

SECOND QUARTER &
HALF YEAR REPORT
2023



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Key financials

4.7 MNOK

Operating income
H1 2023

-9.8 MNOK

Result H1 2023

-11.6 MNOK

Net cash flow H1 2023

51.2 MNOK

Cash and cash equivalents
at 30 June 2023



Operational Update

Financial results

Ocean Sun's total operating income in Q2 2023 totalled NOK 2.6 million (NOK 3.2 million). Of this, approximately NOK 0.2 million relates to a first instalment of the licence fee from the Keppel project in Singapore, while the remaining revenue relates to the first instalment of service and engineering fees from the same project. Receipts from research grants totalling NOK 2.1 million were recognised in the quarter (NOK 2.4 million). The company made an operating loss of NOK 4.5 million in Q2 2023 (NOK -4.6 million). This includes a non-recurring cost of approx. NOK 0.3 million for legal fees related to the settled of a patent infringement case.

Ocean Sun reported a net financial income of NOK 0.6 million (NOK 0.2 million) in Q2 2023, mainly relating to interest income from cash and cash equivalents and foreign exchange gains. Net cash flow in the quarter came to NOK -5.7 million (NOK -6.0 million). This is primarily attributable to the period's operating loss as well as an increase in other receivables and a decrease in current payables.

Operating income in first half of 2023 totalled NOK 4.7 million (NOK 4.9 million), of which receipts from research grants amounted to NOK 4.2 million. The company made an operating loss of NOK 11.1 million in the first six months of 2023 (NOK -9.5 million), which includes a non-recurring cost approx. NOK 1.2 million for legal fees relating to the settled of a patent infringement case.

The net financial income of NOK 1.2 million mainly relates to interest income from cash and cash equivalents and foreign exchange gains. Net cash flow in the first half of 2023 totalled NOK -11.6 million (NOK -9.4 million). This is primarily attributable to the operating loss in the period and an increase in other receivables.

Cash and cash equivalents amounted to ~NOK 51.2 million as at 30 June 2023, of which NOK 0.8 million were restricted funds. The equity ratio was 87% and the company had no interest-bearing debt. As such, Ocean Sun is well capitalised with available liquidity to support current operations and future growth.

Projects

Banja Dam, Statkraft installation, Albania

The Banja Project has been fully operational since December 2022, and is delivering power to the national grid in Albania. We visited the system frequently in 2023, both to conduct site visits with potential customers and governmental officials and to refine operating and maintenance (O&M) procedures for our systems. This work is carried out in collaboration with local representatives of Statkraft, which owns and operates the asset. The plant in Albania is Ocean Sun's first multi-ring system. It is therefore an important milestone, demonstrating Ocean Sun's ability to provide utility-scale projects. It covers approx. 15,000 square meters and is an impressive demonstration facility for potential clients.

Magat Dam, SN Aboitiz Power (SNAP)/ Scatec installation, Philippines

The 250 kWp floating photovoltaic (FPV) system on the Magat Dam is Ocean Sun and the Philippines' longest operating FPV system. It celebrated four years in operation in June. It was built for SN Aboitiz Power, a joint venture between Aboitiz Power and Scatec, and is designed to withstand wind speeds of up to 275 km/h. In 2023, the system continuously outperformed the land-based reference

Operational Update

Projects (continued)

system, delivering more than 10 per cent greater power output, due to its water cooling. The system has also been through four typhoon seasons without damage, making the demonstrator a big success.

The Magat facility is also the subject of studies under the Green Platform project HydroSun. The aim is to develop a utility-scale, hybrid power plant combining hydro, floating solar and storage. Earlier this year, representatives from Scatec, Ocean Sun and Prediktor visited the Magat dam, to exchange knowledge with the plant owner SNAP and to discuss the continuation of the project.

Shandong offshore pilot, Sunneng/ SPIC, China

Ocean Sun is involved in an ongoing R&D project with the State Power Investment Corporation (SPIC). The project involves sea trials of Ocean Sun's technology in exposed waters (10 m waves) in the Yellow Sea. The two-floater unit that was piloted in October 2022 has now been brought ashore, and we are making design improvements to the offshore version of our design based on the lessons learned from the first trial. We expect that the next phase of the project will involve further sea-trials with an update design.

