Q1

2023 Report

Otovo installation in Spain, Q4 2022

CEO Message

Return to normal - and that's a good thing

In the first five years of Otovo's history (2016-2020), we expanded in a market driven by lower cost of solar. Panels and the labour related to installing them got cheaper by the month, becoming increasingly competitive against traditional grid electricity.

Then came the energy shock of 2021-22 in the wake of Covid-19 and the Russian invasion of Ukraine. This resulted in a market driven by high electricity prices, and consumers were willing to pay almost any price for an alternative source of energy. As could be anticipated, this boost in demand put pressure on supply chains, both on physical hardware and the labour skilled in installing it. This problem was exacerbated by a global pandemic that strained supply chains.

Since the end of 2022 things have reversed. Electricity prices have receded, but remain higher than they have been historically, while supply chains have caught up. We see a steep drop in hardware costs and a beginning compression of the labour supply margins. This means the cost side is quickly adapting to a new demand environment. We're returning to the norm for solar energy: Falling consumer prices that will boost the demand for solar in the decade ahead.

Market experts[1] expect the residential solar market in Europe to grow by almost a million installations per year to 2.7 million units by 2030. The big growth markets are expected to be the UK (+450,000), Germany (+350,000), France (+150,000). Foreseeing that the growth in Europe will happen in fits and starts, with some markets experiencing bumpy growth, and some even contracting from today's high levels.

These predictions are almost guaranteed not to hit perfectly, but we believe chances are they will be too modest rather than too optimistic. This future suits Otovo well. As a marketplace, we are experts in teasing out the declining costs of hardware and the efficiency gains of installers early. Auctions do that.

Being exposed to 13 different European markets with a lightweight and flexible platform, Otovo is almost certain to be able to grow fast regardless of friction in any single market. We have established positions to grow from in all the major markets. We have teams and products in place, hundreds of installers ready to work, and our brand and online presence are growing by the day.

We are excited about the boost the clean energy markets got last year. But we are also delighted to see that the environment in which we operate returns to normal - with price competition on the supply side of the marketplace, with underlying declines in cost to consumers expanding the addressable market, and a market constrained by demand capture rather than supply capacity. This is the game we play best and we look forward to playing it.

Andreas E. Thorsheim,
Founder and CEO

1) LCP Delta, "Residential Solar PV market- Europe - State of the market", April 2023.

Summary | First quarter 2023 highlights

Quarterly highlights

- **All time high installations**
  - Profitable installations in **13 European markets**
  - **2,832 installations** versus 1,459 same quarter last year, **up 94%**
  - **1,962 unit sales** versus 2,541 same quarter last year, **down 23%, sequentially up 7% from Q4 low**
  - **NOK 281m Total Revenues (IFRS)** versus NOK 112m same quarter last year, **up 2.5x**,
  - **NOK 408m Revenue Generated**, versus NOK 135m same quarter last year, **up 3.0x**
- **All business health metrics on the right track**
  - Batteries, subscription share, ticket size and gross margin (both generated and IFRS) up from Q1 2022
- **Record growth in subscription portfolio:**
  - NOK 96m Subscription SPV Capex versus NOK 19m same quarter last year, **up 5.0x**
  - Strong and stable IRR at 10.5% for projects installed this quarter vs. 10.0% same quarter last year

IFRS

+151% Q1 22: 109 — **Revenue** 274 NOKm

+184% Q1 22: 18 — **Gross Profit** 50 NOKm

APMs

+201% Q1 22: 135 — **Revenue Generated** 408 NOKm

+235% Q1 22: 26 — **Gross Profit Generated** 87 NOKm

+290% Q1 22: 121 — **Accumulated Contracted Subscription Revenue** 473 NOKm

First quarter 2023 | Financial summary

Financial summary				
(NOKm)	**Q1 2023**	**Q1 2022**	**Change**	**FY 2022**
Revenue	274.3	109.2	151%	637.5
Gross profit	50.4	17.8	184%	114.3
Operating profit/(loss)	-98.0	-69.5		-317.5
Profit/(loss) after tax	-55.1	-79.6		-311.3

