

The background of the entire page is a high-angle photograph of a villa. In the foreground, a row of solar panels is mounted on a roof with terracotta tiles. The villa itself is a large, light-colored building with multiple wings and a swimming pool, surrounded by lush greenery and trees. In the distance, a coastline and the sea are visible under a clear blue sky.

Q2 2024 Report

CEO Message



Better tech will push solar further

The first half of 2024 represents the first time in European history where the electricity generated from solar and wind power surpasses that of fossil fuels. The point marks a milestone in the new renewables' inevitable path to supplant coal and gas in the European grid, and have our homes and industry run on only clean power.

In the coming years, solar power will expand its growing dominance in daytime hours as more Watts get built out in more places. Solar will also start chipping away at market shares in winter as more vertical panels get installed. Solar will eat into the evening hours thanks to batteries that will more and more carry energy from daytime solar generation into the evening power consumption peaks.

All of this is possible because there is a massive technological change happening. The astounding cost declines of solar and battery technologies allow consumers to get more powerful systems, bigger savings and more freedom from the energy grid for less. We believe the continuously improving tech and cost offering to homeowners is a driving force that will push solar to new highs.

But on the path to get there, the solar market has been challenging in the last few quarters, particularly in Scandinavia and Spain that traditionally have represented an important part of our activities. While we grow in other markets, that growth has not been sufficient to make up the difference.

In the coming quarters, our operational response to this challenge is twofold: First, we plan to push customer acquisition costs downward by shifting more of the traffic sources to our websites from proprietary channels, like the partnerships that we have unlocked in the last few quarters. Second, we see that our cost program from December 2023 is completing as planned, and in addition to that we are ready to initiate further efficiency measures to align costs with activity levels.

These actions will be coupled with a financial strengthening coming out of the process to monetize the subscription portfolio, freeing up cash and transferring the future subscription sales to forward flow, lightening the load on cash for the company.

Andreas E. Thorsheim,
Founder and CEO

Summary | Second quarter 2024 highlights

1. Continued market headwinds

- Consumer macroeconomic conditions remain challenging
- Outlook in Spain and Nordics remains weak – other markets stable or improving
- Recent rise in gas prices and subsidy changes provide hope for 2H 2024

2. Revenues increased sequentially

- Installed units up to 1,827 driving revenues to NOK 169m
- Revenues generated up to NOK 240m

3. Multi-hardware strategy paying off

- Half of new customers opting for a battery and corresponding strong development for heat pumps and EV chargers
- Gross Margin expanded to 22% and Gross Margin Generated to 28% demonstrating pricing power of platform

4. Initiating further opex reductions

- Current cost program will deliver ~90 million in savings in Q3 on an annual basis
- Ready to initiate additional efficiency measures to align cost with activity levels

5. Expecting volume growth in 2H

- Expect to see growth in sales in second half versus first half
- Disciplined marketing investments to continue to improve ROI
- Expecting installation speed on par with previous quarters

6. Continental Europe portfolio sales process ongoing

- In concrete discussions with several parties

IFRS

-46%

Q2 23: 312

Revenue incl. financial lease

169 NOKm

-42%

Q2 23: 64

Gross Profit

37 NOKm

APMs

-54%

Q2 23: 514

Revenue Generated

240 NOKm

-46%

Q2 23: 124

Gross Profit Generated

67 NOKm

+7%

Q2 23: 692

**Accumulated Contracted
Subscription Revenue**

741 NOKm



Otovo installation Austria, 2024

Second quarter 2024 | Financial summary

Financial summary

(NOKm)	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	FY 2023
Revenue & Finance lease revenue	168.6	312.2	-46%	323.0	591.9	1,010.6
Gross profit	37.5	64.3	-42%	70.4	115.6	200.9
Operating profit/(loss)	-91.8	-98.4		-199.3	-195.5	-399.5
Profit/(loss) after tax	-110.5	-88.3		-197.3	-142.5	-384.8

Financial summary - Comments

- Lower sales volumes in Q1 2024 impacted the number of installations completed in Q2 24, which as a result came in lower than in Q2 23. Correspondingly, revenues are down 46%.
- Gross profit is down NOK 26.8m YoY or 42% due to lower revenues. The impact is softened by higher margins on the projects installed. Gross margin is up by 1.6 p.p. from 20.6% in Q2 23 to 22.2% in Q2 24
- Other operating income increased from NOK 9.8m in Q2 23 to NOK 14m Q2 24, due to an increasing number of active subscriptions
- Operating loss decreased from NOK 98.4m in Q2 23 to NOK 91.8m in Q2 24. The decreased loss is mainly due to an increase in subscription revenues and reductions in payroll, depreciation and other operating expenses, partially offset by a decrease in gross profit.