SPIC is the world's largest PV asset owner and will probably be a major contributor to the Shandong Province's plan for 42 GWp of offshore solar in the next few years.

Upcoming projects

Ocean Sun is expecting more activity in the second half of 2023 and the start of 2024.

During 2023, we will construct the 250 kWp offshore demonstrator system under the BOOST project in La Palma, Spain. We will also carry out the installation of a second 250 kWp single ring demonstration system on an inland lake in Spain. The system is sold on a turnkey basis to one of the world's largest independent power producers. It is therefore an important showcase for future utility installations. Materials for both projects are on order and we expect to complete the installations during Q4 2023.

We are also making good progress with the two projects in Singapore. For the 1.5 MWp project with Keppel to be deployed near Jurong Island, we are finalizing the design and the customer is preparing for material purchases. This confirms initial expectations of installation in Q1 2024. For the 1.2 MWp project with Sunseap, design and permits have been finalised. However, installation has been slightly delayed due to issues on the customer's side and is currently expected in Q1 or Q2 2024. When completed, the two systems will be among the largest ocean-based floating solar installations in Southeast Asia and pave way for utility-scale developments not only in Singapore but throughout the region.

Work on the two demonstration facilities in Greece, for which licence fees have been paid, is also ongoing. Together with our partner, MP Quantum, we are making progress with the first of the two systems and orders for materials with long lead time have been placed. Final approval for some of the permits required is delaying the installation, which we now expect will take place in Q1 2024.

Operational Update

Market outlook

The renewable energy transition and a secure energy supply remain high on the agenda for most countries worldwide. More and more states are scaling up their ambitions when it comes to renewable energy in general and solar power in particular. This resulted in an all-time-high installed capacity of 268 GWp in 2022. With this level of growth, and forecasts for tremendous growth to come, land availability is increasingly becoming a hurdle for solar deployment and one of the main challenges to overcome. We see that Ocean Sun can provide a solution, by offering a floating PV technology that is both cheaper to construct and more reliable and robust than its competitors, thus reducing the gap between floating PV and ground-mounted PV.

Despite a continuous increase in the installed solar capacity, our customers are still experiencing difficulties with current regulations and permitting processes, which is delaying the deployment of new systems. This is particularly true for larger systems, and for floating PV, which, at scale, is new and unproven in most countries.

In June, a team from Ocean Sun participated at Intersolar, the world's largest photovoltaic trade fair outside of China. The interest that we received during our three days there was very positive and generated multiple leads that are being pursued, especially in Europe. This also provided positive confirmation that several countries in central and southern Europe are increasing their activities in the area of floating solar, a trend that we have noted previously.

Recently, researchers connected to the International Solar Energy Society (ISES) published an article describing the potential for floating solar in ocean environments, particularly around the equator and the Greek isles, estimating the total global potential to

more than one million TWh per year. Ocean Sun is well positioned to take a large share of this market because our solution provides a cost-effective alternative which is able to tackle the sea states experienced both near shore and offshore. Customer interest is high, both for offshore installations co-located with offshore wind or oil platforms, or near shore to power densely populated coastal cities or island communities.

Intellectual property update

In 2022 and the first half of 2023, Ocean Sun was granted several additional national patents, most notably for China, where our innovation patent was granted in Q1. A further patent, for Brazil, was granted in Q2. Both China and Brazil will be major markets for Ocean Sun going forward and having patents granted provides both security and extra credibility in the respective markets. Ocean Sun now has more than 60 patents and 45 patent applications pending in the relevant markets for floating solar.

The strength of our patents has also been tested against infringement through a lengthy process that was settled in March 2023. Ocean Sun commenced legal proceedings in Norway against Inseanergy AS in August 2022, claiming Inseanergy's solution for floating solar power infringed Ocean Sun's patent rights. In March, the parties reached a settlement, following which the parties have entered into a licence agreement on commercial terms.

A **bold** solution to our global energy needs

Inspired by nature, our patented technology is based on solar modules mounted on hydro-elastic membranes and offers cost and performance benefits not seen in any other floating PV system today.

With offices in Oslo, Singapore and Shanghai, Ocean Sun aims to become the world's leading technology provider of floating solar.