Financial summary - Comments

- Revenues were up 151% compared with Q1 2022. The increase is explained by increasing demand for the Group's products, raised mark-ups, and inclusion of batteries in the Otovo product offering.
- Gross profit up NOK 32.6m YoY or 184% due to increasing volumes in the Group's Established markets where margins were relatively flat.
- Operating loss increased from NOK 69.5m to NOK 98.0m YoY, mainly due to entry into New Markets that contributed to increased costs while bringing relatively less revenues.
- Compared to Q4 2022 revenues increased with 37% while gross profit increased with NOK 16.9m, up 50%. The operating loss expanded from NOK 93.0m in Q4 2022 to NOK 98.0m in Q1 23, primarily due to payroll and other operating expenses increasing more than the gross profit.
  - This is a result of sales at low entry margins in new markets, combined with the fact that payroll expenses, media spend and other operating expenses are recognised when the service is delivered, while the gross profit on the related sales in most cases is recognised several months later, at the time the installation is completed.
  - Q1 23 also contains non-recurring expenses relating to the uplisting to Oslo Stock Exchange, including a market transfer fee of NOK 3.1m as well as non-cash items such as share based compensation of NOK 5.8m.
  - Lastly, the weakening Norwegian Krone also contributed to the increase in payroll and other operating expenses with a total of approximately NOK 7m.

First quarter 2023 | APMs and Key performance figures

Alternative Performance Measures

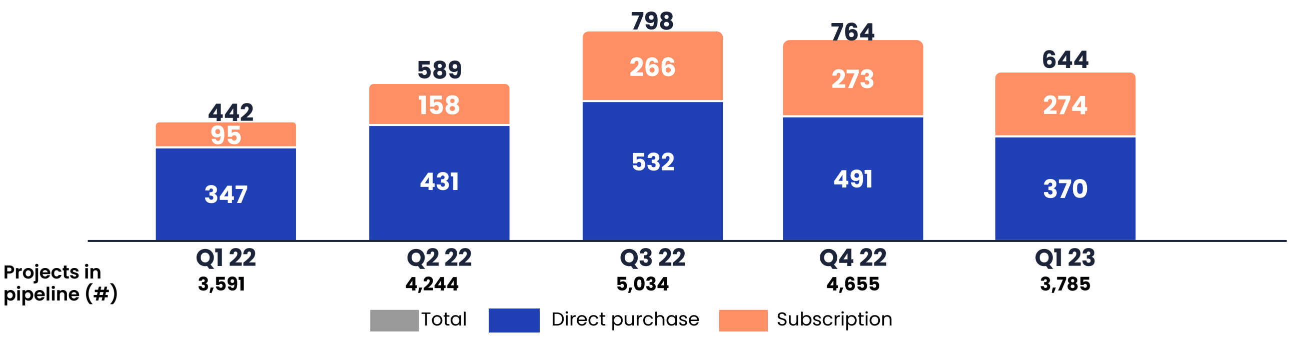
Reported financials do not reflect underlying value creation in the Subscription portfolio. This has led to the introduction of Alternative Performance Measures (APM), that blends the value creation from direct purchase projects with the value creation from subscription projects. Please refer to Alternative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

(NOKm)	Q1 2023	Q1 2022	Change	FY 2022
Revenue Generated	407.7	135.3	201%	846.4
Gross Profit Generated	87.5	26.3	232%	176.7
Gross Margin Generated %	21%	19%	+2%p	21%
EBITDA Generated	-47.8	-47.9		-202.3

Key performance figures

(Units)	Q1 2023	Q1 2022	Change	FY 2022
Unit sales	1,962	2,541	-23%	9,505
Completed projects/installations	2,832	1,459	94%	7,379
Project pipeline	3,785	3,591	5%	4,655

Pipeline - Value (NOKm) and Units (#)



Financial review | All time high activity

Otovo starts the year delivering all time high installation numbers. The Installation pace is greatly sped up, as supply chains have caught up and installer capacity has been improved. This continues to reduce the pipeline and customer waiting times, as well as the lead time from sales, and related customer acquisition cost, to revenue recognition.