Second quarter 2024 | APMs and Key performance figures

Alternative Performance Measures

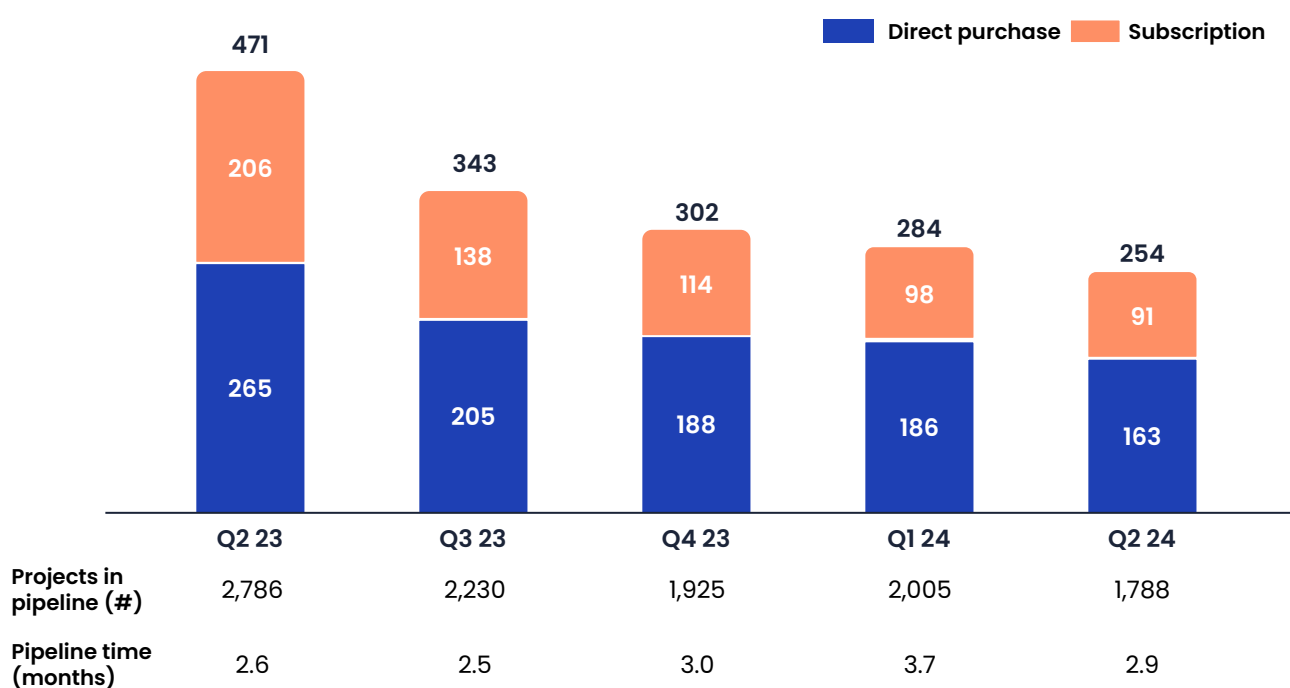
Reported financials do not reflect underlying value creation in the Subscription portfolio given the delayed revenue recognition of Subscription contracts versus Direct Purchase contracts. This has led to the introduction of Alternative Performance Measures (APM), that reflects the value creation from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

(NOKm)	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	FY 2023
Revenue Generated	239.8	513.9	-53%	469.2	921.6	1,590.2
Gross Profit Generated	67.3	124.2	-46%	130.5	211.7	385.4
Gross Margin Generated %	28%	24%	+4%p	28%	23%	24%
EBITDA Generated	-58.2	-25.6		-131.8	-73.5	-216.4

Key performance figures

(Units)	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	FY 2023
Unit sales	1,622	2,215	-27%	3,326	4,177	7,891
Completed projects/installations	1,827	3,214	-43%	3,451	6,046	10,621
Project pipeline	1,788	2,786	-36%	1,788	2,786	1,925

Pipeline - Value (NOKm) and Units (#)



Financial review | Operational improvements in challenging market

The company faced continued market headwinds in the second quarter of 2024, as the residential solar market in Europe is yet to see a recovery. Otovo has responded to these market conditions by cost reductions, through moving staff to the hub in Madrid and operating with a lower number of FTEs. Nearly a third of Otovo's employees are now based in Madrid.

Otovo installed 13% more projects than in the first quarter of 2024, but 43% less than the same quarter last year. In the same period the company has been able to expand its gross margin to 22% – the highest level recorded. Meanwhile, Gross Margin Generated, which includes value creation from the Group's subscription segment, expanded to 28%, driven by higher yield on the capital deployed.

Otovo's financial performance was, compared to the same quarter last year, negatively impacted by the lower volumes. The company was able to reduce both payroll and other operational expenses in the quarter. The Group's balance sheet contracted somewhat year over year, due to reduced activity. The Group's cash position stood at 334m at the end of the quarter.

Income statement

Revenues were down 46% compared with Q2 23, reflecting lower sales and less installations compared to the year before and a smaller pipeline going into the quarter.

Other operating income increased from NOK 9.8m in Q2 23 to NOK 14m Q2 24, due to an increasing number of active subscriptions.

Gross profit decreased by NOK 26.8m compared to Q2 23 and increased by 4.6m from Q1 24. The gross margin of 22.2% in Q2 24 is up from 20.6% in Q2 23 and from 21.3% in Q1 24.

