



Q4

2023 Report



CEO Message



Reset and ready for 2024

Otovo's journey seems to run in a cycle of one slow year followed by two years with explosive growth. After completing its first full year in 2017, Otovo grew by 3x and 2x in 2018 and 2019. Then came a flat year during the pandemic, before doing 2.5x and 2x in 2021 and 2022 respectively. Then came a slow 2023 as the market recoiled after the energy crisis. Now we are positioning Otovo for a step-up once more, but not without rejigging the business to be leaner and meaner on the way out than on the way in.

Over the last two years, we have been working to establish a Europe-wide subscription platform on top of low-cost, scalable, and flexible operations. What do we mean by this?

The Subscription machine

Otovo is becoming a leasing machine that can make a subscription for any home energy device: Solar panels, batteries, electric vehicle chargers, or heat pumps - we turn it into a monthly payment. In order to do so, we have built a unique capability across Europe:

1. A software-based platform established across 13 European countries, with proprietary marketing, sales and operations (6 new countries added in 2022)
2. A substantial debt facility and equity allowing us to build tens of thousands of projects across Europe (secured in Jan-Feb 2023)

3. A Shared Service Center in Madrid - a cost-effective back bone for operations, marketing, and finance (May 2023)

4. The capability to do multi-hardware sales for solar, battery, heat pumps and EV chargers (piloted and launched in Sep 2023)

5. Our first portfolio sale was completed, creating a predictable and quick cycle by which we convert subscription contracts to immediate cash flows (Oct 2023)

6. Streamlined cost structure to set this platform up for a market-leading cost per installed unit (Dec 2023)

Transitioning the operations of the majority of our local markets to a Shared Service Center in Madrid during the spring of 2023 was a pivotal step in streamlining our processes and ensuring a sustained competitive edge.

Building on that transition, in this quarter we implemented several measures aimed at achieving even greater efficiency. That included staff reductions of approximately 15% and various other efficiency measures, leading to an expected NOK 80-100m reduction in opex across the Group. With a leaner cost base, we reduce the number of sales needed to break even and lift our profitability per unit.

The shape of a rebound

In Q4 2023, Otovo faced headwinds in sales and installation volumes, attributed to the financial strain on European consumers wrestling with interest rates, persistent inflation, and sluggish wage growth. Despite these challenges, Otovo is narrowing the gap versus previous performance. Overcoming these adverse market conditions, we saw IFRS yearly revenues surpassing 1 billion NOK in 2023 for the first time, speaking to the strength and resilience of our business model.

Our key value-creating metrics remain strong: Battery attachment rates are growing, the subscription share is expanding and the ticket size is holding up well in a market in which solar is getting cheaper. We are able to extract more value per project thanks to our better-than-market progress on project cost reductions.

As we step into 2024, the market outlook seems more positive. Our view is that Southern Europe is looking very promising, and we are strong in our belief in capturing that upturn. Northern Europe looks like it will remain depressed by a more challenged consumer market and low energy prices. In Central Europe (UK, Germany, Poland) we see a stable outlook in the larger solar markets - and good growth potential where Otovo's relatively weak market share leaves room to grow.

With signs of improvement in consumer purchasing power and positive policy sentiment in Europe, and Otovo's leaner organization, the outlook for the year is better than we have seen in a while. For Otovo, what matters is growing our sales volumes, adding value to each sale, and improving the prices for our customers. That is our path to profitability and what we are working on every day. Difficulties mastered are opportunities won.

Andreas E. Thorsheim,
Founder and CEO



Summary | Fourth quarter 2023 highlights

1. Revenues held strong

- IFRS revenues up 14% to NOK 233m (vs. 205m) including gain from portfolio sale
- Revenues generated flat (-1%) to NOK 278m (282m)

2. Significant cost reduction program

- NOK 80-100m annual opex reductions (14%-18% of Q3 23 annualized OPEX) expected from Q2 2024
- 65 staff let go by creating a leaner and simpler organization, increasingly based in Madrid
- Significant reductions in SG&A across the Group

3. Completed sale of NOK/SEK portfolio

- Sales behind previous performance, but closing the gap to comparables
- 1,641 net sales, down 10% (1,826)
- 1,946 installations, down 12% (2,205)

4. Unit economics show strength

- Gross Margins Generated expanded to 26% (20%), the highest on record
- Average ticket size NOK 125k, up 4%, showing resilience in a market where solar costs are falling
- Battery attachment rate step change to 35% (26%)
- Subscription share at 33% (27%)

