Q1 2024 Report

Otovo installation in Switzerland, 2024

CEO Message

Sunrise on the horizon

Having navigated a difficult time, Otovo is starting to look ahead. We look further into a 2024 that we hope and believe is developing towards a return to the normal growth rates that residential solar has seen along its momentous trendline, driven by improved technology, lower costs and electrification of homes. Variance will remain accentuated between regions and markets, but overall we believe in a stronger end to 2024 than to 2023 and in our ability to take market share with our digital approach and superior subscription offering.

We lean into that, recording a sequential growth in sales this quarter after two quarters of decline. Otovo also believes this is a positive momentum we can maintain and strengthen in quarters ahead.

It is also with pride that we record 28% gross margin generated in the quarter, a massive 7%p step up since the first quarter of 2023. This proves the marketplace's robustness in the face of volatile markets. During this period the cost per watt of solar systems has fallen by about a third, but Otovo has been able to defend ticket size by expanding margins and adding new hardware.

Speaking of which, we also see 2024 developing into a transformative year where Otovo really becomes a multi hardware company. In the past quarter battery attachment rates took another big hike, surpassing 40% for the first time. We do this while maintaining discipline on the cost side, implementing the recently announced cost program. We are ahead of the curve in terms of headcount improvements and feel confident that we can remain tight on this parameter in quarters ahead. The full effect of the cost program is being revised upward of 100 million as a result. The full compounding effect on efficiency gains from increased automation; increased use of artificial intelligence in customer and project handling; more digital tools; and pooling of teams in Madrid and staff reductions will be more visible as volumes grow.

Lastly, the process of selling the euro denominated portfolio is underway. Given similar recent transactions in Europe on similar portfolios we are looking forward to a good process: Otovo is in a position where we can run a thorough and serious process without jeopardising terms and gains, while not being overly cash constrained. Once completed the sale will free up capital tied up in the portfolio and gains representing multiple quarters of operating costs at current activity levels. Combining with our expectation of a pick up in volumes, tight cost discipline and the cash buffers on hand and latent in the portofolio, Otovo is well positioned for its path to profitability.

We also added electric vehicle chargers to many countries, and expanded the heat pump initiative, reaching double digit attachment rates in March in Italy, promising more in the future.

Andreas E. Thorsheim,
Founder and CEO

Summary | First quarter 2024 highlights

1. **Residential solar market has been slower than expected in first months of 2024**
   - Consumer macroeconomic conditions remain challenging
   - Electricity prices including taxes down from highs, but above traditional averages

2. **All-time-high margins**
   - Gross Margin expanded to 21% and Gross Margin Generated to 28% demonstrating pricing power of platform

3. **Cost cut program expanded**
   - Headcount reductions are on on track and revised upward
   - Cost improvements are on track for Q3 target and revised upward

4. **Italy, France and Austria with the most favourable outlook in the next few quarters**
   - Continued moderate growth in sold units expected in next quarter
   - Expecting installation speed on par with or above previous quarters

5. **After successful sale of Scandinavian assets, now moving on to Continental euro portfolio**
   - Process initiated and expected to take 1-2 quarters
   - Recent transactions in Europe signal investor interest

IFRS

-45% *Q1 23: 280* — **Revenue incl. financial lease** **154 NOKm**

-35% *Q1 23: 51* — **Gross Profit** **33 NOKm**

APMs

-44% *Q1 23: 407* — **Revenue Generated** **229 NOKm**

+28% *Q1 23: 88* — **Gross Profit Generated** **63 NOKm**

+43% *Q1 23: 473* — **Accumulated Contracted Subscription Revenue** **675 NOKm**

Otovo installation Switzerland, 2024

First quarter 2024 | Financial summary

Financial summary				
(NOKm)	**Q1 2024**	**Q1 2023**	**Change**	**FY 2023**
Revenue & Finance lease revenue	154.4	279.7	-45%	1,010.6
Gross profit	32.9	51.3	-36%	200.9
Operating profit/(loss)	-107.5	-97.1		-399.5
Profit/(loss) after tax	-86.8	-54.2		-384.8

