



**Otovo** | Q2 2021 report

# Second quarter and first half year 2021 | Summary

## Quarterly highlights

- **Revenue up** 51% YoY to NOK 64m
- **Net sold projects up** 148% YoY to 1183
- **Pipeline value up** 152% YoY to NOK 103m
- **Gross profit up** 49% YoY to NOK 10.3m (16.1% margin)
- **Cash deployed** on leasing assets NOK 31m out of Q2
- **Leasing share** of net sold projects 25% in Q2, and increasing
- **Batteries** with 35% attachment rate of sales in Italy in Q2
- **New partnerships** continue to broaden reach & awareness
- **Launch in Germany** expected for Q4

*"This quarter is our best ever in terms of sales. The top five months in Otovo's history are the five last months."*

**Andreas Thorsheim, CEO**

## Financial summary

NOK 000'	Q2 2021	Q2 2020	Change	YTD 2021	YTD 2020	Change	FY 20
Revenue	64,229	42,449	51.3 %	101,782	77,392	31.5 %	147,532
Gross profit	10,335	6,940	48.9 %	16,020	12,687	26.3 %	26,223
Operating profit/(loss)	(40,789)	(18,673)		(83,495)	(45,320)		(102,793)
Profit/(loss) after tax	(42,253)	(10,287)		(84,296)	(45,345)		(102,222)

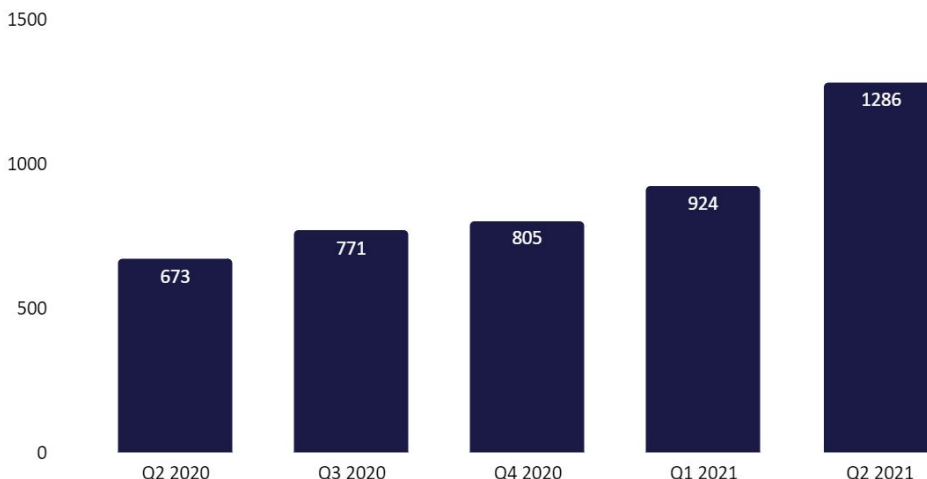
## Key performance figures

Units	Q2 2021	Q2 2020	Change	YTD 2021	YTD 2020	Change	FY 20
Net unit sales	1183	477	148.0 %	1998	1023	95.3 %	2247
Completed projects/installations	864	464	86.2 %	1527	916	66.7 %	2019
Project pipeline	1286	673	91.1 %	1286	673	91.1 %	805
Installers with active cost models	430	252	70.6 %	430	252	70.6 %	370
Gross margin	16.1 %	16.3 %	-0.2pp	15.7 %	16.4 %	-0.7pp	17.8 %

## Financial summary

- Revenues up 51% compared with Q2 2020 due to strong growth in Spain, France and Poland
- Gross profit up NOK 3.4m, while margin is reduced by 0.2 pp as Otovo enters new markets
- Operating loss increased from NOK 18.7m to NOK 40.8m, due to expansion in current markets and entry into new markets

## Units in pipeline (#)



# CEO message | Delivering on growth, going to Germany

Dear Shareholder,

**We deliver record sales.** This quarter is our best ever in terms of sales. The top five months in Otovo's history are the past five months. Our new countries are growing quickly and the ones where we have been present for more than a year are all growing at or above 100 per cent year on year.

**We deliver record revenues.** With increasing sales numbers comes a growing responsibility to complete installations and expand our ability to scale. This quarter we have grown the installer network with more than 80 new companies, and we thus reach our full year target of 400 installer companies on the platform six months ahead of time. We have installed projects with a total value of NOK 64 million, up more than 50 per cent from 2020 and 70 per cent from Q1 2021.