Our values



Responsible

We develop sustainable solutions in harmony with nature



Innovative

We are committed to continuous improvements to our solutions



Simplicity

We create value by working smart and applying the highest quality standards



Supportive

We bring out the best in each other, as a team and among our partners

The need for floating PV

According to the International Energy Agency (IEA) “solar PV is becoming the lowest-cost option for new electricity generation in most of the world”. The IEA also forecasts that we will need 5,000 GWp of installed solar capacity by 2030 if we are to reach the goal of Net Zero. This would require extensive areas of land, equivalent of almost 15 million football pitches. However, finding suitable deployment space, close to existing grid infrastructure and centres of consumption, is an increasing problem for developers around the world.

On the other hand, water covers 71 per cent of our planet’s surface, and a majority of the world’s densely populated areas, the electricity demand centres, are located close to water. By utilising such water assets, floating PV can facilitate a new era of large-scale solar power generation.

Studies indicate that covering only 10 per cent of the world’s hydropower reservoirs with floating solar would produce 4,000 GWp of solar capacity.

Co-locating with hydropower also enables the use of existing grid infrastructure, thus reducing the overall investment cost. Adding natural lakes, rivers and the ocean to this, the potential for floating solar becomes unlimited.

However, to unlock the full potential of floating solar, the industry needs a technology that is both cheaper and more reliable, and can thereby reduce the investment gap between floating solar and ground-mounted PV.

Ocean Sun’s solution has this potential and offers increased robustness and lower cost, bringing CAPEX closer to that of ground-mounted PV.

OS Value proposition – The world’s best FPV system

- Low CAPEX
- Lowest material use
- Fast and easy installation
- Lean transportation
- High efficiency – water cooled
- Seaworthy

Benefits of FPV

- Avoids using scarce land resources
- Synergies from co-location with hydro and wind power generation
- Production closer to consumption
- Aqua culture benefits
- Water conservation through reduced evaporation

Strategy

Ocean Sun is a technology provider, licensing its patented technology to developers and EPCs. This business model facilitates rapid scalability, reduces project risk and enables the company to remain asset-light.

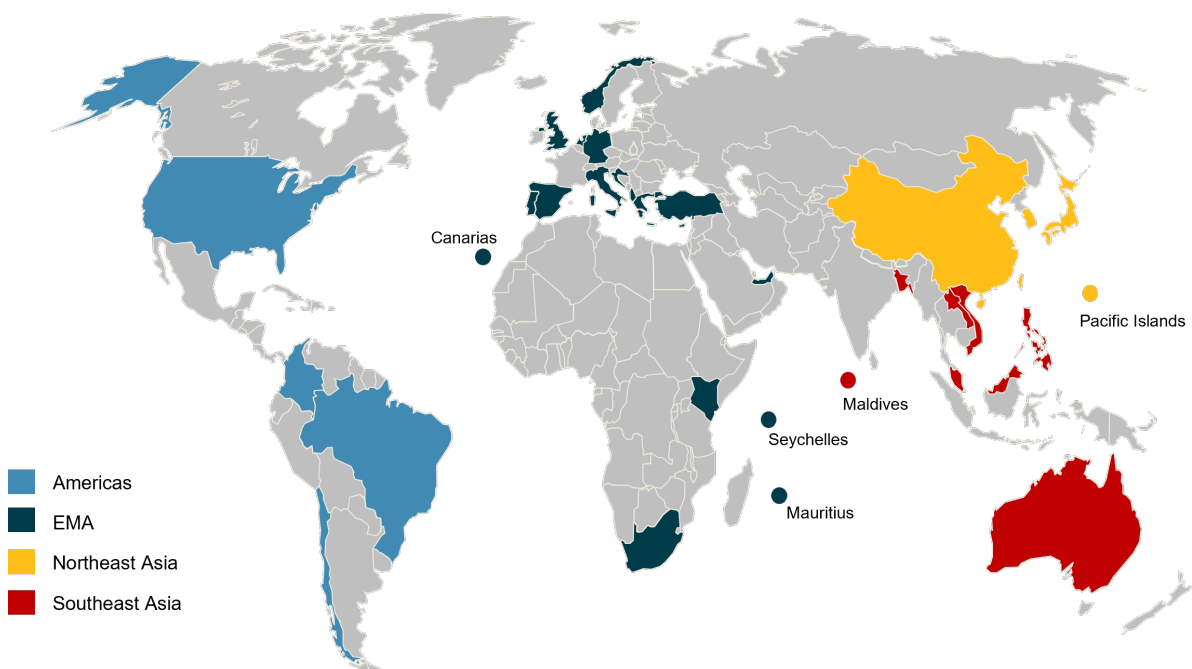
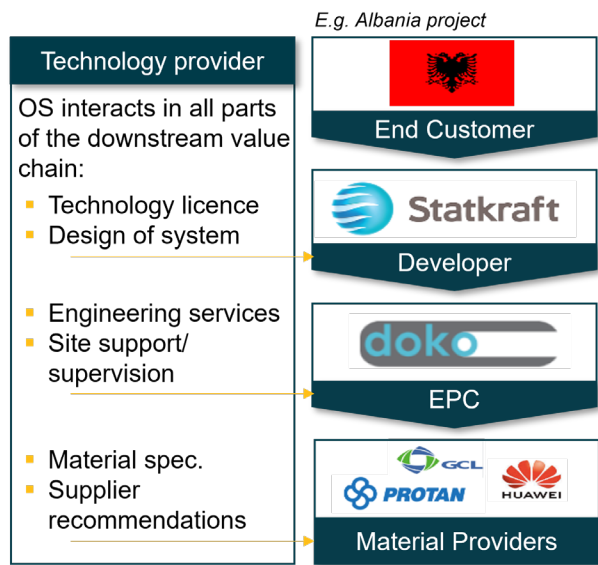
The company's main revenue comes from licence fees payable per Watt peak installed. This comes in addition to engineering fees.

