



Q3

2024 Report

Third quarter 2024 | Financial summary

Financial summary

(NOKm)	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	FY 2023
Revenue & Finance lease revenue	139.0	238.1	-42%	462.0	830.0	1,010.6
Gross profit	29.8	50.1	-40%	100.2	165.7	200.9
Operating profit/(loss)	-130.8	-93.0		-330.1	-288.5	-399.5
Profit/(loss) after tax	-120.5	-120.0		-317.8	-262.6	-384.8

Financial summary - Comments

- Revenues are down 42% compared Q3 2023, primarily due a challenging market for the Group's products, and a resulting significant reduction in the number of installed projects
- Gross profit is down NOK 20.3m YoY or 40% due to lower revenues. Gross margin is up by 0.4 p.p. from 21.03% in Q3 23 to 21.4% in Q3 24
- Other operating income increased slightly from NOK 13.1m in Q3 23 to NOK 13.6m Q3 24, explained by higher subscription revenues, in the existing subscription markets, partially netted by the effects of the divestment of the Swedish and Norwegian subscription business.
- Operating loss increased from NOK 93.0m in Q3 23 to NOK 130.8m in Q3 24. The increase in loss is mainly explained by non-recurring expenses related to restructuring and decreased gross profit, partially netted by reductions in underlying payroll and other operating expenses.



Otovo installation in France, 2024

Third quarter 2024 | APMs and Key performance figures

Alternative Performance Measures

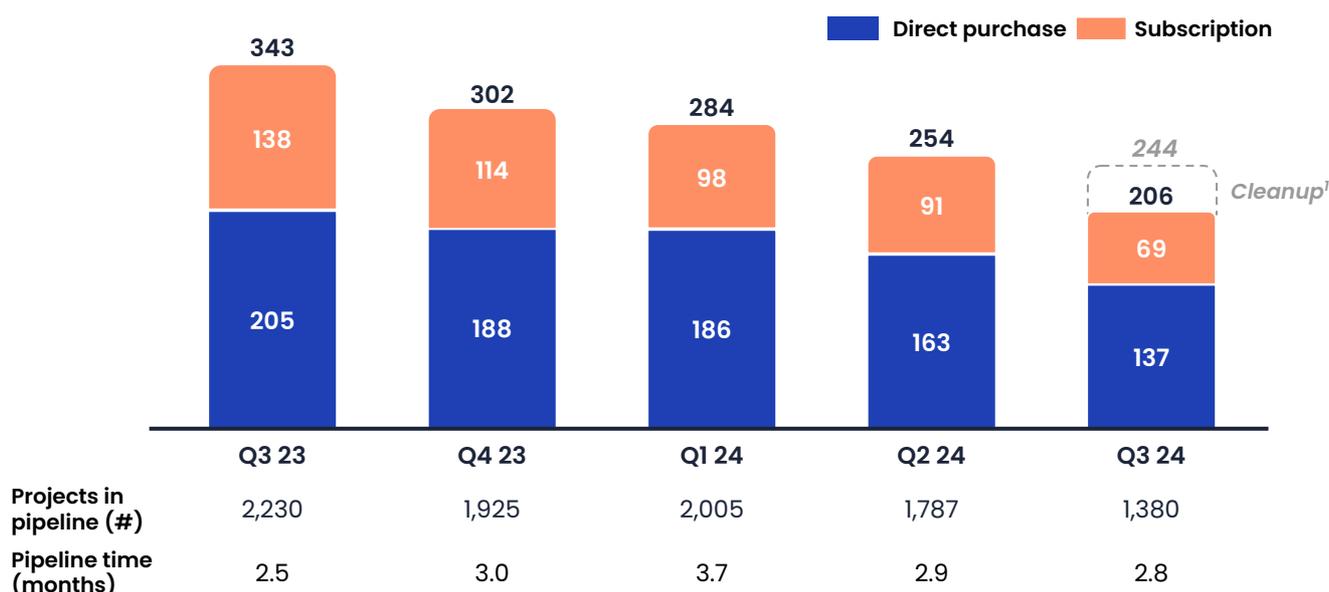
Reported financials do not reflect underlying value creation in the Subscription portfolio given the delayed revenue recognition of Subscription contracts versus Direct Purchase contracts. This has led to the introduction of Alternative Performance Measures (APM), that reflects the value creation from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

