Otovo

A leading European residential solar company

Q4 21 presentation, 20 January 2022

Today's presenters

Andreas Thorsheim

Founder and CEO

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CEO, EDEA (subscription company)

Lars Ekeland

Acting CFO and General Counsel

Agenda

1. Quarterly highlights
2. Business update
3. Financial results
4. Outlook

Q4 2021 | Sold project growth of 223% and 8,000 project run rate; With a historic pipeline, 2022 looks strong even before it starts

Big step up in sales, pipeline and installations

- **Accelerating sales volume:** 2066 sold projects in Q4, up 223% YoY, an annual run-rate of ~8,000 projects
- **Pipeline value built:** 7.2x YoY to NOK 280m, driven by NOK 230m in Q4 sales
- **Record installations volume**: 1209 installations in Q4 up 96% YoY, an annual run-rate of ~5,000 projects

Growth in revenue, gross profit and customer value creation

- **Revenue generated up** 173% YoY to NOK 109m[1]
- **Revenue generated per sold project** up 22% QoQ to NOK ~111k, driven by subscriptions, batteries, larger systems and higher prices
- **Gross profit generated up** 195% YoY to NOK 21.5m (19.9% gross profit margin)[1]
- **Subscription share** of booked installations in the quarter 21% (NOK 18.6m deployed)
- **Cash position** of NOK 224m out of Q4 21, up from NOK 207m in Q3 21

New countries, batteries and subscription strengthen growth and profitability further

- **Batteries growing** to 12% attachment rate of sold projects in Q4 (~60% in IT, DE)
- **Battery expanded** to more countries in Q1 21
- **Germany with strongest country launch ever**

Note: 1) Pro-forma assuming EDEA was fully owned whole of Q4 21. Transaction completed 08/12/21

OTOVO

Otovo installation in Auchy-les-Mines, France. Q4 2021

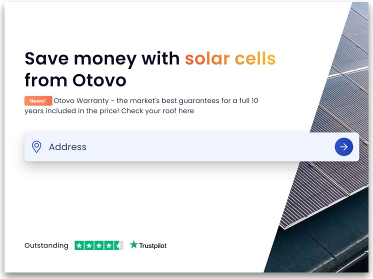
The solar & battery marketplace

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

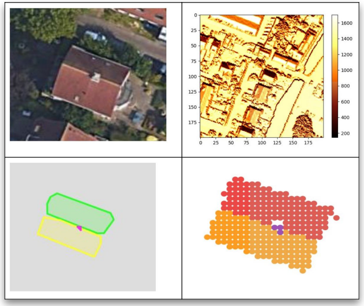
OTOVO

Otovo | The easiest way for homeowners to go solar

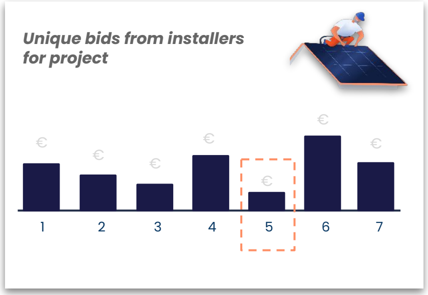
Input your address…



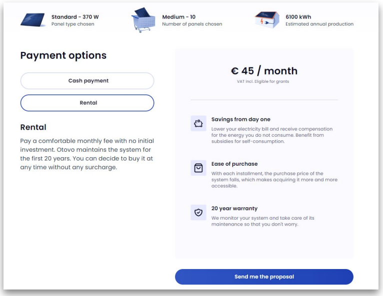
… ***software designs*** *your system…*



… live auctions *with relevant installers …*



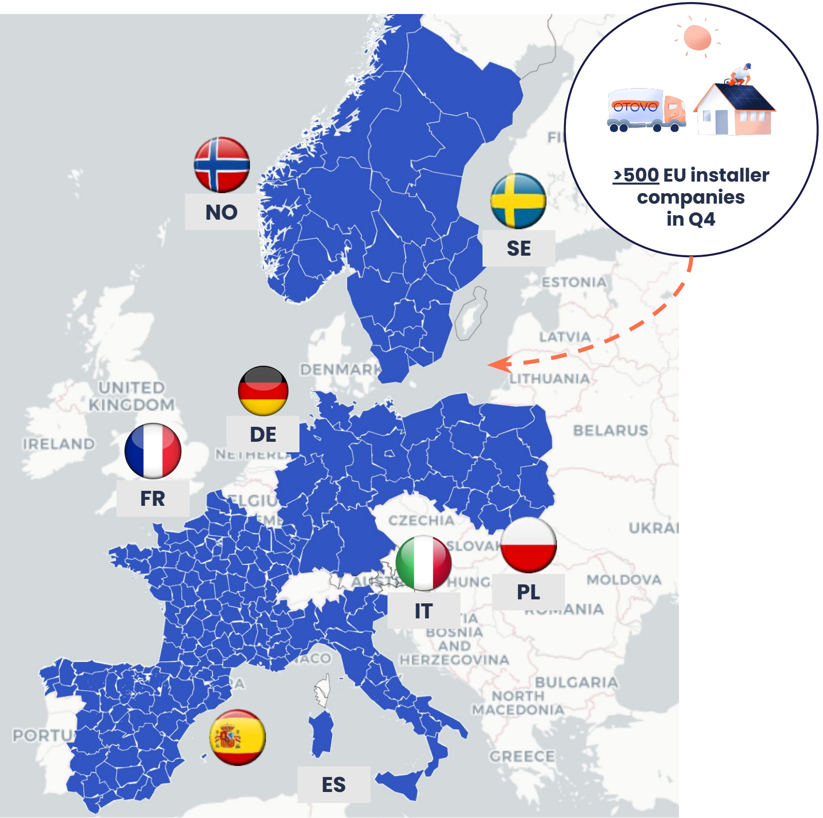
… instant quote and ***order online***



OTOVO

Otovo | Building the leading European solar company

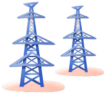
Otovo present in 7 countries – covering >310m people…



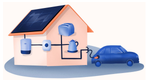
…and installing panels every day across Europe

Next 10 years | Strong trends will accelerate growth

Hardware prices to fall



High, volatile power prices



EVs to increase household consumption

Big-ticket item e-commerce

Solar with lowest LCOE everywhere in the world ✔

Increased savings and demand from customers ✔

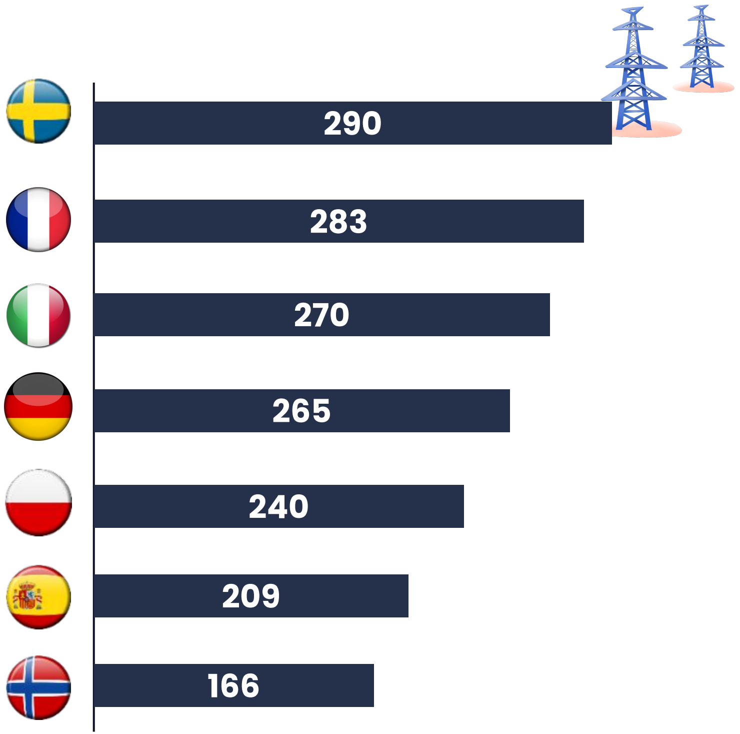
More PV demand, larger installations ✔

Online players set to dominate markets ✔

Macro | Extreme price hikes drove consumer interest

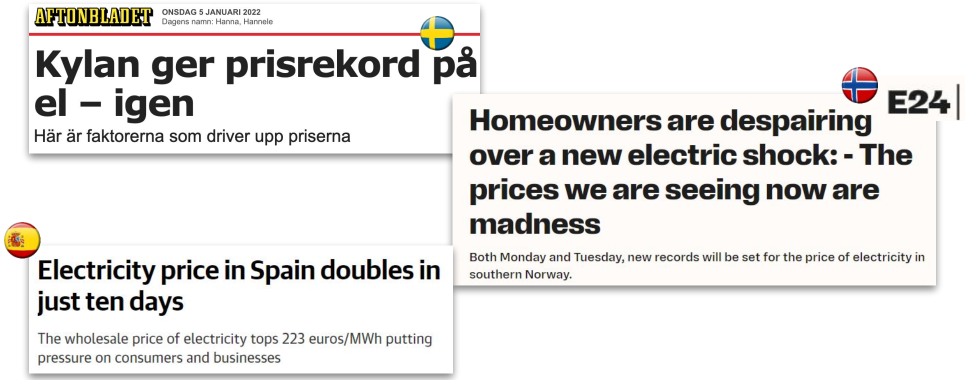
Q4 spot power prices were historically high

6 December system prices in Europe (EUR / MWh)



Source: Entsoe

… driving media and consumer interest


AFTONBLADET ONSDAG 5 JANUARI 2022
Dagens namn: Hanna, Hannele

Kylan ger prisrekord på el – igen

Här är faktorerna som driver upp priserna

E24

Homeowners are despairing over a new electric shock: - The prices we are seeing now are madness

Both Monday and Tuesday, new records will be set for the price of electricity in southern Norway.