Payroll and related costs decreased from NOK 87.9m in Q2 23, and was stable compared to Q1 24 at NOK 72.6m. The decrease compared to Q2 23 is primarily related to fewer FTEs and lower share based payment expenses. Underlying reductions in payroll expenses from Q1 24 to Q2 24 is netted by non-recurring restructuring expenses, primarily relating to changes in Group Management.

Expenses for share based payments programs were NOK 3.3m in the quarter, compared with NOK 7.8m for Q2 23, and NOK 2.6m in Q1 24.

Other operating expenses are down from NOK 63.2m in Q2 23 to NOK 54.8m in Q2 24, mainly due to a decrease in external personnel and consultancy fees. Compared to Q1 24 Other operating expenses are down from 65.7m, primarily due to decreased media spend and advertising costs.

Net financial items decreased from a gain of NOK 8.1m in Q2 23 to a loss of NOK 18.7m in Q2 24, mainly due to a net exchange gain in Q2 23 and a net exchange loss in Q2 24. The significant net exchange effects in both quarters is primarily due to currency effects on internal loans denominated in EUR, from parent company with functional currency in NOK, partially netted by exchange losses on the external financing in EUR.

The weakening of EUR compared to NOK in this quarter is primarily explaining the loss of NOK 18.7m in net financial items compared to a gain of NOK 8.1m in Q2 23 and a gain of NOK 20.7m in Q1 24. The currency loss in Q2 24 is partially offsetting the currency gain in Q1 24.

Financial review | Operational improvements in challenging market

Balance sheet

Total non-current assets as of Q2 24 have increased to NOK 709m, from NOK 624m at year-end 2023. The increase is mainly driven by an increase in Property, plant and equipment of NOK 71m due to capitalization of solar energy systems and batteries in the subscription business.

Total current assets have decreased from NOK 734m at year-end 2023 to NOK 479m at the end of Q2 24. The decrease is mainly related to a reduction in cash and cash equivalents, driven by the operating losses YTD June 24.

Total non-current liabilities have increased from NOK 244m at year-end 2023 to NOK 310m at the end of Q2 24. The increase is primarily relating to the financing of new subscription assets.

Total current liabilities have decreased from NOK 239m at year-end 2023 to NOK 200m at the end of Q2 24. The change is driven by settlement of annual bonuses and severance packages.

Cash flow

Net cash flow from operating activities was -NOK 96m in Q2 24, driven by the operating losses for the quarter.

Net cash flow from investing activities in Q2 24 was -NOK 46m mainly driven by investments in new subscription assets, finance leases, and continued development of Otovo Cloud.

Net cash flow from financing activities was NOK 43m in Q2 24. This increase is primarily explained by draw on the revolving credit facility related to investments in new subscription assets.

Outlook

The market for solar systems and batteries faced headwinds in 2023 and during the first half of 2024, as higher interest rates and an uncertain economic environment continued to influence consumer sentiment. For the second half of 2024 the outlook is more positive, subject to better consumer economic conditions; an improved business case for consumers; and actions taken to improve Otovo's relative performance versus competitors.

This makes Otovo believe in volume growth for the Group going out of 2024. Given that our pipeline is at a low point, we are reliant on robust sales development. We are focused on the sales and marketing efforts across all of our markets, and believe that we are well positioned relative to our competitors. Reductions to our cost base should result in improved financial performance in the event of a rebound in residential solar activity in the markets where we are present; a lower break-even point; and better financial resilience on the way there. The Group has identified additional cost savings that will be implemented so that cost levels and volumes align, and our belief is that we can implement efficiency measures without jeopardizing the scalable platform effects of the company.

The Group's financial position relies on our ability to grow sales and reduce cost. Furthermore, the Group is dependent on monetizing the portfolio of continental subscription projects, as announced on the Q1 2024 quarterly presentation, in order to free up latent cash reserves and reduce cash needs going forward. If a portfolio sale would not be successful, Otovo would consider and pursue other strategic alternatives.

Disclaimer

This report contains forward-looking statements that reflect management's current view with respect to future events. All such statements are subject to inherent risks and uncertainties, and many factors can lead to developments deviating from what has been expressed or implied in such statements.

Board of Directors, Otovo ASA, 19 August 2024



Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 30 June 2024 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, 19 August 2024

