



Otovo

The solar and battery marketplace

Q2 23 presentation

13 July 2023

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Today's speakers

Present from Otovo

Founder and CEO
Andreas Thorsheim



CFO
Petter Ulset



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Summary & Outlook

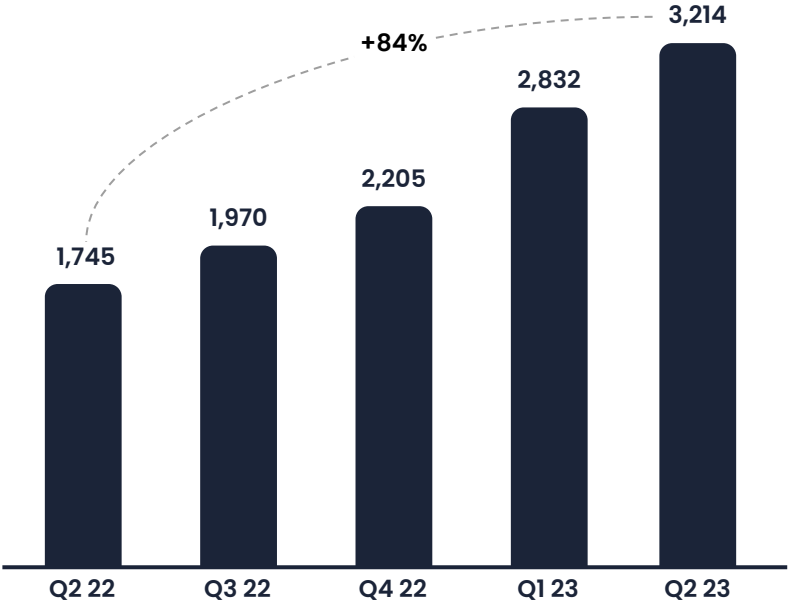
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Q&A

Installations once again at record levels, reaching ~13,000/yr run rate

Installations all time high in second quarter

Figures in #



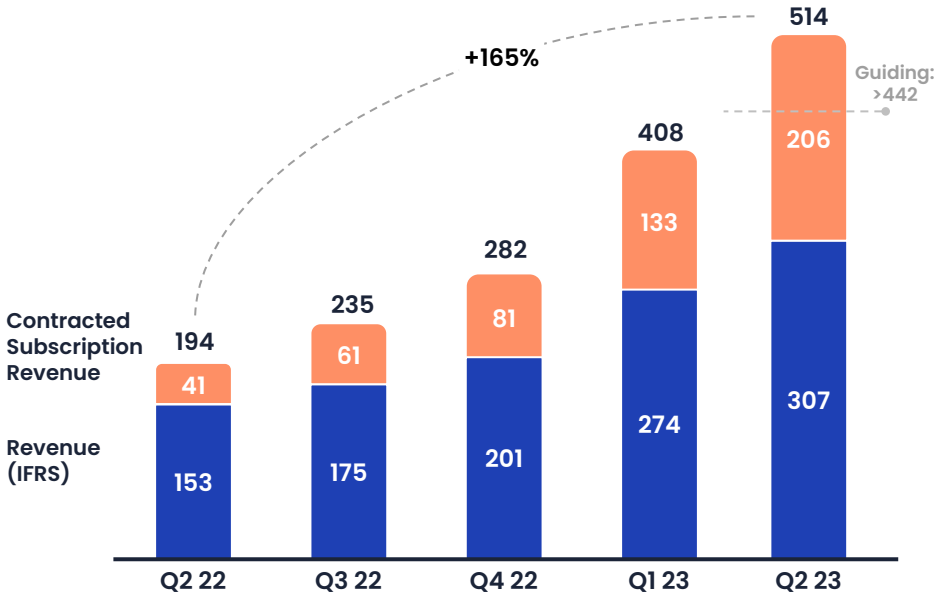
A record number of Europeans going solar with Otovo



Revenues generated up 165% YoY, surpassing NOK 500m

Revenue generated surpassing NOK 500m

Figures in NOKm



Highest ticket sizes being installed ever

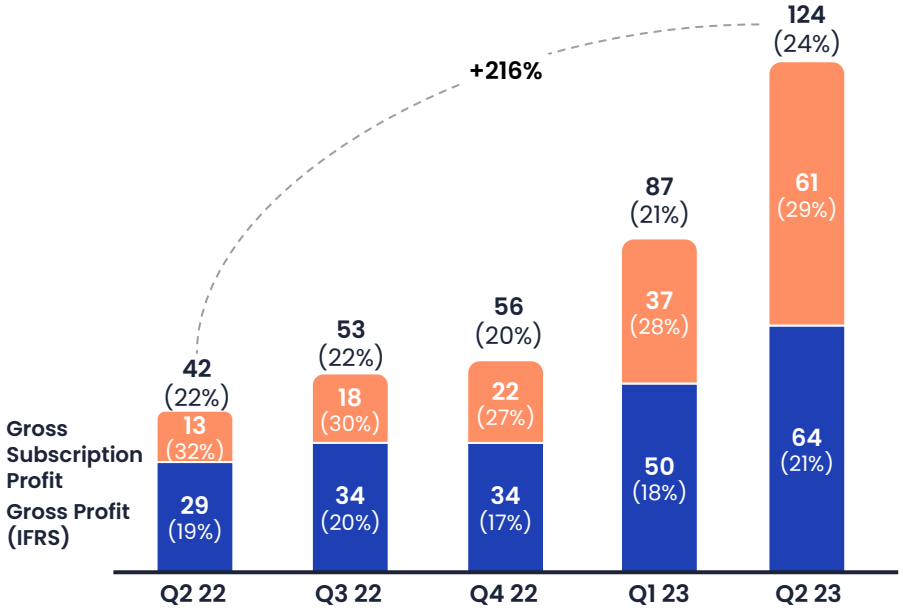


Gross profit generated up to NOK 124m, and blended margins at solid 24%

Margins generated increased by ~3%p

Profitable installations in all markets

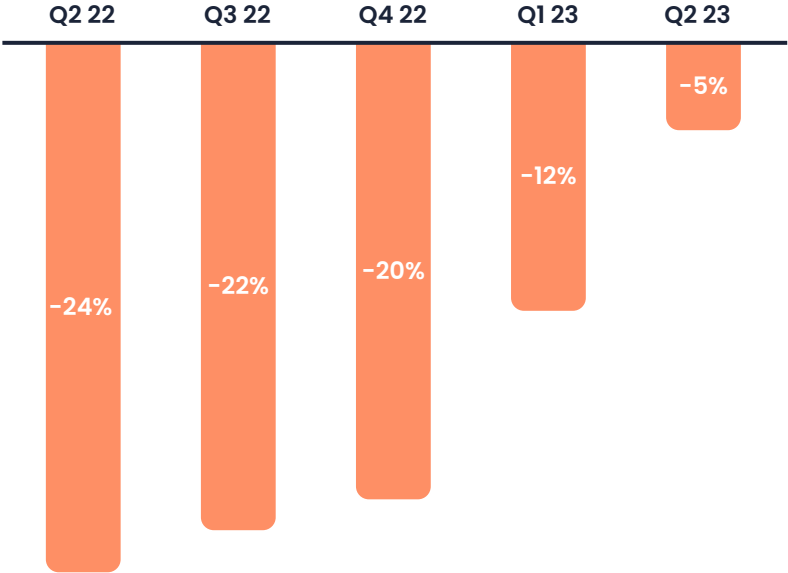
Figures in NOKm



EBITDA generated improved by 19%p last year, to -5%

EBITDA margin generated at -5%

Percent of Revenues generated



Contribution from subscriptions and operating leverage

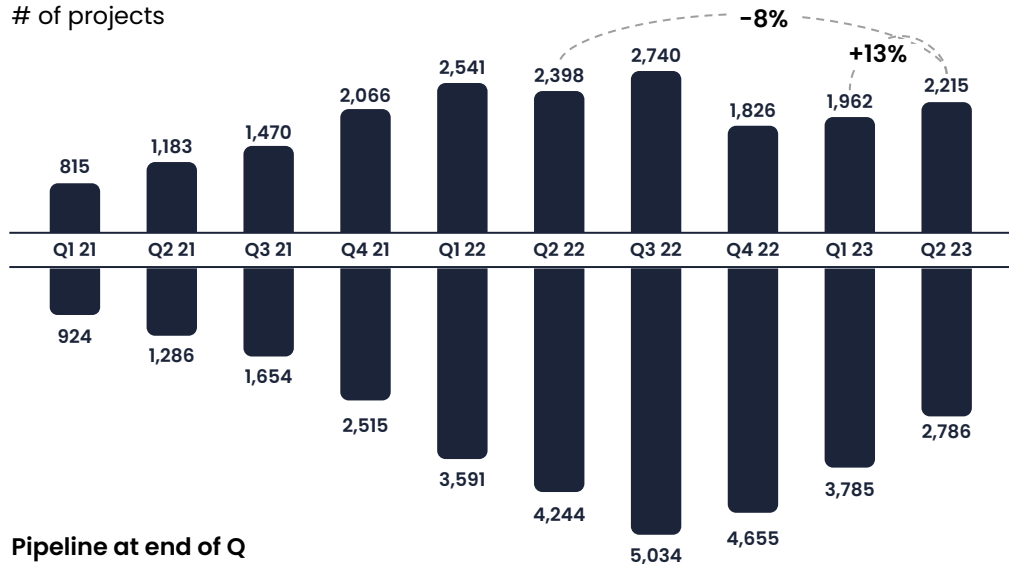


Sales up sequentially 13%, strengthening our view that the trough is behind us. Expecting further improvement in autumn