Financial summary - Comments

- Lower sales volumes in the end of 2023 impacted installations in Q1 24, which as a result came in lower than in Q1 23. Correspondingly, revenues are down 45%. The decrease is also a result of an increased subscription share where, for most of the subscriptions, the recognition in the income statement is done over the contract lifetime
- Gross profit is down NOK 18.4m YoY or 36% due to lower revenues. The impact is softened by higher margins on the projects installed. Gross margin is up by 3 p.p. from 18% in Q1 23 to 21% in Q1 24
- Other operating income increased from NOK 6.8m in Q1 23 to NOK 13m Q1 24, due to an increasing number of active subscriptions
- Operating loss increased from NOK 97m in Q1 23 to NOK 108m in Q1 24. The increased loss is lower than the decrease in gross profit as operational expenditures are reduced and other operating income is increased YoY

Otovo installation in Poland, 2024

First quarter 2024 | APMs and Key performance figures

Alternative Performance Measures

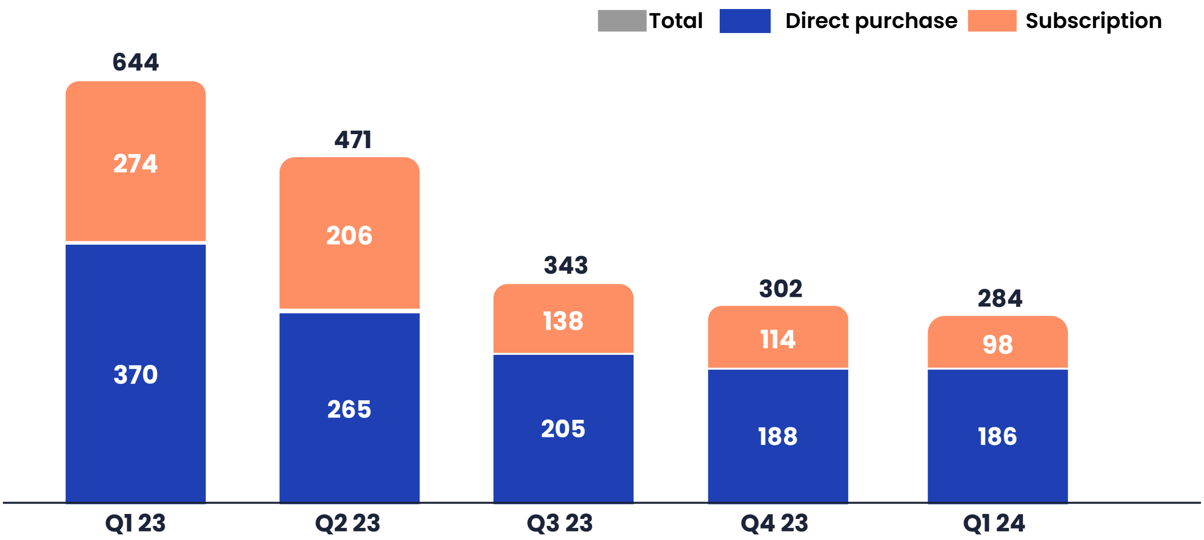
Reported financials do not reflect underlying value creation in the Subscription portfolio given the delayed revenue recognition of Subscription contracts versus Direct Purchase contracts. This has led to the introduction of Alternative Performance Measures (APM), that reflects the value creation from direct purchase projects with the value creation from subscription projects. Please refer to Alternative Performance Measures section of the report for further details.

(NOKm)	Q1 2024	Q1 2023	Change	FY 2023
Revenue Generated	229.4	407.7	-44%	1,591.7
Gross Profit Generated	63.2	87.5	-28%	385.7
Gross Margin Generated %	28%	21%	+6%p	24%
EBITDA Generated	-73.6	-47.8		-216.1

Key performance figures

(Units)	Q1 2024	Q1 2023	Change	FY 2023
Unit sales	1,704	1,962	-13%	7,891
Completed projects/installations	1,624	2,832	-43%	10,621
Project pipeline	2,005	3,785	-47%	1,925

Pipeline - Value (NOKm) and Units (#)



	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Projects in pipeline (#)	3,785	2,786	2,230	1,925	2,005
Pipeline time (months)	4.0	2.6	2.5	3.0	3.7

Financial review | Operational performance on track

During the first quarter of 2024 Otovo implemented measures announced earlier in the year to respond to weaker market conditions for residential solar in key Otovo markets. As a result the company has [x] FTEs less than at the end of last year, and hiring now happens at a lower relative cost as we continue to scale our operations hub in Madrid.

