Annual Report 2021

Contents

Otovo in brief

Otovo is the European marketplace that connects consumers wanting to add batteries or solar panels to their homes with installer companies looking to fill their order book with projects. Otovo's mission is to put solar panels and batteries in every home in Europe by creating the easiest and most affordable way to go solar.

By entering their home address, customers obtain proposed design and prices for solar installations in real-time, based on automatic and binding offers from Otovo's network of local, reliable installers. The solar installations are offered both through direct payment and subscription.

Through our activities, we contribute to making the European electricity grid both greener and more robust by providing conflict free energy, replacing greenhouse gas emissions over the solar installation's lifetime, expected to be 30 years or more.

Founded in 2016, Otovo has rapidly scaled its platform beyond the Nordics and it is currently operating in seven countries: Norway, Sweden, France, Spain, Poland, Italy, and Germany. In addition to this Otovo's software platform runs Holu, a Brazilian marketplace partially owned by Otovo.

Otovo is headquartered in Oslo and the Group has local offices in all of its markets, with an expanding team of dedicated and experienced employees and managers.

CEO message

Building Europe's number 1 residential solar company

Andreas Thorsheim,
CEO and founder, Otovo AS

Panels on every roof, batteries in every home

Otovo is on a mission. We will play a central role in electrifying Europe. We have a unique ability to capture homeowners' attention and convert it quickly to a decision to get a new energy system, while addressing their worries about quality, price and workmanship. With 500 installer companies participating on the platform, Otovo commands a sizable workforce reaching from the North of Scandinavia to the South of Spain. Combining the demand and supply sides of the residential distributed energy market, we see ourselves putting solar panels on every roof and batteries in every home across the continent.

The difference a year makes

As 2021 started, Otovo had just turned the corner from a slow-down in solar sales in Scandinavia in 2020. The initial effect of the pandemic had been a soft demand, but as the sun rose on 2021, a mix of retained spending in households and careful optimism buoyed sales once again. Otovo was optimistic, but carefully so. As summer approached, increasing fossil fuel prices and disruptions to nuclear output started lifting wholesale electricity prices. During the autumn this had fed into consumer prices in almost all European markets. Households' response to the electricity price hikes was a rush to alternatives, and a new fear that electricity would never again be cheap and predictable. Demand for solar was once again setting records on a daily basis.

Listed on Euronext

We listed on the Euronext Growth exchange in Oslo in February, a natural step in building the Company and diversifying its shareholder base. Our intention is to uplist to the main list of Oslo Stock Exchange in the short to medium term as the Company grows and attracts wider attention in the capital market. In the first four quarters as a listed company, Otovo has delivered on targets and guidance, and kept a pace above the 100 percent compounded annual growth rate that we have indicated for investors as necessary in order to achieve our ambition of being the clear number one in Europe.

Scaling in existing markets

In Scandinavia, France and Spain, Otovo's markets at the begin-

> Our mission resonates with a generation that knows its task is to lead in a massive electrification of homes, buildout of renewables and the elimination of fossil fuels in our societies.

ning of 2021, the Group has grabbed market share. In Sweden it's been about regaining market share lost during the early pandemic, while in Norway Otovo has maintained its extraordinary 50 percent of the market, positioning itself for an eventual takeoff in the home market. In Spain, Otovo has grown ahead of the market, developing the position as a quality brand that sits top of mind with consumers and on Google searches. In France, the efforts made the previous year in converting the technology to the Otovo core systems were followed up with a change in management, and this paid off in the second part of the year. The French position grew somewhat slower than a booming French market, but accelerated out of 2021 and looks well set up for 2022. In sum, the four existing markets all ended up more than doubling their unit sales, meaning aggregate "same store sales" more than doubled.

Expanding into new markets

Otovo added three new markets between December 2020 and December 2021: Poland, Italy and Germany. Poland sped along for all of 2021, at times ahead of the previous year's Spanish launch, until political disturbance over regulations and tariffs challenged the market in the fourth quarter. In Italy, the launch in April was successful from the start, with massive media attention and a rapid recruitment of installer companies. Germany was the fastest, cheapest and safest launch to date: From the time GM was recruited in September until the German Otovo team had sold 50 projects, only three months elapsed. The three successful launches boosted our confidence, proving to us that the model allows us to compete in every relevant market and that we can be the first residential solar company to reach continental scale in Europe.

Becoming a battery company

When launching Italy, we put batteries on the product lineup for the first time. It was a resounding success. Within half a year two thirds of consumers buying solar panels from Otovo in Italy also bought a battery. The batteries help consumers extend the usefulness of their solar system into the evening hours, or allow them to arbitrage on power and grid price variations, or they can provide emergency power in times of outage. The proposition is good and will become better and cheaper over time. We see batteries in every home in Europe within a generation, and in 2021 we decided that we will put batteries at the forefront of our product offering in all markets. The battery launch will be complete in the first half of 2022 and we expect battery attachment rates to grow steadily across the Group.

Solar as a service

One of the main events in 2021 was the purchase of shares in European Distributed Energy Assets, bringing Otovo's ownership from 18.75 percent to 88.43 percent. With the increased ownership in the asset owning entity, Otovo has aligned the interest in origination, where the costs are, and asset ownership, where the profits are. The result will be that the joint structure will lean heavily into leasing, subscription and service products that yield 3-4 times higher profits per customer and provide a long lasting, recurring stream of revenue. Consumer interaction with up-sell potential is of strategic importance to Otovo.

Team strengthened

As founder and CEO my greatest duty and pleasure is to bring the right people into the vision of Otovo. This year we have seen an extraordinary expansion of the Otovo family. I expect great things from our three newest general managers; Jean Rosado in France bringing strong operational experience from Flixbus and the aerospace industry; Fabio Stefanini in Italy in his third GM role after Uber micromobilty and Amazon Pantry; and Christian Rahn in his fourth GM role, joining us from BlaBlaCar. They have expanded their teams, as have the established GMs in Scandinavia, Spain and Poland, with inspired, driven, environmentally minded and gifted colleagues eager to put solar panels on every roof in sight.

Fighting fossil fuels

Our mission resonates with a generation that knows its task is to lead in a massive electrification of homes, buildout of renewables and the elimination of fossil fuels in our societies. I write this in the beginning of the year 2022 where the urgency in these matters has increased. We need to improve Europe's energy security and remove the continent's reliance on foreign, unreliable fossil fuels. The net impact of our 2021 installations is -240 thousand tCO_2e (compared to -105 thousand tCO_2e in 2020). Building on a strong 2021, Otovo is ready for more in 2022.

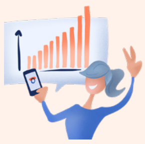
Sunny wishes for the year ahead,

Andreas E. Thorsheim,
CEO and founder

Key figures 2021

297m
Revenues Generated
(2020: 147)

5500
Sales
(2020: 2 247)



3759
Installations
(2020: 2019)

7
Countries
(2020: 5)

500
Installers
(2020: 400)

The share

OTOVO

The share
Otovo has been listed on Euronext Growth Oslo since 19 February 2021 with ticker OTOVO.

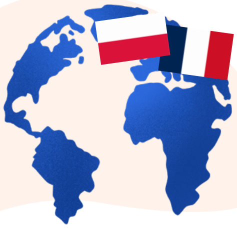
Highlights 2021

February

Otovo is listed on Euronext Growth Oslo

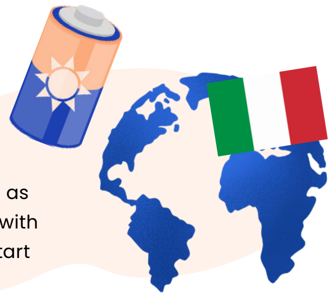
March

Leasing introduced in Poland and France



April

Italy is launched as the 6th country, with batteries from start



July

2020 sales volume surpassed

September

Batteries are introduced in Spain

November

Successful acquisition of EDEA

December

Germany is launched as the 7th country, with batteries from start

Risk management

Procedures for risk management in Otovo are governed by the Group's risk management policy. After the acquisition of the majority of the shares in EDEA, the risks related to EDEA are also covered by the risk management procedures of Otovo.

The ultimate responsibility for risk management lies with the board, whereas the CEO has the responsibility for establishing sufficient risk management processes and controls, ensuring that they are executed as intended, adjusted if needed, and that necessary mitigation actions are in place to reflect the risk situation at any given point in time. The major risks of the group are reviewed on a regular basis.

The responsibility for the day to day risk management is not delegated to a specific function, but lies with the line and each manager. This responsibility includes ensuring that operations are in compliance with internal and external rules and regulation.

Commercial risk

The primary commercial risk for the Group is related to general economic conditions and statutory regulations in various geographical markets which have an impact on the experienced attractiveness of the product offering of the Group.

The services and products offered in the respective geographical markets are subject to local laws and regulations, including temporary incentive schemes introduced to facilitate the transition to renewable energy sources.

Any legislative changes concerning incentive schemes could affect the Group's earnings, market position and range of products and services. While the commercial risk by nature is difficult to mitigate, Otovo closely follows changes in policies and macroeconomic conditions on an ongoing basis.

Business model

The Group's business model consists in selling solar energy systems and batteries to end customers delivered through turnkey installations purchased from local installer companies. Customer prices are determined based on the installer companies' offers on the Otovo platform with the addition of the Group's own margin. While the installer companies are bound by the prices they offer on the platform, the Group is still reliant on the installers being able to deliver. In a situation with high demand or where hardware prices are increasing, enforcing contracts towards installers may not be commercially viable, as the installers may choose to leave the platform or may incur unbearable losses. In such a situation the Group may face pressure on margins or losses.

Covid-19

Throughout 2021 the covid-19 pandemic and the measures taken to limit the consequences, influenced all the countries where the Group is present. However, the pandemic had little impact on Otovo's business, demand for its products or its operations. Towards the end of 2021 and in the beginning of 2022 certain measures are still imposed in certain of our countries, but the general risk related to the pandemic is now considered to be low.

Supply chain

The solar panels and other material delivered to the Group's customers are produced by large producers mainly situated in China or fabricated by Chinese companies in East Asia. The inverters delivered to the Group's customers are delivered by a limited number of global manufacturers. The pandemic, political and macroeconomic factors, notably trade and tariff disputes have caused and may continue to cause disruption to import supply chains of the Group. Disruptions caused by the pandemic were further amplified in March 2021 when the Suez Canal was blocked for six days after the grounding of Ever Given. During 2021 certain components have been unavailable in certain countries where the Group is present, but these challenges have been managed partly by changing deliveries to other components or by switching supply of components to other countries. The Group is monitoring global supply chains closely, and is looking at ways to mitigate shortage of components or price increases.

Macroeconomic environment

Towards the end of 2021 and the start of 2022 the Russian Federation moved troops towards the Ukrainian border under the pretext of conducting a military exercise. US intelligence warned that the Russian regime planned an invasion. Despite efforts to calm the escalated situation, Russian troops invaded Ukraine on 24 February 2022. The outcome of the war and any potential further escalation outside Ukraine remains uncertain and is a risk to the European economy. A further escalation could also impact the Group's supply chains, in particular should China become involved in the conflict on the Russian side.

A united Europe and USA have responded by implementing harsh economic sanctions against the Russian Federation. In addition, the EU announced on 8 March a plan to make Europe independent from Russian fossil fuels well before 2030, starting with gas, in light of Russia's invasion of Ukraine. A part of the plan is to support more solar panel rooftops, heat pumps and energy savings to reduce dependency on fossil fuels across Europe. In isolation, the plan will be positive for the demand for Otovo's products.

Regulatory incentive schemes

In certain countries like Italy and Sweden, the Group's customers are entitled to a tax credit when purchasing the Group's products, and in line with market practice in the respective markets, the Group accepts such tax credits as part of the consideration for the purchase. Tax credits are accounted as non-cash consideration under IFRS and the fair value of the non-cash consideration is included in the transaction price. To the extent the Group should be unable to claim or resell the tax credit, or the tax credits are resold to a lower price, this will result in loss of revenue and reduced margins.

Financial risks

Market risk

The Otovo group is financing its activities in the financial markets and is thus exposed to market risk. In february 2021 Otovo raised NOK 250m and listed on Euronext Growth. As a listed company, the group considers the access to funding to be good, something that was confirmed when the group recently was able to raise NOK 300m for acceleration of entry into new markets, despite uncertain market conditions ahead of the Russian invasion of Ukraine. Cash situation is now very healthy.

The EDEA Group is financing its activities partly through debt financing from Nordea Bank. Thus the group is exposed to market risk related to fluctuations in interest rates and currencies in the countries where the group has operations. The interest rates in the group's financing agreements vary with the respective IBOR-rate. All customer contracts have a fixed, implicit interest rate that is set at the start of the contract period and not changed for the duration of the contract period (20 years).

Consequently, the Group is exposed to the risk that its financing costs may increase, while its recurring revenues to a larger extent is based on fixed price contracts. This risk is mitigated in two ways. Firstly, the monthly payments from the customers are subject to an annual CPI adjustment, which is expected to compensate for increasing financing costs to a large extent. Secondly, the im-plicit interest rates in new customer contracts may be increased if the financing costs increase, giving higher recurring revenue in the future.

Overall the risk related to interest rates is moderate, and it is the group's policy not to enter into interest rate swaps to hedge this risk.

The Otovo group is further exposed to currency risk related to investments in foreign entities and proceeds from these investments that vary with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using average exchange rates for the period.

To the extent possible, the Group intends to finance its opera-tions in other countries through debt financing in the respective countries' currency. The Group's current policy is not to hedge its currency risk through FX futures or other derivatives.

The currency risk for each of the Group's subsidiaries is limited as each entity has its revenues and costs in its local currency. Wholesale prices of materials may to a certain extent vary with variations in foreign exchange rates, that will influence prices to customers which again could affect the attractiveness of the product.

Liquidity risk

While the Otovo group currently has a very strong cash position, the subscription business is exposed to certain liquidity risk over time. The subscription business consists mainly of purchasing and installing solar systems and batteries at private individ-uals' houses, and entering into long term leasing contracts with these customers (20 years for PV and 10 years for batteries). The subscription business is therefore relying on financial markets to finance the necessary equity and banks or financial markets for its debt financing. The EDEA Group raised NOK 155 million in equity during 2020. In addition the Group secured a loan facility from Nordea bank of NOK 50 million that it will extend to minimum NOK 150m in 2022. Financing of new customer contracts may require further debt and equity in the future.

While the customer contracts have a duration of 20 years, the current Nordea facility has a maturity of three years. The main liquidity risk at the moment is therefore related to the refinancing of the Nordea facility. This risk is considered moderate. The facility was established before the capital was raised, and the Group considers the access to bank or bond financing is better now, and will improve as deployment increases.

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations.

The Group's credit risks largely arise from trade receivables and cash and cash equivalents. The counterparts for the Group's cash deposits are large banks which are considered to be solid. The Group assesses that there are no material credit risks associated with these deposits.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. Credit risk is further mitigated through the use of credit rating agencies ahead of sales, use of prepayments for customers or markets with higher risk and continuous monitoring of overdue invoices. The Group is also holding the right to reclaim the assets in case of payment default.

An important element of the credit risk profile for the Group is that the subset of customers addressed are, as homeowners, already amongst the individuals with the most robust economy and credit ratings. According to Intrum, one of Europe's largest debt collection agencies, the default probability on a utility bill is 6 times lower for a customer owning a house than for customers who are not a homeowner. In addition, the single point exposure will be low, as the Group will have thousands of single counter-parties across Europe.

Finally, the solar system contract will be cost saving for customers in most markets, resulting in the outcome for the end customer if choosing not to pay the subscription contract being worse than paying. In addition this element is more prominent in markets with higher expected loss given defaults (LGD). I.e. the customer business case is often stronger in countries where the LGD is higher.

Overall the group considers the financial risk to be acceptable.

Operational risk

Operational risk is the risk that Otovo's planned operations can be negatively impacted due to failures in internal processes, procedures or instructions, human error, criminal offences or external events. Within operational risks, examples of scope of control are related to HSEQ measures, roles & responsibilities, installer concentration, and supply chain management.

HSEQ risks

Within HSEQ risks, examples of areas in scope of control are injuries related to Otovo staff, installers or customers, material damage to property or equipment, environmental harming, GDPR breach, loss of personal data or other activities that can harm reputation.

The company has in place HSEQ policies and instructions for IT and handling of personal data. In addition the employees, installation partners and suppliers are subject to Otovo's Code of conduct policy in order to guide decision-making, and to ensure compliance with internal and external rules and regulations.

In case of an emergency (event with potential for personal injury or loss of data), an emergency response group is mobilised responsible for end to end management of the event. The emergency response group consists of the line manager responsible for the area where the event has been recorded, the GM in the applicable market, the Otovo HSEQ responsible for duty and the relevant person from functional management.

Other operational risks

Examples of other operational risks are installer bankruptcies, skewed capacity and constraints in the supply chain. Installer concentration and supply chain management is measured separately to ensure timely installation capacity and mitigate such risks. Each country manager is responsible by delegation to monitor this.

Strategic report

During 2021 the strategic priorities have been to scale the Group's business, add batteries to the Company's offering and capture the additional value creation in subscription.

Otovo's overall ambition is to become Europe's number one provider of solar energy and batteries to private households. To achieve this, the Company regularly defines strategic priorities that would bring the company forward on the journey towards market leader in Europe. These priorities are endorsed by the Board of Directors and help define the direction and priorities of the business units.

Scale

Scaling is important to achieve Otovo's mission to become Europe's number one provider of solar and batteries to private homeowners. Scaling is about increasing market share in existing markets and entering new markets. In existing markets Otovo has during 2021 been focusing on entering partnerships that gives Otovo access to a larger customer base, and that give the partner access to a broader product offering. Some partners are lead partners that refer their existing customers to Otovo. In addition, we have in 2021 launched a new type of platform partnership where Otovo does the installation on behalf of the partner, but where the sales are either handled by the partner or by Otovo on a whitelabeling solution.

Scaling is also about entering new markets. Otovo launched in Poland in December 2020, Italy in April 2021 and Germany in December 2021. All launches have been very successful, and the time it takes to reach the first sales has been decreasing each time. In Germany we reached 50 sales only three months after the general manager ("GM") was recruited and started.

When we enter a new country, we start by recruiting a GM typically with experience from other platform companies, we establish a local subsidiary, we localise agreements and start recruiting installers. Once we have in place the first cost models from our installers, we start acquiring customers and selling solar and batteries. Time from GM recruitment to first sale is typically three to six months.

When a new market is launched, prices to customers are set at levels we believe will be competitive and sustainable over time. We would then typically have low margins in the beginning to get customers onboard quickly. Once we get more installers on the platform that compete for the projects, installation cost goes down, which allows for increased margins without changing customer prices significantly.

In isolation launching new markets will dilute margins temporarily. At the same time, our aim is to increase margins in all markets so that the effect of new markets is compensated by higher margins in more mature markets.

After having launched Poland, Italy, and Germany in the space of twelve months in 2021 our confidence in the ability to launch markets swiftly, safely, and at a low cost has been strengthened. Therefore, we announced in February 2022 that we intend to accelerate the entry into new markets by launching six new markets in the next 12 months. In order to finance this accelerated growth the Group conducted a private placement of NOK 300 million that was completed on 17 February 2022.

On 22 February we further announced that the three first markets will be the UK, Austria and Portugal, while three additional markets are expected to be launched in the next 12 months. Following these launches, Otovo will further consolidate its position as Europe's leading marketplace for solar installations for private households, becoming the first to reach continental scale in Europe, gaining volume advantages in hardware deals; partnership opportunities; leasing deployment volumes; while reducing political exposure through country diversification.

Scaling in existing markets and into new markets also opens opportunities on the hardware supply side where Otovo as a large player in the market may get better terms than the installers. While the current setup is to purchase turn key systems from the installers where the installers source all the material, other ways of operating will be explored going forward. In addition, with disruptions in global supply chains, being able to source material across borders has become an important tool to ensure delivery and mitigate bottlenecks or shortages in certain regions.

Batteries

For the consumer, a battery increases self-consumption of solar energy produced as the battery can be charged when production is higher than consumption and be discharged in the opposite case. Further, it enables the customer to arbitrage against price on electricity from the grid. Finally, a battery can serve as backup in case of an electricity outage.

During 2021 batteries have taken a big step towards becoming mainstream in a number of our markets, costs are dropping and customers are looking to become independent of the grid and electricity companies.

Based on this development and that customers in Italy asked for batteries from the launch, Otovo decided to grasp this opportunity and to launch batteries as a first step towards becoming a multi hardware platform. In Italy, the current subsidy scheme gives the customer a tax credit for 50 percent of the price of solar and a battery. This has fueled demand and after Otovo launched batteries in April 2021 the battery attachment rate increased rapidly to above 50 percent for Italian customers.

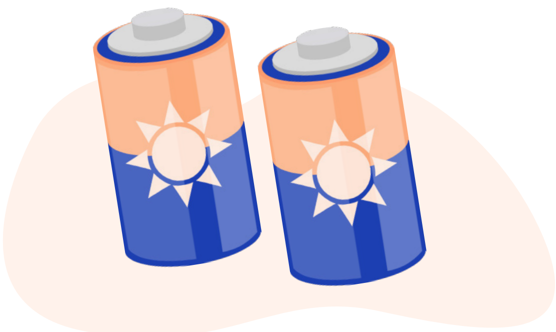
For Otovo, selling a battery with a solar system almost doubles the ticket size for each sale, without impacting the cost to get the customer into the shop which means that the net contribution from a sale with a battery is a lot higher than for a sale of the same solar system without a battery. In addition, having access to a large customer base with batteries, may in the future lead to opportunities for operating a virtual power plant where electricity can be fed into the grid in case of shortage in the market.

After a very successful launch in Italy, batteries were launched in Spain in September 2021 and in Germany from the start in December 2021. Attachment rates are very promising in these countries too, and Otovo intends to launch batteries in all remaining markets during 2022.

With batteries Otovo is becoming a multi hardware provider, and during 2021 we have done the necessary development of the platform to also allow for other products like heat pumps and EV chargers in the future.

Subscription

Otovo offers subscriptions as an important part of its product offering. Subscription customers pay a monthly fee over 20 years and 10 years for battery with no upfront payment. Consequently, the product solves financing for the consumer as well as reducing other barriers to purchase for the consumer and expands the total addressable market for Otovo. In addition, subscription customers benefit from a functional guarantee for the duration of the contract which means that Otovo takes care of maintenance, repair and any faulty products.



“ For Otovo, selling a battery with a solar system almost doubles the ticket size for each sale, without impacting the cost to get the customer into the shop...

