Annual Report

2022

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Otovo in brief

Otovo's mission is to put solar panels on every roof and batteries in every home in Europe by creating an easy, trustworthy and affordable way to go solar. Through its pan-European marketplace Otovo connects consumers wanting to add batteries or solar panels to their homes with local, reliable installer companies looking to fill their order book with projects.

By entering their home address on the local Otovo website, customers obtain proposed design and price for their solar and battery installation in real-time, based on automatic offers from Otovo's network of installers. The installations are offered through direct payment or subscription. An increasing share of Otovo's customers choose a subscription, where they enter into a 20-year customer relationship with Otovo.

Through its activities, Otovo contributes 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 across Europe and it is currently operating in 13 countries: Austria, Belgium, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the UK

Otovo is headquartered in Oslo and the Group has local offices in all of its markets, with an expanding team of dedicated and experienced Otovistas who obsess about our customers every day and are excited about Otovo's vision of leading Europe into a clean, electrified future.

CEO message
“Team Solar” defies crises

Andreas Thorsheim
CEO and founder

> As we sum up the year, I can say that the Otovo team rose to the challenge that friction represented

“Team Solar” defies crises

We came out of 2021 on a wave of demand fuelled by rocketing gas and electricity prices. We were growing installations at a steady 100 % annual growth rate, as we had come accustomed to over the last two years. We saw early signs of succeeding in Germany, where we had launched in the final weeks of 2021. The pandemic was letting go of society and indications for the year ahead seemed rosy.

Little did we know. War was approaching Europe for the first time in decades. Supply chains would have «long covid» as the pent up demand hit them at a time where shipping, production and sourcing were dislocated. The clouds of protectionism were gathering. 2022 would be a year of friction.

As we sum up the year, I can say that the Otovo team rose to the challenge that friction represented.

New markets launches succeeded

In February we raised EUR 30 million to enter six new markets, seeing that the Otovo lightweight marketplace model had advantages over more traditional residential solar players. Within months we would be up and running in Portugal, quickly followed by Austria and the United Kingdom.

Then we moved to the second wave, launching Switzerland, Belgium and the Netherlands in quick succession before the year ended. From funding to building web sites, establishing the legal framework, recruiting general managers and teams and completing the first sales in six markets, we spent nine months.

Supply chain chaos

In the first quarter of the year, labour supply in solar could not meet the explosive demand as electricity price increases rippled through Europe from North to South. Then shortage of inverter supply held the market back, a problem that would last from the end of the first quarter to the middle of the third. Freight costs also shot up, leading to a reverse in the otherwise reliable rule of thumb that solar module prices come down by ten percent per year.

Being a platform that would grow to more than 700 installer companies, without ware-houses and inventory, the friction represented a challenge. But through great communication with whole-salers, intimate work with installer companies and some strategic purchases to deblock bottlenecks, we overcame it. Installations doubled from 2021 to 2022, testimony to our ability to deliver even under challenging conditions.

A clear mission

Otovo's mission is to put solar on every roof and batteries in every home in Europe. With a backdrop of erratic traditional electricity prices, the benefits of solar became apparent to all.

In 2023, we need to keep that knowledge fresh and alive, in the mind of the homeowner and in the eye of the public and policy makers: Solar energy production and home energy storage have a leading role to play as Europe replaces 1,600 terawatt-hours of energy that only in 2021 was supplied by Russia.

That responsibility will only grow as the world takes on the task of building out the 15,000 terawatt-hours per year of new clean electricity needed to replace all fossil fuels in electricity production.

In the year ahead we will be pushing new and old markets to take market share.

Efficiency as we scale will be the focus, to bring more Otovo business units to profitability. Developing the financing and later monetization of the subscription portfolio will be the other major battle.

And then third, we will begin work on creating the premises to increase the value creation from the flexible assets in the portfolio to provide grid services, play in aggregation markets, or arbitrage differences in power rates beyond what is possible for single households.

With a uniquely fit cross-European team to realize these ambitions, I am confident in our trajectory.

Andreas E. Thorsheim,

CEO and founder

Key figures 2022

638m
Revenues (IFRS)
(2021: 285m)

846m
Revenues Generated
(2021: 311m)

305m
Accumulated Contracted Subscription Revenue
(2021: 94m)

7,379
Completed Installations
(2021: 3,822)

9,505
Net Sales
(2021: 5,534)

13
Countries Present
(2021: 7)

The share

OTOVO

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

On February 14th 2023, Otovo transferred to the main list on Oslo Stock Exchange.

Highlights 2022

Feb

EUR 30 million **private placement** to enable the launch of 6 new markets

Jun

Otovo completes **acquisition of EDEA**, its Subscription SPV, bringing the Subscription SPV under full control

Jul

More than 30% of Otovo's sales are done on a **Subscription model**

Aug

Otovo completes its **2000th sale** on the marketplace model in **France**, while surpassing the number of sales and installations in 2021 for the Group

Launch of Portugal, Austria and UK completed on time and budget

Dec

6 market entries completed, with launch of Netherlands, Belgium and Switzerland

Divestment of the Brazilian JV, **Holu**, to focus management and capital on 13 European markets

Risk management

Procedures for risk management in Otovo are governed by the Group's risk management policy.

The ultimate responsibility for risk management lies with the board, whereas the Audit Committee oversees that the Group has sufficient systems for risk management in particular related to financial reporting.

The Executive Management 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. In addition, incentive schemes are mainly national or regional schemes in each country, hence the Group's exposure to incentive schemes is diversified, with presence in 13 countries. Notably the change in incentive scheme in Poland at the end of Q1 2022, resulted in a large drop in demand in Poland, but had only limited impact on the Groups total results.

Business model

The Group's business model consists of selling solar 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.

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 Covid 19 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. However, when certain components are unavailable in certain countries where the Group is present, the Group is often able to change deliveries to other components or to components from 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

The ongoing war on Ukraine, still creates uncertainty and is a risk to the European economy. A further escalation outside Ukraine could impact the Group's supply chains, in particular if Asian supply chains are affected..

During 2022 the reduced export of natural gas from Russia to Europe, resulted in soaring electricity prices across Europe, which again resulted in high demand for Group's products.

Into and during 2022 both Europe and the US have seen dramatic rise in inflation driven by low unemployment, high demand and partly disruptions in supply of goods. The inflation has affected the cost of the products the Group offers in most countries. While the Group operate on a "cost plus" business model and is able to reprice its products to reflect increased costs, an increase in prices to customers will over time reduce demand. In addition, as a response to the high inflation, central banks have raised their interest rates significantly during 2022 which normally would reduce the general purchasing power of consumers.

The Group's value proposition to its customers is that the total energy costs will be reduced by going solar. However, the direct purchase offered by the Group product entails an upfront investment that for certain customers will be less affordable in a situation with high inflation. Consequently, the inflation and the central banks' response may decrease the demand and reduce the results of operation of the Group.

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. In line with market practice in the respective markets, the Group has accepted 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.

In addition, the tax credit incentive scheme in Italy has been subject to several changes, and in February 2023, the Italian government announced an immediate stop to the consumers' right to sell their tax credits to companies like Otovo. As a consequence the Italian consumers will now have to pay the full price of their solar and battery installation and instead deduct the tax credit from their tax bill over 10 years.While the change in regulation has to be approved by the Italian parliament, the proposal has created uncertainty and is expected to reduce sales in Italy in the short and medium term.

Financial risks

Market risk

The Otovo group is financing its activities in the financial markets and is thus exposed to market risk. The Group listed on Euronext Growth in 2021, and recently uplisted to the main list on Oslo stock exchange in February 2023. As a listed company, the group considers the access to funding to be good, something that has been confirmed with fundraises in 2021, 2022 and 2023.

In January 2023 the Group obtained a new debt facility with the two Norwegian financial institutions DNB Bank and Sparebank 1 SR Bank of up to EUR 100 million where EUR 50 million is committed and EUR 50 million may be added through an accordion option. The new facility replaces the previous NOK 150 million facility from Nordea Bank. Through the debt financing the group is exposed to market risk related to fluctuations in interest rates and currencies in the countries where the group has operations as the interest rates vary with the respective IBOR-rate. Consequently, the Group is exposed to the risk that its financing costs may increase.

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.

Overall the risk related to interest rates has increased during 2022, with the increased central banks rates. However, taking into consideration the mitigating effects of inflation adjustment and yield adjustment on new contracts (as described above), the Group has decided to maintain its policy not to enter into interest rate swaps to hedge interest rate 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 average exchange rates for the period.

To the extent possible, the Group intends to finance its operations 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 Group has a strong cash position, the subscription business is exposed to liquidity risk over time. The subscription business consists mainly of purchasing and installing solar systems 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). With the recently announced financing package of NOK 250 million in equity and up to EUR 100 million in debt, the Group's growth in subscription assets is secured in the short and medium term. In the longer term, financing of new customer contracts may require further debt and equity financing or a disposal of assets.

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 score providers 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 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 counterparties across Europe.

Finally, the solar system contract will be cost saving for customers in most markets, resulting in the outcome being worse for the end customer if choosing not to pay. 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 risks 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 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.

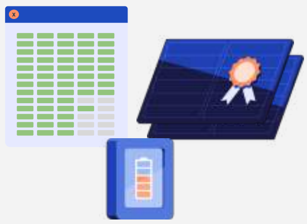
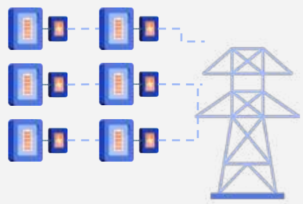
Other operational risks

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

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 toward market leadership in Europe. These priorities are endorsed by the Board of Directors and help define the direction and priorities of the business units.

During 2022 the strategic priorities have been to build Otovo's marketplace across 13 European markets, continue to scale the Subscription business, and start building the next horizon of value creation, grid services and VPPs.

	1 Marketplace	2 Asset Portfolio	3 Services
Business model	Solar & battery marketplace, charging markup on installer cost 	Portfolio of cash flow-generating customer contracts 	Selling high-margin services to grid owners 
Key to win in market	• Geographic coverage • Asset light, software-driven ops	• Relationship with Originator/ Marketplace delivering volumes	• Large battery capacity deployed • Capabilities in fleet monetization
Current focus	• Bring markets to profitability • Keep growing installation volumes	• Keep developing balance sheet • Prove monetization of portfolio	• Establish contract and software capabilities in asset portfolio
Progress	●●●○○	●●○○○	○○○○○

1 Marketplace: Build out Otovo's marketplace across 13 European markets

Building out Otovo's marketplace is key to achieving Otovo's mission of becoming Europe's number one provider of solar and batteries to private homeowners. Building out the marketplace entails increasing market share in established markets and entering new markets.

In established markets, the focus in 2022 has been scaling sales and installations at low customer acquisition costs. One of the key enablers has been entering partnerships with strong local brand and category leaders that gives Otovo access to larger customer bases at low cost, while mutually benefiting the partner, giving them access to a broader product offering. Further, Otovo has grown local commercial teams in order to capitalize on the significant increase in demand for solar and battery systems experienced in 2022.

After having launched Poland, Italy, and Germany in the space of twelve months in 2021, Otovo's ability to launch markets swiftly, efficiently, and at a low cost was strengthened. Therefore, Otovo announced in February 2022 the intention to accelerate entry into new markets by launching six new markets over the next 12 months. In order to finance this accelerated growth, Otovo conducted a private placement of EUR 30 million completed on 17 February 2022.

Otovo launched Portugal, the UK, and Austria during the summer of 2022, before entering the Netherlands, Belgium, and Switzerland by the end of the year. All launches have been successful, having reached their first sales, active installers on the platform, and onboarded key initial hires including the country managers ("GMs").

The Otovo country-launch playbook is well-proven and refined over multiple years of launching European countries. When selecting to enter a new country, the recruitment of a local GM commences. Typically, the GM hired has extensive experience with other leading platform companies. Further, Otovo establishes a local subsidiary, localizes agreements, and recruits high-quality, vetted installer partners. With the first installer partners in place, Otovo starts acquiring customers and selling solar and batteries. Time from GM recruitment to the first sale is usually between three and six months.

When a new market is launched, prices to customers are set at levels Otovo believes will be competitive and sustainable over time. Otovo would therefore deploy lower gross margins in the initial phase. As Otovo adds more installer partners to the platform, this creates a flywheel with lower cost levels that results in better offers for the customers. Over time this will lead to increased gross margin potential for Otovo.

Following the 6 country launches in 2022, Otovo is now present in 13 European countries. This manifests Otovo's position as Europe's leading player for solar and battery installations for private households. Being the first to reach continental scale in Europe; Otovo gains volume advantages in hardware deals; pan-European partnership opportunities; accelerated subscription deployment volumes; while reducing political exposure through country diversification.

2 Subscriptions: Continue to scale the Subscription business

Otovo offers subscriptions as an important part of its product offering. Instead of paying the full installation cost upfront, subscription customers rather pay a monthly fee over 20 years (10 years for the 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.

Otovo's subscription customers are financed by European Distributed Energy Assets ("EDEA"), which is owned 100% by Otovo. 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.

Otovo is building a pan-European, high-quality portfolio of cash flow-generating customer contracts. Otovo has full flexibility when it comes to capitalization strategy, and is devoted to continue developing its balance sheet while keeping the optionality of portfolio monetization - either through securitization or a pure sale.

3 Grid services and VPPs: Monetize the flexible energy assets

In 2022, Otovo accelerated selling batteries to its customers, continuing to build a large fleet of battery customers across Europe. These batteries are valuable flexibility assets for grid owners, enabling them to balance the grid by storing excess energy during times of low demand and releasing it during peak times. By partnering with Otovo, grid owners can access this flexibility in a cost-effective way, avoiding the need for expensive grid upgrades or outages. This not only benefits grid owners but also helps to reduce greenhouse gas emissions by enabling more renewable energy to be integrated into the grid.

Otovo's grid services and Virtual Power Plant (VPP) strategy are integral to this mission, as they enable the company to monetize its fleet of batteries and create additional value for its customers. The company's initial focus is to establish the legal framework and software capabilities in its asset portfolio to be ready to launch these services. This will allow Otovo to offer grid services and VPP capabilities to customers, helping to optimize their energy consumption, all while reducing their total energy costs. By leveraging its large customer base coupled with its expertise in building tailored software for solar and battery storage, Otovo is well-positioned to serve its customers with grid services and VPP products.

Corporate governance

Otovo considers good corporate governance to be a prerequisite for value creation, trustworthiness and for access to capital. 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 and to secure value creation over time.

The governance principles ensure good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the Group. By pursuing the principles of corporate governance, the Board of Directors and Management contributes to achieving effective decision-making based on transparency, open and clear communication, equal rights for all shareholders and good control and corporate governance mechanisms.

Otovo is incorporated and registered in Norway and is subject to Norwegian law. The Otovo shares are listed on the mainlist of Oslo Stock Exchange (Oslo Børs ASA, hereafter "Oslo Børs"). As a Norwegian public limited liability company listed on Oslo Børs, Otovo must comply with the Norwegian Securities Trading Act, Regulation (EU) 596/2014 on market abuse ("MAR"), the continuing obligations for companies with financial instruments listed on Oslo Børs, the Norwegian Public Limited Companies Act and other applicable laws and regulations.

Otovo endorses the recommendations of the The Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board as amended from time to time (the "Code of Practice"). If the Code of Practice is deviated from, the deviation is described and explained in the relevant section of this statement.

Further, Otovo uses the GRI Sustainability Reporting Standards (GRI Standards) for voluntary reporting of sustainable development, including corporate governance.

Business

For homeowners, Otovo is the easiest way to get solar panels on the roof, and batteries in their home. Otovo is a marketplace that organises hundreds of local, high-quality, and qualified energy installers. Otovo 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 thirteen countries: Norway, Sweden, France, Spain, Poland, Italy, Germany, Portugal, Austria, the United Kingdom, Belgium, the Netherlands and Switzerland. The ultimate vision is to put solar panels on every roof and batteries in every home in Europe.

The operations of the Group shall be in compliance with the business objective set forth in Otovo's articles of association which reads as follows: The company's purpose is development, commercialization and instalment of renewable energy, as well as to take ownership or provide business advice related to these business areas.

Strategy

Otovo's overall ambition is to become Europe's number-one provider of solar energy and batteries to private households.. During 2022 the strategic priorities have been to build Otovo's marketplace across 13 European markets, continue to scale the Subscription business, and start building the next horizon of value creation, grid services and VPPs. .

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. The board of directors considers the capitalisation of the Group to be appropriate relative to its strategy and risk profile.

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. In February 2022 Otovo raised EUR 30 million through a private placement in connection with entering six new countries and investing in organisation, marketing and technology. Further, in January 2023 Otovo raised EUR 25 million to utilise the potential of the Company's new debt financing to finance further growth in the Company's subscription business and for other corporate purposes.

Both private placements represented a deviation from the shareholders' pre-emptive right to subscribe for and be allocated the shares in the offerings.

The Board considered the structure of the equity raises in light of the equal treatment obligations under the Norwegian Public Limited Companies Act, the rules on equal treatment under Oslo Stock Exchange Rule Book Part II and the Oslo Stock Exchange's Guidelines on the rule of equal treatment, and the Board was of the opinion that the transaction structure was in compliance with these requirements.

Both share issuance were carried out as private placements in order for the Company to complete the equity raise in a manner that was efficient and with a significantly lower risk and without the significant discount to the trading price compared to a rights issue.

The subscription price was in each case set on the basis of a publicly announced bookbuilding process and thus reflecting market pricing of the shares at the time. The latter equity raise was launched with a minimum price of NOK 19.88 for up to NOK 200 million according to the subscription guarantee agreed with the Company's largest shareholder AxSol AB to protect the Company's shareholders against unexpected results resulting in high dilution.

In both share issuances the Board of Directors considered conducting subsequent offerings towards existing shareholders who did not participate in the private placements, but in both cases the Company's shares traded consistently below the subscription price after the private placements so that existing shareholders who did not participate in the private placement could reduce the dilutive effect by purchasing shares in the market.

On this basis, and based on an assessment of the equity capital markets, the Board considered both transactions in the common interest of the Company and its shareholders.

Further, 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 and the Nomination committee.

All of the company's shareholders are free to participate in the general meetings, and Otovo follows market practice, the Code of Practice and corporate law in relation to general meetings. Shareholders who are not able to be present at the general meeting are given the opportunity to vote by proxy or to participate online unless the Board of Directors finds that it has reasonable cause to refuse such online participation.

Governing bodies

The Board of Directors and the Nomination Committee are elected by the General meeting, while the Audit Committee and Remuneration Committee are elected by the Board of Directors among the Board members. The nomination, selection and composition of all the governing bodies take into account the interests of stakeholders, including shareholders. In addition, consideration is given to independence and competencies such as the ability to impact the organisation, as well as diversity such as age, gender and citizenship.

See Otovo's Sustainability Report for further information about diversity, inclusion and equality at Otovo.

Board of directors

The Board of Directors of Otovo currently has six shareholders-elected members and two employee-elected members. All the shareholders-elected members are independent of the executive personnel and three members are independent of the major shareholders of the company. The Board of Directors currently consists of four women and four men, in accordance with the Company's policy of maximum 60 percent gender homogeneity.

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, including instructions for election and composition of the Board.

Nomination committee

The Company's nomination committee was elected at the extra-ordinary general meeting 9 February 2023 and consists of Thomas Ekman, CEO of Dustin AB and chairman of the board of AxSol AB, Otovo's largest shareholder, and one independent member Christian Berg, CFO of Wilh. Wilhelmsen.

The nomination committee shall give recommendations for the election and remuneration of Board Members and members of the nomination committee. The nomination committee shall have contact with shareholders, the board of directors and the company's executive personnel as part of its work. The further details of its responsibilities are described in Otovo's "Mandate for the nomination committee" that has been adopted by the general meeting.

As the nomination committee was elected only a month before it finalised its proposal, information regarding deadlines for submitting proposals to the nomination committee was not published. Otovo will comply with this provision of the Code of Practice next year.

Audit committee

The Board of Directors has established an audit committee, currently consisting of Stine Halla (chair) and Ingunn Andersen Randa. The audit committee provides support to the Board of Directors within the scope of its mandate and in particular within financial reporting, corporate governance and risk management. The audit committee has no decision-making authority unless the board delegates such authority with respect to specific issues.

The members of the audit committee are elected by and amongst the members of the Board of Directors for a term of up to two years.

The objectives, responsibilities and functions of the audit committee shall be in compliance with rules and standards applicable to the Otovo Group and are described in Otovo's "Mandate for the audit committee".

Remuneration committee

The Board of Directors has established a remuneration committee, which is currently composed of Peter Mellbye (chair) and Johan Erik Sixten Bergström.

The primary purpose of the remuneration committee is to assist the Board of Directors in matters relating to remuneration of the executive management of the Otovo Group, as well as reviewing recruitment policies, career planning and management development plans, and prepare matters relating to other material employment issues in respect of the executive management.

The members of the remuneration committee are elected by and amongst the members of the Board of Directors for a term of up to two years and shall be independent of Otovo's executive management.

The objectives, responsibilities and functions of the remuneration committee are described in Otovo's "Mandate for the remuneration committee".

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 Otovo's risk management policy. See the Risk management section for further information.

Board remuneration

The remuneration of the shareholder elected board members for 2022 will be set forth by the ordinary general meeting based on proposal from the nomination committee.

Remuneration to the shareholder elected board members for 2022 will be determined by the annual general meeting based on the recommendation of the nomination committee. The employee-elected board members receive ordinary salary from the company.

The remuneration to the board members shall reflect the responsibility and amount of work they perform and is not performance based. No shareholder elected board member has currently stock options related to the Company's shares. The company is in the process of establishing a board share purchase programme.

Salary and remuneration of executive personnel

The Company will present a remuneration policy for leading employees to the annual general meeting in 2023. Salaries to executive management are moderate compared with the general level for executive personnel in Norway. 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.

Further information about remuneration of the executive personnel will be included in Otovo's Remuneration Report that will be presented to the annual general meeting.

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 as further specified in the Company's financial planning and reporting policy. 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

As part of the instructions for the Board of DIrectors, the Company has in place guiding principles for how it will act in the event of a take-over bid. The guiding principles are in line with the Code of Practice.

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 2022 the auditor took part in several board meetings and audit committee meetings. 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.

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

Sustainability in Otovo

Solar energy is winning. It might not be clear every day, but the volume of weekly installations of panels, inverters and batteries increases, and over time, they add up, and keep adding up more and more quickly.

And like that, solar takes its place as the dominant energy of the future. Given that position, solar should be contributing to a future we want. We are keenly aware of the responsibilities that weigh on us in that regard.

That's the reason why we invest time and effort into reporting and disclosing the risks, gaps and areas of improvement. That's also why we highlight the gains made in the year that has passed, because every single new panel on a roof is hundreds of kilowatt hours of fossil fuel electricity replaced, and every safe, equitable and decent job created is an improvement to a society where all work isn't so.

Otovo's vision is to lead Europe into a clean, electrified future – by being the easy, trustworthy and affordable way to go solar. Our marketplace connects customers to a network of local installers around Europe, enabling climate action through fast and distributed deployment of renewable energy solutions. As energy lies at the heart of sustainable development, driving the energy transition is Otovo's main purpose.

2022 marks a year where limitations in our current energy system became painfully clear. European dependency on imported gas, raging energy prices, extreme weather events and forest fires all pointed to an urgent need for change.

Meanwhile, the world reached one TW of installed solar power, and while this milestone took over 20 years, exponential growth indicates that capacity will double in only two more. Mass deployment of renewable energy will be our future, but it has to happen now. Solar energy is unmatched when it comes to deployment time – with a matter of only days from customer decision to renewable power generation.

Andreas E. Thorsheim,
CEO and founder

We are graded:

°C | °CICERO Dark Green

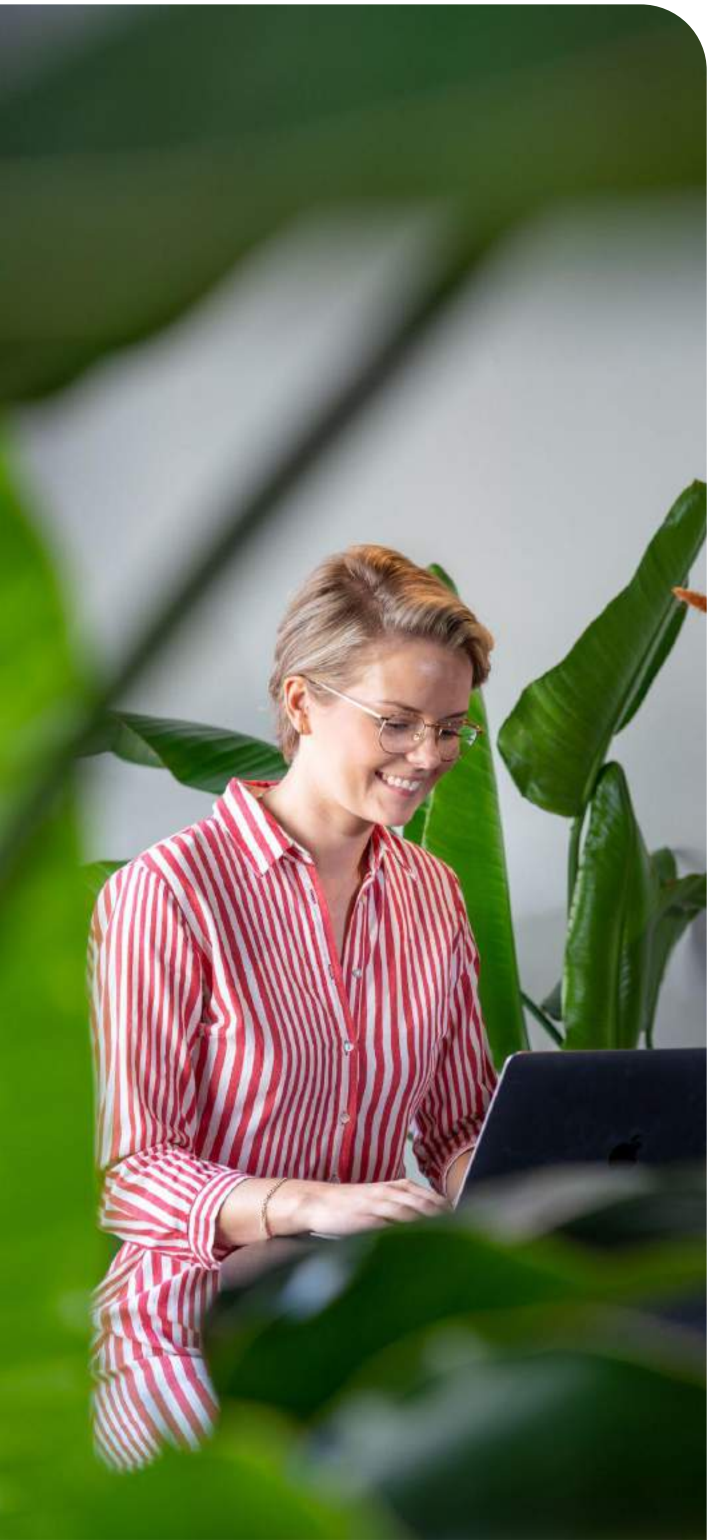
"Renewable energy, and solar power in particular, is key to the green transition to a low carbon energy future. By removing barriers to the implementation of solar power for residential house owners, Otovo is contributing substantially to this transition. By focusing exclusively on residential solar, Otovo negates the local environmental harm (biodiversity, landscape etc.) large-scale renewable energy assets may cause."