Board of directors of Otovo ASA



Beatriz Malo De Molina
Chairman of the Board



Eivind Tønnessen
Board member



Mette Rokne Hanestad
Board member




Tor Øystein Repstad
Board member



Jacob Wall
Board member



Josefin Christina Landgård
Board member



Zoë Wyon
Board member



Nico Schwab
Board member



Andreas Egge Thorsheim
Chief Executive Officer

Consolidated income statement

Consolidated income statement

NOK 000'	Notes	Unaudited Q2 2024	Restated Q2 2023	Unaudited YTD 2024	Restated YTD 2023	Audited FY 2023
Revenue	2	162,325	307,415	312,239	581,707	996,203
Finance lease revenue	2	6,232	4,827	10,744	10,201	14,347
Other operating income	2	14,022	9,793	27,055	16,620	82,024
Total operating income		182,579	322,036	350,038	608,529	1,092,574
Cost of goods sold	2	131,073	247,911	252,572	476,277	809,649
Payroll and related costs	2,6	72,569	87,878	145,156	163,120	347,272
Depreciation, amortisation and impairment	2	15,913	21,405	31,091	40,267	75,200
Other operating expenses	2,3	54,804	63,203	120,514	124,350	259,904
Operating profit/(loss)		-91,780	-98,362	-199,295	-195,486	-399,451
Financial Income		2,354	818	5,673	1,561	4,487
Financial Expense		7,843	6,849	15,925	8,751	29,234
Net exchange gain/(loss)		-13,247	14,132	12,223	42,440	20,587
Gains/(losses) on disposal of investment in associated company		-	-	-	13,791	13,791
Net financial items		-18,736	8,101	1,971	49,041	9,631
Profit/(loss) before tax		-110,516	-90,261	-197,324	-146,445	-389,820
Income tax expense/(income)		-14	-1,945	-28	-3,902	-5,047
Profit/(loss) after tax		-110,502	-88,316	-197,296	-142,543	-384,773
Profit is attributable to:						
- Owners of Otovo ASA		-110,502	-88,316	-197,296	-142,543	-384,773
Basic earnings per share (NOK)		-0.39	-0.59	-0.71	-1.00	-2.43
Diluted earnings per share (NOK)		-0.39	-0.59	-0.71	-1.00	-2.43

Consolidated statement of comprehensive income

(NOK 000')	Unaudited Q2 2024	Restated Q2 2023	Unaudited YTD 2024	Restated YTD 2023	Audited FY 2023
Profit/(loss) after tax for the period	-110,502	-88,316	-197,296	-142,543	-384,773
Other comprehensive income which may be reclassified to profit and loss					
Foreign currency translation differences	7,496	-11,975	-5,105	710	125
Total comprehensive income for the period	-103,006	-100,291	-202,401	-141,833	-384,648
Total comprehensive income is attributable to:					
- Owners of Otovo ASA	-103,006	-100,291	-202,401	-141,833	-384,648

Consolidated balance sheet

Consolidated statement of financial position

		Unaudited 2024	Restated 2023	Audited 2023
NOK 000'	Notes	30 Jun	30 Jun	31 Dec
ASSETS				
Intangible assets		86,460	91,275	83,656
Goodwill		166,518	168,927	164,611
Property, plant and equipment		415,086	432,080	344,108
Right of use asset		9,303	11,064	13,939
Finance lease receivables		19,802	9,519	13,002
Other assets		12,296	3,850	4,334
Total non-current assets		709,465	716,715	623,650
Trade receivables		52,937	64,352	46,196
Other receivables and prepayments		89,403	195,083	103,319
Finance lease receivables		1,779	525	717
Inventory		845	3,058	1,091
Cash and cash equivalents		333,982	312,537	582,707
Total current assets		478,946	575,555	734,030
Total assets		1,188,411	1,292,270	1,357,680
		2024	2023	2023
(NOK 000')	Notes	30 Jun	30 Jun	31 Dec
EQUITY				
Share capital		2,800	1,488	2,792
Share premium reserve		1,834,953	1,397,860	1,834,616
Other paid-in equity		91,293	51,458	84,960
Foreign currency translation reserve		-4,712	978	393
Retained earnings		-1,245,862	-806,336	-1,048,566
Total equity		678,472	645,448	874,195
LIABILITIES				
Deferred tax liability		2,080	5,717	2,109
Non-current interest bearing liabilities	4	305,135	341,211	235,432
Lease liabilities non-current		3,208	4,312	6,696
Other non-current liabilities		-7	-	-
Total non-current liabilities		310,416	351,240	244,237
Lease liabilities current		7,590	6,772	8,362
Trade payable		70,963	102,710	69,343
Other current liabilities		120,869	186,100	161,444
Income Taxes Payable		101	-	99
Total current liabilities		199,523	295,582	239,248
Total equity and liabilities		1,188,411	1,292,270	1,357,680



Consolidated statement of changes in equity

Consolidated statement of changes in equity

(NOK 000')	Attributable to the owners of Otovo ASA						Non controlling interest	Total equity
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total		
Equity at 1 January 2024	2,792	1,834,615	84,960	393	-1,048,565	874,195	-	874,195
Net profit for the period	-	-	-	-	-197,296	-197,296	-	-197,296
Other comprehensive income for the period, net of tax	-	-	-	-5,105	-	-5,105	-	-5,105
Total comprehensive income in the period	-	-	-	-5,105	-197,296	-202,401	-	-202,401
Issuance of shares	4	1,255	-	-	-	1,259	-	1,259
Change in nominal value	-	-	-	-	-	-	-	-
Transaction costs on equity issues	-	-918	-	-	-	-918	-	-918
Purchase of non-controlling interest	-	-	-	-	-	-	-	-
Share-based payments, exercised	4	-	-	-	-	4	-	4
Share-based payments accrual	-	-	6,333	-	-	6,333	-	6,333
Equity as of 30.06.2024	2,800	1,834,953	91,293	-4,712	-1,245,861	678,472	-	678,472

