

Otovo

The solar and battery marketplace

Q1 22 presentation – 5 May 2022



Today's session

Present from Otovo

Andreas Thorsheim

Founder and CEO



Pål Hauff Hvattum

CBO



Petter Ulset

CFO



Sondre Bergløff

Investor relations



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Quarterly highlights

2

Business update

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Financial results

4

Summary

5

Q&A

Q1 | Records set across the board

NOK



+260%

Q1 21: ~38m

Revenue generated
135 million



+360%

Q1 21: ~5.7m

Gross profit generated
26 million

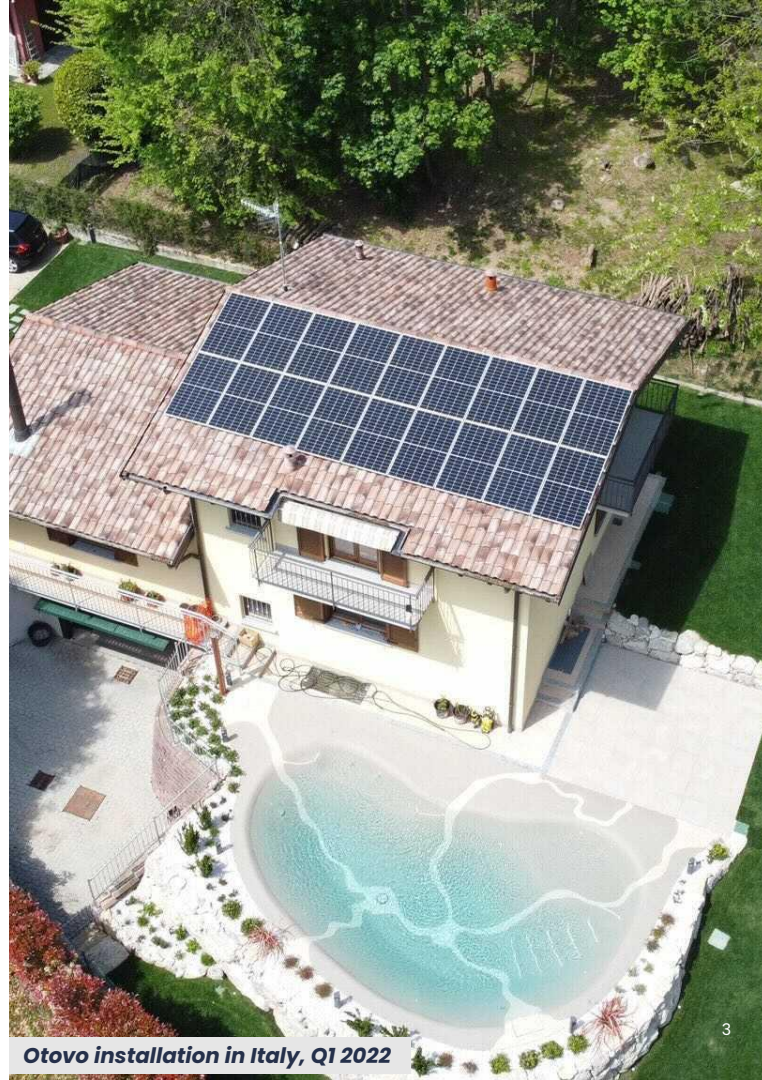


+350%

Q1 21: ~27m

**Accumulated Contracted
Subscription Revenue**
121 million

Note: Revenue generated and Gross profit generated compared to reported figures from Q1 21, i.e. not pro-forma adjusted



Otovo installation in Italy, Q1 2022

Markets | Strong performance in all markets



- **Record sales** and customer interest. >2x installations from Q1 21
- Increasing **markup and resulting increased gross margin**



- **Batteries** launched in Sweden, increasing ticket sizes
- Higher **subscription share** of sales, from a soft Q4



- **~80% growth in sales YoY with** solid accuracy in installations
- Soft subscription sales, to be improved in coming quarters



- Sales >2x Q1 21, installations growing steadily
- **Subscription** and **battery attachment rate** at all-time-high



- Sales softened by changed **regulatory environment**, strong installs
- More than a third of sales are on a **subscription model**



- Significant **growth** both in sales and installations – some constraints in supply chain
- Higher **battery attachment rates** than ever



- Good sales figures in first full quarter, materializing as installations in Q2 and increasingly Q3
- **High battery attachment rates** and >50% of sales are on a **subscription model**

Same 4 countries

YoY growth:

- Units sold: **+138%**
- Units installed: **+53%**



France, Q1 22



Spain, Q1 22



Poland, Q1 22



Italy, Q1 22

Supply side | OTOVO successfully fighting supply chain irregularity that is likely to persist over next quarters

Q1 SUPPLY CONSTRAINTS

- **Tightness in supply chains**
 - High irregularity in hardware deliveries on the local level
 - Few global or pan European bottlenecks
- **Labour shortages** in multiple countries due to Covid and lead time to expand supply

OTOVO RESPONSE

- Installers companies in network expanded by ~20% during the quarter – scaled up capacity with existing installers, leveraging value of platform, soft incentives and bonuses
- VP Supply Chain hired (> 15 yrs of experience from Procter & Gamble)
- Leveraging pan-European footprint to relieve local capacity constraints – inverters from Poland sent to Spain, Sweden, Germany
- Holding physical inventory when required to secure installation capacity – bulk purchase of panels in Q1 for Scandinavian installers

EXTERNAL AND FUTURE

- **Global bottleneck risk** in equipment delivery expected to cause continued friction in supply chains
- **Lower pressure on labour** component – growth in available workforce with more installer workforce going forward

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The European solar & battery marketplace

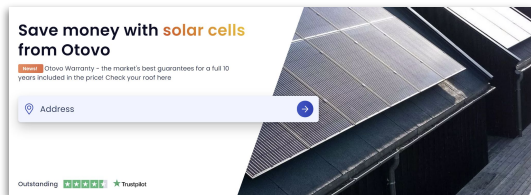
On the mission to put
solar panels on every roof and
batteries in every home in Europe – in
the easiest and most affordable way

Otovo | A platform matches homeowners and installers



Homeowners

Want a system they can trust

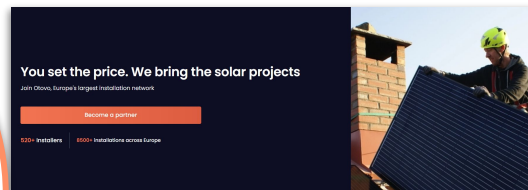


- **E-commerce platform** for solar and battery sales
- Most convenient way to go solar: online sales, no home visits, subscription available



Installer companies

Want good, recurring business



- **A network of installer companies** across Europe
- Installers bid online, order inventory, complete projects



**Otovo
marketplace
platform**

Otovo | Expanding both sides of the market



Homeowners

Demand boosted even further

The New York Times What Putin's war could mean for fossil fuels

The leaders of the European Union are expected to announce a proposal next week that would "accelerate the clean energy transition and reduce permanently our dependence on imports of natural gas."

AFFÄRBLADET ONSDAG 5 JANUARI 2022 Dagens namn: Hovda, Hovda

Kylan ger prisrekord på el – igen

Här är faktorer som driver upp priserna

Electricity price in Spain just ten days

The wholesale price of electricity tops pressure on consumers and businesses



Homeowners are des over a new electric sh prices we are seeing n madness

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



Otovo
marketplace
platform



Installer companies

Added installer companies, fought turmoil



>600 EU
installer
companies
in Q1

+100

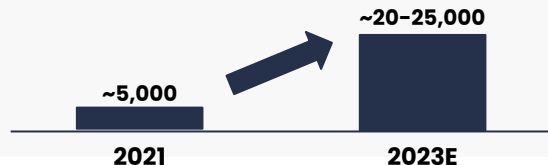
Otovo | Build #1 distributed energy platform in Europe



Scale

- ✓ **Growing volumes** in seven European markets
- ✓ **Rapid, low-risk expansion** to new attractive European markets. UK, Portugal, and Austria launched this summer, with 3 more in '22 to be announced
- ✓ **Established** in countries with 1.3m annual installations¹⁾ by the end of 2022, covering +90% of European market

