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Highlights Q4

- Positive working capital development and strong cash balance
- Turnover growth 66%
- Gross margin reduced due to higher than expected sales of a low margin product
- EBITDA MNOK 11,1 (14% of revenues)
- Operating cost as a share of revenues has been reduced
- New sales of electric vehicles in Europe continue to grow
- Technology development with new product launch in Q1-21 is on schedule
- Successful share issue and IPO on Euronext Growth

Key numbers

MNOK/%	Q4-20	Q4-19	2020	2019
Revenues	79	46,3	219,7	156,4
Export Share	31,4%	8,9%	26,2%	9,3%
Gross margin	36,4%	39,0%	36,8%	43,0%
Operating cost	21,9 ³	13,0 ²	56,8 ³	43,8
EBITDA adj.	11,1 ¹	5,1	29,8 ¹	23,4
EBITDA Margin (%)	14,0%	11,0%	13,5%	15,0%
Available liquidity			273,2	43,4

1. Adjusted for bonus, salary benefit and social cost on share option in Q4 of MNOK 11,6 and severance pay in Q3 of MNOK 1,4.
2. R&D cost MNOK 5,0 for Q1 – Q3 in 2019 was capitalized in Q4-2019
3. Adjusted for salary benefit on share option program.

Financial Summary

Revenues

In 2020 revenues increased by MNOK 63,2 to MNOK 219,7 (MNOK 156,4). Revenues in Q4 increased by MNOK 32,6 to MNOK 78,9 (MNOK 46,3)

The export share was 26% in 2020 which is a considerable increase compared to 9% in the same period last year.

Zaptec Pro product line for Multi Family Homes is by far the largest contributor to revenues, although also Zaptec Home for Single Family Homes saw a steep increase in demand

Gross margin

In 2020 the gross margin was 36,8%, while it was 36,4% in Q4.

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.

Earnings

Pre-tax profit in Q4 was MNOK 11,1 mill. (adjusted for bonus, salary benefit and social cost on share options in Q4 of MNOK 11,6) compared to MNOK -0,1 in Q4 2019.

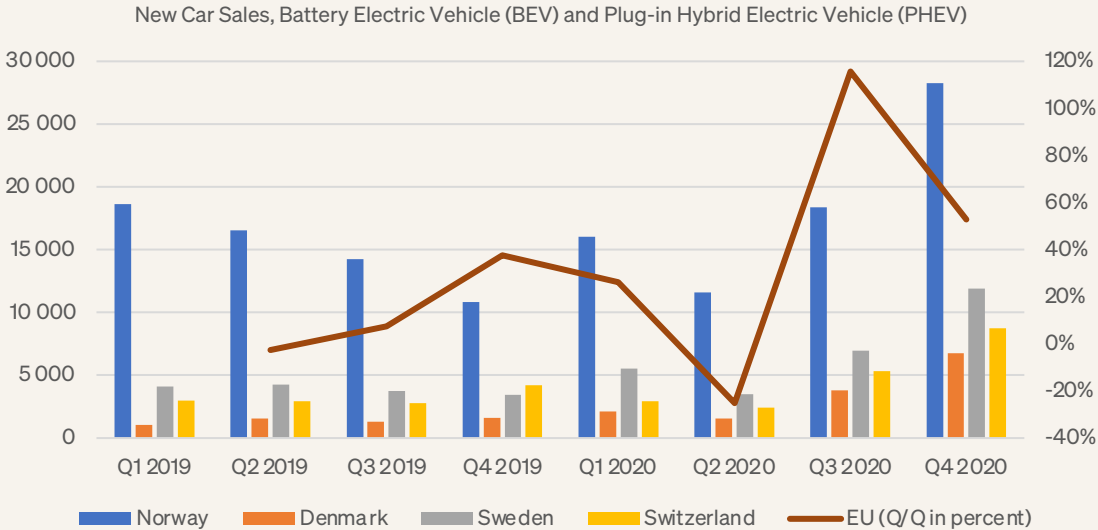
Liquidity

As of December 31 total available liquidity was MNOK 273.

The ratio between receivables and trade debtors is positive with regard to credit time in the product cycle, hence the company built a positive cash balance while achieving strong organic growth.