Despite lower volumes, the underlying financial performance continues to develop positively. The Group continued to increase gross margin, which ended at 21% for projects installed during the quarter. Additionally, Gross Margin Generated that includes value creation from the Group's subscription segment, expanded to 28% driven by higher yield on the capital deployed in the quarter.

The company's financial performance was impacted by lower installed volumes in the quarter, which was partially offset by higher realized margins and lower operating expenses. The reduction in installations also impacts cash flow in a similar fashion. The Group's balance sheet expanded, driven by growth in the subscription segment The Company's cash position stood at 433m at the end of the quarter.

Income statement

Revenues were down 45% compared with Q1 23, reflecting lower sales and less installations due to lower sales in previous quarters compared to the year before and a smaller pipeline going into the quarter. The decrease is also a result of an increased subscription share where, for most of the subscriptions, the recognition in the income statement is done over the contract lifetime.

Other operating income increased from NOK 6.8m in Q1 23 to NOK 13m Q1 24, due to an increasing number of active subscriptions.

Gross profit decreased by NOK 18.4m compared to Q1 23 and by 2.3m from Q4 23. The gross margin of 21% in Q1 24 is up from 18% in Q1 23 and from 20% in Q4 23.

Payroll and related costs decreased from NOK 75.2m in Q1 23, and NOK 108.2m in Q4 23, to 72.6m in Q1 24. The decrease compared to Q1 23 is primarily related to lower share based payments expenses, while the change compared to Q4 23 is primarily due to non-recurring costs in Q4 for cancellation of the old employee share program, and restructuring costs related to FTE reductions. Additionally the costs in Q1 24 are lower than in Q4 23 due to fewer FTEs and reduced cost per FTE.

Expenses for share based payments programs were NOK 2.6m in the quarter, compared with NOK 5.8m for Q1 23, and NOK 24.4m in Q4 23.

Other operating expenses are up from NOK 61.1m in Q1 23 to NOK 65.7m in Q1 24, mainly due to an increase in media costs and partnership commissions. Compared to Q4 23 Other operating expenses are down from 72.1m, due to external personnel and consultancy costs in Q4 related to the portfolio sale, partially netted by an increase in media spend also compared to Q4 23.

Net financial items decreased from a gain of NOK 40.9m in Q1 23 to a gain of NOK 20.7m in Q1 24, mainly due to a non-recurring gain on disposal of associated company Holu in Q1 2023, and higher interest expenses on the financing of new subscription assets. The significant net exchange gain in both quarters is primarily due to currency gains on internal loans denominated in EUR due to the strengthening of EUR compared to NOK, partially netted by exchange losses on the external financing in EUR.

The strengthening of EUR compared to NOK is also primarily explaining the change in net financial items compared to Q4 23, a quarter in which the EUR depreciated against NOK, from a loss of NOK 20.2m to a gain of NOK 20.7m.

Financial review | Operational performance on track

Balance sheet

Total non-current assets as of Q1 24 have increased to NOK 680m, from NOK 624m at year-end 2023. The increase is mainly driven by an increase in Property, plant and equipment of NOK 47m due to capitalization of solar energy systems and batteries in the subscription business.

Total current assets have decreased from NOK 734m at year-end 2023 to NOK 594m at the end of Q1 24. The decrease is mainly related to a reduction in cash and cash equivalents, driven by the operating losses in Q1 24 and investments in subscription assets, partially netted by draws on the Subscription SPV's revolving credit facility.

Non-current liabilities have increased from NOK 244m at year-end 2023 to NOK NOK 271m at the end of Q1 24. The increase is primarily relating to the financing of new subscription assets.

Current liabilities have decreased from NOK 239m at year end 2023 to 225m at the end of Q1 24.

