

Alfen

Annual Report

2024

Enabling Europe's
transition to more
sustainable energy
sources.



ALFEN
POWER TO ADAPT



06

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Executive Committee

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2024 at a glance

Revenue and other income (EUR)

488 million

(vs 504 million in 2023)

Year-on-year revenue and
other income growth

-3.3%

(vs 15% in 2023)

Adjusted EBITDA as % of revenues

5.8%

(vs 11.3% in 2023)

Moved into a new, state-of-the-art headquarters

Opened a new production facility for
Smart Grid Solutions and ramped-up production to
meet increased grid operator demand

Validated CO2 emission reduction targets and obtained
approval by Science Based Targets Initiative



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: We are reliable, sustainable, and innovative. We have a unique combination of activities as we design, engineer, develop, produce, and service Smart grid solutions, energy storage systems and electric vehicle charging equipment. We combine our activities in integrated solutions to address the electricity challenges of our customers. We build on our vast experience of 87 years in the energy industry.

We have a market-leading position in the Netherlands and are steadily growing internationally. Our focus is on the Benelux and the Nordics; however, our products are sold throughout Europe. We are headquartered in Almere, the Netherlands, where we operate in multiple buildings with associated production facilities.

Our growing business



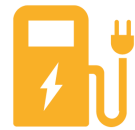
Smart grid solutions

Since 1937

Solutions: Alfen offers an in-house-developed, produced, and assembled range of secondary substations for grid operators. Alfen supplies microgrids (including substations) and supplementary offerings to connect PV farms, EV fast-charging hubs and industrial companies to the grid.

What makes it smart? Alfen offers in-house developed and produced devices for automating grids and a proprietary back-end system for remote management and control of electricity grids.

Markets: Focus on the Netherlands, Belgium, Finland, and Sweden.



EV charging equipment

Since 2008

Solutions: Alfen offers an in-house-developed and produced range of smart and connected electric vehicle (EV) chargers for use at destinations such as home, retail, workplace, and public locations ranging from 3 to 22 kW. Alfen is a pure B2B player.

What makes it smart? Alfen has a proprietary online management platform for its charging infrastructure and offers standardised solutions for smart charging, load balancing, charging hubs, and Plug & Charge functionality.

Markets: Europe with local sales presence in 10 countries and products installed in over 30 countries.



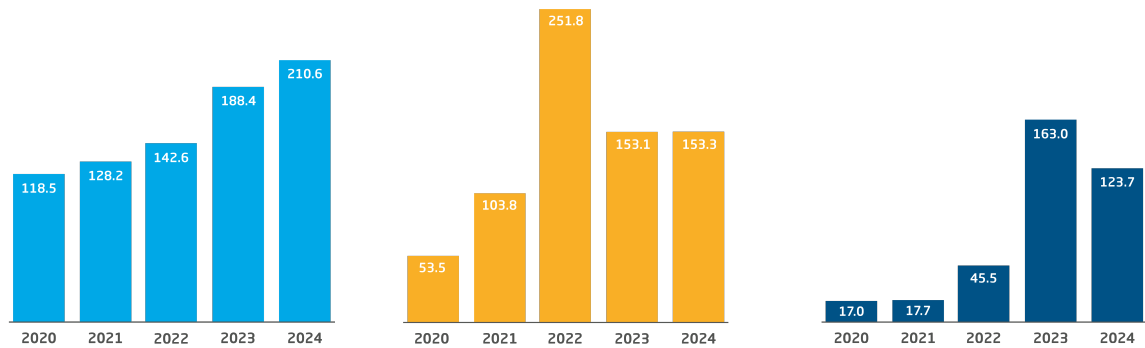
Energy storage systems

Since 2011

Solutions: We offer an in-house-developed and produced range of stationary and mobile battery energy storage solutions. Our systems are used for applications such as load balancing, peak shaving, grid frequency control, and energy trading.

What makes it smart? Our proprietary-developed embedded software and back-office enables remote monitoring and control and supports all major storage applications.

Markets: the Netherlands, Belgium, Finland and Sweden are our focus markets, with our products sold in 12 countries.



Integrated solutions

Besides offering smart products and services through three separate business lines, our business lines have upside potential in cross-selling across the lines and offering integrated solutions. This is increasingly needed to address the growing complexity of the energy challenges emerging from the energy transition.

By the numbers 2024



30+

countries with Alfen's solutions installed

41

years in Almere

4

international offices
(Germany, Belgium, France and Finland)



16

years of EV charging expertise



5+

decades of substation experience



13

years of Battery Energy Storage expertise

814,000+

EV charge points delivered

1GWh+

of power capacity commissioned or in execution

52,900+

substations delivered in the Netherlands

750+

substations delivered in Belgium

5,400+

substations delivered by Alfen Elkamo in Nordics

87

years of expertise in the electricity grid

40+

nationalities represented by Alfen colleagues



1 state of the art headquarters

featuring



6,000+ solar panels



3 Alfen substations



100+ Alfen EV charging stations



Report from the Executive Committee



Bart Kempen
Chief Operations Officer

Anne van Nood
Chief HR Officer

Marco Roeleveld
Chief Executive Officer

Michelle Lesh
Chief Commercial Officer

Onno Krap
Chief Financial Officer

Business review

Navigating volatility

2024 has been a year of navigating volatility in the energy transition, although we see fundamental long term growth in the market. Alfen, together with our partners, encountered headwinds across its business lines due to a confluence of challenges: lower EV subsidies, significant price decline of batteries in energy storage and a moisture issue in one of our substations.

Sales of Battery Electric Vehicles (BEVs) were lower than expected, mainly driven by changes in incentive policies. Reduced BEV demand put downward pressure on battery system prices, causing some of our Energy Storage Systems customers to postpone their projects to benefit from even lower prices. For our Smart Grid Solutions business line, we continued to grow volume and revenue. In 2024 we also faced a moisture issue for one of our substations product lines, resulting in a temporary production stop for this type. At the same time, we are proud of our ramp-up in the second half of 2024 that enabled us to catch up on the production delays.

Despite these headwinds, the long-term momentum for renewable energy remains visible, with continued increase in the share of renewable energy generation across Europe. Global energy think tank Ember reported that over the first half of 2024, wind and solar energy generation overtook fossil fuels. Furthermore, EU power plants burned 24% less coal and 14% less gas. It is also expected that at least 107 of the world’s economies are past peak fossil-based electricity generation, and the United Kingdom closed its last coal power plant this year.

Mixed signals from regulation and policies

In recent years, the energy transition debate has been increasingly coloured by the geopolitical complexity. However, we still see the majority of new regulation setting the right preconditions for the energy transition. At COP29, while no agreement was reached on transitioning away from fossil fuels, a significant breakthrough was achieved with the operationalisation of global carbon markets under Article 6 of the Paris Agreement.

In Europe, the Electricity Market Regulation was amended by Regulation 2024/1747, altering the European electricity market's design in several ways. One key change is the requirement for Member

States to set and communicate targets for energy storage and flexibility in their National Energy and Climate Plans.

For electric mobility, the most significant regulatory change in Europe was the implementation of the Alternative Fuel Infrastructure Regulation (AFIR) in mid-April. This regulation mandates improved payment and pricing transparency, as well as data sharing between charge point operators (CPOs) and service providers. Alfen is uniquely positioned to benefit from this regulation as our chargers' screens can display dynamic payment QR codes.

In national markets, we saw EV incentive schemes reduced as governments anticipate cost parity between BEVs and Internal Combustion Engine (ICE) vehicles. France reduced its incentive budget by one third and is lowering the total subsidy received per person; the Dutch government announced a stop to consumer EV-subsidies and to gradually relieve tax reductions applicable for EVs after this year. On the other hand, the German coalition government agreed in December to reduce taxes for electric cars.

Financial & strategic reorientation to ensure long-term shareholder value

In response to market volatility, in June Alfen had to revise its 2024 revenue guidance downward to €485-€520 million. The lower-than-expected battery order intake at half year and unfavourable outlook for the second half of the year necessitated adjustments to bank covenants, which we successfully agreed upon with our bank by November. To address immediate profitability challenges, we performed a strategic review and significant restructuring.

Our strategy review sharpened our focus on markets and products where Alfen is strongly positioned. We are prioritising sales presence in our core markets (NL, BE, GE, FR, Nordics). We implemented a cost-saving program to reduce operating costs. Furthermore, we decided to right-size the organisation, leading to the difficult decision to reduce the total number of jobs with ~15%.

Headwinds across business lines

In 2024, Smart Grid Solutions saw modest growth while both the EV Charging and Energy Storage Systems business lines faced adverse market conditions, leading to a lower than expected growth for Alfen as a whole.

Smart Grid Solutions

Grid congestion is driving demand for our grid operator customers, but we have observed it is hampering demand from our private customers such as EV fast charging station operators or large logistics hub developers. Overall, the Smart Grid Solutions market faced double-digit growth. The three biggest grid operators in the Netherlands (Alliander, Enexis and Stedin) are increasing the number of substations they acquire annually. As the energy transition is a structural trend beyond 2030, Alfen expects continued growth in the long term. To ensure Alfen is ready for this increased demand, we opened a new production facility for Smart Grid Solutions in February 2024.

We earned significant commercial wins this year. With our long-term partner Enexis we are rolling out Transport Distribution Stations on 15-20 different project sites in 2025 to relieve grid congestion. The first deliveries have started. Furthermore, Alfen is working with Leen Middelburg to implement a medium voltage microgrid for a new sustainable greenhouse that is being scaled from 25ha to 40ha with full-LED growth light and heat pumps for heating. Together with Hoppenbrouwers, Alfen delivered the medium voltage microgrid for a fully electric, solar powered distribution warehouse in Zwolle (NL).

This year we manufactured a total of 3,524 substations in our production facilities in Finland and the Netherlands, 11% more than last year. The operational focus this year has been to move to our new production facility and resolve the Pacto moisture issue together with our partner Alliander. We are on track to finalise in Q1 2025 the refurbishments of substations that had been delivered but were not yet installed. In 2025, we will shift our focus to the in-field stations. We successfully caught up with earlier production delays by ramping up production in our Dutch factory to an all-time high of over 100 stations per week at the end of the year. This led to a total of €210.6 million revenue, which is a 11.8% increase compared to 2023.

EV Charging Equipment

2024 was marked by unexpectedly low European BEV sales. The 2024 growth outlook for BEV sales was high single digit; however, BEV registrations declined by -1.3% in Europe in 2024 (ACEA, 2025). This was specifically driven by the abolition of EV policy

incentives in the German market, whereas other markets, such as the Netherlands (+16% compared to 2023) and Belgium (+37% compared to 2023) showed resilience. The home segment continues to be the most competitive segment in EV Charging, especially in the home charger for private cars segment. This segment remains out of our core focus as we continue to differentiate ourselves in the public, business and home segments for company cars.

We also continued to serve our customers successfully together with our partners. Together with Heijmans, we will continue to deliver Twins for the municipality of Groningen, at least until 2027 with the opportunity to extend the contract. Furthermore, together with our partner Free2Move eSolutions, Alfen will supply charging infrastructure to support their portfolio of charging solutions in Europe for both private and public companies. Alfen’s revenue amounted to €153.3 million which is a 0.1% increase compared to 2023.

As a result of our strategic review, we decided to fully focus on AC-charging products. This leads to halting our DC-charger due to limited market demand. We also see that winning in that market requires a broader DC product portfolio, while Alfen prefers to further strengthen its AC product portfolio.

Alfen expects EV sales to decline in 2025. Despite optimistic BEV market outlooks, we do not see this optimism reflected yet in our run rates of order intake, while at the same time we see our market share (compared to revenue of peers or BEV registrations) is relatively stable overall. On the long-run, EV Charging remains a long-term growth market as car sales in the EU need to be emission free by 2035.

Energy Storage Systems

Over 2024, energy storage sales cycle lengthened due to significantly declining battery system prices, increasing interest rates and the large number of stakeholders involved in the process (e.g. technical consultants, local municipalities). Battery system prices experienced an unprecedented decline of approximately 40% compared to 2023. This was a result of lagging EV sales, rapid technological advancement of batteries, lower raw material costs, oversupply in the market and increased economies of scale. Consequently, our revenue for the year was €123.7 million, representing a 24.1% decrease compared to 2023.

Despite the headwinds mentioned, we continue to differentiate ourselves with our commitment to being a partner at every stage of the customer journey. This approach is reflected in key commercial achievements, including our landmark agreement signed in December 2024 with FlevoBESS to deliver a 126.4 MWh BESS—the largest project in our history and among the first large-scale, four-hour systems in the Netherlands. Additionally, we supported KatoenNatie, a leading logistics provider, in adding 50MWh to their storage capacity, and partnered with eApollon in Sweden to develop a 10MWh battery system in Borlänge. Both projects were almost fully realised in 2024.

Due to the price declines of battery systems, we do expect a decline in revenue in 2025. However, on the long run, Energy Storage Systems continues to be a growing and fast-developing market in which Alfen plays a key role in the mid-scale storage solutions. Our strategic review confirmed the long-term growth in this market segment. We can distinguish ourselves from competition by offering more advanced end-to-end solutions, leveraging our SGS knowledge, while offering local presence, consultative services and after-sales guarantees.

Innovation

Across business lines, Alfen continued to develop. We changed the way we deliver our relatively new Transport Distribution Station for Enexis, including our modular approach to the manufacturing process, as well as our additional role as an end-to-end contractor. This approach and contractor role allows Alfen to reduce the construction time from more than a year to just four months, not only speeding up the process for Enexis but also significantly reducing the burden for our customer. This positions Alfen strongly as pressure on grid operators to accelerate the grid reinforcement persists. We will deliver approximately 15-20 of these stations in 2025 with potential to further ramp-up in the years thereafter.

We also adapted our production and configuration approach for Pacto substations to a modular configuration. This enables us to offer various product configurations and quickly tailor Pacto stations to our customers' needs. Additionally, it reduces maintenance complexity and allows for remote monitoring of our products and their modular components. In the coming years, this production approach will be rolled out further.

Together with Enexis, we developed SF₆-free substations, preparing us for the upcoming European legislation that will prohibit the use of this potent greenhouse gas for insulation in substations starting in 2026.

In EV Charging, we introduced the Twin 5 Plus, which adds a LED display and dynamic QR codes to the already successful Twin 5. Furthermore, we implemented direct payment options for the Eve Single and Double Pro-line.

To improve the end-customer experience, we launched the Eve Connect app, featuring solar charging and scheduled charging capabilities. Additionally, we collaborated with several European consortia to develop and harmonise V2G standards. Our efforts to understand V2G use cases and their value to stakeholders in the e-mobility ecosystem will support developing V2G applications for the Twin 5 Plus and future V2G-ready products in our portfolio.

Alfen continues to lead the industry as the first European AC charging station manufacturer to secure certification for two crucial modules: Core and Advanced Security. The latest update, OCPP 2.0.1, enhances communication between chargers and charging station management systems. Incorporating OCPP 2.0.1 into our Alfen Hardware Platform on the latest public chargers, Twin 5 and Twin 5 Plus, improves security and functionality for users and positions us well for public charging infrastructure tenders.

Lastly, Alfen became the first mobile storage system producer to receive a fire propagation certificate. To achieve this, Alfen developed its own battery housing to safely include battery packs. Additionally, Alfen is adapting the Elements battery system to fit in 20 ft. containers, which enhances cost-competitiveness, increases capacity density, and simplifies the integration of separate systems.

Sustainability

Alfen directly contributes to a sustainable economy and society. We operate at the heart of the energy transition by enabling the generation, distribution and consumption of emission-free electricity with our solutions.

This link with sustainability is reflected in our vision “to build a connected, smart, secure and sustainable energy system for future generations” and our mission “to boost the energy transition by engineering, manufacturing, integrating and connecting high quality energy solutions that are innovative, reliable, secure, and smart”.

In 2023/2024, Alfen performed a double-materiality assessment in line with the Corporate Sustainability Reporting Directive (CSRD). We identified 15 material topics across environmental, social, and governance matters. We recommend our readers review the Sustainability Statement where we share details on these material topics.

The structure of our Sustainability Statement has changed significantly for the 2024 reporting year as this is the first year we report in accordance with the requirements from the European Sustainability Reporting Standards (ESRS). We welcome this new standard, which provides detailed disclosure requirements on environmental, social and governance topics. We expect continued improvements to be visible in our sustainability reporting in the coming years.

We would like to share a couple of highlights. First, the Science Based Targets (SBTi) initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by Alfen N.V. are in accordance with the SBTi Corporate Net Zero Standard. SBTi has classified Alfen’s scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

Second, our new headquarters is a testimony to the energy transition and embodies our integrated solutions. The energy system consists of over 6,000 solar panels on the roof (3 MWp), 3 Alfen 1,250 kVA substations, over 100 charge points, 1 DC fast charger for trucks, 3 heat pumps for heating/cooling and uses LED lighting only.

Third, we appointed an experienced Sustainability Manager. Until 2024, Alfen ran its CSRD program across several departments (Quality, Strategy, Finance, HR). In the second half year of 2024 onwards, we consolidated these efforts under a dedicated program manager who is responsible for progress and driving this topic forward within Alfen.

Governance

In 2024 we had several changes in our governance. We expanded the Executive Committee with the addition of Bart Kempen (COO) and Anne van Nood (CHRO). This expanded executive team allows for more dedicated attention on key areas of the business such as operations (previously with CEO) and people (previously with CFO), while enabling greater focus within the existing statutory board.

In April, Willem Ackermans was reappointed to the Supervisory Board for his second term. He joined Alfen’s Supervisory Board in July 2020 and brings a wealth of experience from his previous financial roles, as well as other supervisory positions. He continues in his role as vice chairman of the Supervisory Board and chairman of the audit committee of the Supervisory Board.

Onno Krap joined Alfen as interim CFO in May 2024, and we are pleased he became our permanent CFO in January 2025. Onno brings extensive financial experience, having previously served as a CFO of Kinly, Exact Software, and Crucell.

Outlook

Our strategy to further focus and observed run rates and order intake in our business lines, leads to a revenue outlook of €445-€505 million. In order to remain profitable, we will continue to manage our costs to ensure our cost-base develops at a slower pace than revenue increases. As such, we continue to limit personnel growth and investment in facilities and production. We will continue to invest in innovations.

At the moment, the market outlook is uncertain in terms of timing and speed, however we are confident in the long term fundamental growth of the sector and the way Alfen is positioned to benefit from this. Therefore we expect moderate growth after 2025. In case market developments speed up, Alfen is able to adapt quickly, as we have shown in the past.

We turned the negatives of this year’s headwinds around into two positives: a sharpened focus in our strategy and a more effective organisation. While some of these decisions were painful, we are confident that in the long run, it will set us up to win in the market, achieve profitable growth and offer continuous growth and development for our employees.

Alfen Executive Committee,

- Marco Roeleveld (CEO)
- Onno Krap (CFO)
- Michelle Lesh (CCO)
- Bart Kempen (COO)
- Anne van Nood (CHRO)

Alfen Moves into New State of the Art Headquarters



2024 month-by-month

23
February

Keys to the new Alfen headquarters

The key handover of our 24,000 m² headquarters, production facility and warehouse in Almere marked a major milestone. Combining sustainability and innovation, the building boasts a energy system that includes over 6,000 solar panels and 100+ Alfen chargers, among other things. With state-of-the-art facilities, it's ready to power our growth and future success.



March

Introducing the Twin 5 Plus EV charger

We opened the order books for the Twin 5 Plus, our new business and public charger, offering innovative features like a clear HD display and dynamic QR code payments.

23
April

Launching the Eve Connect App

We launched the Eve Connect App, our first app for end users of the Eve Single S-line and Pro-line EV chargers. The app offers solar charging, real-time monitoring, and charging history management, providing smarter and more efficient home charging solutions.

30
May

Powering Sweden's renewable future

This 20MW/20MWh battery system boosts Sweden's renewable energy future. At Rabbalshede Kraft's Femstenaberg wind farm, our system is balancing the grid, storing excess energy and ensuring efficient operations. It's a proud step forward for sustainable energy, co-locating wind and battery solutions to maximise impact.

18
June

Smart Grid Solutions lands multi-million-euro contract in BE

A special moment for SGS in Belgium: we secured a multi-million-euro contract with public transport company TEC to deliver walk-in substations to electrify bus fleets in Wallonia. This project supports greener transport, with Alfen Belgium managing turnkey installations to power 50 fast-charging locations.

29
August

Expanding Katoen Natie's Energy Storage Capacity

This year, we supported Katoen Natie in tripling their sustainable energy storage capacity in Belgium to nearly 100MWh. With TheBattery Elements, Mobile X systems and substations, our solutions power their logistics operations, advancing renewable integration, stabilising the grid and accelerating Belgium's net zero carbon goals.

2

October

Alfen Academy students celebrate graduation

For over 10 years, Alfen has an in-house trade school (Alfen Academy), where a combination of work and school helps students obtain a college degree in electrical engineering.

In October, we celebrated 22 BBL students earning MBO 2, 3 or 4 diplomas at a festive graduation ceremony. Our CEO, Marco Roeleveld, congratulated students and the celebration ended with snacks, drinks and music. A proud moment for all, highlighting the value of Alfen's company school.



4

November

Historic milestone: 100 substations in one week

We achieved a historic milestone, producing 100 Diabolo and Pacto transformer substations in one week for the first time. This 100 stations a week is an incidental high to catch up with production delays of earlier in the year. This achievement reflects the dedication of our Smart Grid Solutions team and collaboration across Alfen and our partners to support grid operators like Alliander and Enexis in expanding and reinforcing the grid.



Historic Milestone: 100 Substations Produced in a Week

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Financial performance



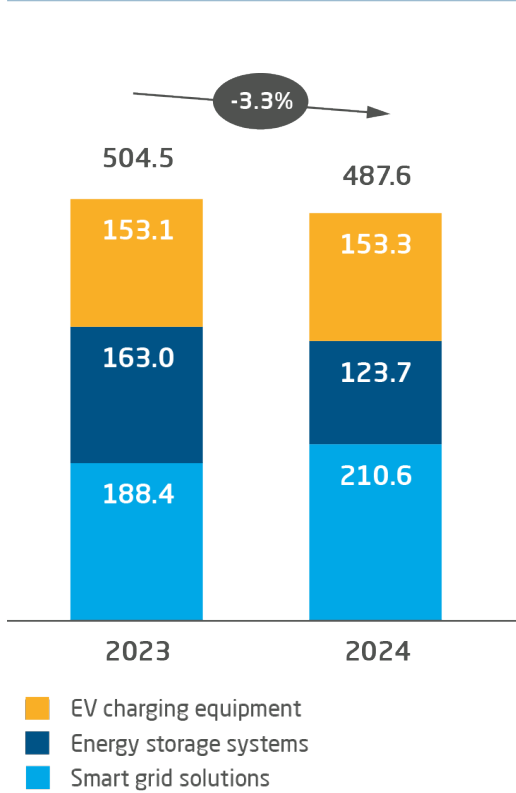
Alfen operates internationally at the heart of the energy transition as a specialist in energy solutions for the future. With over 87 years of history, Alfen has a unique combination of activities. We design, engineer, develop, produce and service smart grid solutions, energy storage systems and EV charging equipment, combining the offerings into integrated solutions to address our customers' electricity challenges. With 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 decreased by 3.3% from €504.5 million in 2023 to €487.6 million in 2024, which is in line with our updated revenue guidance of €485-520 million.

Revenue and other income (in EUR million)



Smart Grid Solutions performed stronger than expected, with a revenue of €210.6 million which is a 11.8% increase compared to €188.4 million in 2023. Two thirds of revenue came from grid operators, and one third from the private domain. The growth is driven by Alfen’s framework agreements with grid operators, who continue to expand their distribution grid to enable the energy transition and mitigate grid congestion. On the other hand, grid congestion is hampering the demand for substations in the private domain, for example at fast charging locations and solar farms.

EV charging showed a flat revenue performance, totalling at €153.3 million, a 0.1% growth compared with €153.1 million in 2023. Our flat revenue number is explained by European BEV sales unexpectedly declining by 1.3% (ACEA, 2025). This was mainly driven by the abolition of EV policy incentives in Germany, where BEV registrations declined by 27%. In France, the number of BEV registrations declined by 3%, whereas in The Netherlands and Belgium the registrations increased by 16% and 37%, respectively. Our geographical revenue distribution is roughly in line with this pattern: most charging points were sold in the Netherlands, followed by Belgium and Germany.

Energy Storage Systems contributed €123.7 million to the total revenue, 24.1% lower than €163.0 million in 2023. This was caused by leads taking longer to close than in 2023, as customers waited for possibly lower prices in the near future with rapidly falling battery prices (~40% decline between summer 2023 and summer 2024). These declining prices were caused by lagging EV sales, quick battery advancements, lower raw material costs and an oversupply in the market. On the other hand, we observed that even though prices started to stabilise in the second half of the year, the deal cycles continued to take longer due to increased complexity in execution of these projects.

Gross margin, EBITDA and net profit (loss)

Gross margin decreased from 29.9% in 2023 to 23.7% in 2024, mainly driven by significant one-off items, which are further specified below per business line. Adjusted gross margin stands at 28.6%.

Gross margin for Smart Grid Solutions amounted to 15.5% (2023: 29.7%) and was severely impacted by the moisture provision accounted for at €15.4 million (for more details refer to Note 26). This provision has been recognised to cover the expected future outflows of the substation moisture issue. The usage of this provision in 2024 was €2.6 million and the provision per year-end relates to the expected future outflows related to the installed base of Pacto substations.

Adjusted for one-off costs, Smart Grid Solutions gross margin stands at 22.8%, which is below the 25-40% range provided at our Capital Markets Day for this business line due to inefficiencies related to the moisture issue and a higher share of revenue of the grid operators.

EV Charging Equipment gross margin stands at 31.5% compared to 38.3% in 2023. The decrease in gross margin was mainly driven by a one-off provision for obsolete inventory of €6.5 million. Although these specific components are still used in Alfen’s products, a thorough analysis of all inventories with updated sales run rates, in alignment with the strategy validation process, indicated that it is unlikely that these components will be fully consumed and are hence provisioned for. In addition, €0.5 million was written down as a result of our revised strategic focus.

Adjusted gross margin for EV Charging Equipment amounted to 36.1%. This is below the midpoint of the 35%-45% range provided at our Capital Markets Day for this business line due to initial recognition of a general warranty provision (please refer to Note 26) as well as a higher share of Alfen’s mid-range home product.

Gross margin for Energy Storage Systems stands at 27.6% (2023: 22.4%). Adjusted for the net realisable value impairment of 'old' batteries of €1.6 million, gross margin stands at 29.1%, which is in the upper range of the 15-30% range provided at our Capital Markets Day for this business line.

Personnel costs increased by 27.1% to €87.1 million compared with €68.5 million in 2023, as Alfen has been anticipating on faster growth of its markets. This effect has been further amplified by one-off restructuring costs of €5.0 million, of which €3.7 million related to our organisational right-sizing program and €1.3 million for standalone severance agreements. In addition, personnel costs were impacted by €0.9 million for externally hired quality control experts in relation to the moisture issue.

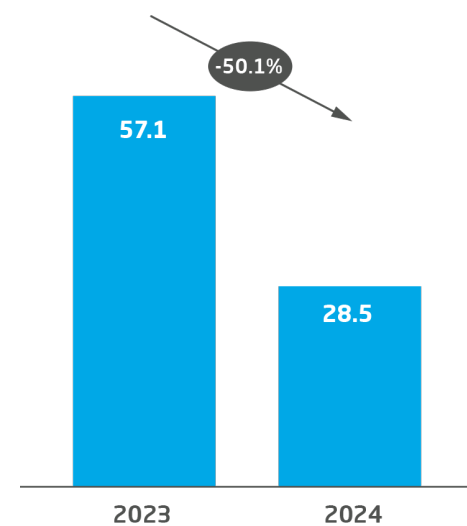
Alfen grew from 931 FTEs at 31 December 2023 to 1,053 FTEs at 31 December 2024. The right-sizing impact on the FTE numbers will start to show effect in the course of the first quarter of 2025.

Other operating costs increased by 22.8% to €32.5 million compared with €26.5 million in 2023. In 2024 Other operating costs was impacted by one-off costs for the strategy validation and right-sizing program amounting to €2.5 million. This effect has been partly off-set by lower share-based payment expenses of €0.5 million (2023: €1.1 million).

Consequently and in conjunction with the deleverage effects on our fixed costs base, EBITDA decreased significantly from a €56.0 million profit in 2023 to a €4.2 million loss in 2024.

EBITDA adjustments, as elaborated on above, in 2024 amounted to €32.7 million (versus €1.1 million in 2023). Adjusted EBITDA amounted to €28.5 million, a decrease of 50% versus €57.1 in 2023.

Adjusted EBITDA (in EUR million)



inve

The summary below reconciles the adjustments in gross margin, personnel expenses and other operating costs, EBITDA and net profit:

	2024	2023	2024	2023
	(in EUR millions)		(as % of Revenue)	
Gross margin	115.4	151.1	23.7 %	29.9 %
Provision for moisture	15.4	—		
Obsolete inventory EV charging components	6.5	—		
Net realisable value impairment 'old' Batteries	1.6	—		
Inventory write-down due to revised strategic focus	0.5	—		
Adjusted Gross Margin	139.4	151.1	28.6 %	29.9 %
Personnel expenses	(87.1)	(68.5)	17.9 %	13.6 %
Restructuring	5.0	—		
Moisture external quality control costs	0.9	—		
Adjusted Personnel expenses	(81.2)	(68.5)	16.7 %	13.6 %
Other Operating costs	(32.5)	(26.5)	6.7 %	5.3 %
Strategy validation and Right-sizing program	2.5	—		
Share-based payment expenses	0.5	1.1		
Adjusted Other Operating costs	(29.6)	(25.4)	6.1 %	5.0 %
EBITDA	(4.2)	56.0	(0.9)%	11.1 %
Aggregated one-off costs and specials	32.7	1.1		
Adjusted EBITDA	28.5	57.1	5.8 %	11.3 %
Net profit / (loss)	(27.0)	29.7	(5.5)%	5.9 %
Impairment of capitalised development costs	7.4	—		
Aggregated one-off costs and specials within EBITDA	32.7	1.1		
Tax effect one-off costs and specials items	(10.2)	—		
Adjusted Net profit / (loss)	2.9	30.7	0.6 %	6.1 %

Depreciation and amortisation charges increased from €14.2 million in 2023 to €26.3 million in 2024 and were mainly impacted by impairment charges on capitalised development cost of €7.4 million as a result of our revised strategic focus.

Finance income and costs increased from €3.4 million in financial year 2023 to €5.0 million in financial year 2024 due to intensified working capital financing.

The effective tax rate increased from 22.9% in 2023 to 24.0% in 2024 as we could not account for tax incentives related to the innovation box scheme as a result of the (taxable) loss realised. However, the innovation box agreement with the Dutch tax authorities has been extended up and until 2029.

Net profit in 2023 of €29.7 million pivoted to a loss of €27.0 million in 2024. Adjusted for one-off costs and special items after tax, net profit amounted to €2.9 million (versus €30.7 million in 2023).

Finance and investments

Net debt position at 31 December 2024 amounted to €32.7 million, compared to €55.1 million at 31 December 2023 mainly due to optimised working capital which resulted into a positive cash flow and a positive cash balance at year-end 2024.

Working capital decreased to €92.0 million versus €134.6 million at 31 December 2023.

(in EUR millions)	31 December 2024	31 December 2023	Working Capital Movements
Inventories	101.5	150.8	(49.3)
Trade and other receivables	128.9	135.9	(7.0)
- of which: Amounts due from customers for contract work - mainly ESS	22.4	28.2	(5.8)
Current tax receivables	4.0	—	4.0
Trade and other payables	(142.3)	(148.6)	6.3
- of which: Amounts due to customers for contract work - mainly ESS	(46.7)	(43.1)	(3.6)
Current tax liabilities	(0.1)	(3.5)	3.4
Net working capital	92.0	134.6	(42.6)

The decrease in working capital has several levers as shown below, but is in essence primarily driven by inventory as we significantly brought down our overall stock levels and strategic stock down payments (presented under Trade and other receivables) in 2024 as shown below:

(in EUR millions)	31 December 2024	31 December 2023	Movements
Inventory - On hand	101.5	150.8	(49.3)
Inventory - Down payments	12.4	23.6	(11.2)
Total inventory, including down payments	113.9	174.4	(60.5)

The solvency ratio (equity divided by total assets) is 42.0% at 31 December 2024 compared to 45.4% at 31 December 2023.

Alfen has been in breach with the bank covenant in third quarter of 2024, for which we received a waiver from the bank. In November 2024, we reached an agreement with the bank on a new committed financing agreement, with some adjustments in the calculation of the financial covenant. The 2024 one-off items have been excluded from the covenant calculation. For 2025 and onwards, more flexibility on covenant calculation has been included compared to our previous financing agreement.

The details of the new financing agreement are disclosed in Note 25 of the financial statements. This covenant was met at 31 December 2024.

Capital expenditure amounts to €24.6 million (or 5.0% of revenues) compared to €34.7 million (or 6.9% of revenues) in 2023.

CapEx in 2024 includes investments in our new production location and offices at Hefbrugweg 79 and Damsluisweg 70. Furthermore, we made investments in IT infrastructure and data security, as well as moulds for our Smart Grid Solutions business line.

Alfen capitalised €10.8 million (versus €10.7 million in 2023) of development costs, demonstrating the Company’s continued efforts to invest in innovations for the future.

2024 Highlights

First communication on progress issued for UN Global Compact





This means of reporting will - next to our CSRD disclosures - help us improve our sustainability performance year over year

After becoming a member of the UN Global Compact last year, we have published our first progress on the Ten Principles and the Sustainable Development Goals.

Moved into our new headquarters


Our new headquarters is a **testimony to the energy transition** and **embodies our integrated solutions**.


6,000 (3 MWp)
solar panels


3 x 1250 kVA
substations


100+
chargepoints


1
DC fast charger


3
heat pumps


100%
LED lighting

SBTi target approval

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by Alfen N.V. conform with the SBTi Corporate Net Zero Standard.



1.5°C

SBTi has classified Alfen's scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

Our approach to sustainability

Sustainability is at core of Alfen's business

Alfen directly contributes to a sustainable economy and society. We operate at the heart of the energy transition by enabling the generation, distribution and consumption of emission-free electricity with our solutions. This link with sustainability is reflected in our vision "to build a connected, smart, secure and sustainable energy system for future generations" and in our mission "to boost the energy transition by engineering, manufacturing, integrating and connecting high quality energy solutions that are innovative, reliable, secure, and smart".

Aside from the positive impact of our business activities, we see running the business in a sustainable manner as a moral duty. We therefore incorporated our sustainability ambition into our corporate strategy as one of our strategic themes: "Making Alfen even more sustainable".

We recognise that a business model that enables the decarbonisation of others can still have negative impacts on the environment, which derives from our own operations and our value chain to deliver these decarbonisation products. For instance, our global supply chain has energy-intensive extraction and manufacturing processes to deliver the required components and materials for our products. We will take an active role across our value chain to work with our suppliers to lower these impacts where feasible. We will roll-out our sustainability program and our initiatives over the coming years.

New sustainability reporting framework according to the CSRD mandate

From 2024, the EU Corporate Sustainability Reporting Directive (CSRD) requires companies to report on their environmental and social impact activities. This is expected to be implemented in Dutch law in 2025. The EU adopted a set of European Sustainability Reporting Standards (ESRS).

We welcome this new standard, which provides detailed disclosure requirements on environmental, social and governance topics, and we are committed to voluntarily implementing these ESRS requirements by using select phase-in options. Therefore, we updated the structure of our Sustainability Statement for the 2024 reporting year in accordance with ESRS requirements. We expect continued improvements to be visible in sustainability reporting in the coming years.

This statement has four sections: General disclosures, Environmental disclosures, Social disclosures and Governance disclosures. .

Key partnerships and ESG ratings

Alfen has various partnerships to underpin our commitment towards a sustainable future. The following key partnerships are in place:

- Science Based Targets initiative (SBTi)
- UN Global Compact
- MVO Nederland

Furthermore, next to the CSRD disclosures, Alfen discloses the progress and status of our sustainability efforts with the following organisations:

- Carbon Disclosure Project (CDP)
- EcoVadis
- UN Global Compact
- Sustainalytics

Appointed an experienced Sustainability Manager



Up until 2024 the CSRD program had been run across a variety of departments (QHSE, Strategy, Finance, HR). Since late autumn last year, we have consolidated these efforts through a dedicated program manager who is responsible for progress and driving this topic forward within Alfen.

Sustainability statement

General information

Basis for preparation

Level of reporting

The Sustainability Statement of Alfen N.V. is prepared on a consolidated basis and incorporates information for the reporting period equal to the financial statements, from 1 January 2024 to 31 December 2024. This statement covers Alfen's entire operations, as well as the upstream and downstream value chain. We have not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation.

All Alfen subsidiaries are consolidated for sustainability reporting. Administrations of all entities except Alfen Elkamo Oy Ab are driven by our headquarters. We use the same measurements for all entities throughout the statements.

Material impacts, risks and opportunities (IROs) have been assessed through a double materiality assessment, serving as a cornerstone for the ESRS disclosures. This assessment determines the scope of disclosure.

In 2024, Alfen performed an extensive assessment aligned with the prescribed guidelines of the ESRS. A description of the process and its outcome are included in the impact, risk and opportunity section of this statement.

The EU Taxonomy is included as a separate identifiable section as part of the environmental information in this Sustainability Statement.

The contents of the Sustainability Statement were subject to limited assurance procedures in accordance with NV COS 3810N. The limited assurance report of the independent auditor on the sustainability statements 2024 can be found in the section “Other information” on page 118 of this Annual report.

Judgement, uncertainties, exemptions and value chain estimations

In applying reporting requirements, Alfen needs to make judgements and estimates that may be critical for the data reported. Therefore, metrics used can be based on certain estimates, averages or assumptions that management believes to be reasonable under the circumstances. The underlying data either comes directly from our suppliers, our own readings or is sourced from external data vendors. The latter, being secondary data such as industry/sector averages, are used if no relevant information is available within our value chain. This statement includes prospective information such as ambitions, objectives, targets and expectations. Inherent to this information is the fact that the actual results may differ in the future and that information is therefore uncertain. A description of used definitions can be found alongside each metric in the respective environmental, social and governance sections.

In particular, we see the largest uncertainties in reporting scope 3 emissions related to our up- and downstream value chain partners. At this stage, we need to rely on industry/sector averages for emission calculations when suppliers cannot yet deliver primary data. We expect that the accuracy of scope 3 emissions will improve over time as calculations become more granular with more detailed modelling and supplier-specific data. In addition, a key assumption we have made regards the rate at which electricity grids decarbonise over time, which influences the emissivity of the efficiency losses during the use of our sold products. As all our products are currently sold in countries where governments are either legally bound to net zero in 2050 or have set net zero 2050 as a stated goal for their electricity grid, we have assumed a linear reduction in electricity grid intensity between 2024 and 2050.

The data used to compile our sustainability metrics is subject to continuous improvement, given that sustainability-related regulation will also result in more standardised data being available in the future. Metrics in this sustainability statement are not validated by an external body other than our assurance provider. We aim to be transparent in our disclosures and any changes in underlying data or assumptions in order to explain movements. This results in the appropriate context to readers of the statement.

Applied time horizons

We have assessed material impacts, risk and opportunities over short-, medium-, and long-term. Since the nature of sustainability matters generally materialise over time these topics often require forward-looking statements. In this statement, we refer to the following time horizons:

Short term = less than 1 year

Medium term = between 1 and 5 years

Long term = more than 5 years

We provide an additional breakdown for the long term horizon when impacts or actions are expected in a period longer than 5 years to provide relevant context. Deviations from the stated time horizons are clearly indicated.

Incorporation by reference

Where information has been published in other parts of the annual report, we have made use of the “incorporation by reference” concept to prevent duplications. Specifically, we have chosen to incorporate the corporate governance disclosures of ESRS 2 relating to role and responsibilities (other than on sustainability), the composition, and the competencies and skills of the Executive Committee and the Supervisory Board in the corporate governance section of this report. These can be found in paragraphs Members of the Executive Committee (p.60) and Members of the Supervisory Board (p.61). Additionally, a description of risk management and control process as well as the incorporation of sustainability risks in this process can be found in the Risk management section, paragraph Risk assessment process, including fraud and sustainability risks (p.57). In these cases, we believe that the information is best read in conjunction with other information in these sections.

Reporting adjustments related to prior periods

We have restated our 2023 health and safety figures due to a calculation error. In particular, the metrics Lost Time Injury Frequency Rate (LTIFR) and the Total Recordable Incident Rate (TRIR); for more details refer to section Health & Safety: metrics, targets and performance. We have also restated our scope 1 and scope 2 emissions to allocate upstream energy emissions to scope 3, which we are reporting for the first time. We do not have any other changes in preparation or presentation of the Sustainability Statement or errors in prior periods as this is the first year of reporting based on the ESRS standards.

