



Annual Report



2023

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Otovo in brief

Otovo's mission is to bring European homeowners easy and affordable clean energy. Through our pan-European marketplace that connects consumers wanting to add batteries, heat pumps, EV chargers or solar panels to their homes with local, reliable installer companies looking to fill their order books with projects, we create an easy, trustworthy and affordable way to go solar.

By entering their home address on the local Otovo website, customers obtain proposed design and price for their installation in real-time, based on automatic and binding offers from Otovo's network of installers. This is offered both through a direct payment and subscription offering. An increasing share of Otovo's customers choose a subscription, where they enter into a 20-year customer relationship with Otovo.

Through its activities, Otovo contributes to making the European electricity grid both greener and more robust by providing conflict-free energy, replacing greenhouse gas emissions over the solar installation's lifetime, expected to be 30 years or more.

Founded in 2016, Otovo has rapidly scaled its platform across Europe and it is currently operating in 13 countries: Austria, Belgium, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the UK.

Otovo is headquartered in Oslo, with a shared service hub in Madrid and the Group has local offices in all of its markets, with a team of dedicated and experienced Otovistas who obsess about our customers every day and are excited about Otovo's vision of leading Europe into a clean, electrified future.

CEO message

The infrastructure is built



Andreas Thorsheim
CEO and founder

“

Otovo can look back at what we consider a massive 2023 in terms of operational achievements

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No less crazy than previous years, 2023 was a year with tremendous reductions in the cost of solar and battery equipment and installations. The incredibly robust multitude of installers using the Otovo platform kept hammering their cost per watt downward, allowing prices across Europe to fall 35-50 percent. That's the largest drop in a single year ever and puts residential solar's competitiveness back after the displacement of 2022. And more so: We see record low prices to consumers, and further efficiency gains through 2024 will probably push construction cost per watt below 1 euro in multiple European countries.

The portfolio approach

That is both promising and necessary after a bit of a “hangover year”, as demand cooled off in 2023. In addition to a weakening of European demand during the year, Otovo found itself ill-positioned due to its strongest market shares in countries that had the brakes on and weaker market shares in markets that accelerated. It is a reminder that the portfolio approach, i.e. not being too exposed to one single country, cannot be emphasised enough.

Going into 2024, Otovo is doubling down on that, now with a majority of its variable resources in Madrid, enabling us to serve all markets from a single cost base.

Madrid centred operation

In February 2023 we started moving our marketing teams to Madrid. In April we relocated the first operations teams in the same manner. By December these moves were completed and we are now able to move marketing euros to the locations with highest return on advertising spend, while having operational resources follow the activities created. That means we can focus on countries that are hot without burning money in markets that are not. We consider this part one of creating a pan-European, low-cost operational base for a European residential behemoth.

Subscription everything

2023 also marks an essential year for developing our subscription business. Otovo sees the barriers of financing and trust that prevent the consumer from accessing the savings from distributed energy as the main reasons solar isn't already ubiquitous. Turning a big investment into a monthly subscription out of any home energy asset – solar PV, battery, vehicle charger or heat pump – is the way to solve this problem. So this last year we have expanded our product portfolio to include chargers, just in time to see the electric share of new cars sold surpass 20 percent in Europe; and heat pumps, a perfect companion product to solar.

Our view is that within ten years, most consumers will have the ability to save, make and store energy in their home, as well as transferring it to their vehicle. But that demands big investments and more maintenance. To be solved through subscriptions.

Therefore, it has been important to develop our subscription offering to include these hardware types, and it is essential to expand the product to more countries – as we recently did with our UK leasing licence. In 2024 our aim is to get more than 50 percent of our sales on subscriptions by the end of the year.

We also showed that these assets can be monetized to Otovo's benefit through our transaction of the Norwegian and Swedish portfolio to Swiss Life Asset Managers. In 2024 we will seek to do an equivalent deal with our European assets.

Put this together, and Otovo can look back at what we consider a massive 2023 in terms of operational achievements. Having raised more than NOK 600 million in equity and EUR 100 million in debt, it wasn't an idle year in financing either. Combine the operational progress and the financial cushion, and Otovo looks positioned to avoid further cash injections and take its place at the lead of the European home energy scene.

Andreas E. Thorsheim,
CEO and founder



Key figures 2023



998m

**Revenues
(IFRS)**
(2022: 638m)



1,592m

**Revenues
Generated**
(2022: 846m)



598m

**Accumulated Contracted
Subscription Revenue**
(2022: 305m)



10,621

**Completed
Installations**
(2022: 7,379)



7,891

**Net
Sales**
(2022: 9,505)



13

**Countries
Present**
(2022: 13)

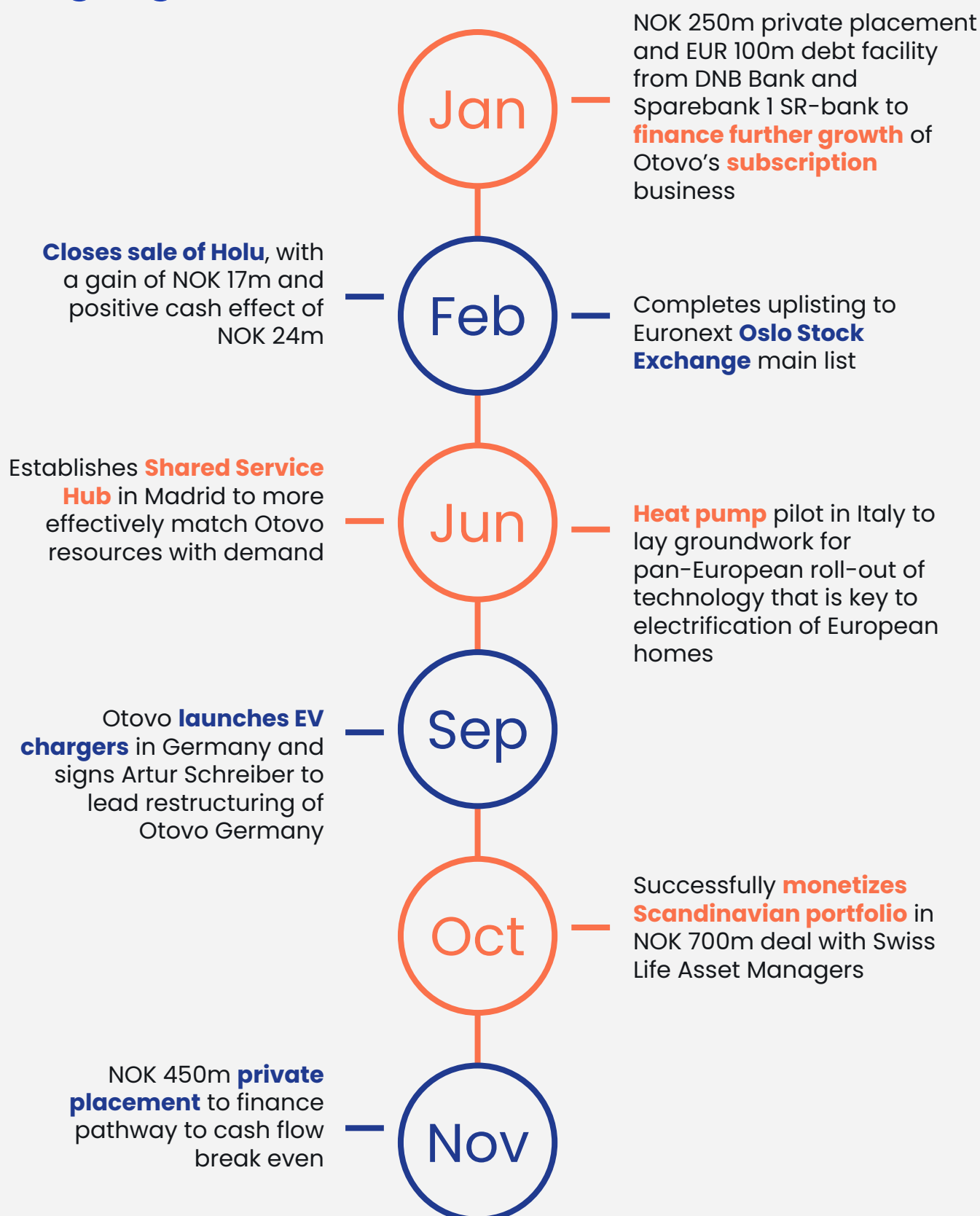
The share



Otovo has been listed on Euronext Growth Oslo since 19 February 2021 with ticker OTOVO.

On February 14th 2023, Otovo transferred to the main list on Oslo Stock Exchange.

Highlights 2023



Risk management

Procedures for risk management in Otovo are governed by the Group's risk management policy.

The ultimate responsibility for risk management lies with the board, whereas the Audit Committee oversees that the Group has sufficient systems for risk management in particular related to financial reporting.

The Group Management has the responsibility for establishing sufficient risk management processes and controls, ensuring that they are executed as intended, adjusted if needed, and that necessary mitigation actions are in place to reflect the risk situation at any given point in time. The major risks of the group are reviewed on a regular basis.

The responsibility for the day to day risk management is not delegated to a specific function, but lies with the line and each manager. This responsibility includes ensuring that operations are in compliance with internal and external rules and regulation.

Commercial risk

The primary commercial risk for the Group is related to general economic conditions and statutory regulations in various geographical markets which have an impact on the experienced attractiveness of the product offering of the Group.

The services and products offered in the respective geographical markets are subject to local laws and regulations, including temporary incentive schemes introduced to facilitate the transition to renewable energy sources.

Any legislative changes concerning incentive schemes could affect the Group's earnings, market position and range of products and services. While the commercial risk by nature is difficult to mitigate, Otovo closely follows changes in policies and macroeconomic conditions on an ongoing basis. In addition, incentive schemes are mainly national or regional schemes in each country, hence the Group's exposure to incentive schemes is diversified, with presence in 13 countries. Notably the change in incentive scheme in Italy in February 2023, resulted in a drop in demand in Italy.

Business model

The Group's business model consists of selling solar energy systems and batteries to end customers delivered through turnkey installations purchased from local installer companies. The sales process is fully remote through Otovo's local website in each market together with phone or video calls between the customer and a sales agent. While this model has proven to be cost efficient and easy for the customers, there is a part of the market with physical sales with a site visits that Otovo so far has not targeted. Should this part of the market grow more than the online market, Otovo may lose relative market shares. Customer prices are determined based on the installer companies' offers on the Otovo platform with the addition of the Group's own margin. While the installer companies are bound by the prices they offer on the platform, the Group is still reliant on the installers being able to deliver. In a situation with high demand or where hardware prices are increasing, enforcing contracts towards installers may not be commercially viable, as the installers may choose to leave the platform or may incur unbearable losses. In such a situation the Group may face pressure on margins or losses.

Supply chain

The solar panels and other material delivered to the Group's customers are produced by large producers mainly situated in China or fabricated by Chinese companies in East Asia. The inverters delivered to the Group's customers are delivered by a limited number of global manufacturers. The Covid 19 pandemic, political and macroeconomic factors, notably trade and tariff disputes and the recent Houthis rebel attacks in the Red Sea, have caused and may continue to cause disruption to import supply chains of the Group. While the Group is often able to change deliveries to other components or to components from other countries if there is a shortage, supply chain constraints may lead to higher prices and lower attractiveness of the Group's products. The Group is monitoring global supply chains closely, and is looking at ways to mitigate shortage of components or price increases. See the Sustainability report for details regarding ESG risks in the supply chain.

Macroeconomic environment

The ongoing war on Ukraine, still creates uncertainty and is a risk to the European economy. A further escalation outside Ukraine could impact the Group's supply chains, in particular should China become involved in the conflict on the Russian side.

During 2022 the economic sanctions against the Russian Federation, and the reduced export of natural gas from Russia to Europe, resulted in soaring electricity prices across Europe, which again resulted in high demand for Group's products. During 2023 energy prices have fallen, interest rates have continued to rise, and both Europe and the US have seen continued high inflation. The Group's value proposition to its customers is that the total energy costs will be reduced by going solar. The direct purchase product offered by the Group entails an upfront investment that for certain customers will be less affordable in a situation with high inflation and high interest rates. Lower energy prices, high inflation and interest rates have together resulted in lower demand for solar and batteries in important markets for Otovo which again has resulted in lower sales for the Group. Should the situation continue, it may impact the Group's results.

Regulatory incentive schemes

The Group's subscription product is generally considered to be operational leasing and does not require a financial licence in any jurisdiction except the UK, where the Group has recently obtained an authorisation from the Finance Conduct Authority.

On 6 July 2023, the Group received a letter from the Norwegian FSA, where the Norwegian FSA concluded that the Group's subscription product was considered as financial leasing for financial regulatory purposes. The Group appealed the decision and on 6 October 2023 the Norwegian FSA reverted, concluding that after taking into account certain updates that the Group had made to the customer contract it considered the subscription product to be operational leasing for financial regulatory purposes and that no licence was required.



While the Group has done its assessment of the same question in all jurisdiction and is confident that the product is not subject to licencing requirements in any other countries than the UK, financial supervisory authorities in the jurisdictions in which the Group is present may conclude differently. Any such decision could have a material effect on the Group's costs and result of operations.

The Group is exposed to risks regarding the correct application of tax regulations and to future changes in the tax regulation. The application of tax laws, treaties and regulations are highly complex and subject to interpretation. Any misinterpretation of or change in tax regulations could adversely impact the Group's results of operations and cash flows. In particular, it should be noted that the distinction between an operational leasing agreement and financial leasing for accounting, tax and VAT purposes is not entirely clear and may be difficult to draw in many jurisdictions. If local tax authorities argue that the agreements must be classified as financial leasing for tax and VAT purposes. This could potentially imply capital gains taxation which could increase the tax burden of the Group.

The demand for the Group's products are among others, impacted by financial incentives available to promote energy from renewable sources such as solar energy systems. Such incentives are available in several of the Group's markets and include, among others, tax credits and reduced or zero VAT when purchasing a solar energy system and/or batteries. Such schemes are vulnerable to changes in government or policies. The withdrawal of, changes in existing, or introduction of new incentives might impact the demand for the Group's products and services and consequently affect future sales. In addition, in some markets, the incentives are only available for customers choosing direct purchase which can reduce the leasing share of Otovo's sales.

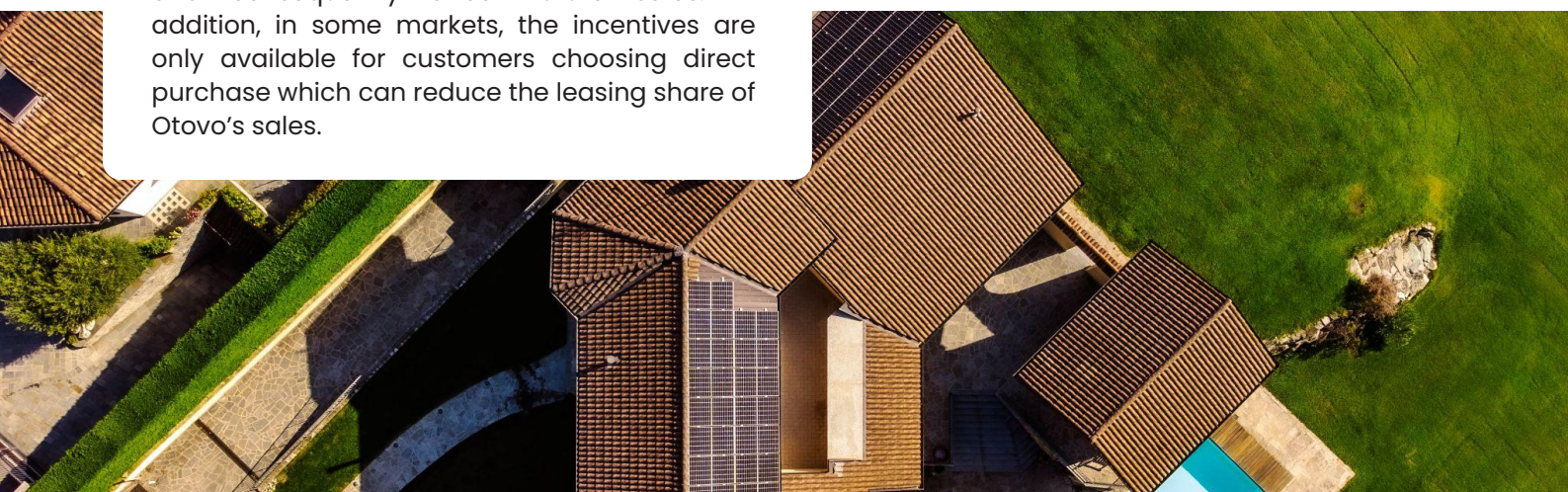
Financial risks

Market risk

The Otovo group is financing its activities in the financial markets and is thus exposed to market risk. The Group listed on Euronext Growth in 2021, and uplisted to the main list on Oslo stock exchange in February 2023. During 2023 the share price of Otovo has fallen significantly, which has worsened the access to capital and increased the risk of hostile takeovers.

The Group finances its subscription assets partly by debt through its revolving credit facility with DNB Bank and Sparebank 1 SR-bank. Through the debt financing the group is exposed to market risk related to fluctuations in interest rates and currencies in the countries where the group has operations as the interest rates vary with the respective IBOR-rate. Consequently, the Group is exposed to the risk that its financing costs may increase, while its recurring revenues to a larger extent is based on fixed price contracts. This risk is mitigated in two ways. The monthly payments from the customers are subject to an annual CPI adjustment, which is expected to compensate for increasing financing costs to a large extent. In addition, the implicit interest rates in new customer contracts may be increased if the financing costs increase, giving higher recurring revenue in the future.

The interest rates continued to rise during 2023 with the increased central banks rates. However, taking into consideration the mitigating effects of inflation adjustment and yield adjustment on new contracts (as described above), the Group has decided to maintain its policy not to enter into interest rate swaps to hedge interest rate risk.



The Group is exposed to currency risk related to investments in foreign entities and proceeds from these investments that vary with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using average exchange rates for the period.

The Group finances its operations in subsidiaries partly through debt financing in the respective countries' currency. This leads to an accounting risk as the intragroup debt is valued at fair value in Norwegian kroner. The Group has decided to reduce this exposure. Otherwise, the Group's current policy is not to hedge its currency risk through FX futures or other derivatives.

The currency risk for each of the Group's subsidiaries is limited as each entity has its revenues and costs in its local currency. Wholesale prices of materials may to a certain extent vary with variations in foreign exchange rates, that will influence prices to customers which again could affect the attractiveness of the product.

Liquidity risk

The Group's results of operations for 2023 were negative and the Subscription segment of the Group's business is exposed to certain liquidity risk over time. During 2023 the Group raised NOK 700m in equity, and the Group has in place a debt facility from DNB and Sparebank 1 SR-bank. In addition the Group has recently proven its ability to sell subscription portfolios and realise values related to subscription. While the Group has a strong cash position at the end of 2023, the subscription segment may still be relying on financial markets to finance the necessary equity and banks or financial markets for its debt financing in order to grow, and the Group may have to obtain additional financing in order to reach profitability. In the event the Company is unable to obtain adequate financing, the Group may ultimately need to scale down or stop subscription sale and only offer direct purchase, which would reduce the long term value per customer.

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. The Group's credit risks largely arise from trade receivables and cash and cash equivalents. The counterparts for the Group's cash deposits are large banks which are considered to be solid. The Group assesses that there are no material credit risks associated with these deposits.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base and is further mitigated through the use of credit score providers ahead of sales, use of prepayments for customers or markets with higher risk, continuous monitoring of overdue invoices all combined with the Group holding the right to reclaim the assets in case of payment default.

An important element of the credit risk profile for the Group is that the subset of customers addressed are, as homeowners, already amongst the individuals with the most robust economy and credit ratings. According to Intrum, one of Europe's largest debt collection agencies, the default probability on a utility bill is 6 times lower for a customer owning a house than for customers who are not a homeowner. In addition, the single point exposure will be low, as the Group will have thousands of single counterparties across Europe.

Finally, the solar system contract will be cost saving for customers in most markets, resulting in the outcome being worse for the end customer if choosing not to pay. This element is more prominent in markets with higher expected loss given defaults (LGD). I.e. the customer business case is often stronger in countries where the LGD is higher.

Overall the group considers the financial risks to be acceptable.



Operational risk

Operational risk is the risk that Otovo's planned operations can be negatively impacted due to failures in internal processes, procedures or instructions, human error, criminal offences or external events.

In particular, the Group is exposed to human error in relation to installation of the products it offers. When installing solar energy systems on the customers roofs and integrating the hardware with the end customer's existing electrical system, a defect or malfunction caused during the installation of the solar energy system or related to the solar energy system and/or integrated hardware, can cause material damage to the end customers and other third parties' properties and health. Operational problems that are caused by errors done by the subcontractors of the Group, including the installers, may also be discovered after the installation is completed.

The Group has in place contractual arrangements to ensure that it has recourse against installers of its products and insurance that cover general liability and product liability, which is specifically important for the Group due to the nature of the Group's operations through use of third-party services for installation work. In addition, the Group has in place a general liability and product liability insurance with QBE.

HSEQ risks

Within HSEQ risks, examples of areas in scope of control are injuries related to Otovo staff, installers or customers, material damage to property or equipment, environmental harming, GDPR breach, loss of personal data or other activities that can harm reputation. The company has in place HSEQ policies and instructions for IT and handling of personal data. In addition the employees, installation partners and suppliers are subject to Otovo's Code of conduct in order to guide decision-making, and to ensure compliance with internal and external rules and regulations.

In case of an emergency (event with potential for personal injury or loss of data), an emergency response group is mobilised responsible for end to end management of the event. The emergency response group consists of the line manager responsible for the area where the event has been recorded, the GM in the applicable market, the Otovo HSEQ responsible for duty and the relevant person from functional management.

Other operational risks

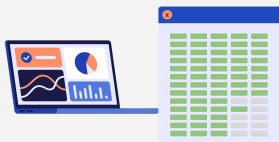
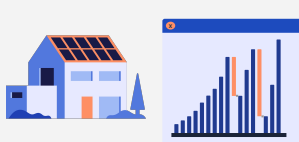
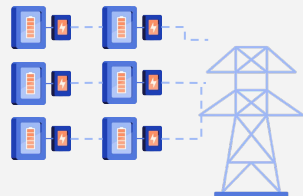
Examples of other operational risks are installer bankruptcies, skewed capacity and constraints in the supply chain. Installer concentration and supply chain management is measured separately to ensure timely installation capacity and mitigate such risks. Each country manager is responsible by delegation to monitor this.



Strategic Report

Otovo's overall ambition is to become Europe's number-one provider of renewable energy technologies to private households. To achieve this, the Company regularly defines strategic priorities that would bring the company forward toward market leadership in Europe. These priorities are endorsed by the Board of Directors and help define the direction and priorities of the business units.

In 2022 Otovo launched 6 new European markets making expansion the key strategic priority for the year. Following a year of expansion, the strategic priorities in 2023, have been to grow Otovo's marketplace across 13 European markets, continue to scale the Subscription business, and start building the next horizon of value creation by adding new hardware and exploring grid services.

	1 Marketplace	2 Asset Portfolio	3 Value per customer
Business model	Solar & battery marketplace, charging markup on installer cost 	Portfolio of cash flow-generating customer contracts 	Selling high-margin services to grid owners 
Key to win in market	- Geographic coverage - Asset light, software-driven ops	Relationship with Originator/ Marketplace delivering volumes	- Multiple hardware per customer - Capabilities in fleet monetization
Current focus	- Bring markets to profitability - Keep growing installation volumes	- Keep developing balance sheet - Monetize EUR portfolio	- Deployment of new hardware - Roll out grid services to customer
Progress			

1 Marketplace: Build out Otovo's marketplace across 13 European markets

Building out Otovo's marketplace is key to achieving Otovo's mission of becoming Europe's number one provider of solar and batteries to private homeowners. Building out the marketplace entails increasing market share in the large, growing markets in which we operate.

Firstly, to enable efficient growth across 13 markets, Otovo established a shared service hub, creating a cost-efficient and flexible core central function. This resulted in streamlining of processes and lower costs by transferring operations roles to Madrid. Madrid is now Otovo's international talent hub, providing various native speakers and experts needed. From Q1 24, approximately 75% of installations post-sale are expected to be handled from the EOC in Madrid. Otovo is now set up for operational leverage - cost per project is expected to decline markedly as volumes increase.

Secondly, building on the new shared services function in Madrid, Otovo scaled its central marketing function in Madrid, yielding stronger expertise, process, and capital allocation between markets. In a volatile market, Otovo can now better adapt to swings in the market, and capitalize on opportunities as they arise more easily.

Thirdly, Otovo refocused its software investments into sales-enhancing capabilities, expected to facilitate accelerated market-share growth in our established markets. Otovo's market-leading software platform is expected to provide a superior customer purchasing journey and superior post-sale efficiency.

The shared service hub in Madrid is the foundation of future growth for Otovo, enabling both scale and efficiency. Otovo is now set up to continue increasing its market share across its European markets.

2 Subscriptions: Continue to scale the Subscription business

Otovo offers subscriptions as an important part of its product offering. Instead of paying upfront, subscription customers rather pay a monthly fee over 20 years (10 years for the battery) with no upfront payment. Consequently, the product solves financing for the consumer as well as reducing other barriers to purchase for the consumer as the consumer does not have to worry about a technology they are unfamiliar with. In addition, subscription customers benefit from a functional guarantee for the duration of the contract which means that Otovo takes care of maintenance, repair, and any faulty products.

Otovo's subscription customers are financed by European Distributed Energy Assets ("EDEA"), which is owned 100% by Otovo. Otovo and EDEA have entered into an agreement concerning Otovo's origination of end-customer subscription agreements, delivery of solar systems and batteries, maintenance, support, and management services on behalf of EDEA.

In addition to building the only Pan-European subscription setup, Otovo has proven the ability to acquire and underwrite customers across ten markets. Further, we have shown that we can finance this growth through an affordable and flexible debt facility from DNB Bank and Sparebank 1 SR-Bank that was put in place in Q1 2023. In 2023, Otovo also demonstrated the ability to monetize and recycle capital through the sale of the Norwegian and Swedish subscription assets to Swiss Life Asset Managers in Q4. The transaction was done at an attractive cost of capital and after thorough due diligence by a highly reputable buyer. This validated both the setup Otovo has built since 2020 and the viability and attractiveness of the business model.

Going into 2024, Otovo has full flexibility of how to further grow the subscription business. We remain devoted to continue developing its balance sheet while working towards a successful monetization of the continental portfolio.

3 Growing value per customer: Hardware and grid services

Over time, Otovo has demonstrated the ability to increase revenue per customer (ticket size). This has mainly been demonstrated by selling increasingly larger systems (more panels and more watt per panel), in addition in most recent years to a growing share of batteries attached.

In 2023, this was further enhanced by introducing more hardware types. EV chargers were first launched in Germany following large customer demand, before being rolled out to multiple markets. Heat pumps is the second new technology, which was launched in Italy in Q4. Heat pumps double the value per customer, while EV charger has a smaller direct ticket size impact, but in combination with a solar system, increases the customer's electricity consumption, leading to larger solar systems. Both technologies work hand-in-hand with the solar system and battery - creating more value for the customer and supporting Otovo in growing value per customer.

Furthermore, the increasing complexity of the interplay between these technologies drives a need to control them through home energy management solutions. This enables the customer to smartly leverage the system at hand, and monetize the inherent flexibility offered by their home battery and EV battery. In Sweden in 2023, Otovo took its first step into this space by signing an agreement with CheckWatt. Through this we offer our Swedish customers the possibility to earn money by offering flexibility from their batteries to the grid owners. This also offers Otovo access to a new revenue stream, as revenue generated by the customers' battery is split between the customer, CheckWatt and Otovo.

The company's focus is to continue rolling out new hardware technologies with strong network effects to solar across Europe. We do this while establishing the legal framework and software capabilities in our asset portfolio to be ready to launch grid services, and Otovo is already in deep conversations with multiple European grid services partners. This will allow Otovo to offer grid service capabilities to customers, helping to optimize their energy consumption, all while reducing their total energy costs. By leveraging its large base of subscription customers coupled with its expertise in building tailored software for solar and battery storage, Otovo is well-positioned to serve its customers with grid services products.



Corporate governance

Otovo considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to capital. Through Otovo's corporate governance, the Board of Directors and Management operate to ensure confidence in Otovo for our customers, shareholders, employees and other stakeholders and to secure value creation over time.

The governance principles ensure good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the Group. By pursuing the principles of corporate governance, the Board of Directors and Management contributes to achieving effective decision-making based on transparency, open and clear communication, equal rights for all shareholders and good control and corporate governance mechanisms.

Otovo is incorporated and registered in Norway and is subject to Norwegian law. The Otovo shares are listed on the main list of Oslo Stock Exchange (Oslo Børs ASA, hereafter "Oslo Børs"). As a Norwegian public limited liability company listed on Oslo Børs, Otovo must comply with the Norwegian Securities Trading Act, Regulation (EU) 596/2014 on market abuse ("MAR"), the continuing obligations for companies with financial instruments listed on Oslo Børs, the Norwegian Public Limited Companies Act and other applicable laws and regulations.

Otovo endorses the recommendations of the The Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board as amended from time to time (the "Code of Practice"). This statement fulfils the reporting requirement of section 1 of the Code of Practice. If the Code of Practice is deviated from, the deviation is described and explained in the relevant section of this statement.

In addition, Otovo uses the GRI Sustainability Reporting Standards (GRI Standards) for voluntary reporting of sustainable development, including corporate governance.

Business

For homeowners, Otovo is the easiest way to get solar panels on the roof, and batteries in their home. Otovo is a marketplace that organises hundreds of local, high-quality, and qualified energy installers. Otovo uses its proprietary technology to analyse the potential of any home and finds the best price and installer for customers based on an automatic bidding process between available installers.

Otovo is on a mission to put solar panels on every roof and batteries in every home in Europe.. Founded in 2016, Otovo has rapidly scaled its platform beyond the Nordics and it is currently operating in thirteen countries: Norway, Sweden, France, Spain, Poland, Italy, Germany, Portugal, Austria, the United Kingdom, Belgium, the Netherlands and Switzerland. The ultimate vision is to put solar panels on every roof and batteries in every home in Europe.

The operations of the Group shall be in compliance with the business objective set forth in Otovo's articles of association which reads as follows: The company's purpose is development, commercialization and instalment of renewable energy, as well as to take ownership or provide business advice related to these business areas.

Strategy

Otovo's overall ambition is to become Europe's number-one provider of solar energy and batteries to private households.. During 2023 the strategic priorities have been to grow Otovo's marketplace across 13 European markets, continue to scale the Subscription business, and start building the next horizon of value creation, by adding hardware and exploring grid services. See the Strategic review section for more information.

Capital structure, equity and dividends

Otovo's business is financed primarily through equity, which is the most appropriate funding source for a company in a scale up phase like Otovo. The subscription business which is financed by EDEA, is set up to be partly financed through bank debt. The board of directors considers the capitalisation of the Group to be appropriate relative to its strategy and risk profile.

Otovo is in a growth and scale-up phase, and is currently not in position to pay dividends. The company has two authorisations for capital increase that have a duration of two years from the date they were given, due to the duration of the Company's obligations under employee share programs. This constitutes a deviation from the Code of Practice.

Equal treatment of shareholders and negotiability

Otovo is committed to equal treatment of shareholders, and would only deviate from preemptive rights when it is justified. In January 2023 Otovo raised NOK 250 million through a private placement to finance further growth in the Company's subscription business and for other corporate purposes. Further, in November 2023 Otovo raised NOK 450 million through a private placement to finance its path towards profitability.

