(147)	(1,043)	(1,846)
Net book value	5,148	897	2,277	8,322
Year ended 31 December 2020				
Opening net book value	5,148	897	2,277	8,322
Additions	5,223	351	1,373	6,947
Disposal	-	-	-	-
Depreciation for the year	(930)	(166)	(1,150)	(2,246)
Depreciation of disposal	-	-	-	-
Consolidation and deconsolidation	-	-	-	-
Closing net book value	9,441	1,082	2,500	13,023
At 1 January 2021				
Cost	11,027	1,395	4,693	17,115
Accumulated impairments and depreciation	(1,586)	(313)	(2,193)	(4,092)
Closing net book value	9,441	1,082	2,500	13,023
Year ended 31 December 2021				
Opening net book value	9,441	1,082	2,500	13,023
Additions	784	307	940	2,031
Disposal	-	-	(542)	(542)
Depreciation for the year	(1,250)	(212)	(1,217)	(2,679)
Depreciation of disposal	-	-	487	487
Consolidation and deconsolidation	-	-	-	-
Closing net book value	8,975	1,177	2,168	12,320
At 31 December 2021				
Cost	11,811	1,702	5,091	18,604
Accumulated impairments and depreciation	(2,836)	(525)	(2,923)	(6,284)
Closing net book value	8,975	1,177	2,168	12,320

At 31 December 2021, the net carrying amount of leased equipment held under finance lease was €295 thousand (31 December 2020: €354 thousand).

Note 17 Intangible assets and goodwill

The movement in intangible assets and goodwill during the years was as follows:

In EUR '000	Goodwill	Customer related intangibles	Development costs	Total
At 1 January 2020				
Cost	127	3,302	14,486	17,915
Accumulated impairments and amortisation	-	(1,063)	(5,628)	(6,691)
Net book value	127	2,239	8,858	11,224
Year ended 31 December 2020				
Opening net book value	127	2,239	8,858	11,224
Additions	-	-	4,992	4,992
Acquisitions	-	-	-	-
Amortisation for the year	-	(407)	(2,207)	(2,614)
Consolidation and deconsolidation	-	-	-	-
Closing net book value	127	1,832	11,643	13,602
At 1 January 2021				
Cost	127	3,302	19,478	22,907
Accumulated impairments and amortisation	-	(1,470)	(7,835)	(9,305)
Net book value	127	1,832	11,643	13,602
Year ended 31 December 2021				
Opening net book value	127	1,832	11,643	13,602
Additions	-	-	7,654	7,654
Acquisitions	-	-	-	-
Amortisation for the year	-	(407)	(3,001)	(3,408)
Consolidation and deconsolidation	-	-	-	-
Closing net book value	127	1,425	16,296	17,848
At 31 December 2021				
Cost	127	3,302	27,132	30,561
Accumulated impairments and amortisation	-	(1,877)	(10,836)	(12,731)
Net book value	127	1,425	16,296	17,848

Goodwill

Goodwill is completely allocated to the cash-generating unit (hereinafter: 'CGU') Alfen Elkamo.

The recoverable amount of this CGU was determined on the higher of the value-in-use calculation or fair value less costs of disposal. The valuation uses future cash flows, based on the financial budgets and forecasts of the CGU over a period of 5 years and a terminal growth rate thereafter.

The key assumptions used in the estimation of value in use were as follows:

- Revenue growth rate: based on actual experience and an analysis of expected market growth within the energy transition sector.
- Discount rate: based on the historical industry average weighted-average cost of capital, by using the capital asset pricing model ("CAPM"). The applied discount rate for 2021 was 15.4% (2020: 15.1%).
- Residual value: based on a terminal growth rate of 2.0% (2020: 2.0%).

Considering the limited amount of Goodwill, the Company's impairment exposure is not significant and therefore no sensitivity analysis is included.

Customer related intangibles

Customer related intangibles comprise the customer list and order backlog related to the acquisition of Alfen Elkamo as at 1 July 2018 and are amortised over a period of 7 years and 0.5 year, respectively. Consequently, the remaining amortisation period for the customer list is 3.5 years and for the order backlog nil.

Development costs

Additions to intangible fixed assets relate to development projects for new products or systems or development projects for new features to existing products and systems for amongst others; smart grid solutions, electric vehicle charging equipment and energy storage.

The closing net book value amount € 16.3 million for the ended 31 December 2021 (2020: €11.6 million), includes €4.6 million (2020: €1.6 million) of development projects still in progress.

Total costs for R&D, including amortisation of the capitalised development costs amount to €8.0 and €5.6 million for the years ended 31 December 2021 and 31 December 2020, respectively.