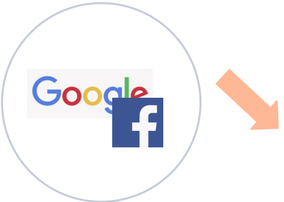
Electricity price in Spain doubles in just ten days

The wholesale price of electricity tops 223 euros/MWh putting pressure on consumers and businesses

… resulting in record numbers in low-cost interested customers

Interested customers

Marketing cost



Macro | Regulatory tailwinds strengthened

A flurry of positive changes in the end of the quarter

0% VAT on solar panels proposed for 2022

EU prepares way for 0% VAT on several goods, solar panels for residential use now on proposed list

Solar development goal set, climate funding in place and tax simplification

European Markets

Germany boosts its climate fund with 60 bln euro injection

110% Superbonus extended to 2022, 50% Eco-bonus extended for 3 more years

Superbonus, cosa cambia con la Legge di Bilancio 2022?

Normativa Ecobonus Cessione del credito, Notizie • 27 Dicembre 2021 •
Visualizzazioni: 1.439

Dopo diversi rumors ed indiscrezioni, ormai la legge di bilancio 2022 è da considerarsi definitiva, vista l'approvazione al Senato e la quasi certa conferma alla Camera.

Tax simplification and reduction for small solar owners proposed by gov't

Regeringen föreslår lagändringar för mikroproducenter

Kan småhusägarna snart få sluta oroa sig för att råka sälja mer el än de köper? Ja, om det blir som en ny lagrådsremiss föreslår.

I mellandagarna publicerade regeringen en lagrådsremiss med ett av föreningen länge

Overall the political prospects in Europe are sunny

Country	2021 Total capacity (GW)	By 2025 Total capacity medium scenario (GW)	2022-2025 New capacity (GW)	2022-2025 Compound annual growth rate (%)	Political support prospects
Germany	59.9	107.6	47.7	16%	☀
Spain	17.9	36.8	18.9	20%	☀
Netherlands	13.1	30.2	17.1	23%	☀
France	13.2	28.3	15.1	21%	☀
Poland	7.1	16.8	9.7	24%	☀
Denmark	2.8	11.7	8.9	43%	☀
Italy	22.0	29.1	7.1	7%	☁
Portugal	1.5	6.6	5.0	44%	☀
Greece	4.8	9.8	5.0	19%	☀
Sweden	1.8	6.3	4.6	37%	☀
Belgium	6.9	10.9	3.9	12%	☀
Hungary	3.0	6.4	3.4	21%	☀
Austria	2.5	5.4	2.9	21%	☀
Ireland	0.1	2.8	2.7	120%	☀
Bulgaria	1.3	3.7	2.4	30%	☀

Source: Solar Power Europe (https://www.solarpowereurope.org/eu-market-outlook-for-solar-power-2021-2025-report/)

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Markets | Sales up 3.2x from 2020, now at 8,000/yr run rate

Key highlights from Otovo's markets

Otovo Europe

- **Projects sold up 3.2x YoY** (from 640 to 2066)
- Significant increases in all markets, with strongest sales growth in SCA and FR

- **Strong sales growth in Scandinavia,** with ~6x YoY and ~1.8x QoQ

- **Strong momentum, with projects sold growth** of ~20% QoQ
- Spain launched **€200m subsidy program** PV & battery, resulting in ~50% discount to customers, which will drive market growth going forward

- **Projects sold growth** of ~80% QoQ, driven by strong market and solid execution

- **Softer sales quarter,** with consumer uncertainty leading up to new grid tariff regulations. New 'Net billing' now approved in Senate, expecting strong rebound in Polish market

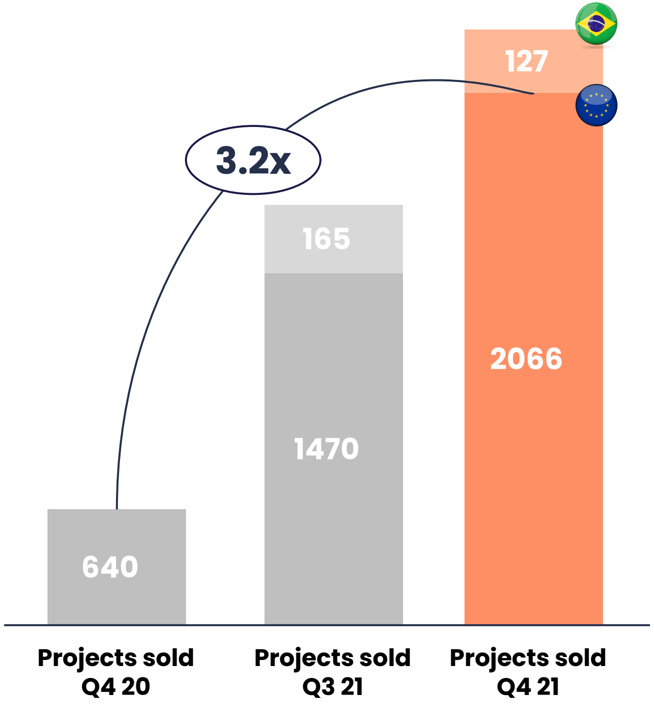
- **Continued strong growth**, driven by increased battery attachment rate

- **Fastest launch to date**, with 60 sales in 1st month of operation
- Recruiting and scaling of installer network on track, expecting first installation in Q1

Holu

- 127 sales in quarter, slightly down from Q3 21
- Scaling of team and installer network is progressing well

...delivering a very strong sales quarter



Germany | Launching new countries faster than ever

Otovo live in Germany!

