

Q2 Report 2023



23 August 2023



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Update from the CEO



Dear shareholders,

I am pleased to announce that we continued our profitable growth journey in the second quarter. Once again, we recording all-time high quarterly revenue. Over the last 12 months combined we have now generated over 1.1 billion NOK revenue.

Our record-breaking revenue and growth reflect our employees' dedication and ability to adapt to challenging market conditions. We have delivered our best quarter in a tough market so far because we remain committed to delivering quality and safety. Our focus on innovation and safety has been maintained through our continuous product development and over-the-air updates, bringing quality improvements to existing and new product owners.

Quality, indeed, bears fruit. The success we now witness is not a stroke of luck; it is a testament to our preparedness and our ability to seize the right moments. As opportunities have arisen, we have risen to the occasion, leveraging our expertise and vision to turn possibilities into concrete achievements.

Going forward we look forward to ramping up production levels further – we are on track to commence production of Zaptec Go at Sanmina which combined with increased production at Westcontrol will further ramp up Zaptec Go deliveries in the coming months.

Thank all of you for your support.

Peter Bardenfleth-Hansen

Highlights Q2 2023

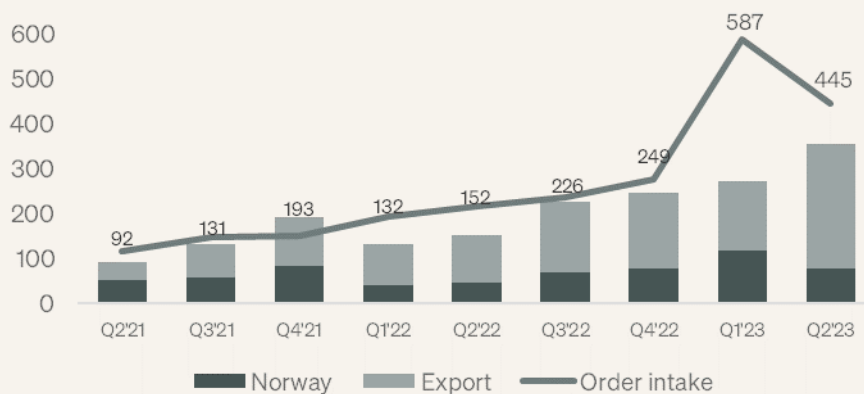
- All time high quarterly revenue of 355 mill NOK, 134% above Q2 2022
- Continued strong order intake of 445 mill NOK, 104% above Q2 2022
- Order backlog of 578 mill NOK for deliveries from Q3 2023 to Q1 2024
- Continued ramp-up in production volumes of both Zaptec Go and Zaptec Pro including commencement of MID-type approved Zaptec Pro
- Gross margin of 36%
- EBITDA of 23 mill NOK, up 96% from Q2 2022

Key financial figures

MNOK/%	Q2-23	Q2-22	YTD 2023	YTD 2022
Revenues	355	152	626	284
Export Share	78%	69%	68%	69%
Gross margin	36%	42%	39%	44%
Opex	106	52	214	113
EBITDA	23	12	27	12
EBITDA Margin (%)	6%	8%	4%	4%
Available liquidity	248	245	248	245

¹ Including cash, deposits, funds and un-used overdraft facility of 70MNOK

Quarterly revenue and order intake (MNOK)



Financial summary

Revenue

Second quarter revenue of 355 MNOK, which is an increase of 134% compared to the same period last year.

Registered purchase orders in the second quarter was 445 MNOK, an increase of 104% compared to the same period last year. The backlog of orders of 578 MNOK has scheduled deliveries from Q3 2023 to Q1 2024.

The export share was 78% in the second quarter compared to 69% in the same period last year.

Gross margin

Gross margin in the quarter was 36% compared to 42% same period last year, due to product mix more favourable to the home segment with lower margins than the pro segment.

Opex

Total employee benefit expenses and other operating expenses in the second quarter was 106 MNOK compared to 52 MNOK in same period last year.

Personnel expenses in the second quarter increased 89% compared to same period last year. At the end of June 2023 Zaptec had 177 employees, compared to 120 employees at end of June 2022.

Other operating expenses in the second quarter increased from 25 MNOK in the same period last year to 54 MNOK. The increase is largely related to sales, marketing, consultants and travel expenses for a larger presence in Europe. In addition to this, one-off expenses related to improved estimate data for warranty provision of 6 MNOK and increased provision for losses on accounts receivable of 2 MNOK were accounted for in the second quarter.

EBITDA

EBITDA in the second quarter was 23 MNOK compared to 12 MNOK in the second quarter last year.

