Otovo

A leading European residential solar company

Q2 21 presentation, 15 July 2021

Today's presenters

Andreas Thorsheim

Founder and CEO

Lars Ekeland

Acting CFO and General Counsel

Cecilie Weltz

CEO, EDEA (leasing company)

Agenda

1. Quarterly highlights
2. Business update
3. Financial results
4. Leasing update (EDEA)
5. Outlook

Otovo | The marketplace for solar installations

On the mission to put solar panels and batteries in every home in Europe, by creating the easiest & most affordable way to go solar

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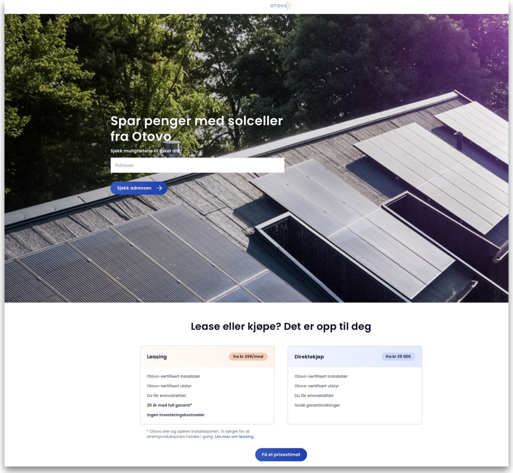
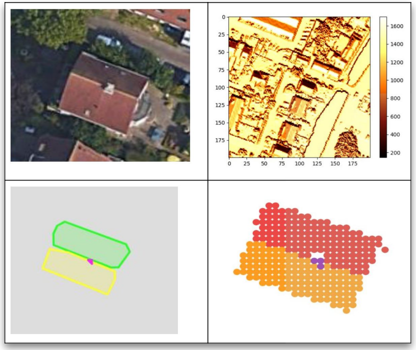
Otovo | The easiest way for homeowners to go solar

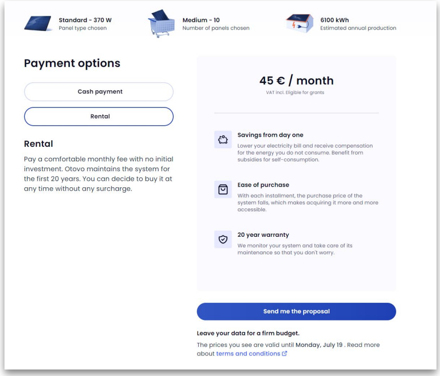
Search for your address…



*… we **automatically price** the perfect system & **match the lowest bidding** offer from local installers…*

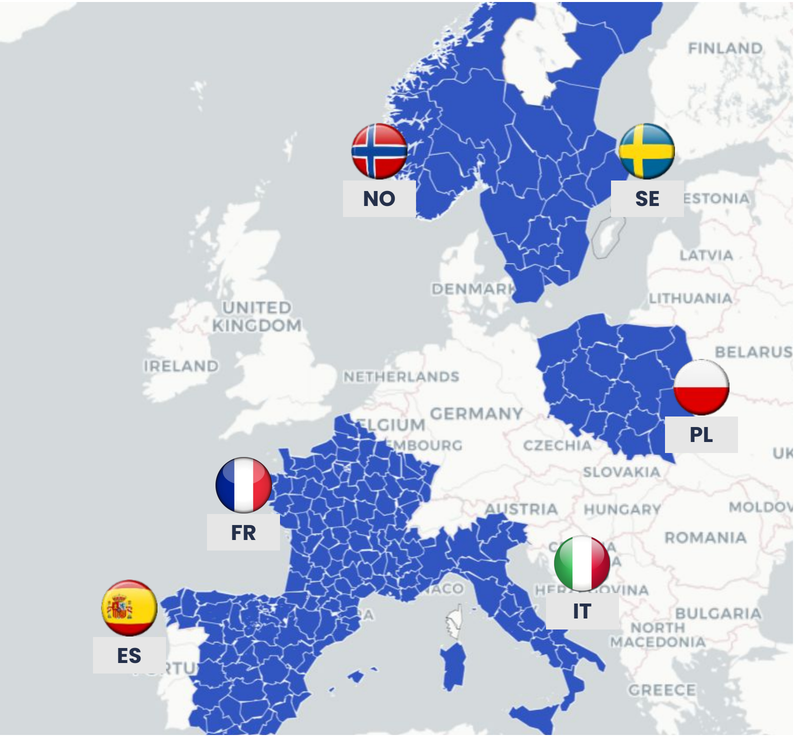


*… choose **how you want to pay** (loan, lease or direct purchase) and **order online***



Otovo | Building the leading European solar company

Otovo present in 6 countries – covering >225m people…



…installing panels every day across Europe

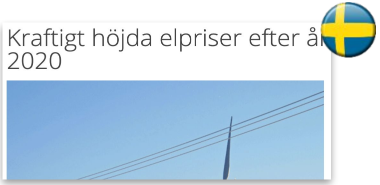
Otovo | Higher electricity prices fuel solar demand

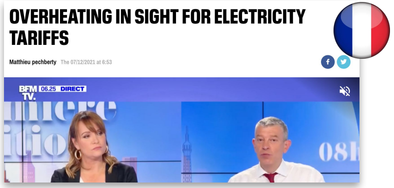
Increasing electricity prices across Europe


E24 AKSJELIVE BØRS E24+ TIPS OSS

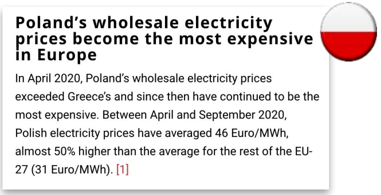
Dyreste strøm på mange år: – Enkelte kan få seg en overraskelse

Torsdag kan en dusj fort koste deg 20 kroner, for strømprisen er uvanlig høy. – Som forbrukere har vi gått fra himmel til helvete, sier analytiker.