IFRS

-10%

Q4 22: 201

+5%

Q4 22: 34

APMs

-1%

Q4 22: 282

+28%

Q4 22: 56

+93%

Q4 22: 305

Revenue

180 NOKm

Gross Profit

35 NOKm

Revenue Generated

278 NOKm

Gross Profit Generated

71 NOKm

Accumulated Contracted Subscription Revenue

589 NOKm



Fourth quarter 2023 | Financial summary

Financial summary

(NOKm)	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Revenue	180.6	200.8	-10%	1,010.6	637.5	59%
Gross profit	35.2	33.5	5%	200.9	114.3	76%
Operating profit/(loss)	-111.0	-93.0		-399.5	-317.5	
Profit/(loss) after tax	-122.3	-96.0		-384.8	-311.3	

Financial summary - Comments

- Sales volumes in Q3 2023 impacted installations in Q4 2023, which came in lower than in Q4 2022. As a result, revenues are down 10%. Increasing subscription shares, while positive for value creation, are delaying the revenue recognition as payments from customers are recognised over the duration of the subscription period
- Gross profit is up NOK 1.7m YoY or 5% due to higher margins on the projects installed. Gross margin is up by 3 p.p. from 17% in Q4 2022 to 20% in Q4 2023
- Operating loss increased from NOK 93m to NOK 111m YoY as installation volumes are down.. Furthermore, operating losses are unfavorably impacted by non-recurring expenses related to FTE reductions and cancellation of old employee share programs, net of the effects related to sale of Norwegian and Swedish subscription portfolios.



Fourth quarter 2023 | APMs and Key performance figures

Alternative Performance Measures

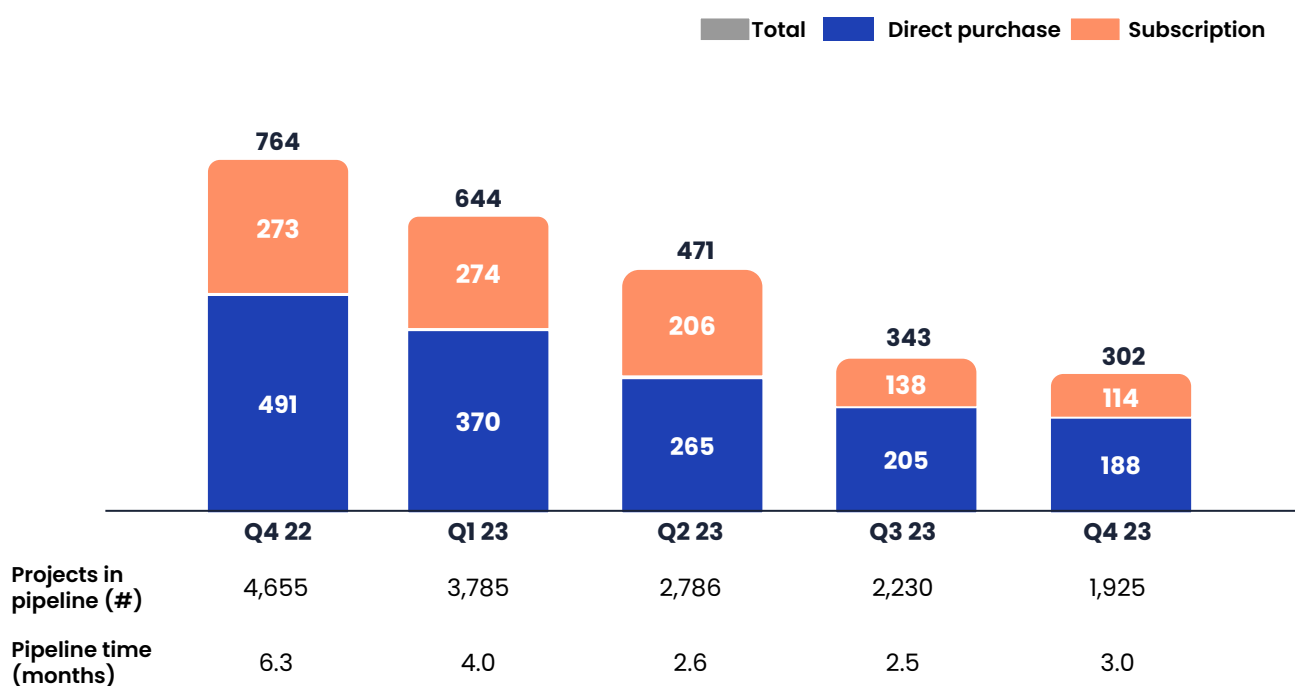
Reported financials do not reflect underlying value creation in the Subscription portfolio. This has led to the introduction of Alternative Performance Measures (APM), that blends the value creation from direct purchase projects with the value creation from subscription projects. Please refer to Alternative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