Note 18 Deferred tax balances

The balance comprises temporary differences attributable to:

In EUR '000

Deferred tax assets	**31 December 2021**	**31 December 2020**
Property, plant and equipment	-	132
Carry forward losses	-	11
Goodwill	154	188
Lease liabilities	75	47
Total	229	378
Of which:		
Current (<1 year)	38	45
Non-current (>1 year)	191	333

Deferred tax liabilities	**31 December 2021**	**31 December 2020**
Property, plant and equipment	-	44
Intangible assets	4,450	3,244
Total	4,450	3,288
Of which:		
Current (<1 year)	968	789
Non-current (>1 year)	3,482	2,499
Net deferred tax assets	-	11
Net deferred tax liabilities	4,221	2,921

Note 19 Other financial assets

Other financial assets comprise of long-term deposits paid to international payroll service providers of €172 thousand and a long-term receivable of €144 thousand with the lessor responsible for the construction of a new production location and office building. At 7 July 2021, Alfen concluded a lease contract for a new production location and office building. As from 1 September 2021, Alfen started 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 in the first half-year 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.

Note 20 Inventories

In EUR '000	31 December 2021	31 December 2020
Raw materials	41,582	19,988
Total	41,582	19,988

During 2021 inventories of €757 thousand were written down to net realisable value (2020: €594 thousand).

Note 21 Financial instruments by category

In EUR '000	31 December 2021	31 December 2020
Assets	Financial assets at amortised cost	Financial assets at amortised cost
Other financial assets	316	137
Trade and other receivables	62,197	36,414
Cash and cash equivalents	47,277	52,344
Total	109,790	88,895

	31 December 2021	31 December 2020
Liabilities	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Borrowings	18,400	19,988
Trade and other payables	71,384	45,619
Total	89,784	65,607

Note 22 Trade and other receivables

In EUR '000	31 December 2021	31 December 2020
Trade receivables	47,078	24,068
Less: loss allowance	(62)	(112)
Trade receivables - net	47,016	23,956
Amounts due from customers for contract work	6,492	8,984
Other taxes	328	437
Other receivables	8,361	3,037
Total	62,197	36,414
Less non-current portion	-	-
Current portion	62,197	36,414

Notes to the consolidated financial statements

The fair value of the receivables approximates the carrying amounts. No breakdown of the fair values of trade and other receivables and the non-current portion of the receivables has been included as the differences between the carrying amounts and the fair values are insignificant.

Information about the Company's exposure to credit and market risks, and impairment losses for trade and other receivables and amounts due from customers for contract work is included in Note 3.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

In EUR '000 Currency	31 December 2021	31 December 2020
EURO	59,307	35,920
GBP	2,396	494
SEK	494	-

Transfer of trade receivables

In order to manage seasonality, Alfen Elkamo sold its trade receivables with recourse to a bank for cash proceeds - i.e. factoring. These trade receivables have not been derecognised from the statement of financial position, because Alfen Elkamo retains substantially all of the risks and rewards - i.e. primarily credit risk.

The amount received on the transfer of trade receivables has been recognised as a factoring liability under short-term borrowings (see Note 25). The arrangement with the bank is such that the customers remit cash directly to the bank.

The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but not derecognised and the associated liabilities.

In EUR '000	31 December 2021	31 December 2020
Carrying amount of trade receivables transferred to a bank	1,482	1,399
Carrying amount of associated liabilities	(1,186)	(1,119)

Contract assets and liabilities

The net balance sheet position for contract work is as follows:

In EUR '000	31 December 2021	31 December 2020
Amounts due from customers for contract work	6,492	8,984
Amounts due to customers for contract work	(9,625)	(5,336)
Total	(3,133)	3,648

The net position relates to:		
Revenue recognised to date	39,986	47,602
Less: progress billings	(43,119)	(43,954)
Total	(3,133)	3,648

Amounts due from customers for contract work concern the Company's right to consideration for work completed but not invoiced at 31 December 2021, for both the Smart grid solutions and Energy storage solutions business lines. Amounts due from customers for contract work will be transferred to trade receivables when the Company's right to consideration is unconditional. This usually occurs when the Company issues an invoice to the customer.

Amounts due to customers for contract work concern received prepayments for performance obligations, which are not yet realised at year-end. The amount of €5.3 million recognised in the amounts due to customers for contract work at the beginning of the reporting period has been recognised as revenue for the period ended 31 December 2021.

Both amounts due from customers and amounts due to customers have a remaining term of less than one year. The amount of revenue recognised in the period ended 31 December 2021 from performance obligations satisfied (or partly satisfied) in prior reporting period is € nil.

No information is provided about remaining performance obligations at 31 December 2021 that have an original expected duration of one year or less, as allowed by IFRS 15.

Note 23 Cash and cash equivalents

In EUR '000	31 December 2021	31 December 2020
Cash and cash equivalents	47,277	52,344
Total	47,277	52,344

The cash and cash equivalents are freely disposable to the Company, except for an amount of €402 thousand on so called G-accounts.

Note 24 Equity

Share capital
Share capital at 31 December 2021 of €2,175,000 (2020: €2,175,000) is divided into 21,750,000 ordinary shares (2020: 21,750,000), fully paid-up, with a par value of €0.1 each (2020: €0.1). Total shares authorised comprise of 40,000,000 ordinary shares (2020: 40,000,000).

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

Share premium
The share premium reserve relates to contribution on issued shares in excess of the nominal value of the shares (above par value).

Retained earnings
The retained earnings of €22.3 million are restricted due to a legal reserve of €16.3 million (2020: €11.6 million) which is not available for distribution.