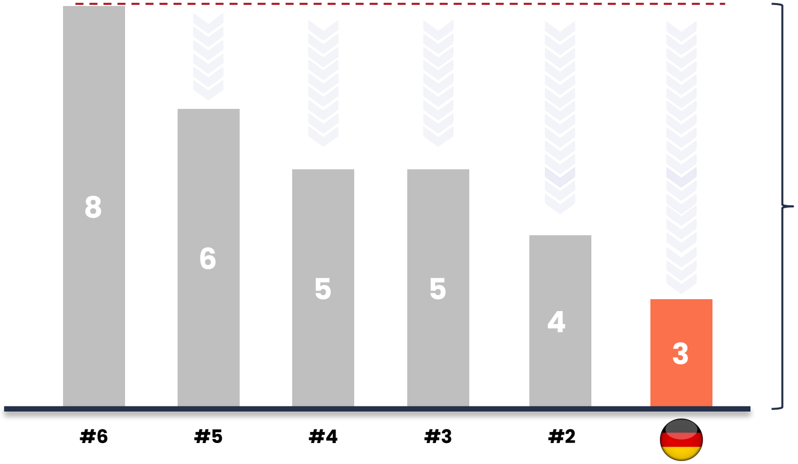
Local experienced GM

Christian Rahn
General Manager

4th time platform GM;
Former GM at BlaBlaCar, Zmarta Group, Lastminute.com

Fastest country launch ever

Months from GM started until 50 projects sold

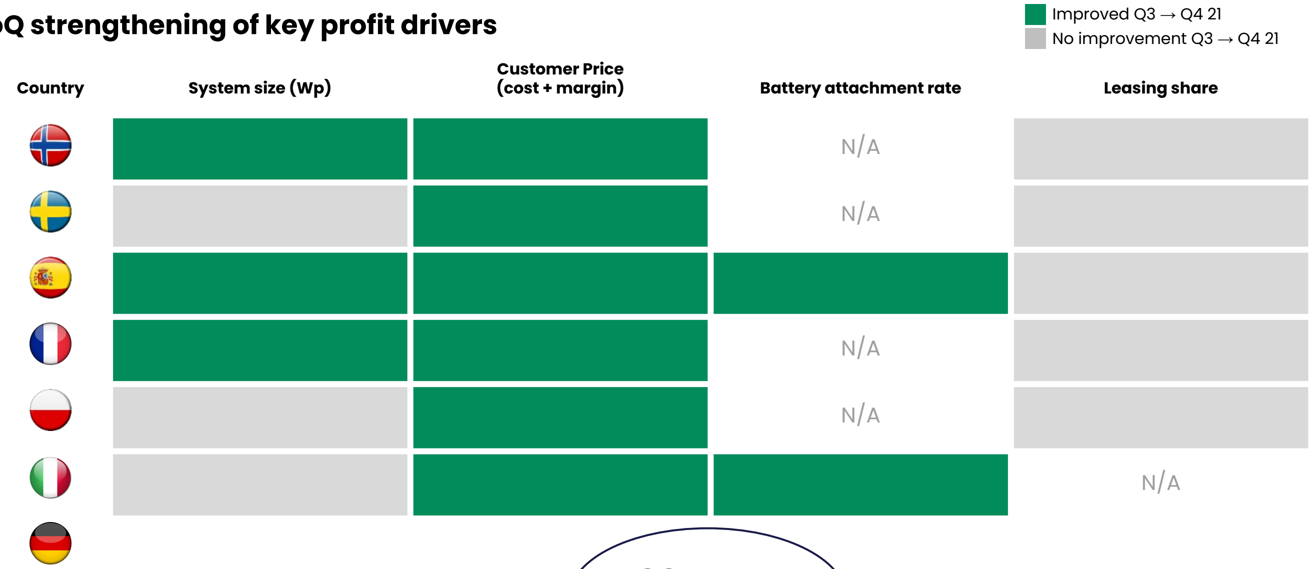


Launching **FASTER** but also safer and better.

Profitability | Revenue generated per customer up 22% QoQ

Average Revenue Generated Per Customer (Ticket Size equivalent)

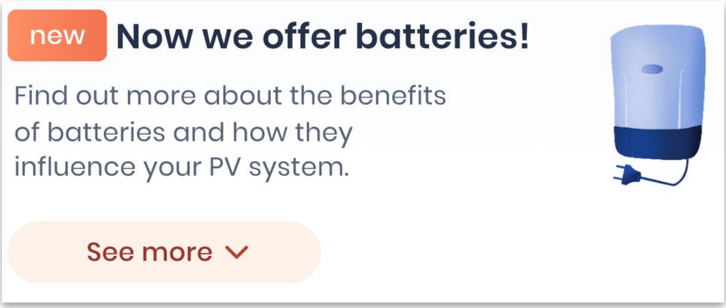
QoQ strengthening of key profit drivers

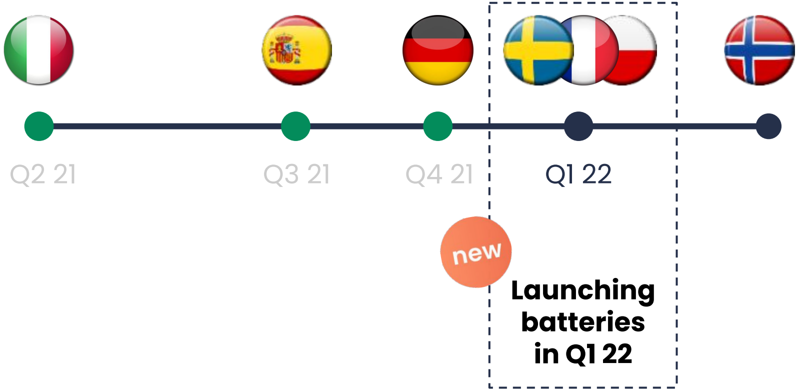


+22% QoQ
Group

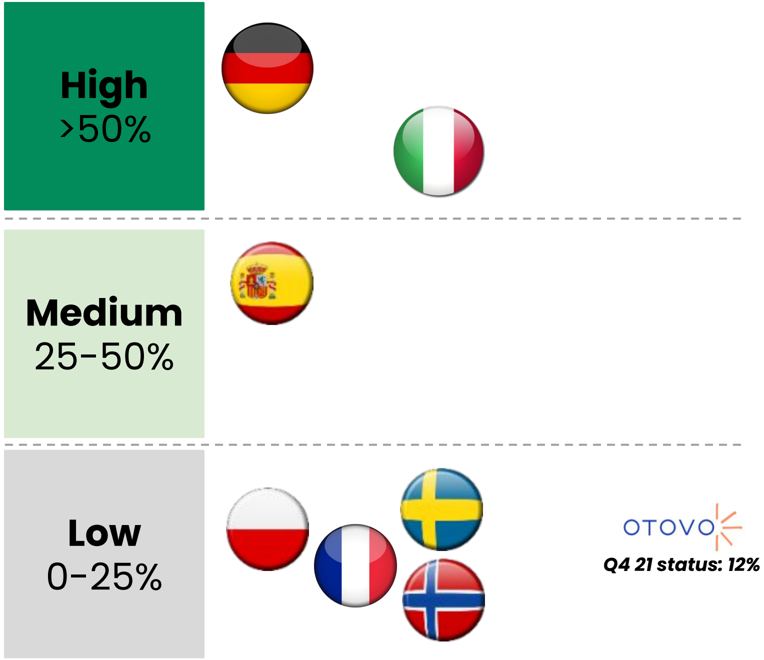
Batteries | Building a strong product category

Launched batteries in Germany in Q4, adding 3 countries in Q1





Expected battery attachment rate in 2022



Otovo products | Subscriptions will accelerate profits

Direct Purchase

One-off sale,
Payment upfront

Subscription Leasing & services[1]

20 years contracted relationship,
Monthly payments
BNPL[2] & Servicing margin for Otovo

3-4x
more profitable

Note: Note: 1) Subscription period for PV systems is 20 years, while subscription period for batteries is 10 years; 2) BNPL = Buy-now-pay-later

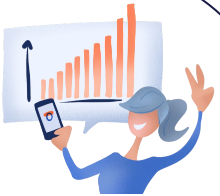
Acquisition | Otovo and EDEA joining forces set to win

OTOVO + EUROPEAN DISTRIBUTED ENERGY ASSETS

Otovo's leasing company

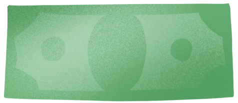
Unlock value for shareholders

Remove existing misalignment of incentives and unlock significant value for all shareholders



Profitable growth from leasing

Otovo to increase investments in profitable growth, with full capture of value creation from leasing



Improved access to funding

Enable EDEA to raise increased debt funding and improve capital structure

Creating a European leader

Creating a European leader in residential solar, now set up to be the winner

Subscription | Strong customer value proposition

Highly appealing product for first-time buyers of solar

Zero money down	Enables customers to go solar with no upfront investment
Save money from day 1	Monthly solar subscription 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

Subscription | Recurring, contracted customer relation

Strong features	Solar subscription	Status
Churn	No churn[1], 20 years contract[2]	✔
Price up	Inflation adjustment	✔
Upsell	+ Batteries	✔
Future upsells	+ Services + Renewals + Other hardware	✔
= Great subscription business	Low-risk, high-yielding cash flows	✔

Note 1) Customer has the option to pay for the full system before subscription ends; 2) Subscription period for PV systems is 20 years, while subscription period for batteries is 10 years.

Takeaways | EDEA transaction increases revenues & profits

1 **Revenue generation increasing**

Otovo revenue generation will increase, as we add subscription customers
(20 years, recurring, contracted revenue)

2 **Profit generation increasing**

…profit potential on a subscription contract is 3-4x higher over time than a direct purchase, increasing Otovo's value per customer

3 **New metrics to reflect value creation** new

Segment reporting will show Otovo and EDEA separately.

New metrics to show joint total value creation from the Otovo ecosystem are introduced.