The result after tax was a loss of NOK 55.1m in Q1 23 compared with a loss of NOK 79.6m in Q1 22 and NOK 96.0m in Q4 22. The reduction in loss compared with Q1 22 is primarily explained by a change from an exchange loss of NOK 9.3m, to an exchange gain of NOK 28.3, primarily relating Group internal loans denominated in EUR, and a gain on disposal of the Groups investment in Holu. These gains are partially netted by an increased operating loss, resulting from expansion of the business. The significant gains in Q1 23 are also explaining most of the change in result after tax compared with Q4 22.

We are excited about the boost the clean energy markets got last year. But we are also delighted to see that the environment in which we operate returns to normal - with price competition on the supply side of the marketplace, with underlying declines in cost to consumers, expanding the addressable market, and a market constrained by demand capture rather than supply capacity. This is the game we play best and we look forward to playing it.

Income statement

Revenues were up 151% compared with Q1 2022, from NOK 109.2m to NOK 274.3m, reflecting a significant growth across all of Otovo's markets. The growth is explained by including batteries in the Otovo product offering, increasing mark-ups and in general increasing demand for the Group's products, combined with successful launches in new markets. Compared with Q4 22 revenues grew from NOK 200.8m to NOK 274.3m (37%). The increase is due to increases in installer capacity, decreases in installation lead times and installation of higher ticket price projects

Gross profit expanded with NOK 32.6m YoY, while it is increased with NOK 16.9m compared with Q4 22, primarily due to more installations performed, at higher margins. The gross margin is up from 16.3% in Q1 22 and 16.7% in Q4 to 18.4% in Q1 23.

Payroll and related costs increased from NOK 41.5m in Q1 22 to NOK 75.2m in Q1 23. The increase in payroll and related costs is primarily explained by new hires, and scaling the organisation for growth, both in corporate functions and new markets. Compared with Q4 22 the expenses are up NOK 4.5m, from NOK 70.7m. The increase is explained by growth in the 6 markets launched in 2022.

Expenses for share based payments were NOK 5.8m in the quarter, compared with NOK 4.1m for Q1 22, and NOK 5.0m in Q4 22.

Other operating expenses are up from NOK 34.0m in Q1 22 to NOK 61.1m in Q1 23, mainly due to higher activity and entry into new markets. Compared with Q4 22 the operating expenses are up NOK 18.9m from NOK 42.2m, primarily due to a correction of insurance expenses in Q4, leading to lower than normal expenses in Q4, increases in media spend and non-recurring expenses relating to the uplisting to Oslo Stock Exchange, including a market transfer fee of NOK 3.1m.

The weakening Norwegian Krone also contributed to the above mentioned changes, both compared with Q1 22 and Q4 22. .

Net financial items changed from a loss of NOK 12.1m in Q1 22 to a gain of NOK 40.9m in Q1 23, mainly due to significant exchange gains in 2023 relating to the Group internal loans denominated in EUR, additional to a gain on the disposal of Otovos shares in Holu. Compared with Q4 22 there is a change from a net loss of NOK 4.9m. The main drivers for the change are the mentioned gains in Q1 2023..

Financial review | Record growth in subscription portfolio

Balance sheet

Total non-current assets as of Q1 23 have increased to NOK 580m, from NOK 478m at year end 2022. The increase is mainly driven by an increase in property, plant and equipment due to capitalization of solar energy systems in the subscription business and investments in Otovo Cloud, netted by amortizations, primarily relating to intangible assets from the acquisition of EDEA.

Total current assets have increased from NOK 459m at year end 2022 to NOK 651m at the end of Q1 23. The increase is mainly driven by an increase in Cash and cash equivalents due to capital raised in connection with the uplisting to the Oslo Stock Exchange.