(NOKm)	Q4 2023	Q4 2022	Change	YTD 2023	YTD 2022	Change
Revenue Generated	278.1	282.0	-1%	1,591.7	846.4	88%
Gross Profit Generated	71.2	55.7	28%	385.7	176.7	118%
Gross Margin Generated %	26%	20%	+6%p	24%	21%	+3%p
EBITDA Generated	-106.9	60.0		-216.1	-202.1	

Key performance figures

(Units)	Q4 2023	Q4 2022	Change	YTD 2023	YTD 2022	Change
Unit sales	1,641	1,826	-10%	7,891	9,505	-17%
Completed projects/installations	1,946	2,205	-12%	10,621	7,379	44%
Project pipeline	1,925	4,655	-59%	1,925	4,655	-59%

Pipeline - Value (NOKm) and Units (#)



Financial review | Successful sale of subscription portfolios

This quarter is marked by Otovo successfully closing the sale of its Norwegian and Swedish subscription portfolios, converting Accumulated Contracted Subscription Revenue into cash and reflecting the value creation in the Income Statement.

The Operating loss increased from NOK 93m in Q4 2022 to NOK 111m in Q4 2023 as installation volumes are down. Furthermore, operating losses are unfavorably impacted by non-recurring expenses related to FTE reductions, expenses related to cancellation of old employee share programs (non cash). The effects related to these non-recurring expenses are netted by gains on the sale of Norwegian and Swedish subscription portfolios. Along with other cost reduction measures taken the FTE changes are expected to lead to annual savings of NOK 80-100 million from the end of Q2 2024.

The above mentioned factors are also explaining the change in operating loss compared to Q3 23.

Income statement

Revenues were down 10% compared with Q4 22. The decrease is reflecting lower sales in Q3 23. This resulted in a smaller pipeline going into the quarter, that combined with longer cycle times resulted in less installations in Q4 23. The decrease is also a result of an increased subscription share where the recognition of customer payments are done along the contract lifetime and not upfront.

Other operating income increased from NOK 4.2m in Q4 22 to NOK 52.3m Q4 23, the increase primarily related to the gain on disposal of Norwegian and Swedish subscription portfolios.

Gross profit increased by NOK 1.6m YoY. The gross margin of 20% in Q4 23 is up from 17% in Q4 22 and down from 21% in Q3 23.

Payroll and related costs increased from NOK 70.7m in Q4 22 and NOK 76m NOK in Q3 23 to 108.2m in Q4 23. The increase in payroll from last quarter is primarily due to a cancellation of the company's old option programs resulting in increased, non-cash, costs in Q4 and non-recurring restructuring costs relating to FTE reductions. The change YoY is also due to the above mentioned increased costs, in addition to an increase in employees compared to Q4 2022.

Expenses for share based payments programs were NOK 24.4m in the quarter, compared with NOK 5.0m for Q4 22, and NOK 8.7m in Q3 23.

Other operating expenses are up from NOK 42.2m in Q4 22 to NOK 72.1m in Q4 23, mainly due to an increase in media and advertising costs and external advisory fees incurred in relation with, but not directly attributable to, the sale of the subscription portfolio which was completed in Q4. Compared to Q3 23 Other operating expenses are up from 63.5m, due to the above mentioned portfolio sale.

The Norwegian Krone strengthened compared with last quarter contributing to some extent to the decrease in revenues.

Net financial items increased from a loss of NOK 4.9m in Q4 22 to a loss of NOK 11.8m in Q4 23, mainly due to interest expenses on the financing of new subscription assets and currency losses.

The change in net financial items compared to Q3 23, a decrease in loss of NOK 16m, is primarily due to larger currency losses on internal loans denominated in EUR in Q3 due to the strengthening of the Norwegian krone in Q4. Interest expenses were also reduced in Q4 23 compared with Q3 23 due to repayments on the external financing in the connection with sale of Norwegian and Swedish subscription portfolios.