(NOK 000')	Attributable to the owners of Otovo ASA						Non controlling interest	Total equity
	Share capital	Share premium reserve	Other paid-in equity	Foreign currency translation reserve	Retained earnings	Total		
Equity at 1 January 2023	1,362	1,156,328	37,331	268	-663,792	531,497	-	531,497
Net profit for the period	-	-	-	-	-142,543	-142,543	-	-142,543
Other comprehensive income for the period, net of tax	-	-	-	710	-	710	-	710
Total comprehensive income in the period	-	-	-	710	-142,543	-141,833	-	-141,833
Issuance of shares	126	249,874	-	-	-	250,000	-	250,000
Change in nominal value	-	-	-	-	-	-	-	-
Transaction costs on equity issues	-	-8,343	-	-	-	-8,343	-	-8,343
Purchase of non-controlling interest	-	-	-	-	-	-	-	-
Share-based payments, exercised	-	-	-	-	-	-	-	-
Share-based payments accrual	-	-	14,127	-	-	14,127	-	14,127
Equity as of 30.06.2023	1,488	1,397,860	51,458	978	-806,336	645,448	-	645,448



Consolidated statement of cash flows

Consolidated statement of cash flows

(NOK 000')	Notes	Unaudited Q2 2024	Restated Q2 2023	Unaudited YTD 2024	Restated YTD 2023	Audited FY 2023
Cash flow from operating activities						
Profit/(loss) before tax		-110,516	-90,262	-197,324	-146,445	-389,820
Depreciation, amortisation and impairment		15,913	21,405	31,091	40,267	75,200
Expensed share-based payments	6	3,362	7,766	6,333	14,127	47,629
Net interest income and interest expenses		2,938	3,197	4,458	3,090	14,876
Share of profit/(loss) of equity accounted investees/Gain on disposal of associated company		-	-	-	-13,791	-13,791
Currency (gains)/losses not related to operating activities		-4,866	-16,917	-26,873	-39,174	-22,077
Changes in trade receivables		-13,201	14,813	-6,153	-16,221	1,892
Changes in trade payables		13,594	-6,849	1,142	24,457	-8,629
Change in other assets and other liabilities		-490	41,953	-30,688	38,021	117,974
Cash generated from operating activities		-93,266	-24,895	-218,014	-95,669	-176,746
Received interest		2,312	692	5,586	1,390	4,309
Paid interest		-5,250	-3,890	-10,044	-4,481	-19,185
Net cash flow from operating activities		-96,204	-28,092	-222,472	-98,759	-191,622
Cash flow from investing activities						
Disposal of associated company		-	-	-	23,539	23,539
Investment in finance leases		-4,087	-4,184	-8,163	-8,695	-12,048
Investments in intangible assets		-7,223	-6,618	-15,872	-16,360	-36,703
Investments in tangible assets		-37,625	-127,129	-77,259	-209,996	-369,449
Disposals of tangible and intangible assets		3,034	2,267	5,115	3,909	216,421
Net cash flow from investing activities		-45,901	-135,665	-96,179	-207,603	-178,239
Cash flow from financing activities						
Proceeds from issuance of ordinary shares		-	-2,177	341	241,657	679,717
Payment of lease liabilities		-2,178	-2,078	-4,495	-4,063	-7,247
Inflow due to new non-current liabilities	4	45,155	136,403	74,307	337,669	423,293
Outflow due to downpayment of non-current liabilities		-20	-2,468	-447	-159,801	-345,660
Net cash flow from financing activities		42,957	129,680	69,706	415,462	750,103
Net cash flow during the period		-99,148	-34,077	-248,945	109,100	380,242
Cash and cash equivalents at the beginning of the period		433,653	347,058	582,707	193,868	193,868
Exchange rate difference on cash and cash equivalents		-522	-444	221	9,571	8,598
Cash and cash equivalents at the end of the period		333,982	312,537	333,982	312,537	582,707

Notes to the interim consolidated financial statements

Note 1 – General information and basis for preparation

Otovo ASA (the Company or Parent) and its subsidiaries (together the Group) operates an online marketplace for solar installations and related products. Otovo ASA is a public limited liability company, incorporated and domiciled in Norway. The Company's registered office is at Torggata 7, 0181 Oslo, Norway.

The interim condensed consolidated financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total. These interim condensed consolidated financial statements for the quarter and first half year ended 30 June 2024, have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2023. The annual consolidated financial statements for 2023 are available at the company's website (<https://investor.otovo.com/>). None of the amendments effective from 1 January 2024 has had a significant impact on the Group's consolidated interim financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The interim financial information for the quarters and first half years ended 30 June 2024 and 30 June 2023 are unaudited.

Finance lease – restatement

The interim financial information for the quarter and first half year ended 30 June 2024 has been restated in accordance with the principles presented in note 9 of Q4 2023 report. Additionally, the following changes in presentation have been implemented for FY 2023 financial information, compared to the presentation in the annual consolidated financial statements for 2023:

- Investments in finance leases have been reclassified from Net cash flow from operating activities to Net cash flow from investing activities for FY 2023 in the Consolidated statement of cash flows
- Finance lease revenues, included in Revenues in FY 2023, is presented separately in the Consolidated income statement



Notes to the interim consolidated financial statements

Note 2 – Segment reporting

For Management purposes the Group is organized into two reporting segment. "Marketplace" 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.