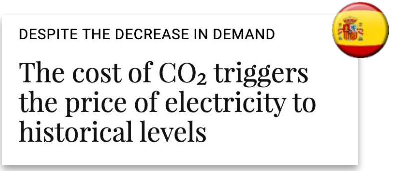

Kraftigt höjda elpriser efter å[r] 2020


OVERHEATING IN SIGHT FOR ELECTRICITY TARIFFS

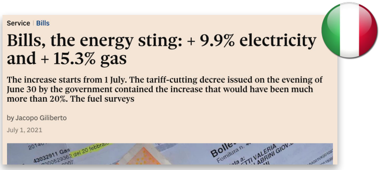
Matthieu pechberty


Poland's wholesale electricity prices become the most expensive in Europe

In April 2020, Poland's wholesale electricity prices exceeded Greece's and since then have continued to be the most expensive. Between April and September 2020, Polish electricity prices have averaged 46 Euro/MWh, almost 50% higher than the average for the rest of the EU-27 (31 Euro/MWh). [1]


DESPITE THE DECREASE IN DEMAND

The cost of CO_2 triggers the price of electricity to historical levels


Service | Bills

Bills, the energy sting: + 9.9% electricity and + 15.3% gas

The increase starts from 1 July. The tariff-cutting decree issued on the evening of June 30 by the government contained the increase that would have been much more than 20%. The fuel surveys

by Jacopo Giliberto

July 1, 2021

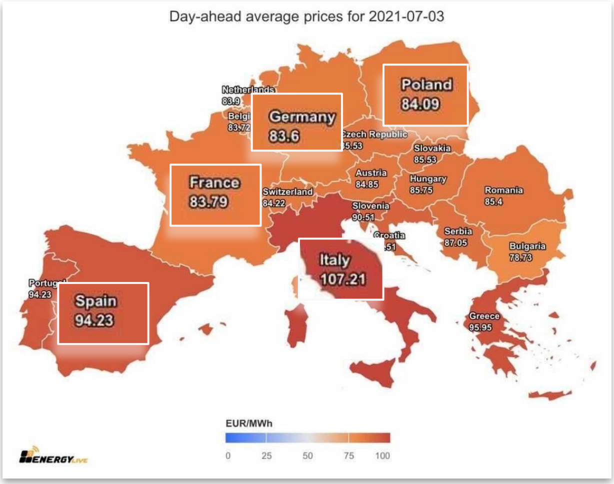
CO_2 price growth expected to sustain high power prices

EU CO2 prices rally above Eur50/mt for first time

Higher CO2 prices let electricity costs rise for German industry

600% Gain in Carbon Prices Vital to Rein in Global Warming

Norway aims to more than triple national CO2 price by 2030



Source: News Articles: E24, Dagens Nyheter, BFMTV, ETEnergyworld, El Païs, Il Sole 24 Ore, Ember

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Q2 2021 | Delivering on growth plan, Germany next

1 Delivering on growth plan

- **Revenue up** 51% YoY to NOK 64m
- **Net sold projects up** 148% YoY to 1 183 units
- **Pipeline value up** 152% YoY to NOK 103m
- **Gross profit up** 49% YoY to NOK 10.3m (16.1% margin)

2 Leasing product gaining traction

- **Cash deployed** on leasing assets NOK 31m out of Q2
- **Leasing share** of net sold projects 25% in Q2, and increasing

3 Adding batteries, partners, countries

- **Batteries** with 35% attachment rate of sales in Italy in Q2
- **New partnerships** continue to broaden reach & awareness
- **Launch in Germany** expected in Q4

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Markets | Sales up 2.5x from 2020; sales pace ~5,000 / year

Key highlights from Otovo's markets

Group:

- **Sales up ~150% in number of units** (from 477 to 1 183)
- Significant increases in all markets, where the markets with comparables from last year double, and Italy & Poland tracking on par with Spain launch from 2020

Scandinavia:

- **Norway with a strong sales quarter,** ~2x YoY**,** with tailwinds ahead of changes to subsidy program from Enova
- **Swedish market continues to grow in H1 21**, with Otovo's sales up 2.5x YoY

Spain

- **Net sales growth** of ~2x YoY
- News about high electricity prices led to spike in demand in June

France

- **Net sales growth** of ~2x YoY
- Transition from founders to new management underway