Non-current liabilities have increased from NOK 141m at year end 2022 to NOK 206m at the end of Q1 23. The increase is primarily relating to financing of subscription assets. The share of sales on Subscription model increased from 23% in Q1 22 and 35% in Q4 2022 to 39% in Q1 2023.

Current liabilities have increased to 311m per Q1 23 from 264m at year end 2022. The increase is mainly driven by higher activity, and increases in liabilities to installers for work and hardware and to customers prepaying for their installation.

The strengthening of EUR compared to NOK is also contributing to the increase in total assets and liabilities.

Cash flow

Net cash flow from operating activities was -NOK 71m in Q1 23. The main driver continues to be negative operating profits as a result of start-up expenses in new markets and scaling the organisation for growth.

Cash flow from investing activities in Q1 23 was -NOK 72m mainly driven by investments in assets used in the subscription business, in Otovo Cloud partially netted by consideration received for the disposal of shares in Holu.

Cash flow from financing activities ended at NOK 286m in Q1 23, primarily driven by proceeds from issuance of shares in relation with the uplisting to the Oslo Stock Exchange. Additional to this the Group has drawn an amount of EUR 16.8m during Q1 2023 from a new loan facility, used to repay the former facility held with Nordea Bank Abp, and further finance the subscription assets.

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 , 3 May 2023

Consolidated income statement

Consolidated income statement

(NOK 000')	Notes	Unaudited Q1 2023	Unaudited Q1 2022	Audited FY 2022
Revenue	2	274,292	109,217	637,501
Other operating income	2	6,868	2,963	14,763
Total operating income		**281,160**	**112,180**	**652,264**
Cost of goods sold	2	223,855	91,429	523,152
Payroll and related costs	2,5	75,242	41,487	219,117
Depreciation, amortisation and impairment	2	18,890	14,711	64,333
Other operating expenses	2,3	61,147	34,020	163,197
Operating profit/(loss)		**-97,974**	**-69,467**	**-317,534**
Financial Income		727	80	1,806
Financial Expense		1,902	135	4,080
Net exchange gain/(loss)		28,308	-9,266	10,625
Gains on disposal of investment in associated company	8	13,791	-	-
Share of profit/(loss) of equity accounted investees, net of tax		-	-2,733	-9,864
Net financial items		**40,924**	**-12,054**	**-1,513**
Profit/(loss) before tax		**-57,050**	**-81,521**	**-319,047**
Income tax expense/(income)		-1,957	-1,874	-7,781
Profit/(loss) after tax		**-55,093**	**-79,647**	**-311,266**
Profit is attributable to:				
- Owners of Otovo AS		-55,093	-78,017	-309,498
- Non-controlling interests		-	-1,630	-1,768
Basic earnings per share (NOK)		-0.39	-0.64	-2.47
Diluted earnings per share (NOK)		-0.39	-0.64	-2.47