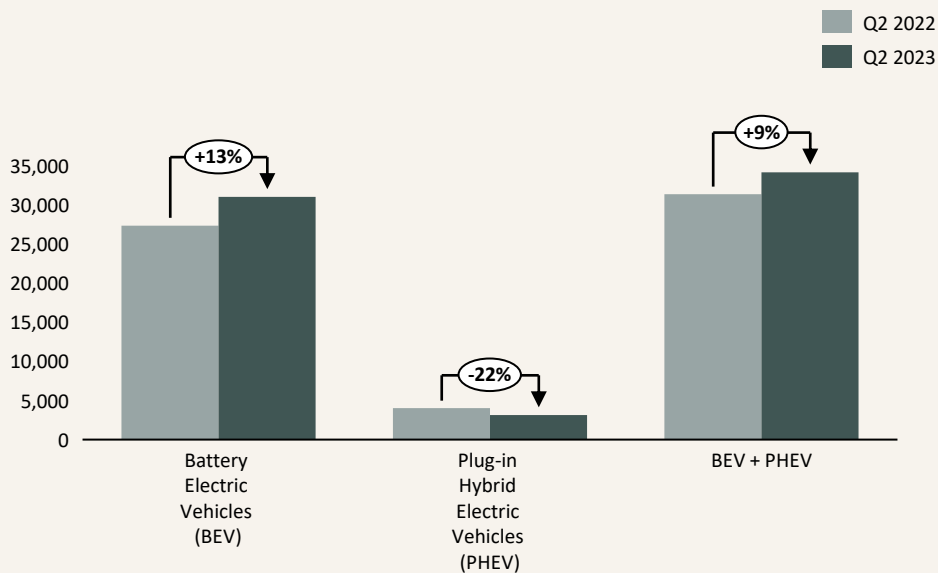
Available Liquidity

The cash balance with total cash, available overdraft facility, deposits and other funds per end of June 2023 was 248 MNOK.

Continued EV adoption in Europe, however slow growth in Norwegian plug-in vehicle sales in the second quarter.

Sales figures for electric vehicles improved somewhat compared to the first quarter in the second quarter, however the growth was modest in Zaptec's largest market Norway. The adoption of electric and plug-in hybrid electric vehicles in EU continued with significant increase in the second quarter despite challenging macro environment.

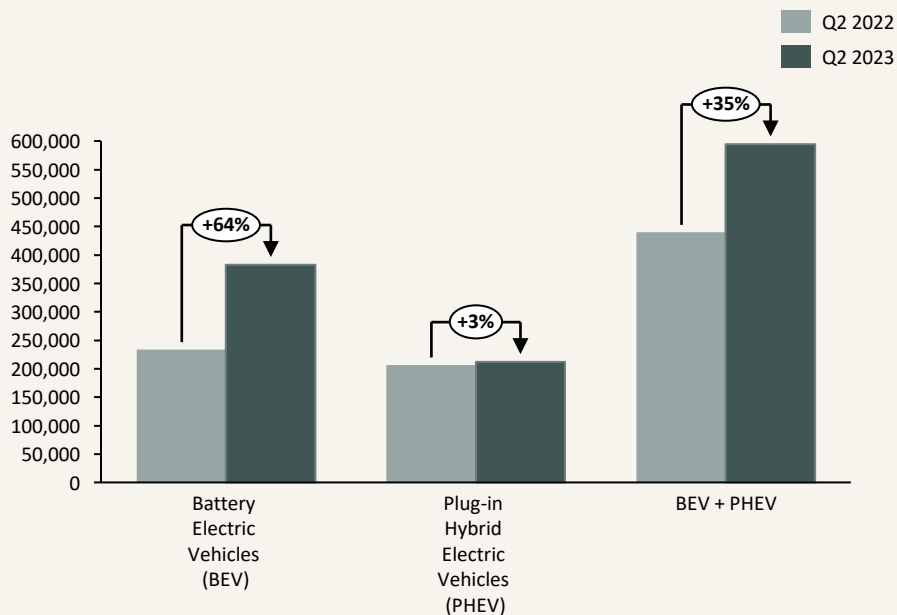
Slow growth in Norwegian plug-in vehicle sales in Q2



- Following a decline in the first quarter, plug-in vehicle sales in Zaptec's largest market, Norway, increased 9% compared to the first quarter last year.
- Battery electric vehicle sales increased 13% from 27 358 in the second quarter of 2022 to 31 043 in the second quarter 2023.
- Plug-in hybrid vehicles sales declined 22% from 4 023 in the second quarter last year to 3 149 vehicles in the second quarter 2023.
- For battery electric vehicles (BEV) and plug-in hybrid vehicles (PHEV) combined, number of vehicles sold increased 9% in the second quarter compared to the same period last year.
- Going forward, Zaptec expects continued increase in plug-in vehicle sales in Norway.

Continued EV adoption in Europe, however slow growth in Norwegian plug-in vehicle sales in the second quarter.

Plug-in vehicle sales continues to grow in the European Union



- The adoption of plug-in vehicles continued in the European Union in the second quarter as sales of battery electric and plug in hybrid electric vehicles increased more than petrol and diesel vehicles sales.
- In the second quarter, the number of new vehicle registrations in EU with electric engine increased by 64% to 382 599 compared to 233 401 in the second quarter of 2022
- Plug-in hybrid vehicles sales increased 4% from 206 104 in the second quarter of 2022 to 212 354 in the second quarter of 2023
- For battery electric vehicles (BEV) and plug-in hybrid vehicles (PHEV) combined this is equivalent to an increase of 35% compared to the second quarter of 2022.
- Over time, Zaptec expects the trend of increased plug-in vehicle sales in general, and the transition from PHEV to BEV to continue in Europe as the EV adoption is still in a relatively early phase.

Planning of Zaptec Go production start at Sanmina on track – deliveries and sales of Zaptec Go will increase significantly in the second half of the year

The order intake in the first two quarters of 2023 has been at a record-breaking level for Zaptec. To meet the increased demand, the production of Zaptec Go has been accelerated as much as possible at Westcontrol. The Zaptec Go production levels are set to **increase considerably in the second half of 2023**.