From CICERO's Second Opinion on Otovo's Green finance framework, 2022

Introduction

For Otovo, 2022 has been a year of significant growth, with expansion in terms of new countries, partners, employees, customers, products and installation activities.

Growth can amplify both the positive and negative impacts of Otovo's activities on the environment, people and economy, and in Otovo we strive to address actual and potential negative impacts, take action and embed responsibility through improved ways of working and corporate governance.



This report provides insight into Otovo's ongoing work for sustainable development. We have focused on four areas of material topics;

1. *Climate mpact*
2. *Safe Installations and Healthy Installers*
3. *Human Rights and Responsible Value Chains*
4. *Diversity, Inclusion and Equality*

Each of these topics are highlighted with Otovo's approach, 2022 progress and future priorities. Information in this report applies to the entire business of the Otovo Group, including our 13 country organisations and the subscription asset-owning companies in each market, unless otherwise is explicitly stated.

> In 13 cities across Europe, the employees at Otovo go to work every day to promote the use of cleaner energy and increase chances of avoiding climate disaster. Demonstrating our efforts and progress is a point of pride for us.

Mette Fjelltveit Rye-Larsen,
Head of Sustainability

Commitments and governance

In Otovo, we are committed to conduct our business in line with international frameworks and conventions on fundamental principles and rights in working life and other similar guidelines for the environment and climate, including: the Universal Declaration of Human Rights (UDHR), International Labour Organisations' (ILO) conventions, the UN Guiding Principles on Business and Human Rights (UNGP, 2011) and the UN Sustainability Goals (SDG). While the 17 SDG's are interconnected, we focus our efforts in particular on positive contributions to the following SDGs: Take urgent action to combat climate change and its impacts (SDG 13), Ensure access to affordable, reliable, sustainable and modern energy for all (SDG 7), Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8), and, Ensure sustainable consumption and production patterns (SDG 12), supported by recognizing the value of strengthening partnerships to achieve the goals (SDG 17).

Otovo is obliged to fulfil the requirements of the Norwegian Transparency Act by conducting due diligence assessments, and to account for these publicly, in line with OECD Due Diligence Guidance for Responsible Business Conduct.

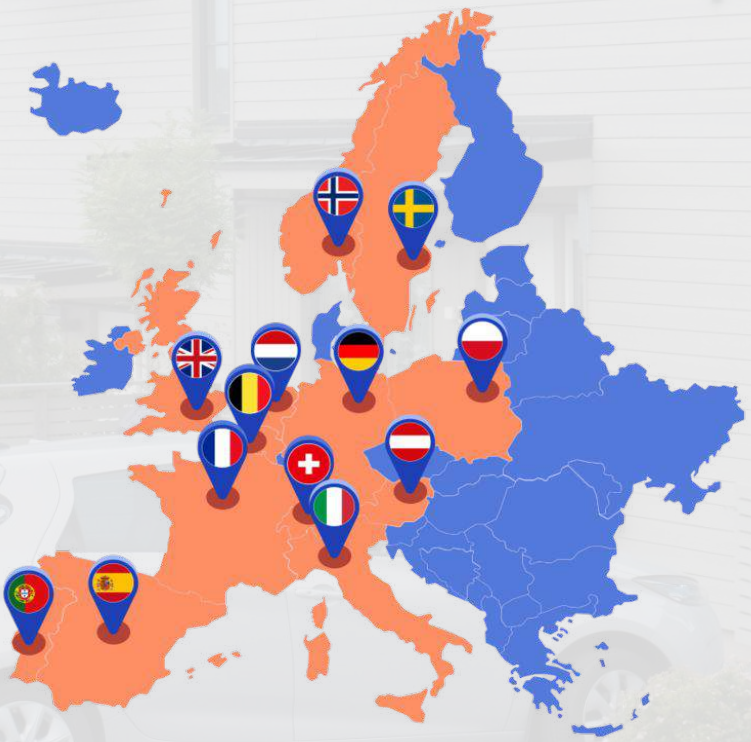
in February 2022, Otovo became a member of the UN Global Compact. We support the Ten Principles on human rights, labour, environment and anti-corruption, and are committed to make them a part of our strategy, culture and day to day operations. In 2023 Otovo will report on progress (Communication on Progress, CoP) for the first time, in accordance with the membership requirements.

The Board of Directors has the overall responsibility for Otovo's governance and compliance with ESG requirements and targets. The main principles for Otovo's approach to sustainability are set forth in the Group's sustainability policy, which interlinks with the human rights policy, anti-corruption policy and anti-discrimination policy. Further, the Group has recently established a code of conduct for suppliers and business partners setting forth the principles we expect our partners to adhere to. Otovo's board of directors reviews the ongoing work related to sustainability on an annual basis.

Otovo's activities and value chain

Otovo ASA is a publicly listed company with local installation partners in 13 countries in Europe; Norway, Sweden, France, Spain, Poland, Italy, Germany, Portugal, UK, Austria, Belgium, Switzerland and the Netherlands. The latter six countries were entered into in 2022. Each country's operations is led by a general manager and supported by a local sales, marketing, customer support, project management and account management (installer relations) team. Countries are organised in clusters led by a managing director. Otovo's headquarter is located in Oslo, Norway, and consists of executive management, finance, legal, delivery and product teams.

By entering their home address in the Otovo webshop, customers obtain proposed designs and prices for solar systems in real-time, based on automated offers from Otovo's network of local, reliable installers. Customers can choose between purchasing the solar and battery installations directly or entering into a 20 year subscription agreement (10 years for batteries).



Key suppliers and business partners

For a marketplace company like Otovo, it is crucial to have strong relationships with suppliers and business partners to remain competitive, ensure a reliable supply of products and services, foster innovation, mitigate risks and promote sustainable development. *A selection of Otovo's key business partners are highlighted below.*

Installation partners

Over 700 installer companies have signed up and made themselves available for work on the Otovo platform. The installation partners deliver turnkey solar and battery installations that we sell to our customers. In Otovo's digital software, the installer companies provide cost of labour, hardware and transport, define hardware offering and geographic area of operation, so that we can offer real time prices to our customers. Otovo acquires customer photo documentation and information to eliminate the necessity of costly pre-installation inspections. Project planning, execution and completion is documented within the software, supported by Otovo's local teams of project managers. Installer companies are recruited, onboarded and supported by local account managers.

Supply chain distribution partners

As Otovo purchases turnkey installations from our installation partners, the supply chain is outsourced. Otovo's sales and delivery volumes are typically greater than those of each individual installation partner. To create attractive benefits for our installation partners Otovo signs framework agreements with a number of distribution partners in each country. The benefits range from ensuring better prices, better credit lines and payment terms, to securing prioritised delivery in times of shortage. Future plans include conducting co-branded training sessions for installers to increase capacity and capability in the industry.

Solar hardware manufacturers

The main components of a solar system are silicon photovoltaic (PV) modules, inverter(s), cabling and switches and the aluminium or steel mounting structure. Some solar systems also include DC optimizers, batteries, smart meters, and/or batteries only. While Otovo purchases turnkey installations, including hardware, from our installation partners, only a limited selection of hardware components are placed on a whitelist and approved for use in Otovo projects.

In Otovo's Whitelisting approach, we set requirements for technology, product quality, manufacturer financial solidity and sustainable manufacturing practices, to ensure that only the best solar hardware is installed on and in our customers' roofs and homes.

Hardware manufacturers are located across the globe, with a majority in Asia. Otovo engages directly with hardware manufacturers and conducts risk based due diligence assessments to promote responsible sourcing and implement mitigating actions where necessary.

Demand (sale and lead) partnerships

Otovo partners with leading business-to-consumer oriented companies across Europe, to increase demand and strengthen our brand. By collaborating with selected partners in sectors like utilities, retail, real estate, and finance, we can reach their interested customers with our solar proposition. Our partners receive commissions or financial incentives, like discounts for their customers. In 2022, net sales from partnerships accounted for over 10% of Otovo's total. The added benefit for our partners include the ability to promote a sustainable service.

Materiality Determination

Like Otovo's growth trajectory, our stakeholders' emphasis on sustainable development has also evolved in 2022, with higher expectations for Otovo's ability to demonstrate action and transparency. To address this, Otovo has decided to adopt the Global Reporting Initiative (GRI) framework, which provides a set of reporting standards that help businesses understand and communicate their impact on sustainability.

In accordance with GRI, Otovo has conducted impact assessments through conversations and surveys with key stakeholders, including investors, supply chain distribution partners, installers, customers, industry associations and employees. Details regarding our ongoing stakeholder discussions are summarised in *Appendix C: Stakeholder Engagement*. See *Appendix A* for GRI Index. Based on the stakeholder discussions we have decided to focus on the following material topics:

- **Climate Impact**

  Emissions from our entire value chain, emission intensity, avoided emissions
- **Safe Installations and Healthy Installers**

  Injuries and accidents during installations of solar panels and batteries
- **Human Rights and Responsible Value Chains**

  Human and labour rights violations in our entire value chain
- **Diversity, Equality and Inclusion**

  Discrimination, inequality, harassment in the workplace

Climate Impact

Materiality

The energy sector is a major contributor to global greenhouse gas (GHG) emissions and transitioning to low carbon energy sources and technologies are fundamental to slow down climate change. By providing an easy, affordable and trustworthy way to go solar, we enable people to make a positive climate impact, while saving money on their electricity bills.

After installed, solar panels reliably generate electricity with zero emissions, for at least 30 years. For comparison, one would have to burn 4.5 tonnes of coal, emitting 9 tonnes of CO2, to match the lifetime production of just a single solar panel on an average European rooftop[1]. In addition, rooftop-mounted solar panels utilise urban spaces, leaving valuable land and ecosystems undisturbed.

Otovo nonetheless contributes to GHG emissions in the present through our business activities, like air travel, purchase of office electronics, commuting, electricity consumption, transport to installation sites and in our hardware supply chain, with emissions from shipping and manufacturing of the solar system hardware.

Measuring GHG emissions is important because it helps us understand the scale and sources of our emissions and establish a baselines to set targets and track progress towards reducing emissions.

Our approach

Since Otovo started considering the scope and scale of our GHG emissions in 2019, and reported on it in the Annual Report for 2021, we have strived to include emissions from our entire value chain. Reporting on indirect emissions (Scope 3) involves collecting data from a wide variety of sources, maintenance of emission factors and dependency on manufacturers to conduct and provide documentation on life cycle assessments of their products.

Entering six new countries in 2022, introducing new product categories in several countries, like batteries and smart meters, and doubling the volume of installations, inevitably added to the GHG accounting complexity.

In 2022, our focus has been to improve our way of working, and to enable Otovo to set a baseline and emission reduction targets for future years. We have moved GHG reporting from spreadsheets to the carbon footprint module from software provider and protocol expert CEMAsys, and introduced new emission categories like end of life treatment of solar system hardware. *Additional details on GHG accounting is given in Appendix B.*

Reporting on GHG emissions is owned by the Head of Sustainability and supported by dedicated employees responsible for data collection and the General Managers in each Otovo market. Our principles are aligned with the UN Sustainability Goals, as embedded in our Sustainability Policy[2].

1) Based on a 400W panel with avg annual yield of 944 kWh/kWp, 30 year lifetime, and emission intensity of 800 gCO2/kwh for coal fired power plants.
2) Available at investor.otovo.com

We work to minimise the environmental footprint and maximise the positive impact of our business by:

- Delivering high quality solar systems, with long product lifetimes.
- Delivering high performing solar systems, with optimised energy production.
- Minimising material and energy use in our activities and operations.
- Developing software to eliminate unnecessary resource use and optimise installation transport logistics.
- Minimising carbon intensive activities, like air travel and meat consumption.
- Disposing of waste safely and responsibly.
- Contributing to increased circularity in the solar value chain, e.g. by enabling complete collection and correct handling of hardware reaching end of life.
- Considering the environmental footprint related to hardware manufacturing and transport when making decisions on what to distribute and promote through our platform.
- Avoiding purchase of waste generating company merchandise.
- Using certified textile for company garments.
- Offsetting emissions we are not able to reduce.

Status 2022

In 2022, more than 7300 households became powered by the sun through an Otovo installation, collectively adding 46.8 megawatts of solar capacity to their homes in the European power grid. With average annual yields[3] of 945 kilowatt hours per kilowatt, these systems will generate 1.33 billion kilowatt hours (1.33 TWh) of clean energy during the next 30 years.

While more than 9500 customers made the decision to go solar through the purchase of an Otovo solar system, we calculate and account for climate impact when the systems are operational, not when they are sold. Therefore, only installed projects are included in the presented data.

46.8 MW
Installed PV Capacity

945 kWh/kWp
Average yield

1.33 TWh
Lifetime Production

Avoided emissions

When a solar system starts operating, it generates **emission-free electricity** for 30 years or more. By replacing power generation from fossil fuels, like coal and gas, emissions from these sources are avoided. We quantify the avoided emissions using the European Attribute Mix[4] (EAM), which represents the surplus of power in the European grid that is sold without guarantees of origin. In 2021 the EAM was 442.66 kgCO2/kWh.

Using this methodology, we apply current knowledge of the electricity mix to predict avoided emissions 30 years into the future. As new data for the EAM is published annually, we make adjustments for the remaining years of all solar systems accordingly. We emphasise that this comparative impact is not directly equivalent to changes in the amount of GHGs emitted into the atmosphere.

Fig 1: Installed Capacity (MWp)

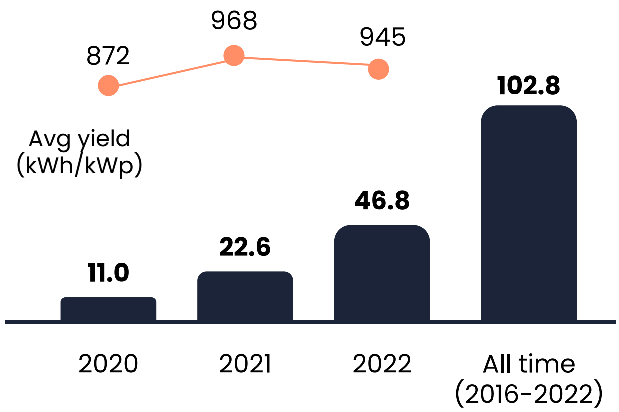
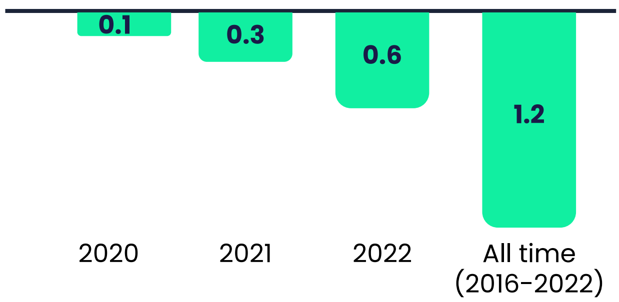


Fig 2: Avoided emissions (ktCO2e)



3) Year 1 yield is calculated at each system location, average annual yield includes 0.7% linear degradation over time.

GHG emissions and intensity

Emissions from Otovo's own activities expectedly increased in 2022, much related to the launch of six new markets, involving employees travelling from various Otovo offices for training and onboarding, and purchase of office electronics and setups.

The emission intensity per MW installed PV capacity increased partially due to the introduction of new emission categories, including end of life treatment, but primarily due to a higher battery attachment rate. While battery storage does not increase the electricity production generated by a system, it allows for a higher rate of self-consumption, larger systems in areas with low feed-in tariffs and other benefits for the customer, and in the future for the grid. In 2022, Otovo delivered 10.5 MWh of storage capacity.

Fig 3a: Total GHG Emissions, 2022 (tCO_2e)

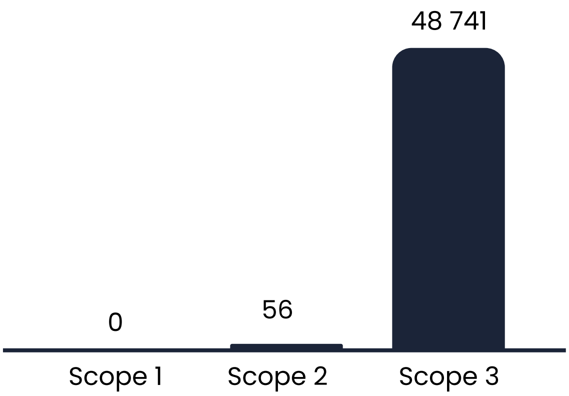
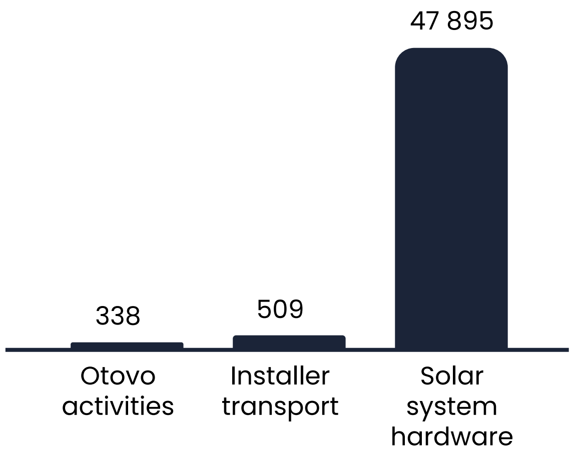


Fig 3b: Scope 3 Emissions, 2022 (tCO_2e)



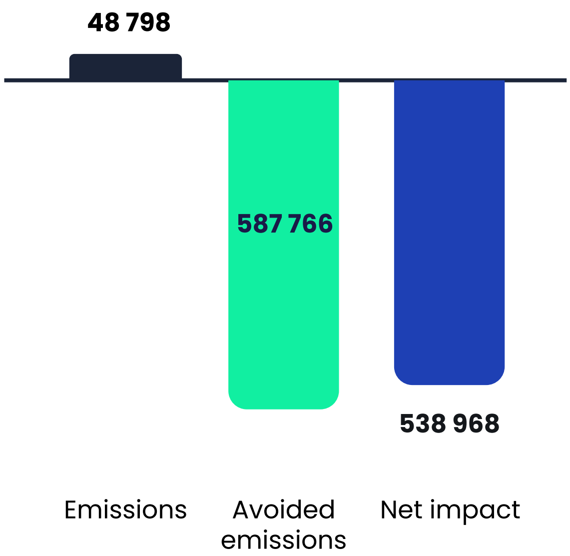
GHG Emissions and intensity			
Category	**Unit**	**2021**	**2022**
Direct Emissions (Scope 1)	tCO_2e	**0**	**0**
Electricity Indirect Emissions (Scope 2)	tCO_2e	**42**	**56**
Indirect Emissions (Scope 3)	tCO_2e	**22 918**	**48 741**
Otovo Activities		*125*	*338*
Installer Transport		*292*	*509*
Solar System Hardware		*22 458*	*47 895*
Emissions Intensity	Thousand tCO_2/MW Installed	**1.01**	**1.04**
Emissions Intensity	Thousand tCO_2/MEUR Revenue	**0.82**	**0.77**
Lifetime footprint Incl battery installations	gCO_2/kWh	**35**	**37**

4) https://www.aib-net.org/facts/european-residual-mix (February 9, 2023)

Net Impact

Comparing the emissions from Otovo's entire value chain (scope 1-3) with the emissions from electricity these systems replace through their lifetime, illustrates the significant positive impact of solar energy (fig 4). The carbon payback time, i.e. 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, was 2.5 years for systems delivered in 2022.

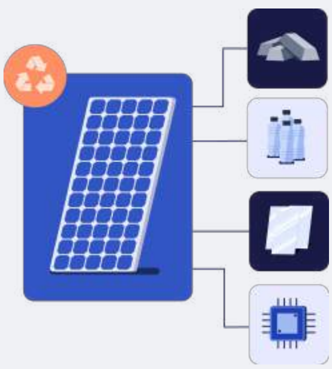
Fig 4: Net impact 2022 (tCO2e)



Carbon offsetting

Carbon offsetting is the purchase of carbon credits, which represents a certified reduction or removal of one tonne of carbon dioxide equivalents (tCO2e) from the atmosphere. We 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, electronic office supplies and office waste (scope 3). In 2022 Otovo offset 394 tCO2e through The UN Carbon offset platform[5].

5) https://offset.climateneutralnow.org/



Priorities in 2023

- Set and communicate our target for emission reduction in accordance with the Science Based Targets Initiative (SBTi), the process has been initiated.
- Conduct a project to assess solar hardware circularity and correct handling of hardware reaching end of life.
- Continue developing and strategizing on environmental factors like lead content and cradle to gate certifications.

Safe Installations and Healthy Installers

Materiality

In Otovo we are committed to ensure a safe and sustainable working environment, to prevent accidents and to be a workplace without injury or harm. The installation process is Otovo's business activity that has the highest Health, Safety and Environment (HSE) risk both in terms of potential impact from an incident and likelihood of an incident occurring. Therefore, occupational health and safety is a material topic for Otovo, with special emphasis on installation activities and the people performing them.

Our approach

Anyone working at and for Otovo must comply with our Health, safety, environment and quality (HSEQ) policies. The majority of Otovo's HSEQ resources are allocated towards the solar system installation process. The main risks of personal harm are associated with falling from heights, falling objects, exposure to electrical voltage, stress injuries and traffic related incidents.

If an accident or breach of policy occurs, installers shall immediately report this to Otovo, but it can also be reported by the customer or a bystander, inspector or identified by Otovo through on site visits or photo verification. Incidents can be reported directly to local Otovo project managers, account managers or to the General Manager, subsequently handled and escalated in accordance with the HSEQ policy. In situations where these channels are not experienced to be sufficient, we encourage employees, suppliers and others who have a relationship with the company to use our Whistleblowing Channel.

Third party inspections on site are conducted through renowned partners, to promote a safe work environment. HSE inspections take place during the installation process and may be conducted with or without notice.

Our Head of HSEQ, whose role and specified area of responsibility was introduced in 2022, is in charge of maintaining and developing our HSEQ-policy, and implementing training and responsibility in all markets, to enable risk mitigation and meet the requirements to deliver according to our values and stakeholder expectations. This task can not be performed without close cooperation with our employees and contractors. The General Managers oversee this policy in their respective markets in cooperation with the Head of HSEQ.

Our principles are aligned with the UN SDGs and further embedded in our Sustainability Policy[6]:

We are committed to maintaining a sustainable installer ecosystem and being their preferred partner by:

- Maintaining a safe and injury free working environment, through systematic HSE practices and frequently conducted third party inspections.
- Providing clear ethical guidelines and compliance requirements through our HSEQ requirements and the Code of Conduct for Suppliers and Business Partners.
- Conducting thorough due diligence upon onboarding installation partners, and thereafter on an annual basis, mitigating identified risks, e.g. undeclared work and social dumping.
- Providing and continuously improving a strong digital service with excellent user experience for efficient handling of project pricing, planning and documentation.
- Providing increased predictability on order volume and reduced financial risk.
- Create favourable conditions and attractive benefits, e.g. economies of scale, through distributor partnerships serving our installers.

6) Otovo's Sustainability Policy is available at investor.otovo.com

Status 2022

Health and safety events

When an HSEQ event is reported to Otovo it is classified in accordance with the following matrix:

HSEQ Classification Matrix	
Category	**Description**
1	Breach of HSEQ requirements (no risk of damage or injury)
2	Event with damage to property or equipment
3	Event with potential personal injury
4	Event with personal injury
5	Event with potential loss of life
6	Event with loss of life

Events in category 3 and higher are reported on specifically. In 2022, 22 incidents and accidents affecting health and safety were reported to Otovo from internal or external sources. Three incidents were classified with high severity (category 4) and nineteen with potential risk of personal injury (category 3).

Three incidents with personal injury (category 4):

- One accident with serious personal injury, where an installer suffered fractures in both feet after falling from the roof, upon switching connection to safety line, no backup line was used. Police involved.
- One accident with personal injury, where an installer suffered abrasions after falling from the scaffolding.
- One accident with minimal personal injury, but classified as severe as it involved a customer being exposed to electric current upon touching the gutter of hens house, caused by a pinched cable.

Including only the events related to installers above (2), this represents approximately 7.5 injuries resulting in work absence per million work hours.

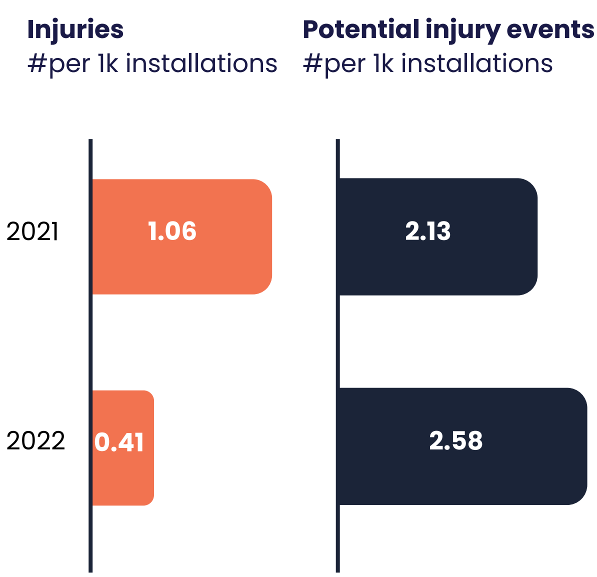
Nineteen incidents with potential personal injury (category 3):

- One accident involved an installer slipping from a wet ladder, without serious injury.
- Sixteen incidents involved observations of installers not wearing correct or sufficient safety equipment, but without injury or accident.
- One incident involved unauthorised personnel participating in the installation, without injury or accident.
- One incident involved unacceptable/unsafe behaviour without injury or accident.

All events were investigated, and mitigative actions implemented.

One installer company was offboarded and their contract terminated. Our efforts to achieve zero injuries will continue and improvement measures are on our agenda in 2023.

Fig 5: Events and injuries per 1000 installations



Inspections

Otovo's third party inspection partners conducted 205 inspections in total, covering 2,8% of installations. One of the improvement potentials that we found in this process was about providing more structured feedback to the installer companies, based on the third party reports. It's now standardised in our new inspection policy.

Improvement initiatives

Policy review and updates

In September 2022, we hired a dedicated Head of HSEQ and commenced a review of our HSEQ policy, which improvement suggestions were approved by the Company's Executive Management in February 2023. The primary goal of the review was to align our policies with the new reality of operating in 13 countries, including six new markets added in 2022. The objective was to enhance the effectiveness and assertiveness of our HSE-related routines and standards. All markets were actively involved in the review process, and the necessary changes will be implemented in the first half of 2023.

Some of these improvements include:

- Updated Inspection policy, including specifications on selection, frequency and follow up procedure.
- Introduction of electronic resources to carry out third party inspections.
- Frequent "HSE best practice" sharing sessions.
- Internal reviews of the local HSEQ-reviews concerning content and adapting to the existing company structure.
- Implementation of a HSEQ-software management system.