**A robust platform.** The summer of 2021 is marked by heightened uncertainty in global supply chains. Freight and PV module prices are high, consistency in sourcing is low. This situation is expected to remain until the end of the year, but we maintain our belief that the long term trajectory of energy hardware costs is steep and downward. In this quarter, Otovo has once again shown that the platform can lower costs while growing the amount of projects completed amid global turmoil.

**Storage is coming.** Batteries are becoming a central part of Otovo's product offering in Italy. More than a third of our Italian customers are buying solar panels with a battery attached. This increases the ticket size and profitability while broadening the usefulness of the system to the consumer. We are proud of the battery launch in Italy and will be adding batteries to more countries in upcoming months.

**Germany next.** Building on our three recent country launch successes, we are planning to enter Germany in Q4 2021. The German market is currently doing 150.000 installations per year and is expected to grow handsomely. It's the biggest prize in European residential solar and we will be entering the competition with the best platform and a model that provides growth at a lower cost than the alternatives.

May the sun shine on you too!

Andreas E. Thorsheim, CEO and founder



## Financial review | Accelerating with new countries

Entry into new markets and increasing activity in existing markets has secured growth in both revenues and net unit sales compared with Q2 20. The growth is significant also compared with Q1 21.

The result after tax was a loss of NOK 42.3m in Q2 21 compared with a loss of NOK 10.3m in Q2 20 and NOK 42.0m in Q1 21.

### Income statement

Total operating revenues were up 51%, from NOK 42.6m in Q2 20 to NOK 63.7 in Q2 21, primarily explained by increasing activity in Spain and France and the entry into Poland and Italy.

Total revenues were up by 70%, from NOK 37.6m in Q1 21, with Scandinavia and France delivering the highest growth in NOK, while the new markets Italy and Poland have the highest relative growth in percent.

Gross profit is up 48.9% compared with Q2 20, while gross margin is virtually flat, from 16.3% to 16.1%. Compared with Q1 21 the margin has increased with 1pp, up from 15.1%.

Otovo ramps up margin as costs fall in maturing markets. The effect of new market entries with lower margins will somewhat dilute margins as Otovo grows in new markets.

Payroll and related costs increased from NOK 10.8m in Q2 20 to NOK 22.5m in Q2 21. The increase in payroll and related costs is explained by new hires due to increasing activity in existing markets and entry into new markets. Compared with Q1 21 the expenses are down NOK 4.7m, from NOK 27.2m, primarily explained by non-recurring expenses in Q1 21 relating to the employee share purchase and option programs.

Other operating expenses are up from NOK 9.9m in Q2 20 to NOK 22.4m in Q2 21 mainly due to higher activity and entry into new markets. Compared with Q1 21 the operating expenses are up NOK 6.5m from NOK 15.9 primarily due to increasing marketing spend. Marketing expenses in Q2 will typically lead to sales in Q2 and Q3 which again will be reflected in the revenues in Q3 and Q4.

Net financial items are down from a gain of NOK 8.4m in Q2 20 to a loss of NOK 1.5m in Q2 21. The results in both quarters are primarily related to currency exchange fluctuations, while the Q2 20 results also included a gain on the calculated earnout liability for the purchase of shares in ISWT.

### Balance sheet

Total non-current assets as of Q2 21 are in line with year end 2020. The change is mainly explained by capitalization of expenses relating to development of Otovo Cloud netted by depreciation, amortisation and currency effects.

Total current assets have increased from NOK 95.7m at year end 2020 to NOK 291.9m in Q2 21. The increase in assets was driven by the capital increase of NOK 250m and reduced by transaction costs and the losses year to date.

Non-current liabilities are reduced from NOK 22.4m at year end to NOK 16.2m in Q2. The reduction is primarily explained by earnout liability that have gone short and installments paid.

Current liabilities are up from NOK 63.1m to NOK 70.3m. The change is generally explained by increasing activity resulting in higher payables, netted by a reduction in the earnout liability, of which NOK 24.2m was converted to equity.