Consolidated statement of comprehensive income

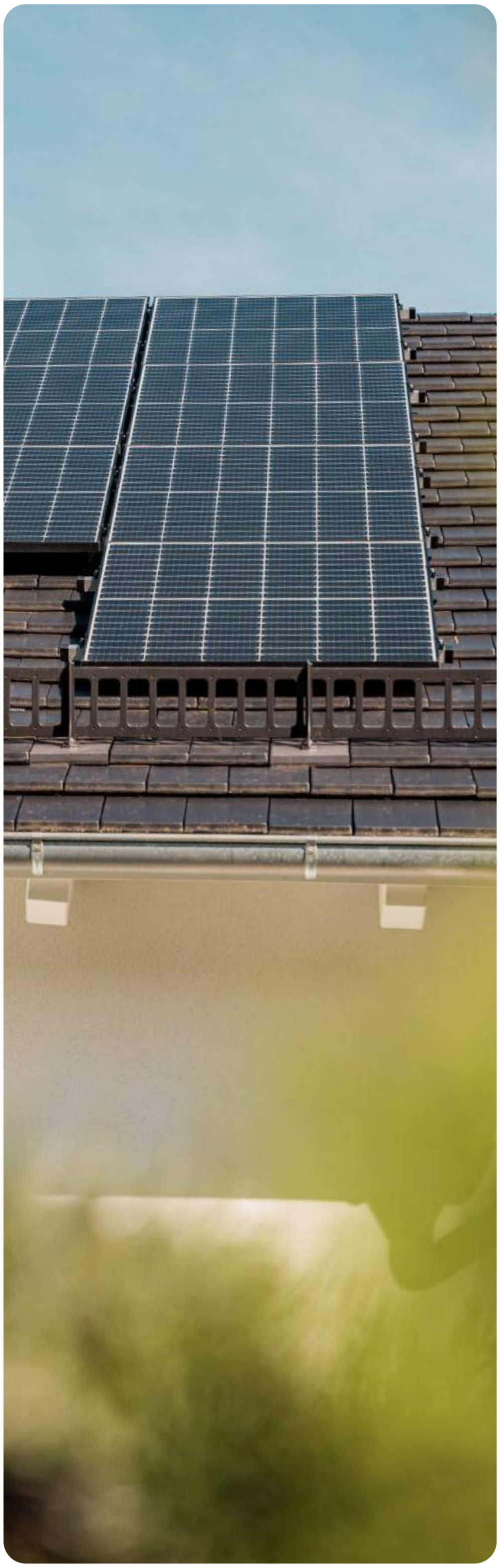
(NOK 000')	Unaudited Q1 2023	Unaudited Q1 2022	Audited FY 2022
Profit/(loss) after tax for the period	-55,093	-79,647	-311,266
Other comprehensive income which may be reclassified to profit and loss			
Foreign currency translation differences	-12,865	-2,656	-3,138
Total comprehensive income for the period	**-67,958**	**-82,303**	**-314,404**
Total comprehensive income is attributable to:			
- Non-controlling interests	-	-1,685	-1,802
- Owners of Otovo AS	-67,958	-80,618	-312,602

Consolidated balance sheet

Consolidated statement of financial position

(NOK 000')	Notes	Unaudited 2023 31 Mar	Unaudited 2022 31 Mar	Audited 2022 31 Dec
ASSETS				
Intangible assets		98,783	118,938	102,803
Goodwill		165,522	150,338	158,181
Investments in associated companies	8	-	402	-
Property, plant and equipment		299,771	84,004	200,491
Right of use asset		12,332	9,752	14,317
Other assets		3,457	3,021	2,648
Total non-current assets		**579,865**	**366,455**	**478,440**
Trade receivables		56,176	35,331	44,054
Other receivables and prepayments	7	238,999	81,369	200,395
Non-current assets classified as held for sale	8	-	-	9,748
Inventory		8,946	-	10,761
Cash and cash equivalents		347,058	445,412	193,868
Total current assets		**651,179**	**562,112**	**458,826**
Total assets		**1,231,044**	**928,568**	**937,266**

(NOK 000')	Notes	2023 31 Mar	2022 31 Mar	2022 31 Dec
EQUITY				
Share capital		1,488	669	1,362
Share premium reserve		1,400,038	1,117,344	1,156,329
Other paid-in equity		43,692	20,424	37,331
Foreign currency translation reserve		-12,597	750	268
Retained earnings		-718,886	-428,865	-663,793
Non-controlling interests			29,673	-
Total equity		**713,735**	**739,995**	**531,497**
LIABILITIES				
Deferred tax liability		7,662	15,354	9,607
Non-current interest bearing liabilities	4	194,409	29,951	125,672
Lease liabilities non-current		4,128	6,262	6,130
Other non-current liabilities		40	98	-
Total non-current liabilities		**206,239**	**51,665**	**141,409**
Lease liabilities current		7,278	3,831	8,747
Trade payable		96,782	33,146	71,473
Other current liabilities	4	207,010	99,931	184,139
Total current liabilities		**311,070**	**136,908**	**264,359**
Total equity and liabilities		**1,231,044**	**928,568**	**937,266**