Where metrics have been reported previously or where historic data was available, comparative information has been presented. Only our training and development data points have no comparative information as we started recording these metrics during 2024. For our environmental data, our comparatives are 2023 for scope 1 and scope 2 data, and our baseline year of 2021 for scope 3 data.

Use of phase-in provisions

For some of the newly introduced metrics, we make use of the transitional provisions for the first year in accordance with Appendix C ESRS 1. Alfen makes use of the phase-in for its Alfen Elkamo entity for two

Material subsidiaries of Alfen



datapoints that were only recorded in HQ administration during 2024. We chose to present the datapoints with accompanied qualitative statements for Elkamo as we believe it gives a fair reflection for the reader.

We expect to publish information on these metrics in the timeframe set out in Appendix C ESRS 1.

Use of phase-in for all entities:

- Anticipated financial effects of our impact, risks, and opportunities on our financial position (ESRS 2 SBM-3 paragraph 48(e))
- Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (ESRS E1-9)

Use of phase-in for entity Alfen Elkamo Oy Ab:

- The percentage of employees that participated in a performance review (ESRS S1-13)
- The average number of training hours per employee (ESRS S1-13)

Business model and strategy

Our business model and value chain

Alfen operates at the heart of the energy transition with our 3 business lines: Smart Grid Solutions, EV Charging Equipment, and Energy Storage Systems. Revenue from all our business activities can be

allocated to ESRS sector: C27 - Manufacturing of electrical equipment. During 2024 there were no significant changes in our product portfolio or services.

Alfen is headquartered in Almere, the Netherlands, where we reside in eight buildings with associated production facilities that are either owned or leased. We have additional offices with production locations in Belgium and Finland and physical sales offices in Germany and France. Alfen has a workforce of 1,043 FTEs across Europe, with presence in 13 countries: Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Spain, Sweden, Switzerland and the United Kingdom, and we serve the rest of Europe through our partners and resellers.

For a detailed breakdown on revenue per sector and geographical area, please refer to statistics in our financial summary. Across all our business lines we do not have products that are banned in certain countries. Given the nature of our products, sales to all our markets and customer groups help enable the decarbonisation transition.

Smart Grid Solutions: Alfen develops, produces and assembles a range of transformer substations for two segments: 1) distribution grid operators and 2) private networks, and we do so with a range of suppliers of concrete housing, transformers and medium voltage switchgear, among others.

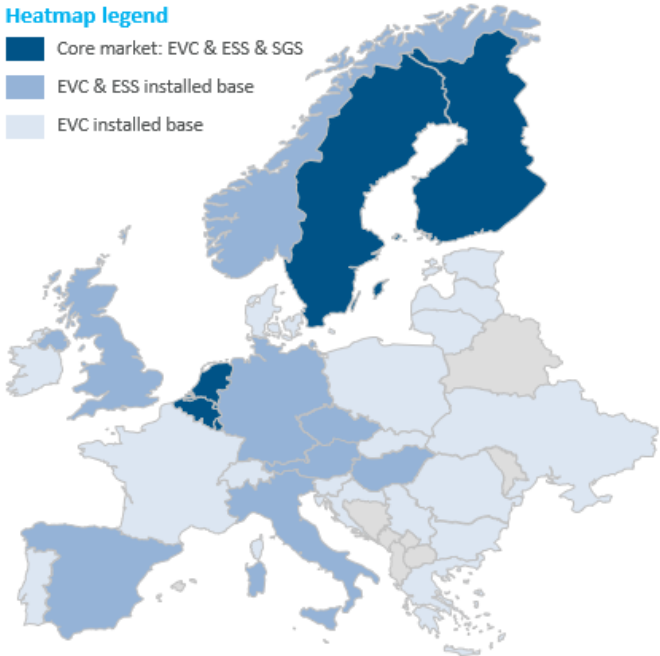
For both segments the majority of sales occur in our core countries the Netherlands, Belgium, Finland and Sweden.

The grid operator segment can be characterised as concentrated, given the top 3 grid operators in the Netherlands hold 95% market share in the distribution grid. Our solutions support strengthening the distribution grid to cope with the energy transition.

Additionally, we supply microgrids, including substations and supplementary offerings to connect the private networks with so-called “sub-segments”, being (1) renewables (PV, wind farms), (2) EV fast charging or logistic hubs, (3) horticulture, and (4) industrial companies. The former two have a mix of concentrated end-customers, while the latter two are more fragmented, being one-offs with an occasional expansion.

Our substations are a critical building block in the electrification of our society by facilitating a robust electricity grid. Moreover, we enable the supply of renewable energy, thereby facilitating the decarbonisation of power supply.

EV Charging Equipment: Alfen develops and produces a range of smart and connected chargers for electric vehicles (EV) for use at destinations such as homes, retail, workplaces and public locations across Europe. Additionally, we offer remote service & maintenance



remote and on-site through our field service partner network. We work with a wide variety of suppliers that deliver electrical components such as printed circuit boards and kWh meters.

The customer landscape can be characterised as fragmented. We are a pure B2B player, and so we do not directly deliver to end-users. Our main customers are utilities, charge point operators, system integrators, retailers, and wholesalers.

VALUE CHAIN STEP	UPSTREAM (SCOPE 3)		OWN OPERATIONS (SCOPE 1 & 2)				DOWNSTREAM (SCOPE 3)		
	Raw material extraction & component suppliers	Inbound logistics	R&D Design	Production & assembly	Services & maintenance	Sales & Marketing	Outbound logistics	Use-phase	Scrap & Recycle
ACTIVITIES	Main components are made of steel, copper, and concrete. Alfen does not source raw materials directly	Logistic partners are used to deliver components to Almere	Alfen develops a variety of low- and medium voltage transformer substations	In-house assembly located in the Netherlands and Finland	Alfen delivers services to its customers	Alfen has its sales forces in the Netherlands, Belgium, Finland and Sweden	Alfen arranges transport to project location or depot	Alfen does not operate substations	Alfen currently has no active role in decommissioning and recycling
	Alfen sources electrical components from a wide variety of suppliers	Logistic partners are used to deliver components to Almere	Alfen develops and designs hardware and software	In-house production and assembly located in the Netherlands	Alfen delivers services to its customers and through field service partners	Alfen has sales presence in 13 countries in Europe and covers rest of Europe from HQ	Alfen arranges transport to warehouse B2B customers depending on delivery terms	Alfen does not operate EV charging equipment	Alfen currently has no active role in decommissioning and recycling
	Alfen sources batteries at Tier 1 suppliers and uses LFP chemistry. Alfen also sources inverters	Logistic partners are used to deliver components to Almere or directly to the project site	Alfen develops hardware and software, additionally delivers EPC work on project site	In-house assembly for the battery mobile, and assembly on project location for battery elements	Alfen delivers services and maintenance via long-term contracts on projects	Alfen has sales presence in the Netherlands, Belgium and Sweden and covers rest of Europe from HQ	Alfen arranges transport of components to project site	Alfen does not operate battery systems	Alfen currently has no active role in decommissioning and recycling
ACTORS	Tier 1 & 2 Business relations	Logistic partners	Own workforce; partnerships with agencies for flexible work				Logistic partners	B2B customer End users	End-customer
GEOGRAPHIES	Global		The Netherlands Finland		Europe		Europe		

Our installed charge points power electric vehicles, decarbonising transportation and thereby avoiding harmful emissions.

Energy Storage Systems: Alfen develops, manufactures, assembles, and installs a range of stationary utility scale and mobile battery energy storage solutions. Our systems are used for applications such as load balancing, peak shaving, grid frequency control and energy trading. Additionally, we provide long-term service and maintenance on installed systems. We work with suppliers of batteries, transformer, control cabinets and inverters, among others.

For utility scale systems, our main customers are independent power producers, flexibility service providers, developers, as well as commercial and industrial companies.

For our mobile system we sell either to power rentals who use our systems in their proposition towards a variety of end-segments, or directly to end-segments such as construction companies, energy companies, events, EV fast charging or transportation hubs, industry and commercial companies, renewables, and marine applications.

Our energy storage systems enable the integration of renewables into the grid by preventing intermittency of these renewables becoming an issue. Most of our sales occur in the Netherlands, Belgium, Sweden and Finland.

Interaction business model and sustainability

Sustainability is inextricably linked to Alfen’s operations as all business lines contribute to society's electrification by replacing alternatives that have a negative impact on the environment. Sustainability is in our vision and runs all the way through our core business values as shared in our approach to sustainability. Further proof points include our EU taxonomy revenue alignment of 99.5%, the Alfen Sustainability Program and decarbonisation targets that are aligned with the Paris Agreement and validated by SBTi.

Alfen initiated a strategic transformation program, the Alfen Sustainability Program, as explained in our approach to sustainability of the management report (p.18). Over the coming years, we will roll out initiatives that contribute to our overall sustainability strategy and wider business strategy.

Alfen will align the material topics related to our own operations and our business strategy. To intertwine sustainability even deeper with our business strategy we will examine upcoming progress, including updating our goals and budgets together with the annual mid- to long-term strategy update. Additionally, we will set new mid-term objectives which will include new objective(s) on sustainability, setting it at the heart of what we aim for in the mid-term. Moreover, we will integrate sustainability in the remuneration of our Executive Committee members.

Our approach to sustainability increasingly shapes our interactions with suppliers as well as customers, as we believe challenges to decarbonise our value chain can be best solved together. Furthermore, continued R&D investments demonstrate our commitment to drive our technology forward to remain a leader in the energy transition.

Our engagement with stakeholders






In 2023, Alfen adopted its stakeholder (dialogue) policy and has since started reporting on stakeholder engagements in its annual report. We value the mutually beneficial interaction with each of our stakeholders.

As part of the stakeholder policy, we mapped employees, customers, investors, suppliers, local communities and society as key stakeholders. These selections are based on who has the greatest influence on Alfen's activities and who is most affected.

Our employees are an important stakeholder because their commitment, efforts, collective knowledge, performance and development are the basis for our business and how we create value for our customers and thereby for our investors and society. Our employees are integral to achieving our sustainability goals.

Our customers are an important stakeholder because satisfied customers are the foundation for long-term sustainable growth and profitability. Within our sectors we recognise increasing attention for sustainability.

Our investors are an important stakeholder because together they are the owners of the company. We know sustainability efforts are increasingly seen as a subject that influences investment decisions. This trend is likely to continue over the coming years with the introduction of CSRD.

Key stakeholders	Purpose	What matters to them?	How we engage?	Highlights in 2024
Employees 	Alfen acknowledges that satisfied and engaged employees are key for successful growth as well as key-contributors for reaching sustainability goals; on the other hand, they will be affected by actions from the organisation	1. Engaging workplace 2. Personal and professional development 3. Safe and healthy working conditions	1. Works Council meetings 2. Employee survey 3. Open dialogue between manager and employee 4. Townhall meetings 5. Intranet & monitors throughout buildings	1. Multiple work council meetings to discuss employee policies, working conditions, and especially (need to) right-sizing 2. Feedback of employee survey cascaded throughout the organisations 3. Organised large number of Townhalls 4. Defined corporate values with leadership team
Customers 	Alfen aims to create strong and long-lasting relationships with customers to strengthen its brand, drive business growth and build sustainable supply chain together	1. Engineering, manufacturing, integrating and connecting high quality energy solutions that are innovative, reliable and smart 2. Product compliance of the deliverables and certified production 3. Communication and cooperation based on mutual trust and clarity 4. Knowledgeable advice based on the customer situation 5. Deliver (timely) what has been promised 6. Provide quick and knowledgeable customer support 7. Scaling up production for substations to fulfil their customer demand	1. Sales process interactions 2. Regular meetings 3. After sales support 4. (Social) media 5. Customer communications and events	1. Held a variety of customer satisfaction surveys 2. Participated in 30+ external tradeshow, industry events and spoke at more speaking engagements at industry events and forums to share battery and smart grid expertise 3. Intensified customer storytelling on social media, alfen.com and in industry media 4. Hosted a variety of customers for a production tour 5. Improved the onboarding process for EV Charging customers
Investors 	Shareholders and investors expect Alfen to protect their investment with increasing interest for its ESG performance	1. Transparent financial and non-financial reporting 2. Compliance with laws and regulations 3. A management board with strong oversight that runs the company as efficiently as possible 4. Return on investment	1. Quarterly earnings 2. Half year results and annual report 3. Annual General meeting 4. Analyst and investor calls 5. Conferences and road shows	1. Business Review Meetings 2. Supplier Audits 3. Regular meetings and purchase process interactions 4. After purchase support
Suppliers 	We believe in maintaining a responsible supply chain which can only be realized with the support of our partners. Alfen aims for long-term relationships and ensures that our partners match our environmental and ethical standards	1. Ethical business conduct 2. Long-lasting partnerships based on trust and mutual feedback 3. Clear communication and cooperation 4. Share our vision	1. Business Review Meetings 2. Supplier Audits 3. Regular meetings and purchase process interactions 4. After purchase support	1. Organised supplier summit for key suppliers at Alfen HQ 2. Continued contracting according to Alfen's format, including Supplier Code of Conduct 3. Continued discussions with key suppliers to reduce footprint 4. Tuned future capacity requirements with our key suppliers 5. Participated in World Energy Storage Conference in China
Local communities and society 	Alfen relies on the health, wellbeing and stability of local communities and broader society; in return we deliver our part in a cleaner and more reliable energy systems for future generations	1. Respect national and international laws and regulations 2. Provide employment and education opportunities 3. Minimise environmental impact	1. Various sector associations (e.g. Elaad and Energy Storage NL) 2. Events 3. Sponsorship and contributions 4. Alfen Academy 5. Press	1. Implemented CSRD on time and in full 2. Received validation on science-based targets from SBTi 3. Various local sustainability initiatives: MVO and omgevingsdienst Flevoland Gooi en Vechtstreek 4. 22 BBL students received their diploma from the Alfen Academy

Furthermore, we have scanned ESG rating agencies for (1) Alfen’s current performance on sustainability disclosures, and (2) as a proxy for most important parameters of the sustainability disclosures from an investor’s perspective.

Our suppliers are an important stakeholder because they provide high-quality raw materials and components that need to be delivered timely to create the solutions for our customers. From a sustainability perspective, improvements are driven by the entire value chain, which is why Alfen is dependent on its suppliers. In turn, our suppliers are dependent on signals from customers and end-users downstream.

Local communities and broader society are an important stakeholder because many of our employees come from the local community and surroundings, and community involvement helps us to maintain a good connection with innovation partners, schools, and results in employee satisfaction.

An overview of the purpose, expectations, methods, and highlights of our interactions over the past year with key stakeholders can be found in the previous table. These stakeholder views shape our strategic decision-making process. In addition, as part of our double materiality assessment, select key stakeholder groups were consulted on sustainability-related impacts, risks, and opportunities (see materiality assessment process).

We experienced differences in maturity levels among stakeholders on CSRD regulations and material sustainability matters. Some interactions around sustainability are therefore part of a broader engagement (e.g., customers express their needs of which some have a sustainability angle).

With investors and employees, we have had direct engagements on sustainability. For future stakeholder engagement we aim to increase the sustainability-specific involvement of customers, suppliers and local communities and broader society in our materiality assessment, data maturity, and sustainable development of new products and services.

We have processes in place to inform our Executive Committee and Supervisory Board with the views and interests of our affected stakeholders as many interactions take place in the wider organisation. Specifically, information is shared during monthly updates between the Executive Committee and the

Sustainability department. The Supervisory Board is also updated at least on a bi-annual basis. This ensures that our management takes the outcome of our engagement efforts into account when making decisions on our business model and strategy.

During 2024, no material changes were made to our business strategy, noting that the outcome of the restructuring and strategy validation efforts will be materialised in 2025.

Material sustainability matters

In 2023 and 2024, Alfen performed a double-materiality assessment in line with the principles and requirements formulated in the ESRS to identify and assess the material impacts, risks, and opportunities across, environmental, social, and governance matters. This includes the consideration of related paragraphs as listed in Appendix C, ESRS 2. We performed the assessment from two separate perspectives: (1) impact materiality that considers the sustainability matters that relate to a company’s actual or potential impacts on people or the environment, and (2) financial materiality that addresses how sustainability issues affect the organisation’s financial performance. In this assessment the entire value chain is taken into consideration.

We performed a step-by-step process to gain a thorough understanding of both our internal operations and our broader impact on society and the environment. We regularly cross-checked our assumptions on how to structure this process with an external specialist. A detailed description of our process follows below.

Materiality assessment process

As a starting point, we considered all ESRS sustainability matters to sub-sub-topics level in our materiality assessment. We deemed the mandatory sustainability matters of ESRS to cover for all sustainability related impacts risks and opportunities. Therefore, no entity specific topics were added. Please note that no sector specific disclosures for Alfen’s sector have been defined yet.

Step 1) Understanding its context. We performed desk research to provide the necessary context on all potential material ESRS topics and sub-topics, including a comprehensive definition of all sustainability matters and associated examples of

positive and negative impacts. To inform our view on materiality, we reviewed various sources:

- Previously performed materiality assessment by Alfen dating back to 2019
- ESG rating agencies, consultancy and EFRAG guidance reports
- A benchmark of sustainability reports of industry peers, suppliers, customers, and frontrunners

Against this background, Alfen considered the potential applicability of a matter within our value chain. This assessment was made by a cross-functional team. If deemed applicable, the topic was placed on the long list of potentially relevant matters accompanied with a mapping of its applicability within the value chain. Rationale was provided for both including and excluding topics in a qualitative manner.

Step 2) Identification of the actual and potential impacts, risks and opportunities related to sustainability matters. We consulted with internal subject matter experts to assess in more detail impact, opportunities, and risks. Alfen included the insights of different departments such as: Sustainability, Finance, HR, Strategy, Procurement and Legal. We organised workshops and interviews to get an initial view on impact, risks, and opportunities for Alfen.

We considered the impact characteristics of a matter: (a) does it have a positive-, negative impact or both, (b) is it actual or potential, and (c) its time horizon. Subsequently, identified impacts were scored on severity. For negative impacts this entailed an assessment on scale, scope, irremediability, and likelihood, resulting in a negative materiality score. For positive impacts, the severity was judged on scale, scope, and likelihood which resulted in a positive impact materiality score. In conjunction, an assessment was made whether a matter could classify as a risk or opportunity, or both, considering the size, likelihood, and time horizon, which resulted in a risk- and opportunity materiality score. A detailed description of the metrics and scoring procedures can be found in the next section – metrics of materiality assessment.

Step 3) Incorporation of stakeholders' perspective. We spoke with select key stakeholders to incorporate their perspectives on most relevant material topics and validate our initial assessment. We absorbed the insights from various stakeholders internally (e.g., Works Council) and externally (e.g., investors,

customers, suppliers, local community), either through a direct dialogue, questionnaires, or in writing.

Step 4) Assessment and determination of material IROs related to sustainability matters. After a consolidation of views from both internal and external stakeholders, we determined a final list of material topics with a mapping on both impact and financial materiality. This was done in a final deep-dive session to review scoring and rationale. The final outcome was reviewed by top management, which included managers of the subject matter experts, as well as the Executive Committee. Subsequently, the process and its outcome were discussed with the Supervisory Board and validated by the Audit Committee. A detailed description of the metrics and scoring procedures can be found in the next section – metrics of materiality assessment.

Step 5) Integration into strategy and reporting. We developed metrics and operational plans where necessary and appropriate for all matters deemed material. Matters that are assessed as material in both categories have Alfen’s highest priority (e.g., climate change mitigation). Subsequently, we prepared the reporting according to the requirements of ESRS. Disclosure requirements and data points associated with our material matters can be found in the dedicated sections of this Sustainability Statement. The outcome and the impact on our strategy, ambition and action plans have been discussed with the Executive Committee in several meetings and during the Supervisory Board meeting described in step 4.

Step 6) Monitoring and review. We will review our double materiality assessment annually, to reflect new business developments and potential changes in stakeholder impact. The Executive Committee uses the monthly meetings with the supporting Sustainability department to track progress on the individual sustainability matters metrics and targets, as well as strategy execution. This can be both through qualitative- and quantitative indicators.

Metrics of materiality assessment

Interpretation of sustainability matters, scoring and rationale were regularly discussed with a core team and individual subject matter experts in different phases of the process across a series of 5 meetings to ensure an unbiased and consistent evaluation/scoring of all IROs. We also developed metrics in alignment with an external expert to ensure a uniform scoring process for all matters. In the figures below our scoring mechanisms, categories used, and thresholds are shown in detail.

Impact materiality

We assessed the severity of the identified matters by scoring the elements of scale, scope, and irremediability. Irremediability is only deemed relevant for negative impact. These elements were scored from 0 to 4. Subsequently an assessment was made on the likelihood of the impact to occur, ranging from unlikely (<10%) to actual (100%). The impact score was calculated by summing together scope, scale, irremediability, and then multiplying that score with the likelihood.

Impact materiality

SEVERITY		
Scale <i>How serious or beneficial the impact might be</i>	Scope <i>How widespread the impact might be</i>	Irremediable character (only for negative) <i>How difficult it is to restore (potential) negative imposts back to their original state</i>
Critical	Global	Non-remediable
High	Regional	Very Difficult to remediate
Moderate	National	Difficult to remediate
Low	Local	Relatively easy to remediate
None	None	Very easy to remediate

Financial materiality

SIZE OF THE POTENTIAL FINANCIAL EFFECTS	
Scale	Interpretation
Critical	Critical (40% or more) loss/gain of financial performance
High	High (20-40%) loss/gain of financial performance
Medium	Moderate (10-20%) loss/gain of financial performance
Low	Limited (5-10%) loss/gain of financial performance
Very low	Almost no (0%-5%) loss/gain of financial performance

We applied a threshold of 7 out of a maximum score of 12 for negative impacts and a threshold of 5 out of 8 for a positive impact. Hence, we have corrected for the absence of irremediability with positive impacts.

Financial materiality

We assessed the size of the potential financial effects associated with a potential opportunity or risk on a 5-point scale. This scale is based on a percentage of revenue gain or loss, which would consequently also affect EBITDA. Subsequently, an assessment was made on the likelihood of the impact to occur ranging from unlikely (<10%) to actual (100%). The opportunity or risk score was calculated by multiplying the score of size by the likelihood.

Alfen applied a threshold of 3 out of a maximum score of 5 for financial materiality. We deemed a matter material when either the opportunity or risk score was on or above the threshold.

SCORING MECHANISM	
Assesment	Scoring formula
Positive impact	Scale + Scope × Likelihood
Negative impact	Scale + Scope + Irremediability × Likelihood
Risk assesment	Size × Likelihood
Opportunity assesment	Size × Likelihood

Relevant for both impact and financial

LIKELIHOOD	
Score	Interpretation
Actual	100% chance of occurrence
Very likely	85% chance of occurrence
Likely	55% chance of occurrence
Reasonably likely	30% chance of occurrence
Unlikely	<10% chance of occurrence

TIME HORIZON	
Period	Time
Short-term	1 year
Medium-term	1 to 5 years
Long-term	More than 5 years

MATERIALITY THRESHOLD		
Materiality	Threshold	Maximum score
Negative impact	7 or higher	12
Positive impact	5 or higher	8
Financial	3 or higher	5

Overview of material topics

While aiming to include topics where our impact is material, we also recognise that too many topics would result in a loss of focus, potentially affecting the strategy execution.

A dialogue with senior leadership and topic experts helped develop a view of the material matters. As all material topics are applicable in the short term, there is no distinction between current and anticipated effects on of our material topics’ impacts, risks and opportunities on our business model, value chain, strategy, and decision-making.

Given our business model operates on the basis of the energy transition, we have a built in resilience in our business model and strategy with regards to our capacity to address our material impacts, risks, and opportunities.

We currently estimate that there is no significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements due to the current financial effects of our material topics’ risks and opportunities.

Material topic	Value chain	Rationale of impact	Rationale: Risk (R) or Opportunity (O)	Impact or financial materiality	Timeframe
E1 Climate change mitigation: GHG emissions	<div><div></div><div></div><div></div></div>	Upstream and own operations – As a capital goods company, we use a variety of energy intensive materials and components in our solutions and sources these globally Downstream - Additional emissions result from electrical efficiency losses during the lifetime use of our products	Upstream – (R) Suppliers unable to reduce GHG emissions which influences our overall emissions Downstream – (R) Governments limit action in decarbonising electricity grids, keeping emissions from efficiency losses higher Own operations – (O) Decarbonisation is a key revenue driver of all our business lines; a greater harmonised push for decarbonisation by governments would increase demand for our products	<div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
E1 Energy: Energy mix and consumption	<div><div></div><div></div><div></div></div>	Own operations – Our sites consume a significant amount of energy in our production processes and our buildings, some of which is not yet electrified and therefore not covered by our renewable electricity certificates	Own operations – (R) New regulation which either restricts or raises the cost of using non-renewable energy and is implemented before our full transition to renewables would (temporarily) raise business costs	<div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
S1 Own workers – Working conditions: Collective bargaining coverage, adequate wages, and social dialogue	<div><div></div><div></div><div></div></div>	Own operations – Enabling the right working conditions can positively contribute to employee welfare. The existence of our Collective Labour Agreement (CLA) serves as a solid foundation for working conditions, e.g., on adequate pay, employment contracts, leave and working hours. Own operations – We do not limit ourselves to the standards set by our CLA, and offer a comprehensive remuneration package that goes beyond the agreement, providing employees better pay conditions Own operations – Effective social dialogue improves employee morale, satisfaction, and positive work culture, enhancing overall employee well-being	Own operations – (O) Constructive collective bargaining can enhance employee satisfaction and engagement, potentially reducing turnover and absenteeism, improving productivity, and contributing to a positive company culture, which can positively impact the company's financial performance over the long term Own operations – (R) By not offering a competitive remuneration package we would lose our ability to attract and retain talented employees, which can negatively impact the company's financial performance over time Own operations – (R) Lack of open communication through social dialogue can lead to employee dissatisfaction and disengagement, leading to problems in collaboration, which could result in bad decision making, lower productivity, as well as higher turnover rates	<div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
S1 Own workers – Working conditions: Health & Safety	<div><div></div><div></div><div></div></div>	Own operations – Given the nature of our products and services, our employees work with electrical components that can contain voltages within our production environment, during grid integration or in work on project sites. Health and safety measures are critical to minimise workplace accidents, injuries, and occupational illnesses	Own operations – (R) Health and safety incidents could lead to financial consequences, such as costs associated with workplace accidents, worker compensation claims, legal liabilities, increased insurance premiums, and damage to the company's reputation Own operations – (O) A robust safety record is an opportunity to differentiate in the manufacturing and electrical installation industry, making us the preferred partner for clients and contracts	<div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
S1 Own workers – Equal treatment and opportunities for all: Diversity, equal pay, training & development, violence and harassment	<div><div></div><div></div><div></div></div>	Own operations – A diverse and inclusive work environment brings multiple perspectives which enhance creativity and innovation, and creates a workplace where all employees feel valued, respected, and supported Own operations – Rewarding employees equally for the same work, regardless of gender or background, creates a more just workplace. Doing so positively impacts individuals by increasing their job satisfaction, earning potential, and employability, and reduces safety hazard risk Own operations – Our focus on training and development means employees receive the education and resources to improve their knowledge, abilities, and job performance Own operations – Violence and harassment can lead to a negative work environment, employee stress, decreased productivity, and potential harm to physical / mental health	Own operations – (O) We see diversity as an opportunity to attract and retain the best and brightest talent as it broadens our pool of potential candidates, letting us be the employer of choice in a tight labour market Own operations – (R) As we already have a very diverse workforce (54 nationalities), not addressing diversity properly can make employees feel excluded, increasing the risk of disengagement in the organisation. Own operations – (O) Operating with an environment of equal pay strengthens our organisational culture of trust, transparency and fairness Own operations – (O) Training and development enables our R&D department to be better adapted to the rapidly evolving regulations and technologies of the energy transition Own operations – (R) Violence and harassment not only have a detrimental impact on workplace atmosphere and productivity, but can also result in costs such as legal liabilities, as well as potential damage to our reputation	<div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
S2 Value chain workers – Working conditions: Health & Safety	<div><div></div><div></div><div></div></div>	Upstream – We need to ensure that health and safety standards are high and upheld in our upstream value chain (particularly for our electrical components and the procurement of raw minerals), as processes related to their production have a greater risk to physical health Downstream – We need to ensure that our own product specification is held to a high standard to ensure our own products are built safely so that technical engineers who operate and/or fix our products are safe	Upstream and downstream – (R) Health and safety incidents pose a risk to Alfen regardless of their origin in the value chain. Poor health and safety practices can result in financial risks, including costs associated with workplace accidents, workers' compensation claims, legal liabilities, increased insurance premiums, and potential damage to our reputation	<div><div></div></div>	<div><div></div><div></div><div></div></div>
S2 Value chain workers – Other work-related rights: Forced labour	<div><div></div><div></div><div></div></div>	Upstream – We recognise that not all regions in our global supply chain adhere to human rights and labour standards to the same degree. This is mostly relevant for our non-European suppliers, including tier 2 suppliers involved in the production of raw materials. The negative impact of forced labour on value chain workers is self-evident given the fundamental violation of their human rights	Upstream – (R) Engaging with suppliers who may use forced labour runs clear risks; companies engaging in or tolerating forced labour in their own workforce face financial risks, including legal penalties, reputational damage, and potential disruptions in operations due to protests, strikes, or regulatory interventions	<div><div></div></div>	<div><div></div><div></div><div></div></div>
G1 Business conduct – Corporate culture	<div><div></div><div></div><div></div></div>		Own operations – (R) A strong corporate culture is an essential prerequisite for a sound corporate governance. Without this, we lose our 'license to operate'. Also reflected by other standard setters, such as Commission Corporate Governance. Furthermore, such instances could lead to significant reputational damage	<div><div></div></div>	<div><div></div><div></div><div></div></div>
G1 Business conduct – Protection of whistleblowers	<div><div></div><div></div><div></div></div>		Own operations – (R) The protection of whistle-blowers is an essential prerequisite for a sound corporate governance. Without this, we lose our 'license to operate'. Also reflected by other standard setters, such as Commission Corporate Governance. Furthermore, such instances could lead to significant reputational damage	<div><div></div></div>	<div><div></div><div></div><div></div></div>
G1 Business conduct – corruption and bribery	<div><div></div><div></div><div></div></div>		Own operations – (R) The prevention and detection of corruption and bribery is an essential prerequisite for a sound corporate governance. Alfen has zero tolerance for incidents regarding corruption and bribery. Without this, we lose our 'license to operate'. Also reflected by other standard setters, such as Commission Corporate Governance. Furthermore, such instances could lead to significant reputational damage	<div><div></div></div>	<div><div></div><div></div><div></div></div>
Value chain: Upstream <div><div></div><div></div><div></div></div> Own operations <div><div></div><div></div><div></div></div> Downstream <div><div></div><div></div><div></div></div>			Materiality: Financial <div><div></div><div></div></div> Impact <div><div></div><div></div></div> Time horizon: Short-term <div><div></div><div></div><div></div></div> Medium-term <div><div></div><div></div><div></div></div> Long-term <div><div></div><div></div><div></div></div>		

Sustainability Governance

Board and management’s role and responsibilities with regard to sustainability

Our Supervisory Board provides oversight on sustainability performance and strategy, including consideration of sustainability related impact, risks, and opportunities in major transactions and risk management. We set up specific committees which involve a subset of the Supervisory Board, of which two involve responsibilities related to sustainability. The Audit Committee meets on a more regular basis, and is updated on progress with regards to sustainability, while the HR Committee determines the sustainability-related short- and long-term incentives for the Executive Committee. Further, the Supervisory Board received a walkthrough of our entire 2024 DMA process and subsequently reviewed and endorsed its outcome. Going forward the Supervisory Board will review targets and performance related to our impact, risk and opportunities annually.

Our Executive Committee is responsible for shaping our sustainability strategy, intertwining it with Alfen’s company strategy, as well as monitoring and reviewing our progress. This includes considering impacts, risks, and opportunities of sustainability matters in major transactions as well as risk management. Given the importance of sustainability and its company-wide character, our CEO is the lead responsible within the Executive Committee. Additionally, responsibility for the Alfen Sustainability Program and its Sustainability Initiatives is shared among Executive Committee members and linked to their specific areas of responsibilities portfolios. Each Executive Committee member is responsible for their respective sustainability targets linked to our Sustainability Program and are accountable for achieving these targets. Furthermore, as outlined in the Materiality Assessment process section, the Executive Committee reviews the outcome of the DMA and the associated impacts, risks, opportunities of our material topics and will continue to do so on an annual basis.

The Executive Committee is supported by the Sustainability department, who further develop and execute the strategy and plans. The Sustainability department reports to the CEO and leads our Sustainability Program. While led by the Sustainability department, the efforts to execute our Sustainability Initiatives are undertaken by a multi-disciplinary

group composed of leaders and subject matter experts from across the company, including departments such as Strategy, R&D, Procurement, Operations, Marketing, HR and Finance. Key decisions to progress Sustainability Initiatives are made with the Executive Committee during monthly meetings.

- Responsibilities of the Sustainability department include:
- Implementing the Sustainability Program and its initiatives across the organisation
 - Implementing due diligence on sustainability matters
 - Identifying and monitoring impacts, risks and opportunities of sustainability matters
 - Monitoring progress on action plans, targets, and KPIs of material sustainability matters
 - Identifying sustainability reporting requirements and subsequent preparation of reporting
 - Leading dialogue with key stakeholders (including the works council) and integrating their perspective in our DMA

With this governance structure in place, the Executive Committee can leverage internal sustainability expertise which can be complemented by external expertise if necessary. Additionally, during 2024 both the Executive Committee and Supervisory Board received a CSRD/sustainability training from an external specialist to ensure they possess the skills needed to perform their roles around sustainability governance. Each member is responsible for their personal development by attending relevant meetings and training courses. We believe this set-up ensures the appropriate skills and expertise are available to oversee impacts, risks, and opportunities regarding sustainability matters. Our management believes they are able to fulfil their roles and responsibilities as described above.

For detail on the composition, as well as competencies and skills of the Executive Committee and Supervisory Board, refer to section corporate governance paragraph members of the Executive Committee and members of the Supervisory Board. Currently we do not have direct representation for employees and other workers in our management and supervisory bodies.

Sustainability-related performance in incentive schemes

Alfen has had short- and long-term sustainability-related performance incentives for its Executive Committee members since 2020, as we believe this is core to our business. The HR Committee of the Supervisory Board determines the incentives for the Executive Committee. For 2024, the short-term incentives that are sustainability matter related are based on: (1) CO₂ footprint reduction as share of average FTE which reflects Alfen’s environmental performance over the past year, and (2) the evaluation of the CSRD implementation, as a reflection of the sustainability efforts within Alfen for the year 2024. The latter is based on reaching several milestones during the year, including setting a governance structure, data collection, KPIs and action plans, and the auditors' opinion. The short-term incentives are equal for all Executive Committee members and together make up 23.34% of the total short-term incentives per individual. Climate-related considerations are currently not factored into the remuneration of Supervisory Board members.

For the year under review the long-term non-financial incentives that are sustainability matter related are based on: (1) CO₂ footprint reduction in relation to average FTEs, which is similar to the short-term incentive but measured over a 3 year period and (2) an evaluation of health and safety matters, which reflects the social performance also over a 3 year period. The latter is based on qualitative evaluation criteria complemented by quantitative indicators on health and safety management. The long-term incentives are equal for all Executive Committee members and together make up 23.34% of the total short-term incentives.

While our current metrics bear resemblance to our material sustainability topics (climate change mitigation and health & safety of our own workforce) they are not yet based on the definitions and metrics shown in the Sustainability Statement. For 2025, the HR Committee of the Supervisory Board will consider performance benchmarks in line with the metrics, targets and definitions in accordance with ESRS.

Statement of due diligence

Alfen’s sustainability due diligence process is an ongoing process to identify, prevent, mitigate and account for how we address the actual and potential positive and/or negative impact on the environment

and/or people connected with our business as well as any actual or potential risks and opportunities that arise from sustainability matters, noting that these efforts encompass our entire value chain. This process informs our assessment of our material impacts, risk and opportunities of sustainability matters and may trigger changes in our business model and strategy. For the latter we prioritise based on severity, scope and likelihood of the impact.

For more information on the due diligence processes that we carried out in relation to sustainability topics in 2024, see the sections on stakeholder engagement, materiality assessment process, overview of material topics, Board and management’s role and responsibilities with regard to sustainability, stakeholder dialogue and workers in the value chain. For information on actions identified and/or taken to address negative impacts, see the strategy, governance and action plan paragraphs of each material topic.

Risk management and internal controls over sustainability reporting

The Executive Committee is informed on sustainability matters on a monthly basis, while the Supervisory Board is informed at least on a bi-annual basis. Our sustainability reporting is exposed to risk of material misstatement due to human error, incomplete data, or fraud. In response to these risk Alfen has implemented several internal processes to ensure that all relevant information is captured and accurately represented in our sustainability statements.

Internal control processes: Sustainability information is collected from various departments in our organisation, mainly by Finance, Sustainability, and HR. Internal control processes are in place and executed by our Finance department.

Risk identification and assessment: In 2024, we performed our first DMA process according to ESRS. We choose to integrate the identified risks within our general risk management process described in the risk management section of this annual report (p.54).

Alignment with financial reporting: To ensure consistency and coherence, our sustainability data is aligned with our financial reporting, where appropriate. Our environmental data is based on products delivered and monetary amounts that are derived from the same source as our financial reporting.

The majority of the social data is based on the payroll systems which are identical to the ones used in the financial statements.

Systems: Currently, our data collection processes are a mix of data management platforms (e.g., Alfen data management system and Smart Trackers) and manual processes (e.g. meter readings). We have implemented several automations within our own data management systems for CSRD purposes during the last year. Next year, Alfen will investigate a platform to further automate our data collection, especially to cope with increasing primary data from our value chain. This system should support management of our sustainability performance in the coming years, and we therefore recognise that this will take some time to embed.

As this is the first year reporting according to the ESRS, including a limited assurance of an independent auditor, we have set-up a multidisciplinary team to ensure compliance. The team, led by our Strategy director, was composed of leaders from Finance, HR, and Strategy with support of subject experts throughout the organisation. In the coming year we will ensure this knowledge is embedded in the Sustainability department and dedicated teams within HR and Finance.

We will set-up a progress report on all material sustainability matters which will be shared with the Executive Committee as part of the monthly update from the Sustainability department. We will also continuously improve our sustainability data and therefore expanded our Sustainability team during the second half year of 2024. Additionally, Alfen will investigate the possibilities to further automate data generation to increase efficiency and reduce risks of errors. Next, we aim to improve our DMA process to further reflect stakeholder interest as well as risk to our business model and strategy. The latter will be consolidated with our annual risk management process.



Environmental information

Introduction

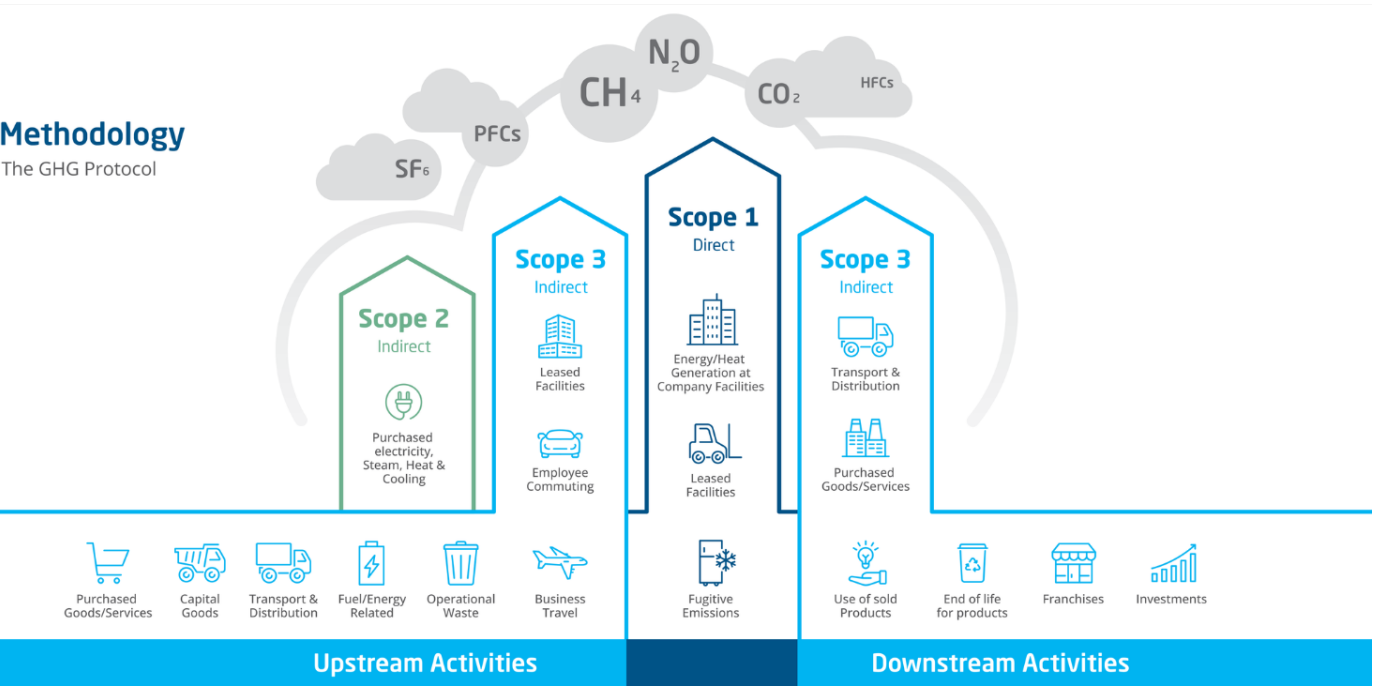
Climate change represents one of the most pressing challenges of our time, requiring global efforts to transition towards a carbon-neutral society.