Ocean Sun targets utility-scale projects, collaborating globally with EPCs and developers with a local presence.

Geographical reach

Ocean Sun's business model facilitates rapid growth and large-scale installations worldwide. Operating as a technology provider, Ocean Sun can collaborate with developers and EPC companies possessing the required skills, experience and local knowledge needed to realise utility-scale

installations. The company already has ongoing customer relationships with well-known partners such as Statkraft, Scatec, SPIC, Sunseap/EDP and Keppel. Our customer pipeline is extensive, and we are in discussions with potential clients that represent several GWp worldwide.



Climate **impact** potential

A 100 MW FPV plant in Indonesia using Ocean Sun system would:

Save 157,000 tonnes of CO₂ per year

That is equivalent to the emissions from the cars in a medium-sized city for a whole year

Approx.
34,000 cars



Save 200 hectares of land

No need to take up valuable land space or contribute to deforestation. This is the equivalent of

Approx.
285 football pitches



Share info

About the share

Ocean Sun has been listed on Euronext Growth Oslo under the ticker OSUN since 26 October 2020. The listing price for Ocean Sun was NOK 18.00 per share and the price as at 30 June 2023 was NOK 6.20 per share.

The company has 44,986,200 outstanding shares. As at 30 June 2023, its share capital totalled NOK 449,862.

Number of shares	44,986,200
Treasury shares	30,000
Votes	44,956,200
Shareholders 30.06.2023	1400+
Listing price	NOK 18.00
Highest price 2023	NOK 7.24
Lowest price 2023	NOK 5.60
Market cap 30.06.2023	NOK 278,914,440
Auditor	Ernst & Young AS

Financial calendar

Half-year report	23.08.2023
Q3 report	08.11.2023
Q4 report	08.02.2024

Our Head of South East Asia, Are Glørsen at Magat Dam, Philippines.