Financial review | Successful sale of subscription portfolios

Balance sheet

Total non-current assets as of year-end 2023 have increased to NOK 624m, from NOK 478m at year-end 2022. The increase is mainly driven by an increase in Property, plant and equipment of NOK 143m due to capitalization of solar energy systems in the subscription business, net of assets disposed as part of the divestment of Norwegian and Swedish subscription portfolios. The reduction in Intangible assets is explained by depreciation and partial disposal of excess values stemming from the EDEA acquisition, partially netted by increased investments in Otovo Cloud.

Total current assets have increased from NOK 459m at year-end 2022 to NOK 734m at the end of 2023. The increase is mainly driven by the capital increase in Q4 23, partially netted by a reduction in Other receivables and prepayments related to disposal of Italian tax credit assets.

Non-current liabilities have increased from NOK 141m at year-end 2022 to NOK 244m as of year-end 2023. The increase is primarily relating to the financing of new subscription assets.

Current liabilities have decreased from NOK 264m at year end 2022 to 239m at year end 2023.

Cash flow

Net cash flow from operating activities was -NOK 51m in Q4 23. This main driver is negative operating profits.

Cash flow from investing activities in Q4 23 was NOK 139m mainly driven by disposal of fixed assets through the divestment of Norwegian and Swedish subscription portfolios.

Cash flow from financing activities was NOK 250m in Q4 23. This increase is primarily explained by proceeds from issuance of new shares, partially netted by downpayment of parts of the revolving credit facility held with DNB Bank ASA and Sparebank 1 SR-bank ASA connected with the sale of the above mentioned subscription portfolios.

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 , 7 February 2024



Consolidated income statement

Consolidated income statement

(NOK 000')	Notes	Unaudited Q4 2023	Unaudited Q4 2022	Unaudited FY 2023	Audited FY 2022
Revenue	2	180,575	200,758	1,010,550	637,501
Other operating income	2,8	52,297	4,193	82,024	14,763
Total operating income		232,873	204,951	1,092,574	652,264
Cost of goods sold	2	145,368	167,233	809,649	523,152
Payroll and related costs	2,6	108,173	70,701	347,272	219,117
Depreciation, amortisation and impairment	2	18,216	17,836	75,200	64,333
Other operating expenses	2,3,8	72,067	42,209	259,904	163,197
Operating profit/(loss)		-110,951	-93,028	-399,451	-317,534
Financial Income	9	2,496	422	4,487	1,806
Financial Expense		9,256	3,388	29,234	4,080
Net exchange gain/(loss)		-5,021	437	20,587	10,625
Gains on disposal of investment in associated company		-	-	13,791	-
Share of profit/(loss) of equity accounted investees, net of tax		-	-2,391	-	-9,864
Net financial items		-11,780	-4,920	9,631	-1,513
Profit/(loss) before tax		-122,732	-97,948	-389,820	-319,047
Income tax expense/(income)		-519	-1,945	-5,047	-7,781
Profit/(loss) after tax		-122,253	-96,003	-384,773	-311,266
Profit is attributable to:					
- Owners of Otovo AS		-122,253	-96,003	-384,773	-309,498
- Non-controlling interests		-	-	-	-1,768
Basic earnings per share (NOK)		-0.57	-0.70	-2.70	-2.47
Diluted earnings per share (NOK)		-0.57	-0.70	-2.70	-2.47

Consolidated statement of comprehensive income

(NOK 000')	Unaudited Q4 2023	Unaudited Q4 2022	Unaudited FY 2023	Audited FY 2022
Profit/(loss) after tax for the period	-122,253	-96,003	-384,773	-311,266
Other comprehensive income which may be reclassified to profit and loss				
Foreign currency translation differences	-2,196	-7,329	125	-3,138
Total comprehensive income for the period	-124,449	-103,332	-384,648	-314,404
Total comprehensive income is attributable to:				
- Non-controlling interests	-	-	-	-1,802
- Owners of Otovo AS	-124,449	-103,332	-384,648	-312,602

