

ZAPTEC AS

Q3 2020 Financial Report

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Highlights Q3-2020: Strong sales growth, market recovery and new technology development on schedule

Turnover growth continues despite negative effects from Covid19

Gross margin temporary lower

Operating cost as a share of revenues has been reduced

EBITDA on par with Q3-2019

Strong cash generation

New sales of electric vehicles in Europe recovering

Technology development with new product launch in Q1-21 is on schedule

Key numbers

MNOK / %	Q3 - 2020	Q3 - 2019	As of Sept. 2020	AS of Sept. 2019
Revenues	48,6	38,7	140,7	110,1
Export share	27%	10%	23%	9%
Gross Margin	34 %	44 %	37 %	45 %
Operating cost	11,7	11,0	34,8	30,8
EBITDA	5,5 ¹⁾	5,6	18,7 ¹⁾	18,4
EBITDA Margin (%)	11,3%	14,4%	13,3%	16,7%
Available Cash			15	12
Liquidity Reserve ²⁾			45	37

Financial Summary

Revenue As of September, revenues increased by MNOK 30.7 from 2019 to MNOK 140.7. Revenues in Q3 increased by MNOK 9.9 from 2019 to MNOK 48.6. Growth was particularly strong in September.

The export share was 23% as of September, which is a considerable increase compared to the same period last year when it was 9%.

Our ZAPTEC Pro product line for Multi Family Homes is by far the biggest contributor to revenues, but also ZAPTEC Home for Single Family Homes had a steep increase in demand.

Gross margin As of September, the gross margin was 37%, while it was 33.9% in Q3.

This is a temporary reduction due to higher demand than expected of ZAPTEC Home which for 2020 has a relatively low gross margin. This product will be replaced by a new offering for Single Family Homes with lower production cost in Q1 2021.

EBITDA¹⁾ EBITDA in Q3-20 was MNOK 5,5 compared to MNOK 5,6 in Q3-19. EBITDA pr September was MNOK 18,7 compared to MNOK 18,4 per September last year.

Cash Cash generation of 17,9 MNOK in Q320. Total cash and available overdraft facility per September 2020 was MNOK 45.

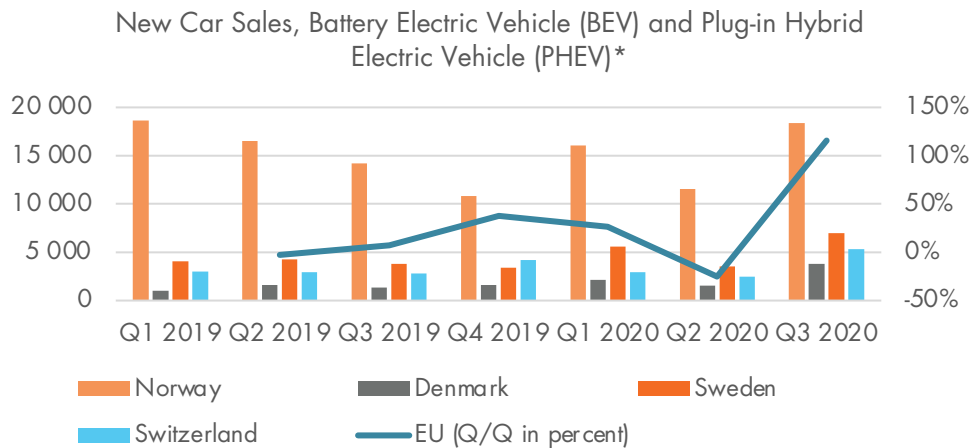
The ratio between receivables and debt is positive with regard to credit time in the product sale cycle, hence the company build a positive cash balance while growing organically.

Market and Operational Summary

Electric vehicle markets

The number of newly registered electric cars in our main markets recovered in the third quarter after a significant reduction in the second quarter as a result of Covid19. September and October sales of new electric vehicles in both our main markets and in Europe in general was significantly up with record numbers.

The outlook for growth in sales of electric vehicles is promising as battery prices keeps falling, regulatory environment supports electrification and new car models are introduced in the market



Charging markets

In the start of Q3-20 market demand for new charging systems was slow due to postponed projects, especially in Norway, as a result of Covid 19. All markets improved gradually throughout August, and September sales was particularly strong.

We entered the Danish market during Q3 and signed new contracts with Spirii and GodEnergi, with a good start on our sales in Denmark.

In Lisbon, Portugal, we installed one of the largest charging systems in Europe preparing 1048 parking bays with ZAPTEC infrastructure, together with our partner ChaZeMo.

Sales in Switzerland and Sweden shows a strong growth from returning and new customers, and the network of partners grows steadily.