Operational Summary in Q4

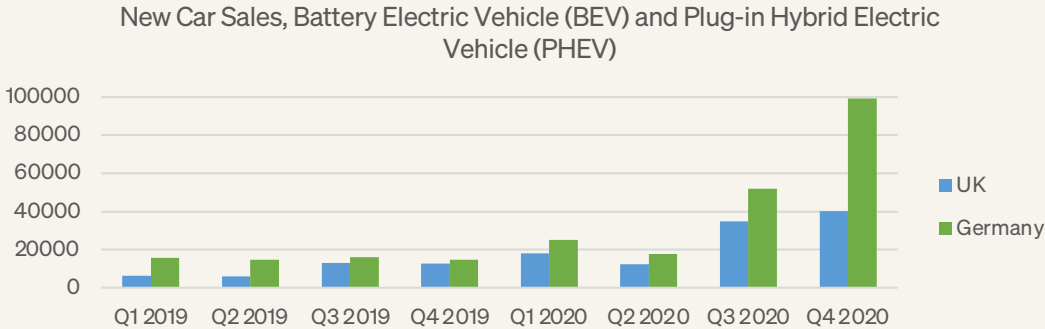
Electric vehicle markets



The number of newly registered electric vehicles (EV) in our main markets continued to grow.

In Q3 the markets for electric cars in the Nordic countries recovered from a setback in Q2 due to Covid19. In Q4 the growth was strong, but EV adoption is still very low in absolute numbers.

Sales of new electric vehicles in Europe increased by approximately 60% from Q4 in 2019. As EV sales in Germany and UK surpassed Norway in absolute numbers during 2020, Zaptec is in the process of opening new subsidiaries in order to start selling in these countries during 2021.



Our outlook for growth in EV adoption remains high. Car producers continuously launch and deliver a wide range of models covering most market needs. Tesla Model Y will be available in European markets in 2021 and this model will be dominating the EV markets due to its competitive combination of size, performance, energy efficiency and price point.

According to Bloomberg New Energy Finance (BNEF) the average EV lithium-ion battery pack prices in 2020 was 137\$/KWh. It is at around 100\$/KWh price point for battery packs that automakers should be able to produce and sell mass market EVs at the same price (and with the same margin) as comparable internal combustion vehicles in some markets. The prediction from BNEF is that this price point will occur in most markets by 2023.



The new Tesla Model Y

Charging markets

Norway is the largest market for Zaptec. The main distribution channels for Zaptec are the electricians and installers. Energy companies and value-added resellers are a growing customer base for the company.

Our subsidiary in Sweden and partner Novavolt in Switzerland continued on their strong organic growth path and Q4 was record quarters in both countries.

In Switzerland the sales growth was 300%. Sweden is currently our largest export market. Notable installations in Sweden was Nordby Shopping Center with 100 Zaptec Pro. The project was done/executed by Brand Group Energy.

Our Dutch distributor Eleqtron has installed Zaptec in multiple apartment buildings with 200+ parking places in Amsterdam and Rotterdam.

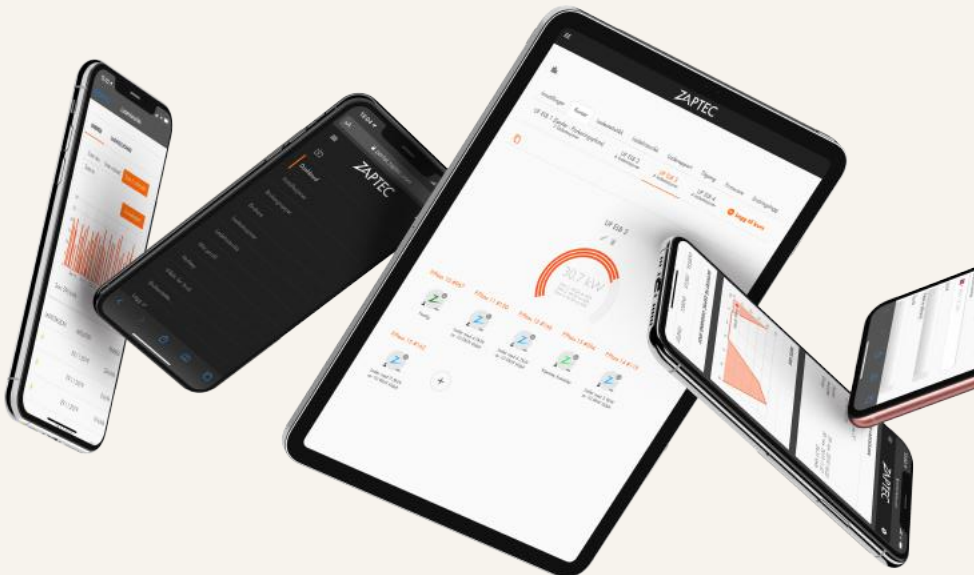
N1, the leading gas and service chain in Iceland, has completed first stage of Kirkjusundur (38 Zaptec Pro), a new development in Reykjavik that will have over 1200 parking places once completed.