Internal training programme

In October 2022, Otovo launched an enhanced HSEQ classroom training program targeted at General Managers, Head of Operations, Account Managers, and Project Managers across all Otovo markets. The primary objective of this training is to ensure that all 13 markets receive consistent and fundamental HSEQ education while equipping key personnel with a thorough understanding of Otovo's HSEQ policy and tools.

Priorities in 2023

- Conduct classroom training with key personnel in all locations.
- Implement our new inspection policy, and carry out inspections of 3% of all installations.
- Implement new and improved digital support for HSEQ processes and activities across the organisation.
- Establish a maturity matrix to benchmark our markets.

Human Rights and Responsible Value Chains

Materiality

Otovo's value chain spans from raw material extraction, refinery, manufacturing and shipping of solar system hardware, to local installation activities, in addition to providers of software, office electronics and other supporting services, involving workers and societies in many countries around the world. Through our activities, suppliers and business relationships, Otovo has an impact on the broader society and environment. We prioritise ensuring that this influence is constructive and favourable, while actively seeking to reduce or eliminate any negative impacts.

Renewables like solar and wind are the power of the future, central to mitigating extensive negative impacts of climate change on human societies. The swift and massive transformation of the world's energy system depends on a massive workforce deployment. The future energy system should be held to higher standards than the present energy system, and it is key that renewable energy jobs are decent jobs. Otovo and the industry will work to address worries and risks.

National authorities are responsible for protecting human rights through legislation, but companies, including Otovo also, have a responsibility to promote and respect international human rights conventions, especially if and when operating in high-risk regions and in countries where such conventions are not adopted or are poorly enforced.

Otovo fulfils the requirements of the Norwegian Transparency Act by conducting human rights due diligence assessments and to account for these publicly. In the following sections we describe our ongoing work and account for the due diligence assessments in accordance with the Transparency Act §4 and §5.

Our approach

Otovo is committed to respecting internationally recognised human rights, including the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work, in our operations, our value chain, and in the communities where we or our business partners operate. Please refer to the introductory section Otovo's Activities & Value Chain for a description of our organisation and business relations.

Following the Transparency Act that entered into force in July 2022, Otovo has adjusted its approach to human rights in line with the OECD's Guidelines for Responsible Business Conduct. Otovo's commitments are embedded in our new Policy for Human Rights and Responsible Business Conduct, and we set forward expectations and requirements in our Code of Conduct for Suppliers and Business Partners[7].

7) Available at investor.otovo.com

Oversight and responsibility for Otovo's due diligence assessments ultimately lies with the Executive Management, which receives and reviews reports on risk assessments, due diligence activities and progress annually. The Head of Sustainability has the responsibility for developing and supervising procedures and policies, ensuring appropriate employee training, and implementing relevant measures. Category Managers, including the VP Supply Chain, Head of Technology, VP Partnerships and Chief Product Officer, are responsible for due diligence assessments related to geographic risks, input factors and suppliers being conducted on an ongoing basis.

At Otovo, we acknowledge that the process of conducting human rights due diligence is an ongoing and dynamic activity that must be performed regularly.. This is Otovo's first report after the Norwegian Transparency Act entered into force, and we remain committed to regularly reviewing and updating our policies and practices to ensure that we are continuously improving our approach to human rights. Otovo will implement suited measures and communicate with stakeholders if negative consequences of its business are detected. Otovo will also provide for or cooperate in remediation where this is required.

Information inquiries, grievance and whistleblowing

For inquiries related to how Otovo works with due diligence and responsible business conduct, we ask stakeholders to reach out to us through sustainability@otovo.com.

In case of concerns or suspicion of objectionable conditions, we encourage any stakeholder of Otovo to inform us through a local contact person or use our Whistleblowing Channel in situations where the regular reporting lines are not experienced or expected to be sufficient.

Status 2022

In 2022, our work on human rights was initiated with a gap analysis of our current practices, including our approach to approving and whitelisting manufacturers and hardware, and our requirements and framework agreements with installers and distribution partners. We created a high level mapping of our supply chain and business activities, identifying sectors, manufacturing steps, input factors and geographies. We based our initial assessment of potential exposure to human and labour rights violations and the subsequent actions on reputable sources such as the Global Rights Index from the International Trade Union Confederation, the Corruption Perception Index from Transparency International, the List of Goods from the US Department of Labor's International Labor Affairs Bureau, and other sources such as solar industry-specific publications.

Identified risks

In our initial risk assessment, we have established an overview of potential violations of human and workers rights in our supply chain and amongst business partners based on the following parameters:

Severity:
- Scope: Gravity of abuse
- Scale: The number of people likely to be affected by abuse
- Irremediability: To what level can the impacted person(s) be restored to their prior enjoyments of the right(s)

Likelihood: The likelihood of the human rights abuse to occur

As an outcome of the assessment, the following areas were identified as key risks for Otovo;

PV modules: Risk of forced labour practices in the solar supply chain

PV modules used in Otovo projects are subject to a due diligence review through Otovo's specific whitelisting process, where both the manufacturer and the products are pre-approved. Otovo also collaborates with distributors in each country to obtain information about the products we intend to use, and we also have direct contact with the manufacturers.

Production of solar system hardware involves labour intensive industry sectors like the mining and manufacturing industry, historically prone to labour and human rights violations, and while the manufacturers of the PV modules are known, the information about producers of upstream input factors is often not available.

There are reports that the manufacturing of PV modules is connected to labour and human rights violations. Reports on Chinese government oppression of muslim minorities in the Xinjiang Uyghur Autonomous Region are grave concerns for the solar industry. While all production steps and factories from raw materials to modules ready for shipping are potentially exposed, solar-grade polysilicon manufacturing is the solar supply chain's most significant exposure to the Xinjiang region, as Chinese production based in Xinjiang operates 40-50% of the world's production capacity.

Raw Materials	Polysilicon	Ingots	Wafers	Cells	Modules

Polysilicon and other input factors exported from the Xinjiang region have the potential of contaminating the supply chain in all parts of the world, as low traceability makes it difficult to ascertain its origin. Poor traceability of product components and raw materials are therefore considered a notable risk for Otovo.

Batteries: Mining of conflict minerals

Markets and practices surrounding the extraction and refining of battery inputs, like cobalt, as well as product assembly, are complex and it is difficult to ascertain their origin. Therefore, Otovo has taken the decision to refrain from providing batteries containing cobalt, as we consider the risk of exposure too high and alternative technologies are available in the market.

Lack of traceability of raw materials in general is still an issue that Otovo considers a salient risk and we work continuously with the issues related to this that we can control.

Installation activities: War in Ukraine and people displacements

Geopolitical instability and societal factors, may on a general basis increase the risk of deteriorating working conditions through long working hours, unpaid overtime, incidents of forced labour, lack of health and safety measures, and corruption. Therefore, Otovo follows up our installation partners closely to cease, prevent and mitigate adverse impacts. While we have not uncovered any of these effects within our installer base in 2022, the scope is potentially high, and will in the future be a focus area for Otovo.

Initiated activities and measures

Updated due diligence and social risk score

In 2022, we extended our hardware whitelisting process, to include a social risk score. We have been in dialogue with all manufacturers on our whitelist and requested information about their practices to protect labour and human rights within their own company and their supply chains, including documentation on their Human Rights Policy, Code of Conduct for Suppliers and to ascertain, whether they are members of the UN Global Compact. Valid certification on Occupational Health and Safety Management Systems (ISO 45001) is a prerequisite for being whitelisted. One manufacturer was not responsive and removed from our whitelist.

Risk Mitigation Strategy Update

Otovo's Whitelist currently includes PV modules from 11 module manufacturers. Our assessment of the remaining whitelisted manufacturers yielded satisfactory results in terms of governance frameworks and commitments, and none were found to own and operate factories in the Xinjiang region. Exposure through raw materials and upstream input factors remain a prioritised concern. Due diligence, including full mapping of manufacturing locations, sub-suppliers, potential factory audits and follow ups, is complex and the scope unlikely to get smaller. Our updated sourcing and whitelisting strategy entails a reduction of whitelisted manufacturers, to focus on a selection of core brands. This will enable more of Otovo's internal resources to be allocated at each individual manufacturer, as well as, increase our volume and "purchasing power" towards the selected brands, incentivising commitment and cooperation.

Otovo's main priority and concentrated efforts has, and will continue to be, to assess how the manufacturers we select for Otovo projects work to protect human rights in their own company and supply chains, and to take action to de-list companies not actively working to mitigate exposure to violations.

We will further work to increase our share of hardware manufactured in Europe. While the volume of available hardware manufactured in Europe, especially PV modules, is currently limited, several initiatives are working to move more of the solar supply chain to Europe. Challenging Chinese supply chain dominance and enforcing policies are necessary for a healthy development of our industry, addressing both human rights issues and the GHG intensity of hardware manufacturing.

Cooperation with industry association and other companies

Otovo takes part in the Norwegian Solar Energy cluster working group "Ethical Value Chains", where several companies in the Norwegian Solar industry are participating. While developing and implementing ethical guidelines and due diligence procedures, individual companies have limited impact on correcting systemic issues. The issue of human rights violations in the solar supply chain needs to be addressed through government initiatives, policies and requirements, and through cooperation.

Priorities in 2023

- Get all partners, including whitelisted manufacturers, installers, dIstribution partners and demand partners, to state their commitment to our Code of Conduct.
- Work to establish representation of affected stakeholders.
- Reduce portfolio of Whitelisted manufacturers according to strategy.
- Increase portfolio of hardware manufactured in Europe.

Diversity, Equality and Inclusion

Materiality

At Otovo, we believe that tackling the energy transition requires innovative and creative problem solving approaches, driven by a diversity of perspectives, experiences and skill sets.

Otovo has made significant progress in 2022 supporting Diversity, Equality and Inclusion (DE&I). However, being a fast growing scaleup, with employees and leadership across thirteen country organisations, ranging from relatively mature to recently established, in addition to a central team and certain remote workers, involves a variety of potential risks to employment diversity, equality and inclusion. Homogenous leadership when establishing new country organisations, unconscious biases affecting hiring and unclear for talent development are all areas that need to be actively addressed to ensure that Otovo has a thriving workforce, fit to meet the needs of our collective mission *and* the individual.

Otovo is obligated to carry out activities to promote equality and prevent discrimination, to report on these activities and the actual status of gender equality, in accordance with with the Norwegian Equality and Anti-Discrimination act.

Our approach

We strive to create a workplace culture that values, supports and promotes Diversity, Equality and Inclusion (DE&I), where employees feel valued, respected and able to contribute their talents, perspectives, and experiences.

Otovo's commitment to work actively, purposefully and systematically to promote gender equality and prevent discrimination in the workplace, are embedded in our internal Anti-Discrimination and Equality policy. While the ultimate oversight and responsibility for implementation of improvement measures lies with the CEO, the VP People, supported by the Head of Sustainability, are responsible for planning and carrying out our yearly activities and assessments. Otovo's Working Environment Committee (WEC) is regularly involved to measure and report on progress, make recommendations and hold leadership accountable for making progress on DE&I targets and initiatives.

Our principles are aligned with the UN Global Compact Principle 6, Sustainable Development Goal 5 and the Norwegian Equality and Anti-Discrimination Act:

Anti-Discrimination:

We do not accept any discrimination based on personal identity such as gender, ethnicity, religion, gender identity, sexual orientation, age or disability. We do not discriminate based on pregnancy, parental leave at birth and adoption, or care responsibilities.

We will work to prevent discrimination by evaluating if and how it may occur with respect to work related activities, like: recruitment; remuneration, working conditions; opportunities for promotion and development; and combining work and family life.

Gender Equality:

We promote equality, giving people equal opportunity and equal rights. We practise equal pay for work of equal value.. We recognise that accessibility and facilitation are a prerequisite for equality.

We are committed to being a company with:

- Equal participation in decision making, with maximum:
- Less than 60% gender homogeneity in managerial positions
- Less than 60% gender homogeneity executive management positions
- Less than 60% gender homogeneity in the Board of Directors
- Equal pay for equal work
- Equal opportunities

No Harassment:

In Otovo every employee, customer and partner is to be treated with dignity, kindness and respect. We have a zero tolerance for harrasment, and sexual harassment.

Status 2022

In 2022, the Otovo Group workforce grew by 80%, joined by new *Otovistas* in both new and established offices. We have conducted a company-wide DE&I risk assessment, followed by a DE&I maturity assessment. Findings were presented and discussed in the Working Environment Committee and measures planned and implemented to address our findings.

Risks and awareness survey

All employees with management and hiring responsibilities were involved in assessing risks for discrimination and impediments to equality in Otovo, with special emphasis on recruitment and hiring activities, and career development opportunities. The assessment was carried out through a survey, and the results were presented and discussed in the Working Environment Committee, resulting in a defined action plan. Key findings are presented below.

Findings

The majority of Otovo's offices have more than 60% gender homogeneity, which is in breach of our targets. Within key functional roles, there is a predominance of gender within certain functional areas, including, a disproportionate number of male employees within sales functions, and in some offices a disproportionate number of female employees within the account management functions. The feedback pointed to one possible source of explanation, that in some regions, job advertisements lack inclusive language related to diversity.

Feedback also indicated the need for more clearly defined career development pathways leading to, promotion, rotation and/or advancement opportunities. As well as a need to advertise internal vacancies more openly to increase awareness to further support career development, rotation and progression opportunities for employees.

Maturity assessment

Otovo carried out an organisational DE&I maturity assessment, adapted from the Korn Ferry D&I Maturity Model Sequence (Korn Ferry, 2021). The assessment helped gauge Otovo's maturity levels, ranging from basic to leading edge, on the five dimensions; *Risk Management, Awareness, Talent Integration, Operations Integrations and Market Integrations.*

The dimensions focused on:

- to what extent Otovo has the infrastructure in place to mitigate and prevent DE&I related risks,
- to what extent an organisation's leaders and employees are committed to the value of D&I and build awareness around it,
- to what extent an organisation has integrated diversity and inclusion into their talent systems,
- establishment of DE&I actions in operations to promote greater efficiencies, increased safety and quality assurance, and
- the top line impact that DE&I measures have through expanding to markets of new consumers, providing enhanced customer service and effective partnerships within communities.

Risk management

To support Otovo's compliance efforts, several policies, and guidelines have been established and communicated during 2022.

Our Anti-discrimination and Equality Policy, emphasises equality and the prevention of discrimination on a number of protected grounds including sex, ethnicity, nationality, religion, national origin, gender identity, gender expression, age or disability.

Otovo´s Whistleblowing and Complaints Policy also supports Otovo´s DE&I compliance goals by providing employees with avenues to make formal complaints in the event of a violation of a protected ground outlined within the Anti-discrimination and Equality Policy as well as within local legislation. This policy provides a reporting avenue without the fear of reprisal.

Otovo also initiated the development of Non-Bias Recruitment Guidelines to support inclusive hiring efforts related to sourcing, screening, interviewing and establishment of employee compensation.

Awareness

Otovo strived to communicate advocacy and support of DE&I through various communication channels. Otovo´s leadership continuously shared support and messaging of our commitment to DE&I through internal communications and within company wide town hall meetings, as well as, through efforts focused on communicating to hiring managers the goal of increasing gender equality in hiring of qualified females within leadership positions.

As well, as part of Otovo's 2022 employee engagement survey "Working at Otovo", Otovo´s management regularly sought feedback from employees regarding their perceptions, feelings and experiences about working at Otovo. Employees were asked their opinion about what the company should do more of, less of, or improve on, for example ideas for improvement of onboarding and skill development. Based on the inputs, Otovo has made adjustments to its onboarding programs, e.g. scheduling cross functional meetings into onboarding and establishing a buddy system, to provide more individualised support for a new employee.

Talent integration

To enable growth in this dimension, Otovo has hired HR specialists and invested in a human resources (HR) information system to allow for management of employee data and development of a DE&I dashboard which provides insights related to D&I data such as gender, age, pay, employee contract type, and nationality. The system immediately increased the transparency of DE&I data, allowing for leadership to quickly access insights and establish focused efforts related to attraction and retention of employees.

Otovo also established role matrices to highlight the necessary job related requirements for roles as the basis of internal development and promotion opportunities within the Product team.

There have also been concentrated efforts to recruit more women specifically into technical and leadership roles and efforts to recruit men in the customer service teams to ensure gender balance within these concentrated groups.

Operations integrations

Throughout 2022, Otovo held company wide meetings and team retreats. These collaborative meetings promoted connection, as well as diverse idea generation, goal setting and problem solving amongst cross functional and diverse teams, supporting creativity and resulting in enhanced efforts to foster an inclusive work environment.

Otovo's review of the company-wide Health, Safety, Environment & Quality Policy is one example of how Otovo ensures inclusiveness in the design and development of its policies and processes. The review involved collaboration between stakeholders of 13 markets.

Market integrations

In 2022, Otovo amplified its efforts related to market integrations by expanding into six new countries, including; Portugal, UK, Austria, Netherlands, Belgium, and Switzerland. By expanding into these markets, Otovo immediately benefited from access to a diverse talent pool and consumer base. As well, these communities benefited through the creation of economic opportunities and job creation through the establishment of Otovo´s six new legal entities.

In 2022, Otovo initiated the hiring of a partnership team. The purpose of this team was to build and manage strategic relationships with a wide variety of diverse and leading brands in Europe, to increase the reach of our solar proposition. By collaborating with leading companies in such sectors as utilities, retail, real estate or finance Otovo offered their customers a valuable service their partners are potentially interested in with the added benefit for the partner of championing a green and sustainable service.

Diversity and inclusion is also embedded in Otovo´s design thinking processes. As part of the product design cycle, Otovo conducts product testing with a diverse group of users, to ensure that many different perspectives are considered when developing our products and service offerings.

Maturity evaluation

Across the five dimensions of maturity, our self assessment indicates that Otovo is currently at the Progressing Level of Maturity, approaching the advanced.

Basic	**Progressing**	**Advanced**	**Leading Edge**

Actual State of Gender Equality

Statement in accordance with § 26 of the Anti-Discrimination and Equality act.

Gender Balance in Otovo Group

Gender Balance in Otovo Group:
Given as **Headcount per 31.12**

Office	Female Share (%)	Full time		Temporary		Part time		Total	Parental Leave Avg weeks (wks/individuals)	
		Female	Male	Female	Male	Female	Male	Year End	Female	Male
Central HQ (Oslo)	39%	24	38	3	4				17 (34/2)	9 (44/5)
Oslo	38%	9	14	1	2				23 (46/2)	15 (30/2)
Stockholm	17%	4	18		1				-	32 (32/1)
Paris	47%	18	20						33 (66/2)	12 (60/5)
Madrid	49%	18	21	3	1				-	-
Warsaw	39%	14	22						-	-
Milan	56%	28	22	2	2				-	-
Berlin	18%	6	25	1	7		1		-	-
Lisbon	55%	6	5						-	-
Vienna	45%	2	6	2		1			-	-
Zurich	25%	1	3						-	-
Brussels	25%	1	3						-	-
London	22%	2	7						-	-
Shared Service Hub	31%	4	9						-	-
Amsterdam	0	0	1						-	-
Year end	**39%**	**137**	**214**	**12**	**17**	**1**	**1**	**382**	**24** (146/6)	**13** (166/13)

Note: Temporary contractor information was not available/tracked for all markets, and therefore not included in the above numbers.

Gender Balance in Group Management

Gender Balance in Group Management, Otovo Group (Headcount, 31.12)			
Role	**Female**	**Male**	**Gender Homogeneity**
CxO, Managing Directors (Executive management)	1	6	86 %
General Managers. General Counsel	4	6	60 %
(S)VPs	3	5	62%
Total	**8**	**17**	**68 %**

Gender Balance in Board of Directors

Gender Balance in the Board of directors (31.12)			
Role	**Female**	**Male**	**Gender Homogeneity**
Chairman	-	1	
Board members	3	2	
Board members: Employee Representatives	1	1	
Total	**4**	**4**	**50 %**

Supplemental Employee Election 2022: In June, we elected a new employee representative to the Board of Directors, for the period 2022-2023. The supplemental election was carried out according to the Norwegian regulations on the employees' right to representation in companies listed on the stock exchange (No: Representasjonsjonsforskriften). Julie Orzechowski, Head of Operations in the French market, was elected by simple majority. Otovo currently has an equal split of men and women in the BoD, in line with the commitments in our sustainability policy and internal anti-discrimination and equality policy.

Pay Gap in Parent Company Otovo ASA

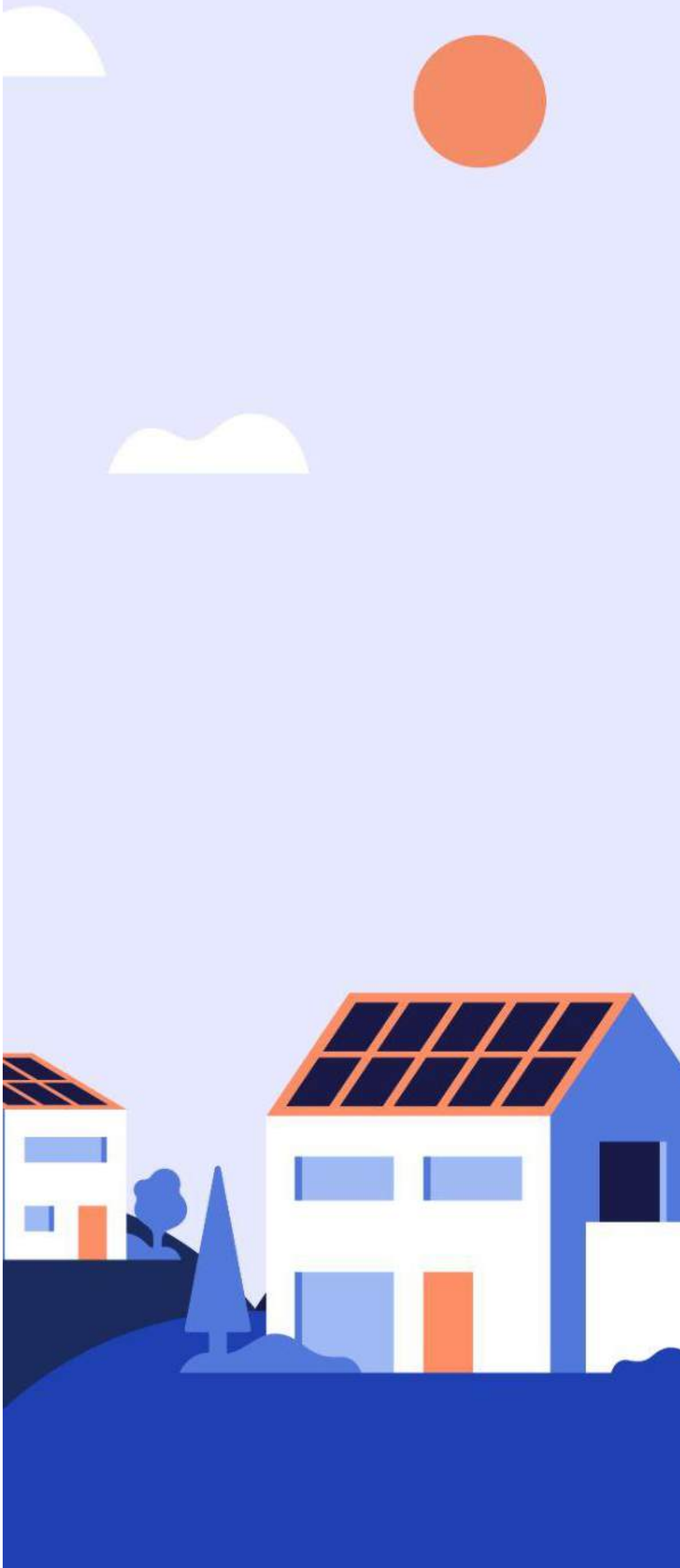
Pay Gap Otovo ASA - Annual Total Compensation ratio				
Level	**Description**	**# of women**	**# of men**	**Ratio womens'/mens' avg. salary**
1	Executive Mgmt	0	3	n.a.
2	Top Mgmt	4	4	94.5%
3	Mid Mgmt	6	13	95.7 %
4	Specialists	13	15	97.6 %
5	Managers	6	16	80.8 %
	All levels	**29**	**49**	**88.7 %**

Pay gap in Otovo ASA. The table above shows the pay gap among employees in the Otovo ASA entity, not including all group companies. Except for the CEO, CPO and CFO the other members of Executive Management are employed in overseas group companies. For comparison the ratio of womens' to mens' average salary would be 102.8% with the composition for Executive Management showed in the table under Gender Balance in Group Management.

Priorities in 2023

In 2023, we will continue our efforts on promoting and supporting DE&I and progressing on our maturity level, with efforts planned including;

- Setting goals and monitoring progress on our effectiveness on DE&I initiatives including attracting, hiring and retention of employees.
- Enhancing our company wide talent acquisitions processes, establishing standards for inclusive hiring processes across our markets.
- Developing and delivering diversity, equality and inclusion training for all employees and managers, which will focus on increasing awareness and understanding on cultural competence, unconscious bias, removal of unconscious barriers and inclusionary workplaces.
- Developing and marketing internal career opportunities for our employees to provide them with a multitude of opportunities for both career advancement and lateral internal moves.
- Providing opportunities for all employees to participate in decision-making processes through team meetings, retreats, and individual feedback collected through the Working at Otovo survey.



Final Remarks

Preparing for the EU Taxonomy

While the requirement for reporting on alignment with the EU Taxonomy has not yet entered into force, Otovo has already done an analysis of its activities' alignment with the first environmental objective of the Taxonomy - Climate change mitigation. The analysis is supported by Cicero's second opinion on Otovo's Green finance framework.

Substantial alignment criteria

Otovo considers its activities consisting of sale and installation of solar and battery systems to private homeowners to be aligned with the EU taxonomy and more specifically the criteria for activities with substantial contribution to climate change mitigation. Further, social and environmental risks are handled through our corporate governance policies and procedures.

ICMA Green Bond Principles category	Sub-category	EU Taxonomy environmental objective	EU Taxonomy activities
Renewable energy	Solar PV and ancillary equipment	Substantial contribution to climate change mitigation	7.6 Installation, maintenance and repair of renewable energy technologies

Do no significant harm criteria

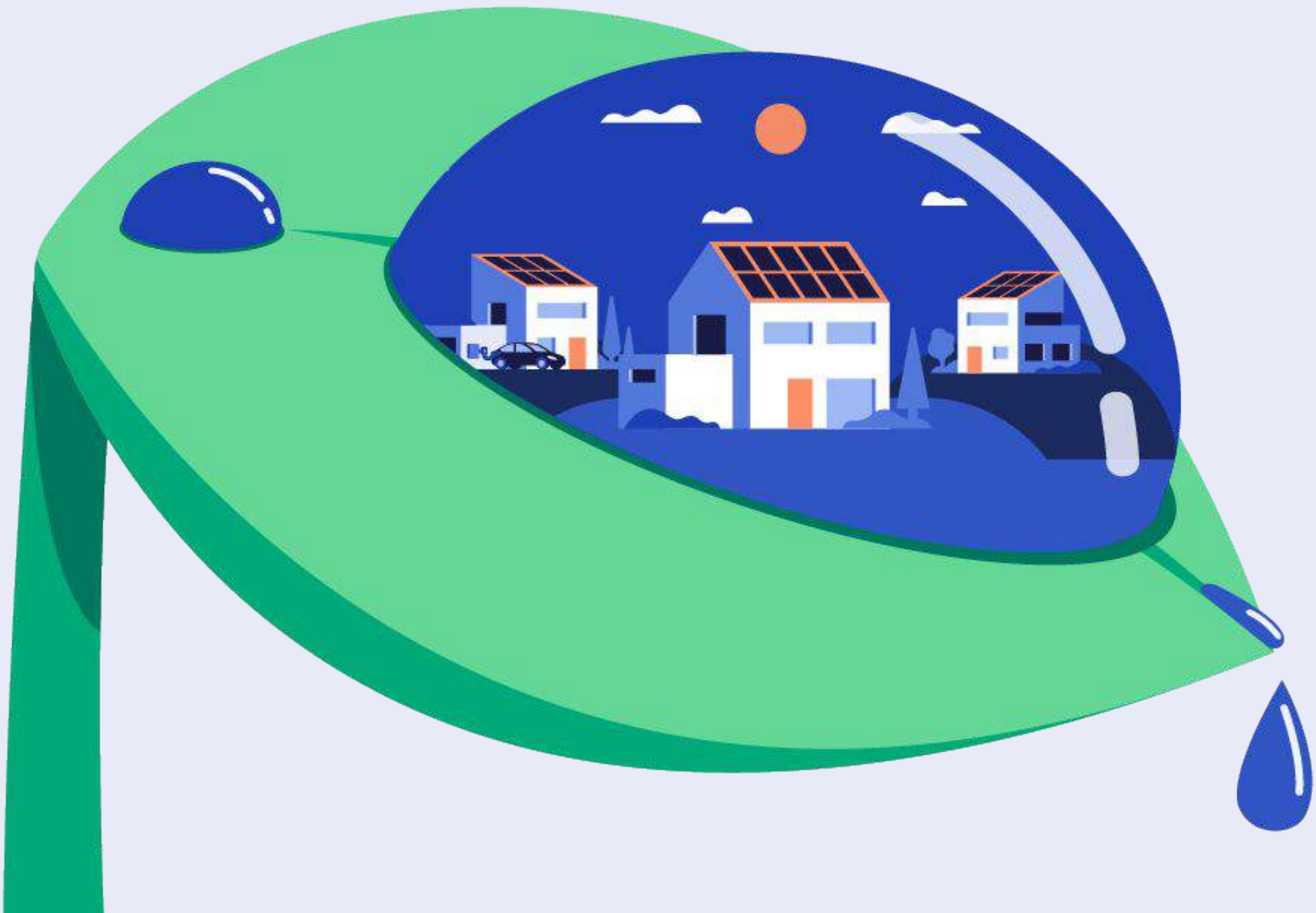
Otovo considers that all eligible projects meet the do no significant harm criteria:

- **Climate change adaptation:** When assessing the impact of acute and chronic climate hazards on any solar installation, we consider effects on both the electrical system and its power generation abilities and the mechanical system, including the thresholds of mounting equipment and panels to withstand stress, to ensure that our assets are resilient during their lifetime.
- **Sustainable use and protection of water and marine resources:** Otovo operates purely in the residential solar segment, mounting solar systems of private homeowners' roofs. Otovo considers that this activity does no harm to water and marine resources.
- **Transition to a circular economy:** Otovo ensures that all distributors of hardware pay an earmarked fee for the future handling of solar panels and batteries in accordance with the EU directive 2012/19/EU for waste electrical and electronic equipment (WEEE).
- **Pollution prevention and control:** Operating in the residential solar segment, Otovo considers the risk of pollution to be negligible.
- **Protection and restoration of biodiversity and ecosystems:** Otovo considers this not to be applicable to residential solar mounted on existing houses.

Minimum social safeguards

Otovo's business conduct is based on the principles and guidance in the UN's guiding principles for business and human rights (UNGP, 2011) and the OECD's due diligence guidance for responsible business conduct (OECD, 2018). All direct suppliers which are installers of residential solar are vetted to ensure that the companies follow local rules and Otovo's HSEQ requirements. See further information in the Safe Installations and Healthy installers and Human Rights and Responsible Value Chains sections above.

> *To our customers going solar and partners enabling the energy transition – thank you for contributing to a cleaner future!*



Subscription metrics

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 Performance Measures (APMs) 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 2022, 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 the subscription model, 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".

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.

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

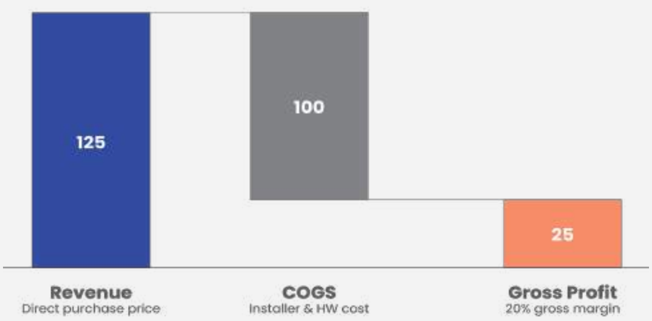


Figure 2: Contracted Subscription Revenue related to a subscription contract

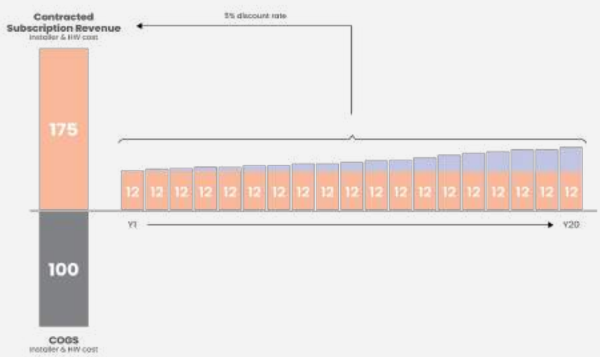
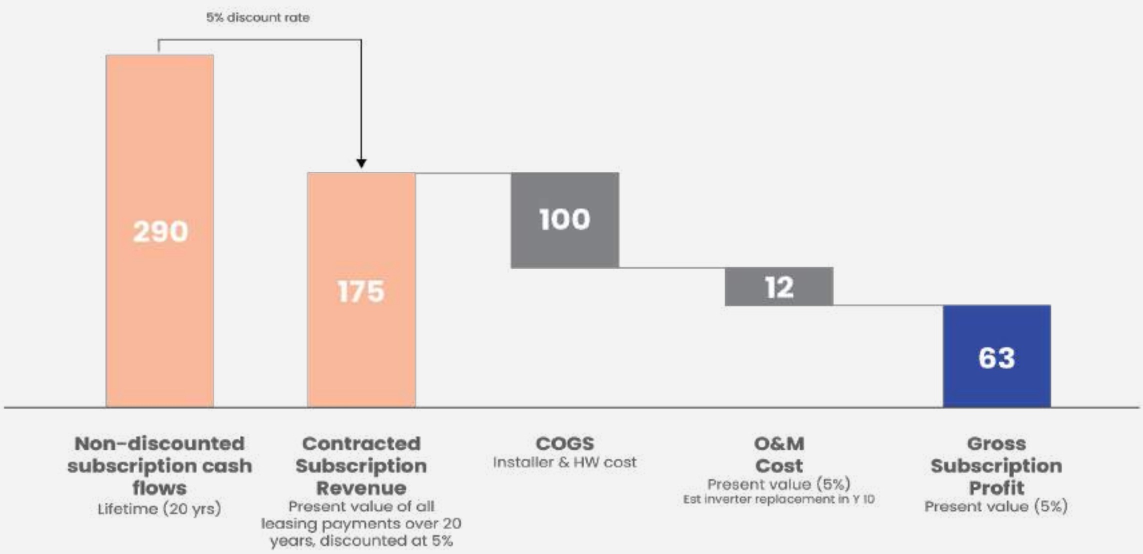


Figure 3: Contracted subscription revenue and gross subscription profit related to a subscription contract



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

In 2022 Otovo completed its pan-European expansion. Throughout the year, the company expanded from presence in seven markets at the beginning of the year to 13 markets at year end. 2022 was also a breakthrough year for Subscriptions. More than one out of three Otovo customers choose the Subscription product, resulting in deployment volumes increasing substantially throughout the year.

Solar and battery demand strengthened in the first three quarters of the year due to the unprecedented spike in electricity prices, driven by the war in Ukraine. As power prices came down from historically elevated levels in the fourth quarter, demand moved in a softer direction but remained strong.

As a result of the continued expansion and strong demand, the company continued its solid financial growth where revenues more than doubled. With the launch of 6 markets in 2022 that are still picking up pace, the prospects for further strong growth remain good.

Strategy

Otovo's overall ambition is to become Europe's number one provider of solar energy and batteries to private households. The key priorities to achieve this is

1. **Build out Otovo's marketplace across 13 European markets**. Otovo will drive more and more markets to profitability by improving unit economics and increasing volumes.

2. **Continue to scale the Subscription business.** Subscription customers are 2-3x more valuable than direct sales customers. Ensuring that the Subscription business is competitively financed and also prove Otovo's ability to monetize parts of the portfolio to third parties with a lower cost of capital remain key.

3. **Grid services and VPPs: Monetize the flexible energy assets.** Every day Otovo puts solar systems and batteries in homes across Europe. These energy assets have inherent flexibility that is of increasing value in a power grid with more intermittent production. As such Otovo should be in a position to monetize the flexibility from the energy assets that the company owns.

Refer to the strategic review for more information.

Corporate governance and sustainability

Corporate governance in Otovo concerns 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. The Audit Committee supports the Board of Directors in the oversight of Corporate governance and Compliance and reviews these factors with management on a regular basis. See the corporate governance report for more information.

Sustainability ensures the company's positive impact on the environment and society, while minimising any negative impact. By delivering solar systems 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 decades, to reduce greenhouse gas emissions and achieve the Paris agreement targets.

With the Norwegian Transparency Act entering into force in July 2022, Otovo has adopted an approach to human rights due diligence in line with OECDs Guidelines for Responsible Business Conduct. Exposure to human rights violations in the Xinjiang region of China, through upstream input factors (polysilicon) and subsequent low traceability along the supply chain, are considered Otovo's most salient risks. See the Sustainability report included in this report and as made available in the form of this report on investors.otovo.com

Risk management

Procedures for risk management in Otovo are governed by the Group's risk management policy. The ultimate responsibility for risk management lies with the Board who is assisted in the follow-up by the Audit Committee, 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 2022

The Group has since 2021 reported its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

In its financial statements the Group reports on two operating segments. One, the Direct Purchase segment comprising the Group's activities where the consumer pays directly for the PV or battery system. Two, the Subscription segment where the customer enters into a longer term agreement such as leases, service agreements, etc., relating to PV or battery system.

The activities in the Subscription segment arises from the purchase of European Distributed Energy Assets Holding AS that has been consolidated into the Group accounts under its own separate segment since 8 December 2021.

Income statement

The revenues in 2022 were NOK 652 million, 125% above the NOK 289 million revenues previous year, mainly driven by substantial contribution from the new markets launched in 2021, Germany and Italy. In addition, all existing markets grew significantly in 2022 as a result of underlying market growth and also Otovo increasing its market share. This was supported by the average purchase price (ticket size) increasing as customers bought larger systems, with a higher attachment rate of batteries and that the hardware prices for solar systems and batteries increased.

Cost of goods sold increased 118%, to NOK 523 million, compared to NOK 240 million last year. The increase is linked to the increase in revenue. The underlying improvement in gross profit margin is strong but is diluted by entries in new markets. Gross profit margins are gradually increased after new country launches, as more installers are on- boarded 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 114 million in 2021 to NOK 219 million in 2022, an increase of 92%, of which NOK 9 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 64 million, up 97% from NOK 22 million in 2021. The increase is primarily related to development of the Otovo Cloud, combined with amortisation of excess values from the acquisition of EDEA.

The change in net financial items for 2022 of NOK 1.5 million is primarily attributable to increase in loss from equity accounted investments partially offset by gains on currency.

Financial Position

Total assets increased by NOK 275 million to NOK 937 million. The increase is funded with equity raised in the private placement conducted in February 2022. as well as drawing on the debt facility the Group had in place with Nordea.

A large share of the increase is related to Otovo Cloud. This is an internally-generated software that is used as the interface with customers and installers. The software enables 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 2023, as the company adds more products and new functionality both for customers, installers and internal users of the platform.

The increase in assets is largely explained by an increase in property, plant and equipment related to the Groups Subscription segment. In addition, the increase in current assets is driven by accumulation of Italian Tax Credits held on the balance sheet as a result of the Group's Italian operations which is further explained in the notes to the financial statements.

Cashflow

Net cash flow from operating activities was negative by NOK 267 million in 2022, compared to a negative NOK 136 million in 2021, the change reflects the increase in operating losses due to expansion to new markets and scaling the business for future growth; this was partly offset by an improvement in working capital.

Net cash outflow from investing activities was NOK 178 million in 2022. This was primarily driven by investments in our Subscription segment, our software platform Otovo Cloud as well as in our Brazilian associated company Holu (that was disposed of in 2023).

Net cash inflow from financing activities was NOK 417 million in 2022, compared to NOK 248 million in 2021. This increase is primarily explained by the cash raised in a primary placement in February as well as draw on debt from the debt facility the Group had in place with Nordea.

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 ASA is the parent company in the Otovo Group.

Otovo ASA had NOK 247 million in total revenues in 2022, an increase of NOK 151 million from the previous year. The increase in revenues was driven by a market reacting to hikes in electricity prices in Norway. Cost of goods sold increased less than the revenues resulting in 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.

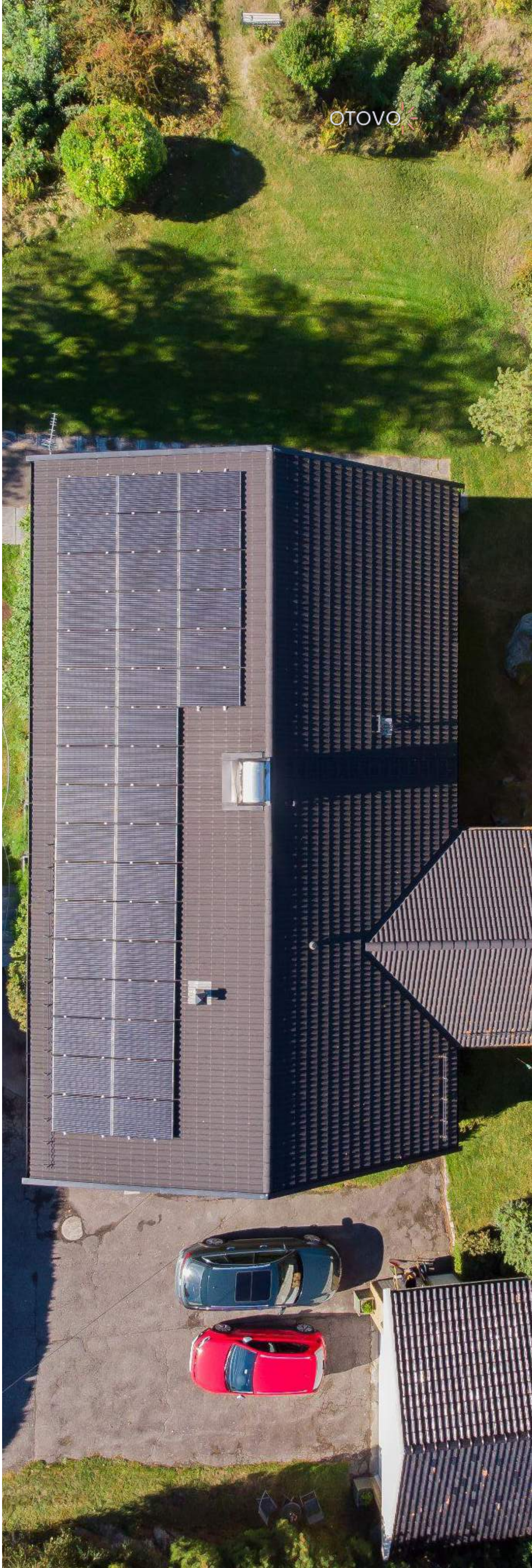
The result for the year ended at a loss of NOK 64 million compared with a loss of NOK 74 million in 2020.

At the end of the year, Otovo ASA had assets of NOK 981 million and bank deposits of NOK 46 million. At the end of the year, Otovo ASA had total equity of NOK 877 million. The increase compared with last year is primarily due to equity raised through a private placement in February 2022.

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 with coverage of NOK 100 million per instance and accumulated for a year.



Subsequent events

Debt and equity financing

On 25 January 2023, Otovo announced the successful refinancing of the Company's subscription asset special purpose vehicle of up to NOK 1.1 billion of debt. In addition the company announced a fully guaranteed NOK 200 million private placement in Otovo ASA. The proceeds would be used to be able to fully utilize the new debt facility. The debt facility consists of EUR 50 million revolving credit facility with EUR 50 million uncommitted accordion option with DNB Bank ASA and Sparebank 1 SR-bank ASA. Due to significant interest, the private placement was extended to up to NOK 250 million, and the private placement of NOK 250 million was successfully placed later that day and approved at an extraordinary general meeting on 9 February 2023.

Transfer to Oslo Børs from Euronext Growth

On 7 February, Otovo sent an application for transfer of shares admitted to trading on Euronext Growth to Oslo Børs. This was in line with the intentions made by the Board of Directors in February 2022 to uplist to the main list on Oslo Børs. Oslo Børs approved the application on 10 February 2023. Otovo was transferred to the main list on 14 February 2023.

Sale of Holu

Otovo announced on 21 December 2022 that Gera acquired Otovo's share of the associated company Holu in Brazil. The contract was signed on 2 February 2023 and the sale closed on 3 February 2023. The sale of Holu will result in a gain on disposal of associated company of approx. NOK 17 million with a positive cash effect of NOK 24 million to be reported in Q1 2023.

Change in the Italian Ecobonus program

The Italian Government passed a regulation on 16 February 2023. The regulation removes the Italian consumer's possibility to sell tax credits obtained from home improvements, such as solar and battery installations, to third parties. The new regulation came into effect already on 17 February 2023. Before the new regulation, consumers could choose to settle 50% of the purchase price through sale of their tax credit receivable. This was chosen by the majority of the Italian consumers and fuelled the Italian solar market. Going forward, consumers will have to deduct the tax credits towards personal income taxes over ten years.

Although the exact effect of this is uncertain, management assesses the situation to have a negative impact on the Group sales and slow down the installation pace. Additionally, the Group may experience a higher rate of abandoned projects as there is uncertainty about the impact on projects in pipeline and in installation phase. Management believes that the tax credit receivable on the Group's balance sheet will not be impacted by the changes in regulations and the Group will continue to be able to sell these receivables to Italian banks.

Annual profits and distributions

The result for the year in Otovo ASA was a loss of NOK 64 million. The board proposes to transfer this from other equity. The board proposes that no dividend is distributed for the financial year 2022.

After the transfer, Otovo ASA will have an equity as of 31 December 2022 of NOK 877 million, corresponding to an equity ratio of 89.3%, while the Group has an equity of NOK 531 million and an equity ratio of 56.7%.

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 targets for 2023.

The Board of Directors confirms that the prerequisites for the going concern assumption exists and the financial statements have been prepared based on a going concern basis in accordance with the Norwegian Accounting Act.

Outlook for 2023

The Group entered 2023 with a pipeline of 4615 projects which makes us confident that we can double the number of installations in the 1st half versus 1st half of last year. With this growth we also expect that 6 markets will be EBITDA generated positive before group cost by the end of 1st half.

The outlook for the second half will be dependent on development of sales in the 1st half of the year.

Oslo, 22 March 2023

Board of Directors of Otovo ASA

Peter Mellbye Chairman of the Board	**Ingunn Andersen Randa** Board member	**Stine Halla** Board member
Tor Øystein Repstad Board member	**Johan Erik Sixten Bergström** Board member	**Josefin Christina Landgård** Board member
Julie Orzechowski Board member	**Alejandro Díaz** Board member	**Andreas Egge Thorsheim** Chief Executive Officer

Board of Directors

Peter Mellbye
Chair

Peter Mellbye has been the chairperson of the Company since March 2017. Mellbye 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, Resoptima AS, WestGass AS, and Wellesley Petroleum AS, and has previously been a member of the board of directors in in Altus Intervention AS, and Halfwave AS. Mr. Mellbye holds a Cand. Polit. degree in Economics, Law and Politics.

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.

Stine Halla
Board Member

Stine Halla has been a member of Otovo's Board of Directors since April 2022. She is SVP Finance for Nordic Marketplaces in Schibsted. She has previously held several positions within finance in Schibsted, e.g CFO in the news publications VG and Bergens Tidende. Halla holds an MBA from the Norwegian School of Economics and started her career in PricewaterhouseCoopers.

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. Repstad is a board member 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. Repstad holds a master's degree in industrial economy from NTNU, and an MBA in finance from NHH.

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 board member at Svea Solar AB; Alight AB, Solkompaniet AB, AdMedic AB, and Clinic Partner AB. He was 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.

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 the founder of byFounders and KRY, and has been an independent consultant for more than twelve years. Landgård has been Senior Consultant in Volvo, board member at Phoniro systems AS, COO in Viewserve. Landgård holds a Master's degree in Management from Stockholm School of Economics.

Julie Orzechowski
Board Member & Employee Representative

Julie Orzechowski works for Otovo SAS, the group's French subsidiary, and is elected as an employee representative on the Board of Directors. She is the Head of Operations for the French market. Prior to joining Otovo, she was a Key Account Manager at WeMaintain.

Alejandro Diaz
Board Member & Employee Representative

Alejandro Diaz works for 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.

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 the Norwegian School of Economics, and a Master of Science in international management from London School of Economics. Thorsheim also serves on various boards.

Petter Ulset
Chief Financial Officer

Petter Ulset assumed the position as CFO on 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. Ulset 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 an Msc. in Industrial Economics from the Norwegian University of Science and Technology (NTNU).

Simen Fure Jørgensen
Chief Product Officer and Co-Founder

Simen Fure Jørgensen is Co-founder, and has been the Chief Product Officer of Otovo since January 2016, leading the development of Otovo's technology. 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 the Norwegian University of Science and Technology (NTNU).

Paulina Ackermann
Managing Director & GM Poland

Paulina Ackermann is the Managing Director for Poland, Sweden and Norway, in addition to being the General Manager of Poland. She has worked for Otovo in Warsaw since October 2020, before which she held the General Manager Position for Poland Czech Republic & Hungary for Lime. Prior to Lime, Ackermann worked in senior positions in Uber for four years. She holds a Master's degree in Econometrics & Operations research from Maastricht University.

Fabio Stefanini
Managing Director & GM Italy

Fabio Stefanini is the Managing Director for Italy, Switzerland and Austria. Since February 2021, he has also been the General Manager of Italy, based out of Milan. Stefanini was General Manager for Uber New Mobility, and Country Lead for Amazon Pantry in Italy before joining Otovo. He holds an MBA from SDA Bocconi & Wharton, and a Master's degree in Management Engineering from Universitá di Bologna.

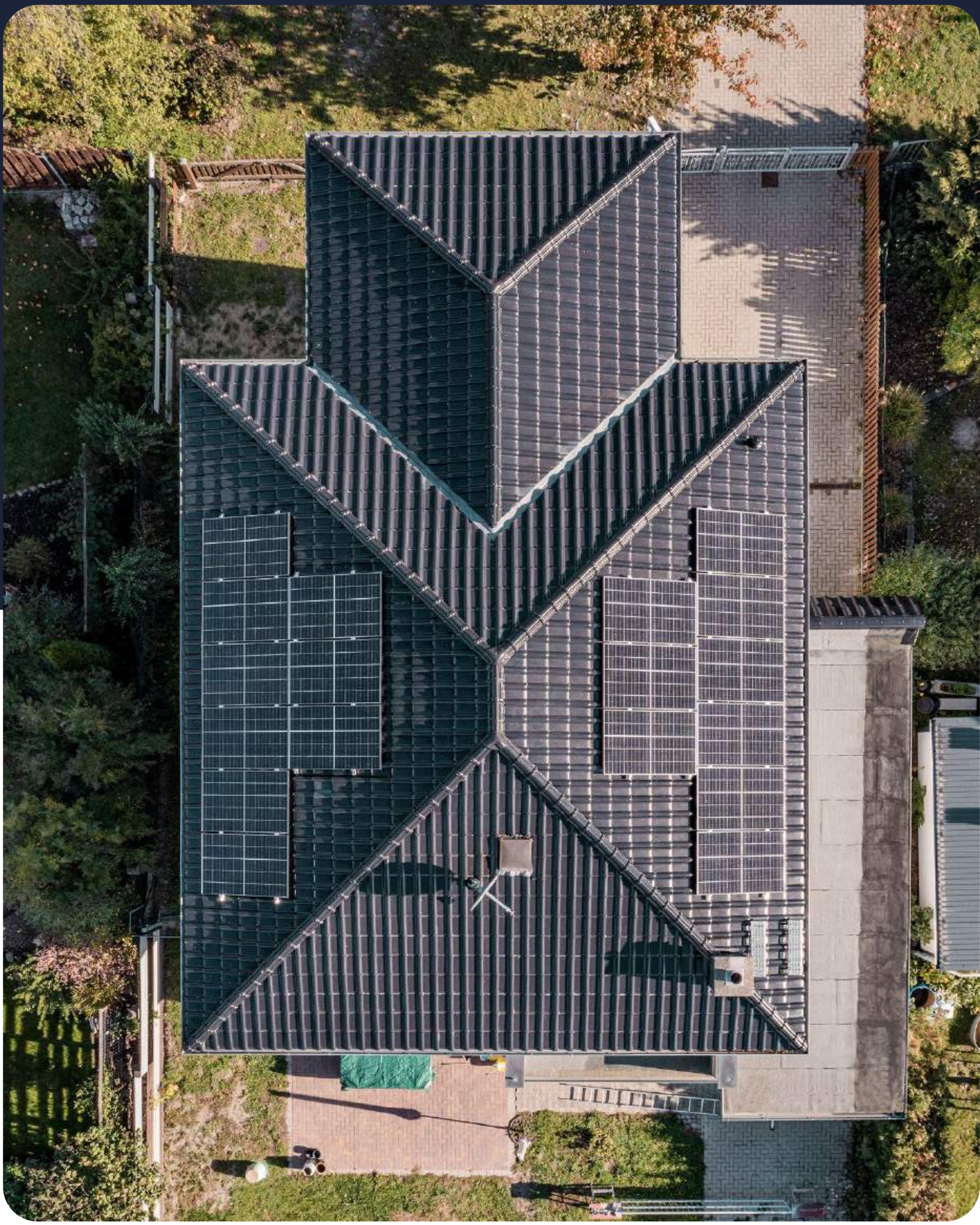
Iñigo Amoribieta
Managing Director & GM Spain

Iñigo Amoribieta is the Managing Director for Spain, Portugal and the United Kingdom, as well as being the General Manager for Spain. Amorebieta has been a key figure in Otovo's European expansion since taking the leading position in Madrid in August 2019. In addition to extensive experience as CEO & COO in other online marketplaces, and Engagement Manager at McKinsey & Company, Amoribieta is an Associate Professor at Universidad Pontificia Comillas in Madrid.

Jean Rosado
Managing Director & GM France

Jean Rosado is the Managing Director for France, Belgium and the Netherlands. He is also the General Manager of France. Prior to joining Otovo, he was the Deputy General Manager for France at Flix. Rosado spent nearly 6 years in the United States, working with Aircraft sales for ATR, before joining Bain & Company in Paris in 2016. Rosado holds an Msc. in Aerospace Engineering from Technische Universität Berlin, and an MBA from INSEAD.

Financial Statements



Financial Statements

Consolidated income statement

Amounts in NOK thousand

For the year ended 31 December	Note	2022	2021
Revenue	6	637 501	285 265
Other operating income	6	14 763	4 137
Total operating income		**652 264**	**289 402**
Cost of goods sold		523 152	240 362
Payroll and related costs	7	219 117	113 548
Depreciation, amortisation and impairment	11, 12, 13	64 333	21 649
Other operating expenses	8	163 197	89 137
Total operating expenses		**969 799**	**464 696**
Operating profit/(loss)		**-317 534**	**-175 294**
Financial income	9	1 806	3 194
Financial expenses	9	4 080	1 000
Net exchange gain/(loss)	9	10 625	-2 452
Gains (losses) on disposal/acquisition of subsidiary	22	-	24 647
Share of profit (loss) of equity accounted investees, net of tax	5	-9 864	-3 312
Net financial items		**-1 513**	**21 077**
Profit/(loss) before income tax		**-319 047**	**-154 217**
Income tax expense	10	-7 781	-457
Profit/(loss) for the period		**-311 266**	**-153 760**
Profit/(loss) is attributable to			
Owners of Otovo ASA		-309 498	-153 612
Non-controlling interests		-1 768	-148
Earnings per share			
Basic and diluted, for profit attributable to the ordinary equity holders of the company:	24	-2.47	-1.64

Consolidated statement of comprehensive income

Amounts in NOK thousand

For the year ended 31 December	Note	2022	2021
Profit/(loss) after tax for the period		**-311 266**	**-153 760**
Other comprehensive income which may be reclassified to profit and loss			
Foreign currency translation differences		-3 138	-3 509
Total comprehensive income for the period		**-314 404**	**-157 269**
Total comprehensive income is attributable to:			
Owners of Otovo ASA		-312 602	-157 118
Non-controlling interests		-1 802	-151
		-314 404	**-157 269**

Consolidated statement of financial position

Amounts in NOK thousand

For the year ended 31 December	Note	31 Dec '22	31 Dec '21
Assets			
Intangible assets	13,22	102 803	124 409
Goodwill	13,22	158 181	153 637
Investments in associated companies	5	-	3 360
Property, plant and equipment	11	200 491	73 099
Right of use assets	12	14 317	8 524
Other non-current assets		2 648	2 236
Total non-current assets		**478 440**	**365 265**
Trade receivables	14,21	44 054	22 170
Other receivables and prepayments	15,21	200 395	50 643
Assets classified as held for sale	5	9 748	-
Inventory		10 761	-
Cash and cash equivalents	17	193 868	224 187
Total current assets		**458 826**	**297 000**
Total assets		**937 266**	**662 267**
Equity			
Share capital	20	1 362	571
Share premium reserve	20	1 156 329	824 236
Other paid-in equity	20	37 331	12 380
Total paid-in equity		**1 195 022**	**837 187**
Foreign currency translation reserve		268	3 406
Retained earnings		-663 793	-350 848
Non-controlling interests	20	-	31 303
Total equity		**531 497**	**521 049**
Liabilities			
Deferred tax liability	10	9 607	17 388
Non-current interest-bearing liabilities	16,17,19	125 672	6 809
Lease liabilities non-current	12,17,19	6 130	6 165
Other non-current liabilities		-	29
Total non-current liabilities		**141 409**	**30 391**
Lease liabilities current	12,17,19	8 747	2 674
Trade payables	19	71 473	29 889
Other current liabilities	16,18,19,21	184 139	78 264
Total current liabilities		**264 359**	**110 827**
Total equity and liabilities		**937 266**	**662 267**

Oslo, 22 March 2023

Board of directors of Otovo ASA

Peter Mellbye Chairman of the Board	**Ingunn Andersen Randa** Board member	**Stine Halla** Board member
Tor Øystein Repstad Board member	**Johan Erik Sixten Bergström** Board member	**Josefin Christina Landgård** Board member
Julie Orzechowski Board member	**Alejandro Díaz** Board member	**Andreas Egge Thorsheim** Chief Executive Officer

Consolidated statement of cash flows

Amounts in NOK thousand

For the year ended 31 December	Note	2022	2021
Cash flow from operating activities			
Profit/(loss) before tax		-319 047	-154 217
Depreciation, amortisation and impairment	11, 12, 13	64 333	21 649
Expensed share-based payments	7	24 950	10 248
Net interest income and interest expenses	9	2 775	692
Share of profit (loss) of equity accounted investees	5, 22	9 864	-21 335
Currency (gains)/losses not related to operating activities		-7 415	-
Changes in trade receivables		-21 884	-13 483
Changes in trade payables		41 584	10 995
Change in other assets and other liabilities		-59 461	10 167
Cash generated from operating activities		**-264 301**	**-135 284**
Received interest	9	1 017	305
Paid interest	9	-3 791	-1 039
Net cash flow from operating activities		**-267 075**	**-136 018**
Cash flow from investing activities			
Investment in other companies	5	-15 411	-5 478
Cash balance from EDEA acquisition		-	78 602
Investments in intangible assets	13	-29 870	-28 774
Investments in tangible assets	11	-133 620	-4 713
Net cash flow from investing activities		**-178 900**	**39 638**
Cash flow from financing activities			
Proceeds from issuance of ordinary shares		299 902	255 634
Payment of lease liabilities	12	-5 722	-3 451
Inflow due to new non-current liabilities		125 629	-
Outflow due to downpayment of non-current liabilities	16	-3 159	-4 622
Net cash flow from financing activities		**416 650**	**247 561**
Net cash flow during the period		**-29 326**	**151 181**
Cash and cash equivalents at the beginning of the period		224 187	73 677
Exchange rate difference on cash and cash equivalents		-991	-671
Cash and cash equivalents at the end of the period	17	**193 868**	**224 187**

OTOVO

Consolidated statement of equity

Amounts in NOK thousand

	Attributable to owners of Otovo ASA							
	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	21	19 044	-	-	-	**19 066**	-	**19 066**
Share-based payments accrual	-	-	10 249	-	-	**10 249**	-	**10 249**
Equity at 31 December 2021	**571**	**824 236**	**12 380**	**3 406**	**-350 848**	**489 745**	**31 303**	**521 049**

	Attributable to owners of Otovo ASA							
	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 2022	571	824 236	12 380	3 406	-350 848	**489 745**	31 303	521 049
Net profit for the period	-	-	-	-	-309 498	**-309 498**	-1 768	-311 266
Other comprehensive income for the period, net of tax	-	-	-	-3 138	-	**-3 138**	-	-3 138
Total comprehensive income in the period	**-**	**-**	**-**	**-3 138**	**-309 498**	**-312 636**	**-1 768**	**-314 404**
Issuance of shares	94	300 103	-	-	-	**300 197**	-	300 197
Change in nominal value	673	-673	-	-	-	**-**	-	-
Transaction costs on equity issues	-	-10 000	-	-	-	**-10 000**	-	-10 000
Purchase of non-controlling interest	13	32 968	-	-	-3 446	**29 535**	-29 535	-
Share-based payments, exercised	11	9 694	-	-	-	**9 705**	-	9 705
Share-based payments accrual	-	-	24 950	-	-	**24 950**	-	24 950
Equity at 31 December 2022	**1 362**	**1 156 328**	**37 331**	**268**	**-663 792**	**531 497**	**-**	**531 497**

Notes to the consolidated financial statements

Note 1. General information and basis for preparation

General information

Otovo ASA, the parent company of the Otovo Group is a public limited liability company incorporated and domiciled in Norway, with its head office in Torggata 7, 0181 Oslo. The Company is listed on the Oslo Stock Exchange (Oslo Børs) 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 2023.

The Group's business is primarily related to sale of and subscription services for 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. The consolidated financial statements are based on the IFRS mandatory accounting standards effective 31 December 2022.

The consolidated financial statements have been prepared based on the historical cost principle, with some exceptions, as detailed in the accounting policies set out below. 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 ASA has been granted permission from the Norwegian authorities to publish the Group accounts in English only.

New and amended standards

Otovo has not implemented any new accounting standards or otherwise made any changes to accounting policies during 2022.

None of the issued, not yet effective, accounting standards or amendments to such standards, have been early adopted or are expected to have significant effects for Otovo’s financial reporting. Further, none of the recently issued IFRS Interpretations Committee agenda decisions by the Group are expected to significantly change Otovo’s accounting policies or practices.

Note 2. Significant accounting principles

Consolidation principles

The consolidated financial statements present the aggregated profit and loss and financial position of Otovo ASA, including companies that are directly or indirectly controlled by Otovo ASA. 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 recognised 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 unrealised revenue and expenses from intercompany transactions, are eliminated in the consolidated financial statements. Unrealised 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 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 ASA'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 Group Executive Management. 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 while it is 10 years for batteries.

Revenue

Otovo accounts for revenue in accordance with IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases.

The Group's revenue streams can be broken down as follows:

Revenues from leases (lessor)

The Group enters into 10 year subscription contracts with customers for their use of standard, mass produced home batteries installed at their premises. The batteries are guaranteed by the hardware producers to have 70-80% of original capacity at the end of the lease, and the estimated useful life of a home battery is 15 years or more. The customer has the right to purchase the battery during the contract period at residual value, which is considered to be above market value, or at the end of the contract period at market value. Dismantling expenses at the end of the contract period are to be covered by the customer.

Otovo has concluded that the Group has not transferred substantially all the risks and rewards incidental to ownership of the batteries and has classified the subscription contracts for home batteries as operating leases. Operating lease payments are recognised as income on a straight-line basis in accordance with IFRS 16.

Revenues from leases are reported in the Group's subscription segment.

Revenue from contracts with customers

Revenues from contracts with customers primarily comprise sale of

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

In addition to selling solar systems the Group enters into 20 year subscription contracts with customers for their use of standard, mass produced solar panels installed at their premises. The estimated useful life of solar panels is 30-40 years or more. The customer has the right to purchase the solar panel installation during the contract period at residual value, which is considered to be above market value, or at the end of the contract period at market value. Dismantling expenses at the end of the contract period are to be covered by the customer.

All major components of the solar panels installed are standardised, i.e. there is no tailor made solution that works only with that specific house or on that specific roof. The solar panels are guaranteed by the hardware producers to have no malfunctions in 12-15 years, and have a performance warranty of 25 years. The customer can choose amongst different panels standards but is not able to direct how and for what purpose the solar panel installation is used throughout the period of use. The Group has chosen to classify these contracts as service agreements in accordance with IFRS 15.

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. It is not possible to purchase neither the solar panels nor the installation services separately from Otovo and the solar panels are first delivered to the customer when the installation starts. The solar panels and the installation are highly interrelated as the customer can not benefit from either the solar panels or the installation in isolation.

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 some of the Group's markets 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 number 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 derecognised 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 (lessee)

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 recognised 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.

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

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 recognised 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. The Group has back to back warranties with hardware producers and installation partners, but 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 the replacement cost is not expected to be significant and it is difficult 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 for solar panel installations, 10 years for batteries, 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.

Inventory

Inventories comprise solar panels, batteries and related products such as inverters. Purchases are made to reduce supply chain risk. Otovo Group does not hold work in progress, spare parts and raw materials.

Inventories are stated at the lower of cost and net realizable value, where the latter is the estimated selling price in the ordinary course of business less estimated completion and selling costs. Inventories are presented net of write-downs. Write-downs are recognized for the amount by which the carrying amount exceeds the net realizable value.

Costs of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average cost formula.

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 estimates 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, where- as 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.

Non-cash consideration

The Italian government has implemented the Ecobonus system, a tax incentive designed to support energy requalification projects. The Ecobonus system is a generous stimulus with 50% of investment as support for solar systems, batteries and heat pumps. The system was designed as a tax incentive where the holder of the tax credit could deduct the credit towards ongoing payments of taxes, VAT and social security costs.

At the time of purchase the consumer is issued a tax credit from the Italian government that can offset taxes and certain other public duties. The consumer would typically sell the credit to a contractor (Otovo) as part of acquiring the service provided by the contractor. This would effectively provide the customer with a discount of 50%. The contractor can choose to sell the credit to a third party, in most circumstances a financial institution. Alternatively, the contractor can deduct the tax credit over a period of 10 years from: taxes, social security costs or VAT. In accordance with common practice in the Italian market, Otovo's customers are partially settling purchase amounts through transfer of the tax credit receivable to Otovo. The transferred tax credit is classified as a non-cash consideration and is recognised at fair value at the transaction date.

It requires judgement to estimate the fair value of the non-cash consideration. At the transaction date the fair value of the tax credit is calculated based on the current market price in the third party market for tax credits. The discount compared to the nominal value of the tax credit is recorded as a revenue reduction. The tax credit asset is reported as a current asset, pending sale to a third party, and is included in Other receivables and prepayments at its fair value. The tax credit asset is remeasured at each reporting date and fair value adjustments are included in Other operating expenses.

Refer to note 25 for further information about changes in regulations in Italy, impacting the non-cash consideration, implemented in 2023.

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 risk free 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.

The Group has also entered into 10 year subscription agreements with customers for their use of home batteries provided by the Group. The review of the contract has concluded that it conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and that the contracts are to be reported as leases in accordance with IFRS 16. The conclusion is based on the fact that the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. It requires judgement to determine whether the leases should be classified as operating leases or financial leases. The review of the contract has concluded that substantially all the risks and rewards incidental to ownership of the underlying assets have not been transferred and the leases are classified as operating leases. The conclusion is based on the fact that ownership of the asset is not transferred to the lessee by the end of the lease term, and that the lessee does not have the option to purchase the asset at a price lower than fair value. Further to this the lease term is not for the major part of the economic life of the asset, and the asset is not of a specialised nature.

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%) Otovo had material rights through the master franchise agreement that impacts the sales volumes and returns in EDEA, however, the board and management of EDEA were responsible for all decisions relating to funding, working capital management and expansion into new territories and markets. Otovo has concluded that the returns of EDEA were mainly impacted through the voting rights of the shareholders, and that the investment should be accounted for as an associated company using the equity method.

Note 4. Group structure and acquisitions

Otovo ASA (the Company or Parent) and its subsidiaries (together the Group) operates an online marketplace for solar systems. European Distributed Energy Assets Holding ASA was merged with Otovo ASA during 2022 and after the merger Otovo ASA holds 100% of the shares in European Distributed Energy Assets Midco AS.

As of year-end 2022 the Group consists of the subsidiaries presented in the table below. Companies owned directly by Otovo ASA are highlighted.

Company	Country	Location	Equity interests		Reportable segment	Parent company
			31 Dec 2022	31 Dec 2021		
Otovo AB	Sweden	Stockholm	100%	100%	Direct purchase	Otovo ASA
Otovo France SAS	France	Paris	100%	100%	Direct purchase	Otovo ASA
Otovo Iberic SL	Spain	Madrid	100%	100%	Direct purchase	Otovo ASA
Otovo Srl	Italy	Milan	100%	100%	Direct purchase	Otovo ASA
Otovo Sp. Z.o.o	Poland	Warsaw	100%	100%	Direct purchase	Otovo ASA
Otovo GmbH	Germany	Berlin	100%	100%	Direct purchase	Otovo ASA
Otovo GmbH	Austria	Wien	100%	-	Direct purchase	Otovo ASA
Otovo Unipessoal LDA	Portugal	Lisboa	100%	-	Direct purchase	Otovo ASA
Otovo Limited	United Kingdom	London	100%	-	Direct purchase	Otovo ASA
Otovo Schweiz GmbH	Switzerland	Zürich	100%	-	Direct purchase	Otovo ASA
Otovo B.V.	Netherlands	Amsterdam	100%	-	Direct purchase	Otovo ASA
Otovo BE B.V.	Belgium	Brussels	100%	-	Direct purchase	Otovo ASA
European Distributed Energy Assets Holding AS	Norway	Oslo	-	88.43 %	Subscription	Otovo ASA
European Distributed Energy Assets Midco AS	Norway	Oslo	100 %	88.43 %	Subscription	Otovo ASA

Company	Country	Location	Equity interests		Reportable segment	Parent company
			31 Dec 2022	31 Dec 2021		
European Distributed Energy Assets AS	Norway	Oslo	100 %	88.43 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets AB	Sweden	Stockholm	100 %	88.43 %	Subscription	European Distributed Energy Assets Midco AS
Edea Polska Sp. Z.o.o	Poland	Warsaw	100 %	88.43 %	Subscription	European Distributed Energy Assets Midco AS
Distributed Energy Assets SLU	Spain	Madrid	100 %	88.43 %	Subscription	European Distributed Energy Assets Midco AS
Distributed Energy Assets SARL	France	Paris	100 %	88.43 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets GmbH	Germany	Berlin	100 %	-	Subscription	European Distributed Energy Assets Midco AS
EDEA GmbH	Austria	Wien	100 %	-	Subscription	European Distributed Energy Assets Midco AS
Otovo Energy Assets Unipessoal LDA	Portugal	Lisboa	100 %	-	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets Limited	United Kingdom	London	100 %	-	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets Switzerland	Switzerland	Zürich	100 %	-	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets B.V.	Netherlands	Amsterdam	100 %	-	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets BE B.V.	Belgium	Brussels	100 %	-	Subscription	European Distributed Energy Assets Midco AS

Note 5. Investments in associated companies and assets held for sale

Otovo Group has a clear growth strategy, both through organic growth and through acquisitions. During 2021 Otovo ASA 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. European Distributed Energy Assets Holding ASA was merged with Otovo ASA during 2022 and after the merger Otovo ASA holds 100% of the shares in European Distributed Energy Assets Midco AS.

EDEA has been consolidated into the group accounts as of the acquisition date, and the subscription business in EDEA is reported as a separate operating segment. Refer to 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 addition to potential returns on the investment Otovo collects a fee per sale made through the Otovo Platform. Gera 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.

On 21 December 2022, Otovo entered into an agreement with Gera Brazil Technologia Ltda. (Gera), for the sale of Otovo's stake in the Brazilian solar platform Holu. Holu was established as a joint venture with Gera in 2019 where Otovo owns 34%.

The transaction price of approximately NOK 22m is equal to the capital injected since 2019 plus an additional 5% premium. The transaction is pending certain conditions and had not been settled as of 31 December 2022. Refer to note 25 for further information about the completion of the transaction.

The investment has been reclassified from investments in associated companies to assets held for sale in accordance with IFRS 5.

Investments in equity accounted investees and assets held for sale

Investment	Location	Reportable segment	Ownership and voting rights		Carrying amount	
			31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022
Holu Technologia SA	Brazil	São Paulo	34%	34%	3 360	9 748

Investment - Reconciliation	2022	2021
At 1 January	3 360	27 615
Additions	15 411	5 478
Book value of EDEA at acquisition date	-	-26 322
The Group's share of the associate's result after tax	-9 864	-3 312
Exchange difference	841	-99
At 31 December	**9 748**	**3 360**

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 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 while it is 10 years for batteries. Subscription for solar panels installations are classified as service agreements in accordance with IFRS 15, while subscription contracts for batteries are classified as operating leases in accordance with IFRS 16. Refer to note 2 for further information.

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

Information regarding reporting segments in the Group

Reportable segments - 2022				
	Direct purchase	Subscription	Elimination	Total
Revenue	789 449	-	-151 948	637 501
Other operating income	6 031	11 420	-2 688	14 763
Total operating income	**795 480**	**11 420**	**-154 636**	**652 264**
Cost of goods sold	654 678	-	-131 527	523 152
Payroll and related costs	218 552	565	-	219 117
Depreciation, amortisation and impairment	23 235	6 316	34 782	64 333
Other operating expenses	158 322	7 586	-2 711	163 197
Operating profit/(loss)	**-259 307**	**-3 047**	**-55 180**	**-317 534**

Reportable segments -2021				
	Direct purchase	Subscription	Elimination	Total
Revenue	289 339	-	-4 074	285 265
Other operating income	3 714	423	-	4 137
Total operating income	**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**

Disaggregation of Total operating income

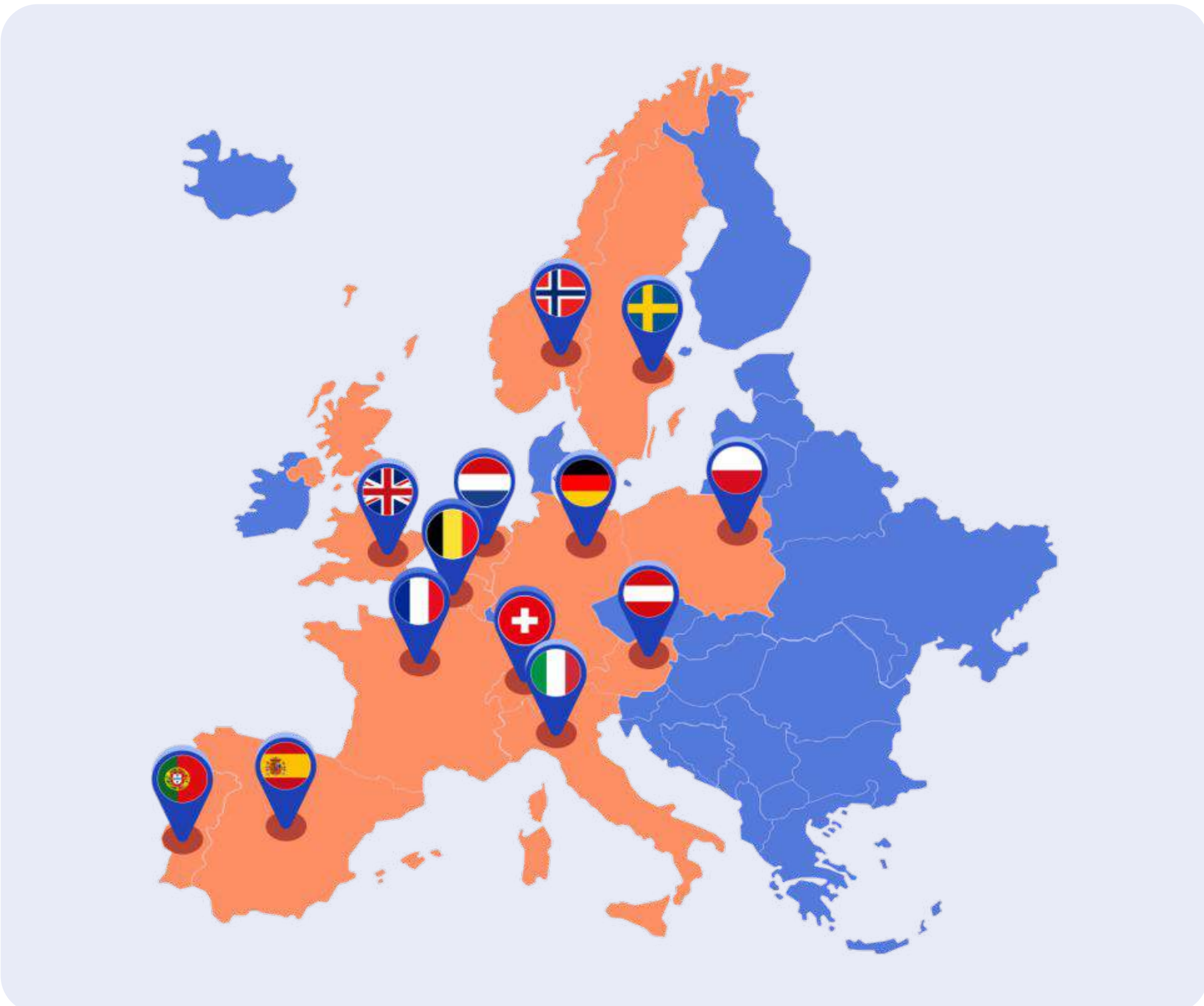
The reported Revenue is stemming from contracts with customers for their purchase of solar panels and batteries. The reported Other operating income is stemming from contracts with customer for their use of solar panels and batteries held by the Group, as reported in the subscription segment. The remainder, approximately NOK 3.3 million in 2022 is primarily related to government grants. In 2021 Other operating income included service and maintenance fees charged from Otovo to EDEA, up until the acquisition date, additional to government grants.

Total operating income from external customers is NOK 652 million, while it is NOK 155 million on intersegment sales. Intersegment sales is primarily sale of solar panels and related products from the Direct Purchase operating segment to the Subscription operating segment.

Geographical distribution of external revenues based on customer location

Geographical information	2022	2021
North[1]	268 062	161 452
DACH + Italy[2]	220 452	23 401
Benefrux[3]	110 393	49 115
Atlantic[4]	53 357	55 434
Total revenue and other income	**652 264**	**289 402**

1) Norway, Sweden and Poland, of which Norway is 161 574 (2022) and 79 705 (2021)
2) Italy, Germany, Switzerland and Austria
3) France, the Netherlands and Belgium
4) Spain, Portugal and the UK



Note 7. Employee benefits

Amounts in NOK thousand

Specification of payroll and related cost	2022	2021
Salary/wages	174 556	80 565
Employee tax	31 621	26 492
Pension costs	7 624	4 444
Other personnel costs	5 316	2 047
Total payroll expense	**219 117**	**113 548**

Full time equivalents	2022	2021
Male	214	87
Female	137	62
Total	352	149
Percentage female employees	39%	42%

Remuneration to CEO, Executive Management and board members

2022	Salary	Bonus	Pension	Share-based	Other	Total
CEO	2 232	554	100	239	9	3 134
Other members of Executive Management	8 039	887	277	673	30	9 906
Board members	-	-	-	-	558	558
Total remuneration	**10 271**	**1 441**	**377**	**912**	**597**	**13 597**

2021	Salary	Bonus	Pension	Share-based	Other	Total
CEO	1 400	-	104	616	8	2 128
Other members of Executive Management	6 515	-	728	8 744	53	16 039
Board members	-	-	-	-	120	120
Total remuneration	**7 914**	**-**	**832**	**9 359**	**182**	**18 287**

Salary to CEO and other members of Executive management

The accumulated remuneration to the CEO and other members of Executive Management consists of a fixed salary, standard pension- and insurance terms for employees and a variable salary. Additionally, the Executive 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 Executive Management consist of 9 persons, included in the table above with the remuneration for the period they were members of Executive Management. The management team, excluding CEO, has on average consisted of 6 persons.

The Executive Management are members of a collective pension and insurance scheme applicable to all employees in the country of employment.

Loans to employees and board members

No loans or guarantees have been given to members of the Management, 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 Executive Management and Board of Directors, or by an entity controlled by these.

Shares, shares options, performance shares and retention shares held by CEO, Chairman of the board and other members of Executive Management or Board of Directors

Name	Role	Shares	Share options	Perform. shares	Retention shares	Total 31.12.2022
Andreas Thorsheim	CEO	8 664 610	100 000	-	14 300	8 778 910
Other members for Executive Management	Management	3 336 308	1 733 334	170 940	471 320	5 711 902
Peter Mellbye	Chairman of the board	60 000	-	-	-	60 000
Josefin Christina Landgård	Board member	91 583	-	-	-	91 583
Alejandro Díaz	Board member	78 600	33 333	-	14 300	126 233
Julie Orzechowski	Board member	-	15 000	-	-	15 000

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

Name	Shares
Axel Johnson AB	27 684 078
Agder Energi Invest AS	9 206 240
OBOS BBL	5 260 180

Share-based payments

The Group has in place share option programmes where the employees have been granted options at the strike price in accordance with the market price at the time of issuance. The programs includes both existing and new employees who are awarded options based on an allocation into defined tiers proposed by Management and approved by the Board of Directors. The options vest with ⅓ each year the three years after the issuance.

Furthermore, a share purchase programme was established by the Group in 2020 where the participants subscribe to new shares as an initial investment, and receive performance shares after two years if the share price has doubled and retention shares after three and four years respectively if they are still employed with the Group. The share purchase program is discontinued, but but there are still outstanding performance and retention shares.

Expenses related to share-based payments included in total payroll expense	2022	2021
Share-based payments	24 950	10 249
Social security contribution	5 128	11 048
Total expenses related to share-based payments	**30 078**	**21 297**

Overview of outstanding options (after share split)	2022	2021
Outstanding options 1 January	1 586 160	3 381 180
Options granted	5 562 499	400 000
Options exercised	-1 180 826	-2 026 730
Options forfeited	-1 227 826	-168 290
Outstanding options 31 December	**4 740 007**	**1 586 160**
Of which exercisable		
Average share price at grant date (NOK per share, after 2021 share split)	22,73	8,57
Weighted average remaining contractual life of outstanding options (years)	2,5	1

Overview of outstanding performance and retention shares	2022	2021
Outstanding shares 1 January	2 129 070	2 232 400
Shares granted	-	1 015 870
Shares released	-	-1 116 200
Shares forfeited	-711 308	-3 000
Outstanding shares 31 December	**1 417 762**	**2 129 070**
Performance shares 31 December	269 571	507 935
Retention shares 31 December	1 148 191	1 621 135
Total	**1 417 762**	**2 129 070**
Weighted average remaining contractual life of performance shares	1,3	2
Weighted average remaining contractual life of retention shares	2,5	4

Note 8. Other operating expenses

Amounts in NOK thousand

	2022	2021
Other expenses related to buildings and short-term/low value rent of equipment	5 769	2 253
External personnel and consultancy fees [1]	72 856	28 164
Media spend, advertising and partnerships	52 450	40 274
System and software	13 758	6 675
Other operating expenses	18 364	11 771
Total other operating expenses	**163 197**	**89 137**

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 2022 and 2021 from BDO. Fees include all companies in the Group.

	2022	2021
Audit fees	2 765	1 239
Fees for further assurance services	415	145
Fees for other services	269	-
Fees for tax services	-	84
Total fees to auditors	**3 449**	**1 468**

The amounts in the tables for audit fees are the amounts expensed in 2022 and 2021.
Amounts presented exclude VAT.

Note 9. Financial income and expenses

Amounts in NOK thousand

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	2022	2021
Interest income	1 017	305
Net currency gain	10 625	-
Other financial income	789	2 889
Total financial income	**12 431**	**3 194**

Specification of financial expenses	2022	2021
Interest expenses	3 792	997
Net currency loss	-	2 452
Other financial expenses	288	4
Total financial expenses	**4 080**	**3 452**

Note 10. Income tax

Amounts in NOK thousand

Income tax expense in the consolidated statement of income	2022	2021
Income tax payable	-	-
Changes in deferred tax / deferred tax asset	-7 781	-457
Tax assets not recognised in previous year	-	-
Total income tax expense reported in the income statement	**-7 781**	**-457**

Reconciliation from nominal to effective tax rate	2022	2021
Profit/(loss) before tax	**-319 047**	**-154 217**
Estimated tax expense with nominal tax rate, 22% of profit/(loss) before tax	-70 190	-33 928
Tax effect of the following items:		
22% of net permanent differences	3 996	-26 001
Other items	7 023	335
Deferred tax asset not recognised current year	51 390	59 136
Total income tax expense reported in the income statement	**-7 781**	**-457**
Effective tax rate	2,4%	0,3%

The nominal tax rate in Norway was 22 % in 2021 and 2022. 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	2022	2021
Intangible assets	-8 165	-17 427
Right of use assets	-3 150	-1 875
Trade receivables	1 023	87
Provisions	8 878	117
Deferred gains / losses	96	35
Lease liabilities	3 273	1 945
Loss carried forward	125 215	86 117
Not recognised deferred tax	-137 777	-86 387
Total	**-9 607**	**-17 388**

Changes in deferred tax	2022	2021
Opening balance at 1 January	-17 388	-
Recognised in current year's profit	7 781	457
Deferred tax on new subsidiaries	-	-17 845
Balance at 31 December	**-9 607**	**-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

	Equipment and machinery	Solar panels	Batteries	Total
Accumulated cost				
As of 1 January 2021	**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	-	-	-17
Translation differences	150	290	-	440
As of 31 December 2021	**4 483**	**72 625**	**-**	**77 108**
Additions during the year	2 093	127 431	4 096	133 620
Additions through acquisition of subsidiaries	-	-	-	-
Disposals	-542	-2 308	-	-2 850
Translation differences	73	3 149	246	3 468
As of 31 December 2022	**6 107**	**200 897**	**4 342**	**211 346**
Accumulated depreciation and impairment losses				
As of 1 January 2021	**-1 657**	**-1 160**	**-**	**-2 818**
Depreciation	-896	-288	-	-1 183
Disposals	17	-	-	17
Translation difference	-25	-	-	-25
As of 31 December 2021	**-2 561**	**-1 448**	**-**	**-4 009**
Depreciation	-979	-5 835	-100	-6 914
Impairment	-	-	-	-
Disposals	-	-	-	-
Accumulated depreciation disposals	195	167	-	362
Translation difference	-4	-290	-	-294
As of 31 December 2022	-3 349	-7 406	-100	-10 855
Carrying amount				
As of 31 December 2021	1 922	71 177	-	73 099
As of 31 December 2022	2 758	193 491	4 242	200 491
Depreciation method	Straight line	Straight line	Straight line	
Useful life	3-10 years	20 years	10 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	2022	2021
Opening balance 1 January	**8 524**	**11 793**
Depreciation	-5 941	-3 613
Additions	10 553	528
Other / exchanges differences	1 181	-184
Balance per 31 December	**14 317**	**8 524**

Overview of changes to lease liabilities	2022	2021
Opening balance 1 January	**8 839**	**11 860**
Payments	-5 722	-3 451
Additions	10 553	528
Other / exchanges differences	1 208	-97
Balance per 31 December	**14 877**	**8 839**
Lease liabilities non-current	6 130	6 165
Lease liabilities current	8 747	2 674
Total	**14 877**	**8 839**

Maturity analysis: contractual, undiscounted cash flows

	31 December 2022	31 December 2021
Current liabilities		
Less than one year	7 918	2 797
Non-current liabilities		
One to five years	8 701	6 614
More than five years	-	-
Total	**16 619**	**9 411**

Amounts recognized in the consolidated statement of income

	2022	2021
Depreciation	5 941	3 613
Interest expense	726	473
Total	**6 667**	**4 086**

Amounts recognized in statement of cash flows

	2022	2021
Interest payments	726	473
Payments of principal	5 722	3 451
Total lease payments	**6 448**	**3 924**

Note 13. Intangible assets and goodwill

Amounts in NOK thousand

	Goodwill	Otovo Cloud	Other intangible assets	Exclusivity agreement	Customer contracts	Total
Accumulated cost						
As of 1 January 2021	**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**
Additions during the year	-	28 495	1 375	-	-	29 870
Additions through acquisition of subsidiaries	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Reclassification	-	-380	-	-	-	-380
Translation difference	4 544	-	5	-	-	4 549
As of 31 December 2022	**158 181**	**92 181**	**3 967**	**59 675**	**21 440**	**335 442**
Accumulated amortisation and impairment losses						
As of 1 January 2021	**-**	**-14 774**	**-13**	**-**	**-**	**-14 778**
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**
Amortisation	-	-15 369	-753	-33 035	-2 333	-51 490
Impairment	-	-	-	-	-	-
Accumulated depreciation disposals	-	-	7	-	-	7
Reclassification	-	380	-	-	-	380
Translation difference	-	-	-	-	-	-
As of 31 December 2022	**-**	**-36 095**	**-921**	**-35 111**	**-2 333**	**-74 460**
Carrying amount						
As of 31 December 2021	**153 637**	**42 960**	**2 411**	**57 599**	**21 440**	**278 046**
As of 31 December 2022	**158 181**	**56 086**	**3 045**	**24 564**	**19 107**	**260 983**
Depreciation method	-	Straight line	Straight line	Straight line	Straight line	
Useful life	Indefinite	5 years	5 years	2 years	20 years	

Otovo Cloud

Otovo's business model is based on the self-developed system Otovo Cloud and related applications such as software for extracting and reading production data from various solar cell hardware.

Otovo Cloud is a marketplace for solar system installers and supports the company's value chain from sales (compilation of map data, building data, solar radiation data and algorithmic bidding on solar cell projects) to planning (obtaining cost models from installers, choosing a installer and awarding projects), follow-up of projects and managing the project from sale the installer has been selected to the completion of the project (monitoring progress, obtaining documentation of the work performed and generating sales orders that will be sent to Netsuite as basis for invoicing).

In addition, the system supports Otovo's customer relationship after the installation of the solar system by collecting, compiling and presenting production data from inverters. The system is scalable and is used across the markets in which the group operates, at the same time the company carries out significant development work to adapt the system to handle the variation in input and requirements that exist across the company's current and potential new markets and products. A significant part of the company's future value creation is expected to come as a result of further development and improvement of this system.

Development and maintenance of the Otovo Cloud is handled by the Product team in Otovo. Direct payroll expenses relating to the Product team are split into development and maintenance, with payroll expenses relating to development being capitalised as an intangible asset and amortised.

The additions during 2021 and 2022 are to a large extent explained by adding more countries and products to the platform. Additionally the different teams develop tools used to increase sales (adding partnerships to the platform, building functionality to run campaigns) or make internal processes more efficient (time savings) and more profitable (targeting the higher profitability lead, projects etc.). The capitalised amount is based on employee time sheets and the proportionate share of their time spent on development activities.

The useful life of the asset and related amortisation expenses are based on management's estimates and the chosen amortisation method. Estimates may change due to technological developments and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. The useful lives are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors.

Goodwill

The goodwill stems from acquisition of subsidiary ISWT (now Otovo France) in 2019 and EDEA (subscription business) in 2021. The goodwill from both the ISWT purchase and the EDEA acquisition have been tested for impairment. Please refer to the below for further details.

The goodwill is split as follows

Company name	Allocated goodwill	
	2022	**2021**
ISWT	92 311	87 767
EDEA	65 870	65 870
Total	**158 181**	**153 637**

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 pre-tax cash flow projections based on financial budgets approved by the Board of Directors covering a two year period for EDEA and a five year period for ISWT. Two years has been used to reflect the exclusivity period, and five years has been used to reflect that the entity (ISWT) 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 five-year period are extrapolated using the estimated growth rates stated below.

Sensitivity
The Group has calculated the impact on the impairment assessment resulting from increasing and/or decreasing key variables in the valuation model. For the scenarios examined, the Group concludes that there is significant headroom to carrying value for both goodwill assets.

		ISWT
	2022	**2021**
Long term growth rate (%)	2%	2%
Long term gross margin (%)	25%	25%
Average annual growth rate used in cash flow projections (%)	38%	52%
Discount rate pre tax (%)	9.6%	9.5%

		EDEA
	2022	**2021**
Long term growth rate (%)	0%	-
Average annual growth rate used in cash flow projections (%)	0%	-
Annual inflation (%)	2%	-
Discount rate pre tax (%)	5%	-

The assumptions for ISWT has changed from 2021 to 2022, mainly related to growth rate used in cash flow projections. The change in growth rate is reflecting the general macro uncertainty. Despite this, significant headroom is maintained in the covenant test.

The goodwill allocated arising from acquisition of EDEA was not tested for impairment in 2021. This was due to the short time from acquisition to the balance sheet date. In the impairment test for 2022, key factors can be seen above. For simplicity and due to very significant headroom, the long term growth rate is set to 0%.

Note 14. Trade receivables

Amounts in NOK thousand

	31 Dec 2022	31 Dec 202
Trade receivables	46 667	23 887
Provision for bad debt	-2 613	-1 717
Total trade receivables	**44 054**	**22 170**

Trade receivables at 31 December - ageing	31 Dec 2022	31 Dec 2021
Not due	19 524	13 738
1–30 days past due	12 655	4 279
31–60 days past due	4 308	3 282
61–90 days past due	1 894	706
More than 90 days past due	8 286	1 882
Total trade receivables	**46 667**	**23 887**

For the trade receivables that are not impaired or past due, there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations. Expected losses for trade receivables past due are estimated based on payment history, the cause of the default, the collection methods available in the applicable markets and other relevant information. Refer to note 19 for further information about the Group's assessment of credit risk.

Trade receivables denominated in currency	31 Dec 2022	31 Dec 2021
NOK	14 468	3 198
SEK	6 638	1 490
EUR	24 760	18 928
PLN	585	271
Other currency	217	-
Total trade receivables	**46 667**	**23 887**

Note 15. Other receivables and prepayments

Amounts in NOK thousand

Current receivables		
	31 Dec 2022	**31 Dec 2021**
Subsidy related receivables	114 623	10 623
VAT receivables	24 181	10 277
Prepaid expenses	10 180	2 512
Receivables from associated companies	278	353
Other receivables	51 133	26 878
Total other receivables and prepayments	**200 395**	**50 643**

Subsidy related receivables are related to subsidy programs in Sweden and Italy where parts of the consideration from the customer is settled non-cash in the form of tax credit receivables, with the majority being Italian tax credit receivables.

The Italian government has implemented the Ecobonus program where consumers get support for energy requalification projects. Under this system, the consumer is issued a tax credit from the Italian state that can offset taxes and certain other public duties. As common in the Italian market, Otovo purchases such tax credit to effectively provide the consumer with a cash subsidy. Otovo can choose whether to sell the credits to a third party or offset towards taxes and public duties. The fair value of the tax credit is included in revenue at the transaction date.

During 2022 Otovo sold, and received settlement, for tax credits with a net book value of NOK 8m. Otovo also signed agreements for disposal of additional tax credits with a net book value of NOK 17 million. As of 31 December 2022 the gross carrying amount of the tax credit assets was NOK 102 million, of which approximately NOK 22 million are tax credits on prepayments with an opposite entry in other current liabilities.

The increase compared with last year is explained by increasing activity and long lag from the invoice is issued until the tax credit receivable has been disposed and settlement received. The long lag was mainly due to changes in requirements in Italy during the year, putting all disposals of tax credits on hold, Otovo adapted to the changes in requirements and the disposal activity increased in the end of 2022 and is expected to continue to increase in 2023 as the customer's option to sell such tax credits is discontinued.

Refer to note 25 for further information about additional changes in regulations in Italy implemented in 2023.

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), one loan from Innovasjon Norge and one loan to Nordea Bank Aps. In addition to this the Group has lease liabilities relating to office premises. Ref to note 12 for further details about the lease liabilities.

As part of the loan agreement EDEA entered into with Nordea ABP in 2020, five draws on the facility was performed during the year 2022. Total outstanding amount at year end 2022 was MNOK 126, out of a committed facility of MNOK 150. Transaction costs incurred as part of the establishment of the facility and draws are amortised over the loan period.

At 31 Dec 2022	Currency	Interest rate	Maturity	Outstanding nominal value	
				(Currency)	(NOK)
BPI 1	EUR	5.27%	April 2025	50	525
BPI 2	EUR	1.25%	September 2025	96	1 008
BPI 3	EUR	2.81%	March 2027	475	4 985
Innovasjon Norge	NOK	Floating	April 2023	2,500	2 500
Nordea Bank Aps	EUR	EURIBOR + 2,50%	March 2037 - March 2042	12,012	126 119
Total					**135 136**

	Non-current		Current	
Interest-bearing liabilities	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Borrowings from credit institutions	125 672	5 872	6 964	1 014
Other interest-bearing liabilities	-	938	2 500	4 063
Total interest-bearing liabilities	**125 672**	**6 809**	**9 464**	**5 076**

	31 December 2022		31 December 2021	
Interest-bearing liabilities by currency	**Currency amount**	**NOK amount**	**Currency amount**	**NOK amount**
EUR	12 633	132 636	690	6 885
NOK	2 500	2 500	5 000	5 000
Other currencies	-	-	-	-
Total interest-bearing liabilities		**135 136**		**11 885**

Interest-bearing liabilities - maturity 2022	2023	2024	2025	2026	2027	2028	Total
Borrowings from credit institutions and other interest-bearing liabilities	9 464	9 134	8 945	8 588	8 064	7 539	51 734
Total interest-bearing liabilities excl. prepaid borrowing expenses	**9 464**	**9 134**	**8 954**	**8 588**	**8 064**	**7 539**	**51 734**
Interest to be paid on interest-bearing liabilities	8 131	7 540	6 961	6 406	5 884	5 396	40 318
Total interest payments	**8 131**	**7 540**	**6 961**	**6 406**	**5 884**	**5 396**	**40 318**
Total future payments on interest-bearing liabilities	**17 595**	**16 674**	**15 906**	**14 994**	**13 948**	**12 935**	**92 052**

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**

Financial Covenants
The debt facility held with Nordea Bank Aps contains financial covenants. The covenants covers the following ratios: leverage ratio, interest cover ratio and equity ratio. At year end, EDEA Midco is compliant with the financial covenants set out in the agreement. The facility was ended after reporting period. Please refer to note 25 for further details.

Change of Control
In addition to the financial covenants, the facility agreement with Nordea Bank Aps contains a change of control clause.

Security and Guarantees
The debt facility held with Nordea Bank Aps is secured by all outstanding shares in EDEA Midco and it subsidiaries, intra-group loans and credit, shareholder loans granted to EDEA Midco, trade receivables, inventory and operating assets, all bank accounts, and guarantees provided by the Guarantors.

Note 17. Bank deposits and cash and cash equivalents

Amounts in NOK thousand

	31 Dec 2022	31 Dec 2021
Bank deposits	189 422	221 781
Total Bank deposits in the statement of financial position	**189 422**	**221 781**
Restricted deposits related to employee tax deduction	4 446	2 406
Total cash and cash equivalents in the statement of cash flow	**193 868**	**224 187**

Cash flow from interest-bearing liabilities
Cash flow from financing activities consists of proceeds and repayments of borrowings. In 2022, the movement is a result of draws on debt facility held with Nordea Bank Aps, and down payment of debt facilities held with banks in France and Innovasjon Norge. Cash flow from financing activities is also affected by payments of principal amount of lease liabilities.

Reconciliation of Interest-bearing liabilities	2022			2021		
	Interest-bearing liabilities	Lease liabilities	Total	Interest-bearing liabilities	Lease liabilities	Total
Balance as of 1 January	11 885	8 839	20 724	16 159	11 860	28 019
Cash flow from Financing activities						
Proceeds from borrowings	125 629	-	125 629	-	-	-
Repayments of borrowings	-3 159	-	-3 159	-4 622	-	-4 622
Payments of lease liabilities	-	-5 722	-5 722	-	-3 451	-3 451
Net cash flow from financing activities	**122 470**	**-5 722**	**116 748**	**-4 622**	**-3 451**	**-8 073**
FX Rate effects	781	1 208	1 989	348	-97	254
New lease contracts	-	10 552	10 552	-	528	528
Termination or reassessments of lease contracts	-	-	-	-	-	-
Other changes	**781**	**11 760**	**12 541**	**348**	**430**	**778**
Balance as of 31 December	**135 136**	**14 877**	**150 013**	**11 885**	**8 839**	**20 724**
Non-current liabilities	125 672	6 130	131 802	6 809	6 165	15 470
Current liabilities	9 464	8 747	18 211	5 076	2 674	8 275

Note 18. Other liabilities

Amounts in NOK thousand

Other current liabilities	31 Dec 2022	31 Dec 2021
Accrued wages and holiday pay	34 816	14 685
Indirect taxes payable	27 415	22 132
Accrued interest costs	3	2
Other accruals	63 269	22 765
Prepayments from customers	49 169	9 291
Earnout provision	-	886
Current portion of non-current debt	9 464	5 076
Other current liabilities	3	3 427
Total other current liabilities	**184 139**	**78 264**

Warranties

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. The Group has back to back warranties with hardware producers and installation partners, but 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. Refer to note 2 for further information about warranties.

As the replacement cost is not expected to be significant and it is difficult 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.

Since the start of Otovo's operations the expenses relating to malfunctions one year or more after the installation date have been immaterial and according to information received by hardware producers and distributors is that they receive warranty claims on less than 1% of all panels sold.

Note 19. Risk management

Amounts in NOK thousand

The Group's capital management policy is to have a capital structure which meets the demands of operations, reduces cost of capital and complies with financial covenants and future investments planned by the Group. The Group will adjust debt and equity to maintain and secure an optimal capital structure by continuously monitoring the total equity level and the equity ratio of the Group.

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 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 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.

	2022	2021
Loss on trade receivables	153	712
Loss on trade receivables in % of Revenues	**0.02%**	**0.25%**

Trade receivables

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

	2022	2021
Direct purchase	44 722	23 043
Subscription	1 945	844

Trade receivables at 31 December - ageing	31 Dec 2022	31 Dec 2021
Not due	19 524	13 738
1–30 days past due	12 655	4 279
31–60 days past due	4 308	3 282
61–90 days past due	1 894	706
More than 90 days past due	8 286	1 882
Total trade receivables	**46 667**	**23 887**
Bad debt provision	**-2 613**	**-1 717**

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 acquisition 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

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities.

While the Group has a strong cash position, the subscription business is exposed to liquidity risk over time. The subscription business consists mainly of purchasing and installing solar systems 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 management were working to secure a financing package in the end of 2022. This was landed in January 2023, see further information in note 25. With the announced financing package of NOK 250 million in equity and up to EUR 100 million in debt, the Group's growth in subscription assets is secured in the short and medium term. In the longer term, financing of new customer contracts may require further debt and equity financing or a disposal of assets.

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

	Total as of 31.12.22	< 1 year	2 years	3 years	4 years	5 years	>5 years
Non-derivative financial obligations							
Leasing	16 619	7 918	5 158	3 544	-	-	-
Credit institutions & other[1]	135 136	17 595	16 674	15 906	14 994	13 948	56 019
Trade payables	71 473	71 473	-	-	-	-	-
Public duties payable	27 415	27 415	-	-	-	-	-
Other current liabilities	147 260	147 260	-	-	-	-	-
Total	**397 904**	**271 661**	**21 832**	**19 450**	**14 994**	**13 948**	**56 019**

	Total as of 31.12.21	< 1 year	2 years	3 years	4 years	5 years	>5 years
Non-derivative financial obligations							
Leasing	9 411	2 797	2 205	2 205	2 205	-	-
Credit institutions & other[1]	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**

1) Borrowings from credit institutions and other interest-bearing liabilities

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 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.

Sensitivity

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

Profit and loss			
	Change in	**2022**	**2021**
EUR	+/- 10%	18 333	8 485
SEK	+/- 10%	2 680	1 940
PLN	+/- 10%	2 367	726
GBP	+/- 10%	375	-
CHF	+/- 10%	1 207	-
USD	+/- 10%	284	-
Total		**25 246**	**11 151**

Interest rate risk

EDEA, the subscription business, financed its activities in 2022 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. Consequently, the Group is exposed to the risk that its financing costs may increase.

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.

Overall the risk related to interest rates has increased during 2022, with the increased central banks rates. However, taking into consideration the mitigating effects of inflation adjustment and yield adjustment on new contracts (as described above), the Group has decided to maintain its' policy not to enter into interest rate swaps to hedge interest rate risk.

In January 2023 the Group obtained a new debt facility with the two Norwegian financial institutions DNB Bank and Sparebank 1 SR Bank see note 25 for further information.

Note 20. Share capital and shareholder information

Ordinary shares have a nominal value of NOK 0.01 each and all provide the same rights in the Company.

Share capital	Number of shares	Share price	Carrying amount
Ordinary shares	136 214 346	20.15	2 744 719 072

The shareholders of Otovo ASA	Number of shares	% Total
Axel Johnson AB	27 684 078	20.32%
Nysnø Klimainvesteringer AS	9 880 175	7.25%
Agder Energi Invest AS	9 206 240	6.76%
Andmar Operations AS	8 664 610	6.36%
Akershus Energi Sol AS	6 312 420	4.63%
BNP Paribas	6 173 622	4.53%
OBOS BBL	5 260 180	3.86%
Verdipapirfondet Holberg Global	5 202 820	3.82%
Verdipapirfondet DNB Grønt Norden	4 172 461	3.06%
Altitude Capital AS	3 090 081	2.27%
Citibank Europe plc	2 861 606	2.10%
Verdipapirfondet KLP Aksjenorge	2 669 138	1.96%
Simvest AS	2 631 288	1.93%
Morgan Stanley & Co. Int. Plc.	2 277 320	1.67%
Beacon Group AS	2 167 100	1.59%
J.P. Morgan SE	1 898 320	1.39%
Morgan Stanley & Co. LLC	1 613 876	1.18%
Verdipapirfondet DNB SMB	1 512 605	1.11%
Pictet & Cie (Europe) S.A.	1 506 115	1.11%
CAK AS	1 175 006	0.86%
Remaining shareholders (less than 1%)	*30 255 285*	*22.21%*

Showing holdings as of 31 December 2022
Updated list of shareholders can be found at investor.otovo.com/stock-info

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.

The investment in Holu has been reclassified from investments in associated companies to assets held for sale in accordance with IFRS 5.

The 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	2022	2021
Sale to EDEA (during the period it was associated company)	-	56 642
Sale to Holu	1 147	353
Total revenues	**1 147**	**56 995**

Consolidated statement of financial position	31 Dec 2022	31 Dec 2021
Trade Receivables	1 021	-
Other receivables and prepayments	278	353
Other current liabilities	-	-
Net balances with related parties	**1 299**	**353**

Note 22. Business combinations

Amounts in NOK thousand

During 2021 Otovo ASA increased its investment in European Distributed Energy Assets Holding AS (EDEA) from 18.75% to 88.43% and gained control of the company. European Distributed Energy Assets Holding AS was merged with Otovo ASA during 2022 and after the merger Otovo ASA holds 100% of the shares in European Distributed Energy Assets Midco AS.

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.

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 ASA
Acquisition date	8.12.2021
Country	Norway
Currency	NOK
Voting rights / ownership interest before acquisition	18.75%
Voting rights / ownership interest after acquisition	88.43%
Consideration transferred in form of Otovo shares (NOK)	189,414,860
69.68% of Total identifiable net assets acquired (NOK, 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. 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 that is adjusted for inflation annually. The existing subscription customers are contracted to pay the subscription SPV NOK 492m over the next 20 years, assuming 2% annual inflation for the remainder of the contract period, without accounting for churn. The customer has the right to purchase the solar panel installation during the contract period at residual value, which is considered to be above market value, or at the end of the contract period at market value. Dismantling expenses at the end of the contract period are to be covered by the customer.

Subscriptions customers have 20 year guarantees for PV systems, 10 years for batteries, 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 producers or installation partners.

EDEA Contracted customer payments	NPV	2023	2024 -2025	2026 -2030	2031 -2042	Total
Non-discounted contracted customer payments assuming 2% annual inflation adjustments		22 216	45 769	122 677	301 390	**492 052**
NPV at 5% discount rate	**305 387**					

Note 24. 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 in February 2021.

	2022	2021
Profit/(loss) after tax attributable to parent company shareholders	**-309 498**	**-153 612**
Number of shares outstanding at 1 January	114 273 977	83 066 905
New shares issued during the year	21 940 369	31 207 072
Number of shares outstanding at 31 December	**136 214 346**	**114 273 977**
Weighted average number of shares during the year	**125 244 162**	**93 553 324**
Earnings per share (in NOK)		
Basic	-2,47	-1,64
Diluted	-2,47	-1,64

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 7 for further details about these shares and options

Note 25. Events after the reporting period

Debt and equity financing, and uplisting to the main list on Oslo Børs

On 25 January 2023, Otovo announced the successful refinancing of the Company's subscription asset special purpose vehicle of up to NOK 1.1 billion of debt, and a fully guaranteed NOK 200 million equity financing. The debt facility consists of EUR 50 million revolving credit facility with EUR 50 million uncommitted accordion option with DNB Bank ASA and Sparebank 1 SR-bank ASA. Due to significant interest, the private placement was extended to up to NOK 250 million, and the private placement of NOK 250 million was successfully placed later that day and approved at an extraordinary general meeting on 9 February 2023.

On 7 February, Otovo sent an application for transfer of shares admitted to trading on Euronext Growth to Oslo Børs. This was in line with the intentions made by the Board of Directors in February 2022 to uplist to the main list on Oslo Børs. Oslo Børs approved the application on 10 February 2023. Otovo was transferred to the main list on 14 February 2023.

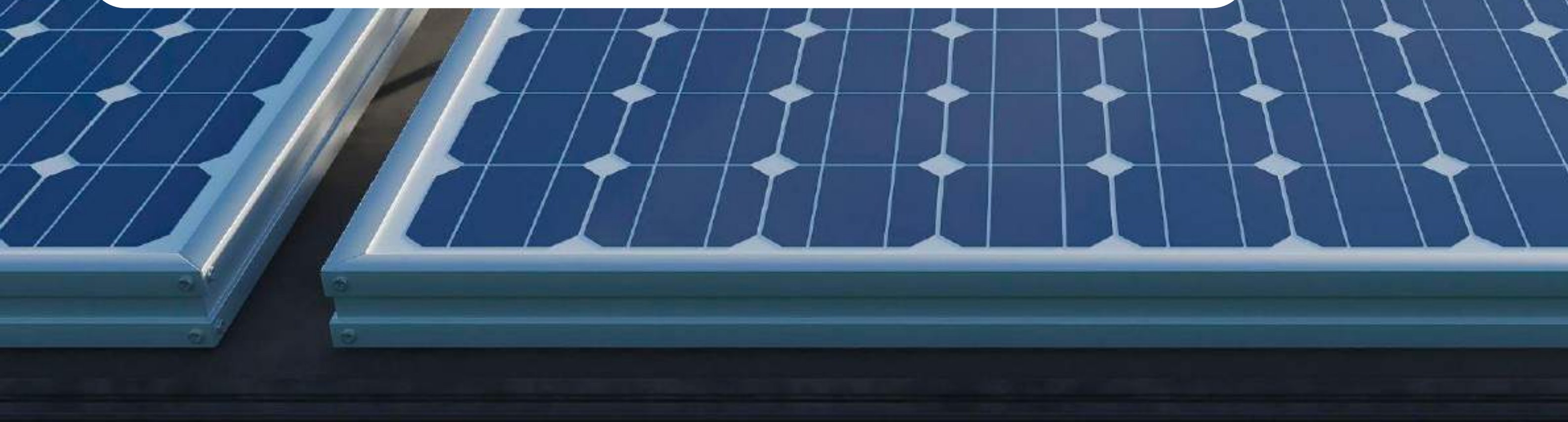
Sale of Holu

Otovo announced on 21 December 2022 that Gera acquired Otovo's share of the associated company Holu in Brazil. The contract was signed on 2 February 2023 and the sale closed on 3 February 2023. The sale of Holu will result in a gain on disposal of associated company of approx. NOK 17 million with a positive cash effect of NOK 24 million to be reported in Q1 2023.

Change in the Italian Ecobonus program

The Italian Government passed a regulation on 16 February 2023. The regulation removes the Italian consumer's possibility to sell tax credits to third parties obtained from home improvements, such as solar and battery installations. The new regulation came into effect already on 17 February 2023. Before the new regulation, consumers could choose to settle 50% of the purchase price through sale of their tax credit receivable. This was chosen by the majority of the Italian consumers and fuelled the Italian solar market. Going forward, consumers will have to deduct the tax credits towards personal income taxes over ten years.

Although the exact effect of this is uncertain, management assesses the situation to have a negative impact on the Group sales and slow down the installation pace. Additionally, the Group may experience a higher rate of abandoned projects as there is uncertainty about the impact on projects in pipeline and in installation phase. Management believes that the tax credit receivable on the Group's balance sheet will not be impacted by the changes in regulations and the Group will continue to be able to sell these receivables to Italian banks.



Parent Company Financial Statements

Parent company income statement

Amounts in NOK thousand

	Note	2022	2021
Revenue		185 177	77 987
Other operating revenue		61 851	17 934
Total revenue and other income	2	**247 028**	**95 921**
Cost of goods sold		149 833	64 174
Payroll and related costs	3	87 192	48 944
Depreciation, amortisation and impairment	4,5	16 773	11 341
Other operating expenses	3	70 927	31 238
Total operating expenses	6	**324 725**	**155 696**
Operating profit/(loss)		**-77 697**	**-59 775**
Financial income		5 844	3 469
Financial expenses		230	2 838
Net exchange gain/(loss)		8 001	2 162
Net Financial items	7	**13 615**	**2 793**
Profit/(loss)before income tax		**-64 082**	**-56 982**
Deferred tax expense	8	-	16 809
Profit/(loss) after tax		**-64 082**	**-73 790**
Transferred to uncovered loss		**-64 082**	**-73 790**
Total allocations and equity transfers		**-64 082**	**-73 790**

OTOVO

Parent company balance sheet

Amounts in NOK thousand

For the year ended 31 December	Note	31 Dec 2022	31 Dec 2021
Assets			
Intangible assets	4	59 091	45 303
Deferred tax assets	8	-	-
Fixtures and fittings	5	3 132	3 560
Investments in group companies	9	479 068	481 446
Loans to group companies	10	266 286	24 947
Investments in associated companies	9	-	-
Other assets		-	116
Total non-current assets		**807 578**	**555 372**
Accounts receivable	11	12 858	2 730
Other receivables		9 611	11 148
Receivables from group companies	10	104 615	66 545
Receivables from associated companies	10	1 299	300
Cash and cash equivalents	12	45 870	119 816
Total current assets		**174 253**	**200 540**
TOTAL ASSETS		**981 831**	**755 912**
EQUITY AND LIABILITIES			
Share capital	13,14,15	1 362	571
Share premium	13,14	1 156 329	824 236
Other paid-in equity	13,14	37 331	12 380
Total paid-in equity		**1 195 022**	**837 188**
Uncovered loss	14	-318 045	-146 535
Total equity		**876 977**	**690 653**
Other provisions for liabilities		2 780	1 392
Other non-current liabilities	16	-	2 813
Total non-current liabilities		**2 780**	**4 205**
Accounts payable		18 688	12 721
Accounts payable to group companies	10	2 019	1 109
Other taxes and withholdings		8 481	13 974
Debt to group companies	10	32 976	11 331
Other current liabilities		39 910	21 921
Total current liabilities		**102 074**	**61 055**
Total liabilities		**104 854**	**65 260**
TOTAL EQUITY AND LIABILITIES		**981 831**	**755 912**

Oslo, 22 March 2023

Board of directors of Otovo ASA

Peter Mellbye Chairman of the Board	**Ingunn Andersen Randa** Board member	**Stine Halla** Board member
Tor Øystein Repstad Board member	**Johan Erik Sixten Bergström** Board member	**Josefin Christina Landgård** Board member
Julie Orzechowski Board member	**Alejandro Díaz** Board member	**Andreas Egge Thorsheim** Chief Executive Officer

Parent company cash flow statement

Amounts in NOK thousand

	2022	2021
Cash flow from operations		
Profit/(loss) before taxation	−64 082	-56,982
Depreciation, amortisation and impairment	16 773	11,341
Net currency (gains) losses not relating to operating activities	- 8 001	-
Expensed share-based payments	24 950	10,248
Change in accounts receivables and accounts payables	-2 571	5,902
Change in other balance sheet items	-25 760	-33,000
Net cash flow from operations	**-58 691**	**-62,489**
Cash flow from investment activities		
Investment in group companies	-26 233	-81,968
Cash balance from merger with EDEA Holding	40 076	-
Loans to group companies	-296 367	-25,293
Investments in intangible assets	-29 870	-29,696
Investments in tangible assets	-262	-671
Net cash flow from investment activities	**-312 657**	**-137,628**
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	299 902	255,634
Outflow due to downpayment of non-current liabilities	-2 500	-2,813
Net cash flow from financing activities	**297 402**	**252,822**
Net cash flow during the period	-73 946	52,704
Cash and cash equivalents at the beginning of the period	119 816	67,112
Bank deposits, cash and equivalents at 31 December	**45 870**	**119,816**

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 2022, 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.

Notes to the parent company financial statements

For the year ended 31 December

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 accounting 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 ASA highlighted:

Shares in subsidiaries and associates			
Company	Country	Location	31 Dec 2022
Otovo ASA Parent company	Norway	Oslo	n.m
Otovo AB	Sweden	Stockholm	100%
Otovo France SAS*	France	Paris	100%
Otovo Iberic SL	Spain	Madrid	100%
Otovo Srl	Italy	Milan	100%
Otovo Sp. Z.o.o	Poland	Warsaw	100%
Otovo GmbH	Germany	Berlin	100%
Otovo GmbH	Austria	Wien	100%
Otovo Unipessoal LDA	Portugal	Lisboa	100%
Otovo Limited	UK	London	100%
Otovo Schweiz GmbH	Switzerland	Zürich	100%
Otovo B.V.	Netherlands	Amsterdam	100%
Otovo BE B.V.	Belgium	Brussels	100%
European Distributed Energy Assets Holding AS**	Norway	Oslo	-
European Distributed Energy Assets Midco AS	Norway	Oslo	100%
European Distributed Energy Assets AS	Norway	Oslo	100%
European Distributed Energy Assets AB	Sweden	Stockholm	100%
Edea Polska Sp. Z.o.o	Poland	Warsaw	100%
Distributed Energy Assets SLU	Spain	Madrid	100%
Distributed Energy Assets SARL	France	Paris	100%
European Distributed Energy Assets GmbH	Germany	Berlin	100%
EDEA GmbH	Austria	Wien	100%
Otovo Energy Assets Unipessoal LDA	Portugal	Lisboa	100%
European Distributed Energy Assets Limited	UK	London	100%
European Distributed Energy Assets Switzerland	Switzerland	Zürich	100%
European Distributed Energy Assets B.V.	Netherlands	Amsterdam	100%
European Distributed Energy Assets BE B.V.	Belgium	Brussels	100%

* ISWT 2.0 changed it's legal name to Otovo France SAS during 2022
** European Distributed Energy Assets Holding AS - Merged 01.01.2022 see additional note 15

Notes to the parent company financial statements

For the year ended 31 December

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	2022	2021
Sales of solar panels	185 177	77 987
Other income	61 851	17 934
Total	**247 028**	**95 921**

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

Payroll costs	2022	2021
Wages and salaries	47 384	16 987
Social security tax	4 358	17 044
Pension costs	4 826	2 727
Other benefits	30 624	12 185
Total	**87 192**	**48 944**
Average number of employees during the year	81	58

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.

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.

Specification of expensed share-based payment	2022	2021
Payroll costs	16 551	17 460
Social security	2 115	3 094
Total expensed share-based payments	**18 665**	**20 554**

Directors' remuneration	Salaries, bonus, fees	Pensions	Other benefits
Chief Executive Officer	2 786	100	248
Board of Directors	-	-	558

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:

	2022	2021
Statutory audit	1 988	810
Other assurance services	380	111
Other non-assurance services	125	84

All amounts are excluded VAT

Note 4. Intangible assets

	Otovo Cloud	Other intangible assets	Total
Cost at 1 January 2022	64 066	2 772	66 837
Additions	28 495	1 375	29 870
Disposals	-	-	-
Cost at 31 Desember 2022	**92 560**	**4 147**	**96 707**
Acc. amortisation at 1 January 2022	-21 106	-428	-21 534
Net accumulated amortisation and reversed impairment at 31 December 2022	-15 369	-713	-16 082
Accumulated and reversed amortisation and impairment at 31 December 2022	-36 475	-1 141	-37 616
Balance at 31 December 2022	**56 086**	**3 005**	**59 091**
Current year amortisation charge	15 369	713	16 082
Current year impairment charge	-	-	-
Current year reversal of impairment charges	-	-	-
Economic life	5 years	5 years	
Amortisation method	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 5. Property, plant and equipment

	Fittings and fixtures	Solar panels	Total
Cost at 1 January 2022	2 782	4 106	6 888
Additions, purchased	262	-	262
Additions, self constructed	-	-	-
Disposals	-	-	-
Cost at 31 Desember 2022	**3 044**	**4 106**	**7 150**
Including capitalised interest cost on manufactured additions	-	-	-
Acc. amortisation at 1 January 2022	-1 962	-1 365	-3 327
Net accumulated amortisation and reserved impairment at 31 December 2022	-485	-205	-691
Accumulated depreciation and impairment at 31 December 2022	-2 447	-1 570	-4 018
Balance at 31 December 2022	**597**	**2 536**	**3 132**
Current year amortisation charge	485	205	691
Current year impairment charge	-	-	-
Current year reversal of impairment charges	-	-	-
Economic life	3 years	20 years	
Depreciation method	straight-line	straight-line	

Note 6. Operating costs

Operating costs by nature	2022	2021
Costs of goods sold	149 833	64 174
Payroll and related costs	87 192	48 944
Depreciation and amortisation of fixed and intangible assets	16 773	10 675
Impairment of fixed and intangible assets	–	666
Other operating expenses	70 927	31 238
Total	**324 725**	**155 696**

The company has entered into commercial leases for office premises. The lease contract for the office premises mature in December 2025. The lease is annually 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 7. Specification of financial income and financial expenses

Other Financial Income	2022	2021
Exchange gain (agio)	9 855	1 222
Interest income from group companies	4 209	282
Change in the value of variable remuneration related to acquiring a company	-	-
Other financial income	736	2 888
Other interest income	898	299
Total of Other Financial Income	**15 699**	**4 691**

Other Financial Expense	2022	2021
Exchange loss (disagio)	1 854	-940
Other financial expense	2	2 558
Other interest expense	227	280
Total of Other Financial Expense	**2 084**	**1 898**
Net Financial Income and Financial Expense	**13 616**	**2 793**

Note 8. Income tax expense

Specification of income tax expense	2022	2021
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	2022	2021
Profit/(loss) before taxation	-64 081	-56 982
Permanent differences	16 194	-6 501
Basis for the tax cost on this years profit/loss	-47 888	-63 483
Change in temporary differences	-1 418	1 899
This year's tax base	**-49 306**	**-61 583**
Received/issued group contribution	-	-
Basis payable tax	**-49 306**	**-61 583**
Payable tax	**2022**	**2021**
Tax rate	22%	22%

Specification of deferred tax	2022	2021
Differences that are offset:		
Fixed assets	-2 489	-1 298
Outstanding receivables	-575	-394
Accruals etc.	-2 780	-4 724
Profit and loss account	-128	-160
Net temporary differences	**-5 972**	**-6 575**
Loss carry-forward	-241 320	-192 014
Not included in the calculation of deferred tax	-	4 724
Basis for deferred tax/deferred tax asset	**-247 292**	**-193 866***
Net deferred tax/deferred tax asset	-54 404	-42 650
Of which not capitalised deferred tax asset	54 404	42 650
Deferred tax in the balance sheet	**-**	**-**

* Loss carry-forward from 2021 includes European Distributed Energy Assets Holding AS that was merged with Otovo ASA in 2022.

Note 9. Investments in subsidiaries and associated companies

Equity interests				
Company	**Country**	**Location**	**31 Dec 2022**	**31 Dec 2021**
Otovo AB	Sweden	Stockholm	100%	100%
Otovo France SAS	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%
Otovo GmbH	Germany	Berlin	100%	100%
Otovo GmbH	Austria	Wien	100%	-
Otovo Unipessoal LDA	Portugal	Lisboa	100%	-
Otovo Limited	UK	London	100%	-
Otovo Schweiz GmbH	Switzerland	Zürich	100%	-
Otovo B.V.	Netherlands	Amsterdam	100%	-
Otovo BE B.V.	Belgium	Brussels	100%	-
European Distributed Energy Assets Holding AS *	Norway	Oslo	-	88.43%
European Distributed Energy Assets Midco AS	Norway	Oslo	100%	88.43%
European Distributed Energy Assets AS	Norway	Oslo	100%	88.43%
European Distributed Energy Assets AB	Sweden	Stockholm	100%	88.43%
Edea Polska Sp. Z.o.o	Poland	Warsaw	100%	88.43%
Distributed Energy Assets SLU	Spain	Madrid	100%	88.43%
Distributed Energy Assets SARL	France	Paris	100%	88.43%
European Distributed Energy Assets GmbH	Germany	Berlin	100%	-
EDEA GmbH	Austria	Wien	100%	-
Otovo Energy Assets Unipessoal LDA	Portugal	Lisboa	100%	-
European Distributed Energy Assets Limited	UK	London	100%	-
European Distributed Energy Assets Switzerland	Switzerland	Zürich	100%	-
European Distributed Energy Assets B.V.	Netherlands	Amsterdam	100%	-
European Distributed Energy Assets BE B.V.	Belgium	Brussels	100%	-

* During 2022 European Distributed Energy Assets Holding AS merges with Otovo ASA

Book value of companies owned directly by Otovo ASA

Company	Book value 31 December 2022
Otovo AB	105 107
Otovo France SAS	146 577
Otovo Iberic SL	46 578
Otovo Srl	19 441
Otovo Sp. Z.o.o	7 650
Otovo GmbH (Germany)	289
Otovo GmbH (Austria)	334
Otovo, Unipessoal LDA	3 477
EDEA MidCo AS	143 407
Otovo Schweiz GmbH	215
Otovo Limited	5 891
Otovo BE B.V.	103
Total	**479 068**

Note 10. Related party transactions and balances

Related party balance items

	Relationship to counterpart	Accounts receivables		Other receivables	
Counterpart		**2022**	**2021**	**2022**	**2021**
Otovo AB	Subsidiary	-	10 732	12 525	8 614
Otovo France SAS	Subsidiary	7 377	2 661	11 214	3 978
Otovo Iberic SL	Subsidiary	-	14 292	11 246	6 144
Otovo SRL	Subsidiary	-	4 333	18 204	5 227
Otovo Sp. Z.o.o	Subsidiary	-	4 054	7 540	3 207
Otovo GmbH (Germany)	Subsidiary	148	-	7 887	2 004
Otovo GmbH (Austria)	Subsidiary	-	-	1 089	-
Otovo Unipessoal LDA	Subsidiary	-	-	1 200	-
Otovo Schweiz GmbH	Subsidiary	-	-	1 438	-
Otovo Limited	Subsidiary	-	-	856	-
Otovo B.V.	Subsidiary	-	-	1 265	-
Otovo BE B.V.	Subsidiary	-	-	1 609	-
Distributed Energy Assets SLU	Subsidiary	99	64	-	-
European Distributed Energy Assets AS	Subsidiary	17 919	1 235	-	-
European Distributed Energy Assets Midco AS	Subsidiary	1 563	-	1 309	-
Distributed Energy Assets SARL	Subsidiary	21	-	107	-
Holu Technologia SA	Associated company	1 021	-	278	300
Total		**28 147**	**37 372**	**77 767**	**29 473**

	Relationship to counterpart	Accounts payable		Other current liabilities	
Counterpart		**2022**	**2021**	**2022**	**2021**
Otovo AB	Subsidiary	-	266	22 448	9 426
Otovo Iberic SL	Subsidiary	-	843	3 579	-
Otovo France SAS	Subsidiary	2 003	-	3 856	1 905
Otovo SRL	Subsidiary	15	-	80	-
Otovo Unipessoal LDA	Subsidiary	-	-	100	-
Otovo Limited	Subsidiary	-	-	2 913	-
Total		**2 019**	**1 109**	**32 976**	**11 331**

	Relationship to counterpart		Loan	
Counterpart			**2022**	**2021**
Otovo AB	Subsidiary		36 718	-
Otovo France SAS	Subsidiary		25 344	19 957
Otovo Iberic SL	Subsidiary		42 614	-
Otovo SRL	Subsidiary		54 228	-
Otovo Sp. Z.o.o	Subsidiary		16 126	-
Otovo GmbH (Germany)	Subsidiary		66 833	4 989
Otovo GmbH (Austria)	Subsidiary		8 593	-
Otovo Unipessoal LDA	Subsidiary		2 483	-
Otovo Schweiz GmbH	Subsidiary		10 634	-
Otovo Limited	Subsidiary		2 714	-
Total			**266 286**	**24 947**

Further explanation to related party balance items:

The companies in the group are also related parties. Transactions and balances with subsidiaries are eliminated in the consolidated financial statements. Sale to and purchase from subsidiaries 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 11. Receivables

	2022	2021
Accounts receivable	13 433	3 170
Provision for losses on accounts receivables	-575	-440
Total	**12 858**	**2 730**

Note 12. Restricted funds

	As of 31.12.2022	As of 31.12.2021
Restricted bank deposits	3 227	2 378

Note 13. Share capital and shareholder information

Ordinary shares have a nominal value of NOK 0.01 each and all provide the same rights in the Company.

Share capital	Number of shares	Share price	Carrying amount
Ordinary shares	136 214 346	20.15	2 744 719 072

The shareholders of Otovo ASA	Number of shares	% Total
Axel Johnson AB	27 684 078	20.32%
Nysnø Klimainvesteringer AS	9 880 175	7.25%
Agder Energi Invest AS	9 206 240	6.76%
Andmar Operations AS	8 664 610	6.36%
Akershus Energi Sol AS	6 312 420	4.63%
BNP Paribas	6 173 622	4.53%
OBOS BBL	5 260 180	3.86%
Verdipapirfondet Holberg Global	5 202 820	3.82%
Verdipapirfondet DNB Grønt Norden	4 172 461	3.06%
Altitude Capital AS	3 090 081	2.27%
Citibank Europe plc	2 861 606	2.10%
Verdipapirfondet KLP Aksjenorge	2 669 138	1.96%
Simvest AS	2 631 288	1.93%
Morgan Stanley & Co. Int. Plc.	2 277 320	1.67%
Beacon Group AS	2 167 100	1.59%
J.P. Morgan SE	1 898 320	1.39%
Morgan Stanley & Co. LLC	1 613 876	1.18%
Verdipapirfondet DNB SMB	1 512 605	1.11%
Pictet & Cie (Europe) S.A.	1 506 115	1.11%
CAK AS	1 175 006	0.86%
Total shareholders with minimum 1% ownership	105 959 061	77.76%
Total remaining shareholders	30 255 285	22.21%
Total number of shares	**136 214 346**	**100%**

Showing holdings as of 31 December 2022
Updated list of shareholders can be found at investor.otovo.com/stock-info

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

Name, role	Shares	Share options	Performa. shares	Retention shares	Total 31.12.2022
Andreas Thorsheim, CEO	8 664 610	100 000	-	14 300	8 778 910
Other members of Executive Management	3 336 308	1 733 334	170 940	471 320	5 711 902
Peter Mellbye, Chairman of the board	60 000	-	-	-	60 000
Josefin Landgård, board member	91 583	-	-	-	91 583
Alejandro Díaz, board member	78 600	33 333	-	14 300	126 233
Julie Orzechowski, board member	-	15 000	-	-	15 000

Note 14. Equity

Paid-in equity	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 January 2022	**571**	**824 236**	**12 380**	**-146 535**	**690 653**
This year's change in equity	-	-	-	-64 081	-64 081
Issuance of shares	94	300 103	-	-	300 197
Change in nominal value	673	-673	-	-	-
Transaction costs on equity issues	-	-10 000	-	-	-10 000
Purchase of non-controlling interest	13	32 968	-	-107 429	-74 447
Share-based payments, exercised	11	9 694	-	-	9 705
Share-based payments, accrual	-	-	24 950	-	24 951
Equity at 31 December 2022	**1 362**	**1 156 329**	**37 330**	**-318 045**	**876 977**

Note 15. Merger with EDEA Holding

A merger has been completed between European Distributed Energy Assets Holding AS as the transferring company and Otovo ASA as the acquiring company. The merger was completed in accordance to the merger plan dated 7 April 2022. The reason for the Merger is to optimize the business of EDEA. It is preferable to increase marketing spending and other customer acquisition efforts, but this was difficult with the earlier setup where Otovo decided the marketing spend, but was not exposed to the full value creation in EDEA.
The Merger is implemented with tax effect from the Implementation Date, cf. section 11-10 of the Norwegian Tax Act. The Merger is carried out with continuity for tax purposes so that Otovo will take over the tax positions related to the assets, rights and liabilities transferred from EDEA to Otovo. The Merger is therefore not assumed to trigger any immediate tax consequences.
The effective date for accounting purposes is 1 January 2022, so that all transactions, costs and income related to what Otovo shall assume from this point in time is allocated to Otovo. The Merger is carried out for accounting continuity purposes by transferring EDEA's assets, rights and obligations to Otovo at capitalized value.
Otovo ASA does not receive consideration in the merger. The other shareholders in European Distributed Energy Assets Holding AS receive consideration in the form of new shares in Otovo ASA. European Distributed Energy Assets Holding AS was dissolved upon the completion of the merger.
As a result of the merger, the share capital in Otovo is increased by NOK 12,660.70, by the issuance of 1,266,070 new shares, each with a nominal value of NOK 0.01

Comparative figures are not changed to reflect EDEA Holdings numbers from 2021.

Note 16. Other non-current liabilities

Liabilities that mature more than five years after year end	2022	2021
Borrowings from financial institutions	-	-
Loan Innovation Norway	-	2 813
Other non-current liabilities	-	-
Total other non-current liabilities	**-**	**2 813**

Note 17. Subsequent events

Debt and equity financing, and uplisting to the main list on Oslo Børs

On 25 January 2023, Otovo announced the successful refinancing of the Company's subscription asset special purpose vehicle of up to NOK 1.1 billion of debt, and a fully guaranteed NOK 200 million equity financing. The debt facility consists of EUR 50 million revolving credit facility with EUR 50 million uncommitted accordion option with DNB Bank ASA and Sparebank 1 SR-bank ASA. Due to significant interest, the private placement was extended to up to NOK 250 million, and the private placement of NOK 250 million was successfully placed later that day and approved at an extraordinary general meeting on 9 February 2023.

On 7 February, Otovo sent an application for transfer of shares admitted to trading on Euronext Growth to Oslo Børs. This was in line with the intentions made by the Board of Directors in February 2022 to uplist to the main list on Oslo Børs. Oslo Børs approved the application on 10 February 2023. Otovo was transferred to the main list on 14 February 2023.

Alternative Performance Measures

Otovo's financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the company presents alternative performance measures (APM). In management's view, the measures ain to provide relevant supplemental information of the company's financial position and performance. The APMs are regularly reviewed by management, are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

APM	Definition & Description
Contracted Subscription Revenue ("CSR")	Net present value of contracted cash flows from subscription installations in the reporting period, adjusted with expected CPI increases (2% annually), and discounted at 5% annual discount rate. Contracted cash flows are the sum of monthly subscription fees over the subscription contract period. The Company uses CSR to provide an estimate of the future cash inflows relating to the solar system installed during the reporting period. Subscription customers enter into a 20 year contract for solar systems, and a 10 year contract for batteries, paying a monthly price that is adjusted for inflation (CPI) annually. In order to terminate the contract a customer would have to either buy out the system or pay a fee, hence any buyout will have limited impact on the expected payments. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that CSR is a measure relevant to investors who want to understand the generation of future cash flows stemming from solar systems and batteries installed in the subscription business during the reporting period.
Subscription O&M costs ("S O&M")	Net present value of operation and maintenance cost relating to the fulfilment of subscription contracts over their lifetime (1% of installation cost). The Company uses S O&M as it provides an estimate of the future cash outflows relating to the solar system installations belonging to the subscription business during the reporting period. Subscription customers enter into a 20 year contract for solar systems, and a 10 year contract for batteries. The replacement cost is mainly related to an expected inverter change in the middle of the contract period for solar system subscription assets. The Company believes that CSR is a measure relevant to investors who want to understand the generation of future cash flows stemming from solar systems and batteries installed in the subscription business during the reporting period.
Gross Subscription Profit ("GSP")	Contracted Subscription Revenue (CSR) less the cost of the subscription assets at the time of installation and less the Subscription O&M costs (S O&M). The Company uses GSP as it provides an estimate of the net contribution relating to the solar systems and batteries installed in the Subscription segment during the reporting period. The acquisition cost of the subscription asset is recognised as part of property, plant and equipment in the consolidated statement of financial position and amortised over 20 years for solar energy installations and 10 years for batteries. Hence, this acquisition cost is not reflected in the consolidated income statement in the reporting period the installation has been completed (only through regular depreciation), but is included for the purpose of calculating GSP. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that GSP is a measure relevant to investors who want to understand the generation of net cash flows stemming from solar systems and batteries installed in the Subscription segment during the reporting period.
Revenue Generated	Revenue (as reported in the Company's consolidated income statement in line with IFRS), plus Contracted Subscription Revenue (CSR). The Company uses Revenue Generated as it provides an estimate of the total estimated cash inflows relating to the solar system installations performed during the reporting period. In accordance with the Group accounting policy, revenue from customers in the Direct Purchase segment (as defined and further described in Section 6.5.4 "Purchasing models " and Section 7.8 "Reporting segment information and revenue") is recognised in the reporting period the installation is physically completed, while for customers in the subscription segment, the revenue is recognised over the contract period which is 20 years for solar systems and 10 years for batteries. Revenue Generated is disregarding the timing differences which are required for revenue recognition, as reported under IFRS, between the segments, and is also reflecting that a subscription customer is more valuable to the business than a direct purchase customer. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that Revenue Generated is a measure relevant to investors who want to understand the generation of cash flows stemming from solar systems and batteries installed during the reporting period, independent of purchase model.

Alternative Performance Measures

APM	Definition & Description
Investment in Subscription Asset	Investment in tangible fixed assets in the Subscription segment, equalling the amount the Group has paid, or is to pay, for the hardware and the installation work. The amount can be found in the elimination of cost of goods sold ("COGS") in the note for segment reporting in the Company's consolidated quarterly and annual reports.
Gross Profit	Revenue less COGS (both as reported in the Company's consolidated income statement). The Company uses Gross Profit as it provides an estimate of the total contribution from the solar systems and batteries installed in the reporting period for the customers in the Direct Purchase segment. The recurring subscription revenues are not included in this measure. Similar APMs are common in the industry in which the Company operates, however it may be calculated differently and may not be comparable.
Gross Profit Generated	Gross Profit, plus Gross Subscription Profit (GSP). The Company uses Gross Profit Generated as it provides an estimate of the total contribution from the solar systems and batteries installed in the reporting period. In accordance with the Group accounting policies, revenue and COGS in the Direct Purchase Segment is recognised in the reporting period the installation is physically completed, while for customers in the subscription segment, the revenue and amortisation of the subscription assets is recognised over the contract period which is 20 years for solar systems and 10 years for batteries. Gross Profit Generated is eliminating the timing differences in revenue and cost recognition, as reported under IFRS, between the segments, and is also reflecting that a Subscription customer is more valuable to the business than a Direct Purchase customer. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that Gross Profit Generated is a measure relevant to investors who want to understand the generation of net contribution stemming from solar systems and batteries installed during the reporting period.
Gross Margin Generated (%)	Gross Profit Generated divided by Revenue Generated.
Accumulated Contracted Subscription Revenue ("ACSR")	Net present value of all contracted cash flows in the portfolio over the remaining contract lifetime adjusted with expected CPI increases (2% annually), and discounted at 5% annual discount rate. From one reporting period to the next, the development in ACSR will typically be as follows: Opening balance ACSR + CSR for the period - Subscription revenues (IFRS) for the period - Buyout and defaults during the reporting period +/- Foreign exchange rate effect =Closing balance ACSR The Company uses ACSR as it provides an estimate of the accumulated future cash inflows relating to the solar systems and batteries held by the subscription business. Customers in the Subscription segment enter into a 20 year contract for solar systems and a 10 year contract for batteries, paying a monthly fee that is adjusted for inflation (CPI) annually. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that ACSR is a measure relevant to investors who want to understand the expected future cash flows stemming from solar systems and batteries held by the subscription business.
EBITDA Generated	Operating profit/(loss), net of depreciation and amortisation and net of subscription revenues (all as reported in the Company's consolidated income statement), plus Gross Subscription Profit. The Company uses EBITDA Generated as it provides an estimate of the EBITDA that would be derived if the Company had sold the subscription assets and related contracts for the solar systems and batteries installed during the reporting period. EBITDA Generated is eliminating the timing differences in revenue and cost recognition which otherwise are accounted for under IFRS. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that EBITDA Generated is a measure relevant to investors who want to understand the generation of earnings before investment in fixed and intangible assets and the Company's ability to service debt.

Alternative Performance Measures

Contracted subscription revenue		
(NOK 000')	**FY 2022**	**FY 2021***
Cost of goods sold (COGS) to subscription segment	131 527	49 378
Batteries share of COGS to subscription segment	8%	0%
solar systems (PV) share of COGS to subscription segment	92%	100%
COGS to subscription segment - PV	120 561	49 345
Lifetime of contracts - PV	20	20
Average yield (first year payment to COGS)- PV	10.96%	11.46%
First year subscription payment - PV	13 222	5 663
Nominal lifetime subscription payments, not inflation adjusted	264 445	113 250
Inflation adjustment	56 821	24 334
Reduction from discounting to present value	-127 357	-54 541
Contracted subscription revenue - PV	**193 910**	**83 043**
COGS elimination - Batteries	10 966	33
Lifetime of contracts - Batteries	10	10
Average yield (first year payment to COGS)- Batteries*	15.96%	11.46%
First year subscription payment - Batteries	1 792	4
Nominal lifetime subscription payments, not inflation adjusted	17 917	38
Inflation adjustment	1 702	4
Reduction from discounting to present value	-4 590	-10
Contracted subscription revenue - Batteries	**15 029**	**32**
Contracted subscription revenue - Total	**208 939**	**83 075**

Revenue, Gross Profit and EBITDA Generated		
(NOK 000')	**FY 2022**	**FY 2021***
Revenue according to the Income Statement	637 501	227 458
Contracted subscription revenue (calculated)	208 940	83 075
Revenue Generated	**846 441**	**310 533**
Cost of goods sold according to the Income Statement	523 152	193 625
Investment in subscription assets	131 527	49 988
Subscription O&M cost (calculated)	15 065	3 418
Gross Profit Generated	**176 700**	**63 503**
Gross Margin Generated %	*20.9%*	*20.4%*
Operating profit/(loss)	-317 535	-188 247
Add back depreciation and amortisation	64 333	21 210
Add contracted subscription profit (calculated)	62 348	8 951
Subtract subscription revenue in the quarter	-11 420	-1 371
EBITDA Generated	**-202 274**	**-159 458**

**Proforma numbers, consolidating EDEA with effect from 01.01.2021.*

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2022 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 2023

Board of directors of Otovo ASA

Peter Mellbye Chairman of the Board	**Ingunn Andersen Randa** Board member	**Stine Halla** Board member
Tor Øystein Repstad Board member	**Johan Erik Sixten Bergström** Board member	**Josefin Christina Landgård** Board member
Julie Orzechowski Board member	**Alejandro Díaz** Board member	**Andreas Egge Thorsheim** Chief Executive Officer

BDO AS
Munkedamsveien 45
PO Box 1704 Vika
0121 Oslo
Norway

To the Shareholders' Meeting of Otovo ASA

Independent auditor`s report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Otovo ASA (the Company), which comprise:

- The financial statements of the company, which comprise the balance sheet as at 31 December 2022, income statement, statement of 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 at 31 December 2022, and income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements comply with applicable statutory requirements,
- The financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- The financial statements give a true and fair view of the financial position of the group as at 31 December 2022, 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.

Our opinion is consistent with our additional report to the Audit Committee.

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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on November 8 2019 for the accounting year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of each key audit matter	Audit approach to each key audit matter
Goodwill Goodwill is included in the balance sheet and amounts to NOK 158 millions. We refer to note 13 for more information. Under IFRS, the Group is required to test intangible assets for impairment annually. The impairment test was significant to our audit due to the complexity of the assessment process and the significant judgements and assumptions involved. The impairment test is based on a calculated value in use for specifically defined cash generating units. Value in use is calculated based on a discounted pre-tax free cash flow, applying a pre-tax WACC	Our audit procedures included, among others, a detailed review of management's of the group's impairment test for goodwill and the related documentation. We have reviewed the methodology used and assessed the WACC against the criteria in IAS 36. We have also compared the cash-flows used in the impairment test to the Group's budget and business plan and considered if there are factors indicating that these estimates are not realistic. We also tested the arithmetical accuracy of the calculations in the impairment test. We have involved our internal valuation specialists to assist us in evaluating the assumptions and methodologies applied by the group.
Otovo Cloud The development of Otovo Cloud is capitalized in the balance sheet and the book value of Otovo Cloud amounts to NOK 92,2 millions at 31 December 2022. We refer to note 13 for more information. Under IFRS, development of software shall be capitalized in the balance sheet if the development meets the criteria in IAS 38. The capitalization of the development of Otovo Cloud was significant to the audit due to the complexity of the development, use of judgements and assumptions in the process, as well as the significance of the book value of Otovo Cloud.	Our audit procedures included, among others, reviewing management's documentation for the capitalization of Otovo Cloud. We reviewed the methodology used and assessed this against the criteria in IAS 38. We have also obtained a list of new developments in 2022, and verified capitalized amounts against the underlying documentation and against the requirements for capitalization.

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Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises the Board of Directors' report and other information in the Annual report. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

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

Our opinion on the Board of Director's report applies correspondingly for statements on Corporate Governance and Corporate Social Responsibility and for the report on payments to governments.

Responsibilities of management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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.

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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

Report on Other Legal and Regulatory Requirements

Report on compliance with requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Otovo ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 213800GFRKV96MLT9G04-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 - "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, March 23 2023
BDO AS

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

Definitions

Project / Unit
A PV system and/or a battery

Direct sale
PV or battery systems paid for directly by the customer, including sales financed by the homeowner's loan

Subscription
Customer relationships with recurring revenue, such as leases, service agreements, etc., relating to PV or battery system

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

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

Installed project
An installed project is a project that has been physically completed, is capable of producing electricity, and can be invoiced by Otovo

Battery attachment rate
The share of projects which include a battery

Ticket size
The total project price which the customer pays to Otovo for a direct sale

Cost per Wp
Calculated as the total project cost (i.e., ticket size) divided by the system size measured kWp.

Unit positive
A country installing projects with a positive net contribution, i.e. project gross profit less attributable sales commission and marketing spend

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

Customers
Number of customers with an installed PV and/or battery system, both from a direct sale and subscription

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

Margin leakage
The delta in a project's gross margin from the time it's sold to installed arising from re-scoping, re-pricing or re-assigning the project to a new installer

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

Contracted Subscription Revenue (CSR)
Net present value of contracted cash flows coming from sales or installations in the period. The cash flows are calculated over the contract lifetime, adjusted with expected CPI increases (currently assumed at 2% per year)

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 SO&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

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

Appendix A: GRI Index

Statement of use	Otovo ASA has reported in accordance with the GRI Standards for the period January 1 to December 31, 2022
GRI 1 Used	GRI 1: Foundations 2021
Applicable GRI Sector Standards	Not applicable

GRI Standard	Disclosure	Location	***Omission**: Requirements Omitted, Reason, Explanation*
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational Details	Page 26: *Otovo's activities and value chain* Headquartered in Torggata 7, 0181 Oslo, Norway	
	2-2 Entities included in the organisation's sustainability reporting	Page 24**:** *Introduction*	
	2-3 Reporting period, frequency and contact point	Otovo's report on sustainability aligns with the financial report, and is included in the company's annual report, published in March for the period January 1 - December 31 of the preceding year (March 23, 2023). Contact point for questions about the sustainability report or reported information: Mette Fjelltveit Rye-Larsen, metterye@otovo.com (Group head of sustainability) and Lars Ekeland, larsek@otovo.com (General counsel).	
	2-4 Restatements of information	Otovo has made changes to GHG reporting, preparing to use 2022 as our baseline for future emission reduction targets. Specifications are given in *Appendix B: GHG Model and Emissions*	
	2-5 External assurance	Page 25**:** *Commitments and Governance.* The sustainability report has not been externally verified, but our work on human rights due diligence is supported by KPMG, and GHG reporting by Cemacys.	
	2-6 Activities, value chain and other business relationships	Page 26-27: *Otovo's activities and value chain*	
	2-7 Employees	Page 47: Diversity, Equality & Inclusion - *Actual State of Gender Equality*	
	2-8 Workers who are not employees	In 2022 Otovo's installation partners performed 7 375 installations. Number of involved workers is estimated to be 2289 individuals based on the number of workers in each installation company and the number of installers.	
	2-9 Otovo Governance structure and compositions	Page 16-19: Corporate Governance Report Page 60: Otovo's Board of Directors Page 48: Details on supplemental employee representative election	
	2-10 Nomination and selection of the highest governance body	Page 18: *Nomination committee, Governing Bodies*	
	2-11 Chair of the highest governance body	Chairman of the Otovo Board of Directors is Peter Melbye. Peter Melbye is not a senior executive of the organisation.	
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 25: *Commitment and Governance* Page 38-39: *Our approach* (Human Rights due diligence)	
	2-13 Delegation of responsibility for managing impacts	The overall accountability lies with the executive management, delegation of responsibility per material topics is described in: Page 26: Climate Impact - *Our approach* Page 13: Human rights and responsible value chains - *Our approach* Page 31: Safe installations and healthy installers - *Our approach*	
	2-14 Role of the highest governance body in sustainability reporting	Page 25: *Commitment and Governance* The BoD is responsible for reviewing and approving the reporting information. Topic in audit committee and BoD meeting prior to publishing annual the report.	
	2-15 Conflicts of interest	The Company handles conflict of interest and related party transactions in accordance with the Norwegian Public Limited Liability Companies Act. Conflicts of interest will be reported to stakeholder. There are no controlling shareholders.	
	2-16 Communication of critical concerns	No critical concerns reported in 2022.	
	2-17 Collective knowledge of the highest governance body	Discussions in Board of Directors' meetings.	
	2-18 Evaluation of the performance of the highest governance body	Otovo's Board of Directors shall annually conduct a self-assessment, including its performance in overseeing the management of impacts.	
	2-19 Remuneration policies	Page 19: Corporate Governance Report - *Board remuneration* and *Salary and remuneration of executive personnel* The remuneration policy will be presented to the General Meeting for its approval in April, 2023 together with the annual remuneration report which will be published together with the notice of the General meeting.	
	2-20 Process to determine remuneration	See 2-19, in addition: The remuneration for the Board of Directors is set by the General Meeting based on a proposal from the nomination committee. The board of directors set the remuneration for the CEO based on proposal from the remuneration committee. The remuneration for the other members of group management is set by the CEO in consultation with the remuneration committee and the board of directors.	

Appendix A: GRI Index cont.

GRI Standard	Disclosure	Location	*Omission: Requirements Omitted, Reason, Explanation*
General Disclosures			
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	The organisation's highest paid individual is the CEO. The compensation ratio (CEO vs employee median): 4.3 Contextual information: Based on full time employees in Norway, employed by Otovo ASA. Total annual compensation ratio is calculated from base salary + 80% of individual bonus targets + realised variable compensations (only valid for sales managers).	
	2-22 Statement on sustainable development strategy	Page 22-23: *Sustainability in Otovo*, CEO statement	
	2-23 Policy commitments	Page 25: Commitments and governance Page 38-39: Human rights and responsible value chains - *Our approach* *Please note that the location of our policies are subject to change, but will be made readily available online*: *Otovo's Sustainability Policy*, *Code of Conduct for Suppliers and Business Partners*	
	2-24 Embedding policy commitments	Page 38-39: Human rights and responsible value chains - *Our approach*	a.iv. Omitted. Specific training related to our code of conduct and human rights due diligence will be implemented in 2023.
	2-25 Processes to remediate negative impacts	Page 39: *Information inquiries, grievance and whistleblowing* Page 41: *Initiated activities and measures* Otovo has not received grievances in the reporting period.	
	2-26 Mechanisms for seeking advice and raising concerns	Page 39: *Information inquiries, grievance and whistleblowing* In addition, Otovo has a process for handling whistleblowing from employees, where top level escalation is the chairman of Otovo's Board of Directors.	
	2-27 Compliance with laws and regulations	No known instances of non-compliance with laws and regulations have occurred during the reporting period	
	2-28 Membership associations	Nelfo/NHO (Norwegian Association of Industry) and Solenergiklyngen (The Norwegian Solar Industry Association)	
	2-29 Approach to stakeholder engagement	Page 28: *Materiality Determination*, and *Appendix C: Stakeholder engagement*	
	2-30 Collective bargaining agreements	All employees in Otovo France are covered by a collective bargaining agreement (convention collective 2098) according to French law.	
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 28: *Materiality Determination* *Appendix C: Stakeholder Engagement*	
	3-2 List of material topics	Page 28: *Materiality Determination*	
Climate Impact			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 29-30: *Materiality, Our Approach* *Appendix B: GHG model and emissions*	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	NA - Scope 1 is zero due to the nature of Otovo's business model.	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 32: *GHG Emissions and Intensity* *Additional details in Appendix B: GHG model and emissions*	
	305-3 Other indirect (Scope 3) GHG emissions	Page 32: *GHG Emissions and Intensity* *Additional details in Appendix B: GHG model and emissions*	
	305-4 GHG emissions intensity	*Page 32: Table 1: GHG Emissions and intensity* *Based on all GHG Emissions, incl Scope 3.*	
	305-5 Reduction of GHG emissions	Page 33: Carbon credits. Note: Otovo has initiated the process of Science Based Emission Reduction targets. In 2022 we have purchased carbon credits for Otovo's direct activities.	*Omitted*: All *Reason*: Lack of baseline year *Explanation*: Otovo will use 2022 as a baseline and have initiated process of setting Science Based Targets.

Appendix A: GRI Index cont.

GRI Standard	Disclosure	Location Omission *Requirements Omitted, Reason, Explanation*
Safe Installations and Healthy Installers		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 34-35 *Materiality, Our approach*
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 36-37: Status 2022 - HSE installation partners
	403-9 Work-related injuries	Page 36: *Status 2022 - Health and Safety Events* a. No Otovo Employees have been injured in 2022. b. Page 36: *Health and safety events* (we estimate that our installation partners have worked 266 thousand hours on installation-site in 2022). c. Page 34: Materiality, Our Approach d. Page 34-35: Our approach, Page 37 Inspections e. 1M hours worked (events also presented per 1k installations)
Human Rights and Responsible Value Chains		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 38-39: *Materiality, Our approach*
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	12 of 12 PV Module manufacturers on whitelist were screened using social criteria. One manufacturer was removed from whitelist. (12 screened, 11 remaining on whitelist)
	414-2 Negative social impacts in the supply chain and actions taken	Page 36-38: *Identified risks, Initiated activities and measures*
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	a. Page 39-40: Identified Risks b. Page 41: Initiated activities and measures
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Omitted in this report. Otovo has introduced an environmental risk score and will develop this further in 2023. Currently no data to report.
	308-2 Negative environmental impacts in the supply chain and actions taken	Omitted in this report. Otovo has introduced an environmental risk score and will develop this further in 2023. Currently no data to report.
Diversity, Equality and Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 42-43: *Materiality, Our approach*
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 47-48: Actual State of Gender Equality BoD is presented on page 60 Executive Management is presented on page 61-62 Additional info: a. ii: BoD: 87.5% of members in age group 30-50, 12.5% above 50. and. Executive management: 100% in age group 30-50. Omitted: b point ii and iii. Reason: No consolidated data Explanation: Otovo has recently introduced a company wide HR system and will report in coming years.
	405-2 Ratio of basic salary and remuneration of women to men	Page 48: Pay Gap Table, Otovo Norway only.
GRI 401: Employment 2016	401-3 Parental leave a, b	Page 47: Actual state of Gender Equality - Parental leave

Appendix B: GHG model and emissions

GHG Emissions	tCO2e	Model Input
Scope 2: Indirect emissions from purchased energy		
Electricity Market Based (Location based	**56.4** 17)	kWh * Local Market Based Mix
Scope 3: Indirect emissions not owned		
Employee Commuting	**57.8**	Total travel distance per means of transport (employee survey)
Purchased goods and services, of which: *Office electronics* *Solar System Hardware (direct purchase)*	**36 143.7** *160* *35 982.6*	Office electronics: Purchased units x EPD estimate / Cemasys verified Solar System hardware: Installed components x product carbon footprint**
Business Travel	**109.6**	Total travel distance per means of transport.
Upstream transportation and distribution, *of which:* *Sea freight / shipping* *Installer Transportation*	**1 543.4** *1 034.9* *508.6*	Shipping: Distance port to port * weight of installed hardware Installer Transport: Roundtrip from installer to installation site in km * installation days (estimated installation time of 1 day per 12 panels)
Waste	**9.6**	FTEs * Cemsys Estimate (69 kgCO2/FTE)
End-of-life treatment of sold products	**103.3**	Installed solar system components * EPD estimate / Cemasys verified
Capital Goods *Solar system hardware (subscription)*	**10 773.9**	Installed components x product carbon footprint**

Additional note / changes from last year:

Website emissions, i.e. the carbon footprint of customers visiting and loading an Otovo website, have been omitted in 2022. The reason for omission is mainly that our advisors in Cemasys did not see this as a common category to include according to the GHG protocol. In our reported data from 2021, website emissions accounted for 0.06% of scope 3 emissions. While we consider the omission negligible, we note that Otovo continuously strive to maintain website efficiency by utilising compressed images, efficient file formats and lightweight fonts, keeping energy consumption down and supporting search engine optimization..

** Product Carbon Footprint	
Category	**Model Input**
Hardware: Production (cradle - gate)	Installed components * EPD estimate (Cemasys verified) *EPDs, LCAs and verification from Cemasys have been used to account for carbon footprints of solar system hardware manufacturing.* *Specific EPD estimates, per installed components:*
	kgCO2e / **per unit**
Solar Modules	800 kWp PV capacity
Mounting Systems	25.91 m2 PV module area
Inverters String	50 kW inverter capacity
Inverters Micro	90 kW inverter capacity
Batteries	130 kWh storage capacity
Hardware: End of life treatment	Installed components * EPD estimate (Cemasys verified) *Specific EPD estimates, per installed components:*
	kgCO2e / **per unit**
Solar Modules	1.11 kWp PV capacity
Inverters String	1.25 kW inverter capacity
Inverters Micro	1.25 kW inverter capacity
Batteries	0.5 kWh storage capacity

Appendix C: Stakeholder Engagement

Otovo seeks to engage with a variety of stakeholders, to take account of the individuals and groups impacted by our way of working, operations, business relationships and strategic directions.

Stakeholder Engagement (GRI 2-29)

Stakeholder Group	Type of engagement	Topics & Concerns Discussed
Investors (Financial Community)	Meetings, financial reporting, investor pages, press and stock exchange releases	• Financial performance • Management's strategic priorities • Market development • Impact of macroeconomic trends (inflation, interest rates, energy costs, etc.) • Compliance & Governance • Identify actual and potential impacts • GHG Emissions • Avoided emissions, including methodology • Circularity • Human Rights
Financiers / Banks	Meetings	• Financial performance • Growth / deployment of capital • Performance of subscription assets • Covenants, solvency & solidity • Risk management, incl climate risks • Market outlook
Installation Partners	Communication through Otovo Installer platform, email, phone, meetings, third party inspections, webinars	• Occupational health and safety • Quality Improvements • Identify actual and potential impacts
Hardware Manufacturers	Email, meetings, industry meetups	• Human and labour rights • GHG Emissions & Environmental Impact • Policy commitments
Supply Chain Distribution Partners	Phone, email, meetings, fairs	• Human and labour rights • GHG Emissions • Cost efficiency • Technology developments
Customers	Phone, email, newsletters, webinars	• Environmental Impact of PV • Financial savings • GHG Emissions • Market outlook
Employees	• Internal communication channels • Company wide Otovo Lunch/town hall (biweekly) • Working at Otovo Survey (monthly) • Performance dialogues and reviews • Working Environment Committee (Group level) and Safety representatives per country • Impact Assessment Survey	• Diversity, Inclusion and equal opportunity • Occupational health and safety • Talent development • Strategy • Identify actual and potential impacts • GHG Emissions and Climate Impact
Media	Interviews, podcasts	• Financial performance • Market outlook • Relative sustainability merit of solar vs. other energy sources
Industry Associations	Meetings, working groups, industry meetups. conferences	• Identify actual and potential impacts • Inform about incentives, taxation and rules for solar and storage • Ethical Supply Chains • HSEQ • Education programs and training • Fire Safety
Governments, Authorities, Policymakers	Meetings	• Renewable Energy Transition Enabling • Subsidies • Policies

Investor Relations Contacts

Investor Relations
ir@otovo.com
investor.otovo.com

Petter Ulset (CFO)
petterul@otovo.com
+47 93 60 26 43

Visit Otovo.com or get your batteries and solar panels directly at:

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