Result for the year
The proposal to the General Meeting is that an amount of €21.5 million will be recognised in retained earnings.

Note 25 Borrowings

In EUR '000	31 December 2021	31 December 2020
Borrowings	4,778	5,827
Factoring Alfen Elkamo	1,186	1,119
Lease liabilities	12,436	13,042
Total	18,400	19,988

The repayment obligations as per 31 December 2021 are as follows:

In EUR '000	31 December 2021	Repayment obligation in 2022	Remaining term >1 year and <5 year	Remaining term >5 years
Borrowings	4,778	1,048	2,494	1,236
Factoring Alfen Elkamo	1,186	1,186	-	-
Lease liabilities	12,436	2,527	6,704	3,205
Total	18,400	4,761	9,198	4,441

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.

Alfen N.V. holds a group credit facility for all entities located in the Netherlands. The credit facility consists of:

(i) a mortgage loan with a duration of 10 years and a principal amount of €1.5 million used for the purchase of the building located at the Hefbrugweg Almere;
(ii) a mortgage loan with a duration of 15 years and a principal amount of €900 thousand used for the purchase of the building located at the Vlotbrugweg Almere;
(iii) two loans with each a principal amount of €875 thousand and a duration of 10 years used for the refurbishment of the buildings located at the Hefbrugweg Almere;
(iv) a loan with a principle amount of €5 million and a redemption period of 7 years used for the acquisition of Alfen Elkamo at 1 July 2018; and
(v) a working capital credit facility up to €30 million (2020: €30 million) and a separate facility of €10 million (2020: € 10 million) for bank guarantees.

The 2021 interest rate is 1.9% (2020: 2.0%).

The bank has first ranked mortgages on the real estate owned by the Company with a carrying amount of €2.3 million per 31 December 2021. The real estate has an economic value of € 7.7 million (2020: €7.7 million).

The following securities have been issued:

- a first ranked mortgage of €1.8 million for land and buildings on the Hefbrugweg 28, 1332 AP Almere cadastral known as section M number 70, Almere;
- a first ranked mortgage of €900 thousand for land and buildings on the Vlotbrugweg 24, 1332 AJ Almere, cadastral known as section M number 60, Almere;
- a second mortgage right on the abovementioned buildings of €1.7 million;
- a first pledge for
  - o all current and future equipment of the Company;
  - o all current and future stocks of the Company;
  - o all current and future rights and receivables whether or not resulting from current and future relationships, including the rights from insurance agreements;
  - o all current and future rights related to the trademark TheBattery, when applicable and/or registered.
- a mandatory redemption clause in case the Company decides to sell its interest in Alfen Elkamo, which is capped at the proceeds from selling the interest.

Other specific conditions related to the credit facility are:

- a negative pledge and the "pari passu";
- a non-distribution clause;
- comply with a minimal EBITDA-covenant on a consolidated level of €6.5 or €7.5 million and a minimal EBITDA-covenant adjusted for capitalised development costs of €3.5 or €4.5 million depending on whether the credit facility is below or above €20 million for a consecutive period of 3 months and/or in total 6 months within one calendar year, respectively. The EBITDA-covenant was met at 31 December 2021.

Alfen Elkamo Oy Ab holds a separate working capital credit facility up to €1.5 million (2020: €1.5 million) for which a solvency-convenant of 25% is applicable. This solvency-convenant was met at 31 December 2021.

Note 26 Provisions

In EUR '000			
Balance - 1 January 2021	42	**Balance - 1 January 2020**	39
Additions	29	Additions	35
Deductions	(15)	Deductions	(32)
Other	-	Other	-
Balance - 31 December 2021	56	**Balance - 31 December 2020**	42
Of which:		Of which:	
Current (<1 year)	12	Current (<1 year)	12
Non-current (>1 year)	44	Non-current (>1 year)	30

The provision relates to a jubilee provision and is calculated based on the discounted value of future jubilee payments to the Company's employees. The calculation includes estimated remaining employment terms and a discount rate of 4%.

Note 27 Trade and other payables

In EUR '000	31 December 2021	31 December 2020
Trade payables	48,325	26,813
Amounts due to customers for contract work	9,625	5,336
Other taxes	3,452	4,209
Other liabilities	9,982	9,261
Total	71,384	45,619

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to its short term character.

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

In EUR '000

Currency	31 December 2021	31 December 2020
EURO	68,408	43,316
USD	2,400	1,815
GBP	576	488

Note 28 Leases

The Company leases several assets, which can be combined into the asset classes: (i) Land & Buildings, (ii) Manufacturing equipment, (iii) Office equipment and (iv) Company cars. These contracts are typically entered into for a period between 3 and 10 years, but some leases may include renewal and/or termination options.

The Company leases Office equipment (e.g. printers). These leases are considered low-value leases for which the Company has elected not to recognise right-of-use assets and lease liabilities.

Right-of-use assets

Right-of-use assets relate to leases that do not meet the definition of investment property are presented as property, plant and equipment, which are separately disclosed in Note 16. The Company has no right-of-use assets that meet the definition of investment property.