(NOKm)	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	FY 2023
Revenue Generated	197.1	392.0	-50%	666.3	1,313.6	1,590.2
Gross Profit Generated	54.9	102.8	-47%	185.5	314.5	385.4
Gross Margin Generated %	28%	26%	+2%p	28%	24%	24%
EBITDA Generated	-102.8	-35.8		-234.5	-109.3	-216.4

Key performance figures

(Units)	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	FY 2023
Unit sales	1,325	2,073	-36%	4,650	6,250	7,891
Completed projects/installations	1,458	2,629	-45%	4,909	8,675	10,621
Project pipeline	1,380	2,230	-38%	1,380	2,230	1,925

Pipeline - Value (NOKm) and Units (#)



Note 1) In relation to the reorganization of Otovo in the third quarter, the new operations team performed a bottom-up assessment of the pipeline. As a result of the cleanup, 274 projects were cancelled as expected likelihood of completion was considered too low

Financial review | Aligning cost and activity levels for a stronger future

The company faced continued market headwinds in the third quarter of 2024, as the residential solar market in Europe is yet to see a recovery. As a consequence Otovo initiated a new cost program in September, with target cost savings of around NOK 200-225m, to bring cost inline with current activity levels. As part of the program, the number of employees will be reduced to around 200, from a total of 366 at the beginning of this quarter (down ~45%). Additionally, the Group will be more disciplined in marketing spend and also reduce other SG&A items.

The reduction in staffing was largely completed in Q3 and the expenses relating to the restructuring amount to approximately NOK 33m, including related legal expenses. The restructuring also impacted installation and sales activity negatively during the quarter.

Otovo's financial performance was, compared to the same quarter last year, negatively impacted by the lower volumes and the above mentioned restructuring expenses. The company was however able to increase margins year over year, from 21.0% to 21.4%, and reduce the underlying payroll and other operating expenses in the quarter. The Group's balance sheet contracted somewhat year over year, primarily due to lower installation activity and the disposal of the Norwegian and Swedish subscription portfolios that happened in Q4 23, partially netted by new subscription assets. The Group's cash position stood at 270m at the end of the quarter.

Income statement

Revenues were down 42% compared with Q3 23, reflecting less installations compared to the year before and a smaller pipeline going into the quarter. Both installations and sales activity in the quarter was adversely impacted by the restructuring.

Other operating income increased from NOK 13.1m in Q3 23 to NOK 13.6m Q3 24, due to an increasing number of active subscriptions.

Gross profit decreased by NOK 20.3m compared to Q3 23 and by 7.7m from Q2 24 due to lower installation activity. The gross margin of 21.4% in Q3 24 is up from 21.0% in Q3 23 and down from 22.2% in Q2 24.

Payroll and related costs increased from NOK 76m in Q3 23 and 72.6m in Q2 24 to 99.8m in Q3 24. The increase in payroll related costs is due to non-recurring costs related to the restructuring of the company in Q3 24, NOK 31m, partially netted by a reduction in underlying payroll expenses due to less FTE's and a larger share of the FTE's located in the Group's service hub in Madrid.

Expenses for share based payments programs were NOK 3.6m in the quarter, compared with NOK 8.5m for Q3 23, and NOK 3.3m in Q2 24.

Other operating expenses are down from NOK 63.5m in Q3 23 to NOK 57.6m in Q3 24, mainly due to a decrease in marketing costs and consultancy fees. Compared to Q2 24, Other operating expenses increased from 54.8m due to increased legal fees in the quarter, related to restructuring, refinancing and the sale of the continental subscription portfolio, partially netted by lower marketing costs.

Net financial items increased from a loss of NOK 27.6m in Q3 23 to a gain of NOK 10.3m in Q3 24, mainly due to a net exchange gain in Q3 24 and a net exchange loss in Q3 23. 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 strengthening of EUR compared to NOK in this quarter is primarily explaining the gain of NOK 17.1m in net financial items compared to a loss of NOK 16.8m in Q3 23 and a loss of NOK 13.2m in Q2 24. The currency gain in Q3 24 is offsetting the currency loss in Q2 24.