Cash flow

Net cash flow from operating activities was -NOK 126m in Q1 24. This main driver is negative operating profits and an adverse development in working capital due to delayed invoicing, settlement of annual employee bonuses and severance packages.

Cash flow from investing activities in Q1 24 was -NOK 50m mainly driven by investments in new subscription assets and continued development of Otovo Cloud.

Cash flow from financing activities was NOK 27m in Q1 24. This increase is primarily explained by a draw on the revolving credit facility related to investments in new subscription assets.

Outlook

The market for solar systems and batteries faced headwinds in 2023 and during the first quarter of 2024, as higher interest rates and an uncertain economic environment continued to influence consumer sentiment. For the coming periods of 2024 the outlook is more positive subject to better consumer economic conditions, an improved business case for consumers and actions taken to improve Otovo's relative performance versus competitors.

This makes Otovo believe in volume growth for the Group going out of 2024. Given that our pipeline is at a low point, we are reliant on robust sales development and pipeline build up during the coming quarters. We are focused on these sales and marketing efforts across all of our markets, and believe that we are well positioned relative to our competitors. Reductions to our cost level should result in improved financial performance in the event of a rebound in residential solar activity in the markets where we are present.

Disclaimer

This report contains forward-looking statements that reflect management's current view with respect to future events. All such statements are subject to inherent risks and uncertainties, and many factors can lead to developments deviating from what has been expressed or implied in such statements.

Board of Directors, Otovo ASA , 30 April 2024


Otovo installation in Austria, 2024

Consolidated income statement

Consolidated income statement

(NOK 000')	Notes	Unaudited Q1 2024	Restated Q1 2023	Restated FY 2023
Revenue	2	149,914	274,292	996,203
Finance lease revenue	2	4,512	5,374	14,347
Other operating income	2	13,033	6,827	82,024
Total operating income		**167,459**	**286,493**	**1,092,574**
Cost of goods sold	2	121,499	228,366	809,649
Payroll and related costs	2,6	72,587	75,242	347,272
Depreciation, amortisation and impairment	2	15,178	18,862	75,200
Other operating expenses	2,3	65,710	61,147	259,904
Operating profit/(loss)		**-107,515**	**-97,124**	**-399,451**
Financial Income		3,319	743	4,487
Financial Expense		8,082	1,902	29,234
Net exchange gain/(loss)		25,470	28,308	20,587
Gains on disposal of investment in associated company		-	13,791	13,791
Net financial items		**20,707**	**40,940**	**9,631**
Profit/(loss) before tax		**-86,808**	**-56,183**	**-389,820**
Income tax expense/(income)		-14	-1,957	-5,047
Profit/(loss) after tax		**-86,794**	**-54,226**	**-384,773**
Profit is attributable to:				
- Owners of Otovo ASA		-86,794	-54,226	-384,773
Basic earnings per share (NOK)		**-0.31**	**-0.38**	**-2.43**
Diluted earnings per share (NOK)		**-0.31**	**-0.38**	**-2.43**

Consolidated statement of comprehensive income

(NOK 000')	Unaudited Q1 2024	Restated Q1 2023	Audited FY 2023
Profit/(loss) after tax for the period	-86,794	-54,226	-384,773
Other comprehensive income which may be reclassified to profit and loss			
Foreign currency translation differences	-12,601	-12,865	125
Total comprehensive income for the period	**-99,395**	**-67,091**	**-384,648**
Total comprehensive income is attributable to:			
- Owners of Otovo ASA	-99,395	-67,091	-384,648

Consolidated balance sheet

Consolidated statement of financial position

(NOK 000')	Notes	Unaudited 2024 31 Mar	Restated 2023 31 Mar	Audited 2023 31 Dec
ASSETS				
Intangible assets		85,908	98,783	83,656
Goodwill		168,586	165,522	164,611
Property, plant and equipment		391,257	295,288	344,108
Right of use asset		11,924	12,332	13,939
Finance lease receivables		17,216	5,070	13,002
Other assets		4,726	3,457	4,334
Total non-current assets		**679,617**	**580,452**	**623,650**
Trade receivables		42,329	56,176	46,196
Other receivables and prepayments		116,278	238,999	103,319
Finance lease receivables		985	280	717
Inventory		1,089	8,946	1,091
Cash and cash equivalents		433,653	347,058	582,707
Total current assets		**594,334**	**651,459**	**734,030**
Total assets		**1,273,951**	**1,231,911**	**1,357,680**