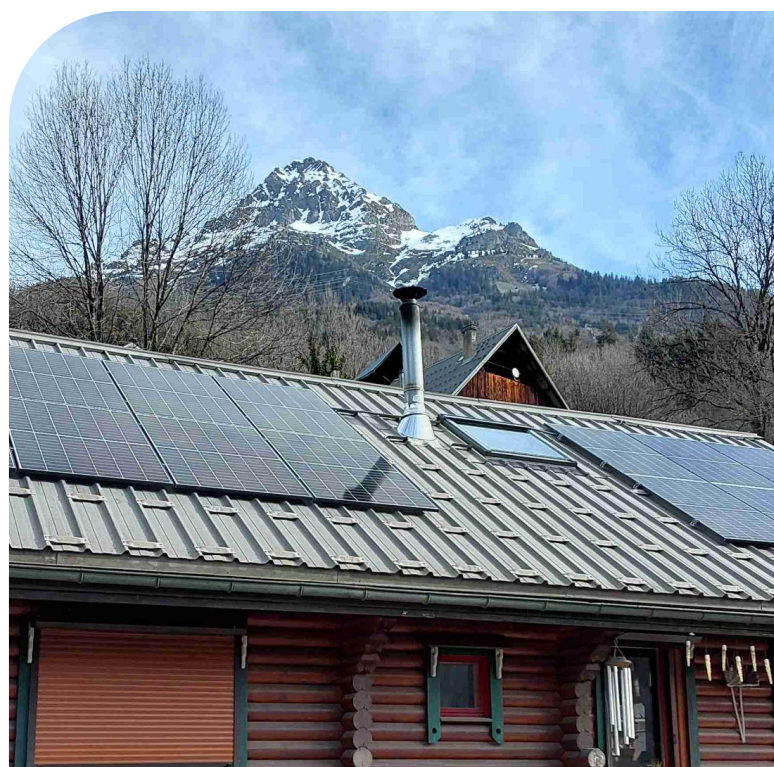
Both private placements represented a deviation from the shareholders' pre-emptive right to subscribe for and be allocated the shares in the offerings. The Board considered the structure of the equity raises in light of the equal treatment obligations under the Norwegian Public Limited Companies Act, the rules on equal treatment under Oslo Stock Exchange Rule Book Part II and the Oslo Stock Exchange's Guidelines on the rule of equal treatment, and the Board was of the opinion that the transaction structure was in compliance with these requirements.

Both share issuance were carried out as private placements in order for the Company to complete the equity raise in a manner that was efficient and with a significantly lower risk and without the significant discount to the trading price compared to a rights issue.

The subscription price in the first private placement was set on the basis of a publicly announced book-building process, thus reflecting market price, with a minimum price of NOK 19.88 for up to NOK 200 million according to the subscription guarantee agreed with the Company's largest shareholder, at the time, AxSol AB to protect the Company's shareholders against unexpected results resulting in high dilution. The subscription price in the second private placement was set based on the market price on the day the transaction gained sufficient support to be launched.

In both share issuances the Board of Directors considered conducting subsequent offerings towards existing shareholders who did not participate in the private placements. In the first case, the Company's shares traded consistently below the subscription price after the private placements so that existing shareholders who did not participate in the private placement could reduce the dilutive effect by purchasing shares in the market. The second private placement was followed by a subsequent offering completed in January 2024.

On this basis, and based on an assessment of the equity capital markets, and taking into account that conduction private placements constitutes a deviation from the Code of Practice,, the Board considered both transactions in the common interest of the Company and its shareholders.



Further, Otovo has in place certain incentive programmes for employees which imply deviating from the preferential rights of the shareholders. The programmes are based on common market practice and deemed essential to be able to attract and retain talent and to keep personnel costs at a sustainable level. All programmes have been approved by the general meeting.

There are no restrictions on any party's ability to own, trade or vote for the shares in the company.

General meeting

The General Meeting expresses the will of the shareholders of Otovo and its tasks include formally appointing the external auditor, approving the annual accounts, the allocation of net income, mandating corporate actions involving shareholders' equity and electing the members of the Board of Directors and the Nomination committee.

All of the company's shareholders are free to participate in the general meetings, and Otovo follows market practice, the Code of Practice and corporate law in relation to general meetings. Shareholders who are not able to be present at the general meeting are given the opportunity to vote by proxy or to participate online unless the Board of Directors finds that it has reasonable cause to refuse such online participation.

Governing bodies

The Board of Directors and the Nomination Committee are elected by the General meeting, while the Audit Committee and Remuneration Committee are elected by the Board of Directors among the Board members. The nomination, selection and composition of all the governing bodies take into account the interests of stakeholders, including shareholders. In addition, consideration is given to independence and competencies such as the ability to impact the organisation, as well as diversity such as age, gender and citizenship. See Otovo's Sustainability Report for further information about diversity, inclusion and equality at Otovo.

See Otovo's Sustainability Report for further information about diversity, inclusion and equality at Otovo.

Board of directors

The Board of Directors of Otovo currently has six shareholders-elected members and two employee-elected members. All the shareholders-elected members are independent of the executive personnel and three members are independent of the major shareholders of the company. The Board of Directors currently consists of four women and four men, in accordance with the Company's policy of maximum 60 percent gender homogeneity.

See the Board of Directors section for information on each board member.

The Board of Directors has implemented instructions for the Board of Directors and the executive management, including instructions for election and composition of the Board.

Nomination committee

The Company's nomination committee was elected at the extra-ordinary general meeting 9 February 2023 and consists of Thomas Ekman, CEO of Axel Johnson AB and chairman of the board of AxSol AB, Otovo's second largest shareholder, and one independent member Christian Berg, CFO of Wilh. Wilhelmsen.

The nomination committee shall give recommendations for the election and remuneration of Board Members and members of the nomination committee. The nomination committee shall have contact with shareholders, the board of directors and the company's executive personnel as part of its work. The further details of its responsibilities are described in Otovo's "Mandate for the nomination committee" that has been adopted by the general meeting.

Otovo shall provide information regarding the members of the nomination committee and deadlines for submitting proposals to the nomination committee.

Audit committee

The Board of Directors has established an audit committee, currently consisting of Stine Halla (chair) and Ingunn Andersen Randa. The audit committee provides support to the Board of Directors within the scope of its mandate and in particular within financial reporting, corporate governance and risk management. The audit committee has no decision-making authority unless the board delegates such authority with respect to specific issues.

The members of the audit committee are elected by and amongst the members of the Board of Directors for a term of up to two years.

The objectives, responsibilities and functions of the audit committee shall be in compliance with rules and standards applicable to the Otovo Group and are described in Otovo's "Mandate for the audit committee".

Remuneration committee

The Board of Directors has established a remuneration committee, which is currently composed of Peter Mellbye (chair) and Jacob Wall.

The primary purpose of the remuneration committee is to assist the Board of Directors in matters relating to remuneration of the executive management of the Otovo Group, as well as reviewing recruitment policies, career planning and management development plans, and prepare matters relating to other material employment issues in respect of the executive management.

The members of the remuneration committee are elected by and amongst the members of the Board of Directors for a term of up to two years and shall be independent of Otovo's executive management.

The objectives, responsibilities and functions of the remuneration committee are described in Otovo's "Mandate for the remuneration committee".

Risk management

Risk management is an integral part of Otovo's business activities and decisions every day, and risks are managed and monitored on an ongoing basis in accordance with Otovo's risk management policy. See the Risk management section for further information.

Board remuneration

Remuneration to the board members for 2023 will be determined by the annual general meeting based on the recommendation of the nomination committee.

The remuneration to the board members shall reflect the responsibility and amount of work they perform and is not performance based. No shareholder elected board member has currently stock options related to the Company's shares.

Salary and remuneration of executive personnel

The Company has in place a remuneration policy for leading employees that was approved by the annual general meeting in 2023. Salaries to executive management are moderate compared with the general level for executive personnel in Norway. The Company has in place certain programmes for share based remuneration. Performance based salary is capped for each individual, and no employee can receive more than 50 percent of its base salary.

Further information about remuneration of the executive personnel is included in Otovo's Remuneration Report that will be presented to the annual general meeting.

Communication

The Company has in place instructions for handling of insider information and follows market practice and rules for listed companies when it comes to disclosure of financial information as further specified in the Company's financial planning and reporting policy. The company presents its quarterly results in due course after the end of each quarter. Financial calendars are public, and shareholders can easily follow the company on Newsweb and on the investor relations site investor.otovo.com. Apart from shareholders that are employees or members of the board, only public information is communicated to shareholders outside of the general meeting.

Take-overs

As part of the instructions for the Board of Directors, the Company has in place guiding principles for how it will act in the event of a take-over bid. The guiding principles are in line with the Code of Practice.

Auditor

The Board of Directors works to ensure that the auditor presents the main features of the plan for its work regarding audits to the board. The auditor participates in the meeting(s) of the Board where any of the following topics are on the agenda: the annual accounts, accounting principles, assessment of any accounting estimates and matters of importance on which there has been disagreement between the auditor and the Management.

The company's auditor is Roger Telle-Hansen from BDO.

The Board of Directors reports the remuneration paid to the auditor to the shareholders at the Annual General Meeting.





Sustainability in Otovo



When I gathered the co-founders of Otovo to create Europe's first marketplace for solar and battery installations in 2016, it was based on a burning urgency to address climate change. While the societal enthusiasm for battling global CO2 emissions may wax and wane, it is really encouraging to see that in the dimension of stopping the power sector's contribution to global warming, progress is unequivocal and rapid. This is a winning front.

In 2023 the progress of solar and wind power really made itself felt in European electricity markets. For the first time, renewable energies made more than 40% of the continent's electricity (44%). In Spain and The Netherlands more than 15% of the countries' electricity came from solar alone, while Germany, Italy and Portugal all crossed the 10% line for the first time. And the predictable result is a rapid decline in the reliance on coal and gas, resulting in a record drop in European power emissions by 19%¹. That's very encouraging.

As we look back at 2023 we can be proud to have added almost 70 MWP of rooftop solar. In addition we end the year with more than a third of our customers opting for a battery, helping our solar panels' contribution to last into the evening hours. That is a small but important contribution in making renewables remove fossil fuels from our grids: In 2023, 25% of the hours in the year saw fossil fuel energy below 25% of the grid's needs².

We have also added heat pumps as part of our offering, a technology that is sure to gather momentum and will replace three times as much energy as it requires to operate, adding to our powerful help in reducing household energy needs.

Add that together and we built renewable energy assets that will remove 1 million tonnes of carbon dioxide in their lifetime, bringing our total to 2.5 million since 2016.

As we enter 2024 we are focusing on three things to keep this momentum up.

First, adding more hardware to our offering. Solar, batteries, EV chargers and heat pumps are the four key technologies to electrify and clean up homes, enabling them to make, save, store and charge electricity. We are now rolling these four techs out across Europe.

Second, we continue to focus on the affordability of solar by pressuring solar installation efficiency up and offering subscriptions to households that are put off by the initial cost of going solar.

Third, we focus on growing the customer base. 2023 was a bit of a hangover year after a wild 2022, and we now put our effort and heart into growing rapidly once more in 2024.

The burning urgency for action remains.

Andreas E. Thorsheim,

CEO and founder

We are graded:



CICERO
Dark Green

Renewable energy, and solar power in particular, is key to the green transition to a low carbon energy future. By removing barriers to the implementation of solar power for residential house owners, Otovo is contributing substantially to this transition. By focusing exclusively on residential solar, Otovo negates the local environmental harm (biodiversity, landscape etc.) large-scale renewable energy assets may cause.

From CICERO's Second Opinion on Otovo's Green finance framework, 2022

1) All data from the Ember Climate "European Electricity Review 2024" report.

<https://ember-climate.org/insights/research/european-electricity-review-2024/#supporting-material>

2) Ember Climate "European Electricity Review 2024" report, p. 37.

Commitments and governance

In Otovo, we are committed to conduct our business in line with international frameworks and conventions on fundamental principles and rights in working life and other similar guidelines for the environment and climate, including: the Universal Declaration of Human Rights (UDHR), International Labour Organisations' (ILO) conventions, the UN Guiding Principles on Business and Human Rights (UNGPR, 2011) and the UN Sustainable Development Goals (SDG).

While the 17 SDGs are interconnected, we focus our efforts in particular on positive contributions to the following SDGs: Take urgent action to combat climate change and its impacts (SDG 13), Ensure access to affordable, reliable, sustainable and modern energy for all (SDG 7), Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8), and, Ensure sustainable consumption and production patterns (SDG 12), supported by recognizing the value of strengthening partnerships to achieve the goals (SDG 17).

Otovo is obliged to fulfil the requirements of the Norwegian Transparency Act by conducting due diligence assessments, and to account for these publicly, in line with OECD Due Diligence Guidance for Responsible Business Conduct.

Otovo is a member of the UN Global Compact, we support the Ten Principles on human rights, labour, environment and anti-corruption, and are committed to make them a part of our strategy, culture and day to day operations.

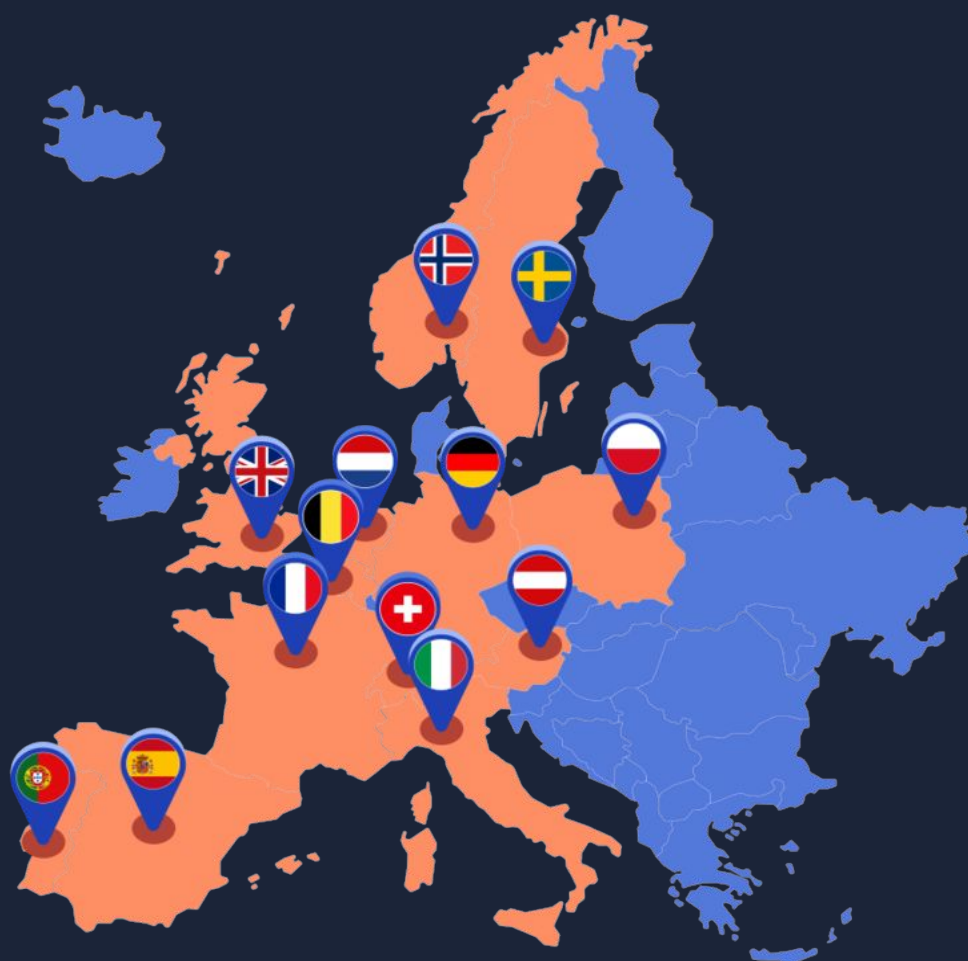
The Board of Directors has the overall responsibility for Otovo's governance and compliance with ESG requirements and targets. The main principles for Otovo's approach to sustainability are set forth in the Group's sustainability policy, which interlinks with the human rights policy, anti-corruption policy and anti-discrimination policy. Further, the Group has recently established a code of conduct for suppliers and business partners setting forth the principles we expect our partners to adhere to. Otovo's board of directors reviews the ongoing work related to sustainability on an annual basis.



Otovo's activities and value chain

Otovo ASA is a publicly listed company with local installation partners in 13 countries in Europe; Norway, Sweden, France, Spain, Poland, Italy, Germany, Portugal, UK, Austria, Belgium, Switzerland and the Netherlands. Each country's operations is led by a general manager and supported by sales, marketing, customer support, project management and account management (installer relations) teams. Countries are organised in clusters led by a managing director. In addition, the Shared Service Hub, located in Madrid, provides services of accounting, marketing, partnership relations and project operations to the 13 local Otovo markets. Otovo's headquarter is located in Oslo, Norway, and consists of executive management, finance, legal, delivery and software product teams.

By entering their home address in the Otovo webshop, customers obtain proposed designs and prices for solar systems in real-time, based on automated offers from Otovo's network of local, reliable installers. Customers can choose between purchasing the solar and battery installations directly or by entering into a 20 year subscription agreement (10 years for batteries).



Key suppliers and business partners

For a marketplace company like Otovo, it is crucial to have strong relationships with suppliers and business partners to remain competitive, ensure a reliable supply of products and services, foster innovation, mitigate risks and promote sustainable development. A selection of Otovo's key business partners are highlighted below.

Installation partners

Over 900 installer companies have partnered with Otovo, offering turnkey solar and battery installations to our customers through our platform. These partners provide pricing details, including labor, hardware, and transportation costs, as well as specifying their service offerings and operational regions within Otovo's digital software. This enables us to provide real-time pricing to our customers. Through our digital platform, Otovo gathers customer documentation and information, reducing the need for expensive pre-installation inspections. Project planning, execution, and completion are seamlessly managed within the software, with support from Otovo's teams of project managers. Installer companies are recruited and receive ongoing support from dedicated local account managers.

Supply chain distribution partners

As Otovo purchases turnkey installations from our installation partners, the supply chain is outsourced. Otovo's sales and delivery volumes are typically greater than those of each individual installation partner. To create attractive benefits for our installation partners Otovo signs framework agreements with a number of distribution partners in each country. The benefits range from ensuring better prices, credit lines and payment terms, to securing prioritised delivery in times of shortage.

Solar hardware manufacturers

The main components of a solar system are silicon photovoltaic (PV) modules, inverter(s), cabling and switches and the aluminium or steel mounting structure. Some solar systems also include DC optimizers, batteries, smart meters, and/or batteries only. While Otovo purchases turnkey installations, including hardware, from our installation partners, only a limited selection of hardware components are placed on a whitelist and approved for use in Otovo projects. In 2023 heat pumps and EV chargers have been piloted in certain markets.

In Otovo's Whitelisting approach, we set requirements for technology, product quality, manufacturer financial solidity and sustainable manufacturing practices, to ensure that only the best solar hardware is installed on and in our customers' roofs and homes.

Hardware manufacturers are located across the globe, with a majority in Asia. Otovo engages directly with hardware manufacturers and conducts risk based due diligence assessments to promote responsible sourcing and implement mitigating actions where necessary.

Demand (sale and lead) partnerships

To increase demand and strengthen our brand, Otovo partners with leading business-to-consumer oriented companies across Europe. By collaborating with selected partners in sectors like utilities, retail, real estate, and finance, we can reach their interested customers with our solar proposition. Our partners receive commissions or financial incentives, like discounts for their customers. In 2023, net sales from partnerships accounted for over 16% of Otovo's total. The added benefit for our partners include the ability to promote a sustainable service.

Material topics

In accordance with the Global Reporting Initiative, Otovo conducted impact assessments through conversations and surveys with key stakeholders, including investors, supply chain distribution partners, installers, customers, industry associations and employees, in 2022. Details regarding our former and ongoing stakeholder discussions are summarised in *Appendix C: Stakeholder Engagement*. See *Appendix A* for GRI Index.

Based on the stakeholder discussions we focus on the following impacts and material topics:

- **Climate Impact**

Emissions from our entire value chain, emission intensity, avoided emissions

- **Safe Installations and Healthy Installers**

Injuries and accidents during installations of solar panels and batteries

- **Human Rights and Responsible Value Chains**

Human and labour rights in our entire value chain

- **Diversity, Equality and Inclusion**

Avoiding discrimination, inequality, harassment in the workplace

Each topic is highlighted with a materiality description, Otovo's approach and 2023 progress.

The information provided in this report applies to the entire business of the Otovo Group, including our 13 country organisations and the subscription asset-owning companies in each market, unless otherwise is explicitly stated.



Climate Impact

Materiality

The energy sector is a significant contributor to global greenhouse gas (GHG) emissions. Our commitment to low-carbon energy through accessible and reliable solar solutions, empowers individuals to make a positive climate impact, while saving on their electricity bills.

Installed solar panels generate emission-free electricity for at least 30 years, reducing global GHG emissions by replacing electricity generation from sources like coal and gas. In addition, rooftop-mounted panels optimise urban spaces, preserving land and ecosystems.

Otovo acknowledges current GHG emissions from various business activities, including air travel, office electronics, commuting, electricity consumption, transportation to installation sites, and the solar system hardware supply chain. We recognize the importance of measuring GHG emissions to understand their scale and sources, establishing baselines to set and track emission reduction targets.

Our approach

Otovo annually reports on emissions in accordance with the GHG Protocol, including emissions from our entire value chain. In addition we estimate the avoided emissions, resulting from replacing grid electricity with local, solar power.

Reporting on GHG emissions is owned by the Head of Sustainability and supported by dedicated employees responsible for data collection and the General Managers in each Otovo market.

Our principles are aligned with the UN Sustainability Goals, as embedded in our Sustainability Policy¹.

We work to minimise the environmental footprint and maximise the positive impact of our business by:

- Delivering high quality solar systems, with long product lifetimes.
- Delivering high performing solar systems, with optimised energy production.
- Minimising material and energy use in our activities and operations.
- Developing software to eliminate unnecessary resource use and optimise installation transport logistics.
- Minimising carbon intensive activities, like air travel and meat consumption.
- Disposing of waste safely and responsibly.
- Contributing to increased circularity in the solar value chain, e.g. by enabling complete collection and correct handling of hardware reaching end of life.
- Considering the environmental footprint related to hardware manufacturing and transport when making decisions on what to distribute and promote through our platform.
- Avoiding purchase of waste generating company merchandise.
- Using certified textile for company garments.
- Offsetting emissions we are not able to reduce.



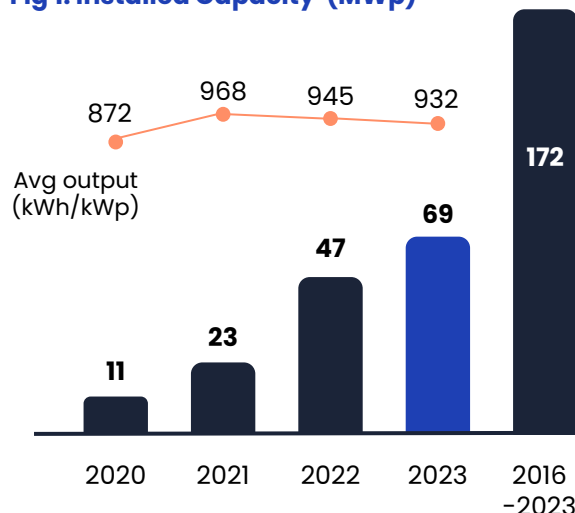
1) Available at investor.otovo.com

Status 2023

In 2023, more than 10 400 households became powered by the sun through an OTOVO installation, collectively adding 69 megawatts of solar capacity to their homes in the European power grid. With lifetime average outputs² of 932 kilowatt hours per kilowatt, these systems will generate 1.9 billion kilowatt hours (1.9 TWh) of clean energy over the next 30 years. In addition, 2900 batteries have been installed, adding a total storage capacity of 20 megawatt hours.

We calculate and account for climate impact when the systems are operational, not when they are sold. Hence, only systems installed within 2023 are included in the presented data.

Fig 1: Installed Capacity (MWp)

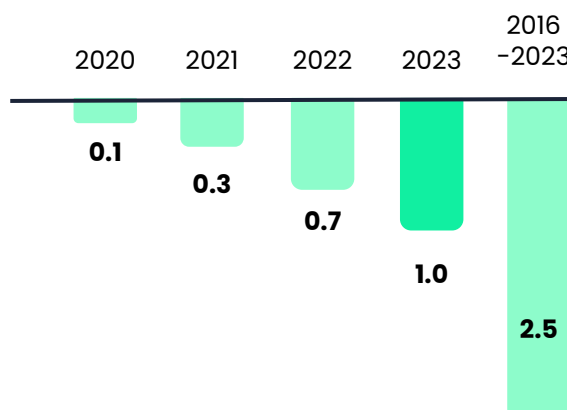


Avoided emissions

When a solar system starts operating, it generates emission-free electricity for 30 years or more. By replacing power generation from fossil fuels, like coal and gas, emissions from these sources are avoided. We quantify the avoided emissions using the European Attribute Mix³ (EAM), which represents the surplus of electricity in the European grid that is sold without guarantees of origin.

The systems installed in 2023 will over the next 30 years generate 1.9 TWh of clean electricity, enabling emissions of over 1 million tonne of CO₂-equivalents to be avoided. Including systems installed since 2016, the total avoided emissions surpasses 2.5 tonnes of CO₂e, shown in figure 2.

Fig 2: Lifetime avoided emissions (million tonne CO₂e)



²) Year 1 yield is calculated at each system location, average annual yield includes 0.7% linear degradation over time.

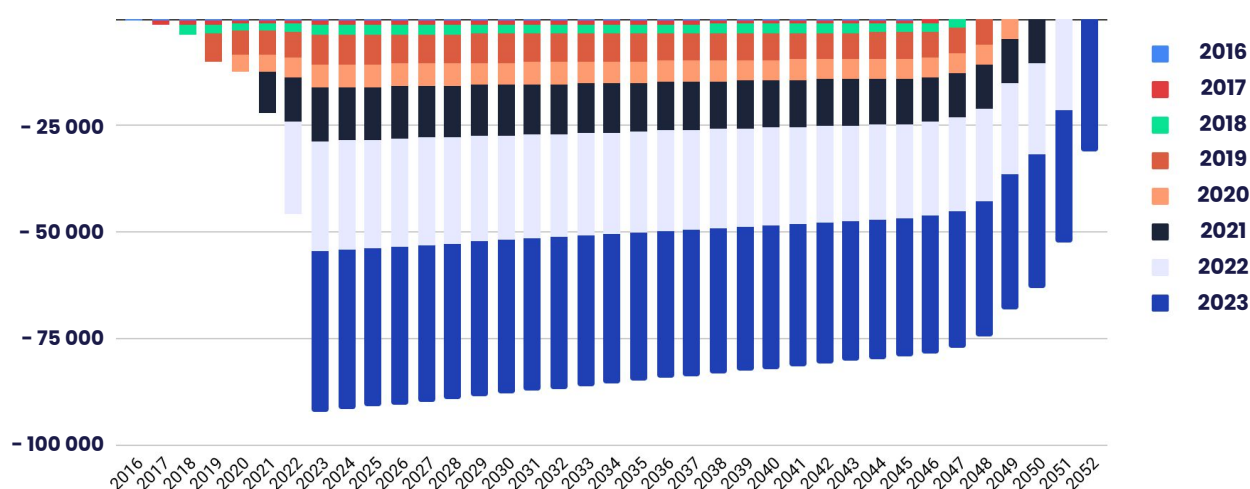
³) <https://www.aib-net.org/facts/european-residual-mix> (February 9, 2023)

Figure 3 below represents the annual avoided emissions from Otovo systems, displaying the individual contribution of systems installed within a reporting year.

Using this methodology, we apply current knowledge of the electricity mix to predict avoided emissions 30 years into the future. In 2022, which represents the most recently published data, the EAM was 531.21 kgCO₂/kWh. As new data for the EAM is published annually, we make adjustments for the remaining lifetimes of all solar systems accordingly. We emphasise that this comparative impact is not directly equivalent to changes in the amount of GHGs emitted into the atmosphere.

Fig 3: Annual avoided emissions (tonne CO₂e)

Negative denotation illustrates that the emissions are avoided



GHG emissions and intensity

Solar panels just keep getting better! Over recent years, there has been a relentless pursuit of higher efficiency, reduced costs, and increased sustainability in solar panel development. Technological advancements, such as thinner wafering techniques and advanced cell designs, have enabled greater energy output per unit area, while reducing material usage and manufacturing waste. Solar grade silicon, the main component of a solar panel, is a highly energy intensive material to produce, thinner silicon wafers, and improved utilisation of silicon ingots, have contributed to lowering the carbon footprints. In 2023 we have updated the emission factor for solar modules, based on updated declarations from manufacturers, see *Appendix B: GHG model and emissions*, for details on methodology.

As solar panel manufacturing accounts for the largest portion of Otovo's scope 3 emissions, 2023 displays a great improvement in terms of reduced emission intensity (kgCO₂/MW). While reflected in our GHG accounting this year, we note that the effect of manufacturing advancements in practice have been more gradual. We will continue to work with manufacturers to obtain EPDs for all products on our whitelist.

Figure 4 displays Otovo's Scope 1-3 emissions. In Figure 4 b Otovo's scope 3 emissions are grouped into (1) activities directly related to Otovo's employees, including commuting, business travel, purchased office electronics and waste, (2) installer transportation, and (3) all emissions related to manufacturing, shipping and end of life treatment of solar hardware.

Emissions from Otovo's own activities increased in 2023, mainly driven by business travel, in addition to improved/more diligent recording of activities. Being a pan-European company, some business travel is considered a necessity. However, it is an area to address for Otovo to reach net zero, meanwhile we purchase carbon credits.

Carbon offsetting

Carbon offsetting is the purchase of carbon credits, which represents a certified reduction or removal of one tonne of carbon dioxide equivalents (tCO₂e) from the atmosphere. We offset emissions directly related to Otovo's operations and our employees' activities by purchasing carbon credits. This includes office energy consumption (scope 2) and employee commuting, business travel, electronic office supplies and office waste (scope 3). In 2023 Otovo offset 615 tCO₂e through The UN Carbon offset platform⁴.