The impact of climate change can already be felt on a regular basis, and the scope and scale of its consequences are increasing. 2024 was the warmest year on record globally, and the first where the annual global temperatures crossed the +1.5°C pre-industrial threshold enshrined in the 2015 Paris Agreement. In the Netherlands, 2024 was tied for the warmest on record (with 2023), while June 2023 through to May 2024 was the wettest 12-month period on record. Despite the urgency, global CO₂ emissions have not yet peaked, and grew to 41.6GT CO₂eq, 2% above the record levels recorded in 2023 (source: Carbonbrief). Enforcing the Paris Agreement from 2015 to pursue efforts to limit the global temperature rise to 1.5°C and well below 2°C above those recorded in pre-industrial times is thus more needed than ever before.

As a company at the forefront of sustainable energy solutions, we are committed to (and supporting others to) pursuing these efforts. We recognise the critical role the electricity grid plays enabling this green transition to a carbon-neutral economy. The shift to renewable energy sources, the electrification of transportation, and the adoption of energy storage technologies all support decarbonisation. However, we recognise that the shift towards higher adoption rates of these sustainable technologies is not enough on its own, and we need to consider how these products are procured, produced, delivered and operated.

Alfen’s impact on climate change can best be measured through the scale of our GHG emissions. Alfen measured its GHG footprint in accordance with the Greenhouse Gas Protocol standard. In sum, this GHG footprint measures the total GHG emissions caused directly and indirectly by Alfen. The Greenhouse Gas Protocol categorises GHG emissions into three “scopes”.

Scope 1: Total direct emissions (tCO₂eq) from owned/controlled operations (including warehouses, production facilities and offices); includes e.g., the direct consumption of fossil fuels, biogenic-based fuels, and refrigerants (considered as fugitive emissions).



Material topics	Value chain	Impact materiality		Financial materiality	
Climate Change		Positive	Negative	Opportunity	Risk
Climate change mitigation GHG emissions	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Energy Energy consumption and mix	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>
Legend: Value chain <div><div></div> Upstream <div><div></div></div> Own operations <div><div></div></div> Downstream <div><div></div></div> Materiality level <div><div></div> Low below 60% <div><div></div> Medium 60 to 79% <div><div></div> High 80% and above</div></div></div></div>					
Note: Alfen has a materiality threshold of ~60% of the total score, for all categories. Refer to section - metrics of the materiality assessment in the General information for more detail.					

Scope 2: Total indirect emissions (tCO₂eq) from owned/controlled operations associated with the purchase of electricity, steam, heat, or cooling. Scope 2 is reported both on the basis of location-based (using emission factors that reflect the emissions intensity of the national electricity market), and market-based (using the emissions factors of our electricity contracts).

Scope 3: Total indirect emissions (tCO₂eq) from our upstream and downstream value chain. These emissions arise as a result of Alfen’s activities but are from sources that are neither owned nor controlled by the company. Examples are emissions from manufacturers of purchased products and emissions from waste processors.

Material environmental topics and related IROs

Based on our DMA, we have identified two environment-related sustainability topics within ESRS E1 Climate Change: (1) climate change mitigation and (2) energy consumption & mix.

Climate change mitigation

Alfen’s operations have a negative environmental impact through scope 1, 2 and 3 GHG emissions associated with our business activities. As a producer of capital goods, Alfen uses a variety of energy intensive materials and components in its solutions and sources these globally. Further emissions result from electrical efficiency losses when these solutions are operational in the field.

In a scenario where the world achieves net zero by 2050, Alfen must also be on this reduction path.

Consequently, we have already worked hard to mitigate our negative impact, realising an absolute emission reduction of 18% in Scope 1 and 29% in Scope 2 (market based) emissions relative to our 2019 baseline. The reduction so far means we are on track to achieving our global 2030 near-term SBTi targets (see metrics, targets and performance for more details on our SBTi targets). Going forward, our decarbonisation efforts will also be extended to our Scope 3 emissions.

Simultaneously, a scenario in which the world moves along this reduction path presents an opportunity for Alfen, as the need to decarbonise is a key growth driver in all markets where we serve.

Given the nature of our products, further environmental regulation is unlikely to pose a material risk to Alfen. However, should new environmental regulations arise which either raise prices or reduce the ability to use high emissions intensity materials (such as cement) which are part of our products, re-assessments of what materials our products use may be necessary.

Although we have not deemed climate change adaptation a material topic for Alfen, due to disclosure requirements we have combined these two topics further below.

Energy consumption and mix

We consume a significant amount of energy in our production processes and our buildings, and not all of this energy consumption is renewable. Consequently, this non-renewable energy consumption has a direct negative environmental impact.

Reducing this consumption is therefore a key decarbonisation lever to limit our negative environmental impact. For example, our new headquarters has already incorporated >3 MWp of solar panels, reducing demand from the grid.

In addition, the 150+ charge points on our sites help facilitate the clean transport of our employees and visitors. We also see investments in solar energy, combined with substations and batteries, on our production site(s) as a way to showcase our value proposition towards customers and illustrate how to expand production in times of grid congestion.

The main risk we face is that new regulation is implemented that either restricts or raises the cost of using non-renewable energy. However, given our aim to increase our renewable energy consumption share, we deem this risk as relatively negligible.

Strategy, governance and action plans

Our strategy and business model are compatible with the transition to a sustainable economy and the limiting of global warming to 1.5 °C in line with the Paris Agreement and the objective of achieving net zero by 2050. We have validated SBTi mid- and long-term targets and participate with the UN Global Compact programme to demonstrate our commitment to all stakeholders. To ensure that the climate related policy objectives and targets we have set will be met, we have (1) developed a transition plan that sets out our climate change mitigation and adaptation actions (2) conducted a business resilience analysis to further understand the impacts, risks and opportunities as identified in our DMA and (3) put in a place an environmental management system to manage these impacts, risks, and opportunities related to climate change mitigation and adaptation. We believe the urgency of climate change necessitates a combined strategy, and hence have developed a strategy, governance, and action plans that collectively address both material topics.

Transition plan

Our transition plan – approved by our Executive Committee – explains how our planned decarbonisation levers will be used to ensure that our SBTi targets will be met. The transition plan will be implemented by our Sustainability department and a multi-disciplinary group depending on the specific lever. These levers are our climate change mitigation and adaptation actions, and detail the key actions taken and planned to achieve climate-related policy objectives and targets. They take our whole value chain and all geographies into consideration. We have considered a climate scenario compatible with

limiting global warming to 1.5°C to conceive these levers. Our five decarbonisation levers are listed below ranked from highest to lowest impact and are detailed further in the transition plan. We will further quantify these levers in 2025.

- 1. Improve energy efficiency in product use phase
- 2. Decarbonise purchased components and goods
- 3. Reduce our own fossil fuel energy consumption
- 4. Reduce packaging and waste
- 5. Improve logistics and decarbonise transport

1. Improve energy efficiency in products use phase:

We will identify and take measures, where feasible, to improve the energy efficiency of our products during their use phase. We expect efficiency improvements in our SGS business line to mostly be driven by EU regulations (Tier 2 Eco Design 2019/1783). Energy efficiency measures could for example consist of adopting new materials/ technologies that reduce resistance (and thus energy loss).

2. Decarbonise purchased components and goods:

We will step-by-step reduce our environmental impact from our own purchases by adopting alternative materials with a smaller environmental footprint (e.g., lower carbon intensity). Examples of such materials include green concrete, green steel, or virgin-free rare earth batteries. To do so, we will introduce Product Life Cycle Assessments for our products, which give insight into GHG emission “hot spots” and opportunities for reduction. In addition, we will incorporate a mandatory focus on GHG emissions and circularity during the design phase of products, as well as include sustainability as a selection criterion during the procurement of goods and materials, as well as capital goods used for production. The timeline for when these materials will be adopted is subject to customer demand, regulatory requirements, technical feasibility, and cost. We should note that as a proportion of the total scope 3 emissions associated with our products, relatively little is “locked-in”. This is because the majority of our emissions are associated with using our products, and the emissions intensity are tied to electricity consumption, whose emissions intensity can decline over time as electricity grids introduce more renewables.

3. Reduce our own fossil fuel energy consumption:

With the PV installation at our new headquarters, we can become more self-sufficient by using our own renewable energy production for all our activities in Almere. Additional investments at our existing locations to replace gas heating with electric heating will further decrease our consumption of fossil fuels.

4. Reduce packaging and waste: We are in ongoing conversations with our suppliers to assess where and when we can decrease packaging materials without compromising the quality of goods and components. In addition, we have tightened the use of non- or difficult recyclable packaging materials as part of our environmental policy requirements.

5. Improve logistics and decarbonise transport: We will work with our transport partners (both on land and sea) to adopt more sustainable and lower carbon footprint transport modes. Examples could include vehicle electrification, increased biofuel adoption, and alternative transport modes adoption (e.g., truck vs flight). In addition, improved planning and stock control will reduce ad-hoc orders requiring urgent delivery (typically more energy intense).

Business Resilience Analysis

We conducted a business resilience analysis for our whole business to further understand and manage the impacts, risks and opportunities as identified in our DMA. We differentiate between physical risks and transitional risks.

We define physical risk as the potential for physical damage and disruption of business activity due to climate hazards. In 2023 we analysed the vulnerability of each of our six production locations across the Netherlands and Finland. We used four different Representative Concentration Pathways (scenarios) ranging from RCP 2.6 until RCP 8.5, acknowledging the wide uncertainty in climate trajectories. We looked at a wide range of climate hazards, both chronic (e.g., changing temperature, heat stress, sea level rise, water stress, soil degradation) and acute (e.g., wildfire, heatwave, heavy precipitation, storm). Our granularity has always been at least 0.7° x 0.7°, and in some instances even 100m x 100m. The maximum period of 30 years specified in the EU Taxonomy was used as our observation period.

Type	Time horizon ¹	Risk and/or opportunity	Business impact	Value chain impact	Mitigation response
Transitional	Short, medium and long-term	Changes in policy related to energy transition	In the maturing energy transition markets such as EV charging equipment and energy storage, policy change can have a significant impact on market demand (positively and negatively)	Upstream and downstream	Maintain diversified product portfolio across multiple geographies to be more resilient
Physical	Long-term	Impact of acute and chronic climate hazards	Potentially significant impact on our production (locations) in Almere (the Netherlands) in high-emission scenario if no additional climate change adaptation measures are taken by the government	Direct impact on Alfen people and production process	Regularly assess our risk exposure to climate events (especially how this trends over time) and governmental actions taken to mitigate coastal flood risk. Relocate if necessary (possible over 30-year timeframe).

¹ Please see Applied Time Horizons in the General Statement for definitions

We found that our Finnish locations do not face ‘red flag’ physical climate risks, while the Dutch locations face a high risk long-term in high emissions scenarios related to coastal flooding. We believe this risk is acceptable for now as we are situated in a densely populated area where the government is likely to continue to invest in climate change adaptation measures. In addition, the risk is related to a high-emission scenario and the long-term (30 years from now). Nevertheless, we will continue to monitor this risk closely. We have not yet estimated any financial effects of this risk.

We define transitional risk as the potential for business impact due to the transition away from GHG-emitting activities, which can be driven by changes in policy & legal, technology, market and reputation. We assume that a transition to a lower-carbon and resilient economy will lead to an energy mix with an increasing share of renewables, as well as more focus on energy efficiency and consumption, and technological deployment of energy management systems. We assume it will not change macroeconomic trends materially.

From a policy and legal perspective, we are influenced by policy that stimulates the energy transition; for instance, in recent years we have seen fluctuations in the level of EV subsidies having an impact on our EV charge point market. Across technology, market and reputation developments, we do not see risks and business impact as our full product portfolio is targeting a transition to net-zero. In this analysis, we considered a scenario consistent with the Paris Agreement and limiting climate change to 1.5°C. For this analysis, our mitigation actions from the Transition plan do not have an impact, because those focus on lowering carbon emissions in our specific value chain rather than the risk of policy changes and overall climate change. We have not identified assets and business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy, which is also shown by our high share of aligned revenue with the EU Taxonomy. We therefore also do not see our business facing any issue adjusting its strategy and business model due to further climate change. Overall, we see higher uncertainty in our transitional risk, as the breadth of potential policy direction is substantial.

Environmental Management Policy Statement

Alfen manages its material impacts, risks and opportunities related to climate change mitigation and adaptation through a continuous improvement approach to reducing energy consumption and greenhouse gas emissions. This ambition is stated in Alfen's Environmental Management Policy Statement. The Sustainability department is responsible for implementing the Environmental Management Policy, which covers all of Alfen's value chain emissions. This statement is publicly available online to ensure all our stakeholders can access it.

The Environmental Management Policy Statement is part of the Alfen Integrated Management System (AIM) which includes processes that meet the requirements of the two environmental management standards Alfen has adopted: (1) ISO 14001:2015 with CO₂ reduction for environmental management and (2) ISO 50001:2018 for energy management. Both standards are applicable for all Alfen entities except Alfen Elkamo, which has its own management system and certification. The embedded policies in AIM cover:

Climate change mitigation: Alfen adopted the ISO 14001:2015 Environmental Management standard with annex 2 CO₂ reduction management to enable the CO₂ reductions needed to achieve our SBTi approved targets. The Alfen Integrated Management System that includes these ISO 14001 requirements provides a structured way to minimise and mitigate Alfen’s impact on climate change and the broader the environment, and is detailed further in the transition plan. We also participate with UN Global Compact, as well as MVO Netherlands to demonstrate our commitment towards a sustainable future.

Energy efficiency: Alfen adopted the ISO 50001:2018 Energy Management standard to ensure a structured way of addressing energy efficiency in our production processes with clear reduction targets.

Renewable energy deployment: Alfen prides itself on using 100% renewable electricity contracts. In addition, we are taking initiatives at our existing locations to replace gas heating with electric heating.

Our aim is to be fully self-sufficient in electricity through our own PV installation in combination with our energy storage system(s).

To date, measures to reduce our emissions as a result of these embedded policies in AIM include:

- Improving building energy efficiency
- Increasing the use of self-generated renewable energy (e.g. 6,000+ solar panel installation and 150+ BEV charge points on all sites)
- Electrifying our building climate systems
- Investing in a new and modern BREAAAM certified headquarters
- Electrifying our company fleet (and equipment)

In our 2025 budget, we have planned approximately €0.7 million of CAPEX for this transition plan. Key items are a battery energy storage system for our production site, heater replacements and increased insulation in one factory. We budgeted approximately €1.3 million of OPEX (excluding labour costs), which includes our company EVs. In 2025 we will further detail the allocation of (financial) resources to the transition plan. All our identified current and future financial resources allocated to this action plan are not contingent on any specific preconditions.

Climate change adaptation and mitigation – GHG emissions: metrics, targets and performance

Metrics and targets:

Alfen set the following GHG emissions reduction targets to manage material climate-related impacts, risks and opportunities, which have been approved by SBTi to be in line with a 1.5°C trajectory.

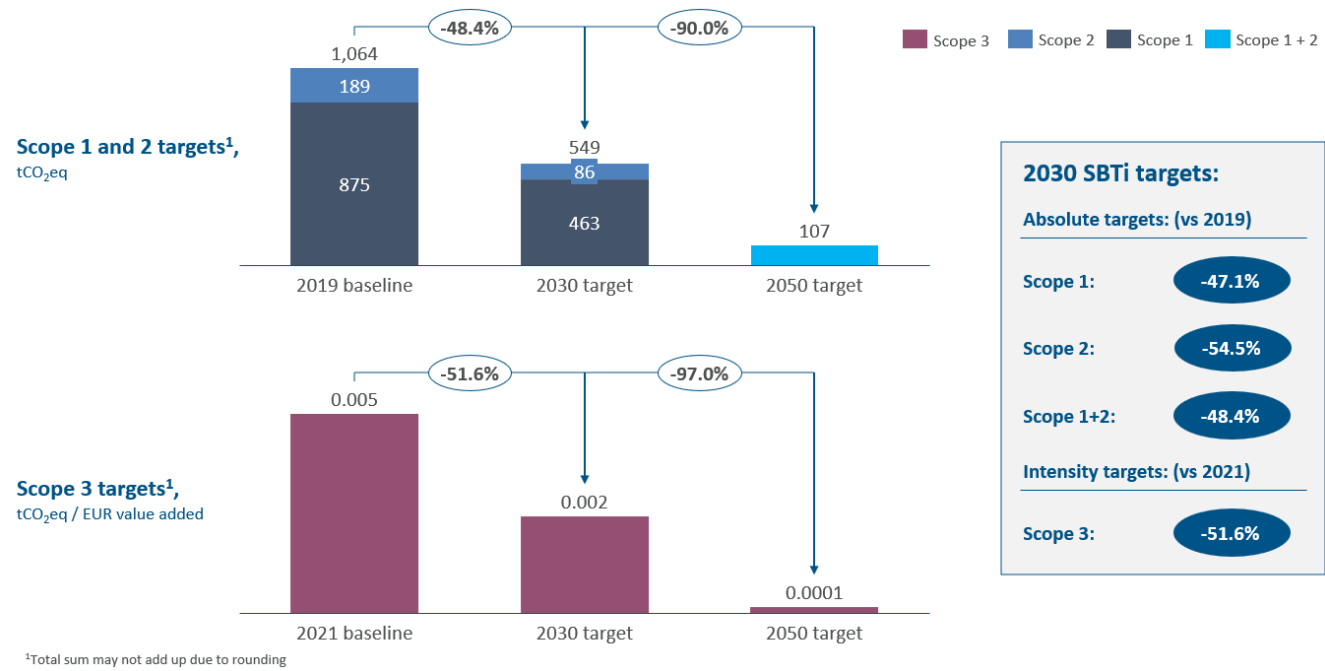
Near-term targets – by 2030 Alfen N.V. commits to:

- Reduce absolute scope 1 and 2 GHG emissions by 48.4% from a 2019 base year.
- Reduce scope 3 GHG emissions by 51.6% per EUR value added from a 2021 base year.
- Source all electricity consumption from renewables through to 2030.

Long-term targets – by 2050 Alfen N.V. commits to:

- Reduce absolute scope 1 and 2 GHG emissions by 90% from a 2019 base year.
- Reduce scope 3 GHG emissions by 97% per EUR value added from a 2021 base year.

In establishing our GHG emissions baseline, the selection of the base year is guided by the availability of historical data and the stability of activities.



For Scope 1 and 2, we selected the year 2019 because this was the first year our Finnish entity Elkamo was included. Because of the impact of the COVID-19 pandemic, we chose to set 2021 as our Scope 3 base year. If future year enhancements in data quality or methodological changes lead to an emission deviation exceeding 5% compared to our current baseline emissions, we will restate our historical emissions in accordance with the Science Based Targets initiative. We will monitor progress on emission reductions and adapt - if necessary - policies and actions accordingly.

The aforementioned targets take the following assumptions into account:

- Alfen's ongoing growth as a company that tailors products to the ongoing energy transition
- Introducing known but not yet implemented legislation (e.g. CRSDDD, battery directive, etc.)
- Government commitments to decarbonise electricity grids in countries where Alfen does business
- Removals and/or carbon credits are not under consideration

Our performance

Going forward, a substantial portion of our climate change mitigation effort will go to reducing our Scope 3 emissions. Around 81% of Alfen’s Scope 3 emissions arise from efficiency losses during the use of our products (see Scope 3 definitions below for more detail). Since these emissions are primarily derived from the electricity consumption from national grids, we expect this figure to decline as more renewables are added to the mix.

Reducing emissions from efficiency losses further will for now prove challenging as EU regulations (through EU Directive Tier 2 Eco Design 2019/1783), set the efficiency standards of our transformers, which incur the majority of our efficiency losses. Only once EU regulators introduce a new Tier 3 (for which there is currently no timeline) do we expect the efficiency of these transformers in the market to improve. Furthermore, we already work with the global battery leader to reduce the battery carbon intensity for our Energy Storage Systems, leaving little scope to reduce carbon intensity by switching to another supplier.

Our efforts in Scope 3 will therefore focus on actions within our sphere of control such as which materials we in-source from our suppliers.

In determining our Scope 3 emissions, we focused our efforts on defining a baseline and our emissions in 2024. Going forward, we will provide annual figures for comparison. Our reporting boundary for Scope 3 emissions extends to the full value chain for all Alfen entities and our subsidiaries (e.g., Alfen Elkamo). As businesses in our value chain are only starting to identify their own emissions intensity, almost all our analysis to date involves secondary information; less than 1% of our total emissions in Scope 3 are derived fully from primary data obtained from suppliers or other value chain partners.

The following table summarises our overall emissions, aggregated into Scopes 1,2 and 3. For reporting consistency, we also include in the table on the next page our baseline and the progress made towards our target. Our figures include, but do not separately disclose biogenic CO₂ emissions. For information on our direct energy consumption, please see the following section “Energy Consumption and Mix”.

Scope 1 and 2 methodology and definitions

As we now measure our full Scope 3 emissions, we have updated the methodology of our 2019 and 2021 Scope 1 and Scope 2 emissions to exclude upstream fuel and energy related activities, which are now separately calculated in Scope 3 category 3. Our SBTi absolute Scope 1 and 2 targets are in line with this updated methodology and have not changed.

Scope 1: Includes fuel consumption of leased cars (both diesel and petrol), natural gas, propane and biofuel consumption. Solar energy production from our own buildings is also included, but it has an emissivity factor of zero. Consumption is derived from meter readings and invoices, while emission factors are provided directly by our energy suppliers, or from emissiefactoren.nl.

Scope 2: Includes electricity consumption (including on-site, public, and private charging from leased cars), and district heating. Consumption is derived from meter readings and invoices, while emission factors are from our energy suppliers, Ember, or emissiefactoren.nl. We extrapolated 2021 and 2023 emissions intensity for district heating based on available figures for 2019 and 2024.

	GHG footprint in tCO ₂ eq ^{1,2,3}	2019	2021	2023	2024	% Δ vs 2024 ¹³	Baseline vs 2030 ¹⁴
Scope 1 ^{4,7}	Gross emissions	875	667	602	714	19 %	(4)%
	Emissions from regulated ETS (%) ⁵	—	—	—	—	—	—
Scope 2 ^{4,7}	Gross market based emissions ⁶	189	110	106	134	26 %	(5)%
	Gross location based emissions	410	498	728	830	—	—
Scope 3 ⁷	1A. Purchased goods and services, product related		37,955		47,604	25 %	(6)% intensity reduction ¹⁵
	1B. Purchased goods and services, non-product related		3,119		6,165	98 %	
	2. Capital goods		770		1,117	45 %	
	3. Fuel and energy related activities		182		234	28 %	
	4. Upstream transport		3,093		4,284	38 %	
	5. Production waste		403		574	42 %	
	6. Business travel		166		292	76 %	
	7. Employee commuting		685		1,124	64 %	
	8. Upstream leased assets		397		1,056	166 %	
	9. Downstream transport		860		1,178	37 %	
	10. Processing of sold products ⁸		—		—	— %	
	11. Use of sold products		336,323		277,268	(18)%	
	12. End-of-life treatment of sold products		294		233	(21)%	
	13. Downstream leased assets ⁹		—		—	— %	
	14. Franchises ⁹		—		—	— %	
	15. Investments ⁹		—		—	— %	
	Total			384,247		341,128	
Total GHG emissions (1+2+3) ^{10,11}	Total emissions, market based		385,024		341,976	(11)%	
	Total emissions, location based		385,412		342,672	(11)%	
	SF6 emissions, in tCO ₂ eq ¹²		3,981		4,316	8 %	

¹The inventory boundary for our GHG footprint is in line with our general disclosure and is calculated according to the Greenhouse Gas Protocol, the GHG Scope 2 guidance: 2015 and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard: 2011.

²As a guide, emission intensity conversion factors for fuel consumption are sourced from emissiefactoren.nl, electricity conversion factors are on a country by country basis and sourced from Ember, and material conversion factors are from Ecolnvent. Alternative sources may be used, either due to a lack of data from these sources, or due to access to better data (e.g., using supplier specific emissions factors). Because most of our emission factors are largely non-company specific, we do not expect any events between the reporting dates and the release of this annual report to have an impact of our emission values.

³All our reported figures include our Elkamo subsidiary

⁴Scope 1 and 2 cover all energy consumption sources reported in ESRS E1-5

⁵Alfen has no installations subject to the regulated Emission Trading Schemes (ETS)

⁶Covered by guarantees of origin or contractual agreements

⁷Biogenic emissions of CO₂ from the combustion or biodegradation of biomass that occur in our upstream value chain are not known; these are covered as part of average lifecycle emission figures

⁸Not in scope for Alfen as our products are sold in a final state, and spare parts can be re-incorporated into our products without the need for additional electricity use

⁹Not in scope for Alfen as we do not have any downstream leased assets, franchises, or investments

¹⁰The total measurement of gross Scope 1, 2, 3 and total GHG emissions has not been validated by an external body other than our assurance provider

¹¹Total sum may not add up due to rounding

¹²SF6 emissions identified in category 11 of scope 3

¹³Comparative for scope 1 and 2 is 2023, for scope 3 this is 2021 (the baseline year)

¹⁴Annual reduction needed to meet 2030 SBTi target vs respective baseline year

¹⁵tCO₂eq/EUR value added

Definitions and methodology of scope 3 categories in scope:

Category 1A: Purchased goods and services, product related

Includes the emissions of all materials procured for our products in 2024. To determine total weight, we consider the following categories where applicable: (1) final products sold, (2) packaging, (3) accessories, and (4) spare parts. Emissions are calculated on the total weights of different materials procured and their respective emission factors. For the emissions factors of PCBs, we have used industry average emission factors for electronics for control units. In 2025 we will seek to seek to determine Alfen specific PCBA emission factors, which may either increase or decrease our total scope 3 emissions. Should this be a substantial change, we will restate our baseline and 2024’s emissions in accordance with SBTi methodology.

Category 1B: Purchased goods and services, non-product related

Includes the emissions from all other goods and services purchased during 2024 which are not directly product related (e.g., insurance, telephony, audit, IT equipment), excluding capital equipment (e.g., machinery). Emissions are calculated on a spend-based method given their overall small emissions impact for Alfen.

Category 2: Capital goods

Includes the emissions from all capital equipment purchased during 2024 which have been identified by product line on the capex section of the balance sheet. Emissions are calculated on a spend-based method given their overall small emissions impact for Alfen.

Category 3: Fuel and energy related activities

Includes the emissions from the extraction, production and transportation of fuels and energy purchased or acquired (known as “well to tank” emissions) that are not already accounted for in scope 1 and/or 2 (known as “tank to wheel” emissions) during 2024. Emissions are calculated on the total volumes purchased of different fuels and their respective emission factors.

Category 4: Upstream transport and distribution

Includes the emissions from transporting materials from our tier 1 suppliers to our Alfen sites in the Netherlands and Finland in 2024. As our data quality is highest for our ESS business line, we have extrapolated this emissions intensity on a per kilo material transported basis to our other business lines (except for the concrete housing of our SGS substations, for which we have additional information and has been calculated separately). Emissions are calculated on total freight ton kilometres travelled per mode of transport and their respective emission factors.

Category 5: Production waste

Includes the emissions from the disposal and treatment of waste generated by Alfen during 2024 in facilities which we do not own or control. Emissions are based on total weights of individual waste streams and their respective emissions factors.

Category 6: Business travel

Includes the emissions from the transportation of employees for business-related activities during 2024 in vehicles not owned or operated by Alfen (and excludes commuting travel). Emissions are based on total distance travelled by each mode and their respective emissions factors.

Category 7: Employee commuting

Includes the emissions from the transportation of employees commuting between their homes and their worksites during 2024 in vehicles not owned or operated by Alfen. Emissions from BEV lease cars are covered in scope 2, while emissions from fossil fuel powered vehicles owned/leased by Alfen are covered in scope 1. Emissions are based on total distance travelled by each mode and their respective emissions factors.

Category 8: Upstream leased assets

Includes the emissions from rental spaces where Alfen does not control the energy supplier contract (assets where we do control this are part of scope 2). Emissions are calculated based on total floor space and industry average emissions intensity per square meter of floor space.

Category 9: Downstream transport and distribution

Includes the emissions from transporting products from our warehouses to our customer locations. Our customer location is defined as the point to which either we or our transport partner delivers the product. Emissions are calculated on total freight ton kilometres travelled per mode of transport and their respective emission factors.

Category 11: Use of sold products

Includes the emissions associated with electrical efficiency losses when using products. For all three business lines, this consists of determining the “stand-by” losses (i.e., when the product is not in use, such as from a monitor), and “efficiency” losses (i.e., when the product is in use, such as resistance losses). Both these losses are calculated over the total expected lifetime of each product. Our emissions calculation considers the current and expected emissions intensity of each country’s electricity grid for which a product has been sold, and therefore uses a location-based emissions approach. As all our products are currently sold in countries where governments are either legally bound to net zero in 2050 or have set net zero 2050 as a stated goal for their electricity grid, we have assumed a linear reduction in electricity grid intensity between 2024 and 2050. Our calculations for category 11 also include estimated leakages of SF6 over the lifetime of our substations from our medium voltage switch equipment. For our Smart Grid Solutions, our lifetime utilisation considers three business cases: residential use (using average Danish household energy use as a proxy), industrial use (using high voltage utilisation as a proxy), and solar parks (using the north western Europe norm of utilisation equivalent to 900 hours per year). The lifetime assumption (40 years) is based on an average of market estimates for the technical longevity of transformers (20 to 60 years). For our EV Charging Equipment, our efficiency loss estimates are based on R&D product tests. The lifetime assumption (10 years) is in line with French government standard assumptions used in developing Product Passports. The lifetime assumption of our Energy Storage Systems (20 years) is a based on our least intensive use case scenario (1 cycle / day).

Category 12: End of life treatment of sold products

Includes the emissions from waste disposal and treatment of products at the end of our products’ lifetimes. Emissions are based on total weights of

individual waste streams and their respective emissions factors.

Energy – Energy consumption and mix: metrics, targets and performance

Our direct energy consumption comes from the combustion of fossil fuels in our lease cars and owned vehicles, electricity consumption from our buildings and battery powered lease cars, and district heating for the heating of some of our buildings.

In 2024, we directly consumed 8,384 MWh, of which 53% was renewable energy (see next page), the same proportion as last year. We also produced 797 MWh of renewable energy through our solar panels, more than double the amount produced in 2023. All new lease car agreements are with BEVs.

Own energy production (MWh)	2024	2023
Renewables	797	386
Fossil fuel	—	—

New electricity demand came primarily from production at our newly opened HQ at Hefbrugweg 79 in Almere, while most growth in natural gas came from heating supplied to Damsluisweg 70, as 2024 was the first full year Alfen operated the premise.

On a MWh / net revenue basis, we consumed 17.2 MWh per million euro of net revenue (based on net revenue of €487.6 million, which is equivalent to our revenue at group level). For this comparison all our emissions are in scope as all our revenue is classified as being in high climate impact sectors (NACE codes C and F). On a tCO₂eq / net revenue basis, whereby we consider scope 1,2, and 3 emissions, using market based emissions this was 701 tCO₂eq per million euro revenue, while using location based emissions this was 703 tCO₂eq per million euro revenue.

As we continue to grow, we expect that our total energy consumption will continue to increase. However, we will work to continue increasing the share of renewables in the energy mix. We are also working to increase the share of self-generated renewable electricity by installing solar panels, which decreases our purchased renewable energy and reduces our overall Scope 2 location based emissions. As a result, we expect overall direct energy consumption emissions to decline.

Energy consumption and mix ^{1,2}	2024	2023
Fossil fuel consumption		
Fuel consumption from coal and coal products (MWh)	—	—
Fuel consumption from crude oil and petroleum products (MWh) ³	2,137	1,919
Fuel consumption from natural gas (MWh)	1,265	918
Fuel consumption from other fossil sources (MWh)	—	—
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	580	464
Total Fossil energy consumption (MWh)	3,981	3,301
Nuclear consumption		
Consumption from nuclear sources (MWh)	—	—
Renewable consumption		
Fuel consumption from renewable sources, including biomass (MWh)	551	549
Consumption of purchased or acquired electricity, heat and cooling from renewable sources (MWh) ^{4,5}	3,183	2,882
Consumption of self-generated non-fuel renewable energy (MWh) ⁶	669	299
Total renewable energy consumption (MWh)	4,403	3,730
Total consumption⁷		
Total energy consumption (MWh)	8,384	7,031
Share of fossil sources in total energy consumption (%)	47 %	47 %
Share of consumption from nuclear sources in total energy consumption (%)	— %	— %
Share of renewable sources in total energy consumption (%)	53 %	53 %

¹ Our energy consumption and mix figures are validated each year by a third party other than our assurance provider; this validation for our 2024 figures will be completed in 2025. Any material changes following this validation will be reflected in a restatement of our figures.

² Full energy consumption numbers for 2024 will be restated as needed in subsequent reports based on final figures

³ We have estimated diesel and petrol consumption data from one of our lease car providers based on average historical consumption in the preceding months of 2024 for the final months of 2024

⁴ For some buildings, we have estimated energy consumption for the final months of 2024 based on their relative share of consumption in those months in previous years

⁵ For some buildings, our final meter readings our still ongoing a second verification

⁶ Some of our measurements for meter readings regarding renewable electricity return to the grid for November and December are still ongoing a second verification

⁷ Total sum may not add up due to rounding



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 grid solutions, energy storage systems, and EV charging equipment. We combine our activities into integrated solutions to address the electricity challenges of our customers. As such, Alfen’s vision is a connected, smart and sustainable energy system for future generations.

In accordance with the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 to establish a framework to facilitate sustainable investment, we applied the reporting requirements for financial year 2024 and disclose our Taxonomy-eligible, Taxonomy-aligned and non-eligible economic activities relating to all environmental objectives.

The EU Taxonomy regulation and the requirements for non-financial undertakings will continue to change. Alfen will keep monitoring the developments to report in line with the requirements.

EU Taxonomy KPI's - Summary	Revenue	CapEx	OpEx
Taxonomy-Eligible and Aligned Activities (%)	99.5%	96.6%	100.0%
Taxonomy-Eligible but not aligned Activities (%)	—%	—%	—%
Taxonomy-Non-Eligible Activities (%)	0.5%	3.4%	—%
Total	100%	100%	100%

The Taxonomy Non-Eligible Revenue stated in the table are solely related to our activities in Belgium concerning the delivery of concrete cabinets, which are used to create a transformer substation for electric power distribution.



Assessment of compliance with Regulation (EU) 2020/852

In preparing this disclosure, the Executive Committee interpreted, integrated and contextualised the EU Taxonomy regulation with the specific activities carried out by the Company in its three business lines: Smart Grid Solutions, EV Charging Equipment and Energy Storage Systems.

The paragraphs below provides a summary of the eligible- and aligned-activities of Alfen. The Taxonomy-aligned activities all make a substantial contribution to the climate change mitigation environmental objective, comply with the “Do No Significant Harm” criteria and the minimum social safeguards.

Minimum Social Safeguards (MSS)

The scope of MSS covers four topics for which we are following a two-dimensional approach to assess compliance. On the one hand, the Executive Committee is convinced that safeguarding MSS starts with setting the right mind-set (‘tone at the top’) and incorporating these ethical business conduct principles in procedures and processes, such as the Code of Conduct and the Supplier of Code of Conduct, to prevent negative impacts (procedural dimension). On the other hand, outcomes are monitored to validate whether our procedures and processes are effective (outcome dimension).

Human rights (incl. labour and consumer rights)

Based on the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles, Alfen implemented policies and procedures for which the six steps in the OECD Guidelines are used as a basis. Human rights policies are included in our Code of Conduct and Supplier Code of Conduct. New suppliers are screened via our KYC and KYS procedures. For existing suppliers, we perform audits using a risk based approach. In 2024, we performed a supplier audit on our battery supplier. In case suspicion is raised with regards to potential adverse human rights impacts, we actively investigate and remedy this.

In financial year 2024, no violations of labour laws and human rights have been raised nor did we have any court cases in this respect.

Corruption and bribery

Corruption and bribery policies are incorporated in the Code of Conduct and the Supplier of Code of Conduct. Furthermore, internal training, by means of e-learnings (mandatory on an annual basis for all internal employees with an Alfen e-mail address) and physical courses, is used to further enhance awareness and compliance with these policies. For further information, we refer to the corruption and bribery paragraph in the Governance section of the Sustainability Statement.

In financial year 2024, no violations regarding corruption and bribery have been raised nor did we have any court cases in this respect.

Taxation

Alfen regards taxation as part of its social responsibility and follows the principle of responsible tax practices, which are further explained under paragraph Tax practices within the Corporate Governance section of the Annual Report.

In financial year 2024, no violations of tax laws have been raised nor did we have any court cases in this respect.

Fair competition

Alfen is carrying out activities in a manner consistent with all applicable competition law and regulations taking into account the competition laws of the jurisdictions in which our activities might have anticompetitive effects.

In financial year 2024, no violations regarding fair competition have been raised nor did we have any court cases in this respect.

Eligibility and Alignment Assessment of our Smart Grid Golutions and EV Charging Equipment business lines

Alfen considers that both its Smart Grid Solutions and EV Charging business line are eligible under economic activity:

Transmission and distribution of electricity

According to the EU Taxonomy regulation this economy activity comprise either:

- The construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system; or
- The construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.

Our Smart Grid Solutions and EV Charging Equipment, being medium and/or low-voltage solutions, are an extension of the grid and allow electricity to be transported on distribution systems. As such we conclude these activities are eligible under activity 4.9 Transmission and distribution of electricity.

Substantial contribution and Do No Significant Harm

Transmission and distribution of electricity

Alfen’s Smart Grid Solutions business line makes a substantial contribution to climate change mitigation as the company delivers its products to customers in Europe for use in the interconnected European system. In addition and in case substations are used by our customers in an off-grid environment the substantial contribution is still met as all our transformers comply with the Tier 2 requirements.

Alfen’s EV Charging Equipment business line supports the electric infrastructure for the electrification of transport, either inside and outside the European Union.

The Do No Significant Harm criteria for both our Smart Grid Solutions and EV Charging business lines are assessed at production site and product level. Project location is not assessed for do no significant harm as the company does not have control of these project locations. The latter always falls under the responsibility of the customer. In addition, the products are considered movable products that, upon discretion of our customers, can be directed to another project location without substantial costs.

Climate change adaption: The Climate Risk and Vulnerability Assessments performed provided insights into the most important identified physical climate risks that are material for the activity; adaptation solutions have been implemented.

Transition to circular economy: Alfen has a waste management plan in place for packaging materials, which is the only material waste the company itself has from its own activities. There is no legal requirement at the moment for Alfen to take back the product at the end-of-life. Noted is that Alfen sometimes refurbishes Smart Grid Solutions at request of customers and the first EV Charging Equipment we have sold has not reached the end-of-life yet.

Pollution prevention and control: Alfen does not use the chemical compound polychlorinated biphenyls (PCBs) in its own process, nor do the components that it purchases from suppliers include PCBs.

Protection and restoration of biodiversity and ecosystems: Alfen has an Environmental Impact Assessment or screening in place for its own locations. In case use of products at a specific customer location requires an Environmental Impact Assessment, this is the responsibility of the customer (as documented in the contracts) and outside the control of Alfen.

Based on the aforementioned elaboration on the individual “Do No Significant Harm” criteria, the Company concludes that the eligible activities related to its Smart Grid Solutions and EV charging business line are also considered Taxonomy-aligned activities.

Eligibility and Alignment Assessment of our Energy storage systems business line

Alfen considers that its Energy Storage Systems business line is eligible under the following economic activity:

Storage of electricity

According to the EU Taxonomy regulation this economic activity comprises of:

- The construction and operation of facilities that store electricity and return it at a later time in the form of electricity.