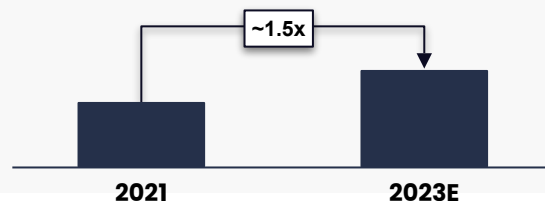
of new customers per year



Batteries & Hardware

- ✓ **Adding batteries** increases ticket size by ~75% and improves gross profit per combined customer
- ✓ **Batteries launched** in Sweden, Poland and France in Q1 22
- ✓ **Successfully increasing gross margins** in all countries through higher mark-ups and increased ticket size

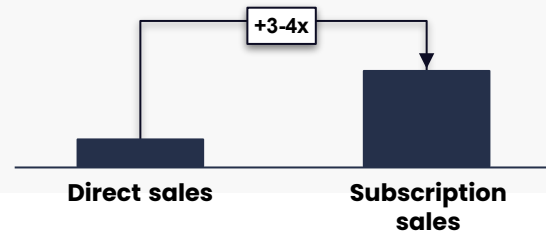
Gross profit per customer



Subscriptions

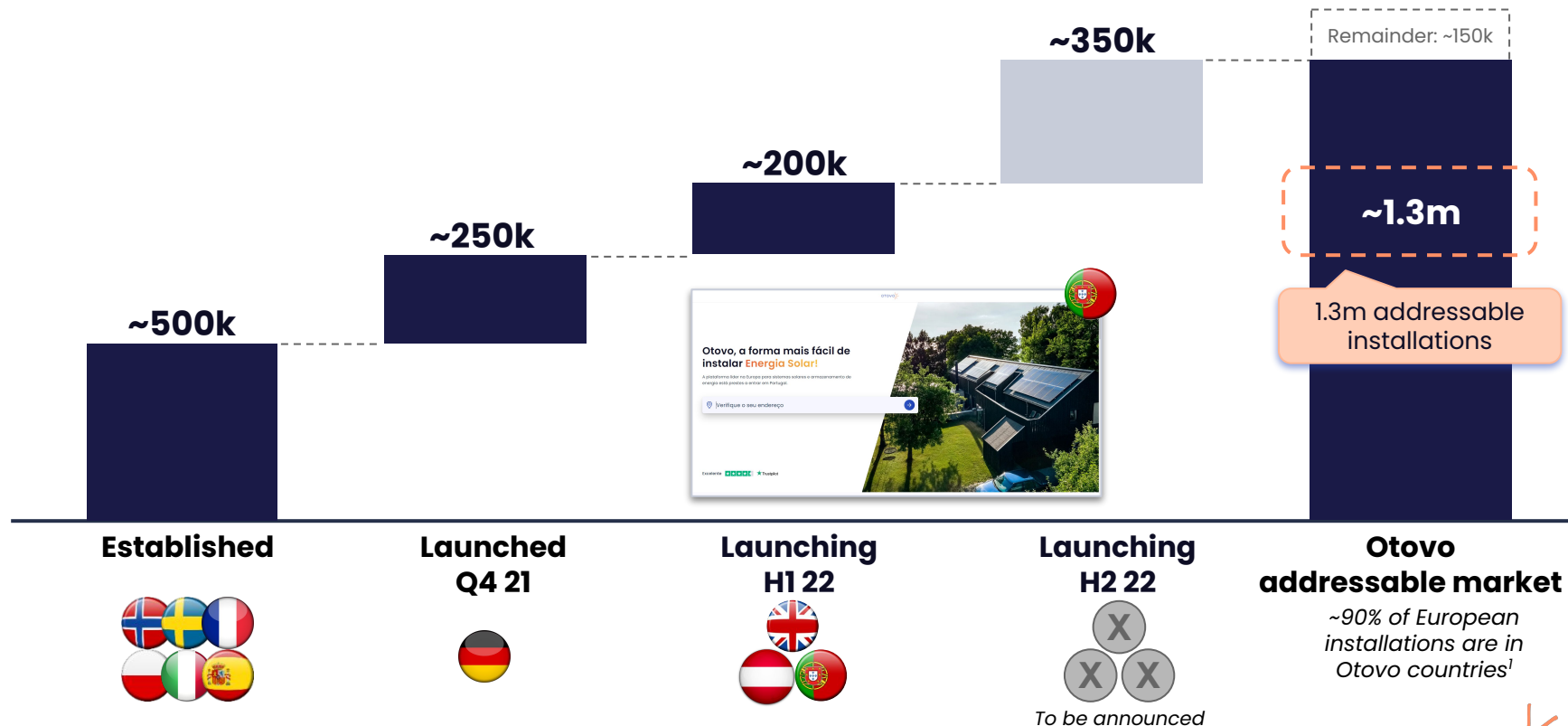
- ✓ Subscriptions **increasing profitability per customer** by 3-4x
- ✓ **Accelerating deployment** through Otovo's volume growth and higher subscription share of business
- ✓ Significant potential for **debt financing** to boost margins – proven model in US market

Gross profit generated per customer



Scale | Accelerated pathway to continental scale

of new residential installations in '24e in Otovo markets



Note 1) Share of expected number of installations in 2024

Source: Company analysis based on publicly available resources including EuroStat, IEA, OECD, EU and SolarPower Europe

Scale | Leveraging country-launch playbook proven multiple times

Otovo's country-launch procedure



Hire world-class General Manager

- ✓ **Solid track-record** in building high-growth, leading marketplace or platform businesses
- ✓ **Entrepreneurial, high-paced** and ability to get-things-done mindset



Localize product & legal

- ✓ **Adapt product** to local market, together with a very lean Central 'New Markets'-team (3 FTEs)
- ✓ **Localize contracts and operational model** to local regulations



Build marketplace

- ✓ **Build supply:** partner with & onboard installer companies to the platform to reach nationwide coverage
- ✓ **Build demand:** leverage PR, performance marketing and SEO to drive traffic to site

Scale | German operations well established – focused on expanding supply side of marketplace



Market

- Strong demand
- Sales ahead of budget (best first quarter after launch of any country)



Installer network

- First installations up and running
- Network covering Germany
- Ramp-up continues
- Building out wholesaler and supply chain



Team

- Continue to build out local team
- Leveraging playbook
- Strong talent pipeline

Otovo installer network established and growing

Growth of Otovo installer network

Dot represent location of installer co.



