Otovo

The solar and battery marketplace

Q2 22 presentation
14 July 2022


Otovo installation in Milan, Italy. Q2 2022

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

Today's session

Present from Otovo

Andreas Thorsheim
Founder and CEO

Petter Ulset
CFO

Sondre Bergløff
Investor relations

Agenda

1. Business update
2. Financial results
3. Summary
4. Q&A

Agenda

Business update

Financial results

Summary

Q&A

A quarter of growth and improved profitability

+200%
Q2 21: 64

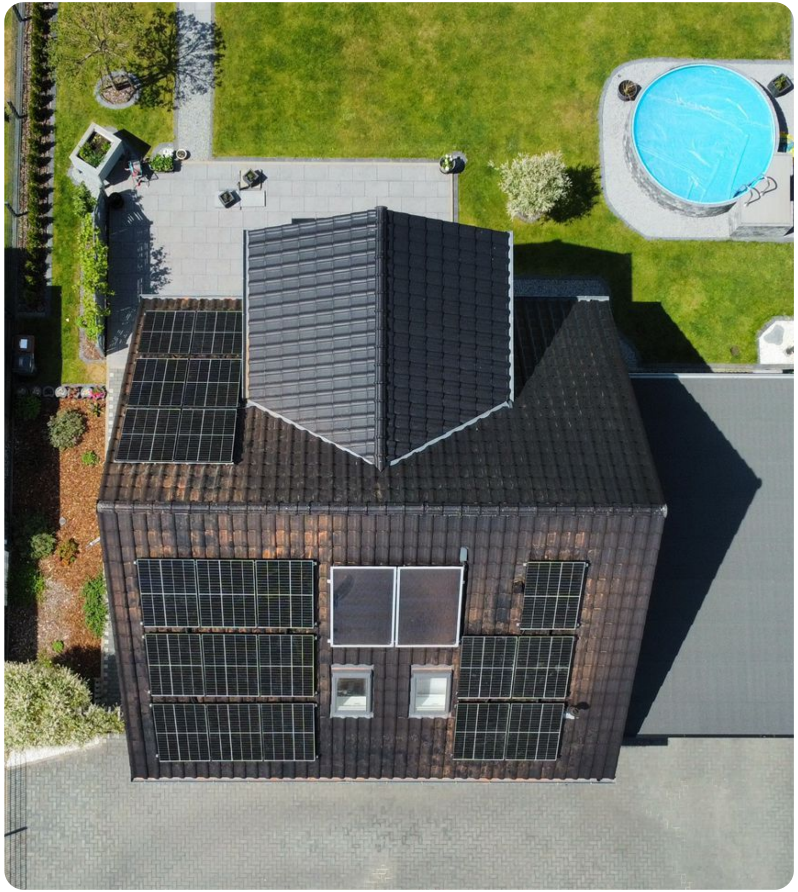
Revenues generated
194 NOKm

+310%
Q2 21: 10

Gross profit generated
42 NOKm

+300%
Q2 21: 39

Accumulated Contracted Subscription Revenue
157 NOKm



Otovo installation in Brandenburg, Germany. Q2 2022

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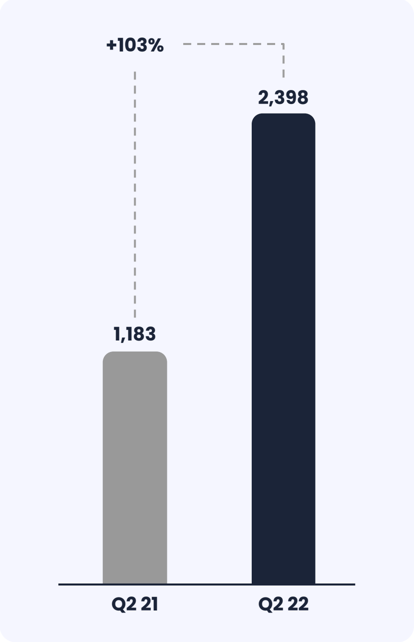
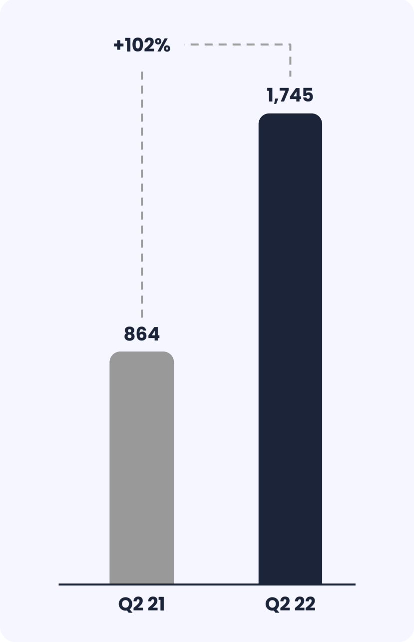
Unit sales & installations up ~100% with growing tickets

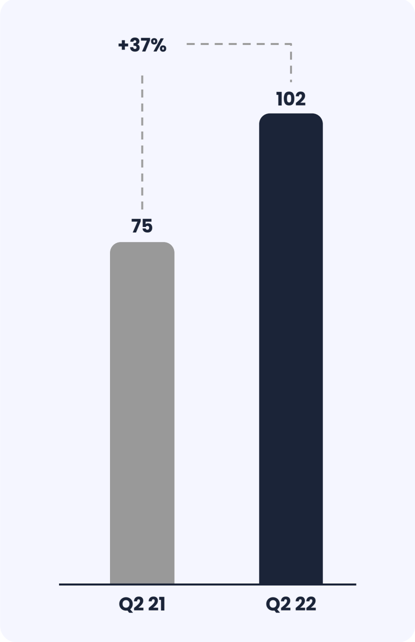
Number of projects sold



Number of installations



Ticket size - installations[1]



Comments

Sales

- Doubling in number of sales YoY

Installations

- Otovo completing twice as many installations as Q2 last year

Ticket size

- Italy with NOK 130k average ticket size, up from 76k in Q2 21
- Norway & Germany both have >130k ticket sizes

Note: 1) Including batteries

Selling larger projects with higher margins

Systems size

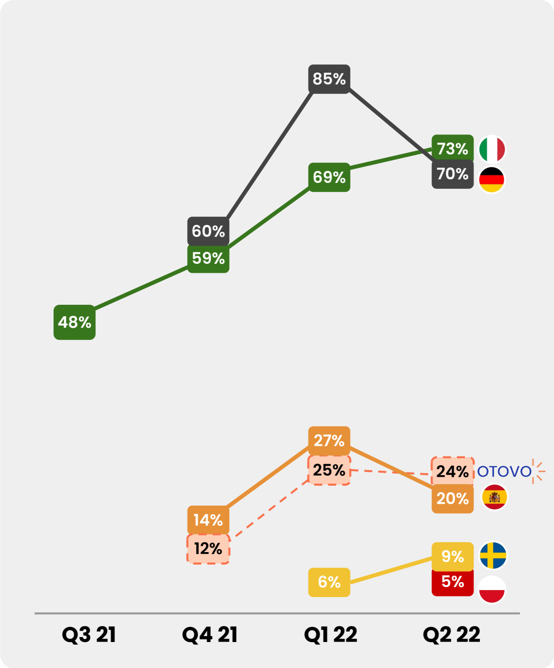
Average system size sold, change YoY

Norway 9.7 kW (+11%)	Sweden 9.9 kW (+5%)	France 4.5 kW (+4%)
Spain 3.9 kW (+1%)	Poland 6.5 kW (-2%)	Italy 5.1 kW (+11%)

Selling bigger and bigger systems

Battery attachment rate

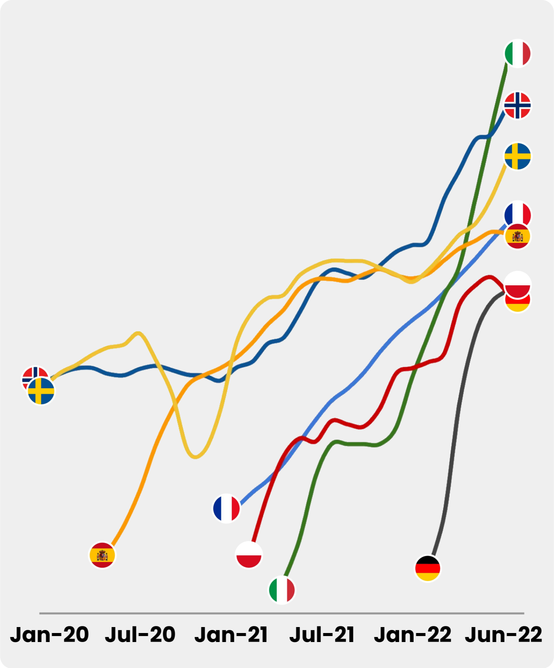
Battery attachment rate, sold projects



Batteries included on 1 in 4 sales

Margins

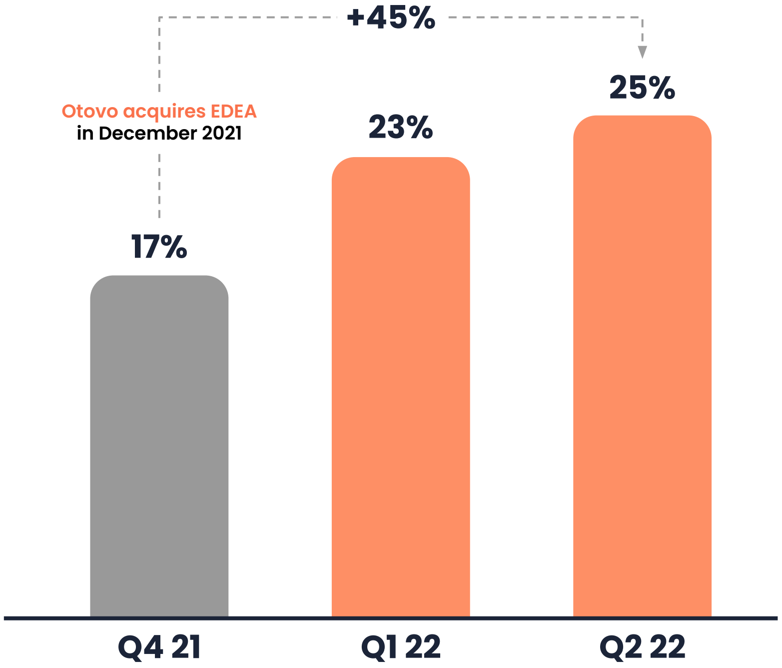
Sold margin (indexed), 3 month moving average