(NOK 000')	Notes	2024 31 Mar	2023 31 Mar	2023 31 Dec
EQUITY				
Share capital		2,796	1,488	2,792
Share premium reserve		1,834,953	1,400,038	1,834,616
Other paid-in equity	6	87,931	43,692	84,960
Foreign currency translation reserve		-12,208	-12,597	393
Retained earnings		-1,135,360	-718,019	-1,048,566
Total equity		**778,112**	**714,602**	**874,195**
LIABILITIES				
Deferred tax liability		2,095	7,662	2,109
Non-current interest bearing liabilities	4	263,486	194,409	235,432
Lease liabilities non-current		5,319	4,128	6,696
Other non-current liabilities		-	40	-
Total non-current liabilities		**270,900**	**206,239**	**244,237**
Lease liabilities current		7,727	7,278	8,362
Trade payable		61,935	96,782	69,343
Other current liabilities		155,174	207,010	161,444
Current tax payables		103	-	99
Total current liabilities		**224,939**	**311,070**	**239,248**
Total equity and liabilities		**1,273,951**	**1,231,911**	**1,357,680**

Consolidated statement of changes in equity

Consolidated statement of changes in equity

(NOK 000')	Attributable to the owners of Otovo ASA							
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total	Non controlling interest	Total equity
Equity at 1 January 2024	2,792	1,834,615	84,960	393	-1,048,565	874,195	-	874,195
Net profit for the period	-	-	-	-	-86,794	-86,794	-	-86,794
Other comprehensive income for the period, net of tax	-	-	-	-12,601	-	-12,601	-	-12,601
Total comprehensive income in the period	-	-	-	-12,601	-86,794	-99,395	-	-99,395
Issuance of shares	4	1,255	-	-	-	1,259	-	1,259
Change in nominal value	-	-	-	-	-	-	-	-
Transaction costs on equity issues	-	-918	-	-	-	-918	-	-918
Purchase of non-controlling interest	-	-	-	-	-	-	-	-
Share-based payments, exercised	-	-	-	-	-	-	-	-
Share-based payments accrual	-	-	2,971	-	-	2,971	-	2,971
Equity as of 31 March 2024	**2,796**	**1,834,953**	**87,931**	**-12,208**	**-1,135,359**	**778,112**	**-**	**778,112**

(NOK 000')	Attributable to the owners of Otovo ASA							
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total	Non controlling interest	Total equity
Equity at 1 January 2023	1,362	1,156,328	37,331	268	-663,792	531,497		531,497
Net profit for the period	-	-	-		-54,226	-54,226	-	-54,226
Other comprehensive income for the period, net of tax	-	-	-	-12,865	-	-12,865	-	-12,865
Total comprehensive income in the period	-	-	-	-12,865	-54,226	-67,091	-	-67,091
Issuance of shares	126	249,874	-	-	-	250,000	-	250,000
Change in nominal value			-	-	-	-	-	-
Transaction costs on equity issues	-	-6,166	-	-	-	-6,166	-	-6,166
Purchase of non-controlling interest			-	-		-		-
Share-based payments, exercised				-	-		-	-
Share-based payments accrual	-	-	6,361	-	-	6,361	-	6,361
Equity as of 31 March 2023	**1,488**	**1,400,038**	**43,693**	**-12,597**	**-718,019**	**714,603**	**-**	**714,603**