Nov - 21



April - 22

Scale | Recruiting world-class GMs for new launches



Manuel Pina



Uber

Uber
~7 years

Head of Portugal

Head of Customer experience, Southern Europe

Operations manager



IE Business School
MBA



Hired – to be announced



Tier 1 marketplace
> 6 years

Leading commercial roles

Strategy director

Partnership manager



Top US business school
MBA



To be hired – indicative profile



Tier 1 marketplace
> 5 years

General manager experience

Proven commercial track record

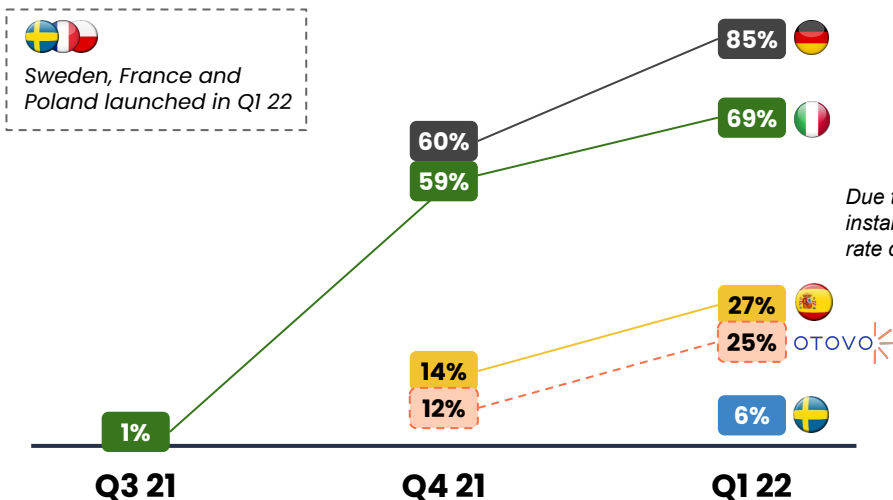


**Background from top tier business school
and consulting/investment banking**

Batteries | Improving attachment rates in all markets

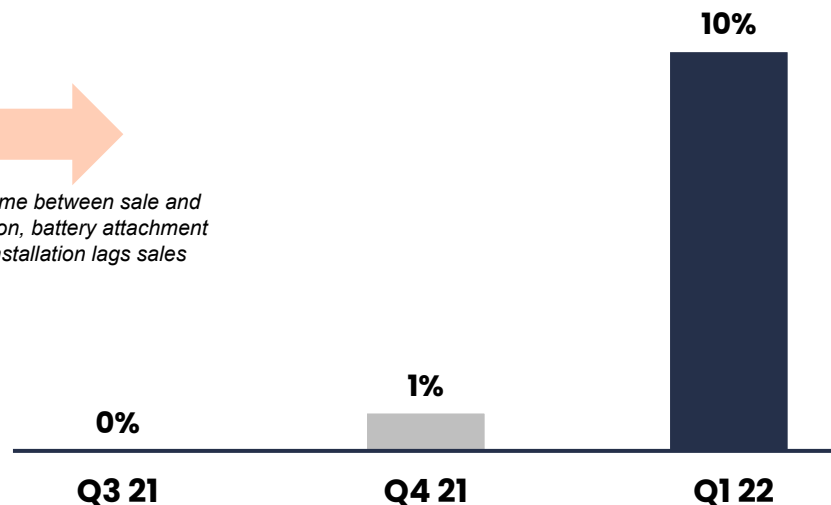
Share of sales

of sales with battery as share of total sales¹



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

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

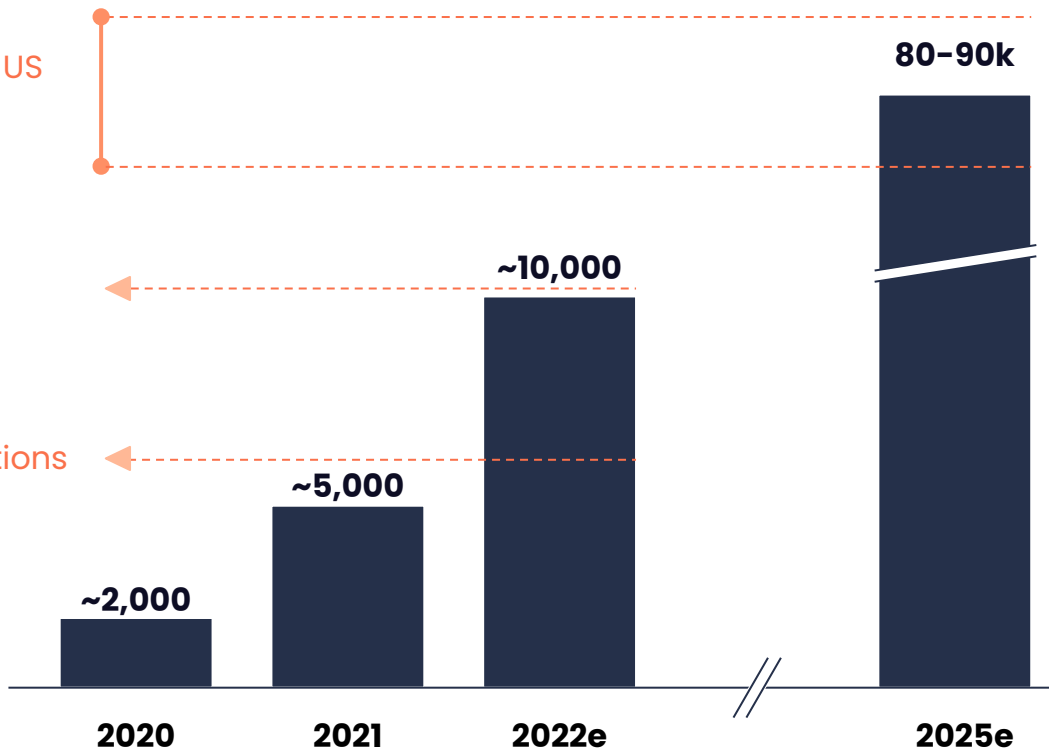
Annual sales, # of units

Already trending ahead of 2022 sales ambition

Range of 3 largest US peers

Q1 run rate sales

Q1 run rate installations



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Financial reporting | Strong performance on reported financials – strengthened balance sheet

Consolidated Financial Summary

(NOK 000')	Q1 2022	Q4 2021	Q1 2021
Total operating revenue	112 180	99 311	37 902
COGS	91 429	82 125	31 868
Opex	90 218	79 591	45 891
Operating profit	-69 467	-62 406	-39 857
EBITDA	-54 756	-53 105	-36 151
EBITDA%	-49%	-53%	-95%

Consolidated Balance Sheet

(NOK 000')	Q1 2022	Q4 2021	Q1 2021
Non-current assets	366 455	365 265	167 979
Cash	445 412	224 187	284 374
Other current assets	116 700	72 813	29 914
Assets	928 568	662 267	482 266
Equity	739 995	521 048	377 394
Liabilities	188 573	141 218	104 871
Equity and liabilities	928 568	662 267	482 266

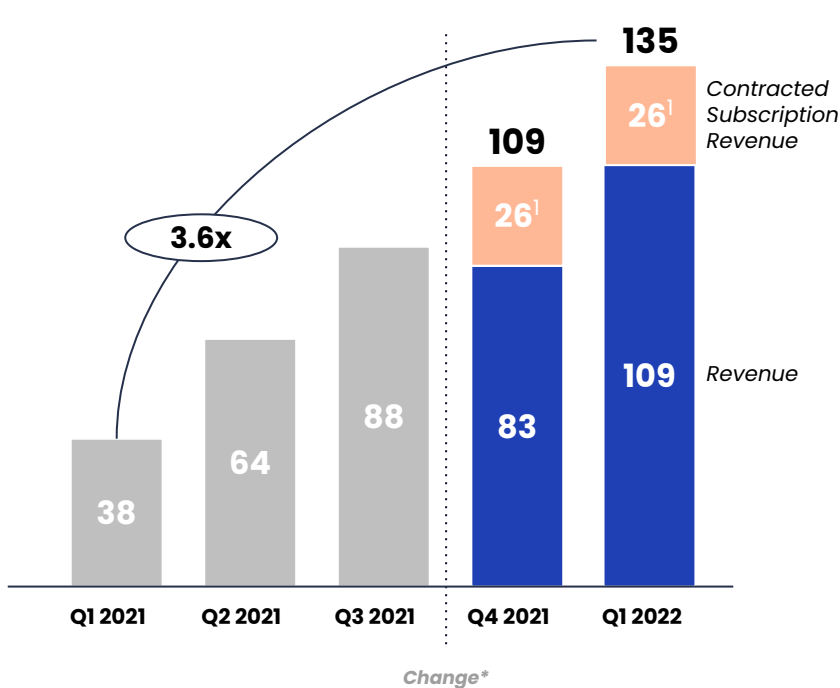
Group Metrics | Reported financials does not reflect underlying value creation in subscription portfolio

	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%

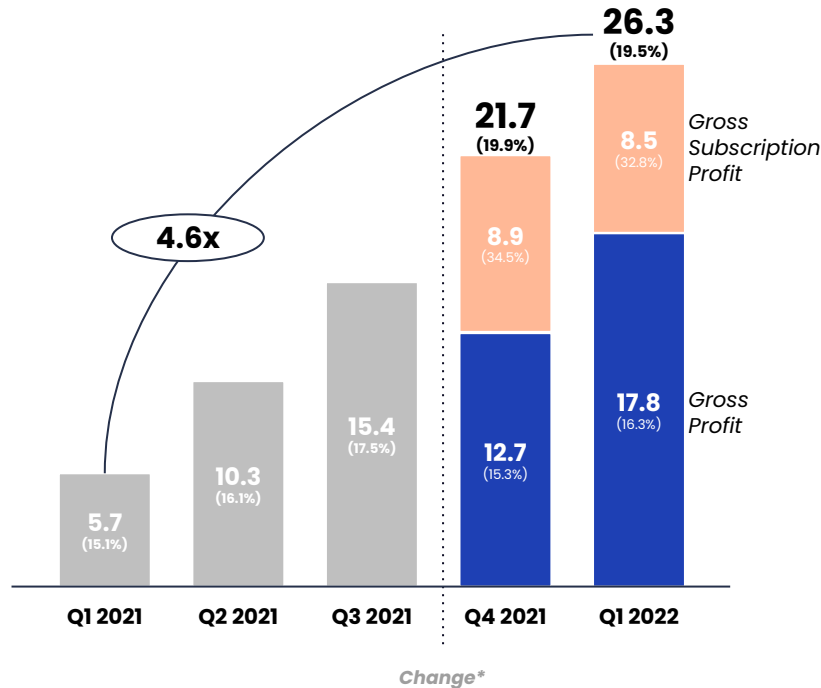
Discount rate: Rate used to discount future subscription cash flows in order to calculate net present value. The discount rate of 5% is based on a conservative estimate of the weighted average cost of capital (WACC) of the subscription cash flows and observations of common industry practice (see US peers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

Group Metrics | Strong growth in revenue generated

Revenue generated (NOKm)



Gross profit generated (NOKm)

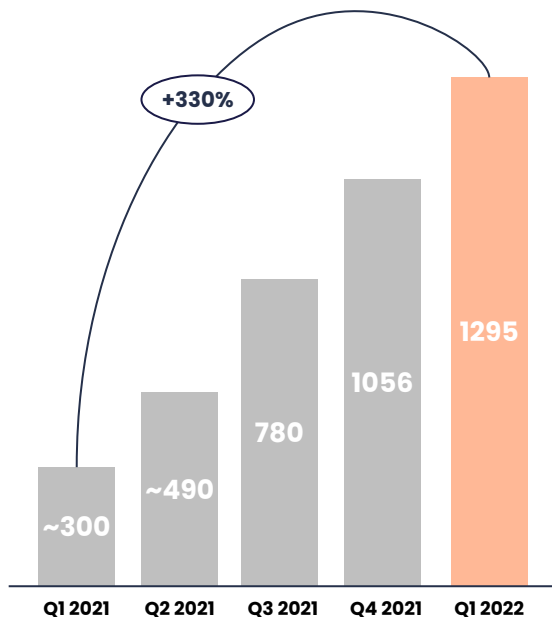


*Reclassifications not reflected in historical numbers (details in Note 1 in the Q4 21 financial report)

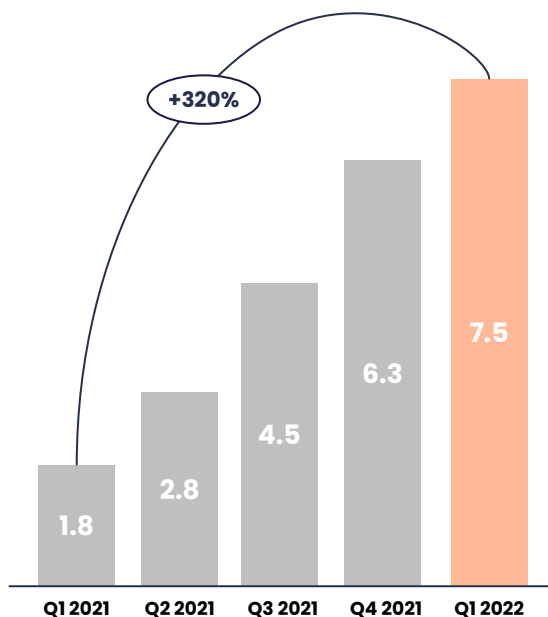
Note: 1) Unlevered IRR of 11.5% for the portfolio (Future customer payments assuming 2% inflation with Otovo COGS as face value)

Subscription | Accumulated Contracted Subscription Revenue up 350% YoY

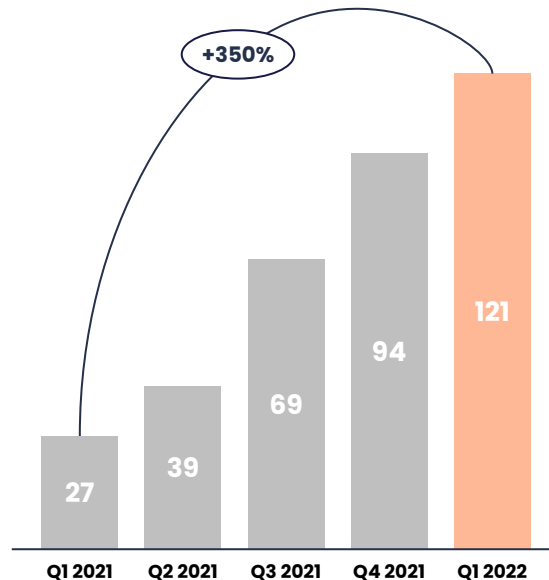
Total Subscribers (#)



Annual Recurring Revenue¹ (NOKm)



Accumulated Contracted Subscription Revenue (NOKm)

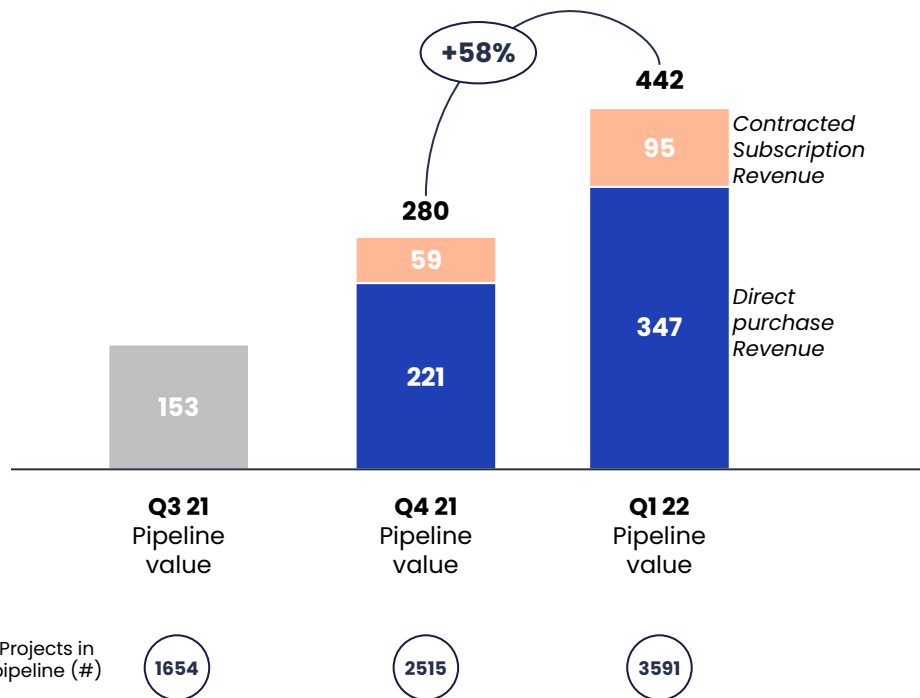


Note: 1) Annual Recurring Revenue (ARR) equals the monthly revenue in the last month of the period, multiplied by 12 to illustrate the expected revenue generated by the current contract portfolio on an annual basis (churn is not accounted for)

Pipeline | Continued growth in pipeline supported by increased delivery capacity

Pipeline value at end of quarter (NOKm)

Commentary



- Pipeline increased to NOKm 442 million at end of Q1. Increase of **6.5x YoY and up 58%** from last quarter
- Guidance for H1 **revised up to NOKm 300–350** from previous range of NOKm 250–350 implying 2Q revenues of NOKm 165–215.
- **Increase in delivery times.** Continued uncertainty on time of delivery of pipeline driven by sustained global supply chain challenges leading to HW shortages and bottlenecks in Europe.