Consolidated balance sheet

Consolidated statement of financial position

(NOK 000')		Unaudited 2023 31 Dec	Audited 2022 31 Dec
	Notes		
ASSETS			
Intangible assets		83,656	102,803
Goodwill		164,611	158,181
Investments in associated companies		-	-
Property, plant and equipment		344,108	200,491
Right of use asset	9	13,939	14,317
Finance lease receivables		13,002	-
Other assets		4,334	2,648
Total non-current assets		623,650	478,440
Trade receivables		46,196	44,054
Other receivables and prepayments	7	103,319	200,395
Finance lease receivables	9	717	-
Assets classified as held for sale		-	9,748
Inventory		1,091	10,761
Cash and cash equivalents		582,707	193,868
Total current assets		734,030	458,826
Total assets		1,357,680	937,266
		2023	2022
(NOK 000')	Notes	31 Dec	31 Dec
EQUITY			
Share capital		2,792	1,362
Share premium reserve		1,834,616	1,156,329
Other paid-in equity	6	84,960	37,331
Foreign currency translation reserve		393	268
Retained earnings		-1,048,566	-663,793
Non-controlling interests		-	-
Total equity		874,195	531,497
LIABILITIES			
Deferred tax liability		2,109	9,607
Non-current interest bearing liabilities	4	235,432	125,672
Lease liabilities non-current		6,696	6,130
Other non-current liabilities		-	-
Total non-current liabilities		244,237	141,409
Lease liabilities current		8,362	8,747
Trade payable		69,343	71,473
Other current liabilities		161,444	184,139
Current tax payables		99	-
Total current liabilities		239,248	264,359
Total equity and liabilities		1,357,680	937,266



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 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
Change in nominal value	-	-	-	-	-	-	-	-
Transaction costs on equity issues	-	-20,283	-	-	-	-20,283	-	-20,283
Purchase of non-controlling interest	-	-	-	-	-	-	-	-
Share-based payments, exercised	-	-	-	-	-	-	-	-
Share-based payments accrual	-	-	47,629	-	-	47,629	-	47,629
Equity as of 31 December 2023	2,792	1,834,616	84,960	393	-1,048,566	874,195	-	874,195

(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 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	-	-	-	8,277	-	8,277
Share-based payments accrual	-	-	24,950	-	-	24,950	-	24,950
Equity as of 31 December 2022	1,362	1,156,329	37,331	268	-663,793	531,497	-	531,497



Consolidated statement of cash flows

Consolidated statement of cash flows

(NOK 000')	Notes	Unaudited Q4 2023	Unaudited Q4 2022	Unaudited FY 2023	Audited FY 2022
Cash flow from operating activities					
Profit/(loss) before tax		-122,732	-97,947	-389,821	-319,047
Depreciation, amortisation and impairment		18,216	17,836	75,200	64,333
Expensed share-based payments	6	24,520	7,277	47,629	24,950
Net interest income and interest expenses		3,810	2,598	14,876	2,775
Share of profit/(loss) of equity accounted investees/Gain on disposal of associated company		-	2,391	-13,791	9,864
Currency (gains)/losses not related to operating activities		1,418	-1,316	-22,077	-7,415
Changes in trade receivables		15,378	15,371	1,892	-21,884
Changes in trade payables		-15,694	3,846	-8,629	41,584
Change in other assets and other liabilities		28,283	-25,643	105,926	-59,461
Cash generated from operating activities		-46,801	-75,586	-188,795	-264,301
Received interest		2,682	407	4,309	1,017
Paid interest		-6,492	-3,002	-19,185	-3,791
Net cash flow from operating activities		-50,611	-78,181	-203,671	-267,075
Cash flow from investing activities					
Investment in other companies		-	-4,152	-	-15,411
Disposal of associated company		-	-	23,539	-
Investments in intangible assets		-10,237	-8,481	-36,703	-29,870
Investments in tangible assets		-59,377	-53,902	-369,449	-133,620
Disposals of tangible and intangible assets	8	208,454	-	216,421	-
Net cash flow from investing activities		138,840	-66,536	-166,192	-178,900
Cash flow from financing activities					
Proceeds from issuance of ordinary shares		450,000	-	700,000	299,902
Transaction cost capital increase		-11,940	-	-20,283	-
Payment of lease liabilities		-2,504	-2,389	-7,247	-5,722
Inflow due to new non-current liabilities	4	-	53,253	423,293	125,629
Outflow due to downpayment of non-current liabilities		-185,451	-647	-345,660	-3,159
Net cash flow from financing activities		250,105	50,217	750,103	416,650
Net cash flow during the period		338,334	-94,500	380,240	-29,326
Cash and cash equivalents at the beginning of the period		236,900	291,055	193,868	224,187
Exchange rate difference on cash and cash equivalents		7,472	-2,685	8,598	-991
Cash and cash equivalents at the end of the period		582,707	193,870	582,707	193,868

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. 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 year ended 31 December 2023, 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 2022. The annual consolidated financial statements for 2022 are available at the company's website (<https://investor.otovo.com/>). None of the amendments effective from 1 January 2022 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 31 December 2023 and 31 December 2022, and for the year ended 31 December 2023, are unaudited.