Otovo installation in Poland, 2023

Consolidated statement of cash flows

Consolidated statement of cash flows

(NOK 000')	Notes	Unaudited Q1 2024	Restated Q1 2023	Restated FY 2023
Cash flow from operating activities				
Profit/(loss) before tax		-86,808	-56,183	-389,820
Depreciation, amortisation and impairment		15,178	18,862	75,200
Expensed share-based payments	6	2,971	6,361	47,629
Net interest income and interest expenses		1,520	-107	14,876
Share of profit/(loss) of equity accounted investees/Gain on disposal of associated company		-	-13,791	-13,791
Currency (gains)/losses not related to operating activities		-22,007	-22,257	-22,077
Changes in trade receivables		7,048	-31,034	1,892
Changes in trade payables		-12,452	31,306	-8,629
Change in other assets and other liabilities		-30,198	-3,932	117,974
Cash generated from operating activities		**-124,748**	**-70,774**	**-176,746**
Received interest		3,274	698	4,309
Paid interest		-4,794	-591	-19,185
Net cash flow from operating activities		**-126,268**	**-70,667**	**-191,622**
Cash flow from investing activities				
Disposal of associated company		-	23,539	23,539
Investment in finance leases		-4,076	-4,511	-12,048
Investments in intangible assets		-8,649	-9,742	-36,703
Investments in tangible assets		-39,634	-82,867	-369,449
Disposals of tangible and intangible assets		2,081	1,642	216,421
Net cash flow from investing activities		**-50,278**	**-71,939**	**-178,239**
Cash flow from financing activities				
Proceeds from issuance of ordinary shares		341	243,834	679,717
Payment of lease liabilities		-2,317	-1,985	-7,247
Inflow due to new non-current liabilities	4	29,152	201,266	423,293
Outflow due to downpayment of non-current liabilities		-427	-157,333	-345,660
Net cash flow from financing activities		**26,749**	**285,782**	**750,103**
Net cash flow during the period		**-149,797**	**143,175**	**380,242**
Cash and cash equivalents at the beginning of the period		582,707	193,868	193,868
Exchange rate difference on cash and cash equivalents		744	10,015	8,598
Cash and cash equivalents at the end of the period		**433,653**	**347,058**	**582,707**

Notes to the interim consolidated financial statements

Note 1 – General information and basis for preparation

Otovo ASA (the Company or Parent) and its subsidiaries (together the Group) operates an online marketplace for solar installations and related products. Otovo ASA is a public limited liability company, incorporated and domiciled in Norway. The Company's registered office is at Torggata 7, 0181 Oslo, Norway.

The interim condensed consolidated financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total. These interim condensed consolidated financial statements for the quarter ended 31 March 2024, have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2023. The annual consolidated financial statements for 2023 are available at the company's website (https://investor.otovo.com/). None of the amendments effective from 1 January 2024 has had a significant impact on the Group's consolidated interim financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The interim financial information for the quarters ended 31 March 2024 and 31 March 2023 are unaudited.

Finance lease - restatement

The interim financial information for the quarter ended 31 March 2023 has been restated in accordance with the principles presented in note 9 of Q4 2023 report. Additionally, the following changes in presentation have been implemented for FY 2023 financial information, compared to the presentation in the annual consolidated financial statements for 2023:

- Investments in finance leases have been reclassified from Net cash flow from operating activities to Net cash flow from investing activities for FY 2023 in the Consolidated statement of cash flows
- Finance lease revenues, included in Revenues in FY 2023, is presented separately in the Consolidated income statement

Otovo installation in Poland, 2024

Notes to the interim consolidated financial statements

Note 2 - Segment reporting

For Management purposes the Group is organized into two reporting segment. "Marketplace" and "Subscription SPV". The Executive Management monitors the operating results of these business lines separately for the purposes of making decisions about resource allocation and performance assessment.

The Marketplace 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. Revenues and Cost of goods sold on sales to Group internal parties, using the assets in its subscription business, are eliminated in the Consolidated financial statements. Internal profits are eliminated against Property, plan and equipment, as the assets purchased by the Subscription segment are recognised in the balance sheet.

Currently the subscription period for solar panels is 20 years while it is 10 years for batteries. Subscription for solar panel installations are classified as service agreements, while subscription contracts for batteries are classified either as operating leases or finance leases.