Fig 4a: Total GHG Emissions, 2023 (tonne CO₂e)

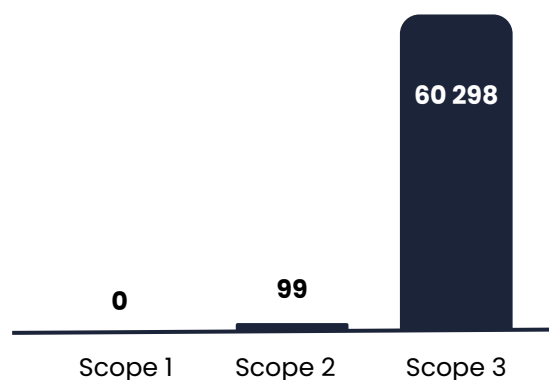
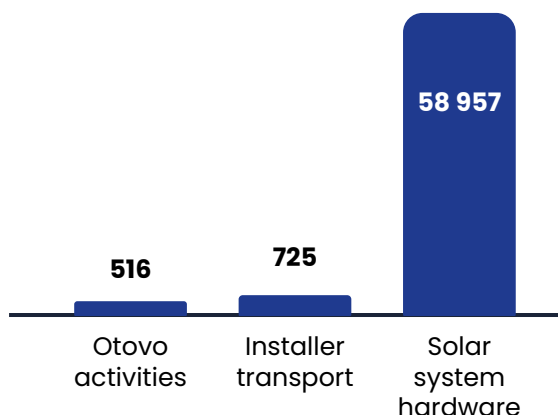


Fig 4b: Scope 3 emissions, 2023 (tonne CO₂e)
Otovo specific categories



GHG Emissions and intensity				
Category	Unit	2021	2022	2023
Scope 1 - Direct Emissions	tCO ₂ e	0	0	0
Scope 2 - Electricity Indirect Emissions	tCO ₂ e	42	56	99
Scope 3 Indirect Emissions	tCO ₂ e	22 918	48 741	60 199
Otovo Activities		125	338	516
Installer Transport		292	509	725
Solar System Hardware		22 458	47 895	58 957
Emissions Intensity	Thousand tCO ₂ /MW Installed	1.01	1.04	0.87
Emissions Intensity	Thousand tCO ₂ /MEUR Revenue*	0.82	0.77	0.68
Lifecycle emissions	gCO ₂ /kWh	35	37	31
Incl battery installations				

*) IFRS Revenue. Converted from NOK based on average exchange rate within year (EXCHANGE-RATES.org)

4) <https://offset.climateutralnow.org/>

Save the Bees and Farmers Initiative

Through the summer of 2023 Otovo ran a campaign, involving discounts and a 50€ donation per project to the *Save the bees and farmers initiative*. With an environmentally conscious customer base, this campaign proved to be a success, resulting in a donation of 46 000€. By endorsing this project, Otovo together with our valued customers, have contributed to the preservation of bees, while also aligning with the European Citizen Initiative.



Safe installations and healthy installers

Materiality

In Otovo we are committed to ensure a safe and sustainable working environment, to prevent accidents and to be a workplace without injury or harm. The installation process is Otovo's business activity with the highest Health, Safety and Environment (HSE) risk both in terms of potential impact from an incident and likelihood of an incident occurring. Occupational health and safety is a material topic for Otovo, with special emphasis on installation activities and the people performing them.

Our approach

Anyone working at and for Otovo must comply with our Health, Safety, Environment and Quality (HSEQ) policies. The majority of Otovo's HSEQ processes are allocated towards the solar system installation process. The main risks of personal harm are associated with falling from heights, falling objects, exposure to electrical voltage, stress injuries and traffic related incidents.

In the event of an accident or policy violation, installers shall immediately report to Otovo. Instances of non-compliance can also be reported by customers, bystanders, inspectors or identified by Otovo through on-site visits or photo verification. Incidents can be reported directly to local Otovo project managers, account managers or to the General Manager, subsequently handled and escalated in accordance with the HSEQ policy. Should individuals feel that these channels are insufficient, we actively encourage the use of our Whistleblowing Channel by employees, suppliers, and other stakeholders.

Third party inspections on site are conducted through renowned partners, to promote a safe work environment. HSE inspections take place during the installation process and may be conducted with or without notice.

The Head of HSEQ is in charge of maintaining and developing our HSEQ-policy, and implementing training and responsibility in all markets, to enable risk mitigation and meet the requirements to deliver according to our values and stakeholder expectations. This task is performed in close cooperation with our employees and contractors. The General Managers oversee this policy in their respective markets in cooperation with the Head of HSEQ.

Our principles are aligned with the UN SDGs and further embedded in our Sustainability Policy⁵:

We are committed to maintaining a sustainable installer ecosystem and being their preferred partner by:

- Maintaining a safe and injury free working environment, through systematic HSE practices and frequently conducted third party inspections.
- Providing clear ethical guidelines and compliance requirements through our HSEQ requirements and the Code of Conduct for Suppliers and Business Partners.
- Conducting thorough due diligence upon onboarding installation partners, and thereafter on an annual basis, mitigating identified risks, e.g. undeclared work and social dumping.
- Providing and continuously improving a strong digital service with excellent user experience for efficient handling of project pricing, planning and documentation.
- Providing increased predictability on order volume and reduced financial risk.
- Create favourable conditions and attractive benefits, e.g. economies of scale, through distributor partnerships serving our installers.

5) Otovo's Sustainability Policy is available at investor.otovo.com

Status 2023

Health and safety events

When an HSEQ event is reported to Otovo it is classified in accordance with the following matrix:

HSEQ Classification Matrix	
Category	Description
1	Breach of HSEQ requirements (no risk of damage or injury)
2	Event with damage to property or equipment
3	Event with potential personal injury
4	Event with personal injury
5	Event with potential loss of life
6	Event with loss of life

Events in category 3 and higher are reported on specifically. In 2023, incidents and accidents affecting health and safety were reported to Otovo from internal or external sources.

Two incidents with personal injury (category 4):

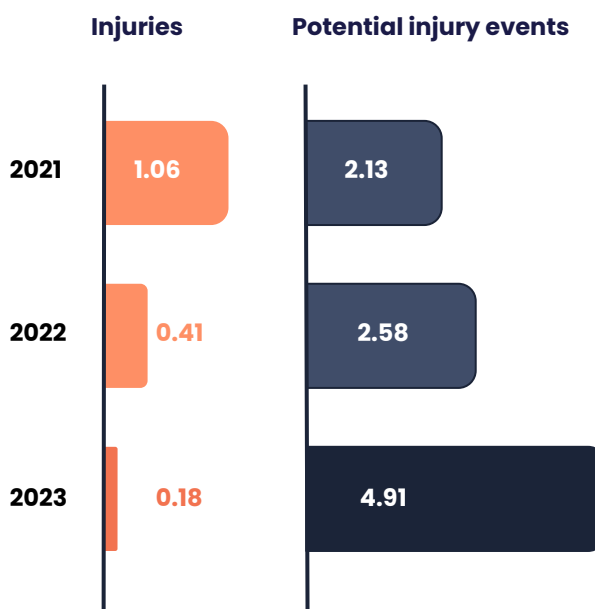
- One accident where an installer cut his hand while installing a cable. Medical attention was required and resulted in one week of work absence.
- One accident where an installer fell due to improper ladder placement, minor physical injuries, no work absence. Categorized as 4 due to significant height.

These two events represents approximately 5.4 injuries resulting in work absence per million work hours⁶.

Fifty six incidents of non-compliance with potential injury (classification 3 and 5):

- Thirty four (34) recorded HSE events with classification 5. All events are related to observations of installers on roofs without sufficient personal protective equipment. All without injury.
- Twenty two (22) recorded HSE events with classification 3, with potential for personal injury. The majority of events are related to installers wearing insufficient personal protective equipment, like gloves, glasses and incorrect footwear, or incorrect use of scaffolding components.

Fig 5: Events and injuries per 1000 installations



⁶) Otovos installations partners worked 372 thousand work hours in 2023. We estimate total number of work hours based on installed system size.

Inspections

In 2023 Otovo's third party inspection partners conducted 439 inspections, covering 4.1% of all installations.

Improvement initiatives

In 2023 we have had extensive focus on HSE through internal training sessions, implementation of new software tools and extended on site requirements for installation partners.

HSE specific project photo requirements

For each installation completed through the Otovo platform, our installation partners are required to document the project execution through a series of photos and upload these to the Otovo digital software. In 2023 we extended the photo requirements to include HSE specific photos, including detailing of personal protective equipment, anchor points, roof access and installation site isolation.

Internal HSEQ reporting system

In august of 2023 a new HSEQ reporting and management tool was developed and integrated into Otovo's digital software. Since its implementation, in addition to the photo requirements described above, the number of reported incidents of non-compliance have increased significantly, while the number of actual accidents and injuries have remained low. We considered this a positive development, in which the awareness in local Otovo teams – and their diligence to report any case of non-compliance – have increased, in addition to incident follow up sessions with installers have been streamlined.

Internal HSE training

Following the launch of our new HSEQ reporting system, all markets have been trained in using the tool and how to efficiently and thoroughly follow up any instances of non-compliance with our installation partners.

Approximately 12 hours of HSE specific training have been completed in each Otovo market, centered around:

- HSEQ Policy
- Inspection Policy
- HSE Incident Reporting

As the maturity on HSE awareness have increased in the Otovo markets, several local initiatives have been carried out. Examples include knowledge sharing and working in heights workshop with installers and virtual inspection pilot.

Digital barcode scanner/QR code reader

To facilitate a more efficient approach on site, a digital barcode scanner was implemented to the Otovo Installer App. Both improving the accuracy of serial number collection and a significant improvement in terms of reducing project documentation completion times.



Human Rights and Responsible Value Chains

Materiality

Renewables like solar and wind are the power of the future, central to mitigating extensive negative impacts of climate change on human societies. The swift and massive transformation of the world's energy system depends on a massive workforce deployment. The future energy system should be held to higher standards than the past and present, and it is key that renewable energy jobs are decent jobs.

Otovo's extended value chain spans from raw material extraction, refinery, manufacturing and shipping of solar system hardware, to local installation activities, in addition to providers of software, office electronics and other supporting services, involving workers and societies in many countries around the world. Through our activities, suppliers and business relationships, Otovo has an impact on the broader society and environment. We prioritise ensuring that this influence is constructive and favourable, while actively seeking to reduce or eliminate any negative impacts.

National authorities are responsible for protecting human rights through legislation, but companies, including Otovo, have a responsibility to respect and promote international human rights conventions, especially if and when operating in high-risk regions and in countries where such conventions are not adopted or are poorly enforced.

Otovo fulfils the requirements of the Norwegian Transparency Act by conducting human rights due diligence assessments and to account for these publicly. In the following sections we describe our ongoing work and account for the due diligence assessments in accordance with the Transparency Act §4 and §5.

Our approach

Otovo is committed to respecting internationally recognised human rights, including the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work, in our operations, our value chain, and in the communities where we or our business partners operate. Please refer to the introductory section Otovo's Activities & Value Chain for a description of our organisation and business relations.

Following the Transparency Act that entered into force in July 2022, Otovo adjusted its approach to human rights in line with the OECD's Guidelines for Responsible Business Conduct. Otovo's commitments are embedded in our Policy for Human Rights and Responsible Business Conduct, and we set forward expectations and requirements in our Code of Conduct for Suppliers and Business Partners⁷.

Oversight and responsibility for Otovo's due diligence assessments ultimately lies with the Executive Management, which receives and reviews reports on risk assessments, due diligence activities and progress on a regular basis. The Head of Sustainability has the responsibility for developing and supervising procedures and policies, ensuring appropriate employee training, and implementing relevant measures. Category Managers, including the Product Manager Hardware, VP Partnerships and Chief Product Officer, are responsible for due diligence assessments related to geographic risks, input factors and suppliers being conducted on an ongoing basis.

At Otovo, we acknowledge that the process of conducting human rights due diligence is an ongoing and dynamic activity that must be performed regularly. Otovo will implement suited measures and communicate with stakeholders if negative consequences of its business are detected. Otovo will also provide for or cooperate in remediation where this is required.

7) Available at <https://www.otovo.no/a/humanrights/>

Information inquiries, grievance and whistleblowing

In accordance with the Norwegian Transparency Act, we make our annual statement on progress available online, at <https://www.otovo.no/a/humanrights>.

Otovo has a procedure for handling information inquiries, and invites stakeholders to reach out to us through sustainability@otovo.com.

In case of concerns or suspicion of objectionable conditions, we encourage any stakeholder of Otovo to inform us through a local contact person or use our [Whistleblowing Channel](#) in situations where the regular reporting lines are not experienced or expected to be sufficient.

Key identified risks

Otovo conducted a corporate level risk assessment in 2022, including a high level assessment of potential negative impacts related to all business activities and following prioritisation based on scale, scope and irremediability.

We mapped our extended supply chain and our business activities, identifying sectors, manufacturing steps, input factors and geographies. We based our initial assessment of potential exposure to human and labour rights violations and the subsequent actions on reputable sources such as the Global Rights Index from the International Trade Union Confederation, the Corruption Perception Index from Transparency International, the List of Goods from the US Department of Labor's International Labor Affairs Bureau, and other sources such as solar industry-specific publications.

As an outcome of the assessment, the following areas were identified as key risks for Otovo;

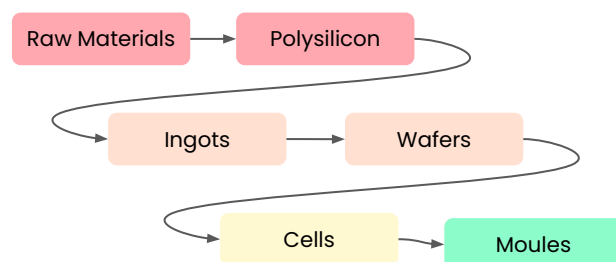
Hardware manufacturing (PV) – Forced labour practices in the solar supply chain

PV modules used in Otovo projects are subject to a due diligence review through Otovo's specific whitelisting process, where both the manufacturer and products are pre-approved. We have direct contact with the manufacturers, and Otovo collaborates with European distributors to obtain information about the products we intend to use.

Production of solar system hardware involves labour intensive industry sectors like the mining and manufacturing industry, sectors historically prone to labour and human rights violations, and while the manufacturers of the PV modules are known, the information about producers of upstream input factors is often not available.

There are reports connecting manufacturing of PV modules to serious labour and human rights violations. Reports on Chinese government oppression of muslim minorities in the Xinjiang Uyghur Autonomous Region are grave concerns for the solar industry. While all production steps and factories from raw materials to modules ready for shipping are potentially exposed, solar-grade polysilicon manufacturing is the solar supply chain's most significant exposure to the Xinjiang region, as Chinese production based in Xinjiang operates 40-50% of the world's production capacity.

Polysilicon and other upstream input factors exported from the Xinjiang region have the potential of contaminating the supply chain in all parts of the world, as low traceability makes it difficult to ascertain its origin. Poor traceability of product components and raw materials are therefore considered a notable risk for Otovo.



Hardware manufacturing (Batteries) – Mining of conflict minerals

Markets and practices surrounding the extraction and refining of battery inputs, like cobalt, as well as product assembly, are complex and it is difficult to ascertain their origin. Therefore, Otovo has taken the decision to refrain from providing batteries containing cobalt, as we consider the risk of exposure too high and alternative technologies are available in the market.

Lack of traceability of raw materials in general is still an issue that Otovo considers a salient risk and we work continuously with the issues related to this that we can control.

Installation activities – Labour conditions and social dumping

Geopolitical instability and societal factors, may on a general basis increase the risk of deteriorating working conditions through long working hours, unpaid overtime, incidents of forced labour, lack of health and safety measures, and corruption. Therefore, Otovo follows up our installation partners closely to cease, prevent and mitigate adverse impacts. While we have not uncovered any of these effects within our installer base in 2023, the scope is potentially high, and will in the future be a focus area for Otovo.

Status 2023

Building on the assessment and work initiated in 2022, we have in 2023 focused on communicating our Code of Conduct to business partners and carried out a consolidation of our whitelist of approved hardware.

Whitelist consolidation and risk mitigation

In accordance with our updated sourcing and whitelisting strategy, we have in 2023 worked to consolidate the whitelist and increase the share of hardware manufactured in Europe. In 2023 the whitelist was reduced from 11 to 8 approved manufacturers by year end. In this process, 4 manufacturers were delisted, and one new PV module manufacturer was added to the whitelist, representing hardware fully manufactured in Europe.

We have engaged in strategic discussions with manufacturers, and made progress on mapping factory locations. We have had extended focus on attaining ISO certification for factories beyond module assembly stages and mapped the level of vertical integration among our partners. This work will continue in 2024.

Code of Conduct endorsement and updated contract clauses

In 2022 we launched Otovo's Code of Conduct for suppliers and business partners ("the Code"). Throughout 2023, we have dedicated significant efforts to collaborate with business partners through strategic discussions, encouraging them to comply with and endorse the Code. Any new supplier and business partner is required to sign the Code.

As Otovo does not have a direct transactional relationship or framework agreement with hardware suppliers, not all manufacturers that were included on the whitelist prior to implementing the Code, have signed. Based on the risk prioritisation, endorsement from PV module manufacturers have been prioritised, of which 63% have currently signed. Including all hardware categories, 44% have signed by year end 2023. We are pleased with the progress achieved, but remain determined to reach 100% by the end of 2024.

Furthermore all Otuvo's installation partners have endorsed the Code. In addition, the framework agreement has been updated with specific clauses prohibiting any use of Forced or Compulsory or Child labour. In addition we require installation partners to include provisions with the same prohibitions in contracts with their subcontractors. Lastly, Otuvo also collaborates with hardware distributors across Europe, of which 70% have signed.



Preparing for traceability reports

Throughout 2023 the availability of traceability reports have been discussed with the majority of PV module manufacturers. At present several can provide traceability reports for utility scale orders, with traceability of the supply chain back to sourcing of polysilicon. While not yet available for the residential market, we have experienced progress in awareness on issues related to traceability, and expect such reports to be available in the near future. To prepare we have worked to improve recording of serial numbers through a barcode scanner in the Otuvo onsite app.

Information inquiries and grievances

Under the Norwegian transparency Act, Otuvo has a duty to respond to requests for information. Otuvo has an internal procedure for handling requests. In 2023 Otuvo received one inquiry related to PV module sourcing. In 2023 Otuvo received no grievances through our external whistleblower channel.

Cooperation with industry association

Otuvo takes active part in the Norwegian Solar Energy clusters working group "Ethical Value Chains". In October 2023 the group published its first version of guidelines for due diligence assessments in the norwegian solar industry, providing practical insight and knowledge sharing with peers. Otuvo believes that cooperation is a necessity to facilitate improvements of systemic challenges.



Diversity, Equality and Inclusion

Materiality

We believe that tackling the energy transition requires innovative and creative problem solving approaches, driven by a diversity of perspectives, experiences and skill sets.

With employees and leadership across thirteen country organisations, in addition to our central team, shared service hub and remote workers, a variety of potential risks to employment diversity, equality and inclusion has to be considered.

Otovo is obligated to carry out activities to promote equality and prevent discrimination, to report on these activities and the actual status of gender equality, in accordance with the Norwegian Equality and Anti-Discrimination Act.

Our approach

We strive to create a workplace culture that values, supports and promotes Diversity, Equality and Inclusion (DE&I), where employees feel valued, respected and able to contribute their talents, perspectives, and experiences.

Otovo's commitment to work actively, purposefully and systematically to promote gender equality and prevent discrimination in the workplace, are embedded in our internal Anti-Discrimination and Equality policy.

The ultimate oversight and responsibility for implementation of improvement measures lies with the CEO. Otovo's Working Environment Committee (WEC) and central HR functions are regularly involved to measure and report on progress, make recommendations and hold leadership accountable for making progress on DE&I targets and initiatives.

If an employee in Otovo experiences or observes unwanted behaviour, harassment, breach of guidelines or law, we have an internal process for Whistleblowing and Complaints. If this is experienced to be insufficient, reports can also be submitted to Otovo's external Whistleblowing Channel.

Our principles, embedded in our Anti-Discrimination and Equality Policy, are aligned with the UN Global Compact Principle 6, Sustainable Development Goal 5 and the Norwegian Equality and Anti-Discrimination Act:

Anti-Discrimination:

We do not accept any discrimination based on personal identity such as gender, ethnicity, religion, gender identity, sexual orientation, age or disability. We do not discriminate based on pregnancy, parental leave at birth and adoption, or care responsibilities.

We will work to prevent discrimination by evaluating if and how it may occur with respect to work related activities, like: recruitment; remuneration, working conditions; opportunities for promotion and development; and combining work and family life.

Gender Equality:

We promote equality, giving people equal opportunity and equal rights. We practise equal pay for work of equal value. We recognise that accessibility and facilitation are a prerequisite for equality.

We are committed to being a company with:

- Equal participation in decision making, with *maximum* 60% gender homogeneity in:
 - managerial positions
 - executive management positions
 - the Board of Directors
- Equal pay for equal work
- Equal opportunities

No Harassment:

In Otovo every employee, customer and partner is to be treated with dignity, kindness and respect. We have a zero tolerance for harassment, and sexual harassment.

Status 2023

In 2023 the Otovo Group workforce grew by approximately 9% (FT employees per 31.12), a modest development compared to the record year, adding 6 new countries in 2022. When markets cooled, resilience and adaptability have been key to prepare for the future. Fostering a diverse workforce with equal opportunities is a continued priority.

Establishing the Shared Service Hub

While initiated in 2022, 2023 has been the year where Otovo's Shared Service Hub (SSH) in Madrid was fully established. Now employing more than 80 talented colleagues, from 20 different nationalities, the SSH represents the crucible of Otovo. Comprising the European Operations Center (EOC), the Marketing Studio and more, the SSH provides services of accounting, marketing, partnership relations and project operations to the 13 markets where Otovo is present, in addition to lead qualification for Spain, France, Austria, Italy and Switzerland.

Centralising functional units facilitates agile workforce distribution, effectively managing peak demands and local shortages. This optimisation drives measurable efficiency gains, enhancing communication, customer satisfaction, and sales outcomes. Continuous evaluation and optimisation of workflows across functional and structural units ensure ongoing efficiency improvements. Several of the hirings in the EOC are Otovo employees relocated from other markets, providing a vital contribution of knowledge transfer to the hub. In addition, Madrid, which is renowned for its 14 universities and cultural diversity, offers a rich pool of highly qualified individuals.

While the SSH presents numerous advantages, it also poses some unique challenges and potential risks to inequality. Close monitoring is essential to address any disparities and uphold fairness within the structure.

While the SSH presents numerous advantages, language barriers and cultural differences in the multinational workforce, make clear communication around our DE&I policies, imperative, and this has been a focus area throughout 2023.

As language proficiency is paramount for seamless integration and high-quality output, language training in both Spanish and English is provided to employees in the SSH.

By December 31. we are pleased that the SSH in Madrid, Otovo's largest office base, has a 50/50 gender balance, as shown in table *Gender Balance in Otovo Group* on the following pages.



Other activities and improvement Initiatives

In 2022 Otovo conducted a corporate level equality and diversity risk assessment, focusing on the areas of recruiting, hiring and development opportunities in Otovo. The assessment was carried out by the Working Environment Committee (WEC). Assessments, activities and improvement initiatives, carried out by the WEC and Otovo's central HR team are presented below.

Performance review templates

Findings from 2022 indicated a need for more clearly defined career development pathways leading to promotion, rotation and/or advancement opportunities. To ensure that Otovo's employees have equal opportunities for development and benefit structure, a Performance review template was developed in 2023. The performance review process is aiming to create a transparent feedback loop between managers and employees, in both directions. Additionally, we are aiming to have development plans for each employee to monitor progress and retain talent. Implementation has started and will be fully operational by year end 2024.

Anti-harassment awareness campaign

In addition to building on the assessment from 2022, the WEC has discussed risks and potential improvements to the working environment of Otovo. The group put particular focus on promoting anti-harassment both in the workplace and in relation to social gatherings. Raising awareness on anti-harassment is paramount in fostering a workplace culture built on respect, dignity, and inclusivity, particularly in environments where social interactions like company parties and events occur.

The workforce in Otovo is young, involving individuals new to navigating professional boundaries and social dynamics. This work led to an awareness campaign prepared by the WEC, presented by the CEO in our town hall meeting Otovo Lunch, and repeated by local General Managers. We have a zero tolerance for harassment in Otovo.



Actual State of Gender Equality

Statement in accordance with § 26 of the Anti-Discrimination and Equality act.

Gender Balance in Otovo Group

Gender Balance in Otovo Group: Given as Headcount per 31.12. (Parental leave year total)											
Office	Full time			Temporary		Part time		All contracts		Parental leave (avg weeks)	
	F*	M	F* Share	F*	M	F*	M	Total	F* share total	F	M
Amsterdam	1	5	17 %	1	1	0	1	9	22 %	-	4
Berlin	7	13	35 %	2	1	0	0	23	39 %	-	-
Brussels	4	4	50 %	1	2	0	0	11	45 %	-	-
HQ Oslo	21	34	37 %	2	2	0	0	57	38 %	33	15
Lisbon	12	13	48 %	1	0	0	0	26	50 %	37	14
London	4	9	31 %	0	1	0	0	14	29 %	-	-
Madrid	7	9	44 %	0	0	0	0	16	44 %	32	-
Milan	23	20	53 %	6	7	0	0	56	52 %	28	-
Oslo	11	11	50 %	1	1	0	2	27	48 %	13	-
Paris	7	11	39 %	0	0	0	0	18	39 %	15	23
SSH**	42	38	51 %	2	0	0	0	82	52 %	-	-
Stockholm	4	16	20 %	0	2	0	1	23	17 %	-	-
Vienna	6	11	35 %	3	1	4	1	26	50 %	14	-
Warsaw	13	17	43 %	0	0	1	3	34	41 %	52	22
Zurich	3	7	30 %	0	2	1		13	31 %	-	-
Year end	165	218	43 %	19	20	6	8	436	43 %	26	15

*) Employees identifying as Non-binary has been included in the "Female" columns for reporting purposes. The share of NB employees is non-material as to affect the standard approach.

**) Shared Service Hub, Madrid

Comment on gender balance: The overall gender balance in the Otovo Group is good, with a gender homogeneity below 60%. Exceptions are found particularly in the local offices of Amsterdam, London and most notably Stockholm. Compared to 2022 the over all gender balance has improved by 3% towards a higher female share, and we note that the Shared Service Hub which represents Otovo's largest group has been established with a fully balanced gender distribution.

Gender Balance in Group Management

Gender Balance in Group Management, Otovo Group (Headcount, 31.12)			
Role	Female	Male	Gender Homogeneity
CxO, Managing Directors (Executive management)	1	7	88 %
General Managers. General Counsel	3	8	73 %
(S)VPs	2	6	75 %
Total	6	21	78 %

Gender balance in Group Management: The company's policy objective of achieving maximum 60% gender homogeneity was not achieved within the management teams. Particularly the top executive management is unbalanced, with 88 % male representatives.

Gender Balance in Board of Directors

Gender Balance in the Board of directors (31.12)			
Role	Female	Male	Gender Homogeneity
Chair	-	1	
Board members	3	2	
Board members: Employee Representatives	1	1	
Total	4	4	50 %

Employee Representative Election 2023: In June, we elected two new employee representatives to the Board of Directors, one male and one female, for the period 2023-2025. The election was carried out according to the Norwegian regulations on the employees' right to representation in companies listed on the stock exchange (No: Representasjonsforskriften). Matteo Ciprandi, Manager of Corporate Development in the finance team, located in Italy and Zoë Wyon, Product Manager in the Product Delivery team, located in Oslo, were elected by simple majority. Otovo currently has an equal split of men and women in the BoD, in line with the commitments in our sustainability policy and internal anti-discrimination and equality policy.

Pay Gap in Parent Company Otovo ASA

Pay Gap Otovo ASA – Annual Total Compensation ratio				
Level	Roles	Female	Male	Pay Gap*
Executive	CxO	0	3	n.a.
Senior	(S)VPs, General Counsel, General Manager	3	3	3.9%
Mid Mgmt	Head ofs, Product Managers, Engineering Managers	8	8	3.1%
Specialists	Developers, Designers, Business Development, Finance	21	38	9.7%
Managers	PMs, AMs, CSMs, SMs	6	16	10.4%

Pay gap in Otovo ASA: The table above shows the pay gap among employees in the Otovo ASA entity, not including all group companies. Pay gap is given as the difference between women's to men's average salary, divided by men's average salary. Bonus and provisions included.

We note that, except for the CEO, CPO and CFO, the other members of Executive Management are employed outside Norway.

Sick leave in Parent Company Otovo ASA

Sick leave Otovo ASA – percentage of total hours, year avg		
	2022	2023
Women	1.60	2.02
Men	1.42	0.77
Total	1.48	1.29

Sick leave in Otovo ASA: The table above shows the sick leave in percentage of total planned work hours for employees in Otovo ASA. Overall the sick leave is low, with a minor reduction overall from 2022 to 2023.

“

*To all our customers in 2023
– thank you for contributing
to a brighter future!*

”



Alternative performance measures

Subscription customers enter into 20 year contracts (10 for batteries) with the asset-owning entity EDEA, that purchases the system from Otovo. Ahead of the acquisition of EDEA, Otovo's revenue on a subscription sale would be the same as on a direct sale. After the acquisition, revenue that stems from sale to EDEA is eliminated, and does no longer appear in the consolidated accounts.

As IFRS does not allow for recognising the fair value of a subscription contract, the Group has chosen to use Alternative Performance Measures (APMs) similar to those used by US peers in order to visualise the value related to the subscription business. In brief, the method consists of replacing traditional revenue by the present value of the 20 years' (or 10 years') cash flow that is generated from the subscription contract.

For an illustrative project in 2023, Otovo could typically have a margin of around 20 percent on a direct sale, so if the cost of installation of the system (COGS) is 100, the customer price and revenue would be 125 and the gross profit would be 25.

If the customer chose the subscription model, the subscription fee for the same system would typically be 1 per month or 12 per year adding up to 240 over 20 years. In addition the subscription fee is subject to annual, upward inflation adjustment. Assuming a conservative 2 percent inflation per year, the total payments over 20 years would be 290. Using a 5 percent discount rate in the alternative performance reporting, the net present value of this 20 years' cash flow would be 175. These 175 are the net present value of the signed 20 year commitment the customer has entered in the period, and will be reported at the time of completed installation of the project and be labelled as "Contracted Subscription Revenue".

A part of the subscription offering is maintenance on the system, so when looking at the profit generated over the lifetime of a subscription contract, the expected operations and maintenance (O&M) costs also have to be taken into account.

Figure 1: Revenue and gross profit related to a direct purchase contract

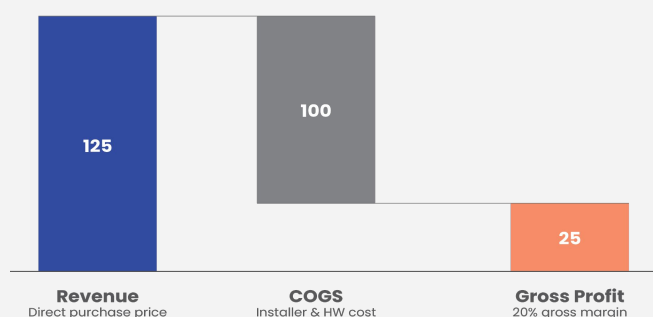


Figure 2: Contracted Subscription Revenue related to a subscription contract

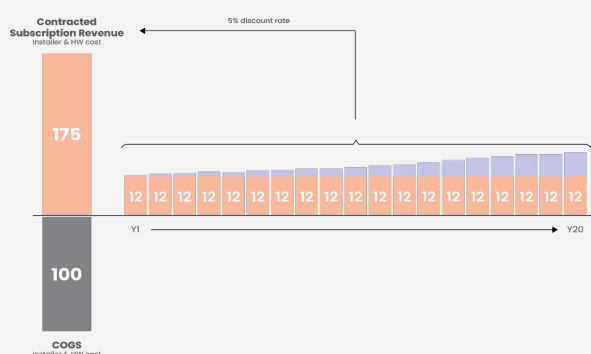
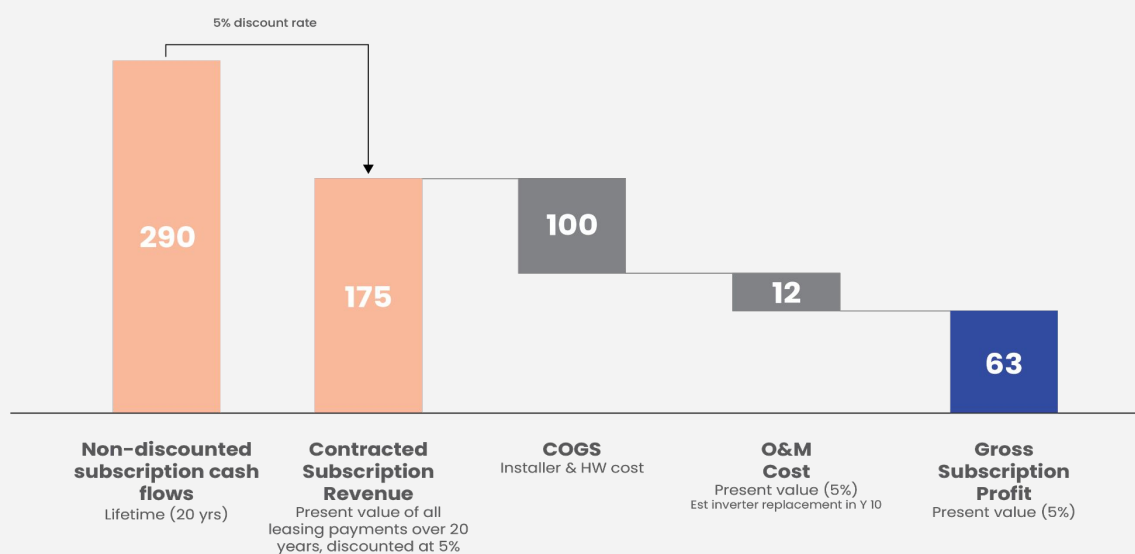


Figure 3: Contracted subscription revenue and gross subscription profit related to a subscription contract



If the customer chooses subscription, this example shows that the same system generates 63 in profit, compared with 25 for a direct purchase agreement.