Notes to the interim consolidated financial statements

Note 2 – Segment reporting

For Management purposes the Group is organized into two business lines. "Direct purchase" and "Subscription". 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 segment reporting is presented in the same manner as presented to the Executive Management.

Segment Reporting – Q4 2023

(NOK 000)	Marketplace				Subscription SPV			Elimination	Consolidated Group
	Cash Segment	Subscription Seg. Internal**	Subscription Seg. External***	Marketplace total	Operational Leasing	Financial Leasing****	Subscription SPV total		
Revenue	173,511	53,626	5,556	232,693	0	1,508	1,508	-53,626	180,576
Other operating income	2,228	1,846	0	4,074	50,166	4	50,171	-1,948	52,297
Total operating income	175,739	55,472	5,556	236,768	50,166	1,512	51,679	-55,574	232,873
Cost of goods sold	140,096	55,931	3,989	200,016	0	1,284	1,284	-55,931	145,369
Payroll and related costs	107,922	148	0	108,070	251	0	251	-148	108,173
Depreciation and impairment	9,499	-225	0	9,274	8,301	0	8,716	225	18,216
Other operating expense	59,065	1,611	0	60,676	13,002	0	13,002	-1,611	72,067
Operating profit/(loss)	-140,843	-1,993	1,567	-141,269	28,612	229	28,425	1,891	-110,952

* One-off effect of NOK/SEK portfolio sale to Swiss Life in Q4 2024

** Transaction related to Subscription SPV

*** Forward flow agreement with Swiss Life Asset Managers for NOK/SEK subscription assets

**** Today comprised of German Battery Subscriptions. Not including Financial income of NOKk 185 for Q4 2024

Segment Reporting – Q4 2022

(NOK 000)	Marketplace				Subscription SPV			Elimination	Consolidated Group
	Cash Segment	Subscription Seg. Internal**	Subscription Seg. External***	Marketplace total	Operational Leasing	Financial Leasing****	Subscription SPV total		
Revenue	200,758	56,161	0	256,919	0	0	0	-56,161	200,758
Other operating income	-117	921	0	804	4,310	0	4,310	-921	4,193
Total operating income	200,641	57,082	0	257,723	4,310	0	4,310	-57,082	204,951
Cost of goods sold	167,232	53,178	0	220,410	0	0	0	-53,178	167,233
Payroll and related costs	70,701	0	0	70,701	0	0	0	0	70,701
Depreciation and impairment	15,275	-8,256	0	7,019	2,561	0	2,561	8,256	17,836
Other operating expense	40,269	976	0	41,245	1,940	0	1,940	-976	42,209
Operating profit/(loss)	293,477	45,898	0	-81,652	4,501	0	-191	-11,184	-93,028

Notes to the interim consolidated financial statements

Segment Reporting – FY 2023

(NOK 000')

	Marketplace			Marketplace total	Subscription SPV			Elimination	Consolidated Group
	Cash Segment	Subscription Seg. Internal**	Subscription Seg. External***		Operational Leasing	Financial Leasing****	Subscription SPV total		
Revenue	990,653	376,880	5,556	1,373,089	0	14,341	14,341	-376,880	1,010,550
Other operating income	5,813	5,279	0	11,092	39,276	11	39,287	-6,281	82,024
Total operating income	996,466	382,159	5,556	1,384,181	39,276	14,352	53,628	-383,161	1,092,574
Cost of goods sold	793,613	366,003	3,989	1,163,605	0	12,048	12,048	-366,003	809,649
Payroll and related costs	347,021	-97	0	346,924	251	0	251	97	347,272
Depreciation and impairment	29,145	1,987	0	31,132	22,722	0	22,722	-1,987	75,200
Other operating expense	233,199	5,756	0	238,955	26,706	0	26,706	-5,756	259,904
Operating profit/(loss)	-406,512	8,510	1,567	-396,435	-10,403	2,304	-8,099	-9,512	-399,451

Segment Reporting – FY 2022

(NOK 000')