Sales & pipeline development

Sales

of projects



Pipeline at end of Q

of projects

Pipeline time Months ¹	4.6	6.2	7.4	7.7	6.3	4.0	2.6
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23

Comments

Sales

- Rebounds in progress in our established markets with strong sales performance especially in Poland and Sweden
- Sales still below installation volumes, providing spare capacity in Southern European countries (Italy, Spain and France)
- New markets progressing as planned with strongest ever quarter; will make up for lost ground in other markets

Pipeline

- Down to 2.6 months, and customers can expect intra-quarter delivery
- Mix effects favour faster, low-permitting countries going forward (Northern Europe)

The sales performance is picking up overall, driven by new markets, and small triggers can lift sales figures substantially

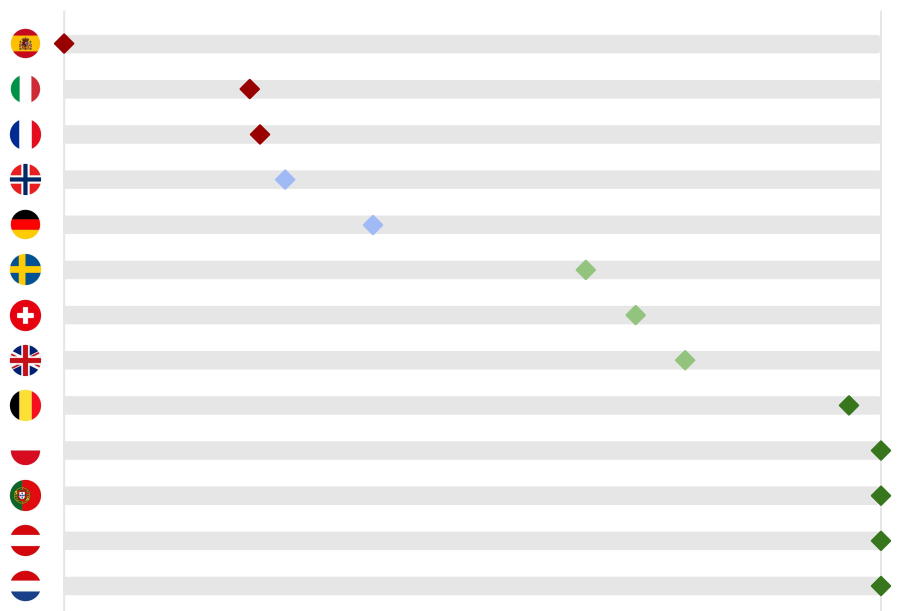
Q2 sales vs. best and worst quarter since Q1 '21 (last 10 quarters)

Volatile markets, with much potential to grab

Sales
of projects

Worst quarter

Best quarter



Southern Europe far behind their best performances as gas price drops influence sales. Small improvements in market conditions, could be hair trigger boosting overall sales

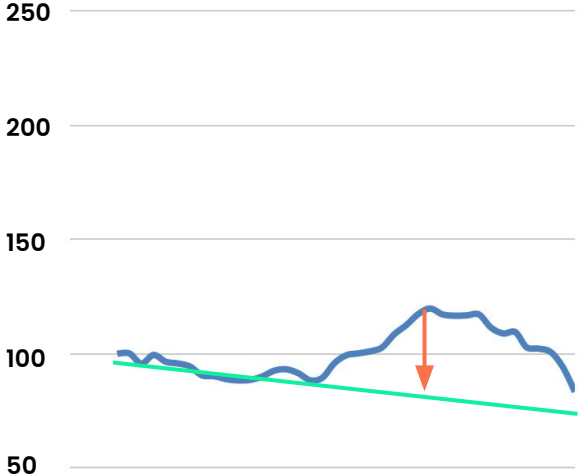
Norway and Germany doing decent volumes, but quite far behind their best quarters

New markets, Sweden and Poland performing at or near their all time best

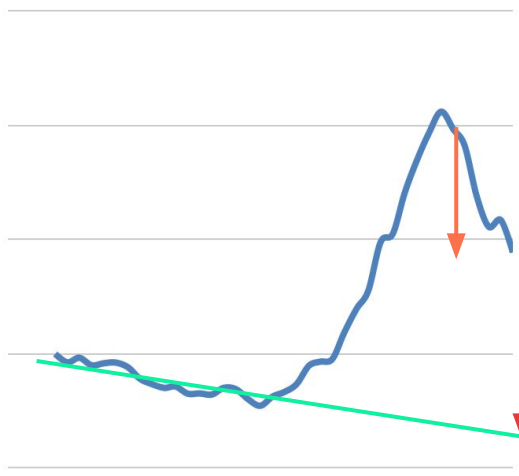
The Otovo platform keeps teasing out cost improvements – driving conversion even as customers are more careful

COGS per wattpeak for winning offers in the marketplace, Sweden 2020/7–2023/7, EUR/Wp (indexed)

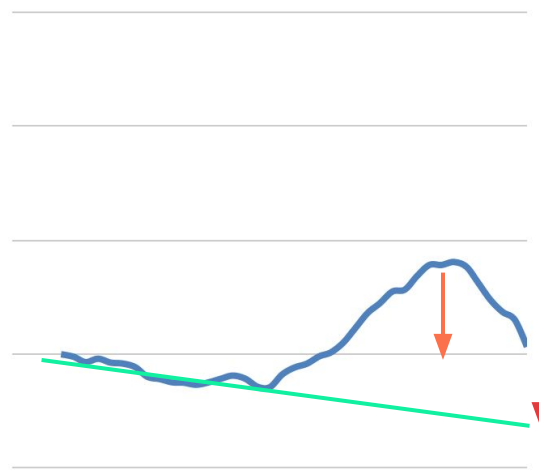
Hardware cost per watt



Labour cost per watt



Cost per watt (HW + labour)



+

=

Jul'20 Jan'21 Jul'21 Jan'22 Jul'22 Jan'23 Jul'23

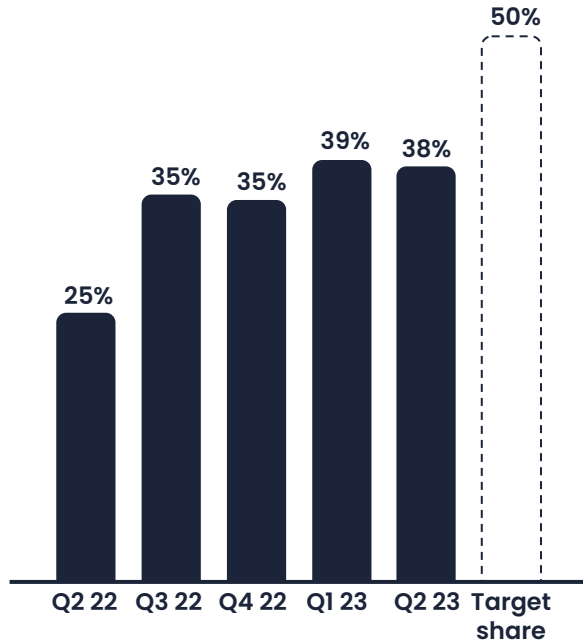
Jul'20 Jan'21 Jul'21 Jan'22 Jul'22 Jan'23 Jul'23

Jul'20 Jan'21 Jul'21 Jan'22 Jul'22 Jan'23 Jul'23

Highest ever addition to the subscription portfolio, pushing annualized recurring revenue to NOK 43m