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3	**Financial results**
4	Outlook

Metrics | New metrics to reflect value creation

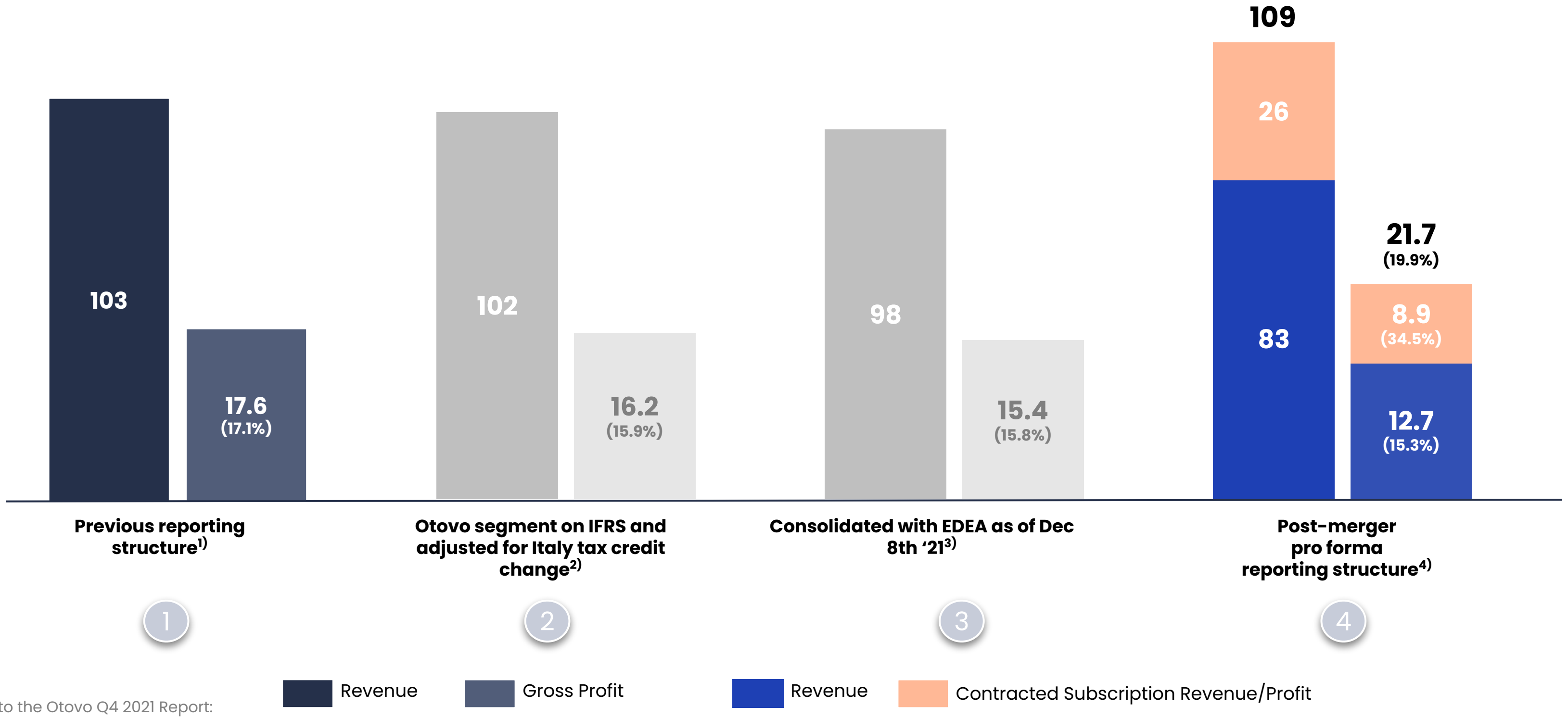
	Direct purchase (~75-80% of customers today)	Subscription (~20-25% of customers today)	Otovo Group
Revenue	**Revenue** Booked revenue, value of upfront payment from customer	**Contracted Subscription Revenue** Present value of all leasing payments over 20 years, discounted at 5%	**Revenue generated** (1a) Revenue + (2a) 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** (1b) Gross Profit + (2b) Gross subscription profit
		Accumulated Contracted Subscription Revenue Present value of the remaining cash flows from leasing contracts, discounted at 5%	**Accumulated Contracted Subscription Revenue** Present value of the all remaining cash flows from leasing and service contracts, discounted at 5%

Discount rate: Rate used to discount future subscription cash flows in order to calculate net present value. The discount rate of 5% is based on a conservative estimate of the weighted average cost of capital (WACC) of the subscription cash flows and observations of common industry practice (see US peers RUN and NOVA). This allows rooms for fluctuations in capital costs, while ensuring value upside from funding or exit at lower cost of capital.

Reporting | New reporting structure going forward

Impact from reporting changes on key financials (mNOK)

Q4 2021

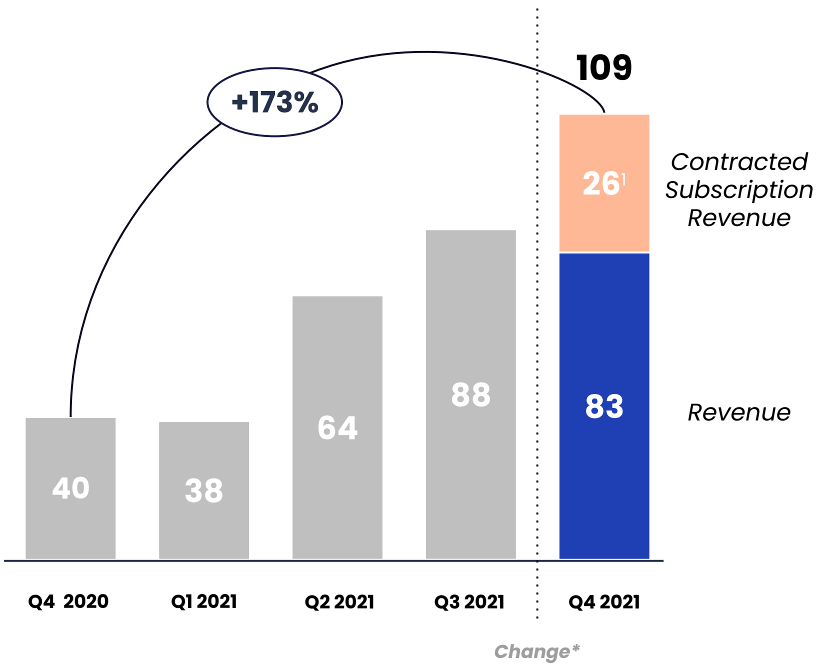


References to the Otovo Q4 2021 Report:
1) Cf. Note 4 and reclassifications in Note 1
2) Cf. Note 4
3) Cf. Consolidated income statement
4) Cf. Note 3

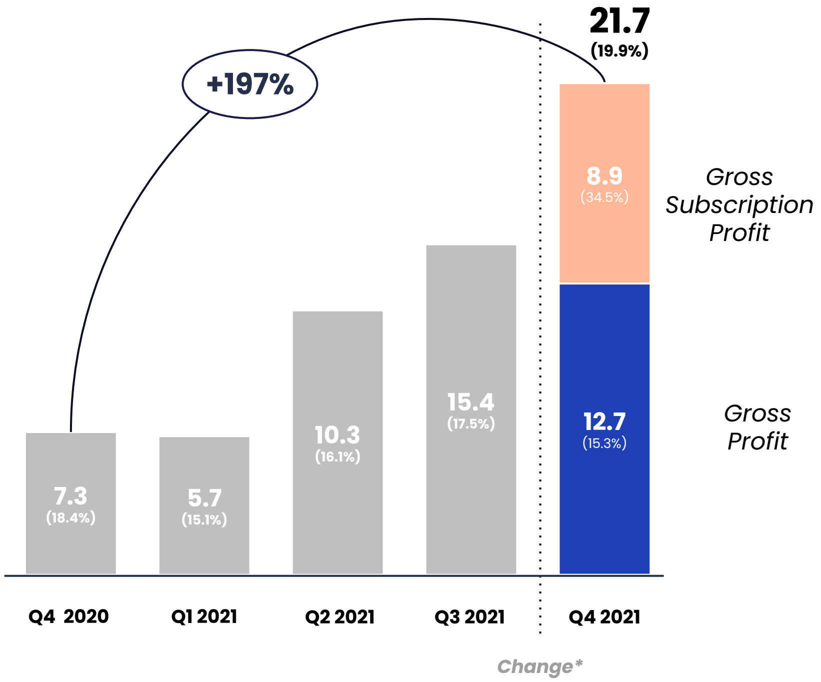
OTOVO

Post-merger, pro forma | Strong leasing revenue & profits

Revenue generated (mNOK)



Gross profit generated (mNOK)