In addition, preparations for start of Zaptec Go production at Sanmina continued during the second quarter. The preparations are going according to plan, which means we are on track to commence production of Zaptec Go in the third quarter.

In sum, the ramp-up at Westcontrol and initiation of production at Sanmina will **boost Zaptec Go deliveries throughout 2023**.



Volume production of Zaptec Pro with MID-type approval commenced

Following MID-type approval of Zaptec Pro in the first quarter of 2023, the volume production of Zaptec Pro with MID-type approval commenced at Westcontrol in the second quarter. In the second half of 2023, production of Zaptec Pro with MID-type approval will also start at Sanmina's production facilities in Germany.

The MID-version of Zaptec Pro is equipped with a built-in measuring instrument following the EU Measuring Instruments Directive (MID), and it is the **only Norwegian electric vehicle charging company currently with MID certification** for its charging unit. This will make it easier for consumers to use public chargers and is essential to Zaptec's international expansion into new European markets.

With the certification, tax authorities in the Benelux countries, France, and Germany will also **accept tax deductions for electricity used for company cars**. Company cars account for 70 per cent of all new car sales in Germany, and within electric car sales, company cars represent an even larger share. Therefore, the certification opens great potential for the Zaptec in Europe.



Strategy & Outlook

The **global trend towards electrifying transportation is evident**, yet electric vehicle (EV) adoption rates vary across countries. Norway's strong, longstanding incentives have fueled high EV adoption, with most new light vehicles being electric or plug-in hybrids. In contrast, countries like Germany and the UK are in the early stages of EV adoption.

Zaptec's successful strategy revolves around providing safe, high-quality EV charging solutions in **markets approaching or at the EV adoption inflection point**. This approach has flourished in the Nordics and Switzerland, with efforts now focused on replicating this success throughout Europe and later also in the US.

Zaptec foresees a **continued global rise in plug-in vehicle sales**. As more nations hit the EV adoption tipping point and Zaptec's presence grows via subsidiaries and/or distribution channels, the potential market expands significantly. In essence, Zaptec anticipates growing demand in both current and new markets.

The **outlook for gross and EBITDA margins is optimistic** due to lower production costs for Zaptec Go and the benefits of scale. As sales revenue is projected to outpace cost growth, Zaptec is poised for a positive future.



Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In NOK 1000	Note	Second Quarter		01.01-30.06	
		2023	2022	2023	2022
Operating income					
Revenues from contracts with customers	4,5	355 378	151 550	626 290	283 727
Total operating income		355 378	151 550	626 290	283 727
Operating expenses					
Cost of inventories	5	226 933	88 084	385 448	159 192
Employee benefit expenses	3	51 534	27 287	107 637	58 553
Depreciation and amortisation expense	4,8	6 362	4 401	12 084	8 901
Other operating expenses	4	54 362	24 647	106 045	54 355
Total operating expenses		339 191	144 419	611 213	281 001
Operating profit/loss		16 188	7 131	15 077	2 726
Financial income and expenses					
Finance income	6	11 110	1 559	21 817	1 602
Finance expense	6	7 165	5 404	10 678	7 940
Net financial income (+) and expenses (-)		3 944	-3 845	11 139	-6 338
Profit (+)/loss (-) before tax		20 132	3 286	26 215	-3 612
Tax expense (+)/benefit (-)	7	5 037	3 001	11 580	2 466
Profit (+)/loss (-) after tax		15 095	285	14 635	-6 078
Total profit/loss attributable to:					
Owners of the parent		15 095	285	14 635	-6 078
Non-controlling interest		0	0	0	0
Basic earnings per shares		0,180	0,036	0,174	-0,047
Diluted earnings per shares		0,178	0,036	0,173	-0,047

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In NOK 1000	Note	Second Quarter		01.01-30.06	
		2023	2022	2023	2022
Profit (+)/loss (-) for the period		15 095	285	14 635	-6 078
Items that will or may be reclassified to profit or loss:					
Exchange gains arising on translation of foreign operations		7 216	7 785	13 359	5 978
Total comprehensive income		22 311	8 070	27 994	-100
Total comprehensive income attributable to:					
Owners of the parent		22 311	8 070	27 994	-100
Non-controlling interest		0	0	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In NOK 1000	Note	30.06.2023	30.06.2022
ASSETS			
Goodwill and intangible assets			
Goodwill	8	77 988	67 765
Other intangible assets	8	87 754	81 674
Deferred tax asset			
Deferred tax asset	7	16 993	14 062
Tangible assets			
Property, plant and equipment	8	11 559	7 599
Right-of-use assets	8	9 741	15 489
Other non-current assets	12	5 073	0
Total non-current assets		209 108	186 589
Inventories			
Inventories	9	242 359	22 083
Receivables			
Trade receivables	10	244 863	113 155
Other current assets			
Financial investments	6	0	87 736
Other current assets	11	119 372	68 079
Cash and cash equivalents			
Cash and cash equivalents		178 348	132 122
Total current assets		784 943	423 175
TOTAL ASSETS		994 051	609 764

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In NOK 1000	Note	30.06.2023	30.06.2022
EQUITY AND LIABILITIES			
Equity			
Share capital		1 313	476
Treasury shares		0	-1
Share premium		646 945	359 185
Not registered capital increase		0	0
Other paid in equity		13 972	510
Foreign exchange reserve		21 182	10 002
Other reserves		-3 524	4 932
Total equity		679 888	375 104
Non-current liabilities			
Deferred tax	7	18 930	6 531
Long-term lease liabilities	8	6 037	10 978
Long-term provisions	13	13 616	2 208
Total non-current liabilities		38 582	19 717
Current liabilities			
Trade payables		203 353	92 383
Short-term loans and borrowings	14	0	26 426
Short-term lease liabilities	8	3 831	4 586
Contingent consideration		0	38 963
Tax payable	7	20 064	15 455
Other current liabilities		48 334	37 130
Total current liabilities		275 582	214 943
Total liabilities		314 163	234 659
TOTAL EQUITY AND LIABILITIES		994 051	609 764

CONSOLIDATED STATEMENT OF CASH FLOWS

In NOK 1000	Note	Second Quarter		01.01-30.06	
		2023	2022	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES					
Profit (+)/loss (-) before tax		20 132	3 286	26 215	-3 612
Taxes paid		0	7 354	-11 107	-1 894
Depreciation and amortisation expense	8	6 362	4 401	12 084	8 901
Shared based payment expense	3	3 158	3 558	7 117	5 166
Finance income	6	11 111	1 559	21 817	1 602
Finance expense	6	7 986	4 901	4 604	7 235
Increase in trade receivables	10	-48 406	-41 426	-128 526	-32 239
Increase in inventories	9	-75 752	-6 929	-151 571	4 089
Increase in trade payables		51 488	33 755	57 296	26 240
Change in other accrual items		-33 089	-35 493	-5 008	4 656
NET CASH FLOW FROM OPERATING ACTIVITIES		-57 011	-25 034	-167 079	20 144
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchases of property, plant and equipment	8	-12 922	-6 724	-14 675	-11 470
Proceeds from sale of property, plant and equ	8	7 301	0	7 301	
Proceeds from sale of investments (funds)		0	91 006	0	91 006
Advances/loans to suppliers	11	-466	-22 200	-2 686	-40 000
NET CASH FLOW FROM INVESTMENT ACTIVITIES		-6 087	62 082	-10 060	39 536
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of loans and borrowings	14	0	-959	-29 229	-1 917
Draw down on credit facility	14	0	9 529	0	24 509
Lease liabilities	8	-4 701	-114	-5 773	-1 224
Interest on lease liabilities	8	-170	-126	-301	-248
Interest on debts and borrowings		0	-377	0	-457
Settlement of option agreement	3	0	0	0	-15 984
Purchase of treasury shares		0	-9 057	0	-9 057
Sale of treasury shares		0	0	0	563
Issue of share capital		0	0	0	0
Proceeds from equity		0	0	287 927	0
NET CASH FLOW FROM FINANCING ACTIVITIES		-4 871	-1 104	252 624	-3 816
Net change in cash and cash equivalents		-67 969	35 944	75 485	55 864
Cash and cash equivalents at start of period		246 317	96 179	102 862	76 258
CASH AND CASH EQUIVALENTS AT END OF PERIOD		178 348	132 122	178 348	132 122

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In NOK 1000	Share Capital	Own shares	Share premium	Not registered capital	Other paid in capital	Foreign exchange reserve	Other equity	Total equity holders of the parent	Non-controlling interest	Total equity
1 January 2022	475	0	355 362	3 825	11 328	4 024	19 500	394 514	0	394 514
Profit (+)/loss (-) after tax							-6 078	-6 078		-6 078
Other comprehensive Income						5 978		5 978		5 978
Purchase of treasury shares		-2					-9 055	-9 057		-9 057
Sale of treasury shares		0					562	563		563
Capital increase	3		3 823	-3 825				0		0
Settlement of share based payment*					-15 984					
Share based payments					5 166			5 166		5 166
30 June 2022	476	-1	359 185	0	510	10 002	4 932	375 104	0	375 104
1 January 2023	1 146	0	359 185	0	6 855	10 480	-25 577	352 088	0	352 088
Profit (+)/loss (-) after tax							14 635	14 635		14 635
Other comprehensive Income						10 702	2 657	13 359		13 359
Purchase of treasury shares								0		0
Sale of treasury shares								0		0
Capital increase	166		287 761					287 927		287 927
Share based payments					7 118			7 118		7 118
Differences from earlier periods**							4 760	4 760		4 760
30 June 2023	1 313	0	646 945	0	13 972	21 182	-3 524	679 888	0	679 888

* Settlement of option agreement (purchase of own equity instruments). Refer to Note 3 for additional information

** Relates to shared services booked in Zaptec Charger AS and not in Zaptec Deutschland GmbH at 31 December 2022.

NOTES

Note 1 - Basis of preparation

These interim consensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They were authorised for issue by the board of directors on 23 August 2023. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 IFRS financial statement issued by the company on the 26 of April 2023.

Note 2 - Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2022 annual financial statements.

Note 3 - Significant events and transactions

Shared based payments

New programs in 2022

Share-based incentive program for all employees

As of 01.01.2022 The Group implemented a share-based incentive program. Under the program all employees are entitled to a bonus equal to 20% of the employees' annual salary at 01.01.2022. The shares are allocated immediately and are vested over the vesting period, but can not be sold before 01.01.2025. Under the program the number of shares received is fixed at 01.01.2022. The number of shares equals 20% of the annual salary less withholding tax divided by the share price of Zaptec ASA based on average stock price last 15 days of 2021. Allocated shares for 2022 is 69 220.

