

Q3 2021 Report



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Highlights Q3

- Strong revenue growth and even stronger purchase order registrations
- Significantly strengthened gross margin
- Positive contribution from the Swiss subsidiary
- A continued increase in export share as projected
- 999 new Pro installations
- Considerable new subscriptions for automatic payment services
- Preparations for the company to be listed on the main list on Oslo Stock Exchange 2022 initiated

Key Numbers

MNOK/%	Q3-21	Q3-20	YTD 2021	YTD 2020
Revenues	131.0	48.8	296.2	140.7
Export Share	47%	27%	43%	23%
Gross margin	44.8%	34.7%	39.2%	37.0%
Operating expenses	35.8	11.8	75.8	33.5
EBITDA adj.	22.9 ¹	5.1	40.1	18.7
EBITDA Margin (%)	17.5%	10.5%	13.5%	13.3%
Available liquidity	232.4	45.0	232.4	45.0

¹Adjusted for salary benefit and social cost on share option program of MNOK 23.1 in the third quarter

Financial Summary

Revenues	<p>Third quarter revenue of 131.0 MNOK, which is an increase of 170% compared to the third quarter 2020.</p> <p>Registered purchase orders ended at 148 MNOK, which is an increase of 182% compared to third quarter of 2020.</p> <p>The export share was 47%, which is a considerable increase compared to 27% in the same period last year.</p> <p>Zaptec Pro represented 53% of charger revenues and the rest was revenues from products for the single family home market.</p>
Gross margin	<p>Achieved gross margin in the quarter of 44.8%, which is a significant increase from same period 2020 of 34.7% and previous quarter of 35.8%. The gross margin level is in line with our plan for production ramp up of Zaptec Go and the new Pro version, in addition of consolidation of the newly acquired Swiss subsidiary.</p>
Adjusted EBITDA¹	<p>Adjusted EBITDA in the quarter of 22.9 MNOK, or 17.5% of revenue, compared to 5.1 MNOK in the third quarter 2020 (10.5%). The order back-log was increased to 43 MNOK from second quarters 26 MNOK. Despite a challenging component market, the production volume is currently ramping up to meet product demands with a goal of leveling with sales during fourth quarter.</p>
Liquidity Reserve	<p>Net cash spending of 25.6 MNOK in the third quarter, mainly due to acquisition of the Swiss subsidiary. Strong cash balance with total cash, available overdraft facility, and other funds per end of September 2021 of MNOK 232 MNOK.</p>

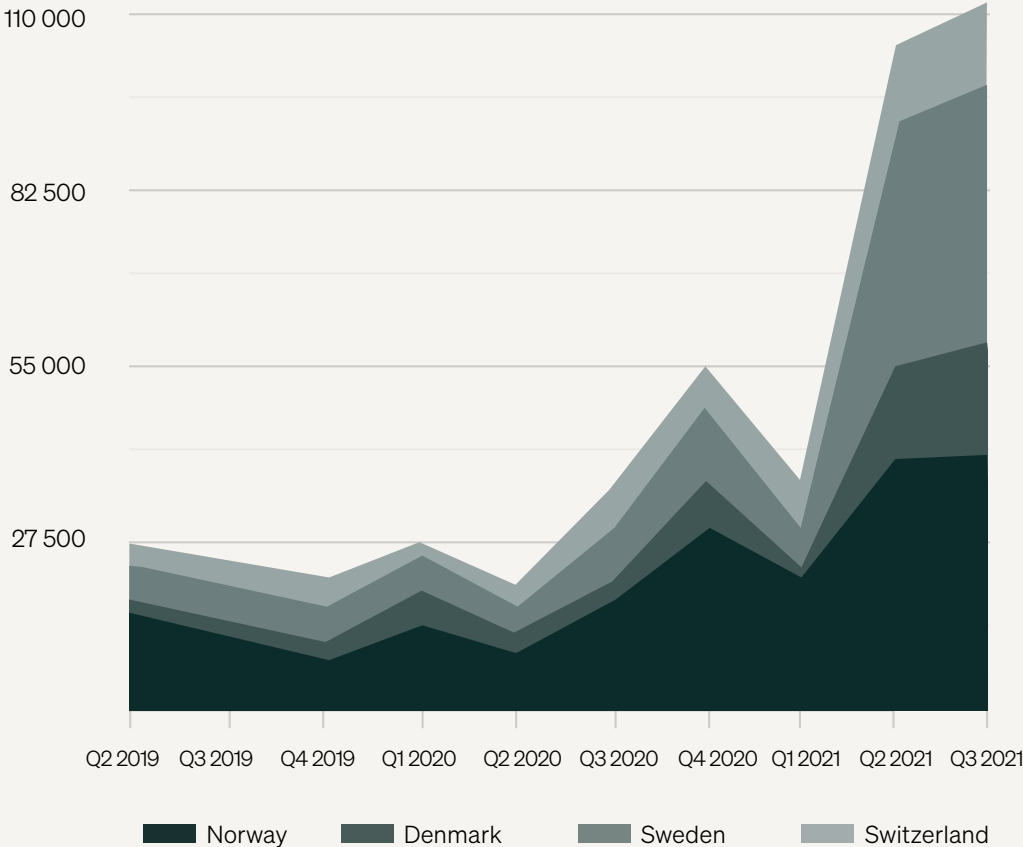
¹Adjusted for salary benefit and social cost on share option program of MNOK 23.1 in the third quarter