Number of installations Zaptec Pro system

We delivered 878 new Pro installations, representing a growth of 55% compared to the same quarter in 2019.

A total of 2540 PRO installations were delivered in all markets in 2020.

A PRO installation is a multi-parking facility equipped with Zaptec charging system infrastructure, where normally 10-20% of all parking spaces are fitted with chargers and the rest remains a future growth opportunity for the company.



Zaptec Portal, the cloud-based administrative tool that accompanies the charging system.

Subscription for Charge365 payment services

New automatic payment contracts increased with 127 new contracts.

Charge365 has about 1.000 contracts and 14.000 active users within Multi Family Homes and other B2B customers, which represent 17% of all Zaptec Pro installations.

Zaptec Pro charger with Charge365 payment solution



Production

Our production partner Westcontrol AS has delivered chargers with short delivery times in line with our revenue growth in 2020.

To be able to cover market demand for existing and future charging portfolio Westcontrol has decided to expand current production site on Tau, Rogaland, with new buildings, robotic equipment and recruitment of new production staff.

The production capacity will increase significantly during Q4 2021. Westcontrol will be able to produce the sales volumes we expect for 2021.

Production capacity from 2022 and onwards is high on the agenda for the management of Zaptec.



Production and testing of Zaptec Pro at Westcontrol AS.

Technology development

In Zaptec Portal, the administration tool for charging system owners, we have developed a swift onboarding process of the new product line for scalable growth.

All 40.000 Zaptec chargers in operation communicate continuously with the Azure cloud solution. Since the data volumes increase significantly we have scaled our cloud solutions to a larger data flow, preparing the company for continued growth in data traffic and storage.

In the quarter we have deployed tech updates for better run-time control and monitoring, and established interfaces for subscription and services going forward. All firmware updates are programmed by our own staff, and deployed through the cloud and communication technology at the charger level without causing any problems for the end user.

In Charge 365 we have improved processes for onboarding and invoicing of automatic payment services to support user growth. The goal is to have self served, digital and automatic customer processes so that our services create customer values and is fully digital to gain profitability as we scale and grow outside of Norway.

For our hardware product development, there is a full team effort driving new product development ready for launch Q1 2021. Also important is the ongoing internal technology update for PRO platform to simplify production processes and adoption in future products

Developing new Automatic Power Management hardware for generic use internationally, to be able to offer load balancing in buildings to optimize grid tariffs, protect fuses and at the same time charge as many electric vehicles as possible at any time during the year.



Product development at Zaptec headquarter in Stavanger, Norway

Organization

At the end of 2020 ZAPTEC and Charge365 had 32 employees, of which 3 in Stockholm, 3 in Oslo and the remaining at the company head office in Stavanger. Sick leave is very low, and we have avoided Covid19 infections.

During Q4 we have built capacity and competence in the organization. 14 new colleagues will be onboarded during Q1 and Q2 in 2021 strengthening sales, marketing and product development, including recruitment of Country Managers in Germany and UK.



Zaptec headquarter in Stavanger, Norway

Strategic growth initiatives

The company is analyzing strategic growth initiatives that will enhance and speed up market entries in promising markets for EV including companies with complementary products and services.

IPO and share issue

In September 2020 we raised MNOK 224 in a share issue towards five cornerstone institutional investors. Shortly after the share issue 21 million shares from existing investors at the time were sold to a group of professional investors from Norway, Sweden, Germany and USA.