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

(NOK 000')

	Marketplace		Subscription SPV		Elimination		Group total	
	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023
Revenue	162,322	307,426	6,235	4,817	-	-	168,557	312,243
Revenue internal	44,394	132,530	-	-	-44,394	-132,530	-	-
Other operating income	2,273	1,210	11,749	8,583	-	-	14,022	9,793
Other operating income internal	1,404	873	371	-	-1,775	-873	-	-
Total operating income	210,393	442,039	18,355	13,400	-46,169	-133,403	182,579	322,036
Cost of goods sold	168,332	374,629	4,339	4,185	-41,598	-130,902	131,073	247,912
Payroll and related costs	71,972	87,871	597	-	-	8	72,569	87,879
Depreciation, amortisation and impairment	9,453	5,713	6,396	5,890	64	9,803	15,913	21,406
Other operating expenses	52,910	62,897	3,758	4,584	-1,864	-4,279	54,804	63,202
Operating profit/(loss)	-92,274	-89,071	3,265	-1,258	-2,771	-8,033	-91,780	-98,362

Notes to the interim consolidated financial statements

Note 2 – Segment reporting

(NOK 000')

	Marketplace		Subscription SPV		Elimination		Group total	
	YTD 2024	YTD 2023	YTD 2024	YTD 2023	YTD 2024	YTD 2023	YTD 2024	YTD 2023
Revenue	312,237	581,707	10,746	10,201	-	-	322,983	591,908
Revenue internal	89,841	228,512	-	-	-89,841	-228,512	-	-
Other operating income	4,092	2,317	22,963	14,304	-	-	27,055	16,621
Other operating income internal	2,741	2,310	763	-	-3,504	-2,310	-	-
Total operating income	408,911	814,846	34,472	24,506	-93,345	-230,822	350,038	608,530
Cost of goods sold	329,605	685,031	8,163	8,695	-85,196	-217,449	252,572	476,277
Payroll and related costs	143,749	163,037	1,407	-	-	83	145,156	163,120
Depreciation, amortisation and impairment	18,615	10,995	12,476	9,257	-	20,015	31,091	40,267
Other operating expenses	117,658	122,251	6,454	6,964	-3,598	-4,865	120,514	124,350
Operating profit/(loss)	-200,716	-166,468	5,972	-411	-4,551	-28,606	-199,295	-195,485

Revenue external by product / service	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Solar panels and related products	162,322	307,426	312,237	581,707	996,209
Finance lease	6,235	4,817	10,746	10,201	14,341
Operating lease and service agreements	11,749	8,583	22,963	14,304	38,285
Other operating income	2,273	1,210	4,092	2,317	43,739
Total operating income	182,579	322,036	350,038	608,530	1,092,574

Notes to the interim consolidated financial statements

Note 3 – Other Operating Expenses

Other Operating Expenses					
(NOK 000')	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Other expenses related to buildings and short-term/low value rent of equipment	2,021	3,900	5,276	7,044	14,427
External personnel and consultancy fees 1)	13,495	19,165	25,668	34,838	79,592
Media spend, advertising and partnerships	28,756	27,443	67,307	54,404	116,083
System and software	5,241	5,180	10,481	10,469	18,321
Other operating expenses	5,291	7,515	11,782	17,595	31,481
Total other operating expenses	54,804	63,203	120,514	124,350	259,904

1) Including audit fee.

Note 4 – Subscription SPV bank facility

The Subscription SPV has a revolving credit facility ("RCF" or "facility") with DNB Bank ASA and Sparebank 1 SR-bank ASA for a total of EUR 50m. The facility is priced based on a floating interest rate, with EURIBOR, NIBOR, STIBOR, or other relevant IBOR as the reference rate based on the the loan currency, and a margin of 325 bps. The maturity date of the facility is 24 January 2026 with the possibility of one year extension. At the end of the quarter the Subscription SPV had drawn EUR 27.2m on the RCF, of which EUR 4m was drawn during the quarter. The Subscription SPV was in compliance with financial covenants at the time of covenant reporting.

Note 5 – Contracted future payments

Subscription customers enters into a 20 year contract for PV systems, and 10 year contract for batteries, paying a monthly price that is adjusted for inflation annually. The existing subscription customers are contracted to pay the subscription SPV NOK 1.2b over the next 20 years, assuming 2% annual inflation for the remainder of the contract period, without accounting for churn. In order to terminate the contract a customer would have to either buyout the system or pay a fee, hence it has limited impact on the expected payments.

The calculated Contracted Customer Payments are impacted by changes in foreign exchange rates during the quarter.

Contracted Customer Payments					
(NOKm)	NPV	2024	2025–2027	2028–2030	2031–2043
Non-discounted contracted customer payments*		28	176	187	763
NPV @5%	741				

*) Assuming 2% annual inflation

Notes to the interim consolidated financial statements

Note 6 – Share based payments

Otovo has granted share options to management and key personnel.