Operational Summary

Electric vehicle markets

The demand in electric vehicle (EV) markets continued to grow in Q3-21 in Norway, Denmark, Sweden and Switzerland, with 114 379 EVs sold.

New Car Sales, Battery Electric Vehicle (BEV) and Plug-in Hybrid Electric Vehicle (PHEV)

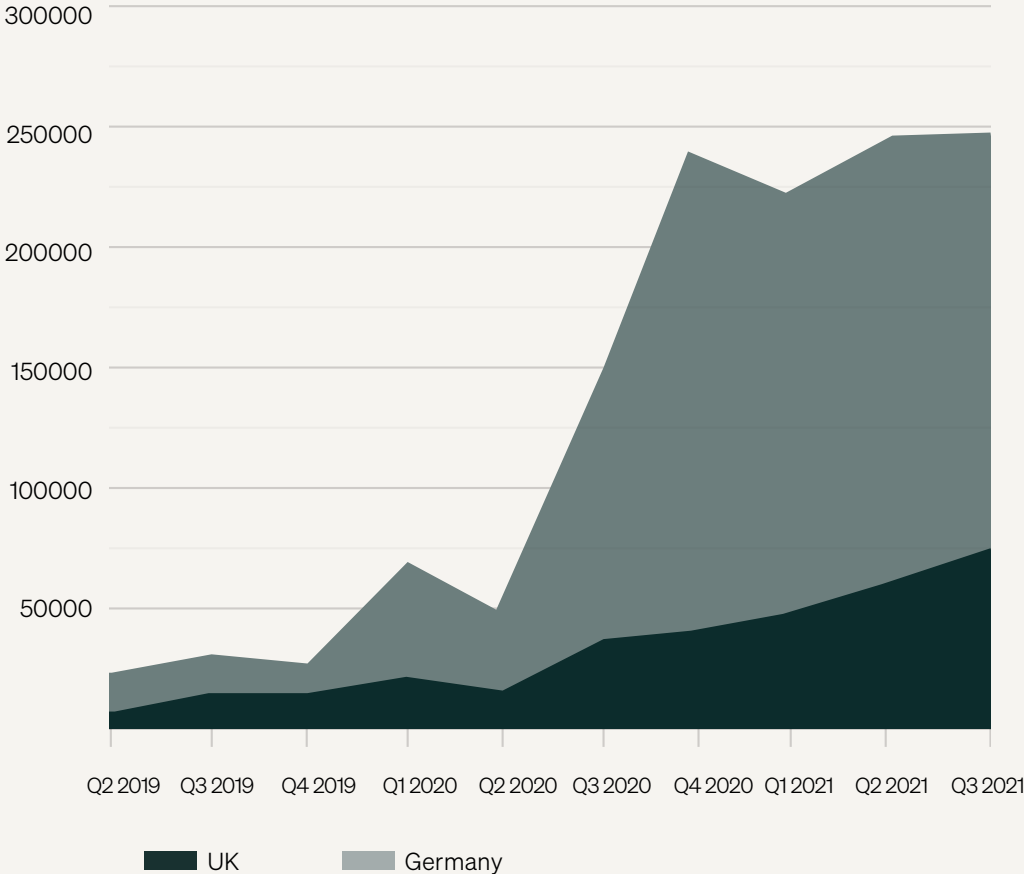


Source: energi og klima

Electric vehicle markets cont.