Projects in pipeline (#)

1654

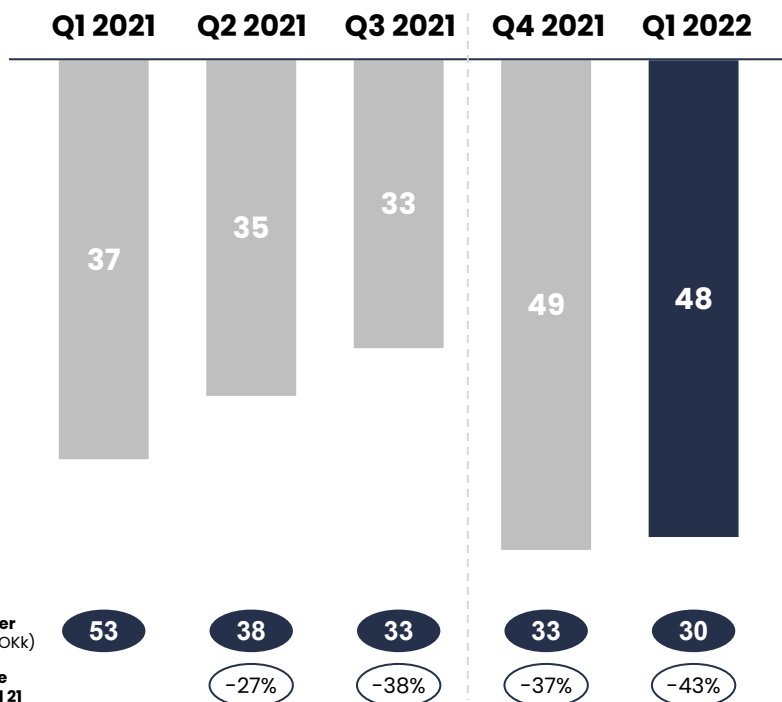
2515

3591

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

Operating performance | Continued growth investments – operational leverage evident

EBITDA generated (NOKm)¹



Commentary

EBITDA² generated at NOKm -48m up from NOK -49m in Q4 21 of which:

Country launch & growth -related costs -3.8m

- Preparing launch of UK, Austria & Portugal, building team and network in Germany, sales commissions related to increased sales in quarter

Non-recurring items -2.3m

- External services related to e.g. branding, EDEA and Italian operation

Share-based non-cash compensation -5.8m

- Non-cash expense related to Otovo share and option program included in payroll

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 Q1 2022 Report

Cash position | Cash flow impacted by investments in growth and new markets, seasonal effects and tax credits

Cash development during Q1 2022

Otovo Actuals
Reported Cash
Q4 21

224

Operating
activities

-68

Investing
activities

-23

Financing
activities

+317

F/x on cash
and cash
equivalents

-4

Otovo Actuals
Reported Cash
Q1 22

445

Details on cash flow relating to operating activities

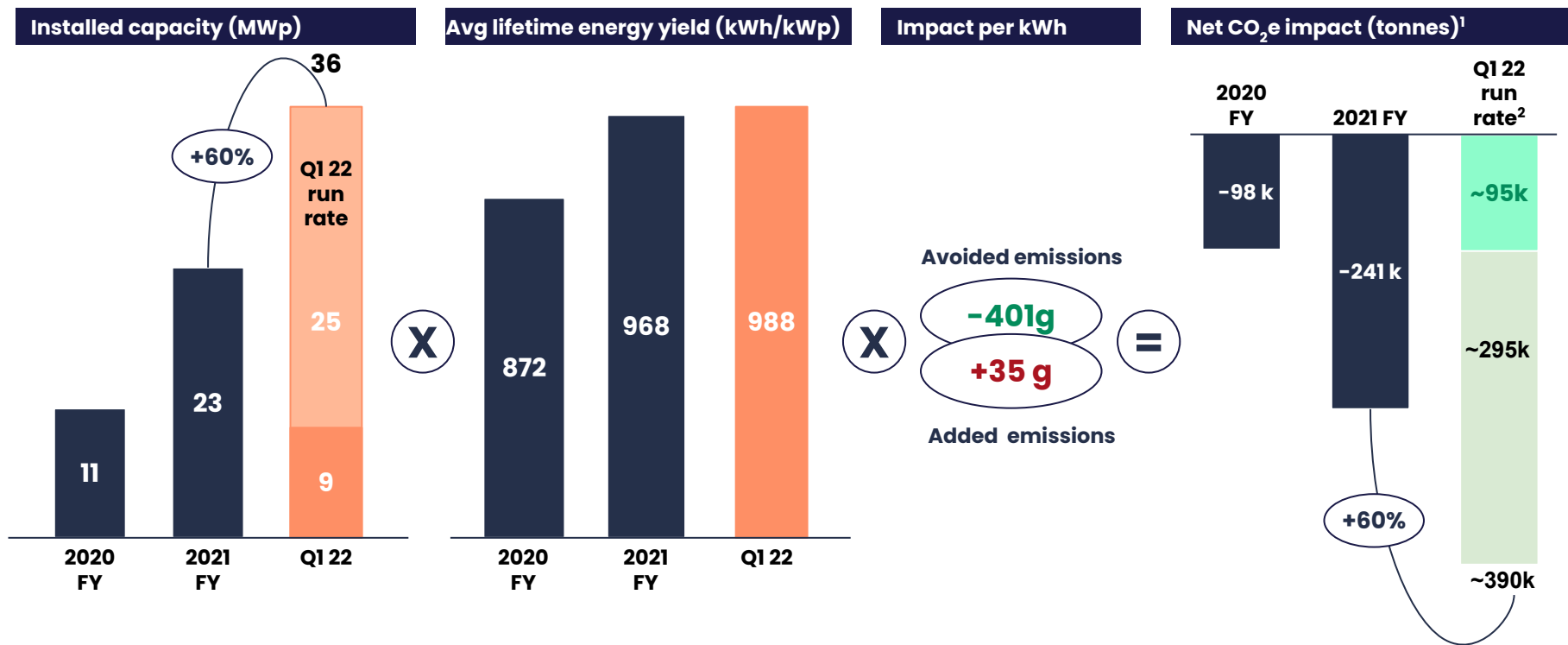
NOKm 68 of cash flow from operating activities

- Cash EBITDA of NOK 49 million – underlying EBITDA trend stronger as current installation volume could be delivered with Opex base from Q2 2021
- Trade working capital increased by NOKm 9.9 driven by
 - Low installation activity last weeks of December vs last weeks of March
 - Receivables and inventory from active measures taken to support installers
- Non-trade working capital increased by NOKm 9.8 driven by Italian tax credits expected to be sold off in Q2

NOKm 317 of cash flow from Financing activities:

- Private placement net NOKm 290 and exercise of option of NOKm 5
- Net debt drawn:
 - Debt drawn from Nordea facility NOKm 24
 - Debt down payment NOKm -2

ESG | Avoiding almost 400.000 tonnes of CO₂ in global emissions



Notes:

1) Assuming average lifetime of solar installation 30 years, with degradation. 401 g CO₂ / kWh carbon replacement factor, European Residual mix (Source: AIB 2020)

2) Net CO₂ per installed MWp assumed to equal 2021 FY. Detailed analysis done on annual basis

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Status | On track to pan-European scale



Scale

7+6

Countries

Operating as of 31 Mar 2022

10k

Sales run-rate Q1 '22

of projects, annualized



Batteries &
Hardware

25%

Battery attachment rate

Share of sales, Q1



Subscriptions

1.3k

Subscription customers

of subscription customers



Otovo installation in Norway. Q4 2021

Highlights | Beating records in all markets

- **RECORD QUARTER** in sales, installations, revenue and gross margin
 - 2,541 sales versus 815 same quarter last year, **up 3.1x**
 - 1,459 installations versus 663 same quarter last year, **up 2.2x**
 - NOKm 135.3 revenue generated versus NOKm 37.6 same quarter last year, **up 3.6x**
 - NOKm 26.3 gross profit generated versus NOKm 5.7 same quarter last year, **up 4.6x**
- **BUSINESS HEALTH UP**, battery attachment rate progress being the main highlight
- **COUNTRY LAUNCHES** on plan, impacting P&L from Q3 (Germany) and increasingly into Q4 and Q1-23 (new launches)
- **OUTGROWING** 100% CAGR long term growth plan despite supply chain turmoil. Risks remain in the supply chain, and we are recruiting installers fast. Pipeline is strong and manageable.