### Cash flow

Net cash flow from operating activities was -NOK 23.5m in Q2 21. Main driver is negative operating profits due to start-up expenses in new markets and scaling the organisation for growth. Cash flow from investing activities was -NOK 7.6m driven by continued development of Otovo Cloud. Cash flow from financing activities was NOK 3.9m, driven mainly by proceeds from issuance of ordinary shares.

## 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 AS , 14 July 2021

## Responsibility Statement

We confirm, to the best of our knowledge, that the Condensed Interim Consolidated Financial Information for the six months ended 30 June 2021 has been prepared in accordance with The Norwegian Accounting Act and generally accepted accounting practice in Norway, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that arose during the first six months of the financial year 2021, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year 2021, as well as major related parties transactions.

Board of Directors, Otovo AS , 14 July 2021

## Consolidated income statement

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Consolidated income statement</b>					
NOK 000'	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY2020
Revenue	64,229	42,449	101,782	77,392	147,532
Other operating revenue	-513	107	-484	214	4,490
<b>Total operating revenue</b>	<b>63,715</b>	<b>42,556</b>	<b>101,297</b>	<b>77,606</b>	<b>152,022</b>
Cost of goods sold	53,894	35,509	85,762	64,705	121,309
Payroll and related costs	22,535	10,810	49,729	26,947	52,825
Depreciation and amortisation	5,681	5,050	10,996	9,570	20,762
Other operating expenses	22,394	9,860	38,305	21,704	59,919
<b>Operating profit/(loss)</b>	<b>-40,789</b>	<b>-18,673</b>	<b>-83,495</b>	<b>-45,320</b>	<b>-102,793</b>
Interest income	145	125	149	448	532
Other financial income	388	8,549	459	3,177	2,081
Interest expense	123	289	265	471	777
Other financial expenses	1,874	-	1,144	3,179	1,351
<b>Net financial items</b>	<b>-1,464</b>	<b>8,386</b>	<b>-801</b>	<b>-25</b>	<b>485</b>
<b>Profit/(loss) before tax</b>	<b>-42,253</b>	<b>-10,287</b>	<b>-84,296</b>	<b>-45,345</b>	<b>-102,308</b>
Income tax expense			-	-	-86
<b>Profit/(loss) after tax</b>	<b>-42,253</b>	<b>-10,287</b>	<b>-84,296</b>	<b>-45,345</b>	<b>-102,222</b>
Non-controlling interest			-	-	-742
<b>Parent company shareholders</b>	<b>-42,253</b>	<b>-10,287</b>	<b>-84,296</b>	<b>-45,345</b>	<b>-101,481</b>
<b>Basic earnings per share (NOK)1)</b>	<b>-0.00041</b>	<b>-0.00016</b>	<b>-0.00024</b>	<b>-0.00069</b>	<b>-0.00151</b>
<b>Diluted earnings per share (NOK)1)</b>	<b>-0.00041</b>	<b>-0.00016</b>	<b>-0.00024</b>	<b>-0.00069</b>	<b>-0.00151</b>

1) Earnings per share is updated to reflect split of 10 completed at listing on Euronext Growth in February 2021

## Consolidated balance sheet

	Unaudited	Unaudited	Audited
<b>Consolidated balance sheet</b>			
NOK 000'	Q2 2021	Q2 2020	FY2020
<b>ASSETS</b>			
Intangible assets	40,205	30,458	32,427
Deferred tax assets	17,101	17,037	17,020
Goodwill	74,957	90,788	82,135
Property, plant and equipment	4,688	4,752	4,205
Investments in associated companies	28,270	33	27,615
Other assets	1,947	897	914
<b>Total non-current assets</b>	<b>167,168</b>	<b>143,965</b>	<b>164,317</b>
Accounts receivables	20,879	11,264	9,967
Other receivables	15,239	4,281	8,755
Receivables from associated companies	-	-	3,319
Cash and cash equivalents	255,723	153,738	73,677
<b>Total current assets</b>	<b>291,841</b>	<b>169,283</b>	<b>95,718</b>
<b>Total assets</b>	<b>459,009</b>	<b>313,248</b>	<b>260,035</b>
<b>EQUITY AND LIABILITIES</b>			
NOK 000'	Q2 2021	Q2 2020	FY2020
<b>Equity</b>			
Share capital	531	427	443
Share premium	633,864	330,970	355,102
Other paid-in equity	7,628	1,283	2,130
Retained earnings	-269,517	-124,140	-183,190
<b>Total equity</b>	<b>372,505</b>	<b>208,540</b>	<b>174,486</b>
<b>Liabilities</b>			
Other non-current provisions	2,147	-	2,819
Debt to financial institutions	7,392	8,346	7,769
Other non-current liabilities	6,663	12,842	11,829
<b>Total non-current liabilities</b>	<b>16,201</b>	<b>21,188</b>	<b>22,416</b>
Accounts payable	19,263	9,168	12,494
Other taxes and withholdings	13,853	6,908	9,391
Income taxes payable	-	-	-
Other current liabilities	37,187	67,444	41,248
<b>Total current liabilities</b>	<b>70,303</b>	<b>83,520</b>	<b>63,133</b>
<b>Total equity and liabilities</b>	<b>459,009</b>	<b>313,248</b>	<b>260,035</b>