Installations

During the quarter we delivered 624 new ZAPTEC Pro installations, representing a growth of 27% compared to the same quarter in 2019.

Market and Operational Summary continued

Subscription for payment services	<p>New automatic payment contracts increased in Q3 with 105 new contracts. Charge365 has 840 contracts in total with Multi Family Homes and other B2B customers for delivering automated payment services, which represent 17% of all ZAPTEC Pro installations.</p>
Production	<p>Our production partner Westcontrol has produced and delivered chargers in line with our revenue growth so far in 2020.</p> <p>Despite challenges for the transportation sector as a result of the Covid19 pandemic, delivery times has remained low.</p> <p>Westcontrol has established a new warehouse for ZAPTEC in Q3 for increasing volumes and is in the process of expanding its production facilities to handle significant growth going forward with ZAPTEC.</p>
Technology development	<p>Two major development projects taking most of our focus – release expected Q1 2021 – addressing Single Family Homes and production cost base.</p> <p>Continued rollout internationally of our integrated 4G solutions allowing for easier networking and scalability.</p> <p>The Cloud platform continuously receive updates, most notably addressing energy reporting requirements in European markets.</p> <p>The Payment solution Charge 365 beeing prepared for international markets.</p>
Organisation	<p>At the end of Q3 ZAPTEC had 32 employees, of which 2 in Stockholm, 3 in Oslo and the remaining at the company head office in Stavanger. The company employees have a low sick leave and we have avoided Covid19 infections.</p>

Forward Looking Statements

Our guiding for revenue growth is 25-30% in 2020.

Our guiding for annual revenue growth is 35-50% for the next 3 years.

Our guiding for EBITDA margin is 20% in 2023.



Product development at ZAPTEC headquarter in Stavanger, Norway



ZAPTEC Pro assembly line at Westcontrol factory in Tau, Norway



Installation of ZAPTEC charger backplate with certified partner



ZAPTEC Pro charger with Charge365 payment solution



ZAPTEC Pro installed by our partner Spirii in Bornholm, Denmark.



ZAPTEC Pro charging system in use by Hillerød municipality in Denmark.

Profit & Loss Statement (All figures in NOK 1000)

30.09.2020 30.09.2019

Operating revenues and operating costs		
Sales revenue	140 753	110 100
Total operating income	140 753	110 100
Cost of goods	88 621	60 900
Labor cost	22 588	16 800
Depreciation of fixed assets and intangible assets	3 500	2 250
Other operating expense	12 262	14 000
Total operating costs	126 971	93 950
Operating profit	13 782	16 150
Financial income and financial costs		
Other interest income	61	27
Another financial income	286	32
Other interest expenses	765	355
Other financial cost	272	104
Result of financial items	-670	-400
Ordinary profit before tax expense	13 092	15 750
Taxes on ordinary result	3 814	0
Ordinary result	9 278	15 750
Extraordinary income and expenses		
Annual result	9 278	15 750
The majority's share	9 278	15 750
Transfers		
Provision for other equity	9 278	15 750
Sum disposed	9 278	15 750

Balance Sheet – Assets (All figures in NOK 1000)

30.09.2020 30.09.2019

Fixed assets		
Intangible assets		
Research and development	39 437	24 791
Licenses, patents and the like	2 507	3 130
Deferred tax benefit	6 513	0
Total intangible assets	48 457	27 921
Fixed assets		
Operating equipment, fixtures and fittings, etc. equipment	1 839	1 608
Total fixed assets	1 839	1 608
Financial fixed assets		
Other long-term receivables	2	312
Total financial fixed assets	2	312
Total fixed assets	50 298	29 841
Current assets		
Stock of goods and other inventory	15 113	13 233
Claims		
Accounts receivable	25 166	17 785
Other current receivables	9 791	609
Total receivables	34 957	18 394
Bank deposits, cash.	14 971	12 189
Total current assets	65 041	43 816
Total assets	115 339	73 657

Balance Sheet – Equity and Debt (All figures in NOK 1000)

	30.09.2020	30.09.2019
Paid-in capital		
Share capital	334	306
Own shares	-6	-5
Other equity	34 070	43 512
Total paid-in equity	34 398	43 812
Earned equity		
Other equity	32 842	-2 417
Total retained earnings	32 842	-2 417
Total equity	67 240	41 395
Other long-term debt		
Debt to credit institutions	8 625	1 625
Other long-term debt	0	2 500
Total other long-term debt	8 625	4 125
Short - term debt		
Accounts payable	32 144	24 529
Due public fees	3 270	2 164
Other short-term debt	4 060	1 443
Total short-term debt	39 474	28 137
Total debt	48 099	32 262
Total equity and debt	115 339	73 657

ZAPTEC