Amounts recognised in the statement of comprehensive income and cash flows

Besides the interest expenses related to lease liabilities and depreciation charges on right-of-use assets as disclosed in Note 12 and Note 16, respectively, the Company recognised within the statement of comprehensive income €0.1 million (2020: €0.1 million) relating to leases of low value leases.

Total cash outflow for leases in 2021 was €2.9 million (2020: €2.5 million).

Extension and termination options

The Company has several contracts within asset class Land & Buildings and Manufacturing equipment that include renewal and termination options or a combination of both. At 31 December 2021, all renewal options are included in the measurement of the lease liabilities. Consequently, no termination options are included.

Note 29 Contingencies and commitments

Bank guarantees

Bank guarantees amounting to €2.7 million are outstanding at 31 December 2021 with different end dates in financial year 2022 and further.

Fiscal unity

The Company forms a fiscal unity with Alfen B.V., Alfen ICU B.V. Alfen International B.V. and Alfen Projects B.V. for corporate income tax (CIT). For value-added tax (VAT) purposes the fiscal unity consists of Alfen N.V., Alfen B.V., Alfen ICU B.V. and Alfen Projects B.V. Pursuant to the Collection of State Taxes Act, the Company, along with the subsidiary that is part of the fiscal entity, is wholly and severally liable for taxation payable by the fiscal unity.

Joint and several liabilities

As per 1 January 2021, Alfen N.V. has assumed joint and several liabilities in accordance with article 403 Part 9 of Book 2 of The Dutch Civil Code with respect to its subsidiaries Alfen B.V. and Alfen ICU B.V.

Litigations and claims

A customer filed a claim against a group company relating to a delivered product. Although the outcome of this dispute cannot be predicted with certainty, it is expected that there will be no significant negative consequences for the financial position of the group company.

Note 30 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 (Note 9);
- Share-based payments (Note 11);
- Remuneration of the Management Board and Supervisory Board (Note 15).

In financial year 2020, the following transactions were carried out with our former 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 second half of 2020 nor in financial year 2021.

Note 31 Events after reporting period

There are no events after the reporting period.

Company financial statements

Alfen N.V.
Amsterdam, the Netherlands

Company financial statements
for the year ended 31 December 2021

Company financial statements

Company balance sheet

In EUR '000	Note	31 December 2021	31 December 2020
(before appropriation of profit)			
Assets			
Non-current assets			
Property, plant and equipment	4	1,122	1,194
Investments in subsidiaries	5	53,965	31,212
		55,087	32,406
Current assets			
Receivables	6	4,013	1,672
Cash and cash equivalents	7	43,887	48,587
		47,900	50,259
Total assets		102,987	82,665
Equity and liabilities			
Shareholders' equity	8		
Share capital		2,175	2,175
Share premium		50,429	50,429
Legal and statutory reserves		16,296	11,643
Retained earnings		5,969	(2,006)
Result for the year		21,450	11,987
		96,319	74,228
Provisions	5	1,859	1,062
Non-current liabilities	9	495	550
Current liabilities	10	4,314	6,825
Total equity and liabilities		102,987	82,665

Company income statement

In EUR '000	Note	2021	2020
Depreciation on property, plant and equipment	4	(72)	(73)
General expenses		46	75
Operating profit (loss)		(26)	2
Finance income		-	-
Finance expenses		-	-
Finance income (costs) - net		-	-
Profit (loss) before income tax		(26)	2
Income tax expense		6	25
Share of net profit of investments in subsidiaries	5	21,470	11,960
Profit (loss) for the period after income tax		21,450	11,987

Notes to the company financial statements

Notes to the company financial statements

Note 1 General information

The company financial statements are part of the consolidated financial statements of Alfen N.V. (hereafter: the Company).

Note 2 Basis of preparation

The Company financial statements of Alfen N.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Alfen N.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in euros '000, unless stated otherwise. The balance sheet and income statement include references. These refer to the notes.

The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union.

Note 3 Financial fixed assets

Investments in consolidated subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date control ceases.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. In case of a negative net equity value of a subsidiary, the negative value is initially deducted from loans due from the respective subsidiary, if any, and subsequently accounted for as a provision for loss making subsidiaries.

Note 4 Property, plant and equipment

Property, plant and equipment concerns solely owned assets. The movement in property, plant and equipment during the years was as follows:

In EUR '000	Buildings
At 1 January 2020	
Cost	1,468
Accumulated impairments and depreciation	(201)
Net book value	1,267
Movements in book value	
Additions	-
Disposals	-
Depreciation for the year	(73)
Depreciation of disposals	-
	(73)
At 31 December 2020	
Cost	1,468
Accumulated impairments and depreciation	(274)
Closing net book value	1,194
At 1 January 2021	
Cost	1,468
Accumulated impairments and depreciation	(274)
Net book value	1,194
Movements in book value	
Additions	-
Disposals	-
Depreciation for the year	(72)
Depreciation of disposals	-
	(72)
At 31 December 2021	
Cost	1,468
Accumulated impairments and depreciation	(346)
Closing net book value	1,122

Note 5 Investments in subsidiaries

The movement in subsidiaries during the years was as follows:

In EUR '000	Investment in subsidiaries
At 1 January 2020	
Investment in subsidiaries	18,648
Movements in book value	
Investments	411
Share of profit in participations	11,960
Reclassification to provision for loss making subsidiaries	193
Capital contribution	-
Dividend received	-
	12,564
At 31 December 2020	
Investment in subsidiaries	31,212
At 1 January 2021	
Investment in subsidiaries	31,212
Movements in book value	
Investments	486
Share of profit in participations	21,470
Reclassification to provision for loss making subsidiaries	797
Capital contribution	-
Dividend received	-
	22,753
At 31 December 2021	
Investment in subsidiaries	53,965

The reclassification of €797 thousand (2020: €193 thousand) to provision for loss making subsidiaries is related to the negative equity value of Alfen International B.V.