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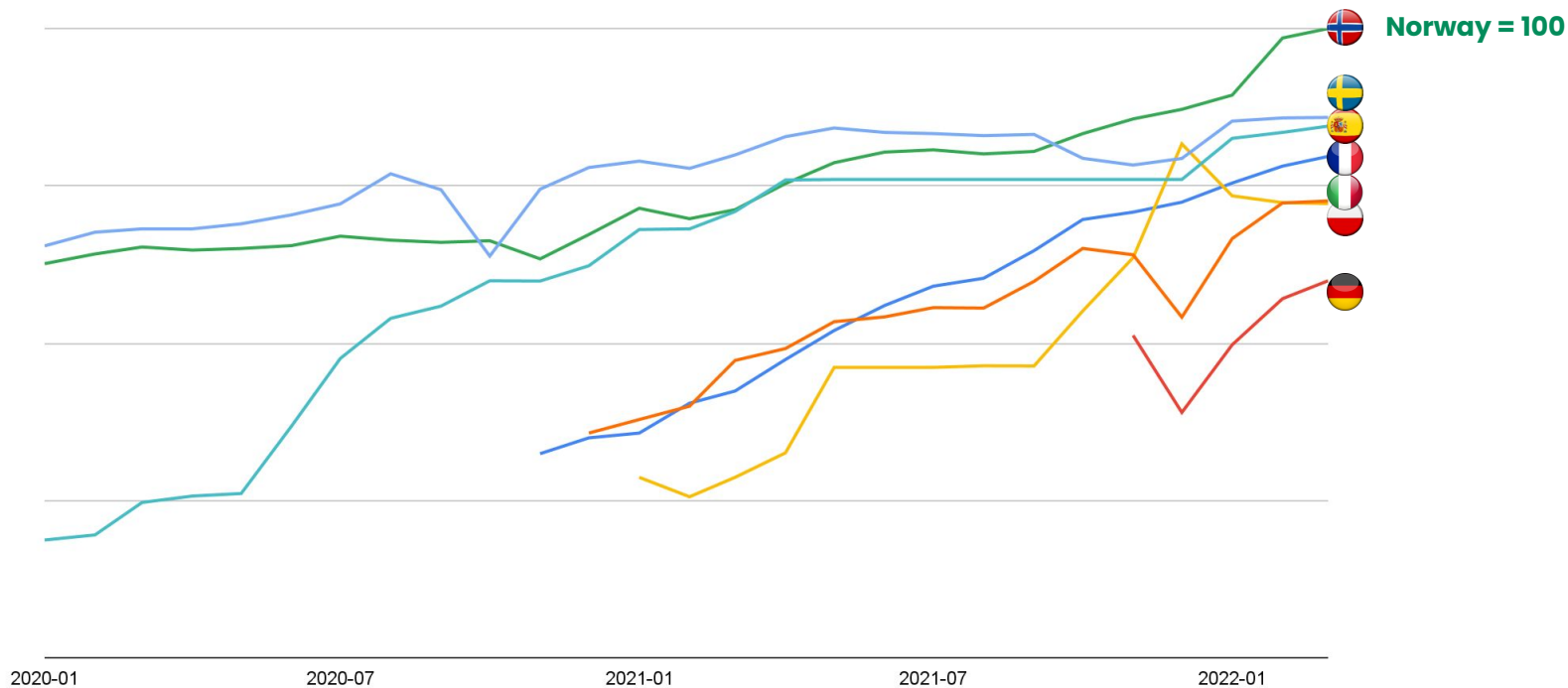
5 Q&A



Appendix

Profitability | Increasing markups across all markets

Average Sold Margin (indexed to Norway March 2021 margin =100)



Historic figures | Pipeline vs. sales vs. installations

Q1 2022	Unit	Sales	Pipeline	Installations
Units	#	2,541	3,591	1,459
Subscription share	%	23%	23%	18%
Battery attachment rate	%	25%	21%	10%
Avg. ticket size	NOKk	121.3	120.9	90.7

Q4 2021	Unit	Sales	Pipeline	Installations
Units	#	2,066	2,515	1,209
Subscription share	%	17%	20%	21%
Battery attachment rate	%	12%	9%	1%
Avg. ticket size	NOKk	106.6	105.0	84.3

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

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
Revenue	NOKm	35.1	42.4	30.2	40.0	37.6	64.2	87.9	97.5	112.2
COGS	NOKm	-29.3	-35.5	-24.0	-32.6	-31.9	-53.9	-72.5	-82.1	-91.4
Gross Profit	NOKm	5.7	6.9	6.2	7.3	5.7	10.3	15.4	15.4	17.8
Opex	NOKm	-27.9	-20.6	-28.5	-29.5	-43.1	-45.4	-48.2	-68.5	-72.5
EBITDA	NOKm	-22.1	-13.6	-22.3	-22.1	-37.4	-35.1	-32.8	-53.1	-54.8
Depreciation	NOKm	-4.52	-5.05	-5.30	-4.01	-5.32	-5.68	-5.96	-9.30	-14.71
EBIT (Operating profit)	NOKm	-26.6	-18.7	-27.6	-26.1	-42.7	-40.8	-38.8	-62.4	-69.5
<i>Gross margin</i>	%	16%	16%	21%	18%	15%	16%	18%	16%	16%
<i>EBITDA margin</i>	%	-63%	-32%	-74%	-55%	-99%	-55%	-37%	-54%	-49%

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
# of installations	#	452	464	486	617	663	864	1,086	1,209	1,459
Sales	#	546	477	584	640	815	1,183	1,470	2,066	2,541
Pipeline	#	659	673	771	805	924	1,286	1,654	2,515	3,591
Average ticket size (sold)	NOKk	104	86	72	69	83	87	92	107	121
Average ticket size (booked)	NOKk	107	102	92	76	68	76	80	84	91
Battery attachment rate of sold	% of #	0%	0%	0%	0%	0%	0%	0%	12%	25%
Battery attachment rate of installed	% of #	0%	0%	0%	0%	0%	0%	0%	1%	10%
Leasing share of sold	% of #	0%	25%	39%	30%	20%	24%	24%	17%	23%
Leasing share of installed	% of #	0%	0%	13%	17%	22%	22%	27%	21%	18%
Pipeline / Sales Quarter	ratio	1.21	1.41	1.32	1.26	1.13	1.09	1.13	1.22	1.41
Pipeline / Sales Quarter-1	ratio		1.23	1.62	1.38	1.44	1.58	1.40	1.71	1.74
Pipeline / Sales Quarter-2	ratio			1.41	1.69	1.58	2.01	2.03	2.13	2.44

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	Unit	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Revenue generated	NOKm					48.6	71.0	95.9	108.9	135.3
Revenue	NOKm					36.6	54.3	67.5	83.0	109.2
Contracted subscription revenue	NOKm					12.0	16.6	28.4	26.0	26.1
Total COGS	NOKm					-32.8	-55.1	-74.5	-87.3	-108.9
Cost of goods sold	NOKm					-31.9	-53.9	-72.5	-85.4	-107.0
Subscription O&M cost	NOKm					-0.9	-1.2	-2.0	-1.9	-1.9
Gross profit generated	NOKm					15.9	15.9	21.4	21.7	26.3
EBITDA generated	NOKm					-28.2	-30.9	-29.1	-49.0	-48.4
Sold - Revenue generated	NOKm	34	29	38	41	75	119	152	230	306
Sold - Gross profit generated	NOKm	5	5	10	10	21	38	49	53	72
Gross margin generated	%	n.a.	n.a.	n.a.	n.a.	32.7%	22.4%	22.4%	19.9%	19.5%
EBITDA margin generated	%	n.a.	n.a.	n.a.	n.a.	-57.9%	-43.6%	-30.4%	-45.0%	-35.8%
Opex per sale	NOKk	51	43	49	46	53	38	33	33	29
Opex per installation	NOKk	62	44	59	48	65	53	44	57	50
Gross profit generated per sale	NOKk	0	0	0	0	0	0	10	26	28

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

Current quarter opex divided by number of sales in quarter

Gross profit generated divided by number of sales in quarter

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

Group metrics

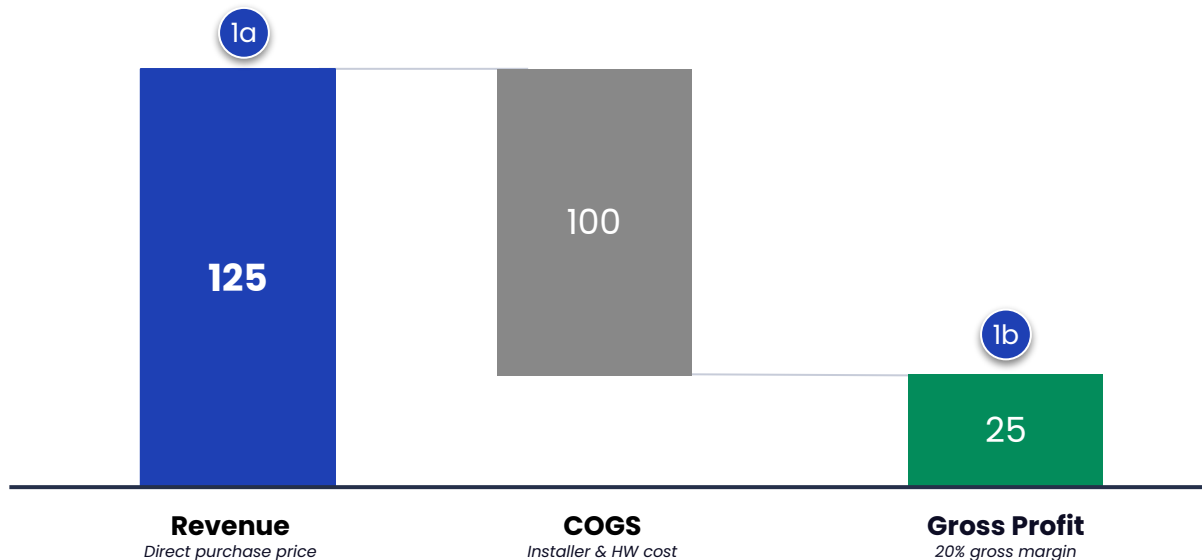
Metrics | Group metrics to reflect value creation