Our energy storage systems, being either TheBattery Mobile or TheBattery Elements, are directly facilitating the storage of electricity and the possibility to return it at a later time. As such, we conclude these activities are eligible under activity 4.10 Storage of Electricity.

Substantial contribution and Do No Significant Harm

Storage of electricity

Alfen’s activities make substantial contributions to climate change mitigation as the company assembles and delivers energy storage systems.

The Do No Significant Harm criteria is in essence similar to economic activity: 4.9 Transmission and distribution of electricity, except for Water and Marine Resources, which is assessed below and Pollution Prevention and Control, which is not applicable for this economic activity.

Furthermore, we only assessed this activity at production site and product level. Project location level is not assessed as the company does not have control over these project locations. The latter always falls under the responsibility of the customer given that TheBattery Mobile is never installed by the company and are also, together with TheBattery Elements, considered movable products that, upon discretion of our customers, can be directed to another project location.

Climate change adaptation: The Climate Risk and Vulnerability Assessments performed shows that the most important identified physical climate risks that are material for the activity are the same as for economic activity “Transmission and distribution of electricity”.

Sustainable use and protection of water and marine resources: In relation to Water and Marine Resources it is noted that Alfen does not perform any activities around pumped hydro activities.

Transition to circular economy: As already mentioned at economic activity: “Transmission and distribution of electricity”, Alfen has a waste management plan in place.

For batteries, the company is not required to take back the product at the end-of-life, except for those that it imported itself in the European Union. Alfen has the following in place to ensure reuse or recycling:

- The company is connected to / has a license with STiBat, a prominent Foundation within the Netherlands that provides guidelines and solutions, to collect, reuse, maintain, refurbish or recycle batteries and accumulators.
- Alfen is working with a company in the Netherlands certified to collect, reuse, maintain, refurbish or recycle batteries.

Protection and restoration of biodiversity and ecosystems: The Environmental Impact Assessment or screening is performed similar to economic activity: “Transmission and distribution of electricity”.

Based on the aforementioned elaboration on the individual “Do No Significant Harm” criteria, the company concludes that the eligible activities related to its Energy Storage Systems business line are also considered Taxonomy-aligned activities.

Summary of EU Taxonomy related accounting policies and contextual information

KPI related accounting policies

The metrics for taxonomy-aligned economic activities were calculated as follows:

Revenue	Proportion of revenue from eligible and aligned activities (numerator) of total revenue (denominator). Total revenue equals the total revenue in financial year 2024 from continuing operations as disclosed in note 8.
CapEx	Proportion of CapEx relating to assets and/or processes that are associated with Taxonomy-eligible-and-aligned economic activities (numerator) of total CapEx (denominator). Total CapEx equals the additions in financial year 2024 to property, plant and equipment and additions to right-of-use assets as disclosed in note 16 and additions to intangible assets and goodwill as disclosed in note 17. Any depreciation, amortisation, re-measurements, fair value changes and additions for leases that do not lead to the recognition of a right-of-use asset are not part of the CapEx.
OpEx	Proportion of OpEx relating to assets and/or processes that are associated with Taxonomy-eligible-and-aligned economic activities (numerator) of total direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by Alfen or third parties to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets (denominator).

The financial information for calculating the metrics was gathered from Alfen’s accounting system and exclude intercompany transactions.

The economic activities identified currently contribute to one environmental objective being climate change mitigations, but should they contribute to several environmental objectives then the numerator would only take into account the allocation of revenues and expenditures to one environmental objective so that double counting is avoided.

KPI related contextual information

EU Taxonomy Revenue

The breakdown by business line was as follows:

In EUR '000	2024	2023
Smart Grid Solutions	208,290	182,731
EV Charging Equipment	153,331	153,120
Energy Storage Systems	123,697	162,979
Total Taxonomy-aligned revenue	485,318	498,830

The revenues related to Taxonomy-aligned activities pursued for Alfen’s own internal consumption was nil.

EU Taxonomy CapEx

The majority of our CapEx is directly contributing - e.g. new moulds for Smart Grid Solutions - or will be directly contributing in the near future - e.g. capitalised development - to our business lines. However, investments were also made in IT-infrastructure and data security, as well as general staff-related CapEx, which are both labelled as head office costs and are therefore not directly contributing to one of our three business lines. Hence, these are not considered eligible and aligned.

The breakdown by type of CapEx was as follows:

In EUR '000	2024	2023
Additions to property, plant and equipment - owned	12,659	21,497
Additions to property, plant and equipment - right-of-use assets	29,608	768
Additions to intangible assets and goodwill	10,771	10,707
Total Taxonomy-aligned CapEx	53,038	32,972

EU Taxonomy OpEx

All of our OpEx is directly contributing or will be directly contributing in the near future to our three business lines and are hence considered eligible and aligned.

The breakdown by type of OpEx was as follows:

In EUR '000	2024	2023
Non-capitalised research & development costs	12,283	10,532
Maintenance and repair costs	874	908
Costs related to day-to-day servicing of assets	778	553
Total Taxonomy-aligned Opex	13,935	11,993

The expenditures relating to the day-to-day servicing of assets solely relate to cleaning costs.

EU Taxonomy KPI disclosure tables

The KPI tables included on the next three pages summarise the outcome of Alfen’s assessment of its revenue, capital expenditure (CapEx) and operating expenditure (OpEx). None of the capital and operating expenditures relate to a so-called CapEx plan for allowing Taxonomy-eligible economic activities to become Taxonomy-aligned.

The company does not have any issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities.

EU Taxonomy Revenue

In EUR '000				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (Does Not Significant Harm)						Minimum safeguards (17)	Taxonomy -aligned proportion of turnover, year N-1 (18)	Category (enabling activity or) (19)	Category '(trans- itional activity)' (20)
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover, Year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio- diversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Bio- diversity (16)				
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Smart grid solutions	4.9 - Transmission and distribution of electricity	208,290	42.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	36.2%	E	
EV charging equipment	4.9 - Transmission and distribution of electricity	153,331	31.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	30.4%	E	
Energy storage systems	4.10 - Storage of electricity	123,697	25.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	32.3%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		485,318	99.5%	99.5%	—%	—%	—%	—%	—%								98.9%		
Of which enabling		485,318	99.5%	99.5%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	98.9%	E	
Of which transitional		—	—%	—%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	—%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		—	—%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Total (A.1 + A.2)		485,318	99.5%	99.5%	—%	—%	—%	—%	—%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		2,325	0.5%																
Total (A + B)		487,643	100%																

Proportion of turnover/Total turnover		
	Aligned per objective	Eligible per objective
CCM	99.5 %	99.5 %
CCA	— %	— %
WTR	— %	— %
CE	— %	— %
PPC	— %	— %
BIO	— %	— %

EU Taxonomy CapEx

In EUR '000				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (Does Not Significant Harm)						Minimum safeguards (17)	Taxonomy -aligned proportion of CapEx, year N-1 (18)	Category (enabling activity or) (19)	Category '(trans- itional activity)' (20)
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio- diversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Bio- diversity (16)				
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Smart grid solutions	4.9 - Transmission and distribution of electricity	35,449	64.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	20.5%	E	
EV charging equipment	4.9 - Transmission and distribution of electricity	12,469	22.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	28.0%	E	
Energy storage systems	4.10 - Storage of electricity	4,787	8.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	38.1%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		52,705	96.6%	96.6%	—%	—%	—%	—%	—%								86.6%		
Of which enabling		52,705	96.6%	96.6%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	86.6%	E	
Of which transitional		—	—%	—%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	—%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		—	—%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Total (A.1 + A.2)		52,705	96.6%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		1,882	3.4%																
Total (A + B)		54,587	100%																

Proportion of CAPEX/Total CAPEX		
	Aligned per objective	Eligible per objective
CCM	96.6 %	96.6 %
CCA	— %	— %
WTR	— %	— %
CE	— %	— %
PPC	— %	— %
BIO	— %	— %

EU Taxonomy OpEx

In EUR '000				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (Does Not Significant Harm)						Minimum safeguards (17)	Taxonomy -aligned proportion of OpEx, year N-1 (18)	Category (enabling activity or) (19)	Category '(trans- itional activity)' (20)
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Bio- diversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Bio- diversity (16)				
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Smart grid solutions	4.9 - Transmission and distribution of electricity	3,157	22.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	20.9%	E	
EV charging equipment	4.9 - Transmission and distribution of electricity	7,211	51.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	54.8%	E	
Energy storage systems	4.10 - Storage of electricity	3,569	25.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	24.3%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		13,937	100.0%	100.0%	—%	—%	—%	—%	—%								100.0%		
Of which enabling		13,937	100.0%	100.0%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	100.0%	E	
Of which transitional		—	—%	—%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	—%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		—	—%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		—	—%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Total (A.1 + A.2)		13,937	100.0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		—	—%																
Total (A + B)		13,937	100%																

Proportion of CAPEX/Total CAPEX		
	Aligned per objective	Eligible per objective
CCM	100.0 %	100.0 %
CCA	— %	— %
WTR	— %	— %
CE	— %	— %
PPC	— %	— %
BIO	— %	— %

Social information

Introduction to social information

We are committed to having a socially sustainable workplace that respects human rights, promotes well being, and values diversity and inclusion— because it is the right thing to do and strengthens our organisation.

By focusing on individual strengths, we foster a culture of inclusion where people collaborate effectively and contrasting perspectives drive us forward. This commitment to inclusion is not just essential for social responsibility—it is fundamental to achieving our strategic goals and building a resilient organisation.

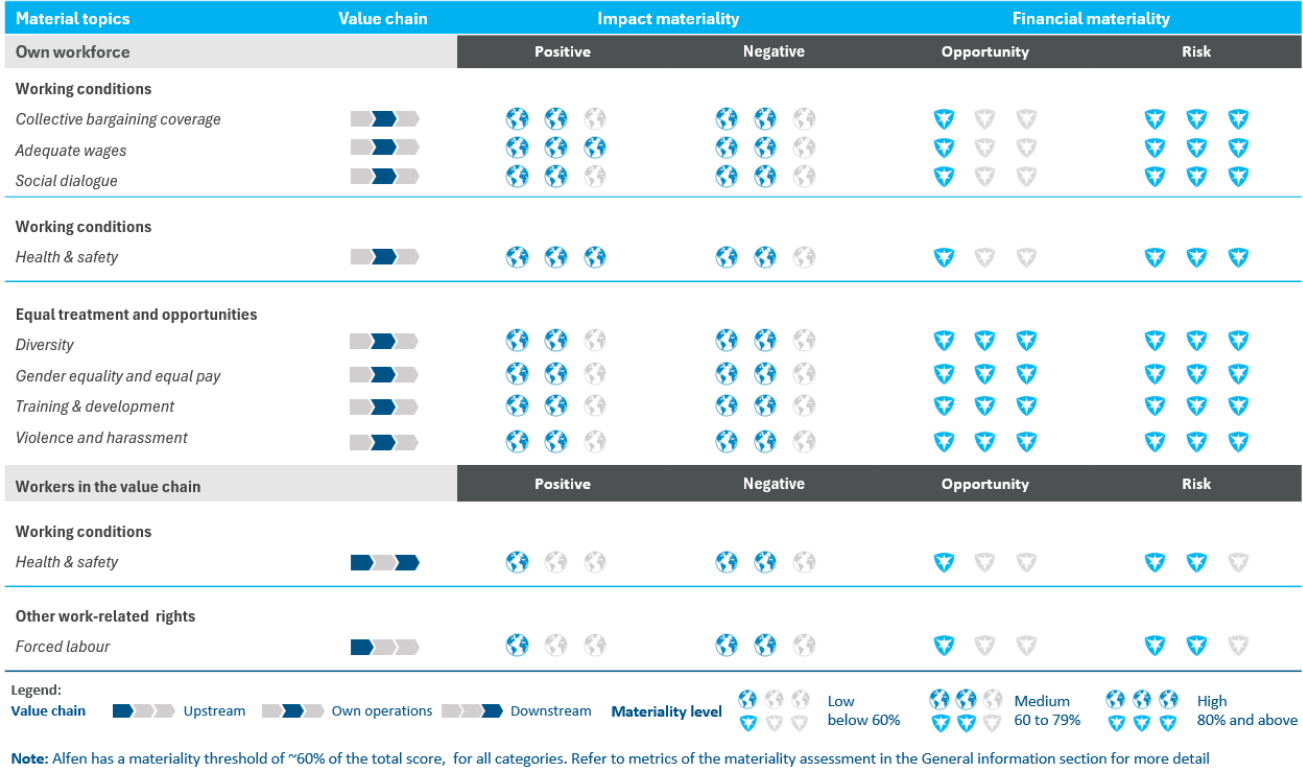
Our Code of Conduct, along with our Supplier Code of Conduct, reflects our dedication to safe, respectful, and equitable working conditions. We expect everyone we work with to uphold these principles.

In 2024, Alfen made the difficult decision to implement an organisational right-sizing effort. As communicated in October, it will reduce our workforce by ~15%. Employees impacted by the re-organisation received notice in November.

However, the majority of implications will become visible during 2025 as the impacted employee contracts will not end before March 2025.

Consequently, the restructuring has a negative impact on headcount and turnover ratio in the coming reporting period. During 2024, we predominantly saw an increase in social dialogue and the first implications in employee turnover from not renewing temporary contracts. We recognise that the second half of 2024 was a tumultuous period for our workforce, including management.

Based on our DMA, we identified several social-related sustainability topics within ESRS S1 Own workforce and ESRS S2 Workers in the value chain as material. First, within ESRS S1 we identified within working conditions collective bargaining coverage, adequate wages and social dialogue as material sub topics. Given the importance of health and safety we also specifically called it out as a separate sub-sub topic. In addition, we identified the equal treatment sub topic as material. Alfen’s own operations do not have significant risk of incidents of forced, compulsory or child labour. Given our business model we do not see significant negative impacts on our own workforce as a result of our own operations or terminating business relationships. In ESRS S2 Workers in the value chain, we specifically identified forced labour and health and safety as material sub-sub topics. The impacts, risks and opportunities of these material topics are highlighted below, followed by a deeper analysis of each material topic in the following section.



Material social topics and related IROs

Own workforce: Working conditions - Collective bargaining coverage and social dialogue

Collective bargaining coverage and general working conditions

We believe that working conditions drive job satisfaction. By setting the right working conditions, we can have a positive impact on our employees, thus improving their morale and well being. Alfen operates in a sector with a Collective Labour Agreement (CLA). Effective collective bargaining leads to fair wages, improved working conditions and better employee benefits, fostering a positive and collaborative relationship between the company and its workforce. For our employees, the existence of a CLA serves as a solid foundation for working conditions by setting minimum requirements on aspects such as adequate pay, employment contracts, leave and working hours. In addition, it forms a basis for a transparent and equitable payment structure.

Constructive collective bargaining can enhance employee satisfaction and engagement, potentially reducing turnover and absenteeism, improving productivity, and contributing to a strong company culture, which can positively impact the company's financial performance long term.

As a company we recognise the importance of the social protection for our employees offered through the CLA. However, there are several risks to take into account from an organisational perspective such as labour cost increases via negotiated wages, risk of work stoppages, and limited flexibility which could negatively impact the financial performance.

Adequate wages

We believe adequate wages are an essential component of working conditions which in total drive job satisfaction. Providing adequate wages fosters financial stability. In turn, it leads to more loyal employees, reduces turnover rates and increases productivity.

An adequate wage should at least enable employees to cover base expenses, such as housing, food, healthcare and education. Inadequate wages can exacerbate financial insecurity, diminish employee

well-being, and limit career growth. We do not limit ourselves to the minimum standards and offer a comprehensive remuneration package that goes beyond the agreement. By offering a competitive compensation and benefits package, Alfen is able to attract and retain talented employees.

Providing adequate wages presents an opportunity to attract top talent. Alfen operates in a market with intense competition for talent, where technical skills are especially scarce. Not offering adequate wages could lead to increased staff turnover and reduced employee morale. These factors can negatively impact operational efficiency, increase recruitment and training costs, and damage the company's reputation, and in turn influence our financial performance. The risk of being seen as an unattractive company to work for would pose a significant risk to our competitive edge and therefore our present and future success.

Social dialogue

Alfen places a strong emphasis on employee engagement. For us social dialogue refers to the communication and cooperation between employers and employees to address various workplace-related issues or opportunities and advice in the event of major company decision (e.g. the announced restructuring). Alfen has essential communications channels like the Works Council, town halls and employee satisfaction surveys to create value for one of Alfen's key stakeholder groups: employees. In essence, it is how Alfen management know what is on employees' minds, and the other way around.

We recognise that an effective social dialogue improves employee morale/satisfaction and creates a positive work culture, enhancing overall employee well-being. Open communications fosters trust while making employees feel valued and involved. It can positively impact collaboration and understanding between management and the workforce, leading to better decision making, higher productivity, as well as lower turnover rates.

On the other hand, poor management of dialogue can pose financial risks due to increased employee turnover, absenteeism, strikes and potential legal issues arising from workplace conflicts, thereby negatively impacting productivity, as well as causing reputational damage and loss of talent. Ultimately it impacts overall business performance.

Own workforce: Working conditions and related rights – Health & safety

Within the sub-topic “Working Conditions”, we singled out the sub-sub topic of “Health and Safety” as it is critical to Alfen. Given the nature of our products and services, our employees work with electrical components that can contain voltages within our production environment, during grid integration or in work on project sites. We are consequently operating in a higher-risk sector when it comes to the health and safety of our employees. Without the right management and measures, it can lead to significant risk, primarily for our employees’ well-being, but also for the organisation as a whole.

Health and safety measures are critical to minimise workplace accidents, injuries, and occupational illnesses. Having such measures can positively impact employees by promoting their physical and mental well-being and reducing absenteeism. Neglecting these measures can lead to a toxic work environment, increasing stress-levels and employee dissatisfaction, and ultimately leading to higher turnover, and increased chances of serious incidents. Additionally, it could lead to financial consequences, such as costs associated with workplace accidents, worker compensation claims, legal liabilities, increased insurance premiums, and damage to the company's reputation.

We aim to create a safe working environment for all employees by adhering to the highest safety standards (and we extend this aim to external workers on our project sites). A robust safety record is an opportunity to differentiate us in the manufacturing and electrical installation industry, making Alfen the preferred partner for customers and suppliers.

Own workforce: Equal treatment and opportunities for all

Within the sub-topic “Equal treatment and opportunities for all”, we identified 4 material sub-sub-topics: (1) diversity, (2) gender equality and equal pay for work of equal value, (3) training and skills development and (4) measures against violence and harassment in the workplace.

Diversity

We are committed to creating a diverse and inclusive work environment where everyone feels valued and respected and believe it is essential to achieving

Alfen's strategy. We recognise that a diverse workforce brings multiple perspectives that enhance creativity and innovation. In turn, this allows us to better understand different customers and complex (technical) challenges within the energy transition, making us more adaptable and resilient.

Given our activities as a manufacturer of electrical equipment, which is typically a male dominated environment, gender diversity is of particular importance to us. Alfen operates in the so-called “Metalektro” sector, where the average percentage of female employees is 16%.

Furthermore, we have a very diverse workforce, currently employing 54 nationalities. Not addressing diversity properly possesses significant risks that are associated with employees that do not feel included. Employees that feel included are more likely to be positively engaged within the organisation. Higher employee engagement drives higher levels of productivity, retention, and our company’s overall success.

Lastly, we see diversity as an opportunity to attract and retain the best and brightest talent as it broadens our pool of potential candidates. We want to be an employer of choice in a tight labour market no matter an employee's background.

Gender equality and equal pay for work of equal value

Over the last few years, we have seen increasing attention to equality in our overall stakeholder landscape. This includes specific regulations to adhere to and report on, e.g., by the Sociaal Economische Raad (SER). Rewarding employees equally for the same work, regardless of gender or background, creates a more just workplace. For Alfen, equal pay reflects our commitment to fair labour practices and supports our diverse and inclusive workplace as reflected upon above. We believe that employees who perceive their compensation as fair are more motivated and engaged. In turn, this leads to higher productivity, lower turnover and its associated costs. In addition, equal pay also strengthens our organisational culture of trust, transparency and fairness.

Attracting (female) talent to our sector is challenging. We believe that gender equality is a prerequisite for attracting more women to our organisation, leading to the benefits as described in the diversity paragraph above.

Training and skills development

Alfen wants to remain at the technology forefront and believes it is only achievable by growing and educating our people. Since we are active in the dynamic and fast changing energy transition, we need to ensure that our workforce is adaptable to new regulations and technologies, especially our R&D department. Hence, we provide education and resources to our employees to improve their knowledge, abilities, and job performance - not only for technical skills and safety requirements but also for social skill development. Doing so positively impacts individuals by increasing their job satisfaction, earning potential and employability, and reducing safety hazard risk, ultimately affecting the company’s financial performance.

We commit to providing training and development resources for all layers of the organisation, in part through our Alfen Academy (for more detail, see Training & Skills Development section). Additionally, we see an increasing role for e-learning, which can be a cost-effective way of learning. Our focus on career and skills development supports our ability to attract and retain talent in a tight labour market. This is particularly true for technical and R&D employees, which are in high demand.

Incidents: Measures against violence and harassment in the workplace

There is no place for violence and harassment in our workplace. If it occurs, it can lead to a negative work environment, employee stress, decreased productivity, and potential harm to physical and mental health. Therefore, we implemented measures against violence to promote a safer and more inclusive work environment, contributing to employee well-being, mental health, and overall job satisfaction.

We focus on communicating clearly our Code of Conduct and making channels to report incidents as accessible as possible.

Workers in the value chain: Working conditions – health and safety

As a business that is connected through a global supply chain with workers all around the world, our purchasing activity impacts workers operating in countries and regions where there is a risk that not all human rights and labour standards are upheld to the same degree. Our products may therefore be sourced

from locations where the health and safety of workers could be at greater risk than should be tolerated.

Low standards or poor enforcement of health and safety for workers in the value chain can have an immediate impact on these workers, should any incidents occur. Given the electrical nature of our products, the potential impact of these incidents could be very serious, which is why we have deemed the topic material.

In addition, such incidents can present a risk for Alfen, as a link with such companies can damage Alfen’s reputation. This is applicable both upstream (customers typically do not want products associated with such incidents), and downstream (customers will not want to purchase products which could potentially injure field technicians). The downstream case is particularly applicable to Alfen, given the nature of our products being operated on with live current. For example, it was critical for us to ensure that the moisture issue in our substations earlier this year did not pose any safety risk to any technicians working on-site.

As we see health and safety as a “license to operate”, and expect that most of our competitors see the same, we do not see much upside potential in this area, as customers will expect this as a bare minimum in our operations.

Workers in the value chain: Other work related rights – forced labour

Certain materials and products purchased within our global supply chain originate from countries and regions with known human rights concerns such as the potential for forced labour. Without sufficient diligence in one’s supply chain, purchases from such countries could therefore either directly or indirectly support such practices.

As with health and safety, purchasing products or materials that involved forced labour can damage Alfen’s reputation, and could result in lost sales if customers decide to purchase products from other suppliers who can guarantee the exclusion of forced labour from their supply chains. Given the potential impact on Alfen, we take any suspected incidents seriously and perform a thorough examination.

Likewise, we also see preventing the use of forced labour as a “license to operate” and do not expect upside potential in this area as our customers will expect this as the bare minimum in our operations.

Processes related to policies, target setting and action plans

Going forward from 2025, at the start of each year, HR leadership will reflect on the performance of social metrics of last year and formulate actions to reach targets set for coming year(s). All targets plus action plans regarding our social impacts for the coming year will be presented to the board, after which the Dutch Works Council will be engaged. On a monthly basis, effectiveness of action plans is tracked through an internal HR report. If necessary, measures can be taken to make sure we are still on track during the year. At the end of the year, the final target realisation will be assessed at that moment in time. Any lessons learned on target setting and reporting will be evaluated and used for next year’s target setting.

Currently, we do not have action plans that require significant financial resources for its implementation.

All internal policies are made available on our intranet which is accessible for our own workforce. When appropriate we publish policies on our website to inform external stakeholders.

Characteristics of own workforce

We define employees as all colleagues who have an employment relationship with Alfen, independent of the country they work in. This includes those with a permanent, temporary and non-guaranteed hours contract, and excludes people who have been hired via a third party such as a temporary recruitment agency. Our employment figures are aligned with those presented in the financial statements of this Annual Report, noting that we report FTEs in our financial statements. In 2024, our total headcount grew by 12%. Due to the restructuring, we will see headcount reductions, as well as an elevated turnover in 2025.

Headcount per contract type and gender, #				2024		2023		
Type	Female	Male	Total	Total %	Female	Male	Total	Total %
Permanent contract	153	701	854	79 %	113	617	730	76 %
Temporary contract	39	190	229	21 %	56	178	234	24 %
Total	192	891	1,083	100 %	169	795	964	100 %

At year-end, we had 1,083 employees, of which 79% had a permanent contract. This is an increase from last year (76%) which is primarily driven by the start-up phase of the restructuring. Hence, temporary contracts were not renewed.

Non-guaranteed hours contracts are in general only used in cases where students are working at Alfen alongside their higher education.

Turnover rate

In 2024 we saw 165 (2023: 178) people leave Alfen, which includes both voluntary and involuntary leavers, equivalent to a turnover rate of 15.3% (2023: 18.4%). This rate is calculated as the total number of employees leaving during the year divided by the total number of employees at year end. While this year's percentage is lower than last year, it is roughly in line with the year before. It is noted that the majority of the restructuring impact will be seen in 2025.

Headcount by country, #		2024		2023	
Country	Number	%	Number	%	
Netherlands	945	87 %	838	87 %	
Other	138	13 %	126	13 %	
Total	1,083	100 %	964	100 %	

Headcount by gender, #		2024		2023	
Gender	Number	%	Number	%	
Female	192	18 %	169	18 %	
Male	891	82 %	795	82 %	
Other	—	— %	—	— %	
Not reported	—	— %	—	— %	
Total	1,083	100 %	964	100 %	

Non-employees by average ¹ FTE, #			2024		2023	
Type	Direct	Indirect	Total	Direct	Indirect	Total
Temporary labour	116	17	133	88	13	101
Self-employed	—	16	16	—	15	15
Total	116	33	149	88	28	116

¹ Average FTE calculated as average of each month's figures; FTE is full time equivalent of 40 hour work week

Non-Employees

Alfen hires two types of non-employees: self-employed contractors and temporary labour (persons contracted via third party engagement in employment activities, typically for short term work). In 2024, we hired a total of 149 non-employees. Around 90% of these non-employees were temporary labour hired through contracting agencies. The increase is roughly in line with our employee increase and mainly attributable to an increase in direct labour of our Smart Grid Solutions business line.

In general, self-employed, non-employees are taken on for short term assignments that require specific knowledge, while temporary labour is mainly used for assembly roles in production that require rapid workforce adjustments. We consider our scope for temporary labour to only include those whose manager is within the Alfen organisation. Additionally, we leverage this flexible group as a talent pool for potential future hires within our organisation.

Own workforce - Working conditions and general working conditions

Working conditions: Strategy, governance and action plans

Collective bargaining agreement and general working conditions

The UN Guiding Principles for Business and Human Rights outline the corporate responsibility to respect human rights. The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights form the basis for what businesses should adhere to and are as such adopted by Alfen. The six steps that are included in the OECD Guidelines are used as our basis.

Additionally, Alfen is bound by local (labour) law and a collective bargaining agreement, which are often stricter than these global guidelines. Our HR department ensures compliance with these laws and regulations that provide security for our employees as it sets minimum requirements on pay, social security, leave, pensions and working hours. In some cases, they are supplemented by specific company policies.

In 2024, 95% of Alfen's employees work in the Netherlands and Finland. In the Netherlands, the Metalektrö CLA applies, and it consists of a standard CLA and a CLA for senior staff. For Alfen Elkamo Oy Ab the Technology Industry Union in Finland applies. If employees outside of the Netherlands or Finland are not covered by a collective bargaining agreement, then it is because there is no bargaining agreement in that country that is applicable to Alfen. Noting that, so far, we only operate in countries with a strong labour law and robust social system.

In June 2024, the employers’ organisation and the trade unions reached an agreement on the 2024/2025 Metalektrö CLA. The core of the agreement is a 9% salary increase which is implemented in three steps. For more detail on the agreement please visit the FNV website. For employees that are not covered by the CLA an inflation correction is made on an annual basis, if there is a reason to do so.

In light of the announced restructuring, in November Alfen reached an agreement with union parties FNV, de Unie, and CNV on a Social Plan for impacted employees who have a Dutch employment contract. For detail on the Social Plan please visit the website of one of the aforementioned union parties.

Adequate wages

In today’s challenging business landscape, ensuring adequate wages and secure employment is a prerequisite for attracting, as well as retaining highly skilled professionals. This is most profound in the tight labour market for technical personnel. Therefore, Alfen goes further by offering salaries that exceed the thresholds prescribed by the CLA.

Meaning, the lowest grade of our salary scales lies significantly above the lowest scale in the CLAs.

Our ability to pay adequately not only influences the upper echelons of our organisation. As a manufacturing company our production workers are essential to our success. Providing these employees with the financial stability leads to increased employee loyalty and productivity, in an environment which typically has higher turnover. In turn, we believe it benefits their well-being.

Currently we do not have a specific policy capturing adequate wages above CLA minimum standards but it is captured in our general practice. For the CLA eligible employees, adequate wages are guaranteed by the prescribed CLA increases. For higher personnel, a separate annual process for salary increase is followed. Alfen annually benchmarks its employee compensation with peers in our sector. Our salary scales are transparent and made available for all employees on our Intranet.

Social dialogue: Engaging with our own workforce

We place strong emphasis on employee engagement, recognising that it is important for management to know what is on employees’ minds and vice versa. While we do not have a specific policy to capture social dialogue we do actively engage with our employees and have multiple channels to facilitate effective communications:

Works Council

Depending on country practice and regulations, active contact is maintained with employee representative bodies such as the Works Council and trade unions regarding important changes and decisions on corporate and social issues. Employees employed in the Netherlands by Alfen N.V., Alfen BV and Alfen ICU BV and temporary personnel of these companies are represented by a Works Council who acts according to the Dutch Works Council Act (Wet op de Ondernemingsraden). The council consist of 10 members.

In Finland the engagement occurs with a union representative that is also part of the workforce. Engagement with the Works Council is done by the CEO, accompanied by the CHRO for the Dutch Works Council, and by the Managing Director in Finland.

In the Netherlands at least 4 meetings are held with employee representatives and the company's end responsible officer to mutually share information, explain decisions and, in certain cases, obtain approval or advice on issues relevant to employees. This includes the specific interests of vulnerable or marginalised groups.

Town hall meetings

On a regular basis, management holds town hall meetings to directly inform employees about relevant developments within the company. Employees from Alfen Elkamo are involved on a monthly basis in town hall meetings in which relevant employee related issues are discussed and where union representatives may be present. During these meetings there is the opportunity to ask questions and engage with the CEO or Executive Committee members or the Managing Director (Finland). This occurs in both Finland as well as in the Netherlands, with the latter providing the opportunity for employees to join online.

Engagement surveys

Period people engagement surveys measure how employees perceive their experience with Alfen. Surveys occur at least once per two years. In this survey there are also specific questions about unwanted behaviour such as violence, harassment and discrimination to make sure everyone’s voice, including those of vulnerable or marginalised groups that may not speak up easily in any other way, is being heard.

Moreover, we have several channels to facilitate communications to our employees such as our intranet, company wide emails and digital monitors in the production facilities for those without a company email address.

Exit surveys

Employees who leave Alfen are asked to complete an exit survey that solicits feedback on work climate, interrelationships and other relevant topics. The feedback of employees that comes in through all these channels is included in the evaluation and improvement of our policies and procedures.

Increasing the social dialogue

During 2024 we increased our employee engagement efforts supported by an internal communications manager and increased internal communications. As a highlight, Alfen started business line specific town halls, held quarterly. During these sessions various topics are discussed such as our strategy, product releases and market developments. Each session has a Q&A opportunity between employees and management.

As part of the restructuring, Alfen set-up various means of communications dedicated to informing our employees in the best possible way, including ongoing email communications, updates on the intranet and several in person (and online) town halls with our CEO, CHRO and Executive Committee members.

We also set-up a dedicated way for employees to submit questions anonymously on an ongoing basis and held multiple Q&A sessions with the opportunity to send questions beforehand.

From a CSRD perspective Alfen included the Works Council as a voice of our employees, by means of validation in the double materiality process. This included our material topics and proposals to address the relating impact, risks, and opportunities.

Our CHRO holds operational responsibility for ensuring employee engagement assisted by our internal communications manager.

Working conditions: Metric, targets and performance

Alfen tracks effectiveness of working conditions and our social dialogue by compliance with applicable labour law and the agreements made with our works council.

Collective bargaining coverage

In 2024, 95% (2023: 94%) of our employees are covered by a collective bargaining agreement. This is calculated using the following metric: dividing the number of employees covered by collective bargaining agreements by the total number of employees. This figure corresponds to all employees who work in either the Netherlands or Finland.

Adequate wages

All of our employees are paid above the minimum wage in their respective countries. In countries where we operate where there is no minimum wage (e.g., Finland), we have used the minimum wage of the Netherlands as a benchmark. This calculation is in line with EU Directive 2022/2041.

Social dialogue

We currently do not have a specific target on social dialogue but will investigate measurements which reflect performance on social dialogue in 2025.

In 2024, 87% (2023: 87%) of our workforce is covered by the Works Council which is equal to the previous year, noting that this outcome is linked to the percentage of employees who work in the Netherlands.

Own workforce - Working conditions - Health and Safety

Health & Safety: Strategy, governance and action plans

Alfen recognises that for the company's success, safe, effective, and efficient execution is essential. Given the nature of our products and services, our employees work with electrical components that can contain voltages within our production environment, during grid integration or in work on project sites. To minimise the chance of an accident Alfen implemented a robust health and safety management system.

Health and Safety Management System

Alfen has an incident management policy, embedded within our Alfen Integrated Management System (AIM) which is certified according to the highest health and safety standards (e.g., ISO 45001:2018). The management system covers all employees (including non-employees), and everyone present on any Alfen site. This policy provides a structured framework to identify, assess, and mitigate occupational risks. It also covers the requirements for additional investigation and management responsibilities, as well as the definition and calculation of the various incident frequency rates. The policy is available to all employees on our intranet, as well as promoted through posters with calls to actions in our production facilities.

To ensure effective implementation, we employ the PDCA (Plan-Do-Check-Act) cycle, enabling systematic monitoring, continuous improvement, and refinement of safety practices. This approach ensures compliance with the Dutch Occupational Health and Safety Act (Arbowet), as well as its Belgian and Finnish equivalents.

Monitoring occurs through regular risk assessments, incident documentation, and proactive measures to address safety challenges. This responsibility lies with our Health & Safety advisors who provide a monthly report with key indicators to the Executive Committee. Additionally, annual evaluations of occupational risks are conducted through the Risk Inventory and Evaluation (RI&E) process, covering all work-related activities and implemented mitigations. The results of these evaluations are translated into a detailed action plan.

Continuing to ensure safety

Our current system, AIM, has been in place since 2020. Hence, actions are embedded in standard practices rather than unique for last year. These include regular risk assessments to identify hazards and determine preventive measures, checklists to evaluate the potential severity and likelihood of injuries, updates to protocols of maintenance work, and routine inspections of equipment and systems with additional testing performed in high-risk situations by trained personnel.

Building a strong safety culture is central to our efforts. Therefore, we supply our employees with the proper tools according to the latest safety standards to carry out their work. Additionally, we actively promote safe behaviours and shared responsibility through regular training, workshops, and emergency response exercises. Activities with the safety organisation (BHV) and collaborations with local fire departments further enhance preparedness and awareness.

As it is nearly impossible to guarantee zero incidents, learning from incidents is a key part of our approach. All workplace accidents and near misses are documented, investigated, and shared across the organisation to drive improvements and prevent recurrence. Awareness is created through our intranet and via screens in our production facilities. This systematic process fosters transparency and accountability while reinforcing our commitment to continuous learning.

Health & Safety: Metric, targets and performance

Lost time injury frequency rate (LTIFR) calculates the number of lost time injuries per million hours worked, while total recordable incident rate (TRIR) includes all recordable injuries (excluding first aid cases) in the calculation, not just those resulting in lost time. The fatality rate (FAR) is the number of fatalities per year. The metrics in the following table cover both employees and non-employees.

Health and Safety performance			
Metrics	Target 2025	2024	2023 ¹
Lost Time Injury Frequency Rate (LTIFR)	1.50	1.68	2.33
Numbers of days lost		10	78
Total Recordable Incident Rate (TRIR)	5.00	6.28	5.12
Recordable work-related incidents		12	11
Number of fatalities (FAR)		—	—

¹ Figures restated due to a calculation error in Annual Report 2023

Own workforce – Equal treatment and opportunities for all

Diversity: Strategy, governance and action plans

At Alfen, diversity and inclusion are more than values — they are critical enablers of our organisational success and central to achieving our strategic ambitions.

A key focus remains addressing our gender imbalance in a male-dominated sector, particularly by increasing the representation of women across all levels, including leadership. Additionally, we are committed to promoting inclusive practices by addressing unconscious bias and fostering an environment where all employees feel valued and included. Cultural diversity is another necessary pillar of the strategy, given our workforce already represents 54 nationalities.

Alfen’s diversity initiatives are applicable—but not limited—to our practices and policies on recruitment and selection, compensation and benefits, professional development and training, promotions, transfers, social and recreational programs, layoffs and terminations. The ongoing development of a

work environment built on the premise of gender and diversity equity encourages and enforces:

- Respectful communications and cooperation between all employees
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity

As articulated in our Diversity and Inclusion Policy, fostering a culture of diversity and inclusion is essential for driving innovation, improving customer understanding, and building resilience in the face of complex challenges. We embrace and encourage our employees’ differences in age, colour, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique. This policy covers both employees and non-employees.

All employees have a responsibility to treat others with dignity and respect at all times and are expected to exhibit conduct that reflects inclusion during work, at work functions, on or off the work site, and at all other company-sponsored and participative events. Therefore, employees that exhibit inappropriate conduct or behaviour are subject to disciplinary action. Employees who feel they have been subjected to any kind of discrimination that conflicts with the company’s diversity policy and initiatives are encouraged to seek assistance from a supervisor or Alfen confidant.

Our HR department, led by the CHRO, ensures implementation of our D&I policy and initiatives. All managers are encouraged to foster inclusivity and contribute to our diversity targets. They are equipped with guidance through our Code of Conduct and leadership training programs.

Increasing the number of female employees

One of our priorities is to increase the number of women in our organisation. We aim to ensure a proportionate split through a dual approach, based on inflow and retention.

- **Inflow of female employees:** During the last year, we refined our recruitment processes to ensure gender neutrality and inclusivity. This

includes creating gender-neutral competence profiles, as well as adapting vacancy texts and labour market communications such as our career website to appeal to female candidates. From 2025 onwards, we require recruitment agencies to present at least two female candidates per role for selected functions. Moreover, selection committees include at least one female employee for selected functions wherever possible, and in cases of equal suitability, preference is given to female candidates for external hiring. In addition, we increased our external presence to attract female talent. First, we increased the visibility of women in our company in recruitment activities and on social media. Female speakers at conferences and events also contribute to our desired image. Second, we intensified the cooperation with schools (ranging from vocational education to universities) to offer interesting insights in our organisation, as well as technology in general. These efforts include promoting Alfen's work at schools, participating in career events, and offering internships as well as graduation assignments.

- **Retention:** The possibility of promoting women to management positions is explicitly discussed and stimulated. In cases of equal suitability, preference is given to female candidates for internal promotions. Visibility of female leadership within the organisation is enhanced through interviews with key leaders six times per year. These stories about female leadership inspire and demonstrate the possibilities for career growth at Alfen.

Other diversity initiatives

To increase awareness of diversity's importance, Alfen conducted culture workshops for senior staff. Additionally, awareness is supported through initiatives such as unconscious bias training for all new employees.

Our company school, named Alfen Academy, supports diverse hiring efforts, emphasising opportunities for candidates from a wide range of backgrounds such as former asylum seekers.

Diversity: Metrics, targets and performance

Company level

Our target for 2025 is to increase the share of women in our organisation by 1% from 17.7% to 18.7%. To do so, we will work to increase the proportion of new hires that are women. In light of the ongoing restructuring, we anticipate a limited employee inflow in 2025, which makes it difficult to be more ambitious.

Headcount by gender		2024		2023	
Gender	Number	%	Number	%	
Female	192	18 %	169	18 %	
Male	891	82 %	795	82 %	
Other	—	— %	—	— %	
Not reported	—	— %	—	— %	
Total	1,083	100 %	964	100 %	

Supervisory Board

The Supervisory Board currently has a 50/50 gender split, consisting of 2 women and 2 men, meeting the diversity quota of at least one-third female and one-third male. We aim to maintain this ratio throughout 2025.