Otovo Battery Installation in Tuscany, 2024

Financial review | Aligning cost and activity levels for a stronger future

Balance sheet

Total non-current assets as of Q3 24 have increased to NOK 745m, from NOK 624m at year-end 2023. The increase is mainly driven by an increase in Property, plant and equipment of NOK 102m 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 399m at the end of Q3 24. The decrease is mainly related to a reduction in cash and cash equivalents, driven by the operating losses YTD Q3 24, and a reduction in other receivables and prepayments, mainly due to reduced tax credits and VAT receivables.

Total non-current liabilities have increased from NOK 244m at year-end 2023 to NOK 382m at the end of Q3 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 206m as of Q3 24. The change is driven by reduced project related payables and accruals. When comparing with year-end 2023, the effects of the restructuring announced in September 2024 is netted by changes in bonus accruals and other payroll related liabilities.

Cash flow

Net cash flow from operating activities was -NOK 90m in Q3 24, driven by the operating losses for the quarter.

Net cash flow from investing activities in Q3 24 was -NOK 36m, mainly driven by investments in new subscription assets and finance leases, as well as continued development of Otovo Cloud.

Net cash flow from financing activities was NOK 62m in Q3 24. This increase is primarily explained by draw on the revolving credit facility related to the financing of subscription assets.

Outlook

The market for solar systems and batteries faced headwinds in 2023 which have continued into 2024, as higher interest rates and an uncertain economic environment continued to influence consumer sentiment.

The Group is reliant on robust sales development, and is executing an improvement program leading to a simpler, functional organization, more accurate marketing and partnership efforts and initiation of new sales methods. Otovo believe that the company is well positioned relative to competitors.

Reductions to the cost base implemented in Q3 should result in improved financial performance in the event of a rebound in residential solar activity in the markets where Otovo is present; a lower break-even point; and better financial resilience on the way there.

The Group's financial position relies on the ability to grow sales and reduce cost. Furthermore, the Group is dependent on monetizing the portfolio of continental subscription projects which is expected to free up NOK 150-175m if closed in Q1 2025. In addition to freeing up latent cash reserves, it will reduce cash needs going forward. Should this transaction fail to close or be significantly delayed the Company will need to raise capital and implement further cash preservation measures.

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 , 23 October 2024



Consolidated income statement

Consolidated income statement

NOK 000'	Notes	Unaudited	Restated	Unaudited	Restated	Audited
		Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Revenue	2	133,895	235,435	446,134	817,142	996,203
Finance lease revenue	2	5,135	2,632	15,879	12,833	14,347
Other operating income	2	13,578	13,107	40,633	29,727	82,024
Total operating income		152,608	251,174	502,646	859,702	1,092,574
Cost of goods sold	2	109,220	188,009	361,792	664,286	809,649
Payroll and related costs	2,6	99,751	75,979	244,907	239,099	347,272
Depreciation, amortisation and impairment	2	16,876	16,717	47,967	56,984	75,200
Other operating expenses	2,3	57,599	63,487	178,113	187,837	259,904
Operating profit/(loss)		-130,838	-93,018	-330,133	-288,504	-399,451
Financial Income		1,586	430	7,259	1,991	4,487
Financial Expense		8,403	11,227	24,328	19,978	29,234
Net exchange gain/(loss)		17,148	-16,832	29,371	25,608	20,587
Gains/(losses) on disposal of investment in associated company		-	-	-	13,791	13,791
Net financial items		10,331	-27,629	12,302	21,412	9,631
Profit/(loss) before tax		-120,507	-120,647	-317,831	-267,092	-389,820
Income tax expense/(income)		-17	-626	-45	-4,528	-5,047
Profit/(loss) after tax		-120,490	-120,021	-317,786	-262,564	-384,773
Profit is attributable to:						
- Owners of Otovo ASA		-120,490	-120,021	-317,786	-262,564	-384,773
Basic earnings per share (NOK)		-0.43	-0.81	-1.14	-1.84	-2.43
Diluted earnings per share (NOK)		-0.43	-0.81	-1.14	-1.84	-2.43

