# Stock of British electric moped brand Zapp hits skids months after US listing

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The future of the British brand Zapp looked promising as its top team gathered around one of its electric mopeds and stared up at a billboard bearing its logo close to Times Square, New York, in May. They threw their arms aloft as they marked the six-year-old company's listing on the Nasdaq stock exchange, in a deal valuing it at $573m (£467m). Another billboard declared: "Simply Electric. No compromise." On social media, Zapp wrote: "All excited and ready for the next chapter! Live life unplugged." Six months on, the stock has hit the skids, and now has a market cap of $12.5m, according to the Nasdaq, and Zapp looks increasingly like it will join a host of British vehicle companies which have seen their US listing turn into an investors' short stay car park. While the electric car market has matured, the technically more difficult task of manufacturing speedy, compact and affordable green motorbikes and scooters has created a sector filled with startups. Established brands, which have long seen mopeds as low margin, have been cautious to dive in while costs remain high. But globally speaking, it is expected to account for 30% of the two-wheeler market – and has been forecast by McKinsey, the consultancy, to be worth more than $200bn – by the end of the decade. Zapp achieved the listing through merging with CIIG Capital Partners II, a special purpose acquisition company (Spac) that are often referred to as "blank cheque" companies designed to buy businesses. It said the listing would propel its growth in the "highly fragmented two-wheeler category". Zapp was launched in 2017 by Swin Chatsuwan, a dealmaker across the automotive, retail and hospitality sectors. His team includes Jeremy North, who ran the numbers at British engineer Dearman engine, and Tony Posawatz, a former General Motors executive. Chatsuwan began tapping contacts for funding, including Cameron Parry, a blockchain entrepreneur whose firm, First Equity, invested in its 2018 seed funding round. Zapp promised deliveries of its first product, the seated scooter i300, by the end of the following year. He then began considering a public listing, including on London's Aquis exchange, before Covid blew a chill wind through stock markets, which also delayed production plans. In 2022, the company finally debuted the i300, a "high-performance city bike capable of motorcycle levels of performance", at the Goodwood Festival of Speed, making it available to reserve. Offering 0-30mph acceleration in 2.3 seconds and charging via a normal wall plug, Zapp hopes to tap into a market for nifty urban transport in congested cities. The moped, which comes in four models, costs between €7,590 (£6,650) and €9,590 (£8,400), and can be ordered online with everything from a greyscale union jack livery to "diamond cut wheels". By contrast, many competitors, including the Piaggio 1 and the Sunra Robo, retail at between £2,000 and £3,500 – though BMW's CE 04 is nearly £13,000. "They are very expensive," said a source familiar with Zapp. "Swin gives the impression he is the Steve Jobs of scooters. He sees something that you do not understand. He is a bit full of himself."

Zapp plans smaller, more affordable models in future. Intense competition – notably from Chinese companies – has not helped, either. “We are seeing a wave of Asian players bringing new electric scooters and mopeds to EU and UK markets,” said Patrick Hertzke at McKinsey. “Some are very inexpensive with low quality reputations, while a few are entering as semi-premium brands with flagship stores and leading connectivity features. “These new entrants will continue to take market share in the e-scooter market, but some brands are struggling to find effective sale channels and distribution partners.” Zapp is headquartered in the UK, with a showroom in Bicester, Oxfordshire, and run from Bangkok. The bikes are assembled by Summit, which has operations across south-east Asia, notably in Thailand. In 2022, Zapp said it had the capacity to build up to 10,000 scooters in 2023, and launch in European markets. In an investor presentation in September, it targeted 300,000 units by 2026. Zapp, now incorporated in the Cayman Islands, has access to the public markets as a result of the listing, but raised less than $1m in cash proceeds through the merger. Its biggest investor is Cohen & Company, a US asset manager which allows its investors to access Spacs. Long-term investors who have been unable to quickly sell their shares due to lock-up agreements are thought to be dismayed at its stock market performance. A switch away from Spacs, and an increasing scepticism over the prospects for electric start-ups, appears to underpin the stock’s fall. Shares in Vertical Aerospace, the flying taxis venture of Stephen Fitzpatrick, the Ovo Energy founder, have collapsed since its $2.2bn US Spac listing in 2021 while Cazoo, the online car dealer , has suffered a similar fate. It is a sector in flux: it emerged last week that the British electric vans startup Arrival is seeking rescue funding, while the electric lorry firm Tevva is merging with a US rival and Britishvolt, the battery maker, collapsed in January. But Zapp has cited “regulatory tailwinds”, such as low-emission zones in European cities, and hopes to expand beyond Europe into Asia long term. A Zapp spokesperson said: “Despite the challenges of becoming a Nasdaq-listed company when and how it did, and as previously disclosed, Zapp continues its efforts to bring to market its first product, the award-winning i300 electric urban motorcycle, which we believe will set new sector standards in design, performance, sustainability and customer experience. Building on its British roots, Zapp has a long-term ambition to play a significant role in a fast-growing electric two-wheel market globally.” Chatsuwan once said in an interview: “If you have a dream pursue it and choose the right friends. And ignore the naysayers, don’t let anyone dissuade you from your visions.” He may need those friends at this tough juncture.