Margins are increasing in all markets

Subscription sales trending up - Top priority across markets

Share of sales on Subscription model
Percent of total



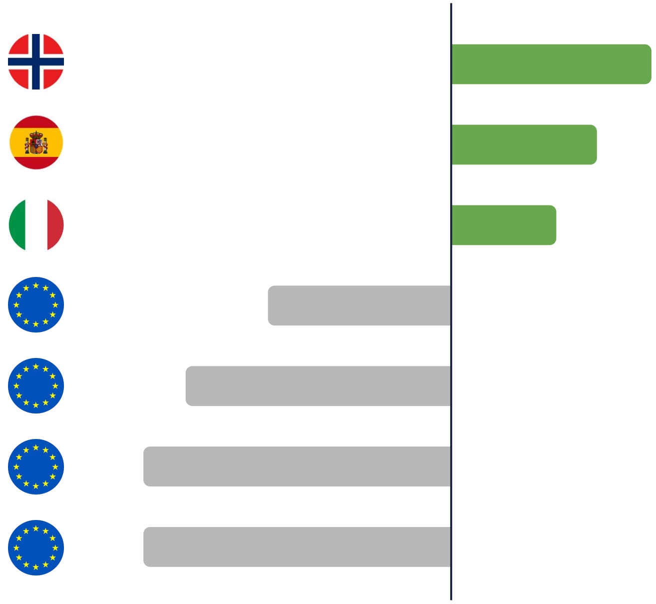
- **Subscription customers are 3x more profitable** than Direct sales customers - Additional upside from services and other future upsell opportunities
- Driving Subscription sales is a **top #3 strategic priority** for Otovo across markets
- Activating marketing, product development, incentives and partnerships to increase share of subscription
- On track towards **30% subscription share** by end-of-year

Italy, Spain & Norway with EBITDA profitability

Country profitability

ILLUSTRATIVE

EBITDA generated[1], Q2 2022



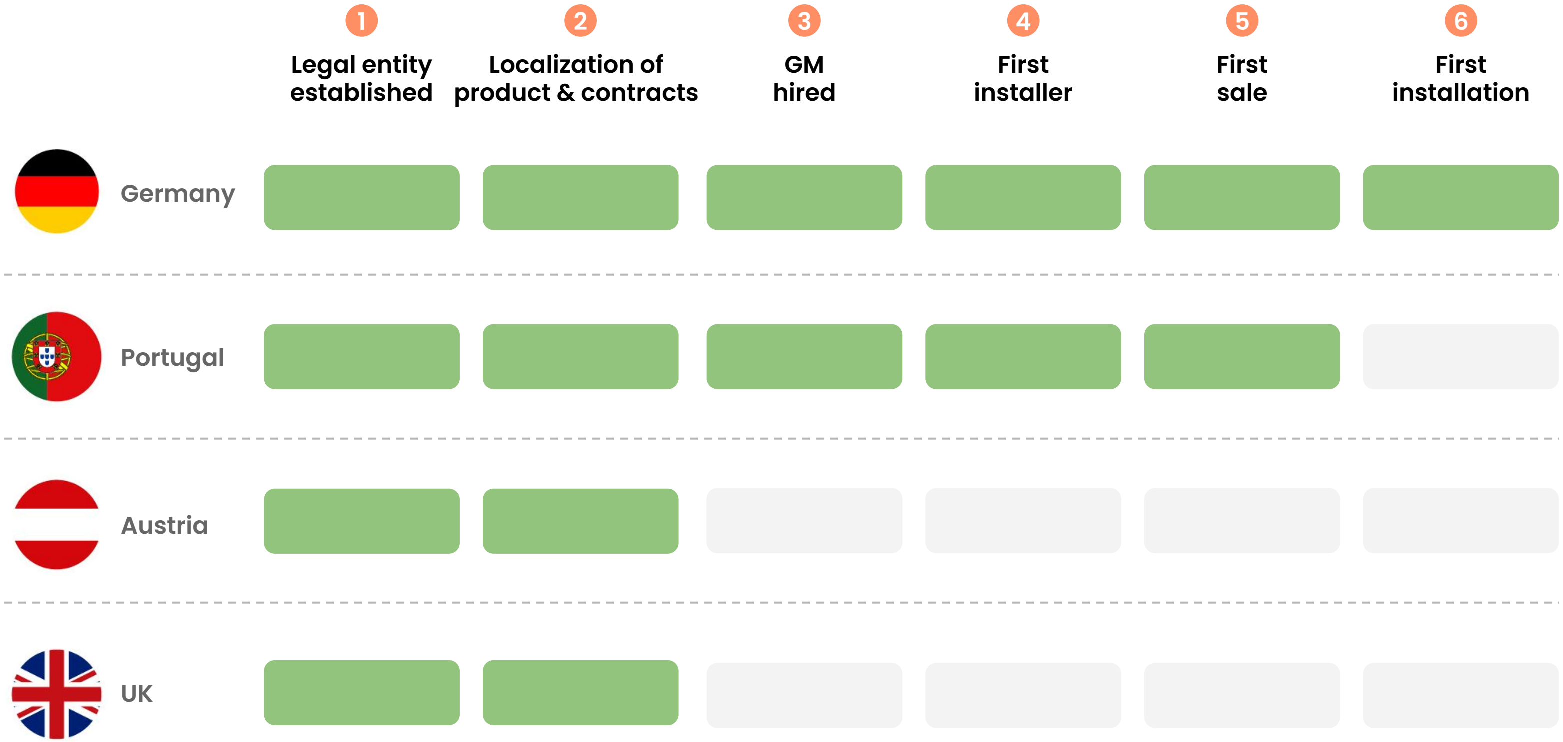
Comments

- **Norway, Italy and Spain** across goal post delivering EBITDA profitability in Q2 – effect of operational gearing set to kick in
- **Italy profitable 5 quarters after launch** driven by market fit for Otovo model and strong tailwinds
- Combination of **higher volumes and push for improved unit economics** will help drive remaining markets to profitability

Note: 1) EBITDA generated defined as gross profit generated less local opex before any Group cost

On track to pan-European reach

Done
In progress



Build the number one distributed energy platform in Europe

Scale

- **Growing volumes** in thirteen European markets
- **Rapid, low-risk expansion** to new attractive European markets
- **Established** in countries with addressable market of 1.7m annual installations[1]

Batteries & Hardware

- **Adding batteries** to increase ticket size & gross profit per customer
- One in four **sales**, and one in five **installations** now include a battery
- **Successfully increasing** margins across all markets

Subscriptions

- Subscriptions **increasing profitability per customer** by ~3x
- **Accelerating deployment** through *volume growth* and higher *subscription share*
- Significant potential for **debt financing** to boost margins

Targets

Scale	Batteries & Hardware	Subscriptions
No. 1 in 13 European markets	**High battery attachment rates**	**High subscription share on high sales**
20,000 installations per year	**Attractive unit economics driving towards profitability**	**Consistent deployment of €100m/year**

Note: 1) Expected number of installations in 2024, in the 13 countries Otovo expects to be present in by the end of 2022
Source: Company analysis based on publicly available resources including EuroStat, IEA, OECD, EU and SolarPower Europe

Long term support for solar comes on top of momentous surge in interest for safeguards against extreme prices

Extreme changes in consumer power prices

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Green | The Big Take

A Hot, Deadly Summer Is Coming With Frequent Blackouts

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ENERGY CRISIS >

The Government and its partners will approve next week the surcharge to the fossil sector to lower the electricity bill

The Fund for the Sustainability of the Electricity System arouses strong criticism from gas and oil companies

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Markets

Europe Power Breaks Record as Governments Act to Keep Lights On

- Benchmark electricity futures climb to record 345 euros/MWh
- German parliament to vote on limiting gas plants on Thursday

Long term regulatory repercussion

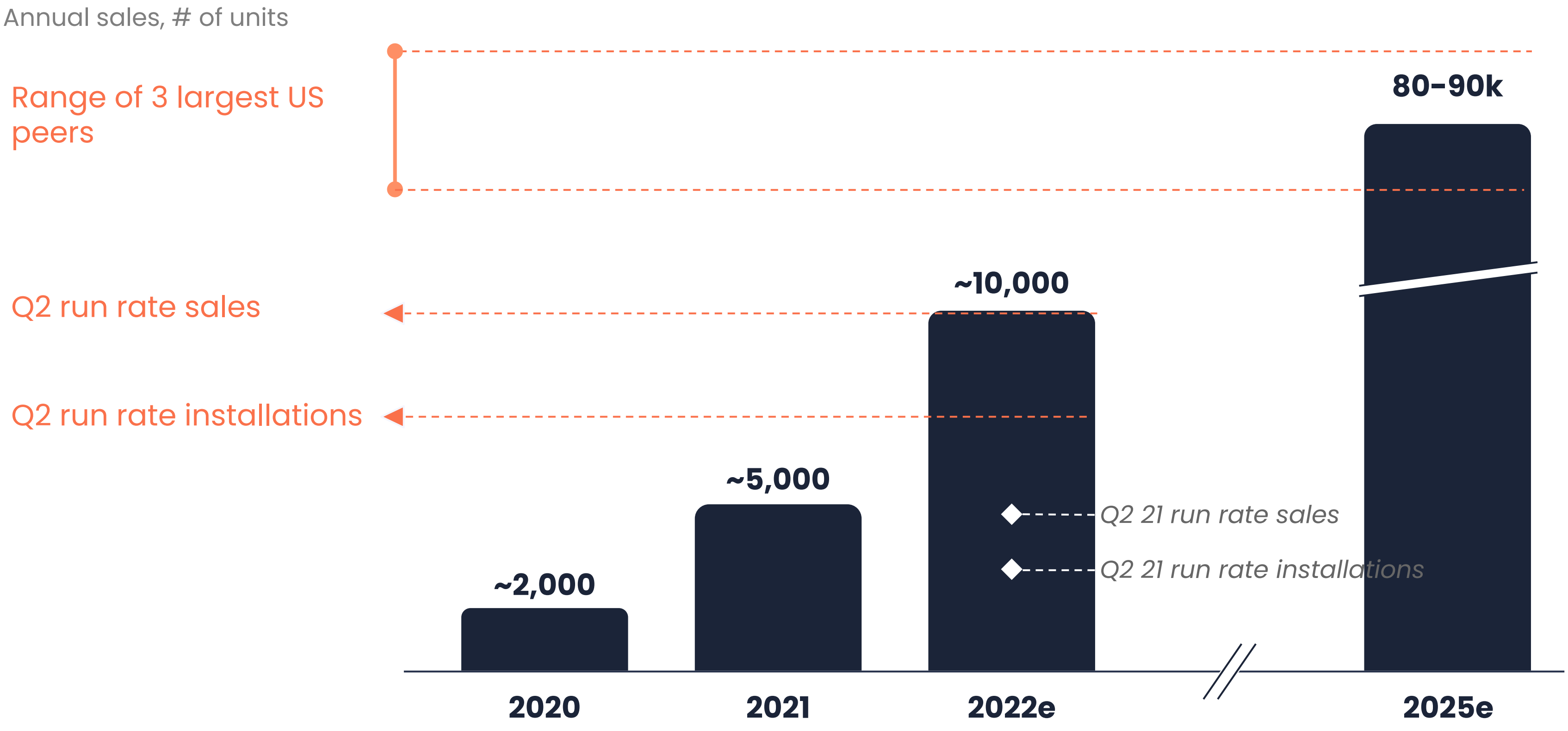
European Commission

REPowerEU:

- Rapid roll-out of solar and wind energy projects combined with renewable hydrogen deployment to save around 50 bcm of gas imports

- The EU Solar Energy Strategy will boost the roll-out of photovoltaic energy. As part of the REPowerEU plan, this strategy aims to bring online over **320 GW** of solar photovoltaic newly installed by 2025, over twice today's level, and almost **600 GW** by 2030

On track for continued growth of 100% towards size of US peers



Agenda

Business update

Financial results

Summary

Q&A

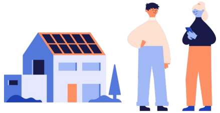
Strong performance on reported financials

Consolidated Financial Summary		
(NOK 000')	**Q2 2022**	Q2 2021
Total operating revenue	156 002	64 444
COGS	124 134	53 894
Opex	88 747	43 971
Depreciation	15 520	4 140
Operating profit	-72 399	-37 561
EBITDA	-56 879	-33 421
EBITDA%	*-37%*	*-52%*

Consolidated Balance Sheet		
(NOK 000')	**Q2 2022**	Q2 2021
Non-current assets	396 788	175 104
Inventory	9 905	0[1]
Cash	330 734	255 723
Other current assets	192 246	36 118
Assets	919 768	466 945
Equity	694 225	369 750
Liabilities	225 542	97 195
Equity and liabilities	919 768	466 945

Note: 1) Included in OtherCurrent Assets in previous quarters

Business model - Marketplace matching homeowners and installers



Customer

1 Otovo sells project to customer

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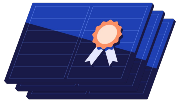
2 Installer delivers projects on behalf of Otovo

Installer

HW cost ~50[1]

i Installer buys hardware directly from distributors

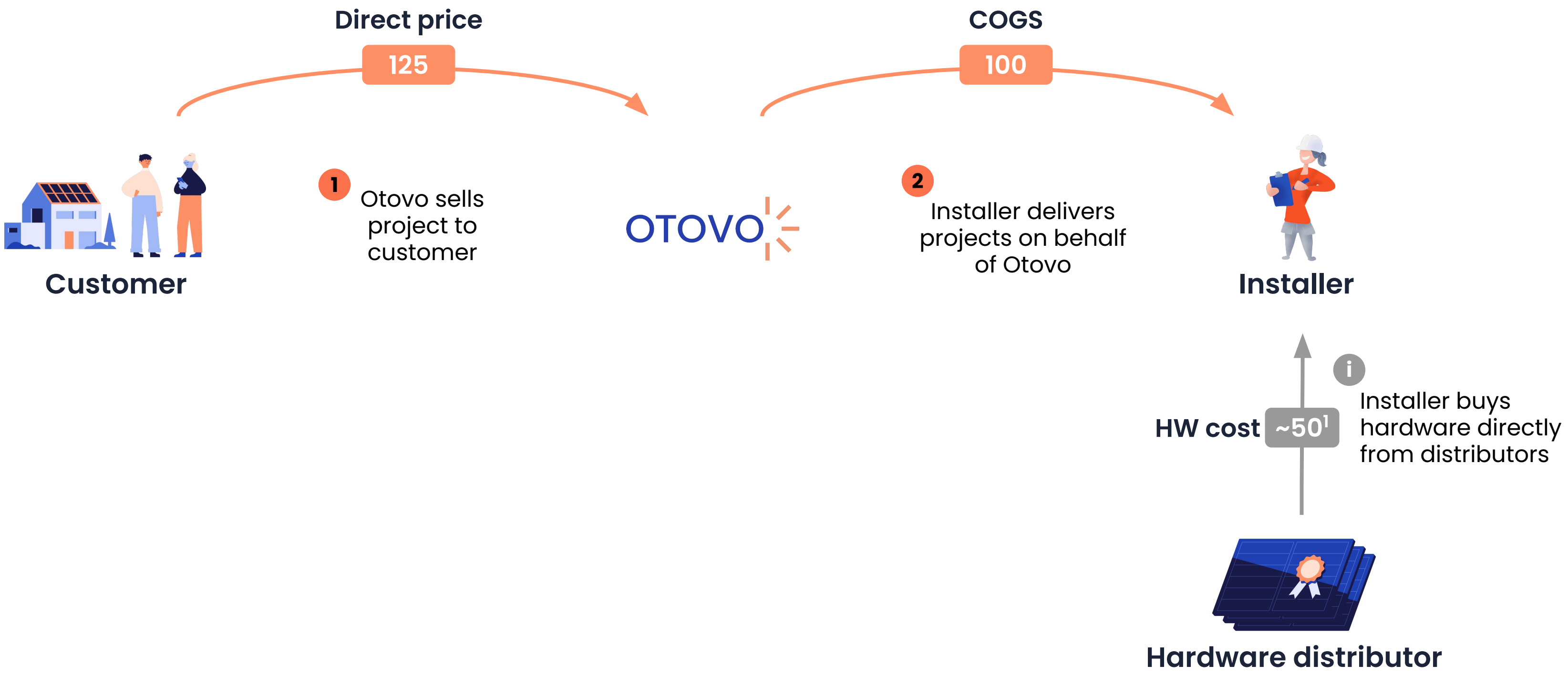


Hardware distributor

Note: 1) Indicative figure. Hardware costs are typically in the range of 50% of COGS

Consumer either buys on a Direct purchase model

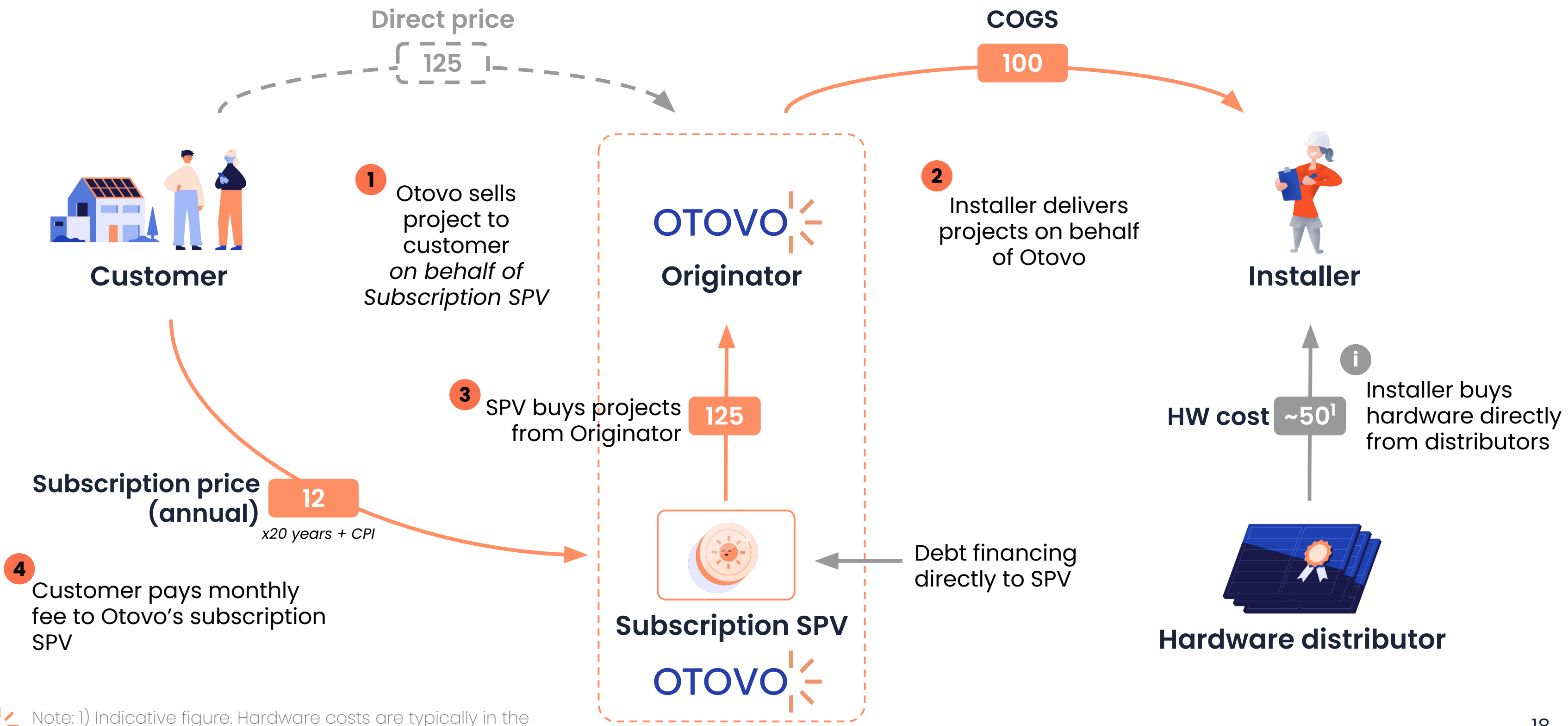
xxx *Example figures, indexed to COGS=100*