Consolidated statement of changes in equity

Consolidated statement of changes in equity

	Attributable to the owners of Otovo ASA							
(NOK 000')	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve		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					-55,093	-55,093		-55,093
Other comprehensive income for the period, net of tax				-12,865		-12,865		-12,865
Total comprehensive income in the period	-	-	-	-12,865	-55,093	-67,958	-	-67,958
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 31.03.2023	**1,488**	**1,400,038**	**43,693**	**-12,597**	**-718,886**	**713,736**	**-**	**713,736**

	Attributable to the owners of Otovo ASA							
(NOK 000')	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve		Total	Non controlling interest	Total equity
Equity at 1 January 2022	571	824,236	12,380	3,406	-350,848	489,745	31,303	521,049
Net profit for the period	-	-	-	-	-78,017	-78,017	-1,630	-79,647
Other comprehensive income for the period, net of tax	-	-	-	-2,656	-	-2,656	-	-2,656
Total comprehensive income in the period	-	-	-	-2,656	-78,017	-80,673	-1,630	-82,303
Issuance of shares	94	299,906	-	-	-	300,000	-	300,000
Transaction costs on equity issues	-	-10,000	-	-	-	-10,000	-	-10,000
Share-based payments, exercised	4	3,201	2,210	-	-	5,415	-	5,415
Share-based payments accrual	-	-	5,833	-	-	5,833	-	5,833
Equity as of 31.03.2022	**669**	**1,117,344**	**20,424**	**750**	**-428,865**	**710,321**	**29,673**	**739,994**

Consolidated statement of cash flows

Consolidated statement of cash flows				
		Unaudited	Unaudited	Audited
(NOK 000')	**Notes**	**Q1 2023**	**Q1 2022**	**FY 2022**
Cash flow from operating activities				
Profit/(loss) before tax		-57,050	-81,521	-319,047
Depreciation, amortisation and impairment		18,890	14,711	64,333
Expensed share-based payments	6	6,361	5,833	24,950
Net interest income and interest expenses		-107	156	2,775
Share of profit/(loss) of equity accounted investees/Gain on disposal of associated company	8	-13,791	2,733	9,864
Currency (gains)/losses not related to operating activities		-22,257	9,083	-7,415
Changes in trade receivables		-31,034	-13,161	-21,884
Changes in trade payables		31,306	3,257	41,584
Change in other assets and other liabilities		-3,121	-9,765	-59,461
Cash generated from operating activities		**-70,802**	**-68,674**	**-264,301**
Received interest		698	77	1,017
Paid interest		-591	-243	-3,791
Net cash flow from operating activities		**-70,695**	**-68,840**	**-267,075**
Cash flow from investing activities				
Investment in other companies		-	-	-15,411
Disposal of associated company		23,539	-	-
Investments in intangible assets		-9,742	-6,924	-29,870
Investments in tangible assets		-87,350	-16,078	-133,620
Disposals of tangible assets		1,642		
Net cash flow from investing activities		**-71,911**	**-23,003**	**-178,900**
Cash flow from financing activities				
Proceeds from issuance of ordinary shares		250,000	295,415	299,902
Transaction cost capital increase		-6,166		
Payment of lease liabilities		-1,985	-1,939	-5,722
Inflow due to new non-current liabilities	4	201,266	24,152	125,629
Outflow due to downpayment of non-current liabilities		-157,333	-755	-3,159
Net cash flow from financing activities		**285,782**	**316,872**	**416,650**
Net cash flow during the period		**143,175**	**225,196**	**-29,326**
Cash and cash equivalents at the beginning of the period		193,868	224,187	224,187
Exchange rate difference on cash and cash equivalents		10,015	-3,971	-991
Cash and cash equivalents at the end of the period		**347,058**	**445,412**	**193,868**

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. 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 first quarter ended 31 March 2023, 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 2022. The annual consolidated financial statements for 2022 are available at the company's website (https://investor.otovo.com/). The 2022 audited financial statements were approved by the Board of Directors on 22 March 2023.

The interim financial information for the quarters ended 31 March 2023 and 31 March 2022, are unaudited.