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

(NOK 000')

	Marketplace		Subscription SPV		Elimination		Group total	
	Q1 2024	**Q1 2023**	**Q1 2024**	**Q1 2023**	**Q1 2024**	**Q1 2023**	**Q1 2024**	**Q1 2023**
Revenue	149,914	274,291	4,512	5,374	-	-	154,426	279,665
Revenue internal	45,447	95,982	-	-	-45,447	-95,982	-	-
Other operating income	1,817	1,107	11,216	5,721	-	-	13,033	6,828
Other operating income internal	1,337	1,437	390	-	-1,727	-1,437	-	-
Total operating income	**198,515**	**372,817**	**16,118**	**11,095**	**-47,174**	**-97,419**	**167,459**	**286,493**
Cost of goods sold	161,273	310,402	4,076	4,511	-43,850	-86,547	121,499	228,366
Payroll and related costs	71,777	75,166	810	-	-	75	72,587	75,241
Depreciation, amortisation and impairment	9,034	5,282	6,080	3,367	64	10,212	15,178	18,861
Other operating expenses	64,747	59,354	2,696	2,380	-1,733	-586	65,710	61,148
Operating profit/(loss)	**-108,316**	**-77,387**	**2,456**	**837**	**-1,655**	**-20,573**	**-107,515**	**-97,123**

Revenue external by product / service	**Q1 2024**	**Q1 2023**	**FY 2023**
Solar panels and related products	149,914	274,291	996,209
Finance lease	4,512	5,374	14,341
Operating lease and service agreements	11,216	5,721	38,285
Other operating income	1,817	1,107	43,739
Total operating income	**167,459**	**286,493**	**1,092,574**

Notes to the interim consolidated financial statements

Note 3 - Other Operating Expenses

Other Operating Expenses			
(NOK 000')	**Q1 2024**	**Q1 2023**	**FY 2023**
Other expenses related to buildings and short-term/low value rent of equipment	3,255	3,144	14,427
External personnel and consultancy fees 1)	12,173	15,673	79,592
Media spend, advertising and partnerships	38,551	26,961	116,083
System and software	5,240	5,289	18,321
Other operating expenses	6,491	10,080	31,481
Total other operating expenses	**65,710**	**61,147**	**259,904**

1) Including audit fee.

Note 4 - Subscription SPV bank facility

The Subscription SPV has a revolving credit facility ("RCF" or "facility) with DNB Bank ASA and Sparebank 1 SR-bank ASA for a total of EUR 50m. The facility is priced based on a floating interest rate, with EURIBOR, NIBOR, STIBOR, or other relevant IBOR as the reference rate based on the the loan currency, and a margin of 350 bps. The maturity date of the facility is 24 January 2026 as an extension of one year has been agreed with the banks. At the end of the quarter the Subscription SPV had drawn EUR 23.2m on the RCF, of which EUR 2.5m was drawn during the quarter. The Subscription SPV was in compliance with financial covenants at the time of covenant reporting.

Note 5 – Contracted future payments

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 1.3b over the next 20 years, assuming 2% annual inflation for the remainder of the contract period, without accounting for churn. In order to terminate the contract a customer would have to either buyout the system or pay a fee, hence it has limited impact on the expected payments.

The calculated Contracted Customer Payments are impacted by changes in foreign exchange rates during the quarter.

Contracted Customer Payments					
(NOKm)	**NPV**	**2024**	**2025-2027**	**2028-2030**	**2031-2043**
Non-discounted contracted customer payments*		38	159	168	683
NPV @5%	675				

*) Assuming 2% annual inflation

Notes to the interim consolidated financial statements

Note 6 - Share based payments

Otovo has granted share options to management and key personnel.

As of 31.03.2024 there are 27,123,998 outstanding options with a weighted average strike price of 3.45 kroner per share. Further, Otovo has two employee share purchase programmes. There are 1,061,808 retention shares outstanding under these programmes.

Expense in Q1 2024 was NOK 2.6m. Expense in Q1 2023 was NOK 5.8m.

Note 7 - Events after the reporting period

There are no events after the reporting period impacting the reported information or requiring disclosure.

Otovo installation in Norway

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.