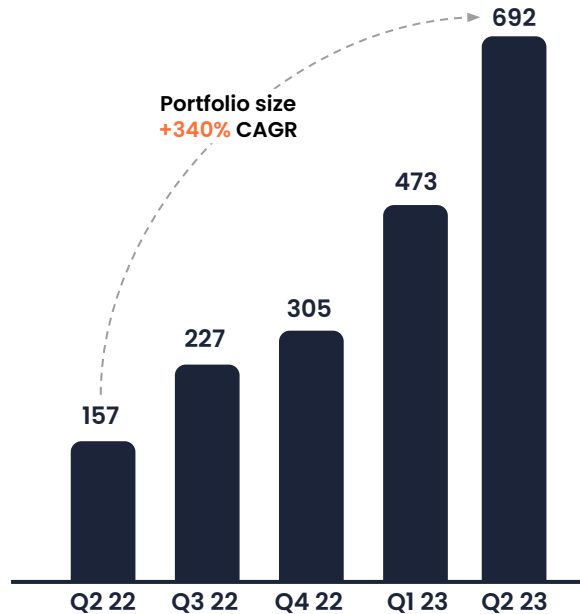
Share of sales on Subscription model

Percent of total sales



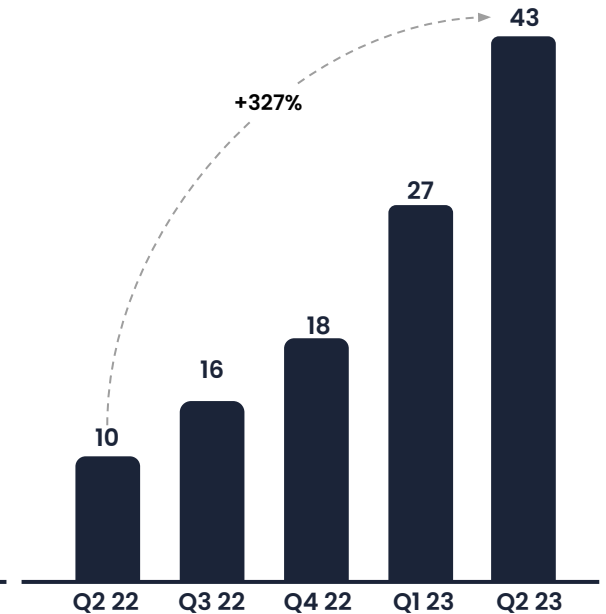
Accumulated Contracted Subscription Revenue

Portfolio of installed projects, figures in NOKm



Portfolio Annual Recurring Revenue

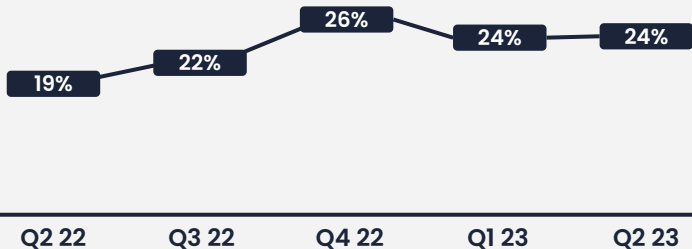
Annualized subscription revenue in NOKm, Jun 2023¹



Business health indicators remain strong - ticket size tailwinds from fx and a peak price cohort being delivered

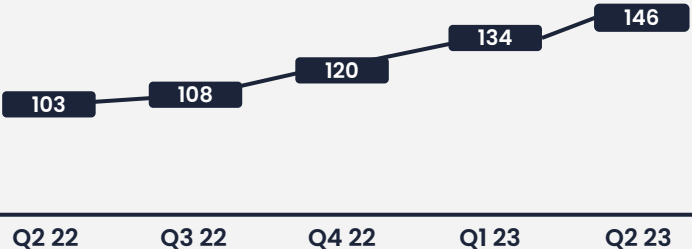
Battery attachment rate, installed

% of projects



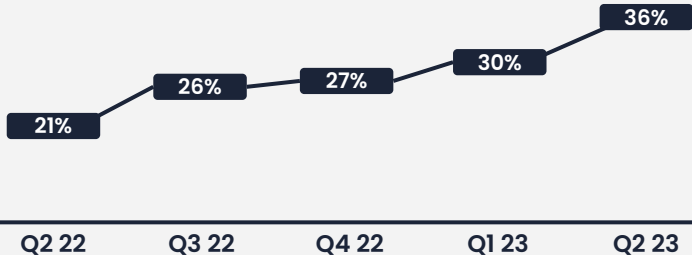
Ticket size, installed

Figures in NOKk



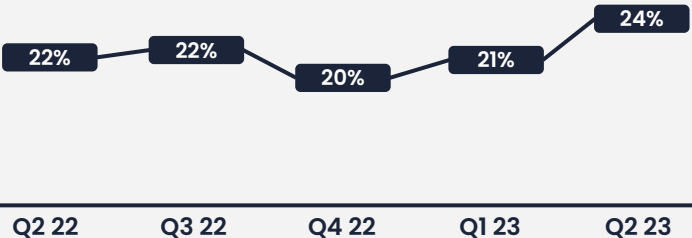
Subscription share, installed

% of projects



Gross Margin Generated, installed

% of Revenues Generated



Moving markets towards profitability, following 2 years of rapid geographic expansion

Stage complete → New this quarter



Mature Markets
(Launched 2016-2021)

New Markets
(Launched last 2 years)

End of Q2 status

	Completed installation	Unit positive	EBITDA positive	
			Generated (w/ subscription)	IFRS
🇳🇴	Stage complete	Stage complete	Stage complete	Stage complete
🇸🇪	Stage complete	Stage complete	Stage complete	→
🇪🇸	Stage complete	Stage complete	Stage complete	
🇩🇰	Stage complete	Stage complete	→	
🇮🇹	Stage complete	Stage complete	Stage complete	Stage complete
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🇳🇱	Stage complete	Stage complete		

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Effectively implemented and staffed up the Madrid hub during Q2



Otovo Madrid, July 2023

Established shared service center in Madrid, avoiding cost and creating a cost efficient and flexible core function

Key achievements in Q2 2023



Cut **~50 FTEs** in established markets and **avoiding ~50 FTEs** in new markets additions by year end



Madrid is an **international talent hub** providing various native speakers and experts needed to staff the service center



Created a **cheaper, more flexible cost structure** by transferring marketing and operations roles to Madrid

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Otovo's operational leverage is evident in our reported numbers as EBITDA continues to improve

IFRS accounts

Consolidated Financial Summary

(NOKm)	Q2 2023	Q2 2022	Δ	YTD 23	YTD 22
Total operating income	317.4	156.0	+161.4	598.6	268.2
COGS	243.7	124.1	+119.6	467.6	215.6
Opex	151.1	88.7	+62.4	287.5	164.3
Depreciation and amortisation	21.5	15.5	+6.0	40.4	30.2
Operating profit	-98.9	-72.4	-26.5	-196.9	-141.9
EBITDA	-77.4	-56.9	-20.5	-156.5	-111.6
EBITDA%	-24%	-36%	+12%p	-26%	-42%

Comments

- Operating income up 2x, with ARR from subscription segment increasing 3x
- COGS increased less than revenues, as gross margins improves by 2%p
- Improving underlying development in Opex, Q2 impacted by:
 - **Currency:** NOKm 8 increase from weakening NOK
 - **Restructuring:** NOKm 3 related to restructuring in France and Germany
- EBITDA improved 12%p year over year, and 4%p sequentially from previous quarter

Balance sheet expanded through investments in Subscription SPV largely funded by debt

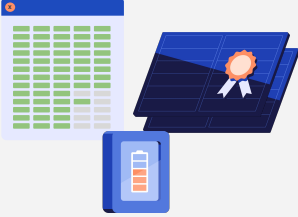



IFRS accounts

Consolidated Balance Sheet				
(NOKm)	Q2 2023	Q2 2022	Δ	FY 22
Non-current assets	715.7	396.8	+318.9	478.4
Inventory	3.1	9.9	-6.8	10.8
Cash	312.5	330.7	-18.2	193.9
Other current assets	259.4	182.3	+77.1	254.2
Assets	1,290.7	919.8	+370.9	937.3
Equity	643.9	694.2	-50.1	531.5
Liabilities	646.8	225.5	+421.3	405.8
Equity and liabilities	1,290.7	919.8	+370.9	937.3