The Company is wholly and severally liable for the loans of Alfen International B.V. Consequently, a provision for loss making subsidiaries of €1,859 thousand (2020: €1,062 thousand) is recognised related to the negative equity value of Alfen International B.V.

The share in the equity of the subsidiaries was as follows:

	Share in issued share capital 31 December 2021
Alfen B.V., Almere	100%
Alfen ICU B.V., Almere	100%
Alfen International B.V., Almere	100%
Alfen Projects B.V., Almere	100%
Alfen België BV, Gent	100%
Alfen Elkamo Oy Ab, Pietarsaari	100%

Note 6 Receivables

In EUR '000	31 December 2021	31 December 2020
Due from affiliated companies	4,001	1,657
Other receivables	12	15
Total	4,013	1,672

Receivables all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the receivables approximates the carrying amount. No breakdown of the fair values of the receivables has been included as the differences between the carrying amounts and the fair values are insignificant.

The receivables due from affiliated companies bear no interest. With respect to repayment and securities nothing has been agreed.

Note 7 Cash and cash equivalents

In EUR '000	31 December 2021	31 December 2020
Cash and cash equivalents	43,887	48,587
Total	43,887	48,587

The cash and cash equivalents are freely disposable to the Company.

Note 8 Shareholders' equity

Share capital

Share capital at 31 December 2021 of €2,175,000 (2020: €2,175,000) is divided into 21,750,000 ordinary shares (2020: 21,750,000), fully paid-up, with a par value of €0.1 each (2020: €0.1). Total shares authorised comprise of 40,000,000 ordinary shares (2020: 40,000,000).

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

Share premium

The share premium reserve relates to contribution on issued shares in excess of the nominal value of the shares (above par value).

Retained earnings

The retained earnings of €22.3 million are restricted due to a legal reserve of €16.3 million (2020: €11.6 million) which is not available for distribution.

Result for the year

The proposal to the General Meeting is that an amount of €21.5 million will be recognised in retained earnings.

In EUR '000	Share capital	Share premium	Legal and statutory reserves	Retained earnings	Result for the year	Total equity
Balance - 1 January 2020	2,000	1,913	8,858	(5,348)	5,625	13,048
Issuance of ordinary shares, net of tax	175	49,531	-	-	-	49,706
Purchase of treasury shares	-	(1,015)	-	-	-	(1,015)
Share-based payment transactions	-	-	-	502	-	502
Dividend	-	-	-	-	-	-
Allocation of prior result	-	-	-	5,625	(5,625)	-
Additions	-	-	2,785	(2,785)	-	-
Profit (loss) for the period	-	-	-	-	11,987	11,987
Balance - 31 December 2020	2,175	50,429	11,643	(2,006)	11,987	74,228
Issuance of ordinary shares, net of tax	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-
Share-based payment transactions	-	-	-	641	-	641
Dividend	-	-	-	-	-	-
Allocation of prior result	-	-	-	11,987	(11,987)	-
Additions	-	-	4,653	(4,653)	-	-
Profit (loss) for the period	-	-	-	-	21,450	21,450
Balance - 31 December 2021	2,175	50,429	16,296	5,969	21,450	96,319

Note 9 Non-current liabilities

In EUR '000	31 December 2021	31 December 2020
Borrowings	555	610
Total	555	610

The repayment obligation as per 31 December 2021 is as follows:

In EUR '000	31 December 2021	Repayment obligation in 2022	Remaining term >1 year and <5 year	Remaining term >5 years
Borrowings	555	60	240	255
Total	555	60	240	255

Repayments due within 12 months of the reporting date in the sum of €60 thousand (2020: €60 thousand) have been recognised as current liabilities.

Reference is made to Note 25 of the consolidated financial statements.

Note 10 Current liabilities

In EUR '000	31 December 2021	31 December 2020
Repayment obligation borrowings	60	60
Trade payables	42	33
Due to affiliated companies	120	3,258
Corporate income tax	3,793	3,269
Other taxes	35	16
Other liabilities and accrued expenses	264	189
Total	4,314	6,825

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amounts due to its short term character.

The payables due to affiliated companies bear no interest. With respect to repayment and securities nothing has been agreed. Reference is made to Note 27 of the consolidated financial statements.