Gender diversity SB		2024		2023	
Gender	Number	%	Number	%	
Female	2	50 %	2	50 %	
Male	2	50 %	2	50 %	
Total	4	100 %	4	100 %	

Executive Committee

The Executive Committee composition has changed this year, with the addition of the CHRO and COO, positions, increasing the total number of roles to 5. Of this, 40% are female, and 60% male. This is an improvement on last year, when only one of the three members was female. We aim to maintain the ratio achieved at the end of 2024 throughout 2025.

Gender diversity ExCom		2024		2023	
Gender	Number	%	Number	%	
Female	2	40 %	1	33 %	
Male	3	60 %	2	67 %	
Total	5	100 %	3	100 %	

Sub-top

In line with the Diversity Act, we defined the sub-top as 1) executives who report directly to the Executive Committee and lead a team (e.g. N-1); and 2) executives that lead a team and whose direct manager reports directly to the Executive Committee (N-2). Only employees above a certain salary scale are included to best reflect our sub-top management.

The sub-top, which is called top management according to the ESRS, grew from 47 to 58 employees this year, largely due to the addition of two roles to the Executive Committee. Of these 58 employees, 19% were female. Our ambition is to raise the share of women in these roles to 20% in 2025.

Gender diversity Sub-top		2024		2023	
Gender	Number	%	Number	%	
Female	11	19 %	10	21 %	
Male	47	81 %	37	79 %	
Total	58	100 %	47	100 %	

Gender equality and equal pay: Strategy, governance and action plans

At Alfen, gender equality and equal pay for work of equal value are central to our commitment to fairness, inclusivity, and transparency. Alfen currently does not have a specific policy on equal pay but equal pay is underpinned by transparent remuneration practices included in the collective bargaining agreement and our employee manual.

Alfen’s strategy to achieve gender equality and ensure equal pay is grounded in transparent and structured pay practices. Our function classification system provides a clear framework, linking roles to predefined salary scales. This results in compensation that is determined objectively based on the responsibilities, requirements, and complexity of each role, regardless of an employee’s gender or background. By embedding fair pay practices within this framework, we not only uphold our commitment to equity but also strengthen our ability to attract and retain female talent in a traditionally male-dominated industry. This supports our broader diversity objectives as described in the diversity section.

The governance of gender equality and equal pay at Alfen is underpinned by compliance with regulatory standards such as those set by the Sociaal-

Economische Raad (SER), and internal ways of working aligned with our function classification and salary scale framework.

Ensuring transparency and pay equity

Alfen is continuously working on initiatives to ensure gender equality and equal pay. In 2024, we further enhanced our system by classifying all roles using a function classification framework, which links job responsibilities to predetermined salary scales, regardless of gender. This ensures consistency and fairness in compensation. In the coming year, we will conduct an internal salary review to evaluate whether compensation practices align with the principles of pay equity, so adjustments can be made to address any identified gaps.

Through the clear connection of salary scales and function profiles, we will make sure that the gender pay gap will be eliminated in the recruitment phase.

Gender equality and equal pay: Metrics, targets and performance

Gender pay gap

The gender pay gap is reported according to ESRS reporting requirements. It is important to note that concepts of pay equality and the gender pay gap address different aspects of workplace compensation. Pay equality focuses on ensuring that men and women in comparable roles within the same job classification and salary scale, as defined by our structured system, receive equal remuneration. Alfen is committed to pay equality at job level, which ensures that women and men doing the same job are paid equally. Therefore, we do not have a target for the gender pay gap as it is not reflective of our ambition. Our own analysis shows that there is no significant gender pay gap for employees performing comparable jobs while performing it for the same number of years.

On the other hand, the gender pay gap represents the disparity in average earnings between male and female employees across Alfen, regardless of the specific roles they occupy. This year our gender pay gap is 8.0%. This is a improvement from 11.2% compared to 2023. We did not see significant differences between countries. To calculate the gender pay gap, we compared the average hourly earnings of male employees to those of female employees, expressed as a percentage of the average hourly pay for male employees. Calculations include

benefits in cash, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments as well as long-term variable equity incentive (e.g. granted performance shares).

This approach reveals pay gaps that often arise when men are disproportionately represented in senior roles. Closing this gap requires achieving balanced representation of women across all levels, particularly in leadership positions. As mentioned in our Diversity section, we actively target the imbalance in the representation of women across our organisation.

Total remuneration ratio

The Alfen internal pay ratio is calculated by dividing the compensation of the highest paid individual (currently the CEO) by the median employee compensation. Employee compensation is constructed according to the same components as the pay gap. In 2024 it was 9.5x (2023: 11.75x) which is not uncommon in organisations like ours. The ratio decreased compared to 2023 as a result of below target compensation for the LTI 2022 and the zero pay-out under the STI 2024 for the highest paid individual. This ratio can vary when STI and LTI incentives of the highest paid individual are met. Alfen does not have a specific target on the internal pay ratio. We note that the internal pay ratio differs from the one published in our remuneration report - internal pay ratio (P.73), due to differences in calculation methods prescribed by ESRS and our governance code. The latter uses the average employee compensation.

Training and skills development: Strategy, governance and action plans

At Alfen, training and skills development are integral to our strategy for fostering a highly skilled, adaptable, and motivated workforce. By providing structured learning opportunities for professional growth, we aim to enhance our employees’ technical, professional, and personal capabilities, supporting both individual growth and organisational success.

Alfen’s training policy is designed to support both mandatory and elective learning needs, ensuring that our employees are equipped with the skills required for their roles and career development. The policy encompasses:

- Functional Mandatory Training: Role-specific training, such as safety certifications, technical

- system training, and continuous education (e.g., for legal and finance roles), is overseen by HR.
- Elective Functional Training: For non-mandatory professional skills like language, Excel, or Lean, registration is initiated by the employee or manager in ADAPT. Group sessions are scheduled when sufficient demand is present.
 - Personal Development: Opportunities such as leadership programs and diversity training are based on interest, team needs, and approval by managers and business partners. Selection is informed by performance, ambitions, mobility, succession, and retention factors.
 - Mandatory Organisation-Wide Training: Compliance and data security awareness are required annually for all employees and delivered through e-learning via our ADAPT platform. Completion rates are tracked and reported to managers and the Executive Committee.

Additionally, the Alfen Academy addresses the scarcity of skilled technical personnel by offering apprenticeships in cooperation with Deltion College. This initiative combines practical training with formal education, ensuring a steady pipeline of skilled workers. The Alfen Academy further strengthens governance by managing technical apprenticeships and maintaining state-of-the-art facilities for training and education, ensuring the continued development of a skilled and competent workforce. This is highlighted by 22 Alfen Academy students who received their diplomas in 2024.

Performance management, detailed in the personnel handbook, emphasises ongoing employee development through structured feedback and goal setting. This cycle includes three formal interactions with our employees each year: a target-setting meeting to establish goals, a mid-year development check-in to review progress, and a year-end appraisal to evaluate outcomes. These discussions guide the creation of Personal Development Plans (PDPs) and help identify high-performing individuals for advanced training and career growth opportunities.

The CHRO is ultimately responsible for the implementation of all training and performance management policies.

Developing our workforce

As we work in a highly innovative industry it is important to monitor and develop the skills of our

staff and to keep them up to date - not only for technical skills and safety requirements (working with electricity) but also for professional and personal skills. In 2025 we will work on a skills matrix, eventually leading to predefined development paths for function groups.

In 2024, we introduced an improved and standardised onboarding program for our new employees. From 2025 onwards, we aim to onboard 100% of our new employees in the Netherlands through this new program. This program consists of a full day of group training and online courses, including Code of Conduct, unconscious bias training and data security awareness courses.

We will deploy an annual cycle from 2025 onwards, whereby every employee needs to complete both the online Code of Conduct and data security awareness courses after which they will get a certificate in ADAPT (our online training and development software tool).

Training and skills development: Metrics, targets and performance

Training and development

E-learning is increasingly being used to prepare employees for the work they do at Alfen. As this form of learning is proving to be successful, we expect to increase the number of training hours (from 29 to 31 per year) per employee in the coming year. In 2024 the average training hours came in at 29 hours per employee. We do not observe a material difference between genders.

As 2024 was the first full year tracking training hours we cannot present meaningful comparative data.

Training hours		2024
Gender	Total training hours ¹	Average training hours per employee
Female	5,045	27.7
Male	24,019	29.4
Total	29,064	29.0

¹ Excludes Elkamo employees

Performance management

We are committed to further refining our performance management approach to ensure these conversations contribute meaningfully to employee's personal development and long-term career growth

within the organisation. For 2025, we aim to increase the percentage of employees that participate in the performance cycle to 88% by promoting participation more actively.

In 2024, 85% of all employees participated in the performance cycle according to the ESRS definition, meaning they had at least one performance conversation. There is no difference between the proportion of men and women who have had performance reviews.

Performance management		2024
Gender	Completed reviews ¹ ,#	% of employees
Female	154	85 %
Male	694	85 %
Total	848	85 %

¹ Excludes Elkamo employees

Violence and harassment: Strategy, governance and action plans

To avoid violence, discrimination and harassment in the workplace, Alfen has made it clear in its Code of Conduct (refer to section code of conduct) and Diversity and Inclusion policy (refer to diversity: strategy governance, and action plans) what it expects from its managers and its workforce.

However, we facilitate grievance mechanisms to report concerns or abuse, should it occur. In such situations employees are encouraged to our contact confidential counsellor or the whistleblower counsellor. For more detail on our whistleblower procedures, refer to section whistleblower policy in the governance section. Instructions on the procedure, and how and where to report are in the Reporting policy. Additionally, it supplies guidance to report abuse via an external hotline. In general, occurrences around violence, discrimination and harassment are reported by the confidential counsellor. This usually starts with an initial conversation with the counsellor to discuss the matter in a non-judgmental way, without the requirement to file a formal complaint. The counsellor provides advice, guidance, and support. If the employee wishes to file a formal compliant the counsellor can assist. All incidents are logged, followed up and reported upon. In more severe instances an investigation into the matter might be necessary which can be initiated by the CEO, CHRO or

the Supervisory Board. In this case an independent research team will be appointed. For smaller offences a (formal) warning is given.

These channels are available for all employees in our workforce (including non-employees) and are extensively covered in our Personnel Manual. Our confidential counsellors also offer support for non-work-related issues.

In 2024, we appointed a second confidential counsellor to make sure that people have a choice in who to turn to.

Additionally, we created a dedicated page on our intranet for both the confidential counsellor and the whistleblower counsellor. For the coming year we will continue to make sure there is regular attention given to our values, our policies and these channels.

Violence and harassment: Metrics, targets and performance

In 2024, 36 consultations were reviewed through our grievance mechanisms which is significantly more compared to the previous year. We see this as a result of our efforts to promote the confidential counsellors. During 2024, 6 of these consultations were related to a form of discrimination, mainly harassment in the form of intimidation (2023: 6). While we have a zero tolerance on all forms of discrimination, as well as other undesirable behaviour, we recognise that we are not immune to such incidents, particularly in our production environment. These consultations have been followed up on with appropriate measures. Our commitment to our values, ethical behaviour and providing a workplace without any form of discrimination remain firm. None of the consultations have led to formal complaints, both through internal and external channels. No severe human right incidents reported.

Our low complaint figures may however also be a sign that people are unaware of the channels to raise their concerns or do not feel comfortable reporting undesirable behaviour. We are therefore working on creating more awareness among employees. In 2025, we will continue to make sure there is regular attention to our values, our policies and these channels.

The number of consultations is the total number of consultations following incidents in the reporting period through the confidential counsellors.

The number of complaints is the total number of complaints filled through internal grievance mechanisms and external bodies in the reporting period. Discrimination includes harassment.

Alfen's grievance mechanisms		
Metrics	2024	2023
Number of consultations confidential counsellors regarding discrimination	6	6
Number of complaints regarding discrimination	—	—
Number of other consultations confidential counsellor	30	12
Number of other complaints	—	—
Total amount of fines, penalties, and compensation for damages related to these incidents and complaints	€—	€—
Total number of severe human rights incidents	—	—
Total amount of fines, penalties, and compensation for damages related to severe human right incidents	€—	€—

Workers in the value chain

Introduction

Our value chain

We believe that workers across the value chain should have access to fair working conditions, equal treatment, and access to other relevant labour rights. Our value chain extends from raw material suppliers with whom we typically don’t have direct relationships (i.e., tier 2+), through to our direct suppliers, our logistics providers (both from our suppliers to our production facilities and onwards to our customers), and finally on to our customers, the end-users and the third party technicians who operate / repair our products. We consider value chain workers as all third-party workers who do not have direct (managerial) oversight by Alfen.

As we are not a vertically integrated business, we are dependent on our partners across the value chain to secure the materials and inputs needed to create our products, and on other partners to help deliver and install these products for our customers and end-users. By having many of our partners based in Europe, we ensure better conditions for many of our value chain workers. However, for those working further abroad or those further up our value chain,

oversight is more challenging and is where potential issues such as safe working conditions or potential forced labour could arise. Should broader external developments such as regional unrest result in a deterioration of working conditions that impact not just our own value chain workers but also alternative suppliers, we may face challenges in securing the materials and inputs needed for our products.

Identified material topics

The impacts, risks, and opportunities vary across our value chain, and can vary both in breadth as well as severity. We identified forced labour in our upstream value chain, and health & safety in both up- and downstream as material topics for Alfen, where materiality has been determined due to the potential negative impact. Our business model is linked to these impacts, risks and opportunities primarily through its focus on securing materials and inputs for batteries. Sourcing raw materials for batteries and battery manufacturing occurs largely outside of Europe, and therefore securing these materials requires working with value chain workers in countries where legislation to ensure rights regarding collective bargaining, adequate wages and social dialogues tend to be weaker than in Europe (particularly countries under EU law).

While we recognise that these material issues can be specific incidents, we treat these topics as potential systematic issues. For example, forced labour is a known ongoing issue in the mining industry in Sub-Saharan Africa, and thus our efforts must focus on ensuring that our value chain systematically avoids using forced labour rather than seeing issues as potential isolated incidents. We recognise links between value chain workers and our own, in particular with regards to safety; if materials and inputs are not safely built to specification by our suppliers, this could also materially impact the safety of our own workers.

Both the use of forced labour and health & safety issues in our value chain have the potential to substantially impact our business model; were we to tolerate such practices we could face substantial financial risks such as legal penalties, reputational damage, and regulatory interventions in our operations.

Consequently, rather than address them as individual topics with suppliers and develop separate strategies, we address these (and other) topics together in our Supplier Code of Conduct policy. This policy is our

overarching approach to mitigating and monitoring material risks related to value chain workers. In our approach and policy, we do not differentiate our understanding of the impacts, risks and opportunities between different demographics.

Mitigating potential impact in the value chain

To mitigate the likelihood of workers across our value chain facing these material topics, we evaluate our suppliers regularly and enhanced our Supplier Risk & Audit Approach. In addition, we operate on a denied party screening basis, whereby each customer and supplier (“trade partners”), whether new, ongoing, or to be re-activated, are screened on a step-by-step basis. Our standard procedure is that each new and to be re-activated trade partner is screened against credit level, possible sanctions CPI Index and more. For existing trade partners, a constant monitoring regular process will be integrated. We use the screening tool “GraydonCreditsafe”, which provides during credit checks automatic screening against a number of global sanction lists and Politically Exposed Persons (PEPs) lists. This way of working will be formalised into a formal procedure in early 2025. As part of our monitoring procedures, for critical suppliers, audits are executed by our Purchasing department, which will happen increasingly in collaboration with our Sustainability department to assess the implementation of our sustainability requirements. Reports are created after each audit and maintained internally.

Engaging with workers in the value chain

We have not yet adopted a general process to structurally engage with workers in the value chain about impacts, set up channels for value chain workers to raise concerns, or incorporate the perspectives of value chain workers into both activities aimed at managing the actual/potential impacts on value chain workers and as well as our broader business model. In addition, we currently do not have targets related to managing the identified negative impacts and risks or to track performance of our suppliers on these topics; in 2025 we will review the feasibility and benefit of doing so. Nonetheless, our current Supplier Code of Conduct has been developed to be in line with the United Nations’ Universal Declaration of Human Rights, guidelines from the Organisation for Economic Co-operation and Development (OECD), and the international working conditions and circumstances as formulated by the International Labour Organisation (ILO), and we

expect that these standards give sufficient consideration to the interests of value chain workers.

Supplier Code of Conduct

Our Supplier Code of Conduct is based on the ‘Ruggie principles’ of the UN, and guidelines from both the OECD and the ILO. It is publicly available on our website.

Our Code sets standards for ethical and fair business conduct and describes how we want to treat people, improve our environment, and conduct our business in cooperation with other parties. It covers human rights, environmental practices, and fair business practices. The purpose of this code is to ensure that Alfen’s sustainability expectations are adequately cascaded down into the whole supply chain. By developing our Code based on guidelines from the UN and the OECD, we ensure the interests of our value chain workers are sufficiently reflected.

As part of the human rights of workers in the value chain, our Code covers anti-discrimination rules, the freedom of association and collective bargaining, labour conditions (including health and safety measures), the use of child labour and modern slavery (including human trafficking and forced labour), and are in line with the applicable ILO standards. In 2024 we did not find any severe human rights issues or incidents or other negative material impacts for workers in our supply chain, according to definitions from the UN Guiding Principles on Business and Human Rights, ILO Declarations on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

This code applies to all companies, individuals or any other business partners who provide their products or services to Alfen, and is therefore applicable to all value chain workers. Every entity that signs this Code is responsible for adhering to it. The enforcement of this Code is led by our Director of Purchasing, whose department manages supplier relationships and conducts audits for critical suppliers.

Actioning issues in the value chain

While we are strongly committed to complying with our Code of Conduct and reducing negative impacts on our value chain workers, we still have scope to improve in building a structured process to manage and take action on any material impacts on our value chain workers.

Currently, we proactively conduct audits, as well as assess any concerns raised by third parties (e.g., media reports), upon which our Purchasing department takes appropriate disciplinary measures if needed. Such disciplinary measures could include commercial leverage such as terminating our relationship with the supplier if no appropriate action is taken. Until now, no supplier relationships have been terminated for this reason, and any other measures have been at the discretion of the Purchasing department. Going forward, we will look at how to systematically identify, address and track the outcome of initiatives designed to address these impacts and risks. Should we consider terminating any relationship in the future, we will also consider whether there are any negative impacts on any value chain workers resulting from the termination, and how that could be mitigated.

Going forward, our approach to addressing the needs of workers in the value chain will also be shaped by the Corporate Sustainability Due Diligence Directive (CSDDD), which will come into force in a few years.

Working conditions and general labour rights: Forced labour

While we take precautions through our Supplier Code of Conduct to prevent any forced labour, we recognise this risk in our upstream value chain. This is mostly relevant for suppliers outside of Europe, and often our tier 2 suppliers who might be involved in the production of raw materials. The negative impact of forced labour on value chain workers is self-evident: forced labour results in the exploitation and abuse of individuals, violating their fundamental human rights, causing physical and psychological harm, and perpetuating social inequality. Although the potential pool of workers enduring forced labour is very small, given the immense impact on these workers we have deemed this topic material. In addition, the risk for Alfen to engage with suppliers who use forced labour is clear; companies engaging in or tolerating forced labour in their own workforce face financial risks, including legal penalties, reputational damage, and potential disruptions in operations due to protests, strikes, or regulatory interventions. We do not see any opportunities here for Alfen as the non-use of forced labour is expected by all market participants.

Other work-related rights: Health & Safety

Due to the nature of our products, health and safety is an important topic both for our downstream and upstream partners. From an upstream perspective, it is important that both the production of our electrical components is managed safely, as well as the procurement of raw minerals. From a downstream perspective, it is important that our own products are built safely so that technical engineers who operate and/or fix our products are safe.

An unsafe and unhealthy environment can impact all our value chain workers in broadly the same way. Should health and safety measures be ignored, value chain workers can be impacted through increased danger to their physical and mental health, along with the potential for increased absenteeism. The risk to Alfen is clear: poor health and safety practices can result in financial risks, including costs associated with workplace accidents, workers' compensation claims, legal liabilities, increased insurance premiums, and potential damage to our reputation. We have deemed this topic material based on its impact; although the risk is clear, we estimate the likelihood of these risks as low. We again do not see any opportunities here for Alfen as we see the enforcement of health and safety measures is expected by all market participants.



Governance information

Introduction to governance information

In an increasingly dynamic and interconnected world, the importance of ethical business conduct has never been greater. For Alfen as a publicly listed company, maintaining high ethical standards is essential not only to meet regulatory requirements but also to build trust with stakeholders, including investors, employees, customers, and the communities in which we operate. In a landscape marked by evolving societal expectations, environmental challenges, and rapid technological advancements, ethical behaviour is a key differentiator that drives long-term value creation.

At Alfen, we recognise that ethical business conduct is the foundation of sustainable growth. It guides our decision-making, strengthens our relationships with stakeholders, and ensures that we operate responsibly in a changing environment. By integrating ethical principles into every aspect of our business, we aim to navigate challenges, seize opportunities, and contribute positively to society and the environment.

Based on our DMA, we identified three governance-related sustainability topics: (1) corporate culture, (2) protection of whistleblowers and (3) corruption and bribery.

For each material topic, the implementation of associated policies is managed by our Compliance Officer.

Regarding our governance policies for corruption or bribery, we did not find any incidents in 2024. These figures have not been validated by an external party other than our assurance provider.

Material governance topics and related IROs

Corporate culture

At Alfen we are convinced that a strong corporate culture is an essential prerequisite for a sound corporate governance. We need this for our 'license to operate'. Corporate culture refers to the values, beliefs, behaviours, and norms within an organisation that shape its overall functioning and decision-making processes.

A good corporate culture cements employees’ confidence in their work and keeps them motivated and inspired to do their best. Additionally, it increases employee attraction and retention. A company with a sound corporate culture in place can bring about ethical and sustainable business practices, improved employee morale, and enhanced reputation. In turn, the absence of corporate culture can lead to a lack of accountability, unethical behaviour, and inadequate response to environmental and social challenges. potentially leading to financial losses and reputational damage caused by non-ethical behaviour. Alfen mitigates these risks through its shared values and our Code of Conduct.

Protection of whistleblowers

Whistleblower protection serves as an essential prerequisite for sound corporate governance as advocated by standard setters such as the Commission Corporate Governance. Having strong whistleblower protection laws in place enables a whistleblower to report illegal activities without fear of retaliation. This encourages other employees to come forward and report wrongdoing, which leads to greater accountability and prevents further harm to the environment and/or public health. Alfen therefore facilitates its own workforce, as well as third parties with the opportunity to raise any 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.

Corruption and bribery

Prevention and detection of corruption and bribery serves as part of the foundation for a sound corporate governance. At Alfen we have a multinational supply chain and inherently we conduct business with countries that are higher on the CPI-index. This causes a potential risk of bribery and corruption incidents.To mitigate the risks of potential bribery and corruption incidents, we have robust and zero-tolerance anti-corruption measures in place, which are outlined in the dedicated section of this report on prevention of corruption and bribery. Furthermore, we create awareness of our policies through our training programs. This not only mitigates legal and reputational risks but also enhances our company's image, attracting ethically minded investors and partners, and potentially opening doors to new markets where ethical business practices are valued. On the other hand, failure to prevent and detect corruption and bribery can result in legal consequences, fines, damage to a company's reputation, and potential operational disruptions, leading to financial losses.

Business conduct – Business ethics and corporate culture

Strategy, governance and action plans

Corporate culture

While the Executive Committee is responsible for enforcing a culture of honesty and ethical behaviour to conduct Alfen’s business in a sustainable matter, this topic should truly resonate and be owned by each individual throughout Alfen.

We are convinced that, aside from the necessity of formalised procedures as explained in the next paragraphs, a culture of honesty and ethical behaviour always starts with setting the right mind-set (‘tone at the top’).

During financial year 2024, Alfen continued to support its culture of honesty and ethical behaviour with its Code of Conduct and Insider Trading policy. Furthermore, we updated and incorporated the latest requirements in our Whistleblower policy.

Business ethics - 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 Executive Committee 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, integrity, and safety. The Code of Conduct includes topics such as acting with integrity, gifts, anti-bribery, corporate social responsibility and health and safety. It can be found on Alfen’s intranet and website.

Given that most of our business operations occur within European countries (which are low on the CPI-index) we only designated department(s) directly operating in the multinational supply chain (i.e. Strategic Purchasing) as ‘at risk functions’.

The Code of Conduct and adherence towards it are integrated into our labour agreements with employees. Furthermore, internal training for our own workforce through e-learnings and physical courses for ‘at risk functions’ (i.e. strategic Purchasing), is used to further enhance awareness and compliance with these policies.

Material topics	Value chain	Impact materiality			Financial materiality	
Business conduct		Positive	Negative	Opportunity	Risk	
Corporate culture	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	
Protection of whistleblowers	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	
Corruption and bribery	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	<div><div></div><div></div><div></div></div>	
<div><div>Legend:</div><div><div>Value chain</div><div><div></div> Upstream</div><div><div></div> Own operations</div><div><div></div> Downstream</div></div><div><div>Materiality level</div><div><div></div> Low below 60%</div><div><div></div> Medium 60 to 79%</div><div><div></div> High 80% and above</div></div></div>						
<div>Note: Alfen has a materiality threshold of ~60% of the total score, for all categories. Refer to section - metrics of the materiality assessment in the General information for more detail.</div>						

The Code of Conduct provides a complaint procedure and a whistleblower policy in case of undesirable behaviour or professional misconduct.

In the financial year 2024, we made the Code of Conduct e-learning (which also covers corruption, bribery and insider trading) mandatory on an annual basis for all employees with an Alfen e-mail address, including our Executive Committee and Supervisory Board. The target group was 970 employees over the course of financial year 2024, with a compliance rate of 77%. To increase the compliance rate in the coming years, we will reassess the timing of the e-learning as the current e-learning was sent out after the announcement of our current right sizing.

For the ‘at risk functions’ the target group is 8 employees with a compliance rate of 100%. We are considering class-room courses for the remainder of the organisation and non-employees, which will include tailoring the training to the factory floor versus desk-based employees without a laptop as an improvement for next year(s).

No violations with the Code of Conduct were reported in the financial year 2024 (2023: no violations were reported).

Business ethics - Whistleblower policy

Alfen employees, as well as third parties 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. The Whistleblower policy is published on Alfen’s intranet and website. Our promise to protect whistleblowers against retaliation is outlined in our Whistleblower policy.

Reporting of such instances by Alfen employees and third parties can be either by designated independent ‘persons of trust’, which are not part of day-to-day (line)-management (for employees only), or in complete anonymity through a prescribed website (for both employees and third parties). Whistleblower cases are handled by an investigation team whose composition is decided by the CEO per individual report. In cases where the report concerns the CEO, the chairman of the Supervisory Board will take over the duties of the CEO. Depending on the nature and severity of the case, disciplinary actions can be taken. The number of reports and the status, if any, are reported quarterly to the Executive Committee and Supervisory Board.

In financial year 2024, we updated our Whistleblower policy and incorporated the latest requirements from both the Dutch and Belgium Whistleblowers Protection Acts.

This policy was approved by our Works Council on September 4, 2024, and subsequently placed as a news flash on our intranet to further increase awareness among our employees.

No violations or irregularities were reported under the former and updated Whistleblower policy in financial year 2024 (2023: no violations or irregularities were reported).

Business ethics - Insider Trading policy

Alfen continues to adhere to its implemented regulations covering security transactions by the members of the Executive Committee 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 intranet and website. We have a zero-tolerance policy on violations of the Insider Trading policy.

Alfen’s Insider Trading policy promotes 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 2024, several questions were asked about the Insider Trading policy and addressed by the Compliance Officer. Furthermore, and as previously described, the insider trading e-learning (part of Code of Conduct e-learning), became mandatory for everyone within Alfen that has an e-mail address, including our Supervisory Board.

No violations or irregularities were reported in financial year 2024 (2023: no violations or irregularities were reported).

Prevention and detection of corruption and bribery

At Alfen we have a multinational supply chain and inherently we conduct business with countries that are higher on the CPI-index. We are committed to conducting our business fairly, transparently and with integrity, while applying the highest ethical and legal standards.

We do not make, offer or authorise bribes or conduct any other form of unethical business practice.

Our corruption and bribery policies are incorporated into the Code of Conduct and the Supplier of Code of Conduct. Any alleged violation of our anti-corruption or anti-bribery rules and procedures can be reported through our Whistleblower process and is subsequently investigated by an independent team. We have a zero-tolerance policy for bribery and corruption incidents.

From a prevention perspective, Alfen does not intend to conduct business with governments and/or municipalities located in high CPI (Corruption Perceptions Index) countries or customers, including their Board Members, that are linked to corruption and bribery violations. This has been embedded in our day-to-day operations via our Know Your Customer (‘KYC’) procedure and related approvals. Furthermore, the possibility and related detective measures related to corruption and bribery are an integral part of our annual fraud risk assessment process.

During the financial year 2024, we made the corruption and bribery e-learning (part of Code of Conduct e-learning) mandatory for everyone within Alfen that has an Alfen e-mail address, including our Executive Committee and Supervisory Board. Please refer to the Business ethics - Code of conduct paragraph for an overview of the training coverage in financial year 2024.

We consider classroom courses (as previously described under in the Business ethics - Code of Conduct paragraph) for the remainder of the organisation, including tailoring of training to the factory floor vs desk-based employees without a laptop as an improvement for next year(s).

No violations or irregularities with the corruption and bribery policies were reported in financial year 2024 (2023: no violations or irregularities were reported). Similarly, no convictions for violation of anti-corruption and anti- bribery laws were reported (2023: no convictions).

Reference table

#	Description	Reference	Page	Comment
ESRS 2: General disclosures				
BP-1	General basis for preparation of sustainability statements	Basis for preparation	19	
BP-2	Disclosures in relation to specific circumstances	Basis for preparation	19	
GOV-1	The role of the administrative, management and supervisory bodies	Board and management’s role and responsibilities with regard to sustainability	25	
GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	Board and management’s role and responsibilities with regard to sustainability	25	
GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability-related performance in incentive schemes	25	
GOV-4	Statement on due diligence	Statement of due diligence	25	
GOV-5	Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting	25	
SBM-1	Strategy, business model and value chain	Our business model and value chain	20	
SBM-2	Interests and views of stakeholders	Our engagement with stakeholders	21	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Interaction business model and sustainability	21	
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Materiality assessment process	22	
IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	Overview of material topics Reference table	24; 51	
MDR-P	Policies adopted to manage material sustainability matters	Transition plan; Environmental information - Strategy, governance and action plans; Working conditions: Strategy, governance and action plans; Health & Safety: Strategy, governance and action plans; Diversity: Strategy, governance and action plans; Gender equality and equal pay: Strategy, governance and action plans; Training and skills development: Strategy, governance and action plans; Violence and harassment: Strategy, governance and action plans; Supplier Code of Conduct; Business conduct – Business ethics and corporate culture	28; 28; 42; 43; 44; 45; 45; 46; 47; 49;	
MDR-A	Actions and resources in relation to material sustainability matters			
MDR-M	Metrics in relation to material sustainability matters		29; 31; 43; 44; 45; 45; 46; 46; 47; 50	
MDR-T	Tracking effectiveness of policies and actions through targets			
ESRS E1: Climate change				
E1-1	Transition plan for climate change mitigation	Transition plan	28	
E1-2	Policies related to climate change mitigation and adaptation	Environmental information - Strategy, governance and action plans	28	
E1-3	Actions and resources in relation to climate change policies	Environmental information - Strategy, governance and action plans	28	
E1-4	Targets related to climate change mitigation and adaptation	Climate change adaptation and mitigation – GHG emissions: Metrics, targets and performance	29	
E1-5	Energy consumption and mix	Energy – Energy consumption and mix: Metrics, targets and performance	31	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Climate change adaptation and mitigation – GHG emissions: Metrics, targets and performance	29	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits			Not a material disclosure requirement
E1-8	Internal carbon pricing			Not a material disclosure requirement
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities			Not a material disclosure requirement

#	Description	Reference	Page	Comment
ESRS S1: Own workforce				
S1-1	Policies related to own workforce	Working conditions: Strategy, governance and action plans; Health & Safety: Strategy, governance and action plans; Diversity: Strategy, governance and action plans; Gender equality and equal pay: Strategy, governance and action plans; Training and skills development: Strategy, governance and action plans; Violence and harassment: Strategy, governance and action plans	42 ; 43 ; 44 ; 45 ; 45 ; 46	
S1-2	Processes for engaging with own workforce and workers’ representatives about impacts	Social dialogue: Engaging with our own workforce; Increasing the social dialogue	43 ; 43	
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Working conditions: Strategy, governance and action plans	42	
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Working conditions: Strategy, governance and action plans; Health & Safety: Strategy, governance and action plans; Diversity: Strategy, governance and action plans; Gender equality and equal pay: Strategy, governance and action plans; Training and skills development: Strategy, governance and action plans; Violence and harassment: Strategy, governance and action plans	42 ; 43 ; 44 ; 45 ; 45 ; 46	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Working conditions: Metric, targets and performance; Health & Safety: Metric, targets and performance; Diversity: Metrics, targets and performance; Gender equality and equal pay: Metrics, targets and performance; Training and skills development: Metrics, targets and performance; Violence and harassment: Metrics, targets and performance	43 ; 44 ; 45 ; 45 ; 46 ; 46	
S1-6	Characteristics of the undertaking’s employees	Characteristics of own workforce	42	
S1-7	Characteristics of non-employees in the undertaking’s own workforce	Characteristics of own workforce	42	
S1-8	Collective bargaining coverage and social dialogue	Collective bargaining agreement and general working conditions	42	
S1-9	Diversity metrics	Diversity: Metrics, targets and performance	45	
S1-10	Adequate wages	Working conditions: Strategy, governance and action plans - Adequate wages Working conditions: Metric targets and performance - Adequate wages	42 ; 43	
S1-11	Social protection			Not a material disclosure requirement
S1-12	Persons with disabilities			Not a material disclosure requirement
S1-13	Training and skills development metrics	Training and skills development: Metrics, targets and performance	46	
S1-14	Health and safety metrics	Health & Safety: Metric, targets and performance	44	
S1-15	Work-life balance metrics			Not a material disclosure requirement
S1-16	Remuneration metrics (pay gap and total remuneration)	Gender equality and equal pay: Metrics, targets and performance	45	
S1-17	Incidents, complaints and severe human rights impacts	Violence and harassment: Metrics, targets and performance	46	
ESRS S2: Workers in the value chain				
S2-1	Policies related to value chain workers	Supplier Code of Conduct	47	
S2-2	Processes for engaging with value chain workers about impacts	Engaging with workers in the value chain	47	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Engaging with workers in the value chain	47	
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Actioning issues in the value chain	47	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Engaging with workers in the value chain	47	
ESRS G1: Business conduct				
G1-1	Business conduct policies and corporate culture	Business conduct – Business ethics and corporate culture	49	
G1-2	Management of relationships with suppliers			Not a material disclosure requirement
G1-3	Prevention and detection of corruption and bribery	Prevention and detection of corruption and bribery	50	
G1-4	Incidents of corruption and bribery	Prevention and detection of corruption and bribery	50	
G1-5	Political influence and lobbying activities			Not a material disclosure requirement
G1-6	Payment practices			Not a material disclosure requirement





Risks and uncertainties

Risks and Uncertainties

Refer to the table below for an overview of risks, our risk appetite, likelihood and potential impact:

Risk category	Risk description	Risk appetite	Likelihood	Impact
Strategic and commercial	Alfen plays in markets with rapid regulatory and innovation developments. The acceleration of the energy transition may be addressed by various solutions. There is no certainty that any of the solution offered by Alfen will prove to be acceptable for addressing these.	Low	Medium	High
	Alfen is active in volatile markets (ACE is a flow business with limited backlog, ESS is dependent on a limited number of larger projects where timing effects are dominant and the nascent market makes it dependent on electricity market redesigns).	Low	High	High
	Competition in the industries and market segments in which Alfen operates may materially adversely affect its technology frontrunner position, its sustainability champion position, market shares, margins and overall profitability.	Low	High	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	Medium	Medium
	Alfen is active in markets that are dependent on governmental incentives with regards to the energy transition. Changes in political ambition could adversely affect or delay revenues, profits and cash flows.	High	High	Medium
Operational	Failure to properly manage customer 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. This risk becomes more imminent in the current global situation with geopolitical tension and climate change initiatives.	Low	Medium	Medium
	Disruptions of Alfen’s information technology systems could have a material adverse effect on its business.	Low	Medium	High
	Alfen’s IT systems’ security including security of our products 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.	Low	Medium	High
	Alfen may not fully comply to laws and regulations across multiple jurisdictions, which are becoming increasingly stringent.	Low	High	High
Sustainability	Alfen is a manufacturing company using a variety of materials and components in it solutions and with a global supply chain. Capital goods are energy-intensive to manufacture across the value chain. If Alfen does not manage to conduct business in a sustainable manner, this may impact the environment as well as our reputation.	Medium	Medium	Medium
	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. Employee turnover and loss of knowledge is a risk in the current situation that Alfen is in.	Medium	High	Medium
	Our production, grid integration and project work on site involve working with electrical- and heavy equipment which carries a risk for occupational health and safety incidents if not done according to the right procedures. Potential health and safety related incidents may harm our employees and reputation.	Low	Low	High

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.

Strategic and commercial risks and uncertainties

Alfen plays in markets with rapid regulatory and innovation developments. Accelerating the energy transition may be addressed by various solutions. There is no certainty that any solution offered by Alfen will prove to be acceptable for addressing it.

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. Due to historic reasons, Alfen has relatively high multi-year consumption of platform specific inventory on stock, which poses a potential risk in a market that is subject to rapid regulatory and innovation developments.

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.

Alfen is active in volatile markets (EVC is a flow business with limited backlog, ESS is dependent on a limited number of larger projects where timing effects are dominant and the nascent market makes it dependent on electricity market redesigns).

The market for electric vehicles is still rapidly developing and is continuously evolving and therefore considered volatile resulting in a flow business with limited backlog. A slower than anticipated increase, or even a decrease, in the sales of EVs in the countries in which Alfen operates could directly lead to a slower than anticipated growth in order intake and revenues in Alfen’s EV Charging business line, which may have a material adverse effect on Alfen’s business, financial condition, including inventory levels, results of operations and prospects. Due to

historic reasons, Alfen has relatively high multi-year consumption of platform specific inventory on stock, which poses a potential risk in a market that is subject to volatility.

Our Energy Storage Systems business line is dependent on few larger projects where delay in timing of closure of such projects, due to, for example, declining battery prices, as well as delays in project execution could have a material adverse effect on Alfen’s business, financial condition, inventory value, results of operations and prospects.

To mitigate this risk, Alfen continuously monitors market developments in EV charging and energy storage trends and behaviour, including strict pipeline management. Furthermore, new R&D projects are initiated to address possible future trends for both business lines.

Competition in the industries and market segments in which Alfen operates may materially adversely affect its technology frontrunner position, its sustainability champion position, 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 the company's market share. Current customers 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 continuously focuses on product upgrades, new product development, cost engineering and purchasing savings. In addition, Alfen continuously monitors its competitive environment and seeks to identify its unique selling points that are valuable to its customers.

Alfen’s business depends, in part, on contracts with certain significant customers. 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 more balanced revenue mix between EV Charging Equipment, Smart Grid Solutions and Energy Storage Systems. Within Smart Grid Solutions, there is a continuous effort to further diversify our customer base. Customers Enexis and Alliander, representing a large part of the Smart Grid Solutions business line, separated their commercial activities in the past into separate entities, which further contributed 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 is active in markets that are dependent on government incentives for the energy transition. Changes in political ambitions could adversely effect or delay revenues, profits and cash flows.

Macro-economic, political ambitions and the regulatory environment might impact the wider economy and Alfen's end markets. This could mean that businesses in these markets reduce their capital expenditures in light of such an investment climate, which in return may result in lower order intake for Alfen. These events could materially impact revenue, platform specific inventory, profits and cash flows.

To mitigate this risk, Alfen is continuously diversifying its customer base. In general, Alfen operates in markets driven by the long-term energy transition, which is expected to see long-term growth.

Operational risks and uncertainties

Failure to properly manage customer 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 to install its products, systems and solutions, and it expects that in the future there will be an increase in the number and size of projects 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 to further professionalise its project management department, supply chain management and the interrelation between these two by, for example, recurring Sales and Operations Planning (S&OP) meetings in which project management together with supply chain management identify and determine 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. This risk becomes more imminent in the current global situation with geopolitical tension and climate change initiatives.