## Consolidated statement of changes in equity

### Consolidated statement of changes in equity

NOK 000'

	Share capital	Premium reserve	Other paid-in equity	Other equity	Total equity
Equity as of 01.01.2021	443	355,102	2,130	(183,190)	174,486
Result for the quarter	-	-	-	(84,296)	(84,296)
Share capital increase	63	249,938	-	-	250,000
Transaction cost	-	(13,434)	-	-	(13,434)
Share based payments	19	13,392	5,497	-	18,909
Debt conversion	6	24,210	-	-	24,216
Not yet registered capital increase	-	4,656	-	-	4,656
Translation differences	-	-	-	(2,031)	(2,031)
<b>Equity as of 30.06.2021</b>	<b>531</b>	<b>633,864</b>	<b>7,628</b>	<b>-269,517</b>	<b>372,505</b>

	Share capital	Premium reserve	Other paid-in equity	Other equity	Total equity
Equity as of 01.01.2020	424	328,108	-	(89,127)	239,405
Result for the quarter	-	-	-	(45,345)	(45,345)
Transaction cost	-	(73)	-	-	(73)
Share based payments	3	127	1,283	-	1,413
Not yet registered capital increase	-	2,808	-	-	2,808
Translation differences	-	-	-	10,332	10,332
<b>Equity as of 30.06.2020</b>	<b>427</b>	<b>330,970</b>	<b>1,283</b>	<b>-124,140</b>	<b>208,540</b>



## Consolidated statement of cash flows

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Consolidated statement of cash flows</b>					
NOK 000'					
<b>Cash flow from operating activities</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>FY2020</b>
Profit/(loss) before tax	-42,253	-10,287	-84,296	-45,345	-102,308
Depreciation and amortisation	5,681	5,050	10,996	9,570	20,762
Expensed share-based payments	1,951	211	5,497	1,283	2,130
Other revenues from associated companies	729	-	1,048	-	-4,112
Other expenses related to associated companies	-	-	-	-	309
Change in accounts receivables and accounts payables	1,955	-1,747	-4,144	1,749	6,372
Change in other balance sheet items	8,403	-4,909	15,767	3,159	1,040
<b>Net cash flow from operating activities</b>	<b>-23,534</b>	<b>-11,682</b>	<b>-55,132</b>	<b>-29,584</b>	<b>-75,807</b>
<b>Cash flow from investing activities</b>					
Investment in other companies	-897	-	-1,720	-	-2,237
Disposal of subsidiary (EDEA)	-	-	-	-	-25,095
Investments in intangible assets	-6,671	-4,935	-13,553	-10,119	-18,312
Investments in tangible assets	-	-420	-1,001	-679	-851
<b>Net cash flow from investing activities</b>	<b>-7,568</b>	<b>-5,356</b>	<b>-16,274</b>	<b>-10,799</b>	<b>-46,495</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of ordinary shares	4,637	2,735	254,633	2,865	4,056
Inflow due to new non-current liabilities	-	-	-	-	1,286
Outflow due to downpayment of non-current liabilities	-781	-932	-1,563	-1,322	-2,399
<b>Net cash flow from financing activities</b>	<b>3,856</b>	<b>1,804</b>	<b>253,070</b>	<b>1,544</b>	<b>2,943</b>
<b>Net cash flow during the period</b>	<b>-27,246</b>	<b>-15,234</b>	<b>181,664</b>	<b>-38,839</b>	<b>-119,359</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>284,374</b>	<b>170,226</b>	<b>73,677</b>	<b>193,036</b>	<b>193,036</b>
Exchange rate difference on cash and cash equivalents	-1,405	-1,254	382	-459	-
<b>Cash and cash equivalents at the end of the period</b>	<b>255,723</b>	<b>153,738</b>	<b>255,723</b>	<b>153,738</b>	<b>73,677</b>