Note 11 Contingencies and commitments

Fiscal unity

The Company forms a fiscal unity with Alfen B.V., Alfen ICU B.V. Alfen International B.V. and Alfen Projects B.V. for corporate income tax (CIT). For value-added tax (VAT) purposes the fiscal unity consists of Alfen N.V., Alfen B.V., Alfen ICU B.V. and Alfen Projects B.V. Pursuant to the Collection of State Taxes Act, the Company, along with the subsidiary that is part of the fiscal entity, is wholly and severally liable for taxation payable by the fiscal unity.

Joint and several liabilities

As per 1 January 2021, Alfen N.V. has assumed joint and several liabilities in accordance with article 403 Part 9 of Book 2 of The Dutch Civil Code with respect to its subsidiaries Alfen B.V. and Alfen ICU B.V.

Litigations and claims

A customer filed a claim against a group company relating to a delivered product. Although the outcome of this dispute cannot be predicted with certainty, it is expected that there will be no significant negative consequences for the financial position of the group company.

Note 12 Audit fees

The following audit fees were expensed in the income statement in the reporting period:

In EUR '000	PricewaterhouseCoopers Accountants N.V.		Other network		Total network	
	2021	2020	2021	2020	2021	2020
Audit of the financial statements	169	196	-	-	169	196
Other audit procedures	-	-	5	-	5	-
Tax services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	169	196	5	-	174	196

These fees relate to the audit of the 2021 and 2020 financial statements, regardless of whether the work was performed during the financial year.

Note 13 Average numbers of employees

During the year 2021, the average number of employees, based on full-time equivalents, was 3 (2020: 3). Of these employees no employees were employed outside the Netherlands.

Note 14 Events after reporting period

There are no events after the reporting period.

Authorisation of the financial statements

Almere, 15 February 2022

Alfen N.V.

Board of Directors,

Marco Roeleveld
CEO

Jeroen van Rossen
CFO

Supervisory Board,

Henk ten Hove

Eline Oudenbroek

Willem Ackermans

Other information

Alfen N.V.
Amsterdam, the Netherlands

Other information
for the year ended 31 December 2021

Provision in the Articles of Association relating to profit appropriation

Article 31 in the articles of association include the following information concerning profit appropriation:

1. The Management Board, with the approval of the Supervisory Board, may decide that the profits realised during a financial year fully or partially be appropriated to increase and/or form reserves.
2. The profits remaining after application of Article 31.1 shall be put at the disposal of the General Meeting. The Management Board, with the approval of the Supervisory Board, shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.
3. Distributions from the Company's distributable reserves are made pursuant to a resolution of the Management Board, with the approval of the Supervisory Board.
4. Provided it appears from an interim statement of assets signed by the Management Board that the requirement mentioned in Article 31.7 concerning the position of the Company's assets has been fulfilled, the Management Board may, with the approval of the Supervisory Board, make one or more interim distributions to the holders of Shares.
5. The Management Board may, with the approval of the Supervisory Board, decide that a distribution on Shares shall not take place as a cash payment but as a payment in Shares, or decide that holders of Shares shall have the option to receive a distribution as a cash payment and/or as a payment in Shares, out of the profit and/or at the expense of reserves, provided that the Management Board is designated by the General Meeting pursuant to Articles 6.2. With the approval of the Supervisory Board, the Management Board shall determine the conditions applicable to the aforementioned choices.
6. The Company's policy on reserves and dividends shall be determined and can be amended by the Management Board, subject to the approval of the Supervisory Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.
7. Distributions may be made only insofar as the Company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.

Independent auditor’s report

We refer to the following page.

Independent auditor's report

To: the general meeting and supervisory board of Alfen N.V.

Report on the financial statements 2021

Our opinion

In our opinion:

- the consolidated financial statements of Alfen N.V. give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Alfen N.V. ("Alfen" or 'the Company') give a true and fair view of the financial position of the Company as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Alfen N.V., Amsterdam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company income statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Alfen N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

Overview and context

We designed our audit procedures in the context of our audit of the financial statements as a whole. Our comments and observations regarding individual key audit matters, our audit approach regarding fraud risks and our audit approach regarding going concern should be read in this context and not as a separate opinion or conclusion on these matters.

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 electrical vehicles and energy storage systems. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In note 6 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the estimation uncertainty and the related higher inherent risks of material misstatement in the estimate of contract work, we considered this matter as key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the capitalisation of development costs as key audit matter given the judgement involved, in determining whether such costs should be capitalised.

Alfen assessed the possible effects of climate change on their financial position, refer to "favourable markets developments for all our business lines". We discussed their assessment and governance thereof with management and evaluated the potential impact on the financial position including underlying assumptions and estimates. The impact of climate change is not considered to impact our key audit matters. Other areas of focus, that were not considered as key audit matters, were the impairment of non-financial assets and the existence/occurrence and accuracy of the different revenue streams due to the magnitude to the financial statements.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of Alfen.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: €1,997,000.

Audit scope

- We conducted audit work in the Netherlands and in Finland; and
- Audit coverage: 98% of consolidated revenue, 99% of consolidated total assets and 100% of consolidated profit before tax.