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 its processed raw materials from a limited number of international 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. This risk is most imminent for our concrete and battery supply as we have single source suppliers for these materials. Supply interruptions could lead to interruptions of

Alfen’s production process 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, including the current global situation with geopolitical tension and climate change initiative, 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 customers’ 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 them and return to normal course of business as quickly as possible. Any potential disruptions can be further mitigated by, temporarily, increasing stock levels or pre-down payments to secure components 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 customers (for example through its web shop) and to maintain accurate financial records. Alfen also develops and supplies software to customers. 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.

Mitigating these risks starts with Alfen's IT security policy and sufficient resources to manage the IT related risks. As such, Alfen further strengthened the IT department and continues to do so in 2025. To further mitigate the risks to privacy related

information, as well as data protection in general, Alfen has taken several actions and maintains a cyber-security insurance policy.

Security for Alfen’s IT systems, including security of our products, could be breached by a third party that might misuse or hijack company 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 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 threats. Furthermore, to mitigate risks to privacy related information, as well as data protection in general, Alfen has take several actions and 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 the company.

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 related 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 an integral part of Alfen’s working processes. Moreover, Alfen is continuously improving 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, 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 (e.g. AFIR) 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 regulations and the relevant safety and quality certificates is strictly monitored by the Quality 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, to increase 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.

Sustainability risks and uncertainties

Alfen is a manufacturing company with a global supply chain that uses a variety of materials and components in its solutions. Capital goods are energy-intensive to manufacture across the value chain. If Alfen does not manage to conduct business in a sustainable manner, this may impact the environment as well as our reputation.

The environment faces increased pressure which leads to climate change, and action is needed to mitigate future negative impact on our planet. At Alfen we face a risk that our strategy and business model is not compatible with the transition to net zero, which may harm our planet, reputation and competitive advantage. At Alfen we believe that sustainable development is essential because it integrates economic progress, social equity and environmental stewardship.

To mitigate this risk, Alfen has a plan in place to ensure that our strategy and business model is compatible with the transition to a sustainable economy and limiting global warming in line with the Paris Agreement.

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. Employee turnover and loss of knowledge is a risk in the current situation that Alfen is in.

Alfen’s future performance depends in significant part to the continued service of the Senior Management and other key personnel, including the leaders in 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 current right sizing program. Competition for such personnel is intense, in particular for technical and industrial employees. This is particularly relevant in the Netherlands where Alfen has its headquarters, significant business operations and research and development activities.

To mitigate this risk, Alfen seeks to make optimal use of its increased public profile and widespread interest in the energy transition to attract talent. Retention and development are key focus areas of the senior management and the HR department.

Through Alfen’s in-house Academy (for which it was awarded a prize for best program in the Netherlands in 2017), the company continues to continue to be attract talent who are incentivised to further develop at Alfen.

Our production, grid integration and project work on site involves working with electrical and heavy equipment which carries a risk for occupational health and safety incidents if not done according to the right procedures. Potential health and safety related incidents may harm our employees and reputation.

Alfen's activities involve electrical and heavy equipment, which carries a potential risk for occupational health and safety incidents.

To mitigate this risk, Alfen is committed to establishing and maintaining effective health and safety standards and protocols across the business. To safeguard the health and safety of its employees, Alfen complies with 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.

Risk assessment process, including fraud and sustainability risks

On a monthly basis, Alfen maintains and discusses within the Executive Committee an integrated operational focus dashboard, comprising of: operational risks (imminent items, with quantified financial impact), so-called watchlist items (items that could lead to financial impact, if not properly monitored or managed), as well as fraud and/or sustainability risk, if any.

Our annual integrated risk assessment process starts with an initial assessment driven by an multi-disciplinary team comprised of the Finance department, including the CFO, General Counsel and Strategy, IR and Sustainability Director. New market and/or business developments, the monthly operational focus dashboards and our double materiality assessments for CSRD are among others, taken into account to identify (new) inherent risks per business line, including fraud, if any, that Alfen is facing or might face in the near future. An evaluation of the appropriate mitigating actions that are already in place or require implementation are part of these discussions and brainstorm sessions.

The individual identified risks on a business line level were assessed on their significance related to the Company as a whole and included in Alfen’s integrated risk assessment document, and presented to and discussed with the Executive Committee in detail. After approval by the Executive Committee, the integrated risk assessment was initially discussed in the Audit Committee meeting on 2 December 2024 and subsequently formally presented and discussed in the Supervisory Board meeting of 10 December 2024.

Risk management and control systems

Executive Committee responsibility and approach towards risk management

The Executive Committee is responsible for the control environment, including risk management and internal control systems 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 Executive Committee and discussed with the Supervisory Board.

The Executive Committee 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 Executive Committee 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 company's growth. Alfen’s corporate culture is also an important ‘soft-control’ to mitigate risks and fraud.

During financial year 2024, Alfen continued to support its corporate culture and other foundations of its risk management and control systems with its Code of Conduct, Whistleblower policy, Insider Trading policy, safety and quality certifications, periodic reports and meetings. In addition, the company has achieved further consolidation and professionalisation by implementing the 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.

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

Executive Committee responsibility and approach towards fraud

The Executive Committee has the primary responsibility for preventing and detecting fraud, including designing and implementing appropriate (group) programs and controls to identify, assess and mitigate inherent fraud risks and creating 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 leading by example from the Executive Committee further supported by compliance training. This culture is further formally enforced by Alfen’s Code of Conduct, the Whistleblower 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, which is further explained in the governance section of the information of the Sustainability statement.

Whistleblower policy

Alfen employees are offered the opportunity to report irregularities or suspicions to violations of the Code of Conduct, which is further explained in the governance section of the information of the Sustainability statement.

Insider Trading policy

Alfen has an Insider Trading policy, which is further explained in the governance section of the information of the Sustainability statement.

Safety and quality certifications

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

Expanding Energy Storage Capacity for Katoen Natie

This year, we supported Katoen Natie in tripling their sustainable energy storage capacity in Belgium to nearly 100MWh. With TheBattery Elements, Mobile X systems and substations, our solutions power their logistics operations, advancing renewable integration, stabilising the grid and accelerating Belgium's net zero carbon goals.



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 79, 1332 AM Almere, the Netherlands, chamber of commerce registration number 64462846 (“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. The Company, Alfen B.V. and Alfen ICU 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*).

Corporate governance within Alfen is based on statutory requirements and the Corporate Governance Code 2022 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 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 entrusted with managing Alfen and responsible for the continuity of the company and its long-term and sustainable value creation strategy, under the supervision of the Supervisory Board.

The Management Board 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 it on important matters. The Management Board informed and consulted the Supervisory Board on key matters, including the Company’s strategic policy and strategic review in 2024 and the related restructuring, general and financial risks, key positions, financing, 2025 budget, internal and external independent auditor assessments and the risk management and control systems.

Two Managing Directors are jointly authorised to represent the company. Pursuant to the Articles of Association, the Executive Committee 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 Management Board members are appointed by the Supervisory Board. The Supervisory Board must notify the General Meeting of Shareholders (the "General Meeting") of an intended appointment of a member of the Management Board. The Articles of Association provide that a Managing Director may be suspended or removed by Supervisory Board.

The Supervisory Board has appointed one of the Managing Directors as chairman of the Management Board and CEO (Chief Executive Officer). In addition, the Supervisory Board has designated one of the Managing Directors as CFO (Chief Financial Officer) to specifically oversee the Company’s financial affairs and one of the Managing Directors as CCO (Chief Commercial Officer) to specifically oversee the Company’s commercial 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	63	CEO	November 2015	AGM of 2026
Mr Jeroen van Rossen	51	CFO	August 2017	Resigned AGM 2024
Mr Onno Krap	59	CFO	January 2025	December 2028
Ms Michelle Lesh	46	CCO	April 2022	AGM of 2026

Marco Roeleveld (born 1962, Dutch) is Alfen’s CEO (Chief Executive Officer). He has been 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, he 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.

Until the AGM of 2024, Jeroen van Rossen (born 1973, Dutch) was Alfen’s CFO (Chief Financial Officer). Onno Krap (born 1965, Dutch) joined Alfen as interim CFO per 21 May 2024 and on 21 August 2024 it was announced that the Supervisory Board resolved to appoint him as Management Board member effective as of 1 January 2025 for a four year term ending on 31 December 2028. Prior to joining Alfen, he was the CFO of Kinly, Exact Software and Crucell.

Michelle Lesh (born 1978, American) was appointed as Alfen’s new CCO (Chief Commercial Officer) per July 2021. She has been a member of the Management Board since the AGM of 2022. 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 several of General Electric Company’s business units focused on the energy sector, including power generation and transmission & distribution hardware and software. She has a Mechanical Engineering degree from Bucknell University and earned her MBA from University of California at Irvine in the United States.

The business address of the Company's Management Board is Hefbrugweg 79, 1332 AM Almere, the Netherlands.

Executive Committee

The Executive Committee is composed of the CEO, CFO and CCO. On 20 May 2024 the Company announced the extension of its Executive Committee to include a Chief Operations Officer (COO) and a Chief Human Resource Officer (CHRO). The members of the Executive Committee bear clear responsibility for delivering all aspects of the Company’s strategic plan. The determination of the number of members of the Executive Committee is a decision made by the Management Board in consultation with the Supervisory Board. For those members of the Executive Committee who are not part of the Management Board, appointment and dismissals are carried out by the Management Board, subject to the Management Board’s consultation with the Supervisory Board. When appointing members to the Executive Committee, diversity objectives outlined in Alfen’s diversity and inclusion policy, are considered. The Executive Committee meets frequently. Members of the Executive Committee who are not part of the Management Board are regularly invited to attend Supervisory Board meetings.

Supervisory Board and Committees

Powers, responsibilities and functioning

The Supervisory Board supervises and advises 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 at the Annual General Meeting.

In performing its duties, the Supervisory Directors focus on the effectiveness of Alfen’s internal risk management and control systems and the integrity and quality of the financial and non-financial reporting. The Supervisory Directors assist the Management Board with advice on general policies related to the activities of Alfen.

In the fulfilling their duty, the Supervisory Directors focus on the interests of the company and its stakeholders. In addition, certain key decisions of the Management Board, as stipulated in the Dutch Civil Code, the articles of association and the Supervisory Board and Management Board bylaws, require the prior approval of the Supervisory Board.

Audit Committee

The Audit Committee advises on and prepares Supervisory Board decision-making, particularly concerning matters relating to Alfen's financing, financial and sustainability statements, the integrity and quality of financial and non-financial reporting, the effectiveness of internal controls and risk management, the review and monitoring of the independence of the external independent auditor.

HR Committee

The HR Committee's primary responsibilities are: (i) overseeing the selection and preparation for the appointment of members to the Management Board and Supervisory Board and (ii) developing and presenting a clear, comprehensive proposal for the remuneration policy, including recommendations for the remuneration of individual Management Board members.

More information can be found in the Supervisory Board bylaws and the terms of reference for the respective Supervisory Board Committees on the company's website.

Executive Committee	Competencies and skills									
	Executive leadership	Energy transition	International business	Human capital	Technology and innovation	Risk	IT and digitalization	Environment	Social	Governance
Marco Roeleveld	●	●	●	●	●	●	●	●	○	○
Onno Krap	●	●	●	○	●	●	●	○	○	●
Michelle Lesh	●	●	●	○	●	○	●	○	○	○
Bart Kempen	●	●	●	○	●	○	●	○	○	○
Anne van Nood	●	●	●	●	○	○	○	○	●	●

○ Has sufficient/advanced knowledge, skills and experience in the area and can make a balanced, independent judgement on the matter

● Is in addition considered an expert in relation to previous or current roles

Members of the Supervisory Board

The Supervisory Board consists of four members, who are appointed at the Annual General Meeting following nomination by the Supervisory Board. The Supervisory Board, the Audit committee and the HR Committee consist of the following members:

Name	Age	Position	Member since	Committees	End of current term
Mr Henk ten Hove	72	Chairman	22 March 2018	HR Committee Member	AGM of 2026
Mr Willem Ackermans	69	Vice-Chairman	6 July 2020	Audit Committee Chair	AGM of 2028
Ms Jeanine van der Vlist	60	Member	21 November 2022	HR Committee Chair	AGM of 2027
Ms Maria Anhalt	54	Member	19 September 2023	Audit Committee Member	AGM of 2027

The business address of the company's Supervisory is Hefbrugweg 79, 1332 AM in Almere, the Netherlands.

Henk ten Hove (born 1952, Dutch) has been the Chairman of the Supervisory Board since 22 March 2018. He was re-appointed during the 2022 Annual General Meeting for a subsequent period of 4 years. He served as a member of the Supervisory Board of publicly listed company Kendrion from 2013 to 2021, during which time he held the position of Chairman. Since 2024, he has also been a member of the Supervisory Board at Unica. He is also chairman of the foundation owning the shares in BDR Thermea group.

Willem Ackermans (born 1955, Dutch) has been a member of the Supervisory Board since 6 July 2020. He also served on the Investment committees of BOM and FSFE Fûns Skjinne Fryske Enerzjy. Additionally, he is a member of the Advisory Board of GBM Works, a board member of Norges Bank Investment Management for Offshore Wind Project Borssele I+II and the Chairman of the Supervisory Board of the Ludwig Cardiology clinic.

Jeanine van der Vlist (born 1964, Dutch) has been a member of the Supervisory Board since 21 November 2022. Currently she serves as a (non-executive) board member of the Belgium company DPG Media N.V., as a Supervisory Board member of the Remeha Group, and as chair of the Supervisory Board of Holland Colours N.V.

Maria Anhalt (born 1970, Bulgarian) has been a member of the Supervisory Board since 19 September 2023. She brings valuable experience from her current role as a supervisory board member of Hewlett-Packard Germany and her position as an internal (supervisory) director of the start-up company Argus. Since January 2021, she is the Chief Executive Officer of Elektrobit GmbH, a global organization based in Erlangen.

All four members of the Supervisory Board are independent members within the meaning of the Dutch Corporate Governance Code. Each member of the Supervisory Board adheres to the statutory requirement regarding the number of supervisory and non-executive functions within large enterprises.

The composition of the Supervisory Board aligns with the statutory requirements outlined in the Dutch Gender Balance Act.

For more details on the competencies and expertise of the Supervisory Board members, please refer to the competencies and skills table below.

Members of the Supervisory Board do not receive any shares and rights to acquire shares in Alfen as remuneration. The Supervisory Board members do not hold any shares in Alfen.

Remuneration

The remuneration policy applicable to the Management Board was adopted by the Annual General Meeting on 9 April 2024 and for the Supervisory Board on 6 April 2023.

Information on the remuneration of the Management Board and the Supervisory Board is set out in the Remuneration Report, which can be found on ir.alfen.com and in the Supervisory Board Report 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 company's future success. Therefore, on 4 October 2018, Alfen introduced a long-term incentive plan (‘LTIP’) for a number of designated employees in the company.

The sixth grant under this plan was made at 1 January 2024 and comprises of a total of 17,189 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 Alfen employee 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 rights related to the LTIP are exercisable at 31 December 2024. The third grant under the plan made at 1 January 2021 will be exercisable at 2 January 2025.

In accordance with best practice principle 2.7 of the Corporate Governance Code, the transactions which were carried out with related parties, with who conflicts of interest should be prevented, are also set out in Note 30 in the Consolidated Financial Statements.

General Meetings of Shareholders

At least once a year, Alfen convenes a shareholder meeting. Meetings must be held in Almere or Amsterdam, each in the Netherlands.

Whenever the company’s interests so require, the Supervisory Board or the Management Board may convene extraordinary General Meetings. Meetings can also be convened at the request of shareholders jointly representing at least one-tenth of Alfen's issued share capital.

Shareholders holding at least 3% of the company’s issued share capital have the right to propose an agenda item. 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.

Each outstanding share entitles the holder to one vote. Resolutions are adopted by absolute majority of the votes cast, unless the Articles of Association or applicable law provide otherwise. Shareholders representing 55,83% (2023: 65,73%) of the issued and outstanding share capital were present or represented at the Annual General Meeting held on 9 April 2024.

Supervisory Board	Competencies and skills									
	Executive leadership	Energy transition	International business	Human capital	Technology and innovation	Risk	IT and digitalization	Environment	Social	Governance
Henk ten Hove	●	●	●	●	○	○	○	○	○	●
Willem Ackermans	●	●	●	○	●	●	○	●	○	●
Jeanine van der Vlist	●	●	●	●	○	○	●	○	●	●
Maria Anhalt	●	●	●	○	●	●	●	○	○	●

- Has sufficient/advanced knowledge, skills and experience in the area and can make a balanced, independent judgement on the matter
- Is in addition considered an expert in relation to previous or current roles

The Annual General Meeting or the Management Board if authorised by the Annual General Meeting and with the approval of the Supervisory Board may resolve to issues shares and/or grant rights to subscribe for shares and to limit or exclude pre-emptive rights. At the 2024 AGM, the shareholders delegated this authority to the Management Board for a period of 18 months from 9 April 2024 and subject to approval of the Supervisory Board to repurchase up to 10% of the outstanding shares at that time.

The Annual General Meeting or the Management Board with approval of the Supervisory Board may further cause the company to acquire own shares. At the 2024 AGM, the shareholders delegated this authority to the Management Board subject to the approval of the Supervisory Board up to a maximum of 10% of the issued share capital on the date of the AGM for a period of 18 months from the date of the AGM on 9 April 2024, i.e. up to and including 9 October, 2025.

More information about the authority of the Annual 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.

Stakeholder engagement

In 2023, Alfen adopted its stakeholder (dialogue) policy and has since started stakeholder engagement in the annual report. Further details on our stakeholder engagement are explained in the general information section of the Sustainability statement.

Diversity

Diversity and inclusion are important topics for the company. In accordance with the Diversity Act and the Corporate Governance Code, Alfen adopted its Diversity and Inclusion policy, which can be found on the Alfen intranet and website. Furthermore, Alfen has set an appropriate target for a balanced number of men and women on the Management Board, the Supervisory Board and the sub-top management.

For more details regarding diversity and Inclusion and for the target we refer to the previous chapter on Corporate Sustainability Reporting, under Social Topics. In this chapter, all the information is included regarding the best practice principle 2.1.6 of the Corporate Governance Code.

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

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.

The company acknowledges the importance of good corporate governance and aligns with the general approach and the majority of the provisions of the Dutch Corporate Governance Code. However, in consideration of Alfen’s interests and those of its stakeholders, the company deviates from one of the best practice principles. The Company deviates from best practice principle 1.3 regarding the establishment of an independent internal audit function. The Supervisory Board has evaluated whether appropriate alternative measures have been implemented, based in part on a recommendation from the Audit Committee. Both the Audit Committee and the Supervisory Board have concluded that the Company's size, the limited number of legal entities and the centralised processes and internal controls do not justify establishing an independent 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 organization 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 2024 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”). 11,159 treasury shares are held by the Company. The remainder of the Ordinary Shares: 21,738,841 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.

Substantial holdings

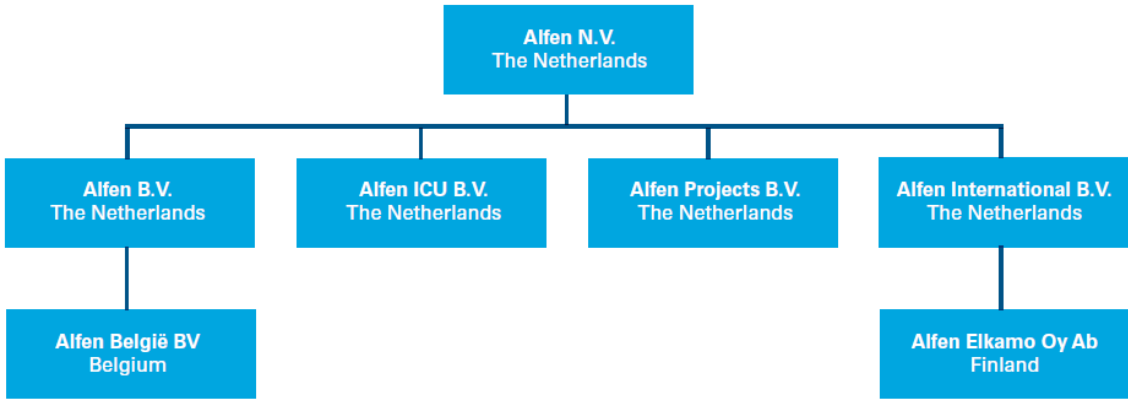
See ‘Shareholders’.

Special controlling rights

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

Material subsidiaries of Alfen

Refer to the figure below for an overview of the material subsidiaries of Alfen.



Long term incentive plan

Please refer to the Related Party Transactions paragraph above.

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.

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

The Supervisory Board appoints the Managing Directors. The Supervisory Board must notify the General Meeting of an intended appointment of a member of the Management Board. The Articles of Association provide that a Managing Director may be suspended or removed by the Supervisory Board at any time.

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 chairman of the Management Board and CEO (Chief Executive Officer). In addition, the Supervisory Board has designated one of the Managing Directors as CFO (Chief Financial Officer) to specifically oversee the Company’s financial affairs and one of the Managing Directors as CCO (Chief Commercial Officer) to specifically oversee the Company’s commercial 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 four members.

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 Supervisory Board profile can be found on the Alfen website and in this profile independence is indicated as an important factor in chapter 2 of the Supervisory Board profile. The Company’s diversity and inclusion 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. Any such proposal must be stated in the notice of the General Meeting.

A resolution by the General Meeting to amend the Articles of Association requires an absolute majority of the votes cast.

The Management Board’s powers especially to issue shares

On 9 April 2024, the General Meeting 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 2024.

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 2024, there are 21,750,000 shares outstanding. Pursuant to the Dutch Disclosure of Major Holdings in Listed Companies Act (Wet Melding Zeggenschap, or WMZ), interests (whether it be a capital interest or a voting interest) 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 2024, the following shareholders were known to hold an interests of at least 3% directly in the Company on 31 December 2024 as per AFM disclosures:

Shareholder	Capital Interest	Voting Interest	Notification date
Schroders Plc	—%	5.05%	6th of March 2024
Société Générale	3.24%	3.24%	19th of April 2023
Marble Bar Asset Management LLC	3.14%	—%	30th of May 2024

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
12 February 2025	Publication full year results 2024
8 April 2025	Annual General Meeting of Shareholders
12 May 2025	Q1 2025 trading update
20 August 2025	Publication half-year results 2025
4 November 2025	Q3 2025 trading update

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

- From 13 January until 12 February 2025
- From 12 April until 12 May 2025
- From 21 July until 20 August 2025
- From 5 October until 4 November 2025

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 failings in the effectiveness of the internal risk management and control systems with regard to the risks as referred to in best practice principle 1.2.1;*
- *The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;*
- *based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and*
- *The report states the material risks as referred to in best practice principle 1.2.1 and the uncertainties, to the extent that they 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 2024, 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, 12 February 2025

Management Board

Marco Roeleveld (CEO),
Onno Krap (CFO),
Michelle Lesh (CCO)



Report of the Supervisory Board



Report of the Supervisory Board

A turbulent year as the energy transition experienced a temporary slowdown

2024 in summary

2024 marked a challenging year for the company, with significant impact felt across all our stakeholders. The year was defined by varying performance across our three business lines.

EV Charging (EVC) remained flat at best, Energy Storage Systems experienced a downturn, and Smart Grid Solutions saw growth impacted by unexpected quality issues. These challenges culminated in Q2 2024, triggering a necessary downward adjustment of our 2024 outlook at the end of June. Despite the challenges, the second half of the year showed signs of stabilization, albeit at a lower level. The quality issues within Smart Grid Solutions were addressed, and the number of substations increased to the initially targeted year-end levels.

While the energy transition experienced a temporary slowdown in progress in 2024, bringing short-term challenges, the longer-term outlook continues to offer significant opportunities.

In light of these dynamics, the Management Board – under the supervision of the Supervisory Board – conducted a comprehensive strategic review with external support of an industry-specialised consultancy firm that resulted in certain key findings and conclusions, including:

- An expected slower pace of growth in Energy Storage Systems and EV Charging over the next years.
- A more focused approach on leveraging our core strengths and competitive advantage within the product portfolio and geographical priorities.
- Organizational right-sizing to align with the lower expected growth trajectory.
- Ongoing focus on research and development with acceleration of time to market.

Management acted swiftly, launching a clear action plan and restructuring in Q4 2024, with full implementation anticipated in 2025. While regretting the unavoidable workforce reductions, these steps were essential to ensure the long-term stability of the Company.

Strengthened leadership, including the appointment of a new (interim) Chief Financial Officer (CFO) to the Management Board and the expansion of the Executive Committee with a Chief Operations Officer (COO) and Chief Human Resources Officer (CHRO), enhanced our ability to address and manage the ongoing transition the company is going through.

The Supervisory Board acknowledges the exceptional efforts of management during this demanding period. Their dedication and resilience has laid a strong foundation for the company's reset and future success.

For 2024, the Supervisory Board identified 4 key areas of focus with the following status:

• **Monitoring Research and Development**

Research and development (R&D) is the backbone of the company, serving as a critical driver for market differentiation. Faced with significant headwinds and challenging market conditions throughout the year, the Management Board decided to transform and further optimise the R&D organization. The transformation will enhance focus, accelerate time to market, and position the company better to meet evolving demands.

• **Monitoring Integrated Solutions**

The company is unique in its ability to offer EV Charging, Smart Grid Solutions and Energy Storage Systems, as distinct business lines, and through commercial bundling of these existing product lines, i.e. Integrated Solutions. There are successful examples where the company has effectively delivered integrated solutions to its customers. The outcome of the strategic review reconfirmed that, instead of focusing solely on distinct business lines, it is strategically relevant to also prioritise the delivering Integrated Solutions.

• **Dynamics leadership team**

The appointment of a new (interim) Chief Financial Officer (CFO) to the Management Board, along with the expansion of the Executive Committee to include a Chief Operations Officer (COO) and a Chief Human Resources Officer (CHRO), contributes to the quality of our leadership team and significantly enhances our capacity to address the ongoing transition the Company is undergoing. In 2024, the additions already demonstrated their value to the strategic review and the organizational right-sizing efforts initiated in response to changing market conditions.

• **Supervisory Board committees**

The Audit Committee and HR Committee of the Supervisory Board have been functioning effectively, maintaining above-average interaction with the Management Board in 2024. Any potential overlaps between the Committees and the Supervisory Board have been addressed appropriately, ensuring smooth collaboration and clarity in responsibilities.

For 2025, the Supervisory Board will pay special attention to the following topics:

• **Monitoring the progress of implementation conclusions of strategic review**

The effective and timely implementation of the strategic review's outcomes is essential for ensuring its success. The significant restructuring, which has led to redundancies, requires careful monitoring and active engagement with remaining employees. It is essential to maintain a safe and stimulating work environment to retain these employees, who are crucial to executing the strategic review's outcomes and play a vital role in steering the company through a challenging period.

• **Monitoring trends and enhancement of sales effectiveness in key markets**

A thorough understanding of market developments and the ability to adequately respond to them remains key. Staying abreast of the competition and, where necessary, strengthening the company's position in key markets is essential, particularly in a landscape where competition is intensifying and new entrants are emerging.

This requires continuous attention. We need to actively and continually engage with our customers to ensure that our commercial offerings remain attractive and effectively address customer needs and expectations.

• **Monitoring the transformation in the R&D organization**

With updated market input, we will closely monitor the transformation of the R&D organization, focused on increasing output and further reducing lead times.

• **Monitoring CSRD maturity**

Significant efforts have been made to prepare the company for an effective CSRD reporting framework. We will continue closely monitoring the implementation process, with a dedicated role for the Audit Committee to ensure alignment with the prevailing reporting and other requirements.

Responsibility and composition

The Supervisory Board plays an important role in providing oversight, assessing progress and performance, maintaining a sound and transparent system of checks and balances, and advising the Management Board, when appropriate. The primary focus is on long-term sustainable value creation in the best interest of the company's stakeholders.

The Supervisory Board consists of 4 members: Henk ten Hove (Chairman), Willem Ackermans (Vice Chairman and Chair of the Audit Committee), Jeanine van der Vlist (Chair of the HR Committee) and Maria Anhalt.

Name	Age	Position	Member since	Committees	End of current term
Mr Henk ten Hove	72	Chairman	22 March 2018	HR Committee Member	AGM of 2026
Mr Willem Ackermans	69	Member	6 July 2020	Audit Committee Chair	AGM of 2028
Ms Jeanine van der Vlist	60	Member	21 November 2022	HR Committee Chair	AGM of 2027
Ms Maria Anhalt	54	Member	19 September 2023	Audit Committee Member	AGM of 2027

For more information regarding the Supervisory Board members, refere to the Corporate Governance section of this annual report. The Supervisory Board members operate independently from (a) each other, (b) the Management Board and (c) other stakeholders. Each Supervisory Board member has the necessary expertise, experience and background to perform his or her tasks and responsibilities.

All four members of the Supervisory Board are independent within the meaning of the Dutch Corporate Governance Code and the Supervisory Board is of the opinion that the independence requirements of best practice provisions 2.1.7 to 2.1.9 of the Corporate Governance Code have been fulfilled.

The composition of the Supervisory Board reflects a balanced gender participation of two women and two men.

Meetings and Attendance

The Supervisory Board held 7 regularly scheduled meetings and 6 extraordinary meetings in 2024. All of these meetings were attended by the Management Board members in office, occasionally joined by members of the Executive Committee. Additionally, pre-scheduled meetings without the Management Board were held before each regular Supervisory Board meeting. The attendance rate for regular scheduled and extraordinary Supervisory Board meetings in 2024 was 100%.

The Chairman of the Supervisory Board and the Chair of the Audit Committee conducted regular meetings with the CEO and (ad interim) CFO in office, respectively. The Supervisory Board also focused on direct interaction with the Executive Committee and other senior management as appropriate.

The agenda for the Supervisory Board meetings covered key areas of focus for 2024 outlined above and standard agenda items routinely addressed each year. These included discussions about operational and financial performance, principal risks associated with operations, fraud and risk management, internal control system, safety, governance and compliance matters and the Annual General Meeting of Shareholders.

The external auditor attended the meeting of the Supervisory Board in February 2024 during which the full-year figures for 2023 were discussed.

Turbulent year

2024 was a turbulent year for the company with several key events impacting Alfen's direction and operations.

In the first half of 2024, the leadership team was strengthened with the appointment of a new CFO, along with an expansion of the Executive Committee to enhance strategic decision-making and oversight.

In response to evolving market conditions — particularly the delay of larger energy storage systems deals — and unexpected operational challenges related to a moisture issue in some substations, the company revised its 2024 guidance and reassessed its mid-term objectives to align with updated expectations and performance trends. Additionally, a substantial provision was made for obsolete inventory.

The company faced a covenant breach, requiring immediate engagement with its financier, which ultimately led to a new financing arrangement in early November.

A strategic review was conducted, providing valuable insights to redefine the company's future direction. The review revealed the need for a significant restructuring, including forced redundancies to further optimise operations and ensure long-term sustainability.

The developments highlighted above have collectively played a significant part in determining the areas requiring special attention from the Supervisory Board during the year under review – in addition to the items routinely addressed by the Supervisory Board.

The two Committees of the Supervisory Board played an important role in monitoring, addressing, advising and – where appropriate – facilitating the Supervisory Board's (extraordinary) decision-making relevant to these key events and developments the company faced in 2024. To this end, ad hoc and informal meetings of the Supervisory Board and its Committees were held to ensure adequate transparency and facilitate informed decision-making.

Evaluation Supervisory Board and the Management Board

Throughout the year, the Supervisory Board prioritised continuous training, staying informed about governance, compliance and relevant sustainability/ESG matters. Annually, a comprehensive self-assessment, covering an evaluation of the Supervisory Board, its Committees and individual members, takes place. In a meeting without the Management Board, the Supervisory Board assessed and discussed its own performance, considering aspects such as team dynamics, competencies, and industry knowledge. The performance evaluation has been conducted through a structured survey completed by the members of the Supervisory Board, the Management Board and the Executive Committee, as well as the Company Secretary. The survey assessed various elements, including the composition and expertise of the Supervisory Board, the dynamics and functioning of the Supervisory Board and its Committees, the performance of individual members, and the interaction between the Supervisory Board and the Management Board.

The Supervisory Board aims to perform the annual evaluation with the support of an external consultant once every three years. For the upcoming evaluation in 2025, the intent is to engage an external consultant.

The evaluation confirmed a strong and constructive relationship between the Supervisory Board and the Management Board. Supervisory Board members demonstrate appropriate responsibility and are valued for their dedication, expertise, and ongoing commitment. They have a clear understanding of the distinct roles and responsibilities of the Supervisory Board and the Management Board, and they are committed to maintaining these boundaries.

In Supervisory Board-only meetings, members evaluate the performance of the Management Board and its individual members. Discussions with the CEO and (ad interim) CFO focused among others on performance, risks, strategic and operational priorities, and personal development.

Audit Committee

The Audit Committee consists of Willem Ackermans (Chair) and Maria Anhalt.

The Audit Committee held five meetings in 2024. Attendance during 2024 was 100%. The (ad interim) CFO in office and the Director of Finance & Control attended all meetings. The external auditor attended the meetings of the Audit Committee during which the full year annual report 2023, the semi-annual report for 2024, the 2024 audit plan and the management letter were discussed. The Audit Committee met with the external auditor without the (ad interim) CFO in office.

In addition to the key events and developments of 2024 as summarised above, the Audit Committee advised on and monitored regular matters, including: the company's financing, quarterly financial results, the half-year and full-year financial statements, the integrity and quality of financial and certain non-financial reporting, the effectiveness of risk management and internal controls and the approach towards internal audit, the external audit plan, (interim) audit findings, annual evaluation of the external auditor.

The Audit Committee informed itself of relevant developments in the field of ESG and associated CSRD reporting requirements, in addition to the regular updates provided by management during the Audit Committee meetings.

As part of the annual assessment of the independent internal audit function, the Audit Committee reviewed the company's current approach, which does not include an internal audit function. Based on the Audit Committee's recommendation, the Supervisory Board believes the risk management and internal control system adequately meet the company's needs, with appropriate measures in place. Therefore, the Supervisory Board is satisfied with the current approach of not having an internal audit function.

The Audit Committee assessed and reported on the performance and developments in the relationship with the external auditor, taking into account the observations of the Management Board. The Audit Committee noted that the collaboration with the external auditor is strong, the auditor demonstrates independence and expertise, and the team remains stable on all levels, contributing to an efficient and effective audit process. Consequently, the Audit

Committee recommended that the Supervisory Board advise the General Meeting of Shareholders to reappoint PricewaterhouseCoopers Accountants N.V. as external auditor for the financial year 2026.

HR Committee

The HR Committee consists of Jeanine van der Vlist (Chair) and Henk ten Hove. The HR Committee held four meetings, with an attendance rate of 100%. The CEO and the CHRO attended all meetings. In addition to the scheduled meetings, there were several informal and ad hoc meetings among the HR Committee members, in some instances together with members of the Management Board and/or the CHRO.

In addition to the key events and developments of 2024 as summarised above, the HR Committee advised on and monitored regular matters, including:

- **Succession planning**

The HR Committee advised the Supervisory Board on the selection and nomination of the new (interim) CFO. The HR Committee - together with an executive search agency - developed a role profile, taking into account the ongoing business and operational requirements, as well as the financial position of the company. After careful deliberation and an interim period, the Supervisory Board unanimously resolved - subject to the appropriate notification to the General Meeting - to appoint Onno Krap as a member of the Management Board and CFO for a four-year term effective 1 January 2025.

Willem Ackermans was first appointed to the Supervisory Board on 6 July 2020, for a four-year term ending on the day of the General Meeting 2024. The HR Committee advised the Supervisory Board regarding the reappointment of Willem Ackermans. On 8 April 2024, the General Meeting resolved to reappoint Willem Ackermans for a four-year term ending on the date of the General Meeting in 2028.

- **Performance management**

The HR Committee considered and prepared the performance reviews of the members of the Management Board for discussion in the Supervisory Board. The outcome of the performance reviews process was discussed in a Supervisory Board-only meeting.

- **Remuneration policy**

The HR Committee assessed the remuneration arrangements of the members of the Management Board and conducted a comprehensive review, incorporating insights from market benchmarks and stakeholder feedback. This review resulted in a proposal to amend the Management Board's remuneration policy, ensuring alignment with best practices and organizational objectives. The proposal to amend the remuneration policy was adopted by the Annual General Meeting of Shareholders in April 2024.

- **Variable remuneration**

The HR Committee agreed on the financial and non-financial target setting for the short-term and long-term variable remuneration of the Management Board and reviewed progress on these performance criteria.

Financial statements and auditor's opinion

The financial statements 2024, included in this Annual Report, have been audited by PwC who have 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 will recommend to the Annual General Meeting of Shareholders, to be held on 8 April 2025, 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 2024, Alfen realised a loss of €27.0 million. The proposal to the Annual General Meeting is to recognise this loss in 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.

Concluding remarks

The year 2024 did not unfold as we had anticipated, with several unexpected events occurring simultaneously within a short timeframe. These challenges impacted both the organization and its external environment. However, Management responded swiftly, developing and implementing plans to ensure the company continues to remain a key player and contributor to the energy transition.

Despite these challenges, the company retains strong positions in most of its key markets and continues to serve a solid customer base. We are confident that the strategic review's outcomes will be implemented successfully, enabling the company to maintain its relevance and competitiveness in its core markets by leveraging the unique combinations of the three business lines.

We extend our sincere gratitude to our shareholders for their patience, our customers for their loyalty, and our employees for their flexibility and unwavering motivation during this challenging period.

Almere, 12 February 2025

The Supervisory Board
Henk ten Hove (Chairman)
Maria Anhalt
Jeanine van der Vlist
Willem Ackermans

Remuneration report

Chair Letter

Dear Shareholders,

On behalf of the HR Committee, I am pleased to present our 2024 Remuneration report.

In 2023, the Supervisory Board established a HR Committee with specific focus on topics like Selection, Appointment and Remuneration matters. As Chair of this new Committee, I am happy to report on the Remuneration Policies and its execution in 2024.

In 2024, Alfen faced multiple challenges, including unpredictable market circumstances. At the end of June, Alfen announced that it would adjusted 2024 revenue guidance from €590-€660m to €485-€520m and it would reassess its mid-term objectives as a result of lower expected revenues. This was mainly due to the fact that a number of large energy storage deals originally anticipated to sign in Q2 2024 had been postponed, causing ESS 2024 revenue to decline by approximately 20% compared to 2023. In addition, next to the moisture related supply chain issues in SGS and inventory write offs within ACE, Alfen announced EBITDA margin to be expected as mid-single digit as a result of lower expected revenues.

Especially in difficult times, attracting and retaining talent across the board, but specifically at senior and executive level is critical for Alfen’s continued success. During the AGM 2024, an amended Remuneration Policy was adopted by the Annual Meeting of Shareholders, effective 1 January 2024. In this report, the Supervisory Board explains how the policy was implemented in 2024.

The Supervisory Board believes that the reward of the Management Board in 2024 is fair and meets the principle of pay for performance. Although market conditions were challenging, the Management Board adapted quickly to steer the company into a new market reality of cost control and reorganization.

We structured the report in three sections:

- Context and insight into factors that shaped remuneration in 2024.
- Touch upon the policy which forms the basis for the 2024 outcomes.
- Dive into the actual 2024 outcomes for the Management Board and the Supervisory Board.

Business highlights

In line with recent years and our sustainable profitable growth ambitions, we believe the most suitable criteria to measure our business performance is through revenue and adjusted EBITDA. As such we have used these metrics to quantify and reflect our financial performance in both the STI and LTI plans of our executives. It is important to reflect briefly on the stand-alone performance of these metrics prior to evaluating the overall performance and related pay of our executives against the thresholds laid out in this report.

Since our IPO in 2018, Alfen has grown significantly and the context in which we operate has expanded. Alfen’s executives have overseen steady performance above financial targets in the short- and long term. In 2024, Alfen faced the consequences of continued challenges in the EV charging market and new challenges in the energy storage market. In addition, water ingress issues within the Smart Grid Solutions product line further impacted company performance. As a result, revenue and EBITDA outcomes were severely under pressure.

As the problems manifested in the course of HY 2024, the Management Board took swift action in financing, cost control and organization adjustments. As these changes occurred, the Management Board did not achieve the threshold level of its financial targets set for 2024 under the Short Term Incentive scheme. This demonstrates that the new remuneration policy supports the objective to reward for performance and keep the Management Board accountable for company results.

Non-financial objectives were partially achieved. In 2024, Alfen reset its R&D organization to be better prepared for the future. The Management Board also moved forward on the CSRD front and achieved a significant decline in kgCO2e per average FTE compared with FY19.

As the company matures, we strive to have the required talent in both our Management and Supervisory Boards to facilitate the next stage(s) of our development. The Supervisory Board is pleased that per 1 January 2025, Onno Krap has become statutory board member and CFO, a role he has been successfully fulfilling ad interim since May 2024 after previous CFO Jeroen van Rossen left Alfen.