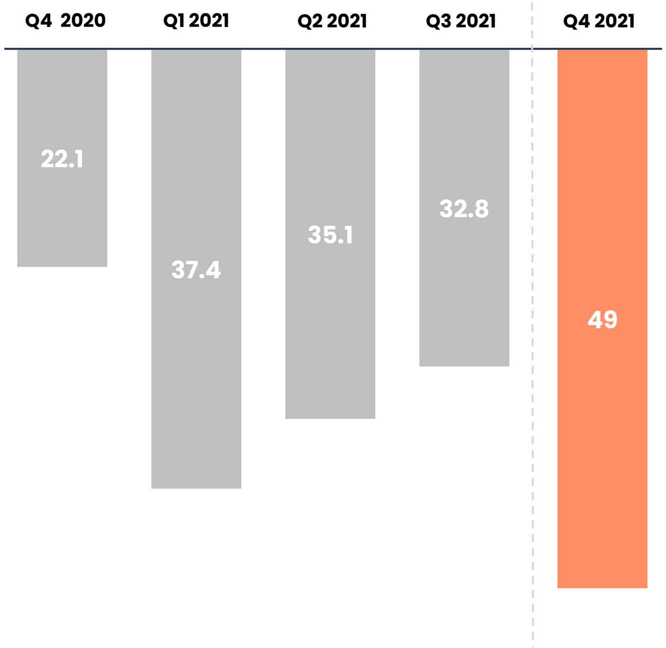


*Reclassifications not reflected in historical numbers (details in Note 1 in the Q4 21 financial report)

Note: 1) Unlevered IRR of 11.8% (Future customer payments assuming 2% inflation with Otovo COGS as face value)

Post-merger, pro forma | EBITDA generated down due to EDEA transaction, ramp-ups and Germany entry

EBITDA generated (mNOK)



Commentary

EBITDA[1] generated at NOK -49m down from NOK -32.8m in Q3 21 *of which*:

Increased costs due to growth -9.5m

- Germany, marketing spend, sales commissions related to increased sales in quarter, general increase in SG&A

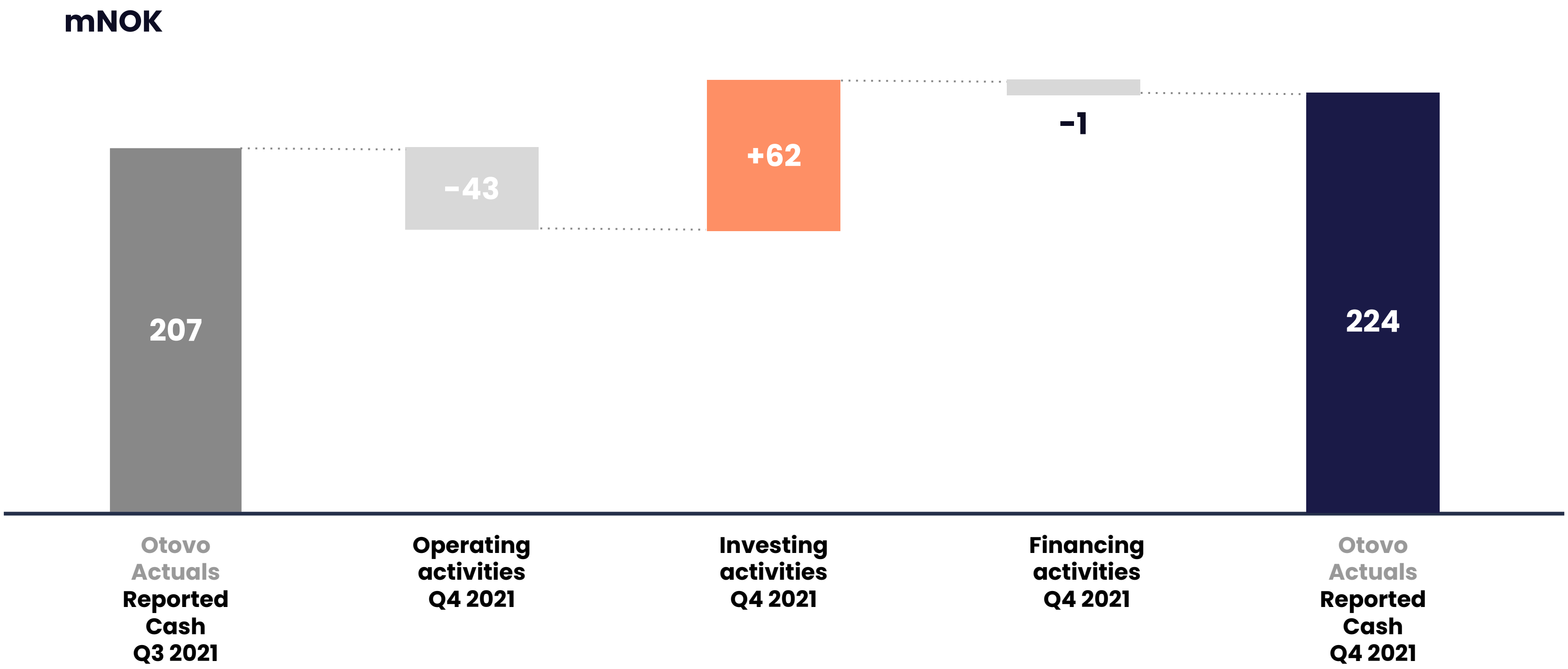
Non-recurring items -6.5m

- Financial and legal advisors in EDEA transaction and IFRS conversion, changes in timing of expense recognition

1) The details of the EBIDTA generated metric are set out on page 4 in the Otovo Q4 2021 Report

Cash flows | Comfortable cash position as of 20th Jan 22

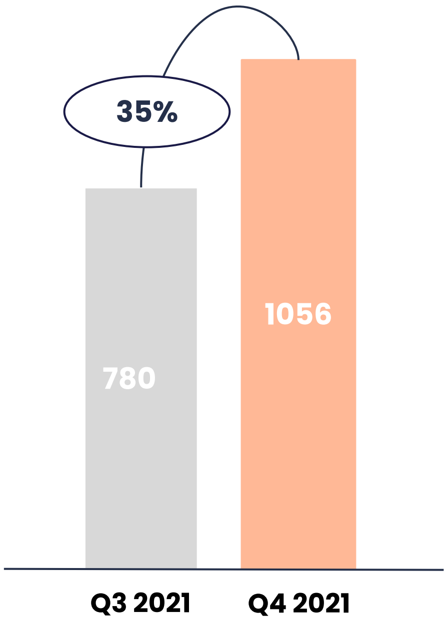
Change in reported cash (NOKm)



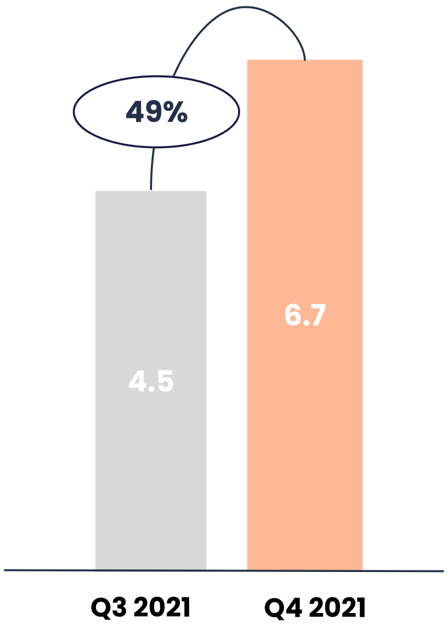
Note: Numbers do not add up due to rounding

Subscription | Accumulated Contracted Subscription Revenue up 47% in Q4

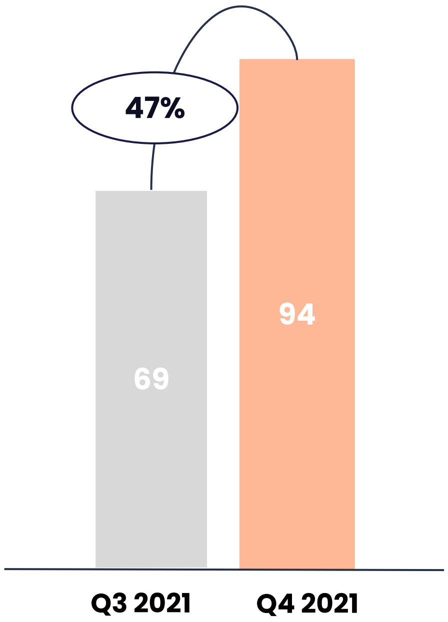
Total Subscribers (#)



Annual Recurring Revenue[1] (NOKm)



Accumulated Contracted Subscription Revenue (NOKm)

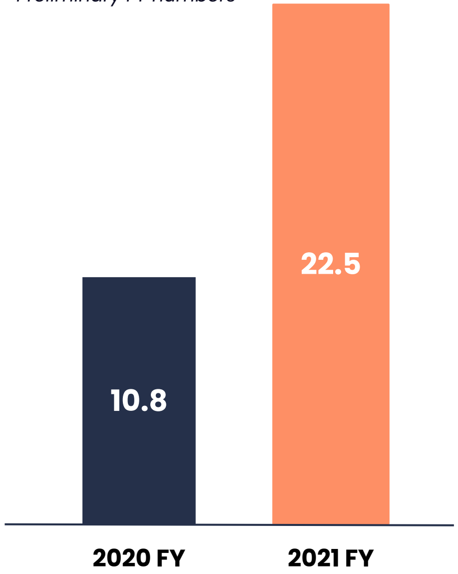


Note: 1)Annual Recurring Revenue (ARR) equals the monthly revenue in the last month of the period, multiplied by 12 to illustrate the expected revenue generated by the current contract portfolio on an annual basis (churn is not accounted for)