Top 20 shareholders

Name	No. Of shares	Percentage shareholding
Dr. Ing. Børge Bjørneklett AS (Company of CEO. Børge Bjørneklett)	9 242 500	20.55%
KVANTIA AS	8 126 888	18.07%
PROGRESSI AS	6 326 100	14.06%
UMOE AS	4 000 000	8.89%
MP PENSJON PK	2 017 966	4.49%
Citibank Europe plc	2 000 000	4.45%
SAUAR INVEST AS	1 317 439	2.93%
Morgan Stanley & Co. Int. Plc.	1 026 862	2.28%
OPULENS INVEST AS	1 000 000	2.22%
Pictet & Cie (Europe) S.A.	961 459	2.14%
UBS AG	959 000	2.13%
CAABY AS	535 700	1.19%
CLEARSTREAM BANKING S.A.	500 657	1.11%
Bkraft Holding AS	400 000	0.89%
NORDNET LIVSFORSIKRING AS	390 917	0.87%
Saxo Bank A/S	374 011	0.83%
Nordnet Bank AB	269 162	0.60%
Green Tundra AS (Company of Head of NEA. Kristian Tørvold)	201 900	0.45%
Lawenius. Karl (CFO)	201 900	0.45%
Bjørneklett Børge (CEO)	201 900	0.45%
Top 20 shareholders	40,054,361	89.04%
Others	4,931,839	10.96%
Total shareholders	44,986,200	100.00%

RESPONSIBILITY STATEMENT

The Board of Directors has considered and approved the consolidated interim financial statements of Ocean Sun AS (“the Company”) for the second quarter 2023 and the half year ended 30 June 2023. The interim report has not been audited or reviewed by the Company’s independent auditor. In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Company’s financial position as of 30 June 2023, as well as the results from the Company’s operations during the quarter, including cash flows for the period ended 30 June 2023. In our opinion, Management’s review provides a true and fair presentation of developments, results for the respective periods, and overall financial position of the Company’s operation. No changes in the Company’s most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2022.

Fornebu, 23 August 2023

Thomas Julius Moe Børseth
Board Chair

Brian Glover
Board member

May Kristin Salberg
Board member

Kristin Åbyholm
Board member

Erik Løkke-Øvre
Board member

Børge Bjørneklett
CEO

INCOME STATEMENT

Consolidated financial statements
All numbers in NOK'000

	Note	Unaudited Q2'23	Unaudited Q2'22	Unaudited YTD 23	Unaudited YTD 22	Audited 2022
Income						
Revenue	2	485	811	485	1 755	3 767
Other income	2	2 075	2 350	4 202	3 129	6 613
Total operating income		2 560	3 161	4 687	4 884	10 380
Operating expenses						
Raw materials and consumables used		(45)	(402)	(48)	(402)	(402)
Employee cost		(4 432)	(3 541)	(9 848)	(8 035)	(17 511)
Depreciation		(3)	(5)	(7)	(9)	(18)
Other Operating expenses		(2 576)	(3 780)	(5 864)	(5 899)	(11 842)
Total operating expenses		(7 056)	(7 729)	(15 767)	(14 346)	(29 773)
Operating result		(4 496)	(4 568)	(11 080)	(9 462)	(19 393)
Financial income						
Interest income		520	155	1 055	216	967
Other financial income		101	115	287	164	489
Total financial income		621	270	1 343	380	1 456
Financial expenses						
Interest expenses		(0)	(4)	(0)	(4)	(5)
Other financial expenses		(28)	(32)	(110)	(73)	(210)
Total financial expenses		(28)	(35)	(110)	(76)	(215)
Net financial items		593	235	1 233	304	1 241
Result before taxes		(3 903)	(4 333)	(9 847)	(9 158)	(18 152)
Taxes		(2)	(1)	(2)	(1)	(1)
Result after taxes		(3 904)	(4 334)	(9 849)	(9 159)	(18 153)

BALANCE SHEET

Consolidated financial statements
All numbers in NOK'000

	Note	Unaudited 30.06.23	Audited 31.12.22
ASSETS			
Non-current assets			
Office equipment		32	19
Total non-current assets		32	19
Current assets			
Receivables			
Accounts receivables		611	3 622
Other receivables	3	9 902	4 759
Total receivables		10 512	8 382
Cash and equivalents			
Cash and cash equivalents	4	51 186	62 766
Total cash and equivalents		51 186	62 766
Total current assets		61 699	71 147
Total assets		61 731	71 167
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital		450	450
Treasury shares		(0)	(0)
Share-based payment reserves		411	137
Share premium		62 529	62 550
Total paid in capital		63 390	63 137
Uncovered losses			
Translation reserves		23	23
Accumulated loss		(9 935)	(65 496)
Cover uncovered losses		-	65 473
Total uncovered losses		(9 912)	-
Total Equity		53 479	63 137
Current liabilities			
Accounts payables		983	760
Taxes and public duties		1 059	725
Other payables		6 210	6 546
Total current liabilities		8 253	8 030
Total liabilities		8 253	8 030
Total Equity and liabilities		61 731	71 167