Stakeholder Engagement

In 2024, the vast majority of shareholders voted to approve our 2023 Remuneration Report at our 2024 AGM as the report received 87.81% of favourable votes, which shows a slight increase compared to 2023 (86.89%).

In addition, the AGM adopted the new Remuneration Policy 2024 with 78.87%. This revised policy was proposed after we engaged throughout 2023 and 2024 with various stakeholders to discuss remuneration, societal context and Alfen's development as a company.

This included engagements among others large investors, our Works Council, Eumedion, ISS, Glass Lewis and the VEB to address our intention to update the Remuneration Policy. These discussions revealed that stakeholders were generally supportive, and we look back on constructive and effective dialogues, which helped us further fine-tune the policy. Although circumstances changed for Alfen throughout 2024, the Supervisory Board concludes that the policy is still fit for purpose and its pay-levels are in line with Alfen's peer groups.

Looking Forward

We are entering a new phase where the energy transition demonstrates the relative unpredictability of growth opportunities in the segments Alfen operates in. Whereas we set ambitious medium term financial objectives in 2023, Alfen is now forced to revise its growth path ambition. The new Remuneration Policy brings a fit-for-purpose policy that reflects Alfen’s current profile but also has the flexibility to remain relevant as the company evolves, which is currently the case.

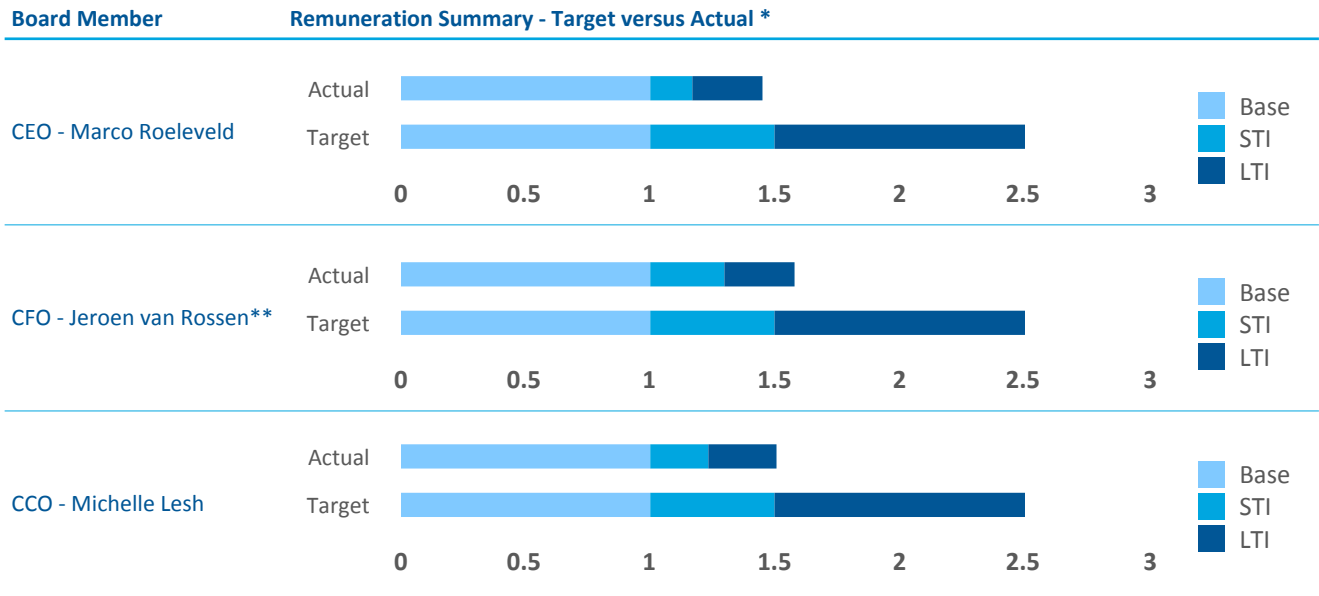
In 2025, the Supervisory Board will use the Remuneration Policy to set challenging and relevant targets for the Management Board in these changing times.

Kind regards,

Jeanine van der Vlist

Chair of the HR Committee

Total Remuneration at a glance



* In this table, base salary is expressed as 1. The variable components as a factor of the base salary.

** Left the Company as statutory director as per 10 April 2024.

Policy at a glance

Remuneration element	Description	Strategic role
Base	Fixed cash payments intend to attract and retain executives of the highest caliber and to reflect their experience and scope of responsibilities.	Rewards performance of day to day activities.
STI	Variable (cash) bonus incentive of which achievement is tied to specific financial and non-financial targets derived from the company's (annual) strategic plan.	The STI allows the company to apply focus on short-term business critical goals and drive behavior.
LTI	Variable equity incentive of which achievement is tied to targets reflecting long-term stakeholder value creation.	This enhances the pay-for-performance narrative and aligns recipients with the shareholder experience.
Pension and other benefits	Pension and benefits offered intend to contribute to the attraction and retention of executives, encourage long-term saving and planning for retirement.	

The HR Committee believes remuneration to be a strategic instrument to support the long-term (business) strategy and interests of the company and create focus and alignment of interests through pay-for-performance. In addition to fixed remuneration, specific short- and long-term targets link each Managing Director’s variable pay to the company's success. 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.

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.

During the Annual General Meeting of Shareholders on 9 April 2024, the Shareholders adopted the company’s amended remuneration policy for the Management Board with effect from 1 January 2024 (the Remuneration Policy). Appendix to this policy is the long-term incentive plan for the Management

Board. In conformity with paragraph 3.4.2 of the Dutch Corporate Governance Code, the essential elements of the agreements between the Company and the Managing Directors are summarised below and the amounts for 2024 are specified.

Actual 2024 outcomes

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 2024	Annual base fee as per 1 January 2023	Percentage of Change
Marco Roeleveld - CEO	475,000	432,000	10 %
Jeroen van Rossen - CFO *	404,000	366,000	10 %
Michelle Lesh - CCO	356,000	324,000	10 %

* Left the Company as statutory director as per 10 April 2024.

Pensions 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 also arranged Director Liability Insurance for the members of the Management Board.

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
- At the beginning of each financial year, the Supervisory Board sets specific performance targets. The Supervisory Board also sets threshold performance levels that qualify for a payout of 50% of the on target STI opportunity, and a level of over performance that qualifies for the maximum payout of 150% of the on-target STI opportunity. If performance remains below threshold, the award is zero
- A one-year performance period applies
- Weighting and bonus percentages for 2024 are set out below.

STI			Weight	Threshold	Target	Max	Actual	Result
Financial	Revenues and other income		32.5%	564.6	627.3	690.0	487.6	— %
	Adjusted EBITDA		32.5%	63.8	75.1	86.4	28.5	— %
Executive		KPI						
Non-financial	CEO Marco Roeleveld	R&D evaluation	11.67%	5	6	7	5	25 %
		CSRD evaluation	11.67%	2	4	6	4	50 %
		Footprint reduction	11.67%	— %	(2.50)%	(5)%	(18)%	75 %
	CFO * Jeroen van Rossen	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	CCO Michelle Lesh	Integrated solutions and Sales/Country organisation evaluation	11.67%	5	6	7	7	75 %
		CSRD evaluation	11.67%	2	4	6	4	50 %
		Footprint reduction	11.67%	— %	(2.50)%	(5)%	(18)%	75 %

* Left the Company as statutory director as per 10 April 2024.

As demonstrated above, the financial objectives for the CEO and CCO are the same, and are weighted the same.

The 2024 revenues and other income amount to €487.6 million. The threshold value for the bonus was set on €564.6 million, thus resulting in no bonus. The adjusted EBITDA in 2024 amounts to €28.5 million. The threshold value for the bonus was set on €63.8 million and thus resulting in a bonus of 0%.

Marco Roeleveld's non-financial performance

The R&D review target was evaluated by the Supervisory Board as on threshold performance, resulting in a bonus of 25%. With regard to the CSRD target an at target bonus of 25% is achieved, while a maximum bonus of 75% is achieved for the footprint reduction.

Michelle Lesh's non-financial performance

The Sales/Integrated Solutions target, as well as the CSRD target was evaluated by the Supervisory Board as above target performance, resulting in a bonus of 75%. With regard to the CSRD target, an at target bonus of 25% is achieved while a maximum bonus of 75% is achieved for the footprint reduction.

The Supervisory Board reviewed the settlement of the 2024 STI - including the performance against the non-financial targets - in light of principles of reasonableness and fairness taking due account of all relevant circumstances, and concluded the outcome is fair.

However, considering the restructuring and the forced dismissals of employees in 2024, the Managing Directors decided to waive their entitlement to the pay-out related to the non-financial performance targets. The Supervisory Board expressed its appreciation for this gesture and fully supports the decision of the Managing Directors to waive their entitlement to the pay-out.

Regarding Jeroen van Rossen, a pro rata STI of 30% of base salary was paid out for the STI 2024 as agreed upon at his departure.

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 100% of the annual base fee at the start of the performance period
- The number of Performance Shares to be granted is calculated by dividing the amount equivalent to 100% of the base fee by the average closing share price on the last three trading days of the preceding year, at the start of the performance period
- When performance equals a pre-set threshold level, 50% of the shares granted will vest and in case of over-performance up to 150% of the shares granted will vest. When performance remains below threshold, no shares will vest
- A three year performance period applies, as well as a two year holding period after vesting

LTI		Weight	Threshold	Target	Max	Actual	Result
Financial	Revenues and other income	32.50 %	453.4	523.7	600.8	487.6	35 %
	Adjusted EBITDA	32.50 %	13 %	16 %	19 %	5.8 %	— %
Non-Financial	Internationalisation	11.67 %	40 %	45 %	55 %	46 %	42 %
	HSE evaluation	11.67 %	6	8	10	10	50 %
	Footprint reduction and CO2	11.67 %	(3)%	(9)%	(15)%	(66)%	50 %
LTI - Total realisation percentage							27.9 %

For the 2022 LTI grant, the previous Remuneration Policy from 2022 applies, with an at target grant of 40% of base pay and a performance period of 1 January 2022 until 31 December 2024.

The revenues and other income in 2024 amount to €487.6 million. The target bonus was set on €453.4 million and the at target bonus at €523.7 million, resulting in a bonus of 35%.

The adjusted EBITDA percentage in 2024 amounts to 5.8%. The threshold bonus was set on 13.0%, resulting in a bonus of 0%.

The revenue outside of the Netherlands as a percentage of the overall revenue is 46%. The on target bonus was set on 45%, resulting in a bonus of 42%.

The HSE item is evaluated by the Supervisory Board as an above target performance, resulting in a bonus of 50.00%. With regard to the footprint reduction, the maximum bonus of 50.00% is achieved.

Marco Roeleveld

Based on the realised LTI bonus percentage multiplied by the on target number of shares of 1,818 the LTI bonus for 2024 amounts to 1,267 shares.

Michelle Lesh

Based on the realised LTI bonus percentage multiplied by the on target number of shares of 1,363 the LTI bonus for 2024 amounts to 950 shares.

Jeroen van Rossen (former CFO)

Based on the realised LTI bonus percentage multiplied by the on target number of shares of 1,073 and based on the pro-rata vesting considering his departure from Alfen in April 2024, the LTI bonus for 2024 amounts to 1,165 shares.

Outstanding LTI grants

The LTI grants for the financial year 2024 is subject to the following selection of performance conditions as determined by the Supervisory Board:

LTI performance KPI’s for the Management Board (i.e. under the long-term incentive plan)		Weight
Financial performance conditions	Revenues and other income	30,00%
	Adjusted EBITDA percentage	17,50%
	Return on Average Capital Employed	17,50%
Non-financial performance conditions	Internationalisation ACE	11,67%
	HSE evaluation	11,67%
	Footprint reduction and CO2 emissions	11,67%

Dependent on the actual achievement of the performance criteria after the three year 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 of two years applies.

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	26 April 2022	1,818	€82.54	Nil
CEO - Marco Roeleveld	25 April 2023	2,042	€74.70	Nil
CEO - Marco Roeleveld	14 May 2024	7,933	€42.72	Nil
CFO - Jeroen van Rossen	26 April 2022	1,539	€82.54	Nil
CFO - Jeroen van Rossen	25 April 2023	1,736	€74.70	Nil
CCO Michelle Lesh	26 April 2022	1,363	€82.54	Nil
CCO Michelle Lesh	25 April 2023	1,532	€74.70	Nil
CCO Michelle Lesh	14 May 2024	5,949	€42.72	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.

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 *		M. Lesh - CCO	
In EUR '000	2024	2023	2024	2023	2024	2023
Salaries and wages	475	432	112	366	357	324
Short-term incentive plan	—	83	54	77	—	45
Social security contributions	16	14	4	15	18	16
Pension contributions (DC)	27	26	6	21	19	19
Share-based payments	42	86	49	72	35	60
Other	7	8	3	14	16	15
Total	567	649	228	565	445	479
Percentage of variable remuneration	7%	26%	45%	26%	8%	22%

* Left the Company as statutory director as per 10 April 2024.

Internal pay ratio

In EUR '000	2024*	2023
CEO compensation		
Salaries and wages	475	432
Short-term incentive plan	—	83
Social security contributions	16	14
Pension contributions (DC)	27	26
Share-based payments	42	86
Total	560	641
Average number of FTE's	1	1
Average compensation	560	641
Employee compensation		
Salaries and wages	66,441	56,380
Social security contributions	10,832	9,058
Pension contributions (DC)	7,642	6,652
Share-based payments	421	968
Total	85,336	73,058
Average number of FTE's	1,042	941
Average compensation	82	78
Internal pay ratio	6.8	8.2

* Adjusted for restructuring expenses

Pay Ratio

The internal pay ratio is an important factor for remuneration of the Management Board. The Alfen internal (CEO) pay ratio is calculated by dividing the CEO 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 FTEs, excluding the CEO (see also Note 9, Note 11 and Note 15 of the Consolidated Financial Statements).

The internal pay ratio decreased from 8.2 in 2023 to 6.8 in 2024 as a result of below target compensation for the LTI 2022 and the zero pay-out under the STI 2024.

Although the pay ratio is reflective of our current situation, we do note that it is relatively low compared to other manufacturing / industrial companies in the Netherlands.

5-year comparison

(in EUR '000)	2024		2023		2022		2021		2020	
	Actual	△ (%)	Actual	△ (%)	Actual	△ (%)	Actual	△ (%)	Actual	△ (%)
Revenue and other income	487,600	(3)%	504,477	15 %	439,876	76 %	249,679	32 %	189,010	41 %
Adjusted EBITDA	28,514	(50)%	57,070	(28)%	79,370	115 %	36,845	51 %	24,374	301 %
CEO compensation	560	(13)%	641	(19)%	792	51 %	523	19 %	439	3 %
Average employee compensation	82	5 %	78	7 %	73	7 %	68	6 %	64	15 %

Alfen's business performance is related to the strategy of profitable growth. The suitable criteria to measure business performance are defined as growth in revenue and other income, as well as growth in adjusted EBITDA.

Notice Period

The management agreement for the CEO is entered into for an indefinite term. The management agreement for the CCO and CFO are for a period of four years. The notice period for the Managing Directors is three months and for the company six months.

Severance Payment

Based on contracts concluded before the IPO in 2018, the maximum severance payment for the current CEO is one year base pay in the proceeding financial year. For the CCO, CFO and future appointments of Board Members, the maximum severance payment is six months of 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 seriously negligent behaviour of the Director. No such severance payments were made in 2024*.

* In 2024, the Supervisory Board and Boudewijn Tans jointly withdrew his nomination to be appointed by the AGM as new statutory board member. As a result, a severance payment was made in relation to his prior role as non-statutory director.

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	2024	2023
H. ten Hove	60	60
W.W.M. Ackermans	47	47
J. van der Vlist	47	47
M. Anhalt	45	13
Total	199	167

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





Financial statements

Consolidated financial statements

Alfen N.V.
Amsterdam, the Netherlands

Consolidated financial statements
for the year ended 31 December 2024

Consolidated financial statements

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Consolidated Statement of Comprehensive Income

In EUR '000	Note	2024	2023
Continuing operations			
Revenue	8	487,643	504,477
		487,643	504,477
Operating expenses			
Costs of raw materials and consumables		(336,017)	(324,477)
Costs of outsourced work and other external costs		(36,241)	(28,911)
Personnel expenses	9	(87,059)	(68,511)
Amortisation and impairment on intangible assets	17	(12,469)	(5,619)
Depreciation and impairment on property, plant and equipment	16	(13,800)	(8,537)
Impairment loss on trade receivables and contract assets	3	(12)	(74)
Other operating costs	10	(32,541)	(26,489)
		(518,139)	(462,618)
Operating profit (loss)		(30,496)	41,859
Finance income	12	34	21
Finance costs	12	(5,062)	(3,398)
Finance income (costs) - net		(5,028)	(3,377)
Profit (loss) before income tax		(35,524)	38,482
Income tax benefit (expense)	13	8,510	(8,798)
Profit (loss) for the period		(27,014)	29,684
Other comprehensive income for the period			
Total comprehensive income (expense) for the period		(27,014)	29,684
Total comprehensive income (expense) for the period (attributable to the owners of the Company)			
		(27,014)	29,684
Earnings per share for profit attributable to the ordinary equity holders			
	14		
Basic earnings per share		(1.24)	1.37
Diluted earnings per share		(1.24)	1.36
Weighted average number of outstanding ordinary shares			
	14		
Basic		21,738,454	21,718,170
Diluted		21,765,984	21,752,053

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 2024	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	16	83,980	52,550
Intangible assets and goodwill	17	26,923	28,621
Deferred tax assets	18	—	—
Other financial assets	19	386	297
Total non-current assets		111,289	81,468
Current assets			
Inventories	20	101,533	150,776
Trade and other receivables	22	128,852	135,935
Other financial assets	19	—	25,717
Current tax receivables		4,008	—
Cash and cash equivalents	23	17,068	2,073
Total current assets		251,461	314,501
Total assets		362,750	395,969
Group equity			
	24		
Share capital		2,175	2,175
Share premium		48,116	48,943
Retained earnings		128,958	98,811
Result for the year		(27,014)	29,684
Total group equity		152,235	179,613
Liabilities			
Non-current liabilities			
Borrowings	25	42,031	18,507
Deferred tax liabilities	18	802	7,096
Provisions	26	17,588	50
Total non-current liabilities		60,421	25,653
Current liabilities			
Trade and other payables	27	142,265	148,567
Current tax liabilities		111	3,471
Bank overdrafts	23	—	6,402
Borrowings	25	7,718	32,263
Total current liabilities		150,094	190,703
Total liabilities		210,515	216,356
Total equity and liabilities		362,750	395,969

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	Attributable to equity owners of Alfen N.V.				
		Share capital *	Share premium	Retained earnings	Result for the year	Total equity
Balance - 1 January 2023		2,175	50,651	44,710	53,047	150,583
Profit (loss) for the period		—	—	—	29,684	29,684
Other comprehensive income (loss)		—	—	—	—	—
Total comprehensive income (loss) for the period		—	—	—	29,684	29,684
Transactions with owners in their capacity as owners						
Issuance of ordinary shares, net of tax		—	—	—	—	—
Purchase of treasury shares, net of tax		—	(1,708)	—	—	(1,708)
Share-based payment transactions	11	—	—	1,054	—	1,054
Dividend		—	—	—	—	—
Allocation of profit (loss)		—	—	53,047	(53,047)	—
Balance - 31 December 2023		2,175	48,943	98,811	29,684	179,613
Profit (loss) for the period		—	—	—	(27,014)	(27,014)
Other comprehensive income (loss)		—	—	—	—	—
Total comprehensive income (loss) for the period		—	—	—	(27,014)	(27,014)
Transactions with owners in their capacity as owners						
Issuance of ordinary shares, net of tax		—	—	—	—	—
Purchase of treasury shares, net of tax		—	(827)	—	—	(827)
Share-based payment transactions	11	—	—	463	—	463
Dividend		—	—	—	—	—
Allocation of profit (loss)		—	—	29,684	(29,684)	—
Balance - 31 December 2024	24	2,175	48,116	128,958	(27,014)	152,235

* The outstanding ordinary shares of 21,750,000 includes 11,159 treasury shares as per 31 December 2024 (2023: 30,388)

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	2024	2023
Cash flows from operating activities			
Operating profit		(30,496)	41,859
<i>Adjustments for:</i>			
- Depreciation, amortisation and impairment expenses	16/17	26,269	14,156
- Change in provision	26	17,538	3
- Change other financial assets	19	(89)	(21)
- Share-based payment expenses	11	463	1,054
<i>Changes in operating assets and liabilities:</i>			
- (Increase)/decrease inventories	20	49,243	(18,961)
- (Increase)/decrease contract balances	22	9,385	(225)
- (Increase)/decrease trade and other receivables	22	1,255	(17,294)
- Increase/(decrease) trade and other payables	27	(9,642)	1,182
Cash generated from operations		63,926	21,753
Income taxes (paid)/ received	13	(4,909)	(13,781)
Interest (paid)	12/25	(3,231)	(2,356)
Interest received	12	34	21
Net cash inflow/ (outflow) from operating activities		55,820	5,637
Cash flows from investing activities			
Payment for property, plant and equipment	16	(13,795)	(23,992)
Payment for intangible assets	17	(10,771)	(10,707)
Repayment (issued) loans	19	25,717	(24,404)
Net cash inflow/ (outflow) from investing activities		1,151	(59,103)
Cash flows from financing activities			
Proceeds from issuance of shares		—	—
Purchase of treasury shares		(1,074)	(2,071)
Proceeds from borrowings	4/25	317	35,000
Repayments of borrowings	4/25	(34,817)	(6,633)
Dividends paid to company's shareholders		—	—
Net cash inflow/ (outflow) from financing activities		(35,574)	26,296
Net increase/ (decrease) in cash and cash equivalents		21,397	(27,170)
Cash and cash equivalents at the beginning of the year		(4,329)	22,841
Cash and cash equivalents at the end of the year		17,068	(4,329)

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, EV charging equipment and Energy storage systems.

Alfen’s main geographic focus is the Netherlands, followed by Germany, Belgium, Finland, 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 79, 1332 AM, 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 12 February 2025. The annual report will be presented to the Annual General Meeting of Shareholders for their adoption on 8 April 2025.

Note 2

Summary of material 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 the IFRS Accounting Standards as adopted in the European Union (hereafter: IFRS Accounting Standards). 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 Accounting Standards 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.

Going concern

In 2024, Alfen incurred challenges in the markets where it’s active which has led to significant one-off costs and special items. As a consequence of these one-off costs and special items, Alfen has been in breach with the bank covenant in third quarter of 2024, for which we received a waiver from the bank. In November 2024, we reached an agreement with the bank on a new committed financing agreement, with some adjustments for one-off costs and special items in the calculation of the financial covenant. The 2024 one-off costs and special items have been excluded from the covenant calculation. This covenant was met at 31 December 2024. For 2025 and onwards, more flexibility related to one-off costs and special items on the covenant calculation has been included compared to the previous financing agreement. The details of the new finance agreement are disclosed in Note 25.

Management performed a going concern assessment based on the outlook for 2025. Despite, the fact that the year 2024 has been an exceptional year in terms of one-off costs and special items incurred, the Company still managed to realise a positive cash flow

for 2024. This together with more flexibility in our covenant calculation for 2025 onwards and the expected positive impact from the strategy validation and right-sizing program we foresee positive change in our financial position.

After considering all mitigating actions, management concludes that there are no material uncertainties related to going concern. The consolidated financial statements are therefore prepared on the basis that it will continue to operate as a going concern.

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's, 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 2024 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 2024 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:

Buildings	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 higher 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 costs

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 costs

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.

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, costs 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.

Restructuring provision

A provision for restructuring of activities is recognised when a detailed and formal restructuring plan has been approved and the restructuring has either commenced or has been announced publicly.

Warranty provision

A warranty provision is recognised in respect of products sold which are still under the warranty at the end of the reporting period and when the outflow of resources can be reliably estimated.

Moisture provision

The provision for the moisture issue is recognised based on the present value of the expected future cash outflows to cover the potential impact of the substation moisture issue.

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 as 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.

Bank overdrafts repayable on demand are included in cash and cash equivalents in the cash flow statement to the extent that they are integral part of The Company's cash management.

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 2024 and 31 December 2023 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 2024 and 31 December 2023 was determined as follows for both trade and other receivables and amounts due from customers for contract work:

In EUR '000	31 December 2024				
	Current amount	Overdue < 30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
Expected loss rate	0.2%	0.1%	0.2%	3.8%	8.3%
Gross carrying amount – trade receivables and other receivables	87,241	10,343	3,301	873	5,439
Gross carrying amount – amounts due from customers for contract work	22,367	—	—	—	—
Loss allowance	204	15	7	33	452

	31 December 2023				
	Current amount	Overdue < 30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
Expected loss rate	0.2%	0.2%	0.2%	4.0%	5.0%
Gross carrying amount – trade receivables and other receivables	72,906	22,959	3,578	759	8,237
Gross carrying amount – amounts due from customers for contract work	28,195	—	—	—	—
Loss allowance	195	35	8	30	412

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	2024	2023
Balance - At 1 January	699	625
Amounts written off	—	—
Net remeasurement of loss allowance	12	74
Balance – At 31 December	711	699

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. Alfen has a committed revolving credit facility up to €100 million in place to manage liquidity. 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 2024				
	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)	141,806	459	—	—	142,265
Borrowings	755	1,849	6,676	104	9,384
Factoring Alfen Elkamo	1,305	—	—	—	1,305
Lease liabilities	1,785	4,348	14,785	32,257	53,175
Total non-derivatives	145,651	6,656	21,461	32,361	206,129

In EUR '000	31 December 2023				
	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)	148,154	413	—	—	148,567
Borrowings	26,126	2,700	8,534	1,494	38,854
Factoring Alfen Elkamo	986	—	—	—	986
Lease liabilities	937	2,701	7,840	2,640	14,118
Total non-derivatives	176,203	5,814	16,374	4,134	202,525

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 at 31 December 2024 to other foreign exchange movements is €30 thousand in case foreign currency exchange rates are increasing with 1% and is mainly concentrated in the following currency: USD (i.e. procurement) and GBP (i.e. sales).

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 €3.7 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 €0.7 million.

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 2024 and 31 December 2023 were as follows:

In EUR '000	31 December 2024	31 December 2023
Borrowings (note 25)	49,750	50,770
Plus: bank overdrafts	—	6,402
Less: cash and cash equivalents (note 23)	(17,068)	(2,073)
Net debt (cash)	32,682	55,099
Total equity	152,235	179,613
Total capital	184,917	234,712
Gearing ratio	21%	31%

The gearing ratio decreased during 2024 due to optimised working capital which resulted into a positive cash flow and a positive cash balance at year-end 2024.

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 2023	22,841	(3,738)	(1,814)	(12,852)	4,437
Cash flows	(27,170)	(32,951)	840	3,547	(55,734)
New leases and remeasurements	—	—	—	(3,419)	(3,419)
Other changes	—	(8)	—	(375)	(383)
Net cash/(debt) - 31 December 2023	(4,329)	(36,697)	(974)	(13,099)	(55,099)
Cash flows	21,397	28,048	(317)	6,768	55,957
New leases and remeasurements	—	—	—	(31,491)	(31,491)
Other changes	—	(4)	—	(2,045)	(2,049)
Net cash/(debt) - 31 December 2024	17,068	(8,653)	(1,291)	(39,806)	(32,682)

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 2024 and 31 December 2023 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:

- 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

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 €26.6 and €27.9 million at 31 December 2024 and 31 December 2023, 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 and intangibles not yet put in use are 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.

Moisture provision

The Company recognises a provision for the SGS business line related to moisture issue in our transformer substations. The provision is based on the expected costs to be incurred to resolve the moisture issue. The estimate is based on the following key assumptions:

- The ratio of repairs in the field vs. outfield repairs, as we expect higher costs to be incurred for substations that need a full refurbishment of the concrete housing compared to a solution that can be applied in the field;
- The expected costs to be incurred per type of repair to resolve the moisture issue;
- The time period needed to fully remediate the problem;
- The discount rate used.

The ratio of repairs in the field vs. outfield repairs is the assumption that is the most critical input for the provision given the impact on the costs to be incurred.

Further details with regards to the provision is included in Note 26.

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	2024	2023
The Netherlands	454,218	467,226
Finland	22,559	23,772
Belgium	10,866	13,479
Total	487,643	504,477
Non-current assets	31 December 2024	31 December 2023
The Netherlands	106,034	75,552
Finland	4,057	5,112
Belgium	812	507
Total	110,903	81,171

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

Major customers

There are two customers who individually account for more than 10% of the Company's consolidated revenue. The total amount for these customers is €118.6 million. For 2023 this was not applicable.

Note 8 Revenue

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

In EUR '000	2024	2023
Smart grid solutions	210,615	188,378
Energy storage systems	123,697	162,979
EV charging equipment	153,331	153,120
Total	487,643	504,477

Smart grid solutions and Energy storage systems revenue generated by entities domiciling in the Netherlands and Belgium amounting to €300.9 and €10.9 million, respectively, is considered to be over time revenue for which the cost-to-cost method is applied by the Company. Smart grid solutions revenue generated by Alfen Elkamo - i.e. €22.6 million - as well as the Company's EV charging equipment revenue of €153.3 million is considered to be point-in-time revenue.

Overall gross margin for the group amounted to 23.7% (2023: 30.0%). Smart grid solutions contributed to this with a gross margin of 15.5% (2023: 29.7%), Energy storage systems with 27.8% (2023: 22.4%) and EV charging equipment with 31.5% (2023: 38.3%).

The group's revenue and other income disaggregated by region based on the destination of products and location of projects is as follows:

In EUR '000	2024	2023
The Netherlands	263,685	292,448
Other European Union countries	216,890	203,725
Rest of Europe	6,742	8,270
Outside Europe	327	34
Total	487,643	504,477

Personnel expenses

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

In EUR '000	2024	2023
Salaries and wages	71,219	56,895
Social security contributions	11,288	9,072
Pension contributions (DC)	7,896	6,678
Hire indirect personnel	6,520	5,484
Capitalised personnel expense	(9,864)	(9,618)
Total	87,059	68,511

The average number of FTE's are:

	2024	2023
Direct Employees	462	435
Indirect Employees	581	507
Total	1,043	942

As per 31 December 2024, a total of 121 FTE's (2023: 122) 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 28% for 2024.

The base premium for 2025 is set at approximately 28%. Total expected contributions for 2025 amount to €7.2 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 920 active participants in the industry pension plan, which has 170,000 active participants in the total plan. The industry pension fund has a surplus and the coverage ratio per 31 December 2024 is 112.7%. 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 2024 is 18% (2023: 18%). The pension contributions are paid on a monthly basis to the pension fund. The expected net contribution for 2025 amounts to €0.7 million. 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 and ExCom members, having authority and responsibility for planning, directing and controlling the activities of the Company.

In EUR '000	2024	2023
Salaries and wages	2,050	1,122
Short-term incentive plan(s)	54	205
Social security contributions	79	45
Pension costs	103	66
Share-based payments	144	218
Severance	238	—
Other	66	37
Total	2,734	1,693

Key management collectively hold 107,242 Ordinary Shares (2023: 115,817) in the share capital of the Company.

In addition, key management collectively hold conditional rights subject to certain performance conditions, granted under the long-term incentive plan for the Board of Directors and ExCom members, to receive 29,647 (at 100% realisation based on the LTIP 2022-2024) 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, presented in the table below. The increase in other general expenses is primarily caused by costs that relate to the strategy validation and right-sizing program.

In EUR '000	2024	2023
Housing expenses	3,554	2,880
Other personnel expenses	4,396	4,471
Development expenses	1,518	1,811
Other general expenses	23,073	17,327
Total	32,541	26,489

Note 11 Share-based payments

Share award plans

Long-term incentive plan – Key employees

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

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

Grant date	Number of Awards Granted	Exercise price
1 January 2021	8,147	Nil
1 January 2022	9,747	Nil
1 January 2023	14,806	Nil
1 January 2024	17,189	Nil

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

Long-term incentive plan – Board of Directors and ExCom members

As part of the remuneration policy adopted by the general meeting of shareholders on 7 April 2022, which has been subsequently amended and adopted by the general meeting of shareholders on 9 April 2024, a long-term incentive plan for the Board of Directors as well as ExCom members is applicable in order to increase the alignment with shareholder's interest.

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

Grant date	Number of Awards Granted *	Exercise price
26 April 2022	4,720	Nil
25 April 2023	5,310	Nil
14 May 2024	13,882	Nil
28 June 2024	9,010	Nil

* At 100% realisation of the applicable performance conditions. The actual number of Awards that will vest can range between nil (at 0% realisation) up to 12,538 (at 125% realisation) and 34,338 (at 150% realisation) for grants made in 2022-2023 and 2024, respectively.

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

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

Summary of changes in outstanding shares

Changes in outstanding shares for the period:

	LTIP Key employees	LTIP Board of Directors and ExCom
Balance – 1 January 2023	81,730	24,230
Granted	14,806	5,310
Performance adjustment	—	(760)
Forfeited	(5,539)	—
Exercised	(32,698)	(15,757)
Transferred	—	—
Expired	—	—
Balance – 31 December 2023	58,299	13,023
Granted	17,189	22,892
Performance adjustment	—	(964)
Forfeited	(12,645)	(1,375)
Exercised	(33,098)	(4,893)
Transferred	—	—
Expired	—	—
Balance – 31 December 2024	29,745	28,683

None of the outstanding shares are exercisable at 31 December 2024.

Fair value measurement

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

Share award Plans	Grant date	Grant date fair value
Long-term Incentive Plan - Key employees	1 January 2021	€82.60
Long-term Incentive Plan - Key employees	1 January 2022	€88.25
Long-term Incentive Plan - Key employees	1 January 2023	€84.20
Long-term Incentive Plan - Key employees	1 January 2024	€60.28
Long-term Incentive Plan - Board of Directors	26 April 2022	€82.54
Long-term Incentive Plan - Board of Directors	25 April 2023	€74.70
Long-term Incentive Plan - Board of Directors and ExCom	14 May 2024	€42.72
Long-term Incentive Plan - Board of Directors and ExCom	28 June 2024	€17.26

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	2024	2023
Long-term Incentive Plan - Key employees	319	836
Long-term Incentive Plan - Board of Directors and ExCom	144	218
Total	463	1,054

Note
12

Finance income and costs

In EUR '000	2024	2023
Finance costs		
Interest expenses related to lease liabilities	(2,045)	(454)
Other interest expenses	(3,017)	(2,944)
Total finance costs	(5,062)	(3,398)
Finance income		
Other interest income	34	21
Total finance income	34	21
Net finance income/ (costs)	(5,028)	(3,377)

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	2024	2023
Current tax:		
Current tax on profits for the year	2,700	(7,383)
Adjustments for previous years	(488)	(61)
Total current tax benefit (expense)	2,212	(7,444)
Deferred income tax:		
Income tax on continuing operations	6,298	(1,354)
Change in tax rates	—	—
Total deferred tax benefit (expense)	6,298	(1,354)
Total income tax benefit (expense)	8,510	(8,798)

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	2024	2023
Result from continuing operations	(27,014)	29,684
Total income tax benefit (expense)	8,510	(8,798)
Profit (loss) before income tax	(35,524)	38,482
Tax calculated based on Dutch tax rate	25.8%	25.8%
Tax effects of:		
- adjustments for previous years	(1.4%)	0.2%
- effect of tax rates in other countries	(0.1%)	(0.2%)
- effect of tax incentives	0.0%	(3.4%)
- non-taxable expenses	(0.3%)	0.8%
- change in tax rates	0.0%	0.0%
- other differences	0.0%	(0.3%)
Effective tax rate	24.0%	22.9%
Applicable tax rate	25.8%	25.8%

Effect of tax incentives

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

In financial year 2021, Alfen concluded an agreement with the Dutch tax authorities, in which the application of the innovation box benefit is determined in alignment with Dutch corporate income tax law. This agreement applies for the years 2019 through 2024 assuming facts and circumstances do not change. In December 2024, Alfen reached an agreement with the Dutch tax authorities to extend the existing innovation box ruling with 5 years for the period 2025 - 2029.

The total tax effect of applying the innovation box is 0% for financial year 2024 as a result of the (taxable) loss realised.

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

	2024	2023
Weighted average number of ordinary shares in issue (x1)	21,738,454	21,718,170
Net result attributable to shareholders	(27,014,009)	29,684,167
Basic earnings per share	(1.24)	1.37

Allowing for dilution, the earnings per share are as follows:

Weighted average number of ordinary shares in issue (x1)	21,765,984	21,773,241
Net result attributable to shareholders	(27,014,009)	29,684,167
Diluted earnings per share	(1.24)	1.36

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 *		M. Lesh - CCO	
In EUR '000	2024	2023	2024	2023	2024	2023
Salaries and wages	475	432	112	366	357	324
Short-term incentive plan	—	83	54	77	—	45
Social security contributions	16	14	4	15	18	16
Pension contributions (DC)	27	26	6	21	19	19
Share-based payments	42	86	49	72	35	60
Other	7	8	3	14	16	15
Total	567	649	228	565	445	479

* Left the Company as statutory director as per 10 April 2024.

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

	Number of Ordinary Shares
M. Roeleveld - CEO	105,857
M. Lesh - CCO	890

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

Number of Awards Granted *	2024	2023
M. Roeleveld - CEO	7,993	2,042
J. van Rossen - CFO **	—	1,736
M. Lesh - CCO	5,949	1,532

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

** Left the Company as statutory director as per 10 April 2024.

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	2024	2023
H. ten Hove	60	60
W.W.M. Ackermans	47	47
J. van der Vlist	47	47
M. Anhalt	45	13
Total	199	167

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

Property, plant and equipment can be divided into:

In EUR '000	31 December 2024	31 December 2023
Property, plant and equipment - Owned	45,720	39,753
Property, plant and equipment - Right-of-Use	38,260	12,797
Total net book value	83,980	52,550

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 2023				
Cost	8,262	23,780	1,010	33,052
Accumulated impairments and depreciation	(3,990)	(8,200)	—	(12,190)
Net book value	4,272	15,580	1,010	20,862
Year ended 31 December 2023				
Opening net book value	4,272	15,580	1,010	20,862
Additions	9,992	7,894	6,106	23,992
Reclassification assets under construction	682	296	(978)	—
Disposal	—	(82)	—	(82)
Depreciation for the year	(493)	(4,608)	—	(5,101)
Impairments for the year	—	—	—	—
Depreciation of disposal	—	82	—	82
Consolidation and deconsolidation	—	—	—	—
Closing net book value	14,453	19,162	6,138	39,753
At 1 January 2024				
Cost	18,936	31,888	6,138	56,962
Accumulated impairments and depreciation	(4,483)	(12,726)	—	(17,209)
Closing net book value	14,453	19,162	6,138	39,753
Year ended 31 December 2024				
Opening net book value	14,453	19,162	6,138	39,753
Additions	57	6,429	7,309	13,795
Reclassification assets under construction	10,729	2,536	(13,265)	—
Disposal	(444)	(221)	—	(665)
Depreciation for the year	(1,221)	(6,422)	—	(7,643)
Impairment for the year	—	—	—	—
Depreciation of disposal	254	225	—	480
Consolidation and deconsolidation	—	—	—	—
Closing net book value	23,828	21,709	182	45,720
At 31 December 2024				
Cost	29,278	40,632	182	70,092
Accumulated impairments and depreciation	(5,450)	(18,923)	—	(24,372)
Closing net book value	23,828	21,709	182	45,720

Right-of-use assets

In EUR '000	Land & buildings	Manufacturing equipment	Cars	Total
At 1 January 2023				
Cost	13,403	1,922	6,698	22,023
Accumulated impairments and depreciation	(4,461)	(771)	(4,097)	(9,329)
Net book value	8,942	1,151	2,601	12,694
Year ended 31 December 2023				
Opening net book value	8,942	1,151	2,601	12,694
Additions	720	48	2,771	3,539
Disposal	—	—	—	—
Depreciation for the year	(1,620)	(261)	(1,555)	(3,436)
Impairment for the year	—	—	—	—
Depreciation of disposal	—	—	—	—
Consolidation and deconsolidation	—	—	—	—
Closing net book value	8,042	938	3,817	12,797
At 1 January 2024				
Cost	14,123	1,970	9,469	25,562
Accumulated impairments and depreciation	(6,081)	(1,032)	(5,652)	(12,765)
Closing net book value	8,042	938	3,817	12,797
Year ended 31 December 2024				
Opening net book value	8,042	938	3,817	12,797
Additions	26,954	2,654	1,883	31,491
Disposal	(268)	(15)	—	(283)
Depreciation for the year	(3,282)	(457)	(1,811)	(5,550)
Impairment for the year	(478)	—	—	(478)
Depreciation of disposal	268	15	—	283
Consolidation and deconsolidation	—	—	—	—
Closing net book value	31,236	3,135	3,889	38,260
At 31 December 2024				
Cost	40,809	4,609	11,352	56,770
Accumulated impairments and depreciation	(9,573)	(1,474)	(7,463)	(18,510)
Closing net book value	31,236	3,135	3,889	38,260

At 31 December 2024, the net carrying amount of leased equipment held under finance lease was €118 thousand (31 December 2023: €177 thousand). As a result of strategic choices, an impairment loss on land and buildings of €478 thousand was recognised during 2024.