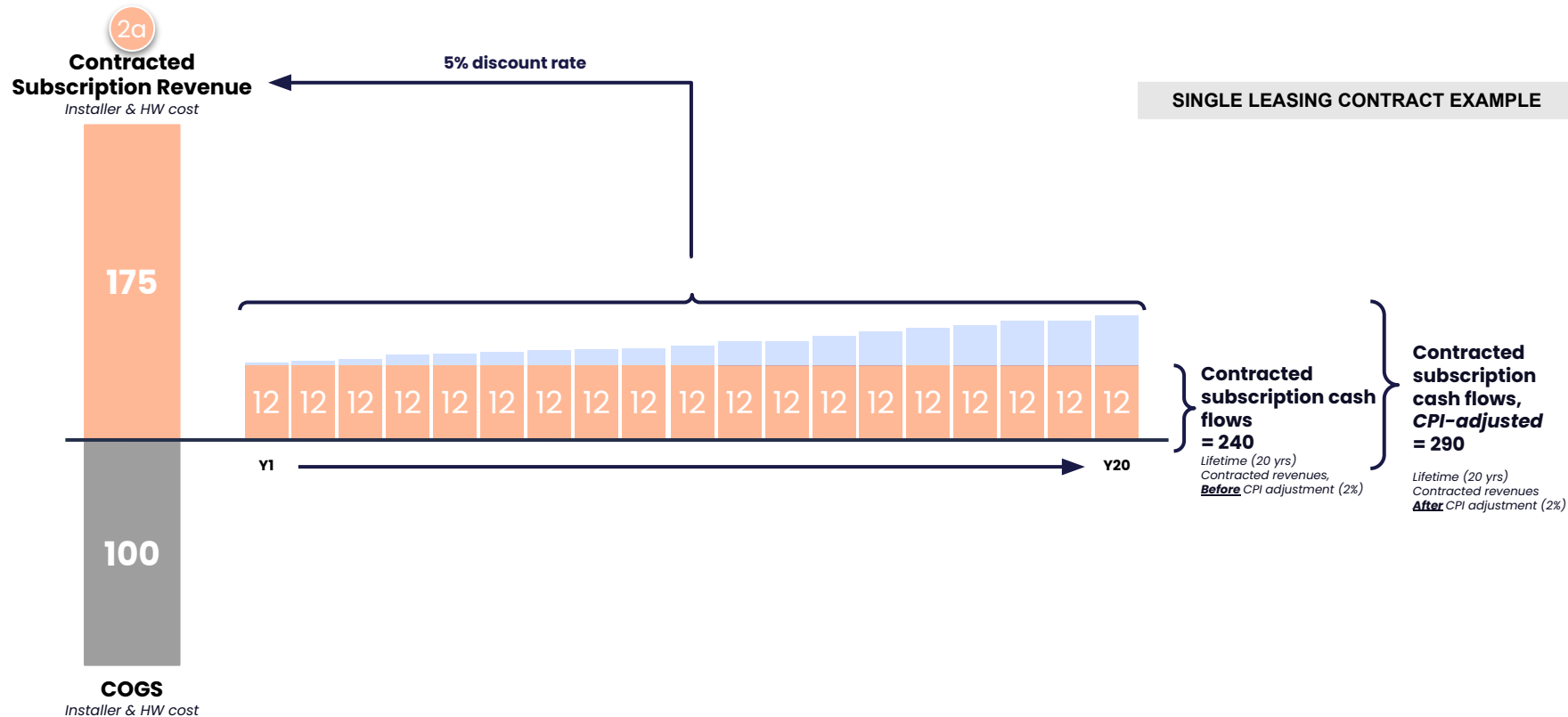
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Single contract example