Note: 1) Indicative figure. Hardware costs are typically in the range of 50% of COGS

… or through entering into a long term Subscription with Otovo

xxx *Example figures, indexed to COGS=100*



Note: 1) Indicative figure. Hardware costs are typically in the range of 50% of COGS

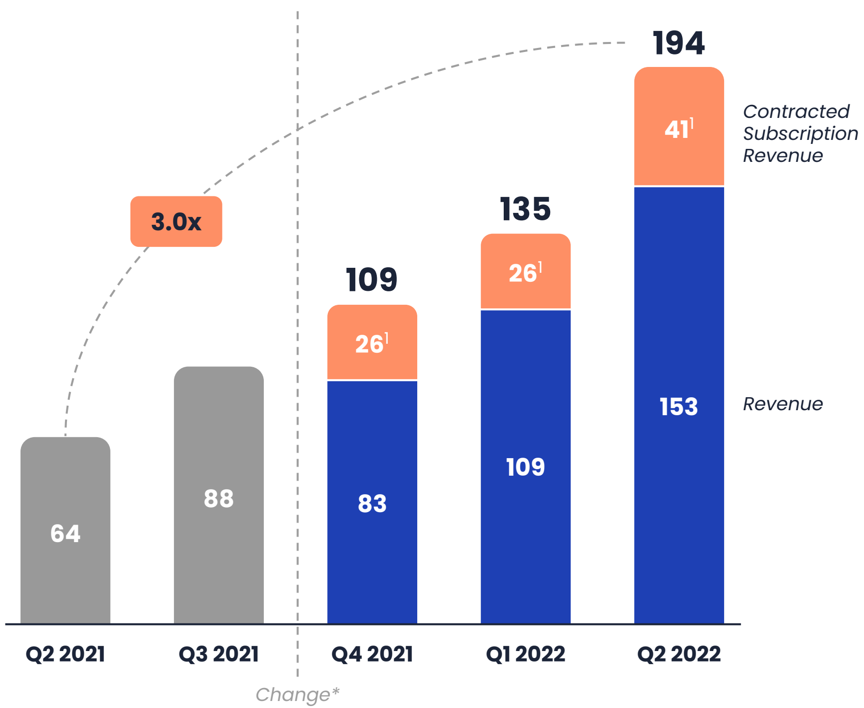
Reported financials does not reflect underlying value creation in Subscription portfolio – introduction of Key Metrics

	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 subscription 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
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%

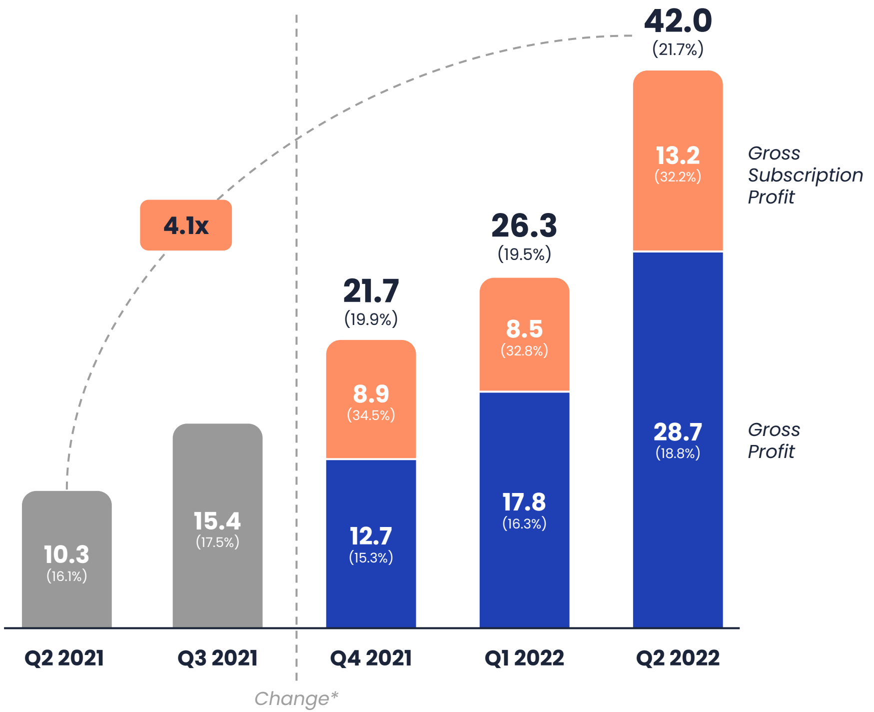
Discount rate: Rate used to discount future subscription cash flows in order to calculate net present value. The discount rate of 5% is based on a conservative estimate of the weighted average cost of capital (WACC) of the subscription cash flows and observations of common industry practice (see US peers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

Strong improvement in profitability

Revenue generated (NOKm)



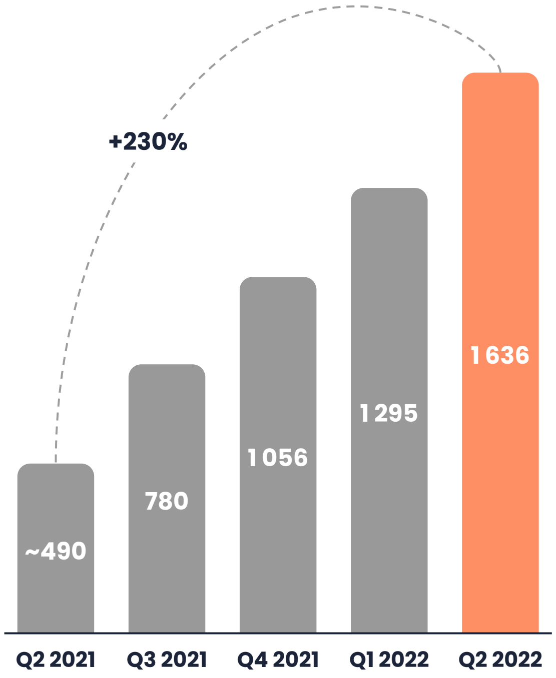
Gross profit generated (NOKm)



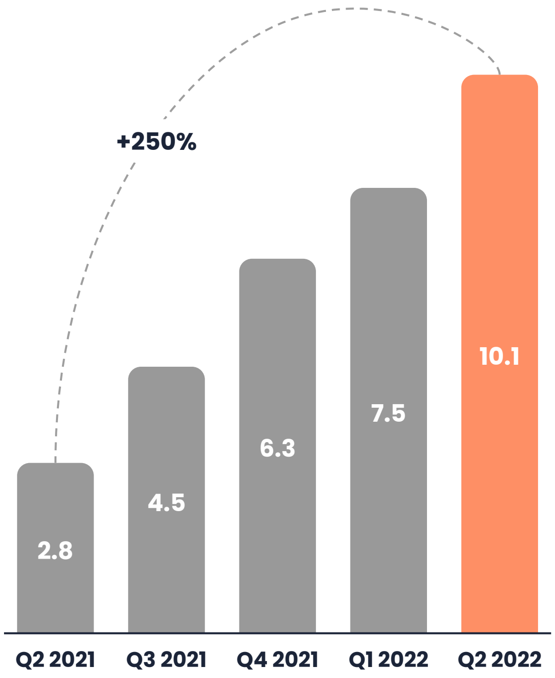
*Reclassifications not reflected in historical numbers (details in Note 1 in the Q4 21 financial report)
Note: 1) Unlevered IRR of 11.4% for Q2 projects (Future customer payments assuming 2% inflation with Otovo COGS as face value)

Continued growth in Subscription segment

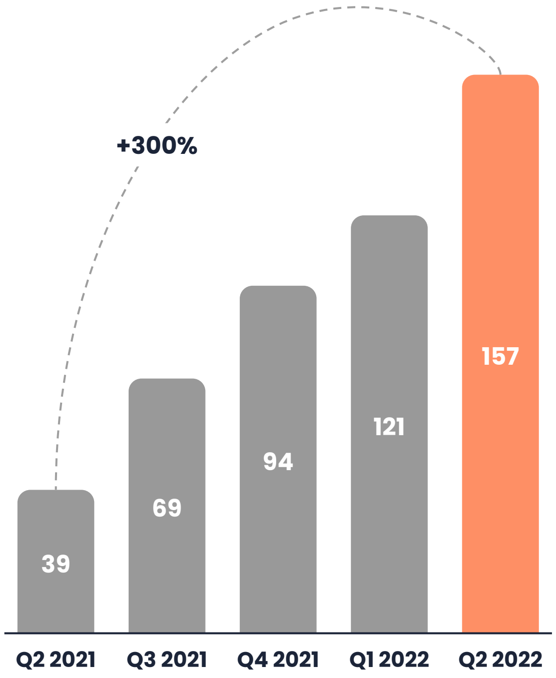
Total Subscribers (#)



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)

Subscription SPV now EBITDA profitable with secured financing through 2022

Reported P&L for Subscription SPV

(NOK 000')	**Q2 2022**
Revenue	2 255
Operating expenses, ex depreciation	1 930
Reported EBITDA	**324**

Comments

Business priorities

- After merger with Otovo, approved in April, incentives are fully aligned between origination and subscription entity
- Subscription share continues to increase - top 3 priority across Otovo

Financing update

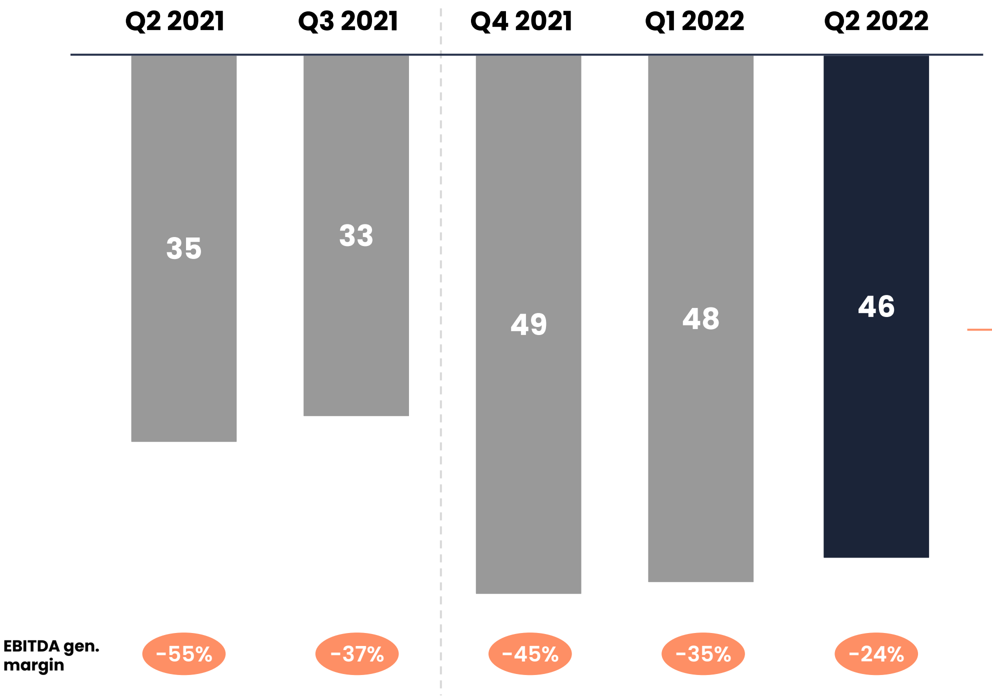
- First two tranches of Nordea debt drawn (Total NOK 50m)
- Signed commitment letter for additional NOK 100m with Nordea on similar terms
- Expected that current facility will we sufficient to finance EDEA through 2022

Long-term vision

- Key component of Otovo's business model
- Financing strategy aims to minimize equity required to support SPV
- Pursue similar approach as American peers for monetizing portfolio

EBITDA generated continue to improve with operational leverage

EBITDA generated (NOKm)[1]



Comments

EBITDA[2] generated at NOK -46m up from NOK -48m in Q1

22 of which:

Non-recurring items including country launch & growth-related costs -6.6m

- Preparing launch of next 3 markets
- Recruiting, building network in UK, Austria & Portugal
- Continued ramp-up in building team and network in Germany
- External services related to e.g. rebranding ISWT (French acquisition) to Otovo, closing of EDEA transaction

Share-based compensation -2.0m

- Expense related to Otovo share and option program included in payroll

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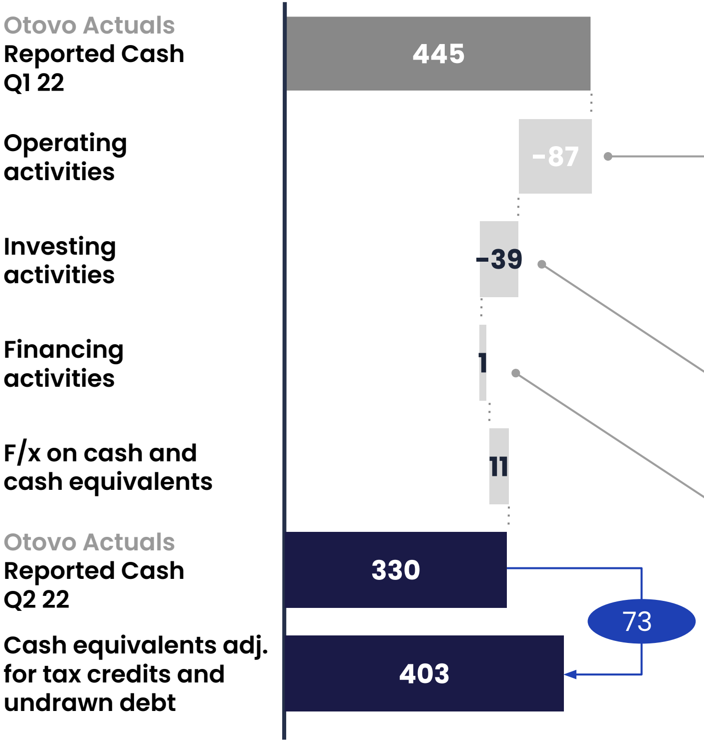
1) Showing pro-forma figures for Q4 2021, and reported figures in earlier quarter
2) The details of the EBITDA generated metric are set out in Otovo Q2 2022 Report

Cash position of NOK 330m with upside from tax credits and undrawn credit lines bringing cash equivalents above NOK 400m

Cash development during Q2 2022 (NOKm)



Details on cash flow relating to operating activities

NOK -87m of cash flow from operating activities

- Cash EBITDA of NOK -45m, improvement of NOK 4m from previous quarter
- Flat development in operating working capital - decrease of NOK 1.2m over period including NOK 9.9m in inventory
- Non-operating working capital increased by NOK 37m driven by Italian tax credits (increase of NOK 23m)

NOK -39m from investing activities

- Equity paid in for Holu, Brazilian JV, of NOK 6.7m
- Capitalized R&D (software development) of NOK 7.2m
- NOK 25.1m invested in Subscription assets

NOK 1m of cash flow from Financing activities:

- Exercise of options of NOK 2.9m net of lease payments and downpayment on long-term debt
- *Note: Otovo draw on second tranche of debt from Nordea in early July, would improve cash position of NOK 25m if executed in Q2*

Note: Does not sum due to rounding

Taking more active role in supply chain to ensure throughput burdening working capital

REUTERS®

Energy

Global renewable power prices soar on heavy demand, chaotic supply chain

By Nichola Groom and Isla Binnie

FINANCIAL TIMES

US solar energy boom 'stuck' as industry confronts obstacles

Inflation, tariffs and import bans threaten to slow record installations, executives say

A government agency predicts the US will add a record 21.5 gigawatts of utility-scale solar capacity this year, but private forecasters have doubts © Mary Altaffer/AP

Bloomberg

Solar Industry Crimped by Supply-Chain and Logistical Challenges

More active role in supply chain

- Supply chain issue single most **important factor constraining** industry
- Otovo leverages Pan-European position and balance sheet to **stimulate throughput**
- Operating **working capital remains flat** despite inverters and panels held over quarter for Q3 deliveries
- Positive signals that supply chain tension **will improve** but remain tight next quarters

Examples of actions taken

Helping **installers secure more credit** from hardware distributors

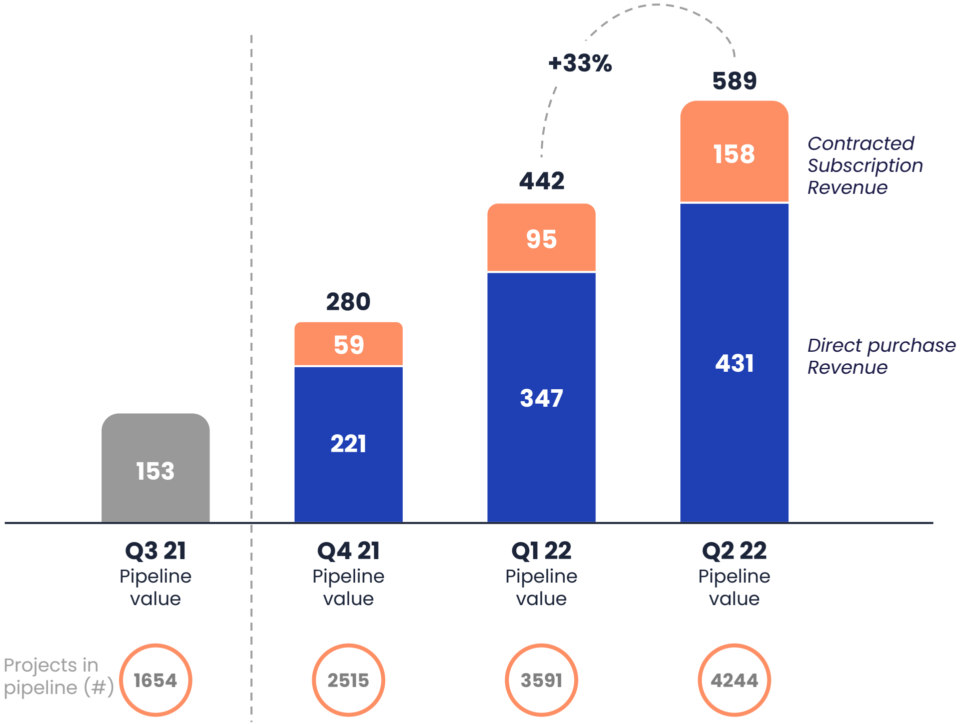
Securing hardware for **installers** through volume commitments

Sourcing **inverters and panels** directly from manufacturers to mitigate **bottlenecks**

Leveraging Pan-European presence to **move hardware** from Poland to Germany

Healthy growth in pipeline - Outlook of more than NOK 500m in revenue generated for second half

Pipeline value at end of quarter (NOKm)



Comments

Pipeline

- Building a healthy pipeline of **high-value** projects
  - Average project in pipeline with ticket size of NOK 131k, up from 120k in Q1
  - 24% of projects in pipeline are on a subscription model
- Ratio of pipeline to revenue generated has decreased by ~7%, throughput speed is increasing

Outlook

- Expecting more than NOK 500m of Revenues generated in second half
- Similar in size as value of pipeline with some markets observing shorter lead times than others

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

Agenda

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Q&A


Otovo installation in Milan, Italy. Q2 2022

Records set, defying heavy friction, easing ahead

- **STRONG QUARTER** in sales, installations, revenue and margin, showing ability to shift focus to quality and more profitable sales in a high pressure environment:
    - 2,398 sales versus 1,183 same quarter last year, **up 2.0x**
    - 1,745 installations versus 864 same quarter last year, **up 2.0x**
    - NOKm 194 revenue generated versus NOKm 64 same quarter last year, **up 3.0x**
    - NOKm 42 gross profit generated versus NOKm 10 same quarter last year, **up 4.1x**
- **BUSINESS HEALTH UP,** manifesting itself with all major metrics improving, and three countries with positive margins
- **EUROPEAN MOMENTUM:** Solar markets are booming, and Europe is set for a decade of high activity. Otovo is on track for continental leadership with ongoing scaling in Germany, Portugal, UK and Austria. Three more markets to be added in second half, as planned
- **STRONG OUTLOOK,** with solid pipeline and confidence in ability to deliver more than NOKm 500 in second half, and gradually easing supply chain conditions

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- **Q&A**

Appendix

Profitability | Sold projects by market

Figures for projects sold in Q2'22

	Ticket size *Avg. sale, NOKk²⁾*		**Batteries** *Attachment rate*		**Gross margin** *Indicative*		**Subscription share** *Share of sales*	
	150+	↑	0%	–	High	↑	10-25%	↑
	120-150	↑	<10%	↑	Medium	–	25-50%	↓
	80-100	↑	<10%	↑	Medium	↑	<10%	↑
	50-80	↑	10-20%	↑	Medium	↑	50%+	↑
	120-150	↑	50%+	↑	High	↑	0%	–
	50-80	↑	<10%	↑	Medium	↑	25-50%	↑
	150+	↑	50%+	↑	Medium	↑	50%+	↑
Group	125	↑	24%	↑	25%[1]	↑	25%	↑

Trend Q2 21 - Q2 22
↑ – ↓

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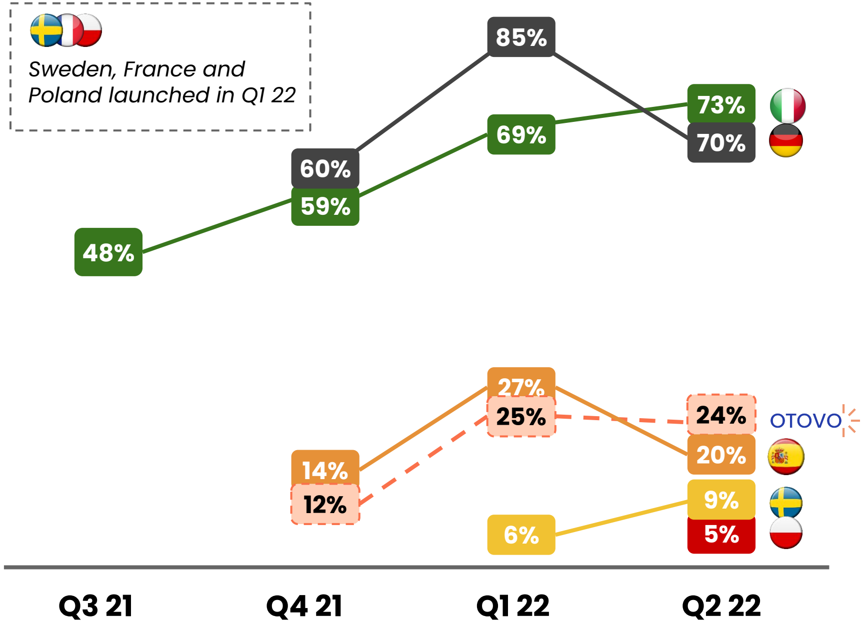
1) Margin is excluding some 'installer markup' that Otovo adds for capacity control
2) Ticket size for Italy adjusted for loss on tax credits. Also reflected in Group figure of 125 NOKk

Batteries | Now a significant share of installations

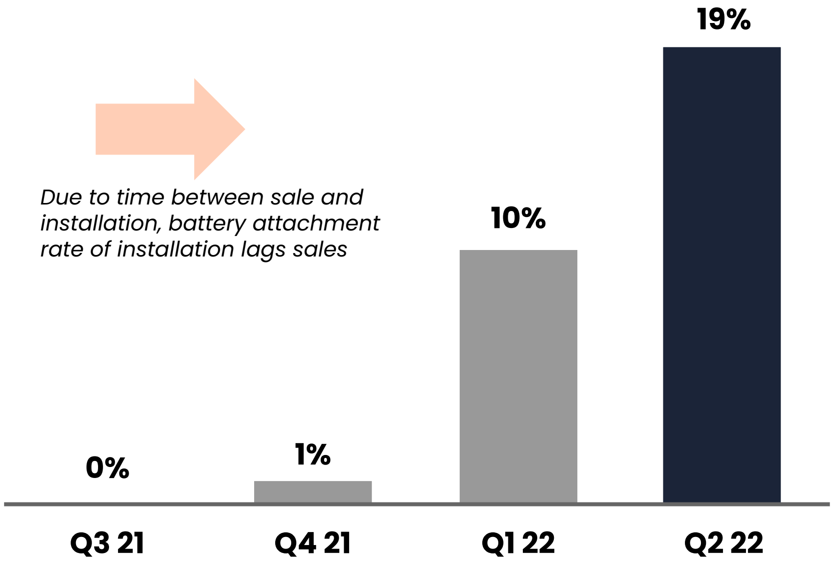
Share of sales

# of sales with battery as share of total sales[1]



Share of installations

# of installations with battery as share of total installations, Otovo Group



Note: 1) Boxes with numbers placed for legibility, so not entirely to scale when numbers are too close to each other

Historic figures | Pipeline vs. sales vs. installations

Q2 2022	Unit	Sales	Pipeline	Installations
Units	**#**	**2,398**	**4,244**	**1,745**
Direct purchase	*#*	*1,808*	*3,205*	1,382
Subscription	*#*	*590*	*1,039*	363
Subscription share	**%**	**25%**	**24%**	**21%**
Battery attachment rate	**%**	**24%**	**23%**	**19%**
Avg. ticket size	**NOKk**	**125**	**131**	**102**
Direct purchase	*NOKk*	*128*	*135*	*107*
Subscription	*NOKk*	*115*	*120*	*83*

Q1 2022	Unit	Sales	Pipeline	Installations
Units	**#**	**2,541**	**3,591**	**1,459**
Direct purchase	*#*	*1,970*	*2,777*	*1,199*
Subscription	*#*	*571*	*814*	*260*
Subscription share	**%**	**23%**	**23%**	**18%**
Battery attachment rate	**%**	**25%**	**21%**	**10%**
Avg. ticket size	**NOKk**	**117**	**120**	**89**
Direct purchase	*NOKk*	*120*	*125*	*92*
Subscription	*NOKk*	*109*	*107*	*73*

Evolution of metrics

- Installation metrics (e.g. ticket size) naturally lag sales & pipeline metrics
- Due differences in time from sale to installation between markets, pipeline can accumulate a skewed sample of sold projects
- E.g., longer lead time in markets with high ticket size will skew pipeline ticket size up, and installation ticket size down
- Projects sold and installed within the same quarter never enter pipeline, and are therefore only reflected in Sales & Installations

1) Ticket sizes shown net of tax credit loss in Italy. In the Q1 2021 presentation, ticket sizes were reported without subtracting tax credit losses.
Note: Battery attachment rate and subscription share in pipeline is estimated, and may deviate from time of installation due to changes in project or disproportionate abandonment rates. Characteristics of sold projects can change between time of sale and installation

Financials | Segment reporting

P&L if all assets were sold as direct purchase

Actual revenues & cost for the subscription SPV

Eliminating the revenue & cogs on subscription assets (w/o value uplift)

Segment Reporting - Q2 2022

(NOK 000')	**Direct purchase**	**Subscription**	**Elimination**	**Otovo Group**
Revenue	183,670	-	-30,692	$\boxed{152{,}978}$
Other operating revenue	1,611	2,255	-842	3,024
Total operating revenue	**185,281**	**2,255**	**-31,534**	**156,002**
Cost of goods sold	148,984	-	-24,850	$\boxed{124{,}134}$
Payroll and related costs	47,235	29	-	47,264
Depreciation, amortisation and impairment	5,483	1,195	8,842	15,520
Other operating expenses	40,382	1,901	-800	41,483
Operating profit/(loss)	**-56,803**	**-870**	**-14,726**	**-72,399**

Direct purchase segment - *Blue bars on p.20*

Subscription SPV now fully owned by Otovo, and will have a smaller cost base going forward

Not including value of subscription assets - artificially low. Replaced by the Key Metrics

Historical figures

Historic figures | Reported financials

Accounting measures	Unit	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Revenue (ex. other revenue)	*NOKm*	35	42	30	40	38	64	88	98	109	153
Other revenue	*NOKm*	0	0	0	5	0	0	-1	2	3	3
Total revenue	***NOKm***	**35**	**43**	**30**	**45**	**38**	**64**	**87**	**99**	**112**	**156**
COGS	*NOKm*	-29	-36	-24	-33	-32	-54	-72	-82	-91	-124
Gross profit	***NOKm***	**6**	**7**	**6**	**7**	**6**	**10**	**15**	**15**	**18**	**29**
Opex	*NOKm*	-28	-21	-29	-29	-43	-44	-48	-69	-76	-89
EBITDA	***NOKm***	**-22**	**-14**	**-22**	**-22**	**-37**	**-33**	**-33**	**-53**	**-55**	**-57**
Depreciation	*NOKm*	-5	-5	-5	-4	-5	-4	-6	-9	-15	-16
EBIT (Operating profit)	***NOKm***	**-27**	**-19**	**-28**	**-26**	**-43**	**-38**	**-39**	**-62**	**-69**	**-72**
Gross margin	*%*	*16%*	*16%*	*21%*	*18%*	*15%*	*16%*	*18%*	*16%*	*16%*	*19%*
EBITDA margin	*%*	*-63%*	*-32%*	*-74%*	*-55%*	*-100%*	*-52%*	*-37%*	*-54%*	*-50%*	*-37%*

Note: Historical figures not updated after changes to reporting principles, and hence not directly comparable

Historic figures | Operating metrics

Operating metrics	Unit	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Sales	#	546	477	584	640	815	1,183	1,470	2,066	2,541	2,398
Pipeline	#	659	673	771	805	924	1,286	1,654	2,515	3,591	4,244
Installations	#	452	464	486	617	663	864	1,086	1,209	1,459	1,745
Average ticket size (sold)*	*NOKk*	77	60	58	55	81	85	90	105	117	125
Average ticket size (installed)*	*NOKk*	79	90	61	62	54	75	79	83	89	102
Battery attachment rate (sold)	*% of #*	0%	0%	0%	0%	0%	3%	8%	12%	25%	24%
Battery attachment rate (installed)	*% of #*	0%	0%	0%	0%	0%	0%	0%	1%	10%	19%
Subscription share (sold)	*% of #*	0%	18%	29%	23%	19%	23%	24%	17%	23%	25%
Subscription share (installed)	*% of #*	0%	0%	13%	16%	21%	22%	26%	21%	18%	21%

Note: Historical figures not updated after changes to reporting principles, and hence not directly comparable

Historic figures | Group metrics

Note: Pro-forma group metrics prior to Q4 21 highly indicative

Group metrics (pro-forma)	Unit	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Revenue generated	***NOKm***	**36**	**42**	**31**	**41**	**39**	**69**	**93**	**109**	**135**	**194**
Revenue	*NOKm*	36	42	25	32	27	52	66	83	109	153
Contracted subscription revenue	*NOKm*	0	0	6	9	12	17	27	26	26	41
Total COGS	***NOKm***	**-30**	**-35**	**-28**	**-37**	**-30**	**-56**	**-74**	**-87**	**-109**	**-152**
Cost of goods sold - Direct	*NOKm*	-30	-35	-24	-31	-22	-45	-55	-70	-91	-124
Cost of goods sold - Subscription	*NOKm*	0	0	-4	-5	-7	-10	-17	-15	-16	-25
Subscription O&M cost	*NOKm*	0	0	0	-1	-1	-1	-2	-2	-2	-3
Profit generated	***NOKm***	**6**	**7**	**3**	**4**	**9**	**13**	**19**	**22**	**26**	**42**
Direct purchase	*NOKm*	6	7	2	1	5	7	11	13	18	29
Subscription	*NOKm*	0	0	2	3	4	6	8	9	9	13
Opex & adjustments	***NOKm***	**-28**	**-21**	**-29**	**-29**	**-43**	**-44**	**-48**	**-71**	**-77**	**-91**
Opex	*NOKm*	-28	-21	-29	-29	-43	-44	-48	-69	-76	-89
Subscription revenue, quarter	*NOKm*	0	0	0	0	0	0	0	-1	-2	-2
Pro-forma adjustment	*NOKm*	0	0	0	0	0	0	0	-1	0	0
EBITDA generated	***NOKm***	**-22**	**-13**	**-25**	**-26**	**-34**	**-31**	**-29**	**-49**	**-51**	**-49**
Gross margin generated	*%*	*16%*	*17%*	*11%*	*9%*	*24%*	*19%*	*20%*	*20%*	*19%*	*22%*
EBITDA margin generated	*%*	*-62%*	*-32%*	*-80%*	*-63%*	*-86%*	*-44%*	*-31%*	*-45%*	*-38%*	*-25%*
Sold - Revenue generated	*NOKm*	41	30	38	39	70	108	142	229	312	315
Sold - Gross profit generated	*NOKm*	7	7	9	8	13	22	28	45	71	86
Gross profit generated per sale	*NOKk*	13	15	16	13	16	19	19	22	28	36
Opex per sale	*NOKk*	52	44	49	46	53	37	33	33	30	37
Opex per installation	*NOKk*	62	44	59	48	65	51	44	57	52	51

Estimated future revenue and gross profit generated from the projects sold in the quarter, irrespective of installation timing

Estimated gross profit generated of sales in quarter, divided by number of units sold

Current quarter opex divided by number of sales in & installations quarter

Note: Historical figures not updated after changes to reporting principles, and hence not directly comparable

Group metrics

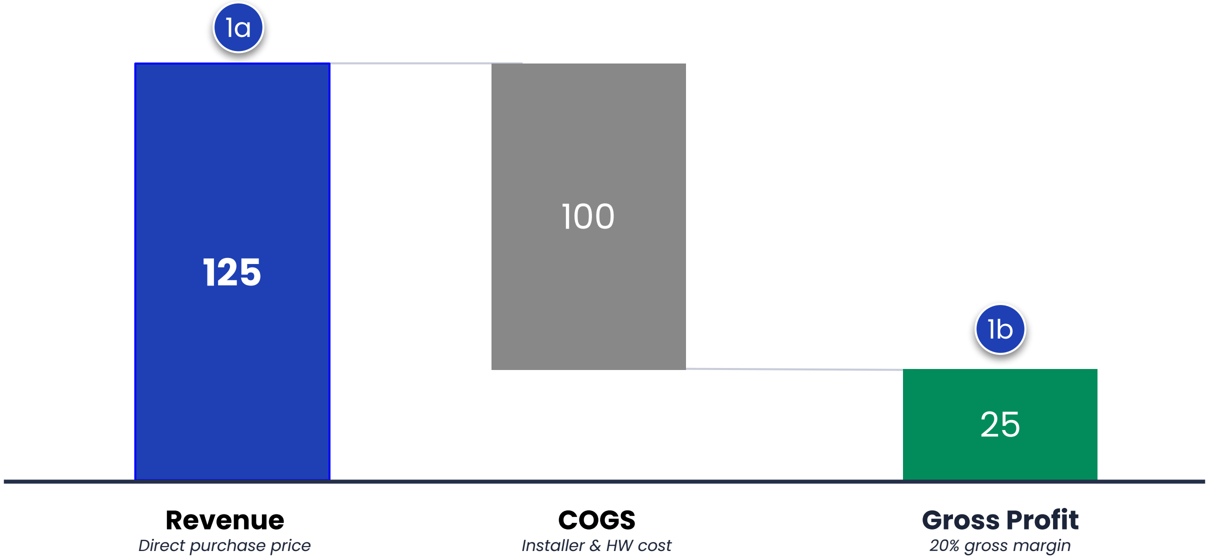
Reported financials does not reflect underlying value creation in Subscription portfolio – introduction of Key Metrics

	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 subscription 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
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%

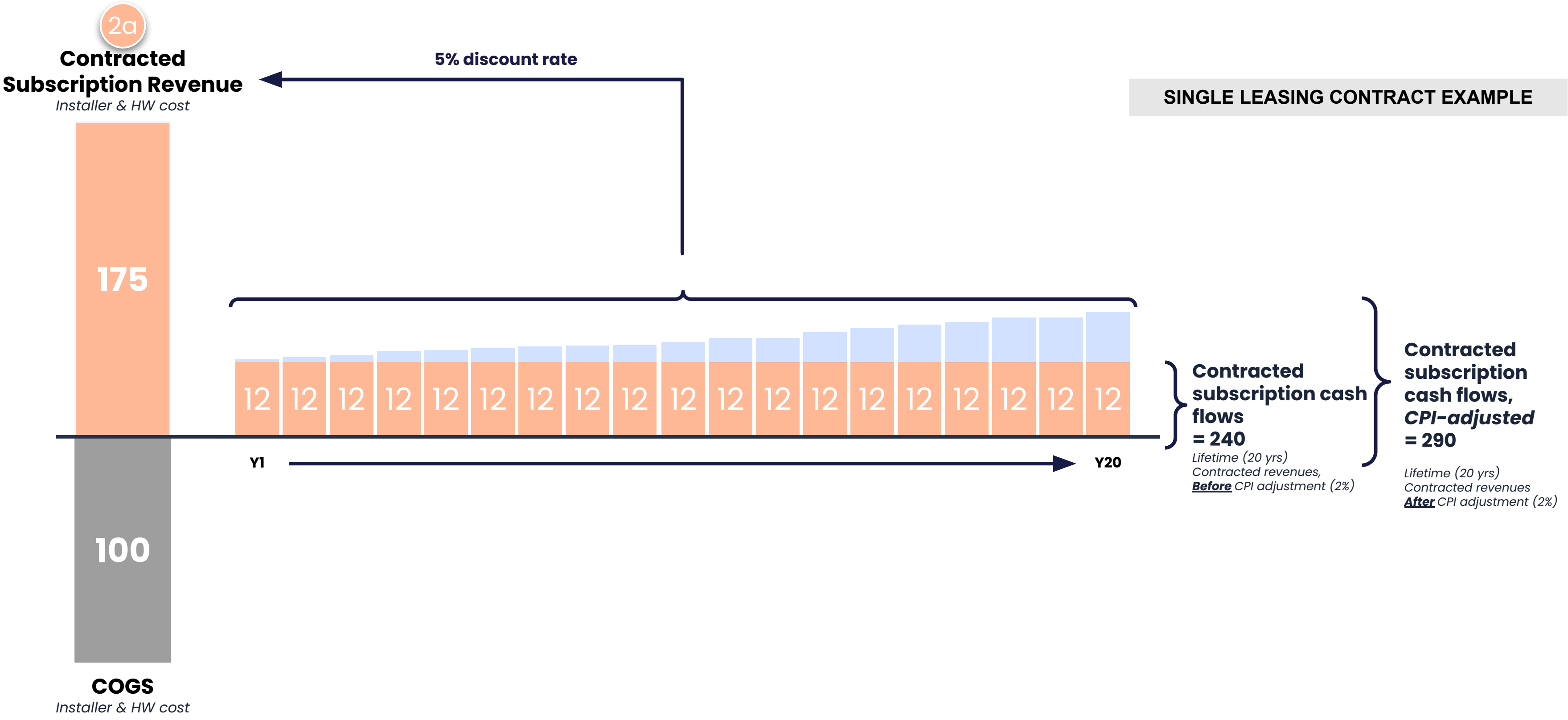
Discount rate: Rate used to discount future subscription cash flows in order to calculate net present value. The discount rate of 5% is based on a conservative estimate of the weighted average cost of capital (WACC) of the subscription cash flows and observations of common industry practice (see US peers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

Single contract example

Gross Profit | Direct purchase example



Contracted Subscription Revenue | Revenue metric



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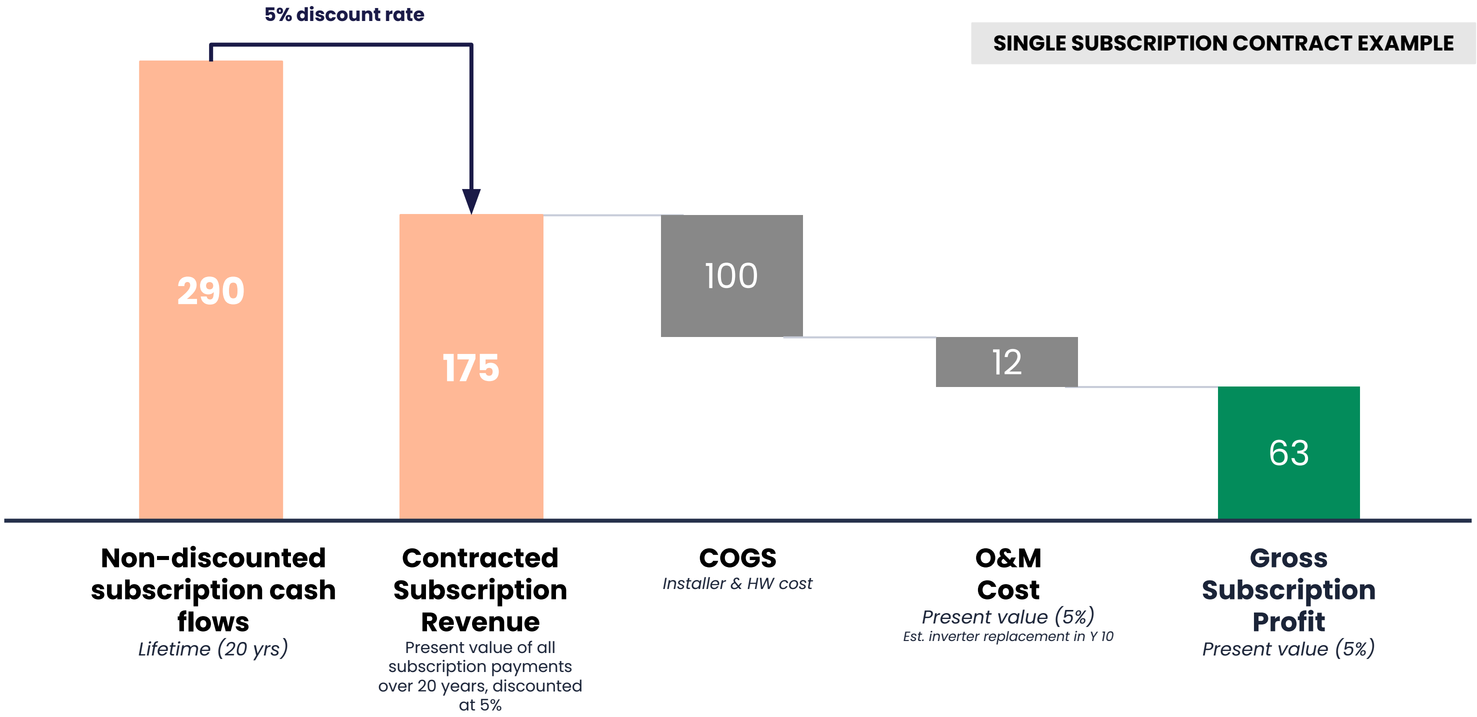
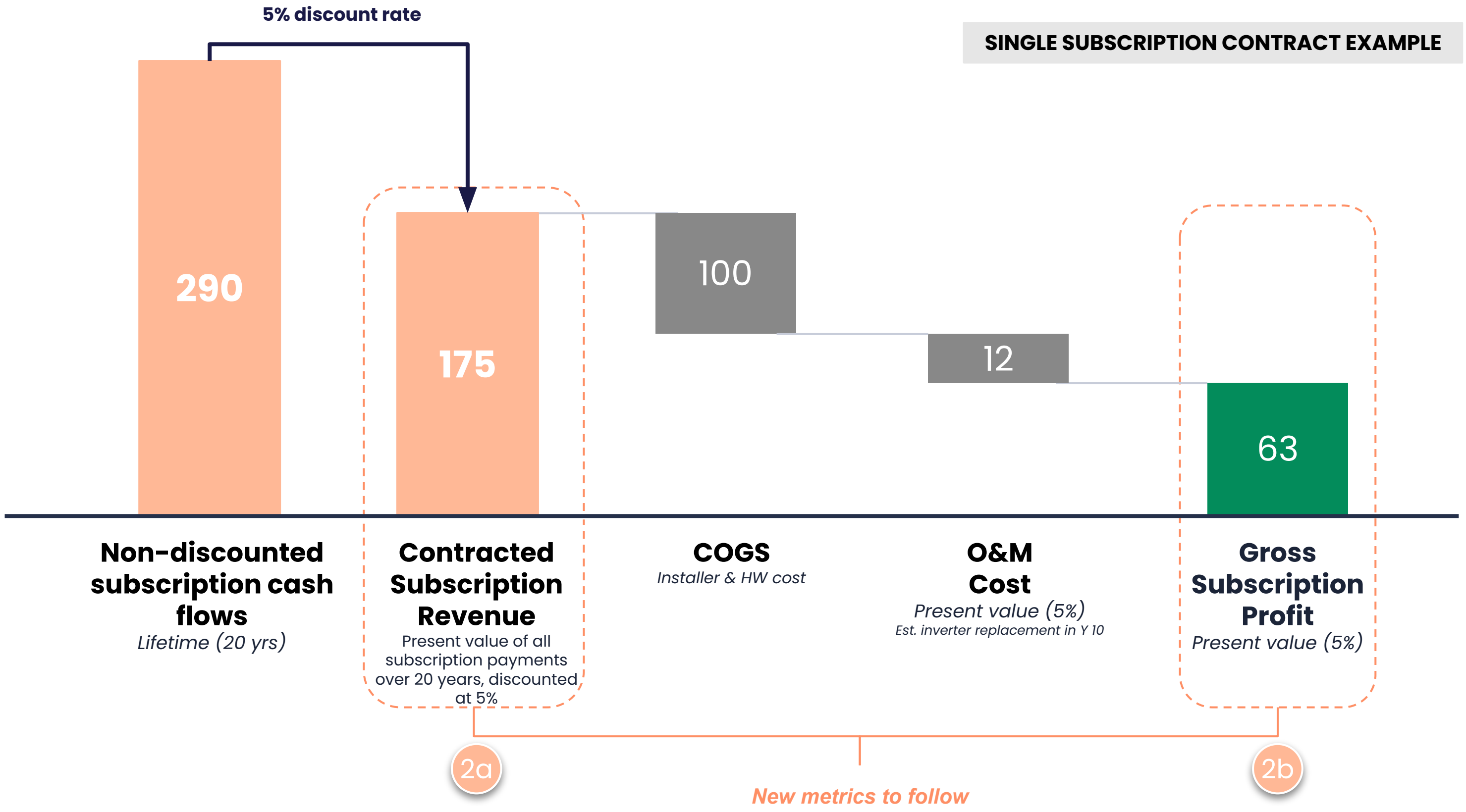
Discount rate: Rate used to discount future subscription cash flows in order to calculate net present value. The discount rate of 5% is based on a conservative estimate of the weighted average cost of capital (WACC) of the subscription cash flows and observations of common industry practice (see US peers 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

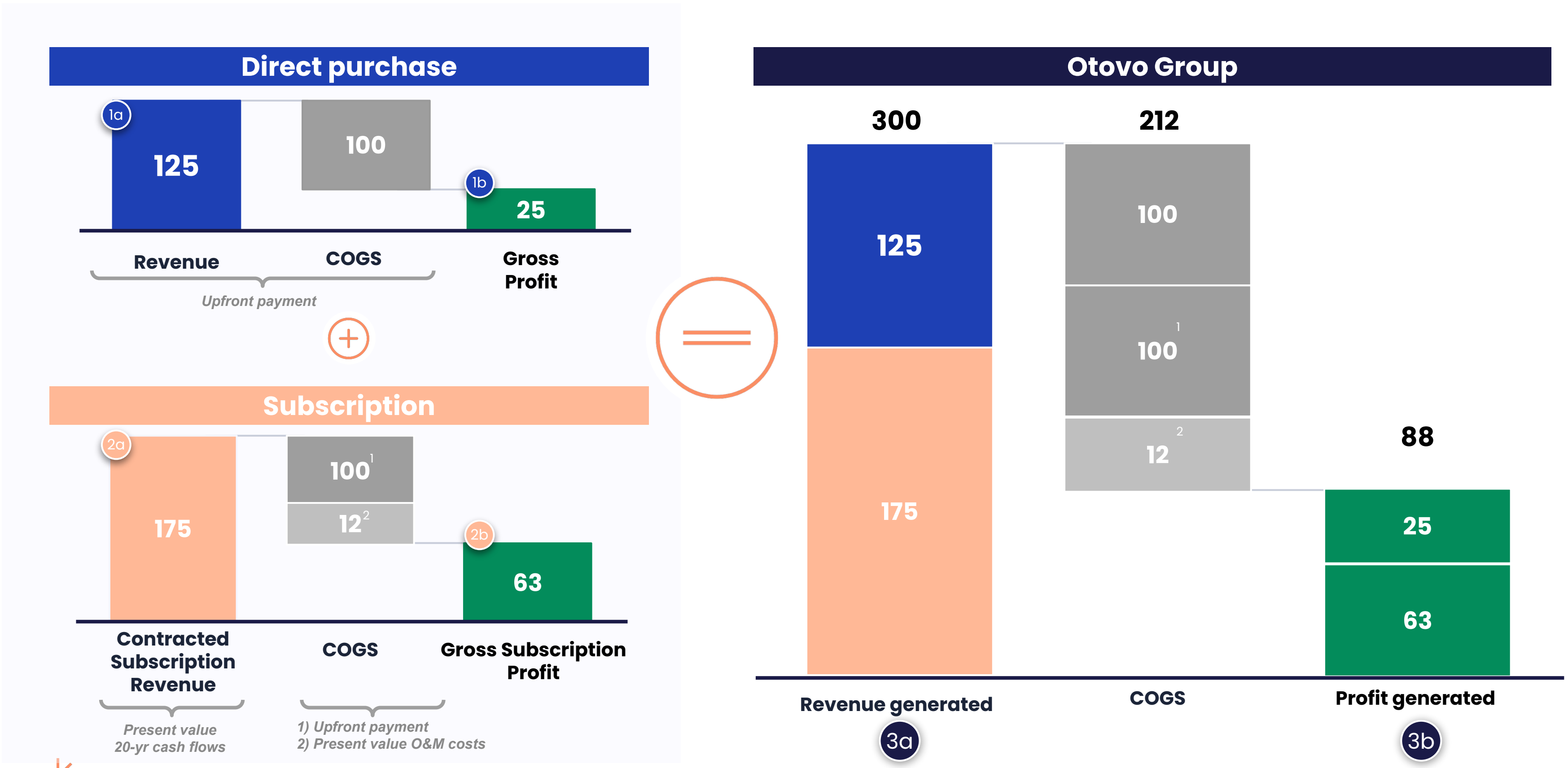
Gross Subscription Profit | Metric to reflect gross profit



Gross Subscription Profit | Metric to reflect gross profit



Direct + subscription | Revenue & profit generated



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Glossary

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

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 subscription 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%.

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