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 2023				
Cost	127	3,302	36,700	40,129
Accumulated impairments and amortisation	—	(2,284)	(14,312)	(16,596)
Net book value	127	1,018	22,388	23,533
Year ended 31 December 2023				
Opening net book value	127	1,018	22,388	23,533
Additions	—	—	10,707	10,707
Acquisitions	—	—	—	—
Disposals	—	—	—	—
Amortisation for the year	—	(407)	(5,212)	(5,619)
Impairment for the year	—	—	—	—
Depreciation of disposals	—	—	—	—
Consolidation and deconsolidation	—	—	—	—
Closing net book value	127	611	27,883	28,621
At 1 January 2024				
Cost	127	3,302	47,407	50,836
Accumulated impairments and amortisation	—	(2,691)	(19,524)	(22,215)
Net book value	127	611	27,883	28,621
Year ended 31 December 2024				
Opening net book value	127	611	27,883	28,621
Additions	—	—	10,771	10,771
Acquisitions	—	—	—	—
Disposals	—	—	(7,637)	(7,637)
Amortisation for the year	—	(407)	(4,660)	(5,067)
Impairment for the year	—	—	(7,402)	(7,402)
Depreciation of disposals	—	—	7,637	7,637
Consolidation and deconsolidation	—	—	—	—
Closing net book value	127	204	26,592	26,923
At 31 December 2024				
Cost	127	3,302	58,178	61,607
Accumulated impairments and amortisation	—	(3,098)	(31,586)	(34,684)
Net book value	127	204	26,592	26,923

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 2024 was 16.4% (2023: 17.6%).
- Residual value: based on a terminal growth rate of 2.0% (2023: 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 0.5 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 systems.

The closing net book value amounts €26.6 million for the year ended 31 December 2024 (2023: €27.9 million) and includes €16.3 million (2023: €14.4 million) of development projects still in progress.

Total costs for R&D, including amortisation of the capitalised development costs amount to €24.7 and €16.2 million for the years ended 31 December 2024 and 31 December 2023, respectively.

Impairment

Following the annual impairment test, an impairment loss of €7.4 million was recognised in 2024. This impairment loss is mainly driven by the strategy validation that resulted in a more focused approach on markets and products within our portfolio. The impairment loss is recognised as part of 'Amortisation and impairment on intangible assets' in the consolidated statement of comprehensive income.

Note 18 Deferred tax balances

The balance comprises temporary differences attributable to:

In EUR '000		
Deferred tax assets	31 December 2024	31 December 2023
Property, plant and equipment	—	—
Carry forward losses	5,603	—
Goodwill	39	77
Lease liabilities	407	103
Total	6,049	180
Of which:		
Current (< 1 year)	1,539	38
Non-current (> 1 year)	4,510	142
Deferred tax liabilities	31 December 2024	31 December 2023
Property, plant and equipment	—	—
Intangible assets	6,851	7,276
Total	6,851	7,276
Of which:		
Current (< 1 year)	1,125	1,237
Non-current (> 1 year)	5,726	6,039
Net deferred tax assets	—	—
Net deferred tax liabilities	802	7,096

Note 19 Other financial assets

Other financial assets comprise of long-term deposits paid to international payroll service providers of €386 thousand (2023: €297 thousand).

Per the end of previous reporting year, the other financial assets comprised of a short-term loan of €25.7 million 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.

During the construction period of the new production location and office building, financing was by Alfen as presented in the cash flow statement as an investing activity.

The construction period has been finalised in the first quarter of 2024, after which the financing provided by Alfen has been fully repaid (please refer to the positive cash flow from investing activities in the cash flow statement).

At that same moment, a lease started for a period of 15 years, comprising the land, the production location and the office building.

Note 20 Inventories

In EUR '000	31 December 2024	31 December 2023
Raw materials and components	101,533	150,776
Total	101,533	150,776

During 2024 inventories amounting to €10.9 million (2023: €667 thousand) are written down. This write-off consist of:

- a provision on obsolete inventory for EV charging of €6.5 million that is based on a thorough analysis of all inventories of components combined with the most actual sales run rates. Although these specific components are still used in Alfen's products, an analysis with updated run rates indicated that it is unlikely that these components will be fully consumed;
- a write down of 'old' batteries of €1.6 million;
- a write down within EV charging as a result of strategic choices;
- the remaining part of the write down is related to our regular inventory write down policy.

Note 21 Financial instruments by category

In EUR '000	31 December 2024	31 December 2023
Assets	Financial assets at amortised cost	Financial assets at amortised cost
Other financial assets	386	297
Trade and other receivables	128,852	135,935
Cash and cash equivalents	17,068	2,073
Total	146,306	138,305

	31 December 2024	31 December 2023
Liabilities	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Borrowings	49,749	50,770
Trade and other payables	142,265	148,567
Total	192,014	199,337

Trade and other receivables

In EUR '000	31 December 2024	31 December 2023
Trade receivables	89,038	79,880
Less: loss allowance	(711)	(699)
Trade receivables – net	88,327	79,181
Amounts due from customers for contract work	22,367	28,195
Other taxes	1,297	673
Other receivables	16,861	27,886
Total	128,852	135,935
Less non-current portion:	—	—
Current portion	128,852	135,935

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	31 December 2024	31 December 2023
Currency		
EURO	127,894	133,861
GBP	944	1,969
USD	14	105

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 2024	31 December 2023
Carrying amount of trade receivables transferred to a bank	1,613	1,217
Carrying amount of associated liabilities	(1,291)	(974)

Contract assets and liabilities

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

In EUR '000	31 December 2024	31 December 2023
Amounts due from customers for contract work	22,367	28,195
Amounts due to customers for contract work	(46,661)	(43,104)
Total	(24,294)	(14,909)
The net position relates to:		
Revenue recognised to date	200,829	206,051
Less: progress billings	(225,123)	(220,960)
Total	(24,294)	(14,909)

Amounts due from customers for contract work concern the Company's right to consideration for work completed but not invoiced at 31 December 2024, for both the Smart grid solutions and Energy storage systems 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 €43.1 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 2024.

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 2024 from performance obligations satisfied (or partly satisfied) in prior reporting period is € nil.

No information is provided about remaining performance obligations at 31 December 2024 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 2024	31 December 2023
Cash and cash equivalents	17,068	2,073
Total	17,068	2,073

The cash and cash equivalents are freely disposable to the Company, except for an amount of €570 thousand on so called G-accounts. The Company has the following bank overdrafts, which are classified under current liabilities in the balance sheet.

In EUR '000	31 December 2024	31 December 2023
Bank overdrafts	—	6,402
Total	—	6,402

Note 24

Equity

Share capital

Share capital at 31 December 2024 of €2,175,000 (2023: €2,175,000) is divided into 21,750,000 ordinary shares (2023: 21,750,000), fully paid-up, with a par value of €0.1 each (2023: €0.1). Total shares authorised comprise of 40,000,000 ordinary shares (2023: 40,000,000).

The outstanding ordinary shares of 21,750,000 includes 11,159 treasury shares as per 31 December 2024 (2023: 30,388).

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 €129.0 million are restricted due to a legal reserve of €26.6 million (2023: €27.9 million) which is not available for distribution.

Result for the year

The proposal to the General Meeting is that the loss of €27.0 million will be recognised in retained earnings.

Note 25

Borrowings

In EUR '000	31 December 2024	31 December 2023
Borrowings	8,653	36,697
Factoring Alfen Elkamo	1,291	974
Lease liabilities	39,805	13,099
Total	49,749	50,770

The repayment obligations as per 31 December 2024 are as follows:

In EUR '000	31 December 2024	Repayment obligation in 2025	Remaining term > 1 year and <5 year	Remaining term >5years
Borrowings	8,653	2,273	6,282	99
Factoring Alfen Elkamo	1,291	1,291	—	—
Lease liabilities	39,805	4,154	14,856	20,794
Total	49,749	7,718	21,138	20,893

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 agreement for all entities located in the Netherlands. Alfen has not complied with the Leverage ratio as set out in the Facilities Agreement as per 30 September 2024 and as such has been in breach with the covenant. In November 2024, Alfen agreed an amended and restated agreement of the original credit facility agreement. At the of the financial reporting period, 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;

- (v) a CapEx facility up to €27.5 million that is used to finance our new production location and office building, which is fully redeemed at year-end; and
- (vi) a (re)committed revolving credit facility ("RCF") up to €100 million (2023: €100 million) and a separate (re)committed facility of €80 million (2023: € 40 million) for bank guarantees. The duration of the RCF is three years with two extension options, each for one year.
- (vii) a mortgage loan with a duration of 5 years and a principal amount of €10 million used for the purchase of the building located at the Damsluisweg Almere.

The 2024 interest rate is 7.3% (2023: 6.1%).

The bank has first ranked mortgages on the real estate owned by the Company with a carrying amount of €12.0 million per 31 December 2024. The real estate has an economic value of €14.9 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 ranked mortgage of €10 million for land and buildings on the Damsluisweg 70, 1332 EJ Almere cadastral known as section M number 1524 and 1589 Almere;
- a first pledge for
 - all current and future equipment of the Company;
 - all current and future inventory of the Company;
 - all current and future rights and receivables whether or not resulting from current and future relationships, including the rights from insurance agreements.
- 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 mortgage loan, with a principal amount of €10 million, used for the purchase of the building located at the Damsluisweg Almere are:

- a negative pledge and the “pari passu”;
- comply with a Net Debt to *Adjusted* EBITDA Ratio (2023: Net Debt to *Reported* EBITDA) that shall not exceed 3.00:1.00, except for a period of six months after an acquisition, during which period the ratio shall not exceed 3.50:1.00. This covenant was met at 31 December 2024.

Other specific conditions related to the (re)committed RCF are:

- a negative pledge and the “pari passu”;
- comply with a Net Debt to Adjusted EBITDA Ratio (2023: Net Debt to *Reported* EBITDA) that shall not exceed 3.00:1.00. This covenant was met at 31 December 2024.

Alfen Elkamo Oy Ab holds a separate working capital credit facility up to €1.5 million (2023: €1.5 million) for which a solvency-covenant of 25% is applicable. This solvency-covenant was met at 31 December 2024.

Note
26

Provisions

In EUR '000	Jubilee	Restructuring	Warranty	Moisture	Total
Balance – 1 January 2024	50	—	—	—	50
Additions made during the period	—	3,708	3,953	15,363	23,024
Amounts used during the period	(8)	(277)	—	(2,649)	(2,934)
Unused amounts reversed during the period	—	—	—	—	—
Amounts transferred to other liabilities	—	(2,554)	—	—	(2,554)
Changes in discount rate	3	—	—	—	3
Balance – 31 December 2024	45	876	3,953	12,714	17,588
Of which:					
Current (< 1 year)	14	876	1,972	2,301	5,163
Non-current (> 1 year)	31	—	1,981	10,413	12,425

The significant increase in provisions compared to 31 December 2023 is related to recognition of a restructuring provision, a general warranty provision for our EVC business unit and the provision for the moisture issue for our SGS business unit.

Restructuring provision

A restructuring provision has been recognised during 2024, as Alfen committed to a plan to restructure the Dutch business in alignment with the strategy validation and right sizing engagement. This resulted in a 15% reduction of jobs. An agreement was reached with the local union representatives in November 2024, which specifies the number of staff involved and the voluntary redundancy compensation package offered, as well as amounts payable to these made redundant. The total estimated staff restructuring costs to be incurred are €3.7 million of which €2.6 million is related to signed severance agreements and are therefore transferred to the other liabilities. The remaining provision of €0.9 million is expected to be fully utilised over the next 12 months.

Jubilee provision

The jubilee provision 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 5%.

Warranty provision

A general warranty provision is recognised for our EVC business unit, as starting from 2024 we have gathered sufficient data over the last years to make a reliable estimate of the expected outflows, which is mainly caused by the fact that our EVC peak year of 2022 is now fully incorporated in our data. In 2023 we did not yet have sufficient data to make this reliable estimate. The provision is recognised based on the expected future outflow that is needed in respect of products sold which are still under the warranty at the end of the reporting period. The expected future outflow is based on historical data. The estimated future outflows are discounted at a discount rate of 5%.

Moisture provision

The moisture provision is a warranty provision that is recognised for our SGS business unit. The provision is recognised based on the estimated costs to cover the potential impact of the substation moisture issue within our Smart grid solutions business line. The estimated future outflows are discounted at a discount rate of 5%.

Note 27

Trade and other payables

In EUR '000	31 December 2024	31 December 2023
Trade payables	69,147	75,287
Amounts due to customers for contract work	46,661	43,104
Other taxes	10,218	6,776
Other liabilities	13,685	23,400
Other liabilities - Signed severance agreements	2,554	—
Total	142,265	148,567

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 2024	31 December 2023
EURO	141,603	130,618
USD	281	17,263
GBP	367	1
SEK	14	—

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 €0.4 million (2023: €0.3 million) relating to leases of low value leases and short-term leases.

Total cash outflow for leases in 2024 was €6.8 million (2023: €4.0 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 2024, 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 €13.3 million are outstanding at 31 December 2024 with different end dates in financial year 2025 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.

Off balance sheet commitments

The Company has a long term supply agreement for 10Gwh of batteries in place for the period 2023 - 2032. If this commitment is not met at the end of the contract, a penalty of 5% of the unused volume becomes payable in the subsequent year.

Joint and several liabilities

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.

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).

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 2024

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Company balance sheet

In EUR '000	Note	31 December 2024	31 December 2023
(before appropriation of profit)			
Assets			
Non-current assets			
Property, plant and equipment	4	927	982
Investments in subsidiaries	5	111,474	138,342
Deferred tax assets	6	5,603	—
		118,004	139,324
Current assets			
Receivables	7	4,001	62,152
Cash and cash equivalents	8	41,949	—
		45,950	62,152
Total assets		163,954	201,476
Equity and liabilities			
Shareholders' equity	9		
Share capital		2,175	2,175
Share premium		48,116	48,943
Legal and statutory reserves		26,593	27,883
Retained earnings		102,365	70,928
Result for the year		(27,014)	29,684
		152,235	179,613
Provisions	5	1,972	2,133
Non-current liabilities	10	328	384
Current liabilities	11	9,422	19,346
Total equity and liabilities		163,954	201,476

Company income statement

In EUR '000	Note	2024	2023
Depreciation on property, plant and equipment	4	(69)	(69)
General expenses		89	88
Operating profit (loss)		20	19
Finance income		—	—
Finance expenses		—	—
Finance income (costs) - net		—	—
Profit (loss) before income tax		20	19
Income tax expense		(8)	(7)
Share of net profit of investments in subsidiaries	5	(27,026)	29,672
Profit (loss) for the period after income tax		(27,014)	29,684

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 have been rounded to the nearest thousand, unless otherwise indicated. The balance sheet and income statement include references. These refer to the notes.
The company prepared its consolidated financial statements in accordance with the IFRS Accounting Standards as adopted in the European Union (hereafter: IFRS Accounting Standards).

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, when and only when the parent company is liable for the underlying obligations, 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 year was as follows:

In EUR '000	Buildings
At 1 January 2023	
Cost	1,468
Accumulated impairments and depreciation	(417)
Net book value	1,051
Movements in book value	
Additions	—
Disposals	—
Depreciation for the year	(69)
Depreciation of disposals	—
	(69)
At 31 December 2023	
Cost	1,468
Accumulated impairments and depreciation	(486)
Closing net book value	982
At 1 January 2024	
Cost	1,468
Accumulated impairments and depreciation	(486)
Net book value	982
Movements in book value	
Additions	14
Disposals	—
Depreciation for the year	(69)
Depreciation of disposals	—
	(55)
At 31 December 2024	
Cost	1,482
Accumulated impairments and depreciation	(555)
Closing net book value	927

Note
5

Investments in subsidiaries

The movement in subsidiaries during the years was as follows:

In EUR '000	Investment in subsidiaries
At 1 January 2023	
Investment in subsidiaries	108,590
Movements in book value	
Investments	835
Share of profit in participations	29,672
Negative equity adjustments / (reversals)	(755)
Capital contribution	—
Dividend received	—
	29,752
At 31 December 2023	
Investment in subsidiaries	138,342
At 1 January 2024	
Investment in subsidiaries	138,342
Movements in book value	
Investments	319
Share of profit in participations	(27,026)
Negative equity adjustments / (reversals)	(161)
Capital contribution	—
Dividend received	—
	(26,868)
At 31 December 2024	
Investment in subsidiaries	111,474

The negative equity adjustment / reversal of €161 thousand (2023: €755 thousand) from the provision for loss making subsidiaries is related to the positive result 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 €1,972 thousand (2023: €2,133 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 2024
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

Deferred tax assets

In EUR '000	31 December 2024	31 December 2023
Deferred tax assets		
Carry forward losses	5,603	—
Total	5,603	—
Of which:		
Current (< 1 year)	1,500	—
Non-current (> 1 year)	4,103	—

Note
7

Receivables

In EUR '000	31 December 2024	31 December 2023
Due from affiliated companies	—	61,825
Corporate income tax	3,904	—
Other receivables	97	327
Total	4,001	62,152

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
8

Cash and cash equivalents

In EUR '000	31 December 2024	31 December 2023
Cash and cash equivalents	41,949	—
Total	41,949	—

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

Note
9

Shareholders' equity

Share capital

Share capital at 31 December 2024 of €2,175,000 (2023: €2,175,000) is divided into 21,750,000 ordinary shares (2023: 21,750,000), fully paid-up, with a par value of €0.1 each (2023: €0.1). Total shares authorised comprise of 40,000,000 ordinary shares (2023: 40,000,000).

The outstanding ordinary shares of 21,750,000 includes 11,159 treasury shares as per 31 December 2024 (2023: 30,388).

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 €102.4 million are restricted due to a legal reserve of €26.6 million (2023: €27.9 million) which is not available for distribution.

Result for the year

The proposal to the General Meeting is that a loss of €27.0 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 2023	2,175	50,651	22,388	22,322	53,047	150,583
Issuance of ordinary shares, net of tax	—	—	—	—	—	—
Purchase of treasury shares	—	(1,708)	—	—	—	(1,708)
Share-based payment transactions	—	—	—	1,054	—	1,054
Dividend	—	—	—	—	—	—
Allocation of prior result	—	—	—	53,047	(53,047)	—
Additions	—	—	5,495	(5,495)	—	—
Profit (loss) for the period	—	—	—	—	29,684	29,684
Balance – 31 December 2023	2,175	48,943	27,883	70,928	29,684	179,613
Issuance of ordinary shares, net of tax	—	—	—	—	—	—
Purchase of treasury shares	—	(827)	—	—	—	(827)
Share-based payment transactions	—	—	—	463	—	463
Dividend	—	—	—	—	—	—
Allocation of prior result	—	—	—	29,684	(29,684)	—
Additions	—	—	(1,290)	1,290	—	—
Profit (loss) for the period	—	—	—	—	(27,014)	(27,014)
Balance – 31 December 2024	2,175	48,116	26,593	102,365	(27,014)	152,235

Note
10

Non-current liabilities

In EUR '000	31 December 2024	31 December 2023
Borrowings	388	444
Total	388	444

The repayment obligation as per 31 December 2024 is as follows:

In EUR '000	31 December 2024	Repayment obligation in 2025	Remaining term > 1 year and <5 year	Remaining term >5years
Borrowings	388	60	240	88
Total	388	60	240	88

Repayments due within 12 months of the reporting date in the sum of €60 thousand (2023: €60 thousand) have been recognised as current liabilities.

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

Note
11

Current liabilities

In EUR '000	31 December 2024	31 December 2023
Repayment obligation borrowings	60	60
Trade payables	50	70
Due to affiliated companies	8,715	329
Corporate income tax	—	3,183
Other taxes	96	47
Bank overdrafts	—	15,125
Other liabilities and accrued expenses	501	532
Total	9,422	19,346

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
12

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.

Off balance sheet commitments

The Company has a long term supply agreement for 10Gwh of batteries in place for the period 2023 - 2032. If this commitment is not met at the end of the contract, a penalty of 5% of the unused volume becomes payable in the subsequent year.

Joint and several liabilities

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.

Note
13

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	
	2024	2023	2024	2023	2024	2023
Audit of the financial statements	297	229	—	—	297	229
Limited assurance procedures on the sustainability statements	220	—	—	—	220	—
Other audit procedures	—	—	5	5	5	5
Tax services	—	—	—	—	—	—
Other non-audit services	—	—	—	—	—	—
Total	517	229	5	5	522	234

These fees relate to the audit of the 2024 and 2023 financial statements, regardless of whether the work was performed during the financial year.

Note
14

Average number of employees

During the year 2024, the average number of employees, based on full-time equivalents, was 6 (2023: 3). Of these employees no employees were employed outside the Netherlands.

Note
15

Events after reporting date

There are no events after the reporting period.

Authorisation of the financial statements

Almere, 12 February 2025
Alfen N.V.

Management Board,

Marco Roeleveld
CEO

Onno Krap
CFO

Michelle Lesh
CCO

Supervisory Board,

Henk ten Hove

Maria Anhalt

Willem Ackermans

Jeanine van der Vlist

Other information



Alfen N.V.
Amsterdam, the Netherlands

Other information
for the year ended 31 December 2024

Other information

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Provision in the Articles of Association relating to profit appropriation

Article 34 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 34.1 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 Annual 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 34.7 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 the supervisory board of Alfen N.V.

Report on the financial statements 2024

Our opinion

In our opinion:

- the consolidated financial statements of Alfen N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2024 and of its result and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union ('EU') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Alfen ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2024 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 2024 of Alfen N.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the following statements for 2024: the consolidated statement of comprehensive income, the consolidated, changes in equity and cash flows; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2024;
- the company income statement for the year then ended; and
- the notes to the company financial statements, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards as adopted by the EU 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 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

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

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'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. 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 these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

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 estimates in the provision for moisture, contract work and capitalisation of developments costs, we considered these matters as key audit matters as set out in the section 'Key audit matters'. Furthermore, considering the significance and non-recurring nature of the impact of Alfen's Strategy validation and Right-Sizing program on the financial statements we also considered this to be a key audit matter.

Alfen N.V. assessed the possible effects of climate change on its financial position, refer to the report of the Executive Committee, section Sustainability Statement. We discussed Alfen N.V.'s assessment and governance thereof with the management board and the audit committee and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change are not considered to impact the key audit matters.

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

The outline of our audit approach was as follows:



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	€3.9 million (2023: €4.0 million)
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, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that total revenues is the most relevant metric for the financial performance of the Company, as the Company is currently investing in the execution of its growth strategy, resulting in top-line growth.
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 €3.900.000 and €600.000.

Materiality

- Overall materiality: €3.9 million

Audit scope

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

Key audit matters

- Strategy validation and Right-Sizing program due to market conditions;
- Provision for moisture
- Estimates in contract work
- Capitalisation of development costs

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 €195.000 (2023: €201.750) 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 are responsible for the identification and assessment of the risks of material misstatement of the financial statements of the group, including those with respect to the consolidation process. Based on our risk assessment, we tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole.

In setting the scope of our group audit we determined what audit work needed to be performed at group level or component level and whether involvement of component auditors was necessary.

Based on this outcome, we subjected four components (Alfen N.V., Alfen B.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.

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

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

None of the remaining components represented more than 1% 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 the components: Alfen N.V., Alfen B.V. and Alfen ICU B.V. For the 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 Elkamo Oy Ab 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 auditor, the risks identified, the materiality levels to be applied and our global audit approach. We held calls with the Elkamo Oy Ab component audit team 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, 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 N.V. and its environment and the components of the internal control system. This included the management board’s risk assessment process, the management board’s process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board and audit committee exercised oversight, as well as the outcomes. We refer to section ‘Risk management and control systems’ of the report of the Executive Committee for management’s fraud risk assessment and section ‘Audit Committee’ of the supervisory board report in which the supervisory board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct and whistleblower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board, audit committee, and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

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	Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risks of management override of controls. 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.
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 interest of management.	We performed data analysis on journal entries based on specific risk criteria. Where we identified instances of unexpected journal entries or other risks through our data analysis, we performed additional audit procedures to address each 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.
In this context, we paid specific attention to:	We evaluated key estimates and judgements for bias by the management board of Alfen, including where relevant a retrospective review of prior year’s estimates related to important estimates of the management board. This encompassed the valuation of construction contracts, capitalisation of development costs, and estimates related to the provision for moisture. We also refer to the key audit matters including our audit work and observations on these estimates.
<ul style="list-style-type: none">judgements applied in the capitalisation of development costs;estimates applied in the recognition of the provision for moisture;manual journal entries;estimates in contract work.	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 misstatements 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.

Identified fraud risk	Our audit work and observations
The risk of fraudulent financial reporting due to overstating the revenues	Where relevant to our audit, we evaluated the design and implementation of the internal control measures related to revenues and in the process for generating and processing journal entries related to revenues.
Alfen’s objective is to grow, to be innovative in energy products and to realise increase in revenue and results in the future in order to increase shareholder’s value. During 2024, Alfen had to revise its 2024 revenue guidance downwards. Therefore, management might face pressure to adhere to this guidance and, in general, achieve results and increase market share, creating an incentive for management to overstate revenues.	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 revenue 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. In addition, we selected a sample of accounts receivable for confirmation.
	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 occurrence of revenue.

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

The management board performed their assessment of the entity’s ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern (hereafter: going concern risks), refer to note 2 of the financial statements.

Alfen has been in breach with the bank covenant in the third quarter of 2024, for which it received a waiver from the bank. In November 2024, Alfen reached an agreement with the bank on a new financing agreement, with adjustments in the calculation of the financial covenant. Our procedures to evaluate the management board’s going concern assessment included, amongst others:

- we gained an understanding of the specific terms and conditions of the new bank covenant through inspecting the amended credit facility agreement. We recalculated the covenant ratios specified in the agreement to verify accuracy of the calculation made by management. In addition, we assessed the related disclosures with respect to the new financing agreement. We consider the disclosure on the new financing agreement as included in note 25 to be adequate;
- we inspected the waiver obtained from the bank for the debt covenant breach in the third quarter of 2024;
- we inspected Alfen’s Strategy validation and organisational right-sizing business plan;
- considering whether the management board’s going concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the management board’s most important assumptions underlying its going concern assessment;
- analysing the financial position as at balance sheet date in relation to the financial position as at prior year’s balance sheet date to assess whether events or circumstances exist that may lead to a going-concern risk;

- evaluating the management board’s current budget including cash flows and debt covenant headroom analyses for at least twelve months from the date of signing of the financial statements, taken into account 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 its knowledge of going concern risks beyond the period of the management board’s assessment.

Our procedures did not result in outcomes contrary to the management board’s assumptions and judgements used in the application of the going concern assumption.

Based on our procedures performed, we concluded that the management board’s use of the going concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.

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 have 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.

Key audit matter

Strategy validation and Right-Sizing program due to market conditions

Refer to paragraph financial performance within the report of the Executive Committee

As described in section financial performance of the report from the Executive Committee and in disclosure note 2 of the financial statements, Alfen is encountering challenging economic and market conditions that affect its current business model and organisation. These challenges include the reduction of EV-subsidies, downward pressure on battery prices and grid congestion. These challenges have amongst others led to postponed orders.

To address immediate profitability challenges, Alfen implemented a cost saving program to reduce operating costs. Furthermore, Alfen decided to right-size the organisation, leading to a reduction of jobs.

Alfen also engaged an external advisor to validate and sharpen its strategic direction. This has resulted in the Strategy Validation and Right-Sizing program of Alfen, which was approved by the supervisory board. The new strategy brings additional focus on specific geographical markets and products.

The impact of these measures on the financial statements includes inventory write-downs (€8.6 million), impairment of capitalised development costs (€7.4 million), the initial recognition of a restructuring provision (€3.7 million).

Considering the significance and non-recurring nature of these events we determined the impact of Alfen’s Strategy validation and Right-Sizing program on the financial statements to be a key audit matter.

Our audit work and observations

We have obtained a copy of the Strategy Validation and Right-Sizing program of Alfen. We have had discussions with management to understand the Strategy Validation and Right-Sizing program and the implications on the current and future business model. Based on our understanding we assessed the impact of these plans on the 2024 financial statements.

Based on these discussions and our understanding we confirmed that the main impact of the Strategy Validation and Right-Sizing program on the financial statements relate to:

1. The impairment of capitalised R&D costs and impairment of inventory relating to products that are being phased out.
2. A provision for restructuring reflecting the Right-Sizing program.

Based on available market and industry information, the Strategy Validation and Right-Sizing program and the budget for 2025, we challenged management on the reasonableness of the main assumptions.

Based on these plans, we assessed the consistency of the plans regarding products that are being phased-out or not further developed in relation to the impairments recognised for R&D and inventory.

We gained an understanding regarding the social plan following the Right-Sizing program. We assessed the consistency between the social plan agreed with the unions and the assumptions included in the calculation of the restructuring provision. We performed inquiries with the HR department to assess the reasonableness and completeness of the assumptions and input used to calculate the restructuring provision. We sampled signed severance agreements to verify the accuracy of the Other liabilities - Signed severance agreements. Furthermore, we verified the recognition of the provision to be in line with IAS 37.

Based on our audit procedures performed we concur with management that the impact of Alfen’s Strategy Validation and Right-Sizing program on the 2024 financial statements have been appropriately taken into consideration and have been adequately disclosed in the annual report.

Key audit matter	Our audit work and observations
Provision for moisture	We gained an understanding regarding smart grid solutions business line water ingress issues (moisture) of Alfen and evaluated the internal control procedures for recognizing the provision.
<i>Refer to notes 6 and 26 of the financial statements</i>	
In 2024, Alfen faced water ingress issues (moisture) in their substation product line, for which a provision has been recognised to cover the expected costs for repairing the affected substations. The provision recognised amounts to €12.7 million as of 31 December 2024.	We reconciled the calculation of the provision with the general ledger and verified mathematical accuracy.
The provision is based on the expected costs to be incurred to resolve the moisture issue. The estimate is based on the following key assumptions:	We reconciled the number of substations in the provision to historical revenue listings.
<ul style="list-style-type: none">• The ratio of repairs in the field vs. outfield repairs, as Alfen expects higher costs to be incurred for substations that need a full refurbishment of the concrete housing compared to a solution that can be applied in the field;• The expected costs to be incurred per type of repair to resolve the moisture issue;• The time period needed to fully remediate the problem;• The discount rate used.	We assessed the reasonableness of the categorisation of repairs (in the field vs. outfield repairs) by reconciling the assumptions with the outcomes of sample testing conducted both by Alfen and an impacted vendor.
The ratio of repairs in the field vs. outfield is the most critical input for the provision given the impact on the costs to be incurred. The provision for moisture is recognised based on the present value of the expected future cash outflows to cover the potential impact of the substation moisture issue.	We reconciled the expected cost per category to actual costs incurred for repairs already completed.
We consider the provision for moisture a key audit matter due to the significance, related estimation uncertainty and the nature being outside the normal course of business.	We discussed the technical issue, repairability and expected timelines of repairs with the Operations manager and the Management Board.
	We performed a sensitivity analysis to evaluate the sensitivity of the assumptions applied, including discount rate, cost levels, categorisation of repairs and timing of cash outflows.
	Based on the procedures performed, we found the provision for moisture to be supported by sufficient audit evidence. In addition, we consider the related disclosure to be adequate.

Key audit matter	Our audit work and observations
Estimates in contract work	We gained an understanding of Alfen’s contract work, including significant estimates made by the management board, such as those regarding the estimated total costs, the measurement of progress towards complete satisfaction of performance obligations and contract modifications. We determined that the estimated total costs is the most critical input to determine the measurement of progress towards complete satisfaction of the performance obligation.
<i>Refer to notes 6 and 22 of the financial statements</i>	
Contract assets and liabilities are recognised when the Group constructs an asset on the customer site or when the costs incurred are related to a product with no alternative use and for which the Group has an enforceable right to payment.	In addition, we gained an understanding of and evaluated Alfen’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.
The net balance sheet position of contract work amounts to €24.3 million and consists of smart grid solutions and energy storage systems. This net balance includes €194.5 million of revenue recognised to date, less €218.8 million progress billings.	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.
For recognising contract work and identifying performance obligations satisfied over time, Alfen uses the costs incurred on the contract relative to the estimated total costs.	We used our risk assessment procedures, understanding and assessment of the effectiveness of the internal controls to determine our audit approach. We primarily performed substantive testing procedures, based on efficiency considerations.
The estimated total costs are a critical estimate for Alfen for determining measurement towards complete satisfaction of the performance obligation, as well as for assessing the need for provision for loss-making contracts. These costs include materials used for production, hours needed for production, and transportation costs. Due to the magnitude, the most critical estimated total costs relate to the materials used for production and consequently satisfying its performance obligation.	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 as at 31 December 2024. In our selections, 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 random basis.
The contracts of the Group 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.	We performed audit procedures on the accuracy of the costs, which serve as the input for the management board’s measurement of the progress towards the completion of the contract. We performed audit procedures on 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. We performed audit procedures on the mathematical accuracy of the budgets and progress reports used and reconciled these to the project administration. Furthermore, we performed subsequent testing procedures to assess whether events took place which impacts the margin at balance sheet date.
The estimates in contract work are considered a key audit matter due to the estimate required from the management board to determine the estimated total costs.	Based on our audit procedures, we consider the management board’s estimate in contract work to be supported by available evidence. In addition, we consider the related disclosure to be adequate.

Key audit matter	Our audit work and observations
Capitalisation of development costs	We gained an understanding of and evaluated Alfen’s process with regard to the capitalisation of development costs. We primarily performed substantive testing procedures, based on efficiency considerations.
<i>Refer to notes 6 and 17 of the financial statements</i>	
The intangible assets of Alfen amount to €26.9 million of which €26.6 million relates to capitalised development costs for smart grid solutions, electric vehicle charging equipment and energy storage solutions.	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 2024 or were being further developed to generate sales in the upcoming period.
During 2024, Alfen capitalised €10.8 million of development costs related to new products and systems or related to new features of existing products and systems.	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.
The management board applies significant judgement regarding the determination on whether to capitalise development costs. The determination is highly dependent on the following, which is in line with IAS 38:	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.
<ul style="list-style-type: none">the technical feasibility 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; andthe reliability of the measurement of expenditures attributable to the product or system during its development.	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 board’s intention were supported with available evidence.
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 discussed the ability of the Group 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 Group.
	We performed procedures to confirm that the R&D department employees are engaged in the projects. We performed procedures to confirm that the Group has sufficient room in the financial position, resulting in sufficient financial and technical resources to complete the development.
	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; and
- contains all the information regarding the directors’ report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 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. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 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 7 years.

European Single Electronic Format (ESEF)

Alfen N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by Alfen N.V., complies in all material respects 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 complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N ‘Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument’ (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity’s financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
 - 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 have been prepared 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 mark-ups 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.

In preparing 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 they intend 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 events 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 and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. 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.

Zwolle, 12 February 2025

PricewaterhouseCoopers Accountants N.V.

F.S. van der Ploeg RA

Appendix to our auditor's report on the financial statements 2024 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.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 audit committee 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Limited assurance report of the independent auditor on the sustainability statement

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

Our limited assurance conclusion

Based on the procedures we have performed and the assurance evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability statement of Alfen N.V. (hereafter: Alfen) for 2024 is not, in all material respects,

- prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and in accordance with the process to identify the information to be reported carried out by the company to identify the information reported pursuant to the ESRS; and
- compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The subject matter of our limited assurance procedures

We have conducted a limited assurance engagement on the sustainability statement of Alfen N.V., Amsterdam for 2024 included in section sustainability statement of the Report of the Executive Committee including the information incorporated in the sustainability statement by reference (hereafter: the sustainability statement).

In the sustainability statement, references are made to external sources or websites. The information on these external sources or websites is not subject to our limited assurance procedures for the sustainability statement. We therefore do not provide assurance on this information.

The basis for our conclusion

We conducted our limited assurance engagement in accordance with Dutch law, including the Dutch Standard 3810N ‘Assuranceopdrachten inzake duurzaamheidsverslaggeving’ (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 ‘Assurance engagements other than audits or reviews of historical financial information’. Our responsibilities under this standard are further described in the section ‘Our responsibilities for the limited assurance engagement on the sustainability statement’ of our report. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our independence and quality management

We are independent of Alfen in accordance with 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 for professional accountants). PwC applies the applicable quality management requirements pursuant to the ‘Nadere voorschriften kwaliteitsmanagement’ (NVKM – Regulations for quality management) and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Emphasis of matter

Emphasis on the double materiality assessment process

We draw attention to sections ‘Material sustainability matters’ and ‘Sustainability Governance (Statement of due diligence)’ of the sustainability statement. The disclosures in these sections explain possible future changes in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in Alfen’s strategy, business model, activities, business relationships, operating, sourcing and selling contexts relevant for stakeholders as a group. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The sustainability statement may therefore not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder may consider important in its own assessment.

Our conclusion is not modified in respect of this matter.

Corresponding information not subject to assurance procedures

The corresponding information in the sustainability statement and thereto related disclosures with respect to previous years have not been subject to reasonable or limited assurance procedures.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with the ESRS, the Management Board of Alfen is required to prepare the forward-looking information based on disclosed assumptions about events that may occur in the future and possible future actions by Alfen. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Calculations to determine information as included in the sustainability statement are based on assumptions and sources from third parties that include information about, among others, value chain and information collected from actors in the value chain, when appropriate. We have not performed procedures on the content of these assumptions and these external sources, other than evaluating the suitability and plausibility of these assumptions and sources from third parties used.

Responsibilities for the sustainability statement and the review thereon

Responsibilities of the Management Board and the Supervisory Board for the sustainability information

The Management Board of Alfen is responsible for the preparation of the sustainability statement in accordance with ESRS, including the development and implementation of the double materiality process, which is a process to identify the information reported in the sustainability statement in accordance with the ESRS and for disclosing this process in the sustainability statement.

This responsibility includes:

- understanding the context in which Alfen’s activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Alfen’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions and estimates that are reasonable in the circumstances.

The Management Board is also responsible for preparing the disclosures in compliance with the reporting requirements provided in Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”). The Management Board is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the Alfen’s sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of

the sustainability statement that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Alfen’s sustainability reporting process including the double materiality process carried out by the Alfen.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient appropriate assurance evidence to provide a basis for our conclusion. Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability statement is free from material misstatements, and to issue a limited assurance conclusion in our report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

Our other responsibilities in respect of the limited assurance engagement on the sustainability statement include:

- Performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the sustainability statement. 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 override of internal control.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch

Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst others, the following:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of Alfen, its activities and the value chain and its key intangible resources to assess the process to identify the information to be reported carried out by Alfen as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with ESRS.
- Obtaining through inquiries a general understanding of the internal control environment, Alfen’s processes for gathering and reporting entity-related and value chain information, the information systems and Alfen’s risk assessment process relevant to the preparation of the sustainability statement and for identifying Alfen’s activities, determining eligible and aligned activities and prepare the disclosures provided for in the Taxonomy Regulation, without testing the operating effectiveness of controls.
- Assessing the double materiality process carried out by Alfen and identifying and assessing areas of the sustainability statement, including the disclosures provided for in the Taxonomy Regulation where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise. We designed and performed further assurance procedures aimed at determining that the sustainability statement is free from material misstatements responsive to this risk analysis.
- Considering whether the description of the process to identify the information to be reported in the sustainability statement made by the Management Board appears consistent with the process carried out by Alfen.
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information. Assessing whether Alfen’s methods for developing estimates are appropriate and have been consistently applied for selected disclosures. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Alfen’s estimates.

- Analysing, on a limited sample basis, relevant internal and external documentation at the level of Alfen (including other entities or value chain from which the information may stem) for selected disclosures.
- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement.
- Determining the nature and extent of the procedures to be performed for the group components. For this, the nature, extent and/or risk profile of these components are decisive. Our procedures were performed centrally.
- Considering whether the disclosures provided to address the reporting requirements provided for in the Taxonomy Regulation for each of the environmental objectives, reconcile with the underlying records of Alfen and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical criteria are met, and whether the accompanying key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in the Taxonomy Regulation, including the format in which the activities are presented.
- Reconciling the relevant financial information to the financial statements.
- Considering the overall presentation, structure and the balanced content of the sustainability statement, including the reporting requirements provided for in the Taxonomy Regulation.
- Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether the sustainability statement as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with ESRS.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our limited assurance engagement.

Zwolle, 12 February 2025

PricewaterhouseCoopers Accountants N.V.

F.S. van der Ploeg RA

Colophon

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