Gross Profit | Direct purchase example

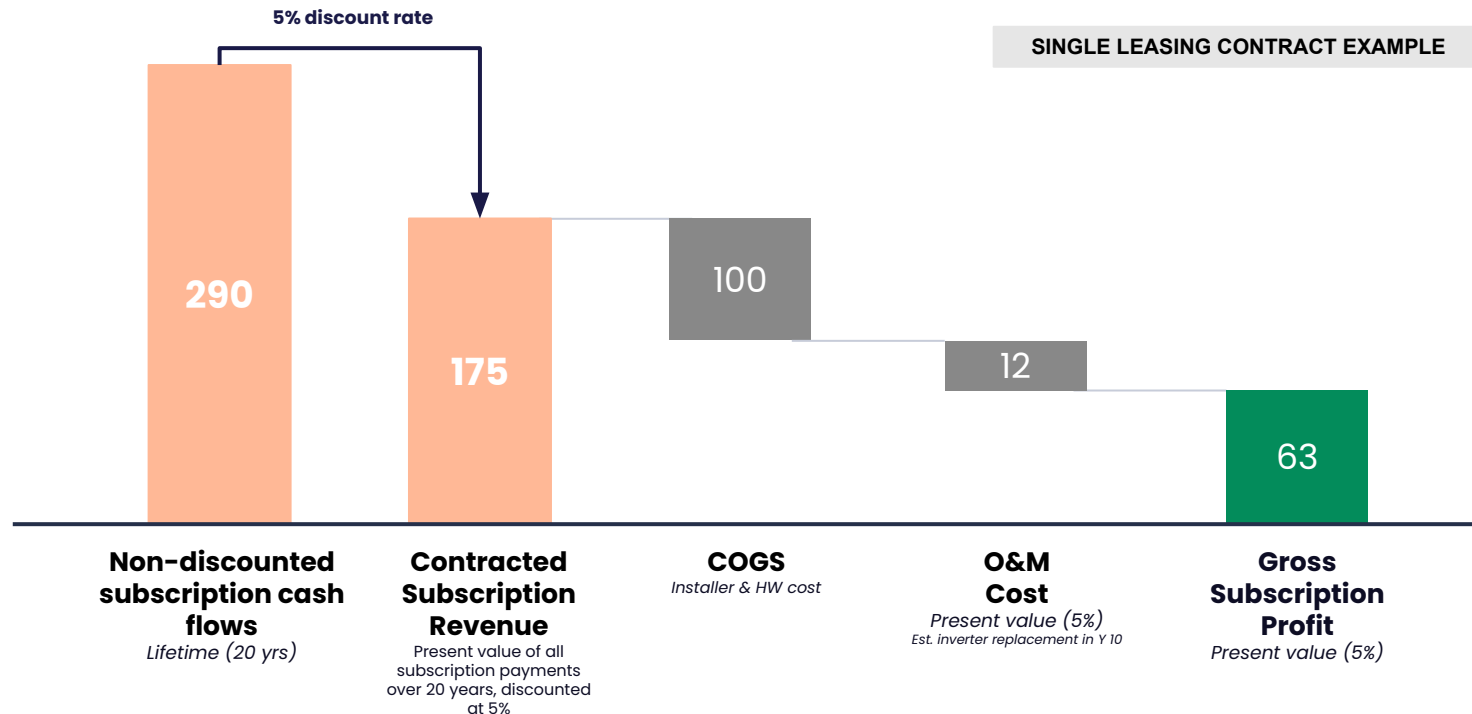


Contracted Subscription Revenue | Revenue metric

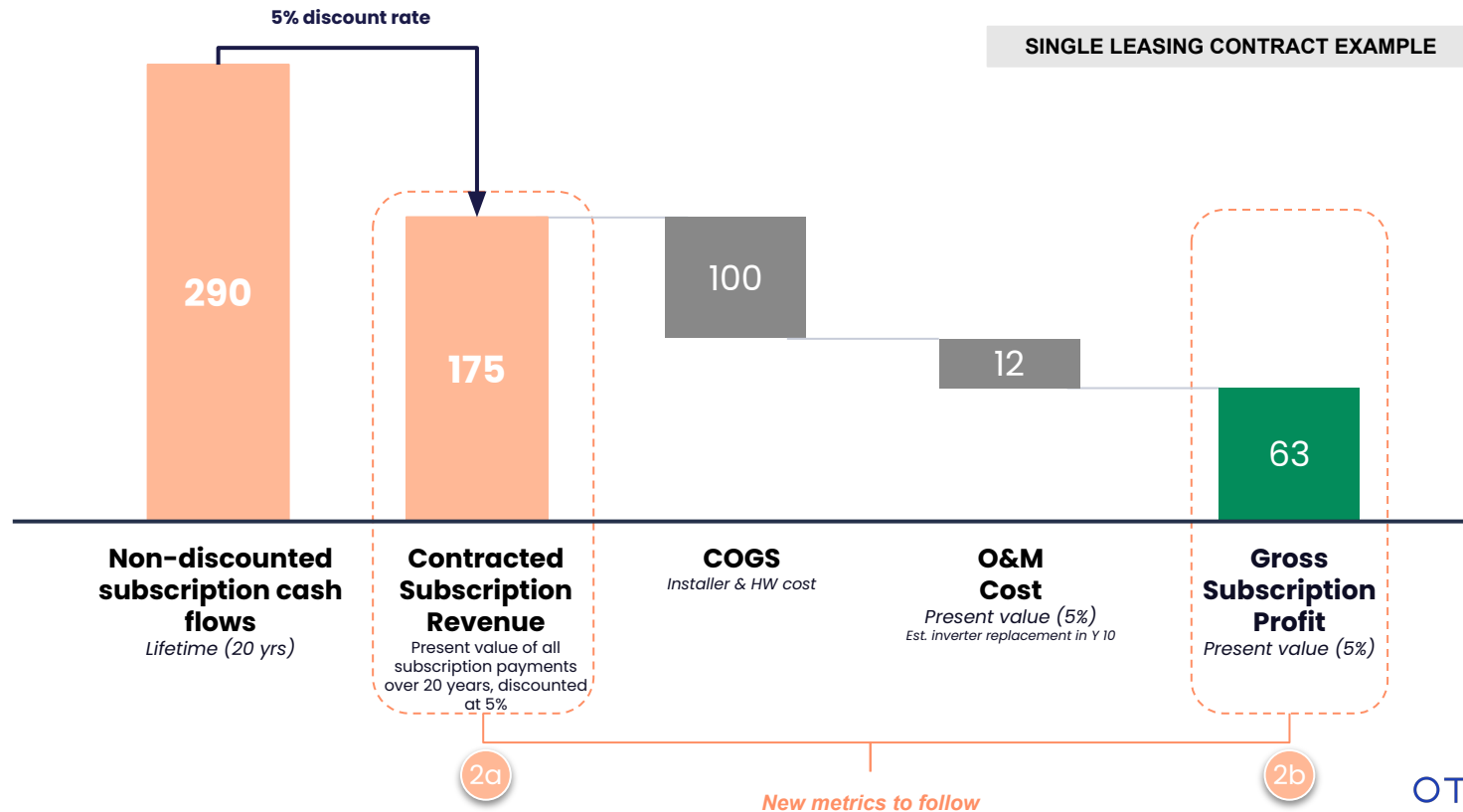


Discount rate: Rate used to discount future subscription cash flows in order to calculate net present value. The discount rate of 5% is based on a conservative estimate of the weighted average cost of capital (WACC) of the subscription cash flows and observations of common industry practice (see US peers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

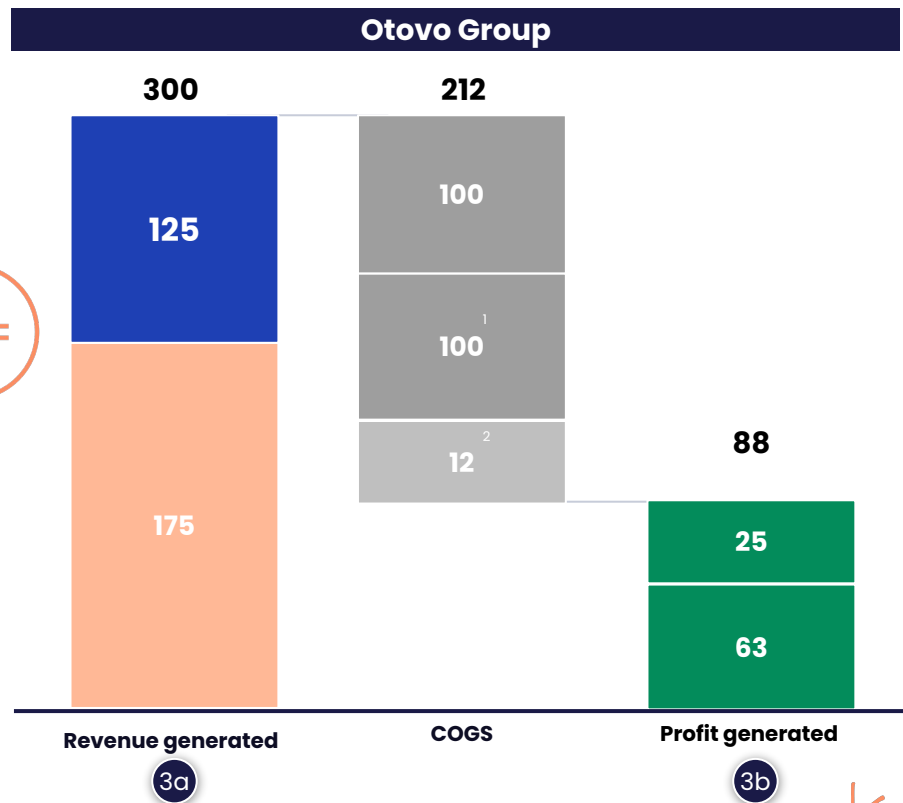
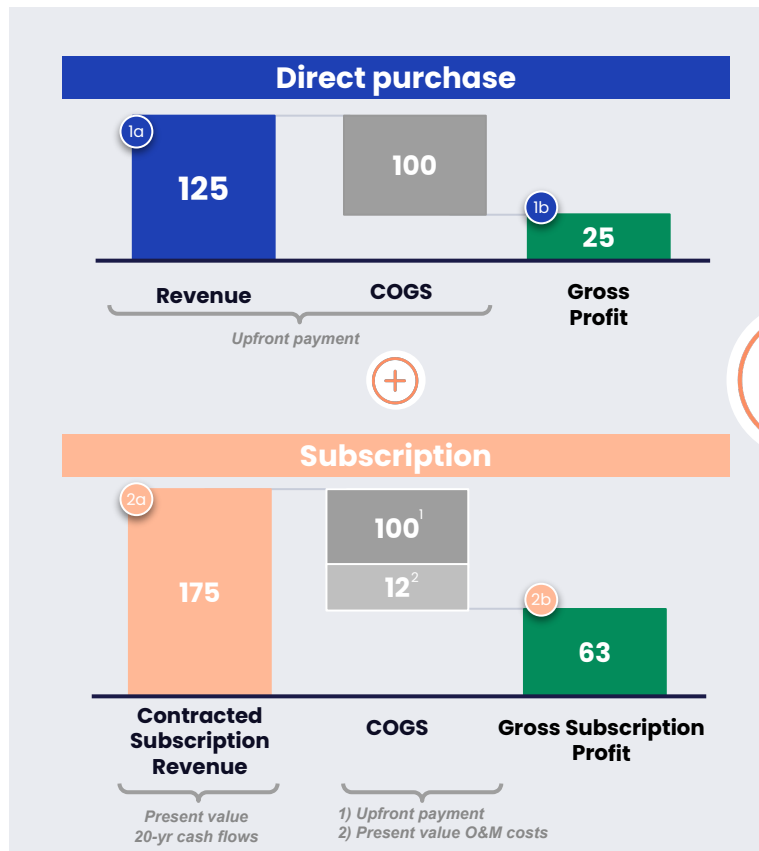
Gross Subscription Profit | Metric to reflect gross profit



Gross Subscription Profit | Metric to reflect gross profit



Direct + subscription | Revenue & profit generated



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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