The Group shows these metrics for all subscription contracts generated in an accounting period. As the revenue and profit generated is counted up front, the recurring revenue over the lifetime of the subscription contracts is subtracted when looking at these metrics on a Group consolidated level. Finally, the Group will show an EBITDA-equivalent metric where revenue is replaced by revenue generated.

Directors' report

2023 was a volatile year in European solar. In the start of the year the industry was still in growth mode as the projects sold in 2022 were being installed. However, demand and sales weakened as consumers felt the inflationary pressure, high interest rate and certain regulatory changes. This impact was not uniform across countries, and affected markets where Otovo has a strong presence like Scandinavia, Italy and Spain more. Otovo has responded to the changing demand side by taking actions to bring down costs and moving resources and work to Madrid. This makes our business model more efficient, scalable and flexible. The reduction seen in the cost of solar through the year and improved consumer economic environment across Europe make us believe in a more positive outlook for 2024.

After a record year in 2022 Otovo went into 2023 with a significant pipeline of projects and a business model that was geared for continued growth. During the start of 2023 the solar and battery market faced headwinds in several European countries. This was driven by consumers feeling the burden of persistent inflation and high interest rates. In addition, electricity prices have been lower which combined with sustained government intervention in energy markets reduced the customers' urgency to go solar. The weaker demand combined with a substantial increase in the global supply of solar and battery products lead to reduced prices both for solar and battery equipment as well as the installation cost to put solar panels on roofs.

The company continued strong financial growth in the first half of 2023 as the pipeline built up in 2022 was installed. With the slowdown in demand the Company's financial performance worsened in the second half of the year as lower sales volumes in the first half resulted in sequentially fewer installations in the second half of the year resulting in reduced revenues.

The company is more positive to the European solar and battery markets in 2024 as inflationary pressure eases, interest rates stabilise and consumers experience real income increases. In addition, a new marketing setup is expected to improve Otovo's relative performance. Correspondingly, the establishment of Otovo's Shared Service Centre in Madrid and cost reduction measures taken in the last quarter of 2023 contribute to a more scalable and efficient model that can break even at lower installation volumes.

Strategy

Otovo's overall ambition is to become Europe's number one provider of solar energy and batteries to private households. The key priorities to achieve this is:

1. **Marketplace: Build out Otovo's marketplace across 13 European markets.** Otovo will drive more and more markets to profitability by improving unit economics and increasing volumes
2. **Subscriptions: Continue to scale the Subscription business.** Subscription customers are more valuable than direct sales customers. Ensuring that the Subscription business is competitively financed and also prove Otovo's ability to monetize parts of the portfolio to third parties with a lower cost of capital remain key
3. **Grow the value per customer: Add new hardware and monetize flexible energy assets.** Over time, Otovo has demonstrated the ability to increase revenue per customer (ticket size) by selling larger systems and adding batteries. Going forward we will introduce new hardware categories such as heat pumps and EV chargers to provide all four key technologies required to electrify the European consumer. In addition, we will monetize the inherent flexibility in these technologies by providing grid services in the markets where such markets exist. Read more about Otovo's strategy on page 14 and onwards.

Corporate governance and sustainability

Corporate governance in Otovo concerns how the Board of Directors and the Management operate to ensure confidence in the value creation in Otovo over time for our customers, shareholders, employees and other stakeholders. The Audit Committee supports the Board of Directors in the oversight of Corporate governance and Compliance and reviews these factors with management on a regular basis.

Sustainability ensures the company's positive impact on the environment and society, while minimising any negative impact. By delivering solar installations across Europe, generating clean electricity harvested from the sun, Otovo's business is at the core of the energy transition that will take place in Europe in the coming decades, to reduce greenhouse gas emissions and achieve the Paris agreement targets.

Otovo's approach to human rights due diligence is in line with OECDs Guidelines for Responsible Business Conduct. Exposure to human rights violations in the Xinjiang region of China, through upstream input factors (polysilicon) and subsequent low traceability along the supply chain, are considered Otovo's most salient risks. See the Corporate Governance report on page 17 and onwards and the Sustainability report on page 23 and onwards.

Risk management

Procedures for risk management in Otovo are governed by the Group's risk management policy. The ultimate responsibility for risk management lies with the Board who is assisted in the follow-up by the Audit Committee, whereas the CEO has the responsibility for establishing sufficient risk management processes and controls, ensuring that they are executed as intended, adjusted if needed, and that necessary mitigation actions are in place to reflect the risk situation at any given point in time. The major risks of the group are reviewed on a regular basis. Read more about Otovo's risk management on page 8 and onwards.

Financial review of 2023

The Group's consolidated financial statements are prepared in accordance with IFRS® Accounting Standards as endorsed by the European Union.

In its financial statements the Group reports on two operating segments: i) The Marketplace segment comprising the Group's activities where the customer pays directly for the PV or battery system, and ii) The Subscription segment where the customer enters into a longer term agreement such as leases, service agreements, etc., relating to PV or battery system.

Income statement

Total operating income in 2023 was NOK 1.1 billion, 68% above the NOK 652 million in previous year. This is driven by strong growth in the first half of the year. Markets launched in 2022 grew from low comparables and most other markets experienced growth. This was supported by the average purchase price (ticket size) increasing with a higher attachment rate of batteries and that the hardware prices for solar systems and batteries increased. The increase is also explained by increases in revenues from the Group's subscription contracts of MNOK 26 million and a gain of NOK 38 million related to the sale of Norwegian and Swedish subscription portfolios to Swiss Life Asset Managers.

Cost of goods sold increased 55%, to NOK 810 million, compared to NOK 523 million last year. The increase is linked to the increase in revenue. The underlying improvement in gross profit is strong but remains diluted by the markets Otovo entered in 2022. Gross margins are gradually increased after new country launches, as more installers are on-boarded to the platform, competing against each other to deliver projects and driving cost down, and the Otovo brand has gained a position in the market.

Payroll and related costs increased from NOK 219 million in 2022 to NOK 347 million in 2023, an increase of 58%, of which NOK 16 million or 12 p.p. of the growth is related to share-based payment programs. In Q4 the company restructured its share-based payment program resulting in a one time cost of NOK 16 million. The remaining increase in costs is explained by expansion to support the markets launched in 2022, and strengthening of the Group's marketing functions.

Depreciation, amortisation and impairment ended at NOK 75 million, up 17% from NOK 64 million in 2022. The increase is primarily related to depreciation of new subscription assets.

The change in net financial items from 2022 to 2023 is primarily attributable to gains on currency related to internal loans in EUR and gain on disposal of Otovo's investment in associated company Holu, partially offset by increases in interest expenses related to the Group's external financing of new subscription assets.

Financial Position

Total assets increased by NOK 93 million to NOK 1.4 billion. The increase is funded with equity raised in the private placements conducted in February and November 2023 as well as through increase in long term debt.

The increase in assets is explained by an increase in property, plant and equipment related to the Group's Subscription segment, net of divestment of Norwegian and Swedish subscription assets as well as an increase in cash driven by the private placement conducted in November 2023.

Total non-current liabilities have increased, primarily due to external financing of new subscription assets, net of repayment relating to financing of Norwegian and Swedish subscription assets.



Cashflow

Net cash flow from operating activities was negative by NOK 204 million in 2023, compared to a negative NOK 267 million in 2022, the change reflects increased operating losses which is outweighed by the sale of the principal balance of Italian tax credits.

Net cash outflow from investing activities was NOK 166 million in 2023. This was primarily driven by investments in the Subscription segment and the software platform Otovo Cloud. This was partially offset by the sale of the Subscription portfolio in Norway and Sweden to Swiss Life Asset Managers and consideration from the disposal of Otovo's investment in associated company Holu.

Net cash inflow from financing activities was NOK 750 million in 2023, compared to NOK 417 million in 2022. This increase is primarily explained by the cash raised in private placements in February and November. Additionally the Group has drawn on the debt facility held with DNB Bank ASA and Sparebank 1 SR-bank ASA. The facility, obtained in January 2023, is a EUR 50m revolving credit facility to finance the subscription assets. The Group has repaid the former facility held with Nordea Bank the part of the debt following the sale of the Subscription portfolio in Norway and Sweden to Swiss Life Asset Managers..

Review of the parent company's financial statements

The annual accounts for the parent company have been prepared according to Norwegian Generally Accepted Accounting Principles (NGAAP).

Otovo ASA is the parent company in the Otovo Group.

Otovo ASA had NOK 395 million in total revenues in 2023, an increase of NOK 148 million from the previous year. The increase in revenues was driven by increases in installed projects compared to previous year. Other operating revenue increased primarily due to higher software charges to subsidiaries for their use of Otovo Cloud. The fee increases with revenues in the subsidiaries. Other operating expenses have primarily increased as a result of head office costs incurred for expansion to new markets and launch of new products, as well as higher media spend in Norway due to a softer market. Payroll and related expenses have increased, primarily due increases in share based expenses of NOK 16 million and headcount changes involving downsizing of headquarters functions, downsizing and merging local functions and transfer of resources to the shared service center in Madrid.

The result for the year ended at a loss of NOK 40 million compared with a loss of NOK 64 million in 2022.

At the end of the year, Otovo ASA had assets of NOK 1654 million and bank deposits of NOK 432 million. At the end of the year, Otovo ASA had total equity of NOK 1565 million. The increase compared with last year is primarily due to equity raised through private placements in February and November 2023.

The Company's liquidity situation, ability to finance future investments, meeting its obligation and the solidity of the parent company are adequate and satisfactory.

Directors and officers liability insurance

The Group has a Directors and Officers liability insurance with AIG with coverage of NOK 150 million per instance and accumulated for a year.

Subsequent events

Equity financing

On 2 January 2024 the Company announced a subsequent offering comprising up to 17,400,000 shares in the Company at a subscription price of NOK 3.45 per share, directed towards eligible shareholders that were not allocated shares in the private placement conducted on 9 November 2023. By the end of the subscription period, that expired on 9 January 2024, the Company had received valid subscriptions for 364,944 new shares. On 10 January the Company's board resolved to allocate a total of 364,944 new shares, raising gross proceeds of approx. NOK 1.26m. The capital increase related to the share issue was registered on 17 January 2024.

Otovo and Meyer Burger collaboration

On 7 February 2024 the Company announced the launch of a partnership with Swiss solar module manufacturer Meyer Burger Technology Ltd, starting in February. As part of the initiative, Meyer Burger's high-quality solar products will be included in the Otovo marketplace as a European, sustainable module alternative. The alliance combines the traditional expertise of Meyer Burger with the agility of Otovo. Meyer Burger contributes its high-quality solar modules manufactured in Europe, while Otovo contributes its efficient and digital sales process. This symbiosis enables both companies to leverage their individual strengths to serve the European solar market more effectively and offer consumers a wider choice.

Launching subscription product in United Kingdom

Otovo's Subscription entity in the United Kingdom, European Distributed Energy Assets Limited, has been authorised by the Financial Conduct Authority ("FCA") to enter into regulated credit agreements as a lender in the United Kingdom. This is a requirement to offer subscriptions in the UK market.

Outlook for 2024

The market for solar systems and batteries faced headwinds in 2023. For 2024 the outlook is more positive driven by better consumer economic conditions, an improved business case of going solar for consumers and actions taken to improve Otovo's relative performance versus competitors. This makes us believe in volume growth for the Group in 2024. Compared to 2023, Otovo enters the year with a limited pipeline and growth is consequently reliant on sales development. In addition the Group has taken actions to take down cost levels which should further improve financial performance.

Going concern

The Board of Directors is of the opinion that the Group will have adequate financial strength and flexibility to provide sufficient support to operations in subsidiaries and meet the Group's targets for 2024.

The Board of Directors confirms that the prerequisites for the going concern assumption exists and the financial statements have been prepared based on a going concern basis in accordance with the Norwegian Accounting Act.

Annual profits and distributions

The result for the year in Otovo ASA was a loss of NOK 40 million. The board proposes to transfer this from other equity. The board proposes that no dividend is distributed for the financial year 2023.

After the transfer, Otovo ASA will have an equity as of 31 December 2023 of NOK 1565 million, corresponding to an equity ratio of 94.6%, while the Group has an equity of NOK 874 million and an equity ratio of 64.4%.

Oslo, 20 March 2024

Board of Directors of Otovo ASA



Peter Mellbye
Chairman of the Board



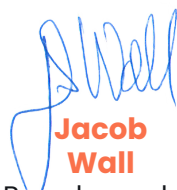
Ingunn Andersen Randa
Board member



Stine Halla
Board member



Tor Øystein Repstad
Board member



Jacob Wall
Board member



Josefin Christina Landgård
Board member



Zoë Wyon
Board member



Matteo Ciprandi
Board member



Andreas Egge Thorsheim
Chief Executive Officer

Board of Directors

Peter Mellbye

Chair

Peter Mellbye has been the chairperson of the Company since March 2017. Mellbye has held management roles for more than 20 years in Statoil (now Equinor). He is currently the chairman of Inherit Carbon Solutions AS and a member of the board of directors in WestGass AS, and Wellesley Petroleum AS, and has previously been a member of the board of directors in Altus Intervention AS, Statkraft AS and Technip FMC plc. Mr. Mellbye holds a Cand. Polit. degree in Economics, Law and Politics.

Stine Halla

Board Member

Stine Halla has been a member of Otovo's Board of Directors since April 2022. She is SVP Finance for Nordic Marketplaces in Schibsted. She has previously held several positions within finance in Schibsted, e.g. CFO in the news publications VG and Bergens Tidende. Halla holds an MBA from the Norwegian School of Economics and started her career in PricewaterhouseCoopers.

Jacob Wall

Board Member

Jacob Wall was elected board member in December 2023. He currently serves as Axel Johnson's EVP of Business Development. In this capacity he is the board chair of Novax and a board member of Elon and New Moon. Wall was previously a partner and advisor at ABG Sundal Collier and, prior to that, Senior Vice President and co-founder of Alcur hedge fund. He studied financial management, economic history and political science at Stockholm University and Uppsala University.

Zoë Wyon

Board Member & Employee Representative

Zoë Won works in Otovo's Product function and is employed in Otovo ASA. She is the Product Manager for the software that oversees the end-to-end process of delivering solar panels and batteries to customers. Prior to joining Otovo, she was a consultant with Netlight. She holds a Master's degree in Industrial Engineering and management from Lund University.

Ingunn Andersen Randa

Board Member

Ingunn Andersen Randa has served on the Board of Directors since June 2018, and is currently the Executive Vice President in OBOS BBL, responsible for residential development. She is also a member of the board of directors of Solon AS and several of OBOS's real estate development companies. She has previously worked in various roles in Nordea. Randa holds a master's degree in business and economics.

Tor Øystein Repstad

Board Member

Tor Øystein Repstad has been a member of the Company's Board of Directors since September 2016. He is currently the CEO of Å Energy Invest AS. Repstad is a board member in several companies, such as NetSecurity AS, Bio Energy AS, Norgesfilm AS, RT Capital AS, Green Hyco AS, Resitec AS, Neg AS, Adaptic AS, Eco Stor AS, and Morrow Batteries AS. Repstad holds a master's degree in industrial economy from NTNU, and an MBA in finance from NHH.

Josefin Landgård

Board member

Josefin Landgård has served on the Board of Directors since April 2021, and is currently Founder and CEO of Mantle. She was the founder of byFounders and KRY, and has been an independent consultant for more than twelve years. Landgård has been Senior Consultant in Volvo, board member at Phoniro systems AS, COO in Viewserve. Landgård holds a Master's degree in Management from Stockholm School of Economics.

Matteo Ciprandi

Board Member & Employee Representative

Matteo Ciprandi holds the position as Manager of Corporate Development in the Company's finance function and is employed in Otovo Srl, the Group's Italian subsidiary. Prior to Otovo, he was a Account Executive at Expedia Group. Ciprandi holds a Master's degree in Economy of Tourism from Università degli Studi di Milano-Bicocca.



Executive management

Andreas Egge Thorsheim

Chief Executive Officer and Founder

Andreas Egge Thorsheim has had the position as CEO of the Company since January 2016. He has previously had the position as CFO/COO in Schibsted Norge AS, CEO of Bergens Tidende and other executive roles within the Schibsted Group. He has also been SVP of Product at Opera Software. Thorsheim holds a Master of Science in economics from the Norwegian School of Economics, and a Msc. in international management from London School of Economics. Thorsheim also serves on various boards.



Petter Ulset

Chief Financial Officer

Petter Ulset assumed the position as CFO on 1 March 2022. Ulset comes from the role as SVP Corporate Development at Cognite AS. Prior to Cognite, Ulset was an Investment Manager with the publicly listed industrial investment company Aker ASA. Ulset also served as board director and observer of several listed and private portfolio companies. Before that Ulset was an Associate Partner with McKinsey & Company. Ulset holds an Msc. in Industrial Economics from the Norwegian University of Science and Technology (NTNU).



Simen Fure Jørgensen

Chief Product Officer and Co-Founder

Simen Fure Jørgensen is Co-founder, and has been the Chief Product Officer of Otovo since January 2016, leading the development of Otovo's technology. He is also the chairman of the board of directors in Simvest AS and Lean Friends AS, in addition to serving as a board member on the board of directors in Kaukus AS. Jørgensen holds a Msc. from the Norwegian University of Science and Technology (NTNU).



Alexander Berson

Chief Marketing Officer

Alexander Berson joined the Company as Chief Marketing Officer in September 2023. He leads the marketing, communications and partnerships functions. Berson was previously the Europe CEO of a fintech scale-up Rain and a managing director of digital retail lending at Barclays. He has also held senior positions at eBay and Groupon's European marketing functions. He holds an MBA from Harvard Business School and a BA from Whitman College.



Fabio Stefanini*Managing Director*

Fabio Stefanini is the Managing Director for Germany, Italy, Switzerland and Austria. Since February 2021, he has also been the General Manager of Italy, based out of Milan. Stefanini was General Manager for Uber New Mobility, and Country Lead for Amazon Pantry in Italy before joining Otovo. He holds an MBA from SDA Bocconi & Wharton, and a Master's degree in Management Engineering from Università di Bologna.

**Iñigo Amoribieta***Managing Director*

Iñigo Amoribieta is the Managing Director for Spain, Portugal and the United Kingdom, as well as being the General Manager for Spain. Amorebieta has been a key figure in Otovo's European expansion since taking the leading position in Madrid in August 2019. In addition to extensive experience as CEO & COO in other online marketplaces, and Engagement Manager at McKinsey & Company, Amoribieta is an Associate Professor at Universidad Pontificia Comillas in Madrid.

**Jean Rosado***Managing Director*

Jean Rosado is the Managing Director for France, Belgium and the Netherlands. He is also the General Manager of France. Prior to joining Otovo, he was the Deputy General Manager for France at FlixBus. Rosado spent nearly 6 years in the United States, working with Aircraft sales for ATR, before joining Bain & Company in Paris in 2016. Rosado holds an MSc. in Aerospace Engineering from Technische Universität Berlin, and an MBA from INSEAD.

**Paulina Ackermann***Managing Director*

Paulina Ackermann is the Managing Director for Poland, Sweden and Norway, in addition to being the General Manager of Poland. She has worked for Otovo in Warsaw since October 2020, before which she held the General Manager Position for Poland Czech Republic & Hungary for Lime. Prior to Lime, Ackermann worked in senior positions in Uber for four years. She holds a Master's degree in Econometrics & Operations research from Maastricht University.



Financial Statements



Financial Statements

Consolidated income statement

Amounts in NOK thousand

For the year ended 31 December	Note	2023	2022
Revenue	6	1 010 550	637 501
Other operating income	6, 24	82 024	14 763
Total operating income		1 092 574	652 264
Cost of goods sold	6	809 649	523 152
Payroll and related costs	6, 7	347 272	219 117
Depreciation, amortisation and impairment	6, 11, 12, 13	75 200	64 333
Other operating expenses	8, 14	259 904	163 197
Total operating expenses		1 492 025	969 799
Operating profit/(loss)		-399 451	-317 534
Financial income	9, 25	4 487	1 806
Financial expenses	9	29 234	4 080
Net exchange gain/(loss)	9	20 587	10 625
Gains (losses) on disposal/acquisition of subsidiary	22	13 791	-
Share of profit (loss) of equity accounted investees, net of tax	5	-	-9 864
Net financial items		9 631	-1 513
Profit/(loss) before income tax		-389 820	-319 047
Income tax expense	10	-5 047	-7 781
Profit/(loss) for the period		-384 773	-311 266
Profit/(loss) is attributable to			
Owners of Otovo ASA		-384 773	-309 498
Non-controlling interests		-	-1 768
Earnings per share			
Basic and diluted, for profit attributable to the ordinary equity holders of the company:	24	-2.43	-2.47

Consolidated statement of comprehensive income

Amounts in NOK thousand

For the year ended 31 December	Note	2023	2022
Profit/(loss) after tax for the period		-384 773	-311 266
Other comprehensive income which may be reclassified to profit and loss			
Foreign currency translation differences		125	-3 138
Total comprehensive income for the period		-384 648	-314 404
Total comprehensive income is attributable to:			
Owners of Otovo ASA		-384 648	-312 602
Non-controlling interests		-	-1 802
		-384 648	-314 404



Consolidated statement of financial position

Amounts in NOK thousand

For the year ended 31 December	Note	31 Dec '23	31 Dec '22
Assets			
Intangible assets	13,22	83 656	102 803
Goodwill	13,22	164 611	158 181
Property, plant and equipment	11	344 108	200 491
Right of use assets	12	13 939	14 317
Financial lease receivables		13 002	-
Other non-current assets		4 334	2 648
Total non-current assets		623 650	478 440
Trade receivables	14,21	46 196	44 054
Other receivables and prepayments	15,21	103 319	200 395
Finance lease receivables		717	-
Assets classified as held for sale	5	-	9 748
Inventory		1 091	10 761
Cash and cash equivalents	17	582 707	193 868
Total current assets		734 030	458 826
Total assets		1 357 680	937 266
Equity			
Share capital	20	2 792	1 362
Share premium reserve	20	1 834 616	1 156 329
Other paid-in equity	20	84 960	37 331
Total paid-in equity		1 922 368	1 195 022
Foreign currency translation reserve		393	268
Retained earnings		-1 048 566	-663 793
Total equity		874 195	531 497
Liabilities			
Deferred tax liability	10	2 109	9 607
Non-current interest-bearing liabilities	16,17,19	235 432	125 672
Lease liabilities non-current	12,17,19	6 696	6 130
Total non-current liabilities		244 237	141 409
Lease liabilities current	12,17,19	8 362	8 747
Trade payables	19	69 343	71 473
Other current liabilities	16,18,19,21	161 444	184 139
Current tax payables		99	-
Total current liabilities		239 248	264 359
Total equity and liabilities		1 357 680	937 266

Oslo, 20 March 2024

Board of directors of Otovo ASA


Peter Mellbye

Chairman of the Board


Ingunn Andersen Randa

Board member


Stine Halla

Board member


Tor Øystein Repstad

Board member


Jacob Wall

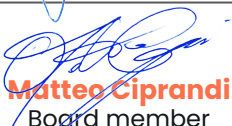
Board member


Josefin Christina Landgård

Board member


Zoë Wyon

Board member


Matteo Ciprandi

Board member


Andreas Egge Thorsheim

Chief Executive Officer

Consolidated statement of cash flows

Amounts in NOK thousand

For the year ended 31 December	Note	2023	2022
Cash flow from operating activities			
Profit/(loss) before tax		-389 820	-319 047
Depreciation, amortisation and impairment	11, 12, 13	75 200	64 333
Expensed share-based payments	7	47 629	24 950
Net interest income and interest expenses	9	14 876	2 775
Share of profit (loss) of equity accounted investees	5, 22	-13 791	9 864
Currency (gains)/losses not related to operating activities		-22 077	-7 415
Changes in trade receivables		1 892	-21 884
Changes in trade payables		-8 629	41 584
Change in other assets and other liabilities		105 926	-59 461
Cash generated from operating activities		-188 794	-264 301
Received interest	9	4 309	1 017
Paid interest	9	-19 185	-3 791
Net cash flow from operating activities		-203 670	-267 075
Cash flow from investing activities			
Investment in other companies	5	-	-15 411
Disposal of associated company	5	23 539	-
Investments in intangible assets		-36 703	-29 870
Investments in tangible assets	13	-369 449	-133 620
Disposals of tangible and intangible assets	11, 24	216 421	-
Net cash flow from investing activities		-166 191	-178 900
Cash flow from financing activities			
Proceeds from issuance of ordinary shares		679 717	299 902
Payment of lease liabilities	12	-7 247	-5 722
Inflow due to new non-current liabilities		423 293	125 629
Outflow due to downpayment of non-current liabilities	16	-345 660	-3 159
Net cash flow from financing activities		750 103	416 650
Net cash flow during the period		380 242	-29 326
Cash and cash equivalents at the beginning of the period		193 868	224 187
Exchange rate difference on cash and cash equivalents		8 598	-991
Cash and cash equivalents at the end of the period	17	582 707	193 868

Consolidated statement of equity

Amounts in NOK thousand

Attributable to owners of Otovo ASA								
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total	Non controlling interests	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	-	-	-	-	-309 498	-309 498	-1 768	-311 266
Other comprehensive income for the period, net of tax	-	-	-	-3 138	-	-3 138	-	-3 138
Total comprehensive income in the period	-	-	-	-3 138	-309 498	-312 636	-1 768	-314 404
Issuance of shares	94	300 103	-	-	-	300 197	-	300 197
Change in nominal value	673	-673	-	-	-	-	-	-
Transaction costs on equity issues	-	-10 000	-	-	-	-10 000	-	-10 000
Purchase of non-controlling interest	13	32 968	-	-	-3 446	29 535	-29 535	-
Share-based payments, exercised	11	9 694	-	-	-	9 705	-	9 705
Share-based payments accrual	-	-	24 950	-	-	24 950	-	24 950
Equity at 31 December 2022	1 362	1 156 328	37 331	268	-663 792	531 497	-	531 497

Attributable to owners of Otovo ASA								
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total	Non controlling interests	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	-	-	-	-	-384 773	-384 773	-	-384 773
Other comprehensive income for the period, net of tax	-	-	-	125	-	125	-	125
Total comprehensive income in the period	-	-	-	125	-384 773	-384 648	-	-384 648
Issuance of shares	1 430	698 570	-	-	-	700 000	-	700 000
Transaction costs on equity issues	-	-20 283	-	-	-	-20 283	-	-20 283
Share-based payments, accrual	-	-	47 629	-	-	47 629	-	47 629
Equity at 31 December 2023	2 792	1 834 615	84 960	393	-1 048 565	874 195	-	874 195

Notes to the consolidated financial statements

Note 1. General information and basis for preparation

General information

Otovo ASA, the parent company of the Otovo Group is a public limited liability company incorporated and domiciled in Norway, with its head office in Torggata 7, 0181 Oslo. The Company is listed on the Oslo Stock Exchange (Oslo Børs) and has the ticker "OTOVO".

The consolidated financial statements include the company, its subsidiaries (together referred to as the "Group") and the Group's share in associated companies. The Board of Directors authorised for issue the consolidated financial statements on 20 March 2024.

The Group's business is primarily related to sale of and subscription services for solar panel installations and related products through an online sales platform, developed and maintained by Otovo.

Basis for preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS® Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU. The consolidated financial statements are based on the IFRS mandatory accounting standards effective 31 December 2023.

The consolidated financial statements have been prepared based on the historical cost principle, with some exceptions, as detailed in the accounting policies set out below. Assets not at fair value are written down to their recoverable amount if the carrying value is higher. The recoverable amount is the higher of either the asset's value in use or its fair value less cost to sell.

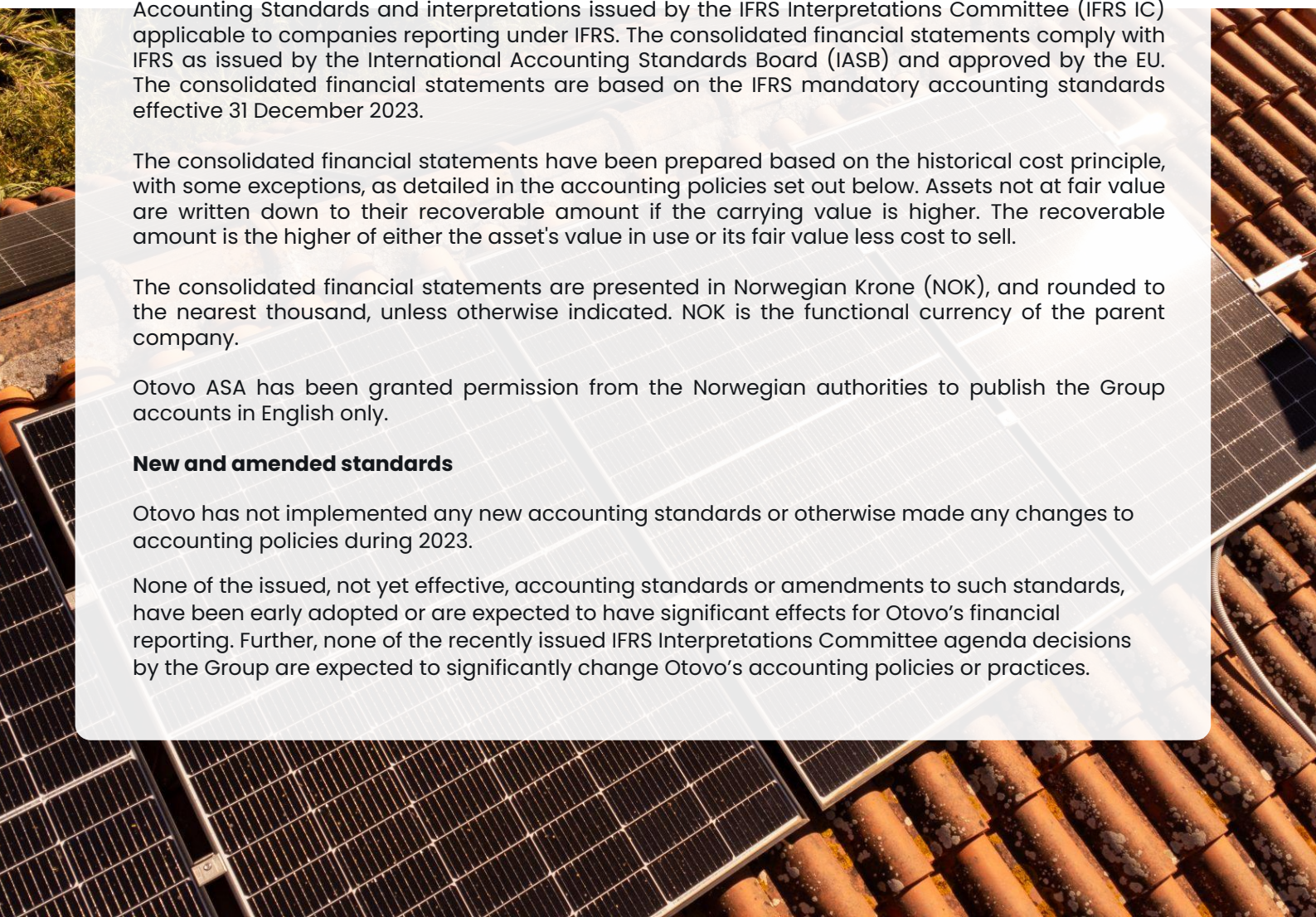
The consolidated financial statements are presented in Norwegian Krone (NOK), and rounded to the nearest thousand, unless otherwise indicated. NOK is the functional currency of the parent company.