Poland

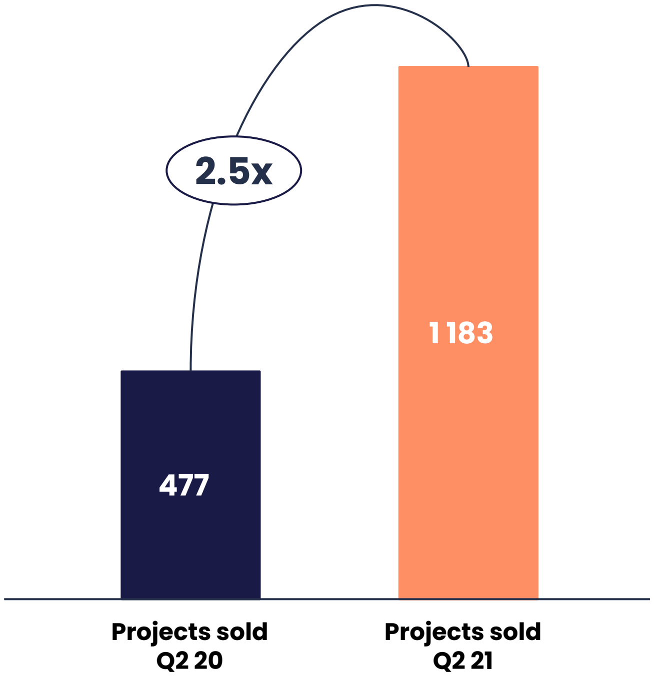
- **Strong sales:** Poland tracking on par with Spain's strong launch in sales
- **Much shorter installation time** means Poland will impact P&L faster than Spain

Italy

- **Italy is our fastest growing launch to date**
- Commands a high ticket size, due to higher prices and battery attachments

...delivering a strong sales quarter

Net sold projects in quarter (units)



Markets | Partnerships will drive profitable growth

Why partnerships?

- Partnerships broaden **proprietary customer acquisitions** channels & brand awareness
- Will drive down **customer acquisitions cost**
- **Partners get to offer solar panels** to their customers using the Otovo platform

Otovo partners

ELKJOP

OBOS

Aevi Eiendom

ELGIGANTEN

tibber

Bixia

UMEÅ ENERGI

enercoop L'énergie militante

MOTALA ENERGI

ZAPTEC

Realtyplus SERVICIOS INMOBILIARIOS

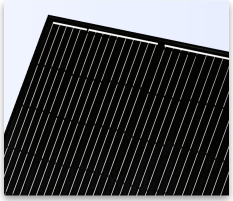
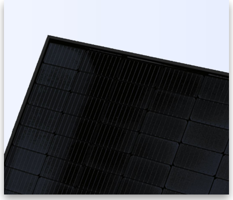
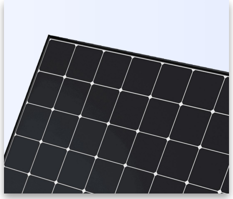
escandinava de electricidad

LOS

Nantes Métropole

...and 30+ more

Product | Stronger panels improve offer attractiveness

Solar panels		Q2 2020		Q2 2021
	Standard	265 Wp	+21%	320 Wp
	Premium	320 Wp	+13%	360 Wp
	Performance	375 Wp	+7%	400 Wp

Example: Otovo.no panel strengths on 30 June 2020 vs 30 June 2021

Product | Batteries growing in Italy, driving ticket sizes

Selling batteries in Italy


La tua offerta include:

Sistema di accumulo di ultima generazione

Il sistema di accumulo sarà collegato direttamente al tuo impianto fotovoltaico. Perché conviene installarlo?

Aumenta il tuo autoconsumo

Utilizza anche di notte l'energia che hai prodotto di giorno. L'energia immagazzinata potrà infatti essere usata anche quando i pannelli non stanno producendo.

Risparmi in bolletta

Aumentando l'autoconsumo, utilizzi meno elettricità della rete e aumenti i tuoi risparmi.

Diventa più indipendente

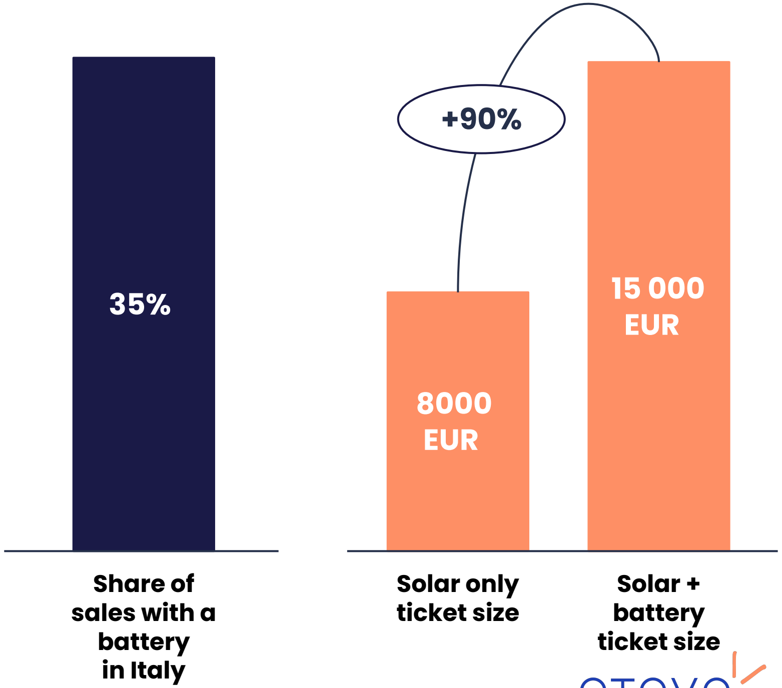
Sfrutta la tua produzione di energia e proteggiti dalle oscillazioni del prezzo di mercato.