The share portion is accounted for as an equity settled share-based payment program with immediate allocating to the employee that is the fair value of the equity instruments at grant date will be expensed over the vesting period (01.01.2025). Fair value is measured by using the actual average stock price of the last 15 days of 2021.

As of 01.01.2023 The Group implementet a new share-based incentive program for new employees in 2022. Under the program all employees are entitled to a bonus equal 20% of the annual salary at 31.12.2022. The shares will be allocated to the employees after the three year vesting period, i.e. shortly after 01.01.2026. Under the program the number of shares received is fixed at 01.01.2023. The number of shares equals 20% of the annual salary divided by the share price of Zaptec ASA based on average stock price last 15 days of 2022.

The share portion is accounted for as an equity settled share-based payment program, that is the fair value of the equity instruments at grant date will be expensed over the vesting period (01.01.2026). Fair value is measured by using the actual average stock price of the last 15 days of 2022.

The company operates two equity-settled share-based remuneration schemes for key management:

Share-based incentive program for management

As of 01.01.2022 the group implemented a share-based incentive program. Under the program key management are granted a right to receive a defined number of shares after a vesting period. The vesting period is running until 01.01.2025. Per 30.06.2023 a total of 530 702 rights to receive shares has been granted.

The program is accounted for as a equity settled share-based payment program with a 3 year vesting period, that is the fair value of the equity instruments at grant date will be expensed over the vesting period. Fair value is measured by using the actual average stock price of the last 15 days of 2021.

Share-based payment program for key management and board of directors (Stock option program)

As of 30.06.2023 The Group had employee stock options agreements with 4 employees, CEO Peter Bardenfleth-Hansen, CFO Kurt Østrem, CTO Knut Braut and Kurt Aadnøy in Zaptec Charger. The agreements have vesting periods ranging from 12-24 months from October 2020, they grant the employees purchase rights of 1.100.000 shares at a share price ranging from NOK 11,25 to NOK 15,25. As of 30.06.2023 remaining stock options is 550 000 shares. All of these stock options can be exercised as of 30.06.2023.

One board member, Stig H. Christiansen (Chairman) holds stock options as of 30.06.2023. The agreement have vesting periods ranging for 6,4 - 18,4 months from 18.06.2021, which grant the board member purchase rights of 50 000 shares at a share pricing of NOK 11,25.

Share based payment expense is charged to the income statement with the following amount per Q2 2023 and Q2 2022.

	01.01.-30.06	
In NOK 1000	2023	2022
Option program	0	2 079
Share-based incentive program for all employees	1 670	724
Cash portion Share-based incentive program for all employees	0	2 948
Share-based incentive program for management	5 448	2 364
Provision for social security contribution*	1 091	-4 198
Total operating income	8 209	3 917

* The expense for social security contribution is accrued based on the intrinsic value of the equity instruments vested. As a result of the significant reduction of the Zaptec share the provision has been reduced during 2022. Provision for not vested instruments is also recognised, and are expensed over the vesting period.

All sale or purchase of treasury shares are related to options and/or the share-based incentive programs. The settlement of option agreement in 2022 (-15,9 MNOK) relates to reimbursement for terminating option agreement.

Note 4 - Segment information

The Group consists of several legal entities where most of the entities are established to handle sales in a specific country. For management purposes, financial information is reported to the group management based on a legal entity basis. The group management is identified as the chief operating decision maker. Based on the internal reporting the following reportable segments are identified.

Zaptec Charger AS

This segment is involved in the sale of Zaptec products in Norway, and to customers in other countries where the Group has not established an entity or sales organization. Zaptec Charger AS also handles procurement of goods and internal sales.

Zaptec Sverige AB

This segment is involved in the sale and distribution of Zaptec products in Sweden.

Novavolt AG

This segment is involved in the sale and distribution of Zaptec products in Switzerland.

Other

Consist of all other legal entities in the group.

Year-to-date	30.06.2023					
In NOK 1000	Zaptec Charger AS	Zaptec Sverige AB	Novavolt AG	Other	Adjustments and eliminations	Total
Operating income						
Revenues from contracts with customers	221 109	180 745	130 769	93 212	454	626 290
Revenues from internal sales	259 109	0	0	750	-259 859	0
Revenues from shared services	17 649	3 234	572	1 382	-22 836	0
Other operating income	0	0	0	0	0	0
Total operating income	497 867	183 979	131 341	95 344	-282 241	626 290
Operating expenses						
Cost of inventories	388 165	127 583	61 917	63 895	-256 112	385 448
Employee benefit expenses	57 594	8 240	14 522	23 713	3 567	107 637
Depreciation and amortisation expense	5 290	12	0	795	5 987	12 084
Other operating expenses	58 908	14 810	11 441	33 480	-12 594	106 045
Total operating expenses	509 956	150 645	87 881	121 883	-259 152	611 213
Operating result	-12 090	33 334	43 460	-26 539	-23 089	15 077

Year-to-date	30.06.2022					
In NOK 1000	Zaptec Charger AS	Zaptec Sverige AB	Novavolt AG	Other	Adjustments and eliminations	Total
Operating income						
Revenues from contracts with customers	141 336	47 321	86 607	8 464	0	283 727
Revenues from internal sales	64 946	1 465	0	500	-66 911	0
Other operating income	0	0	0	0	0	0
Total operating income	206 282	48 786	86 607	8 964	-66 911	283 727
Operating expenses						
Cost of inventories	148 564	32 618	40 279	4 211	-66 480	159 192
Employee benefit expenses	28 653	3 428	8 999	10 868	6 605	58 553
Depreciation and amortisation expense	3 967	0	17	760	4 156	8 901
Other operating expenses	25 300	8 217	4 740	27 001	-10 903	54 355
Total operating expenses	206 484	44 263	54 035	42 840	-66 622	281 001
Operating result	-202	4 523	32 572	-33 877	-289	2 726

Quarter	30.06.2023					
In NOK 1000	Zaptec Charger AS	Zaptec Sverige AB	Novavolt AG	Other	Adjustments and eliminations	Total
Operating income						
Revenues from contracts with customers	94 038	136 841	61 287	62 758	454	355 378
Revenues from internal sales	172 645	0	0	750	-173 395	0
Revenues from shared services	9 554	1 651	296	1 382	-12 883	0
Other operating income	0	0	0	0	0	0
Total operating income	276 236	138 491	61 584	64 890	-185 824	355 378
Operating expenses						
Cost of inventories	212 399	97 370	31 820	46 848	-161 503	226 933
Employee benefit expenses	25 312	4 216	8 051	13 541	414	51 534
Depreciation and amortisation expense	2 716	12	0	406	3 227	6 362
Other operating expenses	26 248	8 419	6 239	19 272	-5 815	54 362
Total operating expenses	266 674	110 017	46 110	80 067	-163 677	339 191
Operating result	9 561	28 474	15 474	-15 176	-22 147	16 188

Quarter	30.06.2022					
In NOK 1000	Zaptec Charger AS	Zaptec Sverige AB	Novavolt AG	Other	Adjustments and eliminations	Total
Operating income						
Revenues from contracts with customers	74 672	29 736	44 147	2 994	0	151 550
Revenues from internal sales	31 257	1 465	0	500	-33 222	0
Other operating income	0	0	0	0	0	0
Total operating income	105 929	31 201	44 147	3 494	-33 222	151 550
Operating expenses						
Cost of inventories	80 238	20 313	18 195	372	-31 033	88 084
Employee benefit expenses	17 992	2 285	5 337	7 337	-5 662	27 286
Depreciation and amortisation expense	4 239	0	13	374	-226	4 401
Other operating expenses	14 487	4 809	3 057	13 196	-10 903	24 647
Total operating expenses	116 956	27 406	26 602	21 279	-47 825	144 419
Operating result	-11 027	3 795	17 546	-17 784	14 603	7 131

Adjustments and eliminations

The Group evaluates segmental performance on the basis of profit or loss from operations calculated based on local financial statements. Adjustments for IFRS 16 and eliminations are included in the column adjustments and eliminations. Depreciation and amortisation excess values from business combinations are not allocated to individual segments as the underlying assets are managed on a group basis.

Adjustments and eliminations is as follows:

Year-to-date	30.06.2023				
In NOK 1000	Revenues from internal sales	Cost of inventories	Employee benefit expenses	Depreciatio n and amortisation expense	Other operating expenses
Elimination of internal sales (1)	-259 859	-259 550	0	0	-750
Elimination of shared services (2)	-22 836	0	-4 642	0	-18 240
IFRS 16 adjustments (3)	0	0	0	3 153	-3 031
GAAP-adjustment to inventory (4)	0	-15 779	0	0	0
Amortization of excess values (5)	0	0	0	3 224	0
Gains on internal transactions (6)	0	19 217	0	0	0
Share-based incentive program (7)	0	0	8 209	0	0
Provision for warranty claims (8)	0	0	0	0	9 279
Other (9)	454	0	0	-390	147
Total	-282 241	-256 112	3 567	5 987	-12 594

Year-to-date	30.06.2022				
In NOK 1000	Revenues from internal sales	Cost of inventories	Employee benefit expenses	Depreciatio n and amortisation expense	Other operating expenses
Elimination of internal sales (1)	-66 911	-64 565	0	0	-1 965
Elimination of employee benefits allocated (2)	0	0	6 605	0	-6 605
IFRS 16 adjustments (3)	0	0	0	2 228	-2 333
GAAP-adjustment to inventory (4)	0	-1 915	0	0	0
Amortization of excess values (5)	0	0	0	1 928	0
Gains on internal transactions (6)	0	0	0	0	0
Other (9)	0	0	0	0	0
Total	-66 911	-66 480	6 605	4 156	-10 903

Quarter	30.06.2023				
In NOK 1000	Revenues from internal sales	Cost of inventories	Employee benefit expenses	Depreciation and amortisation expense	Other operating expenses
Elimination of internal sales(1)	-173 395	-169 735	0	0	-605
Elimination of shared services (2)	-12 883	0	-3 053	0	-9 968
IFRS 16 adjustments (3)	0	0	0	1 748	-1 541
GAAP-adjustment to inventory (4)	0	-5 170	0	0	0
Amortization of excess values (5)	0	0	0	1 869	0
Gains on internal transactions (6)	0	13 402	0	0	0
Share-based incentive program (7)	0	0	3 467	0	0
Provision for warranty claims (8)	0	0	0	0	6 151
Other (9)	454	0	0	-390	147
Total	-185 824	-161 503	414	3 227	-5 815