Otovo ASA has been granted permission from the Norwegian authorities to publish the Group accounts in English only.

New and amended standards

Otovo has not implemented any new accounting standards or otherwise made any changes to accounting policies during 2023.

None of the issued, not yet effective, accounting standards or amendments to such standards, have been early adopted or are expected to have significant effects for Otovo's financial reporting. Further, none of the recently issued IFRS Interpretations Committee agenda decisions by the Group are expected to significantly change Otovo's accounting policies or practices.



Note 2. Significant accounting principles

Consolidation principles

The consolidated financial statements present the aggregated profit and loss and financial position of Otovo ASA, including companies that are directly or indirectly controlled by Otovo ASA. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

In the instances where the Group has controlling interest while owning less than 100% of the subsidiary, the subsidiary is still recognised with 100% line by line, while the non-controlling interest's part of profit after tax and equity are presented as a separate line. If the Group holds less than the majority of the voting rights of a company, the Group may still have power, for example through contractual arrangements. Subsidiaries are fully consolidated from the date control was achieved, until the date when control was ceased. The comprehensive income for each component is assigned to the owners of the parent company and the non-controlling interests. This distribution is presented on separate lines in the consolidated financial statements. Intercompany transactions, as well as unrealised revenue and expenses from intercompany transactions, are eliminated in the consolidated financial statements. Unrealised gains or losses are eliminated to the extent in which it does not affect the value.

Business combinations and goodwill

Business combinations that occur after 1 January 2020 are accounted for according to the acquisition method in IFRS 3. Under IFRS 3, the considerations are measured at the fair value of transferred assets, equity and liabilities incurred. Goodwill is measured as the difference between the consideration transferred and net identifiable assets. Identifiable assets, liabilities and contingent liabilities are calculated at fair value at the time of the acquisition. Transaction-related costs are expensed as incurred.

The allocation of the purchase price in business combinations may affect the impairment assessments of assets, including goodwill, in future periods.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.



Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU. The Group calculates the recoverable amount of the CGU by determining the higher of the fair value less cost to sell and its value in use. The key assumption for the value in use calculation is the forecasted cash flows during the forecast period. If the recoverable amount of the CGU is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised immediately in the consolidated income statement and is not reversed in a subsequent period.

Foreign currency translation and transactions

The consolidated financial statements are presented in NOK, which is Otovo ASA's functional currency.

Foreign currency transactions are translated into the entities' functional currency using the exchange rates prevailing at the date of each transaction. Monetary assets and liabilities in foreign currencies are translated into the entities' functional currency using the exchange rates on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of profit and loss as foreign exchange gains/losses.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification

An asset is classified as current when it is expected to be realised, or is intended for sale or consumption, in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Reporting segments

Segments in the Group are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, the Group Executive Management. The segment reporting is consistent with internal policies regarding allocation of resources and assessments of the Group's performance. Transactions between the operating segments are based on market prices.

The Group's operating segments are Marketplace and Subscription SPV.

The Marketplace segment consists of transactions relating to sale of solar panels and related products, while the Subscription segment consists of transactions related to customers subscribing to use solar panels and related products.

Currently the subscription period for solar panels is 20 years, while it is 10 years for batteries

Revenue

The Group's revenue streams can be broken down as follows:

Revenues from leases (lessor - operating lease)

The Group enters into 10 year subscription contracts with customers for their use of standard, mass produced home batteries installed at their premises. The batteries are guaranteed by the hardware producers to have 70-80% of original capacity at the end of the lease, and the estimated useful life of a home battery is 15 years or more. The customer has the right to purchase the battery during the contract period at residual value, which is considered to be above market value, or at the end of the contract period at market value. Dismantling expenses at the end of the contract period are to be covered by the customer.

Otovo has concluded that the Group has not transferred substantially all the risks and rewards incidental to ownership of the batteries and has classified the subscription contracts for home batteries as operating leases. Operating lease payments are recognised as income on a straight-line basis in accordance with IFRS 16.

Revenues from leases (lessor - finance lease)

The Group has changed contracts with new subscriptions customers in Germany as a result of local changes in VAT. The change was effective for installations completed starting from January 2023 and entails that the customer has the right to purchase the battery for 1 EUR at the end of the contract period. 1 EUR is expected to be sufficiently lower than fair value at the date the option becomes exercisable and it is considered to be reasonably certain that the option will be exercised.

The change in option price at the end of the contract is shifting the Group's conclusion from operating lease to finance lease for the batteries installed in Germany in 2023 under the subscription model.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. Otovo has concluded that the Group has transferred substantially all the risks and rewards incidental to ownership of the batteries installed in Germany in 2023, and has classified the related subscription contracts as finance leases. At the inception of the lease the net present value of the minimum lease payments and any discounted unguaranteed residual value are recognised as a interest bearing receivable, split into a non-current and a current part.

Revenue is recognised when the respective performance obligations in the contract are satisfied and payment remains probable. Revenue is recognised at the point in time when the battery installation is completed and the related significant risks and rewards of ownership is transferred to the customer. Revenue from the provision of services is generally recognised over time when or as the Group performs the related service during the agreed service period. Finance income is recognised over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

Revenues from leases are reported in the Group's subscription segment.

Revenues from Contracts with Customers

Revenues from contracts with customers primarily comprise sale of

- Goods: solar panel installations and related products such as batteries
- Services: subscriptions relating to use of solar panel installations

In addition to selling solar panel installations the Group enters into 20 year subscription contracts with customers for their use of standard, mass produced solar panels installed at their premises. The estimated useful life of solar panels is 30–40 years or more. The customer has the right to purchase the solar panel installation during the contract period at residual value, which is considered to be above market value, or at the end of the contract period at market value. Dismantling expenses at the end of the contract period are to be covered by the customer.

All major components of the solar panels installed are standardised, i.e. there is no tailor made solution that works only with that specific house or on that specific roof. The solar panels are guaranteed by the hardware producers to have no malfunctions in 12–15 years, and have a performance warranty of 25 years. The customer can choose amongst different panels standards but is not able to direct how and for what purpose the solar panel installation is used throughout the period of use. The contracts are classified as service agreements in accordance with IFRS 15.

When the Group enters into an agreement with a customer, the goods and services promised in the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer, and that the goods and services are separately identifiable from other promises in the contract. Goods and services that do not meet the criteria to be identified as separate performance obligations are aggregated with other goods and/or services in the agreement, until a separate performance obligation is identified. Otovo's contracts with customers are for installation of a complete system of solar panels and related products, as well as subscription services for the use of solar panels. It is not possible to purchase neither the solar panels nor the installation services separately from Otovo and the solar panels are first delivered to the customer when the installation starts. The solar panels and the installation are highly interrelated as the customer can not benefit from either the solar panels or the installation in isolation.

The Group provides standard guarantees for the period of up to 10 years from installation of the solar panels. These are guarantees that are either mandatory or expected by the customer and not a product that could have been sold separately, hence Otovo has concluded that the guarantee is not a separate performance obligation.

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes. Sales related taxes are regarded as collected on behalf of the authorities. The Group adjusts the transaction price for a significant financing component if, at contract inception, the expected period between the transfer of a good or service to the customer and when the customer pays for that good or service is more than one year, unless the timing of the transfer of those goods or services is at the discretion of the customer (i.e. prepaid services). Prepayments are used in some markets to reduce credit risk. Due to the short time lag between prepayment and transfer of ownership the Group has concluded that the contract does not include a financing arrangement. In some of the Group's markets parts of the settlement from the customer is through non-cash consideration, the non-cash consideration is recognised at fair value at the transaction date. Payment terms are ranging from a few days to a few weeks, varying from market to market.

New contracts are created for any modifications after installation, this is invoiced and recognised in revenues separately.

Revenue is recognised when the respective performance obligations in the contract are satisfied and payment remains probable. Revenue from sales of solar panels and batteries is recognised at the point in time when the solar panel installation is completed and the related significant risks and rewards of ownership is transferred to the customer. Revenue from the provision of services is generally recognised over time when or as the Group performs the related service during the agreed service period.

When another party is involved in providing goods or services to a customer, the Group evaluates whether it has an obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). Where the Group acts as a principal, the revenues are recognised on a gross basis with any related expenses charged as costs. Where the Group acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent. Solar panel installations are performed by a significant number of partners registered on Otovo's digital platform, though as it is the Group that has the primary responsibility for fulfilling the promise towards the customer revenues from installation of solar panels are recognised gross in the income statement.

Employee benefits

Current liabilities to employees, such as salary, are measured at an undiscounted basis and recognised in the period in which they are incurred.

Pension contributions are paid into defined contribution pension plans and there are no outstanding pension liabilities at the time of the payments. Contributions made for the defined contribution pension plans are expensed in the period in which they are incurred.

Share-based payments

The fair value of options granted under the share-based payments programme is recognised as an employee benefit expense with a corresponding increase in equity and other current liabilities.



The Group has share-based payment programs to management and employees. The Group is obliged to withhold and pay an amount, and report the full amount, to local tax authorities for the employee's tax obligations associated with redemption of vested share options. In addition, the Group may be obliged to report and pay social security tax. These share-based payment programs, including tax, are considered as equity-settled share-based payments. In addition, the Group is obliged to make a provision for social security tax related to these programs, to be transferred to the tax authority, normally in cash. This part of the share-based payment arrangements is recognised as a cash-settled share-based payment.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market based vesting conditions. Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

Financial income and expenses

Interest income or expense is recognised using the effective interest method.

Income tax

Income tax expense includes taxes incurred during the year (tax payable) and changes in deferred tax and deferred tax assets.

Deferred income tax is calculated on all temporary differences between the carrying amounts for reporting purposes and the taxable value at the reporting date. The tax calculations are based on the nominal tax rate. Deferred tax assets arise when the temporary differences provide taxable deduction in the future, and the deduction is expected to be used.

Deferred income tax asset and liability are offset when there is a legally enforceable right to offset, and is related to income taxes levied by the same taxation authority for the same taxable entity or separate taxable entities where the intention is to settle taxable positions on a net basis.

Tax payable and deferred tax/deferred tax assets are calculated at the tax rate based on the countries that Otovo is liable to pay tax.



Property, plant and equipment

Property, plant and equipment are presented in the statement of financial position at cost, less accumulated depreciation and write-downs. Property, plant and equipment related to acquisitions are recognised at fair value on the date of acquisition. Material components of fixed assets with varying life expectancy are separately assessed in depreciation schedules. Straight line depreciation is used over the useful life of assets.

Acquisition costs include costs directly related to the purchase of fixed assets, including purchase price and costs directly related to development and preparation of the assets' intended use.

Repair and maintenance are expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An asset is derecognised at the point no future economic benefit can be identified. Gain or loss on sale of an asset is calculated as the difference between sales price and book value at the time of the sale. The gain is recognised under other income while the loss is recognised under other operating expenses.

The expected useful life and residual value, which are used in the depreciation calculation of tangible fixed assets, are reviewed, and if necessary, adjusted annually.

Leases (lessee)

The Group leases office buildings and smaller equipment. Rental contracts are typically made for fixed periods of 6 months and above, but may have extension or termination options.

Right-of-use assets and lease liabilities are initially recognised in the consolidated statement of financial position at present value of future lease payments. Lease payments are discounted with the Group's estimated incremental borrowing rate. Right-of-use assets are depreciated on a straight-line basis from the time of recognition to the first of either end of useful life or end of lease term. Extension options, which are assessed as reasonably certain to be exercised, are included in the lease term. Lease payments are split into payment of principal and interest. Interest on lease liabilities in each accounting period during the lease period will be the amount which presents a constant periodic interest for the lease liability's outstanding balance (annuity principle). The interest expense is included in Financial expenses.



Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as other operating expenses in the Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are presented separately in the consolidated statement of financial position, and lease liabilities are classified as either current or non-current. Next year's payment of principal is classified as current.

In the statement of cash flows, payments on lease principal is included in financing activities and interest is operating activities. The transaction of entering into new lease agreements has no cash flow effect.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Intangible assets

Intangible assets are measured at cost less any accumulated amortisation or impairment losses. Intangible assets acquired through business combinations are measured at fair value at the acquisition date. Intangible assets with finite useful lives are amortised using the straight-line method over estimated useful lives. Intangible assets are derecognized on disposal, or when no future economic benefits are expected to be derived. Gains or losses arising from derecognition are measured as the difference between the sales price and carrying value. The gains or losses are recognized as other operating income or other operating expenses in the consolidated statement of income.

Research and development costs

The development costs capitalised relate to the development of the software "Otovo Cloud". The software is the platform used in the interface between the Group, its customers and potential customers, and installation partners. See further details in note 13.

Development expenditures are capitalised only when the criteria for recognition is met, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, management has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated and the cost can be measured reliably. The assets are amortised over their expected useful life once the assets are available for use. Costs incurred during the research stage of a project, as well as maintenance and training costs are expensed as incurred. Development costs that do not meet the criteria for capitalisation are expensed as incurred.

Trade receivables

Trade receivables and other receivables are carried on the consolidated statement of financial position at amortised cost after deduction of provision for estimated losses. The Group measures expected losses on trade receivables by the use of an expected loss model in accordance with IFRS 9. The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.



Bank deposits and cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits as well as immediately available balances with banks and similar institutions. Short-term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

Interest-bearing liabilities

Interest-bearing liabilities are initially recognised at fair value less prepaid expenses that are directly attributable to the financial liability.

After initial recognition, interest-bearing liabilities are measured at amortised cost using the effective interest-method.

Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. For the direct sales of solar panel installations and batteries the warranty period is up to 10 years, varying from market to market. The Group has back to back warranties with hardware producers and installation partners, but is ultimately responsible for solving the problem in the event that hardware producers fail to replace the defect hardware, or installation partners fail to resolve issues related to the quality of the work performed on the installation. The Group is also responsible for covering the installation work related to replacing defect hardware.

As the replacement cost is not expected to be significant and it is difficult to prepare a reliable estimate, including the percentage of defect hardware or installations with quality issues, the timing of the issue and the Group's share of the expense, no accruals have been made. The Group's share of repair and replacement costs will be expensed as they occur.

Subscriptions customers have 20 year guarantees for solar panel installations, 10 years for batteries, the guarantee is related to the performance of assets held and maintained by the Group. The Group's share of repair and replacement costs will be expensed as they occur.

Accounts payables and other payables

Payables are recognised when the counterparty has performed and there is a contractual obligation on the Group to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received. Accounts and other payables are recognised initially at fair value and subsequently measured at amortised cost. The anticipated maturity of these payables is short, so their carrying values are not discounted.

Inventory

Inventories comprise solar panels, batteries and related products such as inverters. Purchases are made to reduce supply chain risk. Otovo Group does not hold work in progress, spare parts and raw materials.

Inventories are stated at the lower of cost and net realisable value, where the latter is the estimated selling price in the ordinary course of business less estimated completion and selling costs. Inventories are presented net of write-downs. Write-downs are recognised for the amount by which the carrying amount exceeds the net realisable value.

Costs of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average cost formula.

Related parties

Parties are defined as related parties if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

Cash flow statement

The cash flow statement has been prepared according to the indirect method.

Events after the balance sheet date

New information about the Company's position on the balance sheet date is included in the financial statements. Events that occur after the balance sheet date that do not affect the company's position on the balance sheet date, but which affect the company's future position are reported if it is of significance.



Note 3. Use of estimates and judgement

The Group consolidated financial statements are prepared on the basis of uniform accounting principles for similar transactions and events. Unless otherwise stated the accounting policies as set out above have been consistently applied to all reporting periods presented. Presentation and classification of items in the financial statements is also consistent for the periods presented.

The preparation of consolidated financial statements requires management to make judgements and assumptions that can significantly affect the amounts recognised in the financial statements. Additionally, major sources of estimation uncertainty at the end of the reporting period can have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities in future periods.

Key sources of estimation uncertainty and critical judgements are continually evaluated and updated based on expectations about future events that are believed by Management to be reasonable under the circumstances.

When applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Areas where the use of assumptions and estimates are significant for the Group Accounts.

Impairment

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; significant loss of market share; significant adverse political and/or regulatory development.



In accordance with IAS 36 Impairment of assets the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, involves management judgement. There is estimation uncertainty, complexity and subjectivity related to the value in use determination, including determining appropriate cash-generating units, determining the discount rate, estimating future performance, revenue generating capacity of the assets, margins, political and regulatory risk, required maintenance capex, technological developments, and assumptions of the future market conditions. In some markets, certain expenses and capex are denominated in foreign currency and impacted by currency fluctuations. Recessionary effects and increased macroeconomic risks may impact the estimates of growth, future performance and discount rates used in estimating recoverable amounts of assets. Discount rates are impacted by several macroeconomic factors including borrowing rates, country risk, inflation assumptions and currency development. For assumptions used, external evidence has been taken into consideration. Refer to note 13 for further information about the assumptions used.

The future developments of EBITDA margins, invested capital and growth, are important in the Group's impairment assessments, and the long-term estimates of EBITDA margins for each country are uncertain.

Non-cash consideration

Subsidy related receivables are related to subsidy programs in Sweden and Italy where parts of the consideration from the customer is settled non-cash in the form of tax credit receivables. It requires judgement to estimate the fair value of the non-cash consideration. At the transaction date the fair value of the tax credit is calculated. The tax credit asset is reported as a current asset, pending settlement from a third party, and is included in Other receivables and prepayments at its fair value. The tax credit asset is remeasured at each reporting date and fair value adjustments are included in Other operating expenses.

Share-based payments

Estimating the fair value for share-based payment transactions requires judgement as to the use of the most appropriate valuation model, which depends on the terms and conditions of the option program agreements. Management has decided to use the BlackScholes option-pricing model. The estimate of the option's fair value requires Management judgement related to the definition and estimation of the inputs to the option-pricing model, which include the expected life of the share option, as well as the estimated volatility of the underlying share price and determination of the risk free rate of return. The assumptions and model used for estimating the fair value for share based payments are discussed in more detail in note 7 Employee benefits.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that will be recognised, based upon the reliable evidence as to the estimated timing and amount of the future taxable profits. Further details are included in note 10 Income tax.

Revenue recognition of subscription agreements

The Group has entered into 20 year subscription agreements with customers for their use of solar panels provided by the Group. It requires judgement to determine whether the promise in the contract with the customer is to transfer a good or a service, or a series of distinct goods or services. The review of the contract has concluded that control over the assets has not been passed to the customer, and that the contracts do not contain a lease and are to be reported as service agreements in accordance with IFRS 15. The conclusion is based on the fact that the customer is not able to operate the asset throughout the period of use or impact the output of the solar panels. Neither is the customer able to design the assets in a way that predetermines how and for what purpose the asset will be used throughout the period of use. The customer is only able to choose between a few different classes of panels, and the number of panels, and will in reality receive a product that is predesigned by the Group. Revenues are recognised monthly in accordance with the invoiced subscription amount.

The Group has also entered into 10 year subscription agreements with customers for their use of home batteries provided by the Group. The review of the contract has concluded that it conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and that the contracts are to be reported as leases in accordance with IFRS 16. The conclusion is based on the fact that the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. It requires judgement to determine whether the leases should be classified as operating leases or financial leases. The review of the contract has concluded that substantially all the risks and rewards incidental to ownership of the underlying assets have not been transferred for most of the Group's, and these leases are classified as operating leases. The conclusion is based on the fact that ownership of the asset is not transferred to the lessee by the end of the lease term, and that the lessee does not have the option to purchase the asset at a price lower than fair value. Further to this the lease term is not for the major part of the economic life of the asset, and the asset is not of a specialised nature.

Revenues from operating leases are recognised monthly in accordance with the invoiced subscription amount.

The Group has changed contracts with new subscriptions customers in Germany as a result of local changes in VAT. The change was effective for installations completed starting from January 2023 and entails that the customer has the right to purchase the battery for 1 EUR at the end of the contract period. Otovo has concluded that the Group has transferred substantially all the risks and rewards incidental to ownership of the batteries installed in Germany in 2023, and has classified the related subscription contracts as finance leases. Refer to note 2 for more information.



Note 4. Subsidiaries and changes to the Group structure

Otovo ASA (the Company or Parent) and its subsidiaries (together the Group) operates an online marketplace for solar installations.

On 6 October 2023, Otovo announced that its fully owned subsidiary EDEA MidCo AS entered into a share purchase agreement with Forte PV S.à.r.l part of a collective investment scheme managed by Swiss Life Asset Managers for the sale of its Norwegian and Swedish subscription portfolios. The deal was completed 15 November 2023. Refer to note 24 for further details about the transaction.

As of year-end 2023 the Group consists of the subsidiaries presented in the table below.

Company	Country	Location	Equity interests		Reportable segment	Parent company
			31 Dec 2023	31 Dec 2022		
Otovo AB	Sweden	Stockholm	100%	100%	Direct purchase	Otovo ASA
Otovo France SAS	France	Paris	100%	100%	Direct purchase	Otovo ASA
Otovo Iberic SL	Spain	Madrid	100%	100%	Direct purchase	Otovo ASA
Otovo Srl	Italy	Milan	100%	100%	Direct purchase	Otovo ASA
Otovo Sp. Z.o.o	Poland	Warsaw	100%	100%	Direct purchase	Otovo ASA
Otovo GmbH	Germany	Berlin	100%	100%	Direct purchase	Otovo ASA
Otovo GmbH	Austria	Wien	100%	100%	Direct purchase	Otovo ASA
Otovo Unipessoal LDA	Portugal	Lisboa	100%	100%	Direct purchase	Otovo ASA
Otovo Limited	United Kingdom	London	100%	100%	Direct purchase	Otovo ASA
Otovo Schweiz GmbH	Switzerland	Zürich	100%	100%	Direct purchase	Otovo ASA
Otovo B.V.	Netherlands	Amsterdam	100%	100%	Direct purchase	Otovo ASA
Otovo BE B.V.	Belgium	Brussels	100%	100%	Direct purchase	Otovo ASA
Otovo Shared Services SL	Spain	Madrid	100%	100%	Direct purchase	Otovo ASA
European Distributed Energy Assets Midco AS	Norway	Oslo	100 %	100 %	Subscription	Otovo ASA

Company	Country	Location	Equity interests		Reportable segment	Parent company
			31 Dec 2023	31 Dec 2022		
European Distributed Energy Assets AS	Norway	Oslo	0 %	100 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets AB	Sweden	Stockholm	0 %	100 %	Subscription	European Distributed Energy Assets Midco AS
Edea Polska Sp. Z.o.o	Poland	Warsaw	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
Distributed Energy Assets SLU	Spain	Madrid	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
Distributed Energy Assets SARL	France	Paris	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets GmbH	Germany	Berlin	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
EDEA GmbH	Austria	Wien	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
Otovo Energy Assets Unipessoal LDA	Portugal	Lisboa	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets Limited	United Kingdom	London	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets Switzerland	Switzerland	Zürich	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets B.V.	Netherlands	Amsterdam	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS
European Distributed Energy Assets BE B.V.	Belgium	Brussels	100 %	100 %	Subscription	European Distributed Energy Assets Midco AS

Note 5. Investments in associated companies and assets held for sale

On 21 December 2022, Otovo entered into an agreement with Gera Brazil Tecnologia 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 owned 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.

The investment was reclassified from investments in associated companies to assets held for sale at 31 December 2022.

Investment - Reconciliation	2023	2022
At 1 January	9,748	3 360
Additions	-	15 411
Disposals	-9,748	-
The Group's share of the associate's result after tax	-	-9 864
Exchange difference	-	841
At 31 December	-	9 748

Note 6. Reporting segment information and revenue

Amounts in NOK thousand

For Management purposes the Group is organized into two reporting segment. "Marketplace", previously reported as "Direct Purchase", and "Subscription SPV". 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 Marketplace segment consists of transactions relating to sale of solar panels and related products, while the Subscription segment consists of transactions related to customers subscribing to use solar panels and related products. Revenues and Cost of goods sold on sales to Group internal parties, using the assets in its subscription business, are eliminated in the Consolidated financial statements. Internal profits are eliminated against Property, plan and equipment, as the assets purchased by the Subscription segment are recognised in the balance sheet.

Currently the subscription period for solar panels is 20 years while it is 10 years for batteries. Subscription for solar panel installations are classified as service agreements, while subscription contracts for batteries are classified either as operating leases or finance leases. Refer to note 2 for further information.

The segment reporting is presented in the same manner as presented to the Executive Management.

Information regarding reporting segments in the Group

(NOK 000')

	Marketplace		Subscription SPV		Elimination		Group total	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	996 209	637 501	14 341	-	-	-	1 010 550	637 501
Revenue internal	376 880	151 948	-	-	- 376 880	- 151 948	-	-
Other operating income	43 739	3 343	38 285	11 420	-	-	83 026	14 763
Other operating income internal	5 279	2 688	1 002	-	- 6 281	- 2 688	-	-
Total operating income	1 422 107	795 480	53 628	11 420	- 383 161	- 154 636	1 092 574	652 264
Cost of goods sold	1 163 605	654 678	12 048	-	- 366 003	- 131 527	809 649	523 151
Payroll and related costs	346 924	218 552	251	565	97	-	347 272	219 117
Depreciation, amortisation and impairment	31 132	23 235	22 722	6 316	21 346	34 782	75 200	64 333
Other operating expenses	238 955	158 322	26 706	7 586	- 5 756	- 2 711	259 904	163 197
Operating profit/(loss)	- 358 509	- 259 307	- 8 099	- 3 047	- 32 845	- 55 180	- 399 451	- 317 534

Revenue external by product / service	2023	2022
Solar panels and related products	996 209	637 501
Finance lease	14 341	-
Operating lease and service agreements	38 285	11 420
Other operating income	43 739	3 343
Total operating income	1 092 574	652 264

Disaggregation of Total operating income

The reported Revenue is stemming from contracts with customers for their purchase of solar panels and batteries. The reported Other operating income is stemming from contracts with customer for their use of solar panels and batteries held by the Group, as reported in the subscription segment. The remainder, is primarily relating to gain on disposals of EDEA AS and EDEA AB of approximately approximately NOK 38 million in 2023, and government grants.

Total operating income from external customers is NOK 1 093 million, while it is NOK 383 million on intersegment sales. Intersegment sales is primarily sale of solar panels and related products from the Marketplace segment to the Subscription segment.

Geographical distribution of external revenues based on customer location

Geographical information	2023	2022
North ¹	464 092	268 062
DACH + Italy ²	415 475	220 452
Benefrux ³	120 115	110 393
Atlantic ⁴	92 891	53 357
Total revenue and other income	1 092 574	652 264

Assets by geographical location of the company⁵

Geographical information	2023	2022
North ¹	157 454	200 425
DACH + Italy ²	154 224	54 534
Benefrux ³	167 962	123 517
Atlantic ⁴	144 007	99 963
Total non-current assets⁵	623 650	478 440

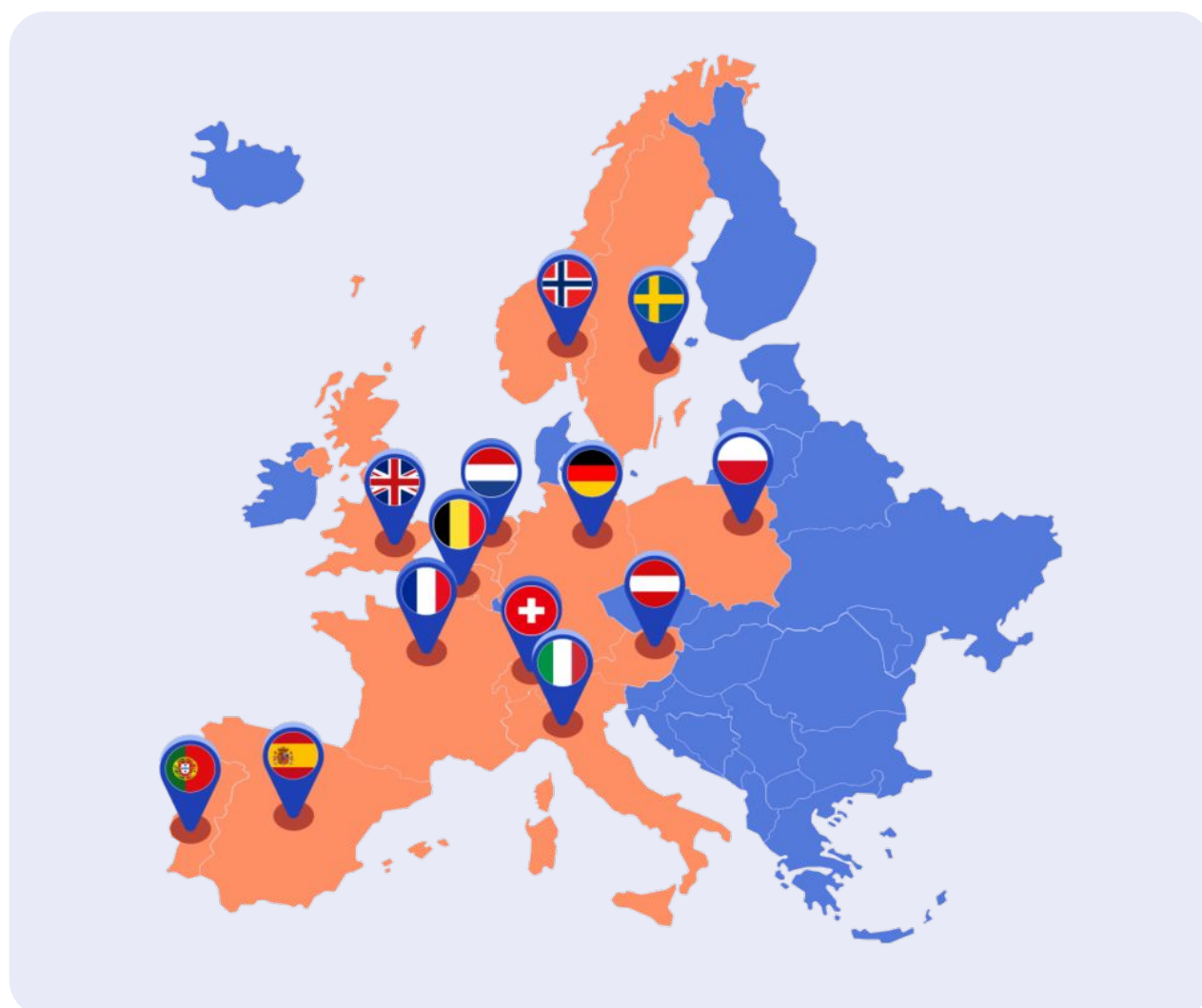
1) Norway, Sweden and Poland, of which Norway is 213 172 (2023) and 161 574 (2022)

2) Italy, Germany, Switzerland and Austria

3) France, the Netherlands and Belgium

4) Spain, Portugal and the UK

5) Non-current assets excluding deferred tax assets and other non-current financial assets



Note 7. Employee benefits

Amounts in NOK thousand

Specification of payroll and related cost	2023	2022
Salary/wages	278 612	174 556
Employee tax	53 609	31 621
Pension costs	8 598	7 624
Other personnel costs	6 453	5 316
Total payroll expense	347 272	219 117
Full time equivalents	2023	2022
Male	218	214
Female	165	137
Total	383	352
Percentage female employees	43%	39%

Remuneration to CEO, Executive Management and board members

2023	Salary	Bonus	Pension	Share-based	Other	Total
CEO	2 581	263	125	-	8	2 977
Other members of Executive Management	11 680	2 013	657	-	843	15 193
Board members	-	-	-	-	1 270	1 270
Total remuneration	14 261	2 276	782	-	2 121	19 440

2022	Salary	Bonus	Pension	Share-based	Other	Total
CEO	2 232	869	100	239	9	3 449
Other members of Executive Management	8 070	2 301	370	239	123	11 103
Board members	-	-	-	-	558	558
Total remuneration	10 302	3 170	470	478	690	15 110

Salary to CEO and other members of Group Management

The accumulated remuneration to the CEO and other members of Group Management consists of a fixed salary, standard pension- and insurance terms for employees and a variable salary. Additionally, the Group Management has received share-based payments. The main purpose of the system for management remuneration is to stimulate a strong and lasting profit oriented culture leading to an increasing value of the Company. Other members of Group Management consist of 7 persons, included in the table above with the remuneration for the period they were members of Group Management. The management team, excluding CEO, has on average consisted of 6 persons in 2023 and 2022.