The electric vehicle markets in UK and Germany were strong in Q3-21, with 245 553 EVs sold. The German market is positively influenced by the many new electric car models launched by domestic car manufacturers.

New Car Sales, Battery Electric Vehicle (BEV) and Plug-in Hybrid Electric Vehicle (PHEV)

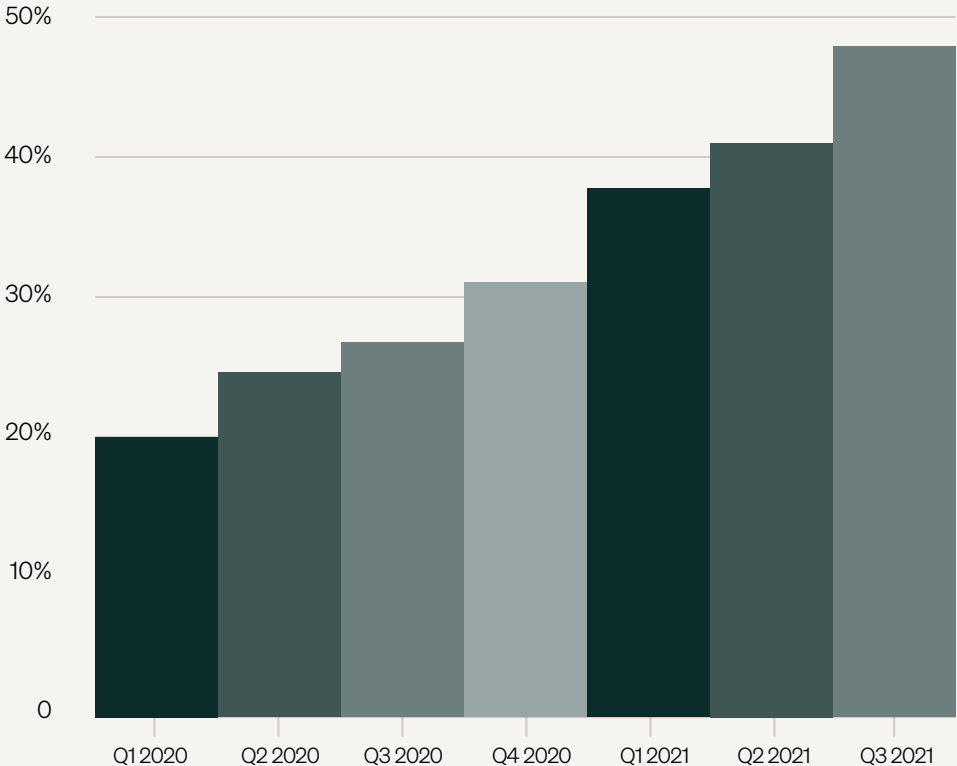


Source InsideEVs

Internationalisation

The export share increased from 27% in Q3 20 to 47% in Q3 21. Our largest export markets were Switzerland, Sweden, Denmark and Iceland.

Export share



Almost one-third of export to Switzerland - key to further European expansion

– We're looking at the results of enhancing our niche products within EV chargers, a proven fact that we're ready for our next adventure within export in Europe says CEO Anders Thingbø.

The acquisition of Swiss NovaVolt has given value through human capital, according to the CEO.

– Our Swiss subsidiary can be the key to further expansion in Europe. The unique understanding and business success in Switzerland's professional real estate markets will be valuable for our development in Germany, he says.

According to Thingbø, resources that come with the acquisition are helpful towards markets such as Italy and France due to market knowledge and language barriers. He also says the real estate market in Germany is similar to the Swiss market, with many large residential rental properties.

– Take a closer look at Zaptec Pro as an example. It is the chosen charging system for large Swiss insurance and real estate owners with rental properties with parking facilities, representing several hundred thousand parking spaces equipped with EV charging going forward. As for the electric vehicle market, it is still growing strongly in Zaptec's key markets.

– In 2022, we assume that two-thirds of the turnover will come from our subsidiaries, even with an increased turnover in Norway in 2022, says Anders Thingbø.