The subscription assets are financed by EDEA. The subscription contracts have attractive yields and constitute attractive assets for investors given the relatively low, distributed risk. EDEA was established by Otovo in 2020 as a single purpose financing vehicle and spun out through an equity raise of NOK 150 million in October 2020. Otovo and EDEA have entered into an agreement concerning Otovo's origination of end customer subscription agreements, delivery of solar systems and batteries, maintenance, support and management services on behalf of EDEA. While the unlevered internal rate of return for EDEA's current portfolio is between 7% and 10%, higher return on the equity can be obtained by financing parts of the balance sheet by debt. Volume is key to increase the debt to equity ratio and unlock additional value related to subscription customers. Therefore, it would make sense to increase marketing spending and other customer acquisition efforts in order to grow the subscription portfolio.
In the setup between Otovo and EDEA, however, Otovo bears the cost of acquiring the customer, whereas EDEA gets the upside from increased volume and yield compression with increasing debt to equity ratio. When EDEA was spun out of Otovo, Otovo was therefore not incentivised to increase spending related to subscription customers as the additional value would belong to EDEA.

In order to align interests between Otovo and EDEA, Otovo launched an offer to acquire all the shares in EDEA in an all share transaction where EDEA's investors received 1.7 shares in Otovo for every tendered share in EDEA.

Since Otovo established EDEA, leasing has also proven to be attractive to customers in Europe, access to capital and the interest in investing in this space has increased significantly.
In the current competitive environment, it was crucial to align Otovo's and EDEA's interests and join forces. The acquisition will align interests and unlock value for all shareholders. It will also enable EDEA to increase leverage ratio, and incentivise Otovo to sell leasing and invest in necessary leasing technology and services.

The combined company will have full flexibility when it comes to capitalisation and strategy when critical size is reached. Together the companies will be positioned for accelerated growth that Otovo believes will unlock value to all EDEA and Otovo shareholders.

After the transaction Otovo owns 88.43 percent of the shares in EDEA which means that EDEA is consolidated into Otovo's accounts.

Corporate governance

Through Otovo's corporate governance, the Board of Directors and Management operate to ensure confidence in Otovo for our customers, shareholders, employees and other stakeholders as well as value creation over time.

The governance principles secure operational and financial performance follow up and effective decision-making based on transparency, clear communication and understanding of roles and responsibilities across Otovo.

The employees, management and board members adhere to our Code of Conduct which sets out requirements for business practices as well as personal conduct, rules for follow up and the whistleblower policy.

By pursuing the principles of corporate governance, the Board of Directors and Management contributes to achieving open communication, equal rights for all shareholders and good control and corporate governance mechanisms.

Otovo aspires to comply with the recommendations of the The Norwegian Code of Practice for Corporate Governance (the "Code"), and will review the corporate governance principles in 2022. If the Code is deviated from, the deviation is described and explained in the relevant section of this statement.

Business

For homeowners, Otovo is the easiest way to get solar panels and batteries. Otovo is a marketplace that organises hundreds of local, high-quality, and qualified energy installers. The Group uses its proprietary technology to analyse the potential of any home and finds the best price and installer for customers based on an automatic bidding process between available installers.

Otovo is on the path to becoming number one in European residential solar. Founded in 2016, Otovo has rapidly scaled its platform beyond the Nordics and it is currently operating in seven countries: Norway, Sweden, France, Spain, Poland, Italy and Germany. The ultimate vision is to put solar panels on every roof and batteries in every home in Europe.

Strategy

Otovo's overall ambition is to become Europe's number one provider of solar energy and batteries to private households. The strategic priorities to achieve this are achieving pan European scale, increasing ticket sizes through batteries and in the future other hardware and winning customers in a higher value subscription model. See the strategic report for more information.

Capital structure, equity and dividends

Otovo's business is financed primarily through equity, which is the most appropriate funding source for a company in a scale up phase like Otovo. The subscription business which is financed by EDEA, is set up to be partly financed through bank debt.

Otovo is in a growth and scale-up phase, and is currently not in position to pay dividends. The company has certain authorisations for capital increase that have a duration of two years from the date they were given.

Equal treatment of shareholders and negotiability

Otovo is committed to equal treatment of shareholders, and would only deviate from preemptive rights when it is justified. During 2021 Otovo raised NOK 250 million through a private placement directed towards certain professional investors in connection with listing on Euronext Growth. In addition to securing financing of further growth in an efficient way, the aim of the listing was to broaden the investor base and improve access to financing in the future. The fundraising was approved by the general meeting.

In addition, Otovo has in place certain incentive programmes for employees which imply deviating from the preferential rights of the shareholders. The programmes are based on common market practice and deemed essential to be able to attract and retain talent and to keep personnel costs at a sustainable level. All programmes have been approved by the general meeting.

There are no restrictions on any party's ability to own, trade or vote for the shares in the company.

General meeting

The General Meeting expresses the will of the shareholders of Otovo and its tasks include formally appointing the external auditor, approving the annual accounts, the allocation of net income, mandating corporate actions involving shareholders' equity and electing the members of the Board of Directors.
All of the company's shareholders are free to participate in the general meetings, and Otovo follows market practice, the Code and corporate law in relation to general meetings. Physical attendance to general meetings was restricted in 2021 due to covid-19. The company does not have a nomination committee elected by the general meeting. The company intends to update the articles and elect a nomination committee in 2022.

Board of directors

The board of directors of Otovo currently has six shareholders-elected members and one employee-elected member.
All the shareholders-elected members are independent of the executive personnel and three members are independent of the major shareholders of the company.

See the Board of Directors section for information on each board member.

The board of directors has implemented instructions for the board of directors and the executive management. It is the intention of the board of directors to establish an audit committee in 2022. The compensation committee has in 2021 consisted of the chair Peter Mellbye and board member Johan Bergström.

Risk management
Risk management is an integral part of Otovo's business activities and decisions every day, and risks are managed and monitored on an ongoing basis in accordance with the group's risk management policy. See the Risk management section for further information.

Board remuneration
The ordinary general meeting in 2021 resolved a remuneration to the Chair of the Board for the period until the ordinary general meeting in 2021 of NOK 120,000 and a remuneration of the shareholders-elected board members for the period until the ordinary general meeting in 2022 of NOK 120,000 each. The shareholders-elected board members that represent large shareholders do not receive remuneration from the company. The employee-elected board member receives ordinary salary from the company.

The remuneration to the independent board members reflects the responsibility and amount of work they perform and is not performance based. The company has previously issued options to certain board members, but all these options have now been exercised. The company is in the process of establishing a board share purchase programme.

Salary and remuneration of executive personnel
Otovo does not currently have a specific remuneration policy. Salaries are moderate compared with the general level for executive personnel in Norway. Due to a relatively low salary level, the company has in place certain programmes for share based remuneration. Performance based salary is capped for each individual, and no employee can receive more than 50 percent of its base salary.

Communication
The Company has in place instructions for handling of insider information and follows market practice and rules for listed companies when it comes to disclosure of financial information. The company presents its quarterly results in due course after the end of each quarter. Financial calendars are public, and shareholders can easily follow the company on Newsweb and on the investor relations site investor.otovo.com. Apart from shareholders that are employees or members of the board, only public information is communicated to shareholders outside of the general meeting.

Take-overs
The Company does not currently have guiding principles for how it will act in the event of a take-over bid, but the Board of Directors would in case seek legal advice and make sure the Code and best practice is followed.

Auditor
The Board of Directors works to ensure that the auditor presents the main features of the plan for its work regarding audits to the board. The auditor participates in the meeting(s) of the Board where any of the following topics are on the agenda: the annual accounts, accounting principles, assessment of any accounting estimates and matters of importance on which there has been disagreement between the auditor and the Management.

The company's auditor is Roger Telle-Hansen from BDO. During 2021 the auditor took part in several board meetings regarding listing on Euronext Growth and transition to IFRS, in addition to approval of the annual report and approval of quarterly results. Further, the auditor had a separate meeting without Management in the board meeting where the auditor's report was presented to the Board of Directors.

The Board of Directors reports the remuneration paid to the auditor to the shareholders at the Annual General Meeting.

Sustainability in Otovo

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

Our Common Future, 1987.

For a company to become more sustainable, it can increase its positive impacts (light) or reduce its negative impacts (shadow) on the environment and society. A company sheds light when it solves problems caused by others, and casts shadows when causing problems for others. In Otovo we certainly aim to solve problems. By delivering solar installations across Europe, generating clean electricity harvested from the sun, our customers increase the share of renewable energy in the global energy mix. And we do so in a time when increasing Europe's energy capacity has never been more important. By the initial statement, we both shed and capture the light.

The core of Otovo's business idea is to provide products and services that have a positive impact on the environment. At the same time, we can always improve, and maintain awareness on potential challenges in our industry and operations. With continued growth, aiming to add six new markets in 2022, the complexity of our operations increases. In this process we are committed to further structure our focus on sustainability.

In this report we present Otovo's work on sustainability in 2021, including general information on how we work, measurement of our environmental footprint and impact and a review of our social impact.

UNs Sustainable Development Goals

Otovo is committed to the United Nations Sustainable Development Goals (SDGs) and will actively use our position as the leading solar platform in Europe to impact implementation of actions supporting these goals. Working with the SDGs are a core part of our company values and are a central part of training when we onboard new Otovo employees.

Recognising that the 17 goals are interconnected, where improvement in one area affects others, we have chosen to focus on SDGs 7, 8, 12, 13 and 17.

Our commitment

Climate action
Climate change is the greatest challenge facing humanity. Deploying solar energy is a way of aligning our energy system to the Earth's environmental boundaries. We believe in taking direct climate action and the core of our business is having a positive impact on the environment. Otovo is carbon-neutral as a company, and carbon-reducing as part of society.

Our core business

Affordable and clean energy
Otovo works to increase the share of renewable energy in the global energy mix by providing the easiest and most affordable way for consumers to become producers of local, clean and cheap energy.

How we work

Decent work and economic growth
Otovo will execute equal pay for work of equal value. In addition we are committed to use our position in the global hardware value chain to protect labour rights, and promote safe and secure working environments.

Responsible consumption and production
Otovo will target a more efficient use of natural resources, including reducing and neutralising the carbon footprint and emissions from our consumption of goods, energy and services, and reducing the food waste within our company.

Partnership for the goals
Otovo is a member of the UN Global Compact, an initiative that helps organisations set and work towards goals on sustainable development in human rights, labour, environment and anti-corruption.

UN Global Compact

As of February 2022 Otovo is a member of the UN Global Compact. We support the Ten Principles on human rights, labour, environment and anti-corruption, and are committed to make them a part of our strategy, culture and day to day operations.

Table 1: UN Global Compact, Ten Principles

Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Environmental footprint

Otovo is emissions-neutral as a company, and Otovo is emissions-reducing as part of society. We track, measure and report on GHG emissions in CO2e, in order to (1) reduce emissions from our own activities and operations, and (2) make better choices when sourcing and whitelisting hardware.

Measuring our GHG Emissions

Otovo is committed to track, measure and report GHG emissions in scope 1-3 in accordance with the standards of the GHG protocol. Numbers are reported in metric tonnes of CO2-equivalents (tCO2e).

Otovo's current emissions model was developed in 2019 and is based on the GHG Protocol Corporate Standard. Conversion factors are collected from the UK Government and updated annually.

Table 2: Otovo Emissions Model

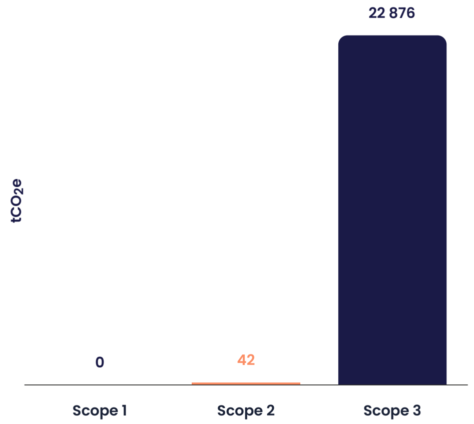
Activity	Input for model
Scope 1: Direct emissions from controlled resources	
Currently none due to the nature of Otovo's business.	
Scope 2: Indirect emissions from purchased energy	
Electricity use in Offices in Oslo, Stockholm, Paris, Madrid, Warsaw, Milan.	kWh * European Attribute Mix
Scope 3: Indirect emissions not owned	
Production and freight of hardware, cradle to gate. Including: PV modules, inverters, mounting systems, batteries, cabling & electrical.	Installed components * EPD (estimate)
Installer Transport (from base to installation site)	Distance to installation site in km. Estimated installation time of 1 day per 12 panels.
Employee commuting	Estimate on total travel distance per means of transport (employee survey)
Business Travel	Total travel distance per means of transport. Aviation including radiative forcing.
Website Emissions	Total website views * emission factor. Adjusted to account for ad blocking (+25%).
Electronic office supplies - "cradle to gate"	EPD (estimate)
Office Waste	kg waste per office * local office recycling standard

[1] *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021 (22/03/09)*

Emissions in 2021

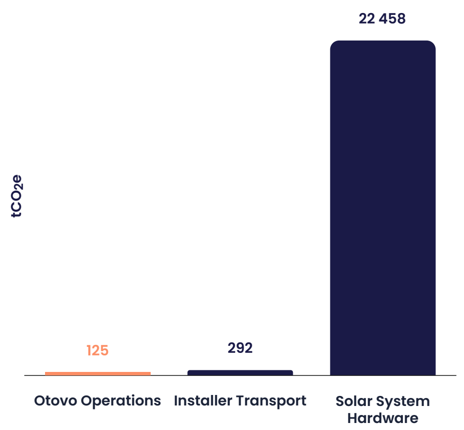
In 2021 Otovo's entire value chain in Norway, Sweden, France, Spain, Italy and Poland, plus a small contribution from preparations for launch in Germany, resulted in direct and indirect emissions of 22 918 tCO2e. Otovo does not own or control our own resources with emissions, hence scope 1 is zero. Scope 2 emissions are related to electricity consumption in our offices, while scope 3 covers all indirect emissions related to Otovo's purchases of equipment and tools, manufacturing and shipping of hardware used for solar installations, installation activities, website traffic, and employee activities such as travelling and commuting.

Figure 1: Emissions, GHG Protocol



98% of the emissions in Otovo's entire value chain originate from manufacturing and shipping of hardware, of which approximately 80% stems from the solar panels and their precursors. Production of polysilicon and ingots used for silicon solar cells is energy intensive and therefore constitutes the biggest share of indirect carbon emissions. The rest relates to Otovo's own operations and transportation among our installer companies.

Figure 2: Scope 3 Emissions



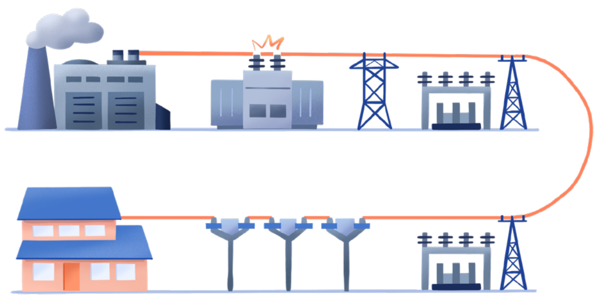
Carbon offsetting

Carbon offsetting is the purchase of carbon credits, where a carbon credit represents the certified reduction or removal of one tonne of carbon dioxide equivalents (tCO2e) from the atmosphere.

Otovo has decided to offset emissions directly related to Otovo's operations and our employees' activities by purchasing carbon credits. This includes office energy consumption (scope 2) and employee commuting, business travel, website emissions, electronic office supplies and office waste (scope 3), illustrated in orange in figure 1 and 2 above. In 2021 Otovo offset 167 tCO2e through Gold Standard[1].

Net Impact - Caused and avoided emissions

Solar panels produce clean, emission free electricity. For our customers, solar energy replaces electricity otherwise consumed from the electric grid - reducing the need for and emissions related to production of grid electricity in Europe. We quantify avoided emissions using the European Attribute Mix[2] (EAM), reported annually by AIB.



In our climate impact model, the average lifetime of a solar energy installation is estimated to be 30 years, accommodating a linear degradation of the energy production in accordance with solar panel specifications. Yearly solar energy yield for all installed systems, i.e. the specific kWh/kWp for each and every installation, forms the basis for forward looking lifetime energy production of all installations. We model the emissions from all systems installed in 2021 using the applicable European Attribute Mix (in gCO2e/kWh).

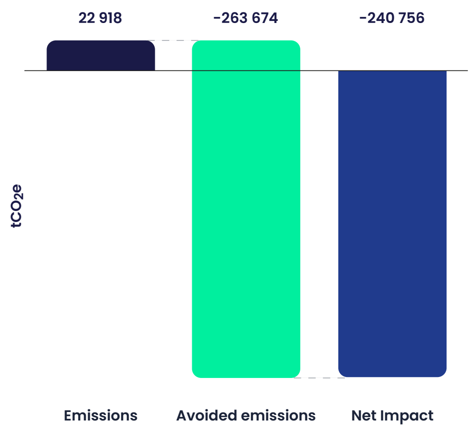
We accommodate future reductions of the forward looking avoided emissions by performing a posteriori adjustment of the accumulated avoided emissions, always reporting accumulated numbers based on the current knowledge of the European Attribute Mix.

[1] https://www.goldstandard.org
[2] https://www.aib-net.org/facts/european-residual-mix

Net impact in 2021

In 2021 Otovo installed 22,5 MWp of solar capacity. Over the expected lifetime, these installations yield on average 968 kWh/kWp annually, ranging from 747 kWh/kWp in Norway to 1388 kWh/kWp in sunny Spain. By replacing grid electricity, these systems will avoid emissions of 263 674 tCO_2e through their lifetime with the current grid mix. Net impact is the difference between caused and avoided emissions, which in 2021 amounted to **-240 759 tCO_2e.**

Figure 3: Net impact 2021



While there is uncertainty related to how the grid mix will look in the future, it is clear the systems installed in 2021 will have a substantial positive impact on the environment over their lifetime.

Another way of illustrating the positive impact of solar energy is to consider the carbon payback time. The term refers to the time it takes for the negative environmental impact of deploying the system, from manufacturing to installation, to be offset by the positive environmental impact of clean energy production. For the systems delivered in 2021, the average carbon payback time is **2,6 years.**

Accumulated Net Impact

Fig 4 below displays the installed capacity since Otovo's first installation in 2016. In addition to installing more solar systems every year, the average yields (kWh/kWp) of the systems have increased, as shown in Fig 5. Higher yields results primarily from more panels being installed in southern European locations.

Higher yields and more installed capacity increase the size of our positive impact. Otovo's accumulated net impact is displayed in Fig 6, where the forward looking avoided emissions are adjusted for changes in the grid mix (EAM).

Figure 4: MWp Installed

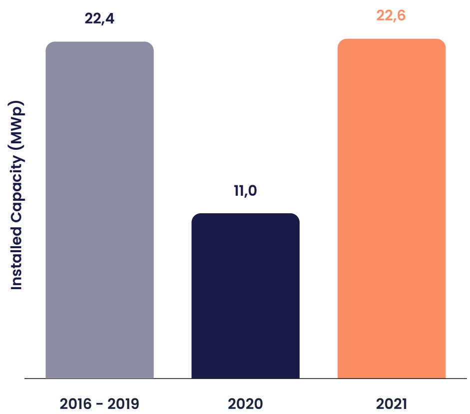


Figure 5: Energy yield per installation (kWh/kWp)

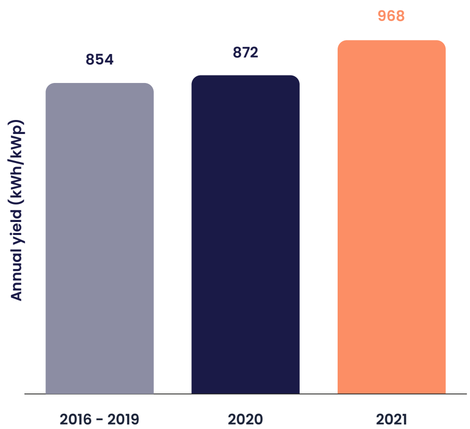
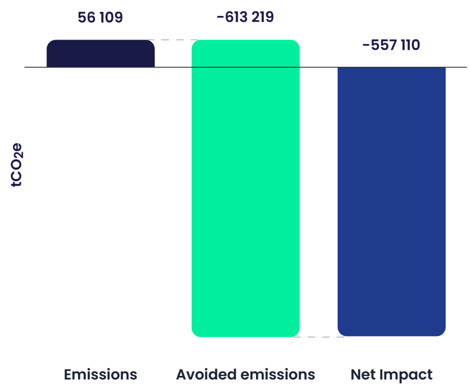


Figure 6: Accumulated net impact (2016 - 2021)



Further improvements

To further improve our positive impact on the environment, several focus areas are relevant:

1. Increase avoided emissions:
   - **Install more solar panels**
   - **Build better systems** (more kWh/kW)

2. Reduce emissions from hardware manufacturing and shipping:
   - Reduce CO_2 emissions per kWp
   - Increase solar panel efficiency (more kW/area)
   - Source more sustainable products

3. Reduce operating emissions:
   - Less travel, less driving, less fossil fuel consumption

While it is our responsibility and objective to reduce the total emissions from our value chains, the positive impact of adding more solar panels far outweighs these emissions. As an illustration, for 2021 the carbon footprint of our entire value chain corresponds to only 8.7% of the CO_2 emissions avoided. The single most important thing we can do right now is installing more and better solar systems.

Social Impact

Otovo places special emphasis on the impact we have on our employees, our installers and the people related to our supply chains.

A sustainable workplace

In Otovo we believe that people work **better together.** We believe that companies where diversity and cooperation thrive, in place of cliques and subcultures, are better at unleashing the creativity and energy of all the people in them. To us, creation is a team sport.

We are **purpose driven** and together carry the big mission of putting local and clean energy in every home.

We believe in being **kind, clear** and to **trust in people.**

Diversity and Inclusion
Statement in accordance with the equality and anti-disctrimination act

In Otovo we are strong advocates of personal freedom and equality. Consequently, employment can only be based on qualifications as they relate to the professional tasks to be solved. In all business activities we do not accept any discrimination based on personal identity such as gender, race, color, religion, national origin, gender identity, age or disability. (Internal Code of Conduct)

Goal:
- Otovo will have a good gender balance (40/60) in management positions at all levels.
- Otovo will execute equal pay for work of equal value.
- Otovo will be diverse and inclusive.

In 2021 the Otovo Group grew to a total of 209 employees, of which 42% female and 58% male.

Table 3: Gender balance & sick leave in Otovo Group

Market	FTEs 2021	Sick leave*	Employees per 31.12	Female per 31.12	Male per 31.12
Norway, Otovo AS	57.86	2.14%	72	24 (33.3%)	48 (66.7%)
Sweden, Otovo AB	7.62	0.00%	10	1 (10%)	9 (90%)
Spain, Otovo Iberic	28	3.11%	35	20 (57.1%)	15 (42.9%)
France, ISWT	26.28	0.83%	27	12 (44.4%)	15 (55.6%)
Italy, Otovo SRL	11.36	0.80%	32	14 (43.8%)	18 (56.3%)
Poland, Otovo sp zoo	15.14	5.08%	23	14 (60.9%)	9 (39.1%)
Germany, Otovo GmbH	1.58	0.00%	9	1 (11.1%)	8 (88.9%)
EDEA	1	0.00%	1	1 (100%)	-
Otovo Group	**148.8**	**2.14%**	**209**	**87 (41.6%)**	**122 (58.4%)**

** Share of 230 working days per FTE.*

Otovo AS has employed 87 people in 2021, of which 33% female and 67% male. The group has only limited part time employment and no involuntary part time. Temporary employment consisted primarily of summer interns. Two men and two women were on parent leave during the year. All four belong to executive or middle management.

The executive management consisted of five men and two women as of 31 December. The middle management consisted of nine men and six women. In the executive management, female salary was 94.5% of male salary. In middle management female salary was 107% of male salary. For other personnel excl. sales personnel, female salary was 88.7% of male salary.

The differences in salaries are due to differences in roles, tenure and experience, as Otovo's aim is to pay equal salary for equal work.

Table 4: Gender Balance in Otovo As

	Total	Female	Male
Otovo As	**87***	**29 (33,3%)**	**58 (66,7%)**
Full Time Employments	71	24	47
Temporary Employments	12	4	8
Part time Employments	4	1	3
Involuntary Part time	na	na	na
Parental Leave	74 weeks	47 weeks	27 weeks

**) 57,9 FTE total, of which part time and temporary employment together constituted 3 FTE.*

Table 5: Pay Gap in Otovo As

	Gender Balance			Ratio women/men average salary	
Managerial Level	**Total**	**Female**	**Male**	**Variable Salary**	**Fixed Salary**
C-suite, GMs	7	2	5	93.9%	94.5%
Heads of, Functional Managers	15	6	9	109%	107%
Other personnel excl SP	30	13	17	88,3%	88,7%
Sales Personnel (SP)	10	0	10	na	na
Otovo As	**62**	**21**	**41**		

No variable bonuses or overtime pay.
No options or stocks included.
Based on full time employees per 31.12

We are proud to be represented by 21 nationalities, with employees from Norway, Sweden, France, Spain, Germany, Poland, Italy, Tunisia, Gabon, Madagascar, Mexico, Ukraine, Venezuela, Belarus, Denmark, Netherlands, Russia, India, United Kingdom, Latvia and Finland.

The work with equality and anti-discrimination is embodied in Otovo's internal Code of Conduct, and is an important part of the company's human resources work.

We promote diversity in job listings and on career pages. We actively seek to attract candidates of both genders when we recruit, and we have been specifically targeting female candidates for certain management positions. While gender equality in middle management is at an acceptable level, we are behind our target for the executive management.

Gender equality and anti-discrimination is a topic in both functional and internantional management meetings as well as in the working evironment committee. Feedback from employees is also given through employee surveys that are conducted monthly.

Employee satisfaction

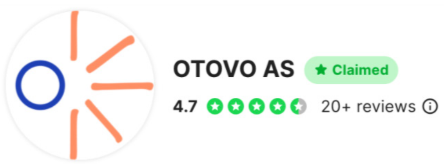
To enable Otovo to continuously listen to and act on feedback, employees are surveyed anonymously on the experience of working with the company, on a monthly basis Recurring questions aim to measure the employees mood and sense of progress, on a score from one to four. In addition to recurring questions, we always include a current question and an open question on what we can do to improve the company in the coming 12 months. Results are shared with all employees at the following Otovo Lunch presentation by the CEO. Our goal is to always stay above a mood score of 3.5, and this objective is part of the group level OKRs for 2022 that all top managers work to achieve.

- MOOD: I feel good about my work, my colleagues, my boss, our way of working and our purpose (Where 1=Not at all and 4=Yes, really!)
- PROGRESS: At Otovo I get to evolve and learn more than elsewhere (Where 1=Not true and 4=Entirely true)

In 2021 the average mood score was 3.48/4.

Equality Check

Equality Check is a service where employees can leave an anonymous review about how they experience the culture, management and work life balance in Otovo. At time of reporting Otovo has a collective score of 4.7 of 5.[1]



[1] *https://reviews.equalitycheck.com/companies/NO/OTOVOAS/915501680 (March 14, 2022)*

Sustainable installation partners

The installation companies delivering solar installations through our platform are Otovo's most important partners. We are committed to ensure a safe and sustainable working environment for our installers, to prevent incidents and to be a workplace without injury or harm.

We are focused on actively spreading a culture of safety in the industry. We believe that **quality work** is **quality in everything.**

We consider the following as two main areas of potential risks to a sustainable workplace for our installers:

- Undeclared work and social dumping
- Unsafe work environment

To combat the use of undeclared work or social dumping, we only work with high quality installers, meeting our requirements for certification. Upon being considered for a partnership, installers document that they pay taxes, fulfil insurance requirements and are registered to perform electrical work. In addition, the installer documents competence and previous experience with PV installations, and provides Otovo with customer references, for subsequent reference checks. Our partners are bound to be compliant with and take an active approach to health, safety and environment work in their organisations.

The majority of Otovo's HSE resources are allocated towards the solar system installation process, which has the highest risk profile in terms of both potential impact from an incident and likelihood of an incident occurring. To promote a safe work environment for installers, we conduct third party inspections through renowned partners. We differentiate between quality inspections, usually taking place after the installation process is completed, and HSE inspections conducted during ongoing installations. Events uncovered during an inspection, by Otovo, reported by the installers themselves, by customers or bystanders, are handled systematically. Breaches with potential personal injury or other severe impacts are always escalated and handled at Group management level.

Incidents in 2021

One (1) event with serious personal injury, where an installer suffered fractures after falling from a roof. Three (3) events with less serious personal injuries. Eight (8) events with potential risk of personal injury, i.e. installers not wearing correct or sufficient safety equipment.

Social impact in the supply chain

In Otovo we are committed to use our position in the global hardware value chain to protect labour rights, and promote safe and secure working environments.

To install a solar panel on a European rooftop, we are dependent on a complex, global value chain. Simply put, the production of solar panels consists of mining, refining and production of raw materials, made into polysilicon, made into ingots, cut to wafers, made into cells, and assembled to modules. For many products manufactured today, global trade and good access to transport enables components and raw materials to be provided by several different factories, manufacturers and parts of the world. Several layers of subcontractors make full traceability in the value chain challenging, in turn increasing our reliance on transparency from the module manufacturers.

There is an ongoing concern regarding breaches of fundamental human rights for workers in the Xinjiang region of China. Xinjiang is home to large chemical industries, including the production of polysilicon for use in the global value chain of silicon solar panels - affecting some of the major manufacturers. Otovo works to monitor, document and follow up the traceability of our suppliers and their subcontractors. In 2021 Otovo decided to delist and stop all sales and purchases of one manufacturer following allegations of ties to affected suppliers. See the following section for more details on Otovo's whitelisting approach.

Otovo is fully committed to:

- Only use products or raw materials produced under acceptable labour conditions and a safe working environment
- Only select products and manufactures in a whitelisting process focusing on quality, commercial sustainability, social responsibility and environmental impact
- De-list manufacturers or products that fails to deliver on our quality and sustainability requirements over time

Only the best manufacturers - the whitelisting process

Otovo has a whitelist approach, where we certify hardware and equipment that can be sold and installed through our platform. In addition to requiring documentation on technology, quality, warranties and environmental footprint of the products, we perform due diligence of the manufacturer with assessment of bankability and sustainability. The manufacturers need to hold ISO-certification in quality (ISO 9001), environment (ISO 14001) and HSE (OHSAS 18001/ISO 45001). In 2021 we started the work of acquiring formal statements from manufacturers, where they clearly commit to follow internationally acceptable labour practices in their own production, and that the same holds true for any and all of their subcontractors.

Subscription metrics

New metrics for the subscription business
Following Otovo's acquisition of EDEA in late 2021 (see Strategic Report), subscriptions will become an even more important feature of the Group. Subscription concepts built the best residential solar players in the United States ten years ago and we believe this will happen again in Europe. A zero-money-down product expands the addressable market and turns a decision about a major capital outlay into a simple choice for consumers looking to save money in the first month after installation.

Subscription customers enter into 20 year contracts (10 for batteries) with the asset-owning entity EDEA, that purchases the system from Otovo. Ahead of the acquisition of EDEA, Otovo's revenue on a subscription sale would be the same as on a direct sale. After the acquisition, revenue that stems from sale to EDEA is eliminated, and does no longer appear in the consolidated accounts.

As IFRS does not allow for recognising the fair value of a subscription contract, the Group has chosen to use alternative key metrics similar to those used by US peers in order to visualise the value related to the subscription business. In brief, the method consists of replacing traditional revenue by the present value of the 20 years' (or 10 years') cash flow that is generated from the subscription contract.

For an illustrative project in 2021, Otovo could typically have a margin of around 20 percent on a direct sale, so if the cost of installation of the system (COGS) is 100, the customer price and revenue would be 125 and the gross profit would be 25.

If the customer chooses subscription, the subscription fee for the same system would typically be 1 per month or 12 per year adding up to 240 over 20 years. In addition the subscription fee is subject to annual, upward inflation adjustment. Assuming a conservative 2 percent inflation per year, the total payments over 20 years would be 290. Using a 5 percent discount rate in the alternative performance reporting, the net present value of this 20 years' cash flow would be 175. These 175 are the net present value of the signed 20 year commitment the customer has entered in the period, and will be reported at the time of completed installation of the project and be labelled as "Contracted Subscription Revenue".

Figure 1: Revenue and gross profit related to a direct purchase contract

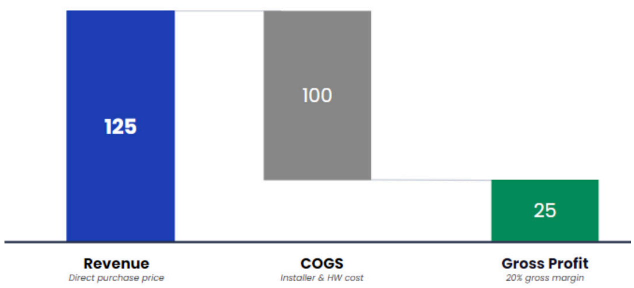
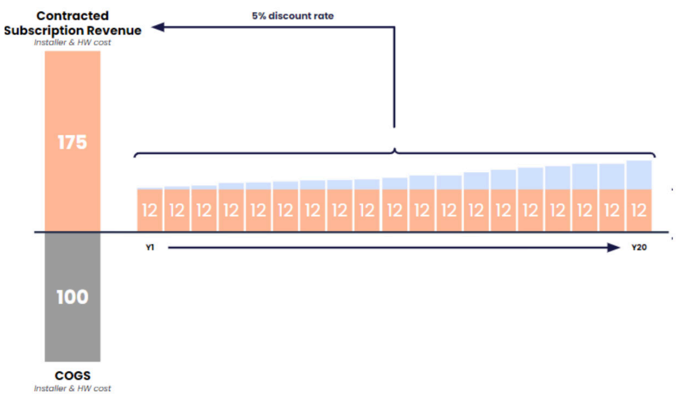


Figure 2: Contracted Subscription Revenue related to a subscription contract



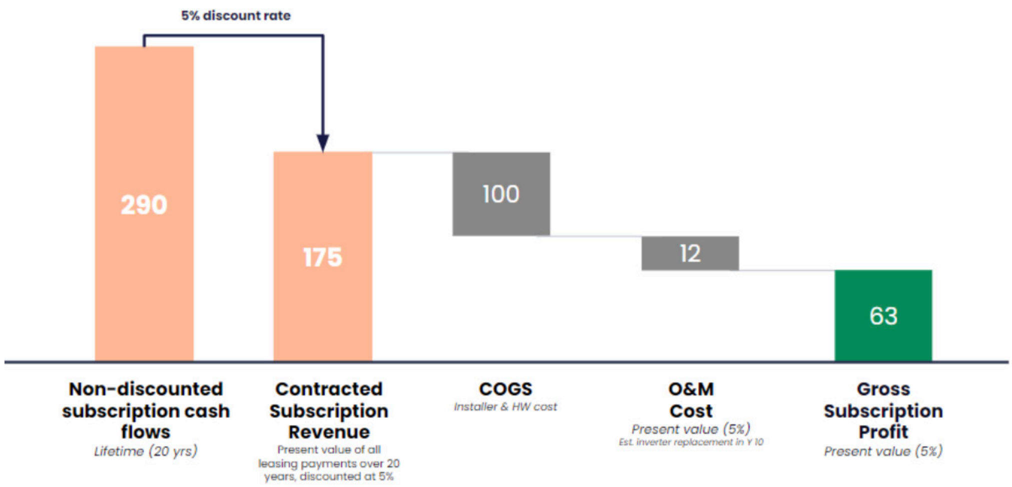


Figure 3: Contracted subscription revenue and gross subscription profit related to a subscription contract

A part of the subscription offering is maintenance on the system, so when looking at the profit generated over the lifetime of a subscription contract, the expected operations and maintenance (O&M) costs also have to be taken into account.

If the customer chooses subscription, this example shows that the same system generates 63 in profit, compared with 25 for a direct purchase agreement.

Going forward, the Group will show these new metrics for all subscription contracts generated in an accounting period. As the revenue and profit generated is counted up front, the recurring revenue over the lifetime of the subscription contracts, is subtracted when looking at these metrics on a Group consolidated level. Finally, the Group will show an EBITDA-equivalent metric where revenue is replaced by revenue generated.

Directors' report

2021 was a very strong year for Otovo. The company doubled its revenue, entered two new countries being present in seven countries at year-end, launched batteries, listed on Euronext Growth and acquired its affiliated company European Distributed Energy Assets (EDEA) that was spun out the year before.

Demand was fueled by both regulatory tailwinds and unprecedented price spikes in the electricity markets across Europe. With a pipeline of projects into 2022 that is close to the total revenue for 2021, prospects for further growth and expansion are very good.

Strategy

Otovo's overall ambition is to become Europe's number one provider of solar energy and batteries to private households. The strategic priorities to achieve this are to reach pan-European scale, increasing ticket sizes through batteries and in the future other hardware and making the products available to a wider group of customers through a high value subscription model. See the strategic report for more information.

Corporate governance and sustainability

Corporate governance in Otovo is how the Board of Directors and the Management operate to ensure confidence in the value creation in Otovo over time for our customers, shareholders, employees and other stakeholders. See the corporate governance report for more information.

Sustainability is about having a positive impact on the environment and society while minimising any negative impact. By delivering solar installations across Europe, generating clean electricity harvested from the sun, Otovo's business is at the core of the energy transition that will take place in Europe in the coming years, to reduce greenhouse gas emissions and achieve the Paris agreement targets. See the sustainability report for more information.

Risk management

Procedures for risk management in Otovo are governed by the Group's risk management policy. After the acquisition of the majority of the shares in EDEA, the risks related to EDEA are also covered by the risk management procedures of Otovo.

The ultimate responsibility for risk management lies with the board, whereas the CEO has the responsibility for establishing sufficient risk management processes and controls, ensuring that they are executed as intended, adjusted if needed, and that necessary mitigation actions are in place to reflect the risk situation at any given point in time. The major risks of the group are reviewed on a regular basis.

See the risk management section for more information.

Financial review of 2021

2021 is the first year for which the Group has prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the financial year ended 31 December 2020. In preparing the consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020 (the Group's date of transition to IFRS).

The Group has a clear growth strategy, both through organic growth and through acquisitions. On 8 December 2021 Otovo AS increased its investment in European Distributed Energy Assets Holding AS (EDEA) from 18.75% to 88.43%, a step taken to regain control over the strategically important subscription offering of Otovo and to facilitate future growth. EDEA was founded by Otovo in 2020. During 2020 Otovo's ownership interest was reduced from 100% to 18.75%. From the establishment of EDEA the two companies have cooperated closely, and had exclusivity when it comes to offering solar subscription to customers in Otovo's markets. EDEA has been consolidated into the Group accounts as of the acquisition date, and is reported as a separate operating segment as of the same date.

Income statement

The revenues in 2021 were NOK 289 million, 92% above the NOK 151 million revenues previous year, mainly driven by substantial contribution from the new market launches, Poland and Italy as well as increase in activity in Spain and France. Transition from the previous broker model to full integration on the Otovo Platform in France further enhanced the contribution from the French business. Otovo has also launched sales of batteries in Italy and Spain during 2021, something that increases the average purchase (ticket size) of the customers.

During 2021 the trend in Europe towards more renewable energy has been strengthened, and hikes in energy prices has accelerated consumers' interest in PV systems and batteries. The revenue increase is reflecting the increasing demand for PV systems and related products, and Otovo's ability to scale the business to meet this demand.

Cost of goods sold increased 98%, to NOK 240 million, compared to NOK 121 million last year. The increase is linked with the increase in revenue, but is slightly higher in percentage points as entry margins in new markets are lower than the margins in established markets. Transition from the broker model in France is also contributing to the reduction in margin. Margins are gradually increasing after new country launches, as more installers are onboarded to the platform, competing against each other to deliver projects and driving cost down, and the Otovo brand has gained a position in the market.

Payroll and related costs increased from NOK 53 million in 2020 to NOK 114 million in 2021, an increase of 115%, of which NOK 16 million of the growth is related to share-based payment programs. The remaining increase in costs is explained by launch in new markets and expansion in current markets, in addition to strengthening of Group functions, facilitating future growth.

Depreciation, amortisation and impairment ended at NOK 22 million, up 78% from NOK 12 million in 2020. The increase is primarily related to development of the Otovo Cloud, combined with amortisation of excess values from the acquisition of EDEA.

The Otovo Cloud is an internally generated software that is used in the interface with customers and installers. The software makes it possible for installers to price, as well as for Otovo to calculate the price for, various options of solar panels directly on the Group's websites. Furthermore, a production potential is calculated together with estimated annual power savings. The software needs continuous development and a proportion of hours and costs related to this is capitalised in the balance sheet as an intangible asset. Otovo expects that development activities will increase in scope during 2022, as the company adds more countries, products and new functionality both for customers, installers and internal users of the platform.

Net financial items for 2021 include an acquisition gain of NOK 25 million related to the shares held in EDEA ahead of the acquisition date. Aside from this, the change in net financial items from 2020 to 2021 is primarily attributable to increase in loss from equity accounted investments as well as increased currency losses.

Financial Position

Total assets increased by NOK 398 million to NOK 662 million, the increase is funded with equity raised through the listing on Euronext Growth Oslo in February and issuance of Otovo shares in relation with the EDEA acquisition in December. The EDEA acquisition explains the majority of the increase in intangible assets, relating to customer contracts and exclusivity agreements, goodwill and property plant and equipment, and contributed to the increase in cash and cash equivalents.

Total current liabilities increased from NOK 68 million to NOK 111 million, primarily explained by increasing activity.

Cashflow

Net cash flow from operating activities was negative by NOK 136 million in 2021, compared to a negative NOK 74 million in 2020, the change reflects the increase in operating losses due to expansion to new markets and scaling the business for future growth.

> During 2021 the trend in Europe towards more renewable energy has been strengthened, and hikes in energy prices has accelerated consumers' interest in PV systems and batteries.

Net cash inflow from investing activities was NOK 40 million in 2021, positively impacted by the cash balance from the EDEA acquisition when the Group regained control, while 2020 was negatively impacted by the downsell and deconsolidation of EDEA, ending at a cash outflow of NOK 46 million.

Net cash inflow from financing activities was NOK 248 million in 2021, compared to NOK 1 million in 2020. This significant increase is primarily explained by the cash raised at listing on Euronext Growth Oslo, net of transaction costs.

Review of the parent company's financial statements

The annual accounts for the parent company have been prepared according to Norwegian Generally Accepted Accounting Principles (NGAAP).

Otovo AS is the parent company in the Otovo Group.

Otovo AS had NOK 96 million in total revenues in 2021, an increase of NOK 12 million from the previous year. The increase in revenues was driven by a market rebounding from the Covid pandemic and a market reacting to hikes in electricity prices in Norway. Cost of goods sold increased less than the revenues due to higher margin. Other operating expenses and payroll and related costs have primarily increased as a result of head office costs incurred for expansion to new markets and launch of new products.

The result for the year ended at a loss of NOK 74 million compared with a loss of NOK 41 million in 2020.

At the end of the year, Otovo AS had assets of NOK 756 million and bank deposits of NOK 120 million. At the end of the year, Otovo AS had total equity of NOK 691 million. The increase compared with last year is primarily due to equity raised through the listing on Euronext Growth Oslo in February and issuance of Otovo shares in relation with the EDEA acquisition in December.

The Company's liquidity situation, ability to finance future investments, meeting its obligation and the solidity of the parent company are adequate and satisfactory.

Directors and officers liability insurance

The Group has a Directors and officers liability insurance with AIG.

Subsequent events

Fundraising, accelerated entry into new markets and intention uplist to the main list

After having launched Poland, Italy, and Germany in the space of twelve months in 2021 Otovo's confidence in the ability to launch markets swiftly, safely, and at a low cost has been strengthened. Therefore, the Group announced in February 2022 that it intends to accelerate the entry into new markets by launching six new markets in the next 12 months. In order to finance this accelerated growth the Group conducted a private placement of NOK 300 million that was completed on 17 February 2022.

On 22 February the Group further announced that the three first markets will be the UK, Austria and Portugal, while three additional markets are expected to be launched in the next 12 months. Following these launches, Otovo will further consolidate its position as Europe's leading marketplace for solar installations for private households, becoming the first to reach continental scale in Europe, gaining volume advantages in hardware deals; partnership opportunities; leasing deployment volumes; while reducing political exposure through country diversification.

In connection with the fundraising, the Group also announced that the board of directors intends to uplist to the main list of Oslo Stock Exchange within the next 12 months.

Macroeconomic environment

Towards the end of 2021 and the start of 2022 the Russian Federation moved troops towards the Ukrainian border under the pretext of conducting a military exercise. US intelligence warned that the Russian regime planned an invasion. Despite efforts to calm the escalated situation, Russian troops invaded Ukraine on 24 February. The outcome of the war and any potential further escalation outside Ukraine remains uncertain and is a risk to the European economy. A further escalation could also impact the Group's supply chains, in particular should China become involved in the conflict on the Russian side.

A united Europe and USA have responded by implementing harsh economic sanctions against the Russian Federation. In addition, the EU announced on 8 March a plan to make Europe independent from Russian fossil fuels well before 2030, starting with gas, in light of Russia's invasion of Ukraine. A part of the plan is to support more solar panel rooftops, heat pumps and energy savings to reduce dependency on fossil fuels across Europe. In isolation, the plan will be positive for the demand for Otovo's products.

Outlook for 2022

The Group entered 2022 with a pipeline of projects close to the number of projects delivered in the full year of 2021. Amid uncertain times, Otovo has confidence in its ability to scale to new European markets and grow market share in existing markets. Increased subscription share and battery attachment rate are expected to grow profit per customer in every market.

Annual profits and distributions

The result for the year in Otovo AS was a loss of NOK 74 million. The board proposes to transfer this from other equity. The board proposes that no dividend is distributed for the financial year 2021. After the transfer, Otovo AS will have an equity as of 31 December 2021 of NOK 691 million, corresponding to an equity ratio of 91.4%, while the Group has an equity of NOK 521 million and an equity ratio of 78.7%.

Going concern

The Board of Directors is of the opinion that the Group will have adequate financial strength and flexibility to provide sufficient support to operations in subsidiaries and meet the Group's expansion targets for 2022.

The Board of Directors confirms that the financial statements have been prepared in accordance with the going concern assumption of the Norwegian Accounting Act.

Oslo, 22 March 2022
Board of directors of Otovo AS

Peter Mellbye Chairman of the Board	Ingunn Andersen Randa Board member	Olivier François Aizac Board member	Tor Øystein Repstad Board member
Johan Erik Sixten Bergström Board member	Alejandro Diaz Board member	Josefin Christina Landgård Board member	Andreas Egge Thorsheim Chief Executive Officer

Board of Directors

Peter Mellbye, Chairperson

Peter Mellbye has been the chairperson of the Company since March 2017. Mellby has held management roles for more than 20 years in Statoil (now Equinor). He is currently a member of the board of directors in Technip FMC plc., Statkraft AS, Competentia AS, Resoptima AS, WestGass AS, and Wellesley Petroleum AS, and has previously been a member of the board of directors in in Altus Inter-vention AS, and Halfwave AS. Mr. Mellbye holds a Cand. Polit. degree in Economics, Law and Politics.

Tor Øystein Repstad, Board Member

Tor Øystein Repstad has been a member of the Company's Board of Directors since September 2016. He is currently the CEO of Agder Energy Invest AS. He is a member of the board of directors in several companies, such as NetSecurity AS, Bio Energy AS, Norgesfilm AS, RT Capital AS, Green Hyco AS, Resitec As, Neg AS, Adaptic AS, Eco Stor AS, and Morrow Batteries AS. He has previously been a member of the board of directors in Meventus AS, Enfo AS, Nordgoon Energie GmbH, Entelios AG, Netnordic AS, Stockwik AB, and 24 Seven Office AS. Mr. Repstad holds a master's degree in industrial economy from Norges teknisk-naturvitenskaplige universitet, and a MBA in finance from Norges Handels-høyskole.

Alejandro Diaz Board Member (employee representative)

Alejandro Diazl is currently employed by Otovo Iberic in Spain, a subsidiary of the Company, and is elected as an employee representative on the Board of Directors. Mr. Diaz currently holds the position as Head of Business Development & Key Account Management in Otovo Spain. Diaz was Co-Founder & Managing Partner in Metepatas, Sale & Marketing representative for Tesla in Spain, Management & Sales Consultant in Frontline Performance group, and has Sale Manager experience from both Abercrombie & Fitch and Massimo Dutti. Mr Diaz holds a Master Degree in Audiovisual Communication from Universidad Francisco de Vitoria, Madrid and has a broad TV producer experience.

Johan Bergström, Board Member

Johan Bergström has been a Board Member since October 2020, and is currently the CEO of AxSol AB. He is also a member of the board of directors of Svea Solar AB; Alight AB, Solkompaniet AB, AdMedic AB, and Clinic Partner AB. He has previously been an Associate Partner with McKinsey & Company. Bergström holds a master's degree in finance from Stockholm School of Economics, and a bachelor's and master's degree in fine arts from Royal Institute of Fine Art.

Ingunn Andersen Randa, Board Member

Ingunn Andersen Randa has served on the Board of Directors since June 2018, and is currently the Executive Vice President in OBOS BBL, responsible for the OBOS-bank, strategic investments and business development. She is also a member of the board of directors of Construct Venture AS and Wanda AS, and has previously worked in various roles in Nordea, and served on the board of directors on Hybel. no AS. Randa holds a master's degree in business and economics.

Olivier Francois Aizac, Board Member

Oliver Francois Aizac has served on the Company's Board of Directors since January 2019. Aizac has previously been a member of the board of directors of Webedia Brazil, OLX Brazil, Infojobs Brazil, Donedeal Ireland, Willhaben Austria, and SCM Spain. He has also had the position as CEO in Webedia Brazil, and been the SVP of Schibsted Classifieds Media. Aizac holds a master's degree in Management from ESSEC Busines School.

Josefin Landgård, Board Member

Josefin Landgård has served on the Board of Directors since April 2021, and is currently Founder and CEO of Mantle. She was founder of byFounders and KRY, and has been an independent consultant for 11 years. Landgård has been Senior Consultant in Volvo, board member at Phoniro systems AS, COO in Viewserve. Landgård holds a Master Management degree from Stockholm School of Economics;

Executive management

Andreas Egge Thorsheim,
Chief Executive Officer and Founder
Andreas Egge Thorsheim has had the position as CEO of the Company since January 2016. He has previously had the position as CFO/COO in Schibsted Norge AS, CEO of Bergens Tidende and other executive roles within the Schibsted Group. He has also been SVP of Product at Opera Software.Thorsheim holds a Master of Science in economics from Norges Handelshøyskole, and a Master of Science in international management from London School of Economics. Thorsheim also serves on various boards.

Petter Ulset,
Chief Financial Officer
(started 1 March 2022)
Petter Ulset assumed the position as CFO 1 March 2022. Ulset comes from the role as SVP Corporate Development at Cognite AS. Prior to Cognite, Ulset was an Investment Manager with the publicly listed industrial investment company Aker ASA. Here, he also served as board director and observer of several listed and private portfolio companies. Before that Ulset was an Associate Partner with McKinsey & Company. Ulset holds a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU).

Lars Ekeland, General Counsel
(interim CFO until 1 March 2022)
Lars Ekeland has been the General Counsel of the Company since October 2020. He also acted as CFO for the Company for a year from March 2021 till February 2022. Ekeland has extensive commercial and legal experience, and has had various positions in DNB Bank ASA, Advokatfirmaet Hjort DA, Wikborg Rein Advokatfirma AS and Norsk Hydro ASA. Ekeland holds a Master of Science from INSA Toulouse, and a Master of laws from the University of Oslo.

Babak Tighnavard,
Chief Growth Officer
Babak Tighnavard had been the Company's Chief Growth Officer since March 2020. He has previously been the CEO of Soundation AB. Tighnavard holds a bachelor's degree in marketing from Stockholm University, and a master's degree in electrical, electronics and communications engineering from KTH Royal Institute of Technology.

Simen Fure Jørgensen,
Chief Product Officer and Co-Founder
Simen Fure Jørgensen has been the Chief Product Officer of Otovo since January 2016. He is also the chairman of the board of directors in Simvest AS and Lean Friends AS, in addition to serving as a board member on the board of directors in Kaukus AS. Jørgensen holds a Master of Science from Norges teknisk-naturvitenskaplige universitet.

Andreas Bentzen,
Chief Technology Officer and Co-Founder
Andreas Bentzen has been employed with the Company since January 2016. He has previously had various management positions, such as VP Technology in Rec Technologies US Inc, Senior Strategy Consultant in Nofas AS, and he is the owner and founder of Beacon (Bentzen Consulting). Bentzen holds a PhD in physics from the University of Oslo, and a Master of Science in physical electronics from Norges teknisk-naturvitenskaplige universitet.

Anne Lene Holstad,
Chief Operating Officer
Anne Lene Holstad has been the COO of the Company since February 2019. She has previously had positions such as Senior Consultant Lean & Business Development in Statoil Fuel & Retail AS, Shares Service Manager in Topaz Energy Ltd, and Director Lean & StrategicProjects in Circle K. Holstad holds bachelor's degree in auditing and a master's degree in management accounting/finance from the University of Agder.

Cecilie Ellila Weltz,
Chief Executive officer EDEA
Cecilie Ellila Weltz has been CEO of European Distributed Energy Assets Holding AS since EDEA. In addition she held the role as CFO of Otovo from august 2020 till March 2021. Before joining Otovo Weltz worked as an investment professional in the private equity firm Verdane, and worked within corporate finance in Swedbank. In addition, she has served on the board of directors of Consector AB and ProNordic Group AB, and been a member of the nomination committee in Allgon AB. Weltz holds a Master of Science in economics and business from Norges Handelshøyskole.

Financial Statements

Consolidated income statement

Amounts in NOK thousand

For the year ended 31 December	Note	2021	2020
Revenue	6	285 265	147 532
Other operating revenue	6	4 137	3 390
Total operating revenue		**289 402**	**150 922**
Cost of goods sold		240 362	121 309
Payroll and related costs	7	113 548	52 825
Depreciation, amortisation and impairment	11, 12, 13	21 649	12 154
Other operating expenses	8, 14	89 137	58 232
Total operating expenses		**464 696**	**244 520**
Operating profit/(loss)		**-175 294**	**-93 598**
Financial income	9	3 194	1 673
Financial expenses	9	1 000	942
Net exchange gain/(loss)	9	-2 452	-409
Gains (losses) on disposal/acquisition of subsidiary	22	24 647	1 786
Share of profit (loss) of equity accounted investees, net of tax	5	-3 312	-685
Net financial items		**21 077**	**1 423**
Profit/(loss) before income tax		**-154 217**	**-92 175**
Income tax expense	10	-457	-86
Profit/(loss) for the period		**-153 760**	**-92 090**
Profit/(loss) is attributable to			
Owners of Otovo AS		-153 612	-91 348
Non-controlling interests		-148	-742
Earnings pere share			
Basic and diluted, for profit attributable to the ordinary equity holders of the company:	25	-1,64	-1,10

Consolidated statement of comprehensive income

Amounts in NOK thousand

For the year ended 31 December	Note	2021	2020
Profit for the period		**-153 760**	**-92 090**
Other comprehensive income not to be reclassified to profit and loss			
Foreign currency translation differences		**-3 509**	**6 721**
Total comprehensive income for the period		**-157 269**	**-85 368**
Total comprehensive income is attributable to:			
Owners of Otovo AS		-153 612	-91 348
Non-controlling interests		-148	-742
		-153 760	**-92 090**

Consolidated statement of financial position

Amounts in NOK thousand

	Note	31 December 2021	31 December 2020	1 January 2020
Assets				
Intangible assets	13, 22	124 409	32 427	23 192
Goodwill	13, 22	153 637	92 091	86 736
Investments in associated companies	5	3 360	27 615	-
Property, plant and equipment	11	73 099	4 205	4 555
Right-of-use assets	12	8 524	11 793	2 271
Other assets		2 236	914	811
Total non-current assets		**365 265**	**169 046**	**117 564**
Trade receivables	14	22 170	7 787	12 804
Other receivables and prepayments	15, 21	50 643	14 254	18 051
Cash and cash equivalents	17	224 187	73 677	193 036
Total current assets		**297 000**	**95 718**	**223 890**
Total assets		**662 267**	**264 764**	**341 454**
Equity				
Share capital	20	571	443	424
Share premium reserve	20	824 236	355 102	328 556
Other paid-in equity	20	12 380	2 130	-
Total paid-in equity		**837 187**	**357 675**	**328 980**
Foregin currency translation reserve		3 406	6 915	195
Retained earnings		-350 848	-197 236	-106 337
Non-controlling interests	20	31 303	-	-
Total equity		**521 049**	**167 354**	**222 838**
Liabilities				
Deferred tax liability	10	17 388	-	-
Interest-bearing liabilities	16, 19	6 809	13 481	15 181
Lease liabilities non-current	12, 19	6 165	8 661	1 355
Other non-current provisions	18	-	6 745	34 145
Other liabilities		29	90	-
Total non-current liabilities		**30 391**	**28 977**	**50 681**
Lease liabilities current	12, 19	2 674	3 199	915
Trade payables	19	29 889	12 494	9 856
Other current liabilities	16, 18, 19	78 264	52 740	57 164
Total current liabilities		**110 827**	**68 433**	**67 935**
Total equity and liabilities		**662 267**	**264 764**	**341 454**

Oslo, 22 March 2022
Board of Directors of Otovo AS

Peter Mellbye
Chairman of the Board

Ingunn Andersen Randa
Board member

Olivier François Aizac
Board member

Tor Øystein Repstad
Board member

Johan Erik Sixten Bergström
Board member

Alejandro Diaz
Board member

Josefin Christina Landgård
Board member

Andreas Egge Thorsheim
Chief Executive Officer

Consolidated statement of cash flows

Amounts in NOK thousand

For the year ended 31 December	Note	2021	2020
Profit before tax		**-154 217**	**-92 175**
Adjustments for:			
Depreciation, amortisation and impairment	11, 12, 13	21 649	12 154
Expensed share-based payments	7	10 248	2 130
Net interest income and interest expenses	9	692	408
Share of profit (loss) of equity accounted investees and gains/lossess on acquisition and disposal of subsidiaries	5, 22	-21 335	-1 101
Changes in trade receivables		-13 483	5 016
Changes in trade payables		10 995	2 638
Change in other assets and other liabilities		10 167	-2 982
Cash generated from operating activities		**-135 284**	**-73 912**
Received interest		305	532
Paid interest		-1 039	-902
Net cash flow from operating activities		**-136 018**	**-74 282**
Investment in other companies	5	-5 478	-2 237
Disposal of subsidiary (EDEA)/shares in EDEA	5	-	-25 095
Cash balance from EDEA acquisition		78 602	-
Investments in intangible assets	13	-28 774	-18 312
Investments in tangible assets	11	-4 713	-851
Net cash flow from investing activities		**39 638**	**-46 495**
Proceeds from issuance of ordinary shares		255 634	4 056
Payment of lease liabilities	12	-3 451	-1 525
Inflow due to new non-current liabilities		-	1 286
Outflow due to downpayment of non-current liabilities		-4 622	-2 399
Net cash flow from financing activities		**247 561**	**1 418**
Net change in cash and cash equivalents		151 181	-119 359
Effects of foreign exchange on cash and cash equivalents		-671	-
Cash and cash equivalents at the beginning of the period		**73 677**	**193 036**
Cash and cash equivalents at the end of the period	17	**224 187**	**73 677**

Consolidated statement of equity

Amounts in NOK thousand

	Attributable to owners of Otovo AS							
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 31 December 2019 (NGAAP)	424	328 108	-	195	-88 873	239 854	-	**239 854**
Effect of implementation to IFRS	-	-	-	-	-17 015	-17 015	-	**-17 015**
Equity at 1 January 2020	424	328 108	-	195	-105 888	222 839	-	**222 839**
Net profit for the period	-	-	-	-	-91 348	-91 348	-742	**-92 090**
Other comprehensive income for the period, net of tax	-	-	-	6 720	**-**	6 720	-	**6 720**
Total comprehensive income in the period	**-**	**-**	**-**	**6 720**	**-91 348**	**-84 628**	**-742**	**-85 370**
Issuance of shares	12	24 015	-	-	**-**	24 027	-	**24 027**
Transaction costs on equity issues	-	-73	-	-	**-**	-73	-	**-73**
Disposal of subsidiaries with non-controlling interests	-	-	-	-	**-**	-	742	**742**
Share-based payments, exercised	7	3 053	-	-	**-**	3 060	-	**3 060**
Share-based payments accrual	-	-	2 130	-	**-**	2 130	-	**2 130**
Equity at 31 December 2020	**443**	**355 102**	**2 130**	**6 915**	**-197 236**	**167 354**	-	**167 354**

	Attributable to owners of Otovo AS							
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2021	443	355 102	2 130	6 915	-197 236	**167 354**	-	**167 354**
Net profit for the period	-	-	-	-	-153 612	**-153 612**	-148	**-153 760**
Other comprehensive income for the period, net of tax	-	-	-	-3 509	-	**-3 509**	-	**-3 509**
Total comprehensive income in the period	**-**	**-**	**-**	**-3 509**	**-153 612**	**-157 121**	**-148**	**-157 269**
Issuance of shares	107	463 524	-	-	-	**463 631**	31 451	**495 082**
Transaction costs on equity issues	-	-13 434	-	-	-	**-13 434**	-	-13 434
Share-based payments, exercised	22	19 044	-	-	-	**19 066**	-	**19 066**
Share-based payments accrual	-	-	10 249	-	-	**10 249**	-	**10 250**
Equity at 31 December 2021	**571**	**824 236**	**12 380**	**3 406**	**-350 848**	**489 746**	**31 303**	**521 049**

Notes to the consolidated financial statements

For the year ended 31 December

Note 1. General information and basis for preparation

General information

Otovo AS, the parent company of the Otovo Group is a limited liability company incorporated and domiciled in Norway, with its head office in Torggata 7, 0181 Oslo. The Company is listed on Euronext Growth in Oslo, Norway and has the ticker "OTOVO". The consolidated financial statements include the company, its subsidiaries (together referred to as the "Group") and the Group's share in associated companies. The board of directors authorised for issue the consolidated financial statements on 22 March 2022.

The Group's business is primarily related to sale of solar panel installations and related products through an online sales platform, developed and maintained by Otovo.

Basis for preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU. This is the Group's first set of consolidated financial statements in compliance with IFRS, and therefore, the effects of the change in reporting standards are presented in note 23. The Group intends to be the issuer in an initial public offering (IPO) on the Oslo Stock Exchange. Accordingly, the consolidated financial statements have been converted to IFRS with the effect from 1. january 2020.

The consolidated financial statements are based on the IFRS mandatory accounting standards effective 31 December 2021. The consolidated financial statements have been prepared based on the historical cost principle, except for share based payment arrangements. Assets not at fair value are written down to their recoverable amount if the carrying value is higher. The recoverable amount is the higher of either the asset's value in use or its fair value less cost to sell.

The consolidated financial statements are presented in Norwegian krone (NOK), and rounded to the nearest thousand, unless otherwise indicated. NOK is the functional currency of the parent company.

Otovo AS has been granted permission from the Norwegian authorities to publish the Group accounts in English only.

Note 2. Significant accounting principles

Consolidation principles

The consolidated financial statements present the aggregated profit and loss and financial position of Otovo AS, including companies that are directly or indirectly controlled by Otovo AS. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

In the instances where the Group has controlling interest while owning less than 100% of the subsidiary, the subsidiary is still recognized with 100% line by line, while the non-controlling interest's part of profit after tax and equity are presented as a separate line. If the Group holds less than the majority of the voting rights of a company, the Group may still have power, for example through contractual arrangements. Subsidiaries are fully consolidated from the date control was achieved, until the date when control was ceased. The comprehensive income for each component is assigned to the owners of the parent company and the non-controlling interests. This distribution is presented on separate lines in the consolidated financial statements. Intercompany transactions, as well as unrealized revenue and expenses from intercompany transactions, are eliminated in the consolidated financial statements. Unrealized gains or losses are eliminated to the extent in which it does not affect the value.

Business combinations and goodwill

Business combinations that occur after 1 January 2020 are accounted for according to the acquisition method in IFRS 3. Under IFRS 3, the considerations are measured at the fair value of transferred assets, equity and liabilities incurred. Goodwill is measured as the difference between the consideration transferred and net identifiable assets. Identifiable assets, liabilities and contingent liabilities are calculated at fair value at the time of the acquisition. Transaction-related costs are expensed as incurred. In accordance with the optional exemptions in Appendix C of IFRS 1, acquisitions undertaken before 1 January 2020 have not been restated at transition to IFRS. For these business combinations the guidance in NGAAP has been applied, the main implication of this is that the goodwill related to the acquisition of ISWT has been amortised from the acquisition date in April 2019 until 31.12.2019, total amortised amount is NOK 7 million.

The allocation of the purchase price in business combinations may affect the impairment assessments of assets, including goodwill, in future periods.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU. The Group calculates the recoverable amount of the CGU by determining the higher of the fair value less cost to sell and its value in use. The key assumption for the value in use calculation is the forecasted cash flows during the forecast period. If the recoverable amount of the CGU is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised immediately in the consolidated income statement and is not reversed in a subsequent period.

Investments in associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20 % to 50 % voting power through ownership or agreements. Investments in associated companies are accounted for using the equity method, after initially being recognized at cost.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and OCI of the associate, until the date on which significant influence ceases to exist or the associated company becomes a subsidiary. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The Group's share of unrealized gains is eliminated in the consolidated financial statements. Unrealized gains are eliminated against the investment in accordance with the Group's share of ownership.

Foreign currency translation and transactions

The consolidated financial statements are presented in NOK, which is Otovo AS's functional currency.

Foreign currency transactions are translated into the entities functional currency using the exchange rates prevailing at the date of each transaction. Monetary assets and liabilities in foreign currencies are translated into the entities functional currency using the exchange rates on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions are recognized in the statement of profit and loss as foreign exchange gains/losses.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification

An asset is classified as current when it is expected to be realised, or is intended for sale or consumption, in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as noncurrent.

Reporting segments

Segments in the Group are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, the Chief Executive Officer. The segment reporting is consistent with internal policies regarding allocation of resources and assessments of the Group's performance. Transactions between the operating segments are based on market prices.

The Group's operating segments are Direct Purchase and Subscription.

The Direct Purchase segment consists of transactions relating to sale of solar panels and related products, while the Subscription segment consists of transactions related to customers subscribing to use solar panels and related products. Currently the subscription period for solar panels is 20 years.

Revenue from contracts with customers

Revenues from contracts with customers primarily comprise sale of

- Goods: solar panel installations and related products such as batteries
- Services: subscriptions relating to use of solar panel installations

When the Group enters into an agreement with a customer, the goods and services promised in the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer, and that the goods and services are separately identifiable from other promises in the contract. Goods and services that do not meet the criteria to be identified as separate performance obligations are aggregated with other goods and/or services in the agreement, until a separate performance obligation is identified. Otovo's contracts with customers are for installation of a complete system of solar panels and related products, as well as subscription services for the use of solar panels.

The Group provides standard guarantees for the period of up to 10 years from installation of the solar panels. These are guarantees that are either mandatory or expected by the customer and not a product that could have been sold separately, hence Otovo has concluded that the guarantee is not a separate performance obligation.

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities. The Group adjusts the transaction price for a significant financing component if, at contract inception, the expected period between the transfer of a good or service to the customer and when the customer pays for that good or service is more than one year, unless the timing of the transfer of those goods or services is at the discretion of the customer (i.e. prepaid services). Prepayments are used in some markets to reduce credit risk. Due to the short time lag between prepayment and transfer of ownership the Group has concluded that the contract does not include a financing arrangement. In one market parts of the settlement from the customer is through non-cash consideration, the non-cash consideration is recognised at fair value at the transaction date. Payment terms are ranging from a few days to a few weeks, varying from market to market.

New contracts are created for any modifications after installation, this is invoiced and recognised in revenues separately.

Revenue is recognised when the respective performance obligations in the contract are satisfied and payment remains probable. Revenue from sales of solar panels and batteries is recognised at the point in time when the solar panel installation is completed and the related significant risks and rewards of ownership is transferred to the customer. Revenue from the provision of services is generally recognised over time when or as the Group performs the related service during the agreed service period.

When another party is involved in providing goods or services to a customer, the Group evaluates whether it has an obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). Where the Group acts as a principal, the revenues are recognised on a gross basis with any related expenses charged as costs. Where the Group acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent. Solar panel installations are performed by a significant amount of partners registered on Otovo's digital platform, though as it is the Group that has the primary responsibility for fulfilling the promise towards the customer revenues from installation of solar panels are recognised gross in the income statement. The revenues from the broker model in the French business were recognised as agent revenues. The broker model was discontinued during 2021.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset it is recognised in the income statement over the useful life of a depreciable asset as other operating revenues.

Employee benefits

Current liabilities to employees, such as salary, are measured at an undiscounted basis and recognized in the period in which they are incurred.

Pension contributions are paid into defined contribution pension plans and there are no outstanding pension liabilities at the time of the payments. Contributions made for the defined contribution pension plans are expensed in the period in which they are incurred.

Share-based payments

The fair value of options granted under the share-based payments programme is recognized as an employee benefit expense with a corresponding increase in equity and other current liabilities.

The Group has share-based payment programs to management and employees. The Group is obliged to withhold and pay an amount, and report the full amount, to local tax authorities for the employee's tax obligations associated with redemption of vested share options. In addition, the Group may be obliged to report and pay social security tax. These share-based payment programs, including tax, are considered as equity-settled share-based payments. In addition, the Group is obliged to make a provision for social security tax related to these programs, to be transferred to the tax authority, normally in cash. This part of the share-based payment arrangements is recognised as a cash-settled share-based payment.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market based vesting conditions. Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

Financial income and expenses

Interest income or expense is recognised using the effective interest method.

Income tax

Income tax expense includes taxes incurred during the year (tax payable) and changes in deferred tax and deferred tax assets.

Deferred income tax is calculated on all temporary differences between the carrying amounts for reporting purposes and the taxable value at the reporting date. The tax calculations are based on the nominal tax rate. Deferred tax assets arise when the temporary differences provide taxable deduction in the future, and the deduction is expected to be used.

Deferred income tax asset and liability are offset when there is a legally enforceable right to offset, and is related to income taxes levied by the same taxation authority for the same taxable entity or separate taxable entities where the intention is to settle taxable positions on a net basis.

Tax payable and deferred tax/deferred tax assets are calculated at the tax rate based on the countries that Otovo is liable to pay tax.

Property, plant and equipment

Property, plant and equipment are presented in the statement of financial position at cost, less accumulated depreciation and write-downs. Property, plant and equipment related to acquisitions are recognized at fair value on the date of acquisition. Material components of fixed assets with varying life expectancy are separately assessed in depreciation schedules. Straight line depreciation is used over the useful life of assets.

Acquisition costs include costs directly related to the purchase of fixed assets, including purchase price and costs directly related to development and preparation of the assets' intended use.

Repair and maintenance are expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An asset is derecognized at the point no future economic benefit can be identified. Gain or loss on sale of an asset is calculated as the difference between sales price and book value at the time of the sale. The gain is recognised under other income while the loss is recognised under other operating expenses.

The expected useful life and residual value, which are used in the depreciation calculation of tangible fixed assets, are reviewed, and if necessary, adjusted annually.

Leases

The Group leases office buildings and smaller equipment. Rental contracts are typically made for fixed periods of 6 months and above, but may have extension or termination options.

Right-of-use assets and lease liabilities are initially recognised in the consolidated statement of financial position at present value of future lease payments. Lease payments are discounted with the Group's estimated incremental borrowing rate. Right-of-use assets are depreciated on a straight-line basis from the time of recognition to the first of either end of useful life or end of lease term. Extension options, which are assessed as reasonably certain to be exercised, are included in the lease term. Lease payments are split into payment of principal and interest. Interest on lease liabilities in each accounting period during the lease period will be the amount which presents a constant periodic interest for the lease liability's outstanding balance (annuity principle). The interest expense is included in Net financial items.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as other operating expenses in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are presented separately in the consolidated statement of financial position, and lease liabilities are classified as either current or non-current. Next year's payment of principal is classified as current. Interest expenses for lease liabilities are presented as part of finance items.

In the statement of cash flows, payments on lease principal is included in financing activities and interest is operating activities. The transaction of entering into new lease agreements has no cash flow effect.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Refer to note 23 for additional details and effects of IFRS 16 at transition to IFRS.

Intangible assets

Intangible assets are measured at cost less any accumulated amortisation or impairment losses. Intangible assets acquired through business combinations are measured at fair value at the acquisition date. Intangible assets with finite useful lives are amortised using the straight-line method over estimated useful lives. Intangible assets are derecognized on disposal, or when no future economic benefits are expected to be derived. Gains or losses arising from derecognition are measured as the difference between the sales price and carrying value. The gains or losses are recognized as other operating income or other operating expenses in the consolidated statement of income.

Research and development costs

Research costs are expensed as incurred, while development costs are capitalised if the requirements in IAS 38 are met.

The development costs capitalised relate to the development of the software "Otovo Cloud". The software is the platform used in the interface between the Group, its customers and potential customers, and installation partners. See further details in note 13.

Development expenditures are capitalised only when the criteria for recognition is met, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, management has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated and the cost can be measured reliably. The assets are amortised over their expected useful life once the assets are available for use. Costs incurred during the research stage of a project, as well as maintenance and training costs are expensed as incurred. Development costs that do not meet the criteria for capitalisation are expensed as incurred.

Trade receivables

Trade receivables and other receivables are carried on the consolidated statement of financial position at amortised cost after deduction of provision for estimated losses. The Group measures expected losses on trade receivables by the use of an expected loss model in accordance with IFRS 9.

Bank deposits and cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits as well as immediately available balances with banks and similar institutions. Short-term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

Interest bearing liabilities

Interest-bearing liabilities are initially recognized at fair value less prepaid expenses that are directly attributable to the financial liability.

After initial recognition, interest-bearing liabilities are measured at amortised cost using the effective interest-method.

Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. For the direct sales of solar panel installations and batteries the warranty period is up to 10 years, varying from market to market. As the Group has back to back warranties with hardware producers and installation partners, no provision has been recognised. The Group is ultimately responsible for solving the problem in the event that hardware producers fail to replace the defect hardware, or installation partners fail to resolve issues related to the quality of the work performed on the installation. The Group is also responsible for covering the installation work related to replacing defect hardware.

As it is not possible to prepare a reliable estimate including the percentage of defect hardware or installations with quality issues, the timing of the issue and the Group's share of the expense, no accruals have been made. The Group's share of repair and replacement costs will be expensed as they occur.

Subscriptions customers have 20 year guarantees, the guarantee is related to the performance of assets held and maintained by the Group. The Group has no expense accrual relating to this guarantee. The Group's share of repair and replacement costs will be expensed as they occur.

Accounts payables and other payables

Payables are recognised when the counterparty has performed and there is a contractual obligation on the Group to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received. Accounts and other payables are recognised initially at fair value and subsequently measured at amortised cost. The anticipated maturity of these payables is short, so their carrying values are not discounted.

Related parties

Parties are defined as related parties if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

Cash flow statement

The cash flow statement has been prepared according to the indirect method.

Events after the balance sheet date

New information about the Company's position on the balance sheet date is included in the financial statements. Events that occur after the balance sheet date that do not affect the company's position on the balance sheet date, but which affect the company's future position are reported if it is of significance.

Note 3. Use of estimates and judgement

The Group consolidated financial statements are prepared on the basis of uniform accounting principles for similar transactions and events. Unless otherwise stated the accounting policies as set out above have been consistently applied to all reporting periods presented. Presentation and classification of items in the financial statements is also consistent for the periods presented.

The preparation of consolidated financial statements requires management to make judgements and assumptions that can significantly affect the amounts recognised in the financial statements. Additionally, major sources of estimation uncertainty at the end of the reporting period can have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities in future periods.

Key sources of estimation uncertainty and critical judgements are continually evaluated and updated based on expectations about future events that are believed by Management to be reasonable under the circumstances.

When applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Areas where the use of assumptions and estimate are significant for the group accounts.

Impairment

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associates and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant adverse political and/or regulatory development.

In accordance with IAS 36 Impairment of assets the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, involves management judgement. There is estimation uncertainty, complexity and subjectivity related to the value in use determination, including determining appropriate cash-generating units, determining the discount rate, estimating future performance, revenue generating capacity of the assets, margins, political and regulatory risk, required maintenance capex, technological developments, and assumptions of the future market conditions. In some markets, certain expenses and capex are denominated in foreign currency and impacted by currency fluctuations. Recessionary effects and increased macroeconomic risks may impact the estimates of growth, future performance and discount rates used in estimating recoverable amounts of assets. Discount rates are impacted by several macroeconomic factors including borrowing rates, country risk, inflation assumptions and currency development. For assumptions used, external evidence has been taken into consideration.

The future developments of EBITDA margins, invested capital and growth, are important in the Group's impairment assessments, and the long-term estimates of EBITDA margins for each country are uncertain.

Contingent consideration

Contingent consideration, resulting from business combinations, is initially recognised at fair value as of the acquisition date as part of the business combination and is classified either as "Other non-current provisions" or "Other current liabilities", depending on the contractually agreed payment dates. As the contingent consideration payable meets the definition of a financial liability, it is subsequently measured at fair value through profit or loss (FVTPL) at each reporting date. The determination of the fair value is based on a discounted cash flow model that includes a probability weighting of the assessed outcomes of the contractually agreed performance targets over the contractually agreed payment dates. Post-acquisition performance or other events can change the assumptions used by Management to assess the inputs used in the fair value estimate of the contingent consideration liability. For further details, see note 22 Business combinations and acquisition of non-controlling interests.

Share-based payments

Estimating the fair value for share-based payment transactions requires judgement as to the use of the most appropriate valuation model, which depends on the terms and conditions of the option program agreements. Management has decided to use the BlackScholes option-pricing model. The estimate of the option's fair value requires Management judgement related to the definition and estimation of the inputs to the option-pricing model, which include the expected life of the share option, as well as the estimated volatility of the underlying share price and determination of the riskfree rate of return. The assumptions and model used for estimating the fair value for share based payments are discussed in more detail in note 7 Employee benefits.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that will be recognised, based upon the reliable evidence as to the estimated timing and amount of the future taxable profits. Further details are included in note 10 Income tax.

Revenue recognition of subscription agreements

The Group has entered into 20 year subscription agreements with customers for their use of solar panels provided by The Group. It requires judgement to determine whether the promise in the contract with the customer is to transfer a good or a service, or a series of distinct goods or services. The review of the contract has concluded that control over the assets has not been passed to the customer, and that the contracts do not contain a lease and are to be reported as service agreements in accordance with IFRS 15. The conclusion is based on the fact that the customer is not able to operate the asset throughout the period of use or impact the output of the solar panels. Neither is the customer able to design the assets in a way that predetermines how and for what purpose the asset will be used throughout the period of use. The customer is only able to choose between a few different classes of panels, and the number of panels, and will in reality receive a product that is predesigned by the Group. Revenues are recognised monthly in accordance with the invoiced subscription amount.

Investments

For all investments, Otovo has to determine whether it is a parent by assessing whether it controls the investee. Otovo controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the period between disposal of shares in EDEA in October 2020 (from 100% to 18.75%), to repurchase of shares in December 2021 (from 18.75% to 88.48%) the Group had concluded that it did not control EDEA, and the investment was accounted for using the equity method.

Note 4. Group structure and acquisitions

Otovo AS (the Company or Parent) and its subsidiaries (together the Group) operates an online marketplace for solar installations. During the year Otovo AS has increased its investment in European Distributed Energy Assets Holding AS (EDEA) and gained control of the company and its subsidiaries. The non-controlling interest in EDEA is 11.57%, spread across many individually small shareholders.

See further details about the acquisition, proforma numbers and non-controlling interest in note 22. The share of the consolidated results related to activity in EDEA from the acquisition date to 31.12.21 can be found in note 6, in the subscription segment.

As of year-end 2021 the Group consists of the subsidiaries presented in the table below. Companies owned directly by Otovo AS are highlighted. At 31.12.21 The Group was in the process of founding a subscription company in Germany, but this process was first completed in the beginning of 2022.

Company	Country	Location	Equity interests		Reportable segment	Parent company
			31 December 2021	31 December 2020		
Otovo AB	**Sweden**	**Stockholm**	**100%**	**100%**	**Direct purchase**	**Otovo AS**
ISWT	**France**	**Paris**	**100%**	**100%**	**Direct purchase**	**Otovo AS**
Otovo Iberic SL	**Spain**	**Madrid**	**100%**	**100%**	**Direct purchase**	**Otovo AS**
Otovo Srl	**Italy**	**Milan**	**100%**	**100%**	**Direct purchase**	**Otovo AS**
Otovo Sp. Z.o.o	**Poland**	**Warsaw**	**100%**	**100%**	**Direct purchase**	**Otovo AS**
European Distributed Energy Assets Holding AB	**Sweden**	**Stockholm**	**-**	**100%**	**Subscription**	**Otovo AS**
Otovo GmbH	**Germany**	**Berlin**	**100%**	**-**	**Direct purchase**	**Otovo AS**
European Distributed Energy Assets Holding AS	**Norway**	**Oslo**	**88.43%**	**18.75%**	**Subscription**	**Otovo AS**
European Distributed Energy Assets Midco AS	Norway	Oslo	88.43%	18.75%	Subscription	European Distributed Energy Assets Holding AS
European Distributed Energy Assets AS	Norway	Oslo	88.43%	18.75%	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets AB	Sweden	Stockholm	88.43%	18.75%	Subscription	European Distributed Energy Assets Midco AS
Edea Polska Sp. Z.o.o	Poland	Warsaw	88.43%	-	Subscription	European Distributed Energy Assets Midco AS
Distributed Energy Assets SLU	Spain	Madrid	88.43%	18.75%	Subscription	European Distributed Energy Assets Midco AS
Distributed Energy Assets SARL	France	Paris	88.43%	18.75%	Subscription	European Distributed Energy Assets Midco AS

Note 5. Investments in associated companies

Otovo Group has a clear growth strategy, both through organic growth and through acquisitions. During 2021 Otovo AS increased its investment in European Distributed Energy Assets Holding AS (EDEA) from 18.75% to 88.43% and gained control of the company, a step taken to regain control over the strategically important subscription offering of Otovo and to facilitate future growth. EDEA was founded by Otovo in 2020, during 2020 Otovo's ownership interest was reduced from 100% to 18.75%. From the establishment of EDEA the two companies have cooperated closely, and had exclusivity when it comes to offering solar subscription to customers in Otovo's markets.

EDEA has been consolidated into the group accounts as of the acquisition date, and is reported as a separate operating segment. Refer to note 22 and note 6 for further details.

Holu is a partnership between Otovo and Gera, established in 2020, to pilot the Otovo Platform-as-a-Service in Brazil. Otovo owns 34% of Holu, and in addtion to potential returns on the investment Otovo collects a fee per sale made through the Otovo Platform. Holu runs on the Otovo tech platform, but operations are performed separately. Gera holds 54% of the shares in Holu, while the remaining 12% is held by an investor independent of Gera and Otovo.

Investments in equity accounted investees

Investments in equity accounted investees	Location	Reportable segment	Ownership and voting rights 31 December 2020	Ownership and voting rights 31 December 2021	Cost prices 31 December 2021	Carrying amounts 31 December 2021
European Distributed Energy Assets Holding AS	Norway	Oslo	18.75%	N/A	-	-
Holu Technologia SA	Brazil	São Paulo	34%	34%	5 972	3 360
TOTAL						

Investment in associated companies - Reconciliation	2021	2020
At 1 January	27 615	-
Additions	5 478	28 315
Book value of EDEA at acquisition date	-26 322	-
The Group's share of the associate's result after tax	-3 312	-685
Exchange difference	-99	-15
At 31 December	**3 360**	**27 615**

Note 6. Reporting segment information and revenue

Amounts in NOK thousand

For Management purposes the Group is organized into two business lines. “Direct purchase” and “Subscription”. Starting from the EDEA acquisition 8 December 2021 The Executive Management monitors the operating results of these business lines separately for the purposes of making decisions about resource allocation and performance assessment. See further details about the acquisition in the note 22.

The Direct Purchase segment consists of transactions relating to sale of solar panels and related products, while the Subscription segment consists of transactions related to customers subscribing to use solar panels and related products. Currently the subscription period for solar panels is 20 years.

The segment reporting is presented in the same manner as presented to the Executive Management.

In 2020 the Group only had activity in the direct purchase reporting segment. Refer to note 21 for information about transactions with EDEA ahead of the acquisition.

Information regarding reporting segments in the Group

	Reportable segments			
2021	**Direct purchase**	**Subscription**	**Elimination**	**Total**
Revenue	289 339	-	-4 074	285 265
Other operating revenue	3 714	423	-	4 137
Total operating revenue	**293 053**	**423**	**-4 074**	**289 402**
Cost of goods sold	243 640	-	-3 278	240 362
Payroll and related costs	113 348	200	-	113 548
Depreciation, amortisation and impairment	19 491	82	2 076	21 649
Other operating expenses	88 568	569	-	89 137
Operating profit/(loss)	**-171 994**	**-428**	**-2 872**	**-175 294**

Geographical distribution of external revenues based on customer location

Geographical information	**2021**	**2020**
Northern Europe	161 452	132 117
Southern Europe	127 950	18 804
Total revenue and other income	**289 402**	**150 921**

Note 7. Employee benefits

Amounts in NOK thousand

Specification of payroll and related cost	2021	2020
Salary/wages	80 565	40 003
Employee tax	26 492	8 531
Pension costs	4 444	2 552
Other personnel costs	2 047	1 738
Total payroll expense	**113 548**	**52 825**

Full time equivalents	2021	2020
Male	87	61
Female	62	42
Total	149	103
Percentage female employees	42%	41%

Remuneration to CEO, other members of Group Management and board members in 2021	Salary	Bonus	Pension	Share-based payments	Other	Total
CEO	1 400	-	104	616	8	2 128
Other members of Group Management	6 515	-	728	8 744	53	16 039
Board members	-	-	-	-	120	120
Total remuneration	**7 914**	**-**	**832**	**9 359**	**182**	**18 287**

Remuneration to CEO, other members of Group Management and board members in 2020	Salary	Bonus	Pension	Share-based payments	Other	Total
CEO	1 033	120	78	293	17	1 542
Other members of Group Management	5 449	812	560	2 458	42	9 320
Board members	-	-	-	-	212	212
Total remuneration	**6 482**	**932**	**637**	**2 751**	**272**	**11 074**

Salary to CEO and other members of Group Management

The accumulated remuneration to the CEO and other members of Group Management consists of a fixed salary, standard pension- and insurance terms for employees and a variable salary. Additionally, the Group Management has received share-based payments. The main purpose of the system for management remuneration is to stimulate a strong and lasting profit oriented culture leading to an increasing value of the Company. Other members of Group Management consist of 5 persons.

The Group Management are members of a collective pension and insurance scheme applicable to all employees.

Loans to employees and board members

No loans or guarantees have been given to members of the Managment, the Board of Directors or other elected corporate bodies.

Pension costs and obligations

The Group has a defined contribution plan for some of its employees. The Group's payments are recognized in the profit or loss as an employee benefit expenses for the year to which the contribution applies. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, and therefore does not record a pension liability in the balance sheet.

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pension.

Shares, shares options, performance shares and retention shares held by CEO, other members of Group Management and Board of Directors, or by an entity controlled by these

Name	Role	Shares	Share options	Performance shares	Retention shares	Total 31.12.2021
Andreas Thorsheim	CEO	8 647 950	16 660	-	14 300	8 678 910
Other members for Group Management	Management	5 960 976	232 200	34 188	313 108	6 540 472
Peter Mellbye	Chairman of the board	26 670	13 330	-	-	40 000
Olivier Francois Aizac	Board member	61 000	20 000	-	-	81 000
Josefin Christina Landgård	Board member	91 583	-	-	-	91 583
Alejandro Díaz	Board member	-	50 000	-	14 300	64 300

Shares, shares options, performance shares and retention shares held by entities which have representation in the Board of Directors

Name	Shares
Axel Johnson AB	22 920 702
Agder Energi Invest AS	9 146 240
OBOS BBL	3 990 180

Share-based payments

Otovo has share options and share purchase programs for management and key personnel. The share purchase program entitles the subscribers a certain number of shares, at no consideration, 2, 3 and 4 years after the transaction date, provided certain conditions are met.

Vesting of performance shares is dependent on the development of the market price of the share, in addition to continued employment, while vesting of retention shares is dependent only on continued employment.

Vesting of 1.116.200 performance shares were accelerated due to the listing of Otovo on Euronext Growth in February 2021, and the shares were released. All share numbers are updated to reflect split of 10 completed at the listing.

Expenses related to share-based payments included in total payroll expense	2021	2020
Share-based payments	10 249	2 130
Social security contribution	11 048	2 855
Total expenses related to share-based payments	**21 297**	**4 986**

Overview of outstanding options (after share split)	2021	2020
Outstanding options 1 January	3 381 180	5 292 740
Options granted	400 000	105 000
Options exercised	-2 026 730	-1 058 900
Options forfeited	-168 290	-957 660
Outstanding options 31 December	**1 586 160**	**3 381 180**
Of which exercisable		
Average share price at grant date (NOK per share, after 2021 share split)	8,57	3,78
Weighted average remaining contractual life of outstanding options (years)	1	2

Overview of outstanding performance and retention shares	2021	2020
Outstanding shares 1 January	2 232 400	-
Shares granted	1 015 870	2 232 400
Shares released	-1 116 200	-
Shares forfeited	-3 000	-
Outstanding shares 31 December	**2 129 070**	**2 232 400**
Performance shares 31 December	507 935	1 116 200
Retention shares 31 December	1 621 135	1 116 200
Total	**2 129 070**	**2 232 400**
Weighted average remaining contractual life of performance shares	2	2
Weighted average remaining contractual life of retention shares	4	4

Note 8. Other operating expenses

Amounts in NOK thousand

	2021	2020
Other expenses related to buildings and short-term/low value rent of equipment	2 221	2 423
Professional services [1]	28 164	20 953
Media spend and advertising	40 274	17 669
Other operating expenses	18 478	17 186
Total other operating expenses	**89 137**	**58 232**

41

1) Including audit fee, see specification below

Specification of audit fees

The table below summarises audit fees, fees for further assurance services and tax services incurred by the Group during 2021 and 2020 from BDO. Fees include all companies in the Group.

	2021	2020
Audit fees	1 239	678
Fees for further assurance services	145	-
Fees for tax services	84	414
Total fees to auditors	**1 468**	**1 092**

The amounts in the tables for audit fees are the amounts expensed in 2020 and 2021. Amounts presented exclude VAT.

Note 9. Financial income and expenses

Amounts in NOK thousand

Gains (losses) on disposal/acquisition of subsidiary and share of profit (loss) of equity accounted investees, net of tax is included in Net financial items. Refer to note 22 and note 5 for more details about these items. Interest expense relating to leasing agreements recognised in accordance with IFRS 16 is included in the below and specified in note 12.

Specification of financial income	2021	2020
Interest income	305	532
Other financial income	2 889	1 141
Total financial income	**3 194**	**1 673**

Specification of financial expenses	2021	2020
Interest expenses	997	940
Net currency loss	2 452	409
Other financial expenses	4	2
Total financial expenses	**3 452**	**1 351**

Note 10. Income tax

Amounts in NOK thousand

Income tax expense in the consolidated statement of income	2021	2020
Income tax payable	-	-86
Changes in deferred tax / deferred tax asset	-457	-
Tax assets not recognised in previous year	-	-
Total income tax expense reported in the income statement	**-457**	**-86**

Reconciliation from nominal to effective tax rate	2021	2020
Profit/(loss) before tax	**-154 217**	**-92 175**
Estimated tax expense with nominal tax rate, 22% of profit/(loss) before tax	-33 928	-20 279
Tax effect of the following items:		
22% of net permanent differences	-26 001	1 325
Other items	335	-486
Deferred tax asset not recognised current year	59 136	19 353
Total income tax expense reported in the income statement	**-457**	**-86**
Effective tax rate	0,3%	0,1%

The nominal tax rate in Norway was 22 % in 2021 and 2020. Subsidiaries outside Norway are subject to local tax rates in their country of operation.

The tax expense is also dependent on whether or not to recognise a deferred tax asset from carry forward losses in the individual entity.

All group entities have been loss making since inception and as a result a deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences.

Specifications of temporary differences on wich deferred tax is recognised	2021	2020
Property, plant and equpment	79 213	-1 586
Right of use assets	8 524	11 793
Trade receivables	-394	423
Provisions	-534	-
Deferred gains / losses	-160	-200
Lease liabilities	-8 839	-11 860
Loss carried forward	-391 440	-226 981
Total	**-313 630**	**-228 411**

Changes in deferred tax	2021	2020
Opening balance at 1 January	-	-
Recognised in current year's profit	457	-
Deferred tax on new subsidiaries	-17 845	-
Balance at 31 December	**-17 388**	**-**

The majority of tax losses carried forward relate to entities domiciled in countries where there are no time-limits related to when the tax losses may be utilized.

The deferred tax liability is related to the excess values from the acquisition of EDEA, that the Group has not been able to net against other temporary differences.

Note 11. Property, plant and equipment

Amounts in NOK thousand

Property, plant and equipment

	Equipment and machinery	Solar panels	Total
Accumulated cost			
As of 1 January 2020	**2 064**	**4 149**	**6 213**
Additions during the year	851	-	851
Disposals	-	-43	-43
As of 31 December 2020	**2 916**	**4 106**	**7 022**
Additions during the year	1 434	3 279	4 713
Additions through acquisition of subsidiaries	-	64 950	64 950
Disposals	-17	-	-
Translation differences	150	290	440
As of 31 December 2021	**4 483**	**72 625**	**77 108**
Accumulated depreciation and impairment lossess			
As of 1 January 2020	**-1 048**	**-610**	**-1 658**
Depreciation	-611	-204	-816
Impairment	-	- 346	-346
Translation difference	2	-	2
As of 31 December 2020	**-1 657**	**-1 160**	**-2 818**
Depreciation	-896	-288	-1 183
Disposals	17	-	17
Accumulated depreciation disposals	-	-	-
Translation difference	-25	-	-25
As of 31 December 2021	**-2 561**	**-1 448**	**-4 009**
Carrying amount			
As of 31 December 2020	**1 258**	**2 946**	**4 205**
As of 31 December 2021	**1 922**	**71 177**	**73 099**
Depreciation method	Straight line	Straight line	
Useful life	3-10 years	20 years	

Note 12. Leases

Amounts in NOK thousand

The Group's lease agreements mainly relates to the lease of office premises. Refer to note 8 for further details about expenses relating to short-term and low value leases.

Overview of changes to right of use assets	2021	2020
Opening balance 1 January	**11 793**	**2 271**
Depreciation	-3 613	-1 591
Additions	528	10 514
Other / exchanges differences	-184	599
Balance per 31 December	**8 524**	**11 793**

Overview of changes to lease liabilities	2021	2020
Opening balance 1 January	**11 860**	**2 271**
Payments	-3 451	-1 525
Additions	528	10 514
Other / exchanges differences	-97	600
Balance per 31 December	**8 839**	**11 860**
Lease liabilities non-current	6 165	8 661
Lease liabilities current	2 674	3 199
Total	**8 839**	**11 860**

Maturity analysis: contractual, undiscounted cashflows	31 December 2021	31 December 2020	1 January 2020
Current liabilities			
Less than one year	2 797	3 665	1 184
Non-current liabilities			
One to five years	6 614	9 452	1 543
More than five years	-	-	-
Total	**9 411**	**13 116**	**2 727**

Amounts recognized in the consolidated statement of income	2021	2020
Depreciation	3 613	1 591
Interest expense	473	162
Total	**4 086**	**1 753**

Amounts recognized in statement of cashflows	2021	2020
Interest payments	473	162
Payments of principal	3 451	1 525
Total lease payments	**3 924**	**1 687**

Note 13. Intangible assets and goodwill

Amounts in NOK thousand

	Goodwill	Otovo Cloud and Hub	Other intangible assets	Exclusivity agreement	Customer contracts	Total
Accumulated cost						
As of 1 January 2020	86 736	28 903	-	-	-	115 639
Additions during the year	-	18 120	192	-	-	18 312
Disposals	-	-	-	-	-	-
Translation difference	5 355	-	-	-	-	5 355
As of 31 December 2020	**92 091**	**47 023**	**192**	**-**	**-**	**139 306**
Additions during the year	-	26 117	2 657	-	-	28 774
Additions through acquisition of subsidiaries	65 870	-	-	59 675	21 440	146 985
Disposals	-	-1 539	-	-	-	-1 539
Reclassification	-	-5 886	-263	-	-	-6 149
Translation difference	-4 324	-1 649	-	-	-	-5 973
As of 31 December 2021	**153 637**	**64 066**	**2 586**	**59 675**	**21 440**	**301 404**
Accumulated amortisation and impairment lossess						
As of 1 January 2020	**-**	**-5 711**	**-**	**-**	**-**	**-5 711**
Amortisation	-	-8 761	-13	-	-	-8 775
Impairment	-	-628	-	-	-	-628
Translation difference	-	326	-	-	-	326
As of 31 December 2020	**-**	**-14 774**	**-13**	**-**	**-**	**-14 788**
Amortisation	-	-10 818	-1 870	-2 076	-	-14 764
Impairment	-	-1 349	-740	-	-	-2 089
Accumulated depreciation disposals	-	1 539	-	-	-	1 539
Reclassification	-	3 701	2 448	-	-	6 149
Translation difference	-	595	-	-	-	595
As of 31 December 2021	**-**	**-21 106**	**-175**	**-2 076**	**-**	**-23 358**
Carrying amount						
As os 31 December 2020	**92 091**	**32 248**	**179**	**-**	**-**	**124 518**
As os 31 December 2021	**153 637**	**42 960**	**2 411**	**57 599**	**21 440**	**278 046**
Depreciation method	-	Straight line	Straight line	Straight line	Straight line	
Useful life	Indefinite	5 years	5 years	2 years	20 years	

Otovo Cloud

Otovo develops software that is used in the interface with customers and installers. The software makes it possible for installers to price their hardware and installation services, as well as for Otovo to calculate the price for various options of solar panels directly on the Group's websites. Furthermore, a production potential is calculated and estimated annually power savings. The software needs continuous development and a proportion of hours and costs related to this is capitalised in the balance sheet as an intangible asset. The asset is internally generated.

Goodwill

The goodwill stems from acquistion of subsidiary ISWT (France) in 2019 and EDEA (subscription business) in 2021. The goodwill from the ISWT purchase is tested for impairment, see further details below. The EDEA acquisition was completed 8 December 2021, due to the short period of time from the acquisition date to the balance sheet date, the goodwill from this acquisition has not been tested for impairment. No impairment indicators have been identified relating to the goodwill for the subscription business.

The goodwill is split as follows

Company name	Allocated goodwill		
	2021	2020	2019
ISWT	87 767	92 091	86 736
European Distributed Energy Assets Holding AS, and its subsidiaries	65 870	-	-
Total	**153 637**	**92 091**	**86 736**

Impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis. The subsidiary ISWT is regarded as an individual cash-generating unit (CGU). The annual impairment test of goodwill is performed at CGU level. The recoverable amount is determined based on value-in-use calculations. The value in use determined to be higher than its recoverable amount. The calculations use cash flow projections based on financial budgets approved by board covering a seven-year period. Seven years has been used to reflect that the enity is in a development phase with change in management, replacing the founders of ISWT, change in business model and launch of new products and sales models. The calculation is based on historical performance and expected development in the market in which the entity operates. Cash flows beyond the seven-year period are extrapolated using the estimated growth rates stated below.

	2021
Long term growth rate (%)	2%
Long term gross margin (%)	25%
Average annual growth rate used in cash flow projections (%)	52%
Discount rate after tax (%)	9,5%

Note 14. Trade receivables

Amounts in NOK thousand

	31 December 2021	31 December 2020	1 January 2020
Trade receivables	23 887	8 628	13 195
Provision for bad debt	-1 717	-841	-391
Total trade receivables	**22 170**	**7 787**	**12 804**

Trade receivables at 31 December - ageing	31 December 2021	31 December 2020	1 January 2020
Not due	13 738	3 438	5 344
1–30 days past due	4 279	1 125	4 945
31–60 days past due	3 282	-14	1 445
61–90 days past due	706	999	417
More than 90 days past due	1 882	3 079	1 044
Total trade receivables	**23 887**	**8 628**	**13 195**

Trade receivables denominated in currency	31 December 2021	31 December 2020	1 January 2020
NOK	3 198	3 106	5 974
SEK	1 490	2 766	6 830
EUR	18 928	2 757	-
PLN	271	-	-
Other currency	-	-	-
Total trade receivables	**23 887**	**8 628**	**12 804**

Note 15. Other receivables and prepayments

Amounts in NOK thousand

	Current receivables		
	31 December 2021	31 December 2020	1 January 2020
VAT receivables	10 277	3 443	111
Prepaid expenses	2 512	1 285	1 227
Receivables from associated companies	353	4 260	-
Other receivables	37 501	5 266	16 712
Total other receivables and prepayments	**50 643**	**14 254**	**18 051**

Note 16. Interest-bearing liabilities

Amounts in NOK thousand

At the end the year the Group has 3 loans from Banque Publique d'Investissement (BPI) and one loan from Innovasjon Norge. In addition to this the Group has lease liabilities relating to office premises. Ref to note 12 for further details about the lease liabilities.

EDEA entered into a loan agreement with Nordea ABP in 2020 with a loan limit of MNOK 50 which has not been drawn on the balance sheet date. Costs related to the loan of NOK 1,687,500 have been incurred. The cost is recorded as prepaid, reducing non-current interest bearing liabilities. The costs will be recognized as part of the effective interest rate at the time the loan is drawn.

At 31 December 2021	Currency	Interest rate %	Maturity	Outstanding nominal value (Currency)	Outstanding nominal value (NOK)
BPI 1	EUR	5.27%	April 2025	70	699
BPI 2	EUR	1.25%	September 2025	120	1 197
BPI 3	EUR	2.81%	March 2027	500	4 989
Innovasjon Norge	NOK	Floating	April 2023	5 000	5 000
Total					**11 885**

	Non-current			Current		
Interest-bearing liabilities	31 December 2021	31 December 2020	1 January 2020	31 December 2021	31 December 2020	1 January 2020
Borrowings from credit institutions	5 872	8 481	7 368	1 014	607	230
Other interest-bearing liabilities	938	5 000	7 813	4 063	2 813	2 188
Total interest-bearing liabilities	**6 809**	**13 481**	**15 181**	**5 076**	**3 420**	**2 417**

	31 December 2021		31 December 2020		1 January 2020	
Interest bearing liabilities specified per currency	**Currency amount**	**NOK amount**	**Currency amount**	**NOK amount**	**Currency amount**	**NOK amount**
EUR	690	6 885	868	9 088	771	7 598
NOK	5 000	5 000	7 813	7 813	10 000	10 000
Other currencies	-	-	-	-	-	-
Total interest-bearing liabilities		**11 885**		**16 901**		**17 598**

Interest-bearing liabilities - maturity 2021	2022	2023	2024	2025	2026	2027	Total
Borrowings from credit institutions and other interest-bearing liabilities	5 080	2 434	1 537	1 337	998	499	11 885
Total interest-bearing liabilities excl. prepaid borrowing expenses	**5 080**	**2 434**	**1 537**	**1 337**	**998**	**499**	**11 885**
Interest to be paid on interest-bearing liabilities	272	175	113	60	25	10	655
Total interest payments	**272**	**175**	**113**	**60**	**25**	**10**	**655**
Total future payments on interest-bearing liabilities	**5 353**	**2 609**	**1 650**	**1 397**	**1 023**	**509**	**12 541**

Interest-bearing liabilities - maturity 2020	2021	2022	2023	2024	2025	2026	Total
Borrowings from credit institutions and other interest-bearing liabilities	4 676	5 130	2 508	1 612	1 403	1 047	16 377
Total interest-bearing liabilities excl. prepaid borrowing expenses	**4 676**	**5 130**	**2 508**	**1 612**	**1 403**	**1 047**	**16 377**
Interest to be paid on interest-bearing liabilities	539	334	234	169	113	71	1 460
Total interest payments	**539**	**334**	**234**	**169**	**113**	**71**	**1 460**
Total future payments on interest-bearing liabilities	**5 215**	**5 464**	**2 742**	**1 782**	**1 516**	**1 118**	**17 837**

Interest-bearing liabilities - maturity 2019	2020	2021	2022	2023	2024	2025	Total
Borrowings from credit institutions and other interest-bearing liabilities	2 417	3 384	5 067	2 415	1 517	1 320	16 121
Total interest-bearing liabilities excl. prepaid borrowing expenses	**2 417**	**3 384**	**5 067**	**2 415**	**1 517**	**1 320**	**16 121**
Interest to be paid on interest-bearing liabilities	607	472	269	173	112	59	1 692
Total interest payments	**607**	**472**	**269**	**173**	**112**	**59**	**1 692**
Total interest-bearing liabilities	**3 025**	**3 856**	**5 336**	**2 588**	**1 629**	**1 379**	**17 812**

Note 17. Bank deposits and cash and cash equivalents

Amounts in NOK thousand

	31 December 2021	31 December 2020	1 January 2020
Bank deposits	221 781	72 178	191 474
Total Bank deposits in the statement of financial position	221 781	72 178	191 474
Restricted deposits related to employee tax deduction	2 406	1 499	1 562
Total cash and cash equivalents in the statement of cash flow	**224 187**	**73 677**	**193 036**

Note 18. Other liabilities

Amounts in NOK thousand

Other current liabilities	31 December 2021	31 December 2020	1 January 2020
Accrued wages and holiday pay	14 685	5 181	6 729
Indirect taxes payable	22 132	5 934	20 670
Accrued interest costs	2	44	7
Other accruals	22 765	9 273	3 841
Prepayments from customers	9 291	2 712	-
Earnout provision	886	26 176	23 500
Current portion of non-current debt	5 076	3 420	2 417
Other current liabilities	3 427	-	-
Total other current liabilities	**78 264**	**52 740**	**57 164**

Other non-current provisions	31 December 2021	31 December 2020	1 January 2020
Earnout provision	-	3 926	32 918
Deferred revenues	-	2 819	1 228
Total other non-current provisions	**-**	**6 745**	**34 145**

Note 19. Risk management

Amounts in NOK thousand

The Group's activities are exposed to financial risks: credit risk, liquidity risk, currency risk and interest risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Overall the Group considers the financial risk to be acceptable.

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations.

The Group's credit risks largely arise from trade receivables and cash and cash equivalents. The counterparts for the Group's cash deposits are large banks which are considered to be solid. The Group assesses that there are no material credit risks associated with these deposits.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base and is further mitigated through the use of credit rating agencies ahead of sales, use of prepayments for customers or markets with higher risk, continuous monitoring of overdue invoices, all combined with the Group holding the right to reclaim the assets in case of payment default.

An important element of the credit risk profile for the Group is that the subset of customers addressed are, as homeowners, already amongst the individuals with the most robust economy and credit ratings. According to Intrum, one of Europe's largest debt collec-tion agencies, the default probability on a utility bill is 6 times lower for a customer owning a house than for customers who are not a homeowner. In addition, the single point exposure will be low, as the Group will have thousands of single counterparties across Europe.

Finally, the solar system contract will be cost saving for customers in most markets, resulting in the outcome for the end customer if choosing not to pay the subscription contract being worse than paying. In addition this element is more prominent in markets with higher expected loss given defaults (LGD). I.e. the customer business case is often stronger in countries where the LGD is higher.

Loss on receivables are recognized as displayed below.

	2021	2020
Loss on trade receivables	712	154
Loss on trade receivables in % of Revenues	**0,25%**	**0,10%**

Trade receivables

At 31 December the exposure to credit risk were separated into the following segments;

	2021	2020
Direct purchase	23 043	8 628
Subscription	**844**	**-**

Trade receivables at 31 December - ageing	31 December 2021	31 December 2020	1 January 2020
Not due	13 738	3 438	5 344
1–30 days past due	4 279	1 125	4 945
31–60 days past due	3 282	-14	1 445
61–90 days past due	706	999	417
More than 90 days past due	1 882	3 079	1 044
Total trade receivables	**23 887**	**8 628**	**13 195**
Bad debt provision	**-1 717**	**-841**	**-391**

The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Historical losses in the Group have been very low, as result of the measures implemented in order to reduce the credit risk. With the launch in new markets and and the aquistion of the subscription business, EDEA, the risk changes, as does the measures. As an example prepayments are required for the whole or parts of the contract amount in some markets. This is reflecting the risk of default in those markets, and the local debt collection process and tools available in case of default.

For Direct Purchase the customers are grouped into categories, market by market, and the expected credit loss is estimated category by category. The expected loss reflect the Group's ability to collect once receivables are overdue. The residual value of the solar panels installations and batteries sold is included in the residual value, when relevant. For subscription customers the same method is used, however additional to estimating the expected credit loss for the trade receivables, the fixed assets (solar panel systems mounted on the subscription customers roof) related to customers with increased risk of payment default is assessed for impairment, as the fixed assets would ultimately be reclaimed and sold in the second hand market.

The expected loss based on experience from debt collection processes and estimated residual value for the products that can be reclaimed, both in current and previous years. The Group is however in an early stage of its commercial journey, with 2021 being the first year of operations in several of the markets, hence the Group has limited historical data. As a consequence of this the loss rates are frequently reviewed and updated to reflect the actual risk in each of the Group's markets.

Liquidity risk

While Otovo, the Direct Purchase business, currently has a very strong cash position, the subscription business (EDEA) is exposed to certain liquidity risk over time. The subscription business consists mainly of purchasing and installing solar panel systems (PV) and batteries at private individuals' houses, and entering into long term leasing contracts with these customers (20 years for PV and 10 years for batteries). The subscription business is therefore relying on financial markets to finance the necessary equity and banks or financial markets for its debt financing. EDEA raised NOK 155 million in equity during 2020. In addition EDEA secured a loan facility from Nordea bank of NOK 50 million that it will extend to minimum NOK 150 million in 2022. Financing of new customer contracts may require further debt and equity in the future.

While the customer contracts have a duration of 20 years, the current Nordea facility has a maturity of three years. The main liquidity risk at the moment is therefore related to the refinancing of the Nordea facility. This risk is considered moderate. The facility was established before the equity was raised, and the Group considers the access to bank or bond financing is better now, and will improve as deployment increases.

Maturity profile of the Group's liabilities (in nominal values)

	Total as of 31.12.21	< 1 year	2 years	3 years	4 years	5 years	More than 5 years
Non-derivative financial obligations							
Leasing	9 411	2 797	2 205	2 205	2 205	-	-
Borrowings from credit institutions and other interest-bearing liabilities	12 541	5 353	2 609	1 650	1 397	1 023	509
Trade payables	29 889	29 889	-	-	-	-	-
Public duties payable	22 132	22 132	-	-	-	-	-
Other current liabilities	51 056	51 056	-	-	-	-	-
Total	**125 029**	**111 226**	**4 814**	**3 855**	**3 602**	**1 023**	**509**

	Total as of 31.12.20	< 1 year	2 years	3 years	4 years	5 years	More than 5 years
Non-derivative financial obligations							
Leasing	13 116	3 665	2 838	2 205	2 205	2 205	-
Borrowings from credit institutions and other interest-bearing liabilities	18 361	5 215	5 464	2 742	1 781	1 516	1 642
Trade payables	12 494	12 494	-	-	-	-	-
Public duties payable	5 934	5 934	-	-	-	-	-
Other current liabilities	43 386	43 386	-	-	-	-	-
Total	**93 291**	**70 693**	**8 302**	**4 947**	**3 986**	**3 721**	**1 642**

Currency risk
The Group is exposed to currency risk related to investments in foreign entities and proceeds from these investments that vary with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using the average exchange rates for the period.

To the extent possible, the Group intends to finance its operations in other countries through debt financing in the respective countries' currency. The Group's current policy is not to hedge its currency risk through FX futures or other derivatives.

The currency risk for each of the Group's subsidiaries is limited as each entity has its revenues and costs in its local currency. Whole-sale prices of materials may to a certain extent vary with variations in foreign exchange rates, that will influence prices to customers which again could affect the attractiveness of the product.

Sensitivity
If the following currencies had strengthened/weakened against the functional currency, it would have had the below effect on the Group's loss:

		Profit and loss	
	Change in	2021	2020
EUR	+/- 10%	8 485	1 013
SEK	+/- 10%	1 940	436
PLN	+/- 10%	726	19
Total		**11 151**	**1 468**

Interest rate risk

EDEA, the subscription business, is financing its activities partly through debt financing from Nordea Bank. Thus the Group is exposed to market risk related to fluctuations in interest rates and currencies in the countries where the Group has operations. The interest rates in the Group's financing agreements vary with the respective IBOR-rate. All customer contracts have a fixed, implicit interest rate that is set at the start of the contract period and not changed for the duration of the contract period (20 years).

Consequently, the Group is exposed to the risk that its financing costs may increase, while its recurring revenues to a larger extent is based on fixed price contracts. This risk is mitigated in two ways. The monthly payments from the customers are subject to an annual CPI adjustment, which is expected to compensate for increasing financing costs to a large extent. In addition, the implicit interest rates in new customer contracts may be increased if the financing costs increase, giving higher recurring revenue in the future. As of the balance sheet date the Group has very moderate debt financing and interest expense, whereof only NOK 5 million has floating interest rate, hence the exposure to interest fluctuations is very limited. Refer to note 16 for further details.

Overall the risk related to interest rates is moderate, and it is the Group's policy not to enter into interest rate swaps to hedge this risk.

Note 20. Share capital and shareholder information

Amounts in NOK thousand

Ordinary shares have a nominal value of NOK 0.005 each and all provide the same rights in the Company.

Share capital	Number of shares	Share price	Carrying amount
Ordinary shares	114 273 977	27,75	3 171 102 862

The shareholders of Otovo AS	Number of shares	% Total
Axel Johnson AB	22 920 702	20,06%
Agder Energi Invest AS	9 146 240	8,00%
Akershus Energi Sol AS	9 017 740	7,89%
Andmar Operations AS	8 647 950	7,57%
Nysnø Klimainvesteringer AS	8 474 550	7,42%
Verdipapirfondet KLP Aksjenorge	4 919 660	4,31%
OBOS BBL	3 990 180	3,49%
BNP Paribas Securities Services	3 072 692	2,69%
Altitude Capital AS	2 786 136	2,44%
Simvest AS	2 764 628	2,42%
Beacon Group AS	2 300 440	2,01%
Verdipapirfondet Holberg Global	1 955 394	1,71%
Verdipapirfondet DNB Miljøinvest	1 252 175	1,10%
Remaining shareholders (less than 1%)	33 025 490	28,90%

Note 21. Related party transactions

Amounts in NOK thousand

Related parties are defined as entities outside the Otovo Group that are under control (directly or indirectly), joint control, significant influence by Otovo. Equity accounted companies are also considered as related parties.

Following amounts from the consolidated statement of profit and loss, if any, relates to transaction with related parties throughout the current financial year:

Consolidated statement of profit and loss	2021	2020
Sale to EDEA (during the period it was associated company)	56 642	10 107
Sale to Holu	353	-
Total revenues	**56 995**	**-**

Consolidated statement of financial position	31 December 2021	31 December 2020	1 January 2020
Other receivables and prepayments	353	4 260	-
Other current liabilities	-	974	-
Net balances with related parties	**353**	**3 286**	**-**

Note 22. Business combinations

Amounts in NOK thousand

Otovo Group has a clear growth strategy, both through organic growth and through acquisitions. During 2021 Otovo AS increased its investment in European Distributed Energy Assets Holding AS (EDEA) from 18.75% to 88.43% and gained control of the company, a step taken to regain control over the strategically important subscription offering of Otovo and to facilitate future growth. EDEA was founded by Otovo in 2020, during 2020 Otovo's ownership interest was reduced from 100% to 18.75%. From the establishment of EDEA the two companies have cooperated closely, and had exclusivity when it comes to offering solar subscription to customers in Otovo's markets.

EDEA has been consolidated into the group accounts as of the acquisition date, and is reported as a separate operating segment, see note 6 for further details. Ahead of this date the investment in EDEA was accounted for under the equity method. Net consideration for the EDEA shares was NOK 189.414.860, this was settled with Otovo shares. If control was gained from 1.1.2021, the consolidated Total operating revenue of Otovo Group would have been NOK 235 million with consolidated losses for the period of NOK 193 million. Consolidated loss for the period is calculated before tax and including full year amortisation of fair value assets acquired and excluding the acquisition cost. Proforma consolidated income statement is specified further below.

Acquisition cost expensed in 2021 is NOK 2.4 million.

Due to relatively low capital intensity in acquisitions other than the value of customer contracts and intellectual property, acquisitions within this sector will typically result in a relatively large goodwill balance. This goodwill balance represents the surplus of the purchase price compared with the accounting value of the net fixed and intangible assets of the acquired company. Goodwill can be explained by the value associated with the skills and know-how of acquired company's employees, new customers and potential extensions of existing relationships. The goodwill represents expected synergies both on revenue and expenses and increased market share, and it is not tax deductible.

Proforma consolidated income statement FY 2021	Otovo	EDEA	Elimination	Total
Revenue	289 339	-	-60 716	228 623
Other operating revenue	3 714	3 200	-410	6 504
Cost of goods sold	243 640	-	-49 988	193 652
Payroll and Other operating expenses	201 918	7 004	-410	208 512
Depreciation, amortisation and impairment	19 490	1 720	2 076	23 286
Operating profit/(loss)	**-171 995**	**-5 524**	**-12 804**	**-190 323**
Net financial items	-2 873	-1 068	1 008	-2 932
Profit/(loss) before tax	**-174 868**	**-6 592**	**-11 796**	**-193 255**

Assets identified includes present value of customer contracts. Which has been calculated as present value of future customer payments less operation & maintenance costs, upfront system COGS, tax and future SG&A for systems already sold or installed. The exclusivity agreement between Otovo and EDEA valid until 2023 has been valued with the abovementioned approached, based on the expected future customer contracts to be originated and delivered under the exclusivity agreement in 2022 and 2023.

Fixed assets is the book value of systems installed as of closing of the transaction.

Allocation of purchase price

Transaction details	
Acquiring company	Otovo AS
Acquisition date	8.12.2021
Country	Norway
Currency	NOK
Voting rights / ownership interest before acquistion	18.75%
Voting rights / ownership interest after acquistion	88.43%
Consideration transferred in form of Otovo shares	189,414,860
69.68% of Total identifiable net assets acquired (see table below)	143,516,711

Identified assets acquired and liabilities assumed	
Customer contracts	21 440
Exclusivity agreement	59 675
Fixed assets	64 950
Trade receivables	900
Other short-term receivables	10 874
Cash and cash equivalent	78 602
Total assets	**236 442**
Deferred tax liability	17 845
Current liabilities	12 631
Total liabilities	**30 476**
Total identifiable net assets acquired	**205 965**
Consideration transferred (for 69.68% of shares)	189 415
Fair value of previous equity interest (18.75%)	50 969
Amount of non-controlling interest (11.57%)	31 451
Fair value 100%	271 835
Fair value of identifiable net assets (100%)	205 965
Goodwill	**65 870**
Book value of investment in EDEA before acquisition	26 322
Calculated value of 18.75% of shares at acquisition date	50 969
Acquisition gain in Otovo Group	**24 647**

Note 23. First time adoption of IFRS

Amounts in NOK thousand

2021 is the first year for which the Group has prepared consolidated financial statements in accordance with IFRS.

Accordingly, the Group has prepared interim financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the financial year ended 31 December 2020. In preparing the interim consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2020 (the Group's date of transition to IFRS). This note explains the main effects of the transition from NGAAP to IFRS on the financial positions on 1 January 2020 and 31 December 2020 and the consolidated income statement for 2020, in accordance with IFRS 1.

Business combinations

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries or interests in associates that are considered businesses under IFRS that occurred before 1 January 2020. Use of this exemption in IFRS 1 means that the NGAAP carrying amounts of assets and liabilities, that are required to be recognised according to IFRS 1, are their deemed cost at the date of the acquisition.

IFRS 1 also requires that the NGAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position. In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognised on goodwill at 1 January 2020.

Estimates

The estimates at 1 January 2020 and 31 December 2020 are consistent with those made for the same dates in accordance with NGAAP (after adjustments to reflect any differences in accounting policies).

Below is an overview of the main effects on equity, income statement and financial position of implementation of IFRS.

Group reconciliation of equity at 31 December 2020 and 1 January 2020	Note	31 December 2020	1 January 2020
Equity NGAAP		**174 486**	**239 854**
Right-of-use assets and lease liabilities IFRS 16	a	-67	-
Goodwill amortisation	b	9 956	-
Deferred tax	c	-17 020	-17 015
Total equity effect from implementation of IFRS		**-7 131**	**-17 015**
Equity IFRS		**167 355**	**222 838**

a) Right-of-use assets and lease liabilities IFRS 16

Under NGAAP, all lease contracts were classified as operational leases, with the related lease expenses recognised on a straight-line-basis over the period of the lease. At transition to IFRS, the present value of remaining future lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2020, are recognised in the consolidated statement of financial position as lease liabilities and right-of-use assets. The effect for the 2020 consolidated statement of income is a reduction in the lease expense and an increase in depreciation of the right-of-use assets and in interest expenses. Right-of-use assets are depreciated on a straight-line basis from the time of recognition to the first of either end of useful life or end of lease term. Extension options, which are assessed as reasonably certain to be exercised, are included in the lease term. Lease payments are split into payment of principal and interest. Interest on lease liabilities in each accounting period during the lease period will be the amount which presents a constant periodic interest for the lease liability's outstanding balance. Right-of-use assets are presented separately in the consolidated statement of financial position, and lease liabilities are classified as either current or non-current.In the statement of cash flows, payments on lease principal is included in financing activities and interest is operating activities. The transaction of entering into new lease agreements has no cash flow effect.

The Group has utilised the practical expedient for lease of low value assets and lease agreements with lease periods of up to one year, by recognising the lease payments for these leases as an expense on a straight-line basis over the lease term.

b) Goodwill amortisation
Under IFRS, goodwill is not subjected to amortisation. The goodwill identified when acquiring the subsidiary in France has historical-ly been amortised under NGAAP. The carrying amount of goodwill in the opening IFRS statement as of 1 January 2020 is the carrying amount in accordance with previous GAAP at the date of transition to IFRS. Historical amortisation before the transition is therefore not reversed. The effect for the 2020 consolidated statement of income is a reversal of amortisation and increased book value of goodwill.

Goodwill is tested for impairment annually or when an impairment indicator is identified.

c) Deferred tax
In connection with the adoption of IFRS, Otovo reassessed the deferred tax asset (DTA) previously capitalised under NGAAP.

Under IFRS a deferred tax asset is recognised in respect of deductible temporary differences only to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences can be utilised. All group entities have been loss making since inception and as a result a deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences.

Reclassifications
In relation with the transition a detailed review of the presentation in the consolidated income statement and the statement of financial position has been perfomed, resulting in some reclassifications. These are reflected in the reclassification column in the below tables.

Group reconciliation of total comprehensive income for the year ended 31 December 2020	Notes	NGAAP FY 2020	Reclassifications	IFRS Adjustments	IFRS FY 2020
Revenue		147 532	-	-	147 532
Other operating revenue		4 490	-1 100	-	3 390
Total operating revenue		**152 022**	**-1 100**	**-**	**150 922**
Cost of goods sold		-121 309	-	-	-121 309
Payroll and related costs		-52 825	-	-	-52 825
Depreciation, amortisation and impairment	a, b	-20 762	-	8 608	-12 154
Other operating expenses	a	-59 919	-	1 687	-58 232
Operating profit/(loss)		**-102 793**	**-1 100**	**10 295**	**-93 598**
Net financial items	**a**	**485**	**1 100**	**-162**	**1 423**
Profit/(loss) for the period		**-102 222**	**-**	**10 133**	**-92 090**
Other comprehensive income					
Items which is or may be reclassified to profit and loss					
Translation difference		6 969	-	-248	6 721
Other comprehensive income for the period, net of tax		**6 969**	**-**	**-248**	**6 721**
Total comprehensive income for the period		**-95 254**	**-**	**9 885**	**-85 368**

Group reconciliation of financial position at 31 December 2020	Notes	NGAAP 31.12.20	Reclas-sifications	IFRS Adjustments	IFRS 31.12.20
Assets					
Intangible assets		32 427	-	-	32 427
Goodwill	b	82 135	-	9 956	92 091
Deferred tax assets	c	17 020	-	-17 020	-
Investments in associated companies		27 615	-	-	27 615
Property, plant and equipment		4 205	-	-	4 205
Right-of-use assets	a	-	-	11 793	11 793
Other assets		914	-	-	914
Total non-current assets		**164 317**		**4 729**	**169 046**
Trade receivables		9 967	-2 180	-	7 787
Other receivables and prepayments		12 074	2 180	-	14 254
Cash and cash equivalents		73 677	-	-	73 677
Total current assets		**95 718**	**-**	**-**	**95 718**
Total assets		**260 035**	**-**	**4 729**	**264 764**
Equity					
Paid in capital		357 676	-	-	357 676
Retained earnings		-183 190	-	-7 131	-190 321
Total equity		**174 486**	**-**	**-7 131**	**167 355**
Interest-bearing liabilities		7 769	5 712	-	13 481
Lease liabilities non-current	a	-	-	8 661	8 661
Other non-current provisions		11 829	-5 084	-	6 745
Other liabilities		2 819	-2 729	-	90
Total non-current liabilities		**22 416**	**-2 101**	**8 661**	**28 977**
Lease liabilities current	a	-	-	3 199	3 199
Trade payables		12 494	-	-	12 494
Other current liabilities		50 639	2 101	-	52 740
Total current liabilities		**63 133**	**2 101**	**3 199**	**68 433**
Total equity and liabilities		**260 035**	**-**	**4 729**	**264 764**

Group reconciliation of financial position at 1 January 2020 (date of transition to IFRS)	Notes	NGAAP 31.12.20	Reclassifica-tions	IFRS Adjustments	IFRS 01.01.20
Assets					
Intangible assets		23 192	-	-	23 192
Goodwill		86 736	-	-	86 736
Deferred tax assets	c	17 015	-	-17 015	-
Property, plant and equipment		4 555	-	-	4 555
Right-of-use assets	a	-	-	2 271	2 271
Other assets		811	-	-	811
Total non-current assets		**132 308**	**-**	**-14 744**	**117 564**
Trade receivables		13 701	-897	-	12 804
Other receivables and prepayments		17 154	897	-	18 051
Cash and cash equivalents		193 036	-	-	193 036
Total current assets		**223 890**	**-**	**-**	**223 890**
Total assets		**356 199**	**-**	**-14 744**	**341 454**
Equity					
Paid in capital		328 980	-	-	328 980
Retained earnings		-89 127	-	-17 015	-106 142
Total equity		**239 854**	**-**	**-17 015**	**222 838**
Interest-bearing liabilities		10 000	5 181	-	10 000
Lease liabilities non-current	a	-	-	1 355	1 355
Other non-current provisions		64 035	-29 890	-	34 145
Total non-current liabilities		**74 035**	**-24 709**	**1 355**	**50 681**
Lease liabilities current	a	-	-	915	915
Trade payables		9 856	-	-	9 856
Other current liabilities		32 454	24 709	-	57 164
Total current liabilities		**42 310**	**24 709**	**915**	**67 935**
Total equity and liabilities		**356 199**	**-**	**-14 745**	**341 453**

Note 24. Contracted future subscription payments

Amounts in NOK thousand

Subscription customers enters into a 20 year contract for PV systems, and 10 year contract for batteries, paying a monthly price inflation adjusted annually. EDEA's existing customers are contracted to pay EDEA NOK 152.4 million over the next 20 years, assuming 2% annual inflation, without accounting for churn. In order to terminate the contract a customer would have to either buyout the system or pay a fee, hence it has limited impact on the expected payments.

Subscriptions customers have 20 year guarantees, the guarantee is related to the performance of assets held and maintained by the Group. The Group's share of repair and replacement costs will be expensed as they occur, if not covered by warranties from hardware producsers or intsallation partners.

EDEA Contracted customer payments	NPV	2022	2023-2025	2026-2030	2031-2040	Total
Non-discounted contracted customer payments		6 710	20 946	37 798	86 986	**152 441**
NPV @5% discount rate	**94 358**					

Note 25. Earnings per share

Amounts in NOK thousand

Basic earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations. Earnings per share and number of shares (both years) outstanding is updated to reflect split of 10 completed at listing on Euronext Growth.

	2021	2020
Profit/(loss) after tax attributable to parent company shareholders	**-153 612**	**-91 348**
Number of shares outstanding at 1 January	83 066 905	84 811 670
New shares issued during the year	31 207 072	3 810 470
Number of shares outstanding at 31 December	**114 273 977**	**88 622 140**
Weighted average number of shares during the year	**93 553 324**	**83 066 905**
	-	-
Earnings per share (in NOK)		
Basic	-1,64	-1,10
Diluted	-1,64	-1,10

Effect of dilution is 0 in both years as the Group is reporting a loss after tax. Performance shares, retention share and share options granted could potentially dilute basic earnings per share in the future. Refer to note 6 for further details about these shares and options.

Note 26. Events after the reporting period

Fundraising, accelerated entry into new markets and intention uplist to the main list

After having launched Poland, Italy, and Germany in the space of twelve months in 2021 Otovo's confidence in the ability to launch markets swiftly, safely, and at a low cost has been strengthened. Therefore, the Group announced in February 2022 that it intends to accelerate the entry into new markets by launching six new markets in the next 12 months. In order to finance this accelerated growth the Group conducted a private placement of NOK 300 million that was completed on 17 February 2022.

On 22 February the Group further announced that the three first markets will be the UK, Austria and Portugal, while three additional markets are expected to be launched in the next 12 months. Following these launches, Otovo will further consolidate its position as Europe's leading marketplace for solar installations for private households, becoming the first to reach continental scale in Europe, gaining volume advantages in hardware deals; partnership opportunities; leasing deployment volumes; while reducing political exposure through country diversification.

In connection with the fundraising, the Group also announced that the board of directors intends to uplist to the main list of Oslo Stock Exchange within the next 12 months.

Macroeconomic environment

Towards the end of 2021 and the start of 2022 the Russian Federation moved troops towards the Ukrainian border under the pretext of conducting a military exercise. US intelligence warned that the Russian regime planned an invasion. Despite efforts to calm the escalated situation, Russian troops invaded Ukraine on 24 February. The outcome of the war and any potential further escalation outside Ukraine remains uncertain. A united Europe and USA have responded by implementing harsh economic sanctions against the Russian Federation. In addition, the EU announced on 8 March a plan to make Europe independent from Russian fossil fuels well before 2030, starting with gas, in light of Russia's invasion of Ukraine. A part of the plan is to support more solar panel rooftops, heat pumps and energy savings to reduce dependency on fossil fuels across Europe. In isolation, the plan will be positive for the demand for Otovo's products.

Parent company income statement

Amounts in NOK thousand

	Note	2021	2020
Revenue		77,987	67,902
Other operating revenue		17,934	15,660
Total revenue and other income	2	**95,921**	**83,562**
Cost of goods sold		64,174	58,717
Payroll and related costs	3	48,944	28,636
Depreciation, amortisation and impairment	5,6	11,341	7,802
Other operating expenses	3	31,238	30,705
Total operating expenses	4	**155,696**	**125,859**
Operating profit/(loss)		**-59,775**	**-42,297**
Financial income		3,469	1,675
Financial expenses		-2,838	-400
Net exchange gain/(loss)		2,162	-320
Net Financial items	14	**2,793**	**956**
Profit/(loss)before income tax		**-56,982**	**-41,341**
Deferred tax expense	13	16,809	0
Profit/(loss) after tax		**-73,790**	**-41,341**
Transferred to uncovered loss		**-73,790**	**-41,341**
Total allocations and equity transfers		**-73,790**	**-41,341**

Parent company balance sheet

Amounts in NOK thousand

	Note	31 December 2021	31 December 2020
ASSETS			
Intangible assets	5	45,303	26,188
Deferred tax assets	13	0	16,809
Fixtures and fittings	6	3,560	3,649
Investments in group companies	7	481,446	182,275
Loans to group companies	12	24,947	0
Investments in associated companies	7		27,762
Other assets		116	71
Total non-current assets		**555,372**	**256,754**
Accounts receivable	8	2,730	3,746
Other receivables		11,148	4,005
Receivables from group companies	12	66,545	17,492
Receivables from associated companies	12	300	3,319
Cash and cash equivalents	15	119,816	67,112
Total current assets		**200,540**	**95,674**
TOTAL ASSETS		**755,912**	**352,429**
EQUITY AND LIABILITIES			
Share capital	9,10	571	443
Share premium	9,10	824,236	355,102
Other paid-in equity	9,10	12,380	2,130
Total paid-in equity		**837,188**	**357,676**
Uncovered loss	10	-146,535	-72,745
Total equity		**690,653**	**284,931**
Other provisions for liabilities		1,392	2,801
Other non-current liabilities	11	2,813	11,739
Total non-current liabilities		**4,205**	**14,540**
Accounts payable		12,721	8,306
Accounts payable to group companies	12	1,109	638
Other taxes and withholdings		13,974	5,051
Debt to group companies	12	11,331	2,178
Other current liabilities		21,921	36,785
Total current liabilities		**61,055**	**52,958**
Total liabilities		**65,260**	**67,498**
TOTAL EQUITY AND LIABILITIES		**755,912**	**352,429**

Oslo, 22 March 2022

Board of directors of Otovo AS

Peter Mellbye
Chairman of the Board

Ingunn Andersen Randa
Board member

Olivier François Aizac
Board member

Tor Øystein Repstad
Board member

Johan Erik Sixten Bergström
Board member

Alejandro Diaz
Board member

Josefin Christina Landgård
Board member

Andreas Egge Thorsheim
Chief Executive Officer

Parent company cash flow statement

Amounts in NOK thousand

	2021	2020
Cash flow from operations		
Profit/(loss) before taxation	-56,982	-41,341
Depreciation, amortisation and impairment	11,341	7,802
Expensed share-based payments	10,248	2,130
Other income from EDEA	-	-2,702
Change in accounts receivables and accounts payables	5,902	3,053
Change in other balance sheet items	-33,000	-17,857
Net cash flow from operations	**-62,489**	**-48,916**
Cash flow from investment activites		
Investment in group companies	-81,968	-45,080
Acqusition of company	-	-2,237
Loans to group companies	-25,293	-
Investments in intangible assets	-29,696	-14,079
Investments in tangible assets	-671	-443
Net cash flow from investment activities	**-137,628**	**-61,839**
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	255,634	4,056
Outflow due to downpayment of non-current liabilities	-2,813	-2,188
Net cash flow from financing activities	**252,822**	**1,868**
Net cash flow during the period	52,704	-108,887
Cash and cash equivalents at the beginning of the period	67,112	176,000
Bank deposits, cash and equivalents at 31 December	**119,816**	**67,112**

Notes to the parent company financial statements

For the year ended 31 December

Note 1. Accounting policies

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect at 31 December 2021, consist of the income statement, balance sheet, cash flow statement and notes to the accounts. The financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK' 000) unless otherwise stated.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets.

Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

Intangible fixed assets

Expenses relating to the development of intangible assets, including research and development expenses, are capitalised when it becomes probable that the future economic benefits arising from the assets will accrue to the company, and the cost of the assets can be reliably measured.

Intangible assets that are acquired separately, are recognised at historical cost. Intangible assets acquired in a business combination, are recognised at historical cost when the criteria for balance sheet recognition have been met.

Shares in subsidiaries and associates

Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted acccounting principles. Received dividends and group contributions are recognised as other financial income. The same applies for investments in associates.

The following companies are included in the group on 31.12, with entities directly owned by Otovo AS highlighted:

Otovo AS - Parent company
Otovo AB - 100%
ISWT - 100%
Otovo Iberic SL - 100%
Otovo SRL - 100%
Otovo Sp. Z.o.o - 100%
Otovo GmbH - 100%
European Distributed Energy Assets Holding AS - 88.43%
European Distributed Energy Assets Midco AS - 88.43%
European Distributed Energy Assets AS - 88.43%
European Distributed Energy Assets AB - 88.43%
Edea Polska Sp. Z.o.o - 88.43%
Distributed Energy Assets SLU - 88.43%
Distributed Energy Assets SARL - 88.43%

Revenue

Revenue from the sales of services is valued at fair value of the consideration, after deduction of VAT and discounts.
Sales are recognized when The Company has delivered its services to the customer and there are no unfulfilled obligations that may affect the customer's acceptance of the delivery.

The company's revenues are related to sale of solar panels and installation of these. For projects where a fixed fee has been agreed, revenues and costs are settled based on the best estimate for expected profit and actual progress.

Cost of goods is recognized with associated operating revenues.

Receivables

Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash flow

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Pensions

Defined contribution plans are accounted for according to the matching principle. Contributions to the pension plan are recorded as expenses.

Cost of sales and other expenses

In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate.
In instances where there is no clear connection between the expense and revenue, the apportionment is estimated.
Other exceptions to the matching criteria are disclosed where appropriate.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Warranty provisions

Otovo provides warranties for general repairs of defects that existed at the time of sale, as required by law. For the direct sales of solar panel installations the warranty period is 10 years. As the Company has back to back warranties with hardware producers and installation partners, no provision has been recognised. The Company is ultimately responsible for solving the problem in the event that hardware producers fail to replace the defect hardware, or installation partners fail to resolve issues related to the quality of the work performed on the installation. The Company is also responsible for covering the installation work related to replacing defect hardware.

As it is not possible to prepare a reliable estimate including the percentage of defect hardware or installations with quality issues, the timing of the issue and the Company's share of the expense, no accruals have been made. The Company's share of repair and replacement costs will be expensed as they occur.

Note 2. Sales revenue

Consolidated statement of profit and loss	2021	2020
Sales of solar panels	77,987	67,902
Other income	17,934	15,660
Total	**95,921**	**83,562**

Note 3. Payroll costs, number of employees, benefits, loans to employees etc.

Payroll costs	2021	2020
Wages and salaries	16,987	16,370
Social security tax	17,044	7,585
Pension costs	2,727	1,778
Other benefits	12,185	2,902
Total	**48,944**	**28,636**

Average number of employees during the year	58	42

The Group's pension scheme satisfies the requirement of the Act of obligatory occupational pensions.

Share-based payment

Otovo has share options and share purchase programs for management and key personnel. The share purchase program entitles the subscribers a certain number of shares, at no consideration, 2, 3 and 4 years after the transaction date, provided certain conditions are met. Vesting of performance shares is dependent on the development of the market price of the share, in addition to continued employment, while vesting of retention shares is dependent only on continued employment.

2,026,730 options were exercised during 2021 at a weighted average price of NOK 4.69 per share. As of 31 December 2021, there are 1,586,160 outstanding options with an average exercise price of NOK 8.57 per share and average remaining contractual life is approximately 1 year.

Vesting of 1.116.200 performance shares were accelerated due to the listing of Otovo on Euronext Growth in February 2021, and the shares were released. As of 31 December 2021 there are 507,935 performance shares and 1,621,135 retention shares outstanding. Average remaining countractual life is approximately 2 years for performance shares and 4 years for retention shares.

All share numbers are updated to reflect split of 10 completed at the listing.

Fair value is calculated using the Black-Scholes option pricing model and Monte Carlo simulations. The risk-free interest rate on the transaction date has been obtained from Norges Bank and the expected duration is set to the date the right is earned. Volatility is set based on observed volatility for comparable companies. This is not taken into account in the calculation employees who leave the group during the vesting period and previous periods' expense recognition will consequently be reversed in the accounting period an employee may leave.

Cost for 2021 is included in the payroll costs with a contra entry in other paid-in equity and other short-term debt.

Spesification of expensed share-based payment	2021	2020
Payroll costs	17,460	4,986
Social security	3,094	332
Total expensed share-base payments	**20,554**	**5,318**

Directors' remuneration	Salaries, fees	Pensions	Other benefits
Chief Executive Officer	1,400	104	624
Board of Directors	120	-	-

Chief Executive Officer has a maximum yearly bonus of 25% of base salary
No loans or guarantees have been granted to management etc.

Auditor

Remuneration to BDO AS and their associates is as follows:

	2021	2020
Statutory audit	810	423
Other assurance services	111	381
Other non-assurance services	84	-

All amounts are excluded VAT

Note 4. Operating costs

Operating costs by nature	2021	2020
Costs of goods sold	64,174	58,717
Payroll and related costs	48,944	28,636
Depreciation and amortisation of fixed and intangible assets	10,675	6,828
Impairment of fixed and intangible assets	666	974
Other operating expenses	31,238	30,705
Total	**155,696**	**125,859**

The company has entered into commercial leases for office premises. The lease contract for the office premises mature in December 2025. The lease is annualy adjusted according to the consumer price index. There are no restrictions placed upon the lessee under the lease contract to use the office premises in the normal course of business.

Note 5. Intangible assets

	Otovo Cloud	Other intangible assets	Otovo Hub	Total
Cost at 1 January 2021	36,949	192	1,539	38,679
Additions	27,117	2,579	-	29,696
Disposals	-	-	-1,539	-1,539
Cost at 31 Desember 2021	**64,066**	**2,772**	**-**	**66,837**
Acc. amortisation at 1 January 2021	-10,940	-13	-1,539	-12,492
Net accumulated amortisation and reversed	-	-	1,539	1,539
Impairment at 31 December 2021	-10,166	-415	-	-10,581
Accumulated and reversed amortisation and impairment at 31 December 2021	-21,106	-428	-	-21,534
Balance at 31 December 2021	**42,960**	**2,344**	**-**	**45,303**
Current year amortisation charge	9,786	125	-	9,911
Current year impairment charge	380	290	-	670
Current year reversal of impairment charges	-	-	-	-
Economic life	5 years	5 years	5 years	
Amortisation method	straight-line	straight-line	straight-line	

Principle for capitalisation of development costs
Otovo develops software that is used in the interface with customers and installers. The software makes it possible for installers to price their hardware and installation services, as well as for Otovo to calculate the price for various options of solar panels directly on the company's website. Furthermore, a production potential is calculated and estimated annually power savings. The software needs continuous development and a proportion of hours and costs related to this is capitalised in the balance sheet as an intangible asset.

Note 6. Property, plant and equipment

	Fittings and fixtures	Solar panels	Total
Cost at 1 January 2021	2,111	4,106	6,216
Additions, purchased	671	-	671
Additions, self constructed	-	-	-
Disposals	-	-	-
Cost at 31 Desember 2021	**2,782**	**4,106**	**6,888**
Including capitalised interest cost on manufactured additions	-	-	-
Acc. amortisation at 1 January 2021	-1,407	-1,160	-2,567
Net accumulated amortisation and reserved			
Impairment at 31 December 2021	-555	-205	-760
Accumulated depreciation and impairment at 31 December 2021	-1,962	-1,365	-3,328
Balance at 31 December 2021	**819**	**2,741**	**3,560**
Current year amortisation charge	555	205	760
Current year impairment charge	-	-	-
Current year reversal of impairment charges	-	-	-
Economic life	3 years	20 years	
Depreciation method	straight-line	straight-line	

Note 7. Investments in subsidiaries and associated companies

Company	Country	Location	Equity interests 31 December 2021	31 December 2020
Otovo AB	**Sweden**	**Stockholm**	**100%**	**100%**
ISWT	**France**	**Paris**	**100%**	**100%**
Otovo Iberic SL	**Spain**	**Madrid**	**100%**	**100%**
Otovo Srl	**Italy**	**Milan**	**100%**	**100%**
Otovo Sp. Z.o.o	**Poland**	**Warsaw**	**100%**	**100%**
European Distributed Energy Assets Holding AB	**Sweden**	**Stockholm**	**-**	**100%**
Otovo GmbH	**Germany**	**Berlin**	**100%**	**-**
European Distributed Energy Assets Holding AS	**Norway**	**Oslo**	**88.43%**	**18.75%**
European Distributed Energy Assets Midco AS	Norway	Oslo	88.43%	18.75%
European Distributed Energy Assets AS	Norway	Oslo	88.43%	18.75%
European Distributed Energy Assets AB	Sweden	Stockholm	88.43%	18.75%
Edea Polska Sp. Z.o.o	Poland	Warsaw	88.43%	-
Distributed Energy Assets SLU	Spain	Madrid	88.43%	18.75%
Distributed Energy Assets SARL	France	Paris	88.43%	18.75%

During the year Otovo AS has increased its investment in European Distributed Energy Assets Holding AS (EDEA) and gained control of the company and its subsidiaries. The non-controlling interest in EDEA is 11.57%, spread across many individually small shareholders.

Company	Book value 31 December 2021
Otovo AB	81,223
ISWT	117,888
Otovo Iberic SL	36,226
Otovo Srl	19,441
Otovo Sp. Z.o.o	7,650
Otovo GmbH	289
European Distributed Energy Assets Holding AS	218,729
Total	**481,446**

Note 8. Receivables

	2021	2020
Accounts receivable	3,170	3,847
Provision for losses on accounts receivables	-440	-101
Total	**2,730**	**3,746**

Note 9. Share capital and shareholder information

The share capital in the company at 31 December 2021 consists of the following classes:

	Number of shares	Share price	Carrying amount
Ordinary shares	114,273,977	27.75	3,171,102,862
Total	**114,273,977**		**3,171,102,862**

Ownership structure
Largest shareholders as of 31 December 2021:

	Number of shares	% Total
Axel Johnson AB	22,920,702	20.06%
Agder Energi Invest AS	9,146,240	8.00%
Akershus Energi Sol AS	9,017,740	7.89%
Andmar Operations AS	8,647,950	7.57%
Nysnø Klimainvesteringer AS	8,474,550	7.42%
Verdipapirfondet KLP Aksjenorge	4,919,660	4.31%
OBOS BBL	3,990,180	3.49%
BNP Paribas Securities Services	3,072,692	2.69%
Altitude Capital AS	2,786,136	2.44%
Simvest AS	2,764,628	2.42%
Beacon Group AS	2,300,440	2.01%
Verdipapirfondet Holberg Global	1,955,394	1.71%
Verdipapirfondet DNB Miljøinvest	1,252,175	1.10%
Total shareholders with minimum 1% ownership	**81,248,487**	**71.11%**
Total remaining shareholders	**33,025,490**	**28.90%**
Total number of shares	**114,273,977**	**100%**

Shares, shares options, performance shares and retention shares held by CEO, other members of Group Management and BoD, or by an entity controlled by these

Name, role	Shares	Share options	Performance shares	Retention shares	Total 31.12.2021
Andreas Thorsheim, CEO	8,647,950	16,660	-	14,300	8,678,910
Other members of Group Management	5,960,976	232,200	34,188	313,108	6,540,472
Peter Mellbye, Chairman of the board	26,670	13,330	-	-	40,000
Olivier Francois Aizac, board member	61,000	20,000	-	-	81,000
Josefin Christina Landgård, board member	91,583	-	-	-	91,583
Alejandro Díaz, board member	-	50,000	-	14,300	64,300

Note 10. Equity

Paid-in equity	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 January 2021	**443**	**355,102**	**2,130**	**-72,745**	**284,931**
This year's change in equity	-	-	-	-73,790	-73,790
Capital increase	128	469,134	-	-	469,262
Non-registered capital increase	-	-	-	-	-
Share-based payments	-	-	10,249	-	10,249
Equity at 31 December 2021	**571**	**824,236**	**12,380**	**-146,535**	**690,653**

Note 11. Other non-current liabilities

Liabilities that mature more than five years after year end	2021	2020
Borrowings from financial institutions	-	-
Loan Innovation Norway	2,813	7,813
Other non-current liabilities	-	3,926
Total other non-current liabilities	**2,813**	**11,739**

The other-non current liablity from 2020 is the non-current portion of the company's earn-out liability as of 31.12.2020. As of 31.12.2021 non of the earn out liability is classified as non-current.

Note 12. Related party transactions and balances

Related party balance items

Counterpart	Relationship to the counterpart	Accounts receivables 2021	Accounts receivables 2020	Other receivables 2021	Other receivables 2020
Otovo AB	Subisidiary	10,732	10,737	8,614	-
ISWT	Subisidiary	2,661	1,037	3,978	-
Otovo Iberic SL	Subisidiary	14,292	5,307	6,144	-
Otovo SRL	Subisidiary	4,333	189	5,227	-
Otovo Sp. Z.o.o	Subisidiary	4,054	197	3,207	-
Distributed Energy Assets SLU	Subisidiary	64	-	-	-
European Distributed Energy Assets AS	Subisidiary	1,235	-	-	-
Otovo GmbH	Subisidiary	-	-	2,004	-
European Distributed Energy Assets Holding AB	Subisidiary	-	-	-	26
European Distributed Energy Assets Holding AS	Subisidiary (associated company)	-	-	-	2,315
European Distributed Energy Assets Midco AS	Subisidiary (associated company)	-	-	-	1,004
Holu Technologia SA	Associated company	-	-	300	-
Total		**37,372**	**17,466**	**29,473**	**3,345**

Counterpart	Relationship to the counterpart	Accounts payable 2021	Accounts payable 2020	Other current liabilities 2021	Other current liabilities 2020
Otovo AB	Subsidiary	266	638	9,426	-
Otovo Iberic SL	Subsidiary	843	-	-	2,178
ISWT	Subsidiary	-	-	1,905	-
Total		**1,109**	**638**	**11,331**	**2,178**

Counterpart	Relationship to the counterpart	Loan 2021	Loan 2020
ISWT	Subsidiary	19,957	-
Otovo GmbH	Subsidiary	4,989	-
Total		**24,947**	**-**

Further explanation to related party balance items:

The companies in the group are also related parties. Transactions and balances with subisidaries are eliminated in the consolidated financial statements. Sale to and purchase from subsidiares and associated companies are at market price and the transactions have similar conditions as transactions with independent parties.

Balances on the balance sheet date are unsecured and interest-free.

Note 13. Income tax expense

Specification of income tax expense	2021	2020
Current income tax payable	-	-
Changes in deferred tax	-16,809	-
Tax on profit/(loss)	**-16,809**	**-**

Basis for tax expense, change in deferred tax and tax payables	2021	2020
Profit/(loss) before taxation	-56,982	-41,342
Permanent differences	-6,501	-6,269
Basis for the tax cost on this years profit/loss	-63,483	-47,611
Change in temporary differences	1,899	3,507
This year's tax base	**-61,583**	**-44,103**
Received/issued group contribution	-	-
Basis payable tax	**-61,583**	**-44,103**

Payable tax	**2021**	**2020**
Tax rate	22%	22%

Specification of deferred tax

Differences that are offset:	2021	2020
Fixed assets	-1,298	-1,586
Outstanding receivables	-394	-88
Accruals etc.	-4,724	-2,801
Profit and loss account	-160	-200
Net temporary differences	**-6,575**	**-4,676**
Loss carry-forward	-180,922	-119,338
Not included in the calculation of deferred tax	4,724	2,784
Basis for deferred tax/deferred tax asset	**-182,773**	**-121,230**
Net deferred tax/deferred tax asset	-40,210	-26,671
Of which not capitalised deferred tax asset	40,210	9,862
Deferred tax in the balance sheet	**-**	**-16,809**

Note 14. Specification of financial income and financial expenses

Other Financial Income	2021	2020
Exhange gain (agio)	1,222	934
Interest income from group companies	282	-
Change in the value of variable remuneration related to acquiring a company	-	1,127
Other financial income	2,888	-
Other interest income	299	548
Total of Other Financial Income	**4,691**	**2,609**

Other Financial Expense	2021	2020
Exchange loss (disagio)	-940	1,254
Other financial expense	2,558	1
Other interest expense	280	399
Total of Other Financial Expense	**1,898**	**1,654**

Net Finanical Income and Financial Expense	**2,793**	**956**

Note 15. Restricted funds

	As of 31.12.2021	As of 31.12.2020
Restriced bank deposits	2,378	1,499

Note 16. Subsequent events

Fundraising, accelerated entry into new markets and intention uplist to the main list

After having launched Poland, Italy, and Germany in the space of twelve months in 2021 Otovo's confidence in the ability to launch markets swiftly, safely, and at a low cost has been strengthened. Therefore, the Group announced in February 2022 that it intends to accelerate the entry into new markets by launching six new markets in the next 12 months. In order to finance this accelerated growth the Group conducted a private placement of NOK 300 million that was completed on 17 February 2022.

On 22 February the Group further announced that the three first markets will be the UK, Austria and Portugal, while three additional markets are expected to be launched in the next 12 months. Following these launches, Otovo will further consolidate its position as Europe's leading marketplace for solar installations for private households, becoming the first to reach continental scale in Europe, gaining volume advantages in hardware deals; partnership opportunities; leasing deployment volumes; while reducing political exposure through country diversification.

In connection with the fundraising, the Group also announced that the board of directors intends to uplist to the main list of Oslo Stock Exchange within the next 12 months.

Macroeconomic environment

Towards the end of 2021 and the start of 2022 the Russian Federation moved troops towards the Ukrainian border under the pretext of conducting a military exercise. US intelligence warned that the Russian regime planned an invasion. Despite efforts to calm the escalated situation, Russian troops invaded Ukraine on 24 February. The outcome of the war and any potential further escalation outside Ukraine remains uncertain. A united Europe and USA have responded by implementing harsh economic sanctions against the Russian Federation. In addition, the EU announced on 8 March a plan to make Europe independent from Russian fossil fuels well before 2030, starting with gas, in light of Russia's invasion of Ukraine. A part of the plan is to support more solar panel rooftops, heat pumps and energy savings to reduce dependency on fossil fuels across Europe. In isolation, the plan will be positive for the demand for Otovo's products.

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2021 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board of Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Oslo, 22 March 2022

Peter Mellbye Chairman of the Board	Andreas Egge Torsheim Chief Executive Officer	Olivier François Aizac Board member	Tor Øystein Repstad Board member
Johan Erik Sixten Bergström Board member	Alejandro Díaz Board member	Josefin Christina Landgård Board member	Ingunn Andersen Randa Board member

Definitions

Abandoned project
An abandoned project is a project that has been cancelled after the contract with the customer is signed

Cost per Wp
Otovo reports on the industry standard on cost per Watt-peak (Wp). The figure is calculated as the in hardware; non-hardware; or the sum of all project cost, divided by the size of the system measured in Watt-peak, for example a 10 panel system with 375Wp panels would have 3750Wp in the denominator of a cost per Watt-peak calculation.

Sold projects
Sold projects is the number of projects sold during the period less projects abandoned during the period

Installed project
A installed project is a project that has been physically completed and is capable of producing electricity

Otovo business model
Otovo business model means that Otovo bills the final customer (private homeowner or asset-owner) and gets invoiced by the installer company with the winning bid. The difference between the two invoices is Otovo's gross profit. Until Q4 2020 the French business unit was using a different model, where they only billed the installer a commission (typically 10% of the project value), and the installer billed the final customer. During Q1 2021 the French business unit has gradually transitioned to the Otovo direct sales model

Project pipeline
A project is included in the pipeline when the contract with customer has been signed and is excluded from the pipeline when the installation is completed or the project has been abandoned

Contracted Subscription Revenue (CSR)
Net present value of contracted cash flows created in the period from subscription customers over contract lifetime adjusted with expected CPI increases

Subscription O&M (S O&M)
Net present value of operation and maintenance cost relating to the fulfillment of subscription contracts over their lifetime (currently estimated at approx. 1% of COGS annually), including replacement of equipment.

Gross Subscription Profit (GSP)
Contracted subscription revenue less COGS and S O&M

Revenue generated
Revenue + Contracted Subscription revenue

Gross Profit generated
Gross profit + Gross Subscription Profit

EBITDA generated
Gross Profit Generated - total SG&A (Payroll & Related costs, Other Operating Expenses)

Accumulated Contracted Subscription Revenue (ACSR)
The accumulated CSR in the portfolio

Subscription
Customer relationships with recurring revenue, such as leases, service agreements etc relating to distributed energy systems

Direct sale
Distributed energy systems paid for directly by the customer, including sales financed by the homeowner's loans

Annual Recurring Revenue (ARR)
Annual recurring revenue from leasing portfolio

Customers
Number of customers per segment

Project / Unit
A PV system and/or a battery

Churn
# of subscription customers who exercised their purchase option in the period

Discount Rate
Rate used to discount future cash flows in order to calculate net present value. Currently 5%.

BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Independent Auditor's Report

To the General Meeting in Otovo AS

Opinion

We have audited the financial statements of Otovo AS.

The financial statements comprise:	In our opinion:
• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2021, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the group, which comprise the balance sheet as at 31 December 2021, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The financial statements comply with applicable statutory requirements. • The accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. • The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Board of Directors and the Managing Director (management) are responsible for the preparation of financial statements that give a true and fair view, for in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

BDO AS,

Roger Telle-Hansen
State Authorised Public Accountant
(This document has been signed electronically)

Roger Rostadmo Telle-Hansen
Statsautorisert revisor
På vegne av: BDO AS
Serienummer: 9578-5992-4-2934763
IP: 188.95.xxx.xxx
2022-03-23 22:46:00 UTC