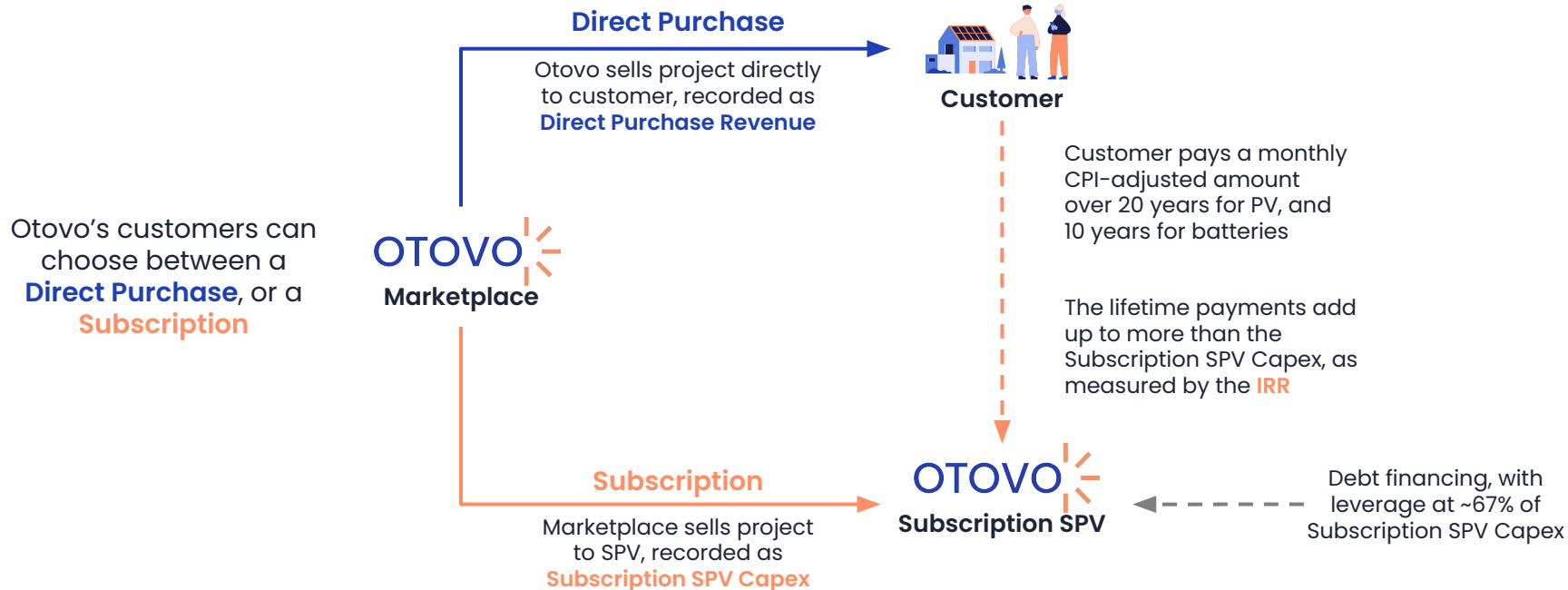
Comments

- Substantial investments in Subscription SPV, with more than NOK 700m on balance sheet
- Other current assets reduced by NOKm 33, primarily due to balance of Italian tax credits being reduced
- Cash positioned reduced NOKm 34 from previous quarter (see separate slide)

Otovo is generating shareholder value in our Marketplace and Subscription Portfolio

	1 Marketplace	2 Subscription Portfolio	3 Opex	4 Balance sheet
	<p>Solar & battery marketplace, charging markup on installer cost</p> 	<p>Portfolio of cash flow-generating customer contracts</p> 	<p>Investments in Opex to enable company to scale</p> 	<p>Optimization of cash and portfolio value</p> 
Value driver	<ul style="list-style-type: none"> Gross profit Capital efficiency 	<ul style="list-style-type: none"> Subscription SPV Capex Return on capital (IRR) 	<ul style="list-style-type: none"> Operational leverage Unit costs 	<ul style="list-style-type: none"> Scale of portfolio (WACC) Access to capital
Current focus	<ul style="list-style-type: none"> Bring markets to profitability Improve unit economics Keep growing installation volumes 	<ul style="list-style-type: none"> Performance custodianship Quality of portfolio assets 	<ul style="list-style-type: none"> Maintain operational leverage as new markets scale Decreasing unit costs by leveraging our Pan-European model 	<ul style="list-style-type: none"> Keep developing balance sheet Prove monetization of portfolio

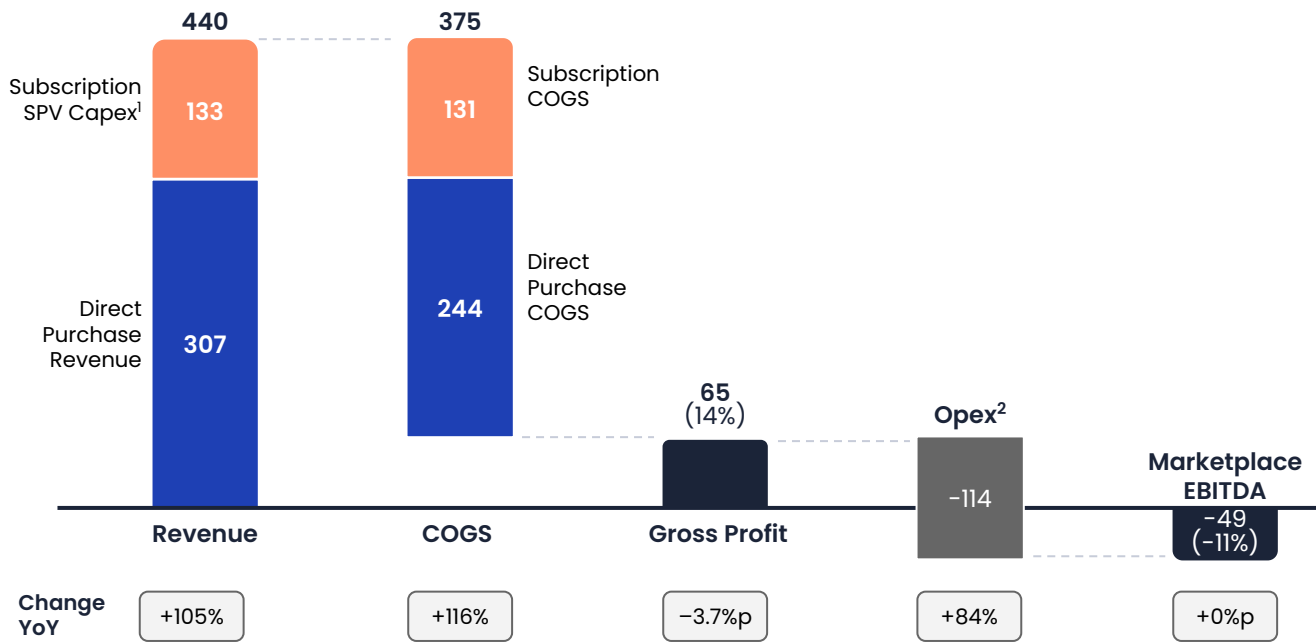
The Marketplace sells projects to two counterparties – Consumers, and our Subscription SPV



Operational leverage is moving Otovo's Marketplaces towards profitability

Marketplace financials – Q2 2023

Figures in NOKm



Comments

- Marketplace financials shows performance of Otovo's marketplaces not captured in reported P&L as sales to Subscription SPV are eliminated
- Profitability impacted by low margin on sale to Subscription SPV to meet yield requirement - would lift EBITDA around 5%p

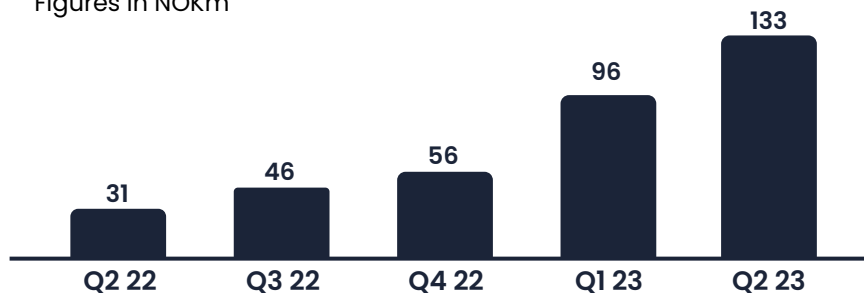


1) Sales from Otovo to Subscription SPV. Recorded as Capex for Subscription SPV. Sales to Subscription SPV is eliminated in consolidated accounts
 2) Opex for local operations. Does not include Group Costs

Continued increase in capital deployed – return on capital increased from higher yields in Subscription SPV

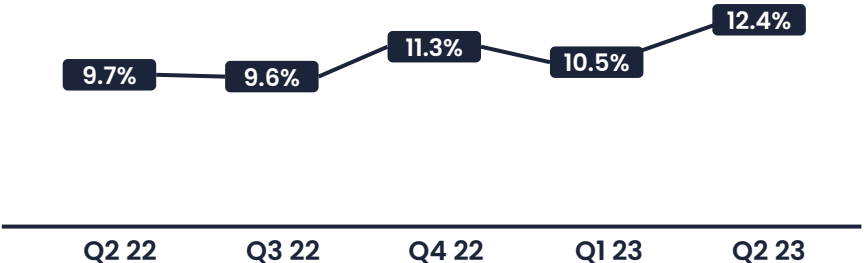
Subscription SPV Capex

Figures in NOKm



IRR – Projects installed in the quarter

Internal rate of return for new subscription projects (Customer payments to Subscription SPV Capex)



Contracted Subscription Revenue – Proj. installed in quarter

Figures in NOKm

Inflation	Discount rate				
	3%	4%	5%	6%	7%
5%	326	294	266	242	221
4%	297	269	244	222	204
3%	271	246	224	205	188
2%	248	226	206	189	184
1%	228	208	191	175	162
0%	209	192	176	163	150

Accumulated Contracted Subscription Revenues

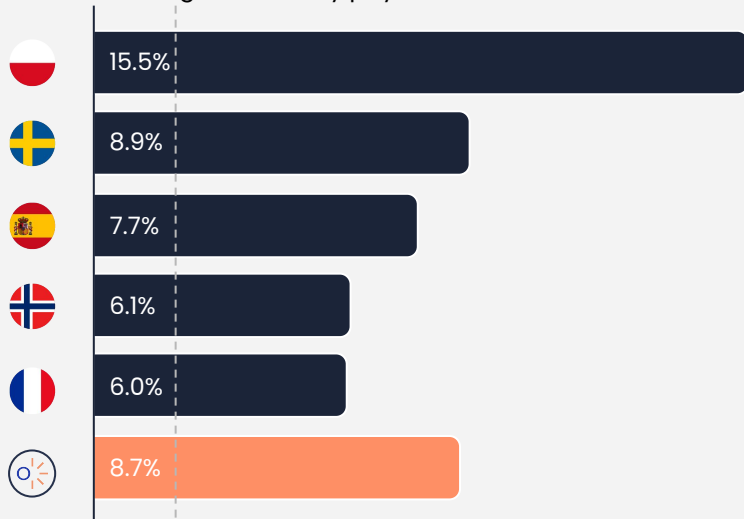
Figures in NOKm

Inflation	Discount rate				
	3%	4%	5%	6%	7%
5%	1,083	982	894	817	750
4%	986	897	820	751	691
3%	901	822	753	692	638
2%	824	754	692	638	590
1%	755	693	638	590	547
0%	693	639	590	547	508