Quarter	30.06.2022				
In NOK 1000	Revenues from internal sales	Cost of inventories	Employee benefit expenses	Depreciation and amortisation expense	Other operating expenses
Elimination of internal sales (1)	-33 222	-29 119	0	0	-1 965
Elimination of employee benefits allocated (2)	0	0	-5 662	0	-6 605
IFRS 16 adjustments (3)	0	0	0	1 173	-2 333
GAAP-adjustment to inventory (4)	0	-1 915	0	0	0
Amortization of excess values (5)	0	0	0	-1 399	0
Gains on internal transactions (6)	0	0	0	0	0
Other (9)	0	0	0	0	0
Total	-33 222	-31 033	-5 662	-226	-10 903

(1) Elimination of internal sales relates to sale of inventory from Zaptec Charger AS eliminated against cost of inventory, and purchased made by Zaptec Charger from other group Companies eliminated against other operating expenses.

(2) The group have global functions in several of the group companies that provides significant services to companies within the group. The amount charged for these services is presented as income in the company providing the service. The amount is eliminated on consolidation.

(3) Lease payment are expense on a linear basis under local gaap. In the IFRS financial statement the leases are accounted for in accordance with IFRS 16, by recognition of are right of use asset and a lease liability. The expenses are included as amortization of the right-of-use asset and interest on the lease liability.

(4) Novavolt includes a additional reduction of the carrying amount of inventory in line with local gaap. In the consolidated IFRS statement these reduction is reversed.

(5) Excess value from the acquisition of Novavolt is included on group level.

(6) Gains on internal transaction of inventory.

(7) Share-based incentive program, ref. Note 3

(8) Provision for warranty claims, ref. Note 13

(9) Other

Note 5 - Revenues from contracts with customers

Disaggregation of Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- Enable users to understand the relationship with revenue segment information provided in Note 4

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Year-to-date	30.06.2023				
Segments	Zaptec		Novavolt AG	Other	Total
In NOK 1000	Charger AS	Sverige AB			
Product sales	221 109	180 745	130 769	93 666	626 290
Other	0	0	0	0	0
Total operating income	221 109	180 745	130 769	93 666	626 290

By business area - Geographical distribution

Norway	199 548	0	0	3 564	203 111
Sweden	6 666	180 745	0	0	187 411
Switzerland	0	0	130 769	0	130 769
Denmark	2 112	0	0	58 935	61 047
Iceland	2 740	0	0	0	2 740
Rest of Europe	10 043	0	0	31 168	41 211
Other	0	0	0	0	0
Total operating income	221 109	180 745	130 769	93 666	626 290

Timing of revenue recognition

Goods transferred at a point in time	221 109	180 745	130 769	93 666	626 290
Goods and services transferred over time	0	0	0	0	0
Total operating income	221 109	180 745	130 769	93 666	626 290

Year-to-date 30.06.2022

Segments	Zaptec		Novavolt AG	Other	Total
In NOK 1000	Charger AS	Sverige AB			
Product sales	141 336	47 321	86 607	8 464	283 727
Other	0	0	0	0	0
Total operating income	141 336	47 321	86 607	8 464	283 727

By business area - Geographical distribution

Norway	86 760	0	0	2 867	89 627
Sweden	1 664	47 321	0	0	48 984
Switzerland	0	0	86 607	0	86 607
Denmark	31 020	0	0	1 111	32 131
Iceland	5 919	0	0	0	5 919
Rest of Europe	13 288	0	0	4 485	17 773
Other	2 686	0	0	0	2 686
Total operating income	141 336	47 321	86 607	8 463	283 727

Timing of revenue recognition

Goods transferred at a point in time	141 336	47 321	86 607	8 464	283 727
Goods and services transferred over time	0	0	0	0	0
Total operating income	141 336	47 321	86 607	8 464	283 727

Note 6 - Financial income and expense

In NOK 1000	01.01-30.06	
	2023	2022
Finance income		
Other finance income	887	1 602
Foreign currency gain	20 929	0
Total finance income	21 817	1 602
Finance expense		
Interest on debts and borrowings	0	457
Interest from leases	131	248
Loss on investments at fair value	0	5 312
Unwinding of discount on contingent considerations	0	1 037
Other finance expense	893	887
Foreign currency loss	9 654	0
Total finance expense	10 678	7 940
Investment in fund		
In NOK 1000	30.06.2023	30.06.2022
Opening balance	0	183 500
Sold during the period	0	-91 006
Change in fair value	0	-4 758
Closing balance	0	87 736

The remaining funds were sold in October 2022.

Note 7 - Income tax

The tax expense is calculated as 22% of the profit (+)/loss (-) before tax adjusted for items that will impact the effective tax rate. The calculation for the 6-month period ended 30.06.2023 follows:

In NOK 1000	01.01-30.06	
	2023	2022
Profit (+)/loss (-) before tax	26 215	-3 612
Adjustment for losses not recognised as deferred tax asset	26 427	28 878
Difference in tax rates	102	-4 507
Non deductible share based payment arrangement	-7 118	-10 817
Calculated interest on contingent consideration	0	1 037
Other differences	7 008	229
Estimated basis for tax expense	52 635	11 208
Tax expense	22 %	11 580
		2 466

Deferred tax asset is not recognized for losses generated in jurisdiction where the group has not yet identified convincing evidence of future taxable income. As of 30.06.2023 this applies to Germany, UK, France and Netherlands.