Key audit matters

- Estimates in contract work
- Capitalisation of development costs.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€1,997,000 (2020: €1,512,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 0,8% of total revenues.
Rationale for benchmark applied	We used total revenues as the primary benchmark, as the Company is currently investing in the execution of its growth strategy, resulting in top-line growth. The primary focus of the stakeholders and the Company is therefore on growth of revenue. As a result, we believe that total revenue is an important metric for the financial performance of the Company.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €580,000 and €1,997,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €99,900 (2020: €78,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Alfen N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Alfen N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

We subjected three components, Alfen N.V., Alfen ICU B.V. and Alfen Elkamo Oy Ab, to audits of their complete financial information, to achieve appropriate coverage on financial line items in the consolidated financial statements.

Finally, Alfen International B.V. was subject to audit procedures on long-term liabilities to achieve appropriate coverage on that financial statements line item.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	98%
Total assets	99%
Profit before tax	100%

None of the remaining components represented more than 5% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for group entities Alfen N.V., Alfen B.V. and Alfen ICU B.V. For component Alfen Elkamo Oy Ab we used a component auditor, who is familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit team in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit team the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had calls with the component audit team both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditor, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of more complex items at the head office.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Alfen and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section Risk management and control systems of the report of the management board for management's board fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct and whistle blower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risk	Our audit work and observations
The risk of management override of controls	
In all our audits, we pay attention to the risk of management override of controls, including risks of potential misstatements due to fraud based on an analysis of potential interests of management. In this context, we paid attention to: • estimates in the valuation of construction contracts; • judgements applied in the capitalisation of development costs; • manual journal entries.	Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of the measures in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We conclude that, in the context of our audit, we could rely on the for this risk relevant measures of internal control. We performed data analysis of high-risk journal entries. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. We also conducted specific audit activities for these entries, as part of which we paid attention to significant transactions outside the normal course of business. We evaluated key estimates and judgements for bias by the management board of Alfen, including retrospective reviews of prior year's estimates related to important estimates of the management board, including the valuation of construction contracts and capitalisation of development costs. We also refer to the key audit matters including our audit work and observations. These procedures also included testing of transactions using inspection to source documents. We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud. Our procedures did not identify any material misstatement in the information provided by the management board in the financial statements and the report of the management board compared with the financial statements. Our procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
The risk of fraudulent financial reporting due to overstating the revenues	
Alfen's objective is to grow, to be innovative in energy products and to realise increase in revenue/results in the future in order to increase shareholder's value. In general, there might be pressure on management to achieve results and increase market share, creating an incentive for management to overstate revenues.	Where relevant to our audit, we evaluated the design and effectiveness of the internal control measures related to revenues and in the processes for generating and processing journal entries related to the revenues. We conclude that, in the context of our audit, we could rely on the for this risk relevant measures of internal control. We selected journal entries based on risk criteria and performed specific audit procedures for these entries, as part of which we also paid attention to significant transactions outside the normal course of business. We selected a sample of revenues transactions and reconciled these to the contracts or orders, the sales invoices, the shipping documents and the payments. In addition, we evaluated the performance indicators as included in the contracts of Alfen and the accurate recognition of the revenues overtime versus point-in-time. Our procedures did not identify any material misstatement in the information provided by the management board in the financial statements and the report of the management board compared with the financial statements. Our procedures did not lead to specific indications of fraud or suspicions of fraud with respect to accuracy and existence/occurrence of revenue.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our audit procedures and evaluated whether any findings were indicative of fraud or noncompliance. We considered available information and made enquiries of management, legal and relevant key staff members involved in the sales and purchasing process.

Audit approach going concern

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue its operations for the foreseeable future.
Our procedures to evaluate the managementboard going concern assessment include, amongst others:

- Considering whether the management board going concern assessment includes all relevant information of which we are aware as a result of our audit, inquire with the management board regarding their most important assumptions underlying their going concern assessment and considering whether the management board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern including for example Covid-19 and supply chain challenges (hereafter: going concern risks);
- Analysing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk;
- Evaluating the management board current budget including cash flows in comparison with last year, current developments in the industry and all relevant information of which we are aware as a result of our audit;
- Performing inquiries of the management board as to their knowledge of going concern risks beyond the period of management's board assessment.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matter	Our audit work and observations
Estimates in contract work *Refer to note 22 to the financial statements*	
Contract assets and liabilities are recognised when the Company builds an asset on the customer site or when the costs incurred are related to a product with no alternative use and for which the Company has an enforceable right to payment. The net balance sheet position of contract work amounts to € 3,1 million and consists of smart grid solutions and energy storage solutions. This net balance consists of € 40,0 million amounts due from customers for contract work, being the revenue recognised to date less € 43,1 million progress billing. For contract work, Alfen N.V. uses the cost incurred on the contract in relation to the estimated total costs as a measure towards complete satisfaction of the performance obligation (i.e. overtime recognition of revenues). The estimated total cost is a critical estimate for Alfen N.V. for determining measurement towards complete satisfaction of the performance obligation, as well as for assessing the need for provisions for loss making contracts. The estimated total costs comprise the materials used for production and hours needed for production and transportation costs. Due to the magnitude, the most critical estimate in the estimated total costs relates to the materials used for production. The contracts of the Company generally contain one performance obligation and include client-specific and detailed technical descriptions and breakdowns of expected costs. The management board periodically monitors the financial and technical progress of the performance obligation by analysing project profitability and variance analyses of forecasted profitability compared to budget and earlier assessments. The estimates in contract work are considered a key audit matter due to the magnitude of this balance and the estimate required from the management board to determine the estimated total costs.	We gained an understanding of Alfen N.V.'s contract work, including significant estimates made by the management board, such as those regarding the estimated total cost, the measurement of progress towards complete,satisfaction of performance obligations, contract modifications and variable considerations. We determined that the estimated total cost is the most critical input to determine the measurement of progress towards complete satisfaction of the performance obligation. In addition, we gained an understanding of and evaluated Alfen N.V.'s internal controls and processes including IT systems, relevant to the estimates in contract work. We evaluated how estimation uncertainty is addressed by the management board in their monthly detailed review of project progress. As part of our risk assessment procedures, we performed look-back procedures to assess the quality of the management board's estimates, by comparing actual costs in the current financial year to the estimated total costs in prior year's financial statements. Based on these procedures we assessed the management board's estimate in prior year to be well-balanced. We used our risk assessment procedures, understanding and assessment of the effectiveness of the internal controls to determine our audit approach. We primarily relied on substantive testing procedures, based on efficiency considerations. We selected a sample of contracts to test the progress towards complete satisfaction of the performance obligation, based on qualitative factors, such as the risk profile and the stage of the project and quantitative factors, such as the revenue attributable to the performance obligation and the balance of the contract asset per 31 December 2021. In our selection, we included energy storage systems projects and smart grid solutions projects with a high contract balance or with a higher estimation uncertainty. For the remaining projects smart grid solutions projects and energy storage systems projects were included on a haphazard basis.