As of 30.06.2024 there are 26,798,998 outstanding options with a weighted average strike price of 3.45 kroner per share. Further, Otovo has two employee share purchase programmes. There are 643,777 retention shares outstanding under these programmes.

Expense in Q2 2024 was NOK 3.3m. Expense in Q2 2023 was NOK 7.8m.

Note 7 – Events after the reporting period

There are no events after the reporting period impacting the reported information or requiring disclosure.



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.

	Direct purchase (~65% of customers today)	Subscription (~35% of customers today)	Otovo Group
Revenue	Revenue Booked revenue, value of upfront payment from customer	Contracted Subscription Revenue Present value of all subscription payments over 20 years, discounted at 5%	Revenue Generated Revenue + Contracted Subscription Revenue
Profit	Gross profit Revenue - Upfront COGS, value of payment to installers (inc. HW)	Gross Subscription Profit Contracted Subscription Revenue - Upfront COGS, value of payment to installers (inc. HW) - Present value of O&M cost (inverter replacement in Y10 & customer service)	Gross Profit Generated Gross Profit + (Gross subscription profit)
Assets		Accumulated Contracted Subscription Revenue Present value of the remaining cash flows from subscription contracts, discounted at 5%	Accumulated Contracted Subscription Revenue Present value of the all remaining cash flows from subscription and service contracts, discounted at 5%

APM	Definition & Description
Contracted Subscription Revenue ("CSR")	<p>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.</p> <p>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 there may be differences in calculation methodologies 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.</p>
Subscription O&M costs ("S O&M")	<p>Net present value of operation and maintenance cost relating to the fulfilment of subscription contracts over their lifetime (1% of installation cost).</p> <p>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.</p>
Gross Subscription Profit ("GSP")	<p>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).</p> <p>The Company uses GSP as it provides an estimate of the net contribution relating to the solar energy systems and batteries installed in the Subscription segment during the reporting period. The acquisition cost of the subscription asset is recognised as part of property, plant and equipment in the consolidated statement of financial position and amortised over 20 years for solar energy installations and 10 years for batteries. Hence, this acquisition cost is not reflected in the consolidated income statement in the reporting period the installation has been completed (only through regular depreciation), but is included for the purpose of calculating GSP. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that GSP is a measure relevant to investors who want to understand the generation of net cash flows stemming from solar energy systems and batteries installed in the Subscription segment during the reporting period.</p>
Investment in Subscription Asset	<p>Investment in tangible fixed assets in the Subscription segment, equalling the amount the Group has paid, or is to pay, for the hardware and the installation work. The amount can be found in the elimination of cost of goods sold ("COGS") in the note for segment reporting in the Company's consolidated quarterly and annual reports.</p>

Alternative Performance Measures continued

APM	Definition & Description
Revenue Generated	<p>Revenue (as reported in the Company's consolidated income statement in line with IFRS), plus Contracted Subscription Revenue (CSR).</p> <p>The Company uses Revenue Generated as it provides an estimate of the total estimated cash inflows relating to the solar energy system installations performed during the reporting period. In accordance with the Group accounting policy, revenue from customers in the Direct Purchase segment (as defined and further described in Section 6.5.4 "Purchasing models" and Section 7.8 "Reporting segment information and revenue") is recognised in the reporting period the installation is physically completed, while for customers in the subscription segment, the revenue is recognised over the contract period which is 20 years for solar energy systems and 10 years for batteries. Revenue Generated is disregarding the timing differences which are required for revenue recognition, as reported under IFRS, between the segments, and is also reflecting that a subscription customer is more valuable to the business than a direct purchase customer. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that Revenue Generated is a measure relevant to investors who want to understand the generation of cash flows stemming from solar energy systems and batteries installed during the reporting period, independent of purchase model.</p>
Gross Profit	<p>Revenue less COGS (both as reported in the Company's consolidated income statement).</p> <p>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.</p>
Gross Profit Generated	<p>Gross Profit, plus Gross Subscription Profit (GSP).</p> <p>The Company uses Gross Profit Generated as it provides an estimate of the total contribution from the solar energy systems and batteries installed in the reporting period. In accordance with the Group accounting policies, revenue and COGS in the Direct Purchase Segment is recognised in the reporting period the installation is physically completed, while for customers in the subscription segment, the revenue and amortisation of the subscription assets is recognised over the contract period which is 20 years for solar energy systems and 10 years for batteries. Gross Profit Generated is eliminating the timing differences in revenue and cost recognition, as reported under IFRS, between the segments, and is also reflecting that a Subscription customer is more valuable to the business than a Direct Purchase customer. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that Gross Profit Generated is a measure relevant to investors who want to understand the generation of net contribution stemming from solar energy systems and batteries installed during the reporting period.</p>
Gross Margin Generated (%)	Gross Profit Generated divided by Revenue Generated.
Accumulated Contracted Subscription Revenue ("ACSR")	<p>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.</p> <p>From one reporting period to the next, the development in ACSR will typically be as follows:</p> <p>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</p> <p>The Company uses ACSR as it provides an estimate of the accumulated future cash inflows relating to the solar energy systems and batteries held by the subscription business. Customers in the Subscription segment enter into a 20 year contract for solar energy systems and a 10 year contract for batteries, paying a monthly fee that is adjusted for inflation (CPI) annually. Similar APMs are common in the industry in which Otovo operates, however it may be calculated differently and may not be comparable. The Company believes that ACSR is a measure relevant to investors who want to understand the expected future cash flows stemming from solar energy systems and batteries held by the subscription business.</p>
EBITDA Generated	<p>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.</p> <p>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.</p>