Come funziona una batteria
Una batteria è un dispositivo per l'accumulo di energia elettrica tramite processo chimico, e il conseguente rilascio controllato sotto forma di corrente continua.

Huawei LUNA2000 (5 kWh)

- Fino a 5 kWh di capacità nominale
- Potenza di uscita massima 2,5 kW
- Link scheda tecnica

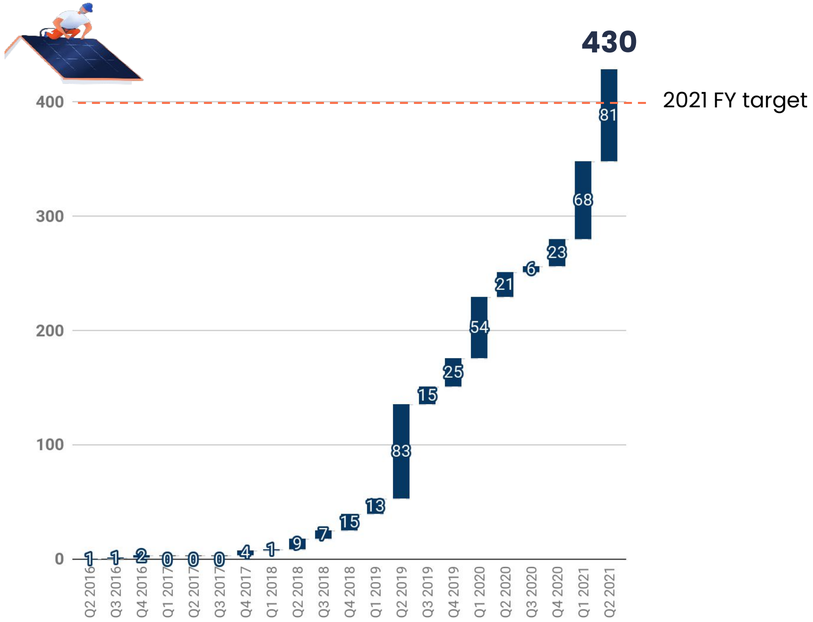
Share of batteries and ticket size, Italy, Q2 21



Operations | Added installers drive down cost

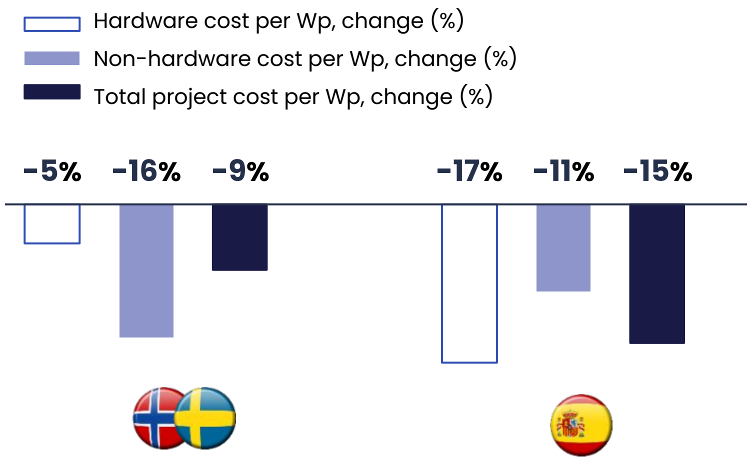
81 new installers to the platform, 430 out of Q2…

Net installers added to platform, by quarter (Q2 16-Q2 21)