Note 8 - Intangible assets and goodwill

30.06.2023					
In NOK 1000	Goodwill	Intangible asset	Property, plant and equipment	Right of use assets	Total
Opening balance	69 638	86 074	9 015	15 710	180 437
- Amortisation and depreciation	0	-7 185	-1 745	-3 153	-12 084
+ Purchases and new leases	0	6 480	4 222	3 973	14 675
- Disposals	0	0	0	-7 301	-7 301
+/- Foreign currency effects	8350	2386	68	512	11 316
Closing balance	77 988	87 754	11 559	9 741	187 042

Note 9 - Inventories

The inventory consists solely of finished goods (acquired goods produced for the group for resale).

Total current purchase obligations of EV chargers from Westcontrol and Sanmina amounts to 1 922 MNOK from June 2023 till June 2024. A significant portion of the committed production may be postponed to 2024 based on quarterly updated forecasts.

The balance has increased by 220,2 MNOK (997%) when compared to the balance at 30 June last year. The reason for this is two-fold, partly due to the macroeconomic developments with higher interest rates and lower electric car sales in Norway, which have led to a temporary lower demand in the market for Pro charging systems. This combined with the fact that, as planned, production has been increased in 2023 in order to build up finished goods stock to meet increased demand going forward have led to this increase in inventory. We consider lower demand for Zaptec Pro to be temporary, but will at the same time reduce and postpone future production of Zaptec Pro if necessary to optimize the stock of Zaptec Pro going forward.

Note 10 - Trade receivables

Provision for credit losses are 0,7 MNOK at 30 June 2022 and 3,7 MNOK at 30 June 2023.

The increase in outstanding are due to higher sales current year compared to the same period last year.

Note 11 - Other current assets

Breakdown of other current assets:

In NOK 1000	30.06.2023	30.06.2022
Loan to finance inventory*	77 959	40 000
VAT refund	26 486	6 599
Other	14 928	21 480
Total	119 372	68 079

* The company have not identified any impairment indicators related to the loans to Westcontrol and Sanmina.

Note 12 - Other non-current assets

Breakdown of other non-current assets

In NOK 1000	30.06.2023	30.06.2022
Investment in Switch EV Ltd.	4 872	0
Other	201	0
Total	5 073	0

Note 13 - Provisions

The company have a provision for warranty claims of 11,3 MNOK at period end.

The remaining long term provisions is related to the long-term incentive program for employees.

Note 14 - Loans and borrowings

In NOK 1000		30.06.2023	30.06.2022
Start of period:			
Non-current		0	0
Current		29 229	1 918
Total		29 229	1 918
Draw down on credit facility	New loans	0	24 509
Loans	Repayments	-29 229	-1 918
Other changes	Other	0	0
Net changes		-29 229	22 591
End of period:			
Non-current		0	0
Current		0	26 426
Total		0	26 426

Zaptec drew down 0 MNOK on the existing credit facility at period end.

The Group have increased it's overdraft facility from 50 MNOK to 70 MNOK in 2022. The interest rate is 5,9 % of overdraft.

The terms are as follows:

- Short term overdraft facility.
- Annual maturity, will be renewed automatically when a credit rating is performed.

The financial covenants are as follows:

- Total overdraft shall not exceed 70% of total book value of projects in progress, inventory and trade receivable (not older than 90 days).
- Positive adjusted EBITDA on a consolidated level on a year to date basis.
- Dividend from Zaptec ASA to be approved.
- No sale or transfer of IP-rights from or between any of the group companies without prior approval.

The company have complied with all covenants as at, and for the three months ended 31 March 2023.

Part from transaction with key management and board members included in Note 7 there are no transactions with related parties.

Note 15 - Events after the reporting date

No material events occurred after reporting date.

Alternative Performance Measures

Zaptec may disclose alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Zaptec believes that the alternative performance measures provide useful supplemental information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Zaptec's business operations and to improve comparability between periods.

Available Liquidity

Cash, cash equivalents, other funds (financial investments) and available overdraft facility. The Group has presented this APM because it considers it to be an important supplemental measure for investors to understand the overall picture of the Group's financial position.

Gross Margin

Gross profit as a percentage of revenues. Gross profit is defined as revenues from contracts with customers less cost of goods sold. The Group has presented this APM because it considers it to be an important supplemental measure for investors to understand the profit generation in the Group's operating activities.

EBITDA

The profit/(loss) for the period before tax expense, finance expense, finance income and depreciation and amortisation expense. The Group has presented this APM because it considers it to be an important supplemental measure for investors to evaluate the operating performance of the Group.

EBITDA Margin

EBITDA as a percentage of revenues. The Group has presented this APM because it considers it to be an important supplemental measure for investors to understand to evaluate the operating performance of the Group.

OPEX

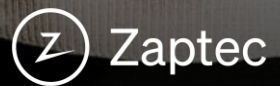
Employee benefit expenses plus other operating expenses.

Disclaimer – forward looking statements

Cautionary Statement Regarding 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, 2022. 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.



Zaptec ASA
P.O. Box 8034
4068 Stavanger, Norway
www.zaptec.com