# Notes to the interim consolidated financial statements

## **Note 1 – General information and basis for preparation**

Otovo AS (the Company or Parent) and its subsidiaries (together the Group) operates an online marketplace for solar installations. Otovo AS 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 (interim report) for the second quarter and first half year ended 30 June 2021 have been prepared in accordance with The Norwegian Accounting Act and generally accepted accounting practice in Norway. The interim condensed consolidated financial statements do 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 2020. The annual consolidated financial statements for 2020 are available upon request from the Company and at <https://investor.otovo.com/>.

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020. The interim financial information for the quarters ended 30 June 2021 and 30 June 2020 are unaudited. The 2020 audited financial statements were approved by the Board of Directors on 16 February 2021.

## **Note 2 – Share based payments**

Otovo has granted share options to management and key personnel. As of 30.06.2021 there are 2,488,260 outstanding options with a weighted average strike price of 7.07 kroner per share. In addition Otovo has two employee share purchase programmes, of which one was established in Q2 2021. There are 397.776 performance shares and 1.513.976 retention shares outstanding under these programmes.

Expense in Q2 2021 for both share programmes was NOK 2.2m. Expense in Q2 2020 was NOK 0.5m.

## Alternative performance measures (APMs)

Otovo discloses alternative performance measures (APMs) in addition to those normally required by The Norwegian Accounting Act and generally accepted accounting practice in Norway. This is based on the Group's experience that APMs are frequently used by analysts, investors and other parties for supplemental information. The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the Group. Management also uses these measures internally to drive performance in terms of long-term target setting. APMs are defined, calculated and used in a consistent and transparent manner over the years and across the Group where relevant. Financial APMs should not be considered as a substitute for measures of performance in accordance with the Norwegian Accounting Act and generally accepted accounting practice.

### Gross profit

Gross profit is net sales revenue minus cost of goods sold

### Gross margin

Gross margin is gross profit divided by net sales revenue

### EBITDA

Operating profit before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) adding back depreciation and amortisation of tangible and intangible assets.

### Alternative performance measures - reconciliation

NOK 000'	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY2020
Revenue	64,229	42,449	101,782	77,392	147,532
Cost of goods sold	53,894	35,509	85,762	64,705	121,309
<b>Gross profit</b>	<b>10,335</b>	<b>6,940</b>	<b>16,020</b>	<b>12,687</b>	<b>26,223</b>
<b>Gross margin %</b>	<b>16.1 %</b>	<b>16.3 %</b>	<b>15.7 %</b>	<b>16.4 %</b>	<b>17.8 %</b>
Operating profit/(loss)	(40,789)	(18,673)	(83,495)	(45,320)	(102,793)
Add back depreciation and amortisation	5,681	5,050	10,996	9,570	20,762
<b>EBITDA</b>	<b>(35,108)</b>	<b>(13,623)</b>	<b>(72,499)</b>	<b>(35,750)</b>	<b>(82,031)</b>

## Other definitions

### **Abandoned project**

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

### **Installed project**

A installed project is a project that has been physically completed and is capable of producing electricity

### **Net sold projects**

Net sold project is the number of projects sold during the period less projects abandoned during the period

### **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

### **Otovo business model**

Otovo business model means that Otovo bills the final customer (private homeowner or asset-owner) and gets invoiced by the installer company with the winning bid. The difference between the two invoices is Otovo's gross profit. Until Q4 2020 the French business unit was using a different model, where they only billed the installer a commission (typically 10% of the project value), and the installer billed the final customer. During Q1 2021 the French business unit has gradually transitioned to the Otovo direct sales model

### **Cost per Wp**

Otovo reports on the industry standard on cost per Watt-peak (Wp). The figure is calculated as the in hardware; non-hardware; or the sum of all project cost, divided by the size of the system measured in Watt-peak, for example a 10 panel system with 375Wp panels would have 3750Wp in the denominator of a cost per Watt-peak calculation.