…competition keep driving down cost for homeowners

Cost of hardware and non-hardware in Q2 21 vs. Q2 20

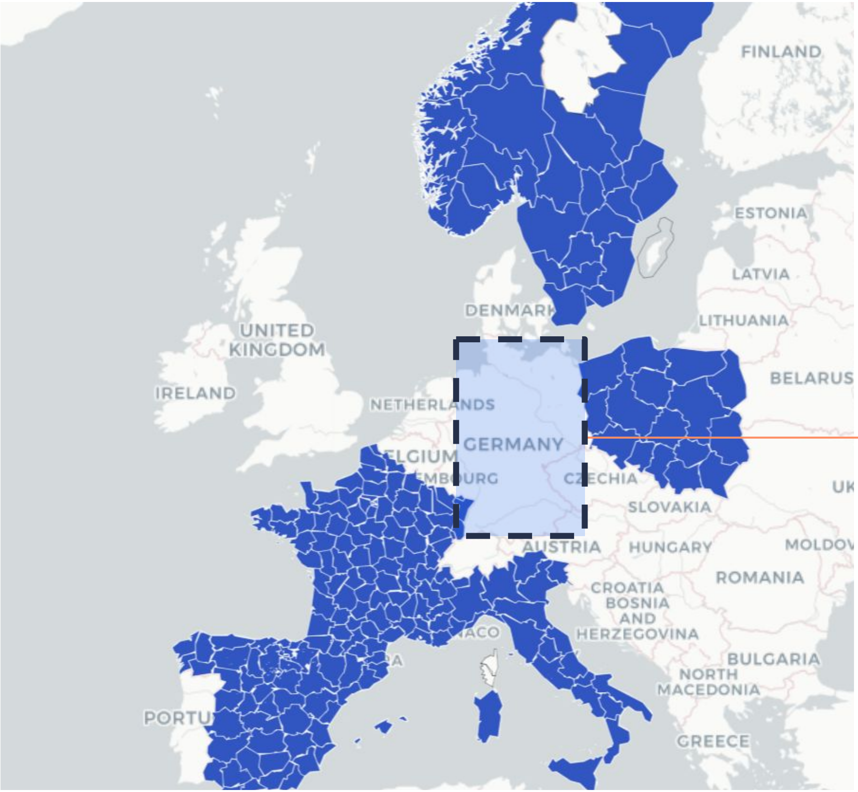


- Sold cost / Wp in Scandinavia and Spain Q2 20 vs. Q2 21
- Otovo platform continues to drive down cost, even as global supply chains experience late-covid turmoil (freight, PV module, microchip costs all increasing globally)

Source: Based on projects sold in Scandinavia and Spain, weighted based on project value, excluding Otovo margin

Expansion | Germany next: large, highly attractive market

Otovo is targeting Germany as the next market



A big prize in European solar

Market - large & highly attractive

- ~1.8 bEUR yearly market, ~150.000 yearly installs at avg. 7-8 kWp & 10-12 kEUR ticket sizes; 50%+ of sales done with batteries

Growth - strong pace expected

- 65% growth from 2019 to 2020, and strong growth outlook for 2021-24, bringing market to 200k+ installs/yr
- Enduring supporting energy policies for home solar & batteries

Competition - more advanced, but still fragmented

- Highly fragmented market, with only 3-4 digitized players at 2-5% market share each
- ~90% remaining is highly fragmented, completed by utilities and small installers, like rest of Europe

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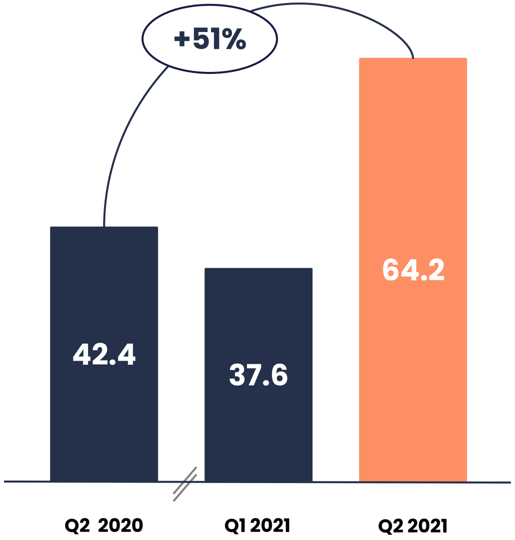
Key financials | Strong revenue growth, margin stable

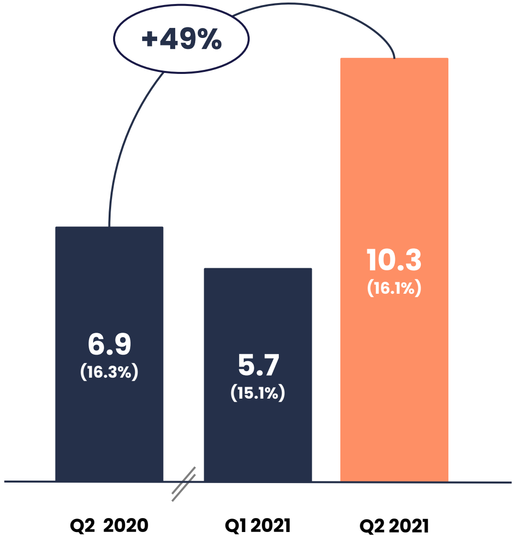
Revenue (mNOK)



Strong growth in Spain, France, Poland

Actuals in the high-range of Q2 guidance (60-65m)

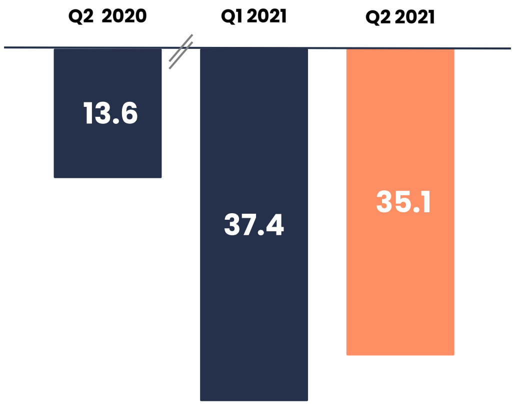
Gross profit (mNOK)



Group margin stable, amid dilution from new markets

Ahead of guidance for Q2 (below 15%)

EBITDA (mNOK) (loss)