999 new Pro installations

During the quarter we installed 999 new Pro installations, up from 476 Pro installations in the same quarter last year.

In each Pro installation there are numerous parking bays where only a small fraction is equipped with a Zaptec Pro charger. Hence there is a large future revenue stream for the company in these installations when more chargers are sold as the transition from cars with internal combustion engines to electric vehicles continues.

Zaptec Pro has been chosen as the large scale EV charging system in over 10.000 large buildings and parking facilities in Europe largely due to its unique dynamic load- and phase balancing technology that will provide up to 300% more charging points and faster charging than the competition.



112 new subscriptions for automatic payment services

The deployment of subscription contracts for value added services for Pro end-customers continue. During the quarter we signed 112 new contracts for automatic payment. During first half of 2022 we will launch automatic payment internationally and the technology is improved with automatic onboarding and more features. We will sell automatic payment more actively both as a bundle for new Pro installations and as a value added service to existing Pro installations without such a service.

We will also expand our service portfolio with a service agreement where we take the role as a Charge Point Operator to offer hassle free charging at a competitive pricing. Even though the recurring revenues from Charge365 is low in this early phase with 0,5 MNOK - 1 MNOK per quarter (the price model is a percentage of the energy price) we will build a large and strong portfolio of service contracts in the residential and office building markets in Europe going forward.



Technology Development to become compliant with country specific requirements

Germany, UK and France has some country specific technical and legal requirements for some, not all, of our charging systems. For the short term we prioritize to develop solutions to be in compliance with these requirements and we expect that this work will be finalised the next 2-3 quarters so that our subsidiaries can ramp up sales on the whole range of our portfolio of products and services.

In addition to the above mentioned development projects we will continue our long term development of charging technology to keep our competitive edge in home, workplace and destination charging in Europe.



Outlook

Going forward we expect revenue growth to continue with the growth in EV market shares in Europe. The export revenue share will increase as we see higher EV adoption especially in Sweden, Switzerland and Denmark and as we start sales in Germany and the UK.

Our strategic focus will continue to be geographic expansion in multi- and single family home charging markets with a system operator business model with low capital expenditure and a continuous technological development to deliver recurring revenues and higher customer values.



Financial Statements

Income Statement (All figures in NOK 1000)

	30.9.2021	30.9.2020	Q3-2021	Q3-2020
Operating income and operating expenses				
Revenue	296 159	140 753	130 962	48 787
<i>Operating income</i>	296 159	140 753	130 962	48 787
Raw materials and consumables used	180 195	88 621	72 315	31 877
Payroll expenses	76 096	22 587	43 942	9 501
Depreciation and amortisation expense	7 007	3 500	4 510	1 084
Other operating expenses	38 442	12 262	14 938	3 707
<i>Operating expenses</i>	301 741	126 971	135 705	46 169
<i>Operating profit</i>	-5 582	13 782	-4 744	2 618
Financial income and expenses				
Other interest income	3	61	1	56
Other financial income	136	286	39	36
Increase in market value of financial current assets	3 076	-	853	-
Decrease in market value of financial current assets	406	-	406	-506
Other interest expenses	612	765	273	558
Other financial expenses	490	272	106	729
<i>Net financial income and expenses</i>	1 707	-689	106	-689
<i>Operating result before tax</i>	-3 875	13 092	-4 637	-10 706
Tax on ordinary result	9 718	3 814	6 398	-
<i>Operating result after tax</i>	-13 593	9 278	-11 035	10 109
Extraordinary income and expense				
<i>Annual net profit</i>	-13 593	9 278	-11 035	-2 983
Minority share	421	-	549	-
<i>Majority share</i>	-14 014	9 278	-11 584	-2 983
Brought forward				
To other equity	-	9 278	-	-
Loss brought forward	-	-	-	-
From other equity	14 014	-	11 584	2 983
<i>Total allocated</i>	-14 014	9 278	-11 584	-2 983

Balance Sheet - Assets (All figures in NOK 1000)