Notes to the interim consolidated financial statements

Note 2 - Segment reporting

For Management purposes the Group is organized into two business lines. "Direct purchase" and "Subscription". 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 segment reporting is presented in the same manner as presented to the Executive Management.

Segment Reporting - Q1 2023

(NOK 000')	**Direct purchase**	**Subscription**	**Elimination**	**Otovo Group**
Revenue	370,273	-	-95,982	274,291
Other operating income	2,544	5,762	-1,437	6,869
Total operating income	**372,817**	**5,762**	**-97,419**	**281,160**
Cost of goods sold	310,402	-	-86,547	223,855
Payroll and related costs	75,166	-	75	75,242
Depreciation, amortisation and impairment	5,282	3,395	10,212	18,890
Other operating expenses	59,354	2,380	-586	61,147
Operating profit/(loss)	**-77,387**	**-13**	**-20,573**	**-97,973**

Segment Reporting - Q1 2022

(NOK 000')	**Direct purchase**	**Subscription**	**Elimination**	**Otovo Group**
Revenue	128,259	-	-19,042	109,217
Other operating income	1,497	1,705	-239	2,963
Total operating income	**129,756**	**1,705**	**-19,281**	**112,180**
Cost of goods sold	107,002	-	-15,573	91,429
Payroll and related costs	40,951	536	-	41,487
Depreciation, amortisation and impairment	4,950	919	8,842	14,711
Other operating expenses	32,319	1,940	-239	34,020
Operating profit/(loss)	**-55,466**	**-1,690**	**-12,311**	**-69,467**

Notes to the interim consolidated financial statements

Note 3 - Other Operating Expenses

Other Operating Expenses

Note 3 Other Operating Expenses	Q1 2023	Q1 2022	FY 2022
Other expenses related to buildings and short-term/low value rent of equipment	3,144	938	5,769
External personnel and consultancy fees 1)	15,673	13,500	72,856
Media spend, advertising and partnerships	26,961	12,341	52,450
System and software	5,289	2,896	13,758
Other operating expenses	10,080	4,345	18,364
Total other operating expenses	**61,147**	**34,020**	**163,197**

1) Including audit fee.

Note 4 - Subscription SPV bank facility

Subscription SPV entered into a debt facility with DNB Bank ASA and Sparebank 1 SR-bank ASA in the quarter consisting of EUR 50m revolving credit facility to finance the subscription assets. The entity has drawn an amount of EUR 16.8m during Q1 2023 used to repay the former facility held with Nordea Bank Abp and further finance the subscription assets.

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 Subscription SPV was in compliance with financial covenants at 31 March 2023.

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 748m 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 Contracted Customer Payments were impacted significantly by changes in foreign exchange rates during the quarter, increasing the reported amounts as the NOK declined against the EUR, SEK and PLN.

Contracted Customer Payments

(NOKm)	NPV	2023	2024-2025	2026-2030	2031-2042
Non-discounted contracted customer payments*		26	70	188	464
NPV @5%	473				

*) 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 31.12.2023 there are 9,329,507 outstanding options with a weighted average strike price of 19.24 kroner per share. Further, Otovo has two employee share purchase programmes. There are 269.571 performance shares and 1.148.191 retention shares outstanding under these programmes.

Expense in Q1 2023 for both share programmes was NOK 5.8m. Expense in Q1 2022 was NOK 4.1m.

Note 7 - Tax credits

The Italian government has implemented the Ecobonus program where consumers get support for energy requalification projects. Under this system, the consumer is issued a tax credit from the Italian state that can offset taxes and certain other public duties. Since the implementation the Italian government has decided to discontinue the possibility for consumers to resell tax credits issued under the Ecobonus scheme. Refer to note 9 for more information.

During Q1 23 Otovo signed agreements for disposal of tax credits with a net book value of NOK 34m , and received settlement for tax credits with a net book value of NOK 20m. As of 31 March the carrying amount of the tax credit assets was NOK 111m, compared with NOK 102m as of 31 December 2022, with a significant amount relating to prepayment invoices with an opposite entry on the liability side in the balance sheet. The increase is explained by tax credits on new invoices issued during the quarter, including tax credits on prepayment invoices for projects not not yet reflected in the income statement, and currency translation differences, to a large extent netted by tax credit receivables settled during the quarter.