In Q2 we adjusted monthly payments from subscription customers by 8.7% on average

In Q2 we adjusted up customer's monthly payments

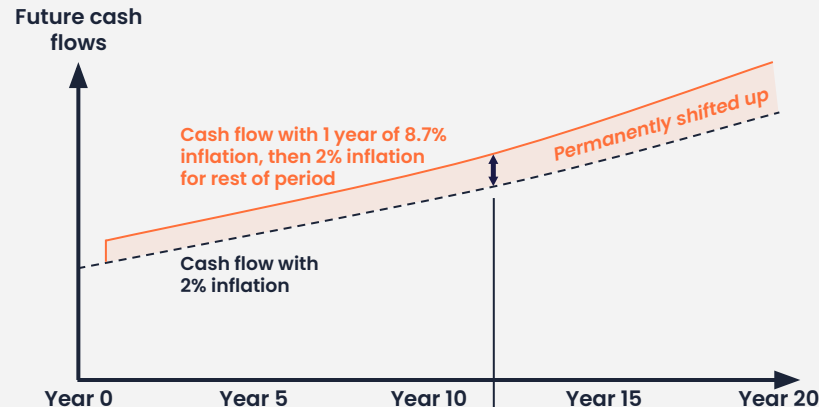
Inflation adjustment per country, (largest portfolios)
% change in monthly payments



Dotted line: 2% inflation used in calculation of APMs

Significant increase in lifetime payments

Effect of inflation on cash flow



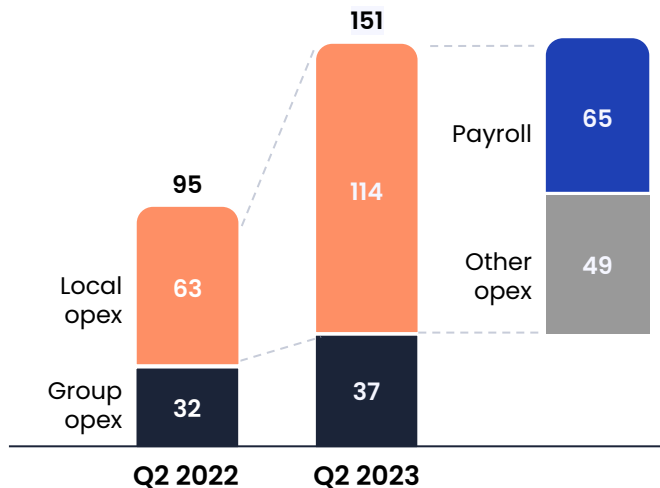
Increase in nominal lifetime cash flows of **NOK 5.8m** for **NOK42m** invested in Q2 21 and Q2 22

- Otovo Subscription contracts are **inflation protected** – adjustment on possible **upwards not down**
- Customers' monthly payments adjusted once a year

Opex investments are primarily building up our 13 European markets - Shared

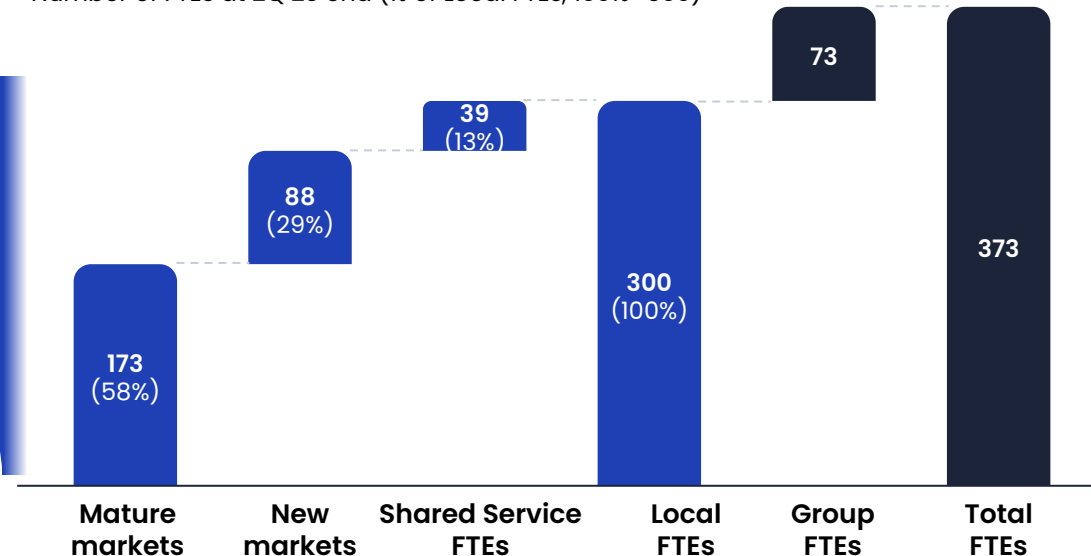
Local vs. Group Opex

Figures in NOKm



Split of payroll

Number of FTEs at 2Q 23 end (% of Local FTEs, 100%=300)



- Opex increased with 61%
- 91% of growth in **Local Opex**

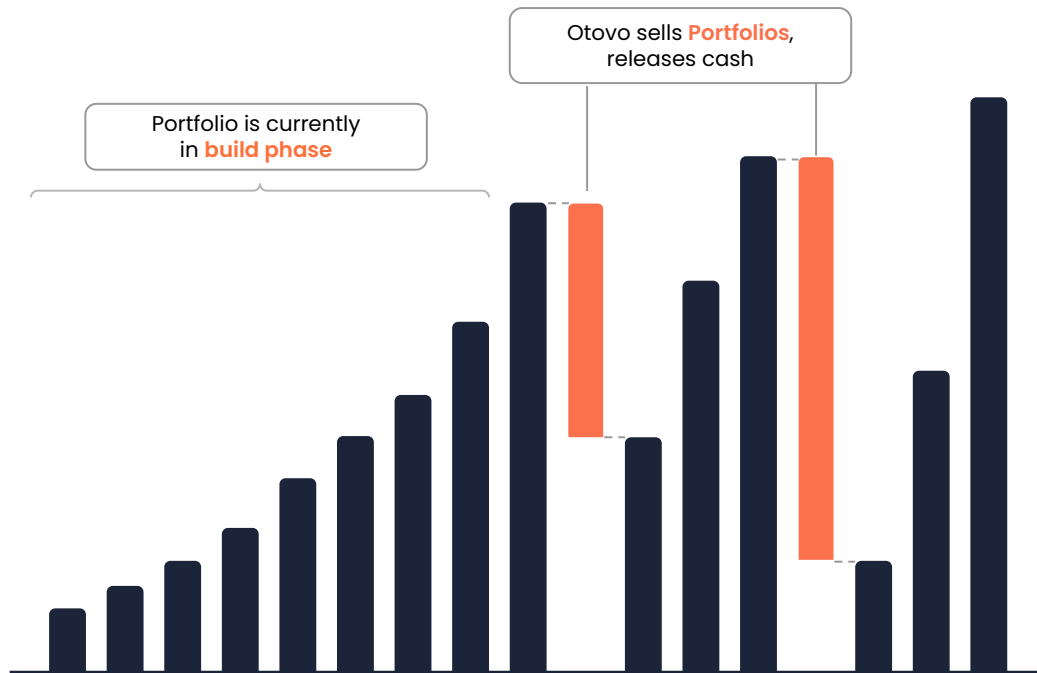
- **29% of local FTEs** in countries that are under development - introducing Shared Services to enhance operational leverage

Selling portfolios will generate cash, while working to transition New Markets from investments to profit centers

Comments

- Building portfolios, and then monetizing these e.g. by sales to third parties, is central to Otovo's business model
- Going forward, Otovo will monetize portfolios on a regular basis
- Otovo will sell the NOK and SEK-denominated assets first, while continuing to build the EUR portfolio
- This first portfolio sale will contribute with cash, pushing the Group towards positive cash flow

Illustration of growth & sale of portfolios



Cash position of NOK 313 million at the end of the quarter

Cash development during Q2 2023 (NOKm)

Otovo Actuals
Reported Cash
Q1 23

347

Operational
cash flow

-34

Investments in SPV
less net new debt
and interest

+1

Other items
(Sale of assets, FX,
capitalized R&D)

-1

Otovo Actuals
Reported Cash
Q2 23

313

Comments

NOK -34m of operational cash flow including

- Cash EBITDA of -70m
- Sale of Italian tax credits +56m
- Trade Working capital +8m
- Non-trade working capital -11m

NOK 1m on investments in SPV less net financing

- NOK 131m invested in subscription assets
- While drawing on NOK 132m in net new debt & financing net of interest

NOK -1m from other items including

- Capitalized R&D of NOK -7m
- Currency effects +8m

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Otovo installation in Spain

Record installation, revenue and margin figures – Sales picking up amid consumer turbulence

- **Delivered a very strong quarter: Record installations, strong revenue and substantial margin improvement**
 - **3,214 installations** versus 1,745 same quarter last year, **up 84%**
 - **2,215 unit sales** versus 2,398 same quarter last year, **down 8%** – up 13% QoQ
 - **IFRS Revenues up 2x** versus last year, helped by higher ticket sizes
 - **IFRS reported margins back above 20%**
- **Strong quarter for subscription portfolio**
 - **Substantial capital deployed:** NOK 133m Subscription SPV Capex versus NOK 31m same quarter last year, **up 4.3x**
 - **Strong uptick in IRR**, at 12.4% for projects installed this quarter v.s. 9.7% same quarter last year
- **Opex and efficiency improving as business scales**
 - Created shared service hub in Madrid, reducing cost and improving flexibility
 - 50 FTEs cut in mature markets, and an additional ~50 avoided in new markets
- **Set up for high speeds and improved profitability into 2024 – 2H of 2023 expected to look similar on installations as 1H, with expected improvement in sales**

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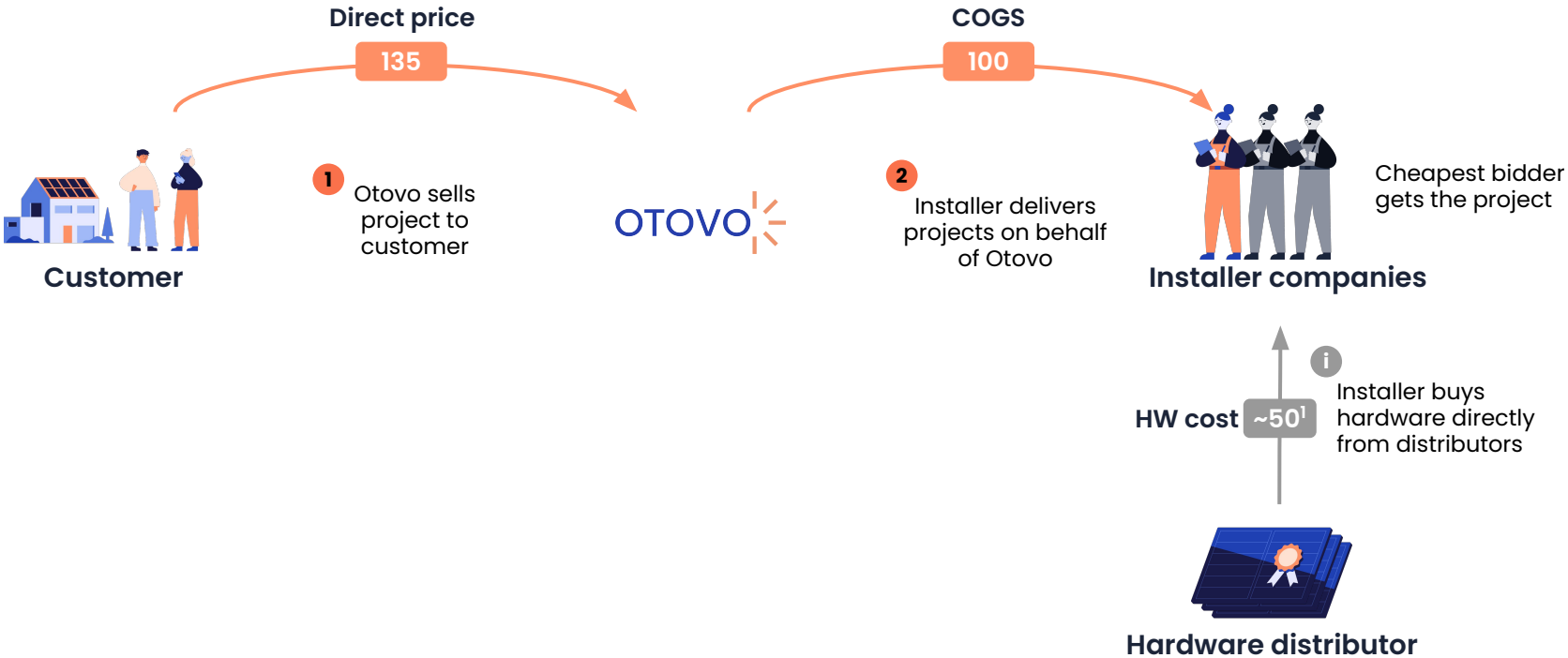
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Q&A

Appendix

Consumer either buys on a Direct purchase model

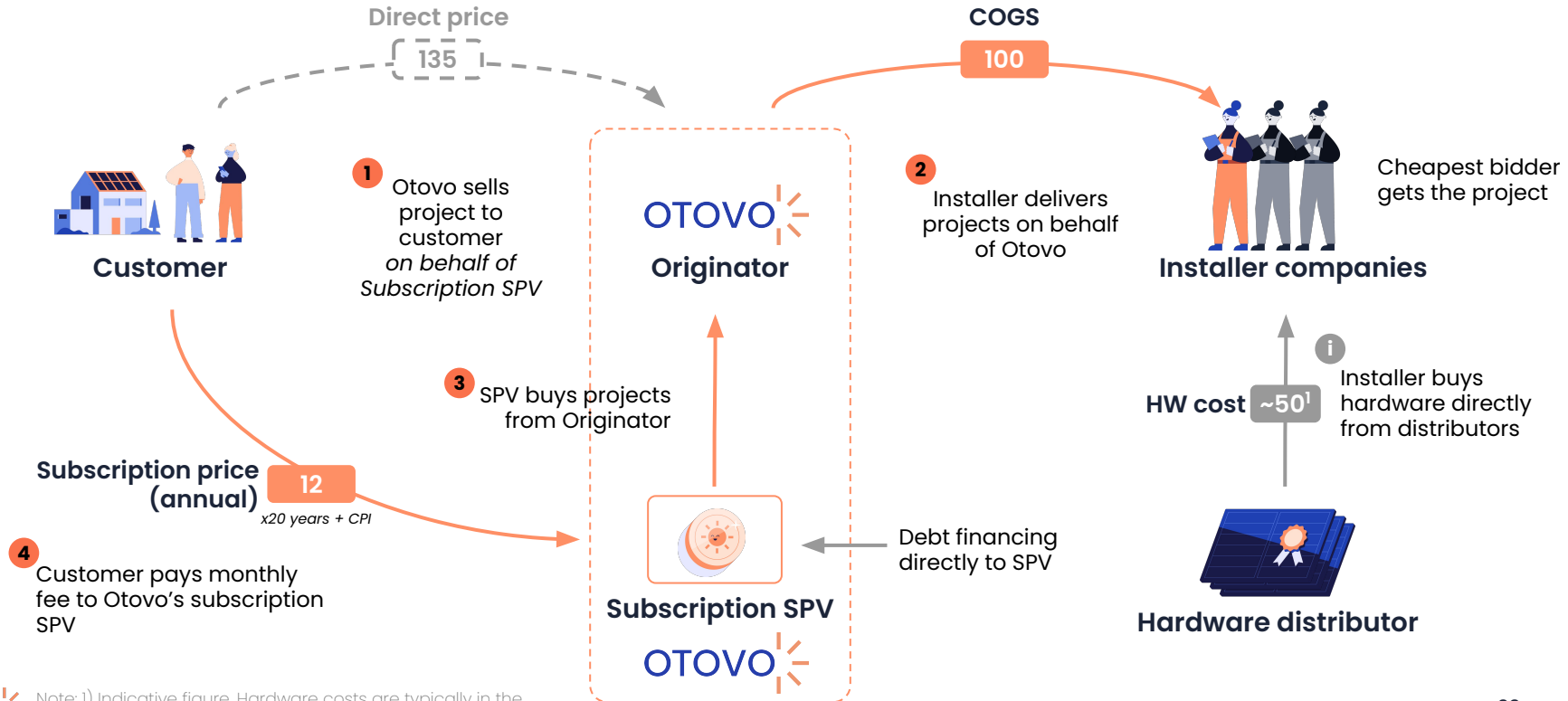
xxx Example figures, indexed to COGS=100



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

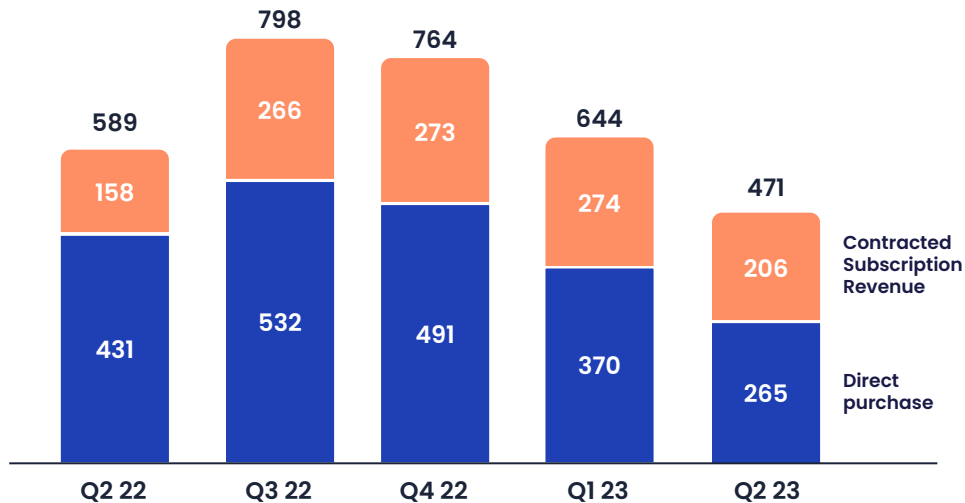
... or through entering into a long term Subscription with Otovo

xxx Example figures, indexed to COGS=100



Pipeline | Increased throughput speed

Pipeline value at end of quarter (NOKm)



Comments

- Pipeline was trimmed in Q2, further increasing throughput speed to a record 2.6 months, providing for expected intra-quarter delivery to customers
- Mix effects favour faster, low-permitting countries going forward (Northern Europe)
- Pipeline made up of **high-value** projects
 - 1,079 projects in pipeline are on a **subscription** model, 39% of total
 - Pipeline consists of 799 projects that include a **battery**, 29% of all projects
 - Average project in pipeline has **ticket size of NOK 149k**

Historic figures | Pipeline vs. sales vs. installations

Q2 2023	Unit	Sales	Pipeline	Installations
Units	#	2,215	2,786	3,214
<i>Direct purchase</i>	#	1,376	1,707	2,066
<i>Subscription</i>	#	839	1,079	1,148
Subscription share	%	38%	39%	36%
Battery attachment rate	%	23%	29%	24%
Avg. ticket size	NOKk	122	149	146
<i>Direct purchase</i>	NOKk	125	155	149
<i>Subscription</i>	NOKk	117	140	140

Q1 2023	Unit	Sales	Pipeline	Installations
Units	#	1,962	3,785	2,832
<i>Direct purchase</i>	#	1,233	2,397	1,981
<i>Subscription</i>	#	729	1,388	851
Subscription share	%	39%	37%	30%
Battery attachment rate	%	28%	29%	24%
Avg. ticket size	NOKk	124	152	137
<i>Direct purchase</i>	NOKk	129	154	142
<i>Subscription</i>	NOKk	115	147	122

Evolution of metrics

- Installation metrics (e.g. ticket size) naturally lag sales & pipeline metrics
- Due to 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

Financials | Segment reporting

P&L if all assets were direct purchase

Actual revenues & cost for the subscription SPV

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

Segment reporting – Q2 2023

(NOK 000')

	Direct purchase	Subscription	Elimination	Otovo Group
Revenue	439,956	-10	-132,530	307,415
Other operating income	2,083	8,807	-873	10,018
Total operating income	442,039	8,797	-133,403	317,433
Cost of goods sold	374,629	-	-130,902	243,727
Payroll and related costs	87,871	-	8	87,878
Depreciation, amortisation and impairment	5,713	6,038	9,803	21,553
Other operating expenses	62,897	4,584	-4,279	63,203
Operating profit/(loss)	-89,071	-1,825	-8,033	-98,928

Direct Purchase segment (IFRS)

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	Q3 22	Q4 22	Q1 23	Q2 23
Revenue (ex. other revenue)	NOKm	35	42	30	40	38	64	86	98	109	153	175	201	274	307
Other revenue	NOKm	0	0	0	5	0	0	2	2	3	3	5	4	7	10
Total revenue	NOKm	35	43	30	45	38	64	88	99	112	156	179	205	281	317
COGS	NOKm	-29	-36	-24	-33	-32	-54	-72	-82	-91	-124	-140	-167	-224	-244
Gross profit	NOKm	6	7	6	7	6	10	13	15	18	29	34	34	50	64
Opex	NOKm	-28	-21	-29	-29	-42	-44	-44	-70	-76	-89	-105	-113	-136	-151
EBITDA	NOKm	-22	-14	-22	-22	-36	-33	-31	-53	-55	-57	-66	-75	-79	-77
Depreciation & amortization	NOKm	-5	-5	-5	-4	-4	-4	-5	-9	-15	-16	-16	-18	-19	-22
EBIT (Operating profit)	NOKm	-27	-19	-28	-26	-40	-38	-35	-62	-69	-72	-83	-93	-98	-99
<i>Gross margin</i>	%	16%	16%	21%	18%	15%	16%	16%	16%	16%	19%	20%	17%	18%	21%
<i>EBITDA margin</i>	%	-63%	-32%	-74%	-49%	-95%	-52%	-35%	-53%	-49%	-36%	-37%	-37%	-28%	-25%

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	Q3 22	Q4 22	Q1 23	Q2 23
Sales	#	546	477	584	640	815	1,183	1,470	2,066	2,541	2,398	2,740	1,826	1,962	2,215
Pipeline	#	659	673	771	805	924	1,286	1,654	2,515	3,591	4,244	5,034	4,655	3,785	2,786
Installations	#	452	464	486	617	663	864	1,086	1,209	1,459	1,745	1,970	2,205	2,832	3,214
Average ticket size (sold)*	NOKk	76	60	58	55	81	85	90	106	117	125	132	116	124	122
Average ticket size (installed)*	NOKk	79	90	61	62	54	75	79	83	88	103	109	120	134	146
Battery attachment rate (sold)	% of #	0%	0%	0%	0%	0%	3%	8%	12%	25%	24%	25%	23%	28%	23%
Battery attachment rate (installed)	% of #	0%	0%	0%	0%	0%	0%	2%	4%	10%	19%	22%	26%	24%	24%
Subscription share (sold)	% of #	0%	19%	31%	23%	20%	23%	24%	17%	23%	25%	35%	35%	39%	38%
Subscription share (installed)	% of #	0%	0%	13%	18%	23%	22%	27%	21%	18%	21%	26%	27%	30%	36%
Net interest-bearing debt	NOKm	-170	-145	-138	-58	-270	-242	-195	-219	-415	-300	-212	-69	-153	29
Fully diluted number of shares	#m					105	111	111	119	141	142	143	143	159	159

*Adjusted to reflect losses on tax credits in Italy

Historic figures | Alternative Performance Measures

Note: Pro-forma APMs prior to Q4 21 are indicative

APMs (pro-forma)	Unit	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Revenue generated	NOKm	36	42	31	41	39	69	93	109	135	194	235	282	408	514
Revenue	NOKm	36	42	25	32	27	52	65	83	109	153	175	201	274	307
Contracted Subscription Revenue	NOKm	0	0	6	9	12	17	28	26	26	41	61	81	133	206
Total COGS	NOKm	-30	-35	-28	-37	-30	-56	-74	-87	-109	-152	-183	-226	-320	-390
Cost of goods sold - Direct purchase	NOKm	-30	-35	-24	-31	-22	-45	-55	-70	-91	-124	-140	-167	-224	-244
Cost of goods sold - Subscription	NOKm	0	0	-4	-5	-7	-10	-17	-15	-16	-25	-38	-53	-87	-131
Subscription O&M costs	NOKm	0	0	0	-1	-1	-1	-2	-2	-2	-3	-4	-6	-10	-15
Gross Profit generated	NOKm	6	7	3	4	9	13	19	22	26	42	53	56	87	124
Gross Profit	NOKm	6	7	2	0	5	7	10	13	18	29	34	34	50	64
Gross Subscription Profit	NOKm	0	0	2	3	4	6	9	9	9	13	18	22	37	61
Opex & adjustments	NOKm	-28	-21	-26	-26	-47	-48	-50	-71	-74	-88	-104	-113	-135	-150
Opex	NOKm	-28	-21	-29	-29	-43	-44	-48	-69	-76	-89	-105	-113	-136	-151
Other revenues, originator	NOKm	0	0	0	5	0	0	0	1	1	1	1	0	1	1
EBITDA generated	NOKm	-22	-14	-22	-22	-37	-35	-31	-49	-48	-46	-51	-57	-48	-26
Gross Margin generated	%	16%	17%	11%	9%	24%	19%	21%	20%	19%	22%	22%	20%	21%	24%
EBITDA Margin generated	%	-62%	-32%	-71%	-54%	-95%	-51%	-33%	-45%	-35%	-24%	-22%	-20%	-12%	-5%
Sold - Revenue Generated	NOKm	41	30	38	39	70	108	142	229	312	315	393	231	267	316
Sold - Gross Profit Generated	NOKm	7	7	9	8	13	22	28	45	71	86	111	55	62	82
Gross Profit Generated per sale	NOKk	13	15	16	13	16	19	19	22	28	36	41	30	31	37
Opex per sale	NOKk	-52	-44	-49	-46	-53	-37	-33	-33	-30	-37	-38	-62	-70	-68
Opex per installation	NOKk	-62	-44	-59	-48	-65	-51	-44	-57	-52	-51	-53	-51	-48	-47

Estimated future Revenues Generated 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 and installations in quarter

Historic figures | Subscription portfolio

Portfolio duration	Unit	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
PV contracts	years	19.4	19.3	19.3	19.3	19.2	19.3
Battery contracts	years	9.9	9.9	9.8	9.8	9.7	9.6
Total portfolio	years	19.3	19.0	18.7	18.4	18.3	17.6

Duration is calculated as the weighted average time to maturity for all contracts in portfolio, measured in the last day of the quarter. PV & Battery contracts are counted separately, weighted by first month payments.

Deployment & IRR	Unit	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Subscription SPV Capex	NOKm	19	31	46	56	96	133
Accumulated Contracted Sub. Revenue	NOKm	121	157	227	305	473	692
Subscription SPV IRR (installed in quarter)	%	10.0%	9.7%	9.6%	11.3%	10.5%	12.4%
Project IRR (installed in quarter)	%	13.4%	13.4%	12.9%	12.2%	12.3%	12.6%

Subscription SPV Capex is the price that EDEA (the subscription SPV) pays to Otovo (the originator) for projects installed in the quarter.

Accumulated Contracted Subscription Revenue, assuming 2% inflation and 5% discount rate.

Subscription SPV IRR is the internal rate of return for new subscription projects installed in the quarter (Customer payments to Subscription SPV Capex).

Project IRR is the the internal rate of return for new subscription projects installed in the quarter for Otovo Group, i.e Customer Payments to COGS

Alternative Performance Measures

Reported financials do not reflect underlying value creation in Subscription portfolio – introduction of APMs

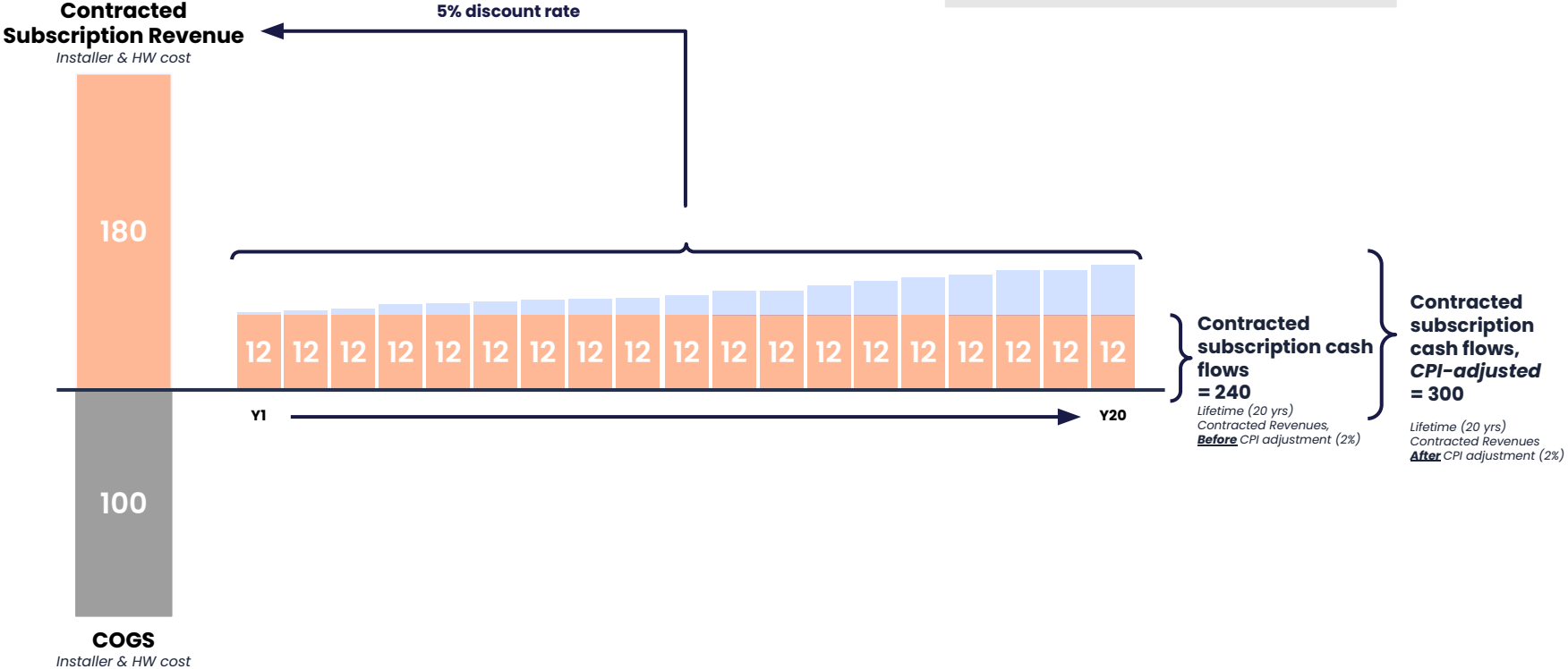
Alternative Performance Measures (APMs)

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

Single contract example

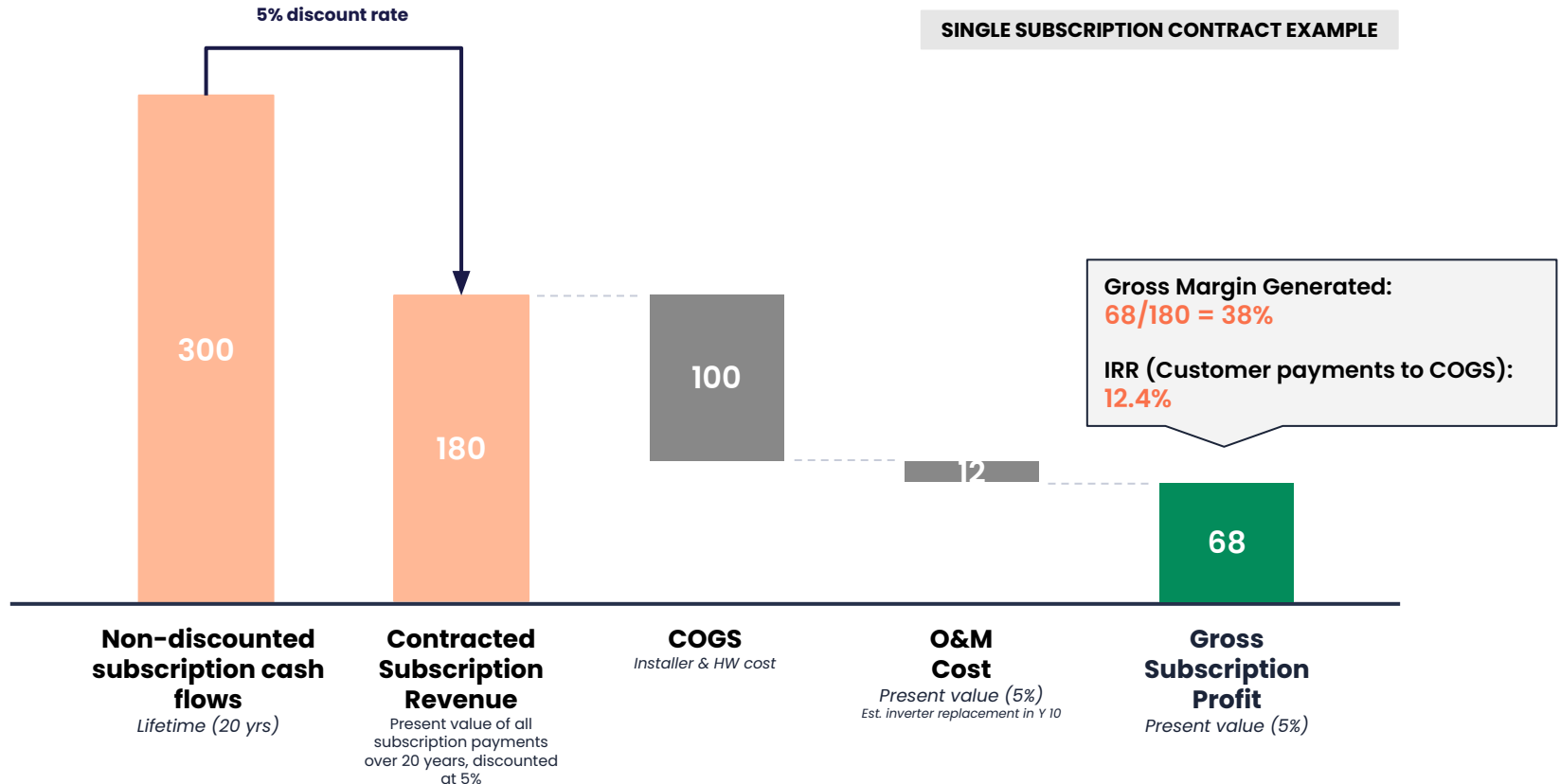
Contracted Subscription Revenue | Revenue metric

SINGLE SUBSCRIPTION CONTRACT EXAMPLE



OTOVO 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 room for fluctuations in capital costs, while ensuring value upside from funding or exit at lower cost of capital.

Gross Subscription Profit | Metric to reflect gross profit



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 purchase

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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