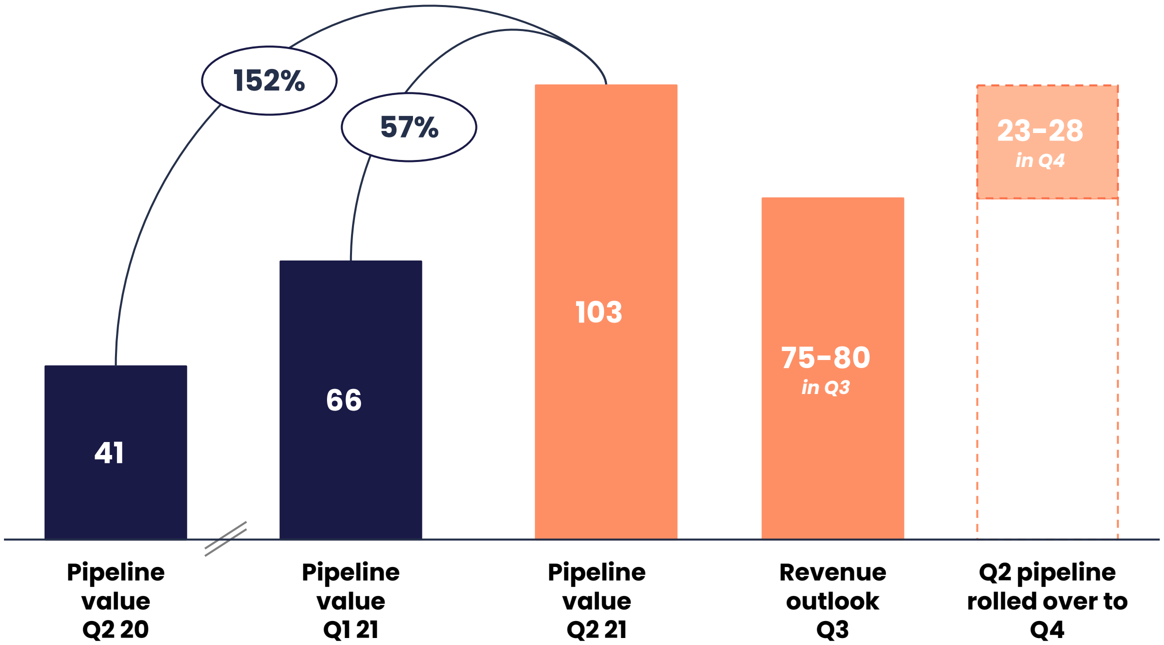


EBITDA slightly improved from Q1 21

Strong NOK 256m cash position at end of Q2 21

Pipeline | Up 2.5x YoY to NOK 103m, all markets growing

Pipeline value (mNOK)



Commentary

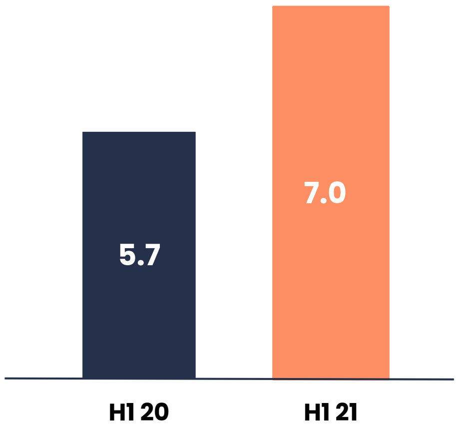
Group pipeline up by 152% vs Q2 20 and 57% from last quarter

Expecting to deliver approximately NOK 75-80m of pipeline in Q3 amid European summer, remainder to be installed in Q4.

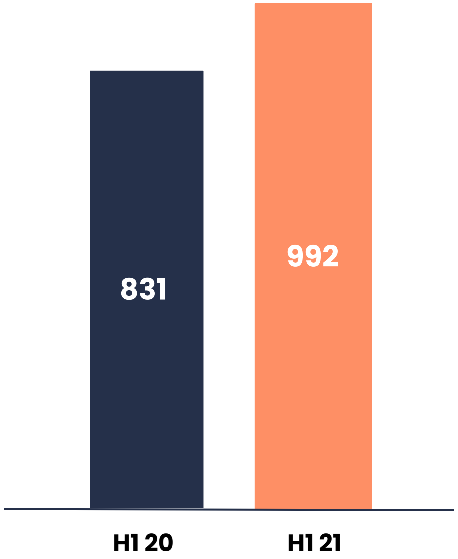
Note: A project is included in the pipeline when the contract with customer has been signed and is excluded from the pipeline when the installation is completed or the project has been abandoned

ESG | More and higher yielding installations lead to improved CO_2 removal

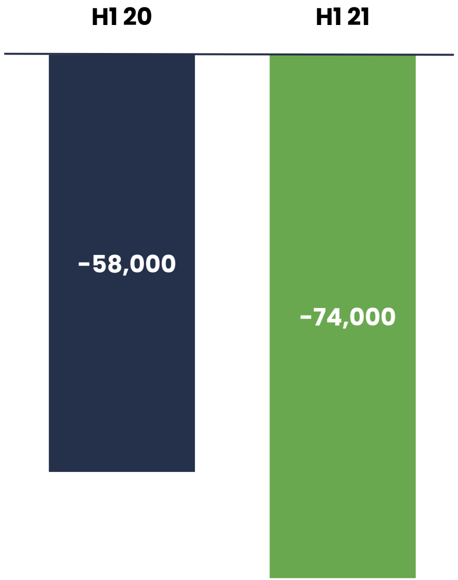
MWp installed



Energy yield per installation (kWh/kWp)



Net CO_2 emissions effect (tonnes)



Note: 1) Emission factor: European Residual mix (Source: AIB 2020) 2) Based on EU ETS carbon market price per 25.01.2021 (Source: Ember)
3) Based on life-cycle CO_2 emissions assumption by EEA
Assumptions: Average lifetime of solar installation 30 years, 401 g C02 / kWh carbon replacement factor