Alternative Performance Measures continued

Contracted subscription revenue

(NOK 000')	Q2 24	Q2 23	YTD 2024	YTD 2023	FY 2023
Cost of goods sold (COGS) to subscription segment	41,598	130,902	85,448	217,449	366,003
Batteries share of COGS to subscription segment	19%	8%	17%	8%	9%
Solar Energy Systems (PV) share of COGS to subscription segment	81%	92%	83%	92%	91%
COGS to subscription segment - PV	33,843	120,604	70,841	199,542	333,900
Lifetime of contracts - PV	20	20	20	20	20
Average yield (first year payment to COGS)- PV	13.1%	11.0%	12.9%	10.8%	11.3%
First year subscription payment - PV	4,423	13,219	9,126	21,579	37,579
Nominal lifetime subscription payments, not inflation adjusted	88,459	264,376	182,514	431,578	751,578
Inflation adjustment	19,007	56,806	39,216	92,733	161,491
Reduction from discounting to present value	-42,602	-127,323	-87,898	-207,847	-361,959
Contracted subscription revenue - PV	64,864	193,118	133,832	316,464	550,272
COGS elimination - Batteries	7,755	10,298	14,607	17,907	32,103
Lifetime of contracts - Batteries	10	10	10	10	10
Average yield (first year payment to COGS)- Batteries*	19.5%	15.5%	37.7%	16.1%	16.6%
First year subscription payment - Batteries	1,509	1,600	2,760	2,888	5,319
Nominal lifetime subscription payments, not inflation adjusted	15,093	16,005	27,597	28,877	53,194
Inflation adjustment	1,433	1,520	2,621	2,743	5,052
Reduction from discounting to present value	-3,866	-4,100	-7,069	-7,397	-13,626
Contracted subscription revenue - Batteries	12,660	13,358	23,149	24,222	44,555
Contracted subscription revenue - Total	77,524	206,476	156,981	340,686	594,827

Revenue, Gross Profit and EBITDA Generated

(NOKm)	Note	Q2 24	Q2 23	YTD 2024	YTD 2023
Revenue (excl. Financial leasing)	2	162.3	307.4	312.2	581.7
Contracted subscription revenue (calculated)		77.5	206.5	157.0	339.9
Revenue Generated		239.8	513.9	469.2	921.6
Cost of goods sold (excl. financial leasing)	2	126.7	243.7	244.4	467.6
Investment in subscription assets	2	41.6	130.9	85.4	217.4
Subscription O&M cost (calculated)		4.2	15.0	8.8	24.9
Gross Profit Generated		67.3	124.2	130.5	211.7
Gross Margin Generated %		28.1%	24.2%	27.8%	23.0%
Operating profit/(loss)	2	-91.8	-98.4	-199.3	-195.5
Subtract financial leasing		-1.9	-0.6	-2.6	-1.5
Add back depreciation and amortisation	2	15.9	21.4	31.1	40.3
Add contracted subscription profit (calculated)		31.7	60.5	62.7	97.6
Subtract subscription revenue in the quarter	2	-12.1	-8.6	-23.7	-14.3
EBITDA Generated		-58.3	-25.6	-131.9	-73.5

Definitions

Project / Unit

A PV system and/or a battery

Direct sale

PV or battery systems paid for directly by the customer, including sales financed by the homeowner's loan

Subscription

Customer relationships with recurring revenue, such as leases, service agreements, etc., relating to PV or battery system

Sold projects

Sold projects are the number of projects sold during the period less projects abandoned during the period

Abandoned project

An abandoned project is a project that has been canceled after the contract with the customer is signed

Installed project

An installed project is a project that has been physically completed, is capable of producing electricity, and can be invoiced by Otovo

Battery attachment rate

The share of projects which include a battery

Ticket size

The total project price which the customer pays to Otovo for a direct sale

Cost per Wp

Calculated as the total project cost (i.e., ticket size) divided by the system size measured kWp.

Unit positive

A country installing projects with a positive net contribution, i.e. project gross profit less attributable sales commission and marketing spend

Project pipeline

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

Customers

Number of customers with an installed PV and/or battery system, both from a direct sale and subscription

Churn

of subscription customers who exercised their purchase option in the period

Margin leakage

The delta in a project's gross margin from the time it's sold to installed arising from re-scoping, re-pricing or re-assigning the project to a new installer

Discount Rate

The discount rate is used to discount future cash flows in order to calculate net present value. Currently 5%

Contracted Subscription Revenue (CSR)

Net present value of contracted cash flows coming from 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