	Direct purchase (~65% of customers today)	Subscription (~35% of customers today)	Otovo Group
Revenue	**Revenue** Booked revenue, value of upfront payment from customer	**Contracted Subscription Revenue** Present value of all subscription payments over 20 years, discounted at 5%	**Revenue Generated** Revenue + Contracted Subscription Revenue
Profit	**Gross profit** Revenue - Upfront COGS, value of payment to installers (inc. HW)	**Gross Subscription Profit** Contracted Subscription Revenue - Upfront COGS, value of payment to installers (inc. HW) - Present value of O&M cost (Inverter replacement in Y 10 & customer service)	**Gross Profit Generated** Gross Profit + (Gross subscription profit
Assets		**Accumulated Contracted Subscription Revenue** Present value of the remaining cash flows from subscription contracts, discounted at 5%	**Accumulated Contracted Subscription Revenue** Present value of the all remaining cash flows from subscription and service contracts, discounted at 5%

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 energy system installed during the reporting period. Subscription customers enter into a 20 year contract for solar energy 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 there may be differences in calculation methodologies 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 energy 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 energy system installations belonging to the subscription business during the reporting period. Subscription customers enter into a 20 year contract for solar energy 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 energy 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 energy 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 energy 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 energy systems and batteries installed in the Subscription segment during the reporting period.
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.

Alternative Performance Measures continued

APM	Definition & Description
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 energy 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 energy 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 energy systems and batteries installed during the reporting period, independent of purchase model.
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 energy 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 energy 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 energy 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 energy 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 energy systems and batteries held by the subscription business. Customers in the Subscription segment enter into a 20 year contract for solar energy 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 energy 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 energy 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 continued

Contracted subscription revenue

(NOK 000')	Q1 2024	Q1 2023	FY 2023
Cost of goods sold (COGS) to subscription segment	43,850	86,547	366,003
Batteries share of COGS to subscription segment	18%	9%	9%
Solar Energy Systems (PV) share of COGS to subscription segment	82%	91%	91%
COGS to subscription segment - PV	36,998	78,938	333,900
Lifetime of contracts - PV	20	20	20
Average yield (first year payment to COGS)- PV	12.7%	10.6%	11.3%
First year subscription payment - PV	4,703	8,360	37,579
Nominal lifetime subscription payments, not inflation adjusted	94,055	167,203	751,579
Inflation adjustment	20,209	35,927	161,491
Reduction from discounting to present value	-45,297	-80,525	-361,960
Contracted subscription revenue - PV	**68,968**	**122,605**	**549,532**
COGS elimination - Batteries	6,852	7,609	32,103
Lifetime of contracts - Batteries	10	10	10
Average yield (first year payment to COGS)- Batteries*	18.2%	16.9%	16.6%
First year subscription payment - Batteries	1,250	1,287	5,318
Nominal lifetime subscription payments, not inflation adjusted	12,504	12,872	53,194
Inflation adjustment	1,188	1,223	5,053
Reduction from discounting to present value	-3,203	-3,297	-13,626
Contracted subscription revenue - Batteries	**10,489**	**10,797**	**44,487**
Contracted subscription revenue - Total	**79,456**	**133,402**	**594,019**

Revenue, Gross Profit and EBITDA Generated

(NOKm)	Note	Q1 2024	Q1 2023	FY 2023
Revenue (excl. Financial leasing)	2	149.9	274.3	996.2
Contracted subscription revenue (calculated)		79.5	133.4	594.0
Revenue Generated		**229.4**	**407.7**	**1,590.2**
Cost of goods sold (excl. financial leasing)	2	117.8	219.0	809.6
Investment in subscription assets	2	43.9	86.5	310.1
Subscription O&M cost (calculated)		4.6	9.8	41.1
Gross Profit Generated		**63.2**	**92.3**	**429.4**
Gross Margin Generated %		*27.5%*	*22.7%*	*27.0%*
Operating profit/(loss)	2	-107.5	-97.1	-399.5
Subtract financial leasing		-0.8	-0.5	-1.8
Add back depreciation and amortisation	2	15.2	18.9	75.2
Add contracted subscription profit (calculated)		31.0	37.0	186.9
Subtract subscription revenue in the quarter	2	-11.6	-5.7	-77.8
EBITDA Generated		**-73.7**	**-47.4**	**-217.0**

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 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