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EDEA | Financing Otovo's leasing offering

Structure and financing

Financing

Bank debt (Nordea)

Equity (155m)

- Otovo with 18.75% ownership
- Exclusive partnership Otovo-EDEA

Asset owning company

EUROPEAN DISTRIBUTED ENERGY ASSETS

- Buys assets from Otovo
- Receives cash flows from homeowners
- Buys services from Otovo

Originator company

OTOVO

- Sells lease contracts flow and assets to EDEA
- Provides services to EDEA (incl. collection, billing, customer contact and maintenance)

Leasing customer

- Enter leasing contract through Otovo
- Running customer interface with Otovo

Leasing | Enabling more people to go solar

	Strong household economy	Normal household economy
Green motivation	1 Innovators	3 Early majority
Savings motivation	2 Early adopters	

Leasing enables these

Leasing | Predictable green power with 0 investment

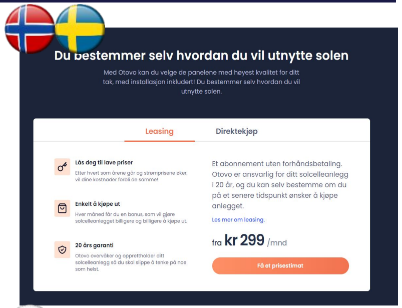
Highly appealing product for first-time buyers of solar

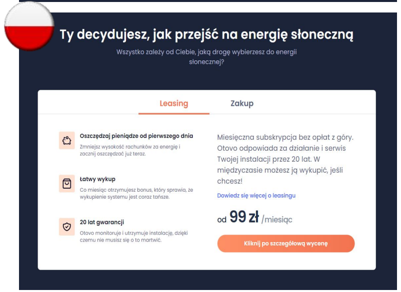
The customer makes monthly payments, gets the green energy, subsidies and savings

Zero money down	Enables customers to go solar with no upfront investment
Save money from day 1	Monthly leasing is cheaper than electricity from the grid
Convenience	Get worry-free, green power with Otovo guarantee for 20 yrs
Predictability	Predictable electricity bills with neither price nor technical risk

Leasing | Leasing is live in 5 EU markets, with strong customer testimonials & proven value proposition

Leasing launched in 5 EU markets

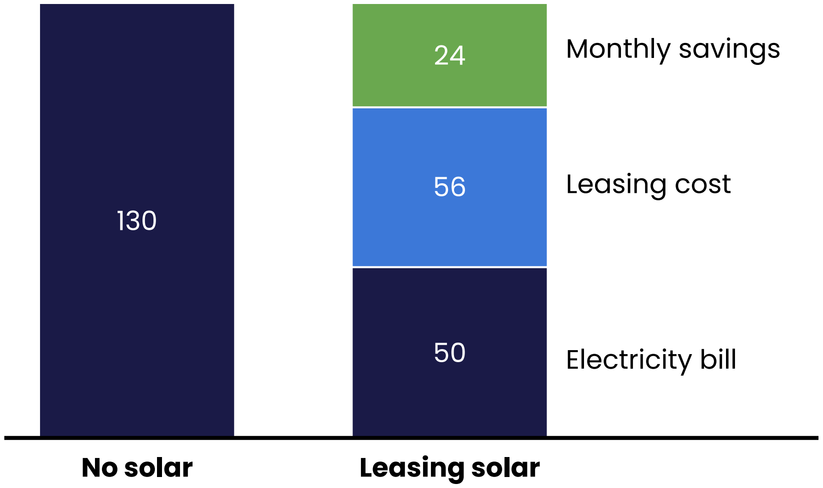




> ***"Not only are my bills cheaper, I also switched to a more eco-friendly energy source***
>
> Patrycja, Poland

Tangible, monthly savings for 20 years

Monthly electricity bill (EUR / month)
Annual consumption 6750 kWh (electricity price 0.23 EUR / kWh)