	Marketplace			Marketplace total	Subscription SPV			Elimination	Consolidated Group
	Cash Segment	Subscription Seg. Internal**	Subscription Seg. External***		Operational Leasing	Financial Leasing****	Subscription SPV total		
Revenue	637,501	151,948	0	789,449	0	0	0	-151,948	637,501
Other operating income	3,343	2,688	0	6,031	11,420	0	11,420	-2,688	14,763
Total operating income	640,844	154,636	0	795,480	11,420	0	11,420	-154,636	652,264
Cost of goods sold	523,151	131,527	0	654,678	0	0	0	-131,527	523,151
Payroll and related costs	218,552	0	0	218,552	565	0	565	0	219,117
Depreciation and impairment	58,017	-34,782	0	23,235	6,316	0	6,316	34,782	64,333
Other operating expense	155,611	2,711	0	158,322	7,586	0	7,586	-2,711	163,197
Operating profit/(loss)	955,331	99,456	0	-259,307	14,467	0	-3,047	-55,180	-317,534



Notes to the interim consolidated financial statements

Note 3 – Other Operating Expenses

Other Operating Expenses				
(NOK 000')	Q4 2023	Q4 2022	FY 2023	FY 2022
Other expenses related to buildings and short-term/low value rent of equipment	2,947	1,396	14,427	5,769
External personnel and consultancy fees 1)	27,283	20,323	79,592	72,856
Media spend, advertising and partnerships	30,087	14,974	116,083	52,450
System and software	3,482	4,165	18,321	13,758
Other operating expenses	8,268	1,351	31,481	18,364
Total other operating expenses	72,067	42,209	259,904	163,197

1) Including audit fee and advisor costs incurred in relation to the subscription SPV

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. 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 350 bps. The tenor of the facility is 2+1 years. At the end of the quarter the Subscription SPV had drawn EUR 20.7m on the RCF. The Subscription SPV was in compliance with financial covenants at the time of covenant reporting.

In relation with the sale of Swedish and Norwegian subscription portfolios, the Group settled the portion of the loans under the RCF financing Swedish and Norwegian assets. Refer to note 8 for more information about the transaction.

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 1.3b 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.

Swedish and Norwegian subscription portfolios were sold during the quarter and are excluded from contracted customer payments effective from Q4 2023. Refer to note 8 for more information.

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

Contracted Customer Payments					
(NOKm)	NPV	2024	2025–2026	2027–2030	2031–2043
Non-discounted contracted customer payments*		44	91	192	587
NPV @5%	589				

*) Assuming 2% annual inflation

Notes to the interim consolidated financial statements

Note 6 – Share based payments

During the quarter 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.

As of 31.12.2023 there are 27,572,334 outstanding options with a weighted average strike price of 3.55 kroner per share. Further, Otovo has two employee share purchase programmes. There are 1,073,930 retention shares outstanding under these programmes.

Expense in Q4 2023 was NOK 24.4m, of which NOK 17.4m was related to the cancelled program. Expense in Q4 2022 was NOK 5.0m.

Note 7 – Tax credits

As of 31 December the carrying amount of the tax credit assets was NOK 3m compared with NOK 21m at the end of Q3 23 and NOK 102m as of 31 December 2022. The reduction is explained by tax credit sales, partly netted by tax credits from projects installed. The tax credits were received as part of the settlement from customers for projects sold ahead of changes in legislation, where the Italian government discontinued the possibility for consumers to resell tax credits issued under the Ecobonus scheme.

The tax credit balance remaining at the end of Q4 23 will be used to offset taxes, social costs and other public costs in Italy.

Note 8 – 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. Refer to note 8 of the Q3 report for further details about the transaction.

A settlement of NOK 257 million was received during. NOK 170 million of the repayment was used to settle external non-current liabilities. Refer to note 4 for more information about the subscription SPV bank facility.

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

Notes to the interim consolidated financial statements

Note 9 – Finance lease

Nature of the error

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.

Accounting policy

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.

Notes to the interim consolidated financial statements

Consolidated income statement – Restatement 2023

	YTD Q3 – reported	YTD Q3 – adjusted	Change
Revenue	817,142	830,251	13,110
Other operating income	30,357	29,714	-643
Total operating income	847,498	859,966	12,467
Cost of goods sold	653,517	664,518	11,001
Depreciation, amortisation and impairment	57,399	56,976	-423
Operating profit/(loss)	-290,354	-288,464	1,889
Net financial items	21,153	21,417	263
Profit/(loss) after tax	-264,673	-262,520	2,153

Consolidated statement of financial position – Restatement 2023

	30 Sep – reported	30 Sep – adjusted	Change
Property, plant and equipment	507,515	497,108	-10,407
Finance lease receivable	-	11,675	11,675
Total non-current assets	781,041	782,309	1,268
Finance lease receivable	-	863	863
Total current Assets	441,284	442,147	863
Total Assets	1,222,325	1,224,456	2,131
Total equity	534,113	536,244	2,131
Total non-current liabilities	423,985	423,985	-
Total equity and liabilities	1,222,325	1,224,456	2,131

Notes to the interim consolidated financial statements

Note 10 – Restructuring costs

Otovo has during Q4 implemented a cost reduction program with expected annual savings of NOK 80–100 million from the end of Q2 2024.