Note 8 - Disposal of investment in Holu

On 21 December 2022, Otovo entered into an agreement with Gera Brazil Technologia Ltda. (Gera), for the sale of Otovo's stake in the Brazilian solar platform Holu. Holu was established as a joint venture with Gera in 2019 where Otovo owns 34%.

The transaction price is equal to the capital injected since 2019 plus an additional 5% premium. The contract was signed on 2 February 2023 and the sale closed on 3 February 2023.

The sale resulted in a gain of NOK 13.8m and a positive cash effect of NOK 23.5m.

Note 9 - Events after the reporting period

Reference is made to Otovo's announcement made on 17 February 2023 regarding the Italian government's decision to discontinue the possibility for consumers to resell tax credits issued under the Superbonus and Ecobonus schemes. On 5 April the Italian senate approved the law and it is expected to be published in the Gazetta Ufficiale as definitive in the coming days. As part of the finalisation of the law, the government has clarified that projects where pre-payment was effectuated prior to the proposal of the law, will qualify under the old provisions where the consumer could sell the tax credits they assume to a third party. For Otovo this means that the pipeline of projects sold but not installed before 16 February will be completed on the same terms for the customer as prior to the changes in regulations.

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	Subscription	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 it may be calculated differently 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 2023	Q1 2022	FY 2022
Cost of goods sold (COGS) to subscription segment	86,547	15,573	131,527
Batteries share of COGS to subscription segment	9%	1%	8%
Solar Energy Systems (PV) share of COGS to subscription segment	91%	99%	92%
COGS to subscription segment - PV	78,938	15,340	120,561
Lifetime of contracts - PV	20	20	20
Average yield (first year payment to COGS)- PV	10.59%	11.48%	10.96%
First year subscription payment - PV	8,360	1,761	13,222
Nominal lifetime subscription payments, not inflation adjusted	167,203	35,226	264,445
Inflation adjustment	35,927	7,569	56,821
Reduction from discounting to present value	(80,525)	(16,965)	-127,357
Contracted subscription revenue - PV	**122,605**	**25,830**	**193,910**
COGS elimination - Batteries	7,609	233	10,966
Lifetime of contracts - Batteries	10	10	10
Average yield (first year payment to COGS)- Batteries*	16.92%	11.48%	15.96%
First year subscription payment - Batteries	1,287	27	1,792
Nominal lifetime subscription payments, not inflation adjusted	12,872	268	17,917
Inflation adjustment	1,223	25	1,702
Reduction from discounting to present value	-3,297	-69	-4,590
Contracted subscription revenue - Batteries	**10,797**	**225**	**15,029**
Contracted subscription revenue - Total	**133,402**	**26,055**	**208,939**

Revenue, Gross Profit and EBITDA Generated

(NOK 000')	Q1 2023	Q1 2022	FY 2022
Revenue according to the Income Statement	274,292	109,217	637,501
Contracted subscription revenue (calculated)	133,402	26,054	208,940
Revenue Generated	**407,694**	**135,271**	**846,441**
Cost of goods sold according to the Income Statement	223,855	91,429	523,152
Investment in subscription assets	86,547	15,573	131,527
Subscription O&M cost (calculated)	9,837	1,941	15,065
Gross Profit Generated	**87,454**	**26,328**	**176,700**
Gross Margin Generated %	*21.5%*	*19.5%*	*20.9%*
Operating profit/(loss)	-97,974	-69,467	-317,534
Add back depreciation and amortisation	18,890	14,711	64,333
Add contracted subscription profit (calculated)	37,018	8,540	62,348
Subtract subscription revenue in the quarter	-5,762	-1,705	-11,420
EBITDA Generated	**-47,828**	**-47,921**	**-202,274**

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 sales or 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