Altogether, we increased our investor base from about 80 to 210 investors. The IPO price was NOK 11,25 per share, and at the end of 2020 it was NOK 44,40.

On 6 October the company shares started trading on Euronext Growth. The stock market introduction was successful and the number of investors at the end of 2020 was about 1700 excluding investors from trading platforms such as Nordnet, Avanza etc. according to Euronext VPS.



Zaptec at Oslo Stock Exchange (Photo: Thomas Brun / NTB)

Outlook

The growth in EV demand is substantial, as is the speed of development in technology, customer awareness and ecosystems. This adds increased potential to Zaptec's business proposition and growth prospects while at the same time making guiding challenging.

Against this perspective the company will continue its national and international growth efforts, and update the financial market on a regular basis and at least quarterly about developments, status and outlook.

Charts

Revenue Statement (all figures in NOK 1000)

	2020	2019	Q4 2020	Q4 2019
Operating revenues and operating costs				
Sales revenues	219 755	156 479	79 002	46 379
Operating income	219 755	156 479	79 002	46 379
Raw materials and consumables used	138 883	89 195	50 263	28 295
Payroll expenses	43 977	20 232	21 390	3 432
Depreciation and amortisation expense	4 833	4 058	1 333	1 808
Write down on tangible and intangible assets	0	3 133	0	3 133
Other operating expense	20 020	23 573	7 758	9 573
Operating expenses	207 713	140 191	80 742	46 241
Operating profit	12 041	16 289	-1 740	139
Financial income and expenses				
Other interest income	181	63	120	36
Another financial income	399	51	113	19
Increase in market value of financial current assets	1 012	0	1 012	0
Other interest expenses	958	565	193	210
Other financial expenses	302	146	30	42
Net financial income and expenses	332	-596	1 021	-196
Operating result before tax	12 373	15 692	-719	-58
Taxes on ordinary result	0	-10 328	0	0
Ordinary result	12 373	26 020	-719	-58
Extraordinary income and expenses				
Annual net profit	12 373	26 020	-719	-58
Majority share	12 373	26 020	-719	-58
Brought forward				
Setteling loss brought forward	12 373	26 020	-719	-58
Total allocated	12 373	26 020	-719	-58

Balance Sheet – Assets (all figures in NOK 1000)

	2020	2019
Fixed assets		
Intangible fixed assets		
Research and development	35 298	24 037
Concessions, patents, licences, trademark	11 216	12 590
Deferred tax asset	10 328	10 328
Total intangible assets	56 842	46 955
Tangible fixed assets		
Equipment and other movables	2 246	1 672
Total tangible fixed assets	2 246	1 672
Financial fixed assets		
Investments in subsidiaries	0	0
Loans to group companies	0	0
Other receivables	82	4 003
Total financial fixed assets	82	4 003
Total fixed assets	59 170	52 630
Current assets		
Inventories	12 952	16 806
Debtors		
Accounts receivables	30 780	7 502
Other receivables	8 854	2 922
Total debtors	39 634	10 424
Investments		
Other quoted financial instruments	221 012	0
Total investments	221 012	0
Cash and bank deposits	23 734	15 021
Total current assets	297 332	42 252
Total assets	356 502	94 882

Balance Sheet – Equity & Liabilities (all figures in NOK 1000)

	2020	2019
Equity and liabilities		
Restricted equity		
Share capital	469	318
Own shares	0	-5
Share premium reserve	325 528	95 008
Other paid-in equity	7 058	0
Total restricted equity	333 055	95 321
Retained earnings		
Other equity		
Loss brought forward	-30 260	-42 097
Total retained earnings	-30 260	-42 097
Total equity	302 795	53 224
Liabilities		
Other provisions	886	0
Total provisions	886	0
Other long-term liabilities		
Liabilities to financial institutions	7 667	11 500
Total of other long term liabilities	7 667	11 500
Current liabilities		
Trade creditors	32 639	18 972
Public duties payable	7 329	2 523
Other short term liabilities	5 187	8 664
Total short term liabilities	45 154	30 158
Total liabilities	53 708	41 658
Total equity and liabilities	356 502	94 882

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