	30.9.2021	30.9.2020
Fixed assets		
<i>Intangible fixed assets</i>		
Research and development	45 639	39 436
Concessions, patents, licences, trademark	11 343	2 507
Deferred tax asset	7 563	6 514
Goodwill	42 632	-
Total intangible assets	107 177	48 457
<i>Tangible fixed assets</i>		
Equipment and other movables	4 559	1 839
Total tangible fixed assets	4 559	1 839
Financial fixed assets	-	-
Investments in subsidiaries	-	-
Investments in other group companies	1 357	-
Other receivables	-	2
Total financial fixed assets	1 357	2
Total fixed assets	113 093	50 298
Current assets		
Inventories	22 759	15 113
<i>Debtors</i>		
Accounts receivables	82 471	25 166
Other receivables	24 257	9 726
Total debtors	106 728	34 893
<i>Investments</i>		
Other quoted financial instruments	183 452	-
Total investments	183 452	-
Cash and bank deposits	47 607	14 971
Total current assets	360 547	64 977
Total assets	473 639	115 275

Balance Sheet - Equity and liabilities (All figures in NOK 1000)

	30.9.2021	30.9.2020
Equity		
Share capital	475	334
Own shares	-0	-6
Share premium reserve	355 362	34 070
Other paid-in equity	39 385	-
Total restricted equity	395 222	34 398
Retained earnings	-	-
Other equity	-	32 842
Loss brought forward	-36 726	-
Total retained earnings	-36 726	32 842
Minority interests	503	-
Total equity	358 998	67 240
Liabilities		
Provisions	-	-
Other provisions	5 553	-
Total provisions	5 553	-
Other long-term liabilities	-	-
Liabilities to financial institutions	4 792	8 625
Total of other long term liabilities	4 792	8 625
Current liabilities	-	-
Liabilities to financial institutions	12 366	-
Trade creditors	69 280	32 144
Public duties payable	7 161	3 270
Other short term liabilities	15 489	3 996
Total short term liabilities	104 296	39 410
Total liabilities	114 641	48 035
Total equity and liabilities	473 639	115 275

Statement of cash flows (All figures in NOK 1000)

	30.09.2021	Q3-2021	2020
Cash flow from operating activities			
Profit before tax	-3 875	-4 637	12 373
Taxes paid	-	-	-
Gain/Loss fixed assets	-	-	-
Depreciation of property, plant and equipment	7 007	4 510	4 833
Gain/Loss sale of shares	-	-	-
Impairment of shares	229	-	-
Movement shares/funds	-2 670	-446	3 135
Earnings from funds	-	-	-4 147
Change in inventories	-7 151	-2 345	3 854
Change in accounts receivables	-40 609	-44 961	-23 278
Change in accounts payables	31 820	16 234	13 667
Other items related to operating activities	26 070	19 964	4 181
Net cash flow used in operating activities	10 822	-11 682	14 618
Cash flow from investing activities			
Purchase of property, plant and equipment activities	-17 742	-3 199	-16 841
Purchase of shares	-33 357	-33 357	-
Cash from acquisitions	11 202	11 202	-
Net invested in stocks and shares	40 000	-	-220 000
Movement in other interest-bearing items	82	46	3 921
Net cash flow from investing activities	185	-25 319	-232 920
Cash flow from financing activities			
New finance debt	-	-	-
Repayment of finance debt	-2 875	-958	-3 833
Purchase of own shares	-	-	-600
Sale of own shares	-	-	2 312
Issue of share capital	3 375	-	229 136
Net change in overdraft facility	12 366	12 366	-
Net cash flow from financing activities	12 866	11 407	227 014
Net change in bank deposits, cash and equivalents	23 874	-25 593	8 713
Cash and equivalents at beginning of period	23 734	73 201	15 021
Cash and equivalents and end of period	47 607	47 607	23 734

Disclaimer – forward looking statements

In addition to historical information, this presentation contains statements relating to our future business and/or results. These statements include certain projections and business trends that are “forward-looking.” All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements preceded by, followed by or that include the words “estimate,” pro forma numbers, “plan,” project,” “forecast,” “intend,” “expect,” “predict,” “anticipate,” “believe,” “think,” “view,” “seek,” “target,” “goal”, “outlook” or similar expressions; any projections of earnings, revenues, expenses, synergies, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations, including integration and any potential restructuring plans; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results/pro forma results as a result of certain risks and uncertainties. Further information about these risks and uncertainties are set forth in our most recent annual report for the Year ending December 31, 2020. These forward- looking statements are made only as of the date of this press release. We do not undertake any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from Fourth parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies, which are impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections