OTOVO

Otovo - Swiss Life Asset Managers
Scandinavian solar portfolio transaction

06 October 2023

The European solar & battery marketplace

On the mission to put solar panels on every roof and batteries in every home in Europe - in the easiest and most affordable way

Otovo installation in Milan, Italy

OTOVO

Transaction highlights

- Sold all subscription assets in Norway and Sweden ‘20–’24
- Reputable buyer
- Improved cash position and cash flow profile
- Proven business model

Portfolio consists of 1,600 active solar projects, expected to add similar numbers in the next 15 months to total 3,000-3,500 units

The portfolio in numbers

Portfolio size

- ~1,600 active projects across Norway and Sweden as of closing
- Expecting similar numbers of projects to be built before end of agreement period, for a total of 3,000-3,500 projects.

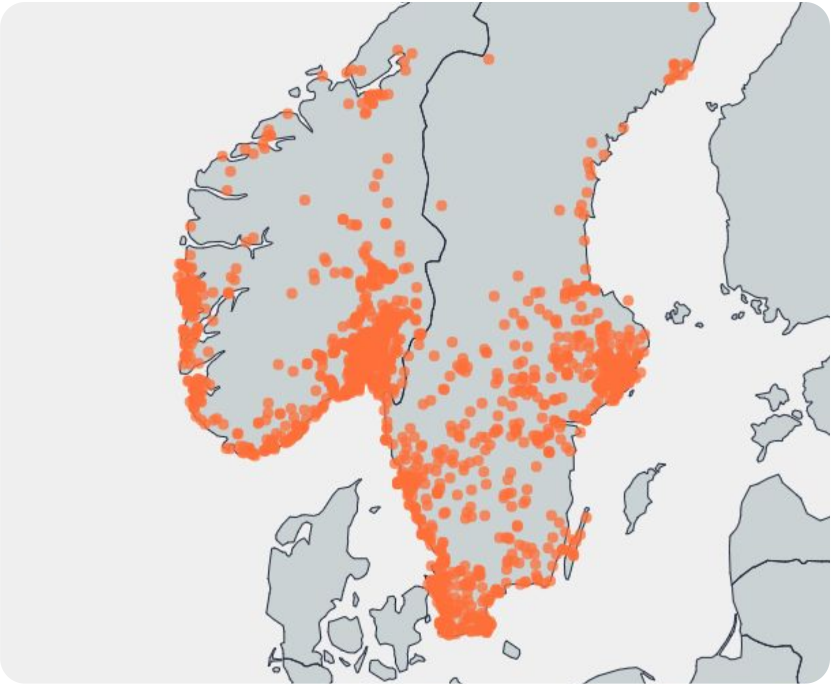
Portfolio content

- Average power per system of 9.14kWp, producing 8,000-10,000 kWh/year in Scandinavian conditions, covering 30-50% of households' energy needs
- Solar photovoltaic systems

Portfolio performance

- High credit score, performing better than target default <1%
- 20 year contracts

Map of assets



Swiss Life Asset Managers

With a 165 year history and 1.4 million customers, Swiss Life is a **global leader in pensions and financial services**

The nearly **€300b assets under management** makes Swiss Life Asset Managers **one of Europe's largest asset managers**

Swiss Life has a **solid track record of financing the green transition**, including investments in Norwegian hydropower

"We look forward to building a strong and long-term partnership with Otovo and building upon the success of this transaction in order to accelerate the energy transition."

Marc Schürch,
Head of Renewable Energy

Swiss Life Asset Managers has purchased the Swedish and Norwegian portfolios, and new contracts originated in '23 and '24

Purchased Otovo's portfolio of ~1,600 contracts with **Swedish and Norwegian homeowners**, built over the last 3 years

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Additionally, **all new contracts** originated in Sweden and Norway between close of transaction and December 2024[1] will be **sold at the same terms**

First Transaction

Geography
Sweden and Norway

Products
Solar

Time originated
2020 to Aug 2023

Volume
1,600 contracts

Continuous sale agreement

Geography
Sweden and Norway

Products
Solar

Time originated
Sep 2023 to Dec 2024[1]

Volume
All new contracts originated by Otovo - expected to end at 3,000–3,500 units

Note: 1) Contract is for volumes originated until December 2024, or when a comparable number of contracts has been delivered. It can extend to no later than September 2025 if volumes are below expectations

NOK 700m transaction

Details of transaction:

- First close of **assets up until Aug 23**, **continuous sale** of assets until reaching a target ticket size of NOK 600m
- **Purchase price of NOK 230m for first close**, and an additional estimated NOK 470m from the continuous sale agreement - in total NOK ~700m deal size
- **External debt to be repaid of NOK 153m** resulting in cash release of NOK 77m at close
- **Net book value is NOK 182m**, and in addition book value attributed the acquisition of EDEA in 2022 adds 8.8m
- **Funds withheld of NOK 13.6m**, pending financial license requirement for EDEA AS
- **NOK 7.3m** put in **escrow account**, related to SPA indemnities
- Otovo to continue **operating the assets on behalf of SLAM**, through a service & maintenance and customer service agreement

The deal implies a post-tax APM discount rate of 5.1% corresponding to 6.4% pre-tax

Otovo APM assumptions

- 5% discount rate
- 2% inflation rate
- No extensions / renewals
- O&M provisions equal to NPV of 1% of (initial) COGS per year

Transaction details

Transaction includes assumptions about e.g.:

- Inflation rate
- Extensions / renewals
- Taxes will be paid over lifetime of portfolio

Key difference in structure to APMs:

- Parts of the opex will be paid to Otovo directly, for management services provided

Implied APM figures

Correcting for these difference, and maintaining the 2% inflation from Otovo APMs gives a post-tax discount rate of **5.1%**, equivalent to **6.4%** pre-tax

Transaction validates Otovo's subscription business – only company with pan-European capabilities

Financial track record

✓ **December 2020:**
NOK 150m debt facility from Nordea at 50% leverage ratio

✓ **March 2021:**
Increased Nordea facility to NOK 300m

✓ **January 2023:**
New €50m debt facility from DNB and SR-Bank at 67% leverage[1]

✓ **August 2023:**
Increased facility to €100m with guarantee from Eksfin, at 70% leverage[2]

✓ **October 2023:**
Portfolio sale, releasing > NOK 160m in cash, sufficient to finance > 1 year of capex

✓ **2024:**
Continuous sale agreement for further NOK/SEK assets, and intention to explore EUR assets

Proven business model

- Demonstrated ability to structure, originate, finance and monetize subscription assets
- Only company with pan European franchise to scale solar subscriptions similar to US
- Validated by reputable counterparty following thorough transaction process

Future portfolio development

- Keep building euro-denominated portfolio until optimal size for monetization
- Selling new NOK/SEK-denominated assets to SLAM as they are originated at agreed terms with improved cash flow profile

Strategic initiatives:

- Potential M&A
- Potential to add HW types

1) Norway, Germany, Sweden <75%, other countries <60%, leading to an expected 67% total
2)Approximately 70% depending on country mix. Austria, Switzerland, the Netherlands and Belgium now also at 75%

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