The Group Management are members of a collective pension and insurance scheme applicable to all employees in the country of employment.

Loans to employees and board members

One member of Group Management has been granted a loan. Refer to the remuneration report for further details. No guarantees have been given to members of the Management, the Board of Directors or other elected corporate bodies.

Pension costs and obligations

The Group has a defined contribution plan for some of its employees. The Group's payments are recognized in the profit or loss as an employee benefit expenses for the year to which the contribution applies. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, and therefore does not record a pension liability in the balance sheet.

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pension.

Shares, shares options, performance shares and retention shares held by CEO, other members of Group Management and Board of Directors, or by an entity controlled by these

Name	Role	Shares	Share options	Perform. shares	Retention shares	Total 31.12.2023
Andreas Thorsheim	CEO	8 664 610	9 000 000	-	14 300	17 678 910
Other members for Group Management	Management	2 824 057	10 440 000	-	400 141	13 664 198
Peter Mellbye	Chairman of the board	127 306	-	-	-	127 306
Josefin Christina Landgård	Board member	91 583	-	-	-	91 583
Stine Halla	Board member	28 653	-	-	-	28 653
Julie Orzechowski	Board member	14 326	222 000	-	-	236 326

Shares, shares options, performance shares and retention shares held by entities which have representation in the Board of Directors

Name	Shares
Å Energi Invest AS	87 732 581
Axel Johnson AB	68 655 978
OBOS BBL	7 261 870

Share-based payments

The Group has in place share option programmes where the employees have been granted options at the strike price in accordance with the market price at the time of issuance. The programs includes both existing and new employees who are awarded options based on an allocation into defined tiers proposed by Management and approved by the Board of Directors. The options vest with $\frac{1}{3}$ each year the three years after the issuance. In December 2023 Otovo granted share options to management and key personnel and cancelled old option programs. The new grant is recognised at its grant-date fair value and the original grant is accounted for as a cancellation. The cancellation is accounted for as an acceleration of the vesting period and any amount unrecognised that would otherwise have been recognised was recognised immediately as an expense. The expense related to the cancellation was NOK 17.4 million. The cancelled options are included in "Options forfeited" in the below overview of outstanding options.

Furthermore, a share purchase programme was established by the Group in 2020 where the participants subscribe to new shares as an initial investment, and receive performance shares after two years if the share price has doubled and retention shares after three and four years respectively if they are still employed with the Group. The share purchase program is discontinued, but there are still outstanding retention shares.

Expenses related to share-based payments included in total payroll expense	2023	2022
Share-based payments	47 629	24 950
Social security contribution	-1 309	-5 128
Total expenses related to share-based payments	46 320	19 822



Overview of outstanding options (after share split)	2023	2022
Outstanding options 1 January	4 740 007	1 586 160
Options granted	32 396 000	5 562 499
Options exercised	-23 340	-1 180 826
Options forfeited	-9 539 333	-1 227 826
Outstanding options 31 December	27 573 334	4 740 007
Of which exercisable	5 000	79 996
Average share price at grant date (NOK per share)	3,55	22,73
Weighted average remaining contractual life of outstanding options (years)	2,5	2,5

Overview of outstanding performance and retention shares	2023	2022
Outstanding shares 1 January	1 417 762	2 129 070
Shares granted	-	-
Shares released	-	-
Shares forfeited	-343,832	-711 308
Outstanding shares 31 December	1,073,930	1 417 762
Performance shares 31 December	-	269 571
Retention shares 31 December	1,073,930	1 148 191
Total	1,073,930	1 417 762
Weighted average remaining contractual life of performance shares	-	1,3
Weighted average remaining contractual life of retention shares	1.5	2,5

Note 8. Other operating expenses

Amounts in NOK thousand

	2023	2022
Other expenses related to buildings and short-term/low value rent of equipment	14 427	5 769
External personnel and consultancy fees ¹	79 592	72 856
Media spend, advertising and partnerships	116 083	52 450
System and software	18 321	13 758
Other operating expenses	31 481	18 364
Total other operating expenses	259 904	163 197

1) Including audit fee, see specification below

Specification of audit fees

The table below summarises audit fees, fees for further assurance services and tax services incurred by the Group during 2023 and 2022 from BDO. Fees include all companies in the Group.

	2023	2022
Audit fees	2 717	2 765
Fees for further assurance services	178	415
Fees for other services	54	269
Fees for tax services	-	-
Total fees to auditors	2 949	3 449

The amounts in the tables for audit fees are the amounts expensed in 2023 and 2022. Amounts presented exclude VAT.

Note 9. Financial income and expenses

Amounts in NOK thousand

Interest expenses relating to leasing agreements are included in the below and specified in note 12. The increase in interest income from 2022 to 2023 is related to cash balance from capital increases in 2023, while the increase in interest expense is related to debt financing of new subscription assets. Other financial expenses are primarily consisting of commitment fees and amortisation of arrangement fees relating to the new debt facility for financing of subscription assets. Refer to note 16 for more information about the facility. The increase in net currency gain is primarily attributable to internal loans denominated in EUR, resulting from the strengthening of EUR compared to NOK.

Specification of financial income	2023	2022
Interest income	4 309	1 017
Net currency gain	20 587	10 625
Other financial income	178	789
Total financial income	25 074	12 431

Specification of financial expenses	2023	2022
Interest expenses	19 185	3 792
Net currency loss	-	-
Other financial expenses	10 048	288
Total financial expenses	29 234	4 080



Note 10. Income tax

Amounts in NOK thousand

Income tax expense in the consolidated statement of income	2023	2022
Income tax payable	-	-
Changes in deferred tax / deferred tax asset	-5 047	-7 781
Tax assets not recognised in previous year	-	-
Total income tax expense reported in the income statement	-5 047	-7 781

Reconciliation from nominal to effective tax rate	2023	2022
Profit/(loss) before tax	-389 820	-319 047
Estimated tax expense with nominal tax rate, 22% of profit/(loss) before tax	-85 760	-70 190
Tax effect of the following items:		
22% of net permanent differences	2 492	3 996
Other items	-6 304	7 023
Deferred tax asset not recognised current year	84 525	51 390
Total income tax expense reported in the income statement	-5 047	-7 781
Effective tax rate	1,3%	2,4%

The nominal tax rate in Norway was 22 % in 2022 and 2023. Subsidiaries outside Norway are subject to local tax rates in their country of operation.

The tax expense is also dependent on whether or not to recognise a deferred tax asset from carry forward losses in the individual entity.

All group entities have been loss making since inception and as a result a deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences.

Specifications of temporary differences on which deferred tax is recognised	2023	2022
Intangible assets	-1 695	-8 165
Right of use assets	-3 067	-3 150
Trade receivables	192	1 023
Provisions	7 540	8 878
Deferred gains / losses	-253	96
Lease liabilities	3 313	3 273
Loss carried forward	214 163	125 215
Not recognised deferred tax	-222 303	-137 777
Total	-2 109	-9 607

Changes in deferred tax	2023	2022
Opening balance at 1 January	-9 607	-17 388
Recognised in current year's profit	5 047	7 781
Deferred tax on disposals	2 451	-
Balance at 31 December	-2 109	-9 607

The majority of tax losses carried forward relate to entities domiciled in countries where there are no time-limits related to when the tax losses may be utilized.

The deferred tax liability is related to the excess values from the acquisition of EDEA, that the Group has not been able to net against other temporary differences.

Note 11. Property, plant and equipment

Amounts in NOK thousand

	Equipment and machinery	Solar panels	Batteries	Total
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Accumulated cost

As of 1 January 2022	4 483	72 625	-	77 108
Additions during the year	2 093	127 431	4 096	133 620
Additions through acquisition of subsidiaries	-	-	-	-
Disposals	-542	-2 308	-	-2 850
Translation differences	73	3 149	246	3 468
As of 31 December 2022	6 107	200 897	4 342	211 346
Additions during the year	2 281	339 609	27 559	369 449
Additions through acquisition of subsidiaries	-	-	-	-
Disposals	-	-217 731	-488	-218 220
Translation differences	105	4 024	392	4 520
As of 31 December 2023	8 493	326 799	31 804	367 095

Accumulated depreciation and impairment losses

As of 1 January 2022	-2 561	-1 448	-	-4 009
Depreciation	-979	-5 835	-100	-6 914
Accumulated depreciation disposals	195	167	-	362
Translation difference	-4	-290	-	-294
As of 31 December 2022	-3 349	-7 406	-100	-10 855
Depreciation	-1,780	-18,402	-1,613	-21,795
Impairment	-	-1,207	-	-1,207
Disposals	-	10,430	- 29	10,401
Accumulated depreciation disposals	-	-	-	-
Translation difference	130	157	181	468
As of 31 December 2023	-4,999	-16,428	-1,561	-22,988

Carrying amount

As of 31 December 2022	2 758	193 491	4 242	200 491
As of 31 December 2023	3 494	310 371	30 243	344 108

Depreciation method	Straight line	Straight line	Straight line
Useful life	3-10 years	20 years	10 years

The significant amount on disposals is related with the EDEA transaction, where Otovo sold Norwegian and Swedish subscription portfolios. Refer to note 24 for more information.

Note 12. Leases

Amounts in NOK thousand

The Group's lease agreements, where the Group is a lessee, mainly relates to the lease of office premises. Refer to note 8 for further details about expenses relating to short-term and low value leases.

Overview of changes to right of use assets	2023	2022
Opening balance 1 January	14 317	8 524
Depreciation	-7 702	-5 941
Additions	7 654	10 553
Other / exchanges differences	-330	1 181
Balance per 31 December	13 939	14 317

Overview of changes to lease liabilities	2023	2022
Opening balance 1 January	14 877	8 839
Payments	-7 247	-5 722
Additions	7 654	10 553
Other / exchanges differences	227	1 208
Balance per 31 December	15 058	14 877
Lease liabilities non-current	6 696	6 130
Lease liabilities current	8 362	8 747
Total	15 058	14 877



Maturity analysis: contractual, undiscounted cash flows

	31 December 2023	31 December 2022
Current liabilities		
Less than one year	9 534	7 918
Non-current liabilities		
One to five years	7 229	8 701
More than five years	-	-
Total	16 763	16 619

Amounts recognized in the consolidated statement of income

	2023	2022
Depreciation	7 702	5 941
Interest expense	823	726
Total	8 525	6 667

Amounts recognized in statement of cash flows

	2023	2022
Interest payments	823	726
Payments of principal	7 247	5 722
Total lease payments	8 070	6 448

Note 13. Intangible assets and goodwill

Amounts in NOK thousand

	Goodwill	Otovo Cloud	Other intangible assets	Exclusivity agreement	Customer contracts	Total
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Accumulated cost

As of 1 January 2022	153 637	64 066	2 586	59 675	21 440	301 404
Additions during the year	-	28 495	1 375	-	-	29 870
Additions through acquisition of subsidiaries	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Reclassification	-	-380	-	-	-	-380
Translation difference	4 544	-	5	-	-	4 549
As of 31 December 2022	158 181	92 181	3 967	59 675	21 440	335 442
Additions during the year	-	36 187	516	-	-	36 703
Additions through acquisition of subsidiaries	-	-	-	-	-	-
Disposals	-	-	-7	-59 675	-11 577	-71 259
Reclassification	-	-	-	-	-	-
Translation difference	6 430	-	-57	-	-	6 373
As of 31 December 2023	164 611	128 368	4 418	-	9 863	307 260

Accumulated amortisation and impairment losses

As of 1 January 2022	-	-21 106	-175	-2 076	-	-23 358
Amortisation	-	-15 369	-753	-35 111	-257	-51 490
Impairment	-	-	-	-	-	-
Accumulated depreciation disposals	-	-	7	-	-	7
Reclassification	-	380	-	-	-	380
Translation difference	-	-	-	-	-	-
As of 31 December 2022	-	-36 095	-921	-37 1871	-257	-74 460
Amortisation	-	-20 772	-928	-22 488	-257	-44 445
Impairment	-	-	-	-	-	-
Accumulated depreciation disposals	-	-	4	59 675	240	59 919
Reclassification	-	-	-	-	-	-
Translation difference	-	-	-6	-	-	-6
As of 31 December 2023	-	-56,867	-1,851	-	-275	-58,992

Carrying amount

As of 31 December 2022	158 181	56 086	3 045	24 488	121 183	260 983
As of 31 December 2023	164 611	71 501	2 567	-	9 588	248 267
Depreciation method	-	Straight line	Straight line	Straight line	Straight line	
Useful life	Indefinite	5 years	5 years	2 years	20 years	

Otovo Cloud

Otovo's business model is based on the self-developed system Otovo Cloud and related applications such as software for extracting and reading production data from various solar cell hardware.

Otovo Cloud is a marketplace for solar system installers and supports the company's value chain from sales (compilation of map data, building data, solar radiation data and algorithmic bidding on solar cell projects) to planning (obtaining cost models from installers, choosing a installer and awarding projects), follow-up of projects and managing the project from sale the installer has been selected to the completion of the project (monitoring progress, obtaining documentation of the work performed and generating sales orders that will be sent to Netsuite as basis for invoicing).

In addition, the system supports Otovo's customer relationship after the installation of the solar system by collecting, compiling and presenting production data from inverters. The system is scalable and is used across the markets in which the group operates, at the same time the company carries out significant development work to adapt the system to handle the variation in input and requirements that exist across the company's current and potential new markets and products. A significant part of the company's future value creation is expected to come as a result of further development and improvement of this system.

Development and maintenance of the Otovo Cloud is handled by the Product team in Otovo. Direct payroll expenses relating to the Product team are split into development and maintenance, with payroll expenses relating to development being capitalised as an intangible asset and amortised.

The additions from 2022 and 2023 are to a large extent explained by adding more countries and products to the platform. Additionally the different teams develop tools used to increase sales (adding partnerships to the platform, building functionality to run campaigns) or make internal processes more efficient (time savings) and more profitable (targeting the higher profitability lead, projects etc.). The capitalised amount is based on employee time sheets and the proportionate share of their time spent on development activities.

The useful life of the asset and related amortisation expenses are based on management's estimates and the chosen amortisation method. Estimates may change due to technological developments and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. The useful lives are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors.

Goodwill

The goodwill stems from acquisition of subsidiary ISWT (now Otovo France) in 2019 and EDEA (subscription business) in 2021. The goodwill from both the ISWT purchase and the EDEA acquisition have been tested for impairment. Please refer to the below for further details.

The goodwill is split as follows

Company name	Allocated goodwill	
	2023	2022
ISWT	98 741	92 311
EDEA	65 870	65 870
Total	164 611	158 181

Impairment testing

The Group tests whether goodwill has suffered any impairment on an annual basis. The subsidiary ISWT is regarded as an individual cash-generating unit (CGU). The CGU for the goodwill from the EDEA acquisition is EDEA Group. The annual impairment test of goodwill is performed at CGU level. The recoverable amount is determined based on value-in-use calculations. The value in use is determined to be higher than its recoverable amount. The calculations use pre-tax cash flow projections based on financial budgets approved by the Board of Directors covering a five year period for ISWT. Five years has been used to reflect that the entity (ISWT) is in a development phase with change in management, replacing the founders of ISWT, change in business model and launch of new products and sales models. The calculation is based on historical performance and expected development in the market in which the entity operates. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. For EDEA, the projections are based on expected cashflows over the contract lifetime for subscription contracts that are active at the end of the reporting period. The subscriptions fees are inflation adjusted annually.

Sensitivity

The Group has calculated the impact on the impairment assessment resulting from increasing and/or decreasing key variables in the valuation model. For the scenarios examined, the Group concludes that there is significant headroom to carrying value for both goodwill assets.

	ISWT	
	2023	2022
Long term growth rate (%)	2%	2%
Long term gross margin (%)	25%	25%
Average annual growth rate used in cash flow projections (%)	35%	38%
Discount rate pre tax (%)	14.1%	9.6%

	EDEA	
	2023	2022
Long term growth rate (%)	0%	0%
Average annual growth rate used in cash flow projections (%)	2%	2%
IRR (%)	13.6%	11.3%
Discount rate pre tax (%)	8.1%	6.0%

For ISWT the changed discount rate is reflecting increasing interest rates in Europe, and the longer term growth rate is also reduced. A 1.p.p change in discount rate has a +/- 9% change in NPV of future cash flows, while a 5 p.p. change in long-term growth rate has a 11% change in NPV of future cash flows.

The goodwill arising from acquisition of EDEA has very significant headroom, also after disposal of EDEA AS and EDEA AB. For simplicity, the long term growth rate is set to 0% meaning we assume no deployment beyond 2024. The discount rate used is changed in 2023 reflecting higher interest rates in Europe. The IRR on capital deployed is changed accordingly reflecting higher payments from customers. A change in discount rate of 1.0 p.p. would lead to a +/- 7% in NPV of future cash flows, while a change in IRR of 1.0 p.p. would lead to a +/- 6% change in NPV of future cash flows.

Note 14. Trade receivables

Amounts in NOK thousand

	31 Dec 2023	31 Dec 2022
Trade receivables	49 017	46 667
Provision for bad debt	-2 821	-2 613
Total trade receivables	46 196	44 054

Trade receivables at 31 December – ageing	31 Dec 2023	31 Dec 2022
Not due	14 762	19 524
1–30 days past due	16 117	12 655
31–60 days past due	1 422	4 308
61–90 days past due	5 998	1 894
More than 90 days past due	10 718	8 286
Total trade receivables	49 017	46 667

For the trade receivables that are not impaired or past due, there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations. Expected losses for trade receivables past due are estimated based on payment history, the cause of the default, the collection methods available in the applicable markets and other relevant information. Refer to note 19 for further information about the Group's assessment of credit risk.

Trade receivables denominated in currency	31 Dec 2023	31 Dec 2022
NOK	4 055	14 468
SEK	7 556	6 638
EUR	25 231	24 760
PLN	2 456	585
CHF	8 960	-
GBP	758	217
Total trade receivables	49 017	46 667

Note 15. Other receivables and prepayments

Amounts in NOK thousand

Current receivables		
	31 Dec 2023	31 Dec 2022
Subsidy related receivables	14 349	114 623
VAT receivables	33 528	24 181
Prepaid expenses	17 524	10 180
Receivables from associated companies	-	278
Other receivables	37 918	51 133
Total other receivables and prepayments	103 319	200 395

Subsidy related receivables are related to subsidy programs in Sweden and Italy where parts of the consideration from the customer is settled non-cash in the form of tax credit receivables.

The tax credits were received as part of the settlement from customers for projects sold. The majority of the reduction in asset compared to 31 December 2022 is explained by changes in legislation, where the Italian government discontinued the possibility for consumers to resell tax credits issued under the Ecobonus scheme. The remaining balance is primarily relating to Swedish subsidy programs.

Note 16. Interest-bearing liabilities

Amounts in NOK thousand

At the end the year the Group has 3 loans from Banque Publique d'Investissement (BPI), one loan from Innovasjon Norge and one loan to Nordea Bank Aps. In addition to this the Group has lease liabilities relating to office premises. Refer to note 12 for further details about the lease liabilities.

As part of the loan agreement EDEA entered into with Nordea ABP in 2020, five draws on the facility was performed during the year 2022. Total outstanding amount at year end 2022 was MNOK 126, out of a committed facility of MNOK 150. Transaction costs incurred as part of the establishment of the facility and draws are amortised over the loan period.

At 31 Dec 2023	Currency	Interest rate	Maturity	Outstanding nominal value	
				(Currency)	(NOK)
BPI 1	EUR	5.27%	April 2025	30	337
BPI 2	EUR	1.25%	September 2025	64	718
BPI 3	EUR	2.81%	March 2027	375	4 210
DNB Bank ASA and Sparebank 1 SR-bank ASA	EUR	EURIBOR + 3.50%	February 2025	20 684	232 243
Total					237 508

	Non-current		Current	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities				
Borrowings from credit institutions	235 431	125 672	2 077	6 964
Other interest-bearing liabilities	-	-	-	2 500
Total interest-bearing liabilities	235 431	125 672	2 077	9 464

		31 December 2023		31 December 2022	
Interest-bearing liabilities by currency	Currency amount	NOK amount	Currency amount	NOK amount	
EUR	21 153	237 508	12 633	132 636	
NOK	-	-	2 500	2 500	
Other currencies	-	-	-	-	
Total interest-bearing liabilities	21,153	237,508	15,133	135 136	

Interest-bearing liabilities - maturity 2023	2024	2025	2026	2027	2028	2029	Total
Borrowings from credit institutions and other interest-bearing liabilities	2 077	233 748	1 123	561	-	-	237 509
Total interest-bearing liabilities excl. prepaid borrowing expenses	2 077	233 748	1 123	561	-	-	237 509
Interest to be paid on interest-bearing liabilities	17 292	1 481	16	-	-	-	18 789
Total interest payments	17 292	1 481	16	-	-	-	18 789
Total future payments on interest-bearing liabilities	19 369	235 229	1 139	561	-	-	256 298

Interest-bearing liabilities - maturity 2022	2023	2024	2025	2026	2027	2028	Total
Borrowings from credit institutions and other interest-bearing liabilities	9 464	9 134	8 945	8 588	8 064	7 539	51 734
Total interest-bearing liabilities excl. prepaid borrowing expenses	9 464	9 134	8 954	8 588	8 064	7 539	51 734
Interest to be paid on interest-bearing liabilities	8 131	7 540	6 961	6 406	5 884	5 396	40 318
Total interest payments	8 131	7 540	6 961	6 406	5 884	5 396	40 318
Total future payments on interest-bearing liabilities	17 595	16 674	15 906	14 994	13 948	12 935	92 052

Financial Covenants

The debt facility held with DNB Bank ASA and Sparebank1 SR-Bank ASA contains financial covenants. The covenants covers the following ratios: loan to value, interest cover ratio and equity ratio. At year end, the Group is compliant with the financial covenants set out in the agreement.

Change of Control

In addition to the financial covenants, the debt facility agreement with DNB Bank ASA and Sparebank1 SR-Bank ASA contains a change of control clause. The clause will be triggered if 1) there is a change of control in Otovo ASA, or 2) Otovo ceases to own and control directly all of the shares add voting right in EDEA Midco, or 3) EDEA Midco ceases to own and control directly all of the share and voting rights in each of its subsidiaries.

Security and Guarantees

The debt facility held with DNB Bank ASA and Sparebank1 SR-Bank ASA is secured by all outstanding shares in EDEA Midco and its subsidiaries, intra-group loans and credit, trade receivables, inventory and operating assets, all bank accounts, and guarantees provided by the Guarantors.

Note 17. Cash and cash equivalents

Amounts in NOK thousand

	31 Dec 2023	31 Dec 2022
Total cash and cash equivalents in the statement of financial position and in the statement of cash flow	582 707	193 868
Restricted deposits related to employee tax deduction	4 674	4 446
Restricted deposits related to escrow	7 566	-
Total cash and cash equivalents net of restricted deposits	570 468	189 422

Cash flow from interest-bearing liabilities

Cash flow from financing activities consists of proceeds and repayments of borrowings.

In 2023 the movements relate to a new debt facility from DNB Bank ASA and Sparebank 1 SR-bank ASA. The facility, obtained in January 2023, is a EUR 50m revolving credit facility to finance the subscription assets. The Group has repaid the former facility held with Nordea Bank.

In 2022, the movement is a result of draws on debt facility held with Nordea Bank Aps, and down payment of debt facilities held with banks in France and Innovasjon Norge. Cash flow from financing activities is also affected by payments of principal amount of lease liabilities.

Reconciliation of interest-bearing liabilities	2023			2022		
	Interest-bearing liabilities	Lease liabilities	Total	Interest-bearing liabilities	Lease liabilities	Total
Balance as of 1 January	135 136	14 877	150 013	11 885	8 839	20 724
<i>Cash flow from Financing activities</i>						
Proceeds from borrowings	423 293	-	423 293	125 629	-	125 629
Repayments of borrowings	-345 660	-	345 660	-3 159	-	-3 159
Payments of lease liabilities	-	7 247	7 247	-	-5 722	-5 722
Net cash flow from financing activities	77 633	7 247	70 386	122 470	-5 722	116 748
FX Rate effects	11 696	227	11 469	781	1 208	1 989
New lease contracts	-	7 654	7 654	-	10 552	10 552
Arrangement fees	13 008	-	13 008	-	-	-
Other changes	24 704	7 427	32 131	781	11 760	12 541
Balance as of 31 December	237 473	15 058	252 531	135 136	14 877	150 013
Non-current liabilities	235 431	6 696	242 127	125 672	6 130	131 802
Current liabilities	2 077	8 362	10 439	9 464	8 747	18 211

Note 18. Other liabilities

Amounts in NOK thousand

Other current liabilities	31 Dec 2023	31 Dec 2022
Accrued wages and holiday pay	47 534	34 816
Indirect taxes payable	13 735	27 415
Accrued interest costs	4 052	3
Other accruals	75 010	63 269
Prepayments from customers	19 036	49 169
Current portion of non-current debt	2 077	9 464
Other current liabilities	0	3
Total other current liabilities	161 444	184 139

Warranties

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. For the direct sales of solar panel installations and batteries the warranty period is up to 10 years, varying from market to market. The Group has back to back warranties with hardware producers and installation partners, but is ultimately responsible for solving the problem in the event that hardware producers fail to replace the defect hardware, or installation partners fail to resolve issues related to the quality of the work performed on the installation. The Group is also responsible for covering the installation work related to replacing defect hardware. Refer to note 2 for further information about warranties.

As the replacement cost is not expected to be significant and it is difficult to prepare a reliable estimate, including the percentage of defect hardware or installations with quality issues, the timing of the issue and the Group's share of the expense, no accruals have been made. The Group's share of repair and replacement costs will be expensed as they occur.

Since the start of Otovo's operations the expenses relating to malfunctions one year or more after the installation date have been immaterial and according to information received by hardware producers and distributors is that they receive warranty claims on less than 1% of all panels sold.

Note 19. Risk management

Amounts in NOK thousand

The Group's capital management policy is to have a capital structure which meets the demands of operations, reduces cost of capital and complies with financial covenants and future investments planned by the Group. The Group will adjust debt and equity to maintain and secure an optimal capital structure by continuously monitoring the total equity level and the equity ratio of the Group.

The Group's activities are exposed to financial risks: credit risk, liquidity risk, currency risk and interest risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Overall the Group considers the financial risk to be acceptable.

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations.

The Group's credit risks largely arise from trade receivables, finance lease receivables and cash and cash equivalents. The counterparts for the Group's cash deposits are large banks which are considered to be solid. The Group assesses that there are no material credit risks associated with these deposits.

Credit risk related to trade receivables and finance lease receivables is assessed to be limited due to the high number of customers in the Group's customer base and is further mitigated through the use of credit rating agencies ahead of sales, use of prepayments for customers or markets with higher risk, continuous monitoring of overdue invoices, all combined with the Group holding the right to reclaim the assets in case of payment default.

An important element of the credit risk profile for the Group is that the subset of customers addressed are, as homeowners, already amongst the individuals with the most robust economy and credit ratings. According to Intrum, one of Europe's largest debt collection agencies, the default probability on a utility bill is 6 times lower for a customer owning a house than for customers who are not a homeowner. In addition, the single point exposure will be low, as the Group will have thousands of single counterparties across Europe.

Finally, the solar system contract will be cost saving for customers in most markets, resulting in the outcome for the end customer if choosing not to pay the subscription contract being worse than paying. In addition this element is more prominent in markets with higher expected loss given defaults (LGD). I.e. the customer business case is often stronger in countries where the LGD is higher.

Loss on receivables are recognized as displayed below.

	2023	2022
Loss on trade receivables	166	153
Loss on trade receivables in % of Revenues	0.02%	0.02%

Trade receivables

At 31 December the exposure to credit risk were separated into the following segments;

	2023	2022
Marketplace	45 117	44 722
Subscription	3 900	1 945

Trade receivables at 31 December – ageing	2023	2022
Not due	14 762	19 524
1–30 days past due	16 117	12 655
31–60 days past due	1 422	4 308
61–90 days past due	5 998	1 894
More than 90 days past due	10 718	8 286
Total trade receivables	49 017	46 667
Bad debt provision	-2 821	-2 613

The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Historical losses in the Group have been very low, as result of the measures implemented in order to reduce the credit risk. As an example prepayments are required for the whole or parts of the contract amount in some markets. This is reflecting the risk of default in those markets, and the local debt collection process and tools available in case of default.

For Direct Purchase the customers are grouped into categories, market by market, and the expected credit loss is estimated category by category. The expected loss reflect the Group's ability to collect once receivables are overdue. The residual value of the solar panels installations and batteries sold is included in the residual value, when relevant. For subscription customers the same method is used, however additional to estimating the expected credit loss for the trade receivables, the fixed assets (solar panel systems mounted on the subscription customers roof) related to customers with increased risk of payment default is assessed for impairment, as the fixed assets would ultimately be reclaimed and sold in the second hand market.

The expected loss is based on experience from debt collection processes and estimated residual value for the products that can be reclaimed, both in current and previous years. The Group is however in an early stage of its commercial journey, with 2021 being the first year of operations in several of the markets, hence the Group has limited historical data. As a consequence of this the loss rates are frequently reviewed and updated to reflect the actual risk in each of the Group's markets.

Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in paying its financial liabilities.