CASH FLOW STATEMENT

Consolidated financial statements
All numbers in NOK'000

	<i>Unaudited</i> Q2'23	<i>Unaudited</i> Q2'22	<i>Unaudited</i> YTD 23	<i>Unaudited</i> YTD 22	<i>Audited</i> 2022
Operating activities					
Result before tax	(3 904)	(4 334)	(9 849)	(9 159)	(18 153)
Depreciations	3	5	7	9	18
Cost of share option programme	186	82	274	82	130
Provision for bad debts	-	-	-	-	178
Change in accounts receivables	388	(1 981)	3 011	(1 981)	(3 800)
Change in other current assets	(1 480)	738	(5 143)	2 415	6 003
Change in accounts payable	310	619	224	(644)	(1 695)
Change in other current liabilities	(1 253)	(1 184)	(201)	(224)	3 007
Cash flow from operating activities	(5 750)	(6 055)	(11 677)	(9 502)	(14 313)
Investments					
Other investments	20	-	20	-	-
Cash flow from investment activities	20	-	20	-	-
Foreign currency effects on cash	2	77	77	79	88
Net cash flow in the period	(5 728)	(5 978)	(11 580)	(9 422)	(14 225)
Cash and cash equivalents at the beginning of the period	56 914	73 548	62 766	76 991	76 991
Cash and cash equivalents at the end of the period	51 186	67 569	51 186	67 569	62 766

CHANGES IN EQUITY (UNAUDITED)

Consolidated financial statements
All numbers in NOK'000

	Share capital	Treasury shares	Share premium	Other equity	Uncovered losses	Total
At 1st of January 2023	450	(0)	62 550	137	-	63 137
Profit/Loss for the period	-	-	-	-	(5 944)	(5 944)
Share option programme	-	-	-	87	-	87
Currency translation differences	-	-	(20)	4	11	(5)
At 1 April 2023	450	(0)	62 530	229	(5 933)	57 275
Profit/Loss for the period	-	-	-	-	(3 904)	(3 904)
Share option programme	-	-	-	186	-	186
Currency translation differences	-	-	(0)	(3)	(74)	(78)
At 30 June 2023	450	(0)	62 529	411	(9 912)	53 479

NOTES

Note 1 – Basis for preparation

The financial information has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles. This financial information should be read together with the annual report for the year ended 31 December 2022. The accounting policies adopted in the preparation of this financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022. As a result of rounding differences numbers or percentages may not add up to the total.

Note 2 – Operating income

	Q2'23	Q2'22	YTD 23	YTD 22	2022
Revenue					
License revenue	167	115	167	1 015	2 816
Service and engineering revenue	318	263	318	307	518
Product sales	-	433	-	433	433
Subtotal Revenue	485	811	485	1 755	3 767
Other income					
Grants from EU (BOOST Project)	1 273	-	1 924	53	53
Grants from Innovation Norway (Green Platform)	628	1 551	1 790	2 056	4 318
Grants from Research Council of Norway (SkatteFunn + IPN)	174	790	453	1 008	2 230
Other	-	9	35	12	12
Subtotal other revenue	2 075	2 350	4 202	3 129	6 613
Total operating income	2 560	3 161	4 687	4 884	10 380

Note 3 – Other receivables

	30.06.23	31.12.22
Statkraft*	-	380
Project related prepayments	2 575	-
Accrued income contribution projects	5 179	3 303
VAT	-	251
Other	2 147	825
Total	9 902	4 759

*Related to the project in Albania. Ocean Sun purchases some of the material on Statkraft's behalf. Statkraft pays on the basis of Ocean Sun's actual costs.

Note 4 – Cash and cash equivalents

	30.06.23	31.12.22
Restricted cash*	860	860
Bank Guarantee **	1 078	234
Cash	49 248	61 673
Total cash and equivalents	51 186	62 766

*Restricted cash is reserved withholding tax related to employees

** Bank guarantee for Statkraft Albania project



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