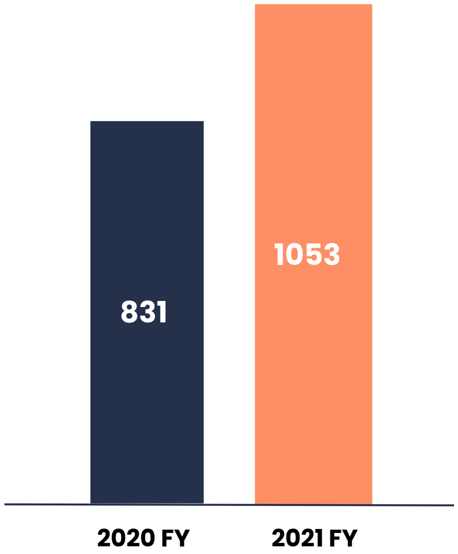
ESG | Committed, installed CO_2 emissions replaced up 2.4x YoY to 240.000 tonnes

MWp installed

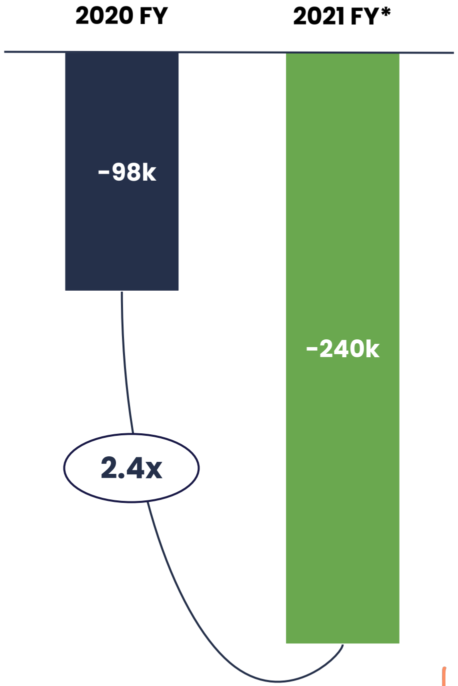
** Preliminary FY numbers*



Energy yield per installation (kWh/kWp)



Net CO_2 emissions effect (tonnes)



Assumptions:
Average lifetime of solar installation 30 years, with degradation
401 g C02 / kWh carbon replacement factor, European Residual mix (Source: AIB 2020)

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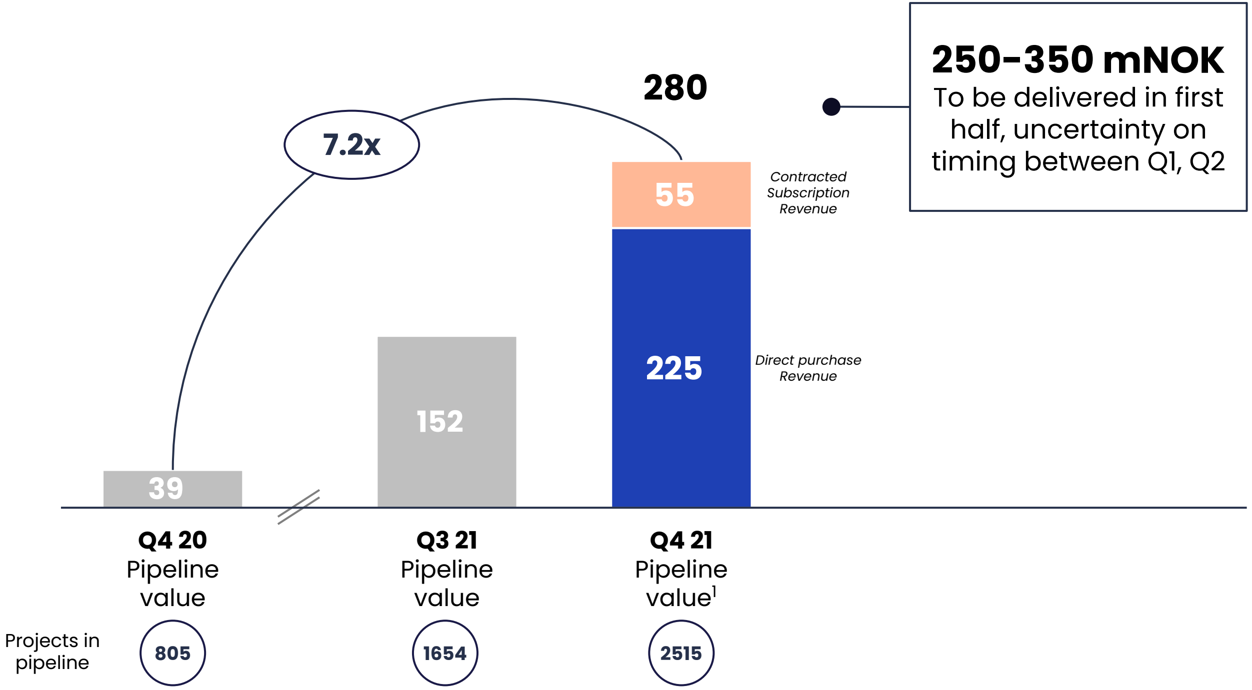
Pipeline | Up 7.2x YoY to NOK 280m, all markets growing

Pipeline value at end of quarter (mNOK)



Commentary

Q4 21 pipeline up by 7.2x vs Q4 20 and 84% from last quarter to NOK 280m

Uncertainty on time of delivery of pipeline

- Global supply chain challenges leading to HW shortages and bottlenecks in Europe
- Omicron affecting customers and the installer workforce, creating friction in delivery
- Winter seasonality reducing installation throughput in Nov-Mar

Planning to clear pipeline in first half of 2022 and in addition be able to install sales done in that period

Expecting Revenue generated of NOK 250-350m in H1 22

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; 1) Value of pipeline with old reporting: NOK 264m; Avg. ticket size in pipeline old reporting: NOK 105,000

Otovo installation in Norway. Q4 2021

Outlook | Stepped up in 2021, all set for more in 2022

Entering 2022 with a strong pipeline of NOK 280m (EUR 28m)

Expecting H1 2022 revenue generated of NOK 250-350m,
limited visibility on split between Q1 and Q2.

Otovo has confidence in its ability to scale to new European markets and grown market shares quickly.

Expectations for 2022:

- Growing market share in all existing markets
- Leasing & battery share and profit per customer to grow in every market
- Will launch new markets in 2022

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Appendix

New reporting metrics

Metrics | New metrics to reflect value creation

	1 Direct purchase (~75-80% of customers today)	2 Subscription (~20-25% of customers today)	3 Otovo Group
REVENUE	a **Revenue** Booked revenue, value of upfront payment from customer	a **Contracted Subscription Revenue** Present value of all leasing payments over 20 years, discounted at 5%	a **Revenue generated** (1a) Revenue + (2a) Contracted subscription revenue
Profit	b **Gross profit** Revenue - Upfront COGS, value of payment to installers (inc. HW)	b **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)	b **Profit generated** (1b) Gross Profit + (2b) Gross subscription profit
		c **Accumulated Contracted Subscription Revenue** Present value of the remaining cash flows from leasing contracts, discounted at 5%	c **Accumulated Contracted Subscription Revenue** Present value of the all remaining cash flows from leasing and service contracts, discounted at 5%

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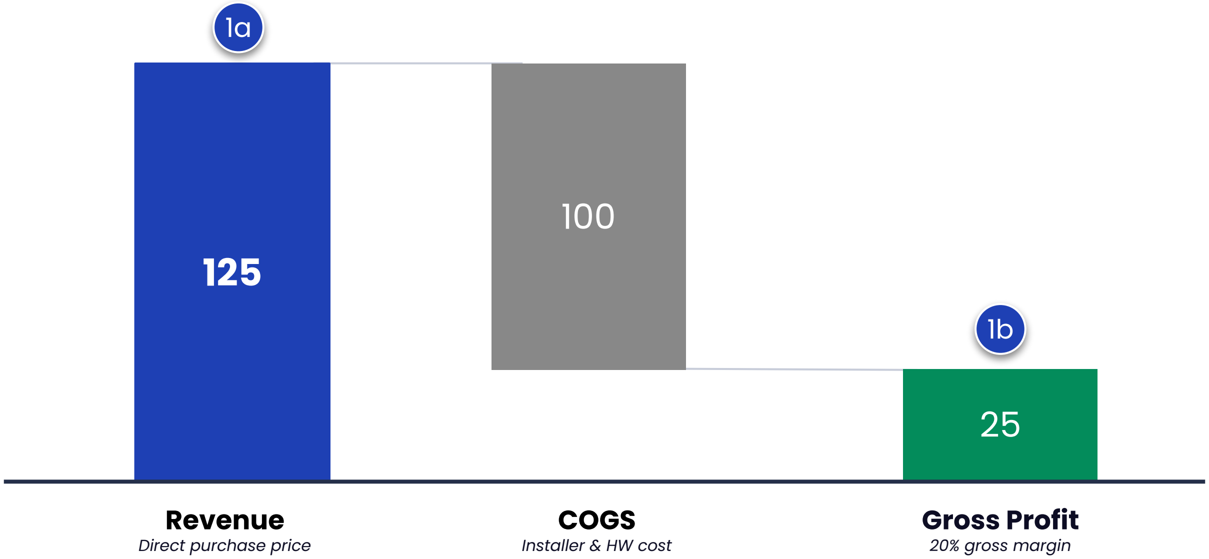
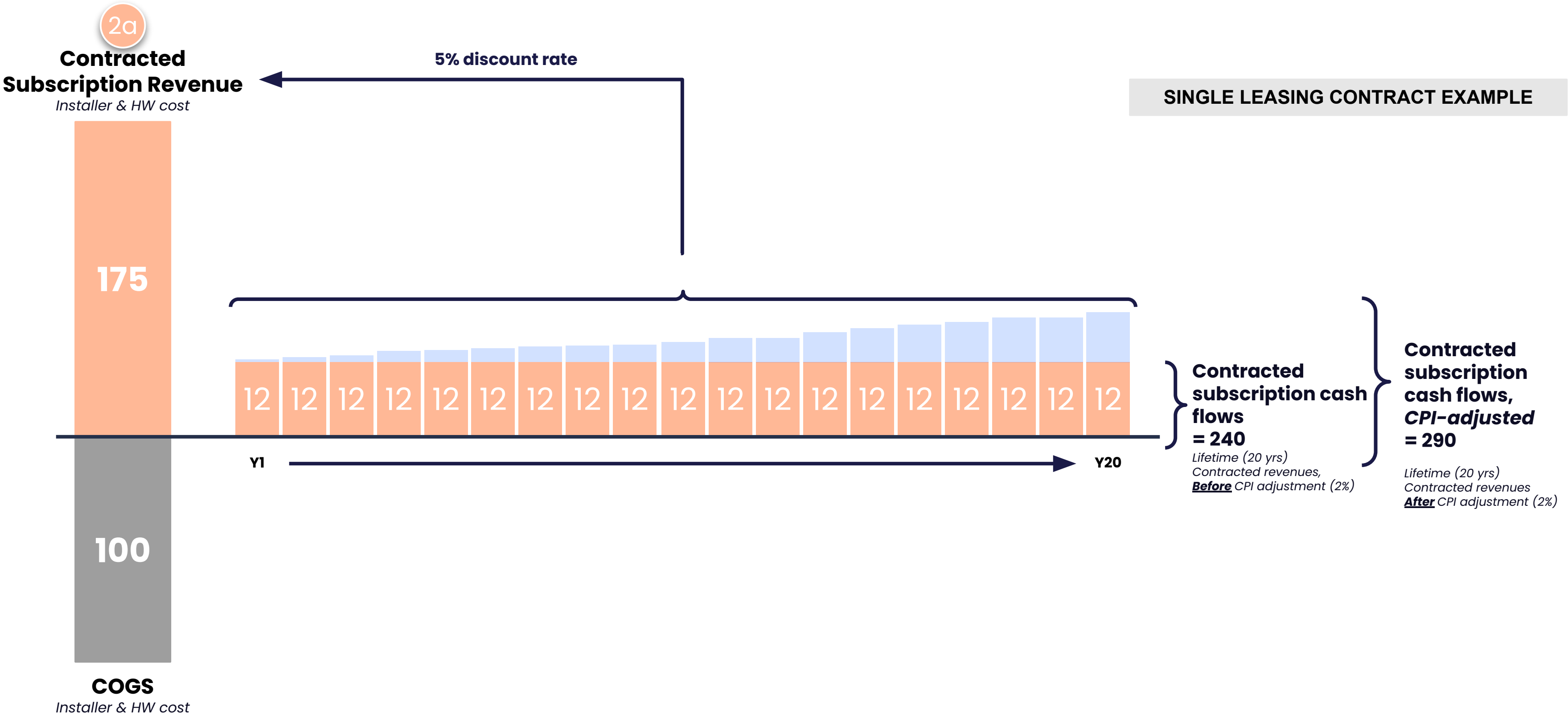
Single contract example

Gross Profit | Direct purchase example



Contracted Subscription Revenue | Revenue metric

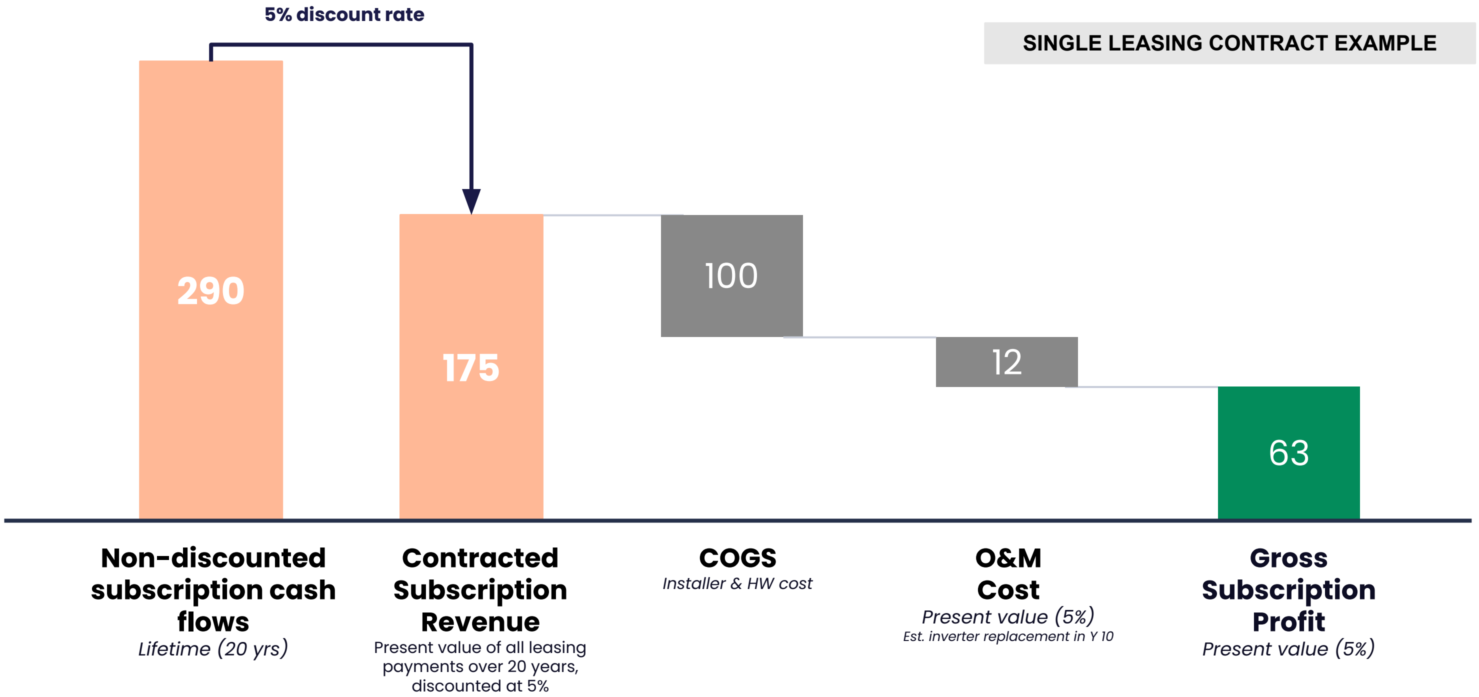


SINGLE LEASING CONTRACT EXAMPLE

Discount rate: Rate used to discount future subscription cash flows in order to calculate net present value. The discount rate of 5% is based on a conservative estimate of the weighted average cost of capital (WACC) of the subscription cash flows and observations of common industry practice (see US peers RUN and NOVA). This allows rooms for fluctuations in capital costs, while ensuring value upside from funding or exit at lower cost of capital.

2b

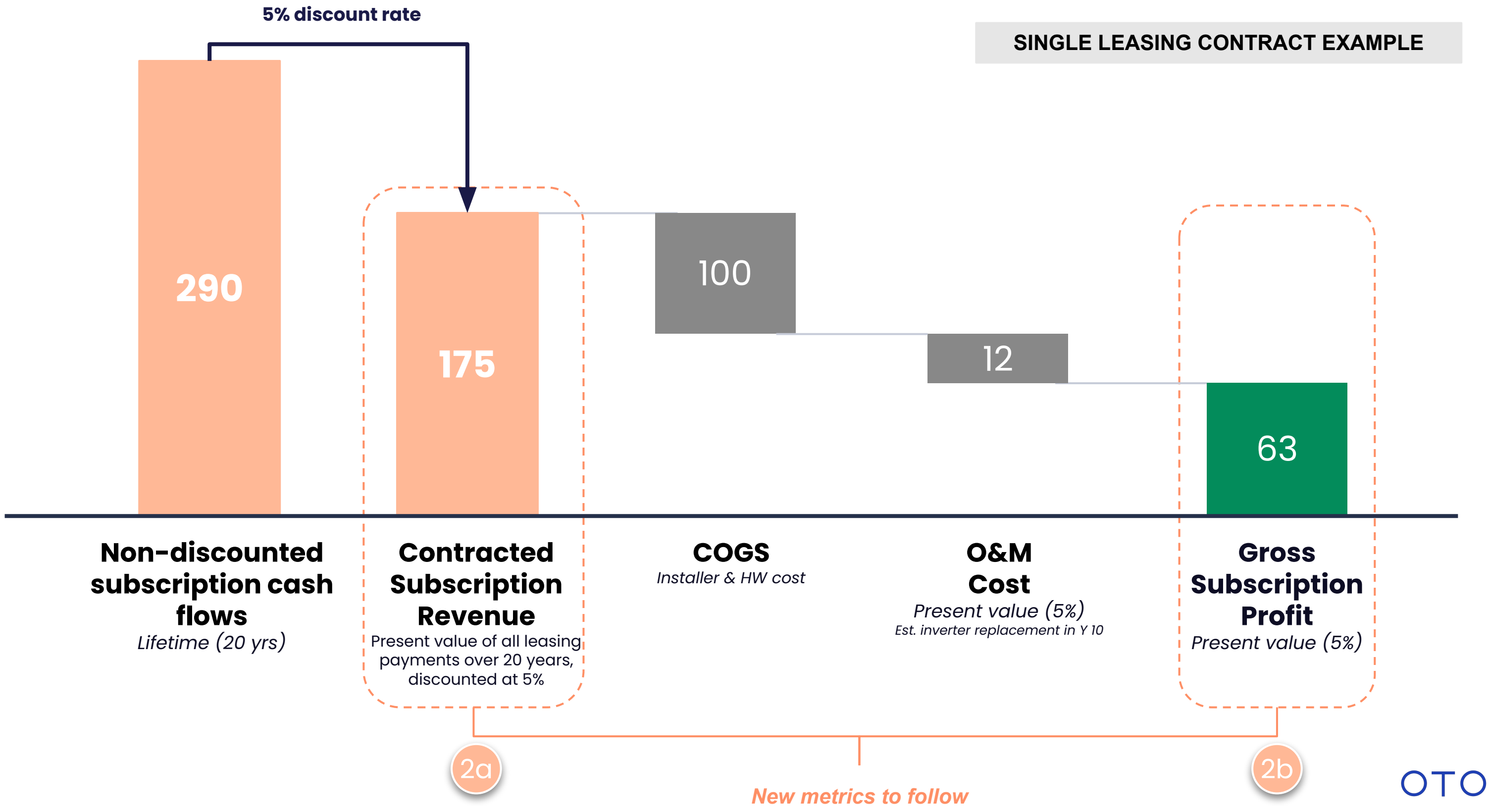
Gross Subscription Profit | Metric to reflect gross profit



OTOVO

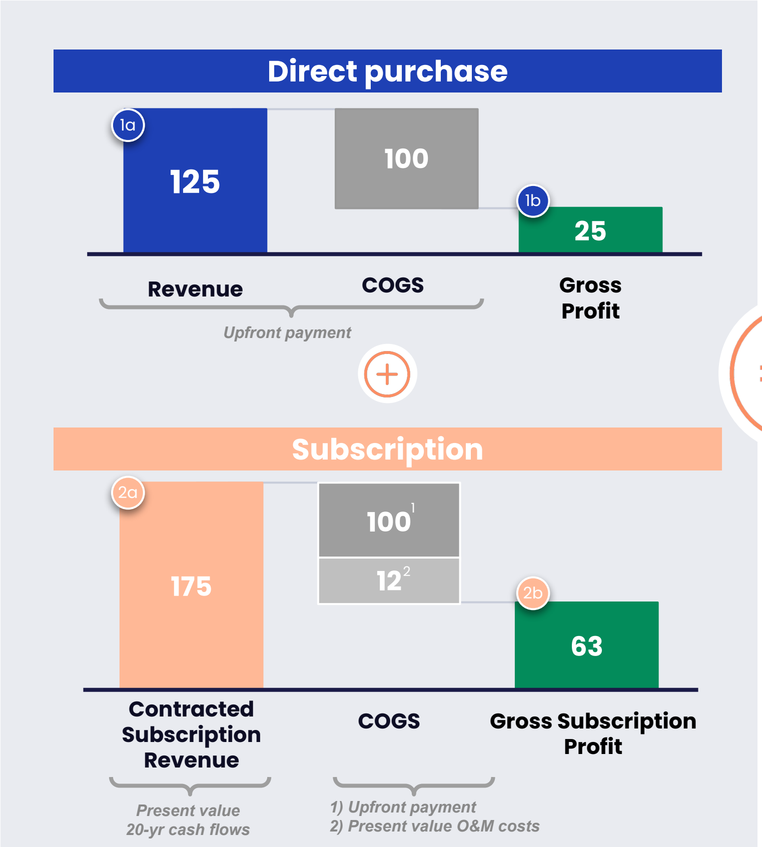
2b

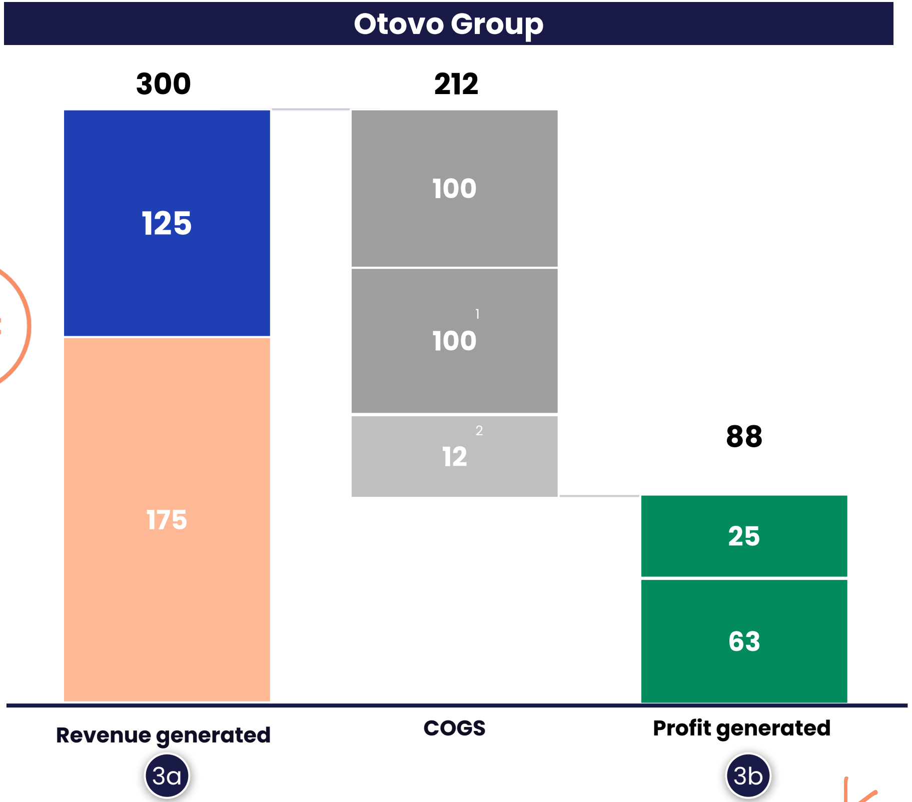
Gross Subscription Profit | Metric to reflect gross profit



OTOVO

Direct + subscription | Revenue & profit generated





Glossary

New definitions

Contracted Subscription Revenue (CSR)

Net present value of contracted cash flows created in the period from subscription customers over contract lifetime adjusted with expected CPI increases

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

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

Revenue generated
Revenue + Contracted Subscription revenue

Gross Profit generated
Gross profit + Gross Subscription Profit

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

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

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

New definitions

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

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

Customers
Number of customers per segment

Project / Unit
A PV system and/or a battery

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

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