The Group's subscription business is exposed to liquidity risk over time. The subscription business consists mainly of purchasing and installing solar systems and batteries at private individuals' houses, and entering into long term leasing contracts with these customers (20 years for PV and 10 years for batteries).

At the start of 2023, announced financing package of NOK 250 million in equity and up to EUR 100 million in debt, to secure the Group's growth in subscription assets. Further in October the Group announced the disposal of Norwegian and Swedish subscription assets, which reduced the financing need for those portfolio for a period of time. In November the Group raised NOK 450 million in equity to bring the Group towards profitability. The Group's cash position is considered strong.



Maturity profile of the Group's liabilities (in nominal values)

	Total as of 31.12.23	< 1 year	2 years	3 years	4 years	5 years	>5 years
Non-derivative financial obligations							
Leasing	16 763	9 534	-	-	-	-	-
Credit institutions & other ¹	237 509	2 077	233 748	1 123	561	-	-
Trade payables	69 343	69 343	-	-	-	-	-
Public duties payable	13 735	13 735	-	-	-	-	-
Other current liabilities	145 632	145 632	-	-	-	-	-
Total	482 983	240 321	233 748	1 123	561	-	-

	Total as of 31.12.22	< 1 year	2 years	3 years	4 years	5 years	>5 years
Non-derivative financial obligations							
Leasing	16 619	7 918	5 158	3 544	-	-	-
Credit institutions & other ¹	135 136	9 464	9 134	8 945	8 588	8 064	90 941
Trade payables	71 473	71 473	-	-	-	-	-
Public duties payable	27 415	27 415	-	-	-	-	-
Other current liabilities	147 260	147 260	-	-	-	-	-
Total	397 904	263 530	14 292	12 489	8 588	8 064	90 941

1) Borrowings from credit institutions and other interest-bearing liabilities

Currency risk

The Group is exposed to currency risk related to investments in foreign entities and proceeds from these investments that vary with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using the average exchange rates for the period.

To the extent possible, the Group intends to finance its operations through debt financing in the respective countries' currency. The Group's current policy is not to hedge its currency risk through FX futures or other derivatives.

The currency risk for each of the Group's subsidiaries is limited as each entity has its revenues and costs in its local currency. Wholesale prices of materials may to a certain extent vary with variations in foreign exchange rates, that will influence prices to customers which again could affect the attractiveness of the product.

Sensitivity

If the following currencies had strengthened/weakened against the functional currency, it would have had the below effect on the Group's loss.

Profit and loss			
	Change in	2023	2022
EUR	+/- 10%	58 134	30 750
SEK	+/- 10%	3 706	4 726
PLN	+/- 10%	750	2 367
GBP	+/- 10%	1 453	375
CHF	+/- 10%	2 347	1 207
USD	+/- 10%	3	284
Total		66 393	39 709

Interest rate risk

EDEA, the subscription business, is financing its activities partly through a debt facility from DNB Bank ASA and Sparebank 1 SR-bank ASA, obtained in January 2023. Thus the Group is exposed to market risk related to fluctuations in interest rates and currencies in the countries where the Group has operations. The interest rates in the Group's financing agreements vary with the respective IBOR-rate. All customer contracts have a fixed, implicit interest rate that is set at the start of the contract period and not changed for the duration of the contract period (20 years for solar panel installations, 10 years for batteries).

Consequently, the Group is exposed to the risk that its financing costs may increase, while its recurring revenues to a larger extent is based on fixed price contracts. This risk is mitigated in two ways. The monthly payments from the customers are subject to an annual CPI adjustment, which is expected to compensate for increasing financing costs to a large extent. In addition, the implicit interest rates in new customer contracts may be increased if the financing costs increase, giving higher recurring revenue in the future.

Overall the risk related to interest rates has increased during 2022 and 2023, with the increased central banks rates. However, taking into consideration the mitigating effects of inflation adjustment and yield adjustment on new contracts (as described above), the Group has decided to maintain its' policy not to enter into interest rate swaps to hedge interest rate risk.

See note 16 for further information about the debt facility.



Note 20. Share capital and shareholder information

Ordinary shares have a nominal value of NOK 0.01 each and all provide the same rights in the Company.

The Company completed two private placements during 2023 and issued 143 million new shares, of which 130 million were issued in December. In total, NOK 680 million, net of transaction costs, was raised through the private placements.

Share capital	Number of shares	Share price	Carrying amount
Ordinary shares	279 224 580	3 375	942 382 958

The shareholders of Otovo ASA	Number of shares	% Total
Å Energi Invest AS	87 732 581	31.42%
Axel Johnson AB	68 655 978	24.59%
Nysnø Klimainvesteringer AS	19 306 931	6.91%
Verdipapirfondet Holberg Global	10 297 826	3.69%
Andmar Operations AS	8 664 610	3.10%
Obos Bbl	7 261 870	2.60%
Akershus Energi Sol AS	6 312 420	2.26%
Morgan Stanley & co. LLC	6 122 644	2.19%
Verdipapirfondet Dnb Grønt Norden	5 865 496	2.10%
Bank Pictet & Cie (europe) AG	5 634 011	2.02%
BNP Paribas	4 778 991	1.71%
Citibank Europe Plc	3 214 702	1.15%
Simvest AS	2 520 977	0.90%
Beacon Group AS	1 962 730	0.70%
Verdipapirfondet Dnb Miljøinvest	1 933 451	0.69%
Kverva Finans AS	1 466 598	0.53%
Klaveness Marine Finance AS	1 408 466	0.50%
N.A. Citibank	1 336 641	0.48%
Erøy AS	1 217 916	0.44%
Morgan Stanley & co. LLC	1 186 548	0.42%
Remaining shareholders (less than 1%)	32 343 193	11.58%

Showing holdings as of 31 December 2023

Updated list of shareholders can be found at investor.otovo.com/stock-info

Note 21. Related party transactions

Amounts in NOK thousand

The investment in Holu was reclassified from investments in associated companies to assets held for sale in 2022. Otovo divested its share in Holu in 3 February 2023, transactions with Holu after this date are not considered to be related party transactions and are excluded from the table below.

Refer to note 7 for information about related party transactions with CEO, other members of Group Management and board members.

The following amounts from the consolidated statement of profit and loss, if any, relates to transaction with related parties throughout the current financial year:

Consolidated statement of profit and loss	2023	2022
Sale to Holu	-	1 147
Total revenues	-	1 147

Consolidated statement of financial position	31 Dec 2023	31 Dec 2022
Trade Receivables	-	1 021
Other receivables and prepayments	-	278
Other current liabilities	-	-
Net balances with related parties	-	1 299



Note 22. Contracted future subscription payments

Amounts in NOK thousand

"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 914m over the next 20 years, assuming 2% annual inflation for the remainder of the contract period, without accounting for churn. The customer has the right to purchase the solar panel installation during the contract period at residual value, which is considered to be above market value, or at the end of the contract period at market value. Dismantling expenses at the end of the contract period are to be covered by the customer.

Swedish and Norwegian subscription portfolios were sold during the year and are excluded from contracted customer payments.

Subscriptions customers have 20 year guarantees for PV systems, 10 years for batteries, the guarantee is related to the performance of assets held and maintained by the Group. The Group's share of repair and replacement costs will be expensed as they occur, if not covered by warranties from hardware producers or installation partners. "

EDEA Contracted customer payments	NPV	2024	2025 -2026	2027 -2031	2032 -2043	Total
Non-discounted contracted customer payments assuming 2% annual inflation adjustments		43 979	90 614	242 875	536 549	914 017
NPV at 5% discount rate	589 286					

Note 23. Earnings per share

Amounts in NOK thousand

Basic earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations.

	2023	2022
Profit/(loss) after tax attributable to parent company shareholders	384 773	-309 498
Number of shares outstanding at 1 January	136 214 346	114 273 977
New shares issued during the year	143 010 234	21 940 369
Number of shares outstanding at 31 December	279 224 580	136 214 346
Weighted average number of shares during the year	158 611 409	125 244 162
Earnings per share (in NOK)		
Basic	-2.43	-2.47
Diluted	-2.43	-2.47

Effect of dilution is 0 in both years as the Group is reporting a loss after tax. Retention share and share options granted could potentially dilute basic earnings per share in the future. Refer to note 7 for further details about these shares and options

Note 24. Closing of EDEA transaction

Description of the transaction

On 6 October 2023, Otovo announced that its fully owned subsidiary EDEA MidCo AS entered into a share purchase agreement with Forte PV S.à.r.l part of a collective investment scheme managed by Swiss Life Asset Managers for the sale of its Norwegian and Swedish subscription portfolios. The deal was completed 15 November 2023.

The transaction involves 100% of the shares held by EDEA MidCo AS in its Norwegian and Swedish subsidiaries European Distributed Energy Assets AS and European Distributed Energy Assets AB. This comprises all subscription assets originated by Otovo in Norway and Sweden up until end of August 2023 and the cash flows pursuant to these assets. In addition, Otovo continues to enter into new subscription agreements on behalf of the portfolio companies sold. Otovo has also agreed to sell all solar rooftop projects originating in Scandinavia to the buyer until end of 2024 on the same terms, with a possible extension to September 2025 in case of delays in installations.

Out of a total settlement of NOK 257 million, NOK 204 million was repayment of intercompany loans from EDEA MidCo AS to European Distributed Energy Assets AS and European Distributed Energy Assets AB. NOK 170 million of the repayment was used to settle external non-current liabilities related to Swedish and Norwegian subscription assets. NOK 54 million of the settlement was consideration for shares, of which NOK 7.5 million is held in an escrow account in Otovo's name, related to indemnities under the Share Purchase Agreement.

The disposal consist primarily of subscription assets in Norway and Sweden, with a net book value at disposal of NOK 199 million, and related subscription contracts and receivables, as well as excess values directly allocated to the Norwegian and Swedish subscription business stemming from the acquisition of EDEA in December 2021. The net book value of disposed excess values was NOK 9 million, net of deferred tax. The subscription business in Norway and Sweden has been reported as part of the subscription segment. Refer to note 6 for more information.

The gain on the transaction, based on the submitted completion accounts, is NOK 38 million, net of directly attributable costs of NOK 6.5 million. The gain has been included in Other operating income.



Note 25. Finance lease

Amounts in NOK thousand

The Group enters into 10 year subscription contracts with customers for their use of standard, mass produced home batteries installed at their premises. Otovo has previously concluded that the Group has not transferred substantially all the risks and rewards incidental to ownership of the batteries and has classified the subscription contracts for home batteries as operating leases. Operating lease payments are recognised as income on a straight-line basis in accordance with IFRS 16.

The Group has changed contracts with new subscriptions customers in Germany as a result of local changes in VAT. The change was effective for installations completed starting from January 2023 and entails that the customer has the right to purchase the battery for 1 EUR at the end of the contract period. 1 EUR is expected to be sufficiently lower than fair value at the date the option becomes exercisable and it is considered to be reasonably certain that the option will be exercised.

The change in option price at the end of the contract is shifting the Group's conclusion from operating lease to finance lease for the batteries installed in Germany in 2023 under the subscription model.

The following amounts from the consolidated statement of profit and loss, if any, relates to finance leases

Consolidated statement of profit and loss	2023	2022
Revenue	14 347	-
Other operating income	11	-
Cost of goods sold	12 048	-
Financial income	441	-
Net impact on Consolidated statement of profit and loss	2 751	-

Consolidated statement of financial position	31 Dec 2023	31 Dec 2022
- Less than one year	1 850	-
- One to five years	7 400	-
- More than five years	10 175	-
Gross finance lease receivable	19 425	-
Less unearned financial income	-5 706	-
Total finance lease receivables	13 719	-



Note 26. Events after the reporting period

Equity financing

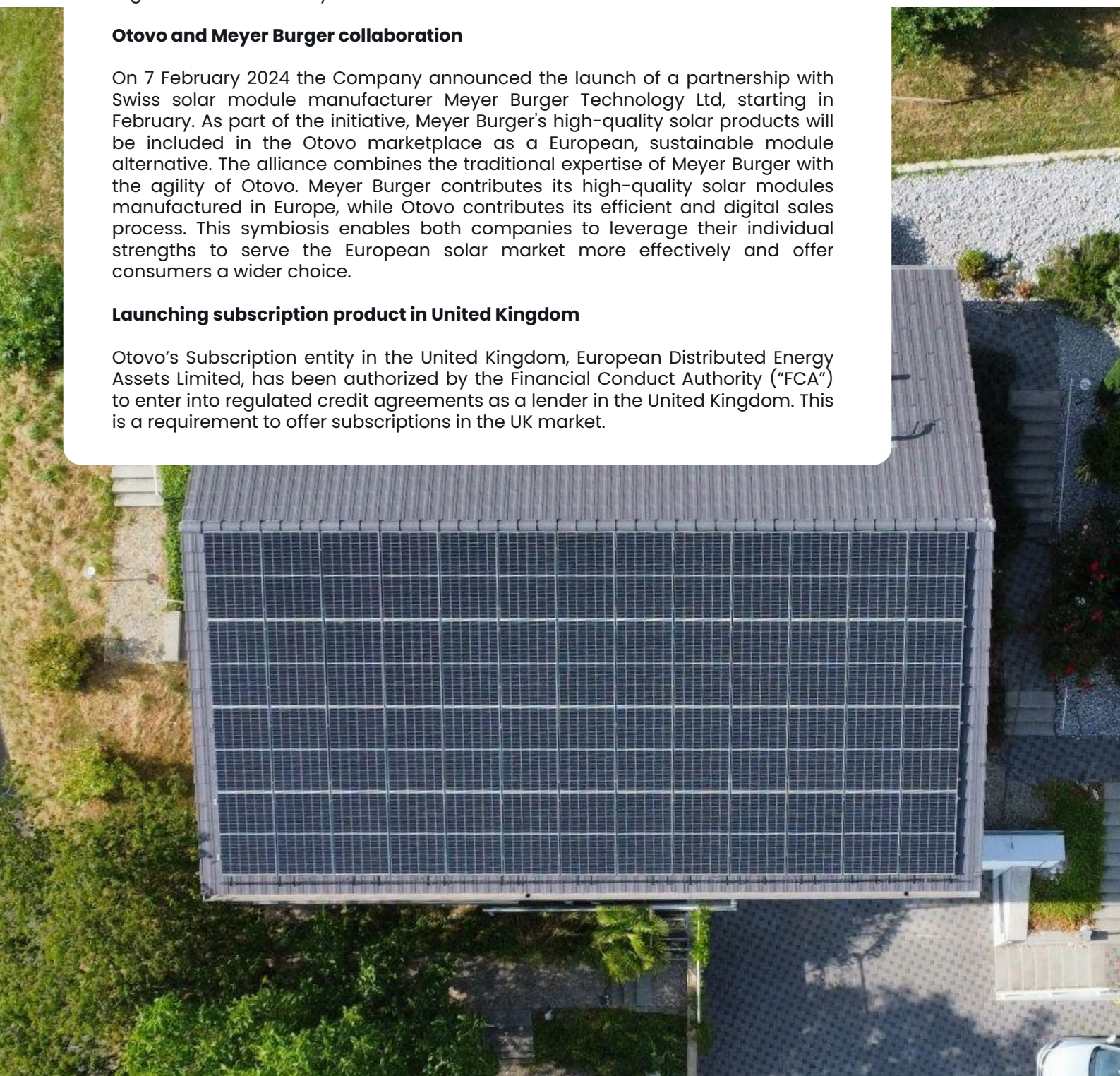
On 2 January 2024 the Company announced a subsequent offering comprising up to 17,400,000 shares in the Company at a subscription price of NOK 3.45 per share, directed towards eligible shareholders that were not allocated shares in the private placement conducted on 9 November 2023. By the end of the subscription period, that expired on 9 January 2024, the Company had received valid subscriptions for 364,944 new shares. On 10 January the Company's board resolved to allocate a total of 364,944 new shares, raising gross proceeds of approx. NOK 1.26m. The capital increase related to the share issue, was registered on 17 January 2024.

Otovo and Meyer Burger collaboration

On 7 February 2024 the Company announced the launch of a partnership with Swiss solar module manufacturer Meyer Burger Technology Ltd, starting in February. As part of the initiative, Meyer Burger's high-quality solar products will be included in the Otovo marketplace as a European, sustainable module alternative. The alliance combines the traditional expertise of Meyer Burger with the agility of Otovo. Meyer Burger contributes its high-quality solar modules manufactured in Europe, while Otovo contributes its efficient and digital sales process. This symbiosis enables both companies to leverage their individual strengths to serve the European solar market more effectively and offer consumers a wider choice.

Launching subscription product in United Kingdom

Otovo's Subscription entity in the United Kingdom, European Distributed Energy Assets Limited, has been authorized by the Financial Conduct Authority ("FCA") to enter into regulated credit agreements as a lender in the United Kingdom. This is a requirement to offer subscriptions in the UK market.



Parent Company Financial Statements



Parent company income statement

Amounts in NOK thousand

	Note	2023	2022
Revenue		292 032	185 177
Other operating revenue		103 333	61 851
Total revenue and other income	2	395 365	247 028
Cost of goods sold		244 287	149 833
Payroll and related costs	3	115 334	87 192
Depreciation, amortisation and impairment	4,5	22 476	16 773
Other operating expenses	3	88 578	70 927
Total operating expenses	6	470 674	324 725
Operating profit/(loss)		-75 309	-77 697
Financial income		21 550	5 844
Financial expenses		222	230
Net exchange gain/(loss)		14 311	8 001
Net Financial items	7	35 639	13 615
Profit/(loss) before income tax		-39 669	-64 082
Deferred tax expense	8	-	-
Profit/(loss) after tax		-39 669	-64 082
Transferred to uncovered loss		-39 669	-64 082
Total allocations and equity transfers		-39 669	-64 082

Parent company balance sheet

Amounts in NOK thousand

For the year ended 31 December	Note	31 Dec 2023	31 Dec 2022
Assets			
Intangible assets	4	74 044	59 091
Fixtures and fittings	5	3 175	3 132
Investments in group companies	9	600 645	479 068
Loans to group companies	10	409 444	266 286
Total non-current assets		1 087 309	807 578
Accounts receivable	11	4 819	12 858
Other receivables		11 782	9 611
Receivables from group companies	10	117 689	104 615
Receivables from associated companies	10	-	1 299
Cash and cash equivalents	12	432 303	45 870
Total current assets		566 592	174 253
TOTAL ASSETS		1 653 900	981 831
EQUITY AND LIABILITIES			
Share capital	13,14,15	2 792	1 362
Share premium	13,14	1 834 616	1 156 329
Other paid-in equity	13,14	84 960	37 331
Total paid-in equity		1 922 368	1 195 022
Uncovered loss	14	-357 715	-318 045
Total equity		1 564 654	876 977
Other provisions for liabilities		4 585	2 780
Total non-current liabilities		4 585	2 780
Accounts payable		17 321	18 688
Accounts payable to group companies	10	2	2 019
Other taxes and withholdings		6 515	8 481
Debt to group companies	10	25 533	32 976
Other current liabilities		35 290	39 910
Total current liabilities		84 611	102 074
Total liabilities		89 246	104 854
TOTAL EQUITY AND LIABILITIES		1 653 900	981 831

Oslo, 20 March 2024

Board of directors of Otovo ASA


Peter Mellbye

Chairman of the Board


Ingunn Andersen Randa

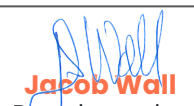
Board member


Stine Halla

Board member


Tor Øystein Repstad

Board member


Jacob Wall

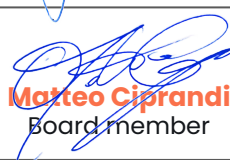
Board member


Josefin Christina Landgård

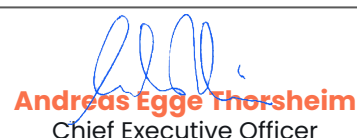
Board member


Zoë Wyon

Board member


Matteo Ciprandi

Board member


Andreas Egge Thorsheim

Chief Executive Officer

Parent company cash flow statement

Amounts in NOK thousand

	2023	2022
Cash flow from operations		
Profit/(loss) before taxation	-39 669	-64 082
Depreciation, amortisation and impairment	22 476	16 773
Net currency (gains) losses not relating to operating activities	-18 347	- 8 001
Expensed share-based payments	47 629	24 950
Change in accounts receivables and accounts payables	4 655	-2 571
Change in other balance sheet items	-23 900	-25 760
Net cash flow from operations	-7 156	-58 691
Cash flow from investment activities		
Investment in group companies	-121 577	-26 233
Cash balance from merger with EDEA Holding	-	40 076
Loans to group companies	-124 694	-296 367
Investments in intangible assets	-36 671	-29 870
Investments in tangible assets	-686	-262
Net cash flow from investment activities	-283 628	-312 657
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	679 717	299 902
Outflow due to downpayment of non-current liabilities	-2 500	-2 500
Net cash flow from financing activities	677 217	297 402
Net cash flow during the period	386 433	-73 946
Cash and cash equivalents at the beginning of the period	45 870	119 816
Bank deposits, cash and equivalents at 31 December	432 303	45 870

Notes to the parent company financial statements

For the year ended 31 December

Note 1. Accounting policies

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect at 31 December 2023, consist of the income statement, balance sheet, cash flow statement and notes to the accounts. The financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK' 000) unless otherwise stated.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets.

Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

Currency forward contracts are valued in the balance sheet at fair value on the balance sheet date.

Intangible fixed assets

Expenses relating to the development of intangible assets, including research and development expenses, are capitalised when it becomes probable that the future economic benefits arising from the assets will accrue to the company, and the cost of the assets can be reliably measured.

Intangible assets that are acquired separately, are recognised at historical cost. Intangible assets acquired in a business combination, are recognised at historical cost when the criteria for balance sheet recognition have been met.

Notes to the parent company financial statements

For the year ended 31 December

Shares in subsidiaries and associates

Subsidiaries and investments in associates are carried at cost. A write-down to fair value will be performed if the impairment is not considered to be temporary, and an impairment charge is deemed necessary according to generally accepted accounting principles. Received dividends and group contributions are recognised as other financial income. The same applies for investments in associates.

The following companies are included in the group on 31.12, with entities directly owned by Otovo ASA highlighted:

Shares in subsidiaries and associates			
Company	Country	Location	31 Dec 2023
Otovo ASA Parent company	Norway	Oslo	n.m
Otovo AB	Sweden	Stockholm	100%
Otovo France SAS	France	Paris	100%
Otovo Iberic SL	Spain	Madrid	100%
Otovo Srl	Italy	Milan	100%
Otovo Sp. Z.o.o	Poland	Warsaw	100%
Otovo GmbH	Germany	Berlin	100%
Otovo GmbH	Austria	Wien	100%
Otovo Unipessoal LDA	Portugal	Lisboa	100%
Otovo Limited	UK	London	100%
Otovo Schweiz GmbH	Switzerland	Zürich	100%
Otovo B.V.	Netherlands	Amsterdam	100%
Otovo BE B.V.	Belgium	Brussels	100%
Otovo Shared Services SL	Spain	Madrid	100%
European Distributed Energy Assets Midco AS	Norway	Oslo	100%
Edea Polska Sp. Z.o.o	Poland	Warsaw	100%
Distributed Energy Assets SLU	Spain	Madrid	100%
Distributed Energy Assets SARL	France	Paris	100%
European Distributed Energy Assets GmbH	Germany	Berlin	100%
EDEA GmbH	Austria	Wien	100%
Otovo Energy Assets Unipessoal LDA	Portugal	Lisboa	100%
European Distributed Energy Assets Limited	UK	London	100%
European Distributed Energy Assets Switzerland	Switzerland	Zürich	100%
European Distributed Energy Assets B.V.	Netherlands	Amsterdam	100%
European Distributed Energy Assets BE B.V.	Belgium	Brussels	100%

Notes to the parent company financial statements

For the year ended 31 December

Revenue

Revenue from the sales of services is valued at fair value of the consideration, after deduction of VAT and discounts. Sales are recognized when The Company has delivered its services to the customer and there are no unfulfilled obligations that may affect the customer's acceptance of the delivery.

The company's revenues are related to sale of solar panels and installation of these. For projects where a fixed fee has been agreed, revenues and costs are settled based on the best estimate for expected profit and actual progress.

Cost of goods is recognized with associated operating revenues.

Receivables

Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash flow

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Pensions

Defined contribution plans are accounted for according to the matching principle. Contributions to the pension plan are recorded as expenses.



Cost of sales and other expenses

In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated.

Other exceptions to the matching criteria are disclosed where appropriate.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Warranty provisions

Otovo provides warranties for general repairs of defects that existed at the time of sale, as required by law. For the direct sales of solar panel installations the warranty period is 10 years. As the Company has back to back warranties with hardware producers and installation partners, no provision has been recognised. The Company is ultimately responsible for solving the problem in the event that hardware producers fail to replace the defect hardware, or installation partners fail to resolve issues related to the quality of the work performed on the installation. The Company is also responsible for covering the installation work related to replacing defect hardware.

As it is not possible to prepare a reliable estimate including the percentage of defect hardware or installations with quality issues, the timing of the issue and the Company's share of the expense, no accruals have been made. The Company's share of repair and replacement costs will be expensed as they occur.

Note 2. Sales revenue

Consolidated statement of profit and loss	2023	2022
Sales of solar panels	292 032	185 177
Other income	103 333	61 851
Total	395 365	247 028

Note 3. Payroll costs, number of employees, benefits, loans to employees etc.

Payroll costs	2023	2022
Wages and salaries	47 007	47 384
Social security tax	11 574	4 358
Pension costs	4 732	4 826
Other benefits	52 018	30 624
Total	115 331	87 192
Average number of employees during the year	91	81

The Group's pension scheme satisfies the requirement of the Act of obligatory occupational pensions.

Share-based payment

Otovo has share options and share purchase programs for management and key personnel. The share purchase program entitles the subscribers a certain number of shares, at no consideration, 2, 3 and 4 years after the transaction date, provided certain conditions are met.

Vesting of performance shares is dependent on the development of the market price of the share, in addition to continued employment, while vesting of retention shares is dependent only on continued employment.

Vesting of 1.116.200 performance shares were accelerated due to the listing of Otovo on Euronext Growth in February 2021, and the shares were released. All share numbers are updated to reflect split of 10 completed at the listing.

Specification of expensed share-based payment	2023	2022
Payroll costs	47 630	24 950
Social security	-1 309	-6 153
Total expensed share-based payments	46 321	18 797

Directors' remuneration	Salaries, bonus, fees	Pensions	Other benefits
Chief Executive Officer	2 844	125	8
Board of Directors	-	-	1 270

Chief Executive Officer has a maximum yearly bonus of 50% of base salary. No loans or guarantees have been granted to management etc.

Auditor

Remuneration to BDO AS and their associates is as follows:

	2023	2022
Statutory audit	1 732	1 988
Other assurance services	102	380
Other non-assurance services	28	125

All amounts are excluded VAT

Note 4. Intangible assets

	Otovo Cloud	Other intangible assets	Total
Cost at 1 January 2023	92 560	4 147	96 707
Additions	36 221	450	36 671
Disposals	-	7	7
Cost at 31 December 2023	128 781	4 603	133 385
Acc. amortisation at 1 January 2023	-36 475	-1 141	-37 616
Net accumulated amortisation and reversed impairment at 31 December 2023	-20 811	-914	-21 725
Accumulated and reversed amortisation and impairment at 31 December 2023	-57 286	-2 056	-21 725
Balance at 31 December 2023	71 495	2 548	74 043
Current year amortisation charge	20 811	914	21 725
Current year impairment charge	-	-	-
Current year reversal of impairment charges	-	-	-
Economic life	5 years	5 years	
Amortisation method	straight-line	straight-line	

Principle for capitalisation of development costs

Otovo develops software that is used in the interface with customers and installers. The software makes it possible for installers to price their hardware and installation services, as well as for Otovo to calculate the price for various options of solar panels directly on the company's website. Furthermore, a production potential is calculated and estimated annually power savings. The software needs continuous development and a proportion of hours and costs related to this is capitalised in the balance sheet as an intangible asset.

Note 5. Property, plant and equipment

	Fittings and fixtures	Solar panels	Total
Cost at 1 January 2023	3 044	4 106	7 150
Additions, purchased	346	340	686
Additions, self constructed	-	-	-
Disposals	16	59	75
Cost at 31 December 2023	3 406	4 505	7 911
Including capitalised interest cost on manufactured additions	-	-	-
Acc. amortisation at 1 January 2023	-2 447	-1 570	-4 018
Net accumulated amortisation and reserved impairment at 31 December 2023	-544	-173	-717
Accumulated depreciation and impairment at 31 December 2023	-2 991	-1 744	-4 735
Balance at 31 December 2023	415	2 761	4 735
Current year amortisation charge	544	173	717
Current year impairment charge	-	-	-
Current year reversal of impairment charges	-	-	-
Economic life	3 years	20 years	
Depreciation method	straight-line	straight-line	

Note 6. Operating costs

Operating costs by nature	2023	2022
Office related expenses	4 623	2 705
External personnel and consultancy fees, including audit fees	23 421	31 367
Media spend, advertising and partnerships	11 972	5 257
System and software	18 467	8 031
Fees for Group employees hired in subsidiaries	21 659	15 018
Other operating expenses	8 436	8 549
Total	88 578	70 927

The company has entered into commercial leases for office premises. The lease contract for the head office premises mature in December 2025. The lease is annually adjusted according to the consumer price index. There are no restrictions placed upon the lessee under the lease contract to use the office premises in the normal course of business.

The local organization have had separate office premises in Rådhusgata 20. From mid-January they will relocate to the same premises as the head office. The lease will mature at the end of April 2024.



Note 7. Specification of financial income and financial expenses

Other Financial Income	2023	2022
Exchange gain (agio)	34 871	9 855
Interest income from group companies	18 941	4 209
Change in the value of variable remuneration related to acquiring a company	-	-
Other financial income	2	736
Other interest income	2 607	898
Total of Other Financial Income	56 421	15 699

Other Financial Expense	2023	2022
Exchange loss (disagio)	20 559	1 854
Other financial expense	11	2
Other interest expense	211	227
Total of Other Financial Expense	20 781	2 084
Net Financial Income and Financial Expense	35 640	13 616



Note 8. Income tax expense

Specification of income tax expense	2023	2022
Current income tax payable	-	-
Changes in deferred tax	-	-
Tax on profit/(loss)	-	-

Basis for tax expense, change in deferred tax and tax payables	2023	2022
Profit/(loss) before taxation	-39 669	-64 081
Permanent differences	26 600	16 194
Basis for the tax cost on this years profit/loss	-13,069	-47 888
Change in temporary differences	8 648	-1 418
This year's tax base	-4 422	-49 306
Received/issued group contribution	-	-
Basis payable tax	-4 422	-49 306
Payable tax	2023	2022
Tax rate	22%	22%

Specification of deferred tax	2023	2022
Differences that are offset:		
Fixed assets	-3 053	-2 489
Outstanding receivables	-764	-575
Accruals etc.	-10 700	-2 780
Profit and loss account	-103	-128
Net temporary differences	-14 619	-5 972
Loss carry-forward	-245 742	-241 320
Not included in the calculation of deferred tax	-	-
Basis for deferred tax/deferred tax asset	-260 361	-247 292
Net deferred tax/deferred tax asset	-57 279	-54 404
Of which not capitalised deferred tax asset	57 279	54 404
Deferred tax in the balance sheet	-	-

Note 9. Investments in subsidiaries and associated companies

Equity interests				
Company	Country	Location	31 Dec 2023	31 Dec 2022
Otovo AB	Sweden	Stockholm	100%	100%
Otovo France SAS	France	Paris	100%	100%
Otovo Iberic SL	Spain	Madrid	100%	100%
Otovo Srl	Italy	Milan	100%	100%
Otovo Sp. Z.o.o	Poland	Warsaw	100%	100%
Otovo GmbH	Germany	Berlin	100%	100%
Otovo GmbH	Austria	Wien	100%	100%
Otovo Unipessoal LDA	Portugal	Lisboa	100%	100%
Otovo Limited	UK	London	100%	100%
Otovo Schweiz GmbH	Switzerland	Zürich	100%	100%
Otovo B.V.	Netherlands	Amsterdam	100%	100%
Otovo BE B.V.	Belgium	Brussels	100%	100%
Otovo Shared Services SL	Sapin	Madrid	100%	-
European Distributed Energy Assets Midco AS	Norway	Oslo	100%	100%
European Distributed Energy Assets AS	Norway	Oslo	0%	100%
European Distributed Energy Assets AB	Sweden	Stockholm	0%	100%
Edea Polska Sp. Z.o.o	Poland	Warsaw	100%	100%
Distributed Energy Assets SLU	Spain	Madrid	100%	100%
Distributed Energy Assets SARL	France	Paris	100%	100%
European Distributed Energy Assets GmbH	Germany	Berlin	100%	100%
EDEA GmbH	Austria	Wien	100%	100%
Otovo Energy Assets Unipessoal LDA	Portugal	Lisboa	100%	100%
European Distributed Energy Assets Limited	UK	London	100%	100%
European Distributed Energy Assets Switzerland	Switzerland	Zürich	100%	100%
European Distributed Energy Assets B.V.	Netherlands	Amsterdam	100%	100%
European Distributed Energy Assets BE B.V.	Belgium	Brussels	100%	100%

On 6 October 2023, Otovo announced that its fully owned subsidiary EDEA MidCo AS entered into a share purchase agreement with Forte PV S.à.r.l part of a collective investment scheme managed by Swiss Life Asset Managers for the sale of its Norwegian and Swedish subscription portfolios. The deal was completed 15 November 2023.