Key audit matter	Our audit work and observations
	We tested the accuracy of the cost, which serve as the input for the management board's measurement of the progress towards the completion of the contract. We tested the estimated total costs and challenged the management board's estimates applied by comparing the inputs to supporting evidence, such as external prices of materials in inventory or other projects, progress reports and progress meetings held. In addition, we tested the mathematical accuracy of the budgets and progress reports used and reconciled these to the project administration. Based on our procedures, we consider the management board's estimates in contract work to be supported by available evidence. In addition, we found the related disclosure to be adequate.
Capitalisation of development costs *Refer to note 17 to the financial statements*	
The intangible assets of Alfen N.V. amount to € 17,8 million of which € 16,3 million relates to capitalised development costs for smart grid solutions, electric vehicle charging equipment and energy storage. During 2021, Alfen N.V. capitalised €7,7 million of development cost for new products or systems, or for new features to existing products or systems. The management board applies significant judgement regarding the determination on whether to capitalise development costs. This determination is highly dependent on: • whether it is technically feasible to complete the product or system so that it will be available for use; • the management board's intention to complete the product or system and use or sell it; • the ability to use or sell the product or system; • the probability that the product or system will generate probable future economic benefits; • the availability of adequate technical, financial and other resources to complete the development; and • the reliability of the measurement of expenditures attributable to the product or system during its development.	We gained an understanding of and evaluated Alfen N.V.'s process with regards to the capitalisation of development costs. We primarily relied on substantive testing procedures, based on efficiency considerations. As part of our risk assessment procedures, we performed look-back procedures. We verified that the products or systems capitalised in prior years were sold in 2021. The products and systems generated sales or are further developed in 2021. We obtained a listing of all projects for which development costs were capitalised in the period. We selected several projects based on the amount of capitalised development costs and obtained explanations and documentation from the management board and the R&D manager on how criteria for capitalisation of development costs were met. We obtained the technical business plan for the projects and discussed this with the R&D manager. The technical business plans indicate that the projects are technically feasible to be completed and the products and systems will be available for use.

Key audit matter	Our audit work and observations
Given the level of judgement required from the management board to determine whether or not the capitalisation criteria are met, we considered this area to be a key audit matter.	We evaluated the reasonableness of future economic benefits and the management board's intention to sell the products and systems by obtaining evidence such as new contracts with customers. The future economic benefits and the management boards intention were supported with available evidence. We discussed the ability of the Company to sell the products and systems with the R&D manager and determined that the new products are strongly related to the products and systems currently produced by the Company. We performed procedures to confirm that the R&D department employees are engaged in the projects. We performed procedures to confirm that the Company has sufficient room in the financial position, resulting in sufficient financial and technical resources to complete the development. We tested the accuracy of directly attributable costs that are capitalised by tracing a sample of external costs back to the invoices received. In addition, we assessed the hourly rate used for the development employee costs and traced the capitalised hours back to the time registration. No differences were noted in these procedures. Based on the procedures performed we found the capitalised development costs to be supported with available evidence.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2of the Dutch Civil Code.

We read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Alfen N.V. on 11 March 2018 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 11 March 2018. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 3 years.

European Single Electronic Format (ESEF)

Alfen N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by Alfen N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required tags have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 15 February 2022
PricewaterhouseCoopers Accountants N.V.

F. S. van der Ploeg RA

Appendix to our auditor's report on the financial statements 2021 of Alfen N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the supervisory board in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Colophon

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Alfen N.V.

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Alfen

Annual Report 2021