Consolidated statement of comprehensive income

NOK 000'	Unaudited	Restated	Unaudited	Restated	Audited
	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Profit/(loss) after tax for the period	-120,490	-120,021	-317,786	-262,564	-384,773
Other comprehensive income which may be reclassified to profit and loss					
Foreign currency translation differences	-4,649	-4,576	-9,754	2,321	125
Total comprehensive income for the period	-125,139	-124,597	-327,540	-260,243	-384,648
Total comprehensive income is attributable to:					
- Owners of Otovo ASA	-125,139	-124,597	-327,540	-260,243	-384,648

Consolidated balance sheet

Consolidated statement of financial position

NOK 000'	Notes	Unaudited	Restated	Audited
		2024	2023	2023
		30 Sep	30 Sep	31 Dec
ASSETS				
Intangible assets		85,438	88,313	83,656
Goodwill		168,923	165,219	164,611
Property, plant and equipment		446,160	287,899	344,108
Right of use asset		4,964	11,611	13,939
Finance lease receivables		24,737	11,810	13,002
Other assets		14,803	3,753	4,334
Total non-current assets		745,025	568,605	623,650
Trade receivables		51,474	59,076	46,196
Other receivables and prepayments		74,918	133,912	103,319
Assets classified as held for sale		-	223,988	-
Finance lease receivables		2,254	652	717
Inventory		624	1,302	1,091
Cash and cash equivalents		270,074	236,900	582,707
Total current assets		399,344	655,830	734,030
Total assets		1,144,369	1,224,434	1,357,680
		2024	2023	2023
NOK 000'	Notes	30 Sep	30 Sep	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		94,418	60,440	84,960
Foreign currency translation reserve		-9,361	2,589	393
Retained earnings		-1,366,352	-926,357	-1,048,566
Total equity		556,458	536,020	874,195
LIABILITIES				
Deferred tax liability		2,066	4,073	2,109
Non-current interest bearing liabilities	4	378,050	413,516	235,432
Lease liabilities non-current		2,096	5,379	6,696
Total non-current liabilities		382,212	422,968	244,237
Lease liabilities current		4,411	6,895	8,362
Trade payable		55,175	83,313	69,343
Other current liabilities		146,113	173,827	161,444
Income Taxes Payable		-	1,411	99
Total current liabilities		205,699	265,446	239,248
Total equity and liabilities		1,144,369	1,224,434	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	-	-	-	-	-317,786	-317,786	-	-317,786
Other comprehensive income for the period, net of tax	-	-	-	-9,754	-	-9,754	-	-9,754
Total comprehensive income in the period	-	-	-	-9,754	-317,786	-327,540	-	-327,540
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	-	-	9,919	-	-	9,919	-	9,919
Purchased back shares	-	-	-461	-	-	-461	-	-461
Equity as of 30.09.2024	2,800	1,834,953	94,418	-9,361	-1,366,351	556,458	-	556,458

(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	-	-	-	-	-262,564	-262,564	-	-262,564
Other comprehensive income for the period, net of tax	-	-	-	2,321	-	2,321	-	2,321
Total comprehensive income in the period	-	-	-	2,321	-262,564	-260,243	-	-260,243
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	-	-	23,109	-	-	23,109	-	23,109
Purchased back shares	-	-	-	-	-	-	-	-
Equity as of 30.09.2023	1,488	1,397,860	60,440	2,589	-926,357	536,020	-	536,020



Consolidated statement of cash flows

Consolidated statement of cash flows

(NOK 000')	Notes	Unaudited Q3 2024	Restated Q3 2023	Unaudited YTD 2024	Restated YTD 2023	Audited FY 2023
Cash flow from operating activities						
Profit/(loss) before tax		-120,507	-120,650	-317,831	-267,095	-389,820
Depreciation, amortisation and impairment		16,876	16,717	47,967	56,984	75,200
Expensed share-based payments	6	3,586	8,982	9,919	23,109	47,629
Net interest income and interest expenses		4,381	7,976	8,839	11,066	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		2,549	15,679	-24,324	-23,495	-22,077
Changes in trade receivables		3,893	2,735	-2,260	-13,486	1,892
Changes in trade payables		-20,145	-17,392	-19,003	7,065	-8,629
Change in other assets and other liabilities		23,407	40,042	-7,281	78,063	117,974
Cash generated from operating activities		-85,960	-45,909	-303,974	-141,578	-176,746
Received interest		1,559	237	7,145	1,627	4,309
Paid interest		-5,940	-8,212	-15,984	-12,693	-19,185
Net cash flow from operating activities		-90,341	-53,884	-312,813	-152,644	-191,622
Cash flow from investing activities						
Disposal of associated company		-	-	-	23,539	23,539
Investment in finance leases		-4,292	-2,069	-12,455	-10,764	-12,048
Investments in intangible assets		-5,832	-10,106	-21,704	-26,466	-36,703
Investments in tangible assets		-29,511	-89,727	-106,770	-299,723	-369,449
Disposals of tangible and intangible assets		3,826	4,058	8,941	7,967	216,421
Net cash flow from investing activities		-35,809	-97,843	-131,988	-305,446	-178,239
Cash flow from financing activities						
Proceeds from issuance of ordinary shares		-464	8,343	-123	250,000	679,717
Transaction cost capital increase		-	-8,343	-	-8,343	-
Payment of lease liabilities		-2,182	-680	-6,677	-4,743	-7,247
Inflow due to new non-current liabilities	4	64,818	85,624	139,125	423,293	423,293
Outflow due to downpayment of non-current liabilities		-84	-408	-531	-160,209	-345,660
Net cash flow from financing activities		62,088	84,536	131,794	499,998	750,103
Net cash flow during the period		-64,062	-67,192	-313,007	41,908	380,242
Cash and cash equivalents at the beginning of the period		333,982	312,537	582,707	193,868	193,868
Exchange rate difference on cash and cash equivalents		155	-8,445	375	1,126	8,598
Cash and cash equivalents at the end of the period		270,074	236,900	270,074	236,900	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 third quarter ended 30 September 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 ended 30 September 2024 and 30 September 2023 are unaudited.

Finance lease - restatement

The interim financial information for the third quarter ended 30 September 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	
	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023	Q3 2024	Q3 2023
Revenue	133,895	235,428	5,135	2,641	-	-	139,030	238,069
Revenue internal	37,571	94,201	-	-	-37,571	-94,201	-	-
Other operating income	98	364	13,480	12,742	-	-	13,578	13,106
Other operating income internal	1,323	1,965	430	-	-1,753	-1,965	-	-
Total operating income	172,887	331,958	19,045	15,382	-39,324	-96,166	152,608	251,174
Cost of goods sold	138,602	278,563	4,293	2,069	-33,675	-92,623	109,220	188,009
Payroll and related costs	99,368	76,623	383	-	-	-644	99,751	75,979
Depreciation, amortisation and impairment	9,260	6,019	7,552	6,968	64	3,730	16,876	16,717
Other operating expenses	50,494	57,812	8,855	6,740	-1,750	-1,065	57,599	63,487
Operating profit/(loss)	-124,837	-87,059	-2,038	-394	-3,963	-5,564	-130,838	-93,017

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	446,134	817,142	15,879	12,833	-	-	462,013	829,975
Revenue internal	127,412	322,713	-	-	-127,412	-322,713	-	-
Other operating income	4,188	2,681	36,445	27,046	-	-	40,633	29,727
Other operating income internal	4,064	4,275	1,192	-	-5,256	-4,275	-	-
Total operating income	581,798	1,146,811	53,516	39,879	-132,668	-326,988	502,646	859,702
Cost of goods sold	468,207	963,594	12,455	10,764	-118,870	-310,072	361,792	664,286
Payroll and related costs	243,118	239,660	1,789	-	-	-561	244,907	239,099
Depreciation, amortisation and impairment	27,746	17,014	20,028	16,225	193	23,745	47,967	56,984
Other operating expenses	168,152	180,063	15,309	13,704	-5,348	-5,930	178,113	187,837
Operating profit/(loss)	-325,425	-253,520	3,935	-814	-8,643	-34,170	-330,133	-288,504

Revenue external by product / service	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Solar panels and related products	133,895	235,428	446,134	817,142	996,209
Finance lease	5,135	2,641	15,879	12,833	14,341
Operating lease and service agreements	13,480	12,742	36,445	27,046	38,285
Other operating income	98	364	4,188	2,681	43,739
Total operating income	152,608	251,174	502,646	859,702	1,092,574

Notes to the interim consolidated financial statements

Note 3 – Other Operating Expenses

Other Operating Expenses					
(NOK 000')	Q3 2024	Q3 2023	YTD 2024	YTD 2023	FY 2023
Other expenses related to buildings and short-term/low value rent of equipment	2,001	4,436	7,277	11,480	14,427
External personnel and consultancy fees 1)	20,387	17,472	46,055	52,309	79,592
Media spend, advertising and partnerships	24,663	31,592	91,970	85,996	116,083
System and software	4,702	4,370	15,183	14,839	18,321
Other operating expenses	5,846	5,617	17,628	23,213	31,481
Total other operating expenses	57,599	63,487	178,113	187,837	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 32.7m on the RCF, of which EUR 5.5m 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*		16	195	207	846
NPV @5%	810				

*) 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 30.09.2024 there are 26,553,996 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 Q3 2024 was NOK 3.6m. Expense in Q3 2023 was NOK 8.5m.

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 (%)	<p>Gross Profit Generated divided by Revenue Generated.</p>
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')	Q3 24	Q3 23	YTD 2024	YTD 2023	FY 2023
Cost of goods sold (COGS) to subscription segment	33,675	92,623	119,123	310,072	366,003
Batteries share of COGS to subscription segment	23%	8%	18%	8%	9%
Solar Energy Systems (PV) share of COGS to subscription segment	77%	92%	82%	92%	91%
COGS to subscription segment - PV	26,809	85,676	97,650	285,218	333,900
Lifetime of contracts - PV	20	20	20	20	20
Average yield (first year payment to COGS)- PV	13.4%	11.8%	13.0%	11.1%	11.3%
First year subscription payment - PV	3,582	10,082	12,708	31,661	37,579
Nominal lifetime subscription payments, not inflation adjusted	71,639	201,649	254,153	633,228	751,578
Inflation adjustment	15,393	43,328	54,609	136,061	161,491
Reduction from discounting to present value	-34,501	-97,114	-122,400	-304,961	-361,959
Contracted subscription revenue - PV	52,531	147,026	186,363	463,489	550,272
COGS elimination - Batteries	6,866	6,947	21,473	24,854	32,103
Lifetime of contracts - Batteries	10	10	10	10	10
Average yield (first year payment to COGS)- Batteries*	18.5%	16.5%	18.8%	16.2%	16.6%
First year subscription payment - Batteries	1,272	1,146	4,031	4,034	5,319
Nominal lifetime subscription payments, not inflation adjusted	12,717	11,463	40,315	40,340	53,194
Inflation adjustment	1,208	1,089	3,829	3,831	5,052
Reduction from discounting to present value	-3,258	-2,936	-10,327	-10,334	-13,626
Contracted subscription revenue - Batteries	10,668	9,550	33,816	33,773	44,555
Contracted subscription revenue - Total	63,198	156,576	220,179	497,262	594,827

Revenue, Gross Profit and EBITDA Generated

(NOKm)	Note	Q3 24	Q3 23	YTD 2024	YTD 2023
Revenue (excl. Financial leasing)	2	133.9	235.4	446.1	817.1
Contracted subscription revenue (calculated)		63.2	156.6	220.2	496.5
Revenue Generated		197.1	392.0	666.3	1,313.6
Cost of goods sold (excl. financial leasing)	2	105.1	185.9	349.6	653.5
Investment in subscription assets	2	33.7	92.6	119.1	310.1
Subscription O&M cost (calculated)		3.3	10.7	12.2	35.5
Gross Profit Generated		54.9	102.8	185.5	314.5
Gross Margin Generated %		27.9%	26.2%	27.8%	23.9%
Operating profit/(loss)	2	-130.8	-93.0	-330.1	-288.5
Subtract financial leasing		-1.1	-0.6	-3.6	-2.1
Add back depreciation and amortisation	2	16.9	16.7	48.0	57.0
Add contracted subscription profit (calculated)		26.2	53.3	88.9	150.8
Subtract subscription revenue in the quarter	2	-13.9	-12.7	-37.6	-27.0
EBITDA Generated		-102.8	-36.3	-234.5	-109.8

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