The transaction involves 100% of the shares held by EDEA MidCo AS in its Norwegian and Swedish subsidiaries European Distributed Energy Assets AS and European Distributed Energy Assets AB. This comprises all subscription assets originated by Otovo in Norway and Sweden up until end of August 2023 and the cash flows pursuant to these assets. In addition, Otovo continues to enter into new subscription agreements on behalf of the portfolio companies sold. Otovo has also agreed to sell all solar rooftop projects originating in Scandinavia to the buyer until end of 2024 on the same terms, with a possible extension to September 2025 in case of delays in installations.

**Book value of companies owned directly by
Otovo ASA**

Company	Book value 31 December 2023
Otovo AB	105 107
Otovo France SAS	146 577
Otovo Iberic SL	46 578
Otovo Srl	47 439
Otovo Sp. Z.o.o	7 650
Otovo GmbH (Germany)	2 710
Otovo GmbH (Austria)	6 838
Otovo, Unipessoal LDA	3 584
EDEA MidCo AS	224 407
Otovo Schweiz GmbH	215
Otovo Limited	9 283
Otovo BE B.V.	103
Otovo B.V.	120
Otovo Shared Services SL	34
Total	600 645



Note 10. Related party transactions and balances

Related party balance items

Counterpart	Relationship to counterpart	Accounts receivables		Other receivables	
		2023	2022	2023	2022
Otovo AB	Subsidiary	-	-	17 036	12 525
Otovo France SAS	Subsidiary	-	7 377	11 556	11 214
Otovo Iberic SL	Subsidiary	-	-	7 582	11 246
Otovo SRL	Subsidiary	-	-	23 753	18 204
Otovo Sp. Z.o.o	Subsidiary	-	-	10 445	7 540
Otovo GmbH (Germany)	Subsidiary	-	148	13 530	7 887
Otovo GmbH (Austria)	Subsidiary	-	-	8 597	1 089
Otovo Unipessoal LDA	Subsidiary	-	-	5 289	1 200
Otovo Schweiz GmbH	Subsidiary	-	-	8 049	1 438
Otovo Limited	Subsidiary	-	-	4 463	856
Otovo B.V.	Subsidiary	-	-	2 536	1 265
Otovo BE B.V.	Subsidiary	-	-	4 729	1 609
Distributed Energy Assets SLU	Subsidiary	99	99	-	-
European Distributed Energy Assets AS	Subsidiary	-	17 919	-	-
European Distributed Energy Assets Midco AS	Subsidiary	-	1 563	-	1 309
Distributed Energy Assets SARL	Subsidiary	-	21	-	107
European Distributed Energy Assets B.V.	Subsidiary	26	-	-	-
Holu Technologia SA	Associated company	-	1 021	-	278
Total		124	28 147	117 565	77 767

	Relationship to counterpart	Accounts payable		Other current liabilities	
Counterpart		2023	2022	2023	2022
Otovo AB	Subsidiary	-	-	6 779	22 448
Otovo Iberic SL	Subsidiary	-	-	-	3 579
Otovo France SAS	Subsidiary	-	2 003	5 202	3 856
Otovo SRL	Subsidiary	-	15	1 114	80
Otovo Unipessoal LDA	Subsidiary	-	-	2 771	100
Otovo Limited	Subsidiary	-	-	3 035	2 913
Otovo Sp. Z.o.o	Subsidiary	-	-	1 242	-
Otovo Shared Services SL	Subsidiary	-	-	5 348	-
Total		-	2 019	25 492	32 976

	Relationship to counterpart	Loan	
Counterpart		2023	2022
Otovo AB	Subsidiary	27 412	36 718
Otovo France SAS	Subsidiary	42 689	25 344
Otovo Iberic SL	Subsidiary	61 682	42 614
Otovo SRL	Subsidiary	1 675	54 228
Otovo Sp. Z.o.o	Subsidiary	33 398	16 126
Otovo GmbH (Germany)	Subsidiary	109 083	66 833
Otovo GmbH (Austria)	Subsidiary	26 910	8 593
Otovo Unipessoal LDA	Subsidiary	20 324	2 483
Otovo Schweiz GmbH	Subsidiary	17 391	10 634
Otovo Limited	Subsidiary	14 415	2 714
Otovo BE B.V.	Subsidiary	31 697	-
Otovo B.V.	Subsidiary	12 910	-
Otovo Shared Services SL	Subsidiary	9 859	-
Total		409 444	266 286

Further explanation to related party balance items:

The companies in the group are also related parties. Transactions and balances with subsidiaries are eliminated in the consolidated financial statements. Sale to and purchase from subsidiaries and associated companies are at market price and the transactions have similar conditions as transactions with independent parties.

Balances on the balance sheet date are unsecured and interest-free.

Note 11. Receivables

	2023	2022
Accounts receivable	5 583	13 433
Provision for losses on accounts receivables	-764	-575
Total	4 819	12 858

Note 12. Restricted funds

	As of 31.12.2023	As of 31.12.2022
Restricted bank deposits	4 529	3 227



Note 13. Share capital and shareholder information

Ordinary shares have a nominal value of NOK 0.01 each and all provide the same rights in the Company.

Share capital	Number of shares	Share price	Carrying amount
Ordinary shares	279 224 580	3.375	942 382 958

The shareholders of Otovo ASA	Number of shares	% Total
Å Energi Invest AS	87 732 581	31,42%
Axel Johnson AB	68 655 978	24,59%
Nysnø Klimainvesteringer AS	19 306 931	6,91%
Verdipapirfondet Holberg Global	10 297 826	3,69%
Andmar Operations AS	8 664 610	3,10%
OBOS BBL	7 261 870	2,60%
Akershus Energi Sol AS	6 312 420	2,26%
Morgan Stanley & Co. LLC	6 122 644	2,19%
Verdipapirfondet DNB Grønt Norden	5 865 496	2,10%
Bank Pictet & Cie (europe) AG	5 634 011	2,02%
BNP Paribas	4 778 991	1,71%
Citibank Europe plc	3 214 702	1,15%
Simvest AS	2 520 977	0,90%
Beacon Group AS	1 962 730	0,70%
Verdipapirfondet Dnb Miljøinvest	1 933 451	0,69%
Kverva Finans AS	1 466 598	0,53%
Klaveness Marine Finance AS	1 408 466	0,50%
N.A. Citibank	1 336 641	0,48%
Erøy AS	1 217 916	0,44%
Morgan Stanley & co. LLC	1 186 548	0,42%
Total shareholders with minimum 1% ownership	246 881 387	88,42%
Total remaining shareholders	32 343 193	11,58%
Total number of shares	279 224 580	100%

Showing holdings as of 31 December 2023

Updated list of shareholders can be found at investor.otovo.com/stock-info

Shares, shares options, performance shares and retention shares held by CEO, other members of Executive Management and BoD, or by an entity controlled by these

Name, role	Shares	Share options	Performa. shares	Retention shares	Total 31.12.2023
Andreas Thorsheim, CEO	8 664 610	9 000 000	-	14 300	17 678 910
Other members of Executive Management	2 824 057	10 440 000	-	400 141	13 664 198
Peter Mellbye, Chairman of the board	127 306	-	-	-	127 306
Josefin Landgård, board member	91 583	-	-	-	91 583
Stine Halla, board member	28 653	-	-	-	28 653
Zoë Wyon, board member	14 326	222 000	-	-	236 326



Note 14. Equity

Paid-in equity	Share capital	Share premium	Other paid-in equity	Other equity	Total equity
Equity at 1 January 2023	1 362	1 156 329	37 330	-318 045	876 977
This year's change in equity	-	-	-	-39 671	-39 671
Issuance of shares	1 430	698 570	-	-	700 000
Transaction costs on equity issues	-	-20 283	-	-	-20 283
Share-based payments, accrual	-	-	47 629	-	47 629
Equity at 31 December 2023	2 792	1 834 616	84 960	-357 715	1 564 654

Note 15. Subsequent events

Equity financing

On 2 January 2024 the Company announced a subsequent offering comprising up to 17,400,000 shares in the Company at a subscription price of NOK 3.45 per share, directed towards eligible shareholders that were not allocated shares in the private placement conducted on 9 November 2023. By the end of the subscription period, that expired on 9 January 2024, the Company had received valid subscriptions for 364,944 new shares. On 10 January the Company's board resolved to allocate a total of 364,944 new shares, raising gross proceeds of approx. NOK 1.26m. The capital increase related to the share issue, was registered on 17 January 2024.

Alternative Performance Measures

Subscription customers enter into 20 year contracts (10 for batteries) with the asset-owning entity EDEA, that purchases the system from Otovo. Ahead of the acquisition of EDEA, Otovo's revenue on a subscription sale would be the same as on a direct sale. After the acquisition, revenue that stems from sale to EDEA is eliminated, and does no longer appear in the consolidated accounts.

As IFRS does not allow for recognising the fair value of a subscription contract, the Group has chosen to use Alternative Performance Measures (APMs) similar to those used by US peers in order to visualise the value related to the subscription business. In brief, the method consists of replacing traditional revenue by the present value of the 20 years' (or 10 years') cash flow that is generated from the subscription contract.

For an illustrative project in 2023, Otovo could typically have a margin of around 20 percent on a direct sale, so if the cost of installation of the system (COGS) is 100, the customer price and revenue would be 125 and the gross profit would be 25.

If the customer chose the subscription model, the subscription fee for the same system would typically be 1 per month or 12 per year adding up to 240 over 20 years. In addition the subscription fee is subject to annual, upward inflation adjustment. Assuming a conservative 2 percent inflation per year, the total payments over 20 years would be 290. Using a 5 percent discount rate in the alternative performance reporting, the net present value of this 20 years' cash flow would be 175. These 175 are the net present value of the signed 20 year commitment the customer has entered in the period, and will be reported at the time of completed installation of the project and be labelled as "Contracted Subscription Revenue".

A part of the subscription offering is maintenance on the system, so when looking at the profit generated over the lifetime of a subscription contract, the expected operations and maintenance (O&M) costs also have to be taken into account.

If the customer chooses subscription, this example shows that the same system generates 63 in profit, compared with 25 for a direct purchase agreement.

The Group shows these metrics for all subscription contracts generated in an accounting period. As the revenue and profit generated is counted up front, the recurring revenue over the lifetime of the subscription contracts is subtracted when looking at these metrics on a Group consolidated level. Finally, the Group will show an EBITDA-equivalent metric where revenue is replaced by revenue generated.



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 aim 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.

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 fulfillment 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 SPV 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 SPV segment during the reporting period.
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 Marketplace segment (as defined and further described in Note 6 in the notes to the Group's financial statements) is recognised in the reporting period the installation is physically completed, while for customers in the Subscription SPV 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.

APM	Definition & Description
Investment in Subscription Asset	Investment in tangible fixed assets in the Subscription SPV 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.
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 SPV 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 SPV 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

Contracted subscription revenue		
(NOK 000')	FY 2023	FY 2022
Cost of goods sold (COGS) to subscription segment	366,003	131,527
Batteries share of COGS to subscription segment	9%	8%
Solar Energy Systems (PV) share of COGS to subscription segment	91%	92%
	-	-
COGS to subscription segment - PV	333,900	120,597
Lifetime of contracts - PV	20	20
Average yield (first year payment to COGS)- PV	0	0
First year subscription payment - PV	37,579	13,223
Nominal lifetime subscription payments, not inflation adjusted	751,578	264,470
Inflation adjustment	161,491	61,399
Reduction from discounting to present value	-361,959	-125,622
Contracted subscription revenue - PV	549,532	200,247
	-	-
COGS elimination - Batteries	32,103	10,930
Lifetime of contracts - Batteries	10	10
Average yield (first year payment to COGS)- Batteries*	16.6%	16.4%
First year subscription payment - Batteries	5,319	1,789
Nominal lifetime subscription payments, not inflation adjusted	53,194	17,892
Inflation adjustment	5,052	1,699
Reduction from discounting to present value	-13,626	-4,584
Contracted subscription revenue - Batteries	44,488	15,008
	-	-
Contracted subscription revenue - Total	594,020	215,256
Revenue, Gross Profit and EBITDA Generated		
(NOK 000')	FY 2023	FY 2022
Revenue according to the Income Statement	997,717	637,501
Contracted subscription revenue (calculated)	594,020	208,940
Revenue Generated	1,591,737	846,441
Cost of goods sold according to the Income Statement	798,891	523,152
Investment in subscription assets	366,003	131,527
Subscription O&M cost (calculated)	41,154	15,065
Gross Profit Generated	385,689	176,700
<i>Gross Margin Generated %</i>	<i>24.2%</i>	<i>20.9%</i>
Operating profit/(loss)	-399,451	-317,535
Add back depreciation and amortisation	75,200	64,333
Add contracted subscription profit (calculated)	186,862	62,348
Subtract subscription revenue in the quarter	-77,847	-11,420
Difference from financial leasing	-904	
EBITDA Generated	-216,140	-202,274

Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board of Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Oslo, 20 March 2024

Board of directors of Otovo ASA



Peter Mellbye

Chairman of the Board



Ingunn Andersen Randa

Board member



Stine Halla

Board member



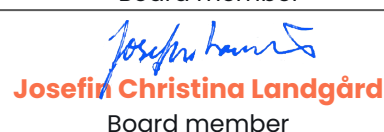
Tor Øystein Repstad

Board member



Jacob Wall

Board member



Josefin Christina Landgård

Board member



Zoë Wyon

Board member



Matteo Ciprandi

Board member



Andreas Egge Thorsheim

Chief Executive Officer



BDO AS
Munkedamsveien 45
PO Box 1704 Vik
0121 Oslo
Norway

Independent Auditor's Report

To the General meeting of Otovo ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Otovo ASA.

The financial statements comprise:

- The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion:

- The financial statements comply with applicable statutory requirements,
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.



We have been the auditor of Otovo ASA for 5 years from the election by the general meeting of the shareholders on 8 November for the accounting year 2019 (with at renewed election on the 25 April 2023).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How the key audit matter was addressed in the audit
Valuation of goodwill Goodwill is included in the balance sheet and amounts to NOK 164,6 million. We refer to note 13 for more information. Under IFRS, the Group is required to test intangible assets for impairment annually. The impairment test was significant to our audit due to the complexity of the assessment process and the significant judgements and assumptions involved. The impairment test is based on a calculated value in use for specifically defined cash generating units. Value in use is calculated based on a discounted pre-tax free cash flow, applying a pre-tax WACC	Our audit procedures include, among others, a detailed review of the management of the Group's impairment test for goodwill and the related documentation. We have reviewed the methodology used and assessed the WACC against the criteria in IAS 36. We have also compared the cash-flows used in the impairment test to the Group's budget and business plan and considered if there are factors indicating that these estimates are not realistic. We also tested the arithmetical accuracy of the calculations in the impairment test. We have involved our internal valuation specialists to assist us in evaluating the assumptions and methodologies applied by the group.
Otovo Cloud The development of Otovo Cloud is capitalized in the balance sheet and the book value of Otovo Cloud amounts to NOK 71,5 million as of 31 December 2023. We refer to note 13 for more information. Under IFRS, development of software shall be capitalized in the balance sheet if the development meets the criteria in IAS 38. The capitalization of the development of Otovo Cloud was significant to the audit due to the complexity of the development, use of judgements and assumptions in the process, as well as the significance of the book value of Otovo Cloud.	Our audit procedures include, among others, reviewing management's documentation for the capitalization of Otovo Cloud. We reviewed the methodology used and assessed this against the criteria in IAS 38. We have also obtained a list of new developments in 2023 and verified capitalized amounts against the underlying documentation and against the requirements for capitalization.



Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance and Corporate Social Responsibility .

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on compliance with requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Otovo ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 213800GFRKV96MLT9G04-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 20 March 2024

BDO AS

Roger Telle-Hansen
State Authorised Public Accountant
(This document is signed electronically)

Definitions

Project / Unit

A PV system and/or a battery or heat pump

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

Appendix A: GRI Index

Statement of use	Otovo ASA has reported in accordance with the GRI Standards for the period January 1 to December 31, 2023
GRI 1 Used	GRI 1: Foundations 2021
Applicable GRI Sector Standards	Not applicable

GRI Standard	Disclosure	Location	Omission: Requirements Omitted, Reason, Explanation
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational Details	Page 26: <i>Otovo's activities and value chain</i> Headquartered in Torggata 7, 0181 Oslo, Norway	
	2-2 Entities included in the organisation's sustainability reporting	Page 28: <i>Material topics</i>	
	2-3 Reporting period, frequency and contact point	Otovo's report on sustainability aligns with the financial report, and is included in the company's annual report, published in March for the period January 1 - December 31 of the preceding year (March 21, 2023). Contact point for questions about the sustainability report or reported information: Mette Fjelltveit Rye-Larsen, metterye@otovo.com (Group head of sustainability) and Lars Ekeland, larsek@otovo.com (General counsel).	
	2-4 Restatements of information	NA	
	2-5 External assurance	Page 25: <i>Commitments and Governance</i> . The sustainability report has not been externally verified, but our work on human rights due diligence is supported by KPMG, and GHG reporting by Cemacys.	
	2-6 Activities, value chain and other business relationships	Page 26-27: <i>Otovo's activities and value chain</i>	
	2-7 Employees	Page 44: <i>Diversity, Equality & Inclusion - Actual State of Gender Equality</i>	
	2-8 Workers who are not employees	In 2023 Otovo's installation partners performed 10 673 installations. Number of involved workers is estimated to be 2289 individuals based on the number of workers in each installation company and the number of installers.	
	2-9 Otovo Governance structure and compositions	Page 17-21: <i>Corporate Governance Report</i> Page 56: <i>Otovo's Board of Directors</i> Page 45: <i>Details on supplemental employee representative election</i>	
	2-10 Nomination and selection of the highest governance body	Page 19: <i>Nomination committee, Governing Bodies</i>	
	2-11 Chair of the highest governance body	Chairman of the Otovo Board of Directors is Peter Melbye. Peter Melbye is not a senior executive of the organisation.	
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 25: <i>Commitment and Governance</i> Page 37-39: <i>Our approach</i> (Human Rights due diligence)	
	2-13 Delegation of responsibility for managing impacts	The overall accountability lies with the executive management, delegation of responsibility per material topics is described in: Page 29: <i>Climate Impact - Our approach</i> Page 37: <i>Human rights and responsible value chains - Our approach</i> Page 34: <i>Safe installations and healthy installers - Our approach</i>	
	2-14 Role of the highest governance body in sustainability reporting	Page 25: <i>Commitment and Governance</i> The BoD is responsible for reviewing and approving the reporting information. Topic in audit committee and BoD meeting prior to publishing annual the report.	
	2-15 Conflicts of interest	The Company handles conflict of interest and related party transactions in accordance with the Norwegian Public Limited Liability Companies Act. Conflicts of interest will be reported to stakeholder. There are no controlling shareholders.	
	2-16 Communication of critical concerns	No critical concerns reported in 2023.	
	2-17 Collective knowledge of the highest governance body	Discussions in Board of Directors' meetings.	
	2-18 Evaluation of the performance of the highest governance body	Otovo's Board of Directors shall annually conduct a self-assessment, including its performance in overseeing the management of impacts.	
	2-19 Remuneration policies	Page 20: <i>Corporate Governance Report - Board remuneration and Salary and remuneration of executive personnel</i>	
	2-20 Process to determine remuneration	See 2-19, in addition: The remuneration for the Board of Directors is set by the General Meeting based on a proposal from the nomination committee. The board of directors set the remuneration for the CEO based on proposal from the remuneration committee. The remuneration for the other members of group management is set by the CEO in consultation with the remuneration committee and the board of directors.	

Appendix A: GRI Index cont.

GRI Standard	Disclosure	Location	Omission: Requirements Omitted, Reason, Explanation
General Disclosures			
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	The organisation's highest paid individual is the CEO. The compensation ratio (CEO vs employee median): 3.4 Contextual information: Based on full time employees in Norway, employed by Otovo ASA. Total annual compensation ratio is calculated from base salary + achieved bonus + realised variable compensations (only valid for sales managers).	
	2-22 Statement on sustainable development strategy	Page 23-24: <i>Sustainability in Otovo</i> , CEO statement	
	2-23 Policy commitments	Page 25: Commitments and governance Page 37-39: Human rights and responsible value chains - <i>Our approach</i> https://www.otovo.no/a/humanrights/Otovo's Sustainability Policy	
	2-24 Embedding policy commitments	Page 37-39: Human rights and responsible value chains - <i>Our approach</i> <i>Prior to communicating the Code of Conduct to installation partners, Otovo's GMs, AMs and Head of Ops across 13 markets received training through presentations and discussion sessions.</i>	
	2-25 Processes to remediate negative impacts	Page 38: <i>Information inquiries, grievance and whistleblowing</i> Page 39-40: <i>Status 2023</i> Otovo has not received grievances in the reporting period.	
	2-26 Mechanisms for seeking advice and raising concerns	Page 39: <i>Information inquiries, grievance and whistleblowing</i> In addition, Otovo has a process for handling whistleblowing from employees, where top level escalation is the chairman of Otovo's Board of Directors.	
	2-27 Compliance with laws and regulations	No known instances of non-compliance with laws and regulations have occurred during the reporting period	
	2-28 Membership associations	Nelfo/NHO (Norwegian Association of Industry) and Solenergiklyngen (The Norwegian Solar Industry Association)	
	2-29 Approach to stakeholder engagement	Page 28: <i>Material topics</i> , and Appendix C: <i>Stakeholder engagement</i>	
	2-30 Collective bargaining agreements	All employees in Otovo France are covered by a collective bargaining agreement (convention collective 2098) according to French law.	
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 28: <i>Material Topics</i> Appendix C: <i>Stakeholder Engagement</i>	
	3-2 List of material topics	Page 28: <i>Material Topics</i>	
Climate Impact			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 29: <i>Materiality, Our Approach</i> Appendix B: <i>GHG model and emissions</i>	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	NA - Scope 1 is zero due to the nature of Otovo's business model.	
	305-2 Energy indirect (Scope 2) GHG emissions	Page 31-32: <i>GHG Emissions and Intensity</i> Additional details in Appendix B: <i>GHG model and emissions</i>	
	305-3 Other indirect (Scope 3) GHG emissions	Page 31-32: <i>GHG Emissions and Intensity</i> Additional details in Appendix B: <i>GHG model and emissions</i>	
	305-4 GHG emissions intensity	Page 32: <i>Table: GHG Emissions and intensity</i> Based on all GHG Emissions, incl Scope 3.	
	305-5 Reduction of GHG emissions	Page 33: Carbon offsetting. Note: Otovo has initiated the process of Science Based Emission Reduction targets. In 2023 we have purchased carbon credits for Otovo's direct activities.	
			Omitted: All Reason: Lack of baseline year Explanation: Otovo will use 2022 as a baseline and have initiated process of setting Science Based Targets.

Appendix A: GRI Index cont.

GRI Standard	Disclosure	Location	Omission: Requirements Omitted, Reason, Explanation
Safe Installations and Healthy Installers			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 34: <i>Materiality, Our approach</i>	
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 35-36: Status 2023 – HSE installation partners	
	403-9 Work-related injuries	Page 35: Status 2023 – <i>Health and Safety Events</i> a. One Otovo employee was injured in 2023, fall accident related to office lunch time. b. Page 35: <i>Health and safety events</i> (we estimate that our installation partners have worked 372 thousand hours on installation-site in 2023). c. Page 34: <i>Materiality, Our Approach</i> d. Page 34: Our approach, Page 36: Inspections e. 1M hours worked (events also presented per 1k installations)	
Human Rights and Responsible Value Chains			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 37-39: <i>Materiality, Our approach</i>	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	12 of 12 PV Module manufacturers on whitelist were screened using social criteria (four manufacturers removed, one added).	
	414-2 Negative social impacts in the supply chain and actions taken	Page 38-40: <i>Key identified risks, Status 2023</i>	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	a. Page 38-39: <i>Key identified risks</i> b. Page 39-40: <i>Status 2023</i>	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		Omitted in this report. Otovo has introduced an environmental risk score and will develop this further in 2024.
	308-2 Negative environmental impacts in the supply chain and actions taken		Omitted in this report. Otovo has introduced an environmental risk score and will develop this further in 2024.
Diversity, Equality and Inclusion			
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 41: <i>Materiality, Our approach</i>	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 44-46: Actual State of Gender Equality BoD is presented on page 56 Executive Management is presented on page 58-59 Additional info: a. i. Page 45: Table: Gender Balance in Board of Directors ii. BoD: 75 % of members in age group 30-50, 25 % above 50. Group executive management: 100% in age group 30-50. b.i. Page 44-46: Actual State of Gender Equality ii. In the Otovo Group: 48% of FTEs are below 30, 51% are in age group 30-50 and 1% are above 50. Omitted: a and b point iii. Reason: Lack of updated indicators Explanation: Otovo will work to improve recording of indicators	
	405-2 Ratio of basic salary and remuneration of women to men	Page 46: Pay Gap Table, Otovo Norway only.	
GRI 401: Employment 2016	401-3 Parental leave a, b	Page 44: Actual state of Gender Equality – Parental leave	

Appendix B: GHG model and emissions

GHG Emissions	tCO ₂ e	Model Input
Scope 2: Indirect emissions from purchased energy		
Electricity Market Based (Location based)	99.3 26.6)	kWh * Local Market Based Mix
Scope 3: Indirect emissions not owned		
Employee Commuting	72.8	Total travel distance per means of transport (employee survey)
Purchased goods and services , of which: <i>Office electronics</i> <i>Solar System Hardware (direct purchase)</i>	38 228.9 221.3 38 007.2	Office electronics: Purchased units x EPD estimate / Cemsys verified Solar System hardware: Installed components x product carbon footprint**
Business Travel	205.2	Total travel distance per means of transport.
Upstream transportation and distribution , of which: <i>Sea freight / shipping</i> <i>Installer Transportation</i>	2 209.5 1 484.7 725	Shipping: Distance port to port * weight of installed hardware Installer Transport: Roundtrip from installer to installation site in km * installation days (estimated installation time of 1 day per 12 panels)
Waste	16.8	FTEs * Cemsys Estimate (69 kgCO ₂ e/FTE)
End-of-life treatment of sold products	163.2	Installed solar system components * EPD estimate / Cemsys verified
Capital Goods <i>Solar system hardware (subscription)</i>	19 301.9	Installed components x product carbon footprint**

** Product Carbon Footprint

Category	Model Input	
Hardware: Production (cradle - gate)	Installed components * EPD estimate (Cemasys verified)	
	EPDs, LCAs and verification from Cemasys have been used to account for carbon footprints of solar system hardware manufacturing (A1 - A3).	
	Specific EPD estimates, per installed components:	
	kgCO2e	per installed
	Solar Modules	617 kWp PV capacity
	Mounting Systems	25.91 m2 PV module area
	Inverters String	50 kW inverter capacity
	Inverters Micro	90 kW inverter capacity
	Batteries	130 kWh storage capacity
Heat Pumps	1200 unit	
Hardware: End of life treatment	Installed components * EPD estimate (Cemasys verified)	
	Specific EPD estimates, per installed components:	
	kgCO2e	per installed
	Solar Modules	1.11 kWp PV capacity
	Inverters String	1.25 kW inverter capacity
	Inverters Micro	1.25 kW inverter capacity
	Batteries	0.5 kWh storage capacity
	Heat Pumps	150 unit

Appendix C: Stakeholder Engagement

Otovo seeks to engage with a variety of stakeholders, to take account of the individuals and groups impacted by our way of working, operations, business relationships and strategic directions.

Stakeholder Engagement (GRI 2-29)		
Stakeholder Group	Type of engagement	Topics & Concerns Discussed
Investors (Financial Community)	Meetings, financial reporting, investor pages, press and stock exchange releases	- Financial performance - Management's strategic priorities - Market development - Impact of macroeconomic trends (inflation, interest rates, energy costs, etc.) - Compliance & Governance - Identify actual and potential impacts - GHG Emissions - Avoided emissions, including methodology - Circularity - Human Rights
Financiers / Banks	Meetings	- Financial performance - Growth / deployment of capital - Performance of subscription assets - Covenants, solvency & solidity - Risk management, incl climate risks - Market outlook
Installation Partners	Communication through Otovo Installer platform, email, phone, meetings, third party inspections, webinars	- Occupational health and safety - Quality Improvements - Identify actual and potential impacts
Hardware Manufacturers	Email, meetings, industry meetups	- Human and labour rights - GHG Emissions & Environmental Impact - Policy commitments
Supply Chain Distribution Partners	Phone, email, meetings, fairs	- Human and labour rights - GHG Emissions - Cost efficiency - Technology developments
Customers	Phone, email, newsletters, webinars	- Environmental Impact of PV - Financial savings - GHG Emissions - Market outlook
Employees	- Internal communication channels - Company wide Otovo Lunch/town hall (biweekly) - Working at Otovo Survey (monthly) - Performance dialogues and reviews - Working Environment Committee (Group level) and Safety representatives per country - Impact Assessment Survey	- Diversity, Inclusion and equal opportunity - Occupational health and safety - Talent development - Strategy - Identify actual and potential impacts - GHG Emissions and Climate Impact
Media	Interviews, podcasts	- Financial performance - Market outlook - Relative sustainability merit of solar vs. other energy sources
Industry Associations	Meetings, working groups, industry meetups, conferences	- Identify actual and potential impacts - Inform about incentives, taxation and rules for solar and storage - Ethical Supply Chains - HSEQ - Education programs and training - Fire Safety
Governments, Authorities, Policymakers	Meetings	- Renewable Energy Transition Enabling - Subsidies - Policies

Investor Relations Contacts

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Visit [Otovo.com](https://otovo.com) or get your batteries and solar panels directly at:

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