The cost reduction can be split into headcount changes and other changes related to identifying and reducing expenses in non-critical expense categories.

The headcount changes involves downsizing of headquarters functions, downsizing and merging local functions across some of the Group's markets, and transfer of resources to the shared service center in Madrid. Total headcount reduction related with the program is approximately 65.

Additionally, the Group has cut and insourced external services & agencies, downsized or closed offices for markets with new joint functions, renegotiated software agreements and updated the travel policy.

Expenses in Q4 related to the headcount changes are NOK 9.6 million and includes payments in notice period and severance packages. The expenses are included in Payroll and related costs.

Note 11 – Events after the reporting period

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

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 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.</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')	Q4 2023	Q4 2022	YTD 2023	YTD 2022	Change
Cost of goods sold (COGS) to subscription segment	55,931	53,178	366,003	78,349	131,527
Batteries share of COGS to subscription segment	13%	12%	9%	6%	8%
Solar Energy Systems (PV) share of COGS to subscription segment	87%	88%	91%	94%	92%
			-	-	-
COGS to subscription segment - PV	48,682	46,929	333,900	73,668	120,597
Lifetime of contracts - PV	20	20	20	20	20
Average yield (first year payment to COGS)- PV	12.2%	10.6%	11.3%	11.2%	11.0%
First year subscription payment - PV	5,918	4,965	37,579	8,258	13,223
Nominal lifetime subscription payments, not inflation adjusted	118,351	99,308	751,579	165,162	264,470
Inflation adjustment	25,430	23,055	172,441	38,344	61,399
Reduction from discounting to present value	-56,998	-47,171	-357,780	-78,451	-125,622
Contracted subscription revenue - PV	86,783	75,192	564,663	125,055	200,247
			-	-	-
COGS elimination - Batteries	7,249	6,249	32,103	4,681	10,930
Lifetime of contracts - Batteries	10	10	10	10	10
Average yield (first year payment to COGS)- Batteries*	17.7%	16.1%	16.3%	16.9%	16.4%
First year subscription payment - Batteries	1,285	1,005	5,199	784	1,789
Nominal lifetime subscription payments, not inflation adjusted	12,854	10,051	51,997	7,841	17,892
Inflation adjustment	1,221	955	4,939	744	1,699
Reduction from discounting to present value	-3,293	-2,575	-13,320	-2,009	-4,584
Contracted subscription revenue - Batteries	10,782	8,431	43,548	6,577	15,008
			-	-	-
Contracted subscription revenue - Total	97,565	83,623	608,212	131,633	215,256

Revenue, Gross Profit and EBITDA Generated						
(NOKm)	Note	Q4 2023	Q4 2022	YTD 2023	YTD 2022	Change
Revenue according to the Income Statement	2	180.6	200.8	1,010.6	637.5	637.5
Contracted subscription revenue (calculated)		97.6	81.2	594.0	208.9	208.9
Revenue Generated		278.1	282.0	1,604.6	846.4	846.4
Cost of goods sold according to the Income Statement	2	145.4	167.2	809.6	523.2	523.2
Investment in subscription assets	2	92.6	37.9	310.1	78.3	131.5
Subscription O&M cost (calculated)		5.6	5.8	41.2	15.1	15.1
Gross Profit Generated		34.5	71.0	443.7	229.9	176.7
<i>Gross Margin Generated %</i>		<i>12.4%</i>	<i>25.2%</i>	<i>27.7%</i>	<i>27.2%</i>	<i>20.9%</i>
Operating profit/(loss)	2	-111.0	-93.0	-399.5	-317.5	-317.5
Add back depreciation and amortisation	2	18.2	17.8	75.2	64.3	64.3
Add contracted subscription profit (calculated)		36.0	22.2	186.9	62.3	62.3
Subtract subscription revenue in the quarter	2	-50.2	-4.3	-77.8	-11.4	-11.4
EBITDA Generated		-106.9	-57.3	-215.2	-202.3	-202.3

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 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