Source: Otovo analysis

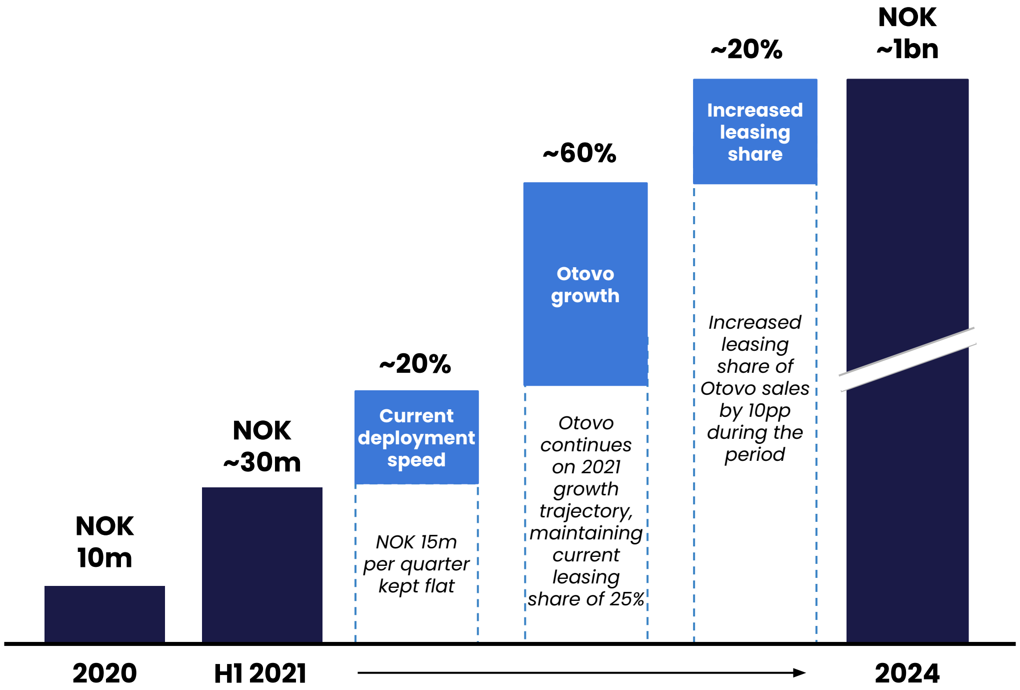
EUROPEAN DISTRIBUTED ENERGY ASSETS

EDEA | Building a killer subscription business

Subscription criteria	EDEA	Status
Churn	~0.5%	✔
Price up	CPI adjustment	✔
Growth	Otovo +	✔
Upsell	+ New hardware	✔ *To be launched in 2021*

EDEA | Set up to generate significant free cash flows

EDEA expected accumulated deployment next 3 years



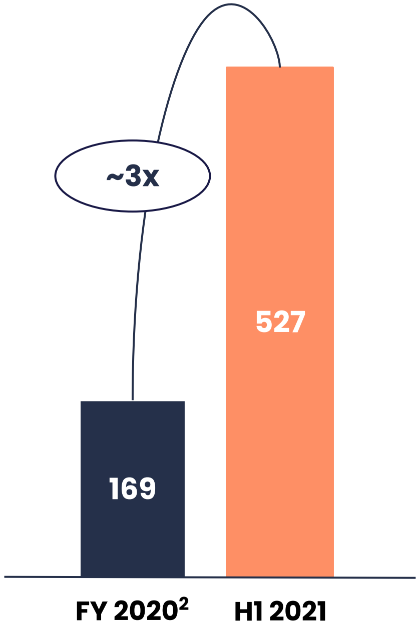
Generating strong free cash flows

EDEA generates net yield significantly above financing cost, with limited overhead

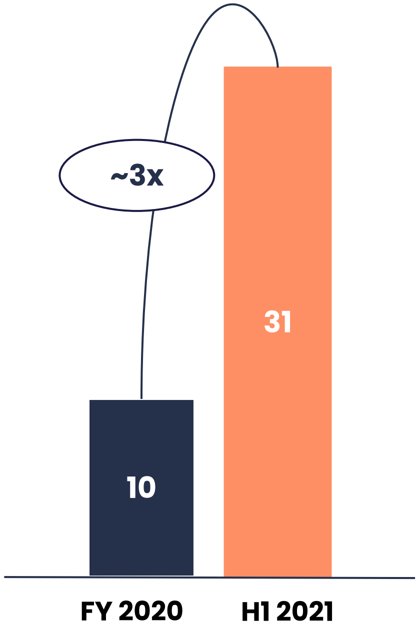
Potential for 10-20% annual return on equity

EDEA - key financials | 3x assets and recurring revenue

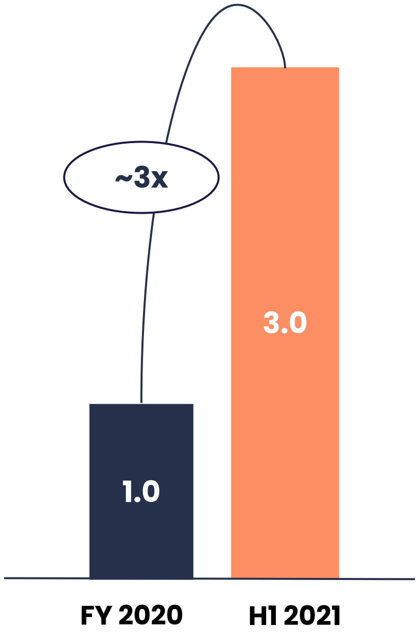
Customers (#)



Deployment (NOKm)



Annual recurring revenue[1] (NOKm)



[1]Annual Recurring Revenue (ARR) equals the monthly revenue in the last month of the period, multiplied by 12 to illustrate the expected revenue generated by the current contract portfolio on an annual basis (churn is not accounted for)

[2]Operations initiated in May 2020

EUROPEAN
DISTRIBUTED
ENERGY ASSETS

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Otovo installation in Bourgogne-Franche-Comté, France

Outlook | Delivering growth, Germany next

Pipeline and sales on track to reach FY revenue guidance (EUR 29m)
- Italy and Poland are on par with the successful launch in Spain in 2020
- Spain and France are big growth contributors in Q2, while Scandinavia rebounds in strongly in sales
- Installation pace in new markets is key going forward

Gross margin target above 18% as exit speed from 2021

Expect leasing share to continue growing

Otovo has confidence in its ability to take European market share
- Growing in existing markets
- Entering new markets successfully
- Launching in Germany in Q4 21

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Definitions

Abandoned project

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

Installed project

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

Net sold project

Net sold project is the number of projects sold during the period less projects abandoned during the period

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

